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*First real North American gold rush
was in North Carolina, now in a gold revival*

Lure of gold enriched American history

The lure of gold was a driving factor influencing settlement of the frontier areas of North America. Historians highlight intervals when the discovery of significant gold deposits led to the frenzied relocation of people during gold rushes to Nevada, California and many other famed western locales.

However, most people are unaware that the first real gold rush in the early years of the United States occurred in South Carolina. The Carolina Slate Belt, a geological trend of favourable host rock, extends laterally from central Georgia through the Carolinas and into Virginia. Gold was discovered and mined from hundreds of deposits along this prolific district starting in the early 1800s. Mining and exploration activity continues through to the present in this multimillion-ounce gold belt.

The formerly producing Brewer gold mine operated in South Carolina in the heart of this productive gold trend.

Production commenced in 1987, accessing near-surface oxide gold zones within a shallow open-pit mine. Recovery and processing through a heap leach system generated about 178,000



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ounces of gold production from the mine despite a regime of sub-optimal efficiency on behalf of the former operators of this project.

The mine went offline in 1995 after most of the known oxide resources within the pit had been exploited. The previous operator had opted for water remediation technology that failed following the mine closure. This was further complicated by the failure of a containment pond dam during a period of intense rainfall causing environmental issues that affected the surrounding area. The resulting problem of metal-rich acidic discharge from the site (at a rate of 80 gallons per minute) required the government to step in.

The property went into receivership and was declared a federal Superfund site, meaning it potentially qualifies for government cleanup funding per Environmental Protection Agency regulations. An effective water treatment system is now operating under this program to restore the water quality before it is discharged from the plant.

Federal and state government agencies recently confirmed that the project currently poses no threat to people or the environment around the project. The

project was released back to private ownership through a competitive bidding process, with the opportunity for modern exploration that could ultimately enable development to a new producing mine.

The nearby City of Charlotte in North Carolina is widely known as a financial centre. However, a group of executives with a junior exploration company, **Pancontinental Resources Corp.** (PUC-TSX/VEN, \$0.17), or Pancon for short, also call the area home. This experienced team knows the history of the region and recognized the opportunity for gold discovery in their backyard.

The former mine workings at Brewer represent just a fraction of the potential gold endowment for the property area.

Management of Pancon opted to acquire the property holdings surrounding the mine, consolidated to assemble the 1,500 acres of the Jefferson project in 2016. With this beachhead in place, they patiently waited to bid for control of the Brewer property holdings. After a yearlong competitive tender, Pancon was declared the successful bidder in January 2020.

The central 1,000-acre land package comprising the Brewer property was secured in an option deal granting Pancon exclusive

rights to explore the property until November 2023. The company also has the right to purchase 100 per cent ownership of Brewer.

Pancon has consolidated this attractive prospect with a clear path to create shareholder value within a reasonable time frame. The first comprehensive exploration program for the Brewer-Jefferson property commenced shortly thereafter with the objective to outline a gold-copper resource of the magnitude to warrant development of a new mine. The strategy is enhanced through co-operation with Environmental Risk Transfer (ERT), a company specializing in cost-effective cleanup, for its expertise with ongoing environmental stewardship objectives.

A geophysical survey was completed for the area, ranging as far as five kilometres from the old mine workings. Targets were identified to the west and south of the former mine pit. Pancon followed up with an efficient round of shallow drilling work and encountered detectable gold values in all 90 of the holes from these widespread zones. The preliminary program validated the exploration model and demonstrated that additional gold showings exist beyond the small area previously mined.

Pancon plans to complete at

least 10,000 metres of diamond drilling work in a systematic exploration program that will extend well beyond the old mine area. Phase 1 of this program commenced in November, with about 3,500 metres of diamond drilling underway. This work is fully permitted and funded. Targets down to 600 metres will be tested in some of the holes.

The setting for a new gold-copper discovery is compelling. Despite successfully producing a substantial amount of gold from the open-pit workings, the previous operator at Brewer did not explore for new resource zones below depths of 200 metres.

Established gold deposits have been outlined within this district-scale structural corridor extending to much greater depths. For example, the currently producing Haile gold mine, operated by **OceanaGold Corp.** (OGC-TSX, \$2.30), is located just 12 kilometres to the southwest of Brewer along the same trend.

More than four million ounces of gold have been outlined at Haile. Similar to Brewer, Haile commenced operations as an open-pit mine. Recent exploration work, however, has encountered attractive grades of sulphide-hosted gold at depths approaching 400 metres below surface. An underground mine development is slated to extend the mine life at Haile.

Pancon aspires to achieving similar success within its consolidated Brewer-Jefferson land package. The value proposition going forward is promising, given the outlook for steady drilling activity in a highly prospective mineral belt and a flurry of assays results to be presented thereafter.

Given the close proximity, geochemical and geophysical similarities to Haile, upwards of a multimillion-ounce gold equivalent resource may eventually be defined within the Brewer-Jefferson project boundary.

ERT is providing its expertise

and risk management competency to assist Pancon as it works to advance this project. There may even be an opportunity to realize a revenue stream from processing metal resources captured in the sludge recovered through the ongoing water-treatment operations. Their approach of considering all avenues to restore the project area is transforming the story from one of environmental liability to one of potential for the Brewer project to eventually be restored to profitable operations.

Pancon has worked for several years to assemble the project area. The first systematic drilling program to investigate Brewer-Jefferson's potential as a unit is currently underway. Management is committed to an aggressive exploration strategy. Successful definition of a new resource from this work would make the decision to complete the purchase option for the property by November 2023 an easy

one. The discovery of a large deposit could also make the project attractive for acquisition by a number of senior mine developers, including the aforementioned OceanaGold.

This is the ideal profile for a junior explorer in the midst of a gold bull market. The price performance for junior resource stocks is closely correlated with seasonal windows. Often the best values at which to accumulate these stories may be captured in the final weeks of the year.

Despite the opportunity to achieve a significant gold discovery at hand, the market capitalization for this stock is currently less than \$25 million. I believe this story will gain momentum through 2021 and the share price will rise to reflect the discovery potential with each report of successful drilling results.

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