

Nighthawk says Colomac deposit in NWT is similar to Kalgoorlie



Nighthawk Gold's Colomac gold deposit in the Northwest Territories. Credit: Nighthawk Gold.

POSTED BY: TRISH SAYWELL

Michael Byron, the president and CEO of **Nighthawk Gold** (TSXV: NHK; US-OTC: MIMZF) didn't know a heck of a lot about the Indin Lake area of Canada's Northwest Territories when he first set foot there in 2009, but he immediately liked what he saw.

The greenstone belt, about 200 km north of Yellowknife, is the same age and has many of the same styles of mineralization as the Timmins camp in Ontario. Yet unlike Timmins and Canada's other established Archean gold camps, Indin Lake has seen little exploration — except for brief periods in the 1950s, the late 1980s, and the early 1990s.

So Byron, who has a PhD in geology, started consolidating the best gold assets in the camp through staking and acquisition. Today, Nighthawk has a regional land play that controls over 90% of the belt.

The big break came in 2012, when Nighthawk got its hands on Colomac — a gold deposit previously mined by Royal Oak Mines that produced just over 500,000 oz. gold from a shallow open-pit operation.

Royal Oak went bankrupt in the late 1990s and Colomac reverted to the Canadian government for reclamation. The crown spent the next 15 years cleaning up the site.

OCTOBER 5, 2016 / WWW.NORTHERNMINER.COM

Nighthawk approached the government in 2011 about a possible acquisition once the remediation was completed, and about a year later a deal was worked out in which Nighthawk acquired 100% of the project. Under the transaction, all previous environmental liabilities remained with the crown and Colomac became a royalty free acquisition.

Prior to acquiring the project, Byron had chased down the fellow who did the resource work on Colomac. “I could see there was about one million ounces of gold left within the near-surface environment, but more importantly, I saw the clear potential for the resource to grow along strike and to depth,” Byron says in a telephone interview from his office in Sudbury, Ontario.

Of particular interest to the geologist was the suggestion of higher grade domains. “This was the key to the evolution of the story, as Colomac was not only a near-surface open-pit opportunity but also had the potential to host high-grade gold zones, effectively changing the nature of the deposit,” he says.

Byron emphasizes that Colomac is a “unique deposit” in terms of typical styles of mineralization found in Archean gold camps. The host rock is a differentiated mafic intrusion with gold preferentially located in the silica-rich upper portion of the sill. “I know of no others in the Canadian Shield,” he says. “In fact it shares many similarities to the Kalgoorlie gold camp of eastern Australia, one of the world’s most productive.”

Kalgoorlie has produced about 50 million oz. gold since the turn of the 20th century. It has been mined mostly from underground because the early lodes were very rich, but now it’s a massive open pit operated as a 50-50 joint venture between **Barrick Gold** (TSX: ABX; NYSE: ABX) and **Newmont Mining** (NYSE: NEM).

Byron first wrote about the analogue between Colomac and Kalgoorlie in a June 2012 news release, but at that time it generated little interest.

“Back then we were in a market where most people weren’t overly interested in new plays in northern Canada,” he says. “However, it was quite evident to me that if you have a system like Colomac — a differentiated mafic sill sitting in an Archean gold camp, that has the characteristics typical of other Archean gold camps in terms of the same age of rock and mineralization — then you are in a truly exciting setting and one poised for discovery.”

Today, Nighthawk has a land play with a variety of deposit types showing strong mineralization centered on the only deposit of its type in Canada, he says. “In 2010 the overall market wasn’t ready for it, but it’s warming up now, and I think Nighthawk is starting to resonate out there.”

Byron points to other similarities between Colomac and Kalgoorlie. Each has a strike length of about 10 km. While Kalgoorlie is about 1 km wide and Colomac is about 150 metres at its widest part, Colomac shares some of the same characteristics in terms of the localization of the higher grade domains.

In 2014, Nighthawk discovered Zone 1.5, confirming that exploring Colomac based on the Kalgoorlie analogue was the right path to take, Byron says, and that Colomac does host high-grade domains of significant size. The discovery hole intersected 53 metres of 7.78 grams gold per tonne, including 21 metres of 16.73 grams gold. Another hole returned an intercept of 33 metres of 4.19 grams gold, including 12 metres of 7.77 grams gold.

Last month, Nighthawk reported on its latest drill results from Zone 1.5 highlighted by a 52 metre (40 metres true width) intersection of 7.72 grams gold.

Drilling in 2015 and in 2016 has defined the zone to be upwards of 125 metres along strike, 30-40 metres in true width, and extending from surface to a vertical depth of 250 metres, where it is still open. The high

grade was found about 100 metres north of the former open pit. In addition, Byron says he believes Nighthawk has identified three similar zones, and is working on testing three more.

One of these early candidates, Zone 1.0 — about 2 km north of Zone 1.5 — lies within a largely underexplored section of the sill. Nighthawk drilled Zone 1.0 for the first time last year, following up on some historic shallow intercepts. All holes intersected mineralization over a strike length of 60 metres and to a vertical depth of less than 150 metres. Highlights include an intercept measuring 43 metres of 1.13 grams gold, including 8.5 metres of 2.23 grams.

“Our work has shown the deposit’s high-grade potential, that these distinct zones can be sizeable and appear to show good continuity of mineralization, and that Colomac has not been fully explored,” he says.

Byron is convinced the best is yet to come.

“We’ve already tabled over 2 million ounces and if you look at our long sections, you can see ample opportunity for Colomac to grow by several orders of magnitude,” he says. “So at the end of the day, it shouldn’t be too unrealistic to believe that Colomac could be advanced towards a multi-million oz. gold deposit that hosts several higher grade domains.

“I’m not proclaiming that we’re poised to be of Kalgoorlie’s magnitude,” he continues. “I’m simply saying that the characteristics we see in typical Archean gold camps like Timmins, we also see in the Indin Lake camp, as well as some that characterize Kalgoorlie. One can speculate about potential ounces, but what I have come to understand is that we have uncovered a hidden opportunity, an opportunity to create value centered on a grossly underexplored former producer that resides in a highly prospective, and equally underexplored land package, hosting a variety of gold deposits and showings from north to south and east to west.”

From 2012 to 2015, Nighthawk drilled 17,000 metres targeting new areas of mineralization and extending known zones along strike and to depth, culminating in a resource estimate in 2013.

So far this year Nighthawk has cored another 8,400 metres, bringing its total drilling since acquisition to less than 25,000 metres.

The company is planning a winter drill program looking to expand the resource and bumping it up to as close to 3 million oz. gold as possible by mid-2017.

Currently Colomac’s inferred resource stands at 39.8 million tonnes grading 1.64 grams gold per tonne for 2.1 million oz. gold at a cut-off grade of 0.6 gram gold per tonne. This resource does not take into account any of the drilling since 2012.

In addition to Colomac, Nighthawk is exploring Goldcrest, a 2.5 km mineralized mafic sill similar to the Colomac intrusion, about 400 metres to the west. Unlike Colomac, it was never mined and its near-surface mineralization remains underexplored. Historic drilling was limited to a depth of 100 metres.

Nighthawk completed its first drill program at Goldcrest in 2014, with intersections of 20 metres of 4.19 grams gold in one hole, and 20 metres grading 4.83 grams gold in another.

Beyond Colomac and Goldcrest, the junior has several other gold deposits and showings across its 900 sq. km landholding. Apart from the differentiated mafic sill setting, it has drilled structure-related lode gold prospects at its Leta Arm target (intersecting 26 metres of 6.86 grams gold; 16.9 metres of 6.08 grams gold and 11.8 metres of 7.23 grams gold); and iron formation hosted targets like Damoti (intercepts include 10.5 metres of 63.48 grams gold; 11.3 metres of 32.21 grams gold; and 23.5 metres of 13.91 grams gold).

Prior to joining Nighthawk Gold in 2008, Byron was part of the founding management of Aurora Platinum and its vice-president of exploration until its sale to FNX Mining in 2005. He also served as the first vice-president of exploration at Lakeshore Gold, (which was spun out of Aurora Platinum), and where he directed expansion of the company's projects in the Timmins gold camp and oversaw the growth of the Timmins West deposit to more than 1.2 million oz. gold.

Byron was also one of the co-founders and directors of **Falco Resources** (TSXV: FPC; US-OTC: FPRGF) and served as the company's vice-president of exploration from the junior's inception in 2010 until May 2015. He is attributed with the rediscovery of the Horne 5 gold-silver-copper-zinc deposit, Falco's flagship asset in Rouyn-Noranda, Quebec.

Falco's Horne 5 deposit sits immediately below the former producing Horne mine, which was operated by Noranda from 1926 until 1976. The Horne mine was one of Canada's richest VMS mines and produced more than 54 million tonnes at a grade of 6.1 grams gold, 13 grams per tonne silver and 2.22% copper. The Quemont mine, 600 metres north of Horne, produced about 2 million oz. gold and 400 million lb. copper.

Byron points out that the gold produced at Horne was largely a by-product of Noranda's base metal production and that no one had explored around Horne and Quemont for gold because they were focused on copper and zinc.

"I guess the takeaway is that just because you're in an established mining camp that doesn't mean all the work is done," he says. "Horne 5 pretty much sat under everyone's noses. We were just the first ones who went in the archives, extracted the data, and built out the Horne Mine geological and resource models.

"There's still a lot of good data that hasn't made it to the computerized stage, data that was put in a box and left in a dusty room. That's really the basis for the early successes of both Falco and Nighthawk. Sometimes opportunities live right underneath your nose, it just takes a different set of eyes to zone in on it. When you can find opportunity within driving distance, that's not a bad deal."

A similar situation played out at Lakeshore Gold's Timmins West, he says, a deposit that was found in the early 1900s. "People knew about the deposit for the better part of 100 years but the dogma in the camp was that 'everyone knows there's no gold over there.'"

Juniors can be effective in carrying out "a different approach to exploration," he adds, noting that sometimes in larger companies there is "a corporate mandate that doesn't allow geologists to be explorers. Sometimes geologists aren't allowed to do what they do because management is under the gun, or they have to feed the mill. The junior side of our business fills a needed role because you can come into an area with no restrictions other than raising enough money to give birth to your ideas. It's fun and that's why I like to stay in the junior side. You have a little freedom if you have the cash."

As of Sept. 23, Nighthawk Gold had about \$5.9 million in its treasury.

Over the last year, Nighthawk shares have traded in a range of 4¢ and 61¢, and at the time of writing traded at 41¢. The company has 135 million shares outstanding.

Current shareholders include Northfield Capital Corp. (16.27%); **Osisko Gold Royalties** (TSX: OR) (6.8%), Dundee Corp. (4.9%); board and management (3%); retail and financial institutions (69%). In the latter category, 21% are institutions and 43% are retail investors.