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Sun Peak Metals team at their Shire project in Ethiopia. From L-R: David Awram, chairman; Yordanos Melaku, country manager/ geologist; Scott Ansell, VP project development; David Daoud, VP exploration; Greg Davis, president and CEO; Hayley DeWitt, director. SUN PEAK METALS

Sun Peak Metals advances Shire project in Ethiopia

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David Daoud, vice president of exploration and geology at newly listed **Sun Peak Metals** (TSXV: PEAK), was part of the exploration teams that discovered the Bisha and Asmara gold deposits in Eritrea when he worked for Nevsun Resources and its sister company, Sunridge Gold, in the early 2000s.

Now he believes there is an opportunity to repeat those two home-runs across the border in Ethiopia at the Shire gold project, which sits

on the same Arabian Nubian Shield, about 70 km from the Asmara project, which Sunridge Gold sold in 2016 to Shanghai Road and Bridge, a Chinese state-owned enterprise, and roughly 150 km from the Bisha mine, now in production and owned by China's Jinchuan Gold.

"We are very excited to be conducting mineral exploration in Ethiopia on the same Nubian Shield geology as we did in Eritrea at Bisha and the Asmara projects," Daoud says in an email. "When we first visited the Shire project area, we saw the same tremendous mineral potential for discovery of large high-grade VMS deposits."

Daoud says high-grade base and precious metal

results from the junior's first small diamond drill program that tested three VMS prospects at the Shire project "validate our vision and theory about this prolific greenstone belt."

Assay results released in June from the project's Meli license included 15.30 metres grading 3.18 grams gold per tonne, 25 grams silver per tonne, 2.2% copper and 1.4% zinc from 55.6 metres downhole in ML-001; 37.23 metres averaging 2.45 grams gold, 29.4 grams silver; 2.4% copper and 1.3% zinc starting from 47.37 metres in ML-002; and 35.43 metres of 2.52 grams gold, 22.3 grams silver, 1.8% copper and 1.5% zinc in ML-003 starting 87.74 metres from surface.

SUN PEAK METALS ADVANCES SHIRE PROJECT IN ETHIOPIA, continued

The Meli primary sulphide zones are copper and gold rich VMS style mineralization, Daoud and his team say, and the higher gold grades could imply the mineralization is near a VMS vent or vents. The mineralization is open along strike and to depth.

Drilling on its Terer license returned 17.85 metres averaging 3.95 grams gold, 45.5 grams silver, 1.4% copper and 1.6% zinc starting from 160.45 metres in KL-006; 6.57 metres grading 1.34 grams gold, 54.3 grams silver, 6.3% copper and 1.7% zinc from 10.67 metres depth in AR-001; and 13.16 metres of 1.35 grams gold, 16.9 grams silver, 1.1% copper and 1.7% zinc in AR-005, beginning from 49.08 metres in AR-005.

The Meli and Terer licences are part of a joint-venture Sun Peak Metals has with Ezana Mining, a private Ethiopian company, while the other licences that make up the Shire project (Nefasit and Adi Dairo) are 100% owned by the Canadian junior.

Sun Peak Metals had to shut down its drill program in early March due to the coronavirus pandemic, but between now and next year the company plans to drill 18,000 metres and will have three drill rigs active starting in mid-September. The drill program is expected to cost about \$7 million, after which the junior will have about \$5 million left in the bank.

Greg Davis, Sun Peak Metals' president and CEO, who worked with Daoud at Sunridge Gold, raising over \$50 million for the company, and was also part of Nevsun's discovery team at Bisha where he was project manager, recalls how part of the team stayed together and evolved after its

many years in Eritrea.

"Once Sunridge was wrapped up we were looking for VMS districts around the world and we thought, 'Let's look over the border,'" he says. "We went to Ethiopia in 2016 and introduced ourselves to the Ministry of Mines. We did a lot of research, visited a lot of projects, and identified the area we're in now as being our top priority."

"We were delighted with the opportunity we saw on our very first trip – we saw the same rocks we'd spent the last decade and a half looking at," Davis continues. "Not only was it all unexplored but there were also lots of prospective gossans, which are the surface expressions of these VMSES, so we were thrilled."

At Bisha, the initial holes were drilled below an outcropping gossan and then a 450-metre step-out targetting a blind geophysical anomaly successfully hit more than 160 metres of VMS mineralization. Similarly at Asmara's Emba Derho copper-zinc-gold-silver deposit, the team identified a large geophysical anomaly offset from the gossans in 2005 and the first hole returned 206 metres of massive sulphides, when then led to the definition of a large mineralized body.

So far, Sun Peak Metals has flown roughly 80% of its licences looking for conductors with VTEM and completed detailed ground gravity work to help guide the drilling as it identifies areas with denser rock that might have been generated by massive sulphides. "We've identified two dozen priority targets but they are all really good high priority targets," Davis says. "They have the geophysical signatures we're looking for: good strong copper and zinc in the soils and sometimes outcrop."

"The geology is the same as both Bisha and Asmara, it's the same trend that comes from the north and crosses the border – repeating series of volcanic rocks and we're looking for these VMS horizons that twist and turn and are deformed across the area and in some cases they outcrop in gossan."

In addition, while there are a lot of historic mines in the Arabian Nubian Shield, "they don't have much of a history of modern mines," Davis says of Ethiopia, adding that the country has good infrastructure and a lot of cheap hydro-power. (The company currently uses 10¢ per kilowatt hour in its models but says that figure should come down once Ethiopia completes its massive Grand Renaissance Dam over the next decade.)

Sun Peak's largest institutional shareholder is Denver-based Resource Capital Funds, which owns about six million of the company's roughly 78 million common shares.

"We were really happy to have RCF come on board – they're known for their extensive due diligence," Davis says. "They were privy to our data room and reviewed it in detail over a two-month period. They reviewed all of the country's mining laws, its commercial codes, as well as all our geology and geophysics and we had a lot of back and forth answering all their questions... We see it as a stamp of approval of the project and our team."

The company listed on the TSX Venture Exchange on Aug. 17 and is currently trading at 97¢ per share. The junior explorer has a market cap of about \$76 million. TMM