

Québec Junior Nails the 'Boring Details' of De-Risking



Source: Streetwise Reports (3/25/22)

Quadrupling the two million ounces of gold it inherited from a previous miner is just one way Troilus Gold is moving ahead with de-risking and building a “generational asset” in Québec, Canada.

[Troilus Gold Corp.](#)

(TLG:TSX - CHXMF:OTC - CM5R:FRA)



[Troilus Gold Corp. \(TLG:TSX; CHXMF:OTC; CM5R:FRA\)](#) CEO Justin Reid is the first to admit that “de-risking is boring,” but he is proud that the four-year-old development-stage company is actively diminishing risk in every aspect of its 1,400-square-kilometer [Troilus Gold project](#) in the north east extent of the Abitibi Greenstone Belt in Québec, Canada. Noting that at “the feasibility level, a lot of details don’t come out to the market,” Reid shared some of those details with *Streetwise*.

Since 2019, the company has drilled more than 220,000 meters, and continues to aggressively explore with 5 drills currently turning at their site. This work has led to major expansion of the existing ore bodies, and also new discoveries, especially in the Southwest Zone, “a new center of gravity,” for the project. This work will culminate in Troilus’ inaugural reserve slated for mid-2022, bringing a large resource from the Inferred category to a minable entity.

A second detail is the ongoing metallurgical work on 9,000 kilos of samples, done at a full project scale. In the project’s J Zone, this work placed copper recovery at 93%, gold at 9% and silver at 88%, all of which exceed the levels set in the company’s original PEA (Preliminary

Economic Assessment). Recovery results for the two other main zones are expected in the coming months.



Water treatment and tailings. Courtesy of Troilus Gold Corp.

Finally, Troilus has completed \$2.5 million in geo-technical drilling, confirming the strength and stability of the rock at its mine site. The previous operators (1996-2010) used 55-degree slope angles in the open pit, while Troilus used a conservative 47-degree slope in the PEA.

“This isn’t ore, but this rock stability work, done by Golder & Associates, tells us that we will be able to steepen up the pits in our feasibility study. This will reduce the ultimate strip and improve the economics,” said Reid. “Again, not exciting, but a major de-risking event.”

In a commodities market seeing near-record high prices, investors are flocking to producers, leaving developers undervalued. And while many developers are affected by the risk of capital inflation — the capital expense to build a mine skyrocketing, causing companies to recalculate their balance sheets — “investors have less to fear with Troilus,” said Reid.

Troilus, which was an open-pit, copper and gold producer under previous ownership from 1996 to 2010, already has extensive infrastructure in place, from roads and power sources to earthworks. “The market has not taken into account that our existing infrastructure counteracts the inflationary environment,” he continued.

Another factor is the size and scale of the deposit: 8.1 million ounces of gold, as currently calculated.

“This is a different market than the days when Troilus was a marginal producer in the marginal commodities market in the early 21st century,” Reid said. “There are very few assets in a safe, North American jurisdiction that demonstrate this kind of scale.”

Finally, Reid said, “The majors like Newmont and Barrick are all looking for copper and gold deposits, and we have the largest copper deposit in Québec, capable of producing 17 to 22 million pounds of copper annually. This gives us flexibility, safety and an additional revenue stream.”

But Troilus is foremost a gold company, anticipating 75% of its revenue from that precious metal. And in Canada, it is drilling in the company of both majors and mid-tiers, like [Barrick \(ABX:TO; NYSE:GOLD\)](#), [Agnico Eagle \(TSX:AEM; NYSE:AEM\)](#), [El Dorado \(TSX:ELD; NYSE:EGO\)](#), and [Osisko's \(TSX: OSK\) Windfall property](#), among others.

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[ESG principles](#) (environment, social and governance) are fundamental at Troilus. The company's ESG team, led by [Catherine Stretch](#), vice president, Corporate Affairs, issued its [inaugural sustainability report](#) in 2021.

Describing Troilus's assets as "similar" to Agnico Eagle's, Reid said, "We strive for the same level of technical excellence and socially responsible approach of Agnico."

According to Reid, this commitment to ESG demonstrates the company's belief that it is building a generational asset that will reward shareholders, partners, financiers, and community members for years to come. "If you don't have social license, you don't have a mine," he said.

In July 2021 [Investissement Québec](#), Fonds Capital Ressources Naturelles et Énergie, and Fonds de Solidarité des Travailleurs du Québec invested \$11.5 million in Troilus, making them the company's second-largest shareholders. Eric Girard, then Minister of Finance and Minister of Economy and Innovation commented, "The mining potential of Nord-du-Québec and our mining industry are key to the sustainable recovery of Québec's economy. That's why we are helping Troilus carry out its gold project, which is expected to generate significant economic benefits and create good jobs in the region."

Calling the investment "a feather in our cap," Reid said that "the degree of scrutiny and due diligence that preceded the investment points to our stability as a company and puts us in a good position as we move toward permitting. I can't express how important this is."

The company's federal permitting process is well underway: The Project Description is ready for submission, along with "about 10 separate Environmental Impact Assessment processes," and several pre-consultation meetings have taken place.

The provincial process will begin with the release of Troilus' Pre-feasibility Study, expected in June or July 2022. "We are putting the short strokes on that study now and expect it will be a significant catalyst, along with the results from the five drills we have turning now," said Reid. He expects a weekly cadence of announcements over the coming three months, related to drill holes, regional exploration targets, and other advancements.

Also of fundamental interest to investors is the presence of [Richard Harisson, COO](#) and [Ian Pritchard](#), Senior Vice-President, Technical Services, on the management team. "Unlike junior explorers, we are putting together a team to build and run a mine. A mine that could produce

250,000 ounces of gold a year, upwards of 20 million pounds of copper, and half-a-million ounces of silver,” Reid concluded.

There is nothing boring about that.

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