



NORTHERN NEIGHBORS

Compiled by Shane Lasley



An aerial view of the facilities at Ekati, one of two Northwest Territories diamond mines Washington Companies will gain through the acquisition of Dominion Diamond.

Dominion agrees to US\$1.2B acquisition

Dominion Diamond Corp. July 17 reported that it has reached an agreement to be bought by The Washington Companies in a deal worth roughly US\$1.2 billion. Owned by billionaire Dennis Washington, The Washington Companies is a group of privately held North American mining industrial and transportation businesses. Washington has agreed to pay cash to acquire all of Dominion's outstanding common shares for US\$14.25 per share, a 44 percent premium to Dominion's share price of US\$9.92 prior to rumors of the proposed transaction. "The Washington offer delivers compelling and immediate value to Dominion shareholders at an attractive premium that recognizes the intrinsic value of Dominion and provides shareholders certainty through an all-cash offer," said Dominion Chairman Jim Gowans. Dominion operates the Ekati Diamond Mine through an 88.9 percent ownership of the project's Core zone as well as full ownership of the Buffer zone; and owns a 40 percent stake in the Diavik Diamond Mine. "Dominion Diamond has an excellent collection of mining assets and a talented and experienced management team and workforce," said Washington President Lawrence Simkins. "We are excited to work with their team to extend the mine life of the Ekati mine and continue partnering with Rio Tinto in the operation of the Diavik mine, while maintaining long-term employment for Dominion employees." As part of this acquisition, Washington plans to: operate Dominion as a standalone business; appoint a new Canada-based CEO to the company; deploy capital to develop both the Jay and Fox Deep projects at Ekati; invest in greenfield exploration; continue Dominion's focus on the recruitment, training and employment of First Nations people; honor Dominion's existing commitments to the First Nations communities; and promote Dominion's CanadaMark brand for its ethically sourced and premium Canadian diamonds. "The Washington Companies' commitments to safety, operational excellence, innovation and world-class management teams position us favorably for long-term success at the Ekati and Diavik mines for the benefit of all Dominion Diamond stakeholders," said Dennis Washington. "I look forward to the next chapter of continuing to build and support successful, safe business operations in the Northwest Territories."

Major drill program at Homestake Ridge

Auryn Resources Inc. July 17 reported the start of a 15,000-meter drill program at Homestake Ridge, a northwestern British Columbia gold project the company acquired in September. According to a 2012 calculation, the three main deposits at Homestake host 604,000 metric tons of indicated resource averaging 6.4 grams per metric ton (124,000 ounces) gold; 48.3 g/t (939,000 oz) silver; and 0.18 percent (2.4 million pounds) copper. Additionally, these

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This camp at Lik has supported Zazu Metals' field programs for the better part of a decade. Solitario Zinc plans to upgrade the facilities when it begins its maiden field program at the Northwest Alaska zinc project in 2018.

EXPLORATION & DEVELOPMENT

Solitario acquires Lik

Denver-based explorer gains NW Alaska zinc property by acquiring Zazu

By SHANE LASLEY
Mining News

The Lik zinc-lead-silver project in Northwest Alaska is under new ownership.

Solitario Zinc Corp., the company that will now push Lik towards development, is the result of Solitario Exploration & Royalty Corp., a Colorado-based company, buying out Zazu Metals Corp., the company that has been advancing Lik over the past decade.

Located some 14 miles from Red Dog, a mine that singlehandedly accounts for nearly 5 percent of the world's zinc production, Lik is situated in a corner of Alaska renowned for its high-grade zinc.

With its buyout of Zazu, Solitario gained a 50 percent interest in Lik. Teck Resources, which operates Red Dog, owns the other half of the burgeoning zinc project.

Prior to its Zazu purchase, Solitario's core asset was a 39 percent interest in Bongará, an advanced, high-grade, zinc project in northern Peru.

Adding Lik to its portfolio is part of Solitario's strategy to become a multiple-asset, intermediate-sized company positioned to take full advantage of a strong zinc market being driven by growth in demand and supply constraints due to the recent closures of world-class zinc mines.

"We are excited about the future potential of the combined company," said Solitario President and CEO Chris Herald. "Adding Zazu's interest in the high-grade Lik zinc deposit with our own high-grade Bongará zinc project together with Solitario's strong balance sheet differentiates



CHRIS HERALD

Solitario Zinc Corp. from others in the emerging zinc developers' space."

Two Lik deposits

Lik hosts two zinc deposits separated by a fault – the near-surface Lik South and the deeper Lik North.

Lik South has an indicated resource of 18.74 million metric tons grading 8.08 percent zinc, 2.62 percent lead and 52.8 grams-per-metric-ton silver; plus an inferred resource of 1.23 million metric tons grading 6.80 percent zinc, 2.12 percent lead and 35 g/t silver.

A preliminary economic assessment completed for Zazu in 2014 outlines plans for developing an open-pit mine at Lik South. As modeled, a 5,500 metric-ton-per-day mill processing ore from this near-surface deposit would produce 234,000 dry metric tons of zinc concentrate and 55,800 dry metric tons of lead concentrate annually over an initial nine-year mine life.

In total, 17.1 million metric tons of ore milled at an average grade of 7.7 percent zinc, 2.6 percent lead and 47 grams per metric tons silver is currently outlined for mining from an open-pit at Lik South.

Lik North, which was not considered in the PEA, is a slightly higher grade deposit that would be mined later using underground methods if economics proved viable.

According to the most recent calculation, Lik North contains 5.18 million metric tons of inferred resource averaging 9.65 percent zinc, 3.25 percent lead and 51 g/t silver.

Herald said that expanding this deeper Lik deposit, which is open at depth and to the north, is an attractive exploration target that can still be reached by surface drilling.

"We see that as some obvious work that could

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