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Maven Recommends: Playfair Mining (TSXV: PLY)

*A high-risk exploration speculation: **Playfair Mining** has drills turning for the first time ever at its Ox Mountain project in Ireland, where a regional geologic theory plus four years of prospecting has created reason to believe Playfair could be homing in on another Curraghinalt, the high-grade gold deposit in Northern Ireland where Dalradian has enjoyed so much success.*

Exploration is always risky, but there are ways to buffer that risk. One is getting in early, by which I really mean getting in cheap. The second is investing in experienced people. The third is only buying companies that not only have prospective assets, but that have a plan to prove up value.

That first requirement had already gotten a bit tough a few months ago. Gold's move breathed new life into junior explorers and in the middle months of 2016 share prices shot up. Many tripled, or more.

Are the early, cheap opportunities already over?

No. It requires a bit more effort to find them, but there are still inexpensive exploration stocks. The key is identifying companies that weren't ready back in the spring and so are getting going now.

Late is not bad. Some of these groups cover off the second two requirements listed above – proven people and a plan to turn prospective assets into real value – in spades.

The company I am going to introduce today falls into that category. It has been advancing its property for four years, but as a completely grassroots target it took several seasons to get it drill ready. Now drills are turning, with first results due in weeks.

This is a high-risk exploration speculation. Drills could return nothing. If they hit, however, the market will get interested right away because the goal is to define another Curraghinalt – the high-grade gold deposit in North Ireland that Dalradian Resources is successfully advancing towards production.

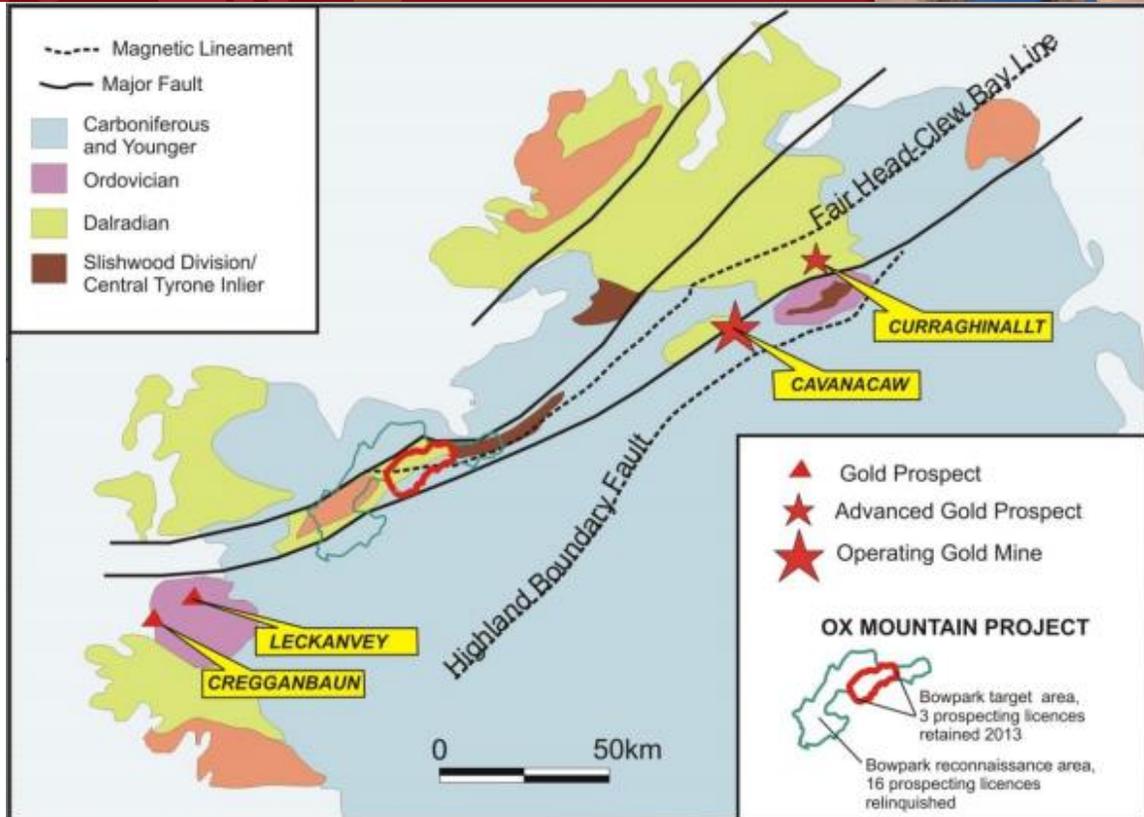
Curraghinalt was a great discovery. Ireland, North Ireland, and Scotland had been largely overlooked as gold districts in the modern era, despite a history of alluvial gold operations. The Curraghinalt project area saw sporadic exploration in the 1980s and 1990s but it took until the 2000s before the deposit was really unveiled.

Curraghinalt is hosted in a package of meta-sedimentary rocks called the Dalradian (hence the company name). The Dalradian, shown in green below, is overlain by younger carboniferous rocks (blue) to the east, south, and southwest, but about 100 km southwest of Curraghinalt a window in the younger layer exposes the Dalradian. Importantly, this occurs right where the same major fault structure that fed Curraghinalt passes through. Farther west the structure is also associated with gold at Leckanvey. At the other end, to the northeast, the Fair Head Clew Bay Line cut Dalradian rocks and generated the Cononish gold deposit in Scotland.

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Geologists Andy Bowden and Richard Parker started prospecting in that window of exposed Dalradian rocks based entirely on the regional concept that it offered the right combination of Dalradian rocks and major structures. In addition, the area is crossed with splay structures off the major fault, which is exactly what exists at Curraghinallt.

And the area had basically never been explored.

Through their private company Bowpark Exploration, Bowden and Parker started with a big land package that covered off most of the exposure of Dalradian rocks. That was in 2010. Over two years they prospected those 16 licenses. By 2012 they relinquished 13 of them for lack of interest.

Three, however, they kept.

The three licenses are contiguous and cover almost 140 sq. km. They sit on the southern flank of the Ox Mountains.

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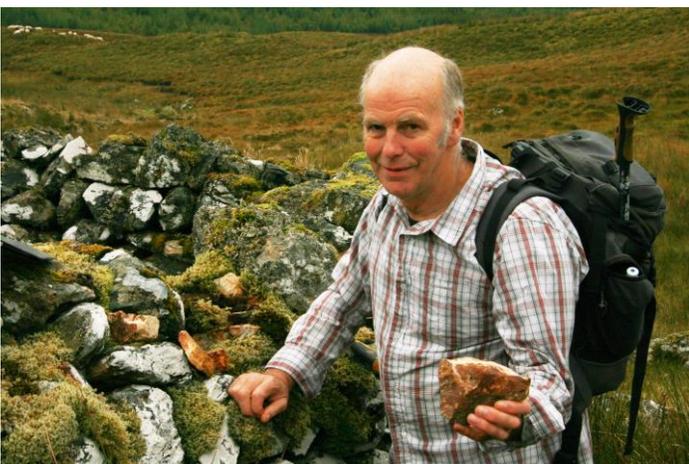


Ox Mountain in Ireland. Map on the right shows the approximate project area, up against the Ox Mountains.

Prospecting in this area means walking through farmers fields looking for builders, inspecting the stone walls that separate fields because the stones are all local, and assessing exposed rock in streams. Those are the only options, as there is almost no bedrock exposure.

And what exactly were Bowden and Parker looking for? Indications of another Curraghinalt, so it makes sense to start there.

Curraghinalt is home to over 4 million oz. gold at an average grade near 10 g/t. The gold sits in about 16 veins tracked along about 2 km. The veins sit within a splay structure that comes off the major fault. There is little outcrop and limited geophysical response (quartz veins with sulphides and gold produce a bit of mag and IP response but not a lot, especially when covered), so the best indicator that there's a deposit at depth is finding angular blocks of mineralization. Angular blocks of mineralization are upthrust chunks of the deposit, known as float, and the fact that they're angular means they haven't moved very far.



Parker holding a mineralized float sample plucked from an old rock wall

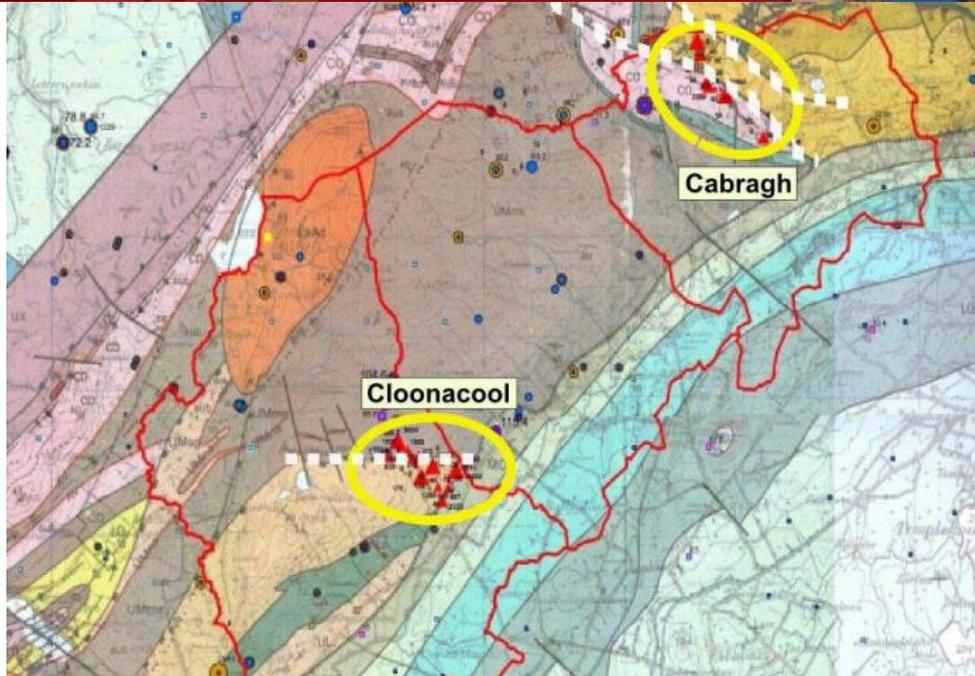
Guess what Bowden and Parker found at Ox Mountain? Angular float carrying gold.

The property has two targets: Cloonacool and Cabragh. They are 11 km apart.

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The red lines on the map outline the three licenses that make up the Ox Mountain project. Red triangles highlight gold occurrences and white dashed lines show the splay structures crossing each target area.

In their prospecting efforts in 2012, at Cloonacool the team identified three boulders with the grey, pyrite-carrying quartz they were hoping to find. Chip samples from the boulders graded 9.8 g/t gold, 0.55 g/t gold, and 0.35 g/t gold.

At Cabragh three float samples graded 3.43 g/t gold, 3.09 g/t gold, and 2.45 g/t gold.

It was absolutely enough to keep the team interested. It was also enough to attract the attention of Playfair Mining, a Vancouver-based junior that had been focused on tungsten but was looking for new direction – and found it in Ireland.

In late 2013 Playfair inked a deal to get Ox Mountain. The deal is structured such that Playfair is earning up to 100% ownership of Bowpark. The first 90% gets transferred once Playfair has spent \$2.28 million on exploration and delivered 1.8 million PLY shares to Bowden and Parker. After that Playfair can acquire the remaining 10% for a payment of \$1 million in cash or shares and the granting of a NSR royalty.

With the option deal secured and Playfair now financing their work, Bowden and Parker returned to Ox Mountain in 2014. At Cloonacool they were able to trench three bedrock gold occurrences, the best of which returned 5.6 g/t gold over 0.5 metres. Prospecting also returned another two dozen gold-bearing float samples, the best of which graded 17.2 g/t gold. The float occurrences were spread over an area 1.5 km long and 500 metres wide, running east-west in parallel to the regional splay structure.

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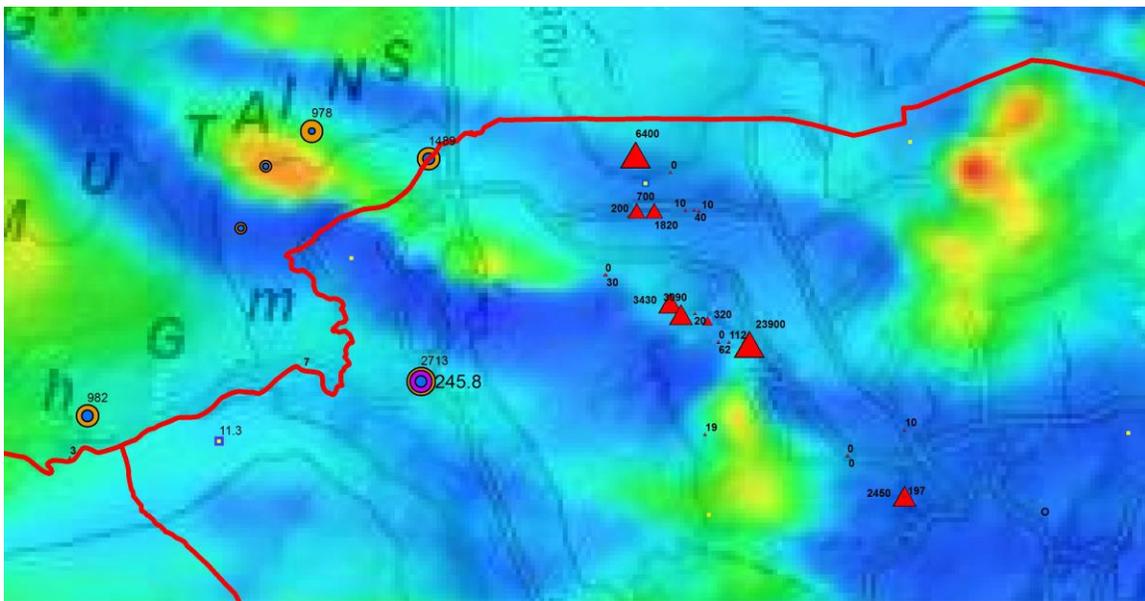
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At Cabragh, soil sampling outlined a large gold-in-soil anomaly. And by expanding the prospecting area the team found several more float samples, with better grades: 6.4 g/t gold and 23.9 g/t gold.

There is also some geophysical support for the concepts. Neither Playfair nor Bowpark have done geophysics themselves, but government data show structures right where Bowden and Parker's work says they should be.



The Cabragh magnetics map, with sampling results overlain. Important points:

1. The linear mag lows (blue) track the splay structures that could host gold, confirming they do exist where expected.
2. The float samples sit on or north of the structures. That makes sense, in that the receding ice cap moved north-northeast in this area.

The Cloonacool mag map looks very similar.

With numerous float samples carrying not only gold but gold in sulphide quartz veining, with geophysics outlining the expected structures, with gold-in-soil anomalies where they should be, and with obvious big picture similarity to Curraghinalt because of the Dalradian rocks and the same Fair Head Clew Bay Line structure passing nearby and creating the splay structures – Ox Mountain has all the signs you would want.

Now it's time to test it.

Drills just started turning. The program will comprise 25 holes. The holes will only go 100 metres deep, but that makes sense when it's the first drill program in an area with so little outcrop – the goal is not to go deep but to understand where these structures go...and whether they carry gold throughout.

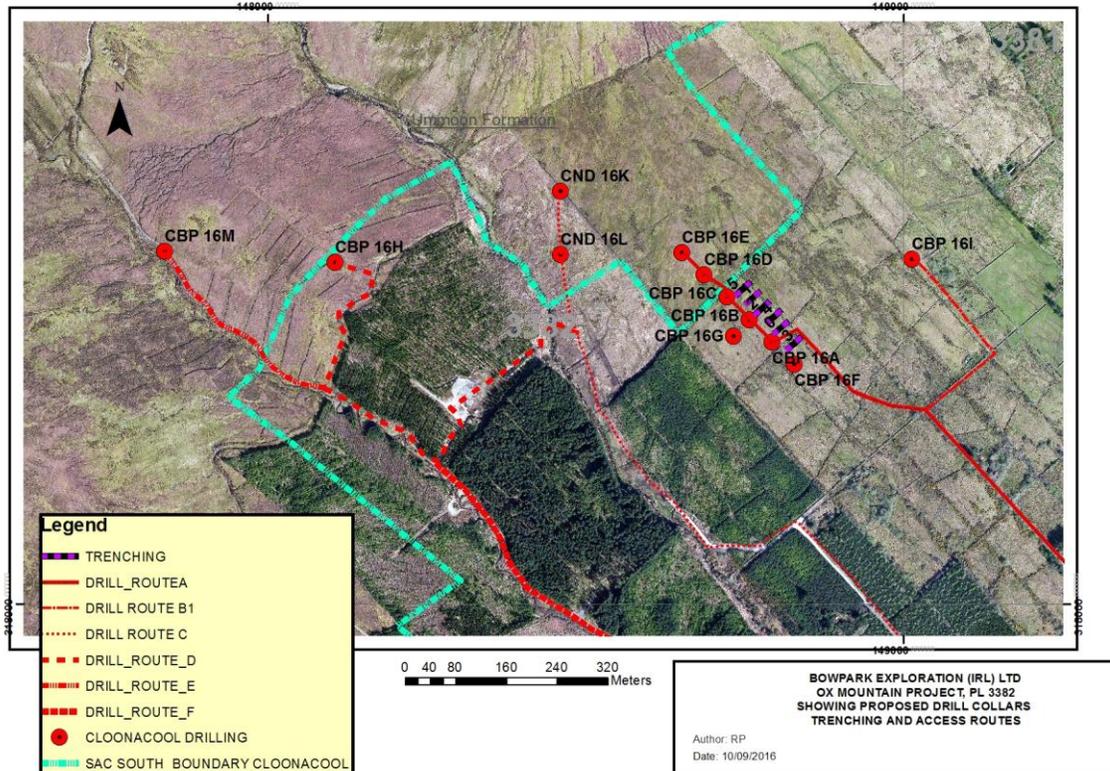
The program started at Cloonacool, where the idea is to drill right underneath the series of bedrock showings that Bowden and Parker were able to trench last summer.

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The purple marks are the trenches, tracking a smaller splay structure. The first holes will test right beneath those trenches. Then the drill will test the larger splay structure that runs east-west.

After that the drill will head to Cabragh to test the interpreted structures there.

The program will cost \$500,000. Drilling costs are pretty reasonable, expected to average \$200 per metre.

This is exploration. There are no guarantees. But the evidence looks good and if they do hit the market will swoon because everyone knows Curraghinalt and investors will immediately understand the potential for this to be a Curraghinalt #2.

I also like that this is a story of real grassroots exploration, which are not common these days. Bowden and Parker started with a regional theory, sparked in part by Parker's role in discovering the Cononish gold deposit that is northeast along the Fair Head Clew Bay Line in Dalradian rocks in Scotland. They knew that kind of deposit – a Curraghinalt-type deposit of high-grade gold in a good jurisdiction – would work whether the bear market turned or not. So they set out to find one in an area where no one had yet thought to look.

Playfair recognized the idea and potential, inked the option deal, and has slogged through the last few years cleaning up its share structure and finding ways to carry on despite it all. And now, with the market providing some exploration funding again, Don Moore of Playfair has found capital and drills are turning.

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Perseverance pays. Now the drills will find out if all this prospecting will pay as well.

These guys, I will note, are old. I mean that respectfully! Collectively the geology team – Andy Bowden, Rick Parker, and Neil Briggs of Playfair – have over 100 years of exploration experience. And they have each been involved in some real discoveries.

Don Moore is no spring chicken either, but again that's a good thing. Why? Because his experience running junior explorers means he is focused on share count and setting the stock up to run.

Playfair has just 46 million shares outstanding. And there are no warrants. Given that PLY raised \$785,000 at \$0.05 just in July, the lack of warrants is notable. Moore is adamant on this point. He knows he would have had an easier time raising the cash if he'd offered a warrant, but his experience dealing with the selling pressure that warrants create meant he preferred to battle for the raise rather than deal with warrants.

It's a nice tight structure. It's about to expand a little, as Moore is currently filling a \$500,000 raise at \$0.10, which will of course add 5 million shares to the count, but the money will mean they can expand the drill program if initial holes do hit. That's a nice option to have in hand – it helps in that the drills are already operating and that the market likes a discovery, but loves a discovery with follow up.

Finally, I should comment on the jurisdiction. Ireland is a great place to explore. The Fraser Institute ranked Ireland #1 out of 122 jurisdictions worldwide in terms of overall mining policy attractiveness in 2014 and 2015. While gold exploration is a newer game, Ireland is home to significant zinc and lead mines. And local government is actively supportive of exploration and mining.

Playfair closed at its 52-week high of \$0.15 today. I am a buyer.

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