

Knick Exploration: it's all about location

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In real estate markets, the general investor axiom has always been “location, location, location.” The size of a particular property and/or existing developments are obviously important parameters. However, the long-term upside of any particular property often has more to do with where it is than its surface appearance.

The same principle holds true in the mining industry. While the size of a land package and the degree of development are important parameters in proving up value for a particular project, success is more likely to be obtained by companies which have chosen the location of their land package(s) wisely.

With **Knick Exploration Inc. (TSX: V.KNX, Forum)**, management has shrewdly acquired a land package literally surrounded by other robust gold deposits. The East-West property is in the Val d’Or Mining Camp, along strike between the Kiena Mine (Wesdome Gold Mines, TSX: WDO) and the past-producing Marban Mine, now owned by Osisko Mining (TSX: OSK). In turn, the Val d’Or Camp is in the heart of Quebec’s world-famous Abitibi Gold District, which has already yielded more than 80 million ounces of gold.

East-West consists of 7 staked claims which cover a total of 184 hectares, located in Dubuisson Township, Quebec. The Kiena Mine is a mere 2.5 km away.

That mine was closed in 2013 due to a combination of falling gold prices and the belief that most of the prospective ore had been exhausted. That assumption has now been discarded after Wesdome recently produced some **spectacular drill results** from a new drilling campaign at the shuttered mine.

Shares of Wesdome Gold Mines soared 49 per cent on Thursday, closing at \$2.24, after the Toronto-based miner revealed spectacular drilling results from Kiena. They included a couple of long intercepts of more than 18 grams per tonne of gold.

Kiena, which opened back in 1981, was a relatively low-grade operation throughout its life. There was no recent indication that it had this kind of high-grade potential.

Kiena is almost directly to the east of the East-West property. To the northwest is Osisko Mining (TSX: OSK), formerly Oban Mining, the current holders of the land package containing the old Marban Mine. Osisko has been busy with new drilling on this property, which it has dubbed the Marban Block.

The Marban Deposit itself has a total,





existing resource of 1.5 million ounces. The nearby Norlartic Deposit hosts another 500,000 ounces in the indicated and inferred categories, and the Kierens deposit (further northwest) has an estimated additional resource of 200,000

land package belonging to Richmond Mines, which includes its Camflo Mill. The Camflo Mill processes Richmond's Beaufor Mine ore. Beaufor Mine has had more than 1 million ounces of gold extracted over the life of the mine, with

est neighbours: Agnico-Eagle (TSX: AEM) and Yamana Gold (TSX: YRI). Agnico and Yamana entered into a friendly, joint-purchase of Quebec gold-mining icon Osisko Mining Corporation (not to be confused with the new "Osisko Mining").

As indicated by the map above, these two mining giants have practically surrounded KNX with their land holdings. The Canadian Malartic Mine was the Crown Jewel which Agnico-Eagle and Yamana acquired with their purchase. It is one of Canada's largest gold mines, totaling more than 10 million ounces of gold in current resources and previous mining. But this large parcel of land also contains past-producing mines, including the Malartic Goldfields Mine, which produced nearly 2 million ounces of gold during its years of operation. Malartic Goldfields, previously owned by Northern Star mining still possesses a resource of 1/2 million ounces of gold.

Beyond the amount of gold which surrounds East-West and the size (and deep pockets) of some of Knick's neighbours, there is another factor which is strongly supportive of the location of KNX's flagship project: lots of nearby mills. There are a total of six mills in close proximity to the East-West land package. The active mills are Goldex, Canadian Malartic and Camflo mills. The mills under care and maintenance/refurbishing stage are Sigma, Beacon and Kiena.

This is highly significant to the present and future value of East-West in two respects. First of all, there is already excess mill capacity with these mills, and with many other operational mills in adjacent mining camps, it is unlikely that

ounces. That's another 2.2 million ounces, on top of the 585,000 ounces of gold extracted in previous mining operations.

approximately ¼ million ounces remaining in its reserves and resources.

Slightly further to the northwest is a

However, arguably Knick Exploration's most significant neighbours are its larg-

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this excess capacity can be soaked up by trucking-in ore from more distant mining operations.

Secondly, and perhaps of even greater importance, some of the mines presently in operation in the Val d’Or Camp are moving towards the end of their known/defined resources, suggesting even greater excess milling capacity down the road. Those mills (and the companies operating them) have undoubtedly already considered the East-West Project as a possible future source of ore to feed these mills.

It was no fluke that Knick Exploration acquired such a strategically situated property. The experienced management team of KNX is very familiar with the geology of the Val d’Or Camp, and its collection of multi-million ounce gold de-

posits. Jacques Brunelle, President and CEO of Knick Exploration, has more than 30 years of mining exploration experience. Several of those years came as the founder, president, and director of investor relations at Niogold Mining Corporation Inc.

It was Niogold which completed much of the previous exploration of the Marban Block, before that company was acquired by Osisko Mining. However, Brunelle is not the only member of the KNX management team with intimate familiarity with the Val d’Or Gold Camp.

Gordon Henriksen is the Company’s Vice-President, and also a Director. Henriksen is a geologist with more than 30 years of field and corporate experience including business dealings with Aurizon Mines and Niogold.

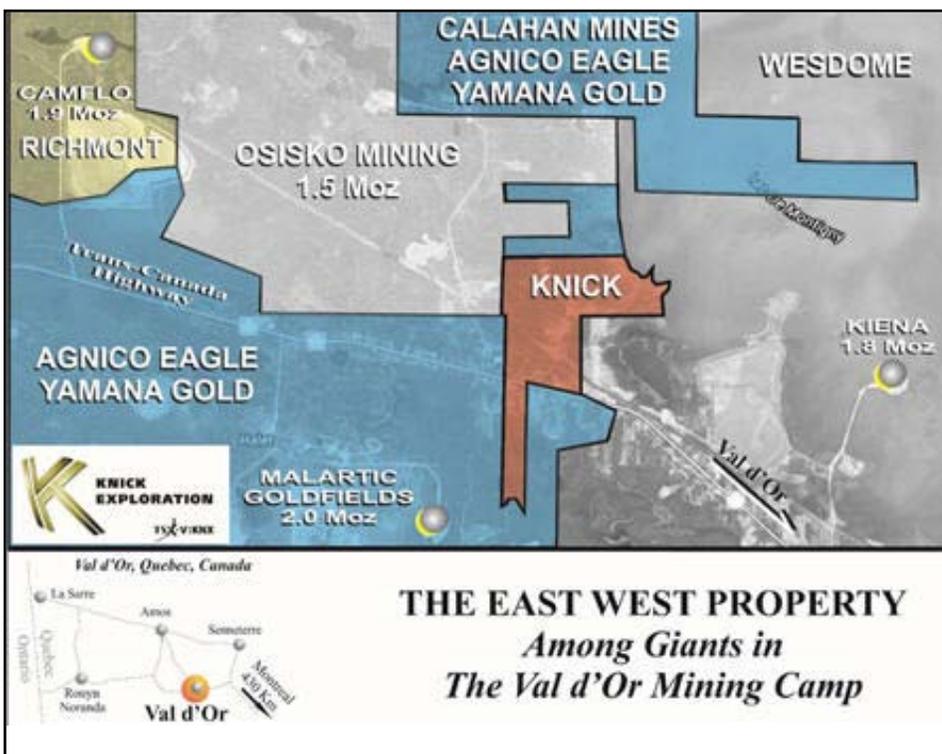
Aurizon had previously entered into a joint venture with Niogold, spending more than \$18 million in exploration on the Marban Block.

The latest East-West drill program has been developed and led by Martin Demers, another geologist with more than 20 years of field experience who acquired considerable knowledge of the Val d’Or Camp while employed by Aurizon Mines. Mr. Demers was appointed as a special advisor to the management team, specifically for the purpose of advancing exploration at East-West.

These gold-laden neighbours are all grouped around Knick’s flagship property. KNX has engaged in two, previous rounds of drilling at East-West (2009 and 2011) and historical drilling on the property dates back as far as 1935. The Company just commenced a new drill program at the end of October.

Management plans to keep the drills turning until at least January, at which point the Company intends to move forward on a resource estimate. Those plans could change – if interim drill results warrant an extension of the drilling campaign. What could inspire KNX to continue drilling?

If the Company should strike mineralization that is anywhere close to the robust, high-grade intercepts recently found at Kiena, Knick would likely expand its drill program further, and then push back the completion of a resource estimate accordingly. Management suspects that the mineralization at East-West could host a high grade “plug/dyke swarm” similar to what Wesdome has discovered.



To finance this work, Knick has already raised \$900,000 and has launched a new \$1.5 million private placement. While KNX is presently focused on proving up ounces as it completes its first resource estimate on East-West, local mills continue burning through the existing gold resources/reserves in Val d'Or. This can only increase the attractiveness (and value) of East-West, to potential investors as well as the gold-mining companies and plethora of mills surrounding Knick's flagship property.

In addition to the East-West Project, the Company also holds title to two other prospective land packages. The Trecession Property is located near Amos, Quebec, within Trecession Township. Historical drilling on the property occurred over a span of more than 60 years, from 1925 to 1990. A total of 54 drill holes and 3,652 meters of previous drilling have been identified.

Knick engaged in its own **drill program** on Trecession in 2011, encountering several high-grade intercepts including: 14.22 g/t over 3.80 meters, 22.69 g/t over 1.95 meters, and 22.86 g/t over 1.55 meters. Visible gold was observed in 25 of the Knick drill holes. The Company has also identified some **high concentrations** of tungsten on the property. KNX also holds title to the Triple Lake Property. Triple Lake hosts polymetallic mineralization with the potential for a VMS deposit. A small amount of gold was extracted from the property in the 1930's, and some historical drilling was performed by Richmond Minerals in 2008.

Both of these projects are presently on the back-burner as Knick moves forward

on East-West. However, the Company is certainly receptive toward bringing in a partner for one or both land packages, and advancing development by way of a joint venture, or a sale of the property(ies) and retention of a royalty interest.

Mining companies acquire land packages all the time. However, what cannot be purchased with those investment dollars are a collection of resource-rich neighbours and/or a group of nearby operational mills, hungry for more ore. Such strategic advantages can only be obtained by companies which carefully choose the location of their projects.

In this respect, Knick Exploration is a realtor's dream. Its East-West project is not only located in the best of (mining) neighbourhoods, but the area boasts an abundance of mining infrastructure and operational facilities. The Company trades on the Venture Exchange under the symbol KNX, and for further information investors can visit their **website**.

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