

Alianza Minerals Aims At Finding Another Silvertip At Tim Project In Coeur JV; Oversubscribed Financing Closed At C\$1.1M

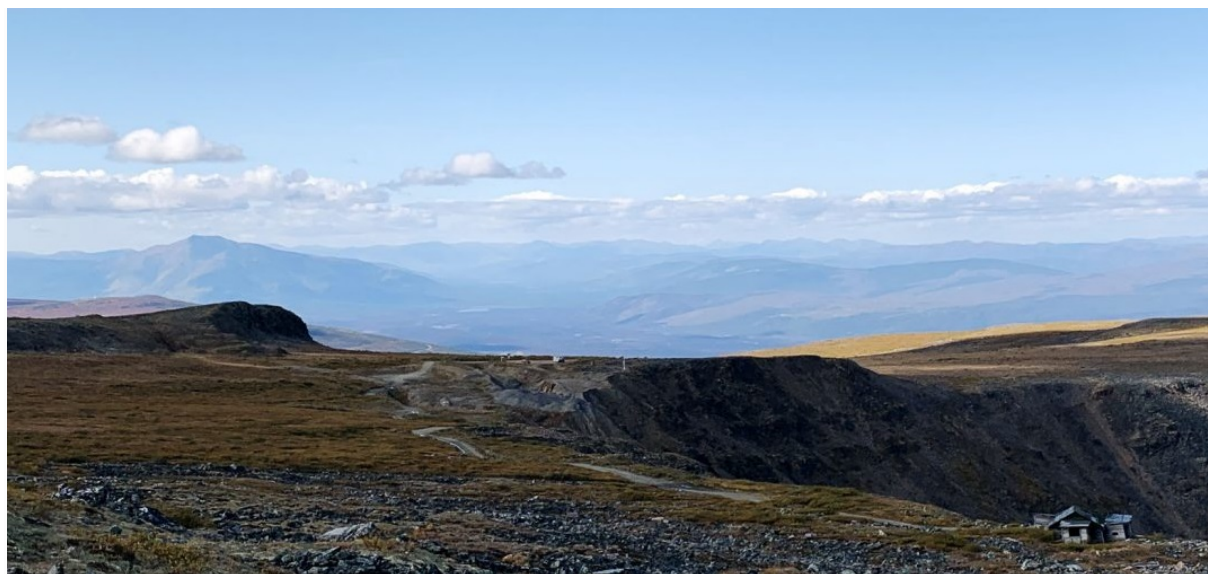


Figure 1. Keno Hill, Yukon, with Mt Haldane in the distance

Alianza Minerals (ANZ.V) was ready for their Phase II drill program at their fully owned flagship Haldane silver project, after their Phase I drill target defining program was completed earlier during the summer of last year. The company has been busy raising additional cash for 2020 exploration, and it started out with a small financing of \$250,000 at 5 cents per unit on January 30, 2020. This wasn't really impressive, but the same financing ended up being oversubscribed unexpectedly to no less than \$1.1M during February, which you don't hear too often for tiny explorers, and provides Alianza with enough cash for Haldane for the remainder of this year.

The timing of this financing was near perfect, as the Corona virus started to wreck havoc on the world directly after this, and is on its way to paralyze the entire world economy now, as countries are shutting down the borders, and entire sectors deemed non-vital in many countries are being shut down at the moment, including mining operations in countries like Peru most recently, which declared a state of emergency. Other countries are likely to follow suit soon.

As a consequence, a recession is becoming more and more likely for this year according to many analysts, although a recession already was in the cards based on many indicators. As I believe this myself as well, I see the virus combined with the oil move of Saudi Arabia and Russia as a perfect storm type catalyst for an accelerated initiation of a recession. So far, Alianza Minerals hasn't been hit directly by the virus, as in staff being infected, although President and CEO Jason Weber and Executive Chairman Mark Brown visited the last PDAC convention in Toronto. The share price has been another story, as hardly any stock has been immune to the latest market meltdown:



Figure 2. Share price Alianza Minerals; source [tmxmoney.com](https://www.tmxmoney.com)

Fortunately fundamentals of the company are only improving, so the opportunity presented keeps getting better in my view. Another development illustrates this further, as the other important news of this new year so far was that Alianza Minerals managed to reel in Coeur Mining in [January](#) to do a JV on one of their properties. The option agreement relates to a Letter of Intent where a wholly owned subsidiary of Coeur Mining can earn an 80% interest in the Property by (i) funding \$3.55 million in exploration over five years and (ii) making scheduled cash payments totaling \$575,000 over eight years. Coeur must also fund a feasibility study and notify Alianza of its intention to develop a commercial mine on the property on or before the 8th anniversary from the date of notification of the class 1 exploration permit.

All pictures are company material, unless stated otherwise.

All currencies are in US Dollars, unless stated otherwise.

Management was obviously very pleased with the increased raised amount, as Jason Weber, President & CEO, commented: "Management appreciates the support of shareholders and participants in the current financing, enabling us to significantly expand the placement. We are very much looking forward to 2020 and our first drill program in Nevada with our partner Hochschild PLC in April." They had no clue the additional amount was coming in, as they tried for months, but were pleasantly surprised.

This 5c round involved a full warrant, which is something I don't really like to see for dilution reasons, but in these at the time of the raise already dire times a half warrant was too much to ask for apparently. This warrant is valid for three years and is exercisable at 10c.

Finder's fees of 7.5% in cash and 7.5% in finder's warrants were paid to eligible parties, amounts weren't disclosed. Mark Brown, one of the largest shareholders, participated a bit in this offering, as can be seen here:

SEDI Insider filing browser Share

Filter by Company: ANZ | Filter by SCAD Amount: XX,XXX | Filter by Filing Type: All transactions | Filter by Insider: Last, First Name(s) | Filter

Date	Issuer	Insider	Transaction	Amount	New Balance ⓘ	
Filed 2020-03-10 16:41 Tx date 2020-03-10	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Mark T. Brown - joint (Control or Direction)	Common Shares 10 - Acquisition or disposition in the public market	\$550.00 +10,000 vol \$0.055 each	930,000	+
Filed 2020-03-06 17:51 Tx date 2020-03-06	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Pacific Opportunity Capital Ltd. (Control or Direction)	Warrants 55 - Expiration of warrants	-\$120,000 -600,000 vol \$0.20 each	1,798,907	+
Filed 2020-03-04 20:55 Tx date 2020-03-03	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Mark T. Brown - joint (Control or Direction)	Common Shares 10 - Acquisition or disposition in the public market	\$1,200 +20,000 vol \$0.06 each	920,000	+
Filed 2020-02-26 18:02 Tx date 2020-02-25	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Pacific Opportunity Capital Ltd. (Control or Direction)	Warrants 16 - Acquisition or disposition under a prospectus exemption	\$23,930 +239,300 vol \$0.10 each	2,398,907	+
Filed 2020-02-26 18:00 Tx date 2020-02-25	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Pacific Opportunity Capital Ltd. (Control or Direction)	Common Shares 16 - Acquisition or disposition under a prospectus exemption	\$11,965 +239,300 vol \$0.05 each	9,986,815	+
Filed 2020-02-19 19:13 Tx date 2020-02-19	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Mark T. Brown - joint (Control or Direction)	Common Shares 10 - Acquisition or disposition in the public market	\$1,200 +24,000 vol \$0.05 each	900,000	+
Filed 2020-02-12 02:17 Tx date 2020-02-11	SANZ Alianza Minerals Ltd. (formerly Tarsis Resources Ltd.)	Brown, Mark Thomas 4 - Director of Issuer Holder: Mark T. Brown - joint (Control or Direction)	Common Shares 10 - Acquisition or disposition in the public market	\$800.00 +16,000 vol \$0.05 each	876,000	+

Figure 3.

The proceeds of this round will be used for working capital, general expenses and exploration at the Haldane project, as stated by Jason Weber:

“With Alianza’s working capital covered for 2020 and into 2021, we are in an excellent position to build upon the upcoming drill program with Hochschild at our Horsethief Gold Project in Nevada, and advance or option out additional projects. Exploration expenditures in 2020 will exceed \$1.5 million with the majority of that funded by our partners.”

Earlier on at the end of **January**, Alianza Minerals signed an option agreement relating to a Letter of Intent (LOI) with a wholly owned subsidiary of Coeur Mining, to explore the road-accessible Tim property in the southern part of Yukon. Exploration at Tim is targeting high-grade silver-lead mineralization similar to that being mined by Coeur at its Silvertip operation, located 12 kilometers south of the Property.

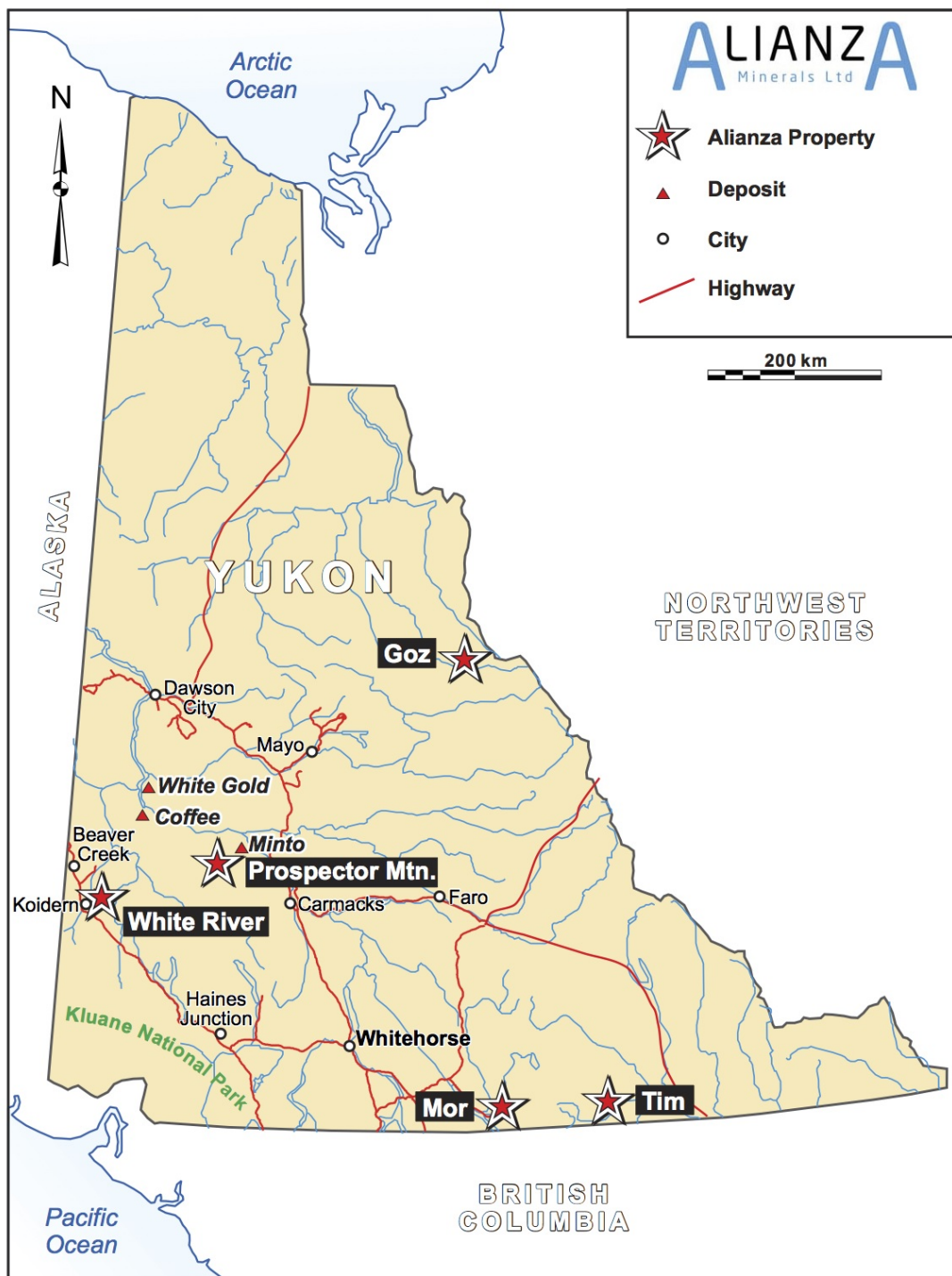


Figure 4.

Coeur can earn an 80% interest in the Property by funding C\$3.55 million in exploration over five years and making scheduled cash payments totaling C\$575,000 over eight years. Coeur must also fund a feasibility study (FS) and notify Alianza of its intention to develop a commercial mine on the property on or before the 8th anniversary from the date of notification of the Class 1 exploration permit.

"We are very pleased to have partnered with Coeur to advance the Tim Silver Property," stated Jason Weber, President and CEO of Alianza Minerals. "Tim looks to be a Silvertip analog, and the Coeur team is an obvious choice to move the project forward. It will be a great advantage to have Coeur's geological expertise applied to the project."

As described in earlier analysis about Alianza, it was basically decided on a coin flip whether Tim or Silvertip was to be explored and developed, because of the similar characteristics. The Silvertip analog isn't going to be smooth sailing though. The operating high grade Silvertip Mine in British Columbia didn't immediately turn out to be the valuable asset Coeur thought it would be, as it had to impair Silvertip massively in their Q4 financials:

"- \$250.8 million impairment, and temporarily suspending mining and processing activities at Silvertip - Reduction in carrying value to \$150.0 million and temporary suspension of mining and processing activities driven by further deterioration in zinc and lead market conditions as well as processing facility-related challenges. The Company plans to (i) double its exploration investment in 2020 to potentially further expand the resource and extend the mine life, and (ii) pursue a mill expansion to improve the asset's cost structure and its ability to deliver sustainable cash flow"

Keep in mind the Silvertip Mine was valued by Coeur at US\$400M but acquired for US\$250M (US\$200M in direct payments and US\$50M in milestone payments) from a partnership between Denham Capital and JDS Silver in September 2017. JDS Silver is closely related to JDS Energy and Mining, who did the economic studies, engineering and contracting on this project, as represented on their website:

"JDS, as the general contractor, completed the construction of the Silvertip mine located on the Yukon-British Columbia border. JDS also completed the Preliminary Economic Assessment of the Project which provided the client with preliminary engineering and development plans as well as and economic information that provided an initial view of project viability and a guide for advancement of the project. Consistent with the JDS formula for value addition, the work performed identified the most practical and profitable direction for project development JDS is currently managing all aspects of the mine construction as lead EPCM provider.

JDS is also currently working on providing support for the Silvertip Project paste plant design and construction with the use of equipment from the Diavik Diamond Mine. JDS was also responsible for the teardown and demobilization of the equipment at its prior to transporting to the Silvertip site."

JDS Silver began construction in December 2015 and began production in October 2016, which was halted in 2017 due to ramp-up issues. After the acquisition by Coeur, production efficiency was improved and commercial production restarted again at the end of 2018, but problems started to surface during 2019 as production remained below target primarily due to extended planned downtime, which was implemented to complete key projects targeting improved mill availability. It all didn't really work out, as an impairment analysis

generated the massive devaluation conclusion based on a slow ramp-up, weaker-than-forecast zinc and lead prices, and significantly higher treatment charges for zinc and lead concentrates. A new plan for increased production and resource expansion has been launched by Coeur, showing the invalidity of both resource and mine plan from earlier stages.

As the new owner of Silvertip, which has a relatively limited resource and likewise minelife, Coeur could have an interest in Tim to develop it as a backup resource, if Silvertip exploration doesn't generate the desired resource expansion. If Tim results in an economic resource, it could at the very least serve as an extra source of ore for the Silvertip mill and processing plant. Of course the hypothetical Tim resource would need to have the same metallurgy otherwise Coeur would have to install a different flow sheet at the processing plant, increasing sustaining capex further. According to Weber the potential for likewise metallurgy is one of the reasons Coeur is keen on Tim, as they see the same units and style of mineralization so they feel the metallurgy has a good chance to likely be similar.

The 2020 exploration program at Tim is expected to target high-grade silver-lead-zinc Carbonate Replacement Mineralization ("CRM"), similar to that found at Coeur's Silvertip operation. Coeur's tentative exploration plans are in-line with those recently announced by Alianza, and will consist of detailed mapping, soil geochemical surveys and reopening old trenches, which date back to 1988. As the Corona- or COVID-19 virus is impacting mining operations everywhere, I asked CEO Jason Weber if exploration programs for his projects would be affected. He answered the following: "At this point in time we are proceeding with plans for our projects. The length and degree to which business and travel is limited by the virus mitigation methods enacted by the US and Canadian governments is the largest factor, but we want to be ready to start projects as soon as is safe to do so."

Alianza Minerals already worked on the Tim project in the past, as early as 2008 in a JV with International KRL Resources, and never lost interest in it, despite silver prices crashing from US\$30-45/oz levels since then. Besides this, silver got hit extremely hard the last few weeks, and is trading in the US\$12/oz range now, which is a level not seen since 2009.

20 Year Silver Price in USD/oz

Last Close: 12.10



Thursday, March 19, 2020

Figure 5.

Unfortunately, drilling by KRL in 2008 didn't hit any interpreted carbonate-replacement style mineralization associated with identified IP anomalies, and the property was returned to the predecessor of Alianza Minerals later that year. In 2013, Alianza funded a small program to complete a focused work program and re-evaluated a historical zone of silver-lead rich Carbonate Replacement Mineralization (CRM) originally exposed by mechanized trenching in 1988. Historical chip sampling across the zone returned 352 g/t silver and 9.12% lead across 4.00 metres. In addition to this exposure, similar mineralization was also reported in adjacent trenches. This zone has never been tested with drilling. Alianza resampled the central trench in 2013, returning 3.7 metres assaying 365 g/t silver and 7.5% lead from a channel sample, which was a decent sampling result.

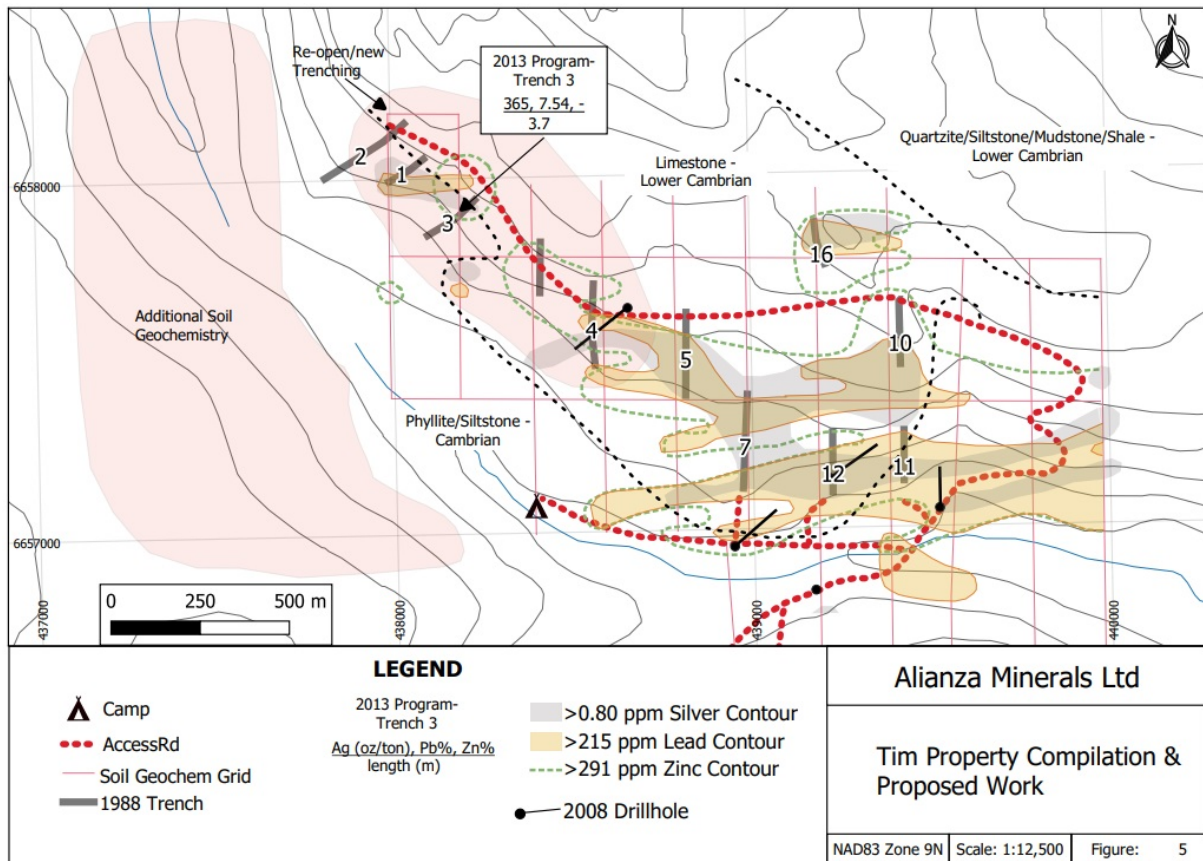


Figure 6.

Three series of sawn channel samples were taken across the exposure at approximately 1 m spacing between channels. Weighted average assays for each of the channel series are shown below and are interpreted to be near true width:

Channel	Interval (m)	Silver (g/t)	Lead (%)
Central	6.40	220	4.74
Including	3.70	365	7.54
including	0.70	976	8.32
West	2.70	269	8.23
including	0.70	829	7.94
East	2.50	280	10.28

Figure 7.

Drilling on the property targeted IP geophysical anomalies again, but unfortunately didn't return any economic results. However, according to management, at least some of the holes appear to be drilled parallel to mineralization. Further mapping and soil geochemical work is required to gain a better understanding of the structural and stratigraphic setting and how that relates to both IP and soil geochemical data. Ideally, that would lead to the identification of thick receptive carbonate horizons interacting with structure to produce potentially economic CRD mineralization. With a better understanding of

the geology of the nearby Silvertip Mine, mapping may allow for a reinterpretation of the geology in the context of Silvertip.

I was wondering how Tim and its sampling/IP results resembled Silvertip, how exploration progressed Silvertip from discovery into a resource, if and how this strategy could be useful (or not) for Tim, and what Alianza hopes to find when drilling Tim out further. Jason Weber stated that he is planning a tour of the Silvertip Mine and surrounding exploration targets this summer. This will help tie together the geology at Tim and the Silvertip Mine. Coeur has been very pleased with their brownfields exploration on site and believes there is excellent potential to add significantly at the Silvertip Mine and find a resource at Tim. The exact specifics of comparable geology aren't ready to be disclosed to the public yet.

I am looking forward to exploration programs at Tim, and according to Weber Coeur was planning to get on site this spring. Coeur is the operator.

Until recently, the Haldane project in the Yukon has seen the most work. According to Weber, exploration programs for this project will likely consist of some additional groundwork including soil geochemistry and trenching and later drilling and this will start in the summer. Plans are still in the initial phase as the 2019 program data is still being evaluated. Besides Haldane, the company also had a JV with Hochschild in Nevada, initially involving three projects. The Horsethief property is considered the most prospective and remains active, the BP and Bellview projects were recently returned.

When I talked to Jason Weber the last time, he stated that Horsethief hosts five primary drill targets, of which four target areas are defined by surface exposures of altered carbonate rocks and one target at depth, interpreted from induced polarization (IP) and resistivity geophysical surveys. Management has been working with Hochschild's technical team to prioritize these targets for a 2,500 metre drilling program in 2020. The original plan was to start drilling Horsethief in October/November of this year, but this plan was already deferred into Q1, 2020 as Hochschild was re-prioritizing exploration programs across the board, and now the Corona virus is kicking in, things have changed again. According to Jason, they are still targeting a spring startup but may be affected by the virus mitigation efforts. The plan is for a 3000 metre program in 10 holes starting in May. The company intends to have logistics in place to commence the program as soon as it safe to do so if startup is indeed delayed.

Conclusion

Alianza Minerals did very well to raise C\$1.1M in February, much more than anticipated and right before the Corona virus outbreak, effectively crippling all money-raising efforts for most companies. Of interest is the new Coeur JV regarding the Tim project, which has all the hallmarks of a Silvertip analogy, notwithstanding the fact that Coeur has issues to optimize operations over there, not helped by a lowering silver price lately. Exploration at Tim will start at this spring. The company is also preparing step out drilling after the winter break at Haldane, and the Horsethief project is awaiting a drill program in May if conditions permit, with Alianza being the operator . So despite the Corona pandemic, Alianza doesn't seem to be hampered a lot, and their JV partners simply continue operations and exploration programs, of course by following

precautionary measures wherever applicable, as health of staff is a primary concern. Results of the various programs should start to come in around June/July, and although sentiment for anything equity-related is at a low right now, Alianza Minerals has 2 good chances of hitting economic intercepts.

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Figure 8.