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NW B.C.'s First Nickel-Copper-Rich Massive Sulphide Discovery!

E&L at Nickel Mountain

Nov. 30, 2017

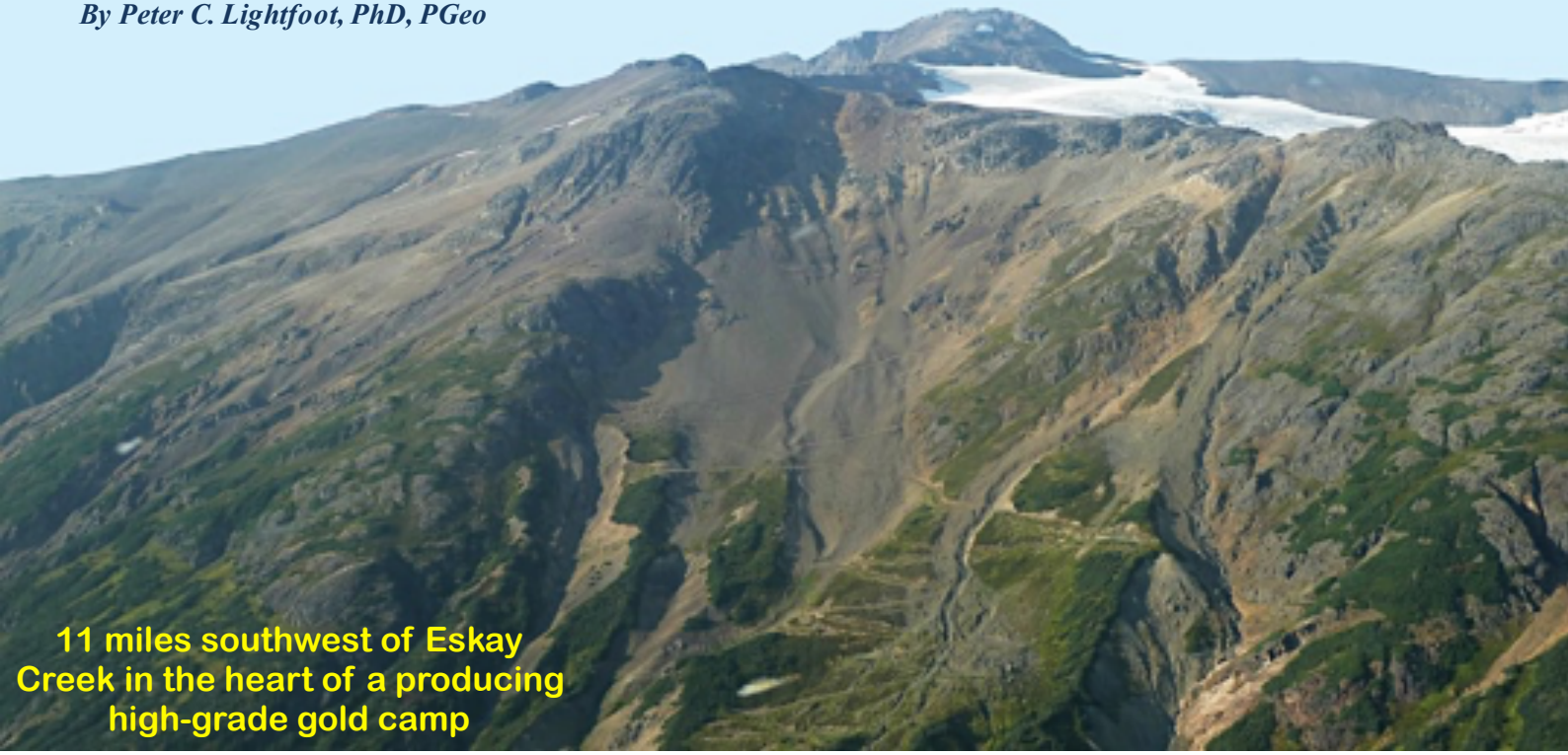

Dr. Peter C. Lightfoot

- ✓ Unique Eskay Camp and NW B.C. discovery open in all directions after 14 Garibaldi drill holes at high tenor E&L nickel sulfide system near Eskay Creek
- ✓ Discovery Hole EL-17-14 cuts 16.7 meters of nickel-copper-rich massive sulphides (assays pending) + Pt-Pd-Co-Au-Ag east of historic E&L deposit
- ✓ Potential multi-km-long mineralized structural corridor based on conductive VTEM anomalies defined as far as 6 km northeast of massive sulphide discovery
- ✓ 7.2% nickel and 3.4% copper over 4.8 meters in EL-17-04 - magmatic sulphide mineralization has low pyrrhotite to nickel ratio (optimal process technology characteristics)

(Above intervals closely approximate true width as per Nov. 20 NR)

A geological synthesis of the E&L Nickel Mountain Ni-Cu-Co-PGE-Au-Ag sulfide discovery

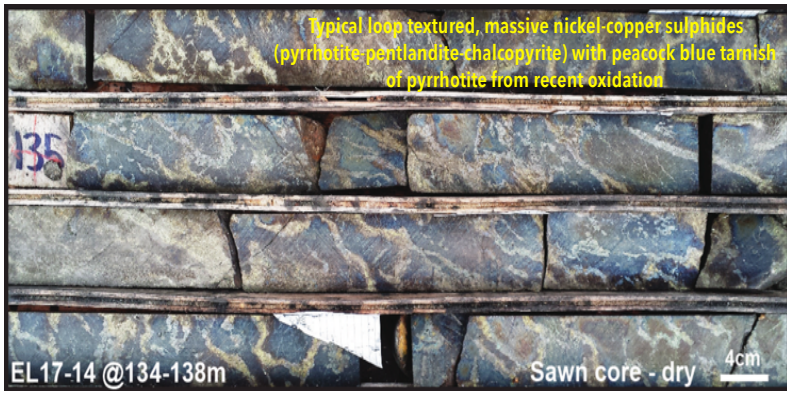
By Peter C. Lightfoot, PhD, PGeo



The E&L Nickel Mountain massive nickel-copper-cobalt-PGE-gold-silver sulfide discovery is located at the heart of the Eskay Rift. The mineralization represents a discovery that includes some of the highest nickel grades in recent years. When compared to the global reserve and resource inventory of magmatic sulfide ore deposits, the E&L sulfides have nickel grades that are found in only a very few deposits.

Traditional Exploration Model

The traditional exploration model for magmatic nickel-copper sulfide mineralization has focused attention on the margins of ancient cratons. In this setting, major magmatic events give rise to ore deposits associated with rift-related komatiites and ultramafic intrusions (e.g. Kambalda, Mt. Keith and Thompson), intrusions derived from high-magnesium basaltic and iron-rich picritic magmas (e.g. Raglan and Pechenga), and moderately magnesium-rich basaltic magmas (e.g. Noril'sk). In other deposits like Sudbury, the metals originate from an impact-generated superheated crustal melt sheet which represented a very efficient natural smelter for the concentration of metal-enriched sulfides. The discovery of Voisey's Bay in association with troctolites of the Nain Plutonic Suite in 1994 came as a surprise because anorthosite series rocks were not previously understood to be prospective hosts for nickel sulfide mineralization, and therefore did not attract much attention.



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Nickel Sulfide Deposits in Different Settings

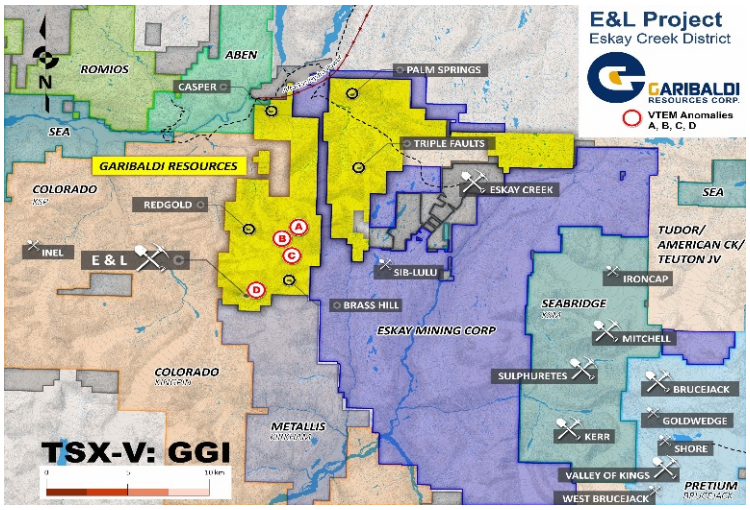
What is less commonly appreciated is the fact that there is a very important group of nickel sulfide ore deposits that are associated with structural zones within collisional orogens associated with rifted collisional tectonic settings. These were first recognized as small diamond-shaped intrusions within cross-linking structures along trans-lithospheric strike-slip fault zones. Some of the best examples are located in China (e.g. Karatungk, Huangshandong, Huangshan, Hong Qi Ling and possibly also Jinchuan and a recent discovery at Xiarihamu). These Chinese deposits comprise both very high-grade nickel deposits with sulfides containing up to 15% nickel (e.g. Hong Qi Ling), and lower grade deposits that are very large (e.g. Jinchuan which has a typical grade of 1% Ni and a non-compliant historic resource size approaching 500 Mmt). The orogenic setting of these deposits is not the control on mineralization. Rather, the controls are provided by structures, much like the ones that control the location of intrusions and komatiite flows with nickel sulfide ore deposits at cratonic margins.

Eskay Rift - Ideal Collisional Setting For Nickel Sulfide Discoveries

The discovery of massive nickel sulfide mineralization in the Eskay Rift at Nickel Mountain is another classic example of mineralization developed in the collisional setting typified by many of the deposits in the Central Asian Orogenic Belt in China. I have previously termed these pathways "magma highways" as they very efficiently support the transfer of repeated pulses of magma from the mantle to the crust.

"Magma highway from the mantle"

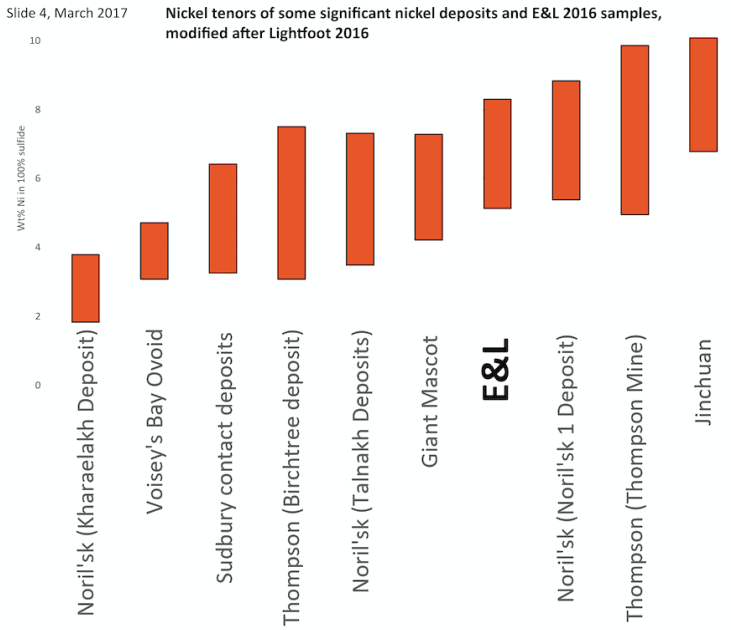
Exploration for nickel involves unconventional thinking, and a willingness to look for ore deposits in geological environments that have typically been discounted because they do not fit into the classic pigeon hole classification scheme for magmatic sulfide ore deposits.



The E&L Intrusion

The E&L Intrusion comprises leucogabbros, gabbros, olivine gabbros and possibly more primitive rock types. The mineralized olivine gabbros exhibit a wide variation in grain size and texture, with 1-5 cm diameter orbicular segregations of more leocucratic minerals in a coarse-grained melanocratic groundmass. These rocks are best grouped as variable-textured olivine gabbros, but they have a similar appearance to the taxitic olivine gabbros developed at the lower and upper contacts of the mineralized intrusions at Noril'sk. These variable-texture olivine gabbros are the host rocks of the disseminated and blebby magmatic sulfide mineralization at E&L. The finer grained leucogabbros and gabbros comprise trellis-like sheets that have a weak magnetic signature, and these rocks are typically un-mineralized. In locations where the trellis-like sheets of leucogabbro and gabbro intersect, there are stronger magnetic anomalies, and one of these anomalies corresponds to the E&L Intrusion.

Comparative Nickel Tenors



Disseminated Sulfides at E&L

The disseminated sulfides at E&L comprise blebby to interstitial pyrrhotite, pentlandite and chalcopyrite localized between orbicular patches of olivine gabbro or within the more leucocratic matrix. The sulfides vary in grade from weakly disseminated sulfides with 0.1-0.2% nickel to more heavily mineralized variants with 1.5% Ni. There is a compositional gap in the available assays between the disseminated sulfides and the massive sulfides. The blebs exhibit a primary magmati texture with chalcopyrite at the top and pyrrhotite and pentlandite at the bottom.

"Extensive sulphide saturation process at E&L"

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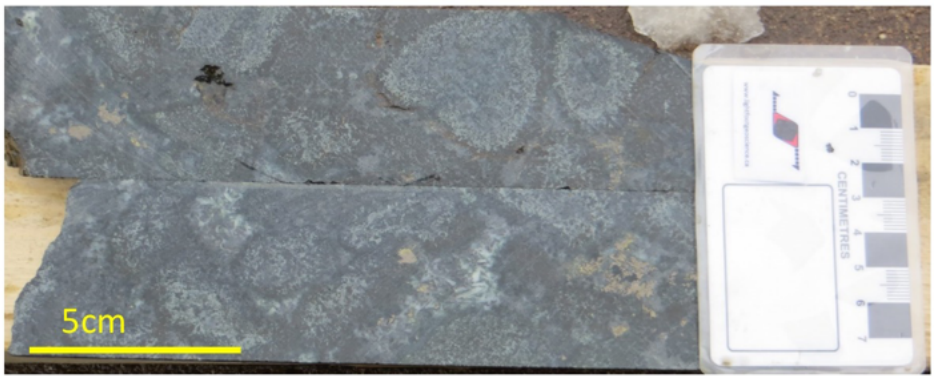

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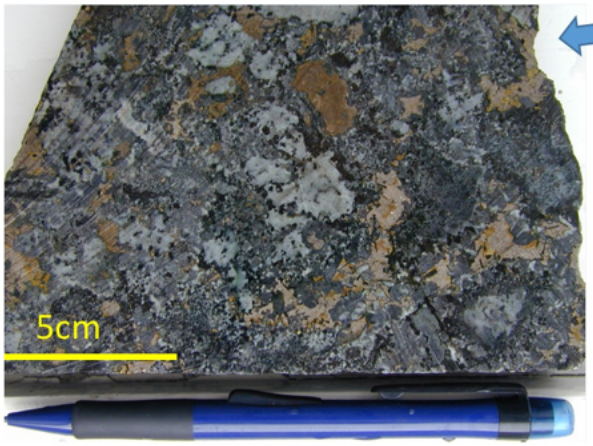
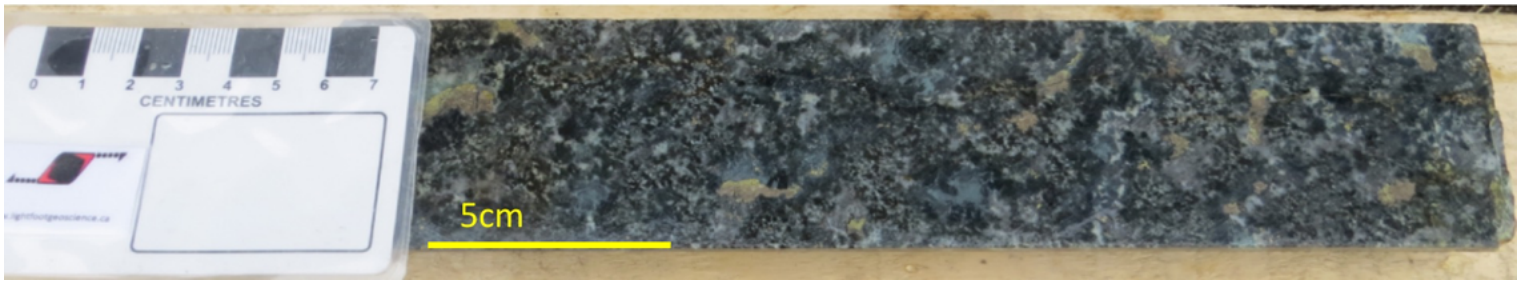
Disseminated sulfide in variable-textured olivine gabbro of the E&L Intrusion. Borehole EL-17-01 at 153.5m depth. Orbicular segregations of gabbro separated by olivine gabbro with disseminated sulfide (pyrrhotite, pentlandite, and chalcopyrite).



Taxitic olivine gabbro from the Kharaelakh Intrusion at Noril'sk

EL-17-01, 79m: variable-textured gabbro with disseminated Po-Cpy-Pn mineralization

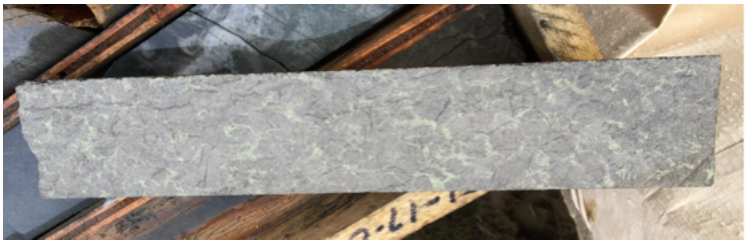


The disseminated sulfides occur throughout much of the known extent of the E&L Intrusion, and they are important as they indicate that the scale of the sulfide saturation process was extensive. For example, the halo around the Eastern Deeps at Voisey's Bay can reach 500 meters in thickness, and the footprint of the massive sulfide ore deposit is beneath the thickest part of the halo. The halo is important as it helps vector exploration drilling toward more massive sulfide mineralization.

Massive Sulfides at E&L

The massive pyrrhotite-pentlandite-chalcopyrite mineralization is developed at the edges of the variable-textured olivine gabbro and as sheet-like bodies within silicified sedimentary rocks which host the E&L Intrusion. The massive sulfides exhibit a primary magmatic loop texture where 2-10 cm grains of pyrrhotite are separated from one another by chalcopyrite with granular pentlandite. Most of the sulfides exhibit this texture. Some parts of the massive sulfide lenses have less chalcopyrite between the loops but retain a similar pentlandite abundance.

The compositions of the massive and disseminated sulfide typically have a high but variable sulfide nickel tenor (i.e. the amount of nickel present in the sulfide part of the rock) with most sulfides having 5-10 wt% nickel in 100% sulfide and some disseminated sulfides from deeper parts of the olivine gabbro having nickel tenors of 4-5 wt%. There is a wide range in copper-nickel ratio which tends to indicate that the sulfide have undergone a change in composition due to primary segregation of the more copper-rich magma from a residue that crystallized to pyrrhotite+pentlandite.



EL-17-08 @ 63 m
Loop textured pentlandite-chalcopyrite in pyrrhotite

Massive sulfides (75% to 100%) at the E&L have been encountered in early drilling by Garibaldi along the NW contact of the Intrusion and along the SE margin as two apparently separate massive sulphide lenses stacked on top of one another, hosted in silicified country rocks. The system is wide open for the

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discovery of more massive sulfide zones; geophysics has proven to be a reliable vectoring tool into this very high-grade mineralization, and the massive sulfides should act as a trail into the interpreted feeder zone.

Finding More Massive Sulfides At E&L

The strategy for success is now demonstrated. The original acquisition of the E&L Nickel Mountain Property by the Garibaldi team was a stroke of genius. Initial work confirmed that the surface outcrops of sulfide mineralization have a very high nickel tenor in sulfide as well as value-added copper, cobalt, platinum, palladium, gold and silver.

The exploration strategy at Nickel Mountain has been focused on locating high-grade mineralization associated with the variable-textured olivine gabbro. The early recognition of conductivity based on a VTEM survey highlighted impressive potential beyond the limited 1960's work by Silver Standard, and a program of drilling coupled with bore-hole geophysical surveying by SJ Geophysics has demonstrated a systematic pathway to discovery. Thick high-grade mineralization at the contact of the Intrusion and in the immediate footwall is proof of technology and exploration strategy.

7.2% Ni,
3.4% Cu over 4.8 m

Drill hole EL-17-04 cut 7.2% nickel, 3.4% copper, 0.82 g/t palladium, 0.78 g/t platinum, 0.40 g/t Au, 10 g/t Ag and 0.195% cobalt over 4.8 meters (approximate true width) in massive pentlandite-chalcopyrite-pyrrhotite at the bottom of a broader 48.2-meter interval highlighted by 1.1% nickel in variable-textured olivine gabbro.

This strategy coupled with a better understanding of the geology of the E&L Intrusion will undoubtedly lead to ongoing discovery as the known lenses of mineralization are followed both into the country rocks and back toward the E&L Intrusion. At some point these massive sulfide lenses will intersect the intrusion, and this provides a very prospective environment where exploration efforts will focus on both high-grade massive sulfides as well as heavy disseminated sulfide targets.

The E&L Intrusion is unlikely to be the only variable-textured gabbroic body in the sheeted complex, and the magnetic highs coupled with VTEM anomalies will be followed up in 2018 as part of a regional exploration program designed to locate new disseminated and massive sulfide mineralization.

Process Technology Implications

The pentlandite in the massive and disseminated sulfides at E&L is granular, and the pyrrhotite is devoid of any significant flame pentlandite. The E&L massive and disseminated sulfide are devoid of deleterious elements that pose a problem in process technology circuits, and they also exhibit a very low ratio of pyrrhotite to nickel.

"Low pyrrhotite to nickel ratio"

The silicate component is bereft of significant amounts of platy minerals like talc and mica, so there is reason to believe that the style of mineralization will produce a feed with very low magnesium concentration.

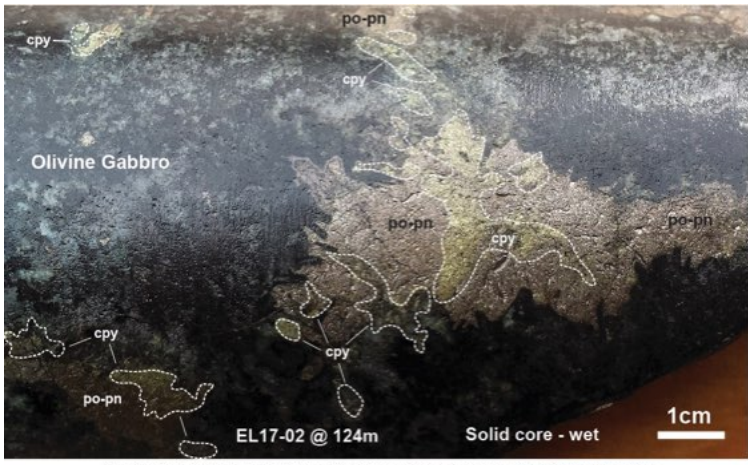
This is all indicative of a very pure style of magmatic sulfide mineralization that has optimal process technology characteristics. These features make the sulfide types developed at E&L favourable potential feed material for smelters and hydrometallurgy plants like Long Harbour.

Summary

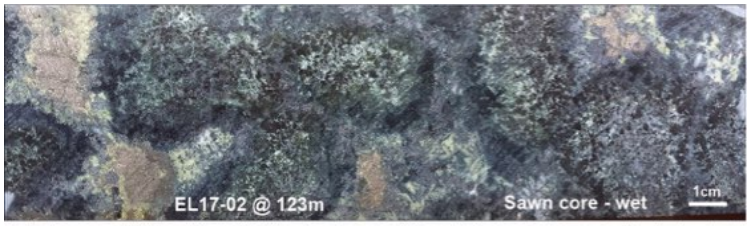
The Garibaldi team has made a potentially highly significant unique discovery in the Eskay Camp, and it's hard to express how much excitement and enthusiasm this has brought to the project. The fact a property that was overlooked for nearly half a century is showing such great new possibilities, beyond anything imagined in the 1960's, is also a testament to the "Science of Discovery" at the crux of the company's exploration strategy.

Qualified Person

Peter C. Lightfoot, PhD, PGeo, President of Lightfoot Geoscience Inc. and a technical advisor to Garibaldi Resources, is a Qualified Person as defined by NI-43-101 and approves the scientific and technical disclosure in this report.



Semi massive Ni-Cu sulphides with blebs of intergrown pyrrhotite-pentlandite overgrown by chalcopyrite in olivine gabbro.



Orbicular textured Olivine gabbro with blebs of semi massive Ni-Cu sulphides (pyrrhotite-pentlandite-chalcopyrite)