



Peter Bell's

Patient Speculator

Deep Dives with the Most Interesting Executives

First Drill Results from Rodruin \$AAN

Continuing in my ongoing coverage of Aton Resources (TSXV:AAN), sponsored by the company, please enjoy this transcript from part of a conversation recorded with Mr. Javier Orduña, Exploration Manager for Aton.

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Peter Bell: Hello, this is Peter Bell and I'm here with Mr. Javier Orduña from Aton Resources. Hello Javi!

Javier Orduña: Hi Peter. How are you?

Peter Bell: Well, I'm a little frazzled as it's been busy. October 1st here today and Aton has news out! The markets seem to be in freefall in some areas, but others are in an absolute bull run. Aton shares doubled today off news that was anticipated to some degree.

Javier Orduña: We've been busy, as you can appreciate as we've been keeping you updated with what we've been doing. We got the final results for three holes last Wednesday. They came in before the end of September, as we said. We didn't say we would necessarily publish before the end of September. Still, we're a day late but are fairly happy with the timelines there.

Javier Orduña: As you say, the results were anticipated to some degree. We expected them to be good, but I don't know that we expected them to be quite as good as they turned out to be. Particularly in the third hole.



Peter Bell: Some of the high numbers there with small intervals running at +200 grams per tonne gold and +90 grams per tonne -- those are pretty interesting.

Javier Orduña: Well, they're fantastic numbers. We're delighted with them and they were above expectations, frankly. That said, they're also not a surprise, given what we've seen with the amount of free gold we've seen at Rodruin. We know there's a lot of free, coarse gold. You hope to get these sort of numbers back, but you don't necessarily expect them.

Javier Orduña: We are delighted with them. They are very good, but they're not really a surprise because they fit exactly with what we believe we're looking at here.

Peter Bell: Yes. Thinking about the North Ridge where a +300 gram per tonne gold hit was found at surface and wondering, are we gonna see more of that? How much more of that will we see in drilling?

Javier Orduña: It's hard to say. We found some spectacular free gold at surface at Aladdin's Hill, which gives us encouragement. From all the sampling that we've done, we know that, in amongst the regular run of good grade, there's lots of high-grade as well. We've known that pretty much since we first started working out there and first started sampling out there. In the first stage of sampling, we got the +300 grams per tonne gold grab sample from the North Ridge and have found high-grade in every phase that we've gone back since then. When we sampled underground in the old workings at Aladdin's Slot, we were getting 15-20 grams per tonne gold with coarse gold present. We're getting +30 grams from the Spiral Pit as well. There are great samples from all over the whole of the Rodruin area, so we know that in amongst them there are going to be some samples running 10, 20, or 30 grams per tonne but it's also likely for there to be some exceptionally high-grade samples as well. That's what we've seen in the first couple of drill holes.



Javier Orduña: As I say, they are excellent, and we're delighted with them. They are better than we could realistically have hoped for, but they're not surprising given what we know about the place. These results fit in with our interpretation.

Peter Bell: And the work that you've been doing with channel sampling at road-cut exposures that you've been doing there is great. I'm pleased to see you doing that.

Javier Orduña: It is helping us a lot. You've seen the pictures of what the site is like. Most of those mountain sides are covered in scree and you can't always see what's underneath it. When we came in with the excavators and started digging out roads, we could see that what we were excavating was clearly mineralized! Our channel sampling indicates that is indeed the case. And we've got more to come.

Javier Orduña: As we started pushing more roads along towards the Spiral Pit area and along the north side of the South Ridge, we have seen some fantastic-looking mineralization up on the top of the Central Buttress. There are some big old workings around there.

Javier Orduña: The thing about Rodruin is that the area is massive. The areal extent of the gold mineralization at surface is massive. It's a huge area at surface. We started at Aladdin's Hill because that's where the biggest workings were, and it was also where the road came in. It was the obvious place to start, but that isn't that the sum of it. There's going to be a lot more to come as we push out to some of these other areas. We're really optimistic for the future.

Peter Bell: So much to talk about, Javier. Maybe at a high-level first. You said drilling is ongoing and work continues -- you're getting out of the heat of the summer now, right?

Javier Orduña: Yes, it's starting to cool down a bit. The temperatures will probably start to drop below 40 degrees to the high thirties now. The next three or four or five months



is the best time to be doing field work. We're quite happy to be getting out there at this time of year.

Peter Bell: And just to repeat that, the next four or five months are the best time of the year for field work in this part of the Egyptian desert! Great to hear.

Javier Orduña: We're looking forward to it, as well.

Peter Bell: I wonder about sections diagrams? The plan map was very well annotated there today -- thank you for including that. There were people asking about sections and some of the interpretation.

Javier Orduña: We will do that, Peter. I haven't put out sections to begin with because these results are our very first three holes. Frankly, it's very early days to start interpreting too much from the drilling. And it's not quite what we expected.

Javier Orduña: It appears that the mineralization has a shallower dip to the north than we expected, but it's very early days. Frankly, I don't want to get too deep into interpretation yet because we haven't drilled enough. Instead of rushing into interpretations that we're not confident that we can back up, I would rather have the chance to get the information from the drilling before we start going too far down that road. They are good questions and they will be answered, but I don't want to rush to conclusions and say things that turn out not to be the case. These are our first three holes!

Peter Bell: And I pointed out that all three of the holes reported today are all pointing in the same southerly direction. The holes are close together, but you're not drilling scissor holes yet.

Javier Orduña: What we're drilling at Aladdin's Hill is a zone of very altered rock. Back in the press release we put out on the fourth of September we reported the grid sampling over the old workings at Aladdin's Hill, sampling these altered rocks.



There is a zone, which you can see on the geological maps in the various press releases, of intensely altered rocks that has all these old workings in it. That is the main initial target zone. Holes 2 and 3 essentially targeted that. Hole 1 was located to the west of the others and didn't target it directly. We think we saw one of the main workings from the Aladdin zones in hole 1, but it had extended out of the zone of highly-altered rock and was actually present in the carbonate unit.

Javier Orduña: Essentially, we are targeting a specific zone at this very first stage with the first holes. We know the workings are generally sub-vertical, which means the high grade mineralized zones are quite steep. We believe this is a bulk zone because the grid sampling came back with an average of 3.75 grams over the 5x5 meter grid, every single rock chip sample we took over this zone of highly altered rock was mineralized! We think that this body of highly altered rock is mineralized to a fairly good grade, assuming the 3.75 grams per tonne result from the grid sampling reflects the grade at depth. Within that body, there are some exceedingly high-grade zones with free, coarse gold, which was obviously the target of the ancient miners. That's what they mined out.

Javier Orduña: Within the intersection in ROP-003, we've got two exceptionally high-grade zones. The second one coincided with a narrow, ancient working that was less than one meter wide but still assayed over 40 grams per tonne over three meters in the drill hole around that working. Within this broad zone of highly altered rock, there are these exceptionally high-grade zones. The ancients didn't take all the high grade.

Javier Orduña: And that's just the altered rock at Aladdin's Hill. Once we step away from the immediate area of the main workings, then we find a lot of this gold-zinc-associated mineralization that is more related to gossanous carbonates. As I say, it really is early days and I don't want to get too deep into interpretation.



Javier Orduña: To go back to what you were asking, yes we do intend to drill scissor holes. We are partly constrained by topography. You've seen the photos and it's fairly steep up there. Getting pads in on fairly steep slopes isn't the easiest thing to do, but we're looking at ways to come from the south side and drill towards the north. It's a case of drilling where we can get pads in at Aladdin's Hill, and over the Rodruin area in general and planning a suitable drill pattern.

Peter Bell: All the pads that you've created so far tell a story. People can look at that map and anticipate the news flow that's coming. It's a great start.

Javier Orduña: The maps are there if people want to dig into them. You can look at Google Earth, too. People have seen the photographs showing our progress since we got the road in after Ramadan over the last few months. All the information is out there.

Javier Orduña: These are results from the first three drill holes. We're planning to drill 4 or 5,000 thousand meters in this first program. We're confident that this is just a start, but it's a good start.

Peter Bell: Javi, if you're drilling 100-150 meter holes, then 4-5,000 meters is a lot of holes!

Javier Orduña: It is a lot of holes. But we've got a pretty large area to cover, as I mentioned. That's why we're trying to push roads around as many of these mountains as possible. We have got mineralization over 700 by 4 or 500 meter area at surface on the two ridges. We're not trying to drill-out a resource in the next couple of months. This is a first-pass program to see what's there. We have found something and we're pretty confident we're gonna be seeing a lot more mineralization.

Peter Bell: Congratulations to you for being involved in a discovery. I remember December 2017 and it was it was an exciting time to find those first surface samples. Have you ever been involved in anything quite like this before?



Javier Orduña: No, probably not. I've worked a lot in Australia and Africa and the former Soviet Union, but this is a true greenfields discovery. There are ancient workings, but this is a true greenfields discovery. There's no record of the site anywhere in the data, and there are hundreds and hundreds of known and recorded sites of ancient mining in Egypt. It's quite possible that people haven't been out there for well over a thousand years. It really is a new discovery so we're all exceedingly excited.

Peter Bell: I wonder what other kinds of exploration tools might be brought to bear here? Any plans beyond drilling?

Javier Orduña: Well, we've got some pretty good tools up to this point with our boots on the ground and geological mapping. Tim has been doing most of the mapping and that is our main first-pass tool. As we get these roads in and actually expose the bedrock in places, we are seeing that it is very structurally complex. We're still pulling it all together and working out what we're seeing. It is structurally complex, unlike Hamama, which is really much simpler in terms of structure. Rodruin is structurally complex and there is a phase of structurally-controlled mineralization here that's not present at Hamama. The more we walk over it, the more roads we make and exposures we produce, the more we can see. The channel sampling is telling us a lot, as well.

Peter Bell: I loved the deep-penetrating ground radar that you did at one of the targets recently. I can't recall if it was last year or earlier this year -- I lose track sometimes with all the work that you've been doing!

Javier Orduña: We did the GPR in November last year, but since we found Rodruin in December it has been our absolute main focus. We have been to a couple of other areas this year, such as Zeno where we were also getting some spectacular grades from quartz veins, but as I said in Toronto at PDAC that our number one goal has been



getting into Rodruin because it was apparent to us that we had found something pretty significant from day one.

Javier Orduña: I remember the day when Paul and Tim first came back into the office from Rodruin in December last year. They were covered in red dust as they'd been down these gossanous holes in the ground, and it was pretty apparent that they'd found something pretty significant. As we completed the first phase of sampling last year, it became all the more apparent that we were onto something really interesting.

Peter Bell: Helpful for anyone watching to consider you know the time that it takes to really get out there and do the work properly, whether it's building the roads or mobilizing the drill or everything else that goes along with it.

Javier Orduña: The team have done an absolute fantastic job. When we found it, it was a ten kilometer walk in and out. Even in winter, it's still pretty hot in Egypt. And it's pretty tough ground up there, too. There are pretty steep mountains and it's not easy to walk over.

Javier Orduña: Paul slipped on loose scree yesterday and he had to go off to the hospital to get some stitches. He's fine and was heading back out there today, but it's not easy walking across that ground. For the first six months, we were walking ten kilometers in and out every day carrying samples on our backs. There was a lot of work that went into it and we've moved ahead pretty quickly. We got the roads in there and have three excavators up there now. We've done a fair bit of sampling at surface and have done a we've fair bit of mapping.

Peter Bell: Three excavators -- great to hear! One thing that jumped out at me was you saying that Hamama is relatively simple, structurally, in comparison to Rodruin. It sounds like a nice setup with the economic studies and the potential to be talking about mining at the simple project while you're doing exploration on the more complex one.



Javier Orduña: There are geological similarities, as we said all along, but they are also completely different beasts. What we don't see at Hamama is the sort of high-grade material that we see at Rodruin. In four years of working and drilling at Hamama, we've never seen a single set of results that are comparable to what we've got from these first three drill holes at Rodruin.

Javier Orduña: There are similarities, but there's a lot higher grade material at Rodruin. The high-grade is associated with the structurally-controlled phase of mineralization at Rodruin and we don't see anything like that at Hamama. There are similarities, but we do believe that Rodruin is going to be a lot better.

Peter Bell: The news release mentions copper associated with the higher grade, structurally-controlled gold mineralization.

Javier Orduña: There appears to be a copper and arsenic association at Aladdin's Hill, as well as zinc, but I don't want to get too much into it as we've only got assays from three holes. In one of the intersections from hole one, we hit an old working and there was no gold in the samples from either side of that working. That doesn't make any sense, because they would not have been chasing zinc down 50 meters -- they were mining gold. They were chasing gold, but we had 3% copper in one sample, so there's clearly a copper association, and we have seen that underground too. And that gold intersection had highly elevated grades of zinc on either side of the gold zone, so there is clearly a complex relationship between the zoning of metals but it's way too early for us to start making definitive statements about the metal associations.

Javier Orduña: And we have seen high grade zinc in other places, like in channel profile number nine down the hill where we've got very high-grade zinc. That is similar to what we see at Hamama, which is predominantly a gold-zinc system. I think Rodruin is similar, but there's copper, lead, arsenic, and so forth. There will be range of subsidiary metals.



Peter Bell: Zooming-out on a regional scale, there are some large features nearby that may be changing things versus Hamama.

Javier Orduña: Again, it's early days and I don't want to draw too many comparisons between the two as we're still trying to get our heads around what's going on at Rodruin. As I said, it's structurally complex. There's at least one major thrust fault at Rodruin, and quite possibly another one. There is faulting all over the place too.

Peter Bell: And in terms of the exploration program, I wonder if trying to look at some of those intrusives around Rodruin are a priority?

Javier Orduña: No. Our focus is going to be on those two ridges where we have got mineralization over the surface. Frankly, I think that is going to keep us occupied for a couple years.

Peter Bell: That's right!

Javier Orduña: As our ideas develop, we will be looking around the other areas. There are plenty of carbonate or carbonate-altered rocks around. Again, it's a carbonate association but what actually is it? It's hard to tell. These look more like sedimentary carbonates at Rodruin, but there is an association with the gold-zinc mineralization and the carbonates. Clearly, there is a phase of structurally-controlled, high-grade gold mineralization that post-dates the mineralization at Rodruin.

Peter Bell: The old workings and recovery of core -- anything to say about that?

Javier Orduña: Well, it's RC drilling. We are doing percussion drilling and the samples are percussion chips and not core. It's very different from core drilling. I suspect there's not a lot of RC drilling in Canada, but it's widely used in Australia.



Peter Bell: Thank you, Javi! Very important distinction. I gather RC can be better than core in some settings with dry, friable rocks in certain parts of Nevada. And how about recoveries as you go through those old workings?

Javier Orduña: We have drilled holes to 150 meters and it's been dry all the way, as you can imagine. The mountain is 150 meters above the wadi at the bottom of the mountain, which is bone dry. It's good that we haven't intersected any water in the drilling so far and I don't think there's going to be any problems for ground water up there, I think we're going to be a long way above the hydrostatic level up on those ridges level. It's a pretty dry old part of the world!

Peter Bell: And there's one rig at site at present?

Javier Orduña: Yes, there's one rig at site. We've had a few mechanical problems with it and our productivity is not what we would have hoped for so far, but it's the first time anyone's done any RC drilling in Egypt for ten years or more since the early days at Sukari. The rig was brought in from Asia. As I say, there have been a few teething problems with it and our productivity levels have not been what we would have hoped for, but we will crank it out. There have been a few mechanical issues and degraded seals, as we talked about before. Capital Drilling are working very hard to address the issues. They've flown people in from all over Africa with tools and parts as required. It's just what happens to a rig that hasn't been used for a couple of years. It's only when you run it up to full speed that things break.

Javier Orduña: So the program has started a bit more slowly than we would have liked. Of course, we've had holes collapsing on us due to voids or ancient workings. We've drilled into some fairly substantial old workings, too. It's not been without its challenges. Some were expected as we are drilling around areas where we know there's a lot of ancient workings, but it's been a little surprising as we've seen more workings in drilling than we were expecting. Of course, that's a good sign.



Peter Bell: And you are familiar with it underground because you've been able to get into the old workings to some degree and do sampling programs. Is that ongoing? How much more underground exploration can you do?

Javier Orduña: We're not going to do any more underground work now -- not while we have got a rig drilling away at the top as that could cause collapses underground. There will be no more underground sampling while we're drilling. As the excavators keep pushing more roads in, we've got some more showings and have seen what looks like some pretty good mineralization from the Central Buttress, around the Spiral Pit, and some other areas that weren't obviously mineralized at surface because they were covered in scree and talus cover. We're continuing to progress the surface work as the drilling is ongoing, but we certainly won't be doing any more work climbing down holes in the ground while we've got a drill rig sitting on top of them!

Peter Bell: Good. And the Spiral Pit -- I always wonder about the name there?

Javier Orduña: When the guys first went into it, it was a working that seemed to go down in a corkscrew, so we called it the Spiral Pit. It is quite steep, going down in a rough spiral corkscrew sort of shape. There are lots of names for all these holes in the ground, but we're not going to publish all of them now. We still have to work out which one we're talking about amongst ourselves.

Peter Bell: And the height of the mountain, I believe you mentioned it was 150 meters from the valley to Aladdin's Hill?

Javier Orduña: Yes, that's about right. We flew the satellite imagery back in April last year and got a really good DTM over the area. It's over 150 meters from the top of the South Ridge down to wadi at the bottom.

Peter Bell: Thinking about those pads you've built -- some are located close to the bottom of the valley, right?



Javier Orduña: There's an elevation variation between parts of the Central Valley where we've done some sampling to the top of about 140 meters. The mineralization we're seeing at surface has at least 140 meters of vertical extent, which gives us encouragement that we have good depth extent.

Peter Bell: And your pads are positioned down-slope along that mineralization at surface, right?

Javier Orduña: Yes, we are on what we call the north flank of the South Ridge. We are pushing three or four roads in roughly parallel to each other out towards the southeast towards the Central Buttress and the Spiral Pit, although it will be hard to get them over the top of the Central Buttress. The terrain is difficult. We are looking to start drilling other areas away from the mineralization at Aladdin's Hill.

Peter Bell: And the south sides of both the South Ridge and the North Ridge are the steeper sides. You're setting up on the north side of the South Ridge for this drilling.

Javier Orduña: Yes, although both sides of the North Ridge exceedingly steep. The South Ridge is steep. It's probably 30-40 degrees, which doesn't sound too much, but is actually very steep when you walk on it, but the north side of the North Ridge is much steeper. The slope is up to 60-70 degrees in places on the North Ridge. I can't see us getting on to the North Ridge for a couple of years realistically, and it probably won't be practical to push surface roads on to the North Ridge. We may be better off driving an adit and drilling from underground. There are some exceedingly high grade workings on the North Ridge that returned the high grade 321 g/t sample, but the location of some of these workings is unbelievable on near vertical cliffs in places. We'll get to these targets, but I think we have enough mineralization on the South Ridge to keep us occupied for a fair old while before we get onto the harder stuff on the North Ridge.

Peter Bell: Wonderful. Thank you, Javier!



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