



SURG closes private placement, hits new zone

As a general rule, the most successful man in life is the man who has the best information

More funds are flowing into Surge Copper's (TSX-V: SURG) treasury at the same time as the company intersected a new mineralized zone at its Ootsa copper project.

Vancouver-based SURG said on Wednesday it [closed a non-brokered private placement](#) consisting of 2.3 million units priced at 10 cents a share, raising \$230,000. Comprised of a share and a warrant, unit holders can buy common shares for the next 36 months at an exercise price of \$0.18 per share. Surge was trading at 11.5 cents a share at the close of trading Friday in Toronto.

Meanwhile at Ootsa, where a 3,000m drill program is underway, the second hole intersected a new zone of mineralization 500m northeast of the East Seel deposit.

East Seel is considered to be the deposit with the highest grades, where 40 to 50- meter intersections of nearly 0.75% to 1% copper grades have been assayed.

Surge Copper has plans to expand the current mineralized zones and its 2018 exploration plan involves exploring around the edges of the East and West Seel deposits. The goal is to add another 20 to 24 million tonnes to the current 224 million tonnes of measured and indicated resources in the ground, which would enable Surge to comfortably run a stand-alone operation ie. a mine that could function without any involvement from neighboring Huckleberry Mine, owned by Imperial Metals but currently on care and maintenance.

Hole S18-212 was drilled at a 135-degree angle to a depth of 483 meters, and is said to contain zones of mineralization containing pyrite, chalcopyrite, and sphalerite along with carbonate and quartz. More details are contained in a [July 25 press release](#):

The mineralization occurs as a sulfide rich breccia matrix and in sulfide veins and veinlets and is best developed between about 218 and 296 metres depth. Hole S18-214 is a 100 metre step out from hole S18-212 and was also drilled at an azimuth of 135 degrees and a dip of -50 degrees. Hole S18-214 intersected the same mineralized sulfide breccia as hole S18-212 and has traced the mineralized zone closer to surface. Hole S18-214 encountered 55.3 metres of overburden prior to hitting highly altered bedrock, and intersected sulfide breccia mineralization from 91 to 120 metres depth with weaker breccia below. Hole S18-214 is still being drilled.

The style of mineralization encountered in holes S18-212 and 214 is distinct from the porphyry style mineralization that occurs at the East and West Seel deposits but this style has been intersected at Ootsa previously. Hole S06-42 encountered this style of mineralization and highlights its potential to

host high grades as the hole returned 138 metres grading 0.84% copper and 22.1 g/t silver, including 42 metres grading 1.24% copper, 32 g/t silver, and 0.13 g/t gold (previously released).

The proximity of Surge Copper to the currently-shuttered Huckleberry Mine means it is an ideal takeout target for Imperial Metals should Imperial need more mineralization to feed its aging mine, which is estimated to only have about five more years of minelife. However, Surge also has enough potential reserves for a stand-alone operation, which could either interest an investor wanting to partner with it if Surge Copper goes mining, or a major who buys the company outright. [All three scenarios are good for Surge investors](#), who are bound to see a dramatic share price rise if any of these possibilities takes place.

And takeouts ARE taking place in northwestern BC, in [the Golden Triangle](#), home to some of the largest and richest mines in Canadian history as well as a bevy of exploration projects that have yet to yield pay dirt. Yesterday Newmont Mining, a US gold major, [acquired a 50% interest in the Galore Creek Partnership](#) from NovaGold Resources and Teck for \$275 million. Galore Creek is around 150 km northwest of Stewart, BC. A 2011 prefeasibility study outlines 9 billion pounds of copper (measured and indicated), 8 million ounces of gold and 136 million ounces of silver. As part of this week's deal, Newmont will also get 40% of the adjacent Copper Canyon property. NovaGold noted the stake sales will allow the company to focus on its flagship Donlin Gold project in Alaska, which contains an estimated 39 million ounces of measured and indicated gold grading 2.24 grams per tonne.

We reported recently that [big copper deals are drying up](#), and that large

copper companies best look to exploration companies to obtain new supply. A [deficit in the copper market is predicted](#) in two short years, by 2020. That means juniors like Surge Copper are well placed for a buyout. If success at the drill bit continues, their interest in SURG is likely to be piqued.

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Richard owns shares of Surge Copper (TSX.V:SURG).