

• A L A S K A

Zazu Metals drills in Red Dog neighbor

Junior validates historic exploration at high-grade, zinc-lead property; obtains data for use in scoping and feasibility studies

By SHANE LASLEY
Mining News

Zazu Metals Corp. is exploring what it believes is one of the largest undeveloped zinc-lead deposits in the world. Lik, the zinc-lead-silver-rich property that the Vancouver B.C.-based junior is lauding, is located about 22 kilometers, or 14 miles, northeast of Red Dog, the world's largest zinc mine.

Zazu said the high-grade deposit at Lik is an ideal fit in the company's business model of identifying high-quality, low-risk properties in an advanced exploration, or near-development stage.

Previous explorers left behind a 1,300-meter airstrip and a historic camp at the 5,500-acre Northwest Alaska property. All of the cores from 26,000 meters of historic drilling on the property, with the exception of 10 holes stored in Anchorage, were stored at the camp.

A prospectus prepared for Zazu suggests shipping ore concentrates from Lik to market via the DeLong Mountain Regional Transportation System, now used by Teck Cominco Ltd. to transport the Red Dog Mine's concentrates. DeLong's 52-mile, all-weather haul road and port facility are owned by the Alaska Industrial Development and Export Authority.

"Lik is a known lead-zinc deposit with a large high-grade credible resource located adjacent to Red Dog, the world's largest and highest-grade lead-zinc mine. At 26 million metric tons and 12 percent combined metal, it would be a fantastic resource anywhere in the world. Being proximal to Red Dog provides enormous advantages, such as existing infrastructure and essentially a blueprint for the mine," said Matthew Ford, Zazu Metals' vice president of corporate development.

Confirming historic resource

In 2007, shortly after purchasing a 50 percent interest in Lik from Red Dog Teck Cominco Ltd., Zazu began to explore the giant zinc prospect, hoping to validate results of 26,200 meters of historic drilling completed on the property.

The historical mineral resource at the Lik deposit is 26.7 million metric tons grading 9.16 percent zinc, 3.15 percent lead and 49 grams of silver per metric ton, representing one of the largest undeveloped zinc-lead deposits in the world, according to Zazu.

The junior considers the historical estimates – based on estimates prepared by Noranda and GCO in the 1980s – that pre-date current Canadian mining regulations to be relevant because they approximate the size of the Lik deposit.

Eager to complete a NI 43-101 compliant estimate for the prospect, Zazu began drilling in 2007, and finished a 1,400-meter, 11-hole program that year.

Encouraged by the drill results, the junior purchased a second drill rig for the 2008 program. With two drills turning last summer, Zazu pulled nearly 7,000 meters of core out of 58 holes during the short Arctic summer.

Ford told Mining News that every drill hole in the program hit significant intersections of sulfide mineralization, and nearly half had intercepts of more than 25 meters.

Some of the highlights of the drilling completed at Lik in 2008 include: Starting at a depth of 13.41 meters, hole 161 intersected 26.82 meters grading 19.23 percent zinc, 7.84 percent lead and 291 grams per



Zazu Metals COO Mike Steeves (Right), and Joe Britton, the company's chief geologist (left) study maps of the Lik high-grade zinc-lead-silver deposit located 22 kilometers north of the Red Dog Mine in Northwest Alaska.

metric ton silver; at a depth of 25.9 meters, hole 171 intersected 25.3 meters grading 16.3 percent zinc, 5.54 percent lead and 102.2 g/t silver; and at a depth of 52.73 meters, hole 182 intersected 43.89 meters containing 9.12 percent zinc, 2.8 percent lead and 97.5 g/t silver.

North and South Lik

Testing performed by previous explorers indicates that the Lik deposit is divided into two areas, Lik North and Lik South, by an east-west running fault.

Lik South, according to historic records, is about 600 meters wide and about 1,100 meters long, shallow and considered suitable for open-pit mining. The deposit continues south beyond the Lik property about 800 meters onto the Su property held by Teck Cominco.

In 1984 GCO prepared a resource estimate for the Lik South deposit based on about 100 drill holes. GCO, using a 5 percent cutoff of combined zinc and lead, estimated that Lik South contained 22.04 million metric tons of ore, averaging 8.88 percent zinc, 3.08 percent lead and 49 g/t silver.

At the point where the Lik deposit continues onto the Su property, the mineralization is known as the Su deposit. Teck Cominco has never released a resource esti-

mate for the Su deposit, but a news report in 1998 indicated that the Su deposit contained 17 million metric tons of ore grading 10 percent, combined zinc and lead.

Historic testing revealed Lik North to be a relatively deep deposit that is about 700 meters long and 350 meters wide. Noranda drilled this deposit in 1984 and estimated the resource at Lik North, using a 7 percent cutoff, contained 4.73 million metric tons of ore, averaging 10.59 percent zinc, 3.5 percent lead and 53 g/t silver.

Preparing for scoping study

All of the drilling completed by Zazu has been in Lik South. Ford said, in addition to in-fill drilling designed to affirm the historic resource of Lik South, the company completed step-out holes that expanded the deposit to the north and the southwest.

The junior said the results will be incorporated into an NI 43-101-compliant resource estimate to be prepared by Scott Wilson Roscoe Postle Associates, Inc. The consultant will combine all work to date and prepare a comprehensive scoping study, and ultimately, a feasibility study.

While all of Zazu's drilling to date has been on the Lik South deposit, the junior carried out geophysical surveys of Lik North in 2008. Ford said the surveys correlate well with the historic data and Lik North will be the target of future drill campaigns.

In June Zazu released a report from its first metallurgical study of the Lik property that showed recoveries for zinc were 87 percent into a concentrate grading 52 per-

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appropriate data both at surface and at depth," Willson explained.

The company expected that the core had been previously sampled in entirety but found instead that the historical explorer had selectively sampled the core for its high-grade intersects. The Australian geologists recognized that significant portions of the unsampled core were strongly altered. This prompted the company to focus on analyzing the previously un-sampled core.

Willson said the company's Alaska team, in late August, began gathering the core and

encouragement that the property can host an economically viable mineral system, which was not clear from the narrow, high-grade results previously intersected," Willson explained.

Australian targets underlying lode source

Willson told Mining News that Australian Mineral had planned to start a drill program in the fall of 2008, but due to the discovery of the unsampled core coupled with the lack of rig availability, the company has delayed the drill program until this spring.

The field work carried out at Tushtena in 2008 has produced a drill target for the upcoming season. According to Willson, the target, which lies to the southwest of the Discovery Zone and at depth, was identified very early on and much of the 2008 work was confirming whether the target or some variation thereof, would be valid.

He said near-surface targets of the historic drilling in the near-surface mineralization have the potential to develop into a low-grade bulk tonnage deposit, but his company is targeting the underlying lode source of the highly altered mineralization.

"Where the original drilling was focused on shallow high-grade narrow veins at surface, the data suggests that is likely not going to produce anything but potentially a bulk-tonnage low-grade system perhaps ala-Fort Knox. We are focusing on trying to intersect a lode-style system at depth, beneath (the low-grade system), basically where two structures intersect each other," Willson said.

Surgical strike in '09

He said the 3-D model being developed by the company, which is reasonably far advanced, indicates that the junior's main target is shallower than anticipated.

Australian Mineral plans to begin drilling on the property early in the 2009 season with a surgical test of the prospec-

tive targets located with last year's work. The junior also plans to continue to explore for additional targets on the property.

Willson told Mining News that the company will put together an exploration plan and budget once its 3-D model and interpretation of the data has been completed. ●

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This sample showing alteration, brecciation and sulfides was taken from the area of the Discovery zone at Australian Mineral Fields' Tushtena project in Interior Alaska.

transporting it to Fairbanks to be assayed. To date the company has received results from three of the holes. The results gave the company stronger confidence in the historically reported results, and revealed a new intersection, suggesting the mineralization may be less constrained than previously thought.

"The data clearly shows that the area around the 'Discovery Zone' is where the prospective alteration gradient occurs. While this appears to be a circular argument, it provides, in the company's opinion, strong



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The photo shows core from hole 159 drilled in 2008 at the Lik property. The 26 meter intersection the core came from averaged 8.73 percent zinc and 2.75 percent lead.

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cent, and lead recoveries reached as high as 81 percent into a concentrate grading 57 percent. However, test results showed lower lead recoveries of about 70 percent would yield a concentrate grade of 70 percent, which would be more marketable to smelters.

The junior said these results are similar to those at Red Dog, and the company will continue to work on improving the metallurgical results through optimiza-

tion of the processing methods.

Zazu said it is also continuing with significant environmental base line work in preparation for permitting.

"The primary highlight was to have completed the work required for the production of a scoping study. This really marks the transition of the property from being exploration stage to pre-development," Ford said. "Our ultimate objective is to develop Lik into an operating mine. We continue to examine every method of doing so whether alone, or via joint venture or strategic partner." ●

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