



New NI 43-101 sees Indicated Tons Increase by 42%; Inferred Tons Increase by 52%



Blue Moon Zinc Meets Milestone: Files Resource Update, Showing Company Sitting On Potential \$Billion Zinc Ore Stockpile At Current Prices

Zinc Resources Increase From Historic 2.6 Million Tons Indicated and 2.7 Million Tons Inferred; to 3.7 Million Tons Indicated And 4.1 Million Tons Inferred In New NI 43-101

Blue Sky Potential For Further Increases Exists Because Polymetallic Massive Sulphide Deposits Often Come in Clusters

Blue Moon Zinc (TSXV:MOON; OTC:BMOOF) announced on October 3, 2017 that it had met its first milestone: an updated NI 43-101 Mineral Resource on its wholly-owned Blue Moon polymetallic zinc property in California.

The new Mineral Resource Estimate showed an increase of 42% of the indicated tons at 8.3% zinc equivalent and an increase of 52% of the inferred tons at 7.8% zinc equivalent.

The new 2017 Mineral Resource Estimate is now 3.7 million tons of indicated resources and 4.1 million tons inferred resources.

Blue Moon CEO Patrick describes what the Mineral Resource Update means to the company by saying: "We can now show the market what this deposit looks like in a current commodity price environment."

BLUE MOON ZINC

TSXV: MOON



Stock Info

Share Price: \$0.075
 52-week High: \$0.115
 52-week Low: \$0.015
 Market Cap: 6,956,303

Looking Forward

"The Blue Moon updated NI 43-101 Mineral Resource estimate announced on October 3, 2017 saw a 20% increase in the indicated zinc resource to 377 million pounds of zinc, and a 23% increase in the inferred zinc resource to a total of 395 million pounds of zinc, using a 4% zinc equivalent cut-off grade. The updated Mineral Resource estimate will be utilized in the upcoming Preliminary Economic Assessment (PEA), which we believe will highlight Blue Moon's economic potential and a catalyst for a material drill program in the near future."

“We can give a more realistic view of how many tons, grade and pounds of zinc we have, and what the total contained metal looks like. This will form the basis of moving into an economic assessment which is the PEA, (Preliminary Economic Assessment). Now, we really do think the market will be able to see what we have.”

The Mineral Resource is based on 1,540 assay results from 82 diamond drill holes, totalling 111,250 feet of drilling. The new report shows an estimated 377 million pounds of zinc in the Indicated Mineral Resource category, and 395 million pounds of zinc in the Inferred Mineral Resource category. Both are at a conservative 4% zinc equivalent cut-off grade for a total of 772 million pounds of zinc plus significant byproducts of copper, gold and silver.

On October 3, 2017 the price of zinc reached US\$1.58, effectively valuing the company’s potential gross value of zinc at slightly more than US\$1.2 Billion.

“We believe the updated Mineral Resource will bring validity to the project and highlight that we have sufficient tons and contained metal to move this to a PEA.”

“It is a logical step. We came up with a systematic plan and we are on that path. The resource update is the first step, the PEA is the second, and following that we will be doing a large drill program. After that we will move into feasibility and the permitting exercise.”

The Blue Moon deposit is located in Mariposa County in the rolling foothills of the Sierra Nevada, California, 21 miles northeast of Merced (population 50,000). The mine has been worked before. During WWII it produced 55,656 tons at 12% zinc.

The thought of permitting in environmentally-conscious California doesn’t faze McGrath. “In California permitting is done at the county level, and the local county is open to development. Two members of our team have recently obtained mining permits in California, Lutz Klingmann, who put the Soledad Mountain mine into production outside of Los Angeles; and Larry O’Conner who restarted the Mesquite Mine. We have the experience.” Blue Moon has also retained the same environmental team who oversaw the permitting process for Soledad Mountain.



One of the reasons that McGrath believes the local community may be open to development is the project's location. "This is the home of the original California Gold Rush. There are people here who are friendly to mining, some of them are here because their ancestors worked the gold rush, and others will have had relatives who worked at the original Blue Moon mine."



People tend to forget that there is a strong natural resources industry in the state. According to the U.S. Energy Information Administration, California is the fourth largest crude oil producer in the U.S. coming in after Texas, North Dakota and Alaska.

The Blue Moon property itself is in an ideal location from a mining perspective. Practically all the infrastructure it needs is already in place. The project is within one mile of electric transmission lines, and within three miles of a paved road. It is also close to a town of 50,000 people, from which it can house and draw its workforce.

Patrick McGrath says that the company's next milestones are to produce a PEA; launch an infill drilling program, and during the Spring, the baseline environmental study. Commenting on the environmental study McGrath adds, "We have done the preliminary work and the bulk of it will be done during the Spring."

“The PEA will take three to four months to finalize and release.” As for the Holy Grail, a mining permit, McGrath says of the preliminary work being done now, “It all goes into a big filing, probably in a year’s time from now. The feasibility report will be the foundation of the mining permit application.”

While Blue Moon works at firming up the information it needs to file for a mining permit; the company has also applied for a drilling permit and expects to launch an infill drilling program in 2018. The drill program is designed to raise the tonnage in the Indicated Mineral Resource category. Much of the ore in the Inferred Mineral Resource category is there, McGrath believes, and an infill drill program should increase the confidence of the inferred resources and upgrade it to the indicated category.

While the drilling campaign is needed for the feasibility study, Blue Moon also intends to do some exploratory drilling. “We are looking at poking a couple of holes because we have excellent blue sky potential. There are IP surveys and soil anomalies that look interesting along strike.”

“Volcanic massive sulphide (VMS) deposits are found in pods and clusters, and so far we have found one pod, being the Blue Moon deposit. There are a lot of IP and soil anomalies that show the potential to find other Blue Moon style deposit along strike. There is a lot of exploration potential here, and there might be a second or a third Blue Moon deposit on the site.”

Updated Blue Moon Indicated Mineral Resources

Cutoff ZnEq %	Tons > Cutoff (tons)	Grade > Cutoff					Contained Metal (Millions)					
		Zn %	Cu %	Ag oz/t	Au oz/t	Pb %	ZnEq %	lbs Zn	lbs Cu	lbs Pb	ozs Ag	ozs Au
1	6,210,000	3.60	0.40	0.88	0.02	0.17	5.88	447	50	21	5.5	0.1
2	5,220,000	4.12	0.46	1.01	0.03	0.19	6.72	430	48	19	5.3	0.1
3	4,220,000	4.73	0.53	1.16	0.03	0.22	7.74	399	45	18	4.9	0.1
4	3,700,000	5.09	0.57	1.25	0.03	0.23	8.33	377	42	17	4.6	0.1
5	3,160,000	5.50	0.62	1.35	0.04	0.25	8.99	348	39	16	4.3	0.1
6	2,620,000	6.00	0.66	1.43	0.04	0.27	9.71	314	35	14	3.8	0.1
7	2,130,000	6.53	0.71	1.46	0.04	0.29	10.45	278	30	12	3.1	0.1
8	1,660,000	7.11	0.77	1.49	0.04	0.29	11.28	236	25	10	2.5	0.1

Updated Blue Moon Inferred Mineral Resources

Cutoff ZnEq %	Tons > Cutoff (tons)	Grade > Cutoff					Contained Metal (Millions)					
		Zn %	Cu %	Ag oz/t	Au oz/t	Pb %	ZnEq %	lbs Zn	lbs Cu	lbs Pb	ozs Ag	ozs Au
1	12,140,000	2.40	0.23	0.67	0.02	0.17	4.00	582	56	41	8.1	0.2
2	7,840,000	3.25	0.27	0.95	0.03	0.24	5.40	509	42	37	7.5	0.2
3	5,160,000	4.20	0.32	1.25	0.03	0.32	6.93	434	33	32	6.4	0.2
4	4,090,000	4.82	0.35	1.41	0.04	0.35	7.84	395	28	29	5.8	0.2
5	3,330,000	5.39	0.38	1.53	0.04	0.38	8.61	359	25	25	5.1	0.1
6	2,710,000	5.91	0.40	1.64	0.04	0.41	9.32	320	22	22	4.4	0.1
7	2,060,000	6.55	0.43	1.80	0.04	0.44	10.21	270	18	18	3.7	0.1
8	1,430,000	7.32	0.46	2.12	0.05	0.49	11.41	209	13	14	3.0	0.1

“I think what is also important about this project is its recovery rate. Based on historical metallurgical tests, the recovery rate is around 95%, and that puts it at the top of the class.”

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