

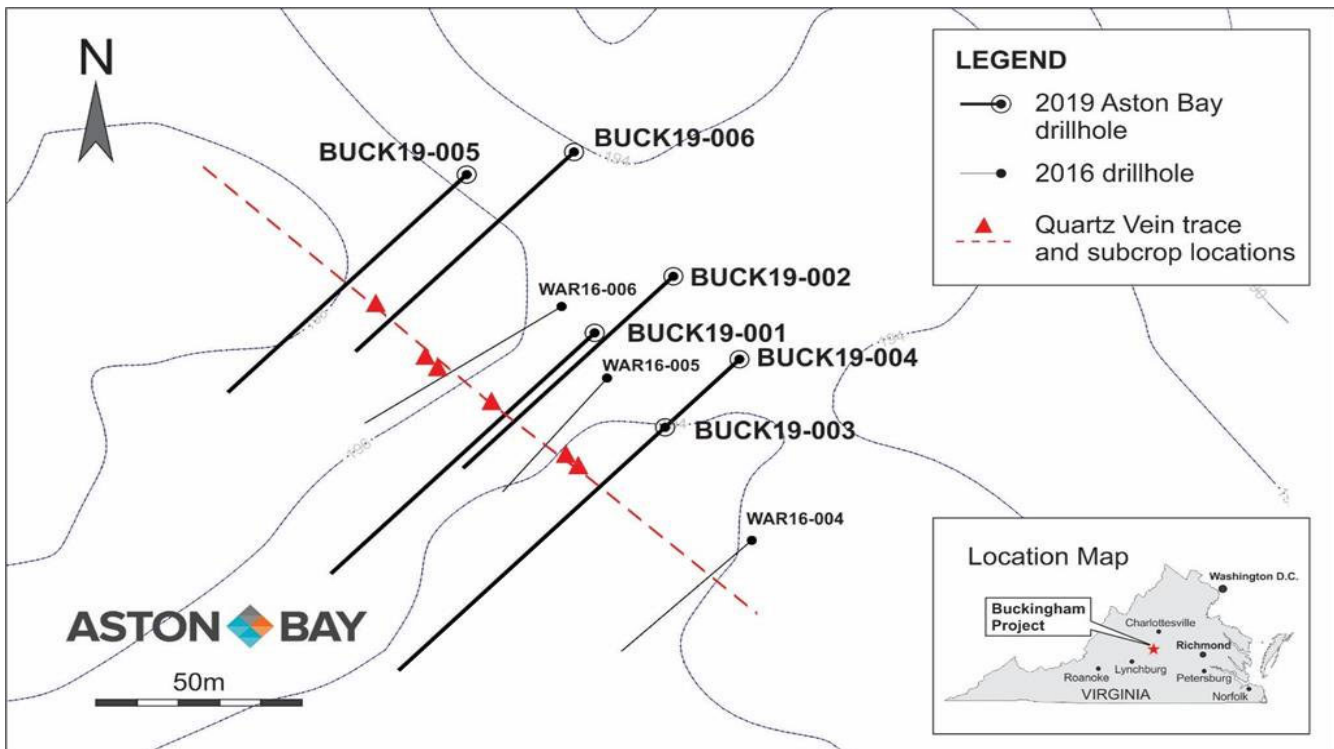


HRA SPECIAL DELIVERY # 861

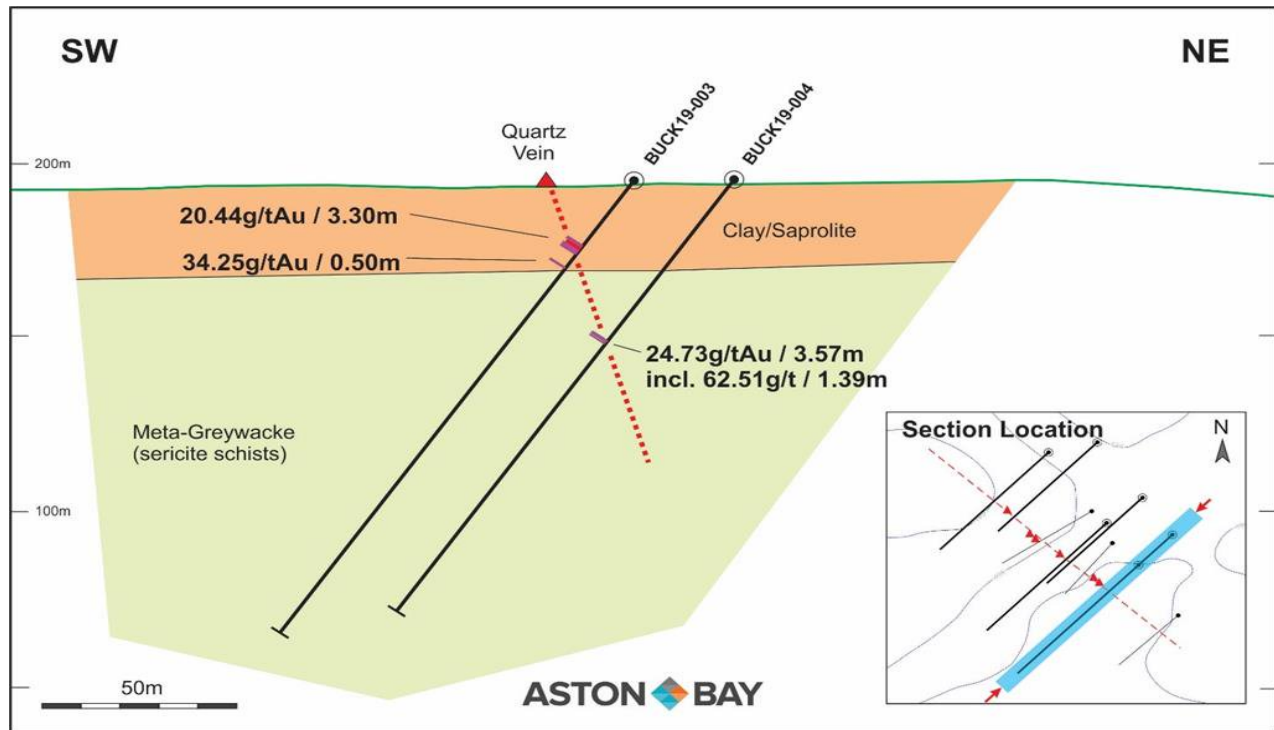
JUNE 5TH, 2019

APPALACHIAN GOLD

Aston Bay (BAY-V; off 3 cents on 3.3 million shares at \$0.065) released the results of vein intervals from its maiden drill program at the Buckingham prospect in Virginia before the open. It's a fairly good set of drill results that define a high-grade quartz vein over minable widths, albeit over a small area in this initial program. Six holes were drilled at Buckingham, of which three intercepted recognizable quartz veins. Results reported today were from Holes BUCK19-01 to 04, drilled as pairs collared 25 metres apart. Three of the four holes reported high grade gold in massive quartz veins and/or veinlets, including **1.62 metres grading 35.61 g/t gold in hole BUCK19-01, 2.64 metres grading 20.44 g/t and 0.4 metres grading 35.25 g/t gold in hole BUCK19-03 and 2.85 metres grading 24.73 g/t gold including 1.11 metres grading 62.51 g/t gold in Hole BUCK19-04.** Note that all the preceding intercepts are calculated true widths based on an estimated vein dip of 72° to the NE in this NW trending vein. The plan map below shows the drill traces of the current and historic holes.



The good news is that these are very good grades over mineable thickness, particularly given the fact these are calculated true widths, not core lengths that I reported above. BAY could have easily run with the reported lengths and stretched those out to make the zones “look” broader, as many companies do. I respect the fact they have laid these results out as honestly and realistically as possible. And they are very good underground grades over underground minable widths.



The bad news, so far at least, is that the vein was not intercepted in holes 5 and 6, drilled to the NW. Management noted the presence of multiple faults that have clearly moved things around. That’s not to say the vein doesn’t exist to the NW and SE, just that it’s going to take some work to trace it. The area was discovered by sampling float/subcrop in the overlying saprolite material. The entire region is subject to intense weathering in the top 30+ metres which has always been the bane of regional explorers as it often masks underlying mineralization. The quartz veins themselves are hard enough to at least partially escape the effects of weathering so a detailed mapping campaign should help tracing vein subcrop.

BAY knew Buckingham contained high grade material based on a three-hole drill program reported by past workers and its own sampling of overlying subcrop. Knowing that, Aston Bay did the sensible thing and drilled with a larger diameter rig and assayed using oversized samples and “metallic screen” analysis designed to more accurately report grades from samples with coarse gold particles.

Using this methodology appears to improve the reported intervals. BAY’s three high grade intercepts have an average grade x width of 65.3 gram-metres over their true widths, compared to the historic average of 50.5 gram-metres in the two high grade historic intercepts from the same vein segments, over their reported widths. This is a significant upgrade, particularly since I don’t know the true width of the historic intercepts. If we assume it’s 80% of reported widths like the current set than the comparable would be 40.4 gram-metres using standard core size and assaying versus 65.3 gram-metres using oversized core and larger assay weights. This is a very small sample set and nuggety veins will report highly variable grades, but this is a big improvement. Management told me the larger core drilling has essentially the same per-metre cost with some added costs because it takes more core

boxes and takes a bit longer to cut. Well worth it if continued drilling reports 70% higher grade times width.

Faulting is clearly an issue here, though we don't know how much of one and how much lateral movement there is from post-mineral faults. Management noted that quartz boulders that probably represent local subcrop have been seen up to several hundred metres away along strike. These haven't been sampled, but they will be in a future program. That's a positive sign. If they are forming a "trend" then the lateral fault movement may not be that large. Also positive is as yet unpublished historic soil sampling that indicates several hundred metres of high gold in soil numbers.

Management is very interested to see what they get from the remainder of the holes, which were sampled from top to bottom. There were several zones of disseminated sulphides that BAY hopes will carry some gold grades. Zones like this are common in orogenic systems and some of the larger bulk tonnage deposits have been hosted in disseminated sulphides occupying shears or other areas of weakness that allowed for fluid flow. Since we already know Buckingham has high grade veins, I prefer to assume nothing about this mineralization and accept whatever good news may come from it as a bonus. It does have real potential though, since these are shallow holes and the top 30 metres is basically clay that can be mined with a shovel.

Overall, I'm pleased with the results. I would have been happier if there was no faulting, but faults are to be expected in a "mountainous" area in older rocks. It's a complication but may not be a big issue at the end of the day, depending on how much lateral movement there is and how successful BAY is at finding longer intact segments. One distinct advantage of orogenic systems is that they can have great depth extent (think Red Lake or Timmins, both of which can be put in the very large "orogenic pigeon hole") so if BAY can locate high grade vein segments like this there is room to chase them a long way to depth. If we get a pleasant surprise from the disseminated material, there will also be potential for something near surface and bulk mineable. It will also help BAY if they can get the larger land agreement signed off so they can put out more data, like a map with the location of the gold in soil anomaly and vein float in relation to the area just drilled.

In the near term, BAY is contending with traders that were expecting much bigger widths "just because" and the knowledge that BAY will finance before another drill phase. A big advantage of the location and shallow drill depths is that they could complete a lot of holes with a modest budget of say \$1 million, including doing some geophysics and tight geochemical grids and mapping ahead of an expanded drill program. The disseminated material should respond well to IP, and the veins *might* so that's the method currently being considered.

We still want to see the broader land agreement. Management is a little (but only a little) frustrated at the speed the other side is moving at but doesn't seem at all concerned it will be done as they are down to minor issues. Management is currently at a 121 conference in New York and has several other marketing events planned over the next two weeks. They say the response to these results have been good, which I believe. The knowledge there is a financing coming, if nothing else, may keep the stock in the current range so I don't expect miracles to the upside. We may see a bit of lift once the short term drill hole speculators move on. It's a marketable set of drill results and the overall potential for the system sounds large enough to encompass either a moderate size resource with very good grade or something larger and more "bulk mineable" if the assays still to come are positive. BAY is worth buying in this range for advancement of a project that didn't disappoint me with their results this morning, even if I'd prefer to see it trading higher.

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Trading notes:

For those of you that may have **California Gold Mining** warrants that were accelerated, the warrants have to be exercised by 5 PM Toronto time, tomorrow. I expect we'll see CGM lift a little once the warrant overhang is past.

Likewise, the big wave of 10 cent **Minera Alamos** warrants expires on the weekend, so they effectively need to be exercised by Friday. That gives you the most likely window for accumulating in the 10.5 - 11.5 cent range as I expect the offer side will lighten further next week. I had a long conference call with management yesterday and hope to get you something longer tomorrow, though I have some family obligations today.

Regards for now:

Eric Coffin

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