



## Castle Silver Resources Inc.

Trading Symbol: TSX:V CSR

Interview from the 15th of May 2017



### Bio

Mr. Basa is a distinguished metallurgist and milling expert who has over 28 years of global mining experience with expertise in milling, gravity concentration, flotation, leaching and refining of precious and base metals. He is an expert in cobalt metallurgy, having worked in Ontario's Cobalt Camp early in his career, when he designed, in conjunction with Canada's National Research Council, a unique hydro-metallurgical process known as Re-2OX for the recovery of multiple metals and elements from all feeds with varying chemistries. He is a member of the Professional Engineers of Ontario and a graduate of McGill University. Mr. Frank J. Basa, P.Eng., has been the CEO and President of Castle Silver Resources Inc. since September 15, 2015.

### Fun facts

**My hobbies:** Riding my motorcycles and scooter

**Sources of news I use:** Several internet news providers

**My favourite airport:** Zurich

**My favourite commodity:** Cobalt and Gold

**My favourite tradeshow:** PDAC

**With this person I would like to have dinner with:** My wife

**If I could have a superpower, it would be:** Timetraveling

**Isabel:** Dear Investors, this week I would like to introduce the CEO and President of Castle Silver Resources, Frank Basa. I met you many years ago at the San Francisco Show, good to see you again, Frank.

**Frank:** Thanks, Isabel, good to see you, too.

**Isabel:** My first question for you, to get to know you a bit better, is, how did you get started in the mineral exploration industry?

**Frank:** Oh, that was kind of interesting. I always wanted to become a Civil Engineer and I applied for civil engineering to two universities, which were considered Ivy League universities. I got accepted at McGill University but I didn't know that I was accepted into the metallurgy program, because usually the first-year engineering course is the same; but my advisor was from the Department of Metallurgy. So I said I wanted to go to Civil Engineering and he said: "No, no, wait for a year and see if you like it." I stayed for a year and I liked it. Up to that point I didn't even know what metallurgy was.

**Isabel:** So it was basically a funny coincidence to begin with and you started to like it?

**Frank:** Yes, it started as a coincidence and those are the funny things in life that happen to you, and you are grateful that they happened to you the way they did, because otherwise I would have never known about metallurgy.

**Isabel:** That is really interesting. And how did you get involved in Castle Silver?

**Frank:** I worked for Agnico Eagle in the Cobalt Camp in northern Ontario as a metallurgist. Agnico had a silver division and Castle was the highest grade mine when I was there. The president passed away and a new president came in and wasn't interested in doing anything in the Cobalt Camp. The property became available 6 years ago, so we picked it up. We added a lot of work to it; we completed a drill program, we opened up the

audit, we obtained an agreement with the First Nations group, we did our closure plan, we put our financial assurances down – we spent 4 million dollars over 6 years, so fairly advanced. And with the drilling results, we also showed the world that we can find those high grade cobalt-silver veins.

**Isabel:** What makes your project valuable?

**Frank:** When Agnico had it, it was the highest grade silver mine of all of Agnico's mines in the Cobalt Camp. When I was there, we spent millions rehabilitating the mine. We rehabilitated the old shaft, rebuilt the roads and all that. It was valuable then and it is valuable now. And at that time we were able to mill up to about 80 ounces of silver per ton, which is pretty high grade. So it was one of the best mines. We were lucky to get it and hopefully we will develop it and also generate high grade silver and cobalt from it.

**Isabel:** One could say that there is kind of a cobalt hype right now. Would you agree with that?

**Frank:** Yes, there is a lot of talk about cobalt. It is mainly because of the battery market and I think this will keep on going. Lithium; everybody has lithium. You can get lithium anywhere; South America, North America, you name it, and there is lithium. But cobalt is a tough one. There are only a few places in the world where you find cobalt. And even if you get cobalt from the DRC [Democratic Republic of Congo], there is not enough cobalt for the battery market. There is a severe crunch.

**Isabel:** But you started already before the run in Cobalt started?

**Frank:** Yes, there are various metals in our mine. But we are only focused on the silver and cobalt. In the earlier years of the Camp, the normal approach was to focus on recovering the silver from the silver-cobalt veins and the cobalt was discarded; essentially they threw it away. When I started working as a metallurgist for the



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Agnico Silver Division, we began to focus on the recovery of the cobalt. We created a cobalt concentrate and stored it in a building; 30 years ago, the amount we stored was worth 52 million dollars.

**Isabel: What is the most exciting thing that your company is working on right now?**

**Frank:** The most exciting thing is that we have a process for the Cobalt Camp that can separate the cobalt from the silver and produce a cobalt product for the end users in the battery market now. We are also looking at using our process to recycle the old lithium ion batteries. We started the test work and we feel our process should be able to recover the cobalt from the used lithium-ion batteries. And that, to us, is kind of a long-term approach to recovering cobalt. And then when you come on line to mine and produce cobalt, the process will be available and operational. So you are able to recycle the cobalt, we call it a "green process that closes the loop".

**Isabel: Well, that sounds great and gives you an advantage over those who are right now just searching for cobalt, because you have something already there, you just need to process it.**

**Frank:** We started that actually quite a while ago. We will hopefully be putting out a press release shortly indicating our test results on our cobalt process recycling cobalt from the cobalt batteries.

**Isabel: How much of Castle Silver is held by the management?**

**Frank:** Management owns about 6 million shares. With a bit more than 40 million shares outstanding, management owns a little bit more than 10 percent.

**Isabel: How much do you have in the**

**bank right now?**

**Frank:** We have about \$800,000 in the bank right now.

**Isabel: And for how long can you work with that?**

**Frank:** Depending what you do, you could be like that for a whole year, but we want to advance. We mobilized our equipment that we need to go underground. We would like to start an underground exploration program, drilling from underground and taking a bulk sample and from that bulk sample producing a cobalt product for the battery market. Normally we do small financings; we just raised 950,000 dollars and then we accelerate our program and the stock price keeps going up. And when the price goes up, we keep raising money.

**Isabel: Do you have any facilities on site where you could process the ore?**

**Frank:** On this scale we are only looking at collecting a small amount and sending it to a lab that has a pilot plant.

**Isabel: And later on, would you have to ship over a long distance?**

**Frank:** The cobalt and silver is pretty high grade in the camp. You could do it like in the old days, put it in sacks and put it on a train or a ship. It is possible because of the high grade.

**Isabel: One question I always ask, is, what is your favourite commodity beside the ones in your company? So Silver and Cobalt do not count.**

**Frank:** I like to work with gold. Gold is, for me, a kind of currency. It is actually the oldest currency in the world. In places like the Middle East or India, for example, gold is still almost like a currency. Gold is easy, basically you produce it and you can sell it. But if you produce copper you have to send it to a smelter. I like to be paid in gold. I believe in gold as a currency. I have what we call a metal account. It is like a bank account, but there I can be paid in gold. It is interesting, gold is easier to work with than with Euros or with the Dollar. It is easy to move around.

Actually you don't carry gold around so much in your pocket, but you can pay with it everywhere in the world. When you try that with Canadian Dollar or Euro it is not that easy. So gold to me is not just a metal, it is a currency.

**Isabel: Agreed, and dollars you can print; gold you cannot. Talking about gold, considering that there are lot of things going on in the world, the Syrian conflict, developments in Turkey under Erdogan, the new elected President in France, the tense situation regarding North Korea, the threat of fake news as a general problem –just to mention a few things, the list could be much longer, how do you think the gold price is going to develop within the next six months?**

**Frank:** I am more of a long-range thinker when it comes to gold. Six months is a short window. I think in long terms, gold will always go up. When I started Granada or Gold Bullion, gold was only at 550 CAD an ounce. And now it is 1600 CAD. So in less than ten years it tripled it's value. If you look at other investments, how many other investments you think would triple in a ten year time frame? Even real estate doesn't triple at that rate. The good thing about gold is you can sell it any time. You can take your gold bullion and just sell it, not like when you want to sell a house, where you need a real estate broker. Long term, the price of gold will go up. The next six months are hard to call. But it is hard to believe that we will see 1000 Dollar gold again. And I see a lot of people, like the Franco Nevada people, the Newmont people quoting that it could be 3000 or even 5000 Dollar an ounce. But I think the bigger increasing value will be silver. I call it the poor man's gold, because everyone can buy silver. One ounce of Gold is very expensive but when you buy silver at 20 dollars an ounce, anybody can buy it.



# CASTLE

## SILVER RESOURCES INC.

Castle Silver Resources Inc. (CSR), which owns three former silver-cobalt mines, represents the best-positioned opportunity in Canada's premier Cobalt Camp region of northern Ontario to help serve the increasing demand for value-added cobalt products.

At the past-producing, high-grade Castle Mine, CSR has already made new discoveries and recently completed a geological IP survey to determine exploration targets for drilling later this year. In addition, CSR is the only company in the area to have full underground access via an adit – which allows easy entry for extracting bulk samples and exploratory drilling to target new discoveries. Drilling from underground is less costly and provides greater probability of success, especially since CSR has mapped previously discovered veins using its extensive data on all past drilling and mine workings at the Castle site from the early 1900s. On another front, CSR in the past year has conducted metallurgical testing on surface samples, with results showing excellent recoveries and concentrate grades for both cobalt and silver.

CSR recently announced plans to create a suite of cobalt salts (powder) products for potential customers through a unique 100%-owned hydrometallurgical process called “Re-20X”. Designed

for high recoveries of multiple metals and elements from all feeds with varying chemistries, Re-20X was developed by CEO Frank Basa in conjunction with the National Research Council, which is Canada's premier scientific research organization. CSR is now carrying out advanced-stage testing using the Re-20X process at the SGS Lakefield, Ontario laboratory to evaluate the amenability of the process for efficient recycling of spent lithium-ion batteries. The Re-20X process has taken on fresh importance in light of the increasing demand for cobalt and compelling opportunities in the battery and renewable energy sectors.

The Castle Mine's previous owner, Agnico Eagle, ceased production in 1989 only because of low silver prices (in the range of US\$6/oz). Cobalt was not a factor at the time, even though the veins in the Cobalt Camp are primarily cobalt veins with varying amounts of silver. Mining in the past focused on the veins with high-grade silver, while low-grade silver veins were ignored even if they had high-grade cobalt. Therefore, the area today has large amounts of cobalt and silver remaining and the opportunity for profitable mining has greatly improved with the increased demand and pricing for cobalt, as well as the significantly higher price for silver.

### **Share Structure:**

(as of 8th of May 2017)

Outstanding Shares: 38,9 Million  
Fully Diluted: 53,7 Million  
Market Cap: 11,1 Million  
52 weeks high/low: C\$0,02 - 0,295

### **Head Office:**

3028 Quadra Court  
Coquitlam, BC  
V3B 5X6  
Phone: 604-828-1475

CSR already has achieved two exceptional discoveries at the Castle property. Exploration in 2011 showed outstanding intercepts of 6,476 g/t silver and 1.44% cobalt. In 2014, a new gold and copper zone was discovered in a corridor that stretches east-west across the property. Recently, samples from surface rocks at the company's Beaver Mine tested 7.98% cobalt, 3.98% nickel, and 1246 g/t silver.

