

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Allocation Upgrade

Report Date: 06/19/2017

12- 24 month Price Target: \$.21

Allocation: *5

Closing Stock Price at Initiation (01/18/17): \$.115

Stock Price @ Close on 06/16/17: \$.115

New Jersey Mining



(Stock Symbol - Other OTC: NJMC)

<http://newjerseymining.com/>

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About 10 days ago, New Jersey provided the following release:

COEUR D'ALENE, Idaho, June 08, 2017 (GLOBE NEWSWIRE) -- New Jersey Mining Company (NJMC) ("NJMC" or the "Company") announced today that efforts to widen the open pit at its Golden Chest Mine project have resulted in a significant expansion, including a 14-fold increase in tonnage and a 12-fold increase in mineable ounces of gold.

As detailed in NJMC's press release dated April 13, 2017, the Company used blast hole assays, and geologic modeling to test the viability of expanding its open pit mine. Approximately 450 blasthole assays from the current mining operation were used to supplement previous core drilling data to update the block model. The study used current operating costs, metallurgical recoveries achieved at its New Jersey Mill, current concentrate contract terms, and a gold price of \$1,200 per ounce.

The study concluded that the pit can be widened further to the west and deepened, with the expanded pit design containing 180,000 tonnes of ore at a gold grade of 4.26 grams per tonne (gpt), totaling 24,600 ounces of gold, with an overall stripping ratio of 5.1 to 1.

An environmental permit for the pit expansion was submitted to the Idaho Department of Lands (IDL) and the Company anticipates approval within the next 30 to 60 days.

The pit expansion study also showed the potential for an additional "starter pit" near the surface expression of the Klondike-Katie Dora area, about 370 meters north of the current operations. This area has not seen significant drill testing as previous campaigns targeted the Idaho Vein within the more southerly ore shoots and/or at depth. This underexplored area, just north of the starter pit target, was the site of a recent trenching program to assess its potential at-surface.

NJMC President John Swallow stated, "We have clearly moved beyond our initial business plan, which was confined to the limits of existing data and ore already blocked out by prior operators. The over 10-fold increase in the size of our open pit provides a great start to our mine-life expansion efforts and our objective to perpetually have 3 to 5 years of production ahead of us. Early this year, we refocused our on-site manpower (and capital) towards supporting surface operations while taking a more measured approach to restarting production from the underground mine."

Mr. Swallow continued, "We continue to gain knowledge of the Golden Chest vein systems and are in the early stages of scaling-up our resource base, extending the overall mine-life and adding greater predictability to cash flows. We are evaluating the potential for additional open pits on ore shoots to the north, as many of these ore shoots have not been tested at depth, and further test our vertical continuity hypothesis as we begin mining underground, which is now expected to ramp-up in July."

Modern exploration, including nearly 30,000 meters of drilling, reveals seven northwest-trending ore shoots at Golden Chest that demonstrate strong periodicity, consistent width and spacing, along the Idaho Fault. The current open pit is located at the surface expression of the Golden Chest Shoot, just northeast of the Skookum Shoot, the location of the underground mine. The Company began ore shipments to its New Jersey Mill in late-2016.

Recall, our initial coverage and associated model was based on limited production from the Company's "starter" open pit and then assumed the transition of production to the underground workings at the Golden Chest. We had originally assumed open pit production winding down in 2H 2017. The announcement above changes that. We had originally modeled a small bit of production from underground in Q1 2017 which in retrospect was aggressive, but we do believe we will see increasing production from underground as we move through 2017 and beyond. However, the announcement above suggests that open pit production will now also contribute well into the foreseeable future. While we alluded to this possibility in the initial coverage so it is not a huge surprise, we think this is a clear valuation catalyst. This is in our view a very bullish piece of news.

We are headed to Idaho next week and will be visiting the mine during our stay. We have already toured the mill but we will likely take a trip back there as well. We expect our visit to both the site(s) and with management to provide us with some additional insights/visibility with respect to a number of things (for example, we need to better understand their production accounting/reporting). We will spend some time updating the model after that visit. In the meantime, again, we think this new information provides some valuation visibility and raises the bar on the potential of the Company. As a result, we are raising our allocation from 4 to *5. We are maintaining our 12-24 month price target of \$.21 for now but we will likely revisit that as well following our trip.

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