

Delta Resources Limited

(DLTA-TSXV)
SECTOR: Mining

STOCK PRICE C\$0.15
NO RATING
NO TARGET

SITE VISIT

Delineating Delta-1

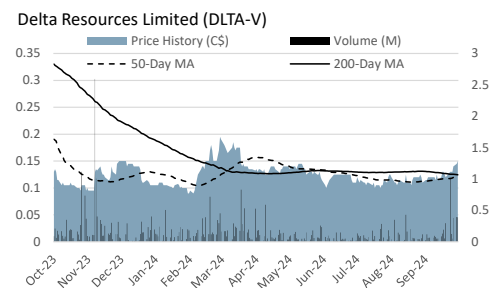
OUR TAKE: Delta has been successful with its exploration program at the Delta-1 property. We expect ongoing drilling will continue to expand the deposit, ahead of an initial resource, possibly in 2025. We also like the high grade gold potential as well as the base metals opportunities at the recently added properties.

HIGHLIGHTS

- ◆ **We recently visited the Delta-1 property** in western Ontario, where we reviewed the geology and work plan with Delta Resources management and field staff. Delta owns a 100% interest or has the exclusive rights to earn a 100% interest in the 306 km² Delta-1 property, located 50 km west of Thunder Bay, Ontario, next to the Trans-Canada Highway.
- ◆ **Favourable Archean Geology.** The Delta-1 Deposit is hosted by a crustal-scale structure marking the northern boundary of the Archean Shebandowan Greenstone Belt. Delta-1 is hosted in the Greenwater Formation, which contains massive to pillowed tholeiitic basalts and mafic to ultramafic sills and komatiitic flows, as well as clastic sedimentary rocks.
- ◆ **Characteristic Alteration and Gold Mineralization.** Gold mineralization at Delta-1 extends over 2km to a depth of 250m with true widths of 10 to 100m, within a 25km trend. The Eureka Gold Zone within the Delta-1 deposit, lies immediately below the unconformity separating the Greenwater and Shebandowan formations. Gold is associated with a stockwork of quartz-ankerite-pyrite veinlets within a stockwork that crosscuts all lithologies. Alteration of the gold zone consists of ankeritization, albitization, sericitization and silicification.
- ◆ **Deposit Model with Two Phases.** The Gold Stockwork at Delta-1 was emplaced during a compressional deformation event with subvertical extension. A first phase of gold mineralization at Delta-1 fits within the Intrusion and Unconformity-Associated Disseminated Gold Deposit Model; a second phase of gold mineralization is a remobilization of the first phase of gold mineralization, and occurred during the D2 deformation event as a lode gold deposit.
- ◆ **Distinct but Analogous to Canadian Malartic.** The Eureka Deposit is believed to be analogous to the Canadian Malartic Gold deposit in Québec, where mineralization occurs as a continuous shell of 1 to 5% disseminated pyrite associated with fine native gold and traces of chalcopyrite, sphalerite and tellurides, within altered clastic sedimentary rocks of the Pontiac Group (70%) overlying an epizonal dioritic porphyry intrusion, with a portion of the deposit in the upper portions of the porphyry body (30%).
- ◆ **Successful Drill Program.** Based on drilling to date from a total of 115 drill holes for 35,855 m over 2km of strike length, Delta Resources estimates that it has delineated a resource of around 1.5Moz or more, grading 1.2-1.3g/t, with a core of 2g/t Au. The company estimates that it has had a 79% hit rate from drilling since 2019, with a discovery cost of C\$5/oz.
- ◆ **Prospectivity Beyond the Eureka Zone.** Delta's more recent acquisitions include properties where it identified areas within the Shebandowan Greenstone Belt with similar geological setting as the Eureka Gold Deposit. These areas consist of fault bounded basins where shear zones unconformably juxtapose Temiskaming-Type sedimentary rocks of the Shebandowan Formation and volcanic rocks of the Greenwater Formation. Key areas to test include the Band-Ore property which is located approximately 20km northwest of the Eureka Gold Deposit. The property hosts two historical high-grade gold resources (not National Instrument 43-101 compliant): the Band-Ore main zone, with 155.7koz grading 6.86g/t Au, and the Band-Ore zone No. 4, with 95.7koz grading 4.84g/t Au.
- ◆ **Base Metal Potential.** Delta recently acquired a 100% interest in the Orebot property, expanding its land position at Delta-1. The Orebot property consists of 39 claim units covering 743 Ha, in two blocks that are contiguous with the existing Delta-1 property. The eastern block of the newly acquired property extends the coverage of the Shebandowan Structural Zone for nearly 4km of strike to the east and brings the eastern boundary of the Delta-1 Expansion property to within 3km of the Tower Gold Zone, another intrusion associated gold prospect held by Thunder Gold. The south block of the property covers a polymetallic occurrence where historical grab samples returned 2.1% nickel and 1.2% copper, and Inco Gold reported grab samples of 116 g/t Au and 175 g/t Au in 1988. Delta needs to permit Orebot before starting a drill program there.
- ◆ **Will Exercise Warrants to Raise Cash and Restart Drilling.** Delta Resources has ~\$2.3M in cash and is anticipating the exercise of \$1-3M in warrants to top up the treasury. Ideally, the company would like to undertake 10,000m of drilling to better define the Delta-1 zone, and start a drill program on recently acquired areas beyond the Eureka zone, based on all-in drill costs of \$250/m. Drilling would likely restart in early 2025.

KEY STATISTICS AND METRICS

| | | | |
|-----------------------|---------------|-----------------------|-----------------------|
| 52-Week High/Low | \$0.22/\$0.09 | Debt | \$0.0M |
| YTD Performance | 7% | Enterprise Value | \$13.7M |
| Dividend Yield | n/a | Daily Volume (3 mos.) | 121,430 |
| Shares O/S (Basic) | 102.3M | Currency | C\$ unless noted |
| Market Capitalization | \$16.0M | Website | www.deltaresources.ca |
| Cash | \$2.3M | CEO | Andre Tessier |

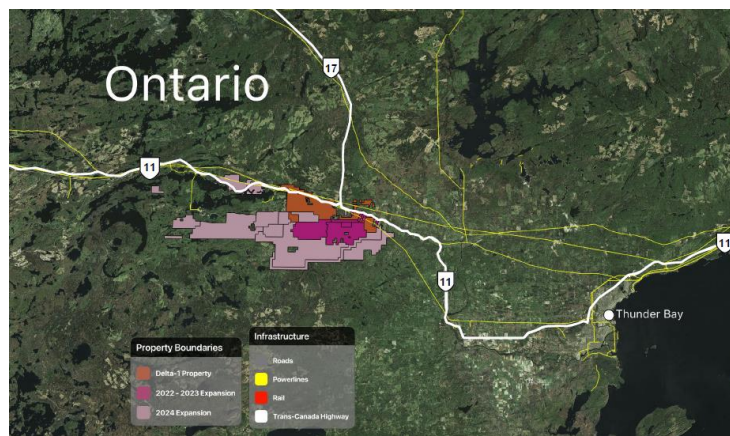


Source: Capital IQ, and Haywood Securities

More Geology on Delta-1 Property

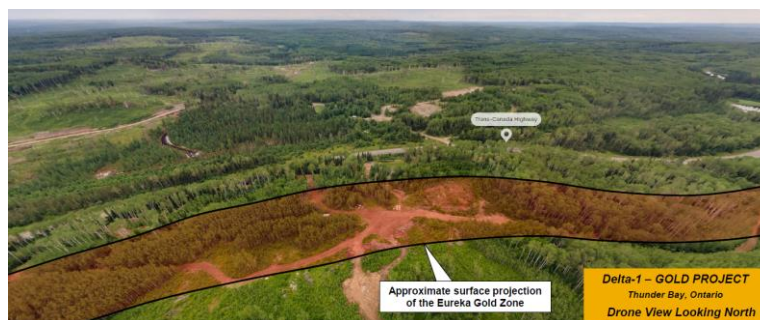
- ◆ **In major structural corridor, along unconformity.** The Delta-1 Deposit is hosted by a crustal-scale structure marking the northern boundary of the Archean Shebandowan Greenstone Belt. Delta-1 is hosted in the Greenwater Formation, which contains massive to pillowed tholeiitic basalts and mafic to ultramafic sills and komatiitic flows, as well as clastic sediments. The rock package demonstrates polyphase deformation, with mineralization affected by later northeast-trending brittle faults. The Greenwater is overlain by the younger Shebandowan Assemblage of Temiskaming-type rocks, and both units are separated by an unconformity. The unmineralized Shebandowan rocks have calc-alkaline to alkaline mafic to felsic volcanic flows and clastic sedimentary units. Within the Shebandowan Structural corridor, brittle-ductile deformation was largely accommodated by the ultramafic units as well as discrete graphitic sediment horizons. Foliation within the ultramafic units is dominantly ductile while deformation along the graphitic sedimentary horizons appears largely brittle.
- ◆ **Gold Mineralization associated with strong alteration.** Gold mineralization at Delta-1 extends over 2km to a depth of 250m with true widths of 10 to 100m, within a 25km trend. The Eureka Gold Zone, which contains the gold mineralization within the Delta-1 deposit, lies immediately below the unconformity separating the Greenwater and Shebandowan formations. Alteration of the gold zone consists of ankeritization, albitization, sericitization and silicification. Gold is associated with an organized stockwork of quartz-ankerite-pyrite veinlets ranging from 1mm to 3cm in width. Occasionally, fine grained disseminated visible gold is observed within the veinlets. Mineralization consists of a quartz, ankerite, Albite, 2-3% pyrite stockwork with visible gold. In drill core, the gold grade is directly proportional to the density of veinlets present. The presence of a single 1cm veinlet in the core can result in gold grades exceeding 1.0g/t Au over a 1m interval. Gold mineralization is late, and the quartz-ankerite-pyrite gold veinlets crosscut all lithologies. The Gold Stockwork at Delta-1 was emplaced during a NS to NE-SW compressional deformation event with subvertical extension.

Figure 1. Location and access of the Delta-1 gold project, covering 306km², located 50km west of Thunder Bay, next to the Trans-Canada highway (11).



Source: Delta Resources Limited

Figure 2. View of the Delta-1 project, looking north.



Source: Delta Resources Limited



Figure 3. Eureka gold deposit surface geology.

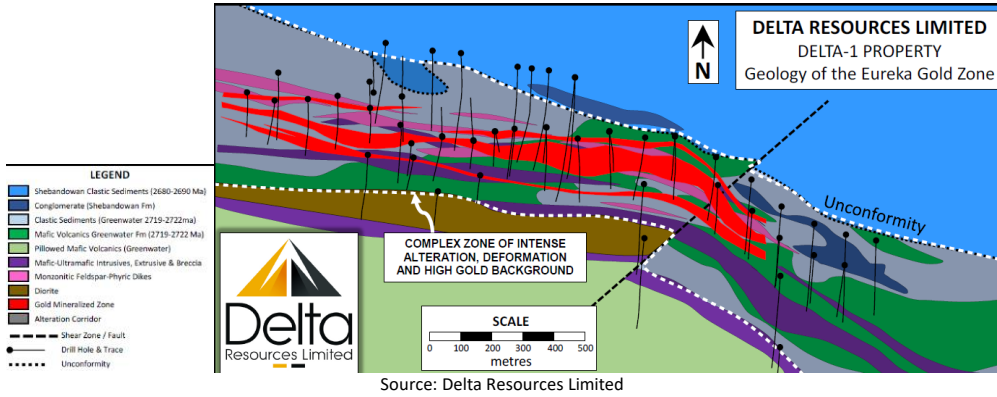
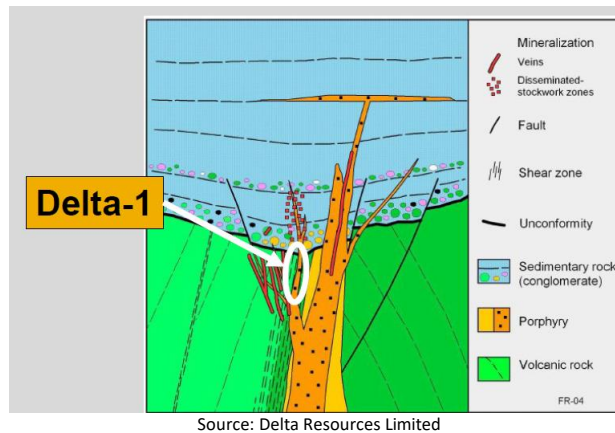


Figure 3. Eureka gold deposit mineralization including samples with visible gold.



Figure 4. Eureka gold deposit model.



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Important Disclosures

- ◆ Haywood Securities, Inc. has reviewed lead projects of Delta Resources Limited (DLTA-V) and a portion of the expenses for this travel may have been reimbursed by the issuer.

Distribution of Ratings (as of October 24, 2024)

| | % | # | IB Clients (TTM) |
|---------------|-------|----|---------------------|
| Buy | 81.0% | 68 | 100.0% |
| Hold | 3.6% | 3 | 0.0% |
| Sell | 0.0% | 0 | 0.0% |
| Tender | 1.2% | 1 | 0.0% |
| UR | 3.6% | 3 | 0.0% |
| Dropped (TTM) | 10.7% | 9 | 0.0% |

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