

## Kootenay Gold A-Team Confirms Mineralization at Promontorio

By Jon Shanahan

Kootenay Gold's (TSX.V:KTN) lynchpin philosophy is that great mining companies are built around a core of solid, talented people, a "human infrastructure" with stellar track records in the industry and innovative prospecting approaches. It seems to be working. The company has been vigorously and systematically amassing highly prospective projects on an enviable scale, and is currently awaiting drill results on two properties with good potential for huge deposits – one in northwest Mexico, the other in BC, Canada.

Kootenay's focus, for now, is the Promontorio Silver Project in the Sierra Madre. . The project is a 37,000 hectare property, situated 75 km northeast of Ciudad Obregon, and is easily accessible by road.

Calculations from a 1973 feasibility report (non 43-101\* compliant) describe an ore body estimated at 384,000 tonnes grading 367 g/t Ag, 1.5 g/t Au, 0.12% Cu, 2.80% Pb, and 1.74% Zinc. Chip samples assayed in the summer of this year returned values of 480 g/t silver and 2.51 g/t gold over an estimated true width of 19 meters. As such, the extent and grade of alteration at the surface is suggestive of a substantial underlying deposit.

The results of a Phase I drill program, which tested four different areas of the Promontorio structure, are now being processed with assays pending. Ken Berry, Kootenay's President told me, "If this drilling that we're doing right now confirms historic results, we expect to see a tremendous amount of interest. This could be a real company maker."

Meanwhile, the Kootenay Gold team has a joint venture agreement, whereby Klondike Silver has funded a Generative Exploration Program to secure additional properties for development, primarily in the Sierra Madre of Mexico (see Kootenay April 19, 2007 news release). The parcel of land totals in excess of 500,000 ha and encompasses 30 major targets.

Mining activity in Mexico's Sierra Madre region is burgeoning. Six years ago, there was no major activity in the area. Today, there are five producing mines in the mineralized belt, with two more coming on stream over the next 18 months. The area has been compared to Nevada in the early 80's – well known as one of the world's top gold regions. Mexico is currently ranked second in the world for silver production, and will likely become first again before long, considering the explosion of exploration in the region.

VP of Exploration Dr. Tom Richards heads Kootenay's team of Mexican, Argentine, and Canadian geologists working in the Sierra Madre. "We've got a team of top-quality prospectors," McDonald says, "but their skills are really brought alive by Tom's efforts."

In Canada, the Kennedy family – one of the last families in Canada who all earn an income from prospecting – leads the Kootenay effort to locate new discoveries. "They form the backbone of our B.C. operation," says McDonald.

Kootenay has seven Canadian properties slated for exploration. The most advanced is the Jumping Josephine Project in the Rossland region of B.C. Kootenay has teamed up with a junior partner, Astral Mining on the 11,800 ha property (see April 12, 2006 news release). By incurring expenditures of \$2.1 million and issuing Kootenay 400,000 shares of Astral, Astral has the right to earn a 60% interest in the project.

To date, over 3,000 m has been drilled in the main quartz stock work zone on the property, with a very notable intersection of 7.01 g/t gold over 19 m. Mapping and geochemical data has suggested a strike length of up to 3km. A Phase II drill program, which drilled 50 holes in the main discovery area, is wrapping up now. The first six holes were reported on November 14, including 4 m grading 15.18 g/t Au at the JJ main zone.

"This could develop into another lead project for us," Berry emphasized.

The Connor Creek project, another big B.C. focus for Kootenay, is an area 16km southeast of Nelson, also highly accessible. Geochemical and geophysical testing in the area revealed a broad area anomalous for gold, copper, lead, zinc, and silver, over a 1.2km by 3.2 km grid.

Kootenay took on another junior partner for its Connor Creek Project, Amador Gold. Amador will earn a 50% interest in the Connor Creek property, provided \$1 million in exploration is expended, and 400,000 Amador shares are issued to Kootenay Gold over the next four years.

Ken Berry says, "We're on the verge of events that could change the whole outlook for the company."

Joint venture partnerships like those engaged for Jumping Josephine (Astral – "TSX.V: AST"), Connor Creek (Amador – "TSX.V: AGX"), and the

Mexican Generative Program (Klondike Silver – “TSX.V: KS”) reflect Kootenay’s overriding strategy.

“The purpose of Kootenay’s exploration strategy is to get exposure to as many mineral systems as possible, while at the same time minimizing company dilution to our shareholders,” said McDonald. Last year, junior partners spent \$2.2 million on exploration and development, and in 2008, they are projected to spend as much as \$4 million on development of Kootenay projects.

When structuring these joint venture arrangements Kootenay generally looks to leverage stock payments and exploration expenditures from its partners. This allows Kootenay to maximize money put into the ground while minimizing risk to its shareholders. At the same time the company benefits from accumulating a portfolio of prospective junior exploration stocks, which, in a bull market, is an appreciating asset.

Overall, Kootenay’s management team has an exemplary record in the industry. James McDonald co-founded Black Bull Resources, National Gold, and White Knight Resources. He was instrumental in bringing mines for Genco and Alamos Gold into production. Ken Berry, Kootenay’s President, has extensive experience as an investment adviser for public companies and has raised in excess of \$250 million. Richard Hughes, a director with the company needs little introduction: He was intimately involved in the discovery of some of Canada’s largest mines, including the Golden Giant/Hemlo mine, the Sleeping Giant Mines and the former Balmoral Mines, which produced an aggregate of 450,000 oz of gold annually. Joseph Church and Robert Gardner, both directors, have illustrious careers behind them as well. The addition of Tom Richards in Mexico, and Raj Khang in the head office (who handles bookkeeping and fundraising) round out the team.

Both MacDonald and Berry agree that the team is central to the success of the company. “We’ve come a long way this year in getting the right people in place in the company,” says McDonald. “Our belief is that it starts with good qualified people. With that you’ll get the good projects - and you’ll make discoveries.”

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