

ValGold Resources has all Pistons Firing in South America, Canada

By Paul Wallis

The word for ValGold (TSX.V: VAL) is "busy". In conversation, they're upbeat and enthusiastic about their new Venezuelan and Guyanan acquisitions, "Literally just waiting for the equipment to arrive", according to Investor Relations Officer Jeff Stuart. In the meantime they're drilling, compiling data from past drill programs and building a vast knowledge base – from scratch in some cases.

In late November, the company announced high-grade assays from the Tower Mountain Gold Property, located in the Matawin Gold Belt, 40 km southwest of Thunder Bay, in Ontario. Intersections of high-grade gold occurred in TM-07-56, where 1.5m graded 58.20 g/Tonne Au (1.697 oz/t gold) and in TM-07-58 where 1.5m averaged 18.70 g/Tonne Au (0.545 oz/t gold).

The drill program was a short run – eight holes – but added a wealth of knowledge to the existing data from seven drill programs comprising 67 drill holes, totaling 16,618 metres, completed between 2002 and 2005.

The news from Tower Mountain is good: mineralization in all eight holes. The data has painted an increasingly attractive picture of the mineralized systems here. To wit: The main vein appears to range from 0.6 to 20 meters in true width, with a narrow high-grade core (up to 160 g/t Au over 1.5 m) and a more moderately mineralized periphery. Even low-grade data here should prick up the ears of savvy investors: 0.94g/t over 106.5 m, for example.

Meanwhile, back in South America, a growing pool of data, including assay results from a 2007 drill program at the Los Patos occurrence in Venezuela, indicates the presence of significant gold mineralization, including substantial near-surface mineralization. The data is also considered "highly prospective" for other minerals, including alluvial diamonds, and preliminary radiometric indications of uranium, copper-nickel and/or platinum group metals.

This is the point where listed miners have to prove their mettle – excuse the pun – and ValGold has adopted a no guesswork approach, utilizing the whole spectrum of survey. Some areas are almost entirely lacking, in terms of market-standard information.

ValGold's South American concessions total approximately 3,570 square kilometres, and relate to a geological formation known as the Guiana Shield, which underlies northeastern South America. It is comprised of ancient Archaean and Paleoproterozoic blocks. Geologists are faced with some of the most demanding and potentially rewarding work their field has to offer in these very old structures, where mineralization is complex and highly evolved.

ValGold CEO Stephen Wilkinson, who has three decades of mining experience, provided some useful insight in a recent interview on Smartsox.com regarding the geological and gold mining history of the region. Venezuela's gold potential was first recognized in the 1890s, when the British military discovered and mined considerable amounts of gold from surface deposits – 13 tonnes of it, according to Mr. Wilkinson, a huge amount for the time.

The Venezuelan holdings comprise three concessions in Bolivar State, acquired from Honnold Coporation in October for \$8 million in cash and shares, of which \$2 million has already been paid. The company has benefited from a positive exchange rate, where appreciation of the Canadian dollar against the US dollar resulted in a saving of 25% – \$2 million – on net outlay.

ValGold has been conducting systematic drills across its concessions, notably the Los Patos Gold Occurrence, where a 7,971 metre, 28-hole program was completed in the summer this year. The company found visible gold in a drill core from this region, reflecting the high-grade nature of mineralization here – just 4.5 km northeast of Crystallex's La Tomi gold mine.

The Los Patos gold occurrence is actually located within ValGold's Lo Increible 3 concession and is one of several gold occurrences found along the east-west striking, 6.8 km long, Los Chivos Shear Zone.

The other two Venezuelan concessions are collectively called the Chicanan Concessions: The Carolina and Mochila Occurrences, which comprise a variable geology. The Carolina Occurrence has had some prior exploration, but the primary geological feature, the Mochila Lineament, containing two large gold occurrences, has had no previous drilling. ValGold is currently conducting a diamond drill program of 20 holes in the Mochila Occurrence, expected to be completed soon.

ValGold's due diligence report for October 9, 2007 contains important preliminary data, and helpful technical information regarding associated geological features and prospects. This was the basis of the ground work for the current Fall Winter 2007 program of ongoing exploration.

The report on the Los Patos drills refers to mineralization as “open in all directions”. ValGold drilled 35 holes at the “Lo Incredible” site, which returned findings across a total accumulated length of 9318 metres. The report states, “Mineralized zones averaging as high as 7.25 g/t gold over a true width of 19.0 metres (0.21 opt over 62.3 ft) have been intersected. The final hole of the first round of drilling returned an intercept of 3.0 m in width grading 13.67 / tonne.”

The Chichanan East and Chichanan West concessions relate to the gold-bearing Chichanan-Carolina Shear Zone, which transects the region and is comprised of a saprolitized greenstone belt that ranges from 5 to 20 km wide. The Chichanan East region (meaning east of the Chichanan River) has been systematically evaluated before, but the Western side, which is part of the Mochila Complex, has had little work. Three areas of gold mineralization have been outlined, and the company notes that “In the Serucha area, drill holes have returned gold grades of up to 1.05 g/t over 71.2 m and in the central Carolina area 4.05 g/t gold over 10.24 m. Practically all of this mineralization is saprolitic in nature and could be readily extracted from shallow, long, linear pits.”

The four properties comprising the Guyana concessions were acquired from Newmont Overseas Exploration, a subsidiary of Australian gold miner Newmont Mining Corp. The mutually pragmatic deal reserves some back-in rights for Newmont, in return for a 100% interest acquisition by ValGold.

ValGold is now organizing its holdings and acquiring relevant licenses for each of its properties. The company has identified a large band of deposits worthy of exploration, and is obviously keeping its rights clearly defined so it can explore thoroughly. That looks like the best, most cohesive, way to approach ongoing exploration, manage interests economically, and avoid any complications with rights issues and third parties.

ValGold have been making friends in the region. They’ve acquired the valuable local knowledge and expertise of new director on its board, Pedro Tinoco, one of Venezuela’s veteran senior mining experts. Mr. Tinoco is the former President of the Latin American Mining Organization from 1996 to 2006, where he’s still an active member.

Also making friends are the locals around ValGold’s various works, who’ve suffered from illegal mining operations in the region conducted by foreign miners who’ve been “cutting a swathe” through the areas they mine, according to Mr. Stuart. This mining equates to nothing less than taking the food out of the mouths of the inhabitants, so ValGold is bringing some equity and prosperity into the region with its operations, too.

One thing for certain: ValGold won’t get dull.

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