

Golden Reign Explores Russia's Wild, Wild Far East

By Andrew K. Burger

With commodity prices soaring, the Russian Far East is rapidly becoming acknowledged as a massive opportunity for mining companies. The Magadan Oblast, for instance, is considered one of the world's richest regions in terms of large-scale, high-grade prospects spanning a range of precious, base and industrial metals - gold prominent among them.

Several Canadian companies are prospecting and working deposits in the region. One of them, Vancouver's Golden Reign Resources Ltd. (TSX.V:GRR) is looking to develop Magadan's Butarni and Dorozhni gold properties in partnership with Status LLC, the mining arm of Moscow's CentroCredit Joint Stock Commercial Bank.

Golden Reign on Nov. 13 announced encouraging assay results for an exploratory sampling program carried out at Dorozhni. The 14 representative samples indicate that gold mineralization is not limited to high-grade quartz veins but is also present in intrusive granodiorite bedrock, leading management to believe that the potential exists to develop a bulk open pit mining operation on the property and surrounding area.

A Changed Picture

The 14 Dorozhni samples were collected during Golden Reign's vice-president of exploration Zoran Pudar's recent visit to the property to supervise and further direct exploratory channeling, trenching and sampling of mineralized quartz veins.

Most of the samples came from two trenches that extend 1.5 kilometers along the north-northeast slope of Dorozhni mountain. The samples, along with six control specimens, were sent for assaying to Alex Stewart Analytical Ltd. in Moscow, a division of Alex Stewart (Assayers) Ltd. of England. One chip sample, DR-17, from a highly mineralized quartz vein with visible gold assayed 18.69 g/t.

2007 trenching exposed high-quality gold mineralization and visible gold in quartz veins – including some of "museum quality". More interesting, were samples from a sheeted vein system within an igneous intrusive granodiorite that returned assay results of 2.7, 4.8 and 1.6 grams/tonne, Pudar related. The exposed portion of this vein, ranging between 0.4 and 1.1 meters in width, has been traced over a length of 150 meters, is open in both directions and is yet to be tested by drilling to depth, according to Golden Reign's Nov. 13 media release.

"The results prove that mineralization is not just limited to quartz veins but extends into the granodiorite intrusive host and opens up the possibility of a bulk tonnage, open pitable deposit...reinforcing our conceptual model for the property. We will wait to receive all assay results from the exploration program, but is certainly a positive indication," Pudar told ResourceWorld.

Return Trip to Russia

The Dorozhni and Butarni properties are located in Russia's far eastern Magadan Oblast, located across the Bering Strait from North America, which according to Russian mining authorities holds some 2,000 placer gold deposits, 100 gold ore deposits and 48 silver deposits. Total probable gold reserves in the region have been estimated at 4,000 tons (128 million ounces).

Having an experienced, well-capitalized business partner with connections in Moscow is crucial for foreign companies looking to explore for and develop mineral resource projects in Russia, and Golden Reign has that in Status LLC, the mining division of Moscow-based CentroCredit Joint Stock Commercial Bank. Gold Mining Company LLC (GMC), a newly created vehicle, holds the comprehensive 20-year exploration-mining permit for both the Dorozhni and Butarni properties.

According to the terms of their agreement, Golden Reign has the right to earn a 50% interest in and to GMC by contributing US\$ 6 million to assess and develop the projects over the next three years. In addition to providing the properties, Status will incur exploration expenditures of US\$2 million over the same period for its 50% interest. Golden Reign raised C\$4 million in its IPO last year.

With initial results supporting management's hypothesis that the potential exists for a low-grade bulk tonnage mining operation to be developed at Dorozhni, Pudar is busy planning his next visit to Moscow to meet with Golden Reign's partners. Tentative plans for next season include sending earth moving equipment and a drilling rig to the two properties to carry out further exploration and resource definition work.

Golden Reign is working up plans for a 3000 meter drilling program at Butarni - the primary prospect - that Pudar hopes will commence in April 2008

and a 2000-meter program at Dorozhni,. for later in the season.

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