

## Golden Reign Focuses on Gold Play in Russia

By Doug Hadfield

Currently ranked sixth in the world in gold production, Russia has total known gold resources of approximately 500 million ounces. During the last few years, Russia's increase in production has been the one of the highest among all of the major gold producers, and yet this growth represents only a small portion of the country's potential.

Aton Capital, a major Russian asset management company, has pointed out that Russia's output of gold still lags far behind other major gold producers.

"The country's total estimated gold resources are almost 500-million ounces, while output was only 5.9-million ounces in 2004 [and 5.36 million in 2006 – Editor], implying a resource life of 85 years at the current rate of extraction," the company stated in a report posted on its website. "With the exception of South Africa, resource lives for major producers (US, Canada and Australia) are 15-20 years. This implies there is considerable potential for raising output in Russia, and indeed this is exactly what we have seen."

And if Russia's total resource base is considerable, then as a percentage, Russia's Far East is the place for junior resource companies to be looking for the yellow metal. The Magadan gold region – which is said to be Russia's most important area for gold – hosts nearly 2,000 placer gold deposits, 100 gold ore deposits, and 48 silver ore deposits. At last tally, the region had known reserves of 128,000,000 ounces – more than one fifth of Russia's total.

Russian mining and exploration have had a long road toward real openness since Glasnost and Perestroika were decreed by the then president of the Soviet Union Mikhail Gorbachev. And forefront of juniors making headway in modern day Russia is Golden Reign Resources (TSX.V:GRR).

"We've got lots of focus on Russia's Far East right now," said Myles. "We've taken a lot of effort to lay down roots in the region. I think our most recent sample assays show that we've made the right decision in setting up at Dorozhni and Butarni."

### Dorozhni Property

Earlier in the year, Golden Reign completed the first phase of its exploration program at the Dorozhni property, one of two highly-prospective gold properties located in the Magadan Region of Far East Russia. Although historical exploration has focused on high-grade gold bearing quartz veins at or near surface, Golden Reign believes that the property has potential for a low-grade bulk tonnage gold deposit.

Assay results from the initial sampling program originated from two trenches covering an aggregate 1.5 kilometres on the N-NE slope of Dorozhni. Approximately 30 kilograms (over 900 ounces) of gold was historically mined from Vein No. 1, including high-grade pockets grading several kilograms of gold per tonne. Recent assay results from property samples include grades of 1.65 g/t, 2.74 g/t, 4.84 g/t, and 18.69 g/t.

Dipping gently to the northwest, this quartz vein has intense massive sulphide mineralization along the vein selvage containing visible gold. Coarse-grained native gold mineralization is also observed within the vein. Gold grains range in size from 0.5 to 2.0 mm, reportedly reaching a few centimetres in size in some cases.

Additional samples revealed that gold mineralization is not restricted solely to quartz veins but also occurs within the surrounding rock. Others indicated that gold mineralization is likely disseminated through the entire intrusion.

High sulphide mineralization was observed in boulders located in the riverbed of Dorozhni Creek within a stockwork zone roughly 50 metres by 70 metres wide. Golden Reign intends to remove the overburden to allow for proper channel sampling by diamond saw, which should provide a better representation and understanding of this newly discovered zone.

### Butarni Property

Golden Reign's second Russian venture, the Butarni property, covers an area of 9.3 square kilometers and is situated approximately 310 kilometres north of Magadan, the capital city of the province. It is underlain by sediments intruded by a biotite granite stock with dimensions of approximately 3 km x 1.6 km. Golden Reign has established a camp and mobilized exploration equipment in the area. It is trenching 3,500 metres across geochemical and geophysical anomalies in anticipation of 2,500 metres of diamond drilling to test the mineralization at depth.

A technical report on the Butarni Property, filed in August 2007 by qualified person John Kowalchuk, P. Geol., indicated that the discovery of modest to

large tonnages of gold mineralized rock could potentially allow for low cost, large-scale, open pit mining of the deposit(s) at Butarni.

"The combination of large tonnages of mineralized rock and the substantial gold grade potential suggests the possibility of a significant discovery of an economic gold deposit," Kowalchuk reported, recommending that the Butarni property warranted additional evaluation.

Previously, only the northern and western parts of the Butarni region were explored, whereas Golden Reign's current target is a known gold bearing area in the southwest portion referred to as Zone 1. Golden Reign is currently engaged in detailed mapping and geochemical surveys to test approximately 40% of this area that remains unexplored.

Historical grab and channel sampling of quartz veins within Zone 1 returned values ranging from 1 g/t to 334.4 g/t Au, with an average grade of 21.3 g/t gold from 45 grab samples and 29.6 g/t gold from 22 channel samples. Golden Reign's recent channel samples yielded grades of 8.63 g/t and 16.11 g/t.

Encouraged by the findings in the Technical Report, Golden Reign excavated an additional 1,000 metres across four trenches, for a total of six trenches approximately 100-150 metres apart. Testing of the newly exposed weathered zone will continue throughout 2008.

Offering low dilution – 25 million shares issued and outstanding and 41 million fully diluted – and a low share price (\$0.12 to \$0.15 range), Golden Reign has a market cap with plenty of upside potential. The company has taken a slow and steady dive in the markets, first since a tangle with local politics in the region (now resolved) and then due to the market hiccup last August (now resolved). In the meantime, the company has made significant headway in achieving its objectives – "trenching; channel sampling; detailed geological mapping; soil sampling; geophysical surveys; and limited drilling." With this now complete – the company collected almost 1000 one-metre samples – and with results expected soon, Golden Reign has already begun assessing new targets in mineral-rich Magadan.

### About the Author

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