

## High Price of Gold Makes Astral Mining a Safer, Stronger Bet

By Doug Hadfield

The first good news of the year for readers at Resource Investor was the price of gold. The start of the year heralded all-time high prices for gold easily topping \$900 per ounce, driven by the weak US dollar, high oil prices and renewed geopolitical concerns. Just a month later, gold continues to break all time highs, confidently striding toward the long anticipated \$1,000 mark.

It seems the world now faces some of the most difficult economic conditions since the dotcom meltdown, a reality echoed by everyone from Alan Greenspan, who believes the likelihood of a US recession is 50/50, and that a global recession is at some point "inevitable."

In early January, the Financial Times of London surveyed the opinions of 55 top economists from around the globe. "Nearly nine in 10 think public finances are not in good order," the authors stated.

All this may sound like bad news – and to policymakers it may well be – but resource investors know that the effect of this trend on the gold price is only good news.

In fact, the gold price as measured against the world's five most important currencies – including the US and Canadian dollar, the Euro, Yen, and British Pound Sterling – has gained an, had gained a whopping 150% in the past seven years – until the beginning of January – according to gold analyst Adrian Ash, from the Bullion Vault. Since then gold has gained another \$100 per ounce, which is both staggering and unprecedented.

Junior Resource companies closely aligned with the price of gold – such as Astral Mining (TSX.V:AST) – are basking in the glow of this new reality: A long-term gold price well above the previous long-term average of about \$350 per ounce.

President and CEO of Astral, Manfred Kurschner recently told me, "Although most junior exploration company's share prices are not reflecting the current buoyant gold price, it is only a matter of time before those companies with potential discoveries will get noticed. We are not yet in the phase of the gold cycle where any company with exploration or gold in their name is going to have its share price soar. That I believe is some time away. But if you do your homework there will definitely be money made on the right juniors in the next while. The majors are finally having some recognition and the mid-size companies are starting to move, so usually the juniors are next."

Last year, the Northern Miner wrote a story outlining the effect that positive assays had on the company's share price: "Wide, high-grade gold values from a second-phase trenching program on the Jumping Josephine (JJ) project in southeastern B.C.'s Rossland-Republic trend gave Astral Mining (AST-V, ASMGF-O) a boost in the market recently," the author stated. "Infill trenching on the Main zone returned up to 7 metres of 31.2 grams gold per tonne in trench 2A, including a 1-metre interval of 133.9 grams gold."

That program was an infill program, conducted at 10-metre intervals, and followed initial trenching completed in 2006 done at 50-metre spacings across the structure. Fifteen trenches completed on the Main zone traced the gold-mineralized quartz stockwork over 270 metres of strike, which remains open to the southwest and northeast.

Now, with a Phase II drill program complete and more assays confirming solid grades, Astral Mining appears to be set for a renewed share price assessment.

"The thing to remember with this high-grade gold discovery is that it is located on the surface, several kilometers away from a paved highway, in a mining district with mills, smelters and power in close proximity, Kurschner said. "That makes a 500,000 to one million-ounce gold discovery much less risky than a 5 million-ounce low-grade discovery high in the Andes or in northern BC, where infrastructure costs can quickly make a project uneconomical even with the current high gold price."

In 2007, Astral and JV Kootenay Gold (TSX.V: KTN) amassed an impressive database of assays from JJ. In November, the reported assays including 15.18 g/t gold over 4 m (incl. 1 m at 56.4 g/t gold); 7.74 g/t over 5 m (incl. 15.99 g/t over 2 m); 13.83 g/t over 3 m (incl. 35.6 g/t over 1 m); 8.28 g/t over 6 m, and 12.44 g/t gold over 8 m from hole 48 (incl. 26.9 g/t gold over 3 m). Similar or better results were achieved throughout the year.

Gold mineralization at JJ is hosted by structurally controlled quartz stockwork veining at the Main Zone, which has been intersected along 15 section lines over a strike length of 700 metres and to vertical depths of up to 225 metres below surface. The company is presently designing an aggressive exploration program for 2008, including additional drilling, a 3-D IP geophysical survey, and additional trenching and soil grids.

An updated NI 43-101 Resource Estimate is expected after the 2008 Phase 3 drilling results are completed and compiled. This will add value to a

share price that is set to push beyond its present price ceiling.

Astral Mining has only 27 million shares(FD) outstanding and controls a 60% interest in the Jumping Josephine project.

This article is intended for information purposes only, and is not a recommendation to buy or sell the equities of any company mentioned herein. It is based on sources believed to be reliable, but no warranty as to accuracy is expressed or implied. The opinions expressed in the article are those of the author except where statements are attributed to individuals other than the author, in which case the opinions are those of the individual to whom they are attributed.

### About the Author

Resource Investor is an internationally distributed newsletter about emerging junior resource companies. Sign up for a free 1-month trial to our newsletter and get instant access to news and investing tips that have helped many of our readers make more money. <http://www.resourceinvestor.com>

Source: <http://www.tntarticles.com>