

Helio Resource Corp and the Lupa Goldfield

By James West

Helio Resource Corp.'s (TSX.V:HRC) project generator model is starting to yield results, both in terms of attracting other juniors as joint venture partners, and on its own flagship SMP property in Tanzania.

The company's portfolio of 27 gold, base metal, and diamond licenses in Namibia, Botswana, Mozambique and Tanzania have also started to attract the attention of major institutional investors, and Dundee Resources Limited of Toronto, Canada, has endorsed the company with an investment of CA\$5.25 Million in January at \$0.75 per share.

Helio has commenced a 20,000 metre drill program with two drill rigs on site., One rig has already tested the Mbenge Target with five drill holes so far this year. The Mbenge structure runs parallel to the Kenge zone which is only 450 m away to the southwest. Previous drilling by Helio at Mbenge encountered an intercept of 24 metres grading 1.14 grams per tonne gold.

The Kenge Target, which is currently being drilled, comprises three main centres of mineralization: the SE Zone with intercepts of up to 21.5m at 3.6g/t gold, the Main Zone with intercepts of up to 22m at 7g/t gold, and the NW zone with intercepts of up to 18m at 2.7g/t gold. The zones have a total strike length of approximately 1,400m, it outcrops at surface and has been drilled to depth of 200m below surface, and it is open to depth. The company hopes to outline a resource on the Kenge Target by Q3 2008.

The SMP property covers almost 30 km of strike length along the Saza Shear Zone, the primary gold-bearing structure of the Lupa Goldfields, where 4 colonial-era gold mines were active between 1920 - 1960, including the eastern part of the New Saza Gold Mine, which operated between 1939 -- 1956, producing approximately 270,000 ounces of gold at an average grade of 7.5 grams per tonne. During the colonial period, the Lupa Goldfield was the second largest gold producing area in Tanzania.

Since June 2006, Helio has drill tested thirteen targets at the SMP Project, eleven of which are hosted and located along a 20km section of the Saza Shear Zone. All thirteen targets have returned positive gold mineralization, the most advanced being the Kenge Target, which has returned up to 21.95m grading 6.92 grams per tonne of gold.

The most significant of the targets discovered to date along the Saza Shear Zone appears to be the Porcupine Target which has one drill hole into it, returning 40m grading 2.05g/t gold. The target outcrops for 1 km from west to east, and appears to offer significant resource potential. Helio is in the process of completing road access to the Porcupine Target and the second drill rig will be deployed there as soon as possible.

Helio offers good downside protection through Joint Venture partnerships, the first of which was announced in September of last year. Helio announced an agreement with Desert Minerals (UK) Ltd., whereby Desert has the right to explore 9 of Helio's Namibian exploration licenses, and ultimately can select up to 4 licenses in which it can earn up to a 75% interest.

Desert will spend US\$1 million in 18 months across the 9 licenses during the first phase of the partnership, and US\$1.5 million during phase 2 once it has identified the six licenses it elects to retain.

Helio has also announced a new joint venture with TransAfrican Minerals Limited, which is required to spend C\$5 million and make cash payments to Helio totaling \$1 million over the next 4 years to earn an initial 51% interest in eight Namibian licenses. TransAfrican can increase its interest to 60% by spending a further \$5 million over the following 2 years, and they can earn an ultimate 70% interest by solely funding a bankable feasibility study.

Helio plans to have all of its remaining non-Tanzanian licenses joint ventured within the coming months. This will allow for the advancement of all of the company's exploration projects.

Large scale mining was re-introduced to Tanzania in the 1990s, and it has become the third-largest gold-producing country in Africa after South Africa and Ghana. Annual production of gold has increased from around 43.2 t in 2002 to about 48.0 t in 2003, the latest year for which figures are available. Based on ongoing projects and developing mines, Tanzania now has proven gold reserves in excess of 36 million ounces

AngloGold Ashanti (NYSE:AU), Barrick Gold/Placer Dome (NYSE:ABX) and Resolute (ASX:RSG), among others, have established major operations

in the country. In five years, the value of the country's gold production increased more than 20-fold to an estimated \$650 million a year. The President of Tanzania, Jakaya Kikwete is the former mining minister, and has pledged to continue to develop the mining industry in the country.

Modern exploration in Tanzania is still in its infancy. However, a number of very significant gold resources have already been defined. These have all been in the Lake Victoria Goldfields in areas of artisanal activity or previous large scale mining. These gold deposits suggest the possibility of finding resources in the range of 1 to 3 million ounces of contained gold.

Helio is led by Richard Williams as CEO and Chris McKenzie as Chief Operating Officer

Richard is a Professional Geologist with 18 years experience in gold mining and precious and base metal mineral exploration in southern Africa, south, central and north America, and most recently in southern Europe.

Chris MacKenzie is a Chartered Geologist who has worked widely in Africa, Europe, the Americas, the Middle East and South East Asia in a variety of geological and management positions. Chris holds a BSc Honours Degree in Geology from Portsmouth University, UK and an MSc Degree in Mineral Exploration from Rhodes University, South Africa.

About the Author

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