

# Gold Newsletter

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## GOLDEN TAG RESOURCES LTD.

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Essentially, Golden Tag is a value play, with an expanding silver discovery in Mexico and a high-potential/high-risk exploration play in the legendary Red Lake district of Ontario.

The value proposition boils down to this: Work so far on the San Diego silver project has now established value comparable to the company's total current market cap, thereby giving us the Red Lake play for essentially no cost.

That's not to imply that the silver play is played out — far from it. In fact, it has the potential to develop into something very significant all on its own.

San Diego is a 50/50 joint venture with **ECU Silver Mining Inc.** (ECU.TO; ECUXF.PK) located in Durango State, Mexico, in the middle of that country's silver-mining belt. Golden Tag has an option to earn 50% by spending a \$1.5 million over three years.

The property hosts a silver- and gold-rich polymetallic vein system with an indicated and inferred resource of just over two million ounces of silver. Mineralization is contained within relatively narrow but continuous, high-grade linear veins that crosscut all rock types on the property.

Importantly, while exploration has identified seven major veins, the property had not been drilled until the partner's recent program. The first 15 holes of a current 6,500-meter drilling program returned high silver and lead grades over narrow widths, and confirmed the continuity of five of the principal veins along strike and to depth. All remain open at depth.

Perhaps more importantly, the drill program discovered a new mineralized zone in the Western Sector. Gold mineralization encountered in Hole 8 is hosted in a skarn unit, which is entirely different from the high-grade silver, lead and zinc mineralization encountered elsewhere. The discovery hole cut 3.25 meters of 15.31 g/t gold, including 38.7 g/t over 0.35 meter and 26.8 g/t over 1.10 meters.

The company believes that the mineralization, which was intersected at depth, is indicative of epithermal activity associated with the altered monzonite. The new zone remains open in all directions.

This discovery lends credence to the company's view that its geologic model could support deep ore bodies similar to the not-too-distant Santa Maria mine, where five million tonnes of ore were mined before it closed.

The partners are compiling and analyzing data before

resuming their drill program this summer.

Another plus for the property is its proximity to ECU's principal property just four kilometers away, Velardena, where an operating mine hosts a 320 tonne per day mill.

Turning to Golden Tag's McCuaig project in Red Lake, Ontario...this property was acquired as an area play in 1995 and later optioned to **Rubicon Minerals** (RMS.TO), which has earned a 60% interest.

There's no shortage of active and past producing gold mines in the area. Neighbors include the Cochenour (1.2 million ounces), Campbell (10.2 million ounces) and the Goldcorp (3.5 million ounces) mines, all along trend to the southeast.

Rubicon nailed a bull's eye on the first hole of a winter drilling program designed to test new targets. The hole cut a new gold-bearing zone, returning an intercept of 15.65 g/t gold over 1.55 meters. Now, the partners have started a 7,500-meter, \$1.5 million follow-up drilling program to test the discovery, which is hosted by a well developed — and wide open — 20-meter-wide vein zone.

Compared to a company like Rusoro, Golden Tag's current exploration budgets are miniscule. But it's a different type of animal — a tiny market cap and

*(Continued...)*

two high-potential drill plays mean that this stock entails lots of risk, but a huge possible payout if they hit on just one of their two projects.

The company is a buy, but don't chase the price. Try to get it below C\$0.50.

### **Golden Tag Resources Ltd.**

Recent Share Price: .....C\$0.46

Shares Outstanding: .....31.1 million

Market Cap: .....C\$14.3 million

Shares Outstanding

Fully Diluted: .....38.7 million

Market Cap

Fully Diluted: .....C\$17.8 million

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