

# AGC Gold: Drilling For Success

JD Property  
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**AGC AMERICAS GOLD CORP.**  
VSE:AGA

Current Price (4/26/95) C\$1.99  
52-Week Range High C\$2.75  
Low C\$0.25  
Shares Outstanding: 6.9 Million  
Market Capitalization: C\$13.7 Million  
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**Bull & Bear Rating:**

AGC Americas Gold Corporation (VSE:AGA) is an unlikely candidate for the title of "most ambitious drilling program in western Canada for 1995," but it appears they are going to win it hands down. By comparison, Cyprus Amax is on a fast track exploration program on the Taurus/Cusac properties with C\$4 million over three years. This company is pouring C\$3 million into their drill program which starts at the end of May, drilling at the rate of one hole each day (with two rigs going), and wraps up in January 1996!

By the time drilling is done, the company's Toadoggone Property in north-western British Columbia, near the productive Baker and Cheni gold and silver mines, will be ready for marketing to a major mining company. Samples collected have shown grades as high as 10 ounces of gold/ton, with an average of

0.05 to 1.5 ounces of gold/ton. The company's top prospect, the Finn Zone, already demonstrates that it may host up to 300,000 ounces of gold in a one million ton ore body.

The Toadoggone is in an advanced exploration stage. Major mining companies have already expressed serious interest. In preliminary investigations of AGA, I found that the chief geologist of a major US mining company had made a strong recommendation for a joint venture on the Toadoggone. European institutions have already expressed very serious interest in funding the exploration program through to completion.

Phase One of the drilling program calls for 120 holes drilled, for a total of 28,000 feet of drilling. The highly prospective Finn Zone is scheduled for 90 holes to a depth of 200-300 feet. Because the zone is open to depth, AGA will sink one deep hole — to 1000 feet — to determine how deep the deposit goes.

The excitement of the Finn Zone is what will likely drive up share values through the drill program. AGA should continue its pattern of a steady diet of news releases to whet shareholder appetites and keep them updated on the exploration progress. The vast scope of the Finn Zone is even more exciting when you comprehend that only 10 percent of it has been drilled. So there is an exciting play left just in that zone, let alone what else develops during the drilling program.

Of the other 11 zones, only three will be drilled, concentrating efforts in the Wolf, Schmitt and Creek zones. Those will get 30 holes during the first phase. Phase Two is expected to drill another cumulative 25,000 feet. What may turn out to be a surprise is the Schmitt zone which encountered better values during

the last exploration program—1.4 ounces over 15.5 feet.

The zone's strike length appears to run 3.5 km with a 29-30 foot thickness—substantial! Once the drilling is done, the size of the orebody could be more accurately calculated. More importantly, enough exploration work will have been completed for a major mining company to reach a decision.

AGA's edge over most competition in the western Canadian exploration drilling is the availability of a fully licensed and permitted mill about five miles away. The permitting process can be bureaucratically slow and indeterminately expensive. The Cheni mill can handle up to 500 tons a day and could be scaled up to produce 1000 tons/day.

Another concern I raised was access. The British Columbian had earlier constructed a 110 km road into the area allowing for year around and unhindered access to the western boundary of the company's property. The only addition needed is a 3 km road to the site, affordable for any major mining company.

When considering this investment, realize that this is not a junior exploration company, praying that their drill targets will bring up encouraging gold grades. This one separates itself from many others in that previous

exploration and drilling determined that there was definitely an orebody hosting gold. Now, work is being completed to conclude the size of that orebody and how much gold it should ultimately produce.

This is a world-class mine in the making. The company will need to raise another C\$2 million from private placements to complete their exploration program. Enough is in the bank to get them through the first phase and institutions are on the sidelines to fund the balance. When all is said and done, the mine should go into production by late 1996.

In case all of the above wasn't convincing enough, the strike has a parallel zone off to the east approximately one kilometer. Looks like there will be enough gold reserves at the Toadoggone to convince a major to joint venture the property and add those reserves to their asset base. There is substantial and explosive upside potential to this company's share values—George Chelekis ■

Stock chart provided courtesy of The Investing Edge

