

GTA

# GTA RESOURCES & BALMORAL RESOURCES

A GOLDEN OPPORTUNITY



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# A GOLDEN OPPORTUNITY

*Exploration companies GTA Resources and Balmoral Resources have just announced an exciting set of drilling results for their Northshore Gold joint venture. Peter Clausi and Darin Wagner talk to Gay Sutton about relationships and teamwork in this rapidly developing story*



The Canadian mining industry is riding on a surge of dynamic growth. With skills in short supply and fierce competition for exploration opportunities, it can seem a cut throat business, yet there is a surprising degree of collaboration between companies and individuals. “We are all competitors in the same space, but we all face the same challenges,” commented Darin Wagner, CEO of Balmoral Resources. “And that keeps drawing the long-term players in the mining and finance industries together. The advantage of knowing so many experienced people is that you know who is good to work with. You then keep those relationships alive.”

Exploration companies GTA Resources and Balmoral Resources are an excellent example of this, and their collaborative joint venture is now yielding exciting results. Both companies are relatively young. GTA’s IPO was in 2008, and Balmoral was formed in 2010 after acquiring the Canadian assets of American Bonanza.

“In early 2011 Balmoral made a series of new discoveries on the Detour gold trend in Quebec,” Wagner said, “and we felt our Northshore Property, located in different belts and with different mineralisation, was something of an anomaly in our holdings. So it was logical for us to look for a third party to come in on it.” Where better to begin than within this network of trusted past colleagues and contacts? Financially very tightly run, GTA is staffed by a team of highly experienced geologists that Wagner has worked with in the past.



Caly North Trench  
at Northshore



Core sample from Northshore

For GTA, Northshore was certainly prospective, being located in Ontario's prolific Hemlo-Schreiber greenstone belt only 70 km west of the 21-million ounce Hemlo deposit. The high-grade vein system on the northern part of Northshore had been mined during the 1930s, producing 3800 tonnes of ore grading over 21 grams of gold per tonne. "We knew that the Main Vein to the north had fed a mine in the 1930s," Commented GTA's CEO Peter Clausi. "Our field team concentrated its technical due diligence on the southern half of the property. Part of technical due diligence is to take grab samples, which in our case confirmed mineralisation at surface, with the best of these grading at 7,520 g/t." With those results, GTA and Balmoral quickly closed on the option agreement.

The relationship is based on two options. Under the first option, GTA must spend \$2.5 million in exploration and make a series of cash and share payments to Balmoral in return for a 51 percent interest in the property. The second option begins once the first is completed, whereby GTA can increase its share of Northshore to 70 percent in return for further cash and share payments to Balmoral and by spending a further \$3 million in exploration.

"Once the second option has been completed," Wagner said, "the agreement

then becomes a participatory joint venture where each of us will fund our relative interests in the program."

GTA, in its role as the operator, conducted surface work during the summer of 2011 and drilling began in October. A total of 12 holes were drilled, the deepest of which extended 120 meters and the shallowest just 35 meters. This was a fairly shallow drill program which confirmed continuity between the high grade Caly, Caly North and Audney vein systems. The highlights from the Audney

Vein include intercepts of 13.23 g/t gold over 6.5m, and bonanza grade intercepts of 131.99 g/t gold over 0.5m and 10.28 g/t gold over 4.3m. The Caly Vein System returned intercepts of 12.49 g/t gold over 33.8m including a bonanza grade intercept of 760.15 g/t gold over 0.4m, 17.25 g/t gold over 4.5m and 14.94 g/t gold over 4m.

These results were very well received. When they were announced in February this year, GTA's share price rose by 800 per cent in one day.

GTA has already started the second round of exploration, with the results from two further holes announced on April 18,

**2008**

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**GTA's IPO**

2012. Those holes (13 and 14) confirmed the continuity of the mineralization down to roughly 170 metres, and along strike to 200 metres. Five further holes have been completed, with the assay results pending. The

strategy is now to explore the continuity of the mineralisation at depth and width. "But no battle plan survives an encounter with the enemy," Clausi commented, "so our technical team has the mandate to make decisions on the ground about spotting of holes, the angles, the depth, how to engage local communities at a grass-roots level, and so on."

That technical team is led by VP of Exploration Robert Duess, a highly

**"IT'S NOT ONLY ABOUT RESPECTING THE RIGHTS OF THE LOCAL PEOPLE, BUT ALSO RESPECTING THEIR WAY OF LIFE"**



CEO Peter Clausi and VP Exploration Robert Dues visit Auden



John McCoach, President of TSXV, and GTA Director James Macintosh at the TSXV listing ceremony



Robert Dues on Northshore, at the Caly Vein

**“IT MIGHT ULTIMATELY BE THE HIGH-GRADE CORE OF THE DEPOSIT THAT BECOMES THE FOCUS OF OUR MINE DEVELOPMENT”**

respected geologist and engineer who is also a technical advisor to Balmoral Resources. The quality of his technical team is another of GTA’s strengths. “We have a team that knows how to take a project from early stages through to fruition, and to make decisions as situations arise. We also have a very supportive, involved board of directors contributing to the team’s success.” Again, teamwork and relationships seem to be

recurring themes underpinning this successful operation.

Financially, GTA is in a very strong position. In March this year the company closed a \$5.9 million financing with a syndicate led by Laurentian Bank Securities, with Union Securities and EuroPacific Securities also making strong contributions. “As a result, we are extremely well funded for the next round of exploration and beyond,”

Clausi said. The company has always been very tightly run and today has just over 24 million shares issued and outstanding, and a total of \$6.2 million in the bank. This will be more than sufficient to finance the second and third rounds of exploration as well as working capital.

“Based on the encouraging results of exploration to date, our strategy is to earn the 70 percent interest in Northshore,” said Clausi. “Further decisions on the future of the property will then be made based on the results of the second and third rounds of exploration.”

Throughout this process, Balmoral has not been a silent partner. In the last eight years the Balmoral team, operating under different company names, has been directly

responsible for or associated with the discovery of about 4.5 million ounces of gold, 200 million ounces of silver and 7 million ounces of platinum. “We’re simply offering the experience factor,” Wagner said. “We have been able to facilitate introductions to drill companies, provide conceptual direction to the drill programmes and insight into market reactions. It’s been a comfortable working relationship.”

One of the areas where Balmoral has been able to bring considerable experience to bear is in building strong working relationships with the local First Nation communities—a complex and sensitive task. “It’s not only about respecting the rights of the local people, but also respecting their way of life,” Wagner explained. Acknowledging



that every community will want something slightly different, he pointed out that their needs are more often to do with respecting and preserving the environment, wildlife and sacred sites rather than providing money and employment. “So it’s a matter of coming to grips with the challenges in the community, and making sure they understand what we do, how we do it, the timeline and so on. If you get this right and your exploration is successful, then the goodwill will pay dividends as you move forward. You will have partners working with you.”

Early results from Northshore have demonstrated a sizeable gold system that contains both low and high grade elements. GTA is crafting the next rounds of exploration to define the extent and grade of these systems, and to give some insight as to how best to approach mine design and development.

“Looking four or five years out, I don’t think there’s any doubt there will be a sizeable tonnage of lower grade material at Northshore,” Wagner summarised. “But it might ultimately be the high-grade core of the deposit that becomes the focus of our mine development. To have both elements in the system and to have them open-ended at this point in time is the exciting prospect for both companies and the local communities. It’s an evolving story, and the opportunity for all of us is large.” **BE**

For more information about GTA Resources & Balmoral Resources visit: [www.gtaresources.com](http://www.gtaresources.com)

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& BALMORAL RESOURCES**

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