

# The Grandich Letter

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## GLR Resources: Going For Gold in Saskatchewan

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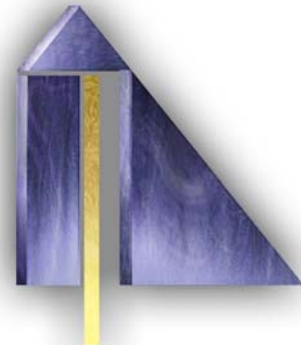
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The Province of Saskatchewan in Canada has a vivid history of mining and mineral exploration. GLR Resources is now poised to add yet another chapter to this unique history with its "Goldfields Project" located near the small northern Saskatchewan town of Uranium City. The history of Gold exploration in Saskatchewan goes all the way back to 1908 when the discovery of Gold near Lac LaRonge sparked a mini-gold rush that saw prospectors come from all over North America.

In the decades that followed, prospecting efforts moved steadily northward and in 1934 prospectors Tom Box and Gus Nyman discovered Gold near Neiman Bay on the north shore of Lake Athabasca. The 17 claims these men filed were eventually taken up by the Consolidated Mining & Smelting Company of Canada (now called Teck Cominco).

Meanwhile in the surrounding area, claims were also being filed by Athona Mines Ltd., Northwest Minerals, and



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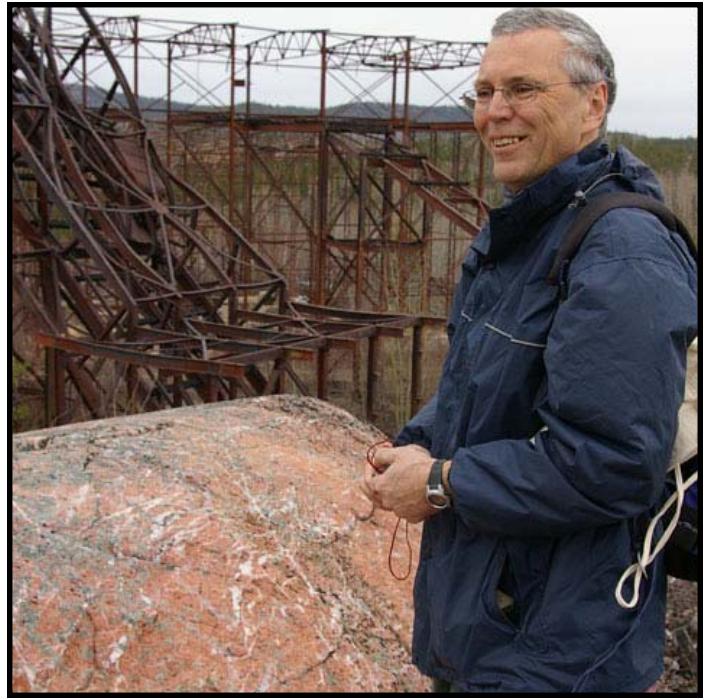
TSX: GRS \$ .55 Cdn

### Share Structure:

as of

Basic Shares	45,845,178
Warrants Outstanding	3,376,431
Options Outstanding	3,555,000,

Beaverlodge Gold Mines Ltd. By 1939, Cominco had turned its 17 claims into what it called the Box Mine and production commenced using a 1000 ton/day milling facility. A nearby settlement called Goldfields was established for employees of the Box Mine. Also by this time, Athona Gold Mines Ltd. had started shaft sinking operations on its nearby property. World War II was a critical tipping point for mining efforts in northern Saskatchewan. With so many able-bodied men going off to war, companies like Cominco and Athona Mines Ltd. found it difficult to attract and retain suitable manpower. Obtaining working capital from banks was also nearly impossible.



*Head Geologist Dr. Serge Nadeau examines quartz veining in rocks at Box Mine*

By 1942, Athona Mines had ceased its mine-building efforts and Cominco had made the decision to shut down its Box Mine. Following World War II, Uranium was recognized as a strategic commodity and the focus of the mining industry in Saskatchewan took on the added dimension of exploring for Uranium. For reasons that are not well documented, Cominco decided not to pursue uranium exploration. In addition, it decided not to resume operations at its Box Mine and the project was abandoned.

## Bringing “Goldfields” Back to Life

Fast forward to the late 1980s: well-known mining prospector Robert Kasner from Kirkland Lake, Ontario pays a visit to northern Saskatchewan to see the old Box Mine project and the remnants of the old Athona Mines Ltd. site. Acting on the hypothesis that gold prices were going higher in years to come, he acquires the claims that include these old projects. By the mid-1990’s drilling efforts to acquire data for a feasibility study were in full swing at the Goldfields Project. A very favorable economic feasibility was completed in 1995, but falling gold prices prevented the project from advancing into production. In 2002, with gold prices once again on the rise, GLR Resources resumed its efforts to advance the Goldfields Project to a production scenario.

## 2007 – Persistence Pays Off ...Success at Last

2007 was ushered in with the completion of a NI43-101 compliant resource estimate for the Goldfields Project that showed a measured and indicated resource of just over 1,000,000 ounces gold on the Box and Athona properties. In February, a complete Environmental Impact Study was filed with the Saskatchewan Government, and Bikerman Environmental & Technology Associates (BETA) was retained to complete the final feasibility study for the Box Mine portion of the project.

The final feasibility study shows that GLR will operate the Box portion of the Goldfields Project as an open pit mine. Expected life of mining operation for the Box portion of the overall project is pegged at near 7 years. Much of the infrastructure for operating a mine is already in place including existing electrical transmission towers, a road network and a nearby airport with a paved 4000-foot runway. A seasonally operated barge system on Lake Athabasca will also be utilized to bring construction materials to the site. The Final Feasibility uses a base case of \$525 gold and at this price point the operating costs calculate out at \$280/ounce – a very attractive figure, indeed. The capital cost of developing the Box open pit and of building the processing mill is pegged at US\$46 million. Assuming that this capex cost will be debt financed, the operating cost for the Box open pit deposit comes in at \$373/ounce – also very attractive given the current dynamics of gold. The Final Feasibility study then goes on to show the Net Present Value (NPV) of future cash flows discounted back at an 8% discount rate. Using \$600 gold, the NPV of the Box Mine portion of the Goldfields Project sports an impressive NPV of \$52 million. Using a price point of \$650 gold lifts the NPV to near \$66 million. Over the next several months BETA will focus its efforts on turning out a similar Final Feasibility report for the Athona portion of the overall project. It is anticipated that given the resource present at Athona, this feasibility study can add about three more years to the mining and milling schedule and several more million to the NPV calculation.

GLR is presently negotiating debt financing with Investec Bank (U.K.) to bring the project into production. Investec Bank is a large shareholder in GLR Resources with over 10% of the outstanding shares.



At this point, GLR Resources has some 45 million shares outstanding. Taking the above quoted NPV values and dividing by the number of shares outstanding quickly suggests that GLR Resources at current price levels appears to be a growth opportunity that speculators should consider strongly.

## Exploration Activities in Ontario and Quebec

As the Goldfields Project takes shape, GLR plans to push ahead with the next chapters in its development. GLR is the second largest landholder in the Kirkland Lake Gold Camp in northern Ontario. GLR's claims include the former Omega Mine property, Hurd McCauley property and Kirkland West property. The Omega Mine property is situated 4 kilometers west of the former producing Kerr Addison Mine, which produced 10 million ounces of gold in its lifetime. The Omega Mine itself was in production up until the mid 1950s and in its lifetime produced 250,000 ounces of gold. The Omega property has a near surface historic drill indicated resource of 296,934 tons grading 0.160 oz/ton gold (47,509 oz). This indicated resource is not NI-43-101 compliant. Assessment reports indicate that there could be additional lower grade resources remaining on the Property in the range of 0.08 – 0.12 ounces /ton gold. The Kirkland West property is located five kilometers west and on strike with the Macassa Mine. This claim encompasses the small former producing Baldwin mine and covers a strike length of seven kilometers along the Kirkland-Larder fault zone from which 24 million oz gold has been historically produced. GLR expects to complete approximately 10 drill holes on this property this year.

GLR has a 50% interest (with RJK Exploration, TSXV: RJK.a, holding the other 50%) in two properties west of Thunder Bay, Ontario in the Hemlo-Shebandowan greenstone belt.

The 3,300-acre Goldie property is located 50 kilometers west of Thunder Bay. A 2005 geophysical (IP) survey outlined several interesting conductors. Previous work by GLR produced 1.73g/tonne gold over 14.5 meters and 1.37g/tonne gold over 12.4 meters. RJK has now commenced a drilling program on this property. At this time of writing, seven holes have been drilled. The proof is in the pudding, as they say, and assay results will tell the tale when completed in roughly 4-6 weeks.





The 17,000-acre Stares-Calvert property is located 55 kilometers west of Thunder Bay. The discovery of glacial boulder debris exhibiting over 10% zinc remains the impetus to further explore this property. Over the past several years, over 8000 meters of drilling and 71 line kilometers of geophysical surveys have been conducted. Several more drill holes are planned for 2007 in an effort to identify the in-situ base metal deposit.

GLR acquired 100% ownership of its 2,500-acre Casa Berardi property in the Province of Quebec in the 1980s. This property is located in the Puisseaux and Orvilliers townships of northwestern Quebec, 100 kilometers north of La Sarre and east of the now producing Aurizon Mine (TSX:ARZ). Several companies are conducting exploration work around GLR's property, and GLR is keeping a close eye on the activity. This property has excellent potential for gold and base metal discoveries. Historic drilling has returned several drill holes grading between 0.10 oz/ton and 0.735 oz/ton (non-NI-43-101 compliant).

## Bottom Line

GLR Resources is a company to be closely watched. Its Goldfields Project in northern Saskatchewan is finally taking shape and advancing towards production. The Net Present Value calculations that emerge from the recently released Final Feasibility Study show that GLR is a growth opportunity that speculators simply must stop and take a look at. In addition to the upside potential from Goldfields, GLR's exploration properties in Thunder Bay and Kirkland Lake, Ontario as well as in Casa Berardi, Quebec all have significant potential to deliver some serious results and launch the company up the corporate ladder.



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	100,000 @ \$ .35	

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