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Hoping for a gold rush

Calgary company invests \$5.1m in Eastern Shore mine sites
By CHRIS LAMBIE Business Editor
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A Calgary-based exploration company is investing \$5.1 million in a search for gold on the Eastern Shore.

Strikepoint Gold Inc. announced Thursday it has entered into an agreement with Ressources Appalaches Inc. that will give it a 55 per cent interest in five Nova Scotia properties, including the historic Dufferin gold mine.

"We could be mobile and drilling within 30 days," Rick Boulay, Strikepoint's CEO, said Thursday.

Quebec-based Ressources Appalaches entered into an agreement in 2008 to buy the project from Dufferin Resources Inc., but it still has to make two \$1.5-million payments on the purchase, one this October and another in the fall of 2011.

There's "great potential" in the properties, located 115 kilometres northeast of Halifax, he said. Dufferin, Dufferin North, Chocolate Lake, EcumSecum and Miller Lake are within an 11-kilometre radius and have good road access.

"If the industry comes and does its job properly . . . we can actually make a big difference to the local economy," Boulay said.

"And we're not intrusive either," he said of modern gold mining techniques.

"You've got an area that's about the size of a Walmart parking lot and that's basically it. And new operations are totally self-contained. You don't emit anything. You don't dump anything. . . . Most of the things that you do use are far less harmful than the stuff underneath your kitchen sink."

Boulay couldn't say when he'll know if any of the properties could make viable mines.

"It's a high-risk game," he said.

Realistically, it would cost about \$70 million to set up a working mine on the site, he said. "So you have to get a return on that."

A mine in the area could employ about 200 people, he said. Many of them would be specialists who come from elsewhere "but 80 per cent of them will be local, local meaning within 100 kilometres."

An operation that produced between 125,000 and 200,000 ounces of gold a year could be viable at today's prices, which are hovering around \$1,200 an ounce, said Boulay.

"Right now I can see that happening. What I can't see right now is it happening for longer than maybe 12 years, because you don't have the resource base. By the way, this is assuming also that you can actually

build that economic package to initiate the project."

Right now StrikePoint has about \$6.6 million in the bank, he said.

Boulay is a geologist and director of San Gold Corp., which has a mining operation at the Rice Lake gold project, 230 kilometres northeast of Winnipeg, Man.

He called the area around the Dufferin project "grossly unexplored," even though it was sporadically mined since the 1860s.

"Everybody knows about it because they'd been back there in the 1800s here and there," he said. "This is exactly the same thing as I found five years ago up in Manitoba. . . . It's perfect for underground mining."

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