

Exploring Dominican Republic

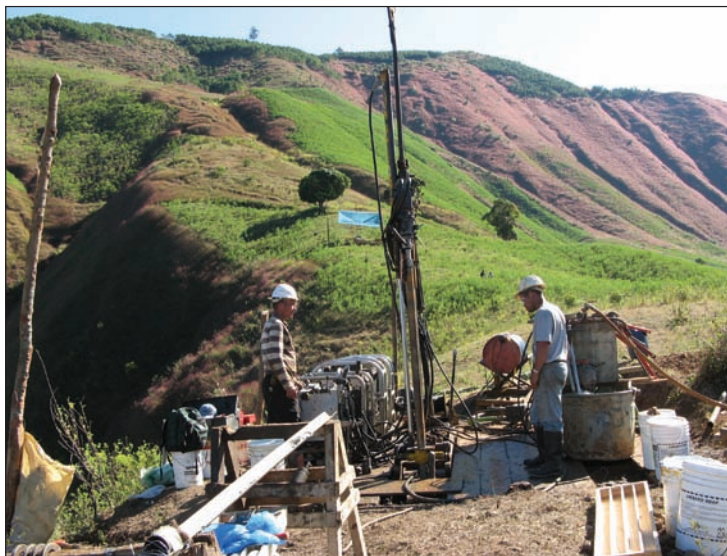
by Brian O'Hara

For many Canadians, Dominican Republic is a wonderful tourist destination with beautiful beaches and a wide selection of three, four and five-star resorts. However, for a small number of professionals developing mining and exploration projects, a visit to Dominican Republic is work, not play.

Dominican Republic is home to one of the world's largest mining projects currently under construction, with a \$2.7 billion capital budget (excluding power plant). The Pueblo Viejo Project, located about 100 kilometres northwest of the capital city of Santo Domingo, is a joint venture with 60% held by **Barrick Gold Corp.** [ABX-TSX; ABX-NYSE], the operator, and 40% by **Goldcorp Inc.** [G-TSX, GG-NYSE]. Pueblo Viejo has 22.4 million ounces of proven and probable gold reserves and is expected to start production in the fourth quarter of 2011 at the rate of about one million ounces per year at a cash cost of US \$275-300/oz. of gold.

According to Vincent Borg, Executive Vice President of Barrick, "The mining investment policy of Dominican Republic is competitive with other jurisdictions. It will take time, however, for the country to establish a more robust mining industry and attract further investment. We are very pleased to be investing there and the Pueblo Viejo Project should generate substantial benefits for all concerned."

The senior mining companies have proven that Dominican Republic is elephant country for mineral deposits. According to Mike Magnum, President/CEO, **Novus Gold Corp.**, "The weather in Dominican Republic is amazing and there are no snakes or malaria. The people of Dominican Republic are hard working with a very supportive government." Although, Magnum did note the slower pace to acquire mineral exploration claims and he commented that the regional geo-



Drilling is underway at GoldQuest's Las Tres Palmas Gold Project in San Juan province, Dominican Republic. Photo courtesy GoldQuest Mining Corp.

logical mapping was done in a scientific manner, but not quite as comprehensive as geological mapping done in Canada.

Everton Resources [EVR-TSXV; ERV-Frankfurt] has a joint venture with **Linear Gold Corp.** [LRR-TSXV] to develop the Ampliacion Pueblo Viejo Concession consisting of 4,045 hectares adjacent to the northern edge of the Pueblo Viejo Mine. Everton has an option to acquire up to a 65% interest. On March 9, 2010, Linear Gold announced a business combination with **Apollo Gold Corp.** [APG-TSX, APG-NYSE, AGT-AMEX]. Results from two drill holes at the La Lechoza prospect on the Ampliacion Pueblo Viejo concession were reported February 25. Highlights for these two holes are: Hole APV10-04, at the Spanish Pit area returned 6.0 metres (11.00-17.00 metres) grading 192.50 grams silver/tonne, including 1.50 metres (11.00-12.50 metres) of 764 grams silver/tonne. Hole APV10-07 tested the Pon Hill Zone new discovery, located approximately 250 metres southwest of APV10-04 and 450 metres south from the main North Hill Zone at La Lechoza with an intersection of 19.50 metres (5.00-24.50 metres) grading

51.74 grams silver/tonne. Everton is planning a 10,000-metre drill program for its projects in the Dominican Republic.

GoldQuest Mining Corp. [GQC-TSXV] has **Gold Fields Ltd.** [GFI-JSE, NYSE, NASDAQ, DUBAI] as its largest shareholder, holding just under 20% of the outstanding share capital. GoldQuest was originally in a joint venture with Gold Fields until November of 2009 when Gold Fields pulled out. Now, all projects in Dominican Republic are 100%-owned by GoldQuest. According to Alistair Waddell, President/CEO, "Dominican Republic is an excellent place to do business, very mining friendly and is actively encouraging investment in the mining sector." GoldQuest has two projects ready to be drilled: Las Animas is a gold-rich volcanic massive sulphide project and Las Tres Palmas an intermediate sulphidation gold project in the San Juan Belt. The San Juan Belt is a brand new zone of gold and copper discoveries, including Las Tres Palmas, Jengibre, Los Comios and Loma Viejo that extend over approximately 35 kilometres.

Las Animas has excellent road access and is located just over 100 kilometres northwest of Santo Domingo. Las Animas has

copper mineralization from surface. On the principal zone, the depth of oxidation is 40-50 metres deep where there is a small enrichment zone. GoldQuest's best drill results so far are from LA-10 hole which intersected massive sulphides consisting of chalcopyrite, sphalerite and pyrite vertically below the gossan of hole LA-06. The hole then continued in massive sulphides and sulphide-rich sericite schist to a depth of 304 metres. The massive sulphide and stockwork interval returned 142.0 metres grading 2.50 grams gold/tonne, 36.58 grams silver/tonne, 2.59% copper and 1.91% zinc from 162.0 to 304.0 metres.

Globestar Mining Corp. [GMI-TSX] started production in October 2008 at its Cerro de Maimón operation, located about 70 kilometres northwest of Santo Domingo and is the first copper-gold mine in the Dominican Republic and, indeed, the Caribbean. It is an open pit operation processing 1,300 tonnes per day of sulphide ore with a separate plant for processing 700 tonnes per day of oxide ore. It is expected to produce about 24 million pounds of copper, 15,000 ounces of gold and 480,000 ounces of silver annually. It is a low-cost producer with cash costs of US \$0.95 per pound, after by-product credits. The sulphide ore reserves stand at 4.8 million tonnes of 2.53% copper, 0.96 grams gold/tonne and 34.8 grams silver/tonne with measured and indicated resources of 7.4 million tonnes grading 2.1% copper, 0.9 grams gold/tonne and 32.2 grams silver/tonne.

Globestar is actively exploring its land package of 268 square kilometres with a US \$3 million exploration program focussed on targets near the Cerro de Maimón operation in order to extend the mine life which is currently 9 to 10 years.

Globestar is also exploring the Bayaguana Concessions, a 7,200-hectare area located 60 kilometres east of its Cerro de Maimón operation. GlobeStar's concessions in the Bayaguana district cover a large area of intense alteration in the Los Ranchos Formation surrounding the Managuá volcanic centre which is recognized as the largest hydrothermal alteration complex in the Dominican Republic outside the Pueblo Viejo system which lies 70 kilometres to the northwest. The company has three projects

with copper-gold resources: Loma Pesada with 1.1 million tonnes grading 2.2% copper and 0.16 grams gold/tonne; Dona Amanda with 128 million tonnes grading 0.3% copper and 0.2 grams gold/tonne and Cerro Kiosko with 4.9 million tonnes grading 1.0% copper and 2.0 grams gold/tonne.

GlobeStar controls 60 square kilometres of nickel laterite concessions in Dominican Republic. Two of GlobeStar's 100%-held concessions, the C1 and Corozal, are located immediately adjacent to the Falcondo Mine.

The Falcondo Mine started up in 1971 and operated until August of 2008 when it was placed on care and maintenance by **Xstrata** [XTA-LSE]. Falcondo is a ferromagnetic surface mining operation with a capacity to produce 29,000 tonnes per year of nickel in ferromagnetic. It did include a metallurgical treatment plant, a crude oil refinery and a 200-megawatt thermal power plant located 80 kilometres north of Santo Domingo.

Novus Gold Corp. [NOV-TSXV] has the La Yagua Project, a 9,000-hectare property located 19 kilometres along strike from the Cerro de Maimón and La Paciencia Mine, located 10 kilometres east of the Pueblo Viejo Mine. Mike Magnum, President/CEO of Novus, explained that soil sampling is the method of choice for geological reconnaissance, requiring a soil sampler auger capable of going to a depth of 57-775 cm. Peter Bambic, Novus' exploration field consultant, has been working in Dominican Republic since 2003. Novus is planning a 2010 exploration program of about \$1.2 million which will consist of prospecting, soil sampling, IP surveys with a drill follow up on priority targets.

Unigold Inc. [UGD-TSXV; UGD-DIFX, Dubai]. Daniel Danis President/CEO of Unigold, visited Dominican Republic for the first time in 1998 and made a second visit in 2002. He was impressed with the country's mineral potential. Currently, Unigold has one of the largest land packages and benefits from an 18-year holiday on corporate taxes, sales taxes and import duties in the Dominican Republic.

Unigold has over \$9 million in its treasury and has planned a \$7 million exploration



The 2010 exploration budget for Unigold's gold project in the Dominican Republic is \$7 million. Above, drilling operations on the Neita Concession. Photo courtesy Unigold Inc.

program for 2010 on its Dominican Republic projects. Unigold holds almost 1,000 square kilometres of gold exploration projects; however, its focus is on the Neita Project (22,615 ha.), Sabaneta property (52,720 ha.) and the Los Guandulous property (13,386 ha.)

Their Neita epithermal field is 500 metres from a paved road and power. Highway 1 is an international road running north-south in Dominican Republic. In what is certainly a unique international boundary, this highway actually defines the border with Dominican Republic and Haiti over a length of about 50 kilometres. The Neita property is a huge epithermal field where Unigold has discovered the MGN area – a hydrothermal breccia zone measuring 1,200 by 400 metres. As chance would have it, on the property were several thousand exploration artisanal pits dug by *garimpeiros* (artisanal miners). The headwaters of gold-bearing placer creeks and the possible source of gold are located on the Sabaneta property. Of the \$7 million exploration program, \$3 million will be spent on drilling, \$1.3 million on regional exploration, \$1.5 million on defining new targets and the balance on field exploration overhead.

Danis comments hold true for other companies in Dominican Republic when he states that "we are working on a complete gold district" which has seen only very limited work. This kind of favourable opportunity is not available in Canada. ■