

LOCAL NEWS



MINING FOR CASH: Premier Gold CEO and president Ewan Downie says his company raised \$15 million despite the ongoing global financial crisis.

Premier sets gold standard

MINING

By Leith Dunick - TB Source

Base metal prices may be tumbling, but gold, that old standby, is still holding its own in the marketplace.

It could prove to be the short-term saviour of the mining industry in Northwestern Ontario, if Premier Gold president and CEO Ewan Downie's junior mining company is any indication.

Downie on Monday confirmed his publicly traded firm has managed to raise about \$15 million in investments that will help Premier Gold rush into major drilling expansion programs at three area mines — the Hardrock, Rahill-Bonanza and PQ-North Properties.

He said it's almost hard to believe that so much money was readily available in the wake of a global financial crisis that has threatened investors around the world.

"We were able to raise a significant amount of money at the end of the year, and we will be spending all of that money here in Northwestern Ontario here at the end of 2009," Downie said.

"We're seeing a lot of base-metal mines, in Sudbury and Lac des Iles to the north of us ... are having a lot of trouble. But in these

financial times, gold prices are actually performing really well. If you look at the U.S. dollar exchange against gold, gold is at an all-time high in terms of the Canadian dollar. It's a great time to be investing in mining gold."

The Hardrock Project, situated in the heart of the Geraldton-Greenstone belt, will receive the lion's share of the money, with more than 50,000 metres of drilling planned in an area that produced more than 2 million ounces of gold between 1938 and 1968.

The initial drilling will focus on open-pit and underground resources in search of a multi-million ounce vein within close proximity of the Trans Canada Highway, and should prove to be an economic boon to the area said the executive director of the Greenstone Economic Development Corporation.

"Certainly we see that there could be potential for opportunities for employment," said Dina Quenneville. "We can also attest to the fact that Premier Gold have hired as many people as they could, locally, recently. It's been wonderful, a wonderful partnership."

Quenneville added it's a good sign that more interest might be on the horizon, if not from Premier Gold, than from other companies.

"Certainly the time in which they raised the \$15 million was right after the world economic crisis, which would have made it extremely difficult. However, the company was able to put it together very effectively. As far as one junior (mining company) coming, I think it will help to attract more," Quenneville said.

Downie is also potentially hoping to attract the attention of mining giants already in the region, including Goldcorp and its highly successful Musselwhite Mine venture.

In Red Lake, home of the Rahill-Bonanza deposit, they are already starting exploration work with Goldcorp and the possibility of a sale is always on the table, he said.

"That's something that junior companies such as ours always look at. The Red Lake project is a joint project with Goldcorp, immediately adjacent to their Red Lake mine. Our PQ-North property is immediately adjacent to their Musselwhite Mine."

It's no coincidence, he said, that Premier Gold has set up shop in Goldcorp's backyard.

An old saying in mining is that the best place to look for a new mine is in the shadow of an old one. That's what our company has been doing."