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TREASURE HUNTING

GoldON takes a shine to Red Lake

There is a lot of speculative attention currently focused on the Red Lake mining district in northwestern Ontario. Despite a long history of high-grade gold discovery from this region, the active explorers with property holdings in the area were somewhat on the back burner for many years. This has now changed, in part due to the surge in the gold price to record levels this year.

The ongoing discovery success in the district highlighted by **Great Bear Resources Ltd.** (GBR-TSX/VEN, \$16.04) with the Dixie project has reignited interest. Several other exploration stories in the Red Lake Greenstone Belt are also getting noticed.

Among them, **GoldON Resources Ltd.** (GLD-TSX/VEN, \$0.68) should be considered here. The company controls four exploration assets in the Red Lake district, each located in close proximity to established gold deposits. The flagship West Madsen property, located just 12 kilometres from the town of Red Lake, could become a discovery project to build the company around.

Spanning an area of more than 4,700 hectares, West Madsen includes two claim blocks acquired



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through an option deal from Great Bear in 2019, structured with very favourable terms. GoldON should easily satisfy its remaining commitment to secure 100 per cent ownership of this exceptional prospect.

West Madsen shares its eastern boundary with the PureGold Red Lake mine property, operated by **PureGold Mining Inc.** (PGM-TSX/VEN, \$2.25). Considered the highest-grade gold development project in Canada, the PureGold Red Lake mine is expected to achieve the first gold pour before the end of this year. Exploration by PureGold continues at several deposits within its Madsen Complex property area, hosted in a semi-continuous gold system extending for seven kilometres along strike. This structural corridor follows a crustal break between the Balmer and Confederation host rock assemblages.

Within this system, the Wedge Zone deposit is a high-grade gold discovery that is located just a kilometre from the West Madsen project boundary. PureGold considers Wedge an important growth area outside its Phase 1 mine plan, and there are currently two drills active to continue exploration. In late Oc-

tober, PureGold reported another round of attractive assay results from Wedge, including a highlight drill core interval of 1.2 metres bearing 1,147 grams of gold per tonne of ore.

Interpretation of data from a recent geophysical program has indicated that the same gold system continues for a further strike length of eight kilometres, right through eastern claim blocks of West Madsen held by GoldON.

The contact zone between the Balmer and Confederation host rock units is exposed at outcrop for 1.6 kilometres of this section. Only two drill holes completed earlier this year by GoldON have tested this expansive, highly-prospective structural trend in the heart of one of the most productive mining regions in Ontario.

GoldON is fully permitted and preparing for the next phase of drilling at West Madsen this fall. Within this extensive defined geological corridor traversing the property, the challenge comes down to narrowing down target areas. For a junior explorer, this is a good problem to have. There is no need to scatter drill holes like lawn darts here.

A disciplined exploration strategy will serve the company well at this early stage. Fieldwork and prospecting has been underway

since the summer in sections of the property where no previous drilling has been completed. At least 5,000 meters of total drilling is planned starting this fall, providing the opportunity to properly test structural targets.

The calibre of the exploration team at any junior is critical to achieving a successful outcome. Perry English, a native of Red Lake, is a strategic advisor contributing extensive knowledge and experience from a long and productive career in the district.

Mr. English has been referred to as a "one-man project generator", having been recognized as the Prospector of the Year in 2007 by the Ontario Prospectors Association.

The team leading GoldON is closely linked to the discovery success established by Great Bear. During a career spanning 40 years, Mr. English has staked and sold hundreds of properties in the district, including the Dixie project to Great Bear in 2015. He has been instrumental in building the portfolio of properties in the area held by GoldON.

Bob Singh was appointed as a technical advisor for the West Madsen project. Mr. Singh also serves as vice-president of exploration for Great Bear, leading the Dixie project program.

Rimini Exploration and Con-

sulting has been retained to lead the exploration effort at West Madsen. Rimini is owned by a team of renowned professional geoscientists with more than 50 years of combined experience in the Red Lake Greenstone Belt. Rimini was also recently recognized for its contribution to the exploration success at Great Bear's Dixie project.

Suffice to say that GoldON controls the right properties, in the right district, with the right people directing the exploration effort. While many other junior explorers with leverage to the district have risen to achieve premium market values, GoldON may still be considered a legitimate bargain.

The capital structure is pristine, with fewer than 20 million shares outstanding. Much of this is held by management and friendly shareholders.

The company operates lean and mean with the objective of limiting dilution and a focus to direct most of its spending at the exploration level.

The potential for a high-grade gold discovery is the catalyst to move this stock much higher. Given the strike length of the most prospective Red Lake Greenstone Belt geology extending through the project, and the proximity to other established gold deposits along this mineralized corridor, it is reasonable to assign a much

higher probability for a successful outcome as drilling commences at West Madsen.

The contrast in market value for the players in this district is compelling. While PureGold is rightly valued as an emerging producer with several advanced discoveries, it commands a premium market cap approaching \$1 billion.

Meanwhile, the aforementioned Great Bear has a market value well over \$800 million and continues gaining momentum as exploration progresses at Dixie. In stark contrast, GoldON controls West Madsen and three other attractive projects in the hip pocket of these companies and is currently valued below

\$12 million (shares have traded between \$0.20 and \$1.15 each over the last year or so).

In a world where high-profile exploration prospects are often wildly overvalued, GoldON is a refreshing bargain story that may be on the brink of a breakout.

If the drilling program about to start at West Madsen provides the first hint of confirmation for a gold discovery so close to where Canada's newest gold mine is about to commence production, look for that valuation gap to be substantially reduced in the months ahead.

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