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Gold Canyon hits long gold intercept

Gold Canyon Resources (GCU-V) found some light on an otherwise cloudy time for markets as it struck a significant amount of gold near Red Lake, Ont.

While most other miners languished as markets turned jittery on fears of the worsening nuclear situation in Japan, Gold Canyon managed to gain 18% or 41¢, lifting its share price to \$2.70 on 1.6 million shares traded on March 15, the day the news was released. (At press-time, Gold Canyon shares were trading at \$3.41 apiece.)

The reason for the bullishness came from a drill hole at its Springpole gold project 110 km northeast of the Red Lake camp.

Hole 11-040 returned 100.5 metres grading 7.23 grams gold per tonne including 28.5 metres of 19.73 grams gold.

While the hole had been drilled simply as a vertical infill hole with the aim of testing the mid-section of the Portage zone, Gold Canyon says it likely hit a previously unrecognized high-grade zone of alteration.

The hole shows mineralization to begin at the overburden and bedrock interface, 51 metres down hole.

Because it was only meant to be an infill hole, it was stopped at the 151.5-metre level, but ended in mineralization when the drill bit stopped turning.

“We are very excited to see shallow high-grade in the Portage zone,” Quinton Hennigh, a director of Gold Canyon Resources, said in a statement. “Earlier this winter, we had our first indications of high-grade in hole 11-033, but the long intercept encountered by hole 11-040 was completely unexpected. This hole demonstrates that we continue to see lots of potential upside in the Portage zone, even in areas where we are infill drilling.”

Two drills are currently infill drilling



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Staff log core at Gold Canyon Resources' Springhole gold project in the Red Lake region of northwestern Ontario.

at Portage while another is drilling step-out holes to the southeast.

Gold Canyon drilled a total of 5,551 metres in 22 holes since early January and plans to continue its winter program until the end of March.

Drilling after winter breakup will have to be done from two barges while a fourth diamond drill will stay on shore to test the downdip continuation of Portage to depths of up to 700 metres.

All of the drilling is part of the company's push to remodel the Springpole deposit and move it towards prefeasibility. It plans to update the resource estimate for the deposit sometime in the second half of 2011.

Springpole is described as an alkaline intrusion hosting a gold system which could represent a new style of Canadian Archean Shield gold deposit.

The Portage zone is hosted by a trachytic porphyry intrusion displaying

polyphase autolithic breccias that host gold mineralization.

The known mineralized zones underlie a known area of about 4 sq. km representing roughly 15% of the greater alkaline intrusive complex which remains yet to be explored.



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A drill rig at the Springhole gold project.