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Trelawney jumps on golden hole at Chester

BY GWEN PRESTON

VANCOUVER — A 107-metre intercept grading 8.2 grams gold per tonne from the historic Chester mine project in Ontario has almost doubled **Trelawney Mining and Exploration**'s (TRR-V) share price.

Over the last year, Trelawney inked deals to earn into three contiguous properties centred on the Chester mine, which is roughly between Sudbury and Timmins in northern Ontario. Despite underground development from the 1980s, including a decline to the 150-metre level, more than 700 metres of drifting and 100 metres of raises, and a shallow shaft, the Chester mine never went into production. The only mining that took place was of a small bulk sample.

Trelawney kicked off a small drill program in October to test the down-dip extensions of known gold-bearing structures that were previously only explored to 200 metres depth. Some 12 separate vein structures had already been identified on the property.

The first five holes probed the Chester 1 zone, right around the underground workings. All five holes hit gold mineralization, which pleased the company as it is easy to miss when drilling narrow vein targets, and the work extended the system to 300 metres depth. The best intercepts were 0.7 metre grading 36.67 grams gold and 1.3% copper and 0.4 metre of 54 grams gold and 0.21% copper.

Trelawney then moved the drill to Chester 2, an area 2 km to the west that also hosts the historic Young-Shannon gold mine that barely produced.

Punching an exploratory hole into the ground almost 1 km west of the old mine, Trelawney hit an unexpectedly long and well-mineralized intercept: 136 metres grading 1.16 grams gold and 0.1% copper, starting 78 metres downhole. Of note, the mineralization in hole 1 was not within the quartz-rich veins that are found elsewhere at Chester but rather comprised disseminated and stringer sulphides within a breccia complex.

The company immediately planned a drill program to test the new target, which it named Cote Lake. Results from four new holes in the area are now out and the drill effort continues.

The four new holes are along the same north-section section, spaced 50 to 75 metres apart. Hole 3 cut 0.6 metre grading 19 grams gold from 17 metres depth, followed by 46.6 metres grading 1.14 grams gold and 0.15% copper from 68 metres and 71.6 metres grading 1.99 grams gold from 148 metres downhole.

Hole 4 returned the most impressive intercept: 107.1 metres carrying 8.2 grams gold, starting 222 metres downhole. The hit included 2.6 metres grading 313.6 grams gold. Hole 4 also returned a shallower intercept: 80.2 metres grading 0.69 gram gold and 0.14% copper starting 69 metres downhole.

Hole 5 hit 57.3 metres grading 2.49 grams gold and 0.1% copper from 71 metres depth, including 6.2 metres of 12.92 grams gold, then returned 178.8 metres of 1.45 grams gold from 185 metres downhole.

The results from Cote Lake delineate two wide, sub-parallel zones of mineralization that dip moderately to the north. The upper breccia zone hosts disseminated pyrite and chalcopyrite, with copper grading up to 0.17%. In the lower breccia zone there is less chalcopyrite. Within both zones the gold grade regularly ranges up to 2 grams and visible gold is often noted in higher-grade intervals.

In his report, consulting geologist Haydn Butler wrote, "The gold mineralization appears to be part of an extensive weak sulphidizing hydrothermal system that lacks extensive mesothermal-type silica flooding. . . In short, the alteration assemblage is distinctive when compared with adjacent mesothermal mineralization types seen on other parts of Trelawney's Chester property."

Trelawney has already drilled another two holes on the same section and four holes along a section 100 metres to the east. Drills are now turning on a third section, this one 100 metres to the west. Trelawney has three drills in total on the property and plans to keep drilling for now.

Trelawney's president and CEO, Greg Gibson, said the area has always attracted interest from explorers but divided ownership has stood in the way of proper exploration.

"It's been explored for 72 years, but it was always broken up with several companies exploring little chunks," he said. In 2000, another exploration company managed to put together the same land package that Trelawney now controls, but it went broke, leaving Chester 1 and Chester 3 in the hands of one of the company's debtors.

"I came along, right time right place, and said, 'You know what? I don't want to be an explorationist, I'm a miner and this is a mine, so let's figure out a deal,'" Gibson said. "So we worked out a deal and now the guy who didn't want to be an explorationist is the Cinderalla of Bay Street, at least for the day."

While exploring the new Cote Lake zone, Trelawney is working towards

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dewatering the old workings at Chester 1. In February the company received the water permit needed to initiate dewatering. Trelawney wants to dewater the workings and take a bulk sample before putting the mine into production. A closure plan for the proposed operation is currently before the authorities.

And the company recently backed up its claims of aiming for near-term production when it purchased most of the equipment needed to develop a production-ready camp at Chester. In mid-February, Trelawney agreed to pay **First Metals** (FMA-T) $718,000 over 18 months for a surface and underground electrical distribution system, a ventilation and mine air heat system, compressors, a furnished warehouse and an equipped workshop, an office, first aid equipment and various pieces of mobile machinery.

"It has turned into a really nice operation, where we can have near-term production from the Chester mine and hopefully from the Young-Shannon mine too, in not too long," said Gibson. "And then there's the huge upside in terms of exploration."

In December, Trelawney closed a $10.4-million private placement, selling 15.3 million units at 50¢ apiece plus 4.6 million flow-through common shares at 60¢ apiece. Each unit comprised a share and half a warrant exercisable at 70¢ for two years.

News of the latest drill results from Cote Lake almost doubled Trelawney's share price, lifting it 57¢ or 98% to close at $1.15, a new 52-week high. Over the last year, the company's share price has fallen as low as 5¢. Trelawney has 69 million shares outstanding.