

Companies We Like



Why I like Terraco Gold Corp (TEN/V)

For a start, the company has a lot of gold in the ground and I like that. In fact, it's got just shy of 1 million ounces in its Almaden project in Washington County, Idaho. These are NI 43 101 compliant ounces of which 864,000 ounces are in the measured and indicated category averaging 0.67 gpt and an inferred resource of 84,000 ounces, averaging 0.54 gpt. All this gold is within 300 feet of the surface and is amenable to open pit mining with a very low strip ratio. The deposit is open in all directions and is open at depth. The style of mineralization is similar to that found in northern Nevada in such mines as Hollister and Midas, which hosts bonanza grade gold in feeder zones below the lower grade disseminated ores that Terraco is finding close to the surface.

Terraco paid \$20.00 (U.S.) per gold ounce in the ground to purchase the Almaden property.

If these feeder zones are going to be found, Terraco has just the right geological team on board. Charles Sulfrain is the company's vice president of exploration. Mr. Sulfrain has more than 28 years of exploration experience, the majority of that time being spent working with Barrick Gold Corp most of which was spent working at Barrick's Goldstrike mine. In 1982 his work led to the discovery of the Post Oxide Deposit and in 1984 Mr. Sulfrain co discovered with Mr. Keith Bettles the Deep Post deposit.

Virtually everyone involved in precious metals, whether as investors or as mining company executives knows of Ken Snyder, PhD, who is Terraco's Lead Consulting Geologist. How many people have a mine named after them? Well, Mr. Snyder does it's called the Ken Snyder Midas Mine. He is credited with making the discovery of this major Nevada deposit currently in production with Newmont mining.

This brings us to Terraco's second property, which happens to be located in Nevada in the Humboldt range, called the Moonlight property. The property adjoins the north side of the Barrick Gold/ Midway Gold Spring Valley joint venture. This agreement allows Barrick to earn in 60%, with an option of increasing that ownership to 75% by bringing Spring Valley into production. I don't think that there can be any doubt that this property will not be a significant producing mine. Already the joint venture partners have reported a NI 43-101 resource of better than 4 million ounces of gold. Immediately to the south of the Barrick/Midway joint venture discovery is the Rochester Mine owned and operated by Couer D'Alene Mines, which has been in production for more than 20 years and over that period of time this mine has produced 127 million ounces of silver and 1.5 million ounces of gold.

Terraco gold geologists have identified several potential drill targets on the property and following geological mapping of the Black-Ridge fault and geophysics, which have recently been completed, the company expects that it will begin drilling within the next week (October 25th - 28th).

Given the close proximity of the Barrick/Midway discovery and the fact that these joint venture partners are drilling ever closer to the Terraco boundary, investors can have some confidence that drilling will begin to outline an important gold discovery much like the discovery their neighbors have made immediately to the south of the property line.

Terraco's share price is currently trading at \$0.25, which gives the company a total market cap of just \$30million (U.S.), that's cheap considering the compliant gold ounces and the blue-sky potential of the Moonlight property.

The company has a strong management team headed by Todd Hilditch, President and CEO. I very much like Todd. He is quietly confident and he is committed to making Terraco a great mining success, which given the properties and the team, I believe, that there is a strong likelihood that he will achieve that goal to the benefit of all shareholders.

If you have any questions please feel free to call Matt Johnston at 604 443 3835 or Toll free at 877 792 6688. Matt is very persistent and an excellent person heading corporate communications.

*NI 43-101 Break Down:

Measured: 9,810,000 Tonnes grading 0.754 gpt gold (239,000 ounces)

Indicated: 29,250,000 Tonnes grading 0.651 gpt gold (625,000 ounces)

Inferred: 4,780,000 Tonnes grading 0.549 gpt gold (84,000 ounces)

The cut-off grades consist of 0.274 gpt, 0.411 gpt and 0.789 gpt for the oxide, mixed and sulfide mineralization, respectively.