West Red Lake Gold Mines Announces a New Drill Program Targeting the High-Grade NT Gold Zone

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On October 8, West Red Lake Gold Mines Inc. (CSE: RLG | OTCQB: RLGMF | FSE: HYK) announced that exploration drilling is continuing on the NT Zone at their West Red Lake project in the Red Lake Gold District of northwestern Ontario, Canada.

The new drill program starting in October consists of at least 12 drill holes, totaling an estimated 4,000 metres, and is designed to expand the NT Zone gold mineralization below the previous drill results and along strike to the northeast.

In early September, West Red Lake raised $1.66 million and the financing should carry the company through the current drill program and the start of 2021 drilling.

Building Upon Previous High-Grade Drill Results

West Red Lake is following up on three drill programs in the NT Zone that the company executed over the past two years that produced highlight holes including:

- 14 grams per tonne (gpt) gold over 13.5 metres (m)
- 38 gpt gold over 21.0 m
- 18 gpt gold over 7.8 m
- 14 gpt gold over 7.5 m
- 51 gpt over 9.3 m
- 91 gpt over 6.0 m

The previous drill programs focused on the southern 600 m portion of the 2 km long, northeast-trending NT Zone that remains open for exploration. Results indicated several zones of gold mineralization in the Archean greenstone geology. The NT Zone will be the focus of exploration drilling for the company over the next year.

“We are increasing the amount of drilling on the West Red Lake Project to continue the expansion of property gold mineralization. We believe the project has a potential which may be multiples of the mineral resource outlined to date,” stated Mr. John Kontak, President of West Red Lake Gold.

Red Lake – a Prolific, High-Grade, Gold Region

The Red Lake area is one of the most prolific, high-grade, gold regions in the world. Over its 90-year production history, mines around Red Lake have produced almost 30 million ounces of gold.

West Red Lake and Joint Venture Properties

Source

The West Red Lake project covers 3,100 hectares (7,660 acres), including 3 former mines (Mount Jamie, Red Summit and Rowan mines), and consists of a 12-kilometre strike length along the Pipestone Bay – St. Paul Deformation Zone (“PBS Zone”) and the 2 km long NT Zone.

The PBS Zone hosts the company’s Rowan Mine gold deposit, a NI 43-101 Inferred mineral resource of 4.47 million tonnes grading at 7.57 gpt gold for 1.09 million ounces of gold. The Inferred resource is located in the historic underground Rowan Mine site, within 500 m of the surface, and is still open at depth.

The Mount Jamie Mine and Red Summit Mine properties are 100% owned by West Red Lake while the Rowan Mine property, including the NT Zone, is held in a 64%-36% joint venture with Evolution Mining Limited (ASX: EVN | OTCQB: CAHPF| FSE: WE7).

Rowan Mine Gold Deposit, NT Zone and Structural Intersection

Source

Evolution Mining became West Red Lake's joint venture partner after Evolution Mining acquired a portfolio of Red Lake mining assets from Newmont Corporation (NYSE: NEM | TSX: NGT | LSE: 0R28) in April 2020 for US$375 million that included the producing Red Lake Mine complex and regional exploration projects.

Trading at a Discount

Based on recent transactions, West Red Lake trades at a discount to its resource size. With almost 700,000 attributable gold ounces and an Enterprise Value ("EV") of $19.5 million (approximately US$15 million), the company's EV/gold ounce valuation is almost US$22 per ounce.

Recent exploration company acquisitions in the gold industry were executed at approximately US$40 per resource gold ounce and Evolution Mining acquired the Red Lake gold complex for over US$53 per resource gold ounce, placing West Red Lake's current share price at a 45-58% discount.