



Images supplied by Toma Gold.

# TomaGold plans to develop a ‘monster’ gold deposit with the help of IAMGOLD

In what President and CEO David Grondin described as the most significant development in the company’s history, TomaGold (TSX: V.LOT) on November 12, 2013, announced a joint venture agreement with gold producer IAMGOLD (TSX: T.IMG) to develop the Monster Lake, Lac à l’Eau Jaune, and Winchester gold properties southwest of the town of Chibougamau in northwestern Quebec.

“We are proud to have signed an agreement with IAMGOLD, a major gold producer with proven expertise in Quebec and the rest of the world. IAMGOLD’s financial and technical resources will enable us to explore Monster Lake and the neighbouring properties faster and in a more optimal manner. In addition, the larger work commitments mean that exploration work on the properties will be ongoing. In short, this transaction is a testimony to the gold potential of Monster Lake and its surroundings, and we hope to eventually turn it into a mine,” Grondin said in a company statement.

Despite the recent weakness in the gold price, this agreement shows that gold producers are still willing to spend exploration dollars on projects with strong potential.

For IAMGOLD, this is yet another deal in what appears to be the company’s move towards developing assets in more mining-friendly jurisdictions, as evident by its 2012 acquisition of Trelawney Mining. Quebec has long been one of the best places in the world for resource exploration companies to operate, as its government has provided generous tax incentives and less expensive hydro-electric power. This is expected to improve even more with the province’s recently-announced Plan Nord initiative. IAMGOLD will be required



Images supplied by Toma Gold.

to spend \$16 million on exploration and development over five years to earn a 50% interest in the three properties as well as making cash payments to TomaGold totaling \$1.575 million also over a five-year period, which includes an up-front payment of \$350,000. IAMGOLD will act as the project operator during this time and once the company has earned its 50% stake, TomaGold will have a 45% ownership interest in the properties with the remaining 5% being held by Quinto RealCapital Corporation.

TomaGold’s agreement with IAMGOLD, Grondin contends, is also a validation of Monster Lake’s potential. In 2012, drilling produced results that included 237.6 grams per tonne (g/t) of gold over 5.7 metres, while a 12-hole drill program on Zone 325 in 2013 returned values of more than 10 g/t of gold in seven of the holes while confirming that Zone 325 was 150 metres long with a vertical depth of 330 metres, and that it was open at depth.

Grondin also believes that in dealing with IAMGOLD

the company will have access to the capital that many junior resource companies are lacking in today’s depressed market environment. TomaGold currently has about \$750,000 to \$850,000 in cash on hand but

Grondin says he’s not afraid to raise more money if presented with an attractive acquisition opportunity.

“We will try to look out and secure some good assets that are either nearby the project of

“We are very pleased about this landmark announcement for TomaGold that will provide substantial working capital despite very difficult economic times,” said Kristina Wang, Managing Director at Murtti Capital, and a large shareholder in TomaGold. “We have always been strong supporters of TomaGold management and are very impressed that they have attracted a world class partner such as IAMGOLD.”

Monster Lake or that are available on the market if the price is good,” he says.

With approximately 65 million fully-diluted shares outstanding, TomaGold appears to be well positioned to issue more equity, if needed, and still not be overly dilutive to its current shareholders.

In the face of this challenging environment for the juniors Grondin says TomaGold has enjoyed support not only from its retail investor base, but from its large institutional shareholders in Asia as well.

“We are very pleased about this landmark announcement for TomaGold that will provide substantial working capital despite very difficult economic times,” said Kristina Wang, Managing Director at Murtti Capital, and a large shareholder in TomaGold. “We have always been strong supporters of TomaGold management and are very impressed that they have attracted a world class partner such as IAMGOLD.”

The IAMGOLD agreement is just the latest in what has been a productive couple of months for the company in its drive to be a major player in

the area. On October 24, 2013, TomaGold announced that it has entered into an option and joint-venture agreement to acquire a 70% interest in each of the Fancamp and Embry properties from Murgor Resources. To achieve this, TomaGold must spend a total of \$1.05 million in exploration expenses, make cash payments totaling \$280,000, and issue 1.75 million of its common shares to Murgor over a three-year period.

As well, TomaGold must issue an additional 250,000 of its common shares for each tranche of 250,000 proven ounces of gold in a 43-101 resource estimate, up to a maximum of one million common shares for both properties collectively.

The Fancamp property consists of 43 claims covering 1,710 hectares and is adjacent to the eastern edge of the Monster Lake, Cookie Monster and Little Monster properties in the Fancamp deformation corridor, while the Embry property consists of 52 claims covering 2,895 hectares and lies 8 km northeast of the Monster Lake property, in the same gold corridor.

“This transaction brings our total number of claims in the Monster Lake area to 275 claims for a total area of 13,094 hectares, of which 10,199 hectares are contiguous. The Fancamp property has two exploration ramps, and was subject to trenching and drilling work that led to the discovery by Murgor of five gold zones with very interesting grades and widths. On the Embry property, preliminary exploration work has shown some gold potential,” Grondin added.

The announcement followed the closing of its Cookie Monster and Little Monster property acquisitions, both of which are contiguous to the Monster Lake property to the east, on October 9, 2013.