

# Homestake Ridge Resources benefits from Agnico's 2014 drilling program

☒ Homestake Resource Corp. ('Homestake', TSXV: HSR) is developing the gold and silver in northwestern British Columbia has announced that Agnico Eagle Mines Ltd. ('Agnico', TSX: AEM) shall "let lapse its option to earn an initial 51% interest in the Homestake Ridge property in northwestern British Columbia, with Homestake retaining 100% ownership of the property." Homestake already had full ownership of the Homestake Ridge property (3,600 Ha.) which features an NI 43-1010 estimated Inferred Resource of 911,000 oz. gold and 20,366,000 ounces of silver and an estimated Indicated Resource of 124,000 oz. gold and 939,000 oz. silver. Agnico, one of the largest Canadian gold companies, was a partner in the Project, which is characterized by gold deposits located under caps which are host to over 20 million ounces of silver. Homestake has identified three significant deposits at the property making Homestake Ridge one of the leading undeveloped precious metals projects in Canada.

During the past summer, Agnico started, but did not complete, its 7,500 meter drilling program aimed at expanding the surface mineralization zone, reaching only 2,972 meters in six holes. This resulted in an extension of the new Slide target to 800 metres of strike length, "confirming a new zone of silver mineralization similar to that identified at the Homestake Silver Deposit and indicating the potential for a similarly rich gold zone down dip, which remains to be tested." Agnico's work, however, will not be in vain. According to Joe Kizis, President of Homestake, work at Homestake Ridge will proceed along the model in the development of drill targets below the silver mineralization: "Agnico's drilling has demonstrated that a silver resource is

likely to be developed with further drilling at the Slide target... Our mineral-zoning model, based on our three discoveries made to date on the property, suggests that rich gold mineralization should occur beneath the envelope of silver-biased mineralization seen at the Slide target." This will allow Homestake to explore identified targets without having to set up a new camp or mobilize drills.

The Homestake Ridge property belongs to the same stratigraphic assemblage of rocks as the Brucejack gold project, which was shown to contain several million ounces of gold (13 million ounces of gold and 62 million ounces of silver) and other gold-silver deposits hosted in lower Hazelton Group rocks. In 2013-2014, Agnico and partner Yamana Gold (TSX: YRI) engaged in a battle with Goldcorp (NYSE: GG | TSX: G) to purchase Osisko's Malarctic mine. The bidding war for the battle for Osisko was surprising, given the gold industry's efforts to cut costs in light of lower than expected gold prices. Evidently, Agnico was left with little appetite to get involved in a longer term exploration process, even though, the Homestake project started to expand already by last June. The price of gold was USD\$ 1,286/ounce before the Labor Day long weekend; it reached a monthly peak of USD\$ 1,322 during the second week of August. Nevertheless, the past two weeks have been marked by a sharp increase in geopolitical tensions (Russia / Ukraine, Israel / Palestine, Iraq / Kurdistan) and it is unlikely that gold will drop any further than the current price. This means that precious metals will remain in high demand as a safe haven in the long term.

The short term gold price prospects are 'upset' by the market expectations of higher interest rates and a stronger US Dollar. As noted in a previously published article on InvestorIntel, the American economy has gained strength over the past August and should expect the optimistic trend to continue in September. Growth rates in the United States have reached record levels (the best results since the beginning of

President Obama's first term). Meanwhile, the European Union is concerned by the prospects of deflation ahead of an important meeting of the European Central Bank. Both developments have been exercising pressure on gold and precious metal values. The markets are also monitoring the evolution of the Russian-Ukrainian conflict following the announcement of possible sanctions against Russia, in which case they are likely to turn to values that are considered to pose the fewest risks, such as the US Dollar. However, despite all these factors and statistically speaking, September is the month that has favored gold – even if on September 2, it opened on a downward path at USD\$ 1,276/oz.