

Goldletter INTERNATIONAL

the international independent information and advice bulletin for gold and related investments

January 2005 - Update: GoldStock of the Month March 2004



Freegold Ventures Limited (Cdn\$ 0.34)

Toronto Stock Exchange	: ITF
OTCBB	: FGOVF
H+L prices (12 months)	: Cdn\$ 0.68-0.23
Issued Capital	: 29.8 million shares
Fully diluted	: 45.0 million shares
Market Capitalization	: Cdn\$ 10.1 million

Company overview

Freegold Ventures Limited ("Freegold"), is one of Alaska's most competitive gold exploration groups with four gold properties and one pgm-project and is part of the Gold and Platinum Group of Companies that includes [Pacific North West Capital Corp.](#) and [CanAlaska Ventures Ltd.](#)

In addition, Freegold holds a 100% interest in the [Almaden Gold](#) project in [Idaho](#), and may earn up to 100% interest in the [Grew Creek Gold](#) project in [Yukon](#).

In [British Columbia](#) the Company has acquired 100% interest in the [Eskay Rift](#) project and entered into an agreement with [Southern Rio Resources Inc.](#) to earn a 51% interest in the [Duke Copper-Gold project](#)

Freegold's objective is to delineate 3 million ounces of gold over the next three years

The Company believes this goal is eminently achievable and has committed to four cornerstone principles to realize this objective:

- *Developing our existing projects by way of option joint venture with Major and Mid Tier Mining Companies*
- *Acquiring existing gold deposits with potential to significantly increase ore reserves*
- *Advancing grass roots projects to a drill ready stage with our own capital.*
- *Developing advanced stage exploration projects with our own capital*

Exploring the Fairbanks Mining District, Alaska – Elephant County

Over 10 million ounces of placer gold and over 2.5 million ounces of lode gold have been recovered from the [Fairbanks](#) district since 1902. More than 80 lode gold occurrences have been documented in the project area. Approximately 6.75 million ounces of placer gold came from streams draining the [Golden Summit](#) property area.

Golden Summit lies within the highly prospective [Tintina Gold Belt](#) - (34 million ounces past production, 76.7 million ounces current resources). The Tintina Gold Belt hosts a number of gold deposits throughout the [Yukon](#) and [Central Alaska](#), most notably the [Fort Knox \(7.5 Moz\)](#), [True North \(1.3 Moz\)](#), [Pogo \(5.6 Moz\)](#) and [Brewery Creek](#) deposits.

Review of projects

❖ The Golden Summit Project / Joint Venture with Meridian Gold

Golden Summit is an advanced stage exploration gold project encompassing a number of historic producing high grade gold mines, most of which have not been explored or worked for over 60 years. The War Powers Act of 1942 halted production and plunged these high-grade producers of the Fairbanks district into a deep slumber. These former high grade producers, with average grades in excess of 1opt gold, are the focus of Freegold's exploration activities in the Fairbanks district. The Cleary Hill Mine located on the Golden Summit Project, the highest grade producer in the Fairbanks district producing 281,000 ounces at an average grade 1.3 opt, was mined only the 400 ft level and significant potential still remains at depth.

The Golden Summit Project lies less than 5 miles from Alaska's largest gold producer, Fort Knox Mine, owned by Kinross Gold, Canada. The Fort Knox Mine produced 391,831 gold equivalent ounces of gold in 2003 and has capacity for additional mill feed. At the end of 2003, proven and probable gold reserves amounted to 3.36 million ounces of gold.

Freegold acquired an interest in the Golden Summit Project in mid 1991. The project area encompasses a number of historic producing high-grade gold mines most of which have not been explored or worked for over 50 years. Freegold's early exploration activities focussed on a bulk tonnage model; however it has apparent that the former high-grade deposits may constitute significant targets themselves.

The project covers approximately 18,000 acres of land within an area zoned as Mineral Land giving mineral development activities first priority use.



In January 2004, Freegold announced that it had entered into an Option/Joint Venture Agreement with Meridian Gold on the Golden Summit Project. Under the Agreement the project was divided into 4 areas, Areas A, B, C and D.

Meridian is a mid-tier gold producer with a first rate track record of discovering, developing and operating profitable gold mines, throughout North and South America. Meridian's proven and probable gold reserves at the end of 2003 were estimated at 4 million ounces, and its production costs are one of the lowest in the world at approximately US\$ 60 per gold ounce.

Meridian may earn up to a 70% interest in areas A and B of the Golden Summit Project, by funding and placing a project into commercial production.

In order to earn a 50% interest, Meridian must spend US\$ 5 million in exploration expenditure over 4 years; make cash payments of US\$ 390,000 over 4 years, of which US\$ 65,000 was paid; complete Cdn\$ 300,000 in private placements in Freegold common shares (includes 143,000 shares at Cdn\$ 0.70 per unit with a Cdn\$ 1.00 full warrant within 5 days of regulatory approval and 200,000 shares at Cdn\$ 1.00 per unit with a Cdn\$ 1.30 warrant. The warrants shall be exercisable for a period of one year.

For a 60% interest, Meridian must complete an independent bankable feasibility study, within 2 years of Meridian vesting with 50% interest. If the feasibility study identifies reserves in excess of 500,000 ounces gold, Freegold will receive US\$ 1.00 for every ounce identified.

In October 2004, Freegold announced that Joint Venture partner Meridian Gold had increased the 2004 exploration budget for the Golden Summit Project to US\$ 842,000 from the already committed US\$ 650,000.

The Rebirth of a High Grade Prospect

Cleary Hill Mine, the largest historic lode gold producer in the Fairbanks Mining District, had an estimated production of 281,000 ounces of gold at average grade of 1.3 opt (45.31 g/t). The mine last operated in 1942 at which point it was shut down by the War Powers Act. Production from the mine took place over six levels (approx. 400 vertical feet). Exploration of the mine area to date has been limited to several small drill programs undertaken by Freegold. These programs have indicated that there may be zones of significant high-grade mineralization, which extend to depths well in excess of previous underground mining.

This area was initial focus of the 2004 drill Phase1 of the 2004 drill program successfully intersected the Cleary Hill vein 125 metres below the previously mined workings and indicated the presence of additional mineralised zones above and below the projection of the Cleary Hill vein. Gold mineralisation in the 2004 Phase I drill holes was in the form of fine grained and visible free gold associated with quartz veins, stockworks and quartz-rich shear zones containing between 1-3% pyrite, arsenopyrite and jamesonite. Coarse gold was observed in drill core suggesting that a nugget effect may be present.

In June 2004, the Freegold/Meridian JV expanded the Golden Summit land holding with the acquisition of the **Tolovana Project**, which lies 750 metres southwest of Cleary Hill. An initial trenching and sampling program conducted this summer returned grab sample values of up to 39.3 g/t gold.

On December 13, 2004, Freegold announced initial results from the 2004 Phase 2-exploration drill program on the Tolovana Project. The program consisted of 3,584 feet of diamond drilling completed in November, which was designed to follow-up 1,760 feet of trenching and sampling completed during August.

The 7-hole Phase I drill program covered targets along a 550-metre strike length of the Tolovana prospect. Three holes were designed to target a series of vein and breccia-hosted gold targets exposed in trenches excavated and sampled in August. In addition, two additional holes were designed to evaluate previously encountered reversible circulation drilling results from intrusive rocks of the Dolphin stock, which returned 50.7 grams per tonne gold over 10 feet and to target the previously undrilled and untrenched western extension of the Tolovana vein.

The first two holes of the 7-hole program intersected gold up to 19.15 g/t (0.55 oz/t) at an interval of 5 feet. Freegold intends to carryout an aggressive exploration program on the area in 2005.

❖ Rainbow Hill Gold project, Alaska

The Rainbow Hill Gold project, is located in the Clearwater Mountains of central Alaska, and approximately 225 road miles south of Fairbanks. The property is centred on Gold Hill and Lucky Hill where most of the known lode occurrences of the district are found. Valdez Creek, a past producing placer mine, produced over 500,000 ounces of gold and is located three miles downstream from the project area.

A previously defined 90,285-ounce drill inferred gold resource on the TMC Zone has the potential for further expansion. Other drill targets on the property include the Gold Hill prospect, the Lucky Saddle prospect and the Lucky Top prospect.

An extensive drill program is recommended to better define the lode gold deposits in the Rainbow Hill area. Freegold may earn up to a 65 % interest in the Property from CanAlaska Ventures Ltd.

❖ Rob Gold Project, Alaska

The Rob Gold Project is located in the Good Paster mining district, approximately 110 miles south-east of Fairbanks, Alaska, near existing and planned infrastructure. The Project lies within the prospective Tintina Gold Belt (34 million ounces past production, 68 million ounces current resources) and approximately 20 miles south-east of the 5.6 million ounce Pogo gold deposit under development by Teck Cominco and scheduled to enter in production in 2006.

Hosted in intrusive and metamorphic rocks on the flank of the same 30 kilometre long gneiss dome that hosts the Pogo gold deposit, potential exists for significant grade-tonnage accumulations similar to that currently mines in the Fairbanks District and being developed at the Pogo deposit in the Good Paster district.

Recommended work programs include compilation of existing data, diamond drilling on the Michigan and Gray Lead prospects, reprocessing of existing airborne geophysical data and limited top-of-bedrock soil auger sampling.

❖ **Union Bay PGM Project, Alaska**

The Union Bay platinum project located in the Alexander Platinum Belt of southeastern Alaska, about 35 miles north-northwest of Ketchikan is under option to Lonmin Plc, the world's third largest producer of platinum. Lonmin produced over 930,000 oz of platinum in 2003.

In May 2003, Lonmin entered into a joint venture agreement with Pacific North West Capital Corp. and Freegold for further exploration and development on the project.

Union Bay is a Joint Venture between Freegold Ventures Ltd, Pacific North West Capital Corp. and Lonmin Plc. In 2004, Lonmin funded a US\$ 1.8 million exploration program and may elect to continue to fund the Union Bay project by expending a minimum of US\$ 1.0 million per year in 2005 and 2006, and US\$ 750,000 for each year thereafter.

Pacific North West is the operator of the project during the exploration phase. Lonmin may earn up to 70% interest in the project by delivering a full feasibility study. Upon the decision by the joint venture management committee to proceed to place the project into commercial production, Lonmin will arrange 100% of the required financing. Following commencement of commercial production, Pacific North West and Freegold will each repay their share of the financing costs on agreed upon commercial terms and contribute pro rata to operating costs.

Results from the 2003 field program 100% funded by Lonmin suggest that the Union Bay project has potential to host significant accumulations of PGE mineralization. The 2003 program consisted of reconnaissance sampling on the eastern, southern and western limits of the Union Bay complex, diamond saw channel sampling at Jaguar, Mt. Burnett, North, and Continental zones, and 4,490 feet of diamond drilling at North and Jaguar zones.

The most significant new discoveries made in 2003 were at the Continental and Chevelle zones where rock sampling returned values ranging from 1 to 14 g/t platinum. The discovery was followed up by preliminary sawcut sampling at Continental. Encouraging results up to 6.2 g/t platinum over 3.3 feet were returned.

The significance and extent of mineralization at these new zones is unknown, but the mineralization is hosted by a similar rock type to the previously recurrences at North and Jaguar Zones lying 5 kilometres to the east.

A zone of Cu (copper)- Pt (platinum)- Pd (palladium) bearing sulphides was discovered at Cannery Creek on the western side of the Union Bay projects close to the margin of the complex. The zone is open to the north and the east.

The 2004 exploration plans include a detailed geological mapping and sampling program and an airborne magnetic and electromagnetic survey and a 9,000 foot drill program which will initially target the Continental and Chevelle zones identified in last year's field program.

❖ **Grew Creek, Yukon Territory**

Grew Creek is a low sulphidation epithermal gold project hosted in Eocene volcanics, located 35 km west of Ross River Yukon, and one kilometre from the Robert Campbell Highway.

Freegold's objective is to expand the known resources based on a new orientation that mineralization might be striking north rather than south-southwest or north-northeast, which in the past showed the lack of continuity between the drill sections. The new theory has been based on the discovery of a hole intersecting 28.55 g/t gold across 17 metres in the 1996b drill program.

Grew Creek has the distinction of being Yukon's first documented epithermal gold occurrence.

The known resources are located in what is termed the Main Zone, a 150 x 100-metre area. Other zones that may be potentially significant are the Rat Creek (approximately 1 km to the east), the Knoll (3 km east of the Main Zone) and Km 410 an area approximately 15 km to the west.



A Cdn\$ 500,000 drill budget continued until mid-December 2004. Two drills are on the property. Each drill is testing separate vein/vein stockwork trends 75 metres and 125 metres respectively west of the reported drill results.

By the end of November 2004, Freegold announced completed assay results from the first three of seven holes, which intersected quartz-adularia veins and vein stockworks in all three holes.

The results were 1.81 g/t (0.05 oz/t) gold and 2.6 g/t silver over 118 metres, including 17.77 g/t (0.52 oz/t) gold and 30.2 g/t silver over a width of 2.3 metres (GC-04-225); and 4.34 g/t (0.13 oz/t) gold and 7.9 g/t silver over 42 metres, including 6.05 g/t (0.18 oz/t) gold and 11.0 g/t silver over 30.6 metres (GC-04-226).

❖ Almaden Gold Project, Idaho

Freegold is currently examining the permitting process for this wholly-owned (100%) Idaho asset. The Almaden Gold Project is an epithermal gold project in which Freegold completed a feasibility study in 1997. Additional work is now being undertaken and joint venture negotiations are ongoing to further develop this existing resource.

The Almaden Gold project is located approximately 12 miles east of Weiser, Idaho (approximately 75 miles Northwest of Boise, the State capital). The property consists of approximately 83 unpatented federal lode claims, leased patented federal lode mining claims and leased fee land.

❖ Eskay Rift Project, B.C.

On August 20, 2004 Freegold announced that it had acquired by staking a 100% interest in 400 claim units in the Kiniskan area of northern British Columbia. The area is prospective to host Eskay Creek-type VMS deposits. A Cdn\$ 200,000 helicopter supported sampling and mapping program is currently underway in an effort to delineated targets for detailed follow-up.

❖ Duke Gold Copper Property, B.C.

In November 2004, Freegold entered into an agreement with Southern Rio Resources pursuant to an agreement by which Freegold may earn a 51% interest in Southern Rio's Duke Copper-Gold Project, near Merrill in southern British Columbia.

Under the agreement, Freegold may earn the 51% interest by spending Cdn\$ 750,000 on exploration by October 1, 2007, making a cash payment of Cdn\$ 10,000 and issuing 100,000 common shares to Southern Rio. The initial Cdn\$ 100,000 exploration expenditures by December 31, 2004 are a firm commitment. Freegold has the right to earn an additional 19% interest (70% total) buy making further exploration expenditures of Cdn\$ 1.0 million (Cdn\$ 1.85 in total) by October 1, 2010 and making additional cash payments totalling Cdn\$ 150,000 to Southern Rio.

The Duke Copper Project is located 35 kilometres from the Highland Valley Mine, one of the largest copper producers in North America. In 1963, a 12-hole program by Hurley River Mines returned a number of significant intersections, including 0.63% copper over 57.9 metres, 0.55% copper over 51.8 metres and 0.61% copper over 33.5 metres.

Previous drilling was not assayed for gold or silver assays, but limited sampling of surface mineralization by Southern Rio had returned gold values ranging from 0.21 g/t to 0.48 g/t, and silver values ranging from 1.7 g/t to 20.6 g/t.

Financing

In January 2004, Freegold completed a non-brokered flow-through private placement of 1.19 million units, priced at Cdn\$ 0.63 per unit for gross proceeds of Cdn\$ 750,000.

On December 8, 2004, Freegold announced a non-brokered flow-through private placement of 3,875,000 units at Cdn\$ 0.40 per unit (increased from 3.25 million units) for total proceeds of Cdn\$ 1.55 million.

Each unit consists of one flow-through common share and one-half of one non-brokered transferable non-follow-through share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at a price of Cdn\$ 0.50 per warrant share for a period of one year.

Currently, Freegold Ventures has \$2.5 million in cash and securities.

Investment recommendation:

Freegold Ventures is a gold exploration company with a proven track record and a mandate to explore, discover and facilitate mining of world-class deposits, focusing its exploration activities on the mineral rich state of Alaska.

The joint venture with Meridian Gold has enhanced the exploration potential of the Golden Summit Project. For a 50% earn in, Meridian has to spend US\$ 5 million with guaranteed exploration expenditures of US\$ 650,000 for 2004, which had been increased to US\$ 842,000. Freegold also owns the Rob Gold project located within the prospective Tintina Gold Belt in Alaska.

In addition to its Alaska gold projects, Freegold holds the Union Bay PGM Project, a joint venture with Pacific North West Capital, and Lonmin PLC, the world's largest primary underground producer of platinum group metals. After having spent US\$ 935,000 in 2003, Lonmin funded a US\$ 1.8 million exploration program and may elect to continue to fund the Union Bay project by expending a minimum of US\$ 1.0 million per year in 2005 and 2006, and US\$ 750,000 for each year thereafter.

Freegold also holds 100% of the Almaden gold deposit in Idaho with a potentially mineable resource of 44 million tons grading 0.021 oz/t gold, 526,800 ounces of gold recoverable by open pit mining and heap leaching technology. Furthermore, a Cdn\$ 500,000 drill budget in 2004 for the Grew Creek gold project in Yukon Territory intersected good results.

Particularly based on the above mentioned promising joint ventures financed by its partners, negotiations ongoing on several of its projects, we strongly believe that at a market capitalization of just Cdn\$ 10.1 million, the shares of Freegold Ventures are substantially undervalued.

Our first price objective remains: Cdn\$ 0.70.