

We Are Running Out of Gold.

Production at existing mines is grinding down at the same time investor demand is climbing. A quick scan of last year's individual country production numbers shows declines right across the board except in China whose citizen's snap up all they can. China, for the second year in a row is now the world's top gold producing country, easily passing perennial top producer South Africa.

Since we are running out of gold very quickly, all the gold that's left in the ground is extremely valuable. **Our gold junior resource companies, the same ones who are oversold and under valued, are the present owners of the world's future gold supply.**

With world wide gold production down so drastically and the dramatic disruption of the junior markets last year, and continuing still, supply and demand is going to be completely out of whack. There will be fierce competition for stable safe ounces in the ground by producers having to replace their reserves in an extremely competitive environment.

Thankfully, using history as our guide we know that the greatest leverage to precious metals, the most profitable rewarding way to get involved in precious metals, is to own the shares of junior precious metal companies. Gold juniors are going to be the most rewarding, the most lucrative way to garner the huge rewards from the coming freight train rush to gold.

And the best gold shares to own will be the shares of companies who own and are developing the deposits the major gold producers want to buy.

With sufficient size, grade and good metallurgy the junior will successfully move the deposit along the development path towards a mine and very likely a majors interest will be sparked. If this happens your payback as an investor can be a many fold return of invested capital.

Skygold Ventures SKV.tsx-v

Share Information

Last Trade .20

52 week range C\$0.03 - \$1.29

Shares issued & outstanding 87,009,515

Fully diluted 95,199,287

Treasury

SKV has close to \$4 mil in their treasury. They have a rebate of \$900,000.00, expected any day, from the BC government's Mineral Exploration Tax Credit (METC) program for exploration work done in 2007 and when they file their T101 in May will apply for another large rebate for work done in 2008.

The METC is a 30% rebate on exploration hard dollars spent in declared bug kill areas in the province of British Columbia, Canada.

That gives Skygold roughly \$5 mil in the treasury with them applying for another rebate. 2009 drilling, exploration and development plans will be announced shortly.

Country Risk

Many countries might come to mind as places where shareholders could, without warning, receive news that their operations have been taken over by the government and/or its friends, or that permits are suddenly suffering delays or have been cancelled outright.

One of the most serious and unpredictable risks facing mining operations and investor interests is "country risk" - where the political and economic stability of the host country is questionable and abrupt changes in the business environment could adversely affect profits or the value of the company's assets.

We've seen far too many instances of companies losing assets that were lawfully theirs. If the management side of the companies we invest in is so important then maybe we should start regarding the management of the country they operate in as at least as important? There is nothing quite so heartbreaking to an investor as having his company's flagship project taken over, nationalized, by the "El Presidente for life" of the country they're working in.

The Fraser Institute, in conjunction with the Prospectors and Developers Association of Canada (PDAC), has just released their excellent must read annual "Survey of Mining Companies 2008/2008."

http://www.fraserinstitute.org/Commerce.Web/product_files/MiningSurvey20082009_Cdn.pdf

Country/political risk in British Columbia, Canada is considered extremely low. The northern part of the Provinces economy has been based almost exclusively on logging but because of the recent Lodge Pole Pine Beetle infestation and the resulting destruction of a large part of the working forest the Liberal government is actively trying to diversify the northern economy and mining is hoped to play a large part in the plans success. The METC is an example of how BC's ruling Liberal Party is helping to diversify the northern economy by encouraging mining exploration.

Infrastructure

Skygold's Spanish Mountain project is close to all needed infrastructure - major highways, rail, power lines and water. There are many operating mines in the area and locals are very receptive to resource extraction as a way to make a living. There is an experienced trained labour pool to draw from in the nearby towns of Likely, Williams Lake and 100 Mile House, supplies are easy to access.

Projects, from the website

Spanish Mountain, flagship project

Skygold Ventures Ltd. (TSX-V:SKV) has made one of the most important gold discoveries in recent British Columbia history. Located in the Cariboo Region, Skygold's 100% owned 10,500 acre Spanish Mountain property has revealed that it is host to a potentially bulk mineable, large tonnage sediment hosted gold system with significant size potential.

After completing an extensive review of all historical and technical data in 2004 and determining that less than 10% of the known gold anomaly had been tested the company embarked on a drill program that incorporated numerous step outs in every direction. This campaign provided the initial discovery of the Main Zone during which two holes #216 and #221 intercepted 60 to 80 meter widths of disseminated gold mineralization in a sedimentary host. The discovery matched the type of environment demonstrated by the large geochemical footprint and the focus of the exploration program shifted to the delineation of a large tonnage deposit which could be mined by low cost open pit methods.

Over the last two years drilling and compilation work has outlined a gold mineralized system measuring 1300 meters x 850 meters, referred to as the "Main Zone" which remains open in all directions. The Zone has consistently demonstrated a 10 to 135 meter thickness with average gold grades of greater than 1.0 g/t gold. Several drill holes have intersected two distinct mineralized horizons with a second horizon ranging between 10 and 88 meter thickness occurring below the Main Zone. Certain holes such as DDH-289 which averaged **0.83 g/t gold over 319.75 meters** would indicate that mineralization is continuous between the two horizons. In addition to the two main horizons, there appears to be a third stratigraphically higher horizon at the north end of the Main Zone.

The gold system hosts both high-grade structurally controlled mineralization delivering intercepts such as **29.07 g/t gold over 10 meters, 7.99 g/t gold over 19 meters and 5.04 g/t gold over 22.9 meters** while the lower grade stratigraphically controlled mineralization is characterized by **intercepts of 1.81g/t gold over 94.5 meters, 1.34g/t gold over 116 meters and 1.30g/t gold over 86.9 meters**. A test mining sample of 2,100 tonnes taken in 2000 averaged 3.02 grams Au/ton.

NI 43-101 Initial Resource Estimate Spanish Mountain, Measured and Indicated (M&I) Resource:

Cut off g/t gold .05

67,060,000 tonnes

grade g/t gold .811

contained gold ounces 1,750,000

Inferred Resource:

Cut off g/t gold .05

4,320,000 tonnes

grade g/t gold .721

contained gold ounces 100,000

This project offers potential for a significant near-surface gold deposit, located near existing infrastructure and amenable to low cost open pit, bulk mining methods. Metallurgical test results from the on-going exploration program at Spanish Mountain indicate gold recoveries of 88-90 %.

Skygold Ventures is in the final preparation stages of an updated 43-101 resource estimate. author

Thunder Ridge Project

Skygold's latest discovery of gold (*and silver - author*) mineralization is on its 100% owned "Thunder Ridge Showing" located at Spanish Creek in central British Columbia.

The Thunder Ridge Showing is located approximately 100 km southeast of Skygold's flagship Spanish Mountain Project and approximately 50 km northeast of the town of 100 Mile House in central British Columbia. An initial phase of drilling, completed late in 2008 returned values up to **223.0 g/t (6.79 oz/t) gold over 0.5 meters**.

The property is underlain by a sequence of Triassic black phyllite similar to the rocks that underlie the Main Zone at the Spanish Mountain Property. Gold mineralization is associated with silica flooding and quartz veining within northeast trending structures.

The 2008 drill program consisted of 7 holes totaling 1552 meters and targeted structures defined by northeast trending soil geochemical anomalies. The property has been the subject of very little previous exploration, has no outcrop exposures and had never been drilled. The results from drilling have identified a corridor at least 400 meters wide and 750 meters long that contains numerous sub parallel quartz veins with anomalous gold, silver and arsenic values. The corridor appears to be open in all directions.

The company is extremely pleased with the results from the initial drilling program on Thunder Ridge. The fact that five out of seven holes intersected gold mineralization including high grades such as hole SC-005 in an area that has been the subject of limited previous surface work is very encouraging.

The broad zones of quartz veining and the scale of the initial soil anomaly indicate a very high priority target that warrants further exploration. The new discovery at Thunder Ridge continues to demonstrate the potential of the Company's portfolio of projects.

Highlights:

Hole SC-005 intersects **45.49 g/t gold over 2.5 meters** including **223.0 g/t gold over 0.5 meter**.

Hole SC-007 intersected 1.23 g/t gold over 11.5 meters including **4.83 g/t gold over 1.5 meters** and 1.32 g/t gold over 6.5 meters in separate horizons.

5 of the 7 holes intersected anomalous gold mineralization with assays of at least 0.30 g/t gold including hole SC-002 with **28.2 meters of 0.48 g/t gold** and hole SC-007 with **28.0 meters of 0.68 g/t gold**.

A number of sub-parallel structures have been interpreted from the soil geochemical data and drilling results. Holes SC-005 and SC-007 are approximately 600 meters apart.

The Sediment Hosted Gold Venture

As Skygold continues to expand the resource at Spanish Mountain the understanding derived from this sedimentary hosted gold deposit has increased dramatically and the company is in the forefront of exploration and development of sedimentary hosted gold deposits in British Columbia.

The company has identified new exploration targets on its 100% owned Quesnel Trough SHG (sediment hosted gold) project in central British Columbia. The new targets are based on the results of Skygold's reconnaissance scale exploration program and each target is geologically similar to the Spanish Mountain discovery. Skygold controls one of the largest land packages in the Quesnel Trough area.

The regional program consisted of geological mapping, prospecting and soil and heavy mineral sampling over a large area of the claim holdings in central British Columbia (approximately 450,000 hectares) stretching intermittently from 100 kilometers southeast of Spanish Mountain to about 400 kilometers northwest of Spanish Mountain.

Conclusion

I am a Skygold shareholder and have been for many years. They are an advertiser on my site, aheadoftheherd.com. I am biased.

I believe Skygold Ventures has a very large, + 3 million ounce, economically robust gold deposit at their 100% owned Spanish Mountain project. This large resource, combined with the blue sky potential of their Thunder Ridge property, one of the most exciting early stage gold/silver properties anywhere, and their SHG project, makes Skygold, in my opinion, one of the best precious metal bargains on the TSX-V exchange.

Contact:

Skygold Ventures Head Office

Suite 615 - 800 West Pender Street

Vancouver, BC

V6C 2V6

www.skygold.ca

Tel: 604-484-6317

Fax: 604-682-0307

B&D Capital Partners
(604) 685-6465

or

Tim Mikula
(604) 484-6317

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Richard (Rick) Mills
<http://www.aheadoftheherd.com/>
rick@aheadoftheherd.com

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