

Weekly Gold Monitor

July 29, 2002

Highlights

- Gold plunged with the stock market on July 23 and fell further on July 26 to finish at \$302.80/oz in New York. Gold equities were down significantly more than the gold price, with the XAU posting almost a 22% loss for the week.
- The U.S. dollar rallied strongly twice during the week, as gold was suffering its worst losses.
- The market is now discounting a gold price that is only \$17 above the New York close, which is less than half of the two-year average.
- Given the recent abrupt decline in multiples ascribed to the sector, our target prices are under review.

Exploration in Canada: The Botwood Basin, Newfoundland

- The Botwood Basin has many regional geological similarities to the prolific Carlin trend in Nevada.
- Several styles of gold mineralization associated with arsenic, antimony and barite have been reported over a widespread area within the Botwood Basin, primarily within three structural-stratigraphic trends. There is strong geological evidence that this mineralization is of epithermal origin.
- The exploration play, conceived and initiated by Altius Minerals, a Newfoundland junior exploration company, achieved credibility with the involvement of Barrick Gold.
- All of the exploration programs currently underway this field season are still at the very early stages, where the risks are highest.
- Some of the most active companies in the Botwood Basin are Altius Minerals (ALS-TSXV), Barrick Gold (ABX-TSX), Canalska Ventures (CVV-TSXV), Candente Resources (DNT-TSXV), Cornerstone Capital Resources (CTP-TSXV), Linear Resources (LRR-TSXV), Moydow Mines (MOY-TSX) and Sudbury Contact Mines (SUD-TSX).

Index Performances			
	Current	1 Wk Chg	1-Yr Chg
TSX Gold & Prec. Min.	5104	-15.7%	11.7%
Philadelphia Au & Ag	56	-21.8%	3.3%
FT Global Gold Index	1017	-14.0%	28.0%
Gold London Fix	305	-5.6%	14.0%
Platinum London Fix	530	0.2%	4.7%
Palladium London Fix	330	1.9%	-28.3%
Silver London Fix	4.83	-3.7%	13.8%

Valuation Premiums			
Gold Price (\$/oz)	Current	1 Wk Ago	2-Yr Avg
Sector Currently Discounting	320	363	317
NY Close – July 26	303	323	281
Premium Above NY Close	17	40	36

NAV Premium			
(0% Disc. Rate)	Current	1 Wk Ago	2-Yr Avg
Senior and Int. Producers	6%	28%	41%
Junior Producers	6%	37%	-6%
Overall	6%	33%	17%

Calendar Highlights	
Stillwater, Lihir – Q2/02 Earnings Release	July 29
AngloGold – Q2/02 Earnings Release	July 31
Goldfields, IAMGOLD, Kinross – Q2/02 Earnings	Aug. 1



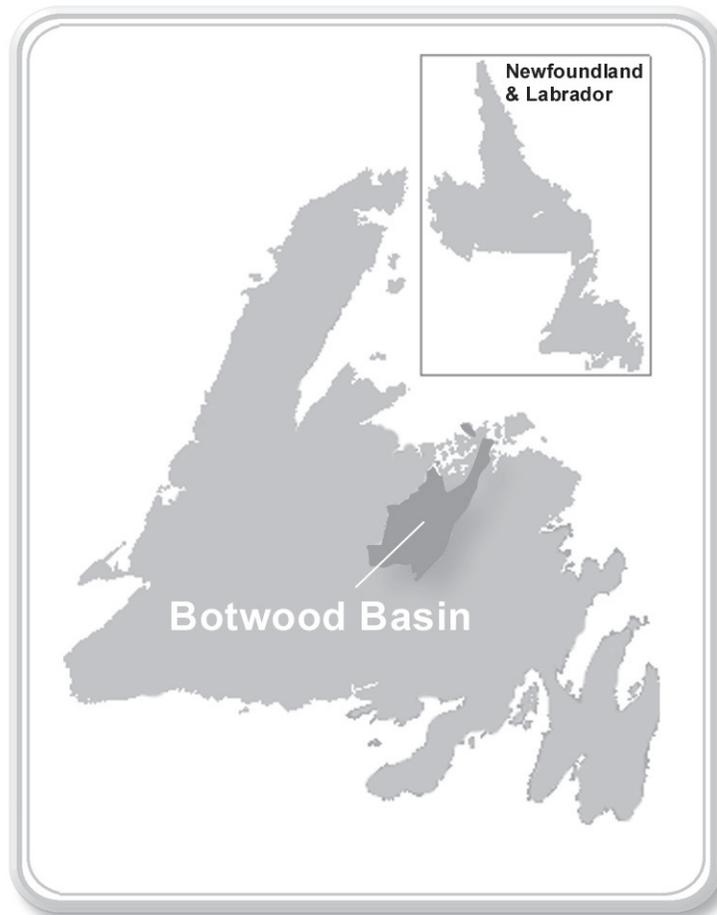
Exploration in Canada: The Botwood Basin, Newfoundland

The Botwood Basin in Central Newfoundland (Figure 1) and the Red Lake area in Western Ontario both stand out as active Canadian exploration areas this year given the number of juniors that have taken up ground positions, the larger number of press releases that have landed on our desks issued by those involved and the proliferation of articles in the mining press and by the newsletter writers. Major mining companies are involved in both exploration plays. However, that is where the similarities end.

Red Lake is an established mining camp within Archean greenstone rocks, having two active mines—Placer Dome’s venerable Campbell mine and Goldcorp’s high-grade Red Lake mine.

The Botwood Basin has no history of commercial gold production, but represents a relatively new “concept play” that was developed and promoted by a Newfoundland exploration team. We are featuring the Botwood Basin play in this *Weekly Monitor*, and will feature Red Lake in the future.

Figure 1: The Botwood Basin, Newfoundland



The Botwood Basin

Newfoundland is unique in many ways. Geologically, the island offers rocks that illustrate the complete tectonic cycle from rifting of an ancient continental mass to form the Humber zone in the west and the Avalon zone in the east, the creation of an intervening oceanic complex called the Dunnage zone, and the eventual closure of that ocean through subduction that generated tectonism, plutonism, related volcanism and associated mineralizing events. The Botwood Basin sits in the Dunnage zone.

The catalyst for this exploration play in the Botwood Basin has been a Newfoundland junior exploration company, Altius Minerals (ALS-TSXV). One of the Altius founders, Roland Butler, developed the view in a university thesis that the Botwood Basin represented a potential Carlin look-alike capable of hosting epithermal gold deposits. Altius began presenting its evidence in the late 1990s for a new epithermal gold district, but during this period of low gold prices, few seemed to listen. A couple of deals were done with some underfunded juniors, but they eventually lapsed from inactivity.

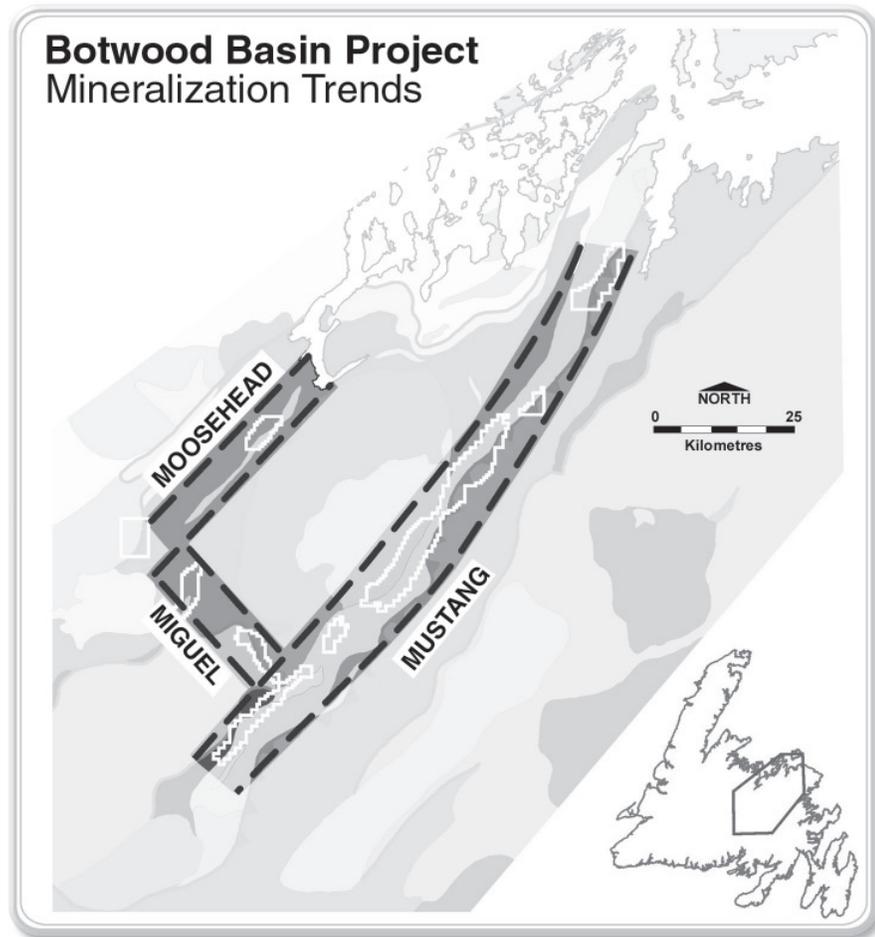
The malaise changed in mid-2001, about the time Butler got an opportunity to see Carlin firsthand. He was convinced even more of the similarities between Carlin and Botwood, and convinced Barrick geologists in Nevada to come to Newfoundland to see for themselves.

Before Barrick showed up, Altius astutely undertook a large staking program to bolster its existing holdings. Altius had identified three regional trends that it called the Mustang, Moosehead and Miguel trends (Figure 2). Altius staked nearly 90 kilometres of the Mustang trend, which had the most similarities to Carlin.

The Mustang trend is characterized by a Late Silurian to Early Devonian age calcareous sedimentary sequence consisting of siltstones, limestones and a limestone breccia that are locally overlain by Ordovician marine clastic sedimentary rocks that were thrust into position. Those familiar with Nevada geology will recognize the similarities to the geology of the Carlin trend, where marine sedimentary rocks were thrust over a calcareous sedimentary sequence. The Mustang trend hosts an inactive antimony mine as well as numerous areas demonstrating silicification (jasperoid), decalcification, clay alteration and gold-arsenic-antimony-barite mineralization.

Barrick was convinced and a deal was signed on the Mustang trend in December, 2001. Barrick can earn a 75% interest by spending all exploration and other costs and making an annual cash payment of \$25,000 to Altius until a production decision is made, or the option is dropped. Altius makes the point that its claim holdings in the Barrick deal are similar in area to the entire Carlin Trend.

Figure 2: Mineralization Trends



Prior to Barrick's entry, Altius had signed an agreement on the Moosehead property in April 2001 with Sudbury Contact Mines (SUD-TSX), an exploration company controlled by Agnico Eagle (AGE-TSX). Sudbury Contact can earn up to a 60% interest. Altius had found a mineralized boulder train at Moosehead from which grab samples ran as high as 400 grams/tonne. The mineralization had been classified as low-sulphidation epithermal. Sudbury Contact has completed three drilling campaigns on the project, two in 2001 and one in 2002. The results have been mixed. The highlight has been a 17.1 metre intercept that averaged 10.05 g/t in the first program. Some of the intercepts have had some impressive amounts of visible gold. We have tabulated some of the drill results from Moosehead. The weighted averages for our data are 10.3 g/t gold over 1.70 m (grade thickness = 18).

Candente Resources (DNT-TSXV) is another active player in the Botwood Basin with a Barrick connection. Candente is advised by Larry Kornze, a retired general manager of exploration for Barrick Gold. Kornze is credited with a number of discoveries at and around Barrick's Goldstrike operations. Candente acquired its initial ground position in the Botwood Basin by staking in October 2001, close to the time Barrick was visiting. Since that time, Candente has picked up more ground through option agreements with Newfoundland companies and prospectors.

In July 2002, Candente signed an agreement with Cornertone Capital Resources (CTP-TSXV), a Newfoundland company, to earn an initial 51% interest in the Paul's Pond gold property located in the southern part of the Botwood Basin. The Paul's Pond property parallels the Mustang trend. At Paul's Pond, gold mineralization had been identified (particularly in the Goose zone) within altered meta-graywackes associated with disseminated arsenopyrite. Trenching returned gold values of up to 4.06 g/t over 1.3 metres, and 1.28 g/t over 5.6 metres. Noranda had worked the property in the past and tested the zone with four drill holes. The best Noranda intercepts were 3.14 g/t gold over 2.5 metres and 7.54 g/t over 1 metre. Candente is in the midst of a program to define new drill targets using a combination of geology, geophysics and geochemistry. Paul's Pond is along strike from the Linear Property, where previous drilling hit 18.6 g/t gold over 8.6 metres. The Goose zone also has an undrilled induced polarization chargeability anomaly, and an open-ended gold anomaly in soils having peak values of up to 360 ppb gold.

Candente also controls the Linear property mentioned above, acquired from private Newfoundland interests. Previous exploration to the staking rush in the Botwood Basin had identified gold mineralization at 10 locations, initially in the form of boulders, and eventually in outcrops. The 10 showings occur over a strike length of 2 kilometres. Five of the showings exhibited visible gold. The company has found two new showings containing visible gold, bringing the total number of showings to 12, and possibly more by now. Some assays include 93.6 g/t gold over 1 metre, 15.36 g/t over 2.7 metres and 42.9 g/t over a 7-metre by 10-metre area.

A third property optioned by Candente (at the recommendation of Kornze) from the Kriask Syndicate of Newfoundland was the Eastern Pond property. Previous work had obtained 23.0 g/t gold and 5.27 g/t from grab samples. Candente has found mineralized float on adjacent claims held 100% by the company that returned as much as 10.8 g/t gold in grab samples. Bedrock samples have returned up to 2.7 g/t in one area, and 1.9 g/t in another.

Cornerstone Capital's Island property adjoins the Moosehead property being worked by Sudbury Contact. Cornerstone completed geophysical surveys on the claims, which have defined targets that correlate with either boulders of epithermal quartz or geochemical anomalies in gold, arsenic and antimony.

Moydow Mines (MOY-TSX) picked up 570 claims in April 2002, located about 12 kilometres west of the Mustang trend. The company raised about \$500,000 in flow-through funds in a financing completed in mid-July 2002.

International Canalaska (CVV-TSXV) is exploring the Miguel trend (see Figure 2) that hosts mineralized sedimentary rock and epithermal vein-type mineralization. Canalaska can earn up to a 75% interest in the claims from Altius. The Rolling Pond target is interpreted to exhibit textures and characteristics from the top of the boiling zone within an epithermal system. The Paradise Lake property hosts a large gold geochemical anomaly from which up to 48 grains of gold have been recovered from an individual till sample. Prospecting by Altius found a boulder that ran 8.96 g/t gold from a chip sample. Altius formed the deal with Canalaska in June, 2002.

Altius also has an agreement with Linear Resources (ALS-TSXV) on a group of claims in the Botwood Basin near Gander. Linear can earn a 100% interest, subject to a back-in right for 49%.

Table 1: Exploration Framework

STAGE	TECHNIQUES	RISK	COMPANY
PRODUCTION	Growth Operating Start-Up	LOWER	
DEVELOPMENT	Construction Engineering Financing		
FEASIBILITY STUDY	Optimization Capex Operating Costs		
RESERVE DEFINITION	Pre-feasibility Bulk-Sampling Drifting Drilling		
RESOURCE DEFINITION	Detailed Drilling		
RESOURCE IDENTIFICATION	Drilling Trenching Geophys		SUD
EARLY STAGE EXPLORATION	Trenching Geophys Geochem Geology Regional	HIGHER	ABX* ALS CVV DNT CTP LRR MOY ALS

* denotes BMO Nesbitt Burns Research coverage

Conclusions

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