



Mining Industry

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EXCERPT FROM.....A New Exploration Cycle In The Mining Sector Is Underway

Investment Highlights

- Gold bullion has made a substantial move through the US\$300 per ounce level in the past year.
- Confidence in the metal has been restored and companies are ramping-up exploration activities
- Several new diamond discoveries have been made in Nunavut and Quebec.
- Base metal exploration projects for nickel and copper look attractive.

Companies Covered In This Report

- Alamos Gold Inc. (AGI, V, \$1.33): A gold in-the-ground story.
- Almaden Minerals Ltd. (AMM, T, \$0.82): Pining for a discovery in Mexico.
- **Altius Minerals Corporation (ALS, V, \$1.80): Owing a piece of the Rock.**
- Ashton Mining of Canada Inc. (ACA, T, \$1.33): Diversification at a low price.
- AXMIN Inc. (AXM, V, \$0.28): Back to Africa.
- Canadian Royalties Inc. (CZZ, V, \$1.90): First come the baby steps...
- Canico Resource Corp. (CNI, V, \$4.26): The new nickel guys on the street.
- Committee Bay Resources Ltd. (CBR, V, \$0.35): A commanding land position North of 60.
- Cumberland Resources Ltd. (CBD, T, \$2.80): M&M, Meadowbank and Meliadine.
- Diamondex Resources Ltd. (DSP, V, \$1.10): Wanting a sparkle again.
- Glencairn Gold Corp. (GLJ, V, \$0.48): Near term production for an experienced team.
- Gold-Ore Resources Ltd. (GOZ, V, \$0.28): New Central American player.
- Great Basin Gold Ltd. (GBG, V, \$1.55): Looking in two of the world's best gold terrains.
- Greystar Resources Ltd. (GSL, T, \$1.20): Preparing the Angostura project for drilling.
- IMA Exploration Inc. (IMR, V, \$0.87): The Silver Bullet.
- Intrepid Minerals Corp. (IAU, V, \$0.55): Bonanza grades in Argentina.
- Majescor Resources Inc. (MAJ, V, \$0.35): Looking for Mr. Kimberlite
- Nevada Pacific Gold Ltd. (NPG, V, \$0.53): Gold exploration with a twist of silver.
- Northern Empire Minerals Ltd. (NEM, V, \$1.31): Exciting new diamond discovery in Nunavut
- Pacific Northwest capital Corp. (PFN, V, \$0.50): 40,000 metres of drilling underway.
- Platinum Group Metals Ltd. (PTM, V, \$0.59): A new South African focus.
- Rubicon Minerals Corp. (RMX, V, \$1.15): Red lake, Ready, Get set, Go!
- Stornoway Ventures Ltd. (SWV, V, \$1.28): Exciting new diamond discovery in Nunavut.
- Virginia Gold Mines Ltd. (VIA, T, \$1.16): Well funded, well liked, and well priced!
- Wheaton River Minerals Ltd. (WRM, T, \$1.27): High quality assets at a low valuation.

INTRODUCTION

We cover 25 companies listed on the front page of this report. These companies are exploring and developing mineral properties for a variety of commodities. Certain companies represent a specific exposure to a region, or country, while others may be more focussed on one property. **Altius Minerals Corporation, for example, is a play on the province of Newfoundland,** whereas Canico Resource Corp. is only exploring the Onca-puma property in Brazil. The primary basis for following these two companies and others, rests on the quality of the management team. We believe that all of the companies covered in this report have a strong management team. A secondary, yet important, basis for following these companies is their property portfolio and the associated market perception of these property assets.

We believe that 2003 is shaping up to be a great year for the junior resource companies. As many investors are aware, the market for smaller capitalization mining equities was dormant in the period from about 1998 to early 2002. Stock prices during this period were continually hammered down in price and the availability of new exploration capital was very limited. However, a higher price for gold in the first half of 2002 raised expectations that better times are finally around the corner and investors are again looking positively at the junior resource sector.

This change of sentiment has resulted in a tremendous inflow of capital into the market during the last 12 months that has fueled growth, financed acquisitions, and allowed companies to repair their balance sheets. As a consequence, market liquidity has improved and stock prices are moving higher as investors accumulate shares based on exploration progress and the anticipation of new results. Exploration spending is now starting to pick up and we believe that significant new capital will be deployed during the next few years to rebuild and replace mineral reserves and resources that have been depleted during the market downturn.

GOLD

The investor interest in mining equities over the past year is undoubtedly driven by the higher price of gold bullion. On a year-over-year basis the price of gold is up approximately 27% and in the last two months alone, by 7%. There is a clear relationship between the price of gold and the US dollar with a weaker dollar leading to stronger bullion prices. This weakness in the US dollar first became apparent in February 2002 and resulted in new financing opportunities for the junior and mid-size gold producing companies. Companies that took early advantage of these new opportunities included Eldorado Gold Corporation, Goldcorp Inc., Camboir Inc. and Ivanhoe Mines Ltd. Most other gold projects with a pulse had also arranged some sort of financing by the end of the second quarter of 2002.

The early stage exploration companies are still waiting for the spark that will light a broader based investor interest in the junior resource sector. Accordingly, the market remains weak for financing these companies. As a general rule, companies with defined resources, and/or a strong management team, have been able to attract financing. While we had hoped that a sustained gold price of US \$330 to US\$350 per ounce would be enough to see capital trickle down to the earlier stage companies, global uncertainty still looms and investors may evidently need more time to make their minds up about this market.

Where to go in the golds? We like Wheaton River Minerals Ltd. with its growth platform and acknowledge that a significant amount of new equity has been issued for acquisition purposes and that this new capital may hold back upward movements in the stock over the next few quarters.

The Red Lake Area and the Botwood Basin are Canada's leading exploration area plays for gold. However, although these are newsworthy areas for some companies, exploration work in the Red lake area of Ontario can be complicated. High-grade intersections over narrow widths are common and the development of these intersections into zones or resource tonnes can be problematical. Without question, the Red Lake mine owned by Goldcorp Inc. is a world-class deposit and its High-Grade Zone (principal mining area) has helped drive investor interest in Goldcorp and the area. The High-Grade Zone represents the "mine within the mine" as its discovery in the mid-1990's came to a property that had been in production for 47 years. The exploration challenge is that the Red lake camp has been well explored in the past and notwithstanding new interpretations and improved technology, the surface and near surface geology is quite well understood.

We like Rubicon Minerals for its broad property position in the Red Lake area and believe that in the eyes of the market, this company, has measured against its peers, has the ability to develop a discovery and add shareholder value. In Newfoundland Altius rules! The company's projects and partnerships have attracted many new investors and accorded the company a relatively high market valuation. Work in the Botwood Basin is at an early stage and it may take another year before the potential of this area is better understood. Like the Red Lake area, there is also a long list of followers who also have attractive properties in the Botwood Basin. Some of these companies may need help from the key exploration players to keep their exploration dreams alive.

[ALTIUS NOTE: GOLDCORP RECENTLY JOINED THE BOTWOOD BASIN PLAY]

Elsewhere we think that Central America and Argentina look great. A number of companies that we like in these locations such as Alamos Gold Inc., Almaden Minerals Ltd., IMA Exploration Inc. and Intrepid Minerals Corp. have

survived tough market conditions and have been able to retain an attractive portfolio of properties or a specific drilled resource. These will be the first companies to participate in an improved and more competitive market since they will have a full box of tools and will not be scrambling to find qualified people.

The intermediate and senior mining companies have been on a merger and acquisition binge for the last few years. These companies will now have to look more to the juniors for partnerships, projects, and reserve replacement. This dynamic is already apparent in numerous joint ventures and strong equity deals between land-rich juniors and large mining companies. Committee Bay Resources Ltd., Midway Gold Ltd., and Rubicon Minerals Corp. are amongst the junior companies that have struck joint ventures on this basis.

ALTIUS MINERALS CORP. (ALS-V; \$1.80)

52 Week Trading range	\$2.25-\$0.85
Shares issued	16.4 million
Market Capitalization	\$30 million
Main Project	Moosehead JV
Location	Newfoundland
Resources	nil
Main Project Status	Exploration
Working Capital	\$2 Million
Debt	nil
Est. Explor. Expenditures (2003)	\$1 Million
Key Consultants	
President	Brian Dalton
Largest Shareholders	Management (30%) Global Res. Invest. (9%)

Altius is a younger company that has built a good name for itself in a short period of time. The company restricts its exploration to Newfoundland, or 'the Rock' as it is known. Its management team is mindful of costs and has stretched their exploration dollars further by attracting joint ventures with larger industry partners. This strategy worked well in difficult markets and also helped to build some branding of the company's name. Altius has over 40 projects and 15 of these are now joint ventures.

The Newfoundland projects of Altius are grouped in 5 separate areas. The main project area that continues to attract investor attention to Altius is the Botwood Basin. Altius has active joint ventures in this area with Barrick Gold Corporation, Sudbury Contact Mines Ltd. and several other junior companies. The Moosehead property joint venture with Sudbury Contact Mines has been the more active project within the Botwood Basin and another drill program is currently in progress. High-grade values of gold have been identified in two earlier drill programs and the partners hope to identify additional structures that will lead to other high-grade intercepts of gold. Altius has also carried out reconnaissance level exploration on behalf of Barrick Gold that may lead to drilling later in the year. The exploration model for this work with Barrick Gold is in part based on the sediment-hosted bulk tonnage gold systems of the US Southwest. We look forward to seeing how the Botwood basin activities unfold for Altius and its joint venture partners in 2003.