

Global Resource Investments Ltd.

The Global Exploration Analyst - Research Report

*Company Analysis, Mineral Property Evaluation,
Exploration Insights and Research*

**THE (SOMETIMES ON)
FRIDAY SHEET**

K Brent Cook

Mining and Exploration
Analyst

****Bureauc-Rats and
20F's****

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****CTQ at Mirador****

****Altius at Lockport****

****Virginia Gold****

CORRECTION TO FOLLOWING ARTICLE:

Altius' upcoming Lockport drilling program is highlighted in the attached Global Resource Investments weekly update. Please note that the summary should have stated that the program will commence near the end of September as opposed to finish.

So, as promised long ago, here is the inside scoop on all these warnings, cautions, disclaimers and condoms GRI attaches to an otherwise innocuous sheet of virtual paper.

In less than two months we, as cataleptic citizens (baa...), will dutifully trundle off to our local church or school to obediently tick the box for either Tweedle-dee or Tweedle-dum and a host of undistinguishable Dum-dee-dos. [Is it any wonder the majority sit at home in front of Real TV?] These elected bureauc-rats have reasoned, and with good cause, that if we, the American Public, are foolish enough to elect the likes of them, it is clearly obvious that they need to protect us from making any further disasterous decisions on our own.

In the case of purchasing obscure securities, the rats have rescinded the American Public's first amendment rights, such that it is technically illegal for anyone at a brokerage firm to speak favorably about said speculative company unless that company has gone through a torturous and meaningless SEC formality: the 20F registration and a Blue Sky Memorandum. In effect, John Doe from Indiana has an interest in junior exploration speculation and an account with a firm that specializes in this sector, but his broker (who is paid by John to provide information through commissions) cannot say for instance "our in-house research shows Moydow to

be substantially undervalued based on our NPV valuation and the fact that they control the key gold ounces to Normandy's aspirations of developing the 6mil oz Yamfo-Sefwi belt in Ghana". It's a real shame because often John is calling because he got some inside tip, like for instance "I hear El Misti Gold has over 4mil oz in a fantastic deposit in Ecuador, and it's still selling for under C\$0.20".

Basically, to receive a 20F, a foreign company is required to append a note to their financials which provides for a reconciliation between their country's GAAP and the U.S. GAAP, then inform individual states that they are in compliance. The Blue Sky Memorandum requires companies to research the availability of exemptions and, if none are available, to comply with the filing requirements of each individual state. At this point they may obtain the proper documentation allowing solicitation by brokerage firms. This, of course, gets exceedingly confusing and problems inevitably arise when accountants, lawyers and bureauc-rats become involved in any process that makes little sense in the first place. Further complicating the process, the SEC has one engineer who reviews all mining submittals and, needless to say, you don't end up an engineer for the enemy without good cause (nuff said).

The obvious advantage to laboring through this process is that the 20F company now has much better access to the world's largest investor pool and, to some degree, it is a fairly exclusive club. Surprisingly few Canadian companies put out the effort, which, as the boss says, is a pretty basic IQ test. 270mil vs. 30mil is pretty easy math.

Onto this week's commentary-starting with a perennial favorite:

Corriente (CTQ) is still swinging. This week's drill results from Mirador show they have identified the highest grade plug yet, (best intersection 263m @ 0.98% Cu eq.), within an indicated ~600m diameter intrusive averaging around 0.9% Cu eq. (at a 0.5% Cu cut). CTQ plans to drill the nearby Chanco dike next, which their surface work shows could contain up to ~50Mt of greater than 1%Cu. The long-term plan is to identify a number of mineralized porphyries scattered over the extensive property package and, in theory, economically exploit them from a central processing plant. Big plans for a company rapidly burning through a C\$8mil treasury.

The plan almost ensures that CTQ will keep spending on this porphyry belt located way out in the jungles of Ecuador. In the May 5th Sheet, I went through what I believed to be the real problem with CTQ's strategy; "It's difficult to envision a 'best case' scenario for CTQ. A low cost SX-EW plant processing the Cu oxides doesn't work in this climate; strike one. If they find a deposit good enough to compel Billiton to exercise their 70% back-in, CTQ ends up with 27% after a 75% capital payback schedule (like up to \$1bil in capital), which as an NPV means essentially nothing today; strike two. If, however, CTQ finds a sulfide deposit too small for Billiton, they face the prospect of completing the feasibility and raising the \$100's of millions needed to build a mine in the jungles of Ecuador

that, for whatever reason, Billiton declined on; strike three!"

Given the current market, if a junior is going to be involved in porphyry copper exploration, it only makes sense to have a major financially or strategically committed to the project. In this case, where Billiton has already dropped the project after ball-park estimating something like 400Mt @ 0.7% Cu resource, the major has very little incentive to exercise their back-in rights unless CTQ comes up with an exceptional discovery, time is on their side. This hasn't happened yet and the geologic probability of finding something way out of the ordinary is minimal. So unless Billiton steps in soon, CTQ faces what I believe will be a long slow death, or at best a very long crawl through the jungle. This is not to say that there won't be some excitement along the way. CTQ enjoys extensive renown within the Canadian investment community and David Lowell, as one of the most successful explorationists around, deserves considerable respect.

NovaGold (NRI) secured an excellent joint venture with Kennecott on their Sprogge gold property in the Yukon. After an initial C\$250,000 exploration phase, Kennecott can earn up to 70% interest in the property for C\$30mil in expenditure, leaving NRI with between 20% and 30%, depending on certain outcomes. On paper, the target sounds like a major gold system within the Tintina Gold belt with excellent and large surface gold and trace element anomalies. The gold anomalous zones cover 2.4 x 1.2km and high grade samples of up to 35g/t Au have been collected. The system appears to be associated with the flank of a Tombstone type intrusive showing skarn, breccia and vein mineralization.

Avalon (AVL) has found an undisclosed "sugar daddy", with a strong interest in tantalum metal, to fund further exploration on their pegmatites in Ontario. Details of the deal will be released when daddy says so, but Don Bubar seems pretty pleased with his unnamed partner who committed up to C\$750,000 this year. Tantalum's a hot commodity, remember those capacitors.

Next week, (probably the 21st), is the big day for Pacific Rim (PFG) when they expose their hand to the world.

Francisco (FGX) is still drilling at Marlin, Guatemala. I've been on the ground here, like the odds, bought some, thinkin' church may be the next logical course of action. As covered a number of times in past sheets, the market's not paying attention to FGX and hence, your risk on the Marlin drilling is minimal given their ~2mil oz El Sauzal deposit and ~C\$35mil in the bank. They are on hole 12 of a 10 hole program.

Last week's review of Altius (ALS) left a few readers requesting a bit more detail on the properties (call them). If you ask CEO Brian Dalton what his favorite exploration "child" is, he'll respond as any father would, "they're all my favorite children". Well, admittedly none is butt-ugly, but Lockport

caught my attention. This is a classic case in point demonstrating why you would want to be associated with these "sleeper" juniors I've been highlighting.

Lockport is a VMS style system and has been known and prospected for years. Minor production came from high grade copper stockwork veins, however it was always assumed that the mineralization represented the lower extensions a VMS system and no further base metal mineralization could occur. Through a meticulous mapping and sampling program, Altius geologist Geoff Thurlow re-interpreted the geologic setting and concluded that the mineralization was in fact within an overturned nappe and that the base metal target lay stratigraphically above (but topographically below) the previously encountered copper feeder mineralization. Through much internal company debate, ALS committed to two drill holes (these guys are cheap), which were deemed necessary to prove the new interpretation and, if successful, add considerable value when negotiating a joint venture.

The drilling succeeded in proving the concept and encountered what they believe (hope) is the edge of more massive sulfide mineralization. DH-1 hit 26m of massive sulfide (mostly pyrite) below the feeder veins and DH-2 encountered zinc rich mineralization in the feeder veins. Inmet bought into the new interpretation and is now funding the drilling at Lockport which should consist of ~4,000m and be completed by late September. Once again, this drill hole "play" is essentially free, no one but Paul is paying attention to ALS, and a VMS discovery should add substantially to ALS's current market of ~C\$5.5mil. If unsuccessful, Brian's other kids aren't bad looking either.

Southwestern Gold and Teck are back for a third round at Poracota, Peru. Ten to 15 holes are planned for this high-sulfidation system where previous drilling identified three large zones of better than 1g/t Au. The best intersection consisted of 27m @ 5.5g/tAu. Once again, the speculation is essentially free.

And this week's "sleeper" exploration pick:

Virginia Gold (VIA), headed by the always gregarious Quebecois, Andre Gaumont. VIA: 26mil SO, 28mil FD, C\$11mil treasury, 20F compliant, five joint venture partners earning in on properties, four of which will see drilling by year's end. They're not free but are awful cheap at the current ~C\$0.80/share.

1. Drilling starts next week at Chutes des Passe, a Voisey's Bay style nickel target. The first pass drilling returned poor results but joint venture partner SOQUEM persisted in the exploration efforts with some success. Particularly, an EM survey identified a very strong, 7km long conductor that appears to be associated with sulfides. About 12 holes are planned.

2. Agnico-Eagle will be drilling follow up holes at Corvet. Previous drilling intersected rather patchy mineralization including 2m @ 14g/t Au and 3m @ 8g/t Au.

3. Joint venture partner Billiton has identified two new prospective zones at the Gayot nickel property. The Nancy showing consists of 3-5% disseminated sulfide within a mafic flow and the "L" showing consists of a 20m thick mafic flow hosting some disseminated and massive sulfides with anomalous Ni, Co, Cu and PGM's. All that's left is to find the source, and Billiton seems committed to the task.

4. VIA will be drilling at the Raglan style nickel-PGM prospect Payne Bay in mid-October. So far they have located sulfide pods containing 2-4% Ni and a strong EM conductor. Drilling will determine the cause of the geophysical anomaly.

Andre Gaumond, who has steered the company into numerous joint ventures and preserved capital better than nearly any other junior company, continually presents investors with numerous shots at a discovery on a variety of quality properties. Various joint venture partners have racked up ~C\$18mil in expenditure on VIA's behalf and Andre has a stable of roughly 20 properties in the pipeline. That is what intelligent exploration is all about; conceptualize, prospect, test and vend or cut! Economic mineral deposits are exceedingly rare, and almost always difficult and expensive to find. The odds of making a discovery are therefore slim. Even when a property contains a deposit it takes, on average, about six companies to stuff around there before the "discovery" is made. Longevity, technical expertise, persistence, money and luck are all it takes.

The next two weeks I'll be on field visits with Aurora Platinum, Rubicon, Freewest, Avalon, North American Palladium, a few mines near Timmins and the Denver Gold Show.

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Global Resource Investments Ltd. 7770 El Camino Real,
Carlsbad, CA 92009

Tel. 800-477-7853 (760-943-3939) Fax 760-943-3938 www.gril.net