THE (SOMETIMES ON) FRIDAY SHEET
November 02, 2001
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****Altius at Moosehead and Rambler****
Francisco's resistivity at Marlin
IMA starts at Tablon
Masuparia
Excellon infills 15m centers
Speculating on Samex drilling
What not to do with a camel, or a sponge

Poor taste aside, we'll get to the relevance of the attached .jpg (Fig. 1) and more on camels in a bit. First some exploration commentary.

The last Sheet (10-12-01) covered the business of exploration and the joint venture vs. the go-it-alone project exploration strategy. The poster child for spreading exploration risks through joint ventures was Altius Minerals (ALS.CDNX, 13mil SO, MC $10mil @ C$.80). ALS and partner Sudbury Contact Mines (SUD.T, 19.7mil SO, MC $10mil @ C$.53) just released impressive drill results from the epithermal veins at Moosehead, Newfoundland; specifically 11g/t Au over 17m.

Well, the next set of results from Moosehead look more like Moosebutt (recipe to follow). The 17m high-grade intersection probably represents down-vein (NE) drilling of a vein that DH-15 to 21 indicates is really one or two ~.5m high-grade veins dipping SW (~12g/t Au over .64m, 11g/t Au over .34m) within a broader zone of alteration. The drill results suggest this portion of the Moosehead property is comprised of a number of narrow, fracture filled, epithermal veins within a roughly 40m wide, NW trending zone. The on-strike limits have not been defined, nor have the veins been drilled below ~60m. The potential still exists for this system to open up along strike or coalesce at depth, plus, the drilling so far has only tested a small section of a property that contains numerous indications of strong epithermal mineralization. The grades are excellent; ALS and SUD just need to show that some size and continuity are possible on this property.

Also bear in mind that Moosehead is only one property in what I believe could be a developing epithermal and even sediment hosted gold province. ALS has been working the Botwood Basin far longer than anyone else, and subsequently holds a controlling land position that should be of interest to any major mining company should a discovery occur.

The point of bringing up ALS in the previous Sheet was to illustrate their exploration business plan, rather than focus on a specific project. The most recent so-so results from Moosehead more than validate (in my mind) the logic of passing on the inherent risk in minerals exploration to someone willing to take on the associated financial risk. Moosehead certainly warrants more drilling, results are encouraging and prove a large epithermal system is possible, but had ALS been funding the drilling, the song to shareholders would be "old money all gone, send new money".

This week ALS also signed an agreement to acquire 100% of the northern portion of the Rambler Mine from Ming Minerals for 200,000 shares and C$.5mil expenditure over four years. The deal also includes an option to acquire the southern portion of the Rambler Mine with its processing facilities. The property goes into a wholly owned subsidiary of ALS to allow future flexibility with this quality asset. This is one sexy gold-rich VMS project, which should hopefully elevate the level of discussion here beyond the camel and moose butts of late.

The Ming deposit plunges moderately NE and produced 2.1Mt @ 3.5% Cu, 1.0% Zn, 2.4g/t Au and 20.6g/t Ag down to the old property boundary at the 2600' level. The deposit is open at depth and continues beyond the old mine workings. An exploration drift at the 1807 level discovered a new massive sulfide lens assaying up to 11.51%Cu over 8.5' and contained visible gold. This lens also projects across the old boundary and has yet to be tested. The sulfide stringer zone, ~300' below the Ming deposit, averages 120' thick and was estimated to contain ~11Mt @ 0.9% Cu. One hole testing the down-plunge projection of the stringer zone hit 2.89% Cu, 0.7g/t Au over 55', suggesting the potential for additional high-grade massive sulfide lenses is high. Watch this property and more importantly, watch this company.

Didn't anybody see this?

Francisco Gold (FGX.CDNX, 16mil SO) quietly put out an update on surface exploration and IP geophysical results from their Marlin, Guatemala property. A favorite here for quite some time (7-13-01, 5-11-01, 1-5-01, 10-20-00, you should know the story by now), FGX is drilling out a high-grade, low sulfidation gold deposit within a Tertiary belt of unexplored volcanics in which they hold a dominant (meaning just about anything prospective) land position.

I am encouraged by the regional exploration and trenching which continues to turn up epithermal alteration and anomalous to excellent grade gold-silver values. This volcanic belt is arguably one of the most under-explored in the Americas and offers Francisco years of quality exploration projects.

But the important part of the news release is the IP geophysical results. The IP survey defines an ENE trending resistivity high, open at both ends, which shows a direct spatial association with the high-grade gold mineralization already defined by drilling (~700,000 oz @ ~3g/t Au, my guestimate). The drilling to date on the main zone outlines a near surface, gently south dipping, oxidized silica body covering 450m of the 1.1km long resistivity feature (visit the website www.franciscogold.com).

To the WSW, the IP indicates the anomaly gets deeper beneath argillic alteration and is offset slightly by a mapped NE trending fault. To the ENE, the IP anomaly appears to be near surface but covered by recent ash and bush. The most easterly drill holes, DH-41 and DH-13, were drilled south of the resistivity anomaly but intersected 1.1g/t Au over 17m and 2g/t Au over 27m. DH-11, located ~40m NW of DH-13 and drilled in the opposite direction (N) appears to have clipped the resistivity anomaly, returning 2.25g/t Au over 18m and 4g/t over 10m. From here to the end of the IP survey lies another 450m of unexplored volcanics. There is little doubt in my mind that the ENE trending resistivity feature reflects silicification, which in turn defines the structure that provided access for the hydrothermal fluids that produced the Marlin gold-silver mineralization. The only question is grade. Drilling starts this month.

IMA Exploration (IMR.CDNX, 16.5mil SO, 23mil FD, MC $6.8mil @ C$0.41) have released assay results for the 33 holes comprising the first round of drilling at Rio Tabaconas, Peru. Drilling followed up a surface exploration program of rock and soil sampling and mapping, which outlined a broad area of anomalous gold geochemistry (~1.5km x .25km) associated with sulfides in skarnoid alteration. The 122 rock samples collected averaged 5.6g/t Au, and soil values ran as high as 18g/t Au.

The majority of holes were focused in three relatively small (except by Excellon standards, see below) areas around old workings along a ~500m strike. The southern cluster of holes in the Tablon Zone (DH-1, 2, 4 to 7) encountered discrete high-grade zones including 44g/t Au over .44m, 4.05g/t Au over 2.23m, and 21g/t over 3.1m. Better results from the northern cluster of Tablon holes include 17g/t Au over 5.3m, 8.7 g/t Au over 25m plus mineralization that ended in stopes. Two holes (DH-26, 27) in the Tablon West zone encountered ~27m of mineralization including 6.9g/t Au over 6m and a stope. Drill holes in the La Union Zone came up blank, apparently testing soil anomalies down slope from a mineralized structure.

In a previous discussion of IMA (7-13-01, 8-9-00 Sheets) we conducted a virtual tour of the Tabaconas property and pointed out that the gold mineralization appeared to occur in a probable skarn alteration resting atop an intrusive. My concern was that skarn would prove to be a rather thin (scabby) and inconsistent body, which would be reflected in the mineralization. IMA's drill results indicate that mineralization is closely associated with a late, steeply dipping (S) NE trending structure, which also provided for limited migration of auriferous fluids into the favourable limestone horizons adjacent to the structure. A large tonnage mineralized skarnoid deposit now seems very unlikely.

Subsequent exploration by IMA has traced the Tablon structure approximately 2km to the SW and turned up gold in float, soils and an adit. To the NE, the Tablon structure seems to be terminated at a NE trending fault, the junction of which may offer a favorable site for mineralization. Future work will include IP, soils and drilling along the Tablon structure.

Typically, polymetallic (Pb, Zn, Au,) mineralization in discrete structures doesn't produce great gold deposits. For this property to prove the exception, IMA needs to show good mineralization continuity along strike and more importantly, to depth into the intrusive, and/or substantial "blow-outs" into the carbonates. IMA has also joint ventured major

projects in Argentina out to Barrick (adjacent to Valedero), and Rio Tinto at Mogote, proving themselves competent at generating quality exploration projects. This generative work is where I would focus $$.

Masuparia Gold (MPG.V, 35mil SO, C$3.5mil MC @ C$.10) continues to release impressive gold results from drilling at Graywacke, Saskatchewan, most recently 9.8g/t Au over 7.6m, 14.7g/t Au over 6.8m and 6.2g/t Au over 16.7m. Drilling to date by MPG is pretty tightly spaced, down to 15m, mostly within a resource of ~328,000t @ 8.4g/t Au identified by Cameco in 1991. MPG is earning 50% for C$850,000 in expenditure (C$150,000 spent and C$500,000 in the bank) and can earn up to 70% for C$2mil in expenditure. Access is good, 8km off a highway, and the Golden Rule mill (500tpd capacity available) sits ~30km up the road.

The mineralization outlined covers ~125m of an 800m zone tested by Cameco, which in turn is part of an 8km trend of anomalous gold values hosted by a meta-volcano/sedimentary sequence. The details and style of mineralization is as yet unclear, but seems to be associated with pyrite (to 5%) and magnetite. Outcrop along this 8km trend is poor, hence sampling very sporadic. Cameco drilled around 8 widely spaced holes over ~4km of this without much success, however it is not clear if the prospective horizon was intersected.

So far, the higher grade mineralization appears to be relatively restricted to the area outlined by Cameco, with scattered drill holes outside this zone returning inconsistent gold grades. A 250,000 oz resource seems a reasonable target for the Greywacke zone. On trend, the limited evidence supports the potential for additional mineralized zones of a similar size. More exploration work directed towards larger mineralized zones is certainly warranted, however given the likely low capital costs of any operation here, a number of smaller deposits along this trend could prove quite economic.

Excellon Resources (EXN.CDNX, 18.8mil SO, C$0.32) finally got to put a few more holes into their Platosa, Mexico, property after an extended period of inactivity due to Apex Silver's lack of interest in pursuing the project. The joint venture agreement allows EXN to earn 51% in Platosa and Saltillero by spending US$1.45mil over 2 years. At feasibility, Apex can earn an additional 2% for 2% of the NPV based on a pre-feasibility study, capped at US$1mil.

Platosa is believed to offer a replacement type, Ag-Pb-Zn, mineral system similar to the nearby Ojuela Mine (6Mt @ 15 oz Ag, 3.5g/t Au, 15% Pb, 10% Zn), which consists of a complex system of mantos and chimneys on limestone (panned here 7-7-00 sheet). The Platosa target occurs under cornfields near the base of a hill that hosts a small (75,000 tonnes) Ag-Pb-Zn mine. Previous drilling by the joint venture failed to locate significant mineralization under the known prospect but did intersect high-grade mineralization under the corn. The "corn zone" consists of an upper manto intersected in nine holes over a 40m by 30m area and a lower manto possibly occurring over 20m by 30m. Drilling was pretty tight, spaced at ~10m intervals and showed the mineralization thinning rapidly in all directions, effectively closing off mineralization in the X and Y directions but leaving open the possibility of high angle structural zones in the Z direction. The best hole, DH-13, in the center of the manto, assayed 44oz Ag, 44% Zn, 14% Pb over 6.7m (upper manto) and, 17 oz Ag, 5.7% Zn, 3.9% Pb over 2.3m (lower manto). Nice grade, but man, this is small.

In the current round of drilling (~3,000m planned), DH-33 reportedly hit 36m of sulfide mineralization (assays pending). This hole is drilled 15m NW of DH-13 and angled 70* SE, directly under or into the high-grade mineralization previously encountered. Purely guessing, but 40 plus oz Ag and 40% Pb seems plausible. We'll see (Fig. 1)

There are literally dozens of small, isolated, high-grade polymetallic pods of this nature occurring throughout the limestones in this region of Mexico. Attempting to piece together significant economic tonnes by drilling on 15m centers and then infilling and undercutting these holes seems a tough exploration road to hoe, better them than me.

Let's speculate a bit more on pending drill hole results. Samex (SXG.CDNX, 39mil SO, MC $3mil @ C$.08) is going to discover more hydrothermal alteration and pyrite in their current round of drilling at the Core Zone of Eskapa, Bolivia. This won't be the first time SXG has been successful in discovering alteration here. Surface work delineated small brecciated bodies and structures within a stratovolcano crater that carried Ag-Ba-Cu. Initial drilling below one of these outcrops returned argillic and silicic alteration and anomalous Ag-Cu over a ~30m drill length in one hole. Most of the other holes missed any mineralization and didn't find much alteration.

A second target, outside the crater, incongruously designated "Copper Zone", consists of a narrow copper mineralized pebble breccia cutting relatively unaltered volcanics. Previous drilling showed this mineralized breccia continued at depth carrying ~8% Cu over 8m drill length. An IP survey indicates there may be more sulfides at depth beneath the barren volcanics approximately 250m to the west and maybe 100m to the east. Again, under apparently barren volcanics. DH-4C, designed to test this hidden chargeablity high, encountered 270m of fractured, broken and brecciated andesite and intrusive (all dead) before getting stuck.

What's wrong with this picture (see Fig. 1)? What's the real target here?
Porphyry copper systems are renowned for their extensive and characteristic alteration and geochemical relationships. All the data suggests the alteration post-dates the volcanics and points to a very weak alteration system: no porphyry copper here.

In the Core Zone, argillic to advanced alteration, which is often ubiquitous to plugs in stratovolcanoes, is generally weak with minimal silica. Surface sampling returned highly anomalous Cu, Ag, Pb, As, Hg and, Sb assays, which seem to be interpreted to indicate the potential for high-grade gold enargite veins at depth. Drilling confirmed the highly anomalous but low-grade nature of the mineralization with between 0.04% and 0.4% Cu, andup to 69g/t Ag, 0.024 g/t Au. Once again, all the evidence points to a weak system unlikely to host a significant economic deposit. Drilling will tell as usual. Fortunately for SXG, Intl. Chalice is funding the drilling as part of their US$.5mil earn in agreement.

Addressing a few unfortunate incidents related to last Friday Sheet's (10-12-01 Sheet) baked camel recipe.

A Utah reader (West Jordan actually) was arrested for attempting to shove what used to be a live turkey into a sheep (still alive). Although not specifically stated in the recipe, these animals should be dead before insertion. Likewise, as a Kiwi who is now in the midst of a rather awkward divorce, should have known, live sheep should be kept out of the kitchen. These incidents deeply concern our in-house legal counsel. She sees the potential for corporate liabilities and lawsuits associated with this apparently dangerous culinary advice. Liabilities which are not covered in the already extensive disclaimer below. Meaning: no more camel, or otherwise, recipes.

It seems that roasting the occasional camel is not the only dangerous activity we subject ourselves to these days. Consider these statistics from Britain's Department of Trade and Industry. Three dozen people were sent to the hospital for injuries associated with teapot covers and over 300 people were apparently assaulted by clothes baskets. Worse yet, about 165 individuals were injured by placemats, 330 by toilet paper holders and an amazing 13,000 unlucky folks from vegetables (I suspect there's a website for this one). Even sponges and loofahs caused nearly 800 injuries. Camel incidents didn't even rate. What is clear is that danger lurks in seemingly innocuous items and places these days. Kinda' puts the perils of Americas mailrooms into perspective.

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