

THE DRILL BIT



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July 18, 2003

All values in C\$ unless otherwise noted.



Junior Mining Sector Developments

The past few weeks have seen some significant developments occur. In one instance, a large gold project was scooped within a shared joint venture while, elsewhere; Altius Minerals Corp. (ALS, V) completed its strategic purchase of a mineral royalty that should begin to cashflow in 2006.

In early July, WMC International Limited announced that it would resume exploration at the Meliadine West Project in Nunavut. This project, with a resource of approximately 4.5 million ounces of gold, has been largely been inactive since 2001 as the parent company (WMC Resources Ltd.) decided to exit the gold business. WMC's partners in the Meliadine West Project are Comaplex Minerals Corp. (CMF, T) and Cumberland Resources Ltd. (CBD, T). The parent company had quietly marketed that its interest was for sale and this week, Comaplex, agreed to merge with the Canadian subsidiary. This transaction surprised many people and we are enthused to see the consolidation of the interest and that work at the project will resume.

Altius announced that it has acquired part of the Voisey's Bay net smelter return royalty. This acquisition was facilitated by the completion of a \$10 million equity financing for Altius. The addition of this asset (cashflow) distinguishes Altius from most of the other exploration companies and sets a good course for the company to also gain leverage to nickel.

Even though we have seen some downward adjustment in the gold price, the window has opened for equity financings and a number of transactions have been announced. These include financings by: Canadian Royalties Inc. (\$3 million), Cumberland Resources Ltd. (\$21.7 million) and Wolfden Resources Inc. (\$13.37 million). The later two financings were *bought deals* which indicates competitiveness and interest on the part of the underwriters.

- **Comaplex Minerals Corp. (CMF, T, \$2.75, Speculative Buy)**

The purchase of the Meliadine West project for 5.2 million shares and US\$6.75 million equates to approximately US\$5.69 per ounce of gold in-the-ground. WMC has spent \$56 million at the project since mid-1995 while outlining a high quality resource that ranks as one of Canada's largest undeveloped gold deposits. We applaud the transaction and look forward to the recently announced work program.

- **Rubicon Minerals Corp. (RMX, V, \$0.84, Speculative Buy)**

Rubicon announced that drilling is underway at its Rivard project in Red Lake and that a 10,000 foot drill program at its 100% owned McFinley gold project is also set to commence. Rubicon reported good results from the MAC-1 zone on the McFinley gold project this past winter.

Market Overview

Commodities	Current	1 Week Chg.
Gold	US\$347.05	0.55%
Silver	US\$4.71	-1.46%
Copper	US\$0.78	0.67%
Nickel	US\$3.93	-0.40%
Zinc	US\$0.38	0.84%
Platinum	US\$687	1.18%
Palladium	US\$166	-4.60%

Indexes

S&P/TSX Composite	7114.65	0.52%
S&P/TSX Golds	166.96	-0.55%
S&P/TSX Metals	134.59	3.55%
TSX-Venture Exchg.	1113.78	-0.81%
XAU-Philadelphia	74.88	-4.11%
XGD-Toronto	41.65	-0.60%

Best Performers

Comaplex -CMF	\$2.75	34.15%
Heritage Explor. -HXL	\$0.70	16.67%
Atna Res. -ATN	\$0.28	14.29%
Glencairn Gold -GLJ	\$0.50	11.11%
Tahera Corp. -TAH	\$0.15	11.11%
Aur Res. -AUR	\$3.67	10.54%
Campbell -CCH	\$0.44	10.00%
Mountain Prov. -MPV	\$0.88	10.00%
First Point -FPX	\$0.26	8.33%
Kimber Res. -KBR	\$0.52	8.33%
Orvana -ORV	\$1.36	7.94%

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Industry Rating	Definition
Overweight	Analyst expects performance of their industry coverage universe to beat the TSX benchmark** over the next 12 to 18 months.
Equal Weight	Analyst expects performance of their industry coverage universe to be in line with TSX benchmark over the next 12 to 18 months.
Underweight	Analyst expects performance of their industry coverage universe to lag the TSX benchmark over the next 12 to 18 months.
Stock Rating	
Overweight	The stock's total return is expected to exceed the average total return of the analyst's (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12 to 18 months.
Equal Weight	The stock's total return is expected to be in line with the average total return of the analyst's (or industry team's) coverage universe on a risk-adjusted basis, over the next 12 to 18 months.
Underweight	The stock's total return is expected to be below the average total return of the analyst's (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12 to 18 months.
Volatility Rating	Stocks will also be marked with a volatility rating (Volatile versus Not Volatile) if the price has moved up or down by more than 20% in at least 12 of the past 24 months. IPOs will carry a Volatile rating within the first 12 months.

Note: All ratings assume equal-weighted stocks in a portfolio.
TSX benchmark total return is assumed at annualized rate of 8% to 10%.