

# The Hard Rock Analyst - *Special Delivery*

## Special Delivery #160 – 3 April 2003

### Trip Report – Southern Rio's 3Ts project

Monday was spent looking at the **Southern Rio (SNZ-V; closing up 3 cents at \$0.19 on 513,500 shares)** 3Ts project located about 120 km south of Vanerhoof in central British Columbia. SNZ has changed its focus from Chilean bulk tonnage to Canadian and largely British Columbia gold projects since we first talked about it at about the current price several years ago. The 3Ts project is the company's main focus at present, to which it has recently added several other similar projects in the same Nechako Plateau region that are accessible by an existing network of logging roads. These are epithermal targets, vein focused to date and with relatively high silver contents typical of northern British Columbia. Past work here has been done by and the project is being acquired from three separate producers who competed in a small staking rush generated by discovery of outcropping mineralization by government geologists in 1993. SNZ is presently completing a drill program interrupted last autumn that includes shallow testing of several known veins to get a better handle on past results, and to begin testing targets generated by new exploration methods that can be employed this coming summer season. These are low-sulphidation veins and vein-breccia of the type garnering increased interest for their potential to host relatively thick high-grade sections. Testing to date has focused on near surface targets.

The initial results from the current drill program, testing the Ted Vein, were out after the close yesterday and should continue for roughly a month, by which point timing to continue the work after a break needed to allow roads to rest through the spring thaw should be better known.

The main Tommy Vein has an inferred resource of 470,000 tonnes grading 7.4 g/t gold (0.21 oz/ton) & 65.2 g/t silver defined to a depth of about 150 metres and in a thickness of roughly 3.5 metres, or roughly 110,000 oz of gold & 1 million oz of silver that could be mined in part from a small pit if the overall resource grows to sufficient size. Tommy and some other sub-parallel veins within the project are cut by a post-mineralization sill, a near flat lying magma intrusion, and some sub-vertical dykes of the same material, that effectively divides the veins into upper pitable and lower underground targets in the main area of known mineralization. There are eight known veins in the main 1 x 2 km area of focus. A few drill holes have tested below the sill, and on-trend portions of the system are known to be "sill-free" based on this limited testing.

This program is focused on the Ted Vein that has a known extent of 250 metres and has seen some past drill testing. The best previous result from past work was 22 metres of 8.9 g/t gold & 394 g/t silver, with the intersection length at this point appearing to be about 7 metres. Other gold grades from past Ted drilling have been in the 1.4-2.8 g/t range. Ted is distinct from Tommy in that while gold-silver values at Tommy are in a quartz vein with very little sulphides, Ted has to date shown a clear association between silver values with minor lead and zinc sulphides, and of gold with copper sulphides.

Reported yesterday were drill holes TT 14-16, with TT-14 cutting post-mineral intrusion at the projected vein depth. Drill hole TT-15 cut the intrusive plus 10 metres of the Vein that returned 1.1 g/t gold & 199 g/t (5.8 oz/t) silver; the estimated true width of this intersection is 7.5 metres. TT-16 cut the deepest intersection on the Ted Vein to date, returning 28 m of 3.8 g/t gold & 138 g/t silver (90 feet of 0.11 oz/t gold & 4 oz/ton silver), including 16 m of 6 g/t gold & 137 g/t silver; the estimated true width of the intersection is 12 metres. TT-16 was drilled on the same section as and 65 metres deeper than hole TT-11 that cut 11.4 m of 1.4 g/t gold & 360 g/t silver last year.

Systems of this type typically generate viable ore bodies centred on portions of the host structures that are "dilation" zones, open-spaces that have sprung open by regional forces against the main fault trend. Pods of higher grade like the 7 meters of 8.9 g/t gold and 394 g/t silver in Ted within the system become the focus for generating an average grade that makes the system viable. At this point the system has generated a reasonable mix to further this effort. The depth of further higher-grade intersections should be kept in mind through the balance of this program's reporting. Over-all potential to generate sufficient resource will be tested by this summer's programs.

Results from this program can be used as base to continue exploration during the summer season. There are areas where boulders have been located with high-grade mineralization for which no source has been located, and both the on-trend and depth extensions of the know veins are open for further work.

The company's major shareholder is Diamondex President and CEO Randy Turner, and SNZ shares both office space and board expertise with DSP. Southern Rio's President and CEO is Lindsay Bottomer, a geologist with a history of working for junior and mid tier gold companies including Prime Equities group that funded discovery of Eskay Creek Mine that became the mainstay of Homestake, and for Echo Bay Mines. Success for the group will be rewarded.

The company has about 26 million shares out, and about 31 million fully diluted with much of the dilution as 20 cent warrants exercisable between now the end of May. With the market continuing to be heavily jostled by war reporting, SNZ can generate volume on strong results given its low price base and focus on the safe British Columbia environment that is just now re-emerging as focus for mining exploration after a change to a government that is currently much more business oriented the one held sway during the 1990s. Further information can be found at <http://www.southernrio.com/s/Home.asp> or by contacting 604-687-3959 or [info@southernrio.com](mailto:info@southernrio.com).

**Aber Diamonds (ABX-T, ABER-Q; closing up \$0.91 at \$28.25 on 280,575 shares)** reported its first sale of diamond yesterday, a parcel with 42,619 carats of diamonds that sold for a total of US\$4,100,692 or an average US\$96.22 per carat. Market uncertainty aside, this will be the beginning of valuing Aber to output.

**Radius Exploration (RDU-V; closing up 3 cents at \$0.95 on 71,500 shares)** announced on Tuesday that it had farmed out 60% of the Holly project to related **Pillar Resources (PRI-V; closing down 8 cents at \$0.89 on 96,100 shares)** for cash payments to Radius totalling \$500,000 and \$4 million in exploration expenditures on the project over three years. This was in keeping with RDU's plans to farm out drill stage projects, but none the less caused some selling in a weak gold market. At this price we consider RDU a strong spec buy, initially for results from the Gold Fields drilling and in turn for results from both projects to be drilled by PRI.

Regards for now - David Coffin & Eric Coffin

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