

The Northern Miner

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Southern Rio advances 3T's property

Potentially minable grades reported from Ted vein



Photo by Thomas Schuster

Analysts examine core from Southern Rio Resources' Tam property, 200 km southwest of Prince George in north-central British Columbia.

BY THOMAS SCHUSTER
VANDERHOOF, BRITISH COLUMBIA —
Southern Rio Resources (SNZ-V) is intensifying exploration of the 3T's low-sulphidation epithermal gold-silver project in central British Columbia, 120 km southwest of here.

The current drilling campaign is attempting to extend and define the Ted vein, as well as test the Mint vein on the nearby Tam property. Highlights from recent drill results at the Ted vein are as follows:

□ Hole TT-16 cut 28 metres (true width about 12 metres) averaging 3.78 grams gold and 137.5 grams silver per tonne, starting at a down-hole depth of 100 metres. This included a 16-metre interval (true width 6.9 metres) that averaged 5.96 grams gold and 136.6 grams silver. Hole TT-16 was drilled on the same section as hole

TT-11, which cut 11.35 metres of 1.43 grams gold and 360.2 grams silver.

□ Holes TT-14 and TT-15 were collared on a section 85 metres farther north and along strike. Hole TT-14 cut intrusive diorite in the projected position of the Ted vein, while hole TT-15 cut a diorite sill. A 10-metre portion (true width 7.5 metres) of the hole beneath the sill assayed 1.08 grams gold and 198.6 grams silver.

Four additional holes were drilled along strike to the south and spaced at 50-metre intervals. Assays are still pending. At the southern end of the vein, mineralization appears to change from a discrete epithermal vein to a wide zone of altered volcanics that host disseminated sulphides. To date, the Ted vein has been defined over a strike length of about 250 metres.

"Hole TT-16 is a fat intersection and the deepest to date," says Southern Rio President Lindsay Bottomer, who spoke with *The Northern Miner* on-site. "It's also pretty good grade, and it gives us lots of incentive to go down dip and along strike. At the Ted vein we are seeing true widths of between 8 and 12 metres at potentially minable grades. Over those sort of widths, you can really rack up tonnage in a hurry."

The drill was subsequently moved to the Mint zone, about 600 metres to the north. This zone hosts a strong resistivity anomaly, as well as precious metal-rich float. About six holes tested the vein in this area. Assays are pending.

"There will be a bit of a break in terms of site activity because we are getting into the spring melt and break up season," said Bottomer. "We will

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be back on the property in mid-June.”

The 3T's project covers 34 sq. km and consists of three contiguous properties: Tsacha, Tam and Taken. The properties host outcropping gold-silver quartz vein systems. To date, nine mineralized veins have been discovered, and Southern Rio believes more are concealed under glacial till.

The Nechako plateau area received little exploration until early 1994, when the British Columbia Geological Survey announced it had discovered gold-bearing quartz veins in the area. Teck, Cogema Resources and **Phelps Dodge** (PE-N) quickly staked the area and subsequently began aggressive exploration programs, which lasted until 1998. In mid-1996, the election of the Glen Clark-led New Democratic Party provincial government put a huge damper on further exploration in the province, and many companies elected to end work. Some allowed their claims to lapse.

The 3.5-sq.-km Tam property was acquired from Kleinebar Resources in December 2001 in return for a 1% net smelter return royalty, a cash payment of \$4,700, and the issuance of 10,000 shares.

Then, in April 2002, Southern Rio acquired the 18-sq.-km Tsacha property from **Teck Cominco** (TEK-T). According to the agreement, the junior can earn a 100% interest in the property by spending \$1.2 million and issuing Teck Cominco a total of 400,000 shares at 15¢ per share over three years. Teck Cominco retains a back-in right to earn back 65% of the Tsacha property.

Also in April 2002, the junior optioned the Taken property from Phelps Dodge. According to that agreement, Southern Rio can acquire a 100% interest in the property subject to a sliding-scale NSR royalty by issuing 200,000 shares to Phelps Dodge at a deemed price of 10¢ per share, and completing work expenditures totalling \$250,000 within four years (including 500 metres of diamond



Photo by Thomas Schuster

Southern Rio Resources President Lindsay Bottomer (right) talks with Vancouver-based newsletter writer David Coffin. A drill turns on the Ted vein in the background.

drilling within two years).

Southern Rio has effectively consolidated the most prospective properties in the area, as well as staked additional ground surrounding these claims. Logging roads in the region provide excellent access to the project.

Said Bottomer: “As far as location in B.C. goes, we’re about as good as it

gets: we’re in the heart of one of the biggest clear-cuts in the province; there is a lot of good infrastructure from the logging work; there are minimum problems with permitting because, let’s face it, the loggers are doing a heck of a lot more to change the landscape than anything we’re doing; and we’re in a resource friendly area. If we

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can get up to a mining threshold of 400,000 or 500,000 ounces, I think we have a shot at a viable operation.”

The company is basing its model on the old Blackdome mine, which operated near Lillooet for a few years in the early 1990s. Blackdome mined 240,000 oz. and was quite a profitable operation.

Tsacha

The Tsacha property has seen the most exploration work. Teck Cominco drilled in excess of 16,000 metres and identified seven mineralized veins. The Tommy vein hosts an inferred resource of 470,700 tonnes averaging 7.4 grams gold and 65.22 grams silver per tonne, or 112,000 oz. gold and 987,000 oz. silver. This is based on a cutoff grade of 4 grams gold per tonne.

“This style of mineralization generates some of the best mines on the planet, like Meridian Minerals’ El Penon mine in Chile and Franco Nevada’s Midas mine in Nevada,” said Bottomer.

In late 2002, Southern Rio drilled seven holes into the Tommy vein and the four holes into the adjacent Ted vein, 1 km to the east. A couple of drill intercepts extended the strike of the Tommy vein by 400 metres. The vein system remains open and strongly developed at the northern end. Further work will test for additional ore shoots. Highlights of this past drill program are as follows:

□ In the central portion of the Tommy vein, hole TS-85 was drilled within the resource area and cut 7.9 metres averaging 4.5 grams gold and 28.5 grams silver.

□ The two holes that were drilled to test the northern projection of the Tommy vein were collared 200 and 400 metres north of the last known vein intercept.

□ The 200-metre stepout hole, TS-83, intersected 4.55 metres averaging 0.68 grams gold and 7.2 grams silver.

The 400-metre stepout hole, TS-82, intersected two intervals of quartz veining totalling 8.25 metres and returned only anomalous gold and silver values.

□ Another hole, TS-86, was collared to test the southern extension of the Larry vein, east of, and parallel to, the Tommy vein. This hole intersected only minor quartz veining and silicification, and no significant gold values.

The results of this earlier drill program indicate that the Tommy vein system is much larger than expected, which increases the potential for further discoveries both along strike and at depth.

Highlights from Southern Rio’s previous drill campaign at the Ted vein include the following:

□ Hole TT-10 cut 26.9 metres averaging 1.29 grams gold and 237.2 grams silver starting at 88.3 metres down-hole. This included a 13.2-metre section of 1.94 grams gold and 357.9 grams silver.

□ Hole TT-11 cut 11.35 metres averaging 1.35 grams gold and 341.3 grams silver starting at 40.65 metres down-hole. This included a 3-metre section of 3.28 grams gold and 1,117.6 grams silver.

□ Hole TT-13 cut 22.5 metres averaging 2.17 grams gold and 35.9 grams silver starting at 85.8 metres down-hole. This included a 4.9-metre interval of 4.87 grams gold and 65.8 grams silver.

The true widths are estimated to be 60% of the drill-indicated widths. This summer, Southern Rio intends to examine the Triple Junction area on the Taken property, where a cluster of mineralized boulders grading up to 19.2 grams gold per tonne and 148.0 grams silver occurs in an area several kilometres from any known bedrock mineralization.

Trout

In other news, Southern Rio recently acquired a 100% interest in

the Trout property, in the Nechako Plateau region of central British Columbia. The Trout property, 60 km southwest of Vanderhoof, covers a gold- and silver-bearing epithermal zone which has several significant drill intersections, including 20 metres grading 3.82 grams gold, 20.7 metres grading 3.42 grams gold, and 22 metres grading 2.49 grams gold per tonne. According to the agreement, Southern Rio must issue a total of 175,000 shares, and make cash payments of \$25,000 and spend \$200,000 on exploration over three years. The vendor will retain a 2% NSR royalty, half of which may be purchased at any time by Southern Rio for \$750,000.

In addition, the junior has staked the Sam property, also in the Nechako Plateau region. This property is 70 km south of Burns Lake and covers a large epithermal alteration system that is locally mineralized with gold and silver. Previous drilling has cut narrow gold intervals, including 1.5 metres grading 7.12 grams gold and 27.5 grams silver, and 1.5 metres of 0.03 gram gold and 156.7 grams silver. Recent logging has improved access and increased the amount of rock exposure. Southern Rio plans to kick off an exploration program consisting of geological mapping, prospecting and geophysics during the summer.

Southern Rio also holds: the Dani polymetallic massive sulphide property, near Kitimat, B.C.; the Duke copper-gold project, 35 km from the Highland Valley mine in British Columbia; the Mayo gold project, in the Mayo mining district of the Yukon; and the Minnitaki gold project, 20 km southwest of the town of Sioux Lookout in northwestern Ontario.

The company has 31.3 million shares fully diluted.