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Gold Canyon rides gallium wave  
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Vancouver -- Like so many other junior explorers over the past five years, **Gold Canyon Resources** (GCU-V) has felt the pinch of falling gold prices. Today, the former market darling is seeking a reversal of fortunes by exploring for an exotic metal, gallium.

Originally formed in 1986, Gold Canyon then set its sights on the Springpole gold property in the Red Lake mining camp of Ontario. The project is located only 100 km from **Placer Dome's** (PDG-T) Campbell mine. More than 292 holes were drilled into the property and a variety of major and junior companies spent a combined \$14 million.

The gold rally of 1995-96, in unison with high, but erratic, drill results from the project, saw shares in Gold Canyon spike to an all-time high of \$20 each. As the price of gold started to drift lower and investor interest waned, financing for additional exploration dried up and the company's stock went into a tailspin, trading as low as 20¢ per share earlier this year.

In May, with the price of gallium surging to \$4,400 per kg, up from \$500 a year earlier, the junior's wholly owned subsidiary came across the Cordero property in Humboldt County.

Recognizing the area's potential for the exotic blue-gray magnetic metal, Gold Canyon picked up the rights to all minerals, other than gold and silver, recovered from the project in return for US\$5,000 in cash.

The vendors retain a 3% net smelter royalty and Gold Canyon assumes a 1% net smelter royalty payable to Cordero Mine. The minimum advanced royalties tally US\$7,000 in the first year, US\$8,000 in the second and US\$10,000 thereafter. The initial term of agreement is 15 years and is renewable for an additional 15 years.

The Cordero project covers the northeasterly trending, mineralized M fault zone in the Opalite mining district of northwestern Nevada. Previously reported surface samples from this zone yielded values up to 222.6 grams gallium per tonne from an anomalous zone measuring 1,700 metres by 135 metres.

The gallium mineralization is hosted in a fault zone as an oxide mineral assemblage that persists to a depth of as much as 150 metres. Gold Canyon believes the gallium can be recovered by solvent extraction-electrowinning.

Past mining and sampling on the M zone indicate an average grade of 83 grams gallium. Recent sampling in the Harper Pit area returned 30.5 metres grading 97.7 grams gallium, while the most north eastern extension of the surface mineralization on the M zone yielded 18.3 metres averaging 45.4 grams gallium.

The latest results also identified three new prospects.

Some 244 metres southeast of the Northeast Bradley Pit area, samples from historic drill holes returned up to 103 grams gallium. Dubbed North Ruja, the new zone covers an elongated soil-colour anomaly measuring 360 metres by 180 metres.

Adjacent to the M zone on the west side, the Southwest Extension prospect covers a 500-by-220-metre area that returned up to 53.8 grams gallium.

The largest of the most recent findings lies 1.6 km northwest of the M zone. Known as White Hills, this region is marked by an 820-by-180-metre soil-colour anomaly and covers a low northeasterly trending ridge. Historical geophysical data outlines an induced-polarization high, combined with a resistivity low, over the area.

Demand for gallium is currently only about 130 tonnes per year, but is projected to grow by 20-50% per year, hitting 380 tonnes by 2008. The surge is expected as the global use of cellular phones rises.

The metal is also used in wireless communication circuits, fibre optics and dental fillings.

So far, 100% of the world's gallium supply comes as a byproduct of zinc mining or aluminum smelting.

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