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The following article about Gold Canyon Resources Inc. and gallium appeared in the most recent edition of the MINING QUARTERLY, Elko, Nevada.

Gallium project slows but still in works

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ELKO — Gold Canyon Resources Inc.'s Cordero Gallium Project in Nevada has slowed but the company is still working on it, while also pursuing a gold project in the Red Lake Mining District in Ontario.

"Right now we're kind of idle up there," Chief Executive Officer Robert Carrington of Virginia City said of the gallium project at McDermitt in northern Humboldt County near the Oregon border.

"The gallium price fell off along with the rest of the economy. Gallium is not hot when the economy's not hot," he said, unlike gold, which becomes more valuable when the economy is in the doldrums.

Gallium was selling for as high as \$5,000 a kilogram, or 2.2 pounds at the end of 2000, but the price is now around \$400 a kilogram, Carrington said.

Carrington said, however, that over the long term the gallium project has great potential to boost McDermitt's economy as the demand for gallium grows.

"If gallium moves like I think it will, we could be in production by the end of

2004. We're still trying to move forward with this."

Gallium is used in cellular phones, all wireless communications, semiconductors and in other high-technology applications, and Carrington said he believes the uses and demand will grow with the advancement of technology.

Even smart bombs are guided by gallium, and there are medical applications to help patients with Parkinson's disease and Alzheimer's disease, as well as for light emitting diode light bulbs.

"I personally think lighting will be the biggest growth area," Carrington said.

The metal melts in the hand and has a silvery, aluminum-like appearance, but it isn't toxic and won't melt into a human body. Carrington said it melts at about 86 degrees Fahrenheit and boils at 4,357 degrees Fahrenheit, giving it the broadest range of any known metal.

Should Gold Canyon go into full production at Cordero, the company would mine the gallium in a shallow open pit because the gallium is near the surface.

"We'd mine rock with low concentrations of gallium, only a tenth of a pound per ton of rock," Carrington said.

The ore would be leached using sulfuric acid, for example, but not cyanide.

Gold Canyon also is looking at construction of a mill.

Gallium now in use comes to the market as a byproduct of mining for other metals, and Cordero could become the first operating gallium mine in the world.

According to an Associated Press article last summer, the U.S. Geological Survey said at least one mine tried gallium mining in the 1980s but failed. That mine was in Utah.

USGS said the problem is devising a whole new processing scheme, and no one has gotten a process to work commercially.

The Cordero Gallium Project is located 15 miles from McDermitt at the end of a paved road and between the old Cordero and McDermitt mercury mines.

Carrington said the gallium was discovered by accident while geologists were looking for gold, and it is now an advanced exploration project, with 80 drill holes on the property.

"We still need to do more metallurgical work," he said.

Also, Cordero still needs permitting that would involve an environmental assessment or environmental impact statement, and Carrington said both the U.S. Bureau of Land Management and

Nevada Division of Environmental Protection are interested.

That's because Gold Canyon would clean up all the historic mining disturbance, and everything would be reclaimed to modern standards, he said.

Carrington estimated a workforce of 50 to 75, according to earlier news reports on the potential project.

Gold Canyon also is working in an old mining area at its Springpole Lake Project in the Red Lake area of Ontario, and Carrington said this project is in the advanced exploration stages.

The old mine was a low-grade open pit mine, but Gold Canyon is looking at "extremely high-grade veins" for underground mining, he said. The property has a 1.2 million-ounce gold resource.

Carrington said a number of companies are looking at the property as potential operators.

"Right now we're definitely an exploration company, but we would like to make the transition to a real mining company," Carrington said.

He brought the gallium project to Gold Canyon, according to a news release from the small company with headquarters in Vancouver, British Columbia. Stocks sell on the Toronto Venture Exchange.