Could Rice Lake be the Next Red Lake Gold Mining District?

Introduction

Many investors are familiar with the Red Lake gold mining district of Ontario. The region is one of North America’s most prolific mining districts and has produced over 20 million ounces of gold.
"Cash rich with no debt, Goldcorp is one of the most profitable mining companies in the world."

The Red Lake mine is currently one of Canada’s largest gold mines, producing more than 600,000 ounces per year. It is also one of the world’s richest gold mines and lowest cost producers.

Investors may be surprised to learn, however, that merely 80 km to the west of the Red Lake mining district lies another Greenstone Belt that shares many geologic similarities with the Red Lake Belt. In fact, this belt lies in the same geological terrain, on the same major crustal break, and contains practically the same rock as the Red Lake Gold Camp. Moreover, just like the Red Lake Camp there has been gold exploration in this region since the early 1900s.

The region is called “The Rice Lake Gold Belt” and it is located in mining friendly Manitoba, 150 km northeast of Winnipeg. The belt has already produced more than 200 gold showings and about 2 million ounces of gold. Over 80% of this production, however, has been produced by the San Antonio Mine (now the Rice Lake Mine), which was recently re-opened and has almost 1 million ounces of gold in reserves.

“Merely 80 km to the west of the Red Lake mining district lies another Greenstone Belt that shares many geologic similarities with the Red Lake belt.”
Despite its geologic similarities to the Red Lake mining district the Rice Lake district has produced only about 10% of the gold that the Red Lake Belt has. Moreover, most of the gold already discovered in the belt was uncovered in the World War II era before the advent of modern exploration techniques and geological theories.

The reality is that the Rice Lake Belt resembles the Red Lake Belt geologically, but the exploration money simply hasn’t been spent. It has been estimated that over the last five years, fifty to sixty juniors were active in Red Lake and less than a dozen in Rice Lake. Moreover, the level of expenditure at Red Lake is estimated to be something in the order of more than one-hundred times that spent in the similar and geologically promising Rice Lake Belt.

The important geological similarities between the Rice Lake Belt and the Red Lake Belt make Rice Lake an ideal location for finding large, high grade gold deposits. Only recently has a group of innovative and enterprising mining juniors descended upon the region armed with modern exploration techniques and geological theories. Will the Rice Lake Belt become the next Red Lake? The companies exploring the region are committed to making this become a reality.

**Geology Knows No Boundaries:**

Any geologist will tell you “geology knows no boundaries.” Often political boundaries are arbitrarily drawn on the landscape and cut right through prospective geological belts. This is the case with the boarders between Chile and Peru, Peru and Ecuador, and most importantly Ontario and Manitoba.

The Rice Lake Belt is located just 80 km west of the Red Lake Mining District. Although separated by the Manitoba-Ontario border both of these districts are located within the Uchi Sub-province, have the same rock types, and are cut by the same crustal fault.
A Brief History of Red Lake:

Located in northwestern Ontario, Red Lake is currently one of the hottest gold mining regions in the world. Exploration and mining in the region began during the last great Canadian gold rush of the 1930s. Since that time the region has produced over 20 million ounces of gold.

“Red Lake is currently one of the hottest gold mining regions in the world.”

Major Gold Producers in the Red Lake District:

<table>
<thead>
<tr>
<th>Mine</th>
<th>Years of Production</th>
<th>Ore Milled (Short Tons)</th>
<th>Gold Produced (Troy Ounces)</th>
<th>Average Grade of Production (oz/ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>1949-Present</td>
<td>18,373,351</td>
<td>10,528,398</td>
<td>0.573</td>
</tr>
<tr>
<td>Goldcorp (Dickenson)</td>
<td>1948-Present</td>
<td>8,858,490</td>
<td>4,262,634</td>
<td>0.481</td>
</tr>
<tr>
<td>Madsen</td>
<td>1938-1976, 1997-1999</td>
<td>8,678,143</td>
<td>2,452,388</td>
<td>0.283</td>
</tr>
<tr>
<td>Cochenour-Williams</td>
<td>1939-1971</td>
<td>2,311,165</td>
<td>1,244,279</td>
<td>0.538</td>
</tr>
<tr>
<td>McKenzie Red Lake</td>
<td>1935-1966</td>
<td>2,353,833</td>
<td>651,156</td>
<td>0.277</td>
</tr>
<tr>
<td>Howey Gold Mines</td>
<td>1930-1941, 1957</td>
<td>4,630,779</td>
<td>421,592</td>
<td>0.091</td>
</tr>
<tr>
<td>Hasaga</td>
<td>1938-1952</td>
<td>1,515,282</td>
<td>218,213</td>
<td>0.144</td>
</tr>
</tbody>
</table>

The Red Lake gold camp is situated in the Red Lake Greenstone Belt of Ontario. The belt is located 535 km north-west of Thunder Bay, Ontario and comprises a portion of the Uchi Sub-province of the Superior Province of the Canadian Shield. The Canadian Shield is home to some of the most prolific gold mining districts in Canada including: Hemlo, Timmins, and Kirkland Lake. The Uchi Sub-province is also home to other gold belts including the Rice Lake and Pickle Lake gold districts.

The Red Lake region is best known for the Campbell and Red Lake mines. Together, these two world class, highly profitable, high-grade gold mines have produced more than 14 million troy ounces of gold since going into production in 1948. Altogether, the two mines currently produce around 700,000 ounces of gold per year.

"The Red Lake region is best known for the Campbell and Red Lake mines. Together, these two world class, highly profitable, high-grade gold mines have produced more than 14 million troy ounces of gold."

For more than fifty years the Red Lake region has proven its potential to host some of the richest gold deposits in the world. The region has attracted both the major mining firms and junior exploration companies. Goldcorp, AngloGold, Teck-Cominco, Kinross, and dozens of junior companies all have stakes in the region.

Although gold has been produced in the region since the 1930s, the most significant discovery in the Red Lake region was made merely ten years ago.
The Discovery of High Grade Gold at Red Lake:

In 1989, Goldcorp Inc. took over Dickenson Mines Ltd, a company that had been operating one of the major mines in the Red Lake district, Arthur White mine, since 1948. When Goldcorp took over the mine it was struggling to survive. The mine had been starved of capital and its performance had always been overshadowed by its “wealthy neighbor” to the west – the Campbell Mine. For the first few years that Goldcorp operated the mine it lost money or barely broke even. Many onlookers believed that the mine was finished.

Photo: High Grade Gold from the Campbell Gold Mine – Red Lake, Ontario

“The best place to look for a new ore body is near an old mine.” - Robert McEwan, former chairman of Goldcorp

The Goldcorp geological team, however, saw great potential in the region surrounding the old mine. Moreover, Robert McEwan, former chairman of Goldcorp, felt that "the best place to look for a new ore body is near an old mine." As it turned out, McEwan couldn't have been more correct.

In 1995 Goldcorp initiated a massive $7 million dollar exploration program around the old Dickerson mine. Soon after the company began their exploration program they announced that drilling had discovered a spectacular high-grade body of gold mineralization. The mineralization had been discovered at a depth and location that was previously thought to have no potential.
The discovery was amazing – the Company announced nine drill holes averaging 9.08 ounces of gold over 7.5 feet. Goldcorp’s persistence had been rewarded with one of the highest grade gold discoveries in the world. Discoveries of this magnitude only come along every several decades or so.

The impact of the discovery on the Red Lake district was dramatic. The discovery set off an exploration rush in the region the size of which hadn’t been seen since gold was first discovered in the 1930s. Millions of dollars surged into the region as exploration companies hoped to duplicate the success of Goldcorp. It became almost impossible to find an available drill contractor and local hotels were full.

The exploration rush in the Red Lake region is still underway today. Currently four major gold mining companies and dozens of junior companies have stakes in the region.

Today, the high grade gold zone that was discovered in 1995 contains more than 4.4 million ounces of gold reserves with costs of production at about $100 per ounce. The Red Lake Mine is now one of the richest, deepest, and most profitable gold mines in the world. Cash rich with no debt, Goldcorp is now one of the most profitable mining companies in the world.

The Discovery of High Grade Gold

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Milled [Tonnes (000's)]</td>
<td>217</td>
<td>220</td>
<td>224</td>
<td>235</td>
<td>247</td>
<td>277</td>
</tr>
<tr>
<td>Milled Grade Au [g/t]</td>
<td>79</td>
<td>75</td>
<td>77</td>
<td>82</td>
<td>78</td>
<td>72</td>
</tr>
<tr>
<td>Total Recovery Au [%]</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Total Production Au [oz]</td>
<td>525,900</td>
<td>532,000</td>
<td>551,900</td>
<td>616,000</td>
<td>600,000</td>
<td>625,000</td>
</tr>
<tr>
<td>Total Cash Cost [US$/oz]</td>
<td>65</td>
<td>80</td>
<td>92</td>
<td>94</td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td>CAPEX [US$ M]</td>
<td>19.1</td>
<td>65.6</td>
<td>49.7</td>
<td>57.9</td>
<td>64</td>
<td>30</td>
</tr>
</tbody>
</table>

“Goldcorp’s persistence had been rewarded with one of the highest grade gold discoveries in the world. Discoveries of this magnitude only come along every several decades or so.”
Could the Rice Lake Belt be the next Red Lake Gold District?

The discovery of the high-grade gold zone at Red Lake sent the region into the resource investment community’s spotlight. Many investors are now familiar with the Red Lake Greenstone Belt and the Red Lake Mine. The region is regarded as one of the most favorable places in the world to discover gold deposits.

The Rice Lake Belt, located just 80 km west of Red Lake is another promising Greenstone Belt that shares geological similarities with the region yet has received far less exploration. Like the Red Lake Greenstone belt, Rice Lake is part of the Superior Province and Uchi Subprovince.

Figure: Gold Production from the Rice Lake Belt

<table>
<thead>
<tr>
<th>Mine</th>
<th>Dates Activity</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio (Rice Lake)</td>
<td>1932-68; 1982-83; Recently Re-Opened</td>
<td>1.4 million oz</td>
</tr>
<tr>
<td>Central Manitoba</td>
<td>1928-1938</td>
<td>137,817 oz</td>
</tr>
<tr>
<td>Gunnar</td>
<td>1936-1941</td>
<td>99,697 oz</td>
</tr>
<tr>
<td>Ogama-Rockland</td>
<td>1942 and 1948-51</td>
<td>45,332 oz</td>
</tr>
<tr>
<td>Jeep</td>
<td>1947-1950</td>
<td>13,824 oz</td>
</tr>
<tr>
<td>Diana</td>
<td>1928-32; 1934-36; 1937-38; 1940-41</td>
<td>7,587 oz</td>
</tr>
<tr>
<td>Solo-Ore Grande</td>
<td>1932-34; 1938-40</td>
<td>5,167 oz</td>
</tr>
<tr>
<td>Lotus</td>
<td>1982</td>
<td>1,077 oz</td>
</tr>
<tr>
<td>Poundmaker</td>
<td>1923-24; 1980-82-83</td>
<td>643 oz</td>
</tr>
<tr>
<td>Cryderman</td>
<td>1931-32</td>
<td>373 oz</td>
</tr>
<tr>
<td>Elora</td>
<td>1922</td>
<td>103 oz</td>
</tr>
<tr>
<td>Onondaga</td>
<td>1933-34</td>
<td>32 oz</td>
</tr>
<tr>
<td>Grand Central</td>
<td>1933</td>
<td>30 oz</td>
</tr>
<tr>
<td>Total Historical Production</td>
<td></td>
<td>1.7 million oz</td>
</tr>
</tbody>
</table>

The Rice Lake region has seen intermittent gold exploration since the early 1900s. Already the region has produced more than 1.7 million ounces of gold from several past producing mines. Moreover, just weeks ago one of the regions largest past producing mines, the San Antonio, celebrated its grand reopening as two gold bars were poured in front of more than five hundred employees, community leaders, government officials, and shareholders.
Rice Lake shares geologic similarities with the prolific Red Lake Greenstone Belt, has proven its potential through past production, and has available mining infrastructure nearby. Only recently has the region begun to be explored with modern geological theories and techniques. Like Red Lake, its well known neighbor to the east, the Rice Lake Belt has the potential to host world-class, high-grade gold deposits.

“Rice Lake shares geologic similarities with the prolific Red Lake Greenstone Belt, has proven its potential through past production, and has available mining infrastructure nearby.”
Manitoba – A World Mining Leader:

The Rice Lake Greenstone Belt is located about 150 km northeast of Winnipeg in Manitoba, Canada. People don’t normally associate Manitoba with mining; however, the province is a world leader in mining policies and is home to major mining companies such as Inco and HudBay Minerals.

Figure: Stock Chart - Inco Ltd.

Figure: Stock Chart - HudBay Minerals Inc.

“People don’t normally associate Manitoba with mining; however, the province is a world leader in mining policies and is home to major mining companies such as Inco and HudBay Minerals.”

MANITOBA AT A GLANCE

Population
1,177,600 (July 2005)

Area
649,947 square kilometres
(250,946 square miles)

Capital City
Winnipeg

Political System
Parliamentary Democracy

Political Leader
Premier

Official Languages
English and French

Unemployment Rate (2005)
4.8%

Real GDP (% Growth) 2005
2.9%

Exports (2004)
$9.5 billion CDN
In 2004, Manitoba produced 20.1% of Canada’s nickel, 20.1% of its cobalt, 13.6% of its zinc, 7.3% of the country’s copper, and 3.4% of its gold and all of Canada’s tantalum and cesium.

**Figure:** Operating Mines in Manitoba

<table>
<thead>
<tr>
<th>Company</th>
<th>Mine</th>
<th>Date Opened</th>
<th>Metals Mined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inco Ltd.</td>
<td>Thompson mines T1 &amp; T3</td>
<td>1958</td>
<td>nickel, copper</td>
</tr>
<tr>
<td>Inco Ltd.</td>
<td>Birchtree Mine</td>
<td>1968</td>
<td>nickel, copper</td>
</tr>
<tr>
<td>HudBay Minerals Inc.</td>
<td>Trout Lake Mine</td>
<td>1982</td>
<td>copper, zinc</td>
</tr>
<tr>
<td>HudBay Minerals Inc.</td>
<td>777 Mine</td>
<td>2000</td>
<td>copper, zinc</td>
</tr>
<tr>
<td>HudBay Minerals Inc.</td>
<td>Chisel North Mine</td>
<td>1998</td>
<td>copper, zinc</td>
</tr>
<tr>
<td>San Gold Corporation</td>
<td>Rice Lake Gold Mine</td>
<td>2006</td>
<td>gold</td>
</tr>
<tr>
<td>San Gold Corporation</td>
<td>San Gold #1 Mine</td>
<td>2006</td>
<td>gold</td>
</tr>
<tr>
<td>Tantalum Mining Corporation of Canada, Ltd.</td>
<td>Tanco Mine</td>
<td>1969</td>
<td>spodumene, tantalum, pollucite</td>
</tr>
</tbody>
</table>

The Manitoban government has recognized the critical role mining and exploration play in the provincial economy. As a result, the government supports the industry through direct assistance to exploration companies through the Mineral Exploration Assistance Program (MEAP).

MEAP was designed to increase exploration and stimulate activities that could lead to the development of new mines in Manitoba. The program provides exploration companies operating in the Rice Lake region with assistance up to 35% of approved eligible expenditures to a maximum of $400,000 per recipient per fiscal year.

The Manitoban government has also offset the basic provincial mining tax rate with a variety of tax credits and allowances that provides on average an effective mining tax rate in Manitoba of 9%. In addition, new mines are eligible for a tax holiday and the provincial corporate income tax rate was recently reduced from 17% to 15%.

The advantageous investment climate created by the Manitoban government has bolstered exploration throughout the province. In 2005, over C$43 million dollars was spent on exploration in the province. The total area of mining claims and mineral exploration licenses as of November 1, 2005 was 5,531,781 hectares compared to 3,298,445 in 2004. Surface exploration diamond drilling in 2005 was 85,000m, up from 61,766m in 2004.

Over the last hundred years, Manitoba’s mining industry has spawned over 70 mines. Moreover, in the last decade alone, over 30 mines have operated in Manitoba. The long history of mining in the province has resulted in a well-developed infrastructure that continues to support the industry today. Manitoba has a well developed transportation system, the lowest published hydroelectric power rates in North America, a skilled labour pool, and an extensive service sector available to meet the needs of mining and exploration companies. The province also has a stable and secure land tenure system and provides easily accessible geoscience databases.

“The Manitoba government continues to demonstrate the leadership necessary to attract and keep exploration in the province” – Richard Murphy, president and CEO of Independent Nickel Corporation
It should be no surprise, therefore, that the province consistently rates as a Canadian and world leader in mining policies. According to a 2005 survey by an independent public policy organization, the Fraser Institute, mining and exploration companies rank Manitoba first in Canada and third in the world for its mineral policies.

Buoyed by today’s record high metals prices, mining companies are coming to mining friendly Manitoba in droves in search of the next mine. Whereas some countries or provinces repel mining companies with their policies, Manitoba welcomes them with open arms.

**Figure:** Deposits in Manitoba

“According to a 2005 survey by an independent public policy organization, the Fraser Institute, mining and exploration companies rank Manitoba first in Canada and third in the world for its mineral policies.”

“Whereas some countries or provinces repel mining companies with their policies, Manitoba welcomes them with open arms.”
The Rice Lake Gold District:

The Rice Lake Belt is Manitoba’s most significant gold district. The first small-scale gold production in the Rice Lake region occurred in 1916 and the first gold brick was poured in 1923 from the Poundmaker Mine.

Photo: As early as 1919 the Rice Lake Region was featured in National Newspapers. The Mining Speculator “Predicts Great Rush to Manitoba in Search of Gold.”

Between 1920 and the start of World War Two over ten small mines operated in the Rice Lake Gold Belt. Surface exploration at this time resulted in the discovery of almost all of the current known deposits in the belt. Most of the mines went down to about 500 ft, with a couple going down to as much as 1000 ft. In contrast, the recently discovered high-grade zone discovered at the Red Lake mine goes down to as much as 7000 ft. Thus, based on depth alone, the Rice Lake Belt remains vastly under-explored.

Photo: ION Mines, 1919

“Between 1920 and the start of World War Two over ten small mines operated in the Rice Lake Gold Belt.”
The Rice Lake Belt covers the western extent of the Uchi geologic terrain. In fact, the Rice Lake greenstone belt, in Manitoba, together with the Red Lake, Bee Lake, and Pickle Lake greenstone belts, in Ontario, form the Uchi subprovince.

**Figure:** Rice Lake is located on the Same Geologic Terrain as Red Lake and Pickle Lake.

The Uchi terrain consists mainly of volcanic rocks that formed in an ancient ocean as well as intrusive and sedimentary rocks. These rocks are home to the important Balmer formation, which is the host to the world class gold deposits discovered at Red Lake 80 km to the east and further east at the Pickle Lake Gold Camp. The Red Lake belt has produced over 20 million ounces of gold; while the Pickle Lake Belt has produced 2.5 million ounces of gold.

Rocks in the Rice Lake Gold Belt are similar in age to those at Red Lake. Gold mineralization is present in both older rocks in the northern part of the Belt and younger rocks in the southern part of the belt. The San Antonio mine, which has contributed over 80% of the gold production from the belt to date, is hosted in the younger southern package of rocks.

Limited production has been obtained from deposits in the northern part of the Belt. Nonetheless, the older rocks of the northern portion of the belt are considered highly prospective as they are regarded as equivalent to the Balmer series of rocks that host the world class gold mineralization at Red Lake.

Sections of the Rice Lake Belt are also cut by the Wanipigow Fault. This is a regional shear fault that cuts through the Rice Lake Belt and extends eastwards to the Red Lake and Pickle Lake gold camps.

Crustal breaks such as the Wanipigow Fault are often associated with the major gold camps throughout the Canadian Shield such as the Timmins gold camp. Since 1910, the Timmins area has produced nearly 70 million ounces of gold, making it one of the two of most productive gold camps in North America.

“Only recently has the Rice Lake region begun to be systematically explored by innovative companies using modern exploration techniques and geological theories.”

“Within historically safe countries such as Canada there are still highly prospective mining districts that remain to be fully explored.”
Only recently has the Rice Lake region begun to be systematically explored by innovative companies using modern exploration techniques and geological theories. The important geological similarities between the Rice Lake Belt and the Red Lake Belt, however, make the Rice Lake region an ideal location for finding large, high grade gold deposits.

Mining infrastructure is already present in the town of Bissett, which is home to the Rice Lake mine and mill. Moreover, the region has already proven its potential, as it already contains more than 200 showings of gold and has produced almost 2 million ounces of gold.

These gold discoveries were made using outdated exploration technologies and geological theories. Armed with new techniques and theories, within the last decade junior exploration companies have only begun to scratch the surface of the belt. Could the Rice Lake region be the next Red Lake? The exploration companies operating in the region are clearly committed to making this statement a reality.

**Conclusion:**

As a result of the high metal prices we are experiencing today exploration companies are going to the far reaches of the world in search of the next mine. Some of the countries such as Venezuela and Mongolio, have geopolitical climates that make investors and companies shy away.

What many people don’t know, however, is that within historically safe countries such as Canada there are still highly prospective mining districts that remain to be explored using modern exploration techniques and geological theories. The Rice Lake Belt, located 80 km west of Red Lake is one such region. It is a vastly under-explored greenstone belt with the potential to host high-grade gold deposits on par with the major gold districts of North America.
Exploration in the Rice Lake Belt

Introduction

Enterprising exploration companies have descended upon the Rice Lake Belt in search of high-grade gold deposits. In this section, we outline several of the most promising companies operating in the region. We begin with the region’s only current producer, San Gold Corporation.

San Gold Corporation:

On August 23rd, 2006 gold mining returned to Manitoba and Rice Lake. That day more than five hundred San Gold shareholders, one hundred employees, and dozens of community leaders and government officials gathered in Bissett, Manitoba to witness the grand re-opening of the San Antonio mine and the live pouring of two gold bars. The San Antonio mine, operated by San Gold and now referred to as the Rice Lake Gold Mine, is Canada’s newest and Manitoba’s only gold miner.

**Photo:** Rice Lake Mill in Bissett, Manitoba
Beginning in 1932, the San Antonio Mine produced gold for 35 straight years before shutting down in 1968. The mine was briefly re-opened in the 1980s and 1990s, but remained dormant for several years before San Gold acquired it in 2004. Altogether, the mine has produced 1.35 million ounces of gold. Since 1994, more than $120 million has been spent on capital for the mine and mill.

Within the Rice Lake Belt, San Gold already has two mines in production and has two other projects pending National Instrument 43-101 classifications for resource estimates.

**Figure:** San Gold #1 Mine (ACA Howe, 2005)

<table>
<thead>
<tr>
<th>Category</th>
<th>Zone</th>
<th>Tons</th>
<th>Grade</th>
<th>Contained Ounces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicated Resources</td>
<td>Main</td>
<td>283,178</td>
<td>0.22</td>
<td>62,299</td>
</tr>
<tr>
<td>Inferred Resources</td>
<td>Main</td>
<td>438,829</td>
<td>0.23</td>
<td>90,860</td>
</tr>
<tr>
<td></td>
<td>Hanging Wall Zone</td>
<td>138,426</td>
<td>0.23</td>
<td>30,293</td>
</tr>
<tr>
<td></td>
<td>Footwall Zone</td>
<td>117,331</td>
<td>0.19</td>
<td>22,656</td>
</tr>
<tr>
<td>Total Inferred Resources</td>
<td></td>
<td>694,586</td>
<td>0.22</td>
<td>152,809</td>
</tr>
</tbody>
</table>

**Figure:** Rice Lake Mine (ACA Howe, 2004)

<table>
<thead>
<tr>
<th>Category</th>
<th>Tons</th>
<th>Grade</th>
<th>Contained Ounces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured Resources</td>
<td>539,000</td>
<td>0.24</td>
<td>127,600</td>
</tr>
<tr>
<td>Indicated Resources</td>
<td>728,100</td>
<td>0.27</td>
<td>198,680</td>
</tr>
<tr>
<td>Total</td>
<td>1,267,100</td>
<td>0.26</td>
<td>326,280</td>
</tr>
<tr>
<td>Inferred Resources</td>
<td>734,700</td>
<td>0.31</td>
<td>225,000</td>
</tr>
</tbody>
</table>

**Figure:** Combined Recoverable Gold, Rice Lake and San Gold #1 Mines (San Gold Corp, 2006)

<table>
<thead>
<tr>
<th>Category</th>
<th>Tons</th>
<th>Grade</th>
<th>Contained Ounces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured Resources</td>
<td>539,000</td>
<td>0.24</td>
<td>129,360</td>
</tr>
<tr>
<td>Indicated Resources</td>
<td>1,011,278</td>
<td>0.26</td>
<td>262,932</td>
</tr>
<tr>
<td>Inferred Resources</td>
<td>1,429,286</td>
<td>0.27</td>
<td>385,907</td>
</tr>
<tr>
<td>Total</td>
<td>2,979,564</td>
<td>0.26</td>
<td>774,687</td>
</tr>
</tbody>
</table>

The Rice Lake and San Gold #1 deposits are currently being mined to feed the Rice Lake mill. The mill has a 1,250 ton/day capacity, and was recently operating at 400 tons per day. The goal for this year is to ramp up production to two-thirds of mill capacity or 800 tons per day.

“It's been a very exciting time, after working so long and so hard on this project to finally see an end result that's exceptionally good for the area and for the province of Manitoba” – Hugh Wynne CEO of San Gold After Re-Opening the San Antonio Mine
Besides increasing production at the mill, San Gold is also focused on quickly identifying more economic mineralization on its landholdings in Rice Lake. Already, the company has spent more than C$7 million dollars on exploration this year.

In April of 2006, the company discovered a third deposit, the Cartwright zone, located one kilometer west of the Rice Lake Gold Mine. Continued exploration of the Cartwright Zone has the potential to significantly increase San Gold’s resources at Rice Lake.

San Gold is a leader within the Rice Lake Gold Belt. Having just opened two mines and a mill, the company has committed itself to sustaining gold mining in the region. The company expects to have a positive cash flow position by the first quarter of next year. If this is the case, San Gold will single-handedly signal the return of profitable gold mining to the Rice Lake Gold Belt.

“Besides increasing production at the mill, San Gold is also focused on quickly identifying more economic mineralization on its landholdings in Rice Lake.”

“Having just opened two mines and a mill, the company has committed itself to sustaining gold mining in the region.”
Harvest Gold Corp.

Harvest Gold Corp. is committed to developing the Rice Lake Gold Belt into one of North America’s marquee gold producing regions. The company has several promising properties in the Rice Lake Belt and is currently in the midst of an aggressive 2006 drilling campaign.

**Properties Owned by Harvest Gold in Rice Lake**

Within the Rice Lake Belt, Harvest has been focused on its Lesavage North Property (formerly known as the Johnston Property). The property covers 2313 Hectares and is located approximately 25 kilometres east of Bissett, Manitoba. The company is particularly interested in a large prospective gold target discovered in 2005, known as the Red Hill Zone. This zone has geologic features similar to those exhibited by the major gold deposits in the prolific Red Lake Gold Belt.

Drilling at the Red Hill Zone began in early 2005 and produced intercepts up to 12.7 g/t gold over 1 meter. Encouraged by the early drill results the company began a follow up field program which identified several highly prospective anomalies along a strike length over 1 km and at depths up to 300m.

In June of 2006, the company began drill testing these prospective targets in order to determine the strike extent of the Red Hill Gold Zone. The program consisted of 6 holes totaling 1402 meters. Drilling was recently completed and the company is now awaiting assay results from the lab.

---

"The combination of Balmer equivalent rock, extensive alteration and gold occurrences makes for highly prospective real estate and this is the reason Harvest Gold is acquiring a large strategic land position in this belt."

- Mr. John A. Roozendaal B.Sc, President and Director of Harvest Gold Corp.
In addition to the current drilling program on August 30th, 2006 Harvest announced that it optioned two claims immediately east of its Lesavage North property. The claims cover an area of 121 Hectares and extend the company’s property package a further 1.5 kilometers east of the existing property boundary.

Alongside the work being done in Rice Lake, Harvest has additional prospective properties in Nevada and northern Manitoba. In Nevada, the company is exploring a large gold property at Garcia Flats in the South Carlin Trend and an advanced property with a gold-silver resource at the Longstreet Mine, in Northern Nye County. In northern Manitoba at Assean Lake the company has claims that cover a prospective high-grade gold target.

Harvest Gold’s management team is determined to discover the next major gold deposit in the Rice Lake Belt. Results from the company’s 2006 drilling program at its Lesavage North property are expected to be released in the next few weeks. Early geological work and drilling has indicated that the Red Hill Zone has the potential to hold a significant gold resource.

“The company has several promising properties in the Rice Lake Belt and is currently in the midst of an aggressive 2006 drilling campaign.”

“The recent opening of two gold mines by San Gold Corporation and the first gold pour in Bissett last week demonstrates the potential of the Rice Lake Gold Belt and supports management’s conviction that this camp presents a tremendous opportunity to make additional discoveries.”

- Dr. George Gale, VP Exploration
Wildcat Exploration Ltd:

In the past landholdings in the Rice Lake Belt were small and had a diverse ownership which made exploration difficult. Many claims were staked during the early gold rush the region experienced in the 1920s and 1930s. Often the claims were large enough to contain indications of gold mineralization, but too small to hold an economic deposit. Wildcat Exploration Ltd. has overcome this obstacle and has consolidated one of the largest land holdings (~240 sq. km.) in the belt. The company’s claims from east to west are: Poundmaker, Jeep, Siderock, and Garner.

**Figure:** Wildcat’s Rice Lake Properties

All of Wildcat’s properties are intersected by a major crustal break, the Wanipigow Fault. The fault is similar to the Porcupine-Destor and Larder-Cadillac “breaks” in the prolific Timmins and Kirkland Lake gold camps. Gold mineralization is known to be controlled by these types of faults.

Located 7 km west of Bissett, Manitoba, the Poundmaker Property is the largest land package (21 km x 15km) in the Rice Lake Belt. The property is so large, in fact, that four distinct gold exploration targets have already been defined within it. These are: the Rio Gold Zone, Saxton Lake Deformation Zone, Poundmaker Mine, and the Gold Creek Shear Zone.
The Poundmaker target is home to the past producing Poundmaker Mine. The mine produced about 700 oz of gold in four years of small scale production.

In 2006, the Company completed an aggressive summer exploration program on its newly discovered Rio Gold Zone within the Poundmaker Property. The program included geological mapping, prospecting, and geophysical/geochemical surveys. The geological work exposed several additional parallel and cross-cutting features and extended the strike length of the showings from the previous year’s discoveries. The company is currently formulating a large drill program for the property, which is expected to start in a few weeks.

The Jeep property is located 12 km east of Bissett. The property consists of 17 contiguous claims covering 2050 hectares. Like the Poundmaker property, the Jeep property is named after a small past producing mine located within its boarders, the Jeep Mine. In 1947-1950 the Jeep Mine produced 13,824 ounces of gold from 16,319 tonnes of ore.

“Wildcat Exploration Ltd. has consolidated one of the largest land holdings (~240 sq. km.) in the belt.”
In 2005, within the Jeep claim block Wildcat discovered a PGE (Platinum, Palladium, Nickel) occurrence. The best grab sample from the target assayed 0.44% nickel, 0.18% copper, 1.4g/t palladium, 0.39 g/t gold, 65 ppb platinum. The Company is excited about the discovery and intends on conducting an extensive drill program on it in 2006-07.

The Siderock property contains the Portage Gold Zone. This zone measures 400m wide by at least 1.8 km long and returned sample results as high as 21 g/t. The zone was expected to be drilled this year; however, due to last year’s mild weather the program was shelved. The gold discovery remains high on the company’s list of drill targets.

Finally, the Garner claim block lies at the southeastern end of the Rice Lake belt, just south of the past-producing Gunnar Mine. The Gunnar Mine operated from 1936 to 1942, producing 101,400 ounces of gold at an average grade of 10.6 g/t. The property hosts a number of gold occurrences, however, apart from some basic prospecting most areas of this property are completely untested.

Wildcat Exploration Ltd. is a major exploration player in the Rice Lake Gold Belt. The company has consolidated the largest land holdings in the region and has four massive claim blocks. These claims are strategically located on and near past producing deposits and are cut by the Wanipigow Fault. The company is committed to advancing exploration at the Rice Lake Belt and is poised to make new gold discoveries.

“The company is committed to advancing exploration at the Rice Lake Belt and is poised to make new gold discoveries.”
Grandview Gold Inc. is an exploration company focused on exploring and developing high-grade gold properties in the major gold camps of North America. The company has exploration projects in the prolific gold camps of the Carlin Trend, Nevada and Red Lake, Ontario. The company is also active in a third major North American gold camp, the Rice Lake Gold Camp in Manitoba, Canada.

**Figure:** Grandview Project Locations: 3 Major Gold camps of North America

Within the Rice Lake Belt, Grandview Gold currently holds 100% interest in eleven mining claims covering approximately 234 hectares. The claims were acquired from Wildcat Exploration Ltd. and are in close proximity to the Rice Lake Gold Mine, owned by San Gold.

The company has also entered into a joint venture deal to jointly explore Marum Resources Inc’s 100% owned Gem property located at the eastern end of the Rice Lake Belt. Grandview has the option to earn 50% undivided interest in the 7 claims covering 1,594 hectares. The Gem property is considered to be extremely prospective for gold on the basis of previous surface prospecting work performed by Marum that highlighted a gold-bearing zone, successful surface prospecting work performed on neighboring claims by another company, and the recommendation of the area by the Manitoba Geological Survey.

“We are excited about this property acquisition in the Bissett Gold Camp. It builds on our existing gold exploration program which includes both our Red Lake and Carlin Trend properties.” - Mr. Raymond Pecoskie former CEO
The Company is currently finalizing their 2006 exploration and drilling program for their eleven 100% owned claims.

When Grandview acquired these claims in April of 2005 Mr. Raymond Pecoskie, Chief Executive of Grandview Gold at the time stated “We are excited about this property acquisition in the Bissett Gold Camp. It builds on our existing gold exploration program which includes both our Red Lake and Carlin Trend properties.”

Grandview’s management team believes that the Rice Lake Belt is one of the top gold camps in North America. The company is well financed with no debt and is run by a seasoned management team. After acquiring properties in Red Lake and the Carlin trend, the company couldn’t pass up the opportunity to enter another prolific gold belt, Rice Lake.

“After acquiring properties in Red Lake and the Carlin trend, the company couldn’t pass up the opportunity to enter another prolific gold belt, Rice Lake.”
Marum Resources Inc:

Marum Resources Inc. has joint venture agreements with two of the largest players in the Rice Lake gold district: San Gold Corp. and Grandview Gold Inc. The company is focused on collaborating with companies to jointly develop Rice Lake into a world class gold district.

Marum has joint venture agreements with San Gold to develop the Rice Lake West (Strike Point) gold property and the Beresford Lake property.

The Rice Lake West property consists of twenty claims covering 2,223 hectares immediately adjacent to the western boundary of San Gold’s Rice Lake gold mine. On July 28th, 2006 drilling operations commenced on the property. The drill program was designed to search for the westward extension of San Gold's recently discovered Cartwright gold zone.

The Beresford Lake property consists of 10 claims covering 2,320 hectares in the southeast end of the Rice Lake Belt. The property is about 25km southeast of San Gold's Rice Lake gold mine and is adjacent and immediately to the east of San Gold's Oro Grande property.

The Oro Grande property is host to two former past producers: the Gunnar mine (101,000 ounces of gold produced at a grade of 12 grams per tonne or 0.35 ounce per ton) and the Oro Grande mine (5,000 ounces of gold produced at a grade of 20 grams per tonne or 0.58 ounce per ton), which operated during the 1930s and 1940s.

“Marum Resources Inc. has joint venture agreements with two of the largest players in the Rice Lake gold district: San Gold Corp. and Grandview Gold Inc”
**Figure:** High-resolution aeromagnetic survey of the Marum-San Gold Beresford Lake joint venture claims at the east end of the Rice Lake gold belt. Numerous unexplored targets are associated with the magnetite-depleted areas on both sides of the purple-coloured, thick iron-rich rocks that arc through the red-coloured claims.

The rocks of the Gem gold property are “closely analogous to those hosting spectacular high-grade gold mineralization in the Red Lake mine in Ontario” – Manitoba Geological Survey

With Grandview Gold, Marum has signed a joint venture agreement to jointly explore the Gem gold property. The Gem property consists of 7 claims covering 1,594 hectares. The claims are considered highly prospective for gold on the basis of previous surface work performed by Marum that highlighted a gold-bearing zone, successful prospecting work performed on neighboring claims by another company, and the recommendation of the area by the Manitoba Geological Survey. In fact, in 2003 the Manitoba Geological Survey reported that the rocks of the property are “closely analogous to those hosting spectacular high-grade gold mineralization in the Red Lake mine in Ontario.” Grandview, as operator of the joint venture recently completed a high-resolution aeromagnetic survey on the property.

Aside from these three joint venture projects, Marum holds 100% interest in five additional properties in the Rice Lake Belt.

Marum’s large Goldridge property, located at the western end of the Rice Lake Gold Belt, has recently been surveyed by a high-resolution aeromagnetic survey. Follow-up work will consist of prospecting the anomalies and defining high priority drill targets.
Goldmau Disclosure and Disclaimer Statement: This report was funded by the following companies with operations in the Rice Lake Gold belt: Harvest Gold Corp., Wildcat Exploration Ltd., San Gold Corp., Marum Resources Inc., and Grandview Gold Inc.

The information contained in this report is for informational needs only and is based on existing documents or other publicly available information. While the author/publisher of this publication has taken every precaution to provide the most accurate information possible, Goldmau does not accept any liability or responsibility for, nor verify the accurateness of the information being provided. All forecasts and recommendations are based on opinion. Past results are not necessarily indicative of future results. Any statements non-factual in nature constitute only current opinions, which are subject to change. The author/publisher may or may not have a position in the securities and/or options relating thereto, & may make purchases and/or sales of these securities relating thereto from time to time in the open market or otherwise. Neither the information, nor opinions expressed, shall be construed as a solicitation to buy or sell any stock, futures or options contract mentioned herein. The author/publisher of this report is not a qualified financial advisor & is not acting as such in this publication. Investors are advised to obtain the advice of a qualified financial & investment advisor before entering any financial transaction.

For More Information About this Report Please Contact:

Goldmau Admin
1-800-884-5269
admin@goldmau.com