

elevated gold in rock samples were collected from float boulders. Bedrock samples were collected mainly from massive quartz carbonate veins at the Ted and Mint showings and from stockworked rhyolites elsewhere.

Diamond drill testing of the Mint and Ted vein systems was completed in 9 drill holes totalling 1,263.1 metres. Drill logs are presented in appendix III and geological and analytical data are plotted on figures 10a to 10d. The Mint vein system was drill tested by two holes, 252-1 and 252-2. The original target was a poorly exposed vein in the bed of the main creek draining the Tommy Lakes. Drilling failed to encounter this vein but did intersect a long interval of barren quartz/carbonate stockworked rhyolite tuff. A second vein was encountered in drill hole 252-2 which correlates at surface with an outcrop of stockworked rhyolite tuff. A flat lying diorite sill was encountered at a vertical depth of 45 metres below surface and exhibits a minimum thickness at this locality of 50 metres. This sill correlates with a similar sill encountered at the Ted vein and on the adjoining Tommy Property. The Ted vein was drill tested by 7 holes but was penetrated by only 5 of the holes due to interference with a diorite sill. Vein intersections are plotted on cross sections and analytical data is tabulated below. The Ted Vein is a composite vein comprising one or two massive quartz carbonate veins with intervening well developed stockworks within rhyolite tuff. Textures within the veins include breccias, cockscomb and bladed textures and local fine chalcedony. Amethyst is common. Sulphide minerals vary from trace amounts to 3% and include pyrite, sphalerite, galena and rare chalcopryite and bornite. A flat lying diorite sill 85 metres thick was encountered at between 70 and 110 metres depth and truncates the vein.

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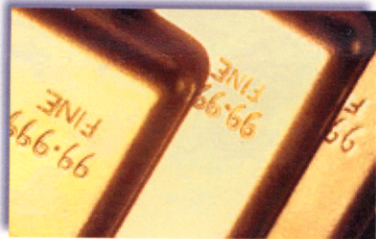
### Tam Property Drill Results

Hole	From (m)	To (m)	Core Length (m)	True Width (m)	Au (g Au/T)	Ag (g Ag/T)
252-1	no significant results					
252-2	21.6	28.6	7.0	3.90	1.40	34.6
252-3	no significant results					
252-4	61.0	62.0	1.0	0.41	7.15	72.5
252-5	no significant results					
252-6	no significant results					
252-7	90.0	99.0	9.0	4.20	1.43	15.9
252-8	no significant results					
252-9	110.0	132.0	22.0	6.46	8.90	394.0

SmallcapMedia's Gold Stock Picks For 2003

Southern Rio Finds New Lustre In Canadian Mining Camps

Marc Davis, Managing Editor



Within the last two years, Southern Rio Resources Ltd. (TSX.V-SNZ) has established itself as one of the "new wave" of junior gold explorers in Canada. This strategic decision was made in response to recent positive reforms in Canada's mining legislation, as well as favorable tax policies. These factors, combined with Canada's renowned mineral-rich geology and excellent infrastructure, once again make it one of the most attractive nations in the world to hunt for lustrous metals.

Previously, Southern Rio spent most of the last decade exploring for precious metals in South America. But as the old expression goes: "There's no place like home" - especially when it comes to finding gold. Accordingly, the company's portfolio at this time consists of two gold-silver projects and one copper prospect in British Columbia (BC), as well as a gold property in Ontario and a silver project in the Yukon. In keeping with Southern Rio's new mandate, all of these projects have positive results from previous exploration, including drilling in most cases. They also benefit from good road access in regions with established infrastructure, thereby enabling inexpensive exploration.

This, the company's main focus in 2003 is on the 3Ts gold-silver project in central BC, approximately 120 kilometers (75 miles) southwest of the town of Vanderhoof. This venture consists of three contiguous properties totaling 34 square kilometers (21 square miles) in a bonanza-style, epithet discovered as part of a BC government survey in 1993. Its findings were compelling enough to persuade a number of major mining companies to descend on the area, jostling for position in a flurry of staking. The end result was that three majors, Teck Cominco, Cogema, and Phelps Dodge, acquired varying interests in these adjoining properties, resulting in several busy exploration seasons between 1994 and 1998.

An important factor in the exploration history of the camp was the re-election of the Glen Clark-led NDP provincial government in mid-1996. This put a huge damper on further exploration in BC, and many companies, including Cogema, elected to end work and allowed their claims to lapse. Southern Rio immediately re-staked the Tam claims (for a 100 per cent ownership interest) when they came open in September 2001. In addition, Southern Rio negotiated options to earn 100 per cent interest in the adjoining Tachna and Taken properties from Teck Cominco and Phelps Dodge, respectively. These properties, which are also contiguous to (adjoin) the Tam Property, cover a number of outcropping gold-silver quartz vein systems. Nine mineralized veins have been discovered to date on the three properties.

The property that has seen the most exploration work to date is the Tachna Property where Teck Cominco carried out surface exploration and over 16,000 meters (52,500 feet) of diamond drilling. This work identified at least seven mineralized veins - the most extensive of which is the Tommy Vein. More recently, Southern Rio conducted an 11-hole diamond drill program in late 2002 that targeted the Tommy Vein and the adjacent Ted Vein, located 1,000 meters (0.6 miles) away on the Tam Property. Seven of the drill holes focused on the Tommy Vein, extending its known strike length from 600 meters to over 1,000 meters. In that the strike length is still "open" (incomplete), Southern Rio's geologists suggest that this substantially increases the potential for the occurrence of a new zone of mineralization. Further work is planned for 2003 to explore for

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Management believes that the Tsacha Property constitutes the basis for a gold-silver resource that has the potential to host at least 500,000 ounces of gold, dispersed between all three properties. As the first step

towards quantifying a potentially mineable resource, Southern Rio commissioned an independent resource estimate report on the Tommy Vein in late 2002. This report was prepared in compliance with the new National Instrument 43-101 guidelines. It indicates that the Tommy Vein, as currently defined, contains an inferred resource of 470,700 tonnes at a grade of 7.4 g/tonne (0.24 oz/ton) gold and 65.22 g/tonne (2.1 oz/ton) silver (gold equivalent grade of 8.33 g/tonne or 0.27 oz/ton). This equates to 112,000 contained ounces of gold and 987,000 contained ounces of silver.

Meanwhile, results from three drill holes into the Ted Vein bolstered Southern Rio's theory that this may prove to be a significant deposit. These holes, which were spaced 50 meters (164 feet) apart along strike, returned excellent gold-silver values over significant widths. The three main intersections have a weighted average of 20.25 meters (66 feet) in width averaging 1.63 g/tonne (0.05 oz/ton) gold and 182.1 g/tonne (5.87 oz/ton) silver (for a gold equivalent grade of 4.72 g/tonne or 0.15 oz/ton). These results demonstrate the potential for additional zones of mineralization on the 3Ts project with high grade potential.

Indeed, the Tommy and Ted veins are typical of low sulphidation epithermal systems which are being exploited at some of the world's more profitable gold mines such as Meridian Gold's El Peñon Mine in Chile, Newmont Gold's Midas Mine in Nevada and Sumitomo Mining's Hishikan Mine in Japan.

The company is embarking upon a second drill program in the first quarter of 2003 to extend and better define the Ted Vein and test other zones on the Tam Property. The latter includes the Mint Vein where a strong geophysical anomaly is associated with a second precious metal-bearing epithermal quartz vein system.

During the summer, an additional focus will be the Triple Junction area on the adjoining Taken property to the east. This is where Phelps Dodge conducted limited surface prospecting and sampling in the mid 90s that identified four areas of gold and silver mineralized boulders with values as high as 19.2 g/tonne (0.62 oz/ton) gold and 148 g/tonne (4.77 oz/ton) silver. This property has not been drilled.

The 3Ts Project represents the first time that all three properties have been consolidated under one management, allowing for comprehensive exploration of this newly discovered precious metal camp. These type of deposits are generally high-grade, primarily underground with high silver credits and good metallurgy. The 3Ts project has excellent potential for a "bonanza grade" precious metal deposit or between one and two million ounces. Furthermore, the region has excellent access from a network of forest roads, allowing for very cost effective exploration.

Southern Rio also has an option to acquire a 100 per cent interest in a large block of claims near the town of Sioux Lookout in northwestern Ontario. This region has a long history of mining and mineral exploration, and is well served with supporting infrastructure. The property, named the Minnitaki Project, is a porphyry-type gold target that resembles both the McIntyre Mine and the Hemio Mine — two of the largest gold producers in Canada. Limited diamond drilling in 1999 yielded a shallow intersection of 31.8 meters (104 feet) grading 2.11 g/tonne (0.07 oz/ton) gold from surface. Further drilling by Southern Rio in the summer of 2002 extended the mineralization 250 meters (820 feet) to the west where intervals of 12 meters (39 feet) of 2.7 g/tonne (0.08 oz/ton) gold and 11.9 meters of 2.2 g/tonne (0.07 oz/ton) gold were intersected. This zone remains open along strike to the west and at depth.

Southern Rio also has an option to earn a 100 per cent interest in the "grass roots" Dani Property located near Kitimat, BC. The property consists of a polymetallic massive sulphide occurrence that was discovered following logging activity in the area in 2001. To date, surface grab samples have returned excellent silver and zinc grades, prompting management to initiate a more detailed field evaluation of the property in 2003.

Additionally, the company is exploring the wholly owned Duke Property. It is located near the southern BC town of Merritt and a mere 35 kilometers (22 miles) from the Highland Valley copper operation — the second largest copper mine in North America. In 1963, Hurley River Gold Mines drilled 12 diamond holes which returned interesting copper results. Gold was not assayed during this drilling but recent surface sampling by Southern Rio has demonstrated that significant gold values may also be present. Moreover, recent forestry work has greatly improved access to the property, allowing for more cost effective exploration. In 2003, Southern Rio intends to conduct follow-up geophysics to confirm depth and size of the gold-copper targets with a view to drilling later in the year.

Finally on the exploration front, Southern Rio owns 19 quartz mining leases totaling 752 acres in the historic Keno Hill camp in the Mayo Mining District of the Yukon. The area is road accessible and well serviced with mining infrastructure. A recent independent evaluation of the property (which already has a small resource base) suggested that it has the potential to support a "small-scale, high grading operation." Given the recent improvement in the price of silver, and possible reactivation of the nearby United Keno Hill mining operation, management is reassessing the potential of the property.

Another key factor that promises to contribute to Southern Rio's future success is the quality and depth of experience of its management team. It includes President and CEO Lindsay Bottomer, who has nearly three decades of experience in mineral exploration and development all over the world. He is a former Director of Canadian Exploration with Echo Bay Mines Ltd. and is a former Vice President of New Projects with Prime Equities International (the Pezim Group). Moreover, he also served as President of the B.C. & Yukon Chamber of Mines (1998-2000). Most recently, he was awarded the C. J. Westerman Memorial Award for his outstanding service and dedication to advancing the geoscience profession. And he is well-known in mining circles for being a tireless advocate for the mining industry in Canada, particularly at the governmental level.

He is also joined by Randy Turner, Director, and current President and CEO of Diamondex Resources Ltd. Mr. Turner is also the former President and CEO of Winspear Diamonds Inc., the company that discovered Canada's Snap Lake diamond deposit in 1997. The company was subsequently bought-out by De Beers in 2000 for about Can. \$500 million (U.S. \$330 million). Other successful directors also include Simon Ridgeway, currently President and Director of Radius Explorations Ltd. and Balacava Mines Inc. He is the former President of Mar-West Resources Ltd. prior to its sale to Glamis Gold for Can. \$40 million (U.S. \$26.4 million). Another key director is John McDonald, who has 40 years of experience in mineral exploration and research. He is currently also a director of Diamondex and was formerly the Vice President of Exploration for Winspear. Additionally, he previously served as Chief Geologist for Esso Minerals Canada for 10 years.

In summary, Southern Rio has strong, accomplished management and an enviable portfolio of properties. Moreover, its exclusively Canadian projects are all in established mining camps where they are amenable to cost-effective exploration and development. In most cases, they also benefit from compelling early-stage drill results. In particular, SmallCapMedia believes that further drilling on the 3Ts project may pave the way for a low-cost, bulk mineable, high-grade gold-silver deposit.