

NM - Sep. 10-16/01

KENA

82FSW 237

TOS → KENA

884533

The junior has kicked off two new work programs, which will include an additional 4,400 metres of diamond drilling in 22 holes at the Gold Mountain zone, as well as regional work in the Silver King porphyry area.

The next phase of diamond drilling will test the depth extent of gold mineralization over a strike length of 1.5 km and across a width of 500 metres. The \$500,000 program will employ two rigs and is expected to begin in mid-September.

A coincident program of regional prospecting and reconnaissance geological mapping will explore the entire 17-km length of the Silver King porphyry unit. Preliminary prospecting has already identified seven additional mineralized areas along the belt. Sultan Minerals will establish a grid and perform geochemical sampling over the entire porphyry. This will be followed by induced-polarization geophysical surveys in order to define drill targets.

At the Gold Mountain zone, seven diamond drill holes have been completed. They tested a 200-by-300-metre zone within a 2,100-by-650-metre gold geochemical and coincident geophysical anomaly. All seven holes intersected gold-bearing porphyry-style mineralization within the Silver King Porphyry intrusive body. The zone remains open in three directions as well as to depth.

Holes 1 through 3 were collared from the same drill pad and returned up to 106 metres grading 1.16 grams gold. Moving 120 metres to the east, hole 4 hit 58 metres grading 1.21 grams gold from a down-hole depth of 28 metres, including a 2-metre section that ran 16.3 grams gold. However, the structures hit were running up the core axis, suggesting that the hole was drilled in the downdip direction of the mineralization.

Collared 50 metres south of the first three holes, hole 6 cut 124 metres grading 0.62 gram gold per tonne. Included in this broad zone were several higher-grade sections. These included the final 2 metres of the hole, which ran 9.1 grams gold from 130 metres down-hole. Hole 5 was collared 50 metres west of the initial holes and returned 134 metres grading 1.1 grams gold. Some 300 metres to the south, at the southern edge of the coincidental geophysical anomaly, hole 7 cut 0.55 gram gold over 68 metres from 12 metres down-hole. Included in this section was a 22-metre interval grading 1.04 grams gold.

Petrographic and alteration studies on the limited drill core have not only confirmed that the mineralization is consistent with a porphyry gold depositional setting (associated with large-tonnage deposits); they also suggest that mineralization contains low values of contaminants such as arsenic (less than 10 parts per million), cadmium (less than 2 ppm) and lead (less than 10 ppm).

Initial metallurgical tests on two composite core samples show that the material is not refractory. Recovery rates hit 92-97% using cyanide leaching over a 24-hour period.

Gravity tests returned gold recoveries of 36.1-43.2%. This was achieved by passing all of

the sample thru a minus -48 mesh, across a Gemini table & hand-panning the concentrates.