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Metalex hits at Kyle Lake, scours globe for diamonds

By Vivian Danielson

Vancouver -- A recent mini bulk-sampling program by **Metalex Ventures** (MTX-V, MLXVF-O) has recovered 288 diamonds from the T1 kimberlite at the company's 92%-owned Kyle Lake project in northern Ontario. The remaining interest is held by Arctic Star Diamond (ADD-V, ASDZV-O).

Two mini-bulk holes were drilled to test the T1 kimberlite, which had previously returned 35 diamonds from a 48-kg core sample, with seven of these classed as macro diamonds. Subsequent mini-bulk drilling extracted 1,573 kg of core, with 45 of the 288 recovered stones classed as macro diamonds (exceeding 0.5 mm in one dimension). This equates to 18 diamonds per 100 kg.

The sample was dominated by white diamonds (188 stones, or 65%) with no inclusions. The company notes that more drilling is required to accurately predict the macro-diamond content of the T1 kimberlite.

The T1 pipe measures about 4 hectares in size, and is the most advanced target defined to date

on the property. The company has identified 94 other "high priority" targets that warrant future testing.

Kyle Lake is situated about 80 km west of the Victor diamond mine being developed by De Beers. This project has a grade of 22.3 carats per hundred tonnes, and a stone value of between US\$300-US\$400 per carat.

Metalex plans more drilling and bulk sampling to further test the T1 kimberlite this winter. The company also has other promising diamond projects in Canada, and elsewhere, including Angola, Greenland, Morocco and Mali.

While it might appear the company is playing the geographic odds in hopes of finding the next major diamond mine, each of its projects was carefully selected by a management team with one of the best track records for discovery in the diamond industry.

Metalex chairman Charles Fipke found the world-class Ekati mine in Canada's Northwest Territories, while

president Peter Gregory was part of the discovery team at the Merlin mine in Australia. The company's work programs are all managed by Kel-Ex Development, a company owned by Fipke.

Metalex views its Chitamba diamond project in Angola as having the best potential for early cash flow, albeit from alluvial production. The land package also covers 13 known kimberlites, 100 geophysical anomalies thought to represent kimberlites, and lies upstream of alluvial diamond mines along the famous Cuango River.

"We have six good concessions in Angola, but Chitamba is one of the best," Fipke says. "We have rights to both alluvials and kimberlites, and the licence was gazetted (by the government), which isn't the case with many other foreign companies (working) there."

The source of the large, high-value diamonds mined for decades along the Cuango River is believed to be the Chitamba-Lulo kimberlite cluster covering part of the licence area. Alluvial miner SDM is reported to have

produced \$106 million worth of diamonds last year from its operations 80 km downstream of Chitamba.

Metalex sees an opportunity for early production from alluvial targets, including many present-day and old river channels, and recently purchased a river-line dredge system, along with a camp for 30 people that will be set up next year, after the rainy season.

The company's main goal is to discover diamond-bearing kimberlites, and toward that end, purchased 11,000 line-km of aeromagnetic data covering the licence earlier this year. At least 100 magnetic anomalies indicative of shallow, steeply dipping volcanic vents were subsequently identified. Of this total, 56 high-priority targets were modelled and shown to range in size from dykes to bodies of up to 500 metres in diameter. Some of the targets are cut by the Cuango River.

Indicator mineral sampling revealed that seven of the largest anomalies are predominated by peridotitic garnets, unlike the cluster of 13 known kimberlites, which contain both eclogitic and peridotitic garnets.

Some sampling and test pitting was carried out this year, with results pending, but because many targets are covered by young sediments and alluvium, a drill program was deemed necessary and proposed for next year.

Meanwhile, in Mali, initial sampling revealed several interesting gold anomalies, but

no potential diamond-bearing targets to date. In Morocco, the company applied for and received a large land package covering Archean and Proterozoic rocks that have seen almost no modern exploration.

A reconnaissance program is under way that will focus on base metals and gold, as well as diamonds. "We've already found diamond indicator minerals and are waiting for the results before we sample a second area (of interest)," Fipke says.

In Greenland, Fipke guided the company's efforts to stake ground that he previously explored while at the helm of Dia Met Minerals. (The ground was subsequently relinquished when Dia Met was acquired by its partner at the Ekati mine.) Fipke says Dia Met spent millions on exploration and found some good diamond-bearing dykes, but only one small pipe.

Metalex recently carried out a sampling program that returned highly encouraging results.

"They were two phenomenal samples in terms of G10s, better than I had ever seen before, including at the Ekati claims," Fipke says.

Subsequent analysis of the morphology and chemistry suggested the samples were from a kimberlite body, rather than a dyke, and were close to source. Ground geophysical crews were sent in to define targets that the company expects to drill test after freeze-up.

Metalex has other diamond projects in Canada, including the 60%-held Attawapiskat project in Ontario, also near the Victor diamond mine project. While one weakly diamond-bearing kimberlite was found, the focus now is to further test an area that returned what Fipke describes as "spectacular indicator minerals with near-source morphologies" from recent sampling. Diamonds were also found in several locations. The goal is to find the source of the highly encouraging D6 indicator-mineral train.

Elsewhere in Ontario, Metalex has projects, including joint ventures, near Wawa and New Liskeard. The company also is involved in an early-stage exploration joint venture in western Quebec. While diamonds are the main focus, reconnaissance exploration has returned anomalous concentrates of gold, copper-nickel-cobalt, and uranium in several areas of interest. A follow-up program is planned to test priority targets, along with previously discovered diamond-indicator mineral anomalies.