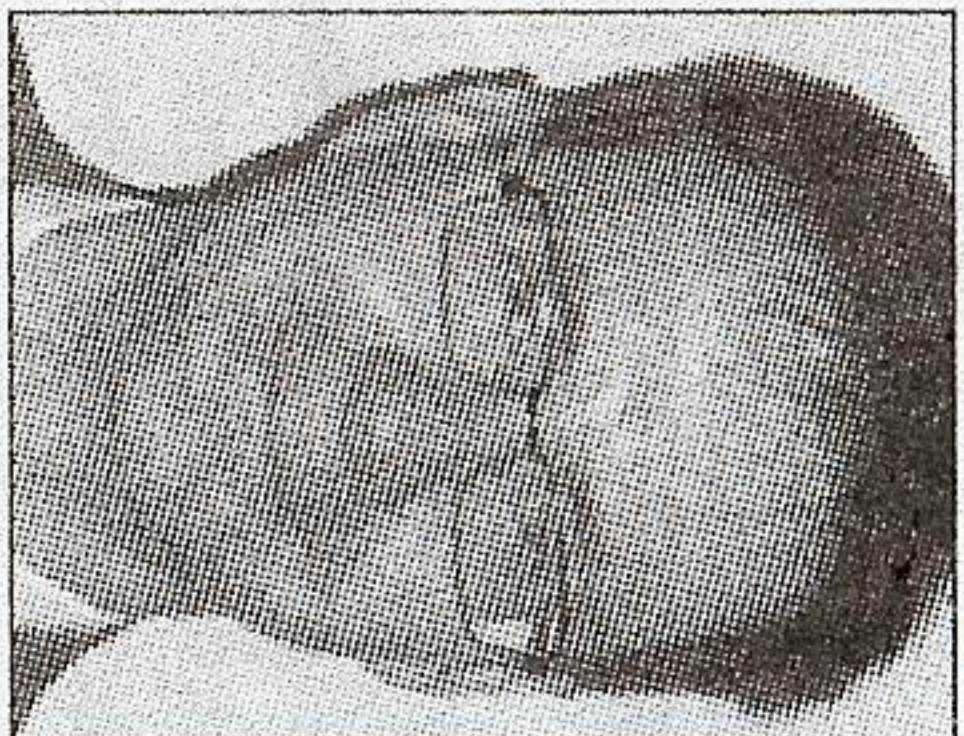


# Junior gold play on verge of breakthrough

*Projects in central Mexico, southeastern British Columbia, make Excalibur Resources a mining company to watch*

It's time to start looking at Excalibur Resources Ltd. (XBR-CNX, \$0.10).

It's a Toronto-based junior miner with operations in Mexico and British Columbia.



Shawn Boire

Gold prices remain relentlessly high. And big gold miners must now cope with production declines, peak production from existing assets, not to mention additional cost pressures.

Therefore, it's a perfect time to consider a small-cap gold play like Excalibur that's on the verge of production, mine expansion and potential dividend payouts.

After all, we need to invest in companies that not only expand and grow, but that also generate dividends for their shareholders.

## Juniors likely targets

As Carlyle Dunbar wrote in the Sept. 16 issue of the *Digest*, (p. 323), junior golds are the ones most likely to start paying meaningful dividends as they go into production.

The difficulty in determining the market's direction, Mr. Dunbar noted, makes it crucial that investors hold dividend-paying stocks.

Because of high gold prices, junior miners have a chance to reward shareholders, but not at the expense of their expansion and exploration expenditures.

Then, too, the strong likelihood that Excalibur will soon be going places makes it a good time to start boning up on the company.

Excalibur's main asset is the Catanava gold project, its joint venture with Minera Apolo S.A. de C.V. in central Mexico, in which Excalibur has a 49 per cent stake.

Catanava, situated in the Pinos gold district, has the richest of the 18 known bonanzas worked by Spanish and Cornish miners over the last 400 years. Indeed, the area has yielded more than five million ounces of gold and more than 25 million ounces of silver.

Moreover, miners have extracted all known deposits all the way down to the water table, about 100 metres below the earth. In certain instances, Catanava's mined veins are known to be 250 meters deep.

If Excalibur and its partner find deposits at this depth, Excalibur could find itself in possession of more than one million tons of high grade bonanza ore.

In the meantime, Excalibur has much of the equipment it needs for the project already on site, while having already built most of the necessary processing plant.

The plant, expected to go into test production in November and which can process 250 tons of ore a day, has the potential of producing double that amount.

Although Catanava has had to hurdle several permitting challenges, it now needs only three major permits before it can start up.

## OK is almost certain

One of those permits is essentially completed, while a second, for the use of water, will almost certainly be approved by the Mexican government. A third permit, for explosives, is now being vetted by Mexico's Ministry of Defense.

Excalibur itself hopes to see production at Catanava start within the next several months.

And that would be good, since Catanava's cash flow would give Excalibur the financial flexibility to outline the resource in a 43-101 format, the standard requirement for resource firms that hope to list on the Toronto Venture Exchange. A 43-101 document would also make it easier for Excalibur to attract investor interest.

In the interim, Catanava looks promising for either further delineation or exploration.

Excalibur, meanwhile, can lay claim to several other early-stage projects, one of which is the Silver King Mine in Nelson, B.C.

This historic mine, which yielded 15 million pounds of copper and four million pounds of silver between 1889 and 1958, has seen a lot of partial work done over the past 43 years.

But although the site has seen a variety of diamond drilling and resource assessment work, it hasn't yet obtained a 43-101 document.

Nonetheless, Excalibur is taking pains to delineate and expand the resource further. The company's last assets are possible deposits of gold, zinc and copper near Sturgeon Lake in northwestern Ontario.

Despite a fair amount of activity in the area, this land hasn't been actively explored because of minimal outcrop exposure.

The lack of access to modern geophysical and geochemical survey techniques also made it difficult for previous parties to explore the area thoroughly.

Yet, the property has good road access. Moreover, if the need arises, Excalibur can avail itself of power and water supplies, not to mention a skilled workforce.

In the meantime, the company has identified potential targets at

Sturgeon Lake, while establishing drilling programs.

Excalibur is managed by Tim Gallagher, who has been a director or senior officer of several public and private companies, such as Inflection Capital and Water Capital.

## Track record is solid

Mr. Gallagher, along with Excalibur's four other board members, brings with him solid experience in geology, mining and engineering, along with knowledge of both the regulatory framework and the capital markets.

As Excalibur expands its exposure and grows its size over the coming year, the company is likely to expand its management team.

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