

MATAMEC HITS GOLD IN THE JAMES BAY TERRITORY

François Riverin riverin@transcontinental.ca

<i>Drilling results</i>				
Drill hole No. ¹		Gold grading (g/t)	Width in metres	Depth in metres
1		1,31	26,95	65
	Including	1,73	17,25	
	and	3,01	7,90	
2		1,67	35,40	32
	Including	2,50	18,00	
3		2,23	9,50	35
5		1,54	9,00	55
9		1,23	23,00	100
10		2,48	54,65	50
13		2,96	8,25	125
1. Matamec has received the results of 7 holes out of 14				
2. Grams gold per tonne				
SOURCE : MATAMEC EXPLORATIONS				

Matamec Explorations (Mtl, MAT. \$0.23) has made an important gold discovery on its Sakami property located 80 kilometres south-east of the small community of Radisson in the James Bay territory. Seven (7) of the fourteen (14) recently drilled holes confirmed an in-depth extension of the gold-bearing mineralization located on the surface and assayed summer 2000.

Luc Lamarche, president of Matamec, and one of his partners acquired the property in 1998 to prospect for emerald. Mr. Lamarche soon discovered a few hundred metres from his camp, mineral markers on the shore of Lake Sakami, which turned out to be three gold-bearing zones.

In 1999, he acquired Matamec to which he transferred the Sakami property in exchange for shares. He is now holding 1.6 million issued shares of Matamec on a total of 14 million shares (on a diluted basis).

By the end of 2001, Matamec raised \$1.1 million by issuing flow-through and common shares - a rare achievement for a junior in the context of a beleaguered gold market - which allowed the company to carry out its drilling program.

"The mineralization seems to have developed within a major fault zone approximately 500 - metre wide and located at the contact of two geological subprovinces, Mr. Lamarche explained. Our property extends over 35 kilometres in that corridor."

Avoiding another Bre-X

Matamec follows the letter and spirit of the new disclosure regulations implemented to avoid a repetition of the **Bre-X Minerals** scandal. The company has hired doctor in geology Jean-François

Couture, from the Toronto firm Steffen, Robertson and Kirsten, who is supervising the valuation phases of the discovery.

Several gold showings have been discovered so far in James Bay by companies such as **Mines d'or Virginia** (Tor., VIA. \$0.64), **Ressources Dianor** (Mtl. DOR, \$0.42) and **Ressources Sirios** (Mtl, SOI. \$0.14).

However, the Matamec gold occurrences are outstanding by both their grade and width. The preliminary results point to the possibility of open-pit mining.

The best result was obtained from drill hole 10 with 2.48 grams gold per tonne over a 54.6 metre-wide by 50 metre-deep section. Hole 2 returned 1.67 grams gold per tonne over a 35.4 metre-wide by 32 metre deep section. Holes were drilled to a depth of 130 metres.

Benchmark

The Troilus open-pit mine located 100 kilometres north of Chibougameau, can be used as a benchmark to measure the opportunity that the Matamec results may represent.

The Corporation minière Inmet (Tor., IMN, \$2.60) has decided to bring the deposit into production based on a gold price per ounce of US \$375.

Initially, the deposit was 50 million tonnes grading 1.38 grams gold per tonne, also including 0.12% copper and 1.35 grams silver per tonne. Construction costs, including a \$30 million working capital, amounted to \$200 million.

But the price of gold never reached the forecasted average and Inmet had to write off close to \$125 million from its investment value as this amount was deemed impossible to recover. However, and not considering the write-off, the mine operates with a small profit at current gold price.

In 1999, its operating cash cost reached US \$231 per ounce. In 2000, the cost was higher due to higher overburden removal and energy costs, but it should go back close to its 1999 level, according to the Inmet annual report.

Troilus, operating costs, including direct and overburden removal costs, are \$12.74 per metric tonne of extracted ore.

Therefore, a mill-head grade of 1.07 grams gold per tonne at current gold price is required to cover the running costs, not including depreciation.

Source: Les Affaires - May 12th, 2001