

Cornerstone spreads risk, saves cash by joint venturing

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For many juniors, keeping the treasury topped up while funding exploration on projects is difficult. One way a company can achieve this is through joint ventures, whereby a partner earns an interest in the property by financing exploration work.

One company that has succeeded by employing this strategy is [Cornerstone Capital Resources](#) (CGP-V), which holds 15 base and precious metal properties in Newfoundland and Labrador, five of which are joint-ventured.

Cornerstone President Glen McKay says his company's properties have to have a plausible geological model and that the resources must stand a better-than-average chance of being expanded at a minimal cost.

In addition to spreading the risk involved with exploration, Cornerstone's joint-venture strategy generates cash to carry out work programs.

"We have enough cash to fund three years worth of work," says McKay. "If options and warrants get exercised, that would fund an additional two years of work, meaning we shouldn't have to go to the market for the next five years."

Cornerstone recently signed a joint-venture agreement with [Inmet Mining](#) (IMN-T) concerning the volcanogenic massive sulphide property in central Newfoundland known as Noel Paul's Brook. Inmet can earn a 60% interest by spending \$1.5 million on exploration and paying Cornerstone \$100,000 over five years.

The 137-claim property comprises 27 km of favourable felsic volcanic stratigraphy, which is described as a suitable environment for finding copper-zinc-lead massive sulphide deposits with gold and silver credits similar to those found in the nearby Buchans camp. Historically, the Buchans camp yielded 16.2 million tonnes averaging 14.51% zinc, 7.56% lead and 1.33% copper, plus 126 grams silver and 1.37 grams gold per tonne.

Noel Paul's Brook is adjacent to the Haven Steady prospect, where previous drilling intersected 7 metres averaging 4.36% zinc, 1.26% lead, 0.48% copper, 29.04 grams silver and 1.02 grams gold.

Cornerstone has discovered several alteration zones along strike from Haven Steady. In addition, Noel Paul's Brook hosts high-grade massive sulphide float and several airborne geophysical and soil geochemical anomalies. A subsequently completed horizontal loop electromagnetic (HLEM) survey has also identified several conductors of interest.

The joint venture, to be operated by Cornerstone for the first two years, will complete additional compilation, line-cutting, mapping, litho-geochemical sampling and time-domain electromagnetic geophysical surveys to outline first-stage drill targets to be tested late in the first year or early in the second year.

Colchester

Meanwhile, Cornerstone and [Sudbury Contact Mines](#) (SUD-T) have released encouraging results from the Colchester gold property, in the Notre Dame Bay region of Newfoundland.

Sudbury Contact can earn a 51% interest in the 181-claim, 45.2-sq-km. Colchester property by paying \$210,000 to Cornerstone and spending \$1.25 million on exploration over the next four years. It can increase its interest to 84% by producing a bankable feasibility study during this same time frame.

Colchester, once explored for base metals, is said to have potential for shear-zone-hosted gold deposits, gold-rich volcanogenic massive sulphide deposits in mafic-to-intermediate volcanic rocks and low-grade, large-tonnage, porphyry-style gold-copper deposits associated with high-level intrusive rocks.

In 2002, the joint venture established an 80-line-km grid and completed geological mapping, prospecting and geochemical sampling. This was followed by trenching over a 3.5-km belt of favourable geology with known occurrences and prospective horizons. As a result, several anomalous trends and mineralized zones were discovered.

One of these new discoveries was the Winston zone, a massive sulphide occurrence within a 700-by-200-metre multi-element geochemical anomaly. Subsequent limited trenching shows the Winston zone to be 3.5-5 metres wide with a strike length of more than 120 metres. Grab samples returned values of up to 15.9 grams gold per tonne with elevated levels of copper, zinc and silver. Chip samples from the trenches returned 2.6 grams gold over 3.4 metres, plus 1.44 grams gold and 0.55% copper over 4.6 metres.

Elsewhere at Colchester, trenching along the established McNeilly trend led to the discovery of three massive sulphide showings. Previous drilling of the trend in the 1960s intersected 7.6 grams gold over 2.7 metres and 3.4 grams gold over 0.5 metre. Channel samples from trenches over the new showings assayed as high as 1.7 grams gold and 2.4% zinc over 6.1 metres.

Other work was completed on the Alpha showing, 150 metres north-northwest of the main Colchester deposit. Earlier work on the Alpha showing established a resource of 1 million tons averaging 1.3% copper. However, work by the joint-venture partners determined that gold and other base metals are also present. Grab samples returned 26.8 grams gold, 0.9% copper, 4.8% zinc and 24.7 grams silver; and 10.8 grams gold, 7.4% copper, 0.4% zinc and 80.5 grams silver. Channel samples from these trenches assayed 18.9 grams gold, 4.7% copper, 0.4% zinc and 36.4 grams silver over 1.5 metres, and 5.9 grams gold, 2.05% copper, 1.18% zinc and 30.7 grams silver over 3 metres.

Island Pond

[Candente Resources](#) (DNT-V) can earn a 51% interest in the Island Pond property, in central Newfoundland, by spending \$1.5 million on exploration, paying Cornerstone \$115,000, and issuing to Cornerstone 115,000 Candente shares over four years. It can boost its stake to 61% by providing a bankable feasibility study and to 75% by arranging mine financing.

First-phase drilling, consisting of eight holes and 800 metres, tested mineralized structures identified by previous geophysical and geochemical surveys.

Four of the eight holes intersected northwest-trending structures hosting low-sulphidation, epithermal-style mineralization and multi-stage quartz veining and brecciation with sulphide and sulphosalt mineralization. The most significant result was 7.6 metres averaging 0.215 gram gold per tonne, together with elevated levels of arsenic and antimony.

Future drilling will target geophysical and geochemical anomalies and higher-grade zones close to, and on strike with, the recent intercept.

Results from a gravity survey at Cornerstone's wholly owned South Princess property show that it is underlain by a significant gravity anomaly, which is coincident with a 12-by-4-km magnetic anomaly, induced-polarization chargeability anomalies, and zones of potassic alteration. These geophysical signatures can be indicative of iron-oxide-type copper-gold deposits, such as Olympic Dam in South Australia.

The gravity anomaly extends off the existing grid, so its true size can not be determined. However, it is known to measure at least 1 by 1.5 km. Inversion of the gravity data suggests the core zone has a density of 3 grams per cubic cm, indicating a potential for sulphide or oxide mineralization.

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