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## Cornerstone, Falco team up in Labrador

**Cornerstone Capital Resources** (CGP-V) and **Falconbridge** (FL-T) are teaming up to explore for nickel west of **Inco's** (N-T) Voisey's Bay mine in Labrador.

Falconbridge struck an option agreement with Cornerstone in early August regarding the Konrad property, and now the two have forged another agreement to explore a 5,900-sq.-km package in the surrounding area.

Falconbridge has the right to earn a 50% interest in any property acquired within the area by making private placements in Cornerstone that will total \$1 million over the next three years; in addition Falconbridge must spend at least \$7 million on exploration over a 4-year period on any particular property.

Falconbridge will be given a first right of refusal on the properties and Cornerstone is free to pursue other joint-venture partners if Falconbridge is not interested.

Falconbridge will make its first payment towards the private placement at the end of January 2005. It will buy units that comprise one share and a warrant. The share price will be calculated from an average of the price over the preceding 4-month period, plus 10%. The warrant exercise price will be the average trading price over the preceding four months, plus 30%. The warrants will have an 18-month term.

Cornerstone has already identified three exposures of olivine-gabbro over a strike length of 18 km on its 470-sq.-km Konrad property. The property is about 50 km west of the Voisey's Bay nickel development and has been expanded to cover an area that is over 20 km long. The gabbro has textural and compositional similarities to troctolitic rocks found at Voisey's Bay.

A 2,500-line-km airborne transient electromagnetic and magnetic survey was flown over Konrad in August. Selected anomalies are being ground-truthed using geophysics.

Cornerstone has a large portfolio of base metal and gold projects in Newfoundland and Labrador.

Earlier this summer the company drilled the Colchester zone on a property being explored along with **Sudbury Contact Mines** (SUD-T), which is now selling its precious-metal assets to parent company **Agnico-Eagle Mines** (AGE-T) in order to focus on diamond exploration.

Highlighting the drilling was a 5.6-metre intersection that graded 2.97% copper and 0.5 gram gold per tonne. Another hole contained 8.9 metres grading 1.22% copper. All seven holes intersected strongly altered rock and stockwork stringer pyrite-chalcocopyrite-pyrrhotite (+/- sphalerite) mineralization.

The 45-sq.-km Colchester property is situated in the western Notre Dame Bay region of north-central Newfoundland. Sudbury has been earning an initial 51% interest in the property by spending \$1,250,000 on exploration and paying Cornerstone \$210,000 over four years.

Another property, Noel Paul's polymetallic project in central Newfoundland, is part of a joint venture with **Inmet Mining** (IMN-T). The 45-sq.-km property is targeting Buchan's-type, polymetallic massive-sulphide deposits.

One 450-metre hole was drilled this summer to test a deep time-domain electromagnetic geophysical anomaly. The hole cut 45 metres of highly altered and mineralized felsic volcanic rocks. Assays are pending.

Inmet entered into the joint venture in 2003. It can earn a 51% interest by spending \$1.5 million on exploration and paying Cornerstone \$100,000 over four years.

Cornerstone is focusing on copper in the Avalon peninsula. It has entered into discussions with prospective joint-venture partners on its properties there. The target is sediment-hosted copper at the Red Cliff property, whereas the Princess Group property is targeting volcanic-hosted redbed copper and iron-oxide copper-gold deposits.