

# Gold Newsletter

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• **Geodex Minerals** (GXM.V; C\$0.75) recently released the final results from its 2007 drill program, and this batch of news featured some outstanding holes on Zones I and II. In addition, the company reported new, highly encouraging results from the higher-grade East Flank Zone at its Sisson Brook deposit, plus the discovery of a new "Ellipse Zone" a few hundred meters west of the previously outlined mineralization.

As you'll remember, in 2007, Geodex focused on the large tungsten-molybdenum resource in Zone III. In fact, most of the 16,000 meters of drilling was in this zone, which was also the subject of a scoping study released in November 2007. That study projected a net present value for Sisson Brook of \$693 million, at an 8% discount rate. That's obviously far more than the company's current market cap...*and the scoping study didn't even incorporate about two-thirds of the 2007 drill results.*

A new resource estimate, incorporating all of the 2007 drilling, should be ready in April. It's expected to upgrade most of the Zone III resources to the measured and indicated confidence levels, and the revised resource will then be used as the basis for a pre-feasibility study. Geodex plans to have the study in hand by September.

Amazingly, despite the tremendous value of Zone III, there's considerably more to Sisson Brook. The two northern zones, Zones I and II, were also discovered and drilled by Texasgulf Minerals in 1979 and 1980. At the time, these elongate, parallel deposits were reported to have a non-compliant 43-101 copper-tungsten resource.

The two zones extend over a strike length of 800 meters and appear to be contiguous with Zone III, but a thin layer of glacial till hides the exact relationship. We also don't know why they contain more copper and less molybdenum than Zone III.

Geodex completed 3,151 meters of drilling on these two northern zones last year. This new drilling, combined with previous Texasgulf holes, will be used to calculate the first resource estimate for Zones I and II this spring, when the resource estimate for Zone III will also be updated. The drill rig will be back on the job about then, having completed a mechanical overhaul.

I've been buying Geodex below C\$0.75, glad for the opportunity to pick up a company with a project NPV worth nearly 14 times its current market cap.

Remarkably, the latest results testify to the potential for

the resource and NPV to grow even larger. Also testifying to its undervalued nature: The company recently closed a financing, a feat that hasn't been easy for most companies to do in the depths of the recent market malaise. *But Geodex was able to close the financing at more than a 50% premium to the current share price.* The company also adopted a poison pill shareholder plan, so it also believes the current share price doesn't reflect the underlying value.

I'm getting to sound like a broken record, but Geodex is a major buy at these levels. ▲

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