

# MININGINSIGHTS ORESEARCH

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A discussion this morning with a portfolio manager was fortuitous in the sense that one company analyzed released trench results a few hours later. Intrepid Minerals Ltd scored some nice values on the Aztec, AF, and B veins at their Casposo project in Argentina.

I've run the trench samples through the **MII TRENCH ASSAY ANALYSIS** model, designed to pull a solution out of the interval for that part of it not reported by the company. For example, the company highlights sampling on the Aztec vein in "The main Aztec vein sampled on the crest of Kamila hill (top of the proposed starter pit) continues to show robust precious metal values, with the latest trench TRK 56-03 containing 21.0 grams per tonne (0.61 ounce per ton) gold and 174 grams per tonne (5.08 ounce per ton) silver over 4.5 metres (14.8 feet) true width."

TRK 56-03		Gold g/t	Silver g/t
The Rest	3.0	2.1	11.5
The Best	4.5	21.0	174.0
Total	7.5	13.5	109.0

The other 3.0m not reported by the company contains more plebian grades (but thoroughly acceptable at surface) an order of magnitude lower than the highlighted assays. This is the ONLY solution that works for the reported dataset, and for which the expected error against the company's own interval calculation is not considered significant based

on empirical comparisons from raw data files.

The Aztec footwall vein is apparently a new discovery within an area "within the proposed pit limits...and holds promise for additional ounces to be added within the proposed confines of the open pit". The inference that the pit is seemingly being designed without knowing everything that would fall within, or outside of it is immaterial in this case with ore grades at surface allowing a bit of latitude in mine design.

TR 57-03		Gold g/t	Silver g/t
The Rest	3.0	1.3	4.3
The Best	3.0	12.4	18.1
Total	6.0	6.9	11.2

The unreported data in trench TR 57-03 (AF vein) was 3.0m of 1.3 g/t gold and 4.3 g/t silver, not quite as good as the highlighted intervals, but quite acceptable (gold, not silver) nonetheless.

There are two trench 58-03's; one ran 29m of 2.47 g/t gold and 38 g/t silver. The other carried reported

and unreported interval solutions as follows:

TR 58-03		Gold g/t	Silver g/t
The Rest	3.0	2.0	22.5
The Best	4.5	32.2	245.0
Total	7.5	20.1	156.0

There is nothing wrong with 2.0 g/t gold or 22 g/t silver but it would be interesting to know if this character of rock defines the bulk of the tonnage target. Or, is it all higher-grade stuff?

A diagram in a consulting report suggests the defined vein structures are where the value lies and in addition to a disseminated zone around the core

veins of 100 gxm gold equivalent. For reference, use the 58-03 trench assay of 29m/ 2.47 gold/ 38 silver as almost 100 gxm gold-equivalent (83). So, yes, "The Rest" seems to define the mineralized rock that will make up the bulk of the production horizon.

## Valuing Casposo in 'Rock' Terms

Premise: This higher-grade stuff is nice and great for exploration momentum but may not appreciably add huge value to a long-term mining operation – let the engineers decide.

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Intrepid reports Casposo trenching; MII reports what it means.

On the Web at <http://www.mininginsights.com>

Intrepid's adjusted market cap is about US\$21.2MM. So take the 29m width of the 83-g/m area trench as one side of a 29 x 1 x1 block of 83 tonnes. The 2.47-g/t gold and 38 g/t silver in this block is worth US\$38.10 at current prices.

## Investment Conclusion

So the total market value of Intrepid adjusted for cash balances implies a resource of just 567,000 tonnes of 83 g/m rock. The tonnage equates to a block of rock about 38m on a side – is it reasonable to assume that an eventual pit might have at least ONE 38m cube of >83 gxm rock?

Yes. There is no published measured resource at Casposo and an indicated resource of 246,000 tonnes of US\$117/tonne rock as of 18 July 2003. This tonnage corresponds to a block 30m on a side, at much higher value.

With this analysis, I cannot argue the point that the current valuation of the company appears ridiculously cheap, even after today's 10% gain. A quick analysis of drill hole results on the Aztec vein (Pitman et. al. 2003, p27) and evaluation of where new holes are going suggest the volume of rock that justifies the current market capitalization is easily obtainable...and more besides. As we will likely see when the resource is updated.

And so too company value? The value premise underlying an investment in Intrepid Minerals Corp is intact at this time for existing shareholders and any who may be considering an investment.

Intrepid, indeed!

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## Cited Reference:

Pitman, P. P.Geo. and E. Purvitch. 2003. Mineral Resource Estimate for the Kamila Deposit; Casposo Gold/Silver Project. Intrepid Minerals Corporation, p27.

This analysis contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbour created thereby. Such forward-looking statements include, without limitation, statements regarding the future of potential exploration. Where the company expresses or implies an expectation events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, such forward looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed or implied by forward looking statements. The information in this publication is not a substitute for professional advice prior to making an investment decision. The information in this publication is not to be construed as an invitation to sell or solicitation for or offer to buy, any securities. © 2003 Mining Insights Inc. All rights reserved.