



by *Gary Brooks*

#### INTRODUCTION

Nevada is without argument the most the most attractive gold mining region in the world. The state consistently ranks #1 as the most appealing mining jurisdiction in the world and accounts for more than 8% of the world's gold production; Barrick Gold, Placer Dome and Newmont derive 100% of their US gold production from the state.

Naturally, a mining region as prolific as Nevada has attracted a large number of junior exploration companies since the gold price began its inexorable climb to US\$ 700 per ounce. It is now the happy hunting ground for over 100 junior exploration companies, both public and private.

As attractive as the region is, there are significant barriers to entry for junior exploration companies in the Nevada gold patch. A cursory look reveals the depth of experience required to successfully find and develop deposits in the region. Vancouver based junior, Columbus Gold Corporation, a member company of the Hamilton Resource Group, is a textbook

example. The Company has a balanced and experienced management and exploration team with a solid track record of land acquisition, project development and ultimate takeover by a major mining company.

Columbus was founded by a management team which includes John Prochnau, discoverer of a number of important mineral deposits in Nevada and elsewhere, including the recently discovered 4 million oz. high-grade Esquel gold deposit in Argentina. The Company's exclusive three year agreement with Nevada's famous Cordex Group, however, is what makes Columbus and its exploration team stand out from all others operating in Nevada. Privately held Cordex is headed by none other than Nevada's legendary John Livermore and Andy Wallace.

Livermore, it should be pointed out, is credited with discovering the original Carlin Mine which revolutionized the gold mining industry. He later founded Cordex, which over the course of more than 35 years, has continued to impress with a remarkable track record of gold discoveries in Nevada.

Under the terms of the Company's

agreement with Cordex, Columbus will finance Cordex's project development and exploration activities. All projects generated by Cordex during the term of the agreement are owned exclusively by Columbus, subject to a royalty payable to Cordex against production. Columbus' President and CEO Robert Giustra explains the significance of the Cordex relationship, "The fact that Cordex has entered into an exclusive funding relationship with Columbus gives us a considerable advantage over other Nevada exploration companies.

Cordex has operated in this fashion (teaming with a funding partner) since its inception, it's no coincidence that many of Cordex's past funding partners are now household names in the mining industry. They've included Lacana which became Corona and eventually part of Homestake; Camflo ultimately became Barrick Gold; Dome Mines became Placer Dome; Rio Algom was taken over by BHP and Rayrock ultimately became Glamis Gold."

On merit alone Columbus is newsworthy and has attracted the attention of several industry analysts due, in no small

measure, to the Company's recently completed \$5 million initial public offering which was well over subscribed. When outstanding warrants are exercised sufficient funds will be injected into the treasury to ensure that the Company is well financed for the foreseeable future.

IPOs have been rare in the resource sector in the last ten years, so Columbus Gold is worthy of a close look. The Company has strong branded management but is equally promising on the project side.

Columbus has assembled a large and strategically located land position, subject to royalties it has a 100% interest in fourteen precious metal projects. Eleven projects are in Nevada, five are located along the prolific "Battle Mountain Gold Trend" near world class gold deposits.

#### THE BATTLE MOUNTAIN GOLD TREND AND CORTEZ JOINT VENTURE AREA

Mining and exploration in the region goes back to Placer Dome's early exploration in 1959. Those efforts led to the discovery of the original Cortez Mine. By chance condemnation drilling by the Cortez Joint Venture in the area surrounding the Gold Acres mine led to the discovery of the Pipeline deposit followed by the Pediment deposit.

Current proven and probable reserves at Cortez/Cortez Hills, announced by joint venture operator Placer Dome (now part of Barrick Gold, ABX), stand at 10 million ounces, with another 10.1 million ounces in resources.

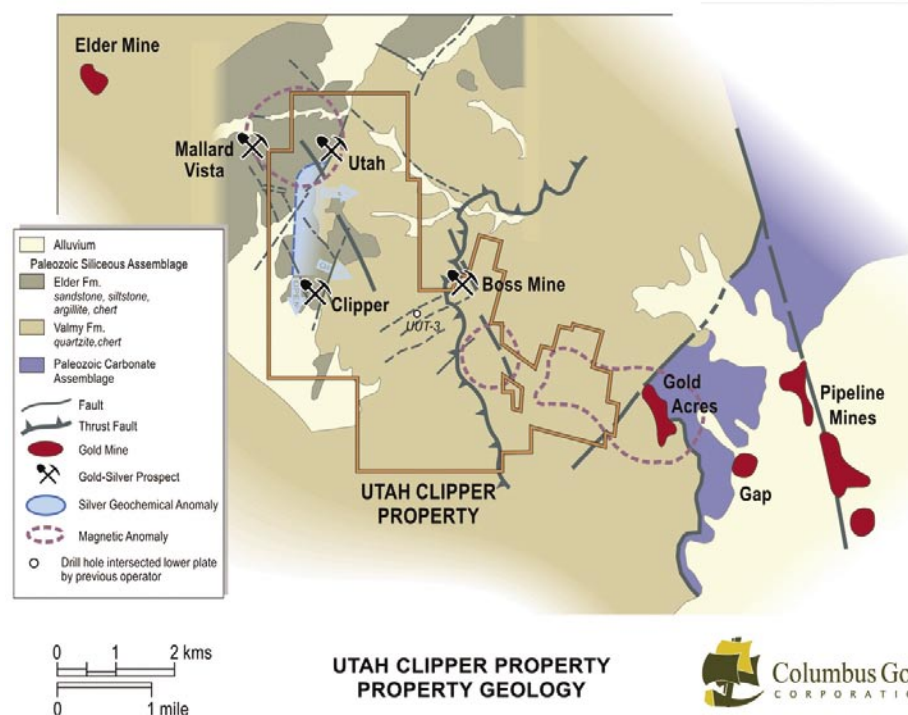
(See: <http://www.resourceopportunities.com/s/SampleReports.asp>)

The Cortez Joint Venture has acquired a very large land position around the Cortez Mine in what was believed to be the most prospective land on the trend.

The excitement surrounding the Battle Mountain Trend intensified with the discovery of the Cortez Hills deposit (3 million ounces initially) in 2003 changed both the exploration and staking dynamics in the entire CJV area.

The rapid rise in the gold price saw significant funds flowing into the treasuries of junior companies triggering an increase in staking activity and exploration around the CJV area as the juniors lined up to be the next takeover target.

Most significantly, US Gold has made a very aggressive move to lock up as much



land outside the control of the Cortez Joint Venture. Aggressive is very much an understatement, as was pointed out early this year by Doug Casey:

"During the 2006 PDAC, Rob McEwan's U.S. Gold (USGL.OB) surprised the industry by launching four concurrent unsolicited takeover bids of Vancouver-based junior companies exploring in the Cortez trend. Coral Gold, White Knight, Nevada Pacific and Tone Resources shareholders were offered a 25% premium to the trading value of their stock at close of market prices. The total investment by US Gold represents more than \$291.7 million, \$100 million of which is McEwen's personal investment."

(See: <http://www.kitcocasey.com/xleague/xLeagueDispatch.php?id=31>)

Columbus controls three properties in the heart of the Cortez Joint Venture (Placer Dome/Kennecott) Area of the Battle Mountain Gold Trend.

On the subject of their relative importance, Giustra comments, "Due largely to US Gold's M&A activity in the area, the exploration focus of the industry right now is on the Cortez Joint Venture Sector of the Battle Mountain Trend where Columbus owns three strategically located and under-explored properties. One of these, our Utah Clipper Property adjoins and is contiguous with the Gold-

Acres Pipeline Complex which has past production and current reserves of about 25 million ounces. Our Laura Property is in close proximity to the recently announced Placer Dome discovery of the 9+ million ounce Cortez Hills Deposit, which to our knowledge, is the only land in the area that is not owned by Placer Dome and the Cortez JV."

#### GOLDEN MILE PROPERTY – THE WALKER LANE GOLD TREND

Columbus' Golden Mile Property is on the Walker Lane Gold Trend. A gold mine operated on the property in the 1930's and yielded 10,000 tons grading 0.35 oz/ton.

It was explored in the mid-1980's by Battle Mountain Gold and one drill hole intersected 95 feet of almost 0.5 ounces per ton. The results were never followed up. Columbus recently completed a 15-hole drill program with results expected in June. "We haven't seen the results yet", said Giustra, "but we're confident there will be more drilling there this year."

#### SILVER DISTRICT PROPERTY

Most of Northern Nevada is covered by snow in the winter so Columbus' activities shift south to Arizona. The company controls four projects there, one of which is an advanced silver property called the Silver District Property which produced a





total of approximately 1.5 million ounces in the 1800's.

The property was owned since the mid-1970's by New Jersey Zinc which, through a series of transactions, ended up in the hands of Viacom Entertainment who eventually sold it to John Prochnau and ultimately to Columbus.

At one time, the mining claims that form the property covered a known deposit of about 19 million ounces of silver. By the time Prochnau acquired it, the claims covered about 10 million of the identified 19 million ounces.

Columbus is in discussions to acquire the claims that cover the 9 million ounces it doesn't control. The Company is confident that it will be able to consolidate the district in the current calendar year with a view to carrying out a drilling program this coming winter. Giustra states, "Our intention is to consolidate the district, and by drilling along the inferred extensions of the known veins, there's a reasonable

probability that the known deposit on the property can be substantially increased. If successful, the sale of the asset at today's silver prices would generate enough cash to continue funding our Nevada gold exploration ambitions for many years."

The attention that Columbus Gold Corp is getting from analysts is based on their strategic land position and also the involvement of Livermore, Watson and John Prochnau, a recent inductee into Casey's Explorers League 'Hall of Fame'.

Big dollars will flow into the juniors but major investors want to see branded management with proven track records. Mines don't dig themselves. The Company's IPO is the cherry on top.

It is also important to keep in mind that none of this would be possible if market fundamentals, geopolitics and the fate of paper assets didn't add up. Gold is rising on metal supply tightness, the strength of the Chinese economy and the weakness of the US dollar. US debt is Gold's sal-

vation and the Sword of Damocles that hangs over the greenback.

Recently, the US congress has contemplated an increase in the US debt of \$US 500 Billion and change. This is in addition to an increase in the current account debt ceiling to \$US 9 Billion this year, the third increase since 2001.

Unconstrained US debt, inflation indicators coming from the Fed and the upcoming mid term elections are driving the gold price to historical highs. While gold is probably overbought in the short term, a sustainable price of \$US 680 per ounce is a likely scenario for the mid to long term. This will ensure that gold will get a lot of play in the media and the market through to the end of 2006.

Columbus Gold Corp is in a very solid position going forward. In an uncertain world, commodities behave like currency and currency behaves like a commodity. The market is beginning to show a distinct preference for gold versus paper.