

# What is a Discovery?

By Adrian Douglas

I have written before about the developing story at SAMEX such as in my article "SAMEX – The Elephant Hunters" (<http://www.lemetropolecafe.com/pfv.cfm?pfvID=5510>) and other contributions to the daily Midas. SAMEX last night put out an astounding press release (<http://biz.yahoo.com/ccn/070220/200702200373841001.html?.v=1>) and posted their latest geological model at the their website ([www.samex.com](http://www.samex.com)).

The geological and exploratory work SAMEX has done constitutes the DISCOVERY of a massive amount of mineralization. The investment world has not appreciated this yet because SAMEX has not done what most junior mining companies do. Most junior mining companies buy a prospective property in an area where there is mining activity. They then do some surface sampling and perhaps some trenching and show some precious metals content in these samples. Having some idea of regional geological trends they will then start to drill some exploratory holes and capture some cores. If these holes reveal mineralization then they declare a "discovery". At this point investors rush in and the mining company can easily raise the cash to start building a geological model and then further drilling ensues to delineate the size of the body and evaluate the economics.

SAMEX have taken a much more scientific and diligent approach. From extensive evaluation of regional geology they acquired INCA property in Chile which they considered could be highly prospective. The national mining company, Codelco, made a large copper porphyry discovery on the adjacent property.

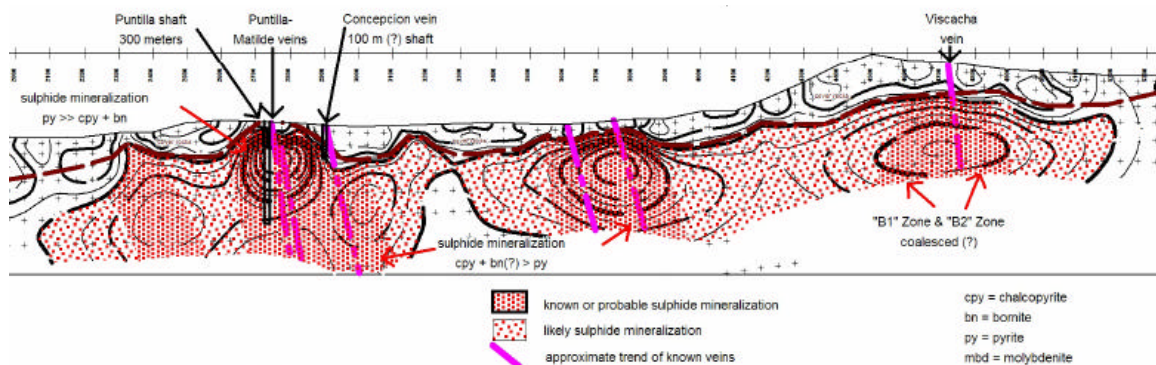
SAMEX examined the old mine workings on their INCA property, sampled the outcrops, mining dumps, located previously acquired geological data including previously drilled exploratory holes and amazingly located the actual core from some of the drilling over 36 years ago! SAMEX recently performed an IP geophysical survey. This is a measurement that is able to map out subsurface anomalies that are electrically conductive (this is very similar to the principal of metal detectors that amateurs use to find buried artifacts and treasures). The survey indicated such large areas of mineralization that the area of investigation of the survey was extended.

An IP survey only indicates the presence of mineralized bodies. It does not indicate whether this mineralization is fairly worthless pyrite or more valuable mineralization rich in metals such as copper, molybdenum, silver and gold.

This is where the latest work of SAMEX is so stunning. The IP survey extends over existing abandoned mine workings, over areas where previous drilling

occurred and over areas where mineralized veins outcrop at the surface. SAMEX has correlated all the known geological information with the IP survey mapping. What this shows is that the mineralization that can be inferred from the IP survey AND observed in real samples demonstrate that the mineralization is rich in copper with molybdenum, gold and silver content too. It can then be postulated that the mineralization that is mapped by the IP survey is likely to be similar in geochemical composition even where no physical samples have yet been acquired, but can be captured through future exploratory drilling.

In figure 1 I have cut just a small piece from the cross-section map produced from the IP survey (for more details see [www.samex.com](http://www.samex.com)); it can be seen how the inferred mineralization is tied to the known geology to provide credence for the more extensive likely mineralization.



**Figure 1**

SAMEX through a very methodical and intelligent approach to exploration, which has combined state-of-the-art surveying methods with old geological data, has demonstrated that they have a big discovery. Further drilling will be required to refine the size of the mineralized body, the average grades of metal content, and the economics of eventual development.

From the numbers given in the SAMEX press release the mineralization could easily yield 15 lbs/tonne of copper and with a conservative estimate of 800 million tonnes of mineralization this would yield 12 billion lbs of copper. If a very conservative value of this copper on a net profit basis is 5 cents per pound then the net profit potential is in the order of \$600 million. This would value SAMEX at over \$8 per share when it is today trading at \$0.54!!

The investment world has met this prolific discovery with a yawn, probably because many investors do not understand the implications. The implications are monumental. What you have here is a discovery you can take to the bank before anyone has woken up to what is going on.

The average investor is only likely to wake up when they see results from a new exploratory drilling campaign which will be forth coming. At that point the

headlines will scream “New Discovery” and the stock will go wild. But let me tell you that you heard it first at the café. This is a DISCOVERY!

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February 21, 2007

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For full disclosure I am pleased to say that I am a long standing share holder of SAMEX. This article has not been commissioned by SAMEX and I have not, nor will I, receive any compensation for writing it. Mineral exploration is a tough business with many risks involved; please factor your own risk tolerance into any investment decisions. My motivation in writing this article is the same as with all my contributions to the Café that I wish to bring information that will help the Café community to ride this precious metals bull to the best returns.