

First Mexican Gold advances a multi-phase discovery prospect

by Mike Kachanovsky

Earlier, in the current bull market for precious metals, there were many exceptional projects available for acquisition in Mexico, and transactions were completed at what could be most aptly described as 'stupid cheap' prices. Fast forward to the present, and there are still good projects up for grabs, but the low hanging fruit is long gone, and the prices paid have been climbing significantly. With good projects harder to find, it makes it that much more impressive to see a newly-listed Canadian junior explorer arrive on the scene with an exceptional gold discovery prospect in hand.

First Mexican Gold Corp. [FMG-TSXV] has entered into a JV deal for a large, highly prospective gold project in northern Mexico. The Guadalupe property, covering 15,000 hectares, is notable in that it is located in the midst of several multi-million ounce gold mines, immediately adjacent to the Sonora-Chihuahua border. First Mexican aspires to advance a discovery that may eventually be developed into yet another gold mine.

Not all mineral deposits are created equal. Guadalupe is special due to the number of high priority targets that have already been defined with the potential for large tonnage and high-grade resources. These include mineralized breccia outcrops that extend along a well-defined trend cutting through the property to

the northwest. There are also numerous, enriched veins identified at surface and in shallow historical mine workings. Still more targets are being discovered as surface fieldwork ventures further into untested areas of this large property.

The outcrops are perhaps of greatest interest at this early stage. Surface sampling and some drilling work has yielded high-grade gold values from the Karen, Diana, and Katelyn targets. Does this high-grade gold that has been encountered at surface extend to depth such that it has economic potential? First Mexican plans to find out.

The company has punched a series of shallow drill holes at the Karen target earlier this year and reported strong results. These included intervals of 21.60 metres grading 4.90 g/t gold and 104 g/t silver in one drill hole, and another drill core length of 33.46 metres hit 4.27 g/t gold and 395 g/t silver. The grades encountered are extremely positive, and a follow up program is in process to probe further to

depth and along strike.

There is good evidence to expect the deeper drilling will be successful. Further down the ridge below the Karen target is a small historic mine known as the Pozo De Gringo. High-grade silver has been sampled from narrow veins that are directly below the gold breccia zones encountered at Karen. This could be an indication of silver and gold feeder veins at depth, related to the disseminated gold breccias at the higher elevations of this deposit.

The Diana target is even more promising. This outcrop of breccia has been mapped along a strike length of 450 metres and frequently swells beyond 40 metres in width at surface. This suggests a large potential deposit if the mineralized zone continues to depth. The project geologists guiding the exploration believe this zone continues to more than 300 metres below surface, which opens up the potential for more than one million ounces of gold resource to be defined from this one target. And because it is located at the crest



Mineralized breccia outcrop at the Diana target of the Guadalupe property. The reddish staining of the alteration to the host rock is clearly evident. Photo by Mike Kachanovsky.

of a hill, with mineralization commencing from the surface, it has the ideal geometry for low cost bulk tonnage mining. So the question comes down to one of tonnage and resources.

With so many intriguing targets, it is clear that intense, geologic activity has been at work and probably over many phases. The main structural trend seems to indicate that a radial pattern exists, and quite possibly these target areas are related to a collapsed ancient volcano, known as a caldera. Many of the richest deposit areas in Mexico occur along the rim of calderas. The geology of the property seems to support this interpretation, given widespread zones of alteration that have already been encountered even at this early stage of exploration.

The company has also encountered some porphyritic alteration in some drill cores that may indicate a larger deposit area. A porphyry is a unit of host rock that has been shattered by the forces of

underground geologic activity, opening pathways for mineralized fluids to penetrate that may form enriched zones across a large area. Intense porphyritic systems often experienced many phases of this activity, and may represent extremely valuable discoveries. This potentially larger deposit underlying the property area suggests the other exciting discovery zones, already on the go at Guadalupe, may just be the icing on the cake.

The entire effort is still at an early stage, and more useful information will be learned as the company continues with a carefully planned exploration program. A lot of work will have to be done to unravel the geology and unlock the structural controls that led to the formation of these deposits.

First Mexican could easily operate two or three drill rigs full time, just on the many surface showings that are already established. Each has the potential to emerge as distinct gold deposits of a million ounces or more. The geologists also speculate that

parallel structures may exist that could further build the magnitude of the discovery areas. To date, no drill hole has gone deeper than 230 metres on the property. Further along in the program, the exploration wish list includes drilling some deeper holes to investigate if the mother lode of a porphyry system may lurk below.

For now, the greatest obstacle in the path for First Mexican is to secure the financing to allow for a more aggressive exploration program. The stock is relatively unknown and is trading at bargain prices. Management has refrained from closing a large equity offering in this price range to minimize dilution of the share structure.

Instead, the company will continue with a drill program designed to prove up at least one large gold deposit at the Diana target. If successful, this should merit a higher share price and allow a more active round of exploration to test the other attractive targets along strike. ■

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CANACO RESOURCES INC.
3114-1055 Dunsmuir Street
Vancouver, BC V7X 1G4
Tel: 604 488 0822
Toll Free: 866 488 0822
Fax: 604 899 1240
www.canaco.ca

Investor Relations
Meghan Brown
Tel: 604 488 0822
mbrown@canaco.ca

