



Gold Production, Who is Watching MAX Resource?

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MAX Resource Corp (TSX.V:MXR) could have a lot more going for it than its press releases currently suggest. Major mining companies are on the prowl for juniors who can satisfy the production capabilities of certain assets whose original deposits are in a state of depletion. This, among many others, is one of the primary drivers of the currently robust gold price, whose recent inclination to set a new record high price every week or so is showing no signs whatsoever of diminishing.

But let's look at what drives big companies to swallow little ones.

Kinross Gold, an aggressive and growing Canadian junior, operates the Round Mountain Mine (a partnership with Barrick Gold), located 12 kilometres north of MAX's East Manhattan Wash project in Nevada. Despite the fact that Round Mountain has produced in excess of 12 million ounces of gold to date, the company will have to innovate to keep the mine in production.

A Q3 report issued just over a week ago said, "The Company is progressing with plans to expand the existing Round Mountain pit and heap leach facility, which may extend the current life of mine by up to seven years. A draft environmental impact statement (EIS) was issued at the end of July 2009 and a final EIS is expected to be completed during the first half of 2010. State and local permitting is proceeding as expected, and approvals are also expected during the first half of 2010. A feasibility study for the Gold Hill portion of the expansion is scheduled for completion in the second quarter of 2010."

Production at Round Mountain in the third quarter of 2009 decreased to 59,375 ounces from 63,283 ounces the year previously.

Although it has resources of its own to develop and feed to the operation, it is easy to fathom why Kinross might be interested in seeing the East Manhattan Wash project become another source of ore for the mill.

According to an article by Reuters on October 28 this year,

"Canadian gold miner Kinross Gold Corp. lowered its full-year 2009 production outlook and raised its forecast for cost of sales, prompting analysts to lower earnings and output forecasts for Kinross, which sent the shares down almost 5% yesterday. The revised outlook is due partly to a slower than expected ramp-up at Kinross's Paracatu mine in Brazil, it said on Monday. Kinross said it made progress in the third quarter in increasing productivity at Paracatu, but that it continues to face challenges in achieving efficiency and output targets. Toronto-based Kinross said that for full-year 2009 it now expects to produce 2.2 million gold equivalent ounces at an average cost of sales per ounce of \$435 to \$450."



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Why MAX Resource Corp?

Drilling recently wrapped up on MAX's Crowsnest property in southwestern British Columbia, having completed a 26 hole Gold drilling program. Assays will be coming before the end of November. Three activities at the Crowsnest Gold Property, trenching, sampling and drilling, each encountered free gold.

This program explored the original discovery trench and two new trenches to the west of the original high grade sampling with close spaced drilling designed to define the mineralized structure found in each trench. Sampling of mineralization exposed by these new trenches included an assay value exceeding 100 g/t gold. The discovery trench area was discovered by Phelps Dodge Corporation in 1994 and trenched by Eastfield in 1999, resulting in a trench intercept of 8.57 g/t gold over 16.5 metres. A sample of gossan mineralization taken near this site by MAX in June 2009 returned an assay of 104 g/t Au.

Also of significance in the recent sample result is the high content of tellurium (105.4 ppm). Several previous operators at Crowsnest, including Placer Dome Inc., have suggested a number of comparables exist between the Crowsnest Project and the Cripple Creek deposit located in Colorado. These comparables include the tectonic setting, alkalic intrusive association and occurrence of tellurium. Cripple Creek, in production since 1890, has produced in excess of 23.3 million ounces of gold (to 2005) and continues to be mined by Anglo Ashanti Gold Mining.

Many samples of float and rubble on the "B" Grid have returned extraordinarily high gold analysis. This includes a float sample collected in 1989 by Placer Dome Inc. which is described as an intrusive breccia that returned a gold assay of 524.41 g/t gold = 15.2 ounces per ton. Other high grade float samples have returned assays to 620.0 g/t gold = 18.0 ounces per ton. So the results from those 26 holes will likely be released soon, and anything constituting a 'discovery' hole could, with the gold price strong in the US\$1,100 range, give the company's shares upward momentum.

The company will also start drilling the Table Top Mountain prospect very soon, on trend with AMAX's Sleeper Canyon Mine (2.5 million ounces of gold produced), located 25 miles to the north, and is geologically favourable for the discovery of a medium-sized high grade, bonanza style gold deposit in a near surface environment.

During the 1980's Gold Fields, Meridian Minerals and Santa Fe Mining conducted exploration on and around the Table Top property. A limited exploration program of only ten reverse circulation drill holes was conducted to test anomalous, up to 100,000 ppb, gold values in jasperoid. Trenches containing gold values up to 4 grams over 5 meters were tested by the first drill hole, which contained 16.7 metres of 0.83 grams per tonne gold from the surface down.

But it's the East Manhattan Wash which has the greatest potential to see its exploration and development fast tracked should results continue to demonstrate a similar geological footprint as the one surrounding the Round Mountain Mine.



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MAX completed an extensive bulk sampling program at this property in the Manhattan Mining District of Nye County, Nevada where the first bulk sample completed in March 2009 reported grades of 4.9 grams/ton gold and 1.2 grams/ton silver from a 793 pound sample taken at surface. The surface sampling program completed in the first week of November this year was designed to further delineate the geometry of the native gold mineralization in the two main areas of interest, the "Gold Pit" and the "Old Drill Hole Grid", which sampling now indicates are joined. A total of 138 samples were taken, with significant values ranging from 0.05 ppm to 1.5 ppm gold. The total mineralized zone now encompasses an area 1,600 by 457 metres in size while still remaining open to the north, east, and west.

Clancy Wendt, VP Exploration of MAX, states "With these latest sample results, and the additional data we have acquired, we have now defined a significant area of gold mineralization that contains potential for a large mineralized system. More important is the fact that the mineralization appears to be free gold within the volcanic tuff. A large sample is being taken where the highest grade sample was found to define how deep the mineralization extends and to see if it increases in grade."

With so much going on, MAX is starting to attract a lot of attention from investors in both North America and Europe, so this might become one of the more exciting stories to keep an eye on this year.

Follow the company's progress at <http://www.maxresource.com>.