

Channel Resources Ltd.

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Channel Resources expands boundaries on Tanlouka project, set for upside

Channel Resources (CVE:CHU) is a Canadian junior that is exploring the Tanlouka gold project in Burkina Faso, the Fox Creek mineral brine project in Alberta, and is actively seeking additional projects.

The company owns a 90% interest in the 79 square kilometre Tanlouka Gold Project, which is located 85 kilometres east of the capital city of Ouagadougou. The Tanlouka permit area straddles the Markoye Shear Zone, a crustal scale structure that extends from northern Ghana to northern Burkina Faso over a distance of 450 kilometres, and hosts major gold resources at Essakane, Bomboré, Taporko-Bouroum and Kiaka.

Tanlouka contains gold targets that are hosted in Birimian Greenstones that are prevalent throughout West Africa, and are well known as a repository for many world-class gold deposits, including the 40 million ounce Obuasi Gold deposit operated by AngloGold (NYSE:AU) in Ghana, and the 20 million ounce Ahafo Deposit operated by Newmont (NYSE:NEM), also in Ghana.

In recent years, Burkina Faso has seen significant investment from international exploration and mining companies. Several mines are now in production and the country currently ranks as Africa's fourth largest gold producer.

The Tanlouka Permit can be considered an advanced stage gold exploration project as Channel Resources has already completed magnetic survey work that identified north-east trending shear zones throughout the permit area, along with mapping, soil sampling, trenching and drilling, placing an initial focus on the Mankarga Zone.

Channel Resources completed a first phase 10,000 metre reverse circulation drilling program that successfully delineated a 1,850 metre long and 200 metre wide, northeast-trending mineralized zone known as Mankarga 5. This is now being followed up with a diamond-core drilling program of 15,000 metres that has extended Mankarga 5 by 500 metres to a total length of 2,350 metres.

The company has completed 60 drill holes for a total of 13,000 metres and has reported assays from 30 holes. Recent intersections confirm that mineralized structures extend from the surface and dip steeply to the northwest, with reported widths thought to be in the range of 80-90% of true width.

Tan 11-DD32 was the initial hole that extended the deposit by an additional 500 metres at section 1300SW, and reported 12.5 metres of 2.3 grams per tonne (g/t) Au from surface. A follow up hole Tan 11-DD53 was collared to the northwest and intersected 0.52 g/t Au over 10.3 metres, and 0.38 g/t Au over 6.7 metres starting at a depth of 65 metres, and also encountered several hanging wall structures, including 0.67 g/t Au over 7.5 metres.

Two holes were drilled at section 1500SW seeking to extend this zone, with Tan 11-DD55 reporting a narrow zone of low grade mineralization. Results are also pending from two additional follow up holes in this area.

Diamond hole DD19 on 250NE was "twined" next to earlier Rotary Core RC08 on section 250NE and reported 0.41 g/t Au over 24.0 metres at a depth of 14 metres for a 52% increase in gold grade, and 0.90 g/t Au over 74.8 metres at a

Share Information

Code: CHU
Listing: TSX-V
Sector: Mining
Website: www.channelresources.ca

Company Synopsis:

Channel Resources is a Canadian exploration Company advancing two primary assets: the Tanlouka Gold Project in Burkina Faso, West Africa and the Fox Creek Lithium/Potash Brine Project in Alberta, Canada.

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depth of 62.0 metres for a 4% decrease in gold grade.

This was the fourth set of twins drilled along the length of the strike zone and implies that diamond core derived results are generally higher grade over narrower widths than their rotary core counterparts.

Tan 11-DD21 was also completed on section 250NE and intersected two mineralized zones at 120 and 160 metres that correlate with higher grade and shallower zones intersected at Tan 11-DD21.

Tan 11-DD28 on section 450NE intersected the main zone over a width of 26.1 metres carrying a grade of 0.74 g/t Au at a depth of around 220 metres. The same hole intersected multiple hanging wall structures including 1.37 g/t Au over 18 metres at a shallow depth, and 0.68 g/t Au over 45 metres at 160 metres. This hole expanded the horizontal width of the mineralized deformation zone to around 270 metres along this section.

The mineralized deformation zone at section 650NE was previously tested with eight holes and confirmed a horizontal width of approximately 200 metres. Most recently, Tan 11-DD33 intersected the main structure with 1.90 g/t Au over 27 metres at a depth of 160 metres, along with 1.02 g/t Au over 7.5 metres and 0.29 g/t Au over 22.5 metres in hanging wall structures.

Tan 11-DD18 returned three mineralized zones including 0.77 g/t Au over 24 metres, and appear to be continuations of structures reported earlier at Tan 11-RC67 and Tan 11-DD16.

The geographical and analytical coincidences of artisanal gold mining, additional drilling results, as well as geophysical and geochemical data continue to confirm the Mankarga 5 Zone as a highly prospective area for gold, and it remains open in both directions and to depth.

A maiden National Instrument 43-101 resource estimate on Mankarga 5 is expected in the spring of 2012.

The company has also conducted detailed airborne geophysics surveys, mapping programs and soil geochemistry surveys in 2011, which sets the stage for further expansion of Mankarga 5 and other exploration targets throughout the Tanlouka Project.

Channel Resources has also secured an option to acquire a 100% interest in the Fox Creek mineral brine project that covers 369 square kilometres of highly productive brine zones, and is located in west central Alberta, 20 kilometres southeast of the town of Fox Creek.

The brine resource is situated over oil and gas pools hosted in the Beaverhill Lake and southern Woodbend or Leduc carbonate reef complexes. Aquifers composed of formation water brines are spatially associated with the oil and gas pools and contain high concentrations of sodium, calcium chloride, and anomalous concentrations of lithium, potassium, boron and bromine.

The Beaverhill Lake aquifer is considered to have the best blend of lithium concentration and reservoir characteristics, with data developed from 183 wells, 18,000 core analyses, and 32 permeability measurements in drill stem tests. This data produced a regional historical and non NI43-101 compliant resource estimate across 3,980 square kilometres within the Beaverhill Lake and Woodbend aquifers for 515,000 tonnes of lithium, or approximately 2.7 million tonnes of lithium carbonate equivalent.

Channel Resources believes that it has established the Fox Creek permit over the most prospective zones for lithium recovery, and has completed successful laboratory process testing at Hazen Research that extracted over 95% of the lithium to an intermediary compound, up to 88% of elemental bromine, up to 100% of the boron as sodium borate, and approximately 40% of the potassium as a carnallite salt.

The Fox Creek project area boasts extensive infrastructure including a rail link, road access, grid-supplied power, gas plant on the Fox Creek property that generates large amounts of heat energy, and an extensive network of pipelines and services wells throughout the area.

The gas wells within the permit area are already producing brine that is currently being re-injected back into aquifer formations. Gas well operators in the area are highly cooperative and are attracted by the potential for reduction in brine handling and disposal costs.

Fox Creek has the potential to produce a range of products that include lithium, potash and boric acid, presents no mining or tailings issues, and has potential for a rapid low cost development phase as it is already permitted.

Channel Resources is currently process testing brines and intends to complete a scoping-level study if results are positive, with the aim of becoming a medium-term cash flow producer.

The technology and process methods that may be deployed have been successfully applied on other projects, and include Albemarle Corp. and Great Lakes Chemical Corp. that produce 40% of global bromine supply from oilfield brines in Smackover, Arkansas, as well as the Qinghai Lithium project in China, which uses ion exchange and solvent extraction.

Five additional permits have also been acquired that cover a total of 822 square kilometres that carry the highest recorded lithium values recorded in Alberta oilfield brines, and more than double the land position held at Fox Creek.

Channel Resources currently has a market capitalization of \$19 million and matches the valuation that applied to Orezone Gold (TSE:ORE) at the beginning of 2009.

Since that time, Orezone has developed Bomboré, which is located 10 kilometres to the northwest of Tanlouka, into a 3.5 million ounce gold resource that carries a market capitalization of \$213 million, illustrating the type of upside that is inherent within the Markoye Shield.

Shares of Channel Resources were currently changing hands Monday afternoon at 19 cents, up more than 5.5 percent.

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