orion PROSPECTS

April 13, 2007

Molybdenum Producers, Developers and Explorers

There's Something About Moly

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Molybdenum Price History

Source: InfoMine.com

Investment Thesis

- **Record high molybdenum prices.** Tightening supply and growing demand has driven the price of molybdenum from the $2-$3 per pound range where it languished throughout much of the 1990s, to its current level near $30 per pound.
- **Strong demand fundamentals.** The growing production of construction steel (32% of end use) and stainless steel (31% of end use) has driven molybdenum demand for its lightweight, high-strength and anti-corrosive properties. Demand for molybdenum-bearing construction steel (0.1%-1.2% Mo) continues to grow, fuelled by the oil and gas, ship building, aerospace and building industries. Stainless steel (1%-7% Mo) production has grown at a compound rate of 8% over the past five years and shows no signs of slowing down.
- **Tight supply.** Traditional producers of molybdenum have seen production rates decline. Codelco, the world's second largest molybdenum producer, has reduced annual production by 10 million pounds due to falling head grades. A further 11 million pound reduction is possible this year. Freeport McMoran (Phelps Dodge) is considering reopening past mining operations or adding molybdenum recovery circuits to boost Mo by-product recoveries at their copper operations.
- **Long lead time for new production.** There is currently no significant excess standby supply at the mine level ready to be brought back into production, and limited new development of primary molybdenum mines has resulted in long lead times for greenfield developments.
- **Chinese molybdenum exports are falling.** China is the third-largest producer of molybdenum and historically one of the largest exporters. The country's exports are declining as its voracious appetite for steel has redirected domestic production. Additionally, more stringent regulatory enforcement and taxing of exports have curtailed production from many small mines.
- **High molybdenum prices likely to continue.** Molybdenum consumption has grown at a compound annual rate of 5% over the past five years and now stands at approximately 400 million pounds per annum. Assuming annual demand growth of 4% going forward, annual global molybdenum production will need to expand by 75% to 700 million pounds by 2020.

The Companies

- **The market is rewarding molybdenum producers.** Blue Pearl Mining, the largest publicly traded primary molybdenum producer, has seen its stock price appreciate by 340% in the past 12 months. But other companies have stepped up to meet the demand and are planning new projects. In this Prospects publication we profile not only Blue Pearl, but also nine other companies that are developing molybdenum assets.

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Exhibit 1. Market Data for Selected Molybdenum Producers, Developers and Explorers

	Ticker	Currency	Shares O/S (Basic MM)	Shares O/S (FD MM)	Closing Price ($)	Market Cap (FD $MM)	52w High ($)	52w Low ($)
Producers								
Blue Pearl Mining	BLE-T	CAD	108.0	140.3	$14.00	$1,964	$14.12	$1.70
Freeport/Phelps Dodge	FCX-N	USD	197.2	227.9	$69.85	$15,921	$72.20	$43.10
Rio Tinto	RTP-ADR	USD	251.4	251.4	$246.73	$62,028	$253.33	$176.09
Taseko Mines	TKO-V	CAD	128.5	159.7	$3.40	$543	$4.66	$2.10
Developers								
Adanac Molybdenum	AUA-V	CAD	72.6	98.6	$2.38	$235	$2.80	$0.90
Mercator Minerals	ML-T	CAD	72.2	82.6	$4.70	$388	$5.10	$1.60
Northern Orion	NNO-T	CAD	154.0	221.2	$5.28	$1,168	$6.96	$3.85
Quadra Mining	QUA-T	CAD	38.1	45.1	$11.77	$531	$13.35	$6.93
Roca Mines	ROK-V	CAD	72.8	91.7	$2.90	$266	$3.18	$0.50
Explorers								
Copper Fox Metals	CUU-V	CAD	64.2	76.8	$1.34	$103	$1.61	$0.36
Eagle Plains Resources	EPL-V	CAD	53.3	62.4	$0.92	$57	$1.95	$0.47
Galway Resources	GWY-V	CAD	31.3	44.5	$1.48	$66	$1.77	$0.35
Geodex Minerals	GXM-V	CAD	39.0	47.0	$0.92	$43	$1.03	$0.18
Georgia Ventures	GVI-V	CAD	39.3	43.8	$0.72	$32	$0.84	$0.14
Idaho General Mines	GMO-AMEX	USD	43.4	59.3	$6.05	$359	$6.79	$1.80
Inca Pacific Resources	IPR-V	CAD	36.4	40.0	$1.22	$49	$1.30	$0.63
Moly Mines	MOL-T	CAD	51.6	67.2	$4.31	$290	$4.80	$0.95
New Cantech Ventures	NCV-V	CAD	58.0	84.6	$1.11	$94	$1.23	$0.28
Sultan Minerals	SUL-V	CAD	72.1	99.0	$0.30	$30	$0.40	$0.13
Tenajon Resources	TJS-V	CAD	43.6	54.6	$0.73	$40	$0.96	$0.20
U.S. Energy Corp	USEG-Q	USD	20.1	25.8	$5.71	$147	$7.25	$3.30
Virgin Metals	VGM-V	CAD	58.3	74.4	$0.62	$46	$0.80	$0.25

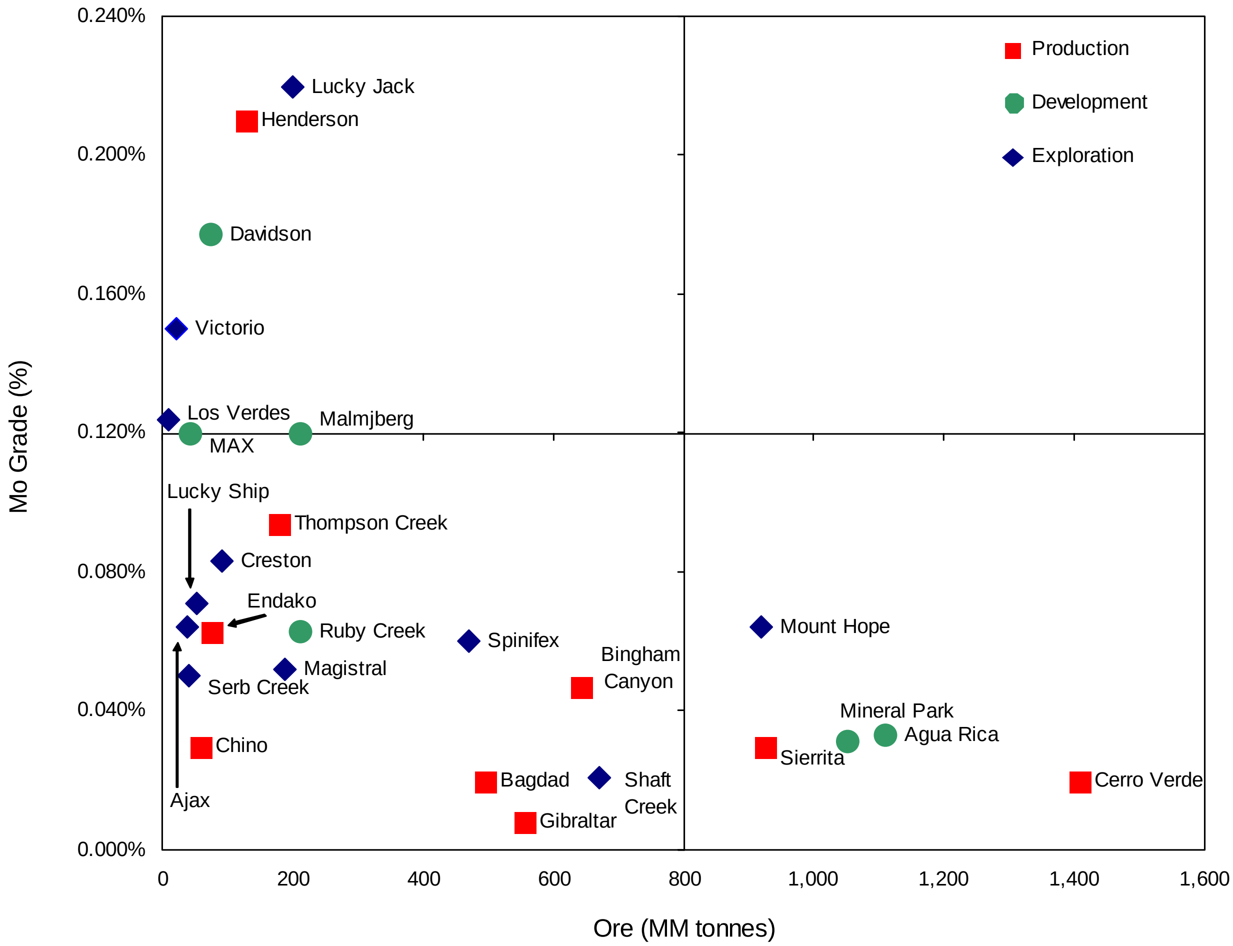
Source: Bloomberg

Exhibit 2. Resources for Selected Molybdenum Deposits

	Property	Location	M+I Resources			Inferred Resources		
			Ore (MM t)	Mo Grade (%)	Contained Metal (MM lbs)	Ore (MM t)	Mo Grade (%)	Contained Metal (MMlbs)
Producers								
Blue Pearl Mining	Thompson Creek	U.S. (Idaho)	178.6	0.094%	370.6	34.5	0.066%	50.2
	Endako	Canada (B.C.)	74.0	0.063%	80.4	-	-	-
	Davidson	Canada (B.C.)	75.3	0.177%	293.5	-	-	-
	Total		327.9	0.103%	744.5	34.5	0.066%	50.2
Freeport/Phelps Dodge	Bagdad	U.S. (Arizona)	494.6	0.020%	218.1	-	-	-
	Cerro Verde	Peru	1,407.1	0.020%	620.4	-	-	-
	Chino	U.S. (New Mexico)	58.4	0.030%	38.6	-	-	-
	Sierrita	U.S. (Arizona)	924.4	0.030%	611.4	-	-	-
	Henderson	U.S. (Colorado)	128.6	0.210%	595.6	-	-	-
	Total		3,013.2	0.031%	2,084.1	-	-	-
Rio Tinto	Bingham Canyon	U.S. (Utah)	641.0	0.047%	664.2	-	-	-
Taseko Mines	Gibraltar	Canada (B.C.)	554.3	0.008%	97.8	-	-	-
Developers								
Adanac Molybdenum	Ruby Creek	Canada (B.C.)	213.0	0.063%	285.6	25.0	0.054%	29.7
Mercator Minerals	Mineral Park	U.S. (Arizona)	1,052.4	0.031%	719.2	-	-	-
Northern Orion	Agua Rica	Argentina	1,110.0	0.033%	807.6	651.0	0.034%	488.0
Quadra Mining	Malmjberg	Greenland	212.0	0.120%	560.9	12.0	0.090%	23.8
Roca Mines	MAX	Canada (B.C.)	42.9	0.120%	113.6	8.9	0.096%	18.8
Explorers								
Copper Fox Metals	Shaft Creek	Canada (B.C.)	670.6	0.021%	310.5	274.1	0.023%	141.4
Eagle Plains Resources	Sphinx	Canada (B.C.)	-	-	-	62.0	0.035%	47.8
Galway Resources	Victorio	U.S. (New Mexico)	21.5	0.150%	71.1	11.7	0.133%	34.3
Geodex Minerals	Sisson	Canada (N.B.)	-	-	-	167.4	0.021%	77.5
Georgia Ventures	Creston	Mexico	92.9	0.083%	169.9	84.2	0.076%	141.1
	Serb Creek	Canada (B.C.)	41.5	0.050%	45.7	-	-	-
Idaho General Mines	Mount Hope	U.S. (Nevada)	920.0	0.064%	1,300.0	-	-	-
Inca Pacific Resources	Magistral	Peru	189.1	0.052%	216.8	56.0	0.024%	29.6
Moly Mines	Spinifex	Australia	469.8	0.060%	600.3	30.8	0.050%	34.8
New Cantech Ventures	Lucky Ship	Canada (B.C.)	52.6	0.071%	82.3	8.3	0.070%	12.8
Sultan Minerals	Jersey-Emerald	Canada (B.C.)	-	-	-	0.5	0.103%	1.1
Tenajon Resources	Ajax	Canada (B.C.)	38.8	0.064%	54.7	448.8	0.063%	623.3
U.S. Energy Corp	Lucky Jack	U.S. (Colorado)	199.7	0.220%	967.0	-	-	-
Virgin Metals	Los Verdes	Mexico	10.5	0.124%	28.7	-	-	-

Source: Company reports

Exhibit 3. Grade and Tonnage Relationship of Selected Producing and Development Deposits



Source: Company reports

Adanac Molybdenum Corp. – AUA, TSX-V

Share Statistics

(all values in C$ unless otherwise noted)

Close		$2.38
12-Month High - Low:		$2.80 - $0.90
3-Mo Daily Avg Volume:		429,880
Shares O/S	Basic:	72.6 million
	F.D.:	98.6 million
Market Cap:		$235 million

Source: Bloomberg

Share Price History

The Company

- Adanac is an exploration and development-stage mining company that owns the Ruby Creek advanced-stage development primary molybdenum project in northern British Columbia, and three molybdenum exploration properties in Nevada.

The Assets

- **Adanac's flagship asset is the 100%-owned Ruby Creek molybdenum project,** a low-grade bulk tonnage molybdenum deposit located at the headwaters of Ruby Creek in the floor of an alpine cirque in northern British Columbia. Ruby Creek is a porphyry molybdenum deposit hosted by multiple phases of felsic intrusives belonging to the Cretaceous aged Surprise Lake batholith at the junction of two large fault systems. Molybdenum occurs as molybdenite with only minor amounts of other sulphide minerals such as pyrite and chalcopyrite.

- The Ruby Creek property was acquired by Adanac after the claims were staked in 2000. The occurrence of molybdenum on the property was first discovered in 1905, but serious and systematic development did not get underway until the 1960s. The Ruby Creek property was first drilled in 1969 and has since had approximately 100,000 feet of diamond drilling carried out by the original Adanac Mining & Exploration Ltd., Kerr Addison Mines Limited, Climax Molybdenum Corporation and Placer Development Limited. In addition, Kerr Addison completed 3,660 feet of underground development. These companies explored the property extensively and several completed feasibility studies, but none of them proceeded to production on account of low molybdenum prices.

- The proposed Ruby Creek open pit mine has a proven and probable reserve base of 143.7 million tonnes grading 0.059% Mo based on a 0.04% Mo cut-off grade (187million lbs of contained Mo) and a total resource base of 206.4 million tonnes grading 0.063% Mo (286 million lbs of contained Mo). The property is in the advanced engineering and permitting stage with initial production targeted for early 2009. The mine plan includes a 20,000 tpd mill producing in excess of 10 million lbs of Mo annually over a 21-year mine life. Cash operating costs are forecast to be $5.87/lb for the first five years of operation.

- Adanac also owns interests in three exploration-stage molybdenum projects in Nevada with historical resources. The B&C Springs property has a resource of 131 million tons grading 0.12% Mo (314 million lbs of contained Mo), the Pine Nut property has a resource of 82 million tons grading 0.06% Mo (98 million lbs of contained Mo), and the Cucomongo property has a resource of 30 million tons grading 0.066% Mo (40 million lbs of contained Mo).

Outlook

- A bankable feasibility study was completed at Ruby Creek in August, 2006. The project is currently in the detailed engineering stage. Adanac received a mining lease for the property from the British Columbia government in early April, and receipt of environmental permits are also expected in the second quarter. Assuming all permits are in hand and financing is completed in the second quarter, a production decision could follow, leading to the commencement of construction for the $450 million project in June.

Opportunity

- Adanac potentially has a 12-18 month lead over its peers in becoming the first company to bring a greenfield primary molybdenum mine into production. Discussions with strategic customers and project financiers are currently underway to fund the development capital requirements, and long lead time capital equipment is already on order and held with deposits.

Management

- **Larry Reaugh,** Executive Chairman, is the founder of Adanac Molybdenum Corporation and served as President and Chief Executive Officer from April 1992 to October 2006. Mr. Reaugh has 42 years of experience in the mining industry, the past 26 years of which were directly involved in mineral exploration with junior resource companies. Mr. Reaugh was responsible for acquiring the Ruby Creek property and instigated the business and development plan that has advanced the project to its current stage.

- **Michael MacLeod,** President and Chief Executive Officer, has been a mining engineer for the past 25 years. Mr. MacLeod brings to Adanac extensive experience spearheading major capital projects, feasibility assessments and marketing and environmental studies. Michael is responsible for all project development and operational activities and for assembling and leading the team that will advance the Ruby Creek molybdenum project.

- **Mike Petrina,** General Manager of the Ruby Creek Mine, has over 25 years of experience in the mining industry at both open-pit and underground operations. Mike recently joined Adanac and brings with him extensive experience in mine engineering and supervision, mine development, consulting and contracting.

Blue Pearl Mining Ltd. – BLE, TSX

Share Statistics

(all values in C$ unless otherwise noted)

Close		$14.00
12-Month High - Low:		$14.12 - $1.70
3-Mo Daily Avg Volume:		1,703,170
Shares O/S	Basic:	108.0 million
	F.D.:	140.3 million
Market Cap:		$1,964 million

Source: Bloomberg

Share Price History

The Company

- Blue Pearl Mining is an integrated North American primary molybdenum producer. The company owns the Thompson Creek mine and concentrator in Idaho; a 75% interest in the Endako mine, concentrator and roaster in British Columbia; the Langeloth metallurgical facility in Pennsylvania; and the Davidson deposit in British Columbia. The company is the largest publicly traded integrated molybdenum producer. Blue Pearl became an integrated molybdenum producer following the transaction in October 2006 to acquire the privately-owned Thompson Creek Metals company for $575 million plus adjustments. The molybdenum producing assets are vertically integrated, including 12% of estimated global roasting capacity.

The Assets

- **The Thompson Creek mine** currently has an estimated minimum 10-year mine life based on proven and probable reserves of 64.5 million tonnes grading 0.119% Mo (169.1 million lbs contained Mo), during which time it is expected to produce 148 million pounds of molybdenum at an estimated average cash operating cost of $3.68/lb. Production in 2007 is expected to reach 12.8 million lbs, increasing to 17.1 million lbs in 2008. Measured and indicated resources are 178.6 million tonnes grading 0.094% Mo (370.6 million lbs contained Mo).

- **The Endako operation,** which includes an open-pit mine, concentrator and roaster, came into production in the mid-1960s. Average annual output is approximately 9.44 million pounds. The concentrator capacity is 30,000 tonnes per day. The Endako mine has an estimated seven-year mine life based on proven and probable reserves of 74 million tonnes grading 0.063% Mo. Endako mineral resources are 51.8 million tonnes grading 0.07% Mo.

- **The Langeloth metallurgical plant** has a roasting capacity of 35 million pounds and houses six multiple-hearth roasters for the conversion of concentrates to technical molybdenum oxide. It also has capacity for ferromolybdenum, pure molybdic oxide and other molybdenum materials. The complex also has a plant for toll recycling of spent catalysts.

- **The Davidson deposit** is an underground molybdenum deposit in British Columbia. The estimated mineral resource for the Davidson deposit is 75.3 million tonnes grading 0.177% Mo (294 million lbs contained Mo). A feasibility study is underway for a 2,000 tonne per day mine beginning in late 2008, and reaching production of 4.5 million pounds of molybdenum in 2009.

Outlook

- In 2007, the company estimates that production will be 21 million pounds, rising to about 27 million pounds in 2008. Longer-term, production should increase beginning in late 2008 when the underground Davidson deposit is expected to start up. Blue Pearl is also planning to recalculate its reserves based on a higher molybdenum price.

Management

- **Ian McDonald,** Executive Chairman, is also Director of Glencairn Gold Corp. and former Chairman and Chief Executive Officer of Wheaton River Minerals. Ian has 19 years of experience managing mineral resource companies.
- **Kevin Loughrey,** President and Chief Executive Officer, is the former Vice President, General Counsel, and Secretary for Cyprus Amax. Kevin has 26 years of industry experience.
- **Derek Price,** Chief Financial Officer and Vice President Finance is the former CFO and VP Finance of Glencairn Gold Corp, and the former CFO of Wheaton River Minerals. Derek has more than 20 years of financial and accounting experience in the mineral resource industry, including 10 years at Cominco.
- **Ken Collison,** Chief Operating Officer, is the former Vice President and General Manager of Coeur Alaska. Previously, he worked for 20 years with Rio Algom in various senior management positions.
- **Mark Wilson** is the Vice President of Marketing. Mark was formerly with Climax Molybdenum Co, Goldbelt Resources and Cyprus Mines.

Conclusion

- Blue Pearl has benefited from its status as the world's largest publicly traded pure molybdenum play, ranking among the top five molybdenum producers overall. The cash flows from the continued strength in the molybdenum price, along with ongoing improvements at existing operations and additional growth to come from the startup of the Davidson mine in 2008, should ensure the company's status as the premier molybdenum play. Blue Pearl should also benefit from owning its own roasting facilities, as accessing roasting capacity is a key constraint faced by startup molybdenum producers.

Georgia Ventures Inc. – GVI, TSX-V

Share Statistics

(all values in C$ unless otherwise noted)

Close		$0.72
12-Month High - Low:		$0.84 - $0.14
3-Mo Daily Avg Volume:		321,023
Shares O/S	Basic:	39.3 million
	F.D.:	43.8 million
Market Cap:		$32 million

Source: Bloomberg

Share Price History

The Company

- Georgia Ventures is a mineral exploration company focused on molybdenum projects in Mexico and western Canada. The company's main project is the El Creston deposit in Mexico. Georgia Ventures is also earning a 60% interest in the Serb Creek molybdenum deposit in British Columbia.

The El Creston Deposit

- The El Creston deposit has been extensively explored since the mid-1950s by several major companies. The most comprehensive exploration work was carried out by Amax in partnership with Penoles from 1975 to 1979 and with Fresnillo in the early 1980s. The work included diamond and RC drilling, the completion of two horizontal adits, extensive bulk sampling, metallurgical work and the preparation of a pre-feasibility study.
- Mineralization at El Creston is associated with a tertiary porphyritic quartz monzonite stock that intruded a complex of Proterozoic igneous and metamorphic rocks, causing extensive fracturing and brecciation of the older rocks. Alteration and mineralization succeeded this event and a number of acidic dykes were subsequently emplaced. Most of the molybdenum mineralization occurs within the Proterozoic Creston Granite, as disseminations in quartz stockworks or in the matrix of breccia zones within areas of intense phyllic alteration. Metallic minerals include pyrite, molybdenite, subordinate chalcocite and chalcopyrite. Following the emplacement of the mineralization the area underwent several episodes of tectonic activity. The most important structure at Creston is a low angle fault that separates altered and mineralized upper plate rocks from lower plate lithologies.
- The indicated mineral resources for Creston contain 92.9 million tonnes grading 0.083% Mo (170 million lbs contained Mo) and 0.06% Cu (123 million lbs contained copper), based on a 0.035% Mo cut-off grade. The resources are confined to the Main Molybdenum Zone. Additional potential exists for molybdenum mineralization in nearby areas such as the Red Hill Zone, a relatively untested target located 300 metres southwest of the main Creston deposit. The Red Hill Zone, which has been interpreted as the root zone of the Creston deposit, is open along strike in both directions and at depth.

The Serb Creek Deposit

- The Serb Creek molybdenum deposit contains probable reserves of 41.5 million tonnes grading 0.08% MoS_2 and is situated about 35 kilometres southwest of Blue Pearl Mining's Davidson molybdenum deposit (measured and indicated resources of 83 million tonnes with a grade of 0.295% MoS_2 at a cut-off of 0.20% MoS_2).
- The Serb Creek deposit was discovered by Amax in the mid 1960s and was subsequently drilled by Craigmont Mines in 1975. Mineralization of Serb Creek is centred on a fine grained phase of a quartz monzonite stock cut by a northwest trending dyke swarm. The area of molybdenum mineralization lies within a broad oval-shaped pyrite halo, measuring 3 km x 2.2 km. Only a 1.2 km x 1 km portion of the prospective geology was investigated by past drilling, leaving a large area open for further exploration.

Management

- **Jonathan George** is the Chief Executive Officer of Georgia Ventures. He has been a consulting geologist, holding senior positions with numerous junior exploration companies, for the past 20 years. Mr. George has been instrumental in property acquisitions, negotiations and financings for the company.
- **Dr. Luca Riccio,** consulting geologist to Georgia Ventures, obtained his PhD in Geology from the University of Western Ontario in 1976. He is a registered member of the Association of Professional Engineers and Geoscientists of British Columbia and the co-author of several research papers. Dr. Riccio has been active in all phases of mineral exploration for Georgia Ventures and has experience working in Canada, South America and Europe.

Idaho General Mines – GMO, AMEX

Share Statistics

(all values in US$ unless otherwise noted)

Close		$6.05
12-Month High - Low:		$6.79 - $1.80
3-Mo Daily Avg Volume:		131,558
Shares O/S	Basic:	43.4 million
	F.D.:	59.3 million
Market Cap:		$359 million

Source: Bloomberg

Share Price History

The Company

- Idaho General Mines is a mining development company based in Spokane, Washington, focused on molybdenum production in Nevada.
- The company is currently in the process of developing two molybdenum projects – the Mount Hope and the Hall-Tonopah deposits.
- **Mount Hope is one of the largest, highest-grade deposits in the world** – the project has an estimated resource of 920 million tons of material grading 0.07% Mo (the company estimates 1.2 billion lbs of recoverable molybdenum).
- Idaho General is targeting mid-2007 for completion of a bankable feasibility study, and recently updated the forecast economics for Mount Hope.
- Idaho General expects Mount Hope to have a 50-year mine life with average annual production of 30 million lbs over the first ten years, and 1.2 billion lbs of molybdenum production over the life of the mine. Capital expenditures are estimated at $600 million to $700 million (including a roaster) with operating costs of $4.00-$4.50/lb.
- The project is sensitive to the molybdenum price, but is very robust at molybdenum prices in the current range.
- The Hall-Tonopah project was a copper-leach project that was last operated from 1995-2002 by Equatorial Ltd. At the time of reclamation, the project was estimated to contain 150 million tons grading 0.09% Mo.
- Idaho General acquired 100% ownership of the property in 2006, and bought the only outstanding royalty (12%) from Equatorial in January 2007.
- The company is currently undertaking a $2.2 million exploration program on the project, aimed at verifying and expanding the existing estimates.

Investment Thesis

- **The value for Idaho General lies in Mount Hope** – ultimately, the asset is expected to have a very long mine life (over 50 years) and produce significant amounts of molybdenum at a low cost.
- With production expected to start in 2010, Idaho General will reach significant milestones as it advances toward permitting and development.
- On an EV/total contained metal basis, Idaho General trades among the lowest of the molybdenum developers, at about $0.13 per contained pound of molybdenum.
- Future value will come from Mount Hope as the company advances toward development and production. There is also upside in the exploration potential at Hall-Tonopah and continued strength in the molybdenum price.

Management

- **Bruce Hanson,** Chief Executive Officer, most recently served as the Senior Vice President, Operations Services and Development for Newmont. Mr. Hansen holds a Bachelor of Science degree in Mining Engineering from the Colorado School of Mines and an MBA in Finance from the University of New Mexico.

Mercator Minerals Ltd. – ML, TSX

Share Statistics

(all values in C$ unless otherwise noted)

Close		$4.70
12-Month High - Low:		$5.10 - $1.60
3-Mo Daily Avg Volume:		398,612
Shares O/S	Basic:	72.2 million
	F.D.:	82.6 million
Market Cap:		$388 million

Source: Bloomberg

Share Price History

The Company

- Mercator is a diversified mining and exploration company. The company is the 100% owner of the Mineral Park molybdenum-copper-silver project in northwestern Arizona. The property has had a lengthy history as a producer of copper and molybdenum concentrates, and more recently as a copper-only leach operation.
- The company is currently producing copper cathode from a small-scale SX/EW plant. 2006 production was 9.5 million lbs of copper at an average cast cost of $1.02/lb. Plant capacity is 15 million lbs/yr.
- **Expansion program underway.** Mercator is implementing an expansion program to augment copper production and resume production of molybdenum and silver. The expansion is targeting an initial 25,000 tpd operation in 2008, scaling to 50,000 tpd by mid-2009.
- The company completed debt and equity financings early in 2007. Gross proceeds of the financings amounted to approximately $138 million. Coupled with cash-on-hand ($11 million as of year-end 2006) and cash flows from present production, Mercator is poised to complete the expansion without raising additional funds.

Outlook

- Mercator has been a "hidden" molybdenum story. Given the company's four-year history as a small copper producer, it seems that many investors may have failed to recognize the dramatic change that the expansion is projected to deliver.
- **10 mlbs Mo production potential.** Over the initial ten years, production is scheduled to average 10 million lbs/yr molybdenum, 55 million lbs/yr copper, and 600,000 oz/yr silver. Life-of-mine projections include approximately 260 million lbs Mo, 1.1 billion lbs Cu, and 13.5 million oz Ag produced.
- Reserves are sufficient for 24 years of production. The deposit currently has delineated 437 million tonnes of sulfide reserves. Additionally, the deposit has a very low 0.18:1 stripping ratio.

Management

- **Mike Surratt** has been the President and Chief Executive Officer of the company since 1998. Prior to joining Mercator, Mr. Surratt held various senior positions at a number of intermediate and junior mining companies. Mr. Surratt is a geologist and holds a holds B.Sc. Geology from Sul Ross State University in Texas (1974).

Moly Mines Ltd. – MOL, TSX

Share Statistics

(all values in C$ unless otherwise noted)

Close		$4.31
12-Month High - Low:		$4.80 - $0.95
Shares O/S	Basic:	51.6 million
	F.D.:	67.2 million
Market Cap:		$290 million

Source: Bloomberg

Share Price History

The Company

- Moly Mines is an Australian resource company focused on the development of specialty, base and precious metals projects. The company's main asset is the Spinifex Ridge molybdenum-copper project, located in the Pilbara region of Western Australia. The company is also advancing several other molybdenum and gold projects, including the Dargues Reef gold deposit in New South Wales.

The Spinifex Ridge Project

- The Spinifex Ridge molybdenum-copper project was discovered in 1970 and explored through to 1982 by a succession of major international companies including Esso Minerals, Anglo American and AMAX. The project is well supported by infrastructure, including nearby paved roads, the Telfer gas pipeline located within 50 kilometres to the north, railway facilities and deepwater port facilities to the west at Port Hedland and Dampier.

- Molybdenum-copper mineralization at Spinifex Ridge is related to a structurally controlled porphyritic granodiorite, which has intruded an Archean sequence of mafic and felsic volcanic rocks. The granodiorite has generated an extensive alteration halo dominated by quartz stockworking and potassic and phyllic alteration. Molybdenum and copper mineralization occurs as vein-hosted molybdenite and chalcopyrite.

- Spinifex Ridge hosts a molybdenum and copper measured and indicated resource of 469 million tonnes grading 0.06% Mo and 0.09% Cu, and additional inferred resources of 31 million tonnes, based on a 0.03% Mo cut-off. At depth (>450m) there are indications of continuing moderate- to high-grade mineralization. Exploration to the northwest has been encouraging where drilling has identified several relatively shallow high-grade intervals. Further exploration drilling is required to fully define the extent of the molybdenum mineralization.

- The pre-feasibility study on the Spinifex Ridge Project completed by Moly Mines in February 2006 was based on a ten-year mine plan for the extraction of mineral resources from a pit that exploits a portion of the larger ore body. The study investigated two rates of mining and processing: 12 million tonnes and 15 million tonnes of resource-bearing ore per annum. The open-pit operation based on 15 million tpy would produce 9,700 tpy of Mo in concentrate and 8,500 tpy in Cu concentrate over a period of at least 20 years based on a standard crush, grind and flotation circuit. Production would begin in early 2009 at a cost of $3.30/lb of molybdenum ($8.80/tonne), and the capital cost is expected to be $466 million.

Outlook

- Moly Mines is undertaking a bankable feasibility study that is scheduled to be completed in the second quarter of 2007. Long lead items have been identified, and mine and process design, permitting and infrastructure development are underway. Assuming timely completion of the feasibility study, financing could take place by September, leading into construction by year-end in time for commissioning in early 2009. For the financing strategy, Moly Mines is considering a corporate cornerstone investment, possibly linking the investment to offtake agreements, as well as project and infrastructure debt and international equity markets. Moly Mines is negotiating three-to-five-year toll roasting agreements for direct sale of molybdenum concentrates to roasters, as well as multi-year offtake agreements with copper smelters.

Management

- **Dr. Derek Fisher,** Managing Director, has over 35 years of worldwide experience in the resource industry. He has been the principal in listing a number of companies both in Australia and Canada and has over 20 years of experience as a manager of publicly listed companies. Dr. Fisher began his career with the New South Wales Geological Survey in 1966 and following graduation from the University of New England, Armidale, New South Wales, he moved into the mineral exploration and mining industry. During the 1970s he undertook doctoral studies at the University of Toronto, Canada, obtaining his PhD in 1979.

- **Collis Thorp,** General Manager, Molybdenum Project, has 40 years of mining experience, having operated and managed open-pit and underground mines in Australia and internationally. This experience covers precious, base and specialty metal operations including gold, tin, tungsten, titanium and zircon. He has significant and diverse experience in all aspects of major project feasibility and development, including mining, process design, metallurgy, infrastructure, environment and metals market.

- **John McEvoy,** Chief Financial Officer, has extensive experience in senior finance roles in both the public and private sector with approximately 15 years of experience in the mining industry.

New Cantech Ventures Inc. – NCV, TSX-V

Share Statistics

(all values in C$ unless otherwise noted)

Close		$1.11
12-Month High - Low:		$1.23 - $0.28
Shares O/S	Basic:	58.0 million
	F.D.:	84.6 million
Market Cap:		$94 million

Source: Bloomberg

Share Price History

The Company

- New Cantech Ventures is a junior mining company that is earning a 100% interest in the Lucky Ship property in British Columbia. The Palm Clean Energy group from Korea can earn a 60% interest in the project by taking it to production and fully financing the resulting joint venture. Cantech is to repay its 40% of the total cost of the joint venture out of the cash flow from the joint venture. New Cantech also has interests in the Alice Arm molybdenum deposit, as well as two gold projects and two diamond projects. Recently, the company announced it entered an option agreement to acquire the Moly King property, 9 kilometres southeast of its Lucky Ship property.

The Lucky Ship Property

- Lucky Ship is an advanced exploration project near Morice Lake in British Columbia. The deposit was discovered by prospectors in the 1950s, explored by Amax between 1964 and 1968 and received minor exploration between 1968 and 2004. New Cantech has spent $3 million on the property since June 2005.
- The principal area of interest on the property is the 1000m x 600m early Tertiary Lucky Ship pluton that is made up of two phases of porphyry intrusion and two breccia phases. Molybdenum mineralization as molybdenite, occurs in fractures, quartz veins, veinlets and stockworks best developed within an annular zone or shell marginal to a small porphyritic granite intrusion at the southeastern margin of the main pluton. The style of mineralization and the presence of multiple phases of intrusion are features typical of porphyry molybdenum deposits throughout the western Cordillera of North America.
- Drilling by New Cantech Ventures has identified indicated and inferred mineral resources of 52.6 million tonnes grading 0.071% Mo, based on a 0.03% Mo cut-off, and inferred resources of 8.3 million tonnes grading 0.07% Mo (95 million lbs of contained molybdenum). The mineralized system is open to depth. The highest grade mineralization was found within a 45.7 metre thick area adjacent to the contact of the second-stage granite plug. A second mineralized zone, the "Southern Lobe", is located southwest of the "Main Molybdenite Zone". A third mineralized area, the "North Showing" is located 400 metres north of the "Main Molybdenite Zone".

Outlook

- An announcement is expected shortly from New Cantech Ventures regarding results from a pre-feasibility study for a $160 million open pit mine based on capacity of 10,000 tpd, producing about 5 million lbs of molybdenum per year. The environmental assessment process is underway and permits are expected near the middle of 2008. The company also plans to drill another 10,000 metres to move indicated resources into the measured category and to test the deeper part of the deposit for additional resources.

Management

- **Dalton DuPasquier** is the President, Chief Executive Officer and a Director of New Cantech Ventures. He is a former stockbroker and Director of Manitoba Mineral Resources, and a former Director of Winspear Resources.
- **Ross Ronald Blusson** is Chief Financial Officer, Director and Secretary.
- The board includes **William Meyer,** former Vice President of Teck Corporation and Chairman of Minco Mining and Metals Corporation.

Roca Mines Inc. – ROK, TSX-V

Share Statistics

(all values in C$ unless otherwise noted)

Close		$2.90
12-Month High - Low:		$3.18 - $0.50
3-Mo Daily Avg Volume:		541,720
Shares O/S	Basic:	72.8 million
	F.D.:	91.7 million
Market Cap:		$266 million

Source: Bloomberg

Share Price History

The Company

- Roca has a 100% interest in the MAX molybdenum deposit, located 60 kilometres southeast of Revelstoke, British Columbia. The project was the subject of a significant exploration and engineering program conducted by Newmont Mines Ltd. and Esso Minerals Canada Ltd. in the late 1970s and early 1980s.

The MAX Deposit

- Geologically, the MAX property lies in tightly folded, strongly sheared metasedimentary rocks of Paleozoic age. On the MAX property these rocks are intruded by a small granodiorite stock of Cretaceous age, with which molybdenite mineralization is associated. A pipe-like mineralized body has been traced by diamond drilling from its small surface exposure on a mountain ridge downward to where it swells out into a substantial deposit.
- The MAX deposit has a small but high-grade resource of 1.38 million tonnes of measured and indicated resources grading 0.94% MoS_2 based on a cut-off of 0.5% MoS_2 contained within a larger, lower-grade measured and indicated resource envelope of 43 million tonnes grading 0.2% MoS_2 based on a cut-off of 0.1% MoS_2. The global resource remains open at depth; future exploration will focus on expanding this resource both at depth and in areas surrounding the main deposit.
- As a result of previous operators' $15 million efforts at MAX, the project has an access adit and a comprehensive geological, engineering and environmental database. In November 2005, Roca was granted a production permit for a 500-tonne per day operation. Initial production will focus on the rich "HG Zone" within the centre of the "B-Zone" to produce a readily saleable premium specification concentrate of approximately 95% MoS_2. Roca Mines purchased a 1,000-tonne-per-day mill, concentrator and related equipment for the MAX molybdenum project that will be dismantled, moved and rebuilt on site.
- Roca is advancing concepts for expansion of the operation. Hatch Engineering has prepared Roca's preliminary engineering studies for a 2,500 tpd bulk tonnage operation, based on a measured and indicated resource of 11.35 million tonnes grading 0.36% MoS_2 at a 0.20% MoS_2 cut-off.

Outlook

- In 2007, Roca intends to complete back-to-back production runs resulting in the production of approximately 3.0 million lbs of contained molybdenum. Metallurgical testing of drill core composites recovered about 90% of the molybdenite in a concentrate assaying 90% to 82% MoS_2 in bench tests. Total annual operating costs (mine, mill and overhead) are estimated at US$7.2 million (approximately $100/tonne) with capital costs of approximately US$14 million. At current molybdenum prices, payback of start-up capital is expected to be approximately nine months from construction startup, or four months from mill startup. Using a campaigned mining-milling approach, Roca plans to recover much of the 260,000 tonnes of 1.95% MoS_2 within the first few years of production.
- **Roca is advancing concepts for expansion of the operation.** Hatch Engineering has prepared Roca's preliminary engineering studies for a 2,500 tpd bulk tonnage operation, based on a measured and indicated resource of 11.35 million tonnes grading 0.36% MoS_2 at a 0.20% MoS_2 cut-off.

Management

- **Scott E. Broughton** is the President and Chief Executive Officer and a Director of the company. Mr. Broughton is a Professional Engineer with over 20 years of experience in the mining industry that spans exploration, mine design, mine development and operations, consulting engineering and project management, specialist geotechnical services, business development and the formation and management of public companies.
- **David J. Skerlec** is the Chief Financial Officer and Secretary and a Director of the company. Mr. Skerlec has over seven years of experience with a Vancouver-based Investment dealer, lastly as a Vice President, Corporate Finance, where he specialized in mining exploration finance. His diverse background includes over five years of experience in the junior mining business where he supervised exploration and production at a placer gold mine.
- **John Kiernan,** Vice President, Mining, is a mining engineer with 22 years of operating and engineering experience in the mining industry, including capital project implementation, mine design, underground development, production engineering and operations scheduling. In addition, he brings experience as a principal mining engineer from his eight years with AMEC/MRDI, and six years as a mine planning engineer and project manager with INCO in Sudbury, Ontario and Thompson, Manitoba. Mr. Kiernan has worked on a number of base metal, diamond and gold projects in North America and internationally, including Campbell Red Lake, Creighton, Diavik, Getchell, Pogo, Snap Lake and Nanisivik. He has also worked as a financial analyst and qualified person and has built economic models to assess project viability including consideration of risk through simulation, scenario and sensitivity analyses.

Tenajon Resources Corp. – TJS, TSX-V

Share Statistics

(all values in C$ unless otherwise noted)

Close		$0.73
12-Month High - Low:		$0.96 - $0.20
3-Mo Daily Avg Volume:		774,014
Shares O/S	Basic:	43.6 million
	F.D.:	54.6 million
Market Cap:		$40 million

Source: Bloomberg

Share Price History

The Company

- Tenajon is a mineral exploration company focused on developing precious and base metals deposits in northwestern British Columbia. The company is actively exploring three projects: the Ajax molybdenum project, the Summit Lake gold project, and the Kansas gold property, which has been optioned to Pinnacle Mines. Recently, the company purchased two additional molybdenum properties, the Moly Brook project in Newfoundland, and the Burn project in British Columbia. Work on both projects should commence later this year after a brief period of data compilation and logistical planning.

The Ajax Property

- Tenajon has a 100% interest in the 15.8 km² Ajax property, located in northwestern British Columbia. Molybdenite was discovered on the property in 1965 by Newmont Mining Corp. Between 1965 and 1967 Newmont completed limited mapping, sampling, trenching and drilled 26 holes totaling 8,100 metres in length. From 1967 to 1990, minor work was completed, which including limited drill core sampling, thin section and alteration studies. In 1996, Tenajon acquired the claim. Minor prospecting and reject sampling programs were completed in 1996 and 1997.

- The Ajax property occurs along the western margin of the North America Cordillera, immediately adjacent to the eastern margin of the Coast Plutonic complex. At the property, argillaceous sediments and interbedded andesite tuffs are locally intruded by four closely-spaced stocks of quartz monzonite porphyry. Mineralization is predominantly pyrrhotite and lesser molybdenite that typically comprises less than 2% of the rock by volume. Molybdenite is associated with quartz and occurs in pyrrhotite-bearing veinlets and on fracture and shear surfaces. Areas of elevated molybdenite grades are characterized by a high fracture density where quartz vein stockwork is well developed.

- The deposit contains an indicated resource of 38.8 million tonnes grading 0.064% Mo, and an inferred resource of 448.8 million tonnes grading 0.063% Mo, covering a surface area approximately 650 m by 600 m. In 2006, a 3800-metre drill program successfully extended the depth of the mineralized zone from surface to depths of over 1 kilometre, returning 146 metres grading 0.064% Mo, including 12.57 metres of 0.107% Mo, with the hole bottoming in mineralization.

Outlook

- A first-phase drill program consisting of 3,500 metres of diamond drilling should commence in June of this year. The purpose of the program is to further define the near surface high-grade mineralized zones within a potential starter pit. The goal is to advance the project with an initial 40 million tonne open-pit operation while continuing exploration to expand the size and scope of production. This summer's program objectives are twofold – drilling for grade and to move resources into the M&I category. Tenajon is hopeful that 2008 will warrant additional resource delineation drilling followed by a preliminary economic assessment and a pre-feasibility study.

Management

- **Bruce McLeod,** President and Chief Executive Officer, has been in the mining business for over 20 years in roles ranging from exploration technician and miner through to mine manager. He is currently the President and Director of Tenajon Resources Corp., Executive Chairman and Director of Sherwood Copper Corp.; Vice-President of International Northair Mines Ltd. and New Dimension Resources Ltd.; and Director of Full Metal Minerals Ltd., Palmarejo Gold & Silver Corp., and Reunion Gold Corp. Mr. McLeod focuses primarily on project development and review, strategic planning and financing activities.

- **Fred Hewett,** Vice-President and Director, is a Professional Engineer with over 30 years of experience in the mining industry. Since graduating in 1972 from the University of British Columbia with a BSc. in Geology, he has worked in the mining industry as Mine Geologist, Exploration Manager, and Chief Engineer with such companies as Cassiar Asbestos Corp., Brinco Mining Ltd. and Placer Dome Ltd. Mr. Hewett joined the Northair Group as Exploration Manager in 1981 and currently holds the position of President, Chief Executive Officer and Director of International Northair Mines Ltd. and New Dimension Resources Ltd.

- **John Robins,** Vice-President, Corporate Development, has over 25 years of experience in mineral exploration, and is a principal in the Hunter Exploration Group, a private mineral exploration firm, and a Director of several public companies.

- **Dave Visagie,** Exploration Manager has over 18 years of experience working in northwestern British Columbia designing and supervising all phases of mineral exploration. Dave was responsible for Tenajon's acquisition of the Ajax and Burn properties.

U.S. Energy Corp. – USEG, Nasdaq

Share Statistics

(all values in US$ unless otherwise noted)

Close		$5.71
12-Month High - Low:		$7.25 - $3.30
3-Mo Daily Avg Volume:		135,635
Shares O/S	Basic:	20.1 million
	F.D.:	25.8 million
Market Cap:		$147 million

Source: Bloomberg

Share Price History

The Company

- U.S. Energy Corp is a diversified natural resources company based in Wyoming. Through its subsidiaries, Crested Corp., U.S. Moly Corp., Sutter Gold Mining Inc. and Plateau Resources Ltd., the company owns interests in molybdenum, gold, uranium and vanadium properties. At present, all of the company's properties are in the exploration stage. The Lucky Jack molybdenum project in Colorado, formerly known as the Mt. Emmons property, is U.S. Energy's premier asset.
- U.S. Energy signed a definitive Exploration, Development and Mine Operating Agreement for the Lucky Jack project with Kobex Resources Ltd., a junior exploration company based in Vancouver. Under the terms of the agreement, Kobex will become the operator and have the right to earn up to a 65% interest in the project by meeting certain conditions, including spending $15 million to earn an initial 15% interest in the project, spending a total of $50 million within 10 years to raise its ownership to 50%, and arranging 100% of future financing for the project to raise its ownership interest to 65%.

The Asset

- U.S. Energy has been involved with this deposit since the early 1970s when it sold its interests in the unexplored property to Amax Inc., but retained a 6% gross royalty. Amax subsequently delineated a large molybdenum deposit containing approximately 155 million tons averaging 0.44% MoS_2. Subsequent exploration led to expansion of the resource to approximately 200 million tons grading 0.366% Mo, or approximately 800 million lbs of contained Mo.
- Amax Inc. reportedly spent $150 million on the property by 1983. Work conducted on the property by Amax included 190,769 feet of core drilling, a completed preliminary mill design with recovery rates of 95%, several pre-feasibility and technical studies, construction of a water treatment plant, completion of a detailed mine plan, mill plan and tailings facility. However, due to low molybdenum prices at the time, the property was never developed.
- U.S. Energy reacquired the property in February 2006. At present, the property includes a total of 25 patented and approximately 520 unpatented mining claims, which cover over 8 square miles of mining claims. Conveyance of the property also included the transfer of ownership and operational responsibility for the mine water treatment plant. Annual operating costs for the plant are approximately $1 million.

Outlook

- An updated pre-feasibility report was completed for Lucky Jack by Behre Dolbear in September 2005. Kobex Resources hopes to initiate a full feasibility study in 2007 as well as complete a 43-101 compliant resource calculation. In addition to the water treatment plant, there is considerable infrastructure in place, including access to the orebody, roads and electrical power.

Risks

- While most of the permits required to take the property to production were obtained by Amax, many have expired and need to be updated and re-filed. The project was originally permitted for a 20,000 tpd block cave mine. In mid-2005, an outside consulting group opined that it would take three-to-five years to re-permit the Lucky Jack property at a cost of approximately $5 million. In addition, the project has attracted opposition from environmental organizations.

Management

- **Keith Larson** is the Chief Executive Officer and Chairman of U.S. Energy. Mr. Larson is also a Director and Co-Chairman of Crested Corp. and a Director for U.S. Uranium Ltd. and U.S. Moly Corp.

- **Mark Larson** is the President and Chief Operating Officer of U.S. Energy. He is the former President of Rocky Mountain Gas, a subsidiary of U.S. Energy until its sale in June 2005. Mark is also the President of U.S. Moly Corp.

- **Harold Herron** is Senior Vice President and Director of U.S. Energy. Mr. Herron is also President and a Director of Crested Corp. and Plateau Resources Limited, Chief Executive Officer and Director of Sutter Gold, President of U.S. Uranium Ltd. and a Director of U.S. Moly Corp.

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Orion Securities Inc. has acted as a financial agent (underwriter) for Blue Pearl Mining and Quadra Mining within the past two years.

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