

**ALLAN BARRY REPORT ON**  
**PRECIOUS AND BASE METALS EXPLORATION**  
**9th EDITION**

Oct.3/2006

Welcome to the 9th edition of our report on Precious and Base Metal Exploration. In the opening section of this report we will discuss the large scale buying that is consolidating the mining sector. This wave of buyouts has been mainly confined to the largest mining companies taking over other large mining companies. We will explain why we think the next step is to see consolidation among the middle level producers and how the exploration companies will be affected.

This year has seen a great deal of acquisitions by major mining companies. Basically, the largest mining companies have been taking over other major mining companies. An example was earlier this year; Barrick Gold bought Placer Dome and this turned Barrick into the largest mining gold mining company in the world.

We have also seen Xstrata win a hotly contested bidding war to buy Falconbridge. One of the other bidders for Falconbridge was Inco who is now being taken over by CVRD in an all-cash deal.

Recently, Goldcorp made a friendly offer to merge with Glamis Gold that would turn them into a much larger gold mining company. Lately there have been rumours that Anglo American may be in play as a potential takeover target. This is somewhat surprising because we see Anglo as a buyer, not as a company that gets bought out.

An important question to ask is why is all this activity happening and why are the large mining companies taking over other large mining companies?

The companies we mentioned earlier are all some of the largest mining companies in the world and they seem to be on a feeding frenzy. Part of the reason for this is the price of the metals these companies mine. Another part of the equation is growth.

An important part of growth that mining companies are evaluated on is their growth in reserves. The problem is that many of these mining companies have grown so large in the last five years or so that in order to have an impact on their bottom line they need to add a lot of reserves. For gold mines they need massive deposits of 5 million ounces or larger, the problem is that those kinds of deposits are not easily discovered. So if they have to grow quickly the only place they can find large reserves is by acquiring other large mining companies. At the end of the day there are only a small number of companies that the largest mining companies can acquire that will add large reserves to their portfolio of assets.

We feel that the next act in this play is the consolidation of the middle level producers. There is a group of large mining companies that are not as big as the giants in the industry. If this group of companies does not want to be bought out by the largest they will have to grow and they need to grow quickly.

The reason we feel they need to grow quickly has a great deal to do with the prices of precious and base metals. We have made our argument in many of our past reports on why we feel metals prices have been going up and why we think they will continue in that direction.

Our basic argument is that the weak metals prices during the 1980's and 1990's caused an under investment in exploration and mine development and this will have a long lasting impact on supply. At the same time as this under investment, two economic powerhouses (China and India) have been growing quickly. They are buying a lot of precious and base metals and this is having a big impact on demand.

Although we have seen prices for metals performing exceptionally well in the last 5 years or so we still have not seen a great deal of new production come online. If anything new production is not even keeping up with reserves being mined out. Demand continues to stay very strong and we feel that even if the global economy were to slow down it will have little effect on the demand story. These are the main reasons why we think precious and base metal prices are going higher and if prices keep going higher the need for producers of all sizes to grow will only increase.

In the same way that there are few giant mining companies that can take over other large mining companies, there are not many middle level producers that can merge with other middle level producers.

A way for all producers to grow – whether they are giants or middle level producers – is to buy exploration companies with advanced staged exploration projects.

### **Our Favourite Treasure Hunters**

In this section we will be adding a new company, following this new addition we will then be featuring all companies that have been featured in past reports. In our past reports we have discussed the various companies and presented them in alphabetical order. In this edition we are going to put them into groups. The first group will be “A New Addition” followed by “Potential Takeover Targets” followed by “Takeover Targets of the Future”.

## **A New Addition**

### **Silvermex Resources Ltd.**

Silvermex is a newly listed company that begins their life as a public company in a very compelling way. Prior to going public, the company had acquired a prospective project in Sonora, Mexico and did a 15-hole drill program hitting very good grades of silver with significant intersections. The potential based on geological work and drilling attracted a large silver company as a significant shareholder. We are a shareholder of the company.

Silver Standard Resources owns approximately 12.8% of the shares in Silvermex. They know what they are doing when it comes to silver exploration. To get involved in a new discovery like this tells us it must have very good potential.

Prior to becoming a publicly traded company they had completed a modest amount of drilling with very encouraging results. Highlights of the drilling included one hole returning 182 g/t silver over 36 metres. Another drill hole encountered 239 g/t silver over 33.53 metres while another hit 207 g/t silver over 30.48 metres. These drill results would have to be one of the main reasons that Silver Standard took an interest in this project.

The above mentioned steps are quite impressive for an exploration company especially one that has spent such a short time as a public company. Recently they began a drilling program to follow up the results from their previous drilling. Based on the grades and intersections it looks like they have an outstanding chance of getting good results from this new drilling.

Silvermex's stock symbol is SMR and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.silvermexresources.com](http://www.silvermexresources.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Potential Takeover Targets**

This section will feature companies from our past reports we feel have the potential of being takeover targets in the near future. We think that this could be within the next 24 months.

### **Bear Creek Mining**

In the last year Bear Creek has passed several important milestones and we feel they are on their way to becoming a takeover target in the near future. We are a shareholder of the company.

The main milestone is the advancement of their Corani project in Peru; this project is a very impressive silver discovery. They have completed resources calculations based on over 200 drill holes that continue to increase the large size of this silver discovery that is still getting larger with additional drilling. They have also recently reported a new

discovery that is not part of the main Corani area called Santa Ana, that is also starting to show a great deal of promise based on drill results.

Recently Silver Wheaton purchased over 2 million shares of Bear Creek at over nine dollars per share, this increases their shareholdings in Bear Creek to close to 20%. Silver Wheaton is a very well financed and well run silver company that understands the silver mining business. They have done their research and we take a great deal of confidence from them adding to their shareholdings of Bear Creek at these prices; obviously they feel there is still a lot of blue sky left in this company as we do also.

It would not surprise us to see Bear Creek taken over by a large mining company mainly because it is looking like their silver project is advancing quickly toward an economically mine able discovery. In the near future we will be closely watching results from drilling to expand the size of what they already have found and future exploration on new targets.

We will also be watching for signs that a major will put them in play. We feel that silver will perform extremely well in the near future so if silver prices increase (as we feel they will) the price tag for taking over this company will go up. The other development that could add to the price tag is future drilling success. We feel that this is highly likely based on what the drilling is indicating. As we mentioned earlier in this report consolidation is happening in a big way in the mining business and Bear Creek has a discovery that we feel major mining companies would like to develop.

Bear Creek's stock symbol is BCM and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.bearcreekmining.com](http://www.bearcreekmining.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Exall Resources**

Exall has an outstanding gold discovery in Red Lake, Ontario one of the most important gold camps in the world. The Red Lake area is such a prolific producer of high grade gold that the success Exall is having could turn them into a takeover target in the near future. We are a shareholder of the company.

If you are an investor in the gold exploration business and a company finds high grade gold in their drill holes from a project in Red Lake you have to pay attention. Especially when the grades, intersections and geology are similar to what is found in the important gold mines in the area. This is exactly what Exall has found and we have been impressed in their project for some time now.

In this area the main gold mines that are owned by Goldcorp are very high grade that have found their highest grades at depths below 1500 feet from surface. Exall has drilled down to that level with several holes and have intersected high grade gold. They have drilled into the high grade with several holes and have been aggressively drilling it since earlier this year. They can drill this project throughout almost the entire year so they can be drilling and reporting assay results for the remainder of the year.

Another factor in our belief that Exall could be a takeover target is because they have a major in the area (Goldcorp) that knows the area extremely well and generates a great deal of earnings from their mines in the area. If everything keeps going in the same direction with the drilling, we feel Goldcorp would be a likely candidate to buy them out.

Goldcorp recently bought out Virginia Gold for their Eleanore discovery in Quebec and are currently attempting a friendly merger with Glamis Gold. Goldcorp is in deal making mode and we can't believe they would allow another major to come into their backyard of Red Lake and takeover a new discovery with multi-million ounce potential.

As we were completing the editing of this report to be sent out to our readers the company announced plans to merge with their joint venture partner. In our next edition we will discuss this merger but the bottom line is this merger adds to the potential for the company to be taken over.

Exall's stock symbol is EXL and the shares trade on the Toronto Stock Exchange. Their website is [www.exall.com](http://www.exall.com). Their website contains past news releases and additional information to do your own due diligence.

### **Peru Copper**

Peru Copper has a world class copper and molybdenum project that has been described in the past by management that if it were in production today would be one of the top 15 producers in the world. We are a shareholder of the company.

To say that this project is world class is in no way overly promotional, they have a reserve and resource estimate of 22 billion pounds of copper and 840 million pounds of molybdenum. If you were to use current metals prices for these metals and the amounts of metals estimated this would give you a value of metals in the ground approaching 100 billion dollars.

Although we think the prices of the metals still have a great deal of upside, it would nonetheless be prudent to discount the price of the metals. Even if you significantly discount the price of those metals, the company still has a market value that is a small percentage of a more conservative valuation of what they have at Toromocho.

In order to bring this project into production would cost more than one billion dollars because of its sheer size. The metals are there. Now they have to prove that it is economically viable to bring into production.

The work to answer these economic questions is currently underway. If the company continues to pass the tests they would most definitely be a takeover target of many major mining companies if they are not already.

Peru Copper's stock symbol is PCR and the shares trade on the Toronto Stock Exchange. They also trade on the American Stock Exchange and the symbol there is CUP. Their website is [www.perucopper.com](http://www.perucopper.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Skygold Ventures**

Skygold is progressing well on a very large drilling program on their Spanish Mountain project. Results to date have been very encouraging. With all the work that is going on, they are advancing this project very rapidly and are approaching enough development work that could answer many of the questions majors would need answering before taking a run at them. We are a shareholder of the company.

This project is a high tonnage target that has modest grades and the deposit is at or near surface. When it is presented this way some investors don't seem to understand lower grade high tonnage discoveries. On the other hand major mining companies understand these kinds of deposits because many major mining companies became majors from mining low grade high tonnage near surface deposits. The reason is these kinds of deposits can be open pit mined and this brings down the cost of production and this is why some of the lowest cost mines in the world are low grade big tonnage mines.

Another reason that majors like developing these kinds of deposits is because they have very long mine lives. So after learning if there is a lot of tonnage, the main question is can a good profit be made with the grade that is there? This Spanish mountain project is positively answering these questions and looking like a project that majors would be interested in developing.

Past drilling has been spread out throughout an area that is approximately 1200 metres in strike length with 400 metres of width. This drilling has been focused on an area with a geochemical anomaly that is much larger than the area that the drilling covers. There is definitely room for this discovery to get much larger.

The current drilling that is underway will be focused on the expansion of the size of this discovery. It will also allow them to come up with a resource calculation. They definitely have a multi-million ounce target at Spanish Mountain and more drilling will help to understand more about this potential. With the answers that this drilling will reveal we think it is likely that this could prompt a major to make an offer to takeover the company.

Skygold's stock symbol is SKV and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.skygold.ca](http://www.skygold.ca). Their website contains past news releases and additional information to do your own due diligence.

## **Potential takeover targets of the future**

We feel that these companies have the ability to make it into the Potential Takeover Target category in the future.

### **Abacus Mining & Exploration**

Abacus is in the midst of a large drilling program in the Afton Mine area near Kamloops and continues to get very good results. This drilling is focused on drilling underneath the pits that Teck/Cominco mined until the 1990's. Mine operations were stopped when copper and gold were much lower priced than they are now. We are a shareholder and a consultant to the company.

Back when Teck/Cominco was operating their Afton Mine they produced from three pits: the Afton pit, and the Ajax East and West pits. Several years ago, NewGold Inc. drilled underneath the Afton pit and found a discovery with a resource calculation that indicates they have approximately 1.5 billion pounds of copper and 1.6 million ounces of gold. This project has enabled Newgold to have a market value nearing \$200 million CDN and put a new focus on this past producing area.

In the last quarter of 2005, Abacus drilled under the Ajax West pit and hit extremely long intersections of around 0.50% copper and 0.35 g/t of gold. Additional drilling has increased the area of mineralization that is 450 metres in strike length, 200 metres wide and over 300 metres deep. There are now enough holes drilled to enable a resource calculation that is currently being done and is expected to be completed by November of this year. This zone is still open for expansion, especially at depth where the grades seem to be richer.

Recent drilling under the Ajax East pit has been very encouraging with similar grades and intersections as the nearby Ajax West Pit. These two pits are at the end of a 9 mile haul road that was used to transport ore from these pits to the processing plant at the Afton mine. Abacus has also done a deal with Teck/Cominco to acquire the mining assets that include the plant building, surface rights, tailings pond and all related permits.

With the combination of the assets, the company is buying off Teck/Cominco and what they are finding at the Ajax West and East pits and at the DM/Audra and Rainbow zones, we believe that within the next few months we will be adding Abacus to our list of potential takeover targets.

Abacus's stock symbol is AME and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.amemining.com](http://www.amemining.com). Their website contains past news releases and additional information to do your own due diligence.

## **Atna Resources**

Atna has had a rough ride since earlier this year when Barrick announced that they had elected to back-in to a 70% interest on the Pinson project by spending the next \$30 million USD. They have to spend that before April 2009 to earn this interest. We are a shareholder of the company.

The market reacted very harshly to this news and now the company is less than 50% from its 52 week high; we feel this is an overly negative reaction that offers a good opportunity for bargain hunters.

One of the major positives is that Barrick has to fund the next \$30 million of exploration costs and this means that Atna doesn't have to raise funds to finance that work. Having a 30% interest of a mine would be a very attractive asset and obviously this project is big enough for Barrick who has a very high threshold of size needed to affect their bottom line. Since this back-in decision was announced, we have not heard any word on the development plans that Barrick has for this project. We would be very surprised if Barrick wasn't going to do a lot of work in the near future.

Recently the company announced they had received permits to drill their Jarbridge project in Nevada. Past surface samples have returned high-grade gold and drilling will be focused on testing these high-grade areas and other geological indicators that require follow up drilling.

The company currently has over \$13 million CDN in the treasury and this gives them a lot of cash for a great deal of exploration drilling and future acquisitions. They have a large portfolio of exploration projects that make sense to be drilled.

While Barrick is spending the next \$30 million on development costs at Pinson, Atna can use the money in their treasury to explore their other projects. As Pinson moves forward, if the company were able to get good results from their other projects would be an added bonus. We think the current market value is undervalued based on the Pinson project and we like the fact they can focus exploration on their other projects.

Atna's stock symbol is ATN and the shares trade on the Toronto Stock Exchange. Their website is [www.atna.com](http://www.atna.com). Their website contains past news releases and additional information to do your own due diligence.

## **Candente Resources**

Candente has an outstanding project in Peru that the company is focused on testing the economics of bringing the Canariaco project into production. They could definitely be a target that a major may be interested in acquiring but to date no offers have been made and management of the company feels that if one doesn't come they would be interested in bringing it into production. We are a shareholder of the company.

Recent drilling has been mainly focused on an area that would be a starter pit area but importantly there's a lot of room to expand the resource. The recent resource calculation indicates that there are approximately 5 billion pounds of copper at Canariaco. Additionally drilling is focused on turning more of the resource calculation into a reserve category and testing other parts of this discovery to expand the overall size.

In addition to testing the economics of this project the company has other projects. One is a joint venture with Mitsui; they started drilling then informed Candente that they wanted to drill more holes than were initially planned. Results from drilling at this project are pending and we are very interested in what they tell us and what Mitsui was seeing in the drill holes that prompted them to increase the amount of drilling.

As we mentioned earlier, the scope of Canariaco is already at the point where majors have to be interested. In a way we would not be upset if majors pass on this project and Candente develops it themselves. This project looks like it could propel Candente into a pretty serious producer and would enable them to grow rapidly. One of the reasons we would like them to go through the economic evaluation stages and into development is because we feel there is a great need in the industry for middle level producers.

Candente's stock symbol is DNT and the shares trade on the Toronto Stock Exchange. Their website is [www.candente.com](http://www.candente.com). Their website contains past news releases and additional information to do your own due diligence.

### **Exmin Resources**

Exmin has put together an attractive group of exploration projects in Mexico. They have large mining companies as partners on a couple of these projects. Drilling is underway on one of these projects and in the near future they will be drilling their other projects. We are a shareholder of the company.

Recently the company announced assay results from seven holes from their Moris Mine project. Highlights of that drilling include one hole returning 2.60 g/t gold and 3.9 g/t silver over a 34.75 metre intersection and another hit 14.78 g/t gold and 22 g/t silver over a 8.10 metre intersection. These results are from one area and there are still five holes remaining from this 12 drill-hole program.

The Moris Mine was a past producer that was in production until late 1990's when it was shut down due to low gold prices at that time. When it was in production they only mined from the Creston deposit. However, there are two other areas that also have resource calculations from the historical work that need further drilling. All of these areas on the project were explored and resource calculations were done prior to current reporting standards so additional drilling will be needed to bring them up to current standards. The company feels there is a lot of exploration potential and the fact that they have a large mining company as a joint venture partner is a good indicator that this is realistic.

In addition to the Moris project the company has other projects they will be doing more work on in the near future. The company has put together a good group of projects in Mexico for exploration and we like their chances of having success in their various drill programs.

Exmin's stock symbol is EXM and the shares trade on the Toronto Stock Exchange Venture market. Their website is [www.exmin.com](http://www.exmin.com). Their website contains past news releases and additional information to do your own due diligence.

### **International PBX Ventures**

International PBX has recently announced results from drilling on their Tabaco project and are starting drilling on their Copaquire project. Both of these projects are in Chile. The company has been active in Chile for many years and because of that they have been able to put together an outstanding group of exploration projects. We are a shareholder of the company and until recently we were a consultant to the company.

Recently the company reported results from drilling on the Tabaco project and they came back very encouraging. This drilling was primarily focused on testing the near surface oxide zone and also the deeper sulphide zone. The grades in the oxide zone ranged from 0.15% copper to as high as 2.46% and the intersections ranged from 4 to 20 metres that is at or near surface. Below the oxide zone is a sulphide zone, two holes tested this zone and one hole returned 90 metres of 1.15% copper per tonne.

Since announcing these results the company has added a new member to the board named Len De Melt. He has a great deal of experience with a 30+ year career and was instrumental in bringing several large scale mines into production. When they announced this new member to their team they also announced plans to begin copper production by direct shipping to local processing plants. They have started the process of acquiring all the necessary equipment to begin this copper production phase. This is an ambitious step to take but it looks like the project warrants it and they have put together the team to pull it off.

In addition to the above results and efforts, they have also announced commencing drilling on the Copaquire project. This project is in an area where one of the largest copper mines in the world, the Callahousie mine, is located. Only a small amount of drilling has been done on this project in the past but it returned grades that are very encouraging from this limited drilling in a large geological structure. Plenty of drilling is needed to thoroughly test this project but because of its location it is a very exciting target.

We look forward to the company's efforts to begin copper production on the Tabaco project, as this will bring cash flow. In addition, at Tabaco we look forward to future drilling to test the sulphide zone as this could add to the resource in a big way. We have always been very impressed with the Copaquire project and we are looking forward to results from drilling.

As we have often mentioned, the company has spent many years committed to exploration in Chile and we feel that their long term efforts are on the verge of being rewarded.

International PBX's stock symbol is PBX and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.internationalpbx.com](http://www.internationalpbx.com). Their website contains past news releases and additional information to do your own due diligence.

### **Kodiak Exploration**

Kodiak recently had a very good piece of news that we feel could have a major influence on their potential for a higher market value. We are a shareholder of the company.

The exploration drilling on this project has been hampered by having to use a small exploration drill until they got a full drilling permit. This permit was recently issued and now the company can plan a much larger drill program and drill deeper holes.

The smaller drill was really only able to drill shallow holes, but it's important to note that in the drilling they did hit base metals that they had also found in their surface sampling. Some of those surface samples returned extremely high grades but putting those grades into a drill hole was asking a bit much.

This project has an extremely large geophysical anomaly and very high grades of base metals in surface sampling and now those metals in the drill holes. They have also indicated they have a theory based on past exploration efforts that suggests they have a good idea where they should be drilling and that these targets have the potential of hosting significant discoveries.

Now that they have this drill permit they can drill deeper to test this theory. The fact that the team running the exploration efforts is a very accomplished group is a good indicator to us that this theory has merit. The deeper drilling will give answers about the potential of this project. When this company first came to our attention it was presented as a project that had Voisey's Bay potential. Voisey's Bay is massive and that early view may have been a little overly optimistic but the facts suggest that it may prove to be somewhat realistic.

Kodiak's stock symbol is KXL and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.kodiakexp.com](http://www.kodiakexp.com). Their website contains past news releases and additional information to do your own due diligence.

### **Mountain Boy Minerals**

Mountain Boy is in the midst of their drilling season and the drilling is focused on further testing their discovery and to complete a resource calculation. We are a shareholder of the company.

This project is located in the Stewart mining district of B.C., Canada; this area is host to one of the country's highest grade gold mines. Mountain Boy and their joint venture partners have found high grade gold and silver in their drilling on this project. Current drilling is focused on exploration to increase the size of the discovery and also to come up with an updated resource calculation.

Previous resource calculations suggest there are approximately 500 000 ounces of gold and a couple million ounces of silver. Most importantly the company feels that they have the potential to significantly increase this resource.

Drill results that have been released so far this year have not been met with as much optimism as results did in last year's drilling season. It is worth keeping in mind they have a lot more drill results to come out over the next few months. These drill results will be used in the updated resource calculation.

The company has a small market value less than 15 million CDN, so obviously there is not much speculation in the market value. In this area based on past results, they can pull drill holes that get the market very excited because it is in a very good area to be looking for high grade gold and silver.

We look forward to drill results and the updated resource calculation, as this will give us more of an idea of the potential of this project. If they can grow the resource to more than one million ounces of gold the market value will have higher to go.

Mountain Boy's stock symbol is MTB and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.mountainboyminerals.ca](http://www.mountainboyminerals.ca). Their website contains past news releases and additional information to do your own due diligence.

### **Niblack Mining**

Niblack recently had two very good developments: one is the agreement to buy back the back-in rights that Teck/Cominco had, and the other is the highest grades encountered since they started re-evaluation of this project. We are a shareholder and consultant to the company.

In the past, Teck/Cominco had explored this project, back when prices for metals were much lower than they are today. Due to those lower metals prices, Teck/Cominco was willing to allow a junior to come in and explore this property. As part of that joint venture, Teck/Cominco kept a back-in right that would allow them to earn back a 51% interest under certain terms.

Now Niblack has come to terms that will remove this back in right in exchange for a modest amount of stock and warrants and a one-time payment of one million dollars if the project is brought into production. If things go in the right direction there will no longer be a back-in right to be considered.

Shortly after this agreement was in place, the company reported a new batch of assay results from their current drilling program. These results returned the highest grades since they began reassessing the potential. Several of the recently reported drill holes returned high grade intersections; one of the holes hit 14.9 metres of 4.68 g/t gold, 126 g/t silver, 5.83% copper and 6.23% zinc. With these grades you don't need a lot of tonnes to make a very significant discovery.

What was equally impressive in our opinion is that some of these holes are coming from areas that had not had a lot of drilling in the past. The drilling has been focused on expanding what was known from historical drilling to add confidence to resource calculations and testing areas that have not been drilled. Getting these new results in under explored areas will have a significant impact on catching the attention of larger investors and major mining companies.

Niblack's stock symbol is NIB and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.niblackmining.com](http://www.niblackmining.com). Their website contains past news releases and additional information to do your own due diligence.

### **Redstar Gold Corp.**

Redstar has recently announced the addition of two new projects in Nevada that were picked using the AngloGold/Ashanti geological database that Redstar has exclusive rights to use. These two new projects bring the total to five projects that have been acquired using this database. One of these projects is being drilled and another should be starting shortly. We are a shareholder and consultant to the company.

These two new projects are called Painted Hills (located in northwestern Nevada) and Eagle Basin (located in central Nevada). As is the case with all their projects, they were acquired based on strong geological evidence of their potential. By using this extensive geological database, the company is able to look at key geological data prior to staking ground. This does not guarantee success but it certainly gives the technical team a great deal of information to significantly improve the potential for success. Drilling success in Nevada will catch the attention of many investors including majors.

The company has been focused on using the AngloGold/Ashanti database and then looking for joint venture partners to come in and explore the projects. The first three projects that were acquired have been optioned to Strategic Nevada Resources and will allow Redstar to keep between 30-35% interests. The first project to be drilled is the Pinenut project in western Nevada and the second project to be drilled is Dry Gulch. Before the end of this year the third project, Bullfrog, will be drilled.

In addition to the company's efforts in Nevada they have also completed ten holes in two phases of drilling on their Red Lake, Ontario project. The company completed a second phase of drilling to follow up the high grade gold intersections found in the first phase. Both phases of drilling really only focused on testing near surface with fairly shallow

holes into a large breccia zone that can be followed for over 2 km's. These two phases of drilling, encountered moderate to high grade gold in narrow steeply dipping veins.

It is worth noting that the important gold deposits in the Red Lake area are found in breccia zones with narrow steeply dipping high grade veins, and are found at depths much greater than Redstar has drilled to date. The next logical step based on what the company has found is to focus the next phase of drilling on deep drilling to test the potential of finding another important discovery in this prolific gold camp.

The company is currently working on plans for the next phase of drilling on their Red Lake project and awaits assay results from drilling at the Pine Nut project in Nevada.

There is a lot of exploration drilling up coming for Redstar with a focus on gold exploration in two of the most prolific gold regions in North America. In addition to drill testing their current projects, they will continue to focus on adding new exploration projects in Nevada. We look forward to more drilling on all the projects as they all have excellent potential and good results can have a big impact on the company's market value.

Redstar's stock symbol is RGC and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.redstargold.com](http://www.redstargold.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Strategic Nevada Resources**

Strategic has recently gone through a name change from Strategic Merchant Bancorp to Strategic Nevada Resources Corp. This new name more closely reflects the company's main focus, which is gold exploration in Nevada. We are a shareholder and consultant to the company.

The new focus really came into effect earlier this year and since then the company has made several significant steps. Those steps began with entering into a joint venture agreement with Redstar Gold Corp. on the first three projects chosen using the AngloGold/Ashanti geological database. This gives Strategic the right to earn between 65-70% of these projects.

The company then raised two million dollars that put funds in hand for drilling. They have been able to get these steps done and still have only around 15 million shares. With the company's new focus it was a wise decision to have a corporate name change that more closely reflects its focus on gold exploration in Nevada.

The funds raised will enable the company to do a first phase drilling program on all three of its joint venture projects and still have approximately one million dollars remaining. These first phase drill programs will give a clear understanding of the exploration potential on all three. Based on the geological reasoning that went into selection of these projects it is fair to say that the chances of success are very good.

The Pine Nut project is located in western Nevada. There had been a minimal amount of historical drilling which required more drilling because gold was found in several of the holes. In addition, there was a surface sampling program that was completed before the company's first phase drilling where high grade gold was encountered. This area is currently being drilled to test the potential for high grade. The drill program will test the area where minimal historical drilling was done and this new area for high grade potential. Assay results are pending from this drilling program.

Drilling will be underway shortly on the Dry Gulch project. This project has a good address; as you drive to the project you pass one of Nevada's biggest gold mines (Gold Quarry) that is around 6 miles from the Dry Gulch project. What makes this project exciting from an exploration perspective is because it is in a great area, but even more importantly it was chosen because of geophysics. There is a large geophysical anomaly at Dry Gulch that is much like the geophysical signature on the nearby mine.

After drilling starts at the Dry Gulch project, the North Bullfrog project will begin drilling. To the south of this project in close proximity is the Bullfrog mine that was mined until the mid 1990's by Barrick that produced 3 million ounces of gold. This project was selected because it is on a geological structure that trends from Bullfrog up to the North Bullfrog project.

We look forward to the upcoming drilling and assay results from those various drill programs. Successfully finding gold in their drill programs on this group of projects could have a big impact on the company's market value because of the small amount of shares outstanding, where the projects are located and that the option agreements give them the right to earn between 65-70% interests in these projects.

Strategic's new stock symbol is SNS and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.strategicnevadaresources.com](http://www.strategicnevadaresources.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Wolfden Resources** **Premier Gold Mines**

We will be discussing Wolfden and Premier Gold together because until recently they were the same company. Wolfden spun off Premier Gold to its shareholders on the basis that for every one share of Wolfden, shareholders got .70 of a share in Premier and still had their one share in Wolfden. We are shareholder of both companies as we owned shares in Wolfden prior to this spin-off.

The main reason for a spin-off is because a company feels they are not getting fair value for their various projects. In this case they had very good gold exploration projects in Red Lake, Ontario and a group of high grade base metal projects in Nunavut region of Canada. We were originally attracted to this company because of their gold projects but

then the company made a series of acquisitions that added potential to their previous discoveries of high grade base metals in Nunavut.

We expressed in past editions that we felt that this spin-off was an excellent strategic move that would help unlock value from their gold and base metal projects. Prior to the spin-off, Wolfden's stock started coming off its 52 week highs. This wasn't of much concern because several mining companies were seeing similar action. Since the spin-off, the stocks in both companies have continued to weaken and now even adding together the prices of the two based on the spin-off terms, the stock is off approximately 50% of Wolfden's 52 week high prior to the spin-off.

The bottom line for us is that we still feel that this spin-off is a smart move. Short-term pain can sometimes lead to long-term gain and we think in these two companies that the pain is nearly over and the gains are near. Both companies have recently announced plans to raise the funds that both companies need to move their projects forward. We think in time this sell off will prove to be an opportunity for investors to buy both companies at bargain prices.

Wolfden's stock symbol is WLF and the shares trade on the Toronto Stock Exchange. Their website is [www.wolfdenresources.com](http://www.wolfdenresources.com). Their website contains past news releases and additional information to do your own due diligence.

Premier's stock symbol is PG and the shares trade on the Toronto Stock Exchange. Their website is [www.premiergoldmines.com](http://www.premiergoldmines.com). Their website contains past news releases and additional information to do your own due diligence.

### **OUR REPORT CARD**

We are not big fans of shameless self-promotion; we feel there is enough of that in the investment world. We are much more interested in allowing our research and results of the companies we feature in our reports to speak for themselves. To make it easier for our readers to analyze our past performance we include this section entitled "Our Report Card".

Before going on we would like to remind our readers of something we have all heard before: past performance is not always an accurate indicator of future returns. We are adding this section to make it easier for our readers and ourselves to quickly look at the past and what has transpired.

#### **Good as Gold**

Date of first report on price of gold November 01/2005  
Price of gold on that date \$460.60 USD per ounce  
Call in that report 10-30% upside move  
Date of second report on price of gold Jan.16/2006

Price of gold on that date \$561.70 USD per ounce  
Call in that report gold between \$600.00 to \$650.00 USD per ounce by the end of 2006  
Date of third report on price of gold Mar.21/2006  
Price of gold on that date \$552.10 USD per ounce  
Call in that report gold to reach \$650.00 USD per ounce by the end of 2006  
Date of fourth report on the price of gold May.09/2006  
Price of gold on that date \$700.70 USD per ounce  
Call in that report gold to reach \$750.00 to \$800.00 USD per ounce by the end of 2006  
Current Price of gold \$577.40 USD per ounce

After reaching multi-year highs, in spring earlier this year, the price of gold has been correcting during the summer months. The late spring and summer are traditionally the softer time for the price of gold, primarily because this is a time when gold demand reaches its lowest points for the year. We are now through the worst of the weaker part of the year and are on the cusp of the strongest demand part of the year. We feel that the seasonal pullback has now run its course and we are coming into the very strong seasonal period. During a long term bull market you will see major pullbacks that test the conviction of the investors in that market. We are as confident as we have ever been that the bull market has many years remaining and that this current pullback in the long term bull market is a buyers market offering bargains. We feel that there is a very good chance of seeing a 30% upside move in the coming six month window that would see gold in the range of our most recent call which is to see gold reach \$750.00 to \$800.00 USD per ounce by the end of 2006. This view is based primarily because of supply and demand – mainly that demand is strong and supply is weak.

### **A Silver Lining**

Date of report on price of silver November 01/2005  
Price of silver on that date \$7.47 USD per ounce  
Call in that report 50-100% upside move  
Date of second report on the price of silver Jan.16/2006  
Price of silver on that date \$9.22 USD per ounce  
Call in that report silver to trade between \$10.00 to \$15.00 by the end of 2006  
Date of third report on the price of silver Mar.21/2006  
Price of silver on that date \$10.48 USD per ounce  
Call in that report for silver to reach \$15.00 USD per ounce before the end of 2006  
Date of fourth report on the price of silver May.9/2006  
Price of silver on that date \$14.59 USD per ounce  
Call in that report for silver to reach \$20.00 USD per ounce by the end of 2006  
Current Price of silver \$11.02 USD per ounce

The price of gold and silver is linked and the primary driver is gold. When gold is going up so will silver and when gold is dropping so will silver. We feel that this link will not be broken anytime soon, but we do feel that the fundamental argument of supply and demand for silver is even stronger for silver than for gold. It is this view that leads us to believe that silver can outperform gold in percentage terms in the next leg up in the long

term bull market. In the upcoming months we can see a 50% plus upward move that would get us to our recent call of silver to reach \$20.00 USD per ounce by the end of 2006.

### **A Copper penny for your thoughts**

Date of first report on price of copper November 01/2005  
Price of copper on that date \$1.83 USD per pound  
Call in that report for a move to around \$2.10 per pound  
Date of second report on the price of copper Jan.16/2006  
Price of copper on that date \$2.13 USD per pound  
Call in that report for copper to trade above \$2.50 before the end of 2006  
Date of third report on the price of copper Mar.21/2006  
Price of copper on that date \$2.31 USD per pound  
Call in that report for copper to pass \$2.50 and reach \$3.00 by the end of 2006  
Date of fourth report on the price of copper May.9/2006  
Price of copper on that date \$3.62 USD per pound  
Call in that report for copper to reach \$4.00 USD per pound by the end of 2006  
Current Price of copper \$3.31 USD per pound

There is an old saying in the mining business that copper has a PHD in economics and we feel this is a very good rule of thumb. The price movement of copper in the last few months has basically been trending sideways it has not jumped forward or backed off aggressively. This kind of action suggests to us that the price of copper is telling us that the global economy is in very good shape and looks to stay that way for the foreseeable future. Copper prices have stayed relatively strong while other commodities have been correcting. This has a lot to do with copper inventories – they have been, and are still, very tight and demand is still very strong. These are the basics of our argument of why we maintain our bullish outlook for the price of copper and are comfortable with our most recent call for copper to reach \$4.00 USD per pound by the end of 2006.

### **Past performance of our Favourite Treasure Hunters**

This section of the report is provided to present a snap shot of all the companies we have featured in past reports. We include the dates and prices only for comparison purposes; we are not making buying and selling recommendations. Our reports are designed as a resource to help investors uncover companies with good potential. Before making investment decisions it is always good advice to do your homework and consult with those advisors whose opinions you rely on.

In past editions we have used this section to update the companies we have featured in past reports. As we have featured all our past picks again earlier in this report we will not be including updates in this section as we have already discussed our current updates.

### **Abacus Mining and Exploration**

First featured in Sept.19/2005 edition  
Price on that date \$0.25 CDN  
Second feature in Dec.07/2005 edition  
Price on that date \$0.36 CDN  
Third feature in Jan.16/2006 edition  
Price on that date \$0.75 CDN  
Fourth feature in Feb.7/2006 edition  
Price on that date \$0.96 CDN  
Fifth feature in Mar.21/2006 Edition  
Price on that date \$0.73 CDN  
Sixth feature in July 12/2006 edition  
Price on that date \$0.59 CDN  
Current price \$0.57 CDN

Abacus's stock symbol is AME and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.amemining.com](http://www.amemining.com). Their website contains past news releases and additional information to do your own due diligence.

### **Atna Resources**

First featured in Jan.16/2006 Edition  
Price on that date \$2.17 CDN  
Second feature in Feb.7/2006 edition  
Price on that date \$2.04  
Third feature in Mar.21/2006 Edition  
Price on that date \$1.95 CDN  
Fourth feature in July 12/2006 edition  
Price on that date \$1.40 CDN  
Current price \$1.02 CDN

Atna's stock symbol is ATN and the shares trade on the Toronto Stock Exchange. Their website is [www.atna.com](http://www.atna.com). Their website contains past news releases and additional information to do your own due diligence.

### **Bear Creek Mining**

First featured in Sept.19/2005 edition  
Price on that date \$2.96 CDN  
Second feature in Nov.1/2005 edition  
Price on that date \$3.20 CDN  
Third feature in Feb.7/2006 edition  
Price on that date \$4.17 CDN  
Fourth feature in Mar.21/2006 Edition  
Price on that date \$5.96 CDN

Fifth feature in July 12/2006 edition  
Price on that date \$7.17 CDN  
Current price \$9.12 CDN

Bear Creek's stock symbol is BCM and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.bearcreekmining.com](http://www.bearcreekmining.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Candente Resource Corp.**

First featured in May.9/2006 edition  
Price on that date \$1.10 CDN  
Second feature in July 12/2006 edition  
Price on that date \$1.06 CDN  
Current price \$0.77 CDN

Candente's stock symbol is DNT and the shares trade on the Toronto Stock Exchange. Their website is [www.candente.com](http://www.candente.com). Their website contains past news releases and additional information to do your own due diligence.

### **Exall Resources**

First featured in Dec.07/2005 edition  
Price on that date \$1.34 CDN  
Second feature in Mar. 21/2006 edition  
Price on that date \$1.68 CDN  
Third feature in July 12/2006 edition  
Price on that date \$2.05 CDN  
Current price \$2.39 CDN

Exall's stock symbol is EXL and the shares trade on the Toronto Stock Exchange. Their website is [www.exall.com](http://www.exall.com). Their website contains past news releases and additional information to do your own due diligence.

### **Exmin Resources**

First featured in May.9/2006 edition  
Price on that date \$0.22 CDN  
Second feature in July 12/2006 edition  
Price on that date \$0.195 CDN  
Current price \$0.295 CDN

Exmin's stock symbol is EXM and the shares trade on the Toronto Stock Exchange Venture market. Their website is [www.exmin.com](http://www.exmin.com). Their website contains past news releases and additional information to do your own due diligence.

### **International PBX**

First featured in Jan.16/2006 edition  
Price on that date \$0.59 CDN  
Second feature in Feb.7/2006 edition  
Price on that date \$0.61 CDN  
Third feature in Mar.21/2006 edition  
Price on that date \$0.60 CDN  
Fourth feature in July 12/2006 edition  
Price on that date \$0.53 CDN  
Current price \$0.39 CDN

International PBX's stock symbol is PBX and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.internationalpbx.com](http://www.internationalpbx.com). Their website contains past news releases and additional information to do your own due diligence.

### **Kodiak Exploration**

First featured in May.9/2006 edition  
Price on that date \$0.97 CDN  
Second feature in July 12/2006 edition  
Price on that date \$0.40 CDN  
Current price \$0.66 CDN

Kodiak's stock symbol is KXL and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.kodiakexp.com](http://www.kodiakexp.com). Their website contains past news releases and additional information to do your own due diligence.

### **Mountain Boy Minerals**

First featured in Sept. 19/2005 edition  
Price on that date \$0.71 CDN  
Second feature in Mar.21/2006 edition  
Price on that date \$0.59 CDN  
Third feature in July 12/2006 edition  
Price on that date \$0.61 CDN  
Current price \$0.62 CDN

Mountain Boy's stock symbol is MTB and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.mountainboyminerals.ca](http://www.mountainboyminerals.ca). Their website contains past news releases and additional information to do your own due diligence.

### **Niblack Mining**

First featured in Dec. 07/2005 edition  
Price on that date \$0.345 CDN

Second feature in Mar.21/2006 edition  
Price on that date \$0.80 CDN  
Third feature in July 12/2006 edition  
Price on that date \$0.62 CDN  
Current price \$0.56 CDN

Niblack's stock symbol is NIB and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.niblackmining.com](http://www.niblackmining.com). Their website contains past news releases and additional information to do your own due diligence.

### **Peru Copper**

First featured in Nov.01/2005 edition  
Price on that date \$2.00 CDN  
Second feature in Dec. 07/2005 edition  
Price on that date \$3.45 CDN  
Third feature in Mar.21/2006 edition  
Price on that date \$3.37 CDN  
Fourth feature in July 12/2006 edition  
Price on that date \$5.65 CDN  
Current price \$4.36 CDN

Peru Copper's stock symbol is PCR and the shares trade on the Toronto Stock Exchange. They also trade on the American Stock Exchange and the symbol there is CUP. Their website is [www.perucopper.com](http://www.perucopper.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Redstar Gold Corp.**

First featured in Nov.01/2005 edition  
Price on that date \$0.12 CDN  
Second feature in Dec. 07/2005 edition  
Price on that date \$0.10 CDN  
Third feature in Feb.7/2006 edition  
Price on that date 0.25 CDN  
Fourth feature in Mar.21/2006 edition  
Price on that date \$0.35 CDN  
Fifth feature in July 12/2006 edition  
Price on that date \$0.19 CDN  
Current price \$0.125 CDN

Redstar's stock symbol is RGC and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.redstargold.com](http://www.redstargold.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Skygold Ventures**

First featured in Sept. 19/2005 edition  
Price on that date \$0.65 CDN  
Second feature in Nov.01/2005 edition  
Price on that date \$0.55 CDN  
Third feature in Mar.21/2006 edition  
Price on that date \$1.50 CDN  
Fourth feature in July 12/2006 edition  
Price on that date \$1.49 CDN  
Current price \$1.60 CDN

Skygold's stock symbol is SKV and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.skygold.ca](http://www.skygold.ca). Their website contains past news releases and additional information to do your own due diligence.

### **Strategic Nevada Resources**

First featured in Feb.7/2006 edition  
Price on that date \$0.85 CDN  
Second feature in Mar.21/2006 edition  
Price on that date \$0.89 CDN  
Third feature in July 12/2006 edition  
Price on that date \$0.50 CDN  
Current price \$0.33 CDN

Strategic's new stock symbol is SNS and the shares trade on the Toronto Stock Exchange Venture Market. Their website is [www.strategicnevadaresources.com](http://www.strategicnevadaresources.com). On their website you can find past news releases and additional information to do your own due diligence.

### **Wolfden Mining**

First featured in Jan.16/2006 edition  
Price on that date \$3.77 CDN  
Second feature in Mar.21/2006 edition  
Price on that date \$3.70 CDN  
Third feature in July 12/2006 edition  
Price on that date \$2.53 CDN  
Current price \$1.43 CDN

Wolfden's stock symbol is WLF and the shares trade on the Toronto Stock Exchange. Their website is [www.wolfdenresources.com](http://www.wolfdenresources.com). Their website contains past news releases and additional information to do your own due diligence.

## **WHAT MAKES THE ALLAN BARRY REPORT UNIQUE**

For the last 12 years, the editor of this report has had a career as a consultant to publicly traded junior exploration companies. Services provided to these companies include investor relations, corporate communications, strategic planning, and fund-raising.

As an investor relations consultant to small companies, one has to wear several hats:

- communicating the company's efforts to the investing community;
- communicating technical aspects of those efforts;
- being involved in raising funds for drilling and exploration;
- being involved in the technical analysis;
- and reporting of what has been found.

These efforts have provided a unique opportunity to learn, from an insider's perspective, the challenges that junior exploration companies face. Additionally it has opened doors to meeting a very accomplished group of people.

Spending this time as a consultant to junior exploration companies has provided a unique perspective that is an asset few analysts or newsletter writers possess.

### **IN CLOSING**

We would like to take this opportunity to thank you for taking the time to read this report. We hope this information proves to be informative and helpful. We ask the reader not to post this report on any website for at least three days after you receive it and that if it is posted to post the entire report without any editing. We invite our readers to pass on our contact information to anybody they feel may be interested in receiving this report or future reports and we would be glad to add them to our email list for future publications.

There is no charge for this publication. In order to be added to our email list we need your name, phone number and email address. You can call us on our toll free number at 1-877-574-4575 or locally at 604-574-4575 or email [allanbl@shaw.ca](mailto:allanbl@shaw.ca) with the above information.

Regards,

Allan Barry Laboucan,  
Editor and Writer  
Allan Barry Reports

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