

# The DEFINING OPPORTUNITIES FOR GROWTH Turning Point



Pacific Opportunity

## JV Season Opens With a Bang

The first quarter of 2006 was action packed for our clients: Two of which joined with industry giants to explore prime properties in their respective resources.

Pitchstone Exploration (TSXV: PXP) will partner with Cameco to explore the uranium potential on Motapa Diamonds' property in Gabon in the Francevillian Basin. The area is historically known to have produced significant quantities of U3O8 in addition to being analogous to Saskatchewan's Athabasca Basin. This opportunity offers excellent potential for the Company to expand and explore a region thought to be underdeveloped.

Under the agreement, Pitchstone and Cameco will each earn 28% interest by covering C\$1,750,000 of exploration expenditures each over 4 years.

Rare Element Resources (TSXV: RES) on the other hand have announced a joint venture agreement with Newmont North America Exploration to explore for gold on the Bear Lodge Wyoming property. Newmont will earn a 65% working interest excluding rights to rare earths and uranium. Over a five-year period, Newmont will make \$5 million US in exploration expenses to earn the 65% interest.

As a result, RES's market capitalization has tripled. Rare Element president Bill Bird is confident that the Newmont deal "will be the best way to reap full advantage from the Bear Lodge gold potential" and "demonstrates the exceptional merit of our Bear Lodge property."

## You're Hired!

Many POC clients have infused new blood into their organization by hiring people they believe will lead their respective companies to a higher level of success.

Sutter Gold Mining (TSXV: SGM) has hired Contact Financial Corporation (CFC) of Vancouver to implement a new IR program. CFC will perform the usual IR duties including developing company image and identity in addition to liaising with industry experts and the investment community. Sutter Gold would also like to welcome a new director, Allen Winters. Allen is a consultant in the mining industry and has been a senior executive with Homestake Mining Co. for the past 20 years.

Pitchstone Exploration has brought on Steve Blower, P.Geo. as the new Director of Exploration. Steve brings 18 years of experience working in exploration and production, previously working at AMEC Americas Ltd. as a Principal Geologist and Qualified Person for mineral resource estimates and geologic studies on advanced properties and mine operations.

## Building Value For Our Clients

This quarter has been all about metal prices. Gold, Zinc, Molybdenum, Silver, Uranium and others have all skyrocketed, hitting record highs. For us, this does a ton because many of our clients are mineral exploration companies that have been preparing for times like these in the metals markets.

This period is akin to the dot com craze, except the companies have a lot more than just concepts. As BC's economy is poised to have several great years, the challenge for POC is to select the companies that we can help the most. We work for companies that are undervalued, and that have excellent management teams.

Selecting the companies with the best chance for success is how Pacific Opportunity became well positioned. We closely followed our mandate to mitigate our investment risk by carefully choosing and sticking with our investee companies. One of the ways that we reduce this risk is by choosing companies that are referred from our network - you - and we thank you for continuing to think of Pacific Opportunity Capital. When you see companies that need a group to complement their existing management, please continue to let us know. You have helped in our success.

**Mark T. Brown, C.A.**  
**President**

*mtbrown@pacificopportunity.com*

## Around The Office

POC is off to a great start this year. Along with C3, we participated in the Bowl for Big Brothers 2006  fundraising event and raised nearly \$1000. Thank you to all of you who pledged for us and helped us achieve our goal.



POC/C3 team (Back L-R): Ivy, Anita, Sandrine, Mark, Susan, (Front L-R) Kanwal, Winnie, Gurleen and Shetty at the Zone Bowling in Richmond.

### POC Honor Roll

Ameriplas Holdings Ltd. (AHL)

Crosshair Exploration (CXX)  
& Mining Corp.

Garibaldi Granite Corp. (GGI)

Innexus Biotechnology Inc. (IXS)

Mediterranean Minerals Corp. (MED.H)

Pitchstone Exploration Ltd. (PXP)

Portal Resources Ltd. (PDO)

Rare Element Resources Ltd. (RES)

Stratagem Capital Corp. (SGE)

Sutter Gold Mining Inc. (SGM)

SYMC Resources Ltd. (SY)

Target Exploration (TEM.H)  
& Mining Ltd.

Tatmar Ventures Inc. (TAT)

## The Core FAQs - Resource Classification

Excerpt from writings of our associate Alistair Sinclair with our thanks. Alistair is one member of our team that will help our clients and investors understand the resource market better. If you have any questions give us a call.

### Q: How are resources classified?

A: In Canada, resources must be classified as follows:

- 1. Measured (M)
- 2. Indicated (I)
- 3. Inferred (F)

The expertise of a 'qualified person' is needed to conduct such a classification due to a high level of subjectivity and the characteristics of the property's geology. Only Very Well Known (M) and Fairly Well Known (I) resources can form the basis of economic evaluation.

### Q: Why do we need to classify resources?

A: Several reasons include:

- 1. To create a formal inventory of the principal assets of a mining company.
- 2. To document assets to show potential for medium or long term production.
- 3. To raise funds in the speculative money market.
- 4. To provide confidence to financial institutions.
- 5. To provide a basis for royalties, taxation, land use management etc.

### Q: Which criteria are used to classify resources/reserves?

A: The 6 most commonly used criteria are:

- 1. Distance from the sample site - material within a short radius from the sample site will fall in the higher quality category, while material within a larger radius will be categorized into a lower class of resource due to a lower confidence level.
- 2. Sample density in the vicinity of each block to be estimated - a minimum number of samples within the block is needed to get an estimate.
- 3. Geometric array of data around each block to be estimated - generally there is a large difference between estimating with samples on one side of the block and estimating with samples distributed evenly around the block.
- 4. Estimated block grade must be compared to the cutoff grade of that resource - a certain grade must be achieved for the material to have the potential to be produced at a profit.
- 5. Various types of data might be significantly different in quality - a diamond drill hole is considered to be high quality data, whereas a trench for example may give a lower level of certainty.
- 6. Other criteria may affect the classification of a resource - grain size and oxidation are two examples that would be considered when evaluating the resource.



Pacific Opportunity

Pacific Opportunity Capital Ltd.  
Suite 410 - 325 Howe St. Vancouver, BC, V6C 1Z7  
Phone: (604) 687-3520 Fax: (604) 688-3392  
Email: sandrine@pacificopportunity.com