

...Discovering value in natural resource stocks

Diversifying a Portfolio

Recent gains in share prices provide a chance to diversify

Editorial

Many of the companies covered by Resource Opportunities have seen big gains in share price over the past few months. Locking in some profits can provide an opportunity to get stakes in additional companies and thereby further diversify a portfolio.

Even though some companies have gained several-fold in value from when we first started covering them, I am hard pressed to identify candidates for outright liquidation. I believe that the companies we are following still have prospects for substantial gains.

Nevertheless, in the last couple of issues I suggested – and continue to suggest – that readers take advantage of the strength in the markets and lock in some profits on some of the big winners. With some cash available, you can take advantage of any correction that might occur and be ready for other opportunities.

As exploration projects advance, they increase in value as the level of certainty improves. At the same time, as an exploration program evolves to the in-fill drilling and engineering stage, the prospects diminish for the really big returns that one can realize with earlier stage projects.

Some investors may want to take some money out of the projects that are ma-

turing and re-invest in earlier-stage, high risk/high reward projects.

In Resource Opportunities, I try to present a variety of companies, with projects at various stages and also across a range of commodities. Each investor has a particular risk tolerance level and it is up to each investor to match investments with his or her comfort level.

Exploration/development companies can provide big returns, but they are speculative. Diversification can serve to mitigate the risks in an investment portfolio.

I am progressing with getting updates on the companies presently followed in anticipation of an updated summary table. At the same time, I keep finding companies with good management and good projects that have not yet been “discovered” by investors.

Companies that have everything going for them have probably already been discovered. Companies with flaws (such as a bad share structure, for example) can still generate big gains. One just has to look more closely at other aspects, like the geological potential.

I am somewhat reluctant to introduce more companies, as we presently follow many companies. However, when I see a situation where I believe there is big upside potential, I like to present it for those readers who may find it of interest. This issue includes more “undiscovered gems”.

Today's big jump in the gold price to \$614 is heartening, but also a little unnerving. Similarly, copper is at \$282, silver at \$13.37 and the other metals all continuing to show strength.

As much as I remain bullish on the metal markets, I remain focused on companies that are adding value by advancing exploration/development projects. The metal prices are likely to be volatile, but the mining industry needs new development projects. Companies that are advancing metal deposits stand to reward shareholders regardless of what happens in the near term in the metal markets.

INSIDE

2....Company Updates

3....Initiating Coverage

7....Conferences

Company Updates

Atna Resources (ATN-TSX)

Barrick has elected to back-in on the Pinson gold project in Nevada. Atna had outlined 712,000 ounces of measured and indicated resources plus a million ounces of inferred resources before the project advanced to the decision point for the major.

Barrick can earn back to a 70% interest by spending the next \$30 million. The world's largest mining company may not normally have been interested in a deposit of less than 2 million ounces. Pinson is particularly attractive to the major because it is near to processing facilities that it operates. With substantial underground development already in place, the Pinson mine can be fast-tracked to production. Furthermore, it has potential to be much larger than the ounces outlined to date.

Atna shareholders were disappointed in the news of the Barrick back-in, as Atna will see its stake drop to 30%. Looking longer term, Barrick's involvement in the project will relieve Atna of the need to provide funding and it demonstrates the upside potential of the project.

Over time, Atna shareholders should see the returns from mining Pinson, without the need for further dilution. However, the major is now calling the shots and Atna will have to simply sit back and wait to begin receiving its share of operating profits.

Atna is now on the hunt for its next project. In view of the long-term value of Pinson and the success demonstrated by the management team, investors with a little patience may find Atna attractive at this price.

Price April 17, 2006: C\$1.70
Shares Outstanding: 63.5 million
Shares Fully Diluted: 67 million
Market Cap: C\$108 million
Contact: Investor Relations
604-684-2285
www.atna.com

Mag Silver (MAG-TSXV)

Mag Silver saw its share price fall sharply on news that drilling at its Batopilas silver project had returned only modest silver values. Batopilas is one of six silver exploration projects underway by the company in Mexico.

The drilling at Batopilas was targeting extensions of spectacular high grade veins that were mined historically. Investor hopes were buoyed by a Mag hole last year that hit 75 ounces per ton over 1.8 meters. Three holes in the latest program were unsuccessful at demonstrating any size to that hit.

Results from four other holes, which tested other targets, intersected veins but returned only low silver values. Assays for five other holes are still pending, but the company reported that they did not see significant silver mineralization in the holes.

The high grade shoots that were historically mined in the veins at Batopilas were small, but carried spectacular grades. The company is continuing its search for more of those high grade shoots and intends to do more drilling later in the year, after further preparatory work.

Investors had high hopes for Batopilas, but the main event for the company is Juanacipio and other nearby targets. Penoles is continuing an exploration program at Juanacipio under a deal that allows Penoles to earn a 56% interest. Penoles is the world's largest silver producer, with the bulk of its silver production coming from its Fresnillo mine, located immediately adjacent to the Mag property.

Mag and its partner believe that results of drilling to date confirm that Fresnillo-style mineralization continues on to the Mag property. Further drilling is planned later this year.

Mag is also working on a couple of other wholly owned projects near Juanacipio that also have potential to host Fresnillo-style mineralization. As it did

successfully at Juanacipio, Mag is using advanced geo-scientific approaches to probe beneath the gravel cover.

With several high potential silver exploration projects underway, the pull-back in the share price provides an opportunity to get a stake in a top silver explorer.

Price April 17, 2006: C\$2.87
Shares Outstanding: 36.2 million
Shares Fully Diluted: 41.9 million
Market Cap: C\$104 million
Contact: Gordon Neal
866-630-1399
www.atna.com

Rare Element (RES-TSXV)

With the Newmont joint venture in place, the major is about to begin gold exploration on the Bear Lodge complex. The major can earn up to a 65% interest in the gold potential of the property from Rare Element by spending \$5 million.

Rare Element retains 100% of the rare element potential on the property. With Newmont conducting the gold exploration program, the junior will continue confirmation work and seek extensions of a substantial rare element deposit that was outlined in the 1980's.

"Rare elements" or "rare-earth elements" are a group of metals, often found together, that have a large and rapidly growing list of high-technology applications. The most significant of the emerging uses is in the generators, motors and batteries of hybrid cars.

China is presently the major source of these metals, but rapidly growing internal consumption in that nation has raised concern among Western users of the metals that there may be supply shortages and steep price increases.

Over the past three decades, several of the major mining companies worked on different parts of the property now held by Rare Element. In addition to the rare element deposit, both gold and copper deposits were outlined. However, those

prospects were not carried forward after the metal prices dropped. One of the leading geologists from that earlier work is now working full time with Rare Element.

Rare Element has the data from the historic work, but needs to replicate some of the holes to confirm the data in order to publish a resource estimate. Other holes will test the potential to push out the limits of a deposit that already appears to be substantial.

The company intends to carry out enough work this year to develop a compliant resource estimate and a scoping study. Building on the extensive previous work, Rare Element is in a position to advance its project quickly.

There is a rapidly growing demand for the rare element metals and this company has one of the more attractive prospects in the Western world.

Newmont will soon begin fieldwork on the gold potential of the project, which represents a second very important exploration prospect for the junior. The Bear Lodge complex is geologically similar to the Cripple Creek complex in Colorado, which hosted a 22 million ounce gold district.

Rare Element is only beginning to get credit in its share price for having two potential company-making exploration projects underway. Few people understand the significance of the rare element market and the enormous potential of having a world-class deposit of those metals. The gold potential is easier to understand, and I expect to see a growing level of investor awareness as work gets underway on the gold project. Favorable news from either project would quickly add value.

*Price April 17, 2006: C\$0.51
Shares Outstanding: 15.6 million
Shares Fully Diluted: 20.6 million
Market Cap: C\$8 million
Contact: William Bird
604-687-3520
www.rareelementresources.com*

Initiating Coverage

Galway Resources (GWY-TSXV)

Galway holds one of the leading tungsten development projects in the U.S. With the price of that critically important metal soaring, Galway is likely to be popular with investors once its shares begin trading.

Galway's shares have been halted pending the completion of a re-organization that has seen it acquire the interest in the tungsten project, bring on a management team and secure financing for the next round of work.

Galway's tungsten project is in mining-friendly Nevada. Historic work by four different companies outlined a substantial deposit, but the project has been inactive since the tungsten price fell more than 20 years ago.

The tungsten price is now soaring as China, the world's largest producer of the metal, has sharply reduced exports to satisfy its rapidly growing internal consumption.

Tungsten is used in a wide array of industrial applications, where the metal's unique physical properties make it an essential component. For example, tungsten has the highest melting point of the metals, making it useful for applications ranging from light bulb filaments to jet engines. Only diamonds are harder than tungsten carbide, which is widely used in cutting tools.

A growing list of specialty applications has resulted in a rapid rise in demand for the metal. Demand now exceeds production, resulting in a four-fold gain in the metal price, to the equivalent of \$15 per pound.

There has been little exploration for tungsten over the past couple of decades. As a result, production is flat even with the rapid rise in price and there is little new production in the works. There is a tremendous opportunity for companies that are able to delineate deposits with near term produc-

tion potential.

Galway has optioned a 100% interest in the Indian Springs project, one of the leading undeveloped tungsten deposits in the United States. The property was last drilled in 1982 by Utah International, which is now part of BHP-Billiton. That company, and two previous owners, drilled 336 holes that outlined 21 million tons grading 0.18% WO₃ (tungsten oxide). (Those figures represent historical estimates that are not compliant with current reporting standards and should not be relied upon.)

The historical work included metallurgical testing that demonstrated two types of tungsten mineralization. Recoveries using standard floatation were favorable for the un-oxidized portion of the deposit. The oxidized material presented a metallurgical challenge in the 1980s. Galway management believe that advances in recovery techniques over the past 20 years can now provide good recoveries for both mineral types.

Galway has a well qualified management team, led by Robert Hinchcliffe, who has a strong financial background. Marshall Himes brings a strong geological presence to the company. Formerly Chief Geologist, Advanced Projects with BHP Minerals, he was enticed out of retirement by the potential of Galway's tungsten project and the company's broader strategy.

Galway intends to evolve into a multi-mine producer of specialty metals, with Indian Springs being its first project. The strength of its team make that realistic.

Galway's geological team has spent the past few months compiling and re-evaluating the extensive historic database. Over the next few months, the company will conduct confirmation drilling to validate the historic results, conduct further metallurgical studies and commission a preliminary assessment. If that work supports the earlier results, the company plans to advance the project quickly toward production.

I expect Galway to get a warm recep-

tion from investors once it begins trading. The share price should gain over the coming weeks as the company gains investor recognition. Results from the project and the potential for additional projects should see the share price continue to advance.

Price April 17, 2006: halted

*Shares Outstanding: 17.9 million**

*Shares Fully Diluted: 31.3 million**

Contact: Investor Relations

604-628-1100

**based on completion of financing and re-organization*

Pacific Asia China Energy (PCE-TSXV)

Pacific Asia China Energy (PACE) is exploring and developing coalbed methane projects in China. That rapidly growing nation is striving to satisfy more of its energy needs from internal sources. To that end, the country has opened up its vast coalbed methane potential to foreign participation.

PACE has secured two of the 21 Production Sharing Contracts awarded to foreign companies. PACE is led by Devinder Randhawa, the founder and chairman of Strathmore Uranium (STM-V). Dev has assembled an impressive management and technical team, which includes a great deal of expertise with CBM. The team includes an experienced hands-on manager in China.

China is the largest coal producing nation, each year mining a billion tonnes of coal. That black energy presently satisfies three quarters of the nation's energy needs.

China's vast coal resources contain abundant amounts of methane (natural gas) which until recently was not being recovered. At present, methane simply vents from mining operations (as in most other nations), creating environmental and safety concerns. The methane has so far remained locked up in coal seams that are not being mined.

To exploit the enormous potential of its coalbed methane, China has allowed

several Western companies to contribute capital and expertise in return for a share of that vast energy resource.

Recovering methane from coal beds on a cost-effective basis requires specialized technology. Only recently, the combination of rising natural gas prices and improving technology has made CBM a profitable endeavor. The United States presently derives 8% of its natural gas production from CBM.

Exploiting coalbed methane is still an emerging technology. For example, coal seams tend to be more or less flat lying. As a result, specialized technology is required to effectively exploit CBM. For example, horizontal wells that penetrate along the coal seams are more effective than traditional vertical wells. In addition to the drilling technology, operators are still learning the other aspects of exploiting

PACE commissioned Sproule Associates, one of the top firms of geological and petroleum engineering consultants, to undertake a study of the CBM resources on its Guizhou property, which encompasses 970 square kilometers. PACE can earn a 60% interest in the project by funding \$8 million of work on the project. The Chinese partner will fund its share of development costs after the PACE earn-in. The project is in a well-established industrial region, assuring a nearby market for the gas.

PACE's Guizhou project, like many of the coal deposits in China, has benefited from a great deal of exploration work. The Sproule study was able to work from the Chinese coal resource estimates as a basis for the CBM calculations.

Sproule's most likely case has a "volume of discovered CBM resources in place" of 5.2 Tcf (trillion cubic feet). The low case shows 0.5 Tcf while the high case figure is 11.2 Tcf. To clarify: the Sproule figures present a range of values for potential energy in place, but more work is required to establish the economic parameters related to the recoverability of the gas.

To put the size of the potential in-place

gas into perspective, the figures place PACE well into the ranks of mid-tier oil and gas companies.

More work is required to better delineate the volume of the coal deposits. In addition, a more precise estimate of the CBM resource requires better understanding of the content of CBM in the coal. More work is also required to determine the "quality of the coal reservoir properties and economic viability of the resources" according to the Sproule report.

Work over the course of this year will involve a seismic survey and the drilling of several wells. Testing of the flow rates from the wells will help to establish a production profile.

PACE also has rights under a separate agreement to earn a 70% interest in a CBM property comprising 305 square kilometers in Hubei province of south-central China. The company can earn its interest by funding up to \$4 million in exploration expenditures and completing a five well pilot project.

To exploit its two Chinese CBM projects, PACE has established an alliance with an Australian drilling company that has become a leader in CBM technology. Quoting from the PACE website: "PACE has entered into a Memorandum of Understanding with Mitchell Drilling Contractors which establishes an exclusive license to use Mitchell's proprietary drilling Dymaxion System in China. Dymaxion is a unique and highly effective surface to in-seam drilling technique which the company has deployed since early 2000. To date, over 200 Dymaxion wells have been drilled on CBM projects."

Mitchell's technology can drill a horizontal well through 1.2 kilometers of coal seam. High tech guidance systems keep the hole in the coal seam. A guidance beacon placed in a vertical recovery well allows the horizontal wells to intersect the vertical well. Multiple wells in a seam and wells in stacked coal seams can be tied into a single recovery well.

The Mitchell approach led to profitable

development of CBM projects at a time when the natural gas price was much lower than the present level.

Shares of PACE had a big run after the company began trading earlier this year. A large block of shares that became free-trading dampened the momentum, creating an attractive entry level.

If the results of the upcoming testing confirm the recoverability of the vast volume of gas in its Guizhou project, PACE would rate a substantially higher valuation. This is a good chance to get a position in an emerging energy company.

*Price April 17, 2006: C\$1.96
Shares Outstanding: 46.2 million
Shares Fully Diluted: 93.4 million
Market Cap: C\$90.5 million
Contact: Bob Hemmerling
250-979-7028
www.pace-energy.com*

Roca Mines (ROK-TSXV)

Roca is on track to become a molybdenum producer before the end of this year. The company has a deposit for which a substantial high-grade resource has already been outlined. That deposit is accessible with existing underground development and the company recently purchased a processing facility that will be erected on site over the coming months. Most importantly, the company already holds a mining permit.

Roca is developing its wholly-owned MAX deposit in southern British Columbia. Newmont delineated a large moly deposit in the 1980s. They had developed a production-sized adit into the deposit and were proceeding toward development before the molybdenum market collapsed and the major abandoned the project.

The MAX deposit is road accessible and only a few kilometers from a town. The provincial government and the local communities are supportive of mining.

The adit developed in the 1980s provides Roca with immediate access to the deposit. The portal is at valley level in an area suitable for development of the mill and infrastructure. The company has a permit in place that will allow the project to proceed immediately to development on a small scale basis as they continue the process of securing the full scale mining permit.

The deposit, as presently outlined, can support a large-scale mining operation for many years and there is still considerable exploration potential on the property.

The MAX deposit took a big step toward early development when the company recently acquired a 1,000 tonne per day mill, complete with ancillary equipment and facilities. The mill has two 500 tonne per day circuits that can be operated independently, providing flexibility to the development schedule.

The mill had been operated by one of the majors until the early 1990s. It is located in Washington state, just 380 kilometers by road from the MAX deposit. The mill is to be transported to site, refurbished and reassembled to begin production in the third quarter of this year.

The "small mines" permit that Roca has will permit the company to mine and process up to 10,000 tonnes per year. Working within that permit, they will mine 10,000 tonnes this year and repeat that early next year. On receipt of the full mining permit, they will be able to ramp up production quickly.

The initial mine will focus on a high-grade portion of the deposit containing more than 200,000 tonnes with an average grade of 1.95% MoS₂. Working within the bounds of the small mines permit, the company expects to produce 1.5 million pounds per year of molybdenum in concentrate.

The economic picture for the project is extremely attractive. The company has estimated the capital expenditure to be \$12 million to move and set up the mill, complete the underground development and commence milling using

one of the 500 tonne per day circuits.

The operating cost is estimated to be roughly \$100 per tonne. With 23 pounds of molybdenum per tonne recoverable from the high-grade ore, and with moly presently selling at about \$20 per pound, the project has the potential to generate substantial cash flow, even from the initial small-scale operation.

Once the full mining permit is in place, production would ramp up, by starting the second 500 tonne per day circuit in the mill. Production could be further ramped up with modest capital cost if the outlook for the molybdenum price remains strong.

The overall deposit, as presently outlined, contains 42.9 million tonnes grading 0.20% MoS₂. That is adequate for at least a couple of decades of production at a rate well beyond the present capacity of the recently acquired mill.

In addition to the deposit as presently outlined, there is substantial exploration potential at depth. The MAX deposit appears geologically similar to the Urad deposit that lies above the 700 million tonne Henderson deposit in Colorado. The deeper potential at MAX has not yet been tested.

The MAX deposit and the recently acquired mill give Roca a rare opportunity to begin production quickly and thereby take advantage of the present buoyant molybdenum market. Most importantly, the company can achieve production and substantial cash flows for a modest capital expenditure.

Roca also has a couple of other exploration projects in British Columbia. Romios Gold (RG-TSXV) is earning an interest in one of the Roca properties as part of that company's Newmont Lake project in northwestern British Columbia.

The company recently raised C\$2 million by way of a private placement with an institutional group with an interest in emerging mining deals. The news of that group's involvement created a

flurry in share price. Now, money in hand, a project moving toward production, and the share price settled back, this is an attractive entry point.

Price April 17, 2006: C\$0.60
Shares Outstanding: 47.5 million
Shares Fully Diluted: 53.8 million
Market Cap: C\$ 28.5 million
Contact: Investor Relations
604-684-2900
www.rocamines.com

Sheffield Resources (SLD-TSXV)

Sheffield has acquired a large porphyry copper deposit that was outlined by a major mining company. Over the coming months, the junior intends to confirm the historic results and expand and upgrade the deposit.

The Moonlight project was held by Placer Dome for 30 years. The major dropped the project in 1993, during a period of low copper prices and following a decision to focus on gold. Little was done after the Placer Dome work until Sheffield acquired the property last year.

Sheffield is headed by David Jenkins, who has more than 30 years experience in the mining industry, ranging from geologist to senior executive. Jenkins was first exposed to the Moonlight project 30 years ago while at Placer Dome. He took on the presidency of Sheffield in order to guide and benefit from the development of a project that he believes has tremendous potential.

A re-evaluation of the geological data base by Sheffield suggests the potential to greatly enhance the value of that deposit. This story will sound familiar to readers of Resource Opportunities. In April 2001, NovaGold optioned the Donlin Creek deposit in Alaska from Placer Dome. NovaGold's successful re-interpretation of the geological picture helped propel NovaGold's share price to a multiple of the C\$0.35 it traded at before that acquisition. The same junior acquired the Galore Creek deposit from two majors and now en-

joys a share price in excess of C\$17.

Resource Opportunities readers have also profited from several other juniors that acquired projects that were previously explored by majors, including: Aurora Energy, Endeavour Silver, Exeter Resources, Fronteer Development Group, Northern Dynasty, Northern Peru Copper, Norsemont, Polymet, and Regalito.

Sheffield's Moonlight project was first explored by Placer Dome in 1962. Nearly 100,000 feet of drilling in 199 holes outlined a substantial copper deposit. (The Placer Dome numbers are historical estimates. They are not compliant with the present standards and should not be relied on.)

Placer estimated a 180 million ton deposit with a grade of 0.39% copper. A review of the historic data suggests the potential for the deposit to be larger and for the copper grade to be higher.

In addition, the Placer Dome estimates did not consider gold, molybdenum or silver, all of which are known to be present in the deposit. In the 1960s, those metals had little value and they were not assayed on a consistent basis. Today, credits of gold, moly and silver could have a tremendous impact on the value of the deposit.

There is compelling evidence that the deposit is larger than the previous estimates and the copper grade could be significantly higher. Placer's work was not intended to delineate the full extent of the mineralized system. The major planned to go into production and to further explore the deposit over the life of the mine.

For example, Placer knew that the deposit extended much deeper than the 500 foot limit of most of their drilling: Most of their holes ended in mineralization and two of their holes tested to 1,500 feet in 1,700 feet, and both holes carried copper values to those depths. The deposit is also open laterally and other mineralized bodies were known in the immediate area, but not delineated.

With regard to the grade: the drilling was done with narrow "BX" gauge core (about 1 inch) and was done prior to implementation of modern core recovery techniques. As a result of the drilling technique used at that time, a portion of the copper minerals were lost from the core. Copper sulphide minerals are friable and can be lost from the surface of the core. The margin of error with small core is much larger than it would be with a larger diameter core.

In addition, the old style of handling the core in the hole resulted in it breaking more readily than with modern techniques. Again, the friable copper minerals are often lost from the fracture surfaces when the core breaks.

Suspecting that they were losing copper to the drilling mud, the major assayed the mud from a few of the holes and found that it carried copper values 48% higher than the core values. There is not enough information to arrive at a definitive correction factor, but management estimates that a more representative grade might be roughly 20% above the historic value.

The grade, as estimated by Placer Dome, may also be improved through a more comprehensive geological interpretation. Sheffield's geological team noted that the copper and other metals are associated with near-vertical fracture zones in the deposit.

All of the Placer Dome drilling was done with vertical holes. Following the practice at that time, high-grade values that were out of line with the majority of the sample values were capped. (That is, they were cut back to some predetermined limit in line with the average values.) As a result, when the vertical holes occasionally cut the near vertical fracture zones, the higher grade assays were capped.

NovaGold, at its Donlin Creek deposit and Northern Dynasty with its Pebble deposit, both faced the same situation and both were successful at improving the average grade by drilling angle holes that provide a more representa-

tive value.

Putting all of the above factors together creates considerable scope to enhance the value of the Moonlight deposit. In summary:

- The deposit is likely larger than the earlier estimates, as it is open both laterally and to depth, and there is potential to outline satellite deposits;
- The copper grade is likely higher than previously estimated, as the drilling technique that was used decades ago appears to have understated the grade;
- The grade might be further enhanced by considering fracture zones that appear to carry grades significantly higher than the background grades and which were not considered in the original evaluation of the deposit;

The deposit contains gold, moly and silver, which were not systematically assayed and were therefore not factored into the historic estimates.

To quantify these factors, Sheffield has just embarked on a 30,000 foot drilling program. That amount of new data will likely be adequate to produce a compliant resource estimate.

In light of a number of successes in similar situations, I am optimistic that the Sheffield drilling will demonstrate that there is considerable potential to improve on the historical estimates both in terms of size and grade.

While I am optimistic about the geological aspects of the program, the outlook is tempered somewhat by the location of the project. On the plus side, it is only 85 miles northwest of Reno, Nevada. It is away from settlements and in an area that is not presently used in any meaningful way. It is road accessible, with water and power nearby.

However, the project is on the California side of the state line, and therefore in a jurisdiction which is not generally considered to be mining friendly.

I considered this factor carefully and concluded that the down-the-road risk

with respect to obtaining a mining permit is overshadowed by the immense near-term potential to evolve into a truly world-class mineral deposit.

The area around Moonlight has seen mining in the past and is generally more in tune with Nevada than with the coastal side of California. The U.S. Forest Service, which administers the land, has been very supportive and issued the drilling permits in an efficient manner.

California has permitted a number of underground mines over the past few years; it recently provided the go-ahead for MolyCorp to re-activate an open pit mine in Southern California and Vista Gold has a permit to mine its Long Valley project on an open pit basis.

Thinking ahead to a worst-case scenario with regard to permits, Sheffield management has conceptualized an underground mining scenario for the project. Two mines within 3 miles of Moonlight produced 161 million pounds of copper from underground operations. The company will be evaluating the underground potential of this project as it proceeds with the exploration program.

Sheffield started drilling the project in December, but was driven back by unusually severe winter weather conditions after completing only two holes. Those holes demonstrated higher copper grades than nearby Placer holes. Very importantly, the Sheffield drilling showed potentially economic copper grades beginning near surface. The Placer drilling did not recognize economic copper values until much deeper. The recent Sheffield assays also showed intervals with significant values of silver and moly. For example, a 53 meter interval carried nearly an ounce of silver along with impressive copper values.

I expect Sheffield to begin to attract investor interest now that the drilling is underway. I believe that the prospects are good for that drilling to continue to improve on the historic values. If the results continue in line with the results

released in February, investors would begin to realize the enormous significance of this large deposit.

*Price April 17, 2006: C\$0.48
Shares Outstanding: 22.5 million
Shares Fully Diluted: 25 million
Market Cap: C\$11 million
Contact: Investor Relations
604-697-9400
www.sheffieldresources.com*

Conferences

Here are the upcoming conferences where I will be participating as a speaker. I encourage you to attend, as it provides an excellent opportunity to meet face to face with company management. I look forward to meeting you at a subscriber only session.

Calgary Resource Investment Conference

April 23-24, 2006
Calgary, AB

“Featuring an incredible line-up of speakers - covering all types of direct investments in Resource public companies - speculative investing, resource exploration, oil & gas, world outlook, investment strategies - and more!”

www.goldshow.ca

New York Gold and Precious Metals Investment Conference

May 15-16, 2006
New York, New York

“At this public conference, private and professional investors meet with the world’s top gold and precious metal producers. The industry’s most important recent developments and opportunities are presented in this highly charged professional arena.”

www.iiconf.com

