



ROCA Mines Inc. is an aggressive junior mining company with demonstrable ability to acquire and advance valuable mineral projects. The company is exclusively focused on British Columbia's outstanding mineral potential and is currently advancing two exceptional projects, including, B.C.'s next metal mine, the MAX Molybdenum Project, located 60 kilometres south of Revelstoke, and Foremore project, a large-area exploration project located near the famous Eskay Creek Mine and the Galore Copper Project.

Symbol: ROK Exchange: TSX/VEN Current Price: \$0.40 52-Week High: \$0.51 52-Week Low: \$0.19
 Shares outstanding: 41,325,735, Market capitalization: \$16,530,294 Website: www.rocamines.com
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Roca gears up to open B.C.'s next mine

Quick startup will enable the company to take advantage of the current high price of molybdenum, which is about 10 times the price of copper per pound

By Brian O'Hara

Roca Mines Inc. is a company in transition — from junior explorer to British Columbia's newest mining company. Roca's MAX Molybdenum Project, having now received a mining permit from the British Columbia Ministry of Energy, Mines and Petroleum Resources, is scheduled to be in production and generating cash flow by this September.

The MAX molybdenum deposit, located about 60 kilometres south of Revelstoke, B.C., is a molybdenum porphyry distinguished amongst other deposits by its significant high-grade resources (e.g. 280,000 measured and indicated tonnes of 1.95% MoS₂ at a 1.0% cutoff or 1,380,000 measured and indicated tonnes grading 0.94% MoS₂ at a 0.50% cutoff) within a much larger deposit (measured and indicated approximately 43 million tonnes of 0.20% MoS₂ at a 0.10% cutoff).

The project also has a significant amount of development work already completed — a joint venture between Newmont Mines and Esso Minerals previously spent about \$15 million exploring the "Trout Lake Project" from 1975

to 1982, which included driving about 2,000 metres of underground adit, crosscuts and drifts. In 2003, with molybdenum prices on the rise, Roca Mines began a series of negotiations which eventually lead to the acquisition and consolidation of a 100% interest in the deposit, now known as "MAX".

Typical molybdenum porphyry deposits are about 100 million tonnes, with grades ranging from 0.07% to 0.15% molybdenite, or "MoS₂". The MAX property is a deposit with a much higher grade core surrounded by a much larger resource of above-average grades.

While the known deposit remains open to expansion at depth and in various areas on the surrounding ground held by Roca, the company has instead focused its energies on infill drilling of the high grade zones and permitting a startup mine, in order to capitalize on current demand for molybdenum concentrates.

The Molybdenum market is hot. The price of molybdenum oxide (roasted MoS₂) has increased in the last four years from under US\$5 per pound to a high of almost US\$40 in 2005, and is now in the US\$25 per pound range. The product is used as an alloy for hardening steel and has no substitute. The price for

molybdenum has reacted to the increased demand for steel from China and for the production of specialty steel for the oil and gas sector. At current levels the price of molybdenum oxide is more than 10 times the price of refined copper. If MAX was a copper mine with equivalent grades, the valuation of Roca would almost certainly be considerably higher.

However, molybdenum's price is volatile, and many analysts expect the price to decline over the long term. The "Base Metals" report by Tom Meyer of Raymond James published Jan. 20 gives a price forecast for molybdenum of \$22.75 (US) per lb. for 2006, \$18.50 for 2007 with a long term price forecast of \$8.

Roca has an important advantage with its quick startup and availability of high-grade molybdenum resources to take advantage of current high prices. Roca's strategy allows development of a mine on MAX property with reduced risk, while taking advantage of high molybdenum prices now, in order to have a sustainable long-term mine project.

A scoping study completed by Hatch Associates in May of 2005 examined two scenarios for the Max Project, a 500-tonne-per-day operation and a 2500-tpd mining operation. Hatch calculated that the 500-tpd operation, with capital costs of about US\$24 million, would have a payback time of about 13 months with molybdenum at US\$20 per pound, based on all "new" equipment and mine operating costs of US\$44.50/tonne mined and US\$20.64/tonne milled. The 2500-tpd mining operation had a capital cost estimate of about \$130 million.

These preliminary economic cost estimates and financial models were further refined by Roca and its consultants to a campaigned mining and milling approach to maximize initial grade and minimize payback period and capital costs for production currently capped at 75,000 tonnes per year (the maximum allowed under Roca's current British Columbia Small Mines Permit).

On Jan. 17, 2006, Roca's wholly owned operating subsidiary, FortyTwo Metals Inc., purchased a complete 1,000-tonne-per-day



Drill rig on Foremore property in the Eskay/Iskut region of north-western B.C.

mill and concentrator, and related equipment. The Van Stone mill, located near Colville, Wash., will be moved and re-installed at the MAX property. The purchase includes all buildings and impor-

MAX Property Resources (NI 43-101 compliant)		
Cutoff %MoS ₂	Measured & Indicated	
	Tonnes (000's)	Grade %MoS ₂
1.00	280	1.95
0.50	1,380	0.94
0.20	11,350	0.36
0.10	42,940	0.20

tantly engineering drawings for the mill, formerly used by Asarco as late as 1993.

With this purchase, Roca is well on its way to its goal of keeping total capital costs under US\$15 million and is currently finalizing its construction budget towards a project financing decision.

Initial production will focus on the rich, "HG Zone" within the centre of the "B-Zone" to produce a premium specification concentrate of about 95% MoS₂.

This initial phase of mining is expected to produce about 1.5 million lbs of contained molybdenum from a first year production run of about 72,000 tonnes, leading directly into a second year production run which produces another 1.5 million lbs.

Expansion of the proposed initial mine will be guided by molybdenum prices and an assess-

ment of ongoing operating costs in late 2006 and in 2007. Because of the campaigned schedule, Roca has been more conservative with its operating numbers than the Hatch report, estimating total annual operating costs at US\$7.2 million (\$100/tonne), which produces about 1.5 million lbs of molybdenum worth over \$35 million at today's prices. You can see why Roca's Scott Broughton calls the Max Project a "company builder".

Roca also is an active explorer with two projects in the prolific Eskay/Iskut Mining Camp of northwestern B.C.

1. Foremore — Roca geologists have been narrowing in on the source of thousands of high grade VMS boulders on this property, originally explored by Cominco in the 1980s and 1990s. Diligent prospecting and hard work have helped to make Foremore one of B.C.'s most exciting new VMS discoveries geologically similar to Breakwater's Myra Falls Mine on Vancouver Island. Construction of a proposed road to the Galore Creek Copper Project will pass right by Roca's exploration camp, dramatically altering the economics of future exploration and potential development of the property.

2. Seagold Property has been optioned to junior explorer, Romios Gold, and now forms an integral component of the Newmont Lake Project, where Romios will be conducting further gold exploration in 2006.



Miners at the mine portal of MAX property, Revelstoke, B.C.