

how rich this mine may be. But if profits can be earned using the most primitive mining methods known to man, than it is reasonable to believe much higher profits may be earned (and the miners treated more humanely) if modern technology is employed both to production as well as exploration and development of this deposit. Whether the mine contains a multi-million ounce orebody or not is open to speculation at this time. But considerable upside profit potential should not be surprising from this project as it is systematically developed.

There is also evidence of alluvial gold potential surrounding the Andansi Asaasi Mine and Richard L. Schmittel, P.E. Mining Engineer, and Robert Tettey have recently recommended that production from surface should be explored and perhaps developed soon and thereby learn of potential lode deposits in the area.

## THE NORTH AMERICAN STORY

1. The Harrison Gold project contains in excess of 500,000 ounces of gold with a geological potential for 1 million ounces. During 1994, we expect additional work will be done on this British Columbia project which should more clearly tell us just how large and potentially profitable the Harrison Gold project will be. By 1995 we would expect major feasibility and pre-production work to get under way, but actual production will most likely not occur until 1997. At this juncture, a total capital cost of \$32 million is anticipated for a 5,000-ton-per-day operation. PCM is required to spend \$5 million over five years to earn a 76% interest from Bema Gold. Crystal River (see Financing discussion below) can earn 50% of PCM's interest, or 38% of the project by spending its pro-rata share of capital expenditures. While production will not take place until 1997, it should be noted that positive news prior to that could well move the stock price higher. Although profitability of this project is speculative and should not be "banked on" until feasibility studies are completed, early indications point toward annual pre-tax cash flows of between \$13 million and \$16 million for the years 1997 through 2003.

2. Tay-LP Gold Project - PCM holds a 100% interest in this Yukon property in which Cominco Ltd. has the right to back in to a 30% working interest on completion of a positive feasibility study by paying 45% of all exploration costs to that date. PCM has since gained a 100% interest in surrounding claims. This is a project in the early stages of exploration, but it holds great potential to contain a high grade sulphide deposit. Some good drill results were obtained from the first 12 holes drilled on the property, and based on geophysical work done to date, an additional 40 holes remain to be drilled. It would not surprise us to learn of some very high grade assays during 1994 which could also push PCM's share price higher.

3. Uduk Lake - is located in central British Columbia in an area being actively explored for large tonnage epithermal gold deposits. This property, which indicates good potential, is being developed by Pioneer Metals Corporation, which can earn a 70% interest by spending C\$150,000 and completing exploration work totaling C\$1 million by June 1998.

4. La Ronge Properties are located in Saskatchewan and were staked based on excellent geology, proximity to producing gold mines and on

the presence of visible gold on surface. This is a grass roots project but it could also provide future excitement for shareholders with further exploration.

#### NEW FINANCING ARRANGEMENT

Capital is to mining exploration companies what gas is to an automobile. The lack of capital explains more often than not why many penny gold stocks never rise above the \$1.00 level. Toward gaining the required capital for its ambitious projects, PCM has provided an option to a private Alberta corporation known as Crystal River Resources, Ltd. whereby Crystal River can earn a 50% interest in all of PCM's projects by: 1) Providing capital funding adequate to process 100 cubic meters of material per hour in the African alluvial projects and 2) Except for Harrison Lake, funding African and North American lode projects to the stage of a bankable feasible study. With respect to Harrison Lake, Crystal River is required to complete the necessary expenditures required for PCM to be vested to a 76% interest.

Thus far, debenture funding for Crystal River of \$5 million has been arranged with Euro Scotia Funding Limited of Halifax, Nova Scotia, who have also contracted to act as the fiscal agent and guarantor of a proposed \$15 million Eurobond offering by private placement to a maximum of thirty wealthy investors through the Luxembourg Exchange.

Management of Crystal River is experienced in international finance, mining equipment sales and service, and mineral exploration. Larry Turner has had experience in managing projects and has headed a company involved in the international sales of mining equipment. R. Carter Dye, Director is a Director of Euro Scotia Funding, which is active in merchant banking, foreign exchange and derivative financings. For the past 20 years he has provided investment banking and consulting services for institutional domestic and European investors. Douglas R. MacQuarrie, Director is also the President of Pacific Comox. He holds a B.Sc degree in geology and geophysics and has been involved in mineral exploration in North America since 1971. In 1983 he co-discovered the Harrison Gold Project .

#### SUMMARY & CONCLUSION

We continue to hold the view that PCM's current share price is more than justified by its north American gold projects alone. As such, we view downside risk for those who buy the stock at its current levels to be minimal. Although the North American projects are very good and should give the stock some upside fire power as exploration and development moves forward, the company's venture into Ghana should provide some early cash flow as well as the potential to develop sizable levels of gold and diamond production. If, as suggested above, the Birim River Diamond Project, for example, can produce annual cash flows ranging between \$0.36 and \$0.93 per share, it requires little imagination on our part to envision a share price of \$3.60 to \$9.30. This is a good little company with a hard working, capable management. Add to that equation some serious capital, which the company seems to have lined up, and you have a recipe for major capital gains. For additional information, contact Dale Schwartzenhauer, Investor Relations at (800) 683-0404 or PCM in its office at (604) 684-5852. Our favorite Canadian broker, Neville Howard, at C.M. Oliver also knows PCM very well. (604) 668-6890.