

# WOLVERTON WEEKLY

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Recap of Last Week	Friday Close	Points Gain/Loss	% Change
DOW JONES	10,215.22	-72.12	-0.70%
S&P 500	1186.57	-6.98	-0.59%
NASDAQ	2,082.21	+17.38	+0.84%
S&P/TSX	10,290.87	-197.90	-0.1.89%

## Economic Releases

Tuesday CA CPI, US Existing Home Sales, Consumer Confidence  
Wednesday US MBA Mortgage Applications  
Thursday CA Business Conditions Orders, US Durable Goods, New Home Sales  
Friday CA Industrial Product Price, Raw Materials Price Index, US GDP

## Earnings Releases

Monday Atco Ltd., Forcing Canadian Coal Trust, Teck Cominco Ltd.  
Tuesday Falconbridge Ltd., Inco Ltd., Shell Canada Ltd., TSX Group Inc.  
Wednesday Encana Corp., Placer Dome Inc., Producers Oilfield Services  
Thursday Barrick Gold Corp., Precision Drilling, Potash Corp of Saskatchewan  
Friday Canfor Corp., Pembina Pipelines, PetroKazakhstan Inc, ProEx Energy Ltd.

## Gold and Mining Stocks

### Blue Pearl Mining Ltd

#### Davidson Molybdenum Project Claimed To Be

**"The Largest Undeveloped Canadian Molybdenum Deposit  
And Highest Grade Mo Deposit Worldwide"  
Smithers, B.C.**

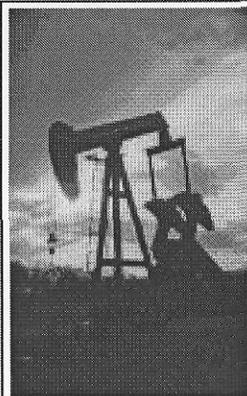
Symbol BLE.TSXV - \$0.70  
12 Month High - Low \$1.35 - 0.10

Shares o/s 42.6 million F/D 53.6 million  
Cash On Hand \$9.2 million  
Market Capitalization \$29.8 million (undiluted)  
April 2005  
www.bluepearl.ca

### Financings

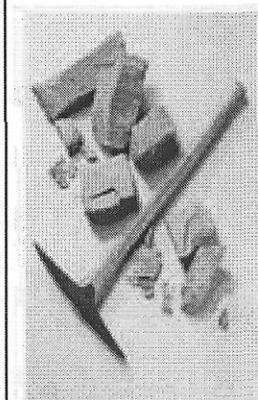
March 2005, private placement, gross proceeds of \$10,300,000  
(13.8 million non-flow-through shares @ \$0.60 ea. = \$8.3 million  
3.1 million flow-through shares @ \$0.65 ea. = \$2 million)

PLEASE REFER TO FINAL PAGE FOR IMPORTANT DISCLOSURE INFORMATION



# WOLVERTON

INVESTMENT SERVICES SINCE 1910



August 2005, private placement, gross proceeds of \$1,500,000  
(2.5 million units (1 sh & ½ wt) @ \$0.60 ea.  
1 wt plus \$0.70 entitles holder to purchase one share until March 22, 2007)

### **Recent Metal Prices (US)**

Molybdenum \$35.00 .lb

### **Major Shareholder(s)**

Management and Board of Directors own about 20% of outstanding shares.

### **Summary**

Blue Pearl Mining was organized specifically to develop the high-grade underground Davidson Molybdenum Deposit it acquired in the spring of 2005.

Industry people refer to this deposit as the largest undeveloped molybdenum property in Canada and some say it is the highest grade worldwide". First discovered in 1944 with much subsequent underground exploration/development taking place between the years of 1966 and 1980, this property boasts a measured and indicated resource of \*254 million tons grading 0.193% MoS<sub>2</sub> or 0.116% Mo (588 million lbs Mo) with a cutoff of 0.10% MoS<sub>2</sub>. Even though an economic cutoff grade has yet to be defined through a feasibility study, Blue Pearl's management are most likely focused on the 0.20% MoS<sub>2</sub> cutoff resource stated to be \*83 million tons grading 0.18% Mo with a particular emphasis on the high grade core of 0.6% Mo that would seem to be excellent for a mine start-up.

\* NI 43-101 compliant

Baseline Environmental Studies were initiated last April and are ongoing. This is in conjunction with a feasibility study due for completion in mid-2006. Preliminary economics as disclosed by the company do look most interesting. At this time, production of 2,000 tonnes per day is envisioned translating into 700,000 t per year. Most importantly, initial production would target the high-grade mineralized core grading 0.57% Mo culminating in 4.8 million lbs of recoverable Mo – and at \$30.00 lb Mo ends up being revenue of \$145 million per annum. The capital expenditure is estimated to be \$20 million.

A word of caution and as mentioned, these estimates are preliminary.

This is one of the better projects that we know of and management have mine operating experience. Most of them are the original Wheaton River people who developed Canada's first successful heap leach gold mine (the Golden Bear) and more recently, constructed and put into production, the Bellavista Gold Mine in Costa Rica through Glencairn Gold Corporation, an affiliated company.

## **The Davidson Molybdenum Deposit**

Located just 9 km northwest of Smithers on Hudson Bay Mountain, the deposit is close to much infrastructure including a major highway (Hwy 16), railway, goods and services and a workforce from the Smithers population of 5,000.

Being in such close proximity to a small town presents potential opposition. To address this concern, Blue Pearl hired Rescan Environmental Services Ltd. (previous work includes permitting for both the Ekati Diamond Mine and Voisey's Bay Nickel Mine) and began public consultation meetings early last spring upon acquiring ownership of the Davidson Molybdenum Project.

Among others, three major subjects addressed were: mine water drainage; visual impact; and transportation route options. Tests to date indicate the mine water quality, draining off to the Bulkley River (a major tributary of the Skeena River system) 5 km to the east of the mine site, is well within acceptable limits. Visual impact will be addressed through keeping all mining activity out of sight. This shouldn't pose much of a problem since the deposit is contained within a mountain and we will elaborate further. Transportation route options are more problematic due to traffic of 50 truckloads (40 tonnes/load) per day being hauled and/or railcars being used; however we believe this problem too, is surmountable to the satisfaction of all. The most important observation we have made regarding these environmental impact issues is that Blue Pearl's management is proactive when dealing with the community. Ian McDonald, Chairman and Ken Collison, Chief Operating Officer are there on the frontline to answer questions any local stakeholders may have. Hopefully this project should be a "win-win" for both the company and the locals by providing 150 – 200 jobs in the community besides other benefits.

As mentioned in the summary, an extensive amount of work has been done delineating the Davidson Deposit – and this may not be obvious as the deposit essentially sits in the center of Hudson Bay Mountain in the range carrying the same name. The bulk of the work was between 1966 – 1980. Climax Molybdenum Corporation completed a total of 3,100m underground workings and 35,164m of underground drilling in 124 holes. In aggregate, 165 holes have been drilled totaling 57,780m. Additionally, Climax undertook two bulk sample raises, geotechnical studies, metallurgical investigations and mine planning studies. No significant work has been carried out since 1980.

Access to the deposit is through a portal entrance at an elevation of 1,066 m (3,500 ft) on the east face of Hudson Bay Mountain facing the Bulkley River Valley; the portal entrance continuing along a 2.6 km long adit (8 x 8 ft) to the center of the Davidson molybdenum deposit. The planned underground mine is to use the above main access being enlarged to 12 ft x 20 ft allowing heavy equipment use (scooptrams and/or trucks). Additionally, a new second adit (tunnel) is to be driven below the current one at the 700 m level (2,300 ft). Connecting the two adits would be two raises with ore and waste rock being dropped for crushing and transport to processing. Projected capacity is 2,000 tonnes per day – it is

anticipated that processing will be offsite at either one of two existing mines, Endako Mines or the Huckleberry Mine, both within roughly 240 km of Smithers. Haulage would be either truck or rail or a combination.

Environmental studies are scheduled to be completed by March 2006, a feasibility study is due to be completed by mid-2006 and dependent on positive results, mine development could begin in 2007.

## Conclusion

This project seems to offer significant upside potential as various milestones are accomplished. The shares are not trading much higher than \$0.60 – the same price level that a significant portion of funds has been raised for this project.

We will continue to follow this project with keen interest.

## Terms:

Last Spring, Blue Pearl acquired a 100% interest in the Davidson Molybdenum Property (formerly known as Yorke-Hardy) from Don Davidson who lives in Smithers and began his career in 1965 on this project with Climax Molybdenum Corporation. Total consideration is: \$1,025,000 cash; advance royalty payments ranging between \$100,000 to \$500,000 per year based on world price for molybdenum; and a 2.75% NSR (net smelter royalty).

## Other Molybdenum Deposits For Comparison

(measured & indicated resources unless otherwise indicated):

	Tonnes	Mo Grade %	
*Davidson	<sup>A</sup> 230 mil.	0.114	
“	<sup>B</sup> 75 mil	0.18	
Roca Mines	43 “	0.12	
*New Cantech (geologic res)	18 “	0.098	MoS2 0.163%
*Adanac Moly Corp.	205 “	0.062	
*Tenajon Res. (indicated)	192 “	0.074	MoS2 0.123%
*Endako Mines (reserve)	80.7 “	0.063	

\*Adanac is a proposed 20,000 tonnes per day open-pit mine; Endako is a 28,000 t per day open-pit mining operation; by contrast, Blue Pearl's Davidson deposit is a proposed 2,000 t per day underground mining operation. New Cantech's and Tenajon's resources are non-compliant with NI 43-101 but are useful for reference.

<sup>A</sup> cutoff MoS2 0.10%

<sup>B</sup> cutoff MoS2 0.20%

## **Directors and Management**

**Ian McDonald**, Chairman & CEO – currently Chairman of producer Glen Cairn Gold Corporation and former Chairman/CEO of Wheaton River Minerals Ltd.

**Ken Collison**, Chief Operating Officer – most recent Vice President and General Manager of Coeur Alaska (Coeur d' Alene Mines Corporation) and was previously 20 yrs with Rio Algom in senior management positions.

**Peter Tredger**, Vice President – is a professional engineer with over 30 yrs experience in the mining industry. He is currently Vice President of Glencairn Gold and previously a Director of Wheaton River Minerals Ltd. for 10 yrs and before that, a VP and Mining Analyst with AMAX Inc.

**Derek Price**, CFO – is Executive VP of Glen Cairn Gold Corporation and former VP of Wheaton River Minerals.

**Denis Arsenault**, CA, Director – began his career with KPMG in 1981 and is currently CFO, VP Finance of Orbus Pharma Inc and a Director of NSP Pharma Corporation. He will also serve as Blue Pearl's Audit Committee Chairman.

**Jim Ashcroft**, Director– former President, Inco Ltd, Ontario Division.

**John Cocomile**, Director – former President/CEO of Patent Enforcement and Royalties Ltd.

**John Kalmet**, Director – former President/COO of Wheaton River Minerals, previous to that, General Manager, Noranda Western Canada

**Kerry Knoll**, Director – currently President/CEO of Glencairn Gold Corporation and a former Vice President/Director of Wheaton River Minerals

**Lorna D. MacGillivray**, General Counsel and Corporate Secretary – currently she is general counsel for Glencairn Gold Corporation and has 20 yrs experience in-house Corporate Secretarial experience.

**Jim Borland** – Investor Relations Director

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