

# Gold Letter

ALERT!

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A Conservative Review of Gold, Silver & Other Contrarian Plays, Including Asia & China - by David Vaughn

## SPECIAL SITUATIONS February 2005

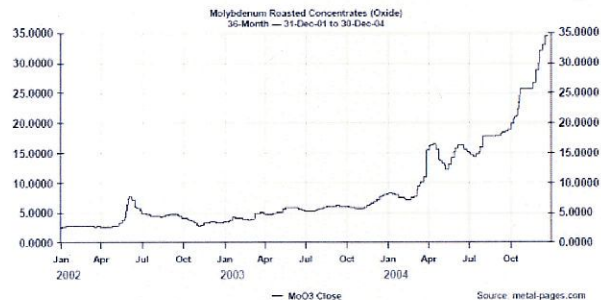
by Gold Letter, Inc.

### Pathfinder Resources Ltd.

(TSX Venture Exchange: PHR)

Over the past couple of years most commodities, including base metals, have been experiencing significant increase in demand and consequently a rise in value.

This has certainly been true for molybdenum-oxide which has soared from as low as \$2.50US in 2002 to nearly \$35/lb in January 2005.



Strong global demand for molybdenum has sent prices soaring spearheaded by China's construction boom.

**THAT IS A FOURTEEN-FOLD INCREASE.**



Molybdenum alloys clad the Petronas Twin Towers in Kuala Lumpur, Malaysia, among the world's tallest buildings.

The chart of molybdenum prices (above) illustrates the dramatic rise.

Now before we go any further you are asking, "What is molybdenum?"

Molybdenum is a very important alloying element used in the manufacture of stainless steel. It increases hardness & helps to prevent corrosion. While these are its principal most valuable uses it has many other applications as well. Molybdenum may even help to prevent cavities. - [click here...](#)

**High global demand for stainless steel, fueled by China's construction boom, is driving moly prices higher.**

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This increase in value is not only creating huge profit windfalls for molybdenum producers but it is also at the same time making low-grade molybdenum deposits more feasible. Right now the fundamentals for molybdenum remain strong given record demand and limited supply.

In a recent report the Freedonia Group stated that:

**“US metal powder demand will rise 8.1 percent per year through 2008 based on gains in computers and electronic components...Growth will also be driven by new uses for iron and steel, stainless steel, aluminum and tungsten metal powders...”**

This statement represents only a small segment of the market.

All of this, however, is definitely very good news for a company like Pathfinder Resources which recently acquired an option to earn a 100% interest in a promising Copper-Molybdenum Gold property in British Columbia, Canada. Current conditions and projected expectations make this appear to be a fortuitous move.

**Pathfinder Resources Ltd.**

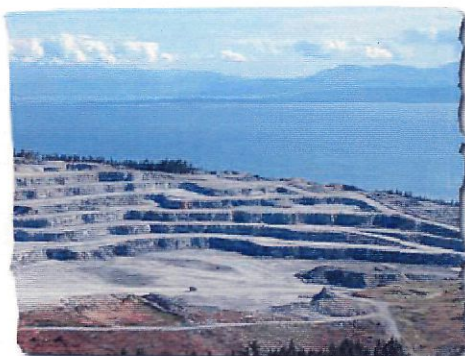
is a mineral exploration company whose corporate objective is “to create shareholder wealth through the identification, acquisition and exploration of mineral projects which display potential for large economic deposits.”

Approximately 95 kilometers northwest of Vancouver on an island about 50 kilometers long you will find Pathfinder’s project. Texada Island has a “long history of gold, copper and iron mining dating back to the 1870’s...”



**...and this is where the promising “Dude Property” is located.**

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Texada Island has a long mining history dating back to the 1870's.

The Dude Property is owned by Northstar Mining. However, on July 29, 2004 Pathfinder acquired an option to earn a 100% interest in the prospect. This property is a prospective host to a large copper-molybdenum deposit with gold credits.

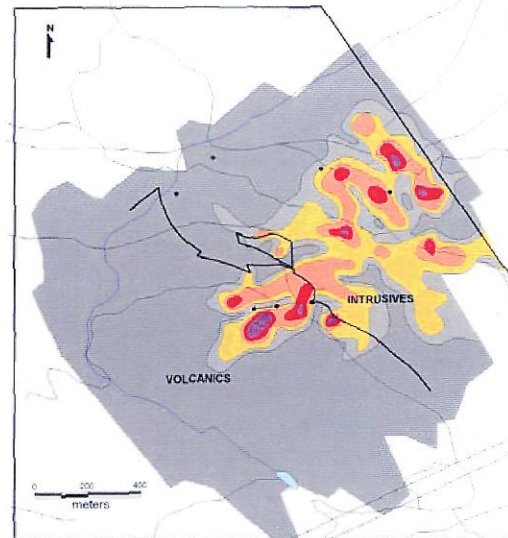
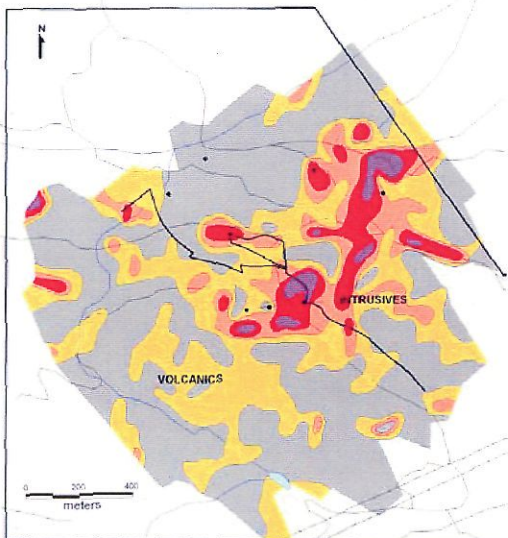
Pathfinder announced their exciting acquisition in a news release which summarized information from a report on the Dude Property by B.K. Bowen, P. Eng., 2001:

“...Falconbridge’s soil sampling outlined a large copper in-soil anomaly (50-400ppm) measuring approximately 1,300 by 600 meters and a smaller molybdenum in-soil anomaly (10-40 ppm) that is coincident with the copper anomaly ... Subsequent to Falconbridge’s drilling, Mr. Bowen and Northstar Mining Ltd. principal, Daryl Clark, collected nine rock grab samples from outcrop exposures. In addition to copper-molybdenum mineralization, the samples had anomalous gold values, which suggests the potential for a gold credit within the porphyry system.”



Copper-molybdenum mineralization evident in road cut.

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Geochemical exploration programs conducted by Falconbridge Ltd. delineated multiple zones of copper and molybdenum mineralization in soils over a strike length of approximately 1 km. Left: copper in-soil anomaly; Right: molybdenum in-soil anomaly.

Pathfinder believes that based on this initial exploration work the Dude property has the potential to host a large copper-molybdenum deposit with gold credits.

More drilling and ancillary work is necessary to complete a proper evaluation of the target area. First phase drill testing is scheduled in the first half of 2005.

An added bonus to this property is its location which is easily accessible and its year-round workability along with an excellent mining infrastructure. These additional features will allow for early economic development if a significant deposit is outlined.

Copper is, of course, an integral and attractive aspect of the Dude property as well. The current industrial demand for copper and the investment demand for gold continue to increase.



Rock sample from Dude property with copper-molybdenum and gold-bearing mineralization.

Pathfinder President and Director, Victor A. Tanaka, in a recent letter to shareholders highlighted this truth by saying the following:

**“Given the current trend of global currency devaluation and era of terrorism, gold should continue to provide excellent insurance for capital preservation. Likewise, copper is in strong demand from rapidly developing economies such as China, now the world’s largest consumer of this important industrial metal.”**

To add punch to his statement, look at this recent headline:

**“China Demand Pushes Copper to New Peak”**

All of this adds up to a highly optimistic prospect for Pathfinder in their acquisition of the Dude Property. It is definitely something for investors to take note of and could prove to be a very successful venture.

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**The favorable metals market, global economic growth and a highly prospective property only represent one side of the coin for this promising company. In addition Pathfinder has an excellent, experienced management team at the helm with a proven track record of discovering world-class deposits and creating significant wealth for shareholders.**

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Pathfinder is headed by Victor A. Tanaka, a professional geologist with over thirty years experience as a geologist and exploration manager with both junior and senior companies. He has been involved with numerous mineral discoveries and has held senior positions with a number of notable companies including Freeport McMoran, Aber Resources, Asamera, Cominco Ltd and Canarc Resources.

The management team also includes Richard Atkinson, P. Eng., who built a \$10 million investment into a \$140 million acquisition two years later through the buyout of his earlier company, Getty Resources.

Mr. Atkinson is a mining engineer and mineral exploration executive with over thirty years experience managing and directing junior exploration companies across North America. He is the President of Les Entreprises de Richard Atkinson, a privately held investment firm, and has been active as a financier and director of publicly held junior exploration companies for many years.

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Mr. Siegfried Muessig, Ph.D, is also onboard as a Director. A past president of the Society of Economic Geologists, Dr. Muessig has been directly involved with a number of world-class discoveries including the Jabiluka uranium deposit and the giant Escondido copper deposit.

Rounding the board of directors is James N. Morton, LLB who is a senior and managing partner in the Vancouver law firm of Morton & Company. The firm, which Mr. Morton founded in 1975, comprises six lawyers that specialize in securities and corporate law, primarily in the natural resource sector.

### **Further Thoughts and Conclusion**

Pathfinder Resources is certainly positioned for success right now. With only 16.6 million shares outstanding, another significant discovery by this highly distinguished team of mine-finders could create significant wealth for shareholders.

As both copper and molybdenum are trading at multi-year highs, companies with such properties should become increasing in demand by investors. Given the relatively limited number of companies with molybdenum assets, should investors take a shine to "moly" as they did uranium stocks in 2004, any company with a moly property could see significant price gains.

Speaking of uranium, Pathfinder announced (January 27, 2005) as we go to press, the formation of a syndicate to explore for uranium in Central America. Like molybdenum, uranium prices have increased significantly as uranium demand is much greater than current and forecast future supply needs. Pathfinder's move into uranium is terrific news for shareholders as management has a track record of involvement in uranium discoveries including Jabiluka in Australia and the Cigar and Dawn Lake uranium deposits in Saskatchewan, Canada.

Pathfinder plans to acquire and participate in other projects that display "world-class" potential. In 2005, PHR is likely to make additional acquisitions to hold a diversified mineral portfolio. Again, the key criteria for Pathfinder's geological team is participating in projects that have potential to host large economic deposits. Thus, if they're to make another discovery, it's likely to be a large one.

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Based on the Company's highly prospective projects, further acquisition plans, strong management team, and PHR's favorable share structure, Gold Letter believes Pathfinder Resources represents an excellent speculation at this time.

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