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NEW CANAMIN BUY RECOMMENDATION

May 20, 1994

New Canamin Resources (NNI - V \$1.85)

Capitalization: 9,067,958 (10.5MM F.D.) **Working Capital:** \$2.3 million
President: Alan Savage (John Toporowski I.R.)

I was on New Canamin's 100%-owned Huckleberry copper property earlier this week. The property is located 135 km by road southwest of Houston in the central coast area of B.C. What impressed me the most was how quickly the property has been advanced since Feb/93 when Hole #93-26 unveiled the new Eastern Zone which has provided the tonnage and grade to potentially make this deposit a profitable mid-size mine. Up to then, only the Main zone which Kennecott and Granby had delineated in the 1960's-70's had existed which at 85.6 MM tons grading 0.40% was uneconomic.

In-fill drilling in the Eastern Zone is providing high grade copper intersections that substantially increase the viability of a copper mine. Two rigs have progressed drilling to Hole #94-183. Recent holes reported are #94-165 with 485 ft of 0.88% Cu, #94-143 with 390 ft of 0.66% Cu, and #94-137 with 771 ft of 0.73% Cu. This supports a revised tonnage estimate of over >50 MM tonnes of 0.7 - 0.6% Cu in the Eastern Zone. In addition, a higher grade core has been redefined in the Main Zone for >20 MM tonnes of 0.57% Cu.

The deposit size is small but the grade is very timely with copper prices at an 18 month high of \$1.03/lb and the Cdn\$ expected to remain low. In the mass exodus of mining companies from Canada, everyone has forgotten the advantages of generating revenues in US\$'s and paying costs in local currency. In South American countries, workers demand to be paid in US\$'s so there is less leverage and higher risk to fluctuations in copper prices. A grade of 0.67% copper at Huckleberry provides Cdn\$21/tonne rock in revenues at the current exchange rate. This allows for a healthy profit margin with \$5/tonne smelter/refining charges and \$8/tonne operating costs. A 9,000 tpd operation could generate annual pre-tax profit of \$25 million. In all likelihood, the production rate will be increased.

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New Canamin's market capitalization grossly undervalues the high potential for Huckleberry to become a mine which will be determined by the feasibility study currently underway. As an illustration of what in-ground reserves are worth today, I calculated the purchase price per lb. of copper for the Alumbreira and Kemess copper/gold porphyry properties (IMZ-T and ECN news releases 01/31/94). MIM is paying roughly Cdn\$0.03/lb copper equivalent for the Alumbreira deposit in Argentina and Pegasus is paying Cdn\$0.07/lb copper equivalent for Kemess, northern B.C. On this basis, the Huckleberry deposit with current reserves of 1.18 billion lbs. is worth \$59.0 million. Alternatively, assuming 9,000 tpd and \$75 million in capital costs, an after-tax NPV (@ 5% discount rate) of \$65 million supports the in-ground per lb value. New Canamin's fully diluted market cap. (less cash) of only \$16.5 million grossly understates this valuation.

NEW CANAMIN IS RECOMMENDED AS A STRONG BUY for SPECULATIVE ACCOUNTS. Conservatively, New Canamin is worth \$5.00/sh. The Company has received encouragement from banks for debt financing and the long-life, small scale mining scenario allows quick permitting. The large exploration potential of the property may be attractive for a senior mining company to acquire either the ground or New Canamin.

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