

# TERRANE

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**Investors looking to participate in the resurrection of one of British Columbia's prime mining properties should take a long look at newly-formed Terrane Metals Corp., headquartered in booming Vancouver, BC.**

Terrane, formerly known as Atlas Cromwell Ltd., recently announced the acquisition of four properties from Goldcorp Canada Ltd. ("GCL" a wholly-owned subsidiary of Goldcorp Inc.) including "Mt. Milligan" and "Berg" in British Columbia, "Maze Lake" in Nunavut and "Howard Pass" along the Yukon-Northwest Territories border. Mt. Milligan is at the final feasibility and permitting stage and would underpin the goal for rapid near-term growth.

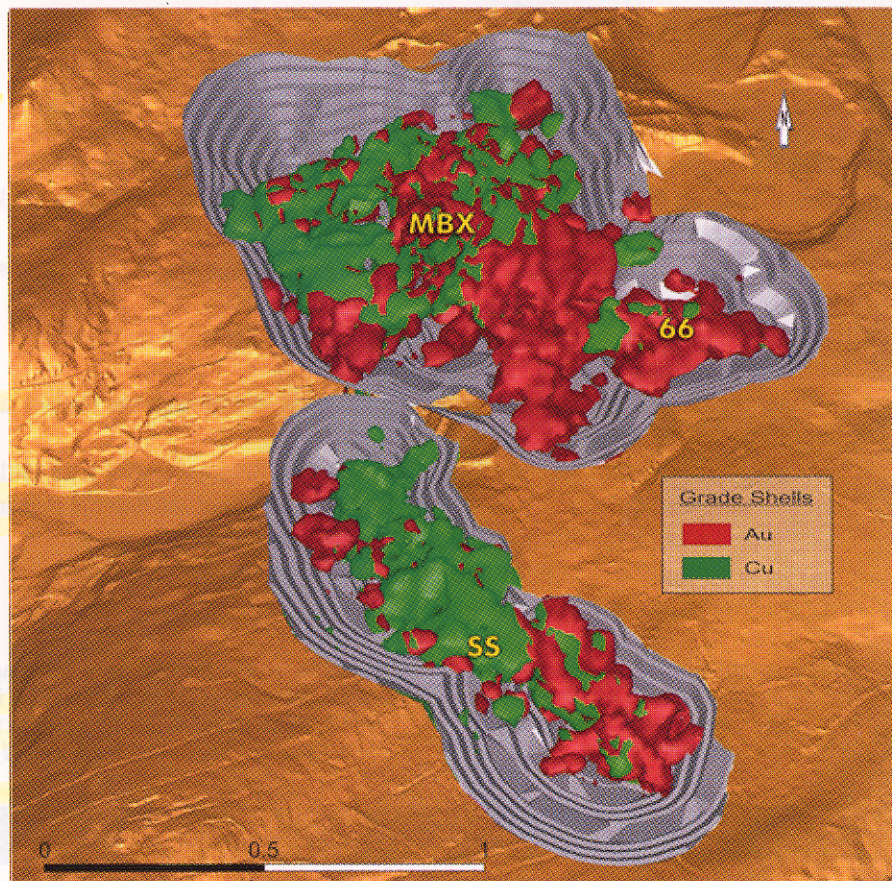
Mt. Milligan, located northwest of Prince George and close to the communities of Fort St. James and Mackenzie, has been the focus of intense interest and activity since the deposit was first discovered in 1983. Initially owned by Continental Gold Corp and BP Resources Canada, exploration work at that time discovered significant copper-gold mineralization. Placer Dome (PDG) then acquired a 100% interest in the project and completed a pre-feasibility study in 1991 after extensive drilling at the project amounting to almost 200,000 metres of drilling involving 911 holes took place.

Based on their findings, Placer Dome obtained a Mine Development Certificate and Disposition Order from the British Columbia government in 1993 which would have enabled them to construct and operate a mine at Mt. Milligan. Placer Dome, however, decided not to proceed at that time and the permit eventually expired in 2003.

During a recent interview, Terrane President Rob Pease indicated there were three reasons why Placer Dome deferred a production decision at Mt. Milligan. First, a new provincial government under the left-leaning New Democratic Party had just been elected and they had a reputation of being hostile to the mining industry. Second, Placer Dome had other higher priority projects in its development pipeline at

that time. And finally, Placer was more focused on precious metal assets, and copper prices at the time were unattractive. Despite several offers from other resources companies since that time Placer continued to hold Mt.

study showed Measured and Indicated resources totaling 205,932,000 tonnes of ore containing an average of .247 % copper (Cu) and 0.6 grams/tonne gold (Au). Contained copper was estimated at 1.12 billion pounds and contained



Conceptual open pit design at Mt. Milligan

Milligan in their property portfolio and realized the property had great potential to be a low-cost gold producer in the right gold / copper price cycle.

However, Placer never permanently abandoned Mt. Milligan and in 2004 they conducted a 14-drill-hole program to obtain bulk metallurgical samples and in 2005/2006 completed a pre-feasibility study at the project. That

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gold at 3,669,000 ounces. In addition to Measured and Inferred resources, an additional 16,305 tonnes of slightly lower grade ore were placed in the "Inferred" category.

Geologically, the Mt. Milligan property is hosted by the Witch Lake Succession and is characterized by augite-phyric volcanoclastic and coherent basaltic andesites, with subordinate epiclastic beds. The deposits are primarily hosted by the volcanic and



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volcaniclastic rocks of the Witch Lake Formation. The highest copper-gold grades are related to chalcopyrite adjacent to the MBX and Southern Star Stocks.

During the Barrick Gold takeover of Placer Dome in early 2006, all of Placer's Canadian assets were sold to Goldcorp. Terrane then acquired Mt. Milligan, the other three properties noted above, and the first rights on three additional properties in Canada from Goldcorp.

President Pease noted that present market conditions including gold holding above \$600 per ounce and copper near \$3.40 per pound are favourable but definitely not needed for Mt. Milligan. These current market prices make a lot of projects attractive, yet Terrane is looking at Mt. Milligan to be economic at much lower metal prices. No huge investment in infrastructure will be required as power and roads already exist close to the property and nearby communities are capable of providing personnel and equipment support.

Terrane is moving ahead to complete a full feasibility study by the third quarter 2007 and is preparing to file an Environmental Assessment (EA) document during the second quarter 2007. Terrane is also conducting pro-active work in advance of filing the EA document. Although no set schedule for approval of the EA document can be set, Terrane estimates it should take approximately one year, once the EA is filed.

If that schedule is accomplished, Terrane will have required permits in hand by second quarter 2008 and the start-up of construction should take place by mid-2008 with the onset of actual production anticipated by mid-2010. Although Mt. Milligan is the present focus of attention, Terrane's other projects hold great promise as well.

The Berg Project is located in the Tahtsa Ranges of central B.C. and is held as a joint venture between Terrane

(51%) and Kennecott Canada Exploration Ltd. (49%). Previous owners first recognized the potential for porphyry copper mineralization at Berg in the 1960's and drilling of that era delineated two main mineralized zones. An affiliate of Placer Dome then took over exploration work at Berg and by 1980,

project is optioned to Pacific Resources.

Terrane has assembled an unusually experienced and able management team under the leadership of President and CEO Rob Pease which includes CFO Edward Farrauto, VP Exploration Darren O'Brien and VP Project Development Peter Marshall.

***Terrane recently announced the acquisition of four properties from Goldcorp Canada Ltd. (GCL) including "Mt. Milligan" the most timely and important of these projects.***

146 diamond drill holes covering 18,593 metres had been completed.

Information from this work allowed Placer Dome to create a (pre-NI 43-101) geologic resource estimate of 238,000,000 tonnes containing 2.1 billion pounds of copper along with substantial resources of molybdenum and silver.

Terrane now believes the project holds enhanced prospects, in part due to recent improvements in the regions infrastructure as well the potential for the development of additional near-surface resources. Terrane will quickly advance the Berg to pre-feasibility stage by late 2007.

Maze Lake is a relatively undeveloped prospect which appears to have potential due to a 6 km wide gold grain till anomaly which has been defined at the property. Placer Dome staked the property in 2003, and work has included the collection of water and rock samples, reconnaissance mapping, completion of a high-resolution airborne magnetic survey, and initial drilling. A gold bearing shear zone has been defined and Terrane will now focus drilling on this target.

Howard Pass was explored between 1972 and 1982 by Placer Dome and US Steel and they identified the potential for a world-class zinc resource. The

Given the advanced status of the Mt. Milligan project and the potential inherent in Terrane's portfolio of other properties, this is one junior company which merits serious attention.

## Management Team

**Robert Pease, P.Geo.**  
President, CEO & Director

**Edward Farrauto, CGA**  
CFO

**Darren O'Brien, P.Geo.**  
VP Exploration

**Peter Marshall, P. Eng.**  
VP Project Development

**Douglas Leishman, P.Geo.**  
Director

**Jeffrey Franzen, M.Sc., P.Eng**  
Director

**The Hon. John Reynolds, PC**  
Director

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## The Outlook for the US Dollar Worsens

THE Federal Reserve has stopped raising interest rates. Therefore, the logical question to ask ourselves is whether their decision has changed anything. I think it has.

While the Fed was raising interest rates, one could reasonably argue that its aim was to fight inflation, which continues to climb. In the 12 months ending June 30, 2005, the Consumer Price Index rose 2.5%. However, in the 12 months ending June 30, 2006, the CPI rose 4.6%. This comparison shows that even by the governments own calculation, which I believe understates the true rate of inflation, it is clear that inflation is a growing problem.

So now that the Fed has stopped – at least for now – raising rates, it seems clear that they are focusing on something other than inflation. The object of their redirected attention is clear. The Fed has become focused on the economy.

With the slump in housing becoming obvious, coupled with \$70+ crude oil imposing a onerous burden throughout the country, the economy is slumping. So the Fed has changed its priorities. Instead of fighting inflation, the Fed instead is now trying to avoid a recession.

The implications for the US dollar are ominous. The Fed and Treasury Secretary Paulson can try intervention to mop up surplus dollars from central banks and others who are choosing to reduce their dollar balances. They can also try talking up the dollar. But it is not 'talk' that the dollar needs. It needs purposeful action, like raising interest rates to make the dollar more attractive when compared to other currencies. It is therefore noteworthy that the European Central Bank and the Bank of England raised their interest rate this month while the Fed sat on its hands. It is also noteworthy that gold and silver continue to hold up as well as they have.

A year ago gold was \$442, and silver was \$6.95. From those prices both precious metals began to rally and continued to climb higher for nine months. Then after making multi-decade highs in May, both gold and silver began a correction, which continues. So even though gold is 12% below its high, while silver is down 20%, the bigger picture tells us a different and more important story. Namely, over the past twelve months gold and silver have risen 43% and 70% respectively.

Given the shift in focus by the Fed from fighting inflation to avoiding a recession, more gains for gold and silver are likely. So view the current correction from a different perspective. This correction is a good buying opportunity.

Look across the valley. Look at the problems debasing the dollar, from rising federal government debt to central banks diversifying out of the dollar (the Bank of Italy being the latest in a long list of central banks taking that course of action). Then consider the implications of a Fed focused on avoiding a recession instead of preserving the purchasing power of the dollar. It won't take long to recognize that the dollar's exchange rate will head lower and inflation will worsen.

Gold and silver are the best way to protect oneself from today's growing inflation, and the worsening inflation already 'baked into the cake'.

In the Monday, August 7, 2006 issue of Barron's I was asked about my gold outlook. I replied: "It's going up because of growing inflationary expectations and rapid money-supply growth." I was then asked whether gold should be bought now or to wait for the correction to dig deeper. My response was: "If I'm right and we're going to \$850 and eventually four digits, does it matter whether you buy at \$620 or \$630?"

Therefore, view the current correction in gold and silver as a buying opportunity. Given that the correction is three months old and the Fed is now on 'hold', it seems likely that this current buying opportunity won't last much longer.

*Editor's Note: James Turk is the Founder & Chairman of GoldMoney.com. He is the co-author of The Coming Collapse of the Dollar. □*



**James Turk**