

TTM's Chu molybdenum project looks good

PREFEASIBILITY SHOWS USING SECOND-HAND EQUIPMENT WOULD SLASH COSTS

BY GWEN PRESTON

VANCOUVER — To offset skyrocketing equipment costs, **TTM Resources** (TTQ-V, TTMRF-O) took a good hard look at buying used mining equipment in a prefeasibility study of its Chu molybdenum project in central British Columbia, and found the move could save half a billion dollars.

"It's a real reflection of the increased costs of mining equipment and of waiting in line to get that

equipment," says Crichy Clarke, TTM's president and CEO. "The difference in cost for new and used is remarkable — in fact, it's beyond me why everyone wants to buy new equipment. The costs are now simply prohibitive."

Capital costs, including working capital and a 20% contingency, come in at \$1.25 billion to outfit the mill with all new equipment. The cost drops down to \$750 million if the company sources used

parts.

The study found that, in a base-case scenario with a molybdenum price of US\$20 per lb. and assuming debt and equity financing split equally, the Chu project carries a net present value (NPV) of \$1.04 billion if TTM buys all new equipment for the mine. The NPV increases to \$1.44 billion if the equipment purchased is used.

The impact on the internal rate of return (IRR) is similar. The base-case scenario with new equipment carries an IRR of 27.3%; with used equipment, the IRR climbs to 47%. Payback could be achieved in three years for used equipment but it would take five years to pay back the costs of new equipment.

In fact, only the price of molybdenum impacts the economics of developing Chu more than the decision to buy new or used equipment. The third critical economic parameter is the project's debt-to-equity ratio.

Clarke says the company is now

in the process of sourcing and negotiating for used mining and milling equipment appropriate for the Chu project.

The study included an updated resource estimate that boosted Chu's molybdenum count by 7% and improved confidence in the resource numbers by transferring tonnes from the inferred category to indicated. Chu now hosts 252.6 million indicated tonnes grading 0.067% molybdenum, as well as 200.9 million inferred tonnes averaging 0.062% moly.

The study also established an in-pit resource based on a preliminary pit design. Combining indicated and inferred tonnes, the in-pit resource came in at 672.6 million tonnes grading 0.05% molybdenum, for 738.3 lbs. of moly metal.

"We're certainly glad to get this out," Clarke says. "Now we can keep moving ahead — we still have lots of work to do."

There are now two drills work-

ing on infill drilling at Chu while third rig tests a geophysical anomaly roughly 1 km north. Clarke says the company is working to relocate and expand the camp facilities: once that is done, TTM will add fourth rig to the operation. Clark wants to complete sufficient infill drilling to upgrade the entire deposit to indicated status.

Chu is located next to an all-weather road in central B.C., close to sources of power and skilled labour.

TTM currently has \$8.5 million in working capital as well as a \$1 million B.C. mining exploration tax credit. Clarke says the company's burn rate is roughly \$750,000 per month with three drills turning; he expects it to increase to \$1 million per month when the fourth drill gets going.

On news of the study, TTM lost 15¢ to close at 85¢. The company has a 52-week share price range of 67¢ to \$1.75 and has 50 million shares issued.

BID-ASK — SEPT. 2-8, 2008

STOCK	EXC	12-MONTH				
		BID	ASK	LAST	HIGH	LO
Absolut Res	V	0.80	0.98	0.98	1.30	0.001
Afrasia Mini F	V	0.23	0.30	0.25	0.45	0.23
Agau Res	V	0.17	0.21	0.19	0.55	0.11
Afair Vent	V	0.10	0.15	0.15	0.56	0.12
Anglo-Bornarc	V	0.11	0.15	0.10	0.23	0.10
Antioquia Gold	V	0.15	0.23	0.15	0.20	0.15
Antoro Res	V	0.12	0.125	0.125	0.125	0.001
Arctic Hntr Ur	C	0.25	0.50	...	...	0.001
Arcus Dev Grp	V	0.09	0.20	0.20	0.59	0.20
Arizona Star	V	17.94	18.00	17.94	18.10	0.001
Asbestos Corp	T	0.51	0.57	0.51	5.95	0.50
Athabasca Minis	V	0.30	0.40	0.40	0.67	0.25
Atlantic Ind M	V	0.11	0.20	0.11	0.12	0.11
Aurea Mng	V	0.13	0.16	0.13	0.44	0.001
Baltic Res	V	2.00	2.04	2.00	2.00	0.001
BCM Res	V	0.18	0.20	0.20	0.75	0.18
Beta Minerals	V	0.09	0.12	0.09	0.19	0.08
Big Bar Res	V	0.05	0.08	0.06	0.51	0.04
Bird River Mns	C	0.08	0.15	...	...	0.001
Bison Gold Exp	V	0.03	0.12	0.10	0.27	0.001
Black Panther	V	0.28	0.30	0.26	1.20	0.27
Bonanza Res	V	0.10	0.13	0.12	0.19	0.09
Canaf Group	V	0.06	0.08	0.06	0.33	0.05
Cayenne Gold	C	0.02	0.15	...	...	0.001
CB Res	C	0.04	0.08	0.06	0.10	0.001
Cedar Mtn Expl	V	0.16	0.30	0.23	0.50	0.15
Centurion Mns	V	0.17	0.34	0.27	0.50	0.26
China Zircon	T	0.90	1.50	1.20	1.20	1.20
CIC Mining Res	C	0.06	0.09	0.06	0.12	0.001
Coastport Cap	V	0.06	0.07	0.08	0.44	0.05
Colt Res	C	0.18	0.23	0.23	0.44	0.001
Comet Inds	V	1.41	1.66	1.60	1.75	1.40
Conquest Res	V	0.05	0.05	0.05	0.10	0.05
Contintl Nickl	V	0.76	2.20	2.24	3.79	1.20
Copper Reef Mng	C	0.12	0.16	0.14	0.40	0.001
Cornstone C*	Q	...	...	0.18	8.59	0.14
Corona Gold	Q	0.46	0.54	0.46	0.72	0.46
Crested Corp*	Q	2.351	2.41	2.351	3.32	0.001
Cusac Gold	Q	0.09	0.09	0.09	0.25	0.001
Cusac Gold Mn*	Q	0.07	0.09	0.08	0.21	0.001
Decade Res	V	0.15	0.20	0.20	0.85	0.20
Dolly Varden R	V	0.31	0.50	0.28	0.36	0.25
Eureka Res	V	0.22	0.40	0.40	0.88	0.29
Excaltur Res	C	0.03	0.04	0.02	0.02	0.001
First Majest*	V	0.21	0.23	0.23	5.82	0.43
First Pursuit	V	0.20	0.25	0.21	0.60	0.20
First Source R	V	0.01	0.03	0.25	0.35	0.001
Fort Chimo Mls	V	0.12	0.22	0.14	0.40	0.14
Freeport Res	V	1.06	1.08	1.07	1.10	0.001
Frontier Pacif	V	0.40	0.45	0.40	0.95	0.001
Fury Expl	T	0.20	0.60	0.90	0.90	0.90
Fusion Res	V	0.28	0.37	0.39	1.00	0.10
G4G Res	T	1.50	1.89	1.30	2.99	0.001
Gabriel Res wt	V	0.16	0.19	0.22	0.65	0.22
Ginguro Expl	T	2.00	3.50	3.50	4.50	0.001
Gladstone Pac	T	14.06	14.28	14.08	15.75	0.001
Global Copper	V	0.12	0.19	0.18	0.18	0.08
Golconda Res	T	1.53	1.55	1.53	1.56	0.001
Goldbelt Res	T	1.21	1.26	1.21	2.00	0.001
Golden China R	C	0.05	0.10	...	...	0.001
Golden Cross R	V	0.21	0.24	0.24	0.40	0.22
Golden Harp	V	0.09	0.16	0.12	0.41	0.12
Golden Oasis	V	0.08	0.09	0.08	0.28	0.001
Grandcru Res	V	0.08	0.20	0.03	0.03	0.001
Great Bear Ur	V	0.05	0.07	0.05	0.06	0.01
Great Sln Ent	V	0.05	0.03	0.05	0.10	0.05
Green Valley	V	1.19	1.31	1.35	2.10	1.34
Gulfside Minis	V	0.01	0.015	0.015	0.12	0.001
HMZ Metals	V	0.04	0.06	0.01	0.14	0.04
Horseshoe Gld	V	0.05	0.06	0.05	0.15	0.05
Icena Vent	V	0.04	0.05	0.05	0.28	0.05
Kansai Mining	T	0.99	1.00	1.03	1.54	0.001
Kinross Gld wt	V	0.52	0.60	0.52	0.85	0.42
Kruger Expl	Q	2.20	2.50	...	2.50	2.50
L&L Intl Hldg*	V	0.05	0.07	0.06	0.09	0.05
Lakewood Mng	C	0.12	0.24	0.13	0.38	0.001
Lebon Gold Mns	V	0.95	1.00	1.00	1.15	0.001
Lero Gold	T	0.20	0.30	0.25	0.35	0.25
Marengo Mng	V	0.08	0.12	0.09	0.19	0.06
Menika Mining	T	37.66	37.74	37.71	39.41	0.001
Meridian Gold	V	0.16	0.20	0.20	0.36	0.16
Meritus Minis	T	7.35	7.43	7.35	8.22	0.001
Metallica Res	V	0.12	0.13	0.12	0.23	0.09
MetalQuest Mnl	V	0.055	0.065	0.06	0.17	0.001
Metco Res	V	0.30	0.44	0.45	0.55	0.31
Milner Con Silv	T	0.20	0.55	0.55	1.20	0.50
Mineral Deposit	C	0.15	0.25	0.22	0.24	0.001
Minerva Minis	T	6.24	6.25	6.24	6.62	0.001
Miramar Mng	V	0.05	0.20	0.11	0.21	0.001
Nass Valley Gt	V	0.22	0.25	0.225	0.27	0.001
Nes Alliance	V	0.005	0.005	0.005	1.06	0.001
New Gold wt	V	0.05	0.13	0.05	0.23	0.05
Nikos Expl	V	0.35	0.44	0.35	0.91	0.35
Nordex	V	0.11	0.16	0.11	0.36	0.11
North Arrow Mn	V	0.46	0.495	0.495	0.72	0.001
Northern Cdn U	T	5.01	5.31	5.37	5.60	0.001
Northern Or wt	T	7.23	7.25	7.25	7.48	0.001
Northern Orion	T	13.69	13.75	13.73	13.77	0.001
Northern Peru	V	0.10	0.17	0.10	0.30	0.09
Odin Mining	T	1.81	3.50	2.26	2.34	0.88
Oriel Res	V	0.09	0.12	0.12	0.30	0.09
Pac Imp Mines	V	11.20	11.64	11.30	12.10	0.001
Palmarajo S&G	V	4.56	4.58	4.54	4.70	0.001
Pan African Mng	T	24.00	26.50	24.45	28.40	0.001
Pan Am Silv wt	V	0.79	0.82	0.81	0.90	0.001
Peak Gold	V	0.05	0.08	0.08	0.14	0.05
Plato Gold	V	3.61	3.70	3.61	3.64	0.001
Primary Metals	V	0.23	0.30	0.29	1.25	0.35
Puget Vent	C	0.03	0.04	0.03	0.06	0.001
Quinsam Cap	V	1.55	1.77	1.70	2.04	0.001
Quinto Mng	C	0.40	0.50	0.20	0.20	0.001
Rhyolite Res	V	0.34	0.55	0.40	0.88	0.40
Roscan Minis	V	0.12	0.19	0.15	0.75	0.13
Scandinav Mnl	T	9.62	9.70	9.65	10.60	0.001
Seine Rvr Res	V	0.205	0.23	0.24	0.25	0.001
Silk Road Res	V	0.44	0.55	0.45	1.75	0.45
Silver Lake Rs	V	0.10	0.14	0.12	0.35	0.12
Skye Res	T	6.66	6.74	6.66	12.73	0.001
SNL Enterprise	V	0.14	0.20	0.10	0.60	0.10
SouthernEra Di	T	0.255	0.34	0.34	0.68	0.001
Sterlite Gold	T	0.355	0.385	0.355	0.39	0.001
Strike Minis	V	0.06	0.08	0.08	0.12	0.05
Superior Can R	V	0.05	0.06	0.06	0.21	0.05
Superior Mng	V	0.17	0.22	0.17	0.60	0.17
Takara Res	V	0.08	0.10	0.08	0.40	0.08
Talmora Diam	C	0.02	0.10	...	...	0.001
Taranis Res	V	0.26	0.33	0.33	0.70	0.30
Terra Nova Gld	V	0.04	0.05	0.05	0.15	0.03
Tiger Intl	V	0.39	0.60	0.41	0.69	0.40
Tung Ding Res*	Q	...	...	0.80	1.65	0.001
Tyler Res	V	1.58	1.60	1.58	1.60	0.001
Valterra Res	C	0.10	0.17	0.17	0.33	0.001
Verbina Res	V	0.48	0.66	0.52	0.80	0.40
Western Keltic	V	0.37	0.45	0.43	0.58	0.001
WGL Heavy Mnl	T	1.00	1.16	1.20	1.40	0.50
Wildrose Res	V	0.55	0.59	0.55	1.83	0.001
Williams Creek	V	0.12	0.15	0.15	0.20	0.12
Windarra Minis	V	0.10	0.14	0.10	0.21	0.10
Wolverine Mns	V	0.17	0.31	0.31	0.55	0.31
World Vent*	Q	0.05	0.08	0.08	0.20	0.04
Xstrata*	Q	...	...	56.50	90.50	45.65
Yukon Zinc	V	0.22	0.22	0.22	0.31	0.001

in the process of sourcing and negotiating for used mining and milling equipment appropriate for the Chu project.

Clarke says the company is now

Soho's sunny results can't thaw icy market

VANCOUVER — Like many other juniors, **Soho Resources** (SOH-V, SHRJF-O) continues to receive a chilly reaction from the market on the release of decent drill results.

Reporting on its latest 15 holes from Tahuehueto, a property 175 km by road from Tepihuanes in Mexico's Durango State, Soho dropped 1¢ to close at 7¢.

"It's been murder what's happened to our share price," Soho president Ralph Shearing says.

Its best numbers include 12 near-surface metres in hole 193 of the El Creston zone grading 2.76 grams gold per tonne, 42.92 grams silver per tonne, 0.26% copper, 1.37% lead and 1.31% zinc and another 7.1 metres grading 1.04 grams gold, 41.8

grams silver, 0.5% copper, 2.25% lead and 1.45% zinc in hole 204 (true widths).

Soho acquired the property in 1997 and to date, the company has drilled more than 200 holes — all since 2005, after metal prices began picking up from the late 1990s doldrums.

The drilling culminated in a resource estimate released in June. Tahuehueto weighed in at 6.4 million tonnes grading 1.34 grams gold, 31 grams silver, 0.24% copper, 0.78% lead and 1.43% zinc.

But market reaction to the inferred resource has been less than stellar. Since releasing it, Soho has dropped 5.5¢.

Shearing boils that reaction

down to bad timing and investor unfulfilled expectations.

"The numbers aren't as high as the market wants to see," he says, adding that releasing a resource estimate as the market was going south this summer didn't help matters.

With its infill and stepout program completed, Shearing hopes the latest results will go toward putting out an upgraded resource by the end of this year or the beginning of next.

Ultimately, he says Soho needs more funding to keep the project moving ahead. To that end, patience is part of the plan.

"I think we can weather the storm and get to a better market," he says



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