

...Discovering value in natural resource stocks

Confusion Reigns

Investors are understandably confused – and concerned – as metal prices and share prices bounce around through wild gyrations.

Editorial

With so much uncertainty in metal markets, it is only natural that many investors have headed for the exits. The gold price is \$887 after a recent run up to \$930, then a hasty retreat to \$880. Silver went through a similar swing, settling today at \$16.88.

That action is natural in the context of what has happened in the financial world over the past few months. With the U.S. banking system on the brink of collapse, the gold price soared to \$1,020 as investors sought security. When it became clear that the government would do whatever it took to bail out the banks, investors abandoned the safe haven of gold to go back into paper that suddenly appeared risk free, with the backing of Uncle Sam.

The irony is that the bailout of the banks is further eroding the value of the dollar. More greenbacks are being printed, further debasing a currency that has already lost nearly half of its value over the past few years. Once more, investors find the short-term view-point is more expedient than the longer term perspective.

The base metal prices have also come under pressure, as speculators bail out on concerns that softening demand in the U.S. will impact world metal markets.

Speculators move markets up or down in the short term, but in the longer term, it is fundamental supply and demand that impacts prices. There is no change to the strong demand for metals, nor to the constraints in supply.

It is extremely important to understand the distinction between short term moves in the commodity markets and the process of finding and developing new mines. Commodity speculators see profits only where the metal price makes a big upward move in the near term. On the other hand, mine developers are generating value that far outweighs the short term moves in the metal price. At this time, mine development projects are being valued at metal prices that are far, far below the current market prices.

For every seller of a mining share, there is a buyer. Looking back in a few months, it will be the ones who are now buying who are smiling.

Company Updates

Farallon Resources (FAN-TSX)

Farallon expects to begin production at its Campo Morado zinc-copper-silver-gold deposit southwest of Mexico City by July 2008. Mine development and mill construction are well on the way to completion.

Farallon entered into an agreement with Silver Wheaton to sell up to 75% of the silver produced from the project. Silver Wheaton will pay \$80 million in cash, which will help fund mine development. Farallon will then receive a fee of \$3.90 per ounce to mine and process the silver, or less if the silver price is below that level.

The company recently secured a \$3.8 million loan with the issuance of 6.3 million warrants which will be used to pay back the loan when exercised. The money will be used for further exploration on the property.

The ongoing drill program has three drill rigs operating with the objective to discover further deposit and increase the size of the resource at G9. The main areas of focus are the Abajo zone and northwest of the North zone where recent results include 39 meters of 1.2% copper and 10.8% zinc. The company has been very successful in expanding and upgrading the areas of mineralization after the initial

INSIDE

1...Company Updates

4...Brief Updates

8...Conferences

***The last issue was April 2008-2**

discovery of the G9 deposit in 2005. A preliminary assessment completed late last year showed a net present value (discounted at 8%) of \$141 million. That calculation used long term metal prices of \$1.40 for copper, \$0.75 for zinc, \$6 for silver and \$500 for gold. The company has not concluded a feasibility study. Securities guidelines require that a feasibility study be based on measured and indicated resources. Further drilling is required to upgrade the resources to that status. It is far more efficient to conduct the detailed resource definition drilling from underground. By the time the access ramp reaches the ore body, the company will move directly into production.

That aggressive development approach is unconventional, but makes a lot of sense in this context. Importantly, the groups that have provided the financing for mine development are comfortable enough to write cheques. However, without a formal valuation, many investors are hesitant to get involved. With production set to begin in a couple of months, Farallon will be able to demonstrate the value of their mine with actual cash flows. The current metal prices, well above the values used in the studies, should result in impressive figures.

The G9 deposit at Campo Morado is merely the first step in building a multi-mine mid-tier producer. The value of the company is expected to move substantially higher over the coming months as the first mine gets underway and longer term plans are firmed up.

Price May 30, 2008: C\$0.81
Shares Outstanding: 340 million
Shares Fully Diluted: 453 million
Market Cap: C\$275 million
Contact: Investor Relations
(604) 684-6365
www.farallonresources.com

Rusoro Mining (RML-TSXV)

Rusoro has begun work on a scoping study for its Choco 10 mine in Venezuela that will incorporate its several deposits in the El Callao district. The study, to be completed in the next quarter, will form the basis of a feasibility study to be completed by mid-2009.

The new study will update a 2006 report and incorporate recent drilling that has the potential to significantly increase the previously estimated resources. That study was based on a production rate of 350,000 ounces of gold per year.

Rusoro acquired Choco 10 from Goldfields in November 2007, along with the major's nearby exploration projects. Since that time the company has improved gold production at the mine. It is now working towards the goal of expanding the resource and the annual production level.

The company now has combined resources at its various projects that total 6.6 million ounces of gold in the measured and indicated category plus 6.2 million ounces of gold in the inferred category.

About 208,000 meters of drilling were completed primarily at the SREP and Incredible 6 projects in 2007. Results for the SREP project will be compiled into an updated resource estimate that will be released shortly. Drilling at all projects is ongoing for 2008.

The Mining Minister of Venezuela toured Rusoro's properties a few weeks ago and according to the company "expressed satisfaction with the company's work and commitment to the region as well as its strong relations with its labor unions."

Rusoro management stated when the company first went public in late 2006 that they intended to consolidate various gold mining operations and exploration projects in Venezuela. They began by rolling in a private company, then completed the Goldfields deal. It appears that the consolidation process continues. A news item on the Bloomberg network, citing an unnamed source with Hecla, notes that Hecla plans to sell a majority interest in its Venezuelan operations to Rusoro. The company has not yet made an official announcement.

Venezuela is not the most popular place for mining investment. However, it is evident that Rusoro is on the right side of the government. They will soon dominate one of the richest gold regions in the world. Their present resources, together with exceptional exploration potential, put this company on track to become an important mid-tier gold producer. As the latest acquisition story plays out and their existing projects move toward full-scale production, this company is set to deliver big returns to shareholders.

Price May 30, 2008: C\$1.06
Shares Outstanding: 148 million
Shares Fully Diluted: 183 million
Market Cap: C\$157 million
Contact: Investor Relations
(604) 632-4044
www.rusoro.com

Silver Wheaton (SLW-TSX)

Silver Wheaton acquired 75% of the silver to be produced at Farallon Resources' Campo Morado project in Guerrero state, Mexico. Production is scheduled to begin at the project's G9 deposit this July. Silver Wheaton will pay Farallon US\$80 million on a drawdown basis that will fund development work on the project.

Silver Wheaton also announced that it will buy 45% of the silver produced at Augusta Resources (AZC-TSX) Rosemont copper-molybdenum-silver-gold porphyry deposit located in Pima County, Arizona. Last summer that company released a positive feasibility study that recommended a 75,000 tonnes per day open pit mine that would produce 220 million pounds of copper, 4.5 million pounds of molybdenum, 2.7 million ounces of silver and 15,000 ounces of gold annually over 18 years. Upon completion of the deal Silver Wheaton will pay Augusta \$165 million in cash, which Augusta plans to use to fund mine development. In addition to the up-front payments for the silver-in-place, Silver Wheaton will pay the companies a processing fee of \$3.90 per ounce of silver delivered. The company then sells the silver at the spot price.

In the last quarter, Silver Wheaton increased its net earnings by 12% to \$27.9 million (\$0.13 per share). The majority of the gains came from the increase in silver price while sales volumes decreased slightly due to shipment delays. Silver Wheaton continues to aggressively acquire additional silver resources. As more of its recent acquisitions come into production, its sales volume of silver will increase, further expanding the profitability of this company. Silver Wheaton is attractive to investors as a profitable and growing business and also because of its enormous optionality to the silver price.

Price May 30, 2008: C\$14.43
Shares Outstanding: 223 million
Shares Fully Diluted: 266 million
Market Cap: C\$3.2 Billion
Contact: Investor Relations
(604) 684-9648
www.silverwheaton.com

Sprott Resource Corporation (SCP-TSX)

Sprott has invested an additional \$24 million in PBS Coal Corporation. The investment maintains Sprott's 37% interest. PBS Coal produces 3 million tonnes per year of metallurgical coal from operations in Somerset Country, Pennsylvania. The latest financing is intended to fund an increase in the production rate to 5 million tonnes by 2010. The price of metallurgical coal has risen dramatically in recent months as steel producers worldwide continue to ramp up production.

Sprott Resources invests in public resource companies and also invests directly in resource assets. The company currently has \$33 million in the bank, and various investments in coal, phosphates, potash, and precious metals.

Most recently Sprott began a warrant incentive plan to help accelerate the exercise of 39.9 million warrants. The warrants were issued in September 2007 as part of a financing. Shareholders that choose to exercise the warrants early will receive an additional half warrant (exercisable at \$4.25) for each warrant exercised. This incentive program will give the company access to \$99.8 million in additional capital, which it plans to use to acquire additional interests in natural resource properties and assets. Sprott has entered into an option agreement with Altius Minerals Corp (ALT-TSX) whereby it can earn 60% in the St. Georges potash project in southwestern Newfoundland by funding \$2.5 million in exploration expenditures. Sprott has options to earn positions in various other companies and projects in the America's.

Sprott has created a subsidiary company called One Earth Resources

(private) which will focus on working with Canadian Aboriginal communities to help them unlock the value of the resources on their lands in a manner that brings benefits to their community.

Sprott Resources has nearly doubled in value since it was introduced in Resources Opportunities just three months ago. There is still enormous upside potential as the company continues to evolve. The company provides shareholders with a mutual fund type of investment, but more importantly, it provides an opportunity to invest along side some of the top money makers in the business.

Price May 30, 2008: C\$3.95
Shares Outstanding: 52 million
Shares Fully Diluted: 92 million
Market Cap: C\$205 million
Contact: Investor Relations
(416) 977-7333
www.sprottresource.com

Terrane Metals (TRX-TSXV)

Terrane entered into an agreement with Goldcorp, its major shareholder, intended to help fund the Mt. Milligan copper-gold deposit to production. Goldcorp will provide a loan guarantee of up to \$40 million to enable Terrane to order equipment with long lead times. The agreement also provides for Goldcorp to exchange its 240 million preference shares of Terrane for a direct joint venture interest in the project. The interest will be between 30% and 60%, and be determined on the basis of the respective values of the shares and the project. With a projected price tag approaching a billion dollars, Terrane needs a senior partner. This agreement puts the company in a strong position to raise the money needed to advance Mt. Milligan toward production.

A feasibility study at Mt. Milligan completed earlier this year shows a net present value of \$606 million, and a 3.7 year payback. The feasibility study is based on the construction of a conventional open-pit mine with a 60,000 tonne per day mill that will cost \$917 million. It is expected that an average 217,000 ounces of gold and 88 million pounds of copper will be produced annually over 15 years. Production is scheduled to begin in 2012.

Terrane also reported an initial resource estimate on its Berg project in British Columbia that outlined an indicated resource of 2.5 billion pounds copper, 299 million pounds molybdenum, 25 million ounces silver plus an inferred resource of 0.8 billion pounds copper, 122 million pounds molybdenum and 9.7 million ounces silver. Terrane plans to drill an additional 10,000 meters at Berg to target high grade zones and expand the resource.

The project was explored by two majors in the 1970s. The current resource incorporates results of that work. Drilling before 1980 did not assay for silver. As a result, all of the data from that time assigns a value of zero for the silver content, resulting in an average silver value of 2.1 grams per tonne. Drilling last year encountered zones with better than 5 g/t silver, with one hole encountering 106 meters that carried 65 g/t in an area with limited drilling by previous operators.

Terrane's share price has recovered slightly over the past few weeks as the new resource and feasibility studies have begun to build investor confidence. Clarification of the terms of the deal with Goldcorp should add further value to the company.

*Price May 30, 2008: C\$0.54
Shares Outstanding: 113 million
Shares Fully Diluted: 412 million
Market Cap: C\$61 million
Contact: Investor Relations
www.terrane.com
(604) 681-9930*

Brief Updates

Acadian Mining (ADA-TSX; C\$0.64) generated the first quarterly profit from its Scotia zinc-lead mine in Nova Scotia. The C\$912,000 net income was well below target, due to problems with excess water in the pit that forced the treatment of lower grade ore. Management now says that the operation is back to full production and forecasts that the target production of zinc and lead for the year will be met, but they made no comment with regard to profit expectation.

Acadian plans to spin-out its gold properties into a new company called Annapolis Gold Corporation on the basis of one share of the gold company for 4 shares of Acadian. The spin-out is expected to be completed in late June. Annapolis will have several gold properties, with the four most advanced having a total combined resource of 1.5 million ounces of gold. The Beaver Dam property is the most advanced, with a combined resource of 950,000 ounces of gold and a scoping study expected shortly. Beaver Dam is the planned location for a central milling facility that is expected to treat ore from mines to be developed at the other properties.

Missed targets on the operating side have disappointed many investors. If they are able to meet their targets, then this company could generate significant profits, supporting a higher share price. In the meantime, the shares of the gold company will come as an effective dividend.

ATW Ventures (ATW-TSXV; C\$0.83) has entered onto a definitive purchase agreement for 100% of the Gullewa gold-copper project, with the purchase price payable over 3 years. The mine is located 450 kilometers north of Perth, Australia and 300 kilometers southwest of the company's 100% owned and near-production Burnakura gold mine.

Like Burnakura, Gullewa is a past-producing mine and the deal gives ATW the full complement of equipment and infrastructure. ATW expects to spend several months evaluating the existing resources and exploring the extensive property for additional gold deposits. At the same time, the company will develop a detailed mining plan as well as plans for re-starting the mill.

The company is restricted from reporting on the historical resources until it has completed an updated study that complies with Canadian regulatory standards. That report is underway and expected shortly. It should give investors a better grasp on the value of the project.

Assays from resource definition drilling at Burnakura continue to show intervals of high grade gold values. Drilling is intended to delineate a higher grade ore zone found by earlier drilling and will also target down-dip extensions where previous results have suggested the presence of other higher grade zones.

ATW has money in the bank and two gold projects moving quickly towards production. At the current price, ATW looks attractive.

Capstone Mining Corp. (CS-TSX; C\$4.24) generated record first quarter production results at its Cozamin mine in Zacatecas, Mexico with an operating profit of \$15.9 million, or \$0.20 per share for the quarter. That

operating profit was largely offset by a loss on forward copper sales of \$12.4 million. The average forward price is set at \$3.18.

The company has no debt and has \$56 million in the bank. The 22% ownership of Silverstone Resources (SST-TSXV) is worth \$65 million.

Capstone is investing \$10 million to further expand the mill to a production rate of 3,000 tonnes per day, up from the present level of 1,000 tonnes per day. In addition to boosting throughput, the expansion will contribute to a lowering of unit operating costs.

Capstone is just beginning to get the credit it deserves for a profitable and growing mining operation. As production improvements continue over the coming months and as investors give greater credit to base metal miners, Capstone should see further gains.

CGA Mining (CGA-TSX; C\$1.80) announced that developmental work at its Masbate gold project in the Philippines is 4 weeks ahead of schedule. Production is expected to begin from an open pit mine in 2009 at a production rate of 206,000 ounces of gold per year. Additional drilling has identified a higher grade zone with assays up to 42 meters of 10.5 grams per tonne gold. Work is also underway on a feasibility study for the Mkushi copper project in Zambia. On-going drilling shows the potential for additional mineralization beyond the resource used for the feasibility study. An updated resource will be estimated in September to incorporate the recent drilling. The company is also in the middle of a 10,000 meter drill program at its Segilola gold project in Nigeria. A large trenching and sampling program was completed last quarter and results are expected shortly.

The Masbate project is the main driving force for the company's share price with little value being given to the other high potential projects. The CGA team is intent on building the company into a mid-tier producer and with Masbate on track towards production and work advancing on the other projects the share value should continue to move upwards.

Endeavor Mining Capital (EDV-TSX; C\$7.50) announced earnings of \$2.1 million or \$0.07 per share for the last quarter along with a cash dividend of \$0.015 per share. This compares to earnings of \$24.5 million or \$1.05 per share the same time last year.

Endeavor Mining Capital earned the majority of its recent profits from financial advisory fees with the level of investment income down from a year ago. Over the past months, Endeavour's share price has declined along with the resource markets. The trend should head back upwards as the market recovers. The company is run by some of the top people in this business who are able to generate returns for shareholders by putting accretive deals together. Several deals still in the formative stage should add considerable value as they evolve. Over time, investors will begin to give credit for the management strength, with the value going from a discount to net asset value to a premium.

Exmin Resources (EXM-TSXV; C\$0.195) had trading suspended by a Canadian securities regulator for failure to publish its financial statements and management discussion and analysis on time. They have now been published, clearing the way for the shares to resume trading. There are complexities in preparing financials involving operations in other countries, but most companies are able to deal with those difficulties

and deliver appropriate filings on time.

Exmin (30%) and Hochschild (70%) continue to produce gold and silver on a small scale from the Moris mine, with first quarter production at 6,530 ounces of gold and 14,000 ounces of silver. Hochschild recently dropped out of the Moris district exploration program after drill testing several targets. Several significant intersections were encountered, but not enough to hold the interest of the London-listed mid-tier producer. The two companies continue a cooperative exploration program around the mine.

In the meantime the company has completed a 1,353 meter drill program at the Cerro Colorado portion of the Urique project in Chihuahua, Mexico and a phase two field work program has begun. A 2,000 meter drill program is underway to test a magnetic anomaly at depth at the Cerro Gordo project in Zacatencas, Mexico.

Exmin is working on about 10 projects in the Sierra Madre gold-silver belt of Mexico where the company holds an extensive land position. Joint venture partners are funding some of the work.

Exmin has numerous high-potential projects and a strong geological team. However, the company has struggled to attract an investor following. The failure to deliver financial statements on time further erodes investor confidence in management. The company needs to deliver some substantive news quickly if it is to have any hope of recovering from the downtrend and raising further capital at a favorable price.

Freewest Resources (FWR-TSXV; C\$0.28) has signed a joint venture agreement with Noront Resources (NOT-TSXV) whereby the compa-

nies both contributed a portion of their respective land to a joint venture and agreed to share exploration costs on 50/50 basis. The project is in the McFaulds Lake area of northern Ontario.

The joint venture property covers a prominent magnetic anomaly that straddles the property boundary. It is strikingly similar to the magnetic anomaly intimately associated with Noront's Eagle One deposit, located approximately seven kilometers to the southwest. The companies plan further geophysical work, followed by drilling. Noront's Eagle One nickel-copper-platinum discovery is a prime support for that company's half billion dollar market value.

Freewest and joint venture partners Spider Resources (SPQ-TSXV) and KWG Resources (KWG-TSXV) reported assays from a portion of their joint venture property, located 3.6 kilometers northeast of Noront's Eagle One discovery. The values included encouraging assays of chromium, platinum, palladium and nickel. The companies are planning additional drilling to follow up on those zones of mineralization.

Freewest has an extensive property position in the McFaulds Lake region. The company also has more than a dozen other projects located in central and eastern Canada and \$9 million in the bank, putting the company in a good position to generate results that could move the share price.

Great Panther Resources (GPR-TSX; C\$1.44) reported improved revenue and earnings in the last quarter from production at its Topia and Guanajuato silver-gold mines. Silver production of 431,639 silver-equivalent ounces generated revenue of \$6.5 million and earnings from operations of 1.9 million.

Drilling at Guanajuato continues to

show intervals of high grade mineralization with recent assays up to 15.9 meters of 1,305 grams per tonne silver and 4.6 grams per tonne gold. The continued drilling is helping Great Panther to better understand the nature of the ore zones while they delineate additional resources.

The share price should trend higher if the company is able to continue to boost production and profitability over the coming quarters.

Hathor Exploration (HAT-TSXV; C\$3.02) has reported further high grade assays from its Roughrider uranium discovery in the Athabasca basin of northern Saskatchewan. Results included 3 meters at 22.7% U3O8 in hole 21 and 15 meters of 10.02% U3O8 in hole 20. Hole number 12 was the discovery hole, with 11.9 meters grading 5.29%. The mineralization is located at a depth of 200 meters. Hathor completed 29 holes at the project over the winter and plans to resume drilling in mid-June. The 15 hole program is intended to further test the extent of the mineralization in the discovery zone, as well as testing other targets that may represent additional uranium zones.

Hathor has made a significant discovery of a small but high grade uranium deposit. As drilling continues to outline the mineralized zone, and with potential for further discoveries, shareholders should continue to enjoy gains.

Kaminak Gold Corp. (KAM-TSXV; C\$0.56) has formalized an exploration agreement with the Nunavut Tunngavik Incorporated on the Angilak uranium property. Previous work identified the Lac Cinquente uranium deposit, with an 11.6 million pound historic resource. This agreement will allow Kaminak to be

the first company to explore for uranium in the area in recent times.

Kaminak plans to spin-out the project into a company called Kivalliq Energy Corp by July 2008. For every 2 shares of Kaminak, shareholders will receive 0.8 of a share and 0.5 of a warrant in Kivalliq Energy. Kaminak will continue to hold 3.6 million shares in the new company and the Nunuvut Tunngavik Incorporated will receive 1 million shares in the new company.

Work by joint venture partners continues on seven of Kaminak's properties across Canada. All of the company's projects have large scale discovery potential. The upcoming spin-off of Kivalliq will give shareholders a near-term gain.

Lero Gold Corp (LER-TSXV; C\$1.02) announced results from a single extension hole with assays up to 332 meters of 0.69 grams per tonne gold and 0.14% copper at its Taldybulak-Talas copper-gold porphyry project in northwest Kyrgyzstan. The hole was drilled 200 meters outside of the holes drilled in the 2007 program and was designed to test the extent of mineralization. Lero plans to begin a phase two drill program in the coming weeks.

Lero recently reported resource estimates at the Karchiga and Taldybulak-Talas projects. More importantly, the proposed merger with European Minerals (EPM-T) will quickly put Lero into the ranks of gold producers, providing a strong base from which to develop its other projects and consolidate other mining operations in that region.

Luna Gold (LGC-TSXV; C\$1.10) reported an updated resource estimate for its Aurizona gold project in Brazil with a measured and indicated

resource of 763,000 ounces gold and an inferred resource of 525,000 ounces gold at average grades of about 1.3 grams per tonne gold. This represents a 48% increase from historic resource values.

The new resource included 4,500 meters of drilling at the Piaba zone and 1,800 meters of drilling at the Tatajuba zone. The deposit remains open at depth which is significant as mineralization tends to continue at depth with these types of orogenic gold deposits. The resource did not include the final five holes drilled at Piaba which intersected good gold mineralization with recent assays up to 73 meters of 1.47 grams per tonne gold. Drilling continues to expand and upgrade the areas of mineralization at Aurizona.

Work continues on a 6,000 meter drill program at the Cachoeira project in northeastern Brazil that will test the extent of mineralization along strike and confirm historic values. Assays are expected any day.

Luna is working towards becoming a mid-tier gold production company and as work progresses toward that objective, further value should be added.

MAG Silver (MAG-TSX; C\$11.60) continues work on several Mexican silver projects. At the Juanacipio project, adjacent to Penoles' Fresnillo silver mine (the largest silver mine in the world), drilling continue to encounter high grade silver values with recent results up to 4,100 grams per tonnes silver over 0.60 meters with good values of gold, lead and zinc. Mag owns 44% in the project while Penoles has earned a 56% interest. Drilling is ongoing.

At the Batopilas silver property recent assays were up to 61 meters of 20.5 grams per tonne silver, 0.66% lead and 0.84% zinc. Further drilling

is planned to begin after the rainy season.

At the Cinco de Mayo silver-lead-zinc project, recent assays from widely spaced holes are up to 6.8 meters of 254 grams per tonne silver, 6.4% lead and 7% zinc. Geophysics completed on the property last year identified various targets that are scheduled to be drilled in the ongoing program.

Mag Silver has \$69.8 million in the bank after all outstanding warrants were exercised from the February 2007 private placement. The company is being valued primarily on Juanacipio with Penoles in charge of project development. As that project advances and with the potential for discovery on the other properties, the share price should continue to trend higher.

Pacific Ridge Exploration (PEX-TSXV; C\$0.15) has entered the fertilizer business by staking a phosphate exploration project in east-central British Columbia. The claims cover 500 square kilometers of favorable geology for hosting phosphate deposits.

Phosphate rock is used to make phosphoric acid, a primary ingredient in fertilizer products. The value of phosphoric acid has soared five-fold in the past year to \$1,000 per tonne. Extensive phosphate occurrences were discovered in the area in the course of exploration for coal, oil and gas, but were never followed up. Pacific Ridge plans to conduct the first-ever comprehensive exploration program over the summer. The area is well served by infrastructure, with existing mines in the area.

With the focus now on the phosphate project, the Baker uranium project in Nunavut is being offered to potential joint venture partners. The company

has \$1.3-million of cash, adequate to initiate an exploration program, and it has a strong geological team.

Silvercorp Metals (SVM-TSX; C\$7.56) reported preliminary, unaudited results for its fiscal year ended March 31. The company sold nearly 4 million ounces of silver for \$45 million. Gold, lead and zinc brought the total revenue for the year to \$108 million.

The company has consolidated the Ying district and is now producing from four mines. The milling capacity is being increased to 3,000 tonnes per day from the present 1,300 tonne level.

In a deal set to close over the next couple of weeks, Silvercorp has taken control over another silver district in another province, Guangdong. That project has near-term production potential and provides a further base from which to expand production by further consolidating the district. Silvercorp continues to aggressively seek out further acquisitions, which would firm up its position as the leading silver producer in China and one of the world's top producers of the precious metal.

