

The Next Minco Gold

Inca Pacific and the Polymetallic Producer

A 100% Arbitrage Gain in under 3 Months

In my most recent mailing on January 28th, I wrote about the absurd valuation of Minco Gold relative to Minco Silver. Specifically, I said the following:

". . .if it turns out that the cynics are wrong and Minco Gold does indeed have value beyond its cash and securities values, say an estimated \$10-\$20 million, then this suddenly becomes a potential 100%+ arbitrage opportunity."

Here we are about two months later sitting on a gain of exactly 100% as of the close on April 7th. Specifically, Minco Gold rose from \$0.73 to \$1.47 after trading as high as \$1.83 on March 17th, while Minco Silver remained almost perfectly flat at about C\$3.40.

Another Truly Remarkable Investment Opportunity

Yesterday, the April addition of the Resource Fortunes Newsletter (www.resourcefortunes.com) was released. Within it, I profiled a small company worth C\$17.4 million that I've estimated is likely to generate about C\$18 million in revenue during 2008.

Amazingly, cash flow during 2008 for this junior producer of nickel, copper, gold, silver, and platinum group metals is estimated to be around C\$11 million. This is using a 500 tonnes per day (tpd) throughput assumption, and there is reason to believe that the current operations can be expanded as much 400% to 2,000tpd.

If we adjust for this company's cash and investment interests, the market capitalization shrinks to just C\$12.8 million. With estimated cash flow during 2008 of C\$11 million at the current 500tpd production rate, and potentially cash flow of over \$40 million if throughput is increased to 2,000tpd in late 2008 or 2009, I believe I've uncovered yet another absurdly undervalued investment opportunity.

Currently, paying subscribers have access to a detailed 5-page profile of this company complete with technical analysis. If you are interested in learning the name of this company, please consider subscribing to the Resource Fortunes Premium Newsletter. We offer a 30-day trial membership for just \$2.99. Please click on the following link to subscribe: <http://www.resourcefortunes.com/payment.htm>. Then simply log in to the members area and read about this newly profiled junior in our April newsletter.

Yet Another

Despite copper and molybdenum prices sustaining record highs, not to mention the unrelenting insider buying by the company's President and CEO, Inca Pacific Resources (IPR.v or IPRFF.pk) continues to languish around the C\$1.50 level.

As some of you may recall, I wrote about Inca back in June 2007: <http://www.silverinscripture.com/articles.php?id=16>. For those who haven't read the aforementioned Silver Stock Investment Newsletter report, I would highly recommend it since this current issue will not contain as extensive an overview of the company.

Instead, this issue will focus on four key points that distinguish Inca from other junior development companies. Together, I think these make the case for distinguishing Inca as a remarkable investment opportunity with the very real potential of registering 100% gains over the next 12 months.

First, Inca holds a 100% interest in a world-class deposit in Peru containing roughly 2.8 billion lbs. of copper and 250 million lbs. molybdenum. According to the final feasibility study released in January 2008, Inca's Magistral deposit boasts an after-tax NPV@8% of C\$432 million at \$2.00/lb copper and \$16.00/lb molybdenum. Thus, the after-tax net present value of the project is about 7.5 times as large as the current market capitalization (C\$58 million) using 50% discounted metals prices.

Second, the amount of insider buying is remarkable. Specifically, Anthony Floyd, the President of Inca, has accumulated 660,300 shares since my June 2007 coverage of the company. What's remarkable is not just the amount of buying but both the consistency and method of accumulation. Hardly a week goes by that Mr. Floyd does not add to his position, and this is always done at market prices. That is to say, none of these purchases were the result of exercising in-the-money stock options.

Third, management's track record is phenomenal. Anthony Floyd was also the president of the original Lumina Copper Corporation. Lumina Copper conducted their IPO at C\$1.00 in 2003. About two years later, Lumina broke into 4 separate companies, and shareholders of the original Lumina Copper received 1 share of each. The four companies formed were Regalito Copper, Lumina Resources, Northern Peru Copper, and Global Copper.

During 2006, Regalito was bought-out for C\$6.00 along with Lumina Resources for about C\$1.30. During 2007, Northern Peru Copper was taken over for C\$13.75, and Global Copper currently trades at C\$9.60. Thus, original investors in Lumina Copper Corporation, if they still own their IPO shares, are up about 3,065% on their 5-year old investment. We're confident that with Inca's superb project economics, it won't be difficult for Anthony Floyd to prove himself similarly successful in negotiating a takeover favorable to shareholders.

Fourth, Sprott Molybdenum Participation Corporation owns a 49% interest in the company, and the majority of this interest was purchased at a cost of C\$2.00 per share in June 2007. According to Sprott's most recent conference call broadcast on February 29th (<http://events.startcast.com/events/244/B0003/> - 17 minute mark), Eric Sprott expects a significant development to occur within about 11 months. While several potential scenarios were given, we believe that the eventual takeover of the company in the \$3.00-\$4.00+ range is the most likely outcome, especially given management's track record.

In conclusion, Inca Pacific Minerals owns a remarkable copper-moly deposit, is presided over by a very competent and experienced President whose interests are fully aligned with the shareholders, and is 49% owned by a fund that is convinced the company will announce significant news within 11 months. Therefore, I believe that Inca's share price is well positioned to rise 100% of more by this time next year.

Feel free to send any feedback about this article to dzurbuchen@resourcefortunes.com

**I currently own 4,000 shares of Inca Pacific Resources and 10,000 shares of the mystery polymetallic producer mentioned earlier in this issue. Neither company has paid me to write this report. Please don't forget to visit our website, www.resourcefortunes.com and sample our premium newsletter service for 30 days for just \$2.99, <http://www.resourcefortunes.com/payment.htm>. Our in-depth monthly premium newsletter runs about 50 pages in length, and includes my fundamental analysis along with [Roy Marten's phenomenal technical analysis](#), as well as other excellent trading tools such as our "fundamentals" excel file.*

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