

RESOURCE OPPORTUNITIES

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Roca Mines (ROK-TSXV)

Extracted from the April 2006-3 Issue

Roca is on track to become a molybdenum producer before the end of this year. The company has a deposit for which a substantial high-grade resource has already been outlined. That deposit is accessible with existing underground development and the company recently purchased a processing facility that will be erected on site over the coming months. Most importantly, the company already holds a mining permit.

Roca is developing its wholly-owned MAX deposit in southern British Columbia. Newmont delineated a large moly deposit in the 1980s. They had developed a production-sized adit into the deposit and were proceeding toward development before the molybdenum market collapsed and the major abandoned the project.

The MAX deposit is road accessible and only a few kilometers from a town. The provincial government and the local communities are supportive of mining.

The adit developed in the 1980s provides Roca with immediate access to the deposit. The portal is at

valley level in an area suitable for development of the mill and infrastructure. The company has a permit in place that will allow the project to proceed immediately to development on a small scale basis as they continue the process of securing the full scale mining permit.

The deposit, as presently outlined, can support a large-scale mining operation for many years and there is still considerable exploration potential on the property.

The MAX deposit took a big step toward early development when the company recently acquired a 1,000 tonne per day mill, complete with ancillary equipment and facilities. The mill has two 500 tonne per day circuits that can be operated independently, providing flexibility to the development schedule.

The mill had been operated by one of the majors until the early 1990s. It is located in Washington state, just 380 kilometers by road from the MAX deposit. The mill is to be transported to site, refurbished and reassembled to begin production

in the third quarter of this year.

The "small mines" permit that Roca has will permit the company to mine and process up to 10,000 tonnes per year. Working within that permit, they will mine 10,000 tonnes this year and repeat that early next year. On receipt of the full mining permit, they will be able to ramp up production quickly.

The initial mine will focus on a high-grade portion of the deposit containing more than 200,000 tonnes with an average grade of 1.95% MoS₂. Working within the bounds of the small mines permit, the company expects to produce 1.5 million pounds per year of molybdenum in concentrate.

The economic picture for the project is extremely attractive. The company has estimated the capital expenditure to be \$12 million to move and set up the mill, complete the underground development and commence milling using one of the 500 tonne per day circuits.

The operating cost is estimated to be roughly \$100 per tonne. With 23 pounds of molybdenum per

tonne recoverable from the high-grade ore, and with moly presently selling at about \$20 per pound, the project has the potential to generate substantial cash flow, even from the initial small-scale operation.

Once the full mining permit is in place, production would ramp up, by starting the second 500 tonne per day circuit in the mill. Production could be further ramped up with modest capital cost if the outlook for the molybdenum price remains strong.

The overall deposit, as presently outlined, contains 42.9 million tonnes grading 0.20% MoS₂. That is adequate for at least a couple of decades of production at a rate well beyond the present capacity of the recently acquired mill.

In addition to the deposit as presently outlined, there is substantial exploration potential at depth. The MAX deposit appears geologically similar to the Urad deposit that lies above the 700 million tonne Henderson deposit in Colorado. The deeper potential at MAX has not yet been tested.

The MAX deposit and the recently acquired mill give Roca a rare opportunity to begin production quickly and thereby take advantage of the present buoyant molybdenum market. Most importantly, the company can achieve production and substantial cash flows for a modest capital expenditure.

Roca also has a couple of other exploration projects in British Columbia. Romios Gold (RG-TSXV) is earning an interest in one of the Roca properties as part of that company's Newmont Lake project

in northwestern British Columbia.

The company recently raised C\$2 million by way of a private placement with an institutional group with an interest in emerging mining deals. The news of that group's involvement created a flurry in share price. Now, money in hand, a project moving toward production, and the share price settled back, this is an attractive entry point.

Price April 17, 2006: C\$0.60

Shares Outstanding: 47.5 million

Shares Fully Diluted: 53.8 million

Market Cap: C\$ 28.5 million

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