

Today's Notes:

- 1. Revett Minerals (RVMIF, RVM TSXV)**
- 2. Advanced Exploration (AXI TSXV)**

1. REVETT MINERALS: GREAT NUMBERS IN 2010 (RVM TSXV)

Last week one of our favorites, Revett Minerals, put out results for the first quarter of 2010. In a word, they were "great." Revett showed operating improvement over the same period in 2008. For example the by product cost per ounce of silver fell from \$13.41 to \$5.39 for the same quarter in 2009. Throughput at the Troy mine and mill increased by from 3,811 tons per day to 4,265, a 12% increase.

Direct operating costs were \$22.99 per ton. The company reported producing .76 ounces of silver per ton worth \$11.42 (we assumed \$15 silver) and 6.3 pounds of copper per ton worth \$18.92 (we assumed \$3 copper). At these prices each ton of ore would have contributed \$7.35 to operating profits. Operating profits would be \$2,791,000 for the first quarter of 2010 – almost \$1 million a month and this on relatively low grade ore¹.

Rock Creek is a world class asset also owned by Revett. There are two sides to Revett's Rock Creek story even though the environmental lobby speaks perhaps more vocally. Rock Creek hosts 230 million ounces of silver and 2 billion pounds of copper. This translates to an in situ value of several billions of dollars. We think silver has significant upside from this point.

Current results were a result of improved productivity of the mining group. The shares still want to trade around \$.40. Management indicates that there is a current mine life plan of about 6 more years on the Troy mine. The company is proceeding to the C-Beds where 1.2 million tons of much higher grade silver / copper ore exists. They will begin mining this ore in the fourth quarter (1.6 ounces silver and .56% copper per ton).

If Revett management is able to achieve the same productivity (recoveries, costs, etc.) in the C-Beds, starting in the fourth quarter of 2010, the company's operating profits for the quarter will improve substantially – to \$ 9,830,647.72 based on the much higher silver and copper grades. Management has wisely hedged a portion of its copper and silver production so they will not realize these levels of operating profits. Nevertheless the C-Beds promise to increase Revett's cash flows significantly.

The great unknown, of course, is how Judge Molloy will rule on Revett's Rock Creek mining permit. We are awaiting more information on that. Rock Creek, as you may know, is fully drilled out and permitted. Judge Molloy recently vacated that permit but dismissed several environmental objections including the water and wildlife challenges. We await his ruling. With Forest Service backing we still expect a positive Rock Creek decision. This would be a

¹ Revett management has hedged a portion of its copper and silver production. In fact management has hedged enough of the copper to cover a significant portion of next year's costs structure. We do not have exact metal prices that Revett received during the first quarter.

major catalyst for Revett's share price. Even without that we do not think the shares have much downside from this level. We look for management to diversify properties and the legal risks. Revett, at present, is a deep out-of-the-money option on the price of silver and Rock Creek's world class potential.

2. ADVANCED EXPLORATION (AXI TSXV)

Advanced Explorations (AEI) has a world class (357 million tonnes inferred) iron ore development on tidewater on the Melville Peninsula in Nunavut, northern Canada. This location of their Roche Bay project is highly significant. Last year AEI announced a preliminary economic assessment indicating a potential US \$2.76 billion net present value and a return on investment between three and five years.

The company recently received metallurgical results that indicate that the Roche Bay Project can deliver a high quality iron product with a concentrate/pellet feed of greater than 67% iron, less than 4.5% SiO₂, 0.03% TiO₂, 0.02% P and 0.04% S. These results mean that the company's concentrate could also be sold into the traditional seaborne iron ore trade providing additional cash flow to that from the production of iron nuggets. The Company has moved forward very intently and the markets are beginning to wake up to this fact. CEO John Gingerich said,

“The new metallurgical findings provide important additional development options. While the Company remains focused on the high value, high quality iron nugget business plan, we should be able to add significant cash flow without substantially changing our current development plans. However the key impact of the findings is that the project could be scaled to provide substantial high quality concentrate feed as well.”

It seems that the company can now diversify its product base. In short this is an excellent resource and business plan. Management seems to be making good progress. I own shares in Advanced Explorations Inc.



The material herein is for informational purposes only and is not intended to and does not constitute the rendering of investment advice or the solicitation of an offer to buy securities. The foregoing discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (The Act). In particular when used in the preceding discussion the words “plan,” confident that, believe, scheduled, expect, or intend to, and similar conditional expressions are intended to identify forward-looking statements subject to the safe harbor created by the ACT. Such statements are subject to certain risks and uncertainties and actual results could differ materially from those expressed in any of the forward looking statements. Such risks and uncertainties include, but are not limited to future events and financial performance of the company which are inherently uncertain and actual events and / or results may differ materially. In addition Dr. Berry may review investments that are not registered in the U.S. He owns shares and in Goldcorp, Senesco Technologies, Natural Blue Resources, Horseshoe Gold, Derek Oil and Gas, Terraco Gold, Neuralstem, Piedmont Mining, MegaWest Energy, CGX Energy, Solares Lithium and Quaterra Resources. Dr. Berry is a paid advisor to Revett Minerals and Advanced Exploration. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.