

# EQUITIES

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## Spot Report



### Investment Highlights

- ☑ The company is dual-listed on the Toronto Venture Exchange (NCV) and the Frankfurt Exchange (C7X).
- ☑ The company has signed an agreement with a Korean Resource Group for a joint venture that will free it from primary financing and mine/processing responsibilities.
- ☑ The Korean group must finance New Cantech's property into production in order to earn a 60% interest.
- ☑ The world demand for molybdenum is growing at an annual rate of 4.5%, while production decreases 1% each year. The world market for this mineral currently stands at \$10.4 billion USD.
- ☑ The world's largest molybdenum mine, accounting for 16% of world production, will exhaust its ore resources by 2013.
- ☑ The company's Lucky Ship property boasts 95 million pounds of molybdenum to a depth of 300 meters and still open at depth. The deposit is valued at \$1.4 billion EUR, or \$2.3 billion USD.
- ☑ Many of the known molybdenum deposits in the world are located in remote areas with no infrastructures, or in countries with unstable governments. The company's property is located in stable, pro-mining British Columbia, Canada. Access to commercial roads is excellent within one half mile of the deposit.

By Arnaldo Arroyo

### MAKE CONTACT



TSX: NCV

Frankfurt: C7X

#### COMPANY

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#### SHARE DATA

|                      |              |
|----------------------|--------------|
| Recent Price:        | \$0.95       |
| 52-Week Price Range: | \$1.15-0.16  |
| Shares Outstanding:  | 49 million   |
| Market Cap:          | \$47 million |

#### BALANCE SHEET DATA

(N/A)

|                       |     |
|-----------------------|-----|
| Total Assets:         | N/A |
| Long-Term Debt:       | N/A |
| Loss Per Share:       | N/A |
| Book Value Per Share: | N/A |

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### Recommendation

In the investment world, mining stocks are notoriously volatile – when it comes to these development stage companies, it can be difficult to separate the winners from those who will go belly up and fail. But there are a number of factors that make a strong case for the success of a mining company: among others, *market, financing* and *location* tend to be of the most importance. Canadian mining company New Cantech Ventures has focused its efforts on a little known mineral called molybdenum, which has uses in gas and oil pipelines, tools and machinery, and the automotive industry. As the world becomes increasingly dependent on all of these things, there is no question about the market potential of this mineral. What's more, the company will be able to avoid many of the problems faced by companies that mine in countries with political interference or social turmoil - its flagship molybdenum property is located in stable, pro-mining British Columbia, Canada. Also, the company recently entered an agreement freeing it from primary financing responsibilities. With a strong platform comprised of significant market opportunity, complete financing, and a property location rich with minerals and free of instability, we'd say this company might just be one of those big winners.

### Company Profile

Spurred by renewed worldwide demand for resources, New Cantech Ventures, based in Vancouver, BC, has acquired lucrative copper, gold and

molybdenum properties in North America. The company's main focus is molybdenum, a mineral used in a wide range of pipes, tools, and machines. The world demand for molybdenum, or "moly" as it's commonly referred to, is increasing at a rate of 4.5%, while production is declining at a rate of 1% per year. The company is moving to take



advantage of the rapid increase in the price of moly (U.S. \$26.00 per pound), and to date has established a resource of 95 million pounds of the mineral, to a depth of 300 meters, at its Lucky Ship property. A 1,100-meter drill hole has been completed at the property, with results expected in mid-March. The deposit's estimated value is 1.8 billion Euros - or the equivalent of 2.5 million to 3 million ounces of gold deposit.

### Molybdenum

The main use of this mineral is for the production of specialty steels for a wide range of industries. With relatively few sources of molybdenum in the world, the price tends to fluctuate. After a \$50 peak in the 1970s, the price re-

mained below \$10 for the next twenty years. The multi-purpose mineral made a comeback in the late 90s as supply and demand achieved synergy and the use of stainless and alloy steels increased. Molybdenum is a refractory metallic element used primarily as an alloying agent in steel, cast iron and super alloys to enhance strength. A versatile mineral, molybdenum has a significant role in modern industrial technology, especially for the prevention of corrosion. Most importantly, few of molybdenum's uses have acceptable substitutions.

Molybdenum is not as well known as other minerals; however, the world market is U.S. \$10.4 billion, compared to uranium at U.S. \$8.3 billion and silver at U.S. \$8.4 billion. It is used primarily in the construction of pipelines and stainless steel fabrication. The pipelines built in the 1950s to 1970s did not use molybdenum and are suffering from severe corrosion. The Alaskan pipeline, for example, was shut down due to corrosion and will have to be replaced with moly-based pipe to maintain production levels. A major producer, the Henderson Mine operated by Phelps Dodge in Colorado, will be out of ore in 2013. This mine represents 16% of world supply.

### The History of Molybdenum in British Columbia

The exploration and development of porphyry deposits during the 1960s and 70s had a profound effect on the mining community in British Columbia. Nearly all of the moly-bearing deposits

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were explored up until the 1980s when the price of moly suddenly plummeted from \$30USD/lb to \$3USD/lb. The expanding needs of developing countries such as China, rising oil prices, and the construction of massive gas and oil pipeline systems have since brought the price of the mineral back up to \$26USD/lb. The British Columbia Ministry of Energy and Mines' (MINFILE) database lists 350 moly-bearing occurrences in the province, with 430 of these listing molybdenum as its primary commodity. Total moly production in British Columbia (from 1915-2004) is 320, 300 tons.

### Market Opportunity

Since the late 90s, the global market for moly has seen a 4.3% increase per year, with world demand reaching 181,000 tons in 2005. The mineral is used primarily in high quality piping for the oil and gas industry. Modern oil pipelines currently contain one pound of moly per ton. As the highly corrosive hydrogen sulfide content in transported gases increases, major oil companies will likely raise the standard use of moly to

prevent corrosion. With pipeline projects in the works throughout North America and pipeline activity from developing countries on the rise, the demand for moly is only expected to increase.

Another portion of moly consumption comes from steel machine tools (a \$45 billion global industry), with uses in the automotive, machine building, aviation and ship building industries. Recent news from the 2006 China Numerical Control Machine Tool Exhibition predicts the significant expansion of petrochemical equipment, metallurgical machinery and high-tech equipment markets in the next five years. Various grades of moly are used in each of these segments.

There is a significant nuclear plant retrofit market that includes moly-alloyed steels. This demand is particularly strong in the United States as plants there actively pursue 20-year operating permit extensions beyond their original 40-year permits.

Paints and coatings also utilize the mineral. Moly in paints enables stable color formation and corrosion inhibition. Zinc molybdate is the basis of white corrosion inhibiting pigments, which are used as paint primers. Global consumption of color pigments is valued between \$8 and \$10 billion.

Moly compounds can be used as pigments in plastics as well as paints. Light vehicles, which include also light-duty trucks, vans and sports utility vehicles

(SUVs), contain 335 lbs of plastics and composites on average and in North America represent a \$29 billion market for chemical products. Current forecasts estimate that annual light vehicle demand will remain flat over the near-term. A survey of U.S. forecasters shows expectations of 17 million units in sales during 2006. However, strong growth is expected in light vehicle production worldwide over the next decade, rising from 61 million units in 2004, to more than 77 million in 2014. Much of the growth will be in Asia, particularly in China, as assembly shifts to lower-cost regions and to markets offering greater growth potential.

### The Outlook

While the risk is often high for mining projects, New Cantech's property has a variety of factors working in its favor.

- The Lucky Ship property is a pure moly deposit as opposed to a copper/moly mixture, and can thus be extracted more easily.



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- The type of rock in this particular area allows for relatively easy and inexpensive mining. A nearby project named the Huckleberry Mine contains similar deposits, and has been moving rock at a cost of \$1.50 per ton.
- The stripping ratio will be low, with drill results suggesting a ratio of overburden to ore of less than 2:1.

A report by Hardman and Company Corporate Research of London, England found New Cantech's moly property to have a strong chance of providing commercial return to shareholders, providing there is no catastrophic fall in the world price of the mineral. The Korean Group agreement offers the possibility of enhanced returns. If this deal is concluded, future cash calls on shareholders in relation to this property will be eliminated. According to Hardman, like most early stage mining ventures, risk is high for New Cantech, but growing moly markets are likely to fuel its growth.



### Lucky Ship: The Flagship Property

To date, the company has drilled 68 holes at this location, and has outlined 95 million pounds of molybdenum. Dr. Nick Carter, a foremost engineer in the molybdenum field, prepared the company's 43-101 report.

Lucky Ship is within driving range of a number of other New Cantech interests, including Alice Arm (moly) and Sweeney Lake (copper). More importantly, a brief history of exploration and drilling on the property shows that, with molybdenite at current prices, the existing ore-body in place promises lucrative returns.

The bulk of high-grade mineral here appears to be close to surface. As a result, the company may be able to delineate a small, high-grade ore-body for low-cost/high-return extraction, and later undertake a large-scale open pit-mining program.

### The Indi Property

The Indi property is comprised of four mineral claims totaling 30 units (750 hectares), and is located 18 kilometers north-northwest of Stewart, BC. Access to the property is by the Granduc mining road.

The Indi claims are situated immediately southwest of the Big Missouri gold-silver deposit where mining between 1927 and 1942 yielded 52,700 oz gold and 58,400 oz silver. Mining activity in the Stewart area dates to the early

1900's and continued intermittently until the early 1990's. The Stewart camp is the third largest gold producing camp in British Columbia and the Bralorne-Pioneer and Rossland areas.

The Indi property is immediately west of mineral claims owned by Mountain Boy Minerals Ltd., where surface sampling from the Terminus and Noname (Silver Coin) projects indicate modest to high-grade gold and silver. The Indi property covers areas considered prospective for similar mineralized zones. The adjoining Silver Coin project reported 500,000 ounces of gold equivalent in 2006. A new resource calculation, which will include New Cantech's Indi property will be available mid-March.

New Cantech Ventures owns 45% of the Indi property while Mountain Boy Mines LTD owns 27.5% and Pinnacle Mines owns 27.5%.

### The Sweeney and Mike Properties - Copper

In 2004, New Cantech entered into



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two property option and royalty agreements with Ronald Ross Blusson, a director and the CFO of New Cantech. New Cantech acquired an option from Blusson to purchase a 100% interest in the Sweeney 1 - 4 minerals claims. The other agreement is an option to purchase from Blusson a 100% interest in the Mike mineral claim. The company recently optioned a 70% interest in the adjoining claims from Tournigan Mines.

The Sweeney claims are located 8 km north of the 18,000 ton-per-day Huckleberry (copper/moly) mine. The Sweeney claims option is exercisable by paying a total of \$37,000, issuing and delivering 85,000 shares of the company and incurring exploration expenses of at least \$150,000 over three years.

Exploratory work on these properties has been ongoing since the 1970s. IP surveys and drill holes from 1973 and 1979 showed that Sweeney is host to significant breccia-hosted Cu mineralization with representative values from outcrop ranging from 0.60% Cu to 1.54% Cu, and drill intersections of up to 0.40% Cu over 8 meters within a larger zone of mineralization.

Grab samples of this breccia have returned 1.54% Cu and select samples of this breccia have returned 9.09% Cu. These andesite breccias occur discontinuously over 150 and 300 meters of apparent strike length. The Sweeney property will be drilled this summer.

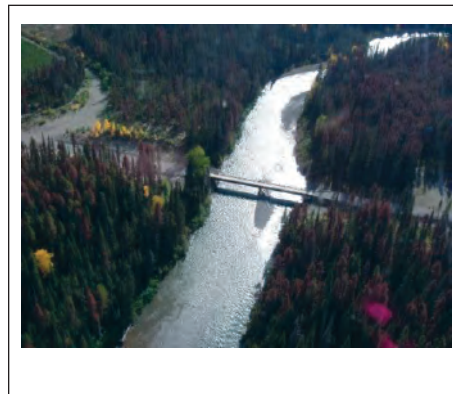
### **The Alice Arm Property Molybdenum**

The mining industry has seen a renewed interest in moly with prices as low as US \$5.00 per pound in 1996 to a recent high of US\$26.00 per pound. Increases in world demand and lack of new production have led to this increase.

Early in 2005, New Cantech acquired a 100% interest in four mineral claims in the Alice Arm area of northwestern British Columbia.

A 1987 report on the Tidewater property authored by Richmark Resources, estimated that the deposit totaled 8.2 million tons grading 0.1%.

The Tidewater Deposit was later re-evaluated for gold and silver mineralization. Samples assayed between 0.31 to 0.96 g/t gold and 269.4 to 884.1 g/t silver. Re-sampling of pulps and core from drilling in 1979 and 1980 resulted in gold assays of 3.55 g/t over 2 meters from a fault zone and 7.90 g/t gold over 2 meters.



In 1987, Amax Canada Limited re-assayed selected samples of core for gold. One sample returned 0.420 oz/t gold and 1.36 oz/t silver.

New Cantech has retained J. L. LeBel, P.Eng. of Orequest Consultants Ltd., as a consultant on its Tidewater moly property. LeBel's previous involvement with the Tidewater property has been of great benefit to the company's efforts on this project.

### **The Grand Forks Property – Copper and Gold**

New Cantech and its majority controlled subsidiary Cougar Minerals Corp. together share 100% interest in these four mineral claims near Grand Forks, BC. The claims are located approximately 75 kilometers north of Grand Forks in the Greenwood mining division of British Columbia.

All of the known copper-gold mineralization on the property occurs between two significant north to northwest trending faults, the IXL fault on the west and McKinley fault on the east. Essentially all of the exploration on the property to date has been done within a 600 meter by 500-meter area between these two faults.

A 2004 IP survey centered on the structural block between the IXL and McKinley faults, covering both faults and the ground between them. A strong IP chargeability anomaly and coincident magnetic high anomaly was identified at

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the edge of the surveyed area, east of the McKinley fault and under the Eocene conglomerate. This anomaly was not drill tested during 2004, due to topographic and seasonal factors.

In 2004, New Cantech assigned to Cougar an option to acquire a 100% interest in the Grand Forks property. Subsequently, Cougar granted New Cantech the right to acquire a 50% interest in the same option by incurring \$200,000 of exploration expenditures.

Sample results from the September 2004 trenching program (11 trenches, 620 lineal meters, 244 samples) on the IXL property confirmed earlier partial results previously reported from the Trench 7 and Trench 11 zones.

Cougar Minerals holds a four square mile property adjoining Shore Gold Inc.'s diamond property in Saskatchewan, Canada.

### **The Sceptre and Tiara Property - Diamonds**

The company holds a 19% interest in 220,000 acres in the Coronation area, Nunavut, some 150 km (93 miles) north of the diamond producing Ekati and Diavik Mines. The property is under option to Stornoway Ventures. As of November 29, 2006 Stornoway has earned a 45% interest. Seven high priority targets have been established.

In 2004, Stornoway Diamond Corp. completed till sampling, prospecting, ground geophysical surveys and drilling

on 817,000 acres of prospective landholdings in the Coronation Diamond district, Nunavut.

Ground geophysical surveys were completed on the Sceptre and Tiara properties to define potential targets up-ice of prominent indicator mineral distribution trains prior to drilling in July 2004. Three targets were drilled on the Sceptre property, which did not intercept kimberlite.

Four targets were drilled on Tiara. All tested geophysical responses identified from a ground survey were situated in close proximity to strongly anomalous till sample results from 2002-2003, which could not be explained by prospecting. Narrow non-kimberlitic dykes and magnetic sedimentary units were intersected.

Stornoway holds a 45% interest in these properties with International Samuel Exploration Corp. (36%) and New Cantech (20%). In addition to ground geophysics and diamond drilling, 500 new till samples were collected from Sceptre and Tiara in 2004.

### **Outram and Mackay Lake - Diamonds**

New Cantech holds a 25% interest in 114,452 acres 100 kilometers south of the Ekati and Diavik Mines. Complete airborne geophysical coverage has been completed at 100 meters spacing with approximately 20 targets established.

A Phase One drill program was commenced in May 2004. Four lake targets were tested with no evidence of kim-

berlite.

### **Recent News**

The company has retained A.C.A. Howe International of London, England and Toronto, Canada to conduct a pre-feasibility study on the Lucky Ship property. This report will be available early 2007.

To help finance operations, New Cantech recently entered into a joint-venture agreement with Palm Clean Energy, Inc., a Korean resource group. Palm Clean may earn a 60% interest in the Lucky Ship property by funding production.

Two private placements have recently been completed totaling approximately \$5 million. The company has raised additional capital, on a non-brokered basis, through the sale of \$1 million of flow-through units.

Many of the known deposits in the world are in remote areas with no infrastructure or in countries with unstable governments where right of ownership is in question. Canada represents a stable, transparent government where mineral rights are protected for companies and investors. It is also pro-mining and at the same time, protective of the environment.

### **Risks**

New Cantech is not without risks - including moly price volatility and the cost of project financing. The company will have to continue to rely on equity and debt financing to carry out its ex-

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ploration and development projects. Its ability to raise capital will depend on its share price. The lower the share price, the lower the capital raised or more shares have to be issued, which in turn could dilute the price of the stock. Like other junior mining companies, New Cantech will also be dependent on key projects, and is subject to risks related to mineral grades and recovery. Although the price of moly has recovered from its lows of the past few years, a long-term drop in the price of moly would negatively affect the value of NCV shares.

### Management

#### Dalton Dupasquier



Dalton Dupasquier

#### President and Director

Mr. Dupasquier is a former stock broker and the former director of Manitoba Mineral Resources and Winspear Resources. Winspear was taken over by De Beers Diamonds for \$300 million cash.

#### Ross Ronald Blusson, Geologist, Chairman & Director

Mr. Blusson discovered the Equity Silver Mine deposit.

#### Dr. Don MacIntyre Consulting Geologist



Don MacIntyre

**William Meyer**  
**Project Engineer, Geologist & Director**  
Mr. Meyer is the former vice president of Teck Corporation and the chairman of Minco Mining and Metals Corporation.

**Richard W. Grayston, PHD, MBA**  
**Director**

**James D. Jacuta, LLB**  
**Director**

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