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# INDEPENDENT RESEARCH



## UC Resources Ltd. (UC : TSX-V)

Date: July 15, 2005  
Price: \$0.135



### KEY INFORMATION

#### BALANCE SHEET (as at March 31, 2005)

Current Assets	\$ 17,768
Total Assets	1,273,536
Current Liabilities	653,996
Long-Term Debt	nil
Shareholders' Equity	619,540

#### SHARES OUTSTANDING (as at March 31, 2005)

Basic	*18,612,029
Fully-Diluted	**20,521,029

\*this figure does not include any of the shares that will be issued as a result of the financing announced in June 2005

\*\*1,909,000 stock options are currently outstanding

### COMPANY OVERVIEW:

UC Resources Ltd. is a junior exploration company focused on gold and silver in the prolific Sierra Madre mineral belt of Mexico, one of North America's most active areas for silver and gold exploration. UC's flagship property is the Copalquin project, a 7,005 hectare block of ground hosting numerous shallow underground workings from past explorers that demonstrate the widespread mineralization across the property. Historic production from the Copalquin Mining District is estimated at over 250,000 ounces of gold and 11 million ounces of silver from just 336,000 tonnes mined, most of which occurred prior to 1910.

### Highlights:

- recently entered into option agreement to acquire a 100% interest in Copalquin
- based on previous mining and drilling results, high-grade mineralization is known to exist at Copalquin
- actively seeking to acquire additional mineral projects

### PROPERTY OVERVIEW:

#### Copalquin Property

In March 2004, UC entered into a 50/50 joint venture agreement with Planet Exploration Inc. to explore Copalquin. Between October 2004 and January 2005, the company carried out an initial phase of drilling and reported several bonanza grade intersections from widely spaced target areas. Subsequent to the completion of this drilling program, management compared the results with several more advanced Mexican projects and believes that Copalquin may host a major epithermal gold-silver system.

In late June 2005, based on the potential for a major discovery, the company entered into an option agreement with Planet Exploration Inc. to acquire 100% of the issued and outstanding shares of a Planet subsidiary based in Mexico whose sole asset is the Copalquin property. In connection with this option agreement, the company must make two payments in the amounts of US\$50,000 and US\$500,000, respectively. The larger payment will be delivered to Planet upon the successful completion of due diligence regarding the Mexican subsidiary to be acquired. UC expects this payment to occur on or before October 8, 2005.

Drilling results to date at the Copalquin property have confirmed that the El Cometa and El Refugio zones host significant mineralization localized within a regionally

extensive shallow dipping silicified zone. These drill intersections are approximately 350 metres apart and may represent parts of a continuous mineralized zone. It should be noted that the El Cometa and El Refugio target represents only one of four known high-priority target areas on the Copalquin property. Management has indicated that follow up work in 2005 will include infill drilling within the 350 metre region between the El Cometa and El Refugio zones. In addition, the company plans to drill test other historic mineralized and productive areas and carry out an evaluation of previously unexplored parts of Copalquin.

With limited road access currently servicing the area, the Copalquin property has been overlooked in the past, however; management has stated that UC is fully committed to carry out the exploration necessary to evaluate Copalquin with a focus on demonstrating the existence of a large gold and silver bearing system. Management is very serious about expanding on UC's property base in Mexico, as well as bringing some of the company's future projects to production.

#### **MANAGEMENT:**

The new management team at UC has many years of experience in both the mining and financial services sectors. The company's President and CEO, Richard Hamelin, spent 12 years with Kidd Creek Mines Ltd. of Timmins, Ontario and 14 years were dedicated to a variety of firms in the financial services industry, most notably as Senior Vice-President of Canaccord Capital Corporation. Most recently, Mr. Hamelin was Executive Vice-President of ECU Silver Mining Inc. (ECU:TSX-V), where he helped raise the necessary funds that enabled the company to enter into production. Mr. Hamelin is currently a Vice-President

and Director of Spider Resources Inc. (SPQ:TSX-V). Carl von Einsiedel, UC's new Vice-President of Exploration, is an exploration geologist with more than 25 years experience managing gold, base metal and diamond exploration projects throughout Canada, the United States and Mexico.

#### **FINANCIAL POSITION:**

On June 27, 2005, UC announced that it has arranged a non brokered private placement of up to 18,000,000 units at a price of \$0.10 per unit. Each unit will consist of one common share of the company and one common share purchase warrant exercisable at \$0.125 per share for a period of 18 months. The proceeds will be used to complete the purchase of the Copalquin property, to fund a major exploration program and for general working capital purposes.

After the company's recent management reorganization and financing that were announced in June 2005, UC appears poised to fully exploit the opportunities available at the Copalquin property. It is important to note that management's intention is to commence production and begin generating positive cash flow as early as possible rather than spend years in the exploration phase as practiced by many other junior mining companies. UC plans to continue to explore the Copalquin property in order to establish proven reserves that will add value to the company and attract institutional support. As UC has not yet defined its potential reserve base, investors must be willing to accept additional risk with an investment in the company at this time.

#### **UC Resources Ltd.**

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