

Anna.Fonseca

From: Lori.Walton
Sent: Thursday, November 08, 2001 3:16 PM
To: Anna.Fonseca; Jo-Anne.van Randen; Robert.Stroshein; Roger.Hulstein; Jesse.Duke; Lois.Craig
Subject: FW: Barytex -- Highly Leveraged, Low-Cost Copper

FYI - Don't really know who would be interested - but is this not the company that owns Matt Berry deposit in Frances Lake SMA??? Handy to know what company is up to - wonder if they will keep maintaining Matt Berry in light of new investment.....

—Original Message—

From: Stockwatch Eblast [SMTP:list@stockwatch.com]
Sent: Thursday, November 08, 2001 2:28 PM
To: eblast@stockwatch.com
Subject: Barytex -- Highly Leveraged, Low-Cost Copper

Barytex -- Highly Leveraged, Low-Cost Copper

Company-Sponsored Investor Relations Report

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**NATURAL RESOURCE INVESTOR
& WORLD GOLD STOCK REPORT**

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 Fax Hotline for Market Hours 11/8/01

INTERNATIONAL BARYTEX RESOURCES LTD. (CDNX: IBX)

Company Aims for Highly Leveraged Returns from Proven High-Grade Copper Project - Gains Right to Acquire 50% Project Interest for Commitment to Complete \$US 1.5-Million Bankable Feasibility.

Experienced IBX team is led by former chairman of Sutton Resources, which was earlier sold for \$CDN 525-million to Barrick Gold.
 Can IBX score big on the next up-move in copper?

Few resource investors as yet know anything about International Barytex Resources Ltd. (CDNX: IBX), as its sleepy current stock price might indicate. But don't let this lull you. This is a situation that, we believe, will be changing quickly, and for two reasons:

First, this still-unrecognized Canadian junior is led by some key members of the team that took Sutton Resources Ltd. from early stages to the point of a \$CDN 525-million buy-out in 1999. The depth of professional competence here, considered in itself, suggests bigger ambitions for IBX.

Second and here's the real wake-up call the mining pros who run this company have recently engineered one of the most attractively leveraged asset acquisition deals on a high-grade copper project we've yet seen in the mining industry.

Taking into account the demonstrated project-development capabilities of IBX management and the quality potential of the project involved in this transaction, IBX is suddenly looking poised for significant investor recognition.

In something of a coup, IBX signed a deal with Northern Orion (TSE: NNO) to acquire NNO's 50% operating interest in the Mantua Copper Project, a prefeasibility-stage high-grade copper project located in Cuba. Hatch Associates Ltd., in an independent engineering report (August, 2001), estimated that the project is capable of producing about 40 million pounds of 99.9% cathode-pure copper for more than 10 years by ferric leach SX-EW at estimated cash costs in the \$US 0.45/lb to \$US 0.50/lb range. The prefeasibility economics put the project in the lowest quartile of all copper producers. The prior operators are believed to have expended \$US 12-million to \$US 14-million on the project in bringing it to its current stage.

Importantly, IBX gets two types of valuable leverage on the deal that tune up the project's economics rather dramatically.

Leverage Two Ways

First, the entry cost for the 50% project interest is very attractive. Essentially, to earn its interest, IBX must deliver only a completed Final Feasibility on the project, estimated to cost about \$US 1.5-million, plus taking over the routine carrying costs of the project and (assuming a positive feasibility and production decision) ultimately putting it into production.

Second, IBX can also obtain a highly leveraged cash flow return that could further dramatically increase the economic appeal of the overall project:

As 50% owner of the project, you would expect that IBX would be entitled to 50% of net project cash flow, once production starts. However, under the further terms of its deal with Northern Orion, IBX can actually increase its share to 85% of all project cash flow over most of the project's production life.

That's because NNO is owed about \$US 28-million in accrued past advances for development plus interest costs by Geominera, the state mining agency that controls the other 50% of the Mantua project. Under any production scenario, NNO is entitled to recoup this amount from 70% of Geominera's own share of cash flow after all project costs have been recovered. This yields an effective 85%-15% split of net project cash flow in favor of the operator, until the entire \$28-million is repaid.

The punchline? As part of its overall deal with Northern Orion, IBX also got the right to acquire this \$28-million debt from NNO for the issuance of 4.5-million shares (no cash) of IBX. This arrangement would effectively give IBX an extra \$US 28-million tax-free return out of the project, hence, dramatically increasing its economic appeal.

Taken together, the leverage potentials for IBX's return on actual invested capital are little short of remarkable.

Now that we've seen the added benefits IBX gains in leveraging values through the deal terms it obtained, let's take a closer look at the property itself, and the tremendous opportunity it presents to IBX as a highly advanced copper project.

Mantua Copper Project

The Mantua Copper Project was first developed and 50%-owned by Miramar Mining (TSE: MAE) between 1991 and 1995. This interest was spun off to Northern Orion (TSE: NNO), then a Miramar subsidiary, which mined off a surface gold deposit in 1998-9 but left the underlying copper resource undisturbed. Much of Geominera's unrepaid debt to NNO stems from this period.

Miramar and Northern Orion, both actively traded in the U.S. and Canadian markets, ascertained that the location of the project in Cuba shouldn't run afoul of the U.S. government's Helms-Burton Act, and that no claimants under the U.S. Foreign Claims Settlement Commission could be located meaning the underlying project had never been expropriated from U.S. ownership.

Per independent review by Hatch Associates, the Mantua Deposit currently hosts total mineral reserves available for open pit mining in the range of 6 to 7.5-million tonnes grading 2.8% to 3% copper at an approximate strip ratio of 7:1. The estimate is based on a cut-off grade of 1% copper and a price of \$US 0.85/lb. The Hatch review also concluded that recovery rates of 80% to +90% can be expected based on metallurgical tests carried out.

Cash Flow Projections

A key question here is what kind of net cash-flow revenues could Mantua produce for IBX in varying copper price scenarios. Factoring in a capital cost of about \$US 48-million, prefeasibility studies indicate that the mine could be highly profitable at \$US 0.85/lb. copper. This could yield pro-forma operating income (before taxes and interest) of about \$US 15 million annually over the life of the mine, of which 100% would first be used to recover all costs incurred after which, and until the \$US 28 million was offset, 85% would of course accrue to IBX.

However, the prime focus of the feasibility study that IBX now plans to complete is to define the lowest copper price under which the project could go forward into production. It may be possible to achieve good profitability and Internal Rate of Return at prices that could be well below the pro forma example above.

However, the IBX mining group follows copper trends very closely and they believe copper (now in the \$US 0.60-0.65 range) may also be due for a strong longer-term recovery starting as of mid-2002. If IBX is right, the completion of Final Feasibility work on the project could move the mine toward a production decision just as this rebound gets underway.

A look at the long-term price chart for copper does show, in fact, that over a 15-year period starting in 1987 this metal traded under the 80¢ level for only a brief period in the early Nineties prior to lapsing below that level intermittently only over the last three years.

The inference from long-term price trends suggests support levels minimally in the 80¢ to 90¢ range, experts say. (See chart.) This outlook provides some analytical basis for IBX management's view that the Mantua project, already quite near to being "in the money," might also prove to be a huge winner for the company over the coming decade.

The company is currently negotiating with Bateman Engineering, to carry out the final Feasibility Study. Northern Orion has estimated that, based on a \$US 0.85 copper price, the project's NPV at a 10% discount rate stands at about \$US 22.5-million; at \$US 0.90 copper, this rises to \$US 28.5-million.

The final Feasibility Study will also examine the economic potential of three other possible contributions to the value of the project: There are indications that cobalt values of 1 lb./t. may be present and as this metal currently trades at \$US 8.00-\$9.00/lb., would add significantly to profitability. Likewise, the feasibility work will examine added copper recoveries from leaching of large quantities of available lower grade mineralization. The possibility that grades have been underestimated in sampling due to water-soluble copper could make an additional contribution.

Notably, additional resource potential is indicated in the immediate vicinity of the project where multiple exploration targets for copper/gold

have been identified but that's for the future.

Bateman Engineering is well-positioned to conduct the Feasibility Study by virtue of its advanced familiarity with the project's geology and metallurgy. The Mantua model is very similar to that of the Mount Gordon ("Gunpowder") Mine developed by Western Metals Corp. in Australia, for which the engineering firm also performed the Feasibility Study.

Management

Barytex is directed by a world-class, experienced management team with a record of success in mineral exploration and development.

Roman Shklanka, Ph.D., M.A. B.Comm. Chairman and Director, has over 40 years experience in the mining industry. From 1955 to 1990 he worked for Placer Dome Inc. and its predecessor, Placer Development Ltd. in a variety of positions including General Manager Exploration and Vice President, Exploration. Dr. Shklanka was Chairman of Sutton Resources Ltd. and responsible for the acquisition of Sutton's world-class Bulyanhulu (Tanzania) gold deposit prior to its purchase by Barrick Gold Corp. in 1999 for \$CDN 525-million. Dr. Shklanka has a doctorate in Petrology and Ore Deposits from Stanford University and a Master of Arts in Geology from the University of Saskatchewan.

Leo King, B.A., M.A., President and Director, has over 38 years experience in minerals exploration and mining geology, including positions as Vice President Exploration for Breakwater Resources Ltd. and Noramco Explorations Inc. Mr. King has managed exploration and development programs in Canada and internationally and has extensive consulting experience including mineral prospect evaluation and property acquisition. Mr. King has been an officer of International Barytex for 8 years.

Theodore Muraro, B.Sc., M.Eng., Vice President Exploration and Director, has over 40 years experience in the mining industry. Between 1956 and 1990 he worked at Cominco Ltd. in various positions, eventually becoming the internal consulting geologist to the Exploration Division.

Anthonie Luteijn, B.Sc., M.Eng., Director, brings 39 years experience as a mining engineer. He has held positions including Project Manager for Placer Dome Inc., and Vice President, Project Development and Operations for Sutton Resources Ltd. He was also responsible for construction and start up of the \$200 million open pit Misima Mine in Papua New Guinea.

Outlook

Concluding the NNO deal only about six weeks ago, the first step for IBX is now to complete the financing step for the Feasibility Study, which the company is confident it can readily accomplish.

Right now, IBX has about 12.5 million shares outstanding, about 20.3 million fully diluted. Management estimates that the company's share structure could be in the 28-31 million range in the first five years of production, allowing for project capital cost dilution. Factoring in current prefeasibility estimates of net cash flow potentials, this would allow for significant per-share valuation possibilities even based on very low P/E assumptions.

Now here's another key point: None of the key factors cited in this report have as yet been perceived by the broader community of resource investors. This Fax Alert is, to our knowledge, the first publication to identify them to a broader public. Immediate close attention to the company's early-stage values could therefore be rewarding.

For starters, the deal gives IBX a fast runway to solid pre-production

status, with a high-quality project now starting the final feasibility stage. This factor in itself could have a favorable current impact on valuations, and could potentially re-rate the company's values significantly in any looked-for mid-2002 resurgence of copper prices.

But, adding in the uniquely leveraged economics of the acquisition to this equation really turbocharges these potentials quite dramatically. And that's the real value story here. Given even a moderately favorable copper price environment, IBX's values could, in principle, have the potential to multiply by up to ten- or twenty-fold or more at the production stage, in our view.

CDNX: IBX look at it closely.

For immediate corporate information, call Leo King, President, at 604-688-9368. E-mail: ibx@telus.net.

Corporate Information

International Barytex Resources Ltd.

Exchange	CDNX
Symbol	IBX
Recent Price Range	\$CDN 0.24 \$CDN 0.27
Shares Outstanding	12,507,925
Shares Outstanding	
Fully Diluted	20.3 MM
Major Shareholders	Management (23%), Sutton Resources (17%)
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