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RESOURCES LTD  
EPL : TSX-V

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## Like stealing candy from wee kiddies

Bob Moriarty

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June 22, 2006

This is going to sound a little weird but I just love going back and rereading what I have written in the past. One of the things that happens when you write is that the *reading* you is different from the *writing* you. That is to say, I can read something I wrote years ago and not even recognize that I wrote it. Part of that is incipient Alzheimer's. Some days I have a hard time remembering my name and getting up is a real burden.

Seriously though, I do enjoy revisiting past writing. It's like an old friend. Especially when I was dead right about something. I wanted to do a short piece today about Eagle Plains and their spin off company, Copper Canyon Resources. While I was searching my past files, I came across a sentence I ended a piece with a little over a year ago. [I said](#), "remember, it's a bull market for all resources, when prices pull back, it's not a problem, it's an opportunity."

That's one of those flipping brilliant comments we come across now and again which says it all. Even if I said it myself. We are in a resource bull market. There will be peaks (sell at the peaks if you can recognize them) and terrifying valleys. We are in a valley. It's time to buy with both hands. Stocks are cheap and there is very little risk.

I went to visit the star property of the Eagle Plains stable in October of 2004 and [I wrote about it](#). The stock was sitting about about \$.53 and EPL President and CEO Tim Termuende wanted to know if there was anything he could do about it. I told him that he needed to spin off Copper Canyon. Eagle Plains has over 30 good projects and the market simply doesn't understand 30 projects, no matter how good they are. Eagle Plains is one of those stocks which never goes up much but doesn't ever go down much. It's a stock that's about as exciting as taking your sister to the prom.

That's about to change. June 22, 2006 as a matter of fact. Tim took my advice and announced the spinoff of the Copper Canyon project into a new company. It starts trading now and where it ends up, no one knows. But buying Copper Canyon is about as difficult as stealing candy from wee kiddies. It's an easy decision and one that may have to be made by Novagold.

Eagle Plains had a joint venture with Novagold with the Copper Canyon Project. Basically, Novagold can earn up to an 80% interest in the property. The deal is a little cumbersome but full details can be [found here](#). Since Tim and I agreed the EPL shareholders weren't getting full value for Copper Canyon, he spun it off. That creates a real interesting problem for Novagold. While they haven't earned their full 80% yet, I can guarantee they damned

sure aren't looking for a 20% partner and at some price, they will want all of the Copper Canyon shares for themselves.

Novagold has done some drilling on the property and the results are nothing short of remarkable. These numbers come from their [2005 Annual Report](#). They show total 43-101 resources of 13.738 million ounces of gold, of which 2.856 million ounces are on the Copper Canyon project, 156.3 million ounces of silver, of which 37.9 million ounces are on the Copper Canyon project and a whopping 12 billion pounds of copper, 1.275 billion pounds coming from Copper Canyon.

If you work out the numbers based on the number of shares of Copper Canyon, if you give 80% of the Copper Canyon project to Novagold, you still have \$60.49 worth of gold, silver and copper per Copper Canyon share. Many people like to have a rule of thumb and through my observations, I have come to the belief that any resource company should be worth anywhere between .5% of total contained value to 5% contained value. In the case of uranium properties, investors are willing to pay more, often up to 10% but .5% to 5% should give you a rough idea of what a company should be worth and trading for.

So I make 20% of the Copper Canyon project worth anywhere between \$.30 and \$3.02 right now. But that's ignoring drill results. Obviously, Novagold doesn't want to know how much gold-silver-copper there is at Copper Canyon. If anything, they have been avoiding drilling the project to concentrate on Galore Creek. The Galore Creek values were the result of more than 700 drill holes while Copper Canyon only had 21 drill holes and the deposit is open in all directions.

Less than 3% of the combined drilling at Galore Creek and Copper Canyon has defined 25% of the total combined gold and silver to date and that 25% is on the Copper Canyon project. Novagold hasn't even gotten into earnest exploration on the Copper Canyon project.

The "right" price for the new Copper Canyon shares will be set by the market on June 22. It's my bet that it will be higher, perhaps much higher in 6 months or however long it takes Novagold to think about buying them. And Eagle Plains minus a project or two is still a hell of a deal.

Eagle Plains is an advertiser. They have not paid for this article and don't even know I'm writing it. Much of the idea for it was pinched from emails from Bob Termuende. We own shares in Eagle Plains and you may safely presume I am biased. I really like the management and whoever first came up with the idea of spinning off Copper Canyon is brilliant.

It's a bull market. We can expect tests of the lows in both metals and the price of shares but six months from now, all prices will be higher. Buy when everyone is terrified, it's safer then and you don't have to stand in line.

### **Eagle Plains Resources**

EPL-V \$1.75 Canadian (May 31, 2006)

EGPLF-OTCBB

48 million shares outstanding

Eagle Plains Resources [website](#)

## **Copper Canyon Resources**

CPY-V \$???? Canadian (Starts trading 6/22/06)

48 million shares outstanding

Copper Canyon Resources [website](#)

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