STOCK PRICE PERFORMANCE: GOLD PRODUCERS vs. GOLD-COPPER PRODUCERS

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Alaskan Copper-Gold Acquisitions

In the last eight weeks there has been some interesting acquisition activity which has taken place, or is proposed that suggests that large capitalized mining companies are working to acquire interests in intermediate sized companies that control large resource positions with significant upside potential. This activity is taking place in Alaska where large porphyry copper-gold and large volcanogenic massive sulfides (VMS) deposits are being developed.

On June 27, 2006, Northern Dynasty Minerals Ltd. (AMEX: NAK) announced that Kennecott Canada Explorations Inc., an affiliate of international mining giant Rio Tinto PLC, has signed an agreement to purchase 8,745,845 shares of NAK at C$10 per share. This will give Kennecott an approximate 9.9% interest in NAK. This purchase agreement provides Kennecott with a first right of refusal to participate in up to a 50% of future share placements by NAK. For details of the placement refer to the NAK website.

NAK is developing the world class Pebble Copper-Gold-Molybdenum Project in Southwestern Alaska which contains copper, gold, and molybdenum resources with an estimated 4.52 billion tons of open pit mineralization at Pebble West and an estimated 1.99 billion tons of underground mineralization at Pebble East. Pebble contains an estimated resource of 64 million ounces of gold; 49 billion pounds of copper; and 2.9 billion pounds of molybdenum. Thus Pebble rank as one of the largest metal accumulations in the world.

On July 25, 2006, Barrick Gold Corporation (ABX) said it will make an unsolicited C$1.53 billion bid for NovaGold Resources Inc. (AMEX: NG). ABX's goal is to build on its recent acquisition of Placer Dome Inc. which had joint venture agreements in place with NG in Alaska pertaining to: 1) Donlin Creek which at year-end 2005 had 14.8 million ounces of measured and indicated gold resources, and 13.6 million ounces of inferred gold resources; 2) Galore Creek which has measured and indicated resources of 6.0 million ounces of gold, 75.4 million ounces of silver, 6.8 billion pounds of copper, as well as inferred resources of 7.2 million ounces of gold, 73.4 million ounces of silver, and 5.0 billion pounds of copper; and 3) an option to acquire a joint venture interest in the Ambler project from Rio Tinto PLC. Ambler is a VMS deposit containing a resource of 817,000 ounces of gold, 62 million ounces of silver, 3.2 billion pounds of copper, 4.2 billion pounds of zinc, and 640 million pounds of lead.

Long Term Stock Price Performance of Select Large Capitalized Mining Companies

This interest in acquiring properties with porphyry and or VMS type mineralization leads to the question, how has the stock of gold producers compare to copper-gold producers in this recent period of rising commodity prices?

Using the resources of Yahoo Finance, *Table 1(next page): Long Term Stock Price Performance of Select Large Capitalized Mining Companies* reports the historic stock price of selected companies at a referenced date, the price of the stock as of March 31, 2006 (end 1st quarter 2006), the percent gain over the period, and their main metal products.

Table 1 includes Newmont Mining Corporation (NEM), a mining company with a long history of mining, and until recently the largest gold producer in the world. NEM is predominantly a gold producer. In 2005 and through the first quarter of 2006, 89% of NEM's revenue was from gold. NEM's 2005 revenue was $4.40 billion.

ABX is included in Table 1. ABX became the largest gold mining company in 2006 upon completion of its acquisition of Placer Dome Inc. ABX was able to capitalize on the success of NEM in the Carlin Trend, and made significant gold discoveries adjacent to NEM along the trend, and has been able to leverage this success to discovery and acquisitions throughout the world. In 2005 and through the first quarter of 2006, 83% of ABX's revenue was from gold. ABX's revenue for 2005 was $2.35 billion (not including PDG's 2005 revenue of $1.98 billion).

Freeport McMoRan Copper & Gold Inc. (FCX) is included in Table 1 to present the stock price performance of a copper producer with significant gold production. FCX is a large gold producer having revenue of $1.75 billion from gold in 2005, and $2.27 billion in revenue from copper in 2005. In 2005, and through the first quarter of 2006, 34% of FCX's revenue was from gold. FCX's 2005 revenue was $4.14 billion.

Phelps Dodge Corporation (PD) is included in Table 1 to present the stock price performance of one of the world's leading copper-molybdenum producers. In 2005 PD had revenue of $8.28 billion.

Table 1: Long Term Stock Price Performance of Select Large Capitalized Mining Companies

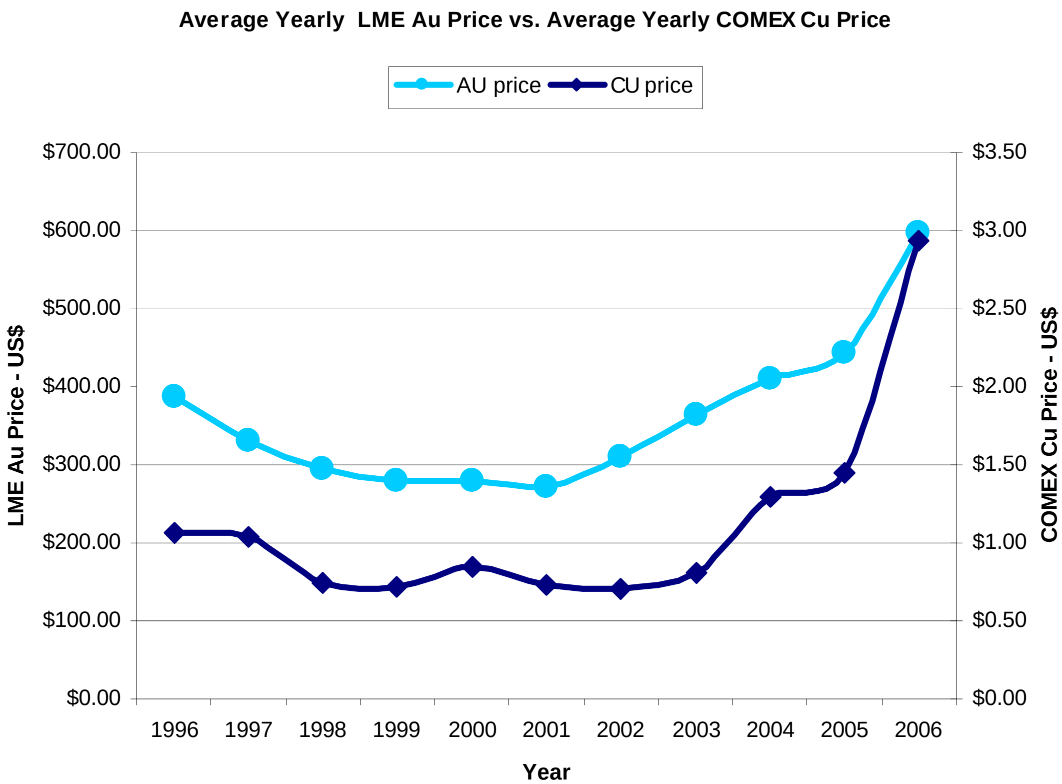
Company	**Reference Date**	**Reference Date Price***	**Price on 03/31/06***	**Price Gain (%)**	**Metal Product Ratio**
Newmont Mining	1/2/96	$42.98	$51.79	20.1%	89% Au 11% Cu
Barrick Gold	1/2/96	$23.83	$27.14	13.5%	83% Au 17% Cu
Freeport McMoRan	1/2/96	$23.04	$59.13	156.8%	66% Cu 34% Au
Phelps Dodge	1/2/96	$21.18	$78.51	279.3%	99% Cu

* Adjusted for splits and dividends per Yahoo Finance

The above table indicates that over this period of 10 years and 3 months, PD has had a stock price gain of 279.3%. PD is one of the world's leading copper and molybdenum producers. Over this period, copper prices have risen from an average 1996 COMEX price of $1.06/lb. to $2.40/lb. on March 31, 2006. This is an increase of 126.4%. Gold prices (LME) over the same period have risen from $394.25/oz. (on 1/2/96) to $582.00/oz (on 3/31/06), an increase of 47.6%.

Refer to Figure 1 on the next page to see the relative performance of both copper and gold over the 10 year period.

Figure 1: Average Yearly LME Au Price vs. Average Yearly COMEX Cu Price

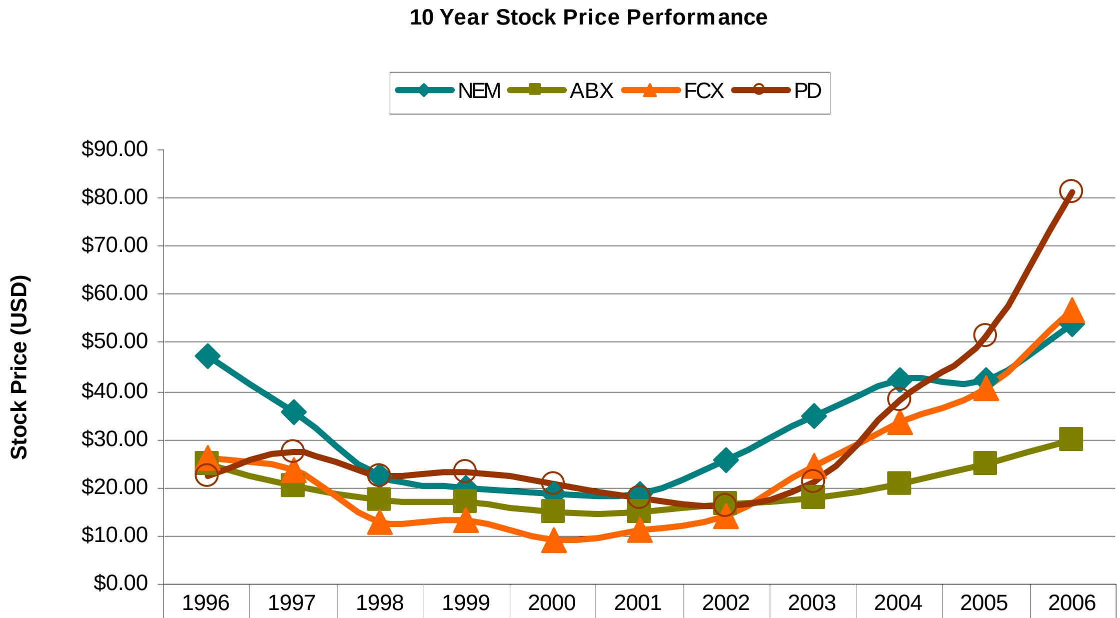


Over the above 10 year period, gold declined approximately 30.1% from the 1996 yearly average price of $387.10/ounce to a relative low of $271.04/ounce in 2001, before climbing to $582/ounce on March 31, 2006. Copper declined approximately 32.1% from $1.06/lb. to the relative lows of $0.72/lb. in 1999 and $0.71/lb. in 2002, before climbing to $2.40/lb. on March 31, 2006. Figure 1 also shows that copper prices had a much greater percent increase than gold from 2003 to the end of March 2006. The average yearly copper price in 2003 was $0.81/lb., and the average yearly copper price in 2006 was $2.94/lb. The average yearly gold price for 2003 was $363.38/ounce, and the average yearly gold price for 2006 was $597.39/ounce. Copper prices increased approximately 263% in this time period compared to an increase of approximately 64.4% in the price of gold.

In reviewing the stock price performance of PD, predominantly a copper producer, and FCX which produces significantly more copper than gold, it can be surmised that these companies which operate long-life mines can generate significant stock gains over a decade. PD has been operating open pit mines in Arizona such as Morenci since 1937. FCX has been operating the large Ertsberg/Grasberg open pit on an island in Papua Indonesia since 1970. These large open pit mines allow the operators to gain efficiencies on their concentrated infrastructure as a result of sustained operations. Many of the typical Carlin style gold mines have mine lives less than 10 years.

Figure 2 on the next page shows the comparative stock price performance of the companies included in Table 1.

Figure 2: 10 Year Stock Price Performance (with compiled yearly average stock prices)



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
NEM	$47.25	$35.73	$22.34	$19.79	$18.63	$18.61	$25.73	$34.77	$42.39	$42.11	$54.06
ABX	$25.07	$20.21	$17.36	$17.16	$15.06	$14.92	$16.52	$17.76	$20.88	$24.84	$29.91
FCX	$26.02	$23.60	$12.78	$13.22	$9.10	$11.17	$14.20	$24.55	$33.40	$40.55	$56.95
PD	$22.39	$27.44	$22.45	$23.12	$20.68	$17.89	$16.00	$21.00	$38.05	$51.50	$81.09

Year

Figure 2 above shows that gold producer NEM had a significant decline from 1996 that bottomed out in 2001. This gold price drop reflects the decline in gold prices from $396/ounce at year-end 1996 to $274/ ounce at year-end 2000. The year-end gold price for 2001 was $276/ounce. ABX had a similar performance, but didn't have the strong price decline that NEM had over the period 1996 thru 2002. Both gold producers dropped as a result of the 1997 Bre-X scandal and collapse which punished gold mining stocks.

The copper producers didn't experience the same magnitude of decline that hit the gold producers. FCX declined more than PD as it had looked at participating in Bre-X.

All of the above mining companies, lead by PD, had strong price increases in 2003 which continue to date.

Stock Price Performance of Select Gold-Copper Producers vs. Gold Producers

In light of the acquisition activity ongoing in Alaska, what might InsideMetals subscribers learn about the prospective stock price performance of InsideMetals mining companies that are operating and/or acquiring long-life properties with copper-gold production compared to companies that are dominantly gold producers, and does investing in the acquiring company make good sense, or is there a better strategy?

In consideration of the above, *Table 2 (next page): Stock Price Performance of Select Gold-Copper Producers vs. Gold Producers* is presented. This table displays the stock price performance of the listed companies from January 3, 2005 through the end of the 1st quarter of 2006 and their respective gold and copper revenue earned over the period. The table also displays the market capitalization (sorted by size) of these companies as of July 31, 2006, and their percent of total revenue from gold over this period.

Table 2: Stock Price Performance of Select Gold-Copper Producers vs. Gold Producers

Company	Stock Price Jan. 03 '05	Stock Price Mar. 31 '06	Stock Gain (%)	Market Cap.* ($B)	Revenue 2005 Au $(M)	Revenue 2005 Cu $(M)	Revenue Q1'06 Au $(M)	Revenue Q1'06 Cu $(M)	Total $(M)	(%) Au Revenue
NXG	$1.66	$2.41	45.18%	$0.81	$119.2	$138.5	$38.1	$50.1	$345.9	45%
GOLD	$10.76	$18.17	68.87%	$1.52	$151.5	$0.0	$67.3	$0.0	$218.8	100%
AUY	$2.84	$9.12	221.13%	$2.06	$50.4	$0.0	$17.1	$0.0	$67.5	100%
MDG	$18.04	$29.65	64.36%	$2.73	$131.8	$0.0	$37.0	$0.0	$168.8	100%
AEM	$13.36	$29.35	119.69%	$4.37	$117.9	$14.5	$42.6	$11.8	$186.8	86%
HMY	$9.27	$15.88	71.31%	$5.59	$1,265.5	$0.0	$314.0	$0.0	$1,579.5	100%
GLG	$16.32	$32.68	100.25%	$6.22	$202.6	$0.0	$81.4	$0.0	$284.0	100%
FCX	$37.21	$59.16	58.99%	$10.20	$1,275.9	$2,269.5	$191.6	$547.2	$4,284.2	34%
GFI	$12.48	$21.98	76.12%	$10.53	$2,629.0	$0.0	$739.0	$0.0	$3,368.0	100%
GG	$14.22	$28.76	102.25%	$10.78	$607.8	$198.1	$161.5	$113.1	$1,080.5	71%
AU	$35.04	$54.12	54.45%	$13.02	$2,629.0	$0.0	$739.0	$0.0	$3,368.0	100%
NEM	$42.36	$51.61	21.84%	$23.19	$3,792.6	$439.0	$1,011.0	$137.0	$5,379.6	89%
ABX	$23.56	$27.04	14.77%	$26.82	$2,350.0	$520.0	$1,041.7	$182.5	$4,094.2	83%

(*) Market Cap on 7 / 31 / 06

Table 2 indicates that as of July 31, 2006, ABX had the largest market capitalization ($26.82 billion), and NEM, the next largest ($23.19 billion). These two companies had the poorest stock price performance, 14.77% and 21.84% respectively over the period. The best performing companies include Yamana Gold Inc. (AUY), and Agnico-Eagle Mines Ltd. (AEM). AUY which had a market capitalization of $2.06 billion, had the best stock price performance: 221.13%. Following behind AUY is AEM, which had a market capitalization of $4.37 billion and a stock price performance of 119.69%. Both AUY and AEM, over 2005 and the 1st quarter of 2006, have increased their production and reserves (refer to InsideMetals' Business Summaries for details).

Gold Companies with $1 - $5 Billion Market Capitalization Have Produced Favorable Gains

The data presented in Table 2 indicates that gold producing companies with revenue predominantly from gold, and market capitalizations in the range of $1 to $6 billion have produced better stock price gains than the bigger companies which also had revenue from copper over this period of approximately 15 months. The average performance for these gold producers with a $1 to $6 billion market capitalization is 107.6%.

Several of the large gold producers with market capitalization greater than $10 billion include AngloGold Ashanti Ltd. (AU), and Gold Field Ltd. (GFI). These South African companies have high production costs which impacted their profitability and stock price performance which averages 65.29% over the period. Goldcorp Inc. (GG), which has a market capitalization of $10.78 billion, but also has one of the world's richest gold mines with a low production cost, had a stock price performance of 102.25% over the period. GG has increased their reserves and production by purchasing assets from ABX in 2006.

A review of the Table 2 data suggests that a superior return on stock investments is more likely to be from companies like AUY, AEM, and Glamis Gold Ltd. (GLG), rather than ABX or NEM. These strong performing smaller capitalized companies also have the potential to be acquired by larger mining companies that need to replace their production and reserves.

Furthermore, the stock price performance of the Table 2 listed companies over the 15 month period is comparable to the 10 year gain by the large capitalized companies listed in Table 1. InsideMetals' subscribers need to keep in mind that the 10 year period covered by Table 1 includes a period of declining gold prices, a period of declining world gold production, and rising demand for gold and commodity prices. Investors need to keep in mind that it is difficult to project long term trends because strong demand can spur increased production which can then cause prices to decline. A decline in gold and copper prices can definitely diminish stock price performance.

The stock price of NG has already run up on news of the ABX offer. The management of NG has advised shareholders to reject the ABX bid which it considers to undervalue NG's world class mineral deposits and growth potential. There is potential for a sweeten bid or for a new bidder.

NAK will undoubtedly have strong stock price gains in the future as it becomes a producing company.