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Shareholder Update - April 14, 2005

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Dear Shareholders and Interested Parties,

Since early 2005, junior mining and exploration stocks have inexplicitly continued to fall in price while the commodities they search for continue to rise and, in the case of copper, to recent 10-year highs. This investment environment is certainly challenging to all concerned. OT Mining and Namex Explorations continue to advance their properties and it is Management's position that the bull market in metals is here for the foreseeable future and your companies will benefit greatly from it.

We thought you might be interested in this March 29th piece from Kitco.com presenting a case for a bull market in the base metals that is much longer than traditional cyclical commodity bull markets. As you know, the companies together cover the majority of base and precious metals traded worldwide 24/7 in US dollars. We believe our large land packages, situated close to infrastructures and in politically stable jurisdictions, provide excellent value for our shareholders.

Please take a moment to read the following article written by Ken Gerbino entitled, "Base Metal Stocks: A Bull Market Beyond Expectations"

Sincerely,

James W. Hess, President
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BASE METAL STOCKS: A BULL MARKET BEYOND EXPECTATIONS

By Kenneth J. Gerbino
March 29, 2005

I believe the base metal stocks are going to extend their bull market for a long time and well beyond the consensus "group think". There will be corrections along the way but I believe these stocks are going to surprise everyone over the next few years. My reasoning follows below.

I believe precious metal mining stocks should be in everyone's portfolio but I also think it is a good idea to have some exposure to base and other metals (copper, zinc, nickel, lead, chromium, aluminum).

In order to understand a major change that could take place in an investment sector one can gain insights from a major change that took place in another sector.

I remember twenty years ago when Intel was producing computer chips, which at the time had become like a commodity item. From 1985-1995, Intel sold for only 7-12 times earnings because of the then "commodity" aspect of chips and the fact the computer industry was at that time a cyclical industry. By 2000, Intel was selling for 60 times earnings because of the Internet, laptop and cell phone **usage explosion** (mega-trends creating a new electronic marketplace with a more sustained demand for chips). Even today, after the tech stock wipeout, Intel is still selling for 20 times earnings.

A similar **usage explosion** has now started in base metals. The corresponding new mega-trend is Asian and Indian base metal demand. Base metal stocks are now selling at only 5-8 times cash flow. Old time base metal investors are locked into the past thinking of the cyclical nature of the industry. Three billion Asian and Indian people say "no way". Any structural or sustained demand for these metals could increase cash flow multiples to 12-16 times or more. This has significant implications. It means that even if the prices of these base metals go down by 25-35%, because of the multiple expansions, the base metal stocks will still be buys.

Even with just 2-3% growth in Asia and India (current growth rates are 8-9%) a steady demand for resources will create a more sustained and structural market for these metals. A steady demand would change the "cyclical" aspect of base metal demand and this would be reflected in higher cash flow multiples and higher stock prices. Tight supplies also will help stock values.

The latest data from China shows that 82% of their capital spending is on housing and infrastructure (roads, power plants, railroads, sewers etc.). Even with only 2-3% growth, China's capital spending should be a long-term positive non-cyclical factor to metal demand, as these infrastructure projects will last for decades as huge rural populations enter their new economic world. In the more established economies, capital spending is more cyclical because people are buying cars and TV sets and washing machines based on the economy, which can go up and down. But newly industrializing countries do not stop building roads and power plants when their economies slow down. Infrastructure projects are usually not cyclical since they have State backing and many times are not curtailed despite poor economic conditions. In the current age of debt financing and printing money by world governments, it would be hard to imagine politicians considering canceling a power dam or major highway because of a slowdown in the economy. It will not happen in China or in India. The projects in the U.S during the great depression and many projects in Asia during the Asian meltdown are good examples of large state projects that continued despite all. Therefore one can expect a robust demand for base metals for a very long time even with substantial slowdowns in India and Asia.

China will attempt to talk down their economic growth and try and get the hedge funds and speculators out of the metal markets so they can buy cheaper on world markets. But with 82% of their capital spending on housing and huge infrastructure projects any economic slowdown will still require a sustained demand for these metals.

Because of this change from a cyclical nature of base metal demand to a more structural and smoothed out demand, the valuations and cash flow multiples for the base metal producers I believe could have a possible dramatic shift upwards. Also it is just a matter of time before they start paying out solid dividends.

Asian analysts are missing the boat on the compounding of metal demand. Demand growth of plus 10% for a given year, followed by a major slowdown to only 3% in the next year is still bullish. When you do the math you start with, lets say, normal demand of 100,000 tonnes of some metal, that then goes to 110,000 tonnes (10% higher) and prices respond upwards. Now in the next year, if you go down to only a 3% growth rate that means you are now increasing demand from the 110,000 tonnes by **another 3%**. That means demand in year two is 113,300 tonnes. **That's still more demand than what caused the price to go up in the first place.** Get the picture? If 110,000 tonnes created a price rise, then a 113,300 tonne demand the following year will certainly do it again unless supply turns up from somewhere and in the mining business this means 5-10 year lead times. Even a slowdown in Asia and India is bullish for the metals.

Cash flow multiples should also increase for these mining stocks due to two other long term **inflation inducing** economic mega-trends we have discussed many times (global money printing and increasing debt levels).

At the recent The Bank of Montreal Nesbitt Burns annual institutional mining conference every CEO from the base metal companies that presented had the same story; demand was very strong and not letting up and that warehouse supplies globally of many basic metals are very low. They see significant supply squeezes for the next 2-3 years. BHP, the largest natural resource company in the world right now **makes more profits from base metals than any other business sector** including petroleum, coal, steel materials, or diamonds. BHP is currently bidding $7 billion for base metal producer WMC. Xstrata ($6.5 billion mining giant) was also bidding about $6 billion. These big conservative mining companies know their industry and I believe they see sufficient evidence that a new base metal decade is coming to this world.

Some junior companies with quality base metal, or massive sulfide deposits and other important metals may also be good buy out candidates for other resource companies as these juniors develop their projects.

A new "materials" centric world is unfolding for billions of people who desire a better lifestyle and are demanding it Technology, education, globalization, and communication, are driving this desire. This is a huge unstoppable mega-trend. The resource sector will be a solid investment theme because of this and the base metal sector will most likely be a leading beneficiary.

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