

# Eagle Plains Resources: The Dividend Spin-Off of Copper Canyon

## The Dividend Spin-Off of Copper Canyon

Also, see [Technical Analysis Charts](#) by Roy Martens

**Caution:** These charts do not factor in for the dividend spin-off that will soon occur.

Share Data as of May 2006

O/S: 47.2M

F/D: 53.0M

Fully Diluted M/C @ \$1.44/share: \$76.3M

Symbol: EPL.V, EGPLF.PK

Investments: about \$9.0M

Cash and Equivalents: about \$4M

Debt: \$0

Website: <http://www.eagleplains.ca/>

Here's the situation: Eagle Plains' shareholders as of the effective date (June 5th) will receive 1 share of Copper Canyon for every 1 share of Eagle Plains held on that date. The stock trades ex-dividend starting June 1st, so don't be surprised if there is a huge drop in price on June 1st (similar to what happened with Capstone Mining on their ex-dividend date – May 3rd - when it fell about 23.5%).

Keep in mind that you can sell your shares at anytime following June 1st and still receive your spin-off shares of Copper Canyon; hence, the expected fall in price on the ex-dividend data as buying power dries up.

What this means for those who are interested in participating in the spin-off, is that you **MUST** purchase your shares on May 31st at the latest. To be safe, it would probably be best to buy your shares on Tuesday, May 30th. I repeat, if you purchase stock in Eagle Plains after May 31st when the stock begins to trade ex-dividend, you will **NOT** receive the dividend.

But don't just take my word for it. Check out the actual news release put out by the company, found [here](#):

<http://www.eagleplains.ca/news/06.05.18.intermorder.htm>

I suspect that shortly following the spin-off of Copper Canyon, NovaGold will take an interest in acquiring the newly formed company, and as a result, shareholders of Eagle Plains will become shareholders of Copper Canyon will become shareholders of NovaGold.

## The Copper Canyon Deposit

In January of 2005 an inferred resource of 165 million tonnes, grading 0.54 g/t gold, 7.15 g/t silver and 0.35% copper, was reported by NovaGold. This tonnage contains:

2.86 million ounces of gold ( 0.54 g/t )  
37.9 million ounces of silver ( 7.15 g/t )  
1.16 billion pounds of copper ( 0.35% )

Beyond the above resource, the [Copper Canyon](#) deposit is open in 3 directions, leaving room for what appears to be a sizable amount of expansion potential.

It should be noted that NovaGold anticipates they will commence construction on their adjacent Galore Creek project in 2007, and begin commercial production in 2010-2011. However, given that the Copper Canyon deposit has less overburden, NovaGold may commence production there first if copper grades are proved up higher.

So basically, in my opinion, by spinning-off the Copper Canyon property, Eagle Plains is making it readily available for acquisition by NovaGold. Such a plan is just fine with me. And furthermore, since Eagle Plains is an explorer, with no real desire to become a producer, a similar strategy will likely be implemented with all of their numerous other properties as resources are proven up.

### Ownership of Copper Canyon:

NovaGold may earn a 60% interest in the Copper Canyon by completing C\$3 million in exploration expenditures, issuing a total of 296,000 shares of NovaGold and making property payments totaling C\$250,000. NovaGold may earn an additional 20% interest in the project for a total of 80% by paying Eagle Plains C\$1 million and completing a feasibility study by September 2011.

## The Rest of Eagle Plains

Eagle Plains' interests include: 35 properties - gold, silver, copper, lead, zinc, molybdenum and industrial minerals.

Highlights of the 2005 season: Discovery of a molybdenum deposit on our [Sphinx](#) property located 60 km west of Kimberley, BC, complete with an existing road and hydro line infrastructure.

Discovery of 3 new high grade gold showings on our [Kalum](#) property near Terrace.

Acquisition of exclusive exploration rights for 3 years over 2387 sq km on our [MacKenzie Valley Zinc Project](#) where we will focus much of our 2006 effort.

For 2006, Eagle Plains' primary focus will be on its zinc properties, in response to the dramatically improving world-wide supply/demand fundamentals.

### The Blende Property (Zinc)

Eagle's most significant zinc property, in terms of a defined resource base, is the [Blende silver-lead-zinc-copper deposit](#), located in central Yukon and under option to Blind Creek Resources Ltd.

A 43-101 compliant report was completed on the Blende property in 2004, which identified a resource estimate of 19,600,000 tonnes, grading 56.0 g/t silver and 5.84% combined lead-zinc. In terms of contained metals, the Blende property contains at least:

38 million ounces silver  
1.3 Billion lbs zinc  
1.2 Billion lbs lead

### **The Sphinx Property (Moly)**

As noted above, a molybdenum deposit was discovered on the [Sphinx](#) property in 2005.

On May 9th of 2006 an NI 43-101 compliant inferred resource of 62,005,615 tonnes grading .035% Mo was announced. This equates to 47.8M lbs of contained molybdenum metal. And since the above inferred resource is open in two directions and to depth, there also appears to be room for significant expansion of the deposit.

### **Conclusion**

Admittedly, Eagle Plains is not my top pick for 2006. If it weren't for the dividend spin-off, I probably wouldn't be interested. For one thing, the far northern locations of the majority of their exploration projects/targets cause me to wonder if they will ever amount to anything due to all the associated costs and complications. So to be frank, it is because of the synergy that exists between the Copper Canyon deposit and NovaGold's Galore Creek that I am considering taking a small position in the company.

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