

**Mon Nov 3, 2003****Express 2003-11: New Bottom-Fish Recommendations - Lithic, Eastfield and Brett****Publisher: Kaiser Bottom-Fishing Report****Author: Copyright 2003 John A Kaiser****Kaiser Express 2003-11****November 3, 2003****New Bottom-fish Recommendations: Lithic, Eastfield and Brett**

I would like to introduce three new bottom-fish recommendations, one a brand new junior called **Lithic Resources Ltd (LTH-V: \$0.18)** and the other two former bottom-fish, **Eastfield Resources Ltd (ETF-V: \$0.17)** and **Brett Resources Inc (BBR-V: \$0.30)**. I have been researching these three companies during the past week, and while I have not completed their KBFO profiles, time is running out and my conclusion is that all three will do very well in this market cycle. All three are itching to break out, and because I have already lost several others which took off before I could finish their profiles, I'm giving them to you now and will follow with full Profile Snapshot Trackers later.

**Lithic: a Resource Capital Funds shell**

**Lithic Resources Ltd (LTH-V: \$0.18)** is a top priority bottom-fish buy in the \$0.20-\$0.29 range. The junior has not had a speculation cycle since the 2:1 rollback of its predecessor. Lithic is an early life cycle junior, 49% of whose 12.1 million issued shares (12.9 million fully diluted) are owned by Resource Capital Funds II, a private Denver-based venture capital outfit that normally specializes in convertible debenture financings of advanced resource projects. Another 12% is held by Cumberland, the gold junior which several years ago transferred its Ontario assets into a junior called Berland that became Lithic. Lithic has two nickel-platinum group plays in the Thunder Bay region of Ontario that have never been drilled. The Roaring River project is under 60% option to **North American Palladium**, while the Crescent Lake project is owned 100%. Neither project is at this stage significant, and Lithic is best described as a shell for an advanced mineral project. RCF has considerable deal flow, some of it consisting of projects owned by private parties. Lithic is a vehicle on the shelf for a project deemed right by the people behind RCF, which could come along tomorrow or a year later. Lithic has about \$200,000 working capital. The stock is not very liquid, so bottom-fishers should move quickly to accumulate a position and then wait for a story to develop.

**Eastfield: copper-gold potential of Lorraine-Jajay**

**Eastfield Resources Ltd (ETF-V: \$0.17)** is a late life cycle junior which had a good speculation cycle as a bottom-fish recommendation during the nineties bull market, but has spent the past several bear market years crawling along the bottom in survival mode. Eastfield looked like it was headed for a reorganization, but two recent developments are brewing a groundswell of interest that is going to give the junior at least one more major speculation cycle. One development is the price of copper, which, like all the base metals, is in an uptrend that has pushed the price to \$0.94 per lb, the highest seen since 1998. The other development is the discovery of a major new high grade copper-gold zone on the Mount Polley project of **Imperial Metals Corp (III-T: \$4.79)**, which has rocketed tenfold during the past month. The revival of the Galore Creek deposit by **SpectrumGold Inc (SGX-T)** is also spurring a fresh look at copper-gold deposits in British Columbia, a province avoided by exploration companies during the nineties due to an anti-mining government. Eastfield is earning 75% of the Lorraine-Jajay project in central British Columbia that

Lysander originally optioned from Kennecott in 1994. Lysander's work has tripled the resource to 32 million tonnes of 0.66% copper and 0.25 g/t gold, which does not include an additional 22 holes that could double the resource again. Several majors have taken close looks at this project during the past few months, but the story did not become interesting until September when Kennecott finally agreed to waive its back-in right should a 150 million tonne resource ever be identified. While the Lorraine deposit itself is marginal as it presently stands, there is room for tonnage expansion, as well as the discovery of new zones. Lorraine is not a porphyry system, but appears to be related to the Galore Creek and Afton deposits. The entire 27,000 hectare project covers what is believed to be a buried alkalic intrusive system outlined by the so-called Jajay magnetic ring. Eastfield has just completed a private placement of 4 million units at \$0.12-\$0.15 that has boosted its treasury to about \$600,000, bringing its fully diluted to 41.3 million shares. First announced in late August, Eastfield could not close this financing until just over a week ago when it was suddenly oversubscribed. The company still needs to spend \$2.5 million to vest for 65%, but suddenly that looks like a piece of cake. While Eastfield could choose to farm out Lorraine-Jajay to a major, the current market mood is such that Eastfield could also during the next six months raise several million dollars at higher prices to fund an aggressive program that looks for new and higher grade copper-gold zones. The exit strategy in the event of success would be a buyout by a major. Eastfield, whose team of toiling geologists headed by Bill Morton and Glen Garratt specialize in generating projects in British Columbia, also has several other projects that are farmed out to juniors. A year ago Eastfield would have qualified as a low priority bottom-fish, but in the current climate it qualifies as a top priority bottom-fish buy in the \$0.10-\$0.19 range. Eastfield is widely held and liquid, with insiders owning only 10% of the stock. Although there is no evidence of institutional shareholders at this stage, the presence of a hard asset, the professionalism of the team, and the liquidity of the stock make Eastfield an obvious target for institutional money.

#### **Brett: Central American prospect generator**

I was hoping to introduce **Brett Resources Inc (BBR-V: \$0.30)** as a bottom-fish buy in the \$0.20-\$0.29 range, but liquidity has dried up and the stock has been creeping higher, so I am introducing it as a medium priority bottom-fish buy in the \$0.30-\$0.49 range where it has not yet traded since a 3:1 rollback earlier this year. The head of the company is geologist Carl Hering, who not only has an army of geologists rustling up projects in Latin America, but also a strong board whose members include Larry Nagy, Ron Netolitzky, and Louis Lepry. The flagship project for the moment is a high grade silver play in Argentina called La Frontera optioned 100% from Mansfield, but the emerging focus will likely be the recently acquired package of 7 projects in Honduras and the Sabalos and Waulasa concessions in Nicaragua for which government approval is still awaited. Brett has about \$200,000 working capital left from a recent private placement of 2.5 million units at \$0.20, whose placees included several well-known brokers and a resource sector venture capital fund. There are 15 million shares issued and 19.7 million fully diluted.

\*JK does not own shares in any of the securities mentioned herein

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For more information, send questions and comments to [info@kaiserbottomfish.com](mailto:info@kaiserbottomfish.com)

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