

RESOURCE OPPORTUNITIES

...Discovering value in natural resource stocks

ATW Venture Corp. (ATW-TSXV)

The following editorial is extracted from the March 2008-1 issue

Initiating Coverage:

ATW recently purchased a past-producing gold mine in Western Australia and expects to be back in production around mid-year.

The Burnakura mine, which last operated a year ago, consists of an underground mine and a mill capable of producing about 40,000 ounces per year in the near term, with plans to enhance that production level over time. The management team, which has considerable experience in Western Australia, intends to acquire other mines in the region to build the company to a multi-mine, mid-tier gold producer.

The company is led by Brent Butler, an Australian-based geologist with 20 years of experience, including discoveries in Western Australia. He is backed by a strong technical team and a board with considerable mining industry experience

Burnakura is located in the Western Yilgarn region, which has produced 17 million ounces of gold. A couple of large mines and several smaller ones are hosted along a regional structural trend. The gold is hosted along veins developed by shearing associated with the regional structure.

Production at Burnakura in the 1990s came from several small open pits. The fairly low grade ore was trucked 22 kilometers to a processing plant. With the low gold price, the operation went broke in 1998. Another small company bought it from the receiver, brought in a 50% partner, and resumed trucking ore from open pits.

It wasn't until 2005 that a mill was built on site, with ore coming from an underground mine beneath one of the pits. About A\$28 million (about C\$25 million) was spent for the mill and the underground development over a couple of years. The operation was never properly capitalized and faced on-going operational difficulties. It was shut down in April 2007, with the partners wanting a divorce. ATW completed a purchase of the entire operation in December 2007 for A\$4 million and 5 million shares and warrants.

ATW is presently drilling to better understand the ore deposits to support a mine plan. They intend to rebuild the crushing

circuit in the mill, which was the source of much of the earlier difficulty. After only a couple of months of work on the project, plans are not yet formalized, but the general sense at this time is that the mine could be operating around the middle of the year, barring any unexpected delays.

I toured the operation in early February in the company of the project manager, a mining engineer who previously worked at Burnakura. The trip included a fly-over of the trend, showing the site and numerous small pits along the trend as well as a couple of larger operations.

The mill, the 90-person camp and the ancillary facilities and equipment are all in good repair. It was easy to understand why the previous operators had difficulties and how the operation could be turned into a profitable producer. For instance, the crushing circuit in the mill was intended to process the near-surface, soft, oxidized ore. Once they got deeper into the ore, the harder material caused excessive wear and frequent breakdowns. ATW plans to rebuild the crusher to handle the hard ore.

The underground mine is also in good condition and appears to be well designed. Past mining and future plans involve a combination of mechanized mining as well as conventional equipment in order to optimize recoveries and minimize dilution.

Having an operation where most of the capital cost has already been spent and permits are already in place gives ATW an extremely valuable asset. They avoid the long delays needed to secure permits and the risk of cost overruns in developing a new mine.

At this time, the project has only a minimal resource, being the amount left behind when the mine closed. An independent technical report identified 236,946 tonnes grading 8.28 grams per tonne gold, suitable for about 2 years of production.

There is excellent potential to greatly expand that resource. Drilling has identified extensive areas of gold mineralization

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