

HRA - Special Delivery

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Santa Elena Resource Jumps Again

SilverCrest Mines Inc (SVL-V, STVZF-Obb; closing at \$1.16, down \$0.03 on 83k shares) released updated resource estimates for its Santa Elena and Cruz de Mayo projects in northwest Mexico before the opening this morning. As expected, the new numbers indicate a very large increase in the contained resources. The table below is taken from SilverCrest's news release, giving the current resource numbers at Santa Elena:

Santa Elena Silver and Gold Resources										
Property	Resource Category ¹	Tonnes	Ag gpt	Au gpt	Tons	Ag opt	Au opt	Contained Silver Ounces	Contained Gold Ounces	Contained Silver & Silver Equiv. Ounces ³
Santa Elena ²	Indicated	7,378,300	74.20	1.81	8,133,200	2.16	0.053	17,600,900	428,700	43,327,100
	Inferred	2,608,000	73.06	1.37	2,874,800	2.13	0.040	6,125,700	114,800	13,016,700

¹ Conforms to NI 43-101, 43101CP and current CIM definitions for resources. All numbers are rounded. Measured resources included in Indicated.

² Cutoff grade for Santa Elena is 30 gpt Ag equivalent (0.5 gpt Au equivalent).

³ Conversion of gold to silver based on 60:1 silver to gold ratio, Assumes 100% metal recovery.

The new calculation indicates a 56 million ounce silver equivalent resource at Santa Elena at the **Inferred level, an increase of 72%**. Drilling has both increased the size of the deposit and increased the confidence level of the resources. Significantly, the increase at the more rigorous Indicated Resource level is much larger, moving from 15 to 43 million silver equivalent ounces, **an increase in Indicated Resources of 186%**

The new resource was calculated using a 30 g/t silver equivalent (0.5 g/t gold equivalent) cut-off. The Indicated Resource is contained in 7.3 million tonnes grading 74.2 g/t (2.16 oz/t) silver and 1.81 g/t (0.053 oz/t) gold. The calculations were done using the industry standard 60:1 silver/gold ratio. HRA uses a more conservative ratio of 75:1 due to lower recoveries for silver in a heap leach mining operation. Using this ratio yields a **gold equivalent Inferred Resource of over 850,000 ounces** and a gold equivalent grade on the Indicated Resource of 2.8 g/t gold. That is quite a good grade for a heap leachable gold resource. Today's release also had updated silver resource numbers for Cruz de Mayo. The contained silver at the Inferred Resource level has increased to 15 million ounces, an increase of 66%. Gold resource numbers for Cruz are still to be reported but we do not expect a significant change from earlier estimates.

All told, the Santa Elena and Cruz de Mayo projects host Indicated and Inferred resources of over 70 million ounces. At yesterday's closing price, SVL had a market value per ounce of silver equivalent of about \$0.50, a fraction of its peers. There are still two drills turning at Santa Elena. We expect further increases in the resource and the near term delivery of a preliminary feasibility study that recommends proceeding to production at Santa Elena. Based on the advanced stage of the project and the larger and still growing resource, SVL remains very undervalued compared to its peer group. For those reasons we are maintaining our **Strong Buy rating on SVL**.

<http://www.silvercrestmines.com>

MBMI Resources (MBR-V; Halted) also had good news to deliver. The two month long trading halt on the stock has been lifted and it begins trading again today. MBR has filed a 43-101 report on its Palawan projects and released results from a large number of short drill holes from exploratory and grade control drilling at its Alpha project. The company also reported on the current state of production and sales negotiations for its direct shipping nickel ore. MBR has signed sales agreements for 110-125,000 dry tonnes of nickel ore with Sinosteel Raw Materials of China, Australia's BHP and Nippon Yakin Kogyo of Japan, in order of delivery priority. 60,000 tonnes of material has been mined and moved to the sorting yard and the first order is expected to be shipped within a couple of weeks.

All of this is good news, but the fact remains that MBR was halted for two months and while the first shipment is imminent it still hasn't actually happened yet. We are comfortable sales are coming in the near term but we have no illusions that many shareholders will be happy about it not happening yet. Likewise, the halt will inevitably lead shareholders to be more sceptical and MBR will have to prove it's making progress at each step before the market pays up for it. If MBR manages to get several shipments completed in Q4 and Q1 2008 it will get supported but it will have to show progress with things like secondary projects and the permitting process it's going through to obtain an FTAA for the Alpha area as well.

We are sending this off without having the benefit of seeing MBR trade. The wisest course at this point would be to "hope for the best but plan for the worst". We had discussions with the company last night. They appear comfortable most of their larger shareholders will be supportive. The same may not be true of retail investors and momentum traders who were heavily in MBR's market before the halt. We simply don't know how low it will trade. Letting it trade out a bit and picking a spot to accumulate on weakness looks like the way to go for now.

<http://www.mbmresources.com>

Regards for now – David Coffin and Eric Coffin

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