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AUGUST 14, 2009

Vol 6, Issue 21 CMB.V Described as "bootstrap, debt-free, unhedged" & "gearing up for cash-positive silver production"

Award Winning Mining Journalist Makes Compelling Case for Being Long CMB.V

"...after interviewing CMC Metals' CEO, Don Wedman (P.Eng) and going over CMC's very conservative estimates of its silver stash, cost of production and decimal-point-defying ore grades, and a quiet heads-up from our most reliable stock-picker, we're going to take a flyer on this no-brainer..."

Source: David Bond

Greg Thompson

Precious Metals Review

Seriously Inexpensive - Heavily Talented

CMC Metals Ltd. is a Canadian-based advance stage development mining company that presents exceptional opportunity for investors. CMC Metals is focused on taking their 100% owned Silver Hart, Yukon Territory, Canada silver mine into production and expanding on their 9+ million oz of silver resource. Listed on the TSX Venture exchange (ticker symbol CMB) (US Listing: CMCXF.PK), this exciting soon to be producer is the subject of a recently published article by regular Kitco contributor, gold and silver mining expert, journalist David Bond.

David has chronicled CMC Metals' potential for his readership at Silver Valley Mining Journal after doing his due diligence the Silver Hart property and discussions with CMC Metals President and CEO Donald Wedman, B.Sc., P.Eng. CMC Metals Ltd. silver mill is now 75% complete and CMB.V will soon begin silver production. Ore from open pit mining of high grade veins is set to be processed through the new on site mill at Silver Hart where silver grades average over 1.93 kg/tonne (56.5 oz/ton) and an estimated initial 1,000,000+ ounces silver production per annum is expected at USD\$4.45/oz breakeven.

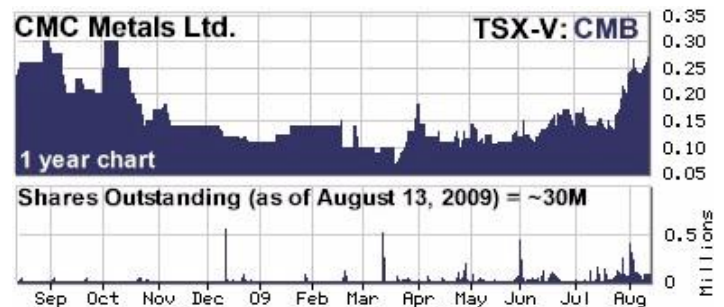
CMB.V investors should benefit as astutely conveyed by David Bonds in his article "North, To The Yukon And Silver!" (a full reprinted copy of the aforementioned subject article may be viewed on Page 2 of this publication or alternately you may read the article from source in [html](#))...

"CMC Metals is in the process of installing a prefabricated 80 tonne/day mill (upgradable to 300 t.p.d.) at its 100%-owned Silver Hart project in the south-central Yukon. They've exposed a 6.5 million-ounce resource of high-grade silver averaging more than 56 ounces per tonne. That's about 5 times the cut-off grade here in the Coeur d'Alene District's underground mines, except that this baby's open-pit. CMC has blocked out an initial 9 million ounces of silver with a very nice 7.5% lead and zinc component that knocks the extraction cost down to a very comfortable \$4.45/oz.

The story gets better. The 5200-acre Silver Hart is less than 5 percent explored; there are 20 known mineralized trench showings with visible massive galena, with only three of the 20 zones having been drilled so far. Extrapolating the numbers a bit from what CMB already has blocked out, and you could easily be staring at a 55-million oz. deposit. Additionally, CMC Metals has another pair of properties - one in late-stage development, in close proximity to the Silver Hart."

...David Bond

...See Full Article Copy on Page 2



CMC Metals Ltd. (TSX-V: CMB) (US Listing: CMCXF.PK) appears undervalued with only ~30M shares outstanding and trading under CDN\$0.30. The current market cap of CMB.V relative to the inherent value of their advanced stage high grade properties seems disproportionate.

NY Spot August 14, 2009; Gold: US\$948.70, Silver: US\$14.70

...silver averaging more than 56 ounces per tonne. That's about 5 times the cut-off grade here in the Coeur d'Alene District's underground mines, except that this baby's open-pit...

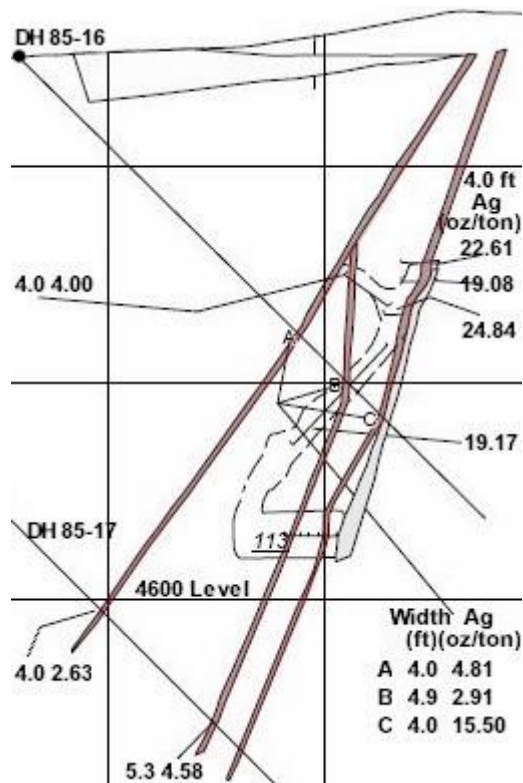
While we were all napping this summer, and caught utterly off-guard by the early August rally in our favourite precious metals – we knew this stimulus plan would stimulate silver and gold, but not so rapidly – a quiet little company called CMC Metals Ltd. (TSX-V:CMB) was minding the store.

This is a sleeper outfit if ever there were one: a bootstrap, debt-free, unhedged and un-promoted operation gearing up for cash-positive silver production next year and continuing far into the foreseeable future. The only comparison we can come up with is to our perennial favourite, Metanor Resources in Quebec, the best bootstrapped gold outfit in the Western Hemisphere.

We're loathe to expound on a property we haven't visited, especially one in the southern Yukon where there are edible critters to stalk, but after interviewing CMC Metals' CEO, Don Wedman (he's a P.Eng) and going over CMC's very conservative estimates of its silver stash, cost of production and decimal-point-defying ore grades, and a quiet heads-up from our most reliable stock-picker, we're going to take a flyer on this no-brainer.

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The story gets better. The 5200-acre Silver Hart is less than 5 percent explored; there are 20 known mineralized trench showings with visible massive galena, with only three of the 20 zones having been drilled so far. Extrapolating the numbers a bit from what CMB already has blocked out, and you could easily be staring at a 55-million oz. deposit. Additionally, CMC Metals has another pair of properties – one in late-stage development, in close proximity to the Silver Hart.



Given the vagaries of the sub-arctic – ice, mud, deer flies and the like – mining will be seasonal, but produce sufficient feed to run the mill year-round. The Silver Hart property is located at the end of a year-round 42-kilometer road 132 clicks west of Watson Lake on the Alaska Highway. Utilities are in and final development permits are expected from the Yukon Environmental and Socio-Economic Assessment Board in October. Full production is anticipated in Q2 2010. Plans for the remainder of this year include continued baseline data sampling, installation of the mill foundation areas, and tailings pond preparation.

The TM zone (Seen to the left) will be mined first; in addition to its 6.5 million ounces of silver, it contains 11.5 million pounds of lead and 19.9 million pounds of zinc. During the first two years, 50,000 tons of ore will be mined by open pit methods prior to beginning operations below ground. The above-ground component of the TM zone is expected to yield on average 38 o.p.t. of silver and 7.5% lead and zinc.

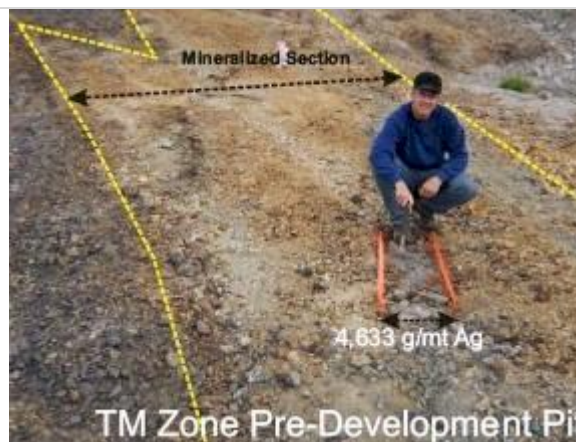
The plan is to strip mine the TM zone down to the underground adit that's already there, then drive an underground drift over to the S zone, a stack fault that parallels the TM to the northeast about 130 metres off the TM pit. Again, back to the Metanor metaphor, let your high-grade surface production finance your travels deep where the real pay-dirt awaits. Over \$8.5 million has been expended on the

property thus far, including 8.83 kilometers of drilling. These guys know what they're after, and they've just commissioned a 43-101 analysis of the adjacent M zone and a 1,000 meter drilling program there to probe the deposit for depth.

Worst-case scenario, assuming (US)\$12 silver, 65-cent zinc and 65 lead, CMC Metals' internal rate of return is on the order of 331 percent by the second full year of production on gross revenues of \$10 million and net after-tax cash flow of \$3.5 million. At \$14 silver, the numbers ramp up to a 411 percent IRR on gross revenues of \$11.374 million and after-tax cash flow of \$4.321 million, yielding a net present value of \$13.493 million – or just over half the company's current market cap of \$7.8 million.



TM Zone and S Zone CMC Metals has modeled the mining approach. They will strip mine the TM zone down to the underground adit they have now and there will be two locations where they will be splitting the opening in the pit; one will drive an underground drift over to the S zone, a stack fault that parallels the TM to the northeast about 130 metres off the TM pit. CMB.V will continue following the vein heading NE.



**Donald Wedman, B.Sc. (Engineering), P.Eng.,
President and CEO of CMC Metals Ltd. in
Mineralized TM Zone To Be Mined**

There is a massive galena vein that runs through the zone; all of the grey looking material is high grade silver-lead-zinc and the buff coloured area is lesser but still potent mineralized ore.

While some lingering sense of journalist ethics forbade us from buying shares in this company prior to writing about it, (and we wish we had, as CMB.V's share price recovered from the mid-teens last month to two bits), we'll be looking to participate in CMC Metals' upcoming flow-through financing, comprising 2 million units at 22.5 cents, each consisting of one flow-through common share and a one share purchase warrant at 30 cents redeemable within 12 months of the offering's closure – just shy of one-third the company's top price in Nov. 2007 before the shit hit the fan. The fundamentals argue favourably: CMC Metals is closely-held by management, including CMC Metals' founder, Michael Scholz, who self-financed the Silver Hart acquisition and brought it to its current state without a lot of market brouhaha.

We're very fond of clean, un-hedged, debt-free near-term silver mining projects. You have to accept as an article of faith that silver has nowhere to go but up to get near one of these things. And we take to heart friend Dave Morgan's (and just about everyone else's) advice that if you're betting on precious metals and thus against the U.S. dollar, at least a third of your portfolio should be in the physicals. We'd put another third into blue chips like Hecla, U.S. Silver and Metanor, all of whom have solid track records of profitable silver or gold production. The remaining third? Well, you can throw a dart and hope it hits, or do some seriously conservative due diligence and come up with a company like CMC Metals.

We'll give you an update on CMC Metals after our site visit next month. Meantime, expect production early next year and self-financed growth after that. Remember, we're talking about a small-capacity operation poised to expand to a much larger one in a mining-friendly district whose bottom line and exploration results may be a pleasant surprise. ##