

OUR NEW FEATURED COMPANY: BACTECH MINING CORP.

September 26, 2008

Dear Member,

Our passion for mining and resource stocks has been made very clear in the past. Pinnacle Digest's successes and huge percentage returns have been accomplished within these sectors. Global demand from emerging nations continues to push precious metal and commodity prices to historical highs. Analysts across the globe have predicted the commodity bull run will re-emerge stronger than ever. These two facts, combined with the irrational and extended depreciation of companies trading on the TSX-Venture exchange, has made our decision an easy one. The TSX-Venture exchange has lost 20% of its value in the last 2 months - creating some extraordinary opportunities.

BacTech Mining Corp. (BM:TSX-V)(BMCFF:OTC) is our selection for our new Featured Company. Take a few minutes to read this report and you will know why.



BacTech Mining Corp. is not a conventional or 'run of the mill' junior mining company. They do not explore for base or precious metals; they exploit proven properties. BacTech's role occurs after other mining companies discover significant deposits - only to learn that they need help to liberate the metal that is locked up in the sulphides. Let us explain.

BacTech owns their own proprietary bioleaching technology called BACOX. It can be defined as: The extraction of metals from ores or soil by natural biological processes, mainly by micro-organisms.

The terms bioleaching, bio-oxidation and bacterial oxidation are all used to describe a process for metal extraction. That process harnesses specific types of bacteria which degrade sulphide minerals naturally.

Simply put, finding a deposit that has economic metal content is only half the battle. You still have to be able to recover the metal and do so in an environmentally responsible manner. This is where BacTech's proprietary technology comes into play, and why they are in such demand.

BacTech can take a potentially uneconomic deposit, and with their proprietary technology, make it commercially viable. On top of that, it is an environmentally friendly and natural process.

BacTech designs and builds plants which implement their technology of naturally separating the valuable metals from worthless rock. This is not merely a hopeful endeavour or brand new technology that might fail. The technology, and the economic viability associated with it, has made enormous strides in the past 25 years.

BacTech's technology converts a slow, natural process for metal extraction into one that is fast (500,000 times faster) and commercially economic. This is achieved by increasing the number of, and accelerating the speed at which, naturally occurring organisms do their job in nature by giving them ideal living conditions. Utilizing these organisms also helps protect the environment by not using the alternative techniques such as roasting (burning), which is the main process used by mining companies. Not only is BacTech's technology cheaper, which helps economically, it is also environmentally friendly - a rarity in the mining industry. It's no wonder Yamana Gold (one of the largest gold producers in North America) has partnered up with BacTech and now owns over 19% of the company.

BacTech's technology is very effective in neutralizing the arsenic that is associated with a lot of gold and base metal deposits. The end product of bioleaching arsenic ores is ferric arsenate which is an inert compound, and environmentally benign. This is a green technology, one which is attracting companies and financiers from around the world. Remember, one of the major deal breakers for mining companies is not being able to achieve environmental permitting. BacTech's technology eliminates many of the environmental problems which arise from typical mining techniques.

There are many black box technologies running around in mining, all professing to be the answer to treating problematic ores. Until a company actually builds a plant using the technology they're just, another technology. To date, BacTech's technology has been commercially proven 3 times. They have already built plants and implemented their proprietary technology around the world, experiencing great success. After years of quietly perfecting their methods, they are simply picking and choosing which projects to pursue. BacTech is at the forefront of this niche market which is moving into the mainstream mining community. They are drawing the attention of some major producers having just inked a deal with Yamana Gold.

Let's review what BacTech has achieved to date:

1st Commercially Proven Plant:

BacTech's technology was first proven commercially at the Youanmi Mine in Western Australia in 1994. The ore at this property became more refractory (gold locked up) in composition as they mined deeper in to the ground, which meant recoveries dropped from over 90% to less than 15%. BacTech's bioleaching technology liberated the gold and recovered +90% of the metal - creating a more environmentally desirable alternative to roasting the sulphides. This allowed the mine to re-open, with production returning to over 65,000 ounces of gold per annum in 1994.

[Click here to learn about the history of this project](#)



Youanmi Plant in Australia

2nd Commercially Proven Plant:

BacTech built a \$20 million gold recovery plant for the Laizhou Gold Metallurgy Group in China. The plant is presently undergoing a doubling of capacity to produce 150,000 ounces of gold this year. Since it was officially commissioned in 2001, it has achieved recovery rates of higher than 97%.

[Click here to learn about the history of this project](#)



Laizhou Biogold Plant, China

3rd Commercially Proven Plant:

BacTech's bioleaching technology was used at the Beaconsfield Mine in Tasmania, Australia. The plant was completed on time and on budget, with commissioning occurring in November, 1998. The Beaconsfield plant is still in operation today and produces approximately 110,000 ounces of gold per annum.

[Click here to learn about the history of this project](#)



Beaconsfield Plant, Tasmania

Bactech has proven their technology has a place in the 21st century and will be utilized by companies searching for higher yield rates, cost efficiency and an environmentally friendly approach.

What is BacTech doing right now to capitalize on their proprietary technology?

Bactech has signed an agreement with Yamana Gold and Gold Aura Limited. These two companies have been working on gold properties in Papua New Guinea ("PNG") for roughly ten years and have invested over 15 million dollars to date. They have recently turned to BacTech in hopes of making their two properties economic.

BacTech has purchased Yamana's 33% interest in their PNG properties in exchange for common shares of BacTech. This gives Yamana a 19.97% interest in BacTech which makes them the largest single shareholder in the company. BacTech has the option to earn up to 43% by paying \$1 million over the next 12 months and a further option to earn up to 50% by spending \$1.5 million over 24 months. These funds will be spent on drilling and bioleach work. In short, BacTech can earn 50% of the work performed over the past 10 years for \$2.5 million.

As part of the agreement, BacTech will retain Gold Aura's current management team to continue to explore and develop the project. Gold Aura will charge BacTech a 12% management fee on the exploration funds to continue to operate the program. They have done this because it is much cheaper than mobilizing their own staff of geologists and engineers and sending them to Papua New Guinea.

The underlying assets in PNG are the Gameta and Wapolu deposits, both located on the north shore of Fergusson Island and approximately 30 km apart. Since 1996, over \$15M has been spent by Gold Aura and Yamana on the properties.



The following information was taken from Gold Aura's website:

"Gold Aura is currently undertaking a 60-hole, 4,000m in-fill drilling program at the Gameta Gold Project on Fergusson Island. To date they have reported 22 holes for 2,795m. Early drilling results indicate a substantial downward thickening in the central part of the resource, with recent intersections of 65m at 1.22 g/t gold and 76.9m at 1.38 g/t gold. Gold Aura has a substantial gold deposit at Gameta and if the results continue to be encouraging, a Feasibility Study into possible commercial gold production could commence by the second half of 2008."



Gameta Project Drill Site

As part of the agreement with Yamana, BacTech will undertake, at Yamana's expense, bioleach test work on one specific ore body owned by Yamana. Should the results prove positive, a royalty on future production will be paid to BacTech by Yamana.

BacTech has come out and declared that their goal is to have 1 million ounces of gold under their control. With the price of gold recently moving through \$900 an ounce and the US dollar continuing to erode, our team strongly believes in its demand and price stability.

Bactech's Newest Development

In a town called Cobalt, in northern Ontario, a mining legacy from the early 1900s has left behind an arsenic contamination problem, but also an opportunity for BacTech. The Company has learned that millions of tons of silver and cobalt tailings were simply dumped into lakes, rivers and mining sites during this period. If that wasn't bad enough, the tailings also contained high levels of arsenic that have been leaching into the local water (go to www.cobaltmininglegacy.ca/tailings.php for the story). If you recall from the first half of this report, arsenic and bioleaching go hand in hand.

In 1903, silver was discovered in Cobalt and that set off a mining rush similar to the Klondike gold fields. Between 1903 and 1922, over 300 million ounces of silver were produced from 100 mines. The amount of tailings left behind is astronomical and has negatively affected the citizens of Cobalt for decades. As society becomes more and more health conscious and environmentally friendly, the Ontario government has begun searching for a means to clean the Cobalt area.

Key Fact: Some of the veins in this camp reached 1,000 ounces of silver per ton, meaning that a significant amount of silver was left behind if it was deemed too difficult to recover. Cobalt (the metal) was also very prominent in these mines, but at the time there were very few applications or uses for the metal, and so it was thrown out with the silver tailings.

To Kill Two Birds With One Stone

BacTech plans to clean up the tailings in and around Cobalt and in so doing, create an opportunity for profit. They want to mitigate this environmental disaster, while at the same time produce a profit from the production of silver, cobalt and nickel.

BacTech was introduced to this opportunity by Gold Bullion Development Corp. who has recently purchased a high grade tailings deposit near Cobalt in Gowganda, Ontario. They have entered into a Memorandum of Understanding with Gold Bullion.



[Click link to review related news release dated September 2, 2008](#)

Gold Bullion has shipped a 500 kg sample of tailings from their Castle Mine tailings deposit to SGS Lakefield. Upon its arrival it will be determined if the tailings will be able to produce a silver, cobalt, nickel, arsenic concentrate. The floated concentrate will then be subjected to a number of bioleach tests to determine how successful the bacteria are at liberating the metal and neutralizing the arsenic.

The beautiful thing about working with tailings is that the expensive side of mining, ie. blasting, hoisting, crushing and grinding, is already done, leaving a much cheaper process than normal. A bioleaching company, such as BacTech, can focus on the flotation and bioleach test work. Assuming that the results of both are positive, BacTech and Gold Bullion intend to build a facility in the Cobalt camp to treat the estimated 20 million tonnes of tailings in the area. No doubt, other mining areas of the world with environmental "clean-up" issues will note the progress being made with bioleaching. The success of this one project can open up a whole new era for BacTech in the mining world.

BacTech has a commercially proven production technology. Their differentiator is the fact that their production method is environmentally friendly and can turn uneconomic deposits into profitable ones. These abilities are opening BacTech up to more markets and sectors than any other mining company we have come across. Our goal was to bring you a unique opportunity unlike any junior resource company. We are confident that we have achieved our goal.

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