

Growth Stocks Weekly

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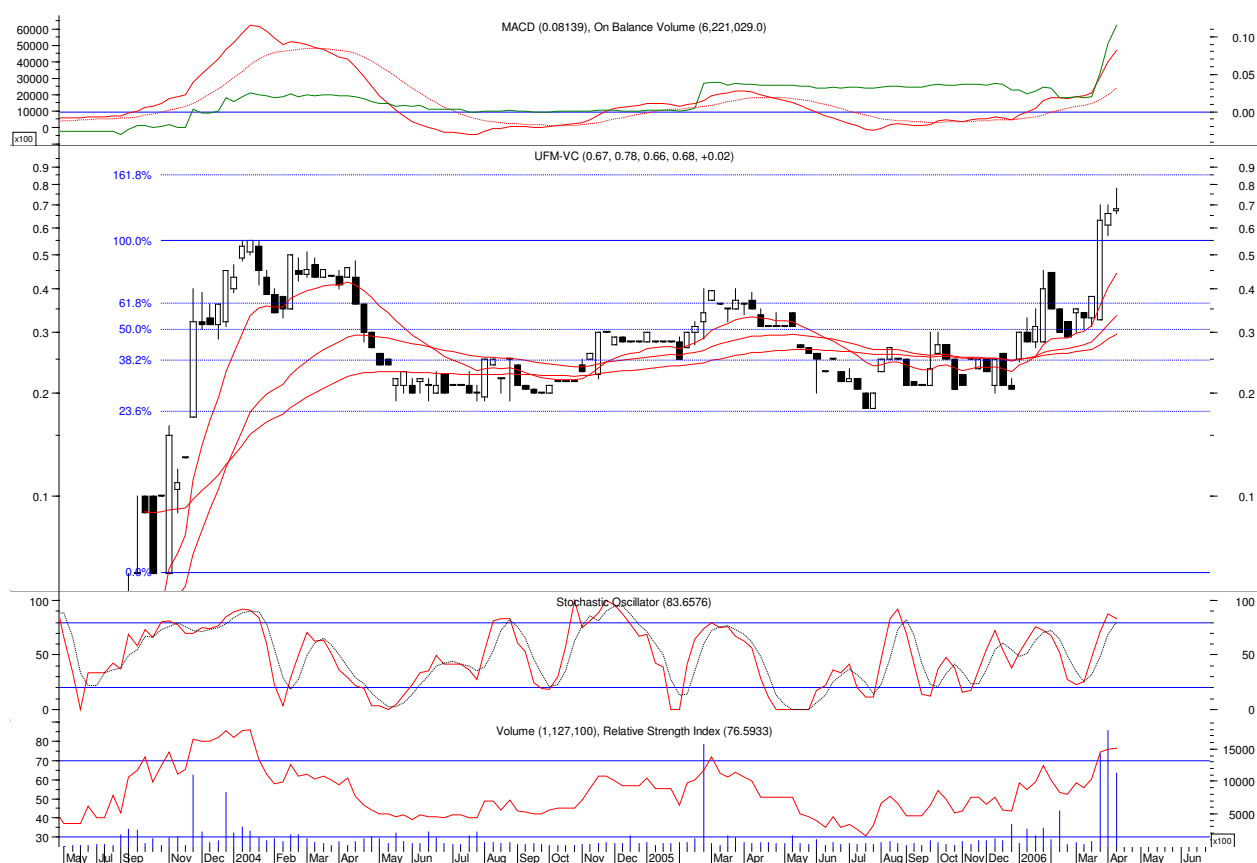
Performance: Year ended April 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4%**; 2000 **180.9%**; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**; 2005 **28.2%**

Junior Gold and Natural Resource Sector Report

April 12, 2006

Early Stage Uranium Opportunity

UFM Ventures Ltd. (UFM-TSX Venture Exchange)



Weekly chart, High C0.78, Low C\$0.06, Last Trade C\$0.68

On March 30, 2006 UFM Ventures Ltd. (UFM-TSXv) announced it's letter of intent with the Sheridan Platinum Group Ltd. whereby it was granted an option to purchase a 100-per-cent interest in the Lac Turgeon, Wee Gee, Pontbriand and Ne Costbelle properties in Quebec. When completed, UFE enters the "hot" uranium sector with a large and compelling asset. While no further announcements have yet been made, UFM will likely follow up in due course with a suitably qualified management team and a strong mining-finance relationship with significant fund-raising ability. The proposed transaction will constitute a change of business of the company.

Until completion, UFM is still essentially a "shell". Incorporated as 583860 B.C. Ltd., under the Company Act, British Columbia on April 21, 1999, the Company changed its name to Vast Capital Pool Ltd. on July 6, 1999, to User Friendly Media Inc. on March 21, 2001 and to UFM Ventures Ltd. on March 4, 2004. After the current "caretaker" management came into the company in November 2003, UFM immediately sold off its assets to focus on seeking out a compelling resource opportunity.

The company's total assets consisted of \$900,000 cash at the end of January 2006. At the end of March 2006 there were 32 million common shares and 1,425,000 stock options outstanding. 925,000 of those stock options are exercisable at \$0.10

until November 21, 2008. On March 2, 2006 the company granted 500,000 5-year stock options with an exercise price of \$0.29 per share to a consulting company related by way of a common director.

It could be assumed that there are one or more motivated, significant shareholders sufficiently incentivized through their holdings (shares and/or options), precluding the usual severe roll-back, cheap financing scenario that one often expects with shells sporting liberal share issues. While there are no reported shareholders controlling 10% or more of the shares outstanding, current president and director Gordon Keep recently disclosed about 350,000 shares and 275,000 options held. He is Managing Director, Corporate Finance of Endeavour Financial Ltd., a name synonymous with the introduction and management of high-profile, strategically-positioned and well-funded resource vehicles.

Effective December 2003 UFM entered into a financial advisory and office facilities agreement with Endeavour Financial Ltd. Under the terms of this agreement the Advisor is paid a monthly work fee of \$2,500 and a monthly fee of \$1,000 for the use of its office facilities. A success fee is payable to the Advisor on completion of any business combination or similar transaction equal to 2% of the value of the transaction.

The other insider is Douglas Dixon, Director, holding 2.4 million shares. He is not a mining guy (involved in real estate) and typically would be approached pre-deal to negotiate a sale of some or all of his share position privately to facilitate a new management group and/or acquisition entering the picture. This is pure speculation of course, but seems likely in the circumstances.

The company has commissioned a National Instrument 43-101 report on the properties. The transaction is also still subject to an executed formal option agreement, approval from the TSX Venture Exchange and company shareholders.

UFM also needs to complete a recently announced private placement of five million common shares at \$0.40 per share to raise a minimum of \$2-million in order to provide funds for the acquisition and for the exploration of the properties. There are no warrants attached to this issue and it has a 4-month hold period.

Sheridan Platinum Group, the property vendor, is a privately held company based in Quebec, which is majority-owned by Patrick Sheridan. The transaction is considered an arm's-length transaction. There can be no assurance that the transaction will be completed as proposed or at all. Trading in the securities of the company should be considered highly speculative. On April 12th UFM engaged Vanguard Shareholder Solutions to provide public relations services to the company for a one-year period, suggesting significant management confidence that the transaction will complete.

The Acquisition

This substantial land position totals approximately 914 square kilometres on the north shore of the Gulf of St. Lawrence. A part of this property (27 per cent of the total area) includes the Baie Johan Beetz uranium exploration area, the site of two major staking rushes in 1967 and 1975, involving dozens of junior companies and, in its later states, major players such as Denison, Imperial Oil and Uranerz. Numerous showings were identified in the course of this work, mostly low grade, on the order of 0.3 to 0.5 lbs U₃O₈ per ton. However, UFM assessment reports indicate several showings in the same areas containing grades on the order of pounds per ton. All of these showings occur in granites, alaskites and pegmatites within the Lac Turgeon granite intrusive (a complex mass, approximately 15 kilometres in diameter), and are geologically similar to such deposits as Rossing, in Namibia, or the Madawaska mine, in Ontario.

In the 1980s and 1990s regional geochemical surveys by the Quebec government showed that the Lac Turgeon intrusive, unlike any of the others in the region, is anomalous in uranium. Large fault systems cut the intrusive, but little attention was paid to these in previous exploration efforts, even though uranium mineralization is frequently associated with such features. Their very presence, for example, suggests the possible existence of major plumbing systems operational during the mineralization phase. The Lac Turgeon body thus retains the potential to host substantial uranium resources.

Regional geochemical surveys also reveal a series of substantial uranium in lake bottom sediment anomalies along a corridor extending several hundred kilometres in a northeast direction from Lac Turgeon. The balance of the properties acquired lie within this corridor, and cover, in effect, the major anomalies in the first 125-kilometre segment. Little work of any kind has been reported from these areas, which exhibit uranium geochemical values similar to those seen in the Lac Turgeon intrusive itself.

UFM plans to commence assimilating all previous work and to carry out an airborne radiometric and magnetic survey prior to the field season. The company believes there is excellent potential to locate higher-grade mineralization within the large low-grade area of mineralization.

Technical comments

The share price has effectively traded between \$0.20 and \$0.55 for a 2-1/2 year period while investors and speculators waited and wondered what Endeavour Financial would come up with for a project. With the answer now provided, price broke out on March 31 following the announcement of the Letter of Intent, opening at \$0.51 and hitting a high of \$0.78 seven trading days later before easing today. Major support should sit at the \$0.55 area with minor support around \$0.66. Resistance should occur around the \$0.86 area. We intend to acquire 50,000 shares for the model portfolio.

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