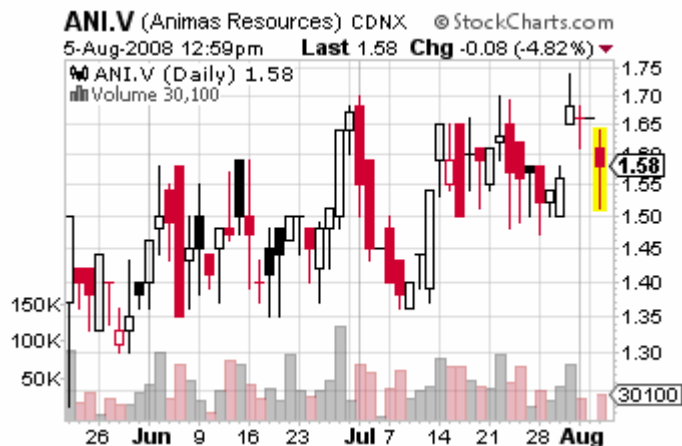




The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

Animas Resources Inc. (TSX.V:ANI)



Vital Statistics:

Issued and Outstanding: 26,228,622
Fully Diluted: 36,473,963

Institutional Ownership: 30%
Insiders Own: 16%
52 Week High-Low: \$0.63 - 2.14
Avg Daily Volume (3 month): 74,530
Cash on Hand: \$~6,500,000
Sector: Mining Development
Focus: Gold, Silver, Copper

Primary Drivers

Animas Resources (Canada TSX.V: ANI, US: ANIMF) has got everything going for it that an investor could want. Great management, the right investors, ounces in the ground at several past producing mines, in a district size system of 200Sq miles, with possible near term production potential, large exploration potential upside, money in the bank, and a tight share structure.

With the gold price full pumped and poised to break through \$1,000 an ounce, its both near term production potential and project size that's going to differentiate the wanna be's from the gonna be's in the current super cycle. With a historic non 43-101 compliant 700,000 ounces of gold and an entire 200 sq mile gold district in Mexico Animas fits the bill. This historic resource was actually done at much lower gold prices and a higher cut off grade in the 1990's.

Animas is a brand new deal for the most part, that was created by merging the Santa Gertrudis gold properties with a Capital Pool Company in July of 2007 and raising 9 million dollars to date. The Santa Gertrudis ("SG") Gold Deposits and exploration district are 180 km north of Hermosillo in the state of Sonora, Mexico.

The Santa Gertrudis Mine

The Santa Gertrudis mine was owned and operated by Phelps Dodge (now part of Freeport McMoran - NYSE:FCX) and later Campbell Resources (TSX:CCH) between 1991 and 2000, when it closed due to depressed gold prices. In that period, the mine produced 564,000 ounces of gold at an average grade of 2.13 grams per tonne from a total of 22 deposits.

Phelps Dodge sold the mine to Campbell Resources in 1994, who then mined it until October of 2000, when gold at US\$260 an ounce made it too hard to turn a profit and the mine was shut down. Queenstake Mining then purchased the property and stripped it of its infrastructure.

The mines and land package fell in to multiple owners' hands and was fragmented. Deal Capital signed purchase contracts in February of 2007 with two companies Sonora Gold and Sonora Copper, LLC effectively consolidating the mining and exploration concessions within the Santa Teresa Mining District including the Amelia concessions. Animas has further consolidated the district through staking and purchasing additional land packages.



The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

They recently announced the Lixivien acquisition of the last known producing area of the district that they didn't already control.



Santa Gertrudis Camp

This area is in one of the 6 project areas that Animas has identified that hold potential multi million ounce stand alone projects. It is interesting to note that Lixivien had high grade production through adits and was not open pit mining. It lies in the valley below two of the past highest grade producing pits that Animas already owned.

Remaining (non 43-101 compliant) historic resources for the SG Property as recorded by Campbell when production ceased in 2000 include 8.1 million tonnes averaging 0.94 g Au/tonne on the Lopez-Limon concessions, and 5.9 million tonnes averaging 1.71 g Au/tonne on Sonora Gold Corporation's concessions. The amount of gold at the Amelia deposits is not part of this estimate and is expected to add historical ounces.

Mine Development Associates is presently in the process of consolidating and interpreting large quantities of data from past mining operations. The initial 10,000 meter drilling program began in late June with major drilling. This is the first drilling the property has seen in a decade. I suspect drilling news will be coming out throughout the year beginning in late summer. This program will most likely be followed immediately by another 10,000 meter program beginning in September or October. Animas will not have a shortage of news flow and because this is Mexico can pretty much drill year round.

- The data available comes from the \$13.8 million exploration program conducted during Campbell Resources' tenure as operator, and includes information from just under



The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

- 1,017 reverse circulation drill holes totaling 98,620 meters
- 225 diamond drill holes totaling 21,122 meters
- 34,000 rock samples
- 21,000 soil samples
- District wide airborne geophysical and Aster surveys

To say the new management team is in a position to understand Santa Gertrudis is understatement, especially since two of the directors, Don Ranta and Greg McKelvey, were responsible for oversight of various aspects of operation of the Santa Gertrudis deposit when as senior management of Phelps Dodge during their ownership.



High grade pyretic black gold ore at the surface in the Amelia pit

Now every gold exploration company under the sun likes to claim “Carlin-type mineralization” when they have lower grades of gold, referring to the famous Nevada structure that is the richest source of gold in the western hemisphere.

The story of Carlin Trend gold is fascinating, in that the fact that gold was ever discovered in the region is as unlikely as the huge tonnage that the district delivers today. Carlin style gold is sub-microscopic -- not visible to the naked eye. In the 1960s' Dr. Ralph Roberts, considered by many to be the father of the Carlin Trend, conceived of and propagated the concept of sub-microscopic gold deposits in north central Nevada. His ground-breaking research and field work were catalysts for the more than 75 million ounces of gold (USD \$51 billion at today's prices) produced on the Carlin Trend to date and the more than 100 million (USD\$675 million) in gold reserves still in the ground.



The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

The characteristics of Carlin-style mineralization that exist at Santa Gertrudis are: 1) shallow systems where lower grade gold occurs as disseminations in carbonaceous, limey siltstones and altered limestone and is spread out over a cloud of mineralization at depths of 500-700 feet; and 2) deeper, higher-grade sulfide gold mineralization that can be traced closer to the surface as in the Carlin Trend can be seen in numerous pits at Santa Gertrudis. These sulphide occurrences were avoided by the past operators as they could not be processed in the existing heap leach operation. These sources were never tested and there lies a very big opportunity. The Carlin trend for several decades was a bunch of near surface deposits before new thinking discovered the deeper, massive high grade mineralization. Newmont Mining played a big part in this in the early 1980's and their head geologist, Odin Christiansen, is part of the Animas Resources exploration team.

A 1997 report from industry-respected mining consultants Behre Dolbear had this to say about the Santa Gertrudis property: "The property contains potential for a deep, Carlin-type target from an examination of the property and the presently available data for the project. The geology, structure, geochemistry, geophysics and mineralization are indicative of this type of system and the similarities to the Post-Betze deposit are very striking. Santa Gertrudis is at the same position the Carlin Trend was at the point in time Barrick bought the Gold Strike property from Western States Minerals and started their deep exploration program. The deep exploration potential at SG is very positive and the chance for deep mineralization is very good. The surface potential, as you know, is without question."

Campbell Resources never had a chance to do the necessary work in the low price gold environment when this report was commissioned.

Upon classification of sufficient quantities of near-surface, open-pit mine ounces, a company like Animas sitting on a genuine Carlin analogue can profitably begin mining sooner, and capitalize the construction of more expensive underground infrastructure out of operations as the mine matures.

Since the current near-surface aspects of the Santa Gertrudis past-producing zones are so thoroughly understood, Animas could have the ability to commence production sooner rather than later. Animas has all the water rights, the project has been permitted as a mine before and much of the infrastructure is in place. This is good for investors, because it minimizes the otherwise long quiet periods during feasibility studies when stocks tend to drift downward while everyone waits to see how the economics are going to pan out.

So the near term focus for Animas is to add significant ounces of either new oxidized resource or sulphide ounces at depth. Animas can then decide what the best mining process is to add value to shareholders. The team in place has obviously signed up to find the bigger Carlin like deposits but it is a nice fall back for shareholders that the oxidized ore could be put back into production.

Bacanuchi Project (Shirley Concession)

This is another massive piece of property that management plans on identifying targets to be joint ventured out to other mining companies as they will have their hands full at Santa Gertrudis. Management is familiar with the property as Phelps Dodge once had it until they re-organized and stopped exploration in Mexico for a while. I believe management already has a good idea of the potential targets so this is not a property that is starting from scratch.

The Shirley property is a 130 square mile property located in the Bacanuchi area in northern Sonora, 25 miles away from the Santa Gertrudis and 35 km south of Cananea, a world-class porphyry copper deposit located 40 km south of the US/Mexico border. The property covers a very impressive color anomaly likely caused by hydrothermal alteration and oxidization of sulfide



The Midas Letter

www.midasletter.com *Health, Wealth and Prosperity*

minerals exposed to surface weathering. The Bacanuchi area is known for its past production from artisanal mines (Cu, Au & Ag), and its gold potential has never been evaluated using modern technology.

Management

The management team assembled by Animas is especially suited to the further exploration and development of the Santa Gertrudis deposit.

Animas Resources has attracted a very respectable list of executives, consultants, and advisors. They include the past head of Phelps Dodge exploration South America, past head of Phelps Dodge exploration North America, past head geologist for Newmont Mining, past president of Cominco Resources, past Mining Man of the year (who sold her exploration company to Barrick for 1.1 billion dollars), past head Echo Bay geologist, the past VP of acquisitions for Cominco, the Mexican lawyer who co-drafted the current mining law of Mexico, and the past Senior VP for business development at Phelps Dodge. The list also includes well respected metallurgists and mine engineers. To review the complete list of executives, consultants, and advisors, you can visit Animas's web site at <http://www.animasresources.com/s/Management.asp>.

Here are just a few of their resumes.

Gregory E. McKelvey

President and C.E.O., Director

Mr. McKelvey, MS. Geol., has more than forty years of extensive, international experience in Latin America, Africa, and Europe in expanding responsibilities for significant mining companies such as Kennecott, Cominco, Homestake, and Phelps Dodge. He also acts as an Adjunct Faculty member at the University of Arizona in their International Center for Mining Health, Safety, and Environment and worked for the USGS in Latin America. He has also consulted for Lundin, Codelco, Phelps Dodge, Newmont Mining, Gerald Metals, and Quadra Mining.

Mr. McKelvey has successfully directed and led innovative exploration efforts, resulting in the discovery and identification of several major ore deposits. He participated in or led the teams that discovered Sossego (Cu/Au) in Brazil; Sheep Creek (Zn, Cu, Co) in Montana; Spar Lake--Cabinet Mts. (Cu, Ag) in Montana; Sechura, (P2O5) in Peru; extensions of the Punta de Cobre (Cu/Au) deposits in Chile; extensions of ore at Chino (Cu) in New Mexico; the Codelco IOCG discovery in Brazil, and the recent new porphyry copper center at Sierra Gorda in Chile

As the former VP of Exploration-Latin America for Phelps Dodge, Greg will lead for the strategic and tactical exploration plans for Animas Resources.

John Wilson

V.P. Exploration

Mr. Wilson has over forty years of experience and success in all aspects of base and precious metals exploration, discovery, reserve definition, and mine development. His work has included discoveries in Brazil, Nevada, and Peru. He has also done detailed evaluations of numerous deposits and prospect types in varying geological settings throughout the western U.S., Russia, Chile, Peru, Brazil, Mexico, Central America, and Asia. His work for Cyprus Minerals Company, Codelco Corporation, Amoco, Kinross Gold Corporation, AMAX Mining Corporation, and Essex has ranged from initial prospect evaluation to the design and management of regional exploration, deposit modeling, and development programs. Mr. Wilson has a strong field orientation with excellent development skills and a proven record of discovery.



The Midas Letter

www.midasletter.com Health, Wealth and Prosperity

Don Ranta **Director**

Dr. Ranta is an exploration and development mining executive, experienced in planning, implementing and directing successful exploration and acquisition programs throughout North America, South America, Africa, and other international locations. He has extensive experience in generative exploration, project exploration and appraisal, geologic-engineering, and economic evaluation as well as strategic and business planning. In addition, he is a former President and Board member of the Society for Mining, Metallurgy, and Exploration and the current Vice President-Finance and a Board member of The American Institute of Mining, Metallurgical, and Petroleum Engineers. He has been a director of several junior exploration and mining companies

He has had a significant role in the successful exploration, discovery, and acquisition of several major ore deposits including the Sleeper gold deposit in Nevada, the Emmons molybdenum deposit in Colorado, the McDonald gold deposit in Montana, and the Santa Gertrudis gold orebodies in Sonora, Mexico. His exploration teams participated in the acquisition or discovery of a number of other deposits including: the Paradoxes Amarillos gold deposit in Baja California, the Aquarius gold deposit in Ontario, Canada, the Kilgore gold deposit in Idaho, the Seven-Up Pete gold deposit in Montana, the Dolores gold-silver deposit in Mexico, the Youga gold deposit in Burkina Faso, the Kuranakh gold deposit in Russia, and the Cochise copper deposit in Arizona.

Mark Brown **Director**

Mark T. Brown is the President of Pacific Opportunity Capital Ltd. headquartered in Vancouver B.C. Pacific Opportunity is a financial consulting and merchant banking firm active in venture capital markets in North America. Mr. Brown has assisted in the successful establishment of numerous private and public companies. In the mining and mineral exploration sector, His corporate activities include merger and acquisition transactions, financing, strategic corporate planning, and corporate development. Prior to joining Pacific Opportunity, Mr. Brown managed the financial departments of two TSE 300 companies: Miramar Mining Corp. and Eldorado Gold Ltd. Mr. Brown has a Bachelor of Commerce from the University of British Columbia and qualified as a Chartered Accountant in 1993 while working with PricewaterhouseCoopers in Vancouver,

Bryan Morris **Director**

Until his retirement in August 2003, Mr. Morris worked for Teck Cominco Limited as Vice President, Business Development, and was responsible for identifying, evaluating, and negotiating acquisitions, primarily in the zinc business. Prior to that appointment he had been Vice President, Finance and Director of Cominco Resources International Ltd., the listed international exploration arm of Cominco Ltd., and had held senior positions in Cominco's finance organization. During his career with Teck Cominco he also served as a director of several subsidiaries and associated companies. Between 1965 and 1974 Mr. Morris worked in Peru for Cerro de Pasco Corporation and Centromin. He is a Fellow of The Chartered Institute of Management Accountants (UK) and is also a director of several junior mining companies.

As I said at the beginning of this article, Animas has got everything going for it that an investor could want. Great management, the right investors, ounces in the ground at a past producing mines with possible near term production potential, large exploration potential upside, money in the bank, and a tight share structure. Animas has just begun drilling in the district for the first time in over a decade, commissioned MDA of Reno, Nevada to prepare a new 43-101 reports and has proven mine finders on the property adding value and re-analyzing the data. The market cap of the company is currently only about 40 million and all of the above developments could add significant value in the near term.



The Midas Letter

www.midasletter.com *Health, Wealth and Prosperity*

About The Midas Letter

Midas Letter is a publication of Midas Publishing, LLC, an independent financial publishing company owned and operated by James West, a twenty year veteran of financial journalism with a focus on small cap companies.

The information provided herein is derived from sources believed to be reliable but no warranty as to accuracy is express or implied. Midas Publishing and its employees have received no compensation for the authorship and/or distribution of this letter, though the company and/or its employees may from time-to-time purchase shares in the open market, or may participate in private financings at discounted prices.

This document is provided for information purposes only, and is not to be construed as investment advice to either purchase or sell securities in any company herein mentioned.

Subscription Information

A subscription to the Midas Letter is available by logging on to www.midasletter.com and clicking subscriber. The rate is US\$499 for one year. Alternatively, for the print edition, send a bank draft or international money order in the amount of US\$549 for a one year subscription to:

Midas Publishing LLC
2807 S.E. 33rd Ave.,
Portland, OR 97202
(503) 343-9887
www.MidasLetter.com
info@midasletter.com