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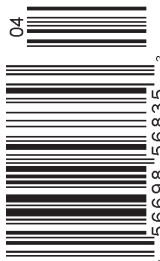
# RESOURCEWORLD

INVESTMENT OPPORTUNITIES AND NEWS **magazine**

VOLUME 6 ISSUE 4

## Pieces falling into place for platinum explorers

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### Platinum Group Metals

Platinum Projects around the world

Trading Metals

Time for the US dollar obituary?

Cleantech Investing

Exploring South America

**INVESTOR KITS**  
Page 68

**TSX:SL.V**



**SOLA RESOURCE CORP.** is performing an extensive diamond exploration and development program in the Precambrian Shield of NW Brazil. The Pimenta Bueno region, within the SE sector of the State of Rondônia, lies within a major diamondiferous kimberlite province. Using kimberlite indicator minerals and ground-based geophysical surveys Sola has to date detected 7 priority target areas. Gem-quality macrodiamonds accompany the kimberlite indicator mineral suites in a number of cases. **A recently announced find was a 2.3 carat, white, gem-quality, octahedral diamond in a new target area 3.2 km from the Carolina kimberlite. Via pitting, drilling and sampling, Sola is now further testing this new priority target.**

Sola's ongoing drill program is quantifying both the diamond-bearing Carolina kimberlite and the recently announced kimberlite and kimberlite dike occurrences in the Espigão d'Oeste area. Using its 400-tonne per day jig plant, the Company is currently bulk-testing the irruptive phases of the Carolina kimberlite pipe. Results from these bulk tests are anticipated in Q1 of 2008.

The Company is aggressively pushing ahead with its regional diamond exploration on its 4191 square kilometer property in this highly accessible domain of the Brazilian Shield.

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# Northern Shield Resources

Exploring for Canada's  
largest PGE deposit



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## **The Situation:**

The single greatest use for platinum is in catalytic converters of cars and trucks. Governments around the world are implementing new and stricter environmental regulations to reduce exhaust emissions. To meet these regulations car manufacturers are building catalytic converters that contain more platinum than in the past.

**TSX-V: "NRN"**

## **The Problem:**

Over 80% of the world's platinum production comes from South Africa and Zimbabwe. With political uncertainty and the breakdown of infrastructure, including electrical power in southern Africa, the price of platinum has surged to \$2000 per ounce. Hence, there is an urgent necessity to find a secure and significant platinum deposit outside of South Africa.

## **The Opportunity:**

Despite the need for platinum there are very few mining companies focused on exploring for platinum in Canada. With the discovery of two, and possibly three, large platinum-bearing layered intrusions, **Northern Shield** is becoming a leader in reef-hosted platinum exploration in Canada.





Pacific Cascade Minerals Inc. [TSX-V:PCV] is a British Columbia, Canada based molybdenum exploration company seeking economic deposits on its 100% owned Brewster Lake, Crack Moly, and MO mineral projects. Recently financed with 25 million shares outstanding, exploration will continue this spring and summer with 2000m drill programs at each of the Brewster Lake and Crack Moly properties and airborne EM and Magnetometer surveys at the MO claims.

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## DEPARTMENTS

Editor's Comments **7**  
by Ellsworth Dickson

OFF THE WIRE **50**  
Uranium 308 Corp.  
Puma Exploration Inc.  
San Gold Corp.

RESOURCE ROUNDUP **65**  
Vancouver Stock Exchange  
building on 100 years of history  
by Cavelle Macdonell

Coming Events **66**

Reader Response Card **68**  
Advertiser Index

Epilogue **70**  
The greatest mining show on earth  
by David Duval

## FEATURES

Platinum Group Metals **8**  
Platinum – Palladium – Rhodium  
Osmium – Iridium – Ruthenium  
by Alf Stewart

Platinum Projects **12**  
by Ellsworth Dickson

Fronteer extends gold strike **18**  
at Long Canyon, Nevada  
by Peter Caulfield

North American metals trading **22**  
Futures & options 101  
by Jamie Greenough

Writing a news release **24**  
that actually gets read  
by Loa Fridfinnson

## INVESTMENT

BROKER'S PICKS **26**  
Tres-Or Resources  
appears undervalued.  
by Alf Stewart

INSIGHTS & INVESTMENTS **28**  
Unlocking Albania – Part II  
Tirex Resources reveals Albania's  
first state secret  
by Eric Hoesgen & Dennis Hoesgen

SPECULATIONS **30**  
Time for the U.S. dollar obituary?  
by Leonard Melman

AT THE MARKET **31**  
Tighten your lines  
by Rod Blake

Cleantech Investing – Part II **32**  
by Harold Waldock

## MINING

Exploration & Mining in South America **38**  
by Brian O'Hara

Max Resource reports **46**  
2008 plans

Star Uranium drilling **47**  
Athabasca uranium targets

Happy Creek confirms large-scale **47**  
tungsten-moly system

AUSTRALIAN UPDATE **48**  
Intrepid Mines & Emperor Mines merge  
by Greg Barns

Waratah Coal boosts inferred **48**  
resource at Galilee, Australia

MINING STOCKS TO WATCH **49**  
Helio Resource Corp.  
and the Lupa Goldfield  
by James West





## MINING NEWS

Mining Industry TV **35**  
educates public

Hathor Exploration Ltd. **45**  
hits 5.29%  $U_3O_8$  over 11.9 metres

Eagle Plains makes **52**  
rare earths discovery

Paramount Gold & Silver hits **53**  
high-grade gold



## OIL & GAS

OIL & GAS STOCKS TO WATCH **54**  
LNG Energy is a sleeping giant  
by Eric Pratt

OIL & GAS NEWS **55**  
Exall reports horizontal oil discovery

Mountainview drills, **55**  
production tests  
Montana well

Petromin to drill Gilby lands **55**

## ALTERNATIVE ENERGY

Keeping track of your **56**  
windpower investment  
by Clara Dejong & Kevin Trimble

Alternative Energy Review **60**  
by Joel Bainerman

Putting more natural gas **62**  
in your tank: Energtek Inc.  
by Joel Bainerman



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## The volatility of gold

After years of anticipation, gold finally broke the psychological US \$1,000 an ounce barrier, only to tumble back to the US \$920 an ounce level, then bounced back up to US \$934 an ounce. What is causing this volatility in the price of gold?

Reg Ogden, vice president and a senior investment advisor at Canaccord Capital Corp., says the price of gold is linked to the fortunes of the US dollar. He says he expects the price of gold to drift for a while and then a turn around in late July, depending on good or bad news related to the US dollar.

"I don't expect a sudden turn around. Everybody expected the US \$1,000 an ounce level – it was almost universal. In my opinion, I expected it to be a non-event when it happened because it was so well expected. Basically, I am of the view that the bull market for gold and other metals is still intact, but short term, I don't expect much to happen."

Ogden sees these corrections as quite normal and healthy. "If it wasn't for them, it would be a super bubble, but I don't think that is the case."

Well-known market analyst James Turk, writes on [www.kitco.com](http://www.kitco.com) that gold is also a "catastrophe hedge." Being an American, he is concerned about the state of the economy in his country and notes that the "monetary and financial system is rapidly spinning out of control due to decades of reckless credit expansion." The latest example of this is JP Morgan Chase & Co. buying the ailing Bear Stearns & Co. investment bank.



I can't help notice there is a real paradox when it comes to investors and gold. A little over 10 years ago, gold fell about US \$100 in one day and eventually traded at about US \$255 an ounce. Market sentiment for gold was about as negative as it could be. Very few wanted to invest in gold or gold stocks. Of course, that would have been the time to load up, and if one did, one would have almost quadrupled their investment in the metal.

During the last month with the price of gold at over US \$1,000 an ounce, it is understandable that those who have been hoarding gold were cashing in. What I find paradoxical is how many gold buyers were flocking to coin and bullion dealers. It seems the higher the price of gold gets, the more people want to buy. The *Vancouver Sun* recently reported that a local coin dealer had five times as many gold buyers as customers as opposed to gold sellers.

Numerous gold analysts have been predicting that gold will eventually hit US \$2,000 an ounce. This belief is based on several things – the continued slide in the US dollar, various economic uncertainties such as the credit crisis, the declining supply of gold due to less worldwide production and rising physical demand, particularly by gold-based exchange traded funds. With gold jewellery becoming more expensive, it is expected that demand in that sector may lessen, but jeweller demand is not a big factor in the total demand for gold.

In spite of gold exploration being carried out on levels never before seen, there is less gold produced than five years ago. Gold reserves are not being replaced fast enough and, even though some significant gold deposits have been discovered, it usually takes several years to build a mine.

Keep in mind that when comparing the current price of gold to the spike of 1980 of about US \$850 an ounce, this equates to over US \$2,100 an ounce in today's inflation-adjusted currency.

As we go to press, just after Easter, metal prices are once again showing strength. ■





Loading PGM ore at the open pit part of North American Palladium's Lac des Iles Mine 85 kilometres northwest of Thunder Bay, northwest Ontario. Photo courtesy North American Palladium Ltd.

# Platinum Group Metals – A Primer

## In spite of a recent price correction, PGMs have good fundamentals

by Alf Stewart

Platinum Group Metals (PGMs), or Platinum Group Elements (PGEs), refer to a group of six naturally occurring rare elements of which platinum and palladium are the most common members, but also includes rhodium, ruthenium, osmium and iridium. These metallic elements are grouped together in the d block of the periodic table, and occur together in nature as well.

### ORIGIN OF PLATINUM GROUP DEPOSITS

PGMs are sourced from igneous rocks, which originated deep within the earth's mantle. In the Pre-Cambrian era a number of these igneous intrusions fed large magma chambers called laccoliths, and then crystallized slowly over geologic millennia. Slight changes in the chemical composition or pressure/temperature conditions of the magma

chambers resulted in the precipitation of PGMs in thin layers over many square kilometres. These layers were trapped in the rocks, which were subsequently uplifted, tilted and eroded to expose the layers, called reefs, at surface. These can be mined as hard rock deposits in open pits and underground mines. Also, subsequent erosion of these reefs caused PGMs to accumulate as surficial deposits in river and stream gravels close to the hard rock sources, and are called placer deposits.

A third major source of PGMs is from nickel deposits, such as the massive Noril'sk mine in Siberia which produces the bulk of the world's palladium, where PGMs are produced as a by-product. The nickel deposits occur in similar igneous rocks as the PGM reef type deposits.

### LOCATION OF PLATINUM GROUP METALS MINES

The Bushveld Complex in South Africa is a large Pre-Cambrian igneous body, which contains three separate reefs, the UG2 Reef, the Merensky Reef and the Platreef. These layers are the largest source of platinum in the world, producing 80% of the world's platinum, 90% of the world's rhodium, and 50% of the world's palladium.

**Impala Platinum Holdings Ltd.** [IMP-OTC; IMP-Jo'burg; IPLA-London] produced 2.03 million ounces of platinum and 3.86 million ounces of PGMs in fiscal 2007. Operations on the **Bushveld Complex in South Africa** and the **Great Dyke in Zimbabwe** give it an attributable mineral resource inventory (inclusive of mineral reserves) of 187 million ounces of platinum.

Also in South Africa, **Anglo Platinum Limited** [Jo'burg; London; Brussels] operates seven mines and is the world's largest PGM producer with 4,787.1 million ounces of PGM plus gold produced in 2007.

A similar intrusion in Montana, U.S.A., is the Stillwater Complex, where **Stillwater Mining Company** [SWC-NYSE] produced 537,500 ounces of palladium and platinum in 2007, well below the 600,600 ounces produced in 2006. The lower production was primarily the result of higher attrition among skilled mine workers and a strike at the Stillwater Mine in July.

On a global basis, PGM hosting rocks occur in a half dozen other igneous bodies, including the Muskox intrusion in Canada, and the Skaergaard intrusion in Greenland, but these two currently host no producing PGM mines.

#### SUPPLY AND DEMAND – PLATINUM

Platinum supply, including recycling, is approximately 7.6 million ounces of production per year. The major source of platinum is South Africa, with about 5.2 million ounces of production. Russia is the second largest supplier with about 12% of world platinum production per year. North American production amounts to only 5% of world production. South Africa's PGM mines are unique in their high ratio of platinum relative to palladium. Russia's platinum production is a combination of by-product production from the Norilsk-Talnakh district, and various placer deposits throughout the country. Canada produces platinum as a byproduct of nickel mining from the Sudbury, Raglan, and Thompson nickel districts.

The 7.8 million ounces of annual demand for platinum comprises automobile catalytic converter use, jewelry, dental and other industrial demand. The most important of these uses is catalytic converter consumption, which accounts for over 50% of the world's use of platinum. Total demand has been growing at about 8% per year and, as emerging Asian countries upgrade minimum standards for automobile emissions, the growth is likely to continue.

Catalytic converter use needs some explanation. The PGMs in a catalytic converter

are essential to promote or facilitate the reduction in toxic emissions from internal combustion engines. The use of platinum, palladium or rhodium catalyzes chemical reactions in the converter, which includes the conversion of carbon monoxide to carbon dioxide, the breakdown of nitrous oxides to nitrogen and oxygen, and the conversion of unburnt hydrocarbons to carbon dioxide and water vapor. The PGMs are not consumed but are essential to the reaction process. Consequently, some of the PGMs can be recycled and reclaimed from old catalytic converters in scrap automobiles. There is no substitute for PGMs in the catalytic converter, but it is possible to substitute palladium or rhodium for platinum or vice versa, depending on the relative price and supply of the metals, and fuel source of the engine. Due to palladium's tendency to suffer from sulphur poisoning, diesel engines use predominantly platinum and rhodium based catalytic converters. This is relevant to what I call the Great Palladium Squeeze of 2000, discussed below in the prices and trends section.

#### SUPPLY AND DEMAND – PALLADIUM

Palladium production, including recycling, is about 9.3 million ounces per year, with Russia being the largest supplier in the world followed by South Africa, the reverse of their respective positions in platinum. Russia has large by-product supply from nickel mining in the Norilsk-Talnakh district of Siberia.

#### OTHER PGM GROUP METALS

Almost the entire 800,000 ounces of annual rhodium production is consumed by the auto catalyst industry due to its necessity in converting the acid rain-causing nitrous oxide portion of vehicle emissions into inert nitrogen.

Close to 80% of the annual ruthenium production is used by the electronics industry, in such applications as high density disk drives and plasma display panels. In addition, recent research in fuel cells has shown the benefit of incorporating ruthenium into the cell to keep it from degrading.

Osmium is used as an alloying element as well. It increases hardness and is used

in alloys for the tips of fountain pens and electrical contacts. Its oxide form, osmium tetroxide is extremely toxic. Osmium and iridium are the two elements which have the highest densities.

Iridium, like the other lesser known PGMs discussed here, is used primarily as an alloying element to increase hardness or improve corrosion resistance.

#### PRICES AND TRENDS

Platinum and palladium saw a dramatic price surge in January and February, before the recent pull-back. As mentioned above, South Africa is a key producer of platinum and palladium globally.

On January 25, 2008, South African power producer Escon said, "you have to close your mines" and not only the mines that didn't have the flexibility to cut power back by 10% – they all closed. Every mine in South Africa closed because Escon couldn't guarantee them the power to get underground miners back to the surface. The rolling blackouts that were hitting everybody in South Africa were suddenly about to hit the mines and it wasn't safe to put people underground. Now, the only companies that are having difficulties cutting back power by 10% in terms of actual overall operations are aluminum smelters because they have to run at full capacity. All the mines in South Africa are now running and are cutting back their power consumption. The deep underground mines closed for a week, but everybody closed because of the power supply crisis. That had a lot to do with the coal supply as well.

Regarding royalties, the South African government royalty is not just 3% on mining production; it varies depending upon which metal is being produced. It's 2.7% for PGMs and different for gold, silver and so on. They have tabled a royalty plan that is

Prices	March 03	March 08	%
Platinum	\$675.00	\$2,189.60	324%
Palladium	223.83	546.80	244%
Rhodium	538.10	9,221.25	1,713%
Ruthenium	36.00	425.00	1,180%
Osmium	400.00	400.00	0%
Iridium	100.00	450.00	450%



comparable, if not better than North American royalty plans, but they haven't moved ahead with it. South African mines are now all up and running at 90-95% and it doesn't look like any of them will have to close.

The price of platinum surged to over US \$2,200 per ounce in early March 2008 as a direct consequence of this crisis – double the price in January 2007.

Palladium spiked to a high of US \$560 per ounce in March 2008, up from US \$325 per ounce a year ago. Given the low price of palladium, and the problems emerging in platinum-rich South Africa, one might expect auto producers to reformulate their catalytic converters to a more palladium-rich blend. Automakers were doing that in 1999 and 2000, when the price of palladium suddenly rocketed to US \$1,000 per ounce in the Great Palladium Squeeze of 2000. At that time Russia's production and inventory figures were state secrets, and it is widely suspected that Russia caused the squeeze by withholding supplies. Ford Motor Company, fearing a disruption in supplies, purchased and stockpiled a large amount of palladium

at prices near the US \$1,000 per ounce peak. It subsequently lost \$1 billion on the value of this inventory when prices dropped back to the US \$300 level.

Given this experience, the auto industry is unlikely to embrace palladium as a way to deal with any South African crisis, even though palladium production has been in a large surplus for years. Thrifting and substitution has been ongoing for years, the consensus (John Reade UBS March 2008 etc) is that any and all substitution that can happen has already. The ineffectiveness of palladium in diesel engines, which makes up over 50% of new car production in Europe coupled with numerous demand streams is more reason for the difference between platinum and palladium's differential than North American automakers' fear of being held hostage by Noril'sk.

The South African power crisis appears to have abated somewhat with the announcement on March 7, 2008 of a new plan to allow South African mines to maintain 95% of their pre-crisis level power use. Prices of platinum and palladium have

reversed from their peaks as a result.

Generally, the remarkable properties of the PGM group have led to a large and growing use in the environmental and high technology fields. From coating electrical connections in cell phones, to coating fuel cell catalyst plates, these metals are finding their way into an ever increasing number of applications relevant in our modern world.

As can be seen from the table (p. 9), rhodium and ruthenium are the stars for price appreciation. It is the high technology applications of these metals which are driving demand.

Clearly, supplies of the platinum group metals are vital to world industrial output, and are dependant on supplies from South Africa and Russia, which carry significant infrastructure and political risk. The possibility of finding new deposits in layered intrusions in North America could be a significant mining exploration play. In North America, production comes from North American Palladium and Stillwater, both of which are enjoying renewed interest from investors. ■



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# Platinum Projects

by Ellsworth Dickson

The pieces have fallen into place for both platinum explorers and miners with the rise in prices of all the platinum group metals (PGM). With the increasing demand for PGM in vehicle catalytic converters, the future looks bright indeed.

The electrical power problems for platinum miners in South Africa appear to have abated and mining has resumed as usual. Although much rarer than gold, platinum can occur in its native form; however, platinum arsenide (sperrylite) is a major source of platinum associated with nickel ores in the Sudbury Basin deposits of Ontario, Canada.

Platinum Group Metals' geological staff in South Africa examine core samples of the Merensky and UG2 Reefs from the Western Bushveld Joint Venture. Photo courtesy Platinum Group Metals Ltd.

**Adriana Resources Inc.** [ADI-TSXV] has completed a four-hole, 2,858-metre drill program on the 100%-owned MIE nickel-copper-PGM property in Nunavut, Canada. Three holes drilled into the east side of the Muskox Intrusion's axis intersected a mineralized gabbro-norite, located above the basal contact of the intrusion. The 2007 drill program was designed to test down dip from historical high-grade copper-nickel-PGM showings located along the west and east walls of the Muskox Intrusion.

**Anooraq Resources Corp.** [ARQ-TSXV, JSE; ANO-AMEX] and 50/50 joint venture partner **Anglo Platinum Limited** are advancing the Ga-Phasha PGM Project located on the northeast limb of the Bushveld Complex about 250 kilometres from Johannesburg, South Africa. The property hosts two major PGM deposits – the UG2 Reef and the Merensky Reef. A pre-feasibility study is being prepared for the UG2 deposit. Anooraq is also a 50/50 partner with Anglo Platinum on the Boikgantsho Project which contains indicated resources of 176,661,000 tonnes grading 0.57 grams platinum/tonne, 0.69 grams palladium/tonne, 0.019 grams gold/tonne, 0.13% nickel and 0.08% copper.

**Benton Resources Corp.** [BTC-TSXV] is drilling its 100% optioned Bark Lake Project in northern Ontario where grab samples have returned up to 2.6 grams platinum/tonne, 2.64 grams palladium/tonne, 0.74 grams gold/tonne, 1.2% copper and 0.5% nickel. Benton is also exploring the Kingurutik Lake Project 60 kilometres north of the Voisey's Bay Mine, Labrador, and its flagship operation, the Bermuda Project situated along strike from the Marathon PGM deposit, Ontario. (see Marathon).

**Canadian Royalties Inc.** [CZZ-TSX] has received encouraging assays from drilling along the ultramafic dyke system that hosts the Mesamax and Allannaq deposits in the Raglan region of far northern Québec. Hole MX-07-38 returned 22.3 metres of 2.62% nickel, 1.81% copper, 0.64 grams platinum/tonne and 2.12 grams palladium/tonne. Canadian Royalties has initiated the development of an independent, stand-alone nickel-copper-PGM mine on its Nunavik Nickel Project, located 20 kilometres south of Xstrata Nickel's Raglan Mine. Canadian Royalties is proceeding with permitting applications and continues to explore for additional resources.

**Eastern Platinum Ltd.** [ELR-TSX] has reported new mineral reserve and resource estimates for all its PGM projects in South Africa. A NI 43-101 compliant estimate states measured and indicated resources in all projects totals 66.5 million ounces of PGMs. Inferred resources are 34 million ounces PGMs. Proven and probable reserves at the Crocodile River Mine stand at 4.1 million ounces PGMs with measured and indicated resources (including mineral reserves) pegged at 5.6 million ounces. The Crocodile River Mine is situated on western limb of the Bushveld Complex where two operations have current production of over 125,000 ounces of

PGMs/year. The Crocette Mine is set to commence production early 2008. By the end of this year, total production is expected to be 185,000 ounces PGM/year and 240,000 ounces/year by the end of 2009. There is also a smelter facility on site.

**Franconia Minerals Corp.** [FRA-TSX] has completed an 18-hole, 65,000-foot core drilling program at the Birch Lake Project in the Duluth Complex of northeast Minnesota. One hole returned 319.5 feet grading 0.59% copper, 0.19% nickel and 0.69 grams platinum + palladium + gold/tonne. A preliminary economic assessment by Scott Wilson RPA, which did not include the Spruce Road resource, contemplates that a combined Birch Lake-Maturi operation would have, over a 26-year mine life, an average annual production of 74 million pounds of copper, 19 million pounds of nickel, 2.9 million pounds of cobalt, 68,000 ounces of palladium, 33,000 ounces of platinum and 7,300 ounces of gold.

**Goldbrook Ventures Inc.** [GBK-TSXV] has a 100% interest in 860,000 acres of mineral land holdings in the Raglan District of far northern Québec (Nunavik). The company recently reported assays from 13 drill holes completed on the Sylvie prospect. Three of the holes returned significant nickel-copper-PGM mineralization, including 13.85 metres averaging 1.44% nickel, 1.14% copper and 3.215 PGM + gold/tonne. Future work will include zone delineation and resource drilling. Earlier, Goldbrook had reported assays from 11 drill holes at the Bravo 4 property where hole BRA07-008 returned 2.0 metres grading 0.89% nickel, 0.56% copper 0.05% cobalt and 5.189 grams PGM + gold/tonne, including 0.61 metres of 2.52% nickel, 1.13% copper, 0.11% cobalt and 10.975 grams PGM + gold/tonne.

**Hard Creek Nickel Corp.** [HNC-TSXV] continues to intersect PGM values at its 100%-owned Turnagain Project 70 kilometres east of Dease Lake, northern British Columbia. Hole 07-211 in the DB area returned 36 metres of 0.43 grams platinum/tonne and 0.47 grams palladium/tonne. Another drill hole returned 64 metres of 0.47% nickel. The Turnagain Nickel Project resource in the Horsetail-Northwest deposit

contains measured and indicated resources of 489 million tonnes grading 0.22% total nickel and 0.12% cobalt and inferred resources of 560 million tonnes of 0.20% nickel and 0.11% cobalt.

**Laurion Mineral Exploration Inc.** [LME-TSX] has planned to fly a high-definition, deep-penetrating airborne VTEM geophysical survey over nickel-copper-PGM targets in the Nipigon and Gowganda areas of Ontario. The Gowganda Project comprises the Midlothian and Raymond targets 33 kilometres northwest of Gowganda where favourable geophysical and geochemical anomalies are present. The Nipigon Project hosts the Fox Mountain and Graydon targets located about 45 kilometres northwest of Nipigon and cover circular magnetic anomalies. The Nipigon Project also contains the Dorthea Project 16 kilometres northwest of Beardmore on the east shore of Lake Nipigon which encompasses a circular magnetic anomaly.

**Marafil Mines Ltd.** [MFM-TSXV] and 65% optionee **Castillian Resources Corp.** [CT-TSXV] received results from the final seven diamond drill holes completed in 2007 at the Las Aguilas East nickel-copper-platinum-palladium deposit, San Luis province, Argentina. Five of these holes reported sample values exceeding 1.0 gram platinum/tonne. Drill hole LA07-063 intersected 7.0 metres grading 1.11% nickel, 0.45% copper, 0.04% cobalt, 0.50 grams platinum/tonne and 0.68 grams palladium/tonne and includes a 1.0-metre interval grading 2.01 grams platinum/tonne and 0.27 grams palladium/tonne. The deposit remains open for further expansion. Marafil has over 20 projects in Argentina.

**Manicouagan Minerals Inc.** [MAM-TSXV] continues exploration of its Mouchalagane nickel-copper-PGM property and its other exploration projects in mid-northern Québec. Airborne geophysical surveys of Manicouagan's extensive land position are underway. Together with the Mouchalagane property, Manicouagan's mid-northern Québec properties include the 100%-owned Seignelay property and recently optioned HPM and Forgues properties.



James Excell, president/CEO of North American Palladium Ltd.

**Marathon PGM Corp.** [MAR-TSX] recently intersected the high-grade W Horizon outside the resource pitshell at the Marathon PGM-copper project 10 kilometres northwest of Marathon, northern Ontario. Drill hole M-08-419 cut 6.73 grams PGM/tonne + gold, including 3.0 grams platinum/tonne and extends the strike length of the horizon by 50 metres. The deposit hosts a NI 43-101 compliant 3.5 million ounces of PGM and gold, 585 million pounds of copper, 5.39 million ounces of silver and 32,000 ounces of rhodium. The company has also received positive results from metallurgical testing. A feasibility study is expected in Q2.

**Noront Resources Ltd.** [NOT-TSXV] has made a major discovery at its Double Eagle Project in the MacFauld's Lake area of the James Bay Lowlands of northern Ontario, which led to a staking rush. While viewed as a nickel-copper deposit, there are also significant quantities of PGMs. A recent drill hole returned 117 metres of 4.1% nickel, 2.2% copper, 2.1 grams platinum/tonne and 7.1 grams palladium/tonne. Next month *Resource World* will feature an article on the McFauld's Lake exploration play.

**North American Palladium Ltd.** [PDL-TSX; PAL-AMEX] reports total palladium production for the year ended December 31, 2007 was 286,334 ounces, representing an increase of 21% compared to 2006 at its Lac des Iles Mine, near Thunder Bay northwest Ontario. Production also included 24,000 ounces of platinum, 20,100 ounces of gold,



3.1 million pounds of nickel and 5.5 million pounds of copper. The company is Canada's largest producer of palladium, producing about 5% of annual global palladium mine production. Palladium reserves and resources are 5,414,000 ounces with platinum reserves and resources at 461,000 ounces.

North American Palladium also has a 50/50 joint venture with **Gold Fields Ltd.** [GFI-NYSE; Jo'burg] on the Arctic Suhanko Project in Finland and a 50/50 joint venture with **Vale Inco** on the Shebandowan West Project 100 kilometres southwest of Lac des Iles.

**Northern Shield Resources Inc.** [NRN-TSXV] has intersected platinum and palladium mineralization in last summer's drilling program at the Highbank Lake Project located in the James Bay Lowlands of northern Ontario. Hole 07HB-05 intersected 0.53 grams platinum + palladium/tonne over 0.34 metres. The company has since staked a vast tract of mineral claims covering a huge layered intrusive complex in the region and now controls 700 square

kilometres. Staking continues. **Impala Platinum Holdings Ltd.** [IMPUY-OTC; IPLA-London; Jo'burg] has a 45% interest in the PGM products from the Highbank Lake property and can earn up to a 60% interest by spending \$5 million by 2010.

**Pacific North West Capital Corp.** [PFN-TSX; PAWEF-OTCBB; P7J-Frankfurt] has several platinum projects across Canada and in Alaska, where the River Valley Project near Sudbury, Ontario, is the most advanced. The project is joint ventured with **Anglo Platinum Ltd.** through to production which can earn up to a 65% interest. Anglo, which currently holds a 50% interest, has committed \$20 million to date. A NI 43-101 estimate pegs measured and indicated resources at 30.5 million tonnes containing 953,900 ounces of palladium (0.97 grams/tonne) 329,500 ounces of platinum (0.34 grams/tonne) and 59,500 ounces of gold (0.061 grams/tonne).

Pacific North West's other PGM projects include the Goodnews Bay Project, 50% optioned to **Stillwater Mining Company**

[SWC-NYSE], an Alaska reconnaissance program with Stillwater and the Coldwell PGM Project in northwest Ontario and a cooperation agreement with **SOQUEM** to prospect for PGM deposits in Québec where encouraging PGM values have been returned. Another PFN/SOQUEM project, Cheneville, returned surface grades of 1.17 grams palladium/tonne, 0.14 grams platinum/tonne, 0.29 grams gold/tonne, 1.62% copper and 0.35% nickel.

**Peregrine Diamonds Ltd.** [PGD-TSX] has reported the discovery of three separate areas on the Chidliak property, Baffin Island, Nunavut, that host highly anomalous concentrations of the platinum-bearing mineral sperrylite, the zinc mineral gahnite and the copper-bearing mineral chalcopyrite. These results, along with kimberlite indicator minerals, prompted the company to increase the size of the property by 50% to 980,000 hectares.

**Platina Resources Ltd.** [PGM-ASX] has recently received a scoping study on the Skaergaard deposit in East Greenland



TSX: ELR | AIM: ELR | JSE: EPS



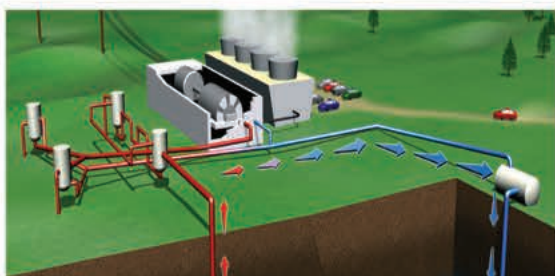
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Nancy Reardon, M.Sc., P.Geo., COO/VP Exploration for Premium Exploration, examines drill core from the Chrome Mountain Platinum Project in Montana, a joint venture with Beartooth Platinum Corp. Photo courtesy Premium Exploration, Inc.

prepared by SRK Consulting. The property contains 29.61 million ounces of palladium, 1.95 million ounces of platinum and 10.26 million ounces of gold. Platina holds 10 PGM projects – five in Australia, four in Greenland and one in Africa.

**Platinex Inc.** [PTX-TSXV] has staked 33,441 hectares on the Muskox Intrusion, Nunavut Territory, northern Canada, a region considered to be prospective for PGMs due to the presence of one of the world's largest layered mafic intrusions. Platinex intends to conduct ground exploration with follow-up drilling commencing as early as late spring. The company also holds the Big Trout Lake property, northwest Ontario, where drilling has intersected (Hole BT-2-81) 7 grams platinum + palladium over 2.0 metres.

**Platinum Group Metals Ltd.** [PTM-TSX; PLG-AMEX] is preparing a bankable feasibility study for Project 1 of the Western Bushveld Joint Venture in South Africa, with completion expected in the calendar second quarter 2008. The company is the operator with a 37% interest and the other partners include **Anglo Platinum** (37%) and **Wesizwe Platinum** (26%). A positive pre-feasibility study on project 1 was released in January 2007.

The pre-feasibility study outlined a mine with a 20-year life, producing 250,000



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ounces of PGMs a year at full production. Project 1 has measured resources of 2.29 million ounces and indicated resources of 5.02 million ounces, with inferred resources of 1.27 million ounces.

A feasibility study is also being prepared for release in the calendar second quarter of 2008 by Platinum Group's partner, Wesizwe Platinum, on the similarly scaled Project 2 of the Western Bushveld Joint Venture. Wesizwe is the operator with a 63% interest, with partners Platinum Group Metals (18.5%) and Anglo Platinum (18.5%).

Platinum Group Metals has also reported an updated mineral resource calculation for its 70%-owned War Springs Platinum Project on the Northern Limb of the Bushveld Complex. The new estimate is an inferred resource of 47.0 million tonnes averaging 1.11 grams platinum + palladium + gold/tonne for a metal content of 1.676 million ounces for the B and C Reefs combined.

**Platmin Ltd.** [PPN-TSX, AIM] is advancing its Mphahlele Project in Limpopo province, South Africa towards completing a definitive feasibility study during Q3 2008. The company has three other advanced projects – Grootboom, Loskop and Pilanesberg.

**Polymet Mining Corp.'s** [POM-TSX; PLM-AMEX] primary asset is the 100%-owned NorthMet copper-nickel-precious metals project located in the established mining district of the Mesabi Range, northeast Minnesota. PolyMet is advancing NorthMet towards production. The assets comprise a 100% leasehold interest in a large ore body with proven reserves, and the Erie Plant, a large crushing/grinding facility that provides PolyMet with most of the equipment needed to commence production. PolyMet is in the late stages of securing operating permits. The Draft Environmental Impact Statement (EIS) is expected to be published by the State of Minnesota around the end of the first quarter 2008, with permitting in the second half of 2008 and initial production of concentrates in mid-2009 during construction and commission of the hydrometallurgical plant.

**Premium Exploration Inc.** [PEM-TSXV] and joint venture partner **Beartooth**

**Corp.** [BTP-TSXV] recently received encouraging drill results from the Stillwater Project in south-central Montana. Drilling at the Chrome Mountain target returned average intercepts of 118 metres grading 0.66 grams platinum + palladium + rhodium/tonne. The drilling confirmed the presence of reef-style PGM mineralization associated with the "B" chromitite layer at Chrome Mountain. Of note is the chromitite associated mineralization in hole CM2007-04 that reaches grades of 11.9 grams gold + platinum + palladium/tonne over 0.3 metres, with a mineralized halo grading 1.0 grams gold + platinum + palladium/tonne over 116.7 metres. Premium has rights to the gold on its portion of the Chrome Mountain property. Beartooth is earning a 50% interest in the property by spending US \$3 million over three years.

**Scandinavian Minerals Ltd.** [SGL-TSXV] is advancing the development-stage Kevitsa nickel-copper-PGM project in northern Finland which hosts a measured and indicated resource of 287 million tons at a 0.1% nickel cutoff, together with a further 544 million ton inferred resource. In April 2007, the company began a feasibility study based on an open pit mining operation, mining approximately 5 million tons of ore per year, with production of smelter-grade nickel and copper concentrates. The study is expected to take a year to complete.

**Starfield Resources Inc.** [SRU-TSXV] has released assays from its 2007 diamond drilling program at the 100%-owned Ferguson Lake Project, Nunavut. The company sent 40 of the higher-grade platinum and palladium assay samples from the 2007 drilling program to Activation Laboratories to conduct check and rhodium assays. The check assays for platinum and palladium verified the prior results and three intersections assayed positive for rhodium, as follows: a 1.35-metre-thick interval from hole FL07-363 assayed 0.012 grams rhodium/tonne and a 1.09-metre-thick interval from hole FL07-379 assayed 0.021 grams rhodium/tonne. The company has planned an aggressive summer exploration program on the property. A full scoping study is scheduled for completion in spring 2008.

**Tres-Or Resources Ltd.** [TRS-TSXV] has extended the shallow platinum and palladium mineralization at its Mann Platinum/Palladium Project 46 kilometres north-east on Timmins, northern Ontario. **SNL Enterprises Ltd.** is earning a 50% interest in certain claims comprising the Mann property. Assays from drill hole MAN07-02 demonstrated that platinum and palladium mineralization of 0.5 grams/tonne extends over 15.0 metres from 16.6 to 31.6 metres in depth. Further drilling is planned to replicate this shallow mineralized interval and determine structural orientation which should allow an estimate of the true thickness of the layer.

**Wallbridge Mining Company Ltd.** [WM-TSX; WC7-FWB] holds an extensive portfolio of properties covering over 700 square kilometres at various stages of exploration in the Sudbury, Ontario region. Sudbury, one of the world's greatest nickel camps, is also a significant producer of PGMs.

At a North Range property in the Sudbury Igneous Complex, where Wallbridge has earned a conditional 50% interest from **Crowflight Minerals Inc.** [CML-TSXV], nickel-copper-PGM was recently intersected by drill-testing three geophysical anomalies. One interval returned 5.7 metres grading 0.12% nickel, 0.16% copper and 24 parts per billion platinum + palladium/tonne. This interval included 1.22 metres of 0.31% nickel, 0.37% copper and 50 ppb platinum + palladium/tonne.

**Xstrata PLC** [XTA-London; XTAN-Swiss] produces nickel, copper and PGMs at its Raglan Mine in Nunivik Territory, far northern Québec. Recent exploration has added an estimated 4.5 million tonnes of inferred resources, up from the 2 million tonnes of estimated resources. In August 2007, Xstrata announced plans to increase mine production to over 2 million tonnes of ore per year. Work is underway to increase production to 1.3 million tonnes per year by the end of 2008. Following the expansion, the Raglan Mine will produce about 50,000 tonnes of nickel-in-concentrate per year, together with copper and PGM by-products. ■





# Fronteer extends gold strike at Long Ca

In a recent application of its 'science of discovery' business model, Vancouver, BC-based **Fronteer Development Group Inc.** [FRG-TSX; AMEX] has drilled and extended oxide gold mineralization at its Long Canyon Project in Nevada. Long Canyon is a joint venture consolidating the land positions of Fronteer and **AuEx Ventures, Inc.** [XAU-TSXV]. Fronteer is to earn a majority interest (51%) by investing \$5 million over a five-year period. Fronteer may earn an additional 14% by advancing Long Canyon through feasibility.

Diamond drill holes from the 2007 Phase II drill program have intersected significant gold grades and extended high-grade mineralization to the northeast. Results from two holes drilled include:

0.09 oz. gold/ton (3.14 grams/tonne) over 107 feet (32.6 m); and

0.12 oz. gold/ton (4.11 grams/tonne) over 90 feet (27.4 m).

The holes were drilled approximately 80 metres to the northeast of another hole, which intersected 0.88 oz. gold/ton (30.10 grams/tonne) over a true thickness of 23 feet (7.0 metres), within a broader zone

that returned 0.39 oz. gold/ton (13.40 grams/tonne) over a true thickness of 75 feet (22.9 metres).

Bob Felder, Fronteer's Reno, Nevada-based U.S. exploration manager, called the Long Canyon Project "an extremely exciting property. It's the most significant Carlin-like discovery in recent years," he told *Resource World*. "It contains strongly oxidized mineralization, with lots of high-grade. And the footprint is getting bigger and bigger."

Fronteer's president and CEO, Mark O'Dea, said, "Nevada is the birthplace of some of the biggest gold mines in the world. Where will the next big one be found? Long Canyon could be it."

Long Canyon, about 30 miles southeast of Wells, Elko County, is located on Nevada's newest gold trend and shows near-surface mineralization similar to famous Carlin-style gold deposits. Fronteer's 2008 exploration program will extend and define Long Canyon's high-grade mineralization, with the goal of producing the project's first resource estimate by the end of the year.

Long Canyon is one of a portfolio of projects that Fronteer holds in Nevada, Turkey

and Labrador. O'Dea said his goal is to turn Fronteer into a \$1 billion-plus company within the next 12-14 months. "We can reach our goal by continuing to make discoveries, finding good projects and developing a pipeline to production on our own and by joint venturing with senior partners," he said.

Fronteer follows a 'science of discovery' model, whereby it looks for and attempts to hit a project's 'sweet spot.' "We look for projects with little historical work," O'Dea said. "The idea is to acquire a property at an early stage and, by applying good science, turn a small investment into a big return."

Fronteer's canny approach to finding deposits has brought it a string of successes in a short time. The company has created, in six years, as much as \$900 million in new shareholder value from an exploration investment of approximately \$35 million. Founded in 2001, Fronteer experienced its first success in northwestern Turkey.

"We approached **Teck Cominco Ltd.** [TCK.B-TSX] three years ago and asked them to do a deal on their Turkish assets," O'Dea said. "In two years, the Kirazli and Agi Dagi



Dr. Mark O'Dea, president/CEO of Fronteer Development Group Inc.

Drilling at the Long Canyon Project in Nevada where a new gold trend has been discovered. Photos courtesy Fronteer Development Group Inc.

consists of two separate resource areas that are located at either end of a five-kilometre long hill.

The Kirazli Project has a NI 43-101 resource of 384,000 ounces (measured and indicated) and 1 million inferred ounces gold equivalent. A total of 188 drill holes, for approximately 30,000 metres, have been completed at Kirazli. O'Dea said the Turkish government has fully cooperated with Fronteer. "They've been great to work with," he said. "No problems at all."

In 2003, Fronteer started applying its 'science of discovery' model closer to home. But instead of copper and gold, it found uranium – lots of it – in the Jacques Lake and Michelin deposits in Labrador. Together, they contain a combined NI 43-101 resource of 57.8 million pounds of uranium (measured and indicated) and a further 38.0

Nevada gold trends. The acquisition added a NI 43-101 resource of 3.0 million ounces gold-equivalent (measured and indicated) and 524,000 ounces inferred. It also transferred ownership of the Northumberland deposit, regarded as the largest undeveloped Carlin-type deposit in Nevada.

O'Dea is very enthusiastic about Fronteer's Nevada projects. "Nevada is where the gold rush is still on," he said. "Our Nevada properties are an excellent complement to our gold platform in Turkey and an entry into the Nevada gold fields."

Fronteer is in control of a total of 19 projects in Nevada, including nine with drill-indicated gold mineralization. The 100%-owned Northumberland Project, Fronteer's major Nevada project, has a gold resource of 2.0 million ounces (measured and indicated) and 475,000 ounces inferred.

## nyon, Nevada

### Company credits 'science of discovery' model for winning streak in Nevada, Turkey and Canada

by Peter Caulfield

properties went from zero to 3.5 million ounces gold. We also made a virgin discovery at Halilaga."

Fronteer has a 40% interest in the three projects and has another three properties in the exploration pipeline. O'Dea said Halilaga has the potential to be 'a company maker.' "It has many of the hallmarks of a world-class porphyry deposit in terms of size, grade and continuity," he said.

At Halilaga's Central Zone, a combination of geochemistry, geophysics and diamond drilling has outlined robust near-surface copper-gold porphyry mineralization that spans an area 1,000 metres by 400 metres and shows a variable but apparent vertical dimension of more than 250 metres. The 2008 exploration program at Halilaga will nearly double last year's initial drill program, from 6,000 metres to a target of 11,000 metres. It will grid-drill the known porphyry deposit and test adjacent target areas. Agi Dag is the largest gold resource in Fronteer's Turkish mineral district. It has a NI 43-101 compliant resource of 1.3 million ounces (measured and indicated) and 755,000 inferred ounces gold equivalent. The deposit

million pounds inferred. "We've identified a uranium mega-project," O'Dea said. "It's the only one of its kind in Canada outside the Athabasca Basin in Saskatchewan."

In 2006, the projects were spun out into **Aurora Energy Resources Inc.** [AXU-TSX], of which Fronteer is the controlling shareholder. The original discoveries in Labrador have grown into a pipeline of six large and growing projects. Aurora recently announced a new total resource estimate of 83.9 million pounds of uranium (measured and indicated) and 49.8 million pounds inferred. This means that Fronteer has increased Aurora's resource base by 39% in slightly more than 12 months. The new estimate takes into account the Michelin deposit, the Jacques Lake deposit and four nearby satellite deposits. According to the company, Jacques Lake and the satellite deposits all have the potential for significant, Michelin-style growth and are located within 30 kilometres of Michelin.

In September 2007, Fronteer focused its 'science of discovery' model on Nevada, when it acquired NewWest Gold Corp., one of the largest holders of mineral rights in the

It is currently in the scoping stage. Fronteer's senior partner in Nevada is **Newmont Mining Corp.** [NEM-NYSE].

The Sandman Gold Project, located approximately 13 miles west of Winnemucca, consisting of 19,000 acres of claims and private mineral rights, is being advanced to a production decision within 36 months. Sandman comprises a group of five gold deposits, four of which contribute to a combined NI 43-101 resource estimate of 271,900 ounces (measured and indicated) and 38,000 ounces (inferred) gold. The deposits are near-surface and mineable by open pit methods, with significant resource expansion and exploration upside potential.

To summarize, all of Fronteer's advanced-stage projects are moving ahead. Northumberland, Sandman, Agi Dag, Kirazli, Michelin and Jacques Lake are heading toward pre-feasibility. Because of the terms of the company's strategic partnerships with Teck Cominco and Newmont, Fronteer will not carry any future operational responsibility, or any further investment or risk, if Northumberland or Halilaga achieve commercial production. ■



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-Example of Results to Date  
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86.1 m of 1.66% Cu

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# TRADING METALS

## North American Metals Trading

### FUTURES & OPTIONS 101

by Jamie Greenough



*Trading metals is a specialized skill – here's how to get started*

By now the commodity super cycle has become part of the investor's vocabulary and metal prices have certainly benefited from this commodity bull market. There are many opportunities available to the metals investor, but only owning physical gold, silver, copper gives the investor 100% correlation to price movements. Both base and precious metals are bought and sold on futures exchanges through futures and future options contracts that provide the investor with the benefit of leverage.

The futures and futures options provide investors with direct exposure to the metals market. Profits or losses are dependant on prices determined by the global market. It is an efficient and transparent market where a retail investor has the same market access as a Japanese trading house, a London bank, an Arab sovereign fund or a mining conglomerate. Trading volume on U.S. futures exchanges reached 3.2 billion contracts in 2007 and on any given day, markets will trade contracts valued at more than US \$5 trillion in notional value. Even the hardest of stock traders can be intimidated by futures contracts, but this may just be a fear of the unknown.

A futures contract is a commitment to make or take delivery of a product at a future date at a price set today. If your neighbor's son, in an effort to subsidize his soccer team's European trip, sells you a box of Florida oranges in October for delivery in January, then you have just entered a futures contract. What do you think your box of oranges would be worth in January if a November freeze devastates the Florida orange juice crop? Conversely, what would the value of your box of oranges be if Florida produced the largest orange crop on record?

Unlike that box of oranges, metal futures contracts trade on organized futures exchanges where every aspect of the contract (quantity, quality, delivery date, delivery point) is standardized except for price. A New York COMEX gold contract is 100 troy ounces of refined gold, assaying not less than 0.995 fineness. A gold futures contract derives its value from the gold spot price and is a derivative financial product.

These futures exchanges were developed by commodity producers and consumers to create an orderly way of trading volatile commodities. In 1872 a group of Manhattan dairy merchants got together

to form the Butter and Cheese Exchange of New York in the hope of bringing order to chaotic market conditions. Speculators quickly saw an opportunity, and their participation provided that key market ingredient of liquidity. Speculators in pursuit of profit are willing to accept risk that hedgers (commodity producers and consumers) want to reduce. The combined market action of these participants facilitates price discovery, a primary function of the futures market.

For every buyer of a futures contract there is a seller, and one party profits from rising prices, the other from declining prices. The exchange provides credit security by acting as the counterparty to both the buyer and the seller. The exchange requires a performance bond or margin from each party to ensure that (every day) money can be transferred from losing positions to gaining positions, a process called mark-to market.

The performance bond (margin) is a fraction of the contract value. At US\$ 950/oz a speculator will require US \$4,725 (4.95%) to buy a 100 oz. US \$95,000 COMEX gold contract. That same US \$4,725 will almost

# FUTURES AND FUTURE OPTION CONTRACTS RE-DISTRIBUTE WEALTH, NOT UNLIKE A POKER GAME

buy you 5 oz. of physical gold. A US \$48 increase in the gold price will give you a US \$4,800 (102%) return on your futures contract and a US \$240 (5%) return on your physical gold. Of course leverage is a double edged sword. A US \$48 decline would eliminate your initial futures investment, put you US \$75 in arrears, and guarantee you several dreaded margin calls from your broker in the process. A good trader would mitigate risk by pre-defining their risk parameters.

Futures contracts can result in the physical delivery of the commodity and it is this possibility that maintains the price integrity of the futures market. At contract expiry, futures contracts become the spot market. However the vast majority of futures contracts are off-set, or liquidated, prior to expiry. In an off-set, contracts that are sold (short positions) are bought back prior to contract expiry, while contracts that are bought (long positions) are sold prior to contract expiry.

Options on futures contracts are also traded on futures exchanges. Option futures contracts give the purchaser the right, but not the obligation, to buy (call contract) or sell (put contract) a futures contract at a certain price by an agreed time frame. Options, like insurance, have a term (time until expiry), a premium (purchase price), a strike price (deductible), an option seller (insurance company) and an option buyer (customer). Once purchased an option can be sold, exercised or expire worthless. A put option buyer is bearish and the exercise of the option will leave the buyer short a futures contract at the option's strike price. A call option buyer is bullish and the exercise of the call option will leave the buyer long a futures contract at the option's strike price.

Options can be used in combination or with futures to profit in both trending and static markets. An option buyers risk is limited to the premium (purchase price) paid while the option seller theoretically can have virtually unlimited risk. Much like insurance policies most options expire worthless so it's important to know how an option is priced. If it's expensive it might be worth selling or, if it's cheap, it might be worth buying.

New York used to be epicentre of North American metal futures/futures options contracts under two separate (NYMEX, COMEX), but now merged exchanges. The New York Mercantile Exchange has the 50 oz. platinum, 100 oz. palladium contracts and the Commodities Exchange has the 100 oz. gold, 5,000 oz. silver, 25,000 lb. copper contracts. The shift away from open outcry trading (the 'mosh pit' of hand signaling, screaming traders) to electronic trading improved metal trading liquidity at the Chicago Board of Trade (CBOT now part of the CME group).

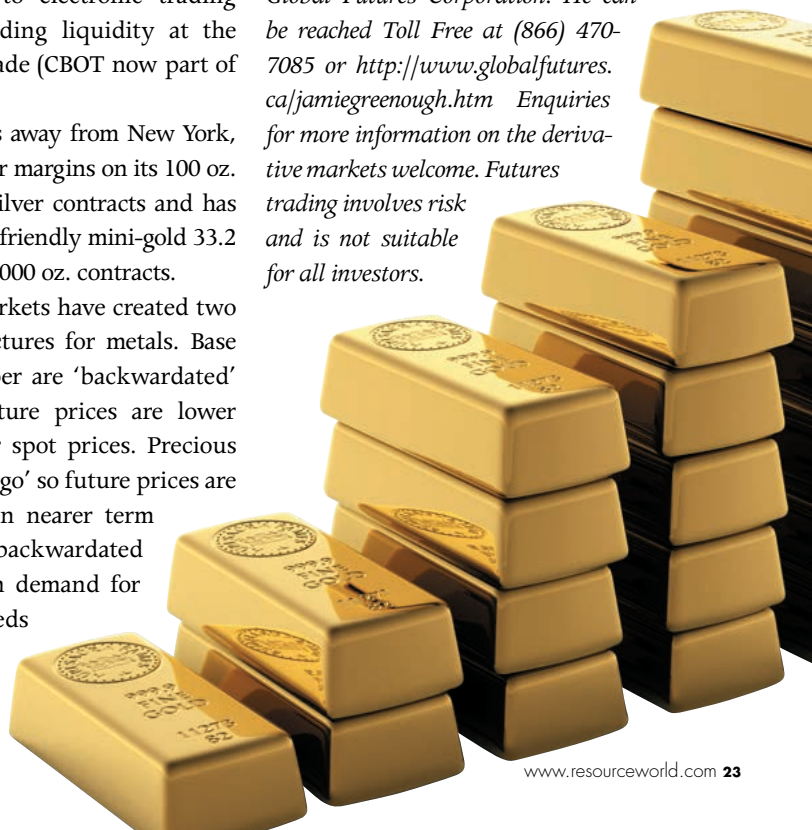
To attract business away from New York, the CBOT offers lower margins on its 100 oz. gold and 5,000 oz. silver contracts and has introduced the retail friendly mini-gold 33.2 oz. and mini-silver 1,000 oz. contracts.

Current global markets have created two opposite price structures for metals. Base metals such as copper are 'backwardated' or 'inverted' so future prices are lower than nearer term or spot prices. Precious metals are in 'contango' so future prices are more expensive than nearer term or spot prices. A backwardated market occurs when demand for a commodity exceeds supply. Near term supply can only be increased through

higher prices. Contango markets typically reflect the cost of carry (storage, finance, insurance costs) added to a commodities spot price.

Futures and future option contracts re-distribute wealth, not unlike a poker game, and the futures market allows you to match wits on a level playing field with the biggest players in the world. If you hear of a rogue trader who lost an incredible sum in the derivatives market, you know there were much savvier traders who acquired those funds and the transfer was honored by the exchange. There is a connection between risk and reward and there are risk reward ratios. Futures and futures option trades can be structured with pre-determined risk reward profiles. Remember to plan your trade and trade your plan. ■

*Jamie Greenough is a Futures Broker with Global Futures Corporation. He can be reached Toll Free at (866) 470-7085 or <http://www.globalfutures.ca/jamiegreenough.htm> Enquiries for more information on the derivative markets welcome. Futures trading involves risk and is not suitable for all investors.*





# Writing a news release that actually gets read

by Loa Fridfinnson



## The most important IR tool you'll ever use

Writing a news release that tantalizes the reading audience would seem like an easy task, yet many public companies fall short in this critical area of their communications. Many releases receive a yawn at best from readers and the key questions of who, what, when, where, why and how remain unanswered.

The press release is an important tool used by companies to announce developments, meet disclosure requirements, gain recognition and tell a story in the most engaging manner. In today's information driven society we are exposed to approximately 3,000 sales messages a day. Interruptions in our home, during the morning commute and at the office are delivered in mass amounts of advertising, PR and direct marketing. It is essential to ensure your news gets noticed and cuts through the endless noise.

An effective news release begins with a headline (or "lead") that captures attention. The lead should give the nature of the news in its entirety with the body copy rolling out the details and facts. For example, a promising headline would read, "Silver Eagle Purchases Equipment to Enable Mill Expansion" as opposed to "Georgetown Minerals Corp. has contracted John's Drilling Corp. to Drill the Highly Altered Fault Zone at the Champlain Lake Uranium Property in the Athabasca Basin." The lead quickly tells the story to scanning eyes that summarizes the nature of the news. Details are in the press release – not the headline.

Editors and reporters scan hundreds of press releases a day. As communicators, it is our job to engage them in as few words as possible and keep their attention throughout the story. The most important (and exciting) information should be provided first. After creating a captivating lead and opening paragraph that reports the gist of the news, follow with additional details. Remember to include the company's location (e.g. Vancouver, B.C), date of issue, full legal name, web site, telephone numbers, email address, and, if applicable, the trading symbol(s).

In the first paragraph, skip industry jargon and highly technical details that only your colleagues would understand. Write in a conversational tone and direct it towards your targeted audience of investors, financial professionals and media personalities. Don't forget to keep track of statistical sources and any quotations so you can verify them if asked.

The following paragraphs can be of a more technical or scientific nature. Even if the reader is not a geologist or mining engineer, he or she will still have understood your new release by the non-technical introductory paragraph.

Spelling and grammar are other key elements of a good news release. If you aren't a strong writer, ensure you hire one. Nothing loses a reader faster than poor spelling or grammar issues, so use spell check and have it proofed by people you trust before it goes out over the wire or to the media. Sometimes if you are too close to the material it is easy to overlook errors.

### The main elements of a junior mining release are:

- Name of the project and where it is located
- Ownership of the project and terms, if any
- Name the commodity or commodities of interest
- An opening non-technical summary of results provided in layman's terms
- NI 43-101 technical description (further along in news release)
- General company summary (standard boilerplate) at the end in one or two paragraphs
- Concise, clear, valuable information in the entire release (No more than two pages)
- Contact information to reach your investor relations or corporate communications designated person
- A securities disclaimer to avoid any potential lawsuits.

What makes news is a whole other topic. After having written a compelling news release, ensure it makes it into the hands of right person who follows your industry. It should be relevant and not self promotional. The media has their job to do and it is not to promote your company. That is what advertising is for and news releases from your company are supposed to be newsworthy and not some overly promotional 'puff piece.' Unpaid coverage is third party credibility that you cannot buy. Advertising certainly has its place, but if you remember that advertising is what you say about yourself and PR is what others say about you, it will assist with improving your communications efforts.

The media appreciates a story that will keep their readers informed on discoveries, industry events and ripples in the economy. Experts can shed light on a specific topic that is timely. Do not send old news to a reporter. No one likes being cold-called or sent unsolicited sales messages that are completely irrelevant or stale. Reporters, editors and financial professionals are working to achieve a specific goal of providing interesting, informative stories or solid investment ideas.

When *Resource World* magazine's Editor-In-Chief, Ellsworth Dickson was asked what he looks for in a good story he responded, "A press release should be written with enough concise to-the-point information, to give us an idea of the importance of the news, including details such as where the property is geographi-

cally located and its accessibility. We cover the mining sector, so we would consider anything deemed newsworthy or relevant that would interest our readers. The news must have some meat to it and there should be contact numbers available so we can follow up if it is worthy of coverage. It also helps to have professionally taken photographs available as those will be the ones that editors choose to publish."

Lastly, note that news must be quantifiable, meaning there must be evidence to back it up. Can you prove development-related statements made in your release if asked? If not, don't make a claim that will leave you clambering for excuses.

Even with keeping these tips in mind, there are thousands of companies competing for attention. It's a competitive business, but when you write professionally and communicate your story clearly, the media, financial professionals and investors will take notice and relationships can be forged. Remember that under-promising and over-delivering goes a long way in building trust and engaging an audience. ■

*Contributing writer, Loa Fridfinnson is the managing director of Activ8 Corporate Relations ([www.activ8inc.com](http://www.activ8inc.com)) an integrated IR/PR agency dedicated to helping small to medium sized companies reach their growth potential.*

## NEW ISKUT GOLD-COPPER MOLYBDENUM DEPOSIT DISCOVERY



**NCM: TSXV**

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# Tres-Or Resources appears undervalued

by Alf Stewart



A giant rotary drill rig tests the Lapointe kimberlite pipe. Photo courtesy Tres-Or Resources Ltd.

**M**y Broker's Pick for this month is a company I have followed for about six months, and is a strong contrarian pick, based on my reading of current market trends. We have witnessed a sector rotation in the junior mining over the last year with sectors previously in favour, such as uranium, nickel and zinc, now falling out of favour, and new sectors such as gold and platinum/palladium moving into investor favour. Diamond stocks, much in vogue from 2001 to 2003, fell out of favour in 2004, and a representative portfolio of 40 diamond stocks on the TSX Venture has fallen about 85% in value since then, according to an article by Matt Blackman in *Resource World* magazine (Volume 5 – Issue 7).

The sector is due for a rebound as diamond discoveries remain the most valuable prize in Canadian mining. A 100% interest in an Ekati or Diavik type of discovery is worth about \$10 billion. These numbers are perfect for the market speculator. However, these types of deposits are hard to find, and hundreds of millions of dollars of exploration in the last 10 years have failed to find another mine comparable to Ekati or Diavik in the early 1990s.

Moreover, diamond prices are increasing at about 8% per year, and South Africa's power shortage may further restrict diamond production. In this environment, diamond pipes which are likely to be low grade, perhaps 0.15 carats/tonne, compared to about 1 carat/tonne for Ekati type pipes, could be

of interest, if they are large enough and well located. For example, Stornoway Diamonds has acquired through merger the 95-2 pipe of Contact Diamonds. This pipe yielded a grade of about 0.12 carats/tonne and, according to the company, was just barely sub-economic when the sample was processed in 2005, and due to a strong diamond market, may rank differently today.

**Tres Or Resources Ltd.** [TRS-TSXV] appears to be on the path to such a discovery. In 2005, when it found the Lapointe kimberlite pipe in the Lake Temiskaming area of northeast Ontario, much excitement ensued. The pipe is in an ideal location, within a few miles of a major highway, and within a few hours drive from Canada's most important mining centres of Timmins and Sudbury, Ontario. The first hole yielded a large two-millimetre gem and the pipe is huge – about 21 hectares in size.

Subsequent drilling yielded lower diamond counts and excitement faded. It appears that when one looks at the results, the Lapointe pipe is a complex one with at least three phases, with the central phase yielding the highest microdiamond counts, and the only gem. Here an extrapolation of diamond counts from small samples leads to a reasonable bet that a potential economic grade could be present in this area. Tres-Or believes it is worth betting a considerable sum on that test. It decided to go ahead and pay for the collection of a 50-tonne-plus bulk sample using a giant rotary rig shown

in the photo. **Arctic Star Diamond Corp.** [ADD-TSXV] has a 40% interest in the project and elected not to participate in funding the program, and so will face dilution under the terms of the joint venture.

The Lapointe pipe is within 50 kilometres of Stornoway's 95-2 pipe, so it is possible that the two pipes together would make an interesting project, subject to a successful bulk test at Lapointe. Results should be available within six months.

On a risk/reward basis, Tres-Or is compelling. With 48 million shares outstanding and a share price of about \$0.20, the market capitalization of the company is only \$9 million. This is a valuation typical of a start-up company, not one which has a portfolio of significant properties, with Lapointe being the most advanced.

Tres-Or is led by Laura Lee Duffet, a geologist with extensive experience in Ontario, and backed by well qualified staff and consultants. I visited their operational base in Timiskaming Shores, Ontario, and several of their properties, including Lapointe in the summer of 2007. I was impressed with the cost effective nature of their operation, and the fact that the company is operating year-round in this area, so progress is much more rapid than their northern diamond exploration competitors. ■

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# CANADA'S TELEVISION NEWS SOURCE FOR THE MINING INDUSTRY



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## UNLOCKING ALBANIA – PART II

# Tirex Resources reveals Albania's first state secret on Mirdita

by Eric Hoesgen & Dennis Hoesgen

We introduced a newcomer back in October of 2007: **Tirex Resources Ltd.** [TXX-TSXV]. At the time the company was just about to complete its Initial Public Offering of 10,000,000 shares at \$0.50/share. Post-IPO, at \$0.50/share, the company, a complete unknown, represented a market capitalization of just under \$20 million. Today, as we write this, the company is trading at \$2.75/share, representing a market capitalization of almost \$100 million, and gaining much exposure worldwide. Let's see what's happened in the last few months.

Just to recap, Tirex Resources is a junior exploration company with the primary objective of the exploration and development of a world-class (Noranda-style), volcanic massive sulphide (VMS) district in Albania called Mirdita. While Albania was in the process of economic emergence, the Tirex geological team was busy amassing a huge 344 square kilometre land package (the Mirdita Project) encompassing the heart of the traditional Albanian Copper Mining District, an area that Tirex believes may be one of the world's great Noranda-style VMS districts. It's estimated that about 20 million tonnes of copper mineralization of unspecified grade has been mined since the 1970s in Albania with over half produced from the Mirdita District.

Since going public last October, the first step for Tirex was to fly an airborne electromagnetic survey of the entire district that, incidentally, was the first modern geophysical survey ever conducted in Albania. Since the country was fairly isolated over the past 40 years, Albanian geologists did not have a chance to learn about the advancement of VMS deposits. The survey identified several strong targets. Hence, a drill program was announced earlier this year.

The first drill started turning towards the end of January 2008. In early March,

Tirex announced that a second core drill had arrived in Albania to begin work on Mirdita. The introduction of the second drill is intended to accelerate the aggressive district-wide exploration program. While the first drill will continue to work on verifying historic drill results on known deposits, this second drill is dedicated to testing new exploration targets generated by a combination of historical data compilation, results from the Tirex 2007 airborne geophysical survey and follow up of UTEM ground geophysical work.

The first drill result came out on March 3 and it was most encouraging indeed. This first hole definitely validates the Mirdita District and proves Tirex's intentions to continue exploration is justified. This hole, drilled vertically, similar to historic workings, was intended to verify that historic data. In summary, the results were as follows: One almost continuous 65-metre (213 ft) mineralized section including intercepts of 0.9% copper, 11.6% zinc, 1.0% lead, 141.6 grams silver/tonne and 5.5 grams gold/tonne over 14.1 metres, including 2.3% copper, 34.8% zinc, 2.4% lead, 376.1 grams silver/tonne and 14.6 grams gold/tonne over 3.1 metres, and 0.8% copper, 12.5% zinc, 13.0 grams silver/tonne and 2.2 grams gold/tonne over 27.5 metres. The average over the 65-metre intersection was 0.6% copper, 9% zinc, 0.3% lead, 48.4 grams silver/tonne, and 2.7 grams gold/tonne which is very encouraging.

Of special note is the ability of this mineralizing system to generate very high-grade mineralization (53.8% zinc was encountered in one intercept of 0.8 metres) and significant gold values (such as the 14.6 grams/tonne over 3.1 metres). Two more of these vertical holes are currently being drilled, after which time the company plans to continue with angled holes targeting both known deposits

and new geophysical anomalies that were identified in the airborne geophysical survey and ground work.

Whether you are a newcomer to investing in the mining and metals market or are a seasoned veteran, you may ask: why Albania? Albanian mining history dates back more than 2,000 years and, in fact, by the mid-1980s, Albania was one of the world's leading producers of chromium and copper. Historical geological information collected during this period is extensive, but because of strictly enforced state security, the release or exchange of any information pertaining to the country's mining industry was forbidden and deemed a state secret.

This is also why these first drill results from Tirex are so exciting for both the company and the country of Albania. The first state secret has now been revealed. Since the fall of the country's regime in 1989, Albania has evolved into a stable parliamentary democracy with a modern free market economy and a regulatory environment structured to attract foreign investment. Legislative power is vested in both the government and parliament. Albania is also a potential candidate country for admittance to the European Union (EU) and has been a strong ally of Western Europe.

As we have said before, we like betting on the first horse out of the gate. We also like betting on the jockey, or in this case, the entire stable. With that in mind, let's talk about some of the key members of the management team. A great project is nothing unless you have the right people to advance it, thus helping to create shareholder value.

The champion on the deal is Bryan Slusarchuk, CEO. He has much experience financing companies involved in mineral exploration and development. Slusarchuk was previously a senior investment advi-

sor at Canaccord Capital Corp. and prior to that was project development manager for a Canadian-based resource company. His strength lies in his extensive contacts and financial relationships in Europe and in North America and he has worked within this network to finance and structure Canadian and international mineral exploration activities.

George Gorzynski, PEng., director, is a geologist and an international mineral exploration consultant. His experience spans over 25 years and has included projects over much of the globe. Gorzynski is currently a director of Impact Silver, an exploration company where he was instrumental in identifying, negotiating and completing the purchase of the Royal Mines of Zacualpan project. Gorzynski holds a Bachelor of Applied Science (Honours) from the University of Toronto and a Master of Applied Science from the University of British Columbia. He is a Professional Engineer registered in British Columbia.

R. Stuart (Tookie) Angus, Chairman, is an independent business advisor to the mining industry. He was formerly head of the Global Mining Group for Fasken Martineau and is now a strategic advisor to the firm. For the past 25 years, he has focused on structuring and financing significant international exploration, development and mining ventures. Recently, he was managing director – mergers & acquisitions for Endeavour Financial. Angus is the former chairman of the board of BC Sugar Refinery Ltd., was a founding director of First Quantum Minerals until June 2005. Angus was also a director of Canico Resources Corp. until its takeover by CVRD and was a director of Bema Gold until its takeover by Kinross Gold. He is presently a director of Polaris Minerals Corp., Plutonic Power Corp. and Nevsun Resources.

Also notable is W.J. (Bill) Weymark, PEng., director. Weymark has extensive experience at both the board and senior executive levels dealing with strategic planning, corporate governance, acquisitions, marketing and operations. Until 2007, he was the president/CEO of Vancouver Wharves/BCR Marine, a Canadian corporation in the transporta-

tion industry that employed more than 1,200 people. Prior to this, Weymark was the VP and general manager of the largest open-pit lead-zinc mine in the world, an operation that employed over 1,000 people. He is a Professional Engineer and a member of the Canadian Institute of Mining and Metallurgy, the American Institute of Mining Engineers and the Association of Professional Engineers of British Columbia, Alberta and Saskatchewan. Weymark has a Bachelor of Applied Science in Mining and Mineral Processing Engineering from the University of British Columbia.

On the Albanian advisory team there is Prof. Preparmim Alikaj, Ph.D., who is based in Tirana, Albania, and is a citizen of both Albania and Canada. Prof. Alikaj is the head of Geophysics Section, Polytechnic University of Tirana. He is credited with inventing Real Section induced polarization geophysics and Voltage Domain IP technologies. He has consulted on numerous gold and base metal exploration projects throughout the world, including projects in North America, Central America, South America, Europe, Asia, Africa and Australia.

Prof. Andon Grazhdani, Ph.D., is a well respected Albanian geologist who served as the Director of the Department of Applied Geology and Environment at Polytechnic University of Tirana for a period of 11 years (1992-2003).

Summarizing, Albania is a country that has evolved into a stable democracy with a modern free market economy and a regulatory environment structured to attract foreign investment. Tirex has a management team capable of advancing significant properties with access to big capital. Although the first drill hole was very impressive, the market is looking for a follow-up hole and so are we. Stay tuned for further drill results.

It would be negligent not to at least mention the current relative market condition as it relates to the so-called credit



Tirex has been busy building this field camp, close to initial drill sites, to facilitate a large and intense District-scale exploration program.

crisis. Financials are down, we are in a credit crunch and, yes, it will take time for the credit and capital markets to stabilize. But, in the meantime, the big money (usually the smartest as well) will be casually hunting for well-structured, well-financed companies, with capable management. Once this market stabilizes, it will again be led by the financial stocks first and foremost. Once they have had their day in the sun, and their charts have had the typical bounce off the bottom, we feel a lot of that capital will come pouring back into the mining and metals equities. The price of gold is up almost 40% in the last 8 months and the market is asleep." Don't sleep with the pack, go out and hunt while the getting is good. ■

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## Time for the U.S. dollar obituary?

by Leonard Melman

America's fabled dollar, also known as the Greenback, and once described in terms like 'as good as gold', or 'sound as a dollar', is clearly in trouble. Quotes against other major international currencies have been plunging of late and the DX Index, a commodities future measure of U.S. dollar strength, has fallen during the past few years from a high of 122 in 2002 to its present value at 73 – a stunning loss of 40% of the Greenback's comparative currency value in just six years.

Fluctuations in the value of the Greenback are nothing new. During the past century, there have been periods of growing strength such as the first three decades of the 20th century when the American dollar was backed by gold, and during the post-World War II era when America was the truly the world's dominant manufacturing economy. However, there have also been periods of rapid monetary growth which have weakened the U.S. dollar, such as the late 1960s when President Johnson ran huge deficits to finance the 'guns' of the war in Vietnam and the 'butter' of rapid growth in social and economic programs and during the escalating inflation era of the late 1970s.

The great question is whether this period of recent dollar weakness, like all previous such cycles, will be followed by renewed strength, or if, to use a boxing term, this time around the Greenback will

be down for the count and will descend toward hyperinflationary oblivion. The answer to that question is of absolutely vital importance regarding to an investor's overall strategy, particularly as it involves precious metals holdings.

In our opinion, this time around may truly be different. First, the magnitude of the monetary buildup in recent years has been unprecedented. One of the most widely followed indicators of overall money supply in America has been the most inclusive measure of that supply, known as M-3. During the 1980s and 1990s, M-3 growth was moderate, rising from \$2.024 trillion in 1981 to \$3.265 trillion in 1986, \$4.183 trillion in 1991 and \$4.696 trillion in 1996. However, as the economy expanded during the hi-tech and Internet booms, money growth began to accelerate, with M-3 reaching \$7.221 trillion by January 2001. Then, the M-3 monetary express really took off, as the following table clearly illustrates.

January, 2002	\$8.100 trillion
January, 2003	8.593
January, 2004	8.926
January, 2005	9.483
January, 2006	10.231
January, 2007 (est)	11.300
January, 2008 (est)	13.000

(NOTE: M-3 data was provided by Federal Reserve Board until March, 2006. Later figures provided by private economists mirroring individual data components of M-3.)

Not only has the absolute quantity of money supply been expanding, but the rate of growth in M-3 has also accelerated markedly in recent years. According to website [www.nowandfutures.com](http://www.nowandfutures.com), M-3 annual growth stalled near zero in the early 1990s, reached over 10% by 2002 and has zoomed toward 20% per year at present, thanks to the historically

loose money policies of the last two Fed Chairmen, Greenspan and Bernanke.

Two prime factors virtually requiring the U.S. to continue policies of rapid monetary growth are the enormous Balance of Trade (B of T) deficit, now approaching \$60 billion per month – or over \$700 billion per year – plus a budgetary deficit now estimated at over \$400 billion, for a combined total of about \$1.1 trillion just for the coming year alone.

Can the B of T and budget deficit problems be easily solved? The answer appears to be not likely. Thanks to the residential home crisis, which is shrinking consumer discretionary income at a rapid rate, economic activity, including tax revenues at all levels of government, is declining. At the same time, thanks to new social programs, the cost of America's various wars, and growing social expenditures, the cost of American government is rising, making it appear that budget deficits will be increasing, not diminishing. And, since America imports huge quantities of petroleum, plus a lengthy list of retail and industrial goods, the B of T deficit appears to be headed higher, not lower.

Escalating money creation brought about by these factors would historically indicate a lower U.S. dollar value and periods of lower value for the world's reserve currency have generally accompanied past bull markets in the precious metals, particularly gold.

The important speculation for precious metals investors as well as the world at large, therefore, is whether the U.S. dollar, despite a generally negative financial news background, can sustain its current value and perhaps even regain lost ground. ■

*This material is taken from sources believed to be reliable and is provided for information only. Any investment decision should be made only after prior consultation with investment professionals. Leonard Melman is a financial and political writer who focuses on issues relating to the resource sector. Mr. Melman lives in Nanoose Bay, British Columbia, Canada and can be reached at [lmelman@shaw.ca](mailto:lmelman@shaw.ca)*





## Tighten Your Lines

by Rod Blake

**D**o you feel that? There it is again. It's not very strong, nor is it happening often, but for the first time in months we're getting a sense that the junior resource market is getting ready to be active once again. No, we're not seeing broad based rallies, far from it. But there's a sense that conditions are changing.

What we are seeing is a market that refuses to go down any more, or if it goes down, often springs back as soon as the selling pressure is lifted, which, in light of recent activity, is what is needed before any significant rally can be achieved. Whether it is the continuing ups and downs of resource prices or the resource sector finally becoming numb to the negative headlines from the financial sector remains to be seen, but for the first time in many months, there is a sense that this market is very oversold.

How do we approach this timid market? Remember your childhood fishing days when you felt a fish nibbling, you were told to "tighten your line" to get a better feel of the fish and set your hook. In other words, you had to heighten your senses and stay focused so that you caught the fish.

If we can take our fishing experience and apply it to resource stocks, what we have to do is focus on securities we want to own. Be aware of their trading patterns and put in our bids accordingly. Do they trade in a narrow range or surge and pull back? Do they trade volume or thinly? Do they tend to rise and fall with their underlying mineral price or follow the general market? These indicators will help you to get a better share price. A stock that is volatile allows you to put in a bottom fishing bid to be filled by volume on a pullback.

A thinly traded, but well supported stock, forces you to keep your bid current and prepared for partial fills. If your target tends to follow its primary mineral price, try waiting for a day when commodities are lower or when their futures contracts roll over and sometimes trigger the next month's contract at a lower price. With a stock that tends to follow the general market, be patient and put in your orders on days when the market is having a bad day.

Be careful – tighten your lines, stay focused, selectively pick your opportunities and hopefully you will land the big one during the next resource stock bull market. ■

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### History repeating itself could be a very good thing...

Garson Gold Corp. owns a 100% interest in the historically producing New Britannia Gold Mine located in Snow Lake, Manitoba. The Company is currently conducting a scoping study and is assessing viable strategies with the objective of re-establishing gold production at the mine.

**Learn more about Garson Gold as an investment opportunity at the:**

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# CLEANTECH INVESTING – PART II

Touring the field,  
choosing  
haystacks and  
finding the  
needle with  
Praveen Varshney  
and Rupert Merer

by Harold Waldock



Praveen Varshney



Rupert Merer

In 2007, investors placed a record US \$148 billion in Cleantech stocks globally, according to New Energy Finance's Angus McCrone. Since most Cleantech stocks are 15% to 25% down from their 2007 highs, now may be a good time to sort through the companies, an exercise not unlike sifting a haystack for a needle. For example, stock screens, as yet, do not show the Cleantech companies in a field of their own. Good places to search are on the websites of New Energy Finance ([www.newenergyfinance.com](http://www.newenergyfinance.com)) and Cleantech Network ([www.cleantech.com](http://www.cleantech.com)) where reports about new start-ups, recent IPOs and other companies active in the sector can be found. Other resources are Tyler Hamilton's articles in the *Toronto Sun* and his blog, Clean Break. For perspective, there are magazines such as North American-based *EnerG*, and Europe-based *Renewable Energy Focus*.

To assist in sifting the hay, two Cleantech specialists, Praveen Varshney and Rupert Merer provided an interview for *Resource World* and some perspective. A bit about them:

Praveen Varshney is a general partner with Vancouver-based venture capital firm, Varshney Capital, as well as a director and past CFO of several start-up and public companies. They include **Carmanah Technologies Corp.** [CMH-TSX], a solar power lighting products company, and **JER Envirotech International Corp.** [JER-TSXV], a producer of thermoplastic bio-composites.

Rupert Merer, one of the few Canadian Cleantech analysts with a background in engineering, is with National Bank Financial, and he currently covers eight cleantech companies including Carmanah, **Xantrex Technology Inc.** [XTX-TSX] power electronics for renewable energy devices, **Timminco Ltd.**, [TIM-TSX], a metals refiner and solar grade silicon supplier, **Westport Innovations Inc.** [WPT-TSX], natural gas engine technologies, **5N Plus Inc.** [VNP-TSX], a solar and electronics grade metals refiner, **Canadian Hydro Developers, Inc.** [KHD-TSX], a green power developer with wind, hydropower and biomass plants, **AAER Inc.** [AAE-TSV], a start-up wind turbine manufacturer, and **Clean Energy** [CLNE-NASDAQ], an alternative transportation fuel infrastructure and distribution company.

## TOURING THE FIELDS

Despite their early promise and high investor expectations, fuel cell and hydrogen companies have not seen consistent increases in year over year sales. Rupert Merer says that he looks for growth in sales and finds consistent strong growth in four fields: wind power, solar power, natural gas vehicle technology and distribution, and biofuels. Let's look at each in turn for growth and IPO activity.

The wind power industry is growing at 30% or more per year and has had two recent IPO's – **EarthFirst Canada Inc.** [EF-TSX], a B.C., Canada-based wind developer, and **Innergex Renewable Energy Inc.** [INE-TSX], which develops and operates wind and hydroelectric projects across Canada.

Solar photovoltaic has been growing at 30% as well, with recent IPOs in **Day4Energy** [DFE-TSV], a solar panel manufacturer, and **5N Plus**. Timminco has seen strong growth as it is a major supplier to **First Solar** [FSLR-NASDAQ], an industry cost leader. Merer says, "It looks to me, from current levels, that growth in solar will be the strongest of all the sectors."

A less well known, but growing sector, is natural gas vehicle technology and supply that includes Westport Innovations or recent IPO, Clean Energy, which was founded by oilman T. Boone Pickens.

Merer notes that investment and growth in conventional ethanol from corn has slowed. However, ethanol, especially ethanol from biomass, is getting the most subsidies from the U.S. government right now, because of the desire to replace oil. Some

companies in this field include **Lignol Energy Corp.** [LEC-TSV], **SunOpta, Inc.** [SOY-TSX; STKL-NASDAQ], now trading at much more reasonable levels, and companies such as **Iogen** [private] and **Novozymes A/S** [NZYM B-CPH], both producers of specialty enzymes used for converting biomass into ethanol. Fields of hay may soon fuel your car.

### FINDING THE RIGHT HAYSTACK

One strategy for the search comes from the catalogue of missed opportunities. Keep in mind that great products are made by great companies, so the challenge for investors is to find those products and then buy the company. Take, for example, what is happening in California, where homeowners have been buying subsidized solar panels and then the solar companies.

First Solar, an industry cost leader, who recently dropped costs by 6% in a quarter, was recently trading at 200 times earnings

and may be behaving like Google in its early days. If the solar industry can continue to drop costs, solar power will hit grid-cost parity – the price at which solar power is competitive with standard grid power sources such as coal, natural gas and nuclear.

Trade magazines such as consumer-focused *Home Power*, industry-focused *Solar Today* and *Renewable Energy World* are one way to find products and companies, but require an unusual method of reading them. In 1980, this writer learned a lesson from a teenage brother, an early computer wizard on an Apple II who was reading a start-up computer trade magazine called *Byte*. He said, “The advertising is more important than the articles. You often learn of new things there first.” Investors can get to love reading the advertising.

### SIFTING THE HAYSTACK

The investor’s sifting of the haystack

remains. Praveen Varshney, explains, “With younger start-up companies investors can’t do much due diligence as there isn’t that much history, therefore, investors must be forward looking.” He says there are six key ingredients in the recipe for success, in order of increasing importance:

- 1) **The Idea** – It should be a good one, but something that is understandable, something that an investor can explain to another.
- 2) **The Timing** – Too early and too late is not good, but a little late can be advantageous.
- 3) **The Capital** – Do they have success in raising capital? Can they raise enough?
- 4) **The Structure** – What is the share structure? Has management bought in? Do they earn shares over time? Has management interest been aligned with shareholders?
- 5) **The Execution** – Firstly, can they deliver results? Then, is management delivering results? Even better, are they under promising and over delivering?



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## INVESTMENT

The next is a bonus category:

6) **The Luck** – Luck includes events such as legislative changes and unexpected large orders. It can be evidence of management's strength as "Luck favours the prepared."

With stocks, unlike crops, the freshest are not usually the best. IPOs are problematic for retail investors for two further reasons: Many of the existing owners acquired the stocks at below the IPO price and after the holding period recently shortened to six months can sell; and, 80% of the newly listed companies are below their IPO price after a year.

Varshney says, "In the Public Venture Capital (PVC) model that we use, a public listing is not an exit strategy but just another way to raise the money to execute the business plan. It's really just the beginning." Many brokerages and related hedge funds who participate in financings and IPOs may not be so patient as evidenced by the common trick of shorting or naked shorting a young company as it plans for a financing then covering with near free warrants or options received.

Merer observes, "In Canada, there has been a big change in the interest of investors in the past year, from various sectors to Cleantech." Varshney adds that investors as a group in new sectors have a learning cycle. What pleases investors early in a cycle might make them indifferent later. Through his experience with diamond exploration mining company Mountain Province Diamonds Inc., he learned, "Investors rewarded companies for finding kimberlite at first, then only kimberlite with diamonds and then only kimberlite with a sufficient quantity of diamonds." He has seen the same patterns in Cleantech companies too, where the news releases had less and less impact in the market as investors as a group learn and focus on financial performance.

### THE NEEDLE

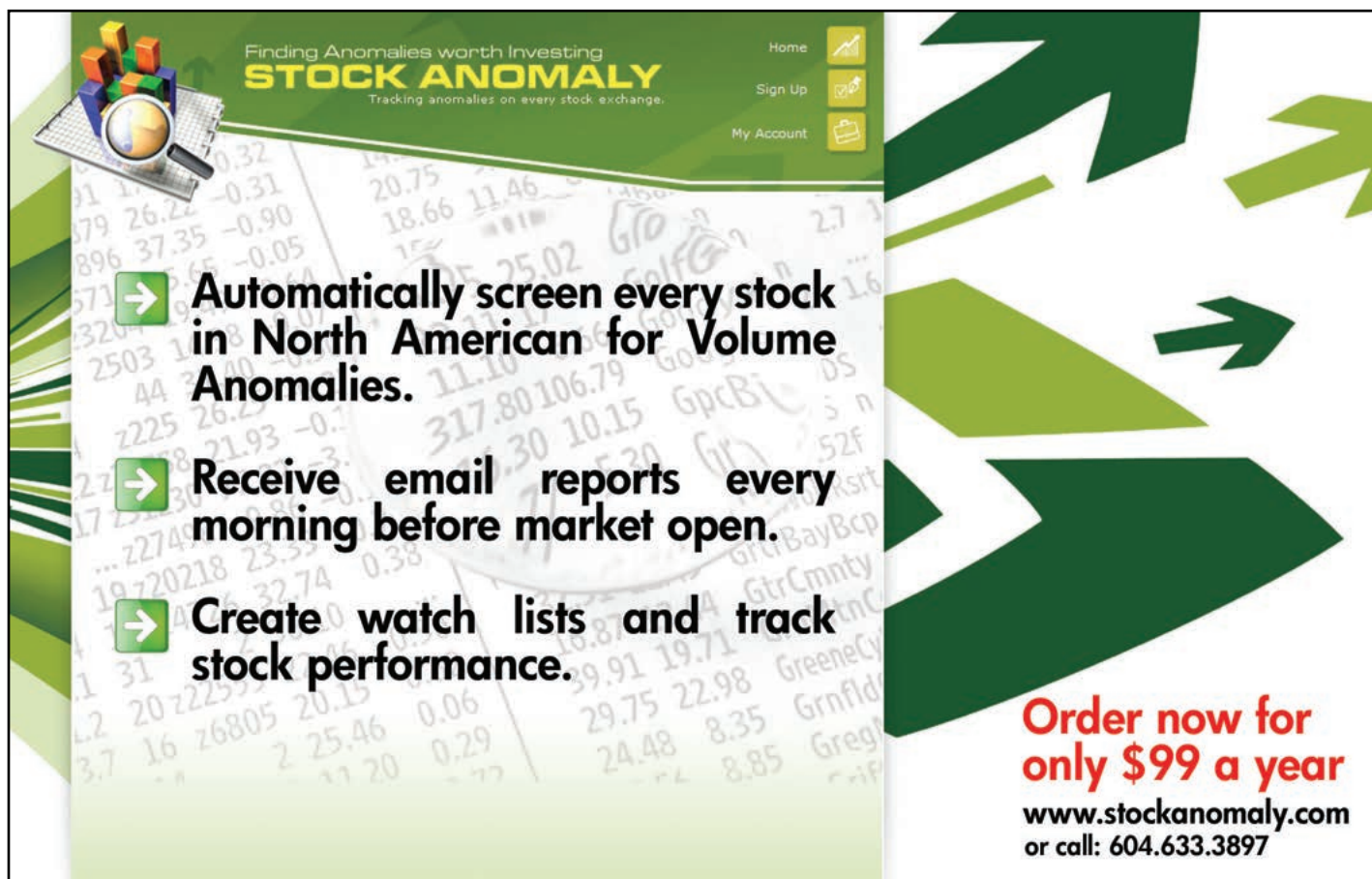
Finally, as a result of careful due diligence, we find the needle in the haystack. This is what every investor needs to make a wise investment decision. Without conducting due diligence, one had better stay in

exchange traded funds (ETFs) with tickers such as [QCLN-NASDAQ], [PUW-AMEX], [PZD-AMEX], [PBD-AMEX], [GEX-NYSE] and others.

Varshney observes that young companies try to create loyal investor following by creating emotional attachment through press releases and newsletters. "However, investors," he says, "must be disciplined and not become attached to a particular stock, beyond reason." He said, "A few years ago, as a CFO, I offered to put a well-known Toronto analyst on the company list for press releases and the reply was, "Just send me the Q's", by which he meant the quarterly reports."

Part I of Cleantech Investing can be found in *Resource World* magazine Volume 6 – Issue 2. ■

Harold Waldock can be reached at [hwaldock@yahoo.ca](mailto:hwaldock@yahoo.ca) This article is intended to inform the reader, not to give investment advice. Due diligence is advised. Disclosure: Harold Waldock owns none of the above noted stocks at this time.



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The Mining Industry TV crew: left to right, Donald MacKenzie, Koraleen Jarvis, Craig Anderson, Kevin Martells, Sarah Piccolotto and Steve Smith. Photo by Jeremy van Nieuwkerk.

## Mining Industry TV educates public

by Ellsworth Dickson

Mining Industry TV, which recently set up shop in the historic Gastown area of Vancouver, British Columbia, is actively educating the public on the importance of the mining sector.

Just as the mining industry is experiencing a resurgence, Mining Industry TV's Producer, Koraleen Jarvis says, "we offer the industry a fresh perspective that utilizes the latest broadcast technology to capture and showcase the changes occurring within the industry. Mining Industry TV's team is comprised of a group of young employees, that all have a TV news background." Jarvis says, "MITV takes the facts and couples them with fantastic pictures and hip music, thanks to Kevin."

Co-Producer and Cinematographer, Kevin Martells, says, "Basically, we are the first national TV voice or program for the mining industry. MITV wants to make a product that is educational, interesting, and entertaining. We highlight companies to show what they're doing with their projects and how they differ from their competition. We talk to people behind the scenes, speak to workers and visit mine sites." Martell was formerly a

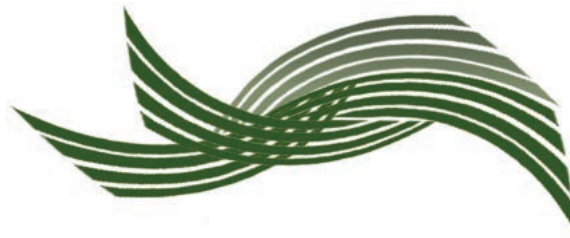
photojournalist for CBS News for their Miami TV station. "I was down there for hurricane Katrina and covered the entire storm from start to finish."

Martells, explains that they don't charge for stories; however, of course, fee-based advertising such as commercials and bill boards are available for their clients. He says that the goal of Mining Industry TV is to attract new viewers for the show and new shareholders for the companies they profile. He adds, "MITV also wants to reach people interested in investing in the show."

Headed up by Executive Producer Neil Chandran, Mining Industry TV is part of a larger group of operations, Calgary, Alberta-based Chandran Media, which also has programs such as Energy TV, CEO TV, Real Investments TV, Biotech TV, Inside Fashion TV, and Nightlife TV.

Currently, Mining Industry TV is producing 30 episodes – one per week – which air on Global TV on Saturdays and on E Channel on Sundays, as well they air in the Thunder Bay area of northwest Ontario. ■





### **The Company**

CBO Energy has been cited as one of the fastest-growing independent Oil & Gas Exploration and Production companies in the US. The innovative and energetic leadership of CBO is continuing to build an extremely talented company of teams that are aggressive in growth and strive for perfection in the full development of oil and gas exploration, drilling and production.

CBO Energy, a division of Central Basin Oil Investments, Inc., is headquartered in the Dallas/Fort Worth area of Texas, and has developed successful oil and gas production fields on multiple thousands of acres. The company is built on the principles traditional hard-work and integrity, combined with leveraging the rapid & continual improvements in technology to advance itself to the cutting edge of the energy industry. They are rapidly moving forward into the future of oil and gas production and extraction methods, using the latest emerging drilling technology and the most effective environmentally sound drilling, construction & production procedures.

### **The Growth**

For two consecutive years, CBO has seen enormous growth as a company, in size and capability, and mostly in the execution of well development programs. This is attributed to strategic acquisitions and stream-lined processes being brought into place and then continually worked on to shape into better and better practices. The company's oil and gas well projects are saturated with excitement, as they continue to dive into the exploration and

drilling of the frontier areas of the Barnett Shale, Hickory Sand, and numerous other producing limestone and sandstone formations.

CBO Energy's President and CEO, Jason Halek, shares with us the reason the well project developments continue to show potential. "The geologists and geophysical resources that work with us on a daily basis continue to lead us to the outer-lying regions, where other developments haven't already exploited the production. We take the wealth of data and research they provide and combine it with our super aggressive drilling and completions programs to get the wells drilled and producing."

CBO also strives to improve every team member to be the most effective and thoughtful people in the industry, and equips them with the tools and ability to maximize production from every well in every field. Chad Wilbourn, CBO's Vice President attributes the company growth to the remarkable teamwork found throughout the company. "We have some of the most talented people in the business working with us, and we all strive to improve constantly."

### **The Passion**

Halek shares, "It's not about money; it's about creating generational wealth. For your children and grandchildren, and for the lives of other children that may not have been given the opportunity to succeed in life. That's what I'm out here for, and our teams share that same passion and commitment. We believe if we continue to drill successful wells, like our field discoveries in Coryell County, Texas; and continue to go after even more exciting exploration opportunities, we



LEFT to RIGHT: Rachael Roure, Jason Halek, Nathan Freeman and Chad Wilbourn

can continue to grow and use our resources to impact lives of people around the globe."

#### **CBO Environmental**

CBO has recently teamed up with Horizontal Well Drillers, based in Oklahoma City, to begin an aggressive new well drilling program scheduled to begin in the 2<sup>nd</sup> quarter, 2008. CBO Energy's drilling, completions, and production teams have worked together with HWD and other professional contractors in recent months to develop the strategy for executing the drilling program using the latest drilling technology and the best practices for ensuring a minimal environmental footprint for the well locations and surrounding area. The company is making huge forward strides in establishing more environmentally sound methods of drilling, construction and materials management. New procedures like recycling and re-use of drilling water and drill cuttings, spill and contamination protection at all facilities and technology that monitors facilities and equipment continually will help in the extremely crucial improvements needed within the processes of drilling and production.

#### **Active Plays - Barnett Shale, Strawn, Marble Falls, Hickory Sand Coryell County, Texas**

CBO Energy is working on proving up thousands of acquired acreage in the Coryell & Lampasas County area, and has seen shows in multiple potential formations. In February, 2008, they completed and tested a well in the Strawn formation showing favorable initial test results of natural gas. The company is rapidly moving into the second phase of this project to continue to drill out and prove up the Strawn, Atoka and potential Marble Falls formations found.

The plans are underway for drilling and testing of the Hickory Sand formation that lies beneath the Marble Falls & Barnett Shale zones. The recent CBO Energy Strawn discoveries in the Texas Oil & Gas field are remarkable finds at their depths; this field development along with the potential reserves CBO is seeking to discover in the Hickory Sand have been described by observers as "company makers". The CBO Energy team has enormous potential to continue its growth progress and continue on to being one of the top independent producers in the business to-date.



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# Exploration & Mining in South America

by Brian O'Hara

South American opportunities and challenges for exploration and mining companies were made evident during the recent PDAC Conference in Toronto simply by visiting the booths of companies operating in South America. Bill Clinton spoke about corporate responsibility on March 1 to kick off the PDAC at the star-studded gala fundraiser for the Clinton-Giustra Sustainable Growth Initiative (CGSGI) that includes benefits for South American citizens. This was supported by many exploration and mining companies. Clinton was positive and gave thanks to his friend and mining entrepreneur Frank Giustra.

"Miners are going to make a lot of money in the next 50 years," said Clinton. "We need to be better citizens." He mentioned things we take for granted, "like clean air and water, stable power and comfortable living conditions. Many of the people we are trying to help cannot take any of those things for granted. We can give them a system which forms a connection between the dreams they make, their hearts, the power of their minds and the results they achieve. They will plot their own course and the whole world will be better off. In a world where the differences between rich and poor are enormous, we all share a responsibility to ensure that every community has access to education, quality health care, and economic opportunity."



Drilling the Sinchao property, located in Cajamarca province in northern Peru, 30 kilometres from Yanacocha, the largest gold mine in South America. Photo courtesy Sinchao Metals Corp.

The evening raised some \$16 million and the CGSGI announced concrete initiatives in Colombia and Peru. CGSGI, Shakira's Pies Descalzos Foundation, and the Government of Colombia are implementing a two-year, \$4 million initiative that will cover child nutrition, education, vocational training and support for microenterprise development in Bogota, Quibdo, and Barranquilla. Partners include Coalcorp, Pacific Rubiales, and B2 Gold.

Initial projects in Peru will focus on child nutrition and enterprise development. CGSGI will make a three-year commitment of \$6 million toward the reduction of chronic child malnutrition in the Ancash and Cajamarca regions of Peru. CGSGI will commit \$4 million over three years to the expansion of existing efforts to spur market-driven economic development in the Ancash, Cajamarca, and La Libertad regions of Peru. This funding will leverage and complement existing commitments by Barrick Gold and Newmont Mining.

Peru's Canadian ambassador, Geneviève Des Rivières, monitors social and environmental behavior of Canadian companies in Peru. As she explained to *MinerAndina*, "It is important for mining and for the country, that companies which are in exploration – which are not necessarily those that will produce metals – have not created a social or environmental problem that operators will have to pay for later."

An example of doing things right is Candente Resource, which is developing mining projects in Peru. According to John DeCooman, Candente VP finance and corporate development, they have a different method for hiring local labour. Candente will have 175 *cupos*, which may be described as the ability to fill a day labour position. These jobs could involve cooking, clearing brush, constructing buildings, making core boxes and concrete pads or other general labour jobs at an exploration site.

"These *cupos* are distributed to certain leaders in the community who, in turn, distribute them to representative or elected leaders amongst the *casserios*, or local villages." The *casserios* are farming communities living almost at the subsistence level. Generally, village labourers will go to

work for a week, then return to their home farm to work for a week or two.

DeCooman says it is important to listen to community needs. Candente has 15 to 20 community relationship professionals either on staff or on a consulting basis. This ensures the support given to community projects. Candente has constructed a medical post, assisted with school supplies, provided educational scholarships and, in some cases, assisted to improve road access. Below is a selection of South American exploration and mining projects.

## ARGENTINA

**Andean Resources Ltd.** [AND-TSX, ASX] is developing its Cerro Negro Project in Santa Cruz province, southern Argentina, which has an inferred resource of 3.05 million tonnes grading 6.4 grams gold/tonne and 82 grams silver/tonne. Andean has completed 15,000 metres of a 30,000-metre drilling program on this epithermal vein deposit. Recent results released include 18 metres of 67.7 grams gold/tonne and 1,207 grams silver/tonne. Andean is expected to complete the drilling program in June and is currently working with consultants to prepare a pre-feasibility report in the third quarter of 2008 with an updated resource estimate. Andean will then develop three other properties in one of the largest under-explored vein districts.

**Aquiline Resources Inc.** [AQI-TSX] continues to receive encouraging drill results from its Navidad Project in Chubut province. Assays from the Valle Esperanza Zone returned 18 metres of 254 grams silver/tonne and 0.18% lead, including 2.21 metres of 1,293 grams/tonne in hole NV08-646. This was a follow-up to hole NV07-628 that returned 8.32 metres of 495 grams silver/tonne, including 2.74 metres of 1,210 grams/tonne. According to Martin Walter, executive VP, he sees Argentina as being a great country for exploration and mining. "Argentina has a stable government, stable politics and foreign companies have legal title," said Walter. "In general, Argentina has a good quality of education, which resulted in Aquiline using all local staff for geologists and other specialists."

**Blue Sky Uranium Corp.** [BSK-TSXV]

announced February 28, 2008 a letter of agreement to acquire Argentina Uranium Corp. for 8.295 million shares of Blue Sky. This will result in Blue Sky becoming one of the largest uranium explorers in Argentina with a 500,000-hectare uranium land package. Blue Sky has completed 3,000 square kilometres of radiometric and magnetic surveys. Its most promising projects are the ANIT and Santa Barbara projects in Rio Negro province. Both of these projects are in sandstone-hosted environments with visible uranium mineralization identified on surface.

**Rome Resources Ltd.** [RMR-TSXV] will continue work on its Varvarco Project in Neuquen province near the village of Varvarco. Geochemical and geophysical surveys have identified reconnaissance drilling targets on three areas; the Santos high-grade gold-silver vein system, the Auque Breccia Pipe and the Auque Cap. Grab sampling at Santos returned assays of 160.9 grams gold/tonne and 200 grams silver/tonne. The Auque Cap is being targeted as a porphyry type of mineralization.

**Uranio AG** [UAI-Frankfurt; AOMKD4-WKN] is exploring for uranium in the central Argentina provinces of La Rioja and San Luis on 22 properties. One promising project is the Isobel 15 Concession in San Sebastian District. The nearby San Sebastian Mine was a major uranium mine, operated initially as an underground mine and later as an open pit.

## BOLIVIA

**Apex Silver Mines Ltd.** [SIL-AMEX] expects to produce 16 million ounces of silver from its San Cristobal Mine at an average cash operating cost ranging from about negative US \$3.00 to \$3.50/oz. (the lead by-product results in a negative cost), as well as 235,000 tonnes of zinc, and 80,000 tonnes of lead. Proven and probable reserves total 443,000 ounces of silver, 3,826,000 tonnes of zinc and 1,323,000 tonnes of lead.

## BRAZIL

**Kinross Gold Corp.** [K-TSX; KGC-NYSE] operates the Crixas and Paracutu gold mines in Brazil and the Maricunga and La Coipa gold mines in Chile.



Workers assemble a portable drill rig in preparation for drill-testing the El Rosal property in northern Peru. Photo courtesy Panoro Minerals Ltd.



**Luna Gold Corp.** [LGC-TSXV] has received assays from drilling its advanced-stage, 100%-owned Aurizona Gold Project in Maranhao state, where the company has scheduled a feasibility study for completion in the first quarter of 2008. A hole in the Piaba Zone returned 40.0 metres of 2.32 grams gold/tonne (including 0.85 metres of 51.10 grams/tonne) and 9.00 metres of 4.11 grams/tonne. About 100 kilometres southwest of the Aurizona Project, Luna has awarded a 6,000-metre contact to drill the 100%-owned Cachoeira Gold Project.

**Peak Gold Ltd.** [PIK-TSXV] is operating the Amapari Mine in Amapa State, producing about 215,000 ounces of gold per year. The mine has 3.8 million tonnes of proven and probable reserves grading 2.47 grams gold/tonne, 9.5 million tonnes of measured and indicated resources grading 2.34 grams/tonne and 13 million tonnes of inferred resources grading 3.22 grams/tonne.

Peak Gold is looking to improve its gold recoveries at the Amapari Mine for heap leaching from the oxide ores, which are currently at 69%, by the installation of a washing plant and a CIL circuit. Test results have shown recovery would improve to greater than 80%, possibly even a target of 90%. The next step is designing and testing a new mill circuit to treat sulphide ores coming initially from the open pit and later on from an underground operation. Peak is targeting potential production of 300,000 oz./year by 2011.

According to Julio Carvallho, director

of Peak Gold with 33 years of experience with Rio Tinto and Goldcorp, the business environment in Brazil is stable with companies having a clear process to obtain title. However, he did mention "the challenges of the environmental permitting process."

**Sola Resources Corp.** [SL-TSXV] is working to earn in up to a 90% interest from Bantu-Mineração Ltda in the Carolina diamond property. A diamondiferous kimberlite pipe was exposed at surface and the upper part was mined in 2003 by artisan miners, recovering 12,000 carats averaging \$200/carat. A bulk sampling program of the Carolina deposit could move quickly to prefeasibility. Definition drilling on some KIM anomalies could determine if there is a kimberlite cluster on this project. This is the focus of Sola's diamond exploration on 255,000 hectares in Rondonia state, northwest Brazil.

**Vaaldiam Resources Ltd.** [VAA-TSX] operates the Duas Barras alluvial diamond mine, located about 150 kilometres north of Diamantina in Minas Gerais state. This mine, started in September 2007, is an alluvial diamond producer with expected production in 2008 of 60,000 carats from a resource of 432,000 carats. A 15.68-carat diamond was recently recovered from the Duas Barras Mine. Vaaldiam, the largest diamond producer in South America, also owns the Chapada alluvial diamond mine which began commercial scale production March 2007 with production of 30,000 carats per year. Its Brauna diamond project about 350 kilometres north of Salvador in Bahia state has an inferred resource of 10

million tonnes of kimberlite. This project, with four diamondiferous kimberlites, may have an estimated potential of 1.5 to 2 million carats and there is the potential to more than double the resource size. Drilling is ongoing to provide support for a feasibility study later in 2008.

**Yamana Gold Inc.** [YRI-TSX; AU-NYSE, AMEX; YAU-AIM] is a significant gold and copper-gold producer with seven operating mines in Brazil, Chile and the U.S., as well as gold development-stage properties, exploration properties, and land positions throughout North and South America. In Brazil, Yamana has a 100% interest in the producing Chapada Copper-Gold Mine and the São Francisco Mine as well as the development-stage São Vincent Project and the exploration-stage C-1 Santa Luz Project. Yamana is also active in Argentina with its Gualcamaya Gold Project, Las Carachas-La Brea, Evelina, Las Flechas and Salamanca projects.

## CHILE

**Amerigo Resources Ltd.** [ARG-TSX] continues processing 110-120,000 tonnes per day of tailings from the Codeleco's El Teniente Mine until at least 2021. In addition, it is processing 10-15,000 'old' tailings per day from the Colihues tailings pond, which has about 215 million tonnes grading 0.3-0.4% copper. Amerigo is planning to process more 'old' tailings by increasing capacity to 180,000 tonnes/day. There are about 1 billion tonnes of tailings to be processed in other tailings ponds and, according to Michael Kuta, corporate secretary, "moly is a wild card sweetener" since the grade of molybdenum is not known in the tailings.

**Apoquindo Minerals Inc.** [AQM-TSXV] is developing, with an option to purchase two neighbouring copper projects, the Elenita Project, as well the Madrugador deposit 18 kilometres to the north. Both deposits are amenable to leaching and are located in the Antofagasta Region about 110 kilometres from Antofagasta. The Elenita deposit is optioned for a US \$15 million purchase over 48 months plus a 1.0% NSR, while the Madrugador deposit is optioned for \$6 million over 48 months plus a 1.5% NSR.

Both deposits have historic (non NI 43-101 compliant) estimates of resources: Elenita with 9.9 million tons of 1.12% copper (0.2% cut-off) and Madrugador with 2.1 million tons of 1.1% copper (0.4% cut-off). A 15,000 to 16,000-metre drilling program is underway on both properties, with slightly more than half allocated to the Elenita deposit. It is expected a NI 43-101 technical report will be completed by Q3 2008.

Cesar Lopez, president/CEO, said, "33% of the world's copper production comes from five of the top 10 producing copper mines in Chile. If you want apples, you go to an orchard – we want copper so we are in Chile, with a Chilean board that has decades of experience in copper. In fact, our chairman served as president of the world's largest copper producer, Codelco, responsible for those top producing mines. Chile is a country that promotes mining. Copper accounts for 37% of the country's exports so the government is focused on the success of the industry and there is a ready and knowledgeable labour force to support the industry, especially where our operations are located. Chile is a resource-rich country with sophisticated geological and financial traditions."

**Explorator Resources Inc.'s** [EXO-TSXV] flagship property is the El Espino Copper Project hosting nine small operating mines. This project, originally worked on by Anaconda in the 1990s, has seen

additional work done by four other companies with a total of 13,785 metres of drilling done before Explorator took over. The best historic drilling intercept was 103 metres grading 0.98% copper and 0.10 grams gold/tonne. On February 27, 2008 Explorator announced a NI 43-101 resource estimate of 88 million tonnes of indicated and inferred resources grading 0.61% copper and 0.19 grams gold/tonne (using a 0.20% copper cutoff). The best results from their 2007 drilling program intersected 70 metres of 0.99% copper together with 0.61 grams gold/tonne. In addition, drilling in 2007 discovered a high-grade gold zone at the Chon Chon Gold Project with potential resources of about 250,000 tonnes grading 80.8 grams gold/tonne. Explorator has planned 30,000 metres of drilling for 2008.

**Fortune Valley Resources Inc.** [FVX-TSXV] has completed 5,113 metres of drilling on its Incahuasi Project in Region III, northern Chile. The best drill hole intersected 30 metres of 0.80% copper and 0.40 grams gold/tonne. A second phase of drilling is expected to start in May of 2008. Fortune has signed an option to acquire up to 65% from CODELCO on the Anillo Project in Region II, adjacent to Yamana Gold's El Penon Gold-Silver Mine. Fortune must spend US \$3 million over four years to earn in this gold property and has budgeted \$250,000 over the next six to

nine months to identify drill targets.

**Polar Star Mining** [POS-TSXV] is starting a drill program on its Los Azules property in Region III, 800 kilometres north of Santiago. The main target is the Araya breccia. Little exploration has been done on this property with the exception of small scale mining done for high-grade copper about 70 years ago. In addition, Polar Star is developing its Sonia Project, which has several vein systems where limited sampling was done about 15 years ago. The Sonia property is located in Region V, about 180 kilometres north of Santiago. Polar Star has acquired 118,000 hectares of exploration properties in Chile.

**Samex Mining Corp.** [SXG-TSXV; SMXMF-OTCBB] has assembled over 7,800 hectares of mineral concessions at the Los Zorros Project that are prospective for gold, silver and/or copper deposits where trenching and drilling programs have been carried out. Samex has also been drilling its Inca Project in northern Chile. The company also holds several projects in Bolivia, including the active Eskapa Project.

## COLOMBIA

**Colombian Mines Corp.**, which is expected to be listed in the near future, is exploring the Yaramulito gold prospect about 110 kilometres south of Medellin, where over 1,800 metres of drilling have been completed. The company is also



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A selection of diamonds recovered from the Duas Barras alluvial mine, Minas Gerais, Brazil. Photo courtesy Vaaldiam Resources Ltd.

exploring the Guayabales Project 120 kilometres south of Yaramulito. Robert Carrington, president, of Columbian Mines, states that Columbia has a long mining history dating back to about the year 1000. His experience tells him there are good opportunities for mineral exploration in Columbia. While there are concerns about security, Carrington says there have been significant changes in Columbia since President Uribe has taken a hard line on the FARC rebel or terrorist groups. Some areas in Columbia are now considered safe, with good infrastructure while other areas, influenced by the FARC terrorists, remain dangerous. Street crime is still an issue.

**ECUADOR**

Atlas Minerals Inc. [AMR-TSXV] reports drill testing has intersected 0.228% molybdenum and 0.24% copper over 138 metres at the 100%-owned Tres Chorreras Concession in southern Ecuador. Initial drilling targeted the northern boundary of the Breccia (3C) deposit. The first four holes of the 30-hole, 6,000-metre drill program intersected significant mineralization.

Aurelian Resources Inc. [ARU-TSX] continues to receive high-grade gold assays from its Fruta Del Norte gold-silver deposit on its Condor Project in southeast Ecuador. Drill hole CP-07-185 returned 168.93 metres grading 13.16 grams gold/tonne. Three rigs are operating. The project hosts an inferred resource of 58.9 million tonnes

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**Channel Resources Ltd.** [CHU-TSXV] is earning up to a 70% interest from Minera Cachabi C Ltda in the Mozo Project, Azuay province, southern Ecuador. This gold project is has four zones with a total of 3.5 million tonnes of inferred resources grading 2.3 grams gold/tonne. Previous operators have found that 75% of the inferred resources are in oxide form, resulting in gold recoveries of around 90% in preliminary leach testing.

**Corriente Resources Inc.'s** [CTQ-TSX; ETQ-Amex] main focus is on the 100%-owned, 50,000-hectare Corriente Copper Belt where the company has completed a feasibility study on an initial starter operation at its Mirador copper-gold deposit. The company has contacted interested parties to become strategic partners in developing the Panantza – San Carlos Project in southeast Ecuador. Corriente also owns a 27-hectare port on Santa Rosa Channel in Machala which is connected to the Mirador Project by a 400-kilometre paved highway.

**Dynasty Metals & Mining Inc.** [DMM-TSX] owns 100% of three gold discoveries, two within known mining districts and the third being a new discovery. The company is currently building a plant at its Zaruma Gold Project, scheduled to start operations in Q2 2008 at 100,000 ounces of gold/year. The mine will have a 14.5-year mine life. Dynasty recently purchased one-half of the 3% NSR from IAMGOLD Corp. for US \$1 million. Dynasty is the largest concession holder in southern Ecuador.

#### GUYANA

**Shoreham Resources Ltd.** [SMH-TSXV] has completed sampling at the 100% optioned Maple Creek – Potaro gold properties that included 1,855 soil samples, 245 stream samples, 245 panned samples and 119 rock samples.

**StrataGold Corp.** [SGV-TSX] has been active on its 100%-owned Tassawini Project where two new gold zones were recently discovered. The Tassawini deposit hosts a NI 43-101 compliant resource of 208,316 ounces of gold in the indicated category and 151,089 ounces in the inferred category.

#### PARAGUAY

**Cue Resources Ltd.** [CUE-TSXV] has completed a Phase II drilling program on the 100% optioned San Antonio Zone of the Yuty Uranium Project in southeast Paraguay. An independent NI 43-101 compliant resource estimate is underway as well as metallurgical test work. The company has a financial and strategic alliance package with **Cameco Corp.** [CCO-TSX; CCJ-NYSE].

#### PERU

**Amera Resources Corp.** [AMS-TSXV; AJRSF-OTC; OAY-Frankfurt] reports a 2,500-metre diamond drill program is underway on the Laguna Gold Project

in the prolific Cerro de Pasco District, west-central Peru. Drilling will focus on testing buried high sulphidation gold or polymetallic targets previously identified by Placer Dome. Amera has also reported results from 15 new rock chip samples collected on its 100%-owned Mitu Copper-Silver Project in Junin Department, Peru. Highlights include chip samples assaying 6.33% copper and 336 grams silver/tonne over 0.75 metres and 7.16% copper and 534 grams silver/tonne over 0.20 metres.

**Andean American Mining Corp.** [AAG-TSXV; AQN-Frankfurt] optioned their flagship property, the Invicta Gold-Silver Project from a subsidiary of **Barrick Gold**



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**Corp. [ABX-TSX]** in October 2005. Andean American increased their holdings through staking and now holds 41,500 hectares at Invicta, located 35 kilometres from the town of Sayan, which is about 100 kilometres north of Lima. A 10,000-metre drill program is underway to expand resources and some prefeasibility work is also underway. Underground drilling has intersected bonanza grades of 108 grams gold/tonne over 1.0 metre. A NI 43-101 compliant resources is reported with 1.1 million tonnes (measured) grading 3.88 grams gold/tonne, 15.7 grams silver/tonne and 0.26 copper, 3.6 million tonnes (indicated) grading 2.3 grams gold/tonne, 19.1 grams silver/tonne, and 0.51% copper and 6.0 million tonnes (inferred) of 1.4 grams gold/tonne, 15.7 grams silver/tonne and 0.53% copper.

Andean American is operating the Santa Rosa Mine, an open pit gold-silver mine, covering 9,000 hectares in southern Peru, about 550 kilometres southeast of Lima. The mine is a heap leach operation with a capacity of 1.18 million tonnes per year and produced in 2007 about 11,000 oz. of gold. Problems were encountered with strip ratios and metallurgical recovery so now the focus is now on recycling 1.6 million tonnes on the leach pads. Andean American holds 58% of Sinchao Metals, described on page 64.

**Antares Minerals Inc. [ANM-TSXV]** is developing the Haquira Project 75 kilometres southwest of Cuzco, and is contiguous to Xstrata's Las Bambas copper project. Antares has completed a NI 43-101 report on the Haquira Project which hosts an indicated resource of 133 million tonnes grading 0.44% copper. Drilling in 2007 beneath Haquira East discovered a new zone which is not included in the resource report. The best drill result was 746.21 metres of 0.86% copper and remains open at depth.

**Barrick Gold Corp. [ABX-TSX, NYSE]** owns and operates several mines in South America. These include the Lagunas Norte open pit, heap leach mine in northern Peru, the Pierina Gold Mine in north-central Peru and the Zaldivar Copper Mine in northern Chile. Development projects include the Pascua-Lama Project straddling

the Chile/Argentina border.

**Bear Creek Mining Corp. [BCM-TSXV]** recently agreed to purchase from joint venture partner **Rio Tinto PLC [RTP-NYSE]** the 30% remaining interest in the Corani Silver Project. Bear Creek will now have a 100% interest in the project which hosts 327 million ounces of measured and indicated silver resources. Bear Creek continues to drill its Santa Ana Silver Project 200 kilometres south of Corani. Two clusters of drill holes have extended silver mineralization 350 metres and 150 metres to the southeast and east, respectively, beyond previous resource limits.

**Canadian Shield Resources Inc. [CSP-TSXV]** has reported assays from the Phase II drilling program at the La Estrella Project in central Peru. Hole DDH-E14 returned 96.2 grams silver equivalent/tonne over 41 metres, including several higher grade zones. The company also reports that **Southern Peru Copper Corp.** is starting a nine-hole, 2,500-metre drilling program on Canadian Shield's Cerro Cori Project. Canadian Shield and Southern Peru signed an earn-in agreement for Cerro Cori in May, 2007. Cerro Cori is held 100% by Gallant Minerals Peru, a 90% subsidiary of Canadian Shield. Under the earn-in agreement, Southern must spend US \$350,000 the first year. Southern Peru may earn a 65% interest by spending US \$3.5-million over the next 4.5 years and paying \$1.5 million to Gallant over two years. Southern Peru can earn an additional 10% by completing a bankable feasibility study to acquire 75%.

**Candente Resource Corp.'s [DNT-TSX; Lima]** flagship project is the Cañariaco Norte deposit which has measured and indicated resources of 643 million tonnes grading 0.45% copper and an additional inferred resource of 177 million tonnes with the same grade. This deposit, open to increased tonnage, is amenable to open pit mining and has a Starter Zone of 107 million tonnes grading 0.60% copper. Heap leaching tests on the Starter Zone have shown a 75% recovery on chalcocite. In April 2007, Candente completed a preliminary evaluation of the Starter Zone which indicated attractive economics. It shows an internal rate of return of 60% and a project

payback of less than two years at a capital cost of US \$143 million.

Candente's AltoDorado/Toril property is in northern Peru, 20 kilometres south of Santiago de Chuco. This is a typical gold-copper porphyry deposit and drilling done in 2004 intersected 160 metres grading 0.17% copper and 0.22 grams gold/tonne.

**Chariot Resources Ltd. [CHD-TSX]** is developing its 70%-owned Marcona Project 500 kilometres southeast of Lima, the other 30% being held by two South Korean companies. The JV partners are focused on the Mina Justa deposit which has a NI 43-101 compliant indicated resource of 346 million tonnes grading 0.71% copper and inferred resources of 127 million tonnes grading 0.6% copper. An updated resource will include drilling in 2007 which identified a higher grade copper zone which could be a potential starter pit. A feasibility study is in progress.

**Galena Capital Corp. [FYI-TSXV]**, a new company, has three projects in Peru – the Paula gold-silver project where a NI 43-101 report is being prepared, the Petra/Peggy open pit gold project and the Tablachaca River placer gold, tungsten and rare earths project. The company hopes to place the Tablachaca River Project into production later this year.

**Grenville Gold Corp. [GVG-TSXV]** is developing its Silveria Project, consisting of four past-producing mines located 80 kilometres east of Lima. One former past producer, the Millotingo Mine, produced 2.6 million tonnes from silver veins of 0.5-1.0 metres wide averaging 16 oz. silver/ton. There is a 350 ton-per-day mill onsite and some historic non NI 43-101 resources of about 660,000 tons grading about 12.8 oz. silver/ton.

On February 5, Grenville signed an option agreement for **Journey Resources Corp. [JNY-TSXV; Frankfurt-JL4]** to earn up to 75% of the project by funding up to \$11.8 million in exploration and development expenses. Grenville also has the Espanola Project 60 kilometres southeast of Lima which consists of two former producing high-grade copper mines. Forty-five grab samples taken underground from this

*Continued on page 64*

## Hathor hits 5.29% $U_3O_8$ over 11.9 metres

Stephen Stanley, president/CEO, reports **Hathor Exploration Ltd.** [HAT-TSXV] has received assay results for uranium mineralization encountered in diamond drill hole MWNE-08-12 on its 90%-owned Midwest Northeast project located in the Athabasca Basin of northern Saskatchewan. The Hathor claims lie four kilometres north-east of the Midwest uranium orebody of AREVA, Denison Mines Inc. and OURD Canada Co. Ltd. that grades 5.47%  $U_3O_8$ , 4.37% nickel and 0.33% cobalt.

Hathor's drill hole intersected 11.9 metres grading 5.29%  $U_3O_8$ , beginning at 261.5 metres. In addition, individual assays include 20 centimetres grading 40.2%  $U_3O_8$ , beginning at 251.9 metres.

High-grade uranium mineralization in hole MWNE-08-12, the 12th hole of a planned 24-hole program, occurs in basement rocks that are a heterogeneous mix

of variably clay-altered to clay-replaced pelitic gneiss, graphitic pelitic gneiss, granitic pegmatite and microgranite.

A total of 95 split core samples were taken from drill hole MWNE-08-12 over a continuous interval that extends from 240.6 to 287 metres down the hole. The individual sample intervals range from 0.2 metres to one metre in length, except for one assay that was 0.1 metre. True thicknesses of the mineralized core intervals are not yet known.

Hathor Exploration's senior project geologist, Dr. Alistair McCready, commented, "The technical importance of this discovery cannot be overstated. This discovery was made using a combination of new innovative exploration techniques following the re-examination of historic drill core with a fresh perspective. The mineralization represents a non-traditional, non-conductive target, where no airborne electromagnetic anomalies are present, a new style of target for the Athabasca Basin. It signifies the need

for exploration methodologies to evolve and utilize modern, cutting-edge techniques, such as reflection seismic surveys to find structure – the key to these deposits."

The current Midwest Northeast winter exploration program includes about 8,000 metres of drilling and uses two diamond drills contracted from Boart Longyear Inc. Hathor has now completed in excess of 4,000 metres of diamond drilling in 14 of the planned diamond drill holes. Holes completed to date are a combination of vertical and angled holes that dip approximately 70° to 80° to the northwest or north-northwest. Drill hole depths to the unconformity range from about 200 metres to 226 metres. **Terra Ventures Inc.** [TAS-TSXV] owns an 8% production carried interest on the Midwest Northeast property.

Hathor has \$20-million in its treasury and continues to advance its portfolio of 11 Athabasca region uranium exploration projects. ■

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# MAX Resource reports 2008 exploration plans

Stuart Rogers, president, **MAX Resource Corp.** [MXR-TSXV; MXROF-OTCBB; MID-Frankfurt], outlines 2008 exploration plans to follow up on drilling success during 2007 exploration. Drilling is planned for its Gold Hill molybdenum discovery in Alaska and on the C de Baca Uranium Project in New Mexico.

Drill campaigns and exploration programs are also contemplated on several prospective exploration properties acquired during 2007 in Nevada (molybdenum) and Arizona (uranium).

At the Gold Hill Molybdenum Project, located 200 kilometres south of Fairbanks, Alaska where MAX is earning a 90% interest from GCO Minerals, a five-hole drill program in 2007 tested a 700 by 800-metre magnetic geophysical anomaly. All holes intercepted Mo, with strong molybdenum mineralization over long intervals in four holes. All of the holes but one encountered mineralization starting at surface and ending in mineralization at depth. Highlights include 250 feet grading 0.050% Mo, 750 feet of 0.044% Mo and 100 feet of 0.077% Mo. A minimum 12-hole, 12,000 foot drill program is scheduled to begin in June to

expand the known area of mineralization. A secondary target that emerged from the 2007 program was mineralization identified in sediments to the east that indicate a skarn system may be present.

At the 100%-owned Ravin Molybdenum Project 20 miles north of Austin, Nevada, MAX is focusing on a skarn/intrusive system containing high-grade molybdenum and tungsten. Drill permits are in place for an 11-hole drill program totaling 11,000 feet. Drilling will follow up on the results of historic work by Freeport Exploration and Houston Oil and Minerals that reported drill intercepts that included 30 feet grading 0.66% Mo and 250 feet of 0.069% Mo.

At the 100%-optioned NuStar Uranium Project in Mohave County, Arizona, which is targeting uranium breccia pipe mineralization common to the 'Arizona Strip' of the Colorado Plateau in northwest Arizona. The property is on trend with historic and current uranium mines. Thirty-four circular or collapsed structures indicative of breccia pipes have been identified on the claims. A radon probe survey is being conducted to identify and prioritize drill targets.

At the 100%-owned C de Baca Uranium Project, located 14 miles north of Magdalena, Socorro County, New Mexico, MAX conducted a 14-hole drill program in 2007 to follow up on historic Occidental Minerals drilling that confirmed historic uranium grades. Highlights included hole CDB-6, which returned 6.5 feet grading 0.136%  $eU_3O_8$  starting at a depth of 155 feet and a 5.0-foot section grading 0.167%  $eU_3O_8$  at 170 feet. All uranium mineralization was within 200-300 feet of surface. Drill permits have been received for a diamond drill program to be conducted in early 2008 to detail and investigate the higher grade mineralized zones.

At the 100%-owned Diamond Peak gold-zinc project in Nevada, Kokanee Minerals (private), can earn a 51% interest in the property by spending \$1 million over three years. Kokanee completed an IP survey at the project in 2006 and plans to drill seven holes in 2008 on completion of its IPO.

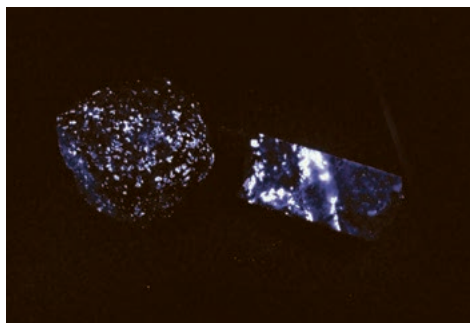
MAX had over \$7.8 million in working capital as at December 31, 2007 and has the resources to move the exploration portfolio forward through successful exploration. ■



A helicopter flies in supplies to the Gold Hill exploration camp. Photos courtesy Max Resource Corp.



Clancy Wendt, VP Exploration, checks out operations at the Gold Hill Molybdenum Project 200 kilometres south of Fairbanks, Alaska.



Samples of Fox Project scheelite, the ore of tungsten, which fluoresces under ultraviolet or "black light." Photo by Paul Dickson.

## Happy Creek confirms large-scale tungsten-moly system

David E Blann, P.Eng., president, **Happy Creek Minerals Ltd.** [HPY-TSXX] reports the first drilling results from its 100%-owned Fox tungsten-molybdenum property 25 kilometres east of the former Boss Mountain Molybdenum Mine and 65 kilometres northeast of 100 Mile House in the south-central Cariboo region of British Columbia.

Drilling of 13 holes over a 1.5-kilometre by 500-metre area of the Nightcrawler-Discovery Zone has confirmed the presence of a new, large-scale tungsten-molybdenum system with results from 11 of 13 holes received. The results include 2.0 metres grading 0.74% tungsten trioxide ( $\text{WO}_3$ ), 3.0 metres grading 0.34%  $\text{WO}_3$ , and 0.50 metres grading 1.80%  $\text{WO}_3$ , all from drill hole 07F-05. Molybdenite (molybdenum mineral) also occurs, with results including 1.7 metres grading 0.51% molybdenum (Mo) in hole F07-10. Drilling into the underlying intrusive rock has returned geology and mineralization that suggests the potential for a porphyry molybdenum system to occur.

First pass, widely spaced drilling on the Fox property has identified a new, large scale tungsten-molybdenum system returning significant grades. Importantly, the mineralized system comes to surface, is large-scale, remains open in extent, and is within 15 kilometres of hydropower and has excellent road access from a resource-based town.

The drill holes vary from approximately 125 to 500 metres apart and all mineralized zones remain open in extent. The presence of molybdenum as molybdenite adjacent the tungsten skarn as in hole 07F-10 is a positive feature of this mineralized system.

Drilling intersected multiple zones of scheelite (tungsten) bearing calc silicate (skarn- a replacement and addition of minerals to limestone) in layers trending easterly with a moderate to gentle southward dip. The true widths of the intercepts are currently unknown; however, intercepts are believed to be near true width. The Paleozoic-aged sedimentary rocks hosting the tungsten skarn are cut by dykes and sills of a multi-phase biotite-muscovite quartz monzonite intrusion that is Cretaceous in age. The age of this intrusion is significant as it is close to the age of the nearby Boss Mountain Mine rocks.

Exploration plans for 2008 include diamond drilling designed to expand and fill-in the Discovery-Nightcrawler Zone with a view towards generating a resource for the tungsten-molybdenum skarn zones and locating a large tonnage molybdenum deposit. ■

## Star Uranium drilling Athabasca uranium targets

The first drill hole of **Star Uranium Corp.** [SUV-TSXX] of the three-hole winter program at the 100%-owned Stony Rapids property near Fond du Lac in the Athabasca Basin of northern Saskatchewan has been completed. The drill hole was collared in the Athabasca Group sandstone and encountered the unconformity at 143 metres. Total depth of the hole was 186 metres. The basement gneisses were generally contorted and hematitic alteration was observed which suggests close proximity to faulting and related hydrothermal activity. Radiometric probing of the hole revealed slightly elevated readings from 150 metres to 158 metres.

Because of scheduling commitments, the drill was moved to the Collins Bay property, a 4,000-acre claim about three kilometres east of the north-northeast trend which hosts the Cameco Eagle Point, Collins "A", "B", and "D" zones and Rabbit Lake ore bodies. Six holes will be drilled from the ice to test two northeast-trending conductors under Wollaston Lake. The other two planned holes of the Stony Rapids Project will be drilled later this winter when a second drill becomes available.

Drilling the Pardoe Lake property, located east of the Way Lake property of JNR Resources where high-grade pitchblende was found in outcrop, may be carried out this summer. Pardoe Lake has two untested electromagnetic conductors trending northeast identified by a 2006 airborne geophysical survey.

Star Uranium and 50/50 joint venture partner **United Uranium Corp.** [UUC-TSXX] are also involved in diamond exploration in the Peace River-Buffalo Head region of northern Alberta as well as the Fort à la Corne area east of Prince Albert, Saskatchewan. A program of overburden drilling and ground geophysics is underway on the Peace River-Buffalo Head Diamond Project. Drill cuttings will be analyzed to detect diamond indicator minerals with the results to be used to locate any kimberlite pipes. A follow-up program of diamond drilling will take place later this year. This property is located about 350 kilometres north of Edmonton and 70 kilometres southwest of the Shore Gold/Diamondex diamond project which hosts 25 diamondiferous kimberlite pipes.

In the Fort à la Corne area, Star Uranium and partner United Uranium drilled five holes in the Carolyn kimberlite pipe with four holes intersecting kimberlite. Analysis of 210 kilograms of split NQ-size drill core from holes C4 and C5 yielded six diamonds.

The Saskatchewan Court of Appeal has reserved judgment in an appeal taken by **Shore Gold Inc.** [SGF-TSX] from the Saskatchewan Court of Queen's Bench granting Star Uranium and United Uranium the right to record Mineral Dispositions involving the ownership of 25 claims. The disputed claims do not cover the Carolyn kimberlite pipe. ■



## Intrepid Mines and Emperor Mines merge

by Greg Barns

Gold and silver producer **Intrepid Mines Ltd.** [IAU-TSX, ASX] has merged with one of Australia's most venerable gold companies, **Emperor Mines Ltd.** [EMP-ASX]. Emperor began mining in Fiji in the 1930s and, as the *Sydney Morning Herald's* Christopher Webb wrote in 2004, "in its earlier years, Emperor was run by a progression of gin-sipping colonials, entrepreneurs and various other folk who fancied owning a gold mine at Vatukoula in Fiji." But now Emperor's days are over with the completion of a merger.

Intrepid, which was formed in 2006, has an operating gold mine in Western Australia and is well advanced in developing the Casposo gold and silver project in Argentina. The company is also active in Mexico.

Intrepid's Paulsens Gold Mine in Western Australia has been an impressive performer. In operation since May 2005, the Paulsens Mine has produced almost 189,000 ounces of gold as at 31 December last year. Production estimates are based on the mining and processing of 1,200,000 tonnes at a rate of 250,000 tonnes/year with an average gold grade of 10.7 grams gold/tonne and a recovery of 93.5%. Average gold production is about 80,000 ounces/year. Paulsens is a cheap operation – in the last quarter of 2007 it achieved cash costs of AUS \$357/ounce.

The Casposo Project is located in the Cordillera Frontal, San Juan Province, Argentina where the Kamila deposit is the centrepiece with 368,000 ounces of gold and 10.6 million ounces of silver in the indicated category averaging a 6.27 grams gold/tonne equivalent. Intrepid is moving towards development of the Kamila deposit, recently announcing it was co-investing with the provincial government of San Juan to extend the province's power grid to the proposed mine site.

One might have thought that Intrepid has its hands full with these two projects. So what's the attraction of Emperor Mines? The Emperor Tolukuma Gold Mine has been sold to a Papua New Guinea government company, but still holds about 5,300 square kilometres of ground in PNG under exploration license. These areas include the Tolukuma Corridor – a highly prospective copper-gold belt that extends for at least 15 kilometres – and the Saki prospect three kilometres east of Tolukuma.

But the prize asset for Intrepid is Emperor's Tujuh Bukit deposit on the island of Java in Indonesia. Under an agreement signed in August last year with Indonesian and Australian partners, Emperor will earn a 70% economic interest in the project over five years. Intrepid agreed to make cash payments of AUS \$800,000 the first year and spend AUS \$5 million over five years to earn 51%. It then has the option to spend AUS \$3 million to earn an additional 19% stake.

The Tujuh Bukit deposit was previously explored by Placer as a gold-silver epithermal deposit with an underlying porphyry copper system. Emperor's early assays are encouraging, with Intrepid recently reporting results from a number of drill holes, including 176 metres of 0.6 grams gold/tonne and 14 grams silver/tonne and 242 metres of 0.68 grams gold/tonne and 28 grams silver/tonne. Intrepid is of the view the PNG and Indonesian ground fits nicely into its portfolio. ■

## Waratah Coal boosts inferred resource at Galilee, Australia

Peter Lynch, president, reports **Waratah Coal Inc.'s** [WCI-TSXV] limited drilling program at its Alpha North EPC 1053 licence in the Galilee Coal Basin in Queensland, Australia, has increased its JORC-compliant inferred resource by 300 million tonnes to 3.12 billion tonnes of thermal coal.

Waratah's EPC 1053 already hosts a JORC-compliant inferred resource of 675 million tonnes of thermal coal on its northern portion. This new drilling program will continue to test the unexplored area to the south of this resource, covering 140 square kilometres.

EPC 1053 is approximately 37 kilometres north of Waratah's EPC 1040 which has a recently upgraded JORC-compliant inferred resource of 2,145 million tonnes. In between Waratah's two licences, Hancock Prospecting Pty. Ltd. has historical resources totalling 2.1 billion tonnes. The Alpha North Project features a large resource potential in a previous unexplored area near substantial existing resources.

Two drilling rigs are in operation in EPC 1053. One rig is extending north to join the two known resources while the second will move westward into EPC 1039. The latter drill will test the extent of the A-B seam which has thicknesses of over 20 metres in other parts of the EPCs. Recent drilling has so far focused only on the D seam. A third rig will provide infill drill holes for structural integrity and an upgrade to reserve status.

The Galilee Basin hosts high quality thermal coals which, when washed, provide a highly marketable export product. The objective of the Waratah exploration program is to prove the continuity of the known four seams which account for the 2.1 billion tonne coal resource on the licence to the south of the company's EPC 1053 North Alpha licence.

Waratah's 100%-owned Galilee licences and applications now cover 4,887 square kilometres, extending over 185 kilometres along strike to the north and south adjacent to the historical resource as well as adjacent and down dip to the west.

EPC 1053 is one of nine EPCs and EPC applications held by Waratah in the Galilee Basin. The company is targeting the potential for a very large scale export thermal coal project, should large tonnages of economically mineable coal be identified. ■

# Helio Resource Corp. and the Lupa Goldfield

by James West

**Helio Resource Corp.**'s [HRC-TSXV] project generator model is starting to yield results, both in terms of attracting other juniors as joint venture partners, and on its own flagship SMP property in Tanzania. The company's portfolio of 27 gold, base metal, and diamond licenses in Namibia, Botswana, Mozambique and Tanzania have also started to attract the attention of major institutional investors, and Dundee Resources Ltd. has endorsed the company with an investment of \$5.25 million in January at \$0.75 per share.

Helio has begun a 20,000-metre drill program with two drill rigs on the SMP site. One rig has already tested the Mbenge target with five drill holes so far this year. The Mbenge structure runs parallel to the Kenge Zone which is only 450 metres to the southwest. Previous drilling by Helio at Mbenge encountered an intercept of 24 metres grading 1.14 grams gold/tonne.

The Kenge target, which is currently being drilled, comprises three main centres of mineralization: the SE Zone with intercepts of up to 21.5 metres of 3.6 grams gold/tonne, the Main Zone with intercepts of up to 22 metres of 7 grams gold/tonne, and the NW Zone with intercepts of up to 18 metres of 2.7 grams gold/tonne. The zones have a total strike length of about 1,400 metres outcropping at surface and have been drilled to depth of 200 metres below surface, and is open to depth. The company hopes to outline a resource on the Kenge target by Q3 2008.

The SMP property covers almost 30 kilometres of strike length along the Saza Shear Zone, the primary gold-bearing structure of the Lupa Goldfields, where four colonial-era gold mines were active between 1920 and 1960, including the eastern part of the New Saza Gold Mine, which operated between 1939 and 1956, producing some 270,000 ounces of gold averaging 7.5 grams/tonne. During the colonial period, the Lupa Goldfield was the second largest gold pro-

ducing area in Tanzania.

Since June 2006, Helio has drill-tested 13 targets at the SMP Project, 11 of which are located along a 20-kilometre section of the Saza Shear Zone. All 13 targets have returned positive gold mineralization, the most advanced being the Kenge target, which has returned up to 21.95 metres of 6.92 grams gold/tonne.

The most significant of the targets discovered to date along the Saza Shear Zone appears to be the Porcupine target where one drill hole returned 40 metres of 2.05 grams gold/tonne. The target outcrops for one kilometre from west to east, and appears to offer significant resource potential. Helio is completing road access to the Porcupine target and the second drill rig will be deployed there as soon as possible.

Helio offers good downside protection through joint venture partnerships, the first of which was announced in September 2007. Helio reported an agreement whereby **Desert Minerals (UK) Ltd.** can explore nine of Helio's Namibian exploration licenses, and can select up to four licenses in which it can earn up to a 75% interest.

Desert will spend US \$1 million in 18 months across the nine licenses in the first phase of the partnership, and US \$1.5 million during Phase II once it has identified the six licenses it elects to retain.

Helio also announced a new joint venture with TransAfrican Minerals Ltd., which is

required to spend \$5 million and make cash payments to Helio totaling \$1 million over the next four years to earn an initial 51% interest in eight Namibian licenses. TransAfrican can increase its interest to 60% by spending a further \$5 million over the following two years, and they can earn a 70% interest by solely funding a bankable feasibility study.

Large scale mining was re-introduced to Tanzania in the 1990s and it has become the third-largest gold-producing country in Africa after South Africa and Ghana. **AngloGold Ashanti Ltd.** [AU-NYSE; ANG-Jo'burg], **Barrick Gold Corp.** [ABX-TSX, NYSE] and **Resolute Mining Ltd.** [RSG-ASX], among others, have established major operations in the country. In five years, the value of the country's gold production increased more than 20-fold to an estimated \$650 million a year. The president of Tanzania, Jakaya Kikwete, is the former mining minister, and has pledged to continue to develop the mining industry. ■

*James West is the publisher of the Midas Letter, a financial advisory service that identifies opportunities and risks to investors active in the small cap resource sector. Visit the Midas Letter online at <http://www.midasletter.com>*

A 20,000-metre drill program is underway at Helio's SMP property in Tanzania. Photo courtesy Helio Resource Corp.





## Mongolian uranium assays received

**Uranium 308 Corp.** [URCO-OTCBB] reports that the SGS Group Lab (Toronto) has delivered second round uranium assay results from the last two Janchivlan diamond core drill holes, completing the multi-element and uranium geochemical analysis result from all six holes drilled in 2007. Three holes are from the North Block and three are from the South Block of the Janchivlan project, located 70 kilometres southeast of the Mongolian capital, Ulaanbaatar.

Based on the SGS geochemical assay results for uranium, it has been observed drilling intercepted most of the projected mineralized sections that the surface trenching program exposed and identified. Additional mineralized sections were found at depth. Base metal and precious metal associations with uranium indicate structural continuity with the surface geology and also provide indications for directing future exploration.

The company is at the beginning of outlining the shape and extent of six mineral deposits within two sub-areas of the North and South Block that when more fully understood will allow tonnage to be more precisely calculated. Initial calculations are not qualified, but indicate 151.5 tonnes (334,000 pounds) of uranium oxide ( $U_3O_8$ ). The area of influence at present is only 0.65 square kilometres in a 4.2 square kilometre zone of known mineralization on the entire 196.38 square kilometre Janchivlan property. Drilling in 2008 will define resources in this specific known mineralized zone that can be qualified and quantified, and will also further define mineralization on other areas on the property.

The company has identified four ore-grade, and 17 anomalous mineralized zones with a total thickness of 161.8 metres. Hole EDH0701-1 in the North Block intersected 14.1 metres grading 0.1056  $U_3O_8$ , 1.0 metre of 0.1057  $U_3O_8$  and 2.75 metres of 0.0133  $U_3O_8$ . Hole UDH701-1 returned 2.0 metres grading 0.034%  $U_3O_8$ , 6 metres of 0.0076%  $U_3O_8$  and 2 metres of 0.0032%  $U_3O_8$  in the

South Block. The other holes also returned similar results.

## Puma reports one million ounces of silver

**Puma Exploration Inc.** [PUM-TSXV] received a NI 43-101 compliant report on the mineral resource estimates of the Hache lens on its Nicholas-Denys property in New Brunswick. An indicated resource of 364,000 tonnes containing more than one million ounces of silver, 11 million pounds of zinc, five million pounds of lead and 6,200 ounces of gold has been esti-

to about three times the current area. The drilling should also allow the inferred resources to qualify as indicated resources, representing a higher level of confidence.

"The resources estimated in the central portion of the Hache lens meet the objectives set by the company. Puma has therefore decided to go ahead immediately with a prefeasibility study, to include in particular the design of an optimal open pit mine and an assessment of the profitability of putting the Hache lens into production," said Andre Proulx, president.

## San Gold hits high-grade gold

The second phase of deep drilling by **San Gold Corp.** [SGR-TSXV] below the working levels of the Rice Lake Mine in Manitoba has resulted in the discovery of a new high-grade zone in addition to extending down-dip the high-grade "96" Vein, as highlighted by hole No. 464-08-00, intersecting 5.4 metres grading 31.1 grams gold/tonne. The newly discovered zone is highlighted by hole No. 464-08-03 which intersected 2.7 metres of 31.8 grams gold/tonne.

Phase 2 drilling is targeting the down-dip/plunge area of the main vein sets within the host diabase or SAM unit and containing the most prominent vein sets named the "96," "A," "C" as well as others. Phase 1 drilling in 2007 intersected these veins up to 150 metres below the 4730 level, the lowest of the developed levels of the mine. All of the listed veins remain open at depth where 2008 Phase 2 drilling will continue to define and extend from the currently advancing decline access being advanced by Dumas mine contracting crews.

The 96 Vein, which is currently being developed at the 4670 level, has a strike length of 200 metres, is tabular in nature and has an average dip of 70°. Phase 2 drilling so far has returned four intersections with an average width of 4.9 metres and an average grade of 19.2 grams gold/tonne. ■

Off the Wire

mated in the centre of the Hache lens, at a cut-off grade of 1% zinc equivalent. The high-grade part of the deposit contains an indicated resource of 110,000 tonnes at 217 grams silver/tonne, 2.5% zinc, 1.5% lead and 1.1 grams gold/tonne at a cut-off grade of 3% zinc equivalent.

The resource estimate covers only the central portion of the Hache lens, an area about 100 metres in length by 50 metres wide. Previous drilling confirmed the presence of mineralization in extension zones on either side of the Hache lens. To delineate the resources in these extension zones, Puma has mobilized a fourth drill to the property. The new drilling will enable the Hache lens to be followed over an additional length of 200 metres, corresponding

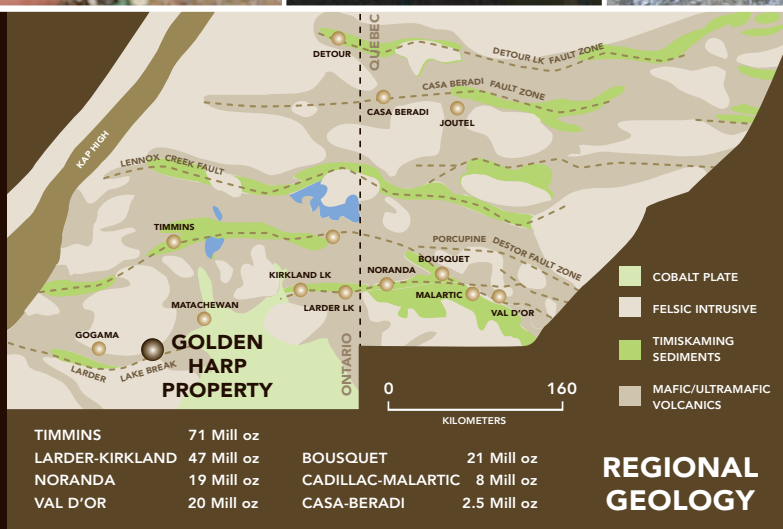
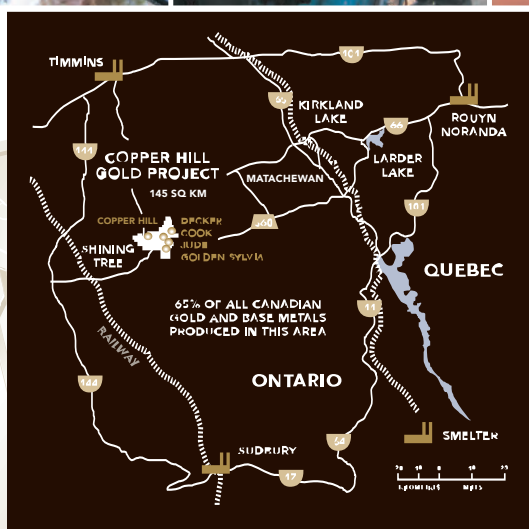
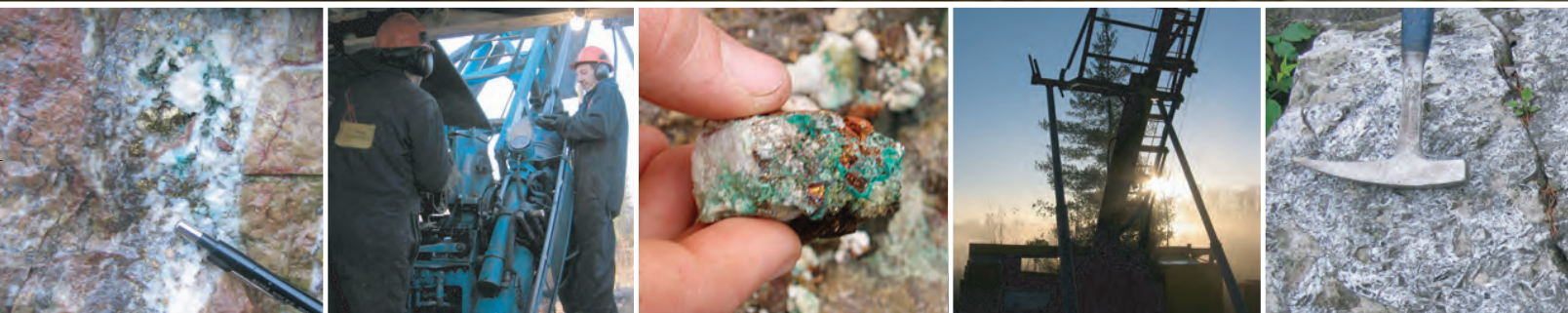
# Golden Harp

**TSX-V:GHR** began its corporate

life with the acquisition of an enviable gold and base metal project in the heart of the Abitibi Greenstone Belt of Northern Ontario, one of the richest mining districts in the world, well known for its mineral diversity and prolific number of gold and base metal deposits. Golden Harp's 100%-owned, Copper Hill project covers 145 km<sup>2</sup> over portions of six townships in the Larder Lake Mining District.

## Copper Hill Property Highlights

- 145 km<sup>2</sup> contiguous land package within the prolific Abitibi Greenstone Belt
- Situated proximal to important regional fault structures, along which gold has been found and mined
- Property offers excellent discovery potential – four known gold zones and a copper zone identified to date and extensive areas of the property remain to be explored
- Property hosts a variety of highly favourable geological settings prospective for gold, copper, and nickel, including:
  - gold-bearing iron formations
  - gold-bearing quartz-carbonate vein systems
  - potential VMS environments
- Extensive exploration and diamond drill program underway
- Property benefits from excellent road access, infrastructure and a year round exploration season
- Experienced board and management team with a transaction-based approach to building shareholder value



604.688.HARP (4277) [info@goldenharpresources.com](mailto:info@goldenharpresources.com)

Natasha Blackburn Chief Operating Officer

Kevin Filo Senior Geologist

Kevin Filo, P.Geo, Senior Consulting Geologist, is the Qualified Person with respect to the technical information contained herein.

[www.goldenharpresources.com](http://www.goldenharpresources.com)



**GOLDEN HARP**  
RESOURCES INC



## Eagle Plains makes rare earths discovery

Tim Termuende, president/CEO, reports Eagle Plains Resources Ltd. [EPL-TSXV] recently received assays from its 100%-owned Ice River property, located 40 kilometres southeast of Golden, British Columbia. Encouraging values were returned, including up to 3.0% REOs (total Rare Earth Oxides), and 5,600 grams Nb<sub>2</sub>O<sub>3</sub> (niobium oxide) per tonne. One 2.5-metre chip sample (JBIVR048) returned 2.4% REOs.

Grab sample TMIVR032 returned: 323.4 ppm (parts per million) yttrium, 5,397.4 ppm lanthanum, 12,570.8 ppm cerium, 1,516.21 ppm praseodymium, 5,425.2 ppm neodymium, 673.44 ppm samarium, 148.34 ppm europium, 256.9 ppm gadolinium, 28.54 ppm terbium, 90.82 ppm dysprosium and 13.49 ppm erbium.

Mineralization is hosted in syenite and carbonatite dyke systems that are numerous and widespread over a four-kilometre plus

long corridor within the Ice River Intrusive Complex. Rare Earth Elements (REEs) and other elements with high-tech applications, including niobium and zirconium, have long been suspected as potential commodities on the property, but it was not until results from the recent 2005-2007 mapping and geochemical surveys, that this suite of elements became fully appreciated. Other potential commodities identified include extensive nepheline syenite as an industrial mineral source, and presence of the ornamental mineral sodalite.

Work by Eagle Plains at the Ice River property has focused on the economic potential of strataform/replacement massive sulphides of the Waterloo prospect. At Waterloo, sulfide horizons are exposed in two adits excavated in the early 1900s, with historical samples returning assays up to 3.69% lead, 16.10% zinc, 1.59% copper, 27.30% iron, 99.4 grams silver/tonne and 1.7 grams gold/tonne (GSC Memoir 55, page 229).

In 2006-2007, detailed surface and underground mapping by Eagle Plains

chief geologist, Jarrod Brown, PGeo., revealed a combination of structural and stratigraphic controls over the mineralization. A five-hole, 259-metre drill program was completed on the property in August 2007 and intersected massive to semi-massive strataform sulfide mineralization and associated stockwork zones.

Drill holes IV07001 to 003 tested under the known workings, while holes IV07004 and 005 were collared 120 metres west to test the strike projection of the suspected mineralization. DDH IV07005 intersected a mineralized stockwork zone, identical to that in DDH IV07003, thus successfully verifying mineralization along the predicted stratigraphic contact. The contact, while well exposed and mappable to the west and south, remains obscured by overburden east and north; consequently, mineralization potential in these directions remains open. Hole IV07001 intersected 1.23 metres grading 27 grams silver/tonne, 9,019 ppm lead, 17,401 ppm zinc, 2,753 ppm copper and 142 ppb gold, including higher grade sections. ■

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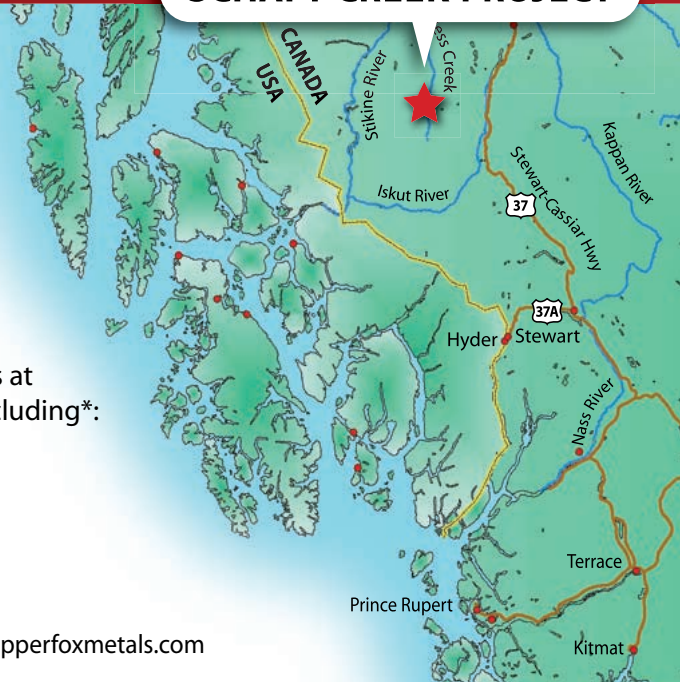
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## Paramount Gold and Silver hits high-grade gold

Larry Segerstrom, COO, Paramount Gold and Silver Corp. [PZG-TSXV, AMEX; P6G-Frankfurt] has reported assay results from sampling of veins and breccias in the previously untested Guadalupe de Los Reyes area in its 70%-owned San Miguel Project, in the Guazapares Mining District, Chihuahua, Mexico.

The Guadalupe de Los Reyes area is inside the large rhyodacite dome complex that is exposed between the San Miguel and Montecristo zones. The higher precious metals grades are associated with northeast and northwest-trending fault zones, which is consistent with the company's project exploration model. In this area, gold and silver values occur in quartz veins and hydrothermal breccias along the faults, as well as in adjacent quartz veinlet stockworks and breccias. The principal structure is exposed for approximately 100 metres along strike, and appears to continue under cover to the

northeast. The Guadalupe de Los Reyes Mine is found on this principal structure, and is the site of historic, small-scale, high-grade gold production.

Sampling and geologic mapping are continuing, tracing these and parallel structures along strike, with the goal of defining drilling targets. These results are viewed by management as encouraging as they indicate that this is a gold-dominant part of the system with excellent gold grades and high gold-to-silver ratios. As noted in the table, the mineralization exposed on the surface is several metres wide with gold grades in the range of 3.7 to 6.6 grams per tonne. Underground sampling of accessible portions of the old Guadalupe de Los Reyes Mine, down to a depth of 20 metres from the surface, included intervals with gold grades of up to 20.7 grams gold/tonne.

Highlights of the assay results from Guadalupe de Los Reyes concession are tabled at right.

Segerstrom said, "These analytical results confirm the presence of excellent

gold grades across minable widths in surface and near-surface exposures within the dacite dome complex. They also seem to be pointing us in the direction of a gold-dominant part of the system. These results further advance our objective of discovering and developing more gold-rich, high-grade bodies, such as the ones in the San Miguel and San Luis zones."

A NI 43-101 compliant report on the San Miguel Project states that there is an initial inferred resource of 35 million ounces of silver equivalent, based on 30 drill holes in the San Antonio Zone, at an average depth of 100 metres. ■

### SURFACE SAMPLES

Width (metres)	Gold (g/t)	Silver (g/t)
5.8	3.69	35.0
5.4	6.64	10.0

### UNDERGROUND SAMPLES (Guadalupe De Los Reyes Mine)

Width (metres)	Gold (g/t)	Silver (g/t)
1.0	20.70	30.0
1.0	18.45	64.0
1.8	11.05	34.0

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# LNG Energy is a sleeping giant

By Eric Pratt



An aerial view of LNG Energy's natural gas licenses in Papua New Guinea. Photo courtesy LNG Energy Ltd.

**LNG Energy Ltd.** [LNG-TSXV] is one of those rare opportunities whose fundamentals obscure the scale and scope of the upside. To appreciate the magnitude of the opportunity inherent in LNG, due diligence practitioners must exert themselves to see beyond the superficialities that might deter less visionary souls.

Unless you've been asleep under a boulder, you are probably aware that our planet's oil driven economy is quickly morphing into one driven by methane, or natural gas, as it is more commonly known. Supply side measurements and a rapidly evolving global infrastructure to accommodate transportation make natural gas attractive on many levels. The premium borne by oil for political conflict embodied in Venezuela, Iraq, Iran and a host of other regions, the diminished impact on the atmosphere and more palatable pricing is pushing demand for methane ever upward.

Liquefying natural gas is the method by which its energy density is compressed, making it cheaper to move and store, thus giving it another boost towards widespread consumption. Papua New Guinea (PNG), long known to hold vast reserves of natural gas, has been sidelined in the global race to exploit such reserves because of its remote location on the other side of New Zealand. Last year, that all changed.

**Merrill Lynch**, [MER-NYSE], which trades roughly 5% of the world's natural gas each year, is partially underwriting the development of the island nation's first liquefied natural gas plant in Port Moresby, the capital city of PNG and its major port.

Merrill Lynch Global Commodities is part of a project organized under **Liquid Niugini Gas Ltd.**, along with **InterOil Corp.** [IOL-TSX; IOC-AMEX] and **Pacific LNG Inc.** The partnership has entered into formal negotiations to finalize a project agreement with the Papua New Guinea Government, which will lead to the establishment of liquefied natural gas production in Papua New Guinea by 2012.

The total investment for the project is expected to top out at US \$6 billion. While InterOil has won the status of preferred feedstock supplier to the new facility, the consortium has stated, "we will look at gas from other sources and suppliers for future expansion." And that is where LNG Energy comes in.

LNG Energy has secured the rights to six licenses covering a total of 3.4 million hectares in the prolific Papuan and North New Guinea Basin, where InterOil hit its ELK-1 discovery well in June 2006 that flowed at an absolute open flow rate of 150 million cubic feet per day.

LNG has prospects in the productive fairway that have had significant shows of gas from wells drilled in the 1950s. This year it will be shooting seismic and drilling multi-TCF targets very near the InterOil discoveries. These are big prospects and as massive infrastructure gets closer to government approval, the interest in explorers like LNG Energy in PNG will increase substantially.

The company is, according director David Coehn, well capitalized. "We're sitting on some \$28 million and have enough to do everything we want to get done there

this year," he said.

The big market for LNG's gas is Japan, closely followed by China and India. Japan is the world's largest LNG importer, and has so far been buying the gas according to a price formula called S-curve. The formula links LNG prices to crude, but the relationship becomes weaker as crude prices rise to the levels they have recently, making liquefied natural gas relatively cheap compared with oil. Currently, Japan buys about 40% of the liquefied natural gas traded globally.

Pressed by suppliers to pay more for the liquefied natural gas they use, buyers in Japan are beginning to consider Papua New Guinea as a new source, attracted by its geographic proximity and the possibilities of acquiring equity stakes.

Last year, China overtook the United States as the world's number one emitter of greenhouse gases. Air quality in industrial regions of China is notoriously and visibly awful, so the government is motivated to find cleaner alternatives to its predominantly coal-powered infrastructure.

From 2000 to 2005, the annual gas consumption in the country increased by 13%, which went up to 46 billion cubic metres in 2005, up 39% year-on-year. With the rapid development of the national economy, the increase of the domestic natural gas production and the establishment of more gas pipelines, China's natural gas demand is predicted to amount to 140 billion cubic meters in 2010, accounting for 7% of the national total primary energy consumption. ■

*Eric Pratt can be reached at <http://www.ResourceInvestor.com>*

## Exall reports horizontal oil discovery

Frank Rebeyka, president/CEO, reports, **Exall Energy Corp.** [EE-TSX] has provided preliminary production testing results from the previously announced Marten Mountain horizontal oil discovery located in the Mitsue area about 200 kilometres northwest of Edmonton, northern Alberta.

An extended test rate of 1,585 barrels of 40-degree American Petroleum Institute (API) sweet oil and 575,000 cubic feet of gas per day at 850-kilopascal flowing pressure (1,680 barrels of oil equivalent per day (boepd)) was realised.

Average test rate once well was choked to 21.7 millimetres was 1,135 barrels and 475,000 cubic feet of gas per day (1,214 barrels of oil equivalent per day). Equipping the well and road access construction is proceeding on schedule.

The well, located at 102/14-1-75-6W5, was rig released on February 23, 2008. On completion, the well flowed at an initial stabilized rate of 1,585 barrels of 40° API sweet oil per day with associated solution gas of 575,000 cubic feet per day (1,680 boepd). The well flow rate was then restricted through a 21.7-millimetre choke due to a lack of adequate tankage and trucking from the site to handle the large volume of oil. The average flow rate during the 48-hour test period was 1,135 barrels of oil per day (bopd) and 475,000 cubic feet per day. The produced oil had an average water cut of less than 1%.

The allowable production rate of the

well, as prescribed by ERCB regulations, is expected to be 285 bopd (net 170 bopd to Exall before payout and 190 bopd after payout). Exall expects that the well will be capable of long-term production at this restricted rate. Exall is equipping the well for production into temporary facilities until breakup and evaluating permanent tie-in options. The company is also pursuing water injection options which allow the well to produce at capacity under good production practice.

Exall plans to drill a second horizontal well from the same surface location and a nearby vertical well as soon as surface access permits, which will likely be in the third quarter of 2008. Exall is the operator and holds a 59.338% working interest before payout and 66% after payout in the well and a 66% working interest in 6,080 acres of petroleum and natural gas rights in lands surrounding the well. Exall is currently producing approximately 200 boepd and this discovery will have a significant impact on Exall's oil reserves, production and cash flow.

Exall Energy was formed in December 2006 as a result of a spin-out of oil & gas assets previously held by Exall Resources Limited, which changed its name to Gold Eagle Mines Ltd., upon the successful completion of a merger with its partner, Southern Star Resources Inc.

## Mountainview drills, production tests Montana well

**Mountainview Energy Ltd.** [MVW-TSXV] reports the successful drilling of the Jim Powers No.20-1 natural gas well. The well is located in Section 20-T29N-R5W, Pondera County, Montana, and is offset to the company's most successful natural gas well to date, the Vandenbos No. 19-1. The initial production test of the Jim Powers No. 20-1 well was 6.5 pounds on a three-quarter-inch orifice, which is 201,000 cubic feet per day.

With these results, it was determined that the Lake Frances field extends to the northwest, proving up additional locations for drilling. The production interval on the Jim Powers No. 20-1 well is 2,206 feet to 2,222 feet, with 16 feet of total pay zone. The company plans to complete this well shortly in addition to constructing the pipeline necessary to connect this well to the gathering system.

Mountainview Energy owns a 50% working interest in this well and will release additional results once the well is completed and placed on production.

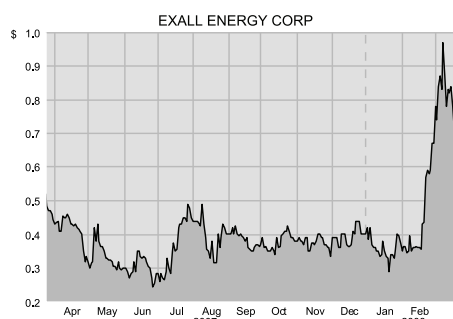
In a separate development, Mountainview commenced drilling operations (spudded) on March 14 with GasCo drilling rig No.7 on the Red Creek No.40 well in the Red Creek field. The well is located in section 12-T37N-R5W, Glacier County, Montana.

The primary oil objective of this well is the Mississippian Madison/Sun River dolomite and the Cretaceous lower-cut bank sandstone. The secondary oil objective of the well is the Cretaceous upper-cut bank sandstone. Another objective of this well is the first and second Bow Island to further develop the natural gas discovery made during the summer 2007 drilling program.

## Petromin to drill Gilby lands

**Petromin Resources Ltd.** [PTR-TSXV] will commence additional development drilling on its lands in the Gilby area of central Alberta. The new location will be drilled midway between its producing lower Ellerslie well which is currently producing approximately 500 thousand cubic feet per day and a new lower Ellerslie gas discovery currently producing at an average rate of 2.88 million cubic feet per day.

The new location which is planned to commence within a month is directly offset by a gas pipeline. Petromin retains a 16.666% working interest in the new location. ■





# Keeping your wind power investment on track

by Ciara DeJong and Kevin Trimble



**Given the rising public concern about climate change and interest in developing non-polluting power sources, who could object to a wind power project?**

Quite a few people, actually – many of them living close to the planned locations for wind farms. Some people are concerned about the visual aspect of those big turbines, and the possible impact on their property values. Some fear that the turbines will harm their area's tourism potential. Others, who may have experienced the sound produced by some of the earlier-generation turbines, express concern about noise impacts, not realizing that the noise emitted from newer models has been greatly reduced.

So, while few people want to go on record as opposing renewable energy in

principle, many might rather it be generated some where else.

It is, however, unfair to blame it entirely on NIMBYs (Not in my backyard). It is understandable for people to be concerned about any changes that may affect them, without their being able to provide some influence over those changes. Empathy by companies toward stakeholder sensitivity allows proponents to begin to address concerns more proactively and more effectively.

Anyone investing in such projects must understand the need to meet social and environmental requirements, or risk having the project tied up in a succession of studies, reports and public hearings. Sound development strategy can lead to faster project approval, with a better chance for successful expansion later on. Three specific areas need to be addressed.

## **BE TECHNICALLY SOLID**

One of the first steps to smooth wind power project development is to be sure that the technical approach is solid. In wind power, the mantra is, as it is with real estate: "location, location, location." Choosing the right location is a balance between economically viable wind fields and the need to address public concerns.

A big reason for economic sensitivity is the variability of the wind resource. The amount of power in the wind has a cubic relationship to the speed of the wind. Just a small difference in average wind speed may mean the difference between financial success and failure. For example, a site with an average wind speed of 8 metres per second has nearly 50% more energy than a site that averages 7 metres per second. This indicates the significance of site selection for a wind power project.

Consider that a ridge can boost wind speed, perhaps 10% to 100%, and that ridges oriented perpendicular or parallel to the predominant wind direction are most effective. A tall hill can provide as much benefit as a tall tower, and situating a turbine to take advantage of funnel phenomena can also help. These topographical changes need to be addressed in siting and evaluating the energy potential for a site.

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Publicly-available wind maps can help guide initial site selection. These can be backed by current developments in computer-based wind modeling technology, which can consider a range of factors such as weather, topography, nearby water bodies and plant cover to determine the best locations.

Engineers also need to consider the geo-technical aspects of the proposed location. Is the ground able to support the weight of the turbine and the lateral forces from the wind?

A third major technical aspect has to do with environmental and social issues. This includes the need to protect avian species

— principally birds, bats and insects — from impact with the turbine blades and towers. As well, the site must not have a negative impact on endangered plant and terrestrial animal species.

Social issues have to do with effects on any historic resources such as archaeological sites. They also include the potential aesthetic (i.e. visual and noise) and economic impacts that give rise to public concern.

The best approach to the technical aspects starts with a broad-brush, "fatal flaw" study of several proposed locations, to find out if there are any obvious problems. Qualified professionals with experience in

wind-turbine development can generally conduct a low-cost, quick desk-top study, which can help guide decisions on which sites are worth further investigation. This helps reduce chances of investing money in detailed plans for a site that turns out to have a deal-breaking constraint.

The fatal flaw analysis should be followed by a preliminary layout for the wind farm, allowing for iterative assessment of wind energy, economics, and collection of sufficient data to provide defensible conclusions related to potential impacts. It has been demonstrated repeatedly in the industry that proponents should not underestimate the implications of publicly perceived social and environmental impacts, and that technically solid information be acquired to address these concerns.

## BE TRANSPARENT

Some wind-power developers, concerned that the wrath of NIMBY-oriented locals will put a stop to their plans, try to be secretive about their work. This often causes more problems than it cures.

One reason is that local people will see unfamiliar trucks on their roads and unfamiliar work crews in the local coffee shop, and they will ask questions. If they feel blind-sided by the project, they can be expected to have concerns and doubts about the project. As a result, when the proponents do start the required consultative process, they may face more opposition than they would if they had been transparent about their plans, right from the start.

Project developers need to demonstrate their reasons for their choice of location. By showing the importance of the wind resource to the economic viability of the project, and the variability of that resource by location, local people are likely less inclined to think that the project was just dropped from the sky onto their neighbourhood.

Proponents need to be transparent about how they are dealing with potential impacts on the environment and on nearby human residents. This includes describing the Environmental Assessment (EA) process and its public consultation component.



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## BE PRO-ACTIVE

While the public consultation aspect of the EA process is a regulatory necessity, it can also be a tool to help keep the project moving ahead smoothly. One of the keys to success is "consult regularly and often," and to go above and beyond that which is called for by regulators.

One reason is that early consultation may be able to point out deal-breaking issues, such as a rare-species habitat not indicated in the available literature. Or, it may point out, for example, that a planned turbine will put shade on a neighbour's garden – but that moving the base just a few metres will avoid this problem.

Early consultation can help build support for the project, possibly through economic benefits such as leasing land on which to site the turbines. Providing local employment helps, ranging from hiring local companies to carry out grounds and road maintenance, right through to having a local restaurant provide catering services for the consultation meetings.

As well as providing information in printed form and through the spoken word, getting the message across can be easier with visual support. Qualified professionals can provide realistic visualizations, perhaps based on photographs, to show stakeholders what the project will look like. This can include showing residents what the view will be like from their property.

In many cases, the interveners in a renewable-energy project are non-governmental organizations (NGOs), each having its own area of concern. Knowing what those concerns are, and finding ways to show how the proposed project relates to them, can help build good relations.

Involving the environmental consulting team early in the process can help avoid serious issues later on, making for a smoother permitting process. ■

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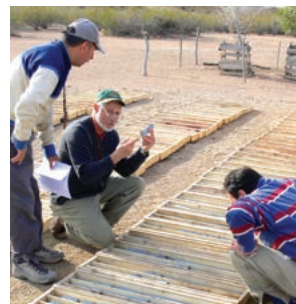
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## Developments in Alternative Energy

by Joel Bainerman

### ENHANCING GEOTHERMAL ENERGY

**Ormat Technologies Inc.** [ORA-NYSE] has initiated the first application of its Enhanced Geothermal System (EGS) utilizing a geothermal production well at a commercial geothermal site. The project will demonstrate the viability of EGS and the technology's potential to generate clean, renewable base-load geothermal electricity in many areas throughout the U.S.

Until now, Ormat has used conventional geothermal sources for electricity production. EGS enhances the permeability of underground strata making it possible to extract additional heat from the heat reservoir's rocks. The water needed to convert the heat to energy is drawn from external sources. While industry sources estimate the potential global electricity output with conventional geothermal technology at 70,000 megawatts, it is believed that with EGS, U.S. production alone could greatly exceed that amount.

Ormat will apply its EGS technology to increase geothermal production at the company's Desert Peak facility near Reno, Nevada. Desert Peak will be the country's first commercial project to tap into an EGS resource and produce substantial levels of electricity, providing a rebirth for certain geothermal prospects in the U.S. The objective is to demonstrate that EGS technology can achieve its potential of providing 100,000 megawatts of clean, base-load power and show that this technology will enable geothermal electricity to be produced in regions where it is not currently economically viable.

EGS could boost the Desert Peak production of 11 megawatts of electricity from conventional geothermal technology to more than 50 megawatts.

Says Ormat's president Yoram Bronicki,

"The idea is that we bring the water needed for the process from an external source to enhance the heat from the rock and bring this heat to the surface. Then we drill a well into the hot rock and create a channel through which the water is injected. The water then travels through fissures in the rock to a production well which is drilled in advance. The water can be reused at the production well, creating a closed cycle similar to a typical geothermal station. This method generates very hot water, which enables very efficient operation."

### A HYBRID SOLUTION FOR SOLAR ENERGY

One of the biggest drawbacks to using solar energy is its unreliability. The sun's rays are not constant and the power is not easily stored. One start up company believes it has found a solution to this problem.

Through subsidiary EDIG Solar, **EDIG's** solution, is in the form of a low-cost hybrid generator. The company's turbines are hybrid – that is, they can adapt to more than one energy source. During a rainy day, the solar turbines can switch over and run on traditional or alternative fuel. "It's modular, meaning it can easily be increased in size, and it is flexible in terms of fuel use," explains the company's chief engineer, Pinhas Doron. "It can be powered by bio-diesel, bio-gas or fossil fuels, in addition to solar energy."

EDIG's technology attracts the sun and concentrates it by way of tiny mirrors on the ground. The thermal energy generated by the sun drives turbines in a tower – the same turbines that can be powered by traditional fuel the moment a cloud passes overhead or when the sun sets.

EDIG recently completed the construction of a 100 kW pilot plant study in Nanjing, China. It included a power con-

version unit (a solarized gas turbine and a solar receiver), which was installed on a tower, and a field of heliostats (sun-tracking mirrors). The unit is fully operational and supplies power to the local electric grid. Fuel use is minimal.

### ENGINEERING BIOFUELS

Emeryville, California-based **Amyris Bio-technologies** aims to bring to the market, in 2010, a process to make biofuels using engineered microbes. The company is also working to develop a low-cost production process for a hydrocarbon gasoline substitute, or blended fuel, and a hydrocarbon bio-jet fuel. The technology inserts genes from several different organisms into microbes, altering the genes' metabolic pathways and enabling them to produce useful compounds. This is done through a fermentation process using sugar as a feedstock.

Altering the metabolic pathways allows the genes to take feedstocks and produce whatever molecules they want to produce that is within the class of compounds that can be made through engineered pathways, including hydrocarbon-based molecules that would make suitable transportation fuels. Hydrocarbon biofuels are distinct from ethanol, which is alcohol-based. Amyris says its biofuels could be used in regular engines, are compatible with the existing fuel distribution infrastructure, and could be made in retrofitted ethanol plants.

Another start up exploiting microbes is Amherst, Massachusetts-based **SunEthanol Inc.**, which has developed a process for making cellulosic ethanol using a microbe discovered in the soils near the Quabbin Reservoir of central Massachusetts.

The microorganism, dubbed the 'Q Microbe,' is the cornerstone of a one-step process that converts plant and woody

biomass directly into ethanol, obviating the need for enzymes, which require more steps and thus is more costly.

"Microbes are a growing area of interest in the cleantech sector, but are mainly being explored for the production of synthetic fuels from coal or coal-fired plant emissions," says Jeff Sharp, SunEthanol's CEO. "There are ways to make the microbe perform better. Right now it makes ethanol, but it doesn't make enough to be commercially viable."

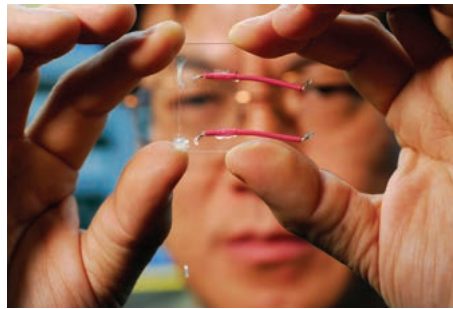
Sharp said the microbe-based technology offers several advantages over the enzyme-based processes being developed by other cellulosic ethanol companies. Not only does the process have the potential to be 25% cheaper than enzyme-based technologies, it also works with multiple feedstocks. Processes that use enzymes to break down biomass into sugars need to be re-engineered or modified for different feedstocks.

Another advantage stems from the so-called Q Microbe's natural origins. "It's naturally occurring so it has the stability of an organism that's naturally occurring, as opposed to one that's genetically engineered," reports Sharp. "An organism [that] is genetically engineered hasn't survived in the wild for millions of years so there are more variables at work."

## ENERGY THAT MOVES

Scientists at the Georgia Institute of Technology are developing a 'power shirt' able to generate electricity to power small electronic devices for soldiers in the field, hikers and others whose physical motion can be harnessed and converted to electrical energy.

The technology is based on pairs of textile fibres which are covered with zinc oxide nanowires that can generate electrical current using the piezoelectric effect. Piezoelectricity is the ability of some materials to generate electricity in response to applied mechanical stress. Combining current flow from many fibre pairs woven into



Georgia Tech Regents' Professor Zhong Lin Wang holds a prototype microfiber nanogenerator. (Georgia Tech Photo: Gary Meek)

a shirt or jacket allows the wearer's body movement to power a range of portable electronic devices. The fibres could also be woven into curtains, tents or other structures to capture energy from wind motion, sound vibration or other mechanical energy.

The researchers believe that the fibre-based nanogenerator will be a simple and economical way to harvest energy from physical movement by combining many of these fibres in double or triple layers in clothing to provide a flexible, foldable and wearable power source that would allow people to generate their own electrical current while walking.

The microfiber-nanowire hybrid system is based on the nanowire nanogenerator that Professor Zhong Lin Wang, head of the School of Materials Science and Engineering at the Georgia Institute of Technology, developed in early 2007. That system generates current from arrays of vertically-aligned zinc oxide (ZnO) nanowires that flex beneath an electrode containing conductive platinum tips. The nanowire nanogenerator was designed to harness energy from environmental sources such as ultrasonic waves, mechanical vibrations or blood flow.

The nanogenerators take advantage of the unique coupled piezoelectric and semiconducting properties of zinc oxide nanostructures, which produce small electrical charges when they are flexed. After a year of development, the original

nanogenerators – which are two by three millimetres square – can produce up to 800 nanoamperes and 20 millivolts.

The microfiber generators rely on the same principles, but are made from soft materials and are designed to capture energy from low-frequency mechanical energy. They consist of fibres on which zinc oxide nanowires have been grown radially and embedded in a polymer at their roots, creating what appear to be microscopic baby-bottle brushes with billions of bristles. One of the fibres in each pair is also coated with gold to serve as the electrode and to deflect the nanowire tips.

"The two fibres scrub together just like two bottle brushes with their bristles touching, and the piezoelectric-semiconductor process converts the mechanical motion into electrical energy," Wang says. "Many of these devices could be put together to produce higher power output."

## HYDROGEN FOR VEHICLE FUEL TANKS

A Russian-German venture, C.En, has recently completed a design and test program that aims at producing a safe and lightweight hydrogen tank for use in cars. One of the biggest technological and economic challenges delaying the development of cars operated by hydrogen is the problem of safe and lightweight storage of hydrogen in the vehicle.

C.En conducted more than 120 experiments over three years, which demonstrate that it is viable to store twice the amount of hydrogen than current solutions, providing a 600-kilometre range with a 60-litre tank that weighs 50 kilograms, including the hydrogen.

C.En's hydrogen tank is undergoing another series of tests and experiments at the German Federal Institute for Materials Research and Testing (BAM), after which it will be presented to the US authorities and international car makers. C.En has written five patents on the basis of the first set of tests. The start up has raised \$10 million to date. ■



# Putting more natural gas in your tank

by Joel Bainerman

While natural gas is often the preferred energy source due to fact that it is less harmful to the environment, technological advances using natural gas have been slow to follow suit. Valley Stream, NY-based **Energtek Inc.** [EGTK-OTCBB] is on a path to change that – particularly in the transportation end of the energy market.

Today, millions of vehicles are running on natural gas, countless more are being converted or originally manufactured to operate on natural gas. Clean, inexpensive, efficient, natural gas will fuel more and more vehicles as time goes on.

Energtek is developing the technologies, equipment and services needed to develop this market, including conversion kits for

cars, the development of infrastructure for gas delivery and filling stations, to development of pioneering storage systems.

The company's product line is based on its 'absorbed natural gas' technology (ANG) which allows for storing natural gas under lower pressures than compressed natural gas (CNG) technology, the prevalent technology for natural gas vehicles. Utilizing ANG technology vastly improves refuelling expenses and allows for a more efficient use of the vehicle's space. The lower pressure used by ANG technology allows significant savings in the infrastructure costs of filling stations.

The technology is based on a method in which natural gas is stored in a special

micro-porous material placed inside the pressure vessel. Adsorption is a process that occurs when a gas or liquid solution accumulates on the surface of a solid or, more rarely, a liquid (adsorbent), forming a molecular or atomic film (the adsorbate). This material acts as a sponge to adsorb natural gas, solving several problems in storing the gas as automotive fuel in vehicles, such as the necessity of a cylinder-shaped storage tanker. It also allows more natural gas to be stored in the same-sized tank.

"What we have developed is a method of storing large quantities of gas at low pressure," says Energtek CEO Lev Zaidenberg.

Energtek recently launched a project

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for conversion of three-wheel vehicles to natural gas-powered systems in the Philippines. Carried out in conjunction with the Department of Energy of the Republic of the Philippines and the Philippines National Oil Company Exploration Corp., the project used Energtek's ANG cylinders to supply energy for the same range as CNG cylinders, but they have one big advantage – they do not need high-pressure filling stations. This cuts the cost of construction and maintenance of station networks. The goal is to convert as big a part as possible of the 3,000,000 tricycle fleet to run on natural gas in the Philippines.

"Two and three wheelers compose the fastest growing major segment of the world automotive market," said Zaidenberg. "This segment is estimated at more than 200,000,000 units – most of them in Asia."

Energtek is also in the midst of launching the first tanker of its kind in France for the transportation of gas from a pipeline to fuelling stations, and it will begin commercial production of these in a country with lower production costs, most likely India, once the pilot proves successful.

In India, Energtek has completed road tests of one of the most widely used scooters in India converted to run on ANG. This is the first reported worldwide motorcycle to operate utilizing ANG technology. Based upon these successful tests, the company expects to begin serial conversions of motorcycles in mid-2008. Also in India, Energtek manufactures conversion kits for natural gas vehicles and natural gas storage cylinders.

Converting gasoline vehicles to natural gas is an after-market operation. These kits are mass-produced and the process is quick and simple. It is done in garages which purchase the kits in the market. The same conversion device is installed as an OEM (Original Equipment Manufacturing) on new natural gas vehicles. The conversion of diesel vehicles to natural gas is more complicated, and there are several systems that carry out this task.

An additional area of business for

Energtek is to manufacture semi-trailers and other solutions for bulk transportation of high-pressure gases. The company is also building three types of refuelling stations for increasing the use of natural gas vehicles.

**Fast refuelling stations** – operating like traditional gas stations

**Slow refuelling stations** (overnight) – capable of simultaneously refuelling hundreds of heavy vehicles

**Mobile refuelling stations** – to serve fleets in areas with no natural gas pipelines or infrastructure. These stations are based on bulk transportation semi-trailers.

"We have positioned Energtek to become a leading provider of natural gas vehicle related technologies and equipment," says Zaidenberg. "Our newly developed technologies and products herald market-enabling solutions to a high growth industry, just in its infancy." ■

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*Continued from page 44*

project averaged 2.51% copper.

**Panoro Minerals Ltd.** [PML-TSXV; Lima; PZM-Frankfurt] is currently drilling the El Rosal project and expects to be exploring the 100%-owned Antilla and Cotabambas projects, two of the 13 properties the company has acquired in Peru, in 2007. The 7,300-hectare Antilla Project is situated 25 kilometres southeast of Grupo Mexico's 200 million tonne Los Chancas deposit that grades 1% copper. Panoro will be conducting drilling to convert to resources and expand a geological potential which has been assessed by SRK Consulting as a non NI 43-101 compliant global potential in the East Block of about +135 million tonnes grading between 0.63% and 0.79% copper.

At the Cotabamba Project, based on 24 drill holes, SRK Consultants has estimated an inferred resource of 114 million tonnes of 0.68% copper and 0.38 grams gold per tonne. Panoro has planned drilling programs for four of its Peruvian projects – El Rosal in northern Peru (underway), Antilla, Cotabambas and Kusiocco.

Panoro has also granted private Peruvian gold producer, Consorcio Minero Horizonte, an option to earn a 50% interest in two projects in the Apurimac region of Peru, south of Cuzco, which Panoro acquired as part of the purchase of Cordillera de las Minas from CVRD (Vale) and Antofagasta in 2007. Cochasayhuas is a vein-type gold project with reported production of 401,000 ounces of gold and 480,000 ounces of silver while Checca is an early stage exploration project with potential to host epithermal gold mineralization.

**Sinchao Metals Corp.'s** [SMZ-TSXV] property is located in Cajamarca province in northern Peru. It has a skarn zone, a breccia zone, a high-sulphidation epithermal zone and massive sulphide lenses. The best drill results as of November 30, 2007 intersected 161 metres grading 0.81% copper and 0.71 grams gold/tonne in the breccia zone, as well in May of 2007 intersecting a 10.25-metre interval grading 2.34% copper in the skarn zone. A 5,000-metre drill program is planned in 2008 to test the breccia zone, the high-grade zinc zone and to estimate inferred resources. Andean American holds

58% of Sinchao Metals.

**Teck Cominco Ltd.** [TCK.B-TSX; TCK-NYSE] and partners **BHP Billiton PLC** and **Xstrata PLC** own and operate the Antamina copper-zinc-molybdenum mine in north-central Peru. Teck is also involved in exploration projects in Chile (Lobo-Marte) and Brazil (Santa Fé and Iporá).

**Tinka Resources Ltd.'s** [TK-TSXV; TLD-Frankfurt] flagship property is the Colquipucro Project about 190 kilometres northeast of Lima. There are numerous veins with silver and base metal values occurring in a 20 square kilometre area. Reconnaissance sampling followed up with a geophysical survey helped to locate prime targets for a 15-hole, 2,670-metre drill program. Fourteen of the 15 holes intersected excellent silver values and in some cases base metal values as well. The best results were, 60 metres grading 135 grams silver/tonne and 12 metres of 4.4% zinc.

**Vena Resources Inc.** [VEM-TSXV; Lima; VIR-Frankfurt] is developing the Azulcocha underground zinc mine in Junin, Peru. It has about 865,000 tonnes of indicated resources grading 10% zinc. This former producing mine operated between 1975 and 1986 producing 1 million tonnes averaging 16.1% zinc. An additional \$1.15 million will be spent developing the underground resources. Vena is moving ahead with the process to obtain environmental permits and construction permits for a 500 tpd day flotation mill. Vena also has a joint venture with Cameco to explore for uranium over an area of 40,000 hectares in a number of areas in southeast Peru. A 3,000-metre drill program has been completed with best results intersecting 19.7 metres of 0.12%  $U_3O_8$ . Vena also announced a joint venture with **Sudamericana de Carbon (SDC)**, a Peruvian company operating a small anthracite coal operation. Vena has an option to earn up to 70% of SDC by investing up to \$2.5 million for a coal washing plant, which will allow for higher margins.

## **SURINAME**

**Iamgold Corp.** [IMG-TSX; IAG-NYSE] is a mid-tier gold producer with annual production of nearly 1 million ounces from eight different operations in South America,

North America and Africa. Through a 95% interest in Rosebel Gold Mines N.V., Iamgold has a 50% interest in the 20,000 tonne-per-day Rosebel open pit gold mine in Suriname. Rosebel began producing in February 2004, on time and on budget (\$95 million). The mine was expected to produce about 255,000 ounces of gold in 2007.

In a separate development, a delegation from Iamgold met with French president Nicolas Sarkozy regarding permitting of the Camp Caiman Project in French Guiana. Iamgold also has a 100% interest in the La Arena gold oxide deposit north-northwest of Lima, Peru, where measured and indicated resources have been estimated at 2 million ounces of gold and 1.1 billion pounds of copper. Iamgold has been preparing a pre-feasibility study for its Quimsacocha Gold Project in southern Ecuador.

## **URUGUAY**

**Uruguay Mineral Exploration Inc.** [UME-TSXV; UGY-AIM] operates the San Gregorio Gold Mine in northern Uruguay producing about 95,000 ounces of gold per year. It has a CIL plant capable of processing 1.2 million tonnes per year. Uruguay has, as of June 2007, reserves of 6.9 million tonnes grading 1.58 grams gold/tonne, measured and indicated resources of 20.9 million tonnes grading 1.32 grams/tonne, and inferred resources of 1.10 grams/tonne. They have a team of 30 geologists and five drill rigs working on deep drilling and resource additions at both the San Gregorio and nearby Arenal deposits. The review of a potential underground operation is also underway. Uruguay has a \$9 million exploration program underway covering both targets.

## **VENEZUELA**

**Crystallex International Corp.** [KRY-TSX] reports that the company's partner, Corporacion Venezolana de Guayana, was formally notified by the Ministry of the Environment and Natural Resources of Venezuela that all the requirements for the issuance of the Las Cristinas Project Environmental permit had been fulfilled. The company hopes to produce about 270,000 ounces of gold annually starting in 2009. ■

## Building on 100 years of history

How the Vancouver Stock Exchange became part of the TSX Venture Exchange

by Cavelle Macdonell

The Vancouver Stock Exchange (VSE) opened for business on August 1, 1907 in a bid to help raise funds for mining exploration and provide a marketplace where junior companies could raise venture capital. The VSE eventually became an essential part of Vancouver's emergence as an international financial centre on the Pacific Rim.

In its first year of operation, the VSE boasted volume of 367,441 shares worth \$136,440. The first trade was 1,000 shares of a company called Alberta Coal, which changed hands for 43 cents a share.

Much has changed since those early days when banker Donald Von Cramer and real estate and mining broker Charles D. Rand, along with 10 others decided to form a stock exchange devoted exclusively to mining issues. While the Vancouver Stock Exchange stayed true to its roots in offering a place for natural resource companies to finance their work, it eventually included companies active in all industrial sectors.

The most dramatic growth of the VSE came in the 1960s and 1970s with major mineral discoveries such as Dynasty, Pyramid and the rise of International Corona and Cominco. The 1980s then saw diversification as other industries began to emerge on the B.C. stage – sectors such as tourism, high-tech, biotech, and manufacturing. In the 1990s, the VSE went on to eliminate its trading floor and break new ground by becoming the first fully automated exchange in Canada.

After 1995, the VSE developed into a first class venture capital exchange and raised billions for mining companies abroad. In 1996 and 1997, venture capital raised through the exchange totaled over \$2.3 billion. Companies in British Columbia found an efficient market in which to raise capital for mining ventures and for the exploration for natural resources.

On the other hand, the exchange sometimes suffered from promoters operating in the 'Twilight Zone' of ethics. To tighten up regulations, the BC Securities Commission implemented changes requiring listed companies to provide financial transparency and accurate reporting of technical and other material information. Eventually an agreement was struck between the Vancouver, Alberta, Toronto and Montreal exchanges to restructure the Canadian capital markets. It was hoped that the joint venture would provide more liquidity, a better system of surveillance of listed companies, as well as a broader market for junior companies attempting to raise capital.

The race for lucrative listings and changing technology was the major impetus that transformed the Vancouver Stock Exchange into



The original Vancouver Stock Exchange on Howe Street in Vancouver, British Columbia. Illustration by Raymond Chow.

the Canadian Venture Exchange (CDNX) on November 29, 1999. It marked a milestone for Vancouver's entry as a cog in the national equity market machine.

In 2001, the TSX completed an overhaul of its trading platform and acquired the CDNX which was renamed the TSX Venture Exchange in 2002. With the National Instrument 43-101 (NI 43-101) rule developed by the Canadian Securities Administrators and administered by the provincial securities commissions that govern how issuers disclose scientific and technical information about their mineral projects to the public, investors now have a much fairer system of ascertaining what their companies of interest are doing. NI 43-101 covers oral statements as well as written documents and websites. It requires that all disclosure be based on advice by what is called a 'qualified person' such as a professional geologist or a P.Eng., and, in some circumstances, that the qualified person must be independent of the issuer and the property.

Both the TSX and the TSX Venture Exchange currently play major roles in providing stock trading platforms for institutional and individual retail investors as well as allowing for resource companies to raise substantial capital for exploration and mining projects around the world. The TSX and Venture Exchange have enabled Canada to become the world's premier mineral explorer and mine builder by far. ■



## coming events

The Association of Mining Engineers, Metallurgists and Geologists of the District of Chihuahua in Mexico, and the Federal and State governments, institutions of higher education and participating companies in the Organizing Committee, invite you to attend the **VII International Mining Conference, Chihuahua 2008 and Expomin - 2008**, April 23-25, 2008, Expositions and Convention Center of Chihuahua, Mexico. For more information, go to [www.conferenciamineria.com/2008/ingles/index.htm](http://www.conferenciamineria.com/2008/ingles/index.htm) or call 614-419-4624. Email: [Guillermo\\_rose@penoles.com.mx](mailto:Guillermo_rose@penoles.com.mx)

The **Chicago Resource Expo** is being held April 25-26 at the Rolling Meadows Holiday Inn Convention Center. The hours are 5 pm-9 pm Friday April 25 and 7 am-5 pm Saturday April 26. Pre-register at [www.ChicagoResourceExpo.com](http://www.ChicagoResourceExpo.com)

**Global Investment Conferences** is presenting the Boston Resource Expo May 8-9, 2008 at the Hynes Convention Center, Boston, MA. For more information, go to [www.gicevents.com](http://www.gicevents.com) or call Diana Snyder at 305-669-6873. Her Email is [dsnyder@gicevents.com](mailto:dsnyder@gicevents.com)

**The Hard Assets Investment Conference** is being presented May 12-13, 2008 at the New York Marriott Marquis in Times Square, New York City, New York. Keynote speakers include Lawrence Kudlow who will speak on the impact of the presidential election on U.S. markets and Benn Steil, who will speak on the end of national currency and the coming global gold digital currency. Well-known newsletter writers will also provide stock picks and investment advice. For more information, go to [www.iiconf.com](http://www.iiconf.com) or call 1-800-282-7469.

The Middle East's investor focused forum, the **Commodities Investment Forum MENA 2008**, on commodity investment and trading is back for its third successful year at the Shangri-La Hotel, May 25-28, 2008, Dubai, UAE. For more information, contact Starlina Sequeira Tel: +971 4 709 4600, Fax: +971 4 347 3889. Email: [tarlina.sequeira@terrapinn.com](mailto:tarlina.sequeira@terrapinn.com) Sponsorship and exhibition opportunities: Sofeen Thaker Tel: 00971, Fax: 00971 Email: [sofeen.thaker@terrapinn.com](mailto:sofeen.thaker@terrapinn.com) Marketing opportunities and press relations: Emma Roborgh Tel: +971 (04) 7094518

Cambridge House International Inc. is presenting the **Vancouver Resource Investment Conference** June 15-16, 2008 at the Vancouver Convention & Exhibition Centre, Vancouver, British Columbia, Canada. For more information and registration, go to [www.goldshow.com](http://www.goldshow.com)

In the US and Canada, call 1-877-363-3356. Greater Vancouver Registration Line 604-878-1114 or send a Fax at (604) 687-4726. Pre-registration is free; however, there is a \$25 cost at the door.

Global Investment Conferences is presenting the **Palm Beach Resource Expo** December 7-8, 2008 at the Palm Beach Convention Center, Palm beach, Florida. Home to many of America's wealthiest families and well within the country's top percentage of resident millionaires, Palm Beach boasts an exceptional concentration of active, private investors. It is also part of the rapidly expanding PGA Corridor, a thriving business community bustling with new and established professional firms and financial services. For more information, go to [www.gicevents.com](http://www.gicevents.com) or call Diana Snyder at 305-669-6873. Her Email is [dsnyder@gicevents.com](mailto:dsnyder@gicevents.com) ■



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- ☐ Copper Fox Metals Inc. (52)
- ☐ Eastplats (14)
- ☐ Chicago Resource Expo (69)
- ☐ Explor Resources Inc. (16)
- ☐ Firestone Ventures Inc. (69)
- ☐ Forum Uranium Corp. (53)
- ☐ Galena Capital Corp. (72)
- ☐ Garson Gold Corp. (31)
- ☐ Gold Canyon Resources Inc. (16)

- ☐ Golden Harp Resources Inc. (51)
- ☐ Hard Assets Investment Conference (57)
- ☐ Haileybury School of Mines (63)
- ☐ International Mining Research Centre (69)
- ☐ Khan Resources Inc. (43)
- ☐ Marifil Mines Ltd. (59)
- ☐ Mining Industry TV (27)
- ☐ Nevada Geothermal Power Inc. (15)
- ☐ Newcastle Minerals Ltd. (25)
- ☐ Niblack Mining Corp. (11)
- ☐ Northern Shield Resources Inc. (3)
- ☐ On Track Exploration Ltd. (69)
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- ☐ Raymond Chow (69)
- ☐ Resource World Online (68)
- ☐ Rye Patch Gold Corp. (41)
- ☐ Sego Resources Inc. (45)
- ☐ Sheffield Resources Ltd. (20/21)
- ☐ SilverCrest Mines Inc. (71)
- ☐ Silver Spruce Resources Inc. (33)
- ☐ Sola Resource Corp. (2)
- ☐ Stock Anomaly (34)
- ☐ Stockhouse (69)
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# The greatest mining show on earth

by David Duval

What could probably be described as the “Greatest Mining Show on Earth” certainly lived up to its reputation in early March. For the first time in its history, all the venues for the annual PDAC convention were located in the South Building of the Toronto Convention Centre, allowing organizers to accommodate growing demand for exhibit space.

I’ve probably attended 15 to 20 of these conventions and must admit the sheer size of the event this year was positively stunning – 20,000 plus attendees, according to PDAC officials. Indeed, the traffic flow down the multi-tiered escalator system in the monstrous convention centre reminded me of Toronto’s 401 during rush hour.

One thing I did find a little odd again this year is the fact that most people believed the convention started on Monday when in fact some of the best papers are presented on Sunday afternoon. For me at least, the Sunday presentations on commodities are the highlight of the convention – although some of the evening events (social suites etc.) would rank a close second.

Again this year, all the commodity presentations were top notch, but the one on copper by Teck Cominco’s Andrew Roebuck and another on molybdenum by Catherine Virga of CPM Group were stand-outs, in my opinion. Roebuck’s in particular was strong on fundamental analysis rather than hypothesis. Hypothesis has led many a skilled analyst into uncharted waters.

On Monday, economist Patricia Mohr from Scotia Group presented an excellent paper entitled: “Metal prices, currencies and global growth: Outlook for 2008-2009 – Will the current supercycle be sustained?” The short answer is “yes” and I’ll get into some of the reasons later.

At least one theme seemed to crop up in almost every presentation this year, the escalating cost of developing new mine production. Most speakers concluded this issue would serve to constrain global output of mineral commodities in the future. In the case of nickel, a lot of new production coming on line involves acid leach of lateritic ores which is high risk from a technical standpoint and has never lived up to its production cost expectations.

In my view, governments in Canada are going to have to step up to the plate and contribute to infrastructure costs (roads, railways etc) if they want to see Canada’s minerals industry thrive – especially in northern regions. They have contributed in the past, so there is a precedent for this type of investment. With increasing concern about sovereignty in the Canadian Arctic, and the potential mineral and petroleum wealth at stake, it will probably need to happen sooner rather than later.

As most people realize, demand for commodities has closely followed traditional economic cycles – when the economy was booming, commodity prices were high and when the economy was in recession prices dropped. In the 1990s, however, the economic boom cycle hardly impacted commodity prices, largely because inflation remained benign. Markets became confident that governments could control inflation and there was no reason to invest in hard assets.

Things are different today; the old rules just don’t seem to apply. Rising inflation has become a global phenomenon and prices for energy, soft commodities and mineral commodities remain high, at least in nominal terms. All this is happening even though demand for metals in the

world’s traditional price driver, the U.S., has been slack for at least two years.

What is abundantly clear today is the fact that the current cycle is much less dependent on demand from the “old world” (which has dropped by 40% since 1992) while so called new world demand for metals has increased by 60%. Chinese consumption of metals remains buoyant with no evidence yet of any slowdown in broader market demand because of the economic downturn in the U.S. In fact, one speaker at the PDAC suggested that increased Chinese consumption would more than make up for any loss in demand produced by the downturn in the U.S. housing market.

Recently the Chinese agreed to a 65% increase in iron ore prices, which to my mind, translates into higher prices for other steel-making commodities including nickel, molybdenum, cobalt and metallurgical coal just to name a few.

For all you gold buffs, the inverse relationship between the U.S. dollar and gold is well established. Increasingly, however, we are seeing gold trading in line with the world’s second tier currencies namely the Euro and the Japanese Yen. The reason is simple: while gold is getting more expensive in U.S. dollars, it’s getting cheaper in second tier currencies.

How do investors fit into this bullish scenario for metals – especially gold? Several investment analysts I talked to at the conference said they were seeing a rotation out of general equities into resource stocks and Exchange Traded Funds which seems destined to accelerate in the months ahead. With the U.S. dollar in a virtual freefall, the charge into resource stocks might begin sooner than you think. ■

**With the U.S. dollar in a virtual freefall, the charge into resource stocks might begin sooner than you think.**





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Resource Category	Tonnes	Ag gpt	Au gpt	Tons	Ag opt	Au opt	Contained Ag Ounces	Contained Au Ounces	Contained Ag & Ag Equiv. Ounces
• 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	13,026,700



### Mexico - Silver Angel Project

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- 35km altered zone with excellent exploration potential
- Structural feature hosting high grade gold & silver

### Mexico - Cruz de Mayo Project

Resource Category	Tonnes	Ag gpt	Tons	Ag opt	Contained Ag Ounces	Contained Ag & Ag Equiv. Ounces
• Indicated	1,141,000	64.15	1,257,700	1.87	2,353,400	2,353,400
• Inferred	6,065,000	66.50	6,685,500	1.94	12,967,100	12,967,100

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### El Salvador - El Zapote Project

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Inferred	3,593,000	29,220,000

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