

MINING • OIL & GAS • ALTERNATIVE ENERGY

# RESOURCEWORLD

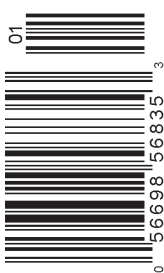
INVESTMENT OPPORTUNITIES AND NEWS **magazine**

Volume 6 Issue 1

## Investment OUTLOOK 2008



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New Mineral  
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**TSX:SL.V**



**SOLA RESOURCE CORP.** is advancing rapidly with its diamond exploration project in North-western Brazil. The Pimenta Bueno region in the SE sector of the State of Rondônia is a recently explored kimberlite province hosting numerous diamondiferous kimberlites. Using its refined Kimberlite Indicator Mineral search procedures Sola has now discovered 7 discrete target areas with kimberlite indicator minerals and or diamonds. These areas are currently being further tested.

Sola now has 2 diamond-drills actively investigating both the diamond-bearing Carolina kimberlite and new potential kimberlites in the vicinity of the area where alluvial- and colluvial-diamond production took place a few years ago. The Company will soon commence its bulk-testing of the various kimberlite phases of the Carolina body.

The Company is financed and pushing ahead with its major regional diamond exploration program which will determine the potentials of its 4191 square kilometre property on the Brazilian Shield.

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Stock Options:	8,006,000
Net Cash:	CDN \$79,200,000

Stock Exchange: TSX:URE

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## Overview

Ur-Energy Inc. is focused on developing a mining and processing facility at its Lost Creek Wyoming project. By bringing Lost Creek into production in 2009, Ur-Energy Inc. is well positioned to be the next uranium producer in Wyoming. Forecasts of 100,000 to 200,000 lbs of  $U_3O_8$  have been estimated for start-up production at Lost Creek before ramping up to full production in 2010 to one million lbs/year. The capacity of the processing facility will be two million lbs/year. Following Lost Creek, next in the production pipeline will be the Wyoming Lost Soldier project in which a scoping study is underway to determine the best way to optimize mining the resources. Ur-Energy's US projects total in excess of 121,000 acres and its Canada projects total in excess of 322,000 acres.

Ur-Energy is headed by an expert management and technical team, representing more than 600 years of total mineral industry experience, 298 years of total direct uranium industry experience and 72 years of uranium production experience.

Supported by an extensive exploration database as well as the company's own drilling programs and intensive analysis, Ur-Energy has attained a level of technical depth unmatched in a junior mining company. In fact, Ur-Energy is the only junior in the United States thus far to drill test, chemically assay and confirm or exceed historic results with NI 43-101 Compliant Resources. This gives Ur-Energy a strong upside exploration potential in both the US and Canada.

## Corporate Objectives

- Start Producing Uranium in Wyoming by 2009
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- Maintain a Long-Term Production Pipeline Strategy to Bring a Project into Production Every 2-3 Years.

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Total NI 43-101 Compliant

- 22.0 million pounds  $U_3O_8$  Measured & Indicated
- 2.9 million pounds  $U_3O_8$  Inferred

Total NI 43-101 Historic

- 3.3 million pounds  $U_3O_8$  Historic Relevant Resource

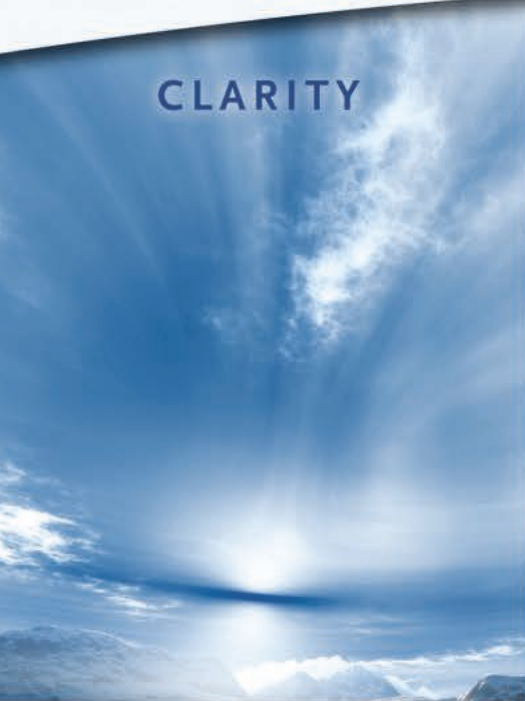
Gross Historic Resources

- 88 million pounds  $U_3O_8$  Historical Resource

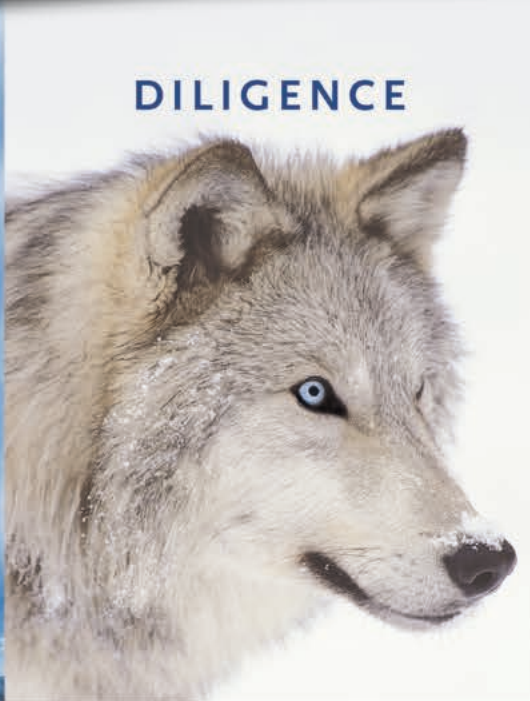


# DIAMONDS NORTH

## CLARITY



## DILIGENCE



## PERSEVERANCE



BREAKING NEWS! DDN DISCOVERS 22 KIMBERLITES ON AMARUK--BREAKING

**CLARITY:** Our objective is clear — to discover an Ekati or Diavik sized deposit. Our team has identified three projects with this potential: **Amaruk, Hepburn and Banks Island.**

**DILIGENCE:** Successful expansion of our portfolio has required exploration techniques that are more innovative than our peers and land acquisition capabilities that are faster than our competitors. Our systematic approach to exploration stems from a fundamental belief that science will lead to success.

**PERSEVERANCE:** We remain focused on discovery while overcoming challenges. We have methodically evaluated over 300 million acres, and our determination to succeed has positioned us with three opportunities to break through and make a major discovery.

Targeting Canada's Next Diamond Mine







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Compass on newspaper.  
Photo by Amanda Rohde.

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## Winkie drill inventor passes on

In recent issues of *Resource World*, we have noted the passing of individuals who have made significant contributions to the mining industry. Sad to say, we have yet again to say goodbye. Born in 1914, Frederick Wink died October 26, 2007. During his long and adventurous career, Fred built several successful companies, met four prime ministers, four presidents and two sultans. He also acted as a diplomat for the Canadian government and was commissioned by the late President John Kennedy to oversee development programs in West Africa. Fred also set up a diamond drilling school in Brazil and was given an office in the presidential palace. Between 1961 and 1969, Fred traveled to 54 different countries. He also happened to drill off the largest manganese deposit in the world. Not bad for a guy who dropped out of school at 16 and started his career at 18¢ an hour.



Fred Wink (1914-2007). Above, Fred browses through his scrapbook which has, among other things, birthday greetings from former US President Bill Clinton. Photo by Ellsworth Dickson

Even with all those accomplishments, Fred is actually best remembered for inventing three types of drills commonly used in the mining industry, the most famous being the Winkie portable diamond drill, which is made by US-based Minex and sold through Parts Headquarters Inc. in Burlington, Ontario. Remarkable in its simplicity, the small, man-portable, gas powered coring drill has been used in remote locations around the world for over 40 years.

Fred also invented the Hydro-Wink diamond drill capable of drilling to a depth of 1,000 feet as well as the Vibra-Core drill. The Vibra-Core drill is powered by a small lawn-mower engine and has an off-balance 'sonic-head' that spins at 12,000 rpm, resulting in a fast vibration that drives the core barrel into the earth.

Since retiring, Fred and his wife, Kari, lived in the South Delta, British Columbia, community of Tsawwassen and, to my delight, was my neighbour. Always jovial and a great conversationalist, Fred loved life and the people in his life, especially children Debbie, Wendy, Rick and Randy. It's going to be hard to replace a man like Fred Wink.

In spite of the tremendous employment opportunities in the mining sector, somehow we are not attracting enough young people interested in finding new mineral deposits. Our daily lives are totally dependent on metals and minerals, yet it's hard to find many students who want to be geologists. ■

**Ellsworth Dickson**, *Editor in Chief*

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# Investment OUTLOOK 2008

by Lawson Hunter



Teck Cominco's Highland Valley Copper Mine near Logan Lake, southern British Columbia. Photo courtesy Teck Cominco Ltd.



# MINING

**THERE'S AN OLD** Chinese saying, "May you live in interesting times", which might describe the outlook for mining stocks in the New Year.

When we asked three industry experts what they would be watching in 2008, China figured prominently, as did sub-prime loans and commodity prices. Somewhere between prosperous and cautious exuberance were their predictions. Gold and copper, they agreed, look strong but a mixed reaction to diamonds came from James Dartnell of Wolverton Securities, John Kaiser, Publisher of the *Kaiser Bottom Fishing Report*, and Kevin Barker of the *BarkerLetter*.

"2008 will be very interesting," says John Kaiser, "because we're going through an analysis of the sub-prime lending problems which will peak in July of next year when we see the rates on these loans switch from 'teaser' rates to more normal rates."

The concern is that while real estate values have risen considerably over the past five years, if there are too many foreclosures in 2008, the inability for people to tap into their home equity could result in some recessionary activity. That would affect imports from Asia and create a domino effect reaching into the global mining industry.

Kaiser notes, "Metal prices have been driven up by a consumption binge and are also fueled by the construction of production infrastructure to accommodate the off-shoring of manufacturing. As Asian strength increases, the US is losing its status as the economic powerhouse of the world. We need to watch how that unfolds over the next 10 to 15 years. We will go into a period of asking 'who's calling the shots' and many people will be thinking – I need to own some gold."

"It's essentially been a bull market for five years and all during that time we've had to contend with the 'wall of worry.' If commercial activity diminishes too much in the US and Europe, factories in China may go idle and that will create an over capacity in

China," observes Kaiser. We still are not at that stage but all existing mines are pumping out metal as fast as they can without causing any major surpluses. Over the next two or three years major projects will come on-stream. If we have a serious slowdown we will see a supply glut and sagging demand. If it doesn't happen, we will continue to see the global economy expand and metal prices may spike even higher."

Noting a phenomenal growth in investment into mining stocks, specifically junior companies, Kaiser believes that will continue as long as the liquidity of gold remains relatively small. "There's some \$3 trillion of gold held in global reserves by long-term holders," explains Kaiser. "Once gold reaches US \$850 per ounce the demand for it will make it jump in US \$20 or US \$25 increments."

Kevin Barker, former editor of *The Prospector* and online commentator on the mining industry since 1995 states, "All the growth in gold has been with major companies in the past year or two. The big producers had a period of low gold prices between 1996 and 2003. To survive, they had to cut to the bone and become lean and mean. If they weren't producing gold at US \$100 per ounce, they just wouldn't produce at all. Since 2003, they've combined profitability and their (still) low operating costs to achieve a double impact on their bottom line. On the other hand, a lot of new gold companies aren't really trading at significantly higher values. We haven't had the really higher share values amongst the juniors even though the bigger producers have been riding the bull market."

A bit of caution comes from Barker as he observes that gold, because of a tight supply and demand, has become a speculative tool. He would like to see more money put into not just the advanced-stage explorations but all exploration projects.

"The drills have been turning for some years and have yet to come up with a really



John Kaiser



Kevin Barker



James Dartnell

large copper or gold discovery," states Barker. "There are no big stories to get investors excited. When we see that kind of story on the front page of the Wall Street Journal we're going to see a stampede, stocks jumping from 60¢ to \$60. That story has yet to happen. I think it will happen in the next year or so."

John Kaiser agrees with that view, "The intermediates are in a race to commercialization. It's about pounds in the ground and projects in the pipeline. Unfortunately, the juniors and exploration companies are

trapped in a bear market within a (larger, commodity based) bull market. The industry is short staffed and everything is in short supply."

Yet, he too believes in a 'Cinderella story' happening in the near future. Kaiser likes Aurelian Resources in south-east Ecuador and thinks that McFaulds Lake (Noront Resources p.25) could be a candidate.

"Discovery takes two years," says Kaiser. "Watch for the inflection point at about the two-year mark and stop worrying about what could go wrong. The industry

needs a collective rush into the resource sector plays."

James Dartnell, Investment Advisor with Wolverton Securities has been watching the market for 25 years and has seen it all. "When we look at the mining exploration companies that are out there, they run the gamut from the dime-deal that may, or may not have a prospect, to Barrick Gold producing millions of ounces per year. There's much more activity all around, bigger volumes than in the past, driven by strong commodity prices. The exploration and development drilling seems to be proceeding very steadily.

"My own investment philosophy is to find a company that has a bit of a start to it and watch it add some value as it goes along. Some people like to pull out a pen and paper and calculate the return (on production). And then there are people that like the exploration companies – it's like going to the race track. They thrive on that. Generally, I think that investor sentiment is quite healthy, aside from the sub-prime problems, which in retrospect seems to be a bit of a blip on the screen, although I'm not so sure we're out of that yet. Still, there are new people coming in all the time."

From a technical perspective, Dartnell thinks that 2008 will be prosperous "I have a quite positive outlook at this juncture, buoyed by the underlying prices and general activity. I've looked at the five to six-year price charts on various metals. Gold is one of the strongest. I'm happy with copper. Lead has been a big surprise this year. Silver is consolidating. Nickel is steady, but I'm not as optimistic about zinc."

Dartnell absolutely believes that exploration is chasing commodity prices and points to a company (name unrevealed) that raised \$7 million just on the strength of some 'grab samples'. He will acknowledge that he's watching Aurelian Resources, Ascendant Copper and hopes that Crystallex can see its way through the "geopolitical challenges that companies find themselves in from time to time". Dartnell advises, "Mid-December until the last tax day are when the best

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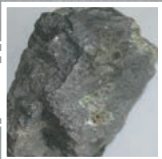
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bargains show up, then you can pop the champagne corks as we go into the new year with an excellent start.”

All three of our experts are confident that gold will reach US \$850 per ounce, if not in 2008 then soon after, though no one would go so far as to predict when it might reach US \$1,000.

Diamonds, on the other hand, is still a wild card story with a big potential payout. Dartnell prefers to view the game from the sidelines. Kaiser, the bloodhound long on the trail of diamonds is tweaking his focus. And Barker, long the metal watcher has got the sparkle of the precious stones in his eye.

“Prior to 1992, nobody knew about diamonds,” muses Kaiser. “Then Chuck Fipke hit a home run with Dia Met, followed by Aber in the Lac de Gras region of the Northwest Territories, Canada. We learned about the aspects, the mineralogy, how to find diamonds and how to recover them.”

Still, according to Kaiser, diamond exploration companies are a mystery to most investors. “You have to monitor diamond companies very closely,” proclaims Kaiser. “The audience is continuing up the growth curve but up to this point they have mostly been sophisticated investors. Retail investors understand momentum and the fact that metal prices going up is a good indicator.” While he openly recommends Diamonds North, Kaiser is not as enthusiastic as he once was on Stornoway or Shore Gold.

Kevin Barker, on the other hand notes, “I’m following diamond stories like Peregrine Diamonds in the Lac de Gras region, NWT, with great interest because if someone hits it big, and I think someone

will in the not too distant future, we’re going to see the share value of all of these diamond exploration companies grow exponentially. I’d be getting positioned into junior and exploration companies, in fact I have been for months.”

Once an investigative reporter and having covered “every major mining story in the past two decades”, Barker recalls meeting well-known diamond hunter Chris Jennings. “Jennings went on years ago, and would tell anyone who would listen, about how every Chinese bride will want a diamond. I read recently that 40% of eligible Chinese women will get married between now and 2015. Diamonds will become a proxy for wealth as people get bored with gold.”

Many experts outside of the mining industry would seem to agree. The China crisis, as it’s been called, may be abated if a Chinese middle class evolves and creates a domestic consumer market demanding such things as diamonds and precious metals as symbols of their affluence. How that will come about is anyone’s guess.

So it would seem, if one wants to look into the tea leaves of the mining industry, one should be keeping an eye on China. ■

*James Dartnell has been an investment advisor for over 20 years with a focus on the mining sector. The views expressed are those of the investment advisor and not of Wolverton Securities. Mr. Dartnell holds a position in Ascendant Copper. Wolverton Securities has not conducted any investment banking services for the companies mentioned by James Dartnell.*



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# Investment OUTLOOK 2008

by Grace Visconti





# Oil & Gas

**WHILE THE PRICE** of oil is reaching new highs, many investors are anxious to gain some insight into what is in store for oil and gas for the New Year. Resource World magazine interviewed one of the top oil and gas analysts in Canada, Josef Schachter, who makes his predictions for the oil and gas industry in 2008. Schachter is president of Schachter Asset Management based in Calgary AB, and has been involved in the investment business and the research side since the early 1970s.

“Our focus here is fundamental research. We cover international as well as Canadian-based companies. Our focus is on oil and gas companies that we cover regularly,” explains Schachter.

Schachter says about recent concerns over the royalty review recommendations for Alberta, “In the end, we don’t think it’s going to be a serious problem for the oil sands companies because US \$92 oil forgives a lot of sins and covers a lot of costs. Oil companies are already seeing higher labour costs, and higher equipment costs so higher royalties is just one more cost component. The key thing to remember is we’re no longer at US \$50 oil. It’s US \$92 oil and that extra revenue more than allows these companies to afford to pay these taxes and still be very profitable.”

The conventional oil business will be affected differently. “The oil side of it is going to see higher taxes, but again, these high commodity prices offset the ills of the

royalty increase. We’ve had companies like Galleon announce that it would be a 9% negative impact to them; however, they also announced in the same press release that they are seeing lower costs coming for drilling, land and services which will offset the increase to some extent,” notes Schachter. Since the recommendations are price sensitive and based on a sliding scale for oil, it softens the blow.

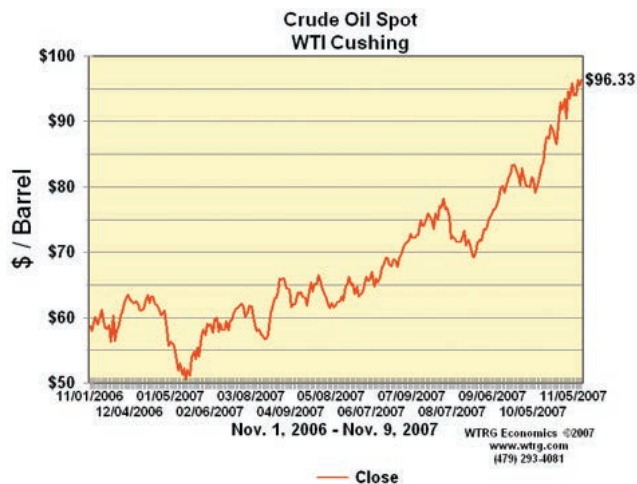
Schachter foresees the price of oil in the US \$100 per barrel range solely because of supply and demand as inventories in the OECD are at the lower end of their five-year band. With a 7 million barrel weekly draw-down at the end of October, the inventories are very tight in the United States as winter approaches. “So we think that US \$100 oil is coming in the winter of ’07-’08 without any disruptions of supply,” adds Schachter. The royalty impact on the price of oil is an absolute non-event in Schachter’s expert opinion and he states, “Canada produces about 2.4 million barrels of oil a day. We’re not going to cut off our supply. It is a non-event in the world’s decision about where oil prices go and an increase in the royalties just means it is less profitable to own Canadian securities. It has nothing to do with the long-term supply and demand of oil or its price.”

The royalty review will not have any impact on the Canadian dollar. High commodity prices like US \$92 oil is very bullish as are nickel and gold prices for



Josef Schachter, president of Schachter Asset Management. Photo by Jason White.

the Canadian dollar. The Canadian dollar is perceived as a ‘petro and resource currency’ because of its strong correlation to commodity prices and the large component of the Canadian GDP tied to resource development. Australia, New Zealand and other countries that have resource currencies will see continued appreciation until resources are no longer ‘at the margin in demand’ and it may take a worldwide recession to change things (ie: supply and demand are balanced; hence, the marginal barrel/unit of production sets the price as opposed to the low cost production when there is excess supply). If there is a worldwide recession, demand will back off, and



the low cost barrel will set the price. Until then, the marginal barrel sets the price.

As far as the high Canadian dollar affecting the price at the pumps favorably, Schachter doesn't see it. "If oil prices are US \$92 WTI, in Canadian dollar terms, that would be, let's say, CDN \$87 or CDN \$88 because of the strong Canadian dollar,

so that will have a dampening effect on prices in Canada. So as the Canadian dollar strengthens and the price of oil goes up in US dollars, it's kind of a wash because the Canadian dollar mitigates some of that impact at the pump."

The biggest influence on oil prices is the weather. The strongest demand periods

are during winter and summer; winter because of home heating and summer because of the holiday driving season. If the inventories in storage are adequate, then this will keep the price down but if they are tight like they are today, there is a bigger demand. "There are 86 million barrels of oil available in the world on a daily basis. We're now in the shoulder season, using an October/November kind of demand number but when you get into winter, the number could be 87 or 88 million barrels/day and if capacity is only 86 million barrels/day, then inventories which are tight now will get even tighter. That's why prices will move up in the winter time. We get into March/April, and demand backs off to 84.5 to 85 million barrels/day, and there is a 86 million barrels/day supply, inventories can rebuild and then prices during that period of time can back off. So my guess is, this winter, we will top US \$100 per barrel and then



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### TOP WORLD OIL PRODUCERS\*, 2006

RANK	COUNTRY	PRODUCTION
1	Saudi Arabia	10,719
2	Russia	9,668
3	United States	8,367
4	Iran	4,146
5	China	3,836
6	Mexico	3,706
7	Canada	3,289
8	United Arab Emirates	2,938
9	Venezuela	2,802
10	Norway	2,785
11	Kuwait	2,674
12	Nigeria	2,443
13	Brazil	2,163
14	Algeria	2,122
15	Iraq	2,008

### TOP WORLD OIL CONSUMERS, 2006

RANK	COUNTRY	CONSUMPTION
1	United States	20,588
2	China	7,274
3	Japan	5,222
4	Russia	3,103
5	Germany	2,630
6	India	2,534
7	Canada	2,218
8	Brazil	2,183
9	Korea, South	2,157
10	Saudi Arabia	2,068
11	Mexico	2,030
12	France	1,972
13	United Kingdom	1,816
14	Italy	1,709
15	Iran	1,627

NOTE: Thousand barrels per day.

\*Oil production includes crude oil, lease condensates, natural gas liquids, other liquids and refinery gain.

Source: EIA: *International Energy Manual* (2000-2004), *International Petroleum Monthly* (2005-2006).



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when we get into the spring of 2008, we could see prices back off into the low to mid US \$70s," explains Schachter.

"The natural gas business is another story," says Schachter. "Owners in this industry are already hurting and as very weak commodity prices persist, the royalty review recommendations are just one more negative factor that does not make sense in terms of break-even economics." The natural gas business is slowing down because of the lower commodity prices and, since 70% of the drilling activity is for natural gas, there is already a decline in drilling activity.

"Companies need US \$7-\$8/mcf to break even. We're going to see a lot of natural gas companies reporting losses. The Western Canadian Basin is 70% gassy. (Other than tar sands, a typical company is involved 70% with natural gas and 30% with oil.) If companies were reporting profits, you

could argue that charging them higher royalties is justified. But most natural gas companies we cover are juniors, under 10,000 boe/d, and they will be reporting losses. My guess is 70% - 80% of them will be showing net losses. Adding another onerous cost such as higher royalties, when the industry is not profitable, is a problem."

A cold winter is needed, especially in eastern parts of Canada and the United States, to increase the demand for natural gas, otherwise the 'sloppy' commodity price will endure through to the end of 2008.

As for oil and gas companies moving to other provinces, because of the royalty, there is already active drilling in Saskatchewan and BC, for example. "The drilling activity rate for Saskatchewan has not gone down relative to what's gone on in Alberta. Even BC is doing better

because of the opportunities where there's a stronger economic incentive for them to be drilling," says Schachter.

Though this is the case, the likelihood of Saskatchewan having more oil and natural gas than Alberta is not high. "As you go deeper into the basin towards the foothills, that's where the production gets more prolific," adds Schachter. "They (Saskatchewan) have a very large amount of heavy oil. They have potentially some tar sands, but the numbers will never be as big as Alberta's." The reserves in Canada ensure a security of supply.

Some predict that behind-the-scenes North American Union talks to bring in the Amero currency, will add economic clout to the existing NAFTA accord. This may endanger not only Canada's economic sovereignty, but also put the oil sands and our water at risk. Schachter doesn't see the implementation of the Amero,

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"not in my lifetime," he insists. "I think Canadians would prefer to be Canadians." With a Canadian dollar going higher every day, he may be right. "I think Canada has benefited from NAFTA. I think Mexico is benefiting from NAFTA."

Besides supply and demand influences on the price of oil, there are other influences such as political unrest, alternative fuels and new drilling technologies.

If there is an attack on northern Iraq by Turkey, in particular on the pipeline from the Caspian Sea to Ceyhan, the production and shipment of millions of barrels a day could be affected. If this amount of oil were withdrawn during the critical winter period, the price of oil would go to US \$120 or even US \$130 per barrel. A more ominous event having a severe effect on the price of oil would be the invasion of Iran which produces 3.9 million barrels per day.

"If there was an invasion, and the Straits of Hormuz were not able to take that crude, it would be very negative to oil prices and they would be higher. More importantly, if the Straits of Hormuz were blocked, 40% plus of the world's oil, or 30 million barrels, would be blocked from being transported to market. Iran, Kuwait, Saudi Arabia all ship oil through the Straits of Hormuz. Add up their oil production and you have some serious numbers resulting in higher oil prices. We would probably see rationing like we had in the 1970s where even license plate numbers could go fill up at gas stations one day and odd license plates could go the next. That would be very detrimental and my guess is that we would see US \$150 dollar a barrel if there were any blockage of the Straits of Hormuz or an attack on Iranian infrastructure," deliberates Schachter. A disruption of supplies for any length of time would not only be very

negative for energy, but also for world economic growth.

Alternative fuel technologies are quickly gaining ground in an environmentally conscious world, but as to alternative fuels overtaking oil and gas as an energy source, that is highly unlikely according to Jason White, Schachter's right hand man who has been working with him for three years.

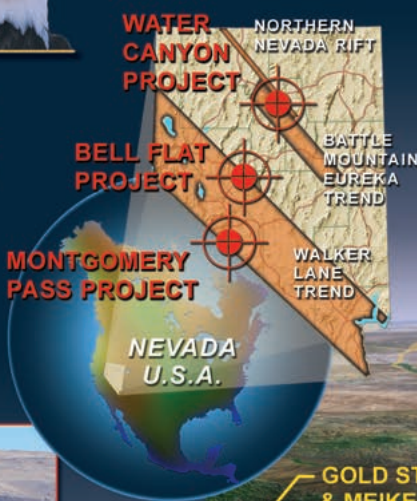
"Currently, biofuels are 1.1 million barrels per day. Brazil is contributing 300,000 barrels per day and the US contributes 400,000 barrels per day. By 2010, we're expecting 1.7 million barrels per day, so it's a component, but it doesn't offset global petroleum declines in terms of the magnitude of the biofuel supply."

Schachter agrees that alternative fuels won't be the solution. "If you have a demand of 86 million barrels daily increasing to 87 and further increasing to 90

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million barrels daily by 2010, a million barrels or 1.7 million barrels of alternative fuel is not a big number. So it's part of the solution to the growing demand. But also, remember, producing biofuels is very energy intensive and there's an argument that growing corn to produce bio fuel is an inefficient use of energy. The farm lobby is happy with the situation because, of course, the farmers do very well; however, there's no real economic justification for this energy intensive process."

"A bigger player manipulating the price is OPEC," White says bluntly. Schachter agrees and postulates on OPEC's strategy. "If we sell the same amount of oil as we did last year, the price of oil goes up by US \$20 a barrel, we've just coined a lot more money. So members of OPEC have no incentive to bring on more production because revenues can increase when production remains flat." But Schachter adds, "It's also about you and me and our SUV's." How much are North American consumers willing to pay for gasoline to feed their gas guzzling vehicles?

"Though there are factors affecting the price of oil, one thing is for certain," says Schachter. "We're not running out of oil but we are running out of cheap oil. We ran out of US \$2 oil in the 1970s, US \$10 oil in the 1980s, and US \$25 oil in the 1990s. We're probably running out of US \$50 oil right now. But the higher prices of oil will allow us to develop new technologies and explore higher cost areas we've never explored before. We can possibly make breakthroughs, in terms of technologies, to bring oil out of the ground."

"We will continue to burn fossil fuels since two-thirds of that amount is used for transportation. There is no technology on the horizon that is going to change that in the near term," concludes Schachter. ■

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# New Discoveries

by Ellsworth Dickson

**THE WAY MOTHER NATURE** has emplaced valuable minerals and metals in the earth can present significant challenges for explorers. Aside from the obvious and easily-found deposits, more often than not there are merely promising mineral showings on surface or enticing geophysical anomalies to follow up.

However, frequently the detailed investigation of these tantalizing clues leads to disappointment when the showing is not part of a mineral deposit large enough with high enough grades to develop a viable mining operation. That's why thousands of properties are explored and eventually rejected. But once in a while a substantial deposit is discovered. It's interesting to note that much of the huge worldwide mining

industry is actually built on long shots.

When an exploration company pulls up diamond drill core with high grades over a great length, often the shares of the company head skyward. It's very difficult to know which company will hit it big. One way to narrow down the contenders is to invest in companies that are exploring in particularly favourable geological environments such as in a prolific area with numerous known deposits along a trend or in a cluster.

Sometimes a company will have a great drill hole, but the stock does nothing. This could be because the company has inadequate promotion and investors are just not aware. Other times, investors may not believe the results. Investors have to keep in mind that one excellent drill hole does not make

The very moment of discovery! *Resource World* magazine happened to be present in the Diamonds North Bell Jet Ranger helicopter when flying from its main Nunavut camp to its smaller satellite camp at the Amaruk Diamond Project. A hitherto unknown gossan (rusty rock) was spotted from the air and investigated which turned out to be a nickel deposit. The gossan is 20-30 metres across. Above Mark Kalebaba, president/CEO and Bruce Kienlen, VP exploration, examine mineralized rock from the newly-found gossan. Photos by Ellsworth Dickson



a mine – it takes many of them. So what frequently happens is that the stock goes wild, then pulls back when the day traders and quick flippers sell off, only to resume its skyward trajectory when further good results ensue. Of course, if the hole is a ‘one hit wonder’ the stock price heads south.

Below is a selection of recent mineral discoveries, some of which have had a dramatic and positive impact on the respective share prices.

**Barker Minerals Ltd. [BML-TSXV]** has reported a new discovery of stringer to massive sulphide mineralization on its Frank Creek polymetallic massive sulphide project in the Cariboo Mining District of British Columbia about 77 kilometres northeast of the City of Williams Lake. The initial discovery trenches were 5 metres in length and 5 metres apart and were located along the strike of the coincident geophysical and geochemical anomalies. The two discovery trenches exposed mineralized and altered bedrock across a width of approximately 5 metres on each trench. Sampling is underway before the discovery trenches are to be extended further across the strike of the coincident anomalies. Assays will be reported when received.

**Bayswater Uranium Corp. [BAY-TSXV]** has made a near-surface uranium discovery with significant molybdenum credits from drilling its 100%-owned Anna Lake prospect located in the Central Mineral Belt of Labrador. Results include an intersection in hole AL07-01 grading 0.07%  $U_3O_8$  over 40 metres, including 0.12%  $U_3O_8$  over 5.0 metres and 0.015%  $U_3O_8$  over 6.0 metres. In addition, an approximate true width intersection from hole AL07-25 returned 0.05%  $U_3O_8$  over 25 metres, including 0.1%  $U_3O_8$  over 2.0 metres and 0.11%  $U_3O_8$  over 6.0 metres. As of late October, 62 diamond drill holes have been completed totaling approximately 13,000 metres on several high-priority targets identified in 2006. The mineralization remains open along strike and to depth. Additional drilling is planned to continue until mid-November and resume again in early spring 2008 from the base camp at Anna Lake.

**Celtic Minerals Ltd. [CME-TSXV]** has

received encouraging assays from grab sampling on its 100%-owned, 514 square kilometres, Kingurutik property located about 85 kilometres northwest of the Inco-CVRD Voisey's Bay Mine in Labrador. Some of the better assays from outcrop on the Toll prospect are tabled below.

Sample No.	Nickel %	Copper %	Cobalt %	Platinum ppb	Palladium ppb
274390	1.20	0.29	0.13	195	264
274391	0.72	0.35	0.11	261	203
274393	0.94	0.73	0.15	189	224

Celtic geologists say these samples have expanded the initial discovery area and clearly indicate the presence of platinum group metals. A UTEM ground geophysical survey has been carried out on a 120 line-km grid that covers a large gravity anomaly associated with the Toll prospect. A 5,000-metre drill program is now underway. A winterized camp has been constructed to enable a continuation of Phase II drilling operations if required. The company has four projects in Labrador and four in Newfoundland.

**Diamonds North Resources Ltd. [DDN-TSXV]** has reported the discovery of high-grade nickel in a gossanous outcrop on its 100%-owned Amaruk Diamond Project in the Pelly Bay region of Nunavut. Grab samples from a highly oxidized, sulphide-rich zone within a suspected gabbro yielded high nickel values with associated copper and cobalt. The table below lists assays from grab samples collected from the gossan.

Sample No.	Nickel %	Copper %	Cobalt %
1	1.36	0.21	0.07
2	0.92	0.25	0.05
3	0.63	0.28	0.02
4	0.50	0.24	0.04
5	0.35	0.14	0.02

The sulphide mineralized outcrop is about 20 to 30 metres wide and slopes gently into an extensive low-lying area with no outcrop. Associated with this location is a 700 to 1,500-metre long magnetic anomaly with widths estimated to range from 20 to 65 metres. Diamonds North is planning a detailed electromagnetic survey over the



A VMS Ventures geologist examines mineralized drill core from the VMS Ventures' Reed Lake property 52 kilometres southwest of Snow Lake, Manitoba, Photo courtesy VMS Ventures Inc.

area to better define drill targets. The company has also discovered 22 kimberlites at the Amaruk Project, some of which are diamondiferous.

**Fancamp Exploration Ltd. [FNC-TSXV]** is participating in a large airborne survey over the Noront Resources discovery and adjoining properties – see Noront review. Fancamp's McFauld's Lake, Ontario, property lies within 200 metres of the Noront discovery holes. A strong, untested magnetic anomaly with associated conductivity lies on the Fancamp ground some 650 metres south-southeast of the discovery holes. Additional conductive and magnetic targets are also present.

**Gateway Gold Corp. [GTQ-TSXV]** has discovered gold mineralization at its Lower Mac Ridge Project in northeast Nevada. The three holes tabled below are about 100 feet apart.

Hole No.	Interval Feet	Gold Gr/T
MR-07-01	65	1.670
Including	40	2.547
incl.	25	3.688
MR-07-02	25	0.748
Including	5	1.150
MR-07-03	50	1.744
Including	30	2.650

Drilling continues. Gateway's most advanced project, the Big Springs property,

has a NI 43-101 compliant resource estimate of 1.2 million ounces averaging 0.078 oz. gold/ton at 0.025 oz/ton cut-off.

**Golden Chalice Resources Inc.** [GCR-TSXV] continues to follow up on its nickel discovery at its Langmuir Project located 35 kilometres southeast of Timmins and the Kidd Creek metallurgical complex in northeast Ontario. In May 2007, the company reported that discovery hole GCL07-6 intersected 1.14% nickel over 72.50 metres, including two separate heavily mineralized intervals of 2.23% nickel, 0.22% copper, 0.20 grams platinum/tonne and 0.50 grams palladium/tonne over 17.50 metres, and 1.74% nickel, 0.12% copper, 0.20 grams platinum/tonne and 0.47 grams palladium/tonne over 13.10 metres of drill core.

Drilling to date has defined a large mineralized system that has been traced for at least 150 metres in length along strike and down to a vertical depth of 250 metres. The main A Zone has an irregular shape that widens as it goes deeper before splitting into the A and B zones. Nearer to surface,

the estimated true width varies from 4 to 7 metres and expands up to 20 metres at 100 metres vertically below surface. Grades are generally over 1% nickel with elevated platinum and palladium values. Massive sulphide sections grade up to 17% nickel.

Drill hole GCL07-17, collared 50 metres west of the discovery drill hole, returned 1.33% nickel over 19.20 metres from 167.50 to 186.70 metres and 0.88% nickel over 12.60 metres from 284.90 to 297.50 metres. The drills continue to test the nickel mineralized zones on 25-metre sections to the east and west. The drilling will then focus on testing below the 250-metre level, followed by infill drilling in order to start building an ore resource.

**HudBay Minerals Inc.** [HBM-TSX] has reported a new zinc discovery at Lalor Lake located about three kilometres off Highway 395 and 15 kilometres from the company's Snow Lake concentrator in Manitoba.

"Based on data from 16 holes, indications are potentially 18 to 20 million tonnes at 7.7% to 8.8% zinc. The deposit is open in

two directions. We are fast-tracking what we believe is a significant new zinc discovery," said Peter Jones, president/CEO. A NI 43-101 compliant resource estimate is planned for early 2008. HudBay is an integrated mining company operating mines, concentrators and a metal production facility in northern Manitoba and Saskatchewan.

**Klondex Mines Ltd.** [KDX-TSX] has reported additional high-grade intercepts from recent core drilling during its Phase VI program at the 100%-owned Fire Creek property in the Battle Mountain-Eureka Trend in northern Nevada. Hole FC0742 returned 15.39 grams gold/tonne over 5.5 metres, including 41.55 grams/tonne over 1.37 metres. Hole FC0741 cut 35.1 metres of 2.0 grams gold/tonne, including 3.8 grams/tonne over 9.14 metres. More assays are pending. At Fire Creek, Klondex has defined an indicated mineral resource of 1,636,555 tonnes grading 19.88 grams gold/tonne, containing 1,045,738 ounces of gold in two separate zones. The company has filed for permits to begin bulk sampling for

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Drilling at the Golden Chalice Langmuir Project near Timmins, Ontario. From left to right, Ken Kivi, geological technician for Golden Chalice, Peter Caldbick, project manager for Ontario properties, Pat Desjardin, driller for Norex Drilling, and Kevin Montgomery, project geologist for Langmuir Project. Photo courtesy Golden Chalice Resources Inc.

metallurgical testing of up to 120,000 tons of ore.

**Linear Metals Corp.** [LRM-TSXV] continues to intersect significant copper-molybdenum-zinc mineralization at its Cobre Grande Project in Oaxaca, Mexico. Highlights of the drilling are tabled below.

Hole No.	Interval Metres	Zinc %	Copper %	Molybdenum %	Silver Gr/T
CG-39	46.9	3.62	0.09	0.022	8.2
Including	28.0	5.20	0.11	0.010	8.7
CG-40B	96.31	0.55	1.76	0.070	59.8
Including	26.0	0.60	3.37	0.128	119.7
CG-41	105.5	—	1.01	0.033	12.1

Besides drilling, the current work includes a detailed soil sampling program, a 20 line-km induced polarization program, rock chip sampling of new road cuts and sampling for the first phase of a metallurgical testing program. This work is leading up to preparing a NI 43-101 compliant resource estimate.

**Noront Resources Ltd.** [NOT-TSXV] has made what appears to be an important nickel-copper-platinum group metals discovery on its Double Eagle property in the McFauld's Lake area of the James Bay Lowlands, northern Ontario. The discovery hole returned 36 metres grading 1.84% nickel, 1.53% copper, 1.04 grams platinum/tonne, 2.87 grams palladium/tonne and 0.127 grams gold/tonne. Hole NOT-07-09 intersected the mineralized zone at 43 metres core length and remained in it until 88.6 metres for a total intersection of 45.6 metres. The mineralized zone included two massive sulphide sections totalling 22 metres. Assays for the 17.4-metre upper massive sulphide section averaged 3.87% copper, 4.82% nickel, 1.02 grams platinum/tonne, 14.78 grams palladium/tonne, 0.27 grams gold/tonne and 11.3 grams silver/tonne. The lower 4.6-

*Continued on page 71*



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- Three are located within the Sudbury Nickel Camp and one south of the Timmins Gold Camp in the Swayze Gold Belt.
- All four properties have returned some excellent, if not spectacular, assay results of gold, silver, platinum group metals, copper, nickel, lead, zinc and antimony.
- There is uranium mineralization on three of the properties.



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# Stornoway Diamond Corporation

## Diamonds in the Rough

by Alf Stewart

**SINCE 2004**, the diamond exploration sector has endured a sharp sell off, followed by a long bear market, despite substantial progress on construction of a number of new diamond mines across the country, and substantial progress on two advanced diamond development projects. **Stornoway Diamond Corp.** [SWY-TSXV] has a significant interest in one of those development projects.

As documented in Matt Blackman's article "Scanning for Diamond Drivers" in *Resource World's* August feature issue on diamonds, a representative sample of 40 Canadian diamond explorers fell in value by 87% from January 2004 to July 2007. Stornoway, which traded as high as \$3.00 per share in early 2005, has fallen in value at the time of writing this article to approximately \$0.75. As the chart shows, the stock has been building an extended base after the earlier sharp decline. It is currently trading at the lower end of its 12-month trading range of \$0.50 to \$1.50. This extended base building phase following a significant decline is one of my favorite technical chart patterns, as it indicates the stock price has largely shaken out all of the selling pressure, and increases the likelihood of a rise in the share price in the future.

Why am I making Stornoway Diamonds my brokers pick despite the negative past performance of the sector and the company's shares?

- The diamond sector has been deserted by speculative investors drawn by the emergence of bull markets in other commodities such as uranium, gold, oil and gas and base metals. It is due to rebound as speculative interest returns from these other sectors which appear to have topped out.
- Several diamond projects are going into production in the next year. DeBeers has the Victor Diamond Project in north-

ern Ontario, as well as the Snap Lake Project and the Gaucho Kue Project in the Northwest Territories. The startup of these mines will reassure investors that diamond exploration in Canada has yielded tangible results and that diamond mining is a growing business here.

- Stornoway is the most aggressive diamond explorer in Canada. It spent about \$30 million on exploration last year, with a full suite of projects across the country from grass roots to advanced development stage. One of its projects, the Foxtrot property with the Renard kimberlitic pipes is nearing feasibility study stage.

• Location, location, location. Stornoway has a 50% interest in the Foxtrot Renard Diamond Project in Quebec. Canada's first two diamond mines were located in the Northwest Territories, a federal jurisdiction which has an incredibly long and slow approval process. This added significantly to the cost of these projects. On the other hand, Quebec is rated as the most mining friendly province in Canada, and is likely to provide a much more favourable regulatory process. Secondly, I expect a mining operation there would have year-round road access, rather than the expensive winter ice road access employed by the diamond mines in the Northwest Territories.

- Stornoway has a dedicated and experienced management. CEO Eira Thomas and President Matt Mason lead an impressive team of diamond industry professionals. They have experience in all phases of the diamond industry.

• Stornoway recently reported the discovery of a 5.43 carat diamond from sampling of its Kahuna kimberlite dyke in Nunavut. The diamond is described as a broken fragment of a diamond up to 14 carats in size, which would be a very large diamond indeed. This is a joint venture project with



**Shear Minerals Ltd.** [SRM-TSXV].

- Recently, Stornoway reported extremely encouraging valuations on diamonds recovered from the Renard 2 and Renard 3 pipes in its 10,000-tonne bulk sample. Modestly positive results were obtained from the Renard 4 pipe. A decision on the next phase of development of this project is expected in the next few months. The project is on track for production in 2011 if development proceeds according to the company's plan.

It is my belief in the Renard Project which underpins my confidence in the ultimate value of this stock. The early drilling of the Renard pipes yielded a large diamond in the drill core. This was only the second time in Canadian exploration that a large diamond has been seen in drill core. The first instance was in early exploration of the Diavik Mine. I am of the view that Stornoway may enjoy similar success with the Renard pipes. ■

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# Developing Renewable, Clean & Profitable Electrical Power



## About Geothermal Power

- Produces clean energy – no emissions, no combustion in plants, recyclable, closed loop
- Proven technology, low operating costs
- No fuel required means no commodity shocks

**Nevada Geothermal Power Inc. ("NGP") (NGP: TSX Venture Exchange and NGLPF: OTC BB) is an alternative renewable geothermal energy company that owns 100% leasehold interest in four properties: Blue Mountain, Pumphnickel, Black Warrior in Nevada and Crump Geyser, Oregon. This area has been described as "the Saudi Arabia of geothermal energy" by US Senator Harry Reid, NV.**

Nevada Geothermal is gathering steam with its flagship project Blue Mountain's "Faulkner 1" power plant; NGP has a 20-year Power Purchase Agreement with Nevada Power Company (Utility) to deliver up to 35 MW (gross) 31.25 MW (net) of geothermal power, enough energy to supply ~24,000 homes. Development drilling has been completed and production testing is underway to complete a feasibility study for fall, 2007. Bridge Financing of US\$20.0 million has been arranged as well as construction and project financing for US\$100 million. Subject of a favourable feasibility study, Phase 1 at Blue Mountain is expected to commence power generation in 2009.

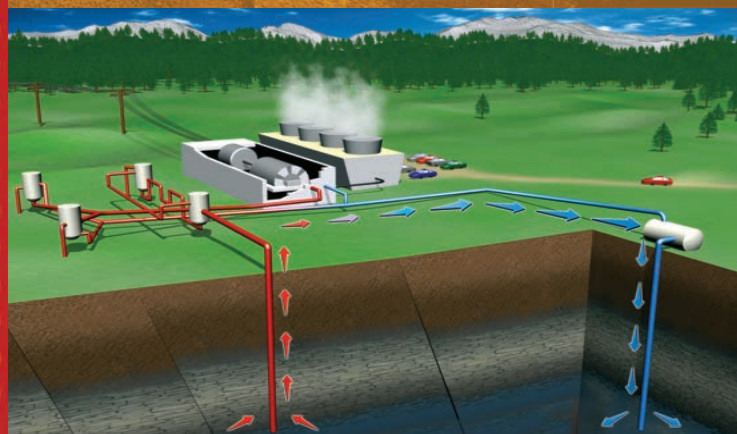


Image courtesy of Geothermal Education Office

## Nevada Geothermal Power Inc.

Symbol

TSX V: NGP

OTCBB: NGLPF

Shares Issued and Outstanding: 76,824,171

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# US economy and the world

by Leonard Melman

**THROUGHOUT THE PAST** several decades, economists, investors and the general public have held fast to the idea that whatever happened to the American economy, the world's largest, would have a dramatic effect on the other nations. In fact, one of the oldest market sayings reads, "When America catches cold, the rest of the world gets pneumonia."

In the present time frame, the American economy is indeed giving every indication that it may be catching a renewed case of the economic flu. Their housing industry is in decline, new job creation is not keeping pace with population growth, there have been slowdowns in durable goods orders, manufacturing indexes, building contracts, help wanted indexes, factory shipments and consumer confidence indicators, among others.

The great question, then, and one particularly relevant to the mining industry, is this: Will a slowdown in the American economy have a major negative impact on the economic performance of other nations, particularly those which have been the scene of important economic advances in recent years? The mining industry has been the beneficiary of enormous increases in demand as well as prices for virtually all raw materials. However, if the economic advancement of developing nations is in jeopardy due to the declining American economy, the price structure of base and precious metals could decline substantially.

Those supporting the contention that a major American economic slowdown will

have a powerful and negative effect on world economies, base their arguments on the contention that much of the economic growth in China and India in particular has been due to their export industries which have grown to satisfy continuing demand for goods and services from the West in general and the US in particular. While there has been some growth in foreign domestic economies, the negative argument presumes that if America falls into deep recession and American consumer demands are sharply curtailed, then those foreign export industries will also contract, resulting in sharp declines in their own domestic economies. As a result, contraction in America will indeed lead to contraction in previously advancing nations as well.

On the other hand, others argue that the United States is no longer the dominant force in the world's economy. They point to the tremendous and ongoing expansions in the domestic economies of the rapidly growing BRIC nations' (Brazil, Russia, India and China) domestic economies and believe that any economic difficulties in America will be of limited significance in terms of overall international economic performance.

A substantial body of economic data supports the latter argument. For example, one measure of economic activity is the number of Initial Public Offerings (IPOs) placed into the financial markets by newly-created enterprises. According to a report recently released by accounting giant Ernst & Co., most of the new IPOs are now coming from outside the USA. Seven of the 10 largest such IPOs in the third quarter 2007 were from emerging economies and the report concluded, "Emerging markets are likely to generate substantial new issue volumes."

Major investments into Chinese industry involving huge amounts of capital continue to be made. Hi-tech giant Cisco Systems just announced a US \$16 billion expansion program in China including investments in manu-

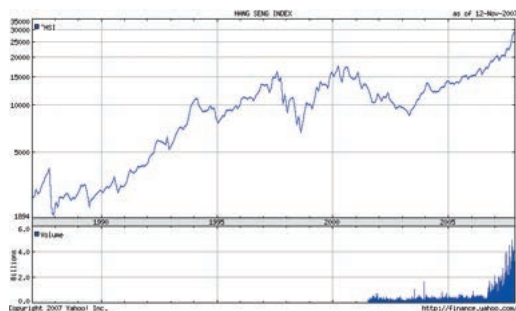
facturing, venture capital and education. They plan to double their Chinese manufacturing capacity over the next three to five years, an action which would support 50,000 new jobs.

Even the mining industry itself has shown a willingness to invest in the economic future of these emerging economies. Rio Tinto PLC announced that because of their belief that China will continue to grow at a rapid pace, they believe that China's domestic aluminum refinery capacity will not be able to keep pace and, therefore, China will seek to import foreign aluminum, which is an underlying reason why Rio Tinto invested US \$38 billion in their take-over of Alcan, Inc.

One other important fact supporting the diminished American influence argument would be this: In America, great concern has been expressed over data indicating American homebuilders will construct 500,000 less housing units this year than last. Opposed to that number, new housing unit construction in China and India is advancing by an estimated 15-20 million units each year, comparatively minimizing any negative influence from America's declining residential sector.

The speculation, then, is whether these arguments indicating foreign strength are sound, in which case demand for mining products will likely continue to accelerate. Does America retain immense influence over the international economic scene? In this case, the opposite result would prevail. ■

*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)*

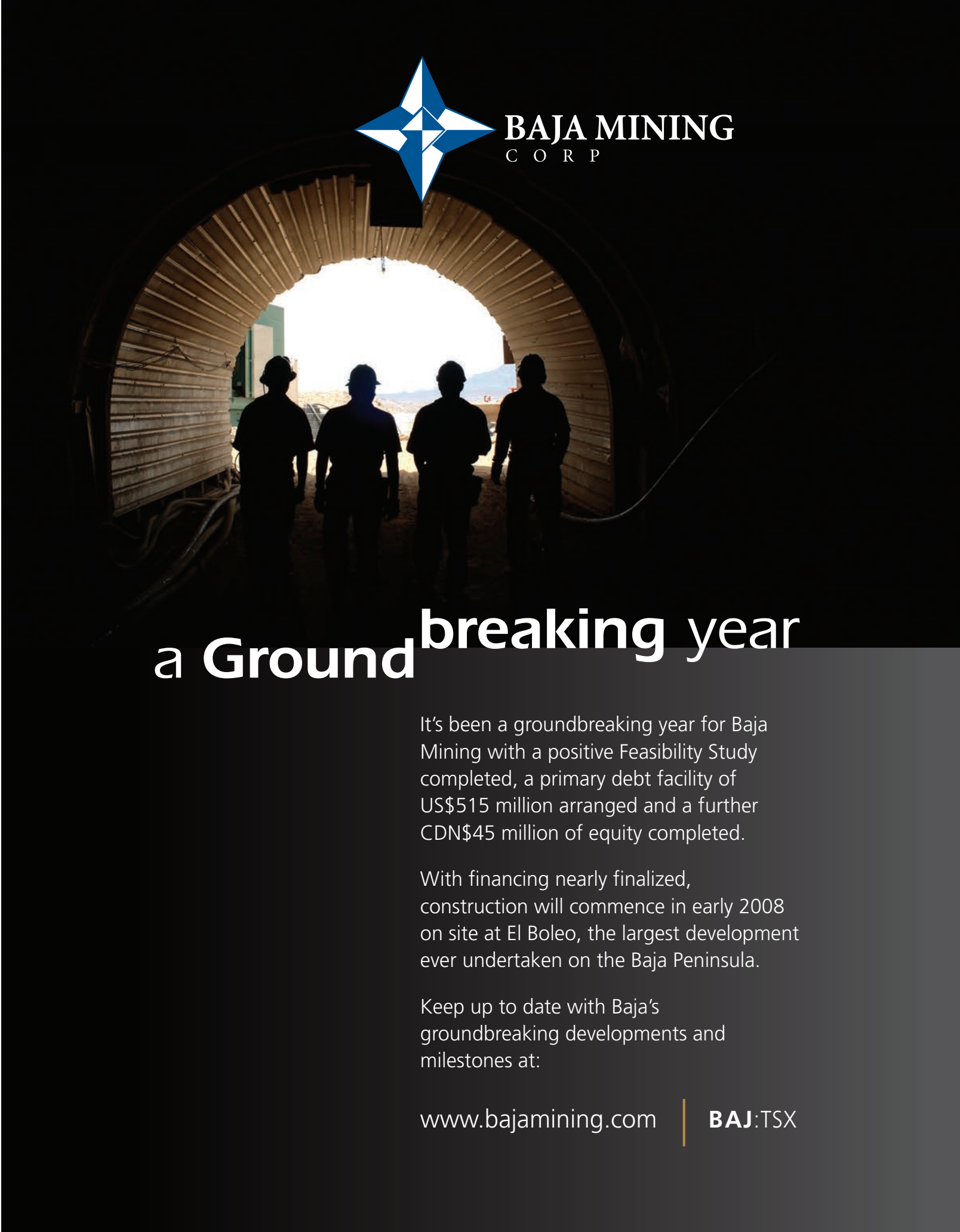


Hang Seng Index





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**BAJ:TSX**



# Galena Capital has three-pronged business approach

by Eric Hoesgen & Dennis Hoesgen

**IN OUR LAST ARTICLE** we discussed the current economics of mining in Latin America and provided examples of companies that have had proven success there. In closing, we briefly mentioned **Galena Capital Corp.** [FYI.P-TSXV], a CPC (Capital Pool Company) that was halted and announced its qualifying transaction. Galena will also position itself in Latin America, with its target transaction located in Mexico. In our opinion, this is a spectacular opportunity to add a new company with a favourable upside potential to your speculative portfolio. What makes Galena so appealing is its structured business model, its strong management team, and its accessibility to projects.

For new readers, let's recap why we believe Latin America to be a great place to invest in mining. The mining sector in Latin America dates back hundreds of years and today employs over 2 million people. That's in Mexico, Peru and Brazil alone. They are close to the world's fifth largest in economic size with a GDP of \$2.26 trillion. There are many areas that have had a proven history of mining with no modern mining methods applied to them. Also, there is the cost effective labour force.

Galena's experienced management team also recognized the opportunity there. You may already be familiar with Arni Johannson, CEO/chairman. Johannson is the founder, chairman and partner of the Fortress Group, a company involved in raising investment capital for public companies. Johannson has extensive experience in working with publicly listed companies and is presently a director of **Mega Uranium Inc.** [MGA.TSX], founder and a director of **Titan Uranium Inc.** [TUE-TSXV] and a director of **Fortress Paper** [FTPTSX]. The company also boasts an active management and board including Stu Blattner who brings a wealth of knowledge with 25 years experience heading the worlds' leading down-hole drill-

ing company. Jeff Scott, MBA, is a veteran in the resource industry having co-founded companies such as **Saxon Energy Services** [SES-TSX] and **Gran Tierra Energy** [GTRE-OTC.BB], which, in total employ over 1,000 workers. He is also a director of **Essential Energy Services** [ESN.UN-TSX] and president of **Postell Energy** which has over 150 producing oil wells. John Seaman, director, is the former CFO of Wolfden Resources and current CFO of **Premier Gold Mines** [PG-TSX] and **Pediment Exploration** [PEZ-TSXV]. Tracy Moore, CA/CFO, has 25 years public market experience and is a director of **Alberta Star Development** [ASX-TSXV].

Galena's business model is a three-pronged approach that categorizes projects – Priority One, Treasury and Galena Goodwill. Priority One projects will be the subject of technical focus and will create substantial market cap potential. Each property will be selected based on specific criteria: each project must have potential value in excess of \$250 million, production potential of (500) t/day (minimum), and have viable production within 18 to 24 months. Galena's Treasury projects are those that don't qualify for Priority One expenditures, but still have strong technical merit. The purpose of Galena Goodwill projects is to provide an outlet for property owners to market their assets as well as providing a resource for other public companies when looking for properties to acquire.

Galena is fortunate enough to have accessibility to over 30 projects in Latin America. The qualifying transaction project is the La Suerte (the luck) property acquired from Alfredo Parra Davila, president/CEO of **Rochester Resources** [RCT-TSXV]. The claims are 100% owned by Minas Vallarta and are located 20 kilometres South of Tepic, Mexico. The 43-101 has been completed by Ron Parent on the three claim blocks and confirms the zone is potentially open to depth. The structures are mineralized and also host hydrothermal alterations. Two of the three

structures show signs of epithermal deposits. This project is currently being evaluated to see if it falls into Priority One status, but, if not, it will have enough technical merit to be classified as a Treasury project. Galena is following a similar, proven, business model with respect to evaluating projects as was used with Rochester Resources

The Venture Group at Canaccord Capital, which consists of Eric and Dennis Hoesgen, Rob Anderson and David Kaiser, is leading the financing for Galena. The financing will issue a total of 4,500,000 shares at \$0.95 a unit with a ½ warrant exercisable at \$1.65 per share for two years. Following the completion of the qualifying transaction, the final Galena structure will consist of 21,300,000 shares issued and outstanding, \$5,955,000 in treasury, and 700+ shareholders. We feel that the company will be well poised to be a leader in Latin America. ■

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# Garage Sale

by Rod Blake

**RECENTLY, I SPENT** the good portion of a weekend cleaning out the garage and having a sale of unwanted items. At the end of it all, the garage looked good, all neat and much more efficient, with a reason and place for everything in it. Not surprisingly, I felt better for finally getting the job done.

It seemed to me that cleaning up the garage and selling outdated items was much the same as 'tax loss selling' of investments, especially at this time of the year when we've had time to accumulate a whole year's supply of dead weight securities. Stocks like that ABC Minerals that your \$\$^Y\*%\$ brother-in-law told you about last January that was a sure double by February, but he forgot to tell you in what year. And don't forget XYZ Widgets, which launched their not so successful Blueberry hand-held communication device.

So, why tax loss selling, and why at year end? Now, keep in mind that I'm not a tax expert, and you should confirm these moves with your own tax accountant, but here's how it works. Tax loss selling is your ability to create a capital loss now, that can be applied against a capital gain you might have this year, and save you current capital gain taxes, or, you if you have no current capital gains, you can carry the loss forward indefinitely to be applied against future gains you might have in subsequent years.

For example, let's say you have locked in \$20,000 in capital gains so far this year, and if you were to sell some losers, they would give you a combined capital loss of \$10,000. Your total gain, (\$20,000), minus your total losses, (\$10,000), leaves you with a net capital gain for this year of \$10,000 which should reduce your tax bill somewhat. Plus, you now have an extra \$10,000 in your trading account to take advantage of any opportunities.

Be aware though, you have to sell so the trade settles in the year you want to lock in the loss, which takes three

business days after the trade, so watch out for Christmas holidays that may extend the settlement date. And, also be aware that if you buy back the same security in less than a month, you void your capital loss.

Once a year, don't be afraid to have a portfolio sale. It will help you to refocus your account, give you a break on your taxes, and put a little extra money in your account to take advantage of other opportunities. ■

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# When is enough consultation enough?

Mr. Justice Stephen O'Neill provides mining executives advice on First Nations consultation and accommodation

by Robert Simpson

A JAM-PACKED ROOM of mining executives and First Nation leaders were focused on Justice O'Neill's every word at a recent conference in Vancouver presented by the Canadian Aboriginal Minerals Association. The 500 or so people in the audience were keen to learn about First Nations land claim issues – the Duty to Consult and Accommodate and how the new realities of working in First Nations territories affect the mining industry. And if anyone knows the answers, it is Justice Stephen O'Neill since he's been making case law on land claim issues since 1982.

First Nations consultation is a challenging topic for the mining industry given that First Nations opposition to a project heightens the development risks and that risk may depend on where First Nations are in their land claims and treaty settlement process. Concern was heightened recently after a Joint Federal-Provincial Environmental Review Panel for Northgate's Kemess North Project in British Columbia recommended to the federal and provincial Ministers of the Environment the project not be approved as proposed. The panel concluded that "adverse effects include the loss of a natural lake with important spiritual values for Aboriginal People, and the creation of a long-term legacy of environmental management obligations at the minesite to protect downstream water quality and public safety." What miners and Bay Street heard was that First Nations have a veto.

While not the only factor, long-term

environmental impacts played a role in the decision. Justice O'Neill emphasizes mining companies have to work respectfully with First Nations. "When you give respect, you receive it," says Justice O'Neill. "The industry has to gain an understanding of the treaty making process, learn a little bit about history and take the time to build consensus."

But there are big challenges and he believes more education is needed around legal principles and treaties, and good listening skills are required.

"Industry is taking the lead," says Justice O'Neill. "There needs to be good, effective communication and overall I would say that the successes are outweighing the failures."

Several recent court cases have laid the groundwork for the mining industries' Duty to Consult and Accommodate First Nations, namely the Dene Tha' First Nation v. Minister of Environment et al. (2006 FC 1354) decision, but the courts have provided few details on exactly how this relates to mining companies as the Duty to Consult and Accommodate lay with the Crown.

Admittedly, within industry, there are frustrations. The economic fundamentals are strong for the mining industry, but there is a sense that First Nations have the industry in a head-lock and the question remains, how can exploration and development companies operate in an environment where so much is unknown? And, what assurances can companies provide to attract much-needed investment



Mr. Justice Stephen O'Neill



Rick Van Nieuwenhuyse, president/CEO of NovaGold Resources Inc.  
Courtesy NovaGold Resources Inc.



dollars? The answer is straightforward, but not simple: exploration and development must go beyond legal and regulatory requirements in order to secure the support of First Nations.

Time and time again at the recent Canadian Aboriginal Mining Association Conference, First Nations Chiefs and councilors reiterated Justice O'Neill's sentiment. They un-categorically stated First Nations are not anti-development; they simply want an equitable relationship and sustainable mine development.

"We want to be a part of development, but we want our communities and region to get some of the long-term and lasting benefits," says Grand Chief Ron Michel of the Prince Albert Grand Council. "Billions of dollars have left the Athabasca Basin," says the Grand Chief. "And our communities don't have basic infrastructure, access to resources or opportunities. This has to change."

So while First Nations want to be partners in good, sustainable mining projects, there is uncertainty and frustration on the industry side. For example, at a recent Association of Mineral Exploration BC (AMEBC) breakfast in Vancouver, Assembly of First Nations Chief Phil Fontaine was asked, "When is enough consultation enough?"

"Nothing moves forward in a climate of disrespect. The general attitude of the mining sector and the specific attitudes of company officials toward First Nations leaders must be assessed," answered Chief Phil Fontaine of the Assembly of First Nations. "Those who want to run roughshod over First Nations' wishes should realize that strategy, and the perception it creates, will backfire and we will have more conflict."

As for the Kemess North Project, Chief Fontaine says, "If you combine the need for sustainable mining and the Kemess North decision, you will see that if Northgate had respected the First Nations' wish to declare Amazay Lake a no go area early on, then the company would have saved itself \$28 million – not to mention the enormous amount of time, energy and resources spent by everyone else involved." The project is now effectively dead.

Yet while Chief Fontaine had strong

words for Northgate Minerals, he praised NovaGold's approach and commitment to working with the Tahltan Central Council. NovaGold and Teck Cominco's Galore Creek Project is an example of effective First Nation relations. From the early days, relationship building was identified as key factor for project success.

"NovaGold must bring value to its shareholders," says NovaGold's President/CEO, Rick Van Nieuwenhuyse. "But we also believe that the project must bring real benefits to local First Nations communities to receive their support for project development. The best way to achieve that is to start the dialogue early and to be responsive in addressing concerns. Otherwise, the project will not go ahead."

From day one NovaGold called on the Tahltan Central Council (TCC) to be a partner in the project and contribute to it in real and substantial ways. For example, discussions with Elders resulted in a change in the road location and open communication allowed for issues to be discussed before they resulted in major challenges. And while NovaGold has clearly gone above

and beyond the regulatory requirements for mine development, Van Nieuwenhuyse stresses that any project can and must have community benefits.

"Each project has to be measured on its own merits," he says. "There can be no cookie cutter approach to developing relationships with First Nations, because each First Nation is unique, as is any particular project's ability to deliver benefits."

So, while traditionally, communication with communities and consultation skills may not have been as critical for the mining industry, today they are skills that keep a good project alive and may ultimately play the most important role in a project seeing the light of day.

Almost all of Justice O'Neill's comments point to a new paradigm for mining development on a First Nation's territory – whether from a legal position, a corporate social responsibility mandate or just plain good business sense. Mutually-beneficial consultation and accommodation are the new and lasting commitments that exploration and mining executives must make or else they risk the success of the project. ■

## **Risk Assessment Model: Evaluating Project Risk**

The legal fundamentals are there, the social responsibility mandate is clear and, increasingly, there is a business case for consultation and accommodation of First Nations during proposed mine development. One company helping mining clients assess their risk is PR Associates. They have developed a risk assessment model that evaluates 25 variables that accurately measure risks relating to communication and First Nations relations," says Jessica Delaney of PR Associates. "Increasingly our clients are asking us to help them manage the risk on the ground," says Robert Simpson, PR Associates President. "In order to manage risk we believe it is imperative to first assess the risk and then develop a holistic management approach to First Nation and community opposition to a project."

The risk assessment model evaluates variables associated with both the First Nation and the company. "This is a powerful tool that guides industry in planning their community relations and consultation programs." The risk assessment model provides companies with a baseline of their current risk and allows them to measure the effectiveness of their commitments in reducing risk. "Ultimately, it's about relationship building and understanding the context in which a company is working," says Delaney. "This tool that can guide a company's approach on the ground, but it still requires that companies make real commitments and lasting commitments to consultation and accommodation."



# Scandinavian Minerals in mine-planning mode at Kevitsa

by Vivian Danielson

Peter Walker, president/CEO, shows the Kevitsa Project to analysts and journalists. Photo by Vivian Danielson.

**THE KEVITSA DEPOSIT** in northern Finland is poised to soon lose its long-held status as “one of the world’s major undeveloped sulphide nickel deposits.” In anticipation of a positive feasibility study in the second quarter of 2008, **Scandinavian Minerals Ltd.** [SGL-TSX] has ordered grinding mills for its wholly owned nickel-copper-PGE (platinum group elements) project situated 142 kilometres north of Rovaniemi, the capital of Finnish Lapland.

Peter Walker, president/CEO, says ordering the fully autogenous grinding mills was no leap of faith. “We’re confident enough about the project to place the order now and avoid the long lead times for mineral processing equipment.”

The company has marked a series of important milestones since receiving a positive pre-feasibility study for the project in July 2006. A full-scale feasibility study was launched in April 2007, coordinated by St. Barbara LLP of London, U.K., which also oversaw the pre-feasibility study.

In December of 2006, the company applied for a mining permit, followed by an application for an environment permit in the summer of 2007, which comprise the two permits required under Finnish law to build a mine.

Walker says the permitting process in Finland is a pragmatic exercise in which environmental objectives are clear and attainable, and fairly balanced against

economic and job-creation considerations. Because support for the project is strong at both the local and national level, the company is optimistic that all necessary approvals will be granted in the spring of 2008. “This would put us on track to meet out targeted production date of 2010,” Walker adds.

The company envisions an open-pit operation mining about 5 million tonnes per year, with production of nickel and copper concentrates for sale to local and overseas smelters. Current mine planning is based on proven and probable reserves of 66.8 million tonnes grading 0.295% nickel, 0.427% copper, 0.014% cobalt, 0.141 grams gold/tonne, 0.196 grams palladium/tonne and 0.303 grams platinum/tonne, using a 0.18% nickel cutoff grade. These reserves are defined to a maximum depth of 400 metres, with an average strip ratio of 2.34, and would provide a mine life of about 15 years.

The project has a larger resource base of 141 million tonnes in the measured and indicated category, with a further 291 million tonnes in the inferred category, to a depth of 1,000 metres, based on a 0.2% nickel cutoff grade.

Another major milestone for the company was the signing of an engineering agreement with Outotec Oy (previously known as Outokumpu Technology Oy), one of the world’s largest providers of

process solutions, technologies, services and processing equipment for the mining industry. The firm will carry out detailed engineering work, including open-pit modeling, and design the processing plant.

The metallurgical process for Kevitsa was developed and optimized by the Mineral Processing Laboratory of the Geological Survey of Finland. The survey has a long association with Kevitsa, starting with the initial discovery in 1987. The state-owned agency drilled 278 holes totaling 32,845 metres in the 1990s to outline a large deposit that became known as one of the largest mineral discoveries in Finland’s history.

The state auctioned the project in 1995. Outokumpu, then partly owned by the state, won the bid and drilled 15 holes totaling 2,200 metres, mostly to collect material for metallurgical testing. But the Finnish firm returned the project to the government three years later because of metallurgical challenges coupled with weak metal prices. The perception then was that it would be difficult to produce a decent nickel concentrate, a factor that didn’t deter Scandinavian Minerals (then known as Scandinavian Gold) from applying for ground encompassing the project in late 1999.

The junior company had been exploring for gold and other minerals in Nordic nations



since 1986, and was attracted to Scandinavia by its geological potential, political stability and well-developed infrastructure. Kevitsa offered all these advantages, it's accessible by road and has water and hydroelectric power nearby, with the added bonus of extensive drilling data.

"I was astonished it was still open," Walker says, adding that the company acquired Kevitsa in early 2000, along with the database detailing past exploration and metallurgical results.

While the acquisition represents a major coup with the benefit of hindsight, Walker says the company was forced to "tread water" for several years until metal prices rebounded enough to raise capital to advance the project. "We struggled to keep control [of the project] during those years. Bringing in a partner wasn't an option. For us, it was all or nothing."

The tide turned as metal prices strengthened, and by March of 2004, the company completed its initial public offering on the Toronto Stock Exchange at \$1.50 per share. In subsequent years, work programs were focused almost exclusively on infill drilling and metallurgical testing.

By the summer of 2006, a positive pre-feasibility study was in hand that showed positive economics, even at prices well below those prevailing today. At a nickel price of US \$5.67 per pound and a copper price of US \$1.50 per pound, the Internal Rate of Return was 30.4% and the net present value was US \$266 million, based on exchange rates at the time. Capital costs were estimated at US \$110 million, while cash operating costs were projected at US \$1.36 per pound nickel, net of by-product credits.

### 'Finn-genuity'

Finland is known for its technical prowess and ingenuity, and in the case of Kevitsa, the mineral processing laboratory of the Geological Survey deserves much of the credit for cracking the metallurgical issues that once hindered its development. Scandinavian Minerals had previously investigated a number of processing technologies, including some new methods that showed early promise, but wasn't entirely satisfied with the results. A decision was

made to give the Survey the mandate to improve recoveries, the quality and grades of nickel concentrates.

Finnish metallurgists at the Survey rose to the challenge and developed the metallurgical process after conducting successful mini-scale and pilot-plant tests over several years. A bulk sample totaling almost 600 tonnes was mined and processed in three phases from September of 2006 to February 2007. These programs confirmed that good quality, smelter-grade nickel and copper concentrates can be produced by conventional flotation methods.

Nickel flotation yielded concentrates averaging 12.2% nickel, within a range of 9.4% to 17.3% from the pilot-plant tests. Sulphide nickel recovery averaged 78.8%, within a range of 77.4% to 80.5%. The deposit contains some silicate nickel (about 9% of total nickel), which has lower recoveries averaging 65.3%. The nickel concentrate also contained by-product platinum, palladium and gold.

Another objective of the test work was to maintain a high iron to magnesia ratio in order to produce attractive nickel concentrates to smelters. In yet another example of 'Finn-genuity', the test-work produced outstanding results of 17.9, well above the targeted minimum of 4.5. Another breakthrough was the elimination of several reagents, notably TETA (triethylene tetramine), from the flotation process. In previous tests, TETA had been used to suppress the flotation of pyrrhotite in the nickel circuit (to improve nickel recoveries and concentrate grades), but the pilot-plant tests showed that it could be eliminated by adjusting flotation conditions, thus enhancing the stability of the flotation process while also reducing costs.

Pilot-scale copper flotation yielded high-grade concentrates averaging 28.55% copper, at an average recovery of 78%, a major improvement over the mini-pilot tests. A further 11% of the copper reported to nickel concentrate, boosting total copper recovery to 89%. The tests also showed that nickel in the copper concentrate could be maintained below the typical penalty threshold (nickel is a deleterious element in copper concentrates).

The pilot-plant results will be incorporated into the final bankable feasibility study for Kevitsa, scheduled for completion in the spring of 2008. In the meantime, the company is continuing to drill the deposit, with 27 holes totaling 8,600 metres planned over the winter season and first quarter of 2008. The goals are to upgrade inferred resources to the measured and indicated categories, explore north of the proposed open pit where previous drilling had identified mineralization outside the pit limits, and collect geotechnical data for the open-pit design and related facilities.

On the mining side, Scandinavian Minerals expects to use contract miners, which is common practice in Finland. There is no shortage of skilled labour near the site, particularly now that several pulp mills in the region have significantly reduced their workforce.

The bankable feasibility study will include updated projections of annual production in concentrates, which were initially envisioned in the pre-feasibility study as 19 million pounds of nickel, 31 million pounds of copper, 906,000 pounds of cobalt, plus 15,542 ounces of platinum, 9,474 ounces of palladium and 7,916 ounces of gold.

Kevitsa is located in flat-lying terrain about 130 kilometres north of the Arctic Circle, yet the climate is mild relative to the Canadian Arctic. Infrastructure is better developed too, though Scandinavian Minerals will need to make some infrastructure improvements, including upgrading the seven-kilometre forest road connecting the project to the main north-south highway. The company has a permit to build a six-kilometre power line from the nearby hydroelectric plant, which is integrated into the national grid. Water will be drawn from a nearby river.

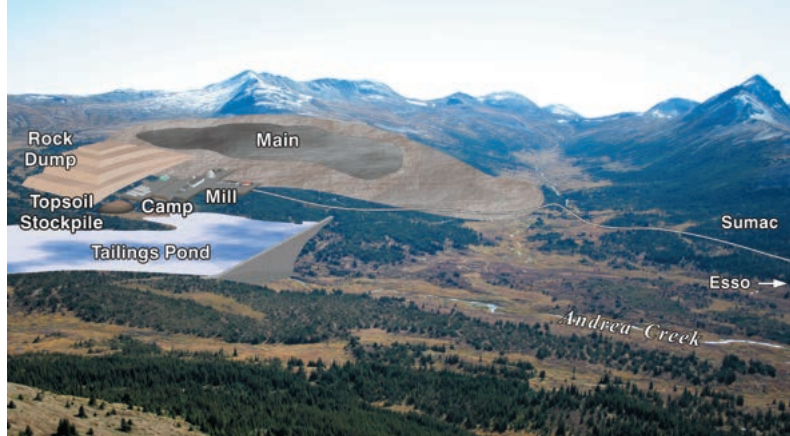
Walker believes that the company's other key asset is a project management team that has attracted some of the best mining and processing talent in the world, including many Finns. Along with their professional peers at Outotec and the Geological Survey of Finland, this team is committed to realizing a long-held goal by overseeing the successful development of Kevitsa. ■

## Western Keltic commissions Kutcho feasibility study

John McConnell, president, reports **Western Keltic Mines Inc.** [WKM-TSXV] has commissioned Wardrop Engineering Inc. to conduct a feasibility study on its 100% owned Kutcho copper-zinc-gold-silver project located 100 kilometres east of Dease Lake, northwestern British Columbia.

Wardrop recently completed a pre-feasibility study that envisioned a combined open pit and underground mine with a conventional 6,000 tonne-per-day concentrator. Average annual metal production for years one to five is forecast at 75.5 million pounds of copper, 93.5 million pounds of zinc, 753,550 ounces of silver and 7,813 ounces of gold. Initial mine life is estimated at eight years with capital recovery in 2.6 years. Capital costs are forecast to be \$299 million. The polymetallic project will have a pre-tax internal rate of return of 23% and a net present value of \$154 million using an 8% discount rate. Operating costs were calculated to be \$46.20 per tonne milled.

Measured and indicated mineral resources stand at 17,694,678 tonnes grading 1.71% copper, 2.36% zinc, 27.45 grams silver/tonne and 0.34 grams gold/tonne. Inferred resources in the Main deposit are currently pegged at 811,103 tonnes grading 0.95% copper, 1.92% zinc, 24.17 grams silver/tonne and 0.33 grams gold/tonne. Inferred resources at the Esso deposit are estimated to be 442,506 tonnes grading 2.47% copper, 4.15% zinc, 38.09 grams silver/tonne and 0.53 grams gold/tonne. The economic analysis did not take into

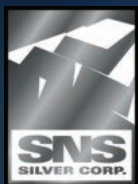


The proposed mining layout for the Kutcho Project in northwest BC. Photo/illustration courtesy Western Keltic Mines Inc.

consideration any contribution from the Sumac deposit which is currently classified as inferred resources (10,614,652 tonnes grading 0.94% copper, 1.45% zinc, 13.96 grams silver/tonne and 0.14 grams gold/tonne).

Over the past two years Western Keltic has completed in-depth mining and environmental studies in preparation for permitting, construction and operations. Commercial production is expected to start in 2010 with a work force of 250. McConnell says the project is on budget and on schedule.

In Wardrop's pre-feasibility study, the mining plan called for the development of the Main deposit as an open pit, to be followed in year five by supplemental high-grade ore production from underground at the Esso deposit. Total production over the eight-year mine life would be 17.1 million tonnes. ■



### TSX Venture: SNS Developing a Strategic Silver Asset: Coeur d'Alene's Crescent Mine

#### INVESTMENT HIGHLIGHTS

- 100% ownership of the Crescent Mine—located in Coeur d'Alene District, Idaho's "Silver Valley" (1.1 billion ounces of past silver production)
- 25 million ounces of past silver production, averaging 27.3 ozs of silver per ton
- SNS property lies between two world-class silver producers with combined silver production of +500 million ounces:
  - Sunshine Mine: produced > 369 million ozs Ag (@ > 20 oz/ton)\*
  - Bunker Hill Mine: produced 190 million ozs Ag (@ 8 oz/ton)\*
- The Crescent Mine has yielded some of the *highest silver grades* in the entire Silver Valley

\* (Non 43-101 compliant)



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Tel: 604.689.0896 Fax: 604.688.4933 email: [ir@snssilver.com](mailto:ir@snssilver.com) [WWW.SNSSILVER.COM](http://WWW.SNSSILVER.COM)



## War Eagle Mining hits high-grade zinc & germanium

Terence Schorn, president, reports War Eagle Mining Company Inc. [WAR-TSXV] has received assay results from 23 additional underground core drill holes located on the fourth and 6-1/2 levels of the Tres Marias Mine in northern Mexico which, using a 5% zinc and a 50-gram-per-tonne germanium cut-off grade, have an average grade of 18.76% zinc and 75 grams germanium/tonne. Underground diamond drilling is currently on hole No.58 of 90 of the estimated \$10-million exploration and development program. Germanium currently trades at US \$1.20 to US \$1.30 per gram and zinc at US \$2,900 per tonne. Highlights include:

TE-40 intercepts 15.1 metres of 31.25% zinc and 100 grams germanium/tonne;  
TE-45 intercepts 3.86 metres of 37.74% zinc and 226 grams germanium/tonne;  
TE-29 intercepts 16.28 metres of 14.97% zinc and 25 grams germanium/tonne;  
TE-37 intercepts 2.63 metres of 15.02% zinc and 195 grams germanium/tonne.

All the drill hole assay results will form part of a NI 43-101 report.

War Eagle Mining will also be drill testing the Nacional target located about 200 metres southwest of the main mineralized zone on the sixth level. This zone was located by underground drilling and drifting by previous operators.

The company is also planning to complete surface exploration work on targets 17, 18 and 19 before drill testing. Two of these targets are located approximately 500 metres northwest and southwest of the shaft with No.18 being three kilometres northwest of the shaft. A total of 87 exploration targets exist on the 100%-owned Tres Marias project.

Based on a report by Gregory F. Smith, B.Sc, PGeo., the potential exists for between 5 million and 10 million tonnes of mineralization on the Tres Marias Project. ■

TSX-V: SGZ

# SE GO!

RESOURCES INC.

- Comprehensive MOU signed with local First Nations September 28 2007
- Vic Preto, Ph.D, P.Eng, engaged as overall consultant to work on the Miner Mountain Copper/Gold/Palladium Project October 02 2007



CEO J. Paul Stevenson with  
Chief Richard Holmes  
Upper Similkameen Indian Band  
Looking for porphyry  
deposits in the Quesnel  
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## Waratah Coal developing Queensland coal fields

by Greg Barns

Australia is one of the world's largest coal producers and right now the Chinese can't get enough of it. **Waratah Coal Inc.** [WCI-TSXV] is one of many Australian companies taking full advantage of the opportunities being presented by the strong global coal market.

The Brisbane-based company has a number of projects in Queensland's coal fields and on October 24 it announced a major upgrade of its estimate from 1.055 billion tonnes to 1.470 billion tonnes of inferred coal resource at the company's South Alpha Project in the Galilee Basin, which is located in central Queensland.

This resource lies 60 kilometres south of the 675 million tonne inferred coal resource at the company's North Alpha

Project, announced September 10, 2007.

Waratah Coal currently holds 1,104 square kilometres in the Galilee Basin with a further 4,827 square kilometres in application. The South and North Alpha projects are adjacent to Hancock Prospecting Pty Ltd's rich deposits, which are reported to host measured and indicated coal resources of 2.1 billion tonnes.

Waratah says that the South Alpha Project contains highly continuous, shallow dipping coal seams and high-quality, low-sulphur thermal coal.

The resource upgrade at South Alpha comes after Waratah's independent technical advisors SRK Consulting analyzed data from 26 open core and 14 partially-cored drill holes.

SRK is bullish about the South Alpha Project and believes there is further potential to increase the resource. It noted in its report that "The prospect generally has the potential to produce high tonnages of good quality coal at shallow overburden depths, and is located near roads, rail and basic infrastructure. The structurally benign geological environment may make the seams amenable to underground longwall mining."

Waratah Coal says that coal quality tests confirm that the seams average 0.5% sulphur, with an average calorific value of 26 MJ/kg or 11,202 Btu/lb on a washed or beneficiated basis. "For comparison, the Barlow Jonker Index of spot prices is currently US \$67 per tonne FOB as of September 13, 2007 and is based on export thermal coal at the Newcastle, Australia coal terminal with a calorific value of 28 MJ/kg and a sulphur content of 0.8%," the company said in its October 24 announcement.

President and CEO Peter Lynch says his company has now identified "a combined resource of 2.145 billion tonnes in the Galilee Basin, with the coal seams open along strike and down dip," and that the company is actively examining "various mining and infrastructure options necessary to efficiently exploit these deposits and others in the Basin. We have five drills in the field continuing the process of expanding and improving Waratah's resources."

In addition to its activities at the South Alpha Project, Waratah Coal has begun drilling on the North Alpha Project. This new program, due for completion in December, is looking to rapidly identifying resources within the four known target seams. The first stage of the program consists of 40-50 holes, both open hole and partially cored, spread over a target resource area covering 140 square kilometres. This area was extensively explored in the seventies by companies including Bridge Oil, Total, Cogema and Shell. ■



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# Petaquilla increases Molejon gold resource

Richard Fifer, president/CEO, **Petaquilla Minerals Ltd.** [PTQ-TSX; PTQMF-OTCBB; Frankfurt-P7Z], reported the completion of an updated NI 43-101 compliant gold resource estimate for the 100%-owned Molejon Project located 75 miles west of Panama City, north-central Panama.

Based on exploration data through September 2007, independent consultants AAT Mining Services have estimated a total measured resource of 593,327 ounces of gold and an indicated resource of 317,696 ounces. In addition, inferred resources are pegged at 458,502 ounces averaging 0.665 grams gold/tonne above a cutoff grade of 0.3 grams/tonne. The 123,000 indicated resource ounces of gold delineated at the nearby Botija Abajo deposit through June 2007 have increased the total gold resources at the global Molejon Project by over 40% since the last estimate of April 2007. If no cutoff grade is used, the total in-situ resource is over 2.8 million ounces of gold.

Further, another 458,502 inferred ounces have been geostatistically shown in a new area northwest of the Molejon measured and indicated resources.

"This updated resource estimate means that we are achieving one of our key goals and have moved closer to another. One goal in 2007 was to convert a significant amount of the existing inferred ounces to the measured and indicated categories. We have now converted more than 50%, or about 500,000 inferred ounces. This brings the global resources of the project in excess of the important one-million-ounce level. We have also advanced our goal of identifying 1.5 million ounces available for the Molejon Project so that we can increase throughput capacity at our mill from 2,200 tonnes per day to 5,000 tonnes per day. We are very confident that we will reach this milestone," said Fifer.

During 2007, over 22,000 metres of diamond drilling has been completed, bringing the total drilling along the gold trend to about 40,000 metres since the start of the program

in 2006. Seven drill rigs are currently operating in the area – three at Molejon and four elsewhere along the El Real Gold Trend.

While drilling continues at Botija Abajo, surface mapping is underway to the north-west at the Lata area.

Subject to regulatory approval, Petaquilla recently negotiated a non-brokered private placement of 10 million units at a price of \$3.00 per unit for gross proceeds of \$30-million. Each unit will consist of

one common share and one-half of one share purchase warrant, where each full warrant entitles the holder to purchase one additional common share of the company for a period of two years at a price of \$3.50 per share. Proceeds will be used to further develop the Molejon Project.

Petaquilla has scheduled commercial production to start at Molejon in the first quarter of 2008 at a rate of 2,200 tonnes per day. ■



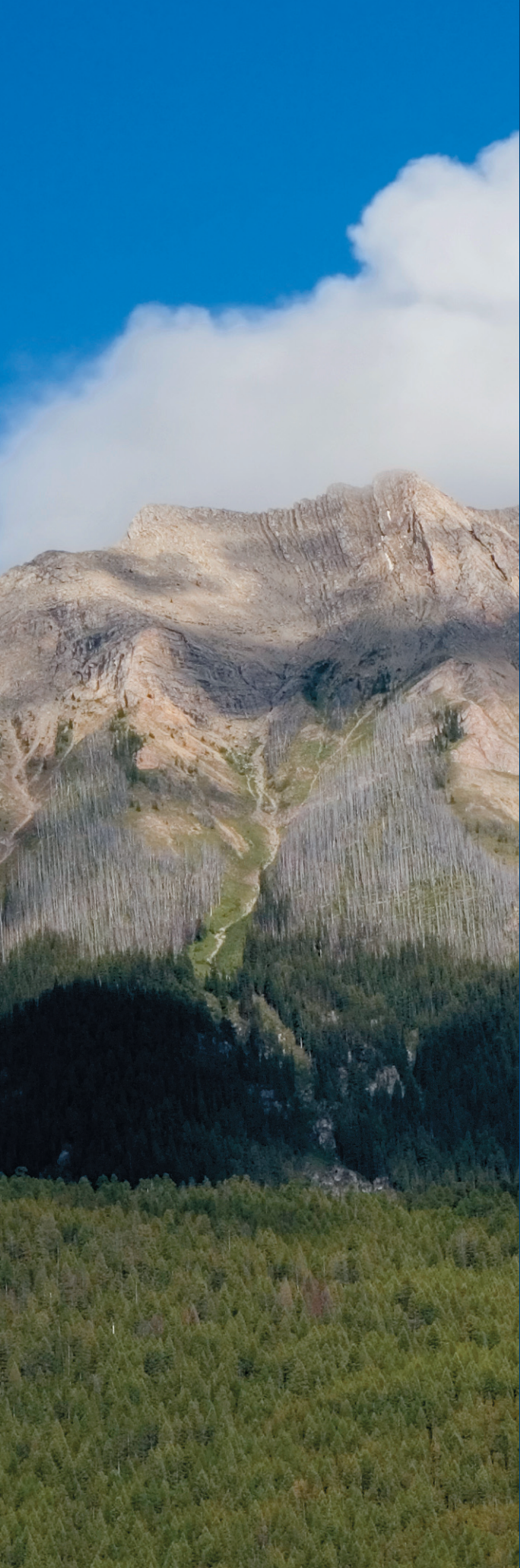
## Developing a World Class Molybdenum Project THE RED BIRD PROJECT

- West-central British Columbia
- Moly-copper-rhenium porphyry
- Updated NI 43-101 including 2006 drill program just out
- Total of 113.8 million tonnes including 43.3 million tonnes indicated
- Contained molybdenum now 151.3 million pounds an increase of 40% above 2005
- Resource open on surface & to depth
- Projected tonnage would support 30+ year mine life
- Results of 2007 drill program due out soon
- Sprott Asset Management owns 18% of outstanding shares
- Pinetree Capital owns 11%



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**TSX-V: TCR**



# WEST HIGH YIELD **W·H·Y** RESOURCES

## TSX-V: WHY

West High Yield (W.H.Y.) Resources is a junior mining exploration company focused on the acquisition, exploration and development of mineral resource properties in Canada with a primary objective to locate and develop economic Gold, Nickel, Magnesium and Magnetite properties.

W.H.Y. has received the analysis for all 5 of 28 drill holes completed in its 2007 Diamond Drill Program on the Ivanhoe Ridge, property located near Rossland B.C. In the course of its Gold Exploration activities, West High Yield intersected massive broad zones of Ultramafic rock containing 24.7% Magnesium at 184 meters width, 6.78% Magnetite at 156.9 meters and .235% total Nickel at 184 meters of mineralization.

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Recent Stock Price	\$0.41
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52 week range	\$0.225 - \$0.95
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Shares Issued	40,820,794
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Insider Ownership	25,252,644
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Public Float	15,568,150
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Market Cap	\$6,382,942
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Working Capital	\$3.1million
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## MAGNESIUM; IS THE EMERGING METAL

- Location:** 3 km Southwest Rossland BC Canada.
- Minerals:** Porphyry style and ultramafic deposit - hosting Gold, 24.7% Magnesium, 6.78% Magnetite and up to 0.235% total Nickel.
- Ownership:** 100% ownership surface and underground in 8 crown grants except two at 51%. All staked claims at 100% ownership. 2750 contiguous hectares.
- Access:** Full infrastructure in place, electrical power to mine site, water and roads throughout.
- Status:** 2007 Drill Program consisting of 7000 meters is near completion on the Ivanhoe Ridge Discovery of 7.5 square Kilometers in size (Kirk D Hancock B.C. Ministry of Energy Mines & PR).
- Cost;**
- |       |                |
|-------|----------------|
| Mg/mt | Mg \$ 2900. mt |
| Ni/Lb | Ni \$14.40 lb  |
- [www.metalsplace.com/prices](http://www.metalsplace.com/prices)

### West High Yield drills 184.09 m of 24.7% Mg at Ivanhoe

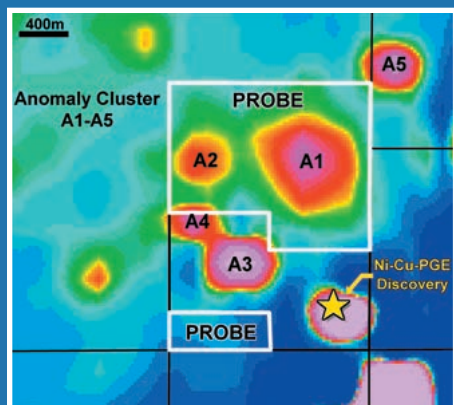
Preliminary Results. The complete analytical data is now available for holes 1 through 5 for nickel, cobalt, chromium, magnetite and magnesium. Holes 6 through 28 are also being analyzed for the same minerals, including magnesium. The results of drilling on the southern half of the NE Ivanhoe Ridge line grid (0 to 400 m north) returned wide intersections of the magnesium rich nickel-cobalt-magnetite bearing serpentinites from the surface continuous to the depth of 80 meters to 184 meters. As presented in Summary of Serpentine Intersections as set out below, the magnesium values range from a low of 24.4% in hole 2 to a high of 27.7% in hole 3. The northern half sector of the drill investigation is dominated by the intervened volcanic and sub-volcanic dykes within the serpentinites and fault-sheared disturbances. The serpentinites in the NE sector contain relatively decreased nickel values but with slightly increasing cobalt values, which are running slightly more than 0.01%. Based on core logging and analytical data, highlights of the intersected nickel, cobalt, chromium, magnetite and magnesium bearing serpentinites are summarized in the following chart. Assay results should be available shortly for the balance of Ivanhoe Ridge holes and will be reported when they have been received by the Company.

WEST HIGH YIELD  
**W·H·Y**  
RESOURCES

Contact: Frank Marasco, President 403 660 3488 Investor Relations 1 800 499 2388

For further news and updates check SEDAR

## McFAULD's LAKE Ni/Cu/PGE AREA PLAY



## STRATEGIC POSITION

- 850 claims cover 13,700 hectares
- 12 claims 450m from Noront's high grade Ni/Cu/PGE discovery
- Two magnetic anomalies located completely within Probe's claims
- Third anomaly straddles the Noront/Probe boundary

## EXPLORATION PLAN

- Airborne geophysics underway
- Drilling program in New Year

**TSX.V: PRB**

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## MINING NEWS

### Imperial Metals drills 1,024 metres of 1.01 % copper

**Imperial Metals Corp.** [III-TSX] reports additional assay results for hole RC07-335, drilled vertically in the East Zone at the Red Chris Project in northwest British Columbia. The mineralized intersection in hole RC07-335, the longest in the company's history, graded 1.01% copper, 1.26 grams gold/tonne and 3.92 grams silver/tonne over 1,024.1 metres. The hole bottomed in strong mineralization. Results of the first 825.7 metres of this hole were released August 14, 2007. The mineralization in RC07-335, drilled in the core of the East Zone, is continuous from bedrock surface and extends at least 679 vertical metres below the currently designed open pit.

A vertical hole (RC07-336) was drilled in the core of the Main Zone intersecting 996.4 metres grading 0.4% copper, 0.38 grams gold/tonne and 1.29 grams silver/tonne, which also bottomed in mineralization. Both holes demonstrate the Red Chris mineral system is much more extensive at depth than previously outlined.

The 2007 drilling represents the deepest penetration of the Red Chris deposit and the results provide encouragement regarding the ultimate size and grade of this copper-gold system. Results from four final holes are pending.

Imperial Metals also reports that appeals have been filed by the Minister of Fisheries and Oceans, the Minister of Natural Resources, the Attorney General of Canada and by bcMetals Corp. (a wholly owned subsidiary of Imperial Metals) in connection with the September 25, 2007 ruling of the Federal Court of Canada which set aside the Federal Screening Report of bcMetals' Red Chris Project, issued in May 2006.

At issue is the nature of the discretion of Federal authorities to scope a project under the Canadian Environmental Assessment Act. The project was subject to both Provincial and Federal environmental review. Based on the initial project description, Red Chris was first scoped for comprehensive study level review by the responsible Federal authorities. Following receipt by the responsible Federal authorities of additional project data, including the fact that the project was undergoing a full Provincial environmental assessment, it was determined that the Federal environmental assessment would proceed by way of a screening report. Accordingly a comprehensive environmental review of the project was carried out by the Province under the BC Environmental Assessment Act, in full cooperation with Federal authorities.

The Provincial review process covered the technical, environmental, and socio-economic elements of the project and included consultation with the Tahltan First Nation and other local communities. Environmental assessment application documents were made available for public review. Open houses were conducted in the four communities closest to the project.

In July 2005, the Provincial Environmental Assessment Report concluded that the project was not likely to cause adverse environmental effects. The project subsequently received a Provincial Environmental Certificate. In April 2006, Federal authorities issued their Screening Report which also concluded the project was not likely to cause adverse environmental effects.

The appealed judgment impacts only the Federal environmental assessment. There is no impact on the Provincial Environmental Certificate. If the appeal is successful, the Screening Report will stand. If the appeal is unsuccessful, Federal authorities will be required to carry out a comprehensive study level review, duplicating the work that has been carried out by the Province under the BC Environmental Assessment Act. ■



## Acero-Martin exploring new copper discovery at Pinaya

Don Currie, president/CEO, reports that **Acero-Martin Exploration Inc.** [ASD-TSXV; AMX-Frankfurt] has applied for mineral concessions totaling 369.91 hectares to cover its new copper discovery near its flagship Pinaya Project in southern Peru. The new zone or copper-silver mineralization is located about 10 kilometres southeast of the current resource area.

The new zone, known as Saitocco, which has never been drilled, returned surface rock samples that assayed up to 1.99% copper and 71.5 grams silver/tonne with three samples returning grades over 1% copper. The 13 rock samples averaged 0.59% copper.

Mineralization at Saitocco has now been traced over an area measuring one kilometre by 0.5 kilometres. Initial investigation of the zone indicates the presence of two intrusive bodies with malachite and chrysocolla staining (copper minerals). Company

geologists are of the view that this new zone adds further potential to expand the project's overall resource base. Further sampling and mapping of the Saitocco Zone continues in order to develop drill targets. Meanwhile, regional-scale prospecting and sampling is underway on the Pinaya lands to seek out new areas of mineralization. Drilling is also ongoing as part of a 10,000-metre program.

In the last three years the company has drilled over 140 diamond core holes with dozens of them encountering long intercepts of copper mineralization, including hole PDH-39, which returned 83.9 metres grading 1.11% copper and 2.1 grams gold/tonne starting at surface.

Following the initial 70 holes in September 2006, an initial NI 43-101 compliant resource estimate was prepared. In all resource categories, the estimate totaled 41.85 million tonnes containing 666,000 ounces of gold and 385 million pounds of copper. At today's metal prices, this equates to about US \$1.8 billion.

Acero-Martin's strategy is to fast-track production from a starter pit in the high-grade Gold Oxide Skarn Zone (GOSZ) while continuing to drill and expand the larger copper-rich Western Porphyry and North West Porphyry zones. Assays from the GOSZ include hole PDH-128 that returned 67.5 metres grading 2.00 grams gold/tonne as well as hole PDH-129 that returned 25.0 metres of 3.07 grams/tonne. Also, exploratory drilling will be carried out on the untested trend followed by the Montana de Cobra, Minas Jorge and Don Pedro targets.

Production is set for fourth quarter 2008 or first quarter 2009, starting with processing existing tailings from previous operators. Tests have shown there are about 20,000 ounces of gold contained in old tailings. This would be followed by mining the starter pit in the GOSZ, then bulk tonnage mining of the Western and North West porphyry zones.

Development work is also underway as well as environmental, socio-economic and preliminary economic assessment studies. ■

EPL:TSX-V

### Corporate Summary:

- Headquartered in Cranbrook, BC, operating since 1992.
- Controls over 35 properties in Western Canada exploring for gold, uranium, silver, molybdenum, copper, zinc, lead and rare earth minerals.
- Controls 2 inferred resources containing:
  - > Blende – 2.48 billion pounds lead-zinc & 35 million ounces silver (19.6 million tonnes grading 5.84% lead-zinc and 56.0 g/t silver)
  - > Sphinx – 47.48 million pounds molybdenum (62 million tonnes grading 0.035% molybdenum using a cut-off of 0.01% mo)
- Exchange Symbol – EPL:TSX-V – Shares Issued: 54.5 million.

### Creates Shareholder Value by:

- Identifying and securing early stage exploration opportunities for precious and base metals.
- Attracting joint venture participation to leverage their development.
- Spin-off successful exploration projects to spotlight value and make available to mining companies for production.

### Current Investment Highlights:

- Strategic alliance with Teck Cominco to explore the Mackenzie Valley Zinc Project.
- 30,000 ft drill program in 2007 exploring 7 projects.
- Acquisition of a controlling interest in a diamond drilling company.
- Winter drill program planned on uranium projects in Saskatchewan.
- Seven joint venture options exposing EPL to \$24.5 million in exploration over 5 years.
- \$5 million held in cash and equities.
- Debt free.



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# Kodiak Exploration advances Hercules gold discovery

by Mike Kachanovsky

With gold prices surging to multi-decade highs, new gold discoveries are attracting a great deal of attention in the market. The timing could not be better for **Kodiak Exploration Ltd.** [KXL-TSXV]. The company acquired its Hercules property near Geraldton, Ontario, in June last year. Shortly thereafter, Kodiak achieved significant exploration success, reporting some good gold values across wide intervals of mineralization from its initial drill program, including 15.6 grams gold/tonne over 9.7 metres true width. A series of wide and remarkably continuous gold-mineralized quartz veins were identified over a total strike length of 1.2 kilometres.

Recognizing something special at Hercules, the Kodiak management team then began a program of land acquisition by staking and option agreements, and now controls the dominant land position in the under explored and highly prospective Beardmore-Geraldton Archean greenstone belt. Kodiak plans to systematically explore its 1,400 square kilometre property that covers several significant gold-bearing structures.

The project is located in the right 'neighbourhood' for a big gold discovery. The area has already yielded several high grade gold deposits, and numerous mines have been operational in the area, with combined historical production of more than 4 million ounces of gold. This includes the nearby Leitch Mine, where mine workings extended to more than 1,400 metres below the surface and remain open. Archean greenstone belts of this type have produced 66% of Canada's gold production and nearly 70% of gold production worldwide.

Access is excellent, via a network of all-weather roads that in some places are just steps away from the exposed veins. Kodiak is happy to be working in the Beardmore-Geraldton area as both towns are historic mining centres with a pool of skilled labour and communities supportive of mining.

Kodiak management is pleased to create some needed economic development in the area and will work to build beneficial relationships with the local community, including local First Nation groups.

Results from ongoing work this summer have certainly justified Kodiak's optimism. Several massive gold-bearing structures have now been exposed in more than five kilometres of surface trenches, including the newly discovered Golden Mile Zone with a geophysically-indicated strike of more than four kilometres. Continuous gold mineralization has been traced for more than 365 metres along the structure and visible gold is frequent and conspicuous within this interval. Channel samples taken every 20 metres along this zone averaged 20.2 grams gold/tonne over an average width of 3.8 metres.

The Golden Mile structure is unparalleled in geometry and scale in the Geraldton-Beardmore Gold Camp and remains open along strike and to depth. High-grade gold continues to be intersected in wide-spaced drill holes and every drill hole to date has cut gold mineralization accompanied by strong hydrothermal alteration. An unusual characteristic of the Golden Mile vein system is the long, undeformed lengths of the vein segments: most Archean vein systems are highly deformed and discontinuous. Hitting significant mineralization in virtually every drill hole shows the strength of the Hercules gold system and suggests that a large gold resource could be present.

Many new veins continue to be uncovered in this area measuring some 30 square kilometres. Several other parallel or ladder vein systems have already yielded strong gold values across significant widths, including the Marino vein where a drill hole intersected 38.5 grams/tonne over 1.6 metres. Most of the property remains unexplored.

The presence of visible and coarse gold along with the disseminated gold mineral-



Visible gold in grab sample #609954 grading 6,025 grams/tonne (174 oz/ton) from the Golden Mile Zone at the Hercules Gold Project in northern Ontario. Photo courtesy Kodiak Exploration Ltd.

ization in the quartz veins, stockworks and breccias is viewed as most encouraging. But it also creates a challenging environment in which to establish a reliable and accurate estimate for the tonnage and gold resources in this intensely mineralized setting. A large amount of drilling will be needed to establish a resource, and Kodiak has three more drill rigs to speed up work.

With a recent bought-deal equity offering raising \$55 million, Kodiak has funding necessary to fast-track exploration, and has started a 60,000-metre diamond drill program to test its economic potential, which should ensure news flows for a long time to come.

Based on the high grades of gold encountered so far, and the encouraging size and number of gold-bearing veins already identified, Hercules could become one of the most significant gold discoveries in Canada in years. This upside potential has gained the attention of speculators and Kodiak shares have risen by several hundred percent since the first announcement of gold assays. The excitement has even spread to other companies that have property holdings in the region. Despite the early stage of the exploration effort so far, it is clear that gold discovery plays continue to be attractive and investors will be expecting even greater success as the exploration continues. ■



## Northgate proposes Perseverance acquisition

Northgate Minerals Corp. [NGX-TSX] and Perseverance Corp. Ltd. [PSV-ASX] have signed a merger implementation agreement (MIA) under which Northgate would acquire all outstanding securities and debt of Perseverance for cash consideration.

The transaction will create a multi-mine gold producer with over 430,000 ounces of estimated production in 2008 and significant free cash flow. Northgate's offer capitalizes Perseverance at an enterprise value of approximately US \$257-million or \$282-million (Australian).

The transaction will be implemented via schemes of arrangement between Perseverance and its shareholders and warrant holders (referred to in Australia as option holders), respectively, and a resolution of holders of convertible subordinated notes to approve the early redemption of the notes. Under the schemes, a wholly owned subsidiary of Northgate will acquire all of the outstanding fully paid ordinary shares in Perseverance and the company's warrants (referred to in Australia as options) will be cancelled. In addition, under the resolution of holders of convertible subordinated notes, the convertible subordinated notes will be cancelled. The transaction is subject to certain conditions, including the approval of security holders.

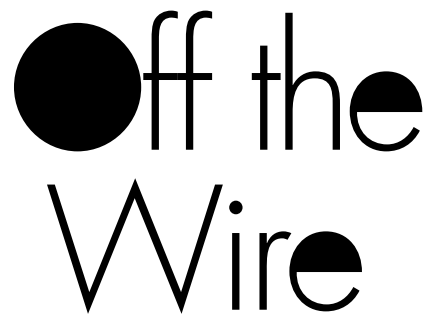
## Nevsun Resources signs Eritrea agreement

Nevsun Resources Ltd., [NSU-TSX, AMEX] has agreed with the Government of the State of Eritrea through the Eritrean National Mining Corporation (ENAMCO) regarding the State's participation in the Bisha Project. This is a precursor to the finalization of discussions regarding a mining agreement for the Bisha Project.

As a strong signal of support for the Bisha Project, the government has agreed to purchase at fair value a 30% paid participating interest, to add to its 10% free participating interest provided by the country's mining legislation, resulting in a total participation of 40% (30% contribut-

ing; 10% free carried). ENAMCO will pay the full fair value for its share of the project determined by an independent valuator at the time of Bisha's first gold shipment.

In late 2006 the government established ENAMCO for the purpose of holding ownership interests and to promote the development of the mining industry in Eritrea. Over the course of the past number of months Nevsun and ENAMCO have worked together to arrive at a fair and reasonable method for the determination of fair value, based on a reliable and



independent process. The first step will see a provisional payment by ENAMCO within three months of this agreement. At the time of Bisha's first gold shipment an independent professional valuation will be conducted using a discounted cash flow analysis based on the Bisha feasibility study financial model, updated for the market consensus for metal prices, actual capital costs incurred, and applying the then applicable discount rate.

This participation allows both parties to move forward together as partners in the project and is beneficial to the project, the company and the Government of Eritrea in many ways, including:

- Positive government support will help expedite all local requirements, reducing risk of disruption
- Early cash contribution by the Government provides the company with some of its immediate capital funding

requirements

- Reduced political risk with the Eritrean government as a major shareholder
- Government provides proportionate share of capital to build the mine (33.3%) and shares the risk of capital spend (and over-run facilities) for loan financing

With the conclusion of this milestone the Ministry of Energy & Mines has assured Nevsun that the mining license and the underlying Mining Agreement for Bisha will be advanced promptly. In addition to the project purchase price, the government will fund its pro-rata 33.3% share of capital expenditure for the project (33.3% equals 30/90ths of contributing interests).

## Premium Exploration to acquire Idaho project

Premium Exploration Inc. [PEM-TSXV] has entered into a letter of intent to acquire the South Orogrande shear zone, located in Idaho, from Clearwater Mining Company (CMC). The South Orogrande shear zone comprises two properties known as the Friday-Petsite property and the Dixie property.

Over the past 20 years, there has been extensive work conducted on the South Orogrande shear zone that has been completed by Bema Gold, Cyprus Amax and Kinross Gold. Premium has reviewed a technical report meeting the criteria for NI 43-101 on the property prepared by Micon International dated September 2004. Micon describes the Friday-Petsite property as an advanced exploration property and further concluded that the results of the historical exploration programs on the property have defined the following primary mineralized zone.

A medium-sized disseminated gold deposit that was defined through at least 192 drill holes on 100-foot centre spacing that is open along strike and at depth and potentially expandable through additional exploration. As further described in the 2004 Micon report, this deposit has an inferred resource of 70,684,000 tonnes grading 0.4 grams gold/tonne, representing 845,340 ounces of gold. ■

The Mina Real gold-silver mine in western Mexico. Photo courtesy Rochester Resources Ltd.



## Rochester profitable in Q1 of commercial production

by Ellsworth Dickson

Dr. Alfredo Parra, president, reports **Rochester Resources Ltd.** [RCT-TSXV; RCTFF-OTCBB; R5I-FSE] has realized net revenue of \$1,766,783 on 2,656 ounces of gold equivalent (gold 2,252 oz., silver 20,824 oz.) shipped during the three months ended Aug. 31, 2007 (the 2008 first quarter). Rochester has a 100% interest in the high-grade Mina Real gold-silver mine located east of the capital city of Tepic in Nayarit state in the Sierra Madre Occidental range of western Mexico. This is the largest epithermal precious metal region in the world and hosts a majority of Mexico's gold and silver deposits. In March 2007, the company agreed to acquire a 70% interest in the 3,800-hectare Santa Fe gold-silver prospect located immediately east of the Mina Real property.

Rochester generated an operating profit of \$213,538 after non-cash charges for depletion and amortization of \$237,407. During the 2008 first quarter, head grades averaged approximately 7 grams gold/tonne and 140 grams silver/tonne. Recovery rates for gold surpassed 90%, but silver recovery is expected to remain in the 45 to 60% range until planned modifications are implemented to the milling circuit in early 2008.

"We expect significant improvement in

net revenues and profitability as we continue to reduce operating costs, improve recovery rates and increase head grades over the coming months," said Dr. Parra.

The company plans to utilize cash generated from Mina Real mining operations to fund further exploration and development of the mine and the neighbouring Santa Fe property. The Mina Real Mine is currently producing at a rate of about 200 tonnes per day which will be increased to over 300 tonnes per day in the first quarter of 2008. Mining and milling costs are about US \$75 per tonne which equates to a US \$215-ounce gold equivalent.

At least 36 veins are known to exist on the Mina Real and Santa Fe properties ranging from 1 to 40 metres in width for strike lengths of over four kilometres. The vertical horizons reach 400 metres at Mina Real and potentially to 700 metres in depth at the Santa Fe. Mineralization in the Florida vein system, which is part of the Mina Real property, is hosted in three nearly vertical veins – the Florida 1, 2 and 3. The Florida system has an average grade of 10 grams gold/tonne and 200 grams silver/tonne over an average width of 1.3 metres per vein. It has been noted that mineralization on these levels have grades increasing with depth. Exploration poten-

tial is considered to be excellent since only about 10% of the vein system is being explored at the present time.

A 7,000-metre drill program is underway at the Mina Real Project and the Santa Fe property, which includes Tajos Cuates and Florida North. A total of 2,000 metres of drift development is planned at Santa Fe, Tajos Cuates and Florida North. Twenty-one drill holes are planned across three vein systems – the Jonas, Tajitos, and Clavellinos (which has a potential strike length of over four kilometres).

The company reported a net loss of \$761,527 for the 2008 first quarter after recognizing \$506,785 in non-cash compensation charges associated with the issuance of stock options and \$394,199 in general and administrative expenses. During the 2008 first quarter, the company recorded total charges of \$635,456 for additions to mineral property interests, of which \$109,282 was attributed to exploration activities on the Santa Fe property and \$526,174 for exploration activities on the Mina Real Project.

As of August 31, 2007, the company had working capital of \$684,866 compared with \$768,740 as of May 31, 2007. A brokered private placement was completed on October 27, 2007, which raised gross proceeds of \$4 million through the issuance of two million units at a price of \$2.00 per unit.

"We are now in the enviable position of having a strong balance sheet supported by the ability to generate meaningful cash flow from our mining and milling activities, which will enable us to adopt a more aggressive exploration program, make capacity and recovery improvements to the mill and related infrastructure and provide adequate working capital for ongoing operations," stated Dr. Parra.

Rochester is forecasting revenues of \$26 million from the first full year of production when the mill is ramped up to 300 tonnes per day with EBITDA of \$18 million from the first year. ■




## Silver Eagle increases Miguel Auza indicated resource +500%

Terrence Byberg, president/CEO, reports Silver Eagle Mines Inc. [SEG-TSX] has increased indicated resources at its 100%-owned Miguel Auza property, Zacatecas, Mexico, by over 500%. A diamond drilling program has resulted in the indicated resource increasing from 3.2 million ounces silver equivalent to 21.1 million ounces silver equiv. Inferred resources decreased slightly from 9.4 million ounces silver equiv. to 9.1 million ounces of silver equivalent. Silver equivalents were calculated using US \$600/oz. gold, US \$11.00/oz. silver, US \$0.65/lb. lead and US \$1.00/lb. zinc.

The Miguel Auza Project hosts 17 known silver-bearing veins that have been mined sporadically since the 1500s. Silver Eagle has driven a ramp (sloping tunnel) to access the Ramal, Milagro and Calvario veins to 140 metres in depth and is mining a bulk sample, primarily of oxides, which is being processed at its 50 tonne per day (tpd) mill. In preparation for switching the mill circuit to recover sulphides, a 150 tpd ball mill has been added. Two concentrates will be produced, lead and zinc, with the 50 tpd ball mill being utilized as a regrind mill in the zinc circuit. Processing of sulphides is expected to commence early next year and with the increase in mill throughput, increased revenues as well. At present, 10,000 tonnes of sulphide material is stockpiled on surface. In January 2007, processing of the bulk sample at 50 tpd, began with first revenues received in April. Metallurgical testing of the bulk sample material is being done at the SGS research facility, Lakefield, Ontario, under the supervision of Silver Eagle's Metallurgical Consultant, Godfrey MacDonald.


Drilling continues on the Calvario Vein system, further defining veins along strike and to depth. The Mill, North and East vein systems will also be drilled to firm up and add to the present resource. Meanwhile, a prefeasibility study is underway. In addition, a US \$500,000 budget has been allocated for regional exploration outside the mine area and will evaluate other promising targets. ■



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## SABINA TO DEVELOP HACKETT RIVER PROJECT

SABINA SILVER CORPORATION (SBB:TSX-V; SBBFF:US) is a Canadian public mineral exploration and development company with mineral project assets in the Red Lake gold camp, Ontario, the Eskay Creek mining district, British Columbia and at its flagship Hackett River silver and zinc-rich base metal property in the Canadian Arctic.

A recent NI 43-101 compliant mineral resource estimate on Sabina's 100%-owned Hackett River deposit shows an insitu Indicated resource of 205 million ounces silver and 4.3 billion pounds zinc plus copper, lead and gold. Hackett River is one of the largest undeveloped silver and zinc-rich deposits of its kind in the world.

### 2006 NI43-101 Hackett River Cumulative Mineral Resources

Resource Class	Cutoff AgEq* (opt)	Tons (X 1000)	Grade				
			Silver (opt)	Zinc (%)	Copper (%)	Lead (%)	Gold (opt)
Indicated	>5	47,073	4.37	4.67	0.32	0.68	0.009

(Presented under supervision of Douglas Kim, Hackett River Project Manager, a qualified person under NI 43-101). \*AgEq = silver equivalent; derived by normalizing the gross value of all metals to silver value. The gross metal value was calculated by applying individual metal recoveries and metal prices to each metal grade using updated metal recoveries and metal prices by Wardrop in 2006 (Metal Recoveries: Silver 72.0%, Zinc 89.6%, Copper 80.0%, Lead 70.0%, Gold 50.0%. Metal Prices (US\$): Silver \$7.90/oz, Zinc \$0.65/lb, Copper \$1.23/lb, Lead \$0.35/lb, Gold \$475/oz). The net smelter returns have not been considered in the calculation of metal equivalents.

## Columbus Gold drilling Bolo prospect

by Ellsworth Dickson

Robert Giustra, president/CEO, reports **Columbus Gold Corp.** [CGT-TSXV; CBGDF-OTCBB] has begun a Phase I drilling program at their Bolo Gold Project northeast of Tonopah, Nevada. Columbus has a 100% interest in the 2,190-acre property, subject to underlying royalties.

The company is very active along or near Nevada's gold trends where it controls a 100% interest, subject to royalties, in 23 gold projects. The projects are managed by Cordilleran Exploration Company, owned and operated by John Livermore and Andy

Wallace, both with a long and successful history of gold discoveries in Nevada.

The Bolo drilling program includes up to 4,572 metres of reverse circulation drilling in 20 to 25 holes. Pending favourable results, permits are already in place for a Phase II drilling program. The drills will target Carlin-style mineralization where values of up to 5.18 grams gold/tonne have been obtained from outcrops. Recent geological mapping has indicated that the mineralized portion of one fault structure known as the Mine Fault could extend for

as much as 2,743 metres of strike length. A second fault structure called the East Fault has an identified strike length of about 2,194 metres. Faults can be major conduits for gold-bearing fluids.

During the 1970s and 1980s, Chevron, Canerta and USMX carried out a drilling program at Bolo – mostly shallow, air-track holes to only 6.1 metres in depth. Six of the historic drill holes intercepted the Mine Fault structure and all carried gold values, the best two intercepts being 18.2 metres grading 1.2 grams gold/tonne from 8.7 to



Drilling is underway at the Bolo Gold Project northeast of Tonopah, Nevada. Photo courtesy Columbus Gold Corp.



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25.9 metres in one hole, and a cumulative 19.8 metres of 1.4 grams gold/tonne from the surface to 44.2 metres in the second hole which ended in mineralization.

The rest of the Mine Fault holes were located either in the foot wall or the hanging wall of the fault where gold values appear to be spreading along bedding and structures. Some of these holes were mineralized up to as far away as 30.48 metres from the Mine Fault with intersections ranging up to 6.1 metres grading 1.1 grams gold/tonne from surface.

Previous drilling of nine vertical holes near the East Fault were targeting gold anomalies now believed to be either in the footwall or hanging wall of the fault. All the holes intersected gold values with the best intercept being 1.6 grams gold/tonne from 3.0 to 6.1 metres of depth from surface.

In a separate development, Columbus Gold recently farmed out a 70% interest in its 100%-owned Golden Mile property to Portage Minerals Inc., a privately-held company. Under the option terms, Portage can earn a 60% interest by spending US \$2.5 million on exploration and issuing Columbus 500,000 shares. Portage can earn an additional 10% by completing a positive feasibility study.

The 380-acre Golden Mile property is located along the Walker Lane Gold Trend in southwest Nevada. During the 1930s, the Golden Mile property produced about 10,000 tonnes grading 12 grams gold/tonne. Earlier and more recent exploration has defined skarn, breccia and disseminated gold mineralization as well as a drill intercept of 16 grams gold/tonne over 29.5 metres, including 47 grams/tonne over 9.1 metres.

Columbus Gold also has five silver and copper projects in Arizona and Utah. Since going public only 18 months ago, Columbus Gold has completed 13 joint ventures. Under the farm-out agreements, various joint venture partners, including major mining companies Newmont Mining and Agnico Eagle, have committed to spend an aggregate US \$6,200,000 on exploration of various properties. Fully diluted, Columbus Gold has 28,652,743 shares outstanding. ■

## Tyhee Development Corp. is developing four properties in the Yellowknife Gold Belt, which has had past production of over 14 million ounces.



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\*NI 43-101 compliant June 2007.

\*\*Not NI 43-101 compliant. Not to be considered a resource. See full disclosure NR January 11, 2007. Resource details fully disclosed on www.sedar.com and www.tyhee.com.

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## RPT Uranium encouraged by Sibley Basin assays

Dr. Hikmet Akin, president/CEO, reports **RPT Uranium Corp.** [RPT-TSXV] has released assay results of eight surface grab samples collected from the Frazer Creek uranium zone located on the 100%-owned, road-accessible, Malborne Lake claim block in the Sibley Basin, northeast of Thunder Bay, northwestern Ontario. Samples assayed from 0.025% to 1.486%  $U_3O_8$ , averaging 0.519%  $U_3O_8$ . A 2,500-metre diamond drilling program is currently underway at the Frazer Creek zone and other newly discovered uranium-bearing zones on the same structural trend. Swampy areas will be drill-tested later this winter after freeze-up. The Wolfpup area will also be drilled to test a geochemical anomaly.

Malborne Lake is one of eight separate claim groups held by RPT in the Sibley Basin, where the company's land position totals 98,960 hectares (244,431 acres). An airborne radiometric-magnetic-EM survey is under way on the Malborne Lake and Dorion claim groups. The airborne survey will be followed by prospecting of anomalous areas, with additional ground follow-up work as weather permits.

RPT has been focused on the Black Sturgeon East claim block, where the Split Rapids uranium zone has been tested by over 100 drill holes. Highlights include 1.50 metres of 2.99%  $U_3O_8$ , 0.72 metres of 4.68%  $U_3O_8$  and 6.35 metres of 0.222%  $U_3O_8$ . Assays from the summer 2007 diamond drilling program at Split Rapids are pending. In addition, drilling is planned in the southwest area of the Black Sturgeon East ground to test for deeper targets. There are similar geological environments at the Silbey Basin and the prolific Athabasca Basin in Saskatchewan where RPT has two uranium projects.

In the Athabasca Basin, diamond drilling is underway to test the Richards Lake property near the northern edge of the basin. The Richards Lake property is 30 kilometres long and covers an east-northeast-trending structural corridor. The planned 2,500-metre drill program will test electromagnetic conductors from airborne surveys, coincident with multi-element rock geochemical anomalies, anomalous clay mineral alteration and cross-structures inferred from airborne magnetic data. It is interesting to note that cobalt and nickel are associated with uranium values at Richards Lake.

In the north-central part of the Athabasca Basin is the early-stage Miller Creek property, in which RPT can earn a 70% interest from **Duran Ventures Ltd.** [DRV-TSXV] by making cash payments, issuing shares and spending \$3 million on exploration. The Miller Creek claims cover an arm of the Black Lake Fault/Virgin River shear, a major structural zone that transects the whole basin and is associated uranium mineralization. In addition to an airborne Megatam survey, the company has recently completed a program of outcrop and boulder sampling. Some 700 samples were collected and will be analyzed geochemically using ICP and fluorimetric methods, and mineralogically by IR/visible spectroscopy over the coming months.

RPT Uranium has a fourth uranium project, the Bearhead Lake Project in northwest Ontario, that has been 70% optioned to **Shoreham Resources Ltd.** [SMH-TSXV]. RPT retains the remaining 30% interest.

RPT Uranium, which is currently evaluating in-situ uranium deposits in various countries outside of Canada, has about \$19 million in the treasury. ■

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## Unigold advancing in Dominican Republic / plans Saudi Arabian proje ct

**Unigold Inc.** [UGD-TSXV, Dubai] continues to advance its 100%-owned, 226 square kilometre Neita Gold Project in western Dominican Republic along the Haitian border. At the Los Candelones deposit, the ongoing drilling program recently returned 1.04 grams gold/tonne over 17 metres and 1.80 grams/tonne of 19 metres. To date, results from Los Candelones have averaged 1.3 grams gold/tonne. A field study of the Los Candelones system indicated classic epithermal zoning starting with vuggy quartz veins carrying high-grade gold with the system evolving into a main gold disseminated zone.

Eighty-eight drill holes totaling about 9,200 metres have now been completed at Los Candelones. Results show that the on-strike and down-dip continuation of the 25 to 30-metre thick gold core of epithermal mineralization, which grades from 1.0 to 4.4 grams gold/tonne, is enclosed within an up

to 100-metre wide lower grade gold halo.

In September 2007, Unigold reported trenching results on its new Juan de Bosque discovery on the Neita Project. Trench JB-07-01, located about nine kilometres northeast of Los Candelones, uncovered a stockwork zone underlying a baritic, silicified, brick-red zone (jasperoid) grading over 5 grams gold/tonne over 5 metres. Sampling of the jasperoid unit returned assays up to 22.2 grams gold/tonne.

A five-hole drilling program totaling 1,000 metres began in November on the Juan de Bosque Zone which has been traced over a 900-metre strike length. The program is expected to be completed before Christmas.

In a separate development, Unigold has obtained a reconnaissance license for all minerals and rocks that was granted by the Deputy Minister of Mineral Resources in the Kingdom of Saudi Arabia. The two-year license may be renewed for a further two years.

The license entitles the company to all the rights in the Mining Investment Code

and its Executive Regulations including, but not limited to, the rights to survey and investigate the area indicated in the license and examine ore bodies, collect samples, use geophysical and geochemical method and other scientific methods and any preliminary examinations of land, with potential mining deposits for the designated duration of the license.

"This license will quickly open opportunities to Unigold in the virgin mineral industry of the Kingdom of Saudi Arabia which contains tremendous varieties of minerals (precious and base metals) and thus provides blue sky for future development of the company. Furthermore, the Government of Saudi Arabia is keen about encouraging the development of the mineral industry as well as providing important incentives to accomplish this strategy," stated Dr. Ibrahim M. Eitani, president/CEO.

On October 22, 2007, Unigold was called for trading on the Dubai International Financial Exchange (DIFX), the first North American company to do so. ■



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PHOTO: Askot and its surrounding area.

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# Golden Reign explores Russia's wild, wild Far East

by Andrew K. Burger

**WITH COMMODITY PRICES** soaring, the Russian Far East is rapidly becoming acknowledged as a massive opportunity for mining companies. The Magadan Oblast, for instance, is considered one of the world's richest regions in terms of large-scale, high-grade prospects, spanning a range of precious, base and industrial metals – gold prominent among them.

Several Canadian companies are prospecting and working deposits in the region. One of them, Vancouver's **Golden Reign Resources Ltd.** [GRR-TSXV], is

looking to develop Magadan's Butarni and Dorozhni gold properties in partnership with Status LLC, the mining arm of Moscow's CentroCredit Joint Stock Commercial Bank.

On November 13, Golden Reign announced encouraging assay results for an exploratory sampling program carried out at Dorozhni. The 14 representative samples indicate that gold mineralization is not limited to high-grade quartz veins, but is also present in intrusive granodiorite bedrock, leading management to believe

The Dorozhni Gold Project. Photo courtesy Golden Reign Resources Ltd.

that the potential exists to develop a bulk open pit mining operation on the property and surrounding area.

## A Changed Picture

The 14 Dorozhni samples were collected during Golden Reign's vice-president of exploration Zoran Pudar's recent visit to the property to supervise and further direct exploratory channeling, trenching and sampling of mineralized quartz veins.

Most of the samples came from two trenches that extend 1.5 kilometres along the north-northeast slope of Dorozhni Mountain. The samples, along with six control specimens, were sent for assaying to Alex Stewart Analytical Ltd. in Moscow, a division of Alex Stewart (Assayers) Ltd. of England. One chip sample, DR-17, from a highly mineralized quartz vein with visible gold assayed 18.69 grams/tonne.

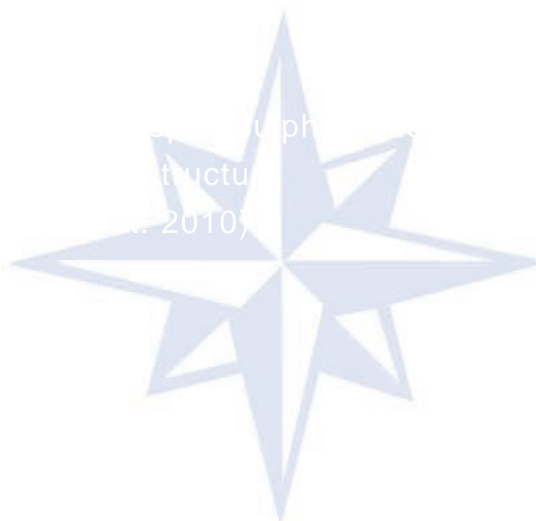
Trenching this year exposed high-quality gold mineralization and visible gold in



**Scandinavian Minerals Limited**  
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quartz veins – including some of ‘museum quality.’ More interesting, were samples from a sheeted vein system within an igneous intrusive granodiorite that returned assay results of 2.7, 4.8 and 1.6 grams gold/tonne, Pudar related. The exposed portion of this vein, ranging between 0.4 and 1.1 metres in width, has been traced over a length of 150 metres, is open in both directions and is yet to be tested by drilling to depth, according to Golden Reign’s November 13 press release.

“The results prove that mineralization is not just limited to quartz veins but extends into the granodiorite intrusive host and opens up the possibility of a bulk tonnage, open pittable deposit...reinforcing our conceptual model for the property. We will wait to receive all assay results from the exploration program, but is certainly a positive indication,” Pudar told *Resource World*.

#### Return Trip to Russia

The Dorozhni and Butarni properties are located in Russia’s far eastern Magadan

Oblast, located across the Bering Strait from North America, which according to Russian mining authorities holds some 2,000 placer gold deposits, 100 gold ore deposits and 48 silver deposits. Total probable gold reserves in the region have been estimated at 4,000 tons (128 million ounces).

Having an experienced, well-capitalized business partner with connections in Moscow is crucial for foreign companies looking to explore for and develop mineral resource projects in Russia, and Golden Reign has that in Status LLC, the mining division of Moscow-based CentroCredit Joint Stock Commercial Bank. Gold Mining Company LLC (GMC), a newly created vehicle, holds the comprehensive 20-year exploration-mining permit for both the Dorozhni and Butarni properties.

According to the terms of their agreement, Golden Reign has the right to earn a 50% interest in GMC by contributing US \$6 million to assess and develop the projects over the next three years. In addition to providing the properties, Status will incur exploration expenditures of US \$2

million over the same period for its 50% interest. Golden Reign raised \$4 million in its IPO last year.

With initial results supporting management’s hypothesis that the potential exists for a low-grade bulk tonnage mining operation to be developed at Dorozhni, Pudar is busy planning his next visit to Moscow to meet with Golden Reign’s partners. Tentative plans for next season include sending earth moving equipment and a drilling rig to the two properties to carry out further exploration and resource definition work.

Golden Reign is working up plans for a 3,000-metre drilling program at Butarni – the primary prospect – that Pudar hopes will commence in April 2008 and a 2000-metre program at Dorozhni for later in the season. ■

*Andrew Burger is a senior contributor to ResourceInvestor.com, an internationally distributed newsletter about emerging junior resource companies. For more information, write to [info@resourcecx.com](mailto:info@resourcecx.com).*

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# Lexaria Energy updates oil production/drilling

by Ellsworth Dickson

Chris Bunka, president/CEO, **Lexaria Energy** [LXRA-OTCBB], has reported that the drilling of the PP F-12 #3 well in southwest Mississippi has reached total depth and has been logged. Production casing is being set in anticipation of oil production. Completion operations including a flow test will be conducted as soon as possible and results reported at that time.

The original discovery well in the Belmont Lake oil field, the PP F-12, is producing oil at an increased rate of flow as compared to its original production test. The well is producing on an 11/64-inch choke, currently at the rate of slightly more than 110 barrels per day. This compares to the original flow test rate which was approximately 100 barrels of oil/day on a 12/64-inch choke.

Lexaria, in conjunction with its partners, has decided to examine the expected future production data from the PP F-12 #3 well prior to making a final decision on the timing and specific location of the next well to be drilled into the Belmont Lake oil field.

Between six and eight development wells could be drilled in the Belmont Lake

oil field in 2008, possibly including the use of horizontal drilling technology.

The company has now drilled a total of 24 wells in Mississippi of which 17 have been successful. Lexaria has a 30% interest in Phase I, which to date includes 14 of these wells, and includes the Belmont Lake oil field discovery. Lexaria has a 45% interest in the subsequent seven wells that were drilled, and a 50% interest in the remaining 43 wells (three of which have already been drilled) in what is known as the area of mutual interest (AMI).

The AMI comprises over 200,000 acres, including over 140,000 acres where 3D seismic has already been processed. Strategically, Lexaria maintains its 50% interest in future exploration wells to be drilled in the 32,000 acres of Palmetto Point that surround the Belmont Lake oil discovery in all directions. In all, seismic has revealed as many as 100 possible current drill locations over the full extent of the AMI lands.

Lexaria has been targeting the Frio geological zone in southwest Mississippi. The Frio sands are favourable targets due to low finding costs and a 75% success rate.



There are both natural gas and oil targets in the Frio zones, although most are gas. Target depths are between 2,500 and 4,000 feet and feature low drilling and completion costs. Mississippi operator, Griffin & Griffin, LLC, has participated in more than 100 wells in the region for over 20 years.

In Oklahoma, Lexaria has spudded a new oil development well at Owl Creek where the company has a 7.5% working interest in the 1,100-acre property. The new well is named the Powell #3 well and will target the same zones as the successful Powell #2 (in which Lexaria does not have an interest). The Powell#2 has been producing oil since June, 2006 and was recently producing over 120 BOE/D. ■



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## Nordic discovers oil seeps at Preeceville

On Oct. 18, 2007, Nordic Oil & Gas Ltd. [NOG-TSXV] engaged the services of Petro-Find Geochem Ltd. (the consultant) to undertake hydrocarbon soil gas surveys in its most northerly permit in Township 40, ranges 4 and 5 W2 in Preeceville, Saskatchewan, Canada. During the course of sampling, the consultant advised the company that, over the last 48 hours, it has discovered what it believes to be oil seeps, and samples have been taken from four locations from an area extending over 5,000 lineal feet.

"Samples have been forwarded to our Calgary office where they will be sent to a laboratory for analysis, which will determine the authenticity of the samples," Donald Benson, chairman/CEO, stated. "The company has always believed that this area of Preeceville was heavily faulted and that the possibility

existed for traps for oil and/or gas."

The company expects to have the results of the laboratory analysis within the next 10 days.

"In the past, it has been oil seeps that have led to the discovery of many significant oil fields, including Turner Valley, Alberta," Mr. Benson added.

## Pacific Stratus tests La Creciente #3 well second time

Jose Arata, CEO, reports Pacific Stratus Energy Ltd. [PSE-TSX] has completed the second production test at the La Creciente #3 well (LCA-3), which indicates a production potential of 32.7 million cubic feet per day, with a 32/64-inch choke.

Well LCA-3, located at Prospect A of the La Creciente block in the Lower Magdalena Basin of Colombia, was drilled to a final measured depth of 12,950 feet or 10,977 true

vertical depth at subsea level. Test results of the DST-2 indicate a production potential slightly higher than that measured at the LCA-1 well, which measured 29.1 million cubic feet per day with the same choke.

The second drill stem test (DST-2) comprises the following intervals:

11,948 to 11,958 feet	(10 feet)
11,962 to 11,986 feet	(24 feet)
12,010 to 12,025 feet	(15 feet)
12,046 to 12,052 feet	(6 feet)
12,057 to 12,060 feet	(3 feet)
12,064 to 12,068 feet	(4 feet)
12,074 to 12,090 feet	(16 feet)

Actual production may differ from initial test results. The company also announced that drilling at LCD-1 has reached 860 feet and the company is presently preparing to run and cement the surface casing. Total final depth of this well is planned at 11,143 feet and the top of Cienaga de Oro is expected at 10,583 feet. ■

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- Hot Pot Project – Battle Mountain-Eureka Gold Trend

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### KFG Resources Ltd.

#### 6,550 foot Wilcox Formation Oil test may spell success

by Leia Michelle Toovey

**KFG Resources Ltd.** [KFG-TSXV] announced on October 26th that its subsidiary KFG Petroleum will participate in the drilling of 6,550-foot oil test well in the Wilcox Formation in Adams County, Mississippi. If this well is successful, the company will retain a 15.375% working interest and an 11.5% net revenue interest in the well and surrounding acreage.

The Wilcox Formation is a known reservoir found throughout much of the Gulf Coastal Plain, extending parallel to the coastline into southern Texas. The formation is comprised of sandstone, which was deposited in the ancestral Gulf of Mexico during the Eocene when the shoreline was

much further inland.

KFG has remapped all nine zones of the Fayette field. Remapping work revealed several zones with development potential in the shallow Wilcox gas formations. This survey also brought to attention the fact that the west side of the salt dome is virtually untouched. In 2006, KFG Resources increased its interest in the Fayette field to 49.2%, (42% net) in three leases covering 3,200 acres of the field.

The Fayette field is located on a salt dome. A salt dome oil reserve is formed when a cylindrical formation of salt intrudes through the lithosphere, distorting and buckling the earth's crust in its path.

KFG CEO Bob Kadane likened salt dome formations to what happens when a rock is thrown onto a pane of safety glass, such as a windshield. Concentric rings form around the point of impact. This is exactly the stress response from an intruding salt dome. Concentric rings form as layers of rock buckle and bend due to the forces

caused by the up-thrusting salt. When permeable rock becomes capped by impermeable rock, an ideal oil and gas reservoir is formed. Due to the symmetrical nature of the feature, if one side of the dome contains oil, there is a high probability of striking oil on the other side.

"The Fayette field has produced 7 million barrels of oil to date, primarily from the east side," says Kadane. "The remaining potential of the field is huge."

With sub-surface mapping information in hand, KFG entered into an agreement with Union Securities of Toronto, to act as agent for a private placement. The initial announcement of an offering was on March 26, 2007. Shortly after the announcement, Kadane decided to delay the offering based on unfavourable market conditions.

Union Securities went forward in September with an offer to sell 20 million units at \$0.10 per unit. On October 12, with the completion of the first tranche, 18,055,000 units were sold. On October 22,

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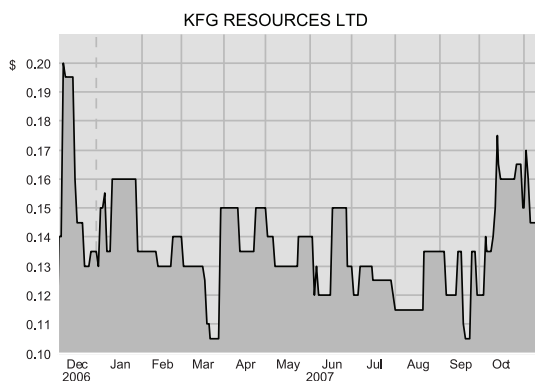
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2,200,000 barrels of oil. Production history indicates that CO<sub>2</sub> injection will recover 80% of primary production volume. Injection, therefore, should recover an additional 1,700,000 barrels of oil; this is in addition to new production that will come from the west flank.

In 2007, annual revenue from the sale of oil and gas was \$550,328, compared to \$760,229 in 2006. The slowdown is due to a decrease in the

average price of natural gas and oil, as well as a decline in oil production.

At the end of the 2007 fiscal year, the company's primary producing wells were located on: the Dale Lease, Concordia Parish, Louisiana; the Board of Education Wells, Franklin County Mississippi; and the Weyerhauser Wells, Forrest County, Mississippi. The five wells comprised the bulk of the company's proven oil reserves. In addition, the company has three wells in the Fayette Field, Jefferson County, Mississippi.

Kadane and his team have been working toward improving their odds. With an eye toward growth and increased shareholder value, the company appears poised for success. KFG has acquired a major interest in an untapped resource that could have excellent potential. The reclamation project in an area of proven production has a high likelihood of near term payoff, too. Add to this oil prices at record highs and KFG Resources is certainly one to watch. ■

the second tranche was completed and KFG achieved its goal of raising 2.5 million.

The funds are being used for a 3-D seismic survey in the Fayette field. This survey began late October 2007 and will be completed February 2008 and will determine the ideal location for drilling. The secondary goal of the survey is to determine which wells in the Lower Tuscaloosa formation would benefit from CO<sub>2</sub> injection for secondary reclamation.

The Lower Tuscaloosa has produced

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# Spain's alternative energy boom

by Sapphire S. MacAllister



**CONSIDERING THE RATE** the world consumes energy and the erratic weather patterns that are being experienced globally, one has to ask are we doing all we can to generate clean, affordable and sustainable energy? Books are being written on global warming, awareness campaigns are being launched; however, the average person feels helpless and, besides buying a hybrid vehicle, wonders what can be done?

Renewable energy is derived from natural resources. The beauty of alternative energy is that there are many different technologies that can be used as an alternative to burning petroleum products. Some alternative energy solutions include wind, tidal, wave, geothermal and solar power, as well as biomasses and bio fuels.

So, with all these other options available, why aren't countries and their populations embracing alternative energy on a larger scale? Some say it is the cost of conversion, while others say the situation is not yet critical. There are many reasons people find it hard to negate change. The reluctance to converting to alternative energy mainly stems from a reluctance to change on an institutional or governmental level.

Galicia, located in northwest Spain, is a model for all other cities in the world. Galicia demonstrates that change can be positive and alternative energy can work on a large scale. A picturesque city known for its wine, seafood and medieval castles, Galicia is a four-hour drive from Spain's capital, Madrid. With the support of gov-

ernment and its population, Galicia, has embraced a greener future since it converted to alternative energy. Currently, the city is considered the world's sixth largest producer of wind power. It has also implemented the use of solar energy.

AGAPE (Galician Institute of Economic Development), an agency of the regional government of Galicia, provides information and several support programs for businesses at all stages of development. As a result of these programs, every household, business and industry draws a portion of their energy from alternative, carbon-free energy sources.

Spain's success in alternative energy started in 1997 with laws governing energy production. According to AGAPE, the





A Solar PST thermodynamic solar panel installation in Galicia, Spain. Photo courtesy Solar PST.

LEFT: Iberdrola's Sil (depicted in photo) and Meda wind farms, situated in Ourense, have an aggregate capacity of 35.64 MW. They were officially opened in April 2003. Photo courtesy Iberdrola, S.A.

Electricity Act of 1997 established a legal framework through which the producer could sell energy under either a regulated fixed tariff option or a market option that provides for a legislated premium. Moreover, the government offers a bonus on top of the market price to wind farms, which has resulted in a quick expansion of wind energy production. Furthermore, the Galician Wind Energy Plan requires at least 70% of research and development funds be spent in Galicia to obtain grants, while guaranteeing the right to research and develop wind farms and create new jobs. The result of these incentives is that most major Spanish cities are now using alternative energy.

The regional government in Galicia provides incentives to upgrade old or existing homes, offices, and other facilities through INEGA (Instituto Enerxético de Galicia), which is dedicated to alternative energy policy and implementation.

The government of Spain, according to the 2005-2010 Renewable Energy Plan, expects to eliminate 27.3 million tonnes of

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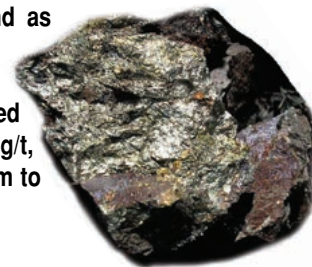
## GOLD AND SILVER - Greenwood, BC

### Minnie Moore - 100% Kettle River Resources

Limestone hosted epithermal siliceous breccia zone discovery. Selected grab sample results consistently show elevated silver, gold and base metal values to a maximum of 4500 g/t Ag, 6.04 g/t Au, 0.78% Zn, 0.58% Pb and 0.25 % Cu. November 2007 drill program completed - results pending.

### Battle Zone - 100% Kettle River Resources

1 km south of the former Phoenix mine (27 million tonnes at 0.9% Cu, 1.1 g/t Au). Mineralization occurs as stock working pyrite-quartz veinlets and as semi-massive pyrite-quartz shear zones. Grab samples taken from outcrop had values that exceeded 1 g/t Au including 190.3 g/t, 14.33 g/t, 8.13 g/t, and 6.67 g/t. Drill program to commence Spring 2008.



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Contact Ellen Clements 1-800-856-3966 or Larry Widmer 1-250-878-5099

CO<sub>2</sub> emissions per year by 2010, which translates to €47 million in savings. From 2005-2010, Spain expects to eliminate an aggregate total of 77 million tonnes of CO<sub>2</sub> emissions, which translates to 1.54 billion in savings. These estimates are based on assumptions that one tonne of CO<sub>2</sub> is equivalent to €20 in savings.

Spain has developed a system by which the power utility companies, such as Union Finosa, Endesa and Iberdrola are required to purchase alternative energy produced within the country. With technological advancement, Gamesa, Spain's wind energy company has now larger wind turbines that can be exported to the United States and China.

Spain and Germany are competing to be the number one in producer of wind power in the world. In the pursuit to further the environmentally friendly and sustainable, carbon-free energy sources, both countries are becoming major players in solar energy. Denmark and the

Netherlands are a close second.

In addition to wind energy, solar energy is also used in the city. Innovations by Galician companies are producing highly efficient solar panels that work in low sunlight and are recyclable. Currently, it is expensive to produce energy using solar technology compared to the cost of electricity that is derived from non-environmentally friendly coal. Costs for this type of conversion are being lessened by government incentives.

T-Solar has the most efficient solar panels in the European Union. Cambados OCV, a solar technology developer in Galicia, is launching a new, fully recyclable, *thermal* solar panel. It is designed to be effective in countries that do not have ample sunlight. Galicia-based Solar PST supplies technologically advanced thermodynamic solar panels that capture heat from rain and wind, and are impervious to excessive heat or freezing temperatures in low sunlit areas. At the rate of its progress, this

company will create the largest solar panel factory in Europe," reported AGAPE.

Spanish government leaders have been proactive in converting the country to alternative energy. They have passed laws that insist on green building requirements. These laws will contribute to the reduction of the total carbon footprint by 55%. Galicia has become a global model for sustainable construction done in an environmentally friendly manner. The Galician government passed building codes called Codigo Technico in March 29, 2006. These codes require all construction to use solar thermal panels. In addition, there is a criteria for bio-climate architecture to ensure that the building/home design will be energy efficient.

With Spain and Germany as role models, it obvious that alternative energy works. It can be done; however, it does require the cooperation of government, industry and citizens to work together to make a better and cleaner future. ■



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# Quest Air Technologies

## Hydrogen's day in the sun has come

by Joel Bainerman

Burnaby, British Columbia-based **QuestAir Technologies Inc.** [QAR-TSX, AIM] has been dreaming about using hydrogen as a source of alternative fuel for more than 10 years since its founding in 1996. Back then, while the world was still swimming in cheap oil, the company's management realized that the party wouldn't last forever and that eventually industry would turn to an alternative source of energy to fill its basic needs.

Today, its products are centred on its patented rapid-cycle Pressure Swing Adsorption (PSA) technology targeting a range of existing industrial and energy markets, including oil refining and biogas gas processing. Emerging markets include retail service stations to which it will provide hydrogen fuel for fuel cell powered vehicles, and on-board hydrogen generation systems for fuel cell vehicles.

PSA is a commonly used technology for purifying gases by separating a single gas from a mixture of gases. It was introduced commercially in the 1960s and today it is used extensively in the production and purification of oxygen, nitrogen and hydrogen for industrial uses. PSA is based on the capacity of certain materials, such as activated carbon and zeolites, to adsorb and desorb particular gases as the gas pressure is raised and lowered.



QuestAir's systems incorporating PSA technology purifies methane-containing gas streams such as landfill gas and anaerobic digester gas to high purity methane, suitable for supplementing existing natural gas supplies. The system can upgrade up to 9 million cubic feet of biogas per day.

### Use of hydrogen in the petrochemical industry

Hydrogen is used to process crude oil into refined fuels, such as gasoline and diesel, and for removing contaminants, such as sulphur, from these fuels. To get a feel for the market QuestAir is operating in, consider that total hydrogen consumption in oil refineries is estimated at 12.4 billion standard cubic feet per day, which equates to an average hydrogen consumption of 100-200 standard cubic feet per barrel of oil processed. Hydrogen consumption in the oil refining industry grew at a compound annual growth rate of 4% from 2000 to 2003, and growth in consumption is expected to increase to between 5% and 10% through to 2010.

The principal drivers of this growth in refinery hydrogen demand are:

- Low sulphur in diesel fuel regulations – hydrogen is used in refineries to remove sulphur from fuels such as diesel.
- Increased consumption of low quality 'heavy' crude oil, which requires more hydrogen to refine.
- Increased oil consumption in developing economies such as China and India.

The prototype H-6200 hydrogen purifier, which has been designed for use by refineries in order to recapture and reuse hydrogen that is contained in their off-gases. This prototype is currently being tested at an ExxonMobil refinery in France. Photo courtesy QuestAir Technologies Inc.

The overall increase in hydrogen demand is expected to drive demand for PSA systems for use in large capacity hydrogen plants, and for recovering hydrogen in oil refineries. Approximately 75% of hydrogen currently consumed worldwide by oil refineries is supplied by large hydrogen plants that generate hydrogen from natural gas or other hydrocarbon fuels, with the balance being recovered from hydrogen-containing streams generated in the refinery process. PSA technology is used in both hydrogen generation plants and for hydrogen recovery.

To meet that expected demand, QuestAir is developing a large capacity PSA product platform in collaboration with Exxon Mobil Research and Engineering Company for use in range of refinery applications, including hydrogen recovery from refinery off-gas streams. The direction of the hydrogen market for other industries also bodes well for QuestAir.

Hydrogen is used in chemical production, metal refining, food processing and electronics manufacturing. Hydrogen is either delivered to customers in these industries as compressed or liquid hydrogen, or generated on-site from water using a process known as electrolysis or from natural gas using a process called reforming. In certain applications, there is a gradual shift towards on-site generation to replace delivered compressed or liquid hydrogen, largely based on the lower cost of new on-site hydrogen generation technologies when compared to delivered hydrogen. QuestAir's PSA systems are used in on-site reforming systems to increase the purity of the hydrogen produced to the levels demanded by certain of the consuming industries.

With just over \$6.2 million in sales, and a stock price trading at its 52-week low of just under \$0.34 and a market cap of just \$18 million, investors seeking an undervalued cleantech investment may want to investigate QuestAir. The stock has plenty of upside in the next 12-24 months, considering it is trading at a third of its 52-week high of \$1.49. ■

## In goes waste water; out comes energy

by Joel Bainerman

**ThermoEnergy Corporation** [TMEN-OTCBB] has developed a series of technologies that are the dream of every cleantech company. The technology not only disposes of waste, but turns that waste into a salable commodity, either in the form of a high-energy fuel or a commercial grade fertilizer.

The Little Rock, Arkansas-based company provides an attractive, and in some cases the only viable alternative, to conventional process methods currently utilized in the municipal and industrial wastewater industry, energy production industry, heavy manufacturing and hazardous and/or toxic waste disposal.

According to CEO Dennis Cossey, many municipal wastewater treatment plants built in the past 40 years are struggling to cope with system stress as a result of tremendous population increases. These plants, once on the outskirts of the municipality, now find themselves surrounded by commercial and/or residential populations, leaving little or no room for plant expansion. The situation is further complicated by increasingly stringent federal and state clean water regulations, designed to protect human health and the environment.

"In the past, a convenient and popular method of meeting new regulatory standards was to simply increase the size of the plant, thereby diluting the waste-to-water ratio and achieving compliance," he says. "This solution is fine, as long as the municipality has an unlimited budget and wide open spaces in which to expand. However, this is no longer the case. Today, wastewater treatment plant operators are looking for ways to improve plant process performance and meet regulatory requirements at the lowest possible cost."

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One of the best ways a wastewater treatment plant can increase performance and lower costs is to improve the plant digesters. Digester performance represents a critical part of conventional wastewater plant operation. Improvements made in this area results in major benefits to the overall operations.

ThermoEnergy's patented flagship wastewater treatment systems include the Ammonia Recovery Process (ARP), the ThermoFuel Process (TPF), the Zero Liquid Discharge Process (ZLD) and the CAST Process. These technologies have direct application in a number of infrastructure industries including refining, petro-chemical, food processing, textile, pulp & paper, pharmaceutical, heavy manufacturing, and energy production on a world-wide scale.

The company was recently awarded another patent for its Enhanced Biogas Process (EnBP), a proprietary method of upgrading new or existing wastewater treatment plants to lower ammonia toxicity and optimize biogas production in their anaerobic digesters – the key process component in a typical wastewater treatment plant.

Combining the ThermoFuel Process with the Ammonia Recovery Process, greatly reduces the regulatory, physical and financial hurdles of building and operating advanced municipal wastewater treatment facilities. The TFP/ARP process dewateres raw, digested or waste activated sludge and processes it through a hydrothermal reactor where it is converted into a high-energy fuel in the form of oil or char (the system can be configured to produce whichever fuel has the greatest value within the current market). ARP will then convert the ammonia fraction of the wastewater into ammonium sulfate – a commercial grade fertilizer utilized in agriculture around the world. This combined system can significantly improve the plant's overall economic performance as well as help wastewater treatment plant operators meet mandated Total Maximum Daily Limit requirements – a relatively new regulatory hurdle that has proven to be severely challenging for many municipal wastewater plants.

ThermoEnergy has also developed the

TIPS system that integrates the combustion of coal, gas, oil, biomass or other "opportunity resources", and the efficient production of electricity with the recovery of liquid carbon dioxide (CO<sub>2</sub>) and the elimination of acid gas and particulate emissions, including mercury and organo-mercury compounds. It can use air, oxygen, or oxygen-enriched air as the oxidant to efficiently convert any fossil fuel or compatible biomass into electricity. By using low-cost fuels, such as high-sulfur coal, waste oils, greases, coal fines, sour gas, etc., TIPS can realize significant cost savings over competing technologies that

must rely on higher cost fuel sources

One use for the large quantities of CO<sub>2</sub> that TIPS will produce is stored energy for peak power demands. ThermoEnergy engineers have identified several turbine re-heat steps involving the use of spent CO<sub>2</sub>. Such use further reduces the overall cost of energy production. Cost savings from these process re-heat steps could range from \$0.01/kWh to \$0.04/kWh depending on the size of the unit and the local market for peak power.

The Chinese patent office recently granted a patent for ThermoEnergy's TIPS process. ■

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# MINING COMPANIES

## an emerging market for alternative energy

by Harold Waldock

Crude oil prices are surging through US \$95 a barrel, an all time high, and the energy costs of mining are causing serious financial impacts on resource companies. While diesel fuel accounts for 34% of the US mining industry's fuel needs, a variety of other conventional energy is consumed, including onsite electricity at 32%, natural gas at 22%, with coal and gasoline supplying the balance. For a sense of the size of the impact on the bottom line, take for example the energy costs of **Newmont Mining Corp.** [NMC-TSX; NEM-NY; ASX] that climbed 44% in the 2005 to \$130 million, or to 25% of all operating expenses. Another example is **Kinross Gold Corp.** [K-TSX; KGC-NY], that despite recent record prices of gold, this un-hedged producer just reported lower profits, listing energy costs as one of the top four causes. This contradicts a prediction in their 2006 annual report that the production cost per ounce of gold would decline in the future.

Other mines have energy costs that are 30% of total costs and those costs are growing at 10-20% per year. Award winning investor Frank Holmes, CEO and chief investment officer of U.S. **Global Investors, Inc.** [GROW- NASDAQ], a mutual fund management company, has pointed out that energy costs are in his top four concerns when selecting companies for his top ranked **World Precious Minerals Fund** [UNWPX]. Surprisingly, many companies make no mention of energy costs in their reports or discussions, even when earnings fall during rising product prices. Other companies have taken concrete action.

Those actions, outlined below, are the beginning of a trend in the demand for alternative energy by mining companies.

Some of the drivers of the trend are:

- Impending peak of oil and gas production – driving prices higher

- Government climate change concerns – specifically impending carbon taxes or the requirements to have tradable credits for green house gas emissions
- Increasing supply interruption risk for oil and as noted by **Goldcorp Inc.** [G-TSX; GG-NY] in their 2006 annual report, electrical power blackouts
- Pollution and environmental concerns that have energy cost impacts
- Rising global energy demand.

By reviewing a variety of projects around the world, which are part of the developing trend, some understanding of the alternative energy market can be gained. One of the most notable initiatives was taken by **Barrick Gold Corp.** [ABX-TSX; NY] earlier this year. They launched several alternative energy projects at one time. In terms of Barrick's total energy consumption, the new projects represent just a tiny fraction, but it is a beginning.

- A one-megawatt (MW) solar installation to be installed by its natural gas power generation plant near Reno, Nevada to comply with a 9% renewable portfolio standard for power producers
- A 20-MW, US \$40 million wind farm is being built in northern Chile in the Coquimbo region
- A two-MW turbine at 4,000 metres, the highest in the world, is being installed beside its Veladero Mine in Argentina.

**Rio Tinto PLC** [RTP-NY], which measures annual energy performance in its comprehensive sustainability reporting, has several projects including two carbon capture projects in a partnership with **BP plc** [BP-LSE] called Hydrogen Energy Inc. One is a 500-MW coal-powered power station in Western Australia and the other is a 500-MW petroleum coke powered generator in Carson, California. These projects demonstrate to Rio Tinto's customers that



These young *Jatropha curcas* trees, shown here in Swaziland, are drought resistant, can grow in mine reclamation areas and will produce seeds from which biodiesel can be made which is especially useful in underground mines as it burns more cleanly than diesel. Photo courtesy D1 Oils plc.

clean coal technology is readily available and can be relatively emission free so that existing coal customers can continue to choose coal as a primary energy source in a global warming-aware business climate.

Alternative energy is a diverse collection of technologies and strategies. One of the more promising ideas is a drought-resistant oil-seed producing tree called *jatropha curcas* that can do triple duty for miners in tropical and subtropical regions. It can grow on non-arable land such as mine reclamation areas and its oilseeds can be processed into biodiesel which burns much cleaner than diesel. Last year, the Obuasi Gold Mine of **AngloGold Ashanti Ltd.** [AU-NY] in central Ghana began planting *jatropha* seedlings in reclaimed mine waste. While a few companies specialize in *jatropha*, the leader is **D1 Oils plc** [DOO-AIM] which has obtained rights to off-take from a total of 175,081 hectares of *jatropha* producing nearly 3.3 million barrels of oil from Africa, India, Asia and China. D1 Oils imports the oil to the UK and has built biodiesel processing capacity of 41,000 tonnes per year. D1Oils expects to begin volume processing *jatropha* in 2008 and sells modular biodiesel refineries as well.





D1 Oils' new 10,000-tonne D120 Mark II, is a stand-alone skid-mounted continuous biodiesel refinery that can easily be shipped around the world by road, rail and sea. Photo courtesy D1 Oils plc.

Biodiesel processing and jatropha growing has political support. In the Philippines, it was President Arroyo who planted the first seedling at another D1 Oils plantation on the mine wastelands of **Atlas Consolidated Mining and Development Corp.** [AT-PSE]. D1 Oils intends to plant 7,000 hectares of jatropha in the Philippines. Biodiesel's clean burning attributes has been extensively tested and is used in underground mines because it reduces particulates and pollutants. Given jatropha's useful qualities, it may be, for some mining companies, a particularly attractive and useful alternative energy source.

Energy supply risk is taken seriously by some mining companies, particularly those of northern Chile connected to the large Northern Interconnected System transmission region. There, the mining companies are particularly exposed to the risk that the natural gas required (for the 60% of the electrical supply) may be cut off, as it has been cut off at least two times in the last 10 years, due to peak winter requirements in Argentina. The concern that this could happen again has caused the mining companies, which consume 90% of the power production, to conduct a test of a diesel back-up system which cost them \$4 million.

Some quick thinking companies have identified the energy demand of

mines and the market for alternative energy. One is **Protocol Energy**, which is intending to sell wind, run of river hydro-electric, biomass and geothermal power in Peru, Chile and Ecuador to mining companies because, as CEO Thomas Logan colourfully puts it, "Miners are energy hogs." Protocol Energy has 80% ownership of an Ecuadorian company, Villonaco Wind Power, which has begun construction of a 15-MW wind park in Ecuador's Loja province.

Mining companies such as **Novagold Resources Inc.** [NG-TSX], which is taking a strategic approach to energy costs, are buying out local producers such as Coast Mountain Power. It had three potential run-of-river hydroelectric projects in a remote area of north-western British Columbia close to Novagold's Galore Creek copper-gold-silver mine, now a joint venture with **Teck Cominco Ltd.** [TCK.B-TSX].

However, at Donlin Creek, Novagold's joint venture partner Barrick proposed a wind power-diesel hybrid electrical supply which was rejected by Novagold. They preferred, instead, long transmission lines to the nearest grid, because the cost of diesel supply was too high. Alternative energy, such as run-of-river and wind is becoming a mainstream investment even for mining companies but only when it benefits the bottom line.

Alex Turkeltaub, an energy specialist and a managing director of Frontier Strategy Group, a consulting firm that focuses on emerging markets, M&A advisory and political risk assessments, spoke to *Resource World* magazine. He said, "Investors need to pay attention to how companies are addressing the energy challenge. What type of energy contracts agreements do they have with host governments? Do these companies have a comprehensive energy management strategy across their enterprises? Have they thought about purchasing energy assets in order to provide themselves with lower cost power access? These are important questions. Additionally, there have been shortages of energy, particularly power in certain places, such as Africa and Latin America."

Given the size of the impacts and the importance of reducing energy costs, one would think there are many alternative energy companies providing opportunities for mining companies. These alternative energy companies are not well known and the companies that promote them tend to be early stage or private. Take for instance, **Magplane Technology Inc.** [MAGP-Pink Sheets], which has an ore transport system that has cylindrical cars contained in a pipe and are moved by linear synchronous motors. Magplane claims their system's operating costs are 40% less than a short rail system and 80% less than the cost of a short-haul truck system. For more on Magplane, see *Resource World* magazine's October 2007 issue.

Another company miners may want to check out is **Mining Technologies International Inc.** which has developed a diesel/electric hybrid scoop tram that cuts energy consumption by half and which will be on the market by mid-2008.

Perhaps alternative energy, with its diverse offerings and large potential demand is only slowly emerging and will eventually be given new impetus from forward thinking mine managers and directors seeking to improve their energy cost impaired earning statements. ■

Harold Waldo [haroldw@alternatives.com](mailto:haroldw@alternatives.com) welcomes your comments.

Flow testing the 23-14 well September 28, 2007 at the Blue Mountain Geothermal Project in Humboldt County, northern Nevada. Photo courtesy Nevada Geothermal Power Inc.

## Nevada Geothermal well flow-test successful

by Ellsworth Dickson

**Nevada Geothermal Power Inc.** [NGP-TSXV; NGLPF-OTCBB] recently received positive flow-test results from well 23-14 from its 100% leasehold interest Blue Mountain Geothermal Project in Humboldt County, northern Nevada. The flow-testing was carried out under the supervision of GeoThermEx, Inc., an independent geothermal consulting company.

Well 23-14 produced about 700,000 pounds per hour fully open that is equivalent to a volumetric flow rate of 1,590 gallons per minute (gpm) at a well head pressure of approximately 100 psig (690 kPa). The maximum temperature measured in the flow-test was slightly higher than 375° F. (190° C) at 3,250 to 3,300 feet in depth (990-1,006 metres). Using the measured pressure draw-down and the total flow rate, a productivity index of 7.1 gpm/psi was calculated – indicating good productivity.

The well can be pumped using a conventional line-shaft pump to maximize its power output. With a flow of 2,500 gpm, the gross power potential of well 23-14 would be 10 MW with the net output approximately 7.5 MW. Well 23-14 was completed to a depth of 3,415 feet (1,041 metres).

Brian D. Fairbank, P.Eng., president/CEO, says Nevada Geothermal has established the geothermal resources necessary to deliver renewable power under its existing power purchase agreement with the Nevada Power Company. The Blue Mountain geothermal site has a power purchase agreement for up to 35 MW of geothermal power. Nevada Geothermal will now complete turbine equipment specifications, select an engineer, procure a construction contractor and

obtain the remaining permits to construct the power plant, well field and transmission line interconnection.

Fairbank said, "These wells are highly productive and we believe they are connected to a larger near-surface, high temperature geothermal resource than was first apparent. We believe that the Blue Mountain geothermal reservoir will support the development of a further 30-60 MW and perhaps more. The first 30 MW power plant, to be known as the Faulkner I, is projected to be on line at the end of 2009."

To facilitate these advancements, Nevada Geothermal has, through its newly-formed subsidiary NGP Blue Mountain I LLC, arranged a US \$20 million bridge financing with Glitnir Banki hf. The bridge loan will fund the pre-construction of the geothermal power plant, the geothermal well field, related infrastructure and development costs until the construction permits for the power plant are received. The facility will mature 12 months from the closing date. Coinciding with the closing of the bridge financing, the commitment letter for the construction financing was amended and restated. Glitnir executed commitment of 50% of the US \$100 million construction loan. The construction loan is expected to close and repay the bridge loan no later than the second quarter of 2008 after construction permits have been obtained.

The Blue Mountain Geothermal Project is located 30 kilometres (20 miles) west of the town of Winnemucca. The proposed Faulkner I geothermal plant will require a 20-mile long transmission line over relatively flat, undeveloped desert land to a connec-

tion point located on the utility's (Sierra Pacific) 120kV-transmission line north of Mill City, Nevada. Extensive environmental studies have been completed along the power line route and around the proposed power plant site and an environmental assessment is in process by the Bureau of Land Management.

Nevada Geothermal has three other geothermal projects in the western United States – Black Warrior and Pumpnickel in Nevada and Crump Geyser, Oregon. In October 2004, the company acquired seven square miles of private land and applied for a one-section federal geothermal lease for a total land area of eight square miles south and east of Black Warrior Peak in Washoe County. The leases are subject to a 3.5% royalty on gross revenue from electricity sales; however, Nevada Geothermal can purchase the royalty for US \$1,000,000. Leases include surface and water rights. The Black Warrior Project is located in a power producing region with geothermal power plants having a total production capacity of over 100 MWs. Four power transmission lines cross the region. Field investigations have begun.

At Pumpnickel Valley, a 3D resistivity survey has outlined a four square mile geothermal anomaly. **Sierra Geothermal Power Corp.** [SRA-TSXV] can earn a 50% interest in the project. Sierra must make cash payments, issue shares to Nevada Geothermal and spend CDN \$5-million on the project over five years.

The Crump Geyser area is located in Warner Valley, Lake County, near the hamlet of Adel, 53 kilometres east of Lakeview, Oregon. In May 2006, GeoThermEx provided a preliminary estimate of capacity of a minimum of 40 MW and most likely 60 MW. Nevada Geothermal intends to advance the Crump Geyser Project through reservoir drilling, testing and confirmation and feasibility studies. Two geothermal zones have been documented in the Warner Valley near Adel. ■



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continues to expand their Langmuir nickel discovery near Timmins, Ont.; while at their Abitibi East project, a wide zinc-rich zone was discovered that may indicate a VMS deposit nearby. GCR holds large land packages in proven Canadian mineral districts including the Abitibi in Ont. and the Bathurst Camp in N.B.

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

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### **Kootenay Gold Inc. (KTN:TSX.V)**

specializes in early-stage exploration and has over thirty mineral systems staked in Mexico and another thirty-five in BC! Work at their past producing Promontorio high-grade silver mine in Mexico's Sierra Madre Silver Gold Belt is both confirming known zones and finding new areas of mineralization.

[www.kootenaygold.ca](http://www.kootenaygold.ca)

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### **International Montoro Resources Inc. (IMT:TSX.V)**

holds uranium exploration properties in Ont., Labrador, Sask. and BC. They're now drilling their properties near Elliot Lake, Ont. where Rio Algom operated for many years; and they've just flown geophysical surveys over their Uranium City, Sask. holdings to generate strong targets for an upcoming drill program.

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

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**KLONDIKE  
SILVER CORP.**

### **Klondike Silver Corp. (KS:TSX.V)**

recently celebrated the reopening of their lead-zinc-silver mill at Sardon in southeastern BC; KS has tied up most of the prospective ground in the famous 'Silvery Slocan' area. They also have large holdings in the historic silver camps of Ontario, and strong prospects in both the Yukon and Mexico.

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

[www.smartstox.com/interviews/ks](http://www.smartstox.com/interviews/ks)



**AMADOR  
GOLD CORP.**

### **Amador Gold Corp. (AGX:TSX.V)**

discovered a new gold zone this summer at their Horwood Property southwest of Timmins, Ont., and intersected high-grade silver at their nearby Silverclaim property. Last spring, they found diamonds near Wawa Ont.! Results are pending for the summer drilling at the Conner Creek gold project in southern BC.

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

[www.smartstox.com/interviews/agx](http://www.smartstox.com/interviews/agx)



### **Molycor Gold Corp. (MOR:TSX.V)**

conducted surface exploration and a drill program this summer at their Crowrea moly project south of the past-producing Brenda moly-copper mine in British Columbia, and then added more ground to the holding. They're awaiting results from the recent drilling at their Tami-Mosi manganese-gold project in eastern Nevada.

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

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# Developments in Alternative Energy

by Joel Bainerman

## Wind energy without wind

Attleboro, Massachusetts-based start-up, **General Compression**, has devised a system to produce electricity from wind turbines even when there is no wind by taking on the major challenge of storing wind-generated power.

Wind turbines typically have an onboard power generator that sends electricity down the tower and onto the grid. General Compression broke with that basic design and placed an air compressor in the nacelle – that is, the housing on a turbine where the generator usually sits.

Its system sends highly compressed air down the tower and into underground storage, such as caves or depleted gas wells, or through pipelines. The pressurized air can be released when needed to power an electricity generator, even if wind is not spinning the turbine's blades.

The company says it set out to commercialize a concept that has been around for decades, but not fully pursued because it was considered too expensive or technically difficult. With new technology and higher oil prices, that is no longer the case.

Company executives claim that a compressed-air energy storage system will allow wind farm operators to charge more for their product. Rather than get paid for electricity only when the wind is blowing, they can now make wind-generated power available when the demand and price is highest.

"The problem with wind is intermittency," says CEO Michael Marcus. "It does not garner high prices from power purchasers because it is not schedulable. However, higher prices can be charged if it's available on demand. For example, if the wind is blowing hardest at 11 at night, a wind

farm operator could store the energy generated from the wind and release it at 10 o'clock the next morning when demand for power starts spiking up."

The company sees a number of applications where on-site storage makes sense. Its planned customers are utilities or energy-intensive industries, such as aluminium or fertilizer makers. The compressed air also can be used for carbon dioxide sequestration or to make hydrocarbon fuels like methane or methanol. U.S. government agencies have expressed interest in wind-powered military bases that would not be dependent on the electric grid.

## Sunny farms

Farmers like Alvin Kunugi in Sun Luis Valley, Colorado are investigating new ways to reduce their energy costs. Kunugi has installed solar panels on the unused corners of pivot irrigation systems to offset part of the energy need for pumps and motors.

The irrigation works with a central pivot. These plots look like large green circles from the sky. But roads in the prairies create a checkerboard. The result is four unfarmed corners on each checker, which provide space for harvesting the sun in another way: with solar panels.

During the winter months when the energy is not needed, the energy is sent into a pool of electricity in the grid where farmers are paid \$4.5 per watt by the local energy utility, **Xcel Energy**. The US Department of Agriculture kicks in with a federal tax credit of up to 30% of the upfront costs of installing the equipment. Farmers in the area pay \$8,000 a year to power the irrigation system. Now, they will cut that number in half.

## The newest fuel source: salt water

Scientists at Penn State University have found a way to burn salt water. The discovery could pave the way for using salt water, the most abundant resource on earth, as a fuel source.

Professor Rustum Roy and cancer researcher John Kanzius came across the discovery accidentally when they tried to desalinate seawater with a radio-frequency generator Kanzius developed to treat cancer. The researchers discovered that as long as the salt water was exposed to the radio frequencies, it would burn.

They surmise that the radio frequencies act to weaken the bonds between the elements that make up salt water, releasing the hydrogen. Once ignited, the hydrogen will burn as long as it is exposed to the frequencies.

Says Roy, "This discovery is "the most remarkable in water science in 100 years,"

## Powering the earth from space

The Pentagon is reviewing various technologies to deploy platforms in space that would capture sunlight and then beam down the electrical power to earth.

One study by the US military suggested that 10% of the US baseload of energy could be produced by space-based solar power (SBSP) by 2050.

"I truly believe that space-based solar power will become the first sellable, tradable commodity that's delivered by space that everybody on the planet can have part of," said Colonel Michael Smith, Chief, Future Concepts in the National Security Space Office.

Smith says that to reach that goal, a partnership between government, commercial and international entities is needed to estab-



lish the infrastructure for such a project.

Smith points out that the U.S. Department of Defense has an “absolute urgent need for energy” as the major powers around the world – not just the United States – could end up in a major war of attrition in the 21st century.

Although space-based solar power has been studied since the 1970s by the Department of Energy, NASA, the European Space Agency, as well as the Japan Aerospace Exploration Agency, the idea has generally fallen between the cracks as no entity is responsible for both space programs and energy security.

On the positive side are the recent advances in micro and nano-electronics, lightweight inflatable composite structures, ultra-small power management devices, as well as laboratory demonstration of photovoltaic arrays that are close to 68% conversion efficiency. Future work still needs to be done in the area of wireless power beaming.

Most scientists agree that while there is a whole range of science and technology challenges to be pursued, there does not appear to be any fundamental physical barriers to overcome.

## In goes radioactive waste; out comes building materials

The problem of radioactive waste is a global one, and getting increasingly worse. All countries in the industrialized world are waking up to the need for safer hazardous waste disposal methods. According to the journal *Research Studies*, the production of nuclear weapons/power in the US has left a 50-year legacy of unprecedented volumes of radioactive waste and contaminated subsurface media and structures. The journal claims that in the US alone, the value of the market for radioactive waste-management technologies exceeds \$5.5 billion.

Israeli-based EER believes it has the best technological solution to deal with this problem as it can take low-radioactive, medical and municipal solid waste and not only dispose of the waste, but also create a good recyclable material for building and paving roads.

Using a system called plasma gasification melting technology (PGM) developed by scientists from Russia’s Kurchatov Institute research centre, and the Radon Institute in Russia, EER’s technology combines high temperatures and low-radioactive energy to transform waste.

Says Moshe Stern, founder of the company, “Our waste disposal reactor does not harm the environment and leaves no surface water, groundwater, or soil pollution in its wake. The EER reactor combines three processes into one solution: it uses plasma torches to break down the waste; carbon leftovers are gasified and inorganic components are converted to solid waste. The remaining vitrified material is inert and can be cast into molds to produce tiles, blocks or plates for the construction industry.”

EER’s facility has the capacity to convert 500 to 1,000 kilograms of waste per hour. Other industry solutions can only treat as much as 50 kilograms per hour and are much more costly. The cost for treating and burying low-radioactive nuclear waste currently stands at about \$30,000 per ton. The EER process will cost \$3,000 per ton and produces only a 1% per volume solid by-product.

“Our technology is not burning,” says Stern. “When you burn you produce dioxin. Instead, we vacuum out the oxygen to prevent combustion. Our system then purifies the gas and with it, operates turbines to generate electricity. EER produces energy of which 70% goes back to power the reactor with a 30% excess which can be sold.”

## From the plant stem to your gas tank

Cellulosic ethanol is being held out as a promising alternative to ethanol made from corn since it doesn’t use the edible parts of plants. But, as is the case with biodiesel, companies are still at an early stage of development and struggling with high cost and the challenge of scaling the production.

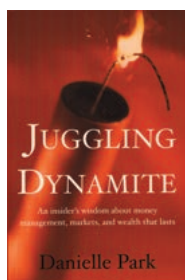
One company, Silicon Valley-based **ZeaChem**, is developing a new process for producing cellulosic ethanol. The company’s scientists have come up with a new patented way of making ethanol from wood and other nonedible parts of plants. Key to the invention is a two-step fermentation and chemical process that also uses input from the noncellulosic parts of the plant.

Compared with traditional methods, less carbon is given off during the process. This results in a 50% increase of ethanol produced per ton of biomass. A small pilot plant is now being built to test the process, which is more complicated than conventional ways of making ethanol.

“But the advantage of higher yield outweighs the complexity. We believe it’s the lowest cost process per gallon,” said ZeaChem CEO Dan Verser.

Another company, **Catilin**, founded by researchers at Iowa State University, have invented a new nano-based catalyst that can make biodiesel production faster, less expensive, and more environmentally friendly. By utilizing the technology, a biodiesel producer can reduce the production cost up to 25¢ a gallon.

Another advantage is that the new catalyst can be used to make biodiesel from different kinds of raw materials, including animal fats and restaurant waste that generally are hard to process. ■



## Straight talk for individual retail investors

by Ellsworth Dickson

Danielle Park, a chartered financial analyst and a lawyer, is a portfolio manager and partner at the independent investment counsel firm she helped found – Venable Park Investment Counsel Inc. Insomniac Press recently published her handbook for individual retail investors entitled *Juggling Dynamite*. Ms. Park began her career working for brokerage houses where she gained valuable insights into how the industry works.

Basically, the book explains how the odds are stacked against the small-time investor by the very nature of the business. For example, there can be conflicts of interest – how can your broker give you unbiased advice if he or she is committed to

selling securities? Ms. Park also notes that brokerage houses don't often recommend a 'sell' – it's usually 'buy' or 'hold.' This is because they are in the business of selling securities. Even when the stock market in general appears to be overpriced, there are not too many brokers advising you to sell your positions.

She is especially hard on the mutual fund industry for two reasons. One – she is of the view that the fees are too high and, two – historically speaking, often mutual fund managers don't do any better than the market in general – so why bother with them?

Ms. Park's advice is to seek out a fee-based money manager who charges 1.5%

or less. She also believes it is necessary to learn how to time the market. The idea 'buy and hold' only works in specific circumstances and can result in waiting years, just to break even.

"Good investments are found through diligence and objective appraisal," writes Ms. Park. Absolutely true. She also is big on living within your means and staying out of debt. For the novice investor, this book will be a real eye-opener. For those of us who have been around awhile, we are already aware of the flaws in the securities industry. Nevertheless, we are stuck with it and if one is smart and nimble, there is good money to be made on the stock market. ■

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07-E-3	2.99%	91.9 feet	0	91.9 feet
07-E-4	3.71%	124.0 feet	0	124.0 feet
07-E-5	1.00%	137.1 feet	0	137.1 feet
07-E-6	0.80%	117.1 feet	0	117.1 feet

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*New Discoveries continued from page 25*

metre massive sulphide section averaged 2.01% copper, 8.3% nickel, 0.14 grams platinum/tonne, 11.53 grams palladium/tonne, 0.23 grams gold/tonne and 5.1 grams silver/tonne. Noront has now expanded its land position to 41,632 hectares. Exploration continues.

**Probe Mines Ltd.** [PRB-TSXV] is exploring its 100%-owned McFauld's Lake West property immediately adjacent to Noront's Double Eagle property – see Noront review above. A reconnaissance field program has been underway that includes surveying of property boundaries and a soil geochemical survey using mobile metal ion analysis. The survey is centred over a magnetic anomaly identified from regional airborne data. Probe owns over 856 claims (13,696 hectares) in the McFauld's Lake area.

**Red Hill Energy Inc.** [RH-TSXV] reports making a major new coal discovery in southwest Mongolia contiguous to CVRD's Mongolian Coal Project. Drilling on Red

Hill's 100%-owned Chandgana Khavtgai coal property has defined a 678.4 million tonne coal resource, with 188.7 million tonnes in the measured category and 489.7 million tonnes indicated. In addition, another 439.6 million tonnes is in the inferred category. Red Hill's total coal resources from two separate Mongolian coal districts now exceeds one billion tonnes in all categories.

**VMS Ventures Inc.** [VMS-TSXV] has reported what appears to be a significant copper discovery with credits in zinc, gold and silver on its road-accessible Reed Lake property 52 kilometres southwest of the mining community of Snow Lake, Manitoba, part of the Flin Flon-Snow Lake volcanic massive sulphide (VMS) Belt. Highlights from drill hole RD 07-02 included:

2.50 (8.2 feet) grading 15.30% copper within  
10.50 metres (34.4 feet) of 11.19% copper within  
22.25 metres (72.9 feet) of 7.75% copper within  
43.05 metres (141.2 feet) of 4.38% copper

True width cannot be determined until further drill holes are completed. The

discovery is within an 800-metre long, southwest-trending VTEM geophysical anomaly which is located on the optioned HudBay Minerals property.

VMS Ventures has begun a second phase of drilling on the discovery zone and other weather-accessible targets. The Reed Lake mineralization is typical of other VMS deposits in the Snow Lake Camp and the Spruce Point Mine 15 kilometres to the east, formerly operated by HudBay Minerals.

Over the past two and one-half years, VMS Ventures has acquired 12 land packages in the Snow Lake-Flin Flon VMS Belt. The company's mineral land holdings are all in Manitoba and comprise the Snow Lake VMS Project, the Lynn Lake Gabbros nickel-copper project, the Nickel Belt Project, the South Bay nickel-copper-cobalt-PGE property, and the Eden Lake Carboattite Complex specialty metals property.

The above companies are definitely ones to watch and may represent the beginning of building new mines. ■



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## Falcon Concentrators building gold recovery machines

by Ellsworth Dickson

Based in Langley, British Columbia, a suburb of Vancouver, **Falcon Concentrators** has been designing and building a complete range of equipment for recovering gold, silver, platinum group metals, tin and other heavy minerals for over 20 years. The concentrators are marketed worldwide through international affiliates.

The mineral concentrators range in size from laboratory-scale units up to the world's largest units that top 10 tonnes. Basically, there are two types of designs, although both utilize the power of centrifugal force to separate the valuable metals from the waste material. The larger units are built for large mining operations whereas the easily portable iCON gravity concentrator is suitable for small-scale placer miners. Both designs can be used to separate and concentrate heavy metals from hardrock processing circuits, alluvial gold operations, and even tailings where free gold, for example, is present. Falcon Concentrators are specifically designed to recover 'fines' that some other concentrators are unable to recover.

Here's how the process works. The feed material is screened at about 2 mm depending on the application, introduced as a slurry and accelerated by an impeller. The feed material is stratified according to the specific gravity of the particles. The spinning chamber drives the material up the sloping, replaceable, rubber-lined rotor wall. This area is called the migration zone. Above the migration zone is the retention zone where the heavy metals gather and are retained until the machine is stopped and the concentrate is flushed down the discharge ports. This final rinsing process

takes about 40 seconds. No hazardous materials are used or produced in the process.

Falcon Concentrators are sold all over the world. Four 400 tonne-per-hour Falcon SB5200 batch concentrators are in use at the large Bajo Alumbra Mine in Argentina. Eight similar units are being used at Australia's largest gold mine — Newcrest's Telfer copper-gold project in Western Australia.

With an extensive range of concentrators, chances are one of them will be suitable for a particular hardrock mining operation. Prices range up to over \$300,000 for the largest fully automated units.

Research and development are an ongoing process at Falcon Concentrators and one of the company's latest offerings is the unique iCON Concentrator. Selling for about \$5,500 EXW Langley, the machine is simplicity itself. There is only one moving part.

As can be seen in the accompanying photograph, the moving part is enclosed in a typical 45-gallon oil drum. The spinning rubber liner is formed from an ordinary 14-inch automobile tire.

The iCON is ideal for artisanal, small-scale and recreational miners to easily recover fine gold quickly and inexpensively.

It is well known that in some developing countries the use of mercury to recover gold is still used. This is a hazard to the miner and the environment. Mark Van Kleek, president, says he hopes to sell the iCON units in foreign countries such as Indonesia, Brazil, Zimbabwe and Sudan to help eliminate this poor mining practice. When being transported, the iCON is packed away inside the barrel for ease of



Andrew Gillis, left, application engineer, and Mark Van Kleek, president, with a Falcon concentrator.



Mark Vinchoff, designer, displays the iCON concentrator that has been built for the small-scale alluvial miner. Photos by Ellsworth Dickson.

transportation. The unit weighs about 200 pounds. Similar to the larger stationary concentrators, the iCON captures the fine precious metals that are rinsed out in the form of a rich concentrate.

Any small-scale miner facing the problem of extracting very fine gold will want to consider the 2 tonne-per-hour iCON concentrator than can recover particles down to 20 microns in size. ■



## Dundarave Resources acquiring ENPAR leaching technology

Paul Matysek, president/CEO, reports **Dundarave Resources Inc.** [DDX-TSXV] has reached a definitive patent and technology license agreement with **ENPAR Technologies Inc.** Under the terms of the agreement, Dundarave has an option to acquire an exclusive worldwide license to ENPAR's ExtrEL leaching system technology and all related intellectual property that relates to the recovery and extraction of nickel and associated by-products contained in nickel sulphide mine tailings.

Dundarave has engaged Dr. Graeme Spiers, C.Chem., the Chair of Environmental Monitoring at Laurentian University in Sudbury, Ontario, to conduct due diligence on the ExtrEL process. According to Dr. Spiers, the technology has two primary benefits – potential economic returns and a

potential solution to environmental issues faced by the mining industry.

The process, which is expected to be cost-effective and energy efficient, applies basic acid dissolution chemistry to drive combination oxidation-reduction reactions which dissolve the sulphur-rich pyrite and pyrrhotite minerals in the tailings wastes. The reactions produce a stream high in dissolved iron and a waste stream of hydrogen sulphide that can be converted to either elemental sulphur or sulphuric acid. The breakthrough ExtrEL process dissolves the nickel in the tailings. The nickel, in concentrations approaching 1.0% in both active and closed mill wastes, can be separated from the acidic solution matrix. Bench-scale tests of the ExtrEL technology has demonstrated recoveries of over 75% of the nickel occluded in the pyrrhotite waste from a Sudbury tailings stream sample. The Sudbury Mining Camp is one of the world's major nickel mining centres.

Since modern mill technologies continue

to create waste streams containing over 0.8% nickel, metal recovery from these metal and sulphur-rich tailings could become a stand-alone profit centre while also reducing environmental concerns. The process would reduce tailings mass by 85%, resulting in stable residual material.

As part of the agreement, Dundarave Resources will fund an optimization and design program and the full cost of the construction of a test pilot plant to process a significant quantity of nickel tailings. The company is seeking a suitable nickel sulphide tailings deposit for the demonstration plant. The plant is forecast to produce 100 tonnes of nickel per year through the treatment of 15,000 tonnes of tailings per year grading 0.7% nickel. This would equate to about US \$3.1 million.

Capital cost of the demonstration plant is estimated to be US \$1.5 million. Operating costs are envisioned to be \$800,000 per year and includes manpower, power, chemicals and maintenance. ■



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## coming events

Cambridge House International Inc. is presenting the **Vancouver Resource Investment Conference** January 20-21, 2008 at the Vancouver Convention and Exhibition Centre, Vancouver, British Columbia. Cambridge House is also presenting the Phoenix Resource Investment Conference February 9-10, 2008 at the Renaissance Phoenix Glendale Hotel, Phoenix, Arizona. For more information and registration, go to [www.goldshow.ca](http://www.goldshow.ca). You can also register by phone. 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.

The **Mineral Exploration Roundup 2008**, the world's largest technical mineral exploration conference, is being held January 28 to January 31,

2008 at the Westin Bayshore, Vancouver, British Columbia. Registration is now open. For more information visit our registration page or visit [www.conexsys.ca/ame08](http://www.conexsys.ca/ame08) to register online. The theme of Roundup's Silver Anniversary is "25 Years: From Discovery to Development". Roundup is celebrating its Silver Anniversary in 2008, and over the past 25 years, it has evolved into the world's premier technical mineral exploration conference, highlighting Canadian and international exploration and mine development activities.

The **Toronto Financial Forum & Wealth Management Expo** presents a unique educational platform for investors January 24-26, 2008. This is where Bay Street meets Main Street in Canada's financial Capital. Exhibit Hall C, North Building, Metro Toronto Convention Centre.

The **Calgary Financial Forum & Wealth Management Expo** is being held February 1-2, 2008 Exhibit Hall D, Roundup Centre, Stampede Park, Calgary, Alberta

The **Vancouver Financial Forum & Wealth Management Expo** is being held February 8-9, 2008 in Exhibit Hall B and adjacent ballrooms at the Vancouver Convention & Exhibition Centre

The **Montreal Financial Forum & Wealth Management Expo** is being held February 15-16, 2008 at the Palais des Congrès de Montréal, 201, Avenue Viger Ouest, Montréal, QC. This is a bilingual program where all seminars and theatre speaking engagements will feature simultaneous translation. For more information on Financial Forum conferences, go to [www.financialforum.ca](http://www.financialforum.ca)

The **World Outlook Financial Conference** is being held February 1-2, 2008 at the Westin Bayshore, Vancouver, BC. For more information, go to [www.worldoutlookconference.com](http://www.worldoutlookconference.com)

**Mining Indaba** is being held February 4-7, 2008 at the Westin Grand Hotel, Cape Town, South Africa. For more information go to [www.iiconf.com](http://www.iiconf.com)

The **PDAC 2008 International Convention, Trade Show and Investors Exchange** is being held in Toronto, Ontario, March 2-5, 2008. PDAC is moving to the South Building of the Metro Toronto Convention Centre. All presentations, exhibits and luncheons will take place in this venue. The South Building entrance is located at 222 Bremner Blvd., Toronto, one block north of Lakeshore Blvd., West of York Street. For more information, go to [www.pdac.ca](http://www.pdac.ca) ■

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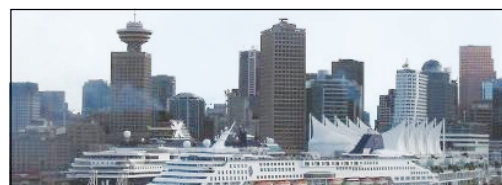
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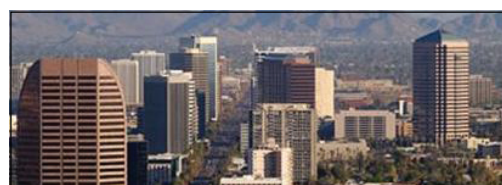
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# The Brave New World of the Internet

by David Duval

**I ATTENDED A DINNER** function and happened to be chatting with the wife of a Vancouver-based geologist who shared many of my views on mass media. She'd cancelled her subscription to the city's largest newspaper and found herself in a much better frame of mind because of it.

I've tried to cancel my subscription to the same newspaper before, but faced considerable opposition from my wife who feels it keeps her in touch with what's happening locally. On the other hand, my news interests admittedly tend to be more business oriented and the last thing I need is uninformed comment from a bunch of unionized hacks who in my opinion wouldn't know real news if it was staring them in the face.

My kids, three of whom are still at home, get most of their information from the Internet which is probably not surprising given how accessible it is to everyone today. With the exception of my artsy daughter, who simply isn't into computers, my three boys are all very computer literate, probably the result of spending a little too much time playing video games. On occasion, two of them benefit from cheques handed to them by the old guy for solving computer-related issues that he couldn't resolve himself.

Several weeks ago, I watched my No.2 son download a few business-related Podcasts onto his computer and then transfer them to his fancy new Ipod which he watched on the way to school. Some of the commentators (including George Soros' former partner Jim Rogers – who is always interesting and charmingly frank)

provided timely insights into the marketplace and commodities such as gold that one could simply not get from any other source. (Mind you I haven't been privy to any other Podcasts he's been downloading so what I think he should be viewing and what he actually is watching might be two different things).

Not only does your average citizen have access to some of the best investment minds in the business through the Internet, it's generally all free. Until recently, the *New York Times* online edition charged a yearly subscription fee, but decided to eliminate the charge to increase traffic which, of course, is a big draw for advertisers. I've even heard that the *Wall St. Journal*, which was recently purchased by newspaper magnate, Rupert Murdoch, might also be free on the Internet for the very same reason.

With the world becoming more and more wired by the minute, I have a hard time understanding why companies in our particular industry don't make better use of the Internet to communicate their stories to the masses. During my career in mining journalism I've visited more than 400 active mines and exploration projects, invariably at the invitation of the companies involved. In most cases, these trips saw me gathering information for news stories that would usually appear two weeks after the fact.

While independent, comprehensive news gathering by publications such as *Resource World* magazine will always be a critical part of the news dissemination process, in my opinion there's no reason why

companies themselves can't provide timely access to exploration projects – perhaps even through video reports. Something like this would provide useful information to prospective investors that would by necessity not be classified as 'material' under existing securities regulations. For example, *Resource World* magazine's [www.resourceworldtv.com](http://www.resourceworldtv.com) is a web site where exploration and mining companies can submit their videos for viewing by the investing public.

There are many Internet web sites hosted by mining and market analysts that do provide valuable information for investors such as [www.kitco.com](http://www.kitco.com), The Grandich Letter, Dave Skarica's Addicted to Profits, David Morgan's [www.silver-investor.com](http://www.silver-investor.com) and John Kaiser's Bottom Fishing Report, to name a few.

In addition, [www.resourceworldradio.com](http://www.resourceworldradio.com) offers mining company management an opportunity to discuss their projects.

With the subscriber numbers for daily newspapers plummeting globally and Internet traffic increasing exponentially, having a firm grasp of Internet technology and its benefits in terms of news dissemination will simply become a fact of life for all publicly traded companies. And if you believe as I do that we are entering an unprecedented era for mineral commodities, a lot of people will be interested in hearing what companies have to say – perhaps even my son who I hope will be investing his inheritance in something that's got legs. (And not the variety he's probably looking at now). ■

Not only does your average citizen have access to some of the best investment minds in the business through the Internet, it's generally all free.





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Defined and reported resources on three properties



Prefeasibility in Mexico nearing completion



Company is well financed with successful management team

### Mexico - Santa Elena Project

- Pre-feasibility study underway
- Excellent resource expansion potential
- Potential open pit heap leach operation
- Potential early production

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

- 18,000 hectare extension of Cruz de Mayo geology
- 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

50 Holes Completed - Potential Open Pit

### El Salvador - El Zapote Project

- Feasibility Study underway
- 3 High Grade Zones
  - Cerro Colorado III zone
  - San Casimiro Zone
  - Tajado Zone
- Current Resources



Resource Category	Contained Ag (oz)	Contained Zn (lb)
Indicated	11,816,000	49,660,000
Inferred	3,593,000	29,220,000

TSX.V: SVL  
Frankfurt: CW5

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