

MINING | OIL & GAS | ALTERNATIVE ENERGY

RESOURCEWORLD

INVESTMENT OPPORTUNITIES AND NEWS **magazine**

VOLUME 6 ISSUE 6



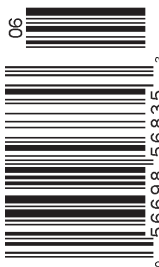
Mining on the moon

Ex-NASA astronaut Dr. Harrison Schmitt, last man on the moon, leads group to mine pollution free helium-3 nuclear fuel on moon p.8

Mexico Exploration & Mining

FIELD REPORT: Idaho's Silver Valley

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INVESTOR KITS
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TSX-V: TCR

TORCH RIVER



RESOURCES



Torch River Resources is a molybdenum exploration and development company with two properties in British Columbia, Canada.

Torch has a \$1.7 million, 6800 meter diamond bit drill program scheduled for its Red Bird property (pictured above) to begin in late June 2008. The goal of this program is to increase both grade and total resources on this already substantial porphyry type deposit. An updated NI 43-101 report by Giroux Consultants from January 2008 has identified an inferred resource of 76.9 million pounds of molybdenum plus an indicated resource of 118.6 million pounds both at a cutoff-

grade of .03% molybdenum. Red Bird also contains values of copper and rhenium.

Torch also has a recently approved option agreement for the Mt. Copeland property near Revelstoke, B.C. Mt. Copeland was a small, high grade producing mine from 1970 to 1973. It produced over 2.6 million pounds of molybdenum from just over 170 thousand tonnes of ore. Torch has planned a \$560,000, 2200 meter diamond bit drill program on the Mt. Copeland property for the summer of 2008. Recent chip sampling on veins at the Mt. Copeland property have returned assays as high as 3.6% molybdenum (VC 090707-01).

FOR FURTHER INFORMATION PLEASE CONTACT

Pro Active Communication Co.

Local Vancouver: 604-541-1995 or Toll Free: 800-540-1995

www.torchriver.ca



West Africa Resource Group



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MALI - Manalo Gold Project - Drilling in progress
MALI - Falea Uranium Project - 43-101 Resource Estimate
and drilling in progress
NIGER - Telwa-Gada Uranium Project
GUINEA - Tamekoure and Niambala Uranium Projects



TSX-V: AFW

Exploring a portfolio of 7 gold prospects.
Land Package: over 4,000 km².
LIBERIA - Kanweaken Gold License - Drilling in 2008
TANZANIA - Nyakagwe Gold Project - Drilling in 2008
KENYA - Kakamega Gold Project - Drilling in 2008



TSX-V: IAX

Exploring a portfolio of projects focused
principally on gold in the Republic of Niger.
Land Package: 2,150 km².
NIGER - Dar Es Salam Gold Project - Drilling in 2008.
NIGER - Nassile Gold Project - Drilling in 2008.



West Africa Resource Group consists of five Canadian based, TSX Venture listed companies aggressively exploring in some of the world's most prolific mining areas. Actively working in West Africa for over 10 years, the management team has assembled a world class portfolio of gold, uranium and bauxite properties.

The group is backed by a team of well connected, motivated and dedicated industry professionals with a wealth of exploration and development experience. Management's mission is to systematically apply advanced exploration and development techniques to quickly bring projects to a production decision.



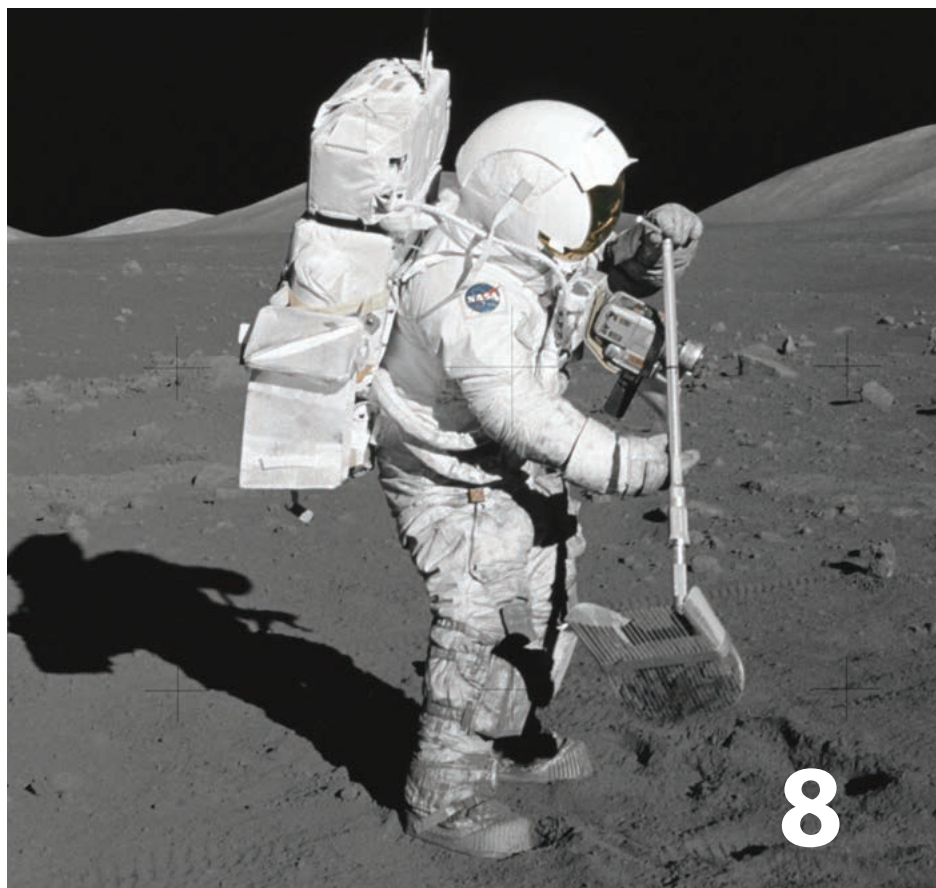
The McFauld's Lake Ring of Fire

- Option to earn 55% interest in large prospective land package in McFauld's Lake region of northern Ontario
- Previous drill results include 18.8 metres grading 8.02% copper and 25.5 metres of 4.83% zinc
- More drilling planned targeting copper/nickel/platinum mineralization

The Sierra Madres of Western Mexico

- La Yesca – Gold and Silver production project
- Inferred tailings resource of 225,750 tonnes grading 2.0 grams gold/tonne and 220 grams silver/tonne
- A modern mill is currently being constructed
- Site of past-producing La Colorada Mine
- 2 other excellent exploration projects in the region





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Ex-NASA astronaut Dr. Harrison (Jack) Schmitt at the BCIT Aerospace Technology Campus, Richmond, British Columbia, Canada. Photo by Ellsworth Dickson.



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Co-Publisher
Editor-in-Chief
Ellsworth Dickson

Co-Publisher
Business Development
Paul Dickson

Contributing Editors
Dr. Edward Schiller
David Duval
Robert Simpson

Contributing Writers
Rod Blake • Peter Caulfield
Joel Chury • Allison Gray
Dennis Hoesgen • Eric Hoesgen
Leonard Melman • Paddy Moore
Brian O'Hara • Alf Stewart

Australian Correspondent
Greg Barns

European Correspondent
Joel Bainerman

Art Director, Design and Production
Jocelyne Laflamme

Advertising Coordinator
Rhonda Tobin

Administrative Assistant
Cheri Carrier

Circulation
1-877-484-3800

Advertising Sales (1-877-484-3800)
Grant Sheridan
Dave Langlais
Graham Overland

Accounting
Kathrine Moore

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A month of surprises

This past month there have been a few surprising news events that came out of the blue. The first is a potentially large coal discovery in eastern Saskatchewan. The surprise was that the company was drilling for kimberlite, the host rock of diamonds. This reminded me of the huge Voisey's Bay, Labrador, nickel-copper-cobalt discovery of the early 1990s by Diamondfields when its prospectors failed to find diamonds, but decided to check out a gossan (rusty outcrop) as seen from their helicopter on their last flight.

The Saskatchewan coal discovery not only made shareholders of Goldsource Mines considerably richer, but also precipitated a coal staking rush. Read more of the details on page 51.

A second surprise was a news release from De Beers, the world's largest undersea diamond miner, and its joint venture partner, Namdeb Diamond Corp., a Namibian government company. The news release stated their geologists in Namibia discovered a sunken treasure-laden ship. Undersea diamonds have been mined off the coast of Namibia for the last century.

The ancient ship contained six bronze cannons, thousands of Spanish and Portuguese gold coins, dating back to the late 1400s and early 1500s, and over 50 elephant tusks. In addition, there was several tons of copper, pewter tableware, weapons and navigational instruments. Archeologist Dieter Noli identified the cannons as being of Spanish origin dating back to the early 1500s. The Namibian government is claiming ownership of the treasure ship and its contents.

Unlike the above items, a third surprise was a major disappointment to uranium explorers in British Columbia and their shareholders when the BC government placed a ban on exploring for uranium in Canada's most western province without any consultation with the mining industry.

In an April 24 press release, Minister of State for Mining Kevin Krueger stated that, "the Province will not support the exploration and development of uranium in British Columbia and is establishing a 'no registration reserve' under the Mineral Tenure Act for uranium and thorium. The 'no registration reserve' will ensure any future claims do not include the rights to uranium. Government will also ensure that all uranium deposits will remain undeveloped. These changes support the BC Energy Plan commitment of no nuclear power."

While BC is generally regarded as a good place to explore for a wide variety of minerals, this move appears misguided and shortsighted, especially considering that there is no scientific proof that exploring for uranium is harmful to the environment. In addition, this ban reeks of hypocrisy when placed in context with the impending BC government carbon tax. It's OK for BC miners to export 26 million tonnes of metallurgical coal annually for use in steel mills around the world, but they can't explore for a non-carbon producing mineral.

Currently, uranium is mined in Saskatchewan without any environmental problems. After all, the nuclear power industry is highly regulated.

Finally, what about due process of law? It seems autocratic and unfair for BC uranium exploration companies to be in compliance with provincial regulations one day and then be driven out of business the next day.

Dan Jepsen, president/CEO of the Association for Mineral Exploration British Columbia, said, "Uranium is a key solution in the greening of energy, and is increasingly seen as one of the only robust and sustainable solutions in the greening of global energy production. Hydroelectric and nuclear power are the only current large-scale energy sources that generate minimal carbon dioxide emissions."

Jepsen added, "The global investment community will be monitoring the BC government's position on uranium closely. "We are disappointed that the government had not consulted our industry more in developing this policy. We are eagerly waiting to meet with senior government personnel to address the concerns of the mineral exploration industry to best provide certainty for the investment community and communities that depend on our sector." ■

Ellsworth Dickson, *Editor in Chief*

Email: editor@resourceworld.com T: 604 484 3800 | 1 877 484 3800 | F: 604 685 3833

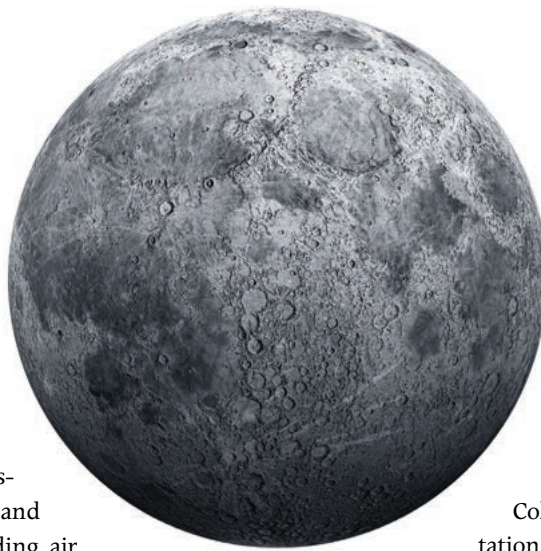
Mining on the Moon

Ex-NASA astronauts Dr. Harrison (Jack) Schmitt, the last man to walk on the moon, and Dr. Thomas Jones, veteran of four space shuttle missions and three space walks, along with space scientist/entrepreneur Dr. Robert Richards, the first entrant for the Lunar X Prize competition, have developed an ambitious plan to return to the moon. Their goal is to extract helium-3 from the lunar near-surface and ship it back to earth to create huge amounts of pollution-free nuclear energy.

by Ellsworth Dickson



Dr. Harrison Schmitt sampling the lunar surface during the Apollo 17 moon mission of December 1972. Photo courtesy NASA.



One of the great problems facing the human race is how to make clean, abundant energy. We are all familiar with current energy sources such as fossil fuels like fuel oil, diesel, natural gas and coal and their inherent drawbacks, including air pollution. New hydroelectric dams can't help but flood valuable land. Wind and solar power, without a method to store large amounts of electricity, are destined to play a minor role in the overall energy needs of the planet. Conventional nuclear energy can and does generate a great deal of energy and will continue to be an important source of electricity, although some would argue that disposing of nuclear waste is a negative aspect of that technology. There is also the NIMBY effect (not in my back yard).

A side issue that has a direct bearing on energy production and consumption is out-of-control population growth. History has clearly demonstrated that as a country's living standards rise, birth rates decline, a good idea in a world of increasing food shortages. An important aspect of achieving higher living standards is the availability of abundant and affordable electric power. To top it off, there is no doubt that the world will need much more energy in the near future than we are currently generating. The caveat is, of course, at what environmental price? The answer has to lie in power sources that are environmentally benign.

Interestingly, we may have been looking at an answer for all our lives without knowing it – the moon.

A relatively new technology utilizing a special kind of helium known as helium-3 is being perfected at the University of Wisconsin-Madison. Helium-3 is a light isotope of helium-4, the familiar birthday balloon gas. However, the amount of helium-3 available on earth is miniscule, but there are virtually unlimited quantities on the moon. We know this from the rock samples collected during the Apollo moon missions of the late 1960s and early 1970s. How much energy can be generated from helium-3? One metric tonne (2,205 lb.) of helium-3 fused with deuterium, a heavy isotope of hydrogen found in sea water, can supply a city of 10 million with a year's worth of electricity, or over 10 gigawatt-years. 100 kilograms of helium-3 is equivalent to about \$280 million worth of thermal coal.

Being the most ambitious mining project in history, at first glance, it may seem an impossible challenge to build a moon mining operation. But with the huge potential energy benefits, it certainly deserves consideration. In addition, such a project needs, besides a great deal of funding, a group of outstanding people who are capable of making the project a success. Such a group has come together to develop a plan to mine helium-3 from the moon.

The group, comprising ex-NASA astronaut, Dr. Harrison

Schmitt, space shuttle astronaut, Dr. Thomas Jones, and space scientist/entrepreneur, Dr. Robert Richards, recently traveled to Vancouver, British Columbia, to make an evening presentation at the British Columbia Institute of Technology aerospace campus. Well-known

Vancouver mining engineer, John Chapman, was instrumental in bringing the group to BCIT which thrilled the packed house of about 400 attendees with still and video images of their adventures in space. The Return to the Moon event was presented by BCIT, the Institute of Planetary Sciences at the University of British Columbia and the Royal Astronomical Society of Canada, Vancouver Centre.

That morning, BCIT Aerospace Technology Campus, Associate Dean, Jack Baryluk, took the group and the media on a tour of the large aerospace campus, located on Sea Island near Vancouver International Airport, Richmond, BC.

"The new BCIT aerospace campus is a focal point for aerospace in general," explained Baryluk. "We are positioning ourselves to be a focal point for what we see as an aerospace industry in BC. If not from a manufacturing side, then certainly from the training side such as airport operations, airline flight and operations and commercial pilot training, maintenance, avionics, structures, and jet engine overhaul courses – fixed wing and helicopter."

Dr. Harrison Schmitt, the only geologist to ever walk on the moon, spent three days collecting mineral samples during the Apollo 17 mission of December 1972. Since that time, he was a U.S. senator (New Mexico) and is currently a professor at the University of Wisconsin-Madison where he has been active in advancing the helium-3 fusion energy technology. In 2006, Dr. Schmitt published a book entitled *Return to the Moon*, in which he outlines the moon mining project and all its various ramifications.

Dr. Thomas Jones brings a wealth of modern-day space flight experience having been on three space shuttle missions between 1994 and 2001, including the Endeavour and Columbia. He participated in launching and retrieving satellites using the Canadian-built Canadarm. Dr. Jones also helped assemble the International Space Station. He has written a very readable book, *Sky Walking: An Astronaut's Memoir*.

Dr. Robert Richards, who presided over the first commercial LIDAR (laser radar) scanner flown in space as well as other space projects over the past 20 years, is the founder and CEO of Odyssey Moon Limited. Richards studied aerospace engineering at the University of Toronto and space science at Cornell University, where he was Special Assistant to Carl Sagan. In 1987, Dr. Richards co-founded

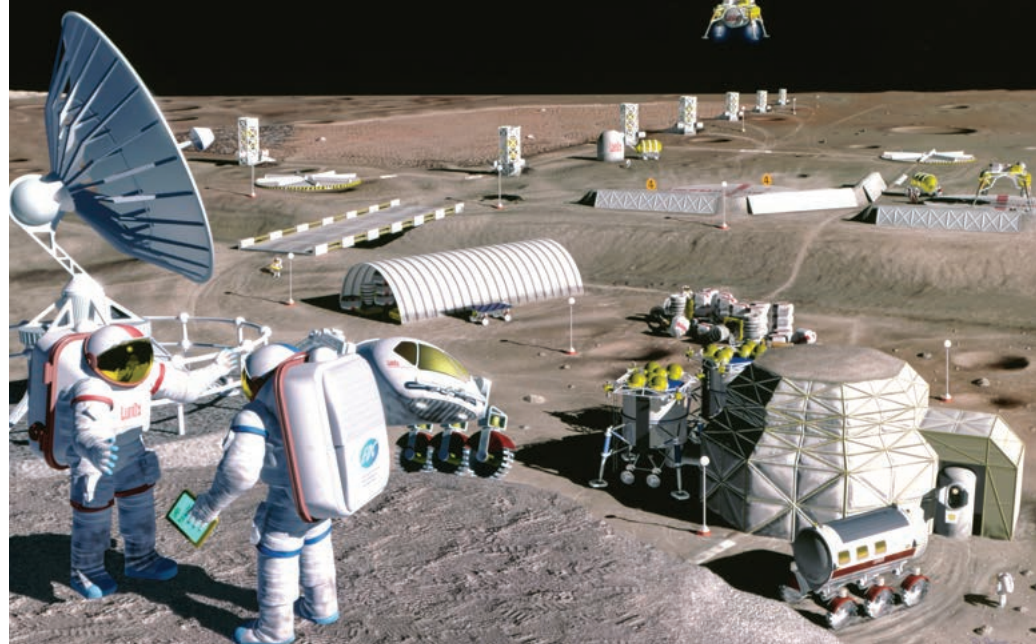
An artist's conception of an industrial lunar settlement.

the International Space University (ISU). His company, Odyssey Moon, is a commercial lunar enterprise based on the Isle of Man and is the first registrant to enter the \$30 million Google Lunar X Prize competition. To win the Lunar X Prize, the entrant must land a robotic craft on the moon capable of roaming the lunar surface for at least 500 metres and send video, images and other data back to Earth. There is also a \$5 million bonus for roving more than 5,000 metres, discovering water ice and staying operational through a lunar night of 14.5 earth days, or photographing human-manufactured objects left on the moon by past moon missions.

HOW DID THE MOON MINING IDEA ORIGINATE?

In an interview, Dr. Schmitt explained the origin of the moon mining project. "It started with a group of engineers at the University of Wisconsin-Madison. Obviously, it's been a science fiction idea for a long time before that. A practical look at the availability of energy resources on the moon happened when a group of young engineers, in 1985, became concerned about the long-term viability of the fusion development program of the United States and the world that was dependant on the deuterium tritium fusion cycle, using those two heavy isotopes of hydrogen to fuse and produce energy."

He noted that the basic problem with the fusion reaction product of that cycle is high energy neutrons. The neutrons not only destroy the materials that are containing them over a period of time, but create a high level nuclear waste. "So they tried to go back to square one and ask 'are there any



alternatives?' and in that process, stumbled across the literature from Apollo – scientific literature that indicated the presence of significant amounts of a light isotope of helium, called helium-3, that covers the surface of the moon called the regolith."

"They contacted me and said they thought this could be a potential long-term resource for energy use here on Earth and asked if I would help look at the geological aspects of it. I was unaware of the potential, until they contacted me. This group, the Fusion Technology Institute at the University of Wisconsin-Madison, really deserve all the credit for having recognized this potential. I use the word 'potential' because the full-fledged economic analyses of its viability hasn't been done, even though I think that the initial results are very encouraging."

MINING ON THE MOON

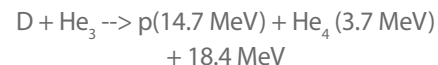
Designs for a lunar regolith miner are under consideration by the University of Wisconsin's Fusion Technology Institute. The Mark II Miner would have an excavation rate of 1,258 tonnes/hour, which equates to 1 square kilometre per year to 3.0 metre deep. Conceptually, there is nothing new that has to be developed.

Dr. Richards says that mining on the moon would involve a few people who would extract large volumes of lunar soil. This material would be processed to recover the helium-3 gas. "Large volumes of materials are mined everyday here on earth, in gold and diamond mining, as well as gravel and copper mining. There would be mining

Lunar Helium-3

Helium is created in the sun itself and is carried on the solar wind to collect in the regolith (lunar surface material). Moon mineral samples collected by Neil Armstrong in 1969 showed that helium-3 concentrations in lunar soil are at least 13 parts per billion (ppb) and may range from 20 to 30 ppb in undisturbed soil. At a projected value of US \$40,000/oz., 220 lbs. of helium-3 would be worth about US \$140 million. Heating the helium-3 lunar soil to about 600 °C releases the helium-3 that can be recovered.

Helium-3 is used in a reaction with deuterium to produce energy. One kilogram of helium-3 burned with 0.67 kilograms of deuterium releases about 19 megawatt-years of energy.

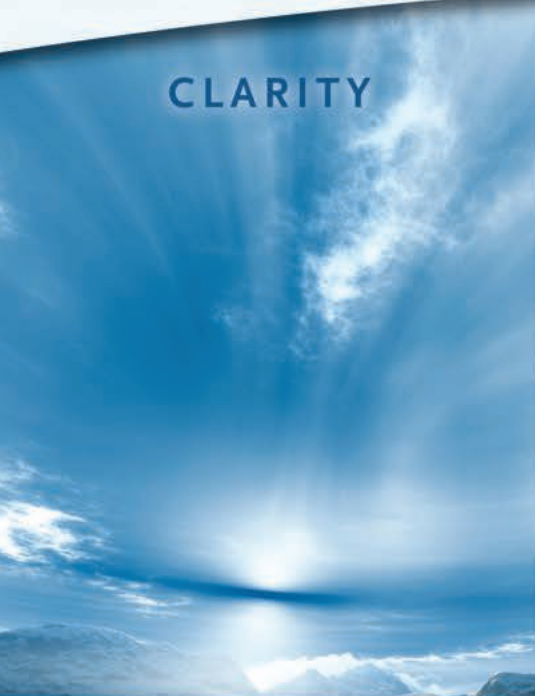


It has been estimated that a total of 1,100,000 tonnes of helium-3 have been deposited by the solar wind into the lunar regolith, the surface and near surface soils. It is expected that helium-3 will be found down to depths of several metres. The highest concentrations of helium-3 are in what is called the lunar maria. The maria (singular is mare) are large, dark, basaltic plains on the moon formed by ancient volcanic eruptions. They were dubbed maria, Latin for seas, by early astronomers who mistook them for actual seas.

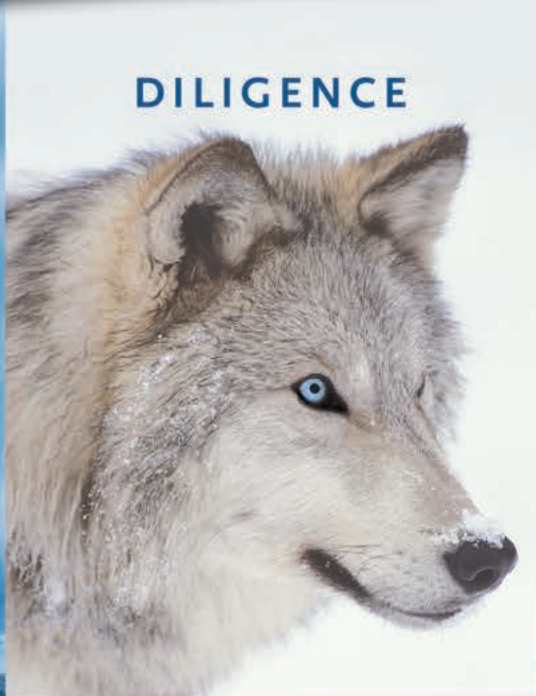


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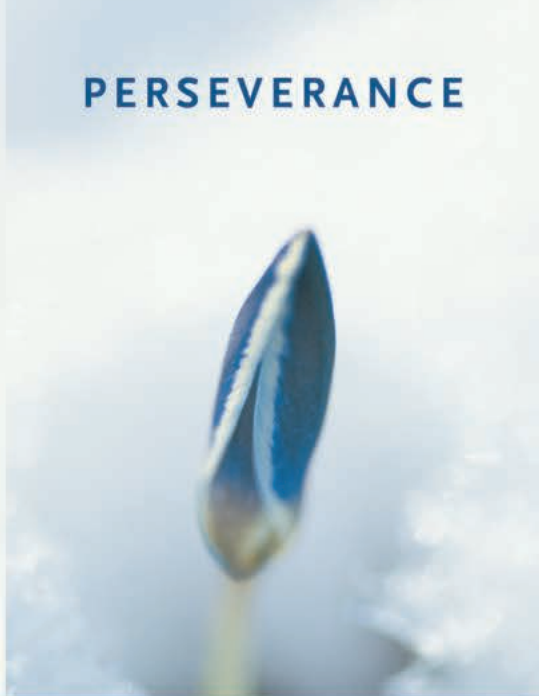
CLARITY



DILIGENCE



PERSEVERANCE



BREAKING NEWS: HIGH DIAMOND COUNTS DISCOVERED 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: **Hepburn, Banks Island** and our flagship property, **Amaruk**.

DILIGENCE: Our methodology for discovery stems from a fundamental belief that science will lead to success. Diamonds North utilizes a pipeline approach to its projects to ensure systematic and effective exploration.

PERSEVERANCE: Our determination to succeed has already resulted in significant advancements on our Amaruk project moving us closer to our goal, these accomplishments include:

- 22 Kimberlites Discovered
- 90% Diamondiferous
- 50% with High Diamond Counts
- Over 500 Targets to Test
- 100% owned
- Nickel Prospect Discovered

Targeting Canada's Next Diamond Mine





Left to right, Jack Baryluk, Associate Dean, BCIT, Dr. Harrison (Jack) Schmitt, Dr. Robert Richards, Dr. Thomas Jones, overlooking the BCIT aerospace hanger, Richmond, BC. Photo by Ellsworth Dickson.

machines that can be programmed to operate pretty much independently, though monitored by humans," he says.

LIVING ON THE MOON

To have a cost-effective moon mining operation, moon miners would have to live on the moon for extended periods of time.

"NASA plans to return to the moon in 2020," says Dr. Jones, "and I think the answer to problems of living on the moon would be an outgrowth of what we find out when we go back to the moon. The initial plan is to carry out science missions that might last a week or two. NASA hopes to stay on the moon for about six months at a time, rotating crews like they would on the space station.

Dr. Jones says that having an outpost on the moon would be much like living in Antarctica. "It's probably limited more by medical and psychological limits more than anything else. Since the resources and the energy are on the moon, you could theoretically stay indefinitely."

"From an economic point of view," says Dr. Schmitt, "the ideal situation would be to build settlements so the cost of frequent traveling from the Earth to the moon is avoided as one of the costs of doing business. We don't yet fully know to what degree that can be done."

Dr. Schmitt states that there has to be

a business case, in order for exploration funds to be raised as here on Earth for any mining project. The promise of returns from any investment must be there. "The first missions will be about exploration to identify where the helium-3 resources are located", says Dr. Schmitt. "Science exploration will be very important in the initial expeditions. The long-term gain would be the ability to build settlements further out in the solar system."

Based on knowledge of the lunar regolith to date, a conceptual mining plan would be to mine an area of 1,000 metres by 1,000 metres down to a depth of about 3 metres on an annual basis. Mining operations on Earth easily mine and process larger volumes of material than is planned for extraction on the moon.

EXPLORING FOR HELIUM-3

How do you look for helium-3 anomalies on the moon? Dr. Schmitt explains: "We're fortunate in two regards. First of all, the Apollo missions told us there is a correlation between helium-3 concentrations and the abundance of an oxide of titanium called ilmenite – an iron titanium oxide. That mineral retains helium in its structure more readily than other metals. We know from the Apollo samples that the high-titanium regolith debris layer on the moon contains higher abundances of helium-3 than do

other areas. So we have that initial knowledge of where helium is concentrated in the volcanic regions of the moon."

"We are very interested in what we find at the poles of the moon as a potential lead in even larger concentrations of helium-3," says Dr. Schmitt, "but until we get some samples, that is speculation. That's one of the reasons why our initial economic plan and business model is based on whether or not the 20 parts per billion helium-3 that we think are hosted in the titanium-rich areas are sufficient to support a helium-3 energy business model."

The group stresses that future moon missions must learn more about the properties of this debris layer that covers the regolith. It is not possible to study samples that we bring back to Earth because they have changed by absorbing gases from the Earth's atmosphere and water.

WHO OWNS THE MOON?

One of the things that Odyssey Moon hopes to accomplish is to help set the legal and regulatory boundaries of private enterprise on the moon. In other words, to do so in a respectful way that helps set the stage for a responsible return to the moon. There are many theories about what you can and cannot do on the moon.

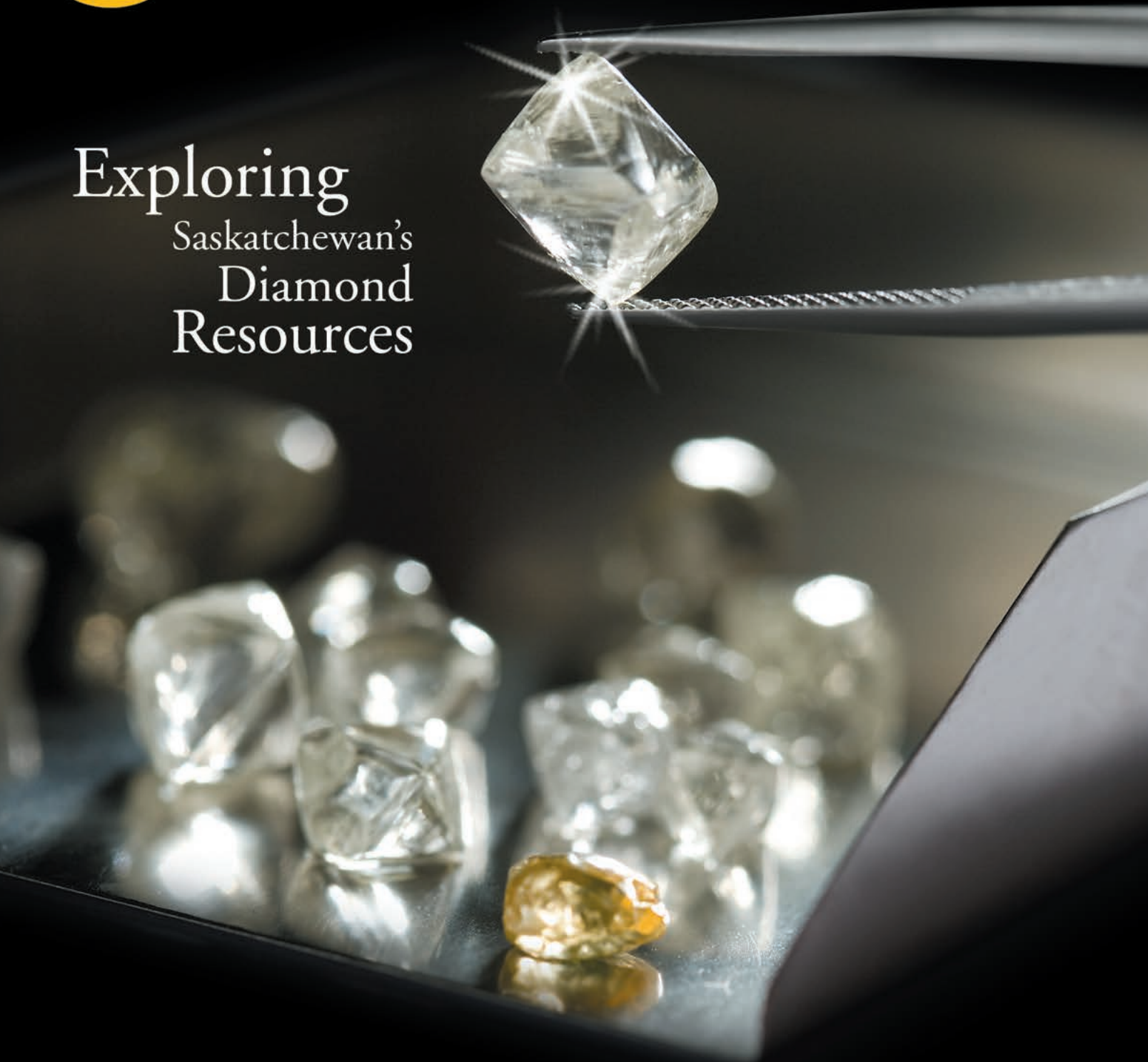
"What Odyssey Moon won't be doing," says Dr. Richards, "is offending any international monuments of exploration of past exploration. We will be setting precedence by allowing private enterprise to explore the moon scientifically and technologically for the benefit of humanity."

"There's nothing in existing international space law that prevents us from developing a moon mining project," adds Dr. Schmitt. "Currently, the law is general, but clear. There are 160 signatories to the Outer Space Treaty of 1967 and it is generally considered permissive in this regard by most responsible analyses."

In fact, the Outer Space Treaty states that the exploration and use of the moon's resources "shall be carried out for the benefit and in the interest of all countries." It also states that "the moon shall be free for exploration and use by all states without discrimination of any kind, on a basis of equality



Exploring Saskatchewan's Diamond Resources



SGF-TSX



Shore Gold is currently advancing work on the 100% owned Star Diamond Project and the FALC-Joint Venture with Newmont Mining Corporation of Canada Limited. The Fort à la Corne diamond district includes the largest diamondiferous kimberlites in the world and is located in central Saskatchewan.

www.shoregold.com

and in accordance with international law and there shall be free access to all areas."

This does not mean there will be a free-for-all atmosphere such as the gold rushes of the past. The treaty goes on to state that "activities of non-governmental entities on the moon shall require authorization and continuing supervision by the appropriate state party." In addition, "parties shall pursue studies of the moon and exploration so as to avoid harmful contamination and must inform the public of the nature, conduct, location and result of their activities."

WHAT'S NEXT?

"The key element of the development,"

says Dr. Schmitt, "is to move forward with fusion technology to the point where investors would be convinced that fusion power generation with helium-3, such as we would have on the moon, is feasible. Basically, we need a few angel investors willing to take the first shot. This is relatively low in capital costs – about \$15 million."

Dr. Schmitt estimates that cost of the entire project, including the costs for fusion development, rocket development, and starting lunar operations, would total about US \$15 billion. This is not an exorbitant sum for such a huge undertaking.

On January 14, 2004, President George W. Bush challenged NASA to "explore space

and extend a human presence across the solar system." While this was a challenge to NASA, it is certainly encouraging to commercial space explorers. At the present time, it is unknown if NASA would take an interest in the moon mining project, although its new Aris rockets would be an ideal vehicle for getting things started.

NASA participation or not, Dr. Richards has taken up the challenge to win the \$30 million Google Lunar X Prize. The inaugural Odyssey Moon mission will involve a small robotic landing vehicle that is being designed to deliver scientific, exploration and commercial payloads. Dr. Richards is aiming for a lift-off by July 2011. Richmond, BC-based MDA Space Missions, a division of MacDonald Dettwiler and Associates Ltd., is the team's primary contractor. To date, 10 teams are competing for the prize.

Dr. Richards says that the first moon mission will pave the way for further moon missions designed to enable low-cost, rapid and frequent access to the moon for government, academic and commercial customers.

"We want to embrace the moon into Earth's economic and social spheres. The moon is like the eighth continent," says Dr. Richards. Part of his vision is to utilize as much of the moon's natural resources as possible, including the production of water. The more things that can be made from lunar materials, the cheaper it will cost to operate there, since it takes about 22 times more energy to lift objects off the Earth than it does from the moon.

When asked about various funding options, Dr. Richards replied, "We would certainly consider listing our moon mining company on a stock exchange, particularly in Canada with your flow-through shares. This is a very aggressive way to attract investors to exploration. I would love to see Canada expand its boundaries beyond planet Earth."

Dr. Schmitt adds, "The technology exists for everything we want to do in space. The moon can be a supply station for further space activity."

It's not often that a mining proposal may offer such wide-ranging potential benefits for the entire world. It will be most interesting to see how this project unfolds. ■

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Seventeen (17) copper-gold properties strategically located near Sherwood Copper's Minto Mine
and Western Copper's Carmacks deposits.

Sickle-Sofia Copper-Gold Property (Toodoggone District, B.C.)
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* Announced April 29, 2008, Kinross Gold Corporation, third largest gold-mining company in North America, purchases 3,000,000 common shares of BCGold at \$0.35 per share.

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Victor Silva, Senior Geologist, left, Jim Robinson, Vice President of Exploration for International Northair Mines Ltd., and Ricardo Torres, Geotech, exploring in Durango state, Mexico. Photo courtesy International Northair Mines Ltd.

Exploration and Mining in Mexico

by Ellsworth Dickson

In spite of a long history of mining, Mexico still offers tremendous potential for finding economic mineral deposits and building mines – and not just due to good geology. Indeed, the country ranks first in the Mining Potential Index in the Fraser Institute's 2007/2008 report as judged by the administrative conditions and public policies regarding the mining sector.

During 2007, Mexico attracted about US \$2.156 billion in mining funding and it is expected some US \$3.5 billion will be spent there this year, according to Eduardo Sojo, Economy Secretariat. Currently, Mexico is Latin America's biggest producer of minerals and the fourth largest in the world. During 2007, Mexican mining exports totaled US \$8.752 billion, or US \$647 million more than in 2006. Employment in the Mexican

mining industry rose by 6% in 2007 employing 284,284 people.

Mexico remains the world's largest silver producer, producing 96.4 million ounces in 2006. The value of Mexican mining production rose to a record \$7.2 billion in 2007, compared to only \$2.3 billion in 2002.

As is often the case, it is Canadian exploration companies that are leading the pack of foreign explorers. Some 80% of new projects are foreign-owned. According to Rafael Alexandri, general Director of Mexico's Geological Service, the country could see investments of up to US \$20 billion over the 2007 to 2012 time frame. Following is coverage of as many exploration and mining projects that we could accommodate.

While Mexico remains a favourite holiday destination, it is also a country of choice for mineral explorers and miners

Alamos Gold Inc. [AGI-TSX] reports record monthly gold production at its Mulatos Mine, located 220 kilometres east of Hermasillo. In April, production exceeded 12,000 ounces of gold. Monthly gold production in 2008 has been growing since January's production of 10,700 ounces. A new conveying and stacking system is expected to result in higher gold recoveries. The company employs about 400 workers in Mexico.

Almaden Minerals Ltd. [AMM-TSX; AAU-AMEX] has received assays from operating partner **Canadian Gold Hunter Corp.** [CGH-TSX] from drilling on the Cerro la Paila target on the Caballo Blanco Project in Veracruz. Highlights include 94.5 metres of 2.09 grams gold/tonne, including 39.62 metres of 3.93 grams/tonne. **Apex Silver Mines Ltd.** [SIL-AMEX], which is earning a 60% interest, has been drilling Almaden's Viky Project in Coahuila state.

Animas Resources Ltd. [ANI-TSXV] recently closed the acquisition of 100% of the Shirley property in the Bacanuchi area of Sonora state. The Bacanuchi area is known for its past copper, gold, and silver production from artisanal mines. Airborne magnetic surveys show the Bacanuchi area to be within the same productive batholithic rocks that host the Cananea and the Maria producing gold mines. Animas has also acquired the San Enrique and Greta properties from **MetalQuest Minerals Inc.** [MQ-TSX] which cover 8,500 hectares of the southern-most portion of the Santa Teresa Mining District. Animas is also exploring the past-producing Santa Gertrudis and Amelia gold projects.

Apollo Gold Corp. [APG-TSX; AGT-AMEX] has been conducting a 4,000-metre drilling program on the Huizopa Project in the Sierra Madres, Chihuahua state. The targets have potential for both high-grade mineralization and broad vein/stockwork mineralization as well as one large, new surface, gold-silver target. Assays are pending. The Huizopa area was mined from the late 1890s through the 1930s on a small-scale. Geological mapping, sampling, and geophysics continue.

Arian Silver Corp. [AGQ-TSXV; London AIM; I3A-Frankfurt] has released additional assay results from the Phase I diamond drilling program at its Tepal porphyry project in Michoacan state. A total of 7,178.55 metres in 42 holes were drilled on the property, marking the completion of the pro-



Top, the headframe of the Valenciana shaft at Great Panther's Guanajuato Mine in central Mexico.

Above, the foundation for the Rayas shaft at Great Panther's Guanajuato Mine. Photos courtesy Great Panther Resources Ltd.



Zinco's samplers cutting a continuous chip-channel sample across massive and semi-massive sulfide exposed in the western pit wall of the Naricero open pit on the Cuale property, part of the Jalisco VMS Project. The sample yielded an average result of 80.4 grams silver/tonne, 0.5 grams gold/tonne, 0.02% copper, 0.5% lead and 1.4% zinc across a minimum true width of 19.1 metres. Photo courtesy Zinco Mining Corp.

gram. One of the better holes returned 110 metres grading 0.49 grams gold/tonne, 0.28% copper, or 1.13 grams gold equivalent/tonne.

Arianne Resources Inc. [DAR-TSXV] has reported sample assays from a stockwork zone linking two gold and silver-bearing veins from the El Rey property, Sinaloa state. Continuous sampling of this zone averaged 1.07 grams gold/tonne and 13.95 grams silver/tonne along a 40-metre strike length. Earlier surface samples returned grades up to 49.5 grams gold/tonne and 1,805 grams silver/tonne.

Aura Minerals Inc. [ORA-TSX] is preparing a \$40 million financing with proceeds to be used for the acquisition of the Aranzazu Project in Zacatecas state. The project comprises the producing Arroyos Azules copper mine and more than two kilometres of mineralized strike extent in a copper-gold-silver skarn deposit. The open pit and underground operation currently produce copper-gold-silver concentrates via flotation.

Avino Silver & Gold Mines Ltd. [ASN-TSXV; ASGMF-OTCBB; Berlin; Frankfurt] has received positive metallurgical results of 93% silver recovery and 89-90% gold recovery from San Gonzalo ore at the past-producing 89.35%-owned Avino Mine in Durango state. The Avino Mine, originally

built by the Spaniards, reportedly supplied considerable wealth to Spain for hundreds of years. It has since operated intermittently, including 27 years by Avino Silver & Gold Mines. The mine shut down in 2001 due to low silver prices and closure of a key smelter. The company's objective is to re-open the mine.

Baja Mining Corp. [BAJ-TSX] has placed orders for the construction camp at its Boleo copper-cobalt project near Santa Rosalia, Baja California. The work force during construction is expected to be about 2,500 people. Site work is under way. Baja has signed an agreement with a Korean consortium led by Korea Resources Corp. under which the consortium will acquire a 30% interest in the project. Average annual production, for the first four years of production is estimated to be copper cathode – 55,750 tonnes; cobalt cathode – 1,535 tonnes; and zinc contained metal – 6,300 tonnes.

Canadian Jinchuan Resources Ltd., a subsidiary of **Jinchuan Group Ltd.** of China, is acquiring **Tyler Resources Inc.** and its mineral holdings that include the Bahuerachi gold-silver-lead-copper project in Chihuahua state.

Canasil Resources Inc. [CLZ-TSXV] has farmed out a 60% interest in its Salamandra and Victoria projects, located

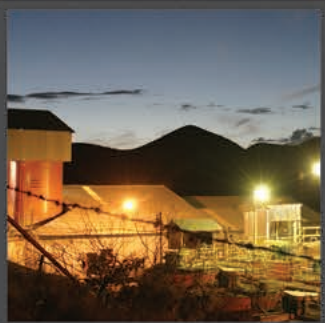
30 kilometres northeast of the city of Durango, to **Blackcomb Minerals Inc.** (private). Geophysics and diamond drilling by Canasil have identified zinc-silver mineralization at Salamandra. Initial reconnaissance at Victoria outlined 12 targets. Canasil has also been drilling a series of silver veins in the southwest area of the Colibri Project in Durango state.

Candente Resource Corp. [DNT-TSX; Lima] and **Canaco Resources Inc.** [CAN-TSXV] have an option agreement to jointly acquire up to a 70% interest in the 67 square kilometre El Oro gold property in the states of Mexico and Michoacan from **Goldcorp Inc.** [G-TSX; GG-NYSE]. The El Oro Mines have produced some 20 million gold equivalent ounces. The property hosts a historic resource of about 1.7 million ounces of gold and 34 million ounces of silver in the San Rafael Mine. Drilling has intersected 2.90 metres of 7.79 grams gold/tonne and 8.13 grams silver/tonne below the deepest known historical level of mining on the El Oro property.

Capstone Gold Corp. [CS-TSX] owns and operates the Cozamin Mine in Zacatecas state which recorded a record operating profit of \$15.9 million for the first quarter of 2008. Copper production for the quarter was 6 million pounds compared with 2.8 million pounds for the three months ended February 28, 2007. Total production costs (cash costs, royalty, depletion, amortization, accretion) were \$1.18/lb.

Cardero Resource Corp. [CDU-TSX; CDY-AMEX; CRF-Frankfurt] recently transferred all claims to its 100%-owned Mexican subsidiary following successful resolution of a lawsuit. Recent exploration has defined a large, bulk tonnage copper target on the San Jose property in Baja California where surface samples returned values between 2.8% and 5.1% copper and up to 0.9 grams gold/tonne. Cardero

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Mike Rennie, diamond driller, at right, with a driller's helper at Premium Exploration's Nuevo Galicia Gold-Silver Project in Nayarit state, Mexico. Photo courtesy Premium Exploration, Inc.

also holds the Franco and La Encantada projects in Mexico.

Chesapeake Gold Corp. [CKG-TSXV] has been drilling its 100%-owned Metates Project in Durango state. Engineering studies continue for a Phase I, NI 43-101 compliant, technical report that will update Cambior's 1997 mine plan and project economics for the Main Zone.

Continuum Resources Ltd. [CNU-TSXV] has reported the discovery of a mineralized structure (Carrisal) sub-parallel to the San Sebastian Vein on the 100%-owned Tres-Hermanes Project in Oaxaca state. Highlights of sampling included a composite of 367.8 grams silver/tonne, 7.48% lead and 6.06% zinc over 1.90 metres.

Cream Minerals Ltd. [CMA-TSXV; CRMXF-OTCBB; DFL-Frankfurt] is active on the Nuevo Milenio property, Nayarit state. Drilling has been confirming the continuity and grade of the Dos Hornos Gold-Silver Zone. One of the better holes returned 7.80 metres averaging 153.95 grams silver/tonne and 0.858 grams gold/tonne. This intersection included 4.0 metres averaging 296.51 grams silver/tonne and 1.436 grams gold/tonne. A NI 43-101 compliant report states the property hosts an inferred resource of 268,000 ounces of gold and 30,340,000 ounces of silver.

ECU Silver Mining Inc. [ECU-TSX] and **Golden Tag Resources Ltd.** [GOG-TSXV] confirmed, through drilling, the presence

of extensive new zones of skarn, hosting silver-lead-zinc mineralization (Green Skarn Zone) at the San Diego Project, Durango state. Resources at San Diego stand at 370,852 tonnes grading 245 grams silver/tonne, 1.80% lead, 1.33% zinc and 0.339 grams gold/tonne. ECU is focused on its Velardeña properties in Durango. ECU recently found a new vein on the Chicago property grading 3,002 grams silver/tonne and 0.52 grams gold/tonne over 0.52 metres.

Esperanza Silver Corp. [EPZ-TSXV] has advanced the 100%-owned Cerro Jumil Project in Morelos state, a bulk-tonnage, skarn gold deposit, into the feasibility stage of development after completing 35,000 metres of drilling. An initial resource estimate is anticipated in 2008. Recent drilling returned 79.5 metres of 1.04 grams gold/tonne.

Excellon Resources Inc. [EXN-TSX] has more than doubled indicated mineral resources to 417,000 tonnes grading 1,060 grams silver/tonne, 9.31% lead and 9.79% zinc at its 100%-owned Platosa Project in northeast Durango state. The company has approved construction of a 350-tonne-per-day (120,000-tonne-per-year) lead/zinc flotation mill. Basic engineering and equipment procurement is under way. Site, environmental and tailings-disposal permitting are also under way. Mill construction is anticipated to start in the second half of 2008 with commissioning to

start in the first quarter 2009.

Exmin Resources Inc. [EXM-TSXV], 30%, and partner **AmMex Gold Mining Corp.** [AMXG-OTCBB; R5E-Frankfurt], 70%, are conducting a 2,000-metre drill program at the Concha Concession in the Melchor Ocampo District, Zacatecas state. **Yale Resources Ltd.** [YLL-TSXV; YAB-Frankfurt] and Exmin have completed a drill program at the Cerro Colorado target in the northern portion of the Urique Project, and the drill is moving to the San Pedro target area. Cerro Colorado and San Pedro are two of 10 known targets within the 290-square-kilometre Urique Project in Chihuahua state. Exmin, 30%, and **Hochschild Mining Group Inc.** [HOC-LSX], 70%, produced 6,350 ounces of gold and 14,000 ounces of silver in the first quarter 2008 at the Moris Mine 15 kilometres west of Ocampo.

Farallon Resources Ltd. [FAN-TSX; FRLLF-OTCBB] has been drilling the G-9 deposit at the Campo Morado polymetallic (zinc, copper, silver, gold, lead) project, Guerrero state. Recent assays include 8.75 metres grading 16.3% zinc, 1.71% copper, and 1.99 grams gold/tonne, including a 6-metre interval of 20.11% zinc, 1.78% copper and 1.78 grams gold/tonne. Mine planning, equipment acquisition and site preparations are under way with production scheduled for July of this year. Farallon recently agreed to sell 75% of silver produced from Campo Morado to **Silver Wheaton Corp.**

First Majestic Silver Corp. [FR-TSXV; FNJRF-PS; FMV-Berlin, Frankfurt] has reported a new production record for the first quarter ended March 31, 2008 of 1,061,720 equivalent ounces of silver, representing a 5% increase over the prior quarter production and an increase of 36% over the same quarter in 2007. Production totaled 895,358 ounces of silver, 1,857,897 pounds of lead, 240 ounces of gold and 318,539 pounds of zinc. Ore was processed at the company's three operating silver

mines – the La Parrilla, San Martin and La Encantada. Reserve and resource development remain a top priority with 16 drill rigs operating. Production from these three mines is anticipated to be approximately 5.3 million ounces of silver in 2008 with further increases in 2009.

Galena Capital Corp. [FYI-TSXV] is conducting a drill program on the Melissa Project northwest of Hermosillo. Melissa is one of the properties in the portfolio of **Norma Mines Ltd.**, which Galena recently acquired. On the Maria Project in Queretaro state, crews have mobilized. Work involves rehabilitation of underground workings to establish work stations from which to conduct an underground drill program. The Maria Mine was operational until the Mexican revolution in 1910. A 20-hole drill program is planned for the Mercedes Project, Sonora state.

Galore Resources Inc. [GRI-TSXV] has sent 160 samples from its Dos Santos gold prospect in the historic Concepcion del Oro mining district for assay. The samples were taken from the 4,100-hectare property 25 kilometres north of the Canplats discovery. Some 500 samples are expected to be collected.

Gammon Gold Inc. [GAM-TSX; GRS-AMEX; GL7-Berlin] has received encouraging drill results from the Guadalupe y Calvo Project in Chihuahua state. Highlights include 5.0 metres of 7.52 grams gold/tonne and 100.0 grams silver/tonne as well as 4.0 metres of 5.54 grams gold/tonne and 5,870 grams silver/tonne.

GFM Resources Ltd. [GFM.H-TSXV] has farmed out a 60% interest in the La Casita gold property in Durango to **Geologix Explorations Inc.** [GIX-TSXV]. Geophysical and geochemical surveys have been carried out as well as the drilling of 14 holes.

Goldcorp Inc. has a number of mining, development and exploration projects in Mexico. Producing mines include the El Sauzel open pit gold mine 250 kilometres southwest of Chihuahua City, the Nukay open pit gold mine in Guerrero state and the San Dimas underground gold-silver mine on the border of Durango and Sinaloa



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states. Development projects include the Los Filos gold-silver project in Guerrero state. The first gold pour recently took place at the Peñasquito silver-gold-zinc-lead project in Zacatecas state. Exploration projects include the Morelos Norte gold project (Goldcorp 21.2%/Teck Cominco 78.8%). Goldcorp also has several other Mexican joint ventures with other companies.

Golden Goliath Resources Ltd. [GNG-TSXV] is active on three Mexican projects in the Uruachic Mining District, Chihuahua – the San Timoteo, La Reforma and Las Bolas. Work includes diamond drilling, underground rehabilitation and sampling on the San Timoteo and Las Bolas areas and geological mapping, induced polarization and magnetic surveys in preparation for drilling on the San Timoteo II claim.

Grayd Resource Corp. [GYD-TSXV] has been drilling the 100%-owned La India Gold Project in Sonora state where nine reverse-circulation holes were drilled in the Espanola Zone. Highlights include RC08-285 with 30.5 metres grading 1.63 grams gold/tonne and RC08-289 with 36.6 metres grading 1.18 grams gold/tonne.

Great Panther Resources Ltd. [GPR-TSX] has two 100%-owned operating silver mines at Guanajuato, central Mexico. Operational highlights from the Guanajuato and Topia mines include the highest ever metal production of 431,639 silver equivalent ounces, a 24% increase over the previous quarter. The company has also been drilling at the mine which continues to enlarge the dimensions of the Cata Clavo area with considerable widths of high-grade silver-gold mineralization and has discovered a new silver-copper-lead-zinc zone in the lower portion of the orebody. Hole EUG08-015 intersected 15.94 metres grading 1,305 grams silver/tonne and 4.60 grams gold/tonne in the Veta Madre Zone. Four of 23 samples within this interval assayed greater than 7,000 grams silver/tonne and 28 grams gold/tonne.

Grupo México (Grupo México S.A. de C.V.) is the largest mining corporation in Mexico and the third largest copper producer in the world. Its Southern Copper mining division is playing catch-up fol-

lowing a labour strike last year. Southern Copper's first quarter 2008 copper production was 282 million pounds, 25% lower than the first quarter of 2007 and about 2% higher than the fourth quarter of 2007.

Hecla Mining Company [HL-NYSE] placed its San Sebastian Mine in Durango on a care and maintenance basis following the mining of economic ore on the upper Francine Vein in 2005. Meanwhile, exploration on the property continues, including the Hugh Zone, located 2,300 feet below historic mining.

Impact Silver Corp. [IPT-TSXV] has made a new discovery, the Los Reyes Zone, within the Royal Mines of Zacualpan silver district in Mexico. Recent drilling of this new discovery returned wide, mineralized drill intercepts within close proximity to the operating Chivo Silver Mine. Highlights include 4.5 metres of 262 grams silver/tonne, 2.05% zinc, 0.64% lead and 0.09 grams gold/tonne, including 2.2 metres of 496 grams silver/tonne, 0.15 grams gold/tonne with similar base metal grades and also included 1.1 metres of 717 grams silver/tonne with 0.27 grams gold/tonne and base metal credits.

International Northair Mines Ltd. [INM-TSXV] maintains an aggressive generation and acquisition program in Mexico. The company recently completed a second phase of drilling on its El Reventon silver property in Durango, to follow up on a successful first drill program. At the Sierra Rosario property, International Northair and optionee **Sparton Resources Inc.** [SRI-TSXV] have been preparing for a drill program in Sinaloa state. A new road is being constructed to the northern part of the property to provide access to the San Rafael, Dulces Nombres and Descubriadora Zones. These high priority exploration targets have returned encouraging gold and silver results from surface and underground sampling. International Northair also recently optioned its La India gold property to Mexican mining giant Peñoles.

Intrepid Mines Ltd. [IAU-TSX; ASX] and **Aura Silver Resources Inc.** [AUU-TSXV] have completed a first phase drilling program on the Taviche Project, Oaxaca

state. The companies can earn a 70% interest from **Pan American Silver Corp.** [PAA-TSX; PAAS-NASDAQ]. Values up to 23.6 grams gold/tonne, observed in hole EP03-8 and 234 grams silver/tonne in the deeper part of hole EP06-08.

Journey Resources Corp. [JNY-TSXV] – see Wits Basin story page 54 regarding the Vianey Mine Project.

Kimber Resources Inc. [KBR-TSX; KBX-AMEX] has added a second diamond drill to the exploration program at its 100%-owned Monterde property in the Sierra Madre gold-silver belt. Some 7,000 metres of drilling is planned to test the Carmen structure. Kimber recently completed drilling on the Arimo target three kilometres southwest of Carmen; assays are pending. With the recent addition of the Setago Concessions, Kimber owns over 39,000 hectares in the region.

Kootenay Gold Inc. [KTN-TSXV] and joint venture partner **Klondike Silver Corp.** [KS-TSXV] have been exploring the Promontorio Silver Project in Sonora state. Drill results have included 18.4 metres grading 950 grams silver equivalent/tonne and 151 metres grading 162 grams silver equivalent/tonne. Separately, Kootenay Gold has farmed out 50% interests in six mineral properties in the Sierra Madre region of northwest Mexico. The six concessions selected include two epithermal precious metal settings (Suzanne and Ofelia), three porphyry settings (Los Alamos, Cerro Colorado and Espiritu) and one skarn (Los Chinos). All the prospects have received little or no modern exploration and evidence of old exploration is noted on four of these, by small adits and pits; none have evidence of past drilling.

Linear Gold Corp. [LGCP-OTCBB] and optionee **Kinross Gold Corp.** [K-TSX; KGC-NYSE] report drilling has expanded the Cerro La Mina deposit and identified a new gold zone at the Ixhuatán Project in Chiapas. Highlights include 110.0 metres of 1.0 grams gold/tonne, 7.0 grams silver/tonne 0.21% copper and 0.04% molybdenum, including three high-grade sections within the intersection.

Linear Metals Corp. [LRM-TSXV]

reported an inferred resource estimate for the Main Zone at its Cobre Grande Project, Oaxaca: 49.8 million tonnes, representing 545 million pounds of copper, 44 million pounds of molybdenum, 243 million pounds of zinc and 21 million ounces of silver. Linear recently reported a new discovery on the Northwest Skarn Zone.

Macmillan Gold Corp. [MNG-TSXV] has received final assays from the first two drill holes of 2008 which are part of the Phase I drilling program at the Realito Silver Project, Jalisco. Highlights include 19.5 metres (true width) grading 126.6 grams silver/tonne with higher-grade sections in the interval. Drilling continues.

MAG Silver Corp. [MAG-TSXV; MVG-AMEX] reports that drilling at its 100%-owned Batopilas Native Silver District Project has encountered a broad zone of silver-lead-zinc mineralization in hole BA08-21 in the Animas area which assayed 61.2 metres of 20.5 grams silver/tonne, 0.66% lead and 0.84% zinc. MAG

Silver and partner Peñoles are delineating a new silver discovery on the Juanicipio joint venture with Compania Fresnillo, Zacatecas state. Drilling at Juanicipio has returned 4,100 grams silver/tonne over 0.60 metres with 1.47 grams gold/tonne, 2.02% lead and 4.07% zinc. MAG Silver has seven projects in Mexico.

Metallica Resources Inc. [MR-TSX; MRB-AMEX] reports gold and silver production at its Cerro San Pedro Mine increased 34% and 18% respectively in the first quarter, relative to the fourth quarter of 2007, at a cash cost per ounce of gold of about US \$408, net of silver. Roughly 22,000 recoverable ounces of gold and 370,000 recoverable ounces of silver were placed on the leach pad in the first quarter. See Metallica story page 40.

Mexican Silver Mines Ltd. [MSM-TSXV] is developing three former silver producing properties in northeast Mexico. The 100%-owned properties have been mined since the Spanish era. Only limited

exploration has been done. There are more than 12 historic silver mines on the properties. The company recently discovered new high-grade silver-lead-zinc veins on the La Blanca property.

Mexivada Mining Corp. [MNV-TSXV; MXVDF-US OTC; M2Q-Frankfurt] has been receiving high-grade silver assays from Phase 1 drilling of its La Republica silver-gold-zinc-lead property, Chihuahua state. Vein widths of up to 8.5 metres were encountered. Drill results from the main stope include 775.5 grams silver/tonne with 0.14 grams gold/tonne over 2.0 metres, including 1,960.0 grams silver/tonne and 0.01 grams gold/tonne over 0.5 metres.

Minefinders Corporation Ltd. [MFL-TSX; MFN-AMEX] is in the final stages of building the multi-million ounce Dolores gold-silver mine in north-central Mexico. The Dolores Mine, which began mining operations in late 2007, is expected to have a 15.5-year life as an open pit mine



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with potential as an underground mine. Full commercial production is expected to be realized in the near future. Proven and probable reserves are pegged at 99.3 million tonnes containing 2.44 million ounces of gold and 126.64 million ounces of silver. Initial capital costs, including a \$10 million contingency fund, are estimated at \$192 million. The company also has three other advanced exploration projects in Mexico.

Nayarit Gold Inc. [NYG-TSXV] recently consolidated the Orion Silver-Gold Mining District, Nayarit state. Seven additional concessions were acquired (2,730 hectares) that host several prospective drill targets where the Animas Zone was recently discovered. Phase II drilling at Animas returned 48.35 metres of 2.74 grams gold/tonne and 218 grams silver/tonne, or 7.10 grams gold equivalent/tonne, including 3.0 metres of 64.58 grams gold equivalent/tonne.

Oremex Resources Inc. [ORM-TSXV; Frankfurt] is in discussions with the governing authority for the area on the Tejamén Silver Project. The company is seeking approval for the development of the project. The state governor's office has pledged support of the project. Tejamén has inferred resources of 50.8 million ounces of silver.

Orko Silver Corp. [OK-TSXV] has three main projects in Durango – La Preciosa, Santa Monica and San Juan. Orko has a 100% interest in La Preciosa Project and is earning a 75% interest in the adjacent Santa Monica Project from Goldcorp by spending US \$1.5 million on exploration. Orko also has an option to earn a 75% interest in the adjacent San Juan property from **Silver Standard Resources Inc.** [SSRI-NASDAQ] by spending \$750,000 on exploration. Orko reported further assay results from its continuing diamond drilling program at La Preciosa Project. Highlights include 25.59 metres grading 222.3 grams silver equivalent/tonne on the Martha Vein.

Oroco Resource Corp. [OCO-TSXV] is conducting a drilling program on the 100%-owned Cerro Prieto Project in Sonora state in order to confirm historic drill results and potentially expand the

mineralized zone. The program includes 6,000 metres of diamond drilling in the area of the past-producing Cerro Prieto Mine.

Oro Gold Resources Ltd. [OGR-TSXV] has four projects in Mexico. Drill and channel sample data have been received from Hecla Mining on Oro Gold's 100% owned Cimarron property near Mazatlán currently under a 60% option to **Mazorro Resources Inc.** [MZO-TSXV]. Highlights of Hecla's 1999 program include drill hole 99MHM23 that returned 0.6 grams gold/tonne over 106.0 metres (including 1.2 grams gold/tonne over 20.0 metres at surface). Channel samples from road cuts returned 0.72 grams gold/tonne over 93.3 metres. The target is a high-level gold porphyry and epithermal veins with bulk-tonnage potential. At Oro Gold's Trinidad property, a new gold zone returned 3.3 grams gold/tonne over 30 metres.

Paramount Gold and Silver Corp. [PZG-TSX; AMEX; P6G-Frankfurt], 70%, and partner **Tara Gold Resources Corp.** [TRGD.PK-OTC], 30%, has been drilling the San Miguel Project in the Guazapares Mining District, part of the Sierra Madre Occidental gold-silver belt, Chihuahua state. One hole intersected 10.4 metres of 4.5 grams gold/tonne. The company has engaged A.C.A. Howe International to prepare a NI 43-101 resource estimate. Paramount recently entered a strategic alliance with **Mexoro Minerals Ltd.** [MXOM-OTCBB; OYA1-Frankfurt] with a view to combine their mining and exploration expertise, equipment and concessions.

Premium Exploration, Inc. [PEM-TSXV] is conducting multiple exploration programs simultaneously. Drills recently arrived at the 100%-owned Nueva Galicia Project in Nayarit state to test the areas hosting very high-grade gold values that were mined during the Spanish colonial era. Hole NG-07-13 in the Cholita Zone returned 8.79 grams gold/tonne and 1,309.7 grams silver/tonne over 1.52 metres. Premium is also trenching on the 100%-owned Rosamorada Project, also in Nayarit. The claims are surrounded

by those of Nayarit Gold Inc. Mapping and sampling are also under way at the 100%-owned La Lupe Project in Durango where earlier samples returned bonanza-grade silver values.

Quaterra Resources Inc. [QTA-TSXV] and 50/50 joint venture partner **Blackberry Ventures 1, LLC**, are exploring their Nieves silver property in northern Zacatecas state. Drilling was successful in extending the Concordia high-grade silver vein mineralization and intersected significant new mineralization in the adjacent Arroyo fault, which may be a new mineralized structure, or host the faulted extension of the Concordia Vein. Geologic mapping is underway on the California and Santa Rita Vein systems and the more remote parts of the concession.

Riverside Resources Inc. [RRI-TSXV] has five exploration projects in Mexico and is looking for more. The company recently filed for the 260 square kilometre Cerro Azul Concession in the Guerrero Gold Belt where outcrop graded up to 5.5% copper. Riverside has 100% interests in the Chapalota Gold Project in the Sierra Madre Occidental Volcanic Province, the Ventosa Gold Project in southeast Oaxaca state and the past producing Carrizal Gold Project, Sinaloa, and has 65%-optioned the formerly producing El Capitan Project, Durango, to Arcus Developments [ADG-TSXV].

Rochester Resources Ltd. [RCT-TSXV; RCTFF-OTCBB; R5I-Frankfurt] has reported financial results for the quarter ended February 29, 2008. The company has two projects in Nayarit where exploration, development and production are taking place simultaneously – the Mina Real and the Santa Fe. Net revenue was \$2,507,487 on 3,302 ounces of gold equivalent for an operating profit of \$213,538 after non-cash charges for depletion and amortization. During the 2008 third quarter, head grades averaged 6 grams gold/tonne and 140 grams silver/tonne.

Rome Resources Ltd. [RMR-TSXV] has five Mexican projects. Drilling is planned for the Don Luis tungsten-gold porphyry project in Sonora state. Drilling is also

continued on page 65

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WKN: 996289
www.RomeRmr.com
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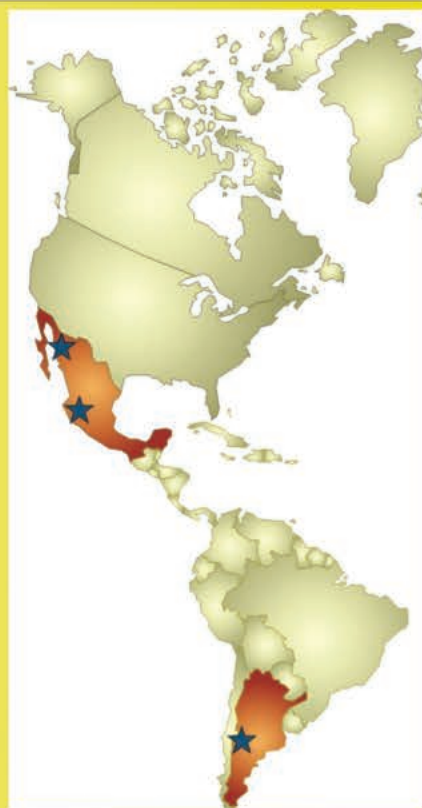
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DRILLING &
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ARGENTINA**

SONORA, MEXICO

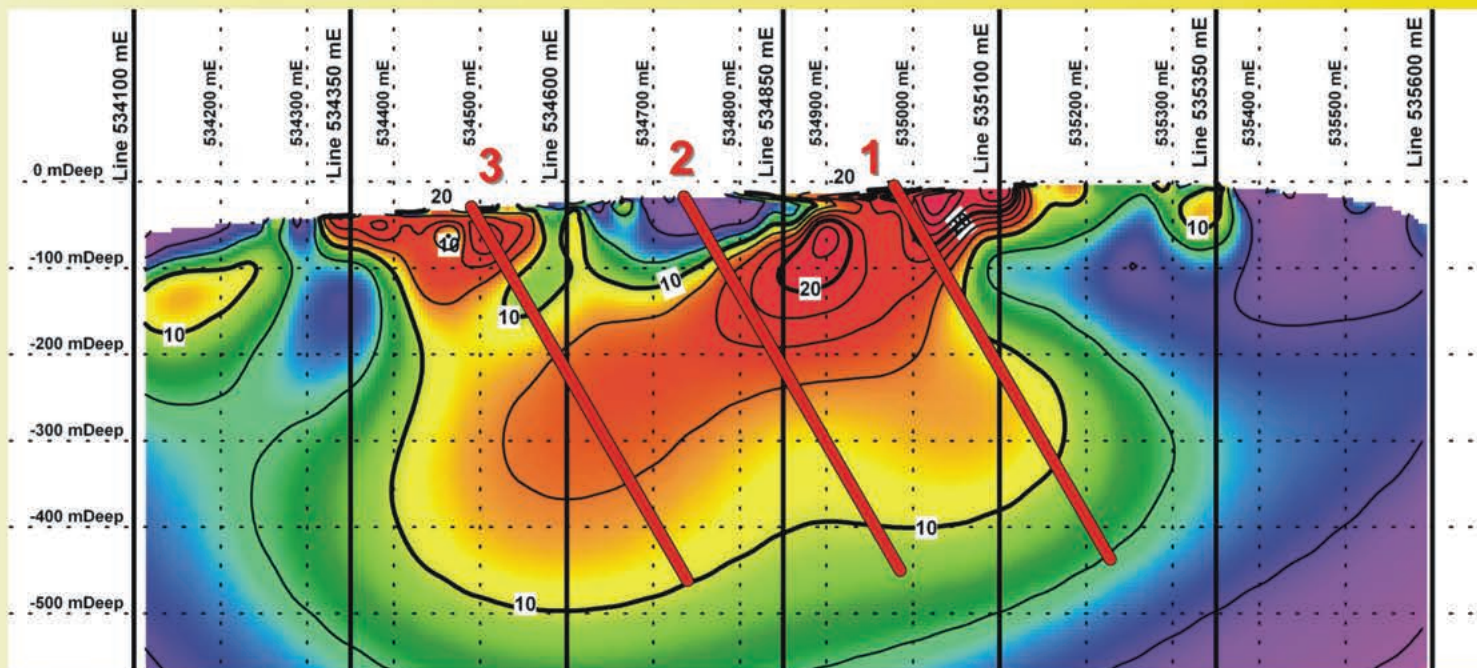
DON LUIS W, Au
LA COLORADA Au, Ag
LOS MUERTOS Ag, Au
MICHOACAN, MEXICO
INGUARAN Cu, W, Ag

NEUQUEN, ARGENTINA

VARVARCO Au



**FEATURED PROJECT IN MEXICO: DRILLING OF THE
DON LUIS TUNGSTEN-GOLD GREISEN-PORPHYRY
DEPOSIT IN SONORA, MEXICO**



**ONE KILOMETER DIAMETER INVERTED IP CHARGEABILITY ANOMALY
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Location, Location, Location

REALTORS OFTEN SAY that location is the most important factor to consider when purchasing real estate, and similarly when exploring for uranium; the address of the property is becoming an increasingly critical factor. This is because in exploring for uranium, more than any other mineral commodity, the NIMBYs (not in my backyard) and NIABIEs (not in anyone's backyard) are influencing to a large degree where uranium deposits can and cannot be mined. In the last month, British Columbia has formally confirmed a ban on developing any uranium mines in this province, and the Nunatsiavut local government in northern Quebec has proposed a moratorium on uranium development in that region.

Another factor to consider is the risk of government delays. New and more onerous taxation policies are being developed as they are in Mongolia and Ecuador. So in considering this month's stock pick, the first question to be asked is "Where in the world can I invest in uranium and be reasonably certain that my investment won't be expropriated, blocked by NIMBYs, delayed by government moratoriums or turned down at the mine building stage?"

The answer is northern Saskatchewan, home of the best mines of **Cameco Corp.** [CCO-TSX; CCJ-NY], and the bulk of Canada's uranium production. In that province, a long history of uranium exploration and development has resulted in an environment where companies can find uranium deposits and develop them.

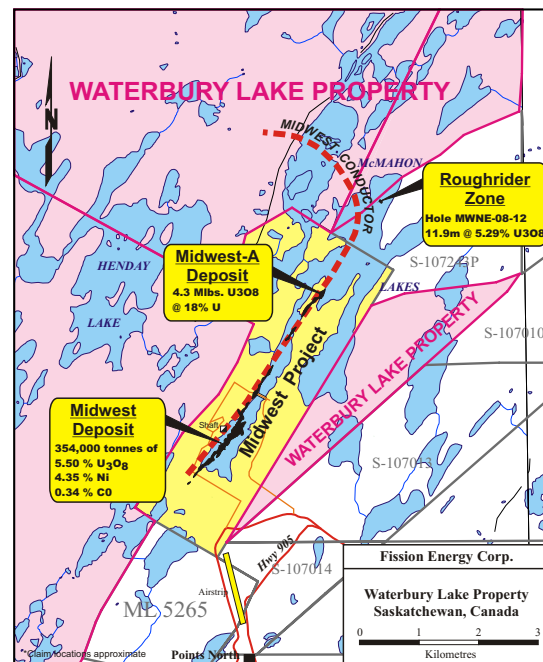
A second question to ask is "Where in the world can I explore for the richest and highest value uranium deposits?" Again the answer is in northern Saskatchewan, in the Athabasca Basin where the unconformity uranium deposits have the richest uranium ore grades in the world. Mineral exploration claims around the periphery of the Athabasca Basin are the most valuable because the depths to the unconformity are not overly deep for developing new mines. This is where newly-formed company

Fission Energy Corp. [FIS-TSXV] has located its Waterbury Lakes claims, right next door to where **Hathor Exploration Ltd.** [HAT-TSXV] has been encountering high grades in drilling its newly discovered Roughrider Zone uranium deposit. Interestingly, the Roughrider Zone occurs 40 to 50 metres deeper in the basement rocks than an unconformity deposit, and geologists suspect that an unconformity deposit may be lurking nearby.

Hathor's Roughrider Zone occurs under a bay in the McMahon Lakes area, now called Discovery Bay. The zone occurs in proximity to a northerly-trending fault extending from the Midwest Lake property to the south. This is where the **Denison Mines Corp.** [DML-TSX; DNN-AMEX] Midwest Lake deposit occurs. The fault appears to be an important controlling factor in localizing uranium deposits, and it extends further to the north crossing Fission Energy's property. This further enhances the exploration potential of the McMahon Lakes Claims of Fission. The diagram suggests the Midwest fault might curve off to the northwest in the area of Fission's property.

Since the Roughrider Zone was discovered, Hathor has successfully intersected highly radioactive cores in half a dozen drill holes to within 25 metres of the Fission claim boundary. Does the mineralization continue to the northwest onto the Fission ground as the drilling pattern suggests or, is there a different trend to the zone? At the present time, there is no answer to that question.

Fission is about to kick off a drilling program to find out. This is the reason for my current focus on this company. The drilling is funded from a financing by a consortium led by **Korea Electric Power Corporation** [KEP-NYSE]. Korea Electric Power has a joint venture with Fission for exploration and development of the Waterbury Lake property in the Athabasca Basin. Fission retains a 50% interest in the project after earn-in, and a 2% NSR overriding royalty.



Hathor's property is sandwiched between two of Fission's claims, immediately north-east of the AREVA/Denison's Midwest Property. The Midwest property is host to the Midwest Mine (41.7 million lbs. U_3O_8) and the Mae Zone (about 12.8 million lbs. indicated and 9.5 million lbs. inferred).

In the event that Fission is not successful with its current drilling campaign, I see a lot of value in their other holdings, which should provide downside protection to investors. ■

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Financial crises – a history lesson

THROUGHOUT HISTORY, there have been many financial crises that have plagued the stock market. These crises usually follow periods of overbuilding and excessive speculation. According to Lehman Brothers, the 18th century saw 11 banking and financial crashes and the 19th century another 18, including American banking crises in (to keep things brief) 1819, 1837, 1847, 1857, 1873, 1884, 1890 and 1896. There were 33 such storms in the 20th century, chief among them the Wall Street Crash of 1929. All, to varying degrees, have caused considerable distress to investors and savers large and small. They have also created opportunity.

The turn of the previous century (1899/1900) can be characterized as a time when many important inventions would come to the market, all which would have long run implications in the U.S. economy. At this time, Wall Street was controlled by a few large bankers, most notably J.P. Morgan and Andrew Carnegie. The deals they put together amazed much of the Street. For example: When Morgan bought US Steel from Carnegie, he did it for a sum of \$500 million which is equivalent to about \$300 billion today. Morgan continued financ-

ing larger deals including AT&T, Northern Securities, and International Harvester. At this time, the markets were extremely volatile and witnessed two major panics that occurred in 1903 and 1907.

The panic of 1907 was a big American crisis during which the stock market lost half its value, the economy fell into recession, banks and trust companies suffered countless and catastrophic runs and the National Bank of North America collapsed. It was sparked, apparently, by a decision by a few New York banks to retract loans, but soon spread nationwide and eventually led to the creation of the Federal Reserve System, America's central bank, in 1913. The end of the American economy as we know it was, however, averted by JP Morgan, who sorted out the problem by organizing money transfers between the banks, setting up international credit lines, and buying up cheap shares in fundamentally healthy outfits. Sound familiar?

It was during the 1920s that confidence by individuals was finally restored to the market and they began to place their money on Wall Street. Wall Street brokers, including Charlie Merrill, began advertising in newspapers and magazines. The

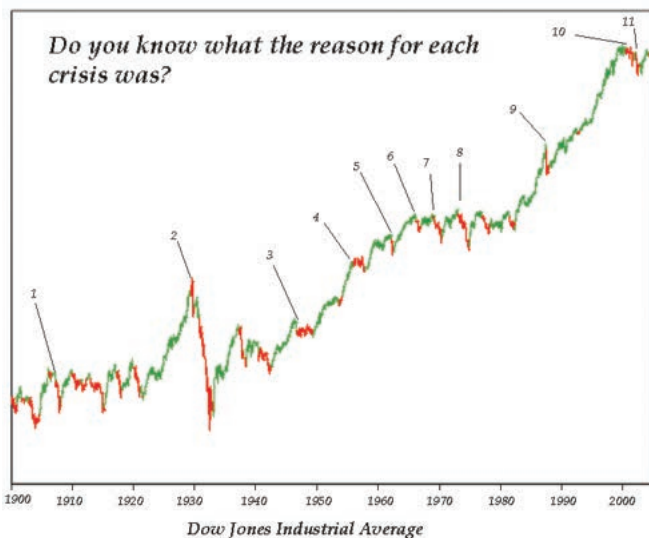
DJIA ran to unprecedented levels (all the way to 350) up until the last quarter of 1929 when on October 24th the market collapsed. Over the fourth quarter alone, the DJIA quickly lost a 1/3 of its value, eventually falling all the way to 41. In the wake of the collapse, banks began to fail and many people began to file for bankruptcy, especially those who had brokerage accounts. The economy had entered a new era: the Great Depression.

This was a crash so enormous, so profound, that it marked the end of one era and the start of another; the Roaring Twenties came to a close, the Black Thirties began. Over the next few years, America's jobless total climbed to 13 million and millions of others lost their homes in the Great Depression. Stock prices were still 75% below their 1929 peak as late as April 1942, and it took the market as a whole a quarter of a century to recover.

The Wall Street crash followed a decade-long speculative boom during which millions of investors piled into the stock market and borrowed to buy more. Rising share prices prompted more and more people to invest and more and more banks to lend more and more, creating a classic economic bubble. By the time the end came, brokers would lend you as much as 60% of the face value of the shares you wanted to buy. To those with a little knowledge of economics, this may sound alarmingly familiar. Also familiar may be the fact that the American president of the day declared it would be inappropriate to intervene.

At the present time, we are facing a financial 'credit' crisis that offers opportunity yet again. What has created this opportunity? Recent concerns in the credit market have sparked a downturn in lending, real estate and high-risk hedge funds. This minor crash in the credit market dates back to the substantial reduction in interest rates put in place in 2001 after September

continued to page 68



Dow Jones Industrial Average

The numbers on the graph refer to specific events noted in the complete report which can be obtained free by contacting the authors. Source: signaltrend.com

CUALE POLYMETALLIC VOLCANOGENIC MASSIVE SULFIDE PROJECT IN MEXICO

- 100% ownership of 69,050 Ha (690 km²) in 9 contiguous concessions in western Jalisco State, Mexico. Portions of the Project previously owned by Industrias Peñoles and Teck-Cominco.
- An experienced financial and exploration/development team with over 150 years of combined experience in the mining industry.
- Claims overlap parts of 6 historical volcanogenic massive sulphide mining camps: Cuale, Desmoronado, Aranjuez, Bramador, La Mina and El Rubi.
- Unmined mineral resource in the San Rafael orebody (Desmoronado camp):

	Tonnes	Au(g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)
San Rafael (main reserve)	339,000	0.55	58	1.22	5.72	0.13
San Rafael	142,100	0.49	44	1.02	4.96	0.14
San Pedro	6,600	0.14	105	1.96	5.38	0.33
Total	488,600					

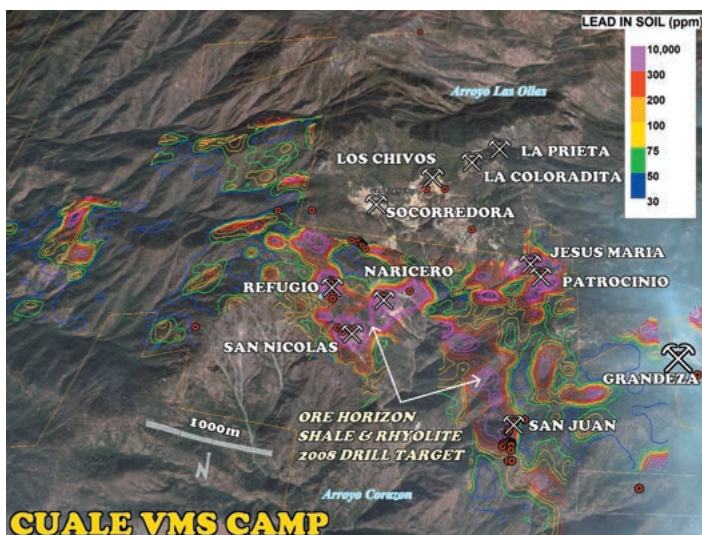
(Berrocal-Lopez, et al., 1990; Zimapan, S.A. de C.V.)



- Exploration target is precious metal rich volcanogenic massive sulphides that occur in the Middle to Late Jurassic Cuale Sequence, mainly in Ore Horizon black shales between rhyolite ignimbrites at the base, and dacitic pillow lavas in the hangingwall. The Cuale Sequence is part of the Guerrero Terrane, the same shallow marine volcanic arc that hosts several other volcanogenic massive sulphide deposits in Mexico, including Campo Morado, Tizapa and San Nicolas.

Exploration work completed in 2006-2007

- 1859 line kilometres of helicopter-borne geophysics. Successfully identified regions of massive-sulfide bearing black shale with 320 specific bedrock conductors.
- 10654 soil samples to confirm base and precious metal potential of selected conductors.
- Digitized the results of more than 19400 meters of historic diamond drilling in 255 holes ON Zinco's Property into a 3-D GIS model. Selected results shown below:



Orebody	Camp	HOLE_ID	From (m)	To (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)	Interval (m)
San Rafael	Desmoronado	105	20.13	84.18	0.11	63.95	1.71	6.31	0.13	64.05
Naricero	Cuale	19C	0.00	36.60	0.13	113.79	0.54	1.46	0.06	36.60
San Juan	Cuale	537	17.15	43.45	0.10	108.84	4.87	0.61	0.01	26.30
Patrocinio	Cuale	417	27.45	30.10	15.96	2893.81	0.24	1.64	0.12	2.65
San Nicolas	Cuale	547	1.72	7.55	0.05	712.26	0.49	0.54	1.98	5.83

Data compiled from Zimapan S.A. de C.V. (Industrias Peñoles) drill logs. The assays are historic (1974-1991) and cannot be verified as most of the core is no longer available (non NI43-101 compliant).

2008 Exploration Campaign

- 5000 meters of drilling is planned to commence in May 2008 which will test specific targets identified by historic and recent work. One priority drilling target is to explore the very strong 3-4 kilometer long lead in soil-polymetallic geochemical anomaly that marks the near surface location of the Ore Horizon between the Refugio, San Nicolas, Naricero, Jesus Maria and San Juan deposits (as shown on the 3-D map to the left).



Speculating on the future of gold

SELDOM HAS THE WORLD faced such serious problems at the same time. Among the situations which have grabbed their share of headlines in recent months are the subprime mortgage mess and the attendant credit industry meltdown, looming worldwide food shortages, huge increases in the price of petroleum and its products, serious declines in the all-important U.S. dollar, an apparent onrushing American recession (or worse), massive price increases in a host of raw materials such as base metals, agricultural products and coal, and a decline in public confidence readings unmatched since the worst days of the late-1970s recession.

While the world's economists and analysts are busy with prognostications about how this will all turn out, our focus turns toward the world of gold.

It would appear that the current onrushing series of potential crises is creating a 'heads I win, tails I win' situation for gold. If the world somehow solves all its enormous problems and moves directly forward into prosperous times, the fundamental demand for many raw materials would grow substantially and, combined with the huge increases in money supply which have taken place in recent years, would likely create the anticipation of huge increases in price structures. Historically, rising inflationary expectations have played a major role in previous golden bull markets.

On the other hand, should the world's monetary authorities fail to find workable solutions to this cavalcade of potential woes,

then we could truly observe a deepening economic contraction resulting in further declines in employment, deeper housing price contractions, possible bank failures and an ever-declining Greenback as the Fed fought back with its only apparent weapon, flooding the market with unending quantities of unbacked, fiat currency. Under those conditions, gold's reputation as a storehouse of value in difficult times would come to the fore, and we could easily see a substantial and rapid panic-driven move upward in the price of the yellow metal.

However, there is a wild card out there which could put a damper on this otherwise rosy outlook. That damper is the tremendous residual faith by the general and investing publics in the almost-magical powers of the Federal Reserve Board, European and Asian central banks, and various other monetary authorities to once again come to the rescue and create a situation where prosperity and stability return side by side.

There is ample precedent to sustain such a belief in the public's eyes. Following World War II, many observers expected a horrendous recession as millions of soldiers returned home to a contracting economy as the economic war-making machine shut down. Instead, the combination of government loans, government educational bonuses, a stored-up demand for consumer goods and a strong work ethic provided the basis for one of the strongest economic performances in history over the ensuing two decades.

Again, from 1974 through about 1982, the world appeared to be headed toward yet another monumental series of crises. The U.S. dollar was steadily losing its value, unemployment was soaring, the stock market suffered its greatest decline since the Great Depression and then, inflation began to soar

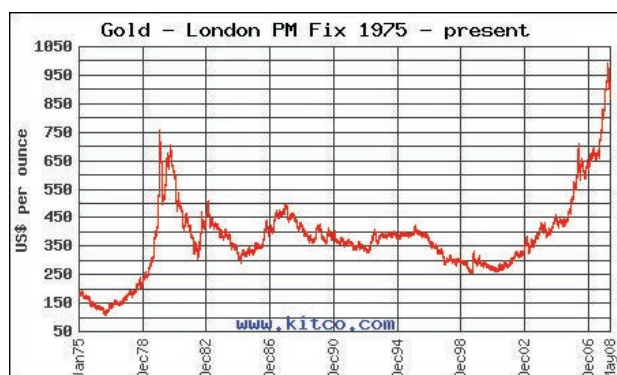
uncontrollably. However, just as gold was exploding upward to a historic high which held for more than a quarter of a century, just as the U.S. national debt and budgetary deficits were running rampant, just as the rates of inflation and interest rates appeared to be headed completely out of control and just as forecasters were confidently predicting the end of the economic world along with the demise of free enterprise, actions by the monetary authorities seemingly pulled off an economic miracle. The Greenback began to strengthen, a tremendous and durable stock market rally took place and faith among the public in the world's economic structure grew steadily.

And, in the process, that onrushing prosperity combined with diminishing inflation and restored public economic confidence put the 'kybosh' to all the predictions of gold moving to several thousands of dollars an ounce in short order.

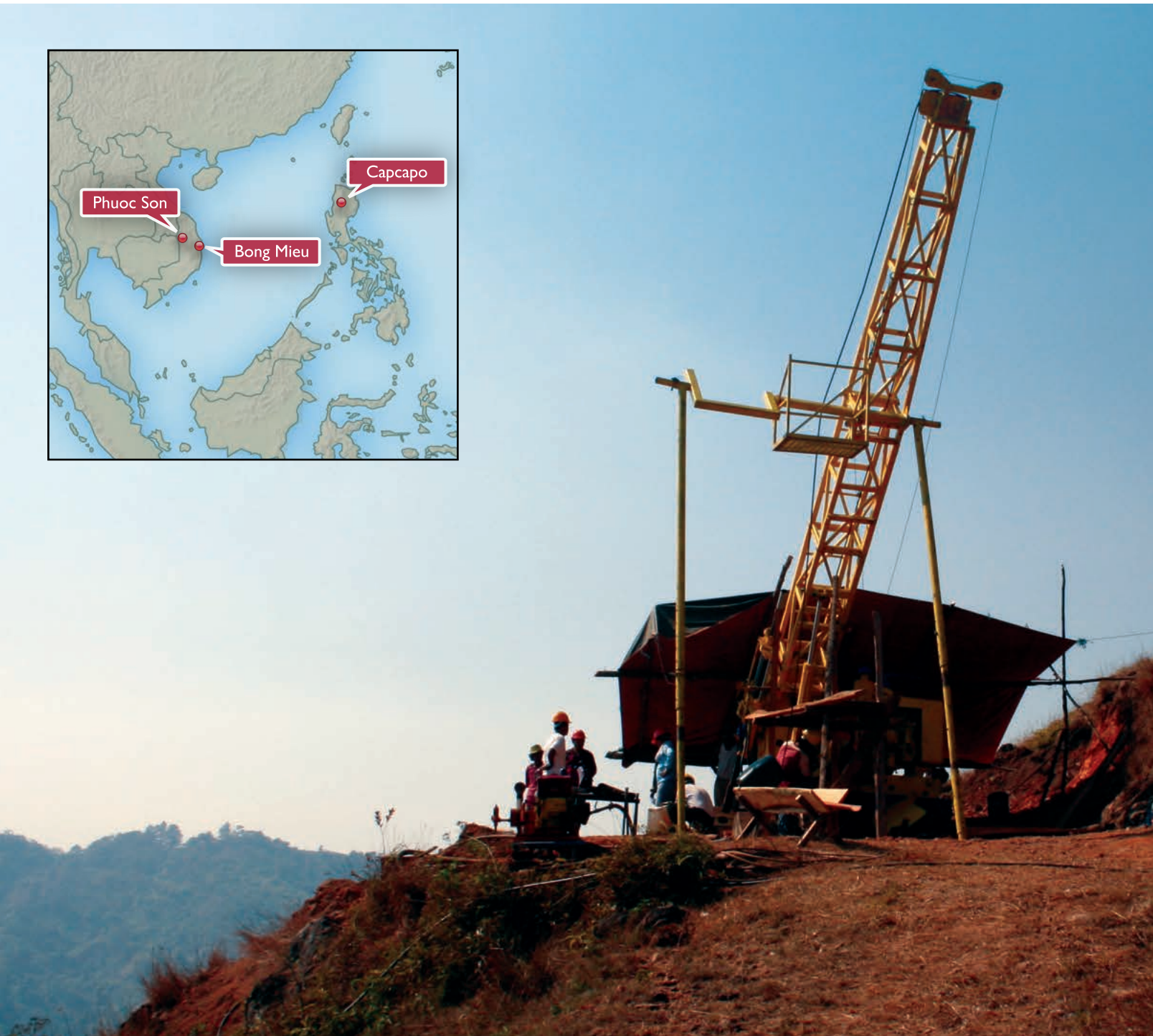
So, the great speculation is whether the Fed and others of its ilk can once again pull a monetary rabbit out of their hat, squelch price inflation, restore strong job growth, add liquidity to the international world of credit and, simultaneously, support the crashing housing market.

If they can once again succeed against what appears to be virtually insurmountable odds, then gold might once again disappoint its strongest supporters. However, if the economies of the world cannot resolve the great problems without immense trauma – both social and economic – then it appears we may indeed be ushering in of a truly 'golden era' for the yellow metal. ■

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



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Olympus Pacific Minerals Inc.
www.olympuspacific.com
Tel: +1 416 572-2525

TSX : OYM
Frankfurt : OP6
OTCBB : OLYMF

As first movers in Vietnam, Olympus is dedicated to ongoing aggressive exploration programs at our three core properties

- 2007 & 2008 exploration budget approved for US\$15M.
- Exploration and development drilling forecast at 56,000 Meters.
- Phuoc Son resource doubled to 637,000 ounces gold. (Jan 15, 2008)
- Bong Mieu announces increased gold equivalent resource of 845,000 oz. (Oct 9, 2007)
- Producing gold at the Bong Mieu Gold Plant.
- Phuoc Son mine construction to commence once financing is secured.



Flavour of the Day

CARAMEL TOFFEE. Now that was a flavour! When we were young, it was a treat to go to the ice cream parlour and enjoy the flavour of the day. The many tubs of regular flavours were still there, but it was the new 'flavour of the day' that got us excited. We put our quarters on the counter with great zeal. We could always get chocolate, but caramel toffee, now that was a treat!

I'm putting this youthful memory to you because most of us have had similar flavour of the day experiences, and, I think it's a good analogy to the current resource market. As I'm writing this in early May, there are suddenly four or five

very active stocks trading at new highs on big volumes because of a new coal discovery in eastern Saskatchewan. And, if early reports are correct, the discovery company – **Goldsource Mines Inc.** [GXS-TSXV; G5M-Frankfurt] – wasn't even looking for coal. They have gold in their name and were drilling for diamonds when they hit a thick coal seam. The rush was on.

And that to me is the nature of today's resource market. Today it's coal. Last week it was potash. Last month it was oil shale and last year it was uranium. You've got gold? Boring, it's only US \$900 an ounce. You've got copper? Who cares, the Chinese expansion will be over in 10 years. You've got oil? Get out now as it's trending down. But you've got a coal discovery? Now that's worth getting into as there are many jurisdictions that are clamoring for another coal-fired electrical plant.

Am I being facetious? Yes. However,

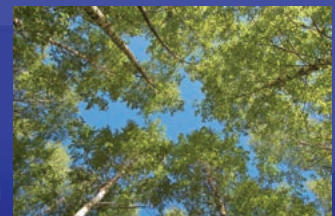
my point here is not to demean these hard working companies or belittle their day in the sun, as they deserve much credit for their efforts. My point is that this is not a typical resource market. For the better part of a year now, investors have been discounting ongoing exploration programs. They have been listening to the 'talking heads' and are waiting for the U.S. economy to go into a tailspin or for resource prices to collapse. In short, venture investors are afraid to stay with a project. They're surging to the new situation for the active short term and then they're getting out.

To summarize, if you want the action, get in the new play early and then be prepared to exit in the same manner. But if you like your current investments and their potential, just be patient, because just like at the ice cream parlour, the 'flavour of the day' will change again. ■

TSX-V: NKL



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Big Nic Property

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- Substantial geophysical programs have already been completed
- Summer/early fall 2008 drilling planned

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PricewaterhouseCoopers British Columbia mining report

The British Columbia mining industry posted strong financial results for 2007, driven by base metals prices and continuing strong global demand. According to the latest PricewaterhouseCoopers (PwC) report, *The Mining Industry in British Columbia – 2007*, while net earnings of \$1.2 billion in 2007 were down 48% from an unprecedented high of \$2.3 billion in 2006, results were still very positive, and shareholders were rewarded with dividends of \$635 million.

The survey found that the lower 2007 average coal price of US \$80 per tonne, down 26% from the previous year, and a 10% reduction in total coal shipments were major factors in lower revenues and earnings.

“The BC mining industry continued to be a key contributor to the provincial economy in 2007 with strong financial results and it provided direct employment for over 7,400 people,” said Michael Cinnamond, a partner in PwC’s BC mining practice, and author of the report. “BC’s mining sector saw over \$1 billion of new capital raised in 2007, a 157% increase over 2006. These results bode well for the future as continued exploration and development of new mineral deposits and renewal of existing plants and machinery are necessary to preserve the longevity of the industry.”

BC’s gross mining revenues decreased to \$6.9 billion in 2007 from \$8.1 billion in 2006, a drop of 15% – mainly driven by decreased coal prices and decreased overall coal and metals shipments. Cash flow from operations dropped by 31% in 2007 to \$1.9 billion from the previous year.

Copper continues to be the largest contributor to the BC industry’s net mining revenues at \$1.66 billion in 2007. Metallurgical coal is the second largest contributor to net mining revenues at \$1.37 billion, followed by zinc at \$1.23 billion and molybdenum in fourth place at \$433 million. While gold prices challenged the previously unthinkable price of US \$1,000 per ounce, there are very few operations in BC that are focused on gold production, and gold shipments were valued at a rela-



Giant trucks haul ore at the Teck Cominco Highland Valley Copper Mine 80 kilometres southwest of Kamloops, British Columbia. Photo courtesy Teck Cominco Ltd.

tively small \$205 million in 2007. One of BC’s largest gold producers in prior years ceased production in 2007 and did not participate in this year’s survey.

Total expenditure in BC’s mining industry in 2007 was \$6.4 billion, a decrease of 5% from 2006. Unit operating costs continued to climb and capital investment on new development projects increased. Outbound transportation costs are one of the largest components of total industry expense, although it dropped 5% to \$957 million in 2007, mostly due to fewer shipments.

“Foreign exchange rates have a notable impact on BC’s gross mining revenues, as all coal and metals are priced in US dollars,” said Gerrie van der Westhuizen, a manager in PwC’s BC mining practice, and contributor to the survey. “For the companies in the PwC survey, a one cent change in the value of the Canadian dollar against the US dollar would cause a gross revenue shift of \$64 million Canadian dollars.”

The average salary and benefits package in BC’s mining sector was valued at \$101,900 per employee, up from \$99,900 in 2006, reflecting a global shortage of experienced mining personnel.

Cinnamond noted: “According to figures from the BC Environmental Assessment Office, there are about 20 mining projects in

the pipeline for environmental assessment and review, which could potentially create around 16,000 construction jobs and eventually 15,000 operating jobs.”

Other key findings of PwC’s survey:

- Exploration and development expenditures (based on 2007 survey participants) increased by 22% to \$158 million in 2007 from 2006
- The BC Government estimates an increase in total exploration expenditure of 57% to \$416 million from \$265 million in 2006
- Total coal and metal shipments from BC mines decreased 2% to 24,854,000 tonnes in 2007 from 25,449,000 tonnes in 2006
- After-tax return on shareholder’s investment was a strong 41.6%, but down from 64.8% in 2006
- BC mining operations made total payments of \$463 million to governments in 2007, a decrease 42% over 2006. Direct tax payments were also down to \$290 million in 2007 from \$648 million

PwC’s survey summarizes the 2007 year-over-year financial information of 19 operating metal and coal mines, one smelter, eight operations in the permitted or active permitting stages, six mines in the reclamation stage and six advanced exploration stage properties. The 2007 survey had 40 participants, compared to 42 in 2006. ■

THE IDAHO SILVER VALLEY – A WORLD OF ITS OWN

by Brian O'Hara



Idaho's Silver Valley covers the silver mining territory in the Coeur d'Alene region of northern Idaho which has a mining history dating back to the 1880s. The centre of the Silver Valley is the town of Wallace, on the I-90 Freeway, 79 miles east of Spokane, Washington, or 47 miles east of Coeur d'Alene. Wallace hosts an annual Silver Summit every September and, for those who do attend, it is a chance to take in the spectacular mountain scenery, meet mining company personnel and experience life in Wallace, which is listed in the National Register of Historic Places.

Residents of the Silver Valley believe in silver and have an alternate currency called 'sterling' which consists of silver coins in denominations of 5, 10 and 20 sterlings which have 0.25, 0.50 and 1 ounce of silver, respectively. The sterlings are accepted at many stores in Wallace and surrounding areas. Five sterlings equal US \$5.00. However, with the high price of silver, the coins are scarce because the silver content is almost the same as the face value and merchants have few if any sterlings to sell.

Murray, located about 20 miles north of Wallace, was the site of the discovery of placer gold in the 1882. A few years later, prospectors moved south and in 1885 Noah Kellogg discovered an outcropping of galena (an ore of lead) which would become the Bunker Hill Mine. A

smelter was constructed in 1917 and both mine and smelter operated until 1981. The Environmental Protection Agency moved into the area in 1985 and required Kellogg and nearby Smelterville to remediate soil and replant trees. Since then, the Silver Mountain Ski Resort in Kellogg has been developed in the mountains not too far from the former Bunker Hill smelter.

There have been about 100 mines in the Silver Valley, some of them just small adits driven into the hillsides. Two brothers, Dennis and True Blake, did just that by driving an adit in 1884 to follow an outcropping. They continued working on this underground mine by themselves for several decades and made a fortune mining high-grade silver. They sold the mine in 1921 – it was renamed the Sunshine Mining Company, which is still in operation for over 100 years and has produced over 369 million ounces of silver.

This area, now called the Silver Valley, reached a major milestone in 1999 when 1.1 billion ounces were produced from the region. However, the Silver Valley has encountered many ups and downs since the initial discovery in the 1880s – the most recent being tough times in 2001 when the silver price was under US \$4.50/oz. for much of the year. It signaled a difficult era with the Sunshine Mine going into financial insolvency, the Galena Mine just

maintaining production, but without doing necessary exploration and mine maintenance. Even Hecla Mining Company, the American silver icon, had to endure the tough times.

This is now a new era with the silver price ranging between US \$15 and \$20/oz. and there is a resurgence and a new confidence in the Silver Valley.

In many other camps, there has been consolidation with the motto, one camp – one company. This is not the case with the Idaho Silver Valley. Raymond De Motte, president of Sterling Mining Company, explained that Sterling Mining, like all the other Silver Valley operations, has so much potential to expand production, develop mine reserves and develop new exploration projects within their own holdings, they are not looking for outside projects to expand the company.

Mining Overview

The Silver Valley Mining Camp is characterized by high-grade silver vein systems, ranging in width from a few inches to 8 feet in width, often a nearly vertical dip and continuity at depth that can extend for thousands of feet. Often the main underground haulways are the same ones constructed in the 1920s to 1940s, where narrow gauge electric trains are used. Similarly, the mining of narrow



Clockwise from left, the local silver currency for Wallace, Idaho. Ray De Motte, president of Sterling Mining, at the Sunshine Mine. A miner drives a farm tractor adapted for underground mining at the entrance to the Coleman Vein as New Jersey Mining president, Fred Brackebusch, looks on. Pouring silver at Formation Capital's refinery. An underground drill station at the SNS Silver Crescent Mine – left to right are Jeff Bergstrom, geological technician, Lisa Hardy, chief geologist, Craig Durick, mine superintendent, and Doug Kettle, driller. All photos by Brian O'Hara except coin.

veins would sometimes be done using jacklegs with slushers (a winch with a scraper blade). In deeper levels, some mines use scooptrams with one-yard and two-yard buckets, together with smaller sized jumbo drills.

Mining companies introduced a bonus some years ago based on profitability and the silver price. With silver prices booming, these bonuses have been very attractive at some operations. For example, at Hecla Mining Company, there is a combination of profit sharing and also a payment based on the silver price. For 2007, the combined bonus of profit sharing and the silver price

was about \$30,000 for each employee at Hecla.

New Jersey Mining Company [NJMC-OTCBB]

Fred Brackebusch, president of **New Jersey Mining**, and Grant Brackebusch, vice president, are a unique father-son team of experienced mining engineers. Fred is a Silver Valley veteran and has worked as a specialist mine systems consultant. This company has an interesting concept of maintaining very low cost overhead and administrative expenses. There are no corporate offices and they do not use

contractors. Instead, they use their own equipment and employees. New Jersey Mining has a modern 125 ton-per-day mill near Kellogg which is fully permitted..

The New Jersey mill is located adjacent to the Coleman open pit and an underground adit. Currently, one crew is driving a drift on the 740 level and, in addition, there is a diamond drill crew drilling to further explore this structure.

Their flagship property is the joint venture with **Newmont Mining Corp.** [NMC-TSX; NEM-NYSE] on the Toboggan Project in an area covering some 38 square miles north of Murray. Interestingly enough, it was a

gold strike in Murray in 1882 that brought prospectors into the Idaho Silver Valley. Even today, the creeks going through the Toboggan property do have seasonal placer miners working every summer. Given the secretive nature of placer mining, it is not known if they are successful, but since they reappear every spring, it is a good guess they are doing well.

The Golden Chest Mine operated in the 1890s in the Murray area and was dormant until the 1980s when Newmont identified a historic resource of about 230,000 ounces of gold. However, it was later dropped and taken up by New Jersey Mining, which has a crew of three miners driving a ramp to the Idaho Vein. This project has about 158,000 tonnes of resources grading 5.52 grams gold/tonne

Their flagship Toboggan Project is an example of their patient approach to mining exploration. This area had been explored by Cominco, Exxon, Asarco and Nord Pacific. All had been searching for massive sulphides. New Jersey geologist, John Etienne, has

been working this area for the past few years and has taken the time to review the area and come up with a different interpretation of a large intrusive structure which could host a large gold system. In March 2008, Newmont agreed to earn a 51% interest in the project by spending \$2 million over three years and can increase its interest to 70% by spending an additional \$10 million.

Formation Capital Corp. [FCO-TSX]

Formation Capital Corporation, U.S., a 100% owned subsidiary of Formation Capital Corporation, is a mine development and refining company with two inter-related operations. One is the Idaho Cobalt Project, a primary, high purity cobalt mine in the final stages of permitting, 26 miles west of Salmon, east-central Idaho. It has proven and probable resources of 2.636 million tons grading 0.559% cobalt, 0.596% copper and 0.014 oz. gold/ton and an additional 1.122 million tons of inferred resources of 0.585% cobalt, 0.794% copper and 0.017 oz. gold/ton.

The second operation is the Big Creek Hydrometallurgical Complex with three separate plants – a hydrometallurgical plant being retro-fitted to process future concentrate from the cobalt project, solvent extraction electrowinning circuits to process copper concentrate, and the Sunshine Precious Metals Refinery that is currently producing silver and gold bullion. The complex is owned by Essential Metals Corp.[®], a 100%-owned subsidiary of Formation Capital Corporation, U.S. It was built in 1970 near Kellogg by the Sunshine Mine to process its silver concentrates.

The refinery is about 200 miles north of the Idaho Cobalt Project down the road from the Sunshine Mine. The refinery, together with land around the refinery, was purchased from the trustee in 2002 for US \$1.275 million. At the time, with silver prices depressed, it did not appear to have a lot of value. Now, with the silver prices robust, there is more demand for silver refining and the Sunshine Precious Metals Refinery is refining gold and silver bullion.

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The refinery has an estimated replacement cost of US \$60-80 million.

Refining of silver is obtained 50% from silver scrap and 50% from Mexican mines. The refinery is best equipped to refine silver doré metal and high-grade silver residue (+90% silver content), which, for the moment, precludes the refinery from refining local Idaho Silver Valley concentrates.

Concentrate grades from the Silver Valley mines range from 700 to 1,900 oz. silver/ton. This concentrate must be leached in a solution and electro-won to produce a high purity metal of about 90% silver, before it can be processed at a refinery like the Sunshine Refinery for final production of 99.95% + silver bullion. The Big Creek Hydrometallurgical Complex has an annual refining capacity of 10 million ounces of silver, 350,000 ounces of gold, 5 million pounds of copper and, once retro-fitted, will be able to refine up to 3.5 million pounds of cobalt annually.

Management at the Big Creek Hydrometallurgical Complex is currently working on engineering and procurement for the processing of cobalt concentrate from the company's Idaho Cobalt Project.

Azteca Gold Corp. [AZG-TSXV]

Azteca Gold has an option to purchase the former Bunker Hill Mine owned by the New Bunker Hill Mining Company for an upfront payment of \$4 million, and a final exercising price of \$46 million, which was to be finalized in March of 2008. Azteca is paying \$100,000 per month to extend the option period.

The Bunker Hill Mine closed in 1981 and has historic resources (non NI 43-101 compliant) of 8.9 million tons grading 2.5% lead, 1.58 oz. silver/ton and 5.07% zinc, as calculated by Cominco Engineering Services in a 1989 report. In addition, there is a resource potential (non NI 43-101 compliant) in the Sweeney area of some 41 million tons grading 2.7% lead, 1.03 oz. silver/ton and 0.69% zinc. However,

the zones of interest would be the historic resources of 1.3 million tons in Quill Zone and the Newgard Zone with historic resources of 860,000 tons because these two zones are above the flooded areas and are easily accessible.

The Bunker Hill Mine closed in 1981 and the mine drainage water from the site is sent to a water processing plant. The cost of this processing is being assumed by the Environment Protection Agency (EPA), which is currently in litigation seeking \$24 million in recovery of previous costs from the current owners of the Bunker Hill Mine. Azteca is negotiating with the EPA to be removed from any previous EPA liability.

Hecla Mining [HL-NYSE]

Hecla Mining, with a 117 year mining history, is producing about 5.6 million ounces of silver from its Lucky Friday Mine in Mullan and its share of the Greens Creek joint venture near Juneau, Alaska. Hecla recently completed their acquisition of the 70.27% balance of the Greens Creek Silver Mine and joint venture near Juneau, Alaska, resulting in Hecla holding 100% and doubling their production of silver to about 11 million ounces per year.

The Lucky Friday Mine has been operating for 65 years, of which 50 have been under Hecla. Deep drilling has encountered ore grades to the 8000-foot level, which is 2,000 feet below current mining areas. There are potential resources of 130 million ounces of silver at Lucky Friday and, to date, there is still no bottom to the ore structure.

Hecla Mining, although it works in a unionized environment, has a unique bonus system. The mining engineering department sets a well defined target block such as a specific vein over a specific strike length, between two mining levels or a specific height. Normally this would involve two to four months of work. A group of six to eight miners would be encouraged

to bid on this work as a team.

Hecla is mining at deeper levels, some 6,900 feet under the mountain. One result is rock temperatures of 120° F. On average, the temperature of the mine is 82° F. Hecla controls the working area by having refrigeration available at the face.

Hecla is mining about 1,000 tpd from the Lucky Friday Mine. About 800 tpd is coming from the trackless mining area, while 200 tons are coming from the conventional jackleg method. Again, because of the depth, Hecla is careful about rock bursts from the stress. One interesting technique is the mining of narrow veins. Some are narrow as 3 feet and these veins are mined using jackleg drills. The ore is mucked out using slushers of a width of 18 inches. This is used for the high-grade vein systems.

Hecla prides itself on having low cash costs, in fact a negative cost due to the by-product credits from zinc. Hecla, though an American mining icon, is now gearing up to have a presence in the Canadian market.

According to Vicki Veltkamp, vice president investor relations, Hecla would like to be known as the "lowest cost, lowest risk silver investment with high upside exploration potential from its 25 square miles mineral holdings, with an option on 11 square miles – all in the Silver Valley."

Sterling Mining Company [SMQ-TSX; SRLM; SMX-Frankfurt]

Sterling Mining operates the Sunshine Mine, which was acquired together with the mine-mill infrastructure in June 2003. Sterling Mining actually started in 1903 with the John Presley family and, according to Ray De Motte, president, there are still more than 50 of his descendant family members who are shareholders.

Average production for 2008 is expected to be 400 tpd, yielding 2.8 million ounces of silver, increasing to 3.9 million ounces in 2009, increasing to 5.0 million ounces in 2010.

The company has had no problem

MINING

recruiting employees. On December 31, 2007, they had 100 employees, which increased to 147 by May 1, 2008. In total, there are 210 employees in Canada and Mexico. There is a tremendous loyalty to the Sunshine Mine and a preference for living in the Silver Valley by employees previously employed there. Joe Guardipee, mine foreman at the Sunshine Mine, is actually a third generation Idaho miner and his two sons, aged 28 and 24, are both working at the mine.

SNS Silver Corp. [SNS-TSXV]

SNS Silver bought the Crescent Mine in December 2006 from the Shoshone County, the Idaho government and the U.S. Environmental Protection Agency, which had held the property since the 1990s. The Crescent Mine was first operated in the 1890s until 1921, and operated from 1927 until 1943, producing a total of 6 million ounces of silver in this period. It is located in between the Bunker Hill Mine and the Sunshine Mine. Bunker Hill Mines, took

over the property in the 1950s and drove an access tunnel from its adjoining property into the Crescent Mine workings to develop the lower levels from the 2500 to the 3000 level. The Crescent Mine had produced 25 million ounces grading 27.3 oz. silver/ton, however, it was closed in 1981, at the same time as the Bunker Hill Mine.

SNS has a solid management team who restarted the Crescent Mine in December 2007 and is headed by Tom Fudge, president/CEO. Since 1989, he has worked in Coeur d'Alene at the Sunshine and Lucky Friday mines and, after that, in the corporate offices of Hecla where he was responsible for their Venezuela operations.

Brian White, project geologist with 32 years of experience, and Lisa Hardy, chief geologist with 20 years experience, much of it in the Coeur d'Alene area, are enthusiastic about developing resources in the upper levels that have not been previously explored.

SNS has a total of 45 people on site, including contractors and mine staff.

SNS is expecting to complete 20,000 to 30,000 feet of drilling this year and will have a NI 43-101 resource estimate completed at year end.

SNS could be producing at the rate of 200-300 tpd with their existing mining infrastructure requiring possibly only \$5-10 million to get into full production; however, SNS has no mill and would probably not build one. There are five mills in the Silver Valley not producing at full capacity, so it is feasible to arrange custom milling, however, no details are being released yet.

US Silver Corp. [USA-TSXV]


In June 2006, US Silver purchased the assets of Coeur Silver Valley Inc., which includes the Galena Mine, which has a 5,000-foot shaft and produced 160 million ounces of silver since 1953; the Coeur Mine; and the Caladaya Mine with a 5,100-foot shaft underground exploration projects. US Silver has three mills, the 800 tpd Galena Mill, (treating sil-

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ver-copper ore) the 400 tpd Coeur Mill (treating silver-lead ore) and the 400 tpd Dayrock Mill (on care and maintenance).

In December 2007, US Silver has increased NI 43-101 reserve estimates to proven and probable reserves of 15.1 million ounces of silver, which is about 60% higher than the 10.8 million ounces reported one year previously.

Mark Hartman, president and former manager of Sunshine Mine, stated "We have to play catch up because the former owner of Galena Mine carried out mining operations, but did not carry out resource development or infrastructure maintenance.

US Silver is now developing the 'low hanging fruit.' Areas that had ore-grade intercepts were simply not followed up. We have been extraordinarily successful in finding new ore veins. These veins will take three to five years to bring into production. For example, there is a very large vein system discovered on the 2400 level. There are two silver-copper veins and four silver-lead veins. This new system has been traced over a strike length of 1,000 feet and has 1.5 million ounces – all inferred resources. We are 15 months into developing this system."

US Silver is a producing company with four shafts and two mills with significant internal growth potential from operations to expand three times the production to 1,600 tpd from about 500 tpd currently – all this without any acquisitions, new permits or extra resources.

Summary

These developing projects and operating mines all have the possibility of increasing production. In some cases, there could be significant production increases with existing infrastructure. All of the properties have excellent potential to discover new silver vein structures which historically have extended to great depths. The area is attractive enough to retain or bring home trained personnel. Even though these same properties have long operating histories – in some cases over a century – they share the characteristic of a growth story. Who says life can't be exciting when one is over 100? ■



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MERGER CREATES NEW INTERMEDIATE GOLD COMPANY

Peak, Metallica and New Gold join forces and the result is a new company with cash flow, a pipeline of projects and an A-team board of directors

by Peter Caulfield



Mine worker at Peak Gold's Amapari Mine in Brazil. Photo courtesy Peak Gold Ltd.

New Gold Inc. [NGD-TSX], **Peak Gold Ltd.** [PIK-TSXV], and **Metallica Resources Inc.** [MR-TSX] recently announced a \$1.3 billion all-stock merger that will result in a new, intermediate-size metal producer.

The combined company, to be called New Gold Inc., will own three operating gold mines in Australia, Brazil and Mexico, and have a strong balance sheet to fund development-stage projects in Canada and Chile.

Bob Gallagher, current president/CEO of Peak Gold, will head the combined company. The board of directors of New Gold will be composed of Clifford Davis, Bob Gallagher, Pierre Lassonde, Craig Nelsen, Paul Sweeney and Ian Telfer. In an announcement, management and the boards of directors of the three companies said the merger would provide the shareholders of each company the opportunity to participate in the future growth of a larger, more established company with a broader range of prospects, a diversified asset base and a strong management team.

Gallagher said the new, combined company will be roughly comparable to intermediate metal producers such as Aurizon Mines Ltd., Redback Mining Inc. and Alamos Gold Inc.

The merger makes sense because "bigger is better," according to Gallagher. "Junior producers are often single-mine operations, with relatively small market caps," he said. "Because they are relatively illiquid and risky – because they have only a

single asset – they aren't popular with the large investment funds. Furthermore, their assets are often located inside higher-risk jurisdictions."

Gallagher said another result of the merger will be better share price multiples. "For small producers, the ratios of a company's share price to net asset value is typically less than one," he said. "That compares to values of between 1.3 and 1.7 for intermediate producers. We expect the market to value the new company at the upper end of that range."

Gallagher said the merger transaction, including the name change, is expected to be completed by June or July 2008. The present New Gold offices in Toronto and the Metallica offices in Denver will be closed. The new company's headquarters will be located in Peak Gold's offices in downtown Vancouver.

Shareholders receive one-tenth of a New Gold share for each Peak share they own, and nine-tenths of a New Gold share for every Metallica share owned. The new company will have an aggressive growth strategy of acquisition funded by about \$500 million in cash and short-term investments.

Upon completion of the merger, the combined company will have proven and probable gold reserves of 3.2 million ounces, measured and indicated gold resources of 4.9 million ounces and inferred gold resources of 3.0 million ounces. Proven and probable silver reserves will be 65.3 million ounces;

measured and indicated silver resources of 15.8 million ounces and inferred silver resources of 2.6 million ounces. Proven and probable copper reserves will be 986 million pounds, measured and indicated copper resources of 2.5 billion pounds and inferred copper resources of 918 million pounds.

Estimated gold production will be about 297,000 ounces in 2008, expected to increase to 335,000 ounces in 2009; and estimated cash costs will be about US \$340 per ounce of gold, net of by-product credits, in 2008.

The new company is looking for production growth through the development of the New Afton and El Morro projects. New Gold's New Afton gold-copper project near Kamloops, BC, now under construction, is expected to be producing by late 2009. The El Morro gold-copper project in Chile, in which Metallica has a 30% interest, is an advanced-stage exploration project along one of the most prolific copper belts in the world. "We're looking to acquire producing mines of between 100,000 and 200,000 ounces of gold per year," Gallagher said.

Peak Gold itself is a relatively new company. It came into being in April 2007, when it acquired the Peak Mines in New South Wales, Australia and the Amapari Mine in Amapá State, Brazil from Goldcorp. Inc. Gallagher is an experienced mine operator, and has worked for Placer Dome (now part of Barrick Gold Corp.) and Newmont Mining Corp. He became president/CEO of Peak Gold in February 2008. ■

Minterra hits zinc/silver at Majuba Hill

John Greenslade, president/CEO/CFO, reports **Minterra Resource Corp.** [MTR-TSXV] has received assays from multiple near-surface intercepts in Phase 2 drilling at the Majuba Hill Project, western Nevada. The company drilled four out of the five drill holes as horizontal and near-horizontal holes. Due to the very steep hill slopes, this allowed the holes to drill across the targets for long lengths.

Drill hole MH-10 intersected 100 feet grading 1.27% zinc from 310 to 410 feet (about 225 feet below surface), including 10 feet of 9.7% zinc from 380 to 390 feet, and 75 feet of 0.49% zinc from 610 to 685 feet (about 450 feet below surface). Hole MH-10 cut 45 feet grading 0.83 oz. silver/ton from 365 to 410 feet, including 10 feet of 2.3 oz. silver/ton from 380 to 390 feet, and 20 feet of 0.7 oz. silver/ton from 540

to 560 feet, including five feet of 1.2 oz. silver/ton from 545 to 550 feet.

Hole MH-11 returned 100 feet of 1.1% zinc from 230 to 330 feet (about 150 feet below surface), including 20 feet of 3.1% zinc from 260 to 280 feet and 15 feet of 1.8% zinc from 310 to 325 feet. Hole MH-11 also returned 5.0 feet grading 0.2 oz. gold/ton from 155 to 160 feet and 15 feet of 0.09 oz. gold/ton from 585 to 600 feet as well as 5.0 feet of 1.9 oz. silver/ton from 290 to 295 feet and 25 feet of 0.65 oz. silver/ton from 565 to 590 feet, including 5.0 feet of 1.8 oz. silver/ton from 565 to 570 feet.

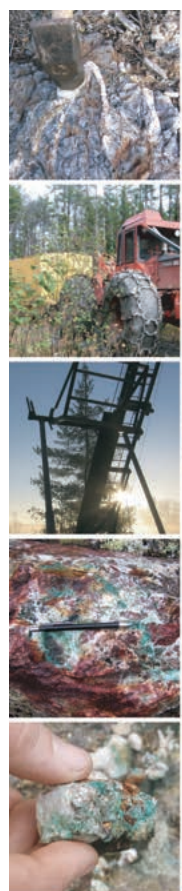
Drill results from Phases 1 and 2 drill programs are considered encouraging. Phase 2 drilling was based on an induced polarization geophysical survey completed in 2007. The IP results indicated a flat-bottomed conductive body interpreted to be a chalcocite 'blanket.' The drilling intersected broad zones of plus

0.1% copper.

The Phase 2 zinc, silver and gold drill results outlined specific zones warranting more drilling. Exploration to date indicates that Majuba Hill is a large porphyry-type system with significant metal zoning.

Work at Majuba Hill will focus on surface sampling and mapping to define specific drill target locations to offset the mineralization in MH-11 and MH-12, determine the extent of the mineralized zones in the Section 35 area (zinc-silver-gold), expand the leachable copper-silver zones in the Myler target, and define more targets.

Minterra has five other projects in Nevada. The Fish Project, a skarn deposit, is now drill-ready as is the Golden Snow. The CPG Project is early stage – mapping and sampling have been done. The IXL Project is an early-stage IOCG prospect. The Agate Pass Project with its bonanza grades of gold is permitted for drilling. ■



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Marengo Mining moving forward in Papua New Guinea

by Greg Barns

It's rare that a month goes by these days without an Australian-based miner or explorer announcing a listing on the TSX, particularly if their projects are in riskier countries. **Marengo Mining Ltd.** [MRN-TSX; MGO-ASX] is one such company. With its flagship project in Papua New Guinea (PNG), the Perth-based company announced April 16 it had listed on the TSX and raised CDN \$9.8 million for the Yandara copper-gold-molybdenum project 100 kilometres from Madang.

PNG is one of the most mineral rich countries in the world, but many would-be investors were scared off in the past by political instability and corruption. However, things have improved in recent years and now PNG is attracting more miners and explorers. Marengo has former PNG Prime Minister, Rabie Namilau, on its board.

The 1,200 square kilometre Yandara Project, comprising two exploration licences, was the subject of drill-based exploration programs in the 1970s by several companies, including Kennecott and BHP. The latter completed a study which identified the Yandara porphyry system as containing one of the largest undeveloped porphyry copper-molybdenum systems in the southwest Pacific.

Since acquiring the Yandara Project in April 2005, Marengo digitized previous drilling data, collected over 11,000 stream sediment samples, 7,700 soil/contour samples and 5,200 rock chip/float samples. In 2006, the company completed 7,000 metres of drilling which returned 180 metres of 0.50% copper, 238 parts per million (ppm) molybdenum (0.74% copper equivalent); 237 metres of 0.83% copper, 531 ppm molybdenum (1.36% copper equivalent), and 240 metres of 0.67% copper, 217 ppm molybdenum (0.89% copper equivalent).

Based on this work, Marengo announced in May of last year an inferred resource of 497 million tonnes of 0.48% copper equivalent; and an indicated resource of 163 million tonnes of 0.49% copper equivalent. This equates to a total mineral resource of 660 million tonnes of 0.48% copper equivalent, an increase of about 78% on the October 2006 inferred resource of 371 million tonnes of 0.49% copper equivalent.

The mineralized system is large, at least two by seven kilometres, and extends well beyond the area of the inferred resource. Another indicator of the scale that Marengo is seeking to develop at Yandara came last year in the form of a conceptual mining study.

The study confirmed the Yandara Project has the potential to become a significant open pit copper-molybdenum mine. It forecast an initial mining rate of 25 million tonnes/year for the first two years, increasing to 40 million tonnes/year over the remaining years with a mine life of 10 years. The study estimated production of 112,000 tonnes and 88,000 tonnes of copper for the first two years, increasing to an average of 124,000 tonnes/year from the third year onwards, and production of 4,200 tonnes of molybdenum for the first two years, increasing to an average of 6,700 tonnes/year from year three onwards. The study calculated an initial US \$942 million capital cost estimate, and an additional US \$198 million to complete the ramp-up to 40 million tonnes/year. The robust numbers that emerged from the study led to Marengo commissioning GRD Minproc and URS Australia to complete a definitive feasibility study by early 2009. ■

Hawthorne/Cusac complete merger

Richard Barclay, president/CEO, reports **Hawthorne Gold Corp.** [HGC-TSXV; A0M55U-WKN] and **Cusac Gold Mines Ltd.** have completed their merger. Hawthorne acquired all of the outstanding shares and debentures of Cusac, which is now a wholly owned subsidiary of Hawthorne Gold.

"We believe the merger provides a platform for near-term gold production from resuming gold production at the Table Mountain Mine near Cassiar, northern British Columbia, and the upside potential of Hawthorne's combined portfolio of BC gold exploration and development properties," said Barclay.

Under the terms of the arrangement, shareholders of Cusac received one share of Hawthorne in exchange for each 19 Cusac shares. In addition, for each \$2.00 of principal and interest owed to each Cusac debentureholder, Hawthorne issued one Hawthorne share. Hawthorne will be issuing approximately 6.15 million shares to Cusac shareholders and debentureholders and will have approximately 22.5 million shares issued and outstanding. Cusac stock options and warrants were also assumed by Hawthorne, using the effective 19-to-one ratio.

Hawthorne's Frasergold property, located in the Cariboo Gold District of east-central BC, is 60% optioned from **Eureka Resources Inc.** [EUK-TSXV]. The Frasergold Project is an open-pittable, bulk-tonnage prospect where 38,000 metres of drilling has been completed. This summer's work includes in-fill drilling in preparation for calculating a resource estimate that will lead to a feasibility study.

Cusac's Table Mountain Mine hosts a high-grade gold deposit with permitted mill and tailings pond. The neighbouring Taurus deposit is a multi-million ounce, open-pittable, bulk tonnage project. An airborne geophysical survey over the entire property is planned for the near future. Present exploration and development programs are designed to lead to the re-opening the Table Mountain Mine within a year.

Hawthorne Gold is headed by the management team that founded Bema Gold and Eldorado Gold. ■

American Creek seeking gold and silver in BC's 'Golden Triangle'

by Peter Caulfield

American Creek Resources Ltd. [AMK-TSXV] is an Alberta-based exploration company with metal properties throughout British Columbia, including projects in what is known as the 'Golden Triangle' in the northwestern part of the province near Stewart. American Creek's senior executives believe their experience with junior oil producers in Alberta will enable them to find success when the prices of metal exploration companies' stocks head upward.

American Creek was founded in 2004 by president and CEO Allan Burton and COO Darren Blaney. Headquarters are in Raymond, Alberta, two hours south of Calgary. The company, which is concentrating on gold and silver exploration, has assembled a slate of projects throughout BC, of which the Electrum, Treaty Creek and Tide are the main ones.

"We believe we have the right jockey on the right horse in the right race," Burton said. "In other words, we're in the right market – metals – with the right properties – gold and silver in British Columbia – with the right management – our experienced team of business and mining experts."

Burton said American Creek's objective is to develop their projects to the point where they attract the interest of producers. "The model worked in junior oil and I'm sure it will work in junior metals," he said. "Producers are cash-rich but reserve-poor now."

Burton said he's convinced that metals will outperform oil and that BC is the best place to explore. "BC is ideal," he said. "There is a long history of metal finds, good infrastructure, a stable political environment, it's close to home and there are major deposits waiting to go into production."

American Creek's flagship project is the Electrum. At least eight major gold-silver deposits have been discovered in the area. Operating or past operating mines include

the Snip, Red Mountain, Silbak-Premier and Eskay Creek. A government-maintained gravel road that connects port facilities 40 kilometres away at Stewart with the former Granduc mill site extends to within three kilometres of the property. A secondary road continues to the claims. According to American Creek, the Electrum property's history indicates high-grade gold-silver mineralization could lie within a large alteration system. In the 1930s, the owners began underground development to access high-grade material that had been discovered earlier. Between 1939 and 1965, the East Gold Mine produced approximately 45 tonnes of hand-cobbed ore grading 48.5 oz. gold/ton and 75.7 oz. silver/ton.

In the 2007 drill program, 45 shallow holes totaling 12,574 metres were completed. Highlights include 26 metres grading 3.01 grams gold/tonne with 2.05 grams silver/tonne and 2 metres of 29.9 grams gold/tonne with 10.2 grams silver/tonne.

Bordering Electrum on four sides is the Tide property, a joint venture with **Rimfire Minerals Corp.** [RFM-TSXV]. Tide has several high-grade gold and silver showings similar to those on Electrum. Tide lies within a belt of major vein and copper-gold porphyry deposits, including the Snip (1.0 million ounces gold), Silbak-Premier (1.9 million ounces gold) and Kerr (1.5 million ounces gold) deposits.

Previous work at Tide resulted in the discovery of several high-grade gold and silver showings including the 52 Zone, which produced local bonanza-grade vein samples grading up to 593 grams gold/tonne and 14,708 grams silver/tonne. In the 36 Zone, significant bulk tonnage gold potential exists where drilling by Rimfire Minerals intersected broad intervals of low grade gold mineralization in several drill holes, including 129.4 metres of 1.0 grams gold/tonne and 39.6 metres of 1.92 grams/tonne.



Drilling the 36 Zone at the Tide property near Stewart, BC. Photo courtesy American Creek Resources Ltd.

Jason Weber, president and CEO of Rimfire Minerals, said that, in a region with plenty of gold mineralization, the Tide area stood out. "There are lots of different showings, including high grades, that hadn't had much work done on them for a while. There could be some big gold deposits there."

The Treaty Creek project lies 20 kilometres east of Barrick Gold's Eskay Creek gold-silver mine. Treaty Creek is directly north of and adjacent to Seabridge Gold Inc.'s Kerr-Sulphurets Project. The latter consists of the Mitchell deposit (inferred and indicated resource of 29.5 million ounces of gold and 5.1 billion pounds copper); the Kerr deposit (inferred resource of 2.0 million ounces gold and 2.5 billion pounds copper); and the Sulphurets deposit (2.4 million ounces gold with 0.53 billion pounds copper).

Silver Standard Resources Inc.'s Snowfield Project, containing the Snowfield (inferred and indicated resource of 3.5 million ounces gold) and Bruceside deposits (inferred resource of 18 million oz silver), is located five kilometres south of Treaty Creek.

In the high-risk/high-reward mineral exploration business, American Creek has lessened its risk by focusing on a region of known high-grade gold and silver deposits that have been successfully turned into producing mines ■

Garson Gold plans to re-open New Britannia Mine

by Ellsworth Dickson



One of the basic ways to achieve corporate success is to identify a real opportunity and then act on it. Such was the case when two partners, Garson Resources Ltd. and Piper Capital Inc., had a chance to acquire the mineral property adjacent to Garson's original project ground near Snow Lake, Manitoba. However, it wasn't just any old property. The neighbouring property was owned by Kinross Gold and High River Resources and hosted a fully-permitted gold mine complete with milling facilities (2,150 tonnes per day), surface equipment, spare parts, vehicles, assays labs, tailings pond – everything. This represents some \$200 million or perhaps more in infrastructure in today's dollars.

To top it off, the past-producing underground mine still had substantial gold resources in place and the potential to contain much more. Under the guidance of David Tafel, Garson Resources and Piper Capital acquired the New Britannia Mine and then the two companies merged in June 2007.

Since then, the new corporate entity, **Garson Gold Corp.** [GG-TSXV], has been actively exploring the New Britannia Mine property and neighbouring ground with the goal of placing the operation back into production. Gold-bearing quartz veins were first discovered back in the 1920s; however, it took until 1949 for the project to reach commercial production. Situated about halfway between Flin Flon and Thompson,

Manitoba, the project is *in* the Town of Snow Lake – originally built to house the miners and staff at the mine. Roads from Snow Lake connect to highways and cities to the south. There is also an airstrip nearby and low-cost green power (hydro-electric provincial power) for the town of about 750 as well as the mine.

Between 1949 and 1958, the mine produced 610,000 ounces of gold before closing. The mine then again resumed production in 1995 until closure in late 2004, during which time 792,379 ounces of gold were produced. The mine was then placed on a care and maintenance basis.

A 100% interest (subject to a royalty) in the New Britannia Mine was acquired by Garson for stock, which accounts for the fact that **Kinross Gold Corp.** [K-TSX; KGC-NYSE] owns approximately 16% of Garson shares. Kinross has retained a back-in right for a 60% interest in the project on terms management believes would be favourable for Garson shareholders.

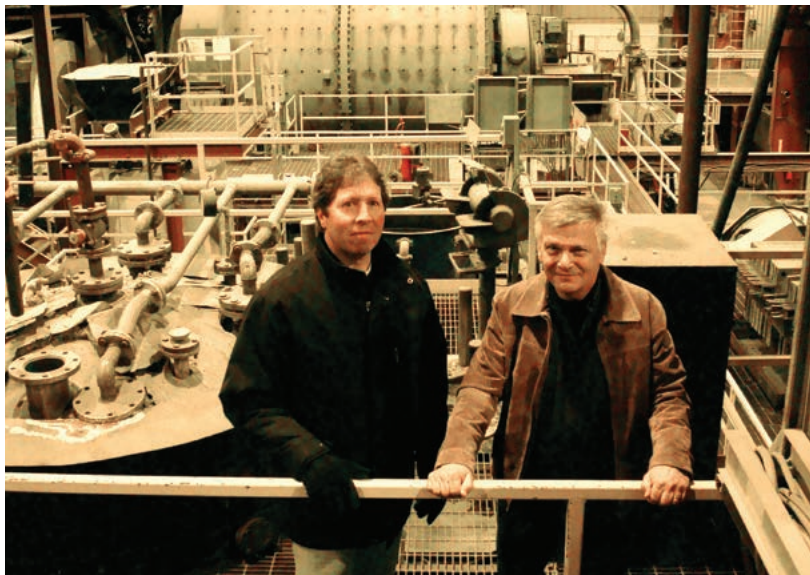
Garson released a NI 43-101 compliant resource estimate which identified 2,211,000 tonnes grading 5.11 grams gold/tonne containing 364,000 ounces of gold in the measured and indicated categories. There are also an additional 1,094,000 tonnes grading 5.01 grams/tonne in the inferred category, which includes resources from the Main Mine, No. 3 and Birch zones. The company's original property, called Squall Lake, located contiguous with the

New Britannia Mine property, contains an inferred resource of 100,000 tonnes grading 5.4 grams gold/tonne.

Since the acquisition of the project, Garson Gold has been actively exploring the property and assembling historical information. During 2007, about 20,000 metres of diamond drilling were completed with encouraging results returned from the No. 3 Zone deposit located about 1.5 kilometres from the main historical mine. Three drill rigs are currently operating on a 24/7 basis.

Drilling at the Main Mine was designed to evaluate the historical resource and test for the potential to expand the gold resource in the area of the Upper Ruttan and Upper Hogg zones. Two recent holes, which included 16.2 grams gold/tonne over 3.11 metres, have confirmed the potential for resource expansion in the New Britannia Main Mine. In addition, encouraging drill results have also been received from the Boundary Zone located about 650 metres south-southeast of the No. 3 Zone. Assays from the Upper Boundary Zone included 15.66 grams gold/tonne over 2.90 metres and 3.47 grams gold/tonne over 5.91 metres in the Boundary Rhyolite Zone.

Meanwhile, geophysical and geochemical surveys have been carried out. The overall objective of the exploration programs is to test the continuity of mineralization between the known zones. For 2008, a minimum of \$4 million will be spent on



TOP LEFT: The New Britannia Mine at Snow Lake, Manitoba. Photo by Kinross Gold Corp.

TOP: David Tafel, president, left, and Edward Stringer, chairman, in the New Britannia Mine mill, currently on a care and maintenance basis.

MIDDLE: A six-person Argo tracked vehicle is used to traverse muskeg to access drill sites.

BOTTOM: Diamond drilling at the No.3 Zone.

TOP RIGHT: Bruce Hoggard, president/CEO of Hoggard International, left, and David Watson, exploration manager, examining the No.3 Zone Vein outcropping on surface. Photos by Ellsworth Dickson.



exploration that includes about 25,000 metres of diamond drilling. Micon International Ltd. is conducting a scoping study that will include updating the earlier resource estimates of October 2006 including all 2007 drilling as well as a portion of the 2008 results. The scoping study, which will include suggested mining methods and economics, is expected to be completed during the first half of 2008. Dewatering of the New Britannia Mine decline (sloping tunnel) could commence as early as this fall at the No. 3 Zone subject to a positive scoping study.

Garson Gold's New Britannia Mine has many advantages. In addition to the existing resource base, blue-sky exploration potential, immense infrastructure and low-cost power, all environmental permits are in place. Additionally, Manitoba is one of the world's most mining-friendly jurisdictions with low political risk, and Garson Gold management is continually encouraged by the government support for their project. Since many former employees have called the mine or dropped by seeking employment and indicating they wish to return to Snow Lake, the company believes that, finding skilled labour won't be an issue.

While the New Britannia Mine is clearly the company's flagship project, Garson Gold has two other mineral projects, one of which is the formerly-producing McMillan Mine property near Espanola, northern Ontario, where **Young-Shannon Gold Mines Ltd. [GYS-TSXV]** can earn up to a 60% interest. Young-Shannon is currently conducting a drilling program comprising a minimum of five diamond drill holes totaling 1,700 metres that are designed to continue to define further extensions of the high-grade gold values intersected in earlier drilling programs. ■

G4G Resources has unique approach to iron ore

by Paddy Moore

G4G Resources Ltd. [GXG-TSXV] is a Canadian-based resource development company with an objective to produce iron ore, HBI, (hot briquetted iron) pig iron, and mild steel for sale to the steel industry. G4G intends to achieve this goal through building strategic partnerships to acquire iron ore and develop iron ore projects around the world.

One significant such partnership was concluded March 3, 2008 when G4G announced a memorandum of understanding to establish a joint venture with IMBS.

IMBS is a South African-based company focused on the production of metallic iron units from HBI to pig iron. With its proprietary patented Finesmelt™ technology, IMBS is able to convert superfine iron ore into high quality iron units without agglomeration utilizing non coking coal in an environmentally friendly manner. Finesmelt™ can be applied to superfine stockpiles and tailings dams, run of mine waste, and iron ore concentrate. The modular design of Finesmelt™ plants allows plant sizing relative to resource availability and location. This modular design significantly reduces the investment for processing and will make many smaller iron ore deposits and stockpiles much more economically viable.

IMBS' business model is to form joint ventures with resource holders in various countries for the production of high quality metallic iron units. G4G's strategy is aligned with IMBS' global roll-out, which is building the first production plant this year and anticipating production in early 2009.

Another key partnership announced on March 31, 2008 was the formation of a joint venture with TCL Sweden Ltd., a wholly owned subsidiary of **Teck Cominco Ltd.** [TCK.B-TSX], for eight mineral properties in the Norrbotten iron ore mining district in Sweden.



G4G Resources' South African joint venture partner, IMBS, builds these iron ore processing plants. Photos courtesy IMBS.

The properties are located approximately 35 kilometres east and southeast of the world-class Kiruna iron ore deposit. The Norrbotten District is a world-class iron ore mining district and known throughout the world for its potential to host iron-oxide copper-gold systems. Mining in the district began during the 17th century. Kiruna and Malmberget are operating iron ore mines within the district, which have historically produced over 1.4 billion tonnes with grades of over 60% iron. (*Mining Journal* special publication February 2005)

"The Swedish Government is open to investors in mining and exploration, following the introduction of the present Minerals Act (1992), which has facilitated exploration and licensing with the ultimate objective of opening more mines," stated Peter Arendt, president/CEO of G4G Resources. "The board and management consider Sweden to be one of the most progressive mining countries in the world and a good place to be doing business. The joint venture with TCL Sweden fits in perfectly with the iron ore development initiatives that G4G has undertaken."

The agreement between G4G and TCL Sweden, which remains subject to regulatory approval, provides G4G the ability to earn a 100% interest in the specified properties by incurring US \$5,000,000 in work expenditures on the properties within the next four years, with US \$750,000 to be incurred on or before March 31, 2009.

The G4G management team includes president/CEO Peter Arendt, P.Eng., a senior mining professional with 20 years of industry experience. He spent 10 years in mine

operations and engineering roles for major mining companies in Australia and Canada, followed by 10 years in international coal marketing with Luscar Ltd. Arendt is a Professional Engineer with a Bachelor of Engineering (Mining) and a Graduate Diploma in Business.

Mark T. Brown, CA, chief financial officer, worked for PricewaterhouseCoopers before working in senior financial management positions with public companies. His expertise is in the mining industry, and he has been involved in acquisitions, cash management and control, equity and debt financings, corporate reporting and international tax planning, and was controller of Miramir Mining Corp. and subsequently Eldorado Gold Corp.

The board of directors includes Tony Wonnacott, LLB, as chairman. Wonnacott is a corporate securities lawyer who brings significant experience in the natural resource sector, including Desert Sun Mining. Dr. Peter Pollard has over 20 years experience as a consultant in project generation and evaluation, principally in iron-oxide copper-gold and porphyry copper-gold deposits worldwide. Paul McNaughton has over 25 years in the South African coal industry as marketer and trader. Over the past few years, McNaughton served as a consultant on coal-related projects, the most recent of which has been the IMBS Project. Special advisor Basil Botha brings more than 30 years international coal mining and marketing experience, primarily gained with Otavi Mining and Reef Coal Mining in Johannesburg, South Africa. G4G has 18 million shares (fully diluted). ■

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Africo arranges Kalukundi Project financing

Africo Resources Ltd. [ARL-TSX] has arranged a \$100 million private placement at \$2.50 per unit with Camrose Resources Ltd., a British Virgin Islands company and of which a trust for the benefit of family members of Dan Gertler is a major shareholder. The subscription price represents about a 51% premium to the five-day average price as at April 16, 2008. Each unit will consist of one share and one-half a warrant. Each warrant entitles Camrose to buy an additional share at \$3.50 per share for 18 months after closing. The placement is subject to conditions, including termination of Africo's shareholders rights plan, regulatory approval and the Africo shareholder approval.

This placement will result in Camrose owning about 60% of the outstanding shares of Africo prior to any warrant exercise. Camrose will have majority representation on Africo's board, and the right to participate in future financings to maintain its percentage equity ownership.

Camrose also loaned \$2 million to Africo at an interest rate equal to the London Interbank Offer Rate plus 2% per annum and matures on the earliest of (i) completion of the subscription agreement, (ii) termination of the subscription agreement and (iii) August 31, 2008.

Camrose also agreed to acquire the outstanding shares of Akam Mining Sprl. Akam purportedly holds, indirectly through Swanmines Sprl, the Kalukundi property. Camrose and Africo signed an agreement under which Africo's subsidiary will confirm ownership of 75% of the outstanding shares of Swanmines concurrently with completion of the above private placement in consideration of 5,400,000 Africo shares. Gecamines, a mining company owned by the Democratic Republic of the Congo, owns the remaining 25% of the outstanding shares of Swanmines.

Camrose anticipates completing the transactions with Akam shortly. The Akam agreement also provides that Akam will release Africo from all claims it has

against Africo, and Africo will release Akam from the legal proceedings it has brought against Akam upon ratification of the Akam Agreement by the Africo shareholders and completion of the transactions contemplated by the Akam agreement.

In addition, Africo agreed to acquire a 75% interest in the Mashitu property from an affiliate of Camrose, with the remaining 25% interest continuing to be held by Gecamines. The Mashitu property consists of an exploitation permit for copper, cobalt, gold and nickel in 41 blocks contiguous to the Kalukundi property.

The purchase price is to be based on a valuation to be prepared by an independent

ore purchase and/or toll milling agreement.

Mining and development operations at the J-Bird Mine continue to accelerate and the company has intersected a 1.5 to 2-foot (0.46 to 0.61-metre) thick seam of uranium ore with reported grades of 0.10 to 0.50% eU_3O_8 . This ore is interpreted to be the western extension of Zone 1 mineralization (which was drill-defined in 2006 and 2007 by Bluerock and the previous operator, Rimrock Exploration and Development Inc.) and the underground mining team continues to exploit this mineralized seam as development progresses toward the main part of Zone 1.

Bluerock has also implemented an underground ore delineation drill program to augment surface drilling proximal to known ore zones. Additionally, Bluerock plans a more extensive surface drill program to drill test targets along strike and down dip from zones of known mineralization.

Off the Wire

expert and will be paid in Africo shares at \$2.50 per share. The valuation is to be carried out as soon as practicable following the earlier of completion of the exploration drilling program currently being carried out by Camrose's affiliate and six months following completion of the private placement. The acquisition is subject to various approvals.

Bluerock Resources produces first J-Bird uranium

Michael Collins, president/CEO, Bluerock Resources Ltd. [BRD-TSXV], reports the first production of uranium development ore at the J-Bird Mine, Montrose County, Colorado. Uranium ore will be stockpiled at the J-Bird Mine and then transported to the Denison Mines Corp. [DML-TSX; DNN-AMEX] White Mesa mill under Bluerock's

Sego Resources receives encouraging trenching assays

J. Paul Stevenson, CEO, reports Sego Resources Inc. [SGZ-TSXV] has received encouraging trenching assays from the 2,400-hectare Miner Mountain Project located 2.5 kilometres northeast of Princeton, southwest British Columbia. Assays included 2.044% copper, 3.21 grams gold/tonne and 51 grams silver/tonne in a chip sample taken in a trench on this porphyry copper property.

The trenching to date has been on the Granby Zone where well-mineralized bedrock is visible. A number of the samples graded over 10,000 parts per million (ppm) copper and over 2 ppm gold, which is the upper limit for the ICP assay method and were re-assayed by fire assay with an ICP finish.

The project is situated in the traditional territory of the Upper Similkameen Indian Band, who is managing the trenching and reclamation work and with whom Sego has a memorandum of understanding. Sego has funding in place for a \$1 million exploration program this year. ■

Investors and junior resource companies get chance to share a 'wealth of discovery' at 4th annual SaskROCKS conference

by Allison Gray

The spotlight was on mining and exploration at the fourth annual SaskROCKS resource investment conference, held May 5 in Saskatoon, Saskatchewan. Hosted by First Avenue Partners with title sponsor, 49 North Resource Fund, the conference gave potential investors a chance to talk face-to-face with representatives of junior resource companies involved in exploration for oil & gas, gold, potash, uranium, diamonds, rare earths and more. This 'wealth of discovery' provided the 2008 conference theme.

"The resource companies represented at SaskRocks were not only looking to provide information but also to create a relationship with investors," said Alan Cruickshank, president of First Avenue Partners. "A well-educated investor is the most powerful tool in building a company from early stage through to development and hopefully to production."

Cruickshank has watched SaskROCKS grow from a half-day session in 2005 to a full-day conference with exhibitors, presenters and guest speakers. At this year's event, investors mingled with representatives of 21 junior resource companies. Panel presentations showcased the wide range of development projects companies are involved in, both in Canada and abroad. There was the announcement by FirstGrowth Exploration & Development Services, a company that provides high-tech subsurface images to the oil, gas & mineral sector, to jointly explore and develop mineral properties in Finland with Magnus Minerals OY. There were presentations on gold exploration projects in the Yukon and Arizona by Northern Freegold Resources, and in South America by ValGold Resources.

But the focus was clearly on Saskatchewan. "There are hundreds of companies devel-

oping projects in Saskatchewan. We've got it all, potash, gold, uranium, hydrocarbons. Now with investment in exploration there is potential for even more," said Tom McNeill, president and CEO of 49 North Resource Fund.

As if to prove his point, just days before the conference, Hathor Exploration, a junior uranium exploration company that has pioneered the use of FirstGrowth's 3-D seismic surveys in the Athabasca Basin, announced promising results from its most recent drill program. Nordic Oil and Gas announced it had received environmental approval to begin drilling on its Preeceville properties, where 2007 surveys discovered "oil seeps" proving the presence of oil in the area.

This kind of information exchange between junior companies and investors is what SaskROCKS is all about. "SaskROCKS is the only conference that I know of that focuses specifically on junior resource companies. Its smaller size gives investors a chance to talk with every company and gives the companies more time to spend with investors," said Mark Smith-Windsor, investment advisor with event sponsor Union Securities. "There was a lot of energy in the air."

That energy translated into promising inquiries for the junior companies represented at the conference. David Tafel, president of Garson Gold, said, "This was our first time at SaskROCKS and we were quite successful." Garson Gold Corp. holds a 100% interest in the New Britannia Gold Mine in Manitoba and the Copper Prince and McMillan Gold Mine projects in Ontario, and is raising exploration funds to prove up its gold resources at the New Britannia Mine.

"The lifeblood of a company like ours is cash flow for exploration, but there is a

lot of competition in the market, especially in the junior resource sector. This show is a bit smaller than others and that gave us more time with investors," Tafel said.

2008 marked the first year of sponsorship involvement in SaskROCKS. In addition to 49 North Resource Fund and Union Securities, sponsors included Hergott Duval Stack LLP, MacPherson Leslie & Tyerman LLP, McKercher LLP, BMO Financial Group, McDougall Gauley LLP, Equity Transfer and Trust, and Deloitte LLP.

For first-time sponsor BMO Financial Group, the conference was an opportunity to learn more about the resource industry in Saskatchewan. "BMO provides exploration companies with access to a wide variety of services to fit their needs, so this was a great opportunity to be face-to-face with the leaders of some of those companies," says Mauricio Vizconde, Commercial Account Manager.

As the resource sector in Saskatchewan continues to boom and opportunities for investors continue to grow, SaskROCKS will continue to provide a meeting place where investors can get a closer look at some of the companies. "It is the investors' job to ask questions to help them improve their understanding of the opportunities and risks involved in investing," Cruickshank said. "Remember, there can be no wealth without investment." ■



With Saskatchewan hosting deposits of potash, gold, uranium, hydrocarbons, diamonds and coal, the recent SaskROCKS Resource Investment Conference in Saskatoon was well attended by exploration companies and investors alike. Photo by Allison Gray.

ICS Copper exploring Mokambo Copper Project, Zambia

by Paddy Moore

ICS Copper Systems Ltd. [ICX-TSXV] is a company that thinks and acts outside the box. ICS operates in Africa...but with a Canadian conscience, bringing new technology, new ideas, and a new attitude to its projects.

Graham Chisholm, CEO, explains, "We want to exhibit best Canadian practices at the federal, municipal and provincial levels. Even more importantly we also want to operate responsibly at the company level, the community level and the worker level."

Chisholm knows this territory. He may be an international businessman, but he grew up in Africa and speaks the local languages, a key asset.

ICS has a number of properties, the foremost being the Mokambo property in the Mufulira Mining District of Zambia. The 403-hectare property is an advanced-stage copper exploration prospect and one of the last under-developed properties in the Central African Copperbelt. Mokambo is strategically located in prospective ground along the northeast limb of the Mufulira syncline. The southern end of the syncline hosts the Mufulira Mine, which has been in operation since 1933 and has produced some 20 billion pounds of copper.

The Mokambo property is accessible by road and is 40 kilometres north of Kitwe; the second largest city in Zambia. Infrastructure is excellent with year round working conditions, a labour force within walking distance and a modern copper smelter a few miles away. The property has been explored since 1929 which identified several sulphide copper zones. An oxide copper cap has also been recognized. An exploratory shaft was constructed, but the property was never mined.

Since acquiring the property, ICS is quickly achieving its milestones. Last summer, it began drilling to identify mineral potential and expand historic resources. This summer ICS will release a NI-43-101 report which will likely significantly impact the company's valuation. New mining



ICS Copper supports the teachers, students, and grandmothers of Mufulirab Orphanage, Zambia. Back row from left, Graham Chisholm, David Makepeace, Roz Chisholm and students. Front Row: Teachers with Community Leader, Robinson Muzeya (2nd from Left). Photo: Paddy Moore.

offices and a processing plant designed to produce about 600 tonnes of finished copper and 100 tonnes of cobalt carbonate annually are nearly completed. ICS is also attracting quality management. Richard Molyneux, former president of De Beers Canada, joined the board in April.

One example of ICS' use of new technology is the light-weight Energold drill. Extremely small, it can be moved between drill sites by hand. Another innovation is a continual vat-leach process, using an EMEW (eletrometals-electrowinning) system from Australia which can produce Grade A copper at four times the rate of a normal SX-EW plant.

The political situation in Zambia is positive. This peaceful nation of 11 million is a progressive, democratic republic who are well educated, friendly and motivated with English as the official language. However, Zambia is still among the world's poorest nations. The country is mining friendly with a clear and comprehensive rule of law.

ICS has a social development program to help build community gardens, local access roads and a local orphanage. A local hiring policy is putting people from the nearby area to work using traditional labour and training them on new technology. Currently, over 50 people are employed by ICS, along

with dozens of sub-contractors.

ICS is environmentally responsible and is committed to doing as little harm as possible. Those initiatives are earning ICS crucial support from locals. People here are well aware of the benefits mining can bring, but have reasons to be cautious. Mufilira community leader, Robinson Muzeya, explains, "Africans believe in two-way respect – you give respect and you receive respect."

Chisholm sees good relationships as essential to good business, "We're conscious of our social obligations. We're not just here on a mining mission – it's a mission to alleviate poverty and suffering. We also have an obligation to our shareholders, so it's a balance between insuring that the company operates profitably and at the same time providing community support where it's needed."

Can the company afford to be generous? ICS has a strong balance sheet and a great asset. The company enjoys significant institutional following, and is a buy recommendation from a number of analysts, including Eric Coffin.

Benefiting from new technology, with experienced people going after a well documented resource, ICS Copper's approach is providing opportunities for stakeholders, especially investors seeking an ethical alternative. ■

Goldsource seeks diamonds – finds coal

J. Scott Drever, president, reports **Goldsource Mines Inc.** [GXS-TSXV] encountered coal while drilling for diamond-bearing kimberlite at its property located approximately 50 kilometres north of Hudson Bay, east-central Saskatchewan. The company has now received the results for 47 coal samples collected from two core holes representing 26 metres and 32.5 metres of coal seam, including 22.6 metres of continuous coal in each hole. Analysis of the coal samples has demonstrated that most of the coal from the two intercepts is ranked, in accordance with standard ASTM-D388, as high volatile bituminous C and sub-bituminous A.

Drever said company geologists believe the black, moderately hard coal in the drill holes is from the Manville/Swan River Group of Cretaceous age rocks. Since the company was drilling for kimberlite, standard precautions for protecting coal from drilling fluid contamination was not applied, therefore Goldsource is planning to re-drill the two initial holes to gather more accurate coal data using standard coal drilling and sampling techniques. Studies will be conducted to test for potential coking characteristics.

The two holes were drilled about 1.64 kilometres apart and intersected the coal seam at about the same depth of 80 metres, suggesting that the seam is one large continuous coal seam; however, in-fill drilling will need to be conducted to confirm this speculation. Once the continuity of the coal seam is established, the assurance of existence categories of measured, indicated and inferred resources can be extrapolated for distances of up to 600 metres, 1,200 metres and 3,600 metres, respectively, from known data points.

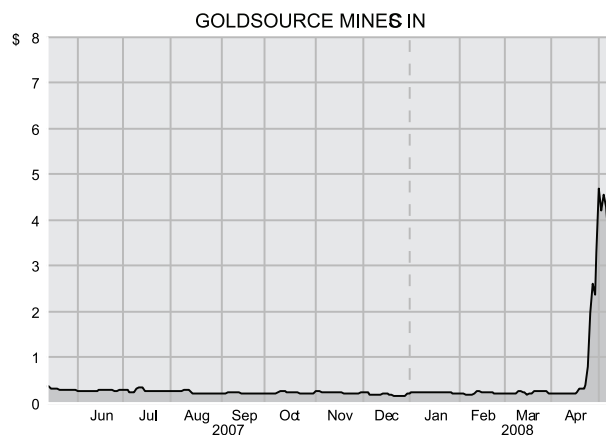
The Goldsource property is accessible by highway and railway with the initial drill target about five kilometres from the rail line.

The Goldsource coal discovery has resulted in a staking rush and several companies have made coal permit applications in the area of the discovery. These include **Saturn Minerals Inc.** [SMI-

TSXV], **Swift Resources Ltd.** [SWR-TSXV], **Geo Minerals Ltd.** [GM-TSXV] and **North American Gem Inc.** [NAG-TSXV].

Santoy Resources Ltd. [SAN-TSXV] has a 100% interest in the Bow River Coal Project to the northwest in the Potato Lake area 21 kilometres south of the town of Lac La Ronge in north-central Saskatchewan. In May 2006, Santoy completed the drilling of 16 holes with coal intersected in 11 of the holes. In November 2006, the company made application to convert the majority of its 14 contiguous prospecting permits to 72.6 square kilometres of coal leases. Santoy is currently planning another drilling program for the near future, once permits have been received and a drill rig and crew have been sourced.

Coal is already mined in Saskatchewan. **Sheritt International Corp.** [S-TSX] Canada's largest thermal coal producer, has nine surface mines in Saskatchewan and Alberta. ■



Merit Mining receives mine/mill operating permits

Fred Sveinson, president/CEO, reports **Merit Mining Corp.** [MEM-TSXV] has received its mine and mill operating permits from the Province of British Columbia (BC) for its Lexington-Grenoble Mine and Greenwood Mill to operate at a production rate of 72,000 tonnes per annum (~200 tonnes per day) for the life of the mine.

The company is currently completing the mining and processing of a 10,000-tonne bulk sample from its Lexington-Grenoble Mine. The permits will allow the company to seamlessly continue operating at full production of 200 tonnes-per-day (tpd). Merit Mining's 100%-owned Greenwood Gold Project, located between Greenwood

and Grand Forks in south-central British Columbia, is comprised of the Lexington-Grenoble Mine, the Golden Crown deposit and the Lone Star deposit, plus the central 200 tpd gravity-flotation mill and tailings facility. The company intends to develop each deposit to production starting with the Lexington-Grenoble Mine.

Measured and indicated resources at the Lexington-Grenoble deposit total 297,000 tonnes grading 8.36 grams gold/tonne and 1.35% copper with inferred resources of 45,000 tonnes of 6.58 grams gold/tonne and 1.03% copper. At the Golden Crown property, indicated resources are 105,000 tonnes grading 13.78 grams gold/tonne and inferred

resources stand at 8,000 tonnes of 16.80 grams gold/tonne and 0.55% copper.

In the permitting process, the Ministry of Energy, Mines and Petroleum Resources coordinated a multi-agency review by regulators from various BC and Federal Ministries and consulted with local government and First Nations to ensure a comprehensive, timely, open, thorough and transparent review that also incorporated considerations of any issues and concerns identified in public consultation meetings in the local communities.

Sveinson states, "With the receipt of the permits, Merit Mining transitions to a producing company." ■

Three-way merger for Bell/Grandru/Rogue River

Glen Zinn, president/CEO, reports Bell Resources Corp., Grandru Resources Corp. and Rogue River Resources Corp. (a non reporting company) have completed a merger of the three companies.

Among matters presented at a special meeting held March 28 to shareholders for approval was the acquisition of Grandru and Rogue River by Bell, whereby Grandru and Rogue River would become wholly-owned subsidiaries of Bell. Each Grandru shareholder will receive one-quarter of a share of Bell for each one share of Grandru. Each Rogue River shareholder will receive 1.8 shares of Bell for each one share of Rogue River. In conjunction with the closing of the merger, the outstanding shares of Bell were consolidated on a two old shares for a one new share basis. The surviving entity is named **Bell Copper Corp.** [BCU-TSXV]. The merger transaction has received regulatory approval.

The Bell Resources assets include the formerly producing Granduc Copper Mine near Stewart, northwest British Columbia, which is forecast to be four to five years away from resuming production. The Granduc Mine was formerly owned by Newmont and Esso and was in production for 20 years until 1984 when copper prices made the operation uneconomic. Currently, workers are rehabilitating the tunnel and in-fill drilling to increase mineral resources.

Bell Resources also holds the La Balsa



Performing Niton analysis on drill core from Hole #4 in the South Zone of the Granduc Project near Stewart, northwest British Columbia. Photo courtesy Bell Copper Corp.

Copper project in Michoacan state, Mexico, which is about 18 months from production. The La Balsa property, which hosts a NI 43-101 compliant resource of 190 million lbs. of copper, is in the definitive feasibility stage.

Grandru has an option to earn a 60% interest in the Nipigon Uranium Project, northwest Ontario, from **Benton Resources Corp.** [BTC-TSXV]; a 100%

option on the Guadalupe de Los Reyes Gold-Silver Project, Sinaloa state, Mexico; the Berta Copper-Gold project, northern Chile; and two exploration projects in Nevada – the 70%-optioned Danny Boy gold prospect and the 100%-owned Rock Hill Canyon gold prospect. Privately-held Rogue River Resources has been earning a 100% interest in the La Balsa Project. ■



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Nevoro makes takeover offer for Sheffield Resources

Sheffield Resources Ltd. [SLD-TSXV] has agreed for **Nevoro Inc.** [NVR-TSX] to acquire 100% of its shares. Nevoro will issue 0.8 of a share for each Sheffield share, representing a value of about \$0.48 per share based upon the closing price of Nevoro shares on the TSX on April 23, 2008. The transaction is subject to conditions including a positive fairness opinion, shareholder and regulatory approvals. Sheffield has received a positive fairness opinion and the board will recommend the transaction to shareholders. The final structure will be determined on the basis of tax, security and corporate law advice.

Nevoro has 75,163,585 shares outstanding and Sheffield has 35,422,497 shares outstanding. Nevoro recently announced a plan to acquire 100% of **Aurora Metals (BVI) Ltd.**'s 19,981,476 issued and outstanding shares at an exchange ratio of 1:1. Upon closing of both acquisitions, Nevoro will have 123,483,058 shares issued and outstanding and Nevoro's current shareholders will hold about 60.9% of these shares, Sheffield shareholders will hold about 22.9% of these shares and Aurora shareholders will hold 16.2% of these shares. On a fully diluted basis, there will be 148,525,022 shares outstanding with current Nevoro shareholders having about 59%, Aurora shareholders having about 13.4% and Sheffield shareholders having about 27.6%. The exercise of all of the outstanding warrants and options in each company will raise an additional \$11.2-million.

Nevoro and Sheffield also agreed to a working capital arrangement by way of a secured grid promissory note, under which Sheffield can receive advances up to \$400,000 from Nevoro. The advances will be secured by a mortgage on Sheffield's Moonlight Project and are subject to an interest rate equal to the prime rate plus 2%/year. Nevoro has finances on hand, should Nevoro chose to use them, to com-

plete work programs Sheffield planned for 2008, which could lead to a near-term prefeasibility study.

Nevoro earlier agreed to acquire, pending approvals, the 19,981,476 issued and outstanding shares of Aurora Metals at an exchange ratio of one Nevoro share for one Aurora share. Upon closing of the Aurora and Sheffield acquisitions, Nevoro will have 130,317,557 shares issued and outstanding. The Nevoro acquisition of Aurora is expected to close by July 31, 2008.

Sheffield's primary asset is the 100%-owned, advanced-stage Moonlight copper deposit, northeast California. The property covers two adjacent historic copper mines with mineral inventories. Sheffield can earn a 100% interest in both deposits – the Engels and Superior mines.

Nevoro holds 12 projects in Nevada and one in Idaho, 11 of these projects are wholly-owned or optioned and two

are currently leased to third parties. The St. Elmo Mine Project, northeast Nevada, hosts several past-producing mines. The property includes, in addition a number of old mines/prospects with high-grade gold values, 30-50 oz. silver/ton as well as tungsten, antimony and molybdenum occurrences. Two newly discovered parallel vein systems have been found east of the St. Elmo Vein. Nevoro has nine target areas hosting high-grade-vein and bulk-tonnage targets, many of which are drill-ready.

Nevoro's Stillwater Project is 129 kilometres west-southwest of Billings, Montana. The tenures are mostly contiguous with ground held by the **Stillwater Mining Co.**, which operates the Stillwater and East Boulder platinum/palladium mines. The property hosts a number of nickel-copper-cobalt and chromitite deposits with historical resources. ■



David Jenkins, president of Sheffield Resources, left, and Robert Wetzell, project manager, examine copper mineralization at the Moonlight Copper Project in northern California. Photo by Ellsworth Dickson.

Wits Basin active on several mineral projects



The formerly producing Bates-Hunter Gold Mine, located at Central City, site of the original Colorado gold rush, produced 750,000 ounces of gold. Photo courtesy Wits Basin Precious Minerals Inc.

Stephen King, CEO, reports **Wits Basin Precious Minerals Inc.** [WITM-OTCBB] recently amended its purchase agreement for the acquisition of the Ma Anshan iron ore mine in China to include a production incentive to deliver 1 million tonnes of iron ore concentrate by December 31, 2010.

"We put a contract in on the property a year ago and iron prices have tripled, so it makes a very fortuitous purchase," says King. "The mine is in production, currently producing an estimated 25,000 tons of concentrate each month. That production will have doubled to 50,000 tons by this summer."

Wits Basin is paying \$88 million in cash for a 100% interest in the project. There is an incentive payment in stock based on a performance over three years. Based on 72,000 feet of core drilling, King states that the Ma Anshan property hosts proven resources of 94 million tons. There are about 300 employed at the mine and the company anticipates that with the doubling of the production capacity, employment will increase closer to about 500 this summer.

"The iron ore concentrate is sold to Chinese steel users," explains King. "Costs are saved because we don't encounter the expense of freight going out of the country. China imports 150 million tons of iron ore each year. We've engaged two investment banking firms that are presently preparing an underwriting."

Wits Basin has another iron ore project in China in the province of Hubei. "It's 10 times the size of Ma Anshan with approximately 1 billion tons of ore," says King. "We're negotiating with some large iron ore companies because it's beyond our ability to raise the capital and build it, which would take about four years. It's an \$800 million project. If we could end up owning 20%, then that will be bigger than the Ma Anshan interest."

A third project is the third largest nickel deposit in China. "We have submitted the project for government approval; however, we are expecting a slow process, says King. "There is over \$10 billion worth nickel metal in the ground, but if we don't get government approval, we will simply just pass on the project. If approved, we

intend to seek a partner."

On this side of the Pacific, the smallest project of Wits Basin is the Vianey silver-lead-zinc mine Guerrero state, about 100 miles north of Acapulco, 150 miles south of Mexico City. The project is a 50/50 joint venture with **Journey Resources Corp.** [JNY-TSXV].

"We have a NI 43-101 compliant 350,000-ton resource and our efforts are to prove (by drilling) its actual size, which we believe is considerably larger," says King.

In Colorado, Wits Basin has the past-producing Bates-Hunter Mine on which a new NI 43-101 compliant report has just been completed. The mine is located at Central City that is the site of the original Colorado gold rush. The Bates-Hunter underground mine has produced 750,000 ounces of gold. Project assets also include the Golden Gilpin mill, a water treatment plant, a 70,000 ton-per-year mining permit and ancillary equipment.

King says Wits Basin carried out 8,000 feet of drilling in the first round. The second round of drilling is now underway. In addition, dewatering the mine and rehabilitating underground workings are under way. There is an EPA water discharge permit in place.

"It matters to us that the Bates-Hunter Mine is close to civilization," notes King. "We just can't run bulldozers all over the street. If we get into production, we would go over the hill and come in from the backside and sink a new shaft. This would take all the industrial traffic and noise away from the town, by going over and under and behind the hill."

Wits Basin's final project is the early-stage FSC Gold Project in South Africa, where the company is in the process of acquiring the remaining 65% interest in the project. The project is located adjacent to the historic Witswatersrand Basin which has produced over 1.5 billion ounces of gold.

"We're going to get a 22 million share block of stock and take that 65% interest public on the TSX Venture Exchange. Currently, we are looking to raise another \$3 million. We're not looking for a gold mine in South Africa – we're looking for the next gold field," says King. ■



Petro Vista Energy acquiring Brazilian prospects

As Brazil's semi-public super-giant **Petróleo Brasileiro S.A. (or Petrobras)** [PBR/PBRA-NYSE] dives deeper under water in search for oil, all eyes are on the surfacing test results pertaining to what industry experts are estimating to be the third largest oil field discovery in the world (5 to 8 billion barrels of oil reserves). With anticipated 2010 production numbers projected at 100,000 barrels of oil equivalent per day (BOE/d), Petrobras CEO Jose Sergio Gabriella's attention is offshore in the deep waters above the Tupi Field.

Big as this deposit may be, Gabriella knows it's going to take time and money to the tune of 10-15 years and US \$2-\$3 billion to bring it ashore and hit a peak production of 200,000 BOE/d. While they harness their potential offshore, Petrobras and the Brazilian government have opened up the land in shallower waters and onshore to international explorers with a penchant for breaking new ground.

"It's like walking into Texas in the 1940s," boasts president/CEO Read Taylor whose **Petro Vista Energy Corp.** [PTV-TSXV] is accruing acreage through Brazil's generous land block sales. By bidding and farming-in with partners, Petro Vista has to-date amassed 37,538 net acres in the country famous for Carnival. "From a geo-technical standpoint, Brazil is very large," said Taylor. "We're currently aware of 29 basins in the country, with only 4.4% of the land in those locations having already been explored."

Taking into consideration the fact that Petrobras monopolized Brazil's fields until 1998, the outside world has had a steep learning curve with only 10 years to explore that particular area. Hence why Taylor feels he and his team are well-equipped to take on the task.

Taylor's personal exposure to the area came as the General Manager of Devon Energy Brazil Ltd. It was during this time that he led the charge on the first three

exploration wells that discovered the Polvo Field in Brazil's Campos Basin, which found reserves of 200 million barrels. Achievements like that don't just fade from the memory, so later when Taylor returned to Brazil with Petro Vista, he surrounded himself with a management team that also knows the area, as well as enlisting the technical data of independent strategic partners at Rincon Energy who specialize in assessing Brazilian plays. With the data and team in place, Taylor emphasizes moving quickly, as he already learned the hard way with Devon six years ago.

"I tried six years ago to get Devon to acquire the rights to the Tupi," grimaced Taylor. "But the confidence just wasn't there yet." Ouch! Now, with the ability to jump on opportunities without jumping through the hoops of a large corporation's management structure, Taylor can swiftly act on those hydrocarbon-seeking instincts. "There's still high quality acreages available, with the government offering blocks of 30 square kilometres. The land grabbing is reminiscent of the Wild West, with the spoils going to those quickest on the draw."

These windows of opportunity do not last forever. One only has to look at the experience in neighbouring Colombia, where it was making similar strides 10 years ago. With its enticing royalty regime and pro-exploration environment, Colombia drew a crowd. John Wright, president/CEO of **Petrominerales** [PMG-TSX] remembers Colombia's good old days. "The single biggest challenge coming into Colombia now is that there's no prime land left. It wasn't long ago that the area looked like the Oklahoma land grab of days gone by."

Sound familiar? But, this doesn't worry Wright and his company as they were there before the window closed. Petrominerales currently holds a whopping 1.5 million acres in Colombia with two prime locations scheduled for 30 and 60 drilling

locations respectively. "We'll easily be drilling constantly for the next five years," said Wright.

In this kind of environment, area-related knowledge is key. Petrominerales' team has been in Colombia in some capacity since 1996, and now one of their former key members is with Petro Vista. Colombia expert, Steven Benedetti, VP South America for Petro Vista, came out of retirement to bring along his previous experience with Petrominerales to the much smaller startup, heading their Colombia division. Coinciding with their Brazil operations Petro Vista currently has four Colombian wells scheduled for 2008. Judging by the success of Petrominerales' experience and growth, Petro Vista looks to set their own trend in Brazil before the sleeping giant Petrobras' Tupi well is peak producing, the land is no longer readily available and the frontier nature of the country's plays becomes a part of the history books. ■



Shelton Canada drilling Ukraine oil prospect

Zenon Potoczny, president/CEO, reports **Shelton Canada Corp.** [STO-TSXX] and joint venture partner Ukrnafta, the largest oil and gas company in Ukraine, are currently drilling a second development well in the Lelyaki oil field, east-central Ukraine, in which Shelton holds a 45% interest. The well, with an expected depth of 1,960 metres, is being drilled as a directional well to further develop the P1&2 and K-1 productive reservoirs. Recent offset wells demonstrated initial productivity of over 240 barrels of light 42° API oil per day (net to Shelton 108 barrels). Shelton's share of drilling costs is expected to be about \$450,000.

The area features easy tie-in to Ukraine's oil and gas infrastructure and extensive pipeline network connecting to European markets. Current production net to Shelton from the Lelyaki field is 350 barrels of oil equivalent per day (boe/d) of 41° API oil with further increases expected in 2008.

"This second well is an ongoing part of the Kashtan joint venture's plan to exploit the remaining oil reserves in the Lelyaki field through optimal placement of infill produc-

tion wells," said Potoczny. "In addition, the joint venture anticipates re-entering and sidetrack drilling four other suspended wells in different parts of the field in 2008. These wells show good economics as the capital cost is much lower than new drilling. We've been happy with the pool performance since it was acquired in mid 2007 and the first well drilled post-acquisition averaged 185 barrels of oil (net 83 barrels) since coming on-stream in December 2007. Shelton's average daily production for 2007 was net 255 barrels per day." The joint venture sells its production at Brent equivalent pricing.

Shelton's reserve base from the Lelyaki field is proven reserves of 5.32 million boe, proven/probable reserves of 8.70 million boe, and proven/probable/potential reserves of 15.98 million boe. The partners have planned extensive development and re-completion work in the Lelyaki field for this year and beyond.

Richard Edgar, P.Geol., director, says, "Our engineers have indicated they think the pool is about a billion barrels. So far, it's produced a little over 350 million barrels."

Shelton is also active in the North Kerchenskaya offshore field. "Right now we're in the engineering and design stage to build a permanent platform at the North Kerchenskaya pool," says Edgar, "which is about 20 kilometres offshore, in about 30 metres of water. We will then drill a series of development wells or drainage wells from that platform and build a subsea pipeline to tie it back to the Kirsch Peninsula onshore and in to the Ukrainian grid system for natural gas sales."

Edgar expects construction of the platform to start later this year, installation sometime in 2009 and then drilling in 2009.

Shelton has a third Ukrainian project offshore in the Sea of Azov, 50 kilometres off the coast of Crimea, where the company has a 50% interest in the Biruchya field with joint venture partner Chornomorneftogaz where one well was drilled in 2006.

Potoczny, who has a Ukrainian background and is fluent in Ukrainian and English, says the business climate in Ukraine has improved in recent years and has an open market economy. ■

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Golden Chalice Resources Inc. (TSX.V:GCR)

Golden Chalice continues to expand last year's nickel-copper discovery at their Langmuir project near Timmins, ON. New modeling of their VTEM data suggests there could be much more mineralization lying below the discovery zone; GCR is now drilling on these deep-seated conductive targets.

www.goldenchaliceresources.com

www.smartstox.com/interviews/gcr



Apella Resources Inc. (TSX.V:APA)

Apella has a considerable portfolio in the active Matagami and Chibougamou regions of Quebec. As well as copper-gold, uranium and base metal exploration ground, Apella's holdings includes large vanadium-iron deposits that the company is keen to develop.

www.apellaresources.com

www.smartstox.com/interviews/apa



Raytec Metals Corp. (TSX.V:RAY)

Raytec's properties have historic resources and/or strong exploration potential for the hottest commodities in the mining sector—potash, iron ore and uranium. Programs to confirm and expand the historic potash and iron ore drill data are upcoming; JV partners are now exploring the uranium ground.

www.raytecmetals.com

www.smartstox.com/interviews/ray



Klondike Silver Corp. (TSX.V:KS)

Klondike Silver is using modern technologies and concepts to explore historical silver camps and discover new mineralization. Their holdings cover silver exploration ground in BC, the Yukon, Mexico, and Ontario, where KS has a large program underway in the Gowganda and Elk Lake silver camps.

www.klondikesilver.com

www.smartstox.com/interviews/ks

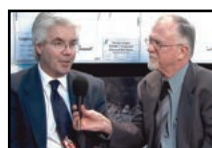


Amador Gold Corp. (TSX.V:AGX)

Amador's has several programs advancing on their all-Canadian portfolio, that has a focus in Ontario. The company recently staked a large land package to add to their Byers Loveland project, where they discovered more mineralization lying below a discovery identified by Cominco in the 1970s.

www.amadorgoldcorp.com

www.smartstox.com/interviews/agx



Sinchao Metals Corp. (TSX.V:SMZ)

Continuing to advance their Sinchao property in northern Peru, the company plans to have a new resource estimate in hand later in the year. Recent drill test results from the Breccia zone include 126.3 meters of .67% copper, along with gold and silver credits.

www.sinchaometals.com

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Plutonic Power gets a run for its rivers

by Doug Hadfield

In the last few years, investors in green energy will have noted the impact that calls for private sector power have had on some publicly traded power companies. The 2006 call for power from British Columbia's power company, BC Hydro, had the notable effect of boosting **Plutonic Power Corp.** [PCC-TSX] from under \$1 per share to its new trading range between \$7.50 and \$8.50.

That jump represents unprecedented growth for a TSX-listed run-of-river company, and is due to the scope of the hydroelectric projects that Plutonic Power is developing. For example, if all the company's development-stage projects were completed today, its total power capacity would be approximately 1,900 megawatts (MW). By way of comparison, the largest wind farm in the world, the Horse Hollow Wind Energy Center in Texas, has a capacity of 735.5 MW.

Other methods of producing energy, such as coal, often produce more energy at a lower cost per dollar of capital invested, but with unwelcome environmental effects. Even hydroelectric facilities, which typically produce 1,000 to 2,500 MW each, have fallen from favour due to their relatively large ecological footprint. Nuclear

power is sometimes controversial due to waste storage issues.

Run-of-river projects differ because they do not gather water in large reservoirs, but divert a portion of the river water into a pipe, downhill to a power generating station. The water then leaves the generating station and is returned to the river, unaltered.

What sent Plutonic Power's share price soaring was a 2006 electricity purchase agreement (EPA) with BC Hydro that guarantees the province 745 gigawatt hours (GWh) of electricity annually from Plutonic's East Toba River-Montrose Creek project for 35 years.

"Our 35-year EPA with BC Hydro was a real coup," Plutonic's director of communications, Elisha Moreno said. "It basically gave us the go-ahead to move forward to construction phase."

Moreno, who was previously a spokesperson for BC Hydro, added "We've projected about \$65 million in revenues per year from Toba-Montrose," she said.

That figure is calculated using the contractual per MWh price in the EPA, which is between \$71.37 and \$84.23 – Moreno couldn't reveal the exact figures. Since Plutonic's EPA deal signed with BC Hydro is for a maximum of 745 GWh, that equates to between \$53,170,650 and \$62,751,350 annually, or as much as \$2.2 billion over the initial 35-year life of the project.

In a report by its equity research department last October, Scotia Capital stated, "If [Plutonic Power] wins 1,500 MW in upcoming BC Hydro Clean Power Calls, which are backed by identical financing arrangements and similar construction



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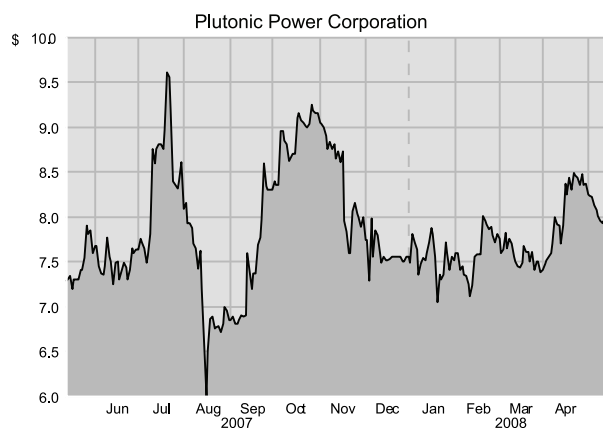
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contracts as its first pair of projects [Toba-Montrose], the stock could be worth as much as \$32 per share by about 2015." The authors predicted a one-year trading price of \$10 per share.

Toba-Montrose, now in construction phase and scheduled for completion in 2010, is actually two large run-of-river projects, located about 130 kilometres north of Powell River, BC. These two projects combined have a capacity of 196 MW, which Scotia Capital values at \$3 per share.

In part, Plutonic's present trading value is reflected in forward-looking analysis by powerhouse investors like Scotia Capital. This is because, when the next call to power happens – and it's expected any day now – Plutonic will be making two more bids

totaling over 1,000 MW of capacity.

The first, smaller bid is the Upper Toba, which will share transmission lines with Toba-Montrose. Installed capacity of the three Upper Toba facilities is estimated to be 133 MW with an expected annual energy generation of 460 GWh annually.

Plutonic Power's second bid is much larger. The Bute Inlet Project consists of 18 facilities located above the headwaters of Bute Inlet, some 200 kilometres north of Toba-Montrose. These 18 run-of-river facilities combined will have a potential capacity of 914 MW with potential energy generation of 2980 GWh per year.

The scope of Plutonic's run-of-river program is one of the largest of its kind in the world. Remarkably, if built, it will also have one of the smallest environmental impacts of any other energy project. In a comparison of scored environmental impacts by the Ontario Power Authority, run-of-river scored 21 points, hydroelectric (dams) 30.5 and wind 34.5. Coal weighted in at a hefty 216.5.

One of the biggest upsides in this project is that it continues to build out the green power corridor which will allow southwestern British Columbia the ability to call itself the green power capital of Canada," he says. ■

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Developments in Alternative Energy

by Joel Bainerman

ROADWAYS FULL OF FREE ENERGY

The concept of using road surfaces to generate clean solar power is moving beyond the idea stage. Roads absorb heat from the sun every day and are usually free of sightline obstructions that could otherwise block the rays of sunlight.

One such company is Idaho-based **Solar Roadways** whose CEO Scott Brusaw, started the company after hearing solar energy expert Nate Lewis contend that covering just 1.7% of continental U.S. land surface with photovoltaic (PV) solar collectors could produce enough power to meet the nation's total energy demand.

Brusaw realized that the U.S. interstate highway system already covers about that much of the nation's land surface so he designed a system that combines a durable and translucent glass road surface with PV solar collectors that could be wired directly into the electricity grid.

The heart of the solar roadway concept that Solar Roadways has developed is the solar road panel. Each individual panel consists of three basic layers – the road surface layer, which is translucent and very strong, yet rough enough to provide traction. The surface layer is capable of handling today's heaviest loads under the worst of conditions and protects the electronics layer beneath it.

The second electronics layer contains a large array of cells, the bulk of which contain solar collecting cells with LEDs for 'painting' the road surface. These cells also contain the 'super' or 'ultra' caps that store the sun's energy for later use. Batteries are not used in the solar roadway. Since each solar road panel manages its own electricity generation, storage, and distribution, they

can heat themselves in northern climates to eliminate snow and ice accumulation.

The third layer is the base plate layer, which distributes power (collected from the electronics layer) and data signals (phone, TV, internet, etc.) downline to all homes and businesses connected to the solar roadway. The power and data signals are passed through each of the four sides of the base plate layer.

The base plate layer is directly attached to vertical risers, pneumatic or hydraulic pistons that raise or lower different points of individual solar road panels. Riser bases are installed beneath the frost line to avoid the heaving common in colder climates where the ground freezes and thaws. This provides a natural earth ground for the electronics layer of the solar road panels. The risers are controlled (raised, lowered, or locked) by the solar road panel's microprocessor board. The microprocessor board communicates with each adjacent panel to ensure a seamless road surface.

Brusaw believes his system, if implemented from coast-to-coast in place of the tarmac on existing highways, could produce enough energy to meet the U.S.'s entire electricity needs. However, naysayers claim that such an expensive high-tech road surface would not be able to stand up to the rigors of everyday use, from overloaded 18-wheelers putting extra stress on the highway to oil spills seeping into expensive electronic circuitry.

A MUCH BETTER ENGINE

Start up company **Newton Propulsion Technologies** evolved out of a desire to develop an engine which works more efficiently and with lower emissions than

conventional engines. There are two primary types of engines in use in the world today – the turbine and the internal combustion engine. Newton's breakthrough is the idea that the two types of engines could be combined in order to utilize the advantages of both.

The internal combustion engine is the type used in cars. The process begins by burning fuel, which creates heat that causes gas to expand, moving a piston. The piston's linear stroke can, for example, be harnessed to propel a circular motion moving the wheels of a car. The disadvantage is that energy is lost in the friction between components, and again when the piston returns to its original position.

The turbine engine is more effective in its utilization of energy, and it is therefore used in heavy industry, such as generating electricity. This engine uses a compressor which sucks in air and compresses it inside a pipe where a combustion process is taking place. The combustion causes the air to expand, but it is trained on blades which causes a turbine to rotate. This process is considered highly efficient, but it is unsuited for work at low speeds. Moreover, the combustible materials cannot be ignited at temperatures that are very high, since the expanding air would be too hot and could damage the turbine blades.

In Newton's engine, fuel is burned inside a sealed chamber, which can expand. Instead of pushing on a piston, the chamber expands with a rotational movement, generating power. Remaining pressure is released through a turbine which powers the suction compressor, and pushes the air into the combustion chamber.

As the fuel combustion is continuous,

any type of fuel can be burned at any temperature, including bio diesel.

Says the company's CTO Haim Ron, "Against all the claims that this idea was unfeasible, we've already built a prototype that works. An engine like this can produce 450 HP, and it only weighs 60-70 kilograms – a shoe box that can power a Ferrari. More than \$1 million was invested in the development of the engine. Developing a parallel engine today would cost at least \$10-20 million."

The company is targeting the 350-450 HP segment, engines that are used in many applications: generators at small power plants, trucks, work tools and yachts. This is a field where the production batches are small, so engine producers find it easy to switch from one type to another.

ALGAE FOR YOUR CAR AND YOUR FACE



The Netherlands-based start up, **AlgaeLink**, has developed a new method of oil extraction for the production of algae oil without the use of chemicals, a centrifuge, dryer or oil press.

With this new method the algae paste is collected from the AlgaeLink reactor through filtering and without any drying, then processed in AlgaeLink's newly developed, patent pending, oil extraction system.

According to the company, this system not only makes the use of algae oil more eco-friendly but the production process is also eco-friendly. Total power consumption used in a 45 cubic metre per hour oil extraction process is about 26 kW to turn 50% of the algae paste into oil. Micro-algae has a high potential energy yield. Some species of algae are ideally suited for biodiesel production due to their high oil content – some as much as 50%.

In addition to energy, CEO Marco van de Ven says the technology can be used to produce nutritional supplements, vitamins and antioxidants, such as B-carotene and astaxanthin. As well as important applications in the food industry, the paste can also be used in the pharmaceutical industry as it contains sterols, which can be used as building blocks for pharmaceuticals.

FILLING UP THE FAMILY CAR WITH TAP WATER

Inventor Denny Klein claims he has invented the world's first water-powered car which runs on 'Aquygen.' Aquygen is water (H₂O) broken down and turned into HHO gas, something scientists once thought impossible. Klein claims to have done just that and says his design will retrofit any piston engine to run on this new form of energy.

Klein originally developed Aquygen to create a safer, less polluting blowtorch. He then realized Aquygen would burn cleaner than fossil fuels. The only thing that would come out of the tailpipe is water.

Like most alternative fuel cars, his prototype is actually a hybrid. It runs on a gas and Aquygen mixture. Whenever you're ready, you flip the switch and the Aquygen kicks in. The result is up to a 50% jump in

gas mileage. Klein's Ford Escort prototype gets 384 miles on a tank of gas and 576 miles with a little Aquygen mixed in. He says you could drive 100 miles on four ounces of water. The major hurdles Klein has not overcome is the long-term impact on the engine. Will the water-based fuel speed up rust or corrosion over time? Also, there needs to be a Aquygen distribution system.

MISSING LINK FOR COST-EFFECTIVE SOLAR ENERGY



University of Johannesburg professor Vivian Alberts has spent the past 13 years developing advanced photovoltaic, or thin-film, solar panels that he claims could be the solution the solar energy industry has been long looking for. Current solar modules convert only direct sunlight into electrical energy, but thin-film solar modules convert any light across the spectrum into electricity, generating power even under low-light conditions.

The new thin-film solar modules are based on a wafer-thin, semiconducting absorber layer made of copper, indium, gallium, sulphur and selenium, and are just half the thickness of a human hair and almost a hundred times thinner than a silicon cell. Alberts says large-scale production of his panels will be at least 50% cheaper than anything that is commercially available at present. The panels are already being constructed by **Johanna Solar Technology** in Brandenburg, Germany, and will go on sale in Europe at the end of 2008. ■

In the news

by Joel Bainerman



Boeing makes alternative energy aviation history

It's time for fuel cells to get airborne. Chicago-based **Boeing** [BA-NYSE] has flown a small, manned airplane powered by hydrogen fuel cells, calling it a first for aviation history.

"Given the efficiency and environmental benefits of emerging fuel cell technology, Boeing wants to be on the forefront of developing and applying it to aerospace products," said the project's manager, Francisco Escarti. "The Fuel Cell Demonstrator Airplane Project is an important step in that direction."

Critics say hydrogen fuel cells are inappropriate for powering large scale vehicles, given that most hydrogen is generated from fossil fuels, and substantial investment is required in a distribution infrastructure.

The Boeing demonstrator uses a Proton Exchange Membrane (PEM) fuel cell/lithium-ion battery hybrid system to power an electric motor, which is coupled to a conventional propeller. The fuel cell provides all power for the cruise phase of flight. During takeoff and climb, the flight segment that requires the most power, the system draws on lightweight lithium-ion batteries.

While Boeing does not envision that fuel cells will provide primary power for future commercial passenger airplanes, demonstrations like this help pave the way for potentially using this technology in small manned and unmanned aircraft.

Boeing researchers see promise in other types of fuel cell technology as well as the PEM system. An example is a Solid Oxide Fuel Cell that could be applied to secondary power-generating systems, such as auxiliary power units. This technology could be mature enough in 10 to 15 years for potential use in commercial aviation.

During the flights, after reaching a cruising altitude of 3,300 feet above sea level, Boeing said the pilot disconnected the lithium-ion batteries and flew for about 20 minutes on power solely generated by the fuel cells.

New Flyer/Ballard Power Systems create eco-friendly busses

Winnipeg, Manitoba-based **New Flyer Industries Canada ULC** [NFI.UN-TSX], one of North America's leading manufacturers of heavy-duty transit vehicles has signed a five-year agreement with **Ballard Power Systems Inc.** [BLD-TSX; BLDP-NASDAQ] to develop fuel cell modules in shuttle buses that New Flyer plans to build.

New Flyer's commercial relationship with Ballard began in 1993, when the two companies developed the world's first hydrogen fuel cell bus. In 2007, New Flyer was awarded a contract by BC Transit for the world's largest fleet of hydrogen fuel cell buses, and Ballard was named as the fuel cell technology provider.

Says the company's CEO, John Marinucci, "The focus of cooperation will be on shuttle busses which are smaller and lighter than full-size buses, typically less than thirty-two feet in length, and are intended for use in a range of growing applications, such as community feeder routes, where their reduced noise profile

and emission-free operation is highly valued. The first order of 20 cell busses will soon be delivered to BC Transit."

Over the past three months, New Flyer has received orders for up to 1,253 buses for a combined value of over US \$603 million. These orders are for a variety of vehicle configurations, including 35-, 40- and 60-foot buses and diesel, hybrid-electric, and compressed natural gas (CNG) propulsion systems.

The largest of these recent new orders was awarded by Metropolitan Transit System in San Diego, California, totaling \$151 million, which included 50 40-foot CNG buses with options for an additional 300 buses as well as an order for 12 35-foot gasoline-electric hybrid buses with options for an additional eight buses. Southwest Ohio Regional Transit Authority (SORTA) in Cincinnati, OH awarded New Flyer an order totaling \$101 million for 24 40-foot clean diesel buses with options for an additional 270 buses.

New thin film photovoltaic to hit market

Southern California-based **XsunX, Inc.** [XSNX-OTCBB] is developing amorphous silicon thin film photovoltaic (TFPV) solar cell manufacturing processes to produce TFPV solar modules that it says will be the cheapest option on the market for solar energy systems.

The company has begun to build a multi-megawatt TFPV solar module production facility in the western US state of Oregon and plans to grow its manufacturing capacities there to over 100 megawatts by 2010.

The multi-megawatt system design consists of a series of integrated material handling, substrate cleaning, thin film materials deposition, laser segmentation, lamination, and packaging systems necessary to convert an inexpensive piece 100cm X 160cm sheet of glass into a complete solar module in less than three hours using a fraction of the semiconductor material used to produce crystalline silicon solar modules. ■

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Check out this beautiful model

Aero Geometrics creates 3D plastic foam models of mining properties

by Peter Caulfield

Aero Geometrics Ltd., a privately-held company based in Vancouver, BC that specializes in aerial survey and digital mapping, provides a service to mining companies it says is unique in the city – the creation of three-dimensional physical models.

Aero Geometrics president Tim Daly said, “The models give clients and investors a unique and valuable perspective [based on] data which formerly could only be appreciated by engineers and geologists. Further enhancements allow a digital orthophoto as well as vector data to be accurately plotted on top of the model.”

An orthophoto is an aerial photograph that has been geometrically corrected to make the scale of the photograph uniform, meaning that the photo can be considered equivalent to a map. Vector data includes such geographical features as fault lines and claim boundaries.

Daly said 3D physical models are also useful to mining companies for the accurate depiction of such subjects as the remediation of environmental problems and reclamation.

Other applications of the technology that are not specific to mining include simulations for emergency preparedness, development impact, erosion, flooding and disaster relief.

One of Aero Geometrics’ customers is **American Creek Resources Ltd.** [AMK-TSXV], a junior mining company with

operations in western Canada.

American Creek spokesman Kelvin Burton said his company has a to-scale 3D model of its Treaty Creek property in British Columbia and surrounding properties. The model measures 18 inches by 12 inches and is small enough to fit inside an ordinary briefcase.

“The model shows fault lines, elevation changes and property lines,” Burton said. “We’re considering laying an orthophoto over top, to show the trend that runs through our property and our neighbors’ properties. It would look like you’re in an airplane looking down on the property.” Burton uses the model in meetings with brokers.

“The model is very powerful,” he said. “It enables me to, in effect, pick up the property and show it directly to people. It makes for an intelligent discussion.”

In addition to the physical models, another Aero Geometrics service which it says is unique in Vancouver is 3D visualization software. It allows users to see and manipulate on their computer screens a real-time, three-dimensional picture.

In addition to 3D physical models and on-screen 3D visual images, Aero Geometrics offers a wide variety of exotic survey and mapping services. They include aerial survey and photography; LIDAR acquisition and processing (light detection and ranging); acquisition of satellite imagery; stereo satellite data capture; ground survey and photo control; photogrammetric scanning (geometric properties of objects are determined from photographic images); aerial triangulation; digital mapping; mono restitution (converts photo-interpreted data from single annotated air photos into georeferenced 3D digital data files); volumetric calculations (to calculate royalties); GIS (Geographic Information System) data con-

version and translation; and high-resolution plotting services.

Besides mining and exploration companies, customers include engineers, forestry companies, environment consultants, government and the Canadian and US military. Their customers are located in Canada, the US, South America, Africa and the Middle East. All these services are guided by only two full-time employees: Tim Daly, president, and Tim Sommerfeld, director. “We have had as many as 28 employees at one time, but currently we have a staff of 14 in two locations,” Daly said.

When Aero Geometrics was founded in 1975, it was one of only three photogrammetric firms in operation in BC. The company has had to be fast on its feet to stay in business. In its early days, it specialized in engineering applications. A decade later, the company focused on the forestry industry. These days many of its clients are in the mining and exploration industry.

Aero Geometrics’ technical expertise has enabled the company to keep a step ahead of its competitors. One of its innovations is a process for extracting corrected 3D line work drawn on a single aerial photograph. It later developed an automated refinement of this process which increased productivity and provided clients with more accurate data and cost savings.

Another Aero Geometric ‘first’ was the development of a method to print in full 3D color using a process developed by the Polaroid Corporation.

“The StereoJet process of printing in 3D is unique to our company and the Jet Propulsion Laboratory in the US,” Daly said.

Other company milestones include delivering 3D data from the IKONOS commercial earth observation satellite for training simulations for the US Army Corps of Engineers. ■



continued from page 24

planned for the Los Muertos silver-gold property, also in Sonora. This program is designed to explore old workings, soil geochemical anomalies, and geophysical anomalies. Drilling these targets will hopefully lead to the discovery of bulk-silver-gold deposits of multiple-vein, Carlin or disseminated, and/or manto types of silver-gold mineralization. Rome also holds the La Colorado gold-silver project in Sonora and the Inguaran copper, tungsten-silver project in Michoacan state.

San Anton Resources Corp. [SNN-TSX], 55%, and partner Goldcorp, 45%, have been developing resources on the Cerro del Gallo gold-silver-copper deposit near Guanajuato, central Mexico. Resources in all categories total 4 million ounces of gold, 171 million ounces of silver and 959 million pounds of copper.

Santa Fe Metals Corp. [SFM-TSXV] is currently drilling its 100%-optioned Lobos polymetallic project, northwest Zacatecas state. Since acquiring the property in December 2007, the company has carried out geological mapping and sampling to further define the breccia field and epithermal vein systems previously identified. The initial 2,000-metre drill program will test these systems down to 200 metres. Santa Fe is also exploring the 100%-optioned Lorena silver-lead-zinc property in Chihuahua state and has acquired the Cuatro Cienegas property.

Scorpio Mining Corp. [SPM-TSX] recently announced the start of production from the first stope in the Hoag Zone at its 100%-owned Nuestra Senora Project in Sinaloa state. The first blast in the stope provided an extra 3,886 tonnes to the current stockpile of 79,000 tonnes. A second stope from the Hoag Zone will eventually provide another 30,804 tonnes. Stockpiling will continue until the mill is commissioned later this summer.

Silver Eagle Mines Inc. [SEG-TSX] reports an increase in indicated and inferred resources at its 100%-owned Miguel Auza Project in Zacatecas. Indicated resources now stand at 24,254,000 silver equivalent ounces. Inferred resources are

now pegged at 11,692,000 silver equivalent ounces. The pre-feasibility study will be delayed in order to include these new figures.

Silverstone Resources Corp. [SST-TSXV] reported sales of 403,000 ounces of silver in the first quarter of 2008. Silverstone's sales are generated from its purchase of by-product streams from operating base metal mines. The company has a 10-year silver purchase contract with the Cozamin Mine in Mexico, as well as life-of-mine agreements with Lundin Mining to buy 100% of payable silver from the Neves-Corvo and Aljustrel mines in Portugal. Silverstone also has the right to buy 12.5% of the life-of-mine of payable silver from Loma de la Plata Zone from the Navidad Project of **Aquiline Resources Inc.** [AQI-TSX] with a minimum of 1 million ounces of silver/year and the right of first offer with respect to the sale of any additional future silver production streams by Aquiline.

Silver Wheaton Corp. [SLW-TSX, NYSE] is the largest pure silver company in the world, expecting to sell some 15 million ounces this year and 25 million ounces by 2010. The company has long-term contracts to buy silver production from mines in Mexico, Sweden, Peru, Greece and the U.S.

Skeena Resources Ltd. [SKE-TSXV] recently acquired a 1,600-hectare mineral concession interior to its Tropico copper-platinum-palladium-gold project located 25 kilometres north of Mazatlan, Sinaloa state. Elsewhere in Mexico, the company is progressing with a 30-hole diamond drill program, currently on its Malpica copper-gold-molybdenum project, 30 kilometres east of Mazatlan. Skeena is awaiting results from a helicopter-borne electromagnetic and magnetic survey over both the Tropico and Malpica projects prior to expanding both programs.


Soho Resources Corp. [SOH-TSXV] has prepared a NI 43-101 compliant resource estimate for its 100%-controlled Tahuehueto property in Durango state. The resource represents only the upper, close to surface portion of three structures – the El

Creston, Cinco de Mayo-Santiago and the El Rey. Highlights include 276,000 ounces of gold, 6,429 million ounces of silver, 33.483 million pounds of copper, 110.457 million pounds of lead and 201.138 million pounds of zinc.

Southern Silver Exploration Corp. [SSV-TSXV; SEG-Frankfurt] has completed a second phase of drilling on the San Luis prospect on the Minas de Ameca Project in Jalisco state. A total of 20 holes were completed targeting an 800-metre strike length of the main vein. Highlights include 2.67 metres of 0.48 grams gold/tonne, 4.73 grams silver/tonne and 0.58% copper. More drilling is planned. The company is also drilling the Pinabete silver-lead-zinc prospect in Chihuahua.

Stroud Resources Ltd. [SDR-TSXV] has received drill results from the 100%-owned Santo Domingo Project in Central Mexico. Hole DDH-20 intersected 170.63 grams silver/tonne and 1.25 grams gold/tonne over 19.8 metres, including 7.6 metres of 289.56 grams silver/tonne and 2.83 grams gold/tonne and 1.12% zinc.

Tumi Resources Ltd. [TM-TSXV; TUMIF-OTCBB; TUY-Frankfurt] has discovered a new prospective zone on its 100%-owned El Colorado Project, north-central Sonora. The exploration target is a large, low-grade precious metal system. Anomalous silver, lead, zinc and arsenic occur along a six-kilometre long trend. Follow-up work located old workings in the zone where grab samples from an old mine dump assayed 229 grams silver/tonne, 0.2% lead and 1.1% zinc.

UC Resources Ltd. [UC-TSXV] has a 100% interest in the Copalquin property in Mexico's Sierra Madre mineralogical belt. Historic, gold and silver production at Copalquin has been estimated at over 250,000 ounces of gold and 11 million ounces of silver from just 336,000 tonnes – with most production occurring prior to the 1910 Mexican Revolution. Phase 3 drilling program is underway, designed to delineate the down-dip extent of the historic La Soledad gold zone and to identify additional drill targets within the regionally extensive epithermal system. 

coming events

The **Invest Fest Conference** is being held at Vancouver Convention & Exhibition Centre 999 Canada Place, Vancouver, British Columbia, Canada June 6-9. There is an excellent lineup of speakers, including Brian Tracy, Chet Holmes, Frank Holmes, John Tansowny, Les Brown, Michael Lathigee, Ozzie Jurock, Rick Rule and Bryan Rundell. Phone: 1 (866) 785-8232 for price of admission. For more information go to website: www.vcec.ca

The **13th Annual World Aluminum Conference** is being held June 9-12 at the Hilton Chongqing, Peoples Republic of China. This global event will give you the opportunity to debate the key issues in the aluminum industry, including global strategy and development, developments in the Chinese aluminum industry, aluminum raw materials, aluminum fabrication and end users and finance and market outlook. For

more information and registration, go to www.cru.aluminum-conference.crugroup.com

The **2008 Morningstar[®] Investment Conference** is being held June 25-27 at McCormick Place, West Building, Chicago, Illinois. It's the year's must attend event for financial advisors. The cost is US \$745.00. For more information, go to www.morningstar.com

Cambridge House International Inc. is presenting the **Vancouver Resource Investment Conference** June 15-16, 2008 at the Vancouver Convention & Exhibition centre, Vancouver, British Columbia, Canada. For more information and registration, go to www.goldshow.ca 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 **Investing in African Mining Seminar** is being held June 17 at the Vancouver Convention & Exhibition Centre, Vancouver, British Columbia, Canada. MineAfrica[®] is a business development company promoting African mining investment, and a secondary focus on promoting bilateral trade and investment between Canada and Southern Africa. Contact Bruce Shapiro at 416-588-7749. For more information, go to www.mineafrika.com

The **Hard Assets Investment Conference** is being presented September 9-10, 2008 at the Las Vegas Mandalay Bay Resort & Casino. Well-known newsletter writers will provide stock picks and investment advice. For more information, go to www.iiconf.com or call 1-800-282-7469.

MINExpo International[®] 2008 takes place September 22-24, 2008 at the Las Vegas Convention Center, Las Vegas, Nevada. A record number of new products, technologies and services will be introduced at the show. Twenty education sessions will tackle the most current and significant challenges facing the industry. If you have questions about exhibiting, contact Hall-Erickson at 1-800-752-6312, 630-434-7779 or, via email, at minexpo@heexpo.com. For more information, go to www.minexpo.com

Global Investment Conferences is presenting the **Palm Beach Resource Expo** December 7-8, 2008 at the Palm Beach Convention Center, Palm beach, Florida. For more information, go to www.gicevents.com or call Diana Snyder at 305-669-6873. Her Email is dsnyder@gicevents.com ■

US Gold Corp. [UXG-TSX; UXG-AMEX; US8-Frankfurt] reports continuing exploration success from the Magistral Mine in Sinaloa state. Drilling within the mine intersected 15.03 grams gold/tonne over 12.2 metres within a longer intercept of 7.04 grams/tonne over 40.5 metres.

Vista Gold Corp. [VGZ-TSX, AMEX] has finalized the purchase of gold ore processing equipment to be used at its Paredones Amarillos Project in Baja California Sur, including gyratory crusher, SAG mill, ball mills and pebble crusher. A preliminary feasibility study was recently completed at the project. Vista plans to confirm the favourable results with a definitive feasibility study this year. It is expected construction will start in the fourth quarter 2008. Production is expected to average 117,000 ounces of gold per year over its 12.4-year life. The company also holds the Guadalupe de los Reyes Project, located in the Sierra Madre Range, which hosts measured and indicated resources of 485,000

gold ounces and inferred resources of 316,000 gold ounces with significant silver credits.

War Eagle Mining Company Inc. [WAR-TSXV] is exploring the underground workings of the former producing Tres Marias zinc-germanium mine in northern Mexico with the objective of placing the mine back into production. The company is currently drilling the Nacional target at the Tres Marias Mine. Nacional is located 200 metres south of the Tres Marias principal mine workings. It is seen as a separate mineralized entity. Discovered by underground core drilling, it is accessed on the lower 6-level of the Tres Marias Mine. Channel samples taken along the drift on the north side of the original Nacional stope averaged 36 grams germanium/tonne and 16.9% zinc over 16 metres.

Zaruma Resources Inc. [ZMR-TSX, Frankfurt] has received drilling results from the vicinity of Luz del Cobre, located on the

company's San Antonio Project in Sonora state. Results continue to expand the copper mineralization of the Luz del Cobre orebody. Assays from the southwest extension of the Luz del Cobre include 0.79% copper over 18.45 metres and 0.86% copper over 16.15 metres. Assays from the Calvario target include 0.94% copper over 9.8 metres and 0.61% copper over 31.4 metres. All widths are true widths.

Zinco Mining Corp. [ZIM-TSXV] owns nine concessions in western Jalisco state collectively called the Jalisco VMS Project, which hosts a number of formerly producing silver, gold and base metal mines. Recent exploration on the 69,000-hectare property included soil and rock sampling, geophysical surveys in preparation for 5,000 metres of drilling. The objective is to follow up on historical drilling in an effort to extend known mineralization along strike and down dip. There is a significant known mineral system on this intermediate-stage project. ■

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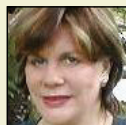
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11 and the burst of the technology bubble. These record low rates allowed for unprecedented home and corporate financing. Now it appears the dust of this lending cycle has settled as witnessed by plummeting share prices of lending companies and headlines of financial giants crashing after heavily leveraged betting in the sub-prime mortgage market. But the question still remains, is the sub-prime saga the bolt of lightening that will end this latest bull market?

We don't think so. Throughout modern day history, several noteworthy 'booms' have occurred. Booms are created as a function of market euphoria over new technologies or social trends. They can vary in magnitude and influence over the broad markets. Often times, as with the 1990s Dot-Com Boom, asset prices soar solely upon speculation, not earnings growth. During speculative bubbles, the old adage 'buy low, sell high' becomes

'buy higher, sell even higher.' The driving factor behind market booms often serves as a catalyst to lift the broad markets as investors seemingly can do no wrong and feel bolstered with confidence.

After the excitement settles and rational thought returns to the marketplace, inflated asset prices correct and this correction can be quite violent depending upon the size of the upward move, or what ex-Federal Reserve Chairman Greenspan famously coined "irrational exuberance."

Once a speculative market bubble bursts, it becomes critical that investors do not become too focused on lost profits. More importantly, one should look to trade through the tribulation. We are currently preparing an extensive report on this topic and invite those who are interested to contact us for a copy. ■

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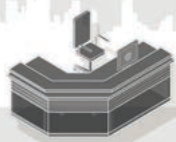
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Exploration in risky countries

by David Duval

ANYONE WHO INVESTS in the stock market knows that past performance is not necessarily an indicator of future performance. In terms of assessing country risk, however, past performance is often a good indicator of what one should expect – especially in regions where political instability has been the rule rather than the exception.

Maybe it's just a part of our industry's character, but mining companies are usually among the first to venture into high risk areas where the economies and social structures have historically been torn apart by the very riches those countries now seek to develop with the help of foreign capital. Angola and the erroneously named Democratic Republic of the Congo are probably good examples.

It's always baffled me why any investor would look seriously at a company doing business in a place like Venezuela where Crystallex International has been pursuing development of its Las Cristinas gold project for well over a decade – with no apparent success in sight.

Hugo Chavez, the country's U.S.-baiting president, who remains at the helm after nine years, is still trying to implement his '21st Century Socialism' policy that purports to alleviate social ills when, in fact, his policies have clearly exacerbated the situation.

Rather than promote safe and environmentally responsible mining operations, his regime has in fact accomplished the exact opposite. For years, illegal miners have been wreaking havoc on the Amazon rain forest because of their destructive mining techniques which includes polluting the local environment with mercury. Yet the government has effectively relinquished control over these illicit mining operations, choosing instead to focus on a series of eco-

nomic and banking crises that have plagued the nation since the mid-1990s.

Just recently Venezuela's Ministry of Environment and Natural Resources denied Crystallex the right to conduct exploration activities in the proposed mining area at Las Christinas, citing sensitivities to indigenous peoples, small miners and the overall environment in the area.

In late April, Venezuela's mining chamber warned that the government was planning to suspend all mining concessions in the country. Shortly after that, warning was issued, TSX-listed Gold Reserve announced that the environment ministry had decided to rescind its 2007 permit for the commencement of construction at its Brisas Gold Project, citing "the existence of environmental degradation and affectation in the area, the presence of small miners as well as the Imataca Forest Reserve" as the basis for its decision. When the bad news for both companies hit the marketplace, each company saw its market capitalizations drop by half. Is it any wonder that today's investors are becoming increasingly wary of mining related equities?

Venezuela's neighbour to the southwest, Ecuador, isn't fairing much better. Like Venezuela, it too has suffered a series of economic crises, with natural disasters and sharp declines in world petroleum prices driving the country's economy into freefall in 1999, collapsing its banking system in the process. After adopting the U.S. dollar as legal tender, the nation's economy stabilized, but Ecuador somehow managed to put itself on an uneven keel once more by electing a socialist president, Rafael Correa, who despite having a PhD in economics from the University of Illinois, shares some of Hugo Chavez' more bizarre economic ideas.

Among Correa's more notable suggestions is that developed countries should

create a fund to compensate the countries of the Amazon Basin for generating oxygen which he correctly asserts is good for the planet.

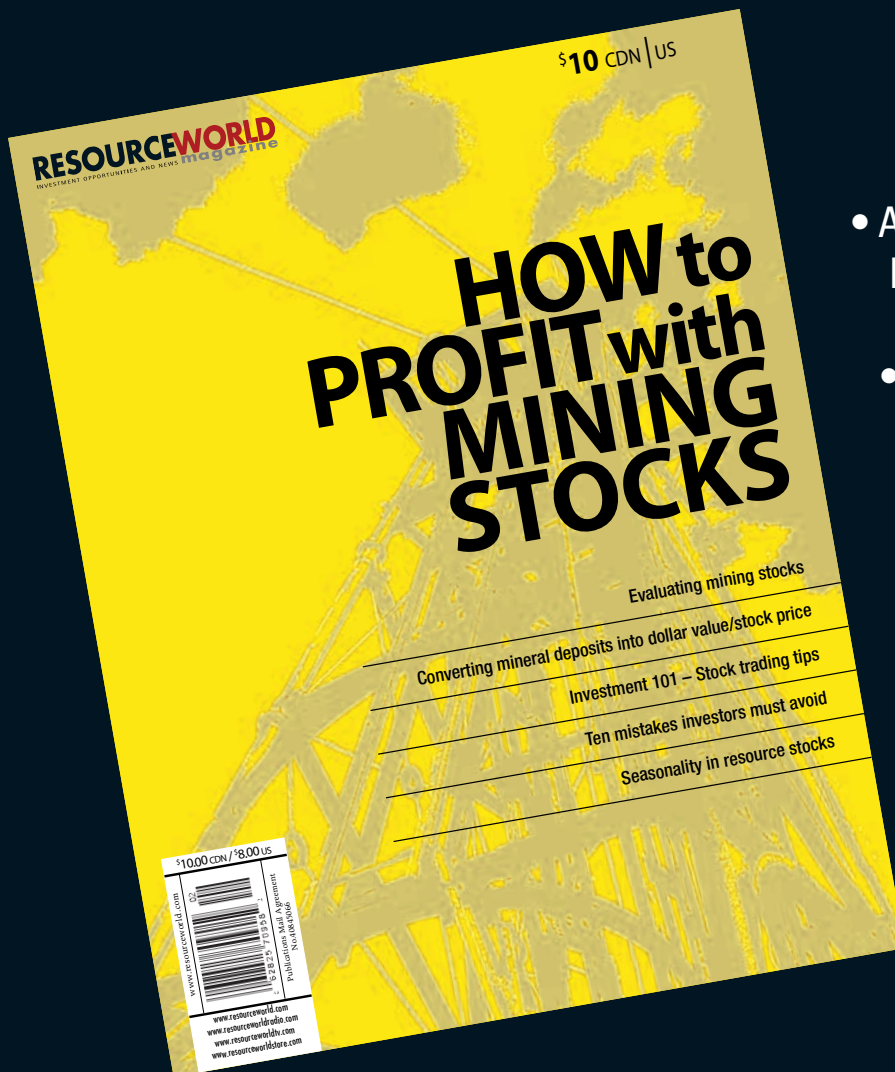
On April 18, 2008, Ecuador's Constituent Assembly adopted its new "Mining Mandate" which invoked an immediate 180-day suspension of activities on virtually all mining concessions in Ecuador while a new mining law is drafted and adopted. Among the companies affected is Aurelian Resources which discovered the Fruta del Norte gold discovery, one of the largest and richest finds in recent memory.

In exchange for its five years of effort, commitment, and millions of dollars in exploration expenditures, Aurelian shareholders saw the company's market value drop by half. In addition, some of Aurelian's competitors in Ecuador suffered similar fates in the marketplace.

Latin American countries certainly don't have a monopoly on irresponsible economic and political policies. The track record of foreign investment in Russia's resource industries has generally been poor and includes failures such as Star Resources, whose license to mine the giant Sukhoi Log gold deposit was arbitrarily revoked in 1997. Archangel Diamonds was subjected to a decade long legal battle to secure rights to participate in the development of the Verkhovina Diamond Project; while Celtic Resources was effectively forced out of its Nezhdaninskoye Gold Project in Yakutsk, finally agreeing to a cash settlement for its interest.

In the final analysis, these experiences have served to constrict the supply of mineral commodities coming into the marketplace (supporting prices in the process) while driving home the message that our own country is a darn good place to invest. ■

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