Gold Newsletter

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The Great Dollar Dump

From Topeka to Tokyo, from everyday investors to major nation states, the U.S. dollar is being shunned as never before.

As disdain for the greenback — and currencies in general — continues to spread, the price of gold seems destined to forge ever higher.

By Brien Lundin

It's quite ironic that, during the depths of the summer slow season, while most of the active players are off on vacation or otherwise distracted, the investment markets appear to have made one of the most important transitions in recent memory.

To wit: *The dollar is being dumped*.

This isn't a new story. As the charts accompanying this article will attest, the dollar has been falling in value relative to its fiat currency counterparts for some time. And as much anecdotal evidence will support, the greenback's status as the world's reserve currency has been eroding for quite awhile.

Still, the trend seems to have accelerated in recent weeks. While the dollar's impending demise has yet to make the evening news on the major networks, the U.S. currency has made headlines in major financial media as its slide barrels through or approaches major psychological benchmarks.

Moreover, barely a day passes that we don't get news of another nation dropping its currency's peg to the dollar, or some finance minister hinting that, yes, it would be a good thing if that nation's foreign currency reserves were a bit more diversified.

And, taking a bit broader perspective, the dimming prospects for the dollar come amid what seems to be a darkening horizon for fiat currencies in general. As nations continue to seek trade advantages through currency devaluation, as monetary bases continue to swell across the globe, oceans of liquidity are forcing the relative values of assets — including metals and equities — ever higher.

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INSIDE:

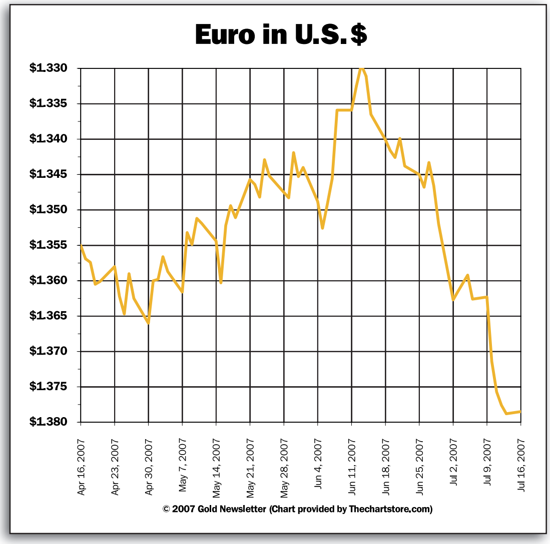
Editor's Note...

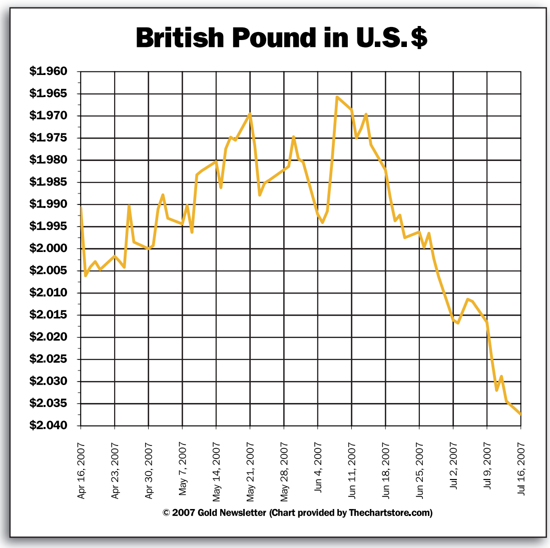
You've probably already noticed that this issue is later...and larger...than usual.

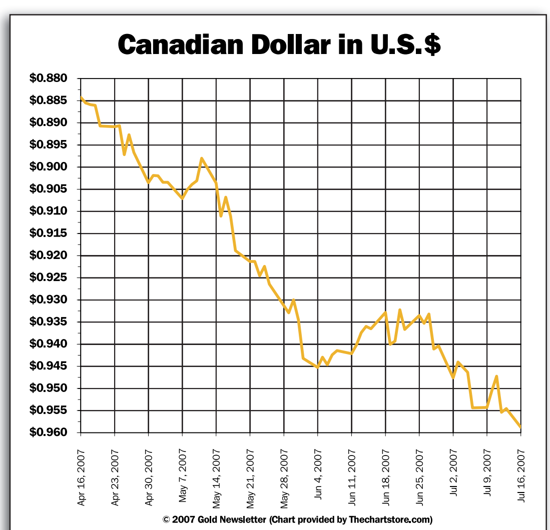
Have no fear, it's all according to plan. Because of the typically slow summer market, we decided to deliver a combined, and expanded, July-August issue. So much for well-laid plans, as the market began to heat up a bit earlier than usual this year.

But sometimes it's better to be lucky than good. The delay in getting out our expanded edition means that this issue is perfectly timed to bring you up to speed on the recovery in gold and resource stocks.

We'll be back on our regular schedule with the September issue, which you can expect at the beginning of that month. — B.L.







As these powerful, multi-year trends continue, they will continue to push the prices of gold and other metals ahead. And they will continue to drive investors away from not only the dollar, but currencies in general.

That, of course, will be particularly beneficial for gold.

So let's examine what's going on, how it will impact the yellow metal over the long term, and what's going on in gold and metals stocks right now.

Losing Ground... And Value

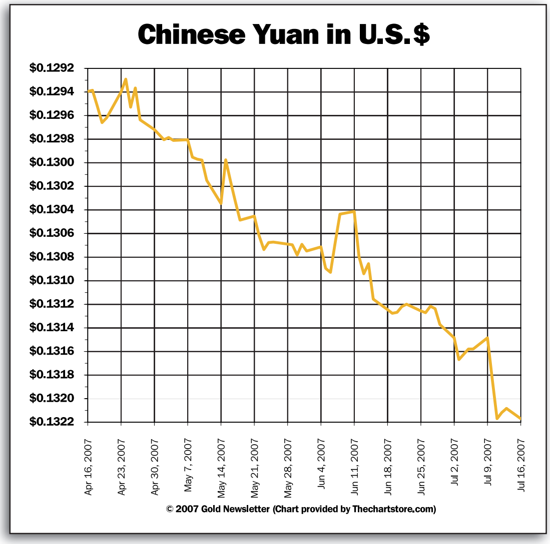
From hedge fund traders to taxi drivers, everyone knows that the dollar is dropping in value — *quickly* — against the rest of the world's currencies. You simply can't escape the news:

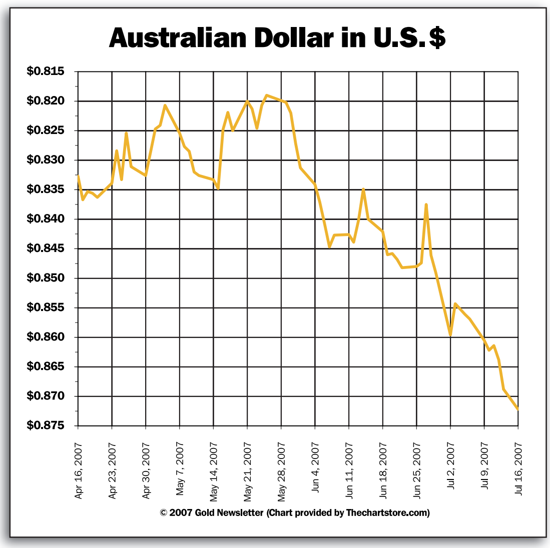
The dollar falls to an all-time low against the euro...

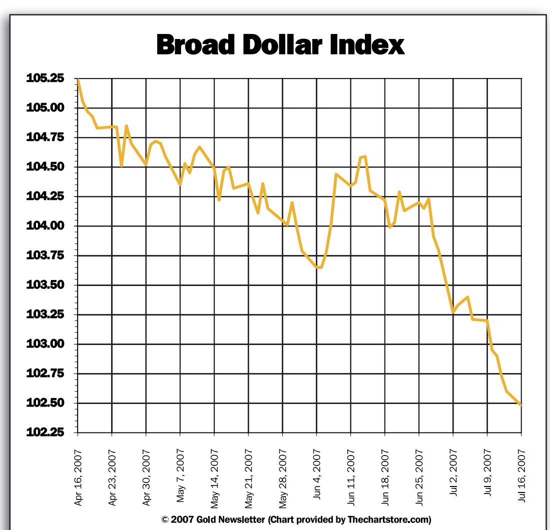
The British pound barrels through the psychologically crucial $2.00 level, to a 26-year high...

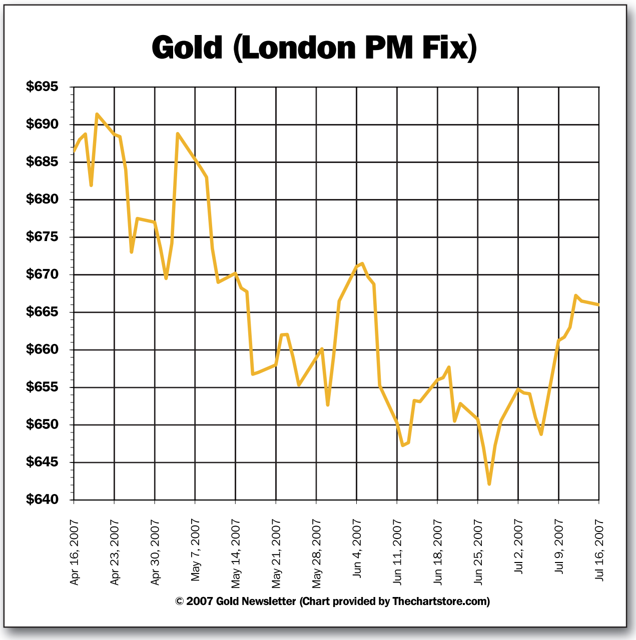
And the Canadian dollar soars to a 30-year high, continuing its inexorable march toward parity.

The parade of records continues and, in fact, the only major exception to the trend is the Japanese yen — a currency that will continue to fall against the dollar for reasons of its own.









If there is any doubt about the declining worth of America's currency, the picture is made startlingly clear by the surprising chart of the Federal Reserve's trade-weighted Broad Dollar Index.

You see, most dollar index charts show great fluctuations in the value of the greenback over time. This chart, however is adjusted by the relative importance of various currencies in cross-border trade with the U.S. And as such, it shows a relentless slide in the greenback against our major trading partners.

Is there any wonder why the U.S. dollar is being viewed with such great and increasing disdain across the world? Not only are foreign coffers filled to overflowing with dollars, thanks to our seemingly bottomless appetite for consumption...but we are obviously winning the war of competitive devaluations.

The New Dollar Diet

Still, exchange rates are merely a symptom of the dollar's illness — a measure of the market's disregard. That disregard is rooted in the fact that there are simply too many dollars out there, because the U.S. consumer has been stuffing them into the pockets of our trading partners for years.

But they're getting fed up with the situation...and a "dollar diet" is becoming the latest fad amongst finance ministers.

As I said, barely a day passes without news of another country dropping its dollar peg, or another nation openly stating that it will diversify its foreign reserves (read: reduce dollar allocations).

China has been the locomotive driving this train. In 2005, the nation rattled markets with the announcement that it was dropping its dollar peg in favor of a basket of trade-weighted currencies. While officials hastened to assure investors that China would embark on a program of dumping, or even seriously reducing, its dollar holdings, the writing was on the wall: Chinese demand for dollars would slow.

Since then, China's foreign currency holdings have surged to over $1 trillion, the bulk of it in greenbacks, and it seems that a new sense of urgency has taken hold. In March, Chinese officials announced the formation of a new state agency to oversee a more-diversified investment of its reserves.

At the time, analysts cautioned that Chinese authorities would be careful and conservative, and likely confine purchases to strategic assets in Africa and Latin America.

But then, on May 18, China announced a $3.3 billion investment in Blackstone, a private-equity group. So much for conservatism.

As I noted at the beginning of this article, it seems this trend is accelerating. Just a few days ago, an advisor to the prime minister of Japan, the world's largest holder of U.S. Treasuries, publicly recommended that the nation shift about $700 billion of its holdings into more profitable equities and corporate bonds.

If China and Japan, bloated as they are with dollars from U.S. trade, are on the vanguard of the move to diversify its currency holdings, then you would expect to also find oil-rich Arab nations on the leading edge of this trend. After all, their major export is priced in dollars, so their vaults swell with every barrel coming out of the spigots.

Sure enough, recent headlines have blared the news as the United Arab Emirates first announced its decision to diversify foreign reserves in favor of the euro, and then Syria and Kuwait suddenly abandoned their dollar pegs. The moves by Syria and Kuwait have the other members of the Gulf Cooperation Council, including the UAE, Bahrain, Qatar and Oman, now considering whether to drop their dollar pegs as well.

Adding to the momentum, Iran — which had also reallocated its reserves away from the dollar — has just begun requiring Japan to pay for

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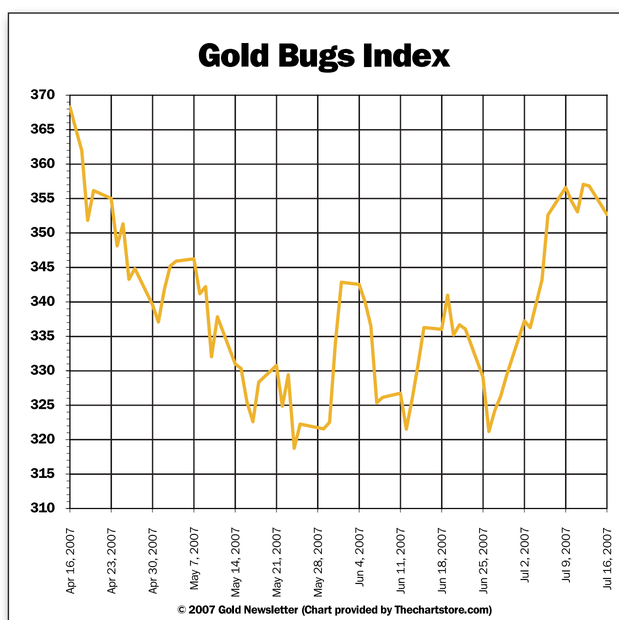

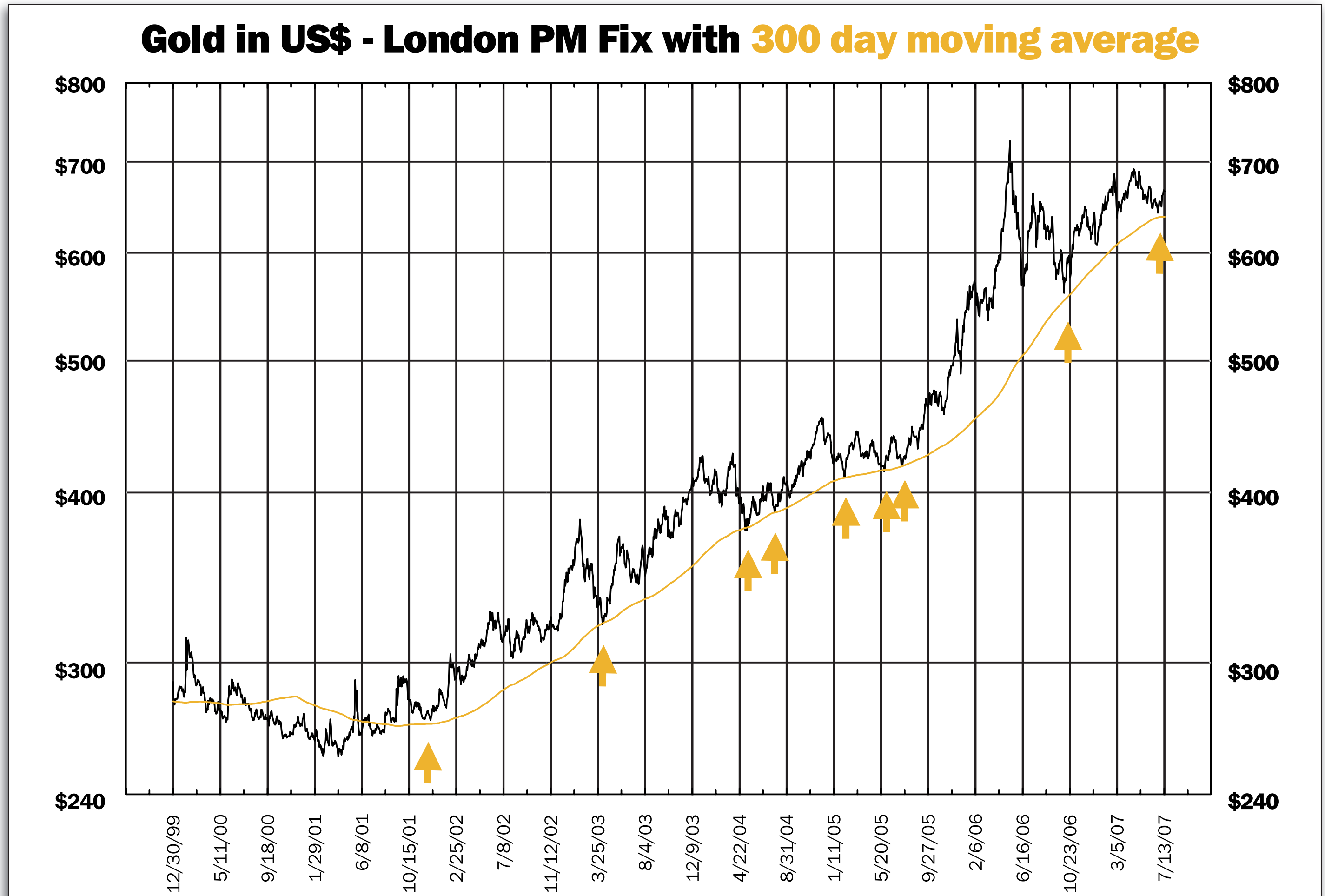

its Iranian oil in yen. That will take another $10.1 billion in annual dollar demand out of the market.

Granted, that's not much in the grand scheme of things. But, as with every other aspect of investing, it is the trend that is important. According to the International Monetary Fund, the 64.7% of foreign currency reserves are currently allocated in the U.S. dollar, down from a peak of around 70%. Considering this, and with a growing number of nations, including Indonesia, Qatar, Russia, South Korea, Switzerland, Taiwan and Venezuela, moving reserve currency allocations away from the dollar, the trend is certainly gaining steam.

Now, some skeptics say it doesn't matter that the dollar's percentage of total global currency reserves is slipping, because the overall level of reserves is rising so quickly. Therefore, even though its percentage may be falling, the total level of dollars in central bank coffers continues to rise.

But this argument ignores two important points:

First, it takes constant or increasing buying pressure to maintain or increase the value of any asset. Decrease the buying pressure, and the value of that asset is going to fall — perhaps at an increasing rate, since a downtrend can lead to even less buying pressure.

No serious analyst is suggesting that China, Japan or any other major power would cut their own economic throats by unloading the dollar on a wholesale basis. But it won't take wholesale dumping of the dollar to send the greenback lower — just a reduction in the current, unprecedented level of demand. And that reduction is now underway.

Second, the fact that reserves of other currencies are growing at such a torrid pace is no consolation. It simply means that the world is being overwhelmed by fiat currencies, and the dollar is the least-loved among them.

So the growing disdain for the dollar is but the leading edge of a spreading disaffection for fiat currencies in general. And if investors turn away from *all* currencies, there's only one option left to consider...

Turning Toward Gold

As central banks move to diversify their reserve holdings away from the dollar, they are increasingly adding gold to their asset mix.

Even while old-line European

central banks continue to push gold out of their vaults (albeit at an ever-decreasing rate), many nations — including Russia, Argentina, South Korea and South Africa have been buying gold for their reserves.

And in July, Qatar announced that it had increased its gold holdings 15 times over since April of 2006, and is continuing to buy. While the total to date is "just" 8.8 tonnes, the nation thereby increased its gold allocation to 3.4% of its total reserves.

The International Monetary Fund puts the average national gold reserve allocation at 10.4%, and the average for IMF member banks at 13.6%. Many nations are well below these averages, most notably China, with gold holdings amounting to 1.1% of total reserves.

Much has been made of the potential impact should these below-average nations move to build reserves to the central bank average. China, for instance, would consume two full years of global production just to get up to the world average — and this isn't considering the fact that such a buying spree would, alone, boost the global average.

A monumental, market-shaking impact such as this is the precise reason why China can't, and won't, make such a move.

More likely, we'll have a continuing shift of central bank gold holdings from developed to developing nations. Within the next few years, we should see net accumulation — which is a far sight better than the large net dispersals under which the gold market has been laboring for years.

It's important to remember that the gold market has been characterized by annual supply deficits since the early 1990s, and that central bank gold sales and loans have been filling these deficits. And now, in an era of falling gold production, growing demand and expanding supply gaps, the removal of official gold sales as a factor will light a fuse under the gold price.

An Unexpected Early Rally

Of course, the market has been driven to this stage largely by buying from individual investors and savers, particularly in India and other developing nations of Asia. In fact, physical demand has been surprisingly strong in recent weeks, belying expectations for a typical slowdown during the depths of summer.

The result: A gold price that has bounced off our major bottom indicator, and appears to be staging an important rally earlier than expected.

As regular readers know, I like to use gold's 300-day moving price average as my primary indication of long-term technical support. This is, by the way, contrary to the 200-day MA used by most analysts. As you can see by the accompanying chart, however, the 300-day average has proven to be a highly reliable indicator during this bull market.

I must admit, however, that I fell asleep at the wheel recently, thinking that the 300-day MA was well below us. I failed to remember, however, that as long as you're above a moving average, it is rising up to meet you. And thanks to a couple of months of sideways trading, and a one-day drop on June 27 to $642.10 basis the London PM fix, gold did in fact fall to the 300-day MA...and bounce from that level.

At this point, it seems that gold has passed that clear technical test. Moreover, with physical demand relatively high, with speculative longs having dramatically reduced their futures and options positions, and with large commercials covering their shorts, gold looks primed to keep rallying.

On the mining stock front, the equities have finally begun to lead bullion, after failing to show their expected leverage for a couple of years. At this point, the Gold Bugs Index is nearing an area — in the 362 to 369 range — that has been an insurmountable area of resistance over the past year.

If the Gold Bugs Index can pierce this level, then it would signal an important new breakout.

In the meantime, many of our companies have continued to make big advancements, and I expect the news flow to increase in the weeks ahead. In this issues expanded review, we have a couple of major discover-

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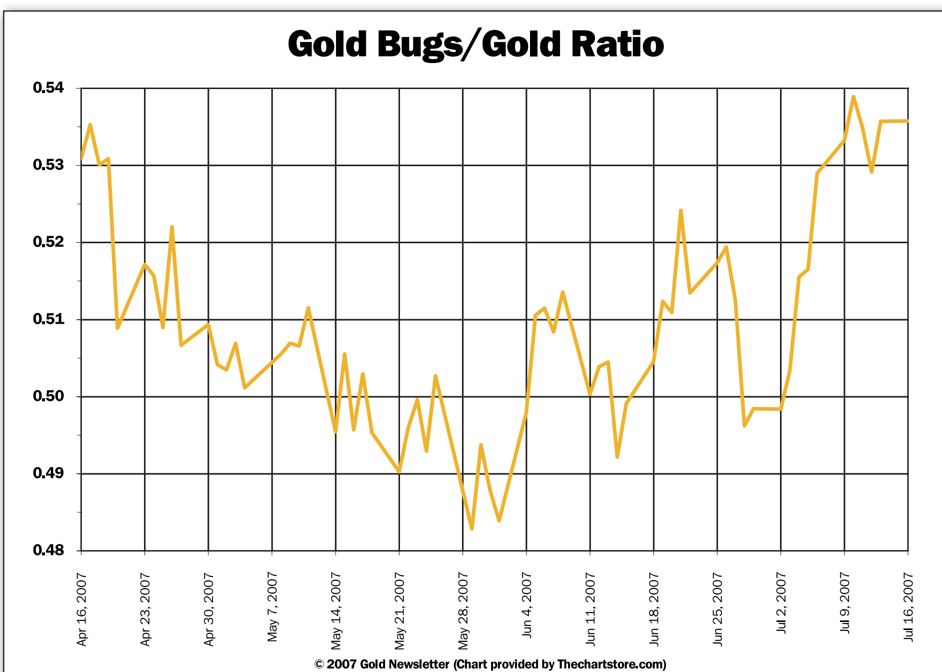

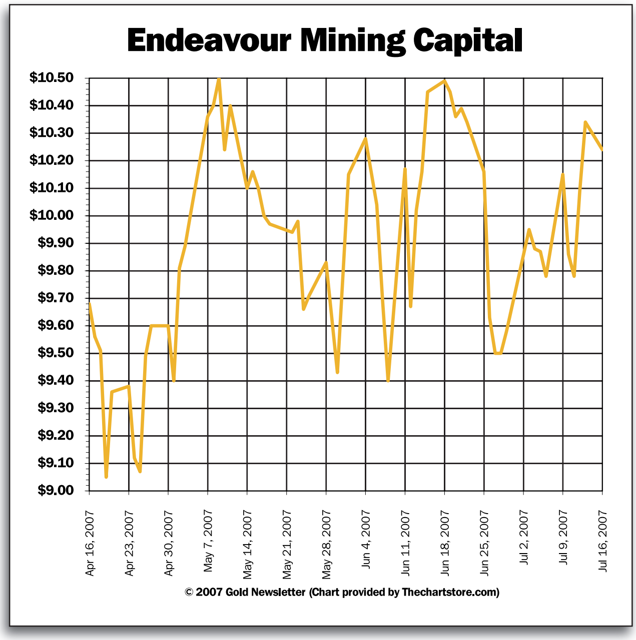

ies to report on, some irresistible summertime buys and other exciting developments. So let's get to it....

Baja Mining

(BAJ.TO; BAJFF.PK)
(604-685-2323)
bajamining.com

Despite the steep correction in copper this spring, Baja continued to climb in value as investors increasingly recognized the huge and growing value of its Boleo project in Baja California Sur, Mexico.

Solid evidence of that value was recently supplied by the copper-cobalt project's long-awaited definitive feasibility study (DFS), released at the end of May.

Based on $1.50/lb for copper, $15.00/lb for cobalt and $1,200/tonne for zinc, the DFS puts the average cash cost over the estimated 25-year mine life at *negative* $0.07/lb of produced copper. This means that the value of the mine's by-products — primarily cobalt and zinc — more than offset costs to mine and mill the copper.

The most recent capital cost estimate is up only slightly — (2.5% —) to $407 million from a preliminary estimate in January 2007. The DFS projects annual production for the first four years of operation at 55,740 tonnes of copper, 1,535 tonnes of cobalt and 6,300 tonnes of zinc.

An updated resource estimate increased measured and indicated resources 22%, to 275 million tonnes grading 1.77% copper equivalent. Plus, there's another 250 million tonnes of inferred resource grading at an average grade of 1.29% copper equivalent.

The net present value (NPV) of the mine, assuming a fairly conservative 8% discount rate, comes in at a tidy $700 million, or $2.3 billion at current market prices. Impressively, the project boasts a rich, after-tax internal rate of return (IRR) of 24.7%, or 46.0% at current market prices. And these numbers exclude potential manganese production, which could boost the base-case NPV by an additional $302 million.

Boleo continues to move full speed ahead. In addition to the DFS, Baja has advanced its engineering and financing plans, providing the market with further confirmation that this project's value is not only real, but worth a multiple of the company's current market cap. Endeavour Financial, soon to be part of Endeavour Mining Capital (see my update below), is acting as financial advisor. Expressions of interest in financing the project are expected later this summer.

Canada's national newspaper, the Globe and Mail, ran a short profile of the company on July 4, and the story quoted one analyst as saying the "world-class" project's "massive undeveloped resource" will likely go into production in the near term, which supports a one-year price target of $4.40.

We've come a long way with Baja, with a current gain of 250% from my original recommendation. There's more to come, but I would wait for some significant price weakness if you're looking to add to your holdings. Therefore, Baja remains a strong hold.

Baja Mining Corp.
Recent Share Price: ....C$2.43
Shares Outstanding: .....108.0 million
Market Cap: ....C$262.4 million
Shares Outstanding
Fully Diluted: ....142.0 million
Market Cap
Fully Diluted: ....C$345.1 million

Endeavour Mining Capital

(EDV.TO; EDVMF.PK)
(866-801-0779)
endeavourminingcapital.com

Endeavour Mining is a long and profitable recommendation of ours. As you'll remember, I originally recommended the company because it would allow private investors to participate alongside the industry's most successful and well-connected institutional investors.

Now that advantage has been dialed up to a degree never before possible, as Endeavour Mining Capital has announced a merger with Endeavour Financial, a privately owned sister company, resulting in a full-service natural resource merchant bank. The two businesses have operated successfully in parallel for many years. Together, they'll create an integrated operation with excellent potential to generate long-term shareholder value.

Endeavour Financial is a success story in itself. From 2002 to May, 2007, it earned an annualized return on equity of 58%. Revenue (primarily monthly retainers and transaction-oriented success fees) was $28 million in 2006 and $20 million for the four month period ended April 30, 2007.

While 2007 revenues are on a tear, there's likely to be a fair amount of variability simply because of the nature of the business, which is essentially deal-driven. Still, based on the last full year, the acquisition provides a nice lift for Endeavour Mining's revenues, which reached US$92 million for an abbreviated 2006 reporting period. This new revenue also enjoys good margins, since expenses are primarily salaries and performance-related bonuses. (These amounted to US$12.1 million in 2006.) It will be interesting to see what impact the acquisition has on Endeavour Mining's dividend policy.

The deal will see Endeavour Mining issue 10.4 million shares, which pegs the value at about $103 million. Approximately 60% of these shares will be escrowed and released over 18 months. The remainder will be issued only if Endeavour Financial meets a cumulative EBITDA target of $3.0 million per quarter during a three year earn-out period.

According to chairman Frank Holmes, the acquisition is a natural evolution of Endeavour's already successful operating strategy.

As an interesting side note, former chair Frank Giustra, who's taken on a consulting role in which he'll continue to apply his golden touch to Endeavour's deal-making, announced in June he's giving away $100 million to charity and teaming with up buddy and former U.S. president Bill Clinton to pursue philanthropic ventures.

The donation, plus half of Frank's future mining earnings, is earmarked to fight third world poverty through sustainable development (with an important emphasis on *sustainable)*. Giustra's donation was later matched by both Mexican telecom tycoon Carlos Slim and the Lundin Group of Companies (no relation, unfortunately).

Frank's initiative is laudable, especially if he can defeat — as he says he will — the typical charity bugaboo of wastefulness and misdirected resources. Many times, charitable endeavors in developing countries end up doing more bad than good. But I've never seen Frank back down from, or fail to defeat, a challenge. So this venture bodes well for both the mining industry and the countries in which they'll do business.

Interestingly, it should also do well for Endeavour's shareholders. It doesn't take a cynic to note that, with his influence on hundreds of millions of dollars in development aid, Frank will be welcomed into more countries and more deals than ever before. Granted, he and his team never needed any help putting together some of the industry's biggest and most successful deals. But this new venture will add icing on the cake.

Turning back to the real world...I think the acquisition is the first step in the next stage of the Endeavour's powerful growth plan. The stock is a strong hold, and a buy on any significant weakness.

Endeavour Mining Capital

Recent Share Price: ....C$10.35
Shares Outstanding: ....23.5 million
Market Cap: ....C$243.2 million
Shares Outstanding
Fully Diluted: ....27.2 million
Market Cap
Fully Diluted: ....C$281.5 million

Full Metal Minerals

(FMM.V)
(604-484-7855)
www.fullmetalminerals.com

As regular readers know, Full Metal Minerals is focused on Alaska, with a wide range of highly prospective properties and a highly talented management and geological team. A number of their properties will see work this season, much of it funded by joint venture partners.

But the project I've been watching most closely recently made big news. On June 21, Full Metal released a monster hole at its 40 Mile project in Alaska. Hole 4 cut 44.6 meters averaging 15.9% zinc, 4.5% lead and 76.6 g/t silver. That's $700/tonne rock at current metals prices...over a length equivalent to the height of a 13-story building.

The intersection included 20.1 meters of 19.7% zinc, 9.4% lead, 159.4 g/t silver and 0.37% copper. THAT intersection is worth over $1,000/tonne at current prices.

The hole also intersected a shallower interval of 12.27 meters running 68.6 g/t silver, 8.1% zinc and 3.7% lead. This would have been a very nice hit in any other context, but it pales in comparison with the rest of the hole.

The company then followed up these stunning results with an impressive, 100-meter step-out. Hole 7 intersected three closely-spaced intervals of massive, coarse-grained sphalerite and galena mineralization, returning 15.6 meters averaging 21.2% zinc, 8.1% lead and 127.0 g/t silver.

Two additional holes were drilled from the same location. Both encountered multiple intervals of massive sulphide mineralization, and assays are pending.

Drilling so far has outlined an area roughly extending 100 meters by 150 meters. This appears to be a carbonate

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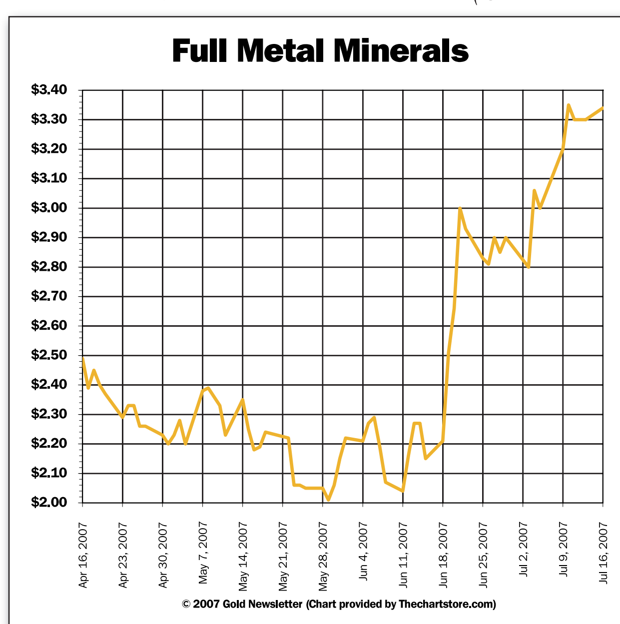


replacement deposit (CRD) and, as is typical of such deposits, it seems to feature irregular geometry with no structural controls. In other words, it's a big, amoeba-like blob, and only a lot of drilling will determine its ultimate size.

One thing pointing to much greater size potential: Drilling so far has been outside a large "kill zone," where there is no vegetation due to high acid and/or metal content in the soil. Further drilling into this zone may pierce the heart of this deposit.

As regular readers know, I've been pleading with subscribers to buy Full Metal since last fall, precisely because the previous season's drilling results at 40 Mile indicated a big discovery (actually, two discoveries) that had yet to be appreciated by the market. Drilling during this season, I warned, would begin to reveal the true nature of this find.

That's happening right now. And this is a developing story that you will want to be a part of, especially considering that Full Metal's Lucky Shot project alone justifies much of the company's current market cap.

News of the two spectacular holes at 40 Mile lifted the stock from the C$2.20 range to its current level. Considering my many previous recommendations at much lower prices, I can only assume that it is widely held by our readers. Thus, it is a strong hold at this point, and a buy only on a significant price dip.

Full Metal Minerals

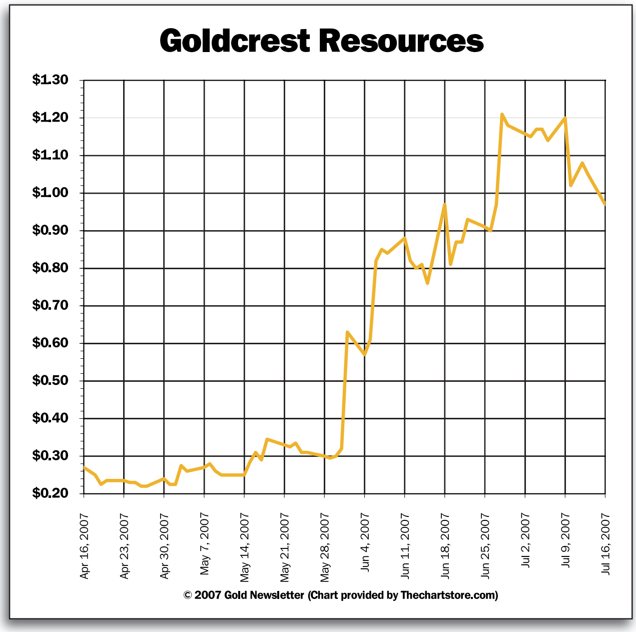
Recent Share Price: ....C$3.44
Shares Outstanding: ....36.9 million
Market Cap: ....C$126.9 million
Shares Outstanding
Fully Diluted: ....41.6 million
Market Cap
Fully Diluted: ....C$143.1 million

Goldcrest Resources

(GCL.V; GCTRF.PK)
(416-867-2299)
goldcrestresources.com

Long-suffering Gold Newsletter readers who have held this stock since my recommendation to buy it at C$0.40 in January 2006 were finally rewarded when — seemingly out of the blue — the stock more than doubled in price in mid-June.

On closer examination, however, the run-up is backed by good news that just took time to gain traction.



First, the company announced the sale of its Youanmi project in Australia during May to Apex Minerals for A$10 million, equally split between cash and stock. Since then, that A$5 million in Apex stock became A$10 million...then A$15 million — giving the company cash and securities about equal to its market cap at that time. This sale is now final, having received the required blessing from shareholders.

Next came news from an aggressive 8,000-meter, 30-hole program on its Gaoua copper-gold project in Burkina Faso, joint-ventured on a 70/30 basis with Phelps Dodge (now a subsidiary of Freeport McMoRan).

The first hole reported in that program (Hole 19) returned an impressive 106-meter intersection grading 0.66% copper and 0.49 g/t gold in a porphyry environment. The intersection included 27 meters grading 1.37% copper and 1.0 g/t gold.

Amazingly, the market took the results with a yawn when first reported in late May. The price barely budged on the announcement, and actually lost ground over the next seven trading sessions, until exploding higher in mid-June.

Naturally, speculation was rampant that the company had hit a big hole, and that news was leaking somewhere between the drill rig and Toronto's Bay Street. However, my subsequent investigations assign credit for the sudden attention to other factors.

First, it's hard to argue that the initial hole was anything but exceptional in its own right. Anytime you get 106 meters of ore-grade rock, it's enough to garner the attention of knowledgeable investors. Plus, the Gaoua project is huge — 750 square kilometers. It covers fully 35 kilometers of a structural corridor that hosts a number of identified copper and gold occurrences.

The Gongondy target that was the subject of this first hole is one of five distinct targets that will be drilled along a 20-kilometer-long copper-in-soil geochemical anomaly. In short, this is a *big* project — and worthy of attention. But when the drill results were released in late May, the market was preoccupied with an ongoing correction in gold and mining equities, and Goldcrest's announcement was apparently buried.

Perhaps more importantly, well beneath the main zone, the hole hit three separate, one-meter intersections of high-grade gold (as high as 10.7 g/t) that seem to be related to an entirely separate mineralizing event. While these zones appear to have little relevance at this time to the main copper-gold mineralization, these results plus earlier exploration suggest an environment that is highly prospective.

A United Nations Development Program (UNDP) in the 1970s defined a more than two-kilometer-long, 500 parts per million to 2,000 ppm copper-in-soil anomaly, with a slightly offset induced polarization anomaly in predominantly soil-covered terrain. Moreover, according to the research arm of a major Canadian broker, a UNDP scout drilling program on the property indicated widespread porphyry potential. Results were highlighted by 163 meters at 0.77% copper and 0.59 g/t gold, 157 meters at 0.56% copper and 0.35 g/t gold, and 128 meters at 0.77% copper and 0.38 g/t gold.

In addition, the company has reported, "Two small pits were developed in this area for copper oxides in the 1930's and produced some 5,000 tonnes grading 8.5% copper."

As investors began to unearth and analyze this additional information, and understand the scope of the project, they started buying the stock in earnest. And the price took off.

Then, on June 19, Goldcrest announced additional results at the Gongondy target from three discontinuous holes, Nos. 23, 26 and 27.

While we didn't see a monster hole, the results were pretty exceptional. Hole 23 returned 69 meters running 0.62% copper and 0.68 g/t gold, while Hole 26 hit 13 meters of 0.52% copper and 0.35 g/t gold. Hole 27 returned 23 meters at 0.45% copper and 0.31 g/t gold, plus another 59 meters at 0.61% copper and 0.36 g/t gold.

Hole 23 was designed to hit the same breccia as that of Hole 19 (106 meters of 0.66% copper and 0.49 g/t gold), and its narrower intersection is one of the things that spooked some of the late-comers to sell on the news, and send the stock into a temporary tailspin.

But in fact, the grades for this intersection are as good as, if not better than, Hole 19. And the shorter mineralized interval may be a result of simply clipping the top end of a dipping ore body. Regardless, this is a very good hole, especially considering it's on a section line fully 100 meters from that of Hole 19.

Perhaps more exciting is the fact that Holes 26 and 27 were 400-meter and 500-meter step outs, respectively, north of Hole 23. They either confirmed the existence of a second breccia pipe, or revealed a northern extension of the main breccia. The tale will be told by more drilling.

Next, on July 11, the company released results for eight more holes that, while not of the blockbuster variety, were certainly confirmatory of a very large, widespread system with good grades, shallow depth and exceptional size potential.

For example, Hole 29 (131 meters of 0.38% copper and 0.80 g/t gold) and Hole 30 (99 meters of 0.42% copper and 0.85 g/t gold) were drilled 800 meters north of any previous drilling. With those two holes, mineralization had been confirmed over a strike length of 1,550 meters from north to south, and remains completely open in both directions.

While further drilling must be done to confirm whether this mineralization is continuous over this length, or whether the holes have hit separate, discrete zones, it is obvious that this project is big, and could get much, much bigger.

It's worthy of note that, even before assays were received for the last couple of rounds, visual results prompted joint-venture partner Phelps Dodge to add three more holes on the Gongondy target drilling.

In the meantime, drilling has moved to the Dienemera target, where five of 14 planned holes have been completed so far.

With 71.1 million shares out (91.3 million fully diluted), Goldcrest now sports a not-so-insignificant market cap of over C$100 million on a fully diluted basis. There were 4.4 million C$0.25 warrants due on July 5, and another 1.7 million C$0.25 warrants expire on August 8.

The checks for these warrants are now flooding into Goldcrest's office, and the stock has weathered, and even advanced, during the selling that typically pays for such conversions.

Before I offer up any advice, let me say that I own a considerable position in this stock, left over from a private placement some time ago. I' was among those converting C$0.25 warrants expiring in July. So you should consider me biased and highly interest-conflicted.

But I have yet to sell a share, and don't plan to until we see more results.

That said, if I didn't already own such a large position in Goldcrest, I don't see how I could resist the temptation to take a flier on this stock. If you can afford the risk of a drill-hole play, this is one with rare potential.

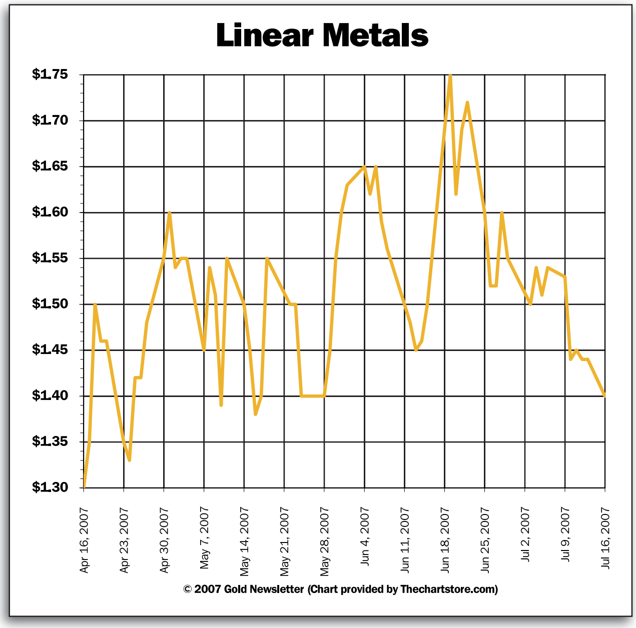
As such, and despite the recent gains, it remains a buy on weakness for speculative investors.

Goldcrest Resources Ltd.

Recent Share Price: ....C$0.95
Shares Outstanding: ....71.1 million
Market Cap: ....C$67.5 million
Shares Outstanding
Fully Diluted: ....91.3 million
Market Cap
Fully Diluted: ....C$86.7 million

(Continued...)

"...if I didn't already own such a large position in Goldcrest, I don't see how I could resist the temptation to take a flier on this stock."



Great Basin Gold

(GBN.Amex; GBG.TO)
(800-667-2114)
greatbasingold.com

Great Basin management has peppered the market recently with good news on its Burnstone project — (new and better numbers —) as well as its Hollister deposit — (exciting drill results and a highly positive feasibility study).

The barrage of news has lifted the stock to all-time highs.

At the Hollister gold-silver deposit, being developed as an underground project in the Nevada's prolific Carlin Trend, underground drilling has doubled the resource to approximately two million ounces of gold equivalent in all resource categories.

This much-awaited good news follows the construction of a decline shaft and some 55,000 feet of underground drilling, work that took 12 months to complete. The goal was to fill in gaps from a surface drilling program in preparation for a feasibility study.

Measured and indicated resources now stand at 819,000 tonnes at 35.32 g/t gold and 195.77 g/t silver in two vein systems, Clementine and Gwenivere. Inferred resources add 731,000 tonnes at 37.13 g/t gold and 134.92 g/t silver. Adding to this glitter is news that a newly discovered vein along strike may add considerably to the resource.

But the big news was the company's release of its long-awaited feasibility study for the Hollister project.

Using a base case gold price of $550/oz and silver at $10.00/oz, the study shows a pre-tax IRR of 105.6%, and a net present value (5% discount) of $122.9 million. A start-up capital cost of just $52 million will fund an operation producing 150,000 ounces of gold equivalent per year, at a total cost of $282 per equivalent ounce.

The life-of-mine total recovery will be 834,000 ounces of gold and 1.66 million ounces of silver over six years, with a pay-back of 1.5 years.

The IRR for this project is quite remarkable. The base case average gold price of $550 is a bit high, but not unreasonable considering the current state of the market and the relatively short mine life. Still, even at a $450 gold price, the project still generates a very rich IRR of 54%.

In addition, as the resource estimate and recent drilling clearly indicate, the project is almost assured of growing significantly in size. For instance, latest drill results include an eye-popping 0.5 meters grading 785.7 g/t (22.92 oz/t) gold and 10,661.1 g/t (310.94 oz/t) silver in Hole 175, and 0.2 meters grading 875.97 g/t (25.55 oz/t) gold and 351.04 g/t (10.24 oz/t) silver in Hole 158. In addition to bonanza-style grades, the vein widths are holding up.

None of this drilling has been included in the feasibility study.

Great Basin is focused on expanding the project, gaining approval for a second decline at Hollister to increase future haulage capacity and improve underground safety.

This all bodes well for the company, which bought out former partner **Hecla Mining** (HL.NYSE) in April to control 100% of what is becoming an increasingly valuable asset.

Meanwhile, at the Burnstone project in South Africa, the company has increased planned annual production 19% to 254,000 ounces of gold, following the optimization of a 2006 feasibility study. Plus, additional drilling and mine planning have increased mineable resources 46% to 3.5 million ounces. The new study places the present value of the property at $322 million using a 5% discount rate.

This good news was tempered somewhat by higher planned operating costs and lower grades. The net result is that estimated cash costs have climbed 15% to $283 per ounce. The mill also requires a larger metallurgical facility and the mine needs a second decline, which together tack on $60 million in extra development costs, pushing the total to $173 million. Still, the large deposit combined with the potential for additional resources is rich enough to absorb these extra costs over the life of the mine.

Burnstone remains an attractive project and Great Basin is on a roll. It's a strong long-term hold, and a buy on any price retreat below C$2.45.

Great Basin Gold

Recent Share Price: ....C$2.98
Shares Outstanding: ....72.1 million
Market Cap: ....C$214.9 million
Shares Outstanding
Fully Diluted: ....91.3 million
Market Cap
Fully Diluted: ....C$272.1 million

Linear Metals

(LRM.V; LMTCF.PK)
(866-546-3262)
linearmetals.com

In our last issue, I noted that Linear Metals might become a more important drill play than Linear Gold, the company that spun it off. The company quickly provided results to back up that assertion.

Drilling at Linear Metals' Cobre Grande copper-silver project in Mexico intersected the longest high-grade intercept to date. Earlier drilling had identified a high-grade zone, the Northern Skarn, which was originally thought to have the best exploration potential. But the new results have changed that view.

Based on results from Hole 36, the company believes that it has located a second zone, the Southern Skarn, that's of similar grade to the initial discovery, but with substantial potential for expansion. Importantly, recent drilling has traced the Cobre Grande system over a strike length of 1.5 kilometers.

Hole 36 included two significant intersections. The first, beginning at 48 meters, returned 130 meters of 1.62% copper, 0.51% zinc, 0.01% molybdenum and 29.0 g/t silver. A second, starting at 188 meters, yielded 7 meters of 0.91% copper, 0.05% zinc, 0.01% molybdenum and 19.14 g/t silver.

The company intends to continue drilling in the Northern Skarn zone and plans to call up a second drill rig to fill in the "gap" between the two zones. Both remain open for expansion.

Skarns can be tricky, requiring close-spaced to fully define. However, the high-grades of a skarn could improve the economics of a future mine. It could be mined initially by open-pit, or used over the life of the mine to boost lower-grade ore from underground.

Early results are excellent, but much more drilling is needed to determine the ultimate potential of the mineralization being encountered. The good news is that the company has the financial resources necessary to advance Cobre Grande, which is a large concession that the company is only just beginning to explore.

Despite this news, and an initial spike in price in reaction to it, the market's mid-summer malaise has pulled Linear Metals back down to around its range before the drill results were released. Therefore, it's a buy.

Linear Metals Corp.

Recent Share Price: ....C$1.53
Shares Outstanding: ....33.7 million
Market Cap: ....C$51.6 million
Shares Outstanding
Fully Diluted: ....41.3 million
Market Cap
Fully Diluted: ....C$63.2 million

Northern Orion Resources

(NTO.Amex; NNO.TO)
(866-608-9970
northernorion.com

In a move that may prove as entertaining as financially attractive, Northern Orion announced a merger with **Yamana Gold** (YRI.TO), and a proposed bid for **Meridian Gold** (MNG.TO; MDG.NYSE). The cash and stock bid for Meridian is valued at about $2.9 billion.

Meridian, however, has refused to talk. It responded by issuing a news release saying the offer, which requires the "new" Yamana to acquire 66.67% of shares of Meridian, "does not provide a basis to enter into discussions with Yamana." Translation: Ante up or back off.

Apparently, the 15% premium to Meridian's share price implied by the offer isn't worth considering. Besides, Meridian thinks the idea is too risky. Nevertheless, it subsequently retained Goldman, Sachs & Co. and BMO Capital Markets as financial advisors.

The current offer is for Northern Orion shareholders to receive 0.543 shares of Yamana. As of mid-July, that represented about a 12% premium over Northern Orion's trading price.

This deal is yet another domino to fall in the mining industry's rush — in the face of declining reserves, dropping production and sub-par exploration results — to "grow" by merger and acquisition. This does nothing to alter the global supply/demand dynamic for gold, of course — but that matters little to shareholders looking for quick write-ups, or management looking for profitable exits.

In many, if not most, cases, these mergers aren't really accretive for the participating companies.

In this case, however, I think the merger with Yamana will benefit Northern Orion shareholders significantly. And in the case of the three-way combination, the merged entities would have enough combined heft to form a dominant new mid-tier producer...and thereby command the corresponding price multiples. If it's successful, the three-way deal would result in a company with annual production of 1.4 million ounces of gold by 2009.

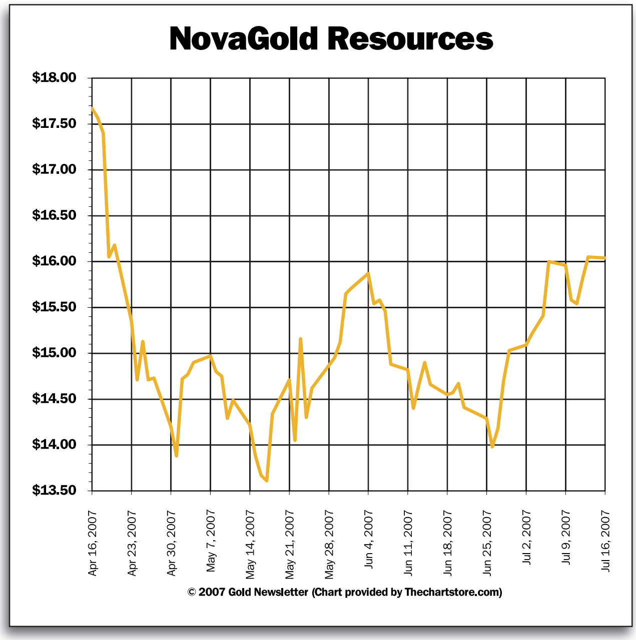
Northern Orion's assets include a steady source of cash flow from its 12.5% interest in the Alumbrera copper-gold mine — which totaled $93 million in 2006. Plus, it holds the rights to develop the nearby Agua Rica project, one of the world's largest undeveloped copper-gold deposits.

Yamana produced 314,000 ounces of gold from operations in South and Central America in 2006, and is ramping up production to 600,000 ounces this year. Revenues in 2006 were $169 million.

Meridian Gold is a self-described

(Continued...)

"This deal is yet another domino to fall in the mining industry's rush — in the face of declining reserves, dropping production and sub-par exploration results — to "grow" by merger and acquisition."



mid-tier gold producer with operations in Chile and a pipeline of promising exploration projects throughout the Americas. In 2006, it produced some 230,000 ounces of gold from its primary asset, the El Penon underground mine in Chile. Cash costs were a mere $68 per ounce. Last year's revenues were $240 million.

Stay tuned. Northern Orion is a strong hold as we await further developments.

Northern Orion Resources

Recent Share Price: ....C$6.20
Shares Outstanding: ....154.1 million
Market Cap: ....C$955.4 million
Shares Outstanding
Fully Diluted: ....223.2 million
Market Cap
Fully Diluted: ....C$1.4 billion

NovaGold Resources

(NG.Amex; NG.TO)
(866-669-6227)
novagold.net

NovaGold is one of the more profitable picks in our history, having been originally recommended at C$0.64 in the beginning of this bull market.

In recent months, despite management's confident projections and sometimes indignant protestations, there was much doubt as to whether the company could line up a partner to develop its huge Galore Creek deposit.

But, as I detailed in our last issue, NovaGold shocked the market — and shut up the naysayers — with a remarkable deal.

In May, **Teck Cominco** (TCK. NYSE) agreed to form a partnership that will invest $2 billion to build the Galore Creek mine. Teck earns a 50% stake by putting up the first $478 million. The companies then share project funding equally. Once the mine is up and running, which is expected by 2012, NovaGold could get $50 million in preferential payments if the mine meets certain revenue milestones. NovaGold and Teck will jointly operate the project.

Galore Creek is one of the largest undeveloped copper-gold projects in the world. It's slated to be developed as an open-pit mine producing 65,000 tonnes-per-day over a 20-year mine life. During the first five years, Galore Creek is expected to produce 432 million pounds of copper, 341,000 ounces of gold and four million ounces of silver annually. That's easily enough to make NovaGold a mid-tier producer.

But could that be just the beginning. The property holds over 540 million tonnes of reserves and approximately one billion tonnes of resources. So there's plenty of potential to increase annual production and to extend the initial mine life.

Since announcing the deal with Teck Cominco, NovaGold has received the required government authorizations and permits. Its board has now approved the start of construction.

This is a remarkable achievement, especially considering that NovaGold only started work on Galore Creek in 2003. But the company isn't done yet. It's about to begin work on Copper Canyon, a property next door to Galore Creek.

NovaGold has good reason to like the neighborhood. An independent resource estimate shows that Copper Canyon contains inferred resources totaling over 2.86 million ounces of gold, 37.9 million ounces of silver and 1.16 billion pounds of copper at a 0.35% copper equivalent cut-off grade.

A 12-hole, 4,000-plus meter drill program is planned for this summer. NovaGold holds an option to earn 60% of Copper Canyon from **Copper Canyon Resources** (CPY.V), another of our recommendations.

Interestingly, on July 3, Teck Cominco made a C$4.1 billion offer for **Aur Resources** (AUR.TO; AURRF.PK). It was a friendly bid...and the 28% premium on Aur's share price made it all the more so. The rich offer is part of Teck Cominco's plan to boost its copper production. In the words of CEO Don Lindsay "...this is not the last step in our transformation of Teck to a high-growth company."

The billion-dollar question is, what's the next step? Is NovaGold on Teck Cominco's radar screen? For the time being, NovaGold is resistant to any takeover propositions, to say the least. But Teck Cominco has the wherewithal to make things interesting in the future.

In the meantime, the slow summer buying season means NovaGold is trading at about the same level as before the announcement. It's a bargain, and a buy, but only for those patient enough to hold it as a core holding for the next few years.

NovaGold Resources Inc.

Recent Share Price: $15.97
Shares Outstanding: ....104.6 million
Market Cap: ....$1.7 billion
Shares Outstanding
Fully Diluted: ....119.8 million
Market Cap
Fully Diluted: ....$1.9 billion

Silvercorp

(SVM.TO; SVMFF.PK)
(604-669-9397)
silvercorp.ca

Another one of our more profitable

recommendations, Silvercorp seems destined to reach, over the next quarter or two, the C$25 level we've been predicting for it. The company's many recent accomplishments testify to that potential.

First, the financials. Silvercorp posted record earnings for its fiscal year ended March 31, 2007. Net income topped C$25 million, a huge turnaround from the previous year's C$6.2 million loss. Earnings per share were C$0.52 basic and C$0.50 fully diluted.

After the release of its financial results, Silvercorp announced that its Ying project had qualified for a full tax holiday for its first two years of profitable operations and a 15% income tax rate for the third to fifth year. Consequently, the bottom line for 2007 is actually C$1.6 million better than reported.

The company also announced the repatriation of US$11 million in profits earned from its Chinese mining operations.

The sale of direct shipping ore and metal concentrates from the Ying Silver project, in operation since April 2006, was the key to the turnaround. The Ying mine produced 1.9 million ounces of silver, 26 million pounds of lead, 7 million pounds of zinc and a smidgen of gold — 249 ounces.

Barring unforeseen problems, Silvercorp expects revenue and net profit to increase substantially again in 2008.

Located in the Luoning area of western Henan Province of central China, the Ying project's 750 tonne-per-day mill is reportedly operating smoothly. Plus, Silvercorp's 70%-owned HPG project, a silver-gold-lead-zinc mine located within the Ying project, resumed full operations in May 2007. The 250 tonne-per-day mill is operating at capacity and generating positive cash flow.

Obviously and appropriately, the Ying project has been the primary focus for both Silvercorp and its shareholders. The expansion potential here alone is enough to keep the company barreling along a very steep growth curve for years to come.

But sitting as it is in one of the world's premiere exploration frontiers, and with an unsurpassed network in the country, Silvercorp would be remiss if it didn't explore additional opportunities. Management feels, however, that it needs to focus on silver properties in China.

The end result is a program of divestiture and acquisition.

On the divestiture front, the company announced its intent to option or sell its Mac moly property, a 500-hectare tract located in southeastern British Columbia. The project has been the focus of extensive surface exploration and a fair amount of diamond drilling that has outlined moly/copper mineralization within one zone.

The Mac property is actually a pretty interesting prospect, especially considering the market's current moly mania. But Silvercorp has gotten zero credit for the property in its market cap (few analysts were even aware that the company controlled it). So it makes sense to try to realize some value without distracting management from its main focus.

On the acquisition front, the company recently signed a joint venture agreement for two silver-polymetallic properties, the XG and Na-Bao projects, in which Silvercorp can earn an 82% interest in the two projects by investing $4 million. Both properties are located in Qinghai province in the northeastern part of the Tibetan Plateau.

Both of these projects are at early stages of exploration, but ground work has already identified very large scale anomalies, and sampling has turned up some exceptional silver, zinc, lead and copper grades. Again, it's too early to make much of these two projects, but they do bear close watching.

In short, Silvercorp continues to grow at a very respectable pace — not an easy accomplishment for a company with a market cap that has already exploded to over C$1 billion.

So the question is, do you buy it now? As I've noted repeatedly, I think Silvercorp is a slam dunk for a $25 price tag, whether that occurs in a few weeks or a few months. Therefore, the decision for you is whether a 20% or 25% gain over that vague time frame is worth it.

For my part, I'm planning on selling about two-thirds of my remaining position at around the C$25 level, and keeping the remainder for wherever the ride takes us after that.

Silvercorp Metals Inc.

Recent Share Price: ....C$21.24
Shares Outstanding: ....48.6 million
Market Cap: ....C$1.0 billion
Shares Outstanding
Fully Diluted: ....52.0 million
Market Cap
Fully Diluted: ....C$1.1 billion

Uracan Resources

(URC.V; URCFF.PK)
(866-898-0824)
uracanresources.com

Uracan Resources has launched a PR blitz to convince the market that it

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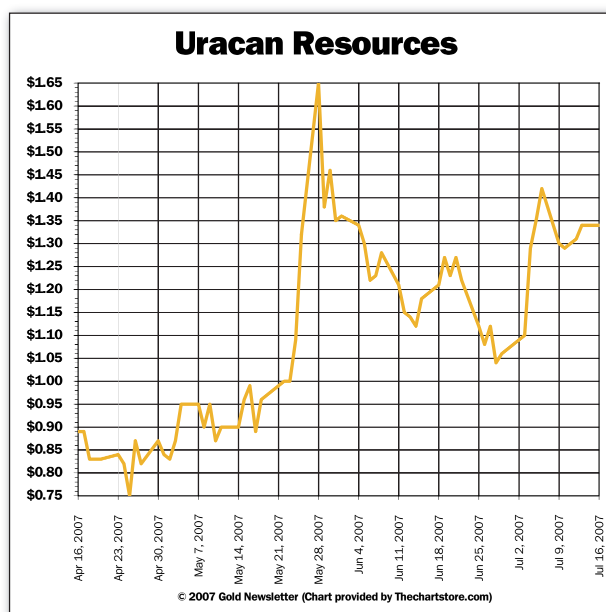

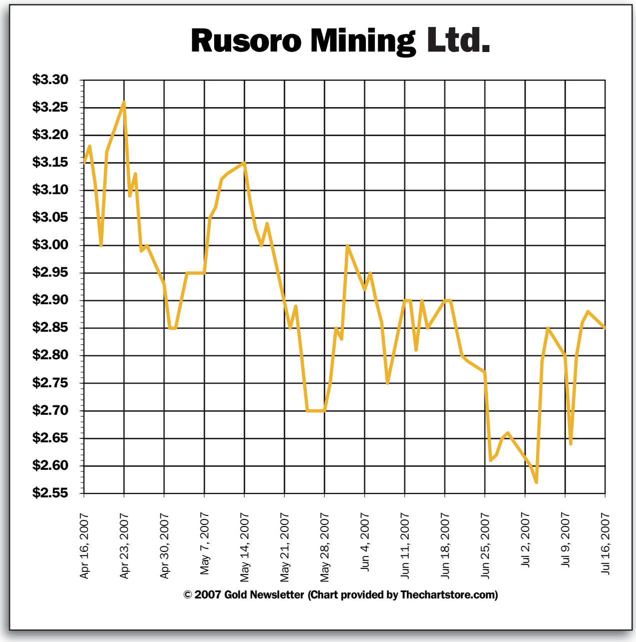

has discovered a major new uranium resource in Quebec and that, despite the project's low grades, it can be very profitably mined.

In May, the company released results of the first 48 of 56 holes drilled at its North Shore property during a winter drilling program. The results showed low grades ranging from about 0.3 lbs/ton to 0.6 lbs/ton. But the mineralization is shallow and the intersections are long.

Uracan's supporters are comparing its resources to those of Rio Tinto's Rossing Mine in Namibia which, with similar grades, produces about 7% of the world's uranium. They also compare it to **Uramin** (UMN.TO), a company sporting a $1.7 billion market cap on the back of an African resource grading around 0.25 lbs/ton uranium.

Experienced resource investors will quickly recognize that such comparisons are very early, and much more work is needed to prove the ultimate size, grade and profitability of Uracan's nascent uranium resources.

Still, it's obvious that low-grade can work very well — especially at uranium prices of $125/pound. And I expect both companies to prove their case conclusively in the weeks ahead.

The winter drilling program was suspended due to spring ice break up. Now, Uracan is about to start an 8,500-foot summer drilling program. For starters, it will deepen two drill holes that finished in strong uranium mineralization in the Double S zone. Both holes tapped a new area of deeper mineralization, and step-out drill holes are also planned to determine the strike and depth potential of the zone.

The North Shore property is big — fully 900 square kilometers. And the Double S zone is one of three identified on the property. The company is focusing on near-surface, bulk-tonnage deposits which, typically, can be brought on stream faster than the underground deposits other uranium miners are targeting.

First things first, though. Which in Uracan's case is more drilling.

This summer, the company is also following up on encouraging 2006 reconnaissance work on its Pipewrench Lake uranium property in Saskatchewan. Pipewrench Lake is in the same geological belt — the Wollaston Domain — as the deeper basement rocks of the large producing uranium mines of the Athabasca basin 120 kilometers north. At Pipewrench Lake, however, this belt is at or near surface.

The Pipewrench Lake and North Shore programs will be funded from a recently completed C$3.8 million private placement.

News of the North Shore drill results brought significant interest to the stock, and the share price charged up from a dollar to C$1.65 before settling back, along with the market, to trade between C$1.10 to C$1.30.

It's true that the uranium price recently suffered a setback. But the fact that the price drop was merely $2.00, from $135/lb to $133/lb, and it was the first drop in years, is somewhat heartening for uranium bulls.

The bottom line is that uranium remains on a steep price uptrend, one that should remain in effect for years to come. And at current prices, uranium deposits such as that apparently uncovered by Uracan can be mined very profitably.

Thus, Uracan is a buy. But the stock has been very volatile, so try to patiently pick away at it on weakness.

Uracan Resources Ltd.
Recent Share Price: ....C$1.20
Shares Outstanding: ....49.3 million
Market Cap: ....C$59.2 million
Shares Outstanding
Fully Diluted: ....58.2 million
Market Cap
Fully Diluted: ....C$69.8 million

New Recommendations

Rusoro Mining Ltd.

(RML.V; RMLFF.PK)
(604-682-1545)
rusoro.com

There's no denying that Rusoro is a company with a solid growth curve ahead of it. There's also no denying that the company is currently significantly undervalued because of its Venezuela connection.

However, as many other analysts have noted, Rusoro is listed in Canada and run by capable Russian management, so it is largely immune from the geopolitical risks that would normally be attached to a U.S. firm operating in Venezuela.

And, at its core, that is the value proposition that has led me to recommend this company now. But there's more to the story, as you're about to see.

First, some background: Rusoro is the result of a merger/takeover of three companies, a deal in which our friends at Endeavour Mining Capital acted as advisors. The result was a company with five gold properties in southern Venezuela, with more than one million ounces in gold reserves and another three million ounces in inferred resources. All five are 100% owned, and one has an operating and permitted mill.

Better still, Rusoro is sitting on some US$60 million in cash that is being used to fund a drilling program that is among the most aggressive being executed anywhere in the world today. The goal this year is to complete more than *220,000 meters* of drilling and to double the total resource to about eight million ounces. The focus then shifts to gold production targets: 100,000 ounces of gold by 2008, and 400,000 by 2010.

This may sound like a familiar story line, but I assure you it's not. Few companies show the resolve that Rusoro has in pursuit of its objectives. Mind you, it doesn't hurt to have top-tier properties to go along with a pile of cash.

The company's most advanced projects are Increible 6 and San Rafael/El Placer (SREP), and they are the subjects of ongoing scoping studies and intense drilling. Four rigs are working at Increible 6 and five at SREP to expand known mineralization and to upgrade resources with in-fill drilling

At Increible 6, the company has identified four zones — Culebra, Elisa, Olga and Cristina. Each is open to depth.

Since 2004, 275 drill holes were drilled on the property, resulting in a NI 43-101 resource estimate of 434,000 ounces indicated and 766,000 ounces inferred. Only about half the mineralized area has been drill tested.

Pre-feasibility work is underway and scheduled to be completed late this year, with a goal of defining 2.5 to 3.0 million ounces of gold. Initial metallurgical tests look promising, but more testing is ongoing.

Don't expect earth-shattering news from the drill program, as the company is methodically drilling off and extending the known mineralization. There will be surprises, of course, but so far it's all been good news.

Recently, the Culebra zone was extended 100 meters by a series of wide, near-surface intercepts averaging 1.65 g/t over 68.0 meters. The Elisa zone was extended 50 meters by a step-out hole that intersected 4.72 g/t over 21.0 meters and an additional 3.47 g/t over 19.0 meters. And a 50 meter step-out the Olga zone returned the best intercept so far: 3.31 g/t over 17.0 meter.

SREP is located adjacent to Hecla Mining's La Camorra gold mine — a high-cost ($345/oz) producer — that generated 160,000 ounces last year. Exploration at SREP since 2003 has yielded an NI 43-101 compliant resource of 490,000 ounces of gold indicated and 367,000 ounces inferred.

As with Increible 6, SREP is benefiting from an in-fill drilling program to test the continuity of the main gold mineralized blocks. To date, more than 12 gold zones, each from one to two meters wide and 200 meters long, have been identified.

The company intersected a new gold-bearing structure during the most recent stage of a 75,000-meter drilling program. This phase, which is scheduled to run to the fourth quarter of the year, is part of an aggressive underground development program tied to the current expansion of Rusoro's nearby Emilia mill.

The encouraging drilling results have now prompted the company to build a 1.8-kilometer ramp to access the main ore bodies 180 meters below surface. When completed, the ramp will provide access for future mining.

At the same time, the company is updating and expanding its Emilia mill. Start up is planned for early 2008, with initial mill feed coming from high-grade lenses in a small open pit at SREP, and later from ore mined underground.

Valle Hondo is the largest of Rusoro's properties, covering more than 25,000 hectares some 40 kilometers southeast of SREP. The company plans 40,000 meters of drilling here to test several large-scale gold targets. The goal is to expand a 1.4-million ounce indicated and inferred resource and update a scoping study.

Since the company's launch late last year, when it traded as high as C$4.50, I've resisted recommending it. Like many of these major reorganization/merger/takeovers, the initial enthusiasm fades even as the company's prospects grow brighter.

Thus, we can often find a much more advantageous entry price by being patient...and sometimes using seasonal market weakness to our advantage. This is what has happened with Rusoro. At this point, the company is rebounding from its recent bottom, and I'm confident we'll see it embark on a very profitable run in the months ahead.

Rusoro Mining Ltd.

Recent Share Price: ....C$2.80
Shares Outstanding: .....147.9 million
Market Cap: ....C$414.1 million
Shares Outstanding
Fully Diluted: ....176.5 million

(Continued...)

"...we can often find a much more advantageous entry price by being patient...and sometimes using seasonal market weakness to our advantage."

"...it's a different type of animal — a tiny market cap and two high-potential drill plays mean that this stock entails lots of risk, but a huge possible payout if they hit on just one of their two projects."

Market Cap
Fully Diluted: ....C$494.2 million

Golden Tag Resources Ltd.

(GOG.V; GTAGF.PK)
(514-426-8542)
goldentag.ca

Essentially, Golden Tag is a value play, with an expanding silver discovery in Mexico and a high-potential/high-risk exploration play in the legendary Red Lake district of Ontario.

The value proposition boils down to this: Work so far on the San Diego silver project has now established value comparable to the company's total current market cap, thereby giving us the Red Lake play for essentially no cost.

That's not to imply that the silver play is played out — far from it. In fact, it has the potential to develop into something very significant all on its own.

San Diego is a 50/50 joint venture with **ECU Silver Mining Inc.** (ECU.TO; ECUXF.PK) located in Durango State, Mexico, in the middle of that country's silver-mining belt. Golden Tag has an option to earn 50% by spending a $1.5 million over three years.

The property hosts a silver- and gold-rich polymetallic vein system with an indicated and inferred resource of just over two million ounces of silver. Mineralization is contained within relatively narrow but continuous, high-grade linear veins that crosscut all rock types on the property.

Importantly, while exploration has identified seven major veins, the property had not been drilled until the partner's recent program. The first 15 holes of a current 6,500-meter drilling program returned high silver and lead grades over narrow widths, and confirmed the continuity of five of the principal veins along strike and to depth. All remain open at depth.

Perhaps more importantly, the drill program discovered a new mineralized zone in the Western Sector. Gold mineralization encountered in Hole 8 is hosted in a skarn unit, which is entirely different from the high-grade silver, lead and zinc mineralization encountered elsewhere. The discovery hole cut 3.25 meters of 15.31 g/t gold, including 38.7 g/t over 0.35 meter and 26.8 g/t over 1.10 meters.

The company believes that the mineralization, which was intersected at depth, is indicative of epithermal activity associated with the altered monzonite. The new zone remains open in all directions.

This discovery lends credence to the company's view that its geologic model could support deep ore bodies similar to the not-too-distant Santa Maria mine, where five million tonnes of ore were mined before it closed.

The partners are compiling and analyzing data before resuming their drill program this summer.

Another plus for the property is its proximity to ECU's principal property just four kilometers away, Velardena, where an operating mine hosts a 320 tonne per day mill.

Turning to Golden Tag's McCuaig project in Red Lake, Ontario...this property was acquired as an area play in 1995 and later optioned to **Rubicon Minerals** (RMS.TO), which has earned a 60% interest.

There's no shortage of active and past producing gold mines in the area. Neighbors include the Cochenour (1.2 million ounces), Campbell (10.2 million ounces) and the Goldcorp (3.5 million ounces) mines, all along trend to the southeast.

Rubicon nailed a bull's eye on the first hole of a winter drilling program designed to test new targets. The hole cut a new gold-bearing zone, returning an intercept of 15.65 g/t gold over 1.55 meters. Now, the partners have started a 7,500-meter, $1.5 million follow-up drilling program to test the discovery, which is hosted by a well developed — and wide open — 20-meter-wide vein zone.

Compared to a company like Rusoro, Golden Tag's current exploration budgets are miniscule. But it's a different type of animal — a tiny market cap and two high-potential drill plays mean that this stock entails lots of risk, but a huge possible payout if they hit on just one of their two projects.

The company is a buy, but don't chase the price. Try to get it below C$0.50.

Golden Tag Resources Ltd.
Recent Share Price: ....C$0.46
Shares Outstanding: ....31.1 million
Market Cap: ....C$14.3 million
Shares Outstanding
Fully Diluted: ....38.7 million
Market Cap
Fully Diluted: ....C$17.8 million

Uranerz Energy Corporation

(URZ.Amex)
(604-689-1659)
uranerz.com

We were among the first to recommend uranium exploration and development stocks back in the mid-1990s, but we were a bit too early. We had to wait patiently until, a few years ago, the market for these stocks absolutely exploded.

To give you some idea of the scale of the explosion, consider that, when we first recommended uranium plays back in the '90s, there were only two or three that could even be loosely defined as such. And back then, there were only around 300 active junior mining companies in existence.

Now, it's estimated that there are over 400 juniors claiming some exposure to uranium!

So, if you haven't been following this market, you wouldn't be surprised to learn that the sector has been undergoing some rationalization in recent months. A lot of money has been made in this arena over the past few years (happily, a good chunk of it by our readers). But the fat times have attracted a lot of unworthy candidates, and smart investors have become much more selective.

So you wouldn't think that I'd pick this juncture to recommend a new uranium play.

Uranerz Energy, however, isn't really new. It's been around for a couple of years — which seems like an eternity in this market — and is one of the more respected companies in the space.

I'll give you a little background first, then tell you why I'm recommending the company right now.

The word "uranerz" is German for uranium ore, and a company by that name —Uranerz Exploration and Mining Limited — was the third largest uranium producer in the world when it was acquired in 1998 by Cameco, the largest primary uranium producer.

A few years ago, some entrepreneurial mining executives, including some former senior management from the old Uranerz Group, got together to start a new venture. They soon realized that the Uranerz name had become available, and the serendipity of the situation was too much to resist.

So the "new" Uranerz was born, and hit the ground running.

Over the next two years, the company assembled an enviable team of mining personnel, many of whom are former officers, senior management and employees of the original Uranerz group.

In particular, the team includes president Glenn Catchpole and COO George Hartman, who have direct and extensive experience in licensing, designing, constructing or operating seven separate in-situ recovery uranium mines in Wyoming, Texas, Nebraska and Kazakhstan.

With direct knowledge of some of the most desirable projects available anywhere, they quickly began assembling a portfolio of uranium properties in Saskatchewan, Mongolia and Wyoming. In particular, the company's Powder River Basin, Wyoming uranium properties are advanced, and Uranerz management believes it now has sufficient critical mass in terms of mineable uranium resources. So the company has begun commercial environmental permitting and mine development planning for the development of two of these projects.

So with a selective uranium market increasingly concentrating on companies with "pounds in the ground," just how big is Uranerz's resource?

They can't say...and this is where the value of this play comes in.

You see, despite its Canadian heritage, Uranerz is a U.S. company listed on the American Stock Exchange. And SEC rules prohibit mineral companies from stating resources or reserves unless and until a "final" or "bankable" feasibility study has been completed.

In other words, a company would have to essentially reach the operational stage before it could inform its investors of its resources!

It's an idiotic rule, I know. But in this case, it works in our favor.

Another outgrowth of Uranerz's listing on the Amex is that it is one of the very few uranium plays anywhere with put and call options listed for its stock. And in the case of Uranerz, it's a lively market indeed.

Another dynamic at work here is the tremendous publicity that the company has received, precisely because it is one of the highest profile companies in a very hot sector, and traded in the most liquid market. Simply put, Uranerz is typically all over the newswires, even when it doesn't make news.

You've probably already seen it featured on the Motley Fool financial web site, on Jim Cramer's Mad Money CNBC show, in Forbes magazine or in TheStreet.com. And frankly, not all of this press coverage has been good.

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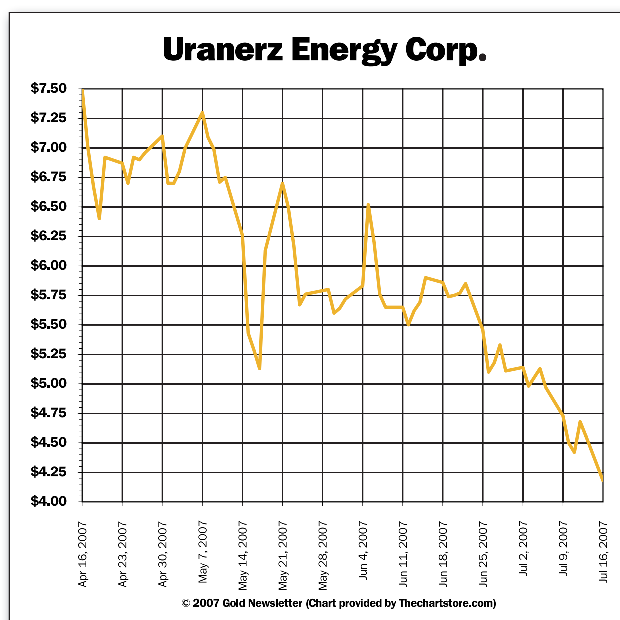

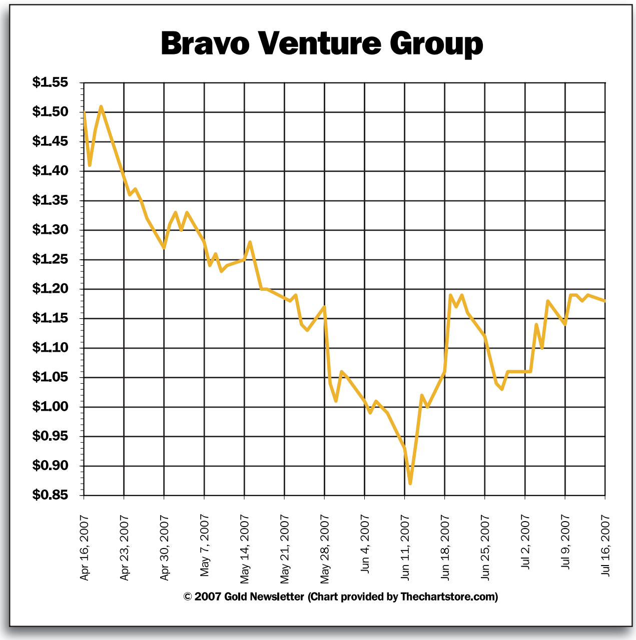

For one thing, these mainstream, U.S.-based analysts and financial pundits are often found gleefully disparaging mineral exploration plays. "Just look at the income statement," they'll say. "It's worse than zero...it's negative!"

How, they rhetorically ask, can a company possibly ask investors to buy its stock when it doesn't have a cent of earnings?

Those of you who have multiplied your money many times over in the junior exploration sector over the past few years, know the stupidity of this argument, so I won't waste any more time on it. Suffice to say that Uranerz, along with other explorers that occasionally come into the sights of these ignorant analysts, have suffered by the exposure.

Add in the legions of short-sellers in the U.S. market, who spread rumors galore on the message boards to suit their ends, and you can see why Uranerz has been an exceedingly volatile stock.

But here's the key: Uranerz is one of the better uranium plays out there, and has traded as high as US$7.65. I think it will trade higher than that in the future. (For one thing, I expect the company to seek a Canadian listing at some point in the future, and at that point it will be forced to provide resource numbers to the market. With appropriate disclaimers for U.S. investors, of course.

In short, Uranerz's current price — near an interim low thanks to short-selling and another unfavorable review in TheStreet.com — represents an outstanding entry point for both traders and long-term holders.

Personally, I've held a position in Uranerz from its inception, and have yet to sell a share. I've tried to recommend it in this letter numerous times when these corrections have developed, but the window of opportunity has always slammed shut too quickly.

I think, and hope, that it will remain open long enough for you to take advantage of it. Uranerz is a buy below $4.75.

Uranerz Energy Corporation

Recent Share Price: $4.12
Shares Outstanding: ......39.2 million
Market Cap: ....$161.5 million
Shares Outstanding
Fully Diluted: ....43.5 million
Market Cap
Fully Diluted: ....$179.2 million

Brief Notes

• **Bayswater Uranium** (BAY.V; BAYFF.PK; C$1.28) bills itself as "The Super Junior Uranium Company" (even to the point of trade-marking the moniker), but the label isn't just hype — the company's project portfolio is so extensive and wide-ranging, it's difficult to summarize everything that's going on at any point in time.

But it is easy to see that the company is getting aggressive, with plans to advance projects in three key Canadian regions. In Labrador's Central Mineral Belt, for example, two rigs have begun a first-phase, 10,000- meter drilling program to test up to 10 uranium targets. The company will also take a closer look at interesting areas identified by a 5,700-km airborne electromagnetic (EM) geophysical survey. This year's exploration budget for Labrador is about C$7.0 million, which will include up to 20,000 meters of drilling.

At the Cochrane Pond property in the Hermitage Uranium Belt of southern Newfoundland, joint venture partner Global Gold Corporation (GBGD.OB) is conducting an airborne radiometric and magnetic survey. The 50/50 JV will then hit the ground to follow up on the results.

At its Athabasca Basin holdings in Saskatchewan, Bayswater is waiting for data from a 14,000-km VTEM geophysical survey, the largest of its kind in the basin. Following interpretation of the data, a drill program is planned for this winter.

Moving north, summer exploration programs at the North Thelon Basin and South Thelon Basin projects in the Northwest Territories and Nunavut will see exploration crews on the ground to follow up 2006 airborne surveys.

Bayswater will add 22 uranium properties and three gold projects in the United States when it completes a merger with Kilgore Minerals (KAU.V) this month. The company plans to fast-track the Nevada and Montana properties in the deal to the feasibility study level.

Finally, Bayswater recently inked a deal with Stornaway Diamond Corporation (SWY.TO; C$0.96) to explore the million-acre Itza Lake property, in Nunavut, for diamonds. Stornaway can earn an initial 60% interest in the property by expending C$4 million in exploration over five years, and can up that interest to 80%

by bringing a project through feasibility at its expense.

It's still early days on Bayswater's Canadian projects, but they're certainly located in prime hunting ground. The company remains a solid bet based on its aggressive exploration plans for this year.

• **Bravo Venture Group** (BVG.V; BVGIF.PK; C$1.17) has experienced a significant bout of price weakness just as it embarks on extensive summer drilling programs on its Homestake Ridge and Woewodski Island projects. The recent correction appears to be purely market related, and not reflective of these two high-profile projects.

At Woewodski Island, Bravo started a 2,400-meter core drilling program in late June. Red Quartz is the first target area, where up to 600 meters of drilling will test multiple but discontinuous showings along 500 meters of strike length. The company is assessing possible drill targets on the Pixie showing, located 500 meters south of Red Quartz. Pixie chip samples graded up to 5.6 g/t gold.

Bravo has also increased its holdings near Homestake Ridge, optioning a 100% interest in the 760-hectare Silver Basin project located 14 km to the southeast. Surface sampling is the only recent work on this property, which is in the same geologic setting as Homestake Ridge. These samples range from background levels of mineralization up to 8,920 g/t silver, 25.8% copper and 0.98 g/t gold. Geologic study and sampling are planned for this year.

This new acquisition is interesting for a couple of reasons. First, the adjacent Dolly Varden silver camp was the source of over 20 million ounces of historic silver production. And second, the Silver Basin project is outside the area of mutual interest specified in Bravo's Homestake Ridge joint venture with Teck Cominco. Thus, Bravo will be in the driver's seat with a 100% interest should exploration prove successful.

While I'm optimistic about all of Bravo's exploration programs, I'm particularly excited about Homestake Ridge. The company already has about a million ounces of gold-equivalent resource outlined there, and drilling this year has the potential to literally multiply that resource. Bravo is a buy at current levels, while this opportunity lasts.

• **Copper Canyon** (CPY.V; CAYRF.PK; C$0.80) announced, then cancelled, a merger with Romios Gold (RG.V; RMIOF.PK).

Despite this news, Copper Canyon remains a hold. For one thing, there's little downside for those who got in free when it was spun out of one of our other top recommendations, Eagle Plains.

And I wouldn't read too much into the cancelled merger. Even though Romios Gold said its due diligence of the Copper Canyon property "did not support the share exchange ratio," there are two sides to every story. Copper Canyon hasn't told theirs yet.

Besides, actions speak louder than words. NovaGold still likes what it sees, and will fund a 12-hole, 4,250-meter drill program that's set to start any day. The program's objectives include expanding the inferred resource, which currently stands at 2.86 million ounces of gold, 37.9 million ounces of silver and 1.16 billion pounds of copper.

Significantly, the Copper Canyon option agreement held by NovaGold is now subject to the Teck Cominco/NovaGold joint venture for Galore Creek. (See my full report on NovaGold.)

• **Copper Fox** (CUU.V; CPFXF.PK; C$1.10) We're still waiting on a scoping study by the end of the summer and a feasibility study by the end of the year to determine the economic value of the Schaft Creek deposit.

Meanwhile, the company has resumed trading after a self-imposed halt following the discovery of a "material error" in the formula used to calculate copper equivalents in its resource estimate. Fortunately, this little "oops" worked in the company's favor.

When first reported in May, Schaft Creek had a measured, indicated and inferred resource of 11.39 billion pounds of copper, 14 million ounces of gold and 772 million pounds of moly based on a 0% cut-off grade. These numbers represent the total contained minerals, which haven't changed.

In determining the economics of a mine, some reasonable minimum cut-off grade is used to calculate the exploitable resource. For Schaft Creek, the base case assumes a cut-off of 0.20% copper equivalent.

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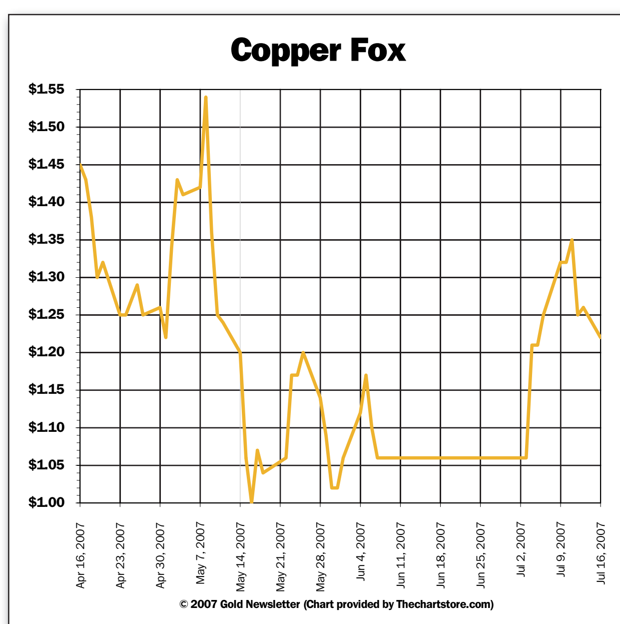

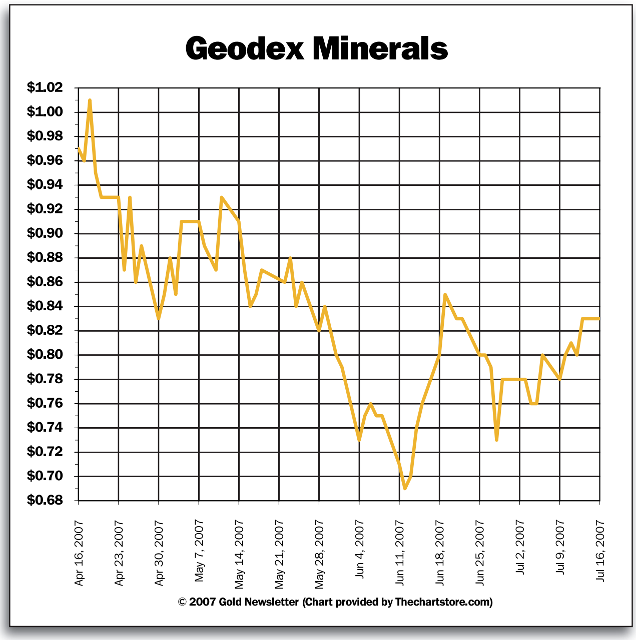

Using the new and improved (and correct) formula at this cut-off, the measured and indicated resource increased to 1.39 billion tonnes averaging 0.39% copper equivalent. That's a 32% increase in tonnage and 15% increase in average grade from the initial report.

The resource estimates also improved at higher cut-off grades, pointing to significant, previously unrecognized volumes of higher-grade mineralization.

With the release of the new resource numbers, the share price has experienced a nice rebound. Although it's still below the highs reached a few months ago, the rally shows renewed investor enthusiasm for Copper Fox's prospects. I share that enthusiasm, and — in anticipation of a positive feasibility study and improved metals market by summer's end — the company is a buy on weakness. Try to get it on any dips below C$1.25.

• **Crosshair Exploration & Mining** (CXZ.Amex; CXX.V; US$2.52) continues to work on proving-up a multi-million-pound resource at its Central Mineral Belt property in Labrador. That effort is looking good based on recent results from drilling on the Lower C zone, where a 9,400-meter winter program returned the highest uranium grades and widest intercepts yet. The best hole, ML-63, intersected 11 meters of 0.128% U_3O_8 within 43 meters of 0.041% U_3O_8.

So far, Crosshair has cut the Lower C in 23 widely spaced drill holes, with results confirming the continuity of mineralization over 800 meters along strike and 675 meters down dip. Uranium grades are averaging 0.047% over an average intercept of 4.25 meters. The Lower C zone is open along strike and down dip, and is becoming an important and expanding part of the overall C zone.

Crosshair is following up these encouraging results with a C$8.5 million summer and fall exploration program. This program will see three drill rigs punch some 40,000 meters of drilling into the Upper C, Lower C and Lower B zones to increase the known resource. Plus, the program will continue defining uranium zones at Area 1, Moran Heights and Croteau Lake, and test new targets.

There's some tremendous blue sky potential that could be uncovered by this drill program. The company's radiometric surveys indicate that the Upper C, Area 1 and Armstrong zones could all be part of a single mineralized system extending 4.5 kilometers in length. Area 1 and Armstrong outcrop 1.5 kilometers and three kilometers southwest along strike, respectively, from the Upper C Zone.

Crosshair is also busy exploring a Newfoundland gold property, Golden Promise, with a 3,750-meter drilling program to further test and expand the Jaclyn zone. When this work is complete, the company intends to spin out the project into a new public vehicle early next year.

With an active exploration season ahead, Crosshair remains a strong hold based on the prospect of continued good news.

• **Galway Resources** (GWY.V; GWYRF.PK; C$1.52) has reported great drilling results from its Victorio project, plus a resource estimate for Indian Springs.

A recent 10,000-foot drill program, which confirmed extensive historical drilling by Gulf Minerals, included one hole that cut 105 feet of 0.12% moly and 0.17% tungsten. A NI 43-101 compliant resource estimate puts Victorio's combined indicated and inferred totals at 96 million pounds of moly and 90 million pounds of tungsten. The encouraging results prompted the company to commission a scoping study for this moly-tungsten project, which has emerged as the crown jewel in its holdings.

The Victorio resource is a nice addition to the 37 million pounds of indicated resource recently calculated for Galway's Indian Springs project in northeastern Nevada. A 7,000-foot core drilling program is underway to expand and upgrade the resource and to collect material for metallurgical testing.

And finally, Galway is now drilling 15 drill holes at its Lone Mountain copper-zinc project in New Mexico — another project with outstanding base metal potential.

Galway has made good headway in a short time, but the share price has stagnated, along with the rest of the market, during the summer doldrums. I'm confident, however, that subsequent results and studies will prove that the company is worth a considerable multiple of its current market cap. If you don't already own it, try to accumulate it on weakness during this slow period.

• **Geodex Minerals** (GXM.V;

GXMLF.PK; C$0.91) was recommended on the basis of its tremendous moly-tungsten potential, which continues to bear rich fruit. But they are also pursing a new indium angle.

Indium is chemically similar to aluminum, but looks more like zinc. Its primary application is to form transparent electrodes from indium tin oxide in liquid crystal displays (LCDs) used in everything from cell phones to televisions. Obviously, an expanding market.

Recently, the company added four indium properties to its inventory in southwestern New Brunswick in the vicinity of the Mount Pleasant mine, a former tungsten mine run by Billiton in the early 1980s, but eventually shut down because of low metal prices.

The Victoria Lake property covers three tin greisen occurrences explored by Billiton and Shell Canada in the 1980s. However, recent prospecting of float boulders has reported values up to 89.9 ppm indium, 1.5% copper, 2.28% zinc and an impressive suite of rare earth elements. Two others, Tamarack Lake and Cranberry Lake, have significant uranium potential, which adds another dimension to this already attractive company. The company announced that work on these properties is beginning immediately.

With a growing moly-tungsten resource that's already worth much more than the company's current market cap, and with an indium story that's just beginning to build steam, Geodex remains one of my top buys. Build a position near current levels.

• As you'll remember (perhaps painfully), **IMA Exploration** (IMR.Amex; IMR.V; C$0.48) lost its first round in the legal tussle with Aquiline over the Navidad silver deposit. Now, the company has lost its appeal of that decision.

What's next? The company says its focus is to "rapidly build a large, significant and diverse property portfolio capable of maximizing shareholder value." It needs cash and skill to do that, of course.

The experienced management team, although somewhat bruised by the recent court decision, has the wherewithal. As for the cash, well, IMA has C$7.5 million in the kitty. It also expects to see the return of the C$18.5 million it spent developing Navidad "if the appeal is ultimately unsuccessful." No mention of when this might happen.

At this point, the stock is purely a bet on the success of the management team in starting over and making meaningful progress. We recommended that investors sell after IMA lost the first round.

Although we won't be following the company until and unless it serves up some solid news on the exploration front, I think IMA's cash hoard and management team make it a value below C$0.45.

• **Keegan Resources** (KGN.V; KGNRF.PK; C$3.35) continues to prove up a world-class resource at the Esaase gold project in Ghana through both resource definition and exploration drilling.

To recap, Keegan acquired the property in May 2006. Since then, they've wasted little time, completing over 28,000 meters of drilling and other exploration work with impressive results.

And the good news keeps coming: A discovery hole in the B-1 zone, which parallels the Main zone, returned 32 meters averaging 0.65 g/t gold, including 10 meters averaging 1.13 g/t. Potential mineralization in the B-1 extends approximately three kilometers, as indicated by gold-in-soil and IP anomalies. The discovery offsets the Main zone by some 1.5 kilometers and points to the potential for bulk mineable mineralization.

Meanwhile, reconnaissance core drilling along the Main zone has extended the mineralization up to 900 meters along strike. New intercepts from the largest step-outs include 10 meters averaging 1.87 g/t gold in Hole 15, while Hole 16 returned 12 meters averaging 2.52 g/t and 15 meters averaging 1.03 g/t.

These results spurred the company to accelerate the original agreement for Esaase. Keegan now has sole possession of the mining lease, giving it the right to earn 90% of the Esaase Gold project.

• The news, and share price performance, continue to shine for **Northland Resources** (NAU.V; NRSRF.PK; C$4.70), which has released results of a 33-hole drill program and initial metallurgical test results for its Tapuli iron project in Sweden.

As hoped, the results support the view that Tapuli is amenable to open-pit mining with a relatively low strip ratio. Drilling also confirmed

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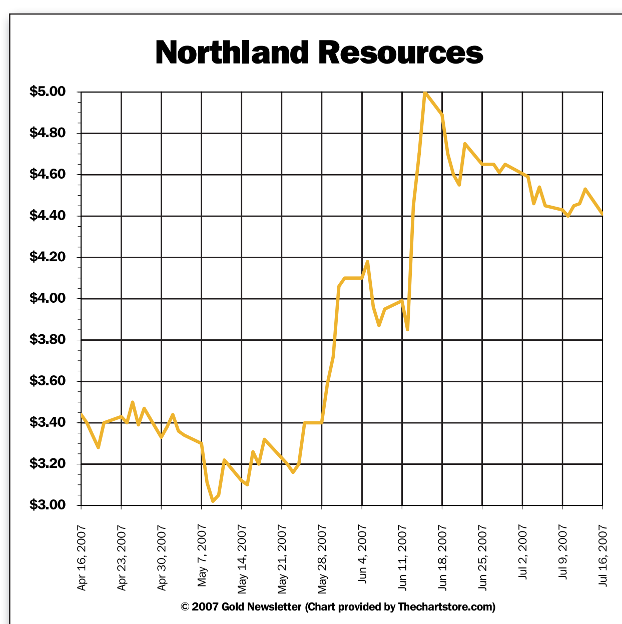

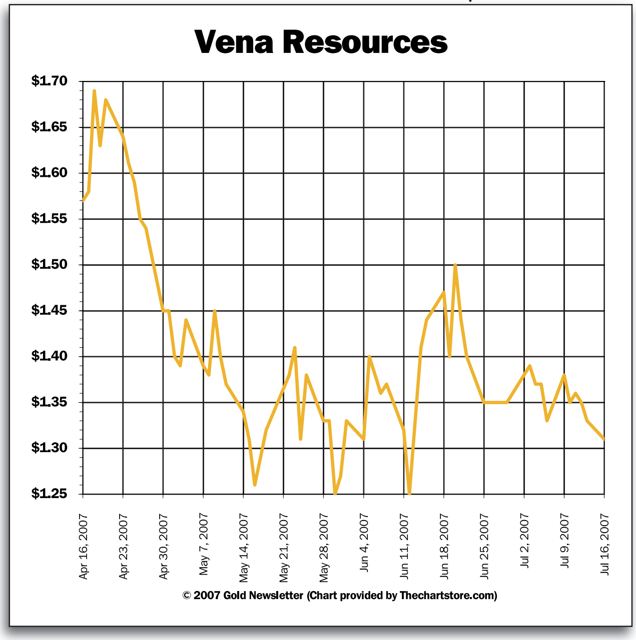

the presence of a thick higher-grade core in the Central Zone, which will be the main focus of Northland's future work at Tapuli.

Metallurgical testing, although preliminary, is encouraging, indicating that much of the deposit contains low amounts (less than 0.1%) of sulfur. Consequently, the company feels that a relatively coarse grind will be sufficient for Tapuli to produce a commercial-grade sinter feed.

Meanwhile, at the nearby Stora Sahavaara project, a 200-tonne bulk sample was shipped to a lab in Ontario for pilot-plant test work.

Northland's share price has been on a tear of late, giving us a gain of over 800% since my original recommendation in April 2005. You should have already taken some of those profits out of the market, of course. But for those who continue to hold this winner, the prospects look good for further gains, as drilling and metallurgical results should continue to be highly encouraging.

• **Portal Resources** (PDO.V; PLORF.PK; C$0.68) reported decent results from the latest drilling at its Arroyo Verde gold property.

The modest drill program – 2,500 meters – followed up an earlier intersection within the Principal Vein of 4.0 meters averaging 18.9 g/t gold and 549 g/t silver. While the recent drilling extended the western portion of the zone, the newer holes returned lower grades ranging from 1.8 g/t to 9.1 g/t gold and 38.1 g/t to 316.0 g/t silver, over narrower widths.

These results seem to confirm that the Principal Vein deposit should have adequate economic potential, but will never be a barn-burner of a project. The bad news is that it won't be the prime driver for Portal. The good news is that another driver — the company's foray into uranium — has emerged.

Consider that, despite the so-so results from Arroyo Verde, Portal isn't having any trouble raising money. Its recent private placement was first increased from $4.0 million to $4.5 million, then boosted once again to $5.1 million. This could lead one to speculate that the company's uranium properties, which are increasing in number, are generating some excitement, even at this early stage of exploration. In light of this, Portal remains a hold.

• **Southwestern Resources** (SWG.V; C$2.62) has made a series of big...and very bad...announcements. News that the prefeasibility study for the Boka project will take another six months was quickly followed by the resignation of John Paterson, the company's co-founder, president, CEO and director. This necessitated the formation of a special committee of independent directors to review all aspects of the Boka project in China.

Then, on July 19, the company reported that, as a result of this review, it "...has determined that there were deficiencies in its control procedures for its Boka Project and believes this resulted in errors in reported assay results, including those announced in 2007. Additionally, the review indicates that the integrity of certain drill core samples was compromised. As a result, the Company has dismissed John Zhang, its Yunnan based general manager for the Boka Project, and replaced him with a new appointee.

"Accordingly, the Company hereby withdraws all its previously announced results for the Boka Project and advises that such results should not be relied upon."

Quite a bombshell — and on its explosion, the stock quickly plummeted nearly 60%.

Given the fact that this news has broken just as we're going to press (and after our Internet version has already been distributed!), I cannot provide much insight or long-term advice. If you still hold a position in SWG after all this time and all the previous gains, what you do at this point depends entirely upon your individual circumstances.

We must remember that Southwestern has other properties, some of which are being explored by joint venture partners. These should not be tainted by a scandal at Boka, if in fact that is what has occurred.

For what it's worth, I'm holding onto my remaining position at this point — partly because this newsletter has yet to be distributed, and partly because I think the sell-off may have been overdone. In the days ahead, I may sell my position, add to it or hold tight, depending on the flow of news.

So keep tuned....

• **Target Exploration & Mining** (TEM.V; TEMFF.PK; C$0.88) has picked up a 75% interest in two Wyoming properties from **Ur-Energy Inc.** (URE.TO; C$3.82).

The Bootheel and Buck Point properties are located within the Shirley Basin and cover approximately 6,000 acres. Target reports that uranium exploration in the 1970s on both properties encountered mineralization that could be amenable to in-situ leaching.

A relatively low market cap, a very tight share structure and an aggressive management team make Target a strong hold, and a buy on its occasional forays below C$1.00.

- **Vena Resources** (VEM.V; VNARF.PK; C$1.29) is planning a multi-phase exploration program of three uranium properties in Peru.

It's still early days for Vena's uranium program in Peru, where the company has launched a multi-year effort to better understand the geology in a region that holds promise for world-class uranium deposits. This view is shared by Cameco, which has the option to invest $10 million over the next four years to earn up to 50% of Vena's projects.

Elsewhere, Vena has reported positive results from underground drilling at the past-producing Azulcocha mine, where 14 drill holes tested for continuity of the remaining ore body. Highlights include 15.5 meters of 15.3% zinc and 0.54 g/t gold, 13.8 meters of 16.3% zinc, 22.2 meters of 6.0% zinc and 32.5 meters of 6.7% zinc. These are, to say the least, highly economic numbers.

Vena's joint venture agreement with Cameco was powerful validation of the company's outstanding uranium exploration potential. Moreover, the results from Azulcocha largely validate Vena's current market cap. Add it all up, and you get a company that offers attractive long-term value. It's a buy on weakness.

Potpourri

Miscellaneous notes and observations
By Brien Lundin

You asked for it...

After much work and planning -- including a lot of sweat, some tears and very nearly some blood being spilt! -- our long-awaited website revamp is nearly finished!

We're still working on some aspects of our complete web redesign, but we are proud to announce that completely new Gold Newsletter and New Orleans Conference websites will soon be up, running and at your service.

You'll find the new designs to be cleaner and easier to navigate. But while the look and feel are the most readily apparent differences, the biggest changes are being done behind the scenes.

With the publication of the September issue, both sites will interface seamlessly with our database. First off, that means you'll be able to choose your own password with which to access each issue of Gold Newsletter and our other subscriber services.

In addition, you'll be able to completely manage your account with us online. This will allow you to view your active subscriptions, renew any subscriptions, register for the New Orleans Conference, change your address and other contact information, and more.

Down the road, these improvements will allow us to offer exciting new benefits and services to you.

But to begin taking advantage of these improvements -- and to be able to receive your issues via the Internet from this point forward -- we'll need to have your current e-mail address on file.

So, if you have not given us your e-mail address and would like to receive online access to your Gold Newsletter account, please contact us at 800-877-8847 between 8:30 a.m. and 5:00 p.m. Central Standard Time for assistance.

We're proud of what we've been able to achieve with our new websites, and are excited at the range of new benefits we will soon be able to offer you. Keep tuned for these...and please let us know how you like our new improvements.

The New Orleans Conference at a major crossroads

We've just about finalized the agenda for this year's New Orleans Investment Conference...and it's one of the most remarkable we've ever fielded.

In brief, we've lined up some of the world's most acclaimed and accomplished experts in geopolitics, economics and investments, greatly expanded our slate of intimate speaker workshops, and packed the entire schedule with special events so you can mingle with speakers and your fellow attendees in relaxed, fun-filled settings.

(Continued...)

There are so many highlights to this year's blockbuster event, I don't know where to begin. But perhaps the most controversial -- and eagerly awaited -- presentation will be this year's conservative vs. liberal vs. libertarian debate.

As you'll remember, last year's inaugural debate pitted **Doug Casey** against Newt Gingrich and **Susan Estrich**...and those in attendance thought it was one of the more memorable events in our long history.

Well, hang on to your hats -- because this year we'll see some real fireworks, as none other than **Ann Coulter** goes up against Casey and Estrich. These panelists are certainly not known for holding their tongues, so you can expect a scintillating intellectual contest that you'll be talking about for years to come.

In addition to these fascinating speakers, New Orleans 2007 will also feature a powerful array of celebrated authorities, including **James Grant**, **Arthur Laffer**, **Lawrence Lindsey**, **Marc Faber**, **Dennis Gartman**, **Frank Veneroso** and dozens upon dozens more.

It is, quite frankly, the investment event of the year. And -- with the dollar downtrend gaining speed, with gold rising and mining stocks soaring -- it is simply the conference that you can't afford to miss.

As a Gold Newsletter subscriber, you need to be there...and I want to do everything I can to make sure you attend. So I'm going to give you one last chance -- if you act now -- to register for $100 less than anyone else.

That's right, if you can act before Friday, August 10, and if you can keep absolutely quiet about this, I'll let you register for just $595 (and $300 for your guests).

The reason why you have to keep quiet is that others are paying $695 right now (as you can see on our website). That's also the reason why you'll have to call us toll free at **800-648-8411** and mention Gold Newsletter to lock in this super-low rate.

Another reason you need to act now: The New Orleans Conference has completely sold out every available hotel room three years in a row. If you want to attend, and if you want a room in our convenient host hotel, you need to act now.

I can't stress this enough: I think the next year is going to be one of the most profitable of this remarkable bull market...and the New Orleans Conference has proven to be the single best guide to the most profitable resource stock investments.

I strongly recommend that you take advantage of this remarkable opportunity.

What's driving energy?

Ask five different analysts that question, and you're likely to get five substantially different answers.

But that's because there are different answers...and the subject is not as cut and dried as many pundits, and the mainstream media, would have you believe. So how do you sort out the facts, and get an idea of where oil and gas prices are headed?

One of the best research teams I've found is the one at U.S. Global. Frank Holmes and his team are famous for their cutting edge technical and fundamental work in mining and emerging markets, but relatively few investors realize that they put the same tools to work, with similar success, in the energy markets.

You'll notice that this issue includes some basic information from U.S. Global on the primary drivers behind today's energy markets, plus a free invitation to learn more. I urge you to take them up on this generous offer.

Our office will be closed for a few days...

Please note that our office will be closed on July 26, 27 and 30 for annual staff training and meetings. We will return all messages upon our return, but you will likely get a quicker response by calling once we're back in the office.

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