

The New Reign Of Gold

Branded for decades as a second-class asset followed only by gold bugs, kooks and other crazies, gold has finally regained its status as a global reserve currency.

It now stands as the only truly safe harbor in today's tumultuous world, yet the reasons why continue to confound mainstream analysts.

By Brien Lundin

Since our last issue, gold has gained about \$50 in price, repeatedly setting new price records in the process.

If one had no other information at hand except the gold-price gains of the last 30 days, one would assume that Greece had declared bankruptcy...that Congress had authorized another trillion dollars in "stimulus" pork...or that the dollar had gone into the tank.

But none of that happened. There has been no economic news significant enough to justify gold's gains. Compared to the firestorms we've endured over the past couple of years, the equity, currency and financial markets have been relatively calm.

Gold soaring to a new nominal price record is remarkable enough. But doing so on essentially no news whatsoever begs the question, *what's going on?*

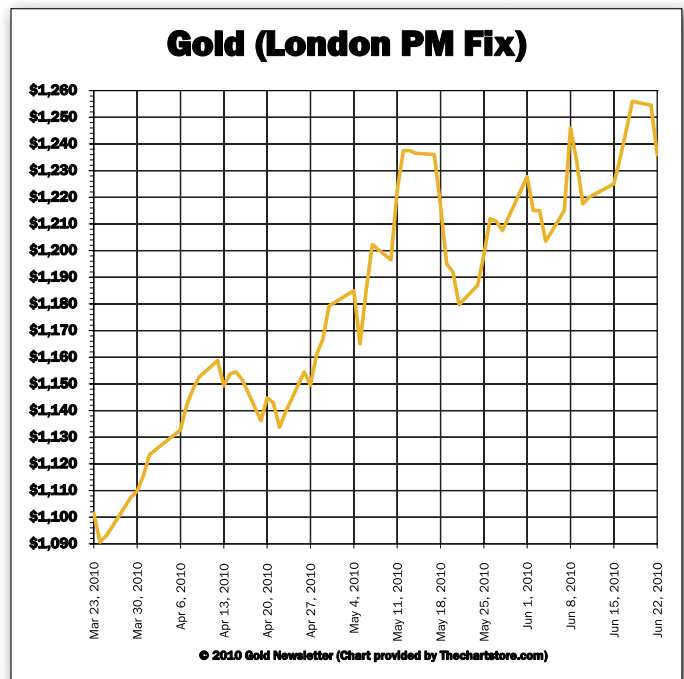
INSIDE:

15 Potpourri

I'll tell you: Gold has become the most desirable currency on the planet. Sure, it probably ranks behind the U.S. dollar, and perhaps the euro, as a reserve currency. But that's due more to liquidity issues than anything else. Given a choice absent any other issues, investors, savers and even central banks prefer gold above all else these days.

Consider this: As noted by our friend Dennis Gartman, UBS recently hosted its "Reserve Management Seminar for Sovereign Institutions," where it polled the many central bankers and sovereign fund managers attending in regard to the asset class they believed would be the top performer for the rest of the year.

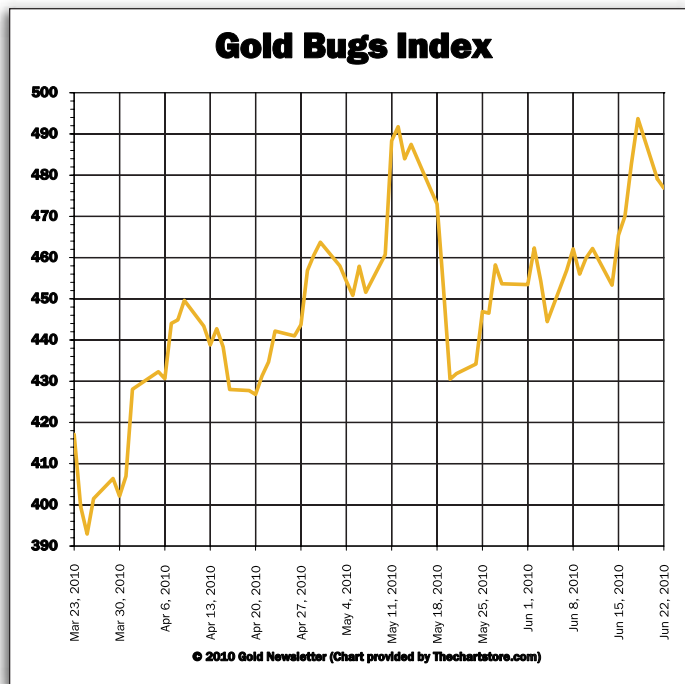
By a considerable margin, gold



won — 30% voted the yellow metal as the likely winner, while 26% predicted equities as the top performer. Every other asset class finished well behind.

Granted, that's a short-term prediction, but the views didn't come from hot-handed hedge fund man-

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agers. It came from managers with the longest of viewpoints in regard to their assets. As Dennis noted, “These are not wild-eyed speculators. These were attendees from the largest central banks in the world, and they are not prone to swift ‘punts’ on various assets. When they tell us that they believe that gold shall be the better of the assets they can invest in, we believe them.”

In fact, while there are speculators heavily involved in gold’s recent move, it seems apparent that most buyers of gold right now are not concerned with short-term profits.

One of the many coin companies peppering the airwaves with ads these days managed, somehow amidst the hyperbole, to perfectly present today’s unique selling proposition for gold. As they put it, if someone gave you the choice of \$10,000 in cash, or \$10,000 in gold, on the condition that you couldn’t touch either for 10 years, which would you choose?

Given current circumstances, this isn’t so much a question as an intelligence test. Anyone opting for the dollar thereby proves their ignorance of monetary history and current economics. Not only that, they demonstrate an intent to blithely stride into a dark

alley of the future, fit to be pillaged by governments with absolutely no concern for the values of their currencies.

As long-time readers of this letter know, I’ve been predicting that gold would eventually regain its throne as the king of currencies. There’s little doubt now that we’ve reached that point, or gotten awfully close to it.

Amazingly, you can see talking heads on CNBC and other mainstream financial media now talking every day about gold’s “new” role as a currency. But they’re just parroting back what they’ve heard — relatively few truly understand what’s going on.

But understanding the reasons behind this gold rush are vitally important to understand how far this bull has to run. So let’s take a look at why more and more people are abandoning fiat currencies for gold....

Currency Concerns

As I’ve noted, central banks, funds and individuals are all buying gold right now.

The typical financial pundits are reporting massive buying demand in the gold ETFs, and a general gold fever to the market, implying that this is merely a momentum play. In short, a move based on greed and not fundamentals.

However, MarketWatch columnist and market pulse-taker Mark Hulbert recently reported that the gold “timers” he tracks are “strangely glum — only half as bullish as they were at the beginning of the year, when bullion was trading for more than \$100

per ounce less than where it stands today.”

If this is gold fever, it seems to be pretty low-grade. Don’t bother with the ibuprofen.

Now, when a market is moving powerfully higher while all others are stuck in the mud, obviously the hot investment sector will attract some hot money. So momentum is playing some part in gold’s rise.

But to a greater degree than any other investment asset, gold is a predictive mechanism — a direct barometer of the public’s financial hopes and fears. And we can waste a lot of time and effort trying to figure out what’s driving gold when we should simply look at the metal’s price chart.

In short, gold is *telling us* what’s going on in the world. And its message is that people all over are worried about fiat currencies. They see the unprecedented creation of debt and currency; they understand that this trend cheapens the relative value of fiat money...and thereby raises the relative value of gold.

It’s important to understand that, unlike the 1970s bull run, investors and savers are not buying gold right now because of spiraling inflation rates. In fact, the very absence of inflation in the CPI numbers and other data has most analysts groping to explain the rush to gold.

These supposed experts simply point to the muted pace of price inflation, decree the rise in gold as unwarranted, and predict its collapse.

Then they’re proven wrong, and the cycle repeats.

They don’t understand that people are buying gold not because they see inflation in the economic data, and in fact not because they ever really expect to see ’70s-era inflation numbers. Today’s gold buyers know that governments have cooked the books to minimize reported inflation. They know that the U.S. CPI is not the same measure used in the 1970s...and

if the old measure was being used today, we'd have the same level of reported inflation that had investors and government economists panicking in the 1970s.

Yes, people around the world are buying gold because they've seen how much currency and debt has already been created. But they're also buying because they don't see the trend changing anytime soon.

In fact, all evidence points to governments hell bent on spending even more, convinced that monetary hyper drive is the only solution to the economic quagmire they've found themselves in.

As an aside, we recently moved offices after 24 years in the same location. As you can imagine, we had mountains of correspondence and publications to sift through, much of it dating back to the early days of Gold Newsletter and Jim Blanchard's fight to return the right of gold ownership to Americans.

Leafing through dozens of old newsletters and market research, I had to smile as I read Jim's many scribbled comments and underlines filling the margins. He simply couldn't read anything — even books you loaned him — without marking it up with his views.

Over and over again, Jim's little comments would stress that, faced with deflation or any significant economic downturn, governments would never fail to open the monetary floodgates. As the lesser of two evils, they would sacrifice their currency to protect the economy and their jobs.

Thus has it always been, and so has it been since the first rumblings of the economic crisis that began nearly two years ago and still haunts the world today.

And here's the important point: *Nothing's changing*. If anything, there's even more monetary inflation ahead.

The U.S. was perhaps the last bastion of free markets in the developed world, and now it has seemingly succumbed to the European neo-socialist solution of big government. The current administration has zero real-world economic or investment experience, and don't want to hear from anyone who does (they didn't even bother to consult industry professionals during the crafting of the dramatic new financial regulations).

In short, the U.S. economy is being driven by academia with no grounding in, or respect for, *laissez faire* economics.

And the problem doesn't end at our borders. Globally, investors find themselves in an environment where European leaders, even the more conservative ones like Nicolas Sarkozy, are seriously suggesting that measures of Gross Domestic Product be replaced by a standard of Gross National Happiness, investors and savers know that the fix is in.

It's not the reported price indices that are now driving expectations, but the amount of money that's being created. It's not price inflation, but *monetary* inflation — a direct one-to-one relationship wherein more money means reduced value for currency, and greater relative value for "things," especially gold.

Simply put, even more money is going to be created. And gold is once again recognized as the best way to protect and build wealth as currencies become more common and less valuable.

The Final Stage

We have achieved the ultimate stage of this gold bull market — the

new reign of gold as the world's pre-eminent currency.

As I've chronicled in these pages over the past decade, the rise in gold began as a "dollar-only" story. Then gold began to rise in terms of all currencies. Now, it stands atop the hill as the currency of choice.

Some may counter that there's nowhere to go but down now. But, believe me, there's much more ahead. This is the phase of a gold bull market where the real money is made — where gold not only protects wealth, but builds it.

Because, looking to the horizon, fiscal restraint is nowhere to be found. And until it is, the world will still look to gold for protection.

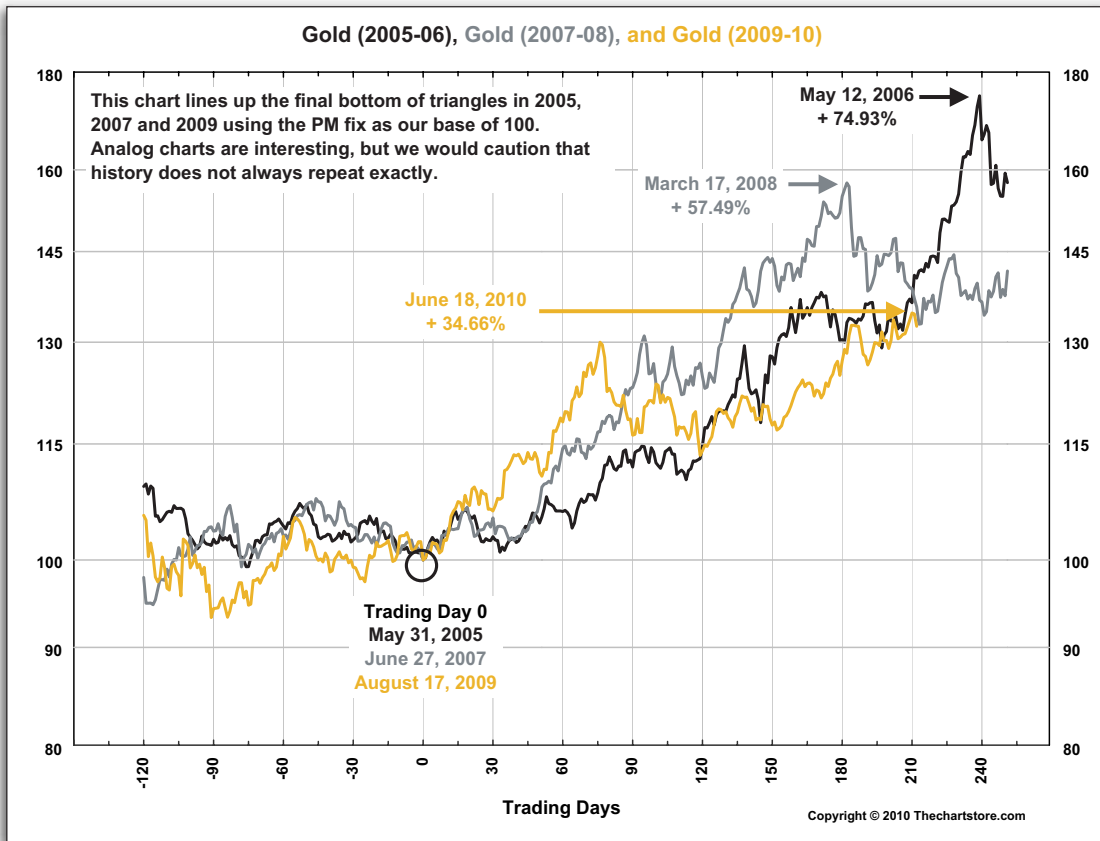
Gold's Back On Track, But Remain Cautious

Narrowing our focus, you'll notice that we've updated our chart on page 4 (courtesy of Ron Griess at TheChartStore.com) comparing the current rally in gold to the rallies in 2005 and 2007. Those two rallies, which carried gold to gains of 75% and 57%, respectively, both came after price consolidations lasting about a year. In short, they were remarkably similar to the current gold-price rally, which we can trace to an August 17, 2009 starting point.

As you can see, the current rally faltered in December and January, to the extent that I was nearly convinced that the run was over. But gold got back on track this spring, and the metal — currently showing about a 35% gain for this rally —

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"...all evidence points to governments hell bent on spending even more, convinced that monetary hyper drive is the only solution to the economic quagmire they've found themselves in."



will give the company a total of 560 hectares of prime ground in one of Columbia's hottest gold regions. As I've noted in previous updates, Galway's California holdings lie adjacent to Ventana Gold's La Bodega gold project and near Greystar Resources' Angostura project (15.0 million ounces of gold and 79 million ounces of silver).

Although Ventana has yet to produce a resource estimate for La Bodega, the market clearly believes that the project has vast potential. Ventana sports a market cap north of C\$1 billion based almost exclusively on La Bodega.

seems very capable of ending up somewhere between the gains of the previous two breakouts.

If so, that would take gold to somewhere between \$1,350 and \$1,500. And soon: If it follows past patterns in terms of length, we'd see those heights by early fall.

However, this rally could fail to achieve the gains of the previous two in terms of percentage, because — thanks to today's higher price levels — it has probably already exceeded them in terms of value.

In addition, we are still in what's supposed to be the slow season for gold and metals stocks. Thus, I am still recommending caution in new purchases. We should be well-positioned in our recommended companies, and ready to reap the benefits if/when gold continues its advance. If you aren't already positioned adequately, accumulate our top picks on price weakness.

The resource market typically bottoms somewhere between the mid-

dle of July and the middle of August. And, while this has not been the typical market by any stretch of the imagination, I'm still looking to this period as our buying window.

In the meantime, while this may be the slow season for the markets, it's the fast season for exploration news, as drilling programs are now fully up to speed in the northern latitudes. So let's review some of the news that's been coming in....

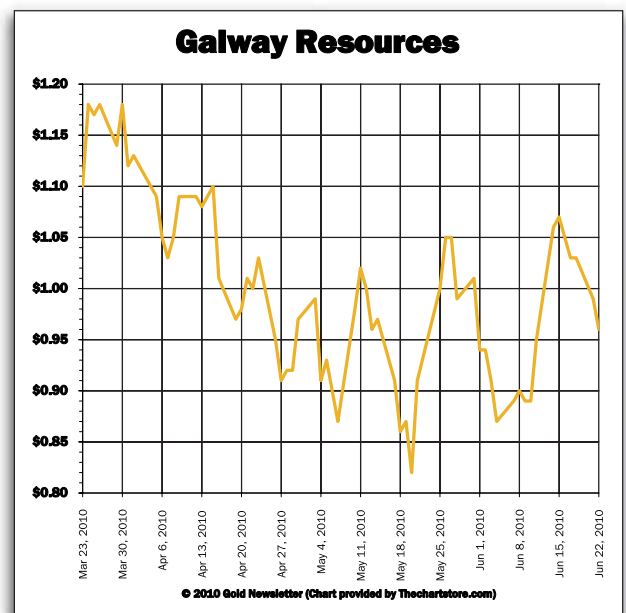
Gal way Resources

GWY.V; GWYRF.PK
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galwayresources.com

Galway Resources further consolidated its Columbian holdings last month by bolstering the land package it controls within the country's California district.

The added property

The proximity of Galway's holdings to Ventana's flagship project could have an important short-term impact for GWY's shareholders. I say that because the company's recent California-district acquisitions include a small, narrow strip of land (called a "fraction") that traverses the



area's La Mascota structure.

More importantly, this fraction divides Ventana's Colorado and La Baja concessions and terminates at the northeast end of La Bodega. Aside from the access this fraction gives Galway to prime ground in the region, its main allure lies in the fact that it provides Ventana with an incentive to take this fraction off Galway's hands.

Why would Ventana bother with such a relatively small strip of land? Because, based on its recent actions, the company appears intent on consolidating the area, perhaps in advance of selling La Bodega outright.

In recent weeks, Ventana has bought up outstanding claims to La Bodega and surrounding properties to the tune of \$48 million. The company paid for this transaction with cash on hand and a \$20 million loan from related parties.

Ventana subsequently paid for this loan by raising C\$11.7 million from an investment fund tied to Brazilian billionaire Eike Batista and C\$20.7 million from Silver Wheaton. The former investment is of particular interest, as Eike Batista is rumored to have an interest in creating a Columbia-focused gold company.

If Ventana is indeed prepping La Bodega for sale, then Galway's holdings in the area could prove useful, both as potential targets for extending the deposit at La Bodega and as additional land for any mine that might eventually get built there. Thus, Galway's land purchase has the potential to give it a short-term cash boost, should Ventana decide to buy Galway out of its recent acquisition.

Plus, by adding to its holdings in this gold-rich section of Columbia, Galway has only enhanced its chances of making a significant discovery of its own in the California district. The company now controls 1,911 hectares of prime ground that stretches from the Vetás district to the

southeast, through California and north to the Surata district.

One of the company's recent pick-ups was the San Marcos concession, home to five small-scale mines. Grab samples acquired during due diligence at San Marcos included samples grading as high as 137.6 g/t gold. Galway will follow up with an extensive geochemical program at San Marcos and will include it in the geophysical program the company has slated for its California and Vetás holdings.

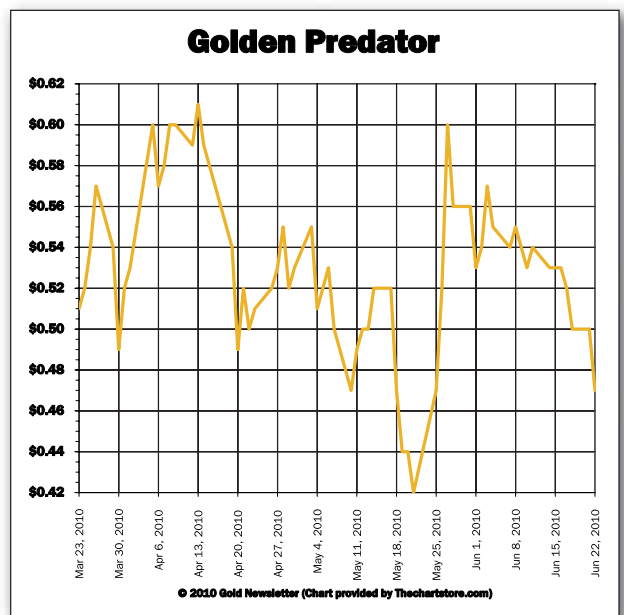
The drilling that has already generated good results in and around the Pie de Gallo pit will continue into the summer. Between that program and an aggressive channel sampling program it is about to complete on its Vetás holdings, we will have more news flow to look forward to in the months ahead.

Bottom line: Galway's recent acquisitions and its ongoing exploration activity in Columbia have placed it in an enviable strategic position, one that could easily result in a nice influx of short-term cash flow, should Ventana decide to snap up that pesky fraction. In the interim, the company has clearly done an admirable job remaking itself into an aggressive gold exploration company.

Its share price has drifted down since early January and continues to trade in a very attractive buying range. For its "area play" potential alone, Galway now rates as a buy at current levels.

Galway Resources Ltd.

Recent Share Price:C\$0.98
 Shares Outstanding:78.1 million
 Market Cap:C\$76.5 million
 Shares Outstanding
 Fully Diluted:99.0 million



Market Cap

Fully Diluted:C\$97.0 million

Golden Predator

GPD.TO; GPRXF.PK

604-648-4653

goldenpredator.com

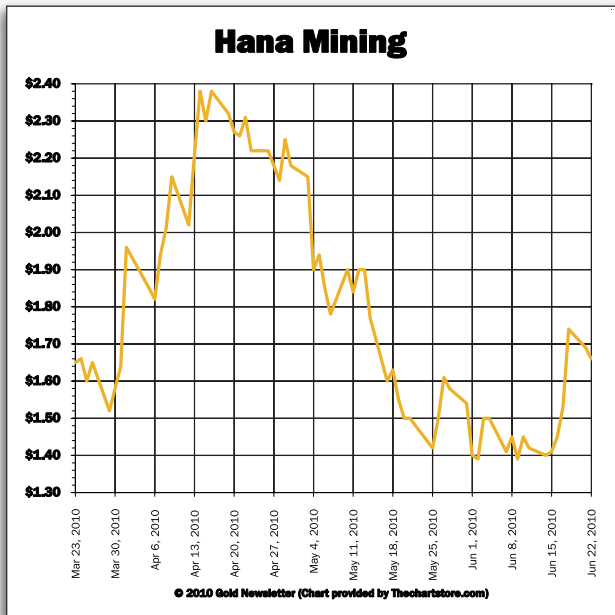
With fully 25,000 meters of drilling planned in 2010 for its five major gold projects in the Yukon, Golden Predator ranks right at the top of my list of high-potential Yukon exploration plays.

Drilling has already begun at its Brewery Creek and Eureka projects and will soon begin at Gold Dome, Clear Creek and Antimony Mountain. This massive exploration program is all part of Golden Predator's unique business plan to create a self-funded gold exploration company.

The brain child of roll-up specialist and company Chairman and CEO Bill Sheriff, this plan involves over C\$1 million per year of royalties from an impressive collection of US-based gold holdings and the cash flow to be generated by near-term, small-scale gold production in Nevada and surrounding states.

The long-term health of Golden Predator's royalty stream recently got

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a boost, thanks to an announcement by leaseholder Midway Gold that it plans to have a gold mine up and running at the Pan project by 2013. It's all part of a deal that gives Golden Predator a sliding scale gross production royalty set at 4% if the gold price is greater than \$450/oz. It also includes advance royalty payments indexed to the price of gold.

The Pan royalty stream is but one of several flowing into Golden Predator's corporate coffers. And between its royalty revenues, the cash flow potential of its gold production plans and the cash and marketable security position it already holds, the company's current market cap is, arguably, fully accounted for.

That means if you build or add to your position in GPD at current levels, you'll get its enormous exploration upside in the Yukon essentially for free.

Thanks to the aggressive drilling campaigns already underway at Brewery Creek and Eureka (and those soon to be underway on its other Yukon projects) we won't have to wait long for a steady stream of news to begin flowing.

At Brewery Creek, a 12,656-hectare property located 55 kilometers east of Dawson City, the compa-

ny will focus on fault structures identified by a re-interpretation of the project's main mineralizing trends. The company will test targets outlined by geochemical sampling in an attempt to isolate and define these trends.

The initial holes of the diamond drilling portion of the company's work at Brewery Creek will test its Kokanee and Golden zones, which have played host to some of the property's most

impressive intersections. Golden Predator will follow up this work with an RC drilling program to further probe Kokanee and Golden and to test the down-dip extension of the project's Lucky pit.

On the premise the best place to find gold is in and around where it has already been discovered, Brewery Creek makes a very attractive target. It generated 279,541 ounces of heap-leach gold between 1996 and 2002 and still boasts an NI 43-101 compliant gold resource of 287,000 ounces in the indicated and inferred categories. Importantly, it's also permitted and ready to go should Golden Predator decide to bring it back into production.

The drilling program planned for Brewery Creek will probe targets around existing pits and drill much deeper than previous exploration programs. Management has high hopes that its re-interpretation of the mineralizing structures at Brewery Creek will lead to the discovery of significant high-grade deposits below the previously tested areas there.

Meanwhile, the drills have also begun to turn on the Eureka project. Located just 49 kilometers northeast of Underworld Resources' White Gold discovery, Eureka gives Golden Predator both a potential "area play"

kick and a wealth of potential as an exploration target in its own right.

The property sits near the headwaters of one of the Yukon's many placer mining districts. The creeks that flow through and around Eureka produced over 150,000 ounces of placer gold between 1978 and 2005. The company's 2010 program at Eureka will test various gold-in-soil anomalies outlined on the property and follow up on drilling and trenching conducted on the Allen, Wealth and Childs prospects by prior operators.

Again, these two programs at Brewery Creek and Eureka are part of a 25,000-meter program that Golden Predator will conduct in the Yukon in 2010. It is arguably the most aggressive and most well funded exploration program that this red-hot gold district will see this year.

Given the company's current share price, Golden Predator makes for a highly attractive bet on the new Yukon gold rush. And, thanks to the company's self-funded business model, it's a bet that's strongly protected to the downside.

From a risk-reward perspective, this well-managed junior is probably the best buy in our extensive list of gold exploration companies.

Golden Predator Corp.

Recent Share Price:C\$0.50
 Shares Outstanding:62.2 million
 Market Cap:C\$31.1 million
 Shares Outstanding
 Fully Diluted:.....88.1 million
 Market Cap
 Fully Diluted:.....C\$44.0 million

Hana Mining

HMG.V; HNNGF.PK
 604-676-0824
 hanamining.com

Ghanzi, Hana's Mining's already massive copper-silver project in Botswana, is growing by leaps and bounds.

That growth is coming both from

the Banana Zone, Ghanzi's main area of mineralization, and from the Chalcocite Zone, an offshoot of Banana that possesses a different mineralization style. A recently released resource estimate for both zones pegs their combined resource at 3.9 billion pounds of copper and 62.1 million ounces of silver.

At Chalcocite, a recent drilling program has added another 1,000 meters of strike, consisting of relatively thick chalcocite mineralization, to a target already known to host 850 million pounds of copper. All 10 of the holes drilled returned significant copper mineralization and generated metal grades consistent with the zone's existing copper resource.

Better still, the company did not include the results from any of these holes in its recent resource estimate, which means those consistent grades and additional 1,000 meters of strike will be available to add to the next resource estimate. Hana plans to ply Chalcocite with another 2,000 meters of drilling later on in 2010.

Located at the southern end of the Banana Zone, the Chalcocite Zone hosts a mineralization style that is much shallower, flatter and thicker than the mineralization at Banana. These features could make ore from Chalcocite amenable to low-cost, heap leaching methods, thereby significantly improving this massive project's overall economics.

That being said, the Banana Zone is still Ghanzi's bell cow. Recent drilling has added an eye-popping 7,000 meters to the overall strike of the mineralization at Banana, which now stands at a whopping 44.3 kilometers and remains open along strike and at depth.

Results from Banana included high-grade "highlight holes" such as Hole 270 (2.68% copper and 23.7 g/t silver over 3 meters), Hole 275 (2.32% copper and 17.5 g/t silver over 4 meters) and Hole 278 (1.34% copper and 29.4 g/t silver over 6 meters).

These higher grade intersections underscore the fact that Banana hosts several areas of higher-grade copper-silver mineralization that Hana could use to accelerate the payback of capital costs on any mine built at Ghanzi.

The results from Banana are but the latest in an avalanche of assays that will hit the market in the coming months from the nine-rig, 80,000-meter RC campaign underway on this huge zone of copper-silver mineralization. Concurrent with this drilling program, the company is beginning the process of mine building at Ghanzi, an effort that will include mine modeling, metallurgical testing, hydrogeology, engineering and environmental and socioeconomic work.

Although the company has already provided us with generous returns from our initial entry point, I think we're still at the cusp of what's possible for Hana, given the sheer size and potential of Ghanzi.

With silver poised for a huge spike and copper on the rebound, now is an excellent time to add to our positions in Hana and its flagship project. Its downside is protected by its large resource of copper and silver and its upside is nearly unlimited, as drilling seems likely to grow the Banana and Chalcocite zones substantially during the back half of 2010.

Hana Mining Ltd.

Recent Share Price:C\$1.64
Shares Outstanding:74.6 million
Market Cap:C\$122.3 million
Shares Outstanding
Fully Diluted:89.4 million
Market Cap
Fully Diluted:C\$146.6 million

Hathor Exploration

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hathor.ca

Over the past month, Hathor Exploration has deluged the market with assays from its winter drilling program at Midwest Northeast, the company's flagship uranium project located on the eastern end of Saskatchewan's prolific Athabasca Basin.

While varied, these assays did manage to fill in certain areas of the deposit already outlined along Midwest Northeast's Roughrider Zone and to suggest possible high-grade extensions to its existing deposit shell. Still up in the air is how much of the 200 meters of distance between Roughrider and the newly-discovered Roughrider East target is mineralized.

The best assays of the 27,000-meter, 77-hole program came from infill and extension drilling in and around the Roughrider deposit's Area 2. Highlights included a project-best 43.64% U₃O₈ over 7.5 meters in Hole 204 and 24.31% U₃O₈ over 23 meters in Hole 209.

Importantly, these high-grade results came in areas that were previously assumed to be weakly mineralized or unmineralized in the resource shell. At grades like these, it doesn't take much rock to add tens of thousands of pounds of uranium oxide...so these results add to the mounting evidence that Hathor's next resource estimate will be considerably higher.

Adding to the news from the drilling front is word of good metal-

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"Although the company has already provided us with generous returns from our initial entry point, I think we're still at the cusp of what's possible for Hana, given the sheer size and potential of Ghanzi."

lurgy. The preliminary results from this testing demonstrate that Roughrider's ore would meet industry-standard quality specs for yellow cake uranium production.

The key as we move into the summer drilling program for Roughrider (and look forward to next winter's program) is Hathor's ability to grow the overall size of the difficult-to-out-line deposit.

Assays like Holes 204 and 209 give me hope that this past winter's results, combined with the results of upcoming drilling programs, will substantially grow the size of the total size of the resource at Roughrider. What's more, if the drill bit can demonstrate significant continuity in the area between Roughrider and Roughrider East, then it will be "Katie, bar the door" for Hathor's share price.

The current slump in the uranium market has kept Hathor trading at bargain basement prices. But between the coming recovery I see in uranium and the likelihood that Roughrider's resource has grown considerably with the past year's drilling, I think Hathor's price breakout is much more a question of when, rather than if.

It's a buy at current levels.

Hathor Exploration Ltd.

Recent Share Price:C\$1.58
 Shares Outstanding:107.0 million
 Market Cap:C\$169.1 million
 Shares Outstanding
 Fully Diluted:117.8 million
 Market Cap
 Fully Diluted:C\$186.1 million

Kaminak Gold

KAM.V; KMKGF.PK
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 kaminak.com

For proof of what the discovery phase of a gold exploration program can do to a company's share price, witness what has happened to shares of Kaminak Gold over the past month.

The company's stock price has

stormed ahead in recent weeks on the strength of some eye-popping, high-grade results from its Coffee project's Supremo Zone and some impressively long (though lower grade) intersections from its Latte Zone.

The discovery holes, reported May 26, included 17.1 g/t gold over 15.5 meters on the Supremo Zone. This stunning intersection provided the initial lift to Kaminak's share price, sending it up C\$0.43 on May 27th on nearly 2.3 million shares of volume.

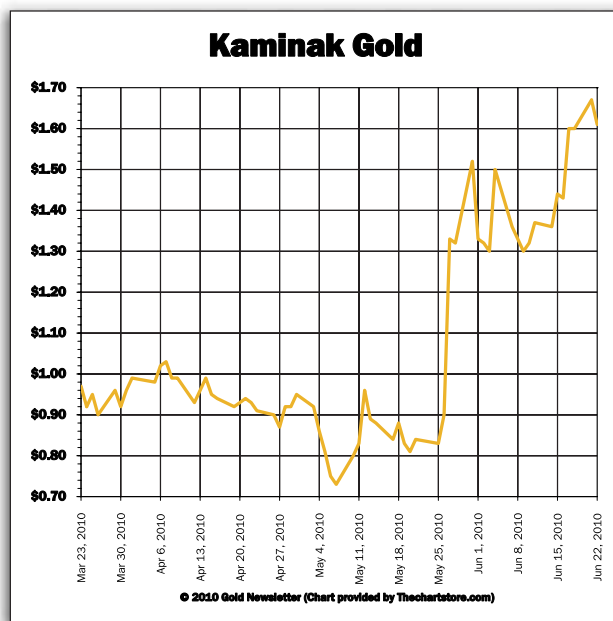
The next two holes reported, from the Latte Zone one kilometer away, yielded "only" 1.08 g/t gold over 84 meters and 1.12 g/t over 55 meters.

By all rights, these long, lower-grade intersections are the types of results that make a mine, and should have been supportive of Kaminak's case for a discovery at Coffee. But initially, the company's share price didn't budge much from the heights it had reached after the Supremo results.

The company's stock has since advanced significantly, as gold has raced ahead and the market has had time to digest the first few rounds of assays, which included another recently reported step-out hole at Latte and three additional step-outs at Supremo.

At Latte, a 100-meter extension to the east along trend returned 83.93 meters at 1.09 g/t gold — another exceptional result in my view. At Supremo, results included Hole 3 (17.35 meters at 3.26 g/t), Hole 4 (20 meters at 2.47 g/t, including 10 meters at 3.48 g/t), and Hole 8 (65 meters at 1.10 g/t, including 51 meters at 1.32 g/t).

All in all, these results lower the



grade expectations for these two zones, but extend the bulk potential. As I said, it's results like these that make a mine. And if these two zones end up connecting at some point, and yield mineralization consistent with these results, we'll not only have proved up a mine, but one that the majors will be lusting over.

As it stands, Kaminak has already delivered the type of returns I expected from this well-positioned Yukon gold explorer. If you haven't already, I encourage you to take some of your winnings off the table. But be sure to maintain a significant stake in this game.

The results from Coffee this summer, combined with a gold market on the wax, should translate into more profits from here. Those who have taken prudent profits at this point should consider their remaining stake a hold at current levels, and should also consider adding to their holdings on any significant weakness.

Kaminak Gold Corp.

Recent Share Price:C\$1.54
 Shares Outstanding:47.4 million
 Market Cap:C\$73.0 million
 Shares Outstanding
 Fully Diluted:52.2 million
 Market Cap
 Fully Diluted:C\$80.4 million

Prophecy Resource Corp.

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There's busy. And then there's Prophecy busy. The latter variety takes the word to a whole new level.

Given the impressive list of moves that it had already made — going from wannabe company to junior mining powerhouse in just six short months — you would think that Prophecy Resource Corp.'s management team would be content to rest on its laurels.

Fortunately for us, the folks that run this company just aren't wired that way. Ever since it acquired its coal assets in Mongolia, Prophecy has been moving full throttle towards production at Ulaan Ovoo, its most advanced coal project.

I reported to you last month that the company had contracted with Leighton Asia Ltd. to help it put a mine into operation by late summer 2010. The goal is to turn Ulaan Ovoo into a two-million-tonne annual producer of thermal coal by the end of 2011.

Since then, Prophecy has been on a tear, securing a railroad contract for Ulaan Ovoo's coal, announcing the results of a trucking study, and signing an agreement with Sojitz Corporation of Japan to jointly market the project's 208-million-tonne coal deposit to potential buyers in China.

The transportation contract was with the Trans-Mongolian Railway to load and transport 1.5 million tonnes of coal annually via the Sukhbaatar Railroad Station, located 120 kilometers by road east of Ulaan Ovoo. The Sukhbaatar station gives Prophecy access to both the Russian coal-exporting ports of Vladivostok and Vanino via the Trans-Siberian Railroad and China's Erenhot port via the Trans-Mongolian Railroad.

The aforementioned trucking

study, compiled by RandTip of South Africa, estimates that, based on a 175,000-tonne-per-month throughput (2.1 million tonnes per year), Prophecy would need to utilize 58 haul trucks with 60 tonne payloads operating on two cycles a day. At that throughput rate, trucking costs would average \$10.65/tonne.

The company has given those numbers to Wardrop Engineering to plug into a prefeasibility study that will be released not long after you read this update. In the interim, Prophecy continues to actively engage in multi-party discussions for off-take agreements at Ulaan Ovoo.

Amid all the activity getting Ulaan Ovoo up and running, Prophecy has found time to complete a reciprocal private placement with Victory Nickel and announce a business combination with Northern Platinum Ltd.

The deal with Victory Nickel saw Prophecy invest C\$3,808,000 in Victory by subscribing for 36,615,385 shares at \$0.104 per common share. Concurrently, Victory bought C\$3,808,000 of Prophecy by securing 7,000,000 shares at \$0.544 per share. After these transactions were completed, Victory Nickel owns a 9.9% interest in Prophecy and Prophecy owns a 9.8% interest in Victory.

The deal gives Prophecy additional exposure to nickel's potential upside. Combined with its Lynn Lake nickel project in Manitoba (which it bought from Victory Nickel), the company now stands as an excellent lever on rising nickel prices.

The potential combination with Northern Platinum would only add to Prophecy's position in nickel. And, thanks to Northern Platinum's Wellgreen nickel-copper-PGM deposit

in the Yukon, the deal would expose Prophecy to the platinum group metals as well.

The details of this transaction are fairly involved, and I direct you to the company's website if you want to learn more about the specifics. Suffice it to say that Prophecy continues to move at breakneck speed to build a company with maximum exposure to currently out-of-favor commodities.

As the global economy rebounds, particularly in resource-hungry Asia, Prophecy will be there to capitalize with its growing portfolio of base metal and coal plays. Don't let the company's relatively modest market cap fool you. Prophecy Resource Corp. is going to be a player in the junior resource arena in the years to come.

I encourage you to be one of those investors who can look back fondly on their decision to be early on this particular story. Poised for a big run in the months ahead, PCY is priced for accumulation at current levels.

Prophecy Resource Corp.

Recent Share Price:C\$0.57
Shares Outstanding:102.3 million
Market Cap:C\$58.3 million
Shares Outstanding
Fully Diluted:132.4 million
Market Cap
Fully Diluted:C\$75.5 million

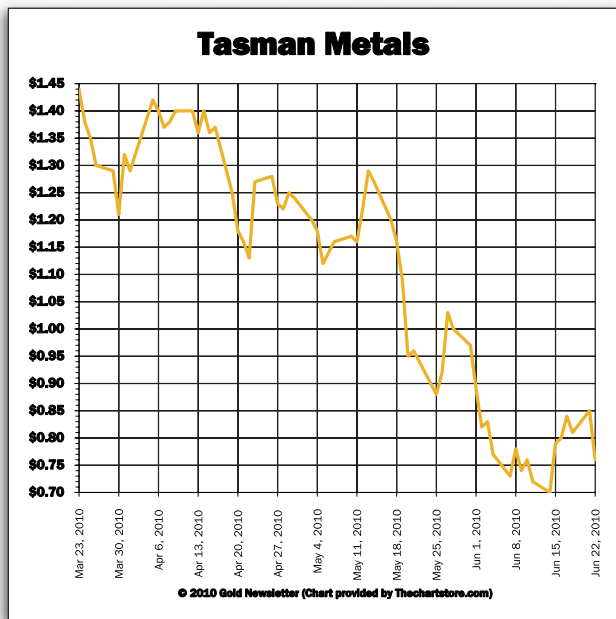
Tasman Metals

TSM.V; TASXF.PK
604-699-0202
tasmanmetals.com

The recent turmoil in the EU has tempered the rare earth metals story somewhat. And as the only rare earth

(Continued...)

“As the global economy rebounds, particularly in resource-hungry Asia, Prophecy will be there to capitalize with its growing portfolio of base metal and coal plays.”



play with a focus on Europe, Tasman Metals has perhaps taken more of a hit than most.

That being said, I always envisioned Tasman as a long-term play on the world's need for geographic diversity in the supply of rare earth metals. With China producing 95% of the world's supply and Europe currently producing none, the timing seems right for this Canadian-based junior to begin plying Scandinavia, Europe's only known rare-earth-hosting region, for an EU-based supply of REEs.

Moreover, the company's flagship Norra Karr project in Sweden keeps turning in impressive assays from a Phase I drilling program there. In the most recent batch of assays, all five holes cut significant intersections of highly mineralized material.

Highlights from this latest round of assays include Hole 10 (62.1 m of 0.81% total rare earth oxide) and Hole 11 (104.7 meters of 0.67% TREO and 2.1% zirconium). The high zirconium content of Hole 11, if it can be duplicated in future holes, will greatly assist the project's economics. As of this writing, the drilling has outlined REE-zirconium enriched mineralization for 800 meters of strike and to a depth of at least 100

meters. The remaining 11 holes to be reported cover infill drilling, which stand to demonstrate the continuity of the mineralization, but won't expand it.

Looking back on the initial 15 holes, we see a program where grades ranged as high as 1.49% TREO and 4.2% zirconium with widths up to 149.3 meters. The company notes that the desirable heavy rare earth oxide (HREO) percentage continued to be high in the latest round of assays.

The project continues to show strong similarities to the REE-zirconium mines of Russia's Lovozero province and to advanced projects such as Kipawa Lake (Ontario), Strange Lake (Quebec) and Dubbo (Australia). In addition, the project enjoys easy access to all needed infrastructure.

In keeping with its focus on REEs, Tasman recently joint ventured its iron projects to Scandinavian Resources Ltd. The four projects are located in Sweden's Kiruna district and lie near properties held by Scandinavian Resources. The deal allows Tasman to retain exposure to any upside these projects may have while keeping its attention squarely focused on proving up an REE resource at Norra Karr.

In the face of the economic headwinds blowing through Europe, Tasman has only continued to grow its deposit in the latest drill results, and the potential at Norra Karr is better than ever. Our patience has been rewarded, as the decline in price has brought Tasman back into our buying range.

Tasman Metals Ltd.

Recent Share Price:C\$0.73
 Shares Outstanding:41.7 million

Market Cap:C\$30.4 million
 Shares Outstanding
 Fully Diluted:55.4 million
 Market Cap
 Fully Diluted:C\$40.4 million

New Recommendation

Philippine Metals

PHI.V
 403-236-4520
 philippinemetals.com

I've been on the lookout for longer-term plays on the strong rebound I see coming in the copper arena, and I believe I've found one such company in Philippine Metals, a company with an impressive property position in (naturally) the Philippines.

The company is new, having begun trading in early April. But it has assembled a world-class management team and, with a C\$7.2 million raise concurrent with its listing on the Toronto Venture Exchange, is well-financed.

Money and management are great attributes but, in my experience, they are useless without highly prospective properties. And this is where I feel Philippine Metals really separates itself from the pack.

One of the world's most prospective mining frontiers, the Philippines has a stable, pro-mining government and a geographic location that makes it an ideal resource feeder for China and other resource-intensive economies.

Philippine Metals has secured three high-potential projects in the Philippines — Taurus (a high-grade massive sulfide copper target), Malitao (a massive sulfide and porphyry copper-gold target) and Dilong (a large copper-gold porphyry with a non-compliant estimate of 160 million tonnes of lower-grade copper and gold).

The 9,895-hectare Taurus project is located within a mining belt that has hosted six historic, high-grade copper mines. Once it receives its

exploration permit for Taurus, the company will quickly set about drilling the property to prove up a potential 25-million-tonne, high-grade copper deposit there.

The Malitao project hosts a blend of mineralization styles, giving Philippine Metals the opportunity to pursue both a high-grade, polymetallic massive sulfide target and a large-tonnage, lower-grade copper-gold target. The exploration game plan for Malitao calls for an initial round of mapping, sampling and magnetic surveys followed by a round of diamond drilling to test various targets on the property.

The third project in Philippine Metal's current stable is Dilong. This is a relatively small project (324 hectares), but it does boast positive reserves of 40 million tonnes of 0.5% copper and 0.5 g/t gold and potential reserves of 120 million tonnes of 0.41% copper and 0.35 g/t gold. These non-NI 43-101 compliant resources were outlined by 6,000 meters of historical drilling in 27 holes at Dilong. The company will review the existing data for this project to map out a plan for future exploration.

These projects, especially Taurus and Malitao, represent exceptional near-term value that can be quickly brought forward with the drill bit. And a key to unlocking that value, and getting the market's attention, will be exploration permits that are expected to be granted within the next few weeks.

Thanks to the general malaise in base metals stocks since it began trading, PHI's share price has drifted below the C\$0.45 level of its financing.

Thus, investors can get in lower than the investors in that placement, which included a number of influential analysts and letter writers. So we've got a stock that should continue to get market exposure and support, and we can get it at a discount.

I didn't participate in that financing, which was entirely due to my oversight and inattention.

I hope to rectify that situation after you've had a chance to act on my recommendation. In the meantime, speculators with patience and a longer-term view should take advantage of the current buying opportunity in Philippine Metals.

Philippine Metals Inc.

Recent Share Price:C\$0.28
 Shares Outstanding:43.8 million
 Market Cap:C\$12.3 million
 Shares Outstanding
 Fully Diluted:59.8 million
 Market Cap
 Fully Diluted:C\$16.7 million

Brief Notes...

- **Aldrin Resource Corp.** (ALN.V; C\$0.84) has begun drilling at Keystone, its 100%-owned gold project in the Yukon's Mayo district. The work represents the first phase of an 8,000-meter campaign planned to test Keystone, IND and Longline, Aldrin's three core projects.

The 3,000 meters that the company will drill at Keystone will test a large area of gold-in-soil anomalies and other geophysical targets. Previous sampling to outline targets at Keystone turned in values of up to 2.6 g/t gold.

Although all three of Aldrin's projects hold promise, Keystone is definitely the company's most exciting property. With the drill already turning there, we won't have to wait long to see if this Shawn Ryan discovery turns into another big winner.

Between Underworld's White Gold and Kaminak's Coffee, Ryan is battling a thousand. Given

his enthusiasm for the projects he vended into Aldrin (and for Keystone, in particular), this program could extend his hitting streak.

A drill-hole speculation backed firmly by great people, this company represents a solid bet to produce the Yukon's next big gold discovery. On the possibility that this initial program at Keystone will do exactly that, Aldrin Resource Corp. remains a buy on weakness.

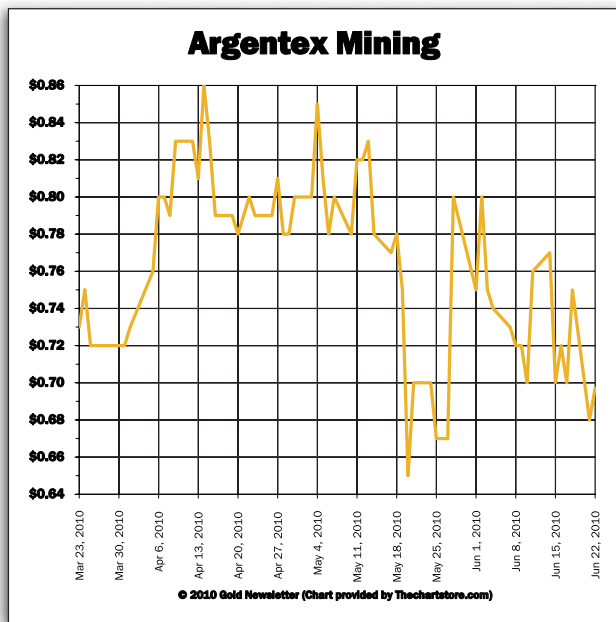
- No one can accuse **Argentex Mining** (ATX.V; AGXM.OB; C\$0.68) of dragging its feet on the exploration of Pinguino, the company's flagship project in Argentina's Santa Cruz district.

Since taking control of the property, Argentex has outlined 74 kilometers of mineralized strike, drilled over 33,500 meters in 333 holes and proven up a resource of 180 million silver-equivalent ounces.

Recent drilling at Pinguino has probed the Tranquilo Trend, a mineralized structure that crosscuts 11 kilometers of the property. Initial highlights from this work came from the newly discovered Luna Vein, which generated a best-of-batch assay grading 486.6 g/t silver and 1.91 g/t gold

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over 6.4 meters. Already delineated over 920 meters, the Luna Vein will now see additional drilling to follow up on this initial success.

Said company President Ken Hicks of the find: “The Luna discovery is a great incentive to increase our exploration efforts in interpreting the local geology and targeting high-grade silver-gold mineralization along the Tranquilo Trend. We expect that this new discovery within a major property-scale structure could provide a significant boost to Pinguino’s overall precious metal potential.”

Argentex should have the funds to pursue the growth potential at Pinguino thanks to a recently announced private placement with IFC, a member of the World Bank Group. Under the terms of the deal, IFC will buy 9,184,000 units at C\$0.80 per unit, with each unit consisting of one share of Argentex and one warrant, exercisable for five years at a price of C\$1.34 per warrant. The deal is expected to close on July 31, 2010.

With cash in hand to continue its aggressive exploration program at Pinguino, Argentex should be able to grow the project’s already large silver-equivalent resource. The company has made the transition into an attractive

silver play with relative ease and, thus, makes for a potentially lucrative lever on a rise in silver prices. It’s a buy.

- **Catalyst Copper** (CCY.V; CATXF.PK; C\$0.12) has embarked upon an ambitious campaign to add additional copper to the world-class copper resource contained within its La Verde project in Michoacan State, Mexico.

Current (non 43-101 compliant) estimates for the combined copper deposits at La Verde stand at 60 million tonnes grading 0.70% copper (indicated) and 37 million tonnes grading 0.53% copper (inferred).

Ongoing geophysical work to test for potential targets to extend the size of these deposits has generated good results. The company recently announced that it has uncovered strong IP responses to the north and northwest of La Verde’s West Hill Zone and at depth between the West Hill and East Hill Zones.

Catalyst will spend a portion of its US\$4.0 million budget in 2010 to drill these targets. The current diamond drilling program slated for La Verde will have begun by the time you read this missive and will attempt to both grow the resource and to bring it into NI 43-101 compliance.

Under the company’s agreement with Teck’s Mexican subsidiary, Catalyst can earn a 60% interest in La Verde by paying US\$6 million to Teck (done) and spending US\$10 million exploring the project by December 31, 2012. The exploration agreement calls for 30,000 meters of core drilling and 200 line kilometers of geophysical surveys.

Managed by the same team that helped Baja Mining breathe new life into the massive El Boleo project,

Catalyst Copper also enjoys the backing of industry heavyweight Endeavour Financial.

I fully expect the current drilling program at La Verde to confirm and expand the project’s world-class copper resource. It’s a buy at current levels, as news will begin to flow soon and as I foresee a marked improvement in the copper market.

- **Copper Canyon Resources** (CPY.V; CAYRF.PK; C\$0.24) announced an updated resource estimate for the Copper Canyon project it shares with JV partner NovaGold in northwest British Columbia.

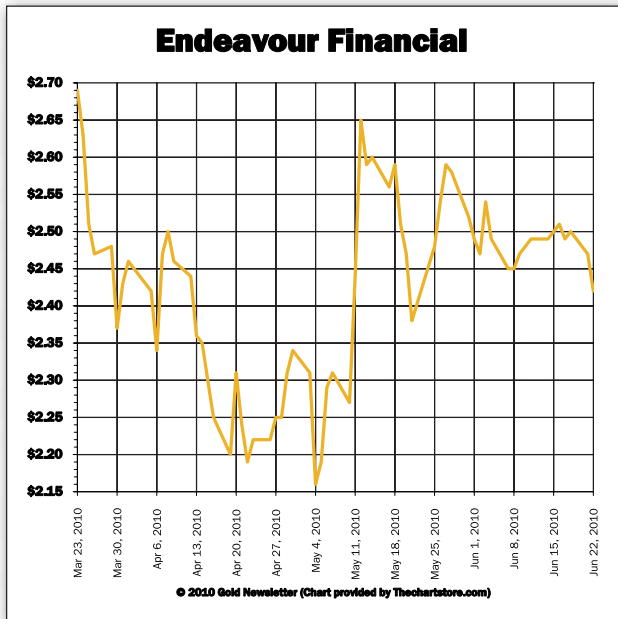
The new estimate, which compiled drilling and exploration data going back to 1956, pegs the project’s metal hoard at 1.03 billion pounds of copper, 2.53 million ounces of gold and 31.0 million ounces of silver. These totals are based on 152.6 million tonnes of ore grading 0.31% copper, 0.52 g/t gold and 6.32 g/t silver using a 0.35% copper-equivalent cut-off.

The estimate came with a recommendation to test new geological models posited by the estimate with a C\$1 million diamond drill program. The company reports that permitting to do exactly that is currently underway.

This resource estimate only confirms the Copper Canyon project’s ability to add significantly to the economics of NovaGold/Teck’s larger (and nearby) Galore Creek project. That project kicked into gear in April, when NovaGold and Teck announced that they were moving forward with a prefeasibility study for Galore Creek.

But with a targeted completion date for that study set for the first half of 2011, we’ll still have to wait a while longer before we reap the full benefit of Copper Canyon’s adjacent project. The company remains a hold for now.

- A recently announced agreement has ended **Endeavour Financial’s**



(EDV.TO; EDVMF.PK; C\$2.28) battle with OAO Severstal over control of Crew Gold (CRU.TO). Endeavour's holdings in Crew, along with its investment in Etruscan Resources (EET.TO), puts the firm well on its way to controlling up to one million annual ounces of gold production.

Endeavour's bold move into the gold production arena could pay significant dividends as we move into the next phase of the bull market for the yellow metal. However, it will also increase the volatility of the company's share price, as its valuation will now tend to fluctuate with the value of its holdings in Crew, Etruscan and any other companies in its portfolio.

A recent note from the company makes mention of that volatility, noting a March 31 valuation of C\$454 million for its combined holdings in Crew and Etruscan. Earlier this June, those investments were valued at roughly C\$300 million.

Such volatility is familiar to those of us who invest in the junior mining sector and should not dissuade us from sticking with Endeavour Financial. Its switch to a gold production model will, I believe, result in a significantly higher share price as gold vaults higher.

Moreover, I would be loath to bet against any game plan devised by Frank Giustra and his extremely talented management team. They've proven time and again their ability to pick winning strategies that deliver for shareholders, no matter what the market environment.

Its shares continue to trade near their trailing 12-month highs, but with its Crew investment now secured, I think Endeavour is protected to the downside.

It's a safe buy at current levels.

- **Great Panther Silver** (GPR.TO; GPRLF.PK; C\$0.80) continues to rapidly develop and drill the Los Pozos and Santa Margarita zones at its Guanajuato Mine in Guanajuato State, Mexico.

At Los Pozos, development has exposed 60 meters of strike at the 345 level and generated chip samples from four cross cuts ranging from 12.5 meters grading 3.27 g/t gold and 958 g/t silver to 9.5 meters grading 0.57 g/t gold and 155 g/t silver. Ramping at Los Pozos is continuing down from the 310 sub-level to the 345 level, an effort which will give the company greater access to the exploration potential Los Pozos has already demonstrated at that depth.

The company anticipates that investments in new equipment to develop both Los Pozos and Santa Margarita will help the company to generate a 20% year-on-year production increase from Guanajuato in the second half of 2010.

Meanwhile, 12,000 meters of underground drilling is underway at the Rayas area, which includes sections of the Santa Margarita structure. Highlights from Santa Margarita drilling include Hole 38 (3.06 meters of 6.16 g/t gold and 6 g/t silver), Hole 42 (5.0 meters of 8.62 g/t gold and 46 g/t silver) and Hole 45 (1.43 meters of 1.78 g/t gold and 516 g/t silver).

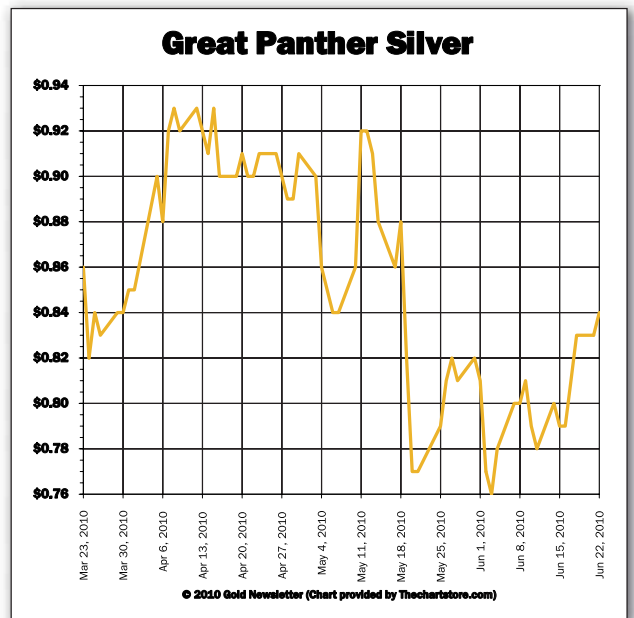
Continued exploration and development success at Guanajuato puts Great Panther in a solid position to reach its production targets in 2010 and beyond. The company remains one of our very best ways to capitalize on rising silver prices.

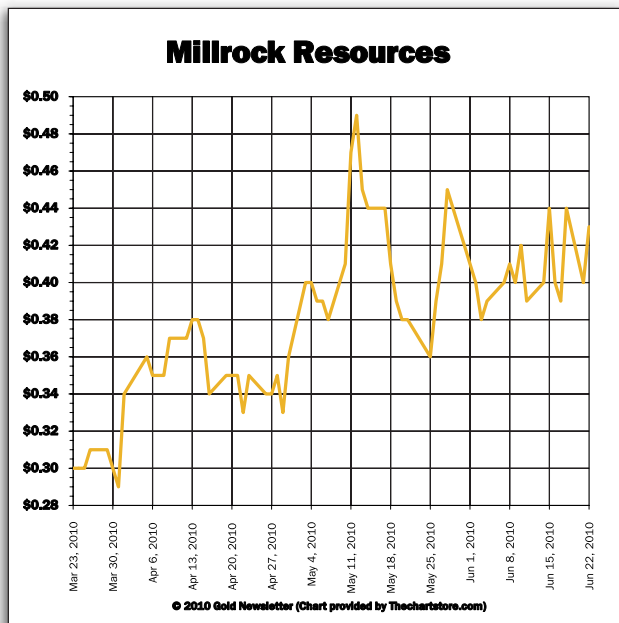
- **Luna Gold** (LGC.V; LGCU.PK; C\$0.68) announced in May that it had commissioned the gravity circuit at Aurizona, the company's Brazilian gold project. Initial operations will be conducted via diesel generators, and a 69kV power line should be completed within the next few weeks.

Now that gold production has been achieved, the next step will be to ramp up the throughput during the full commissioning and optimization process.

To fund further development at Aurizona, the company recently completed a C\$33.1 million non-brokered

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private placement consisting of 59,160,714 special warrants at C\$0.56. Each unit consisted of one common share of Luna and a half-warrant exercisable on a whole-warrant basis at C\$0.80 for 12 months after the closing date.

Frankly, I don't like the additional dilution of this financing. But the market values junior gold producers more highly than their junior explorer brethren, and Luna is therefore likely to get a boost once full production is achieved. With that goal in mind, this newly minted gold producer is a hold.

- **Millrock Resources'** (MRO.V; MLRKF.PK; C\$0.41) project generation efforts received a significant boost in the past few weeks, thanks to a cash influx from a private placement and a revised strategic alliance agreement with Altius Minerals.

Closed on June 1, the private placement raised C\$1,656,900 for Millrock by issuing 4,784,000 units. Each unit entitles the holder to one common share of Millrock and one share purchase warrant exercisable for C\$0.50 until June 9, 2012.

Combined with the C\$1,268,167 the company received from Altius' exercise of its outstanding Millrock warrants, the company now has

ample funds to pursue its early-stage prospecting work and to find more JV-worthy properties.

Under the terms of the reworked deal with Altius, Millrock agreed to issue another 3,450,000 warrants to Altius redeemable at C\$0.45 per warrant over a period of five years. It also boosted Altius' NSRs (to 2% for gold and 1% for all other commodities) on all properties staked subsequent to this new agreement.

In addition, Altius has withdrawn from its joint venture agreements with Millrock on the Monte Cristo and St. Eugene properties staked during the first year of the strategic alliance. Altius will, however, retain the aforementioned NSRs on these properties.

The stated reason for all this maneuvering was to streamline the joint venturing process and to give Millrock access to additional funds to find new projects in Alaska. Millrock must use all monies raised by Altius' warrant exercise on prospecting in the alliance's area of interest.

Between its recent joint venture with Teck on its Estelle property, its agreement with Kinross to explore one of its Arizona copper projects and this revised agreement with Altius, Millrock is clearly taking full advantage of the prospect generator model.

The endorsement of such well-respected companies speaks volumes about Millrock's long-term prospects. It continues to trade in a highly attractive buying range. If you haven't already, I encourage you to begin accumulating a position in this fine company soon.

- **Riverstone Resources** (RVS.V; RVREF.PK; C\$0.56) is experiencing a backlog of drill results in the lab, so the news has been building up like water behind a dam. I expect that to burst very soon, perhaps by the time you read this.

Despite losing the market's love as the "drill play du jour," Riverstone has quietly expanded the Nami target well beyond the artisanal workings, and I expect dramatic increases in the resource to over two million ounces by the end of this drilling season, from this zone and the others on its Karma property.

The market has yet to fully appreciate the value that Riverstone is proving up at Karma, but that oversight won't last forever. I encourage you to view the recent weakness in the company's share price as a first-rate buying opportunity.

- **Rye Patch Gold** (RPM.V; RPMGF.PK; C\$0.18) released the first batch of assays from its RC drilling program at Wilco, one of its highly prospective gold projects in Nevada. All six holes in the initial batch hit significant gold mineralization, with the highlight interval coming from Hole 99, which cut 44.53 g/t gold and 36.3 g/t silver over 1.5 meters.

Overall, the new results from Wilco expanded the high-grade zone located within its North Basin target. It also provided hope that an updated resource estimate on the project will add significantly to the project's 2.3 million ounce gold resource and 24.6 million ounce silver resource.

On a gold-equivalent basis, Rye Patch's three main Nevada properties boast 1.18 million ounces in the measured and indicated category and 2.73 million ounces in the inferred category. Combined, the gold-equivalent resources at Wilco, Lincoln Hill and Jessup total 3.91 million ounces.

This company is on a mission to build a world-class inventory of gold resources in Nevada. The goal is then to sell that inventory to majors in need of mill feed to supplement the ore coming from their established projects. Unfortunately, as I previously reported, in April Rye Patch was jilted at the altar in its attempt to acquire Centerra Gold's interest in the Ren project. The share price was hit big on that development, and has yet to recover.

The company has moved on to other prospects on its list, and is also concentrating on building the resources on the projects it already controls. Until we see more results from those initiatives, Rye Patch remains a hold.

- **TintinaGold Resources** (TAU.V: TINTF.PK; C\$0.50) has begun drilling at Kugruk, the company's high-potential copper-iron project in northwestern Alaska.

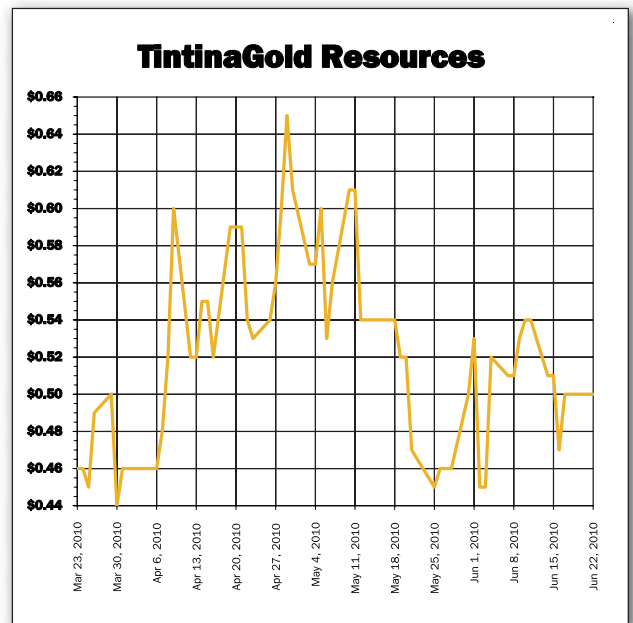
The 4,000-meter program will focus on testing several of the 177,280-acre project's multi-kilometer mineralized zones. In particular, it will test the Billiken prospect, home to a three-kilometer-long magnetic zone that has evinced significant areas of high gravity, low

resistivity and high induced polarization.

Although the majority of Kugruk's potential copper-iron hoard lies below a thick covering of silt and tundra, TintinaGold's geologists have high hopes that this year's drilling can help to establish the project as a large-scale, intrusive-driven mineral system.

The company's other major projects include Colorado Creek, an Alaskan gold property located 100 miles northwest of Donlin Creek (40 million ounces of gold) and Sheep Creek, a recently acquired copper-cobalt property in Montana.

The 4,714-acre Sheep Creek property was secured in May and provides the company with exploration and mining rights to the area for a period of up to 30 years. Cominco American and BHP drilled the project in the 1980s and early 1990s, and TintinaGold plans to fol-



low up on this prior work with a C\$500,000 drilling program of its own in fall 2010. The pick-up adds some base metals "blue sky" to go with the potential for significant copper and gold discoveries at Kugruk and Colorado Creek respectively.

Given the strong hands holding its stock, TintinaGold isn't too concerned by short-term fluctuations in its share price. It's focusing on the longer term, and so should we. It's a buy at or near current levels. ▲

Potpourri

MISCELLANEOUS NOTES AND OBSERVATIONS

BY BRIEN LUNDIN

■ Fears and frustrations...

Down here in my part of the country, people don't like to think about Hurricane Katrina, much less

talk about it. Yet the BP oil spill south of our shores has reawakened many of the same fears and frustrations that we endured five years ago.

It's probably hard for anyone who doesn't live in this area to

understand what we go through to live here...and why, despite the occasional difficulties, most of us would never think of leaving.

(Over, please...)

Simply put, to understand the latter, you'd have to live here. I lack the copy space, and probably the capability, to explain the many wonders of this place, the rich culture and warm people that make it home.

But maybe I can give you some idea of the frustrations we feel when we see our beloved coastline and way of life threatened by government and corporate ineptitude.

First off, let's consider BP. From just the evidence gathered so far, it's obvious that the oil giant is largely responsible for the spill, and perhaps solely so. There were numerous red flag-warnings from testing data on the day of the blowout, and BP officials made ill-fated decisions to go forward in each instance, despite the warning signs. The blowout preventer was likely faulty as well, but this is probably the only area where BP can deflect some of the blame.

The fact that the blowout was clearly preventable by the industry safety standards already in place is but one agonizing aspect to this crisis. The frustrations only mounted with the efforts to cap the well. I'm not sure why BP couldn't simply crimp the pipe to at least stem the flow before trying any other efforts, and I'm not sure what other methods would have worked.

But I can say that viewing that constant stream of oil coming out of the sea floor is like a slow death to those of us who love our wetlands.

When there's a hurricane in the Gulf, people down here experience about a week of anxiety, pondering our potential fate until the exact area of landfall is evident. But every day since the Macondo well blew, we've

had that same gnawing anxiety. It's like the hurricane that never comes ashore. It just sits out there, growing more dangerous, waiting to deliver the terrible blow.

Making everything much worse, of course, has been the government reaction -- or inaction.

Of course, I'm a die-hard libertarian, and hold no love for over-arching government power. But if the government exists to do anything, *this* is precisely what it should be doing.

The federal government needs to marshal whatever forces and assets are needed to clean up the spill. Instead, the people and the environment of the Gulf Coast have become a political football, as President Obama tries to foster a tough-guy image (his boot on the neck of BP while looking for an ass to kick)...appeases his special interests (catering to maritime unions by refusing to waive the Jones Act to allow foreign oil-skimming ships, and declaring an unjustified moratorium on drilling to burnish his supposed environmentalist credentials...and uses our misfortune to advance his far-left agenda (cap-and-trade, et al.).

What the future holds for this oil spill, our environment and way of life remains to be seen. But I can tell you this for sure: After Katrina and everything else we've been through, people down here don't like being used and pillaged.

We're looking for someone's ass to kick.

■ Natcore makes the news

Thanks to a recent story by ABC

News, I've fielded a number of inquiries regarding **Natcore Technology** (NXT.V; C\$0.90), the company that I cofounded and for which I serve as Chairman. I'm also the single largest shareholder, which is why I've recused myself from recommending the company or covering it in these pages.

The company is covered, however, by **Lawrence Roulston** in his GreenTech Opportunities newsletter (greentech-opportunities.com) and by **Jim Letourneau** in his letter, Big Picture Speculator (jimletourneau.com). I have great respect for both of these gentlemen -- and would recommend their advice even if they didn't recommend Natcore!

I also suggest that you add the company to your online tracking portfolios, and visit the company's website (natcoresolar.com), to keep up to date on the latest developments. ▲



Remember: You can use your User Name and individual Password to log into the "Subscribers Only" section of the Gold Newsletter website (gold-newsletter.com).

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In Our
40th Year**

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