

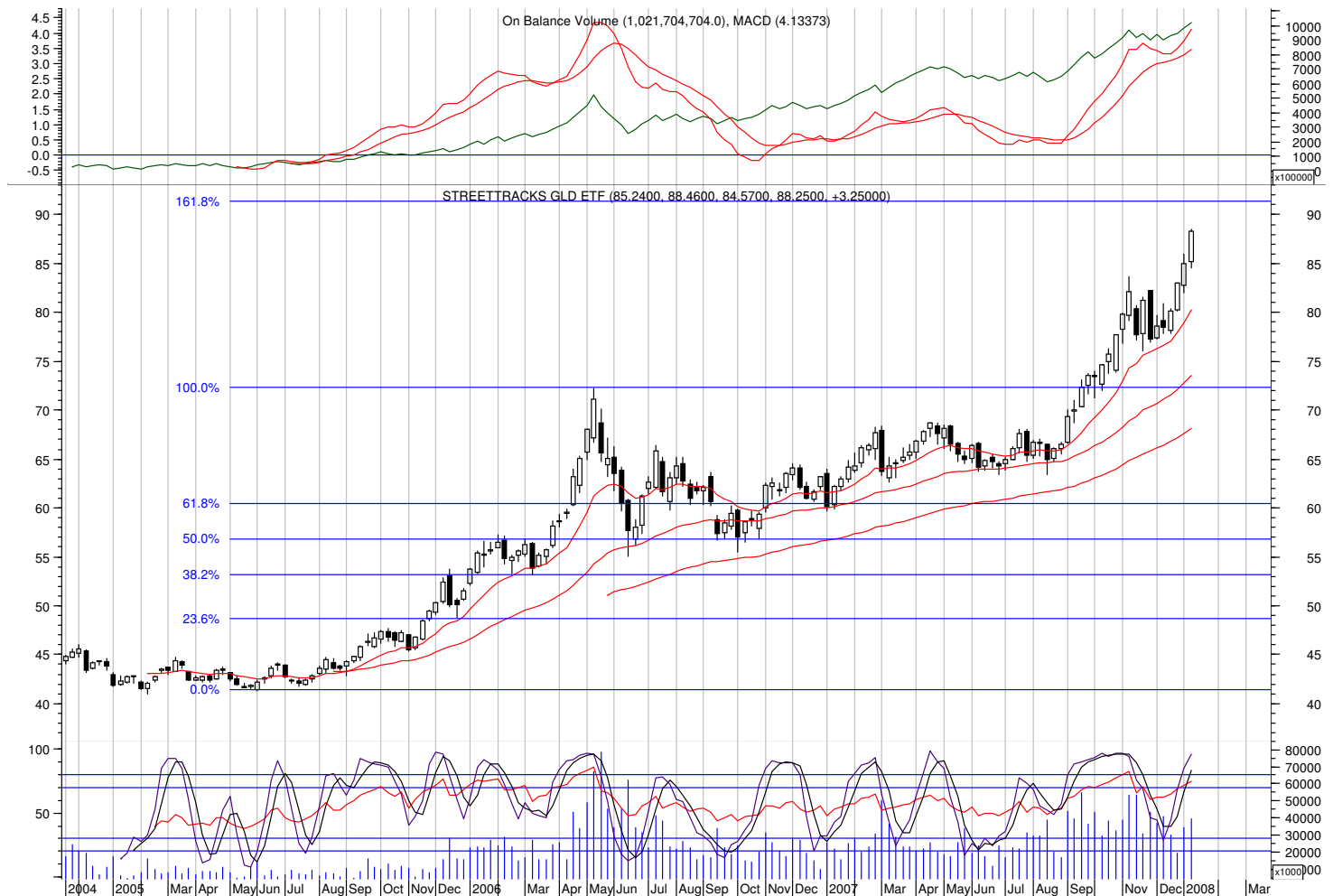
Growth Stocks Weekly

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Performance: Year ended April 1996 116.9%; 1997 28.1%; 1998 36.4%; 1999 39.4%; 2000 180.9%; 2001 -50.5%; 2002 18.7%; 2003 28.8%; 2004 166.7%; 2005 28.2%; 2006 153.3%; 2007 8.8%

Junior Gold and Natural Resource Sector Report January 11, 2008

Junior Gold - Backing Up the Truck (Finding Value Amongst the Debris – Part 2)



StreetTracks Gold Trust (GLD-NYSE)

(The largest exchange-traded fund backed by bullion, holding 630 metric tons -- 1/4 of annual global production)

“The Federal Reserve is totally out of it. They’re destroying the currency and driving up inflation, which will result in higher interest rates and a worse economy. We now know the Fed doesn’t understand markets or economics, but is just trying to bail out its friends on Wall Street at the expense of 300 million Americans; nay, of the whole world”. - Jimmy Rogers, former partner of George Soros, author of Investment Biker, etc.

The Return of Gold Fever?

Gold hit an all-time high on Friday, briefly touching US\$900 per ounce. Gold is rallying strongly in practically every currency in the world. A stunning 55% gain in 2 years for American gold investors is now starting to get mainstream attention. Gold's lengthy consolidation period that lasted for over a year and a half is decisively over.

In the general markets, the fallout from the credit crisis and the damage done to investors in August and the November - December market sell-off is considerably deeper than expected. Normally we see at least some hint of the usual January effect after so many months of losses – but so far nary a bounce.

Gold is viewed as a store of value when everything else seems risky – it's been used as money for at least 3,500 years. The bigger drivers at this point includes a rapidly depreciating dollar and the prospect of negative US real interest rates. Like the central bankers before America dropped the gold standard, we need to stop looking at gold as a commodity. Gold is an alternative currency that is no one else's liability, in a world where the choices have become rather limited.

The dilution of all Western currencies, but specifically the US Dollar, is providing buying pressure for gold as an anti-inflationary safety valve. In the modern era, currencies ebb and flow with one or a few being sold off, offset by rallies in others. Right now, major currencies including the Yen, Dollar, Euro, Swiss, and Pound are all in a dilutive, over-printed state. Some still appear better than others but eventually real buying power will decline in these "premium" currencies as values match and mismatch among the group. Central banks are the great monetary adjusters as they raise and lower rates, and strain to compete with cheaper money to spark their flagging economies. The US is leading the world with the fallout of its loose money policies and is likely already in recession.

The Great Gold Bull of the 1970s ran from 1970 to early 1980, exactly one decade. Gold did not rise in every single year, but when you look at the long-term charts the secular bull market is unmistakable. Secular bulls in the financials, industrials and transportation markets tend to last even longer, usually two decades each, like the Great Stock Bull that started in the early 1980s.

Given that a secular bull or bear can easily run from a quarter to a half of an investor's entire average investing life, it's important to run with these primary trends. Getting even one wrong could cost investors half their investing life. The price for missing these secular trends is staggeringly high.

The primary difference between the 1970s gold bull and this one is today's abuse of currencies, debt, credit, mortgages, bonds, and the Fed's suppression of certain markets in favor of promoting others. And everything is accelerated via computing power.

An added dimension to what used to be a "Western"-centric world is the spread of capitalism to communist countries like Russia and China. These countries have unique hybrid systems of command dictatorship operating within semi-free economies. They want to be a part of the world economy, and have discovered the art of attracting western investment capital to develop their domestic projects. These new and growing semi-capitalists are draining global trillions to build themselves into modern societies, and the world's resources have never been under more pressure.

So far, gold investors have focused on the big board gold miners trading near all-time highs. Barrick Gold, Kinross Gold, Agnico Eagle, Yamana Gold and Goldcorp have all benefited from the flow of money. International giants like Newmont, AngloGold Ashanti and Gold Fields are well-known alternatives. It's been a rush to the obvious big names by the big money, and that leads us to where the opportunities lie – before investors start to scour the ranks where unknown names with little or no analyst coverage offer up compelling value.

What About a US Recession?

Worries about the US economy grow as the subprime mortgage mess continues to spread. The unemployment rate rose to 5% last month and Wall Street economists at Goldman Sachs and Morgan Stanley are now predicting an imminent recession.

Shouldn't slowing economic activity pull down commodity prices? Historically, US economic growth has been the world's greatest driver of demand for raw materials and thus the engine behind commodity price increases. This is no longer the case.

Commodity bulls like Hong Kong-based investment adviser Marc Faber argue that the current boom is different because growth in China and other developing nations, coupled with shrinking global supplies, has created a "supercycle" that will push up prices for years to come.

According to Gary Gorton, a finance professor at the University of Pennsylvania's Wharton School. "The US economy may go into a recession but that will not change demand from China ... even if China goes into a recession it's not clear that inventories could quickly replenish." He likens the current environment to the early 1970s, when droughts and low inventories kept commodity prices on the rise even when the US economy hit the skids.

Globalization has also diluted the impact of a US recession on commodity prices, Duke University professor Cam Harvey notes. "Extreme caution needs to be exercised in comparing historical growth episodes ... the strong correlation between the commodity prices and the US business cycle has been diminished by the rise of key emerging markets."

US Federal Reserve Board chair Ben Bernanke sent a strong signal this week that the central bank will lower interest rates again this month as it attempts to stave off a recession. In charge of maintaining the soundness of American money, he nonetheless reassured a Washington D.C. audience that he will print more money to make things better. "Helicopter" Ben is setting the stage for the next great money drop.

Bernanke said the downturn in the credit and housing markets posed substantial risks to economic health and predicted that consumer spending and overall growth would slow in 2008. Calling monetary policy the "Fed's best tool" for regulating the economy, he wants to maintain growth levels while consumer spending and home values face a steep decline over the next year. The implication is that Fed officials will lower the overnight lending rate by as much as half a point at their next policy meeting late January and another quarter point in February.

Evans-Pritchard of the Telegraph says Bernanke is just the dull tip of a long US-policy spear - a spear in the hands of the President's Working Group on Financial markets, the so-called "Plunge Protection Team". The Plunge Protection Team - long kept secret - was last mobilized to calm the markets after 9/11. It then went into hibernation during the long boom. He writes "on Friday [Jan. 4], Mr. Bush convened the so-called Plunge Protection Team for its first known meeting in the Oval Office ... the New Deal of 2008 is in the works. The US Treasury is about to shower households with rebate cheques to head off a full-blown slump, and save the Bush presidency."

Let's look a little deeper ...

The arguments for further gains in the gold price are compelling. It looks cheap, despite climbing from a low of about \$250 a troy ounce in 1999, when central banks were busy aggressively selling their reserves. The UK's decision back then to sell 60 per cent of its official holdings was particularly noteworthy. Central banks see gold as a threat to their fragile fiat-paper currencies, so they tend to act irrationally. Rather than buying low and selling high like a private investor, central banks buy and sell at the wrong times, thereby amplifying secular trends.

Prices have a long way to go before they approach the inflation-adjusted record touched in 1980 when Soviet tanks invaded Afghanistan. An ounce of gold at \$875 in 1980 would be worth \$2,200 today. It could top \$1,000 tomorrow and still be at the lower end of what some analysts argue is a safe haven range.

Gold is also benefiting from diversification away from equities. Commodities have emerged as a distinct asset class, with billions of dollars poured into exchange traded funds. Physical demand for jewellery may have slowed in Asia, but consumption remains strong in the Middle East, and declining output in South Africa will help support spot prices.

But it is the relationship between the dollar and the reaction of the world's central banks to the credit squeeze that some bulls would say really makes gold an attractive bet. Banks are hoarding money, and some banks are literally left begging for working capital. The Wall Street Journal reported this week that both Citigroup and Merrill Lynch are again in talks with investors in the Middle East for more cash infusions. Merrill is in the market for about \$4 billion, while Citi is looking for a more substantial \$10-11 billion. Some of America's biggest investment banks and lenders have gone from lending capital to investors and businesses ... to borrowing it and transferring ownership to foreign governments. This is known as recapitalization, and is a powerful motivator for central bank involvement. This is the strongest gold bull market confirmation yet, with gold acting as a currency of last resort for funds seeking a safe haven in an uncertain environment.

Central banks around the world have no other option but to print money and this will lead to a further depreciation in the value of paper money against precious metals. Still, nothing goes up in a straight line and, so investors need to

be aware that gold could still correct to around \$750 or so. But when we consider the up-side potential of gold compared to its downside risk the biggest mistake an investor could make is not to own any gold at all. There are a lot of gold bulls who have recently sold their positions at the old trading resistance levels, now hoping for a significant correction in order to re-establish long positions.

The US Federal Reserve's aggressive, rate-cutting response to the credit squeeze has obviously created the risk of a sharp rise in American inflation. That in turn creates the risk of a precipitous fall in the dollar and so makes gold more attractive as a hedge. At this point the Fed can't raise rates to shore up the dollar. The dollar will be sacrificed as necessary, over time. If gold is a finite currency, its value against not just the dollar, but sterling and the euro too, should rise.

Moreover, a sharp decline in US real interest rates means that the low yield on gold matters less. It may have been a poor hedge against inflation in the past but the combination of rising consumer prices and economic stagnation may make it a better store of value.

As a key barometer of confidence, gold's rise shows investors are nervous. That is an important message for central banks contemplating interest rate cuts. The Fed must show it is not prepared to allow inflation to take off. Big gold companies have made respectable advances, but their valuations have increased as well. They appear to be fairly valued at today's precious metals prices.

Junior Mining Companies Depressed

Meanwhile, valuation levels for junior gold, silver and base metal exploration and development companies are ridiculously low. Volatility and distress headlines in 2007 forced a lot of the smaller investors out of the picture. Similar to the Nasdaq 100 where Google, Apple and Research In Motion have contributed to most of the gains in 2007, a few larger players like Barrick Gold, Newmont Mining and Goldcorp are pushing the indices higher in precious metals mining. Mid-caps are languishing and the small and micro caps have practically been forgotten.

The historic record of gold bull markets shows that small gold and silver stocks become major beneficiaries in the later stages of precious metals rallies. Investors start looking for better value as big cap mining stocks become expensive. As the crisis of confidence gets fully factored in (we're probably there now) positive press releases should start to surprise, and investors will stream in as the cup looks to be half full once again.

Even as the economic slowdown is met head on by a rapid reduction in interest rates, production and development cost pressures should ease and the crisis of confidence will begin to fade away into the past. One of the first signals suggesting that this process has already begun is the spectacular recovery of Novagold after its late-December swoon following its Galore Creek construction suspension, with a double off the low in a couple of weeks.

The small cap gold and silver stocks are certainly less liquid and have a higher perceived risk, but their significantly better value suggests lower to negligible downside, and historically they almost always rally dramatically in the later stages of the sector upturn.

The psychological effect of gold trading and staying above \$900 should not be underestimated. Investors will hold their noses and dive in and gold shares will really take off to the upside. With an average mining cost to produce gold of around \$400 per ounce, gold mining is a profitable business, but not easily met with new supplies – the easy stuff's been found, a lot of it is in non-friendly hands, and it takes years to put a mine into production.

Similar to the base metal juniors, investors don't believe these higher gold prices are sustainable, and have therefore not been willing to pay up for metal in the ground and future cash flow. That fear will eventually be resolved. It's been 28 years since gold hit a record high of \$850 back in January 1980. With this old high now bettered the most exciting part of the gold bull market should lie ahead.

If you are convinced of gold's future then these are the times to increase gold share positions. Junior gold shares are selling at fire sale prices. In 2005 and 2006 respectively, with breakouts through \$500 and \$600, the gold sector rallied dramatically – and on much lower prices. Yes, costs are also rising, but this provides the basis for a higher support level. The most exciting rewards will come from junior mining companies making new discoveries and transitioning to developers and potential takeover candidates. That's where the leverage is found. Downside risk is exceptionally low today.

We're certainly not suggesting gold itself will just keep going higher in the short term. A corrective sell-off could easily follow this latest move, but any corrections must be seen as opportunities to acquire or increase exposure at this point. One simply needs exposure to the continuing bull market in the resource sector, and gold just broke out

to new highs. And of course, don't count on a correction actually happening short term either.

With gold, and indeed most other investments, the demand curve is not normal. In the investment world the higher the price of an investment climbs the greater demand becomes. Virtually no one wanted anything to do with gold near \$250 a few years ago, but once gold soars to \$2,000 everyone will want a piece of it. In the financial world higher prices don't dampen demand, they increase it.

Conclusion

The ongoing debasement of the US dollar and the seize-up of a huge part of the US credit market leaves the Fed between a rock and a hard place. Inflation is on the rise and homeowners are defaulting at an alarming rate. But while a serious threat, inflation takes some time to fully develop. It is not the priority except through lip-service. Meanwhile, the system faces huge write-downs – it's really only getting started.

According to BMO's Don Coxe, Citigroup alone is estimated to have a \$22 billion problem. Bill Gross estimates there are \$45 trillion in derivatives at risk – representing the shadow banking system of off-balance sheet conduits designed to get around the Basel Accord rules. Effectively there are no reserves behind these instruments like in the banking system, and these are non-transparent markets.

The popular Greenspan-brand of Fed-style monetary assistance has the potential to make these problems worse, perhaps leading to a Volcker-type solution in the future a la 1980. The very instruments used to conduct Greenspan-era 'bailouts' are what set up tomorrow's blowups. But for now we find ourselves heading into a presidential election year with all its not-so-subtle temptations to do something to keep things at least muddling through.

While it is likely that the US as a whole will only suffer a mild recession in the near term, financial stocks are nowhere near a bottom and are likely already in a depression. Two years from now, it could be a very different story, but that won't make us money today.

The US obviously cannot stomach either extreme -- hyper-inflation through the unabated printing of money to save extended homeowners, or a 1930's style depression through overly tight monetary policy designed to wring out inflation, cleanse the built-up excesses, and save the bond market. That really just leaves a balancing act -- to engineer an easing a la 1990s Japan and 2001-2003 Greenspan.

As supporting evidence, one just needs to see last week's reaction when Fed Chairman Ben Bernanke all but threw in the towel in a moment of extreme candor. He essentially conceded the US requires decisive and substantive additional easing. Futures expectations moved to 88% for a cut of 50 basis points at the FOMC's next meeting at the end of the month, with an 88% probability of a further quarter-point cut in March, up from zero a week before. Gold obviously liked what it heard as it set off on a succession of new highs.

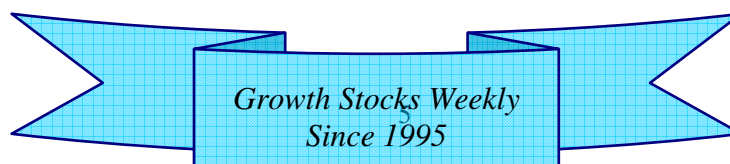
A gradual devaluation of the US dollar as the world's reserve currency would seem an inevitable outcome of US policy. This will result in a continued re-pricing of gold upward, as the only liquid store of value "to get to the other side" without counter-party risk. It will also benefit resource stocks in general as lower rates lead to anticipation of a recovery and excess money finds its way into commodities and related stocks. The final bubble blow off phase, when it does come, will be seen in commodities and probably Asian stock markets. The junior precious metals sector in particular has explosive upside from here, mainly as a consequence of an extremely oversold environment and gold's long consolidation phase through 2007, now clearly being left behind.

Action

Our trading strategy tries to incorporate buying fear and selling greed. Trading on emotional extremes is the highest-probability-for-success paradigm for buying low and selling high. We can never know in advance when irrational fear will suddenly give way to a buying surge, and so we may buy in too early and suffer some downside, or too late and miss the majority of the fast profits off the real fear bottom. These risks are balanced by averaging in on fear, buying a position over time. This is challenging psychologically since we have to buy when we do not really feel like it, but over time it tilts the odds for success way in our favor. The junior golds still mostly suffer from the fear fallout, and so have pretty well ignored this move in the price of gold – *see the attached Appendix*. Happy hunting.

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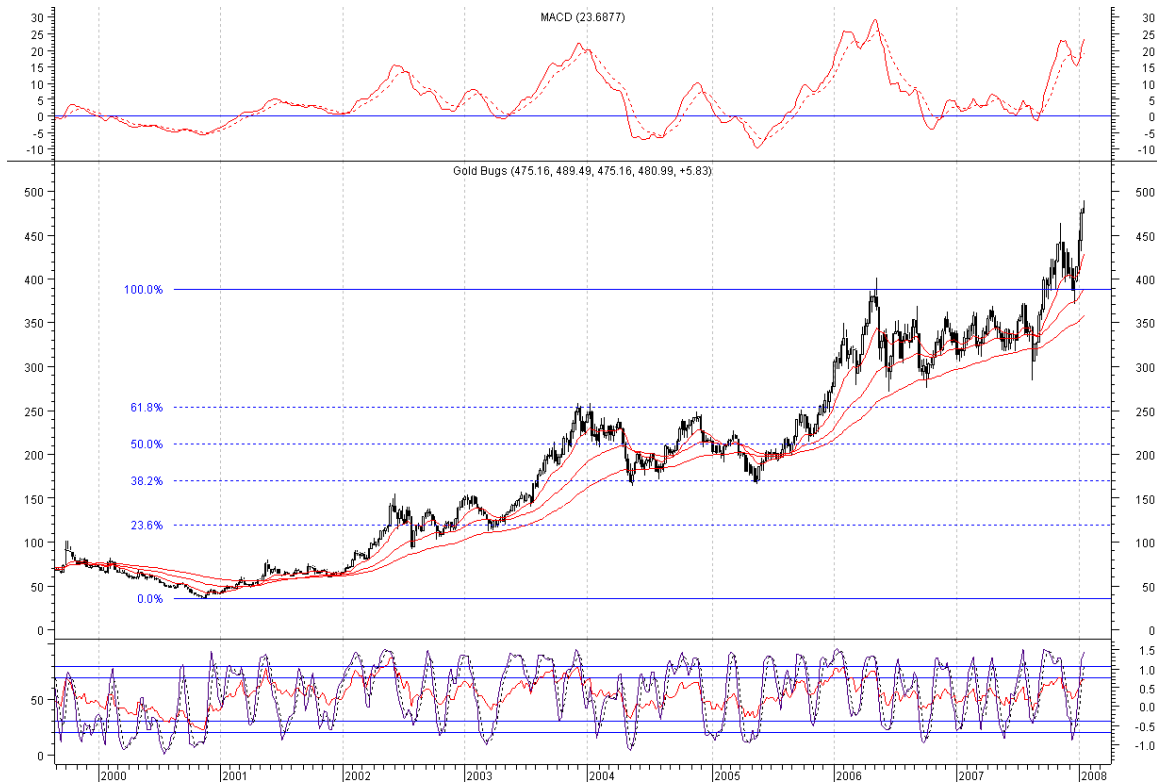
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APPENDIX

Here we provide GSW subscribers a visual using our charts and key technical indicators, briefly updating some of our current portfolio-held junior gold and precious metal positions like Peak Gold (PIK-TSXv), Rusoro Mining (RML-TSXv), Lero Gold (LER-TSXv), Bravo Venture Group (BVG-TSXv), Arian Silver (AGQ-TSXv) and European Minerals (EPM-TSX), and highlight some new prospects to consider. But first, the big picture of the larger cap companies and their typical / average performance.

HUI "Gold Bugs" Index (HUI-AMEX)



Two major gold indices dominate the market--the Philadelphia Stock Exchange's XAU and the AMEX's Gold BUGS Index (HUI). The major difference between the two is that the BUGS index is made up exclusively of mining stocks that do not hedge their gold positions more than a year-and-a-half into the future. This makes the BUGS Index much more profitable than the XAU when gold prices are rising, but can also compound its losses when gold declines. **BUGS** is an acronym for **B**asket of **U**nhedged **G**old **S**tocks. The index was introduced on March 15, 1996 with a starting value of 200.

Composition

The AMEX Gold BUGS Index is comprised of 15 of the nation's largest "unhedged" gold mining stocks. It is a "modified equal-dollar weighted" index. As a result, most of the index's component stocks are equally weighted, yet the largest stocks still carry a greater weight than the smallest.

The table below lists the components of the Gold BUGS Index along with the approximate weighting that each stock carries in the index (as at 11 Jan 2008):

COMPONENTS FOR HUI INDEX

Symbol	Name	% Weighting
ABX	BARRICK GOLD	16.58
AEM	AGNICO EAGLE MINES	5.07
AUY	YAMANA GOLD INC	5.60
CDE	COEUR D ALENE CP	4.49

EGO	ELDORADO GOLD CORP	4.86
GFI	GOLD FIELDS LTD ADS	5.16
GG	GOLDCORP INC	9.91
GOLD	RANDGOLD RES LTD	5.14
GSS	GOLDEN STAR RES LTD	4.69
HL	HECLA MINING CO	4.65
HMY	HARMONY GOLD MNG A	5.31
IAG	IAMGOLD CORPORATION	4.99
KGC	KINROSS GOLD CP	5.43
NEM	NEWMONT MIN CP (HLDG)	14.14
NXG	NORTHGATE MINERALS	4.09

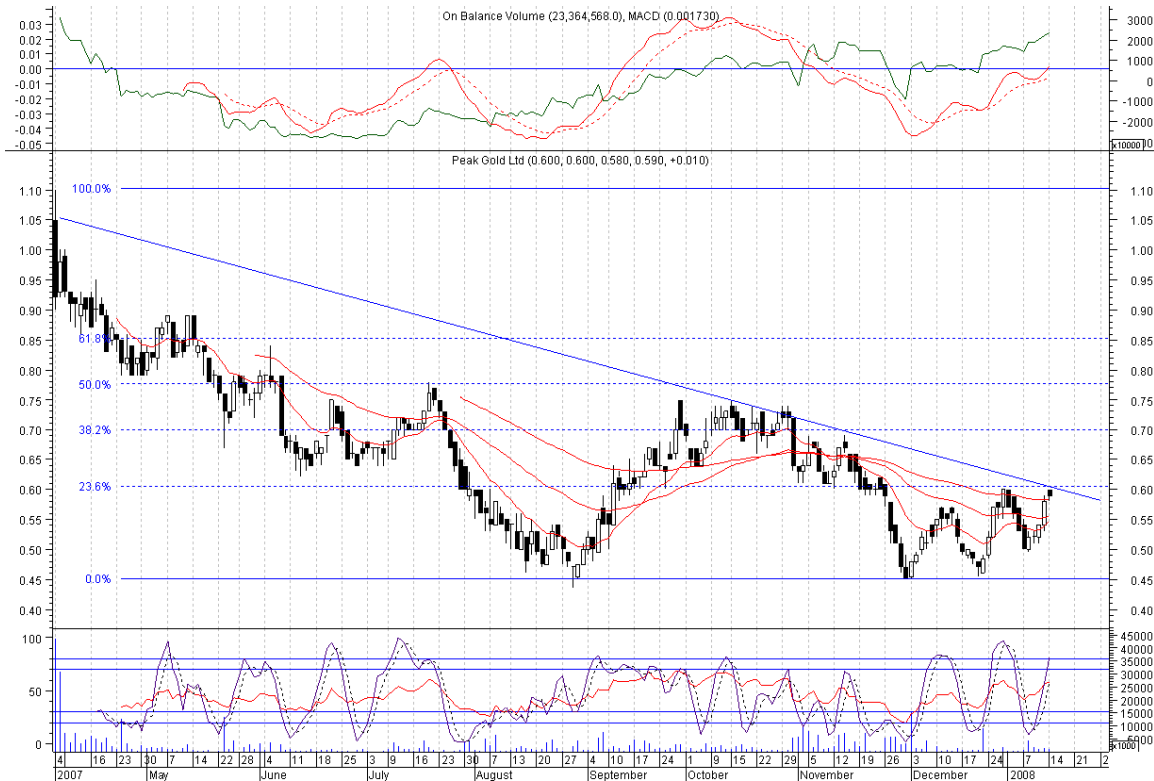
When gold prices are on the rise, the Gold BUGS Index provides an excellent way for investors to capitalize on that increase. The index has a high correlation to the spot price (current price) of gold. When the price of gold declines, the Gold BUGS Index tends to fall much faster than the XAU, its hedged cousin. Investors can invest through options traded on the HUI index.

AGNICO EAGLE MINES (AEM-TSX)



We have chosen one “HUI index stock” for brief coverage – again, to show the incredible performance of the better-known higher-profile companies. Canadian-based Agnico-Eagle Mines is a 50-year-old miner and one of the fastest-growing and lowest-cost gold producers in the world. And this miner has a portfolio of projects that should allow it to increase its production by five-fold over the next three years, allowing it to become one of the world’s elite 1m+ oz gold producers. AEM’s strong management team is transforming it into a globally diversified gold mining company. With operations and projects in three different geo-politically-safe countries, AEM is quickly expanding its international presence and enhancing its global growth story. AEM has a strong balance sheet with \$400m+ in cash, a pre-approved credit line for \$300m, no long-term debt., and unhedged. Strong cash flow funds development projects and acquisitions, driving the company to become one of the elite mid-tier gold producers. The goal is to grow reserves to 20m oz by exit 2008 and become a 1.2m oz annual gold producer by 2010.

PEAK GOLD (PIK-TSXv)

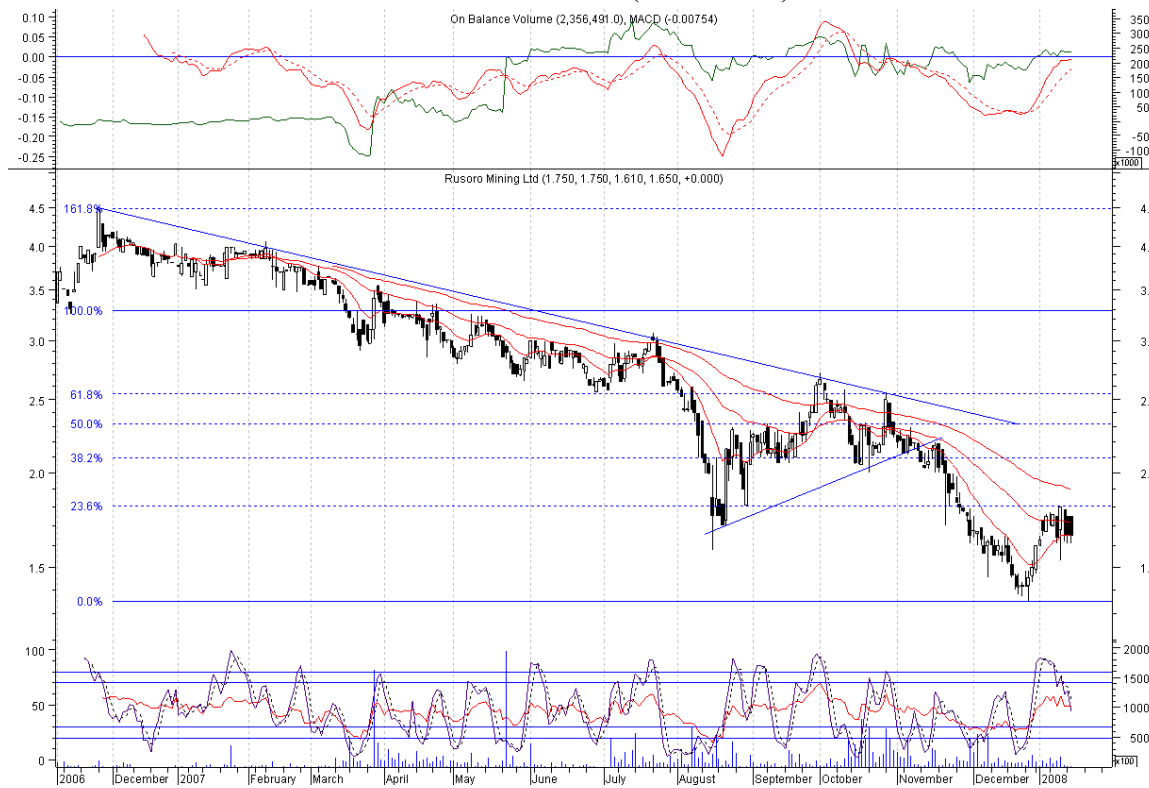


Now, let's look at the up-and-coming juniors we hold in the GSW portfolio. First up is recently minted Peak Gold. Formed in early 2007, Peak Gold raised an initial CDN\$326 million in equity. US\$200 million cash and US\$100 million in shares was used to acquire two mines from Goldcorp – the Peak mine in Australia, and the Amapari mine in Brazil – essentially a spinout of Goldcorp's non-core assets following the Glamis acquisition. 2007 production is forecast at 220,000 ounces of gold for 2007, at a cash cost of US\$340 per ounce. The company does not hedge their production, leaving them fully exposed to gold's upside.

Peak Gold has an aggressive growth strategy, targeting annual production of 500,000 ounces of gold for 2008 through both acquisitions and organic growth. Cash-on-hand is approximately US\$150 million with no asset-backed commercial paper held.

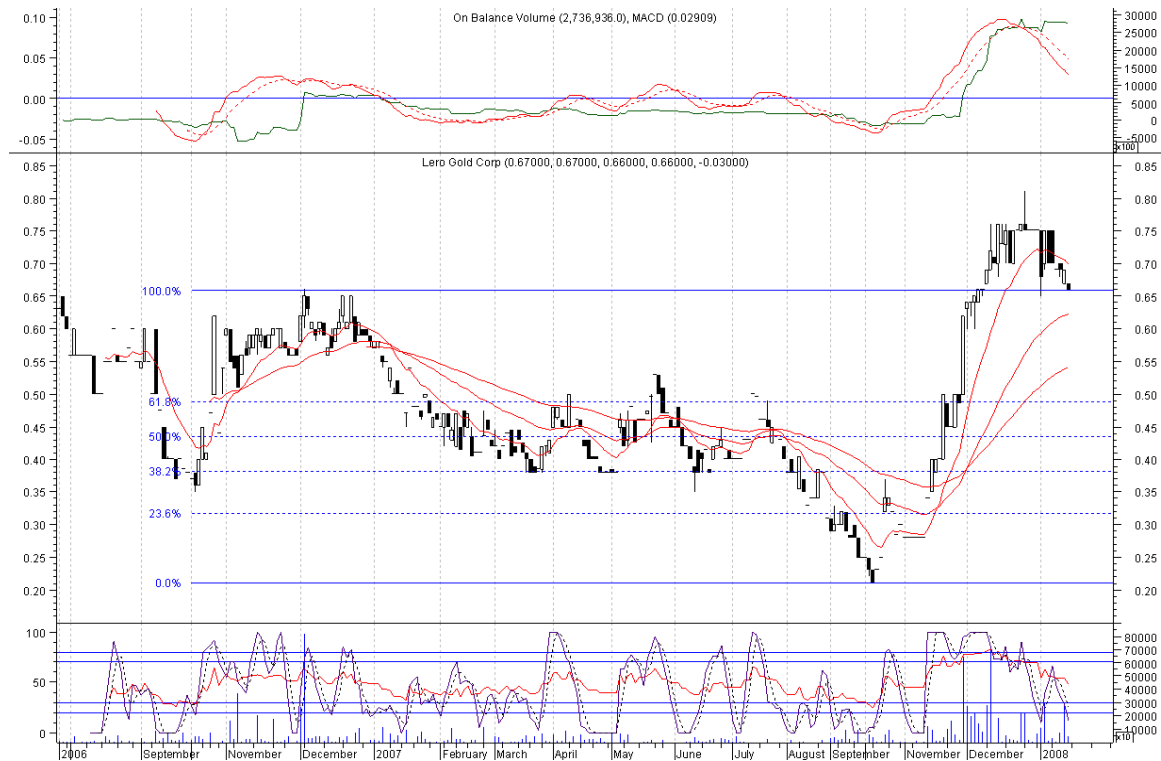
The management team has great depth of experience, coming from Goldcorp with detailed knowledge of the recently acquired assets. They are supported by one of the top finance and M&A teams in the industry, key players in both Endeavour Mining Finance and Endeavour Financial. The Board of Directors includes Frank Giustra, Ian Telfer, Robert Cross and Gordon Keep. Former Newmont and Franco Nevada CEO Pierre Lassonde is on the company's Advisory Board. Endeavour Financial was advisor to the acquiring company and is also represented on the board by its chairman, Frank Giustra. Goldcorp became Peak Gold's largest single shareholder with 22% when it spun out their non-core assets. Market insiders believe Peak Gold is destined to become the next Wheaton River. Key members of this team took Wheaton from a \$0.40 junior in 2001 to its merger with Goldcorp at about \$4.25 by 2005, and ultimately to \$11.50-equivalent post-merger with Ian Telfer at the helm and Endeavour's Frank Giustra behind the scenes.

RUSORO MINING (RML-TSXV)



Rusoro Mining is a junior gold producer, with a large land position in the prolific Bolivar State mining region in southern Venezuela. With the recent acquisition of the Choco 10 mine the Company took a landmark step towards its immediate goals to significantly increase both its production and its current resource base. The company should reach 150k oz/yr Au annualized production in 2008 and boast 12.8 million ounces of gold discovered to date. Rusoro is well funded to meet its 2008, 300,000 metre drill program and mine expansion commitments as part of its continuing aggressive approach to becoming an intermediate gold producer. Rusoro's management are experienced operators in the country with strong governmental relationships and have spent US\$100 million since 2002 to build an enviable resource, representing a discovery cost of less than US\$8 per ounce of gold.

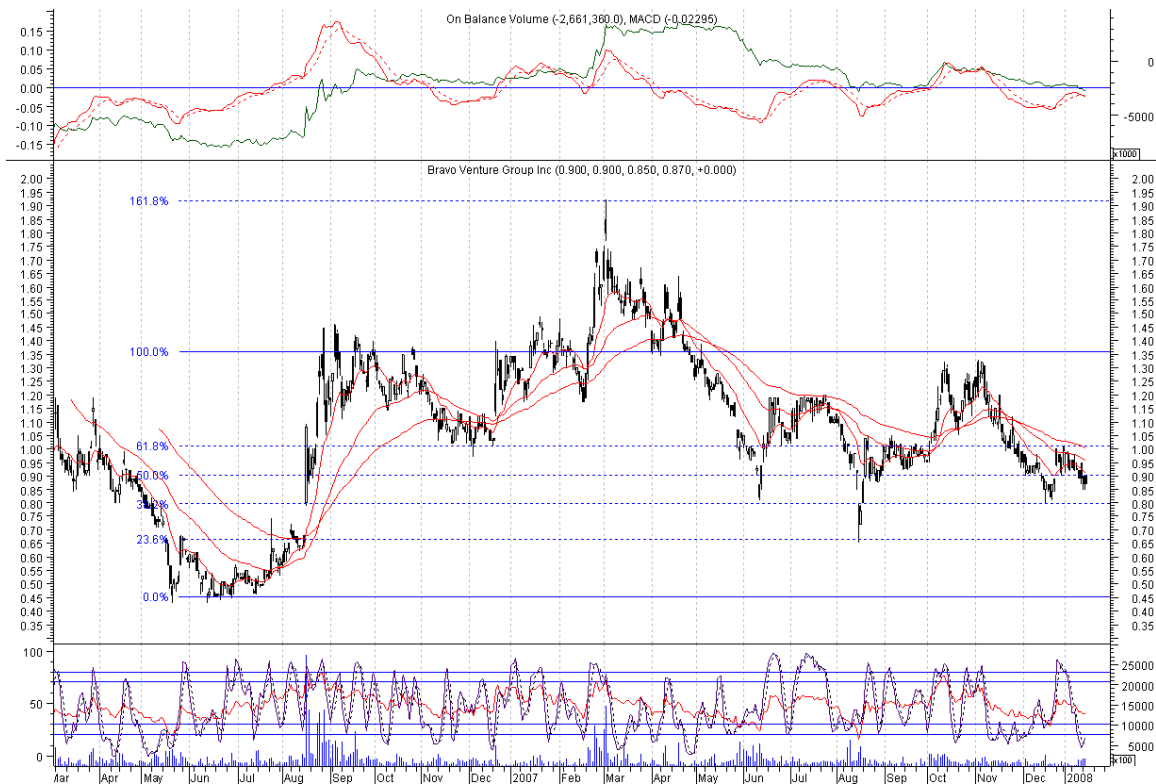
LERO GOLD CORP (LER-TSXV)



Lero Gold is evaluating several advanced exploration stage gold and base metal projects in Kazakhstan, Kyrgyzstan and Russia. These countries are host to the Tien Shan Metallogenic Belt, one of the largest and most prolific gold belts in the world. Lero Gold is exploring two advanced staged gold deposits in this gold belt, which occur in the same belt of rocks with similar geology and structural setting as Centerra Gold Inc.'s (TSX - CG) Kumtor Deposit. Since 1997, Kumtor has produced over 5.5 million ounces of Gold and is estimated to contain a remaining 3.2 million ounces of reserves and 3.4 million ounces of resources, making it the largest gold mine in Kyrgyzstan and one of the largest gold deposits in the World.

Lero Gold is aggressively adding high quality properties to its portfolios, is well-funded and strategically positioned. Management and advisors have the benefit of unique in-country expertise, excellent technical ability, and timely business initiatives.

BRAVO VENTURE GROUP (BVG-TSXV)

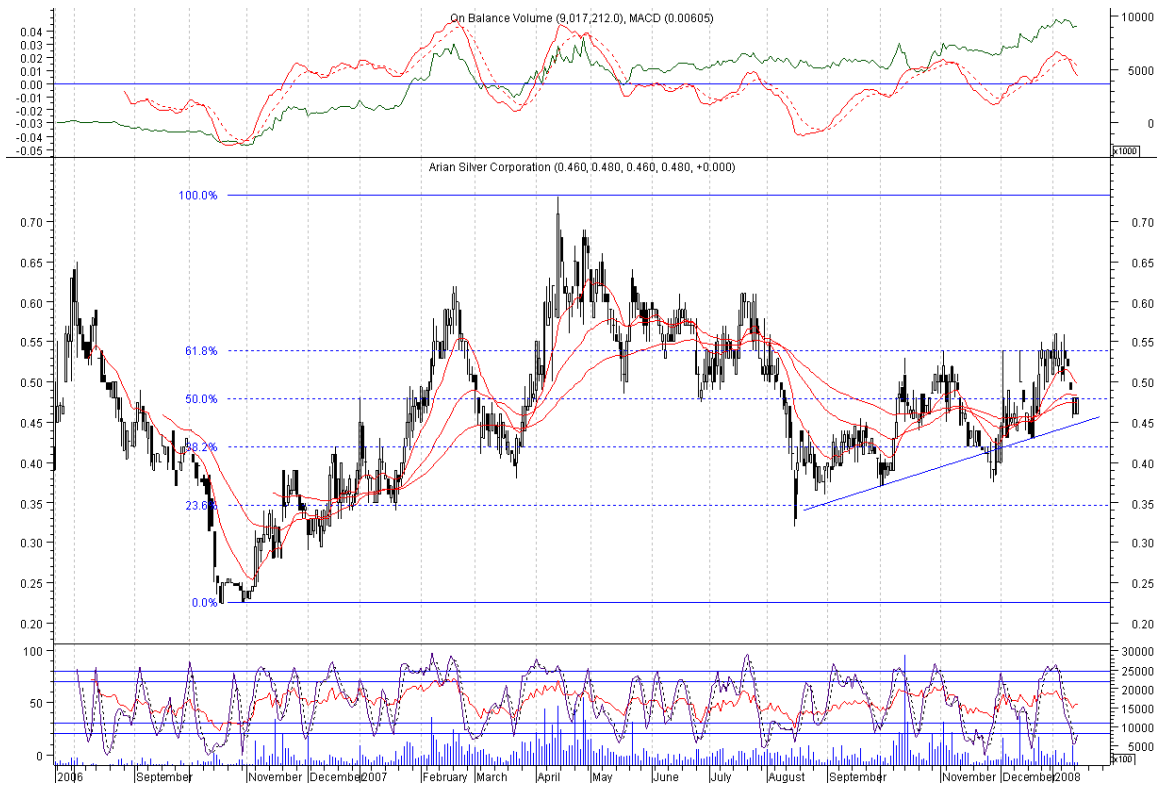


Bravo Venture Group is focused on exploring precious and base metal-rich projects with properties in Nevada, Alaska, and British Columbia. The company has extensive holdings strategically located within the Battle Mountain/Eureka “Cortez” gold trend in Nevada. Both the Homestake Ridge project, a gold-rich epithermal/VMS-related vein system and the Silver Basin gold/silver project lie within Eskay Creek/Silbak-Premier stratigraphy. Their Woewodski Island project in southeast Alaska hosts both precious and base metal-rich massive sulphides and gold-rich orogenic quartz veins.

Since 2003, Bravo has expended approximately \$8 million on exploration and development work on the TeckCominco and Crown Grant claims and has completed 18,432 metres of drilling in 78 core holes on the project. Included are 9,300 metres of drilling in 28 core holes which were completed during the 2007 drilling campaign. The Main Homestake zone has now been drill tested for a 600 metre strike-length and to depths of over 600 metres revealing broad zones of locally intense alteration and sulphide mineralization persisting along the target horizon and suggesting continued exploration potential both to the southeast (in the direction of the Homestake Silver zone) and to the northwest.

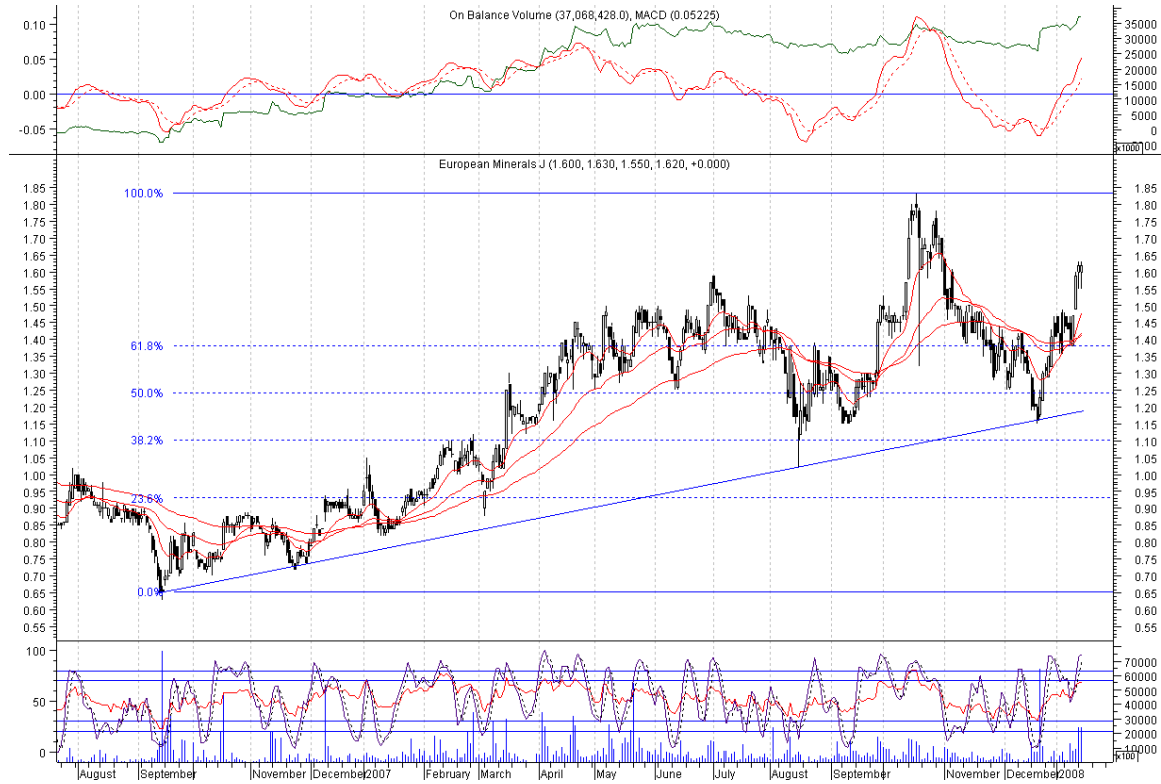
In March 2007, Bravo announced an inferred resource of 903,231 ounces of gold and 5,745,746 ounces of silver contained within 11.9 million tonnes with an average grade of 2.36 g/t Au and 15.0 g/t Ag, using a cut-off grade of 0.5 g/t gold. Bravo continues to compile assays results from the 2007 exploration program and will report on these results once all final assays are received.

ARIAN SILVER (AGQ-TSXV)



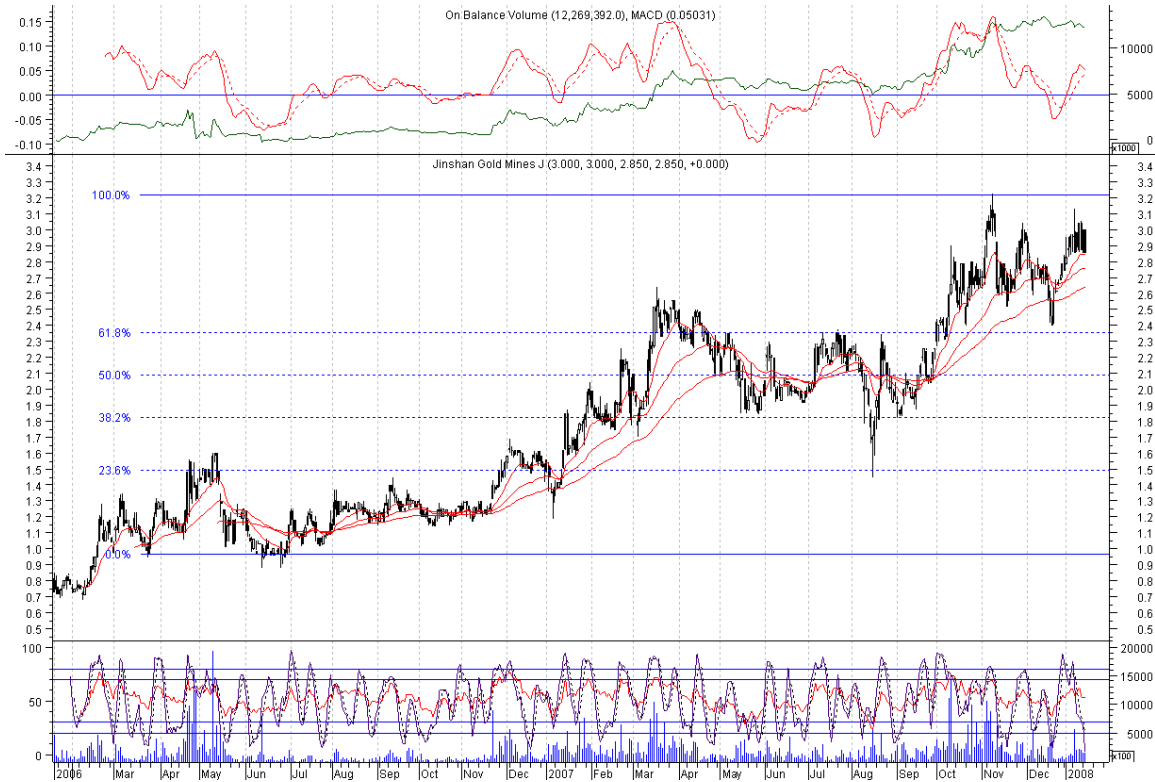
Arian Silver Corporation is a silver exploration and development company also listed on London's AIM and the Frankfurt Stock Exchange. The management of Arian is building a significant silver, gold and base metal producer through a combination of development and acquisition opportunities. Exploration and development efforts are focused in one of the richest known silver-bearing districts in the world -- Zacatecas State, and one of Mexico's key mining provinces -- the Tepal area of Michoacan State. With strong financial backing and a well connected operations group, Arian offers exposure to investors seeking strong leverage to silver, gold and base metal prices. Arian's aim is to be in production by the end of 2008.

EUROPEAN MINERALS (EPM-TSX)



European Minerals is a dual listed (London AIM / TSX) mineral exploration and development company developing an open pit mine at the Varvarinskoye gold-copper deposit in Northern Kazakhstan. Independently assessed proven and probable reserves at Varvarinskoye are currently 2.2 million ounces of gold and 254 million pounds of copper at metal prices of US\$525/ounce for gold and US\$1.30/pound for copper. The Varvarinskoye project shows strong project economics with an initial mine life of 17 years. The first gold pour was made in December 2007. Daily throughput tonnage of ore in both the gold leach and copper flotation circuits will increase until the process plant reaches its design rate of 4.2 million tonnes of ore per annum. The Company expects to reach this initial annual throughput rate during Q2 2008. The experienced management and technical team of European Minerals have a demonstrated track record of discovery and a history of wealth creation for shareholders.

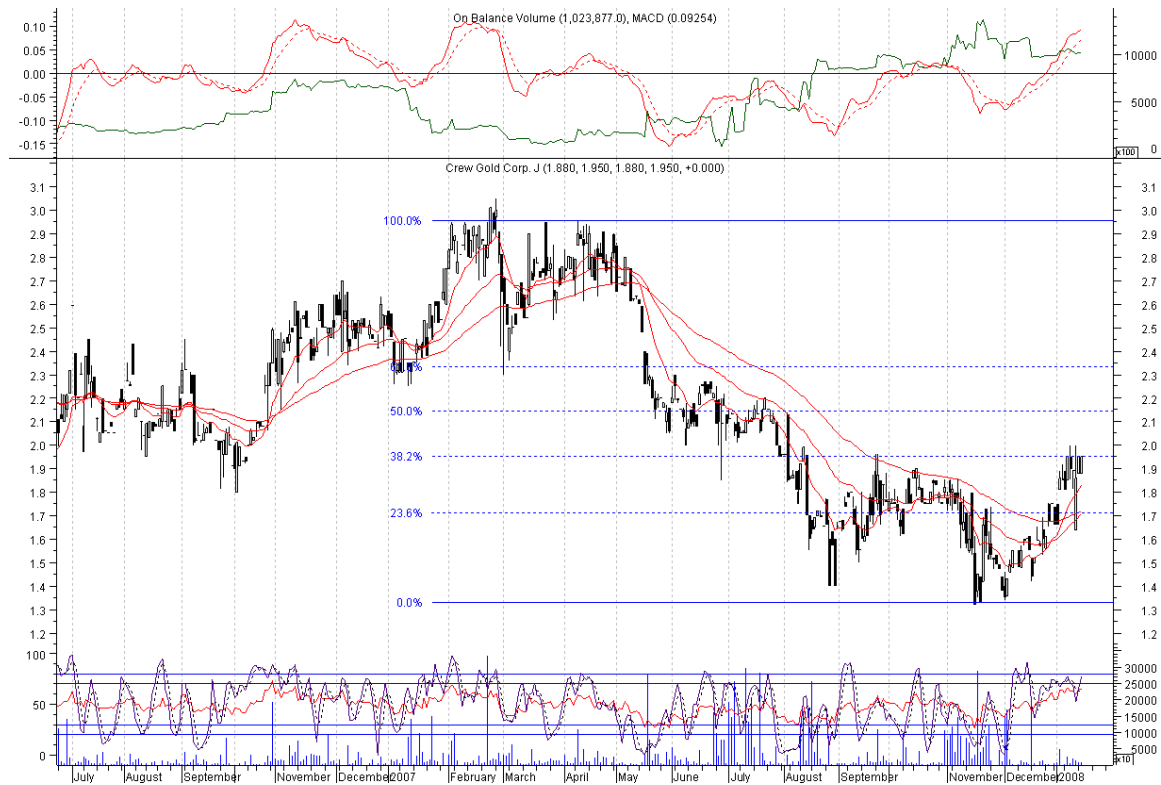
JINSHAN GOLD MINES (JIN-TSX)



With its stock symbol appropriately coined after the Chinese word for gold, Canada-based Jinshan Gold Mines provides us with an excellent China gold play. JIN has been exploring for gold in China for many years. With the help of a cash injection from well-known Asian mineral explorer Ivanhoe Mines, JIN recently joined the junior gold producer class with the commissioning of its CSH217 gold mine. With a number of other excellent exploration projects, Jinshan is among an elite group of foreign mining companies that are well-positioned to capitalize on Chinese gold mining. JIN is only the second North American mining company to produce Chinese gold.

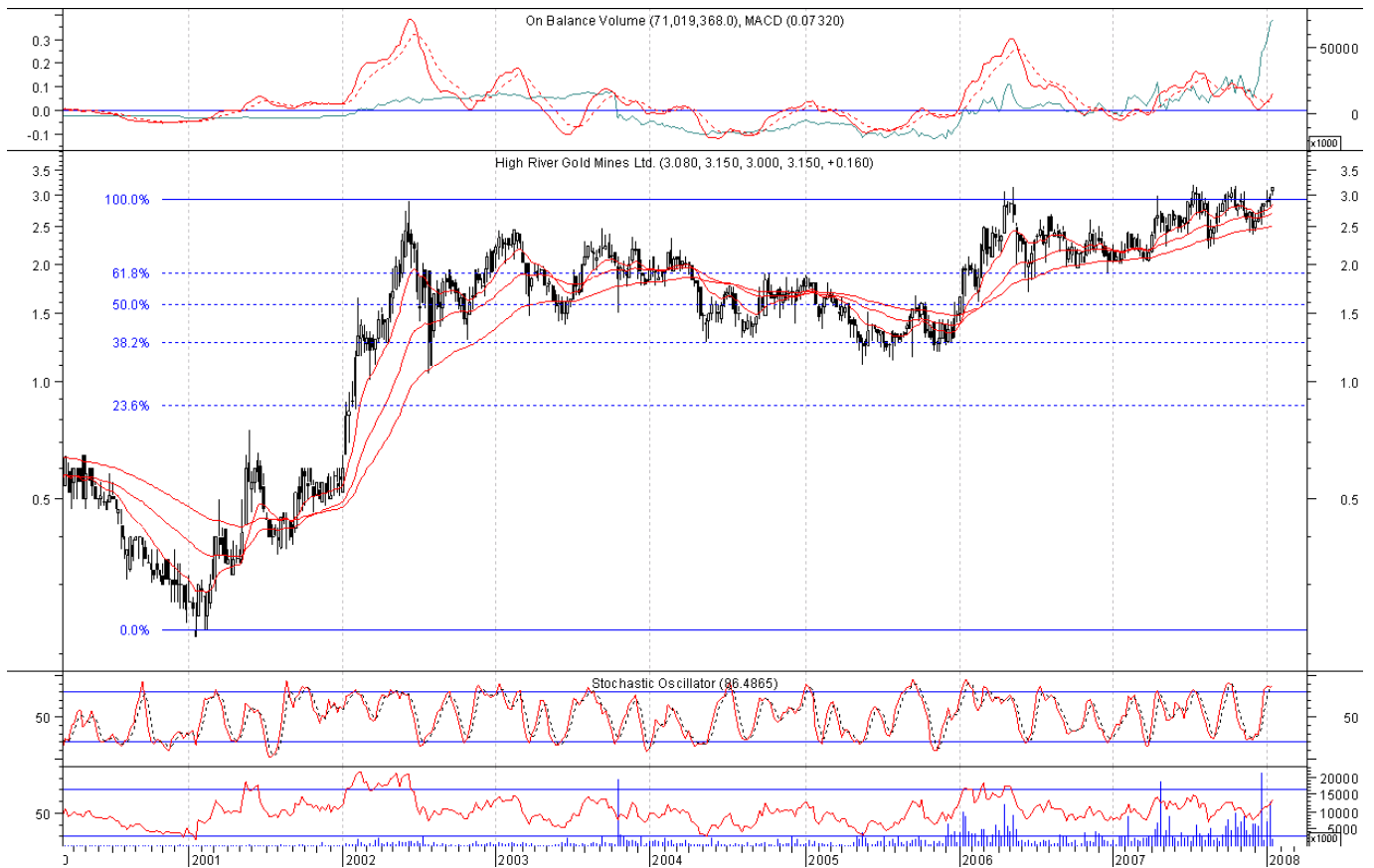
Jinshan has a very experienced management team, many with direct Chinese mining expertise. CSH 217 is located just south of the Mongolian border and about 450 miles northwest of Beijing. This deposit lies within the prolific Tien Shan gold belt, already highlighted in our Lero Gold story. This gold belt is one of the richest in the world. Ivanhoe purchased a large equity interest in the company and it is currently Jinshan's largest shareholder, holding 43% of its stock. Jinshan completed a late 2005 feasibility study that revealed stellar results, prompting JIN to fast-track the development and construction of this mine. In July of 2007 Jinshan officially poured its first gold at CSH 217. The existing mining plan calls for annual gold production of 120k ozs at cash costs of about \$290/oz. CSH 217 has been built as an open-pit mining operation and required only \$32m of capital expenditures to move it into production. Jinshan has surprisingly strong working capital, which should only increase once CSH 217 is in full production. Much of the current working capital comes from a series of recent note offerings that added \$40m to long-term debt. Jinshan did not sell out to a JV and used debt versus equity, and remains unhedged, leaving it in fine shape to quickly repay its project loans and continue to add to cash position

CREW GOLD CORP (CRU-TSX)



Crew Gold is an emerging mid-tier gold producer operating three mines, including its flagship Lefa gold mine in Guinea. Crew is a UK-based company and has been active in the natural resources business for several decades. In 2002 it decided to center its focus on gold, spinning-off all non-core assets and shuffling its management team. In the spin-off process Crew created a separate publicly-traded company to house its extremely promising nickel project located in the Philippines. Crew Minerals was born from this and is now a fantastic base metals play of which Crew Gold has about 40% ownership. Since this 2002 facelift, Crew Gold will have grown its gold production from 100k ozs to a projected 500k+ ozs per annum by 2008. Crew Gold is hedge-free and will be producing its gold at below-industry-average cash operating costs. With gold continuing its fundamentally-driven ascent, Crew Gold should end up being a very profitable gold mining company. Crew Gold acquired the initial 85% interest in its impressive Lefa mine in late 2005 via the acquisition of mining company Guinor. A year later CRU was able to acquire the remaining 15% from the government of Guinea. Guinea holds free elections every seven years for the presidency.

HIGH RIVER GOLD



High River Gold is a fast-growing junior gold producer on the cusp of joining the mid-tier ranks. As one of the very few Western companies successfully extracting Far Eastern resources HRG's management team's 10+ years of Russian exploration have yielded solid rewards, including three operating gold mines and a very impressive advanced exploration project. It has also taken its expertise into Africa, where HRG operates a fourth mine and is advancing another very promising exploration project. With its impressive Russian and African operations, HRG should perform well through the course of this gold bull, especially now that their massive \$200m+ in expenditures to fund the construction of its two new mines and the exploration of its advanced projects are done. 2007 equity offerings of \$130m have somewhat diluted the structure, but alleviated its low working capital position. About ½ the project funding came from equity financings with the other half coming from an assortment of project loans. Long-term debt on the balance sheet totals about \$125m but is free from hedging requirements. The financials do add a little risk but in today's gold environment the low-cost gold production from its now-four producing mines should quickly pay off its debt and build up its cash, quickly growing this gold miner to join the class of the mid-tier producers. HRG expects 2008 gold production to be around 330k ozs, double its 2007 volume. It also hopes that through its exploration and discovery efforts that Bissa can bring mining operations onboard that could add another 200k ozs to annual gold production by 2010 or 2011. High River Gold's growing, unhedged and low-cost (cash costs are projected to decrease to the mid \$200s/oz over the next few years) gold production will be increasingly attractive to investors.

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