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%**

Vol. XII No. I

Portfolio Review Edition

April 30, 2007

(All $Cdn unless noted)

Current Model Portfolio

Entry Dates	Units	Positions	Ticker	Average Cost	Current Price	Current Value $	Gain/ (Loss)
4/06, 11/06	200,000	Arian Silver	AGQ-TSXv	0.273	0.660	132,000	142%
11/06	100,000	Arian Silver $0.42 Wts exp 11/07		0.000	0.240	24,000	
10/04, 3/05	50,000	Bankers Pete $0.95 Wts exp 10Nov09	BNK.WT-TSX	0.905	0.250	12,500	-72%
2/07	40,000	Bayou Bend Petroleum	BBP-TSXv	1.200	2.940	117,600	145%
8/02, 3/03, 10/04, 8/05, 3-9/06, 4/07	2,050,000	Bell Resources	BL-TSXv	0.374	0.760	1,558,000	103%
2/05, 7/05	125,000	Bravo Venture Group	BVG-TSXv	0.256	1.270	158,750	396%
7/05	25,000	Bravo Venture $0.50 Wts exp 29July07		0.000	0.770	19,250	
11/06	40,000	Coastport Capital	CPP-TSXv	0.885	0.560	22,400	-37%
10/03	120,000	Consolidated New Sage Res	CNW-TSXv	0.125	0.310	37,200	148%
11/06	100,000	Crescent Resources	CRC-TSXv	0.500	0.470	47,000	-6%
09/05	50,000	Crescent Res $0.60 Wts exp 26Sep07		0.000			
11/06	50,000	Crescent Res $0.75 Wts exp Nov07		0.000			
01/06	100,000	Lero Gold Corp (old ELE Capital Corp)	LER-TSXv	0.250	0.380	38,000	52%
01/06	50,000	Lero Gold $0.50/0.75 Wts exp 14Feb07/08		0.000			
11/02, 1/03, 10/03, 5/05	27,500	Entrée Gold Inc.	ETG-TSXv	0.812	2.480	68,200	205%
05/04, 06/04	10,000	Endeavour Mining Capital	EDV-TSX	2.404	9.600	96,000	299%
12/03, 11/04, 01/06, 02/06	200,000	European Minerals	EPM-TSX	0.916	1.340	268,000	46%
02/06	25,000	European Minerals $1.55 exp 21Mar11	EPM.WT.B	0.000			
11/05, 1/06, 2/06, 6/06, 10/06	420,000	Fortune River Resources	FRX-TSXv	0.433	0.355	149,100	-18%
01/06	50,000	Fortune River Res $0.30 Wts exp 27Jan08		0.000	0.055	2,750	
11/05	40,000	Fortune River Res $0.30 Wts exp 30Nov07		0.000	0.055	2,200	
12/06, 1/06, 2/06, 4/06	75,000	Geovic Mining	GMC-TSXv	2.455	3.400	255,000	38%
4/06	12,500	Geovic Mining $5.00 Wts exp 27Apr12	GMC.WT.B-TSXv	0.000	0.840	10,500	
12/02, 10/03, 5/04, 5-12/05, 5-8/06, 1/07	2,738,500	Grandcru Res Corp	GR-TSXv	0.166	0.215	588,778	29%
11/05	100,000	Grandcru Res $0.25 Wts exp 14Dec06		0.000			
3/07	25,000	Hathor Exploration	HAT-TSXv	1.740	1.510	37,750	-13%
01/06	40,000	Impact Silver Corp	IPT-TSXv	0.400	1.700	68,000	325%
01/06	20,000	Impact Silver $0.50 Wts exp 5Jul07		0.000	1.200	24,000	
10/05, 2/06, 6/06	100,000	Lynden Ventures	LVL-TSXv	0.765	0.800	80,000	5%
10/05	25,000	Lynden Ventures $1.00 Wts exp 25Nov06		0.000			
02/06	25,000	Lynden Ventures $1.25 Wts exp 3Apr08		0.000			
05/04, 02/05	25,000	Northern Orion Res	NNO-TSX	3.056	5.120	128,000	68%
02/06, 03/06	50,000	Orko Silver Corp	OK-TSXv	0.320	0.860	43,000	169%
02/06	30,000	Orko Silver $0.40 Wts exp 3Feb07		0.000	0.460	13,800	
03/06	20,000	Orko Silver $0.50 Wts exp 2Sep07		0.000	0.360	7,200	
04/05, 01/06	125,000	Oriel Resources	ORL-TSX	0.597	1.140	142,500	91%
11/05	25,000	Pacific Asia China Energy	PCE-TSXv	0.500	0.550	13,750	10%
11/05	50,000	Pacific Asia China Energy $0.75 Wts 21Sep07		0.000			
5-6/06, 10/06, 2/07	550,000	Peak Gold Corp	PIK-TSXv	0.217	0.790	434,500	263%
02/07, 04/07	175,000	Peak Gold $5.00 wts exp 03Apr12	PIK.WT-TSXv	0.234	0.400	70,000	71%
07/05	25,000	Radius Gold	RDU-TSXv	0.950	0.530	13,250	-44%
1-5/05, 10/05, 1/06, 1/07	175,000	Southern Silver Exploration	SSV-TSXv	0.481	0.475	83,125	-1%
10/05	100,000	Southern Silver Expl $0.30 Wts exp 30Oct07		0.000	0.175	17,500	
1/07	50,000	Southern Silver Expl $0.60 Wts exp 24Feb09		0.000			
05/06	20,000	Strateco Resources	RSC-TSXv	1.380	3.540	70,800	157%
09/04	50,000	Terra Nova Gold	TGC-TSXv	0.303	0.175	8,750	-42%
12/06	75,000	Terrane Metals	TRX-TSXv	0.660	0.770	57,750	17%
04/06	25,000	Transeuro Energy Corp	TSU-TSXv	2.300	0.500	12,500	-78%
07/05	10,000	UEX Corporation	UEX-TSX	2.750	6.640	66,400	141%
4/06, 11/06, 01/07	125,000	Uracan Resources	URC-TSXv	0.752	0.870	108,750	16%
4-5/02, 7/02, 11/02, 3-6/03	100,000	VRB Power Systems	VRB-TSXv	0.155	0.520	52,000	234%
1/04, 3/04, 5/05, 3/06, 4/06, 4/07	325,000	Yale Resources	YYL-TSXv	0.242	0.315	102,375	30%
		Cash Credit (Debit)				753,598	
		Portfolio Value (NAV)				6,016,526	

Value @ May 1, 2006	$5,529,858
Year-to-date NAV Growth	8.80%

Review of Portfolio Changes

May 1, 2006 – April 30, 2007

Company Name	Comments	Date
Bell Resources (BL-TSXv)	Exercised wts to buy 200,000 shares at $0.65	26-Apr-07
Yale Res $0.25 Wts exp 21Apr07	Exercised wts to buy 50,000 shares	21-Apr-07
Peak Gold $5.00 wts exp 26Mar12 (PIK.WT-TSXv)	Bot 100,000 warrants at $0.41 average	13-Apr-07
Geovic Mining (GMC-TSXv)	Bot 25,000 unit private placement @ $4.00 (1/2 wt @ $5 for 5yrs	11-Apr-07
Geovic Mining (GMC-TSXv)	Sold 25,000 shares @ $4.05 average	11-Apr-07
Pacific Stratus Ventures (PVL-TSXv) (post 1:10)	Sold 35,000 shares @ $10.75 average (350,000 pre-rollback)	10-Apr-07
Pacific Stratus $3.00 Wts exp 20Jul07	Exercised 5,000 warrants	10-Apr-07
Knight Resources (KNP-TSXv)	Sold 85,000 shares at $0.445 average	10-Apr-07
Pitchstone Exploration (PXP-TSXv)	Sold 37,500 shares @ $3.39 average	28-Mar-07
Hathor Exploration (HAT-TSXv)	Bot 25,000 shares @ $1.74 average	7-Mar-07
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 150,000 unit PP @ $0.75 (1/2 wt @ $1.50 5 yrs)	12-Feb-07
UrAsia Energy (UUU-TSXv)	Sold 105,000 shares @ $6.92 average	12-Feb-07
Geovic Mining (GMC-TSXv)	Bot 25,000 shares @ $2.42 average	9-Feb-07
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Sold 250,000 shares @ $0.865 average	9-Feb-07
Bayou Bend Petroleum (BBP-TSXv)	Bot 40,000 share PP @ $1.20 (no warrants)	2-Feb-07
Southern Silver (SSV-TSXv)	Bot 100,000 unit PP @ $0.50 (1/2 wt @ $0.60 2 yrs)	26-Jan-07
Tri-Gold Resources (TAL-TSXv)	Sold 426,667 shares @ $0.204 average	23-30-Jan-07
Grandcru Resources (GR-TSXv)	Bot 240,500 shares @ $0.159 average	23-30-Jan-07
UrAsia Energy (UUU-TSXv)	Sold 20,000 shares @ $5.10 average	22-Jan-07
Uracan Res (URC-TSXv) (old UFM Ventures)	Bot 25,000 shares @ $1.06	10-17-Jan-07
Geovic Mining (GMC-TSXv)	Bot 25,000 shares @ $2.315 average	8-Jan-07
Tri-Gold Res $0.25 Wts 5Jan07	Expired	5-Jan-07
Grandcru Res $0.25 Wts exp 14Dec06	Expired	14-Dec-06
Terrane Metals (TRX-TSXv)	Bot 75,000 shares @ $0.66 average	5-6-Dec-06
Geovic Mining (GMC-TSXv)	Bot 25,000 shares @ $2.68	5-Dec-06
Tri-Gold Resources (TAL-TSXv)	Sold 180,000 shares @ $0.225 average	1-4-Dec-06
Uracan Res (URC-TSXv) (old UFM Ventures)	Bot 50,000 unit PP @ $0.60 (full wt @ $0.80 for 2 yrs)	24-Nov-06
Arian Silver AGQ-TSXv) (old Hard Assets)	Bot 100,000 unit PP @ $0.25 (full wt @ $0.42 for 1 yr)	15-Nov-06
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 100,000 shares at $0.265 average	3-Oct-10-Nov-06
Coastport Capital (CPP-TSXv)	Bot 40,000 shares at $0.885 average	10-Nov-06
Tri-Gold Resources (TAL-TSXv)	Sold 235,000 shares @ $0.2078 average	08-30-Nov-06
Peyto Energy (PEY.UN-TSX)	Sold 3,000 @ $18.90	3-Nov-06
Crescent Resources (CRC-TSXv)	Bot 100,000 unit private placement @ $0.50 (1/2 wt @ $0.75 1 yr)	3-Nov-06
Crescent Resources (CRC-TSXv)	Sold 100,000 shares @ $0.60	3-Nov-06
VRB Power Systems (VRB-TSXv)	Sold 50,000 shares @ $0.618 average	30-31-Oct-06
Pacific Stratus $6.00 Wts exp 25Oct06	Expired	25-Oct-06
Pitchstone Expl $0.70 wts exp 14Oct06	Exercised 2,500 warrants @ $0.70 to hold 37,500 @ $0.68 avg	14-Oct-06
Fortune River (FRX-TSXv)	Bot 50,000 shares at an average $0.405	3-Oct-06
Peyto Energy (PEY.UN-TSX)	Bot 3,000 @ $17.50	2-Nov-06
Bell Resources (BL-TSXv)	Bot 100,000 shares at an average $0.61	28-Sep-06
Bankers Petroleum (BNK-TSXv)	Sold 50,000 shares @ $0.646 average (stop-loss)	20-Sep-06
Bell Resources $0.30 Wts exp 15Dec06	Exercised wts to buy 100,000 shares at $0.30	15-Sep-06
Pacific Stratus $5.00 Wts exp 8Sep06	Expired	8-Sep-06
VRB Power Systems (VRB-TSXv)	Sold 200,000 shares @ $0.714 average	1-7-Sep-06
VRB Power Systems (VRB-TSXv)	Sold 235,000 shares @ $0.69 average	31-Aug-06
Bell Resources (BL-TSXv)	Bot 105,000 shares at an average $0.67	30-Aug-06
Grandcru Resources (GR-TSXv)	Bot 125,000 unit PP at $0.20 (1 wt @ $0.25/$0.30 yr 2)	8-Aug-06
Bell Resources (BL-TSXv)	Bot 45,000 shares at an average $0.80	9-Jul-06
Grandcru Resources (GR-TSXv)	Bot 50,000 at $0.15	14-Jun-06
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 50,000 shares at $0.30	14-Jun-06
Bell Resources (BL-TSXv)	Bot 40,000 shares at an average $0.645	14-Jul-06
UrAsia Energy (UUU-TSXv)	Bot 25,000 shares @ $2.27	14-Jun-06
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 150,000 shares at an average $0.30	13-Jun-06
Bell Resources (BL-TSXv)	Bot 10,000 shares at an average $0.67	13-Jul-06
UrAsia Energy (UUU-TSXv)	Bot 25,000 shares @ $2.24	13-Jun-06
UrAsia Energy (UUU-TSXv)	Bot 30,000 shares @ $2.57	9-Jun-06
Lynden Ventures (LVL-TSXv)	Bot 25,000 shares at $0.61	9-Jun-06
VRB Power Systems (VRB-TSXv)	Sold 165,000 shares @ $0.695 average	5-8-June-06
Crescent Resources (CRC-TSXv)	Bot 35,000 shares at $0.34	9-Jun-06
Fortune River (FRX-TSXv)	Bot 35,000 shares at an average $0.545	4-Jun-06
Southern Silver (SSV-TSXv)	Sold 75,000 shares @ $1.05 average	26-May-06
VRB Power Systems (VRB-TSXv)	Sold 100,000 shares @ $0.75 average	24-May-06
Texas-T Minerals (TTM-TSXv)	Merger with Grandcru Resources (GR-TSXv)	19-May-06
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 100,000 shares at an average $0.398	17-May-06
Grandcru Resources (GR-TSXv)	Bot 100,000 shares at $0.20	11-May-06
Strateco Resources (RSC-TSXv)	Bot 20,000 shares at $1.38	9-May-06
Strateco Resources (RSC-TSXv)	Sold 20,000 shares at $1.73	9-May-06
Strateco Resources (RSC-TSXv)	Bot 20,000 shares at $1.55	8-May-06
Peak Gold (PIK-TSXv) (old IPG.H / GPJ.H)	Bot 250,000 shares at an average $0.388	5-May-06
Bell Resources (BL-TSXv)	Bot 100,000 shares at an average $0.93	3-May-06

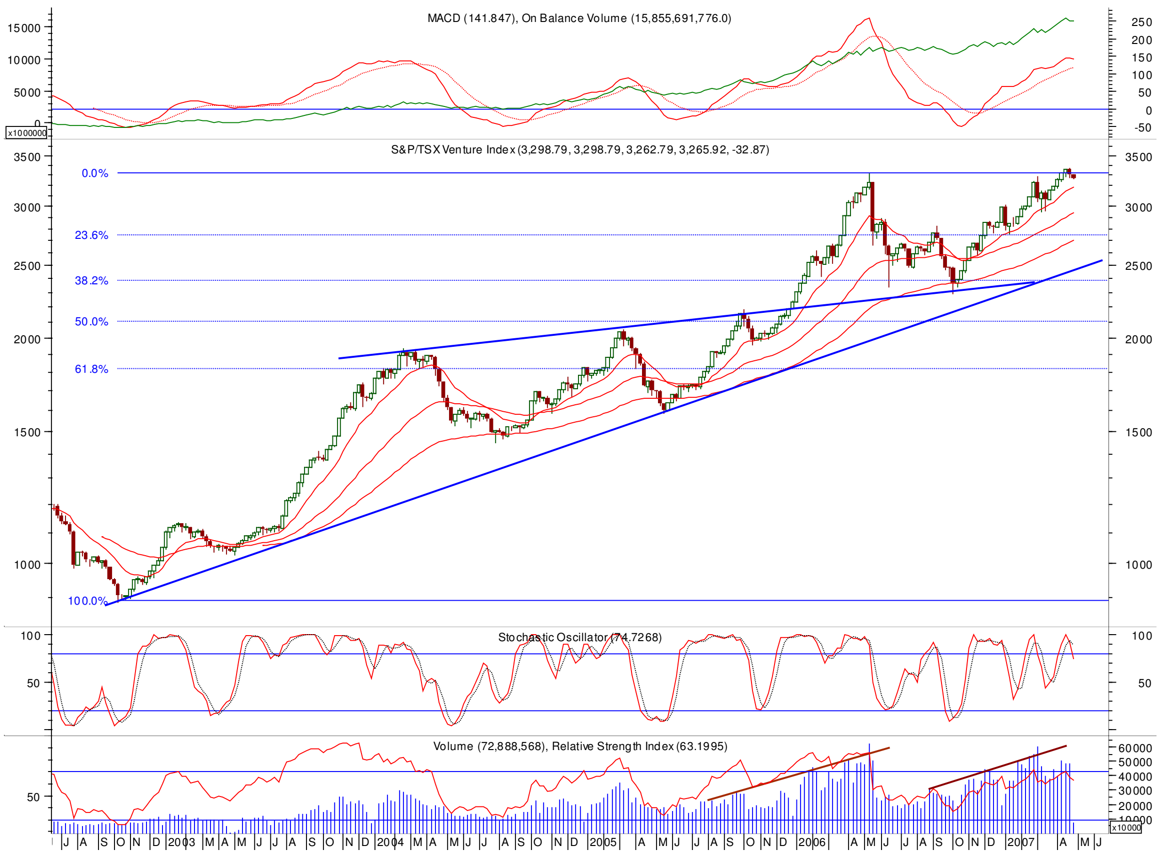
Where are we in the cycle?

Sell in May and go away? No way!

Our year-end is April 30th, which historically is about the time of year when the ***S&P/TSX Venture Exchange*** peaks, often followed by a severe and painful correction. Last year (as at April 30th 2006) we had a phenomenal **153.3%** return in our model portfolio. This year our performance has been a very modest **8.8%**. What happened? Well, a quick look at the chart above explains things rather nicely. In 2005-06 we had a spectacular run that peaked just as I published my portfolio edition, providing a well-timed snapshot of our performance. I measured everything at what turned out to have been the top of the market for the next year.

While the ***S&P/TSX Venture Exchange*** just made a new high (barely), it took a whole year to get back to essentially where it was. That we did manage an 8.8% return on what is becoming a cumbersomely large junior portfolio suggests we managed to sell and buy fairly successfully vis a vis the index. Not too many funds can make that claim in any market. Protecting the downside should be even more important than plotting the upside when it comes to junior market corrections, so always try to keep in mind it's not a one-way trip – keep selling some stock on the way up when things are going well! That's why we like to take large early-stage positions – all the better so as not to run out of stock too early.

The S&P TSX Venture Exchange



Over the last five years, we've seen spring corrections of anywhere from 11% to 30%, so traditionally it's a time of year to make sure there are no margin problems and that you've got some cash on hand for bargain shopping down the road. The old phrase "Sell in May and Go Away" has proven to be good advice, but it does not apply every year. Just look at what happened in 2003; a small pullback early in the year and then a run that saw the index almost double from April to the next January. That's not something you can afford to miss! And while we may not get through resistance immediately on this push, the pattern and accompanying volume suggests a lot of momentum – likely sufficient to establish new highs – a breakout to the upside.

So here we are only just back to where we were a year ago, and meanwhile the resource sector is the most undervalued sector, as measured by cash flow, earnings and/or 43-101 compliant in-ground resources. Given where commodity prices are now, and especially where we see them headed, one needs to stay focused on this sector. Just look at all the take-overs taking place for evidence of this opportunity. A lot of smart money wants more exposure, and world-class deposits are just not being found to offset consumption. Billions of dollars are on the march, looking for diminishing resources.

Low valuations may simply be a matter of retail investors climbing the typical bull market wall-of-worry, focused on the headline U.S. economy slowdown, real estate woes, mounting deficits, etc. The cup is half empty, not half full. They are missing the fact that the world is no longer just driven by the U.S. economy – China and even India are achieving critical mass, and the sheer numbers are simply swamping the U.S. with their needs to build infrastructure, to buy cars, fridges, stoves. Their population size and demographics guarantee a strong underpinning to commodities for years to come.

And yet …some prognosticators are calling for a bursting of the Chinese bubble**.** This from former Morgan Stanley economist Andy Xie: “I think it’s going to bust very soon,” said Xie, laying the blame on the usual suspects: excess liquidity, rising inflation and rich valuations. “People will be surprised. When the end comes, it’s going to be pretty bad,” says he.

An on-the-scene reader who’s been living in China for the last 10 years had this to say about the possible Chinese market correction: “Anyone thinking, or waiting for, a slowdown in this economy is in for a rude awakening. In the daily life, there are no real signs of overheating. The condition is as it always has been, just a constant pace of quickness. The middle class continues to gather strength, and the Chinese continue to save most of their earnings, unlike the Americans. The current boom, as well as the boom since 2000, is being fueled by savings, not the printing of money. This is the difference between America and China. China is becoming more powerful by the day, while America is becoming weaker.” Perhaps, but what may be true in the economy isn’t necessarily true for the stock market.

While the US consumer has been merrily going further and further into debt, the Chinese central bank has built up a cash hoard of U.S. dollars mounting up toward $1 trillion. If the Chinese chose to, they could send the U.S. dollar into free-fall, force American interest rates up sharply ... and drive the U.S. economy into a slump. How DO you say “bubble” in Mandarin? Of course, it is not in their interest to do so. Still, we do maintain a good cash position, 13% of the portfolio value, available for bargain hunting, just in case.

As far as the precious metals go, Canaccord Adams in today’s “*Junior Mining Weekly*” points out... “We would note though that spot gold is flat on a 12-month comparison. Yet when we review some of the underlying companies, we pause to ask ourselves if there is some evidence of a divergence in performance as the TSX Gold Index is down 10% from the beginning of the year and down some 16% from the highs seen in April 2006.” “Over the past several quarters many of these companies (intermediate producers) have begun to under-perform the market and even the general trend in the price of gold.” “The divergence may be a result of speculative money flowing towards corporations with focus on better performing commodities such as copper, moly and nickel.” They continue, “Our concern remains that in the past four years a corrective phase in the junior mining sector has occurred. Is the decline in some of the more advanced-stage junior gold stocks a precursor to a correction in 2007? Or is it just further evidence of a marketplace that continues to place greater interest on other better performing commodities and the companies exploring for such minerals?”

The tide is particularly powerful - especially for the U.S. investors. The U.S. dollar is in a long term bear market and will inevitably retest its 2004 lows vis a vis a basket of major currencies. American investors need to anchor themselves to assets that will offset the debasing of their currency and protect against crumbling real estate valuations. The gold and precious metals sector in particular should continue to offer such protection for some time to come.

Our investment approach

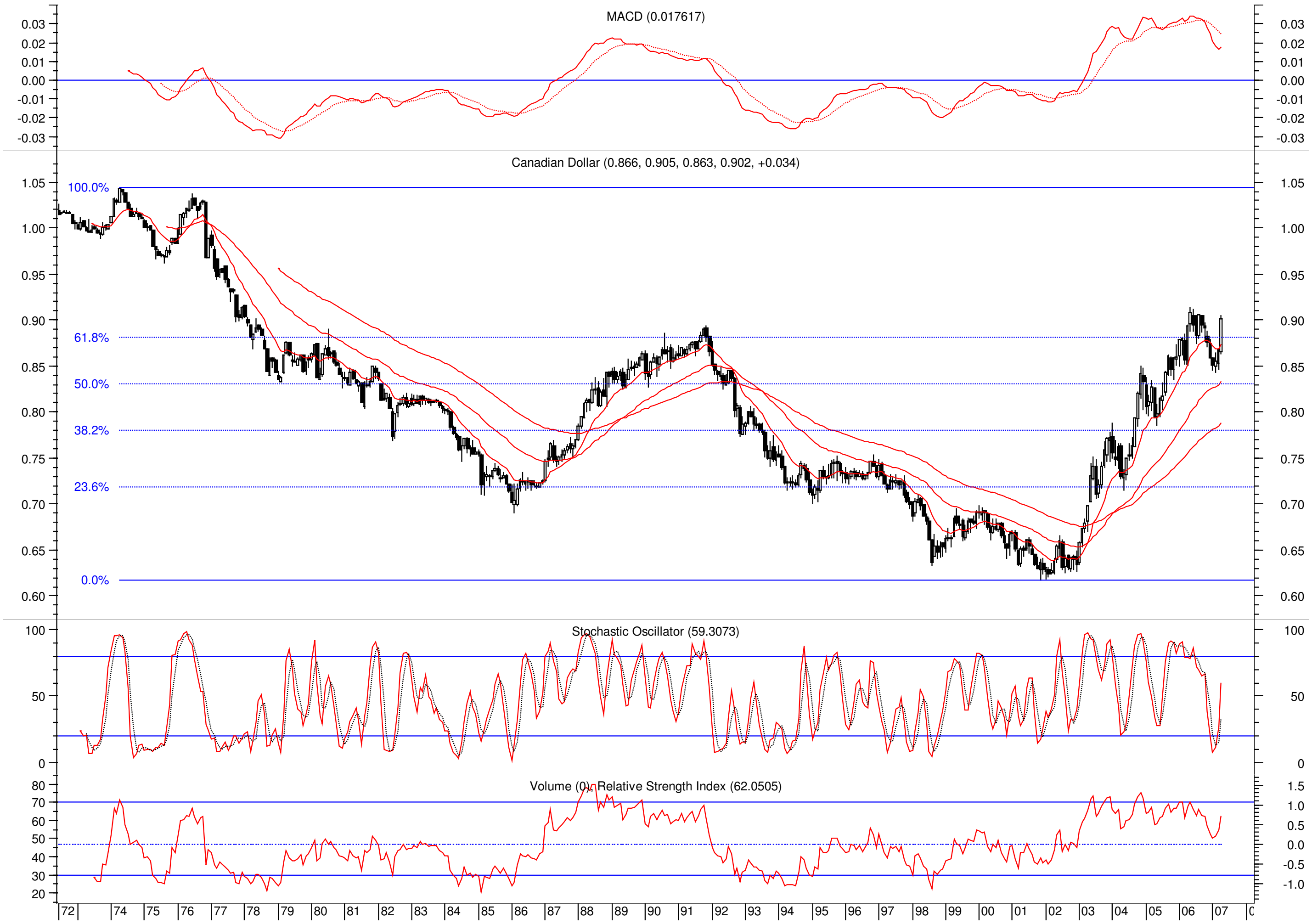
Most companies we have accumulated large positions in are initially early-stage, even inactive “shells”. They are also primarily focused on the resource markets, where we believe a full-fledged long-term secular bull market is in progress – and has a long way to go. Whether they are temporarily up or down during the early formative stages is not that important to us. Their home-run potential and the fact that we are buying them before they become active puts tremendous odds in our favour, given we have the patience to wait. It also helps that the tide is rising in the resource sector, bringing in more and more investors and their capital.

Our strategy has served us very well indeed in the past, and generally pays off handsomely. Just look at our recent wins like UrAsia Energy, Bankers Pete, Entrée Gold, VRB Power, Peak Gold, Bayou Bend, Bravo, Endeavour Mining, Impact Silver, etc. (especially under their predecessor names when we started accumulating, before they became well-known). Just remember to not sell these deals too soon, as they will generally become 5 or even 10-baggers from where we like to buy them, and occasionally a lot more! Trying to trade for a living, taking small gains (and inevitably small losses, commissions, and paying taxes thereon) is not the way to wealth! What we do is value invest and position trade, although my definition of “value” may not necessarily meet your typical mainstream portfolio manager’s criteria, there lies the opportunity.

You may have noticed that almost all our positions started out as TSX Venture exchange listings. This exchange as evidenced by the above chart has performed very well, having gone up 6-fold over the last 5 years, and is once again accelerating on record rising volume. The world has woken up to the resource bull market and 30-something year-old multi-billion dollar fund managers who have never lived through a resource bull market are under pressure to position into the sector, and into the Canadian dollar. The manic-depressive two steps up, one step back nature of the beast is tough to trade “perfectly”, but keep it in mind when headlines are made and people are emotional. It pays to be somewhat contrarian.

Early stage deals, especially while still shells, may require patience to accumulate, and are often “tightly” held (ie. illiquid!). Make sure you have a broker that understands these markets and can execute appropriately! “Market” orders are usually ill-advised in these circumstances. Dormant “shells” that are prime “cheapies with a chance “ are becoming harder to find, but not impossible. I recently added two to my own screen that may merit a mention in these pages once I complete my due diligence. However, the luxury of time is no longer on our side. I can see that we will eventually need to evolve our business plan (once again) to try to stay a step ahead of the crowd, but for now we are exceptionally well-positioned to ride the next wave with the crop we have. I expect that the world will continue to beat a path to our door, with varying urgency, for several years to come.

Canadian dollar in U.S. dollars (35-year chart - monthly)



The Canuck-buck - Heading back to parity with the $US., powered by surpluses and resources.

Gold and the US Dollar

We continue to believe that we are firmly in a secular bull market in precious metals (gold, silver, platinum, etc) and resources in general, and that this will continue for the foreseeable future. There is little that fundamentally or technically stands in the way of this trend continuing, notwithstanding the fallout from the US housing correction and sub-prime mortgage debacle. A US slowdown will materially not dent resource demand from the Asian economies.

To put today's prices into some context, when simply adjusted for inflation, gold's peak at US$850 per ounce in January 1980 would correspond to over $2,200 today; US$50 silver then would be over $125 per ounce silver today.

Gold not only continues to do very well, it has finally broken out through the old multi-decade highs to now ready for a challenge of the record. More significantly, gold largely de-linked itself from the US dollar as we suggested would happen back in 2005. Gold showed that it could do its own thing regardless of the direction or whether the US dollar strengthens of weakens against any particular currency (we continue to believe it HAS to weaken in any case – further supporting higher gold prices in US dollar terms). Gold's long term appeal will continue to strengthen and eventually overcome its past reputation as a dead money investment. Gold continues to grow in respectability and recognition, and eventually will been seen for what it is - an anchor to stability, a store of purchasing power, as the US dollar is further de-based.

Gold had to overcome almost 25 years of negative publicity, cultivated during an era when investors believed cyclical recessions and depressions were a thing of the past. Public sentiment was convinced that the price of gold would always go down, and that mining is a waning industry and a poor place for investment capital. It bears pointing out that during the last secular bull market from late 1971 to early 1980, gold rose 2,400%, silver 3,500% and crude oil almost 400%. We likely have a long ways to go, albeit you need a multi-year perspective and an ability to ignore the daily news headlines and sound bites on CNN.

Only in a major financial meltdown, such as which occurred in 1929, would gold equities sell off along with other paper assets. Barring such an event, gold shares will occasionally mirror the fall of mainstream common stocks as their bear market resumes, mainly because it is human nature to throw out the baby with the bath water when emotions are high and it's "liquidity at all cost". A sharp equities decline will likely be accompanied by a similar reaction in gold equities, but it should be very short-lived and an opportunity to fortify positions. Gold as a store of value has outlasted all past currencies and has very effectively transported wealth between generations for thousands of years.

Since the early 1970s when it was de-linked from gold, the US dollar has dropped over 70% against other currencies. The current dollar decline is simply a continuation of the long-term downtrend. The dollar is headed lower and since gold and the US dollar generally move in opposite directions, this is going to add significant further upward pressure on gold. Having a currency that is also the world's reserve currency has permitted Americans a degree of imprudence that no other people in the history of the world have ever been permitted. Who else could run $900 billion annual trade deficits? Who else could borrow so much money with so little hope of ever paying it back?

However, you can only keep printing money for as long as the sellers of oil, resources and consumer goods are willing to accept it as legal tender. As a result, as inflation inevitably accelerates, interest rates will have to move higher to compensate for the risk of purchasing power erosion, or the currency will be dumped. While conservative investors may wish to own gold directly or through an ETF (Exchange Traded Fund), the best overall bang for the buck, if you are prepared to do your homework, remains in the gold companies themselves – especially amongst the juniors without analyst coverage.

I monitor both the Philadelphia Exchange's XAU and the HUI "Gold BUGS" Index **(HUI-AMEX)**. The HUI 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, and 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. Technically, the index shows a one-year-long period of consolidation that now shows evidence, with a pattern of higher lows and marginally higher highs, of a readiness to test the old high, and eventually break to the upside …

HUI (Gold BUGS) Index (AMEX)

Normally in economics, the lower the price of something the higher the general demand for it. This is evident everywhere in society today. But with gold, and indeed most other investments, the demand curve is reversed. As all contrarians know, in the investment world the higher the price an investment climbs the greater demand becomes! It's all backwards.

The higher the price of gold climbs, the more potential investors will become aware of its impressive returns. As they buy in over time, their marginal investment demand will drive gold even higher, putting it on the radar of even more investors worldwide. Most investors are not contrarians so they will only chase existing well-established trends.

Therefore it is important to realize that it is not mines or central banks that ultimately drive gold prices, but private investor demand. It is also crucial to understand that global gold investment demand only grows with higher gold prices.

All secular bulls ultimately culminate in bubbles. The typical parabolic shape of a secular bull market starts off with almost imperceptible acceleration in the early years, picks up dramatically in the middle years, and is breathtaking in the final years. This pattern was witnessed in the 1970-80 gold market and both the NASDAQ and S&P 500 during their own recent secular bulls. There are many examples throughout history of such patterns. If gold holds to a similar course as in the 1970s, gold will ultimately trade over thousands of dollars per ounce before this decade ends.

The practice of US monetary inflation requires the addition of ever larger amounts of new money and credit instruments to keep the scheme going, but at some point the general public realizes they are holding empty promises and race to exchange the paper for anything of value. We do not believe it is different this time, but only a matter of time. We certainly cannot foretell even an approximate date of the coming crisis other than to state our belief that for the US dollar it is late in the day.

The sustained increase in the price of oil and gold, as well as silver, fine art, and gem stones, against all fiat currencies attests to the growing awareness of the inherent problem and reflects attempts to preserve wealth from the gathering inflationary storm. The second leg in the gold bull market is well underway – the ultimate indicator of wealth preservation.

This is a chart of the Dow Jones Industrial Average divided by the gold price 1886 - 2005. It represents the performance of paper assets versus hard assets over time, that there are times to own paper assets and there are times to own hard assets. It is very, very telling because hard assets have had two major supercycles in the last hundred years. One was from 1929 - 1934, and the gold price at that time was fixed so the hard asset cycle was shortened because of that. If you look at silver, which was free floating in those days, I think what you would have found is that the supercycle probably started in 1924-25 and ended about 1937-38. If you look at the Homestake share price, it peaked in 1937. So you would have had about a 13-14 year bull market in hard assets. The next bull market in hard assets was from 1966 - 1980, 14 years as well. The rest of it is all a bull market in paper assets. The current bull market in hard assets started in 2001, as per this chart, so we are almost six years into it. As the last two were 12-14 year bull markets, this tells me we are still nearer the beginning the bull market, not at the end. When you look at the rise in price of gold in the 1970s from $35 to $850 dollars that is more than a 2000% increase. So far in this cycle we are up about 170%. There are a lot of similarities, oil went up 5 times in the 1970's, from $2 to about $12 in 1973 and then finally it went up to $50 by 1980. This time we have gone from $12 to over $60 so we have had the first five, but I think we are going to see more than that. The biggest difference is on the inflation rate. This cycle is more akin to the 1930s from an inflation standpoint. In fact what we have been seeing in some parts of the economy is deflation.

Asia is exporting deflation in goods but also in services. There is virtually no pricing power on anything. When you see the oil price increases of over fivefold and people say inflation has to come, but what we are seeing is the producers of goods and services absorbing a lot of the price increase, because they have no pricing power. The Chinese don't want to lose market share, so they are cutting their margins to compete with the Koreans, Indians, Vietnamese and other emerging Asian economies. So inflation may go up to 4 or 5%, but we are not going to see the 15-18% inflation of the 1970s. The U.S. debt pyramid couldn’t survive those rates anyway.

On the other side of the coin, deflation is lurking right around the corner and that is why long bonds are so low. There is such overcapacity in everything that there is no good investment anywhere, so people are parking their money in long bonds. We saw the same thing in the 1930s. Those are the major differences. There is too much money with no place to go.

As the Dow Jones/gold price chart clearly shows, every hard asset bull market has ended with a low, single digit ratio. In 1980, gold was $800 and the Dow was 800. In 1932 the Dow touched 37 and the gold price was $35 in 1934. It ended up at less than two to one. When you look at the financial imbalance in the U.S. system, the amount of debt being created in the private and public sectors, to unwind all of these excesses will take time. It is not going to happen in the next one or two years; it is going to take a lot longer. If you look at a low single digit number, the Dow is not going to crash through 1,000. In 1966-67 the Dow lost about 40% of its value going from 1,000 to about 600. In the 30s it lost 90% of its value but then you had deflation, outright deflation like we saw in Japan the last 18 years. It’s doubtful we are going to see outright deflation in the U.S., it’s more likely going to be more of a muddle through. Maybe the Dow is going to be 7000 to 8000 +/-, or even go sideways for a long time while other assets adjust to a greater degree – reflecting the decline of the U.S. dollars purchasing power. When you look at the amount of money that has been created, what we see is a gold price that will have three zeros after the first number. But we don't know what that first number is going to be. Yes, certainly over $1,000 – probably over the next year or two. We are in the midst of a 14+/- year bull market. So the place to be over the next 4-8 years is hard assets.

The consequences of growing monetary inflation (too much money with no place to go), waning credibility and a growing uncertainty within the U.S. will be far-reaching and calamitous someday. However, it is unlikely that day is at hand, for one thing appears certain: the rising tide of liquidity is a veritable tsunami, which will continue to lift all asset classes for some time. But if true to form, other asset bubbles will be inflated, for whereas the Fed can unleash massive liquidity, as it is presently, it cannot control where that liquidity is directed.

If you want to make money, find a secular trend and ride it. This is a major, major secular trend that only happens once every two generations. You get on it and just stay with it. That's how you are going to really make money.

What follows is brief coverage on some of our largest portfolio positions - ones that we believe offer life-changing upside – and usually because we bought lots cheap over an extended period of time! Our dollar-value exposure to these companies emphasizes where we expect to make our biggest overall dollar gains over the next year and beyond.

Growth Stocks Weekly
Since 1995

Arian Silver (AGQ-TSX Venture)

Daily chart, Semi-log scale

Highlights

Arian Silver is a junior exploration company with a focus on Zacatecas State in Mexico, an area prolific in Silver mineralization. It recently acquired the Tepal property which has an historical resource of 1.2 million ounces of gold and 340 million pounds of copper. Silver mining dates back to the 1600's in the area. The management team at Arian Silver is well seasoned and capable of building shareholder value.

Current Price: C$0.66
6 month Target: C$1.25
52 Week Range: C$0.23 - C$0.73
Shares O/S: 102 million basic
Shares O/S: 124 million fully diluted
Market Cap: C$67 million

Website: http://www.ariansilver.com

Summary Description of Arian Silver Properties

Tepal Property

The Tepal Property is located in southwestern Mexico near the town of Tepalcatepec. The nearest major city is Guadalajara, some 170 kms to the north. The Tepal Property consists of 5 concessions totaling 1406 Hectares. Arian has applied for additional concessions in the area totaling 20,000 Hectares. Arian is paying US$5,000,000 over 5 years to earn a 100% interest. Future production will be subject to a 2.5% NSR. Arian is involved in discussions with the owner of the surface rights on these 1406 Hectares and does not anticipate any problems negotiating a formal agreement.

The Tepal Property has an intriguing history of exploration efforts. In 1972, INCO carried out a formal program of soil sampling and diamond drilling and estimated a resource of 27 million tonnes averaging 0.33% Copper and 0.65 g/tonne Gold but stressed additional drilling was needed to more closely define the mineralization. Teck Resources acquired the Tepal Property in 1992. Drilling and geochemical sampling led Teck to estimate a resource of 78.82 million tonnes, averaging 0.249% Copper and 0.484 g/tonne Gold. In 1996 Minera Hecla spent time on the Property with a focus on Gold. Hecla identified a resource of 9.063 million tonnes containing 262,359 ounces Gold.

Neither of these 3 companies focused on Silver in their non 43-101 compliant resource estimates. Arian Silver will be conducting a 3000 meter drilling program on the Tepal Property in 2007 to arrive at an inferred Silver resource. It is expected that this drilling will commence in April, 2007. Expect considerable news flow as this drilling gets underway.

Calicanto Property
The Calicanto Property overlooks the city of Zacatecas in Central Mexico, and consists of 5 concessions totaling 89 Hectares. In 2006 Arian Silver signed an agreement to earn a 100% interest subject to a 3% NSR in consideration for payments totaling US$370,000 before April 2008. The Calicanto Property has an early mining history dating back to the 1600's. In 1934 Compania Fresnillo S.A. mined a small amount of ore and removed about 300,000 tonnes of material from the waste dumps. Processing at nearby Fresnillo produced up to 1 g/tonne Gold and up to 250g/tonne Silver. In 1948 full scale production commenced at a rate of 100-130 tonnes/day. Historical data shows grades of 2.3g/tonne Gold, 110 g/tonne Silver and 2% Lead. No production records exist after 1956 when it is assumed production stopped. There are 4 distinct veins on the Calicanto Property, namely the Calicanto, San Buenaventura, Nevada and El Misie. All are classic epithermal type veins.

In August 2005, Arian commenced driving a decline into the property to access the Calicanto vein, and is advancing a decline to access the San Buenaventura vein system. All material removed as part of these efforts is currently being stockpiled. When 2000 tonnes has been accumulated, Arian will be given exclusive access to the nearby processing facility at Fresnillo. The processing results from this quantity of material will be very valuable to help better define mining and processing methods going forward. Arian is also completing a 3000 meter drilling program which is designed to better define the down-dip and along-strike extent of the Calicanto and Buenaventura veins. This program will also better assess the Nevada and El Misie veins. Early assay results are significant and show Silver content of 100 g/tonne and up to 4000 g/tonne. It is expected that a 43-101 compliant resource calculation will be issued based on this drill data in the near future.

San Jose Property
In December 2006, Arian acquired an exclusive option to earn 100% ownership in the San Jose Property located some 55 kms southeast of Zacatecas. After payments totaling US$1,500,000 over 3 years, Arian assumes full ownership of the Property from Minera San Gerado. The San Jose Property covers 2 concessions totaling 4000 Hectares. The Property includes the head frame and 400 tonne/day hoist system of the San Jose Mine which operated until 2001. Also included on the property is a decline haulage ramp extending 2kms underground to the East and 1km to the West. The area has a long history of mining dating back to the 1600's. In 1963 Minera Frisco explored the San José Property and defined 400,000 tonnes of material. In 1967, Minera Frisco sold the Property to Zimapan S.A. who operated the property from 1973 until 1991, extracting approximately 917,000 tons of material grading 228 g/t Silver, 0.22 g/t Au, 1.5% Lead, 2.37% Zinc, and 0.08% Cu. In 1992, Zimapan ceased operations at the San José Property due to a combination of high transportation costs in getting mined ore to the closest mill and low metals prices. In 1993, De Sarrollo Monarca acquired the Property, and operated the mine at 400 tonnes per day. In 2001, Monarca closed the mine as once again high transportation costs and low metals prices made the operation un-economic. Arian will carry out a 5000 meter drilling program over the next several months to investigate the potential for mineralization in a westerly strike direction from the San Jose workings. The 4 km long westerly extent of the Property has never been systematically explored for mineralization. The drilling program will coincide with a trenching program at 25 meter intervals along the vein.

San Celso Property
The San Celso Property consists of 3 concessions totaling 88.58 Hectares and is located 50 kms southeast of Zacatecas. Arian owns 100% of these concessions. This area's mining history dates back to the 1600's. The old San Celso mine workings appear to have been worked down to about 130 meters in pursuit of the San Celso vein. Arian has accessed the site and conducted extensive re-sampling of the old underground workings on the San Celso and Las Cristinitas veins. Assays have returned values of up to 2500 g/tonne Silver, 7 g/tonne Gold along with minor base metal credits.

Outlook for Silver
Demand for Silver continues to be robust according to the World Silver Survey. Demand is dominated by 4 main categories, namely jewelry (27%), industrial (45%), photographic fabrication (18%) and coinage (5%). Jewelry demand is fairly constant, although India, China and Russia are showing signs of increased demand. Photographic and coinage demand are soft. Digital photography is of course the main culprit here. However, buoyant global economic growth (especially in Asian nations) is creating an increased industrial demand for Silver, especially in the area of consumer electronic items. Chief among these items are cell phones and flat panel plasma displays. What is particularly interesting is industrial demand for Silver in 2005 exceeded that in 2000 at the height of the Tech Bubble. Providing this industrial demand continues strong, Silver prices should remain robust. On the Supply side, Silver as a by-product from mine production of Gold and Copper continues to remain strong. But, primary mine production of Silver is expected to exhibit yet another decline when 2006 data is released by the World Silver Survey in May, 2007. Collectively, these 2 sources of supply have just been able to keep apace of demand. This supply situation is expected to continue and as it does, investors should see Silver prices remain string.

Conclusion
Drill results from the Tepal Property should provide the market with a means to properly value the company. Just given the historical work done by other companies to date on the Tepal Property, using a very conservative metric of $50/ounce Au, there could well be up to $30 million of inferred resource already present at Tepal. This in and of itself accounts for half of Arian's market capitalization at present. The drill and trench results from the San Jose Property will be another major milestone. If, as expected, these results indicate a continuation of mineralization along strike in a westerly direction from the San Jose workings, the impact on Arian's market valuation will be significant. The 43-101 resource estimate expected on the Calicanto Property will likewise be a major milestone and will add significant market capitalization to Arian Silver.

Bayou Bend Petroleum (BBP-TSX Venture)

Daily chart, Semi-log scale

Highlights

Bayou Bend is a pure-play Gulf of Mexico exploration company based in New Orleans and for our purposes, is a relatively senior deal, albeit freshly minted. It was founded by Lukas Lundin and Frank Giustra, who are well known in the energy industry for their established records of value creation. This is believed to be the first partnership between these two very successful entrepreneurs. The company holds a 35.6% operating interest in the Marsh Island project and a 100% interest in what used to be the Pearl Exploration and Production assets in the Gulf. Marsh Island, which until recently was under a drilling moratorium, is located in the midst of a prolific hydrocarbon-producing area but is virtually unexplored. The island is surrounded by over 11.5 Tcfe of existing gas discoveries. There is an abundance of infrastructure in the area with spare capacity. Using proprietary 3D seismic data, over 24 prospects and leads have been identified.

Background

The concept of Bayou Bend as a Gulf of Mexico exploration play emerged in the fall of 2006. Lundin and Guistra used a Venture Exchange company called Kit Resources Ltd. as a “shell” to establish a position in the Gulf. Kit became Bayou Bend on February 7, 2007. Pearl, with its focus on heavy oil in North America, had been looking to divest its Gulf of Mexico assets, which did not fit with its strategy. Pearl exchanged the assets for 10 million shares of Kit, thus maintaining its participation in the region without affecting its budget. Meanwhile, Kit teamed with a group of private investors who had various interests in the Marsh Island project and were looking to farm out some of their exposure to reduce operational risk and to share capital commitments. In the past two months, Kit, and then Bayou Bend, has accumulated a 35.6% operating interest in the project for US$49.4 million in cash, funded by the proceeds of its recent equity financing. Bayou Bend continues to look for further opportunities in the region to fuel its aggressive growth strategy.

Current Price: C$2.94

6 month Target: C$5.00

52 Week Range: C$1.20 - C$3.00

Shares O/S: 296.9 million basic

Shares O/S: 298.9million fully diluted

Market Cap: C$873 million

Website: http://www.bayoubendpetroleum.com

Highlights

• Experienced team with established record of value creation. Bayou Bend's management, directors and founders bring with them successful company-building experience, vast technical knowledge, financial capabilities, successful acquisition track records and valuable connections.

• Focused strategy. Bayou Bend is a pure-play Gulf of Mexico exploration company with an aggressive growth strategy including acquisition, exploration and development in the Gulf.

• One of the most prolific regions in North America. The Gulf of Mexico is one of the most prolific hydrocarbon regions in North America. Approximately 29% of U.S. oil production and 20% of U.S. gas production comes from the Gulf (before hurricanes Katrina and Rita). The Gulf of Mexico is also the heart of the U.S. petrochemical industry and home to nearly half the country's refining capacity.

• High-impact exploration acreage in established fairway. Bayou Bend has a unique land position, surrounded by a number of significant gas discoveries and established infrastructure. The company is targeting more than 5 Tcfe of natural gas potential on its lands, which could significantly increase its stock value. Being in the midst of an established hydrocarbon fairway reduces the risk of Bayou Bend's exploration prospects. Proximity to infrastructure should reduce the tie-in time for discoveries, hence improving project economics.

• Exciting start-up portfolio. Bayou Bend is also appealing because for a junior company it has a tremendous start-up portfolio. The company has identified a number of moderate-risk prospects in shallow water, targeting significant resource potential. At this early stage in its growth, every successful well could mean significant upside for Bayou Bend's share price; the company has already identified over 30 prospects.

• Stable operating environment. The Gulf of Mexico is considered a stable operating environment and has a well-established regulatory framework.

• Significant option value. Bayou Bend acquired proprietary 3D seismic over Marsh Island; as the data continues to be processed, we expect more prospects to be identified. So far, of the 24 identified gas prospects, 15 have been assigned 25 Bcfe of 3P reserves (proved, probable and possible) and 939 Bcfe of prospective resources (net to the company's working interest). The high estimate of prospective resources associated with the 15 prospects was 3,004 Bcfe (net to the company's working interest). The potential of the Pearl assets has not been reviewed by independent evaluators recently.

• Control of assets. Bayou Bend operates all of its assets and owns 100% of the five Pearl blocks and 35.6% of the Marsh Island project.

• Strong balance sheet. Having recently raised $200 million through an equity issue, the company should be fully funded for 2007, including approximately $75 million in reserve for development of any discoveries and any additional acquisition opportunities.

Financial Analysis

Having recently raised $200 million through a private equity issue (166.7 million shares at $1.20/share), Bayou Bend should be fully funded for 2007, including approximately $75 million in reserve for development of any discoveries and any additional acquisition opportunities. The company currently has a strong balance sheet with no debt and no credit facilities in place.

Since the equity issue, approximately US$49.4 million has been spent on acquiring interests in the Marsh Island project, US$1.5 million on refurbishment of the Summit production facility and an additional US$1.4 million on land acquisitions, leaving about $140 million to fund the 2007 capital program. Bayou Bend currently estimates that it will spend approximately US$55 million to drill seven exploration wells this year; however, the final estimate will depend on which of the 24 identified prospects will be drilled at Marsh Island and how much interest in the Pearl assets will be farmed out. The company is in discussions with several interested parties; as negotiations progress and contract terms are finalized, Bayou Bend's capital budget for the year will be adjusted accordingly. At this point, the company appears to be more than sufficiently funded for 2007.

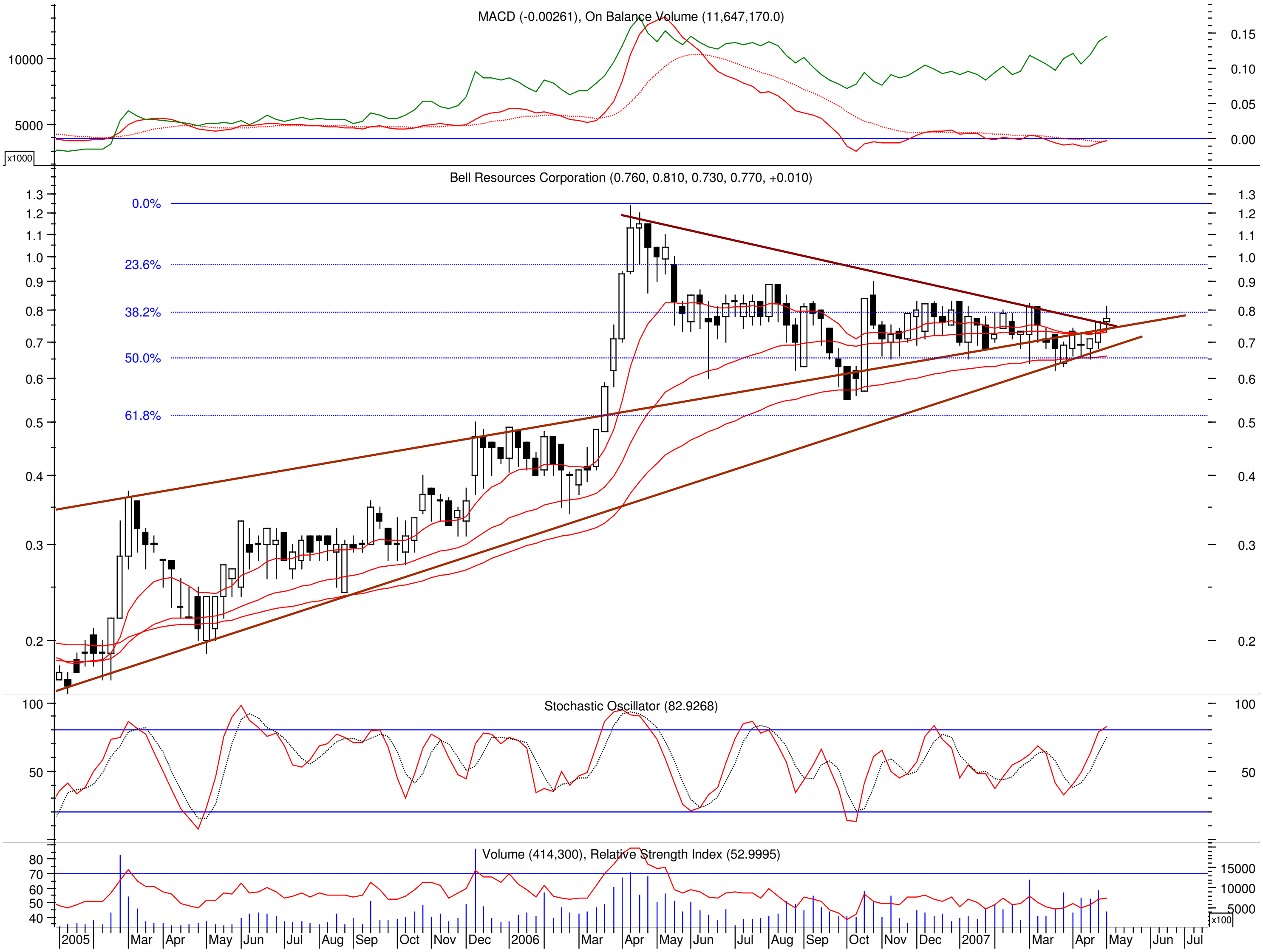
Conclusion

Petrotech evaluated 15 of Bayou Bend's 24 gas prospects at Marsh Island and assigned 25 Bcfe of 3P reserves and 939 Bcfe of prospective resources to the company. The high estimate of prospective resources associated with the prospects was 3,004 Bcfe. According to Petrotech, this resource is potentially worth US$14.18/share, with the high case implying a possible value of US$39.18/share; the stock is currently trading at around $3.00, implying significant potential upside.

Bayou Bend should be able to prove up about 500 Bcfe of natural gas potential on its lands over the next 12 months. At least 350 Bcfe could be generated by Marsh Island alone. Analysts suggest that gas in the ground in the Gulf of Mexico is worth at least $3.00/Mcfe. We expect Bayou Bend's gas operating cash netbacks to average about US$3.00/Mcfe. Recent acquisitions in the region had an average cost of US$3.83/Mcfe. Using $3.00/Mcfe to value Bayou Bend's potential gas resources in the ground, this provides an implied value for Bayou Bend of $1.5 billion, or about $5.00/share. Our near term target price is therefore $5.00, in line with the NAV estimate.

Bell Resources (BL-TSX Venture)

Weekly chart, Semi-log scale



Highlights

Bell Resources is currently our top choice in the category of advanced exploration opportunities, with a diversified portfolio of five potentially world-class North American base metal projects, any one of which has the means to quickly transform Bell into major success story and create significant wealth for patient shareholders. Of their key projects, the most advanced is the past producing Granduc Mine. The Granduc was a major company mining operation in production for 16 years, shut down in 1984 half-way through its then-expected mine-life with copper prices sub-US$0.60/lb. Copper is now around US$3.70/lb. Recent exploration efforts have outlined multiple-kilometre extensions to the original deposit. The project is being fast-tracked towards a pre-feasibility scenario. A just-announced alliance with Bronco Creek Exploration brings to Bell an outstanding technical team along with an exceptional portfolio of copper assets, further underpinning our view that Bell is heading towards intermediate producer status with a clear strategy and the right talent to get the job done.

Current Price: C$0.76

1 Year Target: C$2.25

52 Week Range: C$0.55 - C$1.25

Shares O/S: 54 million basic

Shares O/S: 67 million fully diluted

Market Cap: C$41 million

Website: **www.bellresources.com**

Summary Description of Properties

Bell's multiple large-tonnage projects enable it to generate year-round news, aggressively advancing it along a path toward a production decision, with the goal to ultimately see Bell make the transition from explorer to producer.

Granduc Project – North Western British Columbia Cu / Ag / Au / Co

- Copper-rich, easily accessible deposit with surrounding infrastructure
- Original Newmont 17-km tunnel connects original mine resource to roads and deep-water port
- Historic resource of 550 million lbs. grading at 1.73% Cu (1969 non-43-101).
- Approximately 200 million lbs. of copper based on historical resources remain in place at an average grade of 1.84% (BCMINfile non - NI 43-101)
- Conceptual Target: 100+ million tonnes of ore grading ~2% copper plus credits (3.7+ Billion lbs. of Cu + Ag, Au credits)

Sombrero Butte Project – Arizona Cu / Mo

- Located in the Copper Creek District, Pinal County, Arizona.
- Property contains a cluster of 20 copper-bearing breccia pipes with an indicated underlying porphyry copper system
- Phase I drilling confirmed extensive intersections: 48m 1.06%, 22m 4.74%, 9.56m 5.57% Cu plus porphyry intrusions
- Conceptual Target: 20+ million tonnes of 2% copper ore in the breccias, underlain by potential several hundred million tonnes of 1% Cu-Mo equivalent in the porphyry.

Kabba Project – Arizona Cu / Mo

- 100% interest in 232 federal unpatented mining claims
- Suspected down-faulted, enriched top of a large Mo-rich porphyry copper system
- 74 miles from Phelps Dodge's Bagdad Mine (200 million lbs. Cu/year production)
- Conceptual Target: large (±500 million tonnes) porphyry copper system, carrying grades near 1% Cu-Mo equivalent.

A Train Project – Michigan High Grade Ni / Cu / PGE's

- Coincident ultramafic intrusion, Ni-Cu-Co-Cr-PGE anomalies, and magnetic anomaly 40 km from Kennecott's Eagle discovery (+ 5 Mt @3.6% Ni, 3.0% Cu, 0.1% Co, Au, Pt, Pd)
- Conceptual Target: analogous to nearby North American Palladium Lac des Iles Mine and Eagle discovery.
- Confirmed by recent airborne geophysics

Fox River Project – Manitoba High Grade Ni

- 50/50 joint venture to earn 70% in 419,355 acres of prospective deep sulphide mineralization anomolies
- Potential extension of the ultramafic nickel systems of the Thompson Nickel Belt.
- Drill intercepts are confirming mafic and ultra-mafic intrusions present in the area of inferred faulting targeted by the exploration program. Drilling continues.

Bronco Creek Alliance – South-western U.S. Cu / Mo assets

- Bell acquires 75% interest in multiple copper assets representing 12 properties in one of the most prolific copper producing regions of the world.
- Bell acquires high-level industry and academic experience with decades of practical field experience.

Project Updates

Bell's most advanced project is the past-producing **Granduc Mine**, a copper-rich VMS-Besshi deposit located 40 km northwest of Stewart in northwestern British Columbia. Bell is targeting along-strike extensions to the north and south of the zone of past exploration and mining. Recent step-out drilling results confirm extensive continuity of high-grade magnetite-pyrrhotite-chalcopyrite mineralization across at least a 4-kilometre (2-½ mile) strike length, which would place Granduc in the top percentiles of Besshi-style VMS deposits. Windy Craggy, located 200 kilometres north of the Granduc property is the largest known Besshi deposit. Phase IIB drilling last fall demonstrated northerly strike continuity 2 km north, extending potential strike to over 4 km. This has expanded this deposit to a potential 100 million tonnes copper (Cu) ore at a +/- 1.85% average grade in North, South and Central zones, representing +/- 3.7 billion pounds of copper (currently trading at US$3.70/lb). There are additional credits for gold (Au) and silver (Ag) that could even cover operating, processing and/or transportation costs. Over $100 million in infrastructure is in place along with paved access to the nearby deepwater port at Stewart, B.C. Bell has already established a year-round camp and local office and is quietly mobilizing resources towards development of this project. Last October Bell also acquired rights to the Outland Silver Bar mineral claims, located southeast of the Granduc.

Another exciting property is Bell's **Sombrero Butte Project** in Arizona, the first consolidation of these claims since they were mined back in 1920. This is a significant opportunity to quickly delineate high-grade copper-gold-silver breccia resources. Breccia pipes are present across the entire extent of the property, likely reflecting the footprint of a massive underlying porphyry copper system. Phase I drilling in late 2006 confirmed extensive Cu intersections including 48m of 1.06%, 22m of 4.74%, 9.56m 5.57% Cu. Two drills also intersected a likely underlying porphyry system. A transition with depth from the high grade breccia environment to a larger tonnage porphyry copper system is becoming more likely given these initial results.

With Bell's **Kabba porphyry copper** prospect in Mohave County, northwestern Arizona the company controls 232 unpatented mining claims covering over 4200 acres on the highly productive Copper Creek-Resolution-Bagdad porphyry trend. Along this same mineralized trend, Phelps Dodge Corporation is expanding its 200 million pound annual copper production at the Bagdad mine, Mercator Minerals is reopening the Mineral Park mine and Rio Tinto management has confirmed over 1 billion tons of reserves at a grade of over 1.5% copper" at Resolution. This is elephant country. Large undiscovered porphyry copper deposits still exist in Arizona, and Bell has an excellent shot with Kabba. This year Bell initiated an extensive IP survey at Kabba, a follow-up to the aeromagnetic survey completed in the fall of 2005, identifying multiple prominent low magnetic anomalies consistent with the concept that one or more large porphyry copper systems are present in the target area. Bell is utilizing the interpretation of the IP Survey to assist in the targeting of a drill program scheduled before the end of 1st quarter of 2007.

Bell's **A-Train property** located in the Upper Peninsula of Michigan is regarded as highly prospective for deposits of nickel-copper and PGM's. It shares a geological affinity with the nearby North American Palladium Lac des Iles mine and Rio Tinto Eagle orebody. Phase I drilling was completed at A-Train on July 2006 consisting of seven holes totaling 1,303 meters (4,275 feet). The targets for drilling were determined following an airborne pulse EM-magnetic survey flown over the property in September of 2005. In October 2006 drill results reported intersected intervals containing several volume percent of disseminated to net-textured magmatic ore minerals. The highly anomalous concentrations of platinum-group metals associated with magmatic ore minerals in these intersections with some magnetite provided encouragement that the yet-undrilled large aeromagnetic anomalies detected last year are directly related to undiscovered mineralization. Bell has conducted further ground geophysics including a gravity survey and a Natural Source Audio Magneto-telluric (NSAMT) survey, all of which assist in the targeting of a 15,000 foot Phase II drill program during the first quarter of 2007

Bell and joint venture partner Callinan Mines optioned the **Fox River project** in Manitoba due to the occurrence of sizeable geophysical anomalies in the proximity of an under-explored mafic sill. The consensus among geological professionals is that the Fox River Belt is a potential host of an extension to the famous Thompson Nickel Belt. In August 2006 a comprehensive airborne Versatile Time Domain Electro-Magnetics ("VTEM") survey on the Fox River Project commenced, designed to locate conductive bodies below surface that could represent nickel and PGE-rich sulphide intrusions in the area's mafic rocks. In April 2006 a horizontal loop survey on the 07-5 anomaly identified a very strong, flat-lying conductive body that is upwards of 600 metres across. A pulse EM survey was then carried out, confirming this unusual occurrence with a very strong response, including a step response. A comparison of the Fox River 07-5 anomaly with Voisey's Bay is a virtual look-alike. Initial drill intercepts confirmed that mafic and ultra-mafic intrusions are present in the area of inferred faulting targeted by the exploration program. The presence of ultra-mafic rocks in these drill targets indicates that the target area is the correct environment for the formation of massive sulphide nickel deposits. Several sulphide sections have been recovered, but we have no indication yet of any potential metal grades. Further drilling is currently in progress.

These five projects enable Bell to generate year-round news with significant upside exposure. Granduc provides Bell with a low-risk path that transitions Bell from exploration to mid-tier base-metals production.

Conclusion

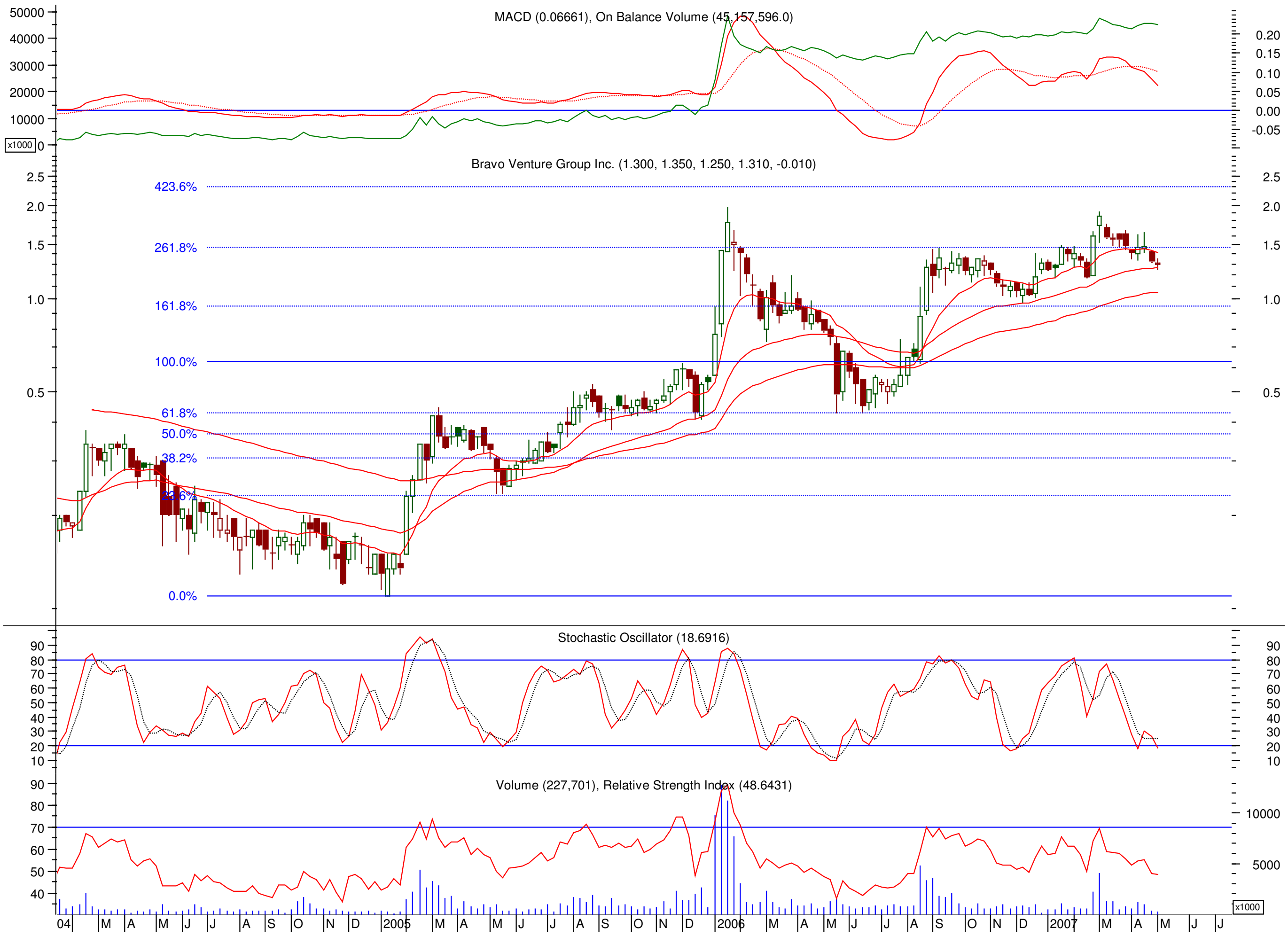
Technically, the share price is lifting out of a prolonged trading range / basing area. The 13, 40 and 80-week MA's (moving averages) are starting to move up in unison. In spite of a period that saw several severe resource-sector corrections as well as a lengthy period of summer doldrums and investor apathy, price has held up exceptionally well. The longer the base, the bigger the move – or so an old adage goes.

Strong support in the $0.65 area has formed, and we suspect last years move into the $1.20's and subsequent correction has now largely cleaned out the "cheap" shares. The apex of the ascending triangle was met with a breakout to the upside, now working through resistance of the last year's corrective downtrend. Fibonacci resistance at the $0.80 area is being slowly eroded by increasing volume. We should see price into the $0.90's and $1.00 range in short order once breached.

Bell is sufficiently cashed up and will be generating substantial news flow over the next 6 months. Our due diligence suggests that Bell is overdue for a substantial valuation upgrade given the recent positive drill results and should be able to attract increasing institutional interest to their very attractive high-quality project portfolio.

Bravo Venture Group (BVG-TSXv)

Weekly chart, Semi-log scale



Highlights

Bravo Venture Group has been one of our better performers since our February 4, 2005 Initial Report, focused on exploring for precious and base metal-rich projects within North America with properties in N.W. British Columbia, Nevada, and S.E. Alaska. The VMS/ Epithermal gold/silver Homestake Ridge project in British Columbia is advancing with excellent drill results. The Woewodski Island prospect in S.E. Alaska, a precious-metal rich VMS target, similar to both the Greens Creek and Windy Craggy VMS deposits has returned spectacular surface samples. Bravo has also acquired a substantial land package consisting of thirteen properties located in the Battle Mountain/Eureka trend - one of the largest "junior" land positions in the trend with 65 sq. miles. Two projects are joint ventured with Barrick Gold Corp/Placer Dome U.S., responsible for the recent discoveries of world class deposits in the Cortez Hills district.

Current Price: C$1.27

6 month Target: C$2.50

52 Week Range: C$0.43 - C$1.92

Shares O/S: 75 million basic

Shares O/S: 83 million fully diluted

Market Cap: C$95 million

Website: www.bravoventuregroup.com

Homestake Ridge Project

The project is located 32km southeast of Stewart, within the “Eskay Creek” region of northwestern British Columbia. Bravo recently received notification from Teck Cominco that Bravo has earned a 100% interest in the Homestake Ridge mineral claims optioned from Teck Cominco in June 2003. Bravo has spent in excess of $3.0 million of exploration and development work on the claims. Work to date has developed an inferred mineral resource of 903,231 ounces of gold and 5,745,746 ounces of silver at a 0.5 g/t Au cut-off.

Bravo may give notice to Teck Cominco after spending $5.0 million and up to a maximum of $8.0 million on exploration and development on the mineral claims. Teck Cominco shall have until the later of December 31, 2007 and the date which is ninety days after receiving notice from Bravo in which to elect to earn a 60% interest by expending 200% of Bravo's expenditures on continued exploration and development work on the mineral claims. This allows Bravo to continue to fund and operate an aggressive 2007 exploration and development program with Teck Cominco's back-in expenditure being increased to $16 million with an obligation to spend a minimum of 20% of such back in expenditure annually over five years.

Bravo plans a $3 million-plus program at its Homestake Ridge Au-Ag-Cu deposit in 2007, which will include approximately 9,000 metres of diamond drilling in approximately 35 drill holes. Two rigs will be utilized and will focus on both expanding the existing resource and testing several new on-strike targets where geology and geochemistry are similar to the resource area. The existing resource remains open both along strike and at depth, with some of the thickest and highest grade intercepts returned from holes along the northwest margin of the deposit. In 2007, Bravo anticipates testing an additional 400 metres of strike length beyond the known extent of the mineral resource and to vertical depths of up to 500 metres. The current resource is largely contained within a 200 metre strike length of the mineralized horizon.

Additional splitting and assaying of unsampled core from previous year's holes is expected to begin this month, with new drilling expected after snow melts in July. Additional assaying of existing core will be used to evaluate and possibly extend lower grade zones of mineralization, which may be economically attractive as part of a bulk-mining scenario.

An independent NI43-101 compliant technical evaluation of the property, authored by Peter Folk, P.Eng. and David K. Makepeace, P. Eng., is available on SEDAR, and includes a summary of historical work on the property, a compilation of Bravo's exploration efforts on the property since 2003 and a block model resource estimate for the Homestake Zone. Tables containing all reported drill intercepts, a plan map showing the locations and traces of drill holes, a longitudinal section, and a series of cross sections that show the mineralized intercepts reported to date can be found on the company's website.

The Crown Grant portion of the Homestake Ridge project consists of six claims and fractions, totaling 92 hectares, which is surrounded by the property optioned from Teck Cominco. The acquisition terms for the Crown Grant properties include staged cash payments totaling $210,000, the staged issuance of 400,000 shares, and aggregate property expenditures totaling $1,250,000 up to December 31st, 2007. All of these expenditures may be applied toward the earn-in with Teck Cominco. Bravo has fulfilled all obligations to earn a 100% interest from Teck Cominco and fulfilled all obligations to earn a 100% interest in the Crown Grant claims with the exception of payment of the residual amount of $50,000 due on December 31, 2007.

Woewodski Island Project
Bravo's Woewodski Island project is in the southern part of the Alaska panhandle, off the coast of British Columbia. The property is part of a well-mineralized belt that includes Rio Tinto's Green's Creek mine (24 million tonnes grading 13.9% zinc, 5.1% lead, 5.8 grams per tonne gold and 730 grams per tonne silver). That belt also includes multi-million ounce high-grade gold deposits, such as the historic Alaska-Juneau mine. Previous work on Woewodski Island by several different companies identified 13 high-grade surface showings. Bravo is the first to consolidate the various previously fragmented property holdings.

The 2006 exploration program included hand trenching at the Miami beach, Hattie beach and Krause's showings, followed by chip/channel and local bulk sampling of vein exposures. Trenching at the Miami Beach showing exposed a broad shear zone, approximately 30-metres wide, hosting veins up to 45 cm thick, which are generally confined to a central 2m to 3m wide, NE-trending structure within the shear. Bulk sampling (10 to 20 kg) of several individual veins returned values from 2.7g/t to 9.1g/t Au, and channel samples from nearby sheared wall rock returned anomalous gold values including 1.1g/t Au over 1 metre.

Significant values from sampling on other prospects include: 14.9g/t Au, 8.2g/t Au and 3.2g/t Au in grab and float vein samples from the Virginia showing; a 9.8g/t Au grab sample from a vein at the Whiskey Pass showing; and 7.5g/t Au from a grab sample of quartz vein and 3.0g/t Au over 2.0m in channel sampling from the Krause's showing. The company also reported >1g/t Au (up to 3.8g/t Au) in 13 of 30 samples from the Red Quartz showing in the southern part of the island. Eight of the 13 anomalous samples returned silver values from 17.8 to 91.3g/t Ag**.**

Bravo is completing detailed compilation and analyses of 2006 sampling in anticipation of a diamond drill program that will test both gold-quartz vein targets and VMS targets on the project. Exploration crews and mechanical equipment will be utilized to further evaluate the newly discovered occurrences and determine both gold-quartz vein targets and VMS targets for a 2,000-plus metre 2007 diamond drill program. High-grade quartz has been located in float and narrow veins along 400 metres of Blue Quartz creek. Similar narrow veins are widely dispersed throughout the southern and western parts of the 11km x 7km Island.

Cortez Trend, Nevada
Nevada has seen intense and concentrated exploration over the past 30 years, particularly since the introduction of heap leach technology that made large, low-grade gold deposits economically viable. Last year Nevada produced approximately seven million ounces of gold worth nearly two billion dollars and representing about 11% of world production. Current gold resources in Nevada total over 130 million ounces and recorded production comes to roughly 150 million ounces. More than 22 companies were actively searching there for gold last year and expenditures totaled about $80 million for exploration and

$112 million for project development. Nevada has the added bonus of being one of the few places fully leveraged to a falling US dollar and with excellent mining infrastructure.

Discoveries have now become more difficult to come by. The probability of an outcropping ore body being stumbled across by a prospector is now unlikely. However, Nevada still manages to deliver new discoveries on a fairly regular basis, as evidenced by the recent Cortez Hills deposit with a current reserve of over 8 million ounces.

Bravo's discovery in January 2006 of a gold-bearing Roberts Mountains Formation section at the JV's South Lone Mountain touched off a minor land rush in the area. They found 50 feet of gravels above basement rock that assayed 2.36 grams per tonne gold. Below the gravels, the basement rock ran 0.33 grams per tonne gold over 120 feet and the next 80 feet ran 0.16 grams per tonne. Importantly, the basement rock has been identified as belonging to the Roberts Mountain Formation, which is an important host rock for Carlin Style mineralization in Nevada. Geophysical evidence suggests the gravels are sourced from nearby and not from the Lone Tree Mountains that lie two miles to the southeast, which are the nearest known outcrop of Roberts Mountain formation. Basically, the Roberts Mountains formation is a key lithological horizon and the best geological address you can have in Nevada. Further northwest up the Cortez Trend there are several Roberts Mountains Formation type deposits with over 30 million ounces of reserves and historic production. All the major deposits found so far on the Carlin and Cortez Trends have been contained within a Roberts Mountains formation. Geologists also recently discovered exposures of favorable, decalcified host rocks about three miles from the oil well, lending further supporting evidence that they're in the right geological formation.

Bravo has or can acquire a 100 percent interest in thirteen projects totaling 2,277 claims and over 65 square miles. Bravo is targeting "Carlin Type" sediment-hosted gold prospects along trend of the Cortez Hill, Pediment and ET Blue discoveries. Of the thirteen projects, Bravo has two projects that are subject to exploration agreements with Barrick Gold Corp. Bravo is operator for 12 and Barrick is operator for one of the projects.

Summary
With its 13 properties in northeastern Nevada as well as two northern properties in British Columbia and Alaska, Bravo offers multiple opportunities for exploration success. The Company's management team comes with exceptional technical and financing ability. Particularly noteworthy is that some of the key Directors and Officers were also involved with highly successful Western Silver Corporation (formerly WTC-TSX), which advanced the Penasquito silver deposit in Zacatecas, Mexico. On May 3, 2006, Glamis has acquired Western Silver for $1.2 Billion, equivalent to about $25 per share.

European Minerals (EPM-TSX)

Weekly chart, Semi-log scale

Highlights

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 mineral resources at Varvarinskoye are currently 4.46 million ounces of gold and 496 million pounds of copper at metal prices of US$525/oz gold and US$1.30/lb copper. The Varvarinskoye project shows strong project economics with an initial mine life of 17 years and production is expected to commence in October 2007.

Current Price: C$1.30
6 month Target: C$1.80
52 Week Range: C$0.63 - C$1.45
Shares O/S: 279 million basic
Shares O/S: 444 million fully diluted
Market Cap: C$363 million

Website: **http://www.europeanminerals.com**

Property

Varvarinksoye is situated in a rural area but is close to the industrial city of Kustanai, which has an excellent mining services sector. Kazakhstan has had tens of billions of dollars in foreign investment flow into its resource sector over the last decade, and enjoys strong GDP growth and low inflation. Standard & Poors ranks Kazakhstan's federal bonds on the same level as Mexico.

The Varvarinskoye deposit has simple metallurgy, strong economics and potential for expansion. The company is managed by an experienced team of mining and financial professionals with demonstrated ability in raising development finance for mining projects.

We prepared our September 2004 initial report and followed up with updates highlighting the appointment of Barclays Capital, the investment banking division of Barclays Bank PLC, as project finance adviser in connection with the debt financing of the Varvarinskoye gold/copper deposit in Kazakhstan.

In May 2005 it was announced that Oriel Resources (ORL-TSX; another one of our holdings) agreed to sell its 14% interest in the Varvarinskoye gold-copper deposit. European paid US$5 million to Oriel to complete the acquisition and paid an additional US$2.25 million in December 2006.

European received permits from the Government of the Republic of Kazakhstan for the design and construction stages for the development of an open-pit mine and processing plant to produce gold dore and copper-gold concentrate at Vavarinskoye. This includes the environmental and land use permits.

Independently assessed mineral resources at Varvarinskoye are currently 4.46 million ounces of gold and 496 million pounds of copper at metal prices of US$525/oz gold and US$1.30/lb copper. At this base case the IRR is 20%, NPV at 4% is US113 million, project CF is US$225 million, and equity payback is 4.1 years. The numbers quickly get better assuming US$600 gold and US$2 copper. The feasibility study was completed in November 2004 and updated in October 2006. Construction started in July 2005. The project is now about 70% constructed, fully financed and European owns 100% of the project equity as opposed to 86% at the feasibility stage.

Summary
During the year European had to overcome a number of obstacles at Varvarinskoye which delayed progress on the project as well as the first draw-down of the new debt facility. They secured the finance and have the people in place to complete the construction phase and remain on target to commence the plant commissioning in Q4 2007. Thereafter we expect to ramp-up to full production in Q1 2008, and complete the evolution of the Company from exploration and development to commercial mining.

Our stated $1.20 target area last year has since been met and exceeded, and decisively breached. While not a huge gain by our standards, given the massive dilution resulting from their cheap financings, we worked out of a portion of our position at the resistance area. The one caveat here is that as commodity price increases continue to move higher and add further value to this deal we see further upside. A take out offer is also a distinct possibility in the near term, and would likely suit management and their sponsor Canaccord Capital just fine.

Fortune River (FRX-TSX Venture)

Weekly chart, Semi-log scale

Highlights
Fortune River has assembled an aggressive and strong team of directors and management with a wealth of resource and public financing expertise. Similar to sister company Bravo Venture Group (see coverage in this report), it originates within the Manex Group, a venture capital / merchant banking group that counts well-known professionals Dr. Tom Patton and Lawrence Page, QC as principals. This is a bet on management's track record, financing ability and deal-flow.

Fortune River is a relatively newly-reorganized "shell", and so very early-stage in its development. Initial project acquisitions have focused on two prolific gold producing geologic provinces, Nevada and Ontario. In Nevada, Fortune River currently has five low-sulphidation, gold properties; the Highland, Baxter, Buz, Mud Springs and Wind Mountain projects. The Highland project, in Lander County, has the potential for a Midas or Sleeper-style gold system. The Baxter project is also a low-sulphidation epithermal gold/silver system, which is located approximately 5.5km southwest of the Highland project. The Buz and Mud Springs projects are in close proximity to the Baxter and Highland properties. The Wind Mountain Project is located approximately 90 miles northeast of Reno, Nevada.

In western Ontario, the company has acquired the Drayton project. The property is located within the Superior Province of the Canadian Shield, the world's largest Archean craton, which is host to a variety of mineral deposits including the major gold mining districts of Rice Lake, Pickle Crow, Long Lac and Hemlo.

The company continues to evaluate and prioritize high potential gold properties, capable of generating both a short and longer-term increase in share value.

Current Price: C$0.355
6 month Target: C$0.75
52 Week Range: C$0.33 - C$1.42
Shares O/S: 25 million basic
Shares O/S: 37 million fully diluted
Market Cap: C$8.9 million

Website: www.fortuneriver.ca

Geovic Mining (GMC-TSX Venture)

Daily Chart, Semi-log Scale

Company Profile

Geovic Mining Corp aims to be the largest primary cobalt producer in the world by developing its 60.5% owned cobalt-nickel deposits in Cameroon. Geovic's Cameroon project has seven near-surface cobalt / nickel deposits and is higher grade and coarser than most other laterite deposits (laterite is a weathered layer derived from mafic rocks in a tropical setting). The Nkamouna deposit, the first of seven to be developed, is only 8 metres deep and about 6 metres thick. It has a proven and probable reserve of 53 million tonnes at 0.24% cobalt and 0.72% nickel. This first project alone should spin off huge cash flows to Geovic – estimated at US$100 million per year using three-year average metal prices of US$16.83/lb cobalt and US$5.78/lb nickel, significantly lower than where Cobalt (US$25/lb) and Nickel (US$14/lb) are trading now. Net cash flow would be C$1.00 per share fully diluted (and assuming a further 30 million shares are issued to fund construction). There are another six near-surface deposits within Geovic's license – each with similar high grade, coarse laterite. The adjacent Mada deposit already has an inferred resource of 145 million tonnes of 0.21% cobalt and 0.48% nickel. The remaining five other deposits are earlier stage and offer further upside potential.

Current Price: C$3.40

6 month Target: C$5.00

52 Week Range: C$2.00 - C$4.62

Shares O/S: 68.1 million basic

Shares O/S: 87.6 million fully diluted

Market Cap: C$232 million

Website: www.geovic.net

Highlights

- First project of seven, the Nkamouna deposit, has a 53 million tonne cobalt reserve
- Nkamouna's after-tax IRR 77.5% (97.5% pre-tax) @ US$16.83/lb cobalt and US$5.78/lb nickel
- Estimated payback on capital cost in about 1.2 years
- Initial production on track to begin mid-2009
- Low capital cost of US$130 million
- US$100 million cash flow at 4000 tons/year on Nkamouna alone
- Market cap C$165 million compares to NPV of US$317 million for Nkamouna alone (10% discounted)
- Cobalt prices recently topped US$30/lb with continued strong demand growth projected
- Six additional near-surface cobalt deposits within the license area all have high grade, coarse laterite
- Adjacent Mada deposit has inferred resource of 145 million tonnes of 0.21% cobalt and 0.48% nickel
- Significant upside potential with development of inferred resources for five other deposits

Background

On Dec. 1, 2006 Geovic Mining Corp. (formerly Resource Equity Ltd.) completed the reverse takeover (RTO) of Geovic Ltd. and Geovic Finance Corp. by acquiring all the shares controlled by William A. Buckovic, in exchange for common shares of Geovic Mining. Geovic Mining indirectly holds 60 per cent of the issued and outstanding shares of Geocam. GeoCam is a private Cameroonian corporation with exclusive rights and 100% ownership of a 1,250 square kilometer Mining Permit that covers the entire cobalt-nickel province.

Geovic Mining changed its name from Resource Equity Ltd. to Geovic Mining Corp. and effected a consolidation of its common shares on a basis of 2.344 old for one new share. Geovic Mining's shares started trading on Dec. 4, 2006 under the trading symbol GMC.

Well-respected Endeavour Financial is involved, and has raised in excess of US$2 billion of equity and debt and advised on over US$4 billion worth of mergers and acquisitions over the last few years. Endeavour's hand is clearly evident in the RTO and structuring of Geovic, and they provided the Resource Equity Ltd. shell. Prior to listing as a public company, Endeavour arranged the financing of Geovic's 6 million units (share and a half warrant exercisable at C$2.75 for 5 years) priced at C$1.95 per share, to raise C$11.7 million. 22.85% of Geovic's common shares outstanding are held by management and insiders and are subject to TSX Venture Exchange escrow release terms.

Cobalt Demand

Cobalt is a non-LME traded metal with unique physical and chemical properties. Similar to uranium, demand for cobalt is increasing rapidly, overcoming the ability of the mining industry to supply metal. Cobalt prices have increased from US$15 to over US$30 per pound over the 18 months. The fastest growing area of use is for rechargeable batteries (hybrid cars, cell phones, laptops etc.) – up 3-fold in the last 5 years. It is also essential as a super alloy in jet engines.

Independent research reports on the Cobalt market suggest increasing demand that supports additional production supply into the market from Geovic. The current market for cobalt totals about 55,000 tonnes per year, projected to grow to about 95,000 tonnes per year over the next decade. Geovic's first project would represent only 10% of the forecast growth in demand for cobalt.

Location

The former French Cameroon and part of British Cameroon merged in 1961 to form the present country. Cameroon has generally enjoyed stability, which has permitted the development of agriculture, roads, and railways, as well as a petroleum industry. Despite a slow movement toward democratic reform, political power remains firmly in the hands of an ethnic oligarchy headed by President Paul Biya.

Because of its oil resources and favorable agricultural conditions, Cameroon has one of the best-endowed primary commodity economies in sub-Saharan Africa. Still, according to the CIA's World Factbook (www.cia.gov) it faces many of the problems facing other underdeveloped countries, such as a top-heavy civil service and a generally unfavorable climate for business enterprise. Since 1990, the government has embarked on various IMF and World Bank programs designed to spur business investment, increase efficiency in agriculture, improve trade, and recapitalize the nation's banks. In June 2000, the government completed an IMF-sponsored, three-year structural adjustment program. The IMF is pressing for additional reforms, including increased budget transparency, privatization, and poverty reduction programs. International oil and cocoa prices have considerable impact on the economy.

Project Status

International consulting and engineering firm Pincock, Allen & Holt, one of the oldest and most respected organizations within the mining and energy consulting community, prepared a Canadian National Instrument 43-101-compliant technical report for Geovic dated May 19, 2006, titled *"NI 43-101 Technical Report, Nkamouna Cobalt Project, Cameroon."*

The Nkamouna project is the first of seven deposits Geovic intends to develop. It contains 26.3 million tonnes of proven ore reserves and 26.4 million tonnes of probable ore reserves at average grades of 0.24 per cent cobalt, 0.72 per cent nickel and 1.22 per cent manganese and based on a cut-off of US$12/tonne net revenue. This first deposit should spin off huge cash flows to Geovic, near US$100 million after taxes and corporate overhead. Using three year average metal prices (significantly lower than where Cobalt and Nickel are trading now), and assuming a further 30 million shares are issued to fund construction, net cash flow (fully diluted) would equate to about C$1 per share.

The distinctive features of these deposits allow inexpensive and efficient concentration, leaching, and processing methods. The cobalt mineralization is unusually coarse, allowing significant pre-concentration of the ore. The resulting concentrate grade to the leach plant averages 0.7 per cent cobalt and 1.04 per cent nickel. This concentrate is readily leached in only six hours of agitation at 70o C at atmospheric pressure with low consumption of sulphurous acid.

The operating plan includes a shallow (less than 16-metre deep) open-pit mine followed by processing with conventional equipment and proven technology to recover 158 million pounds of cobalt and 129 million pounds of nickel over an initial 21-year project life at Nkamouna. After-tax project financial performance includes an estimated internal rate of return (IRR) of 77.5 per cent (97.5% pre-tax) and a 10-per-cent discounted net present value (NPV) of US$529 million (Geovic's 60.5% = US$317 million). This is based on using average metal prices (from the 2003-2005 period) of US$16.83 per pound of cobalt and US$5.78 per pound of nickel, significantly below current market prices. This also assumes 100-per-cent equity financing, so we can expect that typical project debt financing will further enhance these numbers. Payback of capital is estimated at about 1.2 years. Cash operating costs, net of nickel credits and including production taxes, is estimated at US$0.96 per pound of saleable cobalt.

Washington Group International of Denver, Colo., has been engaged to complete a final feasibility study of the Nkamouna project by June 2007. A 15-month construction period is scheduled to begin in early 2008, thereby allowing production to start in mid-2009.

It must be emphasized that this prefeasibility study considered only proven and probable reserves on the Nkamouna deposit. The company could quickly increase production. For an estimated capital expenditure of $60 million, output from the first mine could be doubled, and additional mines could be developed on the other known deposits, such as the adjacent Mada deposit.

On Aug. 8, 2006, Pincock, Allen & Holt completed a National Instrument 43-101-compliant technical report on the adjacent Mada deposit titled *"NI 43-101 Technical Report, Mada Cobalt Project, Southeastern Cameroon."* The Mada deposit is a logical production extension of the Nkamouna deposit. PAH estimated that the Mada deposit contains 145 million tonnes of inferred mineral resources at average grades of 0.21 per cent cobalt, 0.48 per cent nickel and 1.15 per cent manganese. Along with the 5 other deposits Geovic has identified on their property there is potential to turn this into a 100-year mine life project.

Management
Geovic has a strong management and technical team that has done an exceptional job of advancing the deposit during its private company stage. Endeavour Financial's more recent involvement brings to the table strong skills in debt finance, mergers & acquisitions, corporate finance and merchant banking, and along with their mining investment banking / merchant banking arm Endeavour Mining Capital, has been instrumental in the Geovic's RTO structuring and recent financing.

For officers and directors bios please refer to www.geovic.net/officersdirs.html
Endeavour Financial: www.endeavourfinancial.com
Endeavour Mining Capital: www.endeavourminingcapital.com

Conclusion
Geovic has the right people, structure, access to capital and strategic resources for triple-digit returns from current trading levels. The timing is right – especially given the sharp resource-sector correction - a regular feature of a secular bull market, one that should have many years to run. This company is well positioned to become the largest primary producer of cobalt in the world.

With their deposits near surface, their mines will have relatively low capital costs and exceptionally quick payback even at much lower metal prices, significantly lowering the risk profile of this opportunity. With cobalt recently trading to over US$30/lb before pulling back in sympathy to the warm weather-related correction in the energy sector, the tight supply and strong demand dynamics are starting to be noticed by investors.

I think the market will quickly catch on to this story and its potential. For more aggressive investors, there are three series of less liquid 5 year warrants available that trade under the symbols GMC.WT, GMC.WT.A and GMC.WT.B all on the TSX Venture exchange. These warrants provide an attractive 2:1 leverage from these levels.

Grandcru Resources (GR-TSX Venture)

Weekly Chart, Semi-log Scale

Highlights

Grandcru Resources is a recently reorganized company that has assembled a compelling portfolio of assets along with an impressive management and geological team, including some key members of the Bell Resources (BL-TSXv) team (see coverage in this report). Grandcru is focused on gold and silver exploration opportunities located in the Red Lake region of Ontario, the North Carlin region of Nevada and the Guadalupe de los Reyes district in Mexico, high-grade copper in Chile, and uranium in the emerging Nipigon Basin uranium district of Ontario. The company's projects range from early-stage exploration to advanced-stage resource and represent an early-cycle low-cap opportunity for investors before it becomes noticed. We have continuously built on our initial share position as funds and opportunity allowed, with 2006 and the Texas-T merger offering a particularly good opportunity to buy cheap shares from long-suffering mainly Texas-T legacy shareholders. The shares are now fairly tightly held by a core group of supporters, some at significantly higher levels, and will likely be expecting more than a nickel or two as has been the case for some time.

Current Price: C$0.215

One Year Target: C$1.00

52 Week Range: C$0.135 - C$0.38

Shares O/S: 62.4 million basic

Shares O/S: 76.3 million fully diluted

Market Cap: C$13.4 million

Website: **www.grandcruresources.com**

Summary Description of Properties
Last year Grandcru and Texas-T amalgamated to form a new company with the outstanding shares of both companies being exchanged for one share of the new company under the name of Grandcru. The main purpose from Grandcru's management's perspective was to acquire Texas-T's 2 Chilean properties, offering particularly large potential upside and the high probability indicators management was looking for to add significantly to their asset-building efforts.

Chilean Copper Projects
Their **La Isla** property in northern Chile is a gold, silver and copper prospect comprising 16 hectares that are centrally located within a larger zone of approximately 50 hectares which has been mined at surface by local miners. Within the La Isla property there is a shaft approximately 205m deep. Gold and copper mineralization occurs on the La Isla property as shear-hosted copper oxides and gold–bearing iron oxides with potential for a low-grade high-tonnage epithermal type gold deposit and gold and copper bearing pyritic porphyry style mineralization.

Their second mineral exploration property also located in Chile is known as the **Berta.** The property encompasses 210 hectares. The nearest major mine is that of Mina Mantoverde located 40 km to the west. Both oxide and sulphide copper mineralization with associated anomalous molybdenum values had been recognized on the property with the former being mined on a small-scale basis by a local mining group.

This merger brought rare management strength and property positions together under one combined vehicle, the sum being greater than the two parts. While it took over a year to swallow the share structure of Texas T and all its outstanding, low-priced warrants, the company is now moving forward both the work programs and share price. We expect excellent results from the field to continue to attract a savvy investor audience, resulting in a more reasonable, higher market cap.

On our cut-off date, Grandcru released excellent results from the phase one drilling program at their Berta copper-molybdenum project, including 28m of 1.45% Cu and 120m of .83% Cu. Berta encompasses a broad aeromagnetic low extending two kilometres north-south by one kilometre east-west. The middle of the property has high molybdenum at surface and copper-molybdenum-bearing breccia pipes are common. Assuming moly over US$30/lb and using, say, .040% as an average grade, and assuming .85% Cu at $3.65/lb, that's US$95/tonne rock.

As a comparison, current published mining reserves for Teck Cominco Ltd's Highland Valley Cu-Mo mine in British Columbia were 318 million tonnes at "only" 0.43% copper and 80 ppm (0.008%) molybdenum. At a 10:1 molybdenum:copper price ratio this represents a copper equivalent grade of 0.51%. World demand for copper and molybdenum continues unabated with copper metal trading hitting over US$4.00 per pound and molybdenum metal US$40 per pound last year.

Results also provide strong evidence of a transition with depth to a larger-tonnage copper molybdenum porphyry system. The vertically plunging nature of the breccia pipes and downhole trend of increasing abundance of porphyry-like features with depth suggest that the top of a large, typically dome-shaped porphyry copper-molybdenum system may be present at accessible depths at Berta. More assays are expected in about one month.

Nipigon Uranium Project - Ontario
Grandcru Resources has entered into a Joint Venture Agreement with Benton Resources (TSXV-BTC) on the Nipigon Uranium Project. The project consists of 3 claim blocks located approximately 60 kilometers east of Thunder Bay in the highly prospective Nipigon Basin. Grandcru has the right and option to earn up to 60% in the project from Benton Resources.

The Nipigon Basin (also referred to as the Sibley Basin) is considered highly prospective for uranium as it has a very similar geologic setting to that of Saskatchewan's famous Athabasca Basin, which hosts some the world's highest grade uranium deposits. Some of the similarities between the two areas include:

- Both basins were formed in the Helikian age (approx 1,339-1,350 million years ago);
- Both basins have deep paleo-weathering of basement rocks;
- Both basins overlie basement rocks with high background uranium content or enrichment and both basins were affected by Helikian-age magmatic activity.
- The basement rocks under both basins contain chemical traps that are capable of reacting with uranium-bearing groundwater to precipitate and concentrate uranium mineralization. These traps can include graphitic units, sulphide zones and iron formations.

Historic exploration in the Nipigon/Sibley area has uncovered numerous showings of uranium, copper and hematite, suggesting the potential for Olympic Dam-type deposits. There have been recent discoveries of very high-grade uranium (up to 12% U_3O_8). Rampart Ventures (TSXV-RPT), within proximity of the Grandcru/Benton joint venture ground, recently announced drilling results of 2.99% U_3O_8 over 1.5 meters, and is rumoured to have more strong results in the pipe.

The southern part of the Nipigon Basin is very accessible, with an extensive network of logging roads, which allow overland access to most areas for exploration purposes. Recent government airborne radiometric and magnetic surveys and high-density lake sediment surveys have provided an excellent database to guide project selection and regional exploration.

The 2007 exploration program will include prospecting and mapping of claim blocks B & D. An airborne Mag/EM/Radiometric survey will be conducted on the South Sibley claim blocks followed by further prospecting, mapping and a possible ground geophysics program focused on producing drill targets. Meanwhile, investors should watch ongoing results of other work underway in the area, particularly from neighbour Rampart Ventures.

Danny Boy Project - Nevada
The Danny Boy Prospect is approximately 18 miles west of the Jerritt Canyon Mine and approx 25 miles north of the Goldstrike Mine in the prolific Carlin mining district of Nevada. Bell has the exclusive right to acquire a 70% JV interest and is operator.

The Property is a volcanic-hosted gold system with large areas of substantially altered volcanic rocks anomalous in gold, arsenic, mercury and antimony adjacent to a significant epithermal district (Tuscarora). The textures of the rocks and alteration are all consistent with large producing Nevada gold districts.

The Tuscarora district has a long history of gold and silver production. Placer gold was recovered in the district as early as 1867 by Chinese miners who had been brought to Nevada to build the transcontinental railroad. Within 10 years a lode source for some of the placer gold was located east of the Danny Boy property, and the ensuing gold rush marked the first of several boom periods for this historic Nevada mining camp. The Danny Boy property, located upstream of some of the more western Chinese placer workings, is a likely source for some of Tuscarora's gold.

The Core Area has the potential to host a large, bulk-tonnage gold deposit. Gold was initially discovered here by Placer Dome in 2003, where two large gold soil anomalies were found in strongly altered volcanic rocks. Select rock samples from the Core Area exceed 5 grams/tonne Au. Placer Dome drilled three holes in this area, but failed to find economic mineralization. Grandcru's field work demonstrates that an alluvial fan covers the northern third of the south anomaly, and that the two anomalies are probably connected. With this interpretation, the two gold anomalies merge into one large anomaly having dimensions of 2800' x 1500', with a maximum soil concentration of 1 gram/tonne Au.

In 2005 Drill Hole DB05-5 intersected 15' grading 0.358 grams/tonne gold (0.010 oz/ton) from 78-93' and 5' grading 0.414 grams/tonne gold (0.012 oz/ton) from 123-127'. Drill hole DB05-4 encountered 5' grading 0.418 grams/ton gold (0.012 oz/ton). Arsenic concentrations in these holes are very high (100-3000 ppm).

The drill-tested epithermal gold system at Danny Boy may be underlain by a large tonnage gold deposit hosted by sedimentary rocks. The known part of the Danny Boy system is hosted by volcanic rocks of the 39.9 Ma Mount Blitzen volcanic center, a feature equal in age to the gold deposits of the nearby Carlin Trend. This formation can comprise good host rocks for large tonnage disseminated gold deposits. Published geologic maps show these host rocks less than 200 feet below surface immediately adjacent to the Beard Hill gold system. The Company now recognizes that the known gold-bearing system at Danny Boy may pass downward through highly receptive calcareous host rocks at an easily accessible depth.

Downhole geochemical results from the latest Danny Boy drilling show the strong association between gold and arsenic typical of sediment-hosted Carlin gold deposits. Nothing in the latest drilling program suggested that the bottom of gold mineralization has yet been found. In fact, in each of the holes showing gold, scattered high gold values continue throughout the entire length of the holes, suggesting a strong mineralizing system continuing with depth.

The Company believes that this large-tonnage target warrants drill testing. The recently completed drillholes at Danny Boy are short by current Carlin drilling standards, where 2000-foot holes are rather common. The upcoming drilling campaign will include one or more deeper holes designed to test this large tonnage target.

Guadalupe Project - Mexico
The property is located 100 km north of the city of Mazatlan, Sinaloa state, in northwestern Mexico. The project covers approximately 88 km2 and hosts four major epithermal gold and silver bearing quartz veins, breccias, and stockwork zones with a combined strike length in excess of 14 km. Historically, three of these structures supported underground mining operations. The Guadalupe structure was mined as early as 1772, with the most active period being between 1872 and 1938. The Company is now the majority landholder in the District.

Approximately 6.5 km of gold and silver mineralized structure has had preliminary drill testing. The geometry of the vein breccia zones in relationship to topography would potentially allow for exploitation using both open pit and underground mining techniques. Tonnage and grade calculations based on geologic block models have outlined a resource of 24,400 kg (758,000 oz) of gold and 495,000 kg (15.9 million oz) of silver in the entire District.

Exploration within the district to date has outlined four major gold-silver zones that host five defined deposits as well as five exploration targets. To date, only 6.5 of the 14 km length of mineralized structure in the district has seen preliminary drill testing. A thorough district-scale compilation of historical exploration data will be undertaken prior to the commencement of any drill program.

Summary
Grandcru offers an exception opportunity to position in a low-cap well-managed junior with quality and highly prospective large-scale mineralized properties. The risk-reward here, especially given the rising tide of commodity prices and the appetite for acquisitions, is particularly compelling. We also feel that the Nipigon/Sibley area is on the verge of significant developments, and with uranium at US$115/lb will draw a lot of investors to whomever has a decent land position.

Northern Orion Resources (NNO-TSX, NTO-AMEX)

Weekly chart, Semi-log scale

Highlights

Northern Orion is a mid-tier copper and gold producer generating significant present and projected cash flow from its 12.5% ownership interest in Alumbrera. With its low operating costs and mature operation, Alumbrera should provide cash flow to the Company over the next five-plus years which, together with project debt, could be applied to developing Northern Orion's second mine, the 100%-owned Agua Rica deposit, without further significant equity dilution at current commodity prices. The Agua Rica deposit contains over 18 billion pounds of copper and 10 million ounces of gold and could generate over +$250 million cash flow annually for more than 25 years when it starts production.

Current Price: C$5.12
6 month Target: C$7.00
52 Week Range: C$3.85 - C$6.96
Shares O/S: 152 million basic
Shares O/S: 179 million fully diluted
Market Cap: C$778 million

Website: **http://www.northernorion.com/**

Highlights

- 12.5% interest in Alumbrera mine in Argentina, one of world's lowest cost copper and gold producers, producing 50 million pounds of copper and 75,000 ounces of gold a year in market with rising copper and gold prices
- Substantial annual cash flow from Alumbrera for the next ten years

- Moving into production the 100%-owned Agua Rica deposit with 21.8 billion pounds of copper, 13.3 million ounces of gold and 1.7 billion pounds of molybdenum
- 100% percent unhedged future sales to provide maximum leverage to increases in prices of copper, gold and moly
- Agua Rica full feasibility study completed in October 2006
- Financially solid with strong balance sheet and healthy cash position
- Superior profitability compared to industry as a whole; operating margin of approximately 45% compared to 14% average
- Well positioned for future growth

Background

May 2003 saw a $US77.8 million special warrant issue to re-capitalize the company, allowing the strategic acquisition of the company's 12.5% interest in the Bajo de la Alumbrera operating mine in Argentina, and the remaining 72% interest in the Agua Rica project it did not own. The timing of these events was perfect, as the resource markets had surged to record price levels and a scramble was now on by majors looking to bolster long-neglected inventories with production-ready assets.

Alumbrera is one of the lowest cost producers of copper in the world, net of gold credits, with a projected cash cost of less than US$0.15 per pound with copper trading over US$2.00. In May 2004, the Alumbrera Mine repaid all of its external project debt of US$154 million from internally generated profits and became debt free, thereby increasing the flexibility for the distribution of the mine's existing and future cash resources.

In February 2005 the company raised gross proceeds of $101,637,000 from a short-form prospectus offering of units. The proceeds of this financing are intended for development of the Agua Rica project.

In June 2005 the company completed an updated resource estimate for its 100-per-cent-owned **Agua Rica** copper/gold/ molybdenum project located in northwest Argentina and an interim financial outline of the project. Northern Orion completed the selection of a syndicate of debt financing banks to work in parallel with the feasibility study in order to develop a project financing facility that includes commercial debt, export credit finance and multilateral agencies. With significant cash and continuing cash flow from Alumbrera, it is expected that Northern Orion will have the ability to finance the required equity internally.

The company's release of preliminary estimates on the Agua Rica project suggested that project could have a net present value (NPV) of $282-million (US). This factors in an 8-per-cent discount rate and conservative metal prices, with $1-billion (US) in project development costs. However, at current metal prices, the Agua Rica's NPV would be well in excess of $5.0-billion (US). These numbers, aided by an estimated payback of under 2 years, did much to whet our appetite. The economics get even more attractive if the company realizes our expectations of a conveyor link linking Agua Rica with Alumbrera's operations. The project's large metal inventory sits on the surface and is close to required infrastructure at Alumbrera that has the potential to dramatically reduce development costs. Northern Orion is currently investigating the construction of a 90,000 tonne-per-day mine and processing facility that would produce approximately 150,000 tonnes of copper annually, plus associated gold and molybdenum by-products.

Summary

Since our May 2004 report we suggested that dips will offer excellent opportunities for entry into rare finds like this, and that while pullbacks in this sector are often particularly unkind to shareholders, they offer major discount opportunities for new positions. With the January 2006 price breakout from the old highs and subsequent new base that formed last year at the $4 area, it is useful to point out that ongoing strength in the metals markets will continue to add significant future value to Northern Orion's future production's NPV.

ORIEL RESOURCES (ORL-TSX: ORI-AIM)

Weekly chart, Semi-log Scale

Highlights
Oriel Resources Plc will be one of the first new producers to benefit from high metal prices. Initial studies on Oriel's 100% owned Voskhod chrome and 90% owned Shevchenko nickel deposits indicate both will be among the lowest cost mining operations in the world - they will provide quick payback and high margin and long-term cash flow for the company. Oriel is a London-based chrome and nickel mining and processing company which listed on the Alternative Investment Market (AIM:ORI) of the London Stock Exchange in March 2004 and the Toronto Stock Exchange (TSX:ORL) in February 2005. Formed in July 2003, Oriel's primary focus is the acquisition and development of advanced and high quality chrome, nickel and other alloying commodities in the countries of the Former Soviet Union, primarily Kazakhstan and the Russian Federation.

Current Price: C$1.14
6 month Target: C$1.60
52 Week Range: C$0.53 - C$1.28
Shares O/S: 556 million basic
Shares O/S: 602 million fully diluted
Market Cap: C$633 million

Website: www.orielresources.com

Background
Low-cost rapid-payback ferroalloy opportunities are rare for North American investors, who now have easy access following the Feb 2005 listing of Oriel Resources on the Toronto Stock Exchange (TSX).

Canaccord Capital originally brought the company to market on the London's Alternative Investment Market (AIM). With a stock price that fell off significantly from London market highs, Oriel cames to North America fully financed, having raised £40 million (C$94 million) at a 65p (C$1.53) issue price in 2004, one of the larger new issues on AIM. The company's shares were reportedly six times oversubscribed during funding, then valuing Oriel at £104 million (C$244 million).

The company's London market is composed primarily of institutional holders. Management looked to the TSX to provide enhanced liquidity for the stock through the development of a North American retail audience and an institutional following. This process is well underway, with established analyst and newsletter coverage and periodic institutional meetings.

Investor interest is boosted through the leadership of former nuclear physicist and Executive Chairman Dr. Sergey Kurzin. Dr. Kurzin was responsible for securing a number of key former Soviet Union (FSU) deposits for development by Western companies, including delivering the Julietta and Kupol projects to Bema Gold, and the Varvarinskoye copper-gold project to European Minerals (please refer to our Initial Report on European Minerals, and Update reports).

Dr. Kurzin has assembled a portfolio of four properties, of which the fast-tracked 90%-owned Shevchenko nickel project in Kazakhstan could be the most valuable, with some estimates suggesting its nickel to be worth $15 billion. Oriel is also fast-tracking its nearby Voskhod Chrome Deposit.

The third and fourth properties are held through their majority ownership of a newly created ELE Capital Corporation. We positioned in that deal. The spun-out projects are the Urup Island gold project with its high-grade gold deposits near the surface, and the Togolok gold project in the Kyrgyz.

Through its multi-national experienced management team, Oriel is aggressively progressing its three main assets (Voskhod chrome project, Shevchenko nickel project and the Tikhvin ferrochrome smelter) into production. In addition to being well-funded with strong cash reserves, both projects are ideally situated to supply the stainless steel market in Asia and Europe for at least the next 25 years.

Voskhod Chrome Project Development
The Voskhod chrome deposit has the ability to provide a quick payback and strong cash flow to Oriel due to the continuity and consistency of its high grade resource. SRK, a respected independent geological consultancy, confirmed the deposit contains 18.7 Mt at 46.22% Cr_2O_3, similar to other deposits worldwide. Pre-tax NPV discounted 10% is US$472 million with an IRR of 50%. Life of mine is 14 years with potential to extend to over 20 years.
Recent milestones:

- The Mining Contract and the Process EPCM & Lump Sum Contracts have been completed.
- US$120 million debt financing closed with the Eurasian Development Bank for the further development of Voskhod.
- Central Asia Mining commenced development of the mine portal in January 2007.
- Completion of a temporary road from the box cut to the planned ventilation shaft opening.
- Advanced stage of upgrading Voskhod's 100-room employee accommodation facility.
- Off-take sales agreements have been completed with Sinosteel of China, Vargon Alloys of Sweden and Oriel's own Tikhvin ferrochrome plant in Russia; representing approximately 70% of Voskhod's production.
- Production expected to commence Q1 2008.

Shevchenko Nickel Project Development
Oriel has contracted two consultant engineering and technology supply companies to evaluate and assess all appropriate processing technologies. A decision on the chosen technology and a construction timeline will be announced mid 2007. With next year's chromite production at Voskhod and the subsequent ferrochrome production from Tikhvin, Oriel will be a vertically integrated ferroalloy producer.

In addition to assessing all possible processing technologies for the development of the Shevchenko nickel project, Oriel's management is also evaluating the construction of additional ferrochrome plants to utilise the excess of Voskhod chromite production. The conclusion of Voskhod's debt financing has allowed Oriel to continue to develop what will soon be a world class chromite mine. Subsequent to last year's previously announced transactions, the enlarged Oriel now has a stronger cash position, providing the ability to advance the Shevchenko nickel project, yet another potential world class deposit in Kazakhstan.

Tikhvin ferrochrome smelter
Located 200km south east of St Petersburg within an industrialised zone with immediate access to road and rail transport, Tikhvin has commenced the first of two phases of high carbon ferrochrome production. Initial HCFeCr production capacity will stand at 148,000t per annum, rising to 180,000t in phase two of the project during 2011.

Acquired from IPH Polychrom Holdings B.V. in December 2006, Tikhvin is a significant step forward in Oriel's objective of becoming a premier, fully integrated supplier to the stainless steel industry. With a full capacity 180,000t per annum HCFeCr and four gas cleaning plants, the plant's initial demand for beneficiated chromite ore will be satisfied by imported material. This initial supply is due to cease in 2008 as Oriel's own Voskhod chrome project is brought on-line. From 2008 onwards, Tikhvin's first-stage ore demand will be met from approximately one-third of the planned Voskhod mine production. Ferrochrome produced by Tikhvin will contain approximately 65%Cr metal and is due to be sold to markets on a spot basis, through a selected metals trader.

Conclusion
We are holding for ultimate recognition of the value of Shevchenko, which, at current market valuation, is given zero value.

Peak Gold (PIK-TSXv; PIK.WT-TSXv)

Daily chart, Semi-log scale

Current Price: C$0.79
One Year Target: C$1.75
52 Week Range: C$0.79 - C$1.10
Shares O/S: 558 million basic
Shares O/S: 789 million fully diluted
Market Cap: C$441 million

Website: www.peakgold.com

Highlights

Frank Giustra and Ian Telfer are at it again, having made millions for themselves and investors with a string of mining deals during the past six years, they are turning some spun-off Goldcorp Inc. operating assets into an aggressive mid-sized gold company.

Goldcorp's Peak mine in Australia and the Amapari mine in Brazil were purchased through Endeavour Financial's shell company GPJ Ventures Ltd., which changed its name to Peak Gold Ltd. Goldcorp now owns 22 per cent of the new company and Telfer joins Giustra on the board of Peak Gold. Jump-started by this acquisition, Peak Gold hopes to fill the void of intermediate-sized gold producers left by Bema Gold, recently taken over by Kinross Gold, and Glamis Gold, purchased by Goldcorp last year. Indeed, the mining and particularly the precious metals sector is seeing increasingly large M&A activity.

Giustra and Telfer have compiled an enviable track record of deals together during the latest boom in metal prices and mining. In 2001, Giustra teamed with Telfer to create Wheaton River Minerals Ltd., an aggressive bullion producer that rode acquisitions and a rising commodity price all the way to a merger with Goldcorp Inc. — which is now Canada's second-largest gold company. Telfer also hired Giustra and Endeavour to help create Silver Wheaton Corp., a successful 2004 spinoff of the firm's silver assets. Last year Endeavour launched Terrane Metals Corp., a junior miner derived from a group of development projects owned by Goldcorp. Ian Telfer subsequently stepped down as CEO of Goldcorp following last year's US$8.6-billion takeover of Glamis Gold. Giustra had also enlisted Telfer to be the chairman of UrAsia Energy Ltd., a foray into the nuclear fuel sector, which was just swallowed up in a $3.1-billion takeover offer from sxr Uranium One Inc. after barely a year of operations (and one of our big winners last year).

With Frank Giustra as its chairman, Endeavour has pulled off some 40 resource sector-related deals recently, helping to arrange approximately $1.2-billion of debt, $1.8-billion of equity and advising on $8.2-billion worth of mergers and acquisitions, according to the firm's website.

Typically, Endeavour acquires mining assets and takes them public through an existing shell company, attracting investors drawn to Giustra's mostly Midas touch. The one-time chairman of Yorkton Securities is known for a wide array of international connections that include former U.S. president Bill Clinton, who sometimes borrows the financier's private jet for his charity work. Clinton comes with a high-level list of world-wide connections that no-doubt could open the doors, especially in far-off resource-rich undeveloped countries.

In a recent interview with the Globe and Mail, Gordon Keep, Endeavour's managing director of corporate finance, said Peak Gold has already identified at least three possible acquisition targets that won't violate the company's non-compete agreement with Goldcorp, which limits major deals to mines outside the Americas. “We hope we can hit lightning in a bottle twice, that's the concept here,” Mr. Keep said, referring to the success of Wheaton River.

Background

Peak Gold Ltd. (formerly GPJ Ventures) is a new intermediate gold producer with two operating assets: Peak Mines in New South Wales, Australia and Amapari mine in Amapá State, Brazil. The operations were acquired from Goldcorp for US$200 million in cash and 155,000,000 shares of Peak Gold. Peak Gold is forecasting production of 215,000 ounces of gold in 2007 with a cash cost of approximately $300 per ounce.

Financing for Peak Gold was completed through the issuance of 435,000,000 shares of Peak Gold at $0.75 each ($326,250,000) and included 217,500,000 warrants (PIK.WT-TSXv) exerciseable at $1.50 per share until April 3, 2012. Peak Gold has an active growth strategy to triple production by 2008.

Endeavour Financial earned a success fee of 5,000,000 shares of Peak Gold. Goldcorp’s shares are restricted from resale for one year and then are under volume limitations. Peak Gold entered into a three year non-competition agreement with Goldcorp under which it has agreed not to acquire any mineral interest in the Americas with reasonably expected annual production exceeding 200,000 oz/au or in any property worldwide that is within 20 kilometres of any Goldcorp property.

Peak Gold's board of directors consists of Ian Telfer, ex-Goldcorp President & CEO, Julio Carvalho, Frank Giustra, and Gordon Keep. Robert Cross, Chairman of Northern Orion, ex-partner in Gordon Capital, former Yorkton Securities Chairman, is expected to be nominated at the Company’s AGM on May 3, 2007. The senior officers are Julio Carvalho, Chief Executive Officer, and Jim Simpson, Chief Operating Officer.

Long-time subscribers will know that under Ian Telfer’s leadership, Wheaton River raised US$450 million in equity, completed six major acquisitions and in fiscal 2004 produced approximately 600,000 ounces of gold equivalent at less than US$50 per ounce. Since 2001, Telfer took the company from a market capitalization of less than $35 million to $2.3 billion, transforming Wheaton River into one of Canada’s most profitable mining companies.

Pierre Lassonde, former president of Newmont Mining and widely acknowledged as the gold industry’s foremost spokesman, is a special advisor to Peak Gold’s Board. He co-founded two highly profitable companies, Franco-Nevada Mining and Euro-Nevada Mining. As president and director of Newmont Mining Corporation, with operations on five continents, Lassonde led the world’s top gold producer.

Julio Carvalho was EVP of South and Central America operations for Goldcorp. He worked for 33 years with the Rio Tinto group in Brazil, where his primary role was CFO, as one of three Executive Directors managing four operating companies. Prior to joining Goldcorp, Mr. Carvalho was President, CEO and Director of Mineração Onça Puma Ltd., a wholly-owned subsidiary of Canico Resources Corp. He is a Chartered Accountant and holds a MBA from Queens University.

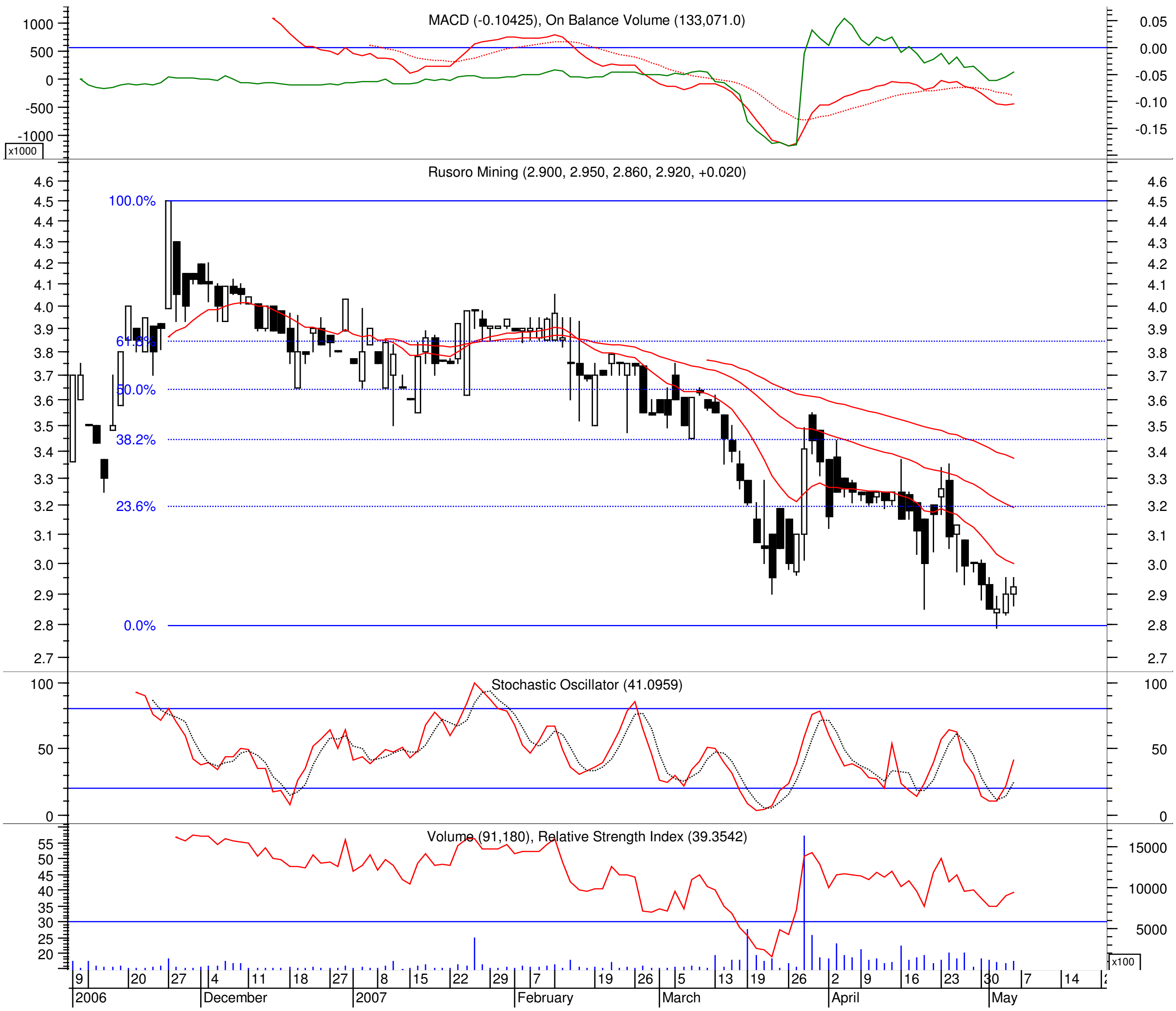
Frank Guistra has a one-third stake in Vancouver mining consulting firm Endeavour Financial, where Gord Keep is managing director of corporate finance. Guistra was Lions Gate Entertainment’s founder and Chairman until May 2003 when he sold his stake. Before founding Lions Gate in 1997, Guistra was an investment dealer, leaving the industry as Chairman of the Toronto-based investment brokerage Yorkton Securities.

Jim Simpson was Mine General Manager at Peak Gold Mines and a Director of Goldcorp Asia Pacific. He has been a Mine Manager for various mining companies since 1997 and has over 20 years of experience in the mining industry. He holds a Bachelor of Engineering (Mining) from the University of New South Wales, Australia.

Given the names and backgrounds of these individuals, we regard this company as a possible successor to Wheaton River in terms of strategic focus, management ability, sponsorship, and hopefully potential share price performance.

We accumulated a significant position in the predecessor shell GPJ Ventures (initially under it’s prior name Imperial Plastech Inc.) starting about one year ago, simply on the basis of the involvement of certain people, its share structure and sponsorship. We disclose our trades and any financing subscriptions on a daily basis via our subscriber GSWList email service, and our participation in this deal at such an early stage exemplifies perfectly the long-established strategy and philosophy of our newsletter service.

Rusoro Mining (RML-TSXv)



Current Price: C$2.92
One Year Target: C$4.00
52 Week Range: C$0.79 - C$1.10
Shares O/S: 147.9 million basic
Shares O/S: 176.5 million fully diluted
Market Cap: C$432 million

Website: www.rusoro.com

Highlights
We initiated coverage on Rusoro Mining with an email alert to GSW subscribers the day before its public market-trading debut on November 9, 2006. We pointed out that management and insiders control approximately 65% of the company – a very attractive optic for investors. We speculated that there would be additional strategic acquisitions and that a “big picture” consolidation of the many diversified gold-rich holdings that pepper this region of Venezuela would make a lot of sense, and that this well-connected group is especially well-positioned to benefit from such an approach.

Since then Rusoro announced a friendly takeover of Mena Resources (MEA-TSXv) and Mena completed a $72 million financing as part of the merger terms. Our November Initial Report described Rusoro as a junior gold producer with a NI 43-101 compliant 3.4 million ounce gold resource on its land package in southeastern Venezuela, with a fully permitted mining facility. Production was suspended to allow a comprehensive upgrading and expansion of the facilities, and a doubling of the resource.

Rusoro’s stated goal is to become a mid-tier producer by 2009, to produce 200,000 ounces of gold per year by the end of 2009, and 400,000 ounces per year by 2010. There is currently a 220,000m drill program underway, designed to more than double reserves by the end of 2008. Further “big picture” acquisitions will likely be made as opportunities arise, and these will no doubt be highly accretive to shareholders.

We have not yet acquired a position in the company, preferring to let the market digest the takeover and all the new shareholders that came aboard via Mena's $72 million financing. Upon issue of this report we intend to acquire 50,000 shares around the $2.90 price per share, hence the included coverage in this report even while not yet holding a position.

Venezuelan politics

Rusoro’s properties are very near the Choco-10 deposit developed by Bolivar Gold Corp., bought out by Goldfields of South Africa for $330 million in 2006. Other deposits in the area include the 13+ million ounce Las Cristinas deposit, and the Hecla’s La Camorra mine. This Venezuelan gold belt has an identical setting to some of the world’s largest mining districts, such as Ashanti in West Africa and Kirkland Lake in Canada.

Rusoro was already a respected operator in the country for 10 years prior to going public, producing 300,000 ounces of gold thus far in Bolivar State. President Mario Szotlender, a Venezuelan citizen, is a veteran mining executive with 20+ years of experience in Venezuela. Rusoro’s majority shareholder is Chairman Vladimir Agapov, a Russian entrepreneur. Vladimir is politically well-connected in both Moscow and Caracas, and with his son Andrei owns well over half the company. They privately funded over US$40 million to get Rusoro’s assets to where they are today. There is an in-house team of 15 geologists in place.

Last year’s takeover of Bolivar Gold, where GoldFields was willing to pay US$130 per ounce, provides significant comfort over the political risk factor. This, notwithstanding the generally negative press that Venezuelan President Hugo Chavez continues to attract with his noisy rhetoric and nationalization efforts in other sectors of the economy. Rusoro has a growing deposit less than a mile away from Goldfields’ deposit, a rare find in today’s world of increasingly diminishing opportunities.

Chavez has special relationship with Russia’s President Putin. Chavez' program bears an uncanny resemblance to Russia's own approach in its search for striking a balance among the markets, the state and society. *Le Monde Diplomatique* magazine summed up the complex Chavez brand of socialism as follows: *"Private property, privatization and foreign investment are still guaranteed, although within the overall limit of the overriding interests of the state, which will keep under its control strategic sectors, the sale of which would mean a partial transfer of national sovereignty."* This is an approach that would also ring familiar in Putin's Russia.

Andrei Agapov, president of Venezuelan Operations, son of Vladimir Agapov, points out that Chavez has been increasing his country’s ties with Russia on minerals and energy, and also in military equipment. Agapov said Russia sees Venezuela as a mirror image of itself in the early 90s and has entered a series of trade agreements to help the country’s development.

Summary Description of Properties

The Company is aggressively pursuing its immediate goals to significantly increase the more than 4 million ounces of gold discovered to date and achieve full phase 1 production rate of 100,000 oz/yr annualized by the end of 2007.

A 220,000m 12 rig drill program is well underway on the Rusoro’s's core projects and the expansion of the Emilia Mill Facility is on schedule. The company is fully funded to meet its 2007 drilling schedule and mine expansion commitments. Rusoro's management are experienced operators in the country with strong governmental relationships and have spent US$75 million since 2002.

Increible 6 project

Located in the historic El Callao District within 2km of Goldfields' Choco 10 mine, the Increible 6 has been the subject of 43,000m of drilling in 275 drill holes, since late 2004. The project has excellent access via well-maintained roads from the town of El Callao and a current NI 43-101 compliant resource calculation sets the project at 434,000 ounces indicated and 766,000 ounces inferred.

All zones are open to depth and only approximately 50% of the mineralized area has been drill tested to date. Pre-feasibility work is underway and is scheduled to be completed by Q4 2007. An aggressive drill program is underway to expand and upgrade the current resources and the Company is on target to reach its goal of 2.5 - 3.0 million ounces by Q4 2007.

Since November 2006, over 80,000 metres of the 220,000 metres scheduled have been completed with eleven drills currently completing more than 22,000 metres per month on the Company's core project, expanding the mineralized zones and confirming the high-grade core at Elisa. The goal is to expand and upgrade the present resources at the main zones for inclusion in an updated National Instrument 43-101 report.

Results continue to enhance and expand the previously outlined mineralized zones with a significant new structure identified connecting the Elisa and Cristina Resources. All of the main zones at the Increible 6 Project remain open to depth. An updated NI43-101 report will be underway shortly.

Recently received results support previous results and confirm the size potential of all the zones at the Increible 6 project. All of the main zones remain open to depth. Additional results from further infill and step out drilling in 54 holes (11 diamond drill holes and 43 RC holes) at the four main zones are posted on the Company's website.

San Rafael/El Placer (SREP)
SREP is located adjacent to Hecla's La Camorra gold mine and since 2003 the project has seen 87,000m of drilling and the underground development of 10 shafts totaling 1665m. A current NI 43-101 compliant resource confirms 490,000 ounces indicated and 367,000 ounces inferred. There are more than 12 gold zones, each 1 to 2 metres wide and 200 metres long, that have been identified and the Company is currently mining the upper portion of several lenses. An updated geological interpretation has been initiated with the results to be included in an updated NI 43-101 report.

On April 30 results for 32 holes of a 40 hole, 10,000m diamond drill program at the San Rafael/El Placer Project (SREP) in southeastern Venezuela were received. This drilling was part of an in-fill program designed by the Company's engineering consultants, Micon International, to further test the continuity of the main gold mineralized blocks.

In-fill drilling confirmed the existing interpretation with grades consistent to previous drilling (averaging 16 to 20 g/t Au), being encountered in all holes targeted at the central portions of the interpreted ore blocks. Drilling outlined a significant new gold mineralized structure 20 to 40 metres north of the targeted blocks. Rusoro is designing a drill program to define the limits of this new zone both in strike and to depth.

Based on the highly positive nature of the in-fill drilling the Company plans to complete a 1.8 kilometre ramp that will provide access to the main ore bodies 180 metres below surface. The ramp will provide all of the necessary access for future mining operations.

Detailed drilling and underground sampling is ongoing. Preliminary engineering has already been completed by Rusoro staff. A mining contractor was hired who has completed initial site visits and a review of the existing layout. Equipment requirements have been determined and their purchase is underway.

The Company's main goal is to concurrently build this ramp and complete the underground development at SREP, while continuing the comprehensive expansion and upgrade of the Company's centrally located Emilia mill facility. The Emilia Mill Facility project is on schedule for completion in Q4 2007 with the Company aiming to start commercial production in early 2008.

Conclusion
The rising price of gold is once again approaching US$700. In our opinion there is just too much buying power coming into the gold market to stop its rise given the tremendous volume of new dollars being created by the Federal Reserve aimed at flooding the economy with "liquidity". There are few undeveloped large-scale gold deposits in the world today. Venezuela's prolific gold belt offers an opportunity for speculators willing to bet on its deeply-discounted assets – especially where held by an established, respected and politically connected group with a proven and growing resource, and a fully permitted mining facility in place. Further accretive acquisitions like the Mena deal would help create synergies and potentially lead to a much-needed consolidation of the area.

Uracan Resources (URC-TSXv)

Daily chart, Semi-log scale

Highlights

Uracan is exploring for Uranium in Canada, specifically targeting shallow deposits with large tonnage potential. These types of deposits are cheap to acquire, cheap to drill and cheap to mine. Within Uracan's North Shore Property work records by Denison from 1967 evidence three trenches grading 0.24% Uranium Oxide (U_3O_8) over 13.7metres (m), 0.217% over 47.9m, and 0.238% over 24.4m. No follow up work was undertaken. That's 5 pounds per tonne rock valued today at over C$550 per tonne, with the potential added benefit of low-cost extraction using near-surface methods. That's like pulling 3/4 ounce gold per tonne without going underground whereas 1 gram per tonne is usually sufficient, given enough of it!

These types of grades could be highly lucrative with the price of U_3O_8 now over US$100 per pound. Most analysts believe the price is only going higher as demand is forecast to exceed supply for many years to come. During the last commodity bull market in the 1970's, adjusted for inflation, U3O8 hit highs of over US$115 per pound, matching the latest contract price (albeit a small one). We believe the company's strategy and backer Endeavour Financial's strategic record offers investors an opportunity to hitch onto another early stage winner.

Current Price: C$0.87

6 month Target: C$1.35

52 Week Range: C$0.36 - C$1.35

Shares O/S: 49 million basic

Shares O/S: 58 million fully diluted

Market Cap: C$43 million

Website: www.uracanresources.com

Summary Description of Properties

- 914 square kilometers of prospective U_3O_8 properties on the north shore of the Gulf of St. Lawrence, Quebec.
- Three separate dykes have identified 40 metres plus of 5 lbs per tonne U_3O_8 at surface
- Geologically similar to deposits as Rossing in Namibia and Madawaska mine, in Ontario
- Entourage Mining (right next door) recently channel sampled 15 lbs U_3O_8 per tonne over 1.5 meters.
- Recently acquired 100% interest in 20 square kilometers in Northern Saskatchewan
- Selected diamond drill hole intercepts from the Pipewrench Lake Claim in Saskatchewan include:
    - 6.6 meters of 1.0 kg U_3O_8, (21.8 feet of 2.3 lbs U_3O_8)
    - 7.52 meters of 0.77 kg U_3O_8 (24.7 feet of 1.7 lbs U_3O_8)
    - 5.9 meters of 0.85 kg U_3O_8 (19.5 feet of 1.87 lbs U_3O_8)

- Selected historic diamond drill hole intercepts on the Narrows Lake Claim in Saskatchewan include
    - 18.29 meters of 0.73 kg U_3O_8 (60 feet of 1.6 lbs U_3O_8)
    - 13.66 meters of 0.6 kg U_3O_8 (44.8 feet of 1.3 lbs U_3O_8)
    - 11.31 meters of 0.60 kg U_3O_8 (37.1 feet of 1.3 lbs U_3O_8)

Recent History
On March 30, 2006 Uracan**,** under its original name UFM Ventures, announced its option to purchase 100-per-cent of the Lac Turgeon, Wee Gee, Pontbriand and Ne Costbelle properties in Quebec, thereby entering the "hot" uranium sector with an initial large and compelling asset. We suggested in our April 2006 report that Uracan would now attract a qualified management and fund-raising team.

At the time the company was essentially a shell, with about $900,000 cash, 32 million common shares issued and 1,425,000 stock options outstanding, with 925,000 exercisable at $0.10 until November 21, 2008. The company also granted 500,000 5-year stock options with an exercise price of $0.29 per share.

With the option on the Quebec properties in place, Uracan immediately commissioned a National Instrument 43-101 report and was required to complete a private placement of five million common shares at $0.40 per share to raise $2-million to fund the acquisition and initial exploration of the properties.

In late July 2006 Uracan closed a nonbrokered private placement of 5,000,000 shares at $0.40 per share for gross proceeds of $2,000,000, and a brokered private placement with Canaccord Capital Corporation of 3,060,000 flow-through shares at $0.45 per share for gross proceeds of $1,377,000.

Uracan then announced that Mr. Gregg Sedun was appointed as Chairman of the Board and Mr. Tom Garagan, P.Geo has been appointed to the Board of Directors. Mr. Sedun was a founding director of Diamond Fields Resources (bought by Inco in the 1990's for $4.3 billion) and Adastra Mining (bought by First Quantum earlier this year). Mr. Garagan was Vice President Exploration of Bema Gold Corp. and was instrumental in several discoveries, including the Cerro Casale and Kupol deposits.

Properties
Quebec
Uracan Resources controls 100% of the "North Shore" uranium properties on the north shore of the St. Lawrence River in south-eastern Quebec. This land package of more than 900 sq km of claims has had two major staking rushes involving dozens of junior companies and major players such as Denison, Imperial Oil and Uranerz. Showings graded an average 0.3 to 0.5 pound U3O8 per ton, including some higher grade lake sediments.

Management believes the abundant low grade uranium showings on the property give it potential to host a Rössing-style deposit (300 million tonnes grading 0.03% U3O8). Rössing is one of the largest open pit uranium mines in the world operated by Rio Tinto. The deposit is the fifth largest producer of uranium and accounts for 7.7% of the current total world uranium production. Uracan is the first company to consolidate the many uranium anomalies on this well known area of historical exploration.

Elevated uranium levels appear in what is called the Turgeon Lake Intrusive Complex. Inside this complex, the Turgeon and WeeGee Claim Blocks host a significant number of uranium occurrences identified in the course of the first staking rush in 1967. Values are in the 0.015 to 0.025% U3O8 range, but can be locally higher. The mineralization tends to be lens-like, with the scale of these lenses ranges from a few meters to at least 1,000 meters long by 300 meters wide.

Regional geochemical surveys by the Quebec government in the 1980's and 1990's showed that the Turgeon Lake Intrusive Complex, unlike any of the others in the region, is highly anomalous in uranium. Large fault systems cut the intrusive, but little attention was paid to these in previous exploration efforts, even though uranium mineralization is frequently associated with such features. Their very presence, for example, suggests the possible existence of major plumbing systems operational during the mineralization phase.

Regional geochemical surveys also revealed a series of significant uranium in lake bottom sediment anomalies along a corridor extending several hundred kilometers in a northeast direction from Turgeon Lake. The remaining North Shore Property (Pontbriand, Highway and NE Costebelle Claim Blocks) lie inside this corridor, and cover the major anomalies in the first 125 kilometer segment. Little work of any kind has been reported from these areas which exhibit uranium geochemical values similar to those seen in the Lac Turgeon intrusive itself.

The North Shore Property has an excellent discovery potential for large tonnage and low grade uranium of the Rössing Deposit type. At the "Grandroy Uranium" in the Turgeon A Claim Block, located 15 kilometres north west of "Baie Quetachou", three separate trenches returned values of 0.24% U3O8 over 14 meters, 0.20% U3O8 over 48 meters and 0.24% U3O8 over 24 meters.

An historical uranium potential of 93 million tonnes of 0.025% U3O8 and 0.025% Y (51M lbs Uranium) was identified at "Baie Quetachou". This number was strictly conceptual in nature and it is uncertain if further exploration will result in the potential being delineated as a mineral resource, i.e. non-compliant to NI 43-101 resource standards.

In the summer of 2006, Uracan completed an airborne radiometric, electromagnetic and magnetic survey, followed by additional ground exploration. The exploration hopes to validate the exploration model by integrating the airborne geophysics and detailed prospecting by grid sampling and scintillometer surveying (particularly in the "Baie Quetachou" and "Grandroy Uranium" sectors) to the historical databases.

In February 2007 commenced drilling on its North Shore Uranium Property in Quebec. The 12,000 meter drilling program is testing at least four separate first order uranium anomalies and occurrences (Lac Petit - Double S, Lac Turgeon, Lac Tanguay and Baie Johann Beetz) outlined by airborne geophysics and surface exploration work carried out during 2006. Approximately 16 km^2 of the 900 km^2 North Shore Property will be tested during this drill program. Additional targets remain to be tested throughout the remainder of the property.

Saskatchewan
On September 25, 2006 Uracan announced that it staked claims in the Pipewrench Lake and Narrows Lake area approximately 130 kilometers northwest of La Ronge, Saskatchewan, a major mining supply centre. These two claims total approximately 2,056 Hectares, with Uracan holding a 100% interest.

The claims cover an area that received several phases of exploration in the late 1960’s and 1970’s, including ground and airborne geophysics, prospecting, surface sampling, trenching, mapping and diamond drilling. The properties have not seen any exploration activity since the late 1970’s. This area is approximately 120 km south of the Athabasca Basin, one of the most prolific uranium producing areas of the world.

Between the late 1960’s and late 1970’s a total of approximately 2,511 meters of diamond drilling was completed on these properties, with 1,027 meters on the Pipewrench Lake Claim and 1,484 meters on the Narrows Lake Claim. Historic Assessment reports show significant mineralization was encountered. Selected intercepts on the Narrows Lake Claim include:

18.29 meters of 0.73 kg U_3O_8 (60 feet of 1.6 lbs U_3O_8),
13.66 meters of 0.6 kg U_3O_8 (44.8 feet of 1.3 lbs U_3O_8),
11.31 meters of 0.60 kg U_3O_8 (37.1 feet of 1.3 lbs U_3O_8),
4.92 meters of 0.48 kg U_3O_8 (16.1 feet of 1.1 lbs U_3O_8),
3.69 meters of 0.51 kg U_3O_8 (12.1 feet of 1.1 lbs U_3O_8).

This drilling is historic in nature and the accuracy of the results cannot be verified.

Selected diamond drill hole intercepts from the Pipewrench Lake Claim include:

6.6 meters of 1.0kg U_3O_8, (21.8 feet of 2.3 lbs U_3O_8),
7.52 meters of 0.77 kg U_3O_8 (24.7 feet of 1.7 lbs U_3O_8),
3.9 meters of 1.41 kg U_3O_8 (12.9 feet of 3.1 lbs U_3O_8),
3.2 meters of 0.59kg U_3O_8 (10.6 feet of 1.35 lbs U_3O_8),
5.9 meters of 0.85 kg U_3O_8 (19.5 feet of 1.87 lbs U_3O_8).

This drilling is historic in nature and the accuracy of the results cannot be verified.

2006 ground work and grab samples led to the decision of increasing the land package in Saskatchewan three fold. Three known uranium areas that had never been drilled before had grab samples return assays up to several pounds per tonne. Results of up to 0.281% (6.19 lbs) U3O8 in grab samples and 0.086% (1.89 lbs) U3O8 over 1.7 meters (5.6 feet) in chip sampling were encountered on the property and were distributed throughout the five occurrences sampled.

A $1.5 million exploration program is planned for 2007, including prospecting and drilling. Drilling is anticipated to begin in late Q3 2007.

Uranium Fundamentals

- Nuclear power will be a critical component of base load electricity generation in developed and developing countries for decades to come due to issues of diversification, security of supply, economics, and environmental impact.
- Secondary sources of uranium are limited and primary uranium supply must increase to close the large and widening gap between mine production and reactor requirements.

- Growing demand for fuel for the world's expanding nuclear power capability will drive uranium prices higher.
- Australia, the world's leader in terms of undeveloped uranium resources, has political policies that may continue to preclude the development of new uranium mines this decade.
- Conventional mining continues to supply most of the world's primary uranium but near surface low grade properties will become an increasingly important component for cost effective uranium extraction as U_3O_8 prices remain firm.

After almost a decade of relatively flat price movements, the U_3O_8 price has done nothing but go up since the summer of 2003, having climbed more than 1,000%.

However, until recently, that isn't nearly as fast a rise as other critical minerals like molybdenum and titanium have made. Those two minerals actually outpaced the stellar rise of uranium until just the last few months. Uranium prices have been climbing steadily over the past few years and show no sign of slowing down. And there are two reasons why.

First off, uranium is a very unique commodity in that its price is very "inelastic." That's economic parlance for when demand is poorly correlated to price. The classic example of a product with inelastic demand is cigarettes. As a pack of cigarettes rises in price, the total number of packs consumed changes very little.

Uranium is very similar because of the amount of electricity a single pound of uranium can produce. In fact, uranium only accounts for a very small portion of the total costs of electricity generation from nuclear power. For instance, at $100 per pound, uranium adds $5.00 per megawatt-hour (MWh) of electricity. And with a MWh of electricity currently selling for about $38, uranium only accounts for 13% of electricity generation costs. Nuclear power companies wouldn't be overly concerned as they could easily pass an extra $2.50 per MWh in costs onto consumers, needing to increase their rates by an additional 6.8%.

The second reason uranium is different is because there's a secondary artificial layer of demand. Right now, there are three hedge funds devoted exclusively to buying up uranium.

Conclusion
Proving once again that buying the right shells can pay off big to patient money, the Uracan share price traded between $0.20 and $0.55 for a 2–1/2 year period while investors and speculators waited and wondered what Endeavour Financial would come up with for a project. With the answer provided on March 31 last year following the announcement of the Letter of Intent. Price broke out, with a gap-opening at $0.51 and running to a high of $0.78 seven trading days later on record volume. While performance has been lackluster since the January 2007 highs at $1.35, any positive news out of the Quebec drilling program will light up the shares significantly.

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