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Lawrence Roulston's
RESOURCE OPPORTUNITIES
...Discovering value in natural resource stocks

Bright Spots Amid the Gloom

Editorial

Investors remain downbeat, with their spirits dampened by the constant stream of negative economic news. Amid the gloom, there are bright spots where investors have prospects of near-term gains.

Gold is gaining in popularity among investors looking for a secure store of wealth in these times of financial turmoil. Looking longer term, gold is seen by a growing number of investors as an inflation hedge and as protection against currency devaluation.

The short-term volatility in the gold price can be alarming to those seeking stability. Investors would do well to keep their focus on the longer term, rather than trying to react to the short-term dips and spikes.

An alternative to investing in bullion is to look at gold equities. I continue to favour emerging producers, as they offer favourable leverage to bullion and at the same time offer the upside potential of emerging growth companies. The small gold companies are still largely under the radar of investors. Many of these companies are fundamentally undervalued in the context of the current gold price.

Furthermore, the gloomy near-term economic outlook, at least in America, has led most investors to totally discount the base metal companies. Few investors have noticed that the copper price has climbed 18% over the past ten weeks. The other metals are also showing strength, as demand grows in the face of constrained supplies.

Whatever the economic situation is at the moment, there is absolute certainty that the mining industry will develop new mines in the near future. The larger mining companies are acutely aware that they need to secure new metal deposits. To meet that objective, they are aggressively seeking opportunities to acquire juniors. Talking to the juniors, it is clear that a feeding frenzy is developing. There are not a lot of high-quality deposits available to the industry, which will lead to competition to secure future metal supplies. (One junior recently told me that they have signed twelve confidentiality agreements giving larger companies the right to review the technical information for a modest-sized deposit that is only at the preliminary assessment stage.)

There will undoubtedly be more takeovers of juniors in the coming months, and the prices paid in those deals will be well above the prices at which those companies currently trade.

The quiet summer period is about to roll over into a busy fall season. Investors will be back in front of the their computers and exploration companies will be announcing results from a busy summer field season. Investors were not completely absent over the summer and companies have made progress: two of our companies have doubled in price over the past few weeks and eighteen other are up at least 20% from the start of the summer. Now is a great time to be building positions in juniors. This issue updates several companies that we believe offer exceptional value at this time. The next issue will present more updates and some new companies.

INSIDE

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Company Updates:

Almaden Minerals
(AMM-TSX)

After years of relying on joint venture partners, Almaden drilled a project on their own and struck gold... and silver. The discovery came on a Mexican project that had been explored by three joint venture partners who had all returned the property. The focus of the other companies was a porphyry copper-gold system, which returned geologically encouraging, but sub-economic values.

Almaden turned their attention to an area under volcanic cover where they interpreted the presence of gold-silver veins on the Tuligtic project located in Puebla state, Mexico. The first-ever drilling on the Ixtaca zone intersected multiple veins and carried an average of 1.0 grams per tonne gold and 48 g/t silver over an interval of 302 metres, from the base of overburden at 47 metres to the bottom of the hole. The results hold promise based on high-grade veins as well as a bulk-tonnage target.

That hole marks an important discovery in an unexplored district.

The other two holes were drilled with the same set-up at different orientations. Results are pending, but the company notes that the first hole looks better than the other two. The drill core displays textures typical of classic low-sulphidation epithermal veins. On receipt of the balance of the assays, the company plans follow-up drilling, set to start in September.

Almaden follows the prospect generator approach to exploration. The geological team identifies suitable targets, they do enough exploration to confirm the merits of the project and then secure joint venture partners to fund further exploration. The company presently has an extensive list of projects in the US, Canada and Mexico, with partners funding several projects.

Almaden's assets include $14 million of cash and $2 million worth of gold. In addition, the company holds a portfolio of shares in other companies received as part of the joint venture earn-ins.

The gold held by the company is part of the gold that was mined from its Elk project in BC in the 1990s from a small high-grade occurrence at surface. The company is now evaluating a larger mining operation at Elk. Metallurgical testing has shown good recoveries and drilling is now underway to upgrade the present resource and to test new target areas.

The company optioned a 70% interest in its Caballo Blanco project in Mexico to NGEx (NGQ-TSXV), which confirmed the presence of a large gold zone. NGEx then sold the project to Goldgroup (GGA-TSX), which is now working toward the start of production. A portion of the property is being explored under a separate joint venture.

Work on several other projects is also underway, with several of them being funded by partners. In addition, Almaden owns 23% of Tarsis Resources (TCC-TSXV), having vended several Yukon zinc projects into the company. Tarsis recently reported a significant copper-gold-silver discovery on a wholly-owned property and an earn-in partner has made good progress on another project.

The news of the Ixtaca discovery boosted Almaden's share price. The company is still trading at a low value relative to the value of its cash, gold and shares, let alone the exploration potential on its numerous projects.

Price August 20, 2010: C$2.06
Shares Outstanding: 50 million
Shares Fully Diluted: 58 million
Market Cap: C$103 million
Contact: Investor Relations
604-689-7644
www.almadenminerals.com
Last Updated: June 2010-1

Farallon Mining
(FAN-TSX)

Farallon produced a record 26.3 million pounds of zinc and 2.3 million pounds of copper in concentrates in the second quarter from its G-9 mine in Mexico. With a cash cost of five cents per pound of payable zinc, the mine generated operating earnings of $11.3-million and $6.6-million in cash from operations before changes in non-cash working capital.

Production increased to 1,816 tonnes per day in the second quarter, 21% above the design throughput of 1,500 tpd. The G-9 mine is now one of the lowest cost zinc producers in the world. The company continues to focus on operating improvements at the mine, where attention is now directed to increasing underground mining rates. Management believe that the mill can process 2,300 tonnes per day with only modest upgrades and therefore are intent on ensuring the mine can deliver that amount of ore to the mill. Further underground development work will be needed to boost the mining rate to that level.

Exploration at G-9 is continuing, with drilling from underground. Recent results include several new discoveries near the known deposit. Two drill holes of particular interest have reported 11 g/t gold over 5 meters and 8 g/t gold over 5 meters, respectively. Drilling continues, with the aim of delineating those discovery zones.

The company is evaluating development of the four other known ore bodies on its extensive property. They intend to complete a prefeasibility study over the next year, with plans to have a second mine in operation two years later.

Management is also seeking acquisitions that would further expand production and add further shareholder value. The successful development and operation of G-9 puts Farallon in a strong position to execute on that business plan. The company has $24 million of working capital and $36 million of debt outstanding. The current share price represents a modest 3.8 times multiple on implied annual operating earnings.

Price August 20, 2010: C$0.355
Shares Outstanding: 472 million
Shares Fully Diluted: 504 million
Market Cap: C$179 million
Contact: Investor Relations
1-800-667-2114
www.farallonmining.com
Last Updated: June 2010-1

Fronteer Gold
(FRG-NYSE; FRG-TSX)

Fronteer continues to advance its Nevada gold projects toward production. With a vast horde of cash, this highly experienced management and technical team is working toward evolving into a multi-mine mid-tier gold producer.

At Northumberland, drilling has further defined and extended near-surface high-grade gold mineralization. The project presently has a resource of over 3 million ounces gold. Development is about to begin on a 280-meter long decline to provide underground access to the high-grade portion of the deposit. The decline, targeted for completion early next year, will provide a base for resource definition drilling and will be available for production. Metallurgical testing and engineering work is underway, to support a preliminary economic assessment early next year.

At the 50% owned Long Canyon project, a new resource estimate increased measured and indicated ounces to 672,000 and inferred ounces to 552,000. Drilling continues to intersect wide intervals of high-grade oxide gold to the northeast. Engineering and environmental work is underway, with a prefeasibility study to get underway shortly.

At Sandman, Newmont continues to intersect high-grade, near-surface oxide gold, and has begun to drill test up to eight new high-priority targets. To date Newmont has spent more than $10 million on the project. To complete its earn-in of 51%, the company must make a production decision by next June, supported by a bankable feasibility study.

Fronteer also boosted its project pipeline, with the acquisition of a private company with extensive property interests. The company, Nevada Eagle Resources has interests in 52 properties in total, including 44 gold properties in Nevada.

After cash sales of two property interests in Turkey, the company is continuing to work in that country. Drilling continues to intersect significant widths of copper-gold mineralization at the Halilaga porphyry project in Turkey. Assays are expected in the coming weeks. The company may soon resume work on its big uranium deposit in Labrador, with a survey of local residents favouring the project moving ahead to a formal review. A proposed land use plan for the region indicates that the deposits are within areas that can be designated for mining. Discussions are underway with potential joint venture partners.

Fronteer is exceptionally well-financed, with C$182 million of cash and short-term investments, representing C$1.50/share. The management and geological team that has generated so much shareholder value over the past few years is continuing to add value, as they advance their multiple projects. Reaching their production target is a realistic expectation and progress in that direction will continue to add value.

Price August 20, 2010: C$7.68
Shares Outstanding: 121 million
Shares Fully Diluted: 134.8 million
Market Cap: C$929 million
Contact: Investor Relations
1-877-632-4677
www.fronteergold.com
Last Updated: June 2010-1

Kaminak Gold
(KAM-TSXV)

Kaminak has made a third gold discovery this summer through drilling on their 100%-owned Coffee project, located in the White Gold District, Yukon. The property hosts similar geology to that of the nearby Underworld Golden Saddle zone. That company was recently bought by Kinross. Kaminak may already have surpassed Underworld with considerable potential for more discoveries and expansions of the present zones.

All of the Kaminak discoveries were based on drilling beneath gold-in-soil geochemical anomalies. The latest discovery, at the Double Double zone encountered an upper zone of 2.0 grams per tonne gold over nine metres with a second zone of 6.3 g/t over 35 metres. The second hole intersected five zones, ranging from 2.1 to 4.9 g/t. Preliminary interpretation suggests that the second hole did not encounter the higher grade zone that was hit by the first hole. Further drilling is required to better understand the orientation of the mineralized zones.

The first hole on the property, a hole at the Supremo zone early in the summer, intersected an impressive 17 g/t over 15 meters. Subsequent drilling has extended that zone to 550 meters. Results include 21 g/t over eight meters. This zone has considerable size potential and remains open.

The second discovery, the Latte zone, one kilometer to the west, produced several good intersections, including 2.35 g/t over 51 meters. Spanning 400 meters, that zone also has size potential and remains open in all directions.

Geochemical sampling continues, with only about 10% of the property so far tested. According to a news release: "The newly defined Americano trend could well represent the longest and most intense gold -in-soil anomaly identified in the White District to date." Drilling is planned on that 4-kilometer-long zone and at least two other targets this season.

Kaminak currently has a market valuation roughly the same as the amount that Kinross paid for Underworld. Clearly, more drilling is required by Kaminak to estimate resources. A quick estimate, based on the scope of the drilling to date suggests that the Supremo and Latte zones both compare favourably with regard to size and grade with Underworld's Golden Saddle zone, which was the main asset of that company. Kaminak's third discovery adds further upside potential, with other target areas yet to be tested.

In spite of the big move in the share price, Kaminak has a great deal of upside potential as the current zones move toward resource definition and as the latest discovery takes shape.

Price August 20, 2010: C$2.37
Shares Outstanding: 57 million
Shares Fully Diluted: 62 million
Market Cap: C$135 million
Contact: Investor Relations
1-888-331-2269
www.kaminak.com
Last Updated: June 2010-1

Quaterra Resources
(QMM-NYSE Amex; QTA-TSXV)

Quaterra is advancing numerous gold, silver, uranium, platinum and base metal projects in the United States and Mexico. Several of the projects are being funded by joint venture partners and the company is well financed to aggressively pursue its projects.

Goldcorp has agreed to invest $10 million in Quaterra through private placements to fund a generative program in central Mexico. Goldcorp bought the huge Penasquito silver-gold deposit from Western Silver, which was led by Tom Patton, Quaterra's president. A junior is funding exploration on the Herbert Glacier gold project in Alaska and another junior is funding work on the Duke Island copper-nickel-platinum project, also in Alaska. Field work on both projects is on-going.

Work on Quaterra's uranium project in Arizona-Utah-Wyoming may soon resume, as a government order restricting exploration is set to expire. The company controls 38 square miles of highly prospective exploration lands.

The company and its 50% partner have

reported an updated resource estimate on the Nieves silver project in Mexico, with a total resource (indicated and inferred) of 55 million ounces. The independent report notes that the mineralized zone extends beyond the area of the drilling, suggesting that the resource could continue to grow.

The company has two big copper projects in Nevada. Earlier this year, they reported a resource on the MacArthur copper project in the Yerrington copper district of western Nevada. The contained copper in the near-surface zone that is potentially leachable totals 560 million pounds (indicated plus inferred). Substantial drilling since that estimate suggests that a significant addition to the resource can be expected in the next update. In addition to the oxidized zone near surface, Quaterra management believes that there is a large primary porphyry copper system at depth. Work is continuing on both the oxide and the porphyry target.

The company is also in the process of acquiring the past-producing Yerrington mine, the heart of the prolific district. With the potential for liabilities arising from the prior mining, Quaterra has conducted a series of environmental, legal and technical due diligence studies. The review period extends to October 12. Once the company completes the acquisition, they intend to continue evaluating the historic copper resources below and peripheral to the Yerington pit, as well as the adjacent large and only partially delineated Bear deposit.

The company is well funded and has an exceptional management and exploration team.

Quaterra, with its extensive and diverse holdings, is difficult to evaluate and therefore trades at a substantial discount to the implicit value of its holdings. The fundamental value of the company should become apparent as further work demonstrates the value of its various projects.

Price August 20, 2010: C$1.54
Shares Outstanding: 122 million
Shares Fully Diluted: 147 million
Market Cap: C$188 million
Contact: Investor Relations
1-888-456-1112
www.quaterraresources.com
Last Updated: June 2010-1

Shoreham Resources
(SMH-TSXV)

Shoreham is working on an extensive list of gold, silver, uranium and base metal projects in both Ontario, Canada and in Guyana, South America.

The company is tidying up a portion of the Guyana property ownership, by effectively buying the balance of a joint venture partner. The deal will replace an earn-in on Marudi Mountain, Paint Mountain and Potaro, giving it 100% interests in return for $400,000 cash, a royalty and 1.6 million shares. The deal will also facilitate the commencement of alluvial mining at Potaro. Presently, an independent company is bringing equipment to the project and will soon begin mining, with Shoreham to receive a 10% royalty.
A private company is optioning a 51% interest in four of the Guyana properties in the northwest part of the country. That company is in the process of listing on the Venture Exchange. Work is proceeding and the private company has invested in shares of Shoreham as part of the deal. The initial investment was 2 million shares at C$0.30 to net C$600,000. Warrants at C$0.60 were exercised earlier this year, providing a further C$1.5 million to Shoreham. A further 500,000 warrants, exercisable at C$1.20, are expected to bring in a further C$600,000 within the next couple of months. Once that company has completed its initial public offering, they expect to begin drilling.

Shoreham management expect to begin drilling soon on their Five Star project in Guyana. Surface work and data compilation on the other projects in that country is continuing, with plans for drilling other projects later this year.

Guyana has exceptional geological potential, but has seen little in the way of comprehensive exploration. Guyana Goldfields (GUY-TSX) has a market value of C$650 million based on its Aurora gold deposit in that country. Shoreham has assembled an impressive portfolio of high-potential exploration targets. Having a joint venture partner to fund some of the projects will enable the company to move forward on several projects at once.

In Ontario, Shoreham completed geophysical work on its Bearhead project in the Red Lake mining district. Drilling in the 1970s outlined a 12 kilometer trend of uranium and molybdenum occurrences. Sampling by the company last year showed the presence of heavy rare earth elements in association with the other metals. The present work is directed to identifying areas with higher grade concentrations of metals.

Drilling is set to resume on the Favourable Lake property, also near Red Lake. Previous work encountered substantial silver values. A drill program was started over the winter, but was cut short by a warm winter and loss of the ice road. The drill is on site and expected to be operating soon.

Shoreham's extensive project list makes the company extremely difficult to evaluate. The website and other information provided by the company do little to help investors understand the company and its potential. Plans are proceeding to split the company into two, with one company devoted to the Ontario assets, the other working in Guyana. That split would almost certainly add value, as investors would see companies with some focus. Over the coming weeks, drilling is set to begin on at least three of the projects. Favorable results would have a big impact on the valuation of the company.

Price August 20, 2010: C$0.135
Shares Outstanding: 72 million
Shares Fully Diluted: 84 million
Market Cap: C$11 million
Contact: Investor Relations
604-533-9288
www.shoreham.ca
Last Updated: June 2010-1

Brief Updates:

Baja Mining (BAJ-TSX; C$0.78) announced an underwritten financing by which a syndicate of brokers has agreed to place up to 25 million shares at C$0.80.

The financing brings the company closer to having the $568 million funding required for development of its Boleo copper-cobalt deposit in Mexico. The company is close to finalizing the debt component of the funding. Completion of the funding and resumption of development work at Boleo should bring investor attention back to the company, which is currently valued at a small fraction of the value of its world-class base metal deposit.

Belo Sun Mining (BSX-TSXV; C$0.41) (formerly Verena) is continuing to intersect broad intervals of favorable grades at its Volta Grande gold project in Para state, Brazil. Recent results include 240 meters grading 1.12 g/t gold. They have now completed just over a third of a planned 15,000 meter drill program intended to upgrade and expand the previous resource areas, as well as test new targets outside of the resource area. Results have been sufficiently encouraging that the company is bringing on a fourth drill rig to accelerate and perhaps expand the drill program. The previous estimate outlined 2.1 million ounces of gold (combined indicated and inferred), with a grade of 1 gram per tonne. The deposits are near surface and appear to be leachable. Engineering and environmental studies are being initiated leading to an economic assessment early next year. The company changed its name last month as part of the transition to t new management group. That group, with an impressive track record, is in the process of integrating the company into its technical, administrative and investor relations system. A concerted investor relations program, coming on top of the resource base and the ongoing results, could move the share price higher, in-line with the value of a project of this nature.

Candente Copper (DNT-TSX; C$0.32) is progressing on the Canariaco Norte copper project prefeasibility study. A number of significant operating improvements from the preliminary assessments have been identified and are being worked into the present study. Changes include a 13% boost in mill throughput to 85,000 tonnes per day, a means of reducing arsenic content in the concentrate to below penalty levels and participation in a proposed new concentrate shipping facility that is much closer than considered previously. The project has a measured and indicated resource of 6.5 billion pounds of copper, 1.4 million ounces of gold and 36 million ounces of silver, with a further 1.2 billion pounds of copper classed as inferred. Completion of the prefeasibility study, expected before year-end, should help to boost investor interest in the company. The present share price is far less that the value indicated by the preliminary assessment, and gives no credit to the upside potential from the on-going engineering work.

Endeavour Financial (EDV-TSX; C$2.17) has entered into an arrangement to acquire the remaining 45% of Etruscan Resources Inc. The deal will see Endeavour become an operating gold-mining company and is part of the company's objective to become a million-plus ounce per year gold producer. (At that production level, the company would merit a valuation far higher than the sum of several smaller gold companies.) Endeavour also owns 43% of Crew Gold. A bid to gain total control of that company was thwarted by a competing bidder. On completion of the Etruscan deal, Endeavour's gold operations would have production of 350,000 ounces annually, with 189,000 ounces attributable to Endeavour.

Completion of the Etruscan bid would use $43 million of Endeavour's $100 million credit line. The company plans to retain its merchant banking business. Fees generated by that team of highly qualified mining and financial experts pays for their costs, while giving the company an industry-leading in-house team committed to executing further steps in the company's strategy. The current share price is well below the implied value of the company's current holdings of Etruscan and Crew, giving no value to the value-added potential as the company continues to build toward its million ounce objective.

Exeter Resource (XRC-TSX; C$6.53) continues to push out the limits of its massive Caspiche gold-copper deposit in Chile. The company has now completed 20,000 meters of drilling since the last resource estimate, which showed an indicated resource of 14.3 million ounces of gold, 3.5 billion pounds of copper and 33 million ounces of silver. An additional inferred resource hosts 10.0 million ounces of gold, 2.9 billion pounds of copper and 27 million ounces of silver. The recent results support the potential of a large oxide gold zone near surface similar to the Kinross Maricunga (Refugio) mine, located 15 km north. Barrick and Kinross are close to beginning development at their huge Cerro Casale deposit, 10 km south of Caspiche. Exeter is continuing metallurgical studies to determine the optimal recovery methods for both the oxide and the sulphide zones. The company trades at less than $20 per total ounce of gold resource, giving no credit for the silver and copper. Completion of an updated resource estimate and further metallurgical test results should help to further boost the value of the company.

First Point Minerals (FPX-TSXV; C$0.53) completed the first two drill holes at its Decar nickel-iron property, northwest of Fort St. James in central British Columbia. The property hosts widespread occurrences of an unusual mineral consisting of nickel plus iron, effectively natural stainless steel. A major steel company has conducted metallurgical test work that shows the mineral can be readily recovered by low-cost gravity or magnetic separation. It appears that the mineral, as recovered, can be used directly in steel making. That company is funding the drilling under an option to earn up to 70% of Decar.

The company reported that visual observations of the core from the first two holes, 250 meters apart, showed the nickel-iron alloy continuing almost continuously to the bottoms of the holes, at 325 and 307 meters, respectively. Surface samples show recoverable nickel values typically from 0.1% to 0.18%. While those grades are low relative to conventional nickel deposits, this type of deposit could have operating and capital costs much lower than other nickel deposits. As such, the Decar deposit could be economically attractive if the surface grades continue to depth, which appears to be the case, based on the visual reports. Drilling continues, with four more holes on the same target zone, and two holes to test other targets.

First Point has a 100% interest in four other similar prospects in BC and one in Oregon. Demonstrating the economic viability of the first project would be huge, as it would provide a basis for valuation of the other prospects. The company has other gold, silver and base metal projects.

Full Metal Minerals (FMM-TSXV; C$0.20) signed an option agreement with a unit of the London-listed Antofagasta plc allowing the major explore the Pyramid copper-gold-molybdenum porphyry project, located in southwest Alaska. Antofagasta is one of the world's largest copper producers. Full Metal acquired exploration rights to a massive area encompassing portions of the Panhandle and Aleutian Islands. Pyramid was explored by several companies, beginning in the 1970s, leading to a modest (non-compliant) resource estimate. Antofagasta can earn up to 80% by funding the project through a feasibility study. An initial 2,000-metre core drilling program is under way. Full Metal retains rights to the balance of the extensive property package and is working toward further joint ventures.

Full Metal has commenced drilling at its 100%-owned Grizzly-Butte copper-gold porphyry, located in south-central Alaska. The company has an extensive portfolio of exploration projects in Alaska, encompassing gold, base metals and uranium. Joint venture partners are funding work on several of the projects.

Fortuna Silver Mines (FVI-TSXV; C$2.27) earned net income of $6.0 million for the three months ended June 30. Silver production of 470,310 ounces, augmented by substantial base metal production, generated revenue of $14.6 million and operating income of $7.0 million. Several quarters of positive earnings have contributed to a working capital position of $64.9 million, sufficient to finance development of the company's second mine.

At the San Jose mine in Mexico, construction is on schedule and within budget for completion and commissioning of the mine in the third quarter of 2011. Once in operation at a rate of 1,500 tpd, (after a 24 month ramp-up) the San Jose Mine will produce 5 million silver equivalent ounces (silver plus gold) annually at a cash cost of US$6.20 per ounce.

The current share price does not adequately reflect the value of the San Jose mine, as the prefeasibility study only considered the measured and indicated resource. An extensive inferred resource will be upgraded by drilling from the underground development. With solid earnings from the existing operation, and the second project moving quickly to production, the current share price offers considerable upside as the project advances.

Geodex Minerals (GXM-TSXV; C$0.10) reported initial results for the second stage metallurgical program on its tungsten-molybdenum Sisson Brook deposit in New Brunswick, Canada. Previous bench scale work indicated that a crushing and pre-concentrate sorting circuit ahead of the mill processing would be beneficial. Such a process would direct much of the waste rock directly to the waste dump without milling, while retaining most of the metal. The commercial-scale testing confirmed that about half of the rock could be sorted out while retaining roughly 90% of the metal. Further testing is underway, utilizing a number of other pre-concentration technologies. These results are extremely significant, as the use of such a technique could substantially reduce capital and operating costs. The company is advancing its large tungsten-moly deposit toward a production decision. The company also has other exploration projects in New Brunswick. Geodex has a tiny market value in relation to the value of its large, high quality base metal deposit.

Golden Valley Mines (GZZ-TSXV; C$0.295) reported results of two drill holes on its 70%-owned Perestroika prospect located in the Abitibi greenstone belt, 40 kilometres northeast of Val d'Or, Quebec. Both holes intersected multiple zones of significant gold mineralization, including 3.0 meters grading 20.7 g/t. Golden Valley has more than 130 exploration projects in eastern Canada. The company announced plans in mid-May to split off four new companies that would hold various combinations of that extensive exploration property package. Details of the split have not yet been announced. It seems certain that the sum of the values of the resulting five companies will exceed the present market value of the company, likely by a wide margin. For now, the share price is flat, as investors await details of the split.

Marifil Mines (MFM-TSXV; C$0.07) is selling its lithium claims in Salta and Catamarca provinces, Argentina to a private company. Marifil will receive $125,000 up front and that amount for each of the next three years. The private company must conduct exploration, and Marifil retains a 3% royalty. In addition, Marifil is to receive $4.5 million worth of shares in the private company when it obtains a stock exchange listing.

Another joint venture deal has closed, with the company getting a cheque from NovaGold on the San Roque project. Exploration is now underway, with NovaGold funding the work to earn up to 70%. The target is a large silver-gold-base metal system that the company believes is analogous to the giant Penasquito deposit in Mexico, which is now being mined by Goldcorp.

Marifil is a prospect generator with about 20 projects in Argentina. Management has considerable experience in that country and has assembled property interests over the past several years. A couple of projects already have partners, and management is committed to signing on other partners. Investors were getting impatient with the slow pace of securing partners to fund work. The recovery in the junior mining market this year has made it easier for companies to secure funding. The two recent deals point to an acceleration in the deal flow and therefore results and news from work on the properties.

New Pacific Metals (NUX-TSXV; C$1.05) made a takeover bid for Tagish Lake Gold Corp (TLG-TSXV), which has three small, high-grade gold-silver deposits in northern British Columbia. Tagish obtained bankruptcy protection in April after production delays put it in default under development loans. The most advanced of the Tagish deposits has a measured and indicated resource of 1 million tonnes grading 5.7 g/t and 203 g/t silver. Tagish directors have so far not accepted the offer. A report of an independent financial adviser to the Tagish

Lake special committee concluded that the offer is fair. The offer is open until September 2.

New Pacific is selling its gold project in China for $30.5 million to a Chinese gold investment company, with half of that amount to be paid up-front for a 60% interest. The remaining 40% interest is to be transferred within 24 months in return for shares of the Chinese company once it becomes listed on a stock exchange. Success of the Tagish bid would see New Pacific move quickly toward production. With an aggressive and experienced management team, it is likely that further acquisitions would soon follow. At present, the share price barely reflects the cash and the value of the asset sale.

Newstrike Capital (NES-TSXV: $0.375) has completed the first tranche of a private placement and issued 9,145,000 units at a price of 40 cents per unit (share and half warrant at C$0.80 for 18 months) for C$3,658,000. The second tranche comprising the remaining 3,335,000 units is expected to close soon. Proceeds will be used to drill the company’s property in the Guerrero Gold Belt in Mexico.

A recently acquired portion of that property, known as Ana Paula, was drilled by another company with highly encouraging results. Based on the work to date, and with favorable results, Newstrike should be able to outline a substantial resource in this round of drilling. Newstrike made a bid to acquire a 21% interest in a nearby property, but was outbid by another company that paid C$52 million cash for the 21% interest. Newstrike received a C$2 million break fee as part of that deal, adding to its cash position. An aggressive drilling program is planned, with multiple drills devoted to outlining a resource at Ana Paula as well as testing other target areas on the extensive property.

Pediment Gold (PEZ-TSX; C$1.18) completed a preliminary assessment for the San Antonio gold project located in Baja California Sur, Mexico. Measured and indicated ounces within the proposed pit total 1.1 million ounces. The report shows production of 82,000 ounces a year, with a cash cost of $513. Capital cost is estimated at $71 million for an open pit, heap leach operation.

The net present value (discounted at 8%), based on a $900 gold price, is estimated at $79 million. Management believes that the mine life of nine years can be extended with the delineation of further resources. A drilling program is currently underway intended to extend the deposit. Further metallurgical testing is ongoing, which will also consider other recovery methods with the aim of improving recoveries. The company plans to proceed with a feasibility study.

Pediment is also working on several other gold-silver and base metal projects in Mexico. La Colorada, in Sonora State in north western Mexico, is a past-producing mine site with historic output from both underground vein and open-pit, heap leach operations. Pediment is well financed, with C$12 million of working capital.

Silvercorp Metals (SVM-NYSE; US$6.95, SVM-TSX; C$7.24) generated net earnings of $14.1 million, or $0.09 per share for the quarter to June 30. The company’s three mines in Henan province in China produced and sold a record 1.4 million ounces of silver, 18.8 million pounds of lead and 4.4 million pounds of zinc in the quarter. The company has declared a quarterly dividend of two cents per share, to be paid Oct. 21 to shareholders of record on Sept. 30.

Construction is set to begin shortly on the GC project in Guangdong Province, with the mine permit expected within weeks. The planned 1,500 tonne-per-day mine and mill operation would substantially boost the company’s silver production. The company is also advancing the Silvertip project in northern BC, a high-grade silver deposit acquired earlier this year.

Silvercorp ended the quarter with $106 million in cash and short-term investments. The company has a capable and aggressive management team committed to building further shareholder value.

Silvermex Resources (SMR-TSXV; C$0.33) is working toward the start of production at its silver projects in Sinaloa, Mexico. The company has just amended the agreement with Silver Standard Resources for the purchase of the past producing San Marcial silver mine. Silvermex will pay $6-million in cash or shares, at Silver Standard's election, on or before Feb. 1, 2012. Silvermex will also issue one million shares and pay a royalty of 1%. With that agreement now finalized, drilling is underway at San Marcial, which is just 5 kilometers from the company’s Rosario mine. That project was being redeveloped by another company before being acquired by Silvermex. The company is working toward a plan that would see a restart of production as an integrated mining operation. The drilling is intended to update a resource estimate and provide details to develop a mine plan. Metallurgical testing is underway along with other engineering work leading to a preliminary economic assessment by year end.

San Marcial has a total resource of 22 million ounces of silver and 140 million pounds of lead and zinc. Rosario and the nearby San Juan mine have historic (non-compliant) resources containing roughly 5 million ounces of silver and substantial lead and zinc. The share price has sagged in the absence of tangible progress at the silver mines. The revised agreement and the start of drilling signal that the company is now ready to move forward expeditiously.

Conferences

Below is a list of upcoming conferences I will be speaking or sponsoring. I encourage you to attend, as it provides an excellent opportunity to meet face to face with company management.

Excellence in Mining & Exploration

September 20-22, 2010
Sydney Hilton, 488 George St, Australia
"This event will showcase some of the best emerging opportunities in mining and investment from Australia and overseas, bringing together leaders in mining with institutional, professional and private investors in one of Australia's most well-respected and highly-focused resources investment forums."
www.excellenceinmining.com

Toronto Resource Investment Conference

September 25-26, 2010
"Featuring a world class line-up of speakers, covering all types of direct investments in resource public companies, speculative investing, resource exploration, oil & gas, world outlook, investment strategies and more!"
www.goldshow.ca

Global Resources Investing Academy & Finance

October 14-15, 2010 Hong Kong
October 18-19, 2010 Singapore
"Conferences and one-on-one meetings with the high end private and institutional investors for a selection of energy and resource companies (precious metals, base metals, rare metals, uranium, oil & gas, potash, diamonds)"
www.academyfinance.ch

Metal Prices - August 20, 2010		
Gold	1,228.10	$/ounce
Silver	17.99	$/ounce
Platinum	1,511.00	$/ounce
Palladium	479.00	$/ounce
Rhodium	2,070.00	$/ounce
Copper	3.28	$/pound
Nickel	9.72	$/pound
Aluminum	0.90	$/pound
Zinc	0.92	$/pound
Lead	0.92	$/pound
Uranium	46.50	$/pound
Cobalt	18.00	$/pound
Molybdenum	15.00	$/pound
Tungsten	13.50	$/pound
Tin	9.70	$/pound
Indium	255.00	$/kilogram

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