

GOLDVIEW

August 2005

NEW INTERESTING SEASON WITH A LOT OF INTERNATIONAL ACTIVITIES



CONTENTS:

1. & 2.

Editorial comment:

New interesting season
with a lot of international
activities

Events:

conferences and conventions

3. & 4.

How to pick resource stocks

by Ellsworth Dickson,
Editor-in-Chief
ResourceWorld Magazine

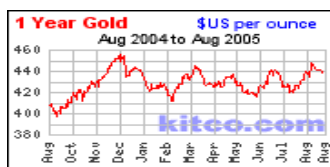
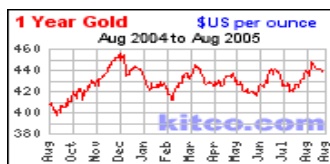
5.

Member Companies:

list

welcoming new members:

- Energy Metals
Corporation

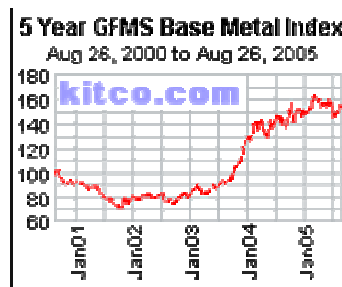


Aug 31, 2005	
03:42 NY Time	
▲ GOLD	
432.68	+2.38
▼ SILVER	
6.74	-0.01
▼ PLATINUM	
882.00	-5.00
BROUGHT TO YOU BY	
www.kitco.com	

The holiday period is about over, most of you are behind their desks again, hopefully looking forward to a new, busy season with interesting opportunities coming by to take advantage of. I am confident that the international mining and exploration developments will attract quite a bit of your attention as the metals scenario further unfolds. With my ongoing coverage of the Canadian mining and exploration industry in general and in particular, the Member Companies which support The Centre's efforts, I hope to continue to have your attention and bring many interesting situations to you in the forthcoming months.

You must have noticed that I am in the process of writing and preparing several Update Reports to bring you up to date on many of the companies. I doing so, **I am confronted with all the interesting and promising developments that have been going on within the companies' projects, both in Canada and internationally, but in most cases, I am amazed about the generally ignorant attitudes from the international stockmarkets for our industry, despite all the opportunities that are there.** I realize that mining and exploration is not particularly the focus of every investor's attention, I have known that all along and there I find my motivation for my continuing interest. It is a fascinating industry with many opportunities and possibilities but also one that is often misunderstood or regarded as too small, too promotional, too fragmented. Of course, that is all partly true but when you study the progress of so many companies, you can only come to the conclusion that sooner or later, the seeds that have been planted must come to fruit. Some day the investment communities will recognize what is going on in the fundamentals of the worldwide metals markets and the shifting in the international economic powers. But most likely, it will take some dramatic events and/or surprising facts and figures, before they realize how seriously most metals' supply and demand situations have been distorted over the past ten years. And that shortages in several metals are likely to come forward and catch most of us by surprise.

I have said it a few times before: gold is not the leader of the field this time. The base metals will be leading the way. Remember the many negative, or rather cooled-down remarks and opinions about the copper markets being at their top with US\$1.50/lb not too long ago? Look again today at US\$1.75/lb and still going strong. Wait for zinc and see what will happen to the prices when the general investment public comes to realize how much we need it and how endangered the supply side is. Looking at other metals like aluminium, nickel, lead, the situation does not really look a lot better. In the July issue, I made the performance of the metal prices visible by showing the 1 year charts which showed some cooling off in zinc, lead and nickel but if you project the declines against a more historical background of 5 years, it is obvious that we are still in a long



--continued on page 2

MINING INVESTMENT CONFERENCES

September 7 – 8, 2005
Gold & Precious Metals Investment
Conference
Las Vegas, USA
www.iiconf.com

September 14, 2005
GFMS Precious & Base Metals
Seminar
London, UK
www.gfms.co.uk

September 14 – 16, 2005
3rd International Mining
Conference @ Investors' Forum
Ulaanbaatar, Mongolia
www.miningmongolia.mn

October 2 – 3, 2005
Resource Investment Conference
Toronto, Canada
www.cambridgehouse.ca

October 12 – 15, 2005
XXVI International Mining
Congress and Exhibit
Vera Cruz, Mexico
www.expominmex2005.com

October 13 – 14, 2005
Triple A Mining Summit
London, UK
www.iiconf.com

November 14 – 17, 2005
China Mining
Beijing, China
www.china-mining.com

November 18 – 19, 2005
Edelmetallmesse
Munich, Germany
www.edelmetallmesse.com

November 21 – 23, 2005
Mines & Money
London, UK
www.minesandmoney.co.uk

November 27 – 28, 2005
Gold & Precious Metals
Institutional Investment Conference
San Francisco, USA
www.iiconf.com

February 7 – 9, 2006
INDABA
Investing in African Mining
Cape Town, RSA
www.iiconf.com

EDITORIAL COMMENT –continued from page 1

upward trend, a trend which in my opinion has not ended and is not about to end either.



It is this background of the fundamental markets against which the focus of the international attention for gold as the leading indicator of the metals should be observed. Gold will eventually act on and react to what is happening in the base metals or rather, the general developments of the international economies. It is still my firm belief that gold will break through its former temporary \$450 high and will then move on to higher grounds. And silver, platinum will follow in the slipstream.

Under these circumstances and taking the standpoint of a longer term outlook, it will be the emphasis of my efforts to present the interesting facets of many mining and exploration companies that are growing, each in their own bracket of development stage, towards successful investment vehicles. As I repeatedly formulate it, **these companies deserve your attention.**

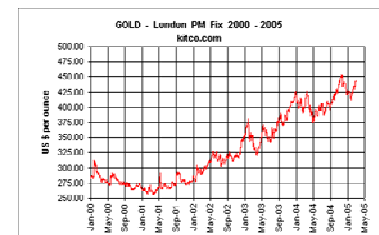
Starting in September and stretching over the next few months, many Canadian mining and exploration companies will come to Europe and present their cases. You will be able to meet and speak with the management teams and hear and see their **corporate presentations in London,**

Paris, Brussels, Geneva, Zurich, Frankfurt and other places. My advice is that you try to attend them as much as you can. Only by being informed you can select the ones of your liking with the objective to benefit from their development, progress and success. Money is to be made, mining and exploration shares have the potential to improve your investment performance.

I also would like to draw your attention to the **range of investment conferences**, both in Europe and the rest of the world. I attend many of them and it always surprises me to see so few European faces during these events. Yet, they are significant sources of information and insights, thus providing an opportunity to you to form and/or update your own opinions. Quite often, several of the world's mining and exploration companies are present at these conferences, which make them very worthwhile meeting and learning places.

Should you not be able to attend the European presentations or the conferences, do not worry. I will continue to draw your attention to these events and to the interesting developments of our Member Companies.

In order to assist you in making your selections, I thought it would be enlightening to read how two of our Canadian colleagues advise investors to pick resource stocks. **My friend Ellsworth Dickson of ResourceWorld Magazine speaks with Mal Spooner, the President of the resource-based Mavrix Funds in Toronto and Jim Bartlett, Mining and Oil analyst at the brokerage house of Odium Brown Ltd. in Vancouver,** and discusses with them how they select resource



stocks at various stages in their corporate life. An interesting discussion which earlier appeared in Ellsworth's magazine and which he so kindly permitted to share with him. You can read the interview on the following pages.

Last but not least, your attention is required for **my welcoming comments on a new Member Companies, Energy Metals Corporation which has set a clear goal: becoming the premier uranium producer in America.**

Is that a promise or isn't it?

Henk J. Krasenberg

HOW TO PICK RESOURCE STOCKS

by Ellsworth Dickson

Investing in resource stocks involves more than just riding a bull market – one has to evaluate and select stocks that offer the best chance of success with the least risk.



Investing in junior resource stocks has always been a risky business, but probably no more risky than buying biotech stocks. It doesn't matter what sector the investor targets, there is no guarantee of success – even large, apparently healthy companies can do poorly on the bottom line as well as on the stock market. Each company lives or dies by the rules governing its own particular sector. Success in the mining industry is generally governed by prevailing metal prices, the ability of management and the biggest wild card of all – geology. There are many properties that have encouraging mineral showings worthy of spending money to explore; however, only a few will prove to be economic mining operations.

Yet, as far as the investor is concerned, while it is impossible to discern which companies will find and develop a producing mine, it is quite possible to make significant capital gains on the stock market without picking companies that will build

mines. This situation develops because of prevailing investor sentiment. When a company reports good exploration results from its mineral project, the stock will often rise in value even though the project is not even close to becoming a mine. The fact is that it doesn't matter – investors will bid the stock higher because they believe the project has potential. On the other hand, the fear factor will result in a declining stock price as investors dump their shares in belief that the project has little potential.

The most important fact is that stocks must be *carefully* selected because a bull market in the mining sector doesn't provide market success for every company. The challenge is, of course, to identify potential winners. Stocks may "drift" lower as the weeks drag on without any news, but will usually make big jumps very quickly when good news is disseminated or, at least when news is perceived as positive. These jumps in share prices often happen so fast that the big gains are over before the investor even knows about it, unless he or she follows the market very closely. So what is an investor to do?

Resource World Magazine interviewed two professionals, one from the stock trading side and one with a geological background. They offer valuable advice on how to select resource stocks at various stages in their corporate life.

Mal Spooner is president of Mavrix Funds in Toronto. Spooner's resource-based mutual fund posted a one-year return of 100% in 2003. Mr. Spooner is also the author of *Resources Rock – How to Invest and Profit from the Next Global Boom in Natural Resources* (Insomniac Press). **Jim Bartlett** is a Mining and Oil and Gas Analyst at the brokerage house of Odlum Brown Ltd. in Vancouver, BC.

Resource World: *Now that many metals have increased in value, what is your current evaluation of the mining sector?*

Spooner: Metals have been strong, and continue to be for all the right reasons. Since the October 2003 lows, copper is up over 100%, nickel is up over 180%, aluminium prices are up 33%, zinc is up 26% and cobalt a whopping 250%. Only palladium is still in the doldrums, down 33% from levels three years ago. But the prices are strong for all the right reasons. Global demand is strong and inventories are skinny. Demand is strong because the economic recovery is global. Annualizing GDP growth recently reported – China is growing at an 8.8% rate, India at 8.2%, Japan at 4.4%, the US at 2.8% and the UK at 2.7%. Despite the strong metal demand and higher prices, the stocks have traded lower over the sleepy summer months, mostly due to uncertainty about the U.S. election, interest rate fears, and Mid East tensions. This is how opportunities are created – when there's a disconnect between what's really going on and investor psychology.

Bartlett: Things have changed significantly since China, India and Asia have become the growth engines for metals demand for the world. Essentially, the U.S. and Europe are mostly recycling markets – cars, refrigerators, etc get recycled. In Asia they need a big input of primary metals that have been mined, not recycled. Asian demand is expected to continue for five, 10, maybe 15 years. So, the outlook for the mining sector is very good.

RW: *What do you look for when selecting mining companies to invest in?*

Spooner: For grassroots exploration companies, management is most important. I look for management that is not only capable (geologists) but are also motivated. Very often they've quit a larger production company to strike out on their own, so they must believe in what they're doing and where they're doing it. Risk

IT'S QUITE POSSIBLE
to make significant
capital gains on
the stock market
without picking
companies that will
build mines

--continued on page 4

HOW TO PICK RESOURCE STOCKS --continued from page 3

factors include geography (in a stable environment or in a politically unstable country); probability – preliminary exploration (even grab samples) must confirm likelihood; and to some extent potential economics – if too far away from roads/power etc. then grades or deposit size will have to be large. For companies that are exploring and developing a known mineral deposit, again it's the credibility of management. At this stage the management team must be technically proficient, but they also will need to continue raising capital. There's a delicate balance between management teams who can promote nothing well, versus promote something good not so well. Geography and infrastructure factor in more critically at this stage – if size of deposit and grades don't make for a feasible project in both up and down cycles,

then it's more risky. Can management or a buyer make money mining this deposit where it's located? For companies in production, investing in these stocks is driven by two things – the commodity cycle and costs. Lower cost operations are preferred. They're less sensitive to the cycle. Low cost mining operations can provide a cushion when cycles suddenly run out of steam. However, even the less efficient operators will perform well in a robust demand environment – so where we are in the cycle is crucial to determining which stocks to own. Management (yes, again) is important. There is a tendency for some company managers to spend aggressively in up cycles, as if it will go on forever – and it never goes on forever. These stocks get hammered the most when the economy slows. Finally, reserves are important. Larger production companies fall out of favour quickly if they are unlikely to increase their production in good markets simply because they've not invested enough of their time and money in discovering or buying more reserves in the between times.

Bartlett: In my opinion, grassroots exploration companies are not an investment – they are speculations. There could very well be better odds in Las Vegas. That being said, there is a market for grassroots exploration companies. Depending on the promoter and management, these kinds of stocks can trade at a significant premium over their true asset value. The net asset value may be zero, but the stock could trade anywhere between 50¢ and \$5.00. For companies with some kind of mineral deposit, what you are looking for is a sizeable deposit with projected revenues at two times the cost that can be developed reasonably quickly – say within the next five years. Hopefully, a company at this stage can catch the market in a good phase to raise exploration and development funds. For producers, I like companies that have long-life reserves such as Falconbridge that has ore deposits they are developing as well as producing mines in the Sudbury Basin. That company has ore deposits that will be in production 25 to 40 years from now.

RW: Do you use technical analysis to determine buy, hold and sell signals?

Spooner: I'm not a technician at all, but stock market dynamics are important criteria. I like to sell stocks when there's a lot of hoopla and enthusiasm associated with them. When a stock charges upwards, usually on news or related to a change in the outlook for a commodity, there's a tendency for it to get overbought. A chart will quickly show me that the price has climbed too fast to be justified by the news – or a flurry of investors has piled in – which creates an opportunity to sell. I can always buy it back when the enthusiasm wanes – and it always does. Similarly, if the stock price has been languishing for months despite good news, then I know it's still okay to buy – I'll be ahead of the pack.

Bartlett: I don't use technical analysis. For myself, I just don't find it particularly helpful. Quite often a stock will run up and it looks like a breakout, and sometimes it is; however, it's not unusual for the stock to suffer a significant correction rather quickly. For stocks that do make a good upward move, I buy on corrections.

RW: Do you buy stocks when there is no real trend and they are trading quietly or do you wait for them to roar to life and then jump in?

Spooner: I buy before there's a real trend whenever humanly possible. If the underlying stock strength is based on a large discovery and it's not widely researched or understood, then it's likely I can buy after a move and still do well. In this case I have to compare the prospects with the valuation and make a judgement call.

Bartlett: Generally speaking, I like stocks where there is some kind of action because that indicates there is investor interest. Other times one can wait for years when people don't pay attention to a good quality stock. A good time to buy is just before a company attains production.

ASIAN DEMAND
is expected to
continue for five,
10, maybe 15 years.
So, the outlook for
the mining sector
is very good.



(reprinted with permission of ResourceWorld magazine – www.resourceworld.com)

MEMBER COMPANIES

per September 2005

Abacus Mining & Exploration Corp. [tsxv-ame](#)
 Adanac Gold Corp. [tsx-aaa](#)
 Adroit Resources Inc. [tsxv-adt](#)
 African Gold Group, Inc. [tsxv-agg](#)
 Alexis Minerals Corporation [tsxv-ame](#)
 Amera Resources Corporation [tsxv-ams](#)
 Anoroq Resources Corp. [tsxv-arq](#), [amex-ano](#)
 Asia Gold Corp. [tsxv-asg](#)
 Atna Resources Ltd. [tsx-atn](#)
 Avino Silver & Gold Mines Ltd. [tsxv-asm](#)
 Boulder Mining Corporation [tsxv-bdr](#)
 Bralorne Gold Mines Ltd. [tsxv-bpm](#)
 Canalaska Ventures Limited [tsxv-cvv](#)
 Cassidy Gold Corp. [tsxv-cdy](#)
 Continuum Resources Ltd. [tsxv-cnu](#)
 Coral Gold Resources Ltd. [tsxv-cgr](#)
 Crowflight Minerals Inc. [tsxv-cml](#)
 Desert Sun Mining Corp. [tsx-dsm](#)
 Diamond Fields International Ltd. [tsxv-dfi](#)
 Eaglecrest Explorations Ltd. [tsxv-eel](#)
 Energy Metals Corporation [tsxv-emc](#)
 Excellon Resources Inc. [tsxv-exn](#)
 Formation Capital Corporation [tsx-fco](#)
 Freegold Ventures Limited [tsx-itf](#)
 Frontier Pacific Mining Corporation [tsxv-frp](#)
 Genco Resources Ltd. [tsxv-ggc](#)
 GlobeStar Mining Corp. [tsxv-gmi](#)
 GLR Resources Inc. [tsx-grs](#)
 Goldex Resources Corporation [tsxv-gdx](#)
 Goldrea Resources Corp. [tsx-gor](#)
 Great Basin Gold Ltd. [tsx-gbg](#), [amex-gbn](#)
 Great Panther Resources Limited [tsxv-gpr](#)
 IMA Exploration Inc. [tsxv-imr](#)
 Kimber Resources Inc. [tsx-kbr](#)
 Majestic Gold Corp. [tsxv-mjs](#)
 Marifil Mines Ltd. [tsxv-mfm](#)
 Minefinders Corporation Ltd. [tsx-mfl](#), [amex-mfn](#)
 Molycor Gold Corp. [tsxv-mor](#)
 New Gold Inc. [tsx,amex-ngd](#)
 New Guinea Gold Corporation [tsxv-ngg](#)
 New World Resource Corp. [tsxv-nw](#)
 North American Tungsten Corp. Ltd. [tsxv-ntc](#)
 Northern Continental Resources Inc. [tsxv-ncr](#)
 Northern Dynasty Minerals Ltd. [tsxv-ndm](#)
 Northern Lion Gold Corp. [tsxv-nl](#)
 Northern Star Mining Corporation [tsxv-nsm](#)
 Oremex Resources Inc. [tsxv-orm](#)
 Pacific North West Capital Corp. [tsx-pfn](#)
 Pan American Silver Corp. [tsx-paa](#), [nasdaq-paas](#)
 Pele Mountain Resources Inc. [tsxv-gem](#)
 Redstar Gold Corp. [tsxv-rgc](#)
 Ross River Minerals Inc. [tsxv-rrm](#)
 Royal Standard Minerals Inc. [tsxv-rsm](#)
 Rubicon Minerals Corporation [tsx-rmx](#), [ase-rby](#)
 Sabina Resources Limited [tsxv-sbb](#)
 SearchGold Resources Inc. [tsxv-rsg](#)
 South American Gold and Copper Co. Ltd. [tsx-sag](#)
 South Pacific Minerals Corp. [tsxv-spz](#)
 SYMC Resources Limited [tsx-sy](#)
 Taseko Mines Ltd. [tsxv-tko](#), [amex-tgb](#)
 Tumi Resources Limited [tsxv-tm](#)
 UC Resources Ltd. [tsxv-uc](#)
 UGL Enterprises Ltd. [tsxv-ugs](#)
 Universal Uranium Ltd. [tsxv-uul](#)
 Vista Gold Corp. [tsx,amex-vgz](#)
 War Eagle Mining Company Inc. [tsxv-war](#)
 Western Prospector Group Ltd. [tsxv-wnp](#)
 Yukon Zinc Corporation [tsxv-ycz](#)

WELCOMING NEW MEMBER COMPANIES

Energy Metals Corporation

(TSXV-EMC)

has set a clear goal for itself: becoming the premier uranium producer in America. That sounds quite ambitious, and it is. The company has assembled an impressively strong team of Officers and Directors, Management and Advisory Board with mining and exploration experience in general and in particular, uranium and atomic energy expertise. Raising funds is on the capabilities too, judging from the



recently completed number of financing which has established one of the stronger balance sheets of any publicly listed junior uranium resource company.

Energy Metals was among the very first to begin acquiring advanced uranium projects before the rapid rise of the uranium metal price. Most of these acquisitions were once held by leading uranium mining companies such as Cameco, Cogema, Conoco, Kerr McGee, Pioneer, Union Oil, Sonoco, Union Carbide and US Energy Corp. To augment their property portfolio, the company also has licenses to a number of comprehensive uranium databases including those of Union Carbide Corporation, Hecla Mining and Ranchers Exploration and Development Corp. Use of these proprietary data sources has proved to be critical in providing Energy Metals with the key competitive edge necessary to successfully acquire a large number of advanced stage uranium deposits, many of which host uranium resources.

Energy Metals has acquired one of the largest portfolios of uranium properties, located in the heart of historic uranium mining districts. It has amassed over 132,000 acres or almost 600 km², mostly consisting of previously explored and developed uranium properties with historical resources in the more politically favourable and mining-friendly jurisdictions in the United States. The emphasis is on over 105,000 acres in the Great Divide, Powder River and Shirley Basins in Wyoming with the balance in the Bullfrog, Green River and Lisbon Valley districts in Utah, south-east Oregon and the Arizona Strip.

The corporate strategy of Energy Metals is designed to acquire, develop and exploit multi-million pound uranium deposits, most of which are amenable to the low capital cost and environmentally friendly in-situ leach process within Wyoming, especially in the Great Divide and Powder River Basins, and Utah.

The company is planning a scoping study to outline the steps necessary to evaluate and advance the best of its project to near term production status.

The market has been following the building of Energy Metals with great interest and apparently has recognized the strong character of the company and its management. It is likely to continue to do so.

EUROPEAN GOLD CENTRE

european platform for information on
canadian mining and exploration companies