1E U R O P E A N G O L D C E N T R E

information on gold, the only store of value, and international gold mining and exploration companies

G O L D V I E W

EXPLORATION, INVESTMENT AND DEVELOPMENT FOR MINERS, FINANCIERS AND INVESTORS



www.terrapinn.com/2010/mining

April 2010

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GOLD

THE CONTROVERSY GOES ON NOT ONLY TIME WILL TELL….

THE GOLD GURUS TELL US NOW ALREADY WHERE THEY SEE GOLD GO IN THE NEAR FUTURE



Thinking about how frustrating the subject of gold can be, an old song came to my mind: **"I can see clearly now"**, released in 1972 by Johnny Nash and later covered by famous followers like Anne Murray, Claude Francois, Donny Osmond, Gladys Knight, Ray Charles, Sonny and Cher and Willy Nelson, to name a few. I think that everyone or at least almost everyone knows this classic.

When I relate those words to the world of gold, those who can say that they can clearly see where gold is going, stand out from the crowd. It is generally known that 'good news is no news' so those who are positive on gold attract much less attention from the media and the investment public than those who are negative on gold.

Quite often, when I talk to someone about what I do and the word gold comes up, there is that smile of disbelief becoming visible and do I hear the words 'time will tell'. Why would you wait for time to tell what has happened? Why don't people listen to what the specialists people tell them about gold NOW, at this particular stage of the markets? Today!

Those of you who have been reading and are remembering what I have said on gold since I re-entered the business in 2003 (my vision was the reason that I decided that 2003 was the moment I had been waiting for since 1992 when I voluntarily decided to take distance from the world of gold), know that I have been clearly seeing the scenario that has unfolded and that I am still clear about what I see coming in the next few years.



It feels good to know that I am not alone who is foreseeing a strong gold market for the near future. For, instance, go to the last page of this issue and read what **John Embry**, one of the most notorious speakers on gold, is saying. Today!



Let's see what some other gold gurus say. Like **James Turk** who saw and still sees the once almighty dollar collapsing. He feels that gold is holding strong despite the efforts of those who have an interest in pushing down the gold price. He is looking forward to much higher gold prices. Today! ►

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EDITORIAL COMMENT

► Read what **Frank Holmes**, wrote last week in U.S. Global Investors' Frank Talk: 'In our view, this gold breakout against the world's primary paper currencies highlights gold's growing allure as a store of value against further currency debasement caused by governments spending with little restraint. Gold appears to be reassuming its role as an alternative currency unencumbered by political liabilities.' That is not a short-term prediction, that is a fundamental long-term view. Today!



And sometimes it is not as much as what people say but rather as what people do. Like **Lawrence Roulston** of Resource Opportunities, a very solid and consistent believe in the future of gold. Two weeks ago, it was announced that Castor Asset Management along with Lawrence are launching The Roulston Resource Opportunities Fund, inviting investors to share his opportunities with a minimal initial investment of C$250,000. To me that is a clear sign of confidence in the markets and the gold price. Today!



Then, **Paul Nathan** whose comments I have come to like more and more over the last few months. A believer in the good-old gold standard (watch the next issue of **GOLDVIEW-ALERT**). He says: "Why gold? Because gold is a time-honoured and time-tested "honest" money. It establishes a system based on financial, monetary, and fiscal discipline. Today's fiat standard is barely a century old and may not make it to its hundredth birthday. My guess is that if it does, it will be with the help of gold, or at least by moving forward toward the principles of sound money and the discipline that a gold standard requires. Without these, financial reform efforts will be meaningless. No paper money system can survive without them." Today!



Of course, **Martin Murenbeeld**, Chief Economist of Dundee Wealth Economics, cannot be missing in this guru-review. It has become a tradition that he gives his predictions at the Denver Gold Group's European Forum in Zurich which was on last week. Unfortunately, I was not able to make it there but here are his forecasts. Although he was slightly on the conservative side, which he usually is, he foresees an average price of $1,170 and a year end price of $1,226 for gold, just $1 below its all-time high of $1,227 of early December 2009. And you can look up the records, he is usually very close to being right. Check the price and calculate. Today!



I am curious if a typical trader has a different view. **Roger Wiegand**, the Trader Rog, has recently painted how 'nice' the world looks to him, citing the many international problems. According to him, 'we are entering a lost decade' where those who saved will be the winners and those who live on credit cards and a house of debts will pay the price. This is the time to protect yourself, your families and friends. He does not see the (average) 15% per year rising of gold over the last 10 years to stop any time soon. He urges that traders and investors should be buying precious metals and mining shares right now. Today!



Last but certainly not least, what does **Jeffrey Nichols** say these days. His view is based on four key items, i.e. the Euro, U.S. Federal Debt, Eastern Demand and Western Investment. He believes that gold will before long be moving higher, again reaching its all-time high by midyear and scaling new heights during the second half of this year. He remains confident in his forecast of $1500 gold by year-end, with gold reaching $2000 an ounce and possibly $3000 an ounce over the next few years. That is why he thinks that gold looks like a steal. Today!



Believe me, in contrast to the impression you may have from the media that give way to the sceptics, perma-sceptics, negativist and other disbelievers, there are many positive comments, predictions, theories, visions that I could include here to build my case for gold and its outlook. I don't need other people to do that, I am modest enough to think that I can form my own opinion like I have done for so long now. I still like what I think, it has served me and my readers well. But it feels good to be in the company of intelligent colleagues that have come to similar conclusions.

Coming back to how I started these comments, I can't suppress a smile when I think of the song that was on the other side of the vinyl record of Johnny Nash, it was **"How good it is"**. Remember? It still is true. TODAY!

A lot of information in this issue of **GOLDVIEW**. Introducing an old friend in a somewhat different attire: **Scorpio Gold Corporation** as a new **SUPPORTING COMPANY**; this company is the gold version of Scorpio Mining Corp., a company that I used to cover in the past when it was on its way to become the silver producer in Mexico that it now is. Furthermore, again a company in the section **DISCOVERIES**, Minera IRL Limited, which is building a network of mining companies in Latin America.

As promised last month, quite a change in the **COMPANY NEWS** section. More attention for the **SUPPORTING COMPANIES**, more news from what I call GUEST companies and soon even more with HIGHLIGHTED NEWS from companies that commit to have their developments covered in this new section on a continuing basis. I am sure you will like this change, aimed to be an improvement.

In addition to what you read in my EDITORIAL, you can learn more about what the expert speakers said during the Denver Gold Group's European Gold Forum, held last week in Zurich. As said, I wasn't there because I had to change my priorities at the last moment, not knowing that volcano eruptions from Iceland would have held me there for a week. But as always **Mineweb** Editor **Lawrence Williams** was in Zurich and reported on what he heard. Read his observations on page 7. Thank you Lawrie!

In the **FEATURED ARTICLE** a new contributing writer with a touchy subject. In his article **"U.S. Government Officially Receives Evidence of Gold and Silver Price Manipulation"**, **Patrick A. Heller** reports on the recent CFTC hearings about the ever-louder-noises about price-influencing in the commodity trading markets. So far always denied of course but as it seems, not for long anymore. Explosive material! I am glad that my friend **Bill Murphy** with his GATA is finally being listened to officially. Patrick, welcome here!

Henk J. Krasenberg

SUPPORTING COMPANIES

SUPPORTING COMPANIES
are mining and exploration companies that have committed to be followed closely and to be fully covered in this publication during a 12-month period.
Their support makes this publication possible and enables The Centre to present it to its worldwide audience.

INTRODUCTION

SCORPIO GOLD CORPORATION

TSXV-SGN: C$0.65, shares outstanding 73.2 million, fully diluted 98.5 million

NEAR TERM GOLD PRODUCTION IN NEVADA BY REVIVING MINERAL RIDGE

Scorpio Gold has become a public company in the second half of 2008 after having been a 93.5% owned private subsidiary of Scorpio Mining Corporation (TSX-SPM) which was on its way to become a mid-tier silver producer in Mexico. The objective to give Scorpio Gold a life of its own was to develop as a new gold company with strong and advanced gold assets in CANADA and the UNITED STATES. In 2009, Scorpio Gold started its due diligence on the Mineral Ridge Gold Property in Nevada, which after completion of a NI 43-101 report and a successful bulk sampling program, was eventually acquired in January 2010. **The primary focus of Scorpio Gold is to become a gold producer by bringing Mineral Ridge back to production.**



MINERAL RIDGE GOLD PROJECT: Mineral Ridge is situated in Esmeralda County, Nevada and comprises 10.9km². The property is currently bonded and permitted for heap leach gold processing and production and was in production as recent as 2005. Historically, Mineral Ridge produced almost 575,000 ounces of gold, 170,000 ounces from open pit and 405,000 ounces from underground mining operations. The grade that was mined and placed on the existing leach pads was 1.56g/t (0.056 oz/st). The mine project hosts multiple gold bearing structures, veins and bodies. It features a well-developed infrastructure consisting of roadways, power grid, heap leach pad, crushing circuit, ADR plant, water supply, maintenance shop, refuelling and storage facilities and administrative buildings. The property includes several deposits, defined by over 94.500m of past drilling.



As part of Scorpio Gold's study of 2009, area wide surface exploration resulted in the collection of 150 surface samples from a radius of 2km from the known open pit areas. A total of 83 samples (55%) reported values of economic interest with an overall average grade of 6.24g/t (0.22oz/st) gold with the highest being 118.16g/t (4.18oz/st) gold. These grades are considerably higher than previously mined. Scorpio management has determined that excessive dilution and poor recoveries by the previous operators was the main problem.

At present, Scorpio Gold is expecting to complete its Bankable Feasibility Study within the current quarter. Management is estimating that a resource will be calculated between the 500,000 and 700,000 ounces level from which a first year operation could result in a production of 62,500 ounces with a possible increase to 80,400 ounces per year in the subsequent 7 to 8 years. This year, a start could be made from the 254,084 tonnes grading 1.75g/t (0.056oz/st) that are still remaining on the leach pad, after which the **real production could commence as from early 2011**.

As to the gold assets in CANADA, Scorpio Gold has three projects of which the Cochrane Hill Gold Mine in Nova Scotia is the most advanced. The project is under option to Atlantic Gold NL (ASX-ATV) which is in the process of earning a 60% interest by performing work programs to a total of C$4.75 million over a 4-year period since June 2007. Atlantic Gold had a new resource estimate prepared in September 2009, increasing Indicated and Inferred Resources to 10.1 million tonnes at 1.7g/t, for 549,000 contained ounces of gold. Atlantic Gold also has another project, located 80km west of Cochrane Hill. The two projects combined have 1,205,000 ounces contained gold, which makes the company to look forward to **advancing them towards production in the near term**. This would have a very favourable impact on Scorpio Gold's position as a gold producer.



I have come to know Scorpio Gold's President and CEO Peter J. Hawley as a sincere, knowledgeable and committed mining executive with a geological background. He has proven to know how to bring a project from exploration to production as he did with Scorpio Mining and I am sure he will do the same with Scorpio Gold. I am pleased to have the company as a Supporting Company. The latest news is already in this issue's COMPANY NEWS section. I expect quite some more exciting news over the next few months.

www.scorpiogold.com

D I S C O V E R I E S

In my ever-going-on search for interesting resources companies, I do make my own discoveries. Companies that are not in the limelight of attention from the world's investors because they have not been communicating on a worldwide basis so far, because they find their resource work more important than promoting themselves or because, generally speaking, the worldwide media have not yet discovered them. This section has the objective to signal these companies to you.

Minera IRL Limited

AIM & BVL-MIRL: 68.00p, shares outstanding 85.7 million, fully diluted 98.1 million

BUILDING A NETWORK OF PRECIOUS METAL MINES IN LATIN AMERICA

Minera IRL is a Jersey-registered gold mining company with activities in Latin America. The shares are listed on the London AIM market and the Lima Stock Exchange in PERU; the company is investigating an additional listing on the TSX. The company is really in motion and as you don't find a gold company that has increased its resources base from 0.1 million ounces to 1.7 million ounces in 2009 and much more to come, I deemed it remarkable enough to include the company in this month' DISCOVERY section.

The flagship of Minera IRL is the **Corihuarmi Gold Mine** in **PERU** which was acquired in 2002, followed by discovery, feasibility and development, then construction in 2007-08 at a capital cost of US$20 million. The 1 million tpa conventional open pit, heap leaching operation was based upon a feasibility study reserve of 4 million tonnes grading 1.1g/t of gold containing 145,000 ounces in the Susan and Diana outcropping mineralized zones. **Commercial production** commenced in March 2008 and nearly **85,000 ounces of gold have been produced** through the end of 2009. The capital cost was recovered from ex-mine, pre-tax cash flow within the first 7 months.



In the meantime, the mining and treatment rate at the Corihuarmi has been increased to 1.5 million tonnes per annum. Gold production is now at a rate of approximately 30,000 ounces per year at a cash operating cost of between $350 and $400 per ounce. An updated ore reserve was generated in 2009 which extends mine life through most of 2013. Mineralization which has fallen from the outcrop forms another resource which is expected to further extend the mine life.

As Mineral IRL is aiming to build a network of mines in Latin America, it has acquired two advanced projects that are likely going to contribute to the company's production in the intermediate term. On the **Ollachea Gold Project** also in **PERU**, acquired from Rio Tinto, Mineral IRL completed a **NI43-1-1 compliant Scoping Study** in November 2009. It foresees a 1.0 million tonnes per annum operation with an average production of **117,000 ounces per year** over a mine life of 9 years. A Pre-feasibility study is now in progress. A full feasibility study is also in progress at the company's **Don Nicholas Gold Project** in the emerging Deseado Massif gold district in Patagonia, **ARGENTINA**. To be able to expand its operations on the longer term, the company has built a strong portfolio of 5 more exploration projects in **CHILE** and **PERU**.



Minera IRL looks to be an exciting 'DISCOVERY'. It has brought a mine in production and it is working on the next two possible producing mines. They are showing their ambition to become one of the leading gold producers in Latin America in due time. From their participation in several of the world's most significant mining events, they are working hard to get good quality following from international financial institutions. With their plans, they can't have enough of those; there will be enough to finance. Shareholders looking to have a stake in the interesting mining developments in Latin America should study this one. **I will certainly keep track.**

www.minera-irl.com

M I N I N G I N V E S T M E N T E V E N T S

April 28-30, 2010
LatAm Mining
Coral Gables, FL, USA
www.terrapinn.com/2010/latmining

May 10-11, 2010
Hard Assets Investment Conference
New York, USA
www.iiconf.com

May 20, 2010
Precious Metals Investment Summit
London, UK
www.objectivecapitalconferences.com

June 29-30, 2010
World Gold Investment Congress
London, UK
www.terrapinn.com/2010/gold

opportunities to obtain specific information, meet the experts and managements and expand your networking

C O M P A N Y N E W S

In this section, you will find abbreviated versions of recent news from the SUPPORTING COMPANIES, mining and exploration companies that have committed to be followed closely and to be fully covered in this publication during a 12-month period.
Other companies have chosen to only have their news developments signalled in this section as HIGHLIGHTED NEWS.
You also may find news from GUEST companies that I deem interesting and worthwhile to follow, but that have not committed to be included in this publication.

Robust nature of mineralization at Mineral Ridge shapes up as more drill results come in

Scorpio Gold Corporation

SUPPORTING COMPANY

TSXV-SGN: price Apr 22 – C$0.65

****Scorpio Gold Corporation is focusing on the advancement of the Mineral Ridge Gold project in Esmeralda County, Nevada, UNITED STATES. which has been permitted for heap leach gold processing and production and was in production as recently as 2005. It hosts multiple gold-bearing structures, veins and bodies at both exploration and development level. Scorpio also has exploration projects in CANADA.**

*Scorpio Gold has closed a private placement by issuing a total of 27,775,444 units at a price of C$0.45 for aggregate gross proceeds of C$12.5 million. Proceeds of the offering were used to fund the acquisition of a 70% interest in the Mineral Ridge property from Golden Phoenix Minerals, Inc. and the acquisition of the existing 8% per cent net smelter royalty on the Mineral Ridge property from Mary Mining Company Inc.. The company's interest in the Mineral Ridge property will be held by its indirect wholly owned US subsidiary, Scorpio Gold (US) Corporation, and pursuant to the agreement with Golden Phoenix, the parties have created a joint venture entity to own, explore, develop and exploit the Mineral Ridge property under the name Mineral Ridge Gold LLC whose ownership will initially be 70% Scorpio Gold US and 30% Golden Phoenix. Scorpio Gold has agreed to solely fund all costs of bringing the Mineral Ridge property into commercial production and provided it does so within 30 months, it will have the right to increase its joint venture interest by 10% to 80%.



*Scorpio Gold also reported additional drill results from reverse circulation (RC) drilling in the Drinkwater pit of the Mineral Ridge gold deposit, Nevada. Peter J. Hawley, CEO, Director, said *"We are very pleased with our drilling success to date as we embark on an aggressive three-phase drill program for the property. The results continue to support the robust nature of the mineralization in terms of grades and widths in all areas tested."* The current pit area drilling is first of a three-phase drill program directed to expand and tightly define the mineral resource base. A mineral resource estimate and NI 43-101 technical report is currently in preparation with completion expected in late April 2010. The scale of the three-phase program is as yet open-ended, and any or all of the three phases may be ongoing on at any given time. www.scorpiogold.com

X-Cal's neighbour brings major gold producer to its property adjacing the Sleeper Mine

X-Cal Resources Ltd.

SUPPORTING COMPANY

TSX-XCL: price Apr 22 – C$0.14

****X-Cal Resources is a Canadian company with a portfolio of gold properties in the UNITED STATES, located in Nevada and all 100% owned. The core property is the Sleeper Gold project which has a significant NI 43-101 gold and silver resource and includes the formerly producing Sleeper Mine.**

*NOTE HJK: X-Cal's Sleeper Mine is situated in the Slumbering Hills in Humboldt County in Nevada. The property that is adjoining the north end of the Sleeper Mine is the Awakening Gold Project, owned by Nevada Exploration Inc. (TSXV-NGE). What's in a name? It looks like the Slumbering Hills will not be slumbering much longer. Whereas X-Cal is actively developing the Sleeper property with the objective to get the mine back into production, now Nevada Exploration has signed a LOI with Northgate Minerals Corp. (TSX, NYSE-NGX and forecasting to produce 316,000 ounces of gold in 2010)) whereby Northgate will have the option to earn a 51% interest in the property by funding US$4.1 million in qualifying expenses and making US$435,000 in cash payments over 5 years. If Northgate completes the initial 51% earn-in, Northgate may earn an additional 14% by completing a feasibility report. **I see this as an interesting development which could be of significance to X-Cal's efforts at the Sleeper Mine.** www.x-cal.com



Andean American Mining Corp.

GUEST

TSXV-AAG, FWB-AQN: price Apr 22 – C$0.42

**Andean American Mining, a Canadian company, is actively pursuing gold and silver opportunities in PERU and currently has two key assets: the Invicta gold-silver-copper feasibility stage project and 59% of Sinchao Metals Corp, owner of the Sinchao polymetallic mineralization project.

*Andean American has entered into a strategic relationship with Trafigura Beheer B.V., a privately-held international commodity trader, in regards to the **Invicta Mining Project**. Trafigura has agreed to make an equity investment in the company in the amount of C$3,000,000 and has long term off-take agreements for the sale of the Invicta Project's copper, lead and zinc concentrates. The off-take agreements will provide the company with predictability in cash flow and assist in obtaining financing. Andean American and Trafigura also intend to negotiate a project finance, cost overrun and working capital facility for up to US$15 million currently. This facility is expected to be negotiated with traditional lenders on commercial terms standard for these types of subordinated loans. The company has also granted to Trafigura a conditional option to acquire up to an additional 16% interest in the company.



*Andean American has closed the private placement of 7.5 million shares at C$0.40; proceeds will be used for advancement of the Invicta Project and general working capital. www.andeanamerican.com

Eaglecrest Explorations Ltd.

GUEST

TSXV-EEL, FWB-EAT: price Apr 22 – C$0.64

**Eaglecrest Explorations is a Canadian gold exploration company which owns 100% of nearly 300km² mineral title at the San Simon Gold Project in north-eastern BOLIVIA and has an option on the 180 km² Fredonia project area in the prolific Central Cordillera gold belt in northwest COLOMBIA.



*Eaglecrest Explorations announced a nonbrokered private placement of up to 12,000,000 units at a price of ►

C O M P A N Y N E W S

► C$0.50 for gross proceeds of up to C$ 6,000,000.00. The proceeds from the placement will be used for exploration of gold properties in Bolivia and Colombia and for general working capital purposes. www.eaglecrestexplorations.com

Minefinders Corporation Ltd.

TSXV-MFL, NYSE-MFN: price Apr 22 – C$9.45

**Minefinders is a Canadian mining company with the Dolores Mine in MEXICO as its flagship project. Commercial production of gold and silver started in November 2008 and is expected to produce more than 1.7 million ounces of gold and 64.4 million ounces of silver from heap-leach operations over a 15.5 year mine life.

*Minefinders has been included in the S&P/TSX Global Gold Index and Global Mining Index since March 22, 2010. The S&P/TSX Global Gold Index and Global Mining Index are leading benchmarks of the global gold and mining industry sectors.



*Minefinders received positive drill results from core drilling at their **La Bolsa Property** in Sonora, Mexico. The drill results are positive and will be incorporated into the existing resource for La Bolsa. This updated resource will be used for the construction of the reserve block model used in the pre-feasibility study being conducted with regard to the economic viability of an open pit heap leach mine. Inclusion of these recent drill results is expected to increase the La Bolsa resource and reduce the prospective operating strip ratio.

*Minefinders has received the results of an independently prepared draft pre-feasibility study assessing the addition of a mill at its **Dolores Mine**. The mill addition scenario represents one of a number of mill options under consideration by Minefinders. The results of the study support **progression to a detailed feasibility** study on a mill addition. www.minefinders.com

New Guinea Gold Corporation

TSXV-NGG, FWB-NG8: price Apr 22 – C$0.125

** New Guinea Gold is a premier junior explorer and miner in PAPUA NEW GUINEA, with direct and indirect interests in eight gold and two porphyry copper-gold-molybdenum properties. Gold production has commenced at the 90%-owned Sinivit Mine, and the focus is now focused on expanding production.



*New Guinea Gold re-commenced exploration at the Sinivit Gold Project in early 2010. Drilling has focused on the Northern OxidePit, the Central Oxide Pit and the Kavursuki Prospect. All programs have been successful to date – defining extensions to both the Central and Northern Oxide Pits and defining potentially mineable mineralisation at Kavursuki. The Kavursuki program is ongoing and RC drill testing of the oxide mineralisation will commence in the near future. NGG also plans to complete a 3D Induced Polarisation Survey at Sinivit and surrounding areas to target larger bodies of sulphide (copper/gold/silver/tellurium) mineralisation at depth below the oxide gold mineralisation. This survey is expected to commence in mid April and will take about one month to complete. www.newguineagold.ca

Focus Minerals Ltd.

ASX-FML, FWB-FZA: price Apr 22 – A$0.057

**Focus Minerals Ltd is an Australian gold producer with operations in Coolgardie, in Western AUSTRALIA's Eastern Goldfields. In building a long-term gold business within its 210km² tenement holding in this world-class gold belt, located just south of Kalgoorlie's Golden Mile, gold production comes through ore from the Perseverance Deposit and the nearby Countess Deposit.



*Focus Minerals continues to build on its status as a mid-tier gold producer after delivering outstanding exploration and trial mining results from **The Mount Deposit**, which have enabled the delivery of a **maiden JORC estimated Probable Reserve of 68,000t at 8.6g/t** for **19,200 ounces.** The Mount, which is situated at Widgiemooltha, approximately 80km south of Focus' Tindals Mining Centre at Coolgardie, has a significant Inferred resource of 2.2 million tonnes at 5.5g/t for 314,000 ounces and has already produced in excess of **7,200 tonnes at 9.2g/t** from trial mining over the past four months. This has enabled the production of some **2,150** ounces from The Mount to date, with production for the year expected to be **10,000** ounces. Focus Minerals has set its goals at rapidly increasing production by expanding further into the presently known 300m footprint of The Mount complex and enabling access to the full **300,000 ounce** resource base. Focus' CEO, Campbell Baird, said the result had far reaching ramifications over and above that of providing additional feedstock for its recently commissioned 1.2Mtpa Three Mile Hill gold processing facility. www.focusminerals.com.au

Kingsgate Consolidated Limited

ASX-KCN: price Apr 22 – A$8.830

**Kingsgate Consolidated Limited is an Australian low cost gold mining and exploration company, operating the Chatree Gold Mine in central THAILAND. A growing reserve/resource position within granted mining leases lies in a gold province which exhibits world class potential, with recent near mine gold discoveries.



*Kingsgate reported that the Chatree mine operations continue as usual as they are located some 300 km north of Bangkok in central Thailand and are not affected by political demonstrations in Bangkok. The Chatree mine has operated for over eight years since its opening and no stoppages have occurred due to any political changes. *New gold zones and deeper extensions to veins beneath the currently mined out pits at Chatree show the potential for re-opening these mining areas in the near future. Recent drilling identified new gold mineralised veins around the previously closed D Pit and S Pits at Chatree. Drilling is proposed in other mined out pit areas at the original Chatree Mining Lease. Mineralisation first reported in January 2010, has been intersected over **330m of strike,** averaging **10 – 20m wide** and assaying up to **2.6g/t gold**.

Another new vein, closer to surface near D Pit, has been intersected over 150 metres laterally, averaging 10-16 metres wide and up to grams/tonne gold. Both of these new veins near D Pit are open to the north and at depth. The original main vein extension at D Pit has been extended at depth beneath the previous pit floor with results including **13m at 2.3g/t gold**. Nearby drilling beneath the previously closed S Pit also shows an extension of the vein beneath the pit floor, reporting up to **2.1m at 25 g/t gold**. Drilling recently commenced under the previously closed H Pit at Chatree. Initial drilling results include **8m at 3.4g/t gold.** These drilling results in new and extended gold veins indicate the potential to re-open previously mined out pits at Chatree at currently higher gold prices. Most of these pits were mined when the gold price was between US$300 – 600/ounce. Drilling will be conducted over the coming months around all of the prior closed pits. www.kingsgate.com.au

ZURICH GOLD PRICE PREDICTIONS ALL CAUTIOUSLY OPTIMISTIC

The Denver Gold Group's European Gold Forum is generally recognized as one of the prime gold events in Europe. Every year, an impressive crowd comes together and European bankers and investment managers mingle with notorious gold analysts and executives of gold producers from all parts of the world. To my regret, I had to give preference to other assignments but fortunately, editor Lawrence Williams of Mineweb was there and wrote about what he heard. Apparently there were no shocking predictions on the positive side or warning on the negative side. But, as the heading of this article indicates, the feeling was optimistic in general. Lawrence's observations, as always, are worth presenting. (HJK)

LAWRENCE WILLIAMS



REPORTING

No major gold conference is short on price predictions, and sometimes they can vary widely, but at this year's Denver Gold Group European gold forum, the keynote experts were all extremely consistent. All were cautiously optimistic that the price would indeed rise in 2010, but none were predicting any big increases.

The latest to speak was Philip Klapwijk, Executive Chairman of GFMS, continuing the launch of this year's GFMS annual gold survey - generally considered to be the most authoritative of these analyses of the gold mining sector. This survey has been well covered on Mineweb, following the official launch in London, Toronto and Johannesburg so it remained to be seen whether Klapwijk would add any additional meat in his presentation.

To a greater or lesser extent, the answer to that was No! The salient figures from the publication were disseminated to the audience and GFMS's take on the fundamentals which, depending on how one reads them could be taken as being either positive or negative for the gold price going forwards. A huge rise in scrap supply last year and a fall in jewellery consumption was countered by a similarly huge rise in investment demand and a drop in official sales to 'trivial' levels and gold dehedging. The big question is whether any of these elements will be repeated in 2010 and with 3 months figures to go on some trends are already beginning to show. Jewellery demand is beginning to come back again, but apparently aided by a further big increase in Chinese demand in the first quarter. Scrap sales are continuing at a high level, while investment demand, although still strong, may be beginning to flatten out - although Klapwijk expects a good level to continue through 2010/2011.

GFMS saw mine production rise last year for the first time in three years - this had been mostly negative or flat for around seven or eight years - but is still unsure whether this represents a trend or if it is a blip in a continuing downgrading of output. While GFMS sees another small increase ahead this year, Klapwijk feels that this may not be continued at least for the next few years, but expects mine output to remain pretty flat overall.

While there are thus still some big unknowns going forward it comes down to a gut feel as to whether the price will rise or fall on a pure fundamentals base and Klapwijk and GFMS favour the cautious increase scenario with possible weakness over the northern summer months, perhaps exacerbated by a period of relative strength in the US dollar, followed by a run up later in the year with the possibility of reaching perhaps $1300 by December - but not with any real confidence. Average price for the year is seen as around $1170.

There are, Klapwijk asserted continuing economic problems facing the western economies, but these could impact either way on the gold price. Economic uncertainty, the continuance of low or negative interest rates as the economy stubbornly refuses to rise out of recession - both could be considered positive for gold, but if there is a double dip ahead, as some fear, then liquidity problems in the financial sector could lead to a gold sell-off - as happened in late 2008 - although again this would probably not be as severe as the potential sell-off in other stocks and commodities!

But all the above was effectively set out in the GFMS annual survey and perhaps some new information would be forthcoming in a short Q&A session and this did elicit some personal opinions of interest. When questioned about the likelihood of additional Chinese and Indian central bank purchases from the IMF, Klapwijk felt these were unlikely. He felt if India was going to buy more it would have taken the whole 403 tonnes at the outset, while he did not feel the Chinese would at least overtly buy gold from the official sector. To be seen to be doing so could damage the US dollar and given the size of the Chinese dollar holdings, this would not seem to be a sensible move.

Questioned as to whether he felt the Chinese were buying gold anyway, but keeping it in another pot which they did not report as official gold holdings he did admit that this was possible, but that questioning Chinese contacts on this the general consensus was that this was not the case - at least as far as the huge inflow of gold into China during the first quarter of this year was concerned - although perhaps the question of whether China was increasing its holdings from its own domestic production, was less clear from the answer.

Gold manipulation: As with Dr Martin Murenbeeld the day before, the question of whether he felt the gold price was manipulated by governments and the bullion banks was posed and received a quick negative response.

All in all an interesting presentation but not one which added much, if any, new information. The generally cautiously bullish tone echoed other speakers at the meeting - and that of the mainstream gold investment and analysis community.

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FEATURED ARTICLE

US GOVERNMENT OFFICIALLY RECEIVES EVIDENCE OF GOLD AND SILVER PRICE MANIPULATION

by Patrick A. Heller



I try to write eye-catching headlines for my newsletter while trying to avoid being overly dramatic. This month, it can't be helped. The reality of multiple recent sensational news developments is bound to have a strong impact on gold and silver prices. You need to know about and understand what is happening so that you can take prompt action to protect your own finances.

On March 25th, the US Commodity Futures Trading Commission (CFTC) held hearings on the possible imposition of commodity futures and options trading limits in the precious metals markets. Fourteen speakers accepted invitations to make presentations.

This hearing came about in part because of long-term complaints from organizations such as the Gold Anti-Trust Action Committee (GATA) and individual analysts such as Ted Butler, Reg Howe, James Turk, Frank Veneroso, and Adrian Douglas that the gold and silver commodity markets have been subject to blatant extensive price suppression manipulation by the US government and its trading partners.

Speakers included Bill Murphy, chairman of GATA, and Harvey Organ, an individual investor. Murphy was given five minutes to document the history of gold and silver price suppression. To provide the maximum information possible into the official record of these proceedings, Murphy raced through a longer speech in just five minutes. It was not graceful, but Murphy introduced a lot of evidence into the record that CFTC officials can no longer pretend not to know. After his remarks, Murphy was asked by CFTC commissioner Bart Chilton for specific instances where such manipulation had occurred. This was the opening for Murphy to reveal a bombshell.

In November 2009, Andrew Maguire, a former Goldman Sachs silver trader in their London office, had contacted the CFTC Enforcement Division to report the illegal manipulation of the silver market by traders at JPMorgan Chase. He described how these silver traders bragged openly about their actions, including how they gave a signal to the market in advance so that other traders could make a profit during the price suppressions. Maguire had a series of emails with Eliud Ramirez of the CFTC Enforcement Division explaining how the manipulations were tied to the Bureau of Labor Statistics monthly release of non-farm payroll figures and other recurring events. On February 3, 2010, Maguire sent an email to Ramirez and commissioner Chilton saying that JPMorgan Chase had signalled that the price of silver would be knocked down upon the announcement of the non-farm payroll report at 8:30 AM on February 5. Maguire then sent them emails on February 5 as this suppression was in process, pointing out that it would not be possible for him to have such accurate advance information if the markets were not actually being manipulated by JPMorgan Chase. Silver on the COMEX closed at $16.74 on February 2 and at $14.82 on February 5, a drop of 11.5%, so this manipulation caused a significant loss to those whose margin accounts were sold out by this move.



Maguire had asked to be invited to speak at the CFTC hearings. When he was not, he contacted GATA on March 23 to ensure that this information was made public at the CFTC hearings. When I met Murphy at the ANA National Money Show two days after the CFTC hearings, he told me that the CFTC commissioners all went pale as he described exactly how the CFTC was provided this detailed information about silver price manipulation but had done nothing about it.

During Harvey Organ's presentation, a question came up about whether large short positions on the London Bullion Market Exchange also reflected efforts to suppress gold and silver prices. Adrian Douglas, a researcher in oil, gold, silver, and copper markets who is a member of the board of directors of GATA, was permitted to address the hearing on this issue, a subject he has studied extensively. Douglas pointed out that the huge volume of trading levels in the London market (averaging $22 billion per day) could not possibly be settled by delivery of physical metals.

To this point, the commissioners asked Jeffrey Christian, one of the other speakers who runs CPM Group (one of the most respected precious metals consultancies) whether Douglas's contention that the London gold and silver markets could not be settled by delivery of physical metal for all the contracts. Christian rejects the concept that the gold and silver markets are being manipulated, but he did confirm Douglas's analysis.

Contracts on the London market are theoretically only supposed to be settled by delivery of physical commodities. In effect, the commissioners were told that almost all of the gold trading activities were merely settled by paper for paper, not for physical metals. Further, the commissioners were told that it was impossible for the London exchange to deliver all the gold and silver owed to the owners of contracts as the amounts owed exceed several decades of future global mining output.

After the hearing, GATA publicly released copies of Maguire's emails with the CFTC. They also revealed that Maguire had recorded all of his telephone conversations with the CFTC without asking for their permission to do so. This is legal to do in Britain, but such recordings cannot legally be provided to other parties. GATA is currently working to ensure that these recorded conversations can be legally released to the public.

Now that this information about silver price manipulation and about the massive shortage of physical gold and silver on the London exchange is part of the official record, I expect huge fallout. Remember, after the five men were arrested for breaking into the Democratic National headquarters in Watergate in June, 1972, it took more than two years for President Nixon ▶

F E A T U R E D A R T I C L E

US GOVERNMENT OFFICIALLY RECEIVES EVIDENCE OF GOLD AND SILVER PRICE MANIPULATION

► to resign. I don't think it will take anywhere near that long for last Thursday's revelations to blow back against the US government and the US dollar. Once the public realizes the extent of the manipulation, gold and silver prices are likely to skyrocket.

I expect that the trail of gold and silver price manipulation will eventually be traced back to the US government, potentially resulting in the largest political scandal since Watergate! It is not beyond the realm of possibility that this development may lead to the crash of the US dollar. I think the CFTC hearings will be the beginning of the end for those trying to suppress gold and silver prices.

If you would like to view what happened yourself, please check the CFTC video clips at http://www.capitolconnection.net/capcon/ cftc/032510/CFTCwebcast.htm.

Has The Fallout Already Started?

I believe that the fallout from the CFTC hearings has already started. Since the hearings, there are persistent rumors that JPMorgan Chase has been covering some of the silver short positions in the past two weeks, which could explain why the spot price of silver is up almost 10% recently. Another rumor is that HSBC, the bank considered as holding the largest short positions in the gold market, is also covering some of these short positions. If true, this would help explain the roughly 5% rise in the gold price since the CFTC hearings.

Actually, the representative of HSBC who spoke at the CFTC hearings has already has been caught lying. He claimed that there was a huge volume of physical gold available on the market and that HSBC stood ready to accept an order for one million ounces, with delivery in one business day. Well, I have received a report that someone did recently try to place an order for one million ounces of gold with HSBC through the London Bullion Market Association. After three days, HSBC (and every other market maker in London) had still refused to even accept the order, much less take steps to affect fast delivery.

The information provided by Murphy and Douglas to the CFTC has been subject to almost a total blackout by the US mainstream media. However, there have been several financial writers who, for the first time, have taken note of the information about the manipulation of the gold and silver prices. I expect coverage of this issue will grow over time, building pressure for more of the truth to be revealed. Actually, there has been significant coverage of this story by the international media. Murphy has been interviewed for television broadcasts and newspaper stories across Europe, including Russia. There is heavy internet traffic in China as well.

Perhaps the most important result we are starting to see is the further deterioration in confidence of the future value of the US dollar. Two days ago, the interest rate on US 10-year Treasury debt briefly topped 4%, its highest level in nine months. As I write this, it is just below that threshold. The US government, behind the scenes, has been doing everything possible to keep this key interest rate below 4%. A rising interest rate is a signal to foreign buyers of US Treasury debt that the value of the dollar is at a higher risk of a near term decline in value.

A higher 10-year Treasury debt interest rate would negatively impact the ability of Americans to buy homes or invest in job-creating businesses. It would also alert people that the effects of the US government's massive inflation of the money supply, to finance huge budget deficits, might begin showing up in sharply higher consumer prices. I speculate that there is a lot of fear among the upper echelons in Washington right now over this rising interest rate. It is so important that President Obama was compelled to speak on Monday to call for the Chinese to allow their currency to trade at "free market levels." In effect, the president is already trying to deflect the blame for the forthcoming falling value of the dollar.

The US dollar has looked strong so far this year, but pretty much only in relation to European currencies such as the British pound, Euro, and Swiss Franc. In the past few weeks, the US dollar has declined against the Canadian dollar, Mexican peso, many South American currencies, and most Asian currencies other than China and Japan, which I think gives us a clue where the dollar is generally headed.

At the beginning of this year, I anticipated that the price of gold would top $1,300 by the end of March. Later, I pulled back on that prediction, saying only that I expected it to surpass the former all time high of a bit over $1,200 set in early December 2009. That didn't happen—yet.

The best information I have is that the US government and its trading partners engaged in such extensive and blatant manipulation of gold and silver prices thus far in 2010 that they succeeded in restraining precious metals prices in the first quarter. But it looks like all of this effort will soon be for naught. Gold, silver, platinum, and palladium prices are moving upward. They won't go in a straight line. I now expect that gold will reach a new all-time high price (ignoring inflation) by the end of April and that silver could break through the $20.00 level to stay.

Further, I expect that demand for physical metals will rise as holders of "paper gold and silver" realize their contracts may not actually represent ownership of gold and silver. This could result in something like a two-tier market, where the prices of physical metals are far higher than prices for London or COMEX contracts, shares of exchange traded funds, or certificates of storage. If you want to own gold and silver for insurance against further calamities to your paper assets like stocks and bonds, I urge you to act right away. Next month may be too late.

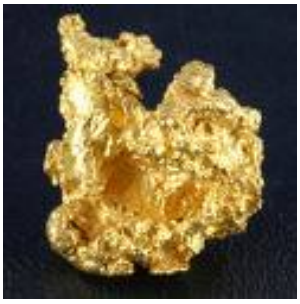
Liberty's Outlook

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owns Liberty Coin Service in Lansing, Michigan, USA., and writes "Liberty's Outlook," the company's monthly newsletter on rare coins and precious metals subjects. Past newsletter issues can be viewed at http://www.libertycoinservice.com.

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G O L D N U G G E T S



EUROPE: *The Eurosystem's reserves of gold and gold receivables increased EUR19.8 billion to EUR286.699 billion in the week ended April 2, the European Central Bank said. The change reflects quarterly revaluation adjustments, as well as customer and portfolio transactions carried out by Eurosystem central banks, the ECB said. The Eurosystem's reserves of net foreign currency increased EUR9.6 billion to EUR170.9 billion during the period. The ECB said cash in circulation increased EUR10.4 billion to EUR801.7 billion. The Eurosystem consists of the Frankfurt-based ECB and the 16 euro-zone national central banks.

AUSTRALIA: *Whereas the world's focus was on the eruptions from the Iceland volcano's, mother nature also wanted to be noticed elsewhere. A 5.0 magnitude earthquake struck the major gold-mining region in the west of the continent. Roofs were coming off their buildings, hotels lost their balconies in an area where more than 50 mines operate in Kalgoorlie, 595km east of the Western Australia state capital of Perth. According to Paul Howes of the Australian Workers Union, all mines were evacuated and all miners accounted for. After all the safety checks were done, the biggest gold mine, Kalgoorlie's Super Pit, its management, Kalgoorlie Consolidated Gold Mines decided to reopen again. The Super Pit gold mine is owned 50-50 by Newmont Mining Corp and Barrick Gold and produces about 850,000 ounces of gold a year.

*In another development, La Mancha Resources Inc. (TSX-LMA) poured its first gold dore bar from ore mined at its 100%-owned White Foil mine near Kalgoorlie, in Western Australia. Dominique Delorme, President and CEO of La Mancha, stated: "Inaugurating our second Australian gold mine within a 24-month span is a very symbolic milestone, as it highlights our continued ability to successfully deliver our business plan within our set objectives and timeline. With the addition of a fourth mine to La Mancha's gold asset portfolio, we are even better positioned to reap the benefits of a gold market supported by strong fundamentals." Mining operations, which began on March 4, 2010, are running on schedule, with 54,036 tonnes at 2.32 g/t Au already mined as of April 16th, 2010. The White Foil mine remains on schedule to produce between 13,000 and 16,000 ounces of gold for 2010.

BURKINA FASO: *The country expects to almost double its gold output this year to 22 tonnes from 11.7 tonnes last year, the West African country's Mines Minister Abdoulaye Kader Cisse said. Production has risen sharply from 5.5 tonnes in 2008 as new mines come on stream, and since the start of this year gold has replaced cotton as the country's most valuable export. "Since January 2010, gold has not only become our country's most important export, but the outlook for the sector is also very promising," according to Cisse. Much of 2010's production growth will come from Iamgold's Essakane mine, which is expected to come on stream later this year.

COLOMBIA: *AngloGold Ashanti, the world's No. 3 gold producer, could invest $2.5 billion to $3 billion to build a gold mine in Colombia if feasibility studies show the project is viable, a top executive said. "It depends on the size of the project but potentially the company could invest as much as $3 billion," Rafael Herz, head of AngloGold in Colombia, said in an interview on the sidelines of a mining conference in Bogota. Colombia has granted a partial permit to AngloGold to explore the La Colosa goldmine in Tolima department, but the company is still waiting for a water permit from local authorities. Herz said AngloGold expects to invest $250 million in exploration at La Colosa in the 2010-2012 period.

UNITED STATES: *The US Environmental Protection Agency (EPA) is proposing to cut emissions from gold ore processing and production facilities, the sixth largest source of mercury air emissions in the country. EPA's proposal would reduce annual mercury emissions to about 1,390 lb/y - a 73% reduction from 2007 levels. This action will build on reductions from Nevada's successful program for controlling mercury emissions from precious metal mining. This is one of several steps EPA is taking to reduce mercury, which can damage children's developing brains and nervous systems, even before they are born. "Taking mercury out of the air makes our communities safer for everyone," said Gina McCarthy Assistant Administrator for EPA's Office of Air and Radiation. "Our proposal will further progress that has already been made to limit mercury emissions from this industry." There are about 20 facilities in the US that extract gold from ore that would be subject to the proposed rule. Some facilities in Nevada already are making significant progress toward the proposed reductions under that state's program.

RUSSIA: *Russia's gold and foreign exchange reserves rose to $456.3 billion as of April 16 from $448.6 billion a week earlier, central bank data showed. Russia holds the world's third-largest reserves.

SOUTH AFRICA: *Official data indicated that gold output fell 9.2% in volume terms and total mineral production rose 5.8 percent in February compared with the same month in the previous year.

"As inflation rears its ugly head and future demand for gold promises to overwhelm mine supply, gold's price will launch a parabolic rise from current levels in the near future. Gold has much, much further to go."

(John Embry, Chief Investment Strategist at Sprott Asset Management)
