HALLGARTEN & COMPANY

Portfolio Strategy

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Model Mining Portfolio:
Dumpster Diving

Performance Review – April 2012

Model Mining Portfolio

Dumpster Diving

- + Copper rebounded to the $3.80 mark after a brief trip to the $3.60-range. Can't keep an old Doctor down..
- + Uranium would appear to us to be ready for an upswing as the Japanese nuclear industry comes back on stream and the over-riding dynamic of potential shortages comes back into focus.
- + Every week brings an M&A transaction of note but not enough to satisfy the vast army of "wannabe bought" companies in the mining space
- + We suspect the broader mining market is ready for an upturn
- × The financial drought now seems to be effecting activities at Canadian mining companies with programs being curtailed and staff being let go. IR efforts are almost exclusively deal-driven as funds get tighter
- × The Argentine grab of YPF had negative repercussions for mining companies operating in the market

Rock Bottom

Just when you thought it could not get any worse in the mining space and then it did… While metals prices were not looking bubbly neither were they particularly weak either. As we have noted recently copper has been firm most of this year above $3.80 per lb, while Lead and Zinc meander about between 90 cts and $1 per lb. Gold and silver seem to be comfortable above $1600 and $30 per ounce respectively. So what's not to like?

The metals space seems to have got itself into a bind where even the metals prices don't matter and the vast heaving mass are demanding from the market more money in financings and long term holders than is out there. If the mining market is hooked on QE-type drip-feeds then there is a moment of truth coming up rapidly if Central Banks do not oblige them. There are too many stocks chasing too few investor dollars. There are too many producers that are hoarding cash instead of sending it back to investors as dividends for reallocation to other up and coming stories. In M&A there are too many targets and too few acquirers that any one deal does not do anything to clear the market or lift any of the other targets. In another less crowded market space a deal like last week's acquisition of Trewlawney by IAMGold would have caused some knock-on effects but instead the effect is more like a tree falling in a very large forest.

However, having said all that we would make the rather unscientific pronouncement that we suspect a turn is about to occur. It will be the cumulative effect of metals prices failing to weaken, a build-up in cash positions, rising equities away from mining (in the US particularly), new funds being launched in the mining space (for the first time since the 2008 debacle) and the severe undervaluation that has opened up between producers and the underlying metals that could produce a rerating in the space. This does not mean a first order recovery in financing activity though, however the race is not on for fixed income business in mining (something the Canadian market has been poor in providing) and a burgeoning of the offtake avenue with trading houses/end-users driving base metals deals and a widening group of VPP players who fancy themselves as the next Silver Wheaton in the precious metals space. This gives us more than a few reasons to be cheerful, or less gloomy, at this point.

Don’t Cry for Me, Repsol

As more than a few are aware, our other area of expertise beyond mining was all matters Argentine. Covering that market has largely been a thankless and unprofitable task for years now but beneath the surface of bad press the mining boom has rattled along with rising production and some stellar transactions like Pan American Silver’s takeover of Aquiline and Goldcorp buying Andean Resources. A pall however has been cast across the Argentine stories (beyond the clouds form the currently dismal markets) by the “out of the blue” “nationalization” of YPF. We note the surprise element in inverted commas as the event should not have been a surprise to Repsol or anyone else and “nationalisation” because it is not clear that that is the way this will pan out in the long term.

Glib assertions of “history repeating itself” in Argentina merely scratch the surface, as nationalisations of this scale have not really taken place since the British-owned railways were acquired for a very pretty penny by Peron in 1947. Seizures by the State in recent decades have been limited to the government taking out some of the more egregiously failed privatisations of the 1990s such as Aguas Argentinas and some electricity utilities. A common theme of these has been underinvestment and excessive dividend policies back to the mother-ship in Europe (indeed the same could be said of the railways in 1947).

To understand the background to the current event one must also dust off the history books but the layer of dust is not so thick. Let us go back to the late 1990s when the privatized YPF (not controlled by anyone, except with a small residual stake by the Federal and provincial governments) was doing very nicely indeed. It was expanding across the continent, finding new deposits, modernizing, slimming down. A textbook model…. and in fact way better managed and viewed than the Petrobras of those days which was just a government cypher. Then along comes Repsol, having bought the energy group Astra and hovered up the EG3 service station/refining group, it suddenly lurched at YPF. By all measures Repsol’s bid should not even have been countenanced. Would Exxon or Total stand a snowflakes chance in hell of bidding for Petrobras either now or back then? No way.. For PDVSA or for PEMEX? Likewise… International investors loved YPF and its CEO Jose Estenssoro, until his untimely end. There was no push for YPF to be “sold off” and the stock was not in play. One of the reasons why the stock was not in play was because the conditions of its privatization meant that the government had to approve a stake-build above a certain percentage and thus had a veto.

Now we come to the reason why even hardcore enemies of Cristina cannot squeeze out a tear for Repsol. Well may you ask yourself why YPF was sacrificed on the altar of expedience? The government, if memory serves us right had a residual stake at that time worth maybe $2.5bn. In light of the external debt it was neither here nor there and the banks of Wall Street would have been more than happy to place this rump. So what did Repsol offer and to whom to get the Golden Share annulled? It goes on though for Repsol with YPF and EG3 rocketed to over 60% market share of the country’s service station market. It was supposed to divest this a big chunk of this.. years went by.. no pressure… no action… thank you very much.

Fast forward to the mysterious sale of a chunky minority stake to what is now being termed an “oligarchic group” under the aegis of the Kirchner government. Real Argentine oligarchs had to do a double-take on these “oligarchs” as no one had ever heard of them. We were told they were well-resourced but now it comes out they borrowed most of the money that they paid for their stake and even then that stake had been at a bargain basement price because Repsol had the look of being a “forced seller” (and it wasn’t the market doing the forcing…). Few in Argentina could resist the temptation of seeing the ghosts of Jorge Antonio and Alfredo Yabran in this latest appearance of “just add oil” oligarchs. The cynical saw the “new oligarchs” as a sort of convoluted Presidential pension package (you can go figure.. it doesn’t take an Argentine long to work it out).

Then we had the swirling talk of Sinopec apparently ready to pounce on Repsol’s residual share of YPF and that Repsol was very partial to these overtures (not withstanding its recent weeping about not being owners of YPF anymore). Hang on… if Repsol sold out to Sinopec then that removed the opportunity for the current crew at the Casa Rosada to repeat Menem’s annulling of the Golden Share (which miraculously is not being talked about as never having gone away..). What better than to snaffle the Repsol shares in YPF and arrange the sale to the Chinese with the smoke and mirrors of the annulment being the gift that keeps giving for indigent President’s and their families? So when a few days after the “takeover/seizure”, Repsol warned that it would sue anyone who rebought the YPF asset, who on earth could they have been talking about?

So watch this space for all, or part, of Repsol’s YPF stake to be flipped to the Chinese and a Gnome in Zurich receiving some good news on his assets under management, curiously, around the same time.

The Portfolio Move

The market mood continued to be sour further damaging the Model Mining Portfolio’s value over the last four weeks. It had a valuation of $5.168mn on the 30th of March 2012 and now stands at USD$5.031mn, of which some USD$2.224mn is the net cash position.

Portfolio Changes

The changes in the portfolio during the past month were:

- ✓ Added a Long position in Quantum Rare Earths. Purchased one million shares in QRE.v at CAD 14 cts on the 27th of April
- ✓ Added a Long position in Strathmore Minerals. Purchased 250,000 shares in STM.to at CAD 40 cts on the 27th of April.
- ✓ Added a Long position in Everton Resources. Purchased 1,000,000 shares in EVR.v at CAD 7.5cts on the 17th of April
- ✓ Closed our Long position in Lion One Metals. Sold 100,000 shares in LIO.v at CAD 85 cts on the 17th of April
- ✓ Closed our Long position in NWM Mining. Sold 1,000,000 shares in NWM.v at CAD 0.65 cts on the 17th of April

We exited our position in Lion One as we came to the conclusion that the company did not seem dedicated to moving towards production. Meanwhile, our long-held takeover target NWM Mining despite looking exceedingly vulnerable and having a management supposedly interested in selling had not been able to elicit as much as a nibble. Thus we decided to exit the situation.

Norton Goldfields should disappear next month as it is subject to a takeover offer.

Quantum Rare Earths (QRE.v) – back to basics

Sitting through another presentation by a Rare Earth company talking about their carbonatite is somewhat akin to that old torture of fingernails scraping across a blackboard. The very words "Rare Earths" in a company's name is a severe downer that produces mood deflation for investors in an age where further mood deflation is the last thing one wants.

Quantum has sometimes drifted in and out of our line of sight but never got the pulse racing. However, like so many Rare Earth companies it either had a property as an original *raison d' être* that was not the Lanthanide series or hid some other light under a bushel just in case things went wrong in the REE space. For most players the secondary game was Uranium and that is scarcely anything most would want to crow about but in Quantum's case the back-up plan was Niobium.

Niobium (Nb) is another metal that is scarcely the word on everyone's lips as the main listed exposure to it is via Iamgold's Niobec subsidiary which operates in Quebec. Recent talk has indicated that IAG intend to float this off in the public markets. This should give the metal a much stronger public awareness than hitherto where it has just been a bonanza earner for IAG. Brazil is the world's largest producer of niobium (92%), followed by Canada. Brazil has two of the largest niobium deposits in the world, the Araxá and the Catalão deposits. The Araxá mine is operated by CBMM, where decreasing grades are increasing operating costs at the mine. The Catalão mine owned by Anglo American Brazil, may run out of ore if the deposit size cannot be increased.

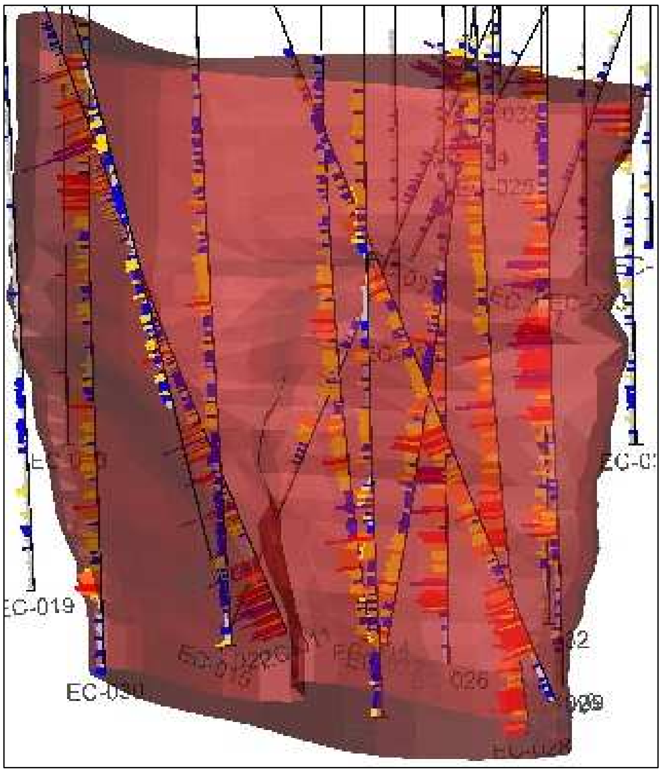
Niobium is an alloying agent which, when added to steel, creates a material with substantial benefits in the production of high grade steel. Steel containing niobium has many properties making it stronger, lighter in weight and highly resistant to corrosion. Adding niobium to steel also creates steel with a higher melting point. Ferroniobium (66% Niobium, 34% Iron) represents over 90% of world niobium production. Molybdenum and vanadium can be substituted for niobium in some applications, but a performance or cost penalty may outweigh substitution. For many applications, such as some super alloys and oil and gas pipelines, there are no substitutes for niobium as the niobium allows for withstanding extreme pressures. Niobium demand has increased on average 10% a year for the past decade, with growth forecast to continue in similar fashion in the coming decade. Niobium prices have increased in line with this growth. Interestingly it ranks sixth of the BGS survey of Critical Metals, one place behind Rare Earths in criticality of supply.

Quantum's main asset is the Elk Creek project in South East Nebraska (an hour south of Lincoln), which curiously enough is a former Molycorp project. We might note that MCP is now a Nb processor with its Silmet plant in Estonia but it does not own its source of supply for that operation. Molycorp left Elk Creek in the early 1990's when it abandoned its exploration efforts to focus on the Mountain Pass project in California. Some 150,000 feet of historical drill core is still extant (most of which is stored at the University of Nebraska in Lincoln) from 113 holes drilled by Molycorp in the 1970s and 80s. Quantum has since taken up where Molycorp left off.

The USGS has commented that Elk Creek is potentially one of the "largest global resources of Niobium". The 3D graphic at the right shows the conceptual appearance of the Nb-bearing carbonatite. Some metrics on the deposit include:

- ✓ 19.3 Mt @ 0.67% $Nb2O_5$ - Indicated and 83.3 Mt @ 0.63% $Nb2O_5$ - Inferred
- ✓ Indicated resources of 129,182,000 kg of contained $Nb2O_5$ and an Inferred resource of 523,844,000 kg of contained $Nb2O_5$

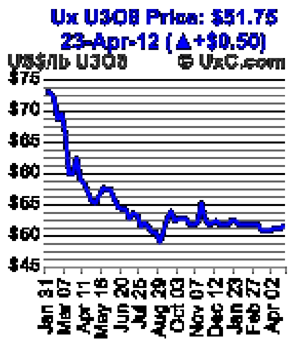
In August 2011, Quantum released results of three holes that were the first holes to be drilled across the deposit with a highlight of 131 m Nb_2O_5 grading 1.02%. To put this in perspective the resource at Niobec grades at 0.53%.



Source: Quantum Rare Earths

The attraction for us at Quantum is the Nb content. Another carbonatite with REE does nothing for us, and clearly the management at Quantum clearly feels the same (name change anyone?). With a resource of this size in a strategic metal AND located in the United States, we start to ponder who might want to make a move on this company and one candidate looks obvious if it can get over the fact that this was the "one that got away" before (though more like the fish they let go on "catch and release"). We have added a Long position to the Model Mining Portfolio with a 12-month target price of $0.60.

Strathmore (STM.v) – second time around



This uranium stock was for a year our main uranium play until we became wary of the sector in 2010 and departed with a loss from the holding. Call us crazy but there is something about uranium these days that gives us the feeling that a turn is imminent. The price chart at the right shows that after the Fukushima debacle the mineral tanked but then curiously stabilized and has held mighty firm over a year. This could be ascribed to investor boredom but we would note that the Japanese reactors are gradually been brought back on line and the Germans are suffering for their precipitate action in mothballing so much of their own production (and then rather hypocritically acquiring nuclear generated power from the French!). We suspect that reality will start to dawn on the

Germans when the alternative is coal-fired energy or reliance upon the fickle supply of natgas from Russia which must transit various countries where rancorous relations with Russia have disrupted supply in recent years.

Strathmore Minerals (STM.v) was our first uranium play in the Model Mining Portfolio. After we exited that position our sole exposure has been the physical uranium ETF (Uranium Participation Corp). We have long believed that most of the juniors from the last ditzy period for Uranium are going to be treated like spent fuelrods and buried for eternity (though many resurfaced as REE stories and only succeeded in delaying the date of their eventual demise). Out of the rest of the Uranium plays only less than a handful of the near-producers deserve to attract investors' attentions. Rightly or wrongly UEC has surge to the front of the pack but we believe that Strathmore has just as good assets in its mix as UEC and that it has seen a much less frenzied environment around its share price.

Strathmore's core projects are located in the two largest historical uranium producing regions: the Grants Uranium District in New Mexico and the Gas Hills Uranium District in Wyoming.

Strathmore is advancing two core uranium development projects towards production: Roca Honda in New Mexico and the Gas Hills in Wyoming. In 2007, Roca Honda was partnered with Sumitomo Corp of Japan under the jointly-owned subsidiary Roca Honda Resources. In October 2009, the JV submitted its mine permit application for Roca Honda, which was deemed "administratively complete" by the regulatory agencies, and is now undergoing technical review. Roca Honda represents one of largest and highest grade proposed uranium mine in the United States in over thirty years. The Company expects to submit its Gas Hills mine permit application in 2012.

The winning feature for us with Strathmore, beyond its properties and the siting in a mining friendly state, is its management. A goodly part of the senior people are ex-Utah Corp (later bought by BHP-Billiton) and are veterans of the real Uranium mining world of the 1970s. This makes for an experience heavy team with the suitable gravitas to carry a project along the long-haul required to get these types of deposits to producing state. Thus we have re-added Strathmore to the Model Mining Portfolio as a Long position with a 12-month target price of $1.00.

Everton Resources (EVR.v) –graphite-powered gold exploration

The Dominican Republic is starting to come up on radar screens as a producing location for sizeable gold mines. The country has excellent mining infrastructure with modern deep water port facilities> the weather, except for the short hurricane season, permits year-round exploration and mining. The existence of several other mines means there is a skilled local labour force, which is also relatively inexpensive. The government's policies are both pro-mining and pro-foreign investment and there is a well-established competitive mining code.

Goldquest (GQC.v) had been a stock we had dialogued with over the years and then Perilya Mines' (PEM.ax) purchase of Globestar Mining last year also perked up our interest. Finally Everton Resources, an exploration company based in Ottawa, presented to us and we were intrigued by its proximity to the massive Pueblo Viejo mine being brought to production by Barrick. It is not often that one gets to surround a Barrick operation (at least below 3,000 metres asl).

Everton's primary focus is its gold, silver and copper properties in the Dominican Republic where it has six projects. These are:

- ✓ APV Project (100%)
- ✓ La Cueva (100%)*
- ✓ Ponton (100%)*
- ✓ Cuance (50%) J.V. Perilya (formerly Globestar)
- ✓ Los Hojanchos (50%) J.V. Perilya (formerly Globestar)

And it has its Quebec project:

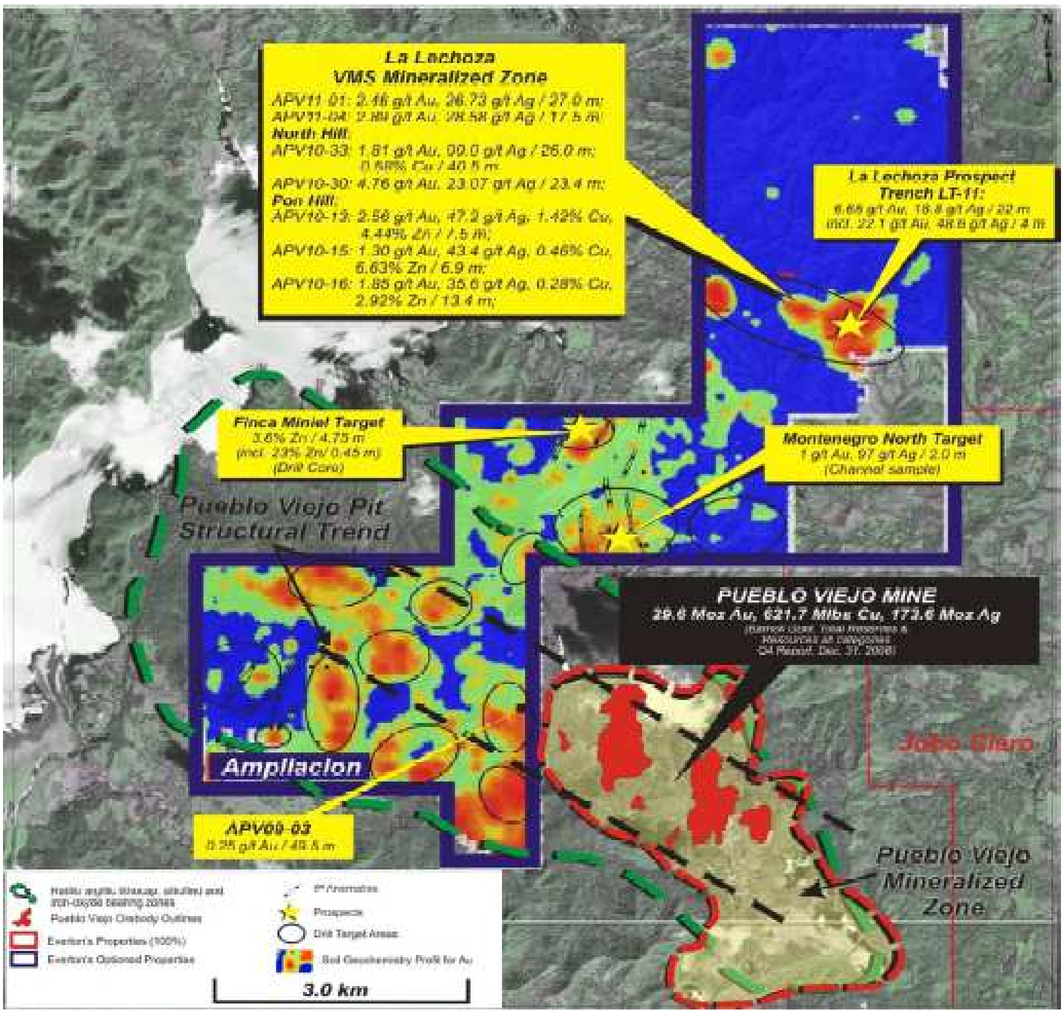
- ✓ Opinaca (40%) J.V. with Aurizon Mines (Aurizon earning-in through $3.6m expenditures on exploration)

In the DR, it has land claims extending for more than 300 km² (shown on the map below).

Source: Everton Resources

The bulk of the properties are in the central highlands of the country in rather close proximity to three major mines, namely Barrick's Pueblo Viejo, Perilya's Cerro de Maimon and Falcondo of Xstrata.

Chief amongst Everton's projects is the Ampliacion Pueblo Viejo (ampliacion = extension in Spanish), with the same geology as the Pueblo Viejo project, currently being developed by Barrick Gold Corp. (60%) in partnership with Goldcorp (40%) at a capex of US$3.3bn. The map on the following page shows just how close the Everton properties are to Barrick's big new mine with its 23.7M oz (P&P). Everton has defined three targets it intends to pursue, these being name: South, Central and La Lechoza. Thus far work has been concentrated at the latter target.



Source: Everton Resources

Drilling at La Lechoza has inclined the company to believe that it has potential to be large-scale polymetallic deposit (gold, silver, copper, zinc). Historical work has delivered positive results with around 6,500 meters drilled to date. Highlights of this included:

- ✓ 1.35 g/t Au, 31.66 g/t Ag, 6.59% Cu and 0.35% Zn over 7.5 metres
- ✓ 10.50 m at 2.29 g/t Au, 65 g/t Ag, 0.64% Cu and 3.43% Zn, including 1.50 m at 11.26 g/t Au, 235

g/t Ag, 0.76% Cu, 6.99% Zn and 1.05% Pb

From this work, a NI 43-101 compliant resource was published in January 2012, which can be seen on the following page. As a starter resource this is pretty good going for a stock that has been reduced to micro-cap status by the market plunge trading currently at 7 cts while its twelve month high was 40 cts. It current valuation now virtually represents just the value of its equity holdings without ascribing anything to its properties in the DR and elsewhere.

Mineral Resources for Oxides

Cut-Off (g/tAuEq)	Classification	Tonnage (t)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (Oz)	Ag (Oz)
0.3	Inferred	979,000	0.86	17.72	1.14	27,000	558,000

Mineral Resources for Sulphides

Cut-Off (%CuEq)	Classification	Tonnage (t)	Au (g/t)	Ag (g/t)	Cu (%)	CuEq (%)	Au (Oz)	Ag (Oz)	Cu (lbs)
0.21	Inferred	1,225,000	0.2	5.03	0.57	0.65	8,000	198,000	15,500,000

Possibly more exciting are the “lesser” properties that the company picked up as part of a deal with Brigus Gold in May 2011. Everton, at that time, signed an LOI with Brigus to acquire Brigus’ remaining 50% interest in APV, Ponton and La Cueva concessions in the D.R. Beyond some cash and shares issued to Brigus, Everton offered a sliding scale net smelter return royalty on the concessions (2% when gold is greater than $1,400/oz, 1.5% @ $1,000/oz to $1,400oz, 1.0% @ less than $1,000/oz). Everton will also make a cash/share payment to Brigus upon achieving a qualifying resource calculation (+1m oz)

Also exciting are the JV arrangements which were originally with Globestar, a Canadian miner that was acquired by the Australian zinc miner Perilya Mines, which is in turn majority controlled by a Chinese group.

As far as the Quebec project is concerned, this is located in the Opinaca region of James Bay, Quebec. Everton has amassed a large land claim adjacent to Goldcorp's Eleonore gold deposit. That mine was acquired from Virginia Mines for approximately US$500 million, and Goldcorp announced a gold resource estimate of 5.31 million ounces of gold in December 2008. The Opinaca property is partnered with Aurizon Mines who are advancing Everton's interest by funding 100% of exploration work.

Beyond the gold prospects the company has a portfolio of positions in in other commodities such as REE, lithium, graphite via ownership of other publicly traded companies such as Northquest (NQ.V), Focus Metals (FMS.V), Strike Minerals (STK.V) and Nemaska Lithium (NMX.V). These additional assets provide on-going funding for Everton Resources, particularly the holding in Focus. Focus is a graphite company (more on that mineral in our conclusion) and Everton has essentially been funding its exploration program as the market cap of Focus expands fuelled by the graphite boomlet. It would seem a very smart idea to sell into strength in light of our views on the graphite “potential”. This makes ongoing exploration rather painless compared to those companies constantly on the drip-feed of financings.

We have added a **Long** position to the Model Mining Portfolio with a 12-month target price of CAD 40cts.

Parting Arrow

At the risk of appearing to rain on anyone’s parade, we cannot help but marvel at the sheer cheek of the mining entrepreneurs currently piling onto the graphite bandwagon. Irrational exuberance is part of the human condition if one can believe Alan Greenspan. However to be as serially shameless and become ranting fans of a mineral that two years ago, promoters could not even turn a head with requires chutzpah in the strongest doses. Never let it be said though that the Canadian mining promoter does not seize an opportunity with anything less that full commitment.

Thus, with 200 Rare Earth companies not even cold in the ground, the promotion machine has latched onto a very strange cause indeed. Graphite is basically being promoted as a “Lithium on steroids”. The rationale here is that Lithium Ion batteries can require up to ten times the amount of Lithium that is employed in one of these units. It was only two years ago that we were first offered up a solitary graphite story, Northern Graphite in its pre-listing form. The story, then per-IPO, was very attractive as the dynamic was limited Western supply (the main producer being the Rothschild vehicle, Imerys, at Timcal in Quebec) and a China-dominance for the rest of production (sound familiar?). Northern Graphite then embarked on a long and fruitless odyssey to get some financing while the mining crowd ran after the shiny baubles of Rare Earths. Finally a deal was done and the stock made it onto the TSXV in a muted way. The prize for sheer determination must go to this management for its perseverance in the cause. Fast forward to the smoking ruins of the mining equity markets today and we find not only is Northern Graphite receiving it’s just reward but a collection of also-rans are piling onto the bandwagon and claiming to have the next best thing in graphite and finding a very receptive audience amongst shell-shocked investors hoping to be “first in” at this story after having lost their shirts on Rare Earths.

Now for the rain… graphite is not rare. The fact that 200 companies could come up with REE deposits is short order was a warning sign that is seemingly going unheeded in the graphite reiteration. In the space of two months at least ten companies have leapt on the bandwagon. That most are in Ontario and Quebec is a reflection that both these provinces have MASSIVE graphite potential. The mineral is mostly near surface and is simple to mine and nearly as simple to process. There are almost NO barriers to entry and capex will be minimal compared to Rare Earths or even Lithium. While we could enthuse about the potential for Northern Graphite in an ignored corner of the mining space, the graphite boom is now starting to look like that 1960s student prank of how many students can you pile into a Volkswagen Beetle. There is space for Northern Graphite (because it is way more advanced towards production) and maybe two or three other players, but the rest of the wannabes might as well just start heading straight to the glue factory as they are surplus to requirements. Unlike gold, where potentially all players could get into production and not queer the pitch, these specialty metals/minerals can easily go from shortage to excess in 60 seconds of acceleration. Fasten your seatbelts, its going to be a bumpy ride.

Mining Model Portfolio as at: 30-Apr-2012

	Security	Date of original rec.	Currency	Price Avg.	Price Current	Portfolio Weighting	Increase in Value	12-mth Target Price
				Long Equities				
Various Large/Mid	Thompson Creek Metals (TC)	01/15/10	USD	9.85	5.93	7.3%	-39.8%	$20.00
	Capstone Mining (CS.to)	05/29/09	CAD	2.32	2.95	4.1%	27.2%	$5.00
	Revett Minerals (RVM.to)	11/15/10	CAD	3.15	4.12	4.8%	30.8%	$5.00
	Industrial Minerals (IDM.ax)	04/14/11	AUD	0.21	0.12	0.2%	-43.0%	$0.80
	Quaterra Resources (QMM)	12/09/11	USD	0.62	0.44	1.9%	-29.0%	$1.20
	Entrée Gold (EGI)	10/24/11	USD	1.61	1.09	3.1%	-32.3%	$3.50
	NevSun (NSU)	03/23/12	CAD	3.45	3.64	2.7%	5.5%	$5.50
	Labrador Iron Mines (LIM.to)	08/20/10	CAD	4.61	4.64	3.4%	0.7%	$7.50
	Yukon Nevada Gold (YNG.to)	07/20/10	CAD	0.34	0.26	2.3%	-22.8%	$1.50
Uranium	Uranium Participation Corp (U.to)	10/20/10	CAD	7.01	5.51	4.0%	-21.4%	$9.00
	Strathmore (STM.to)	04/27/12	CAD	0.39	0.40	2.9%	2.6%	$1.00
Zinc/Lead Plays	Zinc ETF (Zinc.L)	01/15/10	USD	7.04	7.28	2.1%	3.4%	$11.00
	Canadian Zinc (CZN.to)	12/09/11	CAD	0.82	0.52	0.0%	-36.6%	$2.00
	Nyrstar (NYR:BT)	09/28/09	Euros	7.69	6.19	5.3%	-19.5%	$13.00
	Donner Metals (DON.v)	09/26/11	CAD	0.20	0.22	3.2%	10.0%	$0.45
	Tamerlane Ventures (TAM.v)	05/13/11	CAD	0.29	0.13	0.9%	-55.2%	$1.00
Gold Producers	Endeavour Mining (EDV.to)	10/22/09	CAD	1.42	2.03	4.2%	42.5%	$3.00
	Golden Band Resources (GBN.v)	04/13/10	CAD	0.28	0.24	0.7%	-14.3%	$0.65
	Norton Goldfields (NGF.ax)	03/13/11	AUD	0.18	0.23	6.9%	27.8%	$3.00
	Atna Resources (ATN.to)	09/24/11	CAD	0.85	1.23	4.3%	44.7%	$2.40
Gold Explorers	Oromining (OGR.v)	12/03/10	CAD	0.39	0.07	0.6%	-82.1%	$1.32
	Everton Resources (EVR.v)	04/17/12	CAD	0.08	0.08	2.3%	6.7%	$0.27
	Geologix (GIX.v)	12/01/11	CAD	0.25	0.24	2.8%	-4.0%	$0.50
	Cerro Resources (CJO.v)	05/01/09	CAD	0.08	0.09	3.1%	6.8%	$0.30
Other Juniors	Woulfe Mining (WOF.v)	02/28/12	CAD	0.34	0.27	2.4%	-19.4%	$0.93
	Canada Flourspar (CFI.to)	12/02/11	CAD	0.37	0.61	5.3%	67.1%	$1.00
	Maya Gold & Silver (MYA.v)	12/09/11	CAD	0.26	0.23	2.7%	-11.5%	$0.80
	Quantum Rare Earths (QRE.v)	04/27/12	CAD	0.16	0.14	4.1%	-12.5%	$0.60
	Oracle Mining (OMN.to)	02/23/12	CAD	1.24	1.26	4.4%	1.6%	$2.40
	Virgin Metals (VGM.v)	02/23/12	CAD	0.20	0.20	2.9%	0.0%	$0.60
	Reed Resources (RDR.ax)	12/15/09	AUD	0.59	0.21	1.2%	-64.1%	$1.80
	Northern Minerals (NTU.ax)	06/09/11	AUD	0.73	0.41	1.8%	-43.8%	$1.50
	UCore Rare Matels (UCU.v)	08/20/10	CAD	0.40	0.33	1.9%	-17.5%	$0.70
	NET CASH					**2,224,698**		
				Short Equities				
						Weighting		
Shorts	McEwen Mining (MUX)	05/01/09	USD	2.34	3.79	24.3%	-62.0%	$1.70
	Gold SPDR ETF (GLD)	11/15/10	USD	133.93	161.88	48.7%	-20.9%	$145.00
	St Elias Mines (SLI.v)	06/09/11	CAD	1.79	0.48	4.4%	73.2%	$0.20
	Silver ETF (SLV)	02/24/11	USD	31.09	30.11	22.6%	3.2%	$27.00

Current Cash Position	**2,224,698**
Current Liability on Shorts Not Covered	**(665,443)**
Net Cash	**1,559,254**
Current Value of Bonds	**0**
Current Value of Long Equities	**3,471,972**
TOTAL VALUE OF PORTFOLIO	**5,031,226**

Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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