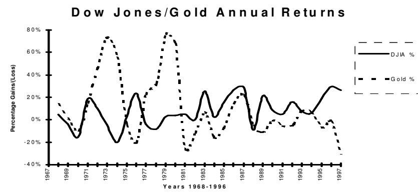
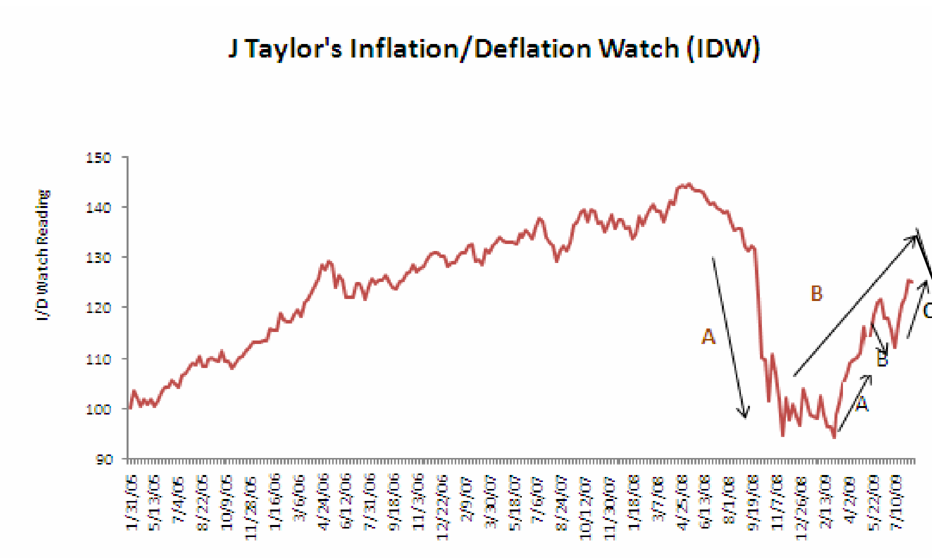
J Taylor's **WWW.MININGSTOCKS.COM**



Gold
Energy & Tech Stocks

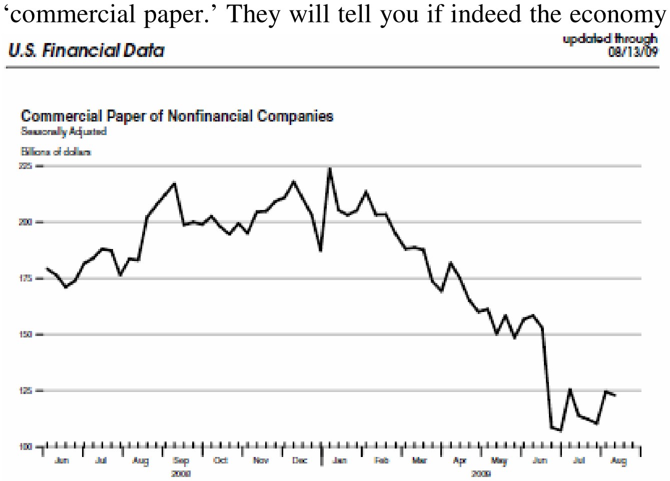
Volume 28, No. 8 ***(Now in Our 27th Year)*** **August 17, 2009**

Getting Ready for the Cataclysmic C Wave Down



Even though our Inflation/Deflation Watch (IDW) has commodities like copper, oil and the Rogers Raw Materials fund included in it, these days, its movements are closely correlated with the direction of equity markets. More and more equity and commodity markets are nothing more than artificially induced bubbles, reflective of money pumped into the financial system by central banks. In other words, as the bubbles are being inflated, equity prices have less and less to do with underlying economic fundamentals. Rather, Wall Street speculators take all that hot money created out of nothing and pump it into stocks and commodities, sucking in unsuspecting retail investors only to set them up for the next big market crash.

While it may be easy to buy the sweet optimism of CNBC and Bloomberg, if we take even a casual look at reality, it is possible not to get lured in by the B wave correction in this horrendous bear market that began in earnest last fall following the Lehman Brothers initial decline. As Bert Dohmen said in his latest issue of *The Wellington Letter* (www.dohmencapital.com), "When credit expands, the economy must expand and the stock market must rise. When credit contracts, the opposite must happen. All economic numbers must follow credit." Bert went on to say, "This simple theory is very reliable. You don't have to look at hundreds of economic statistics, or the deceptive numbers coming out of Washington. And you don't have to listen to a multitude of Ph.D. economists, who are overeducated and under-experienced in the real world. Just look at the availability of credit. "And for that, you go to the Fed of St. Louis Web site at http://research.stlouisfed.org/publications/usfd/. You look at the charts of 'commercial and industrial loans,' and 'bank loans' and of 'commercial paper.' They will tell you if indeed the economy is recovering or not. There can be no recovery without an expansion of credit."



So we took a look to see what the latest St. Louis Fed numbers were telling us in terms of bank loans and commercial paper. Bank loans are down from their Sept. 2009 highs by 11% to \$7.35 trillion. Loans and leases are down 4.5% since then to \$6.9 trillion. But the most telling in terms of fundamental economic weakness are commercial paper loans, which are down by 44% from approximately \$225 billion to \$125 billion. Perhaps it's because of their relatively small size that his number seldom gets reported. But it is the closest direct measure of underlying economic activity because it tracks borrowing by companies to fund their working capital needs and reflects underlying commercial transactions directly. This is a depression and in our view justifies McHugh's vision of a cataclysmic nation changing event once the C wave gets underway. And so as stated in our weekly missives, we continue to suggest building cash.

Stock Pick of the Week – July 24, 2009

Premium Exploration Inc.

Business: Exploration and development of precious metals mining projects in Idaho, Montana, and Mexico

Traded TSX-V:	PEM
Pink Sheets:	PMMEF
Shares Outstanding:	46,181,219
Recommended 6/5/09:	US$0.165
Price 8/24/09:	US$0.24
Market Capitalization:	$11 Mill
43-101 Gold Oz. Resource:	531,890
Progress Rating:	"C"
Telephone:	604-682-0243
Web Site:	www.premiumexploration.com

Thankfully, we put this stock back on our list in June, just in time to enjoy a double in a little over a month. While we have learned our lessons of greed in the past—and never want to forget them—it is equally important not to lose sight of what the upside prospect is for a small cap stock that has the potential to unearth a major gold deposit. And from what we can see, Premium has huge upside potential based on its Idaho Gold Project, not to mention its platinum group metals prospect in Montana and its gold and silver targets in Mexico. While the Mexican and Montana properties are of interest longer term, the Idaho Gold Project is why we first became interested in Premium, and that is interest that could propel this stock to $1 or higher over the next weeks and months to come.

Why are we bringing up this story just one and a half months after we started covering it again? Because we think drill results that are due out shortly could send this stock heaven bound on an almost vertical trajectory.

The area of interest is contiguous to the south of the existing 531,000-oz. resource on the Friday-Petsite Project. While we do not yet have drill results, it is important to note that reports from the field suggest the drill core looks good for a continuation of the existing mineralization to the south. How far south? Based on the soil anomalies, which have at least in part helped defined the drill targets, gold mineralization may extend for at least another 4 kilometers. And if—"if" being a big word—grades are continuous over the strike length, potentially the property could host 2 million ounces in addition to the 531,000 43-101 ounces that already have been outlined. If with soon-to-come drill results, the

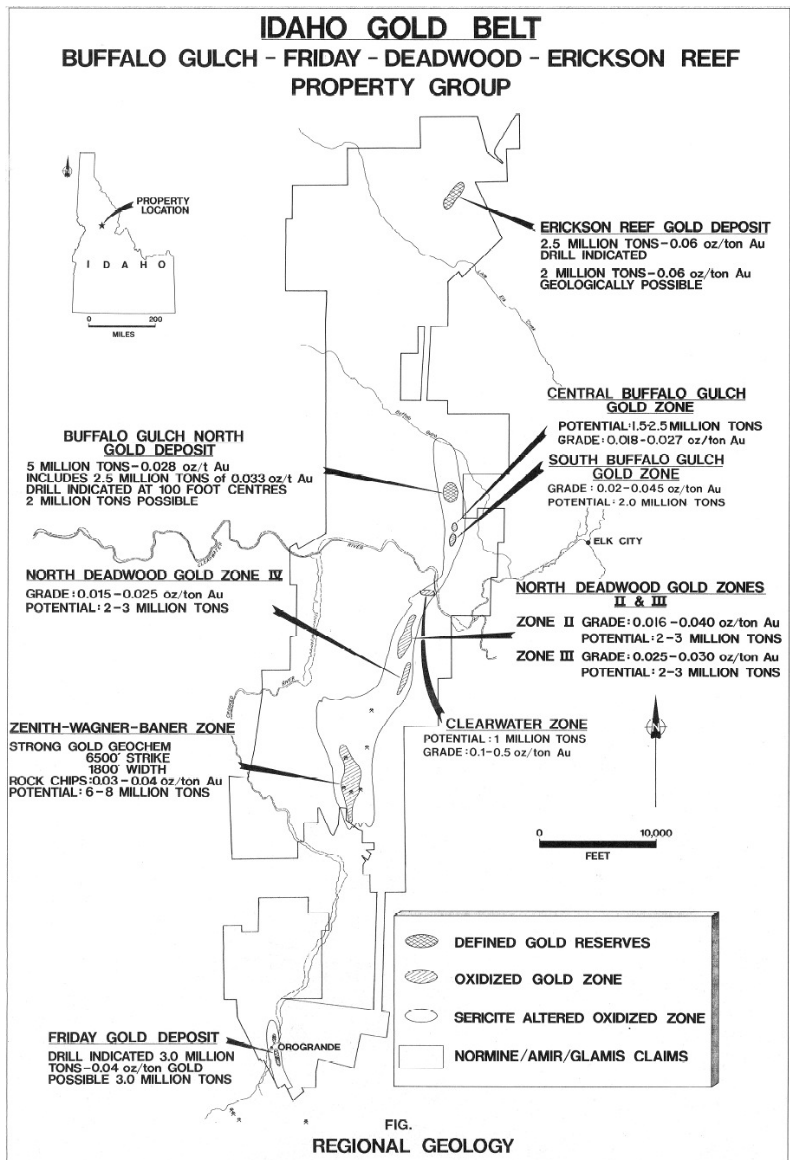


FIG.
REGIONAL GEOLOGY

AMIR MINES LTD.
NORMINE RESOURCES LTD.
GLAMIS GOLD LTD.

market begins to sniff out that prospect, this stock should move appreciably higher than where it is now.

Positive as Friday-Petsite is, it represents a small portion of the overall upside for Premium Exploration's prospects. I say that because 18 kilometers along strike to the north is the Buffalo Gulch Project that was put through a bankable feasibility study by Amax during the 1980s. In fact, it is from this property that Premium expects to begin producing gold over the next couple of years.

The good news here is that I learned from Premium's president, Del Steiner, is that permitting talks with the BLM are going well, especially since Obama personnel have been put in place. While Premium does not yet have a 43-101 resource for this open-pit heap-leach target, a 100,000-ounce historical resource has been outlined and there is plenty of exploration potential for leachable oxides on this property. We think it possible that production could commence by 2011. But the rel story here is also the enormous exploration potential. The current thinking is that the cash cost of production here should be in the $450 to $500 range for this open-pit heap-leach operation that should produce between 25,000 ounces and 35,000 ounces per year. Hopefully production can occur sooner rather than later with the hope cash flow can fund considerable exploration potential.

World Class Potential?

We think Premium's Idaho prospects hold world-class potential. We speculate on that, based on the following:

- Existing mineralization, especially if drill results due out next week begin to suggest a 2+ million ounce deposit from the oxides along at Friday-Petsite and south.
- Existing oxide gold mineralization 18 kilometers to the north at Buffalo Gulch where the company expects to first commence production. Additional oxide potential also exists there.
- Existence of high-grade gold mineralization at Friday-Petsite where a 1.5-meter intercept graded 74.85 gpt gold within a larger intercept that scored 9.9 gpt over 21.3 meters.
- Drilling will take place in and around Buffalo Gulch, with a view to seek out high-grade gold there, as anticipated by the geological model being applied. If something akin to the kind of numbers picked up for deeper drilling on Friday-Petsite are found 18 kilometers to the north, the markets could start to dream of something really large in the making.

Those are some longer-term dreams that could emerge as reality. However, near term, we think the odds are relatively good that those taking a long position in Premium will be pleasantly surprised with drill results from Friday-Petsite. Those results are expected next week and if they are good, we could see another significant step up on the company's chart. In anticipation of positive results, I purchased some shares of Premium for my IRA last week at around US$0.32. I personally would be a buyer of these shares up to $0.35 with the normal caveat that for the sake of prudent portfolio diversification, I would not allocate more than 5% of my portfolio to this or any other one stock.

***August 17, 2009 Update*:** Note this stock rose dramatically prior to the announcement of drill results on August 6th and then fell sharply with the announcement of those results. I'm not sure what the market was looking for, but from what I can see, the sharp price drop is extremely good news for those of you who may not own this stock. We suspect some young lads speculating for a quick high grade hit bought on the rumor and sold on the news. I suspect they are simply not focusing on the medium term significance of these drill results which in my mind increases the odds that a very big gold deposit is in the making on the company's Idaho gold exploration project.

We expect the current 43-101 resource of 531,890 ounces will grow considerably but more importantly, what the most recent drill holes did at the Friday-Petsite gold property was to confirm continuity of the high-grade gold mineralization associated with the Orogrande shear zone (SZ) and extend the strike length by 50%, from 350 meters to 525 meters, in this phase-one seven-hole drill program. The current 531,890 oz. inferred resources lies within a 1,000-ft gold-in-soil anomaly, while the contiguous gold-in-soil anomaly continues for an additional 4,000 ft. to the south. In other words, the potential to increase the resource several fold appears realistic south of the Friday-Petsite property, not to mention the enormous strike length to the north. **Among our speculative exploration plays, we think this is one of the most exciting stories we have seen in some time. An allocation of up to 5% of speculative portfolios is more than justified in our view.**

Upgrading from "B" Progress to "A" Progress

Atna Resources Ltd.

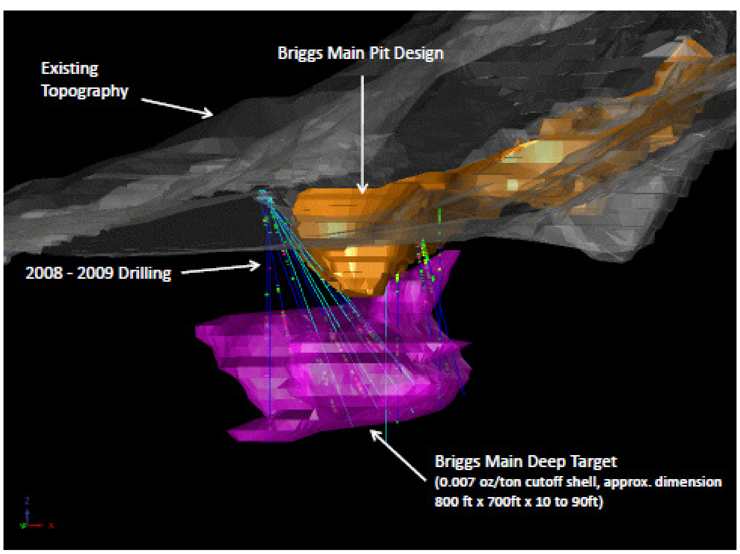
Business: Exploration, development, and mining of gold in California and Nevada

Trades Toronto:	ATN
Pink Sheets:	ATNAF
Initial Coverage 2/27/09:	$0.515
Price 8/17/09:	$0.57
Shares Outstanding:	83,291,133
Market Capitalization:	$53 Million
Gold Reserves:	424,000
Gold Resources (Ounces):	1.7 million
Progress Rating:	"A"
Telephone:	(303) 278-8464
Web Site:	www.atna.com

In a May press release, Atna announced the pouring of its first gold. The company poured approximately 320 ounces then. Since then, production has been climbing, with approximately 2,700 ounces poured in the second quarter and another 1,600 ounces produced so far in July. Keep in mind that this is a heap-leaching operation, so it takes a period of time for recoveries to reach their ultimate anticipated level, which in this project is around 80%. I was told by the company's CEO and president, James Hesketh, that, based on pre-production tests, they anticipate approximately 25% recoveries in the first month and 35% in the second month. Then, production tails off until the end of the year when less than 1% per year is recovered thereafter.

The economics of this project look favorable, although due to the ramp-up period of production just noted, and start up costs, the cash cost of producing gold this year is likely to be in excess of $600. However, the life-of-mine average cash cost is expected to be about $470 per ounce.

At present, the company has enough reserves to produce approximately 40,000 ounces per year over six years. But there are at least two sources of additional gold mineralization not factored into a six-year mine life. First, note below in the illustration the pinkish colored area beneath the gold colored existing Briggs Main Pit Design. That gold colored area is where the six-year mine life comes from. The pinkish area is prospective for adding to the mine life. On June 8, management put out a press release with assay values from this area. The size of this deeper zone has yet to be outlined but the June 8 assays enlarged the dimensions and it is still open to the east and to the north. We are guessing that this deeper zone has the potential to extend the life of the mine significantly, but that will depend on economic studies to be carried out by the company at a later date.



In addition to the deeper zone, the company has another deposit located about 4 miles from the Briggs Mine and heap-leaching facility. That deposit is known as the Cecil R Deposit and it contains approximately 200,000 ounces of gold mineralization. We would guess this would extend the mine life at least another three or four years.

At a minimum, it seems reasonable to anticipate a mine life at the Briggs at ten years or longer. If the company can produce 40,000 ounces a year at a cash cost of $470 and a gold price of $900, it leaves the project with an annual cash flow of $17.2 million. The company's market cap is currently only about $50 million, so Atna is currently selling at less than 3 times cash flow. If that seems like a low valuation, realize that this is only part of the story. Atna has three more advanced-stage projects and many other properties that it is farming out to use other people's money to have them developed.

Because this is an operating company, I want to focus mostly now on highlighting the company's operating projects and then just make passing reference to its exploration properties, important though some of them may ultimately be over the longer term.

The Reward Gold Project - This project is located in southwestern Nye County, Nevada, about 5.5 miles south-southeast of Beatty, Nevada, and is currently in the permitting process, and so far that process is reportedly going well.

The economics look something like this for the Reward Project: Annual production is expected to be 30,000 to 35,000 ounces per year for this open-pit heap-leach operation. Cash costs are expected to be about $410 per ounce. Capital costs are expected to be about $25 million, of which approximately 50% can reportedly be financed with vendor leasing. The remainder should be financed with internal cash flows from the Briggs Mine and/or a short-term gold loan. At this point, reserves are sufficient for a four-year mine life, but given exploration potential, we would expect this mine could produce for a considerably longer period of time, though we don't have a good handle right now on how extensive the exploration potential is. Assuming an average of 32,500 ounces of gold production at a cash cost of $410 and a gold price of $900, this operation would generate $15.4 million per year of cash flow or approximately $0.185 per shares

The timeline on this project is theoretically quite short. Final federal permits are expected any time now and once those are received construction could start almost immediately. The construction period could be as short as nine months, given the simplicity of the operation. About the only construction required on site is the leach pad and leaching facility. Gold will be drawn out of solution onto a carbon pad, which will then be shipped to the Briggs Mine, where it will be melted down into dore bars. There is one word of warning, however, with respect to prospects for an early startup date. According to President Hesketh, assuming final permits are received soon, the biggest risk to a rapid start up is a shortage of mining engineers to oversee and manage the day-to-day activities at the mine. Mining is a very difficult business that requires considerable technical talent. Moving forward without sufficiently talented technical people would not be a good idea.

The Pinson Mine

Prior to 2000, some 987,000 ounces of gold had been produced from this Nevada mine. Production came from a low-grade oxide deposit. Since then the exploration focus has been on higher-grade mineralization at depth. At present, Atna holds a 30% interest in this property, with Barrick Gold holding 70%.

At last report, this deposit contains a 2.2-million-ounce resource (all categories) with a 0.20 oz/ton cutoff with grades averaging between 0.34 oz/ton and 0.424 oz/ton. Those numbers may change in the not too distant future. However, we note that Barrick doesn't comply with 43-101 numbers. Since it has no compelling reason to go public with this information it has no regulatory reason to do so. Hopefully we will be able to gain some knowledge of what the numbers will look like once Barrick issues its report to Atna and pass them on to you because the Pinson Mine is a wild card for Atna's shares. A positive move by Barrick could add significant value in the near term. We expect to hear something of the Barrick report shortly, possibly as early as the first week of August.

As Barrick evaluates the results of its $30 million work program to determine the feasibility of development and a future plan for the project, the project has in the meantime been placed on care and maintenance while the technical study is completed and until a decision is made concerning the future of Pinson. Dewatering of the underground facilities is scheduled to continue during this decision process, to protect the partner's investment and facilitate re-start, if warranted.

This project is expected to be a relatively small underground operation in the 50,000- to 100,000-ounce-per-year range. Given this relatively small size, one has to wonder whether this project would be high on Barrick's list of priorities, especially given the fact that it will gain only 70% of those ounces.

The Columbia Gold Property

The Columbia Property is located seven miles east of Lincoln and 45 miles northwest of Helena, in Lewis and Clark County, Montana. Atna is consolidating, compiling, reviewing, and analyzing all of the Columbia project data, to estimate resources for the property that are compliant with the NI 43-101 technical reporting standards. Timber logging operations have commenced at the property, due to the start of a pine beetle infestation. The logging operations were halted for the winter and are expected to recommence in May 2009. Baseline environmental monitoring studies have been initiated and another round of flotation and gravity gold recovery test work is planned for 2009.

A historic, non NI 43-101 compliant resource for Columbia was reported in a feasibility study titled "Seven-Up Pete Joint Venture, Seven-Up Pete Feasibility Study," dated September 1991, by Phelps Dodge Corporation. The historic estimated mineral resource for Columbia totaled 10.9 million tons of proven and probable resource (approximately equivalent to measured and indicated resource under NI 43-101) grading 0.060 ounce per ton gold (659,000 contained ounces gold). In addition, the report quotes a possible resource (approximately equivalent to inferred resource under NI 43-101) of three million tons grading 0.063 ounce per ton gold (190,000 contained ounces gold). A cutoff grade of 0.02 ounce per ton was used in the estimate.

Mineralization on this property occurs in north to northwest-trending faults that have localized quartz-pyrite-alteration and precious metal mineralization. The structures generally dip west and can be up to 150 feet wide. Gold and silver occur in high-grade quartz veins that are localized near the margins of the shear zone, and in lower grade shattered zones between the high-grade veins.

The Columbia Property is an advanced-stage exploration project, which helps fill the company's pipeline with first priority now going to its producing Briggs Mine, to be followed hopefully with near-term production from the Reward Mine.

Exploration Prospects - Longer term, the company has a host of exploration properties that have a good chance of adding value for shareholders. Four properties have been optioned out so that other companies are required to spend their capital to earn in. For example, the Clover Gold Property is being explored by Yamana Gold. The Adelaide and the Tuscarora in Nevada are being developed by Golden Predator.

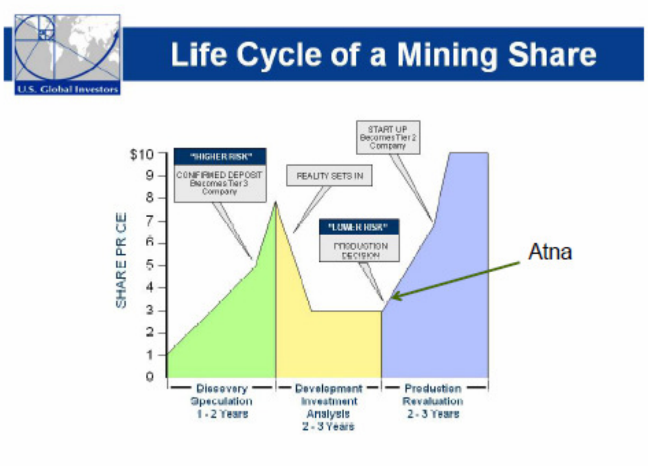
The company's Sand Creek Property is an ISL uranium project that is being explored and developed by Uranium One. It also holds six polymetallic properties in Canada and it is being carried on a silver and copper property in Chile.

Atna also holds a 100% interest in the Tram and Atlanta properties in Nevada and it holds free mineral rights on some 900,000 acres of ground in Montana.

MANAGEMENT - The team is headed by James Hesketh, CEO And President. He is joined by David Suleski on the financial side of the business Mr. Hesketh has a diverse career in the mining industry, with over 30 years in positions covering mining finance, corporate business development, mine operations, mine engineering and consulting with companies including NM Rothschild & Sons (Denver) Inc., Cyprus Amax Minerals Company, Pincock, Allen & Holt, Inc., and Dresser Industries. Prior to Mr. Hesketh's current role, he was President and CEO of Canyon Resources Corporation and sat as a Director on the board of Atna Resources Ltd.

Hesketh is joined on the technical side by **Bill Stanley, B.Sc., MBA Vice President,** Exploration and on the financial side of the business by **David Suleski, BBA, CPA Vice President & Chief Financial Officer**. For a more complete list of the management team as well as more details on the above named, visit the company's website.

THE BOTTOM LINE



*Provided with the expressed written consent of US Global Investors, www.usfunds.com

We think it possible that Atna could generate upward to $17 million in cash flow from the Briggs Mine during 2010, and assuming its Reward Mine is put into production by the end of 2010, it could add upward to $15 million in 2010, giving the company a combined cash flow of $32.2 million annually, or approximately $0.38 per share. With a current market cap of just slightly over $50 million, this stock is in theory selling at less than 2 times potential 2011 operating cash flow.

That leaves no value for the company's 30% interest in the Pinson Mine being developed by Barrick and no value for its advanced-stage Columbia Project or its abundant properties, four of which are being developed by the likes of Yamana and Golden

Predator.

With production moving successfully along now at the Briggs Mine and with that fact just now being established, we think the illustration of the life cycle of an exploration company turned gold producer as put out by US Global Investors, may well apply now to Atna. Once a company can demonstrate that it can actually produce gold for a profit, the market begins to price it as a multiple of cash flow and earnings. A modest multiple for a company like Atna might be 5 times, in which event we could be looking at a price of $1.00, based on prospective 2010 cash flow and $1.90 based on prospective 2011 cash flow, assuming the Reward Prospect comes on stream at the end of 2010.

Of course there is upside potential from exploration and development on advanced projects as well as earlier-stage exploration. Moreover, we think the gold mining industry is quickly moving into a "golden age" for gold producers, especially if as we believe, another major credit implosion is heading our way. While credit may be hard to come by for pure exploration firms, companies producing positive cash flows from gold production should be in the catbird's seat in terms of equity market valuations after the initial "throw the baby out with the bath water" response passes. The bottom line from our perspective is Atna is a very undervalued stock and now that it is proving it can operate its first gold mine successfully, the market should soon bid up these shares. Our target price is $1.00 within the next year and $1.90 over the next two years, based on existing operations and assuming nothing positive from Pinson. We should know more about Pinson in the near future, so stay tuned to our weekly Hotline messages for an update.

July 17, 2009 Update: The company announced a loss of C$2.33 million for the second quarter. This is not surprising given the fact that full production levels are still being ramped up to. Our view is that as the project moves toward the 40,000 oz/yr. level in the third quarter, financial results should improve considerably.

Stock Pick of the Week

Skyline Gold Corporation

Undervalued by 10 Fold

Business: Exploration and development of a gold, copper, silver, molybdenum mine in B.C.

Traded Toronto Venture:	SK
Pink Sheets:	SYGCF
Shares Outstanding:	79,190,816
Initial Coverage 3/13/09:	US$0.039
Price 8/17/09:	US$0.06
Market Cap:	$4.7 Million
Gold Resource:	2.6 Million Oz.
Value Per Ounce? You Pay	$1.80
Progress Rating:	"B"
Telephone:	604-278-3903
Web Site:	www.skylinegold.com

This stock is priced as if the market suspects this company may not survive, not as a company with a 2.6 million oz. gold ore body plus loads of silver, copper, and molybdenum and a company that has a completed bankable feasibility study. Pricing this company as such is not totally illogical. After all, it has virtually no cash as this moment. And cash—lots of it—is needed in the mining sector.

However, we understand management has retained IBK Capital to raise $2 million to move things forward. And on the basis of its preliminary assessment report ("PA") released this past February, we think the odds favor this company surviving and if it does, we don't need a whole lot of imagination to see a 4-cent stock become a 40-cent stock.

Here is a report outlining the conclusions of the PA on the company's Bronson Slope Deposit in northwestern B.C. that was released on February 19, 2009:

"Skyline Gold ('SK' -- TSX-V) is pleased to announce results of its Preliminary Assessment (PA) technical report on its Bronson Slope deposit in north western British Columbia's golden triangle'. The report comprises an economic analysis of the deposit and includes a mine plan and project cost estimate showing positive **economics** and a basis for further advancement of the project.

"The Bronson Slope deposit is located 500 meters from the historic Snip Gold Mine, 70 km west of Highway 37 (Stewart-Cassiar Highway), approximately 45 km west of the Eskay Creek Gold Mine along the Iskut River Valley and 80 km east of Wrangell Alaska in a moderated climate influenced by the coastal climate zone.

The site can be accessed via the 1,700 m Bronson Creek airstrip, for which Skyline Gold has a license of occupation. The airstrip is located 100 m above sea level and approximately 750 m from the Bronson Slope deposit. Access roads currently extend to within 30 km of the site and Skyline Gold has preliminary studies and cost estimates for the construction of an access road extending from a currently existing spur road which runs approximately 5 km west of the Eskay Creek Forest Service Road operated by Barrick Gold Corp.

The PA was prepared by Leighton Asia Ltd. ('Leighton'), a division of The Leighton Group, Australia's largest project engineering, construction, and mining contractor with annual revenues exceeding USD 14 billion.

Since 1990, more than 30 geological, engineering, design, and environmental reports, including the N.I. 43-101 compliant resource, have been prepared on the Bronson Slope deposit and serve as a technical baseline for the PA. The N.I. 43-101 compliant resource for Bronson Slope contains an estimated 2.6 million oz. of gold in a 225 million tonne Measured and Indicated resource grading an average of 0.36 g/t gold, 2.22 g/t silver, 0.14% copper, and 0.0077% molybdenum utilizing a (USD) $9.00/tonne cut-off of Net Recoverable Metal Value at metal prices of $650/oz. gold, $2.00/lb. copper, $10/oz. silver, and $12/lb. Molybdenum (Burgoyne & Giroux, April 30, 2008 -- report filed on SEDAR).

Preliminary Assessment Technical Report

The PA provides an economic analysis of the Bronson Slope project based upon an open pit operation with in-pit crushing and an electrically powered conveyor system descending approximately 500 m from the pit to a 15,000 tonne per day copper flotation and gravity gold separation processing plant. Tailings will be carried to the tailings facility by tailing pipeline.

PA power costs are based on grid tariff power prices and set at CAD 0.055 per kilowatt hour. Power is assumed to be supplied at Highway 37 from the proposed Northern Transmission Line for which the environmental permitting process is underway. Skyline Gold has also submitted hydro license applications in 7 regional catchments with a total potential generation capacity of 72 MW of power. Preliminary hydro-generation studies on two sites covered by the applications, which are within 10 km of the Bronson Slope deposit, have indicated the two sites have the potential capacity to generate a combined total of 29 MW of power. These sites have been further studied to determine the potential amount of electrical generation with storage added and indicate, on a preliminary basis, an ability to provide the power required by the Bronson Slope project. Further detailed technical studies and a feasibility study are required to confirm capacity and viability of these hydro power projects.

It is estimated that the Bronson Slope project will provide 201 jobs during years 1 to 8 of operation and 184 jobs during years 9 to 18. The base case project annual and total metal production is estimated at:

	Year 1 – 8 Average Production	Year 9 – 18 Average Production	Life of Mine Yearly Average	Total Production
Gold	73,400 oz.	54,400 oz.	62,600 oz.	1.15 million oz.
Copper	16.1 million lb.	14.5 million lb.	15.2 million lb.	279 million lb.
Silver	272,800 oz.	224,300 oz.	245,100 oz.	4.51 million oz.

Project Economics

The project economic model utilizes base case life-of-mine (LOM) average metal prices of (USD) $ 700/oz. gold, $ 2.00/lb. copper, and $ 15/oz. silver and an exchange rate of 0.85 USD/CAD.

LOM gold cash cost, net of byproduct credits using base case metal prices, is (USD) $232/oz. With production costs distributed pro-rata by revenue generated by each metal produced, LOM average cash costs of production are:

	Gold [USD /oz.]	**Copper** [USD /lb.]	**Silver** [USD /oz.]
Project Cash Costs	$428	$1.24	$9.28
Cash cost net of copper and silver credits	$232		

LOM average operating costs are:

	CAD / tonne Milled	USD / tonne Milled
Direct Mining Costs	$ 3.14	$ 2.67
Overhead and Administration	$ 0.98	$ 0.83
Processing Costs	$ 5.23	$ 4.45
Total:	**$ 9.34**	**$ 7.94**

Base case estimated project construction capital costs of CAD 237 million (USD 201.5 million) include a 15% contingency and with CAD 14 million in working capital give a total initial capital (peak investment) requirement of CAD 251 million (USD 213 million). Estimated life-of-mine sustaining capital is CAD 21.3 million excluding reclamation costs and salvage recovery of capital. Including reclamation costs (CAD 10 million) and salvage recovery of capital at closure, the life-of-mine sustaining capital requirement is CAD 15.7 million. The financial model assumes that the project is equity financed.

```
Project economic measures are:
Project IRR (before tax):                    11 %
Project IRR (after tax):                     10 %
Project NPV @ 7.5% discount (before tax):    CAD 59.3 million
Project NPV @ 7.5% discount (after tax):     CAD 38.3 million
Project NPV @ 0 % discount (before tax):     CAD 351.1 million
Project NPV @ 0 % discount (after tax):      CAD 279.4 million
Project Payback:                              8.2 years
Mine life:                                   18.4 years
```

Recommendations The report contains a number of recommendations to advance the project including the following two recommendations to increase the project's **economic** return:

1) Re-optimizing the Whittle model utilizing operating and capital cost details and an optimized mine plan generated during this PA of the Bronson Slope deposit identified the potential for enhanced returns. The following increased potential returns (increased IRR) and faster payback of a smaller, higher-grade mined resource were identified by the Whittle model using updated inputs from the base case PA:

Optimized Using PA Derived Figures	**Scenario**	**Mill Feed** [tonnes]	**Waste** [tonnes]	**NPV** [CAD; 7.5 % Discount]	**IRR** [%]	**Mine Life** [Years]	**Payback** [Years]
Initial Base Case	PA Equivalent Pit Shells and Mine Schedule Updated Case B Parameters	92 Mt	90 Mt	$ 65.5 M	11.8	20.8	6.2
Case B2	Case B Parameters, 8 Mtpa mining limit	44.1 Mt	27.1 Mt	$ 69.3 M	14.2	10.5	5.2
Case B3	Case B Parameters, 12 Mtpa mining limit	46.9 Mt	30.5 Mt	$ 96.4 M	18.0	9.8	4.1

2) Development of a magnetite resource component in the Bronson Slope N.I. 43-101 compliant mineral resource estimate. The ability to produce a magnetite product from Bronson Slope mill feed offers the potential to increase the project's estimated **economic** returns.

Action Plan outlined by Skygold

- PA update by Leighton of smaller / higher grade resource for higher IRR project;
- Undertake a gap analysis to identify specific data requirements and level of effort to advance the project to Pre-Feasibility or Feasibility Study level;
- Initiate a Pre-Feasibility or Feasibility Study as recommended by gap-analysis. Such study to include magnetite and molybdenum recovery;
- Commence the Environmental Assessment permitting process;
- Negotiate a Participation Agreement with the Tahltan Band and Iskut First Nation;
- Prepare a Feasibility Study for Skyline **Gold**'s local hydro license applications for self-generation hydro power for the Bronson Slope project;
- Further resource development this year with a focus on the addition of a magnetite component to the Bronson Slope deposit; and
- Acquisition of surface tenures for the construction of the Bronson Slope project.

At this point in time the $2 million just raised by the company is to be applied as follows:

- To update the PA to show higher returns from a smaller, higher-grade starter operation
- To assay core for magnetite to the NI 43-101 compliant project resource
- To extend drilling to identify expansion potential of the deposit
- To advance the company’s hydro projects technically and its environmental assessment process with the regulatory agencies

The Bottom Line

We believe the odds favor Skyline Gold Corporation will not only survive but also move its copper gold porphyry project forward toward a production decision. If I’m right, this stock could easily post a tenfold increase in value for starters, and rise to still much higher levels with an expansion of the current resource and a production decision. We say that on the basis of the company’s current market cap of $2.3 million compared to the NPV numbers noted above ranging from $65 million to $96 million. A tenfold rise in the value of this company’s shares would only give it a market cap of just $23 million, or roughly ⅓ to ¼ of its present value.

The big risk here is funding and dilution, which could serve to cap the value of the current shares outstanding. The company will need to raise significant capital, starting with its immediate need for $2 million, so dilution is a real concern. Hopefully, once it becomes known that it is likely to raise capital, the shares will perk up a bit to at least the $0.10 to $0.15 range.

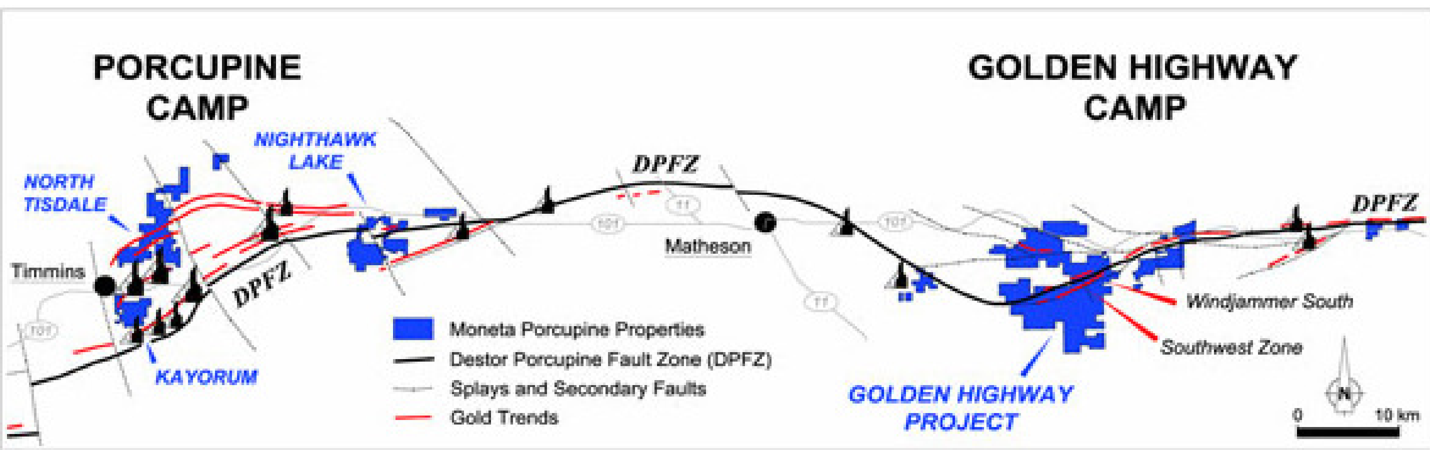
So, these shares do carry a significant amount of risk, which is why you also have substantial upside potential. On the basis of the NPV numbers noted above, which could become much larger with some successful exploration results, we see no reason why this shouldn't be a $0.12 to $0.15 stock by the end of the week, which would represent a four- or fivefold increase from current levels. However, by maximizing your exposure to our suggested 5% allocation, you will also reduce your risk if things do not work out as hoped.

Stock Pick of the Week

Moneta Porcupine Mines

(Traded TSX: ME / Pink Sheets: MPUCF–107.8 Million Shares Outstanding–$0.15)

With the deflationary credit collapse last fall, our focus has been largely on producing and near-producing gold mining stocks. Yet, it would be foolish to forget entirely exploration stocks that have a high probability of outlining a mineable gold deposit. And when we talk about mineable ounces, the best place to focus is on companies with good geological prospects in old gold camps where much is known about the geology and where infrastructure is in place. The probabilities of success of well managed companies in these settings is vastly better than for those outlined in isolated areas where nothing has been mined before.



Moneta Porcupine Mines has been around for a long time. It traces its history way back even before the last great bull market in gold mining stocks in the 1930s. Combining the company's 43-101 resources of 305,000 ounces of indicated and 212,000 inferred gold ounces with a 624,500-ounce historical resource drilled out by Barrick gives the company a total resource of more than 1.1 million ounces of gold. More importantly, the company has a total of 12 kilometers of strike length along the prolific Destor Porcupine Fault Zone in Ontario and some very real prospects of some high-grade ounces in both the Golden Highway Camp and the Porcupine Camp.

The map above displays two mining camps in which Moneta has a significant presence. The company's efforts now are mostly being placed in the Golden Highway Camp, where those 1.1 million ounces have been outlined. Moneta's 43-101 resources, which sum up to 517,000 ounces, are located in the 100% owned Windjammer South Zone. The 624,500 ounces outlined by Barrick Gold are located in the Southwest Zone, which is also 100% owned property of Moneta. While Moneta is an exploration company, it is important to point out that it is hardly a grassroots exploration play. In fact, some 400 holes have been drilled in the Golden Highway Camp.

The main focus of this company this drill season will be on getting the Southwest Zone ounces categorized as a 43-101 resource. Assuming (as I do) that the number of 43-101 ounces will be similar to the 624,000 ounces outlined by Barrick, management believes that having them categorized as such should add market value to the company's shares. No doubt it would add value, but more significant in my view would be success in the **second objective of the company's**

current drill program, namely, to establish the existence of a much more extensive high-grade gold deposit. With respect to higher grade potential, it should be pointed out that only about 20 holes of the 400 drilled so far have been below 500 meters in depth. The emphasis until now, by prior operators, has been largely on outlining a bulk-tonnage open-pit deposit. While not dismissing the prospect of something large on surface, management now believes they have a good chance at establishing a higher-grade deposit by chasing after the higher-grade gold mineralization on the Windjammer.

If the company is successful in establishing a 43-101 resource akin to the old Barrick numbers, in my view this stock could double from current levels in a strong market. Success on both fronts could send this stock several times above its current price, depending of course on the degree of exploration success.

OTHER PROPERTIES

Note there are three properties in the Porcupine camp. We have classified these three properties, the Nighthawk Lake, North Tisdale, and Kayorum properties as "other," not because they are low probability long-shot targets, but rather because the company with its limited resources has chosen to focus its efforts on the Golden Highway Camp. Indeed a fair amount of work has been carried out over the years on these properties with some very promising results and gold assays. We would not be surprised to see Moneta strike a deal with a major company that would require the major to spend its funds to advance those projects, with Moneta gaining a carried interest. Given the substantial potential in the Golden Highway Camp, and given limited resources (the company currently has $2.1 million in the till), that would be a logical move on Moneta's part in our view.

SUMMARY:

Moneta has several very promising gold properties that stretch some 12 kilometers along the prolific Destor Porcupine Fault Zone. The company currently has a miniscule market cap. It has enough money in the bank to carry out a fairly extensive drill program that we think has a better than 50/50 chance of achieving a 43-101 resource similar to the historical resource outlined by Barrick, and also of extending gold mineralization found on the Windjammer South Zone as well. If we are right, this stock could double or triple over the next several weeks, especially given a fairly small share float estimated to be in the 10-million to 20-million-share range.

Moneta is the kind of high risk/high reward exploration stock that we think should be included in all but the most risk averse portfolios, simply because of the upside potential. And given that the company's properties display excellent geological potential and a very favorable address in the heart of Canada's gold country with all the necessary infrastructure, labor, and commercial requirements for the gold mining industry, means that ounces found here can and most often are valued more highly than those found in a remote area without infrastructure. Of course as always, we want to stress our view that investors should not allocate more than 5% of their portfolios to this or any other one stock, simply for the sake of diversification aimed at building wealth systematically rather than in an easy come, easy go fashion that has been so costly for investors in the mineral exploration business.

Update: "A solid situation"

Maudore Minerals Limited

Business: Developing one or more gold deposits in Quebec

Traded TSX:	MAO
Shares Out:	19,010,147
Initial Recommendation 2/25/06:	$0.69
Price 8/17/09:	US$1.99
Market Cap:	$40 Million
Gold Resource:	524,000
Average Grade:	20.2 GPT
Progress Rating:	"C"
Telephone:	514-761-1415
Web Site:	www.maudore.com

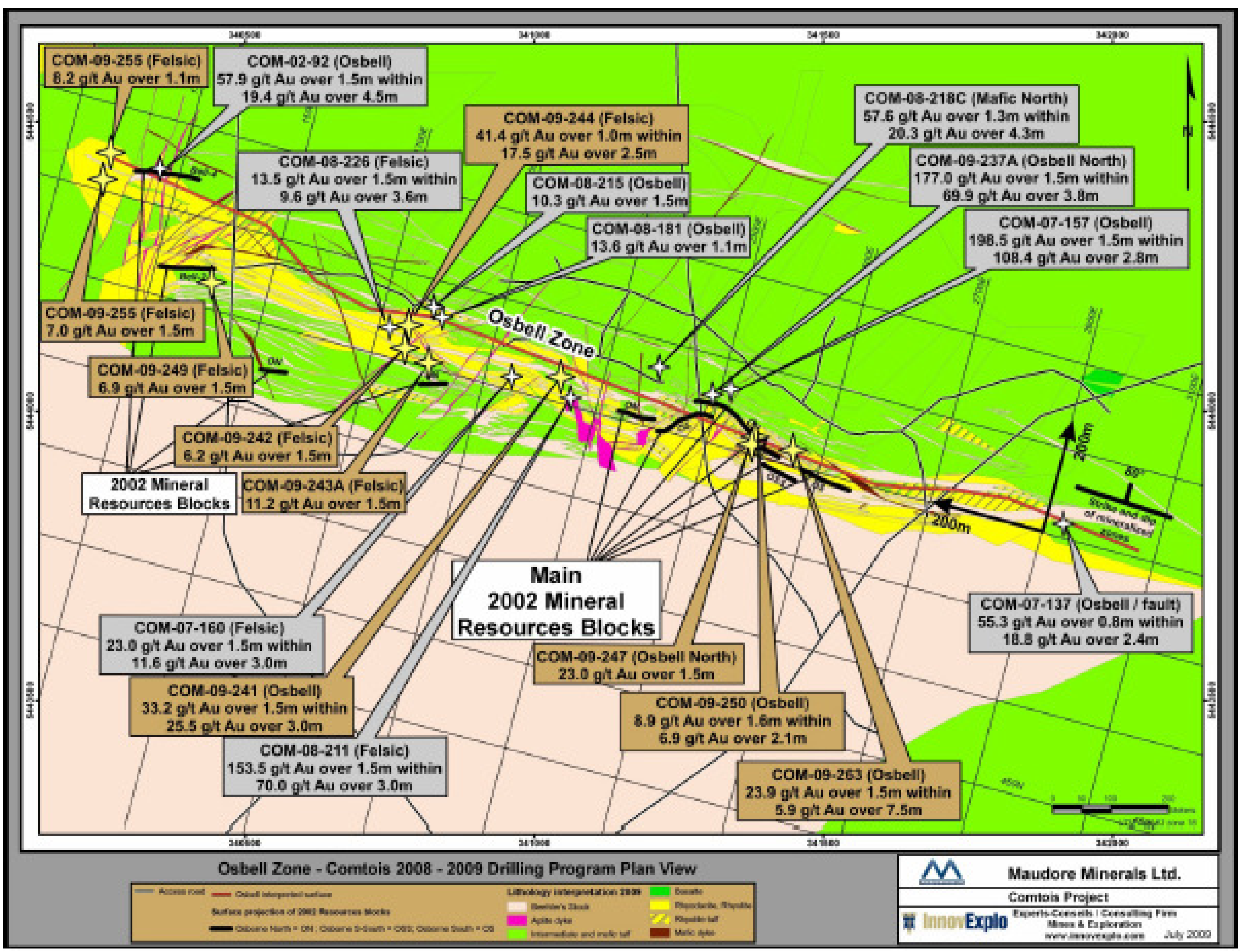
QUESTION: I am interested in knowing if you have any follow-up information on Maudore Minerals (April 2 write-up). Sounds like a solid situation, but information is limited. Thanks for your reply. T. Cohn

EDITOR'S RESPONSE: Welcome to the world of mineral exploration. Waiting for a mine to be developed is almost like watching paint dry, except at times you do get a burst of exciting information that can lead to significant excitement in the market and visions of getting rich.

I quite agree with your assertion that Maudore sounds like a solid situation. I'm glad you brought this story to my attention again, because it forced me to review this company's most recent press release, which makes me even more confident that Maudore could be in the process of developing a monster gold deposit.

The following is basically a repeat of what I wrote in April but it is worth restating, because it points out logic behind my belief that Ron Shorr's Maudore is likely on to outlining a gigantic high-grade gold deposit in one of the best mining regions of the world, where there is plenty of all the necessary infrastructure to provide optimum value for newly discovered gold ounces in the ground.

The company currently has a 43-101 gold resource of 524,000 ounces of gold. Those are "high quality" ounces, because they are very high grade and also because they are located in an area where the infrastructure is as good as you will find anywhere in the world. Moreover, the company's Comtois Gold Deposit is in Quebec, which is one of the most pro-mining jurisdictions in the world. In fact the company stands to get C$3.5 million in cash from the Quebec government; that represents a percentage of exploration work carried out by Maudore in the recent past.



But this is just the tip of the iceberg so to speak, because there are all kinds of evidence to support the thesis that a world-class resource of several million high-quality ounces of gold could exist at Comtois. When I say “high-quality” ounces, I mean ounces that, when mined, will provide higher profit margins than some other projects. When a project is located in a place like Quebec with its entire infrastructure, legal, labor, and political advantages, that can all help to lower capital costs. And when you have a very high-grade resource, operating costs should also be lower. We should also note that electricity costs in this area are quite low.

So it looks to me as though Maudore has some very high-quality ounces at the Comtois. But that is just part of the story. What is really exciting is the project’s exploration potential.

The current 524,000 ounces is derived from a relatively small area that measures 400 meters along strike and only 200 meters deep. We have known that the potential for depth extension is excellent on this property, as is the case with most other gold deposits located in the Abitibi Greenstone Belt. But the big news now emerging from Maudore is that additional exploration work is suggesting that the potential to expand the deposit laterally is very great. And if you take both lateral and vertical potential into account, you begin to realize the numbers here could get very, very big.

Let’s consider the vertical potential first. In the 400-meter-long by 200-meter-deep space in which the company’s current 524,000 ounces have been outlined, several deeper drill holes have revealed the extension of gold mineralization at depth. The deepest hole to date extended to 865 meters and intersected 2.46 oz. per ton. ***If the current average grade of approximately 0.65 oz. per ton is extended to a depth of 865 meters over a lateral extension of just 400 meters over the same width, we could be looking at over 2.5 million or 2.6 million ounces of gold.***

Now let’s consider the lateral potential. Based on continued drilling, the lateral extent along strike appears to be approximately 2 kilometers or 5 times the 400-meter-long section from which the existing 43-101 resource has been calculated. Putting your elementary mathematics to work, if grades are continuous to a depth 865 meters over the same widths and if those values extend over 2 kilometers rather than the 400 meters from which a current resource is calculated, we could be looking at upward to 12.5 million ounces of high-grade gold material to relatively shallow depths.

Now please understand we are making no assertions that Maudore’s Comtois Property contains 12.5 million ounces of high-grade material. But neither are we suggesting it does not have that much value. What we are saying is that the latest drill results, which are pictured in the following chart, increase the odds that a very large, high-grade, near-surface gold deposit is in the making.

The latest drill results increased confidence that something big is in the offing for Maudore.

- Three holes located halfway between the Osborne (main resource) and Bell areas—**41.4 g/t Au over 1.0m** (#244), 11.2 g/t Au over 1.5m (#243A), and 6.2 g/t Au over 1.5m (#242);
- New infill results within the main resource at Osborne include—**23.9 g/t Au over 1.5m** (#263), **23.0 g/t Au over 1.5m** (#247), and **21.1 g/t Au over 0.4m** (#250);
- Stepout immediately west of the Osborne resource area—**33.2 g/t Au over 1.5m** (#241) and **17.8 g/t Au over 1.5m** (#241) contained within **25.5 g/t Au over 3.0m**;
- In the western part of the Bell area—7.0 g/t Au over 1.5m (#255); and 6.9 g/t over 1.5m (#249).

While this immediate focus of Maudore is definitely exciting and is what I think investors should be focusing on most now, it is worth noting two additional factors that could, over the longer term, also add value to Maudore, particularly if a multimillion-ounce gold deposit begins to emerge along this 2-kilometer structure:

1. This 2-kilometer strike length measures a distance of only about 2% of the company’s entire property boundary that extends 95 kilometers along the gold-bearing volcanic belt that extends from the Comtois to the Sleeping-Giant Gold Mine. Thus, if a major near-surface gold deposit begins to come into focus, we could see one or more

major mining companies getting very interested in Maudore. What we would of course like to see would be a bidding war for Maudore.

2. Maudore's Comtois Property, which covers an area of approximately 200 square miles, is also considered to be a prime exploration target for massive sulfide deposits. Indeed, massive sulfide deposits are more common in Quebec than anywhere else in the world, and the Quebec government surveys have identified this belt as one of the province's most geologically promising areas for massive sulfides.

So What Does All This Mean?

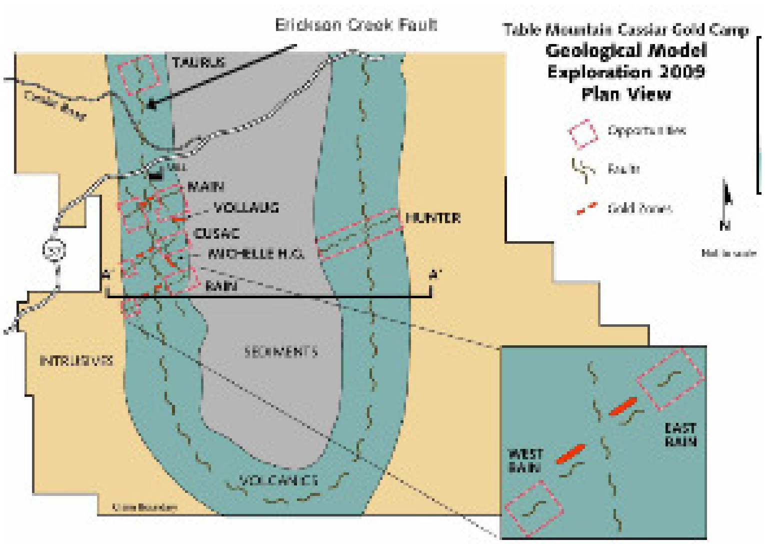
In the end, you want to know how this will all translate into you making money with Maudore's shares. As is true with many junior mineral exploration companies, there are long periods of virtually no news, during which interims the shares meander within a boring range. That doesn't mean there are not important things happening with these companies. But most of the time what is going on involves highly technical work that means little or nothing to the layperson. Moreover, the advancement of this technical work can be and usually is very slow.

During these quiet news periods, markets for these baby companies often become very illiquid and drift lower. For investors who have a sense for values evolving from exploration results, such phases of weakness can provide a great opportunity for accumulation. As you can see from the chart above, Maudore's shares have broken above the right shoulder of a head and shoulder formation. This is a very constructive chart that I think is suggestive of value systematically being created by Maudore. In general, I am not advocating an aggressive purchase of gold shares just now, because as regular readers are aware, I think we may see some extreme weakness in the equity markets one to two months from now, in which event we may be able to buy good companies like Maudore at even cheaper prices.

That said, it is also important to realize that Maudore has held up well in the past when markets turned significantly lower, and given its tight share structure, the same could be true again. So for those of you who may want to buy this stock now, I would look to purchase some shares on weakness. If we get a huge decline in the fall, you may want to add to your holdings more aggressively. Suffice it to say I am in agreement with the assertion that Maudore represents "a solid situation." But be prepared to tie up capital for an undeterminable period of time, because it's impossible to know when Maudore will tickle the market's fancy. It could happen with future drill results, if those results finally get people to understand something big is in the making on the Comtois Project. Stay tuned for future results, which we expect to have for you in the coming weeks as results from the company's two drill rigs are processed.

Company review

Hawthorne Gold Corp.



(Traded TSX-HGC/Pink Sheets – HWTHF-$0.37) Chen Lin and I met with Rick Barclay in New York last Wednesday. What I came away with from our meeting was an impression that Table Mountain and the Taurus Prospect are enormous. The Greenstone Belt, which hosts the gold in this property and is illustrated in the cartoon on your left, stretches some 41 kilometers north and south. The area where most of the exploration has been done so far is around the Cusac underground mine.

Secondly, this past week the company announced some very impressive, higher-grade gold values on surface on the Taurus Property, where a 1-million-ounce resource averages approximately 1 gram per tonne. The thinking now is that this material may be mineable along with the higher-grade underground material at Table

Mountain, and in talking to Mr. Barclay we gather it could run as high as 80% of the mill feed. One of the fears voiced by some about the Table Mountain Mine was that it would be hard to mine enough ore from Table Mountain to feed the 350-tonne-per-day mill. Barclay says they can see enough material already for a two- to three-year mill feed from the Taurus already, and there are several more open-pit high-grade surfaces in the direct vicinity, which by the way is 12 kilometers from the mill.

I was well aware of the Table Mountain Project when Cusac operated it. Cusac management knew they had enormous potential, but they never had the resources (managerial and financial) to take a macro view of this whole district and move it forward with the big picture in mind. Hawthorne has the big picture in mind and they have the management talent to move this company's projects forward. The company expects to start test production before the end of 2009. Over the next couple of years we are not expecting major levels of production—something on the order of 20,000 ounces to 30,000 ounces per year at a cash cost of $425 or so per ounce. That would only be to fund exploration with a view to building a multimillion-ounce, mid-sized gold mining company, either by building up the Table Mountain and Taurus property toward a 100,000-oz-gold producer and/or acquiring other projects in Canada that are near-term producers.

Hawthorne has not gone through the formal process of gaining feasibility studies and doing scoping studies, so we have not placed them among our "B" progress companies. Likely this company will jump right over "B" progress status into "A," because the skill sets that this senior management team brings to shareholders have the ability to efficiently cut corners without considerably increasing project risk. We would feel less comfortable with most other companies seeking to get into production the same way. But this management team has done it twice before. As I said before, I'm betting they will succeed in establishing a third mining company to add to their list of accomplishments. If I'm right, there will be some very wealthy shareholders made by Hawthorne.

Update:

Riverside Resources

Business: Exploration and development of gold mining projects in North America, mostly in Mexico and Arizona

Traded TSX:	RRI
Pink Sheets:	RVSDF
Shares Outstanding:	21.6 Million
Price 8/17/09:	US$0.39
Market Cap:	US$8.7 Million
Progress Rating:	"C"
Telephone:	778-327-6671
Web Site:	www.rivres.com

Major Shareholders: Lundin Family, Rick Rule Family, and Kinross

Keep your eyes on Riverside Resources. This company enjoys the support of some very smart, conservative investors, like Rick Rule and the Lundin family. Rule always buys quality companies when they are cheap and out of favor, and the Lundin family, who have been exceptionally successful, do the same. Riverside is less expensive now than when these very prosperous investors bought the company on the IPO at around $0.50. Yet, Riverside has far more going for it now than it did then, which is why we think this is a terrific long-term speculative play on gold in a relatively safe place, namely, Mexico. And because its mandate is to retain a carried interest in excellent exploration prospects while using other people's money (OPM) to develop those prospects, we consider Riverside among the lowest risk/high return prospects in the junior gold mining sector.

The markets may soon begin to pay some attention to this mini market cap stock, once drill results come out from the Sugarloaf Gold Prospect in Arizona. The company will be spending upward to $500,000 to advance this project with core drilling in the fall. It expects assay results by late fall. At present, Sugarloaf has a non 43-101 resource of 1.2 million ounces of gold. The thinking on the part of your editor is that, given various exploration and assay factors, Sugarloaf could be a multimillion-ounce gold deposit. If so, we could be looking at an explosive stock on the upside, especially given the very small market cap of this company. With a stock price of about US$0.40 and only 21.6 million shares outstanding, the market is paying less than $9 for this stock. We think this is extraordinarily cheap stock, considering the following factors:

- **A historical 1.2 million ounces of gold at Sugarloaf.** With a $9 million market cap, that means the market is paying a mere $7.50 per ounce for the gold in the ground there. Four million dollars in cash. While the economics of this prospect are far from being proven, we note there are no infrastructure concerns to speak of and there is reason to believe grades could be higher than previously stated, as most results were from reverse circulation drilling rather than core drilling. Core drilling results this fall could come in higher than prior reverse circ results, which, combined with recent values under a more rigorous regulatory regime, could get the market to pay some serious attention to this stock. It would take very little imagination on our part to see this stock easily double on the strength of some good drill results from this property alone.
- **A work commitment from other companies of $3.8 million this year and $9 million on three properties over four years**, including a deal with Kinross and more recently with Geologix on a Mexican gold target. Typically, Riverside gets a carried interest of up 49% on most of its deals, up to bankable feasibility stage, without spending much if any additional money. In some instances, Riverside is getting paid back as much or more than they put into these prospects when they first picked them up and carried out initial exploration work on them.
- **Numerous other highly prospective gold and silver mining targets in Mexico**, some of which are at an advanced stage of exploration and development. And with Kinross as a major shareholder, Riverside may well find itself getting carried toward and possibly into production by Kinross. In our view, any number of projects other than Sugarloaf Peak could more than justify this company's current miniscule market cap.
- **Intellectual capital of John-Mark Staude and his team**. Yes, I know this is an intangible. But John-Mark has proven and we think will continue to prove that geological intelligence combined with a smart business approach to risk/reward allocation of capital will bring more and more value per share to investors in the future. Significant in our view is the fact that John-Mark is a major shareholder of this company.

Sugarloaf, which is 100% owned by Riverside, is the lead project for this company now, and beyond a doubt it is the company's lead project because it has enormous upside potential. Yet remaining true to its mandate to use OPM and thus reduce risk and build long-term wealth for shareholders, Riverside will be willing to accept a joint venture partner if the deal is right. At this stage, we think John-Mark and his team can add enormous value to the company by efficiently using that $500,000 to take a giant step toward establishing the potential viability of Sugarloaf. At this stage, the market obviously isn't giving much if any credit for Sugarloaf, as the stock was at one time selling at a much higher level before John-Mark acquired that prospect. The fact that he paid such a miniscule price no doubt is one reason why the market isn't impressed. But then we don't think the market knows John-Mark as well as your editor knows him. The market may be selling him short but I'm betting that will be a huge mistake. The market would do better to take a look at some of Riverside's impressive investors, including Kinross, as well as the Rule and Lundin families.

Prudent Business Model – An Example

To give you an example of the kind of deals Riverside does, the company recently announced a deal with Geologix Explorations Inc. for the Libertad Gold Project, located in Sonora, Mexico. This deal requires Geologix to pay Riverside $400,000 cash, which is more than it put into the deal before Geologix came into the picture. Geologix must spend $3 million on exploring and developing the property for three years to earn a 60% interest. It can earn an additional 25% by spending another $2 million and paying Riverside an additional $500,000 in cash, leaving Riverside with a 15% carried interest. So Riverside gets a 40% free ride initially, and thereafter that free ride could be reduced to 15%. But if that happens, you can be sure Geologix will be on to something of value, thus enhancing shareholder wealth for Riverside investors.

While it is an early-stage exploration project, we view it as a relatively low risk target, because: (a) numerous old mom-and-pop mines are spotted on the property so we know it is mineralized; and (b) outcropping to surface is seen with grade of up to 8 grams gold per tonne. In other words this is a drill-ready prospect. In addition, there are lot of gravel-covered areas on the property that may be hiding additional gold targets.

Longer-term economic prospects are enhanced by easy access to the property. A blacktop road goes right to the property. Water and electricity are present as well and it is fairly close to the coast. The geological model for this property is the Herradura Property, operated by Peñoles and Newmont where some 200,000 ounces per year are being produced. My thinking is that chances are reasonably good that this property could evolve into something significant. By itself, we think this property alone could justify a $9 million market cap for Riverside. But the Libertad and Sugarloaf are only two of many properties owned by Riverside, which is always looking for more prospects in which it can use its exploration expertise to efficiently add value for shareholders.

As regular subscribers know, we are cautious about gold stocks right now because we are anticipating a major equity market decline in the fall. Until then, we are anticipating a stronger market through the summer, so Riverside could rise with this general trend. I don't expect there is any need to chase this stock now. Good drill results confirming and possibly enlarging the resource at Sugarloaf should drive the stock higher, but if gold shares get slammed along with the general market, as we expect, you may be able to buy Riverside at an even cheaper level later, when investors begin to realize gold mining may be the only sector worth investing in.

That said, any way you cut it, Riverside offers excellent speculative value. In our view, it is a relatively low risk gold exploration play that certainly has moonshot potential on not one but several gold and silver targets, mostly in Mexico. As such, even though we see a major decline coming for stocks in the fall, we think acquisition of some of these shares on weakness makes great sense even with an impending market decline, due to the fact that they are so undervalued now. Your editor holds some of these shares in his IRA as well as in a non-IRA account. I'm a holder of these shares in anticipation of some good things happening at Sugarloaf and one or more Mexican properties over the next year or two. Of course as always, we recommend you not allocate more than 5% of your portfolio to this or any other one stock, simply for the sake of prudent risk aversion through

Company Review:

Keep Focused on Apollo Gold Corporation

Apollo Gold Corporation (NYSE-Amex: AGT–261.4 million shares–$0.40) continues to be one of our favorites. That would be true even if the company had not hit on a new high-grade calcite zone on the company's Grey Fox Project. The target here was green carbonate rocks similar to what is being mined by the company now on its Black Fox open-pit mine. The company was not only successful in establishing gold in the carbonate rocks, but it also discovered higher-grade gold in silicified breccias associated with the Contact Zone, which was the initial target. That suggests the possibility that overall, open-pit grades might be higher at the Grey Fox than at Black Fox, where management is talking about producing 200,000-plus ounces per year at a cash cost of less than $350/oz. It is our understanding that the operation at Black Fox, two-fifths of a kilometer away from Grey Fox, is going well, but we should soon have production results that will hopefully confirm production on that scale at under $350/oz.

So things appear to be going very well, and based on that, we would be aggressive buyers of this stock. However, shareholders were treated to some extremely exciting news with the last drill results. What we are talking about was a 3.5-meter intersection (true width estimated at 2.9 meters) grading an astoundingly high 355 grams gold/tonne! That suggests the possibility that a high-grade deposit could be in the making. Note we underscored the word "possibility." Whether or not this is a significant new discovery, it's too early to say. However, it hosted in a completely new package of rocks, which is why I'm suggesting you stay tuned to future press releases.

This week, management announced that it plans to start drilling again on the Grey Fox in early August, with an initial target of 14,000 meters of core drilling. Management anticipates this core drilling will continue on into 2010. The purpose of the program will be to: (1) drill the Contact Zone to a measured and indicated resource status and to expand the Contact Zone"; (2) explore in detail the high-grade Calcite Zone; and (3) expand the Destor Porcupine Fault Zone along strike and down dip and to expand the Contact Zone down dip and along strike.

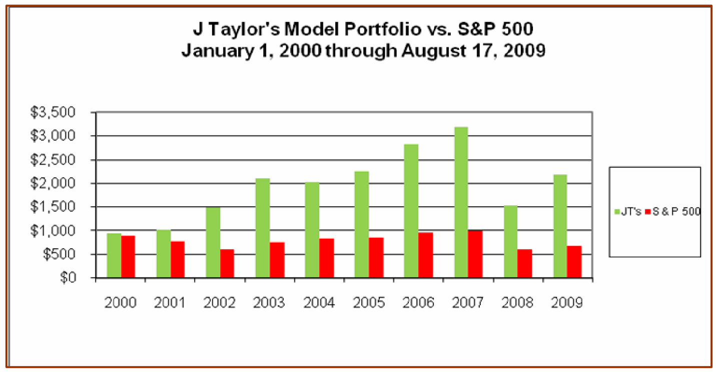
This company's shares have been slow to respond to the very good news, due in no small part, in our view, to some difficulties the company had on an open-pit project in Nevada that posed some problematical engineering challenges. However, we think this management team is more than capable of executing the company's business plan and if anything, our guess is management will outperform its guidance. We say that because, having been burned in the past, if anything, they are being sure not to overpromise this time around.

This is definitely a favorite if not the number one favorite of both Chen Lin and myself. We would not suggest you allocate more than 5% of your portfolio to this one stock, simply because we think it is very important that you respect the virtues of portfolio diversification. However, we would be hard pressed to think of any other stock at under $1 on our list that we like better at this point in time.

Update August 17, 2009 – On this date as we were going to press, Apollo fell by more than 11% to close at US$0.40. It was a very difficult day for equities in general including gold stocks. But Apollo may have been hit even harder in part because it was revealed after the market closed last Friday that they are in a technical default with their lender. Apparently average grades were somewhat lower than anticipated during July and that meant certain ratios within the loan covenants were broken. We think it more than likely this technical default will be worked out but my good friend Chen rightly worries that the lender may ask for additional compensation in exchange for waving the default. For example, the bank may ask for additional warrants, thus leading to more dilution for shareholders. Either Chen Lin or I will be listening to a conference call tomorrow and we will update you on this matter in my weekend hotline. The bottom line is that I still like the stock very much but with this reservation.

Our Model Portfolio

J Taylor's Model Portfolio as of:	8/14/2009		
Category	**Weight**	**YTD Gain**	**Tot Gain**
Progress "A" Gold Producers	37.99%	34.34%	60.94%
Speculative Mining Shares	26.42%	71.05%	119.95%
Uranium Stocks	8.73%	147.06%	-27.64%
Oil & Gas Stocks	5.76%	62.98%	-7.47%
Prudent Bear Fund	9.43%	-11.06%	-11.06%
Gold & Silver Cash (CEF)	7.51%	6.19%	62.94%
Rydex Inverse Long UST RYJUX	4.16%	6.58%	6.58%
J Taylor's Model Portfolio	**100%**	**41.46%**	**161.72%**
S&P 500		**11.16%**	**-30.93%**



We are still having a good year, but as just noted above, August 17th and Friday of last week were bad days for stocks causing us to wonder if we might not be nearer the end of the **(B) Wave up** than we thought. While we are still looking at mid to late September for the beginning of the dreaded **(C) wave down**, we know from experience that noting is set in stone in the markets which is why we have been suggesting for the past several weeks that building cash is a very good idea. I can tell you that I personally have now built up about 20% of my IRA in cash. I am hoping to build it up to 50% before the **(C) wave down** arrives. Indeed, according to Dr. Robert McHugh, there should be at least a few more short lived increases in equity prices before we are stored away in Ian Gordon's K-winter deep freeze. The message I want to leave you now is that it is more urgent than ever to build cash so you can buy gold shares at a very low price after the next equity market cleans out the garbage and leaves gold mining stocks all alone as the cream of the crop. We would focus mostly on selling inflation hedge stocks as we think the next event will be significantly deflationary and will take down base metals, industrial metals and very possibly energy prices as well.

PORTFOLIO SCORECARD

Gold Stocks Security	Exch	Ticker	P	Company Activity/Comments	Price 1/1/09	Initial Date	Initial Price	Price 8/17/09	2009 % Gain	Overall Gain	Buy/ HOLD
GOLD & SILVER PRODUCERS ("A" Progress Companies)											
Allied Nevada Gold Corp. *	N	ANV	A	Gold Producer in Nevada	$ 4.95	1/30/09	4.95	$8.34	68.48%	68.5%	Hold
Apollo Gold Corp. *	A	AGT	A	Gold, Silver, Lead & Zinc produce in Montana	$ 0.23	12/12/08	0.25	$0.40	73.91%	60.0%	BUY
Atna Resources, Ltd	T	ATN	B	Near term Gold producer-Nevada & California	$ 0.52	2/27/09	0.52	$0.57	10.48%	10.5%	BUY
ATW Gold Corp.	T	ATW	A	Gold mine explore, development, & production	$ 0.40	5/2/08	0.81	$0.48	19.32%	-41.2%	Hold
Metanor Resources Inc. *	T	MTO	A	Small Production & Exploration in Quebec	$ 0.36	1/25/08	0.84	$0.37	1.64%	-55.7%	BUY
Money 4 Gold Holding Co.	O	MFGD	A	Gold, Silver, & Platinum from recycled jewelry	$ 0.36	12/5/08	0.32	$0.20	-44.44%	-37.5%	Hold
New Guinea Gold Corp. *	T	NGG	A	Advanced Gold Mines in New Guinea	$ 0.27	9/20/03	0.19	$0.12	-55.87%	-39.2%	Hold
OceanaGold Corp. *	T	OGC	A	Gold Mining-New Zealand, project-Philippines	$ 0.48	2/27/09	0.48	$0.75	56.16%	56.2%	BUY
San Gold Corporation *	T	SGR	A	New, smaller gold producer in Manitoba, Ca.	$ 0.98	9/30/06	1.27	$2.41	145.45%	89.8%	Hold
Starcore Int'l Mines	T	SAM	A	Mexican gold and silver producer	$ 0.08	8/22/08	0.15	$0.08	4.51%	-46.8%	Hold
J Taylor's Average Gain (Loss) on Progress "A" Gold Stocks									*27.96%*	*6.46%*	---

Gold Stocks Security	Exch	Ticker	P	Company Activity/Comments	Price 1/1/09	Initial Date	Initial Price	Price 8/17/09	2009 % Gain	Overall Gain	Buy/ HOLD
GOLD & SILVER EXPLORATION STOCKS ("B", "C" & "D" Progress companies)											
Luna Gold Corp.	T	LGC	B	Producing Gold Mines in Brazil	$ 0.12	10/26/07	0.80	$0.33	181.48%	-58.2%	BUY
Romarco Minerals, Inc *	T	R	B	Explore & Develop of gold prop. In US & Mexico	$ 0.14	4/18/08	0.20	$0.79	464.56%	302.9%	Hold
Timmins Gold Corp.	T	TMM	B	Nearing open pit gold mining production in Mex.	$ 0.45	8/26/06	0.32	$0.65	44.41%	106.1%	Hold
Sandstorm Resources Ltd *	T	SSL	B	Gold royalty co. applies Silver Wheaton Model	$ 0.36	5/22/09	0.36	$0.38	5.95%	6.0%	BUY
Skyline Gold Corp. *	T	SK	B	Explore, Develop gold, copper, silver. Moly in BC	$ 0.04	3/13/09	0.04	$0.06	49.37%	49.4%	BUY
Animas Resources Ltd.	T	ANI	C	Gold exploration in Mexico	$ 0.45	5/30/08	1.39	$0.68	50.43%	-51.3%	Hold
AuEx Ventures *	T	XAU	C	Diverse gold projects portfolio projects in Nevada	$ 1.51	9/30/06	1.59	$2.25	48.48%	41.2%	BUY
Cangold Ltd. *	T	CLD	C	Early Stage gold exploration project in Mexico	$ 0.02	6/23/03	0.08	$0.04	76.47%	-54.3%	BUY
Clifton Star Resources Inc.	T	CFO	C	Explore & Develop of past gold prop. In Quebec	$ 1.89	3/20/09	1.89	$2.05	8.47%	8.5%	Hold
Hawthorne Gold Corp *	T	HGC	C	Gold Exploration and Production in B.C.	$ 0.33	10/11/07	1.79	$0.37	13.07%	-79.3%	BUY
Maudore Minerals Ltd.	T	MAO	C	High grade underground gold deposit in Quebec	$ 1.23	2/25/06	0.69	$1.99	61.79%	188.9%	BUY
Moneta Porcupine Mines	T	ME	C	Exploration & Developing Gold Mines-Ontario	$ 0.05	12/14/07	0.18	$0.15	203.36%	-15.8%	Hold
Nautilus Minerals Inc. *	T	NUS	C	High grade gold & base metals mining ocean floor	$ 0.82	5/26/06	2.85	$1.00	22.45%	-64.8%	Hold
NioGold Mining Corp.	T	NOX	C	Developing ungrounded mines in eastern Canada	$ 0.07	12/8/06	0.21	$0.21	204.97%	3.5%	BUY
Pediment Exploration Ltd.	T	PEZ	C	Developing gold projects in Mexico	$ 0.81	6/1/07	0.78	$0.76	-6.40%	-3.0%	Hold
Piedmont Mining Co. *	O	PIED	C	Start-up Junior Mining Co with Stellar Managm't	$ 0.03	10/11/03	0.06	$0.03	-23.08%	-58.3%	Hold
Premium Exploration, Inc	T	PEM	C	Explore/Development in Idaho, Montana, Mexico	$ 0.17	6/5/09	0.17	$0.25	53.25%	53.3%	BUY
Riverside Resources, Inc *	T	RRI	C	Gold Exploration in Yukon & Mexico	$ 0.23	8/27/07	0.50	$0.39	74.50%	-21.4%	BUY
Skygold Ventures Ltd. *	T	SKV	C	New potentially large gold discovery in B.C.	$ 0.16	7/16/05	0.31	$0.16	-0.72%	-48.1%	Hold
Staccato Gold Resources	T	CAT	C	Exploration & Gold development in Nevada	$ 0.09	3/20/09	0.09	$0.12	31.80%	31.8%	BUY
Magellan Minerals Ltd.	T	MNM	D	Explore/Develop large scale near surface in Brazil	$ 0.49	4/10/09	0.49	$0.53	8.96%	9.0%	BUY
Pelangio Exploration Inc. *	T	PX	D	Gold Exploration in Ghana & eastern Canada	$ 0.05	9/26/08	0.11	$0.26	392.20%	149.4%	BUY
J Taylor's Average Gain on Exploration and Development Gold Stocks									68.74%	14.1%	----
Inflation Hedges -Uranium Stocks											
Denison Mines Inc.	A	DNN	A	A Major Uranium Producer - Canada	$ 1.18	6/26/06	4.11	$1.56	32.20%	-62.1%	Hold
Van Eck Nuclear Eng. Etf	O	NLR	A	Nuclear Energy ETF	$ 19.67	1/1/09	19.67	$22.36	13.68%	13.7%	Hold
Uranerz Energy Corp.	A	URZ	B	11.1 million lbs E3O8 Resource - ISL Proj Wyoming	$ 0.62	11/18/06	3.19	$1.80	190.32%	-43.6%	Hold
Uranium Energy Corp.	A	UEC	B	10.2 million lbs. U3O8 Resource + Much more Pot	$ 0.31	6/23/06	2.80	$2.28	633.10%	-18.6%	Hold
Terra Ventures, Inc	T	TAS	C	Various uranium plays - High grade in Athabasca	$ 0.33	4/10/09	0.33	$0.31	-5.81%	-5.8%	Hold
Western Uranium Corp.	T	WUC	C	31 million pound historical U3O8 Resource	$ 0.55	1/31/07	2.29	$1.10	98.89%	-51.9%	Hold
J Taylor's Average Gain (Loss) on Outstanding Inflation Hedge Stocks									160.40%	-28.0%	----
Inflation Hedge Energy & Metals stocks											
Great Panther Resources	T	GPR	A	Silver mine exploration/development in Mexico	$ 0.49	5/29/09	0.49	$0.50	1.37%	1.4%	BUY
Pan Orient Energy Corp.	T	POE	A	Thailand Oil and Gas Producer/Can oil sand	$ 2.76	5/19/08	12.37	$5.03	82.33%	-59.3%	BUY
U. S. Natural Gas Fund LP	N	UNG	A	ETF tracks the movements of natural gas prices	$ 14.67	6/12/09	14.67	$12.12	-17.38%	-17.4%	Hold
Western Lithium	T	WLC	A	Lithium Mine development - battery application	$ 0.25	1/1/09	0.66	$0.95	279.30%	43.7%	Hold
Average Gain (Loss) on Oil and Gas Stocks								>	86.40%	-7.9%	
Precious Metals & Hedge Funds											
Gold *	N/A	N/A	N/A	The Best Money Ever Discovered by Humankind	$ 880.10	12/3/90	390.00	$9.33	-98.94%	-97.6%	BUY
Silver *	N/A	N/A	N/A	2nd Best Money Ever Discovered by Humankind	$ 11.31	11/15/97	5.29	$13.98	23.61%	164.3%	Hold
Prudent Bear Fund *	O	BEARX	A	Shorts Equity Markets - Long Gold & Gold Eq.	$ 6.69	1/1/09	6.69	$6.02	-10.01%	-10.0%	BUY
Rydex Short Long US Tree	O	RYJUX	A	Mutual Fund to Short 30-Yr. U.S. Treasury Bonds	$ 13.98	3/6/09	13.98	$14.62	4.58%	4.6%	Hold
World Prec. Metals Find *	O	UNWPX	A	Frank Holmes - Produce. And Expel. Gold Stocks	$ 9.56	3/20/03	9.70	$13.18	37.87%	137.5%	Hold
Oppenheimer Gold Fund	O	OGMNX	A	Oppenheimer Gold & Special Metals Fund	$ 19.96	2/7/08	34.53	$26.19	31.21%	-21.6%	Hold
Central Fund of Canada *	O	CEF	A	Holds Gold and Silver Bullion	$ 11.31	1/7/00	7.42	$11.72	3.63%	59.0%	Hold
S&P 500 Index	N/A	N/A	N/A	Broad based measure of U.S. Stocks	$903.25	1/1/00	1,453.82	$979.73	8.47%	-32.6%	--

CHART EXPLANATION‖ **Exch.** A=American; N=New York; O=NASDAQ/Bulletin Board; C= Canadian Exchanges; M= Montreal. T= Toronto. ‖**P=PROGRESS RATING -** A = Currently Operating, B=Not in operation but with pre-feasibility or feasibility study in hand; C = No feasibility study but indications of a commercially viable mineral deposit. D= A mineral resource not yet delineated but based on size of mineral bearing structures and early geological work, potential for outlining an ore body appears good.‖ ***2009 CLOSED POSITIONS*: Central Sun Mining + 143.01%, Nova Gold + 86.39%, Alexis Minerals Corp +142.5%, Castle Gold +44.9%, Claude Resources Inc. +44.4%, GoldCorp +181.9%, Iamgold Corp +69.2%, Newmont Mining +4.5%, Yamana Gold +115.6%, Great Basin Gold -1.4%, Terrane Metals +69.2%, Detour Gold +2,943.7%, IGC Resources -83.1%, Romios Gold -77.5%, Uranium One -22.5%, UR-Energy – 50.6%, Pennant Energy -50.1%, Petro Bank -39%, Pioneer Southwest +34.7%, S&P Energy -3.4%, TransCaanda -1.1%.** ‖ ***J Taylor's Gold, Energy & Tech Stocks***, is published monthly as a copyright publication of **Taylor Hard Money Advisors, Inc. (THMA)**, Box 780555, Maspeth, N.Y. 11378, Tel.: (718) 457-1426.‖ * Represents companies in which the editor and/or his family hold a long position. Website: **www.miningstocks.com**. THMA provides investment ideas solely on a paid subscription basis. Companies are selected for presentation in this publication strictly on the merits of the company. No fee is charged to the company for inclusion. The currency used in this publication is the U.S. dollar unless otherwise noted. The material contained herein is solely for information purposes. Readers are encouraged to conduct their own research and due diligence, and/or obtain professional advice. The information contained herein is based on sources, which the publisher believes to be reliable, but is not guaranteed to be accurate, and does not purport to be a complete statement or summary of the available information. Any opinions expressed are subject to change without notice. The editor, his family and associates and THMA are not responsible for errors or omissions. They may from time to time have a position in the securities of the companies mentioned herein. All such positions are denoted by an asterisk next to the name of the security in the chart above. No statement or expression of any opinions contained in this publication constitutes an offer to buy or sell the securities mentioned herein. Under copyright law, and upon request companies mentioned herein, from time to time pay THMA a fee of $500 per page for the right to reprint articles that are otherwise restricted for the benefit of paid subscribers. Subscription rates: One Year $179; Two Years - $329; Three Years $399. Foreign postal delivery -one-year -$200.