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May 2002

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Going For The Gold: Beware Of Peaks And Valleys

by Andrew Leckey

The vault of the Federal Reserve Bank of New York located six floors below ground level at 33 Liberty St. contains $63 billion worth of an investment that commands attention in troubled times: Gold.

It is an otherworldly kind of place. Workers clank around wearing magnesium-plated shoe covers designed to protect their feet from being crushed if one of the heavy gold bars were to be dropped.

Gold reserves from 60 foreign countries are stored for safe keeping within this impenetrable vault whose walls and bars are painted a bright blue. Built on solid bedrock, it is even farther down than the city's famous subway trains.

In the 1995 Bruce Willis film "Die Hard with a Vengeance," terrorists exploded a bomb in a subway tunnel to get to this cache of precious metal. Back then, the film's producers made the same visit to the vault that

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Junior Mining Stock Trading Refresher
Have a plan going in

By Louis Paquette, editor
Emerging Growth Stocks

On the rare occasion Junior mining stocks can deliver truly mind-boggling percentage gains and "life altering" profits. Most times, they don't find the mother load, so by their nature, exploration companies are extremely risky ventures. But that doesn't mean there aren't profit opportunities on them as well. Significant discoveries that never become mines can still generate 5 to 10 banger profit potential for shareholders of the company making the discovery and sizable gains for the surrounding claimstakers as well depending on the significance of the discovery.

But if a person wades into this sector without a plan, with no concept of where they are within the promotional and sectoral cycles, they can lose big time. To start with, there's a time when we shouldn't bother with junior mining stocks at all. Like starting in 1996 the year Bre-X peaked and the following four years as metal prices declined and technology took center stage. There's no speculative appeal during a severe, prolonged bear market and therefore few if any speculative profits to be had. But in 2002, the trends completely reversed.

Once it's determined it's good time for the metals sector, then there's a matter of utilizing a strategy to choose which juniors to buy and when to buy them. By employing some strategies instead of going in and buying haphazardly, with a little luck speculators can "mine" enough gains to offset the inevitable losers. It's been a number of years since we've played the junior mining stocks and some subscribers might be new to the game, so I felt it was time for a refresher since it looks like there's an across the board revival getting underway in the metals markets.

Spreading The Risk, Improving The Odds

The chances of determining which stock will be the next Ekati Diamond Mine or Eskay Creek high grade Gold mine are a thousand to one, maybe even less. A truly rare event. It's very much an odds game. So to increase the odds, a person might spread the total amount they want to devote to the group over a basket of say, 3 to 10 carefully chosen and timed stock purchases. Ten juniors have ten times the number of chances of hitting something sizeable than one. The odds are still very low, but better.

Carefully T iming Acquisitions

Unless one is as careful about *when* they purchase these juniors, as they are at selecting *which* juniors they buy, they could easily get burned. One might be attracted to a story due to news at the time and buy high. The secret here is to understand where the stock is in relation to its promotional cycle and seasonal cycle. Many times it pays to watch the stock for some time until the cycles are near their lows. This reduces risk and improves the odds of talking out some trading profits. This is what we did with both WRM and IMR – carefully waiting for windows of opportunity at the low end of their respective trading ranges. Another way to look at this, albeit oversimplified, is to attempt to buy as many of these juniors as you can as close as you can to their annual lows. Pull up a chart on these penny stocks and you'll see a multi-month period where the promoters simply give up and throw in the towel. At one time, this used to be simpler as most of the time this would happen in November and December. But now with exploration occurring any time of the year, these stocks often have lives of their own and the annual lows could be at different times of the year. And don't buy in the middle of a drilling program when the stock's all hyped up, but months before.

Selection Criteria

These are the characteristics we look for in promising junior explorers. The stronger a company is in each of the following areas, the more it is worth. The game is paying the least amount possible for the greatest amount of quality going for it.

1. Management. I look for the following characteristics in management; first they must be capable of finding deposits based on their previous records of performance. Next they must have the *Integrity* to put shareholders first. They must be *Aggressive* – in the pursuit of new opportunities and financing to acquire and explore them. Finally, I like to see management hold a *Large stake in the company.* The shareholder's gains or losses should be as Warren Buffett puts it, in line with the success or failure of management. Not like John Roth who walked away from Nortel with $120 million, leaving shareholders holding the bag.

2. Location, location, location. Even before Bre-X bombed, when EGS was predominantly covering junior mining stocks, we had a preference for stocks of companies exploring in the Americas. We were and still are hesitant to buy stocks of companies exploring in corrupt or declining regions such as Africa and many parts of Asia. The closer to home, the better. This is not an absolute rule and there will be exceptions to it. For instance, British Columbia may host exciting new exploration opportunities, but we now need to be extremely concerned about Native Land Claims. Then there are other factors to consider – how remote the property is, how expensive a deposit might be to develop.

3. The T arget. Investors are looking for companies with potential for Large deposits. In the case of Gold – multi-million ounce deposits, either bonanza style high grade underground targets, or large tonnage lower grade open pit situations. The old prospector's saying – gold is where you find it (i.e. where it's been found in the past) may sound like a motherhood statement, but it's true. Of course there is way more to evaluating a property than that.

4. Financing. The company must either already have funds to carry it through several stages of exploration, the ability to raise such funds without excessive dilution

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Going For The Gold: Beware Of Peaks And Valleys

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I recently did. Note taking, drawing and photography are prohibited for security reasons, but the movie people were able to call upon their memory to get the look generally right.

Gold bars remain just as heavy as when I first carefully lifted one with both hands here more than two decades ago but their value is much less.

An ounce of gold, worth $850 during my first visit, is now valued at around $300, which is up from a 12-month low of $257. Little wonder that one-third of gold reserves has been gradually withdrawn over 20 years. Countries find better financial investments or, more recently, may have decided America's safety advantage for storage isn't what it once was.

While no longer an unquestioned hedge in tumultuous times, gold still stages rallies. Gold-oriented mutual funds gained 35 percent in the first quarter of this year, compared to the average stock mutual fund's weak 0.2 percent increase. They've outperformed the average stock fund in five of the last six quarters.

Gold-oriented funds invest in stock of companies that mine gold or explore to try to find gold. Prospects of these stocks, tied to supply, demand, their industry and expectations, often beat the performance of the actual metal. Last year an ounce of gold was up less than $3, while gold stocks rose nearly 25 percent.

"The extended Afghanistan involvement, talk of going into Iraq next and continued violence between Israel and Palestinians feed into the wartime uncertainty that sends people fleeing to storehouses of value such as gold," said Don Cassidy, senior research analyst with Lipper Analytical Services, which tracks the nation's mutual funds. "There's also typically inflation after war and that means more investors want the hard stuff."

The history of gold the past two decades consisted of upward runs lasting three months to over a year, followed by lethargic periods of three to five years, Cassidy noted. During a 22-year disinflationary period, gold lost a lot of its clout.

Yet in the first quarter of this year, the stocks Harmony Mining (HGMCY), Gold Fields Ltd. (GOLD) and Newmont Mining (NEM) boosted the U.S. Global Investors Gold Shares fund to a 52.41 percent gain.

"The last time gold peaked in price was 1993–1994, but all gold funds have drifted downward in total assets since then, mostly because the government went to a balanced budget," explained Frank Holmes, chief investment officer for U.S. Global, whose Investors World Gold Fund was up 49.72 percent. "The driving factor lately has been the move to deficit spending, including the post-Sept. 11th military build-up."

The individual investor strategy of keeping 5 percent of investments in gold is designed to lower volatility and increase overall portfolio performance because it runs contrary to the market, he said.

"Mergers and acquisitions in the gold sector benefited the stocks we own," added Charles de Vaulx, portfolio manager for First Eagle SoGen Gold Fund, up 50.64 percent in the first quarter. "There's also growing investor demand for gold due to the banking problems in Japan and Argentina."

Goldcorp Inc. (CG), Meridian Gold (MDG) and Royal Gold (RGLD) contributed to that fund's results.

While most of the quarterly top performers invested in gold, the No. 1 fund didn't. The $1.43 million American Heritage Fund (AHERX) grabbed the top spot with a 62.50 percent gain by having most of its portfolio in the stock of Senetek Plc (SNTK), a maker of products for skin care and treating erectile dysfunction.

The following gold-oriented funds were close on that fund's heels in the quarter, dominating the list of top funds, according to Lipper:

- **U.S. Global Investors Gold Shares** (USERX), San Antonio; $30 million in assets; no load; $5,000 minimum; 800-873-8637; up 52.41 percent.
- **First Eagle SoGen Gold** (SGGDX), New York; $24 million; 5 percent load; $1,000 minimum; 800-334-2143; up 50.40 percent.
- **U.S. Global Investors W orld Gold** (UNWPX), San Antonio; $50 million; no load; $5,000 minimum; 800-873-8637; up 49.72 percent.
- **Tocqueville Gold** (TGLDX), New York; $36 million; no load; $1,000 minimum; 800-697-3863; up 45.91 percent.
- **Gabelli Gold** (GOLDX), Rye, NY; $33 million; no load; $1,000 minimum; 800-422-3554; up 45.43 percent.
- **Van Eck International Investors Gold "A"** (INIVX); New York; $137 million; 5.75 percent load; $1,000 minimum; 800-826-1115; up 45.23 percent.

Junior Mining Stock

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at low prices, or the ability to attract a senior mining partner to finance exploration and possible mine development.

5. Share Structure. Simply put – the "tighter" the share structure, the better. In other words, the fewer shares out the better. Also consider what price the company has been financing operations at in relation to current going price for the stock on the open market. Of course the closer one can buy to the financing prices (which is often where the insiders buy at) the better.

Editor 's Note: Louis Paquette is editor of **Emerging Growth Stocks** , 1021 – 2020 Comox St., Vancouver, B.C., Canada V6G 1R9, 1 year, 8-10 issues, US$99. Emerging Growth Stocks provides an objective analysis of the markets, focusing on the CDNX, and individual companies with substantial upside potential over the next six to twelve months.

The Bull & Bear Financial Report
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Top Twenty Gold Mines In 2001

By Paul Burton, editor
World Gold

Grasberg is the world's biggest gold mine again, but Newmont, the biggest producer, owns most of the biggest mines.

With the 2001 operating results now in from all the leading gold miners, Grasberg, in Indonesia, has once again emerged as the largest gold mine in the world.

The year was a triumph in terms of production for this vast copper/gold open pit, as it increased output by over 1.1 Moz, or 48%, to a record 3.5 Moz and entrenched its number one position. The principal reason for the dramatic increase was an improvement in head grade, but higher mill throughput also contributed. The head grade averaged 1.41 g/t during the year, compared with 1.10 g/t in 2000.

Lower grades were mined in the final quarter of 2001 and manager Freeport-McMoRan Copper & Gold has warned that this situation will continue until later in 2002, depressing gold output for this year.

In second place is Carlin, which is actually a collection of operations, not a single mine. Owner Newmont Mining now lumps together all the results from its complex of open pit and underground mines, and leach, autoclave and mill plants, in Nevada, so it is arguable whether they actually qualify for consideration in this list.

On a similar basis, Barrick Gold's Goldstrike property, which includes the Betze-Post open pit and the Meikle underground mine, would qualify for third position with aggregate production of 2.3 Moz.

Open pits dominate the top ten with, aside from the underground portion of Carlin, the first deep mine, Driefontein, coming in at number six, and only two others, the great South African mines of Kloof and Great Noligwa, making it into the upper half of the list.

Also of note is the presence of the new, low-cost gold mine at Morila, in Mali, which entered the top ranks in its first year of production.

Looking beyond the individual constituents, the combined output of the top twenty mines in 2001 was almost 24 Moz, equivalent to roughly 29% of estimated global production.

A breakdown of ownership reveals that the top seven producers accounted for 74% of the top twenty mines' production, distributed as follows:

- Newmont 17%
- Barrick 16%
- Freeport 11%
- Gold Fields 10%
- AngloGold 9%
- Placer 5%
- Rio Tinto 5%

Looking at the figures another way, on a country-by-country basis, South Africa has five of the top mines and accounts for 20% of the top twenty production. The US has the highest percentage of production with 26% from its four mines. Peru and Papua New Guinea each have two mines in the top twenty with a combined 18% of production. Indonesia, with 15%, and Uzbekistan, with 8% are the only other countries with a significant proportion of top production.

Editor's Note: Paul Burton is editor of the authoritative **World Gold** , 60 Worship St., London EC2A 2HD, United Kingdom, 1 year, 12 issues, $595.

Top 20 Mines in 2001

Rank 2001	Rank 2000	Mine	Country	Major Owner	Total ('000 oz)
1	2	Grasberg	Indonesia	Freeport (86%)	3,488
2	1	Carlin*	US	Newmont Mining	2,697
3	4	Yanacocha	Peru	Newmont Mining (54%)	1,903
4	3	Murantau	Uzbekistan	Navoi Mining	1,800**
5	5	Betze-Post	US	Barrick Gold	1,550
6	6	Driefontein	South Africa	Gold Fields	1,300
7	8	Cortez	US	Placer Dome (60%), Rio Tinto (40%)	1,188
8	7	Kloof	South Africa	Gold Fields	1,119
9	9	Great Noligwa	South Africa	AngloGold	1,004
10	12	Pierina	Peru	Barrick Gold	911
11	14	Kalgoorlie Consolidated	Australia	Barrick Gold (50%), Newmont Mining (50%)	768
12	10	Porgera	PNG	Placer Dome (50%)	761
13	16	Kumtor	Kyrgyzstan	Cameco (33%)	760
14	17	Round Mountain	Canada	Echo Bay (50%), Barrick Gold (50%)	746
15	13	Meikle	US	Barrick Gold	713
16	15	Alumbrera	Argentina	MIM (50%), Rio Tinto (25 %)	673
17	19	Lihir	PNG	Lihir Gold	648
18	15	Free State	South Africa	Harmony	637
19	-	Morila	Mali	AngloGold (40%), Randgold Res (40%)	630
20	-	Tau Tona	South Africa	AngloGold	622

** Includes Carlin open pit, Carlin underground, Twin Creeks and Lone Tree mines*
*** World Gold estimate*

Oil Imports A Threat To America

By Dick Wiese, President
Texas Western Reserves

OPEC and four non-members now supply 57% of the crude oil imported by the U.S. During the first oil embargo in the 1970's, 33% was imported. The total American need is ten (10) million B.O. per day. Much of this oil comes from countries that are politically unstable or just simply do not like us.

On September 11, we learned how a few terrorists could kill thousands and nearly destroy the economy. The largest oil producer in the world is Saudi Arabia. How secure is America's imported oil supply when the Saudi Crown Prince recently kissed a high Iraq official at an Arab's Leader Conference. Then on April 7, 2002, Iraq decided to embargo oil shipment as a protest to the action by Israel against Palestinians. Also, Iraq asked other nations to embargo oil. Many believe Saudi Arabia was helping the terrorists on September 11. Venezuela's government is unstable.

September 11 taught America again, our energy supply is not only a security issue, it is a national crisis issue. American imports continue to go up each year while domestic production continues to decline. In 1989 America produced 8.2 million B.O. per day. By the end of 1999 production dropped 30% to 5.9 million B.O. per day. The recent drilling rig count was 738; a year ago the active rig count was 1,200.

While our production is down, Cato Institute information states America spends $30 to $60 billion a year and deploys thousands of military personnel to secure about $10 billion worth of oil from the Persian Gulf. The question might be, would America send troops into harms way to guarantee Mid East oil to keep the U.S. economy going? OPEC works to benefit itself, America should look out for America.

How do we get more oil made in the U.S.A.? We must drill every possible oil well within the U.S. along with those located off shore. The message is clear – new production will depend on America's Independent Producers. Also, this group must have investors' capital available to finance the new wells. Oil and gas exploration is not for the weak of heart. There are opportunities for accredited investors for possible monthly income and tax savings. Few countries around the world allow individuals to own wells as energy of all kinds are government owned.

Increased domestic oil and gas means American security, and these new wells should not be reduced to a proposition against environmental protection.

Finding a good drilling company is much like finding a good stock or stockbroker. Some would rather lose money with Dow and Nasdaq instead of being part of the American Energy Crisis Solution.

Join America's Independent Oil and Gas Producers. Who knows, you could be involved in bringing in a BIG ONE. Get with it – It is out there.

Editor's Note: Dick Wiese is president of Texas Western Reserves, 7716 Ironstone Trail, Fort Worth, TX 76179, 1-800-460-3489.

Resource Stocks

THE LYNCH INTERNATIONAL INVESTMENT SURVEY
431 – 136th St., Belle Harbor, NY 11694.
1 year, 52 issues, $175.

Newmont Mining puts a major gold into play

Walter Lynch: "Recently, the **Newmont Mining Co.** (NYSE NEM $28.20) showed why it has been a consistently strong leader in the gold mining industry and why it had become an important investment in gold portfolios. It took over Normandy, Ltd., Australia's largest gold producer by aligning itself with Canada's Franco-Nevada Mining Corp. and then outbidding Anglo-Gold of South Africa. It has now sold off the 7.74% interest that it held in Lihir Gold, Ltd. (Nasdaq Natl. LIHRY ADRs US$15.00), a 640,000 oz. gold producer. It has acquired Lihir as part of the Battle Mountain takeover early last year. The fact is that the Phoenix project in Nevada was as much more important target for Newmont. Lihir was merely part of the bundle.

The sale of the Lihir interest to Macquarie Equities of Australia brought Newmont $84 million in cash. It put it on target to realize $250-$300 million this year through the sale of non-core assets. This had become an important Newmont priority following the Normandy and Franco-Nevada acquisitions. It also reveals the conservative fiscal stance of Newmont's management. If it is not going to contribute to the bottom line, dispose of it.

As for Lihir itself, we believe that in the current acquisition and consolidation fever in the gold mining industry, it will be the target of less conservative operators. At the present time, Rio Tinto, the world's largest mining company, holds a 16.3% interest in Lihir. It is also the manager and operator of the Lihir mine through its wholly owned subsidiary, Lihir Management Co. However, Rio Tinto has already indicated that it would be a seller at the right price.

The most likely suitors at this time, in our opinion, would appear to be Placer Dome of Canada, which has long held gold mining interests in Papua-New Guinea through its Misima and Porgera gold mines and AngloGold of South Africa, the runner-up for Normandy. The limitations on these possible suitors are important. Placer Dome has said in the past that it found Lihir's costs to be unattractively high. It has also had acquisition problems, such as the Getchell in Nevada and Las Cristinas in Venezuela. Anglo-Gold is believed to be ready to bid for Newcrest Mining, a one million oz. Australian producer. Bidding for two might be too much, even for AngloGold. In the wings is Gold Fields, Ltd. of South Africa, which has already established a base in Australia through the purchase of the St. Ives and Agnew mines from WMC, Ltd. of that country.

Although Lihir is traded in the U.S., we would recommend that investors avoid these shares as being too speculative. It has had a major price run in the current gold price advance. It has already advanced sharply from its low of the past year. Its cost structure is very high. AVOID."

THE FINANCIAL REPORT CARD
P.O. Box 7173, Kensington, CT 06037.
Monthly, 1 year, $79.95.

Market getting a little top heavy

Dr. Robert Valuk: "The market is getting a little top heavy, and value plays are rapidly being limited to energy plays (Enron fallout), utilities, and small and mid cap stocks.

The oil patch is getting hot again, and we once again recommend **Chevron Texaco** (CVX) and our old friend and closed-end mutual fund **Petroleum & Resources** (PEO). Buy Petroleum & Resources up to 25 and Chevron/ Texaco up to 90. Your portfolio should contain at least one solid oil and gas issue at all times."

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GOLD NEWSLETTER
2400 Jefferson Hwy., Ste. 600, Jefferson, LA 70121.
MONTHLY, 1 YEAR, $198.

Make sure you're on board

Brien Lundin: "Every major indicator – including the gold stocks, the economic environment and the supply/ demand balance – all point toward a very profitable experience for gold investors over the next few months and beyond. And this time, it appears that there is little that the central banks can do to stop the move.

Position yourself to reap maximum gains from this run.

We have yet to see the greed factor kick in. When it does, you'll see $20 gains in gold in a single day, and mining and exploration stocks that will double in the blink of an eye. Hold on tight. The ride's just beginning, and I hope you're aboard."

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ECONOMIC ADVICE
3910 N.E. 26 Ave., Lighthouse Pt., FL 33064.
1 year, 12 issues, $99.

Powerful gold and silver price rally at hand that will last for years

James Rapholz: "Gold has been an awful investment for twenty years because there was a secular bull market for financial assets. Yet, if one looks at supply demand, there has been a negative situation for over the past eight years. Mine production has been growing very slowly and demand was slowly outstripping supply. And, all of this was masked by the mining industry's forward-selling programs and by central bank selling. Now, there is a favorable primary production profile. My greatest optimism is in the Japanese public's gold buying. Japan is lowering its guarantee on savings deposits and the public is moving into gold in a big way. Japan has imported four times as much gold this year than it did during the same period of 2001. It's quite simple – when folks get worried about the financial system – they always turn to gold!

But, I don't think the time is ripe to dive into gold and silver coins. That may come – but it isn't here quite yet. If you own mining stocks – don't let anyone talk you into selling them. If you'd care to hear a few of my ideas on mining issues – read on:

To be perfectly honest with you – you'll do an awful lot of looking to find a mining company who has any production growth. The only major producer in the top 20 that has any production growth is **Agnico-Eagle** . The year as a whole will be flat for global gold and silver production. And, next year will likely be down three percent. But – what's even worse is that the percentage decrease will keep growing because there is no exploration and no new mines under construction taking place. Gold and silver mines just can't be started on a dime. It takes years from exploration to the actual production of a new or existing mine. So – what the world is facing is a powerful gold and silver price rally, one that will probably last for several years. And – as the price starts to rise, the demand will grow while supply falls!

You should try to find stocks that have some growth or the ability to expand. **Goldcorp** (NYSE GG $16; 52 week high $17.25, low $6.19), is on my list. If you looked at the chart of Goldcorp, you wouldn't believe that it was a gold mining company because it has gone up in price every year for the past four. They have had good production growth up in Canada. But – this year they won't see any growth because they've closed part of their mine to allow for exploration work. But, this company does have a lot of growth potential.

Newmont Mining (NYSE NEM $25; 52 week high $26.50, low $15.16) is being pushed in a big way by J.P. Morgan & Company. It's a great conservative mining play and will be bought by a lot of fund managers. Barrick Gold is a great company and they have done a fantastic job, but they've always been hedged. Placer Dome has a bad production record and it's rapidly on the decline. So we must look at Newmont, who has just bought Franco Nevada. Franco Nevada was one of the best moneymakers in the gold mining business. They didn't mine anything – they just purchased royalties in producing companies and got rich at it. So those guys are the smartest in the game and they just made a huge bet with their money by taking Newmont stock for their company.

I think that gold will work in any environment going forward unless we go back to a world of low inflation and the world is a wonderful investment attitude. And, if the world keeps growing, there is going to be a greater demand for jewelry. Then we have India and China, who believe that gold is money. The Chinese Central Bank is slowly buying up gold. They have a very low gold weighting when compared to almost every other developed country. Gold is only 3% of their reserves while the world average is around 11%. The only thing that I can see going wrong for gold is that if the world somehow goes on for years with low inflation and everlasting peace. And that my friends, is a very big if!

My long-shot play for the month is a gold and silver producer, **Coeur d'Alene Mines Corporation** (NYSE CDE $1.25; 52 week high $2.02, low $0.63)."

Editor's Note: James Rapholz believes that gold will be trading at $500 an ounce within one year. Send $1.00 to J.L. Rapholz, 3910 NE 26th Ave., Lighthouse Point, FL 33064.

Interinvest REVIEW & OUTLOOK
P.O. Box 1585, Boston, MA 02104.
Monthly, 1 year, $125.

Not at time to chase prices

Dr. Hans Black: "The past month has been remarkable for those following these markets. After spending weeks meandering between $285 and $290 per ounce, the price of gold suddenly firmed above $300 in late March for a variety of reasons. Primary among them, of course, has been the recent deterioration in the Middle East, and on March 27 an important clue was given to traders by the German Bundesbank. Once again the possibility was openly discussed of selling some gold reserves in the years ahead. The reaction, however, was decidedly different from that which occurred following similar remarks in early February. Instead of depressing it, the price of gold actually rose, demonstrating to many observers that there were very firm bids under the market and that the path of least resistance was up. But we would add a degree of caution on the action of certain gold stocks in recent weeks whose performance has been nothing short of dramatic. What may occur now is that the price of bullion catches up with the stellar action of the gold stocks themselves. We would wait for the inevitable pullbacks to accumulate companies such as **Newmont, Placer Dome,** and **Glamis** that we expect to move steadily higher in the months and years ahead. As we stated last time, this is not a time to chase prices."

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WORLD GOLD
60 Worship St. London EC2A 2HD, United Kingdom.
Monthly, 1 year, $595.

Flags no longer at half-mast for Busang gold?

Paul Burton: "In total there were over 100 papers delivered over the course of the four-day Prospectors & Developers Association of Canada (PDAC) convention, March 10-13th on a variety of topics covering new prospecting techniques, exploration and mineral legislation, individual deposit geology, sustainability issues, regional developments, the commodity markets and financing.

But there was one paper, tucked away on the final morning that drew so many delegates to Room 205B that there was standing room only. The reason for the intense interest becomes apparent from Toronto's *Globe & Mail* headline, "Geologist backs Bre-X's Felderhof". The geologist in question is Phillip Hellman of Australian consultants Hellman and Schofield and his backing refers to his contention that some of the so-called warning "red flags" signifying unusual and irregular results that could have alerted Bre-X geologist John Felderhof, were not actually present. Although admitting that sophisticated tampering of samples did take place, Mr. Hellman argued that the alleged red flags, such as the absence of visible gold and the presence of rounded gold particles, were in fact "green flags" and therefore there was no reason for the company to suspect any malpractice. Using new gold fingerprinting data, Mr. Hellman also showed that there is no substance to the belief that the tampered gold was purchased from a local gold seller.

Mr. Hellman's interest in Busang arises from the fact that he has been retained by Mr. Felderhof's lawyers in defense of charges from the Ontario Securities Commission. He seems to have put together a substantial body of evidence.

So there may be gold at Busang after all and with the spirit of those exhibiting or presenting at this year's PDAC don't be surprised if an enterprising junior pops up on site After all, as Rio Tinto's David Klinger maintained in his keynote speech, it is important to explore in long-established exploration areas. However, he also admonished the mining industry for being too optimistic in the past and not matching supply with demand. Will his words be heeded? Not, it seems, by the numerous juniors now gearing themselves up for an upturn in prospects."

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PRECIOUS METALS ADVISORY
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Monthly, 1 year, $2,400. www.cpmgroup.com

Accelerating the gold price

Jeffrey Christian: "CPM Group is accelerating the gold price increases in its projections for the remainder of 2002 and 2003. Our view has long been that prices would rise back to a range of $290 -$340 in the long run, but in recent years we have thought that the increase would be very slow in materializing. Recent changes in the gold market – decreased liquidity even as investor interest has begun to be rekindled – coupled with a more hostile world economic and political environment, suggest that the increase will be sooner and more rapid than we had been projecting. We still expect that gold prices will be relatively subdued, and do not subscribe to the theories that have gold rising sharply to $340 and higher very quickly, at least on a sustained basis. Our projections show gold prices averaging $296.20 this year, virtually unchanged from our earlier projection; the average for 2003 has been increased from $304 to $312, reflecting the view that the upward move in prices may be stronger and more persistent than earlier expected.

Data for the Indian gold market presents a mixed, risky picture for gold. Total demand last year, including investment demand, rose to 22.1 million ounces. Of this, 10.5 million ounces was for jewelry and industrial use. Gold use in these fabricated products rose only 0.6% last year. Investment demand was stronger. Imports and other supplies outpaced demand, however, leading to a sharp build-up in market inventories within India. It is estimated that market stocks stood at 43.0 million ounces at the end of 2001, up sharply from 31.3 million ounces at the beginning of the year."

Editor 's Note: Available now: CPM Group's **Silver Survey 2002** (175 pages, $150) which contains definitive and detailed statistics on the international silver market. Includes analysis of supply and demand trends, inventories, bullion and futures market activity, projections for 2002, and detailed statistics on mine production, secondary recovery, government disposals, fabrication demand, investment demand, prices, futures and options activity, and other aspects of these markets.

OIL/ENERGY STATISTICS BULLETIN
and Canadian Oil Reports
P.O. Box 189, Whitman, MA 02382.
1 year, 24 issues, $185.

Canadian oils take a well deserved breather following recent gains

John McGilvray: "The Canadian oils took a well deserved breather in recent days, pausing after a sharp move that saw our Canadian Oil Average advance by better than 18% in just two months. After the current rest has ended, we look for the group to resume a positive market course.

The outlook, after all, is that oil prices will remain in healthy ranges as demand increases. If, as we hope, the hostile environment in the Middle East abates somewhat, oil prices should retreat to the middle 20s area, and oil quotes in the high teens seem to be a thing of the past. Natural gas, which is Canada's longest suit, should also continue to see better market conditions as the year progresses.

As expected, the shareholders of both **Alberta Energy** (NYSE AOG 43.63) and **PanCanadian Energy** (NYSE PCX 26.69) voted last week to approve the proposed merger between these two strong Canadian energy concerns. In both cases, the votes far exceeded the necessary two-thirds majority – not surprising given the fact that the company to be formed by this union, **EnCana Corporation** , will probably wind up being a strong portfolio favorite on both sides of the border. Both PanCanadian and Alberta Energy will have retreated a bit, due to normal profit-taking from their recent highs, and *both are well within buying range as ways of investing in the excellent long-term promise of EnCana*.

Husky Energy (TSE HSE 17.47) recently announced that it and its partner, **Petro-Canada** (TSE PCA 40.93) have decided to move forward with development of the White Rose oil field off the East Cost of Canada. The plan is to use a Floating Production Storage and Offloading (FPSO) vessel to receive production from a total of between 19 and 21 wells to be completed in the field. Capacity of the facility will be 100,000 b/d. Total reserves to be recovered from White Rose are pegged at between 200 million and 250 million barrels, with first oil expected to flow by the close of 2005.

It is projected that White Rose will have a productive life of up to 15 years and that peak production will be in the area of 92,000 b/d – a rate that will probably be sustained for around four years. Total development cost is estimated at C$2.35 billion with the cost of production estimated at a reasonable C$3.30 per barrel. Husky is the field's operator with a 72.5% interest while Petro-Canada has the remainder. *Both Husky and Petro-Canada are well within buying range for intermediate and longer-term growth*.

Talisman Energy (TSE TLM 65.29) said this week that it expects its oil and gas production to grow by 10% per year from the present figure of 460,000 barrels per day of energy equivalent. This rate of growth is expected to be realized for 2002 through 2004, and is based on a number of projects coming on stream in areas such as the North Sea, Malaysia and offshore Trinidad, among others. This rate of growth in output, if achieved, will give Talisman average daily production of better than 600,000 barrels of oil equivalent per day by some time in 2004 and obviously will make the company an even greater beneficiary of the stronger oil and gas markets that are expected to prevail over the next several years.

This kind of production growth, and the profit gains that it will likely generate, is one of the principal reasons why we continue to view Talisman's shares as a worthwhile buy even after the gains of the past several weeks. *Purchase is still advised for a possible move to 75 before the end of 2002 and the real potential for much higher prices than that over the longer term.*

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THE MONEY CHANGER
P.O. Box 178, Westpoint, TN 38486.
Monthly, 1 year, $95.

The Germans strike again

Franklin Sanders: "On March 25, 2002, right on cue, the Germans struck again.

Remember February? When gold hit $303.50, Bundesbank ("Buba", pronounced BOOB-uh) president Ernst Welteke gave an interview to Bloomberg (yes, Bloomberg – in English). There he said that maybe the Buba ought to sell off some of its gold reserves, since gold doesn't pay any interest.

Now if you were paying close attention, the timing of that announcement would seem a mite previous. The Buba was party to the Washington Agreement of 9/1999 which limited central bank gold sales. That agreement isn't due for re-negotiation until 2004, and doesn't expire until 2005. Two-and-a-half years previous, as a matter of fact. Never mind, the damage was done, and gold was slapped down from US$303.50 all the way to US$290.10.

If you had been following the gold market for the past five years, the timing of Welteke's interview might have left you somewhat suspicious. (Not to mention the language – oddly enough, in English rather than German. Can you imagine Alan Greenspan announcing an epochal change to Federal Reserve policy by giving an interview in German to Sueddeutsches Rundfunk radio?) Every time gold has showed strength in the last five years and threatened to pierce the $300 barrier, some central bank functionary from some country or other would trot out a gold-selling announcement.

But this time, it didn't work.

Strike One

Welteke's announcement in February, it's true, took the edge off the gold market, but it failed to drive the market down $30 as previous announcements had done. At $290 somebody or bodies very big kept stepping up and supporting gold.

Then on Friday, 3/22/02 gold clearly broke out on the chart, jumping up US$4.50 to close at US$297.30. Gold should have strongly followed through on Monday. That's why I sent out a special alert to our subscribers.

Strike Two

But the rise didn't happen, because right on cue Welteke struck again. He gave another interview, this time published in the 3/25/02 Frankfurter Allgemeine Zeitung. (Think of a cross between the Wall Street

Journal and the New York Times.) In this interview Welteke waxed specific, suggesting the Buba should sell some large part of its 3,500 tonnes (112.5 million ounces or 1.4 years' mine production) and put the money in Euro stocks. Great idea Ernst! The Euro Stoxx index has lost nearly 20% in the last 2 years while the Toronto gold stocks index (which usually leads gold) has doubled. Appears to be sound central bank reasoning to me – sound as a dollar.

There's some strange selectivity, too, at the Frankfurter Allgemeine. I went to the Web site on 3/25/02 about 5:30 CST and the English version of the Welteke interview wasn't there. However, there was another article in the German version headlined "Japanese Crisis Supports Gold Price." This commented that Welteke's comments hadn't been able to deflate the optimistic mood in the gold market. It was a fairly even-handed article.

Then I went hunting for the Welteke interview from the edition of 3/25.Whoa… it was already archived, where you have to pay to get it. And then translate it out of German. Not to seem too paranoid, I will admit that maybe it was just a standard change of days schedule.

In spite of all the publicity, Buba's president failed to hit the golden ball this time, too. His remarks took the edge off gold's up move, but only for one day, with a drop from $297.40 to $296.60. On March 27 gold resumed its upward climb and closed at $302.60.

Strike Three

Gold was still looking dangerous. Paranoids who believe that there is a government and central bank conspiracy to suppress gold's price might say that right on time the cartel stepped up to the plate to swing again.

It was a high-powered batter, Judge Reginald Lindsay in U.S. District Court in Boston. In a case in his court, *Howe v. Bank for International Settlements*, attorney Reginald Howe had filed a lawsuit alleging that certain U.S. government and Federal Reserve officials and certain bullion banks were conspiring to fix the gold price. The folks – paranoids, some might call them – who believe this conspiracy exists were counting heavily on this lawsuit. On March 26, 2002 Judge Lindsay dismissed the suit, ruling that Reg Howe did not have standing to bring it.

You may choose your interpretation of this:

(1) The timing of the ruling and the ruling itself are merely the product of our trustworthy and unbiased judicial system, or

(2) The suit never stood a chance because the government suppresses every lawsuit that challenges the present monetary regime and the ruling was timed to knock gold back under the crucial $300 mark.

Whatever the truth, the court's ruling failed to drive gold down. On March 27 it closed at $302.20, then at $302.60 on March 28, then $303.20 (4/1), until it finally posted a new high at $305.90 on 4/2. Since then gold has been making a predictable reaction, catching its breath after the long rise.

Where Are We Now?

If I were one of those conspiracy-believers, I would say, "Three strikes, and the cartel is out!" Breaking the pattern of the past four years, every effort to slam gold back from $300 has failed. Good support – willing buyers – has emerged at $290, and between $295 and $300. Today (4/10/02) gold closed surprisingly higher at $301.70. It could mark the end of this reaction, but probably not. If gold does head back down and touches $296 by the end of this week, 4/10/02, the correction could extend to $290, even $285-$283. Treat any move down as one last opportunity to buy gold below $300. What would negate this outlook? A close below the 200-day moving average, which today stands at $281.47.

Don't misunderstand these targets. Gold stands firmly in an uptrend and is headed much, much higher. "buying gold below $300" in the not too distant future will constitute all the bragging rights you'll need for quite a while."

Corporate Update/Interim Reports

An advertising section to keep the financial community up-to-date on corporate developments, interim reports and annual reports

Bright Star Ventures Ltd.

BSV Acquires Significant New Property Increases T ulameen Land Package

VANCOUVER, B.C., April 15, 2002 – Management of Bright Star Ventures Ltd (CDNX BSV) is pleased to announce the expansion of BSV's Tulameen Project, located in south-central B.C. An additional 46 claim units (the Amy and Pine Claims) have been acquired under an agreement with Network Gaming Inc. (CDNX NGQ) whereby costs and interests are divided 50/50.

The new properties are contiguous south and east with existing BSV properties, and cover an important contact zone between the Tulameen Ultramafic Complex and the adjacent Nicola Volcanics Group.

Sediment sampling indicates highly anomalous gold and PGM values in the streams draining the new properties. Induced Polarization and airborne EM/Mag surveys have identified several large potential mineralized systems in the immediate vicinity of the stream sediment anomalies. All geophysical and geochemical data is now integrated into the BSV database, resulting in the selection of several targets for 2002 exploration.

Permitting has been completed for an extensive work program including linecutting, soil geochemistry, IP surveys, trenching and drilling. Work on the Amy and Pine Claims will be incorporated into the general Tulameen Project exploration program, slated to begin shortly.

The properties consist of two claim groups with differing terms of acquisition, which are outlined as follows; BSV and NGQ has an option to acquire 60% of the Amy Claims, Amy 3, 6, 7, 8 and 9, with 40% retained by the claimholder. If a production decision is made, interest in the claims becomes 37.5% BSV, 37.5% NGQ with 25% retained by the claimholder. All parties will share proportionate costs once a production decision has been made.

Based on the information from the BSV's 2001 airborne EM/Mag survey, the Pine Claims, Pine 1, 2, 3, 4, and 30 have been staked to strategically expand the contiguous land position and to cover additional exploration targets. These claims are owned 50% by BSV and 50% for NGQ.

Bright Star has now acquired the largest land position ever covering the Tulameen Ultramafic Complex, an historic mining area with known PGM occurrences.

For more information call Mr. Douglas Hickey, VP Finance, Bright Star Ventures Ltd., #205 555 Burrard St., Vancouver, B.C., Canada V7X 1M7 at 1-800 884-3864, (604) 681-3864, Fax (604) 681-1265. Visit the web site at www.brightstar-ventures.com.

The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the Press Release.

Eastmain Resources Inc.

Eastmain to earn 75% interest in Clearwater Gold Project

ORANGEVILLE, ON, April 30, 2002 – **Eastmain Resources Inc.** (TSE: ER) announced that a Memorandum of Understanding (MOU) defining terms enabling the Corporation to acquire a 75% interest in the Clearwater Project has been completed with SOQUEM Inc. Under the terms of the MOU, SOQUEM shall grant Eastmain the option to earn an additional 25% interest in the Property in exchange for $2.5 Million in work expenditures over a four-year period. Eastmain shall operate and manage the project with a first-year commitment of $500,000 in work expenditures.

Upon Eastmain exercising its option, it shall grant SOQUEM a one-time 60-day back-in right to earn 25% interest in the Property for $3.0 Million in work expenditures over a five-year period. SOQUEM must complete a first-year commitment of $500,000 in exploration work on the project. Together with new exploration incentives, the Government of Quebec recently announced an agreement with the Crees of James Bay, whereby Hydro Quebec would develop the hydroelectric potential of the Eastmain River area. Infrastructure and access will improve significantly as Hydro Quebec begins construction of service facilities and a road and power line to within a few kilometres of the Clearwater Project.

Eastmain's President and Chief Executive Officer, Donald J. Robinson stated, "We are very pleased to have the opportunity to acquire a majority interest in one of the most significant gold exploration prospects in the Canadian Shield." At Clearwater high-grade gold veins have been discovered over a distance of a kilometre and to a depth of 300 metres. The deposit displays all the main ingredients exhibited by large producing gold mines. The Eau Claire gold deposit has not been drilled at depth and is open near surface. Robinson adds "We look forward to this excellent opportunity to significantly advance Clearwater while utilizing recent exploration financial incentives and improving infrastructure within a rising gold bullion market."

The Corporation plans to start a surface stripping and channel sampling program south and west of the Eau Claire gold deposit early this summer. This work will be followed by diamond drilling. All necessary equipment to complete the program is currently on-site.

Soquem inc. is a wholly-owned subsidiary of SGF Mineral inc., which is a subsidiary of the Société Générale de Financement (SGF). The mission of the SGF is to carry out economic development projects in co-operation with partners and in accordance with accepted requirements of profitability.

For further information please contact Eastmain Resources Inc.: Donald Robinson, President or Catherine Butella, Exploration Manager at (519) 940-4870, fax (519) 940-4871, by e-mail: robinson@eastmain.com or visit our web site at www.eastmain.com.

Corporate Update/Interim Reports

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Eastmain Resources Inc

Abitibi Extension Project
2,000-Metre Drill Program Underway

ORANGEVILLE, ON – Eastmain Resources Inc. (TSE: ER) and Quaterra Resources Inc. (CNDX - QTA) announced that a 2,000-metre diamond drill program is underway at the Abitibi Extension Project, Ontario. The drill program will test up to 15 first priority airborne electromagnetic targets on the North French and Chabbie Lake claim blocks. These properties, located within the extension of the world's largest and richest greenstone belt, are highly prospective for gold and base metal ore deposits.

Traditionally most ore bodies found in the Abitibi region were discovered by prospecting and shallow drilling. Until recently poor access and thick glacial overburden covering the western extension of the Abitibi Greenstone Belt had presented a challenge to modern-day explorationists. However, Eastmain is meeting this challenge by utilizing new geophysical technology to search for metallic ore deposits in covered terrain. Metallic deposits containing gold, copper-zinc-silver and nickel-copper-platinum commonly form both magnetic and electromagnetic anomalies. The 50-million-tonne Selbaie copper-zinc-silver mine in Quebec and the 1.6-million-ounce Detour Lake gold deposit were both discovered using airborne geophysical methods. These ore bodies are east and along trend of our claim groups.

The GEOTEM III multi-coil EM system detected 56 airborne electromagnetic anomalies within the North French survey area. Follow-up ground geophysical surveys were completed on 15-medium to high-priority conductors. Ten targets will be drill-tested on the 4,352-hectare property during the first phase of drilling.

Fifteen airborne electromagnetic anomalies were also detected with the GEOTEM III system at Chabbie Lake. Four EM targets, including a priority conductor detected at the southern end of a six-kilometre-long magnetic high, were selected for ground follow-up and will be drill tested. This 1,792-hectare claim block is located 30 kilometres west-northwest of the gold and base deposits at Casa Berardi, Quebec.

Eastmain is project operator. Quaterra is earning a 50% interest in the project by funding $1.53 million in exploration over a four-year period. Quaterra has contributed $830,000 to date and is in the third year of its option.

Eastmain's primary objective is the exploration, discovery and development of long-life, low cost profitable ore deposits in Canada. The Company owns a 50% interest in Clearwater, one of the highest-grade gold deposits in Northern Quebec. Eastmain is listed on The Toronto Stock Exchange, trading under the symbol "ER".

For more information on Eastmain Resources Inc. contact Donald Robinson, President or Catherine Butella, Exploration Manager at (519) 940-4870, Fax , (519) 940-4871 or e-mail robinson@eastmain.com. Visit the web site at www.eastmain.com.

Golden Goliath Resources

Drilling On Corona Property Underway
New Zone Discovered

The current drilling on the Company's 100% owned Corona property is well underway with two holes completed and hole number three in progress.

VANCOUVER, B.C., April 24, 2002 – Golden Goliath Resources (CDNX GNG) reports the first several holes are located at the east end of the main Corona zone, which is about 1,300 metres long. The first two holes were completed in the area where free gold can be panned from soil on a hilltop. This area host's intense sericite-quartz-hematite-tourmaline alteration is often associated with breccia zones. Rock samples with assay values up to 13 gm gold/tonne have been found within this area and visible gold has been found in some of the breccia samples.

Hole three is located about 100 metres northeast of holes 1 and 2 and is designed to test geochemical targets that may be an extension of the free gold in soil zone. Updated maps will soon be available on the Company's website.

At least 15, and possibly several more, reverse circulation drill holes are currently planned for the Corona property. Within the last 48 hours, a new stockwork zone with quartz flooding and sulphide mineralization has been identified in the southwest portion of the Corona property. Significantly, this zone is along strike to the west of the Esperanza adit and can be accessed fairly easily by extending the existing drill road. With this latest discovery, Corona now hosts four different zones for drill testing.

The two other previously defined target areas on the Corona property are the Esperanza and La Mula areas. The Esperanza zone, which lies at the southern end of the grid coverage, trends east-west and is over 1000 metres long. Within the centre of the Esperanza zone there is a 30 metre, east-west adit where underground sampling has returned values of 12.4 gm gold, 2634 gm silver and 10% combined Cu-Pb-Zn (over 1 metre) as well as a grab sample with 42 gm gold/tonne.

The La Mula zone lies in the northwest corner of the property. The La Mula showing also strikes east-west and has intense sericite alteration. Previous sampling by the Company has returned chip sample values of 2.63 gm gold with 131 gm silver over 6.1 metres and 3.47 gm gold with 2,180 gm silver over 4 metres.

The Company has also now received the titles for two additional claims called Corona Norte (307 hectares) and Corona Sur (214 hectares). These two claims extend the property to the north and south and bring the total area of the Corona property to 1,371.32 hectares, or 3,388.60 acres.

For further information contact J. Paul Sorbara, President, Golden Goliath Resources Ltd. at (604) 682-2950, Fax: (604) 685-3764 or e-mail to jps@goldengoliath.com. Visit the web site at www.goldengoliath.com.

Corporate Update/Interim Reports

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Pacific North W est Capital

Drilling Resumes on River V alley PGM Property Sudbury Mining District, Ontario

VANCOUVER, B.C., April 26, 2002 – Pacific North West Capital Corp. (PFN) Phase 5 drilling resumed on Pacific North West Capital Corp.'s (PFN) River Valley PGM Property. Drilling was temporarily suspended in mid March due to spring breakup and in order to eliminate a backlog in assay results. A total of 188 holes have been drilled to date.

The Phase 5 program is aimed at doubling the initial mineral resource estimate of 593,000 oz Pt + Pd + Au - 12,700,000 tonnes @ 1.46 g/t

PFN has retained Derry, Michener, Booth and Wahl Consultants Ltd. (DMBW) to conduct a second mineral resource estimate study. Results of this study will incorporate all of the Phase 5 drill results and are expected by the end of August 2002.

River Valley is a 50-50 joint venture between PFN and Anglo American Platinum Corporation Limited (Anglo Platinum), the world's largest producer of platinum. To date Anglo Platinum has expended over $5 million on the project. Anglo Platinum may earn a 60% interest in River Valley by completing a feasibility study and up to 65% by arranging production financing.

In addition to River Valley, Anglo Platinum is also exploring with PFN on the Agnew Lake Property, where Anglo Platinum recently approved a $1.25 million Phase 2 exploration program, following extremely encouraging results from the Phase 1 program. The approved budget for Phase 1 was $1.18 million. Anglo Platinum may earn up to a 57% interest in Agnew Lake by completing a feasibility study and 60% by arranging production financing.

Both River Valley and Agnew Lake are within 60 km of Sudbury, Ontario, and have excellent access and surrounding infrastructure.

The primary focus of exploration for both River Valley and Agnew Lake is to locate intrusive contact style PGM mineralization. PFN's properties cover two of the three mafic intrusions within the Sudbury District, and have excellent potential to host PGM deposits.

The Qualified Person for the projects is John Royall, P.Eng. Pacific North West Capital Corp is an industry leader in platinum group metal exploration focused on the exploration and acquisition of PGM projects throughout North America.

For more information Pacific North West Capital contact Shane Starnes, Investor Relations manager, 2303 West 41st Ave., Vancouver, B.C., Canada V6M 2A3, 1-800-667-1870, (604) 685-1870, Fax (604) 685-8045, e-mail ir@pfncapital.com. Visit the web site at www.pfncapital.com.

The Toronto Stock Exchange have not reviewed and do not accept responsibility for the adequacy or accuracy of this release.

This news release may contain certain "Forward-Looking Statements" within the meaning of Section 21E of the United States Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time with The Toronto Stock Exchange, British Columbia Securities Commission and the United States Securities & Exchange Commission.

Investment Conferences of Interest

Bull & Bear Resource Investor readers are invited to attend – *free of charge* – the following investment conferences:

- **World Gold & PGM Investment Conference,** June 5-6th, Vancouver Convention & Exhibition Centre, Vancouver, Canada. Meet directly with heads of Canadian public companies involved in world wide resource exploration, developing new technology, and emerging growth companies. Top newsletter editors, analysts and leading industry officials give their expert advice on gold and group metals, and the companies on the leading edge of exploration and development. To register call 1-877-363-3356 (in Greater Vancouver (604) 687-4151), fax (604) 687-4726 or register online at www.cambridgeconferences.com.
- **World Diamond Conference,** June 17-18, The Fairmont Hotel Vancouver, Canada. The only diamond conference serving international executives from every level of the pipeline. The program provides up-to-date news and legislation, addresses new opportunities, and attracts long-term investment capital to the diamond industry. Registration fee is $US595. Certified financial analysts, stock brokers and key executives with investment responsibilities in institutional research firms may request complimentary conference admission. Log on to www.iiconf.com to register and for special hotel rates.
- **New Opportunities Conference,** September 23-24, New York Marriott Marquis, New York, NY. Focusing on Gold, Diamonds, Energy/Oil & Gas, Platinum, Silver, Mid-Cap Growth Stocks, and Global Opportunities. These New Opportunities-Natural Resource Conferences have the largest natural resource exhibits in any U.S investment Conferences. Including the most stellar performers in 2002. Over 70 international speakers offer their investment picks for the rest of 2002 and beyond. Go to www.iiconf.com to register and for special hotel rates.
- **New Opportunities Conference,** December 1-2, San Francisco Marriott, San Francisco, CA. Go to www.iiconf.com to register.

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WPN Resources Ltd.

Company acquires oil and gas concessions In Italy's Po Valley and offshore Sicily channel

WPN Resources (CDNX: V.WPR) has set its sights on promising oil and gas concessions in Northern Italy and the Mediterranean and intends to undertake an aggressive exploration and technical evaluation phase over the next 12 months, drilling its first well in 1st quarter 2003.

"We really like Italy," says WPN CEO Glenn Whiddon. "It's the 4th largest producer of oil and gas in Europe; a G-7 member; is the 5th largest economy in the world and has no political risk. Further, an extensive gas transmission network crosses the country and it has the second largest refining capacity in all of Europe. What this means is that there is a domestic market for all future production without logistical and transportation complexities."

According to Whiddon, Italy imports 80 percent of its hydrocarbon requirements, which results in an assured domestic market. The long term gas import contracts from Algeria, Norway and the CIS underpin the gas price at US$3.40 per Mcfg, however end user prices are reported to be as high as US$8.00 per Mcfg.

The Company is acquiring 100% of the concessions, which include two onshore concessions in the Po Valley where in excess of 120 gas fields have been discovered and two offshore concessions surrounding the Italian island of Pantelleria, south west of Sicily. Recently, the Company has applied for two further concessions in the Central Apennines in its own name, north and on trend of recent discoveries totaling in excess of 1 billion barrels.

The Italian Government has taken a very proactive approach to enticing new players into the Italian oil and gas market via the introduction of new tax and royalty legislation and the forced relinquishment of in excess of 70% of the Po Valley exploration acreage previously exclusively held by ENI-Agip.

"That's what attracted us to Italy. Low taxes and royalties, a politically stable environment and the potential for significant discoveries. With all the problems in Indonesia and other oil producing countries around the world, exploring and discovering hydrocarbons in Italy means that we can extract full value for our assets, without discount for political risk," says Whiddon, who has been operating in the European and Eurasian resources sector for more than 10 years and has put

Continued on next page

WPN Resources Ltd.

CDNX: V.WPR

Summary:

WPN Resources Ltd., a Canadian company, is primarily focused on building a strong presence in the oil and gas sector. The company has agreed to acquire four Italian oil and gas exploration concessions, granting the company control over 192,000 hectares located onshore in the Po Valley and offshore in the Sicily Channel. The company has also lodged two applications for exploration concessions covering an additional 116,000 hectares in the Central Apennines of Italy. This will give WPN a four-stage exploration and development program with the ability to provide early cash flow and significant upside potential while providing a solid foundation for future growth. WPN's seasoned management team and board of directors are knowledgeable in junior exploration company strategies and have strong technical and commercial skills.

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Investor Information:

Shares Issued (Fully Diluted): ~25.7 million • Public Float: ~ 5million
52-Week Trading Range: Hi: C$0.34 • Low:C$0.12

Italian Concessions

Po Valley / San Marco:
- Shallow gas
- Low exploration costs
- Low development costs
- Low risk, moderate reward

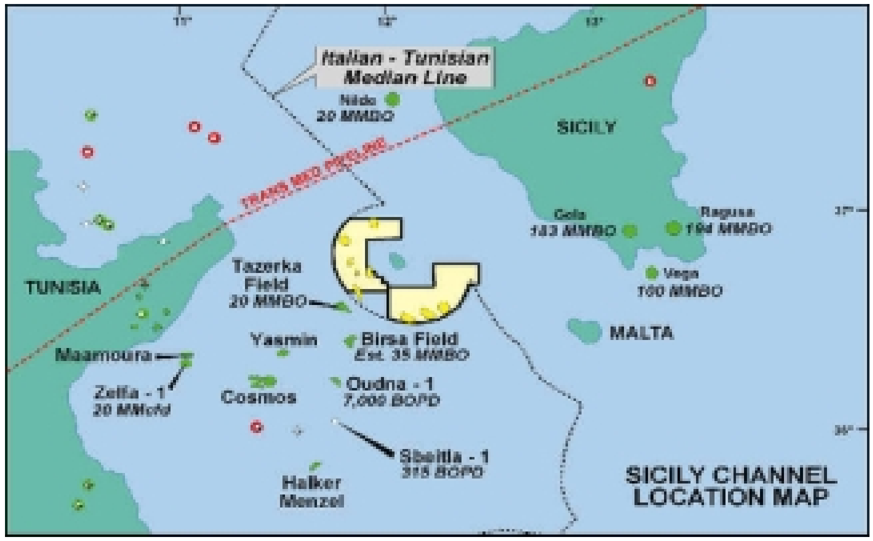
Pantelleria West (reserves offshore):
- Shallow oil
- Moderate exploration and development costs
- Moderate risk, high reward

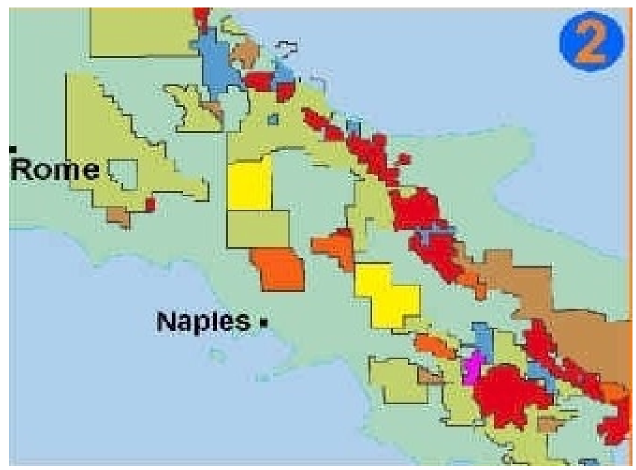
Pantelleria South (reserves in deeper water):
- Shallow oil
- Moderate exploration costs
- High Development Costs
- Moderate risk, high reward

Borsano: Shallow gas
- Moderate exploration costs
- Low development costs
- Moderate risk, moderate reward

Borsano: Deep oil/gas condensate
- High exploration and development costs
- High risk, high reward

Central Apennines:
- Moderate depth oil with associated gas
- Moderate exploration costs
- Low development costs
- Large reserves
- Only moderate risk, high rewards





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together a seasoned team with extensive experience in the gas and oil sector.

Italy's Highly Prolific Po Valley

Two of WPN's concessions (San Marco and Borsano) are located in the highly prolific Po Valley. The concessions have shallow gas potential (2,000-3,000 meters) and are both located in regions where gas has been produced from nearby fields. At least seven significant gas deposits have been found within a 30 km radius of the concessions, with the largest field, Dosso Degli Angeli, containing reserves in excess of 1 trillion cubic feet of gas.

Seismic data has been purchased and reprocessed for the San Marco concession. The company is currently selecting drilling locations based on that data, as well as finalizing geological studies and prospect mapping. The concession lies in an area containing numerous producing gas fields including the large Alfonsine, Ravenna and Dosso Degli Angeli Fields.

The Borsano concession, located north of Milan, has deep Mesozoic carbonate oil/condensate potential. It is located within 30 km of the Villafortuna-Trecate oil field, the source of over 20% of Italy's cumulative oil production. This field, discovered in 1984, has produced at rate of up to 82,000 bopd.

The Po Valley, which has been producing gas since 1944, extends across the whole of northern Italy from Turin in the west to Venice and Ravenna in the east.

Two Offshore Licenses

The Company's offshore concessions surround the south and west of the Island of Pantelleria. Whiddon is very enthusiastic about these two concessions as while they are located in Italian waters, they offer the benefits of Tunisian geology with the more advantageous tax and royalty regime of Italy. The concessions are close to oil discoveries in both the Italian and Tunisian sectors.

The Shell-operated Tazerka field is less than 6 km away from the concession boundary where the tertiary oil reservoirs are less than 2,000 meters deep. The nearest discovery is the AGIP Zibbibo-1 well that was drilled between the two WPN concessions and tested more than 550 barrels of oil per day.

Whiddon said a structural interpretation of seismic data obtained from the Ministry archives is "considered

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promising", providing a number of leads for further evaluation.

Central Apennines

WPN has made two applications for concessions in the Central Apennines, located on trend with the Fina (Tempa Rossa) and Enterprise (Monti-Alpi) discoveries. In this region, in excess of a billion barrels of recoverable oil and at least 750 Bcf of associated gas have been discovered in the past 15 years.

Investment Considerations

Whiddon said the concessions will be developed in four stages: 1) Po Valley shallow gas; 2) Central Apennines; 3) Sicily Channel; and 4) deep oil or condensate in the Po Valley.

The Company is also examining other projects to augment this staged strategy, particularly other exploration and production opportunities in Italy and the surrounding region.

The acquisition of a 100% interest in the Po Valley and Pantelleria was accomplished with an exchange of both cash and stock. The concessions cover an area in excess of 192,000 hectares.

The company has cash in the bank, partly from a $550,000 private placement this spring, and no significant debt. The company will probably bring in a joint venture partner as the project moves closer to development.

Whiddon expects the company to be drilling either by the end of the year or the first quarter of 2003 on the San Marco concession, with a target in excess of 50 bcf. "The conditions are very favorable in Italy," says Whiddon. "It is politically stable and is a proven area of gas and oil production. One out of every three wells drilled in the Po Valley results in a commercial discovery. We'll be selling to a ready market. It's a significant advantage.

WPN has a couple of other advantages, as well. The company has a large shareholder base among Australian institutions and a major insurance company presently holds 20 percent of WPN's shares. It is also entering a sector where prices could soar, depending upon what happens in the Middle East. ■