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# LAWRENCE ROULSTON'S

# RESOURCE OPPORTUNITIES

...Discovering value in natural resource stocks

## Buying the Dips



### Editorial

**M**arkets around the world dropped sharply over the past couple of weeks. A number of headlined events triggered reactions in markets that have seen big gains over the past year in spite of lingering uneasiness.

A surprise resurgence in new U.S. jobless claims led to concerns about the sustainability of the US recovery. At the same time, the financial mess in Greece served to highlight the enormous debt loads built up by many governments in their efforts to rebuild economic activity.

Both of those issues are cause for concern. Neither will drag the world back into recession.

Economic activity over the past few months around the world has shown that recovery is well underway, even if muted. Resurgence of employment always lags economic recovery, as employers hold off hiring until they have seen growth becoming well established.

The situation in Greece, while a serious problem, is being blown out of proportion in the popular press and even among some analysts. Greek 10-year bonds now trade at a 3% premium to German bonds, reflecting the degradation in credit risk. However, the 6.7% rate priced into those bonds does not suggest that investors see imminent default. European analysts recognize that the situation could take some time to work out, implying slower growth in

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Greece and several other countries in a similar situation.

Last November, the suggestion that Dubai would default triggered selloffs in equity markets world-wide. That "crisis" passed within days. Markets will soon recover from the current scare, even if the present situation will take months or more likely years, to resolve. In the meantime, life goes on. The U.S. will grow, but much more slowly than investors would like to see. Europe will grow, with Greece and several other more heavily indebted nations putting a damper on the pace of activity.

The situation in Greece has put downward pressure on the euro, which has gained relative to the US dollar. The dollar is still seen as a safe haven. Investors seem to momentarily forget that the US is the most heavily indebted nation on the planet. If the dollar is strong once more, then (they reason) there is no longer a need to own gold. It is only a matter of time, measured in weeks if not days, that investors will once more recognize that all currencies will continue to lose value over time. Gold is not a priority investment this week, but it has not and will not lose its importance as a long-term and stable store of wealth.

As for other metals: slow growth in the U.S. and Europe means those areas are merely using the same amount of resources as in prior years. Meanwhile, China, which is by far the largest

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consumer of metals, is continuing to grow at a fast pace. In fact, the government is trying to constrain the pace of growth to 10%.

In short, the present dips in the markets provide a buying opportunity. Tread cautiously, but take advantage of the reduced prices in many good companies.

**Company Updates:**

**Baja Mining  
(BAJ-TSX)**

Baja completed an update to the feasibility study for its Boleo copper-cobalt-zinc project in Mexico. The updated figures show a net present value for the project of \$1.3 billion. Baja retains a 70% interest, after a consortium of Korean companies bought an interest. The project is located right on the Gulf of California, next to the city of Santa Rosalia in Baja California.

The company and its Korean partners had already started development of the mine and were in the process of securing the debt financing when the financial crisis halted fund raising and development. The company has used that time to fine tune the capital cost estimates and financial projections. The updated figures will now form the basis for completing construction financing and resuming development.

The updated figures are based on a long term copper price of \$2.91 per pound and \$26.85 per pound for cobalt. The project also has significant values of zinc and manganese, but only the zinc by-product values are considered. The company plans a further study to evaluate the recovery and marketing of manganese, but that circuit would be added in after the project was operating.

The remaining capital cost is now estimated at \$889 million. Ore from underground mines would be recovered by continuous mining machines. The ore would be processed through a hydro-

metallurgical process to produce more than 120 million pounds of refined copper annually in the early years. The operation would also produce 3.7 million pounds of refined cobalt, which now sells for about \$20 a pound. In addition, about \$25 million a year worth of a zinc-based compound would be produced. Importantly, the copper and cobalt produced on site would not require further processing and could be sold directly to metal processors.

The by-products would more than cover the entire operating cost of the mine, so that the copper would have a cost of production estimated at negative \$0.29 per pound. The current schedule would see the mine in operation in the latter half of 2012 (contingent on securing financing over the next few months).

Some investors have concerns over the mining and the processing method, as they are not standards in copper mining. Baja has done years of test work, actually buying a continuous mining machine to conduct extensive test mining. The hydrometallurgical process is used at many sites and has been validated at a pilot scale on the Boleo ore.

Baja's 70% stake in the Boleo project has a projected value equivalent to ten-times the current value of the company. The share price will ultimately move toward that projected value through growing investor awareness and progress on securing financing. A takeover offer from a larger company could come at any time.

*Price February 8, 2010: C\$0.66  
Shares Outstanding: 143 million  
Shares Fully Diluted: 182 million  
Market Cap: C\$94.3 million  
Contact: Investor Relations  
604.685.2323  
www.bajamining.com  
Last updated December 2009-1*

**Exeter Resources  
(XRC-TSX)**

Exeter has announced plans to split into

two companies. One company would focus on further evaluating the huge Caspiche copper-gold deposit in Chile while the second would advance the high-grade Cerro-Moro deposit in Argentina toward production. The split proposal is to go before shareholders on March 4, with a record date to be set after that vote. Shareholders at the record date would receive one share of the new company in addition to each share currently held. Both companies would have considerable funds to advance their respective projects.

Caspiche hosts 4.8 billion pounds of copper and 19.6 million ounces of gold, based on an inferred resource estimate last fall. Those figures are likely to grow substantially, with six drill rigs now performing both in-fill and step-out drilling. One of the objectives is to better outline a higher-grade core zone. The drilling is also pushing out the limits of the deposit, both laterally and to depth.

The recent drilling has discovered a new zone of mineralization 500 meters west of the main Caspiche deposit. The first hole in that area encountered 300 meters of 0.5 grams per tonne. Initial indications suggest that the material could be heap leached, as at the nearby Maricunga gold deposits. Drilling in the area now called the McNeill zone is testing the extent of the gold zone both north and south. Initial metallurgical testing of the new McNeill zone is already underway.

An interim resource estimate is expected early in the second quarter of 2010, with the results for the full season of drilling expected to be factored into a resource estimate in September. Those figures will push the total well over 5 billion pounds of copper and 20 million ounces of gold. A deposit of that size will be of great interest to the major producers. The split of the company will set it up for a takeover of Caspiche while leaving the Cerro Moro



high-grade gold-silver deposit and the other exploration projects out of the takeover. The company with Caspiche will have \$50 million of cash and the Cerro Moro company will have \$25 million, adequate cash for both companies to continue to advance the projects.

At the Cerro Moro project in Argentina, an initial estimate, incorporating results through the end of 2008, outlined an inferred resource of 646,000 ounces gold equivalent at a grade of 18 grams per tonne gold equivalent (gold plus silver). Most of that resource is in the Escondida vein with a grade of 34 g/t gold equivalent.

Drilling is presently underway to extend the Escondida Vein, including tracking the vein onto a recently acquired property. Other veins are also being tested with drilling in the current program. Management believe that Cerro Moro can be developed at a low capital cost and they intend to advance the project to become a near term gold-silver producer.

The Escondida company will also have more than 30 exploration projects. Remember, the two impressive discoveries now in Exeter both evolved from that same pool of exploration prospects.

Exeter represents an interesting opportunity for near term gains: One of the new companies will have a 20 million ounce (and growing) gold deposit and \$50 million of cash. The second company will have \$25 million of cash and a million ounce gold-silver deposit on its way to production. It seems likely that the sum of the two share prices will exceed the present value. Both companies are well positioned for further gains as their projects continue to advance.

*Price February 8, 2010: C\$5.87*  
*Shares Outstanding: 73 million*  
*Shares Fully Diluted: 83 million*  
*Market Cap: C\$428.5 million*

*Contact: Investor Relations*  
*1-888-688-9592*  
*www.exeterresource.com*  
*Last updated December 2009-1*

### **Galway Resources** (GWY-TSXV)

Galway is continuing its aggressive property acquisition program in Colombia and now has substantial property positions on three important gold trends. Colombia has attracted a great deal of investor interest after the success of Ventana (VEN-TSX), which now has a value of C\$800 million based on its La Bodega discovery. La Bodega and the Galway properties are all in the historic California-Vetas district in the northeastern part of the country.

In late January, Galway acquired the 5.4 square kilometer Reina de Oro and Coloro properties from a local mining group. The new Galway property is at the heart of the Vetas gold mining district, which has produced gold for more than 400 years. Vetas is about eight kilometers southeast of the California area. That trend hosts La Bodaga, Greystar's 15 million ounce Angostura deposit and Galway's main project, which are adjacent and on trend.

Galway's newly acquired properties contain the El Volcan mine, which has been in continuous production for 60 years. Ore is mined from 5 narrow veins. More than 2,000 meters of underground development are still accessible. Galway geologists intend to examine and sample those workings in the coming weeks. The property has never been explored with modern approaches and has never been drilled. The miners simply followed the veins.

There is considerable scope to extend the gold-mineralized zones laterally and to depth in the multiple veins. In addition, the Galway geologists are evaluating the potential for open pit mining, as the veins are fairly tightly clustered and there may be gold values

between the known veins. Galway geologists are now examining the property.

Last week, the company was granted concessions covering 8 square kilometers (with an equivalent amount of additional concessions pending) in another prospective mineralized trend within the California-Vetas district. That area, about 10 kilometers northwest of the California trend, has not yet been explored, but Galway's geological team recognized the geological similarities with the other gold-bearing trends. Small scale mining in the area of the new Galway property demonstrates the presence of gold. The company intends to begin surface work, including geochemical sampling, as well as sampling the underground workings.

The main focus for Galway remains on its California project. Recent surface samples confirm the wide-spread occurrence of gold values and drilling is now underway. The property is contiguous with Ventana's property, with the important mineralizing structures trending onto the Galway property.

The California-Vetas district has been mined for 400 years, with the focus being the narrow-high grade veins. Greystar spent a decade in outlining a big bulk-tonnage deposit based on aggregating the numerous veins. Ventana appears to have succeeded in identifying the appropriate combination of grade and thickness to outline a potentially bulk-mineable deposit.

Galway is at a point where you want to buy before the drill results. Favorable results from the early drilling by Galway would have an immediate impact on the share price, in the context of the adjacent property. Regardless of the first assays, Galway has tremendous scope on its three properties to eventually turn up results that will push the value higher.



*Price February 8, 2010: C\$0.93*  
*Shares Outstanding: 77 million*  
*Shares Fully Diluted: 91 million*  
*Market Cap: C\$71.6 million*  
*Contact: Investor Relations*  
*1-800-475-2412*  
*www.galwayresources.com*  
*Last updated December 2009-2*

**Underworld Resources**  
 (UW-TSXV)

Underworld continues to advance its Yukon gold projects, even in the midst of the northern winter. The company recently announced an initial resource estimate for its White Gold project. In addition, evaluation of results from last summer's regional exploration program led to the discovery of another big area with similar geology. The company has just staked that area. Field work this year is intended to continue to expand the White Gold deposits, test other targets in the immediate area and follow up on the newly discovered trend. The White district is about 100 kilometers south of the historic gold mining center of Dawson City.

The White discovery was made through early stage exploration efforts by the Underworld geological team. The initial resource estimate for the Golden Saddle and Arc zones outline a measured and indicated resource grading 3.2 grams per tonne containing 1 million ounces of gold. An inferred resource estimate adds 170,000 ounces at 1.2 g/t at Arc with another 407,000 ounces of inferred grading 2.5 g/t at Golden Saddle. Management believe that most of those ounces could be accessed by way of open pits.

The estimate is based on results from 96 drill holes. This year's drill program is intended to further expand the resources at Golden Saddle and Arc, which remain open laterally and to depth.

Several nearby targets with similar geological settings and surface values as Golden Saddle will also be tested over

the drilling season.

A metallurgical test program demonstrated that Arc zone metallurgy is somewhat challenging as the presence of graphite impedes gold recovery. Testing of the Golden Saddle deposit indicates that gold can be readily recovered using conventional cyanide extraction methods.

The new prospective area was discovered 65 kilometers by road from Dawson City. The area was identified based on favorable geology and the presence of placer gold in the streams. Underworld's geological team collected more than 6,000 surface samples from the region last year.

Assays from those samples identified an area with a similar geochemical signature to the Golden Saddle zone, leading to staking the JP Ross and Maisy May properties. Underworld plans to conduct an aggressive trenching, sampling and drilling program this year. An onsite camp is to be set up in the area so that work can be conducted more effectively.

Underworld plans to move quickly towards a preliminary economic assessment for White Gold, with results expected before the start of field work this spring. The study is intended to help guide the planning of the drilling program. The company intends to advance the project quickly toward determining its commercial viability.

Based on the information available now, the project looks very attractive. While it may not quite have the size to justify development on its own in that location, there is ample scope to extend the Golden Saddle zone. Other Underworld prospects in the immediate area provide potential for further expansion. There is also a great deal of other activity throughout that part of central Yukon, all of which is contributing to infrastructure development.

At the current share price, Underworld

is priced at about \$40 per total resource ounce. With a million of those ounces already measured and indicated, and tremendous scope for further expansion of the resource, Underworld has considerable upside potential. The shares will get a boost as the start of drilling approaches. The preliminary economic assessment will generate news in the interim.

*Price February 8, 2010: C\$1.61*  
*Shares Outstanding: 40 million*  
*Shares Fully Diluted: 51 million*  
*Market Cap: C\$64.4 million*  
*Contact: Investor Relations*  
*604.684.4001*  
*www.underworldresources.com*  
*Last updated December 2009-1*

**Brief Updates:**

**CGA Mining** (CGA-TSX; C\$2.07) raised C\$86 million in a private placement priced at C\$2.20 a share. Proceeds will be used to repay the 12% promissory notes and increase exploration activity around its Masbate gold mine in the Philippines. The company is also on the look-out for other advanced stage acquisitions.

Masbate, with a production level of 200,000 ounces a year, has 3 million ounces of proven and probable reserves within a global 7.7 million ounce resource. Advancing more of those resource ounces to reserves will form the basis for further expansion plans at Masbate.

CGA also continues to advance the Segilola project in Nigeria in which it is earning a 51% interest.

An initial resource estimate outlined more than 600,000 ounces of gold at a near-surface deposit with a grade in excess of 4 grams per tonne. The deposit remains open laterally and to depth. Metallurgical testing has indicated that the gold is readily recoverable.



The announcement that the company was raising more money brought the share price down in mid-January. The company raised \$12 million more than the originally announced deal, suggesting a strong level of interest in the company among institutional investors. That is to be expected, as the company is attractively valued for a 200,000 ounce a year gold producer with more than 7 million ounces in the ground, plus the scope for further gains.

*Last updated December 2009-1*

**Fortuna Silver Mines** (FVI-TSX; C\$2.66) is raising money to develop its San Jose silver-gold mine in Mexico. A C\$30 million private placement, priced at C\$2.30 a share will complement a \$20 million debt facility and about \$30 million of cash on hand. With permits now in place, development is about to get underway. The deposit has an inferred resource of 37 million ounces of silver equivalent and a further 30 million inferred ounces.

Fortuna's Caylloma silver-base metal mine in Peru achieved record production for 2009, with silver output doubling to 1.7 million ounces, along with more than 50 million pounds of lead and zinc. Guidance from the company in mid-January was that they expected to maintain that production level this year. That guidance came before the announcement of the discovery of a new high-grade zone in the Animas vein which supplies most of the ore at Caylloma. Two exploration raises and a crosscut above the area of the current underground workings encountered high values of silver and gold. If that zone turns out as suggested by the initial sampling, it might provide some higher grade ore and bump the metal production for the year.

The high grade discovery, successful production at Caylloma and the advancement of San Jose toward production point to a continuing uptrend in Fortuna's share price.

*Last updated December 2009-1*

**Moneta Porcupine** (ME-TSX; C\$0.31) has begun an aggressive 30,000 meter drill program at its Golden Highway project in northeast Ontario. The current program follows 9 holes late last year, results of which were reported in January. Those results fell short of the grades that investors typically expect from gold deposits in the Timmins region of Ontario, which has a history of high grade underground mining. It is important to remember that Moneta is now working toward an additional objective, with part of its efforts now being directed to outlining a bulk-minable near-surface deposit. Osisko (OSK-TSX) has outlined a resource of 8 million ounces with a grade of just 1.2 grams per tonne at its Malartic deposit, located east of Timmins in Quebec. That deposit has earned Osisko a market value of \$2.5 billion. Moneta's geological team sees the potential for a bulk-mineable near-surface deposit in addition to several higher-grade targets on its property.

Moneta has 3 drill rigs at work to test those targets. The program will test the newly modeled high-grade targets from the Southwest and 55 Zones. It is also intended to upgrade the historic resource (625,000 ounces at 6 grams per tonne gold) at the Southwest Zone to compliant standards. The company will also test other targets on its extensive properties near Timmins.

The current drill program is the largest and most aggressive the company has seen in at least a decade. The new management team that was brought in last summer has breathed new life into the company. Moneta has an historic resource and an extensive property position in one of the most prolific gold districts in the world.

*Last updated December 2009-1*

**New Gold Inc** (NGF-TSX; C\$4.49) announced plans to sell its Amapari gold mine and all related assets in Brazil to an Australian gold company that also has assets in Brazil. New Gold placed the Amapari mine on care and maintenance in January 2009 after lengthy problems

with the heap-leach operation. After a strategic review process, New Gold has decided it would be best suited to use the cash from the sale of Amapari to pursue other growth opportunities. Beadell Resources (BDR-ASX) has agreed to pay \$63 million (\$46 million in cash and \$17 million in shares). The deal is pending approval by Beadell's shareholders and is subject to that company raising capital for the purchase.

New Gold reported record quarterly and annual production results for the end of 2009 with quarterly production up 40% to 111,672 ounces from the same quarter in 2008 and annual production levels at 301,773 ounces, exceeding the production guidance of 270,000 to 300,000 ounces. Total cash costs were also below the production guidance at \$462 per ounce net of by-product sales.

New Gold is producing gold from its Mesquite Mine in the USA, Cerro San Pedro Mine in Mexico and Peak Mine in Australia. The Afton mine development project in BC is moving forward. It expects to reach a production level between 330,000 and 360,000 ounces for 2010. Further deals and acquisitions are likely as the company works towards becoming a million-ounce producer.

*Last updated January 2010-1*

**Pediment Gold** (PEZ-TSX; C\$1.44) is conducting an 11,000 meter drill program at its San Antonio gold project in Baja California Sur, Mexico. The program will focus on expanding the zone of mineralization at the Planes and Colinas deposits and will test a number of other targets on the property. Last year, the company reported a total resource for San Antonio of 1.5 million ounces of gold.

A resource estimate completed at the La Colorada gold-silver project in Sonora, Mexico in December outlined a resource of over 1.1 million ounces of gold and 11.2 million ounces of silver in combined meas-



ured, indicated and inferred categories. Work is ongoing with the aim to extend the resource. Metallurgical and other test work is also underway.

With total gold resources of over 2.6 million ounces already outlined, Pediment trades for about \$25 an ounce. The drilling now underway on San Antonio, and further work planned at La Colorado, is intended to both upgrade and increase the resources. Favorable results toward those objectives could see the value of the company move considerably higher.

*Last updated December 2009-2*

**Riverstone Resources (RVS-TSXV; C\$0.57)** began a follow-up surface mapping and sampling program at its Nami gold zone on its Karma project in Burkina Faso after results from the initial sampling program completed last December returned promising grades. The program consisted of 51 grab samples that returned average grades of 10.4 grams per tonne gold. The company was drawn to that area of its extensive property holdings by the presence of artisanal miners.

The follow-up program will include sampling of 100 artisanal shafts and 200 waste piles located adjacent to the shafts. This will be followed by a 3,000 meter drill program that is expected to begin at the end of February. The Nami zone is located 4 kilometers northeast of Riverstone's Rambo, Koa and Goulagou deposits where a combined 820,500 ounces of indicated gold and 320,200 ounces of inferred gold have been outlined.

The results from the Nami zone are high-grade and near-surface, suggesting the potential for near-term resource expansion on the Karma deposit. The new discovery has seen the Riverstone share price double even as markets in general have been declining. The shares are still attractively valued in the context of the present resource. Further results from Nami as well as the other deposits on

Riverstone's extensive property could see the share price continue higher.

*Last updated January 2010-1*

**Serengeti Resources (SIR-TSXV; C\$0.285)** updated the resource estimate at its Kwanika copper-gold deposit in central British Columbia to incorporate results from drilling at the South Zone. The combined resource for the Central and South Zones now total 1.1 billion pounds of copper and 1.6 million ounces of gold in the indicated category and a further 1 billion pounds of copper and 0.5 million ounces of gold in the inferred category (at a 0.25% copper equivalent cut-off grade). There is considerable scope for expansion at Kwanika, as only 30% of the South Zone target area has been drilled to date.

Serengeti plans to conduct a major drill program on Kwanika this year, which will support a preliminary economic assessment. The company is well funded to carry out extensive work at Kwanika and at its other projects. In fact, the C\$8.4 million of cash on-hand accounts for half of its market value at the current share price. Serengeti is getting little credit for the substantial Kwanika deposit nor for its portfolio of other exploration projects. Recent takeover activity in the mining industry highlights the value of porphyry copper-gold deposits, like Kwanika. Growing awareness of that value, combined with news from work on the project should see the share price move substantially higher over the course of this year.

*Last updated December 2009-1*

**Initiating Coverage:**

**Shoreham Resources (SMH.V)**

Shoreham has several exploration projects with large-scale potential, including a gold project with historic resources. The extensive property portfolio also includes silver, uranium and base metal prospects. Joint venture part-

ners are providing substantial funding and one gold deposit will soon begin small scale production.

The company has announced plans to split into two companies, with the present company retaining the projects in Ontario. Shareholders at a yet-to-be determined record date are to receive shares in a second company, to be called Marudi Gold Corp, which will hold the projects in Guyana.

Shoreham has a strong geological team, led by President David Bending. His 30 years of experience includes exploration, development and mining with majors and juniors. Under his direction, the company has acquired an extensive property package and brought in joint venture funding.

The Ontario properties are clustered north of the Red Lake district in north-western Ontario. Most of those properties have seen previous work that demonstrates the presence of substantial mineralized zones.

The company plans to drill a silver target on its Favourable Lake property over the winter on its. One of the drill holes on the Borland zone conducted by a major in the 1980s encountered 33 meters grading 391 grams per tonne silver. The Bearhead Lake property was explored for uranium between 1955 and 1977. Nearly 30,000 feet of drilling outlined several uranium-bearing zones that the company intends to evaluate over the winter. Shoreham has acquired other properties on the trend, giving it control over an extensive area with demonstrated uranium potential.

The Berens River gold property was mined by a unit of Newmont from 1939 until 1948. The company is exploring a number of veins that carry gold, silver and base metals. Other Shoreham properties in Ontario will also be further evaluated this year.

In Guyana, Shoreham



has properties in three important gold districts. Guyana has tremendous geological potential for gold and other metals, but until recently received little attention from the mining industry. The northern part of the country hosts a number of gold prospects in the Guiana Shield, the same geological setting that hosts numerous multimillion ounce gold deposits across the border in Venezuela.

Access from the Guyana site is more difficult, which meant that the area saw less exploration activity in earlier years. Guyana has benefited from the deteriorating political situation on the other side of the border, as exploration companies saw the same geological situation in a friendlier jurisdiction.

Shoreham has assembled an extensive property position in the northern part of Guyana by way of several agreements under which the company is earning interests of between 70% and 100%. The Black Banana property is in the same geological setting as the El Callao district in Venezuela, which hosts more than 25 million ounces of gold (combined production at current resources). Surface sampling on the Shoreham property has encountered multi-ounce gold values.

Black Banana and the other Shoreham properties in northern Guyana have been optioned to a private company, which can earn between 51% and 60% interests. The private company is backed by a knowledgeable group with considerable geological experience. That company is in the process of going public to raise funding to carry out exploration on the Shoreham properties.

In addition to several gold targets, one of the joint venture projects is an ultramafic intrusive complex. Surface work by Shoreham and previous operators has shown the presence of platinum and palladium values in that system. The partners plan to follow up on those surface values over the coming months.

The private company has also optioned

an interest in the Sardine Hill property in central Guyana, which has gold values in oxidized material at surface. Trenching and drilling by previous operators has outlined an area of gold mineralization that appears to have economic size and grade. A private company joint venture partner intends to advance that surface zone quickly toward a resource definition. There is also considerable potential for a large gold-copper deposit beneath the surface zone.

The Maple Creek and Potaro properties are located about 60 km west of the Omai gold mine in central Guyana. Surface sampling has shown wide spread gold values in a prospective geological setting. The company will be devoting considerable efforts to this project over the next few months.

The Marudi and Paint Mountain properties in the southern part of Guyana are already well on the way to production. A small production company is now beginning an alluvial mining operation. (That is, they are recovering gold from the gravels and weathered rock at surface.) Shoreham is to receive a 10% royalty from the operation, which is projected to produce about 25,000 ounces of gold per year.

Earlier work, including drilling, has shown widespread gold values in the bedrock at grades that would appear to be economically favourable for an open pit mining operation. The spinoff company, Marudi Gold, will focus on advancing these projects toward production.

Previous drilling on the West Limb target has outlined roughly 800,000 ounces of gold (historic estimate, non-compliant). The company plans further drilling intended to support a resource estimate. That drilling program will test several prospects outside the limits of the earlier work. The company estimates that the West Limb target could hosts in excess of a million ounces.

Several other known gold-bearing zones

on the property have the potential to replicate the West Limb, but further drilling is required to assess the potential of those targets. Collectively, West Limb and the other areas of known gold mineralization on the Marudi and Paint Mountain properties have the scope to host a multimillion ounce gold resource.

Shoreham has exceptional exploration potential on its numerous properties, building on a considerable amount of historic work including nearly a million ounces outlined by previous operators. Joint venture partners will lever the exploration efforts of Shoreham, so that several projects are to be advanced simultaneously toward production.

The potential value of the company is not being recognized by investors, in large part due to the complex nature of the extensive property portfolio. A great deal of time and effort is required to even begin to understand the nature of the company's holdings.

Shareholders of Shoreham will soon hold shares in a second company, effectively receiving a substantial dividend. The sum of the value of those two shares will almost certainly exceed the present share price, likely by a considerable amount. Each of those companies will have a simpler story and be easier to evaluate and should therefore attract more investor interest. The company will also benefit from the growing investor interest in Guyana.

Further progress in each of the two companies, combined with a concerted investor relations program should see the values continue to rise.

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Contact: Investor Relations  
604-533-9288  
[www.shorehamresources.com](http://www.shorehamresources.com)*

