

## Grandich Letter Special Alert: Did the Party End Before it Ever Got Started??

### Special Alert:

**Wednesday,  
May 14, 2008**

**DJIA 12,832**

**Gold \$864.90**

**Silver \$16.67**

**Copper \$3.78**

**U.S. Dollar Index 73.25**

**Oil \$125.89**

**XAU Index 178.73**

First and foremost, I want to explain my lack of communication over much of the past few months. It was due to an illness that kept getting worse, not better, and led me to be hospitalized. While I'm far from 100%, I am at least home versus in the hospital. The number of readers who took the time to write and express concern about me was truly overwhelming. I ask that you keep me in your prayers as this is the toughest period ever in my 52-year life. I'm going to try something but it may become too big of a task. I would like to try and respond to your emails one time. Now, just imagine how long that may take if many decide to write, so please bear with me and don't get upset if it becomes too tough a task to complete.

On behalf of virtually the entire junior resource market, let me also note those of us who felt \$1,000 gold would finally jump start the juniors were mistaken. If anyone related to this industry was told awhile back that gold would hit a \$1,000, it would be all but impossible to vision what has unfolded since

then. I could type a lot of crap but the simple fact is  $2 + 2$  didn't end up equaling 4, even though it should.

The question is what next? My answer: I'm too afraid to even guess, but maybe there are a few assumptions worth making:

- It's not going to come roaring back
- There is a lot of resistance now as the thought has gone from riches to salvaging capital
- Financings are going to be more diluted so cash is king until further notice

But like in other reversals of fortune, things will get overdone and already we see issues at fire sale levels.

***I never ever thought \$850 gold would be a disappointment, but it is. I find it bizarre that a four digit gold price didn't light up the juniors.***

## **Gold –**

I never ever thought \$850 gold would be a disappointment, but it is. I find it bizarre that a four digit gold price didn't light up the juniors but the unique economic circumstances obviously played a major role in preventing a bull market for juniors.

We're now in the weakest seasonal period for gold, so some sideways foundation building is needed. I think the market is going to want to see that gold has found a strong support level before it will mount any sustained rally.

Inflation is everywhere and eventually it should even show up in the gold price (fingers and toes crossed). IMF gold sales, seasonally-weak demand and other bearish arguments are certain to be tossed around for the foreseeable future, but anyone who thinks the Fat Lady has sung or is even in the building is in for a rude awakening long before this year is over.

## **Silver –**

I think this is one of the best analogies of the future silver price

[http://www.gold.ie/documents/articles\\_of\\_interest/AOI\\_08-05-07\\_Why\\_the\\_Silver\\_Price\\_Is\\_Set\\_to\\_Soar.htm](http://www.gold.ie/documents/articles_of_interest/AOI_08-05-07_Why_the_Silver_Price_Is_Set_to_Soar.htm)

## **Base Metals –**

While they, too, are likely to see "Summer Doldrums," I think their lows for the year are already in place.

## **Oil –**

When will America come to grips with the fact that food and energy prices are off the charts and there's a serious price to pay? I'm truly shocked to see so little lip service is being paid by the politicians, but I guess as long as there are no long lines, the American public is going to accept these insane prices. But, that may not last, as I've heard numerous conversations of everyday people discussing how food and energy prices are now impacting their everyday lives. This can't go on much longer without it showing up economically.

## **U.S. Dollar Index –**

Nothing goes in a straight line forever. A significant bear market rally has long been overdue. But, don't lose sight of the fact that the long-term bearish fundamentals remain and any rallies are just corrections in a continuing long-term bear market.

## **U.S. Stock Market –**

They did it again. The powers-to-be have once again saved the day... for now. We may not see the market collapse as first thought, but the world has been fully awakened to our poor economic state. Knowing we have little leverage, I suspect America is going to end up with many short sticks going forward. In the long run, our stock market should reflect this, so I would continue to shy away from it and concentrate in areas of the world where real growth is taking place.

## Mining and Exploration Shares –

Maybe it's because I live and die by this group, but it never seems to get much time in the sun. And when it gets a few rays, something always comes along and yanks away the brightness and returns gray or even black skies. Maybe in the next world being a gold bug is profitable.

*Please note the following companies are clients of Grandich Publications. Please read the disclaimer on page 19 for full compensation disclosure.*

**Anooraq Resources (ARQ-TSX-V \$3.11, ANO-AMEX \$3.01)** – As the merger process moves forward, the realization of a dynamic platinum company coming together is being realized. It may have taken longer than first thought, but at least it took place. A different type of shareholder should now want to take root.

**ATW Ventures (ATW-TSX-V \$ .81)** – This is just one of many frustrating positions because the company has made absolutely great strides on the corporate front despite a crappy market. They say a company controls everything but its share price. ATW management has done just about everything right so here's to a better market down the road.

**Continental Resources (KMK-TSX-V \$1.24)** – The Company owns 100% of the Xietongmen Copper-Gold Deposit in China (Tibet). China is VERY short of its own Copper deposits and Xietongmen can be China's second-largest Copper mine when it starts producing. I think if and when this is the case we could start to consider Continental as a takeover candidate.

China is currently under pressure by protesters around the world and will be for the next few months leading up to the Olympics. Make no mistake: China should "keep on truckin" and you can bet that a project like Xietongmen can get developed and the current period of high stress has seemingly made Continental quite undervalued.

### **Continental Minerals at a glance:**

- Exploration Risk mostly gone
- 100% Interest
- 2 Billion Lbs Cu, 3 M oz Au and 20 M oz Ag
- Second-largest open pit Cu mine in China
- Chinese mines contribute only 5% of world production @ 0.66 M+ of Cu per year
- China imports over 4 Mt Cu per Year
- China is expected to increase consumption by 10% a year for next five years and will consume +6 Mt in 2010
- Projections = By 2016 there will be a 6.1 Mt supply shortfall in the industry's ability to produce enough copper = 28 Pebble Projects
- India is 10 years behind China in infrastructure spending but is underway
- Russia's Federal Grid Company just announced a financing and intention to float the company later this year. The company will invest \$55 Billion in electrification projects by 2015
- 67% of China Cu imports are used for electrification & power consumption

- Worldwide infrastructure spending requirement of \$42 Trillion
- Jinchuan Group owns 12%
- Jinchuan exercised \$2.25 wts with stock at \$1.50 – HELLO!!!!!!
- Chinese government gave KMK the “Explorer of the Year Award” for 2007

**Crescent Resources (CRC-TSX-V \$ .11)** – Crescent continues to explore for Gold at the Matupa Gold Project in Brazil and Uranium at the Oviedo Uranium Project in Paraguay.

The Company plans to outline their 2008 exploration plans at the Matupa Gold Project in Brazil, which should include a diamond drilling program this summer. Previous drilling done on the property by both Crescent in 2006 and Rio Tinto in 1999 yielded some excellent gold results. The drilling was done at a time of much lower gold prices; however, the previous gold results reported are similar to several junior gold explorers currently garnering Market attention.

The company has now compiled all previous exploration data into a 3D geological modeling software program. This will be crucial in directing the drilling during the next program as they begin to delineate a gold resource.

At the Oviedo Uranium Project, Crescent completed an initial drill program last winter on the property where all holes intercepted uranium mineralization and eight have intercepted uranium mineralization of similar grade to other uranium deposits being mined by in-situ recovery mining methods.

**Crosshair Exploration (CXX-TSX-V \$ .74, CXZ-Amex \$ .75)** – Crosshair recently graduated from the TSX Venture to the TSX. The company began trading on the TSX on May 12, 2008, and kept the same symbol, CXX. Graduating to the Toronto Stock Exchange marks another milestone in Crosshair’s corporate development. The TSX offers a more liquid market and greater national and international exposure, which should benefit existing shareholders and help to attract new retail and institutional investors.

Not only has Crosshair’s management delivered on their promise to move up to the TSX, but they continue to deliver on their goal of linking Armstrong, Area 1, and C Zone into a 4.5-kilometer-long corridor of uranium mineralization. Twenty-six holes have now been drilled at Armstrong and there are more to come. With their best drill result to date, Crosshair has extended Armstrong’s strike length to 175 meters!

ML-AR-26:	0.20% U3O8 over 9.5 meters (from 180.4 m to 189.9 m) including 0.50% U3O8 over 3.7 meters (from 182.4 m to 186.1 m) and 1.10% U3O8 over 1.6 meters (from 184.0 m to 185.6 m)
ML-AR-14:	0.13% U3O8 over 3.4 meters (from 96.4 m to 99.8 m) and 0.10% U3O8 over 2.2 meters (from 176.3 m to 178.5 m)

Armstrong acts as the southern anchor to the mineralized corridor with C Zone to the north and Area 1 situated in the center. The potential for a 4.5 kilometer-long mineralized corridor

was first identified following an airborne radiometric survey, but drilling results are continuing to confirm this hypothesis. All three areas display similar geological and mineralogical styles and all three remain open.

Crosshair plans to continue building on its early success at Armstrong and is expected to continue drilling in the summer in the hopes of further linking Armstrong, Area 1, and C Zone. In July, they expect to release their updated 43-101 resource calculation, which will incorporate more than 17,000 meters of drilling they have completed on C Zone since their last 43-101.

**Labrador Inuit Lands** - There still seems to be a lot of confusion regarding Crosshair's land position in Labrador. People are still asking me questions about the recent moratorium on uranium mining on Labrador Inuit Lands and the affect on Crosshair's C Zone resource. I just want to put everyone at ease once and for all. The moratorium apparently has no direct affect on Crosshair's C Zone resource or their mineralized corridor, both of which fall outside of Labrador Inuit Lands.

The bottom line is that CXX share price has been depressed thanks to a poor overall junior market, a quiet period associated with the financing and developments in Labrador regarding uranium mining and development.

**Donner Metals (DON-TSX-V \$ .31)** – The Matagami area in Québec is host to historical production of 8.6 billion pounds of zinc and 853 million pounds of copper, and I expect continued production from this prolific mining camp for many years to come. Exploration in the area began as early as the 1890s, however it was the discovery of numerous volcanogenic massive sulphide deposits in the 1950s that really put Matagami on the geological map. These deposits transformed the Matagami area, once only accessible by floatplane, into an area with established infrastructure including roads, a railway, an airstrip, power from the James Bay hydro-electric plant, and a mining and exploration-savvy workforce.

The Matagami mining camp is a world-class mining district with 18 known VMS deposits and 10 past producers of varying sizes, including the giant Matagami Lake Deposit (25.64 million tonnes of 8.2% zinc, 0.56% copper, 20.91 g/t silver and 0.41 g/t gold) discovered in 1957 and mined from 1963 to 1988. The ownership of many of the key deposits in the camp was consolidated by Noranda Ltd. in the 1980s.

Xstrata Zinc Canada, through its purchase of Noranda / Falconbridge in 2006, assumed Noranda / Falconbridge's large historical data and knowledge base of the Matagami mining camp. The potential of the camp for additional deposits has recently been demonstrated with Noranda's discovery in 2001 of Perseverance, a zinc-copper deposit (measured and indicated resources of 5.1 million tonnes grading 15.8% zinc, 1.24% copper, 29 g/t silver, and 0.38 g/t gold). Perseverance, now owned by Xstrata, is expected to have a five- to six-year mine life, and is scheduled to begin production in mid 2008 through their refurbished 2,600 tonne per day mill.

Donner Metals Ltd. is earning a 50% joint venture interest from Xstrata Zinc (subject to Xstrata Zinc having the option to earn back a 15% interest by incurring up to \$20 million on a feasibility study on each of 5 project areas) in the Matagami Project. The joint venture currently has mineral claims covering over 800 square kilometers, within a 4,750 square kilometer area of interest. Using Xstrata's Matagami historical database and a combination of 3D data integration, innovative advanced technologies, new concepts and diamond drilling, the Donner / Xstrata team has already made key discoveries in two areas.

The team hit within the first two months of exploration in Matagami, finding high grade massive sulphides in the Bracemac and McLeod areas. Highlights include 32.22 meters of 9.62% zinc and 1.33% copper, and 19.75 meters of 22.95% zinc and 0.22% copper. Over 50,000 meters of drilling has already been completed and delineation and exploratory drilling is ongoing with four rigs at the Bracemac and McLeod areas as the team works towards defining a NI 43-101 compliant resource for the near future.

Providing the drilling proves up an economically viable resource, Donner can very likely enter a low-cost, high-margin production situation. The capital costs are well established for developing new mines at Matagami. With Xstrata already having the mill and refining facilities, the lead-time to production could be much shorter than in the case of a typical discovery. There are also a number of places in the Bracemac and McLeod areas where mineralized intersections of significant widths and typical grades for the Matagami camp remain under-explored and un-delineated.

In addition, many blue sky targets have been developed elsewhere on the property. Two prominent target areas for new discoveries are the Orchan West and Phelps Dodge areas. Highlights from Orchan West include 28.43 meters of 20.35% zinc and 2.66% copper. Donner plans to use one of the four drill rigs currently at work in the Bracemac and McLeod areas to investigate these and other additional targets later this year.

Donner appears very undervalued and without many of the risks usually associated with junior exploration companies. The discoveries to date seem to be well on their way towards definition. The Matagami Project should also avoid falling victim to the unpredictability of escalating capital costs, because much of the required infrastructure is already in place. Also, Québec remains one of the most favorable mining jurisdictions in the world, with almost no political risk. The current valuation of the company does not appear to account for the likelihood of an economic resource having been discovered at Bracemac / McLeod, not to mention the tremendous blue sky potential elsewhere on their project.

**Eastmain Resources (ER-TSE \$1.47)** – The 2008 phase one drill program at the Eleonore South JV project (Goldcorp, Eastmain, Azimut) has been completed. Prior to initiating the program, Goldcorp exercised its right to increase its ownership in the JV from 1/3 to 40% by completing a bankable feasibility study. This relieves both junior partners of any financial obligation in the project until a production decision is contemplated. For the interim, Eastmain remains as project manager. The near term objective of the first drill campaign is to determine if the JT surface discovery extends in the third dimension at depth in the form of gold-bearing

sediments. The ultimate objective is to outline gold resources in a new deposit (Roberto's Sister). Assay data from this program is pending.

At Eastmain's 100%-owned Clearwater Project initial assay data from the last drill program is exceptional. The average grade of 76 half-meter drill core samples containing visible gold is 70.74 g/t gold or 2.07 ounces per ton. The highest grade sample contained 2.54 kilograms gold per tonne or 74.2 ounces per ton. The near term objective is to expand and upgrade the gold resources. Assay data is pending for 1,900 ½ HQ core samples. It is apparent that there is a positive correlation of core diameter and drill hole spacing with grade. To date, the deposit contains 1,000 ounces of gold per vertical meter. An increase in grade and geometry of the ore veins may double or triple the near surface ounces per vertical meter. This gold deposit is two kilometers from road access and located in the Province of Quebec, which covers half of the exploration cost! A second phase of drilling is planned to further expand the open pit resources and search for another deposit nearby.

The first phase drill program for the Eastmain gold deposit is schedule to begin this summer. The project is a direct analogue to the Detour Gold deposit located in Ontario. Detour Gold recently announced a near term target of 10 million ounces in the form of a "super pit." The geology and gold-ore from both projects are similar, thereby enhancing the exploration potential of the Eastmain gold deposit. The best place to find ore is by drilling at depth below and beside an existing deposit or next door to a major discovery. Eastmain Resources will be drilling under "metal" at Eleonore South, Clearwater (Eau Claire) and the Eastmain gold mine in 2008.

**Farallon Resources (FAN-TSE \$ .80)** - Farallon is just a few months away from opening its G-9 mining operation in Mexico and becoming a producer. In order to get to market, they have effectively cut the time of developing a traditional mine in half (down to only two years) with their parallel track approach. Everything and everyone is working towards the single common goal of opening in July 2008. All components of the parallel track are converging towards this date which can represent the beginning of a new era. Their plan is to develop Farallon into a mid-tier mining company through its ability to generate cash flow, capitalize on the opportunities that will originate by their newly defined position, and continue to explore their high potential property. Farallon is ready.

In addition, after starting their new 2008 drilling program and adding a third drill in March, the company recently released its highest exploration results to date. Hole 709 in the north zone encountered 12 meters of 22.72% zinc, 2.39% copper, 334 g/t silver, 1.41% lead, and 3.75g/t gold, including a 5-meter interval grading of 31.10% zinc, 4.04% copper and 2.66 g/t gold. After the discovery last year which opened up the area north of the San Raphael fault, the theory of additional mineralization needed to be explored. With their recent results of hole 718 in the Abajo zone which intersected 8.75 meters of 16.3% zinc, 1.71% copper, 167 g/t silver, .75% lead, and 1.99 g/t gold, and a 6-meter interval of 20.11% zinc, 1.78% copper and 1.78 g/t gold, Farallon is looking forward to further success at expanding the zone.

With the expectant healthy cash flow and excellent exploration potential, complemented by growth, Farallon is on the cusp of change and rebirth as a producing company.

**Formation Capital (FCO-TSE \$ .49)** –The company’s 100%-owned Idaho Cobalt Project continues to move closer to final approval from the permitting agencies with a Record of Decision (essentially the mine permit) expected in July 2008. This date is according to the United States Department of Agriculture Forest Service’s (FS) Schedule of Proposed Action posted on the Internet. The FS is the lead permitting agency for the project.

Since my last update in my March 31, 2007 newsletter, it is evident that Management is getting prepared for the receipt of the final mine permit. The company recently received permits from local city officials regarding development of property that will be used as a personnel and materials transfer site for the mine. In addition, earlier this month the company gave its shareholders an update on the status of the cobalt project’s mine design – detailed design, engineering and procurement for the facilities at the mine site were reported to be 65% complete by the company’s Procurement and Construction Management consultants.

Company officials have also advised me that they expect a Biological Opinion report to be completed around the middle of May, as this coincides with the end of the 135-day time frame allotted to the permitting agencies to complete this task in accordance with the NEPA (National Environmental Policy Act) process. This is significant as the Biological Opinion, according to company officials, is the last document required to complete the final Environmental Impact Statement, which in turn is the document the permitting agencies use as a basis for granting the mine permit.

Management has told me it is their goal to commence construction on the project this summer, which obviously they can’t start without a mine permit (and a successful financing, for that matter). Whether or not this becomes a reality remains to be seen, but regardless, Formation Capital is moving forward - confident of receiving their mine permit by July. It looks like this summer could be the time that many investors have been patiently waiting for.

**Geologix Explorations (GIX-TSX-V \$1.85)** – Raising \$18 million earlier this year doesn’t look so bad now given what market conditions have become.

The addition of Eduardo Luna (ex-President Mexico for Goldcorp and current Chairman of Silver Wheaton) to the Board of Directors was a major positive management move.

### **San Agustin**

- Completion of Phase 2 drilling in Zones Main, 2, and 4. Infill drilling had only 1 Dh with non reportable results – all others intersected mineralization that fit to current model for potentially economic mineralization.
- Three-dimensional-model submitted to Wardrop Engineering in April with the first Geologix resource expected to be released in May. This should be a substantial multiple to the original resource of 435,000 oz Au equivalent (Au +Ag).
- The company sees this as a turning point with an engineered resource that the market can place a valuation on the project relative to market cap.
- Phase 2 resource is only a preliminary resource. It should be made clear that the

resource is based on Au+Ag+Pb+Zn and not the SSR resource. The GIX resource is based on parameters for a large bulk tonnage, polymetallic deposit such as Penasquito. The Silver Standard resource is based on Au and Ag only and as such is a completely different calculation based on different parameters. It is expected the SSR resource will be a subset of the GIX resource.

- The company is extension drilling with great success. Grades are increasing with depth and continuity is excellent. For example, in the last PR, drilling doubled the width of mineralization in zone 2 and continued to bottom in strong mineralization to a depth of 350 meters. The zone is still open to depth. Clearly the company is on to one of Mexico's bigger deposits.
- The company has hired a financial consultant to prepare a list of alternatives to equity for purchase of the property; these would be evaluating participation of a major or mid-tier company, off take agreements, smelter arrangements or royalties.

And news of a brand new discovery in Peru with Newmont can't hurt. It's an ugly market but GIX continues to do a lot of good things on the ground.

**GLR Resources (GRS-TSE \$ .38)** - GLR Resources continues to make excellent progress as it makes the transition from an exploration story to that of a gold production story with its Goldfields project in northern Saskatchewan. Recall that the Goldfields project consists of two open-pitatable deposits of gold-bearing mineralization. These deposits are named the Box and the Athona. These two deposits collectively host a resource of nearly 1.2 million ounces gold. At a production rate of 90,000 ounces a year and a projected 93% recovery rate, these two deposits will provide for a mine life of over 10 years. GLR has now engaged Bikerman Engineering & Technology Associates (USA) to review the deposit economics at \$900 gold prices to better reflect current market realities. Indications are that the amount of recoverable Gold at this higher price will increase significantly and that the life of the mine will be extended. GLR says they expect to formalize these findings in a press release in the near future.

Considerable progress has also been made on the project financing front. Investec Bank (U.K.) is providing the bulk of the project financing (US\$45 million). Total projected capex is US \$60 million, and GLR is currently working towards finishing a debt-equity offering through a syndicate comprised of Canadian firms M Partners, Desjardins Securities and Jennings Capital.

Looking forward, once the current financing is complete and environmental and construction permits are in order over the next couple months, GLR will be in a position to commence site preparation and mill building construction. For more details, visit the company's website at [www.glrresources.com](http://www.glrresources.com).

**Knight Resources Ltd. (KNP-TSX \$ .26)** – It is that time of year again to keep a very close

eye on Knight Resources and its West Raglan Project in northern Québec. Knight is in a joint venture with Anglo American Exploration (Canada) Ltd. having earned a 49% interest in the 710 square kilometer West Raglan Project. Knight will soon be starting up an expanded 12,000 meter drill program to build upon previous discoveries in the Greater Frontier Area's past exploration successes. Xstrata Nickel's Raglan nickel mine is located 150 kilometers east of the Greater Frontier Area. Drill results from 2007 clearly demonstrate the occurrence of multiple nickel-bearing sulphide zones at the base of stacked ultramafic units in a similar setting to that of Xstrata's Raglan Mine, which has resources, reserves and mined ore to date totalling 30 million tonnes (averaging 2.8% nickel and 0.8% copper with significant platinum group elements and cobalt).

Strong 2007 drill results led to an expanded 2008 program with three drill rigs and a budget of \$8 million that has already been approved and fully funded by both parties. Fuel and supplies were mobilized in February in support of the upcoming exploration program, scheduled to run from June until September. The exploration program is planned to follow up results in the Greater Frontier Area and to explore highly prospective ultramafic units along the Raglan Horizon elsewhere on the property.

In addition to drilling in the Greater Frontier Area, there will be additional exploration at the Beverly and CDC zones. East of the Greater Frontier area, Beverly has a 15 kilometer stretch of ultramafic rocks occurring on the prolific Raglan Horizon, and CDC, an eight kilometer trend of ultramafic rocks, also on the Raglan Horizon.

The geology of the area combined with 3D magnetic inversion analyses suggest a much greater volume of ultramafic rocks in the Greater Frontier Area than was previously anticipated. At West Raglan the Century, Frontier South, and Frontier Central zones all have mineralized lenses outlined near the surface, and drilling suggests that this mineralization extends down from already identified zones. The 2008 program has plans for further investigation of the continuation of previously encountered nickel mineralization occurring in six zones at the Greater Frontier Area. For a list of previous high-grade nickel / copper results from West Raglan, visit [www.knightresources.ca](http://www.knightresources.ca). As is characteristic of the Raglan area, there is the potential for an alignment of multiple sulphide lenses along discrete corridors of mineralization, which Knight will be investigating as drilling gets underway.

**Longview Capital (LV-TSX \$ .25)** – My original report on Longview Capital Partners (LVCP) was issued on February 28, 2007. Since then, the financial markets worldwide have taken a hit to the private equity, hedge fund and debt markets. While this has obviously been part of the reason for the tremendous share price decline, it doesn't take away the fact that this has been a major disappointment up until now.

The short of it is that LVCP continues to advance in the right arena – targeting the BRIC (Brazil, Russia, India and China) economies. Their business model (to invest in private or undervalued resource exploration companies) works - they have been proving that it does over the past few months, perhaps without an audience. Looking forward, LVCP appears to be set to show further advancement with their business model.

**Growing Pains** - While the company has been relatively quiet on the news front, they have been very busy building the infrastructure necessary to carry this company to the next level. LVCP's explosive growth in its first two years of business made it evident to management that they needed to have the checks and balances in place to facilitate the "next leg up." To me, this is a testament to LVCP's business model (and its ability to be successful). In late 2006, LVCP announced the formation of Longview Technical (LVT)—the company's talent pool of 37 "in-house" technical experts. As I mentioned in my first report, LVT has skill sets ranging from exploration geology to mining feasibility, engineering and international policy negotiation.

This group is cornerstone to Longview CP's motto that "Human Capital is critical," and (in my opinion) is what sets Longview CP aside from other "Resource Groups."

Why do I mention this? In 2007, Longview CP's model shifted to "taking private assets public" and the company relies heavily on LVT to identify and help acquire those assets. Rather than investing in existing, undervalued public companies (which LVCP may still do from time to time), LVCP is now acquiring these high-quality, private exploration projects and working on taking them public. The result? A short-term and inevitable vacuum of information as LVCP helps to take these projects through the various stages of the going-public process (some of these steps are out of LVCP's hands).

Wait...I know you are going to say that LVCP promised more companies to "go public" last year. What happened? Well, as I mentioned in the onset, market conditions have turned for the worse. The private equity markets have taken a hit. Essentially, market conditions have resulted in the slowing of LVCP's plans. Although money can still be raised (four of LVCP's investments recently completed private placements), current market conditions aren't overly conducive to new companies. Instead, LVCP's private companies continue to advance their projects privately and will come to the market a little slower and when market conditions are less hostile (hopefully they will be less hostile very soon).

Finally, Longview CP has been affected by 2007/2008's downturn in the markets in that both LVCP's investments and LV company shares themselves have been subject to the market jitters. Longview CP's shares and the shares of many of their investments have decreased in value – much like most junior resource companies. As a result, LVCP's portfolio has suffered. Fortunately, Longview CP does not often use margin and was/is not invested in any ABCPs. Despite all of that, Longview CP managed to create a moderate \$8 million CAD profit in 2007 in the severe and turbulent conditions.

**The Vision** - Longview Capital Partners' management and board remain firm in their belief that the world is in the midst of a resource "Supercycle" that is being driven by BRIC (Brazil, Russia, India and China) economics. While the price of resource juniors (including LVCP's investments) have been battered as of late, the demand for the commodities that LVCP has invested in remains strong – mainly due to the exponential growth in the BRIC economies. Furthermore, booming infrastructure growth in Asia will ensure that demand stays strong. While juniors have been hit, Damien Reynolds and the LVCP team believe, as many do (myself included), that there is a huge disconnect between the prices of junior explorers and commodities

themselves, as many commodities remain at or near all-time highs. Longview Capital Partners believes that we are in the “steel” portion of the “supercycle” and have taken the opportunity to capitalize on that short-term disconnect by acquiring assets that support that sector-specifically iron, moly and tungsten (more below).

**The Sum of its Parts** - While many junior explorer stocks have not performed well as of late, several of LVCP’s key investments are advancing nicely – very good sign for LV itself.

- Waratah Coal (WCI-TSX.V) – The first of the LVCP private to public investments, Waratah Coal has a total inferred resource of over 3.12 billion tonnes of thermal coal and are continuing to drill out their main project (the Galilee Basin). Waratah Coal’s resource is expected to grow substantially and major developments (infrastructure and offtakes) are expected in the near term. In March, Waratah Coal completed an oversubscribed \$40 million CAD private placement.
- Nevada Copper (NCU-TSX) – An updated NI43-101 on their Pumpkin Hollow project resulted in a 28% increase in copper resources (in all categories) to 7.9 billion lbs, and added 1.3 million oz gold, 57 million oz silver and 144 million tonnes of iron ore. A recent Preliminary Economic Assessment was extremely positive and a \$6.4 million CAD “bought deal” financing was completed on April 30th.
- Macarthur Minerals (MMS: TSX.V) – Recently signed a deal with LPD Holdings (Australia) Pty Ltd potentially worth \$110 million CAD for 80% of their Lake Giles project. The first \$10 million is to be used to delineate a 500 million tonne resource, at which time the remaining \$100 million will be paid. At the time the deal was done, MMS had a \$16 million CAD market cap. MMS is an example of how LVCP can realize significant value for companies in its portfolio, even when the market assigned value is low. MMS has proposed that 80% of the (after tax) \$100 million payment will be paid out as a dividend. On April 18th, 2008, Macarthur Minerals advised that LPD Holdings was satisfied with their technical due diligence and would proceed with the acquisition of the first 30% of MMS.
- Oriental Minerals (OTL: TSX.V) - See my update on Feb 20, 2008 ([http://www.grandich.com/docs/GL\\_02-20-08\\_otl.pdf](http://www.grandich.com/docs/GL_02-20-08_otl.pdf)). As I stated in my update on Dec 1, 2007, OTL’s stock has fallen more on market conditions and the markets’ inability to understand what’s evolving rather than on any long-term negatives. The 1200m X 600m footprint (also 150-200m thick) that has been identified by OTL, confirms their original contention of the bulk mining potential at Sangdong. The recent updated NI43-101 proves this to be one of the largest deposits of its kind in the world. Stay tuned for more updates.
- Buffalo Gold (BUF: TSX.V) – Currently producing gold concentrate at their Furtei, Sardinia mine - the ONLY producing gold mine in Western Europe. Recently signed an offtake with MRI Trading that will provide \$32 million CAD in 2009 in revenues from the sale of gold-copper concentrates only.

**The Future** - While Longview CP's current investments are developing nicely, it is important to remember that Longview has invested in numerous other high quality private companies. According to their Q4 2007 financials, LVCP has 18 private investments in their portfolio. As some of these assets move from the private into the public realm, they should add accretive to LVCP's bottom line.

Will all of the LVCP's private assets be home-runs? Probably not. But with LVT picking their ponies, I can assure you that the likelihood of LVCP's investments being quality projects are a lot higher than if you or I picked them. That is the strength of the LVCP model. That is why "Human Capital is Critical."

**The Stock** - While LVCP's business plan and investments continue to advance, the LV stock has obviously been hit hard. When I originally started to cover Longview Capital Partners, the stock traded at a multiple of their NAV. Now, Longview CP is trading at only a fraction of it. According to their 2007 YE financials (most recent at press time), the value of LVCP's portfolio was \$105.6 million CAD. Their current market cap is only \$31 million CAD!

While many of Longview Capital's peers (other resource investment companies) stocks have declined in value, Longview CP has been disproportionately oversold. Unlike some of their peers, Longview CP actually MADE a profit in 2007. As I talked about earlier, many of their "core" investments continue to advance. Unlike exploration companies, Longview Capital can self-finance by selling some of their investments, rather than having to do an equity raise (LVCP recently sold some shares in one of their investments thus putting approximately \$5 million cash in the bank) – so financing is not a concern.

So, while the stock has come off considerably, the company itself continues to do okay and prove that their model works. The value of the portfolio has actually grown over the last year, despite severely turbulent market conditions.

As you know, the valuations of junior explorers are currently very low, while the prices of the commodities themselves remain high. What does that mean? I believe that once the current market jitters are gone, the valuation of the juniors can reflect the prices of the actual commodities that they are exploring for. If and when that happens, we can look for a big rebound in the juniors. LVCP has always maintained that their "model is geared towards success in the long-term." If you believe in the commodities "supercycle" and if you believe, as I do, that the junior sector will rebound, you should believe in the Longview Capital Partners model. A long-term approach to commodities with investments in high quality projects at the cheapest levels.

**Lund Gold (LGD-TSX-V \$ .24)** - Chet Idziszek, president and chief executive officer of Lund, stated: "The recent completion of our \$2.5-million financing has provided abundant exploration funding for the Ring of Fire project, which we will focus on this summer. We also will continue our ongoing review of other attractive projects for potential acquisition." The company has provided Noront, the McFauld's Lake project operator, with \$1-million as an advance to finance the 2008 program on the 13-claim, 169-unit project, as provided for in the Jan. 15, 2008, option agreement between Lund and Noront.

The company also advises that its option on the Carneirinho project in Brazil terminated on April 30, 2008. A significant option payment became payable on that date to maintain the option, and the company believes its resources are better directed at in-the-ground exploration expenditures, such as at the Ring of Fire/McFauld's Lake project.

**Oriental Minerals (OTL-TSX-V \$ .37)** - Despite the performance of the stock, Oriental Minerals is advancing the project at Sangdong very rapidly. Oriental Minerals has successfully delivered many important milestone events in the last year and continues to develop the Sangdong project quite nicely.

In the last year, OTL has completed over 17,000 meters of drilling and 68 holes. Wardrop Engineering has completed a NI43-101 compliant resource estimate of 13 million tonnes of 0.32% WO<sub>3</sub> and 0.06% MoS<sub>2</sub> Indicated and 68 million tonnes of 0.29% WO<sub>3</sub> and 0.06% MoS<sub>2</sub> Inferred - \*containing an estimated 522 million lbs of tungsten and 91 million lbs of moly - proving OTL's original theory that Sangdong is one of the largest such projects in the world. Five drill rigs continue to turn at Sangdong - working on both expanding the size of the resource and infill drilling to bring their resource up to the measured and indicated categories.

Environmental and Metallurgical studies are currently underway - a 600 kg sample was recently sent for testing. Wardrop Engineering is working on a Preliminary Economic Assessment (Scoping Study) that they expect to be completed by the third quarter of this year. The company then plans to go straight into a feasibility study.

Oriental Minerals is the epitome of a company that has an oversold stock but has a top notch project. Korea is home to some of the largest consumers of tungsten and molybdenum and the demand for OTL's future product remains strong. I believe that the market should eventually understand just how BIG this project is and I expect OTL's valuation can eventually reflect that fact. *\*estimated numbers*

**Oromin Explorations (OLE-TSX-V \$2.69)** – OLE is typical of the frustration I feel. While failure is the norm in this business, the results coming out of West Africa are fabulous. I don't use the word fabulous often but it's incredibly frustrating when such great results don't even muster up a yawn. And then on top of the great news, we learn OLE is finally going to get its shot at a very interesting oil play with oil hitting \$125. Again, another company doing all the right things in an ugly market. Stay tuned.

**Patrician Diamonds (PXC-TSX-V \$ .09)** – Patrician is currently moving the diamond drill rig to Norman Wells and expects to be drilling on the Sahtu Doctor Lake property by the end of next week. As kimberlite has already been discovered in the Hillside, the point of this drill program is to ascertain if there is a kimberlite cluster at Sahtu. There are at least six major targets, some as large as 10 km by 500m. The Hillside target is over 5 ha in size. Patrician also has secured a helicopter to work its Baffin project this summer.

**Phoenix Matachewan Mines (PMM-TSX-V .05)** – Phoenix is conducting an INFINITEM deep penetrating geophysical program on its Barville zinc project which has a strike length of

over 26 km and hosts an estimated 17 targets. Diamond drilling is anticipated by the end of the second quarter. The drill at Steel River is moving to the Bozena Lake target and should start drilling there the end of May. Phoenix is currently pursuing a joint venture on its Quinn moly porphyry-epithermal gold silver project in Nevada.

**Rockwell Diamonds (RDI-RSX-V \$ .42)** – It's been quite some time since we have heard much excitement from the diamond side of the junior resource market, but that may change. Demand for diamonds has improved worldwide according to recent reports and one company seems positioned to take full advantage of this anticipation increased attention.

Rockwell produces the highest value diamonds in the world. Rockwell has suffered recently from the Escom power issue in South Africa and the market has also been waiting for government approval for a big acquisition that they announced a year ago. These two items of high stress have seemingly caused the share price to become seriously undervalued given the progress on the corporate side. The expectation is that as the power and approval issues are resolved so shall the shareholder value be. With such an aggressive growth plan, one can be highly optimistic for RDI going forward. See highlights below:

- **Production:** Rockwell has three established alluvial mines operations with exceptional production valued at US\$1700/carat– “No other company produces diamonds as big as ours and of this value.” John Bristow, President & CEO.
- **Production:** Approximately 70% of Rockwell's production is +2-carat gemstone quality diamonds. +2 carat rough stones make up 45% of total world diamond production by value, but represent only 7% by volume of world production. It is this small segment of high value production which is increasingly in short supply.
- **Production:** Rockwell's operations generate strong cash flow, presently \$50 million CDN revenue annually and rising.
- **Growth Potential:** Rockwell is acquiring two more mines that will make it one of world's top alluvial diamond producers.
- **Growth Potential:** Current in-situ value of resource is over US\$1Billion with targeted monthly production 8000 carats/month targeted for 2011, an increase of 300%.
- **Diamond Market:** RDI is fortunate to have a partnership with the world famous Steinmetz Diamond Group which cuts and polishes rare and special stones like RDI diamonds hence keeping RDI overheads and costs to a minimum.
- **Luxury Goods:** World Wealth Report (Merrill Lynch & Cap Gemini) reports High Net Individuals with disposable income of a million or more have higher than growth of global GDP. High Net Worth individuals who drive diamond sales are from INDIA, CHINA, MIDDLE EAST OIL STATES, RUSSIA, SE ASIA, UK, LATIN AMERICA Japan, Europe, and North America.

- **Luxury Goods:** There is a high and growing demand for very rare diamonds (low supply) with price tags in excess of \$100,000 into millions. Rockwell's production is recession-proof (resistant) in this high-end luxury good industry.

**Sunridge Gold (SGC-TSX-V \$ .76)** – A heavy news flow should begin shortly from Sunridge Gold as they closed a non-brokered private placement this winter and now have the funding to fully carry out both their development plans and further exploration drilling of high priority targets on the Asmara Project in Eritrea.

The company has already a large inventory of metals in the ground. They have a global indicated combined resource containing 2.3 billion pounds of Zinc, 1.02 billion pounds of copper, 872,000 ounces of Gold, and 27 million ounces of silver (combined value of over \$7 Billion). The bulk of this is contained in the large Emba Derho Deposit, and scoping studies on this deposit are now underway. Also, recent drilling has extended the zone at least 400 meters to the northwest and 200 meters to the northeast since the original NI43-101 resource was completed in the summer of 2007. We should expect the scoping study to include a significant increase in the size and grade of the resource which was already a "World Class" sized deposit.

Sunridge is determined to fast-track this project, and the scoping study should be completed in July of this year and it is expected to dove-tail into a prefeas/feasibility in study.

In addition, Sunridge has several other high-priority drill targets that they expect to drill through 2008. These high priority targets are labeled as such because they have strong gravity and electromagnetic geophysical signatures with high levels of gold-copper-zinc in the soils. On top of this, several have actual outcrop and have produced grab samples up to 30 grams per tonne gold. Some of the names of these new targets to watch for are Dairo Paulus, Shikete, Adi Rassi, and several others.

Sunridge has also recently entered into an option agreement on gold-copper-zinc properties in Madagascar. The geological environment there is an extension of that found in Eritrea, and Sunridge believes that a similar VMS district occurs in Madagascar. Sunridge will utilize its expertise in finding VMS deposits and should begin an exploration program shortly consisting of geology and geophysical surveys to define drill targets.

Eritrea has now demonstrated that they are seriously motivated to develop their mining industry and Nevsun Resources are now in the construction phase at the Bisha deposit. This should remove much of the discount placed on Sunridge.

**Target Exploration & Mining Corp. (TEM –TSX-V \$ .46)** – Target continues to deliver on its promise to grow and develop its outstanding uranium and gold projects in both the US and Canada. Target recently announced that in mid-July they should begin drilling on their Bradshaw gold property located in southwestern British Columbia. The drill program will consist of 1100 meters in 9 to 11 holes and will target mineralized zones previous intersected by historic drilling.

Not only are they drilling on their Bradshaw property, but they also have plans to drill on their Shirley Basin – Bootheel property in southeastern Wyoming. As I've discussed with Target's management, they expect to drill 55,000 feet over the summer with the aim of making their historic resources NI 43-101 compliant.

There should be a steady stream of news released over the summer months on Target.

**Timmins Gold (TMM-TSX-V \$1.18)** – Timmins Gold Corp is committed to becoming a senior gold production and development company focused solely in Mexico. Timmins Gold has formulated an aggressive development and acquisition plan which is designed to take the Company into production in late 2008. With a pre-feasibility report complete on its "flagship" San Francisco property in Sonora, Mexico, Timmins is gearing up to recommence production at a minimum annual rate of 80,000 ounces of gold per year.

On the exploration front, Timmins recently reported high gold grades during the first phase of its drilling at its Tequila property (24.3 meters of 5.88 g/t gold already in the first hole). Drilling is also underway at its Las Coloradas property and additional exploration is being conducted on its four other gold properties within four prolific mining districts in Mexico. The Company's goal is to utilize future cash flow to advance its exploration properties and to expand the resource at San Francisco. Further acquisitions are also planned. The recommencement of production, combined with exploration potential, positions Timmins Gold for strong growth.

**Uranium City Resources (UCR-TSX-V \$ .13)** - The past several months have been challenging ones indeed for junior Uranium explorers. Spot uranium prices have declined sharply and in so doing have eroded confidence in the sector.

However, Uranium City Resources remains confident. In a recent letter to shareholders, President Robert Kasner noted:

“Such cyclical behavior in commodity prices has been seen many times before in history. Most recently, in 2006, Crude Oil suffered a nasty 37% decline in the latter part of the year which left investors shocked. Also in 2006 Natural Gas suffered a 73% decline which too left investors reeling. Both commodities have since recovered strongly as the global economy awakens to the notion that energy is perhaps more finite than many have been willing to admit. This 50% decline in Uranium spot prices that we have seen is thus not at all surprising given today's volatile commodity markets. Much like Oil and Natural Gas have now staged impressive recoveries, I remain steadfast in my belief that Uranium prices and Uranium related resource companies too shall soon stage a recovery.”

The focus of activity for Uranium City Resources has been its East Target property located in the Uranium City/Beaverlodge district of northern Saskatchewan. This district produced nearly 65 million pounds of Uranium from as many as 16 active mines over a time span of some 30 years. The U mineralization at the East Target deposit has now been shown to extend

continuously over a strike length of 1.2 kilometers and to a depth of about 100 meters based on a total of 80 holes drilled to date. A few holes drilled deeper also intersected significant U mineralization down to a maximum depth of 230 meters. The width of the U mineralization intersections tends to be between 1 and 3 meters. Engineering consulting firm Watts Griffis McQuat continues to work on the 43-101 compliant resource estimate for the East Target. This resource estimate will include the data from this press release and is expected to be completed soon.

UCR is now turning its focus to its West Target property. Drilling at the West Target property should test the extension of U mineralization to the NE of the five former open pit locations as well as the former Eagle Mine that were mined by Eldorado Nuclear in the 1950s. Previous airborne surveys in this area in 1996 and 2005 have indicated a band of EM conductors trending NE in this area close to a geological feature called the Camdeck Fault. The drilling program will focus along this NE direction and will look for structural geological traps that could have created openings that host a concentration of U mineralization.

## Special Note

The last few months have literally turned my world upside down. I need to share some things with you even if it causes your opinion of me to change or impacts my business in a negative way.

My illness not only made me realize I had absolutely no control over my life, it also showed me alot about being a real Christian. I was shown how truly little time, honor and love I gave to God. I also have, unfortunately, come to realize how awful the enemy and our natural being are at the core.

Some reading this will not understand or believe such thoughts are out of place. My hope is for the ones who can begin to grasp the depth of what I'm getting at. My illness caused me and my family to alter how we handle many things, including our finances. One of the changes out of all this was I relinquished control of our finances to my wife. Her tolerance for risk, especially after what has taken place with my health, has led her to make very significant changes. While my heart disagreed, my brain fully understood where she's coming from.

There's one other very important point I would like to make. This illness has shown me many things I don't like but none more so than the fact that I really wasn't practicing real faith. It's easy to act like a Christian when life seems to be rolling your way. The pain of realizing how far removed I really was from being a true believer was a million times worse than any physical and emotional pain I've been experiencing... God and I are working on that.



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	15,000 @ \$ 2.97		KNP	** 100,000 @ \$ .21	\$2000
ATW	200,000 @ \$ .82	\$1500		***100,000 @ \$ .165	
CRC	100,000 @ \$ .25	\$2000		50,000 @ \$ .32	
CXX	** 200,000 @ \$ .25	\$2000	LGD	100,000 @ \$ .33	\$1500
	** 100,000 @ \$ .45		LV	100,000 @ \$1.18	\$1500
	100,000 @ \$ 1.31			100,000 @ \$ .60	
	100,000 @ \$ 2.03		OLE	* 100,000 @ \$1.77	\$1500
DON	100,000 @ \$ .35	\$2000		100,000 @ \$2.60	
	50,000 @ \$ .50		OTL	100,000 @ \$1.38	\$1500
ER	100,000 @ \$ .52	\$1500	PMM	150,000 @ \$ .10	\$2000
	100,000 @ \$ .65			100,000 @ \$ .10	
	100,000 @ \$ .79		PXC	200,000 @ \$ .10	\$2000
FAN	50,000 @ \$ .80	\$1000	RDI	100,000 @ \$ .55	\$1000
	50,000 @ \$ .63		SGC	100,000 @ \$ 1.39	\$2000
FCO	50,000 @ \$ .80	\$1500	TEM	100,000 @ \$1.00	\$2000
	** 100,000 @ \$ .54		TMM	100,000 @ \$ .50	\$2000
	75,000 @ \$ .41		UCR	100,000 @ \$ .36	\$2000
	50,000 @ \$ .60			50,000 @ \$ .36	
	** 100,000 @ \$ .40				
GIX	* 100,000 @ \$ .54	\$ 2000			
	* 100,000 @ \$ .50				
	75,000 @ \$ 1.90				
GRS	50,000 @ \$ .40	\$2000			
	100,000 @ \$ .45				

\* Exercised  
\*\* Exercised and Sold  
\*\*\* Options Expired  
\*\*\*\* Partially Exercised

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