

Today's Notes:

## 1. Beware the Ides of March

*"The ides of March have come",  
"Ay, Caesar; but not gone."*

It's a new year and a new cycle of M&A is underway. March is almost upon us and there has been virtually no snow in the northeast – yet.

Xstrata and Glencore have called, “game on” with a mining M&A deal worth \$80 billion. All you undervalued junior management teams, and there are plenty out there, beware the Ides of March.

Geologix is a company we have owned for several years. We like the management, especially CEO Dunham Craig, and the continuing development of their Tepal property in Mexico. Last month the company announced the discovery of 104 meters of 1.45 grams of gold on their South Zone at Tepal in Michoacan state (as well as other promising drill results). See, below, the drill map of Tepal's South Zone published on the company web site.

This past week (February 6th), the company issued a news release indicating that its Board of Directors had issued a Rights Plan.

The company said,

***“The Rights Plan is not being adopted in response to any proposal to acquire control of Geologix and the Company is not aware of any transactions by any party that would trigger the provisions of the Rights Plan at this time.*”**

***Under the Rights Plan, the Company has issued one right (a "Right") for no consideration in respect of each outstanding common share of the Corporation to all holders of record at the close of business on February 6, 2012 and will issue one Right in respect of all common shares issued by Geologix during the term of the Rights Plan. The Rights will initially be represented by the certificates representing the common shares of the Corporation.”***



Yesterday the company's stock traded 5.7 million shares and ended the day flat after being up for most of the day. Last week it traded over 20 million shares in one day. Is this significant? Yes, we think the January drill results, the current depressed GIX share price, the volume traded and the existence of two new catalysts (an industry M&A cycle and the company's Rights Plan announcement) are indeed significant.

In my opinion these events impact three, possibly four, of the factors in our ten factor Discovery model.

Here they are with my rationale. You may choose to disagree:

**Catalyst:** management may be concerned that there is the likelihood of a hostile offer for GIX. Industry wide, the Xstrata – Glencore announcement serves as an indication of mining industry consolidation this year.

**Contrarian:** Obviously management believes the stock is undervalued.

**World Class Asset:** Can't tell yet but the drill results on the South Zone certainly upgrade our view of the company's potential for a world class asset.

All these ideas are ours, and ours alone. They have been independently formed based on events that have transpired and all are forward looking in their perspective. Risk is always forward looking and only to be found in hindsight with heartbreak.

These are the key ingredients for the Discovery Investing Scoreboard (DiS). Of course you will see GIX somewhat differently. We encourage you to become a member of the DiS team and score GIX from your independent perspective based on our proprietary 10 point discovery grid. We are making access to the system complimentary for those users that will diligently rank their companies.

From our perspective, therefore, GIX needs to be re-scored since we last scored it. An update is in order. Here is the current status, pre-update, of our scoring and that of the Crowd:

Select Exchange Group:  US  Canada

Enter company symbol to view scoring:

GIX Geologix Explorations Inc. (TSX)

**Score This Company**

Add To Portfolio...

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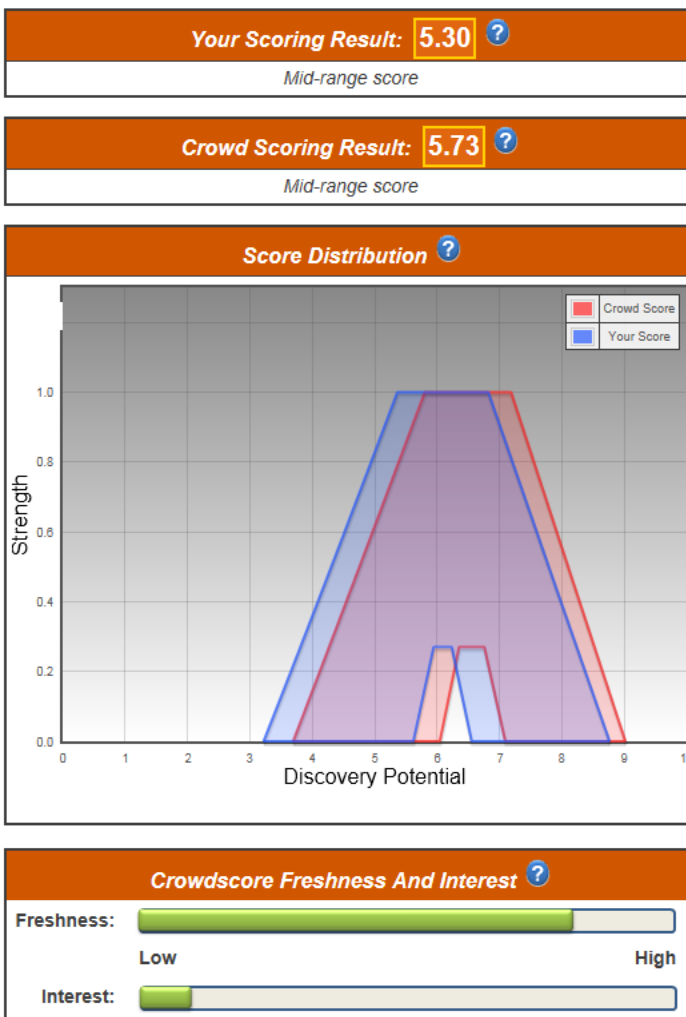
**Portfolios:**

▼ mberrytotat

- AXI Advanced Explorations Inc. (TSXV)
- AGG African Gold Group Inc. (TSXV)
- AGM Aldridge Minerals Inc. (TSXV)
- AXR Alexco Resource Corp. (TSX)
- ALS Altius Minerals Corporation (TSX)
- AGC Amarillo Gold Corp. (TSXV)
- BZA American Bonanza Gold Corp. (TSX)
- ANI Animas Resources Ltd. (TSXV)
- AGD Antioquia Gold Inc (TSXV)
- APE Apogee Silver Ltd (TSXV)
- ASP Archean Star Resources Inc (TSXV)
- AGA Argonaut Exploration Inc (TSXV)
- AA Astral Mining Corporation (TSXV)
- AU Aurion Resources Ltd. (TSXV)
- BAR Balmoral Resources Ltd (TSXV)

Delete Company

Delete Portfolio Create Portfolio



As you can see, the company scored fairly well by our scoring and also by that of the Crowd, though we were less optimistic than the Crowd at the time.

We have decided, as an example of the use of the DiS, to re-score the company this AM, based on my re-appraisal of the factors discussed above. Here is my re-scoring of factors:




**World Class asset** (up one level) ,

**Contrarian** (up one level) and

**Catalysts** (up one level):

**Inputs:**

**Word Score:** ?

- Very Small 
- Small 
- Moderately Small 
- Average 
- Moderately Large 
- Large 
- Very Large 

**Scoring parameters:** ?





Importance:

Input:  Mandatory  Desired

Remember Parameters For Criterion

**Scoring For: GIX Geologix Explorations Inc. (TSX)**

Score Company

|  |  |
|--|--|
| <b>Assets/IP/Technology</b>   | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Project Ownership</b>      | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Potential/Immediacy</b>    | <input checked="" type="checkbox"/> Ignore <input type="radio"/> User-Score <input type="radio"/> Crowd-Score            |
| <b>Management/Board</b>       | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Diversification</b>        | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Cycle/Catalyst ID</b>      | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Asset Contrarianness</b>   | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Financial Soundness</b>    | <input checked="" type="checkbox"/> Ignore <input type="radio"/> User-Score <input checked="" type="radio"/> Crowd-Score |
| <b>Stakeholder Relations</b>  | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Investor Sentiment</b>     | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |

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Please note that the scorings of some factors are based on word scores, some on numerical scores. In addition you can choose to ignore a factor or use the crowd-score if you are unsure of how to score any factor. In this case, we chose to ignore the Immediacy factor and to use the crowd score for Financial Soundness factor.

Following the re-scoring (re-ranking relative to other companies) my score increased from 5.30 to 5.78 – a significant increase in the rank of the company. The crowd score was also affected (up from 5.76 to 5.97), though other DiS users, that I am unaware of, have likely also re-scored GIX.

**One word of caution.**

I still have a great deal to learn about GIX. My estimates of the future are imprecise. I may be more certain of some factors and less certain of others. Over time I strive to become more precise in my study of the company. In this regard DiS acts like a mentor and tutorial system pulling you through the analysis and ranking of the company, either up or down. In general, the deeper shade of green on the factor scores in the graphics means that you are more favorable on a factor. You may decide to score only one or two factors. There is no need to score each factor at any time.

It allows and measures imprecision in a forward looking perspective. Yours might be quite different. You may know more or less about the company. You may believe other factors are more important, less important or perhaps are mandatory, rather than simply desired.

Our discovery analytics are unique in providing a Crowd Score and also allowing company management to understand where they are succeeding and where they are deficient on a factor by factor basis.

**Company Selection:**

Select Exchange Group:  US  Canada

Enter company symbol to view scoring:

GIX Geologix Explorations Inc. (TSX)

**Score This Company**

**Add To Portfolio...**

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**Portfolios:**

▼ mberrytal

- AXI Advanced Explorations Inc. (TSXV)
- AGC African Gold Group Inc. (TSXV)
- AGM Aldridge Minerals Inc. (TSXV)
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- APE Apogee Silver Ltd (TSXV)
- ASP Archeon Star Resources Inc (TSXV)
- AGA Argonaut Exploration Inc (TSXV)
- AA Astral Mining Corporation (TSXV)
- AU Aurion Resources Ltd. (TSXV)
- BAR Balmoral Resources Ltd (TSXV)

**Delete Company**

**Delete Portfolio** **Create Portfolio**

**Company Scoring Results**

**Your Scoring Result: 5.78** ?

Mid-range score

**Crowd Scoring Result: 5.97** ?

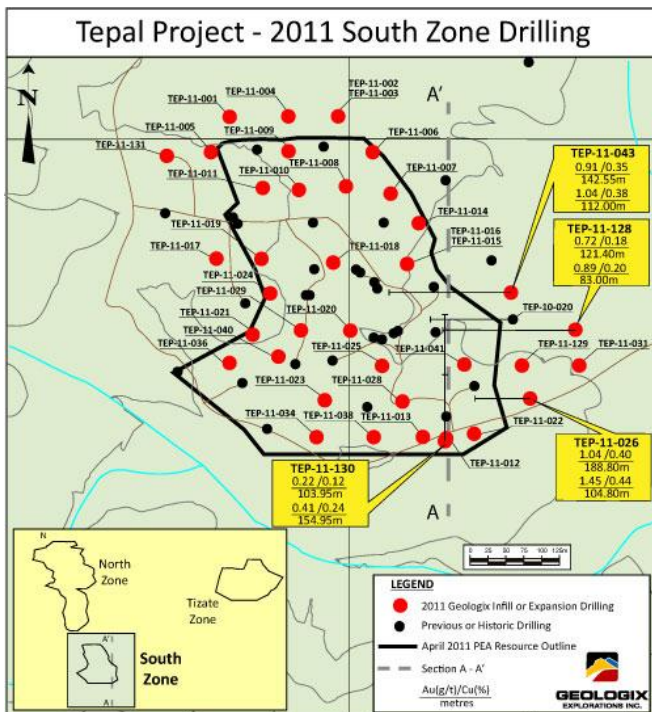
Mid-range score

**Score Distribution** ?

**Crowdscore Freshness And Interest** ?

Freshness:

Low High



We own shares of Geologix, an Incubator Discovery company.

## 2. Alexco: Another Favourite Scored by the DiS

We are showing another example of valuation and ranking using the DiS. Remember it is a change in the Discovery ranking that is important. I have included the word-scores for the World Class Asset factor to give you a specific example of the word-scores for that factor. You can see how highly Alexco, a mature discovery company with production and cash flows since January 2011, scores.

**Company Selection:**

Select Exchange Group:  US  Canada

Enter company symbol to view scoring:

---

**Portfolios:**

▼ mberrytotal

- AXI Advanced Explorations Inc. (TSXV)
- AGG African Gold Group Inc. (TSXV)
- AGM Aldridge Minerals Inc. (TSXV)
- **AXR Alexco Resource Corp. (TSX)**
- ALS Altius Minerals Corporation (TSX)
- AGC Amarillo Gold Corp. (TSXV)
- BZA American Bonanza Gold Corp. (TSX)
- ANI Animas Resources Ltd. (TSXV)
- AGD Antioquia Gold Inc (TSXV)
- APE Apogee Silver Ltd (TSXV)
- ASP Archeon Star Resources Inc (TSXV)
- AGA Argonaut Exploration Inc (TSXV)
- AA Astral Mining Corporation (TSXV)
- AU Aurion Resources Ltd. (TSXV)
- BAR Balmoral Resources Ltd (TSXV)

**Company Scoring Results**

**Your Scoring Result: 6.75** ?

Moderately high score

**Crowd Scoring Result: 6.55** ?

Moderately high score

**Score Distribution** ?

**Crowdscore Freshness And Interest** ?

Freshness:

Low High

Interest:

Below please see Word Scores for the World Class Asset factor of the DiS. Note that in the Alexco case, the world class factor is scored “Good”, rated “Very Important” and also made “Mandatory.”

**Inputs:**

**Assets/IP/Technology**

**Word Score:** ?

Very Poor ■

Poor ■

Somewhat Poor ■

Average ■

Somewhat Good ■

Good ■

Very Good ■

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**Scoring parameters:** ?

Importance:

Input:  Mandatory  Desired

Remember Parameters For Criterion

**Inputs:**
**Asset Contrarianness**
**Word Score:** [?](#)

- Very Little   
 Little   
 Somewhat Little   
 Average   
 Somewhat Contrarian   
 Contrarian   
 Highly Contrarian

**Scoring parameters:** [?](#)

Importance:

 Input:  Mandatory  Desired

 Remember Parameters For Criterion

**Scoring For: AXR Alexco Resource Corp. (TSX)**


|  |  |
|--|--|
| <b>Assets/IP/Technology</b> <a href="#">?</a>  | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Project Ownership</b> <a href="#">?</a>     | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Potential/Immediacy</b> <a href="#">?</a>   | <input checked="" type="checkbox"/> Ignore <input type="radio"/> User-Score <input type="radio"/> Crowd-Score            |
| <b>Management/Board</b> <a href="#">?</a>      | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Diversification</b> <a href="#">?</a>       | <input checked="" type="checkbox"/> Ignore <input type="radio"/> User-Score <input checked="" type="radio"/> Crowd-Score |
| <b>Cycle/Catalyst ID</b> <a href="#">?</a>     | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Asset Contrarianness</b> <a href="#">?</a>  | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Financial Soundness</b> <a href="#">?</a>   | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Stakeholder Relations</b> <a href="#">?</a> | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |
| <b>Investor Sentiment</b> <a href="#">?</a>    | <input checked="" type="checkbox"/> Ignore <input checked="" type="radio"/> User-Score <input type="radio"/> Crowd-Score |

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## Research used to complete the ranking on Alexco from the AXR website:

January 23, 2012 Alexco Resource Corp. (TSX:AXR, NYSE AMEX:AXU) today reports record silver production of 608,093 ounces during the fourth quarter of calendar 2011 from the Bellekeno mine in the Keno Hill Silver District, Yukon. Silver production increased 21%, mine output increased 66% and mill throughput increased 5% compared to the prior (third) quarter of calendar 2011.

Total production during 2011, which was Alexco's first full year of mine operations, was 2,020,695 ounces of silver, 16,454,395 pounds of lead and 7,219,740 pounds of zinc. Alexco anticipates further increasing silver and base metal production in 2012 with the development and commissioning of two additional underground mines in the Keno Hill Silver District. The Company is also planning an approximate 25% expansion of surface and underground exploration drilling programs during 2012.

### Calendar 2011 Production Highlights

|                                | Total<br>Calendar 2011 | C2011-Q4      | C2011-Q3      | C2011-Q2      | C2011-Q1      |
|--------------------------------|------------------------|---------------|---------------|---------------|---------------|
| <b>Ore tonnes mined</b>        | <b>71,992</b>          | <b>20,832</b> | <b>12,533</b> | <b>22,166</b> | <b>16,461</b> |
| <b>Ore tonnes processed</b>    | <b>81,064</b>          | <b>22,554</b> | <b>21,532</b> | <b>18,928</b> | <b>18,050</b> |
| <b>Grade of ore processed:</b> |                        |               |               |               |               |
| Silver (grams per tonne)       | <b>834</b>             | <b>889</b>    | <b>792</b>    | <b>822</b>    | <b>829</b>    |
| Lead                           | <b>10.2%</b>           | <b>11.1%</b>  | <b>9.2%</b>   | <b>10.5%</b>  | <b>10.0%</b>  |

|                                       |            |           |           |           |           |
|---------------------------------------|------------|-----------|-----------|-----------|-----------|
| Zinc                                  | 6.0%       | 6.7%      | 5.8%      | 6.5%      | 5.0%      |
| <b>Recoveries:</b>                    |            |           |           |           |           |
| Silver                                | 92%        | 90%       | 91%       | 93%       | 93%       |
| Lead in lead concentrate              | 90%        | 86.2%     | 90%       | 93%       | 90%       |
| Zinc in zinc concentrate              | 65%        | 66.8%     | 68%       | 65%       | 56%       |
| <b>Concentrate production:</b>        |            |           |           |           |           |
| Lead concentrate:                     |            |           |           |           |           |
| Tonnes produced                       | 11,042     | 3,223     | 2,760     | 2,683     | 2,376     |
| Concentrate grade:                    |            |           |           |           |           |
| Silver (grams per tonne)              | 5,280      | 5,123     | 5,264     | 5,164     | 5,645     |
| Lead                                  | 67%        | 67.1%     | 64%       | 69%       | 68%       |
| Zinc concentrate:                     |            |           |           |           |           |
| Tonnes produced                       | 6,901      | 2,305     | 1,808     | 1,687     | 1,101     |
| Concentrate grade:                    |            |           |           |           |           |
| Silver (grams per tonne)              | 583        | 683       | 577       | 348       | 462       |
| Zinc                                  | 46%        | 43.9%     | 47%       | 48%       | 46%       |
| <b>Production -- contained metal:</b> |            |           |           |           |           |
| Silver (ounces)                       | 2,020,695  | 608,093   | 500,703   | 464,324   | 447,524   |
| Lead in lead con (pounds)             | 16,454,395 | 4,878,780 | 3,908,517 | 4,074,122 | 3,592,915 |
| Zinc in zinc con (pounds)             | 7,219,740  | 2,473,561 | 1,865,739 | 1,770,159 | 1,111,055 |

Alexco President and Chief Executive Officer Clynt Nauman said, "The Bellekeno operation achieved record quarterly production with over 600,000 ounces of silver produced during the fourth quarter. Mill throughput increased to an average of 245 tonnes per day, mill availability increased to 96%, and the extensive efforts we deployed earlier in 2011 to prepare the Bellekeno mine for long-hole production resulted in significantly improved mine performance. We are obviously very pleased with our first year of operations at Bellekeno, with steadily increasing silver production over the course of the year and, most importantly, a superior safety record of more than a year with no lost time accidents in district operations. Add to that the successes we have realized in 2011 exploration and I believe we have the ingredients for a very promising 2012."

*The material herein is for informational purposes only and is not intended to and does not constitute the rendering of investment advice or the solicitation of an offer to buy securities. The foregoing discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (The Act). In particular when used in the preceding discussion the words "plan," confident that, believe, scheduled, expect, or intend to, and similar conditional expressions are intended to identify forward-looking statements subject to the safe harbor created by the ACT. Such statements are subject to certain risks and uncertainties and actual results could differ materially from those expressed in any of the forward looking statements. Such risks and uncertainties include, but are not limited to future events and financial performance of the company which are inherently uncertain and actual events and / or results may differ materially. In addition we may review investments that are not registered in the U.S. We own shares in Geologix resources. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.*