

# Goldletter INTERNATIONAL

*the international independent information and advice bulletin for gold and related investments*

**October 2009**

## SHORTLIST OF GOLD INVESTMENT RECOMMENDATIONS - as per October 7, 2009

Location of listing	Trading symbol		Share price		Change in %	12 months		Net issued shares million	Market cap. million
			current	ult. '08		H	L		
			Cdn\$	Cdn\$		Cdn\$	Cdn\$		Cdn\$ mln.
Barrick Gold	ABX	TSX	41.77	44.71	-7	49.87	22.00	982.7	41,047
Kinross Gold	K	TSX	23.92	22.50	6	25.22	8.96	694.9	16,622
Iam Gold	IMG	TSX	15.36	7.60	102	16.97	2.93	367.6	5,646
Ivanhoe Mines	IVN	TSX	13.35	3.27	308	14.45	2.06	378.2	5,049
Eldorado Gold	ELD	TSX	12.88	9.65	33	13.09	3.44	400.2	5,155
Fronteer Development Group	FRG	TSX	4.81	2.38	102	5.16	1.55	118.8	571
<b>Colossus Minerals *</b>	CSI	TSX	5.90	0.85	594	6.35	0.43	58.1	343
Jinshan Gold Mines	JIN	TSX	1.59	0.44	261	1.75	0.40	164.4	261
<b>Linear Gold *</b>	LRR	TSX	2.67	0.76	251	2.77	0.65	33.3	89
<b>Brazauro Resources *</b>	BZO	TSX.V	0.62	0.26	138	0.75	0.10	85.2	53
<b>Bravo Venture Group *</b>	BVG	TSX	0.45	0.55	-18	0.67	0.25	118.7	53
<b>Petaquilla Minerals *</b>	PTQ	TSX	0.34	0.40	-15	0.85	0.29	96.0	33
<b>Sacre-Coeur Minerals *</b>	SCM	TSX.V	1.04	0.42	148	1.20	0.15	30.0	31
<b>Golden Valley Mines *</b>	GZZ	TSX.V	0.41	0.09	356	0.43	0.03	57.9	24
			US\$	US\$		US\$	US\$		US\$ mln.
Freeport McMoran Copper & Gold	FCX	NYSE	72.78	24.44	198	73.43	15.70	430.0	31,295
			A\$	A\$		A\$	A\$		A\$ mln.
Lihir Gold	LGL	ASX	3.14	3.01	4	3.64	1.52	2368.7	7,438
Sino Gold Mining	SGX	ASX	7.27	5.00	45	7.46	2.37	292.6	2,127
<b>Korab Resources*</b>	KOR	ASX	0.27	0.17	* 59	0.28	0.04	68.0	18

2009 market performance to date: 133%

2009 market performance featured companies: 198%

\* featured date and performance as per August 24, 2009

*Int. Wayside Gold* WYG TSX 0.60 0.35 71 realised profit September 21, 2009

\* featured as a **Special Situation**



**Colossus Minerals (CSI – TSX)** is currently focusing its efforts on the high-grade gold-platinum-palladium **Serra Pelada Deposit** in Para State, located in **northern Brazil** and discovered in 1979. The Project is host to the largest precious metals rush in Latin American history between 1980 and 1986.

From 1980 to 1996, Vale drilled over 200 holes into the deposit and encountered some astounding assays up to 4,709 g/t gold, 204 g/t platinum and 1,174 g/t palladium.

In 2007, Colossus entered into an agreement with COOMIGASP, under which the Company can earn up to a 75% interest in the Project by spending R\$ 18 million (US\$ 8.9 million) in exploration and paying COOMIGASP a premium for the gold reserve established by the joint venture.

The Company's Phase I drilling program at Serra Pelada (17 diamond drill holes for 5,129 metres) in 2008 focused on the Central Mineralised Zone, has been successfully completed. Hole SPD-02 intersected 60.1 metres @ 24.33 g/t gold, 8.15 g/t platinum and 10.22 g/t palladium; SPD-13 intersected 23.0 metres @ 20.68 g/t gold, 3,269 g/t platinum and 3,919 g/t palladium, and SPD-18 intersected 60.5 metres @ 14.37 g/t gold, 1.81 g/t platinum and 2.46 g/t palladium.

The Company's Phase II 10,000 metre drilling program, which commenced in December 2008, is well underway and is scheduled to be completed near the end of 2009. Colossus successfully confirmed a new mineralized zone called the Western Mineralised Zone during its Phase II drilling program, which in hole SPC-012 intersected 4.15 metres @ 8.04 g/t gold, 154.5 g/t platinum and 245.8 g/t palladium, including 3.0 metres at 14.05 g/t gold, 304.6 g/t platinum and 488.5 g/t palladium.

Drilling at Serra Pelada is continuing unabated with four drill rigs turning. The aim of the program is to continue delineation and step-out drilling in the Central Mineralised Zone, deep drilling (circa 450 metres) to test the potential of an Eastern Zone, and to test for additional mineralization below the historic Serra Pelada pit. Additionally, metallurgical and geotechnical drill holes have been completed thus allowing to continue without delay future mine development planning.

With an aggressive work program through 2009, Colossus is expecting to file a Final Exploration Report for Serra Pelada before the end of the year, followed by the application for a Mining Lease by early 2010.

On September 30, 2009, Colossus completed a 11.0 million bought deal financing at a price of Cdn\$ 5.75 per share for gross proceeds of Cdn\$ 63.25 million.

Having featured Colossus as a Special Situation in May 2009 at a share price of Cdn\$ 3.14 for the first time, the Company has exceeded our first price objective of Cdn\$ 5.00. Our next price target is Cdn\$ 7.00.



**Linear Gold (LRR – TSX)** executed a strategic joint venture agreement with major gold producer Kinross Gold to aggressively advance its **Mexican** flagship property, the **Ixhuatan Project**, including the Campamento Gold-Silver Deposit.

An independent NI 43-101 compliant resource estimate has determined that the Deposit contains a resource of 852,000 ounces of gold and 3.46 million ounces of silver in the Measured and Indicated categories and an additional 374,000 ounces of gold and 920,000 ounces of silver in the Inferred category.

Kinross can earn up to a 70% interest in the Ixhuatan Project by spending US\$ 15 million of exploration expenditures within a 2-year period ending October 2009.

To ultimately acquire a 70% interest in the Project, Kinross will be required to pay Linear a total of US\$ 100 million plus production decision fees of US\$ 15 million.

Linear has strategically leveraged its **Dominion Republic** properties portfolio through a joint venture with Everton Resources (EVR – TSX), having granted Everton to earn an initial 50% interest in the **Amplacion Pueblo Viejo** concession adjacent to Barrick Gold/Goldcorp's Pueblo Viejo 22.4 million ounce gold deposit, and the **Loma Hueca** concession, by making cash payments totaling Cdn\$ 0.8 million, incurring total expenditures of US\$ 3.1 million and issuing to Linear 1.4 million Everton Resources common shares over a 3-year period.

In June 2009, Linear and Everton discovered a new mineralized zone west of the La Lechoza prospect on the northern portion of the Amplacion Pueblo Viejo concession.

As composite rock sample from several floats on La Lechoza West returned up to 1.0 g/t gold, 6.7 g/t silver, 0.1% copper and 0.12% zinc.

The La Lechoza West showing is situated 1.5 kilometre northwest and on stratigraphic trend to the La Lechoza prospect from which the best surface intercept in trench LT-11 returned 6.65 g/t gold and 18.8 g/t silver over 22.0 metres.

On October 8, 2009 Linear and Everton announced the results of the first phase of the drilling program (16 diamond drill holes for a total of 1,947 metres over three different targets) recently completed.

Highlights of the drilling include: 0.25 g/t gold over 49.5 m (APV 09-03) 1.5 g/t gold over 1.5 m and 1.2% zinc over 12.4 m (9APV 09-11); 1.6 g/t gold over 1.0 m, 1.38% copper over 0.4 m and 1.05% zinc over 9.0 m (9APV 09-13); and 1.7 g/t gold over 1.0 m, 0.43% copper over 5.55 m, 1.43% zinc over 12.0 m, including 6.42% zinc over 1.20 m (APV09-15).

The results of the program defined several target zones classified as of high priority for further follow-up with further drilling. These zones are denominated Arroyo Hondo, Arroyo Hondo North, Colorado-La Bonita and Miguel de Pena in the southern sector; North Monte Negro and Miniel at the central sector, and a newly defined area designated La Lechoza West in the northern portion of the concession.

Linear and Everton are currently integrating the new results obtained from the first phase of drilling with the existing dataset.

A proposal for a second phase of drilling should be completed by the end of October 2009 prior to the drilling program in November.

In August 2009, Linear completed the acquisition from GLR Resources of all its interests in the Goldfields Project located near Uranium City, Saskatchewan, Canada. The acquisition includes the Box and Athona deposits.

On September 29, 2009 Linear announced updated economic results from the Project. The results include an update of the Box Mine Feasibility Study and the initial Pre-feasibility Study for the Athona Gold Deposit, which confirm the robust economics of the Project.

The Box Mine and Athona Gold Deposit will be developed as open-pit operations with combined Proven and Probable reserves of 1.03 million ounces of gold. The mine life is expected to be 15.3 years based on an average annual production rate of 1.8 million tonnes (5,000 tonnes per day).

Pre-production capital costs are estimated at US\$ 65.7 million, with estimated open-pit Box Mine and Athona Gold Deposit operating costs per tonne of US\$ 16.01 and US\$ 15 respectively.

The combined operating cost is projected at US\$ 419 per ounce.

At a gold price of \$ 900 the Net Present Value for the whole Goldfields Project at a discount of 15% is US\$ 159.4 million. The Internal Rate of return would be 47.9%.

The Goldfields Project offers an excellent platform from which Linear will continue a growth and acquisitions strategy.

By the end of August 2009, the Company had over Cdn\$ 24 million in cash and cash equivalents.



**Brazauro Resources (BZO – TSX.V)** holds a large keystone land position in the heart of one of **Brazil's** hottest gold areas, the Tapajós Gold District, which has a rich history of alluvial mining and the Company's 100%-owned **TZ Gold Project** being its key property.

In August 2008, Brazauro and **Eldorado Gold**, a mid-tier gold operator active in Turkey, China and Brazil, signed an option agreement that allows Eldorado to earn up to 75% of the TZ project for a total value of Cdn\$ 123 million.

In March 2009, Brazauro announced an upgraded resource of 2.14 million ounces of gold, of which Measured and Indicated resources make up 85% of the total resource.

A completed Scoping Study released an average annual gold production of 123,000 ounces over a mine life of 13 years at an operating cash cost of US\$ 367 per ounce. Capital expenditures are estimated at US\$ 128 million. Tocantinzinho's Net Present Value based on a US\$ 700 gold price and discounted at 5% was \$ 177 million. At the same gold price the Project's internal rate of return is 21.6%.

Since Eldorado began operating the Project in September 2008, 48 drill holes have been completed for a total of 14,935 metres. The total diamond drilling delineating the Deposit today is 38,542 metres.

On September 9, 2009, the Company announced strong drilling results from seven holes up to 2.79 g/t gold over 118.43 metres from 72.07 metres depth (TOC-140), 1.66 g/t gold over 212.00 metres from 143.00 metres depth (TOC-141) and 1.22 g/t gold over 292.62 metres from 111.38 metres depth.

On September 10, 2009, Brazauro entered into a non-binding Letter of Intent with Talon Metals (TLO – TSX) to acquire the **Agua Branca Property** which consists of approximately 9,356 hectares of Exploration Licences in the Tapajós region.

After due diligence by Brazauro is completed, the parties will enter into a definitive option agreement under which Brazauro will acquire 100% of the Property in consideration for aggregate option payments of \$ 2.12 million over a period of 2 years.

In addition, and to maintain the option, Brazauro will expend at least \$ 500,000 on the Property in each of the first two years, which will include at least 2,000 metres of core drilling in the first year and will assume existing obligations on the Property. The vendor will retain a 2% net smelter return royalty which Brazauro can repurchase for \$ 2.0 million.



**Bravo Venture Group (BVG – TSX)** is currently active in British Columbia and Nevada. The Company's flagship property is the 1200%-owned VMS/Epithermal Gold-Silver-Copper Homestake Ridge Project in northwestern **British Columbia**. To date the Project has a NI 43-101 compliant Inferred resource of 903,321 ounces of gold at a cut-off grade of 0.5 g/t gold, contained in 119 million tonnes grading 2.36 g/t gold. In addition, 5.7 million ounces of silver and 27.6 million pounds of copper are contained in the 2007 resource model of the deposit.

Bravo is continuing an aggressive Cdn\$ 5.0 million 2009 drill program, funded by private placements for total gross proceeds of Cdn\$ 6.5 million, consisting of approximately 8,500 metres in up to 40 drill holes. In the beginning of October 2009 34 holes for approximately 8,500 metres were completed. The Company is awaiting assays for 20 holes.

Assays have only been received for 8 drill holes at the Main Homestake Zone and one at the Homestake Silver Zone. Drill hole HR 09-128 returned high-grade gold mineralization averaging 18.5 g/t gold over 2.1 metres within a 27.2 metre interval, averaging 3.4 g/t gold.

Previous drilling results from the Homestake Silver Zone identified significant silver values including 1.2 metres averaging 2.0 g/t gold and 1,672 g/t silver within a 51.6 metre interval averaging 0.2 g/t gold and 71.9 g/t silver from hole HR 08-98.

On October 6, 2009, Bravo announced that drill hole HR 09-146 intersected a 0.7 metre interval averaging 49.0 g/t gold and 9,027 g/t silver within a 3.6 metre interval of higher-grade averaging 10.6 g/t gold and 1,689 g/t silver which form part of an overall 22.6 metre interval averaging 2.1 g/t gold and 294 g/t silver.

Additional assays from drill hole HR 09-37 have expanded an earlier reported mineralized interval from 4.1 metres to 26.8 metres grading 11.4 g/t gold and 51.3 g/t silver and have identified a deeper silver-enriched interval which returned 3.5 metres grading 0.25 g/t gold and 162.9 g/t silver.

All intervals are reported as estimated true thickness.

Bravo continues to aggressively drill-test the Homestake Silver Zone. Eight holes have now been completed to target depth and up to 2,000 additional metres of drilling are planned for the remainder of the season.

Bravo also has a substantial land package of 12 projects encompassing 7,700 hectares and consisting of 946 claims in the prolific Battle Mountain/Eureka Trend in **Nevada**.

The Company has proposed to spin-out its Nevada assets to Bravada Gold. Initially, Bravo will own 50% of Bravada. Shareholders will retain their existing share position in Bravo. The proposed dividend distribution is 1 share of Bravada for each 12 shares held in Bravo. The spin-off is scheduled to close by December 31, 2009.



**Petaquilla Minerals (PTQ – TSX)** is an emerging gold producer commissioning the operation of its gold processing plant at its currently 100%-owned **Molejon Gold Project** in Panama.

The Company has obtained approval from the Government of Panama for a multi-phase Mine Development Plan. Its concession encompasses 765 square kilometres representing more than 1% of Panama's land mass.

Mining has commenced with the first gold pour on April 7, 2009. In the fourth quarter of fiscal 2009, ended May 31, 2009 gold production was 2,973 ounces and silver production 1,109 ounces. The average realized gold price per ounce on sales of 703 ounces was \$ 928.24 compared with an unit cash production cost per ounce.

As per mid-July 2009, the Molejon Gold Plant had produced approximately 9,525 ounces of gold and 3,195 ounces of silver since its first gold pour. Production for July was estimated to be approximately 6,500 ounces.

Anticipated throughput for the Molejon Gold Project during the first year of commercial production is estimated to be 2,200 tonnes per day and was expected to begin in August 2009.

The plant utilizes three ball mills and a carbon-in-leach processing facility.

On September 15, 2009, Petaquilla announced organizational changes by which the formation of **Azuero Mining**, a new company, will pursue exploration and development of opportunities for growth.

The new company's initial "seed capital" funding has been established by Mr. Richard Fifer who will lead Azuero Mining as the founding Director, President and CEO, and others.

These funds will be used to acquire the relevant mineral tenures and the pre-closing costs of a substantial initial financing.

Petaquilla will own an initial 50% of the new company and has the right but not the obligation to invest on a pro-rate basis in any additional financing to maintain its pro-rate ownership.



**Sacre-Coeur Minerals' (SCM – TSX.V)** exploration activities are focused on **Guyana, South America**, where it holds the country's largest land position comprising of 850 square miles of mineral properties. The Company's key project is the **Million Mountain Project** in north-central Guyana which has been previously drilled by the Guyana Geology and Mines Commission, Golden Star and Heritage Mines and has a historic Inferred resource estimate of 132 million tonnes grading 3.78 g/t gold, containing 158,760 ounces of gold being established in 2001 by Heritage Mines.

Since Sacre-Coeur commenced drilling of the Project in December 2005, the Company has been very successful with its ongoing exploration and drilling program and reported high-grade results from its first prime Northwest Project target area.,

This culminated in September 2008, in the release of a NI 43-101 compliant interim resource estimate of 451,397 Measured and indicated ounces of gold contained in Zone 1 near surface, with potential for expansion.

Prospect drilling on Zones 2, 3, 6 and 8 has revealed information suggesting the potential for deep seated, gold-bearing polymetallic recourse bodies. Prospect drilling on Zone 9 has revealed a complex of near-surface auriferous veins exhibiting high grades in localized instances.

In addition to the Million Mountain qualifying property, Sacre-Coeur holds 996 square kilometers of other mineral concessions. These are prospective for primary gold, alluvial gold and alluvial diamonds.



**Golden Valley Mines (GZZ – TSX.V)** owns a big number of exploration properties located in the Abitibi Greenstone Belt (AGB) of **Quebec** and **Ontario**. Over the course of the Company's 2008 exploration program, 7 new properties considered prospective for zinc-copper-silver deposits were staked and additional claims added to three existing properties based on promising initial exploration work results by the Company.

Preliminary field work consisting of grid establishment and geophysical survey was completed on 15 separate properties during 2008 adding to the pipe-line of drill-ready prospects.

Diamond drilling was conducted on 11 properties during the course of the Company's AGB "Grassroots Exploration Project" during 2008, including the Luciana Prospect option/joint venture agreement with Takara Resources (TKK – TSX.V).

For the year, Golden Valley Mines drilled 7,223 metres testing 57 separate grassroots targets.

Due to the credit crisis in the United States and its broadening influence on public capital markets, the 2009 budget of approximately Cdn\$ 1 million for the AGB "Grassroots Exploration Project" has been reduced significantly from the prior year.

On September 10, 2009 Golden Valley announced the initial results from the 2008 drill program targeting the Jeffrey Zone on the **Malartic CHL Property**, currently optioned to Osisko Mining (OSK – TSX).

The Jeffrey Zone was tested with a series of 28 drill holes for 5,601 metres. All of the holes intersected mineralization along each section drilled. The most significant near-surface drill results include 86.9 metres averaging 1.20 g/t gold (CHL 08-2079) including 6.0 metres averaging 7.35 g/t gold.

Presently, the Jeffrey Zone has been traced continuously by surface diamond drilling over a strike length of 400 metres and to maximum depths of less than 150 metres.

Results remain outstanding for 73 drill holes representing approximately 14,145 metres from the 2008 program. Additional results are to be released shortly.

Osisko has the right to acquire a 70% interest in the Malartic CHL Property in consideration for Cdn\$ 150,000 in cash payments over a 4-year period (paid) and by complying a minimum of Cdn\$ 2.0 million in exploration work over a 4-year period.

Upon earning its 70% interest, Golden Valley will maintain a free-carried interest of 30% to production.

Golden Valley has granted White Pine Resources (WPR – TSX.V) – formerly WSK resources – and Noront Resources (NOT – TSX.V) an option/joint venture on two of the Company's 5 (100% owned) properties in the McFauld's Lake "Ring of Fire" area in northern Ontario.

The Luc Bourdon and Bourdon West properties (a combined 8,944 hectares) were staked by Golden Valley in the spring of 2008 and was subsequently optioned to White Pine and Noront in August 2008, whereas the two companies could equally earn a combined undivided 70% of the properties by incurring expenditures of Cdn\$ 5 million within 3 years. White Pine is operator of the joint venture.

In the fall of 2008, an airborne VTEM geophysics program was completed over the properties, which outlined several high-grade drill targets. Drilling commenced in late April 2009. Five drill holes were completed on the GI anomaly, which has intersected massive sulphides with usable zinc and copper minerals.

In July 2009, Golden Valley formed, in order to comply with local regulations and to operate in the **Republic of Sierra Leone**, West Africa, a subsidiary company, named Calone Mining Company.

In August 2009, the first of its Exclusive prospecting Licences (EPL's) was recommended for approval by the Ministry of Mineral Resources of the Mines Division of Sierra Leone.

The two properties encompassing approximately 710 square kilometers, are located in two geographic areas referred to respectively as the Sula Mountains Property (gold project) and Sewa & Bafi River Area Property (diamond prospect), both located in the Kono District.

Golden Valley is waiting for confirmation of several additional EPL's and will continue to monitor progress of these applications.

On September 29, 2009, Golden Valley reported resumption of drilling activities on the **Perestroika Prospect** in the Abitibi Greenstone Belt in joint venture with Kalahari Resources (KLA – TSX.V) by which Kalahari can earn a 70% interest in a group of 9 properties. Golden Valley will continue to act as the operator during the joint venture phase.

Golden Valley expects to complete a 2-hole, 400-metre diamond drilling program testing for the depth and lateral extension of the historical reported gold mineralization.

As of the end of September 2009, Golden Valley holds majority property interests in 142 projects consisting of 3,720 mining titles or 242 square kilometers in Quebec, Ontario and Saskatchewan and 3 projects consisting of approximately 710 square kilometers in the Republic of Sierra Leone.

On September 30, 2009, Golden Valley announced that through its in-house project generation activities it has staked a total of 218 new 100%-owned claims covering approximately 10,526 ha or 105 km<sup>2</sup> that includes 11 new and 5 add-on properties on the ABG and northern regions of Quebec.

Gold production of more than 400,000 ounces at a cash cost of around US\$ 300 per ounce by 2012.



**Korab Resources (KOR – ASX)** is focusing its activities on four mining projects of which three are in Australia and one in the Ukraine.

In Australia's Northern Territory, the **Batchelor Project** hosts a number of nearby uranium polymetallic and gold mines and resources which include the Company's GeolSec Phosphate Rock Deposit, Winchester Magnesium Deposit and the Sundance Gold Mine.

Mine design and mine permitting process of the Company's **Melrose Gold Project** in Western Australia is expected to commence shortly.

GeolSec alone has the potential to operate for at least 5 years at a rate of 30,000 tonnes of environmentally friendly organic phosphate rock fertilized and a targeted gross profit of A\$ 26 – 27 million over 3 years. Its net profit would exceed Korab's total current market capitalization of A\$ 16 million.

The **Bobrikovo Gold Project** in Ukraine is targeted to produce 15,300 ounces of concentrate for a pre-tax profit of US\$ 3.36 million (Korab's share of profit).

Korab's uranium assets within the **Rum Jungle Mineral Field**, host to several high-grade uranium deposits and mines and being part of the Batchelor Project, will be spinned-off into publicly listed **Uranium Australia** (UAU), thereby offering Korab shareholders 1.37 free shares in Uranium Australia for each Korab share held on October 14, 2009.

In total, 107.84 million UAU shares will be returned to shareholders and reduce the Company's share capital accordingly.

The UAU IPO offer is scheduled to open at October 26, 2009 and to close at December 18, 2009. Trading of UAU shares is expected to commence on January 7, 2010.

On September 28, 2009, Korab announced that a A\$ 2 million capital raising (10 million new shares at A\$ 0.20 each) by way of a share purchase was substantially oversubscribed.

The proceeds of the capital raising will be used to fund start-up costs and working capital requirements of GeolSec, re-commencement of mining and stockpiling at Bobrikovo Gold Mine and mine design and commencement of mine permitting process at the Melrose Gold Project.