

Goldletter INTERNATIONAL

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

April 2010

SHORTLIST OF GOLD INVESTMENT RECOMMENDATIONS - as per March 31, 2010

Location of listing	Trading symbol		Share price		Change in %	12 months		Net issued shares million	Market capitalization million
			current	Year-end 2009		H	L		
			Cdn\$	Cdn\$		Cdn\$	Cdn\$		Cdn\$ mln.
Barrick Gold	ABX	TSX	38.97	41.46	-6	50.53	33.01	984.4	38,362
Kinross Gold	K	TSX	17.37	19.37	-10	25.22	16.52	696.6	12,100
Agnico Eagle Mines	AEM	TSX	56.74	56.92	0	77.32	50.80	156.7	8,891
Eldorado Gold	ELD	TSX	12.33	14.92	-17	15.89	8.68	538.1	6,635
Iam Gold	IMG	TSX	13.50	16.51	-18	21.95	8.94	370.5	5,002
Golden Star	GSC	TSX	3.89	3.26	19	4.59	1.46	257.4	1,001
Colossus Minerals *	CSI	TSX	6.97	5.80	20	7.21	1.95	79.7	556
Etruscan Resources	EET	TSX	0.42	0.43	-2	0.61	0.18	367.3	154
Brazauro Resources *	BZO	TSX.V	0.58	0.63	-8	0.75	0.46	85.2	49
Bravo Gold *	BVG	TSX.V	0.30	0.30	x	0	0.67	147.6	44
African Queen Mines *	AQ	TSX.V	0.56	0.51	10	0.74	0.21	42.7	24
Sacre-Coeur Minerals *	SCM	TSX.V	0.73	0.85	-14	1.20	0.48	30.0	22
			A\$	A\$		A\$	A\$		A\$ mln.
Lihir Gold	LGL	ASX	3.03	3.30	-8	3.77	2.41	2368.7	7,177
Gold One Int. *	GDO	ASX	0.28	0.26	xx	8	0.98	805.2	225
Citigold *	CTO	ASX	0.10	0.14	-29	0.22	0.08	900.3	90
Alkane Resources *	ALK	ASX	0.31	0.35	-11	0.49	0.23	249.0	77
Korab Resources*	KOR	ASX	0.42	0.17	147	0.47	0.04	78.5	33

x included as per April 1, 2010

xx included as per March 1, 2010

2010 market performance to date: 4.50%

2010 market performance featured companies to date: 17.6%

2009 market performance: 151%

2009 featured companies : 160%

* featured as 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 100 hectare Project (Area A) 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 agreement was amended in November 2009 pursuant to terms of which Colossus will be required to make a monthly payment to COOMIGASP of R\$ 350,000 (US\$ 206,000) and will finance COOMIGASP position of development costs until production commences. Reimbursement of funds advanced on COOMIGASP behalf by Colossus will commence in the second year of production and will be payable in equal quarterly installments over a two-year period.

With regards to the premium to be paid Colossus will make a life-of-mine premium payment to Coomigas per kilogram of precious metal sold from mine production in Brazilian Real's.

On November 23, 2009, Colossus announced that it had completed its earn-in for a 75% interest in the joint venture company. Total expenditures on exploration and development for this interest in the Project now amount to R\$ 18.0 million (approximately US\$ 10.6 million).

On December 17, 2009, the joint venture company received approval by the Brazilian Department of Mining and Energy for the Final Exploration Report, to be followed by the application of a Mining Lease by early 2010.

The Company's Phase II 10,000 metre drilling program, which commenced in December 2008, is well under-way 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.

Early November 2009, Colossus announced that metallurgical test work has been initiated on the Central Mineralised Zone. Two representative drill-core samples are undergoing initial metallurgical testing: SPD-020A: 22.70 metres grading 22.52 g/t gold, 8.98 g/t platinum and 15.75 g/t palladium and SPD-033: 26 metres grading 21.32 g/t gold, 3.98 g/t platinum and 5.70 g/t palladium.

Colossus received a Final Exploration Report for Serra Pelada in December 2009, which has been approved by the Brazilian Department of Mining and Energy and is an important step for the approval of a Mining Licence.

On March 30, 2010, Colossus announced that COOMIGASP had signed an option agreement with Vale (Vale Option Agreement) to acquire a 100% interest in a 700 hectare land package (Area B) contiguous to the existing 100 hectare Serra Pelada Project (Area A).

In turn Colossus did sign an agreement with COOMINGASP (CC Agreement) considering the transfer of the Vale Option Agreement into the Colossus/COOMIGASP joint venture company, as well as the transfer to SPC of an approximately 74-hectare tenement being owned 100% by COOMIGASP.

The CC Agreement obligates Colossus to pay COOMIGASP \$ 12 million Reals (approximately US\$ 6.7 million) plus a fee of \$ 300 Reals for each kilo of gold, platinum, palladium or other platinum group elements sold from Area B (equivalent to US\$ 5.23 per ounce to cover all obligations of the Vale Option Agreement) and to pay COOMIGASP \$ 1,450 Reals for each kilo of gold, platinum or other platinum group elements produced and sold from Area B (equivalent to US\$ 25.26 per ounce, currency conversion rate \$ 1.00 Real; equals US\$ 0.56).

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

After receipt of funds from 5.97 million warrants exercised in November 2009, the Company is well financed with a current cash position of approximately Cdn\$ 103 million.

Colossus has proposed a \$ 25 million budget for Serra Pelada for 2010, which includes \$ 3 million on site work.



Brazauo 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, Brazauo 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.

On February 2, 2010, Brazauo announced the results of an updated preliminary Economic Assessment (PEA) that confirms the economic viability and technical aspects of the TZ Property.

In November 2009 Brazauo reported that the last eight drill holes were completed by Eldorado as part of its planned 20,000-metre drilling program at Tocantinzinho. With completion of this campaign, total drilling amounts to 45,065 metres in 159 diamond drill holes. Of these, 139 holes delineate the Deposit for a total of 40,960 metres.

In summary, the Company drilled 97 holes for as total of 25,635 metres and Eldorado drilled 62 holes for a total of 19,430 metres.

On December 8, 2009, Brazauo announced an update of the resource estimate which was prepared by NCL Brasil and demonstrates Measured and Indicated resources totaling 1.9 million ounces of gold.

Highlights of the updated PEA include:

- Potential of 145,000 ounces of annual gold production with approximately 12% internal rate of return
- Estimated mine life of 13 years based on a processing rate of 4 million tons per year
- Average operating costs of \$ 490 per ounce
- Net present value of \$ 129 million, using a 5% discount rate with a \$ 900/oz gold price
- Development capital expenditures of \$ 239 million with a payback period of 6.25 years

The results of the PEA take Brazauo an important step closer to achieving its objective of becoming a mid-tier gold producer by 2013.

In December 2009, Brazauo entered into a definitive Option Agreement 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 of Pará State, Brazil.

Brazauo 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, Brazauo 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 Brazauo can re-purchase for \$ 2.0 million.

Brazauo continues to explore for other promising properties in the greater Tapajós region, including the 20,430 hectare **Piranhas Property** located just 20 kilometres southwest of the TZ Property.



Bravo Gold (BVO –TSX.V) is focused on exploring its precious and base-metal-rich **Homestake Ridge Project** in British Columbia, Canada, an epithermal/VMS related system within Eskay Creek/Sibak-Premier stratigraphy

An independent Technical Report for the Homestake Ridge Gold-Silver Deposit in April 2007 estimated a NI 43-101 compliant Inferred resource of 903.231 ounces of gold and 5.75 million ounces of silver.

Since acquisition Bravo has completed 168 drill holes on the Project for a total of 4,812 metres of drilling at a cost of approximately Cdn\$ 18 million, focused on identifying and upgrading the mineral resources at the Main Homestake Deposit exploration in the delineation of the newly identified Homestake Silver Deposit.

With 2009 drill results having been reported from all outstanding holes on the Homestake Ridge Project, data from these holes have been incorporated into a geological model and an updated resource estimate is underway.

Bravo plans a Cdn\$ 6 million, 12,000 metre drill program in 2010 that will focus on expanding resources on the Homestake Silver Deposit this year.



African Queen Mines (AQ – TSX.V) is engaged in the acquisition, exploration and development of properties for the potential mining of gold, metals and diamonds in **Africa**, focusing on exploration for gold and other metals in **Mozambique** and **Ghana** and diamonds in **Botswana** and **Namibia**.

In October 2009, African Queen entered into an earn-in and joint venture agreement with Alkan Exploration covering exploration, development and exploitation of the Novem Gold Project, located within the Birim North District, at the northwestern end of the well-known gold producing Ashanti Gold Belt in Ghana.

In July 2009, African Queen signed an earn-in and joint venture agreement with Swiss-based Opti Metal Trading covering exploration, development and exploitation of a prospecting licence, which covers an area of approximately 230 sq.km in the centre of the Fingoe Belt in Mozambique, including the **King Solomon Gold Project**. The licence is adjacent to permits which are the subject of existing earn-in and joint venture agreements between African Queen and Manica Minerals and African Eagle Resources, respectively covering an aggregate of 1,359 sq.km.

In January 2010, assay results of 7 chip samples independently taken by PAC Geological Consulting, were received in conjunction with preparation of its initial Technical Report on the King Solomon Gold Project in accordance with NI 43-101.

The samples, which include one gold value as high as 41 g/t gold, copper values as high as 6%, zinc values as high as 12%, as well as strong silver credits, corroborate the results of African Queen's own grab samples and confirm prospectivity of the three main target zones at King Solomon.

The three key target areas, Mankombiti, Eiland and Kazito, have revolved the moist anomalous sample results, as well as strong geophysical characteristics, and will be the focus of the Phase 2 core drilling program set to commence as soon as practicable.

On March 23, 2010, African Queen announced that it had received the initial Technical Report in accordance with NI 43-101 on the King Solomon project.

The Report contained a detailed overview of the history, geology and prior work program on the Project, concluding that it is a property of merit and recommending a 3,000 metre reconnaissance drilling program covering a number of key targets.

The recommended work program comprises a first phase of 2,000 metres drilling together with induced polarization ground geophysics, related laboratory and other exploration work; with a second phase of 1,000 metres of follow-up drilling on a result contingent basis.

Preparations are now underway to commence the initial 2,000 metres drilling as soon as practicable in April with the easing of the rainy season.

In Botswana, which is the world's leading producer of gem diamonds, the northwest corner of the county is rapidly developing to a very attractive diamond exploration play, reflected by a surge of exploration activity and new prospect licences.

African Queen's Okavanga licences are adjacent to claims recently acquired by de Beers in Botswana and that company's affiliate in neighboring Namibia, as well as licences of Tsodilo Resources.



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 October 2009, Sacre-Coeur announced that fabrication and set-up work for its alluvial test mining plant at Million Mountain was nearing completion.

Clearing and pore-production stripping of the initial mining area is complete. The initial area prepared should provide about three months production at the anticipated target rate of 1,000 cu m/day. Site preparation will continue on an ongoing basis commensurate with production.

On February 24, 2010, Sacre-Coeur announced that its alluvial test mining program is proceeding well and based on the information gained from this program it is developing plans to upscale this effort into an ongoing production operation.

In addition to modifications being implemented in the mining system, bottlenecks in the refining are being eliminated to permit processing of all gravity concentrates as produced to shorten the pipeline time to gold sales.

On March 10, 2010, Sacre-Coeur announced that it had commenced shipping of limited gold production from its alluvial test mining program on the Alluvial Zone 2. Initial shipments totaling approximately 30 ounces of gold were sold to the Guyana Gold Board and will be followed by the periodical sale of production from continuing testing operations while the Company prepares for full scale production.

Output is expected to gradually increase as Sacre-Coeur moves incrementally into full scale production from its first operating unit over the next few months.

The goal of the Company at full scale alluvial production is to reach cash self-sufficiency with respect to all of its operations and exploration costs through revenue generated by its alluvial mining activities.



Gold One (GDO – ASX) was created via inward listing of Gold One – formerly BMA Gold – on the Johannesburg Stock Exchange and the subsequent acquisition by Gold One of all the issued ordinary shares in Aflease by way of a scheme of arrangement.

The Company's flagship property is **Modder East**, the first new gold mine built on the East Rand in the Gauting Province of South Africa in 28 years.

The Project is located approximately 30 km to the east of Johannesburg in one of South Africa's richest historic gold mining districts and consists of the Modder East and UC prospect areas, where the Black Reef and UK9a Kimberley Reef have been identified.

The Modder East Mine encompasses a shallow underground mine (300 metres to 530 metres below surface) with a dedicated gold treatment facility with a production capacity of 70,000 tonnes per month.

In the December 2009 quarter the Modder East ramp-up has continued to progress well. In line with the Company's market guidance 17,040 ounces of gold were produced in 2009, of which 10,865 ounces were produced in the December quarter.

The Mine produced 5,193 ounces of gold in December 2009, which at this stage of build up would represent over 62,000 ounces of annualized production. This positions Gold One well to achieve its stated production targets for 2010 of 100,000 ounces of gold.

Modder East is expected to generate strong cash-flows from 2010 onwards as it ramps up to full production of 150,000 to 180,000 ounces of gold at less than US\$ 300 per ounce cash costs or US\$ 100 per ounce capital costs at steady state.

In addition, both commercial and continuous production were declared on December 1, 2009 resulting in the average cash cost for December coming in ahead of expectations at US\$ 593 per ounce.

As per January 2010, Modder East has a JORC/SAMREC compliant Probable reserve of 7.65 million tonnes grading 5.51 g/t gold for 1.36 million ounces of gold.

The JORC/SAMREC Indicated resource (inclusive of reserves) is 28.83 million tonnes grading 2.94 g/t gold for 2.63 million ounces of gold.

The 2009 **Ventersburg** drilling program was completed in December 2009, with a total of 12,814 metres drilled at the Project. The exploration program will continue in 2010 and modeling using available data is continuing.

Drilling is aimed at extending the current resource area as well as some infill drilling to enhance confidence in the resource estimate.

The first draft of an independent Scoping Study has been received and is being reviewed.

The current Indicated resource estimate for Ventersburg is 8.73 million tonnes grading 5.12 g/t gold for 1.44 million ounces of gold.

Gold One successfully raised A\$ 37.7 million by way of a share placement in August 2009 at A\$ 0.3148 per share to fund exploration, corporate growth and a partial redemption and cancellation of convertible bonds in issue.



Citigold (CTO – ASX) is producing gold from Australia's richest goldfield at Charters Towers in northeastern Australia. The Company controls 100% of the Charters Towers Goldfield where a JORC compliant mineral resource of 10 million ounces (331 tonnes) at an average grade of 14 g/t gold has been defined by drilling.

Citigold has invested over A\$ 150 million to develop the goldfield and has commenced commercial production from its underground Warrior Gold Mine.

Additional mines will begin gold production in stages with output planned to increase towards 300,000 ounces annually, at a production cost of under A\$ 350 per ounce by the end of 2012.

In the second half of calendar year 2009, Citigold completed 13,195 metres of drilling and strengthened its 10 million ounce Inferred resource model.

The exploration areas around Charters Towers have enough high potential to increase the current gold resource with 18 known gold targets identified that await drilling.

During the fourth quarter of 2009 an additional Exploration permit for Minerals (EPM 16979) was granted by the Department of Mines and Energy. This EPM is 300 square miles in size and adjoins existing tenure.

Citigold plans to develop three reefs (Sandhurst, Brilliant and Day Dawn) simultaneously at its Charters Towers "City" mining area with the aim of producing 200,000 ounces of gold per annum. The City was previously planned to be developed as three separate mines. However, with the knowledge from the successful development of Warrior, the development of the City operations is expected to take 24 months at a cost of up to A\$ 70 million, before commercial gold production commences and an additional 12 months for full production to be achieved.

On March 4, 2010, Citigold advised that it had signed a non binding Memorandum of Understanding (MOU) with Henan Jingu Gold Company of China to form a joint venture company to develop the City mines of the Charters Towers Gold Project.

Under the terms of the MOU Jingu may acquire up to a 50% interest in the joint venture company, which will own granted mining leases with permits to mine and associated infrastructure containing a gold mineral resource of 1.8 million ounces.

On March 31, 2010 Citigold announced that it had raised A\$ 1 million from its recent shareholder only capital raising.



Alkane Resources (ALK – ASX) is a multi commodity explorer and miner, focused on the Central West of New South Wales, Australia about 40 kilometres northwest of Sydney.

Over several years, including experience in developing the Peak Hill Gold Mine, Alkane has built a substantial resource base and is proceeding towards several developments.

The Company's **Tomingley Gold Project** (TPG) currently has an 840,000 ounce gold resource within the Wyoming and Caloma deposits.

A pre-feasibility study for the development of the Project with a potential of 50 – 60,000 ounces of gold production per annum, is in progress.

In Orange, Alkane has a joint venture (ODEJV) with Newmont Australia, which resulted in the discovery in 2006 of a potentially significant gold deposit at **McPhillamys** within the **Moorilda Project**.

On March 2, 2010, Alkane announced that Newmont Australia had advised that they will proceed to increase their interest in the ODEJV to 75% by completing a Bankable Feasibility Study on the McPhillamys Gold Deposit.

Drilling programs have defined a 600 metre long by 200 metre wide +0.5 g/t gold mineralization envelope at the Deposit. The system remains open at depth.

Preliminary modeling of the mineralized envelope has defined a conceptual exploration target of 2 to 4 million ounces of gold with 50,000 to 100,000 tonnes of copper.

Regional exploration has defined several targets with McPhillamys type stratigraphy and mineralization over a strike length of at least 6 kilometers.

The 2010 program will include drilling of regional targets and deeper drilling of the Deposit as well as further metallurgical and conceptual mining studies.

Alkane's Dubbo Zirconia Project (DZP) developments located 30 kilometres south of the large regional centre of Dubbo, is one of the world's most advanced zirconium, niobium, yttrium and rare earth elements in-ground resources.

A Demonstration Pilot Plant (DPP) has been operating at the laboratory facilities of ANSTO Minerals since May 2008 and to date has recovered 1,300 kg of zirconium chemicals and nearly 300 kg of niobium concentrate. Initial light rare earth and yttrium heaving rare earth products have recently been recovered.

Data from DPP and Letters of Intent from future customers will be incorporated in the current Definitive Feasibility Study.

A development decision for the Project is anticipated late 2010, with production possible early 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.

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**, held through Korab's subsidiary Lugansk Gold in the Ukraine, has a JORC Code compliant mineral resource of 1.01 million ounces of gold contained in 20.2 million tonnes grading 1.55 g/t gold.

The Deposit is ready for mining to commence in March 2010 and to commence production of gold and silver in the second quarter of 2011. Initial production is estimated at 60,000 ounces of gold per year. Additional drilling and trenching will be undertaken in 2010 to extend the mineralization.

Lugansk Gold will be spun off into a publicly listed company with the distribution of free shares to Korab shareholders at a pro-rata ratio of between 1 and 1.5 Lugansk shares for each Korab share.

At Korab's **Melrose Gold Project** located in the Eastern Gold fields in Western Australia, which consists of four deposits, Bungarra, Boundary, Stirling and Harleys, mine design and mine permitting process is expected to commence shortly. Melrose has 300,000 ounces of gold in a shallow easily mined deposit.

On March 10, 2010, Korab announced the completed review and update of the Bungarra Gold Deposit, which is the first of the four deposits at the Melrose Project.

The Inferred resource at Bungarra increased 29% from 1.66 million tonnes to 2.14 million tonnes at 1.5 g/t gold for 107,385 ounces of gold.

The update of the Boundary Gold Deposit, the second of the Melrose deposits, has commenced. Boundary's current resource stands at 4.61 million tonnes at 1.37 g/t for 203,000 ounces of gold.

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, have been spun-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 in April 2010.

In September 2009, Korab announced that an 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.