

Goldletter INTERNATIONAL

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

August 2010

SHORTLIST OF GOLD INVESTMENT RECOMMENDATIONS - as at July 31, 2010

Location of listing	Trading symbol		Share price		Change in %	12 months		Net issued shares million	Market capitalization
			current	Year-end 2009		H	L		
			Cdn\$	Cdn\$		Cdn\$	Cdn\$		Cdn\$ mln.
Barrick Gold	ABX	TSX	42,26	41,46	2	50,53	35,70	985,5	41.647
Kinross Gold	K	TSX	16,87	19,37	-13	25,22	16,08	703,9	11.875
Agnico Eagle Mines	AEM	TSX	57,43	56,92	1	77,32	53,16	167,3	9.608
Eldorado Gold	ELD	TSX	16,70	14,92	12	19,73	10,74	547,1	9.137
Iam Gold	IMG	TSX	16,21	16,51	-2	21,95	11,40	371,8	6.027
Golden Star	GSC	TSX	4,20	3,26	29	5,02	2,52	258,1	1.084
Colossus Minerals *	CSI	TSX	6,75	5,80	16	8,68	2,78	83,2	562
Continental Gold *	CNL	TSX	3,30	2,45 1)	35	3,50	1,89	71,7	237
Etruscan Resources	EET	TSX	0,44	0,43	2	0,61	0,20	367,2	162
Bravo Gold *	BVG	TSX.V	0,18	0,30 2)	-40	0,67	0,16	147,9	27
Sacre-Coeur Minerals *	SCM	TSX.V	0,88	0,85	4	1,20	0,57	30,0	26
African Queen Mines *	AQ	TSX.V	0,39	0,51	-24	0,74	0,28	43,3	17
Astur Gold *	ASR	TSX.V	0,73	- 3)	-	1,01	0,09	20,6	15
			A\$	A\$		A\$	A\$		A\$ mln.
Lihir Gold	LGL	ASX	4,07	3,28	24	4,48	2,41	2368,7	9.641
Gold One Int. *	GDO	ASX	0,27	0,26 4)	4	0,38	0,23	806,3	218
Alkane Resources *	ALK	ASX	0,36	0,35	3	0,49	0,23	249,0	90
Citigold *	CTO	ASX	0,09	0,14	-36	0,19	0,08	928,6	84
Realised as at July 31, 2010 :									
Brazauro Resources *	BZO	TSX.V	1,23 5)	0,63	95	1,46	0,47	93,7	115
Korab Resources *	KOR	ASX	0,50 6)	0,17	194	0,50	0,14	79,0	40

1) included as at April 30, 2010

2) included as at April 1, 2010

3) included as at August 1, 2010

4) included as at March 1, 2010

5) share price as at July 16, 2010; acquired by Eldorado Gold

6) including value of entitlement to free shares in spun-off companies Lugansk Gold and Melrose Gold Mines

2010 market performance to date: 17%

2010 market performance featured companies to date: 25%

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 Coomigasp 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).

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. This was followed by the official signing of a Mining Licence on May 7, 2010.

In order to further define the Serra Pelada Deposit, underground exploration development will be implemented starting in mid 2010. The purpose of this underground development will allow Colossus to better define the deposit through underground diamond drilling. The development will also allow for a bulk sample to be collected and sampled to better define the gold and PGM grades of the deposit and will eventually be used for production.

On May 17, 2010, Colossus and COOMIGASP ratified their agreement to jointly (75/25 respectively) acquire a 100% interest of the precious metals rights from a 700 hectare land package ("Area B") contiguous to the existing 100 hectare Serra Pelada Project ("Area A") currently being developed by Colossus and COOMIGASP. As well, a similar joint-venture arrangement was reached on a 74 hectare concession ("Area C").

Additionally, mine development planning is currently underway and metallurgical and geotechnical testing will be completed shortly. Surface drilling and underground decline development are expected to start in short order.

On June 24, 2010, Colossus reported the results of four geochemical diamond drill holes in the Central Mineralized Zone, which were cored for a total 1,203 metres and intersected up to 20.36 g/t gold, 3.44 g/t platinum and 4.92 g/t palladium over 50.85 metres (SPGT-004).

On July 13, 2010, the Company announced the commencement of drilling for the extension of the recently expanded land package located to the southwest of Mining Permit 850.425/1990. The first drill holes of the 5,000 metre drill program are targeting the down-plunge projection of high-grade gold-platinum-palladium mineralization in the Central Mineral Zone. The folded meta-siltstone is interpreted to extent for at least one kilometre to the southwest of the Mining Permit.

Drilling later in the program will also test for extensions of the newly-discovered gold-PGE mineralized zones onto the recently expanded ground position, as well as near surface targets that may result from the current soil geochemical and geological mapping programs in this area.

Ongoing drilling on Mining Permit 850.425/1990 is aimed at more closely delineating gold-PGE mineralization which may extend into the new ground.



Continental Gold (CNL – TSX) is one of the major gold exploration companies focused on Colombia, Latin America's next gold mining frontier. The Company's flagship project is **Buriticá**, an emerging high-grade gold deposit with first gold sales resulting from exploration work and drifting in ore at the Project amounted to Cdn\$ 1.93 million in the first quarter of 2010.

On June 2, 2010 Continental Gold announced that it had begun a 2010 drill program. This includes a minimum of 23,000 metres of drilling on previously defined high-grade vein systems and a mineralized breccia body. The Company's mandate is working towards a mineral resource estimate in early 2011.

Continental's **Berlin Gold Project** includes the historical Berlin Mine which has operated from 1930 to 1946 and produced 413,000 ounces of gold.

An exploration budget of Cdn\$ 1.11 million has been allocated for the Berlin Project for the remainder of 2010.

Continental Gold also has a joint venture with major gold provider AngloGold Ashanti on its **Dojura Project**.



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.

On May 17, 2010, Bravbo announced an updated resource estimate at a higher cut-off grade of 3 g/t gold (previously 0.5 g/t), which includes drill results from the Homestake Silver Zone (1.2 million tonnes grading 4.25 g/t gold, 158 g/t silver and 0.05% copper). Total global ounces (Measured, Indicated and Inferred) now total 539,000 ounces of gold, 9.3 million ounces of silver and 10.5 million pounds copper or 717,500 gold equivalent ounces at price assumptions of US\$ 850 per ounce gold, US\$ 13.75 per ounce silver and US\$ 2.25 per pound copper.

On June 17, 2010, Bravo announced a Cdn\$ 6 million, 12,000 metre drill program in 2010 that will focus on expanding the resources in the Homestake Silver Deposit, exploring the region between the Main Homestake and the Homestake Silver deposits and conducting initial drilling on 6 geophysical exploration targets identified in the 630-line km airborne geophysical program conducted last season.

On February 10, 2010 Bravo shareholders approved the proposed terms of a Business Agreement whereunder the Company has transferred its US properties in Nevada to a new publicly listed company **Bravada Gold** (BVA – TSX.V), and Bravo having retained a 44% controlling interest.

On May 20, 2010, Bravada Gold reported that it had signed an agreement with Nulegacy Gold, whereby Nulegacy can earn a 70% interest in Bravada's HO Property within the Battle Mountain - Eureka Gold trend in north-central Nevada.

Nulegacy will issue to Bravada 50,000 shares and spend US\$ 1.5 million in property expenditures over the next 5 years to earn its 70% interest.



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, located 20 km west-southwest of Zone 1, has revealed a complex of near-surface auriferous veins exhibiting high grades in localized instances. In 2009, Sacre-Coeur conducted a limited, shallow, test drilling program on Zone 9. Several holes intercepted gold mineralization in quartz veins, the best result being an intercept containing 4.0 g/t gold over 13.5 metres.

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 ore-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.

In February 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.

On June 3, 2010, Sacre-Coeur announced that it had completed its conversion to hydraulic mining and processing improvements for the alluvial Area 2, which was successfully tested in late May 2010.

With production capacity at the target rate, and with a cost effective method to ensure thorough mining extraction of the alluvial gold values, gold production will be maximized through ongoing fine tuning of the processing plant over the course of the next two or three months. Production results will be periodically reported hence forth as meaningful quantities of alluvial arterial are processed and gold production there from is recorded.

On June 16, 2010, Sacre-Coeur announced further results from its current drilling program aimed at expanding the Zone 1 resource. Drill hole MM 17610 returned 68.65 metres grading 0.94 g/t gold, which includes 1.0 metre grading 9.18 g/t gold, 1.0 metre grading 6.30 g/t gold and 1.0 metre grading 7.26 g/t gold. Though discontinuous, 5 other narrow zones grading over 2.0 g/t gold were encountered, including 0.47 metres grading 13.44 g/t gold, and 0.53 metres grading 8.62 g/t gold along with numerous narrow zones grading greater than 0.5 g/t gold in the 462.7 metre hole.

The current phase of resource expansion drilling has included slightly more than 4,660 metres drilled to date in 9 holes. The goal of this phase of drilling is to better understand the plumbing of the mineralization system to identify key structural controls, both pre and post mineralization, and to develop drilling data for the expansion of the NI 43-101 compliant resource.

On July 13, 2010, Sacre-Coeur announced that it has initiated geophysical survey programs that will cover portions of Zone 1 and Zone 9 of its Million Mountain Gold Project. These programs are aimed at expanding high probability drill targets and enhancing currently identified drill targets on both zones. All the field survey work is planned to be finalized for both zones by late August 2010, with the data processing and analysis complete by the end of September 2010.

In the meantime, core drilling on both zones will continue to investigate existing targets generated by other exploration work.

On April 28, 2010, Sacre-Coeur announced the closing of a non-brokered private placement for gross proceeds of Cdn\$ 1.22 million through the issue of 1.75 million units at Cdn\$ 0.70 per unit. Each unit consists of one common share of the Company and one-half of one purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn\$ 1.00 until April 28, 2012.



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, Ghana** and **Kenya**, and diamonds in **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.

In March 2010, African Queen 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.

On May 17, 2010, African Queen announced that it has entered into an Earn-in and Joint Venture Agreement with Kenian private company Abba Mining, covering exploration, development and exploitation of the **Rongo Gold Field Project** subject to a Special Licence granted by the government of Kenya.

The Licence grants full and exclusive rights to prospect and explore for all minerals for an initial period of 2 years with an area of approximately 112 square kilometers.

Under the terms of the Agreement with Abba, African Queen can earn up to an 85% interest in the Project by funding prescribed optional stages from exploration through feasibility.

On July 19, 2010, African Queen announced that it had commenced its Phase I exploration program on the Rongo Gold Field Project, which will include comprehensive rock and chip sampling; trenching and pitting over the Licence area; geological mapping and evaluation; and airborne geophysical studies.

The objective of the Phase I exploration program is to assess the overall geological structure of the Licence area and the likelihood of a commercially viable gold deposit within the Licence area, as well as to identify discreet drill targets for a Phase 2 core drilling program.

The costs for Phase I are estimated at up to US\$ 300,000 and are being paid for by African Queen.



Astur Gold (AST – TSX.V), formerly Dagilev Capital, is engaged in the acquisition, exploration, development and operation of precious metal assets in Western Europe.

The Company's primary focus is the recently acquired advanced exploration **Salave Gold Project**, located near Tapia de Casariego, Province of Asturias, northern **Spain**, which is one of the largest and highest-grade undeveloped gold deposits in Western Europe.

The Salava Gold Project, on which has been spent over € 40 million to date, was formerly owned by Rio Narcea Gold Mines, a subsidiary of Lundin Mining, has a current NI 43-101 compliant mineral resource estimate containing 1.68 million ounces in the Measured and Indicated category (17.94 million tonnes grading 2.9 g/t gold and 338,000 ounces in the Inferred category).

There is an excellent exploration potential with four of the principal high-grade zones of mineralization open at depth and additional exploration areas to the west that have never been tested.

There has been over € 40 million spent to date on the Salave Gold Project.

On July 14, 2010, Astur Gold announced that it had retained Golder Associates to conduct a Scoping Study for the gold project, which will validate and update a Scoping Study that was initiated by Rio Narcea in 2004.

The Company is finalizing plans for an exploration program which will include drilling around hole RN-70, which in 2005 intersected high-grade mineralization assaying 33.9 g/t gold over 39.8 metres in two zones.

Astur Gold is seeking reversal of a decision of the Regional Government of Asturias before the Supreme Court of Spain to halt open-pit development of the Salave Gold Project, which was not based on environmental factors but due to the introduction of certain zoning legislations.



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 Gauteng 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 Modder East Mine produced 13,208 ounces of gold in the March 2010 quarter at cash costs of US\$ 480 per ounce. The consistent recovered grade was 6.86 g/t.

After a five week strike, Gold One resumed production on April 28, 2010 with production from pre-strike levels having achieved by May 10, 2010. Lost production due to the strike was approximately 5,000 to 6,000 ounces.

Production for the June 2010 quarter amounted to be 12,287 ounces, with Modder East cash costs steady at US\$ 488 per ounce.

The Company's 2010 gold production guidance is 85,000 to 100,000 ounces, with 25,000 ounces forecast for the September 2010 quarter. Cost guidance for 2010 remains the same with average cash costs expected below US\$ 400 per ounce.

Production guidance for 2011 remains unchanged at between 150,000 and 180,000 ounces of gold and average cash costs below US\$ 300 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.

On June 17, 2010 Gold One announced that production ramp-up at the Modder East Gold Mine is continuing as planned, and that the build-up rate required to attain this year's gold production targets between 85,000 – 100,000 ounces of gold is being achieved.

At **Ventersburg** in the Free State region the 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.

Current drilling is part of a campaign of 16 drill holes aimed at delineating the Ventersburg payshoot extensions, which remain open to the north and the south.

On June 23, 2010, Gold One announced that it has executed a mandate and term sheet for a US\$ 65 million debt facility with two leading international banks, ABS Capital and BNP Paribas. The final legal agreements are expected to be executed in the third quarter.

The US\$ 65 million debt facility will ensure Gold One has the capacity to refinance all its convertible bonds, should some or all the bondholders exercise their once-off put option in December 2010.

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.

In May 2010, Gold One announced that the Company had been granted a further prospecting right at the Ventersburg Project, which brings the total prospecting area to 13,5390 hectares (135 square kilometres).



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\$ 160 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.

As at June 30, 2009 Indicated Mineral Resources are estimated at 740,000 tonnes grading 15 g/t gold at a cut-off grade of 7 g/t gold containing 470,000 ounces of gold, which include 330,000 ounces of Probable Ore Reserves at a grade of 13 g/t gold.

Inferred Mineral Resources are estimated at 23 million tonnes grading 14 g/t gold at a cut-off of 3 metres- g/t containing 10.0 million ounces of gold.

During the first half of the fiscal year, the period ending December 31, 2009, the knowledge and confidence of the 10 million ounces of gold in the Indicated Mineral resource category was further increased with a total of 13,195 metres of core drilled in addition to mapping, rock chip and sediment sampling on the broader regional areas under Exploration Permits.

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

During the December 2009 Quarter an additional Exploration Permit for Minerals, EPM 16979 was granted by the Department of Mines and Energy. This EPM is 300 square kilometres in size and adjoins existing tenure.

The Warrior Zone has an overall length of 2 kilometres. The Inferred Mineral Resource for the Warrior area is 4.4 million tonnes at 14 g/t gold containing 1.9 million ounces of gold.

During the 2008/09 year a total of 3,218 metres of underground drives were completed, comprising 611 metres of level development in ore and 2,607 metres of capital development. The main access tunnel (Decline) was extended to the west over a kilometre in length during the year.

Production for the June quarter totalled 2,048 ounces, a decrease on the previous quarter (5,668 ounces) due to the focus on developing the Sons of Freedom reef access decline and ore drives. The average gold sale price was A\$ 1,405 per ounce during the Quarter and the average cash cost was A\$ 538 per ounce.

The constraint on gold production from the underground is still the need to increase the number of working areas. A material step—change increase in production is planned as more working faces become available later in 2010.

To take advantage of the strong gold price and with Warrior on a growth path, Citigold considers it appropriate to commence planning to re-activate the Charters Towers "City" mining area.

The development of the City super mine operations are expected to deliver commercial gold production as early as the end of 2012.

At a current spot price of gold being above A\$ 1,200 per ounce, Citigold is planning an increase in gold production for the 2010 calendar year. This should see the Company become cash flow positive and profitable for the 2010 calendar year.

Early March 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, followed up by a Letter of Intent and to be replaced by a comprehensive Joint Venture Agreement, 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 July 26, 2010, Citigold advised that it has received an investment of A\$ 2.0 million through the issue of 20 million shares at A\$ 0.10 per share from Zhaojin Mining Industry Company. Negotiations are continuing for a larger deal that may see Zhaojin take a more substantial position in Citigold.

Citigold is in the final stages of completing a A\$ 18 million capital raising to fund growth at its Charters Towers Gold Project, including the Warrior Mine.



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.

On June 4, 2010, Alkane reported that the TPG Definitive Feasibility Study proceeds to finalization and is showing improvements in the project's economics from extended mine life and more robust returns from higher gold prices.

The open pit mining review has an Indicated recovery of approximately 300,000 ounces of gold over 5-year period. A preliminary feasibility study for underground mining below the open pit at Wyoming One has demonstrated potential of recovery of about 80,000 ounces over 30 months.

The Study is being advanced to definitive feasibility standard to form part of the base case development for the TPG.

The combination of the open pit output, with low grade stockpiled open pit at Wyoming One underground ore gives the Project potential to produce approximately 400,000 ounces of gold over a 7-year life.

A 3,500 metre RC drill program will commence shortly to test the potential for additional open pitable resources at South Calowa. Diamond core drilling below the proposed Caloma pit has identified multiple mineralized zones with some higher grade intercepts up to 7.1 metres grading 12.9 g/t gold, including 2.0 metres grading 40.7 g/t gold.

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.

On July 5, 2010, Alkane released its first resource estimate for the McPhillamys gold discovery. An independent resource assessment has defined an initial Indicated and Inferred resource at a 0.3 g/t gold cut-off of 91.94 tonnes grading 1.00 g/t gold and 0.07% copper for a cumulative total of 2.96 million ounces of gold and 60,000 tonnes of copper.

The bulk of the resource is located within an Inner Ore Zone with dimensions of 600 metres by 200 metres. Further drilling could significantly expand the resource.

Potential development models include open-pit and block caving underground mining concepts. Drilling of four deep core holes is in progress to specifically test the potential for the block caving concept.

Regional exploration has defined several targets with McPhillamys-type stratigraphy and mineralization over a strike length of at least 6 kilometres. Air core test drilling is in progress.

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.

On April 15, 2010, Alkane advised that the Company had raised approximately A\$ 9.7 million (less costs) by the sale of its remaining investment in BC Iron.



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 May 2010, Brazauro announced that it had entered into an agreement with **Eldorado Gold** (ELD – TSX; EGO – AMEX) under which Eldorado would acquire by a proposed Plan of Arrangement all of the issued and outstanding shares of Brazauro in exchange for 0.675 of a share of Eldorado plus a share of a new exploration company created to hold certain existing Brazauro assets for each Brazauro share.

The Eldorado offer values each Brazauro share at Cdn\$ 1.33, which represented a 92% premium over the May 11, 2010 closing price of Cdn\$ 0.69 of Brazauro shares and valuing Brazauro at Cdn\$ 113 million.

Through the transaction, effectuated mid-July, Eldorado has acquired Brazauro's flagship Tocantinzinho Gold Project, in which it had an option to purchase a 75% interest for the past two years and has been actively exploring the Property, as well as the Company's Agua Branca and Piranhas properties.

The TZ Gold project has Measured and Indicated resources totaling 11.9 million ounces of gold and has the potential to produce 145,000 ounces of gold per annum by 2013 during an estimated mine life of 13 years at average operating costs of \$ 490 per ounce.

The remaining exploration assets of Brazauro will become assets of the newly incorporated company. In addition, Eldorado will provide Cdn\$ 10 million in funding to the new company upon the closing of the transaction.



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 poly-metallic 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 74%-owned **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 expected 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 has been spun off from Korab in July 2010, with the distribution of free shares to Korab shareholders at a pro-rata ratio of 1,266 Lugansk shares for each Korab share.

Lugansk Gold intends to seek admission to ASX in September 2010 following an IPO of A\$ 50 - A\$ 55 million. The indicative IPO issue price has been set at A\$ 0.26 - 0.34 per share. Korab shareholders will be given priority entitlement to apply for 1 IPO share for each 3 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 has spun-off the Melrose Gold Project into **Melrose Gold Mines**, which will seek admission to ASX. Korab shareholders have received 1,266 free shares in Melrose Gold Mines for each Korab share. Melrose's indicative IPO issue price has been set at A\$ 0.20 - 0.24 per share. Korab shareholders will be given priority entitlement to apply for 1 IPO shares for each 7 Korab share.