

The Absolute Best Way to Buy Small Mining Stocks

By Matt Badiali

The news seeped out, one rumor at a time.

Big discoveries are like that. The news is too juicy to keep to yourself. Virginia Gold Mine's share price crept slowly upward.

Formal press releases told the whole story – Virginia's Eleonore find, located in Quebec, was a huge discovery. Virginia's shares picked up speed.

By early 2006, it became clear that mining giant Goldcorp would buy the Eleonore project for a huge premium. **Shareholders who bought into Virginia Gold less than two years earlier at \$1 per share now held stock worth \$15 per share... a 1,400% return.**

After Virginia sold Eleonore, the company spun off all of its other projects into the "new" Virginia and went right back to prospecting.

----- Advertisement -----

FOUND! 2 Trillion Barrels of Oil in Western Colorado

Hidden beneath 1,000 feet of rock in the Rocky Mountains, lies the largest untapped oil reserve in the world-more than 2 TRILLION barrels.

On August 8, 2005 President Bush mandated its extraction. A small group of companies has been chosen to lead the way.

Test drilling has already begun. Even better, I've found THREE ways to get in on the deal.

[Click here](#) to learn how.

Virginia belongs to a small group of mining stocks called *prospect generators* – firms that do grassroots mineral exploration and sell their discoveries to large mining companies. No huge open-pit mines for these guys... they just do the homework and fieldwork required to find large ore bodies.

I believe this business model is the best way for

MARKET NOTES

- **The bull market continues...** nearly every country and sector ETF at fresh new high.
- **Oil services** back on the new highs list... Oceaneering International, Diamond Offshore, Oil States International, and Pioneer Drilling.
- **Iron ore producers** Cleveland-Cliffs and Companhia Vale do Rio doce reach all-time highs.
- **Electrical infrastructure** companies Pike Electric and Quanta Services at new highs.

MARKET WATCH

		<u>Last Change</u>		<u>52-Wk</u>
S&P 500	1530.62	0.03%	20.51%	
Oil (USO)	48.96	1.56%	27.71%	-
Gold (GLD)	65.54	1.27%	2.04%	
Silver (SLV)	133.83	2.15%	5.98%	
US Dollar	82.29	-0.16%	-3.11%	
Euro	1.346	0.18%	5.38%	
VIX	12.83	-5.17%	31.24%	-
HUI	322.52	0.30%	-1.01%	
10-year yield	4.88%	0.00	-0.21	

HITTING NEW HIGHS

<u>Company</u>	<u>Sym</u>	<u>Industry</u>
American Express	AXP	credit cards
Nokia	NOK	cell phones
Freeport McMoRan	FCX	copper
Cleveland-Cliffs	CLF	iron ore
		rubber
Goodyear Tire	GT	products
Alcoa	AA	aluminum
Gerdau		
AmeriSteel	GNA	steel

investors to make huge gains in the mining sector. Here's why:

The mining industry is voracious for metal deposits, and the most talented exploration geologists own and work for prospect generators. I see the emergence of an entirely new class of mining company, and this is your opportunity to get in on the ground floor.

There are only about 20 prospect generators (PGs) in the world, as opposed to the thousands of conventional mining companies. The PG's niche is exploration, at the expense of the majors.

These small companies collect the best exploration geologists in the industry, at a time when the world's mining companies are screaming for new projects. Larger mining companies pay prospect generators a couple million dollars for the privilege of developing their projects. The PG also keeps a portion of the project (anywhere from 20% to 50%) and doesn't have to spend another cent.

A typical junior mining company needs to raise money (and dilute your shares) to fund a new drilling project. On the other hand, **prospect generators use other people's money and protect your value.**

The seductive lure of these companies is the possibility that they will make a huge discovery. At our recent True Wealth Gold & Collectibles Conference, names like Altius Minerals, Aurelian Resources, and Arequipa Resources got reverential treatment. Like Virginia Gold Mine, these companies made discoveries that took them from penny stocks to tens of dollars within months.

Perhaps my favorite discovery story in the group is Aurelian Resources. Aurelian's Fruta del Norte discovery in Ecuador took its share price from 30 cents to \$30 in nine months... **a spectacular gain of nearly 10,000%.**

The key to the PG business model is making discoveries and sticking with the smartest geologists. They key to *investing* in PGs is to buy a handful now to spread your risk.

Right now these companies are small (between \$20 million to \$40 million market cap), but they won't stay that way for long.

El Paso	EP	oil & gas pipeline
Apple	AAPL	computers
ConocoPhillips	COP	Big Oil
Kennametal	KMT	small tools warehouse club
BJ's Wholesale	BJ	club
MasterCard	MC	credit cards
Guitar Center	GTRC	guitar stores
Aetna	AET	insurance wholesale drugs
McKesson	MCK	drugs
AG Edwards	AGE	investments
Eaton Vance	EV	asset mgmt
Anheuser Busch	BUD	beer
Occidental Petro	OXY	oil & gas
Boeing	BA	aerospace
McGraw-Hill	MGH	publishing
Cemex	CX	cement
Adobe	ADBE	software
Leucadia National	LUK	conglomerate
Omega Navigation	ONAV	shipping
Atlas Pipelines	AHD	oil drilling
Oneok	OKE	utilities
POSCO	PKX	steel
TD AMERITRADE	AMTD	brokerage
America Movil	AMX	telecom waste machinery
ITT	ITT	machinery
American Tower	AMT	telecom
Oceaneering Intl	OII	oil services
Buckle	BKE	clothing
Mosaic	MOS	agriculture
Frontline	FRO	shipping
Bob Evans	BOBE	food products
Apache	APA	oil & gas
Ciena	CIEN	comm equip
Dollar General	DG	discount retail
AGCO	AG	farm equip
Crocs	CROX	shoes
Anglo American	AAUK	commodities
Genesco	GCO	apparel
Cincinnati Bell	CBB	telecom
International		paper

Good investing,

Matt Badiali

P.S. I recently put together a list of the 10 best prospect generators in the world right now. It wouldn't surprise me at all if you doubled your money on each one. And I'm expecting some to do far better than that. If you'd like to learn more, [click here](#).

IN THE NEWS

Gold, Agriculture Up... Dollar, Energy Down

Gold prices rose Thursday as the U.S. dollar fell in response to the government's weaker than expected first-quarter gross domestic product report. Elsewhere in the commodities markets, industrial metals and agriculture prices climbed while energy prices retreated.

The gold market reacted to a falling dollar, which lost ground to other major currencies amid concerns about sluggish growth in the U.S. [Read on...](#)

Big Companies Look to India's Growth

India's economy grew at the fastest pace in almost 20 years as companies lifted production to meet surging consumer demand.

South Asia's largest economy expanded 9.4 percent in the year ended March 31, the biggest gain since 1989 and more than the government's initial estimate of 9.2 percent, the Central Statistical Organisation said in New Delhi today.

General Motors Corp., Tata Steel Ltd. and other companies are increasing output in India at the quickest pace in a decade to meet soaring demand from a middle class that's swelled to the size of the U.S. population. [Read on...](#)

Paper	IP	products
Diamond		
Offshore	DO	oil drilling
EMC	EMC	data storage
Celanese	CE	chemicals
Alcan	AL	aluminum
Canadian Nat		
Rail	CNI	railroads
Guess	GES	clothing
Coca-Cola Enter	CCE	beverages
Areclor Mittal	MT	steel
Nike	NKE	apparel
Pike Electric	PEC	contractor
Overseas Ship	OSG	shipping
Diamonds Trust	DIA	ETF
Research In		
Motion	RIMM	BlackBerrys
Vale do Rio Doce	RIO	iron ore
Ralph Lauren	RL	clothing
Sprint Nextel	S	telecom
Tesoro	TSO	refining
Verizon	VZ	telecom
Quanta Services	PWR	contractor

HITTING NEW LOWS

<u>Company</u>	<u>Sym</u>	<u>Industry</u>
Optium	OPTM	comm equip
Ultra Short QQQ		
Pro	QIC	ETF
New York		
Mortgage	NTR	mortgages