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The Rally In Gold Stocks Is Just Beginning

Excerpt regarding Altius' Botwood
Basin Gold Program extracted from
this edition of Resource Opportunities

Another exciting area play is going on in central Newfoundland, in an area known as the Botwood Basin. More than 2,500 square kilometers has been staked in the past few weeks. That staking frenzy grew out of a B.Sc. geology thesis written a few years ago. Few people took that paper seriously at the time. However, the author of the paper, now the president of **Altius Minerals** (ALS-CDNX), recently found a major company believer and kicked off the current staking rush. The Altius geological team convinced Barrick that central Newfoundland hosts what appears to be an analog of Nevada's Carlin trend, the second biggest depository of gold in the world. (The July issue of Resource Opportunities recounts my visit to the region and my belief that a major company would inevitably recognize the potential of this region.) With staking still underway, we haven't heard a lot of news yet. The news will begin to flow as work gets underway in the coming weeks.

Altius has a big property position in the region and the backing of Barrick. They also have numerous other high potential projects in Newfoundland. The stock price is way up since my commentary last summer, but this company still has a long ways to go. They are continuing the process that has worked so well for them. That is, they come up with new geological ideas, generate enough information to prove the concepts, and then bring in a joint venture partner to spend the big dollars. Look for a continuing stream of new projects and more partners. The result will be a steady rise in the share price and eventually one or more important discoveries.

Candente Resources (DNT-CDNX) has also become a big player in the Canadian gold exploration play. The company recently announced that it

has optioned the Linear property in the Botwood Basin region of Newfoundland. The Candente geological team sees the same sort of potential on the recently acquired ground as Barrick sees on their nearby property.

The Linear property was drilled a couple of years ago with some high grade intersections, but was dropped, as the company that had it then didn't understand the geological significance of the region, which has only recently begun to be understood.

The Candente acquisition was made after a review of the property by Larry Kornze, Candente's director of business development. Mr. Kornze is a highly regarded authority on this type of geology. He recently retired from Barrick, where he was exploration manager and played a major role in several discoveries for the major. Mr. Kornze is very familiar with the geology of the gold producing regions of Nevada and Peru and recognized the geological similarities in central Newfoundland.

Candente has previously focused on Peru, and has several very attractive projects underway in that gold-rich country. The move into Newfoundland is based on the geological similarities and the potential for large-scale discoveries in that region. Their property is well positioned, with gold already identified on surface and in previous drilling. I'm guessing that the Candente property position will continue to expand now that they have established a base in Newfoundland.

This Newfoundland venture adds another very significant dimension to what is already a tremendous exploration company. Even though the Candente share price is up nearly 4-fold since my first recommendation

last November, the company remains one of my favorite gold explorers. It's worth buying at this price, as I believe that the company will begin to attract a lot more investor interest as more people become aware of the significance of the Newfoundland gold exploration play, as well as its projects in Peru.

In general, not much has been published yet about the Newfoundland gold exploration play. A big part of the reason is that companies are still acquiring ground. There isn't much prospective ground available for staking, but a lot of the ground that was staked is held by local prospectors. Newfoundland has a highly sophisticated prospector community. They swung into action quickly once Altius did the deal with Barrick. Various companies have now set up bases in Newfoundland and are scrambling to pick up the best ground from the prospectors. Once the deal-making is concluded, and as the geologists get into the field, there will be a lot of news coming out of this region.

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