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# THE MINING SPECULATOR

BY GREG McCOACH

Friday April 22nd, 2011 - Denver, CO

## MSP Hotline for 04/22/2011

This is Greg McCoach with a Mining Speculator Hotline for Thursday April 21, 2011.

### *Inside this Hotline:*

- *Explor Resources Update*
- *Orko Silver Update*
- *Yukon Stocks Update*

### **Explor Resources Update**

I wanted to comment on the latest press release that EXS released this week.

The price action in our share price was not at all what investors were expecting as this news hit the wire. EXS reported results from their Timmins Porcupine West drilling program covering holes #37 through 44, but from my standpoint the market doesn't yet understand the significance of these substantial results. Here's why.

First the market likes big, wide intercepts, of high grade gold near surface located near infrastructure. The closer the mineralization is to the surface and to major infrastructure (i.e. roads, power, water, population base of skilled workers), the better the market likes it in general terms. The market also likes this mineralization to be contained within a very large system that could economically produce as many ounces as possible for the longest period of time possible. Throughout the world there are various types of gold deposits, each having a **different model** of pros and cons for economic extraction.

The results we are seeing at TPW continue to define a system, known as a "Hollinger-McIntyre Model". EXS continues to report results of economic grade and width as they progressively move to depth and along strike. This is what I have been telling subscribers would be our indication that we are getting closer and closer to the "**hinge points**" of the system. We would see higher and higher grades, and wider and wider intercepts as we move deeper and along strike. Eventually we are going to hit what the market is looking for, a very wide high grade intercept of mineralization. But what is more important to understand **is the significance of the model we are now building**. The reason being that our model, if proven, would provide an enormous amount of economic high grade gold, right next to the best infrastructure situation you could ever hope for. You can drive on a main highway 60 miles an hour right through the heart of the project. A mining town of 50,000 people, with all the equipment and support is ten minutes away.

Think about this. The company has hit mineralization on 45 out of 46 holes. I told you that as we went to

depth and along strike we should expect to start seeing higher grades and wider intersections. We have. In my opinion, it is just a matter of time now before we hit the type of glory hole that ignites the market. The gold is there! Those who are from the Timmins camp understand this model and are quite excited. The next series of holes are going to tell the story. We are very close!

The most noteworthy portion of the release was contained in the comment: ***"It is interesting to note that hole No. 11-46 has intersected 50.5 meters of significant mineralization from 858.5 m to 909.0 m. The intersection is 80 meters west of the mineralization in hole No. 11-45 and 100 meters down dip of the intersection in hole No. 10-30."***

In other words, EXS has stepped out 80 meters west and 100 meters down-plunge from of the #30 hole (3.1m of 135 g/t) and picked up 50.5 meters of **"significant mineralization"**. This zone, if confirmed as carrying economic grade (6 grams per tonne or better), will serve to significantly advance the project. It must be noted that in August of 2009, West Timmins-area explorer/miner **Lakeshore Gold** reported 83.7 meters of 12.75 grams per tonne at approximately 900m of vertical depth which launched LSG to a \$1 billion increase in market capitalization.

Explor now awaits a 50.5 meter section currently being assayed from the 850 meter level so assuming that the bigger widths and higher grade occurs at lower levels, the #46 hole and the soon-to-be-drilled #47 hole (going underneath #46) should hit the mineralization at approximately the same depth as Lakeshore's 2009 discovery hole – 900-950 meters.

We are getting very, very close. This news is attracting the attention of more and more of the major gold producers. I would not be surprised at all to see a major come into our deal under a joint venture agreement in the coming weeks or months as the news keeps coming. The majors are loaded with cash and are desperate to add ounces to their bottom line. EXS has the kind of project they covet, big scale, high grade ounces located right next to major infrastructure.

I am hoping that one of these next three of four holes is going to be our company maker.

**EXS** is a **BUY** at current levels.

The stock price has been affected to the downside by some selling pressure due to those who needed to raise cash to pay capital gains taxes this month. We have now passed the U.S. tax deadline and the Canadian deadline in April 30<sup>th</sup>. Our share price should solidify as we pass April 30<sup>th</sup> and begin to creep higher in anticipation of the next round of assays.

## **Orko Silver Update**

Shares of Orko Silver suddenly jumped higher this week on no news prompting investors to contact me.

As I have told you, we are expecting news related to the engineering report for building a super pit at the La Preciosa project in Mexico. **I anticipate the news is going to be good, and that our resource numbers are going to grow substantially.** This in turn will prompt meetings to commence between Pan American Silver and Orko for a potential buyout.

I am expecting a minimum of \$5.00 a share in a buyout as the news is released and PAAS and OK consummate their deal. For now major analysts BMO and GMP have recently raised their target price for Orko at \$3.50 and \$4.10 respectively. These price targets are not buyout numbers but where they feel the market will revalue the shares as good news related to the engineering report is realized.

**Orko** is a **BUY** and remains the number one stock of TMS for good reason. The company represents very little risk at current silver prices and has a big upside in the very near term due to forthcoming good news and potential buyout.

## Yukon Stocks Update

Our Yukon market as I told you would start to heat up in April and it has. The companies at the top of our Yukon list have performed best validating the quality of what I have given you.

Many have been asking me what will happen in May as we now deal with the “SELL IN MAY, GO AWAY” mentality that has operated like clockwork in our junior mining shares every summer. In the past those who have said this summer is going to be different, have never been right.

The summer months are typically quiet, particularly in June and early July, which presents buying opportunities in August as the Sell in May crowd comes back into the market. While this has been the general scenario for the market overall since I started writing the newsletter back in 2000, investors need to remember that good companies that deliver the results will always perform well no matter what time of the year it is.

With that being said, I expect it will be another typical summer for our junior mining share market, but the two stories mentioned above namely, Orko and Explor could buck the trend and surprise all of us with much higher share prices. In addition, we have a very unique seasonal situation that has developed up in the Yukon which I think will also buck the trend this summer as a massive amount of exploration work shortly gets underway.

So what I am saying, as it relates to the Yukon stocks, is **BUY IN MAY AND MAKE SOME HAY!** I think we are going to have multiple discoveries in the Yukon this year as drilling and assays start to come back late summer and early fall. As the exploration camps open and the crews hit the ground running in the next few weeks, I think we are going to see what a modern “**GOLD RUSH**” looks like. Word of this is going to spread fast particularly if a big, new discovery hits the market. This could bring in a whole new group of investors who have not been in our market before. Success in the Yukon this summer could make the entire junior mining sector a very hot market indeed as we move into the fall!

For these reasons, I am recommending you carefully consider all the companies on our Yukon list and invest now. As always, if you can only invest in a few companies then I would say you should start at the top and work your way down the list. The top four companies that I see in the Yukon for investing are:

1. Kaminak Gold
2. Colorado Resources
3. Ethos Capital
4. Golden Predator

Kaminak (KAM), Colorado Resources (CXO) and Ethos Capital (ECC) are already on the TMS TOP 10 List and Golden Predator (GPD) is at the top of our TOP 10 Yukon List. Altogether, we will have around 12 to 14 companies that I will be talking about every month as it relates to the Yukon. Every month in a separate HOTLINE from the main newsletter I will be addressing these Yukon stocks and giving you the updates.

For now here is where we stand as we move into one of the most aggressive exploration seasons in any area around the world, the Yukon.

## TOP 10 YUKON STOCKS

There are no changes to the positioning of these stocks within the TOP 10 this month. Everyone keeps their

original position. I expect this will start to change as we begin to get underway and various companies start to report news.

1. Golden Predator Corp
2. Rockhaven Resources
3. Silver Predator
4. Stina Resources
5. Aldrin Resources
6. Taku Gold
7. Tarsis Resources
8. Argus Metals
9. Wolverine Minerals
10. Hinterland Metals

**Golden Predator Corp. (EXP)** (Symbols: GPD on the TSX-V, GPRXF on the OTCBB)  
[www.goldenpredator.com](http://www.goldenpredator.com)

GPD is number one on our TOP 10 YUKON STOCKS LIST

GPD is already making news as they recently reported successful drilling on the Brewery Creek project. Our share price has moved higher and is getting the worm so to speak for being the first to get underway. They deserve the number one position with our TOP 10 Yukon List for good reason as I think you can see.

Golden Predator released results from 10 additional core holes from its winter 2011 drill program at its Brewery Creek project, Yukon. All 10 of these holes, which are in the Bohemian zone discovered late last year, intersected significant mineralization with best results of 28 meters of 5.06 grams per tonne gold beginning at a depth of 46 m in hole BC11-183, including 13.5 m of 8.78 g/t beginning at a depth of 53.5 m.

*"These consistent results, with increasingly high grades, are extremely promising for the rapid development of the Brewery Creek project beyond the exploration phase," said chairman and chief executive officer William Sheriff. "With all 15 of the holes from our winter drill program received to date providing exceptional results, we look forward to the continued expansion of the open-ended Bohemian zone."*

The company continues to be very aggressive with property acquisitions to their already robust property package in the Yukon. CEO Bill Sherriff is making things happen which has always been his M.O. in the junior mining space. I expect many good things are going to happen for shareholders of Golden Predator in the coming months and years.

**Golden Predator** is a **BUY** at its current level around C\$1.08. Be aggressive buying if shares dip below a \$1.00.

**Rockhaven Resources (EXP)** (Symbols: RK on the TSX-V, RKHNF on the OTCBB)  
[www.rockhavenresources.com](http://www.rockhavenresources.com)

**RK** is currently number two on our TOP 10 YUKON STOCKS LIST.

Shares of RK have performed very well lately as investors have started to buy in anticipation of a very aggressive drill season for the company. RK will be very active in the kinds of activities that could drive our share price much higher.

I have high hopes for this company who plans on spending a large amount of money drilling key targets they have identified from past exploration work. They are definitely a key company to watch as the Yukon drama unfolds. The company management team has the right track record of success and has secured highly prospective ground that has already begun to define a discovery of merit. Obviously with their higher share price, investors agree with my assessment.

**RK** is a **BUY** at current levels. Buy any dips you see.

**Silver Predator (EXP)** (Symbols: SPD on the CNQ, there is no OTCBB listing I can see as of yet) [www.silverpredator.com](http://www.silverpredator.com)

**SPD** is currently number three on our TOP 10 YUKON STOCKS LIST.

With silver prices screaming higher it is not hard to see that a tight share structure silver play in the Yukon could be an absolutely explosive situation with any exploration success. In addition this company also has a key to success in that they have multiple projects some of which are located outside the Yukon where work can be done year round. This greatly expands their ability to deliver news year round.

The company continues to progress towards re-opening the Taylor Mine in Nevada which eventually will provide a very nice cash flow to fund their aggressive exploration activities. When you consider where silver prices are likely to go, this company is a must have for anyone who likes silver, especially when you consider that Bill Sherriff is the driving force behind the scenes.

The company recently announced *that drilling has commenced at Silver Predator Corp.'s Taylor project, located in White Pine County, Nevada. The Taylor property includes a National Instrument 43-101-compliant resource of 14.9 million ounces silver from measured and indicated mineral resources of 5.84 million tonnes grading 79.2 grams per tonne silver and 1.9 million ounces silver from an inferred mineral resource of 687,000 tonnes grading 87.1 g/t silver (using a 41.1 g/t silver cut-off grade: Hester, 2009). The 2011 Taylor project drill program is planned to include at least 31 reverse circulation angle holes totaling over 2,900 meters.*

*The drilling will focus on the higher grade feeder veins as identified in Golden Predator Corp.'s 2009 program which included 13.7 m of 147.9 g/t silver from a depth of 39.6 m in hole GPT006 and 16.8 m of 196.8 g/t silver from a depth of 7.6 m in hole GPT008.(1) The 2009 drilling confirmed the extension of the higher grade veins mined in the Argus mine, at the south end of the open pit deposit, with steeply dipping feeder structures traversing more than 900 m along the eastern edge of the known open pit resource. The current program is planned to test more than 600 m along the strike of this higher grade feeder zone. The majority of the current resource has been modeled using vertical holes into the stratabound replacement mineralization and did not consider the higher grade feeder structures that are the subject of the current drill program.*

*The Taylor project*

*Silver Predator has an option to acquire a 100-per-cent interest in 261 unpatented mining claims and four patented mining claims located near Ely, Nev., in White Pine County, known as the Taylor property, and a 50-per-cent interest in the Taylor mill facility*

**SPD** is a **BUY** at current levels.

**Stina Resources (EXP)** (Symbol: SQA on the TSX-V, there is no OTCBB listing) [www.stinaresources.com](http://www.stinaresources.com)

**SQA** is currently number four on our TOP 10 YUKON STOCKS LIST.

Shares of Stina have been trading water for the most part and the drilling season is very close to getting underway.

Because their projects are key Shawn Ryan ground that was vended into SQA, investors should be interested in taking a position in the company. Stina has the money in the bank to drill their high priority drill targets this summer and will probably do 15 to 25 holes this season in addition to soil sampling. Thus far they have hit gold in every hole they have drilled in the first 5 holes. It is expected they will spend \$2 million on exploration this summer on their two key projects the Dime and the Kodiak. Shawn Ryan's exploration company will be doing all the soil sampling for Stina this summer.

**Aldrin Resources (EXP)** (Symbols: ALN on the TSX-V, there is no OTCBB listing)  
[www.aldrinresourcecorp.com](http://www.aldrinresourcecorp.com)

**ALN** is currently number five on our TOP 10 YUKON STOCKS LIST.

Shares of ALN have been trading water thus far in anticipation of getting exploration activities underway in the Yukon.

The company also announced they have entered into an option agreement with Nevada prospector, Larry McIntosh, to acquire a 100-per-cent interest in three gold exploration properties located within the Walker Lane alignment in west-central Nevada. This will give ALN a year round news flow that will be much needed to sustain their share price during the dead winter months in the Yukon.

The Nevada properties are the Slate Mountain property, Churchill County; the Jenny Hill and the Black Hills properties, Mineral County, Nevada. The properties are located within the Walker Lane mineral belt. This area of Nevada is accessible year-round and affords the ability to conduct exploration activities during the winter months. The three properties are being purchased for a total of \$690,000 (U.S.) payable over five years with a right of extension in favor of Aldrin and a 2-per-cent net smelter royalty (NSR) for the vendor. One per cent or half of the 2-per-cent NSR may be purchased by Aldrin for \$1-million (U.S.) at any time following exercise of the option to purchase the properties.

President and chief executive officer, Johnathan More, states, *"With our very active and prospective multiproject exploration program under way in the Yukon Territory, we are very excited to expand the company's mandate which is consistent with the long-term strategy of our board of directors to have active exploration pursued on a year-round basis."*

**ALN** is a **BUY** at current levels.

**Taku Gold (EXP)** (Symbols: TAK on the TSX-V, and TAKUF on the OTCBB) [www.takugold.com](http://www.takugold.com)

**TAK** is currently number six on our TOP 10 YUKON STOCKS LIST.

The company share price has bounced around the mid thirty cent level as we get ready to hit the ground on multiple fronts this summer. I expect the company to get plenty of attention as many investors, particularly in Canada, are well aware of the story which some consider a look alike to Kaminak's discovery. We will have to wait and see, but the story is sure to generate plenty of interest which means our share price will definitely be heading higher in the coming weeks and months.

In addition, the company recently announced the following which will add to their very well positioned land package within the Yukon and the White Gold camp.

*Taku Gold Corp. has staked an additional 314 claims in the White Gold district of Yukon. All of the new claims were staked adjacent to existing Taku properties in order to cover areas that are deemed prospective for gold mineralization based on airborne geophysical and deep-auger-type soil geochemical surveys completed by Taku in 2010.*

*Seventy claims were added to the northwest corner of the Rosebute property held under option from Shawn Ryan. In 2010, an anomalous area approximately 550 hectares in size was identified with three distinct,*

*west-trending linear anomalies (see news in Stockwatch on Dec. 22, 2010). These three west-trending geochemical features all appear to crosscut the regional geological fabric that, as indicated by the airborne magnetic data collected in 2010, is generally northwesterly. The new claims were staked to cover the potential westward extension of these three anomalies. The Rosebute property now includes 544 claims covering approximately 11,260 hectares.*

*One hundred ninety-one claims were added to the west side of the Wounded Moose property to bring it to 451 claims covering approximately 9,338 hectares. The new claims were staked to cover the westward extension of several west-trending geophysical features outlined by the airborne magnetic and radiometric survey flown over the property in 2010 (see news in Stockwatch on Dec. 23, 2010).*

*Fifty-five claims were added to the southeast corner of the Montana property to bring it to 293 claims covering approximately 6,065 hectares. The new claims were staked to cover the extension of a southeast-trending magnetic structure that lies parallel to Steele Creek outlined by the airborne magnetic and radiometric survey flown over the property in 2010 (see news in Stockwatch on Dec. 23, 2010). cursory prospecting in 2010 indicates that the magnetic signature may be due to a thrust fault marked by abundant quartz veins and breccias along Steele Creek. Placer gold produced on Steele Creek may be related to the thrust fault.*

*"This staking brings Taku's land position in the Dawson area up to 3,023 claims covering approximately 62,600 hectares. All of these claims will be within 35 kilometers and easily accessible from a central, road-accessible camp in 2011," commented Zak Dingsdale, president and chief executive officer. Mark Fekete, PGeo, is the designated qualified person as defined in Section 1.2 in and for the purposes of National Instrument 43-101 responsible for the preparation of this release.*

**TAK** is a **BUY** below C\$0.40 cents. I don't expect the share price will stay at these levels much longer the closer we get to June.

**Tarsis Resources (EXP)** (Symbol: TCC on the TSX-V, TARSF on the OTCBB) [www.tarsis.ca](http://www.tarsis.ca)

**TCC** is number seven on our TOP 10 YUKON STOCKS LIST.

Our share price has definitely begun to creep higher and is viewed by many sharp investors as one of the key plays for the Yukon moving forward. The company has a top notch management team that knows how to deliver and has very aggressive plans to put the company on the map so to speak.

TCC provided a very nice overview of all their exploration activities for the year 2011. I reprint what they said in that news release below in italics.

*Tarsis Resources Ltd. has provided an update on its exploration plans for 2011 and the status of current exploration programs.*

*Erika, Mexico*

*Diamond drilling is under way at the Erika project with nine holes completed to date for a total of 2,546.1 meters of HQ and NQ diameter drill core.*

*Assays and interpretation of the current drill program are pending and will be announced when they are available. Management is encouraged by the geology observed in the drill holes completed to date and plans to drill an additional 1,000 meters. A short near-term break is scheduled for field crews, following which diamond drilling is planned to recommence in mid-April.*

*In addition to the drill program, ground crews have collected approximately 200 stream sediment samples over unexplored portions of the property. Two soil sample grids have also been completed over areas where anomalous stream sediment response has been detected for gold (values range from 0.5 part per billion to 53.3 parts per billion) and other key pathfinder elements. In total, 548 soil samples have been collected for analysis.*

*White River, Yukon*

*Exploration will continue to advance the new gold-copper-silver discovery on the White River property commencing in June. During 2010, Tarsis identified two significant multielement geochemical trends within which select prospecting samples returned assays from below detection to 39.8 grams per tonne gold, four parts per million to 8.52 per cent copper and below detection to 1,310 g/t silver. Neither of the geochemical trends has been fully delineated. (See website for full details.)*

*The 2011 program will include expanded soil geochemical sampling, detailed mapping and prospecting, hand trenching, and diamond drilling. Although Tarsis is seeking an option partner for the White River project, the company is very encouraged by the 2010 results and is planning a 2011 program beginning in June.*

*Prospector Mountain, Yukon*

*The Prospector Mountain property is under option to Silver Quest Resources Ltd., which is planning a significant 2011 program to follow up on the \$750,000 exploration campaign conducted in 2010.*

*Silver Quest has an option to acquire an initial 60-per-cent interest in the Prospector Mountain property by completing the following:*

- Spending \$4-million on exploration over four years (\$750,000 spent to Dec. 31, 2010);*
- Issuing one million Silver Quest shares to Tarsis (400,000 shares received to Dec. 31, 2010);*
- Making payments of \$300,000 (\$100,000 received to date).*

*Silver Quest may earn an additional 10-per-cent interest by completing a feasibility study.*

*Rosie, Yukon*

*The property was staked in 2010 to cover strong potassic alteration and silicification associated with an underlying granodiorite unit believed to be late Cretaceous or early Tertiary in age. Pathfinder element geochemistry from the Yukon Regional Geochemical Survey (RGS) database is anomalous for arsenic (98th percentile), antimony (98th percentile), molybdenum (98th percentile), copper (98th percentile) and gold (95th percentile) values.*

*Geology and geochemistry are indicative of a potential porphyry system, and Tarsis will assess this target with detailed stream sediment geochemical and grid soil sampling programs during the upcoming exploration season.*

*Burns, Yukon*

*Cursory prospecting was focused along a steep west-facing slope within the western part of the property. Thirty-seven select, locally derived talus samples were collected along a one-kilometer portion of the slope and returned assays ranging from below detection to 0.28 g/t gold, one part per million to 0.34 per cent copper and below detection to 65.5 g/t silver. Samples with strongly elevated copper and silver values exhibit weakly limonitic textures with traces of malachite as surface coatings. A number of these samples also yielded anomalous values for bismuth (less than two to 109 ppm) and molybdenum (less than one to 29 ppm).*

*Property geology is prospective for both porphyry- and skarn-style mineralization. Tarsis plans to conduct stream sediment geochemical sampling, contour and grid soil sampling plus initial property scale mapping and prospecting.*

### *Dawson Gold, Yukon*

*The company plans to carry out additional soil sampling and prospecting at its Dawson Gold project during 2011. Initial results from 2010 were generally below the company's expectations; however, postseason review of trace element geochemistry has provided further insight and direction for future exploration.*

*At the Dawson Gold project, Tarsis is exploring for carbonate-hosted gold occurrences that are blind to surface, similar to that discovered by ATAC Resources Ltd. at its Rau project.*

### *Yukon generative programs*

*Based on the success of the 2010 generative program, Tarsis plans to carry out an aggressive generative campaign during the 2011 field season. Current target selection is well advanced, and the company is presently ranking and prioritizing these targets for ground inspection. The company is using a range of public and proprietary data and various techniques to guide its exploration in Yukon.*

*The company's generative program resulted in the discovery of the White River property during 2010.*

*Assaying of samples from the Erika property are being conducted by ALS Chemex in North Vancouver, B.C., which is an ISO 9001:2000-certified laboratory. Stream sediment samples are dry screened to 180 microns, followed by aqua regia or four-acid digestion and ICP-MS and ICP-AES analysis for gold and trace elements.*

Remember this company operates on the prospect generator model I love. Their share price will do very well with any exploration success. They recently raised all the money they are going to need to fund all their exploration activities for the next year or so.

**TCC** is a **BUY** at current levels all the way to \$1.00.

**Argus Metals (EXP)** (Symbol: AML on the TSX-V, there is no OTCBB listing) [www.argusmetalscorp.com](http://www.argusmetalscorp.com)

AML is currently number eight on our TOP 10 YUKON STOCKS LIST.

Our share price has taken a hit from its recent highs hit in January and February and has backtracked to the C\$0.16 cent level. Overall, I think this entry level represents good value for investors who will see up to 4000 meters of drilling on key exploration ground this summer.

The company has been using a winter road to ferry in supplies so everything is ready to go as soon as the weather breaks.

**AML** is a **BUY** at current levels.

**Wolverine Minerals (EXP)** (Symbol: WLV on the TSX-V, WLRMF on the OTCBB)  
[www.wolverineminerals.ca](http://www.wolverineminerals.ca)

**WLV** is currently number nine on our YUKON STOCKS LIST.

Our share price which hit a high of C\$0.95 cents late last year has now softened to the point of C\$0.58 cents. Some current shareholders who bought into the WLV financing in January will soon have free trading shares which may push our share price down for a few weeks before exploration activities begin this summer. This will be a good buying point on WLV. Wait to see what happens as these free trading shares hit the market.

**WLV** is a **HOLD** until we see what kind of selling pressure these free trading shares bring to the market. As we get into mid-May we should know where we stand.

For now the company has a great property package and a tight share structure. The company's primary

asset is the 21-property Wolverine Gold Project which includes 15 mineral properties on the emerging Dawson Range Gold Belt of west-central Yukon and six properties in the Finlayson District of eastern Yukon. Wolverine Minerals recently announced an agreement with Strategic Minerals Ltd. whereby Wolverine can earn 100% interest in all 21 projects.

**Hinterland (EXP)** (Symbol: HMI on the TSX-V, HNLMF on the OTCBB) [www.hinterlandmetals.com](http://www.hinterlandmetals.com)

**HMI** is currently number ten on our TOP 10 YUKON STOCKS LIST.

The company announced an important news release regarding splitting the company's assets into two separate companies. This I think could work out very well for current shareholders who will get shares in another company as well as HMI.

The news release stated the following in italics breaking down the details of the arrangement.

*Hinterland Metals Inc. has executed an arrangement agreement with Stakeholder Gold Corp., its wholly owned subsidiary, pursuant to which certain Yukon gold assets of Hinterland will be transferred to Stakeholder in consideration for the issuance of common shares of Stakeholder equal to 25 per cent of the issued and outstanding common shares of Hinterland immediately prior to the closing of the transaction, for a total of approximately 20 million shares. As previously announced by Hinterland (see news release in Stockwatch dated Feb. 1, 2011), Hinterland intends to keep 7.5 per cent of the shares received from Stakeholder and distribute the balance to its shareholders.*

*The transactions contemplated by the agreement will be carried out as a plan of arrangement under the provisions of the Canada Business Corporations Act. Under the arrangement, each Hinterland common share will be exchanged for 0.25 of a new common share of Hinterland and 0.23125 of a Stakeholder common share. Furthermore, the arrangement contemplates that holders of outstanding warrants and options shall be entitled to receive new Hinterland common shares and Stakeholder common shares upon the exercise thereof in accordance with the aforementioned ratios (for more information on the terms and conditions of the exercise of the convertible securities of Hinterland under the arrangement, see the plan of arrangement attached to the arrangement agreement which is being filed at SEDAR concurrently with the dissemination of this news release). Following the closing of the arrangement, Hinterland will have approximately 20 million common shares issued and outstanding.*

*Hinterland expects to hold its annual and special meeting of shareholders to approve the arrangement by the end of May, 2011. In this regard, Hinterland will be mailing to its shareholders and convertible security holders an information circular containing information on the arrangement and Stakeholder. Hinterland expects the circular to be sent out to its securityholders within a delay of approximately 30 days.*

*The closing of the arrangement is subject to number of conditions, including (1) the arrangement being approved by the Superior Court of Quebec and by the shareholders of Hinterland by a majority of 66-2/3 per cent of the votes cast at the meeting, (ii) holders of not more than 2 per cent of the issued and outstanding common shares of Hinterland having exercised their right of dissent in respect of the arrangement, (iii) the TSX Venture Exchange having conditionally approved the listing of the shares of Stakeholder and the new common shares of Hinterland, (iv) the successful completion by Stakeholder of a private placement for minimum gross proceeds of \$825,000, (v) the execution of a definitive agreement between Hinterland and Stakeholder for the transfer of the Yukon gold assets and (vi) other conditions customary to this type of transaction.*

This activity will probably close sometime mid-May.

Hinterland holds a 100% interest in the Ballarat gold property located 90km due south of Dawson City, Yukon. The property was acquired immediately after the May 2006 announcement of Underworld's White Gold discovery, 15km due north of Ballarat. In 2009 Hinterland completed soil geochemical, and airborne magnetic and radiometric surveys. The soil survey identified two parallel, northeast-trending, linear gold anomalies that lie on the margin of a circular magnetic high in the north-western corner of the property. Each anomaly is roughly 2km long and varies from 50 to 150m wide. Hinterland is fully funded to test these

promising gold targets by drilling in 2011.

**HMI** is a **BUY** at current levels. Once this plan of arrangement is complete, I could see HMI moving up our TOP 10 YUKON LIST very quickly.

That is all for now.

Have a great weekend!

Greg

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