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LAWRENCE ROULSTON'S
RESOURCE OPPORTUNITIES

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Gold In Record Territory

Where will it go from here?

Editorial

The announcement that the Indian central bank purchased 200 tonnes of gold (6.43 million ounces) from the International Monetary Fund ignited a rally in bullion. With the price now firmly above $1,100 for the first time, opinion is divided as to where it will go from here.

There are a couple of optimistic elements in the purchase of gold by the Reserve Bank of India. For one thing, the knowledge that the IMF was intending to sell more than 400 tonnes of its bullion reserves had put a damper on the gold market. Many gold analysts were concerned that the IMF would dribble gold onto the market and therefore depress the price as the Bank of England did a decade ago. Finding a ready buyer for half of the gold that the IMF planned to sell removed that overhang from the market.

The second reason for optimism is that India's conversion of dollars for more gold in its official reserves may be a signal that other Central Banks could do the same. Analysts now see the potential for other central banks to step up and take the other half of the IMF gold, removing the balance of the overhang. China is at the top of the list, although their official position is that they will continue to buy domestically produced gold. With China now the world's largest gold producing nation, they have ample supply.

The thinking that other central banks would exchange a larger portion of their US dollar reserves for hard assets was escalated by some commentators to a belief that central banks will make a wholesale switch out of dollars and into gold. Some are even suggesting that gold might become the leading reserve currency.

That thinking needs to be evaluated carefully. First, the 6.43 million ounces purchased by India boosted gold from 3.7% to 6% of their total reserves. India has a long history of having a strong affinity for gold.

China made headlines earlier in the year when it disclosed that its central bank has been buying gold. Again speculators began anticipating a massive gain in China's gold holdings. In fact, China had stated some years ago that it intended for gold to represent 2% of its total foreign exchange reserves. The purchases over the last year merely saw gold keep pace with their ballooning foreign currency reserves.

Central banks will play an increasingly important role in the gold market. Net sales by the Bank of England and the European central banks were a key factor in depressing the gold price in the late 1990s. An agreement among the largest official sector holders of gold, known as the Washington Accord, put a quota of 500 tonnes per year on sales from that group. The Washington Accord was an important turning point in the gold market.

Mine production falls short of meeting physical demand, so net sales by the central banks have balanced demand and supply for more than a decade. Over the past couple of years, the central banks in the Washington Accord sold less than their quotas, although their annual sales still represent more than two times the amount purchased by India.

A further 203 tonnes on offer by the IMF, together with the 400-plus tons from the Washington Accord countries should satisfy demand from other central banks, even as they ramp up their sales. The growing interest in holding gold by central banks is being augmented by other purchasers, including sovereign wealth funds, hedge funds and a broad range of other professional investment managers, some of whom are buying gold for the first time. Individuals, in all parts of the world, are also buying gold in record amounts.

Some of those purchases are being made with a long term perspective, but there are also a great many players in the market with a very short timeframe. It is

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very important to realize that the traders can reverse sentiment and become sellers in as much time is it takes to click the sell button on their computer screens.

It is also worth remembering that the jewellery sector is extremely price-sensitive. That price sensitivity starts with the sophisticated buyers who operate at the wholesale level in the jewellery industry. When the price spikes, as it has recently, those professionals stand back from the market, waiting for the inevitable correction. In terms of the physical movement of gold on an annual basis, the jewellery industry is a much bigger factor than investors.

In the past, the speculators have become sellers as soon as the upward trajectory levelled off. The result has been a series of spikes followed by sharp pullbacks.

While history tends to repeat, there are reasons to believe that the present situation is unprecedented and may result in a different pattern. The financial crisis of the past year was the worst in eight decades. Trillions of dollars of shareholder wealth was wiped out. Companies that for decades were seen as the backbones of the economy – General Motors and major American banks, for example – were suddenly bankrupt.

The American dollar, the undisputed global currency of choice for decades, is now seen by many as being on a long slide. The bearish outlook for the dollar involves more than the massive government debt that continues to grow in trillion dollar increments as bailouts continue and more troops are readied to be sent to Afghanistan and Iraq.

The trillions of dollars pumped into the economic system to keep it afloat are in demand in this moment, but that situation is already beginning to reverse. At the height of the crisis, investors around the world bought dollars in the form of T-bills and other short term instruments as a safe haven. With stock markets around the world losing half their values, that was a smart move.

Now, with economic activity in Asia and other emerging economies outpacing the developed world, those dollar instruments are being sold back to invest in more vibrant economies. It will be at least a year or two before the U.S. gets back to the kind of growth that would again draw international investment money back into the country in a big way.

There is another, sometimes overlooked, reason to expect further declines in the dollar. The financial crisis that engulfed the world over the past year originated on Wall Street. Top American ratings firms had given the highest ratings possible to mortgages that mere months later were labelled as toxic waste. There is a degree of bitterness and distrust around the world toward the ratings agencies and the banks that peddled that toxic waste.

Following soon after the dot.com bust, it may take some time for international investors to regain confidence in the American business system. A series of other embarrassments, including Enron and the Madoff mega-fraud, have deepened the distrust of American investments. Investors can deal with a business failure. But a $50 billion Ponzi-scheme that operated undetected for more than a decade brings the entire system into question.

At this moment, all of the negative news about the dollar is in the forefront of investor minds. That sentiment continues to push gold higher. Gold is measured in dollar terms, so a fall in the value of the dollar is automatically reflected in the price of bullion. In addition, the perception that the dollar will continue to fall has led investors around the world to buy gold, increasing demand for the metal and thereby boosting its value in real terms.

Gold entering record territory has attracted a frenzy of commentary. In the last few days, I have seen near term price targets for gold ranging from $450 an ounce to $8,000 an ounce. There are far too many variables impacting the gold market for any mortal to make a meaningful prediction of the future.

I am certain that gold is not going to $450 in the near term, or ever for that matter. I am equally certain that gold is not going to reach $8,000 any time soon. However, there is a large range around the current price that is within the realm of possibility.

Longer term, I am certain that gold is going higher. In the near term, a correction is a very real possibility, but not a certainty. The pattern of a sharp upward spike followed by a sudden reversal and a period of consolidation has been repeated numerous times over the past several years. The financial world is different at this time than it has been at any time in the past. Nevertheless, one must recognize the likelihood of history repeating itself.

Even though the gold price is in record territory, the gold equities have not kept pace, especially among the smaller companies. Those investors who see the gold price sustained at this level or moving higher should see the gold equities as irresistible bargains.

For those who see a correction in the gold price before the next leg up, take heart that since the gold companies have not participated in the recent price action, there is not a great deal of downside risk.

Rather than betting on the near-term direction in the gold price, investors may be better served by looking at things that are more readily quantifiable. I have often written about the progression in value of a gold deposit and the share price of the company that holds it as a deposit progresses from discovery through to production. An important part of that analysis is the vastly different prices attributed to a gold deposit in the hands of a small producer compared to the values per ounce that are attributed to the larger gold mining companies. The same deposit can have a value several times greater when it is owned by Barrick or Newmont or another major as opposed to a small company operating a single small mine.

Several sophisticated investment groups are now working to profit from that disparity in values. We recently wrote about Endeavour Mining Finance. That company has set about to amass a substantial holding of gold resources. Their strategy is to buy the small producers, which they can acquire less expensively than the larger companies. Ultimately, they plan to consolidate a number of small producers to create a million-ounce-a-year gold mining company. That consolidation would result in a valuation much higher than the sum of the values of the small companies.

That strategy of investing in the smaller gold companies also gives investors exposure to a great many more ounces of gold in the ground for the same invested dollars.

That is, investing in the smaller gold producers and development stage companies gives investors a triple winning combination: 1. Exposure to more ounces of gold for the same investment; 2. Gains in value as gold deposits move toward development; 3. Upside potential in values as smaller companies are rolled into larger companies.

In the newsletter, we will be seeking to identify the companies most likely to be acquisition targets. In this way, subscribers will get access to producing gold companies and also the opportunity to realize the gains in value of particular companies.

Company Updates

Alexco Resource Corp
(AXR-TSX ; AXU-NYSE-A)

Alexco is about to begin mine development at Bellekeno, with initial production slated to begin next June. That silver-lead-zinc mine would become the first of several mines planned for the company's 233 square kilometer property covering the Keno Hill Silver District in the Yukon, Canada.

A recently completed development plan forms the basis for the company to begin development. A four year mine plan is based on an updated resource estimate outlining an indicated resource of 401,000 tonnes grading 921 grams per tonne silver, 9.4 % lead and 6.5% zinc (11.8 million ounces of contained silver). An inferred resource of 111,000 tonnes grades 320 grams per tonne silver, 3.1% lead and 17.9% zinc with a total of 1.1 million ounces of silver. Most of that amount is not included in the mine plan.

Once at full production of 250 tonnes per day, that high grade deposit would annually produce in excess of 2 million ounces of silver, together with roughly 16 million pounds of lead and 9 million pounds of zinc.

The capital expenditure required to develop the mine is estimated at C$41.6 million. The company has already arranged the bulk of that funding through a silver stream agreement with Silver Wheaton (SW-TSX). Silver Wheaton has paid $15 million and will advance a further $35 million in return for the right to purchase 25% of the silver production at a fixed price of $3.90.

The economics project a net present value (using an 8% discount rate) of C$31.9 million based on "consensus forward-looking metal prices and exchange rates". Using current metal prices, the NPV jumps to C$57.7 million. Those figures take into account the Silver Wheaton silver stream. The NPV will get a further boost if the company is successful at mining the inferred resource or if they can find another source of ore to extend the mine life beyond the four years in the mine plan. Exploration results and historic data make it highly probable that the mine will continue beyond the present plan.

The base case prices would generate annual cash flow of about C$9.5 million. The current metal prices would see Alexco earn C$17 million of annual cash flow from that first mine.

The Keno Hill Silver District hosts 35 historic mines, and ranks as one of the highest grade silver districts ever mined. More than 200 million ounces of silver was produced from ore that averaged 40.5 ounces per ton, plus more than 8% base metals. Alexco is conducting the first-ever comprehensive exploration program of the district. Several areas besides Bellekeno are being targeted for resource definition and near-term mine development.

Drilling at the historic Lucky Queen mine on the eastern portion the Keno Hill property returned assays up to 4.2 meters of 2120 grams per tonne silver. Lucky Queen is a priority target for Alexco and the aim is to expand the areas known to carry silver from historic work.

Other highlights from the past season of exploration include gold values from the Keno 700 mine area, three kilometers northeast of Bellekeno. Drilling last year encountered gold values along with silver and base metals in the area of the old workings. Recent results tested the gold-bearing veins 450 meters from the workings with three holes, all of which encountered gold, silver and base metals.

The highlight was a 1 meter interval that carried 18.48 grams per tonne gold (0.54 ounce per tonne), 200.3 grams per tonne silver (5.8 ounces per tonne), 2.79 per cent lead and 3.92 per cent zinc. Historic production at that mine averaged 44 ounces per tonne silver, and a small resource is still in place, estimated at 31 ounces per tonne. The recent drill results highlight the potential for further resources in that mine area.

The near term production plans adds considerable appeal to Alexco, which has enormous exploration potential as it continues to evaluate its extensive property covering one of the most important silver districts in the world.

Price November 16, 2009: C$2.87; US$2.74
Shares Outstanding: 43 million
Shares Fully Diluted: 48 million
Market Cap: C$123.4 million
Contact: Investor Relations
604-633-4888
www.alexcoresource.com
Last updated September 2009-2

Capstone Mining
(CS-TSX)

Capstone is benefitting from the strong copper price, generating operating cash flow of $36.6 million or $0.19 per share for the third quarter ended September 30. The company recorded a loss on its derivative position of $37 million, which together with other adjustments resulted in a net loss of $10.3 million for the quarter.

The company sold 24.6 million pounds of copper in the quarter, keeping it on target to reach 95 million pounds of copper for 2009. That figure is at the lower end of the target range due to some production difficulties at Minto.

The company ended the quarter with working capital of $106.7 million ($94.4 million in cash) and only $19.9 million in long-term debt. It held $32.4 million in investments.

Capstone invested C$11.25 million at $2.50 per unit (share and a half warrant) in Nevada Copper Corporation (NCU-TSX) for an 11.1% ownership of the company. Nevada Copper owns the Pumpkin Hollow deposit located near Yerrington, Nevada. Pumpkin Hollow is an iron-oxide-copper-gold deposit that hosts 9.3 billion pounds of copper, 1.45 million ounces of gold, 55 million ounces of silver and 130 million tonnes of iron. A preliminary economic assessment outlines a net present value of US$784 million at an 8% discount rate for the project, based on a long term copper price of $1.75. At $2.50 copper, the projected value is $1.1 billion.

Capstone's investment money will be used to fund a pre-feasibility study for the project. The investment gives Capstone exposure to an immense copper resource.

With solid cash flow generation from its two mines and potential for further gains through higher metal prices and resource expansion, Capstone remains in a good position to make additional gains for shareholders. The investment in Nevada Copper provides exposure to additional near-term production potential in a safe jurisdiction. The successful track record of management, the strong operating cash flow and the cash holdings put the company in a strong position to acquire additional assets that will further grow the company.

Price November 16, 2009: C$2.99
Shares Outstanding: 196 million
Shares Fully Diluted: 197 million
Market Cap: C$586 million
Contact: Investor Relations
1.866.684.8894
www.capstonemining.com
Last updated September 2009-2

CGA Mining
(CGA-TSX)

CGA continues to ramp up gold production at its Masbate mine in the Philippines, with 30,000 ounces produced in the September quarter. The ramp-up to full production is taking longer than anticipated, which has had a depressing effect on the share price.

The company now expects to achieve sustained production at full capacity in the current quarter. At the end of October, the company reported that the mill was operating materially above the design capacity.

The production target for the fiscal year ending June 30, 2010 was earlier set at 200,000 ounces. Further mill expansion is expected to boost the annual production level to the 250,000 ounce range. If that expansion can be brought on early enough and production continues to exceed the design level, the company may still achieve its target for the current fiscal year.

To offset the lowered revenues in the previous quarter, the company raised a further C$25 million at $1.70 per share. Added to the $14.5 million cash on hand at the end of September, the company should have adequate funds to see Masbate in full production and continue exploration there and at its other projects.

At the Segilola gold project in Nigeria (where CGA has the option to earn a 51% interest), a 119 hole drill program was conducted over the past year. Favorable results are now being used as a basis for a resource estimate and technical report. Metallurgical studies show good recoveries. Work to date supports the premise of a million ounce deposit, with a multi-gram grade, that is mineable from surface. CGA intends to advance the project quickly toward production.

CGA has earned a 51% interest in the Mkushi copper project in Zambia. Located in the prolific Zambian copper belt, the mine operated until the 1970s, producing copper grading 1.5% from an open pit. The project has resources in place from the earlier work as well as considerable exploration potential. The company is working toward expanding the resource with the intent of moving quickly toward production.

The extended time period for the ramp up at Masbate resulted in a flat share price even as gold continues to rise. Start-up delays are inevitable in a new mining operation. Having had time to work out the bugs, the mine is now well on its way to full production. Partly due to the delays, the CGA share price has not yet participated in the gold price rally. With full production now seemingly at hand and the second gold project also moving forward, CGA is well positioned to benefit from the strength in the gold market.

Price November 16, 2009: C$1.82
Shares Outstanding: 269 million
Shares Fully Diluted: 289 million
Market Cap: C$489.5 million
Contact: Investor Relations
61.8.9263.4000
www.cgamining.com
Last updated September 2009-2

Fortuna Silver
(FVI-TSXV)

Fortuna enjoyed record sales of $13.2 million for the third quarter at its Caylloma silver-base metal mine in Peru. The strong sales resulted from a combination of rising production and strong metal prices. The mine generated operating income of $7.1 million, but that gain was wiped out by negative mark-to-market movements on its commodity hedge book and corporate expenses, resulting in a bottom line loss of $560,000.

Caylloma is on track to produce an anticipated 1.6 million ounces of silver in 2009, together with substantial lead, zinc and copper. The current metal prices are well above the levels of the third quarter, suggesting even better operating results in the final quarter. The company ended the quarter with $35 million of working capital.

That working capital position puts the company in a strong position to develop its second mine. Construction is expected to get underway early in the new year at San Jose, in the state of Oaxaca, Mexico.

The environmental impact study was approved for full mine and mill construction of a 1,500 tonne per day operation. Permits were also received to allow the San Jose mine to connect to the national power grid. The change in land use permit, expected any day, will allow construction to get underway.

The resource estimate for the Trinidad zone now consists of an indicated resource of 2.69 million tonnes grading 295 g/t silver and 2.27 g/t gold, containing 37.6 million silver equivalent ounces plus and inferred resource of 2.41 million tonnes grading 262 g/t silver and 2.11 g/t gold containing 30.4 million silver equivalent ounces. Those resource figures are presently being worked into a pre-feasibility study that is expected by the end of this year.

In September, the company optioned a 60% interest in the Tlacolula silver project, located 30 kilometers northeast of San Jose. That project is an early stage exploration property in a well mineralized district.

The strengthening metal prices should contribute to further gains in the results from its Peruvian mine. The prefeasibility study at San Jose will provide a basis for attributing a tangible value to that project. With permits in place and cash in the bank to advance the project to production, Fortuna shareholders can look forward to the upward trend in the share price continuing.

Price November 16, 2009: C$1.98
Shares Outstanding: 94 million
Shares Fully Diluted: 103 million
Market Cap: C$186 million
Contact: Investor Relations
604.484.4085
www.fortunasilvercom
Last updated September 2009-2

Hathor Exploration
(HAT-TSXV)

Hathor's initial resource estimate for the Roughrider zone of its Midway NE uranium project clearly fell short of investor expectations, triggering a wave of selling as the company published the estimates.

Investors, expecting something north of 30 million pounds of uranium in the ground, were given 6.6 million pounds of indicated resource and a further 5.5 million pounds of inferred resource. It is important to realize that those figures only begin to quantify a much larger uranium deposit on the ground in which Hathor holds a 90% interest. The resource estimate is broken into so-called outer zones that carry 1 to 1.5% U3O8 and high grade core zones that grade 15 to 17%. Most of the uranium mined around the world comes from deposits that carry less than 1%.

The initial estimate was restricted because of the nature of Hathor's deposit. Unconformity-type uranium deposits like the Roughrider zone tend to be somewhat erratic in shape. For that reason, the geological engineering group that made the estimates gave credit for only a small area of influence around each of the drill holes. In effect, some of the holes only outlined a cylinder of mineralization around the hole for the interval where the hole carried high values of uranium.

In deposits with more geological continuity, the grade of the mineralization would be projected through the interval between the holes (as long as the holes are suitably spaced). Furthermore, the resource estimate does not incorporate drill results from the summer program, some of which were only announced last week.

The results of the drill holes beyond the data used in the estimates will clearly add pounds, with potential for a big increase in the resource. Particularly interesting was hole #170, located 200 meters along trend to the northeast of the main zone that encountered high grade uranium. The first interval was 10 meters of 13.4% U3O8 and just 10 meters deeper, another 8 meter interval graded 27.6% U3O8. At this time, it is not clear if the discovery at hole #170 is a distinct occurrence or a continuation of the main zone.

Further drilling is required to delineate the new zone, to test the interval between hole 170 and the main zone and to in-fill the main zone. Other target zones along the trend will also be tested where geophysical and other evidence may indicate additional new zones of high grade uranium. To that end, Hathor plans to employ four drills through the winter.

It will be well into next year before the resource calculation is updated. However, investors will not have to wait that long for evidence that the deposit is larger than the initial resource estimate. As drill results are available over the coming months, investors and analysts will be able to relate those results to the holes that are included in the resource calculation. As long as the drills produce grades and thicknesses in line with earlier values, the company will get credit for a growing resource as the drilling progresses. In addition, there is still scope for additional discoveries.

The current share price reflects the limited size of the initial resource. Drill results already in hand point to significant growth in the size of Hathor's high grade uranium deposit, with further potential from other exploration projects.

Price November 16, 2009: C$1.87
Shares Outstanding: 91 million
Shares Fully Diluted: 100 million
Market Cap: C$170 million
Contact: Investor Relations
604-684-6707
www.hathor.ca
Last updated September 2009-2

New Gold Inc
(NGD-TSX)

New Gold showed big improvements in gold production and cash costs in the third quarter. Its three mines produced 79,531 ounces of gold and generated earnings from mine operations of $22.6-million. Higher metal prices and increased copper production at Peak contributed to rising by-product credits that brought cash cost down to $470 per ounce. The company remains on track to meet its updated 2009 production guidance of 270,000 to 300,000 ounces of gold.

The Cerro San Pedro gold-silver mine in Mexico performed as expected with a slight improvement in recoveries in part from the secondary leaching that was implemented. The higher silver grade produced more by-product credits. The company has been exploring the ore body, pushing out the limits of the near surface leachable material and also outlining a sizable sulphide zone at depth. That deeper ore could see the development of a second mining and processing facility to complement the present heap leach operation. A resource estimate is expected in the next quarter.

The Peak gold-copper mine in Australia saw a decline in gold produced and an increase in copper as mining moved into a different part of the orebody. Mesquite production was down from a year ago, but looks to improve in the near term as a lower stripping ratio will see more tonnes of ore going onto the leach pads.

Development of the New Afton project in southern British Columbia remains on budget and on track for completion by the second half of 2012. During the quarter, a conveyor decline reached the underground workings and created a secondary access route underground. The company expects to fund mine development from internally generated cash.

The loan facility for the Mesquite Mine was amended and a prepayment of $15 million was made to reduce the principal to $45.8 million. The loan is now repayable on June 30, 2012. New Gold has $242 million in cash and equivalents. It has $265 million in debt, with the majority in long-term notes that are not due until 2017.

New Gold is also working toward gaining greater investor recognition for some of its other assets. Last month Barrick announced its intention to buy the 70% stake in the El Morro copper-gold porphyry deposit in Chile from Xstrata. The gold major has offered $465 million in cash. New Gold is evaluating options to optimize the value of its 30% stake in that project and is in discussion with Barrick. New Gold has a first right to acquire the Xstrata interest, which should give it some leverage in discussions.

New Gold also holds C$160 million face value of asset backed commercial paper. The value of that investment was impaired by the financial crisis. Improving markets have improved the prospects of near term liquidity on favorable terms.

After completion of a scoping study earlier this year on the Amapari mine in Brazil (the mine was shut down due to operational difficulties) several companies have expressed an interest in purchasing the mine. At this time, the company gets little or no credit for it.

The company offers investors exposure to 14 million ounces of gold, 70 million ounces of silver and 4 billion pounds of copper and a growing production profile. Further growth in production will come as Afton is developed. With El Morro now being evaluated by Barrick, there is additional organic growth potential. Further acquisitions can be anticipated as the company moves towards it goals of becoming a million-ounce producer. Progress toward that level would see a growing valuation per ounce of production.

Price November 16, 2009: C$4.47
Shares Outstanding: 387 million
Shares Fully Diluted: 100 million
Market Cap: C$1.72 billion
Contact: Investor Relations
604-696-4100
www.newgoldinc.com
Last updated September 2009-2

Brief Updates

Kaminak Gold (KAM-TSXV; C$0.57) is maintaining strong investor interest even though it won't be drilling until spring. That interest is based on strong surface results from several properties in the White gold district where Underworld Resources (UW-TSXV) made an important discovery.

The most advanced is the Coffee property, which has strong geologic similarities to the Golden Saddle discovery area of Underworld. Trench results from the Supremo target included 21 meters of 2.3 grams per tonne gold and 10 meters of 11.72 grams per tonne gold. Trench results from the Latte were less impressive, but still highly encouraging, identifying an extensive area with gold values at surface. Soil sampling has identified other target areas that will be trenched in the spring.

Kaminak plans to begin a phase one 5,000 meter drill program on the Coffee property in the spring. Success from any of those holes would have an enormous impact on the company's share price. Kaminak is working on a number of other high potential projects with joint venture partners funding some of the work. The Coffee project will likely remain in the spotlight over the upcoming months, however a discovery on any of the other properties could also have a positive impact on the company's share price.

Last updated September 2009-2

Initiating Coverage

First Point Minerals
(FPX-TSXV)

First Point has optioned its nickel-iron property to a major iron producer. A unit of Cliffs Natural Resources Inc. has an option to earn an initial 51% interest in the Decar nickel alloy property in central British Columbia. Cliffs has also agreed to subscribe to a private placement of First Point shares.

First Point is run by Dr. Peter Bradshaw, a highly regarded geologist. The project is at an early stage, but has considerable potential. The project hosts an unusual mineral called awaruite, with symbol Ni_3Fe. It is a naturally occurring alloy of nickel and iron. It occurs as sizable particles and is highly magnetic, opening the possibility for magnetic separation. The nickel mineral is also dense, which would allow separation by gravity means.

The surface exposure of the mineralization is extensive, suggesting the possibility for a multi-hundred million tonne deposit with a grade in the order of 0.3% nickel. Much of the nickel content is in the awaruite, and since that mineral could be readily separated and may not require smelting, the size and the grade appears to make economic sense. The deposit is at surface and is well located, with a rail line adjacent to the mineralized hillside.

The deal with Cliffs gives the iron miner the option to earn up to a 75% interest by funding the project through a feasibility study. The deal includes a firm commitment of $1 million of spending in the first year. It was somewhat surprising to see a large company like Cliffs enter into a joint venture of this nature on a property on which there has not yet been any drilling. The deal attests to the large size potential of the project and to the geological work completed by Dr. Bradshaw and his team.

First Point also holds a property in Oregon with similar geology and Dr. Bradshaw has been conducting a comprehensive review of other similar settings. First Point also has three other gold-silver-base metal projects in Mexico and Honduras, all of which have seen enough previous work to demonstrate the potential for substantial discoveries. The company has been hampered by a lack of cash. The higher profile that the company now enjoys should make it possible to raise money to continue to advance those projects.

The announcement of the joint venture arrangement on the Decar property triggered a buying flurry in the stock. Speculative-oriented investors may still want to try to get a position. Don't chase it, but there may be more stock available under C$0.20. If work over the coming months supports the premise that Decar could be a major nickel producer, the company would be worth considerably more than the present price. The other projects will also continue to add value as work progresses.

Initiated Price: C$0.17
Closing Price November 16, 2009: C$0.195
Shares Outstanding: 57.7 million
Shares Fully Diluted: 64 million
Market Cap: C$9.8 million
Contact: Investor Relations
1-866-FPM-8601
www.firstpointminerals.com

Conferences

The next conference where I will be participating as a speaker will be in San Francisco. I encourage you to attend, as it provides an excellent opportunity to meet face to face with company management.

Hard Assets Investment Conference
San Francisco, CA
November 21-22, 2009
"At this public conference, private and professional investors meet with the world's top gold and precious metal producers. The industry's most important recent developments and opportunities are presented in this highly charged professional arena."
www.iiconf.com

Vancouver Resource Investment Conference
Vancouver, BC
January 17-18, 2010
"Cambridge House International Inc. is a world leader in producing investment conferences that bring together acclaimed speakers, dynamic emerging public companies and individual and professional investors."
www.goldshow.ca

Metal Prices - November 16, 2009

Gold	1139.70	\$/ounce
Silver	18.36	\$/ounce
Platinum	1441.00	\$/ounce
Palladium	373.00	\$/ounce
Rhodium	2287.50	\$/ounce
Copper	3.10	\$/pound
Nickel	7.58	\$/pound
Aluminum	0.89	\$/pound
Zinc	1.02	\$/pound
Lead	1.07	\$/pound
Uranium	45.50	\$/pound
Cobalt	20.00	\$/pound
Molybdenum	12.00	\$/pound
Tungsten	10.42	\$/pound
Tin	6.69	\$/pound
Indium	400.00	\$/kilogram

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