

Today's Notes:**1. Anatomy of a new Discovery****1. ANATOMY OF A NEW DISCOVERY**

Often the progress to discovery is agonizingly slow. Take the field of discovery in cancer research. A company called ImClone, founded and run by two brilliant brothers, Samuel and Harlan Waksal, seemed to hit the jackpot when Bristol Myers bought a 17% position in their company a few years ago. They had developed a drug called Erbitux (a monoclonal antibody) which seemed quite promising in treating certain cancers. In fact it has become a very promising treatment adding months to the life of those afflicted with colorectal and head and neck cancers.

There was much concern when an earlier clinical trial was considered flawed. Of course you will remember the fallout and persecution of those who were deemed to have sold the ImClone stocks on inside inflation. The stock fell to \$7.50 on the news and of course was eventually purchased for \$6.5 billion by Bristol Myers (about \$60 per share). However despite all the noise surrounding the "failed" clinical trial, few people realize that the two brothers started ImClone in 1984. In other words it took 25 years of work to finally realize the discovery. Is it worth waiting 25 year and investing capital and hard work for \$6.5 billion? In our view the answer is a resolute "yes."

One aspect of Discovery Investing that doesn't receive too much recognition is that many of the discoveries are socially responsible. A cure for cancer? Yes! Stem cell technology to treat ALS? Yes! A new clean coal gasification and liquids process? Yes! Discovery of a deposit of rare earth metals in North America? Yes! All these and many more discoveries have the potential for the betterment of mankind. Just use your own imagination and perform the best possible due diligence and you will find more discovery opportunities than you could possibly imagine.

I have often encouraged Morning Note readers and students of the discipline of Discovery Investing to "seize the day." I encourage you to choose a legacy that you want to research and in which develop an personal involvement – not only a financial one. I think of so many CEO's that chose to develop a discovery opportunity because of some health problem with a child or a re awakening in a geologist to make that most important discovery because of the need to fulfill life's goals. Some of you may remember the late Dr. Ralph Roberts, who, jointly, with John Livermore, discovered the massive Carlin gold trend in the 1970s in Nevada. Their Carlin discovery process took decades of work in the Nevada desert. I also think of Stu Blusson, who along with a colleague, Charles Fipke, **walked** the Northwest Territories for years following indicator mineral trains looking for diamonds in Canada – which were not supposed to exist there. I think of Chris Hopkins who proved the existence of the oil sands of Saskatchewan. I think of Mr. Jim Murphy who took over the CEO reigns at DataMeg years ago and morphed it into a company that may now own a significant stake

in a major water reclamation project in New Mexico. If you ask anyone about water in the west they will quick to recount the critical need for discovery in the water space.

Finally I think of Dr. John Thompson, a biology professor at the University of Waterloo in Ontario Canada. He discovered a gene in the tomato which appears to control many (if not all) of the pathways that regulate cell death in mammals. This discovery may lead to treatments for cancers and immune related diseases such as arthritis and septic shock.

The point I make is that discovery is at its best when it is about seizing legacy opportunities. I suspect that the Waksal brothers felt a great deal of pleasure, not only related to the wealth creation, as their cancer drug Erbitux showed its efficacy in treating cancers.

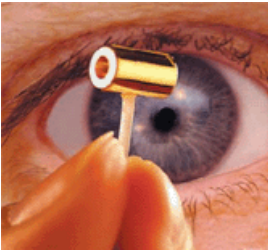
However, discovery takes time, money and human capital on an enormous scale. It may become a life search. I always caution individual investors and brokers who inquire that perhaps point 10 on the Discovery Grid is most important. **That is patience.** After all these years, I am still interested in diamonds. This time it is a company called Indicator Minerals in Nanavut and another called Shear Minerals. Patience will be required in both discovery opportunities. I have been following Senesco Technologies (cancer treatment using Factor EIF5a1) for 5 years now. I have never lost faith. Discoveries are few and far between. **Many of these opportunities s will NOT come to fruition.** However, if you are diversified properly and focused with due patience I believe you will be successful, just as the investors in Western Silver, ImClone and Research in Motion have been – beyond their wildest dreams.

This AM I was reading the journal *Science*. In it I found an excellent exposition on the new fusion research about to be tested. Generating power from fusion, the way the sun creates our daily energy, has the potential for releasing relatively clean energy in enormous amounts. In some respects this discovery is the holy grail (Game Changer) of the search for cheap, renewable, readily available and clean energy. You may remember from a previous Morning Note that New York Times columnist Thomas Freidman wrote on fusion energy recently. It turns out that the initial discoveries of the laser were the first steps in the search for fusion related energy. This occurred in November of 1957 nearly half a century ago. The Journal Science writes this AM,

“In November 1957, Gordon Gould, a grad student at Columbia University, jotted down in a notebook some ideas on how to make a laser, a term that he coined. Possible uses for such a device, he noted, included spectrometry, interferometry, radar, and nuclear fusion--all 3 years before a laser was actually demonstrated. Gould's innovations were disputed: He was not included in the 1981 Nobel Prize for the laser, and for 3 decades he fought in the patent courts to assert his inventions. He was eventually successful, and many of the applications he dreamed up, such as heating and evaporating materials, measuring distance, communications, and television, have come true--apart, that is, from nuclear fusion.”

Next year, researchers at the Lawrence Livermore National Laboratory (LLNL) are **finally** preparing to test the confinement of a Beryllium slug with 192 lasers. Once again the journal writes,

“If all goes according to plan, some time in 2010 the power of those beams will be directed at a small beryllium sphere filled with hydrogen isotopes. The resulting implosion will crush the hydrogen to a temperature and pressure higher than in the core of the sun. If NIF's scientists get everything right, the hydrogen isotopes will do what they do in the sun: fuse together into helium nuclei and release a huge store of energy. NIF's principal aim is to reach "ignition": a self-sustaining fusion burn that gives off more energy than was put in to make it happen--something that so far has occurred only in nuclear explosions and stars.”



If the implosion is perfect then perhaps more self-sustaining, clean energy will be produced than is injected by the lasers. Most scientists see at least 10 or more years of testing before the final result is known. You see there are no guarantees in discovery investing. However the payoffs, when they occur are huge. They may be revolutionary.

We must all acknowledge that in the process of discovery, God can thwart our expectations and discovery dreams more often than not. However there is a chance that at some point in the future such ***Game Changing discoveries (fusion energy?)*** will obtain. In fact they will always occur, just not on our timetable or to our specifications.

Thus I do not despair the growing lack of clean air and water, the existence of formidable cancers, the lack of cheap and clean energy or other limits to the progress of civilization. Discovery, and the patience required therein, will always be the key to our societal development. The future is bright. There is hope as long we have the freedom to seize our legacy causes and that you will have the opportunity to assist by investing as your own causes. The only other qualities you will require will be patience, focus and hope. What if the Waksal brothers had stopped work on Erbitux after the initial failures? Stay tuned on Senesco, DataMeg, Neuralstem, Rare Earth Metals, Hyperion and Indicator Minerals, to name just a few potential game changers.

The material herein is for informational purposes only and is not intended to and does not constitute the rendering of investment advice or the solicitation of an offer to buy securities. The foregoing discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (The Act). In particular when used in the preceding discussion the words “plan,” confident that, believe, scheduled, expect, or intend to, and similar conditional expressions are intended to identify forward-looking statements subject to the safe harbor created by the ACT. Such statements are subject to certain risks and uncertainties and actual results could differ materially from those expressed in any of the forward looking statements. Such risks and uncertainties include, but are not limited to

future events and financial performance of the company which are inherently uncertain and actual events and / or results may differ materially. In addition Dr. Berry may review investments that are not registered in the U.S. Dr. Berry has been awarded 10,000 stock options exercisable at \$7.50 from Senesco Technologies. He has been awarded 100,000 options of Derek Oil and Gas exercisable at C\$.47, Valcent Products (300,000 options), Global Green Solutions (400,000 options) and War Eagle Mining. He owns shares and in Goldcorp, Senesco Technologies, DataMeg, Immtech International, Horseshoe Gold, Derek Oil and Gas, Terraco Gold, US Silver, Neuralstem, Piedmont Mining, MegaWest Energy, Valcent Products, CGX Energy, MacMillan Gold and Quaterra Resources. He has been awarded 250,000 options on Terraco Gold exercisable at C\$.50 for 5 years, for services as a financial advisor. In his role as advisor he has been awarded 75,000 options from Polymet which strike at C\$2.76. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.