

Today's Notes:

- 1. Grande Portage at the Herbert (GPG TSXV)**
- 2. Terraco Gold Moves (TEN TSXV)**

1. GRANDE PORTAGE (GPG TSXV)

Alaska is in the news again. It is not only news on the Tintina Gold Belt. You may be aware that we have published Morning Notes on Underworld Resources, Kaminak, Fire River and most recently Golden Predator (GPD TO). All these reside on the Tintina that stretches from central Alaska through Canada's Yukon to British Columbia. All have been discovery successes. Just as we predicted Golden Predator has recently made significant gold discoveries on two of its Yukon properties. We will have more to say about GPD later this week.

Last week Grande Portage announced that it had interested three veins on their 65/35 Herbert Glacier joint venture with Quaterra Resources (QMM NYSE AMEX) 20 miles north of Juneau, Alaska. These veins are believed, from previous drilling by Echo Bay, to be gold bearing. More to the point they intersected one or more of these veins on all seven holes drilled to date. The Deep Trench vein which they intersected had been previously mapped but never intersected by Echo Bay in the 1980s drill program – a significant GPG discovery.

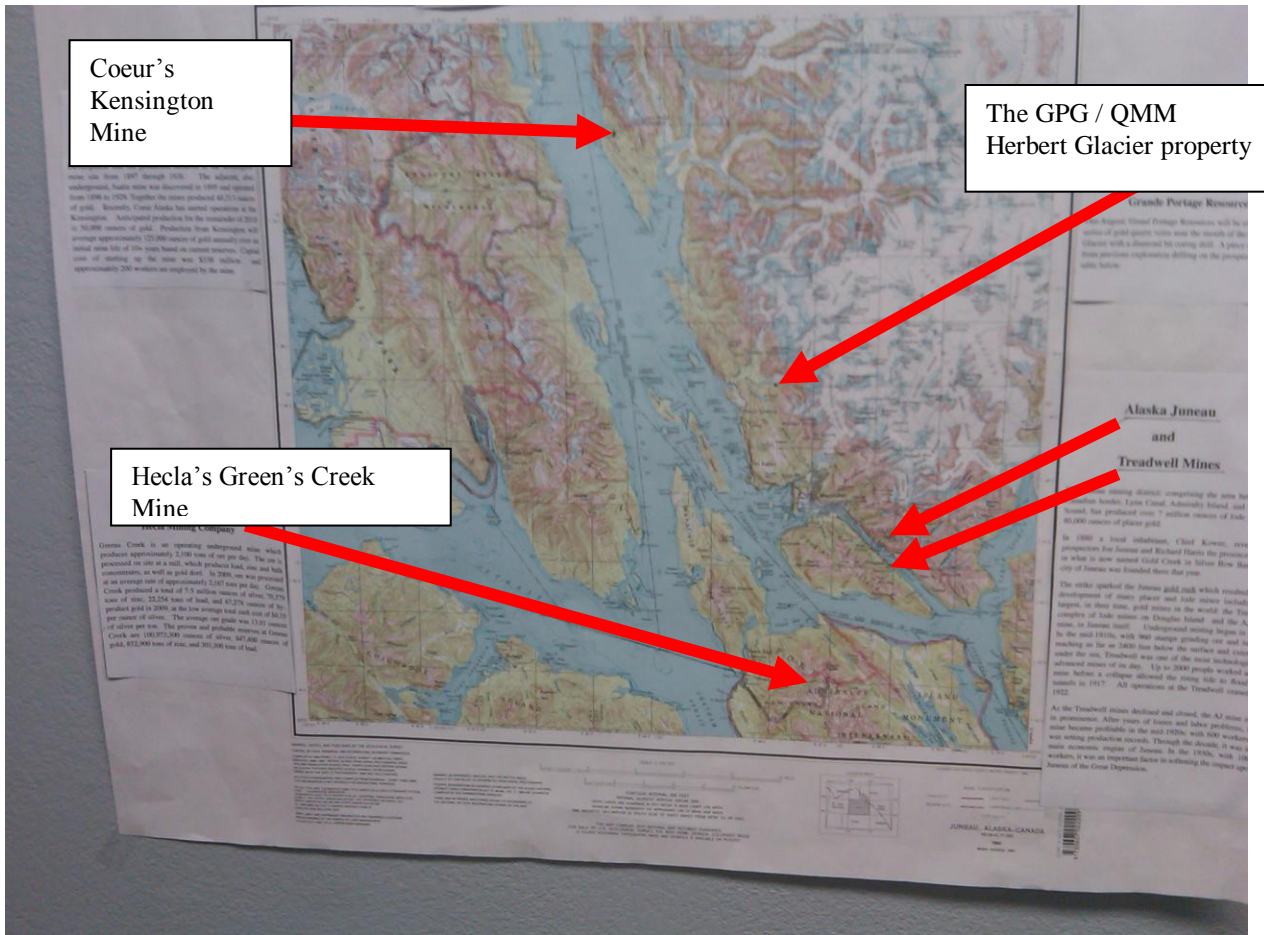


Five GPG holes intersected two veins (Ridge and Main); one hole intersected one vein, and one hole intersected three veins – the Ridge, the Main, and the Deep Trench. The Deep Trench was known but never before intersected at depth. The hanging wall Ridge vein was also a new discovery. In the 1980s Echo Bay drilled and intersected the Main vein with typically high grade results, up to 1 ounce of gold per ton over 2 to 3 meters.

GPG reported visible gold in all intersections of the Main vein. This vein appears to be well mineralized.

We visited the HG property in August and saw visible gold, referenced in the GPG release, in hole 101A. These results are significant because we think they will expand the resource. But a word of caution is in order. We have no assays yet but expect the assays from most of the holes shortly. Depending on your level of risk aversion you may want to own the GPG and QMM shares now. I own both and reserve the right to buy more within the next 72 hours. GPG is now considering bringing in a second drill rig. If these new veins “run” (assay 1/4 ounce gold or more) it will indeed be a significant discovery for investors in both GPG and QMM shares.

A word on the history of Juneau’s gold camp is in order. Gold was first discovered and mined in 1869, long before the Yukon gold rush. In 1881 the Treadwell deposit (see map below) was first mined. It produced 3.1 million ounces till 1917 when a cave-in occurred, ending the mining. At the time it was the largest gold mine in the world. The nearby AJ was mined from 1912 to 1944. Throughout the early days much placer was mined in the district. Eagle River, immediately adjacent to the GPG/QMM Herbert property, produced at least 8 smaller lode and placer mines through 1912 according to the USGS. Since the turn of the 19th century at least 8 million ounces of gold have been mined in the Juneau camp. More recently, of course, Hecla is mining the nearby Green’s Creek and Coeur is mining at its Kensington mine. These four mines line up in a nearly straight line which intersects the Herbert Glacier property (see map on the wall at the Juneau airport).



The Herbert Glacier (HG) is a massive sheet of ice. In places it is up to 5,000 feet thick. Research conducted in 1950 indicated that the HG been receding since the sunspot maximum in 1745. Since 1950 the glacier has receded 540 meters. This action has exposed a series of gold bearing veins. Tenneco (later Echo Bay) drilled the Main vein in 1986 with a series of 14 drill holes. Eight of the holes in that program intersected the significant, gold bearing Main vein. At the time geologists believed there were up to 4 veins. Indeed several more have been exposed since. The early consensus was that the grade was significant but there were doubts about tonnage potential. Based on the recent press release by GPG's chief Ian Klassen, it appears that the discovery of the Ridge vein and the intersection of the Deep Trench may add significant resource to the system. The forthcoming assays of these drill holes will tell that tale.

Dr. Charles Hawley is responsible for the current program at HG. Chuck's knowledge of Alaska (he has written a fascinating book on the history of mining in Alaska) and his persistence at the HG property appear to be paying off for both Grande Portage and Quaterra, the JV partners on the project. Ian Klassen is at the helm of GPG. Earlier this year he teamed up with Quaterra's CEO Dr. Thomas Patton in a \$1.25 million earn in deal on the HG property. GPG can earn a 65% interest in the property. Meanwhile Quaterra's affiliation with Goldcorp in Mexico is well known. In addition, of course, if the Herbert property proves to be a significant gold resource, as we believe, Hecla and

Coeur are very nearby at their mines. Hence there appears to be several exit strategies if the HG proves up.



With the possibility of a second drill this season and the apparent success of the current drill program (**NOTA BENE: WE ARE AWAITING ASSAYS**) we think both GPG, (at 21 cents) and QMM (at \$1.60) are value propositions, just as Underworld was before its takeout and now Kaminak and Golden Predator are. Chris Berry has published a seminal report on Golden Predator which is available from Chris at House Mountain Partners



2. TERRACO GOLD (C\$.15) (CHRIS BERRY, MBA)

Two recent announcements from Terraco Gold (TEN: TSXV) are significant. The company recently announced a C\$1.75MM non-brokered capital raise. Terraco is a discovery company whose management is intent on growth – organic or otherwise, so a focus on their main property, Moonlight, located near Lovelock, Nevada on the Humboldt Trend makes strategic sense. Midway Gold and Barrick continue to drill and increase their gold resource (currently 1.8 million ounces) on the Spring Valley property immediately to the south of Terraco's Moonlight property. Terraco intends to drill Moonlight further to get a better sense of the orientation of the Northridge fault zone which may run through the Moonlight property.

A second development concerns the company strengthening the Board of Directors with the appointment of Mr. William Lamb. Most recently with Salares Lithium, Mr. Lamb has considerable experience in the exploration, development, and production space with Rand Mines, Kverner Minerals, DeBeers, and as CEO of Lucara Diamond Corp.

We are well aware of the Salares Lithium success story, developed and run through to the takeout by Mr. Hilditch. Both the equity raise and the appointment of Mr. Lamb are significant in that they demonstrate the market that Todd Hilditch is focused on building yet another success story for investors by bringing Terraco Gold into the next phase of its existence – from a Discovery Incubator company to a Mature Discovery company with a development stage asset. Perhaps most important, we believe that Mr. Hilditch has significant support in the Canadian and American institutional money management space. He is a rising star in the Canadian scene and is becoming well known in U.S. high net worth and institutional funding circles.

It would be no surprise to see Terraco Gold grow beyond its current portfolio of interesting gold properties. Few people realize the value of the deal that Mr. Hilditch established with Sama on Terraco's Arizona property. And lest we forget, he has none other than Dr. Ken Snyder and Charlie Sulfrian, two of the best names in the exploration business, working with him on these projects. Moonlight just might prove to be the "tail that wags the dog."

As you can see the shares have tripled since last year's lows. Please be apprised and perform your due diligence. Just don't wait too long in your analysis on Terraco Gold.

TEN.V (Terraco Gold Corp.) CDNX

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Open: 0.155 Ask: 0.165 P/E:
High: 0.165 Ask Size: 40 EPS:
Low: 0.145 Bid: 0.150 Last: 5000 shrs
Prev Close: 0.140 Bid Size: 30 VWAP: 0.160

Friday 10-Sep-2010

▲ +7.14%

Chg: +0.010

Last: 0.150

Volume: 421,625

RSI(14) 61.28



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