

Today's Notes:

- 1. Golden Predator: Chris Berry**
- 2. Grande Portage (Herbert Glacier's High Grade Gold)**

Golden Predator: Stair Steps to Heaven (Chris Berry, MBA)

As we monitor news and developments from Yukon exploration companies this season, we are pleased with what we're seeing. Clearly, though, we're not the only ones witnessing this and positioning to take advantage of the potential gains the Yukon can provide to investors. An article from the CBC ([found here](#)) from last week affirms this, stating that investment by Asian companies in the Yukon mineral and gas industries has topped \$1 billion over the past five years. This includes investment in the projects themselves, and related, or "ripple effect" spending. The confidence exuded here bodes well for future natural resource discovery in the Territory despite the gains that have already been realized by several junior mining companies. We think investment to date has been the "tip of the iceberg."

Many Yukon mineral exploration plays have benefitted handsomely including some of our favorites including [ATAC Resources](#) (ATC:TSXV), [Alexco Resources](#) (AXR:TSX), and [Kaminak Gold](#) (KAM:TSXV). By the way, a new company we are tracking and may write on is [Monster Mining](#) (MAN:TSXV) which seems well positioned in the Yukon as well, though we are still conducting due diligence.

One company, in particular, that we have written on in the past and has experienced favorable gains recently is [Golden Predator](#) (GPD:TSX). After meeting with Yukon officials and CEO Bill Sheriff at PDAC in March 2010 we published our first seminal research report on the company ([found here](#)). This Morning Note (and others [here](#), [here](#), and [here](#)) serve as updates to the original report.

Chart 1: Golden Predator – Higher Lows and Higher Highs

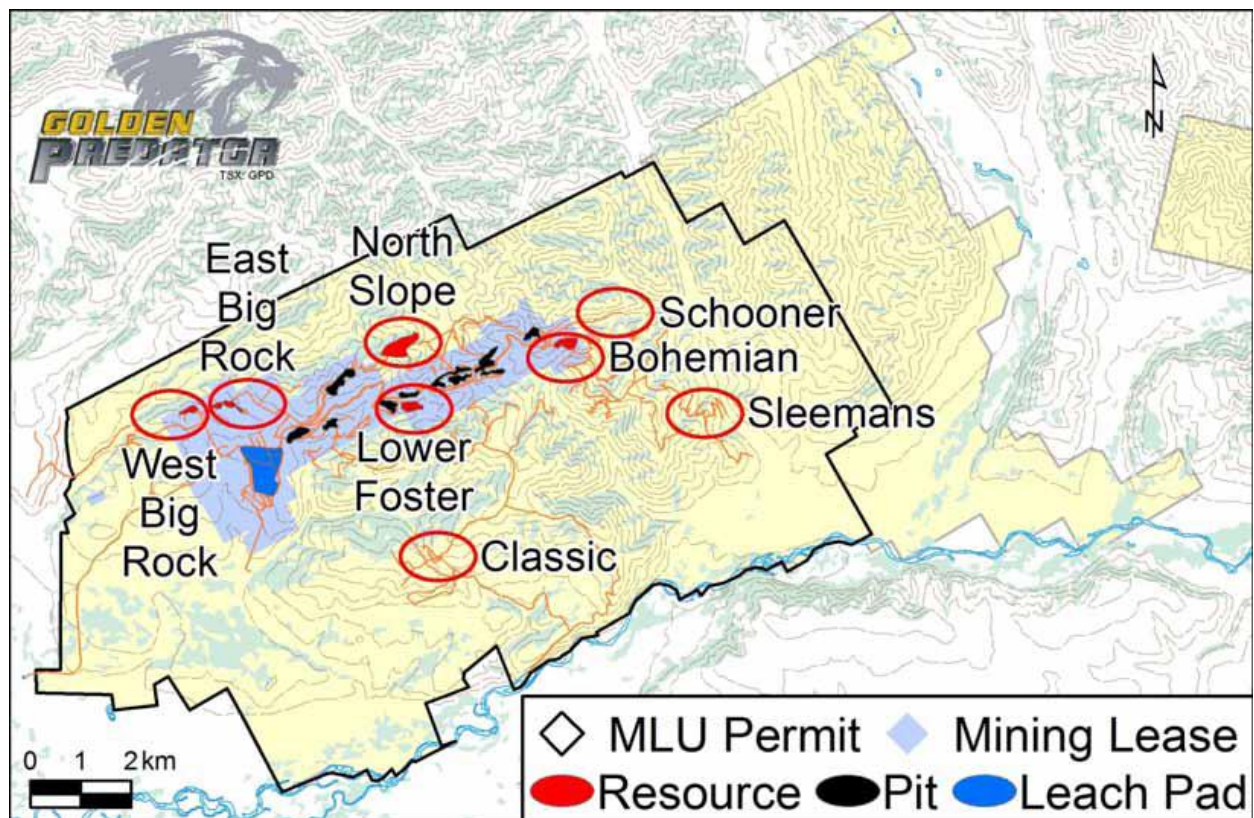


Chart 1 is evidence of the outcome when a solid business plan, A+ execution of that plan, a developing world class geographical locale and serendipity with the drill all coalesce. GPD has spent much of this summer drilling on its past-producing flagship project Brewery Creek (a JV with Alexco where GPD can earn in on 75% ownership of the property) with the immediate goal of expanding the Bohemian and Schooner zones (see map below) and the eventual goal of an updated NI 43-101 resource estimate on the entire deposit in 2011.

On July 7th, the company issued a press release expanding the Bohemian/Schooner Zone with results including:

- 46.5 m of 1.54 g/t gold in hole BC11-212 beginning at a depth of 22.5 m
- 10.87 m of 7.57 g/t gold in hole BC11-227 beginning at a depth of 33.5 m.

Significant mineralization was encountered in eight of thirteen holes. The Bohemian/Schooner zone has now been extended to 1 km in length and remains open along strike to the east



Source: GDP Company Presentation July 2011

Over the past two weeks, GPD has issued two notable press releases. On July 21st, the company announced the sale of the Tonkin Springs royalty to US Gold for CAD \$5.85 million while retaining a 1.4% NSR royalty on production in excess of previously reported resources. This royalty stream, a core part of the GPD business model, helps fund aggressive exploration and defrays dilution to existing shareholders.

According to the company, the highlights of the Royalty Portfolio include:

- **Barrick Gold Corp. - 4.0% GSR on the 286 claims in the Bald Mountain Mine Plan of Operations**
- **1.0% in-kind GSR on the 7,700 ha section of the Alligator-Bald Regional Area that is currently production (as of Q2 2009)**
- **Midway Gold Corp. - 4.0% GSR on the Pan Deposit**
- **Silver Predator Corp. - 2.0% NSR on the Taylor Silver Mine**
- **Evolving Gold Corp. - 0.5% NSR on the Rattlesnake Deposit**
- **Significant pre-production revenue**
- **Property interests covering over 28,000 ha, primarily in Nevada**

Second, on July 27th, GPD announced initial drill results from a new discovery at Brewery Creek called the Sleeman Zone. Select results are listed below:

- **191.5 m of 1.46 g/t gold beginning at a depth of 4.5 m in core hole BC11-226 (drilled sub-parallel to mineralized dike);**
- **40.3 m of 1.21 g/t gold beginning at a depth of 13.2 m in core hole BC11-229**
- **24.0 m of 1.65 g/t gold from a depth of 62.5 m in core hole BC11-217.**

These results were cheered by the market, sending GPD's share price to a high of CAD \$1.37 on volume of over 8 million shares on Wednesday July 27. On Thursday, the shares traded as high as CAD \$1.45 on 4 million shares. The Sleeman Zone is 2.5 km from the Bohemian/Schooner Zones and is open at depth, implying future discovery potential.

Bill Sheriff, Chairman & CEO noted, ***"We are excited with the continued success at our expansive Brewery Creek Project. We have been rewarded with two major discoveries at Brewery Creek, utilizing our geophysical and geochemical data, and are looking forward to further defining both the Sleeman discovery, which remains open in all directions, and the growing Bohemian-Schooner Zone, as well as testing the numerous additional targets across this large property holding."***

When we last wrote about the Bohemian/Schooner Zones, the keys were determining if the two zones were continuous as well as the ability to expand them. With these excellent results from the Sleeman Zone, it is clear that expansion of this zone is now a primary objective.

GPD has two core rigs and one RC rig in operation and is procuring a fourth to better understand and expand these zones with an eye on a year-round drilling program. Additionally, the company recently announced it would increase its 2011 budget for Brewery Creek from CAD \$6 million to CAD \$7.5 million.

We believe that GPD is now in a position to control its destiny. Brewery Creek could be a multi-million ounce deposit which puts the company "on the map". These encouraging drill results are being financed by a royalty stream. Perhaps most positive, we haven't discussed the additional programs at other GPD Yukon properties such as Grew Creek. We believe that discoveries here in the future will verify our contention about the escalating discovery potential for Golden Predator.

After speaking with GPD CEO Bill Sheriff, he is of the belief that Brewery Creek could be a multi-million ounce gold deposit. Of course, the drill will ultimately tell the story.

Presently the company has a market cap of CAD \$208.1 million, with 156.5 million shares outstanding fully diluted and CAD \$14.8 million in cash.

2. Grande Portage Intersects High Grade Gold At Herbert

We have followed Grande Portage (GPG TSXV) for several years. In November 2010 we wrote on the results of the company's first drill program on the Herbert Glacier. The Herbert Glacier property is known to host a mesothermal gold system that goes to depth. There are 5 known veins at Herbert. Several have been drilled. The glacier itself began its great retreat in 1740 according to climatologists we have interviewed.

The Herbert mesothermal veins now discovered include the Main, Deep Trench, Ridge, North and Goat Creek. The overall system is also known as a silver producer and there have been significant showings of tungsten in these drill results as well. It is not only the high grade results that we find so appealing in this release, it is also the fact that as drilling continues several new veins have been discovered.

The property is a 65 /35 joint venture between Grande Portage (CEO Ian Klassen) and Quaterra Resources (QMM Amex, CEO Dr. Thomas Patton). The two companies will jointly explore and finance development of the project.



The Herbert Glacier project is located north of Juneau. You can draw a straight line from Coeur's Kensington (125,000 ounces Au in each of the next 12+ years) mine south through the famous AJ and Treadwell deposits (mined from 1881 for 30 to 60 years) with a left 40 km slight dog leg to Hecla's Green's Creek mine (Green's Creek Mine, a massive sulfide deposit containing silver, gold and zinc located in a parallel trend 20 kilometers to the west).

Things are picking up in Juneau’s mining sector. In 1900 Juneau’s AJ mine was the largest in the world. Juneau’s gold mines the Treadwell and the AJ (Alaska Juneau) kept Juneau afloat during the Great Depression. About 7 million ounces were produced between 1881 and 1944. The last mining prior to present day mines closed in 1944.

In 1988 Echo Bay published excellent results from a 13 hole drill program on **the Herbert’s Main Vein**. They are as follows listed below in order west to east over about 2000 feet strike length. All intercepts >1-ft of 0.3 oz/ton Au are shown. The data is from reports by George A. Moerlein for Tenneco Minerals (1986) and Echo Bay Mining Co (1988).

	From (ft)	To (ft)	Interval	oz/ton Au
H-9	88.0	89.2	1.2	0.38
H-6	190.0	191.0	1.0	3.85
H-5	165.5	168.1	2.6	0.93
H-2	147.0	149.0	2.0	0.99
H-1	78.0	84.0	6.0	0.93
H-13	286.5	300.5	14.0	0.98
Includes	296.8	297.8	1.0	12.64
H-12	160.4	162.0	1.6	0.31
H-12	165.5	168.4	2.9	0.31

As you can see these 1988 results were superb – 14 meters of .98 ounces of gold per ton. This discovery was ignored for the most part – gold was in the dumps and there were no operating mines in and around Juneau in the 1980s.

TODAY’S RESULTS ON THE DEEP TRENCH VEIN

Today’s results from the GPG / QMM Herbert project are on a different vein, the Deep Trench. They are listed below and they are quite spectacular by any measure– similar to the Echo Bay results but on a different vein.

This implies they may be at least two “pods” of world class gold mineralization at Herbert.

These results extend to 400 meters and are open at depth. The Deep Trench vein runs for 1000 meters along strike. It has yet to be fully explored. Highlights include:

. Hole 11E-2, drilled at an angle of minus 62 degrees, intersected 15.27 meters (true width 8.76 meters) averaging 1.08 oz/ton gold beginning at a down hole depth of 137.10 meters. This interval includes the following higher grade zones:

- **1.07 meters of 6.57 oz/ton gold beginning at a down hole depth of 147.07 meters.**
- **1.56 meters of 4.13 oz/ton gold beginning at a down hole depth of 148.14 meters.**
- **0.26 meters of 2.39 oz/ton gold beginning at a depth of 150.57 meters.**

Hole 11E-1, drilled at a minus 45-degree angle, intersected 8.82 meters (true width 6.95 meters) averaging 0.42 oz/ton gold beginning at a depth of 107 meters. Three higher grade zones include:

- 0.33 meters of 1.50 oz/ton gold beginning at a down hole depth of 110.92 meters.
- 0.91 meters of 1.40 oz/ton gold beginning at a down hole depth of 111.25 meters.
- 0.47 meters of 1.02 oz/ton gold beginning at a down hole depth of 114.60

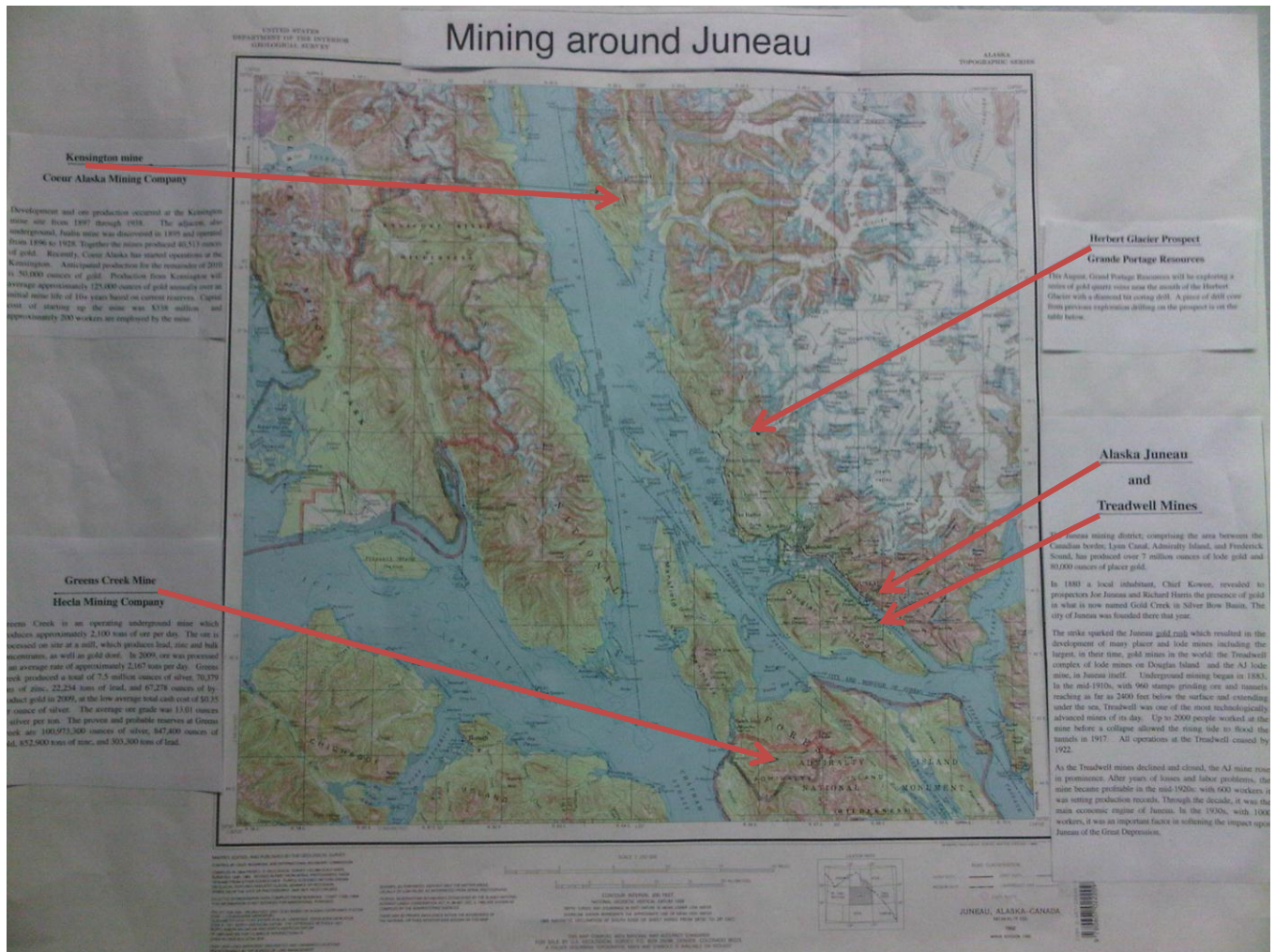
Overall hole 11E-2 contained 15.2 meters of 1.084 ounces per ton of gold. There will be silver assays as well. Full drill results from the first two Deep Trench holes are contained in Appendix 2.

Here's the significance – there are now two pods of high grade Herbert Glacier gold discovered on two of the five veins. We think these resources, if resources are established, can eventually be mined from underground at depth. Please remember that mesothermal systems go to depth and we may have the making of a major gold discovery here. To quote one of the project geologists, ***“This one has definitely come out of the blue.”*** There will be much interest in Herbert Glacier's exploration progress and we will be monitoring it closely.

This AM the forces of value creation for both Grande Portage and Quaterra Resources are aligning – there is a new record for gold at \$1638.40 ounces per ton.

My dear departed friend Ralph Rooney always said, ***“Mike, you find a mine where there's been a mine.”*** It is beginning to look like Grande Portage and Quaterra Resources have done same.

Appendix 1: Map of Juneau Area Gold Mining District



Appendix 2: Deep Trench Drill Results

A table of the Grande Portage results for holes 11E-1 and 11E-2 is provided below:

Hole Name	From (m)	To (m)	Int. (m)	Tot.		Int (m)	True Width	Avg. oz/ton	Included Interval
				Au ppm	Au oz/ton				
11E-1	107.00	108.97	1.97	19.50	0.569	8.82	6.95m	0.419	(107.0m-115.82m)
11E-1	108.97	109.25	0.28	3.08	0.090		(22.8')		
11E-1	109.25	109.83	0.58	2.04	0.060				
11E-1	109.83	110.92	1.09	0.47	0.014				(110.92-113.69m)
11E-1	110.92	111.25	0.33	51.50	1.504	2.77	2.18m	0.673	
11E-1	111.25	112.16	0.91	48.00	1.402		(7.7')		
11E-1	112.16	113.69	1.53	2.09	0.061				
11E-1	113.69	114.60	0.91	0.42	0.012				
11E-1	114.60	115.07	0.47	35.00	1.022				(110.92-115.82m)
11E-1	115.07	115.82	0.75	6.67	0.195	4.90	3.86m	0.511	
							(12.7')		(137.1-

11E-2	137.10	138.98	1.88	17.20	0.502	15.27	8.76m	1.084	152.37m)
11E-2	138.98	140.52	1.54	2.04	0.060		(28.8')		
11E-2	140.52	141.90	1.38	1.56	0.046				
11E-2	141.90	142.58	0.68	.01	000				
11E-2	142.58	143.63	1.05	0.62	0.018				
11E-2	143.63	144.60	0.97	31.30	0.914				
11E-2	144.60	145.62	1.02	0.54	0.016				
11E-2	145.62	147.07	1.45	0.65	0.019				
									(147.07-
11E-2	147.07	148.14	1.07	225.00	6.570	3.76	2.16m	3.856	150.83m)
11E-2	148.14	149.70	1.56	141.50	4.132				
11E-2	149.70	150.57	0.87	2.72	0.079				
11E-2	150.57	150.83	0.26	81.80	2.389				
									(143.63-
11E-2	150.83	152.37	1.54	6.77	0.198	8.74	5.02m	1.762	152.37m)

Appendix 3: New Record High for Gold



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