

**Today's Notes:**

- 1. Advanced Explorations**
- 2. Revett - Soon**

## **1. ADVANCED EXPLORATIONS**

Advanced Explorations (AXI TSXV C\$.185) is a new discovery company focused on iron ore in Northern Canada. This is where the action is in iron ore. Asian economies are most interested in tying up Canada's rich northern resources, particularly its iron ore deposits. Here's one example. Harp Capital (a firm I advise) recently closed a \$50 million dollar credit facility for a 1million tonne per year off take agreement between Korea's SK and the Canadian company Thompson Consolidated (CLM.TO).

In 2009, the AXI made substantial progress in advancing its key asset, the Roche Bay Iron Ore Project on the coast of the Melville Peninsula, Nunavut, Canada. A NI 43-101 for the project's C-Zone and a preliminary economic assessment (PEA) indicating a potential net present value of \$1.16 billion as a base case. The PEA revealed at least a 50 year mine life and a return on investment between three and five years for the project's C-Zone. AEI plans to make the first submissions related to acquiring a mine permit in the near future.

A major infill drill program with a target of 15,000 meters of drilling will commence in Q2/2010. AEI's recently discovered that the Tuktu iron ore opportunity has a potential to be up to 1 billion tonne resource. Sampling indicates an average grade of 34% iron with no significant deleterious elements.

But here is the interesting catalyst for AXI. On January 12<sup>th</sup> Kobe Steel, Ltd. announced the world's first commercial iron nugget plant in the United States (Minnesota) using the ITmk3® process. No one has realized the impact of this technological discovery on AXI – yet.

The next-generation ITmk3 Process, developed by Kobe Steel, is noted for the following characteristics:

1. High-grade iron nuggets can be produced in an extremely short time of about 10 minutes.
2. The ITmk3 Process can use lower-cost iron ore fines and steaming coal, which are difficult to use in blast furnace iron making.
3. In comparison to pig iron produced in a blast furnace, the production of iron nuggets using the ITmk3 Process emits about 20% less carbon dioxide due to its good energy efficiency.

This will be particularly well suited to AXI's high grade iron ore material. In addition the AXI deposit is situated on tidewater, a considerable advantage.

All this for C\$.19 per share? Please perform your due diligence on this company. We are completing our Discovery Factor Model (an analysis of 10 critical factors in value creation) and will be reviewing AXI in the future. It is early days in the history of this Discovery Incubator Company and we shall follow it closely. However these are the price levels that we often seek to

acquire a position. The potential for a world class asset and an excellent management team seems to be in place.



## 2. REVETT BACK IN THE NEWS

One of the most interesting discovery companies in my portfolio today, bar none, is Revett Minerals. The new management team led by, CEO John Shanahan and Chairman Tim Lindsay (a native of Montana), are well along in the company's turn around. It's true that the share price has not reflected the turnaround - yet. However, the company is cash flowing about \$1 million per month from its Troy silver / copper mine. We estimate that the Troy operation has a minimum of 6 years left. More important the company's 100% owned Rock Creek deposit (20 kilometers to the south of Troy) is fully drilled out. It contains a resource of 230 million ounces of silver and 2 billion pounds of copper. RC will be an underground mine and have minimal environmental impact. Rock Creek is fully permitted by the State of Montana. It has been held up by a series of environmental lawsuits. We think this final barrier will soon be put aside by the courts. The development of Rock Creek means 300 or more jobs in the local economy. The company has been most careful to endure the environmental safeguards are in place.

This AM Ted Butler, for whom I have the utmost respect, suggested regarding silver,

*“Based upon volume, price action and daily open interest changes over the past week, I am highly encouraged by what has developed recently in silver. It looks and feels somewhat “different” from previous bullish set-ups, which inevitably end in an orgy of new commercial short selling. Hopefully, the price action and continuing data flow will confirm this as the days and weeks unfold. Volatility will persist, but for now it is sit tight and let it ride.”*



We here at Morning Notes are silver and gold bulls. We agree with Ted Butler and Dennis Gartman on these most of their opinions regarding precious metals.

Having spent considerable time with both CEO Shanahan and Chairman Lindsay in the past few weeks I am optimistic that the company will move forward on Rock Creek. There is, in addition, tremendous exploration potential in and around the Revett formation for larger silver and copper resources. All this means jobs and critical natural resources for the United States.

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*Energy, Solares Lithium and Quaterra Resources. Dr. Berry is a paid advisor to Revett Minerals (RVMIF) and Advanced Explorations (AXI.V). 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.*