



Wednesday June 22nd, 2011 - Denver, CO

**Insider Alert for 06/22/2011**

This is Greg McCoach with an Insider Alert for Wednesday June 22, 2011.

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Administrative Note

**Looking for Value in a Tough Market**

In the next six to eight weeks, we could see some exceptional buying opportunities within the junior mining sector. The reason for this is simple; we have very few people willing to look at our market right now as seasonal traders have left for the summer and the masses still have little or no interest.

The junior mining sector, despite the high metals prices across the board, is getting very little attention from mainstream investors. This will cause even the best companies within the mining stocks to weaken as the summer months slumber along. You can readily see this from the TSX Venture chart below.

From our recent high of over 2,400 on the TSX-V we are now below 1,900 at 1,896. I expect we may test the 1,650 level before we begin to solidify towards the end of summer.

The next six weeks or so should provide us with some great opportunities to look for real value within our market.

The only thing that will buck this downward trend in the coming weeks are individual junior mining companies that announce exceptional news such as great drill results or a press release of a joint-venture agreement, merger and/or acquisition news. Orko would be an example of such a company who could make such news in the coming weeks.

In addition, any company that currently has a drill program underway could announce positive drill results that attract market attention. But in general it looks like the balance of the summer will be tough overall for our junior mining shares.

The other topic I need to address is that of a Meltdown II scenario. Many of you keep asking me if I still think this is possible. My answer: It is absolutely possible. The 2008 Meltdown was just a precursor of things to come. The problem is predicting the timing of such an event. The U.S. Government, despite their desperate condition, still has a few tricks up their sleeve to keep “**kicking the can**” down the road. Trying to guess when the ultimate consequences show up is very difficult, thus my reasoning that the best way to handle this is to keep 50% of your junior mining share money invested in the quality junior mining shares and keep the rest in cash.

I realize this is a “**straddle the fence**” approach, but I believe it is wise to keep cash on the sidelines for any severe retracement in our share prices. Late July to Mid-August could provide a bottom or we could see some other event that causes our market to take it on the chin. I would like to keep some cash on hand to take advantage of any such event since I believe such an event would be short-lived.

You could stay fully invested and just sit tight during such an event and realize the market will bounce back rather quickly. This eliminates the chance of buying some cheap shares with available cash but it may make sense for some who don't want to trade this market and have the longer term in view.

Each one of us will have to choose ourselves which scenario makes the most sense, and when to employ available cash. Overall, I think it is wise to buy shares on any dips we see in the companies that represent the most value.

As far as the U.S. Government having some tricks they can pull to “**stave off the wolves**”, one such scenario I have recently heard about is the revaluation of the Iraqi Dinar. You can read about this in the section below the **Company Updates**. In that section I explain what this is and how it could affect our market in the short-term.

### **New Recommendations in Saskatchewan**

As I sift through many companies each and every month looking for value opportunities, I have two situations in Saskatchewan I want subscribers to know about, especially as prices soften in the coming weeks as I have described above.

The first company is:

#### **49 North Resources, Inc.**

Symbol: **FNR** on the TSX-V, No OTCBB listing

52 Week High/Low: C\$4.30 - \$1.59

Current Price: C\$2.90

Shares Outstanding: **15,012,605**

Website: [www.fnr.ca](http://www.fnr.ca)

President, CEO: Tom MacNeill

Phone: 306 653-2692

49 North Resources is a Saskatchewan focused company with strategic operations in financial, managerial advisory and merchant banking. Their diversified portfolio of assets includes direct project involvement as well as investments in shares and other securities of resource issuers. They are focused on early stage involvement in resource development which they feel is the cornerstone of wealth creation for shareholders. I couldn't agree more with that assessment.

The company is the first publicly traded resource investment company, which provides diversified exposure to oil and gas, potash, uranium, diamonds, coal, base and precious metals, and rare earth elements. The company was founded and is managed by Tom MacNeill who is a second generation Saskatchewan resource developer with over 25 years of experience in project generation/advancement, corporate finance, and investment.

I have been waiting for the right time to recommend his company, FNR, on some weakness and I think now is the time. In my opinion this stock is severely undervalued for what it represents and is as good a long-term hold that I can find for the on-going commodity bull market, which could extend for the next two decades.

Given that there is increasing pressure on governments around the world to secure their supply of commodities, anyone with significant assets such as coal, copper, nickel, oil, gas, gold, silver, and potash stands to do well if they are well managed.

Currently 49 North is comprised of a portfolio of investments that are predominantly Saskatchewan focused private and public resource issuers at various stages of development. Individual projects range from grass roots exploration to near feasibility in the minerals sector and early stage production of hydrocarbons. There are no fixed restrictions or requirements as to the particular sectors of the resource industry in which they invest. Nor are there fixed restrictions or requirements to the geographical locations in which investee companies conduct their exploration and/or development activities.

Here is the current portfolio that the company manages.

### **CURRENT PORTFOLIO Top 15 Holdings as of May 12, 2011**

I met Mr. MacNeill several years ago and consider him one of the shrewdest investors I have ever met. I have had opportunity to be on several panels with Tom as we have our speaking assignments at the conferences we attend. I find Tom and I are in alignment on many things as it relates to investing and the natural resource sector. He understands that to make big money you must be involved at the earliest stage possible, something I harp on all the time.

When you are investing in resource companies, aside from getting in early, the most important factor when considering who to invest in are the people behind the story. In the case of Tom MacNeill, we are investing with one of the best.

His company is involved with the Province of Saskatchewan who after years of keeping mining at a minimum is suddenly open for business. This is good news as Saskatchewan is one of the richest spots in the world when it comes to natural resources. It is already the largest producer of uranium. It is also the biggest producer of fertilizer potash, and is home to enormous supplies of oil and gas.

The Province's southern half is geologically very similar to its neighbor Alberta which hosts tremendous oil and gas assets, while the northern half of Saskatchewan is comprised of geology that represent almost unlimited hard rock mineral potential. The combination of these kinds of assets with an early stage opportunity and a top notch management team is all I need to see to recommend **FNR** as a **BUY**.

I would look to build your position in the coming weeks when our market is most likely at its weakest point.

The second **New Recommendation** is one of the companies that is listed within FNR's current portfolio of holdings called **DNI Metals**.

I was introduced to DNI early this year which reminded me of PolyMet and Duluth Metals because of the enormous size and potential of their resource.

When I heard that Tom MacNeill of 49 North was a shareholder, it immediately got my attention and I called Tom back in March about the opportunity. I should have recommended DNI then in the Insider Alert, but decided to wait until the summer months as the company wouldn't have much in the way of news till the fall.

Here is the data on DNI Metals:

Symbol: **DNI** on the TSX-V, No OTCBB listing

52 Week High/Low: C\$0.40 - \$0.10

Current Price: C\$0.25

Shares Outstanding: **59,811,884**

Website: [www.dnimetals.com](http://www.dnimetals.com)

President, CEO: Shahé F. Sabag

Phone: 416) 595 - 1195

**DNI Metals Inc.** holds six contiguous mineral properties in northeast Alberta, comprising a 2,720 sq km land position over near-surface metal enriched black shales which are locally enriched in Molybdenum, Nickel, Uranium, Vanadium, Zinc, Copper, Cobalt, Silver and Gold. DNI has identified six polymetallic 100-300 sq km systems on its land position, including two "open" potential mineral deposits, one of which comprises 1.2-1.3 billion short tons extending over 26 sq km, and the other is 109-132 million short tons extending over 4.5 sq km. DNI is evaluating the potential of the polymetallic black shales as a long term source of base metals, precious metals and Uranium.

When I first began to understand what these polymetallic black shales meant as far as size is concerned, I became very interested in their vast potential for investors. Many of these kinds of similar metals deposits were discovered back in 1990's, but were shelved due to the fact that there was no available technology to economically extract and recover the metals.

The problem was that smelting couldn't economically recover the low grade ore, and was energy intensive.

Recently however it has been demonstrated in a Pilot Plant operation that these metals can now be recovered with a new recovery method called Bio-Heap Leaching. This new technology now opens up the incredible potential of this long term source of metals.

The Talvivaara Mine in Finland started production in 2008 using this technology to extract very similar deposits to the Alberta Black Shales. This mine in Finland is a template for what might be achieved in Alberta as operating costs are very low to extract and process a ton of ore.

Because of the size of these Alberta polymetallic black shale deposits, it is estimated the mine life could be in excess of 50 years where 100's of millions of pounds of metals could be produced. What this means to early stage investors should be quite obvious, especially as you understand the economics.

For example it is estimated that the Alberta black shales would have a Gross In-Situ Value of between \$15 and \$131/tonne on billions of tonnes of ore. Operating costs at Talvivaara are around \$11 a tonne with an In-Situ Value of \$56 per tonne of ore mined. It is estimated that the Talvivaara Mine will generate \$32 billion in gross revenues during its mine life.

These numbers compel us to take a very close look at what we have at the DNI projects in Alberta.

Currently the company has over \$2 million in the treasury and is doing analytical work related to a drilling program recently completed, expanding metals leaching R&D testwork and the launch of a resource study to upgrade a portion of the Buckton Potential Mineral Deposit (announced November 10, 2008) to a NI-43-101 compliant resource.

DNI is focused on its polymetallic black shale Properties in Alberta, and on its carried interest in a diamond discovery on its Attawapiskat Property, Ontario.

Diamondiferous kimberlites were discovered on their property in 2009. DNI's claims are being explored under Option by companies under the direction of Mr.C.Fipke. DNI controls one of the most prospective land positions in the Attawapiskat diamond play, in the James Bay Lowlands, Ontario, Canada, adjacent to De Beers' Victor diamond mine property which came into production in 2008 with approximate resources of 28 million tonnes of kimberlite ore containing 6 million carats of diamond valued at approximately \$100 per tonne.

DNI's Attawapiskat Property currently comprises 16 square kilometers held under 11 claims registered to DNI since 2001 (previously 91 square kilometers). It is located in the same structural corridor which hosts the De Beers kimberlites, and other kimberlites to date discovered in the region.

While the diamond play is somewhat interesting, the main story remains in unlocking the potential of our black shale projects in Alberta.

I am recommending DNI as a BUY because of the incredible potential this opportunity offers investors who get in below 30 cents. I would be careful and buy on weakness in the coming weeks and try to buy as close to 20 cents as possible.

### **Company Updates**

As I have already mentioned I am in the process this summer when things should be weak, to recommend the best companies I can find to build up our list of recommended companies in the Insider Alert.

One that I am very excited about should become a publicly traded stock sometime around end of July or early August. As soon as I can talk about this situation, IA members will be the first to know. It is a highly prospective silver play in northern B.C., Canada.

From what I have been told about the flagship project, this company is going to generate a ton of interest

as soon as it begins trading.

Otherwise, I hope to get you a new report on the Yukon as soon as I get back from my trip on anything new I find. So far things have been rather quiet on the Yukon front, but I expect that will soon change as drill results begin to hit sometime in July and August. The Yukon stocks may take on a life of their own if any significant discoveries can be made in the early going.

We'll just have to wait and see what the early reports reveal.

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