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British Columbia's Golden Triangle-Part 2

Editorial

This issue continues the focus on the Golden Triangle, an incredibly rich gold-silver-copper region of north-west BC. The previous issue summarized the history of that region and discussed the geology, infrastructure and politics that impact the region. Two companies were introduced, both of which have huge gold and base metal deposits on which feasibility studies are underway. This issue discusses some of the companies with earlier stage projects: companies trading for pennies a share that have potential to replicate the exploration success of neighboring companies which carry billion dollar valuations.

Company Updates

Copper Fox Metals (CUU-TSXV)

Copper Fox is working toward completion of a feasibility study on its huge Schaft Creek copper-gold-moly-silver deposit in northwest British Columbia. That study is now expected in the next couple of months. In the meantime, drilling and other work is underway that continues to expand the deposit, in essence outlining a mineral district that extends for more than 10 kilometers.

An updated resource estimate earlier this year outlined a measured and indicated resource of 1.23 billion tonnes grading 0.26 per cent copper, 0.017 per cent molybdenum, 0.19 g/t gold and 1.69 g/t silver containing 7.1 billion pounds copper, 455 million pounds molybdenum, 7.7 million ounces gold and 67 million ounces silver. An inferred resource, at slightly lower grades, adds a further 2.9 billion pounds copper, 206 million pounds molybdenum, 3.4 million ounces

gold and 31 million ounces silver. The resources outlined so far are hosted in the Main (Liard) zone and the Paramount zone.

Copper Fox is continuing to explore other zones along a north-northwest trending zone that has been outlined by structure, geology, surface samples, geophysics and drilling. Two drills are now operating on the Discovery zone. Two holes recently completed returned long intervals with copper and molybdenum minerals visible in the core. Hole 426 was reported to carry mineralization over 90% of its 788 meter length and 427 had over 500 meters. Assays are pending and drilling is continuing.

Two holes were attempted in the Mike zone, but were terminated at 140 meters when they encountered difficult ground conditions, before the depth at which there is a geophysical (chargeability) anomaly. Surface work and geophysics have identified two other zones – ES zone and GK zone – further along the trend.

Clearly, there is enormous potential in what is emerging as a district-scale project. Those new zones will not be formally part of the evaluation of the project, but certainly add an element of upside to the project that will make it more enticing for

a major mining company.

Delivery of the feasibility study to Teck begins a 120 day period in which the major can back-in to the project, increasing its ownership to as much as 75%. If Teck elects to back-in to 75%, that company would be required to fund the next \$300 million and arrange for project financing, including the Copper Fox portion of the capital cost.

A back-in by Teck would be a very positive development, as it would confirm the large-scale and favor economics of the project. If they do not back in, or back in for a lesser amount, Copper Fox will have more time to further evaluate the new zones and then bring in another senior partner.

Copper Fox has also acquired two copper projects in Arizona on which considerable work has been carried out. The projects are on a much smaller scale than Schaft Creek, making them suitable for development by a junior. Further details are awaited.

The Copper Fox share price will be subject to considerable news flow over the coming weeks, which could push the price either way, depending on whether the news meets expectations.

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Shares Outstanding: 392 million
Shares Fully Diluted: 415 million
Market Cap: C\$466 million
Contact: Investor Relations
403-264-2820

www.copperfoxmetals.com
Last updated April 2012-1

Paget Minerals (PGS-TSXV)

Paget and its new partner Blue Gold (BGX-TSXV) are working on the Ball Creek gold and copper-gold project in northwest BC, with a drill program now underway. The 524 square kilometer property package, located in a highly prolific region, encompasses at least five known porphyry copper-gold systems along with numerous gold and gold-silver veins. Blue Gold has an option to earn up to a 65% interest in the eastern-most portion of the property, encompassing 145 square kilometers.

The fieldwork on the joint venture block, encompassing geological teams from both partners, represents the first ever comprehensive and integrated exploration program on that highly prospective property. A private group, including considerable geological talent, had spent many years assembling the extensive property position, and then vended it into Paget in return for an equity stake in the public company. Paget carried out a limited field program last year, but was restricted by its lack of capital.

Blue Gold, a well-financed company with an exceptional geological team, recently optioned a portion of the Ball Creek property, with a commitment to spend at least \$2 million on the property in the first year. Blue Gold can then earn a 51% interest by spending another \$4 million in the second year. To earn a 65% interest, Blue Gold must spend a further \$12 million. The partner also invested nearly \$1 million in Paget to gain a 9.9% stake.

Two drills are presently operating, in a minimum 5000 meter program focused primarily on the Main zone. The current program follows 43 previous holes that outlined a large porphyry copper-gold system. The present program will confirm the results of earlier holes, but primarily will seek to extend the system laterally and beneath the shallow zone that was tested by the earlier drilling.

While the Blue Gold team oversees the drilling program, the Paget geological team, led by president David Volkert, a PhD geologist, will conduct further surface work which will encompass the joint ven-

ture portion of the property, as well as the ground retained by Paget.

We have recognized the highly prospective nature of that property since the initial involvement of Paget. Having Blue Gold join the exploration effort provides further endorsement of the enormous potential of the property, and brings a second geological team and the financing necessary to advance the project. Importantly, exploration success on the joint venture portion of the property will also enhance the value of the property retained by Paget, which has potential to turn up further new discoveries.

Price August 22, 2012: C\$0.095
Shares Outstanding: 82 million
Shares Fully Diluted: 110 million
Market Cap: C\$7.79 million
Contact: Investor Relations
778-327-4449
www.pagetminerals.com
Last updated April 2012-1

Romios Gold Resources (RG-TSXV)

Romios is awaiting assays from 10 holes on its Newmont Lake and Trek properties in northwest BC. The company has an extensive property position located in the midst of a richly mineralized region that hosts several large gold and copper deposits, including Pretium Resources' Brucejack deposit, Barrick Gold's former Eskay Creek mine, the NovaGold/Teck Galore Creek project, Seabridge's KSM deposit and the Copper Fox/Teck Schaft Creek deposit.

Earlier drilling identified an extensive zone of copper-gold mineralization in the Trek zone, located close to the area where the Galore Creek partners intend to construct the processing facility. Ore from the Galore mine would pass through a tunnel to reach the mill. Importantly, the Trek zone is located at the mill side of the tunnel, and could provide a strategic source of mill feed for that operation. Romios carried out further geophysical work in that area and is presently reviewing the results.

Drilling was conducted around the Newmont Lake area, where the company has identified a modest gold resource. The

drilling was intended to identify further gold occurrences that could add to the resource and push it toward an economic size.

Other drilling further tested zones where earlier surface work and drilling identified high-grade gold and copper values. Comments from visual observations of the drill core sound highly encouraging. Assays are pending.

Romios has a large and exceptionally well positioned property position with numerous mineral occurrences suggesting the presence of multiple target zones. The company has been hampered by a lack of cash in its efforts to demonstrate the value of its strategic property position. Hopefully, the results of the recent holes will provide the basis on which to finance a more comprehensive drill program.

Price August 22, 2012: C\$0.11
Shares Outstanding: 156 million
Shares Fully Diluted: 172 million
Market Cap: C\$17 million
Contact: Investor Relations
416-221-4124
www.romios.com
Last updated April 2012-1

Initiating Coverage

American Creek Resources (AMK-TSXV)

American Creek has several exploration projects in British Columbia, the most significant of which is a property adjacent to and on trend with two of the largest gold deposits in the world. Drilling on that property has confirmed that the rich mineral endowment on the adjacent properties carries across the property boundary. While that property is exceptionally well located, American Creek's interest in the property is subject to litigation. This highly prospective mineral claim is worth fighting over.

The Treaty Creek property is located just north of the KSM deposits of Seabridge and Pretium's Snowfield and Brucejack deposits. Those deposits host a total of 130 million ounces of gold, 800 million ounces of silver, 21 billion pounds of copper plus molybdenum and other metals, represent-

ing one of the premier concentrations of metal wealth anywhere.

The Treaty Creek property hosts the same rock units and structural features that are related to the vast mineral deposits on the properties to the south. The structural trend appears to continue on to the Treaty Creek property.

Surface sampling and the drilling in 2009 outlined two mineralized zones that look similar to the porphyry copper-gold mineralization on the Seabridge property. Drilling by American Creek on the Copper Belle zone encountered 241 meters that averaged 0.8 grams per tonne, ending in mineralization. That grade and width are in line with the resources on the adjacent property.

The GR2 Zone hosts gold, silver and base metals in a volcanogenic massive sulfide (VMS) setting similar to the Eskay Creek deposit, just 15 kilometers to the northwest, which was one of the highest grade major gold-silver deposits. Results of drilling in the GR2 zone included 5.4 g/t gold over 14 meters along with silver and base metal values.

Several other areas on the extensive property also have potential to host additional mineralized zones, judging from surface sampling in areas with extensive gossans (that is, areas where metal sulphides have weathered at surface, producing distinctive "rusty" zones).

Those results from surface sampling and an early stage drilling program would be significant in any setting. Located adjacent to and on trend with gold deposits hosting 130 million ounces of gold, the Treaty Creek property is an exceptionally prospective exploration target.

Unfortunately, American Creek has not conducted any work on the property this year or last year as the title has been caught up in litigation. American Creek optioned the property from Teuton Resources (TUO-TSXV) in a deal that allows it to earn up to 60%. Upon meeting the spending and other requirements to vest at 51%, Teuton challenged the spending claims of American Creek. As it became clear that the required earn-in expenditures had been incurred, Teuton amended its

legal case to challenge the geo-scientific reliability of the results of the work performed. The legal dispute drags on and at the moment, the lawyers are the only ones benefiting from the immense geological potential of the Treaty Creek property.

It seems to me that normal industry practice would hold that if a partner has spent the required amount of money in accordance with the terms of the earn-in agreement, then that should be adequate. However, it is dangerous and futile to try to guess the results of litigation.

This project is clearly worth fighting for. In addition to the enormous geological potential, the property holds considerable strategic value. An important element of Seabridge's development plan for its huge KSM project is to construct twin tunnels to transport ore from the open pit mining operation to the processing facility located near the highway. Those tunnels would pass under the Treaty Creek claims.

As part of the ongoing engineering evaluation of the KSM project, Seabridge plans to drill geotechnical holes along the proposed tunnel route. That is, the company intends to drill holes to investigate the ground conditions in the area where it plans to put the tunnel. Clearly, those holes will also provide geological information which will be very valuable to American Creek.

Before commencing a \$5 billion mine development project, it is clear that the developer of KSM will need to have clarity with regard to the ownership of the Treaty Creek claims in order to establish certainty with regard to the tunnel right-of-way. Aside from any mineral potential on the property, just getting assured access to the tunnel right of way is likely worth more than the combined values of these companies.

While the Treaty Creek property is tied up in litigation, American Creek drilled a few holes last year on its Electrum property, located in a highly prospective region just north of Stewart. Earlier work had identified several high-grade but narrow gold-silver veins. The drilling last year tested the potential for the property to host a bulk tonnage gold-silver deposit. Those initial results fell short of expectations, identify-

ing several zones with good values, but lacking the combination of grade and size to make it economically viable. The presence of gold and silver values over a wide zone is promising, but considerably more drilling would be required to test the bulk-tonnage potential and/or outline some continuity in the higher grade zones.

The company recently sold its 51% interest in the nearby Tide property for \$1.5 million cash, providing some working capital. Several other early stage exploration projects in BC have significant potential, but no work is planned at the moment.

Normally, I would not get involved in a company where the value is dependent upon the outcome of a messy litigation. This situation is interesting because of the enormous potential value of the Treaty Creek property, which appears to be related to the same geological system that produced an extraordinary endowment of gold, silver and base metals on the properties just to the south. This situation is highly speculative, legally and geologically, but may be worth a shot at prices near the current level.

Price August 22, 2012: C\$0.055
Shares Outstanding: 139 million
Shares Fully Diluted: 172 million
Market Cap: C\$7.65 million
Contact: Investor Relations
403-752-4040

www.americancreek.com

Blue Gold Mining (BGX-TSXV)

Blue Gold is a well-funded exploration company, headed by a highly successful management team.

At a time when most companies were struggling to find money, Blue Gold was able to raise \$24 million late last year in an over-subscribed issue priced at \$1.00 per unit (share and half warrant at \$1.50). The gold explorer raised that money with nothing to offer but a management team and a business plan.

That business plan includes the following guiding statement: "Our mandate is simple, deliberate, and unambiguous: hold out for truly remarkable opportunities. The

type of opportunities which our deep experience and science-based methodologies can identify, transform, and grow into remarkable value and profits for our shareholders.”

For most companies, such a mandate would be little more than promotion. To Blue Gold, it is a matter-of-fact statement. The people running this company have accomplished that mandate before and are now committed to doing it again.

Mark O’Dea, chairman and CEO, directed Fronteer Gold from a start up to a takeover by Newmont last year valued at \$2.3 billion. (We followed that story from the beginning in Resource Opportunities.) Mark is a PhD geologist who has directed exploration efforts resulting in advancing and/or discovering no fewer than seven large deposits, encompassing gold, copper-gold and uranium. Mark is supported by an exceptional Board of Directors, bringing diverse mining industry skills and experience. The exploration team has a great depth of global exploration experience.

Blue Gold’s first exploration project – Titan – is located 50 kilometers west of Atlin in northwest British Columbia. The company can earn a 60 percent interest through expenditures of \$3 million plus \$500,000 of cash and a million shares over about three years. The exploration concept is focused on the Lewellyn Fault, a 150 kilometer long crustal-scale fault system with multiple gold and base metal occurrences found in proximity to the fault zone. Eagle Plains, in 2008, discovered a new showing with a surface sample returning 64 grams per tonne gold. Airborne geophysics was carried out last summer, with a brief field follow-up.

Attention is now directed to Blue Gold’s second gold project, also located in northwest BC, a little further south, in the heart of an extremely active district. The company has an option to earn up to 65 percent in a portion of the Ball Creek project held by Paget Minerals (PGS-V). The optioned portion of the property is just east of the 1.8 billion tonne Schaft Creek copper-gold deposit of Copper Fox (CUU-TSXV) and major mining company Teck Resources. Just on the other side of Highway 37, Imperial Metals (III-T) is developing the big,

high-grade Red Chris deposit. Three other very large gold and gold-copper deposits in close proximity are also advancing toward development. In short, the properties now being explored by Blue Gold are in the heart of one of the most prolific mineral trends on the planet.

Previous drilling and substantial surface work on the optioned property has encountered compelling evidence for the presence of three large porphyry copper-gold deposits. Blue Gold’s geological team has interpreted those results, in the context of this prolific region, as evidence that the property may host one or more large deposits.

Blue Gold can earn an initial 51% interest by spending \$2 million in the first year and \$4 million in the second year. They can increase their interest to 65% by spending a further \$12 million. Blue Gold has also invested just under \$1 million to gain a 9.9% stake in Paget.

The optioned property encompasses 145 square kilometers being the easternmost portion of the Paget property, and which is adjacent to paved Highway 37. A power line, due for completion in 2014, will extend the provincial power grid to that region in support of the multiple mine development projects presently underway in the region.

The property has been explored since the 1970s, with numerous companies exploring different aspects of the extensive area that now comprises the Paget property. That earlier exploration identified multiple porphyry copper-gold systems, as well as numerous epithermal veins carrying gold and silver. The property under option to Blue Gold includes three known porphyry systems. The Main target, being the closest to the highway, has seen the most work. Paget carried out some shallow drilling last summer, with one hole hitting 180 meters of 0.35 grams per tonne gold and 0.14% copper. Results from the historic holes include 163 meters of 0.58 g/t gold and 192 meters of 0.75 g/t gold and 0.22% copper.

The second porphyry system, the Rainbow target, located four kilometers west of Main, saw the first drill hole ever last year. That Paget hole returned 91 meters, start-

ing at surface, which carried 1.13 g/t gold. The geologists who have examined the results from the Rainbow target describe it as geologically similar to the porphyry gold deposits of the Maricunga district of Chile, deposits which are renowned for their large size.

The Cliff target, located 600 meters south of the Main target, appears to be part of a larger system that includes Main. Surface sampling has outlined a two square kilometer porphyry system at Cliff, with evidence that the porphyry alteration and mineralization continues through to Main, implying that the two porphyrys are really part of one large system.

Fieldwork is presently underway, in the first ever integrated and focused exploration work conducted on the property. The program draws together the extensive exploration talent and experience of both Blue Gold and Paget.

David Volkert and his Paget team will continue reconnaissance mapping, sampling and other surface work. The Blue Gold geological team will oversee the drilling program, with two drills now at work. The program of at least 5000 meters will focus primarily on the Main target. That drilling will confirm the results of some of the 43 historic holes, but more importantly, the drilling will push out the limits of the system, laterally and to depth.

Geologists are seeking further understanding of the system, which they expect will lead to the identification of the most highly mineralized zones within that large porphyry system.

Ball Creek is a highly prospective exploration target, with large size potential. It is extremely well located, with several projects around it advancing toward production. Favorable results from the drilling now underway could add considerable value to the share price.

Blue Gold is also continuing its search for other exceptional opportunities. Prospects are excellent that one of the projects now in hand, or a project yet to be acquired, will form the basis for another success story.

Price August 22, 2012: C\$0.55
 Shares Outstanding: 57 million
 Shares Fully Diluted: 57 million
 Market Cap: C\$31.3 million
 Contact: Investor Relations
 604-683-7790
 www.bluegoldmining.com

**Eskay Mining Corp.
 (ESK-TSXV)**

Eskay Mining holds an extensive property position near the high-grade past-producing Eskay Creek mine. That property has seen a great deal of exploration over the past couple of decades, pointing to strong potential to host one or more substantial precious metal deposits.

The potential on the ESK property goes well beyond its location next to that past producing mine: the property is close to two other enormous gold and gold-copper deposits, collectively hosting an incredible 130 million ounces of gold, 800 million ounces of silver along with a massive endowment of copper and other metals. Work to date on the ESK property has suggested the potential for multiple deposits, reflecting the various deposit types in the district.

The focal point for much of the work on the ESK property has been the search for another deposit like Eskay, a precious metal enriched VMS (volcanogenic massive sulphide) deposit. The Eskay discovery was hardly an instant success. In fact, the 21 zone, the main ore body, was discovered in 1988 with drill hole number 109. That hole was worth the wait, encountering an extraordinary 208 meters that assayed 27 grams per tonne gold and 30 g/t silver. Eskay would not have been discovered without the tenacity and the money raising capability of legendary promoter Murray Pezim.

The deposit was developed by Homestake, which was then taken over by Barrick. The Eskay Creek mine produced 2.5 million ounces of gold and 170 million ounces of silver before closing in 2008.

The discovery of the Eskay Creek deposit kicked off a massive staking rush through that whole district. Perhaps 100 companies carried out exploration programs on indi-

vidual small claim blocks scattered through the district.

After years without another Eskay-type discovery, interest began to fade. When the mining industry went into hibernation in the late 1990s, many of the claims lapsed. A couple of junior companies accumulated some of the most prospective claims around Eskay. The present company is the result of assembling properties that had been explored by several different companies over many years.

Mac Balkam, CEO, played a key role in the deal making that led to assembling the properties. David Mallo, who played a role in the original Eskay discovery, is an advisor to the company. Eskay relies on external consultants for its geological input. Along with the property interests ESK acquired an enormous database of geology, geophysics, geochemistry and other information. In total, more than 400 holes were drilled on the property now held by ESK. With so many holes and no discovery, people have downplayed the potential on this property.

It is important to remember that much of the earlier work was done on small claim blocks, without the benefit of a comprehensive geological perspective. Further, almost all of the past drilling was shallow. In 2008, ESK carried out the first drilling program based on a comprehensive property position. Results of that drilling were significant geologically, but the global financial crisis made it impossible for the company to raise the money to follow up on the favorable results.

In the meantime, a great deal has been happening in the area. Most significantly, Seabridge has completed a prefeasibility study on its property immediately to the east of the ESK property. That study contemplates gold production at a rate of 830,000 ounces each year for the first seven years, and 508,000 ounces annually over the 55 year mine life.

Adjoining the Seabridge property to the east, Pretium has outlined 66 million ounces of gold, with 17 million of those ounces in high grade deposits at 17 to 26 grams per tonne. In total, there are 130 million ounces of gold in resources within

15 km of the ESK property. Until recently, work on the Seabridge and Pretium properties was directed to large, low-grade porphyry-type deposits. Recent work by Pretium has brought attention to a new deposit type that features high-grade gold values. Pretium has encountered numerous gold values in the Valley of the Kings Zone in excess of 1,000 grams per tonne.

In short, ESK has a large property position in the midst of one of the richest metal-bearing districts on the planet. Ongoing work on the nearby properties has greatly enhanced the regional understanding and added further value to the ESK property. The company intends to undertake a comprehensive geological review of its ground, incorporating recent advances in the district, but has been hampered by a lack of capital.

The most significant result from the previous work on the ESK property was the discovery of the Lulu zone, about 10 kilometers southwest of the Eskay mine. Drill results in the Lulu zone include 14 meters of 14 g/t gold and 1060 g/t silver and 12 meters at 20 g/t gold and 1600 g/t silver. After further drilling, it was concluded that the mineralized zone at Lulu was of restricted size.

Subsequent to the early drilling at Lulu, it was recognized that the Lulu zone was cut off by the Coulter Creek thrust fault. ESK drilled four holes in 2008 in an attempt to locate the Lulu zone offset on the other side of the fault. The best result was 25 meters of 2.2 g/t gold and 4 g/t silver, leading many people to dismiss the hypothesis.

Few people took the time to read the technical report, which noted "These results are highly significant because they prove that mineralization and host stratigraphy roughly equivalent to the Lulu can be tracked across the Coulter Creek Thrust. This opens up a large area of completely untested geology that is highly prospective for Eskay Creek style mineralization beyond the Lulu Zone."

The Global Financial Crisis cut off funding for the company and no further drilling has been conducted. Clearly, the Lulu zone offset deserves a great deal more attention.

In the context of higher gold and silver prices and greatly improved infrastructure in the area, even the Lulu zone as previously outlined may now be very significant.

Lulu is only one small aspect of this extensive and well located property. At least a dozen other highly prospective targets already identified on the property deserve a closer look. In addition, there will likely be other targets emerging as the data is reviewed in the context of developments in the district.

One of the most significant developments is occurring immediately to the east, on the Seabridge property. A prefeasibility study contemplates road access to the Seabridge deposits by extending the Eskay Creek Mine road across the ESK property. That road would greatly improve logistics on the ESK property.

Beyond providing road access, the ESK property may have other value to Seabridge. For one thing, one of the Seabridge deposits comes right up to the ESK property boundary. No work has been done on the ESK side, suggesting the deposit may extend across the property line. Furthermore, no work has been done on the ESK property in the search for the porphyry-type systems like the ones that host the Seabridge resource.

Perhaps even more significant is the discovery by Pretium of ultra-high-grade gold values in Valley of Kings Zone. A recent assay encountered 41,583 grams per tonne gold. Geologists are only beginning to understand the geological setting of the Valley of the Kings Zone and little has yet been done to search for repeats of that geology on nearby claims, such as the Eskay property.

In view of the shortage of money and the lack of in-house geological talent, management is attempting to secure a joint venture partner to advance the large property position. Until a partner is lined and then gets up to speed, there will not be much action on the property and it is now getting late in the season. Further, the value of ESK depends heavily on the terms of any joint venture that may be concluded. This is largely a speculation on a well-

placed property position. At the current share price, it seems a good risk/reward tradeoff. There seems to be considerable liquidity in the C\$0.05 area. Be patient. Don't chase it.

*Price August 22, 2012: C\$0.05
Shares Outstanding: 91 million
Shares Fully Diluted: 91 million
Market Cap: C\$4.55 million
Contact: Investor Relations
416-907-6151
www.eskaymining.com*

Teuton Resource Corp (TUO-TSXV)

Teuton is one of the largest property holders in the Golden Triangle area of north-western British Columbia. That geological trend is one of the most richly mineralized regions in the world. Teuton holds interests in to 25 properties encompassing 300,000 acres of mineral rights.

The most interesting of the Teuton properties are those adjacent to and on trend to the north and south of the properties held by Seabridge and Pretium. Those properties collectively host 130 million ounces of gold plus substantial silver, copper and other metals. Drilling on one of those Teuton properties is about to get underway.

Teuton president Dino Cremonese has been with the company for 30 years. He has degrees in engineering and law and previously practiced as a lawyer. Since he became president in 1982, Dino has committed himself to acquiring and exploring properties in the Golden Triangle. Teuton relies heavily on joint venture partners to fund work on its projects. At present, other companies are funding work on nine projects.

The latest project to attract joint venture funding was the Tennyson project, after encouraging results from drilling by Teuton last year. Results included copper-gold values over intervals as long as 230 meters (hole TN11-04, 0 to 230 meters 0.25 grams per tonne gold and 0.32% copper or 0.50% copper equivalent). The earn-in partner on Tennyson is a private company controlled by the Hunter-Dickinson group, which can earn 50% and then has an option to purchase the balance for shares.

Drilling is now underway on the High property, located adjacent to the south of Pretium's Brucejack property. The property sits on the same north-south structural trend that appears to be related to the mineralization on the Pretium property and on the Seabridge property, adjacent to the west of the Pretium property. Extensive gold and copper values have been found over an extensive area at surface on the High claims, with geological similarities to the areas hosting resources on the Pretium property.

Teuton also has a stake in the property north of the Pretium and Seabridge properties, covering the northward portion of the mineralized trend. The Treaty Creek project is located immediately north of the Seabridge property and just 3 kilometers from Pretium's project. Seabridge is working toward a feasibility study on a resource that hosts 64 million ounces of gold plus substantial copper, silver and other metals. Pretium currently has nine drill rigs at work on the high grade zones on its Brucejack project, where a resource estimate based on drilling through last year showed 17 million ounces of gold at a grade of 17 to 26 g/t. The total resource on the Pretium property hosts 66 million ounces of gold.

Drilling at Treaty Creek by a partner produced highly encouraging results. Unfortunately, the project is now tied up in litigation. American Creek (AMK-TSXV) has an option to earn up to 60% interest in Treaty Creek from Teuton. American Creek claims to have fulfilled the requirements to have earned the first 51% interest, but Teuton claims that AMK has breached the contract. The matter is now in litigation.

It is always difficult to predict the outcome of legal matters and often best to stay clear. However, this situation is worth paying attention to. The property is close to and on trend with one of the largest gold-copper mineralized areas anywhere. Drilling and other work has identified several mineralized zones and shown the presence of the same geological systems that host the huge metal deposits on the nearby properties.

American Creek drilled 62 holes in 2007

and 2009. Some of the results are comparable with the Seabridge deposits (for example, 241 meters at 0.8 g/t gold and 76 meters at 0.93 g/t). One of the Treaty Creek prospects, the GR2 zone, is a VMS (volcanogenic massive sulphide) occurrence where results include 14 meters of 5.4 g/t gold along with some high grade silver values. The large and high-grade Eskay Creek deposit, 15 kilometers north, is hosted in a VMS system.

In addition to the clear potential to outline one or more substantial deposits, the Treaty Creek property has strategic value to Seabridge. The prefeasibility study completed by that company contemplates transporting ore from four open pit mines through a tunnel to a processing plant in a valley near the highway. A second tunnel will provide access and services. The twin tunnels will pass under the Treaty Creek property.

It is possible to obtain a permit to construct the tunnels without the consent of the claim holders, but only if the tunnels do not infringe on an ore body. The drill results to date provide considerable evidence that there could be one or more deposits on the property, making it highly unlikely that Seabridge could construct a tunnel without the consent of the claim holders.

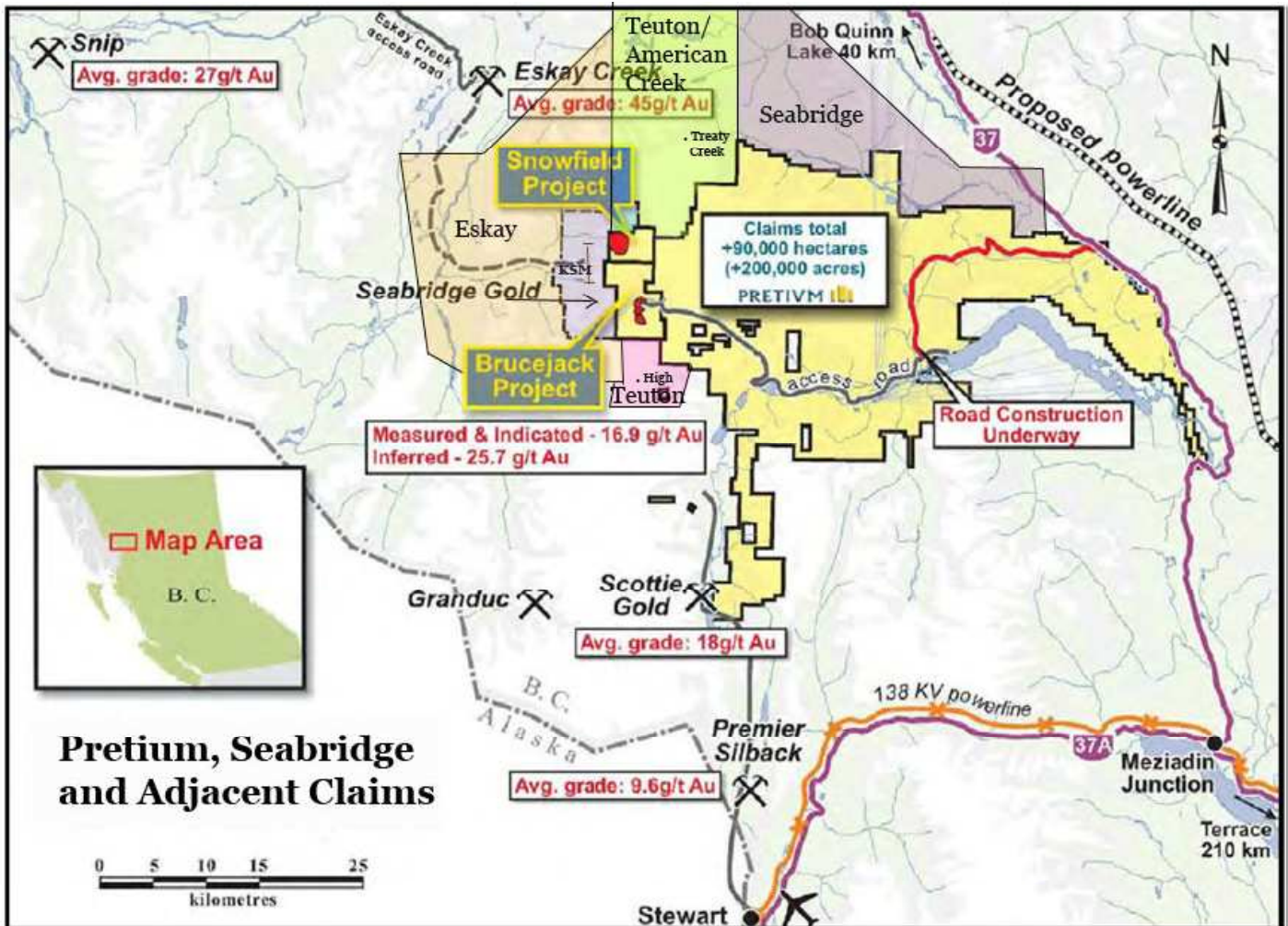
As part of the ongoing engineering evaluation of the KSM project, Seabridge plans to drill geotechnical holes along the proposed tunnel route. That is, the company intends to drill holes to investigate the ground conditions in the area where it plans to put the tunnel. Clearly, those holes will also provide geological information which will be very valuable to Teuton and American Creek.

Before commencing a \$5 billion mine de-

velopment project, it is clear that the developer of KSM will need to have clarity with regard to the ownership of the Treaty Creek claims in order to establish certainty with regard to the right-of-way. Aside from any mineral potential on the property, just getting assured access to the tunnel right of way is likely worth more than the combined values of these companies. There is considerable value in many of the other properties held by Teuton in this mineral-rich region, but the investor attention in the near term will be on the properties adjacent to the big players in the region.

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 Shares Outstanding: 40 million
 Shares Fully Diluted: 51 million
 Market Cap: C\$13.6 million
 Contact: Investor Relations
 604-682-3992

www.teuton.com



Source: Pretium Resources Technical Report (Feb 2012), ResOpp Publishing

