

GLOBAL HOT AND COLD SPOTS FOR RESOURCE INVESTING

Are there any great, NEW resource investments left?



Resource Opportunities newsletter writer Lawrence Roulston at the Gibraltar Mine near Williams Lake, British Columbia. Mr. Roulston visits and studies mining properties in order to successfully evaluate them for investors.

Summary: We talked to Lawrence Roulston, editor of the widely followed and highly respected *Resource Opportunities*, for his opinion on which countries had the strongest investment opportunities still available in this robust commodities bull market. We were pleasantly surprised with Roulston's preferred geography, and also agreed with him on his short list of countries to avoid. He's bullish about Canada and Alaska, and especially bullish about China.

StockInterview:

Let's get the cold spots out of the way so investors are forewarned about which countries to avoid.

Lawrence Roulston:

A lot of the (mining) companies that went overseas in decades back are recognizing the political difficulties with dealing in some jurisdictions. These include places like Indonesia, Columbia, and several of the African countries, such as Congo, Sudan and Eritrea. All of those places where there are great geological prospects, but are more and more risky to deal in. I think some of that mining is coming back closer to home, which is right here in Canada.

StockInterview:

So Canada is on your "favorite countries" list?

Lawrence Roulston:

At the very top of the list would be Canada. As of right now, taking into account the geological potential, political situation, infrastructure and all the other issues, I would (highly) rate Canada and British Columbia. They have had decades of work. But for the last decade, there hasn't been very much going on. The companies are just coming back and picking up with what's been going on. Similarly, Ontario, Quebec - tremendous geological potential - and it's been kind of ignored for a long time. Canada is now the most important place in the world for diamonds, representing 50 percent on exploration spending for diamonds.

StockInterview:

Is there a specific mineral or metal that makes Canada especially appealing?

Lawrence Roulston:

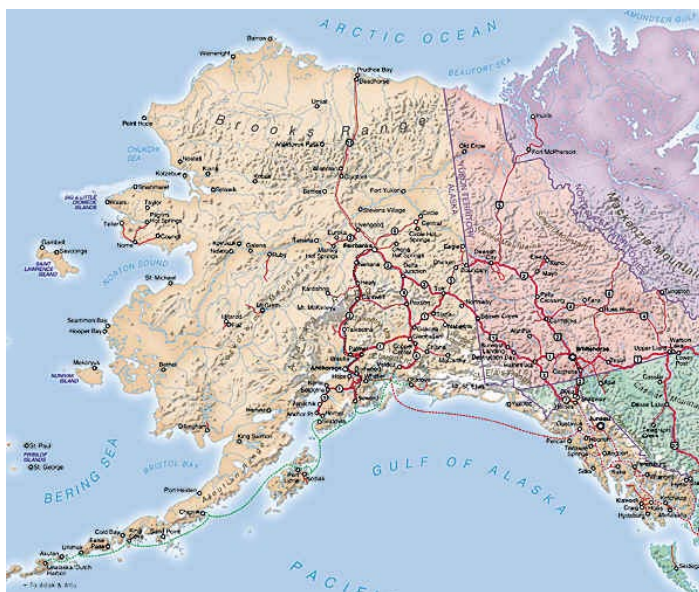
It's the whole gambit. Canada has always been one of the top metal producers, and it's coming back to life. Of course, gold is at the top of the list, but also base metals and uranium. The Athabasca Basin in northern Saskatchewan is far and away the most important area to be looking at, geologically. It's currently the biggest source of uranium and contains the highest grade deposit. There are other uranium prospective areas in Canada that are just emerging. The Thelon Basin in the Northwest Territories, north of the Athabasca Basin, is very similar, geologically, to the Athabasca Basin. It had some work done in the 1970s, and it's been pretty much ignored until very recently. Going a little further north to Hornby Basin, it is a similar kind of situation. In Labrador, the central mineral belt is just emerging as a very important place to be looking for uranium.

StockInterview:

Do you have any favorite companies, which you are following and which have good prospects?

Lawrence Roulston:

NovaGold Resources (TSX: NG; Amex: NG), for example, with the Galore Creek. It's a billion ton deposit with enormous metal content. (Editor's Note: Galore Creek has been called one of the largest and highest grade undeveloped porphyry-related gold-silver-copper deposits in North America.)



Alaska's mountainous terrain may offer promising new minerals discoveries.

StockInterview:

What is another of your favorite areas, which has gone largely undetected during this bull market?

Lawrence Roulston:

Nevada would be at the top of the list of anywhere in the world to be working and Alaska right behind it. There is huge potential in

Alaska. Mining companies have only scratched the surface of exploration up there. Two of the largest metal deposits in the world are in Alaska. These are both discoveries going back decades, but work over the last couple of years has brought them to the point where they're now recognized as among the largest metal deposits in the world: Donlin Creek, a 25-plus million ounce gold deposit, and the Pebble deposit, held by Northern Dynasty (TSX: NDM). The Pebble deposit is significantly larger than, and of comparable grade to, Ivanhoe's (NYSE: IVN) Oyu Tolgoi (copper-gold) deposit in Mongolia. (Editor's Note: The Donlin Creek project is a joint venture between NovaGold and Barrick Gold.)

StockInterview:

Anywhere else in the world where you can find a great, but still "new" resource investment opportunity, in light of how hard the commodities bull has been stampeding the past few years?

Lawrence Roulston:

Often the better value to be had, or the better opportunity, is in being a little bit out of step with the crowd. One of the areas offering some outstanding opportunities is China. China has done a tremendous amount of geological work, over the last few decades, but all from the perspective of finding, and then quickly developing, small deposits. There has been very little effort devoted to taking a bigger picture type look at China. The companies that have been able to take a kind of bigger picture look at China have begun to develop what I think are going to be some pretty spectacular results over time.



Geologically rich China offers foreign companies many opportunities, but local connections are mandatory. Roulston said, "There are outstanding opportunities."

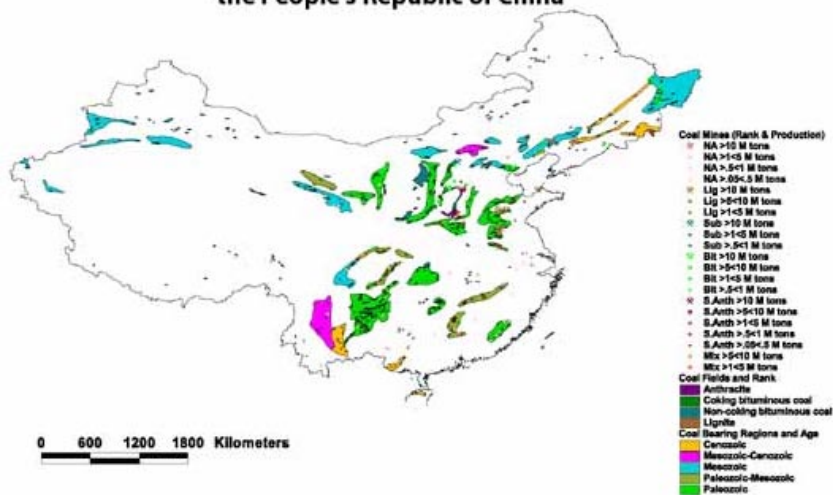
StockInterview:

Isn't it tough, though, doing business in China?

Lawrence Roulston:

There is still a perception out there that China is a difficult place to do business. Most people from the west walk into China cold and try to do a deal. It would be impossible for them. But, for western

Figure 1. Coal Mines, Coal Fields, and Coal-Bearing Age Units in the People's Republic of China



Left: China is the world's largest producer and consumer of coal. Right: China has turned to Canadian companies, such as Pacific Asia China Energy (TSX: PCE), to help develop methane production from its vast coal fields. Pacific Asia China Energy was the first Canadian publicly traded company to secure a coalbed methane deal in China. Roulston said, "There are outstanding opportunities."

companies that are able to team up with groups that are well established within China – so that they're able to find their way through the system over there – then there are outstanding opportunities. There are mountains of geological information – all in Chinese, of course. You've got to be able to work within that system and get the information, know how to put the deals together.

StockInterview:

What do you mean by "knowing how to put the deals together?"

Lawrence Roulston:

If I was to go over to China and try to do a deal to get access to a coalbed methane property, I wouldn't have a clue about how to begin. On the other hand, I could walk into the Petroleum Club in Calgary, and meet a half dozen guys and talk to them. I could build on my leads, and probably in a day be talking about a deal. When you go into China, unless you have somebody on your team that can get into the system and deal with the people, because of language issues, cultural issues and just having access to the information and knowing what sort of terms that they might be looking for... It's a different culture from every perspective, and not the least of which is a different way of doing business.

StockInterview:

In your April issue, you recommended one company, which overcame those hurdles, meets your criteria and already has a coalbed methane deal in China.

Lawrence Roulston:

Pacific Asia China Energy (TSX: PCE) established connections in China. They can draw on their contacts and their network. They can get into see the right people, where they can actually talk seriously about doing deals, and have an enormous leg up over somebody that walked in cold and tried to establish and build contacts and put a deal together. I think it is an absolutely outstanding opportunity that they've seized on.

StockInterview:

There are many coalbed methane opportunities in Alberta. Why look to China?

Lawrence Roulston:

One of the things that makes China interesting is the entry cost to get into a coalbed methane (CBM) play in China is fairly modest. For example, to go to Alberta, or anywhere in the United States, and get access to the exploration rights, or exploitation rights, is enormously expensive. In China, they walked in and, for a fairly modest up-front commitment, obtained a control position in a CBM prospect.

StockInterview:

How does Pacific Asia China Energy's coalbed methane property in Guizhou, China rate against other coalbed methane plays?

Lawrence Roulston:

I think it's an outstanding opportunity. Chinese government agencies have done an enormous amount of work at delineating the coal. To be able to step into that amount of data as a starting point to build up their CBM resource? The bottom line is that they're not out there looking for coal. They know exactly where the material is, and they're able to quickly start defining the issues like recoverability. They're drilling in order to establish the basic physical parameters of the flow rates and the content within the coal. I think the companies which are able to effectively exploit the CBM technology in China are going to be the pioneers in that area.

StockInterview:

To Americans, any business in China might appear to be “pioneering,” since most still think of China as a third world country.

Lawrence Roulston:

I’ve been to China many times and I’ve been to parts of China where most people, as tourists, would never get anywhere near, because I go there to look at mineral exploration projects and mining projects. I’ve been to every corner of the country as well as the major cities. What I see happening everywhere I go is a pace of development that I’ve never seen anywhere else in my life, anywhere in the world. That is, 1.3 billion people are going from a basically rural farm-based economy to a modern industrial economy at a pace that has just never before been conceived.

StockInterview:

How do you quantify that?

Lawrence Roulston:

This is a number that most people won’t get, and you won’t get until you’ve been over there and have seen it. There are 300 million people in China that are already well into the middle class. By middle class, I am comparing (the Chinese middle class) to the same absolute standards as we would apply in Canada or the United States in terms of dollars in your bank account, value of your house and your car, and everything else. There are 300 million people that have already achieved that status, which is more than the people at that status in North America. There are another 1 billion people who are busting their butts to get to that level.

StockInterview:

But isn’t the rest of the world’s rural population just as industrious and ambitious?

Lawrence Roulston:

I’ve been in Africa, the Middle East, Asia and Latin America. If you go into any of those areas and you walk into the small towns, a lot of people are sitting around drinking coffee, crying the blues and complaining about how terrible life is. Go into a similar area in China, and the people are out working in the fields. In the middle of winter, they’re fixing up their fences, the dams and terraces, and clearing rocks, removing trees and stuff like that. It’s a high level of industry I’ve never seen in any other part of the world. So it goes from that ground level right up to the entrepreneurs, and the guys who are building the high rise condominium complexes in Shanghai.

StockInterview:

How long will it take before American investors realize the impact China has on the global economy?

Lawrence Roulston:

It’s going to happen in a gradual way. I think those that keep their heads buried in the sand are going to get left behind as the world pulls ahead. I would suggest any investor in any company ask the question of the company: “Is that company involved in some way in China?” There are a lot of North American companies that have a very significant presence in China in terms of doing business over there, of getting established, of selling products or manufacturing products in China.

StockInterview:

Why is China so important with regards to this commodities bull market, and are there still opportunities for investors?

Lawrence Roulston:

There is a lot of geological potential, and there is the perception that it’s difficult. Therefore, there isn’t yet a big crowd of people over there chasing after deals. The flip side of it is that China and its neighbors in southeast Asia, representing 3 billion people, are going through the modern industrialization process. That is going to continue to create a massive demand for metals for, I believe, a decade or probably even a couple of decades into the future.



A crowded China has a huge appetite for minerals and energy.

StockInterview:

And most likely, the U.S. investor is going to be left behind or the last one into the pond?

Lawrence Roulston:

The bottom line is that Americans tend to be more inward focused. The other evening I was having dinner with an oil man from Texas who had spent a lot of time in China. He had seen China first hand and was very bullish. I asked him, “How many of your countrymen do you think really get it about China?” And he responded, “Oh, about five.” Then he said, “Congress doesn’t get it, investors don’t get it and the man in the street doesn’t get it.” Americans just don’t understand what’s happening over there yet.

Companies Recommended by Lawrence Roulston		
Northern Dynasty Minerals Ltd.	TSX: NDM	www.northerndynastyminerals.com
NovaGold Resources Inc.	AMEX: NG TSX: NG	www.novagold.net
Pacific Asia China Energy Inc.	TSX: PCE	www.pace-energy.com

**About...**
Lawrence Roulston
Editor, Resource Opportunities

Lawrence Roulston is an acknowledged expert in the identification and evaluation of exploration and development companies in the mining industry.

Lawrence is a geologist, with engineering and business training, and more than 20 years of hands-on experience in the resource industry. After completing his studies at the University of British Columbia in 1975, Mr. Roulston worked as an analyst for the major mining company Cominco Ltd. He also worked in a management role for several years with a mid-sized Calgary oil group. In 1984 he became the vice-president of a group of mineral exploration companies. He was also vice-president of an investment management firm focused on the resource industry. From 1994 to 1997, he was president and CEO of a mineral exploration company. Since then, he has been a resource industry consultant and independent mining analyst. He began writing Resource Opportunities in 1998.

Lawrence conducts frequent property visits as part of his due diligence and has toured mining and exploration projects in many parts of the world. He has also served as an expert witness in litigation regarding mining investments. Lawrence is frequently quoted and interviewed in the media, including national television. He has spoken at mining and investment conferences around the world.

Mr. Roulston's years of hands-on experience and extensive personal contacts in the industry provide unique insights that have generated an impressive track record for Resource Opportunities, a subscriber-supported investment newsletter.

Contact:**Resource Opportunities**

info@resourceopportunities.com

www.resourceopportunities.com

Toll Free: 1-877-773-7677

Suite 1510 800 West Pender Street

Vancouver, BC V6C 2V6 Canada

StockInterview.com is an independent information website with the goal of empowering investors. StockInterview.com publishes securities reports, news and comments of individuals and organizations whose opinions are deemed of interest to our readers. StockInterview.com does not itself endorse or guarantee the accuracy or reliability of any information, statements or opinions expressed by these individuals or organizations. StockInterview.com does not provide an analysis of a company's financial position. Information on this website does not constitute a solicitation or offer to buy or sell securities. StockInterview.com has not independently confirmed the accuracy, correctness or truthfulness of statements made by company officials, analysts or outside spokespeople. StockInterview.com employees will never invest or trade securities of companies featured on this website. StockInterview.com will never accept securities as an advertising fee. StockInterview.com presents information from company officials and freelance writers, which is believed to be reliable, but its accuracy can not be guaranteed. Past Performance does not guarantee future results. Companies who have paid an advertising fee to be featured on the StockInterview.com website, are listed on the disclaimer page, see <http://www.stockinterview.com/disclaimer.html> for details. Any comments made by company officials, outside spokespeople, or analysts should be directly verified with the company by the reader. Information about publicly listed companies and other investor resources can be found at the Securities and Exchange Commission website: www.sec.gov. Investing in securities is speculative and carries risk. Investments in any security should be made only after consulting with your registered investment advisor, and especially after reviewing company financial statements and company news releases. Only sophisticated investors should consider investments in micro-capitalized companies as an investment strategy and only as a highly speculative portion of his/her investment portfolio. All investors are urged to review company filings with the United States Securities and Exchange Commission, and pay special attention to any and all RISK FACTORS announced by the company in its SEC filings.

FORWARD LOOKING STATEMENTS:

Certain information contained on the StockInterview.com website may contain "forward looking statements" made by the featured company, its management, employees or those with alliances to the company and information within the meaning of Section 27 of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including any statement regarding expected continual growth of the featured company. In accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995, that statements contained herein that look forward in time, which include other than historical information, involve risks and uncertainties that may effect actual results of operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: risks inherent in restrictions of foreign ownership; uncertainties relating to carrying on business in foreign countries; the Company's history of operating losses and uncertainty of future profitability; dependence upon joint venture partners; the size and growth of the market for the company's products; the company's ability to fund its capital requirements in the near term and in the long term; pricing pressures, etc. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance may be forward looking statements. Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements may be identified through the use of words such as expects, will, anticipates, estimates, believes, or by statements indicating certain actions may, could, should or might occur. Investors should be cautioned that the Company may be unable to continue its projected growth rate, may be unable to fully implement its business strategies, or be unable to successfully integrate the operations of its various acquisitions. Investors should be further cautioned that any forward-looking statements made by the Company are not guarantees of future performance.