Adrian Day's

Global Analyst

Issue No. 443, 2 Pages 17th February, 2010

*Our last sale, of **International Royalty,** would have filled, giving us a total return of 162%. This brings the average return of all stocks sold since we started this service to 90.4%, held an average of 25.5 months. International Royalty is being purchased by Royal Gold. We now have a new recommendation. Following on recent discussion of two of our top recommendations, **Virginia Mines** and **Midland Exploration**, we have a third Quebec explorer, with a similar business plan. Though at an earlier stage than the other two (with Virginia being significantly more advanced than either), things are now coming together nicely at the company, and we believe the stock will eventually do well.*

BUY CARTIER RESOURCE (ECR, To., 0.31-0.33) with a limit of C$0.32

Cartier Resource is a relatively new company, formed just three and a half years ago, with a plan to generate early-stage prospects in Quebec and form joint ventures to advance the properties. We suspect the company, and stock, will do very well over the next few years.

To date, it has done a good job of building a portfolio of properties in Quebec, mostly by staking. (We've discussed before why we like Quebec, for its favorable mining environment.) The projects, focused on the prolific Abitibi Gold Belt, are primarily gold, but include copper and polymetalic properties as well. They are mostly 100% owned by Cartier. In total there are 7 distinct projects including almost 400 claims.

It continues to stake properties, but has also been active over the past year with exploration on the properties, including ongoing trenching and drilling on several. It has succeeded in finding multiple mineralized zones, including two gold and one copper just in the last few months.

Next stage: joint ventures

The next stage in the plan is to develop resources at some of the properties and to find partners who will spend the money on exploration in exchange for a share in the project. Although all of Cartier's properties are early stage and none yet has delivered the spectacular discovery hole that excites markets, we could see one or two joint ventures this year. President and CEO Philippe Cloutier, a geologist with over 20 years experience with Noranda and others, has specific experience in negotiating joint ventures and we believe he knows the right time to seek partners and will undertake sound agreements.

The key project in the portfolio is the Kinojevis property, over 48 km of strike situated on one of Quebec's most important gold trends. There is good geological structure that has produced several discoveries on the Ontario side. On the Quebec side, the trend splits,

and Cartier has important ground along the relatively underexplored top trend. There is now excellent access with a new logging road, and initial work has found several examples of anomalous gold. Cartier has divided the project into five distinct properties (partly to make dealing to partners easier).

Aggressive drilling before dealing property

On one of these, the MacCormack property, the company has identified numerous interesting geophysical targets and has commenced an aggressive, C$1 million drill program following up on a polymetalic find as well as a gold showing. In all, Kinojevis has enormous potential, though it's all early stage. Ideally, the company will be able to joint venture different properties in the overall project to different partners, perhaps with differing agreements and work commitments.

Cartier has experienced, aggressive management, and, after several small financings over the past year, is well financed for the near term, with C$2.2 million cash. The plan is that some joint-venture agreements will bring in some cash before the company needs to undertake a significant financing. Partners are being actively sought on three properties.

Buy, but patiently

It is a small company, just C$8 million market cap, and the stock correspondingly thinly traded; some days hardly any shares trade. You need to be disciplined in buying, therefore. Put in a bid at C$0.32 and let the stock come to you. You will also need to be patient holding; the stock should respond very well to any positive news—a joint venture or strong drill hole—but we don't know when that will be. I *suspect* we could have good news shortly; this is certainly a good time to be buying, with the company's initial work done and before a joint venture or major development. Because of the size of the company and the lack of any joint venture or resource at present, we are putting it in the "speculative" part of our pyramid. (Please note that we own, for clients of my money management firm, over 5% of Cartier.)

Adrian Day's Global Analyst is distributed for $990 per year by Investment Consultants International, Ltd., P.O. Box 6644, Annapolis, MD 21401. (410) 224-8885. Publisher: Adrian Day. Owner: Investment Consultants International, Ltd. Staff may have positions in securities discussed herein. Adrian Day is also President of Global Strategic Management (GSM), a registered investment advisor, and a separate company from this service. In his capacity as GSM president, Adrian Day may be buying or selling for clients securities recommended herein concurrently, before or after recommendations herein, and may be acting for clients in a manner contrary to recommendations herein. This is not a solicitation for GSM. Views herein are the editor's opinion and not fact. All information is believed to be correct, but its accuracy cannot be guaranteed. The owner and editor are not responsible for errors and omissions. © 2010. Adrian Day's Global Analyst. Information and advice herein is intended purely for the subscriber's own account. Under no circumstances may any part of a Global Analyst fax or e-mail be copied or distributed without prior written permission of the editor. Given the nature of this service, we will pursue any violations aggressively.