

August 18, 2008

A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.

for your Information

eResearch continues to expand its Distribution Platform. This extensive internet-based network is one of our greatest strengths. Through it, we are able to provide our Covered Companies with the broadest market exposure possible.

Our video interviews with both CEOs and analysts have been received enthusiastically. Through an arrangement with our Distribution Partner, Investment Pitch, their website, www.investmentpitch.com, now prominently displays our videos on their Home Page.

We have also recently hooked up with Pinnacle Digest, go to www.pinnacledigest.com, where the main article from our newsletter is now posted. Go to "Sector Insight". To reciprocate, we will be posting their newsletters on our website. They are found under "Articles" and the first one is entitled "Black Cloud".

Topic: Junior Mining Companies

Tight credit conditions create a liquidity crisis for companies, such as the junior mining exploration companies, that are continually dependent upon the capital markets for financing its activities.

When the junior mining sector slumps, it causes investor disinterest and a consequent decline in stock prices, the result being that access to financing dries up. Without cash flow, a company is forced to scale back activities or even curtail operations completely.

Options available to management include cutting back exploration and/or development, mine shut-down, entering into joint venture partnerships (not always on favourable terms), disposal of assets, or outright sale of the company (again, not usually from a position of strength).

In this regard, it has become increasingly difficult for junior mining exploration companies to raise equity in the current market environment and, where efforts have been successful, often the amounts raised are not large.

When times are good, management usually can do no wrong and stock prices escalate. Flush with cash, they often spend money foolishly on marketing and promotional efforts to advance investor awareness. But if the stock is doing well, investors usually know. Drumbeats on the Street bang loudly.

The time for management to increase investor awareness of the company is when the stock is down. Shareholders need comforting. They will often stick with their investment if they know what is going on, so they need to be informed, and they rarely like surprises.

These are difficult times in the junior mining sector. For investors, the best opportunities lie with highly liquid companies. Cash is King!

Bob Weir

Bob Weir, B.Sc., B.Comm., CFA
Director of Research

Quick Facts



**Closing Price
(August 15/08):**
\$0.20

52-Week High-Low:
\$0.45 - \$0.12

Target Price:
1-Year: \$0.70

Book Value Per Share:
F2006: \$0.05
F2007: \$0.05
F2008: \$1.04E

Shares Outstanding:
116.8 million

Market Capitalization:
\$23.4 million

Fiscal Year-End:
December 31

Symbol:
TSX: ZMR

Stock of the Week

Zaruma Resources Inc. (TSX: ZMR)

Zaruma Resources Inc. announced in its Q2 financial report that the revised estimate for bringing its Luz del Cobre copper project in Mexico into production has risen from \$32 million to \$35 million. Since mine development costs are based on units of production, this figure could increase further if the number of units of production to be completed is higher than expected.

Glencore International of Switzerland has provided Zaruma with \$23.5 million of long-term funding, of which about \$21 million has been drawn to date. Glencore and Zaruma are in discussions concerning the shortfall, and Glencore has indicated that it is willing to consider providing additional short-term funding until Zaruma obtains alternate financing.

Within the context of the current tight credit markets, which has seen access to substantial funding become scarce, these positive discussions are encouraging.

If Zaruma is successful in obtaining the required financing, whether it is all debt, all equity, or some combination of each, then we expect there will be a positive reaction in the marketplace for Zaruma's shares.

We believe the Company will be able to secure the necessary funds to bring Luz del Cobre into production on schedule in Q1/09 and, therefore, we are maintaining our 12-month Target Price of \$0.70 per share, and our "Speculative Buy" Recommendation.

These are difficult times for the junior mining exploration sector, and the shares of many of the companies have not fared well of late. Until the market stabilizes and availability of money improves, share price recovery could be some time off. Zaruma should be one of the exceptions.

[Stock of the Week Video Link](#)



**New Research Material
for the week ending
August 15, 2008:**

1. Initiating Reports

None

**2. Update
Reports/Analyst
Commentaries/
Bulletins**

[Mosquito Consolidated
Gold Mines Limited](#)

08/15/08

[Starfield Resources](#)

08/15/08

[Hi Ho Silver Resources](#)

08/14/08

[Zaruma Resources Inc](#)

08/14/08

[Integrated Asset
Management Corp](#)

08/14/08

[Skyline Gold
Corporation](#)

08/13/08

[Manulife Financial Corp](#)

08/11/08

[Yukon Nevada Gold
Corp](#)

08/11/08

3. Analyst Articles

[Hot Air](#)

08/14/08

BriefCase

NewsBytes from August 11 – August 15, 2008

Research reports on these companies are available on our website at www.eresearch.ca. For the latest eResearch publications, see sidebar opposite.

VICTHOM HUMAN BIONICS INC. (\$0.085 - August 11, 2008;

VHB-TSX)....Vichthom reported second-quarter 2008 revenues of \$582,548 compared with \$547,854 in the same period of 2007, an increase of 6.3%. For the six months ended June 30, 2008, revenues were \$1,156,791 compared with \$1,108,089 for the same period of 2007, an increase of 4.4%. Further details on the quarter and the six-month period are available on the Company's website at www.vichthom.com. **Speculative Buy. Target Prices: \$0.40 (1-Year); \$1.50 (4-Year).**

SKYLINE GOLD (\$0.10 - August 12, 2008; SK-TSX-V)....

Skyline Gold reported that the Company's process to develop or acquire the amount of power required to operate its proposed Bronson Creek gold/copper mine (northwestern British Columbia) has resulted in seven applications for water licenses totalling 72 megawatts of power and potentially generating 311 gigawatt hours of electricity per annum. **Speculative Buy. Target Price: \$0.25 (1-Year).**

PETAQUILLA COPPER LTD. (\$1.90 - August 12, 2008; PTC-

TSX)....Petaquilla Copper Ltd. announced that its Board of Directors requires further time to consider the merits of the offer from Inmet Mining. **No eResearch Recommendation or Target Prices.**

INDICATOR MINERALS (\$0.18 - August 13, 2008; IME-TSX-

V)....Indicator Minerals Inc. announced that it intends to complete a non-brokered private placement of about \$300,000 in flow-through units at \$0.20 per unit. **Speculative Buy. Target Price: \$0.40.**

ORACLE ENERGY CORP. (\$0.145 - August 14, 2008; OCL-TSX-

V)....Oracle has been notified that the J. Vela #1 well in Zapata County, Texas is now on stream and is producing to sales at about 500 MSCFD. Oracle has an 18.75% working interest in the well. **Recommendation and Target Price Under Review.**

Video Library

[Starfield Resources Inc](#)

08/05/08

[Hi Ho Silver Resources Inc](#)

[CEO Interview](#) 08/05/08

[Hi Ho Silver Resources Inc](#) – 07/28/08

[Wescan Goldfields Inc](#)

06/17/08

[Monument Mining Ltd](#)

06/17/08

[Inca Pacific Resources Inc](#)

06/11/08

[Stealth Ventures Ltd](#)

06/09/08

[Homeland Energy Group](#)

(06/06/08)

[Petaquilla Minerals Ltd](#)

(06/04/08)

[Victrom Human Bionics](#)

(06/02/08)

[Sage Gold Inc.](#)

(05/29/08)

Performance: Six Months

Company	Symbol	Report Type	Report Date	Report Price	Target Price	<Last 6 Months> High	<Last 6 Months> Low	% Gain to High	% of Target
Action Minerals	ATM-V	U	4-Feb-08	\$0.05	\$0.04	\$0.06	\$0.015	20%	100%
Zaruma Resources	ZMR-X	I	27-Feb-08	\$0.19	\$0.70	\$0.45	\$0.17	137%	51%
Starfield Resources	SRU-X	I	26-Feb-08	\$0.95	\$2.10	\$1.37	\$0.70	44%	37%
MacDonald Mines	BMK-V	I	22-Feb-08	\$0.45	\$1.35	\$0.66	\$0.20	47%	23%
Monument Mining	MMY-V	I	4-Feb-08	\$0.51	\$1.00	\$0.60	\$0.31	18%	18%
Yukon-Nevada Gold	YNG-X	I	29-Feb-08	\$1.52	\$3.30	\$1.80	\$0.85	18%	16%
Pacific Energy Resources	PFE-X	I	7-Feb-08	\$1.73	\$3.40	\$1.75	\$1.00	1%	1%

I = Initiating Report; U = Update Report; X = TSX; V = TSX Venture

Performance: Twelve Months

Company	Symbol	Report Type	Report Date	Report Price	Target Price	Last 12 Months High	Last 12 Months Low	% Gain to High	% of Target
Radisson Mining	RDS-V	I	26-Jul-07	\$0.30	\$0.45	\$0.45	\$0.125	50%	100%
Royal Roads Corp.	RRO-V	I	11-Jul-07	\$0.41	\$0.75	\$0.49	\$0.07	20%	24%
Portrush Petroleum	PSH-V	U	10-Jul-07	\$0.10	\$0.27	\$0.14	\$0.06	40%	24%
Oracle Energy Corp.	OCL-V	U	26-Jul-07	\$0.24	\$0.45	\$0.27	\$0.09	13%	14%
Divcom Lighting	DVQ-X	I	5-Jul-07	\$0.28	\$0.60	\$0.28	\$0.015	0%	0%

I = Initiating Report; U = Update Report; X = TSX Exchange; V = TSX Venue Exchange

Monthly Top Twenty

The top twenty downloads from www.eresearch.ca for July 2008:

- 4-Week Performance (911)
- The Clarion (371)
- Sirios Resources (89)
- Corporate Brochure (64)
- Zaruma Resources-Bulletin (62)
- Yukon-Nevada Gold-Bulletin (51)
- Arsenal Energy (51)
- Homeland Energy-Initiating (49)
- Yukon-Nevada Gold-Bulletin (49)
- Yukon-Nevada Gold-Bulletin (45)
- Jet Gold Corp. - Update (45)
- Hi Ho Silver Resources-Update (39)
- Article: Starbucks (38)
- Article: Mining in Russia (36)
- Skyline Gold Corp.-Bulletin (35)
- Grandview Gold – Initiating (33)
- Wescan Goldfields - Bulletin (32)
- Radisson Mining - Update (32)
- IRI Separation – Comment (31)
- Sage Gold - Initiating (31)

August Brainteaser

What rock is also a food? Reply to bweir@eresearch.ca

July Question: What starts and ends with the letter “e”, contains a letter, but it is not the letter “e”? Answer: An envelope