

Colin Robert Hugh McCabe and Erwin Thomas Speckert

Securities Act, RSBC 1996, c. 418

Hearing

Panel	Brent W. Aitken Judith Downes Don Rowlatt	Vice Chair Commissioner Commissioner
Hearing dates	July 22-24, 2013	
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Appearing		
Derek J. Chapman	For the Executive Director	
Sean K. Boyle and Andrew Crabtree	For Colin Robert Hugh McCabe	
Patricia A.A. Taylor	For Erwin Thomas Speckert	

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Findings

I INTRODUCTION

- ¶ 1 This is the liability portion of a hearing under sections 161(1) and 162 of the *Securities Act*, RSBC 1996, c. 418.
- ¶ 2 In a notice of hearing issued July 31, 2012 (2012 BCSECCOM 304), the executive director alleges that Colin Robert Hugh McCabe:
- made misrepresentations, contrary to section 50(1)(d) of the Act, and
 - made false or misleading statements to the Commission, contrary to section 168.1(1).
- ¶ 3 Those allegations are in paragraphs 30 and 31 of section 1 of the notice of hearing.
- ¶ 4 Paragraph 32 says this:
- “By facilitating the secret promotion of securities in or from British Columbia the Respondents harmed the reputation and credibility of the province’s securities market and regulatory environment.”
- ¶ 5 Section 2 of the notice of hearing says, “It is in the public interest that the Commission issue orders under section 161 and 162 of the Act.”
- ¶ 6 The allegation in paragraph 32 is one only of fact. There is no accompanying allegation that what is described in paragraph 32 constitutes either a contravention of the Act or conduct contrary to the public interest. We gather what the executive director expects the reader to infer is that, because he alleges in section 2 that it is in the public interest to issue orders, what is described in paragraph 32 must be conduct contrary to the public interest.
- ¶ 7 Although we may have doubts as to the adequacy of the notice of hearing, it is not, as a practical matter, an issue in this hearing.
- ¶ 8 The purpose of a notice of hearing is to inform the respondent of the case against him. In two preliminary applications it was clear that the executive director was alleging that McCabe and Erwin Thomas Speckert engaged in conduct contrary to the public interest. In his opening at the hearing, the executive director reiterated the allegation and described it in some detail. In fact, it is what the case is mostly about.

¶ 9 For their part, the respondents engaged the executive director throughout on the merits of the allegation. At no time did they argue that the notice of hearing was deficient. We are satisfied that the respondents were fully aware of the case they had to meet.

II BACKGROUND

A Overview

1 The alleged misconduct

Conduct contrary to the public interest

¶ 10 In December 2009 and January 2010, Speckert, on behalf of persons unknown, engaged McCabe to publish reports promoting Guinness Exploration Inc., a thinly-traded company quoted on the Over The Counter Bulletin Board in the United States (OTCBB). Speckert identified himself to McCabe only as “Erwin” and provided no other information other than a fax number for McCabe to send his invoices. McCabe wrote a report promoting Guinness. In March and May, McCabe wrote two more reports promoting Guinness, which he says he did at Speckert’s request.

¶ 11 Speckert arranged payment of McCabe’s invoices for the promotion totalling \$2.65 million. The executive director alleges these arrangements were designed to conceal the flow of funds to McCabe from whomever Speckert represented.

¶ 12 In December 2010, in separate transactions, two individuals emailed McCabe about promoting Tuffnell Exploration Ltd. and Gunpowder Gold Corp., both OTCBB issuers. Both individuals indicated a preference to pay through an account not in Canada. McCabe facilitated the payment arrangements and wrote reports promoting Tuffnell and Gunpowder. He asked no questions of the individuals other than how much they wanted to spend and the name of the company to be used in the disclaimer in the report. McCabe invoiced, and was paid, US\$1.2 million for each of the Tuffnell and Gunpowder promotions.

¶ 13 As noted above, the executive director alleges that by “facilitating the secret promotion” of Guinness, Tuffnell and Gunpowder in or from British Columbia, McCabe and Speckert (the latter only in relation to the promotion of Guinness) “harmed the reputation and credibility of the province’s securities market and regulatory environment.” The executive director alleges that these activities constituted conduct contrary to the public interest.

¶ 14 For clarity, it is worth noting that two aspects of improper conduct are encompassed by the allegation: first, the promotion itself; second, the secrecy surrounding the promotion. The parties made submissions relevant to both aspects.

Misrepresentations

¶ 15 The executive director alleges that McCabe made misrepresentations in the reports he wrote promoting Guinness when he:

- misstated the date Guinness acquired a property,
- stated that the property had “an estimated recoverable resource in excess of 1 million ounces of gold”, and
- materially understated the amounts he was paid for producing the reports.

Making false or misleading statements to the Commission

¶ 16 The executive director alleges that McCabe made false or misleading statements in a compelled interview with Commission staff when he materially understated the amounts he was paid for the Guinness promotions.

2 Evidence

¶ 17 The executive director called one witness, a Commission staff investigator, and entered documents.

¶ 18 The respondents cross-examined the Commission staff investigator and, in the course of that cross-examination, entered documents. At the conclusion of the executive director's case, the respondents elected to call no witnesses or enter any other evidence. Their position is that the executive director failed to meet the standard of proof necessary to prove the allegations in the notice of hearing.

¶ 19 The evidence includes the transcript of a compelled interview of McCabe, under oath, on July 8, 2010. McCabe was represented by counsel at the interview. In these Findings, the statements we attribute to McCabe are those he made in his compelled interview. McCabe says he was not sure whether Speckert's first name was spelled "Erwin or "Irwin". The transcript of McCabe's interview uses "Irwin". In light of the findings we are making, we are using "Erwin" and have used that spelling in the quotes from McCabe's interview.

¶ 20 The evidence also includes a transcription of an audio tape of an interview of Speckert by Commission staff on August 25, 2010. Speckert says we should attach no weight to any statements in that interview that conflict with other evidence from Speckert. As it turned out, we did not need to consider Speckert's arguments on that point. In reaching our findings we did not find it necessary to rely on the transcript and accordingly gave it no weight.

¶ 21 Unless otherwise indicated, all dollar amounts in these Findings are in US dollars.

B The Respondents

1 McCabe

¶ 22 At all material times, McCabe resided in Abbotsford, British Columbia.

¶ 23 McCabe graduated from university in 2005 or 2006. He was in his mid-20s when he graduated. He said he "always had an interest in the markets". While at university he took the Canadian Securities Course but took no other courses relating to securities.

¶ 24 McCabe has no experience in the securities industry. He has never been registered under the Act.

¶ 25 Sometime after graduation McCabe began making stock purchase recommendations under his own name through a monthly publication called *Elite Stock Report*. Some editions of *Elite Stock Report* are relevant to these Findings. He was the sole author of

Elite Stock Report. He wrote the editions relevant to these Findings at his home in Abbotsford. The relevant reports refer in places to McCabe's "subscribers" but all were distributed only by direct unsolicited mail in the United States.

- ¶ 26 *Elite Stock Report* is not a corporate entity.
- ¶ 27 During the relevant period McCabe was the sole shareholder, director, and officer of Jake Landon Publishing Inc., which we refer to as Landon. Apart from McCabe, Landon had no employees or consultants.
- ¶ 28 Landon is the vehicle McCabe used to arrange the printing and mailing of the relevant editions of *Elite Stock Report*.
- ¶ 29 Describing his business, McCabe said:

"I research stocks and if I feel they have a decent shot of being profitable, then I will write a report on them.

...

I do – all the editorial content is all completed by myself. Occasionally, I can – have to outsource graphic work, you know, if you need a graphic made. I also use vendors in the United States to handle the printing and distribution of any newsletters I produce."

- ¶ 30 Asked how he did his research, he said he used only publicly available information: "Through all online publicly available information, SEC filings, company websites, news releases, any press releases that they have." His research did not include any contact with the company subject to the promotion. He said he had never contacted any company that he had "been paid for to do a promotion on."
- ¶ 31 McCabe said that until he was paid, he "might do some preliminary research" but would not "take pen to paper".

2 Speckert

- ¶ 32 Speckert resides in Zurich, Switzerland and is the managing director of Everest Asset Management, AG, a Swiss company. Speckert also solely controls a British Virgin Islands company called Emma Marketing Services, Inc.

III ANALYSIS

A Standard of Proof

- ¶ 33 The onus of proof lies on the executive director, who must prove the allegations in the notice of hearing on a balance of probabilities, meaning that "it is more likely than not that an alleged event occurred". The evidence must be "sufficiently clear, convincing and cogent" to satisfy the balance of probabilities test." (*F. H. v. McDougall* 2008 SCC 53 at paragraphs 49 and 46).

B Conduct Contrary to the Public Interest

1 The public interest

¶ 34 It is long-established that the Commission may make orders in the public interest under section 161(1) for conduct that is contrary to the public interest, even if the conduct is not in contravention of any provision of the legislation: *Canadian Tire Corp. v. C.T.C. Dealer Holdings Ltd.* (1987) 10 OSCB 51 at para. 127; aff'd 21 OAC 216 (Ont. Div. Ct); leave to appeal refused (1987) 35 BLR xx (Ont. C.A.); see also *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* [2001] 2 SCR 132 at paragraph 42.

¶ 35 In considering allegations of conduct contrary to the public interest, we are guided by decisions of the Supreme Court of Canada that have described the public interest mandate of securities regulation.

¶ 36 In *Gregory & Co. v. Quebec Securities Commission* [1961] SCR 584, the Court said (at p. 588):

“The paramount object of the Act is to ensure that persons who . . . carry on the business of trading in securities or acting as investment counsel, shall be honest and of good repute and, in this way, to protect the public . . . from being defrauded”

¶ 37 In *Brosseau v. Alberta (Securities Commission)* [1989] 1 SCR 301, the Court said:

“32 Securities acts in general can be said to be aimed at regulating the market and protecting the general public. This role was recognized by this Court in [*Gregory*] . . .

33 This protective role, common to all securities commissions, gives a special character to such bodies which must be recognized when assessing the way in which their functions are carried out under their Acts.”

¶ 38 In *Pezim v. British Columbia (Superintendent of Brokers)* [1994] 2 SCR 557, the Court described the securities regulatory framework in Canada as follows:

“59 It is important to note from the outset that the Act is regulatory in nature. In fact, it is part of a much larger framework which regulates the securities industry throughout Canada. Its primary goal is the protection of the investor but other goals include capital market efficiency and ensuring public confidence in the system

60 Within this large framework of securities regulation, there are various government administrative agencies which are responsible for the securities legislation within their respective jurisdictions. The Commission is one such agency”

¶ 39 In *Asbestos* (cited above), the Court said this about the nature of the Ontario Securities Commission’s public interest jurisdiction:

“41 . . . the OSC’s public interest jurisdiction is animated in part by both of the purposes of the Act described in s. 1.1, namely “to provide protection to investors from unfair, improper or fraudulent practices” and “to foster fair and efficient capital markets and confidence in capital markets”. Therefore, in considering an order in the public interest, it is an error to focus only on the fair treatment of investors. The effect of an intervention in the public interest on capital market efficiencies and public confidence in the capital markets should also be considered.”

¶ 40 The Commission’s mission statement is consistent with those authorities:

“Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital”

¶ 41 It is apparent from the respondents’ submissions that they share a fundamental misunderstanding of the Commission’s jurisdiction in considering an allegation of conduct contrary to the public interest. This misunderstanding is evident in their arguments that:

- There were no duties at law that imposed any obligations on the respondents relevant to their conduct.
- There is no proof of any connection between the respondents’ conduct and any illegal activity.
- There is no proof that the editions of *Elite Stock Report* in issue had any effect on the stock prices of Guinness, Tuffnell or Gunpowder.

¶ 42 Inherent in these arguments is the proposition that, in order to prove the respondents engaged in conduct contrary to the public interest, the executive director must establish that the respondents failed to meet a legal duty, engaged in illegal conduct, or engaged in conduct that affected the target companies’ stock prices.

¶ 43 This proposition is simply wrong. The respondents cite no law to support it, which is hardly surprising, given that such a proposition would be utterly inconsistent with the authorities cited above.

¶ 44 The Commission may make orders in the public interest, even in the absence of a contravention of the Act (or, by implication, any other illegal activity).

¶ 45 Neither is it necessary for us to find that the respondents’ conduct had any effect on the stock price of the companies targeted by McCabe’s reports.

¶ 46 To determine whether the respondents engaged in conduct contrary to the public interest, we need consider only whether their conduct exposed investors to unfair or improper

practices (the phrase in *Asbestos* is “unfair, improper or fraudulent practices”, but fraud is not alleged here), or whether that conduct eroded confidence in the capital markets of British Columbia.

2 The Guinness promotions

¶ 47 McCabe says that in late 2009 he received a phone call from an individual identifying himself only as “Erwin” that ultimately led to the three reports he wrote promoting Guinness. Below we find that this individual was the respondent Erwin Speckert.

¶ 48 McCabe says Speckert “kind of said what he had in mind.”

¶ 49 McCabe says he told Speckert:

“I said what I do, I, you know, write company profiles and send them out, and that was pretty much what we agreed upon to write about Guinness Exploration.”

¶ 50 Speckert did not disclose, and McCabe did not ask for, Speckert’s surname. In his interview, McCabe said he still did not know Speckert’s last name. McCabe did not ask Speckert how he got his number, or how he heard of him. He did not ask Speckert for his phone number or where he was calling from. He did not ask for, and Speckert did not provide, any information by which McCabe could contact Speckert. “He contacted me,” McCabe says. The only exception was a fax number that Speckert gave McCabe for sending invoices. McCabe says he has never met Speckert.

¶ 51 Neither did McCabe ask Speckert for the description or identities of the persons he represented, their interest in Guinness, or the purpose of the promotion.

¶ 52 This is what McCabe said in his interview about what he agreed with Speckert to do in relation to Guinness:

“Q Okay. So you tell Erwin what you do. Do you tell him how much money you want?

A I would give him a quote based on what I think his project desires would be and produce an invoice for that amount.

Q What were his project desires?

A To enhance the investor awareness of Guinness Exploration.

Q Okay. Did he tell you how he wanted you to do that?

A No, that was kind of what I do. In our conversation I would say what I can – what I provide, what my services are, and he agreed to that.

Q Okay. What did you tell him you were going to provide for him?

A Direct mail campaign, I would create and distribute this report.

...

Q When you spoke to Erwin, was it understood that you would be making a recommendation to buy stock?

A I only would make a recommendation based on the merits of my research in the company. I profiled it. I felt that the stock had – was, you know, a good – a decent buy at the current level.

...

Q So was the \$350,000 dependent on the recommendation you made?

A No.

Q No? So if, hypothetically, had you made a recommendation that you should not touch this stock, you would have still got the 350?

A Hypothetically.

Q Did Erwin see this report prior to it being mailed out?

A He did not.

Q So you could have put that in there and you still had the 350, am I correct?

A I could have.

...

Q So when did you get the 350?

A Towards the end of January, I believe.

Q So prior to disseminating this? So prior to sending it down to the printer?

A Oh yeah.

Q And he didn't see what was in it? He gave you the 350 without seeing what was in it?

A Correct.

...

Q Okay. So did you tell him what your feelings were on the company before you got the 350?

A I don't recall exactly what our conversations would have – would have contained to that time.

...

Q Well, I'm not looking for the exact content, I'm just looking for generally. . . .

A I believe I would have told him whether or not I wanted to do a positive or negative profile on the company prior to writing – writing this script.

Q Right. And given what you have here, you told him that you were going to do a positive review; is that correct?

A I don't recall, but I would say, because of what's written here, it was . . . fairly positive. . . .”

- ¶ 53 Speckert instructed McCabe to invoice “Emma Marketing Services Inc.” to the fax number he provided. It was a Swiss number. McCabe says he did not ask where it was nor did he look up the country code to find out.
- ¶ 54 McCabe invoiced Emma as directed. Speckert arranged payment through various offshore companies, some controlled by Speckert, and a Swiss bank account. The funds ended up in Landon’s bank account in Surrey. The details of these transfers are described elsewhere below in these Findings.
- ¶ 55 McCabe wrote about Guinness in the February 2010 edition of *Elite Stock Report*. Almost the entire report is devoted to Guinness.
- ¶ 56 Although below we quote excerpts from the report, we have attached the entire report to these Findings as Schedule A. As the reader will observe, mere quotes from the report do not fully convey its grossly promotional and misleading nature.
- ¶ 57 This appears on the front page:

“My gold stock picks are screaming...

- CLHRF... **up 400%** in two days
- AGFL... **up 360%** in four days
- PGOL... **up 285%** in eleven days

...

But listen...

My latest junior gold pick will hand my subscribers Monster-gains inside the next 60 days...and could go 10-for-1 in the next 12 months”

[bold face in original]

- ¶ 58 The text of the report includes these passages [bold face in original]:

“Buy shares immediately in Guinness Exploration . . . while it still trades at about \$1...This stock is an easy “quick double” and could be a ten-bagger before the year is out.”

“But the profits we make on Guinness . . . could dwarf anything we’ve seen so far.”

“Guinness . . . could deliver monster gains inside the next 60 days... and possibly go 10-for-1 in the coming twelve months.”

“12 months from now you could be taking your profits out by the truckload”

“. . . in mining exploration there’s a saying: ‘If you want to find elephants, go to elephant country.’ In other words, mining deposits ‘move in herds’.

...

This is especially true in the ‘Tintina Gold Belt’ . . . the entire belt is host to at least 50 million ounces of gold, both historic and present.

In today’s money, that’s a value of more than \$50 billion.

In short, the Yukon-portion of the Tintina Gold Belt is shaping up to be one of the hottest gold plays of the decade, and Guinness Exploration has locked up 8,000 acres of prime real estate, smack-dab in the middle of it.”

“Plus, they didn’t just lock-up a bunch of moose-pasture. No, they acquired an advanced property over a zone with 8,000 meters of drilling and 400 drill holes --- and an estimated recoverable resource in excess of 1 million ounces of gold.”

“The biggest gains will go to early investors who load up now, before the word gets out and the price spikes higher.”

“Guinness Exploration investors . . . could be sitting on a discovery so massive *it makes Fort Knox look trivial.*”

“I expect the share price of Guinness . . . to crank higher in the next 60 days, and then go on to deliver even bigger returns.

You can thank me later when you’re counting your profits.

But remember: your window of opportunity is very limited...I expect to see the share price leaping upward in the near-term.”

- ¶ 59 The “8,000 acres of prime real estate” in the “Tintina Gold Belt” is a reference to a Guinness property called the Nantawa Project, which McCabe describes later in the report as “Guinness Exploration’s Jewel-in-the-Crown”.
- ¶ 60 The report is signed “Sincerely, Colin McCabe”, along with a facsimile of a signature purporting to be his.
- ¶ 61 In very fine print (we estimate no more than 6-point type) at the end of the report, is a box containing a disclaimer.
- ¶ 62 McCabe makes these disclaimers in the box:

“This publication should be viewed as a paid advertisement. . . . This publication, its publisher, and its editor do not purport to provide a complete analysis of any company’s financial position. The publisher and editor are not, and do not purport to be, registered investment advisors. Any investment should be made only after consulting a professional investment advisor and only after reviewing the financial statements and

other pertinent corporate information about the company. Investing in securities is speculative and carries a high degree of risk. Past performance does not guarantee future results. This publication is based exclusively on information generally available to the public and does not contain any material, non-public information. The information on which it is based is believed to be reliable. Nevertheless, the publisher cannot guarantee the accuracy or completeness of the information. . . .”

¶ 63 McCabe makes this statement about fees:

“In order to enhance the public’s awareness of Guinness Exploration and its securities through the distribution of this publication, Emma Marketing Services Inc. paid the publisher, Elite Stock Report, the sum of three hundred fifty thousand dollars. Elite Stock Report applied these funds towards costs associated with distributing, printing, and creating this report and will retain any excess funds as profit. . . . No additional sums . . . will be paid by Emma Marketing Services Inc.”

¶ 64 The footer on every second page in about 8-point type contains the phrase “All rights reserved. Elite Stock Report. Advertisement. Copyright 2010.” The footer on the first page reads “All rights reserved. Elite Stock Report. See disclaimer on back. Copyright 2010.”

¶ 65 A header on the first page of the report, and a footer on the last page, provides a 1-888 number, a website (www.EliteStockReport.com), and a street address in Fargo, North Dakota.

¶ 66 McCabe wrote two more editions of *Elite Stock Report* promoting Guinness in March and May 2010. McCabe says the two additional editions were at Speckert’s request. The content of the March and May editions is identical to that of the February edition, except the amount paid to Emma is stated in the March edition as \$400,000.

¶ 67 McCabe invoiced Emma \$2.65 million for the Guinness promotions.

3 The Tuffnell and Gunpowder promotions

¶ 68 The executive director alleges that McCabe acted contrary to the public interest when he agreed to promote Tuffnell and Gunpowder through the *Elite Stock Report*, again asking no questions of the individuals requesting him do to so, and when he facilitated a payment mechanism intended to conceal the flow of funds to him.

¶ 69 On December 8, 2010 McCabe received this email from a Bob Vestor:

“My name is Bob Vestor. I would like to have some IR/PR work done for a company ticker TUFF.
Can I pay you for this from overseas? If possible, paying to an account that you have which is also not in Canada?”

¶ 70 TUFF was the OTCBB ticker symbol for Tuffnell.

¶ 71 McCabe replied the same day:

“Yes, you can pay me from overseas. And yes, I do have banking infrastructure setup outside of Canada. . . . How large of a budget do you have in-place?

If you are serious about moving forward, I can invoice you immediately so that we do not want to run into any delays with the holidays. Please provide the name of the company being invoiced for use on the disclaimer. I will email the invoice to this email address, or if you prefer please provide a fax number to fax it to.

Colin”

¶ 72 Vestor responded, also the same day:

“Hi Colin
Thanks for your response. To your questions:
. . . Would like \$600,000
. . . Center Focus Media . . .”

¶ 73 McCabe replied:

“A \$600K budget will get you approximately 850,000 pieces. . . . Each piece will include a 16-page full color report, a 2-page insert letter, and a reply card.

. . .
Thank you for the work.

-Colin”

¶ 74 Vestor agreed. Vestor later asked for another mailing and McCabe arranged a second mailing of the same report.

¶ 75 McCabe invoiced and was paid \$1.2 million for the Tuffnell promotion through offshore accounts to an account in Landon’s name.

¶ 76 The Tuffnell report is dated February 2011 and is attached to these Findings as Schedule B.

¶ 77 On December 15, 2010 McCabe received this email from a Chris Offerte:

“Does your firm disperse information about traded companies?

If so, I am considering hiring you to do some work for me.

I have a company in the resource sector that would hir [sic] you. I would also like to pay you for your services from outside north america to a similar location.

The target company would be gunp”

¶ 78 GUNP was the OTCBB ticker symbol for Gunpowder.

¶ 79 McCabe replied the next day:

“Yes, my firm does disperse information about publicly traded companies via direct mail paid advertisements. And yes, we are setup to accept payments outside of North America.

As per your email, the company you would like to have written-up is Gunpowder Gold (GUNP:OTCBB). Is this correct? How large is your budget and when would you like to mail?

If you are serious about moving forward, I can invoice you immediately. Please provide the name of the company being invoiced for use on the disclaimer. I will email the invoice to this email address, or if you prefer please provide a fax number to fax it to.

Thank you,

Colin”

¶ 80 Offerte responded the next day:

“Hi colin
i would like to proceed with an initial spend of usd600k. please outline the coverage this could get.
You have the correct name of the company I would like to have your firm work on. . . .
the company that would be hiring you is Resource Project Partners II Inc.
. . . .”

¶ 81 McCabe replied:

“For this project, I would create a package that includes a 16-page full color report, a 2-page insert letter, and a reply card all mailed in a 2-color 6x9 envelope.

With a budget of \$600K, you would get approximately 850,000 units. I would also recommend mailing this in two drops of 425,000 spaced 4-5 days apart.

...
Thank you for your business and I look forward to working together.

-Colin”

¶ 82 Offerte agreed. In late January 2011 Offerte asked for another mailing and in February McCabe arranged a second mailing of the same report.

¶ 83 McCabe invoiced and was paid \$1.2 million for the Gunpowder promotion through offshore payments to an account in Landon’s name.

¶ 84 The Gunpowder report is dated “Winter 2011” and is attached to these Findings as Schedule C.

4 Findings – McCabe

Conduct

¶ 85 McCabe wrote and distributed grossly promotional and misleading information about Guinness, Tuffnell, and Gunpowder in editions of the *Elite Stock Report*.

¶ 86 McCabe stated in the *Elite Stock Reports* that Guinness “will hand my subscribers monster gains inside the next 60 days.” Asked in his interview the basis for that statement, he said, “Just the research I had done led me to believe that, you know, it could go up in the next 60 days.”

¶ 87 This answer is not credible. For starters, the report does not say merely that the Guinness stock “could go up” in 60 days, but that Guinness “*will hand my subscribers monster gains*” in 60 days.

¶ 88 There is no evidence of any reasonable basis for the claim. We find this statement was misleading.

¶ 89 Similarly, there is no evidence of any reasonable basis for the report’s claims that the Guinness stock is an “easy quick double” and that “12 months from now” readers who followed his advice “could be taking [their] profits out by the truckload”. We find these statements were misleading.

¶ 90 McCabe wrote the Tuffnell and Gunpowder *Elite Stock Reports* in the same style as the Guinness reports. We have attached the complete reports as Schedules B and C to these Findings.

¶ 91 The Guinness, Tuffnell and Gunpowder reports could never be mistaken for analyst reports prepared by a registrant (at least one that wanted to remain registered). They read more like the tabloids one might expect to see at a grocery check-out. The reports, in blatantly lurid language:

- trumpet McCabe’s ostensible past successful picks (although we note that the heady returns claimed all occurred over a period of just a few days);

- make grossly exaggerated, and unsupportable, claims about the projected share prices of Guinness, Tuffnell and Gunpowder, using phrases like: “monster gains”, “easy quick double”, “go absolutely ballistic”, “multiply . . . FIFTEEN FOLD”, “QUADRUPLE-DIGIT GAINS *within a matter of weeks*”, “into orbit”, and “585% in the next 60 days”;
 - imply, stridently, that investors will lose out if they do not follow his latest “stunning” pick – in this case, Guinness, Tuffnell and Gunpowder;
 - describe the target companies in the most hyperbolic terms – in the case of Guinness, to the extent of misrepresentation; and
 - urge readers to invest in the subject of the reports in terms that can only be described as aggressive investment advice.
- ¶ 92 Interestingly, all of Guinness, Tuffnell and Gunpowder were apparently the best stock picks McCabe had ever made. McCabe described Guinness as a stock whose profits “could dwarf anything we’ve seen so far”. He said Tuffnell “could be our most profitable gold stock...EVER.” He said he expected Gunpowder “to become one of my crowning discoveries – a pinnacle achievement of my stock-picking career.”
- ¶ 93 In our opinion, the content, layout, and overall tenor of these reports present images of Guinness, Tuffnell and Gunpowder that were grossly misleading, and we so find.
- ¶ 94 We also find that the inescapable conclusion is that the reports were designed to significantly increase trading volumes in the shares of Guinness, Tuffnell, and Gunpowder in order to inflate their stock prices. On this subject, we note this statement from the *Elite Stock Report* on Tuffnell: “My subscribers are taking positions in Tuffnell . . . in anticipation of a wave of investor buying that is now widely expected to send the shares into orbit.”
- ¶ 95 McCabe’s *Elite Stock Report* on Tuffnell was certainly doing its best to feed that investor demand.
- ¶ 96 McCabe’s preparation of the editions of *Elite Stock Report* in issue occurred in questionable circumstances.
- ¶ 97 He took instructions from Speckert, Vestor and Offerte to publish reports about public companies with which they had no apparent connection, and without any knowledge of their motives for doing so. He eschewed contact with the companies themselves.
- ¶ 98 He was paid for his publication of the reports through payment arrangements designed to conceal the flow of funds to himself from whomever Speckert, Vestor and Offerte represented.
- ¶ 99 There is one aspect of McCabe’s conduct that is particularly telling. There was no discussion between McCabe and any of Speckert, Vestor, or Offerte about the specific content of the report they were paying him (in advance) to write, nor any point in the process where they, or anyone else, had the opportunity to review the report before it was printed and distributed.

¶ 100 All three of them arranged to send him millions of dollars up front with no assurances about content.

¶ 101 There is only one reasonable explanation. They, or whomever they represented, knew there was no concern about whether McCabe would write a positive report, because the business he was in was clearly understood: the business of creating and publishing grossly promotional and misleading reports about public companies, no questions asked. He needed nothing from them about the companies he was asked to promote. Contrary to how he described his business in his interview, these reports were clearly not based on any research. All he needed was payment in advance and a name for the disclaimer. The icing on the cake for his clients was that McCabe was happy to facilitate offshore payment arrangements designed to conceal payments to him from the ultimate beneficiaries of his reports.

¶ 102 All of this was highly lucrative for McCabe, who was paid just over \$5 million for the Guinness, Tuffnell and Gunpowder promotions.

Findings

McCabe's conduct

¶ 103 We have found that McCabe wrote and published grossly misleading reports about Guinness, Tuffnell and Gunpowder, all public companies, while acting on retainer from third parties without knowing, or indeed even inquiring, as to those parties' interest in the promotion, or its purpose.

¶ 104 We have found that in doing so, he facilitated clandestine payment arrangements.

¶ 105 Before making our finding about whether this conduct was contrary to the public interest, we considered McCabe's arguments in defence.

McCabe's defences

¶ 106 In addition to his general arguments about the public interest allegations, which we rejected at the outset of this analysis, McCabe offers these defences:

1. McCabe did not publish the editions of *Elite Stock Report* in issue, nor did he invoice, or receive, any funds for those reports: it was Landon, his company, that did all these things, not him, and Landon is not named in the notice of hearing.
2. The editions of *Elite Stock Report* in issue were merely paid advertisements containing "statements of corporate optimism or puffery." A reasonable person would not rely on them.
3. There was no secrecy surrounding McCabe's activities. His role was disclosed and the reports warned the reader that investing in securities is "speculative and carries a high degree of risk"; that the report does not "purport to provide a complete analysis of any company's financial position"; that [McCabe] is not a registered investment

advisor; and that a professional investment advisor should be consulted before investing.

¶ 107 None of these arguments has any merit.

¶ 108 McCabe's argument that it was Landon, not him, that engaged in the impugned conduct is irrelevant. The issue is whether McCabe engaged in conduct contrary to the public interest. If he did, it matters not whether he acted personally or by causing a corporation that he alone controlled to take those actions. It would be completely at odds with the Supreme Court of Canada's interpretation of the public interest mandate in Canadian securities regulation if the Commission were rendered powerless to address conduct contrary to the public interest because the perpetrator chose to act through a corporate entity he controls.

¶ 109 In any event, the evidence shows that the relevant conduct was McCabe's, not Landon's. It was McCabe personally who communicated with Speckert, Vestor and Offerte about the promotions of Guinness, Tuffnell, and Gunpowder.

¶ 110 It was McCabe who wrote and signed, in his personal capacity, the relevant editions of *Elite Stock Report*. In the disclaimer section of *Elite Stock Report* McCabe identifies "*Elite Stock Report*" as the publisher of the reports. *Elite Stock Report* was not a corporate entity. We find that it was a trade name that McCabe used to publish his reports.

¶ 111 There is no evidence that McCabe made any mention of Landon in his discussions with Speckert. In his email correspondence with Vestor and Offerte, McCabe used an email address at the domain name "elitestockreport.com." He signed all the emails "Colin". There is no mention of Landon in any of them.

¶ 112 It was McCabe who, according to his statements in his interview, sent the relevant editions of *Elite Stock Report* to firms in the US for printing and distribution.

¶ 113 McCabe was Landon's sole shareholder, director and officer. He was the acting and directing mind of Landon. Landon was no more than a conduit through which McCabe invoiced his services, received payment, and paid expenses. Landon had no distinct role in the impugned conduct. It did only what McCabe caused it to do.

¶ 114 McCabe's assertion that the reports were mere advertisements has no merit.

¶ 115 He relies in part on the appearance of the word "advertisement" in small type at the bottom of every second page of the reports, and the statement in tiny type in the report's disclaimer that it "should be viewed as a paid advertisement". This is a form over substance argument that scarcely warrants consideration. The content, layout, and overall tenor of the reports amounts to blatant touting, not mere advertisement.

¶ 116 McCabe's suggestion that the reports were statements of "corporate optimism" can be dismissed out of hand. Corporate optimism can only come from the corporation

concerned, but this was clearly not in play here. There is no evidence that Speckert, Vestor or Offerte had any relationship to Guinness, Tuffnell, or Gunpowder respectively. Indeed, the evidence is to the contrary. On top of that, McCabe was quite clear in his interview that he never contacted the management of any company he was reporting on. Not to mention that Guinness' SEC Form 10-Q for the period ended February 28, 2010 disclosed that it had paid, in the nine months ended that date, only \$26,530 on investor relations expenses.

¶ 117 McCabe's arguments that the reports were mere "puffery", and that no reasonable person would rely on them, and that the boilerplate disclaimers protect him, do not hold water. The content, layout and overall tenor of the reports go well beyond mere "puffery". McCabe may be right that one could question the reasonableness of a reader who relied on the reports, but that is not the point. What matters, which is implicit in the argument itself, is that McCabe did not care. His objective was to significantly increase trading volumes in order to artificially inflate the stocks' prices.

¶ 118 McCabe also says that there was nothing secretive about his conduct, but that is demonstrably false. He participated in secretive behaviour when he took instructions from Speckert, Vestor and Offerte to publish reports about public companies with which they had no apparent connection, and without any knowledge of their motives for doing so.

¶ 119 He also engaged in secretive behaviour when he facilitated payment arrangements to conceal the flow of funds to himself from whomever Speckert, Vestor and Offerte represented.

The public interest

¶ 120 As we stated above, the criteria for determining whether McCabe's conduct was contrary to the public interest is whether that conduct exposed investors to unfair or improper practices or eroded confidence in the capital markets of British Columbia.

¶ 121 In our opinion, McCabe's conduct did both. His writing of the *Elite Stock Reports* about Guinness, Tuffnell and Gunpowder, which we have found to be grossly promotional and misleading, was an improper practice. The recipients, potential investors, were exposed to that improper practice through his distribution of the reports.

¶ 122 More important, however, is the negative impact of McCabe's conduct on the reputation of our capital markets.

¶ 123 Here we have an individual with no significant academic qualifications related to, nor any practical experience in, the securities business, working out of his home in British Columbia, putting out grossly promotional and misleading reports about publicly traded companies. The reports are clearly designed to significantly stimulate trading volumes in the shares of the companies targeted in the reports in order to artificially increase their stock prices.

¶ 124 He does this on the instructions of persons with no apparent relationship with the companies in question. They are willing to pay him, and do pay him, exorbitant fees for doing so. He knows nothing, and makes no attempt to learn anything, about who these people are or whom they represent, or about the purposes and objectives of the promotion. He obligingly facilitates payment through offshore corporations and accounts. He knows, and they know, that his job is to write promotional and misleading reports and distribute them. For that, of course, none of this information is necessary.

¶ 125 These facts could not help but raise questions like these to an objective observer:

- Why did someone pay McCabe millions of dollars to write and distribute these reports?
- Is it not reasonable to conclude that this “someone” expected to profit from the increase in stock price resulting from the reports? Profits sufficiently large and certain that there was no risk attached to the payment of millions of dollars in fees in advance?
- Is it not reasonable to conclude that this “someone” must hold, or control, a substantial long position in the stock?
- Who is this “someone”? Are they involved in a manipulation? Illegal insider trading?

¶ 126 These are all legitimate questions. There is nothing about this conduct that is consistent with any benign market activity. In our opinion those who ultimately profited through these promotions, or hoped to do so, could have done so only by improper market conduct. That is why these questions would reasonably call into question the confidence that should be placed on our capital markets if this sort of conduct were tolerated.

¶ 127 McCabe argues that we have no jurisdiction because the editions of *Elite Stock Report* in issue were sent only to US residents, and the shares of Guinness, Tuffnell and Gunpowder traded only in the US.

¶ 128 This argument overlooks the facts that McCabe, at the time a British Columbia resident, wrote these reports from his home in British Columbia, and received the \$5 million in fees for publishing them, in bank accounts he controlled, at least one of which was in British Columbia.

¶ 129 Although the targets of the touting may have been investors in the US, and the companies concerned traded only in the US, McCabe engaged in this misconduct in British Columbia. Tolerance of that misconduct could not help but impugn the reputation of our markets.

¶ 130 That McCabe’s conduct related to companies in the junior markets is an aggravating factor. These markets, by the nature of their companies’ early-stage challenges, are particularly vulnerable to reputational damage. It was especially so in British Columbia when McCabe was engaged in the activities under consideration. The challenges to legitimate companies of raising capital in British Columbia’s junior markets since the onset of the financial crisis in August 2008, particularly for resource issuers, are notorious.

¶ 131 We find that McCabe’s conduct, as described in these Findings, was egregious. We find it was contrary to the public interest because it exposed investors to improper practices and eroded confidence in our markets.

5 Findings – Speckert

Conduct

¶ 132 The executive director alleges that the “Erwin” who called McCabe was Speckert.

¶ 133 After Speckert’s August 25, 2010 interview with Commission staff, he sent two emails to Commission staff in response to their inquiries, one on October 5, 2010, the other on November 22, 2010. Speckert does not dispute the accuracy of the content of those emails.

¶ 134 In the October 5 email, Speckert says he is the sole director, officer and shareholder of Emma and the only person authorized to act on its behalf. At the end of the email is Speckert’s business contact information, which includes a fax number. It is the same fax number that “Erwin” gave McCabe to send his invoices.

¶ 135 The situation, therefore, is this. “Erwin” instructed McCabe to invoice Emma, and gave McCabe a fax number for the purpose. Speckert says he is the only one authorized to act on Emma’s behalf. The fax number is the same as Speckert’s.

¶ 136 We find that the “Erwin” who called McCabe about Guinness was Speckert.

¶ 137 McCabe says that Speckert called him in late 2009 and early 2010 and asked him to promote Guinness. He says he quoted Speckert a price (\$350,000), and Speckert provided him with his fax number to which to send the invoice.

¶ 138 The pattern used by Speckert to arrange payments to McCabe was the same for all three editions of *Elite Stock Report* in issue:

- Speckert caused Emma to bill an unrelated company for investor relations services (one of these was LMD Corp.).
- That company transferred funds to a Swiss bank account in the name of Everest, of which Speckert was managing director.
- The funds were then transferred from the Everest account to Landon’s account in Surrey, British Columbia.

¶ 139 In his October 5 email to Commission staff, Speckert said this:

“In 2008, I met with [PK] whom I have known for a number of years. During our conversations, he wanted to know if I had any company’s [*sic*] that could invoice third parties, and payout on invoices received, earning a spread or commission between the two amounts. I told him that I operate a number of ‘middleman’ companies and that this could be done.

...

My instructions from [PK] were that based on a phone call referring to 'LMD Corp and a number', Emma should send an invoice to LMD Corp for the amount of the aforementioned 'number' At the same time, he gave me a phone number in Vancouver to call to ask what kind of IR could be generated for an amount less my commission." [In his submissions, Speckert says that we can reasonably conclude that "Speckert called McCabe and asked that question."]

¶ 140 In his email dated November 22, 2010, Speckert stated:

"We [that is, PK and Speckert], met in Muskoka at a friends cottage . . . tough to narrow the exact dates, but summer 2008 in any case.

. . .

[PK] asked me if I had a company that could be used for invoicing media services. Which I confirmed to him. It was then arranged that at [any] point in time in the future, I might receive an invoice or a phone call which would reference Emma and the specific stock company – Guinness – [and] I would be told where to send an invoice to receive funding. Shortly thereafter, I would receive an invoice from a publishing company to pay from the funds that were received. Since the initial conversation with him in summer 2008, I have not spoken to [PK] on this matter. His involvement initiated the process, that's all.

. . .

[In response to Commission staff's question, '. . . was anyone else involved in the distribution that Jake Landon billed Emma for on March 11, 2010?']: Again, referring to the above, [PK] was not involved in any specific events. I received a phone call indicating where Emma should invoice an amount to and shortly thereafter received invoices to pay.

. . .

My conversation with [PK] was to set up the framework as described above, not to any specific business that would be done under the framework."

¶ 141 We have found that it was Speckert who called McCabe. In his emails, Speckert says [PK] asked him, and he agreed, to act as a payment intermediary. He says he called McCabe and asked "what kind of IR could be generated." He says he was given information about invoicing related to Guinness. Asked about invoices from Landon, he says someone called and instructed him that Emma would receive invoices to pay.

¶ 142 In his submissions, Speckert says that he "may have told McCabe that it was suggested to him that an advertising program would be conducted for Guinness." The only interpretation we can put on this submission is, that if we were so to find, and we do, Speckert would not object.

¶ 143 In his submissions, Speckert goes on to say that he "did not negotiate the price", and that someone else must have spoken to McCabe about the details.

¶ 144 The source of that evidence is the August interview to which we have attached no weight, as explained at the outset of these Findings. That said, the point is not relevant. The relevant evidence is not that there was any negotiation, *per se*, between Speckert and McCabe. What is relevant is that Speckert merely asked how much McCabe would charge, McCabe told him, and Speckert paid. We have found above that there was no need for anyone to have had a discussion with McCabe about content, because once McCabe had his fee, the content was a foregone conclusion.

¶ 145 Before making our finding about whether Speckert's conduct was contrary to the public interest, we considered various objections that Speckert has about the evidence.

¶ 146 The first relates to "omissions in the executive director's evidence". The omissions that Speckert identifies are:

- Commission staff's failure to investigate the extent to which, if at all, the "payor companies", that is, those involved in the payments from Emma and ultimately, Landon, "benefited from the alleged promotion of Guinness." Speckert says, "... this evidence or benefit is an important link for the public interest to become engaged as it establishes a connection to the trading in Guinness."
- Commission staff failed to interview Speckert.
- Commission staff failed to investigate the relationship between Emma and the payor companies.
- Commission staff failed to obtain any evidence regarding the person who traded Guinness.

¶ 147 None of these items is relevant to our consideration of the issues relating to Speckert. The first and fourth items are based on arguments by the respondents that we rejected at the outset of this analysis.

¶ 148 It is worth noting, in relation to the other two items, that the executive director has the discretion to conduct an investigation as he sees fit. If Speckert believed that there was a line of inquiry relevant to his defence, he was free to follow it, whether or not the executive director chose to do so.

¶ 149 Specifically, if Speckert believes that he has evidence relevant to his defence that he could have put forward under oath in an interview (and presumably have entered into evidence at the hearing), then his remedy is not to complain in submissions after the hearing that he was not interviewed, but to testify at the hearing. He chose not to.

¶ 150 Speckert also says that the executive director ought to have called Commission investigator DS, other than the one who was called, to testify. DS is the investigator who interviewed Speckert on August 25, 2010. Speckert says DS had the most knowledge about the investigation (compared to the investigator who was called who, Speckert says, "could not answer important questions").

¶ 151 Having made this submission, Speckert identified no remedy he sought in relation to it.

¶ 152 That said, if Speckert thought that DS had information relevant to his defence, it was open to Speckert to apply to the Commission to summons DS so Speckert' counsel could cross-examine him. There was plenty of opportunity to do so – none of the areas of contention that Speckert identifies arose on short notice. Speckert did not do so, and cannot now complain that important evidence is not available because the executive director chose not to call DS.

Findings

¶ 153 We have found that McCabe's conduct in relation to Guinness was contrary to the public interest because it exposed investors to improper practices and eroded confidence in our markets.

¶ 154 Speckert facilitated this conduct. He initiated contact with McCabe, identified Guinness as the company to be promoted, and arranged clandestine means of payment.

¶ 155 Speckert admits that he operated "middleman" companies that could, and in this case did, funnel payments between parties through various entities for a fee. He had to have known that the purpose of these arrangements was to conceal the relationship between the purchaser and the seller of the services in question.

¶ 156 Whether or not Speckert's activities in arranging secret payment schemes was illegal, once he agreed to facilitate those payments in connection with the Guinness promotion, he was bound by the consequences of that decision.

¶ 157 Speckert's facilitation of secret payments to McCabe, from whomever it was that wanted Guinness promoted, made him an active participant in the process that resulted in the blatant touting of Guinness. McCabe's Guinness promotion could not have been achieved with anonymity without the assistance of an intermediary, in this case, Speckert.

¶ 158 We find that Speckert's conduct was an essential part of McCabe's Guinness promotion.

¶ 159 We find that Speckert's conduct was contrary to the public interest. Were we to find otherwise, persons, local or foreign, would be free to profit by facilitating secret funding of egregious touting that damages the reputation of our markets, an outcome contrary to our mandate to foster a securities market that is fair and warrants public confidence.

C Misrepresentation

¶ 160 The notice of hearing alleges that McCabe contravened section 50(1)(d) when he made misrepresentations about Guinness in the three reports he published in February, March and May, 2010.

1 Law of misrepresentation

¶ 161 Section 50(1)(d) says that "A person . . . with the intention of effecting a trade in a security, must not . . . (d) make a statement that the person knows, or ought reasonably to know, is a misrepresentation."

¶ 162 Section 1(1) defines “misrepresentation” to include “an untrue statement of a material fact” and “an omission to state a material fact that is . . . necessary to prevent a statement that is made from being false or misleading . . .” That section also defines “material fact” as “a fact that would reasonably be expected to have a significant effect on the market price or value” of the security in question.

2 Alleged misrepresentations

¶ 163 McCabe admitted, and we find, that he was the author of the statements in the *Elite Stock Report* about Guinness.

¶ 164 In the February, March, and May editions of *Elite Stock Report* promoting Guinness, McCabe urged readers to buy Guinness shares. We have found above that McCabe intended to effect trades in Guinness shares through his promotion of the company.

¶ 165 We find that McCabe, in making statements in *Elite Stock Report*, intended to effect trades in Guinness shares.

¶ 166 McCabe was asked in his interview about his statement that Guinness, through its acquisition of the Nantawa project, acquired “an estimated recoverable resource in excess of 1 million ounces of gold”:

“Q Okay, take a look at page 5, the middle column, about two-thirds of the way down there in bold it says there is:

‘an estimated recoverable resource in excess of 1 million ounces of gold’

Can you tell me what a recoverable resource is?

A Exactly that, a resource they can get out of the ground or that is thought to be recoverable.

Q Okay. Where did you get the 1 million ounce number from?

A I don’t recall exactly. I think it would have been in one of the filings.

...

Q Can you tell me, regardless of which filing it was in, what method of extrapolation – because ‘recoverable resource’ is not a defined term in Canada, it’s not used to express how much gold is in the ground, okay?

A Mm-hmm.

Q So can you tell me what method you used to calculate the one million ounces of gold?

A I don’t recall.

Q Did anyone tell you that there was a million ounces of gold on the property?

A No.”

- ¶ 167 There is nothing whatsoever to substantiate McCabe’s claim that the Nantawa property had a resource of a million ounces of gold.
- ¶ 168 The Guinness SEC Form 10-Q for the quarter ended November 30, 2009, dated January 19, 2010, discloses no resource information about the Nantawa project and refers the reader to a report on the project dated November 27, 2009 by Robert S. Middleton P. Eng., prepared under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
- ¶ 169 Middleton makes no resource estimate in relation to the Nantawa project in his report. In the Summary section of the report, he says:
- “The author reviewed the results of previously published resource/reserve estimates on the properties These historical estimates are not compliant with the NI43-101 standard. The author is not treating the estimate as a current NI43-101 defined resource and the historical estimate should not be relied upon. However, given the historical mining and the recent mining operation . . . the property has demonstrated that it has hosted economically viable mineralization in the past.
- . . .
- Based on the results of the geophysical survey, voluminous technical data from the years of exploration, mine development and operation that are available for [the properties] and on the writer’s examination of the properties, the author concludes that [the properties] have exploration potential.”
- ¶ 170 Despite McCabe’s claim that he relied only on publicly available information when creating his reports, including SEC filings, in this case he ignored the publicly available information and simply made up a non-existent, but sensational, resource estimate.
- ¶ 171 McCabe says the claim did not relate to the Nantawa project alone, but to the larger zone, an untenable position: the map in the report identifies the Nantawa project as “(1-3m oz potential), and his interpretation is clearly wrong when the statement is read in the context of the report as a whole – including the description of the deposit a few paragraphs later as “as discovery so massive it makes Fort Knox look trivial.”
- ¶ 172 We find that McCabe’s statement that the Nantawa project had an estimated recoverable resource in excess of 1 million ounces of gold was untrue.
- ¶ 173 In its 10-Q, Guinness describes itself as an exploration stage company that is “devoting substantially all of its present efforts to establish a new business.” Its financial statements for the six-month period ended November 30, 2009 showed assets of \$10,674, liabilities of \$90,306 and an accumulated deficit of \$79,632. It had no revenues and expenses of \$12,635, resulting in an operating loss of that amount. The 10-Q mentions no assets of any significance other than the Nantawa project.

¶ 174 That Guinness owned a resource deposit of a million ounces of gold would clearly be a fact that would reasonably be expected to have a significant effect on the market price of the Guinness shares, to put it mildly. We find McCabe's statement to that effect was a misstatement of a material fact.

¶ 175 McCabe says that "the alleged misrepresentations only came into existence when they were received and acted upon in the United States and therefore there is no factual basis or jurisdiction" for a finding that McCabe contravened section 50(1)(d).

¶ 176 This argument has no merit. The executive director proved that McCabe, with the intention of effecting a trade in a security, made untrue statements of material facts about Guinness. That encompasses the entire prohibition contained in section 50(1)(d).

¶ 177 Nothing in section 50(1)(d) says anything about the notion of misrepresentations "coming into existence", much less a requirement that a misrepresentation be "received" or "acted upon", in the United States or anywhere else. McCabe's suggestions otherwise are baseless inventions.

¶ 178 The executive director also alleged that McCabe made misrepresentations about when Guinness acquired its interest in the Nantawa project, and when he misstated the amounts he was paid to write and publish the *Elite Stock Reports* relating to Guinness. The misrepresentation we have found is egregious and that alone will dominate the consideration of appropriate penalty arising from McCabe's misrepresentation. In light of that, we need not consider the other two instances of alleged misrepresentation.

3 Finding

¶ 179 We find that McCabe made a misrepresentation with the intent of effecting a trade in Guinness shares when he stated in the February, March, and May 2010 editions of *Elite Stock Report* that Guinness had an estimated recoverable resource in excess of 1 million ounces of gold, and so contravened section 50(1)(d). The misrepresentation was not technical or accidental. It was a gross misrepresentation invented by McCabe in the face of contrary facts in the public record relating to Guinness.

D False or Misleading Statements to Commission

¶ 180 The executive director alleges that McCabe made false and misleading statements to Commission staff in his interview when he understated the amounts he received for the Guinness promotion, contrary to section 168.1(1).

¶ 181 We have found that McCabe's conduct was egregious and contrary to the public interest. We have found that McCabe made gross misrepresentations. In our opinion, an additional finding that McCabe made false or misleading statements to the Commission would have no material impact on the orders that would be appropriate in light of these findings.

¶ 182 We therefore make no finding as to whether McCabe contravened section 168.1(1).

IV SUMMARY OF FINDINGS

¶ 183 We have found that:

1. McCabe engaged in egregious conduct contrary to the public interest when he took and followed, without question, instructions from third parties to promote Guinness, Tuffnell and Gunpowder, published grossly promotional and misleading reports about them, and facilitated arrangements designed to conceal payment to him from the beneficiaries of the promotions.
2. Speckert engaged in conduct contrary to the public interest when he took instructions from a person or persons unknown to arrange for the promotion of Guinness, initiated contact with McCabe to tout Guinness, and arranged payment to McCabe by means designed to conceal the transaction.
3. McCabe contravened section 50(1)(d) when he made gross misrepresentations about Guinness in the February, March, and May, 2010 editions of *Elite Stock Report*.

V SUBMISSIONS ON SANCTION

¶ 184 We direct the parties to make their submissions on sanctions as follows:

By July 29 The executive director delivers submissions to the respondents and to the secretary to the Commission.

By August 12 The respondents deliver response submissions to the executive director, to each other, and to the secretary to the Commission.

Any party seeking an oral hearing on the issue of sanctions so advises the secretary to the Commission. The secretary to the Commission will contact the parties to schedule the hearing as soon as practicable after the executive director delivers reply submissions (if any).

By August 19 The executive director delivers reply submissions (if any) to the respondents and to the secretary to the Commission.

¶ 185 July 8, 2014

For the Commission

Brent W. Aitken
Vice Chair

Judith Downes
Commissioner

Don Rowlett
Commissioner

SCHEDULE A

Elite Stock Report, February 2010 Edition – Guinness Exploration Inc.



Colin McCabe
Editor

Elite Stock Report

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Special Report

February 2010

My gold stock picks are screaming...

- ◆ CLHRF... **up 400%** in two days
- ◆ AGFL... **up 360%** in four days
- ◆ PGOL... **up 285%** in eleven days

My subscribers are cashing-in big time as the entire junior gold market explodes.

But listen...

My latest junior gold pick

will hand my subscribers

Monster-gains inside the next 60 days

...and could go 10-for-1 in the next 12 months

(Read this report carefully)

You've probably heard the familiar quote "timing is everything". We all know it's true... **but when it comes to investing, it goes double.**

That's why I had to "pull out all the stops" to get this report into your hands immediately.

You see, junior gold stocks are going ballistic right now — and as a result, **my subscribers are racking up gains faster than I can write about it.**

That's why I'm telling investors right now:

Buy shares immediately in Guinness Exploration (GNXP on the OTC Bulletin Board) while it still trades at about \$1...

This stock is an easy "quick double" and could be a ten-bagger before the year is out

I'll give you the details on Guinness Exploration in a minute, but first let me tell you about some of my other recent winners.

Just last month, a little gold stock I recommended called Canplats Resources *got bought out by Goldcorp for \$238 million* in a bidding war that sent the stock rocketing to \$5.15... handing us 130% profits.

That was a nice windfall for us, but it's just one of many...

Earlier, I told my subscribers to load up on US Gold --- a nice little company with a huge chunk of Nevada's Cortez trend. In only a few months we were sitting on 292% gains.

Later, I said "Buy Minco Gold at 35 cents" --- just before it shot up 243%. I also said "Buy Midway Gold at 5 cents" --- and then it handed us a whopping 222%.

I know all this sounds unbelievable to you. **After all, how could my subscribers be making so much money?** Before I answer that question, hold on, because it gets better:

- I said buy Patriot Gold... **and it shot up 285% in just 11 days**
- I said buy American Goldfields... **and it skyrocketed 360% in 4 days!**
- I said buy Coral Gold... **and it flew up 400% in 2 days... and then went on to hand us 1,500% gains.**

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Elite Stock Report

And these are *just a few* of the monster gainers we're routinely telling our subscribers about here at the Elite Stock Report.

~~But the profits we make on Guinness Exploration (GNXP) could dwarf anything we've seen so far.~~

The fact is, my entire gold stock portfolio has delivered triple-digit returns this past year... and it shows every sign of blowing-the-doors off those numbers in the next 12 months.

Right now, as I'm writing this report, my VIP Service (which my subscribers pay \$1,200 a year for) is growing so fast I can barely keep up with the incoming calls. I'm not complaining, but honestly...

I haven't seen junior gold stocks moving like this since the mid-90's

The XAU has already blasted through its 1996 highs...

And yet, mainstream investors still haven't caught on. They're still sifting through the tired old "blue chip" stocks they hear about on CNBC, hoping to eke out a measly single-digit return.

As usual, they're going to be the last ones to the party, leaving the big gains to early investors like us. When junior gold stocks peak (probably not for at least a couple years) the "herd" will pour their money in. **And that's when we'll be selling.**

Meanwhile, my subscribers are laughing (all the way to the bank). **The profits are rolling in, thick and fast.** And things show no sign of letting up.

Listen... San Gold is already up 200%... Aura Minerals is up 387%... And my personal favorite, Ventana Gold is already...

Up more than 3,000% in the last 12 months

All this may sound a little amazing to you, especially if you're unfamiliar with my newsletter. But let me assure you, these kinds of profits are almost commonplace to my subscribers.

For example, last year I said to my subscribers: "**Load up on gold stocks, they're about to go ballistic.**" Some were afraid to pull the trigger... but those who followed my advice *are now swimming in profits.*

Did I have a crystal ball? Hardly. But when you've been in the business as long as I have, you develop a "sixth sense" about these things.

You see, gold stocks are cyclical --- and not just a little. When I say "cyclical" I mean they surge and fall in melodramatic, stomach-churning swings. Those of you who've been in the game for more than a decade know what I mean.

Junior gold stocks usually lose 80% (or more) of their value, at least

once a decade. Rookie investors freak-out, sell their holdings, and vow to never buy gold stocks again. Meanwhile, the smart money goes long, sits back, and waits for the big rally.

Sure enough, the cycle kicks-in, the stocks go back up, and..

We make a killing... like clockwork

It's not rocket science, at least not to me, but you have to remember: **this is all I do.** Every day. And after a lot of years and more cups of coffee than I care to remember, I've gotten good at it. That's why my subscribers pay me \$1,200 a year.

"OK that sounds good," you might be saying, "but how do I get a piece of the action?"

~~Let me tell you. We're in the very early stages of a junior gold stock explosion.~~ Hundreds of these little companies will skyrocket (and several already have). Ten-bagger returns will become ordinary. Many fortunes will be made.

And when all the dust settles, my subscribers will probably look back and say "we made more profits in 24 months than most investors make in a lifetime."

I don't want to hype you, but I'm predicting the bull market in gold stocks will make the dot-com boom look tame. Listen,

My Gold Picks Are Going Bananas...

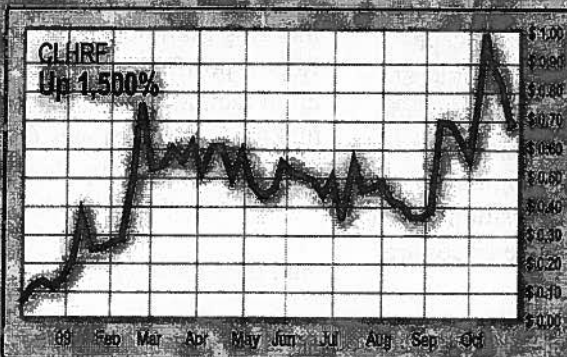
Last year when I told my subscribers to load up on junior gold stocks, even I didn't anticipate just how profitable they'd be in such a short time.

Already, our gold stock portfolio is up by more than one hundred percent on the year, and that's just the average.

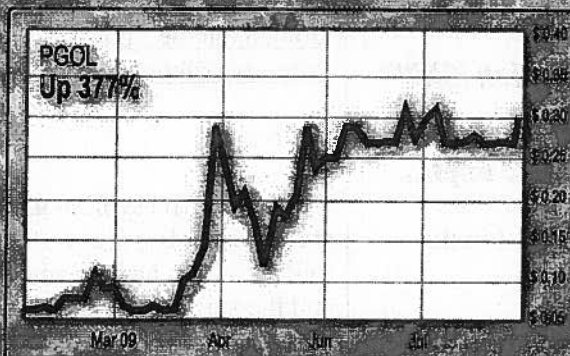
We've seen huge gains in several gold stocks already and I'm expecting to see even bigger profits in the months ahead.

Here are just a few of my picks:

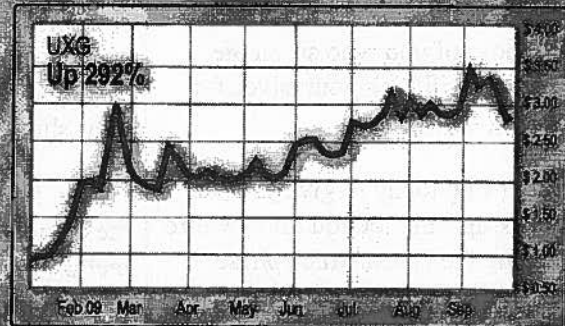
◆ **Coastal Gold generated gains of more than 1,500% for my subscribers**



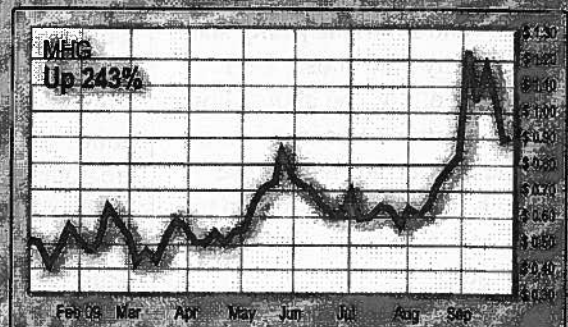
◆ **Patriot Gold handed us 377%**



◆ **US Gold delivered 292% gains**



◆ **Minco Gold shot up by 243%**



◆ **Midway Gold gave us 222%**



These kinds of returns are practically commonplace for my subscribers. But the profits we see on Guinness Exploration could be the best ever. That's why I am telling my followers: "Buy GNXP now, before the shares go through the roof."

Elite Stock Report

Those of you who are bold enough to act now stand to make a mint...

But those of you who sit on the sidelines will kick yourselves for missing out.

I'm writing today to give you the "heads-up" and let you know we're entering the "pre-manic" phase of a major chain-reaction in junior golds, and I'm hoping you'll read this report carefully because my stock picks are typically kept "private" and I normally only share them with my paid subscribers. (Why am I telling you about Guinness Exploration? Because I want you to take your profits and use them to buy a VIP subscription to my Elite Stock Report. But more on that later.)

Now, before I write anything else, let me tell you this: I'm not in the stock-picking business to make 10% here or 20% there. If I wanted meager returns like that, I'd have put my money into "conservative" Wall Street stocks. Like GM.

No, I'm only interested in stocks that stand to make triple-digit profits (at least), and preferably more. I couldn't care less about the dusty old stocks the "geniuses" tell me I should invest in, the ones that offer precious-little upside (but 100% downside). That's the kind of investing the herd does, and I've been around long enough to know, the herd isn't rich.

And speaking of herds: while mainstream investors were stampeding over the cliff during the financial crisis, my Elite Stock Report portfolio was actually up... by 125%. (How could my subscribers make money while everyone else lost their shirts?)

Listen, I don't want to rub salt in the wound, but the stock market meltdown was extremely lucrative for my subscribers. We loaded up when everyone was panicking, and when the recovery kicked-in we made some of the fastest profits we'd seen in years.

Now, we've turned our attention to junior gold stocks, and the profits are pouring in (again). My subscribers are prepping for at least two more years of jaw-dropping returns on these tiny stocks, and we've got a window right now that's letting us get positioned "on-the-cheap" while share prices are still relatively low.

Which brings me to the point of this entire report, and that's to tell you why...

Guinness Exploration (GNXP) could deliver monster gains inside the next 60 days...

and possibly go 10-for-1 in the coming twelve months.

Those of you who buy GNXP now while the stock is still cheap, stand to make the kind of return we've

already seen on several of our other winners (like Coral Gold, Patriot Gold, and US Gold)... at least. In fact,

12 months from now you could be taking your profits out by the truckload

Think I'm exaggerating? Be patient, I'll give you more details on the company in just a minute, but first, let me give you a bit of background.

Several months ago (it was May of 2009 to be precise) I was sitting at my stock terminal, pouring over my screens as I downed my morning Starbucks. Our Elite Stock Report portfolio was up... way up in fact. My subscribers were making loads of money (as usual). Everyone was happy. Just another normal day at the office.

And then I saw "it".

Flashing across the bottom of my screen, the news headline read "Underworld Resources Intersects 104.0 meters of 3.4 g/t Au at Golden Saddle Zone, White Gold Property, Yukon."

Hello...

I pulled up the symbol and the stock was going crazy. Several million shares had already traded and the stock was up 50% on the day. Could this be the next big gold play?

A few quick calls confirmed it. This tiny company had found something big. **Maybe a multi-million ounce deposit.**

The ensuing days and weeks saw a frenzy of buying in the stock. ~~In just 7 weeks, it quadrupled.~~

Meanwhile, dozens of junior gold companies swooped into the Yukon, hoping to lock-up land around the discovery. The entire region was turning into an area-play, reminiscent of Diamond Fields in Voiseys Bay in 1995 (remember that big win?)

You see, in mining exploration there's a saying: "If you want to find elephants, go to elephant country." In other words, mining deposits "move in herds." Where there's one, there's usually a few.

This is especially true in the "Tintina Gold Belt" --- a geological belt that stretches from Alaska all the way through the Yukon. It was in this belt that Underworld Resources hit the motherlode last May. **But the entire belt is host to at least 50 million ounces of gold, both historic and present.**

In today's money, that's a value of more than \$50 billion.

In short, the Yukon-portion of the Tintina Gold Belt is shaping up to be one of the hottest gold plays of the decade, **and Guinness Exploration has locked up 8,000 acres**

of prime real estate, smack-dab in the middle of it.

All that sounds impressive, I know, but I can hear the skeptics among you saying "Yah, sure, but there are plenty of junior gold stocks with land in the Tintina Belt, right? ~~So what makes Guinness Exploration so special?~~"

Listen, for starters their land was acquired *well before* the staking rush turned the entire region into a red-hot area play. That means they had their pick before everyone else. It's a bit like they were the first in line at a buffet --- they had their choice of the best of everything... while everyone else got the left-overs.

Plus, they didn't just lock-up a bunch of moose-pasture. No, they acquired an advanced property over a zone with 8,000 meters of drilling and 400 drill holes --- ~~and an estimated recoverable resource in excess of 1 million ounces of gold.~~

That means they have an immediate asset with major value

But it gets even better: according to my analysis, the mineral deposit is *open on trend*. This means there's vast exploration potential, yet to be realized. It's entirely possible (some would go so far as to say highly likely) that this could

turn into a two or three million ounce gold deposit, and soon.

In case you didn't know, a million ounce gold deposit is usually sufficient to ensure a junior gets bought out by a major. That's what happened to my other recent pick, Canplats, when they got gobbled-up for a more than a quarter-billion dollars by Goldcorp last month. In light of this, it wouldn't surprise me if Guinness Exploration eventually gets bought out as well.

In fact, that's what I'd expect to happen.

But all those things aside, there's another thing that makes me think ~~Guinness Exploration could hand us big immediate gains and that's this:~~

Wall Street hasn't heard about the stock yet

They have no idea. It's totally "under the radar."

Let me explain what I mean by that.

Guinness Exploration has been one of the best-kept-secrets among gold stocks because it trades down here in the USA, rather than the Canadian markets.

Right now, the main ones playing the red-hot gold market are Canadian brokers --- who basically ignore any stock that

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doesn't trade on the TSX.

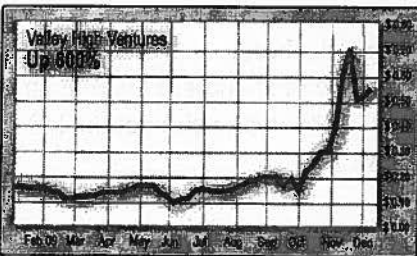
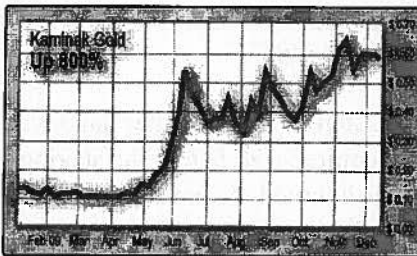
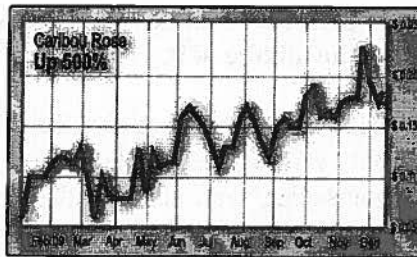
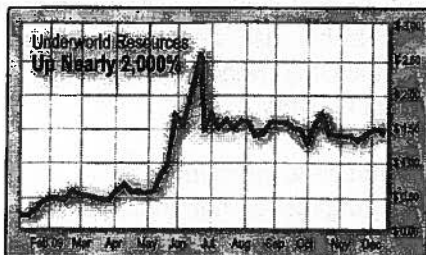
So, since Guinness Exploration trades domestically on the OTCBB, the big Canadian brokerages don't even know it exists, at least not yet.

And that's good for us... for two reasons: first, I like stocks that trade domestically --- I'd rather buy a US stock than a foreign one any day; second, I always prefer to get my subscribers into a stock before the brokerages and institutions find out about it --- that way we can usually load up on-the-cheap, and then let the big boys take it higher.

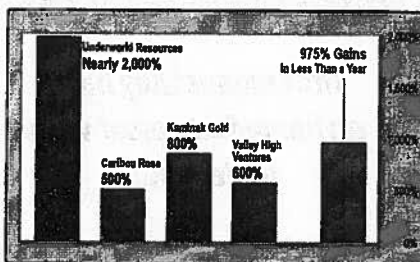
All this translates into one simple thing: ~~we've got a window of a few days during which we can buy shares in Guinness Exploration in stealth mode without Wall Street knowing about it.~~

But the window will close soon, because investors are snapping up any Yukon gold stock they can get their hands on. The top brokerages have a voracious appetite for these tiny juniors, and they're gobbling up shares like Pac Man.

~~Just take a look at these Yukon gold stocks that have already gone ballistic:~~



~~The fact is, Yukon gold stocks are out of control, posting (on average) 975% gains in less than a year.~~



The major area-play sparked by Underworld Resources' exciting White Gold discovery has led to a frenzy of investor buying, as companies in the Tintina Gold Belt

catapult in value, racking up big gains for shareholders who acted quickly.

But Guinness Exploration (GNXP:OTCBB) has been operating in "stealth-mode", managing to avoid the attention of the savvy Canadian brokerage firms who are bidding up the price of any company with Yukon gold holdings. The biggest gains will go to early investors who load up now, before word gets out and the price spikes higher.

The fact is, the whole Tintina Gold Belt region of the Yukon is turning into one of the hottest gold plays of the decade, and could go down in history as the biggest discovery of the last twenty years. As more people hear about it, you can bet they'll be plowing money into these juniors with abandon, just like they did in the dot-com days when anything that was tech-related shot-to-the-moon.

But it gets even better for Guinness Exploration investors, who could be sitting on ~~a discovery so massive it makes Fort Knox look trivial.~~

Guinness Exploration's Jewel-in-the-Crown: The Nantawa Project

One little-known fact about gold exploration is this: it usually takes about 1,000 drill holes to find a mine.

Deep in the Heart of Elephant Country
Multi-million ounce gold discoveries surround Guinness Exploration

Gold mines typically occur in clusters. That's why many of the world's top producing gold deposits are gathered together over relatively small areas.

It's why many of the top gold mines are concentrated in Nevada...

It's why South Africa is littered with staggeringly huge deposits...

And it's why the Tintina Gold Belt (covering much of Alaska and the Yukon) is host to some of the richest gold discoveries ever made in North America.

Here are just a few examples:

- ◆ **Pogo deposit: 5 million ounces of gold. Gross value at today's prices: \$5 billion.**

- ◆ **Fort Knox deposit: 3 million ounces of gold. Gross value at today's prices: \$3 billion.**
- ◆ **True North deposit: 1 million ounces of gold. Gross value at today's prices: \$1 billion.**
- ◆ **Denlin Creek deposit: nearly 30 million ounces of gold. Gross value at today's prices: \$30 billion.**

And now, with Underworld Resource's significant White Gold discovery, the Yukon portion of the Tintina Gold Belt is the hottest gold zone in the Western hemisphere — and showing every sign of getting hotter.

Guinness Exploration's extraordinary Nantawa Project is situated smack-dab in the middle of a huge, proven gold district with multi-billion dollar discoveries in each direction.

It's no wonder why my subscribers are scooping up shares in GNXP right now, on the cheap, before the drills start turning and the share price gets driven out of reach.

The Entire Tintina Gold Belt is Red-Hot



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Despite the advanced exploration techniques in use today (things like satellite imagery, gamma-ray analysis, magnetic surveys and the like) the evidence clearly shows that old-fashioned techniques such as geological mapping, geochemi-

cal analysis, and drilling all continue to play the dominant role in making a discovery.

You see, it's very unusual for a company to find a major discovery on the first drill-hole. In fact,

it usually takes several years of exploration to determine whether a property has any potential to host a mine. **That's a long time, and I'm not that patient.**

That's why I think it's best to invest in companies that have at least one advanced project with plenty of drilling already done. It **increases their chance of finding something quick.**

Guinness Exploration's key property --- the "Nantawa Project" --- has already had extensive exploration carried out on it. In fact, approximately 8,000 meters (that's about 24,000 feet) of drilling have already been carried out on the zone, with over 400 holes drilled to date. Plus, there's been extensive small-scale mining taking place all over the area, extracting thousands of ounces of gold and silver.

In other words, the region has been proven to host economically viable mineralization. It's not just some shot-in-the-dark --- we know there's vast amounts of gold and silver present.

Just in the immediate vicinity of the project, it's been estimated that around **100,000 ounces of gold have already been mined** --- which in today's dollars works out to **a gross value of about \$100 million** (that doesn't even factor-in the silver that's been recovered as well).

Yukon Mining Exploration Booming, Expected to Triple In Next 12 Months

Government officials say Yukon mining exploration is exploding, with official forecasts now predicting that production will triple in 2010.

The boom in activity is partly due to the massive area play surrounding Underworld Resources' significant White Gold discovery last May. The discovery has resulted in a district-wide boom that could go on for several years as field crews are mobilized to the Yukon. Experts are predicting news flow will be heavy for the foreseeable future.

The exciting gold results have sparked a frenzy, where an increasing number of exploration companies are staking whatever land they can get their hands on.

In short, several factors are driving the new Yukon "gold-rush":

- 1) There's been a spectacular new gold discovery in the region, with several more likely to follow suit.

- 2) Yukon is a pre-mining jurisdiction with nearly zero political risk.

- 3) Extensive infrastructure in the area means favorable project economics and availability of competent personnel.

- 4) The entire region is host to several major gold discoveries, with nearby historic production of around 12.5 million ounces, and district-wide present/historic deposits of about 50 million ounces.

According to the head of mineral services for the Yukon Geological Society, 47% of exploration dollars in the Yukon are going to gold, and 23% for silver.

Translation: millions are going to be spent on drilling in the coming months, meaning bumper-to-bumper news flow and a higher probability of several major discoveries.

All that means good news for Guinness Exploration, as Wall Street money pours into the region sending share prices higher across the board.

Plus, Guinness Exploration brings advanced extraction technology to the project, meaning it should be able to separate the gold from the host rock much more economically and efficiently than was possible in the past.

And don't forget, gold is (currently) trading at well over \$1,000 an ounce. That greatly improves the economics of any gold project. If the costs of extraction are \$300 an ounce, then you'll agree --- there's a healthy margin of profit.

If the company is sitting in a million-ounce gold zone (something I think has already been demonstrated, according to independent third-party research that's been posted in the company's SEC filings), then we're looking at a project that is potentially worth several hundred million dollars.

But the story becomes even more compelling when you consider this: there's a vast amount of unexplored land where the gold zone remains open on trend, meaning that a million ounce gold resource could easily turn into a two-million or three-million ounce deposit.

At today's gold prices, the potential value of the company could be much higher than I've already indicated.

And it gets better, because the likelihood of the company expanding the deposit seems high indeed,

6 Reasons Why Gold Stocks Will Go Higher

I've been telling my subscribers to load-up on junior gold stocks for the last several months. I think it's highly likely we'll see big gains in the sector over the next two years, if not longer.

There are several reasons the sector is exploding, but I'll outline the top six:

- 1** The price of gold is high, and going higher. The extraordinary debasement of world currencies (in particular the US dollar) that we've seen in the past 12 months has practically guaranteed we'll see sky-high gold prices for several years to come. This has led to a high level of investor interest in gold stocks, both majors and juniors.
- 2** The junior gold sector is being driven higher by several high profile mineral discoveries (I talk about this elsewhere in this report). Companies like Aurelian, Canplats, Underworld Resources, Ventana Gold, Potegrue Diamonds, and Evolving Gold, have announced significant discoveries that have driven their stock prices up, in some cases by more than 1,000 percent.
- 3** The discovery-pipeline is full of promising projects that show every sign of turning into major discoveries over the next few years. It's been a decade since the great sell-off of the late nineties, and now we're finally seeing the industry come back to life, in a big way. The reality of these discoveries will keep juniors humming for a long time to come.
- 4** Takeover-mania will really come into play during the next 24 months, as larger mining companies swallow-up juniors in increasingly expensive deals that will (in some cases) exceed a billion dollars. This will lead to more Wall Street money piling into the sector.
- 5** There is so much pent-up demand for commodities in general (and precious metals in particular) that mining stocks are as close to a sure thing as you can get, probably for the next decade. For most metals, there is limited inventory --- and that means excess-demand.
- 6** The Chinese are locking up commodity supply chains and precious metals all over the world. They're not going to stop. You should expect to see their increasingly dominant influence drive share prices higher across the board.

All this means one thing to my subscribers: we'll continue making serious profits in these stocks for at least two more years. I've told you about Canplats, US Gold, Patriot Gold, American Goldfields, and Coral Gold --- all of which led to triple-digit returns, sometimes in only days. And now I'm telling you to pick up shares in Guinness Exploration before the share price goes ballistic.

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considering it's committed to carrying out approximately \$2 million in exploration expenditures over the next two years. That's a lot of drilling.

Plus, it knows where to drill. Based on the vast quantity of data from previous drilling, the company knows exactly where it has the best chance of finding more gold. **That's why I think there's a strong chance of this stock going 10-for-1 inside of 12 months, and a possible double in the next 8 weeks.**

Translation: if you haven't already bought shares in Guinness Exploration, you'd better do so quickly. When the pros find out about this stock, they'll be all over it like white-on-rice, sending it through the roof and out of reach.

But it's not just Guinness Exploration that's going higher. No, it's virtually all junior gold stocks, and I'll tell you why...

The Key Catalyst in the Current Gold Stock Boom

There's a strong reason junior gold stocks are booming right now. It's something I call "the Discovery Factor".

Let me explain...

In order for the herd to get excited about gold stocks, they need to see a few of them going to record levels.

Like back in '95, when Diamond Fields found their mammoth nickel discovery, sending the stock into the stratosphere. Eventually it got taken-over by Inco in a \$4 billion deal. There were also several other major discoveries during that time that sent share prices to the moon, including Francisco Gold and Arequipa.

In short, word on the street was "buy gold stocks, they're generating massive gains."

Investors poured money into the tiny junior mining market, and many of the early participants made a killing. But, like all gold stock booms, it was eventually followed by a bust, as gold stocks tanked in the sell-off of '96 thru '98.

By the time the dust settled, the entire industry had been decimated. Many of the highly-skilled geologists retired or changed jobs. The major mining companies closed their exploration divisions. Universities shut-down their mining schools. Project pipelines got completely shuttered, and the industry stagnated for several years.

It wasn't until 2002 that glimmers of life began to come back into mining exploration. But by then, it was too late. The industry wasn't capable of bouncing back to its previous levels, because so many of the skilled people were no longer in place to generate the big discoveries that are necessary

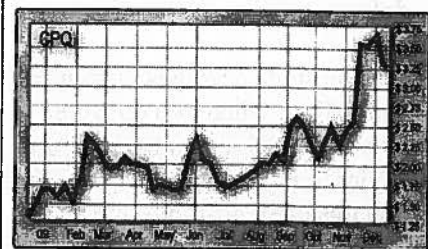
to take share prices higher. The discovery pipeline was empty.

And so, from 2002 until about 2008, the industry went back-and-forth, in fits and spurts, thanks to the absence of any major discoveries.

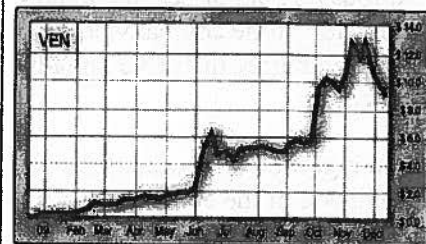
It wasn't until Aurelian hit a multi-million ounce gold discovery and got eaten by Kinross Gold that the industry began receiving investor attention. Things got back on track, to say the least. Pretty soon, several major gold discoveries were announced.

Like these:

◆ **Canplats Resources** (one of our early picks) discovered a multi-million ounce gold deposit in Mexico (and then got taken-over by Goldcorp).



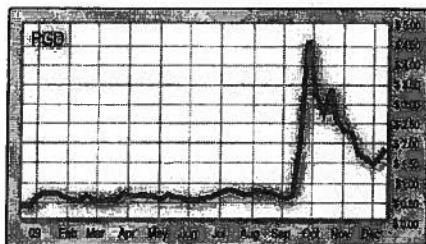
◆ **Ventana Gold** discovered an enormous gold deposit in Colombia, and now has a market capitalization of about half-a-billion dollars.



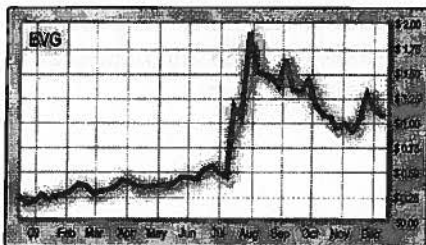
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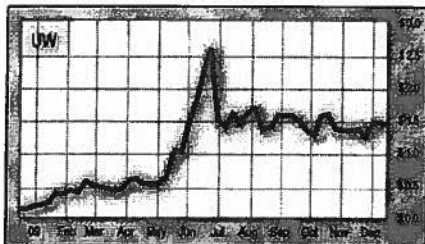
◆ **Peregrine Diamonds** appears to have made an enormous discovery in Canada's far north.



◆ **Evolving Gold** has hit the jackpot in Nevada, with another major find.



◆ **Underworld Resources** has a massive discovery in Yukon (more on this in the report).



In other words, it took a full 10 years for the discovery-pipeline to get full again following the mining industry meltdown of the late nineties. And now that things are back in gear, I fully expect to see a lot more major discoveries in the near future. As that happens, investor money is going to flow into the mining sector (which is a very

tiny sector), sending the shares of most junior mining companies through the ceiling, even the ones with little potential.

That's why I'm telling my subscribers to load-up on gold stocks in general, and Guinness Exploration in particular. The upside is enormous for investors who act now.

So if you haven't already done so, I'd suggest you put this report down right now and go place your "buy" order for GNXP. If Guinness Exploration is like any of my other winning gold picks, you'll need to act quickly. The easy gains are usually made by investors who are bold enough to act decisively when they see an opportunity...

Like a few months ago when I told my subscribers to buy Patriot Gold at 7 cents... **and within 13 days it was at 31 cents for an impressive 285% gain.**

The same thing happened with another tiny pick I mentioned to my subscribers, American Goldfields. It was at 5 cents when I said buy. Within a few days it was at 23 cents, and the easy gains went to the ones who responded right away.

Same for Coral Gold, only more so. When I first told my subscribers to pick up shares, the stock was at 6 cents. **Within two days it**

blasted up by 400% and went on to hand us 1,500% gains.

As you can see, it really pays to be **quick-on-the-draw**. Sitting on the sidelines and waiting is a sure-fire way to lose out on the biggest profits. And, given the red-hot nature of the junior gold stock market right now, *I'd hate to see you miss out on the fat gains we're regularly seeing here at the Elite Stock Report.*

Plus, the entire Yukon is turning into a "money funnel" that's sending the shares of company-after-company into overdrive. **It's only a matter of weeks (days?) before the market picks up on Guinness Exploration and the stock soars out of reach.**

Look, you know that gold is screaming higher...

And you know that junior gold stocks are on fire...

And you know the Yukon is arguably the hottest area play right now, and shows every indication of going supernova.

What's more, I've made everything as easy as I can for you:

- ◆ I've identified a junior gold stock that has massive potential...
- ◆ with a major asset...

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- ◆ in the hottest gold zone in North America...
- ◆ surrounded by multi-million ounce gold deposits...

Plus, the "pros" don't even know about the stock (yet) --- meaning you have a temporary opportunity to scoop up shares while they're still relatively cheap.

Listen, if you're an astute investor who likes to buy winners before the herd drives the share price higher, I suggest you act immediately. Don't kick yourself later for missing this chance.

And, if you are new to the Elite Stock Report, you probably missed out on all my previous winners. While my subscribers were loading up on big-gainers like Coral Gold, Patriot Gold, American Goldfields, US Gold, and Canplats, you were getting left behind.

DON'T GET LEFT BEHIND AGAIN.

I expect the share price of Guinness Exploration (GNXP) to crank higher in the next 60 days, and then go on to deliver even bigger returns.

You can thank me later when you're counting your profits.

But remember: your window of opportunity is very limited...I expect to see the share price leaping upward in the near-term.

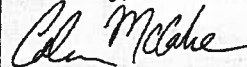
And by the way, here's a bit of sound advice: I always tell my subscribers "Take partial profits when the share price doubles from its current level." You'll agree, it's only prudent.

~~Besides, you'll need to reserve \$1,200 of your profits to subscribe to my premium V.I.P. subscriber service (see enclosed offer).~~

So pick up the phone and call your broker now. Or better yet, go online and purchase your shares through your discount brokerage.

And get ready to make a fortune.

Sincerely,



Colin McCabe

PS - to get more information on Guinness Exploration (GNXP-OTCBB) you should give their Investor Relations line a call at 1-800-841-2788 and request an investor package.

Elite Stock Report

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SCHEDULE B

Elite Stock Report, February 2011 Edition – Tuffnell Exploration Ltd.

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Special Report

February 2011

Yes, my gold picks are going insane...

- ▶ PGOL... up 285% in eleven days
- ▶ AGFL... up 360% in four days
- ▶ CLHRF... up 400% in two days

And yes, my subscribers are cashing-in big time as the junior gold market explodes.

However, my last prediction was wrong. I had expected a 273% gain, but now this...

**Tiny "Unknown" Gold Stock could return
15 - times your money
inside of the next 3 weeks...**



Colin McCabe
Editor

"My gold stock picks are skyrocketing, delivering up to 400% gains in under a week... But **Tuffnell Exploration's (TUFF-OTCBB)** upcoming announcement could make it my TOP performing gold stock of THE DECADE." (Read this report carefully: I reveal just how high **TUFF** could go on page 2).



Soros



Paulson



Batista

**These three
billionaires
agree...**

Details on page 7...

Six months ago, I revealed the name of my next *blockbuster pick* — a tiny gold stock I expected to become one of the MOST PROFITABLE "buy alerts" issued: **Tuffnell Exploration** — stock symbol **TUFF** on the OTC bulletin board.

If you already bought shares, I have three words for you: BUY MORE — **FAST**.

If you *haven't* grabbed shares yet then you'd better do so immediately — because this unknown company

is about to make an unprecedented announcement...

The big news — which I'll tell you about in the pages ahead — could go public as early as **February 15th, possibly even sooner...**

... and, if history is any guide, when it does, *shares of Tuffnell Exploration (TUFF) could go absolutely ballistic.*

I'll tell you just how high the stock could go in a moment, but first let's talk about the gains

Continued, please turn...

Elite Stock Report

we're experiencing at *The Elite Stock Report*:

- ▶ I recommended Canplats at \$1.58 a share... and within months it skyrocketed 129% — *right before it got bought-out by Goldcorp for \$238 million...*
- ▶ I said "buy" shares in US Gold... and it soon handed my subscribers **292% gains**...
- ▶ I told you to "load-up" on Minco Gold... just before it *shot up 243%*...
- ▶ I recommended Midway Gold... and it soon handed us a **whopping 222%**...

And it gets better...

- ▶ I told my readers to buy Patriot Gold... and it **shot up 285%** in just 11 days...
- ▶ I said buy shares in American Goldfields... and it **skyrocketed 360%** in 4 days...
- ▶ I issued an immediate "buy alert" on Coral Gold... and it flew up by **400% in 2 days**... and then went on to hand us a **stunning 1,500% gain in the months that followed**...

Yes, my readers have seen vast gains on Canplats, US Gold,

Midway Gold, Minco Gold, and Coral Gold, to name a few — plus we've recently seen 7 junior gold companies blast through 200, 300... and 600% in the last few months alone:

- ▶ Peregrine Diamonds — *up 650% in 2 months*
- ▶ Evolving Gold — *up 823% in 6 months*
- ▶ Underworld Resources — *up 478% in 13 months*
- ▶ San Gold — *up 195% in 9 months*
- ▶ Aura Minerals — *up 823% in 5 months*
- ▶ Ventana Gold — *up 3,000% in 11 months*

Fantastic gains to say the least — after all...

Who Wouldn't Be Thrilled To Double Or Triple Their Money?

But listen, if you missed out on my previous stock picks, don't worry — all of those gains will look like pocket change compared to what's coming next...

Tuffnell Exploration (TUFF-OTCBB) could become our TOP performing gold stock of THE DECADE. In fact,

Tuffnell Exploration Could Be Our Most Profitable Gold Stock... EVER

This amazing company is sitting on something that almost no other gold junior has: *A newly discovered drill intersection that's loaded with gold.*

What's more, **Tuffnell (TUFF) could multiply your money FIFTEEN-FOLD between now and February 15th... and then continue to go much, MUCH HIGHER throughout 2011.**

Let me explain...

Many investors don't know it, but there are actually *three types of gold exploration companies:*

- ▶ those that are still looking for gold but haven't found any yet...
- ▶ those that have found gold and are heading into production...
- ▶ and those that have just struck gold but haven't announced the size of their discovery yet...

And, although all three can deliver major profits, only ONE offers you the chance for **QUADRUPLE-DIGIT GAINS within a matter of weeks.**

Continued on page 4...

**My Gold Picks Are Going Bananas...
But Tuffnell (TUFF - OTCBB) Could Be
My Biggest Winner Yet...**

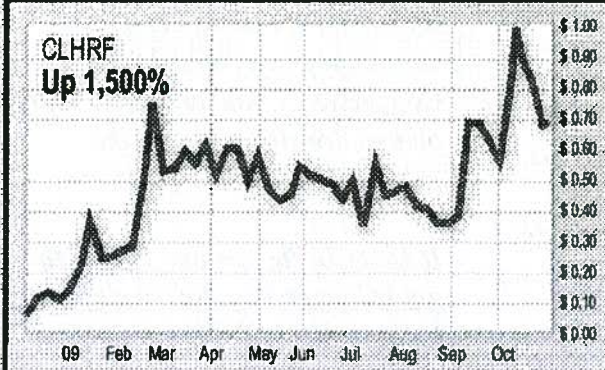
Last year when I told my subscribers to load up on junior gold stocks, even I didn't anticipate just how profitable they'd be in such a short time.

Our gold stock portfolio shot up by more than one hundred percent on the year, and that's just the average.

We've seen huge gains in several gold stocks already, and I'm expecting to see even bigger profits in the months ahead.

Here are just a few of my recent picks:

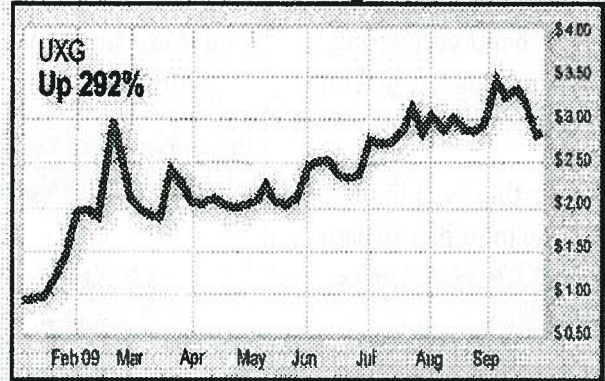
Coral Gold generated gains of more than 1,500% for my subscribers...



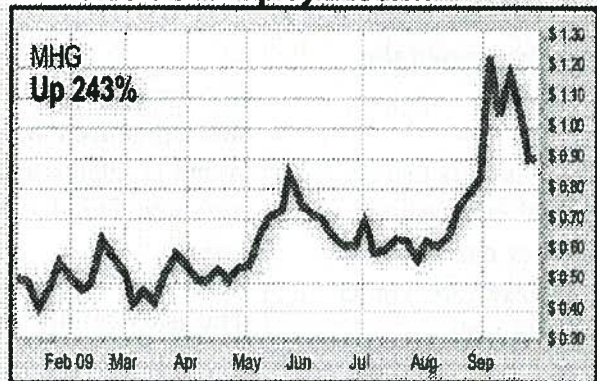
Patriot Gold handed us 377%...



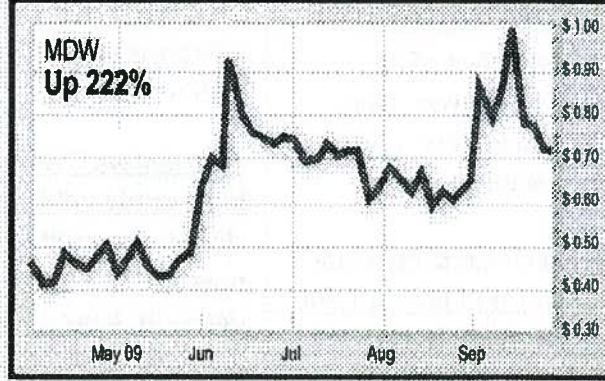
US Gold delivered 292% gains...



Minco Gold shot up by 243%...



Midway Gold gave us 222%...



These kinds of returns are becoming almost commonplace for my subscribers. You'll want to subscribe to my exclusive Elite Stock Report service (it's \$249 a year — but I could offer it for \$10,000 and it would still be a bargain) in order to hear about these amazing picks before the pros find out about them.

Please turn...

Elite Stock Report

You see, juniors that are past the discovery phase and nearing production can hand you strong gains — but they'll never deliver the biggest returns.

Why? Because they've already found gold. The herd has already rushed in. And the share price has already spiked...

In other words, they're yesterday's news. Betting on them now would be like betting on a horse that has already crossed the finish line.

But what about juniors that are still in the initial exploration phase? Yes, they can crank out big wins... but they are a much bigger gamble as well...

Although news of an exploration program can lift the share price by 300% or 400% within a few weeks, the simple fact of the matter is they still haven't made any solid gold discovery — and odds are they never will...

In fact, when it comes to exploring for gold, barely 1 drill hole in 1,000 ever becomes a mine — which is why juniors that DO find gold can deliver some of the most amazing gains you'll ever experience, IF you act on them fast...

The fact is, once a junior enters the "Profit Zone" — the narrow win-

dow of time between having made that one-in-one-thousand discovery and Wall Street taking notice of it — things start to move... very fast.

And Tuffnell (TUFF) has just entered this "Profit Zone".

It's Official: Tuffnell (TUFF-OTCBB) Has FOUND GOLD...

They have discovered that one hole in one thousand.

You see, on September 7, **Tuffnell** announced the discovery of stunning intercepts containing high-grade gold at its Little Butte project.

The assay results reported 15 feet averaging 0.25 oz/ton gold between 20 and 35 feet and an additional 50 feet averaging 0.10 oz/ton between 45 and 95 feet. The gold intercepts include 5 feet averaging 0.59 oz/ton.

Translation: They've discovered high-grade gold... AND, it's so close to the surface, it could possibly be recovered using open-pit, heap-leach mining — the easiest form of recovery available.

Put it all together and you've got unmatched potential for a *massive* amount of profit in a VERY short period of time.

Buy shares in Tuffnell now... and you could make 15 TIMES your money by February 15th...

But 1,500% Barely Scratches The Surface...

To get an idea of just how big the discovery could be — and what kind of profit you can make — all you have to do is look at Tuffnell's closest neighbor.

You see, Tuffnell's Little Butte discovery is located just down the road from the famous Copperstone mine — the largest Arizona gold discovery in recent history...

Over 500,000 ounces of gold has already been mined from Copperstone. And another 569,000 ounces are still sitting in the ground waiting to be pulled out.

If Little Butte has just HALF the gold Copperstone has, we're looking at 534,000 oz of gold...

... putting this little \$25 million company on top of a heap of gold worth \$400 million even after taking into account the time and cost of extraction.

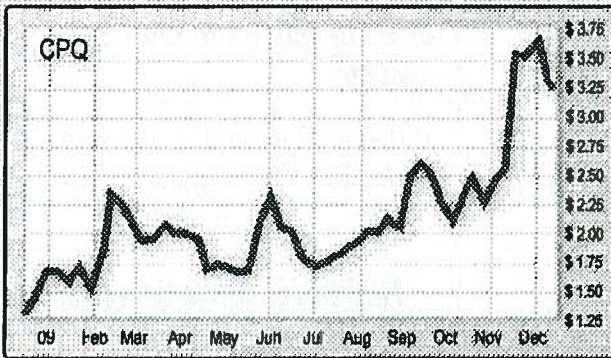
That would make this tiny company's in-ground assets worth an astounding 15-times its total current market value.

Its share price would have to rocket

Continued on page 6...

These Are Just A Few Of The Amazing Juniors We've Identified Recently

Canplats Resources (one of our early picks) discovered a multi-million ounce gold deposit in Mexico (and then got taken-over by Goldcorp)...



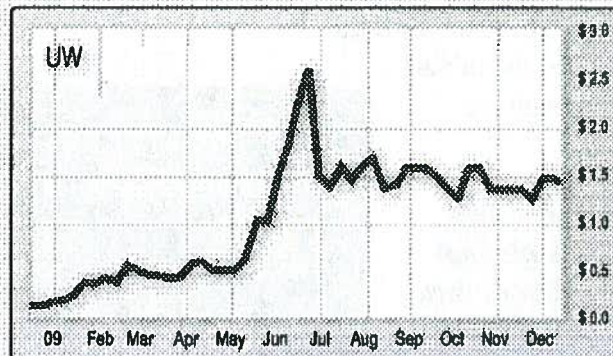
Evolving Gold has hit the jackpot in Nevada, with another major find...



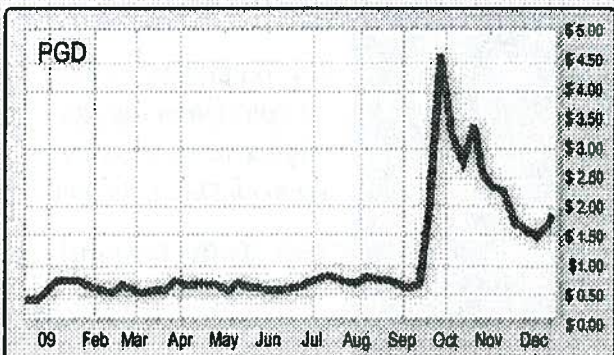
Ventana Gold discovered an enormous gold deposit in Colombia, and now has a market capitalization of about half-a-billion dollars...



Underworld Resources has a massive discovery in Yukon and then got bought out...



Peregrine Diamonds appears to have made an enormous discovery in Canada's far north...



Listen, if you haven't already done so, I'd suggest you put this report down right now and go place your "buy" order for TUFF.

If **Tuffnell Exploration** is like any of my other winning stock picks, you'll need to act quickly. The easy gains are usually made by investors who are bold enough to act decisively when they see an opportunity...

Please turn...

Elite Stock Report

1,500% higher just to reach parity with the value of its discovery!

But **FIFTEEN TIMES** your money is only the start of the profits I expect Tuffnell Exploration (TUFF-OTCBB) to hand you.

A New World-Class Gold Discovery Has Just Been Found In America's Back-yard

Every single indicator points to the likelihood that the size and value of Tuffnell's discovery will be off-the-charts...

The regional history, the success of its neighbors, the initial assay results, even the site's geology...

In the company's own words, "A recently completed study of stockwork veining within this area shows alteration and mineralization characteristic of the Grasberg mine in Indonesia."

Huh? Grasberg is the largest gold mine in the world... is estimated to have 35.5 million ounces of gold reserves... and produced 2.5 million ounces of gold in 2009 alone.

Tuffnell's management went on to report,

"Early widespread intense potassic alteration is cut by hematite veins and then by quartz-sulfide veins. Grab samples used in the study and containing quartz-sulfide veins assayed as high as 1.05 oz/t (36 g/t) gold. The gold seen at surface could be leakage from a much larger mineralized cupola occurring above an intrusive body at depth."

BOTTOM LINE: The confirmed intercept containing 0.25 oz/t is very likely a mere taste of what's to come.

Based on initial drilling and

assay results, geological trends, and regional patterns, it's very possible that Tuffnell's Little Butte property will turn out to be a million ounce PLUS gold deposit — **and you have a chance to get in before the share price explodes...**

If that isn't enough to get your adrenaline flowing, maybe this will be...

Tuffnell Exploration (TUFF) Is Sitting In The Heart Of Elephant Country

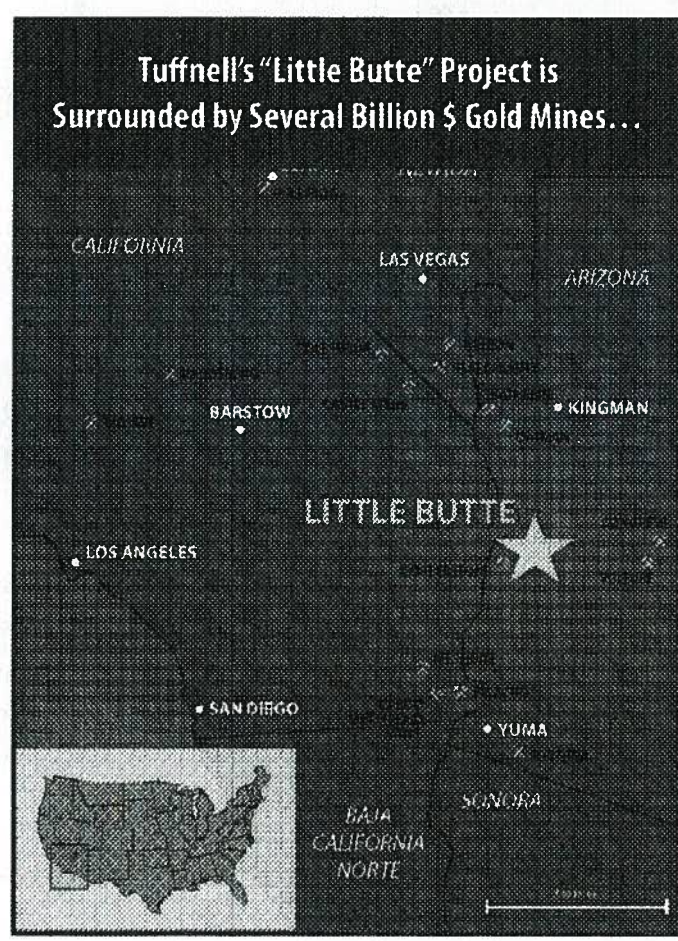
Let's boil things down here...

The way I see it, 1,500% is a conservative estimate.

You see, I'm basing my projection on Tuffnell's discovery turning out to be just *half the size* of Copperstone. And Copperstone is one of its tinier neighbors.

As you probably know, *"if you're hunting for elephants, you have to go to elephant country"*.

Well, Tuffnell's Little Butte project is located **in the heart** of elephant country...



Everywhere you look on the map, Tuffnell Exploration (TUFF) is surrounded by gold deposits valued in the billions of dollars.

Besides Copperstone, other nearby mines include:

- ▶ **Round Mountain** — a 10 million ounce deposit — and one of the top gold deposits in the continental United States [gross value ≈ \$12 billion]
- ▶ **Barrick's Gold Hill property** — a 4.5 million ounce deposit... [gross value ≈ \$6 billion]
- ▶ **Bullfrog Mine** — over 3.5 million ounces of gold [gross value ≈ \$5 billion]
- ▶ **Paradise Peak** — 1.6 million ounces of gold and 22 million ounces of silver [gross value ≈ \$2 billion]
- ▶ **Rawhide Mine** — 1.1 million ounces of gold and 9 million ounces of silver from the area... [gross value ≈ \$1.5 billion]
- ▶ **Cortez Mine** — a massive gold deposit in neighboring Nevada [gross value ≈ \$19 billion]

Put simply, Tuffnell has acquired one of the top properties in the most prolific gold region in the world.

The estimated wealth of Tuffnell's gold discovery may be huge. My subscribers who bought Coral Gold at \$0.06 and later rode it to \$1 for a 1,500% gain know exactly what I'm talking about. As you recall, Coral Gold's massive gold discoveries propelled it to **top-tier gold exploration status**. A buying-frenzy developed as Wall Street investors tried to out-bid each other in a desperate attempt to buy shares.

Continued, please turn...



Soros



Paulson



Batista

Billionaires Betting BIG On Gold

Three of the world's richest men are making serious investments in gold shares, speculating on a rising gold market and an exploding discovery pipeline.

Have they been buying shares in Tuffnell? They're not saying, but... George Soros' fund has been taking large positions in several gold-tied investments, including a major stake in NovaGold.

Well-known billionaire hedge-fund manager John Paulson, is reported to have also taken a \$100 million position in NovaGold. Plus, Paulson's fund has also invested heavily in the SPDR Gold Trust, the Market Vectors Gold ETF, GoldFields of South Africa, AngloGold

Ashanti, and Kinross Gold.

And, the 8th richest man in the world according to Forbes, Eike Batista, the renowned Brazilian oil investor, is also said to be investing heavily in gold shares, including junior Ventana Gold (mentioned elsewhere in this report).

All this adds up to one thing: several of the world's leading financial elite are funneling their own money and the funds they manage into gold-backed investments, including mining exploration plays.

What's more, astute investors are piling in behind them, heralding a coming boom in junior gold stocks that could see share prices rise by several hundred percent...

And I expect Tuffnell's recent discovery — and upcoming announcement — may put it right at the head of the pack.

My subscribers are taking positions in Tuffnell Exploration (TUFF) in anticipation of a wave of investor buying that is now widely expected to send the shares into orbit.

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But the profits we see on Tuffnell Exploration could greatly exceed the massive gains we enjoyed on Coral Gold, as you're about to see.

The New "Western Gold Rush" — The Big Players Are Moving In

Now that gold has recovered from its lows of the 1990's, the heavyweights of the gold industry

— major companies like Barrick Gold and Newmont — have been aggressively positioning themselves in key areas of the southwest United States in pursuit of the next multi-billion dollar gold deposit.

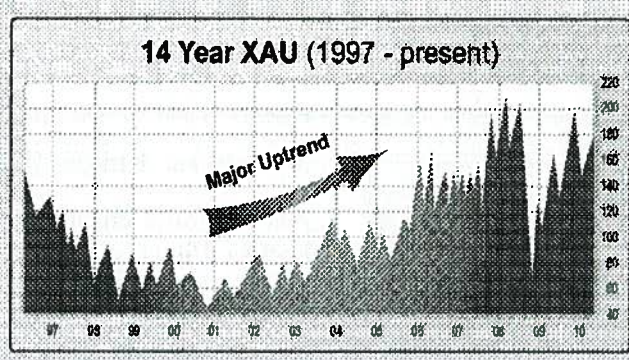
You see, the world's top geologists are whispering that another massive discovery is about to be made in the area — it's inevitable

— *the mineral-rich geology of the region practically guarantees it.*

And so, the entire Walker Lane gold belt — stretching from Nevada through much of Arizona — has become one of the hottest gold zones on the continent, sparking a new "Western Gold Rush" as exploration companies swarm

The Bull-Market In Junior Gold Stocks Is Just Getting Started... (Tuffnell Exploration is our next triple-digit gainer)

Here at the Elite Stock Report, our gold stock portfolio has delivered massive returns over the last year... and it shows every sign of blowing-the-doors off those numbers in the next 12 months.



Right now, as I'm writing this, my Elite Stock Report service (which my subscribers pay several hundred dollars a year for) is growing so fast I can barely keep up with the incoming calls. I'm not complaining, but honestly...

I haven't seen junior gold stocks moving like this since the mid-90's

The XAU has already blasted through its 1996 highs...

And yet, mainstream investors still haven't caught on. They're still sifting through the tired old "blue chip" stocks they hear about on CNBC, hoping to eke out a measly single-digit return. As usual, they're going to be the last ones to the party,

leaving the big gains to early investors like us. When junior gold stocks peak (probably not for at least a couple years) the "herd" will pour their money in. And that's when we'll be selling.

Meanwhile, my subscribers are laughing

(all the way to the bank). The profits are rolling in, thick and fast. And things show no sign of letting up.

Listen... San Gold is already up 195%... Aura Minerals is up 823%...

And my personal favorite, Ventana Gold is already **...up more than 3,000% in 12 months**

All this may sound a little amazing to you, especially if you're not familiar with my newsletter. But let me assure you, these kinds of profits are almost commonplace to my subscribers.

For example, I told my subscribers: *"Load up on gold stocks, they're about to go ballistic."* Some were afraid to pull the trigger, but others followed my advice. Those who did are now swimming in profits.

SPECIAL REPORT

February 2011

the terrain in search of the next major discovery.

Astute investors have been watching the action, sending the share prices of many juniors up by several hundred percent already. But Tuffnell Exploration (TUFF-OTCBB) has quietly come in "under the radar" — locking up a major discovery in "stealth mode." As a result, shares in

Tuffnell are still ridiculously cheap (but not for long).

Translation: the time to buy is right now.

In short, Tuffnell Exploration is the next gold stock to skyrocket, and you are among the few investors who are aware of this.

Look — in recent months, gold prices have shot higher and the

world's largest mining companies have been on a buying spree — ***snapping up properties throughout the Walker Lane gold belt in order to increase their gold inventories.***

Talk to any geologist working in the region and they'll tell you the same thing — ***all the hot properties are being snapped up — the demand is***

Continued, please turn...

Did I have a crystal ball? Hardly. But when you've been in the business as long as I have, you develop a "sixth sense" about these things.

You see, gold stocks are cyclical — and not just a little. When I say "cyclical" I mean they surge and fall in melodramatic, stomach-churning swings. Those of you who've been in the game for more than a decade know what I mean.

Junior gold stocks usually lose 80% (or more) of their value, at least once a decade. Rookie investors freak-out, sell their holdings, and vow to never buy gold stocks again. Meanwhile, the smart money goes long, sits back, and waits for the big rally.

Sure enough, the cycle kicks-in, the stocks go back up, and...

We make a killing... Like clockwork.

It's not rocket science, at least not to me, but you have to remember: this is all I do. Every day. And after a lot of years and more cups of coffee than I care to remember, I've gotten good at it. That's why my subscribers each pay me hundreds of dollars a year.

"OK that sounds good," you might be saying, ***"but how do I get a piece of the action?"***

Let me tell you: We're in the very early stages of a junior gold stock explosion. Hundreds of these little companies will skyrocket (and several already have).

Ten-bagger returns will become ordinary. Many fortunes will be made.

And when all the dust settles, my subscribers will probably look back and say ***"we made more profits in 24 months than most investors make in a lifetime."***

I don't want to hype you, but...

I'm predicting the bull market in gold stocks will make the dot-com boom look tame...

Those of you who are bold enough to act now stand to make a mint. But those of you who sit on the sidelines will kick yourselves for having missed out.

I'm writing today to give you the "heads-up" and let you know we're entering the "pre-manic" phase of a major chain-reaction in junior golds, and I'm hoping you'll read this report carefully because I'm telling you in no uncertain terms — ***load up now on shares in Tuffnell Exploration (TUFF-OTCBB). A few months from now you could be taking profits by the truckload.***

Why am I telling you this? Because I want you to take your profits and use them to buy a subscription to my Elite Stock Report (see enclosed special offer).

Elite Stock Report

huge. Major gold companies have expanded their presence in the Walker Lane, taking large interests in the projects of junior exploration companies, and sending their share prices soaring. What does all this mean? **Now is the time to buy Tuffnell Exploration.**

You see, major mining companies have been infusing *enormous* amounts of working capital into the region. This is generating **huge price increases** for stocks in the Walker Lane gold belt as investors position themselves for the inevitable discoveries that will happen in the coming months.

But Tuffnell (TUFF) has beat many of the major mining companies to the punch, securing 85 claims covering more than 1,840 acres in the mineralized zone. They are holding one of the fairway-tracts of land in the area. They've just discovered a rich gold intercept. **And, as you'll see in a moment, the full scope of the find is set to be announced within the next few weeks.**

The bottom line is this: buy shares in Tuffnell (TUFF) now, before the size of their find is released and triggers a massive buying frenzy.

You'll Know Just How Big A Winner Tuffnell Is In Just Days

Remember, this low-priced stock has entered the "Profit Zone".

They've found gold. And, only one question remains now: How much is there?

We'll probably have the answer in a few days... and if my projections are even close to being correct... *you could make a fortune.*

Tuffnell began Phase II exploration — a sampling and mapping program to determine the extent of their discovery — in mid-fall. Sampling typically takes a couple weeks and assaying the samples another 3 or 4. That means the results will likely be publicized sometime between now and February 15th...

Think of the edge that gives you...

They've found a major discovery and Wall Street hasn't caught on to it yet. They're about to announce how large the deposit could be. Once they do, it could cause Wall Street to jump up, take notice, and kick the share price into overdrive. *And YOU know the timeframe it will happen in.*

In other words, by buying shares now, before the news comes out, you could end up pocketing as much as **15 TIMES your money between now and the end of next month.**

And that's based purely on a conservative estimate of what the gold

in the ground might be worth.

There's no telling how much higher the investing herd will drive the share price in the months that follow — especially now that Joe Public, the nay-saying media, and even the Central Banks are finally beginning to grasp just how strong the bull-run on gold actually is... and how much higher it still has to go...

***Translation :
Tuffnell Is Going Super-Nova***

Listen, when I discover a stock with this sort of *mindblowing profit potential*, I'm usually prepared to accept some downside. If a stock could potentially rise by 1,500 percent in a matter of weeks, you would expect to assume substantial risk, right?

Although there are risks in all stocks, Tuffnell Exploration has one of the most favorable payoff-potentials I've ever seen

***The Good News: Gold Prices Will Rise Even More Over The Next Few Years.
The Bad News?
Well... There Isn't Any...***

Listen, you don't need to be a rocket scientist to figure out that gold prices are going higher in the near future. Sure, the

Arizona Gold Project Could Host 1 Million Ounce + Gold Deposit
Massive Anomaly...Magnetic Signatures Off-the-Chart... "Grasberg-style Mineralization"

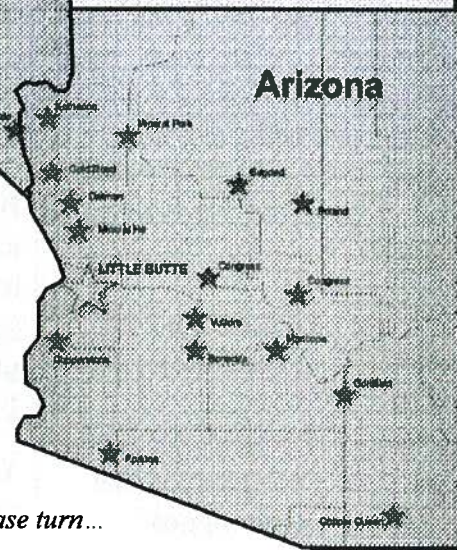
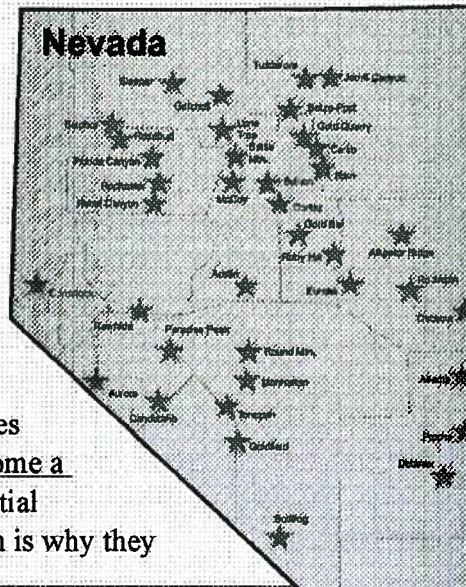
Tuffnell Exploration's (TUFF) gold project is known as the "Little Butte" and covers more than 1,000 acres in La Paz county, which is now thought to host an extension of the world famous gold belt known as the Walker Lane.

The Walker Lane extends over approximately 100,000 square miles and is around 60 miles wide, covering the border between Nevada and California and extending into Arizona. The gold zone has a long history of exploration and mining, dating back to the discovery of the famous Comstock Lode in the late 1850s. **This gold belt has produced over 50 million ounces of gold and 400 million ounces of silver according to the US Geological Survey (USGS).**

The Little Butte property has an extensive exploration history indicating that gold in significant quantities is present. Management clearly believes there is major potential for this to become a serious economic discovery as a potential open-pit heap leachable deposit, which is why they

are fast-tracking their phase II drill program. The Little Butte project is located in relatively close proximity to other major deposits on-trend in the same geological formation. **Based on previous drilling, metallurgical considerations and the geological trend, it's very possible that the Little Butte property could turn into a million ounce (plus) gold deposit.**

As such, Tuffnell has announced their plan to launch their Phase II exploration program, which will consist of an extensive drilling component. I'm expecting results to get released in days — and **this could mean huge gains for investors who take a position in TUFF right now, before positive assays are released that could send the share price up several times over.**



growing gap between gold supply and demand is well understood, and has helped propel the major bull market in gold stocks that we're seeing right now.

But the real driver of ever-increasing gold prices is the chaotic monetary policy of the world's central bankers. All the data is saying the same thing: **gold prices are heading higher...**

Remember back in 1980 when the price of gold went from \$381 to \$850 in 12 weeks? Those were wild times for gold stocks. Fortunes were made in the course of weeks.

But in the recent run-up in gold prices, select junior gold stocks

Continued, please turn...

Elite Stock Report

have been going bananas, and many — MANY — *investors are making millions of dollars*, in some cases almost overnight.

My subscribers have been patiently waiting for the gold cycle to come back, and now it has — *BIG TIME*. We are witnessing a gold stock market, the likes of which we have not seen in 25 years. Gold stocks may be the hottest investment sector of the next 24 months.

Tuffnell (TUFF-OTCBB) Provides Major Leverage To Rising Gold Prices

Investors have asked me the best way to profit from the rising gold market. My answer is simple: *buy shares in junior gold stocks like Tuffnell (TUFF-OTCBB)*. As the price of gold remains strong, the share price of Tuffnell could go through the roof.

Don't get me wrong — I think holding other gold stocks will be very rewarding over the next few years, too. But, quite simply, *Tuffnell Exploration provides awesome leverage to higher gold prices... especially in light of its recent find.*

The present bull market in gold has a long way to go. And frankly, the bulk of my attention is on junior exploration stocks right now. Keep it simple. We're still in the beginning of a major uptrend.

By now it's well understood — a historic rise in gold is fully underway. And it's only gaining steam. There is considerable agreement among the world's financial elite that **gold is about to scream, possibly blowing through \$2,000 an ounce — in the near term.**

The Price Of Gold Isn't Just Going Through The Roof — It's Going To The Moon

You may have heard stories of the world's wealthiest people — the likes of **George Soros** — making billions of dollars almost overnight. They astutely recognized markets whose price bore no relation to the underlying fundamentals — in essence, they sought out markets which, under the surface, were wound tighter than slingshots — then they sat back and waited for the inevitable release. **When it happened, they made billions.**

The same thing is happening right now in the gold market.

But the best way to ride this market isn't to buy bullion. Nor is it to load up on gold ETF shares. **No, there's a far better way to play the gold price explosion, as I'm about to explain...**

You see, whenever gold prices rise, the shares of top mining

companies rise faster than the gold price itself. This is simply a fact. These companies tend to skyrocket as gold goes higher. In short, I'm telling you right now how to grow rich during the gold price explosion that has already begun...

While it's true that all ships are lifted by a rising tide, **Tuffnell Exploration is one stock which could increase MANY times over — in the course of weeks**

The fact is, shares in mining companies often catapult 2 to 4 times beyond the gains we see in physical gold. But some of the smaller exploration companies, like Tuffnell, can rise *5 to 10 times* over the price of gold as they make significant discoveries.

That's just one reason why gold stocks are one of the best ways to profit from rising gold prices. The upside in select junior gold stocks is extreme — and TUFF is shaping up to be the cream of the crop.

Why Strike Gold Once When You Can Strike It TWICE...

We already know...

- ▶ Tuffnell has discovered a stunning high-grade gold intercept...
- ▶ Its next door neighbor, Copperstone, the largest gold strike in recent Arizona

history, uncovered 1.06 MILLION ounces of gold...

- 'Grasberg-style' mineralization indicates Tuffnell's discovery has the potential to be just as

big — if not bigger — than Copperstone...

- If Tuffnell's find turns out to be just HALF the size of Copperstone's, its share price

would have to rise 1,500% just to match the value of its gold assets...

But we left one important factor out of our calculations:

Continued, please turn...

6 Reasons Why Gold Stocks Will Shoot Higher In The Next 24 Months...

I've been telling my subscribers to load-up on junior gold stocks for the last several months. I think it's highly likely we'll see big gains in the sector over the next two years, and probably longer.

There are several reasons the sector is exploding, but I'll outline the top six:

1 The price of gold is high, and going higher.

The extraordinary debasement of world currencies (in particular the US dollar) that we've seen in the past 12 months has practically guaranteed we'll see sky-high gold prices for several years to come. This has led to a high level of investor interest in gold stocks, both majors and juniors.

2 The junior gold sector is being driven higher by several high profile mineral discoveries

(I talk about this elsewhere in this report). Companies like Aurelian, Canplats, Underworld Resources, Ventana Gold, Peregrine Diamonds, and Evolving Gold, have announced significant discoveries that have driven their stock prices up, in some cases by more than 1,000 percent.

3 The discovery-pipeline is full of promising projects that show every sign of turning into major discoveries over the next few years.

It's been a decade since the great sell-off of the late nineties, and now we're finally seeing the industry come back to life, in a big way. The reality of these

discoveries will keep juniors humming for a long time to come.

4 Takeover-mania will really come into play during the next 24 months,

as larger mining companies swallow-up juniors in increasingly expensive deals that will (in some cases) exceed a billion dollars. This will lead to more Wall Street money piling into the sector.

5 There is so much pent-up demand for commodities in general (and precious metals in particular)

that mining stocks are as close to a sure thing as you can get, probably for the next decade. For most metals, there is limited inventory — and that means excess-demand.

6 The Chinese.

They're locking up commodity supply chains and precious metals all over the world. They're not going to stop. You should expect to see their increasingly dominant influence drive share prices higher across the board.

All this means one thing to my subscribers: we'll continue making serious profits in these stocks for at least a couple more years. I've told you about Canplats, US Gold, Patriot Gold, American Goldfields, and Coral Gold -- all of which led to triple-digit returns, sometimes in only days.

And now I'm telling my subscribers to pick up shares in Tuffnell Exploration (TUFF-OTCBB)... before the share price goes ballistic.

Elite Stock Report

the frenzy of the Wall Street herd.

I'm sure you realize that, when it comes to stocks, company valuation isn't the only thing that determines share price. Far from it...

Breaking news and investor emotion have the power to propel a stock much, much higher than balance sheets or asset values ever will.

After all, it wasn't company valuations that drove tech stocks sky high... It wasn't fair market values that drove real estate through the roof... And it wasn't juicy interest rates that recently sent bond prices soaring...

It was buying frenzy.

And who were the ones that made a mint from tech stocks? Who made a killing in real estate? Who banked a bundle off of bonds?

That's right, investors who saw what was coming and were smart enough — and quick enough — to get in ahead of the crowd.

Well, this is your chance to do the same.

When Tuffnell's upcoming news catches the eye of Wall Street, I expect it to ignite a buying frenzy unlike any other.

Buy Tuffnell (TUFF) now, before a stampede of investors begins rushing in for a piece of the action, and a 15-fold return is just the start of the profits you could be looking at.

Buying-Mania Could Hand You An Additional 5,000% Throughout 2011...

My mind reels at the thought of just how much higher the post-announcement buying frenzy could send shares soaring...

Consider Aurelian Resources. It hit the "Profit Zone" in April of 2006. Prior to announcing the size of its find, it was going for 60 cents a share...

By November it had been driven up to \$43 a share: a staggering 6,666% gain — enough to turn every \$20,000 you had invested into a bank-bursting \$1.33 MILLION within 7 months.

Or Arequipa Resources. At the time of its famous La Pierina discovery it was going for about \$1. Within 6 months it shot up to \$35 (at which point they were bought out by Barrick Gold) — delivering a whopping 3,500% gain.

So you see, there's no telling just how high TUFF will go. The potential for 1,500% based on

asset value alone may only be the beginning. If it follows in the footsteps of Aurelian or Arequipa, **Tuffnell could soar an additional 5,000% beyond that...**

Now can you see why TUFF may turn out to be my BIGGEST gold stock pick of the decade.

Tuffnell Exploration — A Slam Dunk

Just look at the three triggers that are set to propel this stock higher:

- ▶ **Tuffnell has a sizzling discovery** in the Walker Lane — and is virtually surrounded by some of the world's top gold deposits...
- ▶ **Tuffnell has just hit a home run.** They've found that 1 hole in 1,000 — initial assay results confirm it's a *very* high grade gold discovery...
- ▶ **And, most important of all:** the markets are — *temporarily* — unaware of the enormous value waiting to explode in Tuffnell's share price...

That makes Tuffnell the consummate buying opportunity, albeit one that won't last long...

Remember, I expect Tuffnell to announce the size of its find

SPECIAL REPORT

February 2011

anytime between now and February 15th... And once the news goes public, you can bet that Wall Street will stand up and take notice.

Buy Tuffnell now before a stampede of investors begins rushing into a rising market for this stock.

The Slingshot Could Be Released At Any Time... Pick Up Shares In Tuffnell — Before It's Too Late...

You *know* that gold is screaming higher...

You *know* that junior gold stocks are on fire...

You *know* that the Walker Lane gold belt is one of the hottest gold plays in the continental United States, and shows every indication of getting hotter.

What's more, I've made everything as easy as I can for you:

- ▶ I've identified an 'undiscovered' junior gold stock sitting smack-dab in the middle of the hottest gold zone...
- ▶ that has just discovered a high grade intercept...
- ▶ with confirmed assay results of 0.25 oz/ton of gold...

▶ and is just weeks — or even days — away from announcing the size of its find...

Plus, the "pros" don't even know about the stock (yet) — meaning you have a temporary opportunity to scoop up shares while they're still relatively cheap.

Listen, if you're an astute investor who likes to buy winners before the herd drives the share price higher, I suggest you act immediately. Don't kick yourself later for missing this chance.

And, if you're new to the Elite Stock Report, you probably missed out on all my previous winners. While my subscribers were loading up on big-gainers like Coral Gold, Patriot Gold Corp, American Goldfields, US Gold, and Canplats, you were getting left behind.

DON'T GET LEFT BEHIND AGAIN.

I expect the share price of Tuffnell Exploration (TUFF) to run higher in the coming days, and then go on to deliver massive returns...

You can thank me later when you're counting your profits.

But remember: *your window of opportunity is very limited...*

I expect to see the share price leaping upward in the near-term.


And by the way, here's a bit of sound advice: I always tell my subscribers "*Take partial profits when the share price doubles from its current level.*" You'll agree, it's only prudent.

Besides, you'll need to reserve some of your profits to subscribe to my Elite Stock Report service (see enclosed offer).

So pick up the phone now and call your broker. Or better yet, go online and purchase your shares through your discount brokerage.

And get ready to make a fortune.

Sincerely,



Colin McCabe
Editor, The Elite Stock Report

P.S. After you buy shares in **Tuffnell Exploration (TUFF-OTCBB)** you'll want to call their Investor Relations line at **1-800-459-0794** to request a corporate information package.

Elite Stock Report

Arizona's Famous "Lost Six-Shooter Mine"... Could Tuffnell Exploration Have Found It?

During the manic "goldrush" days of the late 1800's, rumors of "lost" gold mines began to surface throughout the southwest USA. Some were true, some were just myth. But one stands out in particular, and that's the "*Lost Six-Shooter Mine*" of Arizona.

As the story goes, the year was 1863...

A man by the name of Perkins was the superintendent of Arizona's famous Planet Mine. As part of his job, he occasionally had to escort visiting investors from the train station to the Planet Mine, a journey of several miles by horseback.

One day, as he was returning from the train station to the mine, a wicked dust storm took him by surprise. Unable to see where he was riding, he and his horse wandered around the desert. Finally he took his horse and found shelter behind a rock ledge that protruded from the sand. He waited out the storm, but it lasted longer than he was prepared for, and he became weakened.

When the wind finally died down, Perkins struggled to get back on his horse and return to the Planet Mine.

It was then that he noticed he had been sitting among some strangely colored rocks, which he immediately recognized as gold ore-bearing. He hastily made a note of the location in his journal.

Hoping to return to the site later, he marked the area by removing his six-shooters and leaving them on the rock ledge. He filled his empty holsters with gold ore and began making his way back to the Planet Mine. By now, both man and horse were severely weakened, and it was all Perkins could do to hold on to the reigns.

After some time, the horse arrived at the Planet Mine, with no rider. A search party was dispatched to find Perkins. His body was found in the desert where he had fallen from his horse, somewhere between Quartzsite and the Yuma county line, near the old Bouse-Parker Road, not far from the present-day town of Bouse.

In his holsters they found the gold ore he had collected, along with journal notes describing where he'd discovered it.

When the ore was sampled, it

assayed \$25,000 per ton (a fortune in those days) — an extremely high-grade discovery. But the Six-Shooter mine was never found.

Until perhaps now...

Fast forward nearly 150 years to 2011.

In the same region, with the same geology, and the same terrain, sits Tuffnell's Little Butte project. Located in what could be the very spot that Perkins found his gold-rich rock samples, Tuffnell's Little Butte project has the potential to be staggeringly huge.

Indeed, the company's internal (but recently made public) files indicate "Grasberg-style" mineralization throughout the property... with a defined target which could host more than a million ounces of gold. It's no wonder some investors are predicting Tuffnell Exploration (TUFF - OTCBB) could hand us a 15-fold return in just weeks... -- and 5,000% more throughout 2011. That's why I'm telling my subscribers to "load-up" on shares right now, while you can still buy them on-the-cheap... and get ready to pile up major profits.

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SCHEDULE C

Elite Stock Report, Winter 2011 Edition – Gunpowder Gold Corp.

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Special Report

Winter 2011

My subscribers have already seen gains of...

285% in 11 days on Patriot Gold...

360% in 4 days on American Goldfields...

292% on US Gold...

400% in 2 days on Coral Gold...

**...but I expect this next play to be
our most profitable one yet!**

No one (and I mean NO ONE) on Wall Street has caught wind of it yet — giving you that once in a decade chance to get in right at the ground floor, before the drills start turning and the share price goes insane...

**Take a position NOW, because
This Gold Stock could hand you**

**585% profits in the
next 8 weeks**

...and 18-TIMES your money by year end.

Inside this issue:

- **Major news** expected in 8 weeks Page 4
- **Massive** new gold region identified Page 8
- **Major Players** vying for a piece of the action Page 10
- **1,800%** before the year is out..... Page 15
- **Act Now** — Before It's Too Late Page 15

Before you read any further, write this name down because it may turn out to be the most important — and profitable — gold stock of the decade: **Gunpowder Gold** — stock symbol **GUNP** on the OTC bulletin board.

As you're about to see, *this tiny, undiscovered stock is about to skyrocket* — **and you have the unique chance to get in right from the very start** — grabbing some of the most explosive moves a junior

gold stock has to offer.

In the pages that follow, I reveal in detail why I believe **Gunpowder Gold** could soar as high as 585% within the next 60 days... and then go on to hand us our biggest gain yet — as much as 1,800%.

In fact, the opportunity taking shape with **Gunpowder Gold** is so rare, so immense, and *packed with so much profit-potential* that I expect it to become one

Continued, please turn...

Elite Stock Report

of my crowning discoveries — a pinnacle achievement of my stock-picking career.

Now, I realize this is a bold prediction — especially considering many of the tremendous gains my gold stock picks have delivered already...

- I recommended Canplats at \$1.58 a share... within months it shot up 129% — *right before Goldcorp bought it out for \$238 million...*
- I told you to “buy” Patriot Gold... and it **skyrocketed 285%** in just 11 days...
- I said “load-up on Minco Gold”... just before it **soared 243%...**
- I recommended Midway Gold... and it quickly **delivered a whopping 222%...**
- I said “buy” shares in US Gold... which soon **handed my subscribers 292%...**
- I told my readers to buy shares in American Goldfields... and it **exploded 360%** in just 4 days...
- And, as you already know, there was Coral Gold — I issued an immediate “buy alert”... it **flew up 400% in 2 days**, and then went on to hand us *a stunning 1,500% gain...*

Yes, my readers have banked

massive gains on Canplats, Patriot Gold, Minco Gold, US Gold, American Goldfields and Coral Gold — on top of *dozens of additional winning picks* I’ve given them...

And it’s also true that we’ve recently witnessed several other *junior exploration companies flying sky high* in the last few months, such as:

- San Gold — *up 195% in 9 months...*
- Aura Minerals — *up 823% in 5 months...*
- Underworld Resources — *up 478% in 13 months...*
- Peregrine Diamonds — *up 650% in 2 months...*
- Evolving Gold — *up 823% in 6 months...*
- Ventana Gold — *up 3,000% in 11 months*

But **Gunpowder Gold (GUNP)** gives you one very special advantage that few stocks can — an edge that can make all the difference in the world...

If you missed out on all of my other stunning picks, then I urge you to **BUY THIS ONE NOW** — because **Gunpowder Gold (GUNP-OTCBB) could become, by far, the most explosive winner I’ve picked to date.**

You see, my powerful system for predicting homerun gold stocks

has determined that **Gunpowder Gold (GUNP-OTCBB) could hand us as much as 585% in the next two months... and then go on to climb MUCH HIGHER.**

Gunpowder Gold Could Become Our Biggest Record-Breaker Yet...

Here’s why I expect **Gunpowder Gold** to be a major milestone in my stock-picking career — and to deliver monumental gains in the weeks and months ahead:

First and foremost, GUNP is a brand new stock — giving you the chance to literally get in on the ground floor.

No one, and I mean no one, knows about it — *yet.*

Why is that a big deal? Listen, let me ask you something...

What do think your life would have been like had you been standing alongside John Marshall at Sutter’s Mill in 1848 when he discovered gold — allowing you to be one of the very first persons to get in on the Great California Gold Rush...?

What would you have been doing with the tremendous wealth you would have already cashed in on while the 300,000 people who followed were slogging it out in the mud, fighting over the crumbs that were left...?

Cruising the Mediterranean on

Continued on page 4...

**My Gold Picks Are Screaming Higher and Higher...
But Gunpowder Gold (GUNP-OTCBB)
Could Be My Biggest Winner Yet...**

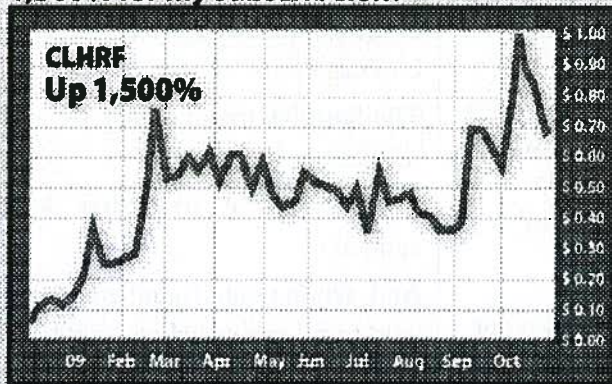
Last year when I told my subscribers to load up on junior gold stocks, even I didn't anticipate just how profitable they'd become or how quickly...

Our gold stock portfolio has been delivering bigger and bigger payouts with each new pick — and the junior gold bull market is just getting started.

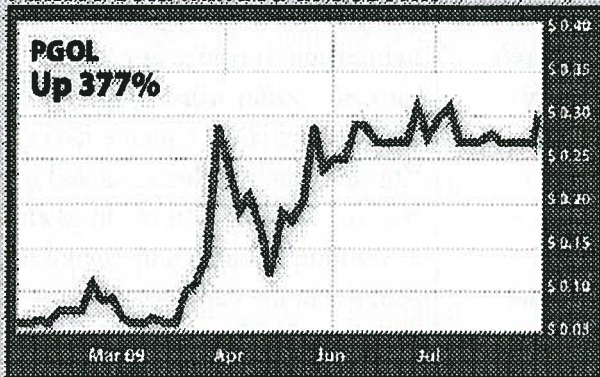
We've seen huge gains in several gold stocks recently, and I'm expecting to see even bigger profits in the months ahead.

Here are just a few of the recent winning picks I've handed my subscribers:

Coral Gold generated gains of more than 1,500% for my subscribers...



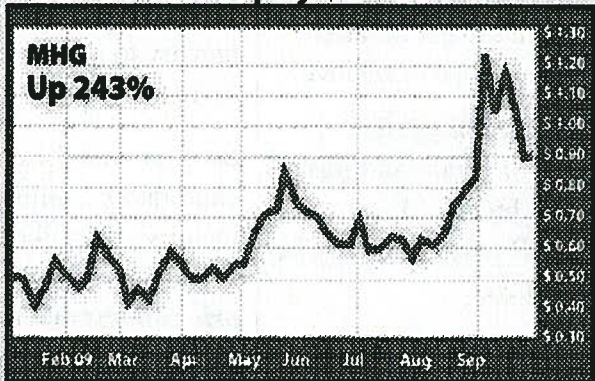
Patriot Gold handed us 585%...



US Gold delivered 292% gains...



Minco Gold shot up by 243%...



Midway Gold gave us 222%...



And I expect an even bigger win on my newest pick. My powerful system for predicting home run stocks has determined that Gunpowder Gold (GUNP-OTCBB) could hand us 585% within the next 8 weeks... and then go on to hand us up to 1,800% by year end.

Subscribe to my exclusive *Elite Stock Report* service (just \$249 a year if you take advantage of the special offer enclosed — an absolute steal in light of the gains it's been generating) and you'll continue finding out about these picks long before the Wall Street pros catch on to them.

Please turn...

Elite Stock Report

a luxurious steamship? Touring Europe by train with your wife and children? Summering in Tuscany? Basking in the recently discovered Pacific island paradise of Hawaii?

Well that could easily be the kind of life-changing opportunity you're being offered here. Act now — before **Gunpowder Gold** makes the upcoming news announcement I'll be telling you about in a moment — and you stand to *make far more profits than anyone* who's scrambling to get in 'after the fact' can ever hope to achieve.

Gunpowder Gold has just stepped out of the gate and has nowhere to go but up. Buy shares in GUNP now, and lock-in maximum profits.

Getting in Now, Right at the Start, Double-Stacks the Deck in Your Favor

There is no question that being one of the first people to get in on a new stock gives you the best chance to make the most explosive gains possible...

But the question is, What will trigger those gains and just *how soon will the fuse be lit...?*

In the case of **Gunpowder Gold (GUNP-OTCBB)** the answer is soon... *very soon. I expect the company to announce its first drilling program within the next 60 to 90 days, if not sooner.* And, once they do you'd best

hold onto your hat...

More often than not, the share price of junior gold stocks skyrockets long before they ever find gold. *The mere mention of a drilling program is enough to send shares soaring.*

It all comes back to timing — to being the 'first one in'. Experienced investors are well aware that they stand to make FAR more money if they're *already* holding shares when gold is discovered than if they try to get in after word of a find goes public...

So, they wait for news of a new, exploratory drilling program and then swoop in like hawks to grab up shares — *catapulting the share price almost overnight...*

This time, *you* have the opportunity to beat them to the punch — to *get in before they do* and ride their buying frenzy all the way to the top.

That *alone* stacks the deck in your favor. *But it gets even better...*

You see, **Gunpowder Gold** isn't just hoping there's gold in the ground — No, they know there's gold. It's just a matter of how much. Their 1,280 acre Dome Rock Project is located in an area that has been producing vast quantities of the precious metal for centuries — *and now Gunpowder Gold is honed-in on the nexus.*

All the Signs Point to One, Inescapable Conclusion: a Massive Source of Gold

Gunpowder Gold's Dome Rock project is located in the mountains of west-central Arizona, overlooking the famous La Posa Plain.

For millennia the hot, dry Arizona wind has been battering the mountainsides, slowly wearing them down. Over time, the finer particles were carried away on the wind while the heavier silt and mineral fragments gradually settled into, and formed, the valley floor. *Hidden within the silt and debris was gold.*

The local Native Americans knew of the gold hidden beneath the La Posa Plain...

The Spanish took a crack at recovering it...

Prospectors even tried their hand at it...

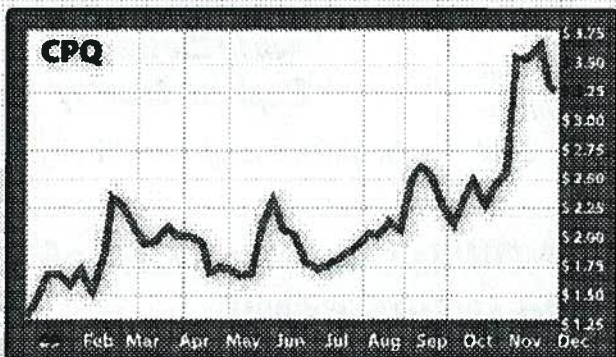
And, while many found enough gold to fill their pockets, wet their appetites, and keep them coming back for more, **none ever found the source.**

In hindsight it comes as no surprise — *they were digging in the wrong place.* Don't get me wrong, I'm sure many of them realized it. But, for whatever reason, most chose to continue panning and mining the deposits in the valley rather than searching for *the real gold source high in the mountains above...*

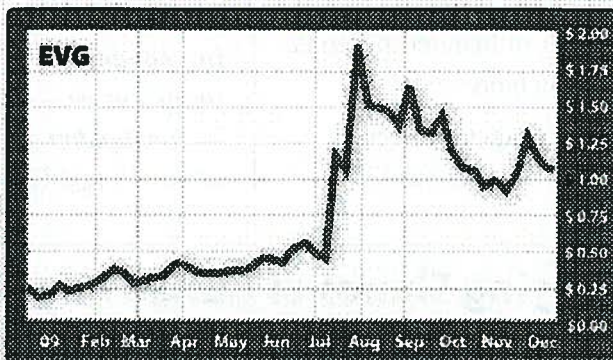
Continued on page 6...

These Are Some More of the Amazing Juniors We've Identified Recently

Canplats Resources (one of our early picks) discovered a multi-million ounce gold deposit in Mexico **(and then got taken-over by Goldcorp)**...



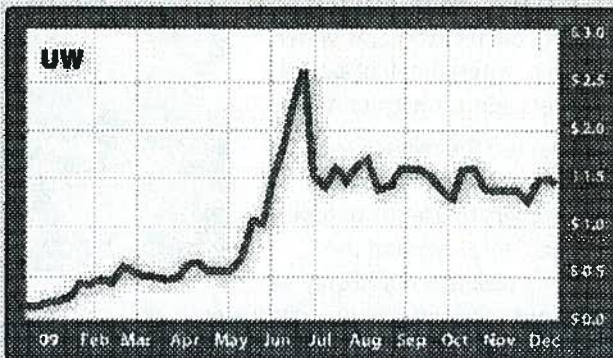
Evolving Gold has hit the jackpot in Nevada, with **another major find**...



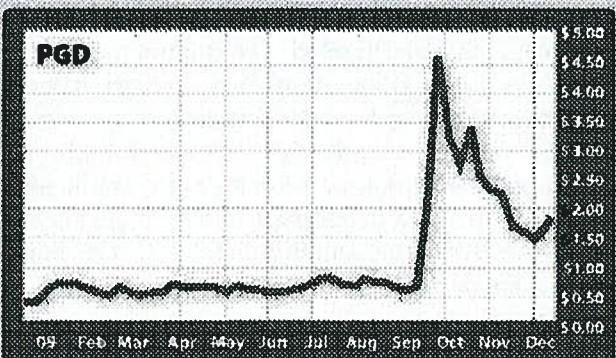
Ventana Gold discovered an enormous gold deposit in Colombia, and now has a market capitalization of **about half-a-billion dollars**...



Underworld Resources has a massive discovery in Yukon **and then got bought out**...



Peregrine Diamonds appears to have made an **enormous discovery in Canada's far north**...



If you haven't already done so, I **strongly suggest** you put this report down and go place your 'buy' order for **GUNP** right now. If you want any chance of locking in the kind of gains we've seen on my other stock picks, you'll need to act quickly. More often than not, the easy gains are made by investors who are bold enough to act decisively and get in at the first hint of opportunity — and this play is no different.

An impending announcement of their initial exploratory drill program will likely be released within weeks, perhaps even days... And when astute investors catch wind of the news there's no telling how fast or how high the shares of **GUNP** will go.

Please turn...

Elite Stock Report

You see, the deposits in the valley are known as placer deposits — dense, mineral-rich deposits left behind as erosion breaks down the rocks and mountains. Water and wind sweep away finer sediment, leaving a silt of heavier minerals and metals behind.

As a matter of fact, 'placer' is Spanish for 'alluvial sand' —

sand deposited by erosion.

The geology... the weather patterns... the erosion... the placer deposits left behind on the floor of the La Posita Plain — *all the evidence points to one inescapable conclusion: the main source — the mother lode — lies hidden in the mountains above* — and **Gunpowder Gold**

is dead-set on finding it.

Of course, *there is far more evidence* pointing them toward gold than just the placer deposits in the valley below...

Gunpowder Gold is Deep in the Heart of 'Elephant Country'

In addition to the long history of

Buying Shares of Gunpowder Gold NOW Is Like Being One of the First People to Find Gold at Sutter's Mill

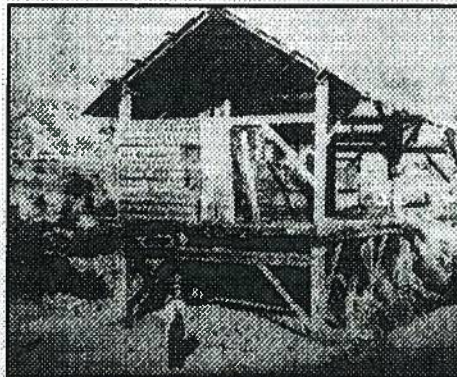
On a cool day in January of 1848, James M. Marshall was examining the previous night's work that was done to enlarge the tailrace (the ditch that drains water away from a waterwheel) of sawmill he was overseeing construction on.

Having deemed the tailrace too shallow and narrow, Mr. Marshall ordered workers to use the natural force of the river to expand the channel — a task that could only be done at night so as not to endanger the men working on the mill during the day.

Each morning Marshall examined the work that was performed the night before. On that particular morning, as he was examining the race below several shiny specks lying in the channel bed caught his eye.

He reached down, picked up a few, and examined them. Drawing upon his strong, general knowledge of minerals he knew of only two minerals resembling what he now held in his hand: one of them being a bright yellow, brittle and worthless... the other being bright yellow, malleable, and worth a fortune.

Without hesitation, he reached down, place one of the pieces on a large rock and proceeded to then pound on it with another rock. Rather than shatter, the piece flattened and changed shape — It was malleable. That could only mean one thing — James Marshall had just discovered gold. And the owner of the property was John Sutter.



Although both men did their best to keep the discovery quiet, word of gold at Sutter's Mill soon got out and one of the world's gold rushes began soon after...

By the time the dust settled seven years later, some 300,000 people had made their way to the area in hopes of hitting it big. Throughout that time, tens of billions of dollars (today's dollars) had been recovered. The irony is, only a few

people got rich. Most returned home with little more than, and in many cases, less than they had started with...

You and I both know why: timing. Far more often than not, those who get in first reap the biggest reward... and those who get in late get what's left.

Buying shares of **Gunpowder Gold** today is like standing next to James Marshall when he found those shiny little flakes... being in the room when Steve Jobs and his design team conceived the iPod... or sitting at the computer next to Larry Page and Serge Brin when they started Google. Investors who got in early made a fortune — and those who didn't... well, let's just say they had to settle for much, much less. **Gunpowder** is flying far below the radar, Wall Street pros don't even have a clue about it. In a few more weeks though — when the announcement of their first big drilling program goes public — that will all change.

Don't be late to the game. Buy shares of **Gunpowder Gold** NOW before a stampede of investors drives this stock through the roof.

placer deposits in the La Posa Plain adjacent to their project, *Gunpowder's Dome Rock Property is surrounded by some of largest gold strikes in recent history.*

For starters, it's located within

spitting distance of Tuffnell Exploration's Little Butte property — which, as most of my readers know, was the site of a jaw-droppingly rich gold intersection just this past September.

GUNP's Dome Rock Project is

also just a stone's throw from the famous Copperstone mine — *the largest gold find in recent Arizona history.*

Over 500,000 ounces of gold has already been pulled from

Continued, please turn...

The 'Discovery' of the Walker Lane Extension has Ignited a New Western Gold Rush

(and Gunpowder Gold's Dome Rock Project sits right in its path)

The American west has grabbed the attention and imagination of gold enthusiasts like few other places on earth — and for good reason: It is home to three of the richest gold clusters the Western Hemisphere has ever known: the Carlin trend, the Cortez trend, and the Walker Lane.

The largest, and perhaps most famous of the three — Walker Lane — is home to several historic gold finds including the famous Comstock Lode of the late 1850s and the Eureka Mine, which, at its peak, was yielding gold ore that assayed a staggering \$500 a ton.

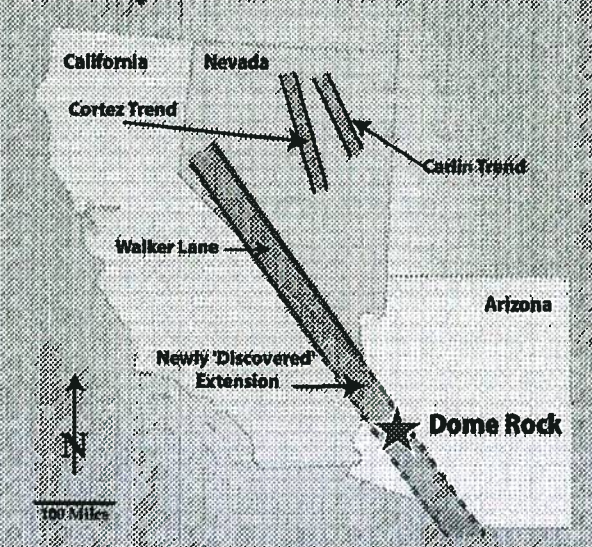
According to the U.S. Geological Survey (USGS), this prolific gold belt has produced over 50 million ounces of gold and 400 million ounces of silver.

In recent decades Walker Lane was beginning to show its age. While it has continued to yield significant quantities of gold, an increasing quantity of it has been lower grade ore which is more difficult — and more costly — to mine...

It was beginning to appear as though 150 years of exploration and digging had taken its toll — with the vast bulk of any rich deposits it had to offer having already been discovered and cleaned out...

But then, very recently, just as Walker Lane's prospects were beginning to dim, a MAJOR gold discovery was made — deep in west-central Arizona. More than 1,060,000

The 'Newly Discovered' Walker Lane Extension



ounces of gold was found at the Copperstone Mine (Gunpowder Gold's Dome Rock Project is practically next door to Copperstone). And it wasn't long before more and more discoveries were being reported in the region.

Geologists and industry insiders were shocked and overjoyed.

You see, throughout most of the 20th century, it was widely believed that the Walker Lane gold district ended very near the Nevada-Arizona border. But now, in light of the increasing number of high-grade gold discoveries

being made, ***the industry's top players now realize that Walker Lane extends much, much further than originally indicated*** — right through the length of western Arizona. And they're convinced this is where the next big gold discovery is going to be made.

News of the 'recently discovered' Walker Lane extension has sparked a new 'Western Gold Rush'. The world's largest mining companies have been snapping up properties throughout the Walker Lane gold belt in a frantic race to increase their gold inventories. **The demand is HUGE. And Gunpowder Gold (GUNP-OTCBB) is located right in the heart of the action. My subscribers are taking positions in GUNP in anticipation of a tidal wave of investor buying.**

Elite Stock Report

Copperstone. And another 569,000 ounces are still sitting in the ground waiting to be dug up.

Other nearby mines include:

- **Round Mountain** — a 9 million ounce deposit with a **gross value of around \$12 billion**, considered one of the top gold deposits in the United States.
- **Bullfrog Mine** — the nation's second largest underground gold mine in 1996, it produced over 3.5 million ounces of gold. **Gross value: approximately \$4.8 billion.**
- **Paradise Peak** — produced 1.6 million ounces of gold and 22 million ounces of silver. **Gross value: about \$2.8 billion.**
- **Rawhide mine** — produced 1.1 million ounces of gold and 9 million ounces of silver — so far... **Gross value: upwards of \$1.8 billion.**

The list goes on and on...

Everywhere you look on a map, Gunpowder Gold is surrounded by deposits valued in the tens of billions of dollars.

Put simply, they are sitting on a prime, 1,280 acre property that is in the heart of one of the hottest, 'new' gold districts in the world.

One of the Western Hemisphere's Most Prolific Gold Regions Just Got BIGGER

Listen, *there is an entire 'NEW' gold rush* taking place right in America's backyard — and most people don't even realize it.

Gold mines, new discoveries, and hot gold stocks usually conjure up images of digging in the Colorado mountains, exploring the barren terrain of Nevada, or braving the Alaskan tundra. After all, they're the places of legend. Throughout the 1800s and early 1900s these were the areas where all the great gold finds were made... and where, today, most of America's major gold mines are still producing.

Nevada alone is home to three of America's most prolific gold districts: *The Carlin Trend in northeast Nevada, the Cortez Trend in north-central Nevada, and, the largest of the three — the Walker Lane*, which runs along the Nevada-California border.

All told, **tens-of-millions of ounces of gold** have been produced, making them some of the richest gold regions in the world.

Let me put that into perspective for you...

The U.S. Geological Survey estimates that total world gold production since the beginning of

civilization has been approximately 4.5 billion ounces. That means the southwest U.S. has yielded more than one percent of all the gold that has *ever* been produced in the ENTIRE world — *since the dawn of history.*

Like I said, little wonder these three gold districts have been so profitable.

But there's just one detail that most investors fail to take into account — *they're yesterday's news.*

Sure, they continue to yield modest discoveries and several low-grade deposits — enough to keep prospectors searching, gold miners digging, and decent profits rolling in. But their heyday — the era of finds like the legendary Comstock Lode or Eureka Mine — are long gone...

All three districts have been explored from top to bottom with a fine toothed comb. They have been poked, prodded, picked over and dug out to such a great extent over the last 200 years that there was little if any reason to expect they would ever give birth to another find of serious proportions — *until recently.*

But now, geologists, junior gold explorers, and major gold players alike are beginning to realize that the largest of the three gold districts — the Walker Lane — doesn't end near the Nevada-Arizona border as was previously believed...

Recent discoveries and increasing gold yields have now revealed that *the Walker Lane extends much further into Arizona than anyone had previously believed* — and the discovery of its ‘unknown extension’ has lit the fuse on a whole new North American gold rush.

**Arizona:
The New Powerhouse
of American Gold**

Despite the fact that Arizona has ranked near the top of production for several years, it has always

been cast in the shadow of neighboring Nevada.

But today, all of that is changing — *Arizona could be about to steal Nevada’s golden crown...*

After topping 8.5 billion ounces in 2000, Nevada gold production has been steadily declining. The Nevada Division of Minerals reported a staggering 12% drop just from 2008 to 2009 alone.

Meanwhile, Arizona has been thrust into the limelight...

The state generates nearly \$10

billion in mineral wealth per year from a diverse array of minerals including copper, uranium, silver and gold. To date, its cumulative gold production *exceeds 16 million ounces*. At today’s gold prices, that’s a total gross value of over \$21.5 billion.

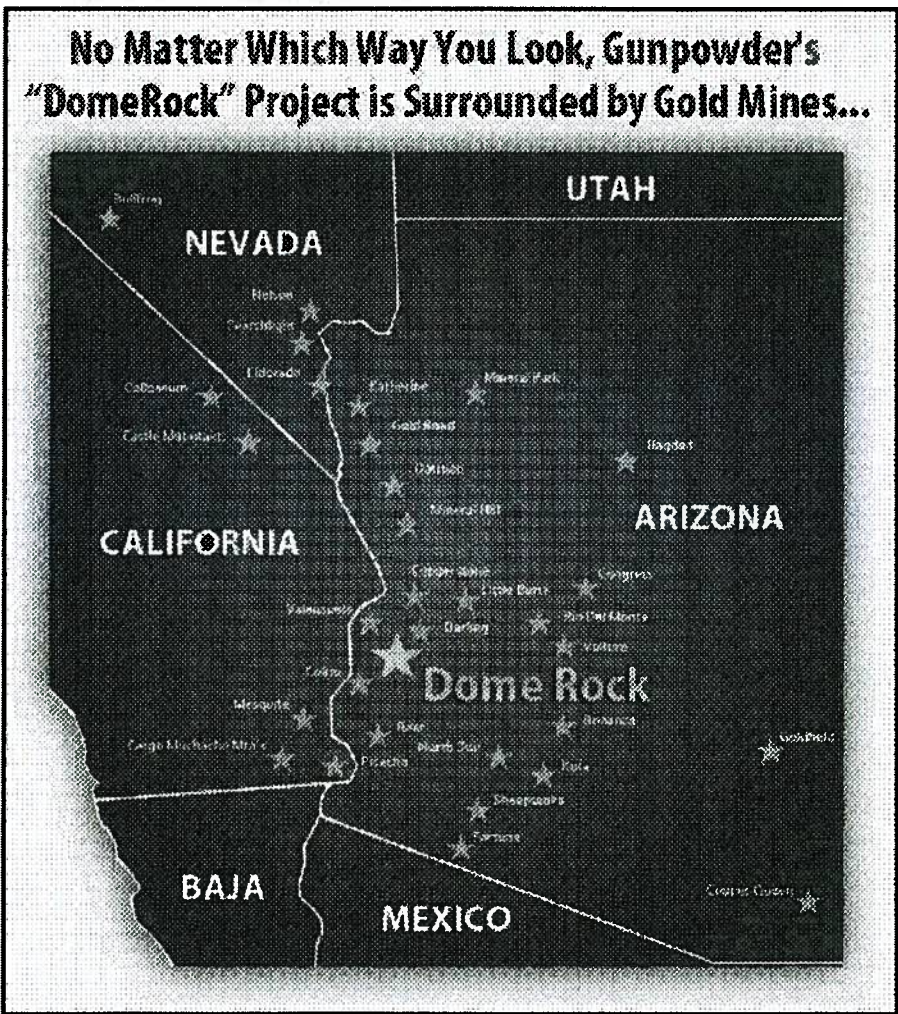
What’s more, unlike Nevada, whose political climate is shifting, Arizona has gone out of its way to be *one of the most mining-friendly states in the nation*.

In fact, a new study by the Fraser Institute stated that, in less than a single month, Nevada has fallen from being the third friendliest place to mine, to the tenth. It seems that activist groups within the state recently tried to get an initiative passed that would change mining taxes from a net proceeds tax to a gross proceeds tax. The initiative failed, but follow-up polls showed that 59% of public respondents favored a mining tax increase — stunning the industry and igniting fears that the tax increase may pass in the near future.

Arizona, on the other hand, is more determined than ever to encourage additional mining growth...

Right now, the mining industry is fast becoming a primary cornerstone of Arizona’s economy. During 2009, one of the most economically trying times of the past 75 years, copper mining

Continued, please turn...



Elite Stock Report

alone contributed over \$9.3 billion of state income and 52,500 jobs. And, with new gold discoveries sharply on the rise, Arizonian's are doing all they can to ensure that economic growth continues.

They know there's a wealth of gold in the ground beneath their feet and they're giving mining companies every additional incentive they can to come in and find it.

Put simply, Arizona is primed to yield some of the hottest US gold mining plays of the coming decade — and I expect Gunpowder Gold (GUNP) to lead the way.

Major-Players are Scrambling for a Piece of the Action

If you're beginning to suspect that Arizona's mining-friendly nature and growing host of discoveries may be catching the attention of MAJOR players — top mining companies like Barrick Gold and Newmont Mining whose market capitalization approaches upwards of \$30 billion — you're right, it is — *but not for the reason you might think...*

You see, the last big boom gold stocks experienced ended as abruptly and as hard as it began — leaving the gold mining industry in shambles.

When a few unexpected discoveries were made in the early 1990's, it lit a fire under gold stocks. **Between 1994 and 1996**

shares of gold companies — juniors and majors alike — rose hundreds, and in a few cases, even thousands of percent.

There was just one problem: unlike today, the sudden surge in stock prices was *not* supported by a significant rise in gold price. In fact, between 1994 and 1996 the price of gold barely budged an inch — remaining locked between \$375-395 for almost the entire two year period.

In a nutshell, the brief and vicious gold stock boom of the mid-1990s was fueled mostly by speculation. And, just as was the case with the tech and real estate booms that followed, it soon imploded.

By the time the dust settled, the entire industry had been decimated. Reeling from the fallout, many of the highly skilled workers retired, fled the industry, or were laid off. Universities saw their geology and mining programs terminated. Major mining companies shuttered entire exploration divisions. And fresh, new, promising projects were completely shelved. **The global gold industry stagnated for years to follow...**

In fact, when the price of gold began to take off in 2002, the major mining companies weren't in a position to handle it. *Their discovery pipeline was empty, production capacity was at a bare minimum, and experienced,*

highly-skilled workers were scarcer than gold itself.

Even today, eight years into the gold bull, *they are still struggling to catch up.* Demand continues to pick up steam with each passing week. And, as you are about to see, economists, analysts, and industry experts alike all predict that **it still has a long way to go.**

This has put many of the major companies in a very difficult position — If they want to capitalize fully on gold's continuing spike, they need to expand their pipelines NOW — even though they don't have the resources to do it...

That leaves them two choices: mergers and buyouts — **either one of which would hand shareholders of Gunpowder Gold an absolute jackpot.**

The Race is on — Investors Who Don't Buy GUNP Now are Going to be Left Behind...

Heavyweights of the gold industry have been aggressively positioning themselves in key areas of the southwest United States in pursuit of the next multi-billion dollar gold deposit.

The flood of new finds taking place in Arizona's Walker Lane extension has **the world's top geologists whispering that another massive discovery could soon be made** — it's inevitable — the

Continued on page 12, please turn...

7 Reasons Why Junior Gold Stocks Will Soar Even Higher in the Next 24 Months...

For the past two years I've been telling my subscribers to load up on one junior gold stock after another — and my picks have been paying out in spades... But I believe the profits we've seen so far are just a tiny glimpse of what's still to come. There are several reasons why the sector is exploding higher — here are the top seven:

1 The price of gold is on fire and going higher. Record amounts of quantitative easing in the U.S., fears of sovereign debt collapse throughout Europe, and a groundswell of private buying in China have virtually guaranteed we'll see higher and higher gold prices for years to come. Whether it's the desire to preserve their wealth in the face of a falling U.S. dollar... fears of inflation (or wealth confiscation)... or just to get in on a piece of the recent price action, investors worldwide are beginning to take a growing interest in gold and gold stocks.

2 More investor interest means a greater desire for leverage. As more and more people take an interest in gold stocks, it causes a greater and greater number of investors to be looking to maximize their gold profits through the use of leverage. And nothing provides greater leverage to rising gold prices than junior gold stocks. What other investment lets you go for ten, or even hundreds of times your money for just pennies on the dollar...?

3 The discovery-pipeline is full of high-potential projects that show every sign of yielding major discoveries in the years to come. Companies like Aurelian, Canplats, Underworld Resources, Evolving Gold and Ventana Gold have already announced significant discoveries that drove their stock prices up by leaps and bounds. The ongoing spurt of discoveries — due in no small part to the recent realization that Walker Lane extends far further into Arizona than previously believed — will keep junior gold stocks humming for years to come.

4 Supply can't keep pace with demand. Unlike their junior brethren, major gold miners are still trying to recover from years of stagnation and cutbacks. It takes years to find and bring a new resource online but the world is screaming for more gold now...

5 Takeovers are becoming an absolute necessity. Since they don't have the time or resources to find new gold resources of their own, gold majors are buying up juniors with increasing fervor. The simple fact of the matter is, it's quicker, cheaper, and easier to acquire a gold junior that's already sitting on a piece of prime property than it is to go out and start from scratch. And as the takeover-mania spreads, more and more Wall Street money will pile into the sector — pushing share prices even higher.

6 The buying frenzy is starting to feed upon itself. With gold at record-breaking highs and takeover-mania picking up steam, junior gold stocks are finally starting to garner buying on a level that can begin to feed itself. As investors buy into a stock it pushes the price up, which encourage more people to buy, which pushes the price, and so on and so on. As this self-propagated buying cycle continues to gain strength in the months ahead, the junior gold stocks will begin to experience in larger and more frequent jumps in share price.

7 The 'big money' is starting to pile in. As I mention elsewhere in this letter, Wall Street's elite have begun to take a very keen interest in the leverage and profit potential that gold juniors offer in comparison to gold, gold ETFs, and large-cap gold stocks. (George Soros, John Paulson, and Eike Batista have each poured millions into junior gold stocks.) As more and more hedge-funds and institutional investors move in, it will only cause the buying frenzy to spread.

Add it all together and it can only mean one thing: we'll continue to make serious profits with junior gold stocks for years to come. I've already told you about Canplats, US Gold, Patriot Gold, American Goldfields, Midway Gold, Minco Gold and Coral Gold — all of which have handed my subscribers triple-digit gains, often in a matter of days.

Now I'm telling my subscribers to grab shares of Gunpowder Gold (GUNP-OTCBB) before the share price takes off like a rocket.

Elite Stock Report

mineral-rich geology of the region and tight clustering of existing discoveries practically guarantees it.

And this has the major players hungrily eyeing up smaller companies who have acquired key pieces of property in the heart of it — *like Gunpowder Gold*.

Of course, this is *exactly the kind of action astute investors have been watching for*. They've sent the share prices of many juniors up by several hundred percent already. *But because Gunpowder Gold (GUNP-OTCBB) has just recently gone public, it's still hovering just below their radar*. This means shares are still ridiculously cheap — for the moment. The moment their initial drilling program results are released, the cat will be out of the bag and shares could easily go through the roof.

That is why I'm telling my subscribers *the time to buy GUNP is now*.

Gunpowder Gold is our next gold stock to skyrocket, and you are one of the few investors who can get in right now — at the front of the line.

Look — in recent months, *gold prices have shot higher and higher and the world's largest mining companies have been on a buying spree* — snapping up properties throughout the Walker

Lane gold belt in order to increase their gold inventories. Talk to any geologist in the area and they'll tell you the same thing — *all the hot properties are being snapped up — the demand is HUGE*.

Major players are expanding their presence in the area left and right, taking large interests in the projects of junior exploration companies, and sending their share prices soaring.

You and I both know what that means: **Now is the time to buy Gunpowder Gold... before the majors swoop in and begin bidding-up the price...**

Strictly speaking, Gunpowder Gold has beaten the big boys to the punch. They've laid claim to 1,280 acres of prime mining real estate containing the motherlode gold nexus that has been feeding the rich placer deposits of the La Posa plain for millennia. Their claim is within spitting distance of two of the promising gold finds in Arizona's history. And, it's right in the middle of one of the richest gold belts in North America.

The course of action is clear: buy shares of Gunpowder Gold now, before investors catch sight of the stock and send its share price soaring.

I simply cannot impress upon you enough how important timing is

on this one. The higher gold goes, the more crucial getting in early becomes...

The Experts Have Spoken: \$2,000 Ounce Gold is Just Around the Corner...

Market professionals, and economists alike are predicting a 12-month target of at least \$1,600 an ounce, upwards of \$2,000 within two years, and as much as \$5,000 before the bull is over:

- Its prediction of \$1,300 already having come to pass, Goldman Sachs is now calling for \$1,690 an ounce within the next 12 months...
- Celebrity stock picker Jim Cramer recently said gold is going to \$2,000...
- Legendary investor Jim Rogers expects gold to hit \$2,000...
- Executives of 44 gold mining companies said they expect gold to go as high as \$3,000 ounce...
- And Rob McEwen, CEO of U.S. Gold Corp, as well as dozens of well-known investment analysts — are calling for \$5,000 an ounce by 2014...

In other words, you ain't seen nuthin' yet. It's perfectly clear there is still a TON of money just waiting to be made in gold — and the key to bagging the biggest

profits lies in knowing just how to play it.

Translation: the bull run in gold is picking up steam and still has a long, long way to go.

This is what we've been waiting for — we are finally witnessing a gold stock market the likes of which we haven't seen in over 25 years. Gold stocks — particularly gold juniors — will be one of the hottest investment sectors of the next two years.

'Big Money' Just Can't Get Enough of the Stuff...

The writing is on the wall: gold is in a major, long-term bull

market and its price is going much, much higher.

The gold majors see it — that's why they're buying up hot, promising new properties like there's no tomorrow...

- **Barrick Gold has already bought up Pioneer Metals and Arizona Star Resources...**
- **Newmont Mining has acquired Gabriel Resources, Loncor Resources, Eurasian Minerals, and Miramar Mining...**
- **GoldCorp Inc. has grabbed up Canplats Resources, Andean Resources, and Gold Eagle Mines...**

- **Kinross bought out Underworld Resources and Aurelian Resources...**

The list goes on and on.

The Wall Street Elite not only see it, they're betting their reputations on it...

- George Soros' fund has been taking large positions in gold-related investments — including a major stake in NovaGold, a mining company with massive gold resources throughout the world...
- The now-legendary billionaire hedge-fund manager John Paulson is also reported

Continued, please turn...

Takeover-Mania is Driving Junior Stock Prices Sky-High...

As gold prices continue their upward march, the industry's major players are struggling to keep up. Demand is outpacing supply at such a rapid rate, heavy-weights like Kinross Gold, Newmont Mining, and Barrick Gold have become locked in a heated battle of 'buyout' in order to stay in the game.

They have no choice. Acquiring junior gold companies is the quickest, cheapest, and easiest way to get new sources of gold in the pipeline while the iron is still hot.

Mergers and acquisitions are taking place with increasing frequency and speed. The fervor started in 2008 when, shortly after Aurelian Resources made a massive discovery, Kinross gold rushed in to buy it.

Since then...

- **Kinross Gold** promptly added Underworld Resources to its acquisitions...
- **Barrick Gold** has bought up Pioneer Metals and Arizona Star Resources...
- **GoldCorp** has already acquired Canplats Resources (an earlier pick of mine that handed my readers a

129%), Andean Resources, and Gold Eagle Mines...

- **Newmont Mining** has bought out Gabriel Resources, Loncor Resources, Eurasian Minerals, and Miramar Mining...
- **Agnico-Eagle Mines** has acquired Complex Minerals and has taken a heavily vested interest in both Queenston Mining and Western Troy Capital Resources...

...the list goes on and on.

More and more astute investors are piling into junior gold stocks as a result, heralding a coming boom that could see share prices rise by several hundred — and in a few cases thousands of percent.

That is why I'm writing to you today — to give you a heads up that a major chain reaction in junior gold's is beginning to get underway. I hope you'll read this report thoroughly because, in it, I reveal in no uncertain terms why you must **load up now on shares of Gunpowder Gold (GUNP-OTCBB). In as little as 8 weeks you could be cashing in profits by the truckload.**

Elite Stock Report

to have taken a \$100 million position in NovaGold... as well as heavy investments in SPDR Gold Trust, Market Vectors Gold ETF, GoldFields of South Africa, AngloGold Ashanti, and Kinross Gold...

- Eike Batista, eighth-richest man in the world according to *Forbes*, is said to be investing heavily in gold shares — including shares of gold junior Ventana Gold.

The super wealthy see it...

Reuters recently reported an instance of a wealthy couple buying over a TON of physical gold at UBS, Switzerland's premier bank, — that's over \$42 million — and literally carrying it out the door...

Astute investors see it...

The U.S. mint has sold out all of its 1oz gold coins for the past three years straight. Gold ATMs are being rolled out across Europe, the United States, and the Middle East. And JP Morgan Chase was in such dire need of additional storage space for the physical gold needed to back its increasingly popular gold ETFs, it was forced to open an entire new vault in New York...

And, at long last, the world's central

banks have even caught on...

The *Financial Times* has stated that, for the first time in twenty years, central banks have switched from being net sellers of gold to being net buyers — adding about 15 tonnes of bullion to their coffers...

The bottom line is this: There is a FORTUNE to be made from gold in the months ahead — *and how much you make will be determined by how you play it.*

That is why I'm telling my readers to buy GUNP without delay — Gunpowder Gold has one of the most favorable payoff-potentials of any junior gold stock in America...

Which Would You Rather Make: 50¢ on the Dollar... or \$5 on the Dollar?

Juniors like Gunpowder Gold (GUNP-OTCBB) are the best way to profit from gold's ongoing rise for one reason above all others: leverage.

Let's take a quick look at the math: \$2,000 an ounce gold would mean a 46% gain from where the price is today. But as any experienced resource investor knows, when gold is in a strong bull market — *like it is today* — major mining stocks tend to outperform physical gold by a factor of two, sometimes three.

But juniors give you even greater

leverage to rising gold prices.

As you've already seen, many deliver upwards of three to four times your money in a matter of days or weeks — versus the potential 46% that's still expected to come from gold.

Then there is the cream of the crop — gold juniors like Coral Gold, which handed us 400% in TWO DAYS — and then went on to hand us FIFTEEN TIMES our money in the weeks that followed. And Ventana Gold which shot up 3,000% in 11 months...

Most investors spend a life-time looking for that one-in-a-million play that literally has the potential to make them rich overnight — and Gunpowder Gold is on the verge of being one of them.

Look, even if \$2,000 an ounce turns out to be conservative, and gold goes to \$3,000 an ounce as many mining industry experts believe — or actually hits \$5,000 an ounce as a few investment analysts are predicting... that means the gain in physical gold would top out at 265%.

Now, I don't know about you, but I'm not in this to make a few bucks here and there... I'm in it for the big wins — *plays that have the potential to make more than FIFTEEN TIMES my money — especially when I can*

do it for pennies on the dollar.

Unlike gold, which now costs over \$1,300 an ounce... the SPDR Gold Shares ETF which go for \$134 a share... or shares of major miners which cost as much as \$75 a share... you can pick up shares of **Gunpowder Gold** for less than one dollar apiece — if you act *now*.

Remember, I expect Gunpowder Gold to hand us up to 585% in the next few weeks, and then go on to hand us as much as 1,800% before the year is out.

Think about that — as much as 18 TIMES your money for every dollar you put in...

Now *THAT* is what I call leverage.

The key is to buy Gunpowder Gold now — before a stampede of investors drives the share price sky high...

The First Big Jump in GUNP's Share Price Could Hit Within EIGHT Weeks

All the pieces are in place:

- They've narrowed down the location — 1,280 acres in the Dome Rock Mountains overlooking the La Posa Plain...
- They've secured the claims...
- And now the board of **Gunpowder Gold** is gearing up to break ground...

I expect news of their first exploratory drilling program to be announced in as little as the next 60 days. And when the news goes public, you can bet that Wall Street will clamor to get in on the deal — causing the share price to take off like a bottle rocket

We've seen this same scenario play out a dozen times before. If you were along for the ride on my earlier picks you know exactly what I'm talking about because you've already seen the same type of explosive gains we'll soon see on Gunpowder Gold.

In the days leading up to a Phase I exploration program, *investors are temporarily able to pick up shares while they're still cheap.* Then, as discoveries are made... assay results are announced... and advanced drilling programs get underway, news announcements can continue to drive shares higher — and **investors who got in at the very start will be sitting back, watching their profits soar...**

... just as we did with my picks like Midway Gold... Minco Gold... US Gold... Canplats... Patriot Gold... American Goldfields... and Coral Gold — *only this time I expect us to bag*

even bigger wins...

Gunpowder Gold (GUNP-OTCBB) has "Riches" Written All Over It

But You Must Act now, Before It's Too Late...

Listen, we all know that the entire gold market is on fire — demand far outweighs supply, global quantitative easing (not to mention the inflation that's sure to follow), and ongoing sovereign debt crises have seen to that...

We all know it's going to keep climbing higher — industry experts, banking experts, and the Wall Street elite ALL see \$2,000 an ounce gold coming our way in the months ahead...

And, you know that junior gold stocks offer you FAR greater profit potential than any other gold investment there is (and for a fraction of the price)...

And you've seen why Gunpowder Gold could deliver us the biggest gold profits we've seen yet:

- *It has quietly laid claim to 1,280 acres in Arizona's Dome Rock Mountains — mountains that geology dictates are very likely to contain the*

Continued, please turn...

Elite Stock Report

rich source of gold — the mother lode — responsible for the rich placer deposits in the La Posa Plain below...

- *It's within spitting distance of the largest Arizona gold discovery* made in recent history...
- *It's located right in the heart of the Walker Lane* gold district — one of the richest and most profitable gold regions in North America...
- *No one — and I mean no one — on Wall Street has caught wind of it YET...*
- And perhaps, most importantly (again, this is why there is absolutely no time to waste): *it will most likely announce an exploratory drilling program within the next 8 weeks — which WILL put it on Wall Street's radar and, if history*

is a guide, send the share price into orbit.

Now ask yourself: Do you want to bag the gain of a lifetime?

Will you allow yourself to be one of the fortunate few who gets in first, ahead of the crowd — and position yourself for the most explosive profits Gunpowder Gold has to offer? Are you going to join me and my readers as we go for our biggest winner yet — as much as 585% within 8 weeks and up to 18-fold gains in the months ahead?

This is the type of profit opportunity that most investors would kill for. I urge you, don't let it get away. You've seen the tremendous impact that getting in early can have on profits...

This is your chance to get in FIRST. Grab shares of Gunpowder Gold (GUNP-OTCBB) right now, TODAY

— because you and I both know that once news of their impending drill program is released it will be too late.

Yours for greater gold profits,

Colin McCabe
Editor, *Elite Stock Report*

P.S. This is important so I must stress it again: I don't know of a single person who became wealthy by being the last person to get in on a winning stock. **Gunpowder Gold (GUNP-OTCBB)** gives you the unique opportunity to be one of the *FIRST* to get in on the play. That alone means this stock can hand you *FAR GREATER* profits than any other gains you've made before.

P.P.S. Remember to phone Gunpowder's investor relations line at 1-800-481-0604 to request a free information package.

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