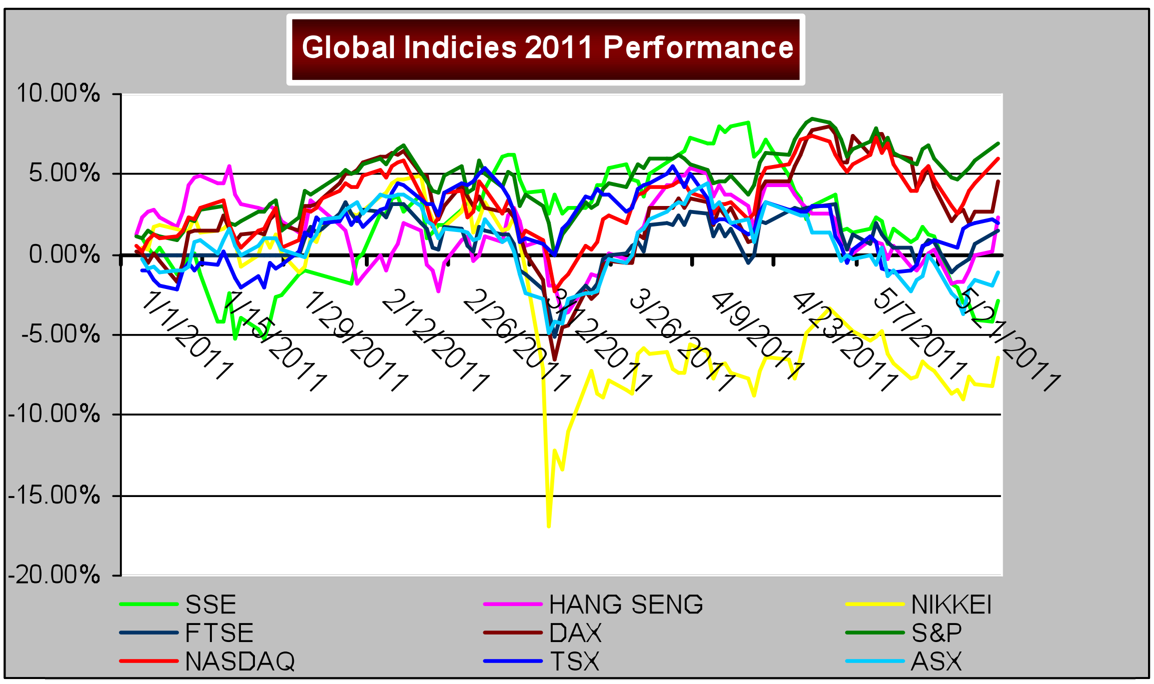
GDB June 2011 Newsletter

Monthly Market Summary:

2011 May Market Activity		
SSE COMPOSITE	***2,743.47***	-168.04 (-5.77%)
HANG SENG	***23,684.13***	-36.68 (-0.15%)
NIKKEI 225	***9,693.73***	-207.66 (-2.72%)
FTSE 100	***5,990.00***	-79.90 (-1.32%)
DAX	***7,293.69***	-277.17 (-3.66%)
DOW	***12,569.79***	-240.37 (-1.88%)
S&P 500	***1,345.20***	-20.01 (-1.47%)
NASDAQ COMPOSITE	***2,835.30***	-45.98 (-1.60%)
ASX 200	***4,708.30***	-118.00 (-2.44%)
TSX COMPOSITE	***13,802.88***	-141.91 (-1.02%)
TSX VENTURE	***2,239.58***	-145.11 (-6.48%)



Investment Themes:

1. Commodities posted significant losses in the beginning of May. Silver among other commodities led the way and saw a 30% decline in the first week of May alone; its largest weekly drop since 1983. Crude oil lost 10%, falling from the $110 range to just below $100 a barrel. Other metals, grains, and softs also declined across the board.

Investors and the media scrambled to seek out explanations for this liquidation event. They range from:

- CME raising margin requirements
- End of QEII, causing a reduction in appetite for risky assets
- A slow down in Chinese growth as central government tightens policy to control inflationary pressure

GDB Capital does not see a direct link tying the correction in commodities to underlying economic fundamentals. There are no significant evidences to support crimping global demand for raw materials, at least in the short to medium term. To support our argument, we like to point investors' attention to the iron ore market. Iron ore is a good gauge of global industrial production; yet it does not trade on the futures markets, so commercial supply and demand largely dictate its price. In other words, compared to silver, copper and other commodities that do have futures trading, speculators are limited in their abilities to manipulate prices with the use of derivatives. To invest in iron ore, one would have to assume physical possession in the underlying which is more risky and requires larger capital outlay. According to The Steel Index, as of May 25, the cash price of 62% iron arriving at China's Tianjin port stood at $173 a metric ton, a decline of merely 5.6% from $183.30 on May 4. With the iron ore price holding steady, we are reasonably assured that the commodity pull-back seen in the beginning of the month is only a speculative phenomenon.

The looming risk of sovereign default risk in the Euro region and the debate on increasing the US congressionally-mandated debt limit are also reasons to add to precious metals related holdings. Given the dip in gold and silver prices in May, it creates a good buying opportunity for investors that have missed out on the previous rally in precious metals.

GDB favors investments in the equities of gold and silver producers over direct investments in the underlying commodities:

- The market for gold/silver producer stocks is much larger, hence harder for speculators to manipulate

- Many producers have hedging programs in place. Even in the event of a significant decrease in gold/silver prices, they have effective mechanisms in place to locked favorable prices

- Well-know fund managers such as Eric Sprott and Geroge Soros have shifted much of their portfolio holdings from actual gold and silver to gold and silver producers, other market participants are likely to follow these market leaders

2. The influx of Asian capital and the wave of Mainland Chinese immigrant investors have driven up the sale of luxury homes in the Greater Vancouver area by 118% in the first four months of 2011. According to Re/Max, 747 properties in the luxury category were sold compared to 343 for the same period last year.

The enormous capital inflow flooding the Vancouver property market is causing consequential effects for local Vancouverites. Vancouver's median home price of C$602,000 is 9.5 times the annual median household income of C$63,100. Canada as a whole has a 4.6 national multiple; and to be affordable, multiple should be 3 or less. By this measure, Vancouver is more expensive than New York, London, and San Francisco. According to a Royal Bank of Canada report published this month, homeowners put 72.1% of their pre-tax income towards homeownership costs on a typical bungalow in Vancouver. In comparison, this percentage is 47.5% in Toronto, 35.9% in Calgary, and 43.1% in Montreal.

Through GDB's communication with our clients in China, we are hearing that the inflow of Asian capital into Vancouver is at its very early innings. We expect the number of wealthy Mainland immigrants to increase in the next couple of years given Vancouver's closer proximity to China and the city's world-class living environment. Wealthy immigrants will target Vancouver West Side neighborhoods, in particular: Shaughnessy, Kerrisdale, West Point Grey, Dunbar-Southland, Kitsilano, Arbutus Ridge, Oakridge, and Marpole to establish their primary residences. As a result, the 77% price increase of West Side homes seen in the last five years through April will continue to climb.

The Mainland immigrant investors are also seeking out investment properties to generate income and park their money. As Vancouver becomes less affordable and saturated, GDB is advising clients to look into more populated Canadian metropolitan markets such as Toronto, Montreal and Calgary, and also consider investments in non-residential properties. The following is a comparison of cap rates of various property classes across Canadian cities in Q1/2011 as reported by Colliers International:

MULTI-FAMILY CAP RATES

MARKET	HIGH-RISE		LOW-RISE		TREND
CANADIAN CITY	LOW	HIGH	LOW	HIGH	
Vancouver	3.75%	4.25%	4.25%	4.75%	▶
Calgary	5.00%	5.50%	5.25%	6.00%	▶
Edmonton	5.75%	6.50%	6.50%	7.25%	▶
Toronto	5.75%	6.50%	5.50%	6.25%	H▲/L▲
Ottawa	5.50%	6.50%	5.50%	6.50%	▶
Montréal	6.00%	6.75%	6.50%	7.50%	▶
Winnipeg	5.25%	6.00%	5.50%	6.00%	▶
Halifax	5.75%	6.25%	5.75%	7.00%	▶
Victoria	4.00%	4.25%	4.50%	5.25%	▶

DOWNTOWN OFFICE CAP RATES					
MARKET	A		B		TREND
CANADIAN CITY	LOW	HIGH	LOW	HIGH	
Vancouver	5.25%	5.50%	5.90%	6.20%	▶
Calgary	6.25%	6.75%	7.75%	9.00%	▶
Edmonton	6.40%	7.00%	8.00%	9.00%	▶
Toronto	5.75%	6.50%	6.75%	7.50%	▶
Ottawa	6.25%	6.75%	7.00%	7.50%	▶
Montréal	6.00%	7.00%	7.50%	8.00%	▶
Winnipeg	7.25%	7.75%	8.00%	8.75%	▶
Halifax	6.50%	7.50%	7.50%	8.00%	▶
Victoria	6.25%	6.50%	6.50%	6.75%	▶

INDUSTRIAL CAP RATES					
MARKET	MULTI-TENANT B		SINGLE TENANT A		TREND
CANADIAN CITY	LOW	HIGH	LOW	HIGH	
Vancouver	5.70%	6.20%	5.50%	6.00%	▶
Calgary	6.75%	7.00%	6.50%	7.00%	▶
Edmonton	6.75%	7.25%	7.00%	7.50%	▶
Toronto	6.75%	7.75%	6.00%	6.50%	▶
Ottawa	7.00%	7.50%	7.00%	7.50%	▶
Montréal	7.75%	8.50%	7.00%	8.00%	▶
Winnipeg	7.75%	8.25%	7.50%	8.00%	▶
Halifax	7.75%	8.50%	7.25%	8.00%	▶
Victoria	6.50%	7.00%	6.25%	6.50%	▶

RETAIL CAP RATES							
MARKET	REGIONAL / POWER		COMMUNITY		STRIP MALL		TREND
CANADIAN CITY	LOW	HIGH	LOW	HIGH	LOW	HIGH	
Vancouver	5.20%	5.70%	5.80%	6.30%	5.70%	6.20%	▶
Calgary	6.00%	6.25%	6.50%	7.00%	7.00%	7.50%	▶
Edmonton	6.25%	7.00%	7.00%	7.50%	7.00%	7.75%	▶
Toronto	5.75%	6.75%	6.75%	7.75%	6.25%	7.50%	▶
Ottawa	5.50%	6.00%	7.50%	8.00%	7.00%	7.50%	▶
Montréal	6.00%	7.00%	7.50%	8.50%	7.25%	8.25%	▶
Winnipeg	6.75%	7.25%	7.50%	8.00%	7.25%	7.75%	▶
Halifax	6.25%	7.50%	7.75%	8.75%	7.50%	8.25%	▶
Victoria	6.50%	7.00%	6.50%	7.00%	6.50%	7.00%	▶

For our valued Chinese clients who are interested in making real estate investments in the Vancouver, Toronto, Calgary, and Montreal regions, we suggest investments into our Sino-GDB fund where we invest in properties, REITS, equities of real estate related companies on behalf of our clients in these major Canadian cities. Alternatively, for our clients who prefer investing on their own, GDB can offers comprehensive consulting and referral services to seek out the ideal investment properties for you.

Investment Opportunities:

1. **Sino-GDB Fund**
   Fund managed by GDB Capital. Investments using hedging strategies and combinations of long/short positions in derivatives of public traded equities. Also private equity investments with a focus on mid-markets growth companies, distressed assets, M&A, and buyout opportunities. Industry focus targeted at metals and mining, oil and gas, clean energy, fertilizer and agricultural chemicals, real estate, and technology. Fund targets gross pre-tax IRR of 20% per annum, minimum investment US$500,000.

2. **West Coast Placer – Gold, Silver, Rare Earth**
   Two precious metal & rare earth projects in Quesnel, BC, Canada. Estimated gold reserve of 3,000,000 oz at grade of 3.7 oz/ton, and silver grade at 80.0 oz/ton, along with other rare earth deposits. The Company is seeking to raise CDN $1,050,000 through an offering of 20% of its common shares (CND $42,000 per share) to begin production at the first property in summer of 2011. The median 2011 production net profit is projected to be CDN $16,809,000.

3. **Clear Hill – Iron Ore**
   The Clear Hills properties consist of ten Metallic and Industrial Mineral permits and four Mineral Leases comprising 76,652 hectares. The Clear Hills property encompasses three main project areas, Rambling Creek, Whitemud Creek and Worsley.

   Estimate on Rambling Creek portion of the Clear Hills iron deposit contained 139,777,000 tons grading 33.04% Fe classified as Indicated Mineral Resources and 62,824,000 tons grading 33.70% Fe classified as Inferred Mineral resources.

   It is noted that the Rambling Creek Iron deposit is associated with appreciable concentration of vanadium pentoxide (0.21%). Early work indicates that the vanadium may be recoverable during the DRI process.

4. **Tampoon Resources Inc – Oil**
   $50,000,000 private placement. Proceeds used for oil and gas exploration in Western Canadian Basin Oil Property Acquisition and Farm-in opportunity. Currently producing ~300bbls/d with

significant reserve/deliverability (Est. 600bbls/d flush; 200bbls/d aver prod); 600,000 barrels 38-42 API/well.)

5. **Open Range – Oil**
   $10,000,000 private placement of preferred and common shares. $5,000,000 preferred shares Series B – 8% Cumulative Dividend, Voting, Redeemable December 31, 2012 priced at $1.00 per share. $5,000,000 Common Share priced at $1.50 per share. Proceeds used to increase land ownership from 11,000 acres to 70,000 net acres. Projected production is estimated at 2,000 BOPD for 2011. Properties located in North Dakoda where large US oil companies such as Hess, and Occidental Petroleum have both recently acquired a number of smaller firms.

6. **Congolese Potash Corp.**
   Consolidating up to nearly 50% of Congolese Potash belt in Democratic Republic of Congo, Angola, and Gabon, as well the Republic of Congo. Management team in place. Seeking $5 mil and listing over the next 6 months.

7. **Ethiopian Potash Corp.**
   Potash development project in Danakil Depression (largest potash depression in the world). Excellent logistics, largest land package in the belt 481 sq km. Other players include BHP. Shallow, high-grade, existing resource of 128 mil tons at 21%, feasibility within 18 months. Publicly listed TSX-V: FED.

8. **Fugra Potash Corp.**
   1,095 sq km land package south of basin adjacent to BHP and north-west adjacent to Ethiopian Potash Corp. Seeking financing and go public listing this summer.