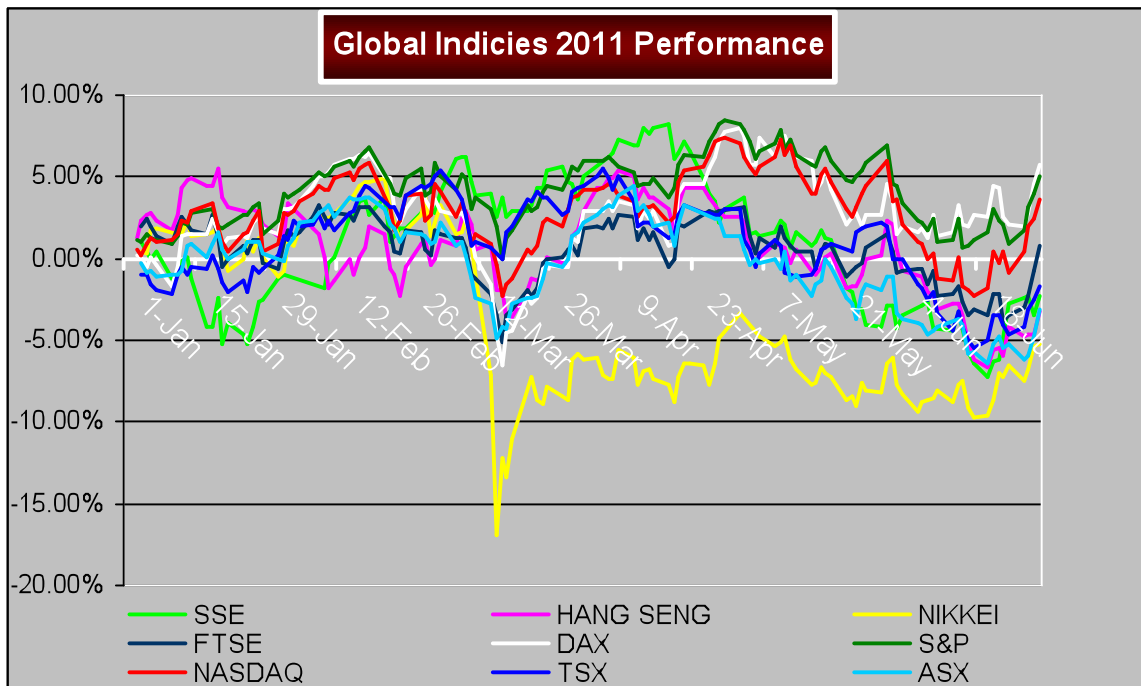


## GDB July 2011 Newsletter

### Monthly Market Summary:

2011 June Market Activity		
SSE COMPOSITE	2,762.08	25.02 (0.91%)
HANG SENG	22,398.10	-1,288.67 (-5.44%)
NIKKEI 225	9,816.09	108.04 (1.11%)
FTSE 100	5,945.70	-44.30 (-0.74%)
DAX	7,376.24	65.68 (0.90%)
DOW	12,414.39	-155.00 (-1.23%)
S&P 500	1,320.64	-24.56 (-1.83%)
NASDAQ COMPOSITE	2,773.52	-55.87 (-1.97%)
ASX 200	4,608.00	-103.30 (-2.19%)
TSX COMPOSITE	13,300.87	-505.26 (-3.66%)
TSX VENTURE	1,904.18	-86.86 (-4.36%)



**Investment Themes:**

- 1.** Sovereign debt crisis again resurfaced to take the center stage of the global financial markets in June. The S&P 500 Index slid 5.9% from beginning of June to the middle of the month. Market participants have centered their focuses on the Greece sovereign debt situation.

Yet, the markets seem to be shaking off the severity of the Greek crisis quite resiliently. The S&P rebounded almost 3% from June 15 to the end of the month. There seem to be a sense of relative complacency that the global economic recovery will not be stalled, and that the commitments from the EU and global policy makers to stand behind Greece will delay and ultimately resolve the sovereign debt crisis.

The VIX index, the "fear gauge" of the US equity market remains remarkably serene while the chance of global financial turbulence increases as the Greek situation unfolds. During last year, in the one month following April 23, the time when Greek government first submitted their request to the EU/IMF for a bailout package, the VIX increased from 16.62 to 48.20 (higher index value indicates higher put prices investors are willing to pay on the stocks in the S&P 500 to protect against downside risk; the normal VIX value is around 20). One would think that a second bailout is solid indication that the Greece situation is worsening, or at least have not improved, yet the VIX is not reflecting this at all as the index made a brief effort to touch 24.65 in middle of June before dropping to the mid-teens at the end of the month.



Even if a second Greek rescue package passes without a glitch and an immediate Greek sovereign default does not materialize, the inherent contagion concerns, the increased possibility of additional rescue packages to other Euro nations under financial aid will pose significant risks to the stability of EU and the global economy. GDB is warning our clients to be vigilant against the current sense of calmness and complacency in the market place and consider protection against further downside scenarios in their portfolios and investments.

**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 Dakota 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.