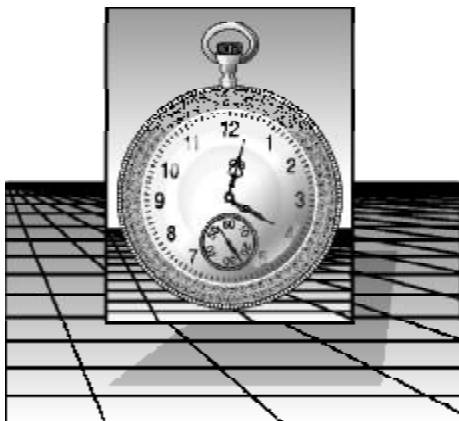


The next issue will be
published June 7.

- **Coeur d'Alene Mines.** Page 1
- **"Junior" stocks that have my attention.** Page 2



www.protiming.com
e-mail: info@protiming.com

WINDFALL

Suppose one just "passed go," received a windfall of \$20,000, and were willing to throw all caution to the winds, what looks good here?

In looking over our buy-and-hold list and our list of junior "option alternative" recommendations, we can say that most of them have done quite well for us lately. There are, however, a couple that have come off this month - like **Gammon Lake** (GRS-AMEX-\$13.33) and **Everton Resources** (EVR-TSX-C\$0.94). From a technical perspective, these look like candidates for some of our \$20,000 windfall.

Another stock on our list that has been weak is **Coeur d'Alene Mines** (CDE-NYSE-\$3.63). Coeur d'Alene Mines is the largest U.S. silver producer, but it has matured to the point that their reserves are decreasing and their future growth prospects are not bright. This month, though, they announced a deal to buy out Bolnisi Gold and Palmarejo Silver and Gold Corporation. This is a big deal. It involves a stock swap and some cash, and the net effect will be to double the number of Coeur d'Alene shares outstanding. However, if the deal goes through, it will put CDE back on a growth path.

The prime asset in the acquisition is the Palmarejo Project in Mexico. The Palmarejo Project is held out to be "one of the highest quality primary silver projects in the world today," and it will significantly increase Coeur d'Alene Mines' reserves and output. Coeur d'Alene will move from being the largest U.S. silver producer to being one of the largest silver producers in the world. CDE currently has some exposure in Venezuela. That is a negative, but the Palmarejo Project alone in this acquisition reduces the significance of the Venezuelan risk.

If you do an online news search, you can get all the gory details. In some respects, the deal does look a little like Jonah swallowing the whale, but CDE needs this acquisition. Although the respective boards have agreed, there will still be a stockholders' vote at each company. I don't envision a problem.

The stock price is well under our long posted downside buy price of \$4.50, but there should be solid support at \$3.50. Remember, do not get overbalanced in any one stock or asset class. If you are of a mind to speculate with some of our \$20,000 windfall, purchasing a few shares of Coeur d'Alene Mines looks appropriate. I am going to leave the downside buy price at \$4.50, which is the maximum you should pay. If you are looking for a deep downside target, put your open orders in at \$3.50.

Another merger deal that affects a couple of stocks on our list is the offer by **Primewest** (PWI-NYSE-\$20.64) to acquire **Shiningbank** (SHNUN-TSX-C\$13.81). This one is a stock swap, and those of you that hold Shiningbank are going to receive .62 shares of Primewest for each share of Shiningbank you hold. Bottomline, this looks like a good fit, and it will increase Primewest's reserve life index from about 9.8 years to about 11.5 years.

Our latest energy recommendation, **Mega Uranium** (MGA-TSX-C\$6.50), is on our list of junior option alternative stocks. Our buy price is C\$6.75 or better. Mega looks like a good candidate for some of that \$20,000, and it's a decent uranium play - especially if you don't currently have any exposure to the sector and if speculation is suitable for you.

Two other juniors that have my attention (and that I have mentioned before) are **Baja Mining** (BAJ-TSX-C\$1.86) and **Golden Valley** (GZZ-TSX-C\$0.56). These are potential up-and-comers; and, therefore, they are speculative, like the above suggestions if purchased at or below their respective buy prices. Any of the stocks on the junior list are better gambles than buying call options. For the risk, they carry tremendous reward potential.

Baja Mining is a bit different from other stocks on our list. They are developing a mine in Baja California Sur, Mexico. The El Boleo Project (as it is called) is Mexico's largest copper-cobalt deposit. When it goes into production, the mine will also produce zinc and manganese. At current copper and cobalt prices, this looks like a very profitable venture, and it gives one a little diversification in their metals portfolio. Be patient and don't chase it. It has run up from the C\$1.30 level this spring, but it has recently cooled off some. My listed buy price is C\$1.50. Considering the volatility inherent in mining stocks, I think we have a good bet on buying it there. Golden Valley should be purchased at C\$0.50 or better.

U.S. Gold (UXG-AMEX-\$5.44) remains one of my favorites on the junior list. It is not that far from our \$5.00 buy price. Don't get overloaded; but if you don't own any U.S. Gold, think about picking some up at \$5.00 or better.

I still look for gold, basis June futures, to visit the \$660 - \$640 range before moving higher. It is not likely that gold will blast off and break through its overhead resistance at \$690 just yet. Barring some exogenous surprise event, like a crash in the U.S. dollar, crude oil has more work to do forming a base at the \$60 level as well. Longer term, I firmly believe that \$1,600 gold, \$35 silver, and \$100 crude oil are virtually assured. I also look for these prices to be reached by the end of the decade. Regardless of when our target prices are reached, this is the time to position for these events.

If you would like to put some of the windfall into something less speculative, I am still holding out for **Yamana** (AUY-NYSE-\$13.68) at \$13.00 or better. A dip in gold below \$660 might just do the trick.

There is no reason to break your discipline and just jump into something because you have extra money in your pocket. Investing is not an entertainment; it is a business (at least it should be). I mentioned above "throwing all caution to the winds," but that is not really recommended. There are plenty of stocks on our list that I would love to put more money in, but they are simply on the run and I refuse to chase them. The likes of **Frontier Oil** (FTO-NYSE-\$35.85), **Valero** (VLO-NYSE-\$73.70), **Frontline** (FRO-NYSE-\$39.24), **Transocean** (RIG-NYSE-\$89.72), and **Silver Standard** (SSRI-OTC-\$36.21) all need to correct before they look attractive for new money. Bottomline, the best bets this month are precious metals stocks - with the exception of Mega Uranium.

The popular stock market averages keep plodding along on the up side, and they have been remarkably resilient to the occasional big down day. The June monthly letter will take up a new trading model that I have been working on and have mentioned in the past, but to date have not introduced. It is called Palio; and at this point, it is on a buy signal. The next Palio sell will be important, and I will announce it on the online updates when it triggers that signal. Interestingly enough, it is not close at this point. Things change quickly sometimes, though, which is why the Tuesday and Thursday updates are important.