



Discovery of the Week: September 28, 2007

## Prospecting for Profits in Peru

### An Addition to the Flock

I have a soft spot in my heart for prospect generators. The concept is simple: Tie up properties with great potential; let someone else spend their capital to develop a mine or well; and share in the revenues they produce. We already have a number of great but small prospect generators in the Stealth portfolio and I'm delighted to have finished due diligence on another one. It's a stellar addition to the flock.

#### **Canadian Shield Resources Inc.**

**(CSP.V)** is a mineral exploration company that acquires major base and precious-metal projects in established mineral areas. It originally concentrated in northern Canada (as the name suggests), but now focuses in Latin America, primarily in Peru. Peru is a very prospective region, ranking high in the world's production of gold (5th), silver (1st), copper (3rd), zinc (3rd) and tin (2nd).

CSP controls eight base and/or precious-metals projects in Peru and one gold project in Chile. They are also beginning to scout out central Asia. Four of the Peruvian projects were acquired through the acquisition of Gallant Minerals-Peru in 2004. Two additional projects in Peru and the gold project in Chile were acquired via the acquisition of APMX in April 2007. Two recent acquisitions in Peru are held under a recently formed 100%-owned Peruvian subsidiary, Compania Minera Canadian Shield-Peru. Future acquisitions in Peru will be held by this wholly owned subsidiary.

### *Canadian Shield Resources (CSP.V)*

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**Website:**

[www.canadianshieldresources.com](http://www.canadianshieldresources.com) **Shares**

**Outstanding:** 47.9 million

**Market Cap:** C\$9 million

*Recommend good-till-cancelled limit  
order to C\$0.20*

The company has some stellar joint-venture partners on its properties, including Southern Peru Copper Corp., as well as Esperanza Silver, one of our favorite holdings.

As I've said in past issues, building a portfolio of properties that other companies are spending big money to explore is like owning a series of lottery tickets paid for by others. Our target for Canadian Shield is to see it turn over three or four projects a year to other qualified joint-venture partners and simply wait for its share of the results.

At present the company is tiny, with about 48 million shares outstanding, currently selling at C\$0.19, giving it a market cap of only C\$9 million. It's small, relatively unknown, and has exactly the type of potential we search the world for. You can get recent detailed information on the company and its current projects by reading their Management Discussion and Analysis (MD&A) on the Canadian regulatory website, [www.sedar.com](http://www.sedar.com).