



## Nowhere to Go But Up

**Highland Resources (TSXV:HI)**, originally identified by the Bottom Line Report as one stock that has *Nowhere to Go But Up* (full report below), has announced the initiation in the next leg of its aggressive exploration plan.

On February 26, 2010, Highland officially announced the plans for a complete airborne geophysical program have been completed and the survey is about to begin.

The survey will be completing the initial geological reconnaissance of Highland's highly prospective gold exploration properties in Ontario. The area to be covered by the survey contains numerous high-potential prospects. For example, the area to be surveyed is along the Geraldton-Beardmore mining belt and is immediately adjacent to two past producing gold mines – the Sturgeon River Gold Mine and Tashota Goldfields Mine.

This is just another step forward for a gold exploration company with a market value of less than \$4 million, more than \$1 million cash on hand, and, in the Bottom Line Report's view, has "*Nowhere to Go But Up.*"

### **Well-Funded Gold Explorer Taps into Prolific Gold Mining District**

The gold boom continues to move forward.

In the past year, Wall Street's big money investors have rediscovered the luster and profits of gold. From the bottom of the credit crunch in 2008 to its recent new all-time highs, the price of gold has soared by \$500 an ounce.

And with government debts climbing around the world, budget deficits reaching unsustainable levels, a weak (at best) economic recovery, and no end in sight for the global economic malaise, the interest in gold and gold stocks is only going to continue to grow.

The race for gold is still in the relatively early stages and the most forward-thinking investors are eyeing the small companies on the cusp of making significant new gold discoveries. One of those companies is **Highland Resources (TSX-V:HI)**.

### **The Next "Thunder Bay" Discovery could be Just Weeks Away**

Highland Resources is more than your average gold exploration company though. It has a lot going for it.



First, Highland's not exploring for gold in the far-flung corners of the world. It's not in the middle of an African desert with the nearest road or electricity source hundreds of miles away. It's right in the middle of the world-renowned Thunder Bay mining district – not far from Minnesota on the U.S.-Canadian border.

Second, Highland is looking for high grade gold. Historically, miners on its flagship property found grades as high as 0.70 ounces per tonne of gold. That's an equivalent of more than 19 grams per tonne of gold. In other words, there's more than enough gold to attract a lot of attention when the results from Highlands latest drill program start being released.

Speaking of the drill program, the next set of exploration results will be unveiled very, very soon. Highland has already started drilling and the first results could be hitting the wires as early March, 2010.

Third, and probably above all else, Highland shares are significantly underappreciated by the market. At 14 cents per share, Highland has a market value of less than \$3.7 million. The market is valuing the company as if it was on the verge of bankruptcy, but the company has \$1.2 million of cash in the bank.

Basically, at this level of valuation, there's only one way for shares to go – **UP**.

Before we get ahead of ourselves, let's take a look at the company's key project, its rapidly evolving exploration program, the valuations other companies in the region are fetching, the folks pulling it all together, and why the window of opportunity to get in Highland at a deeply discounted price is closing soon.

### **Location, Location, Location**

Highland Resources' flagship property is Rickaby. The property consists of 5584 hectares of a prospective quartz vein system containing high-grade gold and the potential for volcanogenic massive sulphide (VMS) deposits.

The company owns a 51% interest in the property and acquired back in April 2009 for \$250,000 when the gold boom was still in its relatively early stages (that's an unheard of price in today's gold exploration industry).

Rickaby is not a greenfield exploration play though. In the past Rickaby has been explored by Phelps-Dodge, Noranda, and Shoshoni Gold. The three companies drilled a total of 62 holes and struck 15 feet of gold grading 0.46 ounces per tonne (13 g/t equivalent).



Better yet, early signs show Rickaby has the same kind of potential results past exploration has – if not more. Surface chip sampling assays have returned one meter of 14.31 g/t gold (including 0.5 m of 27.2 g/t gold) and one meter of 9.71 g/t gold.

The Rickaby property is located about 200 km from Thunder Bay, Ontario, in Geraldton-Beardmore mining belt which is right in the heart of the prolific Thunder Bay mining district. There is a well-developed infrastructure including everything from power supply to roads nearby.

There couldn't be a much better spot to be either if you're looking for a high-reward gold discovery. The area was home to eight operating gold mines between the 1930s and 1970s. One of the mines, the Orphan Gold Mine, was opened up in the 1930s and was mining gold with grades of 0.70 ounces per tonne and silver of 0.44 ounces per tonne.

Despite all the historic gold mining potential, the Geraldton-Beardmore mining belt which is one of the most underexplored mining regions in Canada. That's all about to change though.

### **The Time is Now**

As you might expect, with so much going for it Highland is moving quickly to explore, develop, and maximize the value from Rickaby.

Highland has already laid the foundation for an aggressive drill program. Over the past few months the company has been taking care of all the surface geotechnical work to identify the highest potential drill targets.

In October and November of 2009 Highland hired GeoVector Management out of Ottawa to apply the most modern geological technologies to identify the best drill targets. As part of the full-scale reconnaissance program Geovector completed surface chip sampling, ground Induced Polarization (IP), Very Low Frequency (VLF), and magnetic surveys.

Now, with the geotechnical leg work out of the way, Highland is currently drilling away on the Rickaby property.

On February 1, 2010 Highland announced it had started a 4,000 meter drill program for Rickaby. Results are expected to be coming in the months that follow. And if Highland hits results that are just half as good as what some of its neighbors have hit, Highland is going to be the next exploration success story to join the long list of them in the Thunder Bay mining district.



## Talent to Spare

Leading the way on the highly prospective Rickaby property and the additional projects in Highland's stable is a team of qualified and experienced executives:

**Roger Blair:** has over ten years experience in managing, financing and developing small to medium sized companies in Canada and the United States. He has worked with Rolling Rock Resources (TSX-V:RLL), Klondex Mines (TSX:KDX), and Starcore International Ventures (TSX:SAM).

**Robert Eadie:** In the past 15 years, Mr. Eadie has been actively involved in public resource companies raising over \$80 million for various exploration and development projects around the world. Over the years, Mr. Eadie has built an impressive network of contacts in Europe, North America and Asia and has established a reputation as the catalyst behind various successful start-up resource companies. He brings extensive marketing and public relations expertise to the board and makes executive decisions based on long term sustainable growth.

**Ken Sumanik, M.Sc.:** Mr. Sumanik is a professional biologist and specialist in environmental mining issues. For over a decade, he was Vice-President of Environment and Land Use for the Mining Association of British Columbia and then served as Assistant to the Minister for Mining in British Columbia.

**David J. Salmon** - David V.P. Western Canada for Laurel Hill Advisory is responsible for the business development of Laurel Hill's strategic shareholder solutions and corporate governance consulting services for public companies and advises clients on shareholder strategies related to hostile and friendly acquisitions, proxy contests, and corporate governance issues.

That's just part of the team assembled to put Highland into high-gear. But it helps show the high quality of management personal attracted to Highland.

## Undervalued is an Understatement

It doesn't take long to see Highland has a lot going for it. It has the right properties in the right place and it's the right time to have a very close eye on Highland. But the real value in Highland is that it's just so cheap.

Highland's neighbors in the Geraldton-Beardmore mining belt include Kodiak Exploration (TSX:KXL) and Premier Gold (TSX:PG). The two companies have market values of \$50 million and \$340 million, respectively.



Kodiak Exploration, whose property is directly adjacent to Highland's Rickaby property and is exploring for geologically similar quartz veins has been hitting truly bonanza gold grades. Kodiak's exploration results include 2.9 m of 203 g/t gold and 3.6 m of 358 g/t gold (those aren't typos!).

Despite having a big property in a prime location, Highland's market valuation is still near rock bottom. At 14 cents per share and with 26 million shares outstanding, Highland's market value is a mere \$3.7 million. Once you consider Highland's cash reserve of \$1.2 million, the company looks even cheaper.

Basically, buying **Highland Resources (TSX-V:HI)** shares is like getting in on a high-potential discovery with extremely high-grade past results in an area with very low political risk for a mere \$2.5 million. In a market like this, where gold's comfortably above \$1,000 an ounce and silver is well over \$15 an ounce, you're not going to find much better deals than that.

Follow Highland Resources' progress at: <http://www.highlandresources.ca/s/Corporate.asp>

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