

Ethos Capital (ECC:TSXV)

The following editorial is extracted from June 2011-2 Issue

Initiating Coverage

Ethos has the largest property positions in the White gold district in Canada 's Yukon territory. That district, which has already turned up several important gold discoveries, is the focal point for a modern day gold rush that has made the Yukon one of the most important exploration regions in the world. To keep their geologists busy –and investors interested – Ethos also has a couple of silver projects in Mexico.

Ethos is headed by Gary Freeman, who has a successful career in the junior mining industry. His latest success was directing Pediment Gold as that company outlined a couple of gold deposits which led to a takeover by a larger company. Peter Tallman, the chief operating officer, is a geologist with a history of success in both large and small mining companies. The directors bring an impressive array of mining industry experience.

The White gold district properties were acquired from Yukon prospector Shawn Ryan. Shawn's well thought out systematic approach to exploration over a period of years led to the first major hard rock gold discovery in the district. Shawn is now one of the largest share-

holders of Ethos and is continuing his involvement on the properties as a technical advisor to the company. His field team will be heavily involved in the work on the projects.

The highlight of the 568 square kilometer White gold property package is the Wolf property. Shawn Ryan's team identified three gold-in-soil anomalies on the property, each more than 700 meters in length. At that size, the anomalous areas have scope to represent significant gold occurrences. Importantly, the gold anomalies are coincident with arsenic and antimony values, similar to the geochemical signatures that led to the discovery of Underworld's Golden Saddle zone and the Coffee discoveries of Kaminak. Ethos intends to begin at 2,000 meter drilling program in mid-August, following further surface work.

The Betty and Bridget properties are located immediately east of Kaminak's Coffee property on which that company has already made eight gold discoveries. The geological trend on the Coffee property extends onto the Ethos property. Just southwest is the massive Casino copper-gold deposit. (Western Copper (WRN-T)

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RO LAWRENCE ROULSTON'S **RESOURCE OPPORTUNITIES**

has published a compliant proven and probable reserve estimate for Casino that outlines 7.5 million ounces of gold, 4.4 billion pounds of copper and 54 million ounces of silver.) Surface sampling on the Ethos property has identified copper soil anomalies associated with gold and other related metals. Further sampling and other surface work is underway on the property.

The Hen property adjoins part of the former Underworld property now held by Kinross. The major is quietly working on its JP Ross gold discovery on that property. The geological system hosting JP Ross trends on to the Ethos property, where limited soil sampling has found copper values.

The budget for the Ethos work this year is C\$5.8 million. That program is to include the collection of more than 32,000 soil samples, airborne and ground geophysics, geological fieldwork, trenching and drilling. That work program should generate substantial news flow over the next few months. The drilling, in particular, could add considerable value to the company.

The Mexican properties held by Ethos would be of interest in their own right, but are lost in the shadow of the Yukon projects. Those properties were explored on a superficial basis by major mining companies in past decades. Ethos has an option to earn a 70% interest in those properties.

Both of the Mexican silver properties have seen extensive small-scale mining, but they have not yet seen comprehensive systematic exploration. After winter descends on the Yukon, Ethos shareholders can look forward to news from the Mexican properties.

Ethos is going into the summer exploration program in the Yukon with C\$20 million of cash, thanks in part to financings in May that brought in C\$15 million at C\$1.00 and C\$1.20 per share, respectively.

With a strong management team, C\$20 million of cash, an aggressive exploration program in the Yukon, and with the Mexican projects in reserve, Ethos has considerable upside from the current level.

Price June 28, 2011: C\$1.13
Shares Outstanding: 26 million
Fully Diluted: 31 million
Market Cap: C\$29.3 million
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