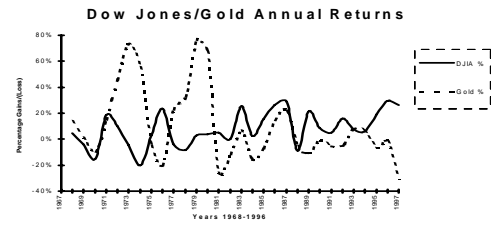




# Gold

## & Technology Stocks



Weekly Hotline Message

(Now in our 25<sup>th</sup> Year)

January 27, 2007

### New Buy Recommendation

## Romios Gold Resources Inc.



**Business:** Exploration and development of gold and copper properties in B.C., Nevada, and Ontario

Traded Toronto Venture:	RG
Pink Sheets:	RMIOF
Shares Outstanding:	40,411,676
Price 1/26/07:	US\$0.309
Market Capitalization:	US\$13 Million
Progress Rating:	"D"
Telephone:	416-221-4124
Web Site:	<a href="http://www.romios.com">www.romios.com</a>

One of the more exciting gold-silver exploration stories I learned about while I was at the Vancouver Resource Show was Romios Gold Resources Inc. (Romios). I would make that statement if this stock were selling at \$1.00. But at its current price of less than one-third that price, I have to multiply my desire to purchase this speculative junior gold exploration stock by threefold.

Romios has several projects of merit but the one that is the primary focus of the company at the moment is its Newmont Lake Project located in the **Galore Area** of B.C. Two major mineral deposits have been discovered over the years in this area. The first was the Eskay Creek Project, which was a massive copper-gold-silver discovery in the 1980s. That mine has been in production now for a number of years by Barrick Gold. More recently, NovaGold, one of our favorite stocks and one that has richly rewarded our readers, has developed its Galore Creek Project. In 2005, NovaGold announced resources of 14 million ounces of gold, 156 million ounces of silver, and 12 billion pounds of copper on that property. That is more than sufficient to support a 20-year mine life, but given the fact that all mineralized zones remain open to further expansion, it could be a much longer mine life and/or larger production facility than the already sizeable and very rich deposit currently suggests.

Work carried out by NovaGold did much to enhance the geological understanding of the Galore Area, and Romios's very talented geological team are in the process of using that information combined with some very exciting past exploration results to build what they believe can become a world-class deposit. Over the past year or so, Romios has been carrying out all the "ho-hum" geological work (from a lay investor viewpoint) that is necessary to set up drill targets. With much of that necessary work out of the way, the drills will soon be turning and with some good results, which would not be surprising to your editor, I would expect this stock with a miniscule market cap to rise to significantly higher levels in the weeks and

months to come.

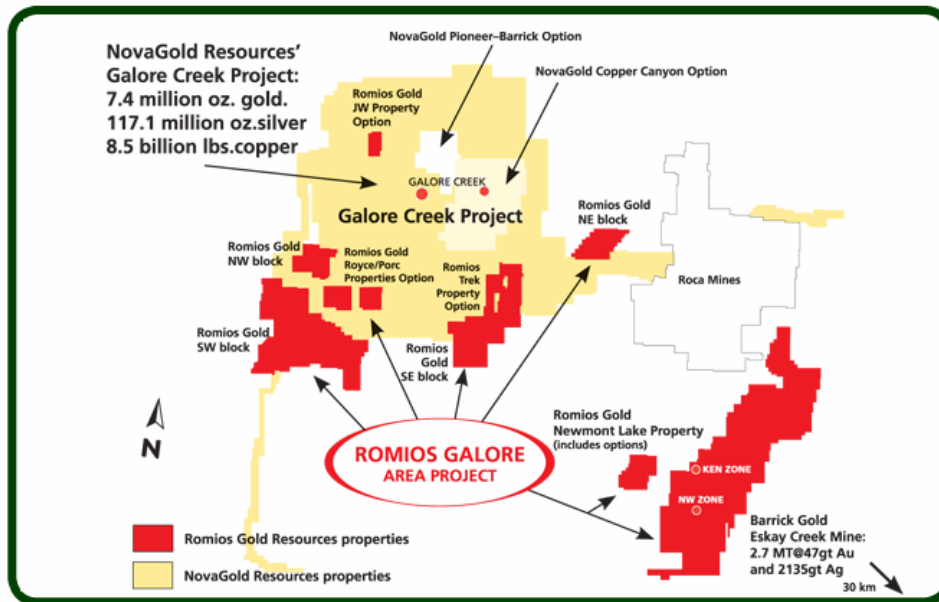
## Past Work Reveals Great Promise for a Galore Creek Type Deposit

Following the discovery of Eskay Creek, major attention was paid to this area of northwestern B.C. A host of junior mining companies began staking ground and carrying out exploration work. One of those was

Gulf International Minerals, which drilled 148 holes to evaluate the extent of the Northwest Zone of a property known as the Newmont Lake Project, an area that was first explored by Newmont Mining in the 1960s.

Perhaps because metals prices were much lower at the time, but more importantly because there were some ten

The Galore Project, British Columbia, Canada



different companies all staking ground in this area following the Eskay Creek discovery, the focus of all these companies was on the discovery of a high-grade gold system rather than larger bulk-tonnage projects like that being developed by NovaGold at Galore Creek. So in focusing on a high-grade gold target, Gulf not only ignored grades of gold below 3 grams/tonne (0.105 oz/tonne), it also ignored pervasive copper mineralization, some of which was reportedly quite rich.

But Romios has picked up much if not most of the claims that were held by some ten different companies. They are in the process of applying the understanding of the area geology over this very large area, generally known as the Galore area, with the aim of possibly developing a major deposit similar to that of Nova's Galore Creek monster deposit. According to Dr. Gerald Ray, a highly regarded geological consultant, *"The intrusive geology and structural setting of the Romios claim block has many similarities to the area hosting the Galore Creek deposit."* For example, as I understand it, like the Galore Creek, the Newmont Lake geological setting seems to include a combination of several separate mineralized zones that have come together to form one potentially large zone.

Lawrence Roulston, is a friend, geologist, and competitor of this letter, is someone for whom I have a great deal of respect and admiration. Lawrence wrote the following in his April 2006 discussion of Romios. *"The re-interpretation of the Newmont Lake geological setting combined with the recent re-evaluation of the detailed assay results and the geophysical results present an extremely significant geological story."*

*"The project needs another summer of work to begin to arrive at any kind of conclusions, but at this stage it is fair to say that the area encompassed by the past drilling, together with the geophysical target area represents enough scope to host a very substantial deposit."*

It is now January 2007 and the company has had another summer of work under its belt, and everything since then has given more reason, not less, to be excited about this stock. In remarks summarizing last summer's work on the Newmont Lake Property and with reference to an airborne magnetic survey, management made the following remark: *“Significantly, the survey delineated a pronounced, five-kilometer-long, northerly trending magnetic feature within which occurs many of the known mineral prospects encompassed by the Newmont Lake property. The Ken zone, the NW zone, the Camp zone, the 3-D induced polarization anomaly northeast of the NW zone, a number of prospects localized between the Ken zone and the NW zone and a train of angular, mineralized boulders located two kilometers southwest of the NW zone, all lie within this large magnetic feature.”* In other words, we are looking at some very sizeable drill targets.

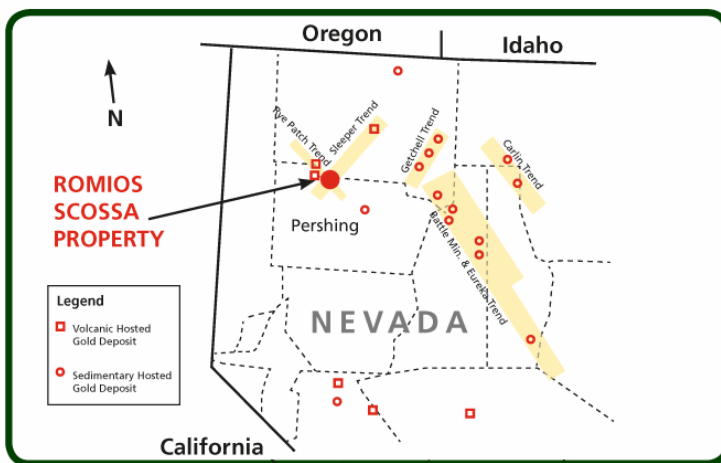
For most of us who do not spend our time trying to understand the mysteries and power of plate tectonic movements and geochemical solutions percolating and penetrating through rock fractures tens of millions of years later, all these theories about what Mother Earth did over hundreds of millions of years is purely academic. However, when we can start to see economic applications of these theories, they can suddenly become more interesting. I won't have the time to try to comprehend the geology of these projects in any kind of great detail—interesting as that may be. But what is important and what makes all this geological theory important to us is the fact that some very good gold and copper assays have been provided from many of those 148 drill holes put down in the 1980s by Gulf. And so far, results announced by Romios have been borderline “spectacular.”

For example, on November 12, 2006, management announced a sample received from its exploration program on its Porc Property in the Galore Creek area that returned 61 grams/tonne gold and 998 grams/tonne silver! Then on January 22<sup>nd</sup>, the company announced a sample grading 16.45% copper and 7.56grams/tonne gold from another property in the Galore Creek area known as the Trek Property. While

those were by far the highest values reported, we note that the majority of samples were graded in excess of 1% copper and most had significant gold values as well.

Management also stated in its January 22 press release that there are three distinct types of mineralization on the property but the one that appears most promising based on information gained to date appears to be “the low-grade, bulk tonnage, porphyry copper gold mineralization, similar to that at NovaGold's Galore Creek deposit.”

The Scossa Gold Project, Nevada USA



## Other Projects

Time constraints cause us to lump together “other” properties, which, were it not for the exceptionally exciting Galore Area properties, would be anything but “other.” At the **Scossa Gold Project**, various gold-bearing vein structures that have been worked in the past with more primitive mining methods are evident along those veins. Early work carried out by Romios has been encouraging. Some 14 drill holes were put down in 2000 that encountered some very high-grade intersections, but with gold where it was at the time, the company was unable to fund further exploration development. Needless to say, the gold remains there and as it is now possible to raise capital, no doubt this project will be further explored in the

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near future. The company also has a number of attractive properties in the old mining camps of Ontario that show promise.

### **Management**

**Anastasios (Tom) Drivas, Director & President** – With more than 30 years' experience in property acquisition, development, and brokering, and 15 years specifically in the mining sector, Mr. Drivas has consistently been able to assemble the right teams for exciting projects with real potential. Tom is a business entrepreneur with many years' experience in various industries. He is the president and major shareholder of Enerco Corp., a private uranium exploration company with interests in the Elliot Lake and Sudbury areas of Ontario. Additionally, Tom is the president of Income Plus Realty and president of Alpha Delta Gas Inc., an investment company with diverse business interests.

**Thomas Skimming, P. Eng, Geologist, Director, VP of Exploration and CFO** – Mr. Skimming, P.Eng., is a professional geologist with more than 40 years' experience in the mineral resources industry and has served as an officer and/or director of a number of exploration and mining companies listed on the TSX Venture Exchange. Since 1972, Mr. Skimming has been representing private and public mineral resource companies as an exploration and mining consultant, and in this capacity has traveled extensively throughout Canada, United States, Argentina, Russia, Chile, Philippines, Brazil, Panama, Guatemala, and Nicaragua, and a number of countries in Eastern Europe on various exploration assignments. Mr. Skimming has been instrumental in the discovery and/or development of several mineral deposits which include: the Cullaton Lake, Shear Lake, and Heninga Lake gold and base metal deposits in the former Northwest Territories of Canada; the world-class, Teck-Corona gold ore body at Hemlo, Ontario, and the large Golden Reward heap-leach, gold deposit in the state of South Dakota, USA. Mr. Skimming obtained a B.Sc. degree from the University of Michigan and was enrolled in post-graduate studies in mineral exploration at McGill University. Mr. Skimming has been a member of the Association of Professional Engineers of Ontario since 1971.

**Garth Kirkham, P. Geoph., Director** – With 25 years of experience, Mr. Kirkham is the principal of Kirkham Geosystems, which specializes in 3D computer modeling and resource estimations at the scoping, pre-feasibility, and feasibility study stages, in addition to being an associate of AMEC, Beacon Hill, and SRK. Apart from relevant project experience in the Canadian north such as the Yellowknife Gold Project (Tyhee), Con and Giant mines (Miramar), Eskay Creek (Barrick), Gordon Lake (Bishop) and Cantung (North American Tungsten), Mr. Kirkham has extensive international experience (i.e., China, Africa, Eastern Europe, USA, Mexico) and developed an extensive international network of contacts and potential projects.

**William R. Johnstone, Director & Secretary** – Mr. Johnstone is a partner of Gardiner Roberts LLP. He attended the University of Toronto from 1977 to 1979 and then enrolled at Osgoode Hall Law School where he received his LL.B in 1982. He articulated with the Law Department of Canadian Pacific and was called to the Bar in Ontario in 1984. Mr. Johnstone worked for two (2) Bay Street firms (E.L. Stone & Associates from 1984 to 1986 and Erikson & Associates from 1986 to 1992) and for a period of six (6) years practiced predominantly in the areas of corporate/commercial and securities law before establishing his own corporate securities practice in 1992. In 2005, he joined Gardiner Roberts LLP as a partner.

**Antonio de Quadros, Director** – In 1964, Mr. de Quadros received his B.Sc. in geology and chemistry at the University of London in England, and in 1968 his M.S. in geology at the University of California in Los Angeles. In 1972, Mr. de Quadros received his Ph.D. at the University of Nairobi in Kenya. Since then, he has worked as a geologist in B.C., Ontario, Yukon, and NWT, as well as in USA and South America. Mr. de Quadros is a member of the Canadian Institute of Mining and Metallurgy, a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, and a member of the Association of Professional Engineers of Ontario.

## SUMMARY

At this point in time, we can't suggest that Romios Gold is anything but a speculative gold-copper junior mining stock. However, at its current low market cap, we consider it to be a very undervalued junior exploration company. Given its management team and its Galore Area play, we think it has the potential to outline one or more major gold and copper projects, most likely in the Galore Area of B.C. Yes, the company's Galore Property is still at an early stage of development, which is why the stock is still so cheap. But given all its geological potential, plus a competent management team, we think the chances of outlining a significant deposit are quite good. On its way toward that end, we would think the shares of this stock should rise significantly from their current level.

In fact, assuming as we do that we are in a long-term gold and commodity bull market, we would argue that, over time, the company's "other" properties by themselves justify Romios's current share price. Given a sustained gold bull market and all this company has going for it, aside from the time value of money, we see little downside risk for speculative investors who can afford to tie up capital for an unknowable period of time. The time required to tie up capital in Romios before realizing any substantial return could be short if impending exploration results are positive, or it could be longer if exploration results disappoint. That is just the nature of this business, which is why, when success comes, these kinds of plays can be so enormously rewarding. Because of the high level of uncertainty, we think it wise to buy a basket of exploration stocks with no one of them having more than 5% of your capital allocated to it at time of purchase. Given what I see in studying this company, Romios is one I would not want missing from my basket of junior exploration stocks.

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