

CanadianInvestors.com – May 15th, 2007

The planets are aligned tonight for gold investors.

Asset backed commercial paper conduit manager, Coventree (COF:T) reports \$86 million dollar derivatives loss (unrealized) or \$6.92 per share including foreign exchange losses for the quarter ending March 31st, 2007. They now have negative equity and \$17 billion in assets.

The company was brought public in November 2006 by Sprott, National (NA:T), RBC (RY:T), and Scotia (BNS:T).

Here is the second quarter report.

http://www.coventree.ca/30resource/report/reports/COF_Q2_FS_2007.pdf

Here is the annual report.

http://www.coventree.ca/30resource/report/reports/COF_2006_Annual_Report.pdf

Page 17 of the annual report shows a breakdown of the assets in their asset backed commercial paper accounts they manage. National Bank (NA:T) was added subsequent to December 31st, 2006.

41.1% corporate loans
15.6% commercial mortgages
22.2% residential mortgages.

Conduit sponsors include Merrill (MER:US), Swiss RE and National Bank of Canada (NA:T). (Page 18).

In the MD&A it specifies that the derivatives losses are in the Variable Interest Entities or (VIES). In other words your money market assets that are buying these asset backed commercial paper products are sitting on “unrealized derivative losses”.

http://www.coventree.ca/30resource/report/reports/COF_Q2_MDA_2007.pdf

Some of the names of their asset backed commercial paper conduits are as follows. Page 16.

1. Rocket Trust
2. Comet Trust
3. Aurora Trust
4. Gemini Trust
5. Planet Trust
6. Slate Trust
7. Apollo Trust
8. Galaxy Trust

All top 10 holdings Data provided by www.fundlibrary.com

- Rocket Trust is a top 10 holding of National Bank Money Market fund as of April 30th, 2007.
- Planet Trust is a top 10 holding of Canada Life Money Market Fund

Gold News

Imperial (III:T) Reports Results for the First Quarter 2007 – revenue doubled year over year. Adjusted earnings of \$0.35. Cash flow of \$22 million. Net loss of \$1.9 million including unrealized derivatives. Reasonably priced on a price/cash flow basis. \$13.00 close I have a 12 month target of \$18.00 given Mr. Edwards involvement.

Yamana Gold (YRI:T) Reports First Quarter 2007 Results: Record Revenue and Earnings – eps of \$0.08. Strong. \$15.10 close I have a 12 month target of \$30.00.

Xstrata Exercises Seabridge Gold (SEA:T) Share Purchase Warrants - \$13.5 million for 2 million shares. Positive. Gold going higher. \$17.15 close I have a 12 month target of \$35.00.

Gammon Lake Resources (GAM:T) Announces Start of Development of Third Mine at Ocampo – positive. Gold going higher. Stock has dropped almost 1/3 since the end of February. Gold going higher. \$14.75 close I have a 12 month target of \$35.00.

First Quantum Minerals (FM:T) Reports Operational and Financial Results for the Three Months Ended March 31, 2007 – eps of \$1.14. \$85.85 close I have a 12 month target of \$100.00.

Eastern Platinum (ELR:T) Reports Record Quarterly Revenue, Continued Increases in Production and Development At CRM, Current Cash Position in Excess of \$250 Million – loss of \$11.2 million. Benefits from being one of the only ways to play Platinum. \$2.55 close I have a 12 month target of \$3.00.

Silver Standard (SSO:T) Reports First Quarter 2007 Results – loss of \$0.03 as silver prices remain uneconomic. Silver bullion remains on the balance sheet. Silver going higher. \$40.10 close I have a 12 month target of \$60.00.

Technology News

Dexit (DXT:T) Announces Positive Financial Results for 1st Quarter 2007 – eps of \$0.01. Sales down year over year. Cash balance down to \$0.15 cents per share. I would avoid.

Stockgroup (SWB:X) Reports 72% Revenue Increase – loss of \$0.02 on higher revenue. Financing subsequent to quarter end. Competitor to CanadianInvestors.com. No target.

Hartco Income Fund (HCI.un:T) Announces the Completion of the CompuSmart Strategic Review – closing five Compusmart locations, selling other locations. Surprising. \$3.36 close I have a 12 month target of \$3.50.

Rogers Communications (RCI.b:T) Plans Amalgamation with its Cable and Wireless Subsidiaries – positive. Debt and derivatives remain the issue. \$42.80 close I have a 12 month target of \$25.00. Cable is winning VOIP over the telcos.

Other News

Leon's Furniture Limited (LNF:T) - 2007 First Quarter – eps of \$0.61. Inventories up 10% in the quarter. Strong but stock is ahead of itself. \$57.73 close I have a 12 month target of \$45.00. PE is above the growth rate.

Great Canadian Gaming (GC:T) First Quarter EBITDA Rises 17% to \$25.4 Million on 5% Revenue Gain – eps of \$0.05. \$385 million in debt. Stronger. Pricey. \$12.87 close I have a 12 month target of \$10.00.

Biovail (BVF:T) Acknowledges Receipt of Wells Notice – balance sheet is in strong shape. Able to weather this investigation. A buying opportunity at \$22.00 or better.

DirectCash Income Fund (DCI.un:T) announces results of operations for the three months ended March 31, 2007- eps of \$0.02 on higher revenue. \$34 million in debt. Still no word on their chartered bank application. Gap to cover to \$17.00. Jumps on approval of the license.

Coventree (COF:T) Reports Second Quarter Fiscal 2007 Financial Results - http://www.coventree.ca/30resource/report/reports/COF_Q2_FS_2007.pdf

Tembec (TBC:T) shuts down its Kirkland Lake Engineered Wood Products facility for two months – Credit derivatives indicate trouble ahead. I would avoid.

Oil & Gas News

Eveready Income Fund (EIS.un:T) Announces Bought Deal Equity Financing - \$43.5 million. \$5.35 per unit. No target.

Disclosure

Long Iamgold (IMG:T), Eldorado (ELD:T), Kinross, Kinross (K:T) warrants, Aur Resources (AUR:T), Northgate (NGX:T), Rio Narcea (RNG:T), Nevsun (NSU:T), Golden Star (GSC:T), Agnico (AGE:T), Linear (LRR:T), Compton (CMT:T), Northern Orion (NNO:T), Central Fund (CEF.a:T), Goldcorp (G:T), Ensign (ESI:T), Cross Lake (CRN:T), Noble Metals (NMG:X), cash, Royal Bank (RY:T) T-Bill Fund, Royal Bank Precious Metals Fund, Forest and Marine (FME:X) debt and equity, gold, silver at the time of writing.