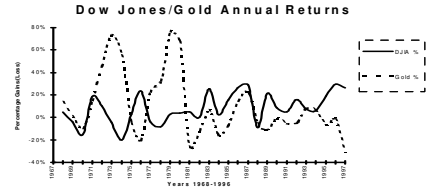




Gold

Energy & Tech Stocks



Weekly Hotline Message (Now in our 27th Year) May 29, 2009

A Penny Stock That Could Make You Wealthy

Pelangio Exploration Inc.



Business: Exploration for gold in Ghana and eastern Canada

Traded Toronto:	PX
Pink Sheets:	PGXPF
Shares Outstanding:	85,902,338
Warrants:	10,850,000
Initial Recommendation 9/26/08:	\$0.11
Price 5/29/09:	\$0.21
Market Capitalization:	\$16 Million
Progress Rating:	"D"
Telephone:	905-875-3828
Web Site:	www.pelangio.com

There are exploration stocks. And then there are exploration stocks. Pelangio Mines Inc. (the "Old Pelangio"), the predecessor company to Pelangio Exploration Inc. (Pelangio) was recommended in these pages at 8 cents, before the Detour Lake Project evolved into a 10+ million ounce world-class gold deposit. Needless to say, Pelangio was one of our best picks ever, as the stock rose by several thousand percent at its peak to C\$2.00.

We still own a stake in "Old Pelangio's" Detour Lake gold discovery through holdings of Detour Gold, which company was formed by the Hunter Dickinson Group, to fund, explore, and develop what was becoming a very large gold deposit at Detour Lake. In fact, based on our initial purchase price of 8 cents per share for Pelangio in 2002, the cost basis of our Detour Gold shares is \$0.29. With Detour Gold recently selling at \$12.19, we have enjoyed a better than 4,000% gain on those shares.

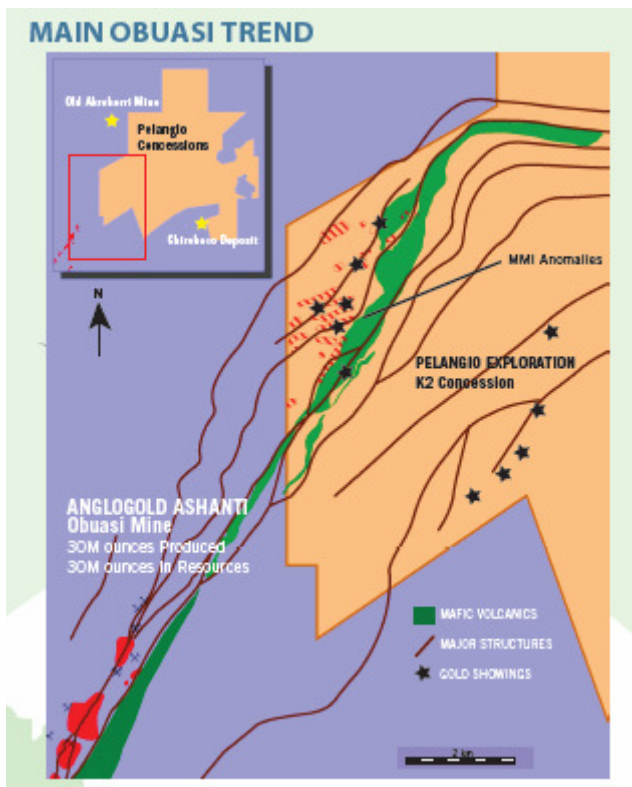
A success like that is what dreams are made of for most junior mining companies. However, Pelangio's CEO, Ingrid Hibbard, has not chosen to retire and play golf or leave Toronto in the winter seasons to sun herself on some balmy island in the Caribbean. Instead, she is seeking to duplicate her efforts, with a second major gold discovery.



How likely is she to succeed? At first I was skeptical. Now I'm becoming more convinced that she has a better than 50/50 chance of succeeding. This time it will likely be in the West African country of Ghana, which is Africa's second-largest gold producing country.

In 2006, before the spinoff of the Pelangio's Detour Lake Project to the Hunter Dickinson Group, Old Pelangio had acquired what has always appeared to be a promising gold exploration program, albeit an early exploration target. The concession area acquired in 2006 is 290 square kilometers located on strike and adjacent to AngloGold Ashanti's Obuasi Gold Mine, which has produced more than 30 million ounces of gold during the last century and reportedly has 20+ million more ounces yet to be mined. Significantly, numerous structures within the Ashanti Gold Belt (long northeast trending zone within red lines on illustration above) extend for many kilometers onto Pelangio's property. (Note illustration below.)

Unfortunately, but not unexpectedly to those of us around the exploration game for some time, nothing much happened over the first couple of years as preliminary geological work was being carried out in an attempt to understand the geological structure and mineral creating events through geological time. However, recent discussions with the company have convinced me that the probability of success in establishing the presence of the same kind of systemic gold occurrences on Pelangio's Property is based on the following facts:



- Applying publicly available information about the Ashanti Property, management has been able to determine more about the specific structures within which gold mineralization occurs within those same trends that extend onto Pelangio's property. Specifically, gold contained on the Ashanti Property occurs within pencil shaped structures that are nearly vertically dipping. These steeply dipping structures are spaced periodically along strike within these various fault zones, as depicted in the illustration on your left. Each of these pencil shaped structures has contained between 2 million and 5 million ounces to a depth of 1,500 meters. They remain open at depth so there could be a lot more gold to be mined at depth at the Obuasi Mine. In fact, we understand that AngloGold is exploring the potential of mining some of those structures to depth.

- During 2007, a technology known as versatile time electromagnetic (VTEM), an airborne geophysical survey, was used in an attempt to identify if any of those pencil shaped structures exist on Pelangio's property. Following is a quote from Pelangio's March 31 MD&A public report, as required of Canadian listed companies: "*The analysis of the 2007 VTEM survey, combined with an MMI surveying conducted on the trend, confirms the presence on our*

concessions of conductors that are also seen on the Obuasi Mine. The VTEM analysis identified two, high priority, large single peak response targets, indicating the potential for thick nearly vertical mineral bodies consistent with the ore bodies currently being mined at the Obuasi Mine. These anomalies, both in excess of 12.5 kilometers in length along strike, are located on the Anyinabirim and Mount Kate targets. The company's proposed 2009 drilling program will primarily focus on targets developed from the 2007VTEM survey."

In other words, this company's geological team headed by Warren Bates, senior VP of exploration for Pelangio, believes they now have a good understanding of the geology and with that knowledge, a good shot at drilling into gold mineralization. Also, management reported that about 30% of the Obuasi Property has been examined with a VTEM survey to date, which has certainly given Pelangio enough to work on this year. We would expect VTEM results will be reported on the remainder of the Obuasi Property later this year, which should lead to more drill targets in the future.

There are never any guarantees in life except death and taxes, and mine exploration steps up levels of uncertainty to even greater heights than most of life's endeavors. The company does not yet have a resource outlined, 43-101 or otherwise, which is why we have labeled it a "D" progress company. However, Pelangio's team led by Warren Bates has, in our view, a very good chance of locating significant gold mineralization on Pelangio's Obuasi Property if indeed it exists there. And based on what exists within these same structures southwest of Pelangio's claims, it would seem strange if Mother Nature stopped the flow of gold mineralization right at Pelangio's boundaries, millions of years before any such property lines were established.

One more positive note that in our mind enhances the probability of a successful drill program on the Obuasi Property is the fact that during 2007, some limited drilling by Pelangio did intersect some meaningful values. While these intersections may have been more accidental than based on geological intelligence, they do establish the fact that gold does in fact exist over the property boundaries within the same sheared argillite setting as in the Ashanti Mine to the southwest. For example on the Abomposo Concession, 9.84 grams of gold per tonne over one meter was intersected. In that same drill hole, 4.23 grams gold was intersected over one meter within 10 meters of surface. It may be worth noting that these intercepts occurred in the same sheared argillite setting (pencil shaped structures) as those that host gold on the Ashanti Mine to the southwest.

Also, 1.1 grams/tonne gold over 13.95 meters was intersected on the Gyabunsu Concession, which is a subsidiary trend from the Ashanti Mine. And on the Kusa Centracor Target, 1.29 grams/tonne over 12 meters was reported as well as another intersection of 1.08 grams/tonne gold over 12 meters. Based on that factor, plus a greater understanding of the geological structures and hosts for gold mineralization in this trend, we think Pelangio has an excellent chance of coming up with some very good drill results.

MANAGEMENT

We have not updated you on the management team at Pelangio recently, and since there have been some changes over the years. Here is a brief description of the company's current team.

Ingrid Hibbard - President & Chief Executive Officer, Pelangio Exploration Inc. - Ingrid Hibbard is president and CEO of Pelangio Exploration Inc., which was spun out of Pelangio Mines Inc. on September 6, 2008. She was president and CEO of PDX Resources Inc. (formerly Pelangio Mines Inc.) from 1996 to March 26, 2009, when the merger with Detour Gold Corporation was completed. Ms. Hibbard is a mining and securities lawyer with 25 years of experience in the mining industry. Ms. Hibbard obtained her LLB from the University of Western Ontario. Ms. Hibbard is a director of Detour Gold Corporation.

Paul Rokeby - Chief Financial Officer - Paul Rokeby, C.A., is a partner of Fuller Jenks Landau, Chartered Accountants of Timmins. His clients are a wide range of small- to medium-sized owner operated businesses and not-for-profit organizations. He is a member of the Institute of Chartered Accountants of Ontario (1984), the Canadian Institute of Chartered Accountants, and the Canadian Tax Foundation. Paul is a graduate of the University of Waterloo (1982) with an Honours Bachelor of Mathematics. Paul has been associated with Pelangio Exploration Inc. and its predecessor companies for a number of years, first as auditor and more recently as controller.

Warren Bates - Senior Vice President Exploration - Warren Bates, P. Geo, was appointed vice president-exploration of Pelangio on June 25, 2007. Mr. Bates is responsible for all of Pelangio's exploration activities in Canada and Ghana, including new project generation. He has over 22 years of experience in the mining and exploration industry. Mr. Bates most recently held the position of vice president-exploration, for St. Andrew Goldfields Ltd. Prior to his tenure at St. Andrew, he worked 20 years for Granges Inc. and its successor company, Vista Gold Inc., in various roles from district geologist to international exploration manager. He operated and managed exploration programs in North and South America, which resulted in a number of gold discoveries, undertook evaluations and acquisitions, conducted pre-feasibility and feasibility studies, and has hands-on, day-to-day experience in mine operations. He holds a Bachelor of Science degree (Hons. Geology) and a Bachelor of Science degree (Chemistry) from the University of Manitoba.

Chris Pegg, P. Geo. - Vice President Exploration (Africa) - Chris Pegg is a consulting geologist with over 30 years of international experience specializing in Pre-Cambrian gold deposits. He has been working in Africa since 1992. He spent 17 years of his career with Lac Minerals and was awarded an NSR royalty in the Williams Gold

Mine for his work leading to its discovery.

Brendan Cahill - Corporate Secretary and Counsel - Brendan Cahill joined Pelangio in January 2008 following three years as an M&A and corporate securities lawyer at Davies Ward Phillips & Vineberg LLP, Canada's preeminent M&A firm. He attended the University of Toronto for his undergraduate degree and the University of Western Ontario for his law degree.

Terry-Lynn Conway - Assistant Corporate Secretary - Terry-Lynn Conway joined Pelangio in October 2003 and was appointed assistant corporate secretary in February 2004. Her previous experience includes a role as assistant to senior counsel and assistant to vice president-exploration of Noranda Inc., a senior international mining and metals corporation.

Directors

Ingrid Hibbard – See Management section, above.

Mr. Peter Crossgrove – Director - Peter Crossgrove was appointed to the board of directors of Pelangio in December 2007. Mr. Crossgrove is a member of the Order of Canada and the former chairman and a founder of Masonite International Inc., a door manufacturing company. Prior to January 1993, he was vice chairman and acting chief executive officer of Placer Dome Inc. Mr. Crossgrove sits on boards of several public companies (including Barrick Gold, Dundee REIT, Excellon Resources, Quadra Logic Technologies, and West Timmins Mining, formerly Band-Ore Resources) and non-profit organizations. His charitable work includes serving as chairman of Cancer CARE Ontario, treasurer of CARE International (based in Brussels), and chairman of the Canadian Association of Provincial Cancer Agencies. He holds a B. Comm. degree from Concordia University and an MBA from the University of Western Ontario. He is also a Sloan Fellow of the Doctoral Program at Harvard Business School.

David Mosher - David Mosher was appointed to the board of directors of Pelangio in October 2003. Mr. Mosher was president and chief executive officer of High River Gold Mines from June 1992 until December 2008. He received his B.Sc. in geology from Acadia University, and throughout his 32 year career has developed extensive experience as a mining executive and geologist working in Australia, Canada, United States, Russia, Asia, and Africa. Mr. Mosher was project manager of Pancontinental Mining, where he led the team that discovered the world's largest uranium deposit (Jabiluka) in northwestern Australia. Over the past decade, he has been active in the restructuring and refinancing of a number of junior resource companies, both private and public. Mr. Mosher serves as director of several mining and exploration companies.

Carl Nurmi, CA - President, Clarke Phillips Supply -Carl Nurmi was appointed to the board of directors of Pelangio in July 1997. Carl Nurmi is the owner and president of Clarke Phillips Supply, the largest distributor of safety supplies in Northern Ontario. Mr. Nurmi holds a B. Comm. from Queens University and is member of the Institute of Chartered Accountants of Ontario.

Philip E. Olson, P.Geo. - President & Chief Executive Officer, Titan Uranium Inc. - Phil Olson was appointed to the board of directors of Pelangio in May 2000. Mr. Olson was appointed president and director of Titan Uranium Inc. in June 2005 and assumed the role of president and CEO in June 2006. Previously, he held the successive positions of vice president-exploration and corporate development with Claude Resources Inc. Mr. Olson was a director of the Saskatchewan Mining Association from 1997 to 2005. A graduate of the University of Saskatchewan with a B.Sc. in geology and the University of Manitoba with an M.Sc., Mr. Olson has 30 years of experience in the mining industry. Mr. Olson serves on the board of directors of Detour Gold Corporation.

Ian Shaw – Director - Ian Shaw is managing director of Shaw and Associates, a firm providing financial management services to emerging smaller public companies in the mineral exploration and mining business. Mr. Shaw has held senior financial positions in the mining business during his 30+ year career. He holds a B.Comm. from the University of Toronto and is a Chartered Accountant. Mr. Shaw serves as director of several mining and exploration companies.

Arthur (Gord) Slade, P.Eng. – Retired - Gord Slade was appointed to the board of directors of Pelangio in May 2000. He retired from Falconbridge Ltd. after 32 years of service. Mr. Slade continues to participate on the boards

of several mining corporations and currently provides management consulting services to the mining industry. He holds a degree in Engineering from McGill University.

SUMMARY & CONCLUSION

At its current price of around \$0.20 we see Pelangio as potentially offering the same kind of major upside as we have enjoyed with the “Old Pelangio” when it explored and developed the Detour Gold Project into what is becoming a world-class multimillion-ounce gold deposit. If it hits big on its Obuasi Project in Ghana—and for reasons noted above we think the chances are good of that happening over time—and if you are a gambler, you might want to consider Doug Casey’s admonishments with such prospects to “back up the truck and load up with these shares.”

Our style is somewhat less flamboyant and much more cautious than Doug’s, but for investors who are somewhat younger, footloose, and fancy-free of family obligations, I would understand why you might be tempted to “back up the truck” with Pelangio shares at under \$0.25 or so. Ghana is definitely in “elephant country” when it comes to gold deposits. The chances of hitting those pencil shaped gold-bearing structures would appear to this long-time junior gold share observer to be reasonably good, and with each of those structures historically ranging between 3 million and 5 million ounces, if they hit into one of those in this year’s drill program, we think this stock could be off to the races. The implication would be clear and it would likely trigger a very rapid speculative frenzy to buy these shares, particularly given the strong gold bull market now as the yellow metal appears ready to challenge the \$1,000 level once again. This time, many technical observers believe if it moves through \$1,000 it may stay there for good. We shall see, but what I do know is that we are in a secular gold bull market and that Pelangio has one of the most attractive gold exploration targets I have seen in a while. No guarantees of course, which is why, officially, we strongly suggest for those of you who are not footloose and fancy-free that you limit your exposure to this one stock to no more than 5% of your overall holdings.

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