

Interview of James West

OUTLOOK FOR GOLD

BRETT HARRIS (BNN): All right, we're talking gold today on Commodities and for more on the outlook for gold and the business of mining for gold in South America we've got James West joining us this morning. He is editor of MidasLetter.com, a newsletter that tracks global developments in the gold sector and he's in Vancouver this morning as well.

James, good to have you with us.

JAMES WEST (Editor, The Midas Letter): Thank you, good to be here.

HARRIS: I'm not sure if you heard any of our last interview, but we were just talking to the folks at Rusoro about their apparent success in Venezuela. What's your take on this company? Why they seem to be able to do better than other companies have fared in Venezuela right now, with the volatile political situation there?

WEST: Well, I think primarily the involvement of the Agapovs, who are Russian nationals with strong connections to the Russian business environment, in that they're involved, and Russia and Venezuela have a shared ideological identity. That certainly is a foundation for an environment that is conducive to a positive business relationship. So I think there's that fact, plus the fact that they've been able to embrace the 50/50 socialist business partnership that is particularly attractive to Venezuelan president Hugo Chavez at this point, has enabled them to move forward, and as George said earlier, their track record speaks for itself.

HARRIS: Do you think that relationship has sticking power given, again, the mercurial nature of Hugo Chavez?

WEST: Well, absolutely. With the change in economic environment the political environment changes as well. So we heard Mr. Chavez sort of welcome with open arms foreign multinationals back to the oil patch. Certainly that attitude is now going to extend to mining, and in terms of how long it's going to last, well if you've got a partner that shares a ideological identity with you and you have demonstrated to each other that you can conduct business and move projects forward in a timely fashion, then, I would think regardless of future changes in the political and the economic environment, this relationship will endure.

HARRIS: What about this hostile bid for Gold Reserve? They've had pretty good success picking up some assets there from Hecla, from Gold Fields. Do you think they have a good chance of succeeding with this one?

WEST: Well I think if I was a shareholder of Gold Reserve I would look at the situation, I would look at Rusoro's track record. Getting three shares of Rusoro for one of Gold Reserve is a bargain in my mind and I think that Rusoro has demonstrated they've got the relationships, the expertise, and the track record to move that project into production before anybody else does.

The government has demonstrated clearly they're disinclined to do business with certain foreign national companies. That does not apply to Rusoro.

HARRIS: The water's been muddied a little bit with Endeavour Financial getting involved. They did do some work for Gold Reserve. Now they're doing some work with Rusoro and Gold Reserve is saying they have access to privileged information over that, so they're suing. Is that going to throw a big roadblock in the way?

WEST: Well, that complicates things at this point in time. However, when Gold Reserve retained Endeavour, for whatever services they say Endeavour rendered, they certainly must have known that Rusoro was also a client and if they didn't know then it's sort of a breakdown in due diligence in their case. I don't see it having any lasting effect on the takeover bid. I think the shareholders are going to drive a positive outcome to that whole situation.

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This script, the Take-Over Bid and Circular, the Notice of Variation, including the schedules attached therein, the pro forma consolidated financial statements of the Company, and some of the material incorporated by reference into the Circular, contain certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Forward-looking statements include possible events, statements with respect to possible events, the proposed transaction, related litigation, the business, operations and financial performance and condition of each of Rusoro and Gold Reserve and the proposed combined company, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of the development of new deposits, success of exploration, development and mining activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, and limitations on insurance coverage. The words "plans," "expects," "is expected," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes," or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might," or "will be taken," "occur" and similar expressions identify forward looking statements.

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accuracy of Rusoro's current mineral reserve and mineral resource estimates; and (11) labour and materials costs increasing on a basis consistent with Rusoro's current expectations.

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Secretary, Rusoro Mining Ltd., Suite 2164, 1055 Dunsmuir Street, Vancouver, British Columbia V7X 1B1, telephone (604) 632-4044.
