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## McEwen gives junior golds their own index

'There is a need'

Peter Koven, Financial Post

Presented by



McEwen Jr. Gold Index, Quotemedia, Andrew Barr, National Post

It always bothered Rob McEwen that there was no benchmark to measure how his junior gold investments were doing. So in his usual fashion, the gold entrepreneur decided to do something about it.

Mr. McEwen and his team at McEwen Capital have launched a junior gold index,

which investors can view on his Web site, [www.mcewencapital.com](http://www.mcewencapital.com). It is believed to be the first true proxy for how the junior gold sector is doing, and the former head of Goldcorp Inc. hopes to eventually do much more with it. Initially, the McEwen team did not plan to take the index public -- they considered it an internal tool to keep tabs on the sector. But during an investor presentation for Mr. McEwen's current company, US Gold Corp. (UXG/TSX), they showed people the index and found that they were getting many more questions about that than about US Gold. Eventually, they decided to make it available for everyone.

Ian Ball, a senior executive at US Gold and McEwen Capital, said in an interview that there are already two indexes for large-cap gold stocks (the HUI and the XAU), but there was clearly demand for something specific to the juniors that could be used to benchmark their performance against the seniors and against the gold price.

"The TSX Venture Exchange should create a subindex for the juniors. And they don't. We don't know why, but we decided to create our own and persuade them that there is an audience for this," he said.

Twenty-one companies were put into the index. They read like a who's who of Canada's junior mining sector: Osisko Mining Corp. (OSK/TSX), Rubicon Minerals Corp. (RMX/TSX), Detour Gold Corp. (DGC/TSX), Fronteer Development Group Inc. (FRG/TSX), and of course US Gold.

In selecting the cream of the crop, Mr. Ball said there was a realization that many junior golds with weak balance sheets are trapped in penny-stock territory and will not go up, no matter what the gold price does. "Most of the juniors are still dead," he said.

So for the index, the focus is on companies with good cash balances, trading liquidity, and an actual discovery of some note. For the most part, this small group has defied the rest of the junior sector and rallied strongly this year alongside the gold price.

"There's a brat pack of junior companies like ours that seem to be getting most of the attention. They've got strong management and strong cash positions," said David Adamson, Rubicon's chief executive.

The index has been publicly available for a couple of weeks, but McEwen Capital has much broader hopes for it. The plan is to build up a following, get listed on the Kitco bullion Web site alongside the HUI and the XAU, and possibly launch an exchange-traded fund that tracks it.

In the shorter term, the company hopes to make background data to the index available so that investors can build their own models, and offer more charting material.

"We just haven't spent the money to have the real-time charts created, because we have to buy the data from the exchanges and it does get a little expensive," Mr. Ball said. "But we're slowly getting there. This started for our own amusement, but we do think there is a need out there for it."

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