



Stateside Report



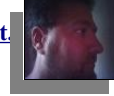
“A Unique Report Service for the Intelligent Resource Investor”



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The Stateside Report presents:

“Under the Rocks”

June 2011

Issue #6



“Discovering hidden opportunities in the Canadian junior resource sector”

The Four Horsemen of the Alberta Deep Basin - Montney

(and a small little gold play)

Celtic Exploration
(CLT.T)



Donnybrook Energy
(DEI.V)

Donnybrook
energy inc.



Blackbird Energy
(BBI.V)



Pennant Energy
(PEN.V)



Included in this report:

- Back with the monthly reports after a four month break
 - New hidden opportunities in the Canadian junior resource sector including:
 - Celtic Exploration – (CLT) King Daddy of the ADB
 - Donnybrook Energy (DEI) Big Brother of the ADB
 - Blackbird Energy (BBI) – Twin Babies of the ADB
 - Pennant Energy (PEN) – Twin Babies of the ADB
 - Kingsman Resources (KSM) – A little gold play to accumulate
-

Back with the monthly reports after a four month break



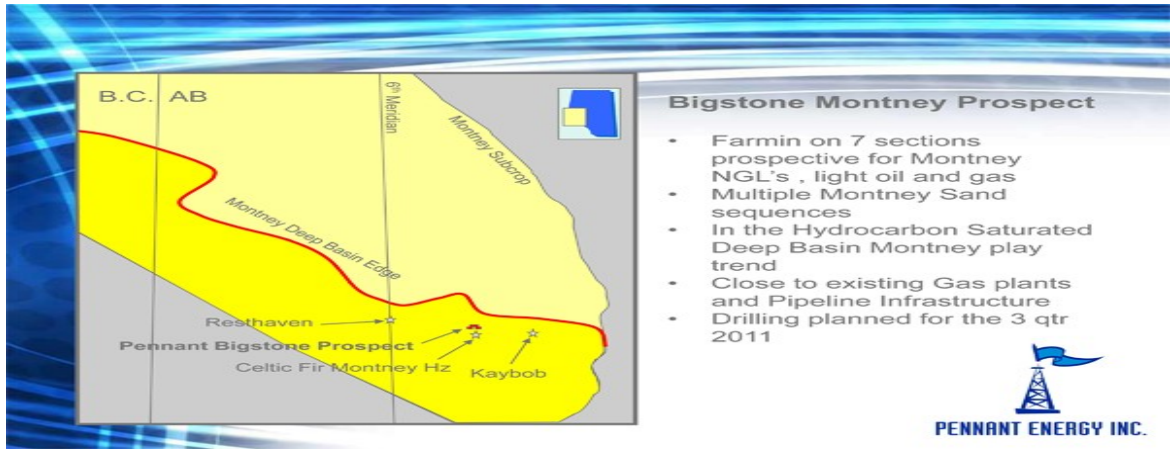
Although I would like to say the reason I took a 4 month break from issuing these reports on the Canadian juniors was that I foresaw the thrashing that these juniors would take since the beginning of the year, but truth be told I was on a 4 month engagement in New York City that consumed practically all of my time. I thought about issuing a few reports during the past 4 months but I wouldn't have done you or myself any favors since I didn't have the time that is required to put into the research to uncover those hidden opportunities that can be so financially rewarding.

This month I bring back the iconic Four Horsemen series, the fourth such report highlighting an area play that should provide investors an opportunity to get in early prior to the story going mainstream. This reports comes on the heels of the Four Horsemen of the Utica Shale (can't locate the link for some reason – if anyone has it let me know), the Four Horsemen of the Maritime Shale (http://www.statesidereport.com/Four_Horsemen_of_the_Maritime_Shale.pdf) and the Four Horsemen of the Southern Alberta Basin Bakken (http://www.statesidereport.com/Mountainview_Energy_June_2010.pdf). The company I focused on in the Alberta Basin Bakken report was Mountainview Energy, a little \$.16 stock that peaked at over \$2.40 within 9 months for a 15 bagger. As you'll see below, I focus on two of the Four Horsemen of the Alberta Deep Basin with tiny market caps that have the potential to be a 5-10 bagger **IF** drilling results can be duplicated from a spectacular horizontal well only 3 miles from their acreage (expected drill date is early July). I've also uncovered a tiny \$.05 junior gold explorer with a very interesting property for your review.

As always, thanks for reading and please share any comments or questions to me at vince.marciano@statesidereport.com.

The Four Horsemen of the Alberta Deep Basin

There are several companies other than the Four Horsemen (including several majors) who have been frantically picking up all available land in the Montney Deep Basin including the the areas around Resthaven, Bigstone, Fir and Kaybob (see map below).

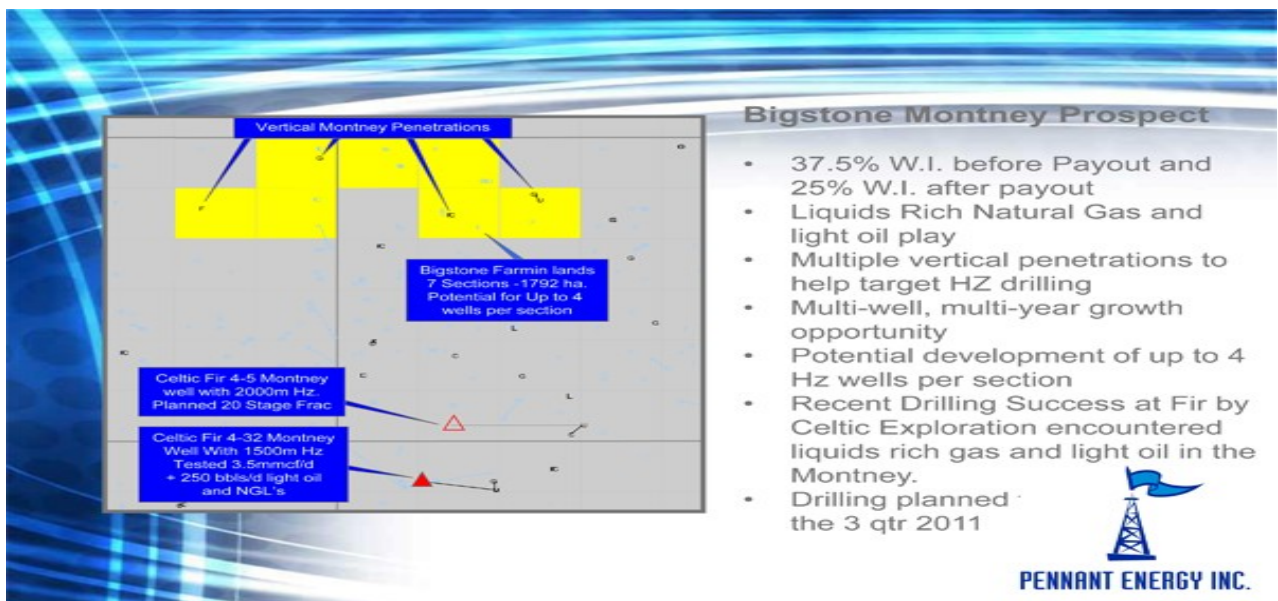


Several horizontals have been drilled in the Deep Basin but the one that caught my eye that prompted me to research this play was drilled by Celtic Exploration and announced on April 11th:

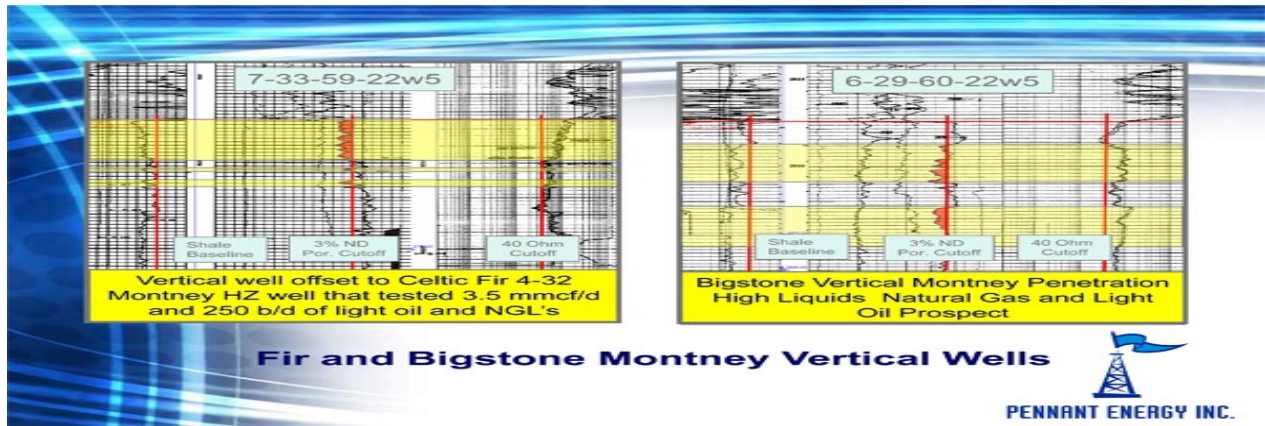
*The company has drilled a second horizontal well at Fir located at 04-05-060-22W5 (100-per-cent working interest). After cleanup, the well flowed on test over the last day at an average rate of **13.1 million cubic feet per day of natural gas, with an expected liquids (oil and NGLs) yield of approximately 50 barrels per million cubic feet.** The well tested at an average flowing pressure of 4,261 kPag (618 pounds per square inch). This well will be tied in to the Kaybob K3 gas plant in mid-April, 2011.*

Celtic is very pleased with the results at Fir and expects to follow up with seven additional horizontal wells during the remainder of 2011, as part of the company's expanded capital budget for the year. A third horizontal well located at 08-02-060-22W5 was spudded on April 1, 2011.

The well location is shown below (Celtic 4-5) in relation to the Donnybrook Bigstone sections (yellow):



At the time this slide was put together, the Celtic 4-5 results were not known and therefore not shown on the slide. At 13.5 mmcf/d natural gas and 650 bpd NGL's and light oil, this well tested almost 3,000 bpd oil equivalents. As you can see, this well was drilled north of their Celtic 4-32 well that tested 3.5 mmcf/d and 250 bpd NGL's and light oil. The Celtic Fir 4-5 well is only 3 miles south of the 7 sections of land owned by Donnybrook Energy (DEI – now 50% interest) (see the yellow blocks in the previous slide) that has been farmed in by Pennant Energy (25% interest) and Blackbird Energy (25% interest). Celtic is now scheduled to drill 7 additional horizontals this year around their Fir 4-5 well. Vertical wells drilled on the 7 sections of the Donnybrook, Blackbird, and Pennant acreage show similar characteristics to the Celtic Fir verticals as shown below:



Donnybrook is the operator of the 7 sections and a total of 28 horizontal wells can be drilled if the play is a success. The horizontals will cost in the area of \$4 million each and will be funded by Donnybrook (50%), Pennant (25%) and Blackbird (25%) with the first well scheduled to spud in July.

Celtic Exploration has a market cap of \$2 billion, Donnybrook a market cap of \$100 million, Blackbird a market cap of only \$7 million and Pennant Energy a market cap of only \$6 million. Donnybrook owns acreage in several other areas of the Deep Basin hence their much high market price. However, since I like to play the undiscovered companies with the smaller market caps, Blackbird and Pennant seem to be the most leveraged to this play. Below is the chart of **Blackbird Energy (BBI)**:



Surprisingly (or maybe not so surprisingly in the perverse world of investing in Canadian juniors), Blackbird Energy is off 50% since Celtic announced their spectacular 4-5 horizontal. Obviously people are throwing away shares without researching the potential of the stock due to the thrashing of the oil/gas juniors over the last few months. This plays perfectly into my investing style of buying a stock when it's getting thrown away or when no one cares. It has helped that Blackbird didn't announce their participation in the upcoming July well as Donnybrook and Pennant have but a call into management confirmed their participation. Blackbird would be undervalued if this Deep Basin play was their only card they are playing. However, as can be seen in the above chart, Blackbird reached over \$.60/share late last year on the announcement of a major purchase in a Northern Africa/Middle Eastern play that eventually was canceled when the parties couldn't agree on key details of the purchase. They have a tight share structure of 38 million shares trading at \$.18. Management is the key to this play and you can be sure they are actively working on another major transaction. Looking at their background, they most likely want much, much more than just this 25% farm-in deal on the Deep Basin.

Dennis Paterson

Position: COO & Director

Mr. Paterson has more than 30 years of international oil and gas exploration and production experience in diverse areas, including China, the Middle East, Central and South East Asia, Kazakhstan, Europe and North and West Africa.

From 2006 until 2009, Mr. Paterson was the President of ROC Oil (Bohai) Company in Beijing and an executive director of its parent company ROC Oil Company Limited from 2007 until 2009. There his primary responsibility was to manage all aspects of the (approx.) US\$525 million Zhao Dong field expansion and C4 new field development. This involved the fabrication, installation and commissioning of four new offshore platforms and two subsea pipeline tie-backs resulting in offshore production and processing capacity of 145,000 bfpd.

Prior thereto Mr. Paterson consulted on projects in China, Libya, and the Bahamas. He formed and managed Genting Oil and Gas Limited based in Kuala Lumpur, which participated in the discovery and subsequent sale of the Vorwata gas field which supplies the BP-operated, Tangguh LNG plant in Papua, Indonesia. Mr. Paterson was also previously the Managing Director of British Gas Malaysia and the Country General Manager for British Gas Indonesia. Prior to holding those positions he worked for British Gas in a variety of senior commercial roles on the Karachaganak gas condensate field and the Caspian Shelf Consortia in Kazakhstan. Mr. Paterson has been involved with pipeline development projects in Kazakhstan, Malaysia, Indonesia and China and in power generation projects in Malaysia, Indonesia and the Philippines.

Mr. Paterson has been a director of a number of small independent oil and gas exploration companies including BPC Limited, Ramco plc and Medusa Oil and Gas. He was a Director of Genting Sanyen Power Sdn Bhd, a 720 MW CCGT plant located at Sepang, Malaysia.

Mr. Paterson was educated at the University of British Columbia in Vancouver, Canada and at Imperial College, University of London, London, England.

Garth Braun

Position: CEO & Director

Mr. Braun brings to the company more than 22 years of diversified real estate, finance and oil and gas industry experience in operations, finance and strategic planning. Prior to joining Blackbird Investments Inc., he served as one of the lead Investment Bankers at Gateway Securities Inc. Mr. Braun gained extensive experience in the operations of an international oil and gas company where he served as CEO and Chairman. He has owned and operated several profitable real estate development companies in Canada.

Cheng Guan Loo

Position: Directors

Mr. Loo is founder and managing director of Blue Ocean Capital Partners Pte Ltd, a boutique corporate finance firm located in Singapore with offices in Shanghai and Dubai since November, 2005. Prior to that, Mr. Loo had been Senior Vice President at Mitsubishi-UFJ Securities, from July, 2003 to November, 2005, a merchant banking subsidiary of MUFG in Singapore. He was also a principal of Advent International Corporation, from July, 1999 to November, 2002. Advent International is a private equity firm head quartered in Boston with offices in Europe and Asia. He was based in its Singapore office. In addition, he was a deputy managing director of Nomura Securities' operation in Malaysia, from May, 1996 to November, 1998.

Mr. Loo has a varied professional career, straddling various practices from strategy consulting to investment banking to private equity before founding Blue Ocean Capital Partners where he has since its inception in 2005 advised clients on cross-border merger and acquisition transactions and investments in the United States, United Kingdom, United Arab Emirates, Vietnam and China.

Mr. Loo started his post-graduate career with Arthur D. Little in May, 1990 in Singapore as a management consultant where he had advised multinational clients and several governments in South East Asia on issues relating to corporate strategy and public policy.

Mr. Loo received an honours degree in Economics and Politics in 1989 and a Masters in Business Administration in 1991 from Monash University, Australia.

Below is the chart of **Pennant Energy (PEN)**:



Again thanks to investors throwing out shares of Pennant this week, the stock is off 25% over the last 5 days. Just like Blackbird, they are getting thrown out with the bath water as Canadian and US investors dump their resource plays in anticipation of the Summer doldrums. It's a beautiful sight to see for my pocketbook as I accumulate in anticipation of the July spudding.

In addition to this play, Pennant has current production of 100 boe/day with 200 boe/day drilled and awaiting tie-in. Pennant also has a tight share structure with 32 million shares outstanding and a \$.17 share price.

Below is the May 11th press release of Pennant/Donnybrook discussing the upcoming horizontal well. As mentioned above, Blackbird is the other 25% participant but they chose not to issue a press release:

Pennant, Donnybrook to spud for Montney horizontal well

2011-05-11 14:32 ET - News Release

Also News Release (C-DEI) Donnybrook Energy Inc

Mr. Thomas Yingling of Pennant Energy reports

PENNANT ENERGY INC.: BIGSTONE FIELD, MONTNEY HORIZONTAL WELL FARMIN

Pursuant to Pennant Energy Inc.'s news release of March 17, 2011, Donnybrook Energy Inc. has informed the company that lease construction in preparation of spudding the Montney Horizontal formation test well at Bigstone is ready to go as soon as weather permits, with drilling expected to commence in late spring/summer of this year.

The Bigstone field (Township 60, Range 22W5) is located approximately 250 kilometres west-northwest of Edmonton, Alta. It falls within the Deep basin resource corridor, which continues northwest into British Columbia. Donnybrook has experienced success in exploiting the Montney formation at Resthaven (Township 62-2W6) and Simonette (Township 61-27W5). In reasonably close proximity to Pennant's farm-in acreage, approximately five miles south of the company's first Bigstone test well location, Celtic Exploration Ltd. drilled the first Montney horizontal well in this area. Well 02/04-32-059-22W5/02 was completed in August, 2010, and is reported to have flow tested at rates of approximately 3.5 million cubic feet per day with 75 barrels per million cubic feet per day of natural gas liquids (NGL). The horizontal leg portion (also referred to as the lateral section) of this first well was approximately 1.3 kilometres (4,400 feet) in length. As of April 1, 2011, Celtic had drilled and cased a second, longer lateral (approximately 2.1 kilometres or 7,000 feet) Montney well from the surface location 00/05-03-060-22W5/00 to a bottom hole terminus 00/04-05-060-22W5/00. This well, which is about 3.5 miles from Pennant interest acreage, tested 13.1 million cubic feet per day and 650 barrels of oil and natural gas liquids. On April 1, Celtic spudded a third location from the same surface location at 00/05-03-060-22W5/00 to a bottom hole terminus at 00/08-02-060-22W5/00. This third well is licensed for up to a three-kilometre lateral section.

Further to the excellent results of its second well at 02/04-32-059-22W5/02, Celtic announced in a news release on April 11 that it is planning up to seven more wells in the Fir Bigstone area for the remainder of 2011. The rapid expansion of drilling activity by Celtic in this area serves to highlight the significant potential-impact participation in the Bigstone project could have in Pennant's future growth potential.

Thomas Yingling, president and chief executive officer of Pennant, states: "We are very pleased that results from recently drilled neighbouring wells are becoming increasingly successful. Of particular interest is the fact that the best drilling results are at the sites closest to our property. Celtic's announced plans to drill seven more wells close by to Pennant is proving that this area is not only extremely rich in oil and gas, but that horizontal drilling and multistage fracturing is working very successfully. I strongly recommend that shareholders and interested potential shareholders view a brief video on the company's website that details exactly how we plan to transition this previously discovered uneconomic oil and gas reservoir into a very successful producing oil and gas field."

Donnybrook currently holds a 100-per-cent interest in lands and licences covering a total of seven sections, in Township 60, ranges 22 and 23W5 at Bigstone. By completing the terms of the agreement, Pennant will earn 25 per cent of Donnybrook's interest in Bigstone and in any future operations within an area of mutual interest (AMI). Donnybrook will act as operator and participate as to a 25-per-cent working interest in the drilling, completion and tie-in (or abandonment) of the test well.

The terms of the agreement call for the company to pay land, permit and licensing costs of \$67,000 and 37.5 per cent of drilling, completion and tie-in (or abandonment) costs to earn a reversionary working interest in the test well of 37.5 per cent before payout (BPO) reverting to 25 per cent after payout (APO) of all well costs, including tie-in of the well. Production from the test well will be subject to a convertible gross overriding royalty (GORR) of 10 per cent BPO on 37.5 per cent of production. At payout, the royalty is convertible to a 12.5-per-cent working interest back-in by Donnybrook. Further, upon reaching the minimum total measured depth of 3,682 metres and completion of the horizontal test well, the company will have earned 25 per cent of Donnybrook's interests covering the total seven sections (4,480 gross acres/1,120 net acres) in the Bigstone area. The company will have the continuing obligation to finance a 37.5-per-cent share of equip and tie-in costs. All earned acreage and other lands which may be acquired at some future date within an area of mutual interest (AMI) are burdened by Crown royalties and a non-convertible 2-per-cent GORR.

Additional Research

I always recommend additional due diligence so below are some links that provide additional color on the merits of the Deep Basin play:

- <http://www.pipelinenewsnorth.ca/article/20110509/PIPELINE0119/305099999/-1/PIPELINE/deep-basin-seeing-another-wave-of-investment>
- <http://www.calgaryherald.com/business/Tourmaline+buys+Cinch+205M+deal/4847372/story.html>
- <http://cms.spincaster.com/siteFiles/27/files//CalgaryBrochure.pdf>
- <http://seekingalpha.com/instablog/365869-keith-schaefer/108128-an-unconventional-natural-gas-play-goes-the-full-montney>
- <http://oilprice.com/Energy/Natural-Gas/The-Stocks-To-Benefit-Most-from-North-America-s-Hottest-New-Gas-Play.html>

Summary

Natural gas prices have been moving higher over the last few weeks bucking the trend of falling commodity prices. Oil continues to hover around the \$100 level. Against this backdrop, I have been taking advantage of investors willing to throw away these junior plays at any price and look to continue to accumulate them as they remain in deep bear market territory. Eventually, as was the case with Mountainview, the intrinsic value will be realized in the share prices of these unloved oil/gas junior plays. Please do your own research and learn as much as you can on these companies. As we all know, they are extremely speculative and the share prices can be volatile to say the least.

Note – Don't stop reading.....see the little \$.05 gold play on the next few pages.

Now for the small little \$.05 gold play I mentioned. First off, the company has a tight share structure of 33 million shares giving this company a market cap of under \$2 million. I profiled this company last year as part of the Molybdenum junior report and while researching them, came across their high grade gold play that for some reason had not been worked since 2008. Based on their recent press release and a discussion with management, that's about to change.



Total Outstanding Shares: **33 million**

Share price at May 31st: **\$.05/share**

Current Market Cap: **Under \$2 million**

High Grade Gold Property: **International Basin**

As with the share prices of Blackbird and Pennant, Kingsman's share price is in bear market territory at multi-year lows. Another unloved, undiscovered Canadian junior.





The International Basin: is a large, prospective property located south of Golden in the Kootenay region of British Columbia. There appears to be a one kilometre by seven kilometre corridor that experienced one or more hydro-thermal events that deposited many different minerals in varying veins. Some of the large veins have been sampled and show high concentrations of several resources including grab samples up to 4.23 oz/T gold, silver samples up to 63.9 oz/T and as high as 19% copper, 62% lead and 30% zinc. Dr. Robert Thompson, an independent consulting geologist, concludes that the large veins are for show but the sheeted or small veins are for dough.

Please view the following 20 minute video by Dr. Thompson to see why I feel this play is worthy of your independent analysis:

http://www.investmentpitch.com/media/488/Kingsman_Resources/

The property was optioned in 2007 (100%) and exploration crews were on the property both in 2007 and 2008 and a summary of their results as noted in press releases:

December 12, 2007

Further Assay Results from the International Basin Property Yield Grab Sample Values Ranging Up to 2 ounces per ton Gold and 45 ounces per ton Silver

December 12, 2007 - Kingsman Resources Inc. (TSXv: KSM) ("Kingsman") is pleased to announce the results of its second-phase prospecting program on the International Basin Project, located 35 kilometers south of Golden, British Columbia. The two-day helicopter-supported program was undertaken at the end of September by four geologists and a prospector.

Gold and silver occur within several different styles of quartz veins, and also locally within altered sedimentary wallrocks to the veins. Veins vary in width up to three metres, although most well-mineralized veins are narrower. Strike lengths of the veins range up to at least 100 metres, but most well-mineralized sections observed to date are less continuous. The highest precious metals values are associated with decimeter-thick quartz veins containing relatively abundant sulphide minerals. The principal sulphides are galena, pyrite, and sphalerite, with subordinate chalcopyrite and arsenopyrite; the sulphosalt tetrahedrite and the copper oxides, malachite and azurite, are also commonly associated with the sulphides. As is common elsewhere, galena-bearing veins tend to be enriched in silver; but as the table of significant results below shows, significant gold values may occur in these veins as well.

Sample number	Sample type	Au (ppm)	Au (oz/t)	Ag (ppm)	Ag (oz/t)	Cu (ppm)*	Pb (ppm)*	Zn (ppm)*
SFIB7R006	grab	68.1	1.986	237	6.913	2840	6.47%	736
SFIB7R004	30 cm chip	37.8	1.103	152	4.433	1380	2.34%	1480
RJUIB7F003	float from dump	34.7	1.012	57.6	1.680	412	2.71%	1.79%
SFIB7R023	grab	18.2	0.531	61.7	1.800	239	946	27
SFIB7R001	30 cm chip	16.65	0.486	4.3	0.125	19	259	16
SFIB7R012	grab	9.21	0.269	101	2.946	5370	2.61%	1890
SFIB7R007	grab	6.08	0.177	170	4.958	4600	2670	765
SFIB7R034	grab	2.4	0.070	6.9	0.201	11	883	99
SFIB7R025	grab	2.39	0.070	3	0.088	11	977	108
SFIB7R024	grab	1.74	0.051	29.2	0.852	165	6190	58
RJUIB7F009	grab	1.655	0.048	1555	45.354	1.39%	>20.0%	2280
SFIB7R011	grab	1.6	0.047	30.2	0.881	7080	7460	4720
SFIB7R002	1 meter chip	1.375	0.040	0.2	0.006	66	34	59
CGIB7R007	35 cm grab-chip	0.776	0.023	5.4	0.158	188	4960	1350
SFIB7R003	grab	0.747	0.022	715	20.854	5	10.60%	153
SFIB7R015	grab	0.602	0.018	157	4.579	2.29%	9.06%	1905
CGIB7R002	float	0.557	0.016	116	3.383	495	>20.0%	2150
SFIB7R035	grab	0.532	0.016	177	5.163	469	9.25%	1790
RJUIB7F004	grab	0.443	0.013	12.5	0.365	1.49%	234	197
RJUIB7F001	float	0.303	0.009	4.4	0.128	137	1930	15
SFIB7R033	chip	0.149	0.004	1.7	0.050	9	693	215
RJUIB7F002	grab	0.148	0.004	398	11.608	708	>20.0%	3.64%
SFIB7R009	grab	0.134	0.004	460	13.417	103	>20.0%	1670
RJUIB7F006	float	0.127	0.004	65.1	1.899	150	3.84%	3.93%
SFIB7R008	grab	0.12	0.004	203	5.921	304	10.75%	2060
SFIB7R013	grab	0.067	0.002	1360	39.667	886	>20.0%	337
SFIB7R016	composite grab	0.013	0.000	34.7	1.012	137	1.89%	115

*values greater than 10,000 ppm are shown in percent

October 23, 2008

International Basin Property Prospecting Returns Grab Samples up to 0.971 oz./ton Gold and 63.9 oz./ton Silver

October 23, 2008 - Kingsman Resources Inc. (TSXv: KSM) ("Kingsman") is pleased to announce the results of further prospecting on its International Basin Project, located 35 kilometers south of Golden, British Columbia. As reported previously (see News Releases dated November 7, 2007 and December 12, 2007), the property overlies several old crown granted mineral claims with numerous old workings, including pits, shafts, and adits, and two preliminary prospecting programs conducted in 2007 yielded promising gold, silver, and base metals values from polymetallic quartz-Fe carbonate veins.

In mid-August, a crew of nine spent several days on the property, and the work included prospecting (approximately 130 rock samples), soil and stream sediment geochemical sampling (213 and 72 samples, respectively), and geologic mapping.

Samples from the most recent program yielding the highest gold and silver values (ranging up to 0.971 oz./ton gold and 63.9 oz./ton silver; samples SKIB8R037-039; see table below for the more significant results, which mainly represent character or "grab" samples), were collected from decimeter- to meter-scale quartz-Fe carbonate veins only locally exposed in several old exploration pits. There the veins contain sulphides, principally galena and sphalerite, and sulphosalts (tetrahedrite) that are interpreted to have infilled around well-formed quartz crystals which grew in open spaces within the veins. The veins themselves were emplaced, possibly in the late stages of regional deformation, along the axial planar cleavage of the controlling structure on the property, which is moderately northwesterly-plunging anticline.

Another high-grade sample, E23251, yielded just over 2 oz./ton gold and 10 oz./ton silver. It was collected at a lower elevation approximately 0.5 km east of the main mineralized trend, and suggests the possibility of good potential for higher-grade mineralization off of the main trend.

December 02, 2008

Final 2008 International Basin Property Prospecting and Sampling Returns Samples Ranging up to 1.1 oz./ton Gold and 29.2 oz./ton Silver

December 2, 2008 - Kingsman Resources Inc. (TSXv: KSM) ("Kingsman") announces the final results of 2008 prospecting on its International Basin Project, located 35 kilometers south of Golden, British Columbia, near the headwaters of Bobbie Burns Creek. As reported previously (see News Releases dated November 7, 2007, December 12, 2007, and October 23, 2008), the property overlies several old crown granted mineral claims with numerous old workings, including pits, shafts, and adits, and two preliminary prospecting programs conducted in 2007 yielded promising gold, silver, and base metals values from polymetallic quartz-Fe carbonate veins. Follow-up programs were conducted in August (News Release dated October 23, 2008), and mid-September, 2008.

In the latest program, an eighteen person crew spent several days on the property, with the work including channel and chip sampling (109 and 37 samples, respectively), as well as further grab sampling (101 samples), soil geochemical sampling (290 samples), and geologic mapping.

Chip samples collected in this program yielded values ranging up to 1.1 oz./ton gold and 29.2 oz./ton silver, while channel sampling yielded values ranging up to 0.729 oz./ton gold, and grab sampling from areas previously not prospected yielded values ranging up to 0.63 oz./ton gold and 63.2 oz./ton silver. The soil geochemical sampling further highlighted several covered areas on the lower slopes of the north side of Bobbie Burns Creek, and these represent excellent targets for follow-up prospecting and trenching work. Full details of the sampling, including a tables of results, sample locations and descriptions, can be found on Kingsman's website (<http://www.kingsmanresources.com/s/Home.asp>), while details pertaining to the style of mineralization, mineralogy, alteration, and the structural and stratigraphic setting of the property, are also given thereon, as well as in previous News Releases.

So now we are in June 2011 and no work has been done on the property in 3 years as they have had difficulty getting a permit to build an access road to the site. Apparently those issues have been resolved but in order to facilitate a drill program this Summer, they have decided to revise their permit to do a helicopter program. The revised permit should be approved within the next few weeks and a 1,000 meter drill program will start in early August:

May 18, 2011 - Kingsman Resources Inc. (TSXv: KSM) ("Kingsman") has requested an amendment to their 2008 exploration permit from Cranbrook MEMPR, to helicopter drill on its International Basin Project, located 35 kilometers south of Golden, British Columbia.

Kingsman Resources Inc. is planning a 1000 metre diamond drill program on the International Basin Project for the summer of 2011.

An extensive sampling program in the fall of 2008 yielded very high gold and silver values in rock from grab or character samples, including up to 2 oz/ton gold and 63.9 oz/ton silver. Samples were collected from decimeter- to meter-scale quartz/Fe-carbonate and quartz veins partially exposed in several old exploration pits and elsewhere, (See NR October 23, 2008)

Most well-mineralized veins occur within a northwest-trending structural corridor which stretches at least 3.5 km, from south of Bobbie Burns Creek to Bennison Creek. It is marked by variably and locally intensely altered (quartz, sericite, Fe-carbonate, and pyrite) clastic sedimentary rocks and coincides with the axis of an anticlinal fold system.

The current planned drill program is designed to test the lateral and downdip continuity of some of the better mineralized veins and vein systems.

Hopefully you take the time to view the video by Dr. Robert Thompson referenced earlier. He's convinced that this is a very interesting high grade gold, silver and base metal play. Most junior companies with much less of a property trade at \$10 million market caps or higher. Kingsman's market cap is under \$2 million but interest may build as the drilling on the property commences. Obviously drill results similar to the high grade samples will result in a 10 bagger from these bear market levels so I have been buying as investors have been throwing away shares at \$.05-\$.06. Unless this story gets more play in the markets, I don't expect much movement until they announce the start of their drill program but this is one you should investigate further as a very interesting spec play as gold continues to move well over the \$1,500/oz mark.

Wishing you the best,

Vince "stateside" Marciano
vince.marciano@statesidereport.com

Disclaimer

Vince Marciano has participated in private placements for the following companies mentioned in this report:

None

Vince Marciano owns shares (purchased on the open market) in the following companies mentioned in this report:

**Pennant Energy (PEN)
Blackbird Energy (BBI)
Kingsman Resources (KSM)**

Vince Marciano has been retained by the following companies mentioned in this report to provide investor awareness services on a monthly retainer:

None

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