

Growth Stocks Weekly

www.gsweekly.com

Publisher: Diversified Financial Solutions ~ **Since:** May, 1995 ~ **Editor:** Richard Reinhard ~ **E-Mail:** rreinhard@shaw.ca

Performance: Year ended April 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4%**; 2000 **180.9%**; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**

Vol. 10 No. 2

Current Growth Portfolio

As at October 31, 2004

(All \$Cdn unless noted)

Entry Dates	Units/ Shares	Positions	Average Cost	Current Price	Current Value \$	%Value/ Cost
8/02, 03/03, 10/04	900,000	Bell Resources	0.134	0.280	252,000	209%
12/03	350,000	Bell Resources 1yr \$0.20 Wts	0.000	0.080	28,000	N/A
10/04	150,000	Bell Resources 1yr \$0.30 Wts	0.000	0.000	0	N/A
07/04, 10/04	150,000	Bankers Petroleum	0.412	0.580	87,000	141%
10/04	25,000	Bankers Pete 5yr \$0.95 Wts	0.000	0.000	0	N/A
10/03	120,000	Consolidated New Sage Res	0.125	0.095	11,400	76%
11/02, 01/03, 10/03	100,000	Entrée Gold Inc.	0.364	0.870	87,000	239%
10/03	12,500	Entrée Gold 2yr \$1.35 Wts	0.000	0.000	0	N/A
05/04, 06/04	10,000	Endeavour Mining Capital	2.404	3.050	30,500	127%
12/03	50,000	European Minerals	US0.80	US0.61	65,000	76%
12/02, 10/03, 05/04	610,000	Grandcru Res Corp	0.204	0.340	207,400	167%
10/03	110,000	Grandcru Res Corp \$0.55 Wts	0.000	0.000	0	N/A
04/04, 10/04	100,000	Knight Resources	0.529	0.325	32,500	N/A
05/04	15,000	Northern Orion Res	2.771	3.200	48,000	61%
06/04, 09-10/04	150,000	Pacific Stratus Ventures	0.402	0.410	61,500	115%
06/04	37,500	Pacific Stratus 2yr \$0.60 Wts	0.000	0.000	0	N/A
09/04	50,000	Terra Nova Gold	0.303	0.340	17,000	112%
08/03, 10/03	641,667	Tri-Alpha Investmts	0.189	0.270	173,250	143%
08/03	83,333	Tri-Alpha Inv \$0.20 Wts	0.000	0.070	5,833	N/A
4-5/02, 7/02, 11/02, 3-6/03	1,500,000	VRB Power Systems	0.155	0.850	1,275,000	547%
01/04, 03/04	50,000	Yale Resources	0.225	0.175	8,750	78%
03/04	25,000	Yale Resources \$0.40 Wts	0.000	0.000	0	N/A
		Cash Credit			50,209	
		Portfolio Value			2,390,133	

Value @ 5/5/2004	\$1,703,251
Year-to-date performance	40.33%

Portfolio Changes:

Company Name	Comments	Closing Price
Bankers Petroleum (BNK-TSXv)	Bought 50,000 PP Units @ \$0.55 (Oct 26)	\$0.58
Bell Resources (BL-TSXv)	Bought 150,000 PP Units @ \$0.20 (Oct 21)	\$0.28
Knight Resources (KNP-TSXv)	Bought 50,000 shares @ \$0.33 (Oct 19)	\$0.33
Pacific Stratus Ventures (PVL-TSXv)	Bought 75,000 shares @ \$0.40 (Sept 30-Oct 1)	\$0.41
Terra Nova Gold (TGC-TSXv)	Bought 50,000 shares @ \$0.30 (Sept 8-14)	\$0.34

VRB Power Systems (VRB-TSXv)	Sold 266,666 shares @ \$1.09 average (Sept 8-Oct 8)	\$0.85
Northern Orion Res (NNO-TSX, NTO-Amex)	Bought 5,000 shares @ \$3.06 (May 21), 5,000 @ \$2.41 (Aug 31)	\$3.20
Bankers Petroleum (BNK-TSXv)	Bought 100,000 shares @ \$0.34 (July 15-16)	\$0.58
Endeavour Mining Finance (EDV-TSX)	Bought 5,000 shares @ \$2.51 (May 10), 5,000 @ \$2.25 (June 18)	\$3.05
Pacific Stratus Ventures (PVL-TSXv)	Bought 75,000 Unit PP @ \$0.40 (June 11)	\$0.41
Grandcru Resources (GR-TSXv)	Exercised 250,000 Grandcru Res Wts @ \$0.20 (May 22)	\$0.34
Yale Resources (MRK-TSXv)	Exercised 25,000 Yale Res Wts @ \$0.15 (May 12)	\$0.18
ASP Ventures, Inc.	Disposed 50,000 shares for nil proceeds (C\$17,800 loss)	\$0.00

Our approach

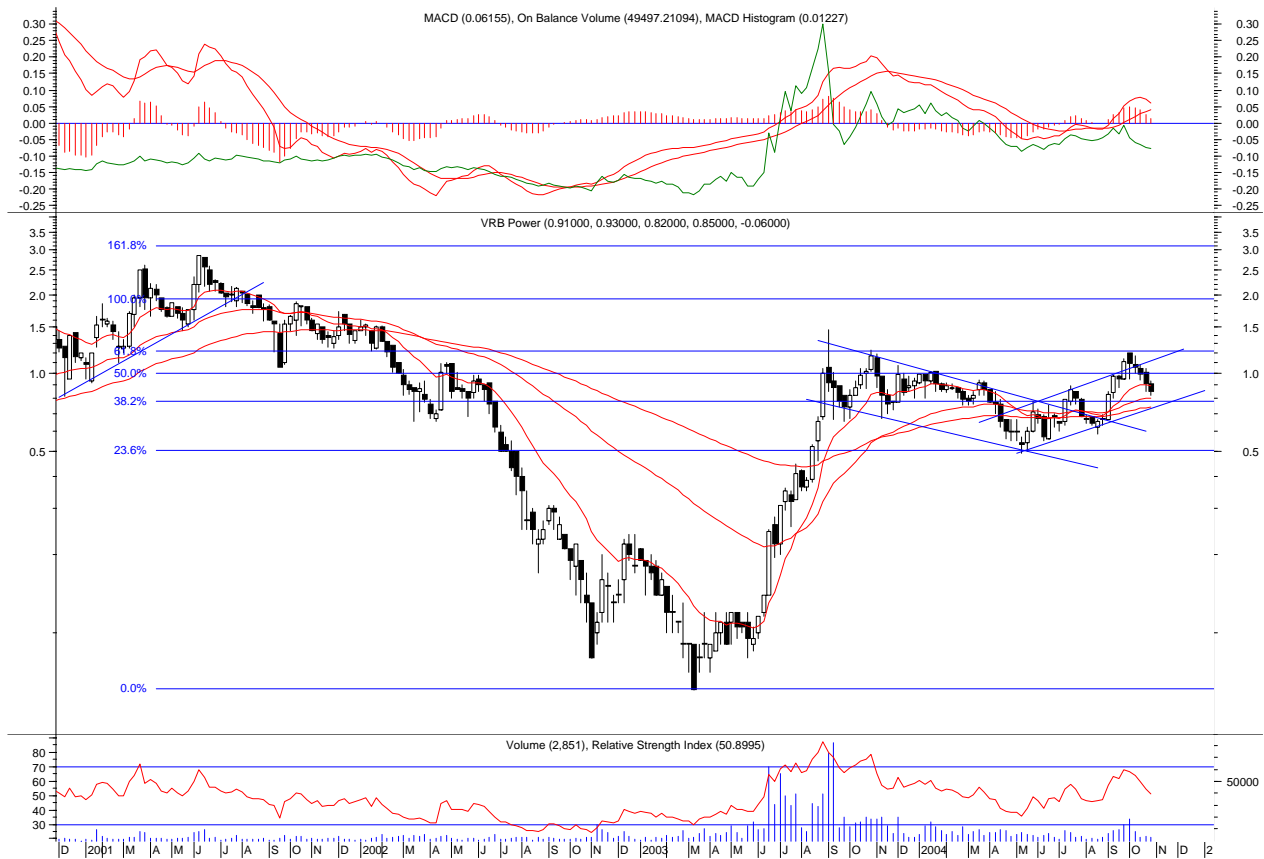
Most companies we have accumulated positions in are initially early-stage deals (effectively are or recently were “shells”).

Due to their restructuring, pedigree, ownership, controlling interests, etc we have accumulated speculative positions BEFORE we know what will become of them. We assume something will, and so we wait. The waiting could be lengthy – maybe forever.

Such a tact has served us well in the past, and generally pays off handsomely. Just remember to not sell too soon on these types of investments, as they generally become 10-baggers from where we like to buy them, once they come alive maybe a lot more!

Remember – these deals require patience to accumulate, and are often fairly “tightly” held (illiquid!).

VRB Power Systems (VRB-TSX Venture)



VRB Power Systems (VRB-TSX Venture) – Weekly Chart

Website: <http://www.vrbpower.com/>

VRB Power (VRB-TSXv/VTTCF/VNK-B-Frankfurt): VRB is still our favorite non-resource stock from a fundamental standpoint, and of course from a return-on-investment perspective. We stated back at about \$0.08 that the fundamentals behind the scene were aligning and point to VRB Power not only surviving their share meltdown and lack of working capital, but potentially finding their place in the spotlight as their technology is validated and mass-commercialized. Shortly thereafter they closed an \$850,000 convertible debenture and top-up placement for an additional \$150,000 to VRB's CEO, serving to validate our opinion that things were moving forward. We readily participated in that financing round as well the earlier placement at \$0.10 per unit, and this has served us well.

Based in Vancouver, B.C. Canada, VRB Power Systems Inc. is an electrochemical energy storage company that has commercialized the patented Vanadium Redox Battery Energy Storage System ("VRB-ESS"). The VRB-ESS is a new enabling technology that can effectively store electricity on demand. The VRB-ESS can provide direct economic benefits to utilities and end users in terms of improved power quality, reliability and energy efficiency. The VRB-ESS is particularly well suited to load leveling (peak shaving), electrical power arbitrage, grid stability enhancements, capital deferral and Remote Area Power Supply (RAPS) applications. It is primarily focused on stationary power sources such as utility substations, commercial buildings, production facilities, telecommunication operations, cellular radio sites, and renewable resource generation such as wind farms - creating the ability to provide "firm" capacity. As a "green" technology, the VRB is characterized by the lowest ecological impact of all energy storage technologies and is unlike most other conventional energy storage systems that rely on toxic substances such as lead, zinc or cadmium.

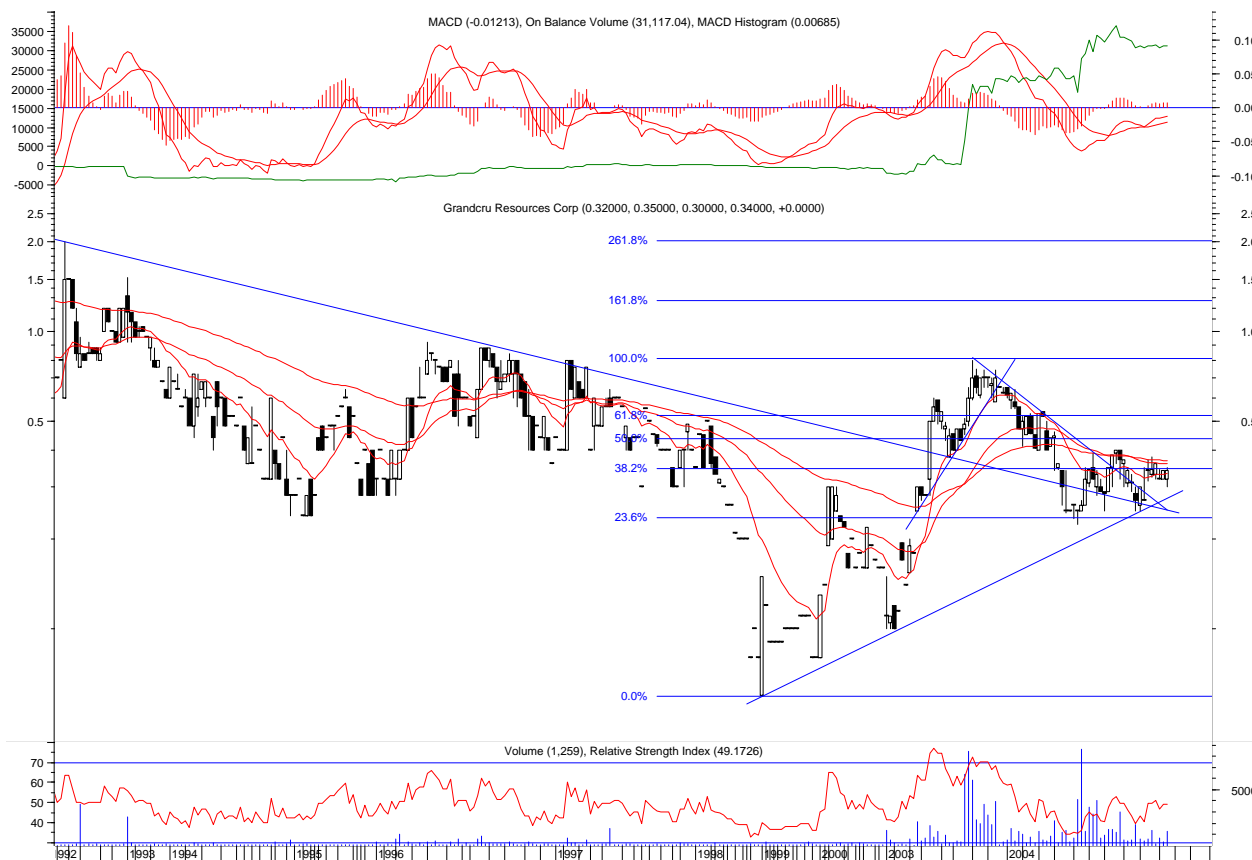
We believe that the VRB Power technology is truly revolutionary, with no viable alternatives in sight for large-scale applications. Last year's power blackouts in North America and elsewhere highlighted how VRB's technology can meet shortcomings already at critical levels in many areas of the U.S. I know I keep repeating myself, but **I believe this is a long-term keeper for a potentially huge, out-of-the-park home run. This is one of those rare opportunities where we're in early, in big, and in no hurry to take already outstanding profits in an accommodatingly liquid market. There is the potential that this company achieves a capitalized value in excess of \$1 billion, given the expected order size and gross margins involved, suggesting a share price in the double digits.**

Technicals

This weekly chart illustrates a newly established uptrend following an extended consolidation pattern, typically called a "flag". Price is clearly in a new channel and recently attempted a run through resistance at the \$1.20 area. The 13, 40, and 80-week moving averages (MA) are once again supportive following the early-September breakout from the top of the old channel. The current low-volume nature of the decline suggests that any news-driven volume boost to the upside would re-establish price back into another uptrend rather quickly. Fibonacci Retracement support is expected just under the \$0.80 area, with the 40-week MA now at \$0.80.

"There are a few times when new technologies appear which have the potential to cause paradigm shifts. I believe that the VRB energy storage system is one of these technologies ... The potential is enormous, and unlike some of the hydrogen based technologies, the VRB energy storage technology does not require wholesale infrastructure change for its application - it complements existing approaches. - Timothy Hennessy.

Grandcru Resources (GR-TSX Venture)



Grandcru Resources (GR-TSX Venture) – Weekly Chart

Website: <http://www.grandcruresources.com>

Grandcru Resources Corporation (TSX-V: GR) is a recently reorganized company focused on gold and silver exploration opportunities in North America. The Company's projects are strategically located in the Red Lake region of Ontario, the Schefferville region of Quebec, the North Carlin region of Nevada and the Guadalupe de los Reyes district in Mexico. The Company's properties range from early-stage exploration to advanced-stage resource and represent a diversified opportunity to invest in North American gold and silver exploration.

To date, the Company has employed its resources to acquire a diversified portfolio of assets and initiate exploration of those assets. This has been a two-stage process in each region within which the Company operates. The initial step was to acquire a multi-target property position within the district, followed by securing an anchor project within those targets.

Resource Projects

The Company's property portfolio includes the following:

Guadalupe De Los Reyes District – Mexico

The San Miguel property (100% option) is a major portion of the Guadalupe De Los Reyes Mining District ("Guadalupe District Resource Projects")

The Company is focused on gold exploration opportunities in North America. The Company's projects are strategically located in the Red Lake region of Ontario, the Schefferville region of Quebec, the North Carlin region of Nevada and the Guadalupe De Los Reyes district in Mexico. The Company's properties range from early-stage exploration to advanced-stage and represent a diversified opportunity to invest in North American gold exploration. The Company's property portfolio includes the following:

Guadalupe De Los Reyes District – Mexico

The San Miguel property (100% option) is a major portion of the Guadalupe De Los Reyes Mining District ("Guadalupe District") where Wheaton River Minerals Ltd. (TSX.WRM) and Vista Gold Corp. (TSX.VGZ) control the majority of the surrounding property. The Guadalupe District has recorded historical production of approximately 600,000 ounces of gold and over 40,000,000 ounces of silver since 1772. The historical resource estimate on the San Miguel property is 156,000 ounces of gold (average grade of 6.71 grams per tonne) and 3,000,000 ounces of silver (average grade of 128 grams per tonne). With regards to both the historical production and the historical resource estimate:

?? The Company has not done the work necessary to verify the classification of the historical production and/or resource;

?? The Company is not treating these historical numbers as a NI 43-101 defined resource or production amount verified by a Qualified Person; and

?? These historical estimates should not be relied upon.

The exploration target is 10 million ounces of silver and 500,000 ounces of gold. Extensive exploration has been completed on the property, although the results have to be verified by the Company's independent geologist in order to meet National Instrument 43-101 standards of disclosure.

The San Miguel property has exploration potential within the area of the historical resource and along Company controlled extensions of historic workings. The Company will focus its exploration efforts

(2)

on the expansion of the resource that is currently identified on the property. The pending exploration program will consist of historical data acquisition followed by further drilling of the historical resource zones.

Red Lake Project – Ontario

The Red Lake Mining District of Ontario is home to the richest gold deposit in the world (operated by Goldcorp Inc.). This gold belt has more than 24 million oz of past production and there are multiple senior gold companies which are active in the region: Placer Dome, Goldcorp, AngloGold, Noranda, Teck, and Kinross. Recent exploration has identified several major new gold discoveries in the Red Lake District. The Company has strategically acquired the following properties with excellent exploration and resource potential within the Red Lake District. These properties are proximal and/or on structure with several of the recent major discoveries.

Sanshaw

The Company entered into an option agreement with Red Lake Resources Inc. to acquire a 50% interest in the Sanshaw property located in Dome Township in the Red Lake Mining District of Northwestern Ontario. The Sanshaw property includes nine claims covering an irregular area of approximately 425 acres, 1.5 km north of the town of Red Lake. The claims surround White Horse Island, on the east shore of which a shaft was collared in 1937, to develop a gold-bearing zone that had been discovered by diamond drilling just offshore. The "Sanshaw" or "Bonanza" shaft was deepened to 450 feet in 1946-1947, with 2,250 feet of development on two levels. The property covers a 1.2 kilometre strike length of the eastern contact of the Dome granodiorite stock. The Sanshaw gold mineralization forms an irregular zone in the marginal zone of the granodiorite, where it is associated with quartz veining and pervasive silicification. A historical estimate of "reserves" has been published, which gives a figure of 175,000 short tons averaging 0.20 ounce of gold per ton, between surface and the 375 ft level. With regards to this historical reserve estimate:

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Clear Lake

The Company has an Option Agreement whereby it can acquire a 100% interest in the Clear Lake property located approximately 16 km Southeast of Red Lake, Ontario. The Clear Lake property consists of 588 hectares in the Faulkenham Lake area of the Red Lake mining District. The Ontario Geological Survey mapped the claim area as part of a program in the Dixie Lake area (Open File 5904). The Bug Lake Deformation Zone was identified and paralleled the northeast trending Flat Lake-Howey Bay Deformation Zone. This latter zone hosts the Starratt-Olsen (160,000 oz gold produced), Madsen (2.5 million oz gold produced) and Buffalo (200,000 oz gold produced) Mines.

Corallen Lake

The Company has two adjacent Corallen Lake properties (west and east). The properties contain airborne magnetic anomalies within intermediate volcanics, in an area of considerable exploration

(3)

activity and are to the west of the Placer Dome's Bateman property. The Company has executed an Option Agreement with Red Lake Resources Inc. granting the Company an option to earn a 50% interest in the western Corallen Lake property and has optioned a 100% interest in the eastern Corallen Lake property.

Dixie Lake

The Company has three properties (north, south and east) under 100% option in the Dixie Lake region of the Red Lake District. These properties are located approximately 25 km southeast of Goldcorp's Red Lake mine and straddle the northwest and southwest borders of the Dixie Creek property of Fronteer Development Group. The eastern property borders on Goldcorp and Noranda.

Coli Lake

The Company has optioned two properties (east and west) bordering both the eastern and western borders of the new Planet/Goldcorp Sidace Lake discovery. These properties lie along the northern extension of the East Bay Deformation and Alteration Zone which consists primarily of ultramafic rocks, similar to those that host the producing high-grade Campbell and Red Lake

mines. Multiple major deposits and developed prospects in the Red Lake gold camp are located along the East Bay Trend. The Company has executed an Option Agreement with Red Lake Resources Inc. granting the Company an option to earn a 50% interest in the western property and has optioned a 100% interest in the eastern property.

Usick Lake

The Company staked 20 claims totaling 320 units or approximately 5,180 hectares (12,800 acres) in the Usick Lake area. The Usick Lake property covers a large land position east of the northern extension of the East Bay Deformation Zone and directly west of the Birch Uchi Greenstone Belt. During the period the Company completed its drill program on the Sanshaw property and the Company continued surface geology programs on the Clear Lake and Coli Lake properties in Red Lake, Ontario.

Ashuanipi Project - Quebec

The Company acquired a 100% option interest in certain claim blocks located within gold prospective lands in the Ashuanipi Lake district approximately 50 kilometres northwest of Schefferville, Quebec. The Company's area of interest now includes 170 claims. The claims cover significant geological and geophysical features within an overall target area, which comprises some 1000 square kilometres. This target area is known to contain gold-bearing silicate iron formations within Archean quartz-feldspathic gneisses. These rocks are geologically analogous to the well known gold-bearing Precambrian iron formations of the Homestake, Jardine, Conwayto Lake and Hopewell districts elsewhere in North America. To date numerous soil samples have been collected on the property that exceed 100 ppb gold, with a high of 7500 ppb gold (7.5 g/T Au). The area is also prospective for diamonds and therefore a number of airborne magnetic anomalies have been staked as possible kimberlite pipes.

The Company is evaluating an airborne geophysics program in the fall of 2004.

North Carlin Project - Nevada

The Company has a 100% option on eighteen prospective gold properties in the North Carlin Region of Elko County, Nevada from Altair Minerals Inc. (a private Nevada company). The Company is focused

(4) on the exploration potential of the northern extensions of the Carlin Trend for prospective Betze/Post and Meikle type bonanza Gold and Silver vein targets. The emerging stratigraphic model offers alternative regional controls on Roberts Mountain Formation host rocks. The eighteen properties are on regional scale, mineralized fault/fracture zones in historical Eocene, volcanic hosted bonanza Gold/Silver vein districts. Eight of the properties lie along the Jerritt Canyon fault/structural zone in the Independence Mountains. The remaining ten properties trace the northern extension of the Carlin trend in the Tuscarora Mountains.

The Company has staked an additional 240 claims in Elko County, Nevada (the "Tuscarora Project"). The Company has completed surface geological programs on these properties during the summer of 2004.

Clover Project - Nevada

The Company has an option to acquire up to a 70% option interest in the Clover gold prospect, located in Elko County, Nevada from Atna Resources Ltd. The Clover prospect is a low-sulphidation epithermal prospect located on the Western margin of the Snowstorm Mountains, 17km west of Newmont's Midas Mine (2.7 million tons averaging 1.12 oz./ton gold, and 12.82 oz/ton silver). The property is centered on the Jake Creek Trend, a north-northwest trending structural corridor typified by strong hydrothermal alteration, and anomalous gold values. The property is underlain by mid-Miocene aged bi-modal volcanic rocks, on the western margin of the Northern Nevada Rift. These rocks are time-stratigraphic equivalents to the units that host bonanza veins in the Midas district.

The Company plans a drilling program on the property, targeting extensions of known mineralization in the system at depth (where continuity in grade and structure is generally better developed at the analogous Ken Snyder deposit), and the geophysical anomaly near high grade float boulders.

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Permits for that drill program have been filed with the relevant Nevada regulatory bodies.

Technicals

Grandcru's share price cleared its long-term decline line in August 2003, achieving a price peak at old resistance of \$0.80 in November before things went quiet. Price has ground down to a major support area – the crossroads of the newly-established long-term uptrend and just above the old long-term down-trend. This price level coincides with a key Fibonacci Retracement line at the \$0.25 area. The OBV is at high levels and continues to hold steady, a convergence to the price decline (a strong indicator that price will resume its up trend). RSI is at severely oversold levels, also suggesting the decline is overdone.

The timing of the low-volume decline is coincidental with the coming expiry of 3 million \$0.20 warrants on May 22. I suspect that the decline was precipitated by some of these early shareholders who have determined a need for cash to either exercise their warrants, or who are not patient with the company's methodical build up of intrinsic value and maybe unhappy with the declining price trend (selling begets selling). Roughly, the breakup value today on a cash buy-out basis of existing measurable commercially-ready assets is well in excess of \$1 per share. We anticipate a share price in excess of this level over the next year. Shares are illiquid at these prices – accumulation must be handled carefully by a savvy broker.

The Red Lake Region

Goldcorp's Red Lake mine is believed to be the richest gold mine in the world. The total of current reserves and resources together with mined material at the Red Lake Mine is more than 10 million ounces of gold at an average grade of 26.1 g/t. The exploration program for 2002 at the Red Lake Mine had a budget of \$12 million. Placer Dome Inc's 100%-owned Campbell Mine at Red Lake is one of the highest-grade gold mines in the world. Producing continuously since 1949, the underground mine produced 178,139 ounces of gold in 2001. The proven and probable mineral reserves as of December 31, 2001 contained 1,043,000 ounces of gold. A well-funded junior exploration company with over 247 square km of land holdings in the Red Lake gold camp, Rubicon Minerals recently announced that high-grade gold mineralization was intersected in a diamond drill program at its 60%-owned McCuaig project, Red Lake.

Past production and current reserves from the Red Lake Region exceed 23 million ounces of gold, the majority of which (80%) stems from Gold Corp's Red Lake Mine, Placer Dome's Campbell Mine and the Cochenour Mine located about 30km to the south of Planet Exploration's property.

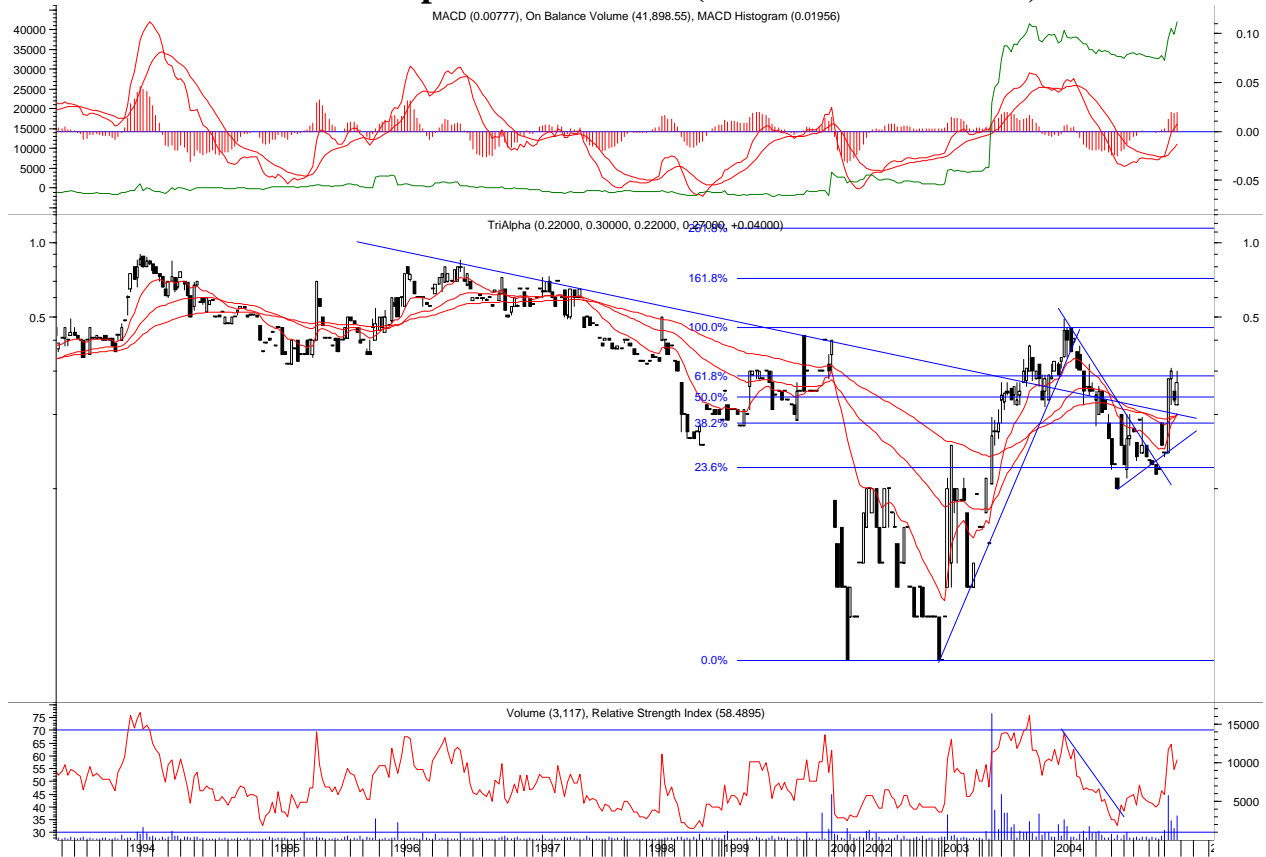
Comparison to other world class gold districts strongly suggest that more significant reserves have yet to be discovered in Red Lake. Massive disseminated and vein type structures host the existing gold reserves in this region.

Planet Exploration is concentrating its efforts in Red Lake on the continuity of its previously discovered 200-250 metre strike zone within a potential 2,500 metre strike zone. Previous programs explored only approximately 17% of the 2,500 metres with any intensity. This suggests that Planet may well be in the preliminary stages of a viable, economic gold discovery.

Planet's gold bearing zones are of classic Red Lake type including 23.13 g/t over 0.46 metres, 11.58 metres of 3.12 g/t including 12.24 g/t over 1.07 metres and 12.17 metres of 1.22 g/t including 5.87 g/t over 1.52 metres. Both massive disseminated and vein type gold bearing structures have been discovered on Planet's properties and are the focus of the company's current drilling program.

Planet Exploration Inc. and Goldcorp Inc. have formed a strategic alliance to exploit Planet's Red Lake gold discovery. Goldcorp will spend \$2.55 million over three years to earn a 50% interest in Planet's property and will then hold an option to increase their position to 60%. In addition Goldcorp has directly invested \$500,000 into Planet via private placement.

Tri-Alpha Investments (TAL.T-TSX Venture)



Tri-Alpha Investments (TAL-TSX Venture) – Weekly Chart

February 18, 2003 – Tri-Alpha announced that it has entered into an option agreement with Stares Contracting Corporation of Thunder Bay, Ontario, whereby the Company can earn a one hundred percent (100%) interest in 80 mining claim units located in Pays Plates Township, Ontario. Commencing upon the execution of a formal agreement, the Company will be required, in equal stages over a four year period, to pay a minimum of \$200,000, issue an aggregate of 400,000 common shares of the Company, and complete a \$1,000,000 work program on the Property. The Property is subject to a 2% NSR with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. A finder's fee is payable as permitted by regulatory policies.

The Company also announced that it reached an agreement for the settlement of a debt in the amount of approximately \$1 million by the issuance of 6,000,000 units. Each unit consists of one share and one share purchase warrant, exercisable at \$0.25 for a two-year period. The Company also announced the appointment of George Cavey, P.Geo. to the Board of Directors. Mr. Cavey is presently President of the Canadian Council of Professional Geoscientists, and a Member of MTAMC (Mining, Technical, Advisory and Monitoring Committee) created by the Canadian Security Administrators responsible for the implementation of National Instrument 43-101.

August 13, 2003 – A non-brokered private placement of 2 million units at \$0.15 per unit was announced. Each unit consists of one share and one-half share purchase warrant, each full warrant entitling the holder to purchase one additional common

share of the company at \$0.20 for a one year period after closing. The net proceeds of the offering will be used for exploration activities, to settle debt and for working capital.

Sept 5, 2003 - Tri-Alpha announces that it is in the process of completing the required steps to enable it to regain its status as a Tier 2 listed company on the TSX Venture Exchange (the 'Exchange').

- i) Tri-Alpha executed a formal option agreement with Stares Contracting Corporation of Thunder Bay, Ontario, whereby the Company can earn a one hundred percent (100%) interest in 80 mining claim units located in Pays Plates Township, Ontario referred to as the Big Duck Lake Property (the 'Property'). The option agreement calls for the Company to pay a total of \$40,000, issue an aggregate of 400,000 common shares of the Company in stages and complete a \$1,000,000 work program on the Property in equal stages over a 4 year period. The Property is subject to a 2% NSR with the Company having the right to purchase 1% of the NSR for \$1,000,000 with a first right of refusal to the remaining 1%. A finder's fee will be paid incidental to this acquisition in accordance with Exchange policies;
- ii) Tri-Alpha reached an agreement for the settlement of a debt in the amount of approximately \$1 million by the issuance of 6,000,000 units. Each unit consists of one share and one share purchase warrant, exercisable at \$0.25 over a two-year period; and
- iii) Tri-Alpha agreed to a private placement of up to \$300,000 by issuance of up to 2,000,000 units at a price of \$0.15 per unit, with each unit consisting of one common share and one share purchase warrant, with each full warrant entitling the holder to acquire one additional share at an exercise price of \$0.26 for a period of one year from closing. The proceeds of the private placement will be utilized for the Phase One Work Program and for general working capital.

We positioned into this re-awakening shell with a \$25,000 private placement investment, and participated in a 1 million share cross carried out in the market at \$0.15. We accumulated the balance of our position on share price weakness. We are awaiting a Compilation Report and some anticipated management changes. Buy 'em when they're quiet.

Technicals

Similar to many charts, the price decline has taken place on low volume, coincidental to the recent pullback in the metal markets. Some support is indicated at this level, but the shares can be difficult to buy given the lack of liquidity at these cheap prices. Accumulation must be effected by an experienced broker to avoid spiking the price.

Entrée Gold (ETG-TSX Venture)

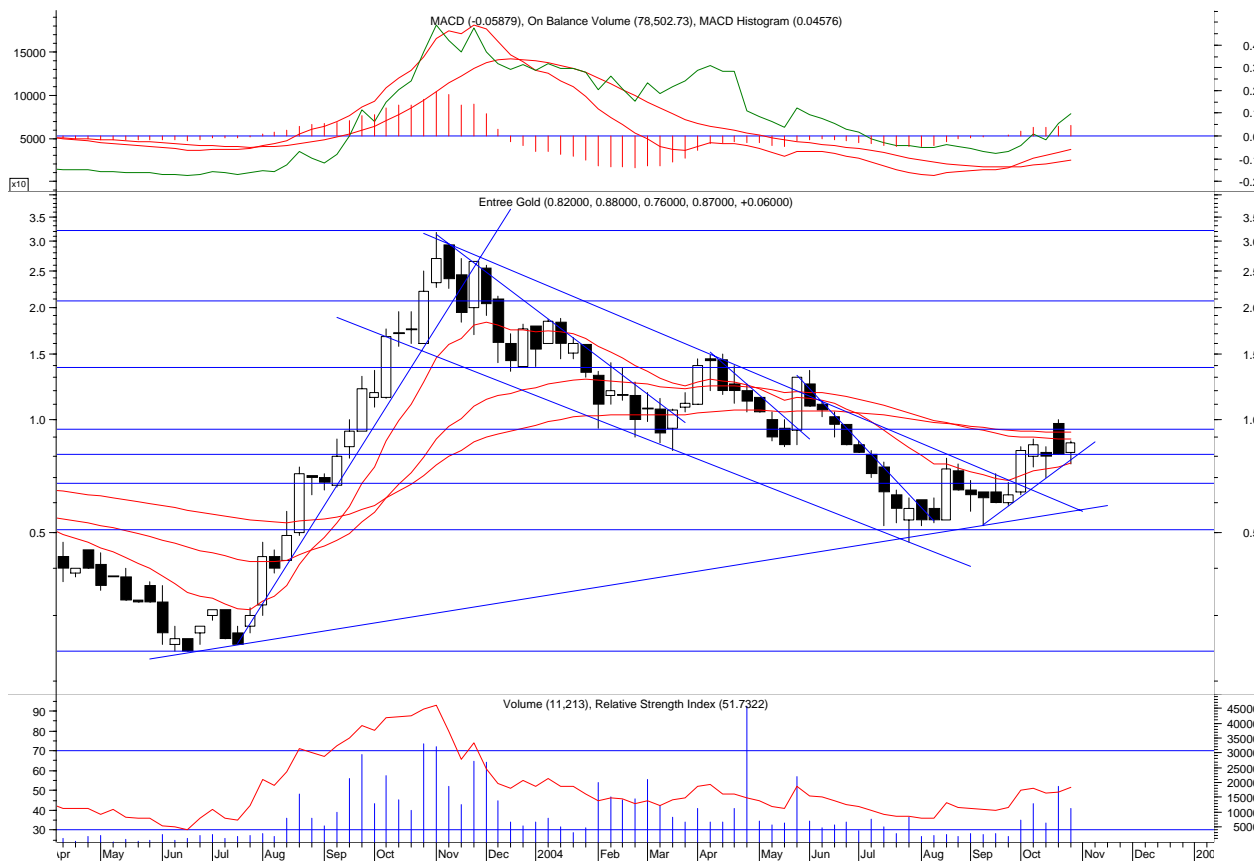
See my Nov 4, 2002 Research Report "Anatomy of an Emerging Junior" for why we positioned in this winner at \$0.10 and participated in every placement since.

Website: <http://www.entreegold.com/>

Entrée Gold Inc. ETG – TSX Venture Exchange is a Canadian junior resource company, focusing on the exploration and advancement of premium gold and copper assets worldwide.

The Company's prime asset is the 100% owned, royalty free Lookout Hill (Shivee Tolgoi) Property, strategically located adjacent to and completely surrounding the world class Ivanhoe Mines Ltd. Turquoise Hill (Oyu Tolgoi) copper-gold discovery in Mongolia.

- Entrée Gold's 179,500 hectare Lookout Hill (Shivee Tolgoi) Property completely surrounds Ivanhoe Mines' approximately 8,500 hectare Turquoise Hill (Oyu Tolgoi) Property.
- Lookout Hill potentially hosts extensions to the northerly trending porphyry copper-gold mineralized system being explored by Ivanhoe Mines Ltd. Drilling at Turquoise Hill, to date (December 2003) has outlined inferred resources, of 1.28 billion tonnes grading 1.13% copper and 0.24 g/t gold at a cut-off grade of 0.60% copper equivalent for all four deposits on the Turquoise Hill property. These inferred resources are estimated to contain approximately 14.6 million tonnes (30.1 billion pounds) of copper and 9.7 million ounces of gold.
- Lookout Hill hosts epithermal bonanza style gold mineralization in its Zone III and X-Grid areas, with recent sampling returning select grab values of up to 60.7 g/t gold
- Several reconnaissance gold and copper targets have also been identified at Lookout Hill.
- The 2003 exploration programs have recently been completed, and results are being compiled.



Entrée Gold (ETG-TSX Venture) – Daily Chart

Technicals

After an amazing 4-months of price appreciation from our initial entry levels, the trend was broken and we endured almost 5 months of declines as investors anticipated a quiet winter season. The more recent rally bottomed coincidental with the severe price declines in the metals markets. A recent block trade has skewed the chart's volume and OBV indicator to the negative. Support sits at around \$0.93 and is unlikely to break given the large balance of cash and upcoming drill program. We are watching for a break of the downtrend with some accompanying volume. We have sold a fair part of our original position at much higher prices to lock in exceptional profits, but private-placed some dollars back into the mainly institutional \$12 million financing at \$1.00 per unit for further expected gains (and the free warrants!).

Gold & Copper's Correction Overdone

Let me start but saying that I'm very biased, and have done a lot of research that supports my convictions. I believe commodities will turn out to be a fantastic place to invest for the rest of this decade. Returns in commodities should easily beat stocks and bonds for the next five years.

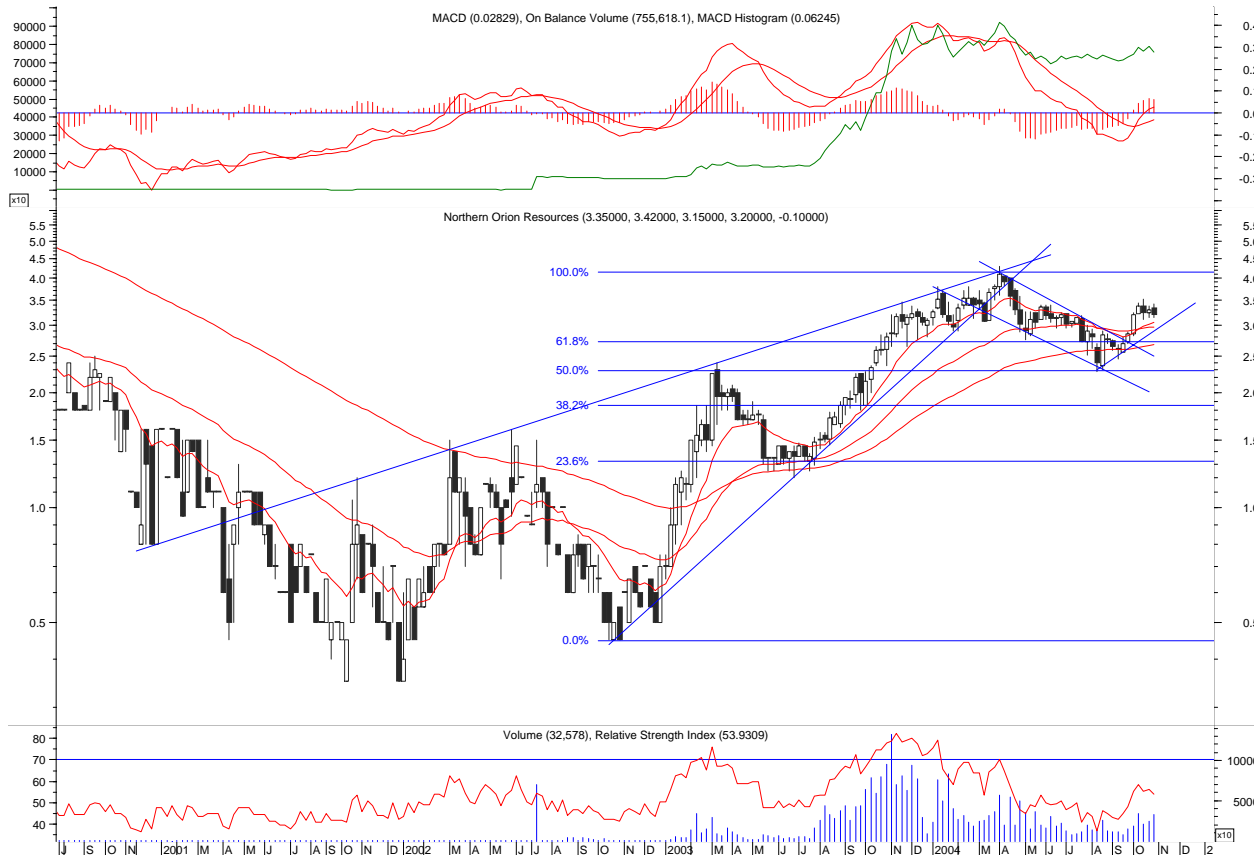
Last week's precipitous drop amid panic selling by off-side speculators saw a \$10 bounce and a settling at the mid-US\$380's. Who said the markets are boring? With the threatening overhang of gold in the short term hands of the speculators, the market was ripe for a major shakeout at the start of the week. Many were looking over the cliff edge called the 200-day moving average and saying that's the end of the "Bull" market. Others were saying the clean out of 'weak' holders of gold, sets the market looking up again.

Then, in came a flood of demand for physical gold. Having patiently stood to one side, as the large scale speculators took the market up in a rush to take positions at prices well-above \$400, these patient buyers saw them turn and the weakest of them run with a total liquidation of an estimated 50 to 150 tonnes being off-loaded. Without any warning or determinable signal, at prices they clearly believed were right for the market, physical demand flooded in from China and from Japan but particularly India, where the arbitrageurs had their day too, buying cheaply, to import to India where premiums over the international price guaranteed them a sound profit. Demand was so great that we heard reports of a shortage of 100-Kilo bars in the market.

In Japan, buyers are keenly aware of the departure of the Bank of Japan from the market and believe a lower Yen is here to stay as imports to Japan swing the balance of payments to a deficit. This is a far better weapon for a weaker Yen than the interference by the Central Bank so prevalent during more desperate times.

The government of China is being blamed for the fall in precious metals, because they stated they wanted a cooling of the economy, to ensure stable, balanced growth. This was enough for the panic signals to be given, as the thought that China would reduce its demand for commodities would break the bull's back. Seems like the market needed any excuse, even bad ones to tumble. Technically, the market was due for a correction. But we have to say that the inscrutable Asian market is still very comfortable in gold.

Northern Orion Resources (NNO-TSX, NTO-AMEX)



Northern Orion Resources (NNO-TSXv, NTO-Amex) Daily chart, Semi-log scale

Website: <http://www.northernorion.com/>

- **12.5% owner of Alumbra - one of the lowest cost copper-gold mines in the world**
- **US\$50-60 million annual cash flow projected for next 7 years from Alumbra alone**
- **Adjacent 100%-owned Agua Rica copper-gold deposit readying for development**
- **Agua Rica adds a massive 18 billion lbs of copper & 10 million oz of gold to reserves**
- **Agua Rica expected to contribute US\$350 million in annual cash flow**
- **Agua Rica has had \$50 million spent on it - mine life estimated to be over 25 years**
- **Rising copper & gold price environment offers tremendous bonus upside to shareholders**
- **American Stock Exchange ("AMEX") listing effective April 8, 2004 enhances audience**
- **Technical analysis suggests a potential breakout move to the C\$6.00 area**
- **Current stock price is at a low 6x multiple to cash flow, with no value for Agua Rica**
- **Northern Orion is a potential takeover target in a resource-hungry world**

Northern Orion Resources (NNO-TSX, NTO-AMEX) is a recently restructured intermediate-tier copper-gold producer under new management, with strong backing from the institutional community and mining finance establishment.

Last May's \$US77.8 million special warrant issue has re-capitalized the company, allowing the strategic acquisition of the company's 12.5% interest in the Bajo de la Alumbrera operating mine in Argentina, and the remaining 72% interest in the Agua Rica project it did not own. The timing of these events was perfect, as the resource markets have surged to record price levels and a scramble is now on by majors looking to bolster long-neglected inventories with production-ready assets.

With Northern Orion generating in excess of US\$50 million in annualized yearly cash flow from Alumbrera, and owning 100% of the adjacent massive Agua Rica copper-gold deposit, the current valuation of the company is exceptionally low relative to its peers.

Alumbrera is one of the lowest cost producers of copper in the world, net of gold credits, with a projected cash cost of less than US\$0.15 per pound with copper trading at US\$1.30.

Technicals

The daily chart shown on page one provides a short-term perspective of Northern Orion's correction. Given our premise for the metals, severe corrections offer excellent opportunities for (re) entry into rare finds like this.

The first thing to note on the daily chart is the supportive nature of the 50% Fibonacci Retracement line. What was once resistance at the C\$2.75 area became much-tested support after the early November 2003 price breakout. No less than 4 tests can be counted after which we saw a succession of higher highs and higher lows. You will recall that old resistance becomes support and vice-versa – the "memory effect" so often found and of use by TA practitioners. The accelerating trend that left this support area behind during the recent run up to test the recent new metal price highs was broken when our "line in the sand" gave way. We were stopped out of NNO at C\$3.19.

Given the gold and copper corrections, it is easy to see why NNO broke down. But you have to believe that anticipated Q1 financials are going to benefit handsomely from that exceptional price run up in the metals, providing a further windfall of cash flow to NNO.

Yes there could be further downside to NNO, mostly dependent on commodity prices. Nest support levels are found at C\$2.41 and C\$1.98. Do I think we'll see these prices this cycle? Frankly no, but one can wish! It would offer an opportunity to reset at bargain prices. The only spoiler would be to be wrong on the demand for the metals. Given the fundamentals for gold and copper (see my separate reports on this), I'm betting on NNO. We are re-establishing one-half of our intended position with a purchase at C\$2.76.

MACD and the RSI are both in over-sold territory. The OBV indicator in the upper chart window confirmed strong accumulation of the stock (versus distribution) as it powered higher, with only some recent apparent profit taking evident. The so-called "smart money", given the relatively low-volume correction, is holding fast.

Knight Resources Ltd. (KNP-TSX Venture)

Knight Resources and JV partner Anglo American have made a significant nickel discovery on their West Raglan property in northern Quebec. West Raglan is on the same geologic belt (The "Raglan Horizon") as Falconbridge's Raglan mine, a producing nickel mine in the region.

Knight is managed by a team of professional geologists, Harvey Keats and Kerry Sparkes, who were key personnel in developing the world class Voisey's Bay nickel deposit in the 1990s.

Knight is earning a 49% in the property from Anglo American. The West Raglan Project also covers over 65 km of the western extension of the Expo-Ungava Horizon which hosts the Expo-Ungava deposit and the Mesamax occurrence, discovered by Canadian Royalties in 2002.

The Cape Smith Belt in northern Quebec has emerged as one of the most prospective areas in the world to discover new nickel deposits. By entering into an agreement with Anglo American to earn a 49% interest, Knight positioned itself with the West Raglan Project, a 720-square-kilometer land package, in early 2003 before the recent large move up in metals prices.

One of mining giant Falconbridge's richest properties is its Raglan nickel mine, located 90 kilometers east of the eastern margin of the West Raglan Project. Resources, reserves and mined ore to date at Raglan total 28 million tonnes averaging 2.8% nickel and 0.8% copper, with significant platinum group elements and cobalt.

The known nickel deposits in the Cape Smith Belt occur in two different settings: the Raglan Formation and the Delta Horizon. Falconbridge's resources and reserves are hosted by the Raglan Formation, and occur in nine separate ore deposits over a 55-kilometer strike length.

In 2002 Anglo American flew the entire property with their deep penetrating electromagnetic and magnetic airborne system, confirming the existence of 70 km of strike length of the Raglan Formation and 65 km of strike length of the Delta Horizon, all on the West Raglan Project.

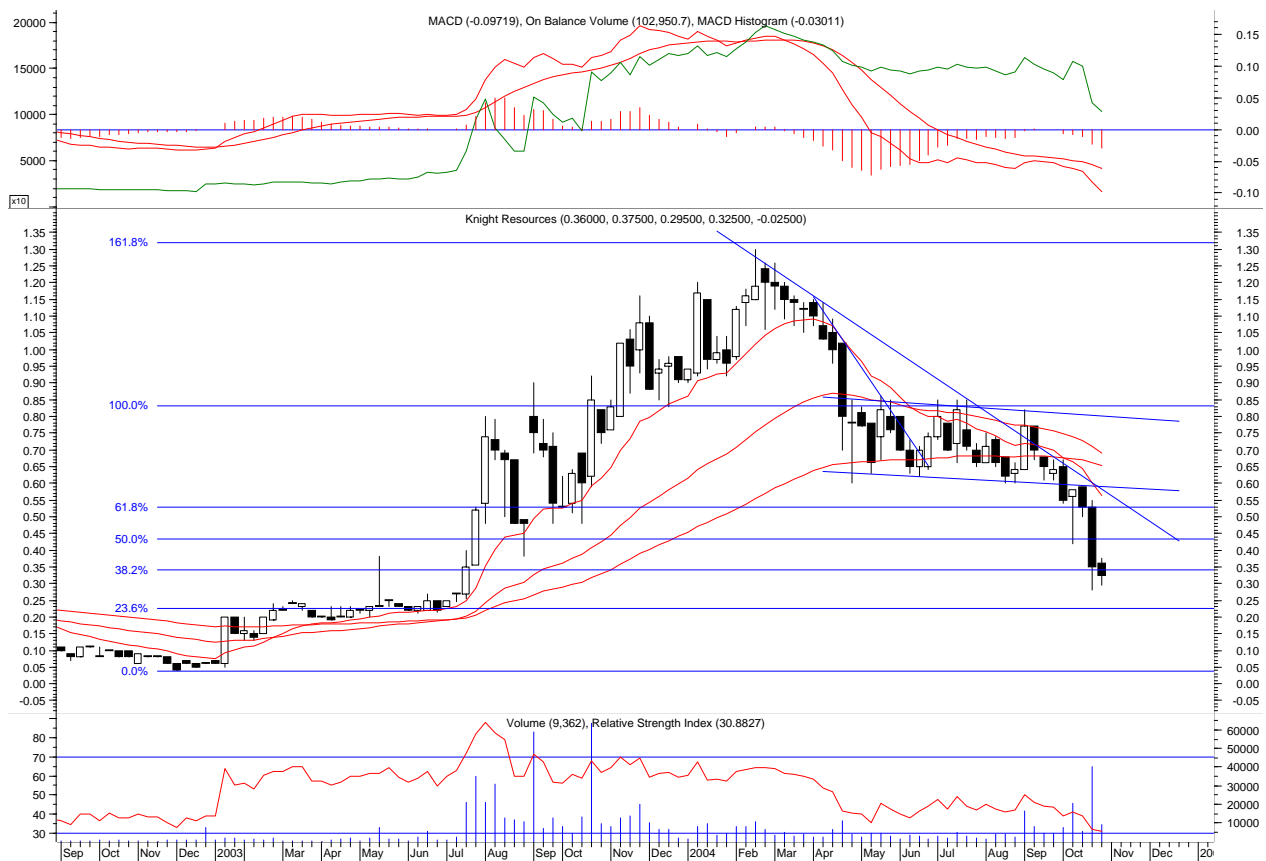
In July 2003 surface sampling discovered high grade boulders on the West Raglan Project. The best grab sample taken assayed 3.41% nickel, 2.91% copper, 0.09% cobalt, 3.3 grams per tonne palladium and 0.84 grams per tonne platinum. A total of 18 holes were drilled, eight of which intersected significant nickel, copper, cobalt, platinum and palladium mineralization in the Frontier area of the project. A 1% nickel grade equates to a gold grade of about 11 grams per tonne – to give some perspective as to how rich this find is.

The discovery hole (Hole 8) hit 14.75 meters of 3.04% nickel. The best hole, Hole 16, intersected 5.12 meters of 4.16% nickel averaging 35% sulphides, including a stunning 0.67-meter intersection of 11.83% nickel in massive sulphides.

Knight has only eight holes with significant mineralization to its credit, but it is directly on trend with the rich Raglan mine. Knowledgeable geologists who have seen the core believe it's identical to the Raglan mineralization.

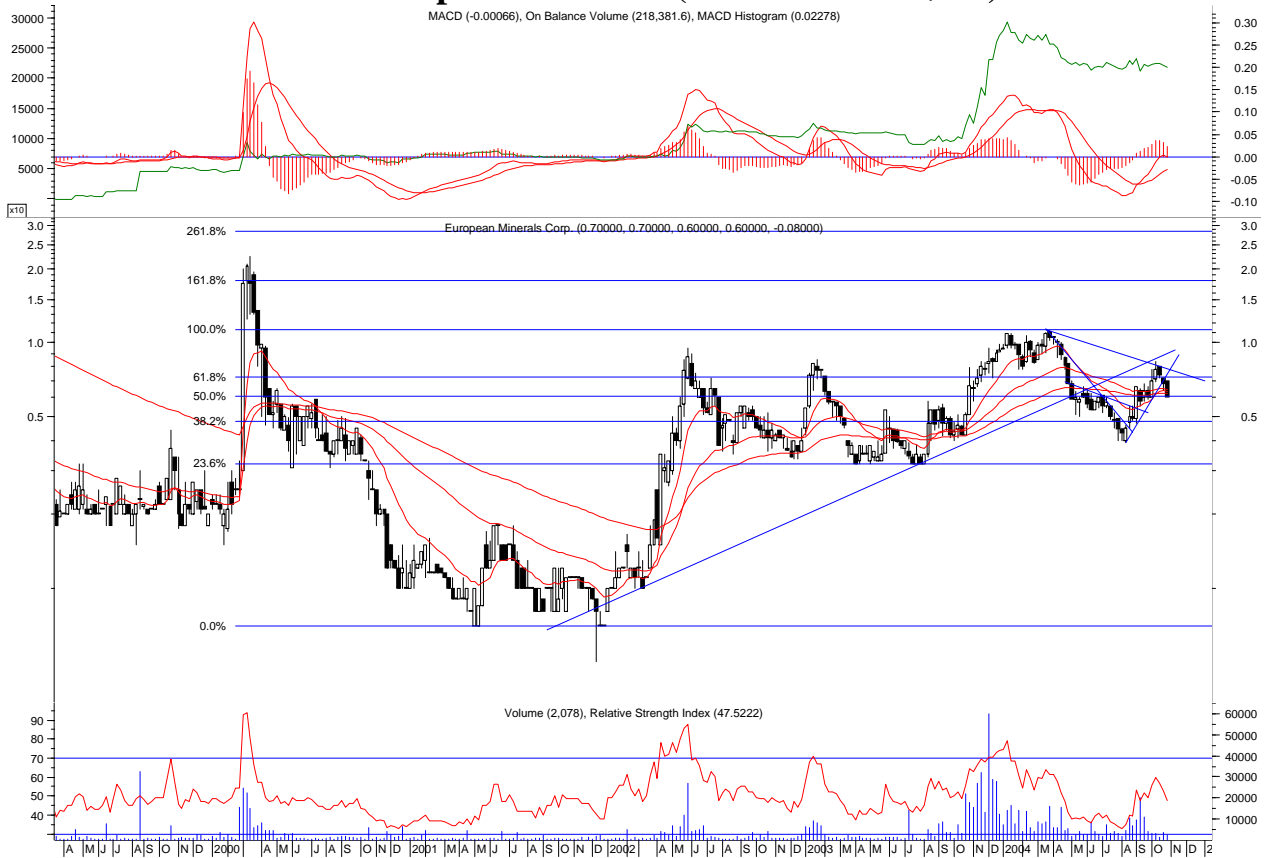
Drilling at the West Raglan Project resumes this June with a C\$4.4 million exploration program focused on the Frontier area, target drilling on the virtually unexplored 70 km strike length of the Raglan Formation, and target drilling on the 65 kilometers of strike length of the Delta Horizon.

With little in the way of news since last year's results, the subsequent correction in the resource market, and now the latest Novawest Resources litigation against Anglo American regarding this property, the share price has pulled back. We believe the correction is overdone, and price has reached a tested support area suggesting a bargain entry price is at hand.



Knight Resources (KNP-TSXv) Weekly chart, Semi-log scale

European Minerals (EPM.U-TSX - \$US)



European Minerals (EPM.U-TSX - \$US) Weekly chart, Semi-log scale

Website: <http://www.europeanminerals.com>

European Minerals Corp. is focused on developing quality gold assets in the "Nevada of Eastern Europe" -a large, undeveloped mineralized belt called the Carpathian Arc, stretching from Greece up through the Baltic States. The investment opportunity is to acquire and develop high quality gold assets in this region which has not been extensively explored by modern methods.

The company is managed by an experienced team of mining and financial professionals with demonstrated ability in raising development finance for mining projects. The company's 86% owned Varvarinskoye gold-copper deposit already has a two million ounce gold equivalent reserve, outlined by an independent feasibility study. An open pit mine, Varvarinskoye is projected to produce 120,000 oz of gold equivalent per year at US\$188/oz cash operating cost.

Technicals

Support is found at the US\$0.66 area which we suspect will hold. The metals market and news flow will largely dictate this stocks upside from here.

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