Growth Stocks Weekly

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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%; 2005 28.2%**

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Portfolio Review Edition

May 1, 2005

(All $Cdn unless noted)

Current Model Portfolio

Entry Dates	Units	Position	Ticker	Average Cost	Current Price	Current Value $	Gain/ (Loss)
8/02, 03/03, 10/04	900,000	Bell Resources	BL-TSXv	0.134	0.210	189,000	57%
10/04	150,000	Bell Resources 1yr $0.30 Wts		0.000	0.000	0	N/A
10/04, 03/05	175,000	Bankers Pete 5yr $0.95 Wts	BNK.WT-TSXv	0.905	0.800	140,000	-12%
02/05	100,000	Bravo Venture Group	BVG-TSXv	0.209	0.335	33,500	60%
10/03	120,000	Consolidated New Sage Res	CNW-TSXv	0.125	0.095	11,400	-24%
11-12/04, 4/05	150,000	Eastern Platinum Limited	ELR-TSX	1.510	1.380	207,000	-9%
4/05	50,000	Eastern Platinum 3yr $2.00 Wts	ELT.WT-TSX	0.000	0.350	17,500	N/A
11/02, 01/03, 10/03	100,000	Entrée Gold Inc.	ETG-TSXv	0.364	1.020	102,000	180%
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	EDV-TSX	2.404	2.820	28,200	17%
12/03, 11/04	100,000	European Minerals	EPM-TSX	0.837	0.640	64,000	-24%
12/02, 10/03, 05/04	610,000	Grandcru Res Corp	GR-TSXv	0.204	0.200	122,000	-2%
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	KNP-TSXv	0.529	0.215	21,500	-59%
05/04, 02/05	25,000	Northern Orion Res	NNO-TSX	3.056	2.960	74,000	-3%
04/05	35,000	Oriel Resources	ORL-TSX	0.860	0.860	30,100	0%
06/04, 09-10/04, 03/05	250,000	Pacific Stratus Ventures	PVL-TSXv	0.341	0.300	75,000	-12%
03/05	50,000	Pacific Stratus 18mo $0.50 Wts		0.000	0.000	0	N/A
06/04	37,500	Pacific Stratus 2yr $0.60 Wts		0.000	0.000	0	N/A
03/05	50,000	Paradigm Oil & Gas	POGI-OTCBB	US0.595	US0.47	28,500	-22%
01-04/05	100,000	Southern Silver	SSV-TSXv	0.558	0.330	33,000	-41%
09/04	50,000	Terra Nova Gold	TGC-TSXv	0.303	0.160	8,000	-47%
08/03, 10/03	641,667	Tri-Alpha Investmts	TAL-TSXv	0.189	0.105	67,375	-44%
08/03	83,333	Tri-Alpha Inv $0.20 Wts		0.000	0.000	0	N/A
4-5/02, 7/02, 11/02, 3-6/03	1,080,000	VRB Power Systems	VRB-TSXv	0.155	0.830	896,400	434%
01/04, 03/04	50,000	Yale Resources	YYL-TSXv	0.225	0.190	9,500	-16%
03/04	25,000	Yale Resources $0.40 Wts		0.000	0.000	0	N/A
		Cash Credit				25,436	
		Portfolio Value (NPV)				**2,183,411**	

Prior Year NPV (May 5, 2004)	$1,703,251
One Year NAV Growth	**28.19%**

Review of Portfolio Changes during year

Company Name	Comments	Current Price
Eastern Platinum (ELR-TSX)	Bought 100,000 units (1 share, 1/2 wt) for $1.50/unit (Apr 22/05)	1.38
Oriel Resources (ORL-TSX)	Bought 35,000 shares at $0.855 average (Apr 17-29/05)	0.86
VRB Power Systems (VRB-TSXv)	Sold 300,000 shares @ $0.865 average (Apr 1-29/05)	0.83
Bankers Pete 5yr $0.95 Wts (BNK.WT-TSXv)	Bought 75,000 warrants @ $1.30 average (Mar 21-Apr 1/05)	0.80
Bankers Petroleum (BNK-TSXv)	Sold 50,000 shares @ $1.86 average (Mar 21-Apr 1/05)	1.20
Paradigm Oil & Gas (POGI-OTCBB)	Bought 50,000 shares at US$0.595 average (Mar 17-30/05)	US0.47
Sennen Resources (SN-TSXv)	Stop-loss 100,000 shares at $0.482 average (Mar 14/05)	0.24
Bankers Pete 5yr $0.95 Wts (BNK.WT-TSXv)	Bought 75,000 warrants @ $0.79 average (Mar 11-16/05)	0.80
Bankers Petroleum (BNK-TSXv)	Sold 50,000 shares @ $1.35 average (Mar 11-16/05)	1.20
Pacific Stratus Ventures (PVL-TSXv)	Bought 100,000 Unit PP @ $0.25 (Mar 8/05)	0.30
Bravo Venture Group (BVG-TSXv)	Bought 30,000 shares @ $0.27 average (Feb 16-18/05)	0.34
Bankers Petroleum (BNK-TSXv)	Sold 10,000 shares @ $1.05 average (Feb 16-17/05)	1.20
Bankers Petroleum (BNK-TSXv)	Sold 40,000 shares @ $0.92 average (Feb 10-11/05)	1.20
Bell Resources 1yr $0.20 Wts	350,000 warrants expired out-of-the-money (Feb 5/05)	0.00
Bravo Venture Group (BVG-TSXv)	Bought 70,000 shares @ $0.18 average (Feb 2-4/05)	0.34
Northern Orion Res (NNO-TSX, NTO-Amex)	Added 10,000 shares @ $3.45 (Feb 1/05)	2.96
Southern Silver (SSV-TSXv)	Bought 100,000 shares at $0.552 average (Jan 20-Apr 1/05)	0.33
VRB Power Systems (VRB-TSXv)	Sold 120,000 shares @ $1.015 average (Jan 13-26/05)	0.83
Sennen Resources (SN-TSXv)	Bought 100,000 shares at $0.36 average (Dec 13-16/04)	0.24
Jonpol Expl (now ELR, 4 for 1 exch)	Bought 200,000 shares at $0.325 average (Nov 24-Dec 16/04)	0.35
European Minerals (EPM-TSX)	Added 50,000 shares at $0.68 average (Nov 8-10/04)	0.64
Bankers Petroleum (BNK-TSXv)	Bought 50,000 PP Units @ $0.55 (Oct 26/04)	1.20
Bell Reources (BL-TSXv)	Bought 150,000 PP Units @ $0.20 (Oct 21/04)	0.21
Knight Resources (KNP-TSXv)	Bought 50,000 shares @ $0.33 (Oct 19/04)	0.22
Pacific Stratus Ventures (PVL-TSXv)	Bought 75,000 shares @ $0.40 (Sept 30-Oct 1/04)	0.30
Terra Nova Gold (TGC-TSXv)	Bought 50,000 shares @ $0.30 (Sept 8-14/04)	0.16
VRB Power Systems (VRB-TSXv)	Sold 266,666 shares @ $1.09 average (Sept 22-Oct 8/04)	0.83
Northern Orion Res (NNO-TSX, NTO-Amex)	Bought 5,000 shares @$3.06 (May 21), 5,000 @ $2.41 (Aug 31)	2.96
Bankers Petroleum (BNK-TSXv)	Bought 100,000 shares @ $0.34 (July 15-16/04)	1.20
Endeavour Mining Capital (EDV-TSX)	Bought 10,000 shares @ $2.40 average (May-June/04)	2.82
Pacific Stratus Ventures (PVL-TSXv)	Bought 75,000 Unit PP @ $0.40 (June 11/04)	0.30
Grandcru Resources (GR-TSXv)	Exercised 250,000 Grandcru Res Wts @ $0.20 (May 22/04)	0.20
Yale Resources (MRK-TSXv)	Exercised 25,000 Yale Res Wts @ $0.15 (May 12/04)	0.19
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 inactive “shells”). Whether they are temporarily up or down during the early formative stages is not that important to us. Their home-run potential and the fact that we are buying them before they become active put tremendous odds in our favour, given time.

Due to their restructuring, pedigree, ownership / change of control, controlling interests, etc. we often accumulate speculative positions BEFORE we know what will become of them. We assume something will, given the facts at hand, and so we wait. The waiting could be lengthy – maybe forever – or so it may seem. But this has the effect of lowering our downside risk considerably, avoiding chasing deals that are already up several fold.

Such a tact has served us very well indeed in the past, and generally pays off handsomely. Just remember to not sell too soon on these types of investments, as they generally become 5 or even 10-baggers from where we like to buy them, once they get on track …. occasionally a lot more!

Remember – early stage deals, especially when still shells, may require patience to accumulate, and are often “tightly” held (ie. illiquid!), so make sure you have a broker that understands these markets and can execute appropriately!.

So where are we in the cycle?

Gold and the US Dollar

Many of the best analysts we follow believe we are firmly in a secular bull market in precious metals (gold, silver, platinum, etc) that will continue for the foreseeable future. There is little that fundamentally or technically stands in the way of this trend continuing. To put today's prices into some context, adjusted for inflation, gold's peak at $850 in January 1980 would correspond to $1,950 today; $50 silver then would be $115 silver today.

Gold not only continues to do very well, it is signaling its readiness to break to higher ground. More significantly, gold appears to be de-linking itself from the US dollar, which means it will begin to do its own thing regardless of the direction or whether the US dollar strengthens of weakens against any particular currency (we happen to believe it HAS to weaken in any case – further supporting higher gold prices in US dollar terms). Once this becomes evident to the mainstream pundits gold's long term appeal will strengthen and gradually overcome its past reputation as a dead money investment. Gold should continue to grow in respectability and recognition over the next years, and eventually been seen for what it is - an anchor to stability, a store of purchasing power, as the US dollar is further de-based.

Gold is only starting to overcome almost 25 years of negative publicity, cultivated during an era when investors believed cyclical recessions and depressions were a thing of the past, that the price of gold would always go down, and that mining is a waning industry and a poor place for investment capital. It bears pointing out that during the last secular bull market from late 1971 to early 1980, gold rose 2,400%, silver 3,500% and crude oil almost 400%. We likely have a long ways to go, albeit you need a multi-year perspective and an ability to ignore the daily news headlines and sound bites on CNN.

GFMS (http://www.gfms.co.uk/whoweare_background.htm) is arguably the world's foremost precious metals consultancy, specializing in research into the global gold, silver, platinum and palladium markets. This professional group is considered by many to be the most authoritative institution that monitors and forecasts the direction of the gold price. What these folks say should be listened to.

GFMS forecasts in their recent report (London, 4-28-2005) that there is clear upside for the gold price, chiefly stemming from its investment potential. With the twin US deficits marching forward unchecked, dollar weakness, and eventually a sharp slowdown in the US economy, are distinct possibilities. Ally that with an event driven rally in the oil price, "GOLD HEADING FOR THE $500 MARK NO LONGER LOOKS FANCIFUL". Furthermore, GFMS believes that the down side is quite restrained, given the robust nature of physical demand and its ability to respond to a dip in the price.

I believe that gold is in a secular (long term) Bull Market. Only in a major financial meltdown, such as which occurred in 1929, would gold equities sell off along with other paper assets. Barring such an event, gold shares will occasionally mirror the fall of common stocks as their Bear Market resumes, mainly because it is human nature to throw out the baby with the bath water when emotions are high. While a sharp equities decline will likely be accompanied by a similar reaction in gold equities, even if this occurs it should be very short-lived and an opportunity to fortify positions – gold as a store of value has outlasted all past currencies and has very effectively transported wealth between generations for thousands of years.

The US dollar has moved higher this month, but it remains bearish, with the major trend down and worldwide sentiment continuing to worsen. The Prime Minister of Japan, central banks in countries like China, India, Russia as well as billionaires like Warren Buffet and Bill Gates, former Fed chairman Paul Volcker, several Fed presidents and the former assistant Treasury Secretary in the Reagan Administration have all been expressing public concern (extremely so in several cases) about the future value of the US dollar.

A recent Bank of International Settlements ("BIS" - http://www.bis.org/) study concluded that Asian central and commercial banks have reduced their dollar holdings over the past three years from 81% to 67%. More worrisome, the US's biggest lender, Japan, has been a net dollar seller in four out of the past six months. These countries simply cannot afford to keep funding US spending. The US is heavily in debt and living well beyond its means. Growing numbers believe the dollar will be unable to maintain its world reserve currency status, and they want to reduce their exposure. No country has ever been able to keep its world reserve status while building up huge debt levels.

Speaking of the Bank of Japan, it says it expects another year of deflation - which means they have endured over eight years in a row of falling prices. Could America ever experience such a long, slow, soft slump? We doubt that the US could stand eight years of deflation; mainly because it couldn't afford it. The Japanese had savings and they are net exporters. The US on the other hand is more like Argentina.

Over the last year the US trade deficit soared to a new high of $666 billion, or 6.3% of GDP. Over $2 billion per day needs to be lent by foreigners to keep the US spending party going. Anything over 5% of GDP is considered extremely dangerous and puts further downward pressure on the currency.

Having a currency that is also the world's reserve currency has permitted Americans a degree of imprudence that no other people in the history of the world have ever been permitted. Who else could run $666 billion annual trade deficits? Who else could borrow so much money with so little hope of ever paying it back? Bankrupting yourself in order to help the Third World may be a noble thing to do, but it is only noble if you do it on purpose.

Foreigners have accumulated $3.6 trillion in US assets over the past 15 years thanks to the growing US trade deficits, but obviously this trend has been accelerating rapidly – some say it's out of control. The US dollar index (basically the US dollar value versus a basket of currencies) has been in a steep decline for over three years but recently managed to hold at its old 1995 low. But as long as the dollar index stays below 86.50 the major trend remains bearish, meaning the dollar's inevitably headed even lower. Once there's a break below this line of support we typically should see a rapid acceleration to the downside. It looks to me that the Fed is pulling out all the tricks available to try to delay this event – the proverbial finger in the dike.

Since the early 1970s when it was de-linked from gold, the US dollar has dropped 70% against other currencies. The current dollar decline is simply a continuation of the long-term downtrend. The dollar is headed lower and since gold and the US dollar move in opposite directions, this is going to add significant further upward pressure on gold.

Since the creation of the Federal Reserve system as America's central bank, gold has remained steadfast and immobile as a store of value. An ounce today buys about the same amount of goods and services as an ounce in 1913. The US dollar on the other hand has suffered from the countless political delusions and all-to-human foibles that came along - the war in Europe, the New Deal, WWII, the Cold War, the Vietnam War, the war on poverty, the war on illiteracy, the New Frontier, the Great Society, Social Security, Medicare, Medicaid, the war in Iraq, the war on terror …. as a result, a dollar is only worth five cents today in comparison to one in 1913. This historical trend of debasement has been accelerating.

The Awakening 3rd World

China has become the world's No. 1 beneficiary of America's great credit boom. To find gainful employment for 100's of millions of peasants China has set out to make and sell everything to everybody. How much China can make and sell is limited to how much other countries can buy. In this regard, the US Fed and the unique reserve currency status of the US dollar has allowed Americans to keep buying Chinese goods in spite of having run out of money. Were it not for Americans' ability to go more deeply into debt than any other people have ever done, there would be far fewer Chinese products on the shelves. This growth has in turn created critical mass for the Chinese economy where a burgeoning middle class is emerging – with its own demands for all the goods and services most of us take for granted. This is not a trend that will stop anytime soon.

Much of our portfolio exposure (gold, oil and gas, base metals and energy storage) is predicated on continued strong growth in China. Chinese economic growth has been averaging 9.7% a year from 1990 to 2003. The People's Bank of China said that China's foreign exchange reserves rose 51% last year to $610 billion, a new record. But recently, the overwhelming bulk of that increase in reserves was NOT in US dollars!

China's M2 money supply growth expanded 14.6 percent from a year earlier. M2 in China is now up to 25.3 trillion yuan, or roughly $3.06 trillion, which is, for comparison, about half of the US M2 money supply. It appears that the Chinese now want to invest in producing higher-value items. As one of the bright lights at The Daily Reckoning website observed, also looking at the US trade deficit, "Over the last 12 months, exports of 'high tech products' actually FELL 21%."

Last year China's central bank, which is still Communist, did an extraordinary thing. The media focused on their increase of official interest rates for the first time in nine years, a minor but symbolic raise from 5.31% to 5.58%. That is the rate people can borrow at. It also raised deposit rates for the first time in over 11 years, from 1.98% to 2.25%. The first interesting thing about this is the suggestion that China is now using interest rates to determine who gets credit.

If this trend is followed, and more rate rises are expected in the coming months, this is a big change. Historically credit has been rationed in the old Communist fashion by state fiat: state sponsored industries and companies are able to get cheap credit ahead of the private borrowers. Higher official rates hit these state-sponsored borrowers, but if credit is tightened further there is some potential for a hard landing for the entire region.

There is another important implication to what China did by raising deposit rates for the first time since 1993. Possibly this is signaling a new trend that breaks down China's fixed exchange rate system, which pegs to the US dollar. Expectations that interest rates will go higher may cause speculative (hot) money to pour into China, hoping that the currency will lift against the dollar to a more realistic level.

Inflation adjusted charts of key commodities suggest that recent price increases are only just beginning. During the last resource boom that topped out in 1980, the price of uranium then at $42 would be equivalent to $96 today. $1.44 copper would be $3.30. $38 crude would be $87. Like the 1970's, we are coming out of a long period of under-investment in resources. With the US government's printing presses going flat-out 24/7 similar to the highly inflationary economic stimulus policies of the late 1970's, and the added impetus of massive wealth creation in countries like China and India, the current cycle will likely surprise most investors with its strength and duration.

Buying the dips

Markets never go anywhere in a straight line for long, so it pays to recognize that we will see higher highs as well as higher lows before achieving our blue-sky expectations. The current correction in the markets, especially the commodities and junior sectors, is a case in point. You'd think oil was down to $35 and gold back to $340 rather than the $55 and $435 levels where we find ourselves. What is going on? Why are investor expectations so fickle? Where's the conviction given the current fundamentals? Does the market sense something we can't yet see, or is this typical of bull markets – severe corrections that have all but the strongest hearts running for cover – and probably giving back most if not all of their hard-won profits, again?

The severe deterioration in the prices of gold and silver stocks, the metals in general, and the oil and gas sector have been nothing less than perplexing, and for many who bought at higher levels, outright depressing. Yet, the commodities charts long-term trend-lines are very much intact. As long as they hold, the outlook remains bullish. Clearly, these are buying opportunities, yet those who bought at higher levels instinctively compound their misery by selling at what is likely the bottom.

An added factor is the ebb and flow of "hot" money and hedge funds seeking fast returns as a cause of greater volatility, as well as the time of year – tax season, last year's historically high number of fundings coming free trading, and even the old adage to "go away in May" may have been an influence.

It's worth remembering that there was a massive slump in the middle of the 1970's for the resource sector when all commodities and the US economy as a whole took it on the chin, prompting the highly inflationary "economic stimulus" policies of the late 1970's. This is eerily similar to the recent equity and metals bear market of 2001-2002 and the "we'll throw $100 dollar bills out of helicopters if necessary" Fed policies that followed. The difference now, with the incredibly high debt levels of both the consumer and the government, is that there is no choice but to keep priming the pump; keeping the liquidity high. To risk a recession in the US now would run the risk of tipping the over-extended consumer and real estate boom into sell-mode – which could quickly get out of hand and risk a Japan-style deflationary correction – only much quicker and uglier.

Final Word

Debt levels are at an unmanageably high level. Consumer debt, mortgage debt, corporate debt, federal debt, unfunded federal mandates, federal obligations to the coming tidal wave of retirees, and the trade deficit. There really is little alternative from the US Fed's perspective. Keep everyone optimistic while they try to ease their way slowly into repudiating their obligations – through the continued printing of dollars and the luring in of foreign borrowings through higher interest rates. A juggling act with little room for error, likely to be managed only through the resilience of the US's "too large to fail" economy – and the failure of any other country or economic block to offer themselves as a viable (less scary) alternative.

"All great societies pass this way eventually, running up unsustainable debts and printing (or minting) currency in an increasingly desperate attempt to maintain the illusion of prosperity. ... Either they simply collapse under the weight of their accumulated debt, as did the US and Europe in the 1930s, or they keep running the printing presses until their currencies become worthless and their economies fall into chaos.

This time around, governments the world over have clearly chosen the second option. They're cutting interest rates, boosting spending, and encouraging the use of modern financial engineering techniques to create a tidal wave of credit. And history teaches that, once in motion, this process leads to an inevitable result: Fiat (i.e., government-controlled currencies) will become ever less valuable, until most of us just give up on them altogether."

- The Coming Collapse of the Dollar and How to Profit from It by James Turk & John Rubino

Increase Leverage - Decrease Risk

Given our premise for the longer term trend to continue, and the fact that we have a ways to go in this secular cycle, savvy investors would want to maximize their returns by investing not only in precious metals and resource stocks but also their associated warrants.

Most warrants are listed and traded on the Canadian Exchanges. If your current brokerage firm does not accept orders on the small Canadian mining stocks and/or their associated warrants you are urged to contact the U.S. discount brokers. Some have actually invested significant resources towards this specialized area, and it would be worthwhile to seek them out.

A warrant gives the holder the right, (but not the obligation), to purchase the underlying stock at a specific price, within a specified time period. In essence, a Warrant is a long-term option.

Warrants are usually issued by a company in connection with a private placement or financing arrangement. Some of these warrants remain privately held and do not trade in the open marketplace. We have examples of both in our model portfolio, easily distinguished by whether they have an associated ticker symbol.

As an individual investor, your objective is usually to only trade the warrant, not to exercise the warrant. The warrants trade freely, just like the common stock, but are often much less liquid. There is both a time value and intrinsic value associated with their trading price at any moment in time, and it's important to understand the risk-reward relationships of the warrant with respect to the underlying shares, the leverage involved, and the time value.

Currently there are many warrants trading with expiration dates out to the year 2010. Warrants expiring within, say, 2 years, while they may possess great upside leverage, also pose a greater risk. It is widely recommended for most investors to focus on warrants with at least 2 years left before expiration date.

Leverage

The reason most investors acquire Warrants is to increase their Leverage. Most investors are looking for at least a 2:1 ratio. In other words, if the common stock doubles (100%), we are looking for a minimum 200% move in the price of the Warrant.

Decreased Risk

Another primary reason for buying Warrants, in lieu of the common stock, is to decrease your investment dollars and thus your risk all the while maintaining the same equity position.

For example, say, Bema Gold is trading at $3.00, while the in-the-money warrant is trading at $1.84 USD. Thus, a purchase of 1,000 warrants for $1.84 in lieu of 1,000 shares of Bema common for $3,000 has reduced your investment dollar exposure/risk while maintaining your equity control of 1,000 shares and still provides great upside leverage. Also, if Bema Gold incurred financial hardships and became worthless, you would have less dollars at risk with the Warrants and therefore a smaller loss.

Example

On May 13, 2003, Ralph Kettell from 321gold.com wrote an article titled, "Golden Leverage". Mr. Kettell had learned of Kimber Resources from an article written by J. Taylor (J. Taylor's Gold & Technology Stocks). Mr. Kettell, upon further research discovered that Kimber Resources had free trading Warrants.

In "Golden Leverage", Mr. Kettell did a wonderful job of laying out the potential benefits of investing in the Kimber Resources warrants at that time and projecting the profit potential at different price points. The warrants have since expired and we can see the actual benefits/rewards of having purchased the Warrants in lieu of the common stock.

The Kimber warrants expired on January 12, 2004 and had an exercise price of C$ 0.55. The common stock on May 12, 2003 was at C$ 0.50 and the Warrants would have cost us C$ 0.07. When the warrants expired, the closing price of the common stock was C$ 2.47 and the closing price on the warrants was C$ 1.85. So, had we purchased say 5,000 shares of Kimber common stock at C $ 0.50 we would have made a nice profit:

Estimated Sales Price Jan 9^{th}, 2004	**5,000 sh C$ 2.47 = C$ 12,350**
Cost , May 12, 2003	**5,000 sh C$ 0.50 = C$ 2,500**
	Profit C $9,850

If we had instead purchased an equal dollar amount of warrants for C$ 2,500 we would have purchased 35,700 warrants @ .07 = C$ 2,499 and made an Incredible Profit:

Estimated Sales Price Jan 9th, 2004	**35,700 wts C$ 1.85 = C$ 66,045**
Cost, May 12, 2003	**35,700 wts C$ 0.07 = C$ 2,499**
	Profit C $63,546

Profit %, ROI, (Return on Investment) for the common stock 394%
Profit %, ROI, (Return on Investment) for the warrants 2,542%

In this real life case, you could have made well over 6 times the return (6:1) by investing in the warrants instead of the common stock.

This is the power of leverage. A return of this magnitude is not out of the question on many of the warrants that are trading today (given the outlook by some of the top analysts for a secular bull market in precious metals). We have specialized in the junior markets because that's historically where the leverage is. To add on a well-thought-out strategy of using warrants, while not for everyone given that they do eventually expire, provides both downside protection (using less investment exposure) while providing greater percentage return potential.

We recently put out an alert and executed a swap of our Bankers shares, already a 5-banger near its recent peak (we started taking our money out in stages on the way after a double). The warrants are for 5 years and in the money with a $0.95 exercise price. With a 40 cent time premium they are a pretty good bet, given our expectations for the share price – with lots of time to see it executed.

Bankers Petroleum (BNK-TSX Venture)

Website: http://www.bankerspete.com

Our 17Jul04 Junior Gold and Natural Resource Sector Report initiated coverage in the mid $0.30's range, and we continued our interest with the purchase of another 50,000 units in the $17 million $0.55 private placement. The recent high of $2.07 on a massive daily volume of 22 million shares highlights that our methodology and strategy for finding and positioning in future winners is still very much valid.

Several key events have occurred which help explain why the stock broke-out on heavy buying interest in mid-January, and proceeded to its ultimate recent highs on huge volume.

On 17Jan05 the company announced that it was engaged in a competitive purchase program aimed at acquiring substantial acreage in oil and gas leases in North America in an area believed to have potential for natural gas production.

On 01Feb it was announced that Bankers received an updated engineering report from Adams Pearson & Associates on their Patos Marinza oil field in Albania, which conforms to National Instrument 51-101 Standards. The new reserve evaluation supports Bankers' plans for stable production with upside in Albania. Production from the field was then at a stated 1,500 Boe/d from 27 operating wells. Bankers holds an inventory of more than 2,500 cored wells (600 active) for potential re-completion. The evaluation points to **P90 and P50 recoverable reserves of 35 MMBbls and 98 MMBbls**, respectively. Before tax assigned values on a **PV10% basis are US$94 million and US$451 million**, respectively. Bankers is expected to exit 2005 with at least 3,000 Boe/d from this oil field.

On 10Feb Bankers announced their acquisition of lease rights to approximately 190,000 net acres of land in the Palo Duro basin of western Texas. Management believes that until recently significant hydrocarbons were overlooked in this region within the Lower Pennsylvanian Bend group sands and shales, and that these shales are geologically similar to the Barnett shale in the Fort Worth basin. The Palo Duro acreage offers not only geographic and political diversification, but is a potentially prolific shale gas resource, and adds exceptional blue-sky opportunity to Bankers.

On 23Feb Canadian-based oil and gas producer Bankers announced that it entered into an equity bought-deal financing agreement to be underwritten by lead underwriter Canaccord Capital Corp. and including Orion Securities Inc. in the syndicate for a **private placement offering of 31 million shares at $1.15 per share to raise gross proceeds of $35.65-million**. Proceeds from the private placement is ear-marked for further land acquisitions and technical development costs for the Bend group shales in the Palo Duro basin in Texas and for general working capital. The common shares are subject to a four-month hold period in Canada.

Bankers announced on 10Feb that it acquired approximately 190,000 net acres in the Palo Duro Basin with intentions of acquiring as many as 300,000 acres. Bankers joined companies such as PetroGlobe Energy, Legacy Exploration, Vintage Petroleum, Quicksilver Resources, Le Esperanza Oil & Gas, Gunn Oil Co. and GeoSurvey Inc. to bank on the prospect that oil and gas plays will evolve from the Palo Duro Basin, mostly in Floyd, Briscoe and Motley Counties in Texas.

According to the release, Bankers has identified the Pennsylvanian Bend group of sand and shales as a potential new significant oil and gas play in the state, comparing the geology, thermal maturity and organic content within the shales to the Barnett Shale in the Fort Worth Basin. The Barnett Shale is the most active gas play and the largest producing natural gas field in Texas, having produced over 1.2 Tcf of gas. The Barnett Shale is presently making about 30 Bcf of gas per month from approximately 3,300 gas wells. It estimated to contain one trillion cubic feet of recoverable gas per 45,000 acres in the core area.

Bankers Petroleum (BNK-TSX Venture) - Daily chart, Semi-log scale

A discovery well was tested last year in the Palo Duro basin and is reported to have flowed at 2.8 million cubic feet per day as quoted in the Texas Drilling Observer, Volume 6 issue, No. 31, dated Jan. 21, 2005.

This bought deal placement was priced at a 5-cent premium to the prior day's close, without any warrants, and with a 4-month hold period in Canada, providing a very strong endorsement for what Bankers acquired with their Palo Duro basin play. Information is scarce, but the discovery well information offers a clue. Industry players say that the well has in fact far exceeded the reported initial flow rates once improved fracture stimulation technology was applied. Extrapolation of the rumoured flow rates to a small company like Bankers generates truly wild share price numbers, which are best left to conjecture, and for time to make apparent. Obviously some large institutional buyers feel there's strong value at the $1.15 area. We understand that the bought deal was over-subscribed 3 to 4 fold.

On 18Mar Morgan Stanley put out a report on the Palo Duro Basin and prominently featured Bankers as the largest land holder along with Vintage Petroleum, a NYSE-listed US$30 stock. Guess which stock investors flocked to?

We had already sold off one-third of our position into the first rally to $1.66, as part of our long-established money-management and investment strategy, with the objective of recovering our initial investment dollars. Given the news of the bought deal financing, we continued to sell into strength, but chose to simultaneously replace our shares with the newly trading $0.95 5-year warrants issued with the $0.55 financing we had participated in. We now hold 175,000 warrants compared to the 150,000 private placement shares we sold over the last 10 weeks.

On 25Apr the company announced that it increasing its net acreage position in the Palo Duro Basin by over 25% to approximately 240,000 net leased acres.

Technicals

Banker's share price came alive in late May 2004 from the $0.05 area, achieving a price peak of $0.55 in mid-June before tapering off. Price eased to the major support area on the C$0.33 price line. The OBV has remained flat after the initial profit-taking dip caused by early accumulators and existing shareholders experiencing a 10-fold price move, following a multi-year period of inactivity. OBV started lifting mid-July, with net accumulation starting within 2 weeks of the 30 million-unit $0.26 private placement announcement having been made.

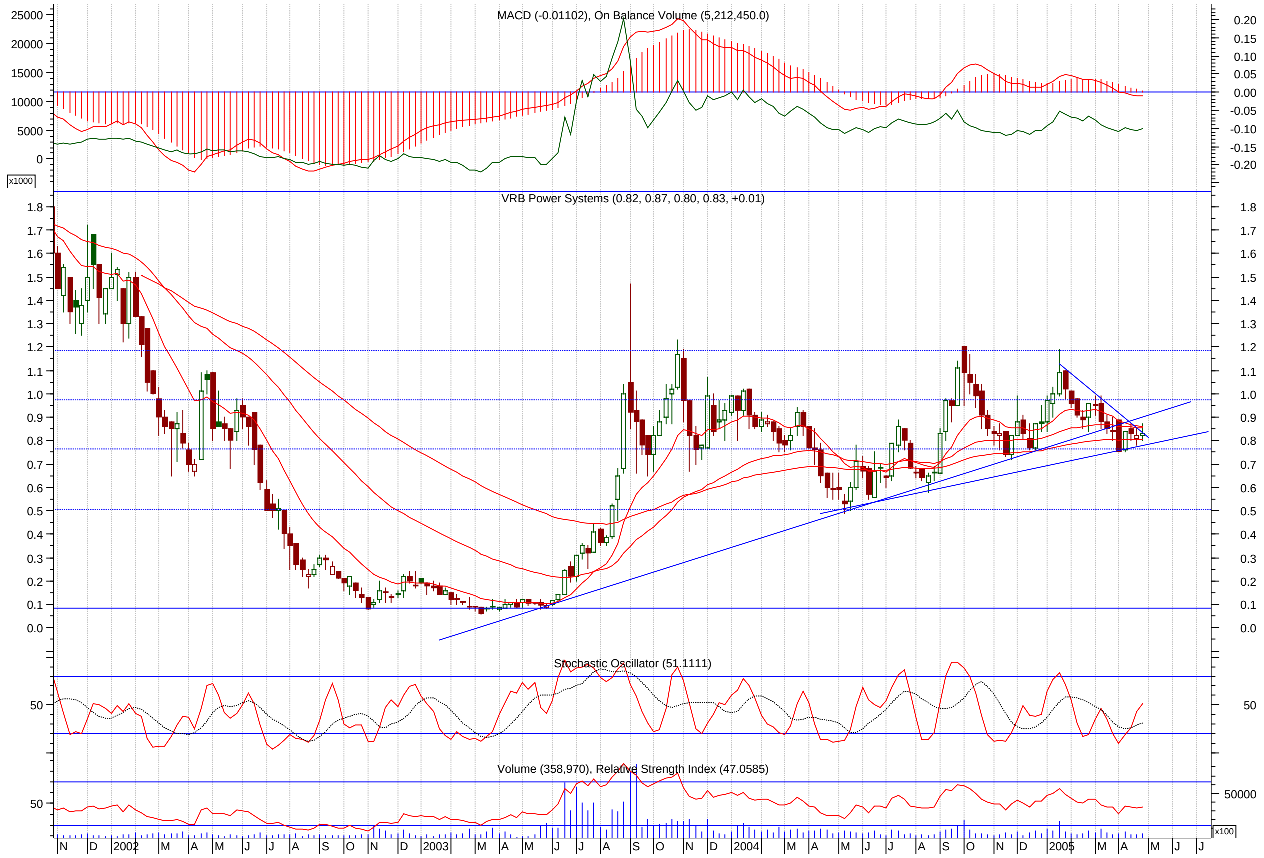
Price broke-out through the $0.48 resistance area in late September after several earlier attempts were thwarted. New support was established at old resistance, with an established uptrend clearly in place. With the over-subscribed and increased financing of $17 million @ $0.55/unit now all but behind them, it was becoming obvious that this company has strong institutional support and a very credible business plan was being accelerated with additional funding. The then-high at $0.76 and typical financing-announcement price pull-back was considered in my report at the time to be "a short-lived pause that will be looked back upon as timely window of opportunity to position into a rapid growth story".

28April early AM I put out the following: Today's low of $0.96 has now pulled back to the 38% Fibonacci retracement line, an extreme but not uncommon support area for corrections. This "correction" has been brutal for those caught buying up at higher levels, but our own regrets are modest, having had an average price of about $0.41 and having sold what we did at higher levels. It's always good to take your original capital off the table, but still no fun watching paper profits evaporate. The warrants we bought are modestly underwater, but were bought for their leverage to the upside longer term (they're 5 year warrants). Notice that the warrrants maintained a time value today that stretched to $0.60 from the usual $0.40 (as calculated from their $0.95 exercise price). That's encouraging.

House 2 has sold about 4 million shares over the last 2 weeks and have been the aggressive seller, along with house 7 (probably related). With today's blocks done at $1.00 we hear they're finally finished. It's been a bit of cat and mouse with them, with market makers efforts to take them out being stymied as they appear to be finished and then they come back with more size blocks. Each time the price was filled in to "accommodate" the next block. Fear of the unknown predominated the trading.

Today's close will be important technically, but it's looking like we hit our "oversold" buy line in the RSI and the Stochastic's bottom is level with the last low. We bought some shares today (*Ed.- buys will show in the portfolio on May 2 settlement, in next issue*) – starting to pick away between the $1.00 and 1.12 area. A close above the $1.20 would be wildly bullish, but we'll settle for anything above $1.02 for today, holding there for a day or two, with upticks starting the rebuilding process over the next week.

VRB Power Systems (VRB-TSX Venture)



VRB Power Systems (VRB-TSX Venture) – Weekly Chart, semi-log scale

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. We readily participated in several financing rounds and this has served us well. We believe the company has positioned itself very well, and is close to mass commercialization on several fronts.

Based in Vancouver, B.C., VRB Power Systems Inc. is an electrochemical energy storage company that has commercialized the patented Vanadium Redox Battery Energy Storage System ("VRB-ESS") and has acquired the intellectual property rights and assets to the Regenesys Energy Storage System ("RGN-ESS"). Classified as redox flow battery technologies, the VRB-ESS and RGN-ESS can effectively store electricity on demand and provide direct economic benefits to utilities and end users in terms of improved power quality, reliability and energy efficiency. The VRB-ESS and RGN-ESS are particularly well suited to load leveling (peak shaving), electrical power arbitrage, grid stability enhancements, capital deferment and Remote Area Power Supply (RAPS) applications. They are 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-ESS 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.

The RGN-ESS is intended for applications from 10MW's to 100 MW's with durations of 8 to 12 hours.
VRB Power is the only provider of a full range of Energy Storage products for use by end users and utilities. This comprises four product lines:

1. The VRB-ESS for small systems sized for telecom applications (2.5kW's to 10kW's - multiple hours) intended to replace lead acid battery backup systems.
2. The VRB-ESS for small systems designed for Utility and Remote Area Power Supply systems (less than 25kW's - multiple hours).
3. The VRB-ESS for larger applications from 25kW's to 10MW's - multiple hours.
4. The RGN-ESS for very large utility scale applications from 10MW's to 100MW's - 8 to 12 hours of duration.

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 our expectations of order size and gross margins involved.

*"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,** CEO & Chairman of the Board*

Technicals

The weekly chart illustrates an established uptrend from the lows of May 2003. Support is currently at $0.75 with resistance around the $1.20 area. New investors have met supply at the $0.90 area as a result of a private placement done there, with attached warrants exercisable at $1.15, expiring 6Feb06. A common theme by investors is often to sell the shares at or near cost and keep the free warrants for the upside. Price is coming off the recent retest of well-tested support (low risk buy area) and looking to start another challenge of the $0.98 resistance and eventually the $1.20 area. For a breakout to occur through the $1.20 area we would likely need to have announcements on commercialization contracts, which appear to be imminent.

Eastern Platinum (ELR-TSX)

Weekly chart: Year High C2.25, Low C$0.80, Last Trade C$1.27

Website: http://www.eastplats.com/

Eastern Platinum Ltd. ("Eastplats") aims to be a low cost PGM (platinum group metals) producer in 2006 by developing the 2 million ounce Mareesburg deposit, and the 8-10 million ounce Spitzkop deposit in South Africa. Both projects are high grade, platinum rich, near surface deposits all of which make for simple mining and low cost operations.

Mareesburg's feasibility study is underway and limited production is slated for 2006. Eastplats has a 75.5% interest in Mareesburg.

Spitzkop is one of the largest undeveloped PGM deposits in the world. Management believes its high grade has the potential to make it a low cost producer. Spitzkop has two platinum reefs, and Eastplats will focus on the UG2 reef which outcrops at surface. Spitzkop contains a total resource of 8.7 million PGM ounces grading 6.4 g/t (5 PGE + Au).

Eastplats earned a 50% interest in Spitzkop by providing the initial deposit of 16 million S.A. Rand (approximately $2.5-million U.S.) to Implats as agreed between Implats and the Spitzkop syndicate and will expend 30 million S.A. Rand (approximately $4.6-million U.S.) on Spitzkop to advance the project through to a bankable feasibility study.

The Company merged with Jonpol Explorations (JON-TSX) as of April 26, 2005 and the combined entity owns 87.5% in Spitzkop.

The Company currently has CAD$16 million cash and 103 million shares outstanding.

Platinum

We are bullish on all the precious metals, but the platinum story is particularly compelling. Although platinum is the rarest of the precious metals it is also essential in the production of a wide range of goods from gasoline and paints to pacemakers, disk drives and anti-cancer drugs. Auto exhaust emission and industrial usage takes up about 54% of supply while jewelry takes up about 40%.

The platinum story looks very compelling for at least the next 3-5 years. Platinum is in a trend with supply tightening and demand increasing for the last 6 years according to Johnson Matthey. More important, with platinum trading at 24-year highs over $800/oz for all of 2004, supply increases were only 230,000 ounces. Platinum was up over 54% from the 2000-2001 average price. Platinum has little political risk and above ground supplies are all in the global market.

About 75% of the platinum market is controlled by South Africa and almost 70% of the world's platinum comes from an area in South Africa called the Bushveld. The unique geological structure of this area explains why platinum supply may not increase very much in the future.

The Bushveld geological structure is a great bowl-like structure 300 kilometers across, buried in the ground. Mother nature coated the bowl with a 1 to 2 meter thick platinum group metal rich rock. The edges of the bowl are somewhat close to surface (200-500 meters) and the platinum is mineable by accessing this bowl's outer area. In the middle of the bowl, 1500-3000 meters below the surface, substantial platinum could be found, but the cost of extracting it from such deep levels is prohibitive. The coating or "reef" is only at best a few meters wide, a small area to extract the valuable rock. The fact that it is so narrow means that the mining must be done slowly by hand. Bottom line. This deep area and the narrow mining widths will mean very high cost production and supply will be limited.

The South African currency, the Rand, has appreciated so much in the last two years that the local price of platinum in Rand terms is not high enough to justify the high capital costs of production on platinum projects in the country. This has caused the cancellation of several projects and delayed others.

This situation may constrain the supply of platinum for many years. In the meantime, as populations and middle class consumers increase, platinum demand goes up, year after year. Since the metal is so rare and so useful, this situation should provide an excellent long-term investment opportunity.

At much higher prices, industrial users eventually may find substitutes and thereafter demand slows. But at $700-900/oz this has not happened and barring a major global recession we could expect platinum to remain in this price range at a minimum.

In the event of a global recession platinum should still remain above $500. During the last Asian meltdown (1996-99) platinum demand actually increased from about 4.9 million ounces to 5.6 million ounces. During the U.S. recession in 2001-2002, platinum demand increased from 5.6 million ounces to 6.2 million ounces.

The ideal investment opportunity would be to find a platinum company on the Bushveld with a low cost production, a high grade and substantial resource close to the surface that could withstand even a $500 platinum price. The merged Elgin-Jonpol opportunity promises to meet these criteria and offers a potential 4 to 5 fold return to investors from these levels.

Technicals

Interestingly, both the Elgin and Jonpol charts were already technically similar prior to their merger plans being announced. Both charts peaked in February 2004, hit their subsequent lows in August 2004, and retraced back up to key Fibonacci retracement lines before coming to rest just below their converging 13, 40 and 80 week MA's at the start of 2005.

The last (2nd) wave of this 7-month-long uptrend took price up to the next higher Fib line for both companies – with successive trading lows forming a very precise uptrend line extending from the Aug 2004 lows right until the last 3 days' low-volume "break" for Elgin. The Jonpol chart is similar, but does not show a break of its own uptrend line on the weekly chart. This suggests that Elgin's low-volume "break" is likely an isolated incident to Elgin, unrelated to "the deal" per se, and therefore may offer a short term anomaly / opportunity for intrepid traders.

It is my thought that a relatively large seller sought liquidity (ie a margin call, or possibly just to re-enter into the private placement to acquire the accompanying warrants) at a time when the resource markets (and the big board) were already suffering a vicious downdraft – a time when most potential buyers are already sitting on their hands. There were simply too few buyers available to meet an aggressive seller on short notice.

The fact that Elgin's trading lows of the day were short lived and that we saw a bounce back of half the drop suggests that at least some bargain hunters swept in after the seller was filled down to mid-April's $1.10 low. The $34 million $1.50 per unit-financing was well over-subscribed. The short term weakness did not deter the heavy institutional demand, and given the outstanding fundamentals for the project, we consider these trading levels a bargain-basement opportunity.

Strong technical support for Elgin is indicated between the $1.17 Fib line and the $1.21 80-week EMA, with some resistance now likely at the $1.40 area.

Issued & Outstanding as of April 25, 2005

Authorized Capital:	Unlimited common shares	
Issued Capital:		103,513,864
Warrants:		40,590,428
Agent's Warrants:		1,364,820
Options:		4,605,000
FULLY DILUTED:		150,074,112

The $34 million unit financing included one-half of one share purchase warrant with each unit. Each one whole warrant entitles the holder to subscribe for an additional common share of Eastplats at an exercise price of $2.00 for a period of three years. These share purchase warrants trade under the ticker **ELR.WT** and offer compelling leverage for the more aggressive investor.

Grandcru Resources (GR-TSX Venture)

Grandcru Resources (GR-TSX Venture) – Weekly Chart, semi-log scale

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 North Carlin region of Nevada and the Guadalupe de los Reyes district in Mexico, and 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 compelling portfolio of assets – especially their Mexican deal, and build an impressive management and geological team. They have attracted some serious and well-experienced mining talent, and we therefore intend to build on our already large share position as funds allow, hopefully prior to an uptrend developing in earnest. The shares are fairly tightly held by a core group of supporters, at significantly higher levels.

Technicals

Grandcru's share price cleared its long-term decline line in August 2003, achieving a price peak at old resistance of $0.80 by November before things went quiet. Price then ground down to a major support area, the crossroads of the newly-established long-term uptrend and the old long-term down-trend at the $0.25 area. More recently the price has broken down and is drifting as a lack of news and the opportunity cost of sitting with a non-performing investment lead to investor fatigue and a lack of new interest. This would be an opportune time to accumulate positions at a very low cost, before the company's inevitable awakening.

Tri-Gold Resources (TAL-TSX Venture) – Weekly Chart, semi-log scale

Website: http://www.trigoldresources.com

Tri-Gold recently completed a non-brokered private placement consisting of 325,000 units issued at $0.20/Unit and 600,000 units issued at $0.25/unit. Each unit consisted of one share and one-half warrant. The gross proceeds of the placement were $215,000, which are in addition to the $380,000 raised under identical terms back in January.

Tri-Gold announced the completion of a 1000 metre diamond drill program on the Company's Big Duck Lake Property Drilling of Happy Valley Labrador demobilized from the area late last week. The Property consists of 33 unpatented claims (311 units), five patented claims (5 units) and one lease (16 units) comprising 5,311 hectares. The claims form a block about 8kms long by 4kmswide and are located 35kms north of Terrace Bay, Ontario.

Six diamond drill holes tested targets based on work programs completed in 2003 and 2004. The programs consisted of data compilation, prospecting, excavator trenching and channel sampling. In addition, structural mapping of all the 2003 and 2004 trenching was completed in late 2004 to assist in drill target generation. One additional drill hole twinned historical anomalous drill results at the Coco-Estelle zone. (Note: The reported resource figure of 53,700 tonnes grading 10.7g/t gold is non compliant with National Instrument 43-101).

The drill program was exploratory in nature and designed to test some of the interesting mineralized lithologies and structures exposed in 2003/2004 trenching and to confirm historical drill results at the Coco-Estelle. Gold assays for the first four drill holes included several significant intersections.

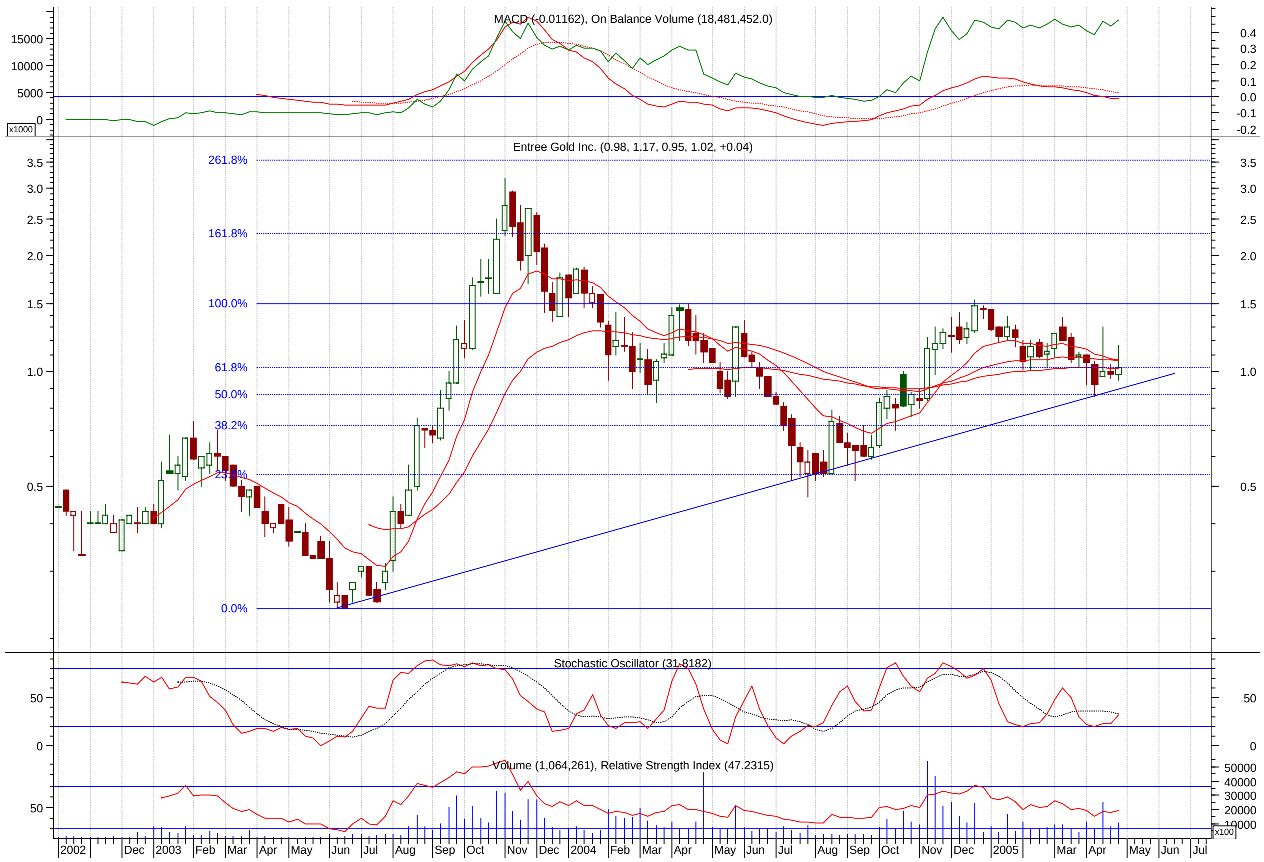
The Company plans to carry out further exploration work once all gold and multi-element ICP assays are at hand and reviewed. Historically more than 40 separate gold occurrences have been identified on the property and the recent work by the company has identified several new gold zones. The results confirm the presence of a large mineralized system dominated by a QFP intruding mafic metavolcanic rocks.

The Big Duck Lake Porphyry complex was first considered as a possible Hemlo analog by Schneiders and Smyk in 1990 (MP147, p.139-159). “The Big Duck Lake area represents gold mineralization and alteration with similarities to that of Hemlo” (Schneiders, B.R., Scott, J.F., Magee, M.A., Muir, T.L. and Komar, C., OFR 6148, 2005).

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
The recent price decline was a reaction to the latest drill results, and coincidental to the recent pullback in the metal markets. Support at $0.10 seems to have strong buying interest. We note that the shares can be difficult to buy given the lack of liquidity at these relatively cheap prices. There are not a great deal of shares out, and there is a key group that controls or influences most of the issued shares. Worst case will see new management come in with a new deal, or the project gets sponsorship from a strong group seeking to expand their interests in the area. Accumulation should be effected by patient investors seeking wholesale-price entry.

Entrée Gold (ETG-TSX Venture**)**



Entrée Gold (ETG-TSX Venture) – Weekly Chart, semi-log scale

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 is a junior resource company engaged in the exploration and advancement of gold and copper prospects. The Company is a large landholder in one of the world’s most promising gold-copper districts, located in Mongolia’s south Gobi

Desert near the Chinese border. Entrée's 179,590 hectare Lookout Hill (Shivee Tolgoi) property completely surrounds Ivanhoe Mines' 8,500 hectare Turquoise Hill (Oyu Tolgoi) holdings.

On October 18, 2004 Entrée granted Ivanhoe Mines Ltd. the right to earn an interest in approximately 25% (40,000 hectares) of its Lookout Hill property, Mongolia. Under the "Earn-In Agreement", Ivanhoe must spend a minimum of US$20 million in order to earn any interest in the Project Property and may acquire up to an 80% interest in mineralization below a depth of 560 metres by spending US$35 million. Thereafter, Entrée has the right to require Ivanhoe to fund its share of subsequent joint venture costs through to production, to be recovered from production cash flow.

Ivanhoe also agreed to subscribe to a CDN$4.6 million equity private placement by Entrée, comprising 4.6 million units at a price of $1.00 per unit,

Ivanhoe must spend a minimum of US$20 million within five years in order to earn an initial 51% in the Project Property. Ivanhoe can increase its interest to 60% by spending US$7.5 million within the following 1.5 years, and to 70% in mineralization above a depth of 560 metres, and 80% in mineralization below that depth, by spending a final US$7.5 million by the end of eight years.

On April 27, 2005 released assays confirmed the northward continuation of high-grade copper and gold mineralization encountered in the Hugo North Deposit by Ivanhoe, now having deployed seven rigs that are evaluating exploration targets to the north of the Entrée-Ivanhoe property boundary, with one hole, EGD006A, a 'daughter hole' of EGD006, designed to test the down-dip extension of this mineralized system. EGD006 has extended the length of the Hugo North high-grade copper-gold zone to greater than 1.8 kilometres. Hugo North is part of the three-kilometre-long Hugo Dummett Deposit, which, in turn, is part of the 6.1-kilometre-long chain of copper and gold deposits discovered to date by Ivanhoe at Oyu Tolgoi.

There are fairly persistent rumours that Ivanhoe, with the latest results in hand, is preparing to make a takeout offer to Entrée shareholders. We would expect that several institutions, having placed $12 million into Entrée at $1.00/unit back in November 2003, would be content with a $2.50-3.00 price range – relatively inexpensive for Ivanhoe given the scale of their ever-expanding project and the significant blue-sky Entrée offers for their own shareholders.

Technicals

After participating in an amazing 4-months of price appreciation from our initial $0.10 entry levels to over $3.00 (we took significant profits on the way), the trend was broken and we endured almost 9 months of declines with the balance of our holdings. We recycled some profits into the mainly institutional $12 million financing at $1.00 per unit for further expected gains (and the free warrants!), albeit somewhat too early for any price bottom. After a solid double-bottom formation around the $0.50 area price finally started to trend higher, culminating with last year's announced deal with Ivanhoe. The $1.50 area offers significant resistance given the stock issued at $1.00 and the warrants exercisable at $1.35 (expiring 31Oct05). Price will be driven by exploration success from both Entrée's own independent fronts, as well as progress from Ivanhoe's own determined march towards production, but any takeover attempt by Ivanhoe can come when least expected.

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

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

Northern Orion (NNO-TSX, NTO-AMEX) is a mid-tier copper and gold producer generating significant present and projected cash flow from its 12.5 % ownership interest in Alumbrera (Xstrata Plc. 50%, Wheaton River Minerals, now Goldcorp 37.5%). With its low operating costs and mature operation, Alumbrera should provide cash flow to the Company over the next six plus years which, together with project debt, could then be applied to developing Northern Orion's second mine, the 100%-owned Agua Rica deposit, without further significant equity dilution at current commodity prices. The Agua Rica deposit contains over 18 billion pounds of copper and 10 million ounces of gold and could generate over $200 million cash flow annually for more than 25 years when it starts production.

May 2003 saw a $US77.8 million special warrant issue to re-capitalize 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 had surged to record price levels and a scramble was now on by majors looking to bolster long-neglected inventories with production-ready assets.

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$1.50.

Late September 2004 saw Northern Orion announce that it has received a cash distribution of US$28.8 million from its 12.5% owned Alumbrera operations, raising its cash position of over US$41 million.

In May 2004, the Alumbrera Mine repaid all of its external project debt of US$154 million from internally generated profits and became debt free, thereby increasing the flexibility for the distribution of the mine's existing and future cash resources.

Northern Orion has received cash distributions totaling approximately $40 million in the 15 months since acquisition of 12.5% of Alumbrera in June 2003, representing a 66% return on their initial cash acquisition cost. With the current strength in metal prices and the budgeted increase in grade at the mine, we anticipate strong cash flows in the next few quarters.

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. Aqua Rica is their future, and any deal that settles the issue of access to and timing of a processing facility for it's development would quickly lift the share price. Meanwhile, the company is a cash cow and so offers exceptional value.

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

Technicals

The weekly chart shown provides an intermediate perspective to Northern Orion's recent corrections. Given our premise for the metals, we stated that such severe corrections offer excellent opportunities for (re) entry into rare finds like this, and this pull-back is particularly unkind to shareholders, yet offers a major discount opportunity for new positions. The 80-week MA has proven to be a key support line for the share price, and that's where we find the stock trading today.

Knight Resources Ltd. (KNP-TSX Venture)

The Cape Smith Belt in northern Quebec has emerged as one of the most prospective areas in the world to discover new nickel deposits. Recognizing this, in early 2003 Knight entered into an agreement with Anglo American Exploration (Canada) Limited ('AAEC') to earn a 49% interest in their 720 square km West Raglan Project. Knight positioned itself before the large move up in metals prices.

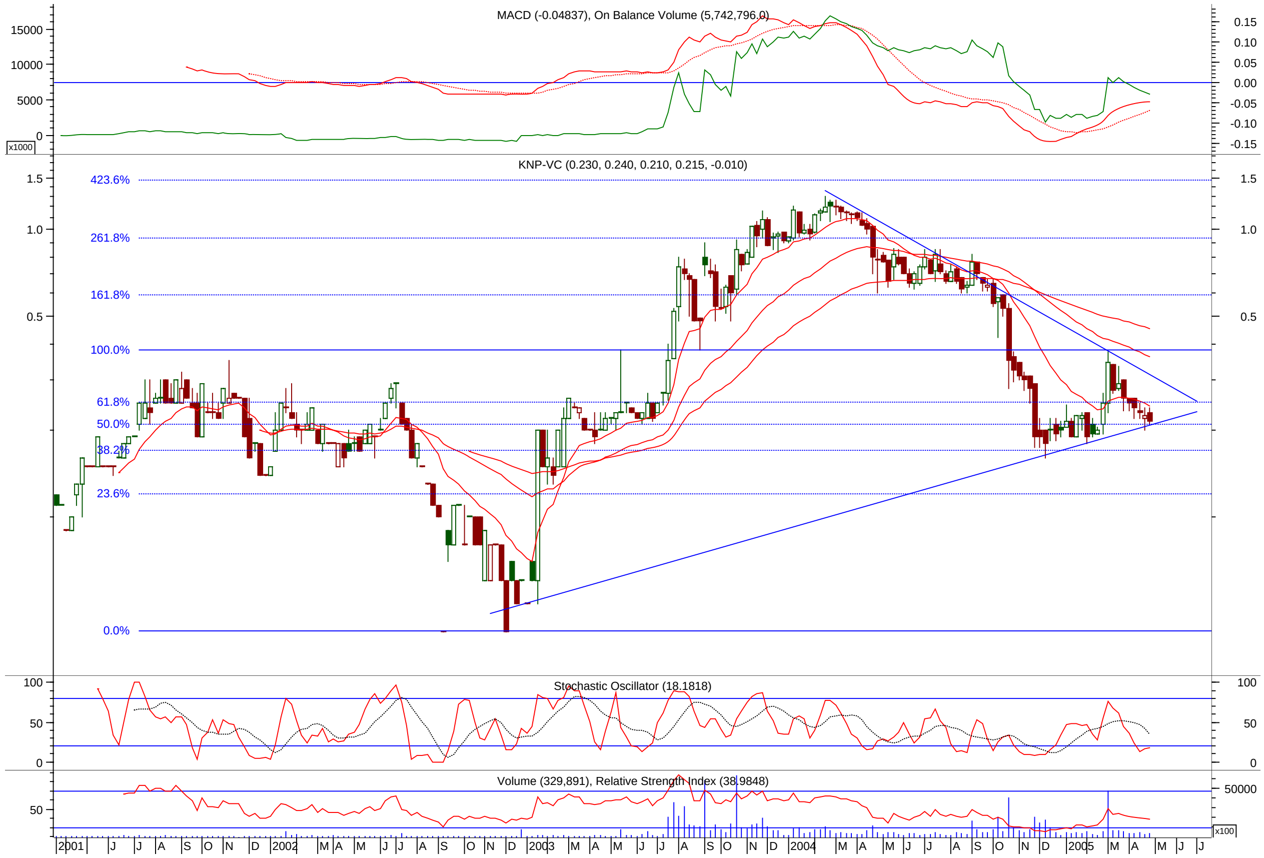
Falconbridge's Raglan nickel mine is located 90 kilometres east of the eastern margin of the West Raglan Project. Resources, reserves and mined ore to date at Raglan total 28 million tonnes averaging 2.8% nickel and 0.8% copper with significant platinum group elements and cobalt.

The known nickel deposits in the Cape Smith Belt occur in two different settings: the Raglan Formation at the base of the Chukotat Group, and the Delta Horizon in the Povungnituk Group. All of Falconbridge's resources and reserves are hosted by the Raglan Formation and occur in nine separate deposits over a 55 kilometre strike length.

In 2002 AAEC confirmed the existence of 65 kilometres of strike length of the Raglan Formation and 65 kilometres of strike length of the Delta Horizon on the West Raglan Project.

The 2003 program began when AAEC flew the entire property with their deep penetrating SPECTREM electromagnetic and magnetic airborne system. In July, surface sampling discovered high grade locally derived boulders on the West Raglan

Project. The best grab sample taken assayed 3.41% nickel, 2.91% copper, 0.09% cobalt, 3.3 grams/tonne palladium and 0.84 grams/tonne platinum.



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

A total of 18 holes were drilled, eight of which intersected significant nickel, copper, cobalt, platinum and palladium mineralization in the Frontier area. The Frontier area, which extends over 3 kilometres east-west and 1 kilometre north-south, has been divided into four zones: Frontier East, Frontier Central, Frontier West and Frontier South. The mineralization occurs in ultramafic rocks of the Raglan Formation.

The discovery hole, WR-08 intersected 14.75 metres of 3.04% nickel in 50% net textured sulphides. The best hole, WR-16, intersected 5.12 metres of 4.16% nickel averaging 35% sulphides, including a 0.67 metre intersection of 11.83% nickel in massive sulphides.

Exploration on the West Raglan Project resumed in late spring 2004. The $4.4 million exploration program focused on detailed drilling in the Frontier area, target drilling on the virtually unexplored 65 km strike length of the Raglan Formation, and target drilling on the 65 km strike length of the Delta Horizon.

Last year's 60-hole program resulted in market disappointment, albeit expectations were high after 2003's discovery holes intersected 14.75 metres of 3.04% nickel in 50% net textured sulphides and 5.12 metres of 4.16% nickel averaging 35% sulphides, including a 0.67 metre intersection of 11.83% nickel in massive sulphides. 2004's results indicated that drilling may have been into the "halo" of several potentially new deposits. This suggests that they may in fact be closing in to a mineralized lense's main body. Typically using 25m step-outs, they will likely spend 2005 attempting to zero-in on each of the potential new higher-grade lenses, as was the case at the Raglan mine. In 2004 Knight and Anglo were focused on determining how many more zones exist with potential similar to the impressive results of 2003.

Knight is managed by a team of savvy 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 and their blue-chip JV-partner Anglo American have committed to a 2005 exploration budget of $5 million. This potentially massive discovery is in its infancy and offers a timely speculative opportunity at today's share price.

Technicals

There are strong indications that a bottom has formed following last seasons drilling disappointment, and that the market is at the beginning stages of establishing a new uptrend.

The recent move up to $0.375 was accompanied by strong investor interest (a volume spike) and was followed by a gradual low-volume pull back that will typically test prior resistance (expected new support). Resistance was found at the $0.25 area where the (made-to-fit-best) 61.8% Fibonacci Retracement line has been drawn, and the LT trendline intersects. This should now act as support and offers a low-risk and potentially timely entry level.

Both the Stochastic Oscillator (at the 20% buy line) and the Relative Strength Index (RSI) suggest an oversold condition. The MACD gave a buy signal early February and OBV shows continued positive accumulation. A move through resistance at $0.30 and then the $0.38 area (100% Fib, 40-week EMA, downtrend line) with accompanying rising volume would suggest a breakout from the equilateral triangle – a very bullish event.

European Minerals (EPM-TSX)

Website: http://www.europeanminerals.com

European Minerals Corp. (trading symbol EPM-TSX; EUM-LSE) is developing the 86% owned 2.2 million ounce Varvarinskoye gold-copper deposit in Kazakhstan. As an open pit mine, Varvarinskoye is projected to produce 120,000 oz of gold equivalent per year at US$188/oz cash operating cost.

Varvarinksoye is situated in a rural area but is close to the industrial city of Kustanai, which has an excellent mining services sector. Kazakhstan has had tens of billions of dollars in foreign investment flow into its resource sector over the last decade, and enjoys strong GDP growth and low inflation. Standard & Poors ranks Kazakhstan's federal bonds on the same level as Mexico.

The Varvarinskoye deposit has simple metallurgy, strong economics and potential for expansion.

The company is managed by an experienced team of mining and financial professionals with demonstrated ability in raising development finance for mining projects.

We prepared a September 10th initial report and followed up with an October 7th Update highlighting the appointment of Barclays Capital, the investment banking division of Barclays Bank PLC, as project finance adviser in connection with the debt financing of the Varvarinskoye gold/copper deposit in Kazakhstan.

European Minerals (EPM-TSX) Daily chart, Semi-log scale

It is not too often that companies capitalized at just under $50 million manage to raise $103.5 million in shares and warrants to fund development of an open pit. Leaving aside the question of dilution and suggestions that management mismanaged the money-raising efforts, European Minerals has achieved a major feat towards putting its 86 per cent owned Varvarinskoye gold-copper deposit in Kazakhstan into production. European's equity financing was completed through a syndicate of agents led by Canaccord and including Haywood Securities and Pacific International Securities. Each unit sold at a price of $0.75 consisted of a share plus half a warrant. A full warrant gives the holder a right to buy an ordinary share for $1.20 at any time up to April 11th 2010, and trades under the ticker EPM.WT.

We are down 24% from our initial coverage report price on 10Sept04. We believe that management was sandbagged by market and brokerage forces looking to effectively take control of what promises to become a cash cow, once production at the Varvarinskoye commences. Given their entry price, they were successful and weren't shy about putting up significant capital. Neither should we be at these levels.

Technicals
The double-bottom at $0.60 with the company fully financed and moving towards a cash flow scenario offers a compelling entry price. Resistance under $0.70 should be of a relatively minor nature and will likely be short-lived. MACD and OBV are both moving higher since mid-April, suggesting a rally in the share price is not far behind. The 5-year $1.20 warrants offer a particularly well-leveraged opportunity – especially at their recent $0.18-0.22 trading area.

Bell Resources (BL-TSX Venture**)**

Website: http://www.bellresources.com

Bell Resources is a junior mineral exploration and development company with an experienced team acquiring and developing or jointly developing properties on which substantial acquisition, exploration and development expenditures have been made and where there is either excellent exploration potential or a significant, exploitable resource.

The Granduc deposit is the primary focus at this time, located in northwestern British Columbia 900 km northwest of Vancouver and 40 km northwest of Stewart. The property is located on 64 Crown-granted claims within the Skeena Mining Division. The past-producing mine is a copper-rich syngenetic volcanogenic massive sulphide deposit hosted in strongly deformed volcanic, chemical, and clastic sedimentary rocks. Unpublished production figures from the period 1968 to 1984 were 15.42 million tonnes grading 1.83% copper. Total mineral inventory including production from 1968 to 1984 is 29.03 million tonnes grading 1.83% copper. These figures, and other figures herein, were not prepared to current 43-101 standards for reporting mineral resources and are cited for geological information only.

Exploration targeting has improved dramatically since the closure of the Granduc mine in 1984. Regional mapping by Lewis (1994) and studies of the Granduc property by McGuigan et al (1990), Melnyk (1991), Barrett (1994), Childe (1994) and Dawson et al (1994) have contributed greatly to the understanding of the deposit. Taken together, these latest studies open several new approaches to the exploration of the volcanic-sedimentary succession that hosts the Granduc deposits.

This recent work shows conclusively that the Granduc deposits were formed in Late Triassic time as volcanogenic massive sulphide deposits containing copper-rich sulphides, chert and magnetite iron formation, within a dominantly mafic volcanic succession. **Higher metal prices have now re-awakened the potential of the deposit and its nearby exploration targets.**

Grades of the significant intersections in the South Zone, the main Granduc deposits and the North zone can reach in excess of 3% copper. **The new understanding of the structure and the facies changes in those horizons will possibly lead to a new, major VMS discovery within range of the existing Granduc mine working and access tunnel.**

Work is in progress on the assembly all of the technical data from the past mining of the Granduc deposit. Recommendations are made as follows, with final recommendation pending the Technical Report on the Granduc Property, currently in preparation. Provisionally, the following work is recommended, each stage being success contingent:

Winter 2004-2005: Using the new studies of the Granduc, Eskay Creek and Sulphurets areas as a framework, assemble all the data on exploration targets, re-log selected diamond drill core, sample for lithogeochemistry and prepare a list of objectives for a Summer 2005 Geological and Diamond Drilling program.

Summer 2005 Geological Work: An exploration program consisting of detailed structural and stratigraphic mapping, lithogeochemistry, and geochronology is recommended to locate favorable stratigraphy, identify drill targets and develop a detailed predictive ore deposit model for the deposit. In addition to the above work, geophysical surveys are recommended consisting of magnetic, VLF and Pulse EM to cover favorable stratigraphy in the North zone and the down plunge extension of the A, B1 and B2 horizons under the South Leduc Glacier. This work can proceed simultaneous with the drilling of First Priority targets.

Summer 2005 Diamond Drilling: First priority targets are known now. South and North Zone mineralization is open and requires drilling to fully explore the dimensions of those horizons. The down plunge extension of the A, B1 and B2 horizons under existing mine workings and under the South Leduc Glacier have not been tested. These targets are known, but require drill testing in light of the new structural interpretation. Thick, high grade intersections in F2 fold closures plunge under the South Leduc glacier. South zone mineralization must be drilled, to link the South Zone with the A and B horizons. Magnetometer surveys have already traced the link, and drilling is required to confirm.

Targeting Major VMS Deposits: Winter and Summer 2005 geological work will focus on following the known Granduc

Bell Resources (BL-TSX Venture) - Weekly chart, Semi-log scale

deposits into the hanging wall of the South Unuk shear zone and possibly to locate new footwall zones, under the A, B, and F horizons. Grades of the significant intersections in the South Zone, the main Granduc deposits and the North zone can reach in excess of 3% copper, locally, as high as 10% copper in the fold axis of F2 structures. The new understanding of the structure and the facies changes in those horizons will possibly lead to a new, major VMS discovery within range of the existing Granduc mine working and access tunnel.

On other fronts, Bell can also acquire up to a 75% interest in the Copper Ace North and Copper Ace South properties. These Properties, 100% owned by Copper Ridge, adjoin the Gibraltar copper-molybdenum mine located 45 km north of Williams Lake, B.C. Both properties contain significant porphyry-style exploration targets. The Company can earn a 51% interest in the Properties by spending $2 million on exploration, making payments of $150,000 and issuing 300,000 of its shares to Copper Ridge, in stages, by December 31, 2008. The Company can increase its interest in the Properties to 75% by completing a feasibility study within 5 years of earning its 51% interest. Upon completion of the feasibility study, the Company must issue an additional 500,000 shares to Copper Ridge. The Company has the right to return one of the Properties to Copper Ridge and in such event, the amount of exploration expenditures required to earn a 51% interest in the remaining property will be reduced to $1.5 million.

The Gibraltar Mine has produced some 1.8 billion pounds of copper from 325 million tons of ore during a 27-year mine life, starting in 1972. Taseko Mines Limited (TKO) has placed the mine back into production, with initial concentrate shipments commencing October 2004.

Copper Ace North: This property, located 10 kilometers north of the Gibraltar Mine, hosts a northwest trending quartz breccia zone more than 1 km long and up to 125 meters wide. Reports indicate up to 7.2% copper in historical surface sampling. An induced polarization ("IP") geophysical survey carried out in 1998 suggests that the mineralization extends to depth.

Copper Ace South: This property is located a mere one km from the Gibraltar Mine and hosts significant surface mineralization; up to 1.5% copper and 1.1% zinc reported from historical sampling. A 1998 IP survey defined a chargeability anomaly 500 meters in length and open to the northwest and southeast, that coincides with the surface mineralization. A second IP anomaly is coincident with a large, highly anomalous zinc soil anomaly.

Bell has commenced a detailed mapping program and has budgeted $100,000 to drill the high-grade siliceous breccia and related targets in 2004, and is looking to add a substantial acquisition to their property portfolio.

Technicals

Price has been attempting to breakout through the $0.28 resistance area, well-supported by both raising OBV and a recent MACD buy signal, the first since May 2003. The longer term uptrend line emphasizes the higher highs and higher lows and is likely forming the lower boundary of a channel. The recent attempt at a breakout through $0.28 resistance suggests significant new strength coming into the market as analysts and new investors become aware of the significant upside the Granduc Mine offers. Current price at significant $0.20 support offers an excellent window for investors to accumulate positions, but the shares trade quite thinly at these levels so buyers are easily left unfilled on the bid once buyers again start taking out offers.

Pacific Stratus Ventures (PVL-TSX Venture)

We emphasized in our initial report last summer the value of the strong relationship Pacific Stratus enjoys with Endeavour Mining Capital group. Probably best known for the incredible success of such companies as Wheaton River (WRM-TSX) and Northern Orion (NNO-TSX) and its company-building abilities within the mining sector, Endeavour prospers from a winning combination of talent and a nose for timely ventures. It is becoming clear that Pacific Stratus is fast-tracking to become a serious oil & gas player in South America.

There is much fertile ground in long-neglected Colombia and Ecuador, with better royalties and government programs available to well-capitalized applicants seeking to take advantage of under-developed assets. Significant economic reforms are well underway. An opportunity exists for experienced and locally conversant fast-movers to step into low-risk exploration and production fields. Management's vision is to make Pacific a leading oil and gas company operating several fields around the world.

Throughout the year Pacific Stratus performed technical and economic due diligence on a number of properties in Colombia, Ecuador, and Venezuela. As a result of these investigations, the company made a number of acquisitions during 2004:

Gran Colombia Oil and Gas A.V.V.

On October 18, 2004, the Company acquired all of the issued and outstanding shares of Gran Colombia Oil and Gas A.V.V. ("Gran Colombia") from its two shareholders. Gran Colombia, through a wholly-owned subsidiary, holds an Exploration and Exploitation Contract for the La Creciente block with the National Agency of Hydrocarbons for Colombia. As consideration, the Company paid the Sellers US$80,000 and issued 850,000 common shares of the Company for the rights to the La Creciente block.

Sheridan Corporation A.V.V.

Pursuant to a letter agreement dated October 26, 2004, the Company agreed to acquire all of the shares in Sheridan Corporation A.V.V. Sheridan signed a letter of intent to acquire a 50% interest in the Puli-B block owned by Mercantile Colombia Oil and Gas in consideration for Sheridan reprocessing seismic data on the block and the drilling of an exploratory well within the block. The Puli-B block is located in the Upper Magdalena Basin of Colombia. In addition to its right to farm-in Puli B, Sheridan formed a consortium with two Colombian companies, Petroleos Colombianos C.A and Geoconsult Ltd. to acquire the rights from the ANH to the Moriche Block in the Llanos Basin of Colombia. Sheridan has the right to a 60% interest in this property. On March 10, 2005 the Company received approvals from closed the acquisition of Sheridan. As consideration for the acquisition the Company paid the Sheridan shareholders $242,080 and issued 3,000,000 common shares of the Company at a deemed value of $0.39.

Solaris Corporation A.V.V.

Pursuant to a letter agreement dated March 17, 2005, the Company has agreed to acquire all of the issued and outstanding shares of Solaris Corporation A.V.V. ("Solaris") from its shareholders. Solaris has signed a letter of intent to acquire a 50% interest in an oil and gas exploration and production block in Colombia known as Doima and Ortega-Pacande (together the "Property") from Hocol C.A., an arm's length party. As consideration, the Company has agreed to pay US$200,000 and issue 2,000,000 common shares at $0.375 per share.

***Exploration Programs*:**

The Company has established an exploration budget of $4.6 million for 2005 to conduct seismic reprocessing and interpretation and complete environmental studies in order to obtain environmental licenses and drilling permits. The Company has already commenced the seismic data acquisition at La Creciente. The budget and targets for each property are described in greater detail below:

La Creciente:

For 2005 the Company has projected an exploration program of $1.9 million. This program includes completing an environmental study in order to obtain the necessary environmental licence and drilling permit, as well as seismic reprocessing and acquisition during the second quarter of 2005.

Moriche:

The Moriche program for 2005 includes data reprocessing and environmental impact analysis. No major exploration expenditures are planned for this targeted area during 2005 because this area floods during the rainy season, which ends in December, following which fieldwork will commence.

Puli B:

Sheridan and its partners will have the obligation to complete a first phase exploration program at a cost of $2.0 million. The program will consist of building an access road and drilling an exploration well during the third quarter of 2005 and investing $0.6 million in the extensive test required for the well (once drilled and if successful) or on drilling a second well. The Company will also have the option to expend this amount on obtaining additional seismic data on a second target in the block.

Doima and Ortega:

In order to obtain the approval from the Exchange and close the transaction the Company must demonstrate the economic value of the Property through the preparation of a report prepared in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities, to be filed with and accepted by the Exchange. The Company has agreed that it will execute a work program of at least US$8 million on the Property, such program to be determined jointly by Solaris and Hocol.

In 2004, the Company raised $5.2 million, net of issuance costs, through the sale of 16.5 million shares at $0.40, exercise of 3.7 million warrants and 100,000 options. At year-end the Company had established a letter of credit in the amount of $175,975 to guarantee exploration programs. In March 2005 the Company established an additional letter of credit in the amount of $343,562 to guarantee its obligations for the Puli-B project.

At December 31, 2004, the Company had unrestricted cash of $4.1 million. In March 2005, the company raised an additional $5.0 million. A total of $6.8 million has been budgeted for operations during 2005, providing the Company with sufficient funds to conduct its programs during 2005.

The Company currently has 66,483,728 issued and outstanding common shares, 16,250,000 common share purchase warrants, 1,500,000 broker warrants and 3,930,000 share purchase options that would result, if exercised, in the issuance of an additional 21,680,000 common shares and the receipt of an additional $10.2 million in cash.

Pacific Stratus (PVL-TSX Venture) - Weekly chart, Semi-log scale

Technicals

Pacific Stratus' share price awoke in November 2003 from the C$0.18 area, achieving a price peak of $0.72 in late-March 2004. Price eased over the quiet summer months to find solid support on the C$0.25 price line (note this was the resistance area where price peaked in April 2002 – a case of old resistance becoming new support – a common technical element). The OBV has remained on a remarkable uptrend in spite of the price pullback, known as positive divergence, suggesting continued accumulation versus any significant distribution by the so-called "smart money". MACD crossed to the upside for the first buy-signal since November 2003 and sell-signal of early-April 2004. Late September's sudden price-move on modestly accelerating volume cleared our three favorite Exponential Moving Averages (EMA) and we expected any pull back to find initial support at the $0.38 and then $0.35 levels. RSI has started to rise but is far from oversold territory. Note the Fibonacci retracement lines that act as price support and resistance areas. We suspect that a new uptrend has now commenced, with the key 40 and 80-week MA's in a solid uptrend and acting as support.

Endeavour Mining Capital (EDV-TSX)

Endeavour Mining Capital (EDV-TSX) - Weekly chart, Semi-log scale

Website: http://www.endeavourminingcapital.com

Endeavour has an aggressive business strategy which, combined with the nature of the mining equity market, results in short-term earnings volatility. Because of the diversified nature of its portfolio of merchant banking investments, which includes a mix of resource commodities and a combination of debt and equity instruments, it provides a useful proxy for the junior resource market.

Also, it should be noted that Endeavour's investment strategy is focused on high quality assets with strong management teams, and with clear potential for high returns through their structured investments. When Endeavour finances mining companies to fund their project development, strategic initiatives and growth, we can benefit from a management team that has done their homework and structured its investment exposure appropriately. This generally means a compelling and timely entry price (downside protection), and better than average upside potential.

Given we accept the premise that Endeavour offers us the built-in advantages of diversification, cream-of-the-crop selection, sophisticated professional management, exceptional deal-flow and access to global institutional and industry contacts, we really need only concern ourselves with the timeliness of such specific exposure to the resource and precious metals sectors. Likely, it would be hard to match Endeavour's ability to select winners and realize on their potential.

Technicals

Our initial report on Endeavour was issued May 8, 2004 just as the price of gold re-tested the US$378 "support area". Endeavour had suffered a dramatic falling-over-the-cliff sell-off as many junior-sector resource stocks experienced lower liquidity, sporadic panic selling and apparent capitulation of late-comer investors suffering rapid and severe losses – very similar to today's sentiment. Endeavour's share price was $2.53 then and is now, a year later, just falling back from the recent high and resistance area around $4.00. Price trades well off the Fibonacci retracement lines and offers reasonably liquid trading opportunities.

BRAVO VENTURE GROUP (BVG-TSX Venture Exchange)

Weekly Chart: High C$0.445, Low C$0.11, Last Trade C$0.335

Website: www.bravoventuregroup.com

The Bravo Venture Group Inc. (BVG-TSXv) is focused on exploring for precious and base metal-rich projects within North America with properties in Alaska, Nevada and British Columbia. In southeast Alaska, the company has acquired the massive-sulphide Woewodski Island prospect. Within the Battle Mountain-Eureka Trend, Nevada the company has increased its land position to nine properties and in Northwest British Columbia, Bravo has the VMS/gold Homestake Ridge project.

For the purposes of this report, we are focusing on Bravo's aggressive property acquisition and exploration of sedimentary gold prospects in the prolific **Battle Mountain – Eureka** Gold Trend of Nevada.

Bravo holds **nine projects** within the Battle Mountain/Eureka gold trend, and last October entered into a joint-venture with Placer Dome on three of them: **Three Bar** (122 claims), **South Gold Bar** (63 Claims), and **South Lone Mountain** (93 claims, just expanded to 1,397 claims). Placer has been at work on these areas in recent months, and several weeks ago rumors of aggressive staking activity came to our attention. Placer Dome can earn a 51% interest in these three prospects that can increase to 70% upon Placer's completion of a feasibility study.

A recent exploration and development (joint venture) agreement with Placer Dome US on the **Three Bar**, **South Gold Bar** and **South Lone Mountain** projects represents an outstanding opportunity to rapidly advance exploration on these properties. The Placer Dome team was responsible for the discovery of a number of world class deposits in the "Trend" including **Pipeline, Cortez Hills** and **ET Blue.**

We acquired an initial 70,000 shares at an average $0.18 following the stock's initial breakout move, and have since been able to acquire the remainder of our 100,000 share target, after stubbornly waiting in the weeds with a $0.22 limit order, at $0.27. In our Feb 4th report we admitted to being somewhat torn between the fundamentals of any particular company, and what the charts tell us seems to be going on. We postulated that the charts give it to us straight – often well in advance of fundamentally useful information. Bravo was no exception, with news subsequently released that explained the market's recent excitement.

Bravo has about 42 million shares outstanding (58 million fully diluted) and offers reasonable liquidity.

Latest Events

Bravo and Placer Dome have staked approximately 40 square miles of ground surrounding their South Lone Mountain property, in the south Battle Mountain-Eureka (Cortez) trend in Nevada.

The staking was a result of Bravo's recently completed geochemical analyses of oil well log and cuttings, identifying a 120-foot-thick interval of gold-bearing Roberts Mountains formation in an oil well drilled in 1989 adjacent to the company's South Lone Mountain holdings. Placer Dome US has the right to earn into the project under an exploration agreement (see news release dated Oct. 21, 2004, available at www.sedar.com and the company's website at www.bravoventuregroup.com).

Bravo said the original 108-claim property has been expanded by the staking of an additional 1,289 claims to cover an area of relatively shallow Paleozoic bedrock identified by data acquired by Placer Dome. The staking program was directed by and financed by Placer Dome.

Chips from the oil well were recently analyzed by American Assay Labs, with repeat analyses by ALS Chemex. Splits were collected from small, government reference samples, which were then composited to make samples large enough to conduct initial and repeat standard one-assay-ton fire assays for gold. Assays returned 0.33 (repeat 0.33) grams gold per tonne for the uppermost 120-foot composite sample of bedrock, which is Roberts Mountains formation. The top of bedrock is at 1,400 feet in this well. Detectable gold was also returned for the underlying 460-foot interval of the Roberts Mountains formation encountered in the oil well. Additionally, a 50-foot composite sample of tuff and gravel immediately overlying bedrock (1,350-foot to 1,400-foot hole depth) returned assays of 2.36 (repeat 2.46) grams of gold per tonne.

Bravo president, Joe Kizis, commented, "The benefit of Placer Dome's experience at Pipeline-Cortez-Pediment is invaluable as we attempt to replicate Cortez-style discoveries in the southern sector of the Battle Mountain-Eureka trend." He noted that the Roberts Mountains formation is "The single most important host rock in Nevada and identifying gold mineralization in it at reasonably shallow depths is promising. Particularly encouraging is the concentration of gold encountered immediately overlying Paleozoic bedrock, which suggests that much higher grades could occur in nearby bedrock."

Technicals

The weekly chart shows the longer-term downtrend that commenced in February 2004 year ago. This downtrend was decidedly broken in Feb 2005, on rising volume. Consistent record-breaking volume and price support suggested knowledgeable buyers are taking advantage of supply as 11.8 million share purchase warrants at an average exercise price of $0.20 (including 2.4 million exercisable at $0.18 expiring on March 5, 2005) were potentially being exercised. In addition, there are 2.35 million in-the-money share purchase options available to management. Resistance was found at $0.31-0.34 area with the old high at $0.375. A subsequent high-volume breakout move through old resistance took place in early March, from which price is still consolidating. Old resistance, new support is starting to give way under market pressure this last week, but still looks solid, offering a potentially lower risk entry point for new investors.

SOUTHERN SILVER EXPLORATION (SSV-TSXv)

Southern Silver Exploration (SSV-TSXv) was recently reorganized and completed a reactivation which includes the acquisition of a suitable mineral property and completion of sufficient financing to commence a work program. Effective December 10, 2004, the TSX accepted the reactivation enabling the Company's common shares to graduate from the NEX Board to the Tier 2 Board of the TSX.

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company has acquired from Anglo American an option to acquire a 100% undivided interest in the 4,620-hectare Pinabete Mineral Concession located in southern Chihuahua, Mexico. The property is a Carbonate Replacement Deposit type target for silver, zinc and lead. Preliminary work and tests by Anglo American confirm that a large area has been subjected to intense hydrothermal alteration, corresponding to historical mineral showings. Anglo American is a major mining group based in South Africa.

OreQuest Consultants Ltd. prepared an evaluation and technical report on the Concessions which was received on August 30, 2004.

Adrian Robles Salazar, a highly regarded Chihuahua-based geologist, has been engaged by the company as a consultant on the project. Mr. Robles has extensive experience with Minera Kennecott S.A. de C.V. and Western Silver Corporation projects in Mexico.

Work has commenced on the Pinabete property in preparation for a diamond drilling program in Q2 2005 following the recent closing of a non-brokered $2.25 million financing at $0.50 per unit.

The corporate website is available at www.southernsilverexploration.com.

Weekly Chart: High C$.72, Low C$0.33, Last Trade C$0.33

Recent Events

The Company underwent a capital consolidation on a 1:7 basis and changed its name from Newcoast Silver Mines Ltd. to Southern Silver Exploration Corp as announced July 30, 2004. The post consolidation issued capital was 1,522,845 common shares.

By a Letter Agreement dated August 16, 2004, Anglo American Exploration Mexico S.A. de C.V. ("Anglo American") and the Company agreed to negotiate the terms and conditions relating to an option to acquire a 100% undivided interest in the 4,620-hectare Pinabete Mineral Concessions located in southern Chihuahua, Mexico. OreQuest Consultants Ltd. was engaged to prepare an evaluation and technical report on this potential acquisition, which was received on August 30, 2004.

On October 15, 2004 Southern Silver completed the purchase of the Pinabete Mineral Concessions. OreQuest's technical report indicates the property is a highly prospective, large Carbonate Replacement Deposit ("CRD") project. The property is in one of the most highly productive regions of Ag-Pb-Zn Carbonate Replacement Deposits in the world. Surface alteration and mineralization is similar to that found in world class CRD in northern Mexico such as Santa Eulalia (***45MMT @ 310g/t Ag, 7.1% Zn and 8.2% Pb***) and Nacia (***26MMT @ 213g/t Ag, 5.6% Zn and 5.9% Pb***). Limited drilling by Anglo American on the largely unexplored property intercepted a 7.7 metre mineralized zone of ***53.68 g/t Ag, 6.33% Zn and 4.52% Pb*** in one of several priority targets identified for follow-up mapping, sampling and drill testing.

On December 10, 2004 the TSX Venture Exchange approved the company's listing to the Tier 2 Board where the company's common shares now trade under the symbol SSV. Coincident with this listing, the TSX Venture Exchange approved a number of filings related to debt settlement, private placements and property acquisitions, thereby completing management's reorganization of the company.

The Company has completed an over-subscribed non-brokered private placement of 4.5 million units at a price of $0.50 per unit. Each unit consists of one common share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase an additional common share at a price of $0.60 for a period of two years, subject to acceleration at the Company's option under certain conditions. The proceeds of the offering will be used to fund exploration of the Pinabete project.

The Company's management team comes with exceptional technical and financing ability. Particularly noteworthy is that some of the key Directors and Officers are also involved with highly successful **Western Silver Corporation** (WTC-TSX), which is currently advancing the Penasquito world class silver deposit in Zacatecas, Mexico. Western Silver recently raised $64.8 million at $10.25 per share.

With a proven funding ability and flush with success from the performance of their lead project, management has the company-building acumen and deal-flow we have found to be the key ingredients necessary for investment success. The initial acquisition from Anglo American comes as a result of the excellent long term relationships held by Dr. Tom Patton, and has exceptional blue-sky promise. Southern Silver is unlikely to remain a one-deal company for long, as management continues to focus on building value for shareholders. Southern Silver offers a low-priced opportunity to position into a newly-reorganized tightly-held vehicle along side a capable and motivated management group.

ORIEL RESOURCES (ORL-TSX: ORI-AIM)

Daily chart, High C1.70, Low $0.80, Last Trade $0.86

Introduction

Low-cost rapid-payback ferroalloy opportunities are rare for North American investors, who now have easy access following the Feb 25 2005 listing of Oriel Resources on the Toronto Stock Exchange (TSX).

Canaccord Capital originally brought the company to market on the London's Alternative Investment Market (AIM). With a stock price that is now significantly off its London market highs, Oriel comes to North America fully financed, having raised £40 million (C$94 million) at a 65p (C$1.53) issue price last year, one of the larger new issues on AIM. The company's shares were reportedly six times oversubscribed during funding, then valuing Oriel at £104 million (C$244 million).

The company's London market is composed primarily of institutional holders. Management is looking to the TSX to provide enhanced liquidity for the stock through the development of a North American retail audience and an institutional following. This process is just getting started, with management preparing investor relations materials, analyst and newsletter coverage and institutional meetings, which should be in full swing over the next few months.

Investor interest should be boosted through the leadership of former nuclear physicist and Executive Chairman Dr. Sergey Kurzin. Dr. Kurzin was responsible for securing a number of key former Soviet Union (FSU) deposits for development by Western companies, including delivering the Julietta and Kupol projects to Bema Gold, and the Varvarinskoye copper-gold project to European Minerals (please refer to our Initial Report on European Minerals, and Update reports).

Dr. Kurzin has assembled a portfolio of four properties, of which the fast-tracked 90%-owned Shevchenko nickel project in Kazakhstan could be the most valuable, with some estimates suggesting its nickel to be worth $15 billion. Mining could start within the year if the nickel can be processed economically. Oriel is also fast-tracking its nearby Voskhod Chrome Deposit.

The third is the Urup Island gold project with its high-grade gold deposits near the surface, and the fourth property is the Togolok gold project in the Kyrgyz, which also looks exciting.

Oriel also retains a minority interest in the gold and copper Varvarinskoye project, being put into production by European Minerals.

Although Oriel started life as a focused gold company, the ever-opportunistic Dr. Kurzin acquired the company's two ferroalloy projects because of their exceptional fundamentals.

There is some speculation that Oriel will spin off its gold assets at some point in order to realize a higher gold equity multiple. Although ferroalloys occupy most of management's attention right now given their advanced state, there is no intention to abandon gold and Dr. Kurzin's FSU connections suggest further access to compelling gold opportunities will be forthcoming.

Shevchenko

The main focus of the company is the Shevchenko nickel project moving forward to the definitive feasibility stage. First discovered in 1952, Shevchenko eventually turned in a nickel silicate resource of 101.7Mt, containing 730,700t of nickel and 51,208t of cobalt. The resource is in process of being updated to block model the best starter pit shells, with the latest JORC compliant results showing an estimated resource of almost 46Mt grading 1.01% nickel.

A prefeasibility study has been completed on Shevchenko. A bankable feasibility, led by the Bateman group, will be completed in the third quarter of 2005.

Lead manager Bateman is renowned for its expertise in ferroalloy-related processes and equipment and was part of the team led by Mintek of South Africa which prepared the pre-feasibility study on Shevchenko. Support will be given by Polysius, part of the ThyssenKrupp group in Germany, as well as Wardell Armstrong. ThyssenKrupp itself has signed a letter of intent guaranteeing to take 100 per cent of ferro-nickel production and this will be a vital factor when raising development capital.

While not the biggest or the best grade nickel deposit in the world, its low projected capital costs give Oriel an advantage over competitors. Capex (all amounts in $US) is expected to come in under $346 million to bring the deposit to production. This capex compares with estimates of one-half to three-quarters of a billion dollars for Canico's high grade Onça-Puma nickel laterite project in Brazil, and $2.25 billion for Dynatec's Ambatovy project in Madagascar.

According to the pre-feasibility study, year five should see 140,000 tpa of ferronickel production grading over 22% nickel with metallurgical recovery at an estimated 92%.

Initial estimates predict total production costs in the order of $1.53/lb, which would be in the lowest quartile worldwide. That compares very favourably with current nickel prices running at over $7/lb, and also against long-run averages of $4.07/lb (1980-2003).

Just using a base case nickel price of $4.50/lb and a 10% discount rate, payback could be achieved in 4.5 years, with a pre-tax internal rate of return of nearly 27%. Dynatec's Madagascar project offers comparable returns on similar terms, but producing 60,000 tpa of nickel and 5,600 tpa of cobalt. Canico is scheduled to announce the results of its feasibility study in the first half of this year. Its operation is expected to yield about 30,000 tpa of nickel.

Financing for Shevchenko should be undertaken during Q4 of 2005 with construction starting in Q1 of 2006. First production is scheduled for late 2007-early 2008.

Other Projects

Oriel's 18.78 million tonne Voskhod chrome project in Kazakhstan is also on a fast track and boasts some impressive numbers with a calculated IRR exceeding 40% for the first phase of the project, and 27% for the second phase. The purchase was made for US$25 million in shares and cash. The deposit appears to be mineable economically and ferrochrome fits well with nickel as being a key component of the stainless steel industry.

Oriel has also confirmed good grades and thickness of open pittable gold at its 89% owned Kupol gold project on Urup Island of the Sakhalin Region. So far assays from the first two holes and two trenches of a 15 hole and 9 trench program indicate near surface mineralization with grades between 2g/t and 16g/t, and thicknesses between 17 metres and 56 metres.

Oriel also retains a minority interest in the Varvarinskoye project; the right to acquire 95% of the Togolok gold project in Eastern Kyrgyzstan; and an option to wholly-own the Goltsovoye silver-polymetallic project in Russia. It is still early days, but Oriel is steadily expanding its portfolio and this should impress a new North American audience. The company is sitting on over C$60 million in cash.

Technicals

The share price of Oriel has put up a fairly disappointing performance over the period since its listings both in the UK and later in Canada. The price is now down at 34p on the AIM ($0.80 equivalent), representing a 47% decline from 65p (0$1.53) where the company raised $94 million. Volume is spotty in Canada so far, with reasonable buying interest evidenced by some initial block trade distribution to retail brokers at $1.20. Unfortunately, since the TSX listing the UK AIM market continued to slide under it’s own pressures and selling volume has swamped the relatively small Canadian retail audience developed to date.

The fact of life for Oriel is that with over 200 million shares issued and held by UK investors the Canadian market place will remain reactive to UK interests rather than proactive, at least until an institutional following is developed in North America. With Endeavour Capital behind Oriel and given their record of success with Wheaton River (now merged with Goldcorp), Northern Orion, Bankers Petroleum and several other success stories, the company should be able to develop investor support. It is simply a matter of when, and at what share price will such interest kick in?

The stock is in a downtrend with no past technical support for guidance. Volume is relatively steady in the UK. No one will ring a bell at the bottom. I use a combination of Fibonacci extensions to past retracements to determine potential support areas, and a relative-strength index and a stochastic oscillator to compare to previous bottoms and divergences, with volume to measure demand and supply. Often when investors go from euphoria to fear like in the resource markets this last week, short term opportunities to buy assets cheap present themselves. Our strategy is one of scaling in slowly and methodically, buying some too early, and inevitably buying some too late. The idea is to accumulate enough at this stage to acquire a meaningful position, well-supported by the fundamentals, and participate in the eventual upturn.

Note: There is a **Yale Resources (YLL-TSXv)** report in progress, and therefore no coverage is provided herein at this time.