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%**; 2006 **153.3%**

Vol. XI No. IV

Portfolio Review Edition

April 30, 2006

(All $Cdn unless noted)

Current Model Portfolio

Entry Dates	Units	Positions	Ticker	Average Cost	Current Price	Current Value $	Profit/ (Loss)
04/06	100,000	Arian Silver (Hard Assets RTO)	HAI-AIM	0.295	0.300	30,000	2%
02/06	50,000	Bankers Petroleum Corp	BNK-TSX	1.000	1.080	54,000	8%
10/04, 3/05	50,000	Bankers Pete $0.95 Wts exp 10Nov09	BNK.WT-TSX	0.905	0.600	30,000	-34%
8/02, 3/03, 10/04, 8/05, 3/06	1,450,000	Bell Resources	BL-TSXv	0.217	1.040	1,508,000	379%
03/06	200,000	Bell Res $0.65 Wts exp 26Apr07		0.000	0.390	78,000	N/A
08/05	100,000	Bell Res $0.30 Wts exp 15Sep06		0.000	0.740	74,000	N/A
2/05, 7/05	125,000	Bravo Venture Group	BVG-TSXv	0.256	0.840	105,000	228%
7/05	25,000	Bravo Venture $0.50 Wts exp 29July07		0.000	0.340	8,500	N/A
10/03	120,000	Consolidated New Sage Res	CNW-TSXv	0.125	0.140	16,800	12%
09-10/05	65,000	Crescent Resources	CRC-TSXv	0.399	0.700	45,500	75%
09/05	50,000	Crescent Res $0.50/0.60 Wts exp 26Sep07		0.000	0.200	10,000	N/A
01/06	100,000	ELE Capital Corp	ECC.H-TSXv)	0.250	HALTED	25,000	0%
01/06	50,000	ELE Capital $0.50/0.75 Wts exp 14Feb07/08		0.000	0.000	0	N/A
11/02, 1/03, 10/03, 5/05	27,500	Entrée Gold Inc.	ETG-TSXv	0.812	2.700	74,250	233%
05/04, 06/04	10,000	Endeavour Mining Capital	EDV-TSX	2.404	8.600	86,000	258%
12/03, 11/04, 01/06, 02/06	200,000	European Minerals	EPM-TSX	0.916	1.190	238,000	30%
02/06	25,000	European Minerals $1.55 exp 21Mar11	EPM.WT.B	0.000	0.430	10,750	N/A
11/05, 01/06, 02/06	335,000	Fortune River Resources	FRX-TSXv	0.426	1.000	335,000	135%
01/06	50,000	Fortune River Res $0.30 Wts 27Jan08		0.000	0.700	35,000	N/A
11/05	40,000	Fortune River Res $0.30 Wts 30Nov07		0.000	0.700	28,000	N/A
12/02, 10/03, 5/04, 5-12/05	1,723,000	Grandcru Res Corp	GR-TSXv	0.158	0.270	465,210	71%
11/05	100,000	Grandcru Res $0.25 Wts exp 14Dec06		0.000	0.020	2,000	N/A
01/06	40,000	Impact Silver Corp	IPT-TSXv	0.400	1.840	73,600	360%
01/06	20,000	Impact Silver $0.50 Wts exp 5Jul07		0.000	1.340	26,800	N/A
4/04, 10/04, 7-8/05	85,000	Knight Resources	KNP-TSXv	0.431	0.185	15,725	-57%
10/05, 02/06	75,000	Lynden Ventures	LVL-TSXv	0.817	0.830	62,250	2%
02/06	25,000	Lynden $1.00/1.25 Wts exp 3Apr/07/3Apr08		0.000	0.000	0	N/A
10/05	25,000	Lynden Ventures $1.00 Wts exp 25Nov06		0.000	0.000	0	N/A
05/04, 02/05	25,000	Northern Orion Res	NNO-TSX	3.056	5.790	144,750	89%
02/06, 03/06	50,000	Orko Silver Corp	OK-TSXv	0.320	0.830	41,500	159%
03/06	20,000	Orko Silver $0.50 Wts exp 2Sep07		0.000	0.330	6,600	N/A
02/06	30,000	Orko Silver $0.40 Wts exp 3Feb07		0.000	0.430	12,900	N/A
04/05, 01/06	125,000	Oriel Resources	ORL-TSX	0.597	0.570	71,250	-5%
6/04, 9-10/04, 3/05, 6-9/05	300,000	Pacific Stratus Ventures	PVL-TSXv	0.319	0.345	103,500	8%
06/04	37,500	Pacific Stratus $0.60 Wts exp 25Oct06		0.000	0.000	0	N/A
03/05	50,000	Pacific Stratus $0.50 Wts exp 8Sep06		0.000	0.000	0	N/A
07/05	50,000	Pacific Stratus $0.30 Wts exp 20Jul07	PVL.WT-TSXv	0.000	0.045	2,250	N/A
11/05	25,000	Pacific Asia China Energy	PCE-TSXv	0.500	1.830	45,750	266%
11/05	50,000	Pacific Asia China Energy $0.75 Wts 21Sep07		0.000	1.080	54,000	N/A
10/05	35,000	Pitchstone Exploration	PXP-TSXv	0.678	1.720	60,200	154%
10/05	2,500	Pitchstone Expl $$0.70 Wts exp 14Oct06		0.000	1.020	2,550	N/A
07/05	25,000	Radius Gold	RDU-TSXv	0.950	0.770	19,250	-19%
01-05/05, 10/05, 01/06	150,000	Southern Silver Exploration	SSV-TSXv	0.455	0.900	135,000	98%
10/05	100,000	Southern Silver Expl $0.30 Wts exp 30Oct07		0.000	0.600	60,000	N/A
09/04	50,000	Terra Nova Gold	TGC-TSXv	0.303	0.145	7,250	-52%
04/06	500,000	Texas-T Minerals	TTM-TSXv	0.185	0.280	140,000	51%
04/06	25,000	Transeuro Energy Corp	TSU-TSXv	2.300	2.270	56,750	-1%
08/03, 10/03, 12/05	841,667	Tri-Gold Resources	TAL-TSXv	0.174	0.230	193,583	32%
12/05	200,000	Tri-Gold Res $0.25 Wts 5Jan07	TAL.WT-TSXv	0.000	0.000	0	N/A
07/05	10,000	UEX Corporation	UEX-TSX	2.750	4.450	44,500	62%
04/04	50,000	UFM Ventures Ltd	UFM-TSXv	0.750	0.750	37,500	0%
11/05, 02/06	45,000	UrAsia Energy Corporation	UUU-TSXv	2.032	3.250	146,250	60%
4-5/02, 7/02, 11/02, 3-6/03	750,000	VRB Power Systems	VRB-TSXv	0.155	0.730	547,500	370%
1/04, 3/04, 5/05, 3/06, 4/06	275,000	Yale Resources	YYL-TSXv	0.240	0.430	118,250	79%
03/06	50,000	Yale Res $0.25 Wts exp 21Apr07		0.000	0.180	9,000	N/A
		Cash Credit (Debit)				62,390	
		Portfolio Value (NAV)				5,529,858	

Value @ May 1, 2005	$2,183,411
Year-to-date NAV Growth	153.27%

Review of Portfolio Changes Since May 1, 2005 (Start of Fiscal Year)

Company Name	Comments	Date
Arian Silver - Hard Assets (HAI-AIM)	Bot 100,000 share private placement at C$0.295	30-Apr-06
Transeuro Energy (TSU-TSXv)	Bot 25,000 shares at $2.30 average	21-30-Apr-06
Yale Res (YLL-TSXv)	Bot 100,000 shares at $0.30 average	20-Apr-05
UFM Ventures (UFM-TSXv)	Bot 50,000 shares at $0.75 average	13-Apr-06
Texas-T Minerals (TTM-TSXv)	Bot 500,000 shares at $0.185	5-Apr-06
Fortune River Res (FRX-TSXv)	Sold 25,000 shares at an average $1.265	31-Mar-06
Titan Uranium (TUE-TSXv)	Sold 22,500 shares at $2.95 resistance area	27-Mar-06
Titan Uranium $1.35 Wts exp 21Oct07	Exercised 12,500 warrants	27-Mar-06
Bell Resources (BL-TSXv)	Bot 200,000 unit private placement @ $0.50	27-Mar-06
VRB Power Systems (VRB-TSXv)	Sold 200,000 shares @ $0.668 average	22-Mar-06
Yale Res (YLL-TSXv)	Bot 100,000 unit private placement at $0.20 (1 share, 1/2 wt)	21-Mar-06
VRB Power Systems (VRB-TSXv)	Bot 200,000 shares @ $0.475 average	8-9-Mar-06
Orko Gold (OK-TSXv)	Bot 20,000 units (1 share, 1 warrant) at $0.35/unit	2-Mar-06
Pacific Asia China Energy (PCE-TSXv)	Sold 12,500 shares @ $2.85	1-Mar-06
Titan Uranium $0.65 Wts 30Nov06 (TUE.WT-TSXv)	Sold 25,000 warrants at $1.65	1-Mar-06
Titan Uranium (TUE-TSXv)	Sold 35,000 shares at $2.40 average	1-Mar-06
Lynden Ventures (LVL-TSXv)	Bot 25,000 unit private placement (1 share, 1 wt) @ $0.75	27-Feb-06
European Minerals (EPM-TSX)	Bot 50,000 units (1 share, 1/2 wt) @ $1.05/unit	27-Feb-06
Pacific Asia China Energy (PCE-TSXv)	Sold 12,500 shares @ $2.20	21-Feb-06
Eastern Platinum (ELR-TSX)	Sold 100,000 shares @ $1.45 average	16-21-Feb-06
Fortune River Res (FRX-TSXv)	Bot 100,000 shares @ $0.61	13-20-Feb-06
Bankers Petroleum (BNK-TSX)	Bot 50,000 shares @1.00/share financing	19-Feb-06
Eastern Platinum (ELR-TSX)	Sold 75,000 shares @ $1.375 average	15-Feb-05
Eastern Platinum $2.00 Wts exp 25Apr08	Sold 50,000 warrants @ $0.3246 average	15-Feb-05
Bankers Petroleum (BNK-TSX)	Stopped out of 25,000 shares @ $1.14 average	9-Feb-06
VRB Power Systems (VRB-TSXv)	Sold 150,000 shares @ $0.598	7-Feb-06
Orko Gold (OK-TSXv)	Bot 30,000 units (1 share, 1 warrant) at $0.30/unit	5-Feb-06
Pacific Stratus Ventures (PVL-TSXv)	Sold 100,000 shares @ $0.48 average	2-Feb-06
Pacific Stratus Ventures (PVL-TSXv)	Sold 170,000 shares @ $0.485 average	1-Feb-06
UrAsia Energy (UUU-TSXv)	Bot 20,000 shares @ $2.55 financing	1-Feb-06
European Minerals (EPM-TSX)	Bot 50,000 shares @ $0.94 average	30-Jan-06
Fortune River Res (FRX-TSXv)	Bot 60,000 shares @ $0.52 average	15-30-Jan-06
Bravo Venture Group (BVG-TSXv)	Sold 25,000 shares at $1.90	19-Jan-06
Fortune River (FRX-TSXv) (RFT-TSXv)	Bot 60,000 shares at $0.431 average	19-Jan-06
Paradigm Oil & Gas (POGI-OTCBB)	Sold 50,000 shares at US$0.305 average	18-Jan-06
Southern Silver (SSV-TSXv)	Bot 50,000 shares at $0.865 average	17-Jan-06
ELE Capital Corp (ECC-TSXv)	Bot 100,000 units (1 share, 1/2 warrant) @ $0.25	12-Jan-06
Fortune River Res (FRX-TSXv)	Bot 100,000 unit private placement (1 share, 1 wt) @ $0.25	7-Jan-06
Impact Silver (IPT-TSX)	Bot 40,000 units (1 share, 1/2 warrant)	4-Jan-06
Oriel Resources (ORL-TSX)	Bot 90,000 shares at $0.495 average	4-5-Jan-06
Permission Marketing Solutions (PRM-TSXv)	Name change to Pacific Asia China Energy (PCE-TSXv)	3-Jan-06
Tri-Gold Resources (TAL-TSXv)	Bot 200,000 units @ $0.125 (1 share, 1 warrant)	28-Dec-05
Rio Fortuna Exploration (RFT-TSXv)	Roll-back 3:1, Name change:Fortune River Resources (FRX-TSXv)	21-Dec-05
Grandcru Resources (GR-TSXv)	Bot 290,000 shares @ $0.129 average	6-8-Dec-05
Grandcru Resources (GR-TSXv)	Bot 403,000 shares @ $0.12795 average	1-Aug to 5-Dec-05
Rio Fortuna Exploration (RFT-TSXv)	Bot 120,000 units @ $0.085 (1 share, 1 warrant)	30-Nov-05
Permission Marketing Solutions (PRM-TSXv)	Bot 50,000 units @ $0.50 (1 share, 1 warrant)	17-Nov-05
Grandcru Resources (GR-TSXv)	Bot 200,000 units (1 share, 1 warrant) @ $0.15	10-Nov-05
UrAsia Energy (UUU-TSX)	Bot 25,000 shares @ 1.618 average	8-Nov-05
Southern Silver (SSV-TSXv)	Sold 150,000 shares @ $0.65	2-Nov-05
Entrée Gold $1.35 Wts exp 31Oct05	Exercised 12,500 warrants @ $1.35	31-Oct-05
Eastern Platinum (ELR-TSX)	Bot 25,000 shares @ $1.10 average	25-Oct-05
Bell Res $0.30 Wts exp 22Oct05	Exercised 150,000 warrants @ $0.30	22-Oct-05
Lynden Ventures (LVL-TSXv)	Bot 25,000 shares @ $0.95 average	20-Oct-05
Lynden Ventures (LVL-TSXv)	Bot 25,000 units @ $0.75 (1 share, 1 warrant)	20-Oct-05
Bankers Petroleum (BNK-TSXv)	Bot 25,000 shares @ $1.25	20-Oct-05
Pitchstone Exploration (PXP-TSXv)	Bot 30,000 shares @ $0.70	14-Oct-05
Southern Silver (SSV-TSXv)	Bot 100,000 units (1 share, 1 warrant) @ $0.25	13-Oct-05
Pitchstone Exploration (PXP-TSXv)	Bot 5,000 units (1 share, 1/2 warrant) @ $0.55	13-Oct-05
Crescent Resources (CRC-TSXv)	Bot 15,000 shares @ $0.56	13-Oct-05
Bankers Petroleum (BNK-TSXv)	Sold 50,000 shares at $1.64 on stop-loss	12-Oct-05
Bankers Pete 5yr $0.95 Wts (BNK.WT-TSXv)	Sold 125,000 wts @ $0.897 average (stop-loss)	10-13-Oct-05
Titan Uranium (TUE-TSXv)	Sold 30,000 shares at $1.895 average	11-12-Oct-05
Pacific Stratus Ventures (PVL-TSXv)	Bot 100,000 shares at $0.383 average	16-30-Sept-05
Crescent Resources (CRC-TSXv)	Bot 50,000 units (1 share, 1 warrant) at $0.35	27-Sep-05
Titan Uranium (TUE-TSXv)	Bot 25,000 units (1 share, 1/2 warrant) @ $1.00	19-Sep-05
VRB Power Systems (VRB-TSXv)	Sold 100,000 shares at an average $0.975	12-27-Sept-05
Pacific Stratus Ventures (PVL-TSXv)	Bot 35,000 shares at $0.325 average	22-Aug to 2-Sept-05
Paradigm Oil & Gas (POGI-OTCBB)	Sold 50,000 shares at US$0.29 average	11-Aug-05
Paradigm Oil & Gas (POGI-OTCBB)	Bot 50,000 shares at US$0.168 average	10-Aug-05
Bell Resources (BL-TSXv)	Bought 200,000 units (1 share, 1/2 warrant) @ $0.25	8-Aug-05
VRB Power Systems (VRB-TSXv)	Sold 80,000 shares at an average $0.85	4-Aug-05
Grandcru Resources (GR-TSXv)	Bot 80,000 Grandcru shares at $0.13	4-Aug-05
Pacific Stratus Ventures (PVL-TSXv)	Bought 50,000 shares at $0.285	3-Aug-05

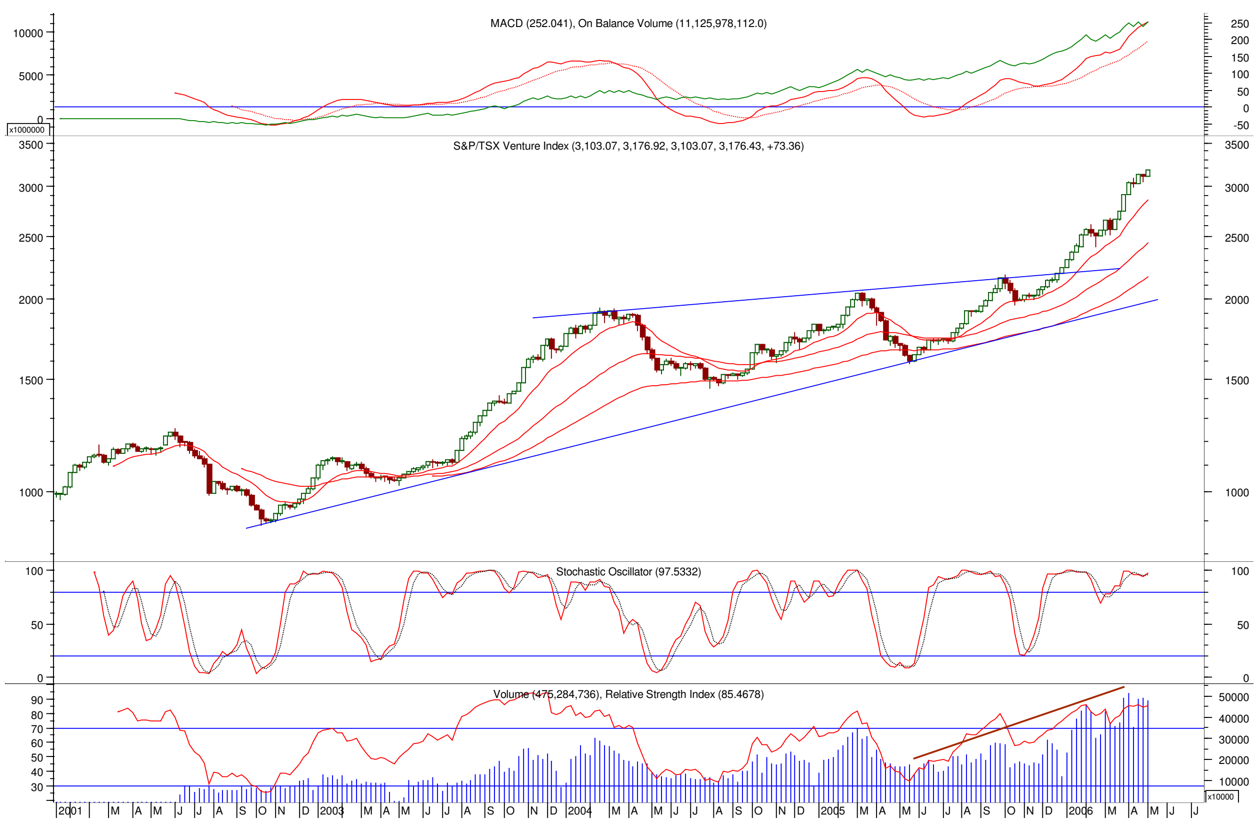
Review of Portfolio Changes (Cont'd) …

Entrée Gold Inc. (ETG-TSXv)	Sold 85,000 shares at $1.88 on technical breakdown	28-Jul-05
Radius Gold (RDU-TSXv)	Bought 25,000 shares at $0.95	27-Jul-05
Pacific Stratus Ventures (PVL-TSXv)	Bought 100,000 units (1 share, 1/2 wt) at $0.25	19-Jul-05
UEX Corporation (UEX-TSX)	Bot 10,000 shares at $2.75	19-Jul-05
Knight Resources (KNP-TSXv)	Bot 85,000 shares at $0.27	26-July to 5-Aug-05
Bravo Venture Group (BVG-TSXv)	Bot 50,000 units at $0.35 (1share, 1/2 warrant)	14-Jul-05
Knight Resources (KNP-TSXv)	Sold 100,000 shares at an average $0.3925	13-Jun-05
Pacific Stratus Ventures (PVL-TSXv)	Bot 35,000 shares at $0.22 average	6-7-June-05
Entrée Gold Inc. (ETG-TSXv)	Sold 25,000 shares at $2.00 at the opening	6-Jun-05
Titan Uranium Exploration (TUE-TSXv)	Bot 50,000 units (1 share, 1/2 wt) at $0.50	1-Jun-05
Grandcru Resources (GR-TSXv)	Bot 140,000 Grandcru shares at $0.13	24-26-May-05
Southern Silver (SSV-TSXv)	Bought 15,000 shares at $0.30	25-May-05
Entrée Gold Inc. (ETG-TSXv)	Bot 25,000 shares at $1.35	17-May-05
Bankers Petroleum (BNK-TSXv)	Bot 25,000 shares at $0.95	17-May-05
Southern Silver (SSV-TSXv)	Bought 35,000 shares at $0.30	17-May-05
Yale Resources (YLL-TSXv)	Bot 25,000 Yale shares at $0.190	10-16-May-05
Paradigm Oil & Gas (POGI-OTCBB)	Re-purchased 50,000 shares at US$0.305 average	3-May-05
Paradigm Oil & Gas (POGI-OTCBB)	Stopped-out 50,000 shares at US$0.445 average	2-May-05
Bankers Petroleum (BNK-TSXv)	Bot 25,000 shares at $0.96	28-Apr to 3-May-05

Our approach

Most companies we have accumulated positions in are initially early-stage deals (effectively are or recently were inactive "shells"). They are also primarily focused on the resource markets, where we believe a full-fledged long-term secular bull market is in progress – we're likely in the 3rd or barely the 4th inning. 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 puts tremendous odds in our favour, given time. It also helps that the tide is rising in the resource sector, bringing in more and more investors and their capital.

The S&P TSX Venture Exchange



Major breakout occurred after the 2005 year-end tax-loss-selling season ended!

Especially for the U.S. investors, the tide is particularly powerful – this is because the U.S. dollar is in a long term bear market and will inevitably retest its 2004 lows vis a vis a basket of major currencies. American investors need to anchor themselves to assets that will offset the debasing of their currency and protect against over-heated real estate valuations. The gold and precious metals sector should continue to offer such protection for some time to come.
Such a tact has served us very well indeed in the past, and generally pays off handsomely. Just remember to not sell these types of investments too soon, 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! Trying to trade for a living, taking small gains (and inevitably small losses, commissions, and paying taxes thereon) is not the way to wealth! What we do is value invest and position trade, although my definition of "value" may not necessarily meet your typical mainstream portfolio manager's criteria.

You may have noticed that almost all our positions started out as TSX Venture exchange listings. This exchange (see above chart) has performed well, having tripled over the last 4 years, and is now accelerating on record rising volume. The world has woken up to the resource bull market and 30-something year-old multi-billion dollar fund managers are under pressure to position into the resource sector, and into the Canadian dollar.

Remember – early stage deals, especially while 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! One thing that is changing for us is that most "shells" are now coming into play, and dormant ones that are prime "cheapies with a chance " are becoming harder to find. The luxury of time is no longer on our side. I can see that we will eventually need to evolve our business plan (once again) to try to stay a step ahead of the crowd, but for now we are exceptionally well-positioned. I expect that the world will continue to beat a path to our door, with varying urgency, for several years to come.

So where are we in the cycle?

Gold and the US Dollar

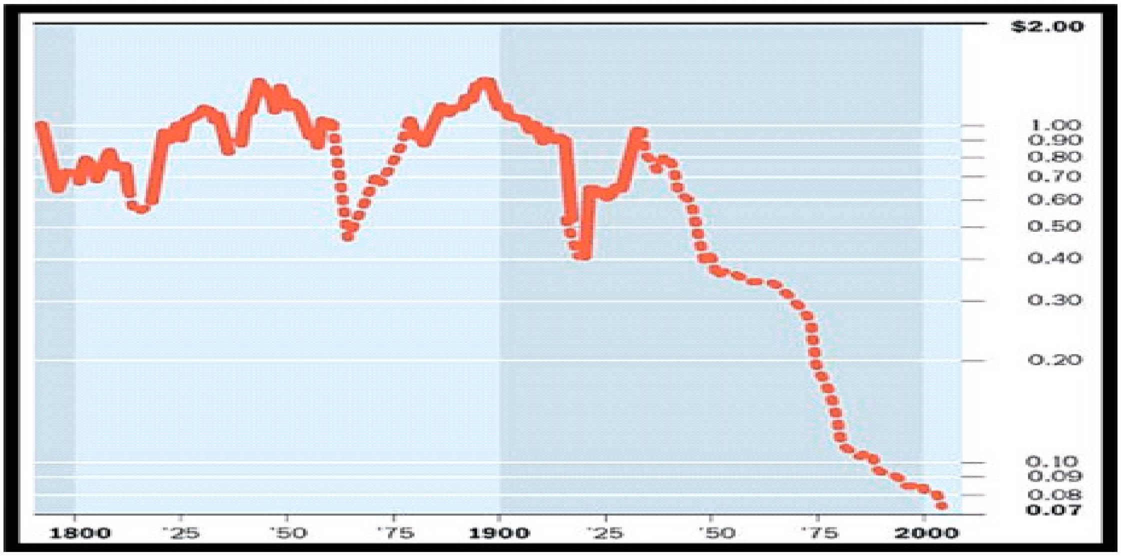
We continue to believe that we are firmly in a secular bull market in precious metals (gold, silver, platinum, etc) and resources in general, and that this will continue for the foreseeable future. There is little that fundamentally or technically stands in the way of this trend continuing. To put today's prices into some context, when simply adjusted for inflation, gold's peak at US$850 per ounce in January 1980 would correspond to over $2,150 today; US$50 silver then would be $125 per ounce silver today.

Gold not only continues to do very well, it has finally broken out through the old multi-decade highs to now ready for a challenge of the record. More significantly, gold largely de-linked itself from the US dollar as we suggested would happen last year. Gold showed that it could 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). Gold's long term appeal will continue to strengthen and finally overcome its past reputation as a dead money investment. Gold will 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 had 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.
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 mainstream 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. A sharp equities decline will likely be accompanied by a similar reaction in gold equities, but 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. Just compare the chart above (courtesy Barron's) with a long term gold chart. I rest my case!

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 $900 billion annual trade deficits? Who else could borrow so much money with so little hope of ever paying it back?

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.



Buying power of the US Dollar over the last 200 years – accelerating massive debasement! ***Source: Barron's***

Normally in economics, the lower the price of something the higher the general demand for it. This is evident everywhere in society today. But with gold, and indeed most other investments, the demand curve is reversed. As all contrarians know, in the investment world the higher the price an investment climbs the greater demand becomes! It is all backwards.

The higher the price of gold climbs, the more potential investors will become aware of its impressive returns. As they buy in over time, their marginal investment demand will drive gold even higher, putting it on the radar of even more investors worldwide. Most investors are not contrarians so they will only chase existing well-established trends.

Therefore it is important to realize that it is not mines or central banks that ultimately drive gold prices, but private investor demand. It is also crucial to understand that global gold investment demand only grows with higher gold prices.

All secular bulls ultimately culminate in bubbles. The typical parabolic shape of a secular bull market starts off with almost imperceptible acceleration in the early years, picks up dramatically in the middle years, and is breathtaking in the final years. This pattern was witnessed in the 1970-80 gold market and both the NASDAQ and S&P 500 during their own recent secular bulls. There are many examples throughout history of such patterns. If gold holds to a similar course as in the 1970s, gold will ultimately trade over thousands of dollars per ounce before this decade ends.

Stages of a Secular Bull Market

The typical stages of a secular gold bull are defined by the two major slope changes of its standard parabolic curve. Each stage, considered in turn, can be described in terms of global investor demand.

The main reason gold rises initially is due to a devaluation of the dominant currency in which it is priced, obviously the US dollar today. Gold is ultimately money. As the US dollar bear market has progressed in recent years, just as the dollar eroded in the early 1970s, gold is a direct beneficiary. As the dollar slides lower, the gold/dollar exchange rate rises. Initially the young gold bull is most noticeable in terms of the dominant eroding currency. Gold's gains have been greatest in the US since it is the US dollar that is devaluing.

After three or four years, the next stage arrives. Gold decouples from the local-currency (US) devaluation. This was dramatically evident during the latter half of 2005. Here, gold starts consistently rising faster than the dollar is able to fall. In fact the US dollars' counter-rally strength accentuated the accompanying acceleration of gold's breakout first through the $450 area, through the psychologically key $500 level, and now well into the $600's. This decoupling awakens investment demand around the world and marks the first significant steepening of the parabola's upslope. The slowly rising prices of the early stage that drew in the contrarians start accelerating as gold becomes known outside of the small contrarian community.

Critically, once gold's gains start outpacing the dollar's losses gold starts rising in virtually all currencies worldwide. Gold starts showing up on foreign investors' radar as it consistently sets new local-currency gold highs around the world. Not surprisingly, foreign investors generally know how fragile governments and fiat currencies truly are, and are far more receptive to gold investing than Americans.

As foreign investors out of Asia and Europe start buying gold global investment demand accelerates. The more global capital that is poured into gold, the faster its price rises tracking the accelerating parabolic upslope. And of course the faster gold's price rises the more new capital it attracts. Gold should trade considerably above $1000 before this second stage ends.

Typically after maybe five years of stage two gains (and you have to expect corrections along the way – to truly test your resolve!), gold has a chance at going ballistic in stage three. If you thought the dot-com mania was insane, wait until the global gold rush. Humans have an innate lust for gold it seems and there is no rush like a gold rush! Gold rushes define speculative manias!

When the gold bull market spreads to the general public so much capital deluges into gold so rapidly that it is blasted parabolic. A vertical upslope is unsustainable and cannot last much longer than maybe a year. This last stage is a tremendously rewarding time for the early contrarians who rode the entire gold bull from its early beginning days to its mania days. It is a warning however that the party will soon be ending. Early stage contrarians will be torn between riding gold "just a little bit longer" and immediately selling it all.

The 3rd World awakens

Much of our portfolio exposure (gold, uranium, oil and gas, base metals and energy storage) is predicated on continued strong growth in China, and to a lesser extent (for now), India. Chinese economic growth has been averaging almost 10% a year from 1990 through 2005, and was recently measured as accelerating, prompting a modest increase the China's bank lending rate. 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 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.

By managing its exchange rate with a trading partner, China has a tool to subsidize trade with that region. Aside from the euro-zone, the target market with a significant growth potential, Australia, Canada and Russia are worthwhile pointing out. As China is rebuffed in its efforts to purchase natural resources from the United States, it may well want to acquire natural resources in Canada and Australia. China's resource hungry economy is keen on securing future demand; the public got a glimpse of this at the recently failed attempt to acquire Unocal by the state-controlled Chinese energy conglomerate CNOOC. Separately, Russia with its very large natural resources is an increasingly important partner for China.

China has a long way to go to complete its revaluation. The realization of an ever-rising Yuan will rock the status quo. China can now go to Iran, Venezuela, and Nigeria and exchange renminbi for oil - and these countries will be better off than if they took dollars - because the Yuan is guaranteed to rise against the dollar! Besides, if any central banks in the Middle Eastern oil producing countries accepted Yuan over dollars for oil, and they suddenly needed dollars sometime in the future, the central bank of China now has well over $700 billion of dollars to swap. Clearly, over the long term, the Yuan has the potential to become a great currency.

Not only is China looking at energy deals in Sudan, Zimbabwe, Algeria, Angola, Kazakhstan, Turkmenistan (and any other "oil-stans"), they seem to be everywhere, particularly showing up in places that need a big powerful friend to protect them from America, or the rest of the civilized world. Countries, such as Iran and Venezuela, clearly need protection from the United States. (*Iran breeds terrorists and wants the bomb, while Hugo Chavez in Venezuela is a caricature of Castro with oil).* The world is full of petty dictators that need friends. You may recall when Iraq has created a bourse to shift from being paid for oil in dollars, to being paid in euros; that move did not win many friends at the White House.

China has a one party rule and dictatorship by committee and they know how to cut deals with strong men. With China showing up wherever there is oil and resources, rulers of the less than democratic countries must see a "win win" situation with China. If they accept the Yuan in exchange for their resources, not only do they get money that is better than the dollar, they shake hands with a very powerful friend that can sell them arms and keep them in power! Letting China have a reserve currency has major geo-political implications, and they are not all good for the United States.

We believe that central banks worldwide are going to be eager to take the Yuan as a reserve currency because it is guaranteed to go up in relative value. Indeed, with the US running massive federal and trade deficits, central banks around the globe remain eager to diversify away from the dollar.

China needs resources and has the means (purchasing power) to access the world's markets. Inflation adjusted charts of key commodities suggest that recent price increases are still early phase. 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.

A new man at the helm

When Alan Greenspan came into the Fed, the Dow was under 2,000 and a conventional 30-year mortgage was over 11%. When we looked yesterday, the Dow was over 11,500 and mortgage rates had just hit a three-year high after bottoming below 6%. Where exactly the trend toward lower rates ended, we don't know - probably in 2003 or 2004 – but that they're headed higher is inevitable - failing a deflation. And so we have passed an important inflection point – at about the same time that gold bottomed out at multi-decade lows.

The wind has certainly changed. Investors who were worried and skittish in 1987 are complacent and confident 20 years later. Those who panicked when the Dow hit 2,500 are now serene at 11,500. The credit derivatives market barely existed in 1987; now it is worth $12 trillion. And homeowners who wondered how they were going to pay off their $75,000 mortgages in the '80s now borrow $300,000 with no intention of ever paying it off.

New Fed chairman Ben Bernanke has yet to be tested. Like Greenspan, he too will have his opportunity to blunder. Will the stock market crash? We don't know, but if it does, it has a lot more room to fall than it did back in 1987. Will the derivatives market melt down? Who can say? Is the dollar likely to buckle ... or the bond market fall to its knees? Whatever risks and dangers Alan Greenspan faced in 1987 have been multiplied many times for Ben Bernanke. On his first day on the job, he had about $15 trillion more in debt to worry about, savings rates that had not been seen since 1933, mortgage rates from the Kennedy era and 200 fewer basis points to cut.

Conclusion

The practice of US monetary inflation requires the addition of ever larger amounts of new money and credit instruments to keep the scheme going, but at some point the general public realizes they are holding empty promises and race to exchange the paper for anything of value. We do not believe it is different this time, but only a matter of time. We certainly cannot foretell even an approximate date of the coming crisis other than to state our belief that for the US dollar it is late in the day.

The sustained, and indeed accelerating, increase in the price of gold, as well as silver, fine art, and gem stones, against all fiat currencies attests to the growing awareness of the problem and reflects attempts to preserve wealth from the gathering inflationary storm. The second leg in the gold bull market is well underway – the ultimate indicator of wealth preservation.

The consequences of growing monetary inflation, waning credibility and a growing uncertainty within the US will be far-reaching and calamitous someday. However, it is unlikely that day is at hand, for one thing appears certain: the rising tide of liquidity is a veritable tsunami, which will continue to lift all asset classes for some time. But if true to form, other asset bubbles will be inflated, for whereas the Fed can unleash massive liquidity, as it is presently, it cannot control where that liquidity is directed.

What follows is brief coverage on some of our largest portfolio positions - ones that I believe still offer life-changing upside from current trading levels – and because we bought lots cheap! - and emphasizes where we expect to make our biggest overall dollar gains.

Bell Resources (BL-TSX Venture)

Weekly chart, Semi-log scale

Website: www.bellresources.com

Bell Resources is currently our top choice in the category of advanced exploration opportunities, with four potentially world-class copper / Nickel projects being drilled over the next four months.

Bell has a diversified portfolio of North American base metal projects with the most advanced being the past producing Granduc Mine. The Granduc was a major company mining operation in production for 16 years, shut down in 1984 half-way through its then-expected mine-life with copper prices sub-US$0.60/lb. With copper now over US$3.00/lb and recent exploration efforts supporting the opinion of Dr. Tim Marsh that there may be multiples of the original deposit yet to be delineated, the project is being fast-tracked towards a pre-feasibility scenario.

Bell's multiple large-tonnage projects enable it to generate year-round news, aggressively advancing it along a path toward a production decision, with the goal to ultimately see Bell make the transition from explorer to producer.

Granduc Project – North Western British Columbia Cu / Ag / Au / Co

- Copper-rich, easily accessible deposit with surrounding infrastructure
- Historic resource of 550 million lbs. grading at 1.73% Cu (1969 non-43-101)Approximately 200 million lbs. of copper based on historical resources remain in place at an average grade of 1.84% (BCMINfile non - NI 43-101)
- Conceptual Target: 20-50 million tonnes of ore grading +2% copper plus credits

Fall 2005 Phase I Program Highlights

- Significant copper intersections of up to 3.92% including: 25.5 ft. of 2.57% Cu,24.9 ft. of 2.21% Cu
- Ore zones have been extended at least 800 feet southward along strike from historically mined areas. Copper grade, thickness and byproduct metal grades in the down-dip and to southwest increase with depth and are open to extension in these directions
- Drilling focused on less than 10% of the current 3.5 km strike length of the deposit

Spring 2006 Phase II Drill Program Objectives

- Further extend mineralization to the south

- Add to North Zone mineralization
- Test the recently discovered Pollux geophysical target

Sombrero Butte Project – Arizona Cu / Mo

- Located in the Copper Creek District, Pinal County, Arizona.
- Property contains a cluster of copper-bearing breccia pipes with an indicated underlying porphyry copper system
- Conceptual Target: 10 to 20 million tonnes of 2% copper ore in the breccias, underlain by potential several hundred million tones of 1% Cu-Mo equivalent in the porphyry.

Spring 2006 Drill program

Approximately 5000 ft of drilling over 10 holes on multiple high grade breccia pipes.

Kabba Project – Arizona Cu

- 100% interest in 232 federal unpatented mining claims
- Suspected down-faulted, enriched top of a large Mo-rich porphyry copper system
- 74 miles from Phelps Dodge's Bagdad Mine (200 million lb Cu/year production)
- Conceptual Target: large (±500 million tonnes) porphyry copper system, carrying grades near 1% Cu-Mo equivalent.

Fall 2006 Drill Program

Approx 15,000 ft. of drilling over 5-10 rotary+core holes to test IP anomalies

A Train Project – Michigan High Grade Ni / Cu / PGE's

Coincident ultramafic intrusion, Ni-Cu-Co-Cr-PGE anomalies, and magnetic anomaly 40 km from Kennecott's Eagle discovery (+ 5 Mt @3.6% Ni, 3.0% Cu, 0.1% Co, Au, Pt, Pd)

- Conceptual Target: analogous to nearby North American Palladium Lac des Iles Mine and Eagle discovery.
- Confirmed by recent airborne geophysics

June 2006 Drill Program

- 8 holes totalling approximately 5000 ft.
  Target One: discrete magnetic high overlying mostly swampy ground coinciding with outcrops of copper-platinum-group-element mineralization.
- Target Two: intense, ovoid magnetic high where Nine low-level EM anomalies were detected within ground central to the ovoid. Geochemical values in outcropping directly over the ovoid magnetic anomaly show anomalous arsenic, copper, nickel and zinc.

Senior Management

The team leading Bell Resources includes two senior mining executives with extensive experience and success in project financing, exploration and development. They are focused on transitioning Bell from the exploration stage through to production.

W.Glen Zinn, *B.Sc., President & C.E.O.,* has 35 years in senior management, corporate development, strategic planning and exploration and development in the natural resource industry. Formerly VP Corporate Development and Exploration of Hecla Mining Company, Mr. Zinn has a proven track record in financing, operating and managing both exploration companies and companies that are in production. He graduated from the Michigan College of Mining Technology with a degree in geological engineering and completed executive management programs in corporate finance, corporate development and strategic planning at MIT and Stanford University Graduate School. Mr. Zinn brings a unique balanced set of management and technical skills to Bell Resources.

Tim Marsh, *Ph.D., P.Eng., VP Exploration* has 20 years of exceptional industry experience. Previously, Dr. Marsh was Chief Geologist of Resolution Copper Company (a Rio Tinto company) where he played a principal role in the planning and initiation of a multi year, deep exploration drilling project on the large, high grade Resolution porphyry copper deposit in Arizona. Dr. Marsh also explored for Kennecott Minerals Company on the prolific Cortez Joint Venture in Nevada. He was previously with AMT International where he was the Manager for Exploration and Geology and was responsible for the resource discovery at Copper Creek, Arizona. Dr. Marsh's education includes a B.Sc. in Geological Engineering from the Colorado School of mines and a Doctorate of Philosophy, "Ore Deposits and Exploration" from Stanford University. Dr. Marsh is a registered Professional Engineer in the state of Arizona.

Technicals

Bell has been quietly building value for shareholders since the spring of 2003, rising steadily with higher lows and higher highs. The longer term uptrend line emphasized the higher lows and higher highs and spent most of last year readying to test the Fibonacci line prior to testing the resolve of the sellers at the top of the channel. In December 2005 price achieved a milestone as it broke through a key resistance area at $0.335. We stated last year that the coiled nature of technical trading pattern generally resolves to the upside, often in an explosive manner, and we were not disappointed. In March price broke out through the key $0.50 resistance area and quickly ran to $1.24, nicely eclipsing the old high and key resistance area of 1999 at $0.92. That resistance area should typically become new support, and was severely tested these last 2 weeks during the first major correction of both Bell and the resource sector in general in many weeks. After three years of slow but steady gains, I suspect that their methodical business plan will now gain rapid traction with an appreciative and increasingly international audience looking for exposure to just these kinds of opportunities. Timing for Bell is perfect, and we will likely see several waves to successive new highs given that the resource sector's "glass" remains half full.

European Minerals (EPM-TSX)

Weekly chart, Semi-log scale

Website: **http://www.europeanminerals.com**

European Minerals Corp. (EPM-TSX; EUM-LSE) is developing the 100% owned 2.32 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 our September 2004 initial report and followed up with updates 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.

On 19May05 it was announced that Oriel Resources (ORL-TSX; another one of our holdings) agreed to sell its 14% interest in the Varvarinskoye gold-copper deposit. European paid US$5 million to Oriel to complete the acquisition and will pay an additional US$2.25 million on the earlier of the 15th business day following the date of the first gold pour at the Varvarinskoye mine or December 31, 2006.

European has received permits from the Government of the Republic of Kazakhstan for the design and construction stages for the development of an open-pit mine and processing plant to produce gold dore and copper-gold concentrate at Vavarinskoye. This includes the environmental and land use permits.

Independently assessed proven and probable mineral reserves at Varvarinskoye are currently 2.34 million ounces of gold and 269 million pounds of copper at metal prices of US$375/oz gold and US$1/lb copper. All estimates of mineral reserves are made in accordance with the classification and definitions of the Canadian Institution of Mining and Metallurgy, as adopted under Canadian National Instrument 43-101.

Technicals

Price broke out to new high territory after the tell-tale saucer formation we highlighted in our last report. Our stated $1.20 target area has since been met and exceeded, but not yet decisively breached. While not a huge gain by our standards, given the massive dilution resulting from their cheap financings, we are working out of our position at the resistance area, and will say thank you very much and move on. The one caveat here is that as commodity price increases continue to move higher and add further value to this deal we may indeed see further upside. A take out offer is also a distinct possibility in the near term, and would likely suit management and their sponsor Canaccord Capital just fine.

Grandcru Resources (GR-TSX Venture)

Weekly Chart, Semi-log Scale

Website: **http://www.grandcruresources.com** and **http://www.texast.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.

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, including some key members of the Bell team. We therefore continued to build on our already large share position as funds and opportunity allowed. The shares are fairly tightly held by a core group of supporters, some at significantly higher levels.

On Dec 21, 2005 **Texas T Minerals (TTM-TSXv)** entered into an initial letter of intent with Grandcru Resources to enter into a business combination. Grandcru and Texas T will amalgamate to form a new company with each outstanding share of both companies being exchanged for one share of the new company. Upon completion of the transaction (shareholder approval has been received), the parties will amalgamate as a British Columbia corporation under the name Grandcru Resources Corp.

Texas T brings 2 Chilean properties that offer the large potential upside and higher probability indicators management seeks. Their **La Isla** property in northern Chile will see Stage 2 exploration with expenditures totaling $250,000 for diamond drilling to 1,500m and Stage 3 exploration totaling $500,000 for further drilling (contingent upon Stage 2 results).

The Property is a gold, silver and copper prospect comprising 16 hectares that are centrally located within a larger zone of approximately 50 hectares which has been mined at surface by local miners. Within the La Isla property there is a shaft approximately 205m deep. Samples taken during the excavation were analyzed.

Late last year Texas T commenced a Stage 1 work program, including a program of mapping and sampling focused on the stock-work hosting zones that are located between the previously mined vein filled fractures. A formal report prepared by Thomas Carpenter, B.Sc., P.Geol., detailing results can be reviewed in its entirety at www.sedar.com. Conclusions from the report indicate that gold and copper mineralization occurs on the La Isla property as shear-hosted copper oxides and gold–bearing iron oxides with potential for a low-grade high-tonnage epithermal type gold deposit and gold and copper bearing pyritic porphyry style mineralization. Texas T is currently reviewing options to commence additional exploration on La Isla by summer 2006.

Their second mineral exploration property also located in Chile is known as the **Berta.** The property encompasses 210 hectares. The nearest major mine is that of Mina Mantoverde located 40 km to the west. Both oxide and sulphide copper mineralization with associated anomalous molybdenum values has been recognized on the property with the former being mined on a small scale basis by a local mining group. The currently proposed work program on the property calls for surface mapping and sampling which, subject to assay results and the availability of drill rigs, would be followed immediately with drilling.

Essentially this merger between Grandcru and Texas T brings rare management strength and property positions together under one combined vehicle, the sum being greater than the two parts. Until completion of this deal, we are content with what is our largest combined (Grandcru and Texas T) share position within the portfolio.

Technicals

Grandcru's share price cleared its long-term decline line in August 2003, achieving a price peak at old resistance of $0.80 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 price has broken down and drifted 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 buyer interest. We emphasized last August that this would be an opportune time to accumulate positions at very low cost, before the company's inevitable awakening. We continued to build on our position in the $0.10-0.15 area where an open-order and some patience led to the occasional bargain-level fill as investors gave up their positions and moved on. There will be exceptional rewards to patient investors when management is ready to put their deal on the front burner. Note that the long-term down-trend line was decisively broken as price established a base, and that the OBV has been in a long-term rising "accumulation" mode – positive divergence from the falling share price. The late-March breakout on rising volume and current consolidation-pause suggests anticipation that, once the merger completes, a new and sustainable uptrend will become apparent.

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 ownership interest in Alumbrera. With its low operating costs and mature operation, Alumbrera should provide cash flow to the Company over the next five-plus years which, together with project debt, could 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 $250 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 over US$2.00. 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.

In February 2005 the company raised gross proceeds of $101,637,000 from a short-form prospectus offering of units. The proceeds of this financing are intended for development of the Agua Rica project.

Last June the company completed an updated resource estimate for its 100-per-cent-owned Agua Rica copper/gold/molybdenum project located in northwest Argentina and an interim financial outline of the project that is currently undergoing a feasibility study suitable for financing purposes. The feasibility study is based on the development of the Agua Rica project on a stand-alone basis. Work on the project to date indicates that the development of Agua Rica is technically feasible and could be developed as a long-life, low-cost copper/gold/molybdenum mine with strong economics. They have also initiated a feasibility study with Hatch Associates Ltd. on the construction and operation of a stand-alone mine and processing facility at Agua Rica scheduled to be completed early in 2006.

Weekly chart, Semi-log scale

Northern Orion completed the selection of a syndicate of debt financing banks to work in parallel with the feasibility study in order to develop a project financing facility that includes commercial debt, export credit finance and multilateral agencies. With over $140-million (U.S.) in cash and continuing cash flow from Alumbrera, it is expected that Northern Orion will have the ability to finance the required equity internally.

The company's release of preliminary estimates on the Agua Rica project in Argentina suggests that project could have a net present value (NPV) of $282-million (US). This factors in an 8-per-cent discount rate and conservative metal prices, with $1-billion (US) in project development costs. However, at current metal prices, the Agua Rica's NPV would be well in excess of $5.0-billion (US). These numbers, aided by an estimated payback of under 2 years, did much to whet our appetite. The economics get even more attractive if the company realizes our expectations of a conveyor link linking Agua Rica with Alumbrera's operations.

Technicals

We have long stated that dips offer excellent opportunities for (re) entry into rare finds like this, and that while pull-backs are particularly unkind to shareholders, they offer a major discount opportunity for new positions. With the January 2006 price breakout from the old highs, it is key to realize that strength in the metals markets continues to add significant unrealized value to exceptional projects like this.

ORIEL RESOURCES (ORL-TSX: ORI-AIM)

Website: http://www.orielresources.com/

Low-cost rapid-payback ferroalloy opportunities are rare for North American investors, who now have easy access following the Feb 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 in 2004, 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 looked 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 well underway, with established analyst and newsletter coverage and periodic institutional meetings.

Investor interest is 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 and fourth properties are held through their majority ownership of a newly created ELE Capital Corporation, currently halted pending completion of the reverse takeover transaction and a financing. We are positioning in that deal. The spun-out projects are the Urup Island gold project with its high-grade gold deposits near the surface, and the Togolok gold project in the Kyrgyz.

Weekly chart, Semi-log Scale

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 around 30p on the AIM ($0.60 equivalent), still representing a severe 54% decline from 65p where the company raised $94 million. Volume has slowly been improving in Canada as the company becomes exposed to retail investors.

The fact of life for Oriel is that with over 200 million shares issued and held by UK investors the Canadian market place is still somewhat 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 continue to enhance investor support.

The stock halted its downtrend last December and shows signs of establishing a tested base, and wanting to trend higher. Typically these production plays start to move higher as the projects approach cash flow, and Oriel will be no different. What would surprise the market is a deal to put the massive Voskhod Chrome Deposit into production without the anticipated financing investors fear could potentially dilute the story. Some kind of joint venture with a major would quickly change the landscape for this one, and the UK-held stock overhead would just as quickly disappear.

SOUTHERN SILVER EXPLORATION (SSV-TSXv)

Corporate website: http://www.manexresourcegroup.com/southern/

Weekly Chart, Semi-log Scale

This 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 was advancing the Penasquito world class silver deposit in Zacatecas, Mexico. Last year Western Silver raised $64.8 million at $10.25 per share, and was recently taken over by Glamis Gold at around $25 per share. The group also manages Bravo Venture Group (BVG-TSXv) and Fortune River (FRX-TSXv), also recent winners we held and continue to follow.

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. Their initial Mexican acquisition from Anglo American came as a result of the excellent long term relationships held by Dr. Tom Patton. Management continually focuses on building value for shareholders. Southern Silver offers a low-priced opportunity to position into fairly new vehicle along side a capable and motivated management group.

In Mexico the company has acquired three significant properties, the high-grade copper La Sorpresa project, the high-grade copper-gold-silver Santo Domingo prospect and the Pinabete project , a silver-zinc-lead Carbonate Replacement Deposit (CRD) deposits.

The La Sorpresa project represents an outstanding high-grade copper exploration opportunity that bears some similarity to the Copper Greek Deposit in Central Arizona (+11.0 MMT of 1.98% Cu). If the breccias and known mineralization extend to depth, then the possibility exists for 30MMT of approx. 1% Cu. The company has a spring exploration drill program to test these breccias.

The company completed recent on-site due diligence review of the Santa Domingo (El Coyote) project. Historical exploration has included modest surface sampling that indicated multiple strongly-developed fault/vein zones with chip samples grading +1% Copper and accompanied by anomalous gold-silver-lead and zinc.

The silver-zinc-lead Carbonate Replacement (CRD) Pinabete project, located nearby to the world class Santa Eulalia and Naica deposits attest to the company's exceptional potential within this highly prolific district.

As well, the company's other substantial property is the Tombstone prospect a multi-target, porphyry/skarn exploration property located in Arizona. Southern Silver president Lawrence Page said “this recent acquisition complements the company's Pinabete CRD project in Chihuahua , Mexico and continues management's strategy of creating upside leverage through exposure to aggressive exploration programs targeted to the discovery of significant gold/silver, base metal deposits.”

Technicals
Price is showing significant strength as it consolidates the high-volume move to new highs of last fall. Support is forming around the February 2005 highs ($0.60-0.70 area) and is indicating that further gains are likely once the $0.90 area is cleared. While we sold off our initial low-cost $0.10 and $0.15 shares, we were fortunate to be able to re-establish a decent position during the last private placement unit financing at $0.25. As this position actually is purchased from profits it is essentially free, and our plan is to stick with it for some time. Management is known for their company-building success and we find Southern Silver to have structuring amenable to significant appreciation.

Tri-Gold Resources (TAL-TSX Venture)

Website: **http://www.trigoldresources.com**

Tri-Gold announced the completion of a 1000 meter diamond drill program on the Company’s Big Duck Lake Property Drilling of Happy Valley Labrador in April 2005. 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. Tri-Gold carried out further exploration work once all gold and multi-element ICP assays were 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 originally positioned into this re-awakening shell with a $25,000 private placement investment, and also participated in a one million share cross carried out in the market at $0.15. We accumulated the balance of our position on share price weakness in the open market, and then participated in the recently completed $0.125 unit financing.

Technicals
Significant investor fatigue coincidental to the recent pullback in the metal markets resulted in some excellent buying opportunities during tax-loss selling season. Support at $0.09-0.10 had strong and consistent buying interest. Shares can often be difficult to buy given the lack of liquidity at relatively cheap prices, and leaving an open buy order in to await liquidation by a tired investor has proven to be rewarding for us. An uptrend developed last year and has been probing the mid-to-high $0.20’s resistance area. While we await drilling there is little reason for a breakout, but once drilling does commence we could be in an explosive situation. Any support to the notion that this property could hold a Hemlo look-alike would quickly see a price move that would leave all technical resistance areas in the dust. Kinda like holding a lottery ticket for that huge jackpot, our downside in this case will always be minimized by the fact that a large number of shareholders are part of a network that would soon introduce another upside opportunity if this ones fails to reward.

UrAsia Energy (UUU-TSX Venture)

Website: http://www.urasiaenergy.com

UrAsia Energy Ltd. ("UrAsia") began trading on the TSX Venture Exchange (TSXV) on November 8, 2005 under the trading symbol UUU. UrAsia is one of the four listed uranium producers in the world, and one of three now listed in Canada.

UrAsia's annualized production is an estimated 1.4 million pounds of uranium, which comes from its 70% interest in the Akdala in-situ leach uranium mine in Kazakhstan. The company's goal is to be producing in excess of 10 million pounds annually by 2015 from at least three assets in Central Asia. Russian drilling (FSU) around their core holdings, on held land, while not 43-101 compliant and therefore not to be relied upon by North American investors, was exceptionally reliable, and outlined a potential for additional resources 10 times the current reserves.

The Company has a seasoned uranium production management team, headed by CEO and Director Phillip Shirvington, formerly CEO of ERA, Australia's largest uranium producer. The company's board of directors includes Ian Telfer as its non-executive Chairman, with Frank Giustra (Endeavour Financial Chairman) and Robert Cross (Northern Orion Resources Chairman) as directors. The company has raised a total of $567.66 million in 2005, with $504 million completed on November 1, 2005 in conjunction with its listing on November 8. Since then, another $144 million financing was completed at $2.55 in February.

Technicals

Price appreciation is accelerating after a soft opening in November, with trading below the last financing price ($504 million raised) of $1.80. We took that opportunity to add to positions. We see this as a core long term holding, similar to Northern Orion and Endeavour Mining. There is a clear possibility that we will see double-digits for UrAsia this cycle, given the outstanding fundamentals for Uranium and UrAsia’s vast holdings and exceptional blue-sky potential. Note the solid base that developed at the old resistance area just over the $3.00 level following the early-April breakout run to the $4 area. This was a low-risk area to add to positions. Price is now lifting, looking to re-test the $4 area.

UrAsia Energy (UUU-TSXv): Daily Chart, Semi-log Scale

VRB Power Systems (VRB-TSX Venture)

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 participated in several early financing rounds and this served us well. We continue to believe the company has positioned itself very well, and is close to mass commercialization on several fronts, yet it is taxing investors who have seen little in the way of any upside for 3 years. For this reason, we use proceeds from an occasional sale to redeploy into early stage opportunities, and thereby trigger relatively significant capital gains from time to time.

VRB Power Systems is an electrochemical energy storage company that commercialized their 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.

We still 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. This would mean a share price in the double-digits.

"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*

There are at least 2 independent reports by analysts at well-respected brokerage firms:

Fraser Mackenzie Equity Research issued March 21, 2005 - Strong Buy - 12-month target $1.60
LOM Investment Research issued January 17, 2005 - Speculative Buy - 12-month target $1.75

These can be viewed here: **http://www.vrbpower.com/analystreports.html**

Weekly Chart, semi-log scale

Technicals
Price continues a lengthy period of sideways consolidation, with recent weakness breaking down through support at the $0.75 area. The key areas we need to see broken to the upside is this resistance at the $0.75 area, the key 80-week EMA now also at $0.75 and declining (formidable resistance). The $1.00 area is also a major resistance area and once broken through would signal a major move to test the $1.20 area and then the $1.90 area. At this time, there would need to be significant new interest in the story to achieve a new uptrend, and we would likely be inclined to further reduce our significant 900,000 share position at resistance areas. Again, it's a case of redeployment of significant profits into low-priced, low-downside opportunities – especially into the strong resource sector where investor interest seems insatiable.