

Growth Stocks Weekly www.gsweekly.com

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Performance: YTD Apr 30: '96 116.9%; '97 28.1%; '98 36.4%; '99 39.4%; '00 180.9%; '01 -50.5%; '02 18.7%; '03 28.8%; '04 166.7%; '05 28.2%; '06 153.3%; '07 8.8%; '08 -25.2%; '09 -50.3%; '10 162.3%

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Portfolio Review Edition

October 31, 2010

Current Model Portfolio - Oct 31, 2010							
Last Purchases	Units	Positions	Ticker	Average \$Cost	Market \$Price	Current \$Value	%Gain/ (Loss)
27Oct09 6-26Oct10	3,000,000	AKA Ventures	AKA-TSXv	0.076	0.160	480,000	111%
15Aug-8Oct09	250,000	Altair Ventures	AVX-TSXv	0.146	0.180	45,000	23%
12-24Dec08	25,000	Anvil Mining	AVM-TSX	0.785	4.690	117,250	497%
17Feb-9Mar09	350,000	Shamaran Petroleum (ex- Bayou Bend)	SNM-TSXv	0.175	0.830	290,500	374%
6Mar10	4,240,000	Bell Copper Corporation	BCU-TSXv	0.440	0.210	890,400	-52%
13Jan09	1,215,000	Bell Copper \$0.10 w ts exp 25Feb11	unlisted	0.000	0.110	133,650	N/A
6Mar10	875,000	Bell Copper \$0.30 w ts exp 15Mar11	unlisted	0.000	0.000	0	N/A
2Oct08	175,000	Bravo Venture Grp	BVG-TSXv	0.316	0.160	28,000	-49%
15Jun-17Aug10	250,000	Cardero Resource	CDU-TSX	1.178	1.240	310,000	5%
4Jan10	250,000	Catalyst Copper	CCY-TSXv	0.105	0.160	40,000	52%
13Oct10	100,000	Creso Exploration	CXT-TSXv	1.020	0.690	69,000	-32%
23Nov-3Dec09	250,000	Donner Metals	DON-TSXv	0.175	0.280	70,000	60%
8Feb-22Apr10	500,000	Duncastle Gold	DUN-TSXv	0.077	0.080	40,000	5%
25-29Jan10	250,000	Encanto Potash	EPO-TSXv	0.205	0.235	58,750	15%
17May05	27,500	Entrée Gold Inc.	ETG-TSXv	0.812	2.640	72,600	225%
01Feb10	100,000	Endeavour Mining Capital	EDV-TSX	1.792	2.920	292,000	63%
7-15May09	250,000	Evolving Gold	EVG-TSXv	0.388	0.850	212,500	119%
1-10Dec09	250,000	Geovic Mining	GMC-TSXv	0.593	0.860	215,000	45%
11Apr07	12,500	Geovic Mining \$5.00 Wts exp 27Apr12	GMC.WT.B-TSXv	0.000	0.040	500	N/A
21Apr09	19,000	Gold Wheaton Gold Corp	GLW-TSXv	3.630	3.440	65,360	-5%
3Aug10	250,000	Gran Colombia Gold	GCM-TSXv	0.400	0.400	100,000	0%
3Aug10	125,000	Gran Colombia \$0.65 w ts exp 24Aug15	GCM.WT	0.000	0.200	25,000	N/A
30Mar10	10,000	Gulfport Energy	GPOR-NASDAQ	10.720	16.680	166,800	56%
25Oct08 25-31Aug10	250,000	Hathor Exploration	HAT-TSXv	1.736	2.100	525,000	21%
17Jul-7Aug09	109,250	Kobex Minerals	KXM-TSX	0.705	0.960	104,880	36%
4Jan06	60,000	Impact Silver Corp	IPT-TSXv	0.433	1.180	70,800	173%
10Jan09	5,000	iShares Cdn Energy Sector Index Fund	XEG-TSX	12.510	18.060	90,300	44%
10Jun10	250,000	Meekatharra Gold Corp	pre-IPO	0.500	0.750	187,500	50%
12Feb09 9-16Jun10	250,000	Mega Precious Metals	MGP-TSXv	0.478	0.520	130,000	9%
20Nov09	25,000	New Gold Corp	NGD-TSX	2.860	7.550	188,750	164%
13Apr07	17,500	New Gold \$15.00 w ts exp 03Apr12	NGD.WT.B-TSXv	2.340	0.050	875	-98%
16Sep09	175,000	Novus Gold	NOV-TSXv	0.155	0.200	35,000	29%
21Nov09	250,000	NYCE Networks	pre-IPO	0.495	0.750	187,500	52%
15Mar10	250,000	NYCE Controls	spinout, pre-IPO	0.005	0.250	62,500	4900%
2Mar06	100,000	Orko Silver Corp	OK-TSXv	0.380	1.980	198,000	421%
20Apr10	600,000	Orsu Minerals	OSU-TSX	0.346	0.260	156,000	-25%
16Apr10	125,000	Orsu Minerals \$0.50 w ts exp 15Apr12	OSU.WT.B	0.000	0.005	625	N/A
25Mar10	350,000	Valeura Energy (ex-PanWestern Energy)	VLE-TSXv	0.399	0.445	155,750	12%
4-12Feb10	400,000	Petroamerica Oil Corp	PTA-TSXv	0.586	0.510	204,000	-13%
16Feb10	250,000	Petroamerica Oil \$0.75 w ts exp 08Oct14	PTA.WT-TSXv	0.180	0.170	42,500	-6%
4Dec09	250,000	Petromanas Energy	PMI-TSXv	0.250	0.590	147,500	136%
4Dec09	250,000	Petromanas Energy w ts \$0.45 23Feb15	unlisted	0.000	0.160	40,000	N/A
28-30Apr09	350,000	Rusoro Mining	RML-TSXv	0.966	0.285	99,750	-70%
2May08	40,000	Sky Ridge Resources	SYR.H-TSXv	0.245	0.280	11,200	14%
9May06	20,000	Stratco Resources	RSC-TSXv	1.380	0.640	12,800	-54%
31Oct-11Nov08	350,000	Terra Ventures	TAS-TSXv	0.362	0.420	147,000	16%
19Jul05	10,000	UEX Corporation	UEX-TSX	2.750	1.480	14,800	-46%
26Jan09	200,000	Uracan Resources	URC-TSXv	0.664	0.270	54,000	-59%
25May10	97,500	Western Zagros Resources	WZR-TSXv	0.235	0.410	39,975	74%
22May-16Jun08	150,000	Westward Explorations	WWE.H-TSXv	0.473	0.260	39,000	-45%
		Cash Credit (Debit)				561,916	
		Portfolio Value (NAV)				7,230,231	
		Value @ 30Apr2010				\$7,850,597	
		Year-to-date NAV Growth				-7.90%	

Review of YTD Portfolio Changes (Emailed Trade Alert History)

May 1, 2010 – Oct 31, 2010

Company Name	Comments	Date	\$ Chnge	Cash
Alange Energy (ALE-TSXv)	Sold 250,000 shares @ \$0.74	28-Oct-10	185,000	561,916
AKA Ventures (AKA-TSXv)	Exercised 1.2 million wts @ \$0.10	26-Oct-10	(120,000)	376,916
Creso Exploration (CXT-TSXv)	Bot 100,000 shares @ \$1.02	13-Oct-10	(102,000)	496,916
AKA Ventures (AKA-TSXv)	Bot 100,000 shares @ \$0.171 average	6-12-Oct-10	(17,100)	598,916
Hathor Energy (HAT-TSXv)	Re-bot 75,000 shares @ \$1.75	25-31-Aug-10	(131,250)	616,016
Opti Canada (OPC-TSX)	Sold 100,000 shares @ \$1.02 (stop-loss)	19-Aug-10	102,000	747,266
Opti Canada (OPC-TSX)	Bot 100,000 shares @ \$1.059 average	12-16-Aug-10	(105,900)	645,266
Opti Canada (OPC-TSX)	Sold 75,000 shares @ 1.42 (stop-loss)	11-Aug-10	106,500	751,166
Gran Colombia Gold (GCM-TSXv)	Bot 250,000 units @ \$0.40 with a 5 yr 1/2 wt ex @ \$0.65	3-Aug-10	(100,000)	644,666
Hathor Energy (HAT-TSXv)	Sold 75,000 shares @ \$2.086	27-Jul-10	156,450	744,666
Cardero Resource Corp (CDU-TSX)	Bot 250,000 shares @ \$1.178	15-Jun-17-Aug-10	(294,500)	588,216
Mega Precious Metals (MGP-TSXv)	Bot 110,000 shares @ \$0.366 average	9-16-Jun-10	(40,260)	882,716
Meekatharra Gold Corp (pre-IPO)	Bot 250,000 shares @ \$0.50	10-Jun-10	(125,000)	922,976
WesternZagros Resources (WZR-TSXv)	Bot 97,500 shares @ \$0.235	25-May-10	(22,913)	1,047,976
WesternZagros Resources (WZR-TSXv)	Sold 250,000 shares @ \$0.26 (stop-loss)	25-May-10	65,000	1,070,889
WesternZagros Resources (WZR-TSXv)	Bot 250,000 shares @ \$0.2767	20-May-10	(69,175)	1,005,889
WesternZagros Resources (WZR-TSXv)	Sold 250,000 shares @ \$0.57 (stop-loss)	6-May-10	142,500	1,075,064
Bankers Petroleum (BNK-TSX)	Sold 25,000 shares @ \$8.11 (stop-loss)	5-May-10	202,750	932,564

Review of our April 2009 Predictions

"Deficit spending is simply a scheme for the 'hidden' confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights."

- Alan Greenspan

What we said then ... you be the judge!

On the Resource and Commodity stocks:

"Adding up the weight of evidence, this looks to be a good time to search for value amongst the raw materials producers ... On the assumption that this downturn will end, then the commodity story will become more relevant than ever. We have growing doubts that the US economy will regain its characteristic global leadership, so most US stocks today lack the attractive long-term fundamentals of the leading commodity stocks. ... Longer term we have to like the prospects for the Canadian dollar and the energy and commodity plays in Canada. Once there is global economic recovery, the monetary expansion to get out of the crisis MUST be inflationary which ALWAYS benefits hard assets, by definition."

On Gold:

"In the 1970s gold rose from \$35 to \$850, a factor of 24 times. The 21-year low set in 2001 was \$255.95 ... multiply that by 24 times and you get a gold price of \$6,200 per ounce ... the Gold/Dow Ratio was about "1" when gold peaked in 1980 meaning the Dow and gold were the same price. To restore that relationship at today's stock prices would mean when the Dow is at 7,500, gold should be at \$7,500/oz. ... the US government currently holds 287 million ounces of gold. If the government were to make each dollar redeemable by the amount of gold it possesses, we'd arrive at ... \$5,467 per ounce. Simple arithmetic, but you get the idea that the move to date has been pretty tame. The point here ... gold is at a historically cheap level when compared to the dollars out there. And when the dollar resumes its downward slide, and the expanding money supply jolts the real economy, and inflation kicks in, gold should start to reflect its intrinsic ability to store wealth."

On China:

"Maybe China is ALREADY recovering. It may be a structural depression - but only for the developed countries, particularly the United States. Maybe it's only a recession for China. And maybe it's over."

"Developing economies are reporting increases in exports after a catastrophic collapse at the end of the last year. Again, you can measure the collapse easily just by looking at the Baltic Dry Index. It fell by more than 90% last

year. From its low, it's doubled - up 100%. But that still leaves it down 80% from a year ago."

"Brazil's stock market is up almost 90% from its low. South Korean stocks are up 71%. And Chinese stocks - those listed on the Shanghai exchange - have gained 50%. Apparently, someone thinks the worst is over."

On America:

"We doubt that this rebound in many of America's financial sector is the sign of a new, healthy boom. Credit expanded for half a century and the ultimate bubble has caused trillions of dollars worth of errors. Many of those errors have already been corrected, but the economy the bubble built remains unreconstructed. Same mismanaged companies, same mismanaged regulators, same mismanaged banks. Exporting nations had gotten very used to earning net sales from the U.S. of \$2 billion per day. Those earnings provided much of the speculative capital that created misallocations. A lot of that money has all but disappeared. The process of deleveraging will take many years."

On Energy:

"Within the energy group, refiners and oil sands are attractive. Most oil analysts despise refiners, and they have to continue to refit their aging refineries. But Americans are driving less, and so refiners should hold up better than other oil sectors if there's one last oil shakeout coming. We also suspect that given their safe-haven location and long term life, we may never be able to buy oil for the future as cheaply as is possible today by buying the oilsands stocks. Peak oil is real, and it is here, now simply masked by the dislocation of massive deleveraging."

On the U.S. dollar:

"Despite the already enormous depreciation in the US dollar's value, the currency still has much farther to drop. Recently the U.S. dollar "enjoyed" a counter-rally of epic proportions. This is just de-leveraging, with gold going down for the same reason a lot of stocks were going down, a lot of commodities were going down. There's a lot of leverage in this system, there's a lot of margin calls, a lot of liquidation; a lot of people are having to sell whatever they own to pay off their debts ... there was some perception of safety in the U.S. dollar, but it's the opposite of the leveraging. If you're selling your assets, you're accumulating dollars. It's like there's been this gigantic nuclear explosion in the United States, and everybody is running toward the blast. Pretty soon they're going to figure out they're going in the wrong direction. The U.S. dollar will be the next bubble to burst."

On the American Consumer:

"The American consumer is basically going to stop consuming and start rebuilding his savings, especially as his home equity, the American consumer's largest source of "equity", evaporates. When you have the economy 70 percent consumption, you can't address those imbalances without a severe recession, and so here we are. As government and the lenders re-impose lending standards and tightening up on credit, and the sky-high real estate prices come crashing back down to earth, baby boomers are facing some severe challenges."

On U.S. Real Estate:

"Don't expect any major turnaround in prices soon. When the housing crisis began, we provided data that estimated that prices needed to come down about 40% in order to make the average house affordable by the average person. Of course that was before the average person's income came down. If the depression continues, house prices should come down a further 10% to 20%. And don't forget about the second wave of defaults ... some unlucky homeowners could see their mortgage payments as much as double ... and then there's the serious state of the commercial real estate market - only now starting to become evident."

On the Canadian Dollar:

"With the Canadian economy more stable than the American, savvy Americans a few years ago started putting their money into our resource sector. This had barely gotten going when the July 13, 2008 massacre was orchestrated by Bernanke and Paulson, killing the leveraged long commodities and short the dollar trade. Keep in mind that the Canadian dollar had gone from the low 60 cents to the Greenback to \$1.09 in relatively short order. OK, so now we've had a counter rally. We suspect the resulting deleveraging and forced liquidation certainly took even its instigators by surprise. We are one of the few countries to have not inflated our monetary base by printing more dollars. Plus we have the soundest banking system in the world now. It is ironic that Canada is more fiscally conservative yet the Canadian dollar goes down against the U.S. dollar for most of the last year. The Canadian economy and value system is like the best of America, but avoids most of its pitfalls."

On Timing:

"Our experience is that when everyone is bearish, it's invariably right to be buying. Being contrarian at the extreme works. The bottom of a stock-market cycle, by definition, has to be the point of maximum bearishness."

The news doesn't have to be good for prices to rally; it just has to be less bad than what has already been factored into the market"

On the Depression Fear:

"A Depression in the old sense of the word is impossible. The world is a different place, and far wealthier than it was 80 years ago. If one describes a depression as the loss of purchasing power of the wage earner (a correct definition), then we have been in one for the past 50 years since wages have not kept up with the cost of living.

"We are heading into the Greatest Depression in history'. As long as this image gets into the press and the media and politicians buy into it, the government has a green light to create as much money as is needed, and they will do whatever it takes. Bernanke has been telling us that for years. Throwing money out of helicopters - believe him."

Our April 2009 Conclusions:

"We believe that the stock market is giving the correct signals, that commodities and tech will lead the next recovery. Yes, China is coming back – they have high savings rates, no debt and are long term players, but the industrial world is still looking bleak... We continue to believe that small-caps are the place to be for 2010-11, as readers of my "Back up the Truck" commentary last year know all too well ... history has shown that if you can weather the volatility (meaning stay out of margin, stay disciplined with mental stop-losses in place, and use money earmarked for aggressive growth, not retirement cash flow) you will out-perform the market. With some good timing thrown in, performance can be wildly profitable. Jumping into the deep-end and buying well considered, traditionally riskier small cap stocks continues to be the smartest bet right now ... Gold stocks may well be superstars again once the dollar finally falls, and people begin to get genuinely worried about inflation's return, and they should outperform bullion to the upside."



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