

August 22, 2011

A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.

for your Information

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For those of our readers who enjoy our newsletters, articles, and research reports, we would love to hear from you. All messages are answered. Also, if you like what you read, we would appreciate it if you would pass on the availability of our service to your friends.

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Topic: Sector Performance

The markets have been in a funk for the past six weeks, and are now well off their recovery highs that were reached in July. In that time frame, there have been some particularly volatile days, with moves of up-400 followed by down-400, and on share trading volumes that were much higher than average.

We last looked at sector performance about two months ago. Since then, the percentage gains are all lower compared to a year ago, and there are even sectors in negative territory. There are also some significant drops from the 2011 highs.

Canadian Performance: In terms of sector rotation over the past two months, *Health-Care* held onto the top spot, but is tied with *Telecommunications* (both +12% Y/Y). *Materials* rebounded from sixth to third (+11% Y/Y). *Utilities* held onto fourth (+8% Y/Y). *Information Technology*, *Energy*, and *Consumer Discretionary* fared the worst. These three sectors also declined the most from the 2011 highs. The "safer" sectors fared best: *Telecommunications*, *Utilities*, and *Consumer Staples*.

	<u>Canadian Statistics</u>				
	<u>Year Ago</u> <u>August 20</u> <u>2010</u>	<u>High</u> <u>for</u> <u>2011</u>	<u>Current</u> <u>August 19</u> <u>2011</u>	<u>Change</u> <u>since</u> <u>Year Ago</u>	<u>Change</u> <u>since</u> <u>2011 High</u>
Health-Care	43.66	62.37	48.76	12%	-22%
Telecommunications	86.75	101.16	97.02	12%	-4%
Materials	366.23	461.63	406.71	11%	-12%
Utilities	197.87	232.40	213.93	8%	-8%
Consumer Staples	180.99	211.59	190.34	5%	-10%
Industrials	98.56	120.42	99.21	1%	-18%
Financials	167.52	201.65	167.19	0%	-17%
Information Technology	27.51	35.64	27.06	-2%	-24%
Energy	270.53	370.75	263.73	-3%	-29%
Consumer Discretionary	90.41	103.74	79.95	-12%	-23%

Stock-of-the-Week

<Will return>

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U.S. Performance: The U.S. performance is quite different. The biggest divergencies are *Consumer Discretionary* and *Telecommunications*. *Materials* and *Energy* have stood up well, although *Energy* has shown a sharp contraction from its high for the year. The strong performance by *Consumer Discretionary* reflects the propensity of those people with wealth to continue to spend lavishly. *Financials* is the only sector down from a year ago, and also had the largest drop from the 2011 high. The U.S. banks continue to cause concern, largely owing to their considerable loan exposure to Europe.

	<u>U.S. Statistics</u>				
	<u>Year Ago</u> <u>August 20</u> <u>2010</u>	<u>High</u> <u>for</u> <u>2011</u>	<u>Current</u> <u>August 19</u> <u>2011</u>	<u>Change</u> <u>since</u> <u>Year Ago</u>	<u>Change</u> <u>since</u> <u>2011 High</u>
Materials	30.10	41.28	37.47	24%	-9%
Energy	52.19	80.97	63.24	21%	-22%
Consumer Staples	26.73	32.46	29.55	11%	-9%
Consumer Discretionary	30.90	41.78	34.05	10%	-19%
Health-Care	28.67	36.57	31.03	8%	-15%
Utilities	30.47	34.30	32.39	6%	-6%
Information Technology	21.35	27.09	22.52	5%	-17%
Telecommunications	20.06	25.89	20.85	4%	-19%
Industrials	29.17	38.98	29.13	0%	-25%
Financials	13.83	17.20	12.13	-12%	-29%

The order of the country indexes is the same as two months ago, although the percentage gains over the past year are a lot lower.

	<u>Market Indexes</u>				
	<u>Year Ago</u> <u>August 20</u> <u>2010</u>	<u>High</u> <u>for</u> <u>2011</u>	<u>Current</u> <u>August 19</u> <u>2011</u>	<u>Change</u> <u>since</u> <u>Year Ago</u>	<u>Change</u> <u>since</u> <u>2011 High</u>
S&P/TSX Venture	1,479.62	2,439.83	1,764.84	19%	-28%
NASDAQ	2,179.76	2,887.75	2,341.84	7%	-19%
DJIA	10,213.62	12,876.00	10,817.65	6%	-16%
S&P 500	1,071.69	1,370.58	1,123.53	5%	-18%
S&P/TSX Composite	11,722.07	14,329.49	12,007.47	2%	-16%
London FTSE 100	5,195.28	6,105.77	5,040.76	-3%	-17%
Tokyo Nikkei	9,179.38	10,891.60	8,719.24	-5%	-20%

Bob Weir, CFA: Director of Research

**New eResearch
Material Since
August 15, 2011:**

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BriefCase

NewsBytes from August 15 – August 19, 2011

Additional information on the companies featured in NewsBytes may be found at www.sedar.com, and at www.eresearch.ca.

For the latest eResearch publications, see sidebar opposite.

NSGold Corporation (\$0.55 - August 15, 2011; NSX-TSX-V) NSGold has announced a 5,000-metre second phase of drilling exploration at the Company's wholly-owned Mooseland gold property in Halifax County, Nova Scotia. This phase will test underexplored areas in the historic drilling zones, and complete several holes (from last year's program) that could not be completed because of weather conditions. The objective of the drilling program is to add to the 390,000-troy-ounce Inferred Gold Resource announced in June 2011.

Strike Minerals (\$0.075 - August 15, 2011; STK-TSX-V) Strike Minerals has completed a private placement of 1,282,353 flow-through units for gross proceeds of \$109,000, and 461,538 non-flow-through units for further gross proceeds of \$30,000. The proceeds of the offering are to be used to fund exploration programs, pursue acquisitions, and for general working capital purposes.

Black Iron Inc. (\$0.89 - August 16, 2011; BKI-TSX) Black Iron has published assay results from three additional twin holes in the recently completed confirmation ("twin-hole") and metallurgical diamond drill program at the Company's Shymanivske iron ore project in Ukraine. The Company reported the intersection of thick iron bands in each hole, with band lengths over 100 metres and iron grades of 30% and greater. Hole 20349-T intersected 194.7 metres grading 32.4% iron, including 99 metres grading 34.1% iron.

Cadillac Ventures Inc. (\$0.255 - August 17, 2011; CDC-TSX-V) (1) Cadillac Ventures announced results of a further two holes drilled at the K1-1 deposit, three kilometres east of the Thierry mine deposit outside Pickle Lake, Ontario. Each hole intersected widespread shallow mineralization. (2) Cadillac announced that it had commissioned AECOM to provide an implementation plan for dewatering the Thierry mine site. The plan is expected to be delivered in October 2011.

Groundstar Resources Limited (\$0.105 - August 18, 2011; GSA-TSX-V) Groundstar announced the closing on August 18 of a non-brokered private placement of 13,000,000 units at \$0.10 per unit, with each unit comprising one common share of Groundstar and one-half of one common share purchase warrant. A whole warrant entitles the holder to acquire one common share at an exercise price of \$0.15 for a period of 18 months from the date of closing of the offering. No specific use for the proceeds was disclosed.

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Opportunity Knocks

At the present time, eResearch has no positions available.

If you are interested in learning more about eResearch, please contact Bob Weir at the following: bweir@eresearch.ca.

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Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from www.eresearch.ca since July 25, 2011:

1. Neptune Technologies and Bioresources, Update Report, July 28
2. Chempahor Inc., Initiating Report, July 19
3. Analyst Article, Stock Plunge Aftermath, August 5
4. Analyst Article, Urgent Message, August 5
5. Analyst Article, Gold, August 4
6. SLAM Exploration Ltd., Update Report, June 23
7. Black Iron Inc., Initiating Report, July 19
8. Technical Comment, Phases&Cycles, August 5
9. Technical Comment, Stock Timing, August 5
10. Antioquia Gold Inc., Perspective, July 25

Bi-Weekly Top Five

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The top five downloads from www.eresearch.ca since August 1, 2011:

1. Technical Comment, Phases&Cycles, August 17
2. Technical Comment, Stock Timing, August 10
3. Duran Ventures Inc., Perspective, August 9
4. Nortec Minerals Corp., Update Report, August 16
5. Analyst Article, Financial Repression, August 8

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The top five video downloads from www.eresearch.ca since July 25, 2011:

1. Nortec Minerals Corp., March 30
2. eResearch Corporate Video
3. eResearch Benefits Video
4. NSGold Corporation, July 7
5. Chemaphor Inc., July 25