

January 5, 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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On our [www.eresearch.ca](http://www.eresearch.ca) website, our Research is FREE to anyone who subscribes. All that is needed is a name and an e-mail address.

Also, **Opportunity Knocks:** In our Capital Raise Division and in our Business Development Group. See Page 4.

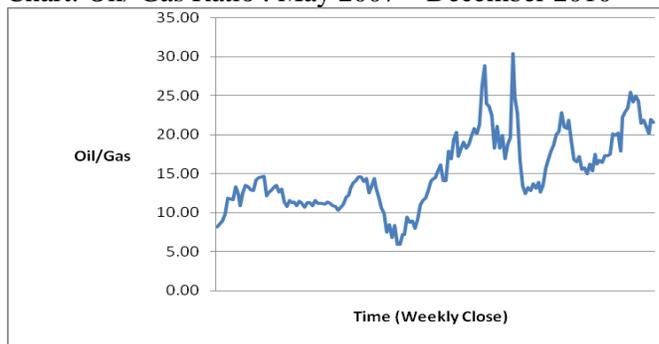
### Topic: Natural Gas

As regular Clarion readers will know, we have highlighted a number of commodities in these pages, notably oil, natural gas, gold, silver, copper, and uranium. We have been particularly bullish on uranium, and continue to be. We are less sanguine on gold. See our call on the SPDR Gold Trust ETF (GLD) <http://www.eresearch.ca/profile.asp?companyID=256>.

For a while, we were keen on natural gas, but went bearish in February last year. This industry is influenced by the winter home-heating season and the summer air-conditioning season and, therefore, prices can be volatile.

The ratio of the price of crude oil to natural gas has been rising. The average ratio from 1990 to 2007 was 8.60x. From 2007 to the present, it was 15.04x. Over the last 13 weeks, it averaged 22.73x, reaching a high of 24.95x. It is currently (January 4, 2011) 19.39x. Either oil is over-priced, or natural gas is under-priced, or it is a combination of the two. Overall, we think that natural gas is lagging. We are turning bullish again. More about this next week.

Chart: Oil/ Gas Ratio : May 2007 – December 2010

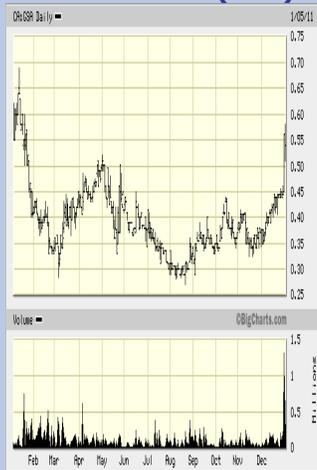


In absolute terms, the price of natural gas over the past 13 weeks has been rising. The 13-week average is US\$3.75/mmbtu. The current quote is US\$4.61/mmbtu (+23%). So far, the winter in North America has provided below-average temperatures, and above-average snowfall. Depending upon the severity of the rest of the winter, natural gas can easily experience strong demand and a quick draw-down of bloated inventory. This would be good for natural gas stocks. (Part 2 next week.)

**Bob Weir**, CFA, and Managing Director, Research Services

## Quick Facts

### One Year Chart (GSA)



Source: [www.bigcharts.com](http://www.bigcharts.com)

**Price (Jan. 5/11):**

**\$0.54**

**52-Week High-Low:**

**\$0.69 - \$0.27**

**Average Daily Volume:**

**50-day: 106,000**

**200-day: 90,500**

**Shares Outstanding:**

**68.57 million**

**Market Capitalization:**

**\$37.0 million**

**Year-End:**

**April 30**

**Symbol: TSX-V: GSA**

**Website:**

[www.groundstarresources.com](http://www.groundstarresources.com)

## Stock-of-the-Week

### Groundstar Resources Limited (GSA: TSX-V)

Groundstar Resources Limited is a development-stage oil and gas company actively pursuing high-impact international exploration and production opportunities. The Company currently has interests in several prospective oil and gas properties in the Middle East (Kurdistan, Iraq), North Africa (Egypt), and South America (Guyana).

Groundstar acquires prospective oil and gas properties that major oil companies, while exploring large tracts of international acreage, frequently choose to ignore or abandon due to the small size of discoveries or special infrastructure requirements. By employing careful due diligence, planning, and local intelligence, Groundstar believes it can acquire and transform such prospects into economical and profitable developments. Funding to cover exploration and drilling costs are arranged through farm-in arrangements with other oil & gas exploration companies that often act as operators.

**Kurdistan:** As a member of a consortium operated by Niko Resources, Groundstar holds a 6% net participating interest in the 846 square kilometre Qara Dagh Block. The terms of the arrangement are covered under a Production Sharing Contract ("PSC") with the Kurdistan Regional Government. The Qara Dagh #1 well is being drilled to 4,000 meters, with strong indications of hydrocarbons showing.

**Egypt:** The Company holds an 80% working interest (but selling 60%) in the West Kom Ombo Block (31,520 sq. km) in Upper Egypt, one of the largest onshore Blocks in the country. The West Kom Ombo #1 well, in which Groundstar is carried for a 10% net interest through the exploration drilling stage, recently spudded.

**Guyana:** Groundstar currently holds a 10% net working interest in a Petroleum Prospecting Licence in the Takutu Basin. The Company's partner, Canacol Energy Ltd., holds the balance, and will carry Groundstar's net interest to first commercial production. The Company expects to spud the Apoteri K-2 exploration well shortly, and has plans to drill a second exploration well on the Block by May 2011.

Additional information on Groundstar Resources Limited is provided on our website: <http://www.eresearch.ca/profile.asp?companyID=565>.

**New eResearch  
Material Since  
December 22, 2010:**

**1. Initiating Reports**

**Foundation  
Resources Inc.**  
12/22/2010

**Novus Energy Inc.**  
12/22/2010

**2. Update Reports  
and Bulletins**

**Dia Bras  
Exploration Inc.**  
12/31/2010

**Buhler Industries**  
12/23/2010

**Nortec Minerals**  
12/23/2010

**QHR Technologies**  
12/23/2010

**Galvanic Applied  
Sciences Inc.**  
12/22/2010

**3. Analyst Articles**

**Stock Market  
Timing**  
12/22/2010

In addition to these reports and articles, our full complement of research is available at [www.eresearch.ca](http://www.eresearch.ca)

**BriefCase**

***NewsBytes from December 15 - December 31, 2010***

Additional information on the companies featured in NewsBytes may be found at [www.sedar.com](http://www.sedar.com), and at [www.eresearch.ca](http://www.eresearch.ca).

For the latest eResearch publications, see sidebar opposite.

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**Stroud Resources Ltd. (\$0.07 - December 15, 2010; SDR-TSX-V) ....** Stroud has completed a further tranche of its non-brokered private placement. The Company has issued and sold 17,353,686 units at \$0.07 per unit, raising gross proceeds of \$1,214,758. Part of the proceeds will be used to fund further exploration on Stroud's 100%-owned Santo Domingo silver project in Jalisco, Mexico.

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**Nebu Resources Inc. (\$0.0165 - December 24, 2010; NBU-TSX-V) ....** Nebu announced the closing of the second tranche (\$910,000) of a non-brokered private placement. Including the first tranche (\$550,000), the total proceeds are \$1,460,000. As part of the second tranche, Nebu issued 5,687,500 flow-through units at \$0.16 per flow-through unit. Each flow-through unit comprises one common share and one-half of one non-flow-through share purchase warrant, with each whole warrant having a term of 24 months, and an exercise price of \$0.25 in year one and \$0.30 in year two. The net proceeds from the financing are to be used to fund ongoing exploration activities at Nebu's properties in the Timmins Gold Camp in Ontario and on the Company's Burntbush properties on the western extension of the Casa Berardi Deformation Zone (also in Ontario).

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**UC Resources Ltd. (\$0.10 - December 24, 2010; UC-TSX-V) ....** UC Resources has closed private placements for gross proceeds of \$1,790,650 (16,278,635 units at \$0.11 per unit). Part of the proceeds will be used to expand the planned drilling program at the McFauld's Lake copper-zinc project in the James Bay Lowlands area of Ontario ("Ring of Fire" exploration play).

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**Dia Bras Exploration Inc. (\$3.27 - December 31, 2010; DIB-TSX-V) ....** Drilling is ongoing at Dia Bras' La Cascada target at the Bolivar property (100%-owned) in southwestern Chihuahua State in Mexico. Five holes (2,555 metres) were drilled at the first drill target. Dia Bras has received complete results for the first three holes, and partial results for the fourth. Gold grades in holes 1-3 ranged up to 2.79 g/t; silver up to 128 g/t; copper to 1.57%; lead to 0.95%; zinc to 1.70%; and arsenic to 2,050 ppm. The fourth hole had results ranging up to 4.49 g/t gold; silver to 45.5 g/t; copper to 0.99%; lead to 0.08%; and zinc to 1.98%; arsenic results are pending.

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## Opportunity Knocks

### 1. Capital-Raise Executive

Do you know the Street? We require an executive to assist us in raising capital for our Covered Companies. We have the product; we just need to place it.

### 2. Business Development

We are interested in adding one or two additional business development people to our team. Anyone with a penchant for sales, please consider us.

### 3. Contact

If you are interested in becoming part of our team, in either our Capital Services Division, or as part of our Business Development Group, please contact Bob Weir at: [bweir@eresearch.ca](mailto:bweir@eresearch.ca).

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## Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from [www.eresearch.ca](http://www.eresearch.ca) since December 1, 2010:

1. SLAM Exploration Ltd., Perspective, December 16
2. PinnacleDigest, Analyst Article, on Coal, November 29
3. CMC Metals Ltd., Initiating Report, November 29
4. UC Resources Ltd., **StockPotentials** Perspective, December 6
5. SPDR Gold Trust ETF – GLD, Technical Report, December 10/16
6. Leader Energy Services Ltd., **StockPotentials**, Nov. 17/Dec. 7
7. Novus Energy Inc., **StockPotentials**, December 22
8. Currie Rose Resources Inc., **StockPotentials**, December 13
9. Duran Ventures Inc., Perspective, December 15
10. Dia Bras Exploration Inc., **StockPotentials**, Perspective, December 3/31

## Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from [www.eresearch.ca](http://www.eresearch.ca) since December 13, 2010

1. SLAM Exploration Ltd., Perspective, December 16
2. SPDR Gold Trust ETF – GLD, Technical Report, December 10/16
3. Novus Energy Inc., **StockPotentials**, December 22
4. Currie Rose Resources Inc., **StockPotentials**, December 13
5. Duran Ventures Inc., Perspective, December 15