

September 13, 2010

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.

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Topic: Silver Lining

Eyes are always on the price of gold. It is the safe haven of choice in times of economic distress. However, as well as it has performed over the past three years, and also recently, silver has done better.

Both gold and silver are categorized as precious metals. That is, they have a store of value. Each also has industrial uses and, more recently and on an increasing scale, investment attractions.

The greatest usage for gold, comprising approximately 80% of total world gold demand, comes from two sources: (1) the consumer, for jewellery, about 70%; and (2) for industrial uses, about 10%. The other 20%, and rising, is the demand for gold as an investment.

Silver, on the other hand, has much greater industrial uses, around 40%-50% of silver demand. Jewellery, at 20%, is much less than for gold. Photographic uses for silver constitute about 15% of demand.

With its high electrical conductivity and high thermal conductivity, industrial uses for silver can only continue to increase. These conductivity attributes are valuable in the production, for example, of solar cells, giving silver an important role in the developing alternative energy sector. Silver is also used in appliances such as washing machines, computers, and electronic products.

We have put together some interesting charts that compare the flight of gold against silver. Silver wins. The first chart shows the annual highs and lows for both gold and silver as well as the ratio between the prices for each. As shown, the average ratio since May 2007 is 62.46x. Currently, it is 62.66x. In sync. But, over the past two years, since the global economic melt-down, the average ratio has been higher, 66.54x for 2009, and 65.69x in 2010 year-to-date (Sept 10).

| Year | Gold | Gold | Silver | Silver | ***** Gold/Silver Ratio ***** | | |
|--------------------------------|------------|------------|---------|---------|-------------------------------|-------|---------|
| | High | Low | High | Low | High | Low | Average |
| 2007* | \$839.44 | \$648.65 | \$15.44 | \$11.96 | 57.36 | 49.53 | 53.74 |
| 2008 | \$973.48 | \$732.45 | \$20.16 | \$9.30 | 84.63 | 48.29 | 60.37 |
| 2009 | \$1,177.63 | \$842.75 | \$18.57 | \$11.26 | 75.76 | 59.05 | 66.54 |
| 2010** | \$1,256.80 | \$1,066.30 | \$19.89 | \$15.17 | 70.40 | 61.43 | 65.69 |
| Average Ratio Since Inception: | | | | | | | 62.46 |

* Inception on May 19, 2007

** Year-to-date (Sept. 10)

Stock-of-the-Week

<Will return>

The second chart shows that, since mid-2007, gold has moved 93.8% between its high and low, while silver's change was 116.8%.

| | <u>Period High</u> | <u>Period Low</u> | <u>% Change</u> |
|--------|--------------------|-------------------|-----------------|
| Gold | \$1,256.80 | \$648.65 | 93.8% |
| Silver | \$20.16 | \$9.30 | 116.8% |
| Ratio | 84.63 | 48.29 | 75.3% |

Looking at recent price activity in the next chart, since the market's 2010 top-out in April, the price of gold has increased 7.6%, while silver has gained 8.5%. The stock indexes are down.

| | <u>April 23/2010</u> | <u>Sept 10/2010</u> | <u>% Change</u> |
|-------------|----------------------|---------------------|-----------------|
| Gold | \$1,157.60 | \$1,245.75 | 7.6% |
| Silver | \$18.33 | \$19.88 | 8.5% |
| S&P/TSX | 12,239.64 | 12,097.09 | -1.2% |
| TSX Venture | 1,670.92 | 1,596.50 | -4.5% |
| S&P500 | 1,217.28 | 1,109.55 | -8.9% |

The following matrix illustrates where the price of silver could go to at various gold prices and gold/silver ratios:

| | Silver Price at Gold/Silver <u>Ratio = 70</u> | Silver Price at Gold/Silver <u>Ratio = 65</u> | Silver Price at Gold/Silver <u>Ratio = 60</u> | Silver Price at Gold/Silver <u>Ratio = 55</u> |
|--------------------------|--|--|--|--|
| Gold Price \$1,000 | \$14.29 | \$15.38 | \$16.67 | \$18.18 |
| \$1,050 | \$15.00 | \$16.15 | \$17.50 | \$19.09 |
| \$1,100 | \$15.71 | \$16.92 | \$18.33 | \$20.00 |
| \$1,150 | \$16.43 | \$17.69 | \$19.17 | \$20.91 |
| \$1,200 | \$17.14 | \$18.46 | \$20.00 | \$21.82 |
| \$1,250 | \$17.86 | \$19.23 | \$20.83 | \$22.73 |
| \$1,300 | \$18.57 | \$20.00 | \$21.67 | \$23.64 |
| \$1,350 | \$19.29 | \$20.77 | \$22.50 | \$24.55 |
| \$1,400 | \$20.00 | \$21.54 | \$23.33 | \$25.45 |

Our record-keeping begins in mid 2007. However, historical records indicate that, eliminating the distortion of the early 1980s when the Hunt Brothers attempted to collar and control the silver market, the average ratio between gold and silver has been around 60 to 1. At an average of 62.46x over the past three years, and 62.66x today, there does not seem to be much of an imbalance currently between the price of gold and the price of silver. But, with a lower nominal value, if the two precious metals move in lock-step, the greater volatility (up and down) will be exhibited in silver.

Bob Weir, CFA, Managing Director, Research Services

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BriefCase

NewsBytes from September 6 – September 10, 2010

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

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Cardia Bioplastics Limited (A\$0.014 - September 6, 2010; CNN-ASX - Australian) Cardia's proprietary Cardia Biohybrid™ technology has been selected as packaging partner for Nature Organics' range of laundry and personal care products. Nature Organics is a leading Australian manufacturer of naturally-based beauty and household cleaning products.

Cadillac Ventures Inc. (\$0.20 - September 7, 2010; CDC-TSX-V)

(1) Cadillac Ventures announced that drilling has commenced in Spain at the historic San Eduardo workings on the El Soldado investigation permit. The San Eduardo mine was explored underground to a depth of 50 metres in the early 20th century by Zalamea copper in conjunction with mining from an open pit, leaving an open cut with underground workings. Cadillac has several exploration projects in Spain in joint venture with Minas de Aguas Tenidas, S.A.U.

(2) Cadillac has entered into a shared-load benefit agreement with Goldcorp Canada Ltd. with respect to the future shared use of increased capacity of the Hydro One transmission system in the Pickle Lake, Ontario area. Cadillac can elect to use up to 50% of the increased capacity and load created by Goldcorp's Statcom (static synchronous compensator) project, whereupon Cadillac would pay to Goldcorp its share of the project development and operating costs of the project.

Integrated Asset Management Corp. (\$0.53 - September 7, 2010; IAM-TSX)

IAM announced the launch of River Plate House Capital Management Inc. IAM is a majority partner of River Plate, which is registered with the Ontario Securities Commission as an Investment Fund Manager, a Portfolio Manager, and an Exempt Market Dealer. The River Plate House offices are in the IAM offices in Toronto. As a global alternative investment manager, River Plate House offers macro global government bond long/short investment strategies focused on real interest rates, as well as customized solutions for managing asset/liability and longevity risk.

SLAM Exploration Ltd. (\$0.13 - September 9, 2010; SXL-TSX-V) SLAM

has announced a non-brokered private placement comprising 12,000,000 flow-through units at \$0.11 per flow-through unit, for gross proceeds of \$1,320,000. Proceeds are to be used mainly to fund drilling and related activities on the Company's wholly-owned Reserve Creek gold project at Fort Hope in Ontario. Up to 10% of the funds may be allocated to the Silverjack silver-lead-zinc-copper project in New Brunswick.

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4. OB-Research, Jaguar Mining, August 16
5. OneMove Technologies Inc., **StockPotentials**, September 2
6. Golden Dory Resources Corp., Perspective, August 17
7. Botswana Metals Limited, Perspective, September 3
8. Augen Gold Corp., Perspective, August 26
9. Minaean International Corp., **StockPotentials**, August 27
10. Clearford Industries Inc., **StockPotentials**, September 10

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5. Minaean International Corp., **StockPotentials**, August 27