

October 29, 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.*

### **for your Information**

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

### **Topic: Trick-Or-Treat**

Hallowe'en is fast approaching. This annual holiday is celebrated every October 31. It had its roots in Europe and came to North America with the Irish immigrants when they were escaping the Great Famine of the 1840s. The day features the colours orange and black, symbols like the jack-o'-lantern, and kids trick-or-treating.

So, what is this year's "Trick" and what the "Treat"?

The Trick, we think, was the maudlin fear of a double-dip recession, and the consequent move, almost stampede, by investors into bonds. Bond prices now look substantially over-priced, noted economists' viewpoints notwithstanding. Even if they are not considered over-valued, the upside potential seems so much less than the downside risk. Also, current bond prices do not reflect the view held in many quarters, this one included that, as a result of the bloated stimulus programs with more possibly to come, inflation in the long-run has nowhere to go but up. We hate to use, that is, mis-use or over-use the word "bubble", but there is increasing literature circulating that we are in or approaching a "Bond Bubble". So, Beware!

The Treat, we think, is the slowly-emerging recovery of the uranium industry. Okay, we know, we used uranium as last year's Treat. And here we are again. But we promoted our positive opinion on uranium throughout this past year on many occasions in the Clarion. Finally, it looks like our prognostications are coming true.

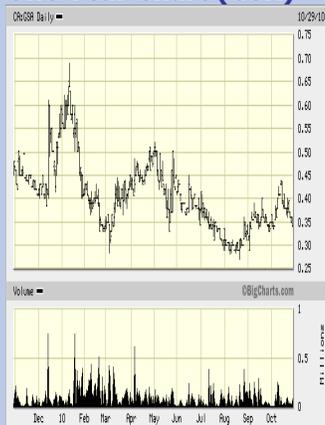
The price of U<sub>3</sub>O<sub>8</sub> is slowly rising. From a 2010 low of US\$40.25/lb., the current spot price is US\$52.00/lb (October 25) according to The Ux Consulting Company. This is the first time north of 50 in months!

The all-time high was reached in May 2007 at US\$138.00/lb, which represented a "bubble". (There's that word again!). But the price went into free-fall shortly after. As a result, until recently, uranium and uranium stocks were pretty much ignored. Uranium stocks are now on the move upwards. With a stress on "long-term", we think that it is certainly not too late to climb aboard the uranium train.

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

## Quick Facts

### One Year Chart (GSA)



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

**Price (Oct 29/10):**

**\$0.34**

**52-Week High-Low:**

**\$0.69 - \$0.27**

**Average Daily Volume:**

**50-day: 87,900**

**200-day: 110,350**

**Shares Outstanding:**

**68.74 million**

**Market Capitalization:**

**\$23.37 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 Calgary-based junior oil and gas company actively pursuing international exploration and production opportunities. The Company currently has interests in several prospective oil and gas properties in the Middle East (Iraq), North Africa (Egypt), and South America (Guyana).

The global hunt for the remaining untapped reserves of conventional crude oil is increasing the level of exploration interest in the so-called "frontier" regions. Characterized by challenging logistics and geology, and comparatively high geo-political risks, these jurisdictions nevertheless have the potential to offer high-impact discoveries that justify these risks. With its seasoned management, access to capital, information technology, and services, Groundstar Resources has secured a number of international exploration opportunities that fit this description. Intensifying drilling activity during the final calendar quarter of 2010, including initial results from a current drilling well in Kurdistan, provide a number of catalysts that should support a more positive assessment of the Company's shares.

Groundstar's three key projects include: (1) the Qara Dagh-1 well in the Kurdistan region of Iraq (6% interest); (2) the West Kom Ombo Block in Upper Egypt (70% interest); and (3) the Apoteri K2 well in Guyana (10% interest).

All three of Groundstar's exploration interests are focused on high-impact light oil potential. The Qara Dagh Block in Kurdistan, with a total of seven prospective formations, is estimated to contain 450 million barrels of ultimately recoverable oil. The West Kom Ombo Block could hold an estimated 570 million barrels of recoverable reserves. The Company's Takutu exploration block in Guyana has been estimated to hold a gross mean recoverable reserve of 127 million barrels.

Despite holding relative small property interests on a percentage basis, Groundstar nevertheless has exploration exposure to a total of eight prospective drilling locations, three of which will be operating during the fourth quarter of 2010 with gross prospective "Best Estimate" reserves in excess of 1.1 billion barrels of light crude oil, and an exploration land inventory just under 10 million acres. The Company has successfully negotiated cost-carrying terms with partners on two of its three exploration properties, thus limiting its exploration spending obligation to just \$2.76 million, an amount that is currently fully funded.

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

**New eResearch  
Material Since  
October 25, 2010:**

**1. Initiating Reports**

[Caldera Resources  
Inc.](#)

**10/28/2010**

[Groundstar  
Resources Limited](#)

**10/25/2010**

[Dia Bras  
Exploration Inc.](#)

**10/25/2010**

[UC Resources Ltd.](#)

**10/26/2010**

**2. Update Reports  
and Bulletins**

[Cardia Bioplastics](#)

**10/28/2010**

[SLAM Exploration](#)

**10/27/2010**

[Augen Gold Corp.](#)

**10/25/2010**

**3. Analyst Articles**

[Stock Market  
Timing](#)

**10/26/2010**

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 October 25 – October 29, 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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**Advanced Explorations Inc. (\$0.81 - October 25, 2010; AXI-TSX-V/AE6-Frankfurt) ....** (1) Advanced Explorations expects to close its financings with XinXing Pipes Group Co., Ltd. and Shandong Fulun Steel Co. Ltd. in the near future, after which the Company will move to acquire additional high-quality iron ore assets. (2) The Company has completed field evaluations and due diligence on the 7<sup>th</sup> Sea Holding Company, Alaska iron sands project, with a metallurgical report and a decision on the property acquisition both expected shortly.

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**Nortec Minerals Corp. (\$0.14 - October 25, 2010; NVT-TSX-V) ....** Nortec has formed a Coordination Committee with the National Mining Corporation of Ecuador (ENAMI EP) to review and evaluate technical, legal, and economic data of mining projects in ENAMI EP's portfolio in Ecuador, with a view to entering into future agreements to explore, develop, and exploit such projects.

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**Nebu Resources Inc. (\$0.14 - October 25, 2010; NBU-TSX-V) ....** Nebu is currently carrying out exploration work on its properties in the Timmins gold camp in Ontario and at its Burntbush property (eastern Ontario). Drilling is scheduled to begin shortly at the Beehive property south of the city of Timmins.

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**Augen Gold Corp. (\$0.185 - October 26, 2010; GLD-TSX-V) ....** Augen Gold provided further details on its gold exploration results near Côté Lake at the eastern part of the Company's 100%-owned South Swayze property in Ontario. Two sizeable anomalies have been identified in the area, one projecting from an area next to Trelawney Mining and Exploration's new gold discovery, and the other trending in a more northeasterly direction. The current exploration program at the South Swayze project began in September 2009.

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**Cadillac Ventures Inc. (\$0.275 - October 26, 2010) ....** Cadillac Ventures has published assay results from the first hole at its Thierry mine project in northwestern Ontario. The results include 2.21% Cu and 0.147% Ni over a distance of 4.24 feet, from 3,495.66 to 3,499.9 feet down the hole. The drill rig is currently completing the second hole.

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**Antioquia Gold Inc. (\$0.33 - October 29, 2010; AGD-TSX-V) ....** Antioquia announced that the special warrant issued to Desafio Minero S.A.C. has been converted to 4,042,700 common shares of Antioquia, and aggregate gross proceeds of \$808,540, previously held in escrow, have been released to the Company.

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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 October 4, 2010:

1. UC Resources Ltd., **StockPotentials**, October 26
2. The Clarion, September 27
3. SLAM Exploration Ltd., Perspective, October 27
4. Dia Bras Exploration Inc., **StockPotentials**, October 25 and 26
5. Augen Gold Corp., Perspective, October 25
6. Advanced Explorations Inc., Perspective, October 5
7. Groundstar Resources Limited, Initiating Report, October 25
8. Great Panther Silver Limited, **StockPotentials** Perspective, October 13
9. Golden Dory Resources Corp., Perspective, October 14
10. Millrock Resources Inc., **StockPotentials** Perspective, October 14

## Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from [www.eresearch.ca](http://www.eresearch.ca) since October 18, 2010

1. UC Resources Ltd., **StockPotentials**, October 26
2. SLAM Exploration Ltd., Perspective, October 27
3. Dia Bras Exploration Inc., **StockPotentials**, October 25 and 26
4. Augen Gold Corp., Perspective, October 25
5. Groundstar Resources Limited, Initiating Report, October 25