

May 14, 2012

*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: Natural Gas**

It is well known that the price of natural gas has been in free-fall. But, has it bottomed out? Its recent low is US\$1.84/mmbtu on April 20<sup>th</sup>. It is now at US\$2.36/mmbtu, an increase of 28% in exactly three weeks.

Here is the chart since January 1, 2012. Not very revealing: just generally down.



Here is the chart since January 1, 2011. Is that a possible break-out I see?

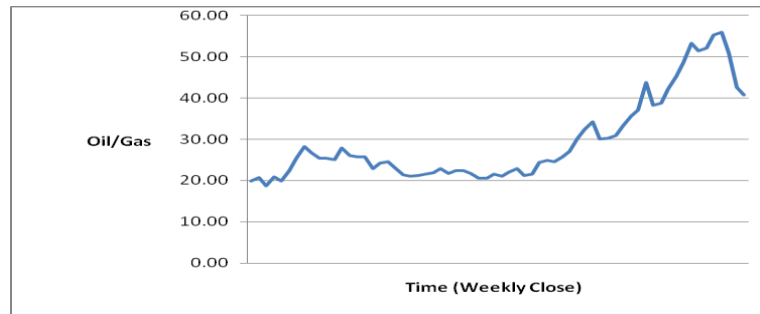


**Stock-of-the-Week**

<will return>

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The next chart shows the ratio of the price of oil to natural gas since January 2011. Until natural gas's collapse that accelerated at the beginning of October 2011, the ratio remained fairly steady around 20.00x – 22.00x.



There is not a lot of joy in the marketplace right now, unless you have gone short, and not many investors do that. Since the market melt-down in 2008, a major concern has been the significant decline in trading volume on the exchanges. This represents a concerted shift away from equities. At various times, investor interest has shifted between Treasuries, bonds, gold, silver, and the U.S. dollar.

Although a market recovery always precedes the accompanying economic recovery, the market run-up since October 2011 definitely got ahead of itself. The U.S. economy is slowly turning around and needs to “catch up”. This is going to take a while. Thus, for at least the next 3-4 months, maybe until the start of 2013, we see the market declining or, at best, consolidating in a sideways move.

A month ago, we said that we believed the DJIA and the S&P500 could fall 10%-12% from their then current levels (DJIA = 12,850; and S&P500 = 1,370) to 11,800 and 1,260 respectively. Now at 12,705 and 1,340, they remain 7.7% and 6.3% above our downside targets.

The S&P/TSX Composite, then 12,040 and now 11,557, had a possible downside target of 11,300, and is 2.3% above that level.

Natural gas stocks have been brutalized over the past few months. In this gloomy market outlook, it may just possibly be recovery time for them.

*Bob Weir*, CFA, and Director of Research

**New eResearch  
Material Since  
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05/09/2012

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05/14/2012

[Leader Energy Services Ltd.](#)

05/11/2012

[Antioquia Gold Inc.](#)

05/09/2012

**3. Analyst Articles**

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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 May 3 – May 11, 2012*

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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**Shoal Point Energy Ltd. (\$0.29 - May 3, 2012; SHP-CNSX ....** Shoal Point has received a resource evaluation for exploration licences 1070, 1120, and 1097R (Green Point Formation within the Humber Arm Allochthon unit), offshore western Newfoundland. Total Undiscovered Petroleum Initially-in-Place for the combined exploration licences, in barrels of oil, are: 11.2 billion (low estimate), 22.5 billion (best estimate), and 49.4 billion (high estimate). Total Prospective Oil Resources (potentially recoverable) for the combined exploration licences, in barrels of oil, are: 0.475 billion (low), 0.968 billion (best), and 2.172 billion (high).

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**Esperanza Resources Corp. (\$1.22 - May 4, 2012; EPZ-TSX-V) ....** Esperanza has increased its previously-announced private placement financing to 24,000,000 special warrants at \$1.25 per special warrant, for gross proceeds of \$30,000,000. The size of the agents' option has been increased accordingly, to 3,600,000 special warrants for additional potential gross proceeds of up to \$4,500,000.

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**Stornoway Diamond Corporation (\$0.85 - May 4, 2012; SWY-TSX) ....** Stornoway has entered into a \$20 million unsecured debt facility with various Quebec-based funds. The proceeds will be used to finance predevelopment work at the *Renard* diamond project.

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**Papuan Precious Metals Corp. (\$0.05) - May 7, 2012; PAU-TSX-V) ....** Papuan has received assay results from the first two holes of the recently completed four-hole drilling program at its Doriri Creek nickel-platinum group metals (Ni-PGM) prospect at the *Mt. Suckling* project in Papua New Guinea. Discovery hole DOD001 intersected a 12.20-metre intersection of near-surface Ni-PGM mineralization grading 1.08% Ni and 0.52 g/t PGM in the +520-metre-long Doriri Creek lode. Hole DOD002 intersected 4.00 metres grading 0.86% Ni and 0.41 g/t PGM, and 4.00 metres grading 1.28% Ni and 0.53 g/t PGM, including 1.00 metre of 0.65% Ni and 1.19 g/t PGM.

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**Integrated Asset Management Corp. (\$0.65 - May 9, 2012; IAM-TSX) ....** IAM published results for Q2/F2012 ended March 31, 2012. AUM at the end of the quarter were \$1.9 billion, down from \$2.3 billion at the corresponding period of F2011, with the decline due to the end of a fund agreement managed by IAM's *Real Estate Asset Management* and the distribution to investors of the principal repayments received on loans in *Private Corporate Debt's* funds. The loss per share for the quarter was \$0.01, the same as in the corresponding period of F2011.

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## Opportunity Knocks

At the present time, eResearch has no analyst positions available, but we are looking for Business Development people on a commission-only basis.

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

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(Includes reports and articles only)

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1. Technical Trends, April 9
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6. Phases&Cycles, April 18
7. Analyst Article, Junior Miners, April 19
8. Analyst Article, Don'tSellInMay, May 3
9. Chemaphor Inc., Perspective, April 19
10. Analyst Article, Gold, May 4

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1. Strike Minerals Inc. (Corporate), March 28, 2012
2. Antioquia Gold Inc. (Corporate), April 26, 2012
3. Antioquia Gold Inc. (CEO), April 27, 2012
4. Cadillac Ventures Inc. (Corporate), April 9, 2012
5. Cadillac Ventures Inc. (CEO), April 16, 2012