

July 5, 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

For those of our readers who enjoy our newsletters, articles, and research reports, we would love to hear from you.

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Topic: Marking Time

We have been calling repeatedly for a 15% correction from the April highs in the major indexes. With last week's carnage, where are we now?

DJIA:	down 14.0%
S&P500:	down 16.2%
Nasdaq:	down 17.5%
S&P/TSX Comp.	down 9.1%

So? What now?

We are less than sanguine for the stock market's prospects over the next six months. After the extended run-up from the March 2009 lows, which reflected the unexpected strength of the global recovery, albeit primarily from some emerging countries (China and India) rather than the established developed ones (USA and Europe), the market clearly got ahead of itself, ergo, our call for a pull-back, and a necessary period of consolidation should now be at hand.

This is an opportunity to do some portfolio pruning and repositioning.

Clarion readers will know that we are not bullish on the financial sector. Its index is down 12% since we cautioned in our extensive audio-visual technical report of March 24, 2010:

<http://gmbs2010.s3.amazonaws.com/20100324-Banks/banks.html>

Although Canadian bank stocks are all well off their 2010 highs (down between 5.8% and 15.1%), there is still too much global financial turmoil, some of it likely to reassert itself in the coming months, to cast a reasonable level of doubt over the attractiveness of financial stocks, even in model Canada.

Change of pace: One of the key parameters we watch as being an excellent gauge of global economic direction is the Baltic Dry Index ("BDI"). This measures the amount cargo circum-navigating the globe and, thus, is a good indicator of the amount of global trade being conducted. It tracks the cost of shipping raw materials around the world in ships of various sizes and, as such, it has become an important indicator of global production and trade. Key commodities currently being shipped include iron ore and coal, highly sought by China and, to a lesser extent, India.

From its all-time high on May 21, 2008, of 11,771, the index plunged to a five-year low on December 5, 2008 of 663, a decline of 94% in just over six months! Since then, the index has trended up and down in jagged moves, as shown below in the latest 12-month chart, courtesy of Bloomberg.

Stock-of-the-Week

<will return>



The high for 2010 is 4,209 set on May 26th. Since then, it has dropped 5.4% to the current (July 2) 2,280.

Thus, as you may surmise, the BDI is a highly volatile statistic.

In the last three years, in comparison to the S&P500, the BDI, after hitting a nadir, has been a leading indicator, by 3-4 months, of upward changes in stock market direction. On the flip-side, when the BDI hits a zenith, it has been a coincidental indicator of downward changes in the stock market.

If the 2,175 close of Sept. 23, 2009 does not hold, the index could fall as low as the next support at 1,463 which occurred on April 8, 2009.

Once it bottoms out, wherever that is, and starts a move upwards, if recent history repeats, the stock market should follow 3-4 months later.

Thus, over the next few months, we could have a protracted period of consolidation in the market indexes, with continual “backing and filling”, until a decided direction is determined.

If the BDI continues to plunge, we could retreat to test those dreaded March 2009 lows. We think this unlikely, but we definitely believe we require a period of reflection and a need to regroup.

By the end of the year, we should know where we are at, and whether the fears of a double-dip are a reality or just another catalyst providing an opportunity to buy good stocks at more reasonable prices.

Bob Weir, CFA, and Managing Director, Research Services

**New eResearch
Material Since
June 21/2010:**

1. Initiating Reports

[Torquay Oil Corp.](#)

06/23/2010

**2. Update Reports
and Bulletins**

[A-Cap Resources
Limited](#)

06/29/2010

[Golden Dory
Resources Corp.](#)

06/24/2010

[Antioquia Gold Inc.](#)

06/22/2010

[Augen Gold Corp.](#)

06/22/2010

3. Analyst Articles

[Stock Market
Timing](#)

06/29/2010

In addition to these reports and articles, our full complement of research is available at www.eresearch.ca

BriefCase

NewsBytes from June 28 – July 2, 2010

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.

CO₂ Solution Inc. (\$0.20 - June 29, 2010; CST-TSX-V) (1) CO₂ Solution has received a new U.S. patent, #7,740,689, for an improved CO₂ absorption solution. The Company believes the patent has significant value, given the broad process exclusivity it provides. (2) CO₂ also announced that it has achieved significant technical results towards validating the impact of its enzymatic process on reducing the cost of carbon capture at commercial scale.

Globex Mining Enterprises (\$1.44 - June 29, 2010; GMX-TSX/G1M-Frankfurt) (1) Globex has commenced a drill program on its 100%-owned Mackinnon gold property in Lunenburg County, Nova Scotia. Surface sampling returned significant gold assays. A series of drill holes will test related geophysical anomalies to a shallow depth. (2) Globex also announced that the Company and its wholly-owned subsidiary, Globex Nevada, Inc., had entered into an option agreement with Laurion Mineral Explorations Inc. and its wholly-owned subsidiary, Laurion Mineral Exploration USA LLC, whereby Laurion may earn a 100% interest in Globex's Bell Mountain gold project in Churchill County, Nevada.

Rodinia Lithium Inc. (\$0.32 - June 30, 2010; RM-TSX-V) (1) Rodinia Minerals Inc. has changed its name to Rodinia Lithium Inc., and has begun trading on the TSX Venture Exchange under the new name. The stock symbol, RM, is unchanged. (2) The Company reported that a reverse circulation (RC) drill rig had been mobilized to its Salar de Diablillos property in Salta, Argentina. The RC drill and other equipment are being set up on site, and drilling is about to begin. The drill program (up to 32 drill holes) will explore across the entire salar (salt flats).

SLAM Exploration Ltd. (\$1.05 - June 30, 2010; SXL-TSX-V) SLAM Exploration announced initial assay results from the first hole at the Company's wholly-owned Miminiska-Keezhik property in the Fort Hope area of Ontario. Hole KL10-19 at Keezhik Lake intersected a five-foot zone grading 0.642 oz/ton gold (1.5 metres grading 22.0 g/t) at a depth of 86 metres within a felsic porphyry. Hole KL10-19 was drilled as part of SLAM Exploration's 2,000-metre diamond drilling campaign.

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Opportunity Knocks

Business Development personnel wanted.

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

If you are interested in becoming part of our sales team, I can be reached at bweir@eresearch.ca.

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all capital markets”

Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from www.eresearch.ca since June 7, 2010:

1. Clarion, June 14 and June 21
2. SLAM Exploration Ltd., Perspective, June 3
3. Market Breadth, June 15 and June 22
4. Augen Gold Corp., Perspective, June 9
5. Golden Dory Resources Corp., Perspective, June 24
6. Antioquia Gold Inc., Perspective, June 16
7. Cadillac Ventures Inc., Perspective, June 9
8. Duran Ventures Inc., Information Report, June 9
9. Torquay Oil Corp., **StockPotentials**, June 23
10. Botswana Metals Limited, Information Report, June 8

Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from www.eresearch.ca since June 21, 2010

1. Golden Dory Resources Corp., Perspective, June 24
2. Antioquia Gold Inc., Perspective, June 22
3. Augen Gold Corp., Perspective, June 22
4. Torquay Oil Corp., **StockPotentials**, June 23
5. A-Cap Resources Limited, Perspective, June 29