

July 13, 2009

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

WE WANT YOUR INPUT!

We are asking our Subscribers to give us suggestions for companies they would like to have us cover under our two specialized research report formats: *StockPotentials* and **Technicalities**.

Reports on these companies are not issuer-sponsored. They have been selected by the analyst on the belief they will be of interest to investors.

Reports in the *StockPotentials* category are generally written on companies that have interesting prospects, good share price appreciation potential, but insufficient or nil research coverage.

Reports in the **Technicalities** category are written on large-cap companies and have a technical perspective.

If there are any companies on which you would like eResearch to write about, please let us know.

Send your suggestions to Bob Weir, Managing Director, Research Services:
bweir@eresearch.ca.

Topic: U.S. Commercial Property Market Woes 2

Last week's article in the Clarion focused on the U.S. commercial property market and the difficulties we foresee ahead.

Somebody agrees. The Friday, July 10 Toronto Globe & Mail headline in Report on Business screamed, "Commercial real estate next big risk".

The gist of the article is that a crisis is looming in commercial real estate. This is based on the fact that, in many instances, commercial property values have collapsed, and even more than residential prices. In addition, vacancy rates are soaring, and the mortgage loan market has ground to a halt. Commercial foreclosures are on the rise.

The Globe article stated that real estate experts have warned a U.S. congressional committee that commercial real estate is headed for a crash. The problem for the feds is that they do not want to do anything that could expose the fragile U.S. banking system to any new risks. But the banking fraternity is at the heart of any commercial lending program, so the repercussions are obvious. Without an active commercial lending program, new shopping malls and office buildings would not be built. This could impact the job market and local tax revenues.

However, the U.S. banking industry has a \$1.8 trillion exposure to commercial real estate, and it faces the prospect of significant losses as the mortgage loans come due. The estimate is about \$400 billion over the next 12 months.

Our concern is that a deteriorating commercial real estate market, which normally lags the down-turn in the residential market by about 18 months, is just starting to become visible. A deleterious commercial property market would likely cause another hit to the U.S. economy and to stock markets.

To reinforce our message, we are reproducing our article from last week on Page 2, following.

Bob Weir

Bob Weir, B.Sc., B.Comm., CFA
Managing Director, Research Services

Stock-of-the-Week

Will return

NOTE: The following was the feature article in last week's Clarion.

Topic: U.S. Commercial Property Market Woes

Last week's article in the Clarion focused on the U.S. residential housing situation with the prospects for considerably more foreclosures as a result of adjustable rate mortgage resets in 2010 and 2011 at higher than existing levels. If this should occur, it will result in even more consumer angst. That would likely mean less consumer spending, and since it constitutes about 70% of GDP, the economy will have to wait for its kick-start.

A significant decline in consumer spending has serious implications for the shopping centre industry. Already the death knell has been sounded, which might be a bit premature but, in April 2009, the second largest U.S. shopping centre developer, General Growth Properties Inc., filed for bankruptcy.

With some US\$800 billion of commercial mortgages coming up for renewal over the next two years, should interest/mortgage rates rise (to combat the expected increase in inflationary forces as a result of the stimulus packages), coupled with possible restrictive lending practices, there could be a lot of pressure on the commercial real estate market. Forced sales would drive down values. Supply would exceed demand. Just like the residential sector.

Typically, there is a lag effect experienced by the commercial real estate sector relative to the residential sector, usually between 15 and 21 months, or, an average of about a year and a half. So, the effect of a crunch in the commercial property market has yet to show up.

But there are troubling indicators: (1) Commercial property values are in decline; (2) Vacancy rates are rising; (3) Net rental rates are falling; (4) Refinancing is problematic; (5) Interest-only loans written in 2005-2007 will soon be coming due and are unlikely to be renewed; (6) Store inventories are rising; (7) Stagnant sales are leading to deep discounting and, therefore, lower profit margins; and (8) Mall tenants are pleading with landlords for rent reductions.

Was General Growth Properties the tip of the iceberg?

July 6, 2009

**New eResearch
Material Since
June 22, 2009:**

1. Initiating Reports

[Alexandria Minerals Corporation](#)
06/26/2009

[TransCanada Corporation](#)
06/26/2009

[Changfeng Energy Inc.](#)
06/24/2009

[CanaDream Corporation](#)
06/24/2009

[NaiKun Wind Energy Group Inc.](#)
06/23/2009

[Electrovaya Inc.](#)
06/22/2009

**2. Update Reports
and Bulletins**

None

3. Analyst Articles

[Stock Market Timing](#)
06/29/2009

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

BriefCase

NewsBytes from July 6 – July 10, 2009

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.

Rocmec Mining Inc. (\$0.07 - July 6, 2009; RMI-TSX-V) Rocmec Mining Inc. has closed the third tranche of a brokered private placement for aggregate gross proceeds of \$525,000. The tranche consisted of 312,500 flow-through units at \$0.08 per unit, and 7,142,857 units at \$0.07 per unit. The private placement is subject to final TSX Venture Exchange acceptance for filing. The net proceeds of the placement are to be used primarily to finance Rocmec's exploration expenditures on properties in the Province of Quebec and for general working capital.

Marathon PGM Corporation (\$0.85 - July 6, 2009; MAR-TSX) Marathon PGM Corporation has begun the optimization of the reserves/resources mine plan and capital costs of the Marathon Project's definitive feasibility study that was completed in 2008. The optimized DFS is expected to be completed in Q4/09.

Mosquito Consolidated Gold Mines Limited (\$0.49 - July 7, 2009; MSQ-TSX-V) Mosquito Consolidated Gold Mines Limited has begun drilling on the molybdenum-copper-porphyry CUMO project in Idaho, with the arrival of two diamond drills from its wholly-owned subsidiary Kirkness Diamond Drilling Inc. The purpose of the drilling is to increase the Indicated and Measured part of the resource and to expand the higher-grade resource recently announced.

Alexandria Minerals Corporation (\$0.065 - July 8, 2009; AZX-TSX-V) Alexandria Minerals Corporation announced that the Company's surface sampling and mapping program has identified at least two new potential gold targets on its Akasaba property (host to the past-producing Akasaba mine) in Val d'Or, Quebec. The Company's next step is to formulate a drill plan, with drilling expected to begin in late August or early September. The Company also reported that it is in the final stages of completing an NI 43-101 compliant resource estimate for its Orenada deposit, 15 miles west of Akasaba. The study is expected to be completed over the next few weeks.

Globex Mining Enterprises Inc. (\$1.04 - July 9, 2009; GMX-TSX) Globex Mining Enterprises Inc. has completed the first closing of a private placement by issuing 640,000 flow-through common shares at \$1.15 per share to accredited investors, for gross proceeds of \$736,000. The final closing of the \$1 million private placement is expected to be completed on or before August 3. The net proceeds from the private placement will be used for exploration on the Company's properties in Quebec and Ontario.

Opportunity Knocks

These are challenging times, and we at eResearch are not immune to what is happening all around us. But, we are adapting to this difficult operating environment. In this respect, we need more business development personnel. Anyone with a penchant for sales, please contact us.

Also, having recently become a Limited Market Dealer, our Capital Services division requires someone with financing experience to lead our efforts.

If you are interested in either of the above, I can be reached at bweir@eresearch.ca.

“Research is the
bedrock underpinning
all capital markets”

eResearch's Newest Partners

1. **StockResearchPortal** (“SRP”).

SRP has an impressive investor-information website with an extensive library of data, including linked or referenced economic reports, in-depth industry research, and an impressive collection of company research. SRP is focused solely on the mining and oil & gas sectors. It has an extensive information databank on most of the 1,500-1,600 mining companies, oil & gas production and services companies, and oil & gas income trusts that are quoted on the TSX or TSX Venture exchanges. The SRP website can be accessed at www.stockresearchportal.com.

eResearch Corporation is pleased to provide our Subscribers with the bi-weekly **StockResearchPortal** Newsletter. It features independent and objective experts in gold, silver, base metals, uranium, geology, oil & gas valuation, and equity valuation who each have agreed to write an article sequentially each quarter.

2. **Objective Capital Research Limited**

Objective Capital of London and New York is a dedicated corporate research firm providing institutional-quality research on under-followed small- and mid-cap companies. It focuses on providing widely-distributed, high-quality corporate research coverage of public and private companies, both listed and pre-listed. It is retained by a company to ensure its shareholders, as well as the wider investment community, are provided with an objective view of the company's progress.

eResearch and Objective Capital, two leading providers of issuer-sponsored research, have agreed to collaborate in increasing the awareness of the advantages to small- and mid-cap companies of receiving fair and impartial research coverage.

Monthly Top Ten

The top ten downloads from www.eresearch.ca since June 15, 2009:

1. Four-Week Performance
2. Weekly Clarion
3. StockResearchPortal Mining Article Part 2, June 16
4. Alexandria Minerals Corporation, Information Report, June 26
5. TransCanada Corporation, Technicalities, June 26
6. Canadian Mining Company Inc., Bulletin, June 15
7. Changfeng Energy Inc. *StockPotentials*, June 24
8. NaiKun Wind Energy Group Inc., *StockPotentials*, June 23
9. Stock Market Timing, June 15
10. Royal Roads Corp. Bulletin, June 19

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