

May 26, 2008

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

The proverbial stuff hits the wall. That is, it is going to cost a lot more this year to keep your grass green.

High energy prices and global food shortages are combining to propel fertilizer prices ever higher. Natural gas is used to produce ammonia, which is the base for all other types of nitrogen fertilizer, and natural gas prices have risen more than 50% in 2008.

China recently raised its tariffs on fertilizer exports, the second time this year it has done so. The country is the world's largest exporter of urea, a nitrogen product that is suitable for use in fertilizer solutions. With demand soaring, China intends to keep more of its own resources.

For years, the price for potash or phosphates hardly moved. Around the start of the millennium, prices gradually improved before spiking sharply in late 2006.

Fertilizer prices have doubled since the start of 2007 and are up a further 10% in 2008. They are unlikely to come down any time soon.

Topic: Economics 101

It's fun, isn't it? Reading all the articles in sundry newspapers, magazines, and journals that espouse the opinions of economists, analysts, hedge-fund managers, and assorted pundits on where the price of a commodity (choose one!) is going.

Normally, recognized fundamentals would apply but, today, there are just too many cross-currents at work that it has become a formidable task to formulate true knowledge and understanding of what is driving our markets.

One fact remains. For those commodities where demand outstrips supply, prices will continue to move higher, and more so for those commodities that can be categorized as "inelastic". But, at some point, the principles of economics 101 must kick in. For when the price of a commodity reaches a certain level (and there are different levels for different commodity users), the user will either attempt to substitute with a cheaper alternative (if available) or, when the commodity can be termed "elastic", forego the use of the commodity altogether. This is often referred to as "demand response". When the price of a commodity reaches a level that causes demand to fall, the price goes down, the extent to which is dictated by the degree of demand deceleration.

The commodity foremost in everyone's mind right now is oil. Having doubled over the last year, and up 10% in the last 30 days, reaching new highs weekly, when does the negative demand response kick in? With no clear consensus on the demand-supply equation for crude oil, the fall-back opinion on what is driving the price of oil higher is the effect of the commodity speculators.

Our opinion is that once the current frenzy subsides, the price of oil will come down. Perhaps a lot.

Bob Weir

Bob Weir, B.Sc., B.Comm.,
CFA Director of Research

Quick Facts



**Closing Price
(May 23/08):
\$0.15**

**52-Week High-Low:
\$0.57 - \$0.13**

**Target Price:
1-Year: \$0.35
3-Year: \$0.80**

**Average Daily Volume:
20-day: 76,500
150-day: 90,500**

**Fiscal Year-End:
July 31**

**Symbol:
TSX-V: URA**

Stock of the Week

Anglo-Canadian Uranium Corp. (TSX-V: URA)

Anglo-Canadian Uranium Corp. is an early-stage exploration company that is focused on developing its uranium and gold resources. It is active in the Otish Mountains area of Quebec and the “Four Corners” region of the U.S.A.

The price of uranium, U_3O_8 , continues to decline, and is currently quoted at \$60/lb. After a spectacular run-up from the mid \$30s at the beginning of 2006 to \$138 in July 2007, the price of uranium has pretty much been in free-fall. Since the positive long-term fundamentals for the uranium industry have not changed during this significant price volatility, we believe that the price of uranium will find a bottom soon. When that happens, we expect the shares of junior uranium companies, many of whose shares have been battered by the uranium price melt-down, will stage a quick and dramatic recovery.

The shares of Anglo-Canadian Uranium seem to have bottomed as they have been trading in a narrow range of \$0.13 to \$0.18 for the past four months.

We just released a Bulletin on May 16th in which we discussed recent events at the Company. The most significant was the announcement that the Company completed a 26-hole drill program on one of its flagship properties, the Eula Belle Uranium Project in Colorado.

Challenges that lie ahead include obtaining a resource estimate through a NI 43-101 Technical Report, and raising equity, if and when required, in the current difficult capital markets.

Our one-year Target Price for the shares of Anglo-Canadian Uranium is \$0.35 and, assuming that the price of uranium recovers, as we expect it will, our three-year Target Price is \$0.80. Our Recommendation is Speculative Buy.

[Stock of the Week Video Link](#)



New Research Material
for the week ending May
23, 2008:

1. Initiating Reports

None

**2. Update
Reports/Analyst
Commentaries/
Bulletins**

[Zaruma Resources Inc](#)

05/21/08

[Skyline Gold Corp](#)

05/20/08

[Andean American
Mining Corp](#)

05/20/08

[Yukon Nevada Gold
Corp](#)

05/20/08

3. Analyst Articles - None

Performance

A. 6 Month

The following comments were made on May 5, 2008: There was only one Initiating Report published November 2007, but nine Update Reports. Of the total, seven were companies from the financial sector, and the other three were from mining. The big winner was **Wescan Goldfields**, which rose 74% during the six months and was a penny shy of our Target Price. The rest of the companies all rose between 3% and 15%, with only **IGM Financial** not making any headway at all. Reflecting the well-documented difficulties in the financial sector, we lowered our 12-month Target Prices, some substantially, on four of the stocks (see Notes). For comparison purposes, over the past six months, the Financial Services index has declined 8.1%, but the Materials Index is up 6.7%. However, this latter index does not contain junior mining companies. While gold, silver, copper, and platinum have been rising, uranium, zinc, lead, and aluminum have been falling. The performance of the TSX has been fairly good over the last six months, down only 0.6% as a result of the strong energy sector (including oil), but the TSX Venture Exchange has fallen 21%.

Company	Symbol	Report Type	Report Date	Report Price	Target Price	<Last 6 Months>		% Gain to High	% of Target
Wescan Goldfields Inc.	WGF-V	I	5-Nov-07	\$0.34	\$0.60	\$0.59	\$0.15	74%	96%
BMO Financial Corp.	BMO-T	U	29-Nov-07	\$57.95	\$70.00	\$63.45	\$38.00	9%	46%
Great-West Lifeco	GWO-T	U	5-Nov-07	\$34.25	\$41.50	\$37.00	\$27.46	8%	38%
Power Financial	PWF-T	U	15-Nov-07	\$39.75	\$48.50	\$42.69	\$30.74	7%	34%
Manulife Financial	MFC-T	U	9-Nov-07	\$41.60	\$46.00	\$42.92	\$33.77	3%	30%
GC-Global Capital Corp.	GDE.A-T	U	21-Nov-07	\$1.01	\$1.65	\$1.15	\$0.80	14%	22%
Inca Pacific Resources	IPR-V	U	9-Nov-07	\$2.10	\$3.40	\$2.35	\$1.35	12%	19%
Sego Resources	SGZ-V	U	20-Nov-07	\$0.26	\$0.55	\$0.30	\$0.15	15%	14%
Integrated Asset Mgm't	IAM-T	U	21-Nov-07	\$1.52	\$3.00	\$1.69	\$1.10	11%	11%
IGM Financial	IGM-T	U	5-Nov-07	\$53.95	\$63.00	\$54.10	\$40.11	0%	2%

I = Initiating Report; U = Update Report; T = TSX; V = TSX Venture

Note 1: Wescan Target Price confirmed in two subsequent reports.
 Note 2: Great-West Life Target Price reduced to \$40.00 in February.
 Note 3: IGM Financial Target Price reduced to \$58.00 in February.
 Note 4: Power Financial Target Price reduced to \$46.00 in March.
 Note 5: BMO Financial Target Price reduced to \$55.00 in March.

Video Library

[Integrated Asset Management Corp](#)

(05/20/08)

[Royal Roads Corp](#)

(05/15/08)

[Sego Resources Inc](#)

(05/15/08)

[Skyline Gold Corp.](#)

(05/12/08)

[Starfield Resources Inc](#)

(05/09/08)

[Homeland Energy Corp](#)

(04/21/08)

[Zaruma Resources](#)

(04/21/08)

[MacDonald Mines Exploration Ltd](#)

04/14/08

[Starfield Resources](#)

04/07/08

[IRI Separation Technologies](#)

(03/31/08)

B. 12 Month

The following comments were made on May 5, 2008: There were only two companies for which we issued reports in April 2007. Both performed exceptionally. **Bellhaven Copper & Gold** rose 147% to its high over the past year, and well exceeded our initial Target Price, which we raised. The stock subsequently got within 59% of our increased price objective. **HiHo Silver Resources** reached our \$2.00 Target Price, then immediately backed off. It rose 46% in all.

Company	Symbol	Report Type	Report Date	Report Price	Target Price	Last 12 Months High - Low	% Gain to High	% of Target
Midlands Minerals	MEX-V	I	5-Mar-07	\$0.30	\$0.45	\$0.43 \$0.215	43%	87%
Candorado Operating	CDO-V	I	30-Mar-07	\$0.40	\$0.55	\$0.46 \$0.105	15%	40%
Metco Resources	MKO-V	I	15-Mar-07	\$0.125	\$0.25	\$0.165 \$0.045	32%	32%

I = Initiating Report; V = TSX Venture

Note 1: Midlands' Target Price raised to \$0.50 in September Update Report; maintained in Bulletin in Jan/2008.

Note 2: Candorado Target Price maintained in January 2008 Bulletin.

Note 2: Metco agreed to a take-over offer from Breakwater in early January 2008.

Monthly Top Twenty

The top twenty downloads from www.eresearch.ca for April 2008:

1. The Clarion (393)
2. Corporate Brochure (129)
3. Bellhaven Gold/Copper (67)
4. Yukon-Nevada Gold Corp. (56)
5. Volta Resources (51)
6. Arsenal Energy Corp. (50)
7. Homeland Energy Group (49)
8. Grandview Gold (48)
9. Article: Starbucks (47)
10. 4-Week Performance (46)
11. Article: Bumpy Roads (41)
12. Pacific Comox Resources (39)
13. Distribution Platform (38)
14. Sego Resources Inc. (37)
15. MacDonald Mines (37)
16. Radisson Resources (37)
17. Article: Get Off The Pot (36)
18. Andean American Mining (36)
19. Integrated Asset Mgm't (34)
20. HiHo Silver Resources (34)

May Brainteaser

I can be cracked, I can be made. I can be told, I can be played. What am I? Reply to bweir@eresearch.ca Only two respondents to the April Brainteaser, and both were correct. C'mon, people, I was expecting a better response than that.