

July 19, 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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### **Topic: Earnings Season**

Q2 earnings announcements are now in full swing. The market seems to be relying, almost exclusively, on these earnings pronouncements being good, and thus being the catalyst to propel the market forward.

The major North American indexes are stuck just under their critical 200-day Moving Averages. A slate of good earnings should cause the indexes to get back on an upswing. A chorus of poor earnings could provide downside risk.

Talking about earnings, one of our Subscribers sent me an interesting article on post-earnings drift. This interesting concept was first espoused in a brief written by R. Ball and P. Brown in the Journal of Accounting Research, Autumn 1968, pp. 159-178, and entitled "An Empirical Evaluation of Accounting Income Numbers". There has been additional literature on the subject by other authors.

Essentially, what the researchers found was that when a (major) company reported earnings that were a surprise (either to the upside or downside) in comparison to analysts' expectations, the company's stock usually made a large move in response to the surprise in the days immediately following the announcement. But, more importantly, the researchers found that the stock continued to "drift" in the same direction for weeks, even months, afterwards.

This has major implications for the timing of stock purchases. What it means is that an investor can profit considerably by buying shares of companies that make earnings announcements that "Surprise". The tricky part is determining the extent of the Surprise. These days, the Surprise has to be really significant. Too often companies beat analyst expectations by a few pennies and the stock declines. So the Surprise has to be a real and meaningful surprise.

The stock continues to "drift" in the same direction because it takes analysts a while to digest the Surprise and recalculate their now-revised earnings expectations, not only just for the current year, but also for those following.

Of course, not all stocks continue to drift. They may make a move in that first week, then stay flat or range-bound until there is confirmation that the Surprise was not just a fluke. By the way, the Surprise does not have to be earnings. It could be top line. Or, management could raise "guidance" considerably.

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

## Quick Facts

### One Year Chart (APM)



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

**Price (July 19/10):**  
**\$0.045**

**52-Week High-Low:**  
**\$0.075 - \$0.035**

**Average Daily Volume:**  
**50-day: 163,800**  
**200-day: 242,700**

**Shares Outstanding:**  
**119.5 million**

**Market Capitalization:**  
**\$5.38 million**

**Year-End:**  
**July 31**

**Symbol: TSX-V: APM**  
**Frankfurt: NJG**

**Website:**  
[www.amerixcorp.com](http://www.amerixcorp.com)

## Stock-of-the-Week

### Amerix Precious Metals Corp. (APM: TSX-V)

Amerix is a junior mining company involved in the acquisition, exploration, and development of mineral properties, focusing on potential high-grade gold properties in central Brazil. The Company holds an option to acquire a 100% interest in the Limão property. It also holds a 0.5% Gross Royalty on the Ouro Roxo project, which it can increase to 2.5% through a US\$800,000 payment.

Early in 2010, Amerix announced the review of a confirmation of high-grade gold potential on the Limão property. The confirmation was rendered by an independent geologist, who confirmed the historical data taken from eleven samples on Limão, indicating 2.37 grams per tonne gold to 106.6 per tonne gold. The average grade of the samples was 38.5 grams per tonne gold (1.22 oz per tonne gold).

At the end of June 2010, the Company obtained the results from the first phase of the 2010 program. This phase consisted of 1,841 one-metre auger holes on a line spacing of 100 metres and 81 rocks samples were taken along cut lines at 20-metre intervals. As a result, the Company announced two new grids. The North Grid covers an area 1.62 square kilometres and several gold-in soil anomalies were defined. The Southern Grid covers an area of 0.45 square kilometres and a well-defined 200-by-200 metre gold anomaly was defined.

We assume the Company will exercise its option to acquire a 2.5% Gross Royalty on all gold production from the Ouro Roxo project. The full 2.5% Gross Royalty could provide the Company with US\$18-US\$20 million in royalty payments over the next 12-15 years. Production payments are expected to begin before year-end 2010.

The Limão and Ouro Roxo projects are located in Brazil's mining-friendly Tapajós Region, which is one of the largest under-developed alluvial gold areas in the world.

Management's strength is in resource exploration and development, and the ability to develop long-term relationships with partners who are financially stronger to take on the risk of developing the project. Going forward, it is expected that Amerix will continue to seek a strategic partnership to develop the Limão property.

The accompanying chart shows that Amerix's shares have been essentially range-bound, between 3 cents and 7 cents. We are maintaining our Recommendation of Amerix Precious Metals Corporation as a Speculative Buy for longer-term risk-tolerant investors. Our 12-month Target Price is \$0.23, although this is contingent on the Company making progress on its drill programs and completing the Gross Royalty transaction.

Additional information on Amerix Precious Metals is provided on our website: [http://www.eresearch.ca/report/APM\\_070510-U.pdf](http://www.eresearch.ca/report/APM_070510-U.pdf)

**New eResearch  
Material Since  
July 5/2010:**

**1. Initiating Reports**

[BlueRush Media  
Group Corp.](#)  
07/14/2010

[Warnex Inc.](#)  
07/07/2010

**2. Update Reports  
and Bulletins**

[Greenock  
Resources Inc.](#)  
07/13/2010

[Amerix Precious  
Metals Corp.](#)  
07/05/2010

**3. Analyst Articles**

[Stock Market  
Timing](#)  
07/13/2010

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 July 12 – July 16, 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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**Primary Energy Recycling Corporation (\$1.03 - July 12, 2010; PRI-TSX) ....** Primary Energy Recycling will release its second-quarter 2010 financial results prior to the opening of the markets on July 29, 2010. A telephone conference call to discuss the quarter will be held on July 29 at 10:00 a.m. ET.

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**Augen Gold Corp. (\$0.15 - July 13, 2010; GLD-TSX-V) ....** Augen Gold's annual and special shareholder meeting has been postponed to July 23, 2010 at 10:00 a.m. ET, and will take place at the Toronto Board of Trade. The proxy voting cut-off for the shareholder meeting is now July 21, 2010 at 10:00 a.m.

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**Integrated Asset Management Corp. (\$0.50 - July 13, 2010; IAM-TSX) ....** IAM and its private corporate debt group, Integrated Private Debt Corp. (IPD), along with another investor, have closed an \$80 million senior secured shelf facility to Davis + Henderson Income Fund. IPD advanced \$24.5 million of the first tranche of \$50 million.

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**CO<sub>2</sub> Solution Inc. (\$0.17 - July 13, 2010; CST-TSX-V) ....** CO<sub>2</sub> Solution and Codexis Inc. have made the first joint public presentation on their program to develop carbon capture technology to reduce pollution from coal-fired power plants. The presentation was made July 13 at the 4<sup>th</sup> Annual Carbon Capture and Sequestration Business Summit in Washington, D.C.

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**SLAM Exploration Ltd. (\$0.08 - July 14, 2010; SXL-TSX-V) ....** SLAM has announced assay results from its Miminiska gold property in Ontario, including one intercept in diamond drill hole MM10-01 that graded 64.1 g/t gold over 1.0 metre. The second hole at Miminiska (MM10-02) intersected 3 metres grading 1.76 g/t gold at a depth of 48 metres. These results follow results from hole KL10-19 at the Keezhik Lake property, where SLAM intersected 1.5 metres grading 22.0 g/t gold. The three holes are part of a 10-hole campaign.

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**Groundstar Resources Limited (\$0.335 - July 15, 2010; GSZ-TSX-V) ....** Groundstar has published an update on its Qara Dagh #1 exploration well in Kurdistan, Iraq. The 8.5-inch pilot hole was drilled to 1,650m. It is being enlarged to 17.5 inches to current depth, after which logging will be completed. The drilled section will be cased, and drilling will continue to the Cretaceous section.

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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@ereseach.ca](mailto:bweir@ereseach.ca).

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## Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from [www.ereseach.ca](http://www.ereseach.ca) since June 21, 2010:

1. SLAM Exploration Ltd., Initiating Report, May 28
2. Clarion, July 5, June 21, and June 14
3. Market Breadth, June 22, July 6, and July 13
4. Golden Dory Resources Corp., Perspective, June 24
5. Antioquia Gold Inc., Perspective, June 22
6. Augen Gold Corp., Perspective, June 22
7. Torquay Oil Corp., **StockPotentials**, June 23
8. Warnex Inc., **StockPotentials**, July 7
9. BlueRush Media Group Corp., Initiating Report, July 14
10. Amerix Precious Metals Corporation, Update Report, July 5

## Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from [www.ereseach.ca](http://www.ereseach.ca) since July 5, 2010

1. SLAM Exploration Ltd., Initiating Report, May 28
2. Warnex Inc., **StockPotentials**, July 7
3. BlueRush Media Group Corp., Initiating Report, July 14
4. Amerix Precious Metals Corporation, Update Report, July 5
5. Torquay Oil Corp., **StockPotentials**, June 23