

April 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.*

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## **Topic: Mining Companies**

The global financial crisis had a devastating impact on Canadian mining companies, particularly the junior exploration companies that only had operating costs and no revenue. Global demand for commodities plummeted. As a result, credit was greatly restricted and share prices tanked. Through judicious cost-cutting, curtailed activities, and strategic initiatives, these companies have not only survived, but also their share prices have bounced back to the point where many, although not all, are enjoying substantial increases in market valuation. The recession forced many companies to place exploration, development, and production on hold for the better part of a year. The pent-up demand from this deferment could cause another commodities boom that is longer than the last.

Of course, this will depend on the emerging countries, particularly China, continuing their breath-taking economic pace. Just like in North America after World War II, where a trickle led to a torrent, there is likely to be a mass migration from rural areas to urban centres in China. This will take place continuously, relentlessly, and inexorably over the next 15-20 years. This can only lead to a continual increase in the supply of urban necessities, facilities, amenities, and all the exigencies that together will constitute the new social fabric of this great emerging nation. To put this in perspective, this migration, assuming it is about 30% of China's current population, will number approximately 500 million, or more than 1 ½ times the population of the USA.

The Great Recession caused the number of mining transactions to increase notably as a substantial number of mining companies made it clear that they were open to mergers or acquisitions. This openness to foreign investment, combined with lower share prices, created opportunities for many countries to invest in the Canadian mining sector, with China leading the way.

These developments are causing a change in the source of financing as companies raise equity not only from the traditional capital markets but also from foreign companies and governments. New sources of funding, rising commodity prices, and increased foreign and domestic demand since the recovery began have caused rapid increases in market capitalizations of many mining companies. However, we believe it is early innings for this sector's recovery. There are laggards, notably uranium. One day, suddenly and without warning, the market will wake up to realize the uranium bull, so long constrained, was out of the gate.

**Beverly Brooks**, MA(Economics), MBA, and Chief Economist  
**Bob Weir**, CFA, Managing Director, Research Services

## Quick Facts

### Six-Month Chart (CNW)



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

**Price (Apr. 19/10):**  
**\$1.35**

**52-Week High-Low:**  
**\$1.50 - \$0.80**

**Average Daily Volume:**  
**50-day: 9,500**  
**200-day: 8,000**

**Shares Outstanding:**  
**57.3 million**

**Market Capitalization:**  
**\$77.35 million**

**Year-End:**  
**March 31**

**Salient Statistics:**  
**Book Value P.S.: \$0.79**  
**Price-to-Book: 1.70x**  
**Total Assets: \$117.8M**  
**Total Assets P.S.: \$2.06**

**Symbol: TSX-V: CNW**

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

## Stock-of-the-Week

### China Wind Power International Corp. (CNW: TSX-V)

China Wind Power International Corp. is an Ontario-based company that indirectly holds the exclusive rights for wind energy development in the Du Mon County of Heilongjiang Province in China.

The Company is currently building a 546-megawatt (MW) wind farm in five phases, which it plans to complete by the fourth quarter of 2014. Phase 1 of the project consists of 34 turbines with a capacity of 49 MW, and began commercial production in December 2009. The approximate \$71 million cost was financed with 26% equity and 74% debt.

Phase 2, with capacity of 49.5 MW, is expected to be completed by the end of the second quarter of 2010. China Wind Power's longer-term goal is to expand its capacity to 1,150 MW.

Each phase is expected to run at approximately 60% capacity for its first year and to operate at full capacity in the second year. As a result, we expect that Phase 1 will operate at full capacity for all of 2011 while Phase 2 will reach that level for approximately half of the year.

The Company estimates, in its business plan, that a 49-MW phase of the project would produce the following average annual results over a 20-year period: (a) Revenue of US\$10.3 million; (b) EBITDA of US\$8.3 million; and (c) After-Tax Profit of US\$3.2 million.

The Chinese government is committed to the expansion of the wind power industry. The country is currently fourth in the world in wind power use and is committed to becoming "number one" by 2020. Capacity at the end of 2010 is expected to be 30 gigawatts (GW), compared with 12.2 GW at the end of 2008. By 2020, the target is 100 GW. The rapid growth of the Chinese wind power industry over the past few years, and the government requirement that wind project developers locally source at least 70% of their equipment, have led to China becoming the largest producer of wind turbines in the world.

China Wind Power International Corp. is currently trading at 1.7 times book value. Over the next few years, as the Company adds capacity and becomes profitable, investors should become more familiar with the Company and recognize its inherent potential.

Additional information on China Wind Power International is provided in our eResearch **StockPotentials** report of April 12, 2010. You can view this report at the following link:

[http://www.eresearch.ca/report/CNW\\_041210-SP.pdf](http://www.eresearch.ca/report/CNW_041210-SP.pdf).

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

**1. Initiating Reports**

[Sea Breeze Power Corp.](#)  
04/15/2010

[China Wind Power Int'l Corp.](#)  
04/12/2010

**2. Update Reports  
and Bulletins**

[Canadian Mining Company Inc.](#)  
04/12/2010

[Cardia Bioplastics Limited](#)  
04/07/2010

[Quorum Information Technologies Inc.](#)  
04/05/2010

**3. Analyst Articles**

[Stock Market Timing](#)  
04/05/2010

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 April 9 – April 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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**Rodinia Minerals (\$0.53 - April 9, 2010; RM-TSX-V/RDNAF/OTCQX) ....**

Rodinia intends to complete a non-brokered private placement financing of common shares of the Company at \$0.50 per common share, for gross proceeds of up to \$2 million. The Company plans to use the net proceeds to continue the development of its key projects and for working capital. Rodinia is currently conducting a detailed auger drilling program on a 400-metre by 400-metre grid that covers the entire Diablillos property package in Argentina. The sampling program is targeting sub-surface aquifers believed to contain a high concentration of lithium. The Company also plans to use some of the funds to increase the size of its property holdings in Nevada, based on the success of a recent drill program.

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**Canadian Mining Company Inc. (\$0.10 - April 12, 2010; CNG-TSX-V) ....**

Canadian Mining has completed five core holes at its Bullard Pass gold project in Arizona, and drilling at Hole #6 is at 400'. Samples from Holes 1-3 and half of Hole 4 are currently being analyzed. Samples from the bottom half of Holes 4-6 were scheduled for pick-up by the lab on April 14.

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**Imperial Metals Corporation (\$19.48 - April 12, 2010; III-TSX) ....**

Imperial Metals has reported assay results from ongoing drilling at its Red Chris property in northern B.C. Long intervals of copper-gold mineralization were intersected in the four holes reported. Drilling continues to extend the boundaries of the deposit.

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**Marathon PGM Corporation (\$1.88 - April 13, 2010; MAR-TSX) ....**

Marathon PGM has reported further significant intersections of gold mineralization in the final seven drill holes of the winter program at the Leprechaun gold deposit at the Valentine Lake gold project in central Newfoundland. Highlights included: the best interval - containing 9 metres (true width) at 38.32 g/t (1.12 oz/t) gold; and the highest-grade intersection ever recorded at 321.05 g/t (9.36 oz/t) gold over 0.8 metres, including 506.15 g/t (14.76 oz/t) over 0.4 metres. The majority of drill holes intersected mineralization on the margin or outside the current resource envelope, improving open-pit potential. Dilling is set to begin again in May 2010.

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**Oromin Explorations Ltd. (\$0.53 - April 13, 2010; OLE-TSX-V/OLEPF-OTCBB) ....**

Oromin Explorations Ltd., on behalf of the Oromin Joint Venture Group Limited, has published an update on the ongoing exploration and resource drilling program at the OJVG gold project in eastern Senegal, West Africa. Geotechnical and hydrological drilling required for an independent full feasibility study is complete, and all drills on site are focused on resource expansion drilling.

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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](mailto:bweir@eresearch.ca).

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## Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from [www.eresearch.ca](http://www.eresearch.ca) since March 22, 2010:

1. Aberdeen International Inc., StockPotentials, March 26
2. Sea Breeze Power Corp., StockPotentials, April 15
3. PharmaGap Inc., StockPotentials, March 16
4. Wallbridge Mining Company Limited, Perspective, March 23
5. China Wind Power International Corp., StockPotentials, April 12
6. Canadian Mining Company Inc., Update Report, April 12
7. Cardia Bioplastics Limited, Perspective/Initiating, March 30/April 7
8. Greenock Resources Inc., Perspective, March 29
9. Aldershot Resources Ltd., Information Report, March 29
10. Harvest Gold Corporation, StockPotentials, March 19

## Bi-Weekly Top Five

(Includes reports and articles only)

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

1. Sea Breeze Power Corp., StockPotentials, April 15
2. Aberdeen International Inc., StockPotentials, March 26
3. China Wind Power International Corp., StockPotentials, April 12
4. Canadian Mining Company Inc., Update Report, April 12
5. Cardia Bioplastics Limited, Perspective/Initiating, March 30/April 7