

May 3, 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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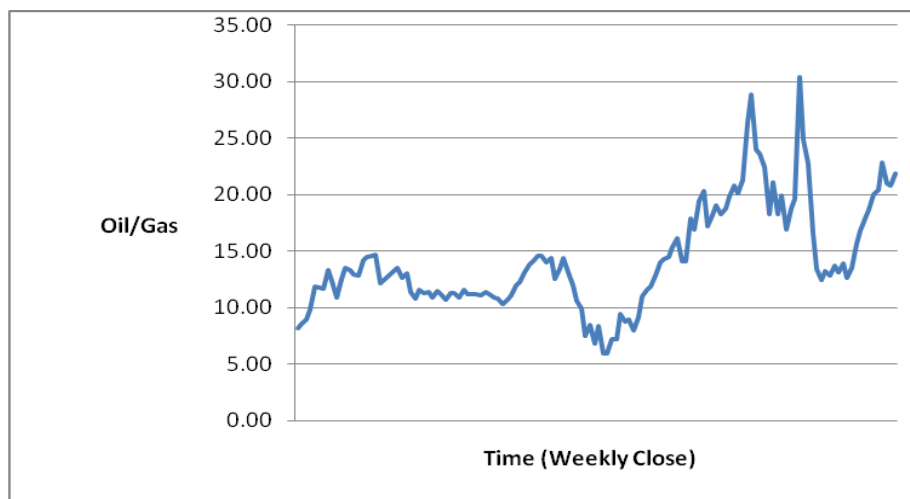
## Topic: Oil Versus Natural Gas

With the oil-well blow-out in the Gulf of Mexico continuing to be front-page news, we are revisiting our chart of the ratio of crude oil to natural gas.

We started our weekly tracking in May 2007 and, since then, the average ratio over this time has been, oil:gas, 14.54 to 1. Since the March 2009 market lows, the average ratio has been 18.13 to 1. Since the blow-out, it is 21.21 to 1. The ratio currently (April 30, 2010) is 21.87 to 1.

The price of crude oil since the blow-out has risen from US\$83.24/bbl to \$86.15/bbl. In the same period, the price of natural gas has remained level at US\$3.95/mmcf, which accounts for the rising oil:gas ratio.

Thus, if the blow-out is currently the dominant factor influencing the price of oil, we expect its effect to be short-lived. With the home-heating season behind us, we are now about to enter the key driving season. Since the U.S. consumer has not yet repaired her domestic finances, holiday-makers are likely to stay at home in the USA rather than travel abroad. This could lead to a draw-down in bloated natural gas inventories and allow natural gas to play catch-up, such that the oil:gas ratio could return to more normal levels (around 15 to 1). This is likely to occur irrespective of how much higher the price of crude oil goes.



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

## Quick Facts

### One Year Chart (SBX)



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

**Price (May 3/10):**  
**\$0.31**

**52-Week High-Low:**  
**\$0.42 - \$0.13**

**Average Daily Volume:**  
**50-day: 30,400**  
**200-day: 12,700**

**Shares Outstanding:**  
**78.4 million**

**Market Capitalization:**  
**\$24.3 million**

**Year-End:**  
**December 31**

**Symbol: TSX-V: SBX**

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

## Stock-of-the-Week

### Sea Breeze Power Corp. (SBX: TSX-V)

Sea Breeze Power Corp. is involved in the development of utility-scale hydro-electric projects, wind power generation projects and, through a 50%-owned subsidiary, power transmission projects in B.C. and in the United States. The Company is in the development stage and does not anticipate any revenues from its projects until 2011.

Sea Breeze has acquired sufficient in-house expertise in the areas of wind assessment, transmission planning, consultation, environmental planning, and permit management to allow it to prepare and submit competitive proposals to secure long-term Electricity Purchase Agreements ("EPA") with power utilities serving British Columbia and western U.S. markets.

In this respect, the Company recently received the offer of a 20-year EPA from British Columbia Hydro and Power Authority, with respect to an onshore wind power project. Known as the Knob Hill Wind Farm Project (Phase I for 99 MW), construction is expected to begin in the second quarter of 2011, with a target date for delivery of electric power in the fourth quarter of 2012.

The receipt of this EPA represents a major positive milestone in the Company's strategy of developing new renewable energy projects. While additional approvals, including the completion of the provincial environmental assessment (EA) process, and approval by the BC Utilities Commission, are required before the project is given the final green light, management is still targeting for the project to come on stream by late 2012. Moreover, the award also significantly enhances the Company's credentials with respect to future contract awards.

Once in service, the Knob Hill Project will be a source of relatively low-risk, stable cash flows over a minimum 20-year horizon. While the rate being paid in this EPA has yet to be disclosed, comparable wind projects under BC Hydro's Clean Power Call are reportedly realizing unlevered after-tax internal rates of return (IRR) of approximately 9%. This implies a level of future project-related net income of approximately \$30-33 million per year, assuming a total capital cost of \$300 million. Discounting these after-tax cash flows at 7% yields a net per share value increment of \$43 million, or \$0.55 per basic share.

Additional information on Sea Breeze Power Corp. is provided in our *eResearch StockPotentials* report of April 15, 2010. You can view this report at the following link:

[http://www.eresearch.ca/report/SBX\\_041510-SP.pdf](http://www.eresearch.ca/report/SBX_041510-SP.pdf)

**New eResearch  
Material Since  
April 26/2010:**

**1. Initiating Reports**

[CO2 Solution Inc.](#)

**04/30/2010**

[Hellix Ventures  
Inc.](#)

**04/29/2010**

**2. Update Reports  
and Bulletins**

[Antioquia Gold Inc.](#)

**04/30/2010**

[Advanced  
Explorations Inc.](#)

**04/27/2010**

**3. Analyst Articles**

[Stock Research  
Portal](#)

**04/28/2010**

[Stock Market  
Timing](#)

**04/26/2010**

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 19 – April 23, 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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**Integrated Asset Management Corp. (\$0.68 - April 26, 2010; IAM-TSX) ....**

IAM, through Integrated Private Debt Corp. (IPD), closed a \$31 million senior term loan to Red Lily Wind Energy Partnership. An additional \$17.5 million of senior and subordinated debt was provided by Algonquin Power and Utilities Corp. The project is owned by Concord Pacific Goup, which invested about \$19 million in equity. The total capital raised will support the construction of the 26.4 MW Phase 1 Red Lily Wind project in southeastern Saskatchewan. The Red Lily 1 transaction is IPD's first wind power investment.

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**Wallbridge Mining Company Limited (\$0.25 - April 28, 2010; WM-TSX) ....**

Wallbridge has completed a brokered private placement with Industrial Alliance Securities Inc. and Secutor Capital Management Corporation for a private placement sale of 3,125,000 flow-through common shares at \$0.32 per flow-through common share, raising aggregate gross proceeds of \$1,000,000, and of 4,000,000 units at \$0.25 per unit raising aggregate gross proceeds of \$1,000,000. Both offerings were fully subscribed.

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**Augen Gold Corp. (\$0.20 - April 29, 2010; GLD-TSX) ....**

Augen Gold has increased its previously announced financing from \$1,750,000 to \$4,000,000. The private placement will consist of the sale of up to 4,545,455 flow-through units at \$0.22 per flow-through unit for gross proceeds of \$1,000,000, and the sale of up to 17,647,059 units at \$0.17 per unit for gross proceeds of \$3,000,000. Net proceeds of the financing will be used to fund exploration, retire indebtedness to Augen Capital Corp. - a related party, and working capital.

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**QHR Technologies Inc. (\$0.70 - April 29, 2010; QHR-TSX-V) ....**

QHR released its annual audited financial statements for the year ended December 31, 2009. Annual revenues increased 112% to a record \$13.8 million. Net earnings were \$0.06 per share compared with \$0.01 per share in 2008. QHR will host a conference call on the results May 3, 2010 at 11:00 a.m. Pacific Time. eResearch will be publishing a *Perspective* on QHR's results.

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**SelectCore Ltd. (\$0.08 - April 30, 2010; SCG-TSX-V) ....**

SelectCore announced record financial results for the year ending December 31, 2009. Revenue was \$84.4 million compared with \$69.7 million in 2008, an increase of \$14.74 million or 21.1%. Gross profit was \$4.8 million, up 15.5% over 2008. Adjusted EBITDA was \$1.02 million compared with \$77,629. eResearch will be publishing a *Perspective* on SelectCore's results.

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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 April 5, 2010:

1. Aberdeen International Inc., StockPotentials, March 26
2. Potash Corporation of Saskatchewan, **Technicalities**, April 22
3. China Wind Power International Corp., StockPotentials, April 12
4. Advanced Explorations Inc., Perspective, April 27
5. Sea Breeze Power Corp., StockPotentials, April 15
6. Globex Mining Enterprises Inc., Perspective, April 22
7. Antioquia Gold Inc., Perspective, April 30
8. Harvest Gold Corporation, StockPotentials, March 19
9. Canadian Mining Company Inc., Update Report, April 12
10. Hellix Ventures Inc., StockPotentials, April 29

## Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from [www.eresearch.ca](http://www.eresearch.ca) since April 19, 2010

1. Potash Corporation of Saskatchewan, **Technicalities**, April 22
2. Advanced Explorations Inc., Perspective, April 27
3. Globex Mining Enterprises Inc., Perspective, April 22
4. Antioquia Gold Inc., Perspective, April 30
5. Harvest Gold Corporation, StockPotentials, March 19