

## Monthly Update – August 2011

### MGP Performance Summary

March-11	MGP	TSX Venture	TSX Comp	TSX Sml Cap	TSX Energy	SP 500
Month Return:	-8.41%	-8.50%	-1.37%	-3.64%	-8.24%	-5.68%

MGP Return since inception:	9.21% (annualized)		Inception: April 20, 2005			
MGP 1-year return:	22%	MGP Rtn year to date:		-13.71%		

### Market Update

Far from being the sleepy end to the summer doldrums August is known for, the month sucker punched investors from the get go in response to the U.S. politico's mismanagement of the debt ceiling issue. While the TSX recovered best on strength in gold and decent Canadian bank earnings, the U.S. remained lower as investors in other sectors feared the onset of another recession.

### MGP Strategy

Continue to hold some cash. I deployed some of our cash near the depths of August's pull-back but continue to hold a significant amount.

Focus on catalyst-driven ideas. With market direction becoming more and more detached from traditional influences – such as fundamentals and macro economic developments – and high levels of volatility, I am sticking with my best-known growth equities in which there are high likelihoods of near-term catalysts.

Certain, more “tradable” holdings will likely be sold sooner to lock in profits (or reduce losses) and return to cash.

### MGP Developments

One of the key factors in the MGP's decline this month was our position in **BNK Petroleum** (BKX:T). The stock is widely held by U.S. institutions and is still partially speculative. When the bottom fell out and portfolio managers went to raise cash, this could have been one of the first names they sold. Further, once the price dropped below the \$3 level it was no longer marginable, possibly causing further selling due to margin calls. Since its recent bottom around \$2.50, insiders bought stock on the market, Conoco completed the fracing of their first horizontal well in the Polish shales (adjacent to BNK's Saponis concession) and is awaiting flow tests, and people likely clued in to the \$2.40 per share NAV (a combination of U.S. producing assets and cash.) BNK Petroleum will soon frac two of their own horizontal wells in Poland. All these developments hold staggering potential. We await results and are optimistic in light of the success of Conoco's first vertical frac.

When the market definitively headed south I sold some of our weaker positions at higher prices: all of our **East Asia Minerals** (EAS:V) which, while gold, is having trouble getting going here; and a portion of our **Vendtek** (VSI:V) which may have to raise additional funds soon. I was essentially stopped out of **Northern Dynasty Mining** (NDM:T) after the share price plummeted and bounced back just enough. I also sold our **Oceana Gold** (OGC:T) position after the shares have underperformed other gold producers for most of this year.

On the dip, I was able to initiate a position in **Premium Brands** (PBH:T) a meat distributor with a strong yield of over 7.5% at our cost.

I also added to **Petrobank**, **Colonial Coal**, **BNK Petroleum**, **Fortress Paper** and **Mirabela Nickel** on their respective dips in price.

I re-initiated a position in **Research in Motion** (RIM:T.) The maker of the Blackberry has wrestled with Apple's and Google's emerging dominance in the smartphone sector and has been reduced to trading around five time earnings. That, however is not the only reason I am buying it. RIM made a very bullish chart pattern, breaking out above a recent "pennant" formation. This, combined with their valuation, takeover rumors, a healthy balance sheet, going-concern business and a recent deal with Android (Google) apps, prompted me to invest. Technically, a near-term target is around \$34.

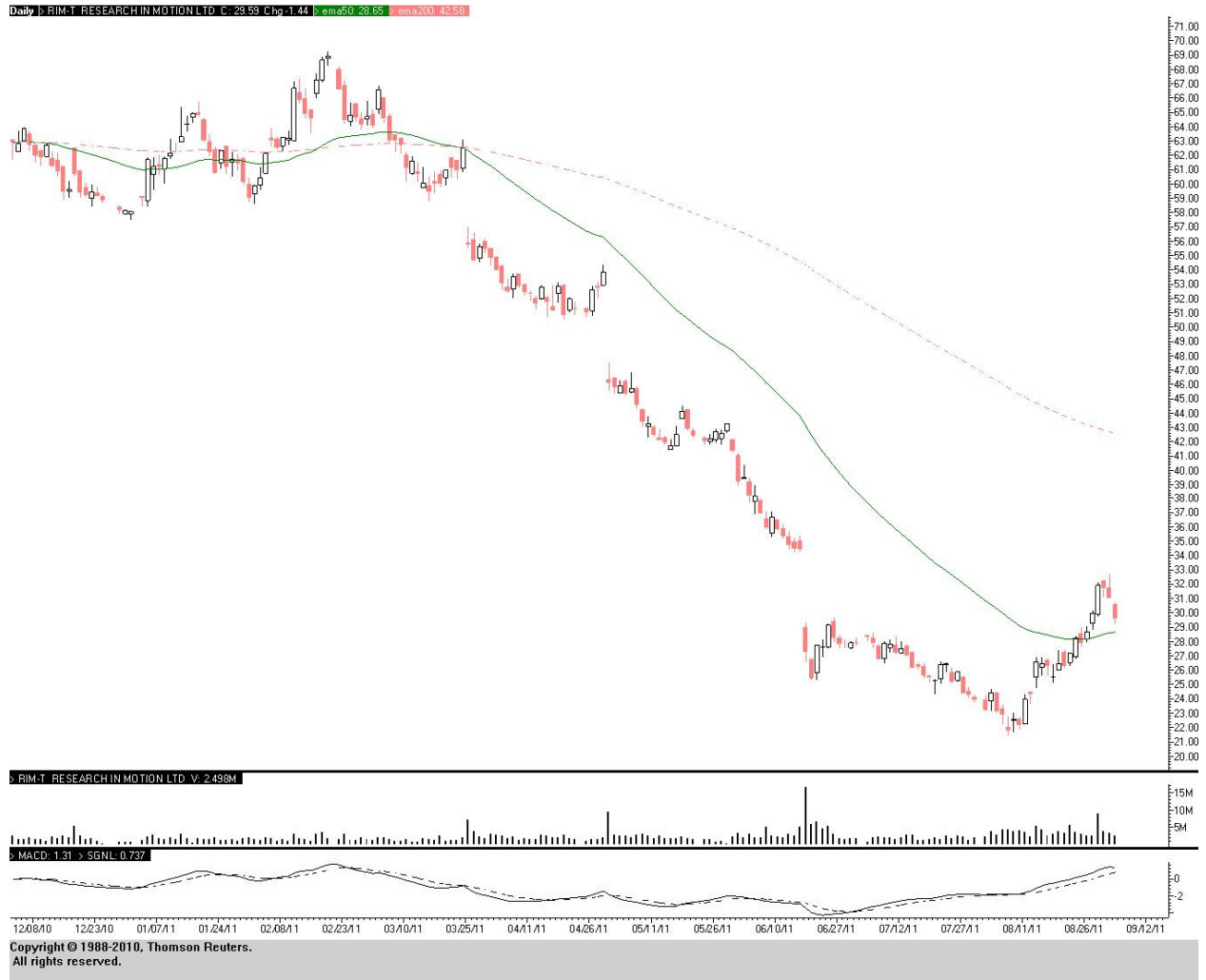
**Waldron** (WDN:T), interestingly, is sitting on the results from two recent well completions. This can be construed as positive since it is common for energy companies to try to quietly stake additional nearby land positions after achieving good results. But this is just speculation at this point.

We met with the management of **Parex** (PXT:V) and confirmed it is an undervalued story. This should change: Average production last quarter was 1,200 boepd, is currently 7,000 boepd and their target 2011 exit rate is 14,000 boepd – Talk about steep growth. Parex also has a couple of high-potential drill programs commencing soon.

Finally, **Burcon** (BU:T) announced they have filed for their NASDAQ listing in the States. They expect to be listed by sometime in October and stated it will increase liquidity and address demand for their shares from investors south of the border. This listing will not be accompanied by a financing so it will not dilute current shareholders any. Finally, Burcon mentioned that they expect their initial sales of Clarisoy by ADM to come out of the States. I remain very bullish on Burcon and expect this listing and/or decent sales figures to spur their stock price.



## Chart of interest: Research in Motion (RIM:T):



**MGP Position Summary (as of August, 2011):**

Stock	Symbol	Price	% of MGP	Sector	Weighting
Colonial Coal	CAD-V	\$ 1.330	10.84%	Materials	28.92%
BNK Petroleum	BKX-T	\$ 3.200	8.97%	Energy	24.97%
Burcon Nutrascience	BU-T	\$ 7.000	4.31%	Industrial	3.12%
Petrobank	PBG-T	\$ 11.870	4.06%	Financials	2.83%
Detour Gold	DGC-T	\$ 36.740	3.77%	Biotechnology	6.12%
Parex Resources	PXT-V	\$ 7.100	3.73%	Consumer Discre.	2.31%
Waldron Energy	WDN-T	\$ 2.150	3.42%	Market Inverse	3.37%
Horizons TSX 60 Class A	HIX-T	\$ 10.950	3.37%	Info Tech	7.83%
Garbiel Resources	GBU-T	\$ 7.080	3.21%	Cash	20.53%
Fortress Paper	FTP-T	\$ 28.000	3.12%	<b>Total</b>	<b>100.00%</b>
Niko Resources	NKO-T	\$ 55.740	3.02%		
Research in Motion	RIM-T	\$ 31.680	2.89%		
Canaccord Financial	CF-T	\$ 10.320	2.83%		
Mirabela Nickel	MNB-T	\$ 1.780	2.75%		
Platinum Group Metals	PTM-T	\$ 1.300	2.74%		
Micron Technologies	MU-US	US \$5.91	2.63%		
Premium Brands	PBH-T	\$ 16.490	2.31%		
Brigus Gold	BRD-T	\$ 1.540	2.19%		
Functional Technologies	FEB-V	\$ 0.750	1.81%		
Uranerz Energy	URZ-T	\$ 2.340	1.80%		
Arcan Resources	ARN-V	\$ 5.790	1.77%		
Ventek Systems	VSI-V	\$ 0.560	1.68%		
Azimut Exploration	AZM-V	\$ 1.300	1.59%		
Enableness Technologies	ENA-V	\$ 0.060	0.63%		
Barison Gold	BG-V	\$ 0.490	0.03%	=	<b>79.47%</b>

**Best regards,**

**Randal van Eijnsbergen – Portfolio Manager**  
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Notes: MGP weightings may differ slightly from client to client due to position allocation. However, buy and sell prices will always be identical – at an average price. Newer MGP clients may not hold all the securities listed, as those no longer considered “buys” by the manager might not be added to their accounts.

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