DAVID PESCOD'S STOCKTALK

Late Edition

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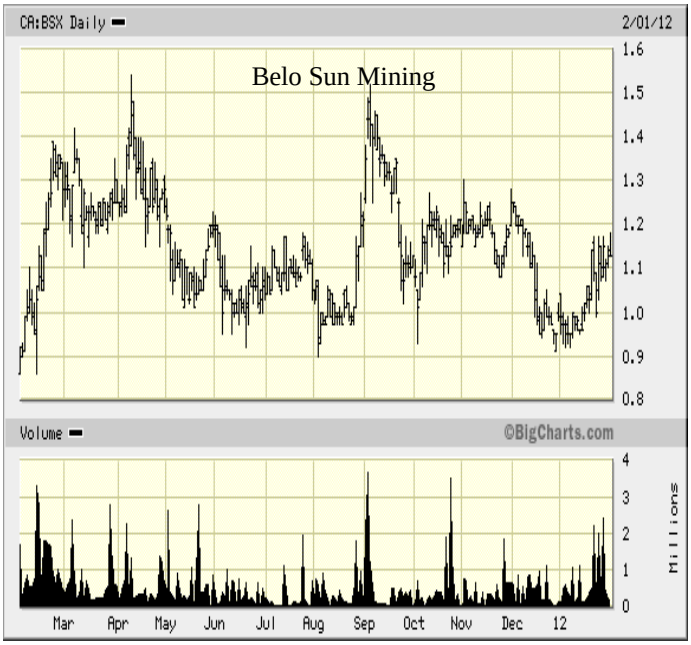

ROCKGATE CAPITAL	**(T-RGT)**	**$1.20**	**-0.15**
BELO SUN MINING	**(V-BSX)**	**$1.15**	**+0.02**
KIVALLIQ ENERGY	**(V-KIV)**	**$0.47**	**n/c**

A great day yesterday for *Rockgate Capital* as the uranium sector has led the recovery in the commodity sector over the last month or so, according to *Eric Zaunscherb*. Zaunscherb of *PI Financial* points out that in the last month or so the uranium players have bounced back roughly 26%, the neglected zinc sector 25%, silver 14% and the precious metal gold, while still up was near the back of the pack. Mind you after the Fukushima disaster in Japan, the market mayhem caused by Europe, and severe tax-loss selling of the uranium sector in December, it looked like it was on its death bed.

This past week at *Joe Martin's* massive mining conference in Vancouver, uranium was very much the topic of debate. The 'bulls' pointing out that the reprocessing of old, Russian nuclear resources would end in the next 12-18 months and that supplies roughly 40% of the world's needs. Prices were going to go up.

The 'bears' were wondering when the Americans would start processing their own nuclear assets creating jobs in the U.S.A., and supply enough fuel to last for decades. Zaunscherb suggests that first the Japanese are currently only using two of their 54 nukes and he wouldn't be surprised to see even those go down for a while—testing and safety concerns and all that. But sooner or later he believes most of those facilities will be back on stream (can they afford to import all that extra oil and natural gas?) and meanwhile, plants are continuing to be built in China, India, the Middle East and more planned all the time.

He expects to see uranium prices "higher" although we couldn't pin him down to how high. As to the debate of reprocessing American nukes, he thinks that is a political decision the Americans won't make. The cost to set up the processing facility he suggests is in the billions and while they are friendlier with the Russians these days—the Chinese seem to be the rising political concern.

After the *Hathor Exploration (HAT)* take-over, Rockgate had been his next top pick in the sector (along with *David Talbot* of *Dundee Capital Markets* and the chart shows you just how badly Rockgate and this sector were beaten up).

We wrote earlier how Talbot had a tasty target on Rockgate, but Zaunscherb wouldn't give us his.

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We caught up with Rockgate President *Karl Kottmeier* as he is about to fly off to Cape Town for more adventures in Africa (their project is in Mali) and as to the huge move in the stock and the big volume yesterday, he suggests that while there are "several names in the uranium space, there are only a few that have money and the potential to expand the resource."

He believes that they have a good chance to make their resource a 'biggie'. Zaunscherb points out that their 60,000 meter drilling program is not infill drilling, but exploration drilling that could/might add significantly to their current resource.

We ask Zaunscherb after this interview, if he could buy only one stock today, what would it be? He suggests *Belo Sun Mining*, the gold player in Brazil that he expects to see even bigger resource numbers come out some time in the coming months.

We ask Rockgate's Kottmeier, the former broker for his pick (other than some of his others of course) and he goes with *Kivalliq Energy*, the uranium player in Canada's north.

SHOAL POINT ENERGY (CNQ:SHP) $0.40 +0.05

The more we look at this story, the more we are becoming to believe that this is one of the oil and gas plays of the day. *CGX Energy (OYL)* may have its exploration offshore Guyana that's quite traditional...is the billion barrels there offshore or not? Whereas *Shoal Point Energy* has all that unconventional shale that might just take a lot of engineering to figure out how much is recoverable.

President *George Langdon* tells us today that the petro-physicist have suggested there is somewhere between tens of billions and hundreds of billions of oil in place, but the question is how much is recoverable? And how much engineering is going to be required?

He tells us that if the well they are working on now flows to surface, that's going to make a lot of believers over night. We believe that when volume picks up, it's showing that more and more people are catching on to this play and after the two huge hits of Ultra Petroleum (UPL) and TAG Oil (TAO), could *Clive Stockdale* have another huge story on his hands?

Meanwhile, Langdon expects the company to be listed on a real exchange some time shortly and expects a new resource report for the company about mid-February.

DEB'S DITTY:

I have standards…

They may be low, but I have them.

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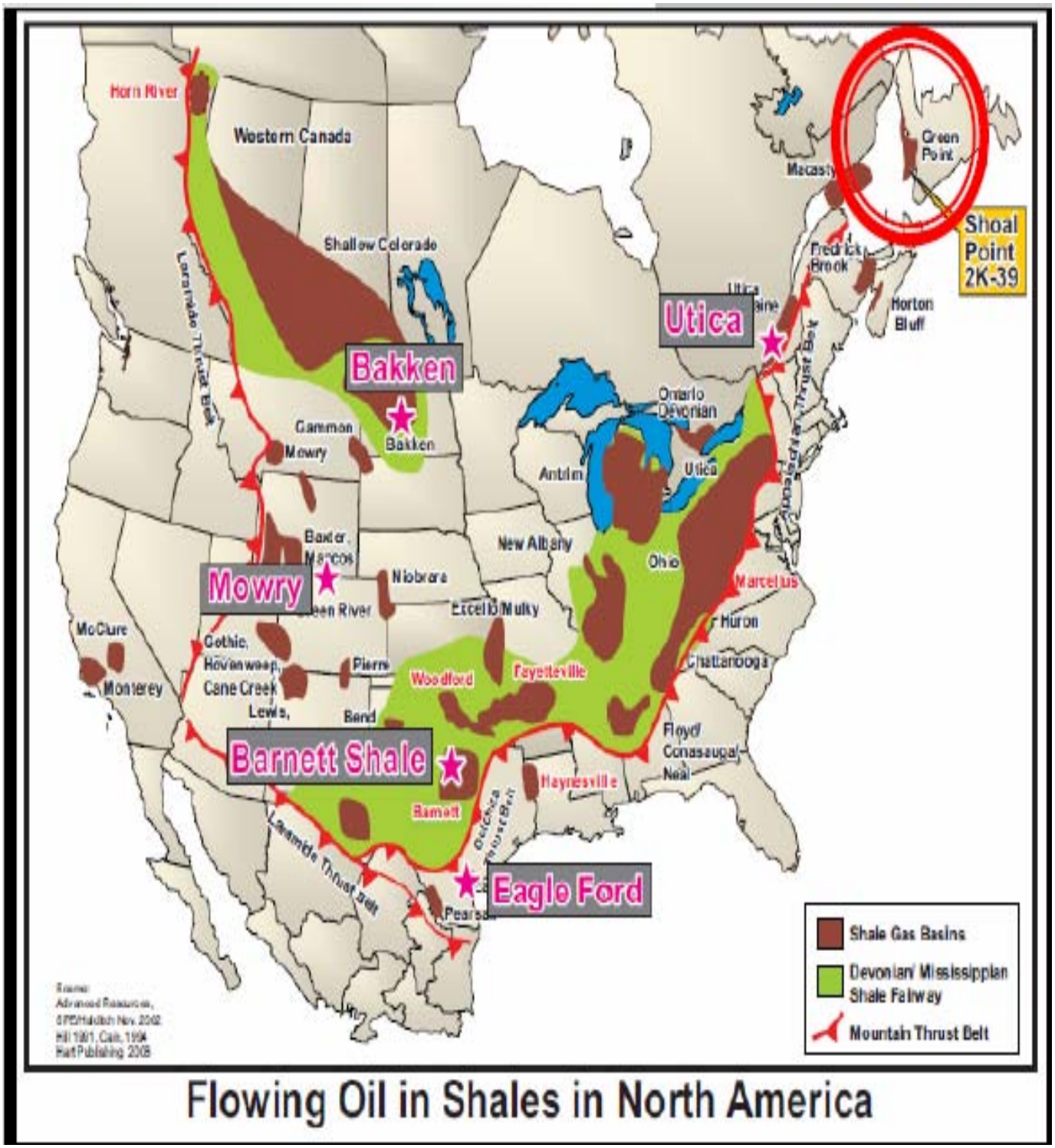

Flowing Oil in Shales in North America

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