

## Monthly Update – January 2011

### MGP Performance Summary

January-11	MGP	TSX Venture	TSX Comp	TSX Sml Cap	TSX Energy	SP 500
Month Return:	4.33%	-0.58%	0.81%	-0.84%	5.28%	2.26%

MGP Return since inception:	13.86% (annualized)		Inception: April 20, 2005			
MGP Return year to date:	4.33%					

### Market Update

January provided the markets with a long-overdue pause, only to begin their latest spurt at the very month-end. Inflationary and deflationary developments continue their tug-of-war and have the administration warming up the printing presses to err on the side of the former.

### MGP Strategy

One month in, it appears my caution has been unwarranted so far but has, thankfully, not compromised returns. I will retain a healthy cash balance and our small TSX inverse position and continue to strive towards better focus by opportunistically eliminating insignificantly small positions and adding to those that are best positioned and in which I have greater conviction.

### MGP Developments

**BNK Petroleum** (BKX:T) has apparently hit total depth of their first well in Poland and results could be out by the end of February.

**Canaccord Financial** (CF:T) broke out to new highs towards the end of January and released a strong Q3 of \$0.51 EPS in early February. I continue to hold as I witness first-hand how active our industry is. I also believe some deleveraging has made the participants stronger and better able to withstand future industry tremors.

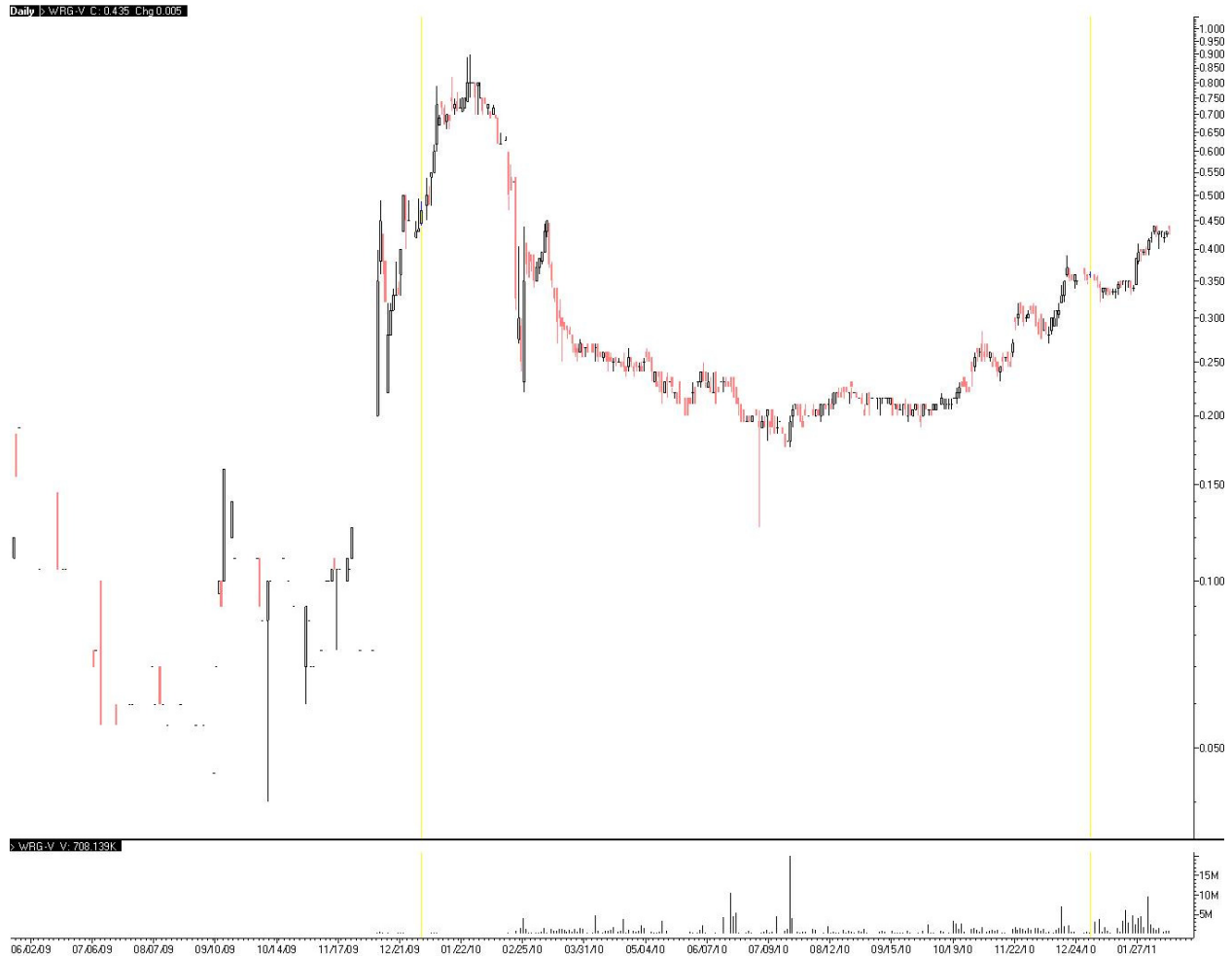
**Micron Technologies** (MU:US) finally surpassed our initial buy price and is leaping up to new highs so far in February. We are seeing a warming towards technology names and Micron was a wildly undervalued candidate. What's next...? Strength in Biotech?!?

I successfully traded **Veraz** (VRZ:V) selling some at \$0.775 and buying it back at \$0.619. Drilling will be later this year and should drive some interest in the stock. (GranTierra has performed well during their maiden Peruvian drill program.)

I added a position in **Western Energy Services** (WRG:V) at \$0.38. Western is run by the ex-CFO of Precision Drilling and has acquired at least four competitors in the last 18 months. This is a way to participate in the horizontal drilling revolution in the Canadian oil patch. Of note, they have issued a ream of shares for these purchases, driving their share count up over 700 million. Notwithstanding, WRG has broken out from a long basing pattern on the charts to form a very bullish chart pattern.



### Chart of interest: Western Energy Services (WRG:V):



## MGP Position Summary (as of January 31, 2011):

Stock	Symbol	Price	% of MGP	Sector	Weighting
BNK Petroleum	BKX-T	\$ 4.840	11.85%	Materials	31.09%
Colonial Coal Int'l Corp	CAD-V	\$ 1.780	6.91%	Energy	27.62%
Canaccord Financial	CF-T	\$ 15.250	5.94%	Industrial	2.58%
Parex Resources	PXT-T	\$ 9.350	5.08%	Financials	5.94%
Mirabela Nickel	MNB-T	\$ 2.230	3.95%	Health Care	0.00%
OceanaGold	OGC-T	\$ 2.580	2.79%	Consumer Discre.	4.48%
Mantra Resources	MRL-T	\$ 7.800	3.53%	Market Inverse	1.89%
Platinum Group Metals	PTM-T	\$ 2.250	2.85%	Info Tech	2.68%
Brick Income Fund	BRK.UN	\$ 2.970	3.15%	Cash	23.72%
Eacom Timber	ETR-T	\$ 0.590	1.32%	<b>Total</b>	<b>100.00%</b>
Niko Resources	NKO-T	\$ 97.500	2.53%		
Petrobank	PBG-T	\$ 23.500	2.33%		
Carpathian Gold	CPN-T	\$ 0.610	2.23%		
Fairborne Energy	FEL-T	\$ 4.650	2.70%		
TimberWest Forest	TWF.UN	\$ 44.680	2.58%		
Micron Technologies	MU-US	US 10.54	2.68%		
Petrominerales	PMG-T	\$ 39.040	2.40%		
Horizons TSX 60 Inverse	HIX-T	\$ 10.520	1.89%		
AQM Copper	AQM-T	\$ 0.910	1.64%		
Burcon Nutrascience	BU-T	\$ 9.840	2.58%		
VMS Ventures	VMS-V	\$ 0.495	1.54%		
Veraz Petroleum	VRZ-V	\$ 0.680	0.73%		
Mega Brands	MB-T	\$ 0.670	1.33%		
Donner Metals	DON-V	\$ 0.265	1.02%		
Brigus Gold	BRD-T	\$ 1.590	0.73%		
				<b>=</b>	<b>76.28%</b>

Best regards,

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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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