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**What's Happening in the Oil Patch?
*Spotlight Stock of the Month***

Aspen Exploration

We've seen oil and gas prices drop significantly over the past 30 days, in some cases dropping by 20% at the gas pump. And the lower prices have had an impact on some of the oil patch juniors we began to track in August, 2006. Not so with Aspen Exploration which has held firm despite falling oil and gas prices – a very positive sign of investor confidence.

Aspen actually has product coming to market, unlike many juniors, and investors see this as a sign of strength. On this day, we saw a one-day jump in share price of 11.18% with a closing at USD\$3.78 up \$0.38 on moderate volume.

During late September and early October we saw a significant sell off with shares closing below \$3.30 on October 3rd, a significant drop from its monthly high. However, since Aspen bottomed out, it's made a very nice comeback to close at or near monthly highs on heavier than usual volume approaching 30k.

We believe that this indicates a support level at around \$3.30 and resistance at current levels. With this in mind, we encourage aggressive investors to add Aspen to the watch list and buy on pullbacks from current levels.

It is worth noting that the single-most active trading day during the past month was during the big sell off at the end of September when share volume exceeded 50k. Since then, investors have been cautiously watching the nice upswing Aspen has posted in the past couple of weeks, though share volume remains thin.

We'd like to see a bit more interest on the part of the investment community in ASPN, but it's also understandable that investors are taking a wait-and-see approach to the stock.

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Buy on pullbacks, on a breakthrough of the current resistance level or on increased daily volume above the 30k mark. Otherwise, do what other market watchers are doing. Sitting on the sidelines waiting for a definitive move.

Worth tracking and worth taking a position under the conditions described above.

Aspen Exploration

ASPX:OTCBB

<http://aspenexploration.com>

Phone: (661) 831-4669

Here are this month's reports on two additional energy companies and the precious metals companies we continue to track:

Tag Oil Ltd.

TAGOF:OTCBB

<http://www.tagoil.com>

Phone: (403) 770-1934

Last month's Spotlight Stock of the Month followed the downward trend of most companies in the oil and gas sector, again, in large measure due to sharply falling oil prices. However, we also saw a nice rebound in the past few days and on this date, Tag was up 5.52% to close at USD\$0.459.

Whenever we see a sell off and a nice rebound we look beyond the charts and examine the company fundamentals. In this case, Tag has no product in the pipeline but news from the field has been positive. We also assume that Tag, like other energy juniors, is following the trend – selling off at the end of summer as demand for gasoline slips and refineries start delivering more home heating oil.

This one has seen some 150k trading days and it's apparent that speculator interest in Tag continues. We see this as a winning combination for active traders who enjoy sharp movements over short periods of time.

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If you're a trend investor, add Tag to your watch list. With share prices below \$0.50 and swings of 5 – 10% a day, this stock promises a nice ride for experienced day traders.

For those looking for a somewhat more conservative play in the energy sector, we suggest you take a look at this month's Spotlight Stock – Aspen Exploration. With product in the pipeline, it's less volatile than Tag and other juniors in the exploration phase of development.

Energas Resources

EGSR: OTCBB

<http://www.energaresources.com>

Phone: (405) 879-1752

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For our most aggressive investors, we continue to urge you to start tracking Energas Resources which, today, saw a per share price jump of 29.03% closing at USD\$0.08, up \$0.018.

EGSR followed the trend of other energy juniors with a sell off in late September followed by a nice rebound as the colder weather made investors turn their attention to home heating oil.

We especially like the trading volume we see at EGSR with 500k days common and typical daily trade volume well in excess of 200k. This kind of trading activity is just the type of action our active and professional traders look for to turn a nice profit quickly.

However, as with all "penny stocks" investors must be watchful and nimble in order to identify the trend. As we've stated previously, the "trend is your friend," especially true when buying and selling stocks in this price range.

For those chart watchers who like to be where the action is, you won't do better than Energas Resources. Just be ready to execute trades quickly in order to see the desired results – nice profits at the end of the day.

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VISTA Gold Corp
VGZ:TSX, VGZ:AMEX
<http://www.vistagold.com>
Phone: 888-629-2450

Quite a sell off in September for Vista Gold, peaking at CDN\$11.58 before dropping to below \$9.80 by the end of the month. However, as it has in the past, VGZ rebounded smartly to close today at \$10.80.

Last month, we described this stock as “The Little Engine That Could” and, once again, Vista has shown that it has legs and the interest of speculative investors. On October 3rd, volume for little Vista exceeded 30K – the high for the month and very respectable for a stock that sells at these prices.

VGZ has a rolling 52-week high of \$14.95 and a low of \$4.55 so it's trading toward the upper end of its annual range. However, that shouldn't scare off active traders. The stock has seen some profit taking of late with consolidation at current levels.

We continue to recommend Vista as we have for over a year now. Traders should watch to see if the current downtrend continues and buy on any indication that the company has found a support level within its current range.

SILVER WHEATON
SLW:TSX
<http://www.silverwheaton>
Phone: 604-684-9648

We've been recommending Silver Wheaton to our more conservative investors because SLW actually has product coming to market. We also like the company because it's a pure silver play. And for those who have followed our recommendations, you've seen a nice return, albeit, a bit of a bumpy ride.

When we started tracking SLW, it was trading below CDN\$6.00. During the past 12 months, share price reached just below \$13, only to pull back to its support level now established at +/- \$8.00. The one-year chart clearly shows resistance at \$13 and support at \$8.00 – comforting news for tape watchers.

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Closing today at \$10.69, up 2.10% on the day, we continue to recommend Silver Wheaton at these levels midway between annual highs and lows. Each time we've seen a pullback in share price, we've seen investors move in to take positions and buoy up the price.

One other note of interest: institutional investor activity has increased during this recent period of consolidation, driving up daily volume to very nice levels for our more active traders.

We think now is a good time to take a position in SLW and to buy even on up ticks. However, be prepared to sell as soon as the share price approaches \$13.00.

Entree Gold, Inc.

ETG:TSX

<http://www.entreegold.com>

phone: 866-368-7330 (Primoris Group)

Entrée has been one of the market's darlings for the past year or so despite a long-term sell-off during the summer months. However, for those who held their positions, share price has rebounded nicely in the past 30 days to close today at CDN\$1.24 off its monthly lows of \$1.01.

Volume remains strong, often exceeding 200,000 daily and 400,000 share days not uncommon. This kind of activity is usually enough to pique the interest of our more aggressive traders who like to be where the action is.

Trading well below its annual high of \$2.95, we believe that this is a good time for chart watchers and those who track technicals rather than fundamentals to take positions and to take advantage of the recent sell-off. This is one stock we think will rebound smartly in the months ahead.

RIMFIRE Minerals

RFM:TSX

<http://www.rimfireminerals.com>

Phone: 604-669-6660

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The 30-day chart on Rimfire shows a schizophrenic market with prices bouncing up and down like a ping pong ball. In just the past month we've seen prices as low as CDN\$1.54 and as high as \$1.70 with major intra-day price swings.

For the cautious investor, the charts look daunting. However, for many of our readers, this kind of volatility is the ideal environment for turning a nice profit.

At the close of trading today, share price was \$1.64 – a bit on the high side, but we see that turning around quickly.

Track RFM if you like lots of intraday activity. Take a position at these levels and be prepared to press the sell button as the share price moves toward the resistance level of \$1.70.

In the event that share price breaks through that resistance level (a distinct possibility) hold on tight. This is one stock that has significant upside potential for day traders and tape watchers.

PAN AMERICAN SILVER
PAA: TSX, PAAS: NASDAQ
<http://www.panamericansilver.com/>
Phone: 604-684-1175

Pan Am closed today at CDN\$22.53, up \$0.64 on volume of just over 200k. We like PAA for a couple of reasons. First, it's trading at the lower end of its annual high of \$32.13 and low of \$17.00 – a good time to take a position.

Second, this is one company that is actively traded with volume often exceeding 100k and 200k days not at all unusual. Finally, we've noticed increased interest in Pan Am from institutional investors, always a good sign for chart watchers who like to see a trend develop before moving in.

After a summer long pull-back, we once again recommend that our readers take a close look at Pan Am. It may just be time to jump in.

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US Gold Corp
USGL:NASDAQ
U.S. Gold Corporation
Ian Ball
Investor Relations
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For investors looking for share price stability, check out US Gold Corp. The stock has a clearly established trading range of between USD\$4.92 and \$4.10. Coupled with volume of 500k on several days, this is the kind of stock active traders look for.

On this day, share price closed at \$4.30, up \$0.20 or 4.88%. Broker recommendations are 100% in the "Buy" column for the past 90 days despite the recent sell off which saw share price fall from \$4.95 to \$4.10. Subsequently, share price bounced back to today's close of \$4.30 in just four trading days.

There's also heavy institutional interest in USGL with Fidelity Management and Research holding 2.7 million shares as of today. Other institutional investors include Evergreen, T. Rowe Price and Royce and Associates – well-known names in investor circles.

This is the kind of stock that active traders like with clearly defined support and resistance levels, active trading and institutional interest to drive share price.

For those readers looking for nice movements within a narrow range, US Gold is a stock to watch.

More to come next month.

Paul Lalley

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