



What stocks to own in 2012: HIP Top 10 and Top 35 stocks to watch

For the investing community, it has not been an easy year, to say the least. No matter where one looks, we are met with a great deal of bad news. Whether it's due to declining housing prices, record high levels of government debt, high unemployment, or an unstable banking system, it seems investors have lost their confidence to invest, which is severely affecting the stock markets. In the previous issue of Insights and Investments, we suggested that it was time to start looking at entry points. We still maintain this view and we can best describe it like this: if you have been largely on the proverbial poolside, then it's time to get a toe or two in the water.

In light of all this, we ask ourselves what to do in the coming year and we also reflect on the past year to see what actually worked. What did these companies have that others did not? The answer is always the same. They have something real. That something can be in the form of a great asset, management with track record of success, a strong treasury or all of the above.

As the market evolves, this philosophy has never, and will never, change. If a company has proven, capable management with a great asset and a well capitalized balance sheet to move the project forward, we think the company has

	SYMBOL	NAME	SECTOR	PRICE	S/O	MARKET CAP (consolidated)	CASH
1	BAT	Batero Gold Corp	Junior Gold	2.1	51,559,620	103,634,836	\$7,000,000
2	CAN	Canaco Resources Inc	Junior Gold	1.31	200,734,228	262,961,839	\$120,000,000
3	CMO	Cliffmont Resources Ltd	Junior Gold	0.7	13,742,270	9,619,589	\$866,594
4	CAD-V	Colonial Coal International	Junior Coal	1.39	60,769,009	84,468,923	\$10,000,000
5	GGA	Goldgroup Mining Inc	Junior Gold	1.2	131,500,656	157,800,787	\$35,802,000
6	HME	Hemisphere Energy Corp	Junior Energy	0.67	37,829,032	25,345,451	\$2,238,883
7	LAR	La Ronge Gold Corp	Junior Gold	0.22	19,096,995	4,201,339	\$1,400,000
8	PEN	Pennant Energy Inc	Junior Energy	0.19	44,012,567	8,362,388	\$4,000,000
9	SVL	Silvercrest Mines Inc	Junior Silver	1.94	88,225,517	171,157,503	\$30,672,285
10	TGZ	Teranga Gold Corp	Mid Tier Gold	2.14	243,500,598	521,091,280	\$18,107,000
11	AGL	Aguila American Gold Ltd	Junior Gold	0.27	37,156,782	10,032,331	\$4,600,000
12	AQN	Algonquin Power and Utilities	Utilities	6.02	135,418,719	815,220,686	\$15,525,000
13	ARW	Aroway Energy Inc	Junior Energy	0.62	47,609,708	29,518,019	\$750,000
14	ATN	Atna Resources	Junior Gold	0.91	117,130,998	106,589,208	\$10,587,200
15	AUQ	Aurico Gold Inc	Large Cap Gold	8.57	277,661,025	2,379,554,980	\$145,084,000
16	ARZ	Aurizon Mines	Mid Tier Gold	5.54	158,666,710	879,013,575	\$178,017,000
17	AVR	Avion Gold Corp	Mid Tier Gold	1.53	440,238,005	673,564,147	\$49,178,141
18	ABX	Barrick Gold Corp	Large Cap Gold	48.56	1,004,186,044	48,763,274,287	\$2,965,000,000
19	BRI	Brazil Resources Inc	Junior Gold	1.25	35,167,000	43,958,750	\$7,009,539
20	CPX	Capital Power Corp	Utilities	23.99	49,326,942	1,183,353,342	\$80,000,000
21	CS	Capstone Mining Corp	Large Cap Gold	2.86	374,628,239	1,071,436,764	\$484,156,000
22	CPN	Carpathian Gold Inc	Junior Gold	0.48	555,446,088	266,614,122	\$66,000,000
23	CRJ	Claude Resources	Junior Gold	1.64	162,563,820	266,604,665	\$11,194,000
24	CLB	Colombia Crest Gold Corp	Junior Gold	0.24	87,169,704	20,920,729	\$4,497,622
25	EDV	Endeavour Mining Corp	Junior Gold	2.48	117,704,152	291,906,297	\$181,297,000
26	EMT	Entourage Metals Ltd	Junior Gold	0.55	21,159,271	11,637,599	\$4,367,356
27	ECC	Ethos Capital Corp	Junior Gold	0.74	41,884,999	30,994,899	\$14,665,465
28	FR	First Majestic Silver Corp	Large Cap Silver	16.23	106,311,527	1,725,436,076	\$106,222,000
29	GV	Gold Standard Ventures Corp	Junior Gold	0.76	59,987,489	45,590,491	\$12,448,788
30	GPD	Golden Predator Corp	Junior Gold	0.61	121,202,405	73,933,467	\$17,330,177
31	GTE	Gran Tierra Energy Inc	Large Cap Energy	5.11	261,520,803	1,336,371,303	\$226,370,000
32	HYX	Hyperion Exploration Corp	Junior Energy	0.77	54,190,357	41,726,575	\$5,309,354
33	KAM	Kaminak Gold Corp	Junior Gold	2.16	74,033,956	159,913,344	\$25,531,452
34	KGN	Keegan Resources Inc	Large Cap Gold	3.85	79,740,813	307,002,129	\$213,556,989
35	KBR	Kimber Resources	Junior Gold	1.09	83,808,854	91,351,651	\$11,362,135
36	LUN	Lundin Mining Corp	Large Base Metals	3.8	574,366,299	2,182,591,937	\$256,218,000
37	ML	Mercator Minerals Ltd	Junior Base Metals	1.66	245,695,394	407,854,355	\$19,245,000
38	NZ	New Zealand Energy Corp	Junior Energy	1	102,705,022	102,705,022	\$5,342,115
39	FEO	Oceanic Iron Ore	Junior Iron Ore	0.27	165,592,000	44,709,840	\$7,992,917
40	ORE	Orezone Gold Corp	Junior Gold	2.77	84,176,006	233,167,537	\$38,115,355
41	PG	Premier Gold Mines Ltd	Mid Tier Gold	5.05	127,160,636	642,161,212	\$22,392,091
42	PVG	Pretium Resources Inc	Large Cap Gold	11.76	88,086,429	1,035,896,403	\$31,793,443
43	SBB	Sabina Gold Silver Corp	Mid Tier Silver	4.1	156,736,227	642,618,531	\$80,889,000
44	SOP	Source Exploration Corp	Junior Gold	0.27	53,176,716	14,357,713	\$4,300,166
45	USO	US Oil Sands Inc	Junior Energy	0.17	227,982,623	38,757,046	\$7,325,554

been considerably de-risked. However, pure exploration companies with small treasuries could face tough times in 2012 as the availability (and cost) of capital has gone up severely in the last several years. The flight to quality in the current marketplace is more predominant than we have seen in some time.

Looking back at 2011, there were a handful of companies bought out at significant premiums to where they were trading. Daylight Energy, Auryx Gold, Grayd Resources (pending), Pediment Gold, Hathor Exploration (pending) are among a few. The above listed investment criteria were present in all these companies. The main commonality is that they all possessed an asset that was highly sought after by a company much bigger than their own.

For our HIP Top 10 picks we will list 10 companies that we believe have the potential for above average returns. We commonly get asked to give a longer list of stocks to look at as it gives a much better cross section of the market. In light of this, and for the first time, we are featuring our Top 10 plus a list of 35 additional stocks to watch in 2012. ■

Stock prices as of December 12th 2011.

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