

What Is Chen Buying? What Is Chen Selling?

Letter # 259
March 4, 2010

Update:

I did some further calculation on **Mercer International Inc. (MERC)** earning power use the new pulp price, I was truly shocked.

MERC produces about 1.4 million tons of pulp every year. In Q4 it realized price is about 641USD/ton. It netted EBITDA 34.7 million USD or about 138.8 million USD annualized. If pulp prices goes to 841, it will add another 280 million per year on top of that. If pulp price goes to 941, that's 420 million USD per year. Currently the market cap of MERC is only about 185 million according to yahoo. No wonder insiders are buying.

Attached is the pulp future price today, it looks like may test 1000 next week. I doubled my position today at 4.95-5 area. I wish I did the calculation earlier.

Regards,

Chen
Letter #259 - March 4, 2010

What Is Chen Buying? What Is Chen Selling?

Letter # 258
March 4, 2010

Chen is Selling:

I closed my position of **Yamana Gold, Inc. (AUY)** this morning in pre market at 11.16. Small profits, but I didn't like the earning report last night. Cost goes higher significantly in two of the 5 major mines. Compare to Oceana Gold (OGC.to), AUY seems so expensive that I am having trouble justify holding it. Basically AUY produces about 4 times more gold than OGC while the market cap is about 16 times more. Most of the mine costs are higher than OGC. Last night CNBC was pumping AUY, wish I sold it right then.

An insider purchase of **Mercer International Inc. (MERC)** was just filed. Its VP of strategy, Merwin Brian just bought 7,400 shares on the open market on Tuesday, the day I made the initial purchases. This is another solid proof that the pulp companies are great buy at these levels.

I want to share with you my thoughts on **Northstar Healthcare Inc. (NHC.to)**. It seems to me that from the the lawsuit, NHC palladium center in Houston was not performing well. They are partners of the center, so they could have more information than shareholders. So I original plan

that NHC will have a big Q1 and start paying nice dividend looks dim now.

However, These problems are like caused by Kramer and his associates trying to push the stock down so they can buy it at the low ball price. Remember Kramer tried to bid 95c at the bottom of the market, now it is trading below that. The company is going through arbitration with Kramer, I was told the claim against Kramer is not limited to the 8 million currently in escrow. I would like to see they get some of the 100+million that they stole from the Canadian IPO investors. Now the very same founder, who sold the "great idea" to Canadian investors, is trying to make his properties look bad so he can get it back at rock bottom price. I received an email from a subscriber from Texas warning me that physician there are "bound together". Kramer probably is pull business away now to make it look bad.

Remember NHC has more properties than the Houston center and it has a clean balance sheet. Even the tax credit worth about 3 dollars. I believe it will take longer than I original anticipated to realize the value of NHC. Probably after the arbitration, which is like July, before Kramer stops pulling business away. I am still holding sizable position for the long run.

Regards,

Chen
Letter #258

What Is Chen Buying? What Is Chen Selling?

Letter # 257
March 3, 2010

Chen is Buying:

I initiated a position in **SFK Pulp Fund Trust Units (SFK.UN.to/SFKUF.pk)** today at 1.1 CAD. It seems to be the last pup stock that hasn't moved much yet. It had a bad quarter due to scheduled maintenance. So far it hasn't recovered yet. Since its production is based in Canada, it should benefit from the Chile situation.

Regards,

Chen
Letter #257 - March 3, 2010 - March 4, 2010

What Is Chen Buying? What Is Chen Selling?

Letter # 256
March 3, 2010

Update:

More updates came out from the Chilean earthquake. Here is an article about the latest. You may need subscription to WSJ to read it.

<http://online.wsj.com/article/BT-CO-20100303-708334.html>

Basically the largest pulp producer in Chile, second largest in the world, Arauco, suffered severe damages. The second largest Chilean producer CMPC already declared "force majeure" to null the existing contracts, though its damage appears less than Arauco.

The article also mentioned the supply of pulp is already very tight going into the earthquake, and these capacity is unlikely be replaced.

This is pulp future chart I have for the past 3 months. Some analysts are predicting another 200 dollar hike.

In this type of dynamic situation, my experience tells me that you if you want to take a position, you have to do it in the first week of news break, by next week, you should start to plan exit and profit taking strategy as everyone probably already know it. The surprise to the market is that most traders were expecting copper will do well after the earthquake, but it is the pulp that will greatly benefit from it. When every trader realized it, it is time to book profits. I added more **Mercer International Inc. (MERC)** today and even have some **Canfor Pulp Income Fund (CFX.UN.to)** for a swing trade.

In order to raise money for these trades, I reduced my position in Nothstar Helathcare (NHC.to), still holding a lot of shares. The recent new round of lawsuit concerns me. I talked to the company briefly yesterday. They are claiming more money than the 8 million in escrow against Ex-CEO Kramer. I think it could go tens of million consider how much Kramer took in the IPO. The market cap of NHC is only about 13 million. That's good news. However, these will take time and reading between the line, the recent perform may not as good as I had hoped, so we may need to wait to July time frame when the arbitration suppose to conclude. So it may take even long time than I first thought. I am still bullish on the stock for the long run.

Regards,

Chen

Letter #256 - March 3, 2010

What Is Chen Buying? What Is Chen Selling?

Letter # 255
March 2, 2010

Chen is Buying:

Special situation trade. This is a short term momentum trade.

I purchased **Mercer International Inc. (MERC)** today at 4.55. Tried to wait for a pull back but it didn't happen. BMO sent out an upgrade today. However, the key of MERC is the Chilean earthquake, I receive confirmed reports that the earthquake caused major damages to pulp mills in the region. About 8% world pulp supply are severely damaged. Some analyst are predicting pulp price will likely to jump by 200 dollar in a next a few months.

MERC has a lot of debts, I don't like its balance sheet. But it is the company that will benefit greatly from the current situation. I watched it since morning and tried to get in with a pull back, but there was no pull back.

Another company can take advantage of this situation is my old recommendation Canfor Pulp Income Fund (CFX.un.to). I sold it too early.

Regards,

Chen
Letter #255 March 2, 2010

What Is Chen Buying? What Is Chen Selling?

Letter # 254
March 1, 2010

Update:

Now back to my office. You may have noticed that I have been increasing energy exposure recently. March will mark the beginning of strong oil season. Here is the link of seasonal chart.

http://www.seasonalcharts.com/future_energie_crudeoil.html

You may be wondering what gold looks like in a seasonal chart? Gold usually trends lower after the Chinese new year. The best time to buy gold is August.

http://www.seasonalcharts.com/future_metalle_gold.html

If you put these charts together, it is almost inverted. I noticed this pattern a few years back. So I overweighted energy in the spring and overweighted gold in the fall. It worked well for me for years, until 2008, when everything fell apart.

Now the energy demand in the US seems to have found some bottom according to some of the reports I got. The demands in China should sky rocketing as China took over the top spot in Automobile market in the world. Most important, many oil drilling went under after 2008 because of the credit crunch. The most famous case was Oilexco went under because RBS pulled its credit line. The drilling activity has reduced greatly. All these factor could support a robust energy price this summer.

Currently I am holding **Ithaca Energy Inc. (IAE.v)**, **Mart Resources inc. (MMT.v)** and **ATP Oil & Gas Corp. (ATPG)**. I also participated a pre-IPO private placement with a Canadian company that holds big land position in Europe last month. I will likely put it on my recommendation list after its planned IPO in a months or two.

IAE.v/IACAF.pk: I am looking forward to the Stella results, which should happen in a month or so. The company is also looking for buying assets at depressed price using its strong cash position.

MMT.v/MAUXF.pk: The next potential catalyst for the stock is the 2009 annual report, which is expected by the end of April. They are planning to drill more wells start in Q2. Note that they are currently producing only 4 out of the 13 oil zones from two wells. Expand the production by step out drilling should have very low risks. I am continuing to increase my position at the current level and ready to get more if it corrects more. Note that insiders are continuing to buy at the current stock price.

ATPG: It should have a very interesting March. Note its short interests increase significantly in the most recent filing. This should set up a big battle between long and short. if they can deliver the big production increase March as promised, it should have some huge upside. I followed the stock for many years, it didn't have a good track record in keeping its guidance, so I put at at 50%-50% chance. But the upside is huge if they can deliver this time.

<http://www.nasdaq.com/aspxcontent/shortinterests.aspx?symbol=ATPG&selected=ATPG>

Federal Agricultural Mortgage Corp. (AGM) should have another earning report in mid March like last year. It looks like the stock already started its pre earning run.

GigaMedia Ltd. (GIGM) should close it highly anticipated deal in March, then the cash level will be much higher than the current market cap.

Northstar Healthcare Inc. (NHC.to) should have its 2009 earning report by the end of March like last year. It should have one time gain from insurance settlement. However, it will be very interesting to see how much Dec rev increased and management outlook. I believe the real earning power will be shown in the May Q1 earning report.

Golden Minerals Company (GDMN.pk) should have its IPO priced in a few weeks. The IPO price is proposed at 10.5 USD according to the filing.

These are the stocks that have very significant news in the near term. I am very excited for the next month or two because many of my top holdings will have major news coming.

Regards,

Chen
Letter #254 - March 1, 2010

What Is Chen Buying? What Is Chen Selling?

Chen's Weekly Scorecard

<i>Open Picks</i>	Exch	Ticker	Price	Initial	Initial	US	2010	Overall
Security	Â	Â	1/1/10	Date	Price	2/25/10	% Gain	Gain
Â	Â	Â	Â	Â	Â	Â	Â	Â
Alexco Resources Corp	N	AXU	\$3.76	9/3/09	Â \$2.35	\$3.10	-17.55%	31.9%
Alexis Minerals Corp.	T	AMC	\$0.42	6/19/09	Â \$ 0.39	\$0.37	-11.90%	-5.8%
ATP Oli & Gas Corp.	N	ATPG	\$14.48	2/11/09	Â \$14.48	\$17.76	22.65%	22.7%
Coeur d' Alene Mines Corp	N	CDE	\$18.06	3/19/09	Â \$ 7.30	\$14.53	-19.55%	99.0%
Federal Agricultural Mortgage	N	AGM	\$7.01	8/20/09	Â \$ 7.73	\$8.32	18.69%	7.6%
GigaMedia Limited	N	GIGM	\$2.90	2/2/10	Â \$ 2.90	\$2.89	-0.34%	-0.3%
Golden Minerals Co.	N	GDMN	\$9.70	9/10/09	Â \$ 4.00	\$8.90	-8.25%	122.5%
Great Basin Gold	T	GBG	\$1.71	12/8/09	Â \$1.67	\$1.69	-1.17%	1.2%
iShares Silver Trust	N	SLV	\$16.54	3/5/09	Â \$ 13.15	\$15.80	-4.47%	20.2%
Ithaca Energy Inc.	T	IAE	\$1.39	5/22/09	Â \$ 0.55	\$1.54	10.22%	182.1%
Linear Gold Corp	T	LRR	\$1.88	12/4/09	Â \$ 2.00	\$1.83	-2.61%	-8.4%
Market Vectors Junio	N	GDXJ	\$25.74	11/16/09	Â \$ 26.47	\$23.84	-7.38%	-9.9%
Mart Resources, Inc	T	MMT	\$0.16	1/28/10	Â \$0.16	\$0.15	-3.27%	-3.3%
Metanor Resources Inc.	T	MTO	\$0.54	9/3/09	Â \$ 0.42	\$0.45	-17.16%	6.7%
Minemakers FPO	AX	MAK	\$0.41	12/15/09	Â \$ 0.35	\$0.37	-9.10%	3.9%
Northstar Healthcare, Inc	T	NHC	\$0.91	2/9/09	Â \$ 0.52	\$1.00	9.75%	90.8%
Oceana Gold	T	OGC	\$1.65	2/25/09	Â \$ 0.43	\$2.07	25.10%	380.3%
Resolute Mining Limited	AX	RSG	\$0.93	12/8/09	Â \$0.91	\$0.85	-8.79%	-6.7%
SPDR Gold Trust	N	GLD	\$107.31	3/5/09	Â \$91.99	\$108.31	0.93%	17.7%
Yamana Gold Inc	N	AUY	\$10.41	1/28/10	Â \$ 10.41	\$10.51	0.96%	1.0%

Note: If stock was recommended this year, the price of 1/1/10 defaults to initial purchase price

Weekly Scorecard as of closed of business February 25, 2010 What is Chen Buying? What is Chen Selling? Â is published at any moment that editor Chen Lin decides to buy and/or sell securities for his own account. As such, there is no set time for publishing. What is Chen Buying? What is Chen Selling? ("Publication"), a copyright publication owned and published by Tojava Inc., a corporation owned by Chen Lin (Chen) and distributed by Taylor Hard Money Advisors, Inc. (THMA), Box 780555, Maspeth, N.Y. 11378, Tel.: (718) 457-1426.Â Tojava Inc. and THMA share in profits if any earned from the Publication with THMA earning its share in exchange for its service in marketing and distributing the Publication and providing certain accounting and back office functions on behalf of Tojava Inc. Subscribers should be aware that Chen will, by definition have purchased or sold securities at the same time or before he has written about them to his subscribers. Securities that Chen trades are generally characterized by ample to high levels of liquidity, thus minimizing price volatility resulting from his own trading activities. However, subscribers should be aware that they may from time to time be competing with Chen in buying and selling the securities he mentions in the Publication. Prior to the recommendations, Chen may have discussed the stocks recommended through private and public conversations as well as internet groups. Chen may continue such discussions as well as promoting the stocks in person and online after the recommendation without updating the letter. Chen may trade the stocks after the recommendation without updating the letter as long as Chen believes there is no material changes in the stocks recommended. Companies are selected for purchase or sale in this publication strictly on their merits as determined by Chen trading for his own account. No fee is charged to companies for inclusion in the Publication. The currency used in this publication is the U.S. dollar unless otherwise noted. The material contained herein is solely for information purposes. Readers are encouraged to conduct their own research and due diligence, and/or obtain professional advice. The information contained herein is based on sources, which Chen believes to be reliable, but is not guaranteed to be accurate, and does not purport to be a complete statement or summary of the available information. Any opinions expressed are subject to change without notice. Chen, his family and associates and THMA are not responsible for errors or omissions. No statement or expression of any opinions contained in this publication constitutes an offer to buy or sell the securities mentioned herein. Under copyright law, and upon request companies mentioned herein, from time to time pay THMA a fee of \$500 per page (\$500 minimum) for the right to reprint articles that are otherwise restricted for the benefit of paid subscribers. Subscription rates: Three Months \$225.00, One Year \$525.00, Two Years \$735.00. We also offer a one time only one month subscription for \$39.00.