

Pick of the Week #9

This week's pick is Running Fox Resource Corp.

This stock trades on the TSX under the symbol RUN.V; OTC "RFXRF", Frankfurt "C8Q".

The company is involved in Oil and Natural Gas Exploration and Production, as well as Energy Sector Oilfields Services and Technology, and owns 50% of the Brett gold property in Okanagan Valley, BC.

At the Brett site the drill bit turned up some exciting results. Drill hole RC93-19 uncovered a 55 foot section of 1.045 ounces of gold per tonne. This includes 4.57 meters grading 3.15 ounces per tonne.

Drill hole 04-12 intercepted 4.3 feet grading 5.014 ounces per tonne.

Running Fox announced on Sept 21 that they are in the process of buying a diamond drilling company. The purchase is to be paid for with shares of Running Fox instead of cash. With this drilling company they plan to conduct further drilling at the Brett site and drill for other companies, thus adding to cash flow.

Running Fox already receives cash flow from the natural gas that they drill, and from another company they bought a year or so ago: Claymore Oilfield Services.

Management is excited about their interest in the 28 square mile Pincher Creek Natural Gas Project. The project is earning Running Fox 1 million dollars annually and management expects this revenue to increase now that modern drilling methods are able to dislodge shale gas that was impossible to accomplish a decade ago.

Samples in some areas indicate that the Project may be as lucrative as the Bakken oilfield.

The Alberta government provides financial incentives that apply to the development of unconventional natural gas from shale formations in Alberta.

If you are a regular reader of my column: "My expectations for the future" here at this website, then you know I expect natural gas to become increasingly more popular as a source of energy as the years go by.

In 2008 Running Fox generated 9.3 million dollars in revenue. Profits for the 6 month period ending July 2009 were \$296,205.00. This number was up 190% over the same period a year earlier. Now that natural gas prices are rising and drilling activity is increasing, profits should continue to rise.

Rising gold prices will create increasing interest in the Brett gold property.

The company has approximately 41 million shares issued and outstanding and trades on the Toronto Stock Exchange – Venture. Website www.foxgold.ca

As with all of the ‘picks of the week’ do not chase this stock; buy it at your price. If it takes off, wait for a pull-back.



The chart formation shows a breakout above horizontal resistance followed by a test of the breakout that appears to have found support at the former resistance-turned support. Up volume has exceeded down volume (green arrow). The supporting indicators are negative (purple lines), but the RSI is back at ‘50’ where it often turns up. The 50DMA is in positive alignment to the 200D (black arrow) and that is bullish. A breakout at the blue arrow ends the testing of the last breakout, and turns the trend bullish again.

DISCLAIMER:

Please do your own due diligence. Investing involves taking risks. I am NOT responsible for your trading decisions.

Here is a review of previous ‘picks of the week’.

#1 CPQ.V at 2.01; last traded at 2.23, up 0.22

#2 CGC.TO (CGLD.BB) at 0.69; last traded at 0.71, up 0.02

#3 SVM.TO (SVM) at 3.74; last traded at 5.49, up 1.75

#4 SCP.TO at 3.10; last traded at 3.83, up 0.73

#5 FCG at 14.88; last traded at 17.44, up 2.56

#6 MAG.TO (MVG) at 5.55; last traded at 6.54, up 0.99

#7 ARZ.TO (AZK) at 4.60; last traded at 5.35, up 0.75

#8 IPT.V at 0.88; last traded at 0.91, up 0.03

#9 RUN.V (OTC – RFXRF) at 0.22

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Happy trading!

Peter Degraaf

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