

## INTERIM BULLETIN # 107 - OCTOBER 27TH 2011 PORTFOLIO PURCHASE: GOLAR (GLNG-NASD)

I bought 500 more shares of Golar (GLNG-NASD) today at \$40.78 as the stock broke out to new highs, on the back of sister company GMLP-NASD increasing its dividend to 40 cents per quarter. GLNG owns a controlling interest in GMLP, so when GMLP ups their dividend, GLNG will as well. Shipping billionaire John Fredriksen owns 46% of Golar and he loves to pay himself dividends.

While there is a strong argument today everybody should be a SELLING, NOT BUYING, I have had some of my best trades on breakouts (ONR, EQU, PXX).

I am drawn to this stock and ONR. They are not dependent on the commodity boom or on China to continue growing very quickly and profitably. LNG is the clean cheap fuel of choice for the world right now and the market is willing to pay for huge safe growth that is not tied to the China/commodity story. And unlike my juniors, I don't watch these stocks too closely (I have been guilty of being too close to the screen on some trades—and a little too bearish!).

And right now Golar and ONR are the two most profitable companies in my portfolio.

I believe Golar can be \$100-\$120 stock in 2 years, or even more. The LNG shipping market continues to be very tight; ZERO extra capacity. And day rates are rising sharply. Their latest deal, chartering their GIMLI vessel out for THREE years – usually contracts are one year – at roughly \$125,000 a day.

In the last 15 months, day rates for LNG tankers have more than tripled from \$35,000 a day to \$90,000 to now \$125,000/day.

Analysts estimated operating costs on these LNG tankers of \$14,000—making for a gross margin of 89%--maybe it is more profitable than Open Range/Poseidon!

MISCELLANEOUS MARKET COMMENTS

The S&P 500 sits at 1278 as I write; the 200 day moving average (dma) is 1279. If the market can close 3 days in a row over that 200 dma that is a very strong sign for investors.

I'm guilty of being a little too bearish lately perhaps; I still like the dividend stories more than the juniors; my gut tells me a lot of volatility is still to come and as you can see, I don't do so well in my short term trading ;-), so I like the Big Theme stories like Golar and Open Range.

### STRESS FREE INVESTING

DeeThree has broken out past some serious resistance at \$2.80, now trading \$2.90.

And while the stock of Fredriksen's other company, Northern Offshore, has gone quiet, I will repeat that I expect that stock to more than double in 2012, as it more than doubles its dividend—but that might not start to happen until after Q1 2012. I have little doubt that this company will have a full US listing by the end of next year; all of Fredriksen's companies have US listings—GLNG, GMLP, SDRL etc.

The only hiccup here could be how long it takes Energy Searcher to get live. My FULL ONR report will be posted no later than Sunday. 23 pages—it's really a report on 2 companies, the gas producer and Poseidon.

It's 26 degrees here in New Orleans and 3 degrees in Vancouver. I fly home tonight.