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Overview

- Brief Description of KeyStone
- Constructing a Growth Stock Portfolio – 3 simple rules
- Investor vs. Speculator
- BUY Ideas
 1. China-Based Athletic Apparel Manufacturer
 2. China-Based Basic Goods Manufacturer
 3. Junior Gold Producer

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Our Coverage Universe | MICRO CAPS | SMALL CAPS | MID CAPS | BREAKTHROUGH STOCKS

KeyStone Financial

- Founded in 1998, Financial Advisor.
 - BUY/SELL Recommendations.
 - Small-Cap Growth Stocks: www.keystocks.com
 - Income (Dividend) Stocks: www.incomestockreport.com
 - Buy profitable growing companies at a reasonable price
 - GARP.
- Independent Insight.
 - We do not get paid by the companies we recommend.
 - We simply look for the best companies for our clients.

Growth Stock Portfolio

1. Buy Great Companies

- Fundamentally undervalued growth stocks with solid balance sheets and strong growth expectations.

2. Realistic Time Horizon

3. Construct Your Portfolio Effectively

Time Horizon

Successful

- Reasonable time horizon
 - 1 to 3 years.
 - Allow management time to perform and the stock to react to growth in earnings and cash flow gains.

Unsuccessful

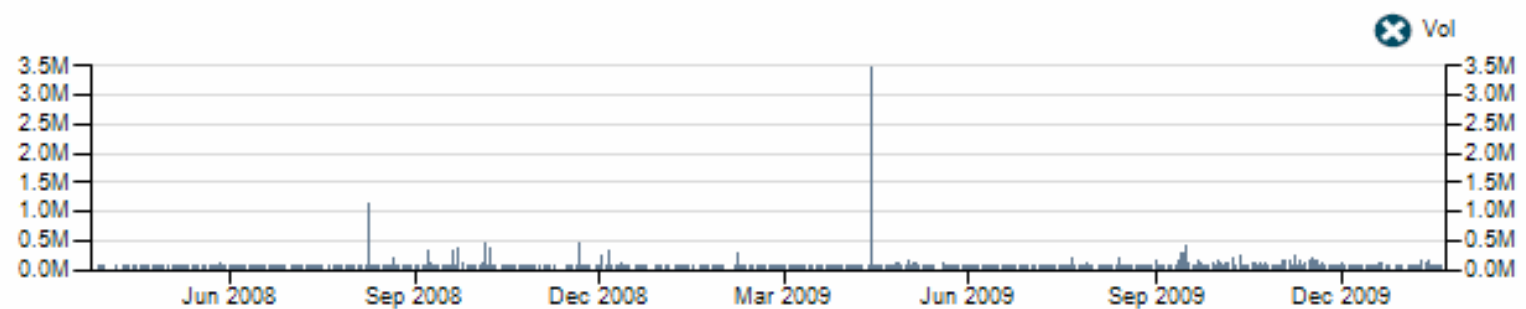
- Unreasonable time horizon
 - 5 minutes to 6-months.
 - Acts like a quasi-trader.
 - Quickly loses patience with a good stock.

Bridgewater Systems Corp (TSX : T.BWC)



Bridgewater Systems Corp (TSX : T.BWC)

T.BWC Daily



ALLIANCE GRAIN TRADERS INC (AGT.TO)

On Jan 21: **34.00** 0.00 (0.00%)

GET CHART

COMPARE

EVENTS ▾

TECHNICAL INDICATORS ▾

CHART SETTINGS ▾

RESET

Jan 15, 2010 : ■ AGT.TO 32.80



■ Volume 75,700



China Aqritech Inc (NSD : CAGC)



Construct Your Portfolio Effectively

Total Number of Stocks

- 6-12 stocks.

Diversify

- Sector – oil & gas, technology, manufacturing, gold & precious metals, financials, retail, etc.
- Geographically

Buy Periodically

Investor vs. Speculator

Investor

- Long-term approach:
1-5 years
- Buys a business.
- Fundamental style.

Speculator (pure)

- Short-term approach:
5 mins-6months.
- Buys a stock symbol.
- Takes undue risk to
try and produce “blue
sky” returns.

KeyStone's 11-Year Track Record

Core Small-Cap Stocks			Micro-Cap Stocks		
Year	Avg. Return	Date	Year	Avg. Return	Date
2009	79.02%	Jan. 15, 2010	2006	38.19%	Dec. 31, 2006
2008	1.02%	Jan. 16, 2009	2005	46.09%	Dec. 31, 2005
2006	5.73%	Jan. 20, 2007	2004	91.92%	Dec. 31, 2004
2005	40.20%	Jan. 21, 2006	 <p>3 Year Average Gain 59.40%</p>		
2004	38.29%	Jan. 21, 2005			
2003	78.87%	Jan. 16, 2004			
2002	11.19%	Jan. 18, 2003			
2001	22.37%	Jan. 16, 2002			
2000	14.10%	Jan. 31, 2001			
1999	83.00%	Jan. 31, 2000			
1998	62.15%	Jan. 15, 1999			
<p>11 Year Average Gain</p>  <p>39.63%</p>					

China-Based Athletic Shoe Manufacturer/Retailer

- **Zungui Haixi Corp.**
- **Price: \$3.05**
 - Manufacture and sale of athletic footwear, apparel and accessories and casual leather footwear in the Peoples Republic of China.
- 2010 revenues rose 18% to \$163.89 million, from \$138.73 million in 2009.
- Q 2010 earnings rose to \$26.97 million or \$0.43 per share from \$23.04 million or \$0.43 per share in 2009.
- Strong balance sheet: \$85.9 million or \$1.38 per share in cash with no debt.
- 2010 cash flow from operating activities surged to \$30.3 million, or \$0.49 per share, compared to \$17.4 million for the prior year.
- EPS growth over the next 3 years: 25% +

Growth Initiatives

- **Launching New Corporate Owned Stores:**
 - Currently 28 retail outlets (added in the last 6-months).
 - Expand its corporate-owned and managed retail network by opening an additional 72 corporate-owned and managed retail outlets over the next 8 months - **CAPEX \$8.0 million.**
 - Corporate-owned and managed retail outlets offer higher margins than sales through distributors.
- **Strengthening Existing Distribution Network:**
 - 1,716 current retail outlets, through 47 distributors
 - Assist distributors to open up to an additional 250 retail outlets operated by distributors or third-party retailers.
- **Increase Production Capacity - Greater Economies of Scale**
 - To increase its manufacturing capacity and to improve production scales and efficiencies, replace and update its 5 existing production lines.
 - Build an additional six floor, 9,000 square meter manufacturing facility in Shishi City, which is expected to be completed in 2010.
 - **CAPEX \$7.0 million.**

China-Based Basic Goods Manufacturer

- **Asia Bio-Chem Group Corp (ABC:TSX-V)**
- **Price: \$1.35**
 - Manufactures and sells cornstarch and related products in the Peoples Republic of China (PRC).
- **Manufacturing Facilities:**
 - ChangTu Facility: Capacity throughput (tonnes) 300,000
 - Daqing Facility: Capacity throughput (tonnes) 600,000
- Q2 2010 revenues jumped to \$56.88 million from \$23.29 million in Q2 2009.
- Q2 2010 net income rose to \$4.46 million or \$0.06 per share from \$429,815 or \$0.01 per share in Q2 2009.
- 2010 revenue run-rate in the range of \$225 million and be positioned to drive \$15 million or around \$0.19 per share to the bottom line. 2010 EPS est.
- PE of 6.36, with the capacity to produce EPS of beyond \$0.30 in 2011

Junior Gold/Copper Producer

- **Orvana Minerals Corp. (ORV:TSX)**
- **Price: \$2.45**
 - Sector: Resource – junior gold producer with a strong balance sheet, transforming itself into a multi-mine gold and copper producer.
- **Production History: Commencing 2003, successfully mined 420,000 ounces of gold from the Don Mario Mine in Bolivia.**
- **EPS \$0.12 per share in 2009.**
- **Strong balance sheet with cash of \$42.3 million million or approx. \$0.40 per share.**

Growth Path

- Current Cashflow.
 - Small open-pit mine in Bolivia, Las Tojas slated to produce until the end of fiscal 2010.
- Upper Mineralized Zone (Bolivia):
 - CAPEX: \$20 million.
 - Extend mine-life to 2019.
 - Annual average production estimate: 11.7 million pounds of copper, 19,000 ounces of gold, and 700,000 ounces of silver.
- El Valle-Boinás/Carlés Project (Northern Spain):
 - Flagship Project: has the potential to be one of the largest gold producers in Europe.
 - CAPEX: \$50 million, commence production in fiscal 2011.
 - Annual average production estimate: 100,000 ounces of gold and 9 million pounds of copper.

Thank you ladies and gentlemen