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• **REVIEW OF STOCKS**
Pages 2-5

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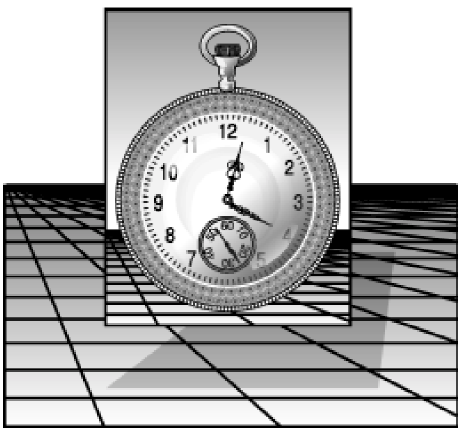

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BUYING TIME

Perhaps it is the duality of our culture - good and evil, yes and no. Nevertheless, there are two ways to approach the markets - by investing or by trading.

Professional Timing Service offers both, and sometimes that can be a dilemma. The most common problem I have seen is when investors become traders because they see their investments correct against them. This will happen even if they are holding a huge profit. It all falls back on that "woulda, coulda, shoulda" plague that pesters all of us from time to time.

If you want to trade stocks and jump in and out, trade the stocks on our Hyperion list in accordance with that model's instructions. If investing is more your style, the best approach is to be in the right sector.

Our Annual Asset Allocation Model (AAAM) will point you to the sector of the market with the best risk-to-reward promise. There is more on this in our Trading Handbook, but the model is telling us that tangible assets offer a better risk-to-reward future than financial assets (stocks or bonds). The only exception is stocks that are advantaged by rising commodity prices.

Our investment strategy is on track. Yes, there will be corrections from time to time (which are normal and offer buying opportunities), but you should invest in tangibles until the AAAM says otherwise.

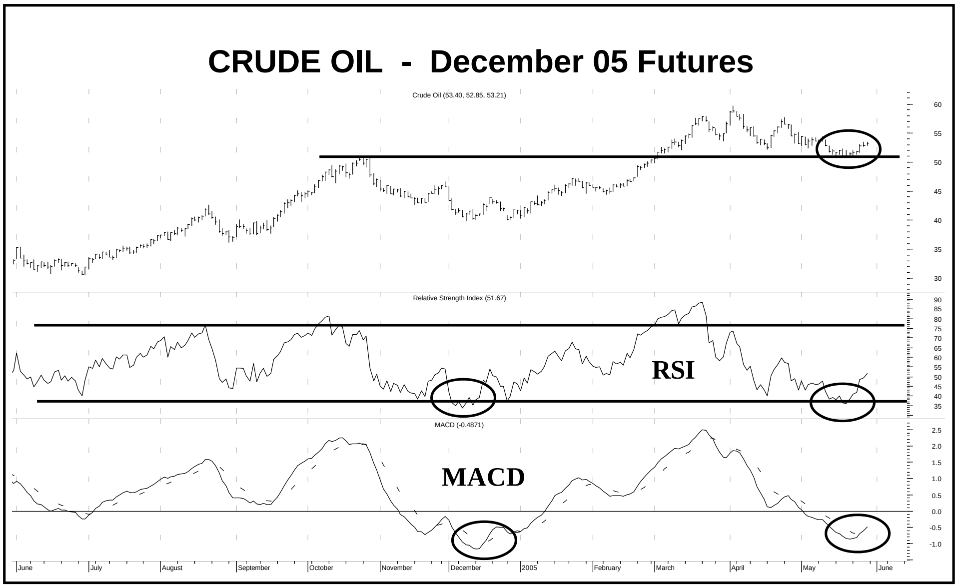
Crude oil prices are going higher. China's military aspirations and creation of a huge strategic petroleum reserve (larger than ours) are but two reasons out of many.

The Saudis are pumping oil from aged wells and have less reserves than they are willing to admit. They will also tend to reduce production to support prices rather than increase production that they really don't have in order to cap prices. Venezuela's leadership has become an outright enemy, and they will be shifting their sales away from the U.S. at every opportunity. They are our fourth largest supplier.

Although currently contained, Middle East tensions are heating up. An explosion in the situation and a resulting curtailment of supply is simply a matter of time. Alternative energy sources, including LNG, are years away from having an impact.

It basically boils down to this.

The world is using 84 to 86 MBD (million barrels a day). Supply is barely keeping up, and supply is diminishing. It is estimated that for every 2 to 4 barrels used, there is 1



discovered. Total world production will likely NEVER exceed 90 MBD.

A world recession can reduce the growth rate in demand, but it will still grow at some rate. We are at the point that the Michelin meets the tarmac. Meanwhile, the price of crude has corrected to $51.00 basis December futures (our stated downside objective). It is time to be invested in energy producers.

Yes, they have limited reserve lives. The fact that the world is running out of oil and it is a limited resource is one reason we are investing in the Canadian energy trusts. Yes, they have funny earnings numbers. That is because they pay out their cash flow, but allowable depreciation and depletion deductions reduce reportable earnings.

I don't intend to own these forever; but for now, they still look good. I expect to see crude move to $65 a barrel in the next up leg, and that should begin soon.

Technically, crude is setting up a nice bottom here. It has reached RSI levels associated with bottoms in the past, and the MACD pattern is turning up. We simply are not likely to see prices fall much further from here, and the next big move will be up.

Natural gas looks similar. The process now is to form a base. That is just another way of saying that the pros are doing their buying.

Investors, there are two things to do right now. First, hold the stocks you have. This is certainly not the time to sell. Second, consider adding to your positions. Let's review our favorites.

REVIEW OF STOCKS

Baytex Energy (CA:BTEUN-TSX-C$13.31). The U.S. dollar has strengthened against the Canadian dollar recently, so this gives us a double bargain. In U.S. dollars, Baytex is only selling for $10.60. The yield at this price is a dandy 13.5%. It's not as good as we got when we originally bought it at C$11.90, but it's decent nonetheless. I like Baytex under C$13.50.

Shiningbank (CA:SHNUN-TSX-C$20.90). This equates to about $16.70 in U.S. dollars. The yield is about 13.2%. My maximum buy price is C$19.85 ($15.90 in U.S. dollars), and I am holding to that. One reason for owning these trusts is the dividends, but you should shoot for at least 13%. At our maximum buy price, the dividend will be about 13.9% - more in line with our goals.

Primewest (PWI-NYSE-NYSE-$23.62) is selling near our previous downside buy price of $23.00. I am now lowering the buy price to $22.00. Hold what you have, but the stock is up 35% from our original buy at $17.00. If I were to add more to my portfolio, I would shoot for $22.00 or less at this point.

Another change on the buy-and-hold list concerns **Peyto Energy** (CA:PEYUN-TSX-C$26.28). I am shifting this to a HOLD for the time being. I want to see how the recent 2 for 1 split settles with the market, and C$26.00 is too much to pay.

Another HOLD is **Provident Energy** (PVX-NYSE-$9.95). We have a nice gain from our original buy at $7.50; but with a yield of only 11.6%, this is definitely a hold. It is too soon to sell, but too late to buy this one.

Paramount Energy (CA:PMTUN-TSX-C$16.51). This is a natural gas trust; and frankly, I think natural gas is a little like silver in the precious metal complex. Natural gas has a greater price appreciation potential than crude oil. We originally recommended Paramount at C$16.44 last December, and it held its own surprisingly well during the current correction in the energy sector. I continue to recommend the trust at C$16.50 or less.

The U.S. dollar has moved up somewhat against the Canadian dollar since our original recommendation, which gives current buyers an extra bargain advantage. The U.S. dollar price today is just over $13.00. You should have some diversification in your portfolios, and Paramount is a decent addition if you haven't bought some already.

In diversifying beyond oil and gas, you might consider some coal. We have two coal trusts on our list - **Alliance Resources and Fording.**

Alliance Resources (ARLP-OTC-$71.21) has had a good run since we bought it at $55.96 last September. It pays 4.2%, which is what you are finding from the coal trusts. I had published a downside buy price (maximum buy price) of $56.50 in last month's letter, and Alliance dropped to $55.50 on April 14. Hopefully, you were able to snag some. If not, that opportunity has passed. From this point on, buy on a drop under $60.00.

Our second coal trust is **Fording Canadian** (FDG-NYSE-$89.84). We bought this last November for $68.20, and it is up a nice 24% since then. It is currently selling just over our maximum buy price of $85.00, and the dividend is 4.64%. If you need a little coal to go along with your oil and gas, I would buy some Fording on any weakness at $85.00 or less.

There are plenty of alternative energy schemes about - solar, wind, etc. The trouble is that they do not have the potential to significantly impact the growing energy problem soon enough. There is one exception – tar sands.

Suncor (SU-NYSE-$39.39) is profitable processing tar sands in Canada. This is an emerging technology, and Suncor is a leader in developing tar sand extraction. We originally put this on our buy-and-hold list at $16.80 in February 2003. What more can I say? Our last listed maximum buy price was $35.00, and it approached that level several times over the last six weeks.

My advice is to stick with the $35.00 price and see if it doesn't wander down there in the next few weeks. The dividend is nil on this one, so buying at the right price is important.

Enerplus (ERF-NYSE-$35.30). We originally bought it at $18.00, and I still like the stock. However, at this price, I recommend that you hang on to your shares and put new money elsewhere.

Our latest recommendation was Valero (VLO-NYSE-$68.62).

My initial recommendation was at $73.25 with the caveat to hold back some money to buy more at $66.50. We are sitting just over the $66.50 level, and I rate Valero a buy there. I like the Premcor merger. Valero is now the largest refiner, and it's one of a very few that can process sour crude.

I have been talking about crude production lagging demand. Another aspect to this is that sweet low sulphur crude is becoming ever more scarce. The Saudis are already blending sour crude to their output because of the declining output of their sweet crude wells.

In the meantime, the U.S. is becoming more restrictive about fuel blends - for environmental reasons. Processing sour crude or blends with higher sour crude content will be at a premium in the future. With their acquisition of Premcor, Valero is in the cat/bird seat in the refining business.

I think the Premcor purchase was a bargain. Valero paid about what it would cost to build a new refinery. However, it is all but impossible to get permitted these days to build or expand refining capacity; and with the Premcor deal, Valero gets that extra capacity now.

Valero is a super operator and will no doubt bring extra efficiency to the Premcor assets. Buy a little Valero at $66.50 or less. If you have some and are looking for a place to steal more, put an open order in at $60.00.

The ride during this last correction in the energy issues has been tough for some of you, I know; but that is part of investing. Volatility has its advantages. We can build positions using weakness to add to our portfolios.

A final reminder about buying the Canadian energy trusts. I buy mine through Scottrade. They require that you buy on the phone rather than on line, but the commission rate is reasonable. They have no problem trading on the Canadian Exchange.

I suggest getting quotes with the symbols listed above using www.bigcharts.com and then multiplying by .795 to arrive at an approximate equivalent in U.S. dollars. If you use Scottrade, they will give you a "bid and asked" in Canadian and then give you a U.S. dollar quote as well.

GOLD & SILVER

Investors in the precious metals have not had it easy recently either. Gold has sold off 9% since December, but the XAU has dropped back over 29%. As we expanded on in the last mid-month letter, the result is an extremely undervalued state for the mining shares compared to the price of gold.

In the past when the price of gold divided by the price of the XAU moved over 5.00, it was a good place to buy. On May 13, the ratio reached 5.33. There have been occasions when the ratio has moved over 5.50, so this is not necessarily an exact timing indicator. It is not good enough to establish trading positions on; but for investors, it is a solid sign that the decline is coming to an end.

We have recommended several mining stocks in the past, and I like all of them on our buy-and-hold list. If I had to rank them, I would still put **Goldcorp** (GG-NYSE-$13.59) at the top. They are a great mining operation; and although I wasn't all that excited about the Wheaton merger, I am warming up to it.

I liked Goldcorp's pure gold play before the merger, but Wheaton has brought a copper element to the mix. The way I see the Asian economies developing, copper settles well with me. As for basic, non-renewable natural resources, silver, copper, and lead are vital.

It doesn't appear we have made much headway with Goldcorp as yet, having paid $13.00 for it originally. However, it does pay a little dividend - about 1.3% a year, but in monthly payments. You must remember that they paid a 50 cent dividend while trying to fend off the hostile takeover attempt by Glamis.

The last time the gold/XAU ratio moved over 5.00 (in April 2004), GG hit $10.11. In that respect, the stock has done rather well. The smoke has cleared here. Buy GG at $13.00 or less.

Barrick Gold (ABX-NYSE-$22.99) is a bit of a surprise from a technical aspect. It has had its share of bad press; but when you look at how the stock has done, it is looking bullish. Barrick has support at $21.00, and it is an attractive buy if you can pick up some at $21.50 or less.

Anglogold (AU-NYSE-$34.34) is selling for about what we originally paid for it. Like the rest of these, it is significantly off its highs of the last six months. Anglogold is one of the majors, and it would be my third favorite behind Goldcorp and Barrick. New purchases should be made at no more than $32.50.

Newmont (NEM-NYSE-$37.24) had some disappointing earnings news lately, and that brought the stock down more than the recent correction called for. Nevertheless, the $35.00 level looks like it will hold. This is a gold stock the institutions will continue to trade in; and although I am disappointed with the earnings picture, that is in the past. I am confident NEM will recover, but there are likely better places for new money unless you can buy at $35.00 or less.

ASA (ASA-NYSE-$36.44) has treated us all right since we first bought it at $31.00 in November 2002. It also has a modest dividend of about 1.1%. There is support at $34.00, and that is where I am setting the buy price at this time.

With the selling we have seen in the mining stocks, one tends to fall prey to the idea that trading is better than investing. Indeed, in trading gold stocks and the energy issues, we can make a case that it would have been better to have sold them all and bought them back now.

The problem is that the press will get to you in these cases, and you will not buy back. Being out, you will saddle up with the crowd and stay out. When your stocks hit new highs, you will buy back in. Following the crowd does not work well from an investment standpoint.

If you want to be a trader, you should be trading the instructions we give on our Hyperion list. The details are in our Trading Handbook for those interested. There is nothing wrong with trading. Indeed, we have had some very nice signals from our Hyperion model.

The sell in Taser and in Westmoreland Coal as well as the last Google buy are prime examples … but trading takes discipline and work. You have to keep up. We offer the trading programs for those to whom it is suited. I realize that most of you are investors, and this is the time to invest in energy and precious metal issues.

Since the gold\XAU ratio has peaked over 5.00, I am excited about putting some money in the admittedly more speculative junior mining shares. The time is ripe for investing in the metals, and the junior mining companies will definitely outperform the majors in the next gold rally. Yes, the risk is higher; but this is offset by the advantageous relationship currently in the gold/XAU ratio.

On the top of my list would be **Yamana Gold** (AUY-AMEX-$3.27). My maximum buy price has been $2.90, and there was ample opportunity last month to buy at or below that level.

Mines Management (MGN-AMEX-$5.71). The potential here is huge, but the risks are significant as well, so purchase price is important. A few shares will do. MGN dropped under our buy price recently, and you should have been able to grab some there. If not, be disciplined and shoot for our $4.50 downside buy price.

Western Silver (WTZ-AMEX-$9.52) is a favorite. It is a great acting silver mine, and it's well up from our original purchase of $3.50. There is solid support at $8.00 now; and if you missed this last month, buy some at $8.10 if it dips.

Ivanhoe (IVN-NYSE-$7.41) has an excellent future. They have a property in Mongolia that is producing gold and silver, but even more exciting is their discovery of coal on land that they have under lease. The coal aspect is a surprise, and it's a big plus for Ivanhoe since they looked like an exciting investment as strictly a precious metal company. The downside is that they are operating in Mongolia and basically are mining for Chinese consumption.

The Chinese market is only going to grow, but the risk is in China turning around and somehow throwing a wrench in the works. I am comfortable dealing with the Canadians and all, but Communist countries have had a history of nasty surprises for those doing business with them. Nevertheless, this is a good-looking speculation at $6.50 or less.

Novagold (NG-AMEX-$7.56) is another junior that has held up decently during the recent correction. It is not my first pick, but it is selling close to our maximum buy price of $7.50. If you are looking for a good diversification candidate, you might buy a few shares of NG.

Another that I still like is **Bema Gold** (BGO-AMEX-$2.07). However, I am going to put a HOLD rating on Bema. I think money would be better spent now on Yamana or Mines Management.

Coeur d'Alene (CDE-AMEX-$3.33), frankly, has been a disappointment, and I am going to give it a HOLD rating. There are several on the list that we will liquidate, but it is not the time to weed out weak sisters right now. That time will come later on.

When gold makes its next run, it will break to new highs. As it nears $500/ounce, we will establish sell prices for CDE, as well as **International Wayside** (CA:IWA-TSX-C$0.065). We already have HOLD ratings and upside sell prices for **Kinross** (KGC-NYSE-$5.33) and **American Bonanza** (CA:BZA-TSX-C$0.445).

Bottom line, it is buying time in the precious metals stocks at or below the stated maximum buy prices. We may well see a bit more selling as gold and the gold stocks form a base, but the decline is all but over.

A Final Word About The Popular Averages

High energy and raw material prices will cool the economy and the stock market, but there are other esclating costs as well.

The real estate boom/bubble is also causing consumer and business problems due to skyrocketing real estate taxes. In some areas of the country, real estate taxes are becoming unaffordable. Add to this all but unaffordable medical and insurance costs, and you should see an economic crisis in the making.

The most attractive opportunities are in commodities. Tangibles will take the day at the expense of financial assets, especially the stock market. The popular averages look like they are topping out as the professionals are using the recent rally to liquidate. My work is telling me the next surprise will be a drop in the dollar and a run in gold and crude.

Recommended Stocks For Buy And Hold

Note: If you go to www.bigcharts.com, you can get quotes on Canadian stocks in Canadian dollars by using the symbols we have listed, preceded by CA: For example, if you want a quote for Shiningbank, go to www.bigcharts.com and type in CA:SHNUN. You can approximate the price in U.S. dollars by multiplying the Canadian dollar quote by .795. You should buy at or below the posted downside buy price. Changes since our last posting are in bold letters.

Last Updated 5/31/05

Company	Symbol/ Exchange	Initial Recom. Date & Price	Price 5/31/05	Div.	Downside Buy Price	Target	Web Site
Enerplus Resources	ERF-NYSE	4/20/01@$18.00	$35.30	9.39%	HOLD		www.enerplus.com
Peyto Energy	PEYUN-TSX	7/18/03@$8.75	C$26.28	5.48%	**HOLD******		www.peyto.com
Primewest Energy	PWI-NYSE	2/07/03@$17.00	$23.62	12.15%	**$22.00**		www.primewestenergy.com
Provident Energy	PVX-AMEX	6/16/03@$7.50	$9.95	11.62%	HOLD		www.providentenergy.com
Shiningbank	SHNUN-TSX	1/02/03@C$15.15	C$20.90	13.21%	C$19.85		www.shiningbank.com
Suncor Energy	SU-NYSE	2/07/03@$16.8	$39.39	0.49%	$35.00		www.suncor.com
Anglogold	AU-NYSE	2/25/03@$32.00	$34.34	n/a	$32.50		www.anglogold.com
ASA Ltd.	ASA-NYSE	11/19/02@$31.00	$36.44	1.10%	**$34.00**		www.asaltd.com
Goldcorp	GG-NYSE	8/15/03@$13.00	$13.59	1.32%	$13.05		www.goldcorp.com
Newmont Mining	NEM-NYSE	9/05/03@$39.10	$37.24	1.07%	**$35.00**		www.newmont.com
Barrick Gold	ABX-NYSE	1/05/03@$22.85	$22.99	0.96%	$21.50		www.barrick.com
Baytex Energy	BTEUN-TSX	05/18/04@C$11.90	C$13.31	13.52%	C$13.50		www.baytex.ab.ca
Alliance Res. Part.	ARLP-OTC	9/29/04@55.96	$71.21	4.21%	**$59.95**		www.arlp.com
Fording Cdn. Coal	FDG-NYSE	11/16/04@68.20	$89.84	4.64%	$85.00		www.fording.ca
Paramount En. Tr.	PMTUN-TSX	12/20/04@C$16.44	C$16.51	15.99%	C$16.50		www.paramountenergy.com
Pimco Comod RR Str Fnd	PCRBX	3/2/05@$15.95	$15.29	n/a	$14.50.		www.pimcofunds.com
Valero Energy	VLO-NYSE	4/26/05@$73.25	$68.62	0.58%	$66.50		www.valero.com

****Peyto had a 2 for 1 split on 5/27/05.

Buy And Hold Junior Gold & Silver Stocks - The Option Alternative

Last Updated 5/31/05

Company	Symbol/Exchange	Initl. Recom. Date & Price	Price 5/31/05	Downside Buy Price	Target	Web Site
Kinross Gold Corp	KGC-AMEX	10/2/02@$6.30	$5.33	HOLD	$6.60	www.kinross.com
Bema Gold Corp.	BGO-AMEX	6/6/02@$1.06	$2.07	**HOLD**		www.bema.com
Coeur d'Alene	CDE-NYSE	9/2/03@$3.19	$3.33	**HOLD**		www.coeur.com
Western Silver	WTZ-AMEX	9/2/03@$3.50	$9.52	**$8.10**		www.westernsilvercorp.com
American Bonanza	BZA-V	10/2/02@C$0.60**	C$0.445	HOLD	$0.60	www.americanbonanza.com
Ivanhoe Mines	IVN-NYSE	6/4/04@$6.00	$7.41	$6.50		www.ivanhoe-mines.com
International Wayside	IWA-TSX	4/26/04@C$0.14	C$0.065	HOLD		www.wayside-gold.com
Novagold Resources	NG-AMEX	12/8/04@6.50	$7.56	$7.50		www.novagold.net
Yamana Gold	AUY-AMEX	4/14/05@2.90	$3.27	$2.90		www.yamana.com
Mines Management	MGN-AMEX	5/13/05@$4.50	$5.71	$4.50		www.minesmanagement.com

*** American Bonanza had a 4 for 1 reverse split on 3/31/05

C$ Denotes Canadian dollar

Quotes for Canadian stocks can be obtained on the U.S. OTC Bulletin Board (pink sheets) with the following symbols. I want to caution you, however, that OTCBB quotes are not always current. They can be a day or more old at times. You should take the quote in Canadian dollars (as described above) times .805 to see if the OTC quote looks correct. You can access these OTCBB quotes by using www.barchart.com. I don't have OTCBB symbols for American Bonanza or International Wayside.

Shiningbank SBKEF Peyto Energy PEYUF Baytex Energy BAYXF Paramount Energy PMGYF

Target The "Target" column represents the price at which you should liquidate the position and take profits. Do not reverse on the target price. There will not always be a target price. You should only reverse on the reversal stop price, even if there is no current open position.

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