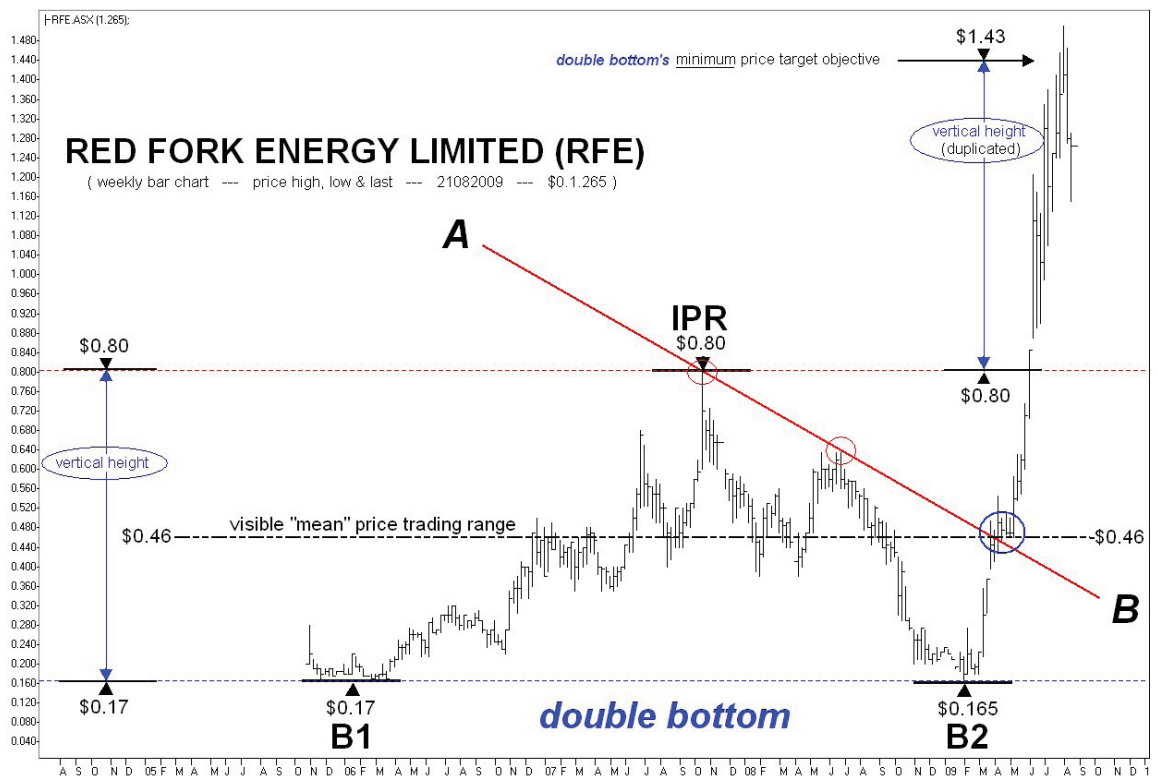


“Taking a visual snapshot of historical price action from which to project the probability of future price activity”

AN INTERESTING COMPARISON !!

In our recent technical review of the likely future price direction for Nymex natural gas futures(Nymex), we speculated that a major turning point in the fortunes of Nymex was potentially close at hand. Accordingly, we listed a number of small cap Australian companies with exploration and/or production oil & gas assets in North America which might be sensitive to such a development. One such company was Red Fork Energy Limited(Red Fork), which has both substantial conventional onshore oil & gas and coal bed methane interests in Oklahoma in the United States. As we can see from the accompanying weekly price chart it has made a very significant recovery this year, well in advance of any corresponding turn-around in Nymex.



A subsequent review of this stock's technicals reveals that a bullish "**double bottom**" formed in its share price, which was to span some four years between the first low or *bottom*(B1) in late 2006 and the second *bottom*(B1), which formed earlier this year. These lows were in turn punctuated by an *intervening price recovery* (IPR). Conventional charting wisdom suggests that *confirmation* of this major chart reversal formation, which consequently generates a significant BUY SIGNAL, occurs as price rallies up from the second bottom(B2) to close on an expanding volume of trade above the level of the earlier *intervening price recovery* (IPR). This in turn projects a minimum price target objective equal to a level as far beyond the point of *confirmation* as is the vertical height between both the first and second bottoms(B1 & B2) and the highest level reached during the *intervening price recovery* (IPR).

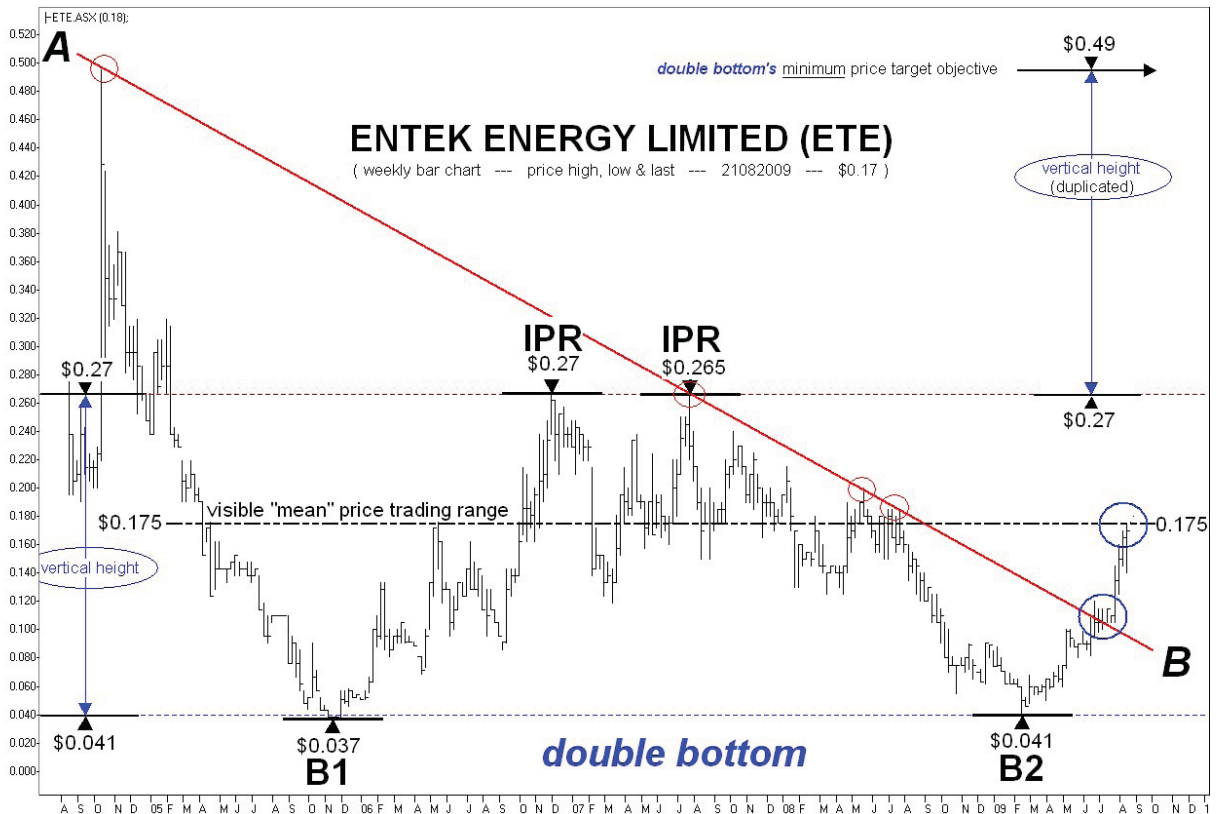
However, we can now present a more 'aggressive' stance, which is able to deliver a much earlier *confirmation* and subsequent BUY SIGNAL. We note that a **down trendline**(A-B) was able to be drawn from the top of the *intervening price recovery* (IPR) and that although its price eventually

Patersons Technical Analysis

broke above this, it did not necessarily have to signify an imminent *reversal* of trend of itself(as we have discussed previously). Although, in this instance it also corresponded with its share price closing above its “mean” price trading range(denoted by the horizontal double broken **bold** black line at the \$0.46 level), with these two events collectively becoming both the catalyst and triggers which propelled its share price in short order, towards achieving its minimum price target objective of \$1.43.

“ taking a visual snapshot of historical price action from which to project the probability of future price activity”

Now having made the afore-mentioned observations, we turn our attention to another stock with not dissimilar conventional onshore oil & gas and coal bed methane interests in the United States as well as offshore oil and gas assets in the Gulf of Mexico namely, Entek Energy Limited(Entek). The accompanying weekly price chart for Entek also reveals the potential for a developing major “**double bottom**” reversal formation of the same time frame as Red Fork’s and is replete with its own *down trendline(A-B)*, which is of more than just a passing interest to us as it just happens to be of a similar gradient to that of Red Fork’s *down trendline* too !! As suggested earlier, conventional chart wisdom would ‘conservatively’ suggest that *confirmation* of Entek’s potential “**double bottom**” reversal formation will occur as its price closes above the highest point of its own *intervening price recovery (IPR)* at the \$0.27 level, thus projecting a minimum price target objective of \$0.49 for the stock.



However, we would once again allude to our more ‘aggressive’ trading stance which we have already been able to demonstrate is likely to deliver a far earlier and significant **BUY SIGNAL** for Entek now also. This will occur anytime its share price closes above its “mean” price trading range at the \$0.175 level on an expanding volume of trade, having already broken its *down trendline(A-B)*. Of course, we would certainly expect the highest point of its *intervening price recovery (IPR)* at the \$0.265 - 0.27 level, to offer some stiff *resistance* along the way but, that this should ultimately be overcome as it once again resumes its advance toward its minimum price target objective of \$0.49.

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Further Disclosure: At the time this report was written the analyst had a beneficial interest in the securities of Entek Energy Limited (ETE).

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