



EMERGING GROWTH STOCKS

"Finding Extreme Value in Small Caps"

June 2009 Issue No. 6-09

www.EmergingGrowthStocks.ca

Prices as of June 24, 2009

IBC Advanced Alloys

IB.TSX-V \$0.12

Shares Issued: 116 Million

52-Wk H-L: \$0.52 - \$0.09

IBC Advanced Alloys Corp. is an integrated manufacturer and distributor of beryllium based alloys and related products. Beryllium products serve a variety of industries including nuclear energy, automotive electronics and component parts, telecommunications, medical devices, oil and gas and a range of industrial applications. IBC has 61 employees and is headquartered in **Vancouver**, with production facilities in **Pennsylvania, Indiana and Missouri**. Additionally, IBC has exploration rights to prospective beryllium properties in Brazil and the Western US covering approximately 9,500 hectares. They believe they have claim to some of the largest beryllium deposits in the world and anticipate movement on the exploration end sometime next year. Additionally, IBC has the exclusive worldwide commercial rights to one of the most exciting technologies in the nuclear fuels sector with significant revenue potential. The company expects to do roughly \$14 Million in revenues this year.

Beryllium

Beryllium is a unique material possessing a combination of physical and mechanical characteristics specifically suited to a wide range of demanding applications. Beryllium metal is extremely stiff and light with a modulus of elasticity almost 50 percent greater than that of steel with only one-fourth the weight.

Stiffness and light weight enable accurate positioning of high-end instruments and optical equipment providing the ability to



withstand extreme stress such as those encountered during spacecraft liftoff and various military applications. It has a high heat melting point, is an excellent thermal conductor and is transparent to X-rays. With such a unique set of characteristics there are many applications for beryllium for which there is no substitute.

The Opportunities

There are two emerging growth opportunities present with IB - one being a near

term revenue growth opportunity, and a second longer term blue sky opportunity.

1. Market growth via further Vertical Integration

The \$2 Billion Beryllium sector is dominated by two multinationals; **Brush Wellman BW.NYSE**, with revenues in excess of \$800M, and Japan-based **NGK Insulators**.

As in any situation where near monopolies exist, there are opportunities to
...(Continued on Page 2)



EMERGING GROWTH STOCKS

ANNUAL SUBSCRIPTION FORM

Enclose cheque **PAYABLE TO: LOUIS PAQUETTE**
and mail it to: #102 - 2020 Comox Street, Vancouver, BC V6G 1R9
(US or Can: C\$159 per annum)

Delivery method desired: Hardcopy: Email: Both: (Add \$20)

First Name: _____ Last Name: _____

Postal Address: _____ City: _____ State/Prov: _____

Postal/Zip: _____ Country: _____ Phone: _____

Email Address: (PLEASE PRINT VERY CLEARLY): _____

Signature: _____ Date: _____

Other delivery instructions: _____

NOTE: You can also order on-line (annual and monthly rates of US\$15.90) using PayPal at: www.emerginggrowthstocks.ca

Louis Paquette's Emerging Growth Stocks is an independent publication committed to providing an objective analysis of the markets, focusing on the TSX-Venture exchange and individual companies with substantial upside potential over the next six to twelve months. The information herein is believed to be accurate but this cannot be guaranteed. The analysis does not purport to be a complete study of securities mentioned herein, and readers are advised to discuss any related purchase or sale decisions with a registered securities broker. Companies featured in EGS are often at very early stages of development and can therefore be subject to business failure, and are to be considered speculative and high risk in nature. Reports herein are for information purposes and are not solicitations to buy or sell any of the securities mentioned. The author may or may not hold a position (long or short) in the securities mentioned herein. This publication may not be reproduced without the expressed prior consent of the author. The author is not a registered securities advisor, and opinions expressed should not be considered as investment advice to buy or sell securities, but rather the author's opinion only.

achieve competitive advantages by building a vertically integrated alternative. This is what IB is doing and they are roughly half way through the process of completing this. The company's CEO, **Anthony Dutton**, believes this strategy will allow the company to form the next industry giant, with an initial target of growing revenues to the \$100 Million mark with 36 months, or seven times this year's expected revenues.

2. Nuclear Fuel application

Beryllium could play a part in the next nuclear renaissance. The metal is already used in nuclear energy applications as neutron moderator and reflector within certain nuclear power plants. As you can imagine, controlling the heat generated by a nuclear reaction is extremely tricky. That is compounded by the fact that uranium is a poor thermal conductor. There are three ways of dealing with this; using a more robust cooling system, improving the fuels cladding systems, or changing the chemical composition of the fuel. It is that third method IBC and its partners are working on now who believe that by adding 5%-10% beryllium oxide, would provide a natural way for heat to escape, greatly improving safety and efficiency of the nuclear reactors.

Making this a reality would be similar to the three stage process of taking a new medical drug to market. IBC is currently sponsoring research at **Purdue University** and **Texas A&M University** which they aim to complete in 2010. A third and final phase of development would be to use the new fuel in a test reactor.

This second opportunity should be considered a long shot - but if they are at all successful in demonstrating proof of concept, it could revolutionize the nuclear power generating business and have a massive impact on the share price.

Rare earth metals stocks have been on a tear in the last month, however IBC has not participated in the run up for a couple of reasons: a) this is a new story and promotion has previously not been part of the IBC strategy and, b) IB is currently held 93% institutionally some of which are winding up, placing heavy selling pressure on the stock. I suspect when that supply is cleaned up, any new demand could put upward pressure on the stock.

Additionally, IBC is in the unusual position of being a discovery company that actually has an operating manufacturing concern with revenues.

Finally, I like the fact that while the stock can currently be had under \$0.20, it was actually initially funded at \$0.50.

For further insight, I suggest reading an article in **Business in Vancouver** (June 2-8 Issue): **Rare mineral fuelling nuclear ambitions for local investors - Vancouver's IBC Advanced Alloys Corp. banking on beryllium to play a major role in the 21st century's nuclear renaissance** www.ibcadvancedalloys.com/i/pdf/BusinessinVancouver2009-06.pdf.

For more information contact **Ian Tootill**, at **604 685-6263 (ext. 110)** or visit www.ibcadvancedalloys.com.

A Perfect Investing Storm - Rare Earth/Strategic Metals

This play was sparked in March, when President **Barack Obama** raised auto mileage standards, proclaiming that: "*The cars of tomorrow require the batteries of tomorrow*," and announcing the \$2B *Advanced Battery Manufacturing Initiative*. The fad gained momentum when **Jim Dines** and **John Kaiser** put out recommendations shortly thereafter on companies involved with Lithium. At the conference, there were lithium-ion battery powered cars on display. And sure enough, stocks associated with lithium have had a terrific run since March.

Lithium related Stocks

	Price in March	Recently
Avalon Rare Metals AVL	\$0.55	\$1.75
Rare Element Res. RES	\$0.50	\$1.75
Commerce Res. CCE	\$0.20	\$0.50

But have we missed the boat entirely on the rare earth metals play? Maybe not. Lithium is not the only strategic/rare earth metal with new age potential. **Beryllium** and **Vanadium** also hold promise. They should be in great demand as additives to steel as hundreds of Billions of dollars are committed to government mandated infrastructure projects in coming years.

They also offer blue sky upside potential for use in energy production given the unprecedented emerging consumer demand for green products.

Beryllium could soon be used to vastly improve nuclear reaction process. Vanadium is already being used to make a better battery in both cars and for storage of energy generated by wind and solar power operations.

And I have found two low-priced, early stage, potential market leaders for each of these rare metals; **IBC Advanced Alloys (IB.TSX-V \$0.12)** is the Beryllium story, on Page 2, and **Uranium Star (URST. OTCBB \$0.15)** is the Vanadium story, on Page 3.