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Business Edge

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Short market rally predicted for summer

But analyst bearish on overall market

By Gyle Konotopetz

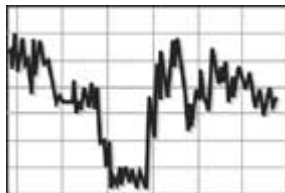
Business Edge

(Every week, Business Edge columnist Gyle Konotopetz profiles the top three stock picks of one of Canada's most accomplished investment pros.)

FEATURED PRO: Danny Deadlock is an independent equity analyst based in Hanna who has been speculating in small-cap and penny stocks for 20 years. He has published the StreetSignal (www.streetsignal.com) newsletter, available by e-mail subscription, since 1995. The market forecast is provided by Scott Nelson.

StreetSignal's Market Forecast: Nelson remains bearish on the overall market while anticipating a summer bear market rally.

"Using the S&P 500 (the index was recently at 893) as a proxy, we can still see possible further declines to the October 2002 lows in the area of 755, a modest recovery thereafter, then further declines to the 700-725 range by late April or early May. An advance to the 800-850 area should follow by the July-August time frame. But that rally may prove fleeting, and a final down sequence to 500-525 in the September-October time frame may spell the end of the bear market."



FIRST STAR

- * Mainframe Entertainment (MFE-TSX)
- * Recent Price: 0.33.
- * 52-Week Range: 0.16-0.52.
- * Snapshot: Mainframe is one of the world's most prolific producers of computer animation to television and direct-to-videos production, and is expanding into

long-form CGI (computer-generated imaging) for feature films, commercials and interactive entertainment.

- * CEO: Rich Mischel.
- * Head Office: Vancouver (200 employees).
- * Vital Stats: Revenue

(last 12 mos), \$10 million; Profit/Loss (last 12 mos), \$21.2 million loss; Market Cap, \$5.7 million; Shares Outstanding, 17.26 million.

* Deadlock's View: "Mainframe went public at \$10 several years ago, but has struggled ever since. However, a recent shakeup in senior management is creating an excellent turnaround situation.

"Mainframe works with several of the world's largest toy companies to produce award-winning animated shows, but several projects of their own are in the pipeline. They are also working with MTV and Sony to create a new Spiderman series that will be launched in June.

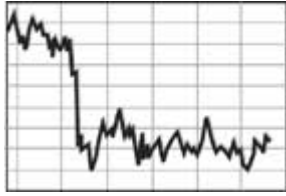
Briefs

Perk power losing executive lustre
 ASC assesses \$50,000 penalty for insider trading
 EPCOR gets nod for governance

"The company is well funded but still has approximately \$15 million in outstanding debentures due over a few years."

* Deadlock's Risk Rating: Medium.

* Web watch: www.mainframe.ca



SECOND STAR

* International Frontier Resources (IFR-TSXV)

* Recent Price: 0.21.

* 52-Week Range: 0.10-0.25.

* Snapshot: IFR is a junior oil and gas exploration

company with new production enhancement technology. The company is part of a consortium exploring in the

central Mackenzie Valley area of the Northwest Territories.

* CEO: Pat Boswell.

* Head Office: Calgary.

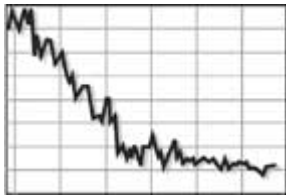
* Vital Stats: Revenue (last 12 mos), \$100,000; Profit/Loss (last 12 mos), \$100,000 loss; Market Cap, \$1.37 million; Shares Outstanding, 6.5 million.

* Deadlock's View: "IFR recently acquired a 10-year licence to some exciting new technology (Sidox) out of the United Kingdom and Russia that enhances well production from oil wells where water is a problem. If it can be validated, something they are working on this year, it has been shown to increase production by over 100 per cent.

"This tiny company is also partnered with three major companies (in the Northwest Territories) and owns approximately five per cent of a well that is being drilled in the first quarter of 2004. If it is successful, it could realistically move the stock into the \$1 to \$2 range."

* Deadlock's Risk Rating: High.

* Web watch: www.frontier-resources.com



THIRD STAR

* International Utility Structures (IUS-TSX)

* Recent Price: 0.45.

* 52-Week Range: 0.35-\$1.85.

* Snapshot: IUS is one of the world's largest manufacturers of metal overhead lighting, powerline, traffic and telecommunications support structures, and has customers in more than 100

countries.

* CEO: Robert Jack.

* Head Office: Calgary (835 employees).

* Vital Stats: Revenue (last 12 mos), \$124.7 million; 5-Yr Revenue Growth, +32.3%; Profit/Loss (last 12 mos), \$38.2 million loss; Market Cap, \$5.6 million; Shares Outstanding, 12.45 million.

* Deadlock's View: "For almost two decades, the U.S. has failed to invest in power transmission and, as a result, the power market faces congestion problems, high prices and occasional blackouts. The U.S. government is trying to provide incentives and encourage the outright sale of transmission divisions.

"IUS is the second-largest provider of transmission towers in the U.S. and the largest in Europe, where business is doing extremely well. Should the sector turn over the next couple of years as we anticipate, IUS is the only pure (public) play in this industry. However, IUS is burdened with too much debt and is currently working to restructure the balance sheet. If this process fails, it will continue to be a drag on the share price."

* Deadlock's Risk Rating: Medium.

* Web watch: www.iusi.ca

* Deadlock's Edge Record (three picks): +17%. Best Pick: Marimba (MRBA-Nasdaq) +28.5%. Worst Pick: Tellium (TELM-Nasdaq) +10.7%.

* Disclosure: Deadlock says he is not compensated in any form by companies he reports on, and personally holds small positions in the featured stocks.

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