WHITE DIAMOND RESEARCH

GULF RESOURCES, AN OLD SCHOOL CHINESE FRAUD, HAD ITS DAY TODAY

January 30, 2015

RESEARCH SUMMARY

- Before today (1/30/15), Global Resources (GURE), a likely Chinese fraud, was trading at around half of net cash since September, 2014. Glaucus Research has reported that GURE is a fraud, and worth 0.
- Today, GURE flew as much as 140% as it announced that it found natural gas underneath its oil well, but not how much.
- Investors misunderstood it to read that it found 440.4 billion cubic meters, but actually that applies to a different company nearby.
- We don't know if there is any natural gas in GURE's well from what's said in the PR.
- It even says in the PR: "Gulf does not know," Mr. Liu added, "if this project will be commercially viable."

– With the differences between GURE and GENE (yesterday's high flier), expect a large fade today for GURE.

Global Resources (GURE) is a junky Chinese microcap stock that sells specialty chemicals. It might even be worth 0 according to a Glaucus Research report. It since changed its symbol from GFRE to now GURE. Evidence is pretty strong that GURE is a Chinese fraud. Looking at the historical share prices of GURE, it has been trading below $1.50 per share since September, 2014. This is a company that has net cash of $2.20 per share, and claims to make a profit every quarter. That's a strong indication that the company is fraudulent. Legitimate companies would get bought up, at the very least by Chinese businessmen who know the company.

GURE announced a PR today, which was for the sole purpose of pumping the stock and without substance, yet in this crazy market, the stock flew to as high as a 140% gain. The PR says there were signs of natural gas beneath its oil well. We don't even know if there is any significant amounts of natural gas there, but GURE said that a nearby company found a large amount of natural gas. Furthermore, natural gas prices are at lows, and it's unlikely it will be commercially viable for GURE to start a natural gas well, even if it is there. But the story is not about natural gas, or even the facts in the PR. The stock's uptrend today is simply momentum of a microcap stock, like what happened to Genetic Technologies (GENE) yesterday, which was up over 200% at one point.

However, GURE is different from GENE, so White Diamond Research doesn't expect this rally to last today.

The following are the differences:

– GENE's market cap was below $8M yesterday, GURE's market cap is above $50M, so GENE is easier to move higher with a smaller market cap.
– Natural gas isn't a hot sector right now, and has declined huge from its highs, like oil. Whereas with GENE, which sells breast cancer testing machines, cancer is a hot sector right now.
– In GURE's PR, the CEO himself says he doesn't know if the project will be commercially viable, whereas GENE plans on opening more centers.
– GURE is a Chinese company so has fraud risk, whereaas GENE is based in Australia.
– Long term investors are skeptical of GURE, because since it's like a fraud from the historical share price and Glaucus Research's report, the stock will likely sell off again at some point once the news goes stale.

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