



Vista Gold (VGZ: \$3.13)

March 1, 2011

Target: \$5.00

Reversal Level: \$2.40



Vista Gold has the potential for a major breakout.

Vista Gold declined from about \$14 in August 2006 to \$1.08 in October 2008 below a descending trendline (A-B see solid line), followed by a rise to \$3.16 (C). The stock then settled into a horizontal trading range mostly between \$1.40 and \$3.25 (see dashed lines). Recently the stock rallied above its 40-week moving average toward the upper boundary of the trading range. It successfully retested the 40-week moving average and appears to be ready for a major new up-leg (D). A decisive breakout above the \$3.25-3.30 resistance line would signal a multi-year breakout and significantly higher targets.

Technical indicators, including the 40-week (200-day) moving average, the VSI and the MACD (see lower panel) confirm its bullish status. Only a decline below \$2.40 would delay the breakout and require further base-building.

A rise above \$3.25 would confirm technical targets of \$4 and \$5 (27% and 59% appreciation potential from current levels). The lengthy area of accumulation supports significantly higher targets.



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