

## SPECIAL REPORTS

### The RoC Report - May 2008 Issue

David Beasley, (dbeasley@haywood.com)

### *Small Cap Model Portfolio Breaks Out in April, Up 8.9%; Large Cap Up 4.5%*

- The second quarter started strong for our top picks in the model RoC portfolios. The Small Cap Portfolio was up 8.9% during the month, outpacing the S&P/TSX Small Cap Index by 7.2% while the Large Cap Portfolio was up 4.5% for the month, but lagged the S&P TSX 60 by just under a percent. Of the 9 new additions to the Small Cap Portfolio last month 7 were gainers, led by Petrominerales up 16.7%. In the Large Cap Portfolio, all three of our April additions gained led by our entry into Agrium (AGU) last month which delivered a 24.2% gain. This month we added Xantrex Technology (XTX) and Taseko Mines (TKO) in the Small Cap Portfolio, while Canadian Oil Sands (COS.UN) and Agnico Eagle (AEM) are new to the Large Cap Portfolio.

## TODAY'S RESEARCH

### Eldorado Gold Corp. (ELD-T, \$6.82)

RATING: SECTOR OUTPERFORM;

Target: \$9.25 ; Risk: SPECULATIVE

Kerry Smith, P.Eng. (ksmith@haywood.com)

Josh Clelland (jclelland@haywood.com)

### *Back in the Green with Kisladag Restart*

- Q1/08 results - in line with our 2008 estimates
- Efemçukuru receives Board approval to proceed
- Frontier Pacific bid will bring another good growth prospect

### Tech/Telecom Weekly

#### Haywood Tech/Telecom Team

- *Rob Goff - Telecom Services* - Rogers Communications, Peer 1 Networks, Q9 Networks.
- *Dev Bhangu - Telecom Hardware* - Sierra Wireless Inc., Hemishpere GPS Inc.
- *Ralph Garcea - Software and Special Sits* - CGI Group

### Oil & Gas Weekly

#### Haywood Oil & Gas Team

- Crude Oil Prices
- Natural Gas Prices
- Drilling Activity
- The Dollar

### Metals & Mining Weekly

#### Haywood Mining Team

- Apparent end to the Crystallex saga
- Top five mining equities this week
- Bottom five mining equities this week:

Due to the departure of one of Haywood's analyst's, the following revisions are being made to our coverage universe.

### Transfer of Coverage:

AlarmForce (AF-T, \$6.20)

RATING: UNDER REVIEW (Sector Outperform); Target: Under Review (\$8.00);  
Risk: MODERATE

Rob Goff, CFA (416-507-2740, rgoff@haywood.com)  
Ian Mashal (416-507-2433, imashal@haywood.com)

Axia Netmedia (AXX-T, \$2.94)

RATING: UNDER REVIEW (Sector Outperform); Target: Under Review (\$8.00);  
Risk: MODERATE

Rob Goff, CFA (416-507-2740, rgoff@haywood.com)  
Ian Mashal (416-507-2433, imashal@haywood.com)

Immersive Media Corp. (IMC-V, \$1.05)

RATING: UNDER REVIEW (Sector Outperform); Target: Under Review (\$2.00);  
Risk: SPECULATIVE

Ralph Garcea, MBA, P. Eng (416-507-2609, rgarcea@haywood.com)  
Kristian Bauer (416-507-2786, kbauer@haywood.com)

### Dropping Coverage:

DDS Wireless (DD-T, \$2.42)

Final Rating: SECTOR UNDERPERFORM, Final Target: \$2.50, RISK: SPECULATIVE  
Last Report: November 15, 2007

First National AlarmCap Income (FNA.UN-T, \$4.20)

Final Rating: SECTOR OUTPERFORM, Final Target: \$7.50, RISK: MODERATE  
Last Report: November 15, 2007

Loring Ward International Ltd. (LW-T, \$12.61)

Final Rating: SECTOR OUTPERFORM, Final Target: \$26.00, RISK: MODERATE  
Last Report: February 19, 2008

## FRIDAY'S RESEARCH

Andina Minerals (ADM-V, \$3.12)

RATING: SECTOR OUTPERFORM; Target: \$5.65; RISK: SPECULATIVE

Andrew Kaip, P. Geo (416-507-2417, akaip@haywood.com)

Heather Taylor (416-507-2435, htaylor@haywood.com)

### *Volcan Phase IV Drill Results*

- Dorado Update - Four of the six Dorado West holes reported were infill.
- Ojo de Agua Update - Two drill rigs returned to Ojo de Agua in March to follow up on previously announced drill results from the Andrea (48 metres grading 2.54 g/t gold) and Florencia (304 metres grading 0.55 g/t gold) zones.

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Profound Energy Inc. (PFX-T, \$3.70)

RATING: SECTOR OUTPERFORM; Target: \$5.00; RISK: SPECULATIVE

Kristian Schneck, MBA (403-509-1938, kschneck@haywood.com)

Alex Tran, CFA (403-509-1810, atran@haywood.com)

### *Agrees To Sell Non Core Properties; Q1/08 Update*

- As we expected, Profound announced that it has entered into separate agreements to sell its interests at Brazeau and Majeau, two non core operating areas, for total consideration of approximately \$14.1. Both transactions are expected to close on May 15, 2008. Combined production from the two non-core areas is approximately 295 boe/d.

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Uranerz Energy Corporation (URZ-T, \$2.69)

NOT RATED

Geordie Mark, PhD, FSEG (604-697-6112, gmark@haywood.com)

### *Uranerz Energy Corporation reports a new NI 43-101 resource on the Hank Uranium Property, Wyoming*

- Uranerz Energy reports a measurable increase in both the calculated contained number of pounds and grade of U3O8 in the new NI 43-101 resource calculation compared to historic estimates on the Hank Property.

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MARKET INDEX			
Market Index	Close	Change	% Change
NASDAQ	2,476.99	(3.72)	(0.15%)
DJIA	13,057.06	48.20	0.37%
AMEX	2,285.65	(10.48)	(0.46%)
S&P 600	383.92	(1.43)	(0.37%)
SC	1,413.90	4.56	0.32%
S&P 500	14,280.28	214.47	1.52%
FTSE-100	6,215.50	0.00	0.00%
(London)			
CAC 40	5,058.21	(11.50)	(0.23%)
(Paris)			
DAX	7,045.92	2.69	0.04%
(Frankfurt)			
Nikkei	14,049.26	0.00	0.00%
(Tokyo)			
Hang Seng	26,183.95	(57.07)	(0.22%)
(H.K.)			

Source: Bloomberg

CURRENCIES			
Currencies	Last	Change	% Change
C\$/US\$	1.0179	(0.0015)	(0.15%)
US\$/C\$	0.9824	(0.0015)	(0.15%)
Euro/US\$	0.6464	0.0046	0.30%
Yen/US\$	105.23	(0.17)	(0.16%)
RMB/US\$	6.99	0.00	0.01%

COMMODITIES			
Commodity	Last	Change	% Change
Gold, US\$/oz	\$865.17	\$8.72	1.02%
Silver, US\$/oz	\$16.62	\$0.21	1.28%
Platinum, US\$/oz	\$1,911.00	\$10.00	0.53%
Aluminum US\$/lb	\$1.30	\$0.04	2.90%
Copper, US\$/lb	\$3.88	\$0.09	2.30%
Nickel, US\$/lb	\$12.81	\$0.02	0.16%
Zinc, US\$/lb	\$0.99	\$0.01	1.39%
Oil - Nymex, US\$/bbl	\$116.65	\$3.80	3.38%
Oil - Brent, US\$/bbl	\$114.89	\$0.33	0.29%
Natural Gas, US\$/mmbtu	\$10.84	\$0.22	2.05%
*Uranium (lb)	US\$65.00		as of 04/28/08





# Eldorado Gold Corp. (ELD-T, \$6.82)

Rating: SECTOR OUTPERFORM  
 Target Price: \$9.25  
 Return: 36%  
 YTD Performance: 14%  
 Risk Profile: SPECULATIVE

Kerry Smith, P.Eng. (416-507-2306, ksmith@haywood.com)  
 Josh Clelland (416-507-2437, jclelland@haywood.com)

**Q** We remain bullish on the outlook for Eldorado, as the Company has a solid growth profile from good-quality, low-cost operations.

## Back in the Green with Kisladag Restart

**Impact - Neutral:** Q1/08 results are in line with our estimates for the year, and our 2008 production and cost estimates remain unchanged.

- **Forecasts, target price, rating** – We have lowered our 2008 EPS estimate by US\$0.05 to US\$0.25 owing to higher than expected depreciation expense. Our other forecasts, target price, and rating remain unchanged. We continue to forecast 305,000 ounces of gold production for the year at a total cash cost of US\$260 per ounce, generating US\$0.35 per share of cash flow, and recommend the shares with a SECTOR OUTPERFORM rating and a \$9.25 target price.

### Highlights:

- **Q1/08 results – in line with our 2008 estimates**  
 For Q1/08, EPS was US\$0.06, and CFPS was US\$0.10, in line with our estimates for the year of US\$0.30 and US\$0.35 respectively. Kisladag restarted production on March 6, 2008, and for the remainder of the quarter produced 27,228 ounces of gold—above the steady-state run rate of about 20,000 ounces per month owing to the build-up of gold in circuit during the shutdown. Total production for the quarter was 67,233 ounces versus 73,604 ounces of gold sales at a total cash cost of US\$268 per ounce.
- **Efemçukuru receives Board approval to proceed**  
 In Q1/08, Eldorado received the required permits to commence construction activities, which will begin in May. Production start-up remains on track with our Q4/09 estimate, which assumed construction would commence in mid-2008. Once at steady state, Efemçukuru will produce 135,000 ounces of gold annually at a total cash cost of only US\$190 per ounce.
- **Frontier Pacific bid will bring another good growth prospect**  
 Eldorado launched its unsolicited bid on April 21 consisting of 0.122 Eldorado share for each Frontier share. Based on Friday's close, the offer values Frontier at \$0.83 per share—an 11% discount to Frontier's closing price. Eldorado has lock-up agreements with Frontier's largest shareholder, Dundee Precious Metals (DPM-T), representing 25.5% of the outstanding shares. Frontier Pacific owns the Perama Hill project in Greece. Based on preliminary modelling using a gold price of US\$850 per ounce, we estimate the project has a NAV of US\$100 million at a 10% discount rate, and US\$190 million at a 5% discount rate, assuming production starts in 2011. Eldorado trades at a premium to NAV, so we expect this deal would be accretive.

**Valuation:** Our \$9.25 target price is based on a 1.7x multiple to our after-tax corporate NAV<sub>3%to10%</sub> of \$5.50 per fully diluted share based on a long-term gold price of US\$650 per ounce.

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Forecast Risk	Moderate
Financial Risk	Moderate
Valuation Risk	Moderate
Political Risk	Moderate to High
52-Week High / Low	\$7.76 / \$3.79
Dividend / Yield	N/A
Shares O/S	344.2 (basic) / 352.4 (F/D)
Market Capitalization	\$2,350M
Daily Volume	3,129,855

	Q1/07A	Q4/07A	2007A	Q1/08A	2008E	2009E
Average Gold Spot Price, US\$/oz	\$650	\$789	\$697	\$924	\$975	\$900
Shares O/S, millions	341	344	343	345	345	345
Gold Production, ounces 000's	76	32	270	67	305	355
Total Gold Cash Cost, US\$/oz	\$233	\$262	\$260	\$268	\$260	\$240
Earnings, US\$M	\$12.6	(\$9.1)	\$35.4	\$20.7	\$86.2	\$155.1
EPS, US\$	\$0.04	(\$0.03)	\$0.10	\$0.06	\$0.25	\$0.45
Price / EPS	-	-	66.9	-	23.7	13.2
Cash Flow Before W/C Changes, US\$M	\$20.2	(\$2.2)	\$76.5	\$36.0	\$120.6	\$189.6
CFPS Before W/C Changes, US\$	\$0.06	(\$0.01)	\$0.22	\$0.10	\$0.35	\$0.55
Price / CFPS	-	-	30.0	-	16.9	10.8
CFPS Sensitivity, US\$	-	-	-	-	(\$0.24)	\$0.04

CFPS sensitivity is based on a US\$25/oz change in the gold price.  
 Current Price, CS: \$6.82  
 CS/US\$ FX Rate: 1.02

### Company Profile - [www.eldoradogold.com](http://www.eldoradogold.com)

Eldorado is a mid-tier gold company expected to produce about 294,000 ounces of attributable gold this year at an average total cash cost of about US\$260 per ounce.

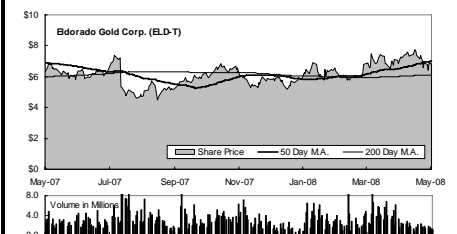
Company CEO - Paul Wright

### Revisions, Date of Record

Rating - March 24, 2007 (from Sector Perform)

Target - January 16, 2008 (from \$9.00)

### Price Performance



Source: Bloomberg





# Tech/Telecom Weekly

Haywood Tech/Telecom Team

## ***Rob Goff – Telecom Services***

**Rogers Communications - 40 is the new 20!** Forecasts should recalibrate from 20% data share of ARPU to 40%

**Peer 1 Networks** – Sector Outperform - Rackspace IPO lifts visibility and hopefully valuations; Q3 preview.

**Q9 Networks** – Sector Outperform - Shares volatile, up 14% / down 14% but fundamentals of relevant businesses solid

**Q9 Networks** - Results of peers show strength of Q9's business

**Verizon, Comcast & Time Warner Cable add to AT&T's bullish results** – Results demonstrate why Canadian cable peers trade at a premium

## ***Dev Bhangui – Telecom Hardware***

**Sierra Wireless Inc.** – Sector Outperform – Lower Q1 net margin a red herring: new products, acquisitions to drive massive scaling in F2008

**Hemisphere GPS Inc.** – Sector Outperform – Agri hi-tide, robust execution and acquisition upshot brightens HEM's star in F2008 and beyond

## ***Ralph Garcea – Software and Special Sits***

[CGI Group](#) – Sector Outperform – CGI Continues to Deliver Sticky Solutions; CGI Reports Q2/08; Bookings > \$1B; Margins Expand

[April Insider Transaction Report](#)

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# Oil & Gas Weekly

Haywood Oil & Gas Team

## ■ Crude Oil Prices

Crude oil prices fell on the week with WTI down 2.8% and Brent down 1.8%. WTI closed at US\$116.32 on May 2, 2008, up from US\$65.94 a year ago. Brent closed at US\$114.18 up from US\$68.93 a year ago.

## ■ Natural Gas Prices

Natural gas prices fell on the week with Henry Hub down 3.3% and AECO down 5.1%. Henry Hub closed at US\$10.37 up from US\$7.62 a year ago. AECO closed at \$9.10, up from \$7.32 a year ago.

## ■ Drilling Activity

Canadian rig counts rose to 95 from 88 a week ago and are up from last year's count of 89. US rig counts fell to 1,839 from 1,842 a week ago but are up from last year's count of 1,747.

## ■ The Dollar

The CD\$ ended weaker against the US\$ closing the week at \$0.98 (US/CD).

## Inventories

### ■ Liquids

**Crude inventories** rose by 3.8 mmbbl versus expectations for a build of 0.5 mmbbl.

**Gasoline inventories** fell by 1.5 mmbbl versus expectations for a draw of 0.8 mmbbl.

**Distillate inventories** rose by 1.1 mmbbl versus expectations for a draw of 0.3 mmbbl.

**Total inventories** rose by 3.5 mmbbl versus expectations for a draw of 0.6 mmbbls.

### ■ Gas

The weekly change in natural gas storage was a net injection of 86 bcf, versus consensus expectations for a 72 bcf injection

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# Metals & Mining Weekly

Haywood Mining Team

■ **Apparent end to the Crystallex saga** On Wednesday last week, Crystallex informed the markets that the Ministry of Environment had denied CVG, the owner of the Las Cristinas concessions, the long-awaited environmental permit, citing sensitivities to indigenous peoples, small miners, and the environment in the Imataca Forest Reserve. Also affected by the Venezuelan Government's position on mining in the Forest Reserve was Gold Reserve, which announced later that day that its permit to begin construction of its Brisas project would be rescinded. It would appear that the government may be planning to add gold assets to the expropriation list.

■ **Top five mining equities this week:**

Moly Mines (MOL-T) up 24%, Andina (ADM-V) up 22%, Stornoway Diamond (SWY-T) up 18%, Zincore (ZNC-T) up 15%, and Bannerman (BAN-T) up 15%.

■ **Bottom five mining equities this week:**

Crystallex (KRY-T) down 55%, Constellation Copper (CCU-T) down 43%, St. Andrew Goldfields (SAS-T) down 23%, Frontera Copper (FCC-T) down 18%, and Khan Resources (K-T) down 16%.

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## Distribution

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We, Alan Knowles, Kristian Schneck, Max Zureski, Rob Goff, Dev Bhangui, Ralph Garcea, Geordie Mark, Kerry Smith, Andrew Kaip, Eric Zaunscherb, Stefan Ioannou, and Chris Thompson, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

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TSX:AF	AlarmForce Industries Inc.								
TSXV:ADM	Andina Minerals	X		X					
TSX:AXX	Axia NetMedia								
TSX:BAN	Bannerman Resources Limited			X	X	X			
TSX:GIB.A	CGI Group Inc.	X							
TSX:KRY	Crystallex International Corp.			X	X				
TSX:DD	DDS Wireless International, Inc.								
TSX:ELD	Eldorado Gold Corp.	X		X					
TSX:FNA.UN	First National AlarmCap Income								
TSX:FCC	Frontera Copper Corp.			X					
TSX:HEM	Hemisphere GPS Inc.				X	X			
TSXV:IMC	Immersive Media Corp.		X		X				
TSX:KRI	Khan Resources	X		X		X			
TSX:LW	Loring Ward International Ltd.	X							
TSX:MOL	Moly Mines Limited			X	X				
TSXV:PIX	Peer 1 Network Enterprises	X							
TSX:Q	Q9 Networks Inc.	X							
TSX:SW	Sierra Wireless Inc.	X							

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**SECTOR PERFORM** – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.

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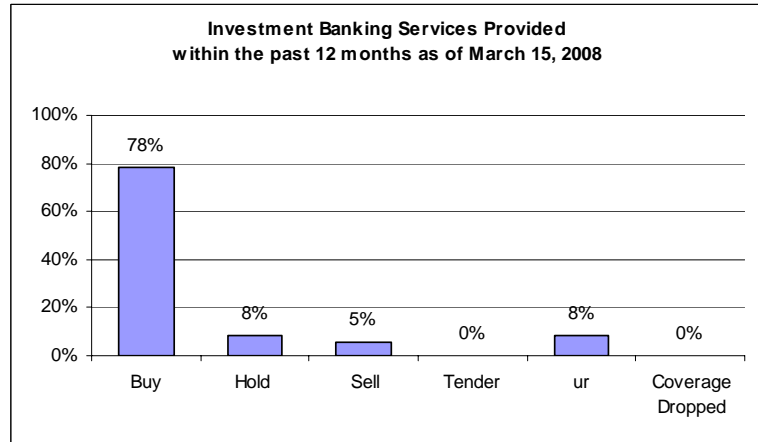
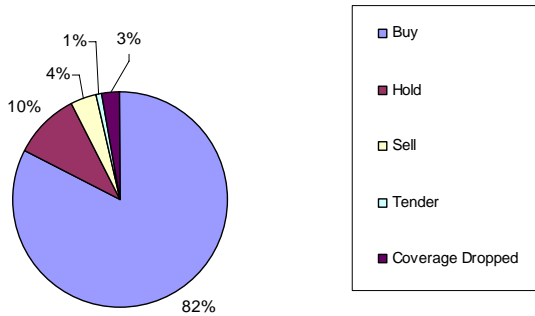
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Rating Distribution December 15, 2007 - March 15, 2008



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### Risk Profile Parameters

**SPECULATIVE:** – Investment for risk accounts only. Companies within this category carry greater financial and/or execution risk. All junior/venture companies that carry great financial and/or liquidity risk will be tagged “SPECULATIVE”. A stock indicating a SPECULATIVE risk is determined from sector specific criteria outlined below listed below.

### Risk Profile Parameters – Telecom Service Providers

**Forecast Risk:** *High* – Haywood forecasts are below guidance. The Company has a history of missing targets. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance.

**Financial Risk:** *High* – The business plan is not fully funded but requires debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. *Moderate* – The business plan is fully funded. The Company’s debt is rated below investment grade. *Low* – The Company is fully funded with investment grade debt.

**Valuation Risk:** *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. Where applicable, the DCF valuation is not more than 10% above the current equity valuation. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. Where applicable, the DCF valuation exceeds the current capitalization by more than 10%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. Where applicable, the DCF valuation exceeds the current capitalization by more than 20%.

### Risk Profile Parameters – Oil and Gas Sector

**Forecast Risk:** *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity risk beyond peers. To raise expectations requires higher commodity prices or production that is ahead of guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging practices are in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

**Financial Risk:** *High* – The capital expenditure program in the current year or the next year of the forecast is not fully funded but requires additional debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. *Moderate* – The capital expenditure program in the current year or the next year is fully funded with cash flow and limited debt. *Low* – The capital expenditure program in the current year or the next year is fully funded with cash flow and no new debt.





**Political Risk:** *High* – Properties are located in an area with limited petroleum industry activity or infrastructure. An environment unfriendly to the industry makes obtaining permits to drill or produce hydrocarbons challenging. Significant government or local opposition exists. *Moderate* – Properties are located in an area with minimal petroleum industry activity or infrastructure. An environment friendly to the industry makes obtaining permits relatively straightforward. All levels of government are considered indifferent to hydrocarbon activity. *Low* – Properties are located in an area with established petroleum exploration and development activity. Oil and gas Production Sharing Agreements or Exploration Permits are in hand. Government at all levels supports the sector.

**Valuation Risk:** *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects continued production growth and/or continuing strong commodity prices or further appreciation. Where applicable, the market capitalization exceeds the NAV by more than 30%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable production growth and/or commodity price appreciation. Where applicable, the market capitalization exceeds the NAV by 15% to 30%. *Low* – The current valuation is at the low end of historic ranges and/or at a discount to peer valuations. The valuation reflects limited production growth and/or no commodity price appreciation. Where applicable, the market capitalization exceeds the NAV by less than 15% or falls below the capitalization.

### **Risk Profile Parameters – Mining and Minerals Sector**

**Forecast Risk:** *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

**Financial Risk:** *High* – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised. *Moderate* – The development plan is fully funded, with the exploration program funded for three years or more. The Company's debt is rated below investment grade. *Low* – The Company is fully funded. Its debt is rated investment grade and/or the Company has a history of profitability or dividend payments in each of the last three years.

**Valuation Risk:** *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

**Political Risk:** *High* – Currently no industry activity or infrastructure exists. Government opposition is significant. Obtaining permits is challenging. *Moderate* – Industry activity or infrastructure is minimal. Government at national, regional, and local levels is indifferent. Obtaining permits is relatively straightforward. *Low* – Industry activity and infrastructure exist. Government is supportive. Obtaining permits is facilitated.

### **Risk Profile Parameters – Technology/Special Situations**

**Forecast Risk:** *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Sales are minimally visible. *Moderate* – Haywood forecasts are generally in line with guidance and sales are moderately visible. The Company has a history of meeting or exceeding guidance. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance and its sales are highly visible.





**Financial Risk:** *High* – The business plan is not fully funded but requires debt and/or equity financing. This categorization does not necessarily predict whether the additional funds will be raised. Inventory turnover is low, cash flow is weak, and assets are below par. *Moderate* – The business plan is fully funded. Inventory turnover and cash flow are moderate, and assets are reasonably liquid. The Company's debt is rated below investment grade. *Low* – The Company is fully funded with investment grade debt, high inventory turnover, high cash flow, and superior assets.

**Valuation Risk:** *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. Where applicable, the DCF valuation is not more than 10% above the current equity valuation. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. Where applicable, the DCF valuation exceeds the current capitalization by more than 10%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. Where applicable, the DCF valuation exceeds the current capitalization by more than 20%.

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- (c) protection of money held on your behalf under the FSA's Client Money Rules.

