

SIRIOS RESOURCES INC.

(\$0.24, SOI: TSX-V)

Recommendation

Speculative Buy
(No Change)

Risk

High
(No Change)

Target Price

\$0.30
(No Change)

Price (Oct 1)

\$0.24

52-Week Range

\$0.58-\$0.185

% Below High

59%

% Above Low

30%

Shares O/S

61.74 million

Market Cap

\$14.85 million

Average Daily Volume

20-Day: 122,300

150-Day: 127,400

Year-End

June 30

C\$	BVPS	EPS
2005	\$0.07	\$(0.02)
2006	\$0.08	\$(0.01)
2007E	\$0.10	\$(0.01)
2008E	\$0.13	\$(0.01)

BVPS: Book Value Per Share

EPS: Earnings Per Share

Analysts

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Data Source: www.BigCharts.com

UPFRONT

This Company has huge potential. If its promising exploration program is successful, particularly on the Pontax silver-zinc property over the next 2-3 years, the stock should see substantial appreciation.

RECOMMENDATION

In this Update Report, we are maintaining the “Speculative Buy” Recommendation and the \$0.30 per share Target Price for Sirios Resources Inc. (“Sirios” or the “Company”) as set out in our Initiating Report of October 18, 2006.

PROFILE

Sirios is a Canadian junior mining company whose focus is on discovering gold and base metals deposits in the James Bay area of eastern Canada.

HIGHLIGHTS

- ▶ Substantial property portfolio of 10 properties in the James Bay region of Quebec – an under-explored mining-friendly region.
- ▶ Recent option agreement with Dios Exploration Inc. to explore for uranium at Opinaca Nord.
- ▶ Low cash burn rate.
- ▶ Experienced and credible management team with the ability to develop quality grassroots projects.
- ▶ Sufficient funds available to conduct its 2007 exploration campaign – mainly at Pontax (silver), Kukames (gold) and Tilly (molybdenum).

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THE COMPANY

Sirios is a TSX-listed mineral exploration company (SOI: TSX-V) headquartered in Montréal, Québec and is engaged in the discovery of gold and base-metals deposits in the James Bay region of eastern Canada. Sirios' operations consist of 10 properties totaling more than 4,750 claims over 2,500 sq. km. (622,500 acres). Included in Sirios' portfolio are five large properties (Kukames, Cheechoo, Sharks, Opinaca Nord and Pontax), and collectively known as the Opinaca Properties, in the Eléonore Gold Area and located near Goldcorp's Eléonore gold deposit.

Sirios also holds 1,342,700 shares of Dios Exploration Inc (DOS: TSX-V), a 2002 spin-off of diamond exploration assets, representing 4.05% of the shares issued and outstanding. Sirios also owns a 1% gross overriding royalty on claims originally transferred to Dios Exploration.

Sirios was founded in 1995 by Mr. Dominique Doucet, Ms. Marie-José Girard and Mr. Harold Desbiens, three experienced Quebec-based geologists. Quebec is regarded as an under-explored area from a geological perspective. The development of hydroelectric plants in the northern part of the province allowed better access to this area, and Sirios has taken advantage of this by staking and acquiring large land positions.

PROPERTIES

Property (Ownership)	Size	Budget	Current Work
Opinaca Properties:			
Kukames (100%)	1,606 claims/126,000 acres	\$400,000	Upon results, ground Geophysics, drilling
Opinaca Nord (100%)	576 claims/67,000 acres	\$250,000 (by partner)	Prospecting, geological reconnaissance, geochemistry sampling, stripping
Pontax (100%)	2,069 claims/1100 sq km	\$300,000	Drilling (in progress), prospecting Geochemistry, geophysics
Cheechoo - Sharks (100%)	306 claims/40,000 acres	\$1MM by the partner	Prospecting, ground geophysics, geochemistry
Other Properties:			
Tilly (100%)	27 sq km	\$400,000 - \$600,000	Line-cutting, geophysics, mapping, prospecting, drilling
Aquilon (50%)	64 sq km	To be determined	Drilling (completed)
Aquilon Extension (40%)	10 sq km	\$350,000	Ground geophysics, drilling
Murdoch (Farm-in agreement)	169 claims/80 sq km	To be determined	Ground geophysics, drilling
Escale (100%)	31 claims, 27 sq km	To be determined	None current but detailed till survey has been recommended

Source: eResearch

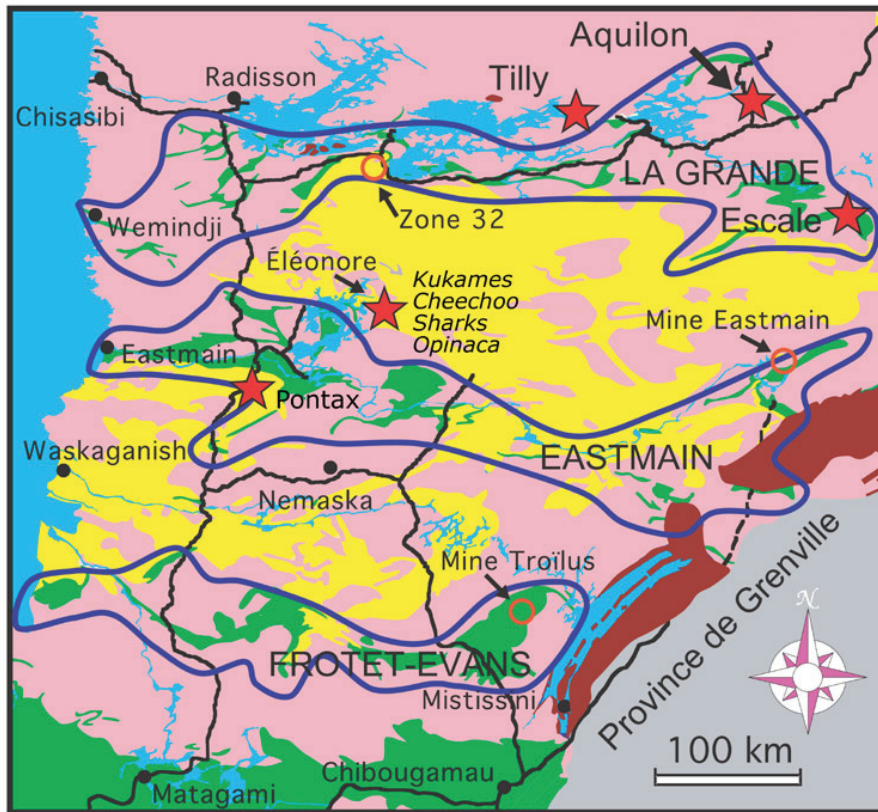
Figure 1. Sirios Quebec Properties



Source: Company

Figure 2. Sirius Quebec Properties

★ Sirius' Properties



Source: Company

CORPORATE PRIORITIES

Development priorities over 2007-2008 will be focused largely on the Company's Opinaca properties

- Kukames, Opinaca-Nord, Pontax, Cheechoo, Tilly, Aquilon, Murdoch, and Escale. All of the Company's projects are regarded as having potential, as Sirios has written off projects that were considered not promising.

Over the longer term (next three years), Sirios intends to be at the definition-drilling stage of a significant orebody.

INVESTMENT CONSIDERATIONS

1. Strengths

- Attractive and unexplored mining region - James Bay region of Quebec.
- Local expertise - management team was awarded "Prospector of the Year" in 2001 by the Quebec Prospectors Association for its work in the James Bay region.
- Solid portfolio of properties in the region.
- Ability to develop quality grassroots projects at low cost.

2. Challenges

- Funding: ongoing dependence on private placement funding to conduct exploration activities.
- Early-stage explorer: despite operating in attractive mining camps, Sirios remains an early-stage explorer and its management team must prove that they can add value.
- Lack of investor awareness: Sirios, like many junior mining companies, needs to increase investor awareness and improve the liquidity of its shares.

PROJECT UPDATES

1. Pontax (Silver/Gold)

- The exploration of Pontax is carried out in partnership with Dios Exploration Inc., which is exploring the area for diamonds.
- The current drilling program is now complete. Twenty holes were drilled on the property. Ten holes did not return significant assay results.
- Three main areas have been identified. Seven holes hit the main silver-zinc zone, which is exposed on the surface over a 50-metre length.
- Diamond drilling has confirmed that there is a significant base metals mineralization system extending over several kilometers.
- Prospecting, ground verification of geophysical anomalies, and a soil geochemical survey have now been completed. Geochemical soli sampling was also conducted, and samples are being processed.
- There is the potential for discovery of a poly-metallic volcanic massive sulphide deposit on the property, and the possibility of a new silver-zinc district.

2. Kukames Project (Gold)

- Geological and geochemical prospecting work was conducted in the June-August 2007 period.

3. Tilly (Molybdenum)

- Sirios negotiated a 200 km-line contract of line cutting and induced polarization survey, and the line-cutting work commenced in mid-June 2007.
- Geophysics, mapping and prospecting work was conducted in July and August 2007.
- The Tilly property hosts numerous significant molybdenum showings discovered between 1997 and 2001.

4. Opinaca Nord (Gold/Uranium)

- In May 2007, Sirios concluded an option agreement with Dios Exploration Inc. to explore the Opinaca Nord property. This property comprises two detailed uranium anomaly clusters as well as one main anomaly cluster for gold in association with arsenic. Dios will be granted a 50% interest in the property for its commitment of C\$1.25 million in exploration expenditures over a five-year period.
- Dios will be the operator during the earn-in period and the project shall thereafter be explored under a 50-50 joint venture.
- The first exploration operation conducted outlined radioactive outcropping areas over three kilometers. 141 rock samples are being processed.

5. Aquilon Extension

- 60% partner Golden Tag Resources is now diamond-drilling at Aquilon Extension. Drill holes completed on the property intersected the magnetite-chert banded iron formation (“BIF”) with interlayers of garnet, amphibole and biotite.

RISK FACTORS

- Resource Risk: As an early-stage mineral exploration company, there is no guarantee that any viable resource will be found to be economic.
- Commodity Price Risk: Volatility of the commodities market could impact the price of precious metals being sought by the Company.
- Revenues: The Company has no source of operating revenue, and significant additional expenditures will be required before any meaningful operating revenues might be generated.
- Capital Raising: Significant ongoing capital will be required to conduct exploration and to develop the properties.
- Stock Price Volatility: The stock price will be heavily influenced by the results of exploration.
- Future Production: If mineral resources are developed, there is no guarantee that production will be profitable.
- Regulatory Risk: Government regulations could change, particularly environmental requirements.
- Competition: The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources and technical facilities.
- Uninsurable Risks: The Company may become subject to liabilities for accidents, pollution and other hazards, against which it cannot insure, or may choose not to insure due to high insurance premiums. (The Company has general liability insurance for such risks.)

COMMENT: *Most of these risks are faced by small early-stage exploration companies, but to varying degrees.*

FINANCIAL REVIEW

Revenues/Income: Sirios is an exploratory, pre-production-stage mining company and does not currently generate any mining revenues, cash flows or earnings, and will continue to report net losses for the foreseeable future. The loss per share has generally been in the one-cent range and we expect this to continue for the foreseeable future.

Cash: Cash balances as at March 31, 2007 were \$114,466. Following the recent \$2 million private placement financing of April 2007 that financed the summer 2007 exploration campaign, cash on hand is estimated at \$600,000.

Burn Rate: The Company's monthly burn rate (i.e., non-discretionary expenses, including operating, general and administrative) over 2007 will be approximately \$25,000. Excluding CAPEX, at current levels, the Company has approximately 24 months of cash available to fund its operations.

CAPEX: Total capital expenditures for fiscal 2007 and fiscal 2008 are estimated to be \$2.9 million and \$3 million respectively. The focus of these expenditures will be the Opinaca properties. Financing: Sirios intends to finance its exploration program via equity raised through private placements. The Company demonstrated its ability to access the capital markets through a recent private placement in April 2007 for \$2 million.

Capital Structure: The Company currently has 61.7 million common shares outstanding, with management/founders holding 6%. At recent share prices, the Company's market capitalization is approximately \$14.8 million. Sirios is debt free.

Warrants and Options: As at May 30, 2007, convertible securities outstanding are as follows:

Options and Warrants:

Security	Exercise Price (C\$)	Number	Expiry Date	Comments	Potential Equity
<u>Outstanding common share purchase warrants:</u>					
Warrants	\$0.26	555,000	Dec 2007	Out of the Money	\$77,700
Warrants	\$0.32 - \$0.35	1,333,333	Oct 2007 - Oct 2008	Out of the Money	\$186,667
Warrants	\$0.30 - \$0.35	600,000	Oct 2007 - Oct 2008	Out of the Money	\$198,000
Warrants	\$0.32 - \$0.35	4,275,000	Dec 2007 - Dec 2008	Out of the Money	\$1,410,750
Warrants	\$0.50 - \$0.55	108,695	Dec 2007 - Dec 2008	Out of the Money	\$57,065
Total		6,872,028			\$462,367

Options granted to directors and employees

Options	\$0.15	385,000	March 2008	In the Money	\$57,750
Options	\$0.15	890,000	July 2010	In the Money	\$133,500
Options	\$0.26	825,000	February 2011	Out of the Money	\$214,500
Options	\$0.38	1,100,000	March 2012	Out of the Money	\$418,000
		3,200,000			\$823,750

Source: Company and eResearch

Financial Statements: Abridged financial statements are provided on the following page:

Table 1. Selected Financial Statements

All figures in C\$	9 Months Ended March 31:		Year Ended June 30:					
	2006A	2007A	2003A	2004A	2005A	2006A	2007E	2008E
Statement of Income/(Loss):								
Management fees	3,385	0	0	0	25,348	3,385	0	0
Other Income (FX, Interest)	5,656	29,631	6,594	2,531	7,572	17,305	30,000	20,000
General & Administrative Expense	(106,625)	(226,092)	(106,544)	(88,278)	(170,572)	(175,460)	(301,448)	(305,000)
Depletion and Amortization	0	0	(2,834)	(2,371)	(1,558)	(1,633)	(2,000)	(2,000)
Stock-based Compensation	(217,920)	(330,000)	(23,280)	0	0	(254,250)	(350,000)	(350,000)
Write Offs of Properties/Capital Assets	(16,996)	0	(21,415)	(279,877)	(192,999)	(19,469)	0	0
Income Taxes (Recovery)	0	0	0	(14,278)	44,031	88,384	0	0
Net Income/(Loss)	(332,500)	(526,461)	(147,479)	(382,273)	(288,178)	(341,738)	(623,448)	(637,000)
Total Shares Outstanding	44,987,347	56,338,571	26,906,494	30,751,757	38,347,757	45,263,847	56,338,571	68,005,238
Weighted Average Shares Outstanding	40,597,757	52,667,552	26,106,649	28,829,126	34,549,757	41,147,291	52,667,552	62,171,904
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Statement of Cash Flow:								
Net Income (Loss)	(332,500)	(526,461)	(147,479)	(382,273)	(288,178)	(341,738)	(623,448)	(637,000)
All Non-Cash Items	234,916	330,000	95,736	295,571	146,701	184,439	352,000	352,000
Cash Flow from Operations	(97,584)	(196,461)	(51,743)	(86,702)	(141,477)	(157,299)	(271,448)	(285,000)
Capital Expenditures (Mining Properties)	(651,936)	(220,726)	(204,083)	(135,162)	(369,569)	(403,510)	(250,000)	(3,000,000)
Deferred Exploration Charges	0	(2,348,515)	(58,754)	(39,135)	(187,707)	(114,439)	(2,348,515)	0
Other Investing Items	32,235	(8,425)	(2,566)	(165,903)	120,954	(553,591)	(8,425)	0
Free Cash Flow	(717,285)	(2,774,127)	(317,146)	(426,902)	(577,799)	(1,228,839)	(2,878,388)	(3,285,000)
Working Capital Changes	6,129	242,898	0	(73,371)	(7,136)	(26,422)	267,188	(107,366)
Equity Financing	1,108,989	2,609,139	165,000	432,126	783,643	1,114,939	2,609,139	3,500,000
Debt Financing	0	0	0	0	0	0	0	0
Change in Cash	397,833	77,910	(152,146)	(68,147)	198,708	(140,322)	(2,061)	107,634
Cash, Beginning of the Period	180,049	36,556	201,633	49,487	(18,660)	176,878	36,556	34,495
Cash, End of the Period	577,882	114,466	49,487	(18,660)	176,878	36,556	34,495	142,129
Balance Sheet:								
As at March 31:			As at December 31:					
	2006A	2007A	2003A	2004A	2005A	2006A	2007E	2008E
Cash	577,882	114,466	49,487	0	176,878	36,556	34,495	142,129
Other Current Assets	53,370	658,361	71,657	92,790	97,923	262,241	658,361	658,361
Mineral Properties	436,519	764,454	0	217,661	360,526	543,728	793,728	3,793,728
Investments (Interest in Dios Exploration Inc.)	317,218	422,111	301,794	309,417	320,389	748,579	422,111	422,111
Fund Held for Exploration/Deferred Expl Charges	2,647,135	4,937,324	2,163,655	2,027,415	2,123,975	2,588,808	4,937,324	4,937,324
Fixed Assets	7,188	5,618	5,325	5,194	3,636	5,618	5,618	5,618
Total Assets	<u>4,039,312</u>	<u>6,902,334</u>	<u>2,591,918</u>	<u>2,652,477</u>	<u>3,083,327</u>	<u>4,185,530</u>	<u>6,851,637</u>	<u>9,959,271</u>
Bank Overdraft			0	18,660	0	0	0	0
Current Liabilities	268,660	744,451	101,481	49,248	47,245	129,670	1,120,743	1,365,377
Future Income Taxes	0	0	0	243,290	259,841	310,657	0	0
Total Liabilities	268,660	744,451	101,481	311,198	307,086	440,327	1,120,743	1,365,377
Shareholders' Equity	<u>3,770,652</u>	<u>6,157,883</u>	<u>2,490,437</u>	<u>2,341,279</u>	<u>2,776,241</u>	<u>3,745,203</u>	<u>5,730,894</u>	<u>8,593,894</u>
Total Liabilities & Equity	<u>4,039,312</u>	<u>6,902,334</u>	<u>2,591,918</u>	<u>2,652,477</u>	<u>3,083,327</u>	<u>4,185,530</u>	<u>6,851,637</u>	<u>9,959,271</u>
Book Value (S.E.) Per Share	\$0.08	\$0.11	\$0.09	\$0.08	\$0.07	\$0.08	\$0.10	\$0.13

COMMENT: *As Sirios is a pre-production, exploration mining company, it has been free cash flow negative for the past few years and is expected to continue do so in the near future. Exploration activities (largely on the Opinaca properties) is expected to be funded via private placements, which we estimate could total \$3.5 million in 2008. Capital expenditures on mineral properties are expected to be approximately \$3 million in 2008 and will be focussed on the Opinaca properties. Sirios has a fairly low cash burn rate, which ensures that capital raised goes "directly into the ground" as opposed to overhead. Sirios is conservative in the valuation of its mining assets as it writes off any properties which do not have potential. The Company is debt free and, currently, has approximately 61.7 million common shares outstanding.*

VALUATION

Junior mineral exploration companies create value through the skill and competence of management in evaluating, acquiring, exploring and developing properties.

To ascertain the intrinsic value of Sirios, eResearch is valuing the Company with other exploration companies that are actively involved in precious metals mining in the James Bay region of northern Québec. The peer companies of Sirios are as follows:

Virginia Mines (VGQ: TSX-V) is a mining exploration company with its head office in Québec City, Québec and its projects located throughout the Province of Quebec. In March 2006, Goldcorp acquired one of Virginia's major discoveries, the Eléonore project. Many of Virginia's projects involve partnership agreements with major and junior mining companies, such as BHP Billiton, Falconbridge/Novicourt, Goldcorp and SOQUEM. These exploration partners contribute to Virginia's annual exploration budget. Virginia's exploration team is recognized as being one of the best in Canada.

Everton Resources Inc. (EVR: TSX-V) is a gold exploration company based in Ottawa, Ontario, with property interests in the Dominican Republic and Québec. Everton has formed a strategic alliance with GlobeStar Mining. Key properties include: (1) The Bayaguana Group which consists of three exploration concessions - Managua, Rincon Abajo and Trinidad - that cover a total of 73.5 square kilometres. The main deposit in this region is the Cerro Kiosko, Managua, with an Indicated Resource of 0.56 M tonnes @ 1.93 g/t Au, 4.2 g/t Ag, 1.01% Cu plus an Inferred Resource of 4.36 M tonnes @ 2.01 g/t Au, 5.17 g/t Ag, 0.98% Cu; (2) The Pueblo Viejo District, Dominican Republic. In addition, Everton's Québec properties are adjacent to Virginia Gold's Eléonore discovery in the James Bay region.

Beaufield Resources Inc. (BFD: TSX-V) is a gold, nickel and molybdenum exploration company based in Nepean, Ontario, with properties in Ontario and Quebec. Key properties include the Opinaca Property, Troilus-Tortigny, Raglan-Ungava in Québec and Hemlo in Ontario.

Table 2. Peer Valuation

		Sirios Resources Inc. SOI: TSX-V March-07	Virginia Mines Inc. VGQ: TSX-V May-07	Everton Resources Inc. EVR: TSX-V April-07	Beaufield Resources Inc. BFD: TSX-V May-07
Corporate:					
Share Price (October 1, 2007)		C\$ 0.24	C\$ 6.92	C\$ 0.80	C\$ 0.24
Shares O/S	1	75,183,976	26,443,198	57,411,985	82,549,519
Market Cap		C\$ 18,044,154	C\$ 182,986,930	C\$ 45,929,588	C\$ 19,811,885
Mineral Properties:					
Book Value (Cost)		C\$ 5,163,233	C\$ 11,028,676	C\$ 8,166,527	C\$ 6,532,546
Market Value		C\$ 13,079,453	C\$ 129,848,862	C\$ 33,501,927	C\$ 10,478,258
Difference		C\$ 7,916,220	C\$ 118,820,186	C\$ 25,335,400	C\$ 3,945,712
Property Ratio		2.53	11.77	4.10	1.60
Average Ratio (Peers)		5.83			
Adjusted Book Value (Cost)	2	C\$ 8,163,233			
Adjusted Market Value		C\$ 16,305,053			
Adjusted Property Ratio		2.00			
Selected Ratio		2.53			
Common Equity (Per Statements)		C\$ 6,157,883			
Adjusted Common Equity (Selected Ratio)	2	C\$ 18,647,629			
Equity Per Share (Per Statements)		C\$ 0.08			
Adjusted Equity Per Share (Selected Ratio)	2	C\$ 0.25			

Note 1: Shares outstanding incorporate expected share issuance for capex plus expected warrants and options conversion.

Note 2: Mineral Properties and Shareholders' Equity are adjusted for estimated capex of \$3,000,000 over the next 12 months.

Source: eResearch

Analysis

In the Peer Comparison table above, the Property Ratio measures the premium the market currently places on a company's mineral values. All else being equal, a higher premium indicates that the market is anticipating greater future value from the assets in the ground, while a lower premium may represent an undervalued asset.

eResearch has calculated the value of Sirios' mineral property 12 months forward by adding in the anticipated capital expenditures for the forecast period to the existing mineral property value. Then we apply to the Adjusted Book Value of the mineral property, the selected Mineral Property Ratio, as determined by analyzing and comparing the relative merits of the peer companies with the subject company. In this case, we have applied the Company's current Property Ratio of 2.53x to the estimated augmented property assets to arrive at an intrinsic value calculation for Sirios of \$0.25 per share.

Conclusion

On this basis, we are maintaining our Target Price at \$0.30 per share, which represents a potential gain of 25% from current levels.

APPENDIX 1: MANAGEMENT AND DIRECTORS

(Source: Company Records)

Dominique Doucet, P. Eng. President, CEO and Director

Dominique Doucet has been active in the mineral exploration industry since the mid-seventies. He graduated from the École Polytechnique de Montréal as an engineer in 1982. Mr. Doucet has been involved in various exploration projects, including industrial minerals and precious and base metals and diamonds, for both major and junior mining companies as well as consulting groups. He created William Resources in 1987 and led this exploration company until 1994 when he created Sirios Resources. Since 2001, he has been Vice-President and Chairman of Dios Exploration Inc. Mr. Doucet and his team were granted the 2001 Prospector's Award by the Québec Prospectors Association. He is a member of the Ordre des ingénieurs du Québec.

Marie-José Girard, M.Sc., Geo. Vice-President, Secretary and Director

Marie-José Girard has 25 years' experience in mineral exploration and the securities business. She has been a geologist since 1977 and obtained a Masters degree in geology in 1982. From 1977 to 1988, Mrs. Girard managed many exploration projects for different exploration companies, such as SOQUEM, Mina Azufrec in Ecuador, Falconbridge Copper and Louvem. She discovered the Monique gold deposit (Val-d'Or area) in 1985. From 1988 to 1993, Mrs. Girard was a geologist and analyst at the Quebec Securities Commission. Mrs. Girard has been a consulting geologist since 1993 and Vice-President of Sirios Resources Inc. since 1995. She became President and CEO of Dios Exploration Inc. in 2001. She is a member of the Ordre des géologues du Québec and is currently the Quebec representative on the Canadian Securities Administrators Mining Technical Advisory and Monitoring Committee.

Harold Desbiens, M.Sc., Geologist, Vice-President Exploration

Harold Desbiens, geologist, graduated in 1988 with a MSc. degree, and worked at Lac Minerals (now Barrick Gold) until 1993 in gold exploration. In 1993 and 1994, he directed gold, diamond and base metals exploration projects for William Resources, and in 1995 he joined Sirios as Chief Geologist. Mr. Desbiens found the Ailly kimberlite in 1993 and took part in the discovery of four kimberlite occurrences on HOTISH.

Roger Doucet, B.Sc Director

Roger Doucet graduated in geology in 1972. He was exploration manager in Abitibi, Quebec for Lac Minerals Ltd. from 1975 until 1988. During that period, he discovered the Bousquet 1 gold mine and was involved in the Doyon gold mine discovery. He received the Prospector of the Year Award in 1978 from the Quebec Prospectors Association. From 1989 to 2001, Mr. Doucet was an officer of numerous public and private exploration and drilling companies, such as Inca Drilling S.A. Peru, Ancash Mining, Dynacor Mines Inc. and Morrison Minerals Ltd.

NOTES

NOTES

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analysts on this report: Nigel Heath, CFA. Nigel Heath has been analyzing companies from both a fixed income and equity perspective for 17 years. His experience extends to both Dominion Bond Rating Service where he was a sector lead analyst and a member of the Rating Committee, and at RBC Capital Markets where he served in London, England to gain an international perspective. He has held responsibility for analyzing companies in the following sectors: industrials, natural resources, energy, autos, and financial services. He graduated from Ryerson University with a Bachelor of Business Management (Accounting/Finance).

Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has been involved in an analytical capacity since 1966, with both the securities and the real estate industries. Initially with Wood Gundy Limited in London, England, he spent nine years with that firm in a securities research capacity. He spent the next twenty years in the real estate business as analyst, consultant, and broker before joining Dominion Bond Rating Service Limited in 1994. He eventually became Executive Vice-President of DBRS and was responsible for supervising the firm's 34 analysts and for running the company on a day-to-day basis. He joined eResearch in September 2004.

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Strong Buy:	Expected total return within the next 12 months is at least 40%.
Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
Hold:	Expected total return within the next 12 months is between 0% and 10%.
Sell:	Expected total return within the next 12 months is negative.

eResearch Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

High Risk:	<i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends. <i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.
Medium Risk:	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
Low Risk:	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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