

Initiating Report

January 15, 2008

ANGLO-CANADIAN URANIUM CORP.
(TSX-V URA: \$0.22)

Recommendation

Speculative Buy

Risk

High

Target Price

1 Year: \$0.35

3 Year: \$0.75

Price (Jan. 11)

\$0.22

52-Week Range

\$0.84-\$0.19

Potential Return

1 Year: 1.6x

3 Year: 3.4x

Shares O/S

39.43 million

Market Cap

\$8.67 million

Average Daily Volume

20 day: 122,100

150 day: 143,200

Year-End

July 31

C\$	BVPS	EPS
2006A	\$0.08	\$(0.02)
2007A	\$0.21	\$(0.03)
2008E	\$0.23	\$(0.03)

BVPS: Book Value Per Share

EPS: Earnings Per Share

Analysts

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Data Source: www.BigCharts.com

UPFRONT

Another Athabasca Basin? The Otish Mountains in Quebec provide investors with an opportunity to participate in a largely untapped emerging uranium exploration region – at bargain prices. Following the recent 3.48 million pound uranium discovery by Strateco, companies are rushing to stake claims in the region, and Anglo-Canadian is ahead of the pack.

RECOMMENDATION

We are initiating coverage of Anglo-Canadian Uranium Corp. with a Speculative Buy rating and 12-month and 3-year Target Prices of \$0.35 and \$0.75, respectively.

PROFILE

Anglo-Canadian Uranium Corp. (“Anglo-Canadian” or the “Company”) is an early-stage exploration company, focused on uranium and gold resources. The Company’s uranium properties are located in Quebec and the “Four Corners” region of the USA, while its gold properties are in British Columbia.

HIGHLIGHTS

- ▶ Anglo-Canadian’s Big Mac and Charles properties lie strategically close to both Strateco’s discovery and Cogema’s 4.5 million pound uranium L-Zone deposit.
- ▶ Possibility of a joint development agreement on the former-producing Joseph mine in Colorado could alleviate development funding concerns.
- ▶ Former producing mines on the Company’s claims improve the likelihood of economic discovery.
- ▶ Drill results and resource estimates are expected in the next 12 months on the Company’s most promising properties: Big Mac, Quebec and Eula Belle and Joseph, Colorado.
- ▶ Lean operations with controlled overhead expenses.
- ▶ Low geopolitical risk with North American properties and exploration activities
- ▶ Lack of economic resource discovery is a key risk in the absence of NI 43-101 estimates.
- ▶ Equity financing risk for funding exploration and development activities over next few years.

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THE COMPANY

Anglo-Canadian is an early-stage exploration company, with primarily gold and uranium resources. The Company owns five gold properties in British Columbia, and 13 uranium properties in Quebec and the “Four Corners” region of the USA. The Four Corners comprise the area where four states - Colorado, Utah, New Mexico, and Arizona - meet.

BACKGROUND

Formerly known as Interactive Exploration Inc., the Company changed its name to Anglo-Canadian Uranium Corp. in August 2005. It is headquartered in Vancouver, British Columbia. The Company, and its wholly-owned subsidiary Anglo-Canadian Gold, are headed by Leonard Harris, who is the President and Chief Executive Officer. Anglo-Canadian Uranium’s shares are listed on the TSX Venture Exchange under the symbol URA. As shown below, insider ownership stood at approximately 6% as of December 10, 2007.

TABLE 1: INSIDER OWNERSHIP AS OF DECEMBER 10, 2007

Name	Position	Shares Held or Controlled
Leonard Harris	President & Director	1,351,122
David Hudson	Director	71,957
James Turner	Director	-
Roger Laine	Director	7,500
		<u>1,430,579</u>
Exercisable options		865,000
Total		2,295,579
Shares Outstanding		38,984,864
Insider Ownership		6%

Source: eResearch

PROPERTIES SUMMARY

Anglo-Canadian’s flagship properties are Eula Belle and Joseph in Colorado and Big Mac in Quebec.

TABLE 2: KEY PROPERTIES

Property	Type	Location	Comments
Eula Belle	Uranium	Colorado	20,000-foot (25-hole) drill program underway to reproduce historical findings. 5 holes have been drilled and the Company is expected to announce results soon.
Joseph	Uranium	Colorado	Possibility of joint development of the Joseph group of claims with a midsize major producer.
Big Mac	Uranium	Quebec	Attractive prospects following Strateco's 3.48 million pound uranium discovery in addition to Cogema's announced 4.5 million pound L-Zone deposit. Five sites targeted for radiometric surveys in spring 2008.

Source: Company reports and eResearch

Anglo-Canadian's activities are focused on exploration for uranium and gold on the Company's 18 properties. Several of its properties in the "Four Corners" region of the USA include past-producing mines, namely Eula Belle, Joseph, Tomcat, Lonestar, Wild Steer, and East Canyon Wash. Operations ceased at these former mines due to unfavourable economics in the mid-1980s when uranium spot dropped below \$10/lb. With prices currently at \$90/lb, this region is attracting renewed exploration interest.

We believe the Company's most promising uranium claims include Eula Belle, Joseph, and Big Mac. On the Eula Belle property, Anglo-Canadian is engaged in a 20,000-foot (25-hole) drill program with the objective of replicating Union Carbide's positive results. The Company has completed 5 holes and is expected to announce results soon.

The Company is in discussions with a midsize major producer for joint development of the Joseph property.

COMMENT: *Anglo-Canadian's success in securing a joint development agreement for Joseph could result in favourable share price action when it occurs. The extent to which the market responds to the announcement will depend on the terms of the agreement.*

On the Big Mac property, Anglo-Canadian is focusing on five prime and eight secondary targets for radiometric surveys expected to commence in spring 2008.

The Company is advancing its Skoonka and Stirrup gold properties, and may seek a joint venture agreement to develop these claims. Drill permits are secured and three drill stations have been identified on the Skoonka property. We expect drilling to begin in early 2008. On the Stirrup property, the Company drilled seven holes and submitted core samples to assay facilities in Vancouver. We expect assay results to be announced in early 2008.

A list of all of the Company's projects is presented in Table 3 on the following page.

TABLE 3: ANGLO-CANADIAN URANIUM PROPERTIES

URANIUM	Location	Size	Year Acquired	Ownership	Acquisition Costs	Paid Cash Costs	Future Cash Costs	Comment
Big Mac	Quebec	2,100 ha	2006	100% of 40 claims	\$7,500 plus 200,000 shares @ \$0.425	\$7,500	\$0	
Charles	Quebec	2,000 ha	2002	100% of 40 claims	Acquired through staking	\$0	\$0	
East Canyon Wash	Utah	NA	2005	100% of 20 claims	\$35,000 plus 600,000 shares @ \$0.30 plus 2% NSR	\$35,000	\$0	Option to buyback NSR for \$100,000 per 1% up to a maximum of \$200,000
Dragon	Utah	NA	NA	100% of 30 claims	NA	\$0	\$0	
O8	New Mexico	1,920 ac	NA	100% of 95 claims	\$26,000 plus 200,000 shares plus 2% NSR	\$26,000	\$0	Option to buyback NSR for \$300,000 per 1%
Holley	New Mexico	3,200 ac	NA	100% of 134 claims	\$26,000 plus 200,000 shares plus 2% NSR	\$26,000	\$0	Option to buyback NSR for \$300,000 per 1%
Spider Rock	Colorado	NA	2006	100% of 4 claims	\$42,000 plus 250,000 shares @ \$0.49	\$42,000	\$0	Additional 40,000 shares were issued to optionors
Wild Steer	Colorado	NA	NA	100% of 31 claims	\$20,000 plus 100,000 shares plus \$20,000 and 100,000 (or \$100,00) shares on first anniversary of approval plus \$40,000 and 200,000 shares (or \$200,000) on second anniversary of approval plus 2% NSR	\$20,000	\$360,000	Option to buyback NSR for US\$200,000 per 1%
Eula Belle	Colorado	NA	NA	100% of 303 claims	\$40,000 plus 200,000 shares plus \$40,000 and 200,000 shares (or \$200,000) plus 2% NSR	\$40,000	\$240,000	Option to buyback NSR for US\$250,000 per 1%
Joseph	Colorado	NA	2006	100% of 106 claims	\$65,000 plus 300,000 shares @ \$0.24 plus 300,00 shares on first anniversary plus 2% NSR	\$65,000	\$0	
Tomcat	Colorado	NA	NA	100% of 81 claims	\$15,000 plus 60,000 shares plus \$15,000 and 100,000 shares (or \$100,000) on first anniversary of approval plus \$30,000 and 140,000 shares (or \$140,000) on second anniversary of approval plus 2% NSR	\$15,000	\$285,000	Option to buyback NSR for US\$200,000 per 1%
Gunslinger	Colorado	820 ac	NA	100% of 41 claims	\$27,000 plus 60,000 shares plus 2% NSR	\$27,000	\$0	Option to buyback NSR for \$300,000 per 1%
Lonestar (Outlaw)	Colorado	NA	NA	100% of 110 claims	\$55,000 plus 5% gross royalty plus minimum \$25,000 for the first 3 years from date of lease and \$20,000 advance royalties starting in fifth year	\$55,000	\$25,000	Development partner has agreed to deploy 50% of revenue generated through production royalties to exploration for up to 10 years
<hr/>								
GOLD	Location	Size	Year Acquired	Ownership	Acquisition Costs	Paid Cash Costs	Future Cash Costs	Comment
Lucky Boy	British Columbia	1,000 ac	2005	95% ownership	\$90,000 plus 100,000 shares @ \$0.14 plus 200,000 shares plus 2% NSR	\$90,000	\$0	Company must complete \$120,000 exploration program by March 2008. Option to buyback 2% NSR royalty at \$1 million per 1%. Option to buyout remaining 5% interest at \$1 million.
Stirrup	British Columbia	NA	2004	85% of 13 claims	\$130,000 plus 200,000 shares @ \$0.20 and 100,000 shares @ \$0.42 plus 300,000 shares plus 2% NSR	\$130,000	\$0	Option to purchase back 1% NSR for \$500,000. Option to purchase back 15% interest for \$3 million for each 5%.
Zeus	British Columbia	1,000 ha	2005	100% of 40 claims	\$15,000 plus 350,000 shares @ \$0.28 plus 2% NSR	\$15,000	\$0	Option to buyback NSR at \$500,000 per 1%
Skoonka	British Columbia	1,942 ha	2006	100% of 03 claims	\$55,000 plus 100,000 shares @ \$0.63 plus 100,000 shares on first anniversary plus \$30,000 and 200,00 shares on second anniversary plus \$40,000 and 300,000 shares three years from approval date plus 400,000 shares or \$600,000 plus 2% NSR	\$55,000	\$670,000	Additional 100,000 shares issued for acquisition of 7 claims. Option to buyback NSR at \$1 million per 1%.
Princeton	British Columbia	1,266 ha	NA	100% of ownership	\$15,000 plus 150,000 shares plus \$15,000 and 150,000 shares on first anniversary plus 2% NSR	\$15,000	\$15,000	Option to buyback NSR for \$900,000 per 1%.
Cash Costs						\$ 663,500	\$ 1,595,000	

Source: Company reports and eResearch

CAPITAL STRUCTURE

Anglo-Canadian is 100% equity financed. In the most recent round of financing (March 2007), the Company raised \$1.8 million through private placement by issuing 2.8 million non-flow-through and 0.2 million flow-through units, both at \$0.60. The non-flow-through units consist of one common share and one warrant (exercisable at \$0.75) while the flow-through units consist of one common share and one-half warrant (exercisable at \$0.75).

The Company has 39.4 million shares outstanding.

TABLE 4: OPTIONS OUTSTANDING AS OF OCT. 31, 2007

Expiry Date	Options	Exercise Price	Equity Potential
February 16, 2010	5,000	\$0.13	\$650
March 15, 2010	25,000	\$0.16	\$4,000
July 12, 2010	200,000	\$0.12	\$24,000
November 1, 2010	350,000	\$0.37	\$129,500
February 23, 2011	397,500	\$0.40	\$159,000
March 23, 2011	70,000	\$0.58	\$40,600
April 12, 2011	160,000	\$0.61	\$97,600
August 2, 2011	300,000	\$0.38	\$114,000
August 8, 2011	150,000	\$0.60	\$90,000
* August 22, 2011	325,000	\$0.24	\$78,000
* December 20, 2011	600,000	\$0.24	\$144,000
February 12, 2012	270,000	\$0.51	\$137,700
March 1, 2012	200,000	\$0.50	\$100,000
June 20, 2012	580,000	\$0.54	\$313,200
September 24, 2012	190,000	\$0.37	\$70,300
Total	3,822,500		\$1,502,550

* Note: options priced from \$0.67 to \$0.81 were re-priced to \$0.24
Source: Company reports

TABLE 5: WARRANTS OUTSTANDING AS OF OCT. 31, 2007

Expiry Date	Warrants	Exercise Price	Equity Potential
December 31, 2007	162,501	\$0.50	Expired
February 15, 2007/2008	986,000	\$0.40/\$0.50	\$394,400
August 29, 2008	499,998	\$0.55	\$274,999
August 29, 2008	50,000	\$0.55	\$27,500
September 12, 2008	700,000	\$0.60	\$420,000
September 13, 2008	2,658,390	\$0.55	\$1,462,115
September 13, 2008	300,000	\$0.60	\$180,000
October 3, 2008	870,100	\$0.60	\$522,060
April 10, 2009	1,107,000	\$0.75	\$830,250
April 25, 2009	1,908,000	\$0.75	\$1,431,000
Total	9,241,989		\$5,542,323

Source: Company reports

COMMENT: No in-the-money options or warrants are expiring within our 12-month forecast horizon. Unless the shares rise dramatically, the Company will not benefit from potential new equity. If so, it will have to rely on a successful capital raise in the market which, at a lower price, is more dilutive.

FINANCIAL REVIEW AND OUTLOOK

F2006 (July 31) is a stub and first reporting year for Anglo-Canadian since its inception as a public company in August 2005.

Revenues: Anglo-Canadian is an early stage exploration company which has not recognized any revenues to date and may not do so through F2008.

Burn Rate: The average monthly burn rate, which includes non-discretionary expenses, is approximately \$67,000. We expect the burn rate to remain fairly constant through the next fiscal year.

Exploration and Acquisition Expenditure: Some acquired properties have trailer payments due on anniversary dates (see Table 3). We estimate the Company has outstanding cash costs of approximately \$0.5 million due in F2008. In addition, the Company will spend \$1.2 million on exploration activities in the next 12 months, mainly on Eula Belle, Big Mac, Charles Stirrup, and Skoonka. Total property expenditure is not expected to vary materially from F2007 to F2008. Anglo-Canadian will continue to search out properties to acquire in the Four Corners region of the USA.

Financing: We believe Anglo-Canadian will need to raise approximately \$2.0 million of equity over the next 12 months to support property expenditures and operating expenses. The Company does not have any outstanding debt and does not need to raise any. However, spot uranium's slide from its peak has created a challenging equity-market environment for uranium explorers and developers. We assume financing at \$0.35 per share, which would bring total shares outstanding to 45.1 million from 39.4 million.

TABLE 6: SELECTED FINANCIAL INFORMATION

	Three Months Ending October 31:		Year Ending July 31:		
	2006	2007	F2006	F2007	F2008E
Statement of Income/(Loss):					
Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -
General & Administrative Expense	\$ (161,639)	\$ (166,593)	\$ (467,418)	\$ (783,844)	\$ (807,359)
Amortization	\$ (460)	\$ (916)	\$ (1,834)	\$ (3,031)	\$ (3,100)
Stock-based Compensation	\$ (162,757)	\$ (151,583)	\$ (230,392)	\$ (780,672)	\$ (800,000)
Other Non-Cash Items	\$ -	\$ -	\$ 245,564	\$ 501,828	\$ 505,000
Other Income/(Expenses)	\$ 24,882	\$ 7,109	\$ 25,056	\$ 47,164	\$ 45,000
Net Income/(Loss)	\$ (299,974)	\$ (311,983)	\$ (429,024)	\$ (1,018,555)	\$ (1,060,459)
Total Shares Outstanding	32,925,178	39,434,864	23,245,347	38,984,864	45,149,150
Weighted Average Shares Outstanding	28,842,007	39,226,178	18,761,426	34,466,629	41,500,000
Earnings (Loss) Per Share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.03)
Statement of Cash Flow:					
Net Income (Loss)	\$ (299,974)	\$ (311,983)	\$ (429,024)	\$ (1,018,555)	\$ (1,060,459)
All Non-Cash Items	\$ 163,217	\$ 152,499	\$ (13,338)	\$ 281,875	\$ 298,100
Cash Flow from Operations	\$ (136,757)	\$ (159,484)	\$ (442,362)	\$ (736,680)	\$ (762,359)
Capital Expenditures (Properties)	\$ (367,826)	\$ (678,734)	\$ (428,970)	\$ (1,992,002)	\$ (1,700,000)
Other Investing Items	\$ (6,805)	\$ (120)	\$ (1,300)	\$ (9,524)	\$ (9,000)
Free Cash Flow	\$ (511,388)	\$ (838,338)	\$ (872,632)	\$ (2,738,206)	\$ (2,471,359)
Working Capital Changes	\$ (6,649)	\$ (265,244)	\$ (60,485)	\$ 173,934	\$ 765,637
Equity Financing	\$ 3,156,330	\$ -	\$ 1,816,066	\$ 5,714,700	\$ 2,000,000
Debt Financing	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Cash	\$ 2,638,293	\$ (1,103,582)	\$ 882,949	\$ 3,150,428	\$ 294,278
Cash, Beginning of the Period	\$ 919,636	\$ 4,070,063	\$ 36,687	\$ 919,636	\$ 4,070,064
Cash, End of the Period	\$ 3,557,929	\$ 2,966,481	\$ 919,636	\$ 4,070,064	\$ 4,364,342
Balance Sheet:					
As at October 31:					
	2006	2007	As at July 31:		
			F2006	F2007	F2008E
Cash	\$ 3,557,929	\$ 2,966,481	\$ 919,636	\$ 4,070,064	\$ 4,364,342
Other Current Assets	\$ 40,030	\$ 139,497	\$ 32,651	\$ 116,816	\$ 125,000
Mineral Properties	\$ 1,989,558	\$ 5,038,415	\$ 1,142,631	\$ 4,207,181	\$ 5,907,181
Other Assets	\$ 13,294	\$ 12,646	\$ 6,949	\$ 13,442	\$ 15,000
Total Assets	\$ 5,600,811	\$ 8,157,039	\$ 2,101,866	\$ 8,407,503	\$ 10,411,523
Current Liabilities	\$ 145,110	\$ 53,416	\$ 135,880	\$ 295,980	\$ 300,000
Other Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Obligations	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 145,110	\$ 53,416	\$ 135,880	\$ 295,980	\$ 300,000
Shareholders' Equity	\$ 5,455,700	\$ 8,103,623	\$ 1,965,986	\$ 8,111,523	\$ 10,111,523
Total Liabilities & Equity	\$ 5,600,810	\$ 8,157,039	\$ 2,101,866	\$ 8,407,503	\$ 10,411,523
Book Value (S.E.) Per Share	\$0.17	\$0.21	\$0.08	\$0.21	\$0.22

Source: eResearch

COMMENT: We expect operating expenses to remain fairly constant through F2008. Our property expenditure forecast of \$1.7 million includes the amounts due on anniversary dates of prior acquisitions of approximately \$0.5 million plus exploration expenditures of \$1.2 million. The Company will need to raise approximately \$2.0 million in additional capital to fund its exploration activities and average monthly burn rate of approximately \$67,000. Given the tight market environment, we are modeling equity financing at \$0.35 per share.

VALUATION

We have valued Anglo-Canadian by comparing it to its peers using two methodologies:

1. Price-to-Book Ratio; and
2. Mineral Property Ratio.

Our selection of Anglo-Canadian's peers, basically early-stage exploration companies with uranium projects in the Otish Mountains in Quebec or the Four Corners region of the USA, include:

Ditem Explorations

Ditem Explorations' principal activities are focused on three projects, including a 320-sq-km property in the Otish Basin in Quebec and two in the Lake Athabasca Basin in Saskatchewan. The company has been publicly traded since 1995 and is moving towards NI 43-101 compliant estimates on its Otish Basin property.

Universal Uranium

Universal Uranium has properties in the Four Corners region of the USA, including its Lisbon Valley Project in Utah, Artillery Peak property in Arizona, and Colorado's Jamestown and Marshall Pass properties. Universal is working to bring historical estimates, approximately 10 million pounds of uranium, up to NI 43-101 standards.

Western Uranium

Western Uranium's King Valley and Virgin Valley projects in Nevada are estimated to contain over 20 million pounds and 17 million pounds of uranium (non-NI 43-101 compliant), respectively. Western's other projects include Treeline in New Mexico and Ruby Hill in Thelon Basin, Nunavut.

Nova Uranium

Nova Uranium is an exclusively Quebec-focused early-stage exploration company. The company's projects are located in Mont Laurier, the Otish Mountains, and James Bay.

Lexam Explorations

Lexam Explorations has the option to earn a 50% interest in Golden Valley Mines' Otish Basin uranium project, and a 50% interest in the Baca oil and gas project in south-central Colorado. Lexam recently sold its Nevada properties to Rubicon Minerals.

Energy Fuels Inc.

Energy Fuels' properties in Arizona, Colorado and Utah contain six former producing mines, which are being assessed for the potential for a restart of production. Energy Fuels' Whirlwind project in Mesa County (close to Anglo-Canadian's Gunslinger and Lonestar claims) has an NI 43-101 compliant indicated resource of 657,600 pounds of uranium and 2.2 million pounds of vanadium.

A. Price-to-Book

Table 7 on the following page shows the assorted book values per share and accompanying P/B ratios for the peer companies as well as Anglo-Canadian. With the exception of Energy Fuels on the TSX, all selected companies are listed on the TSX Venture Exchange.

Based on current share prices, the peers are selling at an average P/B ratio of 1.9x compared to Anglo-Canadian at 1.1x.

TABLE 7: BOOK VALUE PEER COMPARISON

(All figures in millions except Price)

Company	Symbol	Price	52-week Price		% Change from High	Shares Outstanding	Market Capitalization	Book Value per Share	P/B Ratio
			High	Low					
Ditem Explorations	DIT-V	\$0.68	\$2.70	\$0.36	-75%	41.9	\$28.5	\$0.22	3.1x
Energy Fuels	EFR-T	\$1.41	\$5.48	\$1.09	-74%	51.9	\$73.2	\$0.79	1.8x
Lexam Explorations	LEX-V	\$0.49	\$1.35	\$0.45	-64%	48.4	\$23.7	\$0.23	2.2x
Nova Uranium	NUC-V	\$0.22	\$1.04	\$0.21	-79%	19.5	\$4.3	\$0.26	0.9x
Universal Uranium	UUL-V	\$0.46	\$2.06	\$0.36	-78%	38.0	\$17.5	\$0.34	1.3x
Western Uranium	WUC-V	\$1.82	\$3.08	\$1.66	-41%	47.0	\$85.6	\$0.93	2.0x
Average					-68%				1.9x
Anglo-Canadian Uranium	URA-V	\$0.22	\$0.84	\$0.19	-74%	39.4	\$8.7	\$0.21	1.1x

Source: eResearch

COMMENT: On average, the shares of our peer group have shed 68% from their highs versus 74% for Anglo-Canadian, indicating that a broad correction has taken place in uranium explorers.

As shown, Nova Uranium and Anglo-Canadian Uranium have the lowest P/B ratios which in our opinion reflects the fact they have, by far, the smallest market capitalizations. As these companies mature, their respective P/B ratios should approach the group average.

Since this will take time, we are choosing a P/B ratio for Anglo-Canadian that is a little less than the peer average, or 1.7x. This translates into an intrinsic value of \$0.36 per share.

B. Mineral Property Ratio

Given the lack of NI 43-101 compliant and in-situ estimates, we used the mineral property ratio to value Anglo-Canadian's shares (see Table 8 below). This methodology determines the ratio that investors are placing on Anglo-Canadian's mineral properties and compares that ratio with the peer group average.

TABLE 8: PROPERTY RATIO PEER COMPARISON

	Anglo-Canadian Uranium URA: TSX-V <u>October-07</u>	Ditem Explorations DIT: TSX-V <u>September-07</u>	Energy Fuels EFR: TSX <u>September-07</u>	Lexam Explorations LEX: TSX-V <u>September-07</u>
Corporate:				
Share Price (Jan. 14, 2007)	C\$ 0.22	C\$ 0.68	C\$ 1.41	C\$ 0.45
Shares O/S	39,434,864	41,920,318	51,915,949	48,397,287
Market Cap	C\$ 8,675,670	C\$ 28,505,816	C\$ 73,201,488	C\$ 21,778,779
Mineral Properties:				
Book Value (Cost)	C\$ 5,038,415	C\$ 5,628,540	C\$ 5,820,754	C\$ 4,000,000
Market Value	C\$ 5,557,046	C\$ 24,239,401	C\$ 37,563,640	C\$ 9,047,264
Difference	C\$ 518,631	C\$ 18,610,861	C\$ 31,742,886	C\$ 5,047,264
Property Ratio	1.10	4.31	6.45	2.26
		Nova Uranium NUC: TSX-V <u>September-07</u>	Universal Uranium UUL: TSX-V <u>June-07</u>	Western Uranium WUC: TSX-V <u>June-07</u>
		C\$ 0.22	C\$ 0.48	C\$ 1.84
		19,457,350	38,043,716	47,039,559
		C\$ 4,280,617	C\$ 18,260,984	C\$ 86,552,789
		C\$ 5,130,391	C\$ 10,004,853	C\$ 11,280,475
		C\$ 4,063,705	C\$ 15,150,773	C\$ 53,901,955
		-C\$ 1,066,686	C\$ 5,145,920	C\$ 42,621,480
		0.79	1.51	4.78
Average Ratio (Peers)	3.35			
Adjusted Book Value (Cost)	1	C\$ 6,738,415		
Adjusted Property Ratio		0.82		
Selected Ratio		2.00		
Common Equity (Per Statements)		C\$ 8,103,623		
Adjusted Common Equity (Selected Ratio)	1	C\$ 16,542,038		
Equity Per Share (Per Statements)		C\$ 0.21		
Adjusted Equity Per Share (Selected Ratio)	1	C\$ 0.37		

Note 1: Mineral Properties, Shareholders' Equity, and Shares Outstanding are adjusted for estimated capex of \$1,700,000 over the next 12 months.

Note 2: Adjusted Equity Per Share is calculated on 45,149,150 shares o/s to account for the cost of the capex.

Source: eResearch

Anglo-Canadian's current Mineral Property ratio is 1.10x compared to the peer group average of 3.35x and, again, reflects the early-stage nature of the Company and its activities. We then applied an adjustment to Anglo-Canadian's Mineral Properties to reflect the expected \$1.7 million capex to be spent on these properties over the next 12 months. This derives an adjusted current Mineral Property ratio of 0.82x.

(a) Short-Term

We believe that the Company suffers from a lack of broad investor awareness but that, with time and demonstrated drill success, increasing investor attention will cause the Company's ratio to rise more in line with those of its peers. Accordingly, for the short-term, we are choosing a Selected Ratio of 2.00x for Anglo-Canadian as a realistic goal, which provides an intrinsic value of \$0.37 per share.

(b) Longer-Term

As the Company moves towards proving resources in the ground, we anticipate that the Selected Ratio three years out could be at the mid-point of the current average and high end of the peer group, or 5.00x. This provides an intrinsic value in 2010 of \$0.80 per share.

Conclusion

Although Anglo-Canadian has uranium and gold interests, we value the Company primarily for its uranium properties and exploration programs. In the absence of compliant resource estimates, interest in the Company is underpinned by the fact that several of its claims in the Four Corners region include former producing mines with promising historical results. Close proximity to Strateco's 3.48 million pound discovery (Matoush Project) and Cogema's 4.5 million pound L-Zone deposit, lends added support to the Company's Big Mac and Charles projects. Both of these projects will benefit from increased exploration interest in the Otish Mountains region of Quebec.

We see the supply-demand imbalance for nuclear fuel increasing as 32 new reactors come online. Further, the push for clean energy and the reduction of CO₂ gases, coupled with record oil prices, will see uranium emerge as an increasingly attractive alternative energy source.

Our valuation methodologies derived the following intrinsic values for Anglo-Canadian:

1. Price-to-Book: \$0.36
2. Mineral Property Ratio: \$0.37

Accordingly, we are initiating coverage of Anglo-Canadian with a Speculative Buy rating and a one-year Target Price of \$0.35 per share. Our three-year price objective is \$0.80 per share.

RISKS

We believe the following risk factors could affect Anglo-Canadian.

Financing

Anglo-Canadian has not generated revenues since its inception and may not do so for at least the next two years. The Company will rely on its ability to raise funds through equity offerings at favourable terms. Without the injection of external capital, Anglo-Canadian's exploration and property acquisition activities may be impacted or possibly halted.

Sensitivity to Uranium and Gold Prices

Operations at formerly-producing mines in Anglo-Canadian's portfolio were halted due to depressed uranium prices in the 1980s. While uranium prices are enjoying an upsurge as a result of the revival of clean energy needs, the Company's operations may be impacted if the economics do not support production. The Company is less sensitive to gold prices since it is further away from the production stage of the resource.

Timelines

The time frame for recovery of mineral resources from Anglo-Canadian's properties may be extended as a result of delays and other difficulties in securing permits, equipment, staff, and facilities for testing and ore-processing. In the past, the Company has slipped from its announced timelines because of these problems, which can be beyond its control.

Resource Discovery

As an early-stage exploration company, Anglo-Canadian does not have any NI 43-101 compliant resource estimates. There is the likelihood that the Company may not discover economic showings of mineral resources on its properties.

Environment

Increased environmental scrutiny and regulations may impact the Company's ability to secure permits in a cost-effective and timely fashion. Further, environmental concerns and public perceptions may render uranium a less desirable energy source.

Ownership of Properties

Titles to certain properties are subject to subsequent costs, which must be paid by the Company on anniversary dates of the acquisition (see Table 3). Anglo-Canadian may lose title to these properties if it fails to make subsequent payments.

APPENDIX 1: MANAGEMENT AND DIRECTORS

Len Harris - President and CEO

As an entrepreneur, Len Harris has founded and developed a number of successful businesses in the natural resource sector. He began his career in the late 1960s in the brokerage industry with Hensworth Turton & Co. To enhance his mining and geological knowledge, Mr. Harris has completed the University of British Columbia's Prospectors Course.

David Hudson, CA - Director

David Hudson qualified as a chartered accountant with Peat Marwick Mitchell in Leeds, England in 1973 and as a Canadian chartered accountant with Touche Ross in 1979. Since 1982, Mr. Hudson has run his own accounting practice and served as a director of various public companies.

Jim Turner, P.Geo - Director

Jim Turner brings extensive experience in the exploration of base metals. He has held management and geologist positions with Newmont, Noranda, and Terrasat Geometics Inc. His work has taken him to Panama, Ghana, Mali, and Brazil. Mr. Turner graduated in 1971 from the University of British Columbia.

Roger Laine, Ph.D., P.Geo - Director

Roger Laine received his doctorate in geosciences from the University of Arizona. He brings 14 years of uranium experience with Cogema, most notably as Vice President of Exploration with Amtok Inc., a Cogema subsidiary. Mr. Laine has worked in the Americas, West and Central Africa, Europe, and northern Saskatchewan.

GEOLOGICAL ADVISORY TEAM

Richard Garnett, Ph.D.

Richard Garnett brings 45 years of mining experience. He has previously worked as Chief Geologist for Geevor Tin Mines and Associated Mines, as Senior Mining Engineer for Patino Mining, and as Regional Manager for Rio Tinto Zinc. In addition, Mr. Garnett has held management positions with Anglo American Corp. and DeBeers Group. He currently runs his own consulting practice, Valrik Enterprises.

N. Ralph Newson, P.Eng, P.Geo

Ralph Newson brings 40 years of exploration experience. He was previously involved in uranium exploration for Brinex, a subsidiary of Rio Tinto. Mr. Newson is currently a director of the Prospectors and Developers Association of Canada. He runs his own consulting and contracting practice.

Norbert Jerome

Norbert Jerome brings 44 years of experience, particularly in mining and developing uranium deposits in the Rocky Mountain uranium district of the USA. He previously served as Chief Geologist and Senior Project Geologist for 16 years with Western Nuclear Corp.

APPENDIX 2: URANIUM PROPERTIES

Anglo-Canadian's uranium interests are concentrated in two regions: the Otish Mountains of Quebec and the Four Corners region of the USA.

The Company's Otish Mountains properties cover 4,179 hectares out of an overall area of 516,000 hectares. Data compiled in 1985 by the Quebec Department of Mines suggests an historic resource of 5 million pounds of uranium metal (non-NI 43-101 compliant).

The Four Corners region, where Arizona, Utah, Colorado, and New Mexico meet, is the primary source of uranium production in the USA. Exploration and development of uranium mines in this region had been ongoing for more than three decades when it was suspended in the mid-1980s due to a slump in uranium prices that rendered production uneconomic.

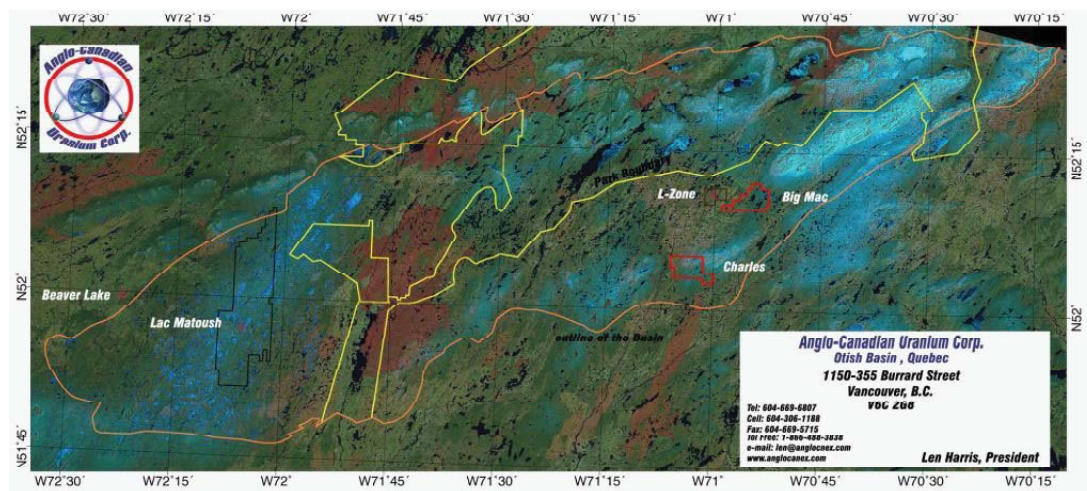
1. Charles - Quebec, Canada

The Charles claims are located east of the Otish Mountains. This area was previously explored by Uranertz, Esso Minerals and Cogema, and yielded uranium/thorium showings. In July 2007, a ground survey on the Charles property was delayed due to forest fires. Anglo-Canadian has plans for 220 line kilometres of line cutting, followed by ground magnetic and EM geophysical survey. Upon completion of geologic mapping, MMI soil sampling and radiometric geophysical survey, drill testing of identified targets will commence.

2. Big Mac - Quebec, Canada

The Big Mac claims are located 150 kilometres northeast of Chibougamau in the Otish Basin. The property is three kilometres east of the Cogema/Soquium L-Zone deposit. Line cutting and magnetic surveys on the property have been completed. Preliminary results of the ground magnetic survey indicate anomalies coincident with dykes present on the L-Zone deposit, offset by northwest and north-south faults. Results of 114 line kilometres of Min-Max EM and Magnetics identified five high-priority targets based on clear or intersecting fault patterns. The Company plans to begin diamond drilling on the property following radiometric survey.

EXHIBIT 1: BIG MAC AND CHARLES PROPERTIES - QUEBEC



Source: Company reports

3. East Canyon Wash - Utah, USA

The East Canyon Wash area consists of 20 uranium/vanadium claims and includes the past-producing Locuist Mine, previously operated by Atlas Mining Corp. The Locuist Mine was shut down due to depressed uranium prices, and at that time was mining 0.25% U₃O₈. The mine is located 50 miles from a uranium/vanadium processing plant. This region comprised 83% of the 111 million pounds of U₃O₈ produced in Utah up until 1982. The Company plans radiometric and geochemical surveys using radon gas detection, MMI geochemistry, and test drilling. Ownership status of these claims is currently pending.

4. Dragon - Utah, USA

The Dragon property consists of 30 claims located in Beaver County. Altered rock in this region can be seen on high-resolution satellite imagery. Selected samples have indicated 0.16% U₃O₈. The Company is currently identifying additional stakes in this region and is in discussion to commence diamond drilling on the property.

5. O8 - New Mexico, USA

The O8 property consists of 95 claims in the Grants Uranium District and the Ambrosia Lake Uranium District over 1,920 acres. This region produced 340 million pounds of U₃O₈ from 1952 to the mid-1980s when production was suspended due to depressed uranium prices. The Company plans to pursue a permitting process and investigate environmental regulatory requirements for the property.

6. Holley - New Mexico, USA

The Holley property consists of 134 claims in the Grants Uranium District over 3,200 acres. This property was previously owned by Homestake Mining Company. Several drill programs were undertaken on the property between 1967 and 1983. The Holley property is located within four miles of the Marquez uranium mine, which has produced 656,000 tons of ore at 0.26% uranium.

7. Spider Rock - Colorado, USA

Spider Rock is an exploration-stage resource property comprising four claims. The Company is in possession of historical reports and drill logs conducted by Western Nuclear suggesting 185 thousand pounds of uranium and 2 million pounds of vanadium on a portion of the property.

8. Wild Steer - Colorado, USA

The Wild Steer property is located in the Uravan mineral belt and consists of 31 past-producing claims including the Wild Steer and Pluto mines. These mines produced uranium and vanadium from 1959 to 1971, with ore grades averaging 0.15% uranium and between 1.75% and 2% vanadium. A processing facility has been recommissioned and may be accepting ore from regional mines. The Company is in the process of reviewing documentation for production figures from these claims.

9. Eula Belle - Colorado, USA

The Eula Belle property is comprised of 52-claim and 250-claim blocks. The 250-claim block is located in the Uravan uranium district between the Eula Belle-Bogus mine and the King Solomon mine. The latter produced 3.1 million pounds of U₃O₈ and 16.2 million pounds of vanadium between 1974 and 1983. The Company has engaged Rimrock Exploration & Development to provide exploration and development, including permitting and a 20,000-foot drill program, at the Uravan uranium district. The Company has received drill permits and has commenced drilling on the property. The drill program consists of two 25-hole cluster drill-outs.

10. Joseph - Colorado, USA

The Joseph property is located within the Uravan district and consists of 106 claims. This property includes five past-producing mines, at an average uranium grade of 0.20%-0.25%, operated by Union Carbide until 1983. Underground inspection is in progress on the Anglo-Canadian mine.

11. Tomcat - Colorado, USA

The Tomcat property is located in the Uravan district and is comprised of 81 claims, including those for several past-producing mines. Historic drill results indicate 0.16%-0.25% U₃O₈ and average 1.25% vanadium. The Company is in the process of obtaining additional data from previous exploration programs.

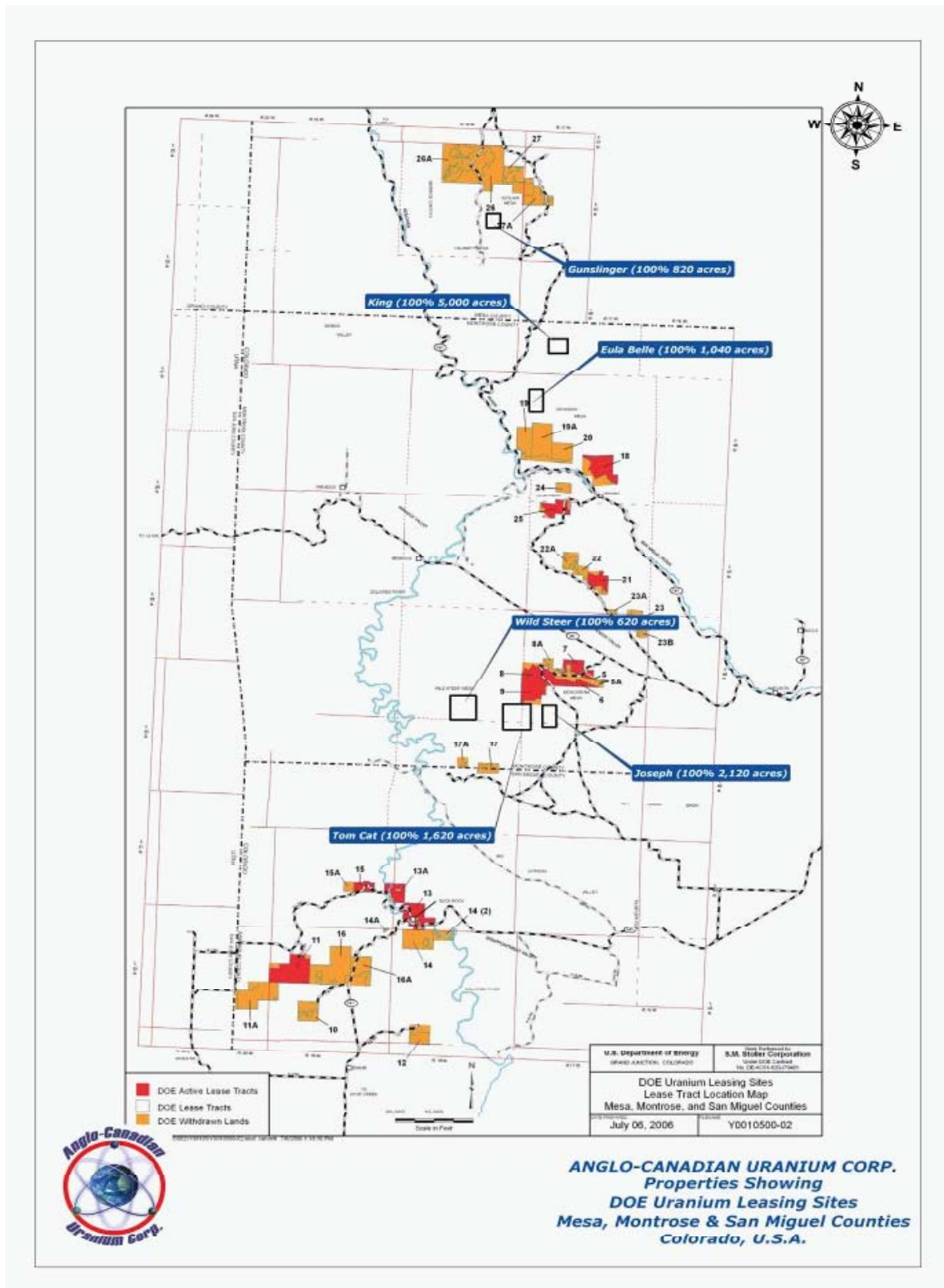
12. Gunslinger - Colorado, USA

Gunslinger is located over 820 acres in the Colorado plateau district and consists of 41 claims. According to Atomic Energy Commission data, various mines operated in the surrounding area, producing 165,397 tons averaging 0.25% U₃O₈ and 1.09% vanadium between 1950 and 1960. In close proximity to the Gunslinger property are past-producing mines operated by Vanadium Corp. of America, Worcester Mines and Union Carbide between 1948 and 1962. Historical production from these mines was 253,703 tons, ranging from 0.22% to 0.42% U₃O₈ and from 1.43% to 1.8% vanadium. The Company obtained historical drill data from 1979 and 1980 for the Gunslinger claims and calculated an in-house resource estimate (non NI-43-101 compliant) of 258,000 pounds of U₃O₈.

13. Lonestar (Outlaw) - Colorado, USA

The Lonestar (Outlaw) property consists of two claim blocks comprising 78 claims (Lonestar) and 32 claims (Gunfighter). Two past-producing mines are located on the Lonestar claims, in addition to a cluster drill-out of 27 holes ranging from 250-feet to 350-feet deep. The Company seeks to complete all outstanding requirements for the initiation of a drill program on these claims in the near term. On the Gunfighter claims, the Company intends to complete drilling at depths greater than 200 feet through its partner.

EXHIBIT 2: COLORADO PROPERTIES



Source: Company reports

APPENDIX 3: GOLD PROPERTIES

1. Lucky Boy - British Columbia

The Lucky Boy property is located in the Greenwood Mining District, a region with past gold and silver production, in south-central British Columbia across 1,000 acres. The property is located in close proximity to the Teck Cominco Highland Bell Mine, which produced 30 million ounces of silver, 28 million pounds of zinc, and 24 million pounds of lead until 1989 when operations were shut down. The primary area of interest is approximately 700 feet by 700 feet, including a polymetallic zone (gold-silver-base metal). Assay results from the four drilled holes in the North Adit part of the property revealed no significant presence of gold or copper. Further exploration on the property will test for silver potential.

2. Stirrup - British Columbia

The Stirrup property is comprised of 13 claims approximately 25 kilometres from Clinton, British Columbia. The property is an epithermal low-sulphidation quartz-type vein deposit. Chevron Minerals conducted exploration in the area in 1988, resulting in indications of gold-arsenic mineralization. Results from three drilled holes, totaling 650 metres, returned a high 17.4 g/t gold over 0.8 metres in 2005. In 2007, the Company extended the drill program to seven holes totaling 1,900 metres. Split core from these holes has been submitted to assay facilities and results are pending.

COMMENT: *The Company is now reviewing the final results of its 2007 seven-hole drill program and will comment shortly.*

EXHIBIT 3: STIRRUP PROPERTY



Source: Company reports

3. Zeus – British Columbia

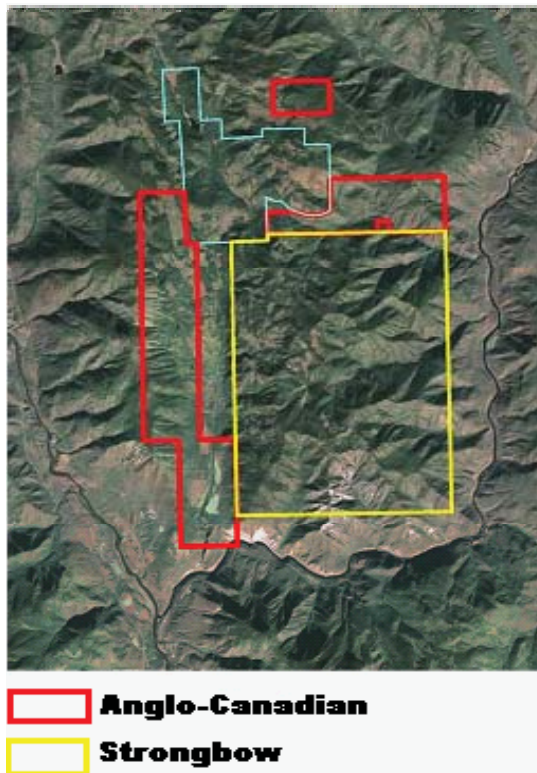
The Zeus property is located 40 kilometres northwest of Lillooet and covers 1,000 hectares. The property is accessible by an all-weather road. Previous exploration in the area occurred between 1983 and 1995, including geochemistry and diamond drilling up to 2,500 metres. Geology on the property suggests that a porphyry copper/gold deposit could be the source of the existing mineralization. The Company has conducted mapping and sampling on the property and plans to expand the work program.

4. Skoonka - British Columbia

The Skoonka property is located east of Vancouver and consists of 103 claims over 1,942 hectares. The property is fairly accessible due to its close proximity to the Trans-Canada Highway and secondary roads. Almaden Minerals and Strongbow Exploration have recently discovered a high-grade deposit, with showings of 20 g/t gold over 12.8 metres on an adjoining property. Previously-submitted samples for assay tests did not indicate any gold. In August 2007, the Company completed a 76-line kilometre line-cutting and MMI soil-sampling program. A 3D IP survey and a magnetic survey are in progress on the property.

COMMENT: *Anglo-Canadian just announced that its planned drill program will get underway the week of January 14, 2008. The initial work will involve three holes for a total of 1,000 metres.*

EXHIBIT 4: SKOONKA - BRITISH COLUMBIA



Source: Company reports

5. Princeton – British Columbia

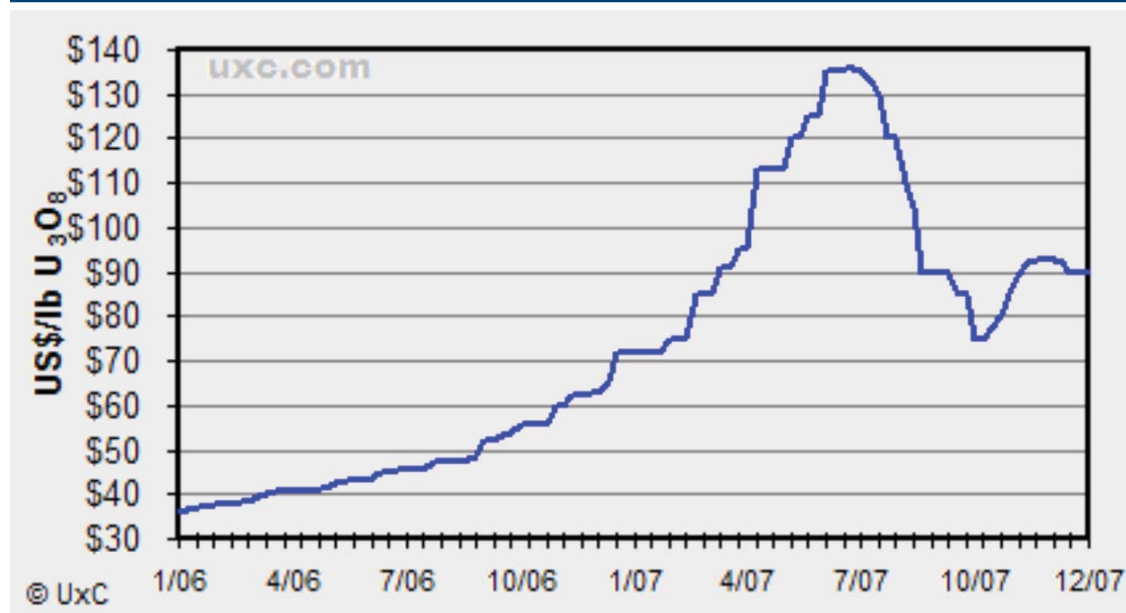
The Princeton property is located 12 kilometres south of Princeton, and consists of copper-gold-palladium-silver claims covering 1,266 hectares. The Princeton region has a history of copper-gold production, and includes the Newmont Ingerbell mine, which produced 40.5 million pounds of copper, 83,500 ounces of silver, and 27,000 ounces of gold in its final year of production. In July 2007, Anglo-Canadian released results of a chip-sampling program on the Rico exhalite deposit, showing 2.025% copper and 11.18 g/t gold in a 1.5-metre chip. A continuous chip sample showed 0.017% copper and 13 parts-per-million gold over 1.8 metres to 1.172% copper and 1.543 g/t gold over 1.5 metres. The Company currently has a diamond drill on Rico and another on an area adjacent to the Newmont Ingerbell mine.

APPENDIX 4: URANIUM OVERVIEW

Efforts to cut carbon dioxide emissions and high oil prices have contributed to increased interest in nuclear energy. A kilogram of uranium can generate 50,000 KWh of power versus oil (4 KWh) and coal (3 KWh), making it an attractive energy source.

Beginning in 2005, the price of uranium gained momentum and peaked in June 2007 at \$138 per pound. Prior to this period, the uranium spot price remained below \$20 for nearly 18 years. It is currently (January 7, 2008) \$90.00/lb.

EXHIBIT 5: URANIUM SPOT PRICE PER POUND



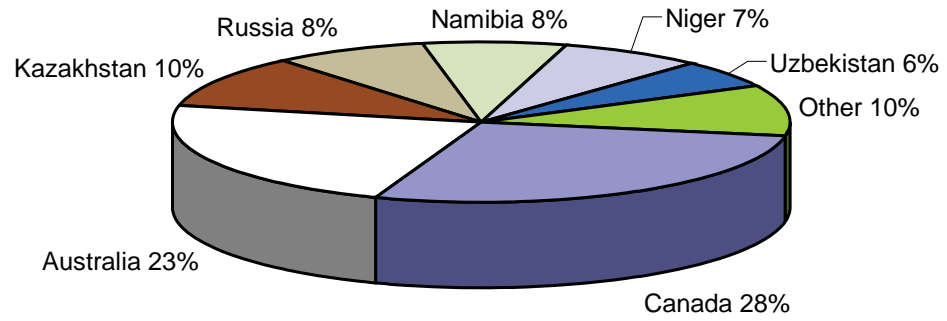
Source: UxC and Uraniumminer.net

Mainly due to a supply-demand deficit that is likely to continue for many years, we believe that for the foreseeable future the price of uranium will have a bottom around \$70/lb and average in the \$90-\$110/lb range. As of August 2006, there were 438 reactors in operation worldwide, another 32 were under construction, and a further 288 planned or proposed. Demand for uranium stands around 66,500 tonnes per year versus a supply of 49,100 tonnes. The deficit is being met by reusing highly-enriched material from decommissioned nuclear warheads. We believe demand for uranium will further increase as new reactors come online over the next 10-15 years.

COMMENT: As uranium dropped 35% to \$90 in August, shares of uranium explorers followed suit with an average correction of 32%, while shares of Anglo-Canadian shed 67% indicating heightened sensitivity and company-specific risk.

Currently, seven countries are responsible for producing 90% of the global uranium supply, with Canada and Australia topping the list at 28% (13,700 tonnes) and 23% (11,200 tonnes), respectively. We believe the increased interest and demand for nuclear energy will lead to an escalation in exploration activity focused around historically producing regions, for example the Four Corners region of the USA.

EXHIBIT 6: 2006 GLOBAL URANIUM PRODUCTION BY COUNTRY



Source: Uraniumminer.net

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: Asim Bukhtiar, B.Sc.(Chem. Eng.), MBA, CFA: Asim Bukhtiar has over 10 years of business consulting and research analysis experience. Previously, he was Associate Equity Analyst with Raymond James covering the software and IT services sector. At CIBC, he worked in a business consulting role providing process re-engineering and project leadership expertise. At FMC, he was responsible for the development of institutional trading and portfolio modeling systems for global money management firms.

Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has 40 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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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.

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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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