

International Water-Guard Industries Inc. (TSX-V: IWG) – Revenues bounce back as predicted; Completes \$0.50 million financing

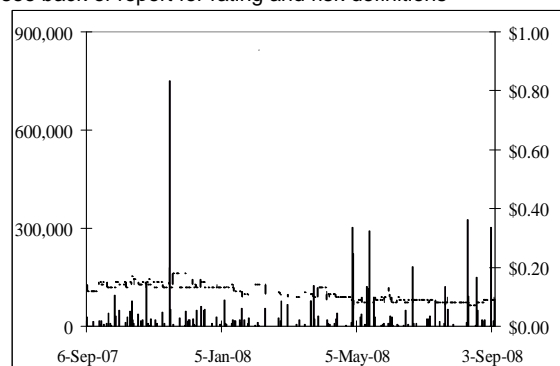
Sector/Industry: Aerospace Products and Services

www.water.aero

Market Data (as of September 8, 2008)

| | |
|---------------|-------------------|
| Current Price | C\$0.085 |
| Fair Value | C\$0.35 |
| Rating* | BUY |
| Risk* | 3 (Average) |
| 52 Week Range | C\$0.06 – C\$0.20 |
| Shares O/S | 39,210,694 |
| Market Cap | C\$3.33 mm |
| Current Yield | N/A |
| P/E (forward) | N/A |
| P/B | 1.76x |
| YoY Return | -29.2% |
| YoY TSX-V | -34.3% |

*see back of report for rating and risk definitions



Q3-2008 Highlights

- Revenues bounced back in Q3 as predicted and were above our expectations. Revenues in Q3-2008 grew by 24% YOY, from \$1.04 million to \$1.29 million.
- We believe, the two factors, a strong C\$/US\$, and a short-term delay in orders from a major customer, that led to a 21% YOY drop in revenues in the first half of FY2008, will have a lesser impact on revenues going forward.
- We were overly conservative previously and had lowered our revenue forecast for FY2008 from \$4.53 million to \$4.05 million. However, based on the strong performance in Q3, we have raised our revenue forecasts for FY2008 to \$4.41 million.
- All margins dropped YOY in Q3. However, the company showed significant improvements in Q3 compared to the first six months of FY2008.
- IWG posted a net income of \$0.05 mm (EPS: \$0.00) in Q3-2008 versus \$0.09 mm (EPS: \$0.00) in Q3-2007 after two consecutive quarters of net losses.
- IWG continues to maintain a healthy balance sheet. The company recently closed a \$0.50 million private placement. Pender Growth Fund (VCC) subscribed to \$350,000 of the placement. Pender is a venture capital fund that invests in B.C. technology companies with the objective of long-term capital appreciation. Management sees this as a strategic investment.

Financial Summary (YE Sept 30)

| (C\$) | 2005 | 2006 | 2007 | 2008E | 2009E |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Revenue | 3,134,809 | 3,662,460 | 4,484,903 | 4,409,753 | 5,263,393 |
| Gross Margin | 53.84% | 59.92% | 54.91% | 50.18% | 55.00% |
| Net Income | 914,111 | 404,545 | 808,147 | (179,643) | 105,972 |
| EPS (basic) | 0.04 | 0.01 | 0.02 | (0.00) | 0.00 |
| Cash | 354,804 | 133,529 | 438,932 | 584,713 | 659,575 |
| Assets | 1,212,922 | 1,505,304 | 2,486,701 | 2,844,357 | 3,079,847 |
| Debt to Capital | 40.64% | 9.21% | 3.43% | 3.11% | 2.03% |
| ROE | -247.83% | 49.62% | 53.24% | -8.31% | 4.34% |
| ROIC | 257.37% | 49.05% | 61.22% | -10.44% | 5.63% |

International Water-Guard Industries Inc. ("IWG"), based in Burnaby, BC, Canada, focuses on the design, manufacture, sale, and service of aircraft potable water treatment equipment and systems. IWG has been selling its products to corporate, VIP and military transport manufacturers/operators around the world since 1982. The company is now seeking to break into the largest market of the aircraft industry, the commercial airline sector.

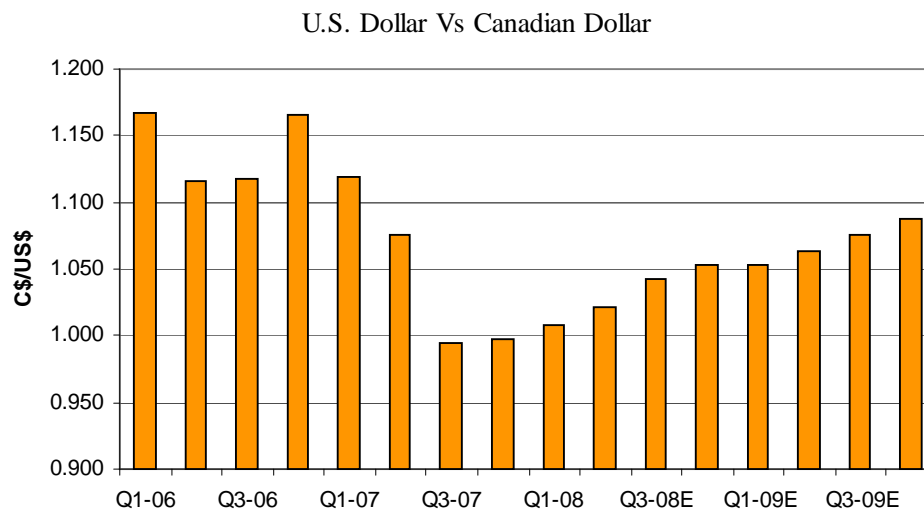
**Revenues
bounce back as
predicted**

Revenues bounced back in Q3 as predicted and were above our expectations. Revenues in Q3-2008 grew by 24% YOY, from \$1.04 million to \$1.29 million. Revenues over the nine month period in FY2008 were still down YOY (by 6.3%) as revenues in the first six months were down 21% YOY. We were expecting revenues to pick up in the second half of FY2008, and to see that actual revenues exceeded our expectations is very encouraging. The table below shows revenues in Q3, and the first nine months of FY2008, versus comparable periods in the previous two years.

| | Q3-2006 | Q3-2007 | Q3-2008 | 2006 (9 mo) | 2007 (9 mo) | 2008 (9 mo) |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales | \$1,014,045 | \$1,042,882 | \$1,292,745 | \$2,733,361 | \$3,206,212 | \$3,003,193 |
| Growth YOY | 40.2% | 2.8% | 24.0% | 17.9% | 17.3% | -6.3% |

Revenues had dropped in the first six months of FY2008 due to a short-term delay in orders by a major customer and a strong C\$/US\$. Although the strong C\$/US\$ continued to put downward pressure on revenues, IWG started receiving orders from the major customer, which resulted in the YOY revenue growth in the quarter.

The C\$ has depreciated since Q3 (as we had predicted in our previous reports), and as of August 27, 2008, was trading at \$1.05 (with respect to the US\$), which reflects an increase of 5.3% YOY. The chart below, which shows forecasts for the C\$/US\$ through Q4-2009, shows that the C\$ is expected to continue to depreciate versus the US\$ going forward.



Source: TD Economics

This implies that both factors leading to the YOY drop in revenues in the first half of FY2008, will have less impact on revenues going forward.

We were overly conservative previously and had lowered our revenue forecast for FY2008 from \$4.53 million to \$4.05 million. However, based on the strong performance in Q3, we have raised our revenue forecasts for FY2008 to \$4.41 million. We have maintained our forecast for FY2009 at \$5.26 million.

**Margins
dropped YOY**

All margins dropped YOY in Q3. However, the company showed significant improvements in Q3 compared to the first six months of FY2008, as shown in the table below.

| Margins | 2007-6 mo | 2008-6 mo | 2007-Q3 | 2007-Q3 | 2007 - 9 mo | 2008 - 9 mo |
|---------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Gross | 58.9% | 46.0% | 59.18% | 58.84% | 58.97% | 51.51% |
| EBITDA | 15.8% | -14.2% | 10.37% | 6.94% | 14.01% | -5.10% |
| EBIT | 14.6% | -16.0% | 9.01% | 5.67% | 12.77% | -6.68% |
| EBT | 14.4% | -16.4% | 8.76% | 5.45% | 12.57% | -6.97% |
| Net Margin | 14.4% | -10.7% | 8.76% | 3.58% | 12.57% | -4.57% |
| Expenses / Sales | 2007-6 mo | 2008-6 mo | | | | |
| Selling Expenses | 7.5% | 7.3% | 9.35% | 8.49% | 8.11% | 7.81% |
| R&D | 10.1% | 20.4% | 13.86% | 15.84% | 11.32% | 18.44% |
| G & A | 24.9% | 32.0% | 24.39% | 27.26% | 24.70% | 29.95% |
| Stock Option Compensation | 0.6% | 0.5% | 1.20% | 0.32% | 0.82% | 0.41% |
| Total | 43.1% | 60.2% | 48.81% | 51.90% | 44.95% | 56.61% |

Gross margins in Q3 dropped YOY from 59.2% to 58.8%. Gross margins in the first six months of FY2008 had dropped YOY from 58.9% to 46.0%. For conservatism, we have reduced our forecast for FY2008 from 51.1% to 50.1%, and for FY2009 from 58% to 55%, while maintaining our forecast for FY2010+ at 58%.

EBITDA margins dropped YOY in Q3 from 10.4% to 6.9%. In the first six months, EBITDA margins had dropped YOY from 15.8% to -14.2%. EBITDA margins in Q3 dropped as 'other' expenses (which includes selling, R&D and G&A expenses) increased as a percentage of sales from 48.8% to 51.9%. The increase was primarily due to an increase in R&D (42% YOY increase from \$0.14 million to \$0.20 million) and G&A (39% YOY increase from \$0.25 million to \$0.35 million).

R&D expenses increased as the company continued to invest on its new product development efforts (announced earlier this year), while G&A expenses increased due to increased staffing levels, normal compensation increases and adoption of a director's fee schedule from the commencement of the fiscal year.

The company was EBITDA positive in Q3 after two consecutive quarters of negative EBITDA. In Q3-2008, EBITDA dropped YOY (due to higher R&D and G&A expenses) from \$0.11 million to \$0.09 million. For the nine month period, EBITDA was negative \$0.15 million versus \$0.45 million in the comparable period in the previous year.

**Posts net
income after
two consecutive
quarters of net
losses**

The company posted net income of \$0.05 mm (EPS: \$0.00) in Q3 versus \$0.09 mm (EPS: \$0.00) in Q3-2007, after two consecutive quarters of net losses. In the nine month period, the company posted a net loss of \$0.14 million (EPS: -\$0.00) versus net profit of \$0.40 million (EPS: \$0.01) in the comparable period in the previous year.

We have raised our EPS forecasts for FY2008 from a net loss of \$0.24 million (EPS: -\$0.01) to \$0.18 million (EPS: -\$0.00) as we raised our revenue forecasts for the year. As for FY2009, we have lowered our EPS forecasts from net income of \$0.40 million (EPS: \$0.01) to \$0.11 million (EPS: \$0.00) as we lowered our gross margin forecast for FY2009.

Positive operating cash flows

IWG generated \$5,791 from operations and spent \$0.01 million on capital expenditures (CAPEX) in Q3-2008. For the six-month period in FY2008, the company had spent \$0.30 million on operations and \$0.04 million on CAPEX.

Cash and Liquidity Position

IWG's cash position improved QoQ from \$0.09 million to \$0.10 million. Working capital improved from \$1.09 mm to \$1.19 mm. However, the current ratio dropped from 4.8 to 3.8, and debt to capital increased slightly (due to an increase in capital leases) from 4.5% to 4.8%.

| Liquidity Analysis | 2005 | 2006 | 2007 | Q3-2008 |
|-------------------------|-----------|-----------|-------------|-------------|
| Working Capital | \$576,218 | \$909,496 | \$1,387,326 | \$1,186,504 |
| Current Ratio | 1.96 | 3.33 | 4.06 | 3.81 |
| Debt / Capital | 40.6% | 9.2% | 3.4% | 4.8% |
| Interest Coverage Ratio | 2.1 | 8.0 | 44.1 | 26.2 |

On September 2, 2008, the company announced it completed the \$0.50 million non-brokered private placement that it had announced in May 2008. The company issued 5 million units at a unit price of \$0.10. Each unit consists of one common share and one share purchase warrant at \$0.17 per share for a period of two years. Notably, the Pender Growth Fund (VCC), a venture capital fund that invests in B.C. technology companies, subscribed to \$350,000 of the placement. The fund manages approximately \$30 million in assets.

The company continues to be in a sound cash position and our models indicate that the company will not have to pursue any financings going forward (unless the company decides to spend significantly more on R&D than we expect). The company has yet to draw any amount from their \$0.50 million operating loan credit facility with TD Bank (interest at bank prime rate plus 1.5%).

Stock Options and Warrants

At the end of Q3-2008, the company had 1.92 million stock options outstanding (most of them are currently 'out-of-the-money'), with exercise prices ranging between \$0.075 and \$0.21, and a weighted average time to maturity of 36 months.

Valuation and Rating

Since we did not make any major changes in our FY2009+ forecasts, our revised valuation changed little and was maintained at \$0.33 per share. We had accounted for the potential share dilution as a result of the recently completed financing in our previous model.

| DCF Valuation Model | | | | | | | | | |
|------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q4-2008E | 2009E | 2010E | 2011E | 2012E | 2013E | 2014E | 2015E | Terminal |
| FFO | (\$42,530) | \$220,348 | \$1,041,845 | \$1,398,380 | \$1,701,949 | \$1,959,888 | \$1,687,444 | \$1,799,913 | \$1,983,355 |
| Investment in WC | \$44,654 | (\$128,085) | (\$44,510) | (\$426,059) | (\$363,030) | (\$308,513) | (\$360,949) | (\$422,298) | (\$322,489) |
| CFO | \$2,123 | \$92,263 | \$997,335 | \$972,321 | \$1,338,919 | \$1,651,375 | \$1,326,494 | \$1,377,614 | \$1,660,867 |
| CAPEX | (\$24,406) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) | (\$60,000) |
| FCF | (\$22,283) | \$32,263 | \$937,335 | \$912,321 | \$1,278,919 | \$1,591,375 | \$1,266,494 | \$1,317,614 | \$1,600,867 |
| PV | (\$22,073) | \$28,535 | \$740,214 | \$643,268 | \$805,136 | \$894,501 | \$635,614 | \$590,420 | \$7,970,490 |
| Discount Rate | 12% | | | | | | | | |
| Terminal Growth Rate | 3% | | | | | | | | |
| Total PV | \$12,286,105 | | | | | | | | |
| Cash - Debt | 480,297 | | | | | | | | |
| Equity Value | \$12,766,402 | | | | | | | | |
| Shares O/S (dil) | 39,210,694 | | | | | | | | |
| Value per share | \$0.33 | | | | | | | | |

Based on our revised valuation and review of Q3 results, we maintain our BUY rating and valuation on the company at \$0.35 per share.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- Growth of the company is highly dependent on the overall health of the aerospace industry.
- IWG's revenues are dependent on aircraft delivery rates and are subject to industry cycles and customer adoption of its products.
- A significant portion of revenues is non-recurring.
- The company has yet to break into the commercial aircraft sector, the largest market in the aerospace industry.
- Foreign exchange fluctuation risks: Most of IWG's sales are in US dollars.

We continue to rate the shares Risk 3: Average.

Appendix

STATEMENTS OF OPERATIONS

| (in C\$) | 2005 | 2006 | 2007 | 2008E | 2009E |
|--|------------------|------------------|------------------|------------------|------------------|
| Sales | 3,134,809 | 3,662,460 | 4,484,903 | 4,409,753 | 5,263,393 |
| COGS | 1,447,104 | 1,467,763 | 2,022,031 | 2,197,101 | 2,368,527 |
| Gross Profit | 1,687,705 | 2,194,697 | 2,462,872 | 2,212,652 | 2,894,866 |
| Expenses | | | | | |
| Selling Expenses | 300,604 | 373,683 | 369,189 | 354,695 | 447,388 |
| Research&Development | 362,948 | 425,338 | 500,718 | 758,478 | 831,217 |
| General & Administration | 678,122 | 864,836 | 1,069,852 | 1,281,033 | 1,389,536 |
| Stock Option Compensation | 18,098 | 29,745 | 80,709 | 21,478 | 52,634 |
| EBITDA | 327,933 | 501,095 | 442,404 | (203,032) | 174,092 |
| Amortization | 21,213 | 39,078 | 52,414 | 62,323 | 61,742 |
| EBIT | 306,720 | 462,017 | 389,990 | (265,355) | 112,350 |
| Interest & Bank Charges | 143,123 | 57,472 | 8,843 | 11,020 | 6,378 |
| Earnings from operations, before undernoted | 163,597 | 404,545 | 381,147 | (276,374) | 105,972 |
| Government Assistance | | | | | |
| Gains on settlement of notes and accounts payable | 601,451 | - | - | - | - |
| Gain on sale of commercial division assets | 164,063 | - | - | - | - |
| Write-down of assets and costs | (15,000) | - | - | - | - |
| EBT | 914,111 | 404,545 | 381,147 | (276,374) | 105,972 |
| Taxes/(Income Tax Recovery) | - | - | (427,000) | (96,731) | - |
| Net Earnings for the eperiod | 914,111 | 404,545 | 808,147 | (179,643) | 105,972 |
| EPS | 0.04 | 0.01 | 0.02 | (0.00) | 0.00 |

| BALANCE SHEETS (in C\$) | 2005 | 2006 | 2007 | 2008E | 2009E |
|---|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | |
| Cash | 354,804 | 133,529 | 438,932 | 584,713 | 659,575 |
| Accounts receivable | 508,776 | 755,321 | 721,278 | 839,066 | 918,035 |
| Inventory | 282,922 | 388,844 | 642,232 | 647,627 | 728,511 |
| Prepaid Expenses | 31,928 | 21,664 | 37,969 | 32,253 | 34,769 |
| Current Assets | 1,178,430 | 1,299,358 | 1,840,411 | 2,103,659 | 2,340,891 |
| Equipment & Furniture | 34,492 | 205,946 | 219,290 | 216,968 | 215,226 |
| Deferred Dev Costs and foreign exchange loss | | | | | |
| Future income tax assets | | | 427,000 | 523,731 | 523,731 |
| Total Assets | 1,212,922 | 1,505,304 | 2,486,701 | 2,844,357 | 3,079,847 |
| Liabilities & Shareholders' Equity | | | | | |
| Accounts Payables & Accrued Liabilities | 226,020 | 354,383 | 425,072 | 439,420 | 473,705 |
| Demand / Factoring Loan | 367,900 | - | - | - | - |
| Customer Deposits, Bank and Shareholder's loan | | | | | |
| Current portion of capital lease obligations and loan | 8,292 | 35,479 | 28,013 | 21,826 | 5,391 |
| Current portion of notes payable | | | | | |
| Current Liabilities | 602,212 | 389,862 | 453,085 | 461,246 | 479,096 |
| Convertible Debentures | | | | | |
| Obligations under capital lease and other loan | 24,875 | 70,567 | 42,685 | 52,866 | 47,475 |
| Notes and Loans payable | | | | | |
| Shareholder's Equity | | | | | |
| Share Capital | 7,508,539 | 7,533,289 | 7,607,553 | 8,105,032 | 8,169,457 |
| Contributed surplus | 60,574 | 90,319 | 153,964 | 175,442 | 228,076 |
| Deficit | (6,983,278) | (6,578,733) | (5,770,586) | (5,950,229) | (5,844,258) |
| Total Liabilities & Shareholders' Equity | 1,212,922 | 1,505,304 | 2,486,701 | 2,844,357 | 3,079,847 |

STATEMENTS OF CASH FLOWS

| (in C\$) | 2005 | 2006 | 2007 | 2008E | 2009E |
|--|------------------|------------------|------------------|------------------|------------------|
| Operating Activities | | | | | |
| Net earnings for the period | 914,111 | 404,545 | 808,147 | (179,643) | 105,972 |
| Items not involving cash | | | | | |
| Income tax recovery | | | (427,000) | (96,731) | |
| Gain on liabilities and sale of commercial division | (765,514) | | | | |
| Unrealized foreign exchange and other gains | | | | | |
| Compensation related to stock option plan | 18,098 | 29,745 | 80,709 | 21,478 | 52,634 |
| Write-downs | 15,000 | | | | |
| Interest accrued (on NP, on shareholder loan) | 20,728 | | | | |
| Amortization and equipment write-down | 21,213 | 39,078 | 52,414 | 62,323 | 61,742 |
| | 223,636 | 473,368 | 514,270 | (192,573) | 220,348 |
| Changes in non-cash operating working capital | | | | | |
| Accounts receivable | 63,691 | (246,545) | 34,043 | (117,788) | (78,969) |
| Inventory | 45,482 | (105,922) | (253,388) | (5,395) | (80,885) |
| Prepaid expenses | (26,399) | 10,264 | (16,305) | 5,716 | (2,516) |
| Accounts payable and accrued liabilities | (593,126) | 128,363 | 70,689 | 14,348 | 34,285 |
| Customer Deposits | | | - | - | - |
| | (510,352) | (213,840) | (164,961) | (103,118) | (128,085) |
| Cash from from (used in) operations | (286,716) | 259,528 | 349,309 | (295,692) | 92,263 |
| Investing activities | | | | | |
| Purchase of furniture and equipment | (15,834) | (107,791) | (65,758) | (60,000) | (60,000) |
| Proceeds on sale of commercial division | 300,000 | | | | |
| Deferred Development Costs | | | | | |
| Purchase of equipment and leaseholds | 284,166 | (107,791) | (65,758) | (60,000) | (60,000) |
| Financing activities | | | | | |
| Proceeds (repayments) of demand loans | (81,600) | (367,900) | (4,146) | | |
| Proceeds (repayments) of payables and leases | (314,300) | (29,862) | (31,202) | 3,994 | (21,826) |
| Convertible debenture issued | | | | | |
| Issue of common share for cash | 688,418 | 24,750 | 57,200 | 497,479 | 64,425 |
| | 292,518 | (373,012) | 21,852 | 501,473 | 42,599 |
| Increase (decrease) in cash | 289,968 | (221,275) | 305,403 | 145,781 | 74,862 |
| Cash beginning of period | 64,836 | 354,804 | 133,529 | 438,932 | 584,713 |
| Cash end of period | 354,804 | 133,529 | 438,932 | 584,713 | 659,575 |

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees of less than \$30,000 have been paid by IWG to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, IWG has agreed to a minimum coverage term including four updates. Coverage cannot be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time. The performance of FRC's research is ranked by Investars. Full rankings and are available at www.investars.com.

The distribution of FRC's ratings are as follows: BUY (82%), HOLD (6%), SELL (3%), SUSPEND (9%).

To subscribe for real-time access to research, visit <http://www.researchfrc.com/subscription.htm> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

Fundamental Research Corp is registered with the British Columbia Securities Commission as a Securities Adviser which is not in any way an endorsement from the BCSC. The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.