

Quotations

CNQ MONTHLY REPORT



July 2008

President's Message

Rob Cook,
President



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New CNQ Dealer

Don't let the rain get you down. Especially if you're anywhere near Toronto. Substitute "market" for "rain" and the phrase is still true. The market has its way of buoying people's spirits in good times and making them head for the hills in bad times. But we always hear that the contrarians come out on top when there's a recovery so there's no reason to run and hide from current markets. The ABCP mess will be cleared up in Canada and the US economy will rebound. CNQ is looking forward to more activity in the fall when everyone returns from vacation.

Another reason for optimism: Financings are up slightly on CNQ when compared with 2007. Eight companies raised capital in July continuing a trend that is not in evidence anywhere else in the Canadian capital markets

We have plans afoot that will improve our technology and facilitate better connectivity between our market and the rest of the world, including investment dealers and data vendors. We're migrating trading in our stocks to the X-Stream trading engine that is currently powering the Pure Trading market so successfully. X-Stream is used by CNQ under license from NASDAQ OMX. This initiative will bring the CNQ trading system into closer proximity to the most widely used messaging protocols for market data and trading, both in Canada and elsewhere.

And CNQ market data is getting spread further and further; the latest website to display it is Sympatico MSN, which itself claims to be Canada's favourite website. When we complete the migration project in late September we will have new data feeds that will make our data available through more data vendors and ultimately on more finance websites.

Pure Trading continues to make steady progress, with market activity exceeding any other alternative market in Canada. Please see page six for our monthly summary.

CNQ Listings

Fundamental Change - CDG Investments ("CDGI")

Pursuant to a fundamental change review, the common shares of CDG Investments Inc. ("CDGI") re-qualified for listing. CDG and Preo Software Inc. have completed the previously announced plan of arrangement, and the shares resumed trading on Tuesday, July 29, 2008 under the new name of Preo Software Inc. For more details please see bulletin 2008 - 0706.

New Listings - Province of Manitoba Bonds

CNQ listed four issues of Manitoba Builder Bonds, Series X on July 21, 2008. Manitoba Builder Bonds ("Builder Bonds") are issued by the Province of Manitoba, and are direct obligations of the Province of Manitoba. The Province has a debt rating of A (high) from Dominion Bond Rating Service.

Listing documents for the Builder Bonds are located on the "[Manitoba Bonds](#)" page in the CNQ Listings Disclosure Hall. Further information is available on each individual bond page.

The four issues are trading under the symbols

MBJA.D.A

MBJA.D.B

MBJC.D

MBJF.D

pure

the essence of trading™

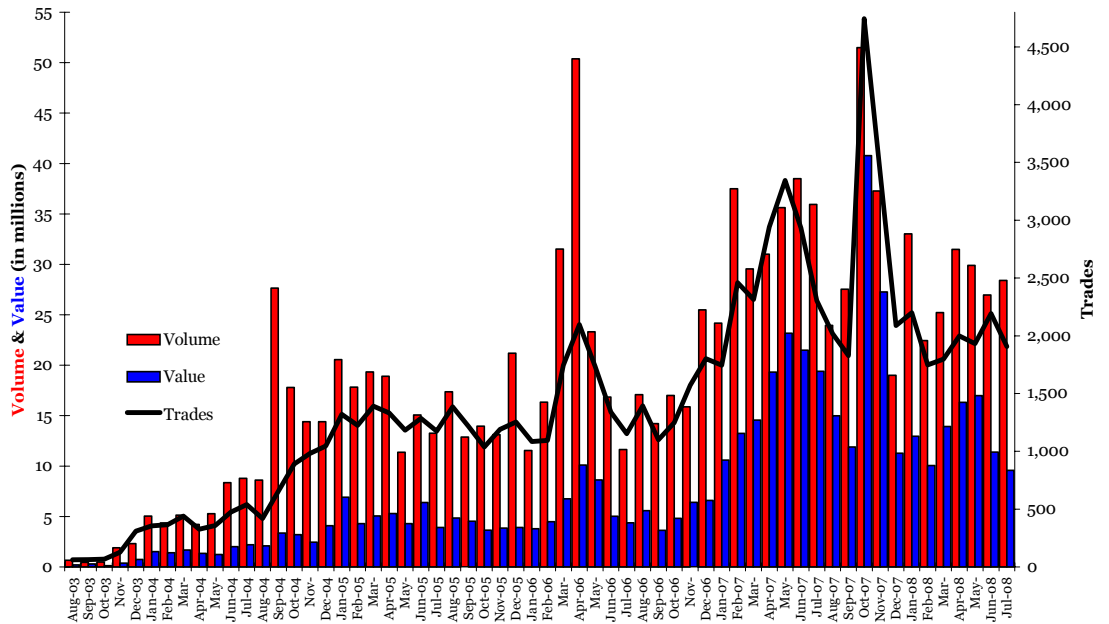
Cont. on page 7

Visit: www.cnq.ca

CNQ Total Market Activity July 2008

Total Volume Traded	28,415,366	Avg Volume per Trade	14,893
Total Value Traded	\$9,568,897	Avg Value per Trade	\$5,015
Total Trades	1,908	Avg Price per Share	0.34

CNQ Trading Activity Through July 2008



To become a CNQ listed company, contact:
 Radhika Ramkarran,
 Listings Coordinator
 416-572-2000 ext. 2435
 Radhika@cnq.ca

Market Data

Data Vendors authorised to distribute real-time market data for CNQ appear below. For more information on Market Data please visit the CNQ service directory page at www.cnq.ca. Delayed quotes and market activity summaries are also provided on www.cnq.ca

CNQ Data Vendor

Alpha Trade
 Bloomberg
 Belzberg
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 IRESS Canada
 QuoteMedia, Inc.
 Reuters – U.S.
 Reuters – Canada
 Telekurs
 Thomson Financial

Contact Tel.

604-681-7503
 212-617-2000
 416-360-1812
 604-687-1500
 416-907-9221
 877- 311-9911 Ext 0
 800-738-8377
 416-941-8000
 203-353-8100
 416 -956-1077

Website URL

www.alphatrade.com
www.bloomberg.com
www.belzberg.com
www.stockwatch.com
www.iress.ca
www.quotemedia.com
www.reuters.com
www.reuters.com
www.tkusa.com
www.thomson.com



Visit: www.cnq.ca

Trading Activity

Security	Symbol	Volume	Value	Trds	Hi	Lo	Close
Aerocast Inc.	AERO	87,500	10,510	13	0.15	0.10	0.12
AireSurf Networks Holdings Inc.	AIRE	350,000	15,000	5	0.05	0.04	0.04
Alliance Mining Corp.	AMCL	56,500	8,182	5	0.15	0.105	0.105
American Insulock Inc.	AIKI.U	4,000	200	1	0.05	0.05	0.05
Arctic Hunter Uranium Inc.	AAAU	4,000	800	1	0.20	0.20	0.20
Arris Resources Inc.	ARIS.U	12,000	10,600	3	0.90	0.80	0.80
Avanti Mining Inc	AVMI	419,000	193,450	35	0.59	0.40	0.415
Biosign Technologies	BIOS	207,515	76,807	45	0.75	0.16	0.40
Bison Gold Exploration Inc.	BGEI	351,500	37,725	12	0.15	0.08	0.08
Bldr Bnds An F 4.45	MBHA.D	229,600	229,600	5	100.00	100.00	100.00
Bldr Bnds Cpd F 4.45	MBHC.D	14,400	15,840	1	110.00	110.00	110.00
Bldr Bonds Ann 3.70%	MBIA.D.B	131,800	132,070	4	100.00	100.00	100.00
Cadillac Ventures Inc.	CDEX	256,800	120,540	36	0.63	0.35	0.50
Canadian Intl. Minerals Inc.	CIMI	130,000	30,900	14	0.27	0.20	0.20
Cayenne Gold Mines Ltd.	CAYN	21,000	3,170	3	0.17	0.09	0.09
CIC Mining Resources Ltd.	CICR	163,000	7,280	4	0.06	0.04	0.06
Colt Capital Corp.	COLT	70,000	15,360	2	0.22	0.20	0.22
Continent Resources Ltd.	CORE	345,000	111,100	26	0.35	0.30	0.31
Copper Belt Resources Ltd.	CBRL	172,000	13,430	7	0.09	0.06	0.06
Copper Reef Mining Corp.	CZCC	64,000	11,270	6	0.18	0.17	0.18
Cougar Minerals Corp.	COUG	1,553,000	270,840	80	0.225	0.115	0.13
Covenant Resources Ltd.	CVRL	555,000	59,700	17	0.15	0.10	0.15
Creation Casinos Inc.	CSNO	1,693,400	118,853	17	0.08	0.055	0.08
Cuervo Resources Inc.	IRON	643,500	558,770	66	1.05	0.69	0.75
Dynamic Resources Corp.	DYRF	4,908,095	818,778	235	0.215	0.125	0.18
Excalibur Resources Ltd.	EXBR	275,000	8,720	12	0.05	0.02	0.05
Gamecorp Ltd.	GAME	5,065	1,959	7	0.50	0.25	0.50
Glenbriar Technologies Inc.	GBRT	140,465	14,443	9	0.105	0.10	0.10
Gold Reef Intl. Inc.	GRIN	24,000	8,621	11	0.50	0.245	0.44
Golden Cross Resources Inc.	GLDX	50,000	5,000	4	0.10	0.10	0.10
Great Bear Uranium Corp.	GTBR	107,385	15,311	9	0.15	0.12	0.12
Hi Ho Silver Resources Inc.	HIHO	538,000	281,285	56	0.73	0.46	0.70
Hy Lake Gold Inc.	HYLK	108,500	26,610	20	0.37	0.21	0.32
Immunal Science Inc.	GNSE	3,850	223	3	0.07	0.07	0.07
ITI World Inv. Group Inc.	ITIW	188,000	50,590	26	0.30	0.25	0.26
La Imperial Resource Inc.	LAMP	72,000	14,640	8	0.245	0.195	0.195
Lands End Resources Ltd.	LAND	172,500	42,355	16	0.25	0.20	0.25
Lebon Gold Mines Ltd.	LBON	15,500	2,575	4	0.17	0.15	0.15
Lucara Diamond Corp.	LUCA	286,000	269,065	37	0.99	0.90	0.95
Man Bld Bnd10 2.4	MBJF.D	55,000	55,148	2	100.00	100.00	100.00
Man Bld Bnd10 3.5	MBJA.D.A	273,700	274,867	5	100.00	100.00	100.00
Man Hyd Bn10 AFR 4.6	MHJA.D.A	224,400	235,875	8	100.00	99.00	100.00
Man HYD Bnd9 4.15%	MHIA.D.A	126,400	126,400	3	100.00	100.00	100.00
Man Hyd Bnd9 4.35%	MHIC.D	1,700	1,940	1	105.00	105.00	105.00
Mantis Minerals Corp.	MINE	1,259,237	288,412	105	0.28	0.185	0.19
McLaren Resources Inc.	MCLN	148,000	35,400	6	0.25	0.20	0.20
Nass Valley Gateway Ltd.	NVGL	187,000	30,710	14	0.21	0.10	0.12
Nexia Biotechnologies Ltd.	NXBL	26,700	1,827	10	0.075	0.065	0.065
ONA Energy Inc.	OEIX	108,500	56,310	17	0.56	0.45	0.45
Onco Petroleum Inc.	ONCO	89,000	13,600	6	0.16	0.15	0.15
OnePak, Inc.	ONPK	500	250	1	0.50	0.50	0.50

(Note: a '.U' extension denotes trading in U.S.\$)

For information on each company listed on CNQ please visit the Listings Disclosure Hall, which can be found on our home page at www.cnq.ca



Trading Activity Cont'd

(Note: a '.U' extension denotes trading in U.S.\$)

Security	Symbol	Volume	Value	Trds	Hi	Lo	Close
Orca Power Corp.	ORCA	25,000	5,380	3	0.22	0.21	0.21
Otterburn Ventures Inc.	OTBN	179,500	39,990	25	0.28	0.20	0.23
Petrol One Corp.	PONE	648,084	583,737	110	1.03	0.63	0.65
PetroWorth Resources Inc.	PTWR	595,200	903,977	111	1.97	1.18	1.30
Platoro West Holdings Inc.	PLTO	475,000	74,750	8	0.20	0.14	0.145
Preo Software Inc.	CDGI	4,000	64	5	0.02	0.02	0.02
Quinsam Capital Corp.	QCAP	95,500	2,782	3	0.03	0.02	0.02
Range Gold Corp.	RGCC	791	129	2	0.20	0.20	0.20
Range Metals Inc.	RMIC	633,688	289,622	61	0.75	0.20	0.50
Redzone Resources Ltd.	REDZ	20,000	10,000	3	0.50	0.50	0.50
Revolution Tech. Inc.	RVLT	678,350	29,808	17	0.05	0.035	0.035
RX Exploration Inc.	RXEX	268,200	122,665	67	0.55	0.40	0.41
Stealth Energy Inc.	STLH	384,000	188,810	36	0.57	0.46	0.48
Stream Oil & Gas	STRM	220,697	187,574	28	1.15	0.51	0.75
Sunorca Dev. Corp.	SUNO	18,500	2,842	3	0.155	0.15	0.15
Talmora Diamond Inc.	TALM	11,500	250	5	0.10	0.01	0.01
Thunderbird Resorts Inc.	BIRD.U	154,025	1,090,349	42	6.50	6.50	8.90
Toro Resources Corp.	TORO	158,000	22,720	5	0.15	0.08	0.08
Trevalli Resources Corp.	ZINC	215,012	393,468	68	2.00	1.60	1.75
Triangle MS Corp.	TTTM	3,000	90	2	0.03	0.03	0.03
Triple Dragon Resources Inc.	TDRN	54,000	16,840	14	0.34	0.28	0.305
TrustMark Auto Group Inc.	AUTO	31,000	16,000	6	0.80	0.45	0.60
Valterra Resource Corp.	VALT	62,900	10,507	6	0.19	0.13	0.15
Veraz Petroleum Ltd.	VRAZ	172,310	133,329	38	0.90	0.69	0.72
Vital Resource Corp.	VITL	3,375,000	132,830	68	0.05	0.025	0.03
Wedge Energy Inrl. Inc.	WEGI	368,375	89,176	31	0.27	0.23	0.27
Wildcat Silver Corp.	WILD	838,722	404,162	75	0.65	0.33	0.55
Zab Resources Inc.	ZABK	1,796,000	76,790	23	0.06	0.02	0.05

Events

August 20th

CNQ will be a sponsor at the Edmonton Council of Advanced Technologies, Summer BBQ Moonlighting in the Meadows at the Whitemud Equine Learning Centre, Fox Drive Showgrounds. For more information visit www.abctech.ca

September 23rd – 25th

CNQ will be participating in the U.S. Canada National Media Expo at the Marriott Pinnacle Downtown Vancouver. The Money Channel and American Scene Radio will be presenting a unique opportunity for 50 companies to gain a tremendous amount of exposure to millions of affluent and active U.S. INVESTORS. For more information please visit www.moneychannel.tv/vancouver

September 26th – 27th

CNQ will be a sponsor and several CNQ listed companies will be exhibiting at the Small Cap Conference Series, at the Westin Calgary, Grand Ballroom, 320 - 4th Avenue SW. Feel free to stop by and get to know some of our listed companies. For more details on this event visit www.smallcapconference.ca

Visit: www.cnq.ca

Most Active By Volume

Company Name	Symbol	Volume	Value	Trds	Hi	Low	Close
Dynamic Resources Corp.	DYRF	4,908,095	818,778	235	0.215	0.125	0.18
Vital Resource Corp.	VITL	3,375,000	132,830	68	0.05	0.025	0.03
Zab Resources Inc.	ZABK	1,796,000	76,790	23	0.06	0.02	0.05
Creation Casinos Inc.	CSNO	1,693,400	118,853	17	0.08	0.055	0.08
Cougar Minerals Corp.	COUG	1,553,000	270,840	80	0.225	0.115	0.13
Mantis Minerals Corp.	MINE	1,259,237	288,412	105	0.28	0.185	0.19
Wildcat Silver Corp.	WILD	838,722	404,162	75	0.65	0.33	0.55
Revolution Tech. Inc.	RVLT	678,350	29,808	17	0.05	0.035	0.035
Petrol One Corp.	PONE	648,084	583,737	110	1.03	0.63	0.65
Cuervo Resources Inc.	IRON	643,500	558,770	66	1.05	0.69	0.75

Most Active By Value

Company Name	Symbol	Volume	Value	Trds	Hi	Low	Close
Thunderbird Resorts Inc.	BIRD.U	154,025	1,090,349	42	6.50	6.50	8.90
PetroWorth Resources Inc.	PTWR	595,200	903,977	111	1.97	1.18	1.30
Dynamic Resources Corp.	DYRF	4,908,095	818,778	235	0.215	0.125	0.18
Petrol One Corp.	PONE	648,084	583,737	110	1.03	0.63	0.65
Cuervo Resources Inc.	IRON	643,500	558,770	66	1.05	0.69	0.75
Wildcat Silver Corp.	WILD	838,722	404,162	75	0.65	0.33	0.55
Trevali Resources Corp.	ZINC	215,012	393,468	68	2.00	1.60	1.75
Range Metals Inc.	RMIC	633,688	289,622	61	0.75	0.20	0.50
Mantis Minerals Corp.	MINE	1,259,237	288,412	105	0.28	0.185	0.19
Hi Ho Silver Resources Inc.	HIHO	538,000	281,285	56	0.73	0.46	0.70

Financings Completed

Company	Symbol	Amount Raised	Date
Valterra Resource Corporation	VALT	\$1,250,000	Jul. 8/08
Alliance Mining Corp.	AMCL	\$113,000	Jul. 10/08
Mantis Mineral Corp.	MINE	\$1,451,760	Jul. 11/08
Wedge Energy International Inc.	WEGI	\$85,000	Jul. 12/08
Excalibur Resources Ltd.	EXBR	\$40,000	Jul. 17/08
Bison Gold Exploration Inc.	BGEI	\$255,000	Jul. 18/08
Mantis Mineral Corp.	MINE	\$500,000	Jul. 22/08
OnePak, Inc.	ONPK	\$243,333	Jul. 31/08
Petrol One Corp.	PONE	\$300,000	Jun. 4/08
HMZ Metals Inc.	HMZA	\$30,000	Jun. 6/08
Bison Gold Exploration Inc.	BGEI	\$764,945	Jun. 11/08
Covenant Resources Ltd. (IPO)	CVRL	\$742,500	Jun. 12/08
Canadian Intl. Minerals Inc. (IPO)	CIMI	\$800,000	Jun. 12/08
Hi Ho Silver Resources Inc.	HIHO	\$500,000	Jun. 17/08
PetroWorth Resources Inc.	PTWR	\$10,000,000	Jun. 23/08
Alliance Mining Corp.	AMCL	\$90,000	Jun. 26/08
Sunorca Development Corp.	SUNO	\$300,000	May 2/08
HMZ Metals Inc.	HMZA	\$101,500	May 13/08
Dynamic Resources Corp.	DYRF	\$2,127,100	May 20/08
Veraz Petroleum Ltd.	VRAZ	\$1,000,000	May 21/08
ONA Energy Inc.	OEIX	\$6,399,339	May 29/08
Cuervo Resources Inc.	IRON	\$3,500,000	May 30/08



Visit:
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Pure Trading

According to the calendar, if not the soggy Toronto weather or the activity in the markets, the dog days of summer are upon us. Although July vacations usually slow market turnover, the past month saw Pure Trading achieve its highest share of Canadian equity market trading volume to date, 1.36% for the month. Importantly, the marketplace made large gains in the share of trading of many of Canada's most actively traded stocks. The table below shows the 20 most active issues on Pure for the month. Led by heavyweights such as BCE and Manulife, Pure is winning more than 5% of the market share in more than 20 issues each day.

Pure Trading™

Contacts:

Ian Bandeen
Vice-Chairman & CEO
ian@puretrading.ca
416-572-2000 x2265

Robert Cook
President
robert.cook@puretrading.ca
416-572-2000 x2470

Richard Carleton
Vice President
Corporate Development
richard.carleton@puretrading.ca
416-572-2000 x2326

Lida Preyma
Director, Business
Development &
Marketing
lida@puretrading.ca
416-572-2000 x2285

Name	Symbol	Pure	Market Share
BCE Inc.	BCE	12,451,889	7.63%
Manulife Fin	MFC	7,462,224	8.94%
Blue Note Mining Inc	BN	7,362,000	11.22%
Breakwater Resources Ltd.	BWR	6,248,000	11.13%
Bombardier Inc. CI B, SV	BBD.B	5,809,466	2.24%
Talisman Energy Inc.	TLM	5,075,300	4.40%
Constellation Copper Corp.	CCU	3,432,000	19.97%
Husky Energy	HSE	3,425,577	12.20%
Imperial Oil	IMO	3,071,450	10.97%
Quebecor World Inc.	IQW	2,522,500	15.92%
EnCana Corporation	ECA	2,488,413	3.27%
Canadian Oil Sands Trust	COS.UN	1,948,816	5.63%
Phoenix Coal Inc.	PHC.WT	1,850,000	16.74%
Power Financial Corporation	PWF	1,820,046	12.03%
UTS Energy Corporation	UTS	1,656,700	2.33%
Medicure Inc.	MPH	1,440,000	15.17%
Power Corporation Of Canada	POW	1,392,400	7.76%
Teck Cominco Ltd. CI B SV	TCK.B	1,380,798	1.97%
Tiomin Res J	TIO	1,351,000	9.36%
Tahera Diamond Corp.	TAH	1,151,000	14.25%

In addition to continued growth in the daily trade totals from Pure's continuous auction market, a major reason for the market share improvement is the increasing use of Pure Trading by dealers to print crosses between 4 and 5 pm. Subject to the usual cross interference rules for orders in the Pure Trading book, dealers can print trades at prices away from the "single price trading session" taking place on the other exchange in town without "trade through" concerns. Getting a position off the books before the end of the trading day can reduce risk and capital requirements for the dealer. Dealers also shouldn't forget that these trades are free of charge on Pure. With Pure Trading real time market data carried by all of the major Canadian data vendors; these trades are picked up by the rest of the street for inclusion in the market share tables. Incidentally, in September we expect to welcome Interactive Data Corporation as our newest real time market information vendor. IDC, in addition to its leadership position in the provision of historical market and company fundamental data, is a provider of a series of high capacity/low latency data feed products to customers around the world. We look forward to working with them to improve the visibility of the Pure Trading system to customers in many different markets.

Finally, we welcome Blackwatch Capital Corporation as our newest participant, bringing Pure Trading up to 79 dealers. Look for them on the tape under broker ID # 096.



CNQ Dealers

- ❖ Acker Finley Inc.
- ❖ BMO Nesbitt Burns Inc.
- ❖ Berkshire Securities
- ❖ Blackmont Capital Inc.
- ❖ Blackwatch Capital Corp.
- ❖ Bolder Investment Partners Ltd.
- ❖ Brant Securities Limited
- ❖ Brockhouse & Cooper
- ❖ Byron Securities Limited
- ❖ Caldwell Securities Ltd.
- ❖ CIBC World Markets Inc.
- ❖ Canaccord Capital Corporation
- ❖ Citigroup Global Markets Canada Inc.
- ❖ Clarus Securities
- ❖ Commission Direct Inc.
- ❖ Credit Suisse Securities
- ❖ D&D Securities Company
- ❖ Desjardins Securities
- ❖ Dundee Securities Corporation
- ❖ e3m Investments Inc.
- ❖ E*Trade Canada Securities Corporation
- ❖ Fimat Canada Inc.
- ❖ First Energy Capital Corp.
- ❖ Gateway Securities Inc.
- ❖ Genuity Capital Markets
- ❖ Global Securities Corporation
- ❖ GMP Securities LP
- ❖ Goldman Sachs Canada Inc.
- ❖ Haywood Securities Inc.
- ❖ HSBC Securities (Canada) Inc.
- ❖ ITG Canada Corp.
- ❖ Independent Trading Group
- ❖ Infinium Capital Corp.
- ❖ Instinet Canada Ltd.
- ❖ Integral Wealth Securities Limited
- ❖ Interactive Brokers Canada Inc.
- ❖ Jitney Group Inc.
- ❖ Jones, Gable & Company Limited
- ❖ Laurentian Bank Securities Inc.
- ❖ Leede Financial Markets Inc.
- ❖ Lehman Brothers Canada Inc.
- ❖ Loewen Ondaatje McCutcheon Ltd.
- ❖ MF Global Canada Co.
- ❖ MGI Securities Inc
- ❖ MacDougall, MacDougall & MacTier Inc.
- ❖ Merrill Lynch Canada Inc.
- ❖ Morgan Stanley Canada Ltd.
- ❖ National Bank Financial
- ❖ Norstar Securities International Inc.
- ❖ Northern Securities Inc.
- ❖ Octagon Capital Corporation
- ❖ Odlum Brown Limited
- ❖ Orion Financial Corp.
- ❖ PI Financial Corp.
- ❖ Paradigm Capital Inc.
- ❖ Penson Financial Services Canada
- ❖ Peters & Co. Limited
- ❖ Pictet Canada LP
- ❖ Pollitt & Co. Inc.
- ❖ Qtrade Securities Inc.
- ❖ Questrade Inc.
- ❖ Raymond James Ltd.
- ❖ RBC Dominion Securities Inc.
- ❖ Research Capital Corporation
- ❖ Salman Partners Inc.
- ❖ Scotia Capital Inc.
- ❖ State Street Global Markets Canada Inc.
- ❖ Cormark Securities Inc.
- ❖ TD Securities Inc.
- ❖ Toll Cross Securities Inc.
- ❖ Tristone Capital
- ❖ UBS Securities Canada Inc.
- ❖ Union Securities Ltd.
- ❖ W.D. Latimer Co. Limited
- ❖ Wellington West Capital Markets Inc.
- ❖ Westwind Partners Inc.
- ❖ Wolverton Securities Ltd.

CNQ Listings Cont'd

Delisting

Lucara Diamond Corp (LUCA)

Was delisted at the close of business effective Market close on July 18th, 2008. Please see bulletin 2008- 0701 for more details.

Name Change and Consolidation- Creation Casinos Inc. (CSNO)

Creation Casinos Inc. announced a name change to Orca Power Corp. and the consolidation of its common shares on a 2.5 old for 1 new basis. The post-consolidation common shares of Orca Power Corp. started trading on Tuesday, July 22, 2008. As a result of the name change, the shares of the Company were assigned a new SYMBOL and CUSIP. For more details please see bulletin 2008 – 0703.



IR INSIGHT

Fee-Based Equity Research – A Primer

By Vikas Ranjan

So you want to invest in small cap companies, the ones that typically make up more than 60% of a stock exchange's list. As a prelude you want to read some research, the kind that is available from scores of different sources for the large Blue Chip names such as RIM or Brookfield.

Well, best of luck at finding this research. It might shock you to find out that the bulk of small-cap companies go uncovered by the large bank brokerages with their myopic focus on the large liquid names. In order to remain profitable, these firms must focus on big-cap stocks to generate highly lucrative investment banking deals and trading profits. This necessarily leads to a focus on a small number of stocks and leaves over 60% of stocks in the cold as far as research coverage is concerned.

The 60% includes hundreds of junior companies listed on CNQ and other exchanges, which are rarely if at all covered by good quality research. For many of these companies it is very challenging to generate investor interest, which in turn makes it very difficult to raise capital at a reasonable cost or to raise it at all.

Why investment research?

Investment research is important because it seeks to provide necessary information to the market so as to facilitate the right investment decision. As Finance 101 tells us, relevant and timely information is the key to an efficient market. Conversely, a lack of information creates inefficiencies that result in stocks being misrepresented (or over or under valued). Not good for the investor or for the market.

Publicly listed companies are required to maintain an environment of investor confidence through a commitment to keeping the market well informed. On the other side of the coin, investor confidence is backed up significantly by quality equity research.

But that is just one part of the equation. Academic studies in markets around the world have demonstrated time and again that equity research tends to have a positive impact on liquidity – the key measure of stock market activity. This may then lead to a lower cost of equity capital for companies that are well researched.

The changing Landscape

However, help is at hand from two different quarters. First, independent research firms and boutique brokerage firms are starting to provide research on stocks neglected by major investment banks.

The other avenue that is gaining in popularity as a major source of independent research on uncovered companies is fee-based or issuer-paid research. Fee-based research is research compiled by an independent firm that is compensated by the company being researched. Fee-based research firms work on a model similar to that of the rating agencies. They rate the company under coverage for its investment potential, but as with rating agencies, they receive a fee from these companies.

IR Insight is a publication for GoPublicInCanada.com that is of interest to business owners and executives managing investor relations responsibilities.



Fee-Based Equity Research – A Primer Cont'd

While on the one hand common sense tells us that investors should toss such paid research aside as promotional, there is a strong indication that users want investment research “paid for or not. In fact, in a survey done by “Investopedia” (A Forbes Media Company), 75% of investors said that legitimate fee-based research is objective and useful and 70% of these investors agreed that companies using fee-based research are making a positive statement about their investment potential. Part of the reason for this may well be that fee-based research houses such as ours, make sure that the reports carry extensive disclaimers and includes a list of the fees received.

There is a reason for such investor reaction. Fee-based research increases market efficiency and bridges the gap between investors who want research (without paying) and companies who realize that Wall or Bay Street is not likely to provide research on their stock. Fee-based research provides information to the widest possible audience at no charge to the reader because the subject company has funded the research.

Can Fee-based Research be objective?

The biggest concern with fee-based research is whether it is inherently biased. Our experience after providing fee-based research is that if done right, a fee-based investment research report can be objective and independent.

Issuer paid research that fairly represents both opportunities and inherent risks associated with a company can be useful and unbiased. Besides, most investors are sharp people and can quickly see through biased material. If a fee-based research provider is not objective, it risks losing credibility and reputation. And not just that, if research is perceived as promotional and biased, it will also negatively affect the credibility of the company being covered.

Fee-based research has had to do some convincing to cement its place in the investment community, but the market is starting to realize that it is a viable and legitimate source of information. The National Investor Relations Institute (NIRI) of USA was probably the first group to recognize the need for fee-based research. In January 2002, NIRI issued a letter emphasizing the need for small-cap companies to find alternatives to Wall Street research in order to get their information to investors. A number of global equity exchanges are now encouraging and even providing fee-based research coverage programmes for their listed companies.

The bottom line:

Increased regulation and consolidation will further erode the ability of the firms on Bay and Wall Streets to provide coverage on most listed companies. Fee-based research then becomes a legitimate alternative to increasingly shrinking coverage offered to small cap companies. Issuer paid or fee-based research is bridging the information gap and empowering the executives of small cap companies to take command and provide quality independent research coverage for their companies. The benefits of this kind of research have become apparent and it is here to stay.

(About the author: Vikas Ranjan is a co-founder and Director of Ubika Research Inc., a fee-based research firm based in Toronto. He can be reached at vikas@ubikacorp.com or at 416-605-7024)

About Ubika Research

Ubika Research is a corporate research service available to under-researched micro and small cap companies. With offices in Toronto and Vancouver Canada, it provides an objective and independent investment research service to micro and small cap companies. Ubika's solutions assist client companies in raising the investment profile and in improving liquidity, valuation and shareholders' return.

More information on Ubika Research is available at www.ubikaresearch.com

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Name Change - Berkshire Securities

CNQ received notice that Berkshire Securities has changed its name to:

Manulife Securities Incorporated

The change was effective July 2, 2008.