

August 17, 2007









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**TODAY IN HISTORY**

1933 - New York Yankees first baseman Lou Gehrig played his 1,308th consecutive game, breaking Everett Scott's record. He would continue the streak until 1939.

*A dingo ate your baby...*

1980 - Azaria Chamberlain disappears, likely taken by a dingo, leading to what was then the most publicised trial in Australian history.

Central Bank Rates				Prime Rates		Currency	
USD 	5.25%	GBP 	5.75%	USD 	8.25%	CAD/USD	\$0.9282
EUR 	4.00%	CAD 	4.50%	CAD 	6.25%	USD/JPY	¥116.9200
JPY 	0.50%	AUD 	6.25%			USD/EUR	€0.7427
DATE	COUNTRY	EVENT	AS OF	CONSENSUS	ACTUAL	PRIOR	
8/10/2007 7:00	CA	<b>Unemployment Rate</b>	JUL	<b>6.10%</b>	<b>6.00%</b>	<b>6.10%</b>	
8/10/2007 7:00	CA	<b>Net Change in Employment</b>	JUL	<b>20.0K</b>	<b>11.3K</b>	<b>34.8K</b>	
8/10/2007 8:30	US	Import Price Index (MoM)	JUL	1.00%	1.50%	1.00%	
8/10/2007 8:30	US	Import Price Index (YoY)	JUL	2.50%	2.80%	2.30%	
8/10/2007 13:00	US	Baker Hughes U.S. Rig Count	10-Aug	--	1798	1781	
8/13/2007 8:30	US	Advance Retail Sales	JUL	0.20%	0.30%	-0.90%	
8/13/2007 8:30	US	Retail Sales Less Autos	JUL	0.40%	0.40%	-0.40%	
8/14/2007 8:30	US	Trade Balance	JUN	-\$61.0B	-\$58.1B	-\$60.0B	
8/14/2007 8:30	US	<b>Producer Price Index (MoM)</b>	JUL	<b>0.20%</b>	<b>0.60%</b>	<b>-0.20%</b>	
8/14/2007 8:30	US	<b>PPI Ex Food &amp; Energy (MoM)</b>	JUL	<b>0.20%</b>	<b>0.10%</b>	<b>0.30%</b>	
8/14/2007 8:30	US	<b>Producer Price Index (YoY)</b>	JUL	<b>3.40%</b>	<b>4.00%</b>	<b>3.30%</b>	
8/14/2007 8:30	US	<b>PPI Ex Food &amp; Energy (YoY)</b>	JUL	<b>2.50%</b>	<b>2.30%</b>	<b>1.80%</b>	
8/14/2007 17:00	US	<b>ABC Consumer Confidence</b>	12-Aug	<b>-8</b>	<b>-11</b>	<b>-9</b>	
8/15/2007 7:00	US	MBA Mortgage Applications	10-Aug	--	3.40%	8.10%	
8/15/2007 8:30	US	<b>Consumer Price Index (MoM)</b>	JUL	<b>0.10%</b>	<b>0.10%</b>	<b>0.20%</b>	
8/15/2007 8:30	CA	New Motor Vehicle Sales MoM	JUN	-1.00%	-1.20%	-0.80%	
8/15/2007 8:30	CA	Manufacturing Shipments MoM	JUN	-0.20%	-1.80%	-0.10%	
8/15/2007 8:30	US	<b>CPI Ex Food &amp; Energy (MoM)</b>	JUL	<b>0.20%</b>	<b>0.20%</b>	<b>0.20%</b>	
8/15/2007 8:30	US	<b>Consumer Price Index (YoY)</b>	JUL	<b>2.40%</b>	<b>2.40%</b>	<b>2.70%</b>	
8/15/2007 8:30	US	<b>CPI Ex Food &amp; Energy (YoY)</b>	JUL	<b>2.20%</b>	<b>2.20%</b>	<b>2.20%</b>	
8/15/2007 8:30	US	<b>CPI Core Index SA</b>	JUL	<b>--</b>	<b>210.9</b>	<b>210.4</b>	
8/15/2007 8:30	US	<b>Consumer Price Index NSA</b>	JUL	<b>208.4</b>	<b>208.3</b>	<b>208.4</b>	
8/15/2007 9:15	US	<b>Industrial Production</b>	JUL	<b>0.30%</b>	<b>0.30%</b>	<b>0.50%</b>	
8/15/2007 9:15	US	<b>Capacity Utilization</b>	JUL	<b>81.70%</b>	<b>81.90%</b>	<b>81.70%</b>	
8/15/2007 10:30	US	DOE U.S. Crude Oil Inventories	10-Aug	-2500K	-5167K	-4136K	
8/15/2007 10:30	US	DOE U.S. Gasoline Inventories	10-Aug	-750K	-1057K	-1723K	
8/15/2007 10:30	US	DOE U.S. Distillate Inventory	10-Aug	1250K	153K	974K	
8/15/2007 10:30	US	DOE U.S. Refinery Utilization	10-Aug	0.50%	0.58%	-2.37%	
8/16/2007 8:30	US	Housing Starts	JUL	1400K	1381K	1467K	
8/16/2007 8:30	US	Building Permits	JUL	1400K	1373K	1406K	
8/16/2007 8:30	US	Initial Jobless Claims	11-Aug	315K	322K	316K	
8/16/2007 8:30	US	Continuing Claims	4-Aug	2550K	2567K	2559K	
8/16/2007 10:30	US	EIA Natural Gas Storage Change	10-Aug	25	21	42	
8/17/2007 8:30	CA	Wholesale Sales MoM	JUN	0.30%	--	0.60%	
8/17/2007 10:00	US	<b>U. of Michigan Confidence</b>	<b>AUG P</b>	<b>88</b>	<b>--</b>	<b>90.4</b>	
8/17/2007 13:00	US	Baker Hughes U.S. Rig Count	17-Aug	--	--	1798	
9/5/2007 9:00	CA	<b>Bank of Canada Rate Decision</b>	<b>5-Sep</b>	<b>4.75%</b>		<b>4.50%</b>	
9/18/2007 14:15	US	<b>FOMC Interest Rate Decision</b>	<b>18-Sep</b>	<b>5.25%</b>		<b>5.25%</b>	

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August 17, 2007

## Oil & Gas

### ***DOE Releases Natural Gas Inventory Numbers***

The US Department of Energy (DOE) released its weekly report outlining natural gas storage numbers for the week ended August 10. The report, released at 10:30 a.m. Thursday in Washington, showed there was an increase of 21 billion cubic feet (bcf) in natural gas supplies last week, slightly lower than the 26 bcf increase expected by analysts surveyed by Bloomberg. Natural gas closed at US\$6.88 on the New York Mercantile Exchange.

## Retail & Consumer Products

### ***Estee Lauder Q4 Nearly Doubles***

New York-based beauty products company, **Estee Lauder Co. (NYSE:EL \$40.30)**, announced Thursday that its fourth quarter net income nearly doubled to \$88.6 million, or \$0.45 per share, from \$44.5 million, or \$0.21 per share, a year earlier. On average, analysts had been expecting per-share earnings of \$0.50 per share. Revenues in the fourth quarter were up 9.8% to \$1.76 billion.

### ***J.C. Penney Reports Q2 Earnings***

**J.C. Penney Co. (NYSE:JCP \$64.14)**, the Texas-based department store operator, reported its second quarter earnings Thursday. Earnings rose 1.7% in the second quarter, boosted by back-to-school sales and sales of its Ambrielle lingerie brand and Liz Claiborne lines. Earnings were \$182 million, or \$0.81 per share compared with \$179 million or \$0.76 per share a year earlier.

### ***Liz Teams Up With Best Buy***

Apparel retailer **Liz Claiborne Inc. (NYSE:LIZ \$32.75)** announced Wednesday that the company signed a deal with **Best Buy Co. Inc. (NYSE:BBY \$43.05)** to design and sell a collection of electronics accessories for women. The line is expected to be on sale in about 250 Best Buy stores in October.

## Special Situations

### ***NaiKun Spreads The Word***

Yesterday, **NaiKun Wind Energy Group Inc. (TSXV:NKW \$2.95 | Restricted)** announced the official opening of the Haida Gwaii Energy Centre located...wait for it...on Haida Gwaii (the Queen Charlotte Islands). The purpose of the Energy Centre is to disseminate information to the public about energy on Haida Gwaii. The Centre was developed in collaboration with the Haida Power Authority (HPA). The HPA was established by the Council of Haida Nation to manage the energy resources and needs within Haida traditional territories. The HPA has been working with NaiKun since 2004. The Energy Centre is located in the village of Masset and will be open to the public on a regular basis. NaiKun will host offshore wind energy experts from around the globe and hold community information sessions there in an attempt to bring community members together to learn more about NaiKun's offshore wind project and the energy issues particular to Haida Gwaii. The idea is to provide answers, research and facts about wind energy and the HaidaLink (Haida Gwaii's interconnection to the main BC energy grid via NaiKun's wind farm) to the residents of Haida Gwaii.

### ***A Problem With the iPhone? The iBill***

It seems that users of **Apple Inc.'s (NASDAQ: AAPL \$117.05)** iPhones are getting somewhat of a rude awakening when they receive humungous bills from **AT&T Wireless Services Inc. (NYSE:T \$37.92)**, the wireless carrier network that iPhone owners are using. We are not talking here about the dollar amount of the bill, but its sheer physical size. Apparently, AT&T itemizes phone calls, text messages and every other data transfer done while the handset is connected to the network. With all of the capabilities offered by the iPhone this can and has added up to a lot of paper. A Gaming Editor for a technology website based in Chicago stated that he received a 34 page double sided

bill (he describes himself as a “light” iPhone user) and a graphic designer in Pittsburgh received a 300 page iPhone bill that came in a cardboard box. We suggest AT&T use e-billing, save some trees and join the green revolution.

### ***Penny For Your Thoughts? That Will Be Two Cents Please***

Talk about inflation. 25 years ago the United States Mint decided to make the penny out of zinc instead of copper (except for the coating on which Abraham Lincoln’s profile was engraved) because of a surge in the price of the red metal. Now with the price of zinc at very high levels due to a commodities boom, it costs the mint almost two cents to make each one cent coin. Considering that the government puts eight billion new pennies into circulation each year, this is not pocket change. While it is unlikely that the penny will be pulled from circulation in the US (it was first produced there in the 1790’s), there are some lawmakers who would like to see it made from steel, which would be five times less expensive. Equivalent coins in Canada, Britain and Europe are made from steel, and this move could save taxpayers US \$100 million a year. Incidentally, nickels in the US cost 10 cents to make. We wonder what it costs to make a silver dollar.

## **Technology**

### ***H-P Earnings Jump 29% in Third Fiscal Quarter***

**Hewlett-Packard Co.’s (NYSE:HPQ \$46.05)** earnings for the third fiscal quarter jumped 29%, driven mostly by strong PC sales. For the period ended July 31, the Company reported earnings of \$1.8 billion, or 66 cents a share, compared to earnings of \$1.4 billion, or 48 cents a share, for the same period the previous year. Revenue grew 16% to \$25.4 billion. Analysts had been looking for earnings of 66 cents a share on revenue of \$24.1 billion.

# BERKANA ENERGY CORP.

Equity Research | Oil & Gas

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

**TSX:BEC**  
\$1.72

**BUY**  
(unchanged)

**\$2.15**  
(unchanged)

## Board Approves 2007 Spending Increase

August 17, 2007

Market Data	
52-week High-Low	\$2.45 -\$1.02
Shares Outstanding	
– basic	67.5 million
– diluted	72.0 million
Market Capitalization	\$116.1 million
NAV/Share (FD)	\$2.00
Price/NAV	0.9x
Enterprise Value	\$123.5 million
EV/2008E Production (\$/boe/d)	\$36,593
EV/P+P Reserves	\$17.7
Year End	December 31

Production		
	2007E	2008E
Oils & Liquids (b/d)	723	850
Natural Gas (mmcf/d)	12.6	15.1
Total Boed	2,825	3,375
Production/mm shs	41.9	50.0

Financial Data		
	2007E	2008E
Cash Flow (millions)	\$22.2	\$28.2
CFPS (basic)	\$0.33	\$0.42
Net Income (millions)	(\$2.0)	\$1.5
EPS (basic)	(\$0.03)	\$0.02

Expenditures and Debt		
	2007E	2008E
Capital Expenditures (millions)	\$34.0	\$32.0
Year-end Net Debt (millions)	\$16.8	\$20.6
Net Debt/Current Year CF	0.8x	0.7x

Multiples		
	2007E	2008E
Price/CFPS (basic)	5.2x	4.1x
EV/DACF (basic)	5.9x	4.7x
Price/EPS (basic)	--	78.4x



### Company Description

**Berkana Energy Corp.** is a junior oil and gas exploration and production company with operations throughout the Western Canadian Sedimentary Basin (WCSB) in Alberta.

### Event

Berkana Energy Corp. (“Berkana” or the “Company”) announced an increase to its FY-07 capital program on August 16, 2007.

### Highlights

Berkana’s board of directors has approved an increase to the Company’s capital program for FY-07 bringing it from \$25 million to \$34 million. This is no surprise as the Company had considerable spare capacity on its bank line. The Company will now spend approximately \$22 million in the second half of FY-07, up from approximately \$12 million.

With the increased capital program, Berkana plans to drill an additional four to six wells and purchase additional lands and seismic, however no specifics were given.

Berkana has not increased its production guidance for FY-07 as the Company still expects to average between 2,600 boed and 2,900 boed. We have not adjusted our average production forecast for FY-07 as it still remains at 2,825 boed. However, due to the increase in capital spending, which we believe will predominantly fall in Q4-07, we have increased our average production estimate for FY-08 to 3,375 boed from 3,200 boed. Due to the increase in the capital budget, our net-debt estimates for FY-07 and FY-08 have both increased. FY-07 net-debt has gone from \$7.3 million to \$16.8 million and FY-08 net-debt is now \$20.6 million from \$12.1. Berkana’s bank facility is \$40.0 million so the Company still has room to increase its capital budget further or to acquire assets.

Berkana also announced on August 16, that its majority shareholder, Murphy Oil Canada, intends to liquidate its 80% shareholding in the Company as Murphy is considering alternatives to maximize the value of its holdings in Berkana. Murphy advised Berkana that they are monetizing the shareholdings to re-invest the proceeds in directly held opportunities in Canada. Murphy has not initiated any formal process at present.

### Investment Conclusion

**We are maintaining our BUY recommendation and price target of \$2.15, which is based on a 5.7x 2008 EV/DACF.**

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Table 1 – Forecast Revisions

	2007E			2008E		
	New	Old	% Chg	New	Old	% Chg
<b>Production</b>						
Oil & NGLs (b/d)	723	723	--	850	800	+6%
Gas (mmcf/d)	12.6	12.6	--	15.1	14.4	+5%
Total boed (6:1)	2,825	2,825	--	3,375	3,200	+5%
<b>Corporate Prices</b>						
Oil & NGLs price	\$61.19	\$61.19	--	\$58.42	\$58.42	--
Gas price	\$7.56	\$7.56	--	\$8.35	\$8.34	--
<b>Financial (000's)</b>						
Cash flow	\$22,197	\$22,221	--	\$28,179	\$27,197	+4%
CFPS (wtd. basic)	\$0.33	\$0.33	--	\$0.42	\$0.40	+4%
Net Income	(\$2,001)	(\$1,988)	(1%)	\$1,481	\$1,683	(12%)
EPS (wtd. basic)	(\$0.03)	(\$0.03)	(1%)	\$0.02	\$0.02	(12%)
Net debt	\$16,821	\$7,297	+131%	\$20,642	\$12,100	+71%
CapEx	\$34,000	\$24,500	+39%	\$32,000	\$32,000	--
Wtd. Avg. shares	67,497	67,497	--	67,497	67,497	--

Source: Company Reports, NSI estimates

**POWER TECH CORPORATION INC.**

Equity Research | Special Situations

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

**TSXV:PWB**  
\$0.48

**SPEC. BUY**  
(unchanged)

**\$0.89**  
(unchanged)

**Q3 Preview**

August 17, 2007

**Market Data**

52-week High-Low	\$0.76-\$0.43
Shares Outstanding	
– Basic	36.0 million
– Fully diluted	47.1 million
Market Capitalization	\$17.3 million
Cash (Mar 31/07)	\$0.1 million
Long Term Debt (Mar 31/07)	\$0.06 million
Fiscal Year End	September 30
Major shareholders	Insiders: 52.6%

**Financial Data**

<i>(’000s, except EPS)</i>	<b>FY06A</b>	<b>FY07E</b>	<b>FY08E</b>
Revenue	\$419.7	\$733.8	\$2,769.0
EBITDA	(\$1,822.8)	(\$1,785.5)	(\$513.8)
Net Earnings	(\$2,219.7)	(\$2,634.2)	(\$1,370.6)
CFO	(\$2,054.5)	(\$753.8)	(\$874.7)
<b>EPS (basic)</b>	<b>(\$0.08)</b>	<b>(\$0.09)</b>	<b>(\$0.05)</b>

**Investor Risk Tolerance Scale**



**Company Description**

**Power Tech Corporation Inc.** designs, manufactures and markets specialized and, literally, groundbreaking technologies aimed at improving the performance, productivity and functionality of excavation equipment and industrial excavation systems. The Company presently has one product on the market, the PicBucket 2000, which attaches to conventional backhoes made by all manufacturers and combines the percussive power of a hydraulic hammer with the stripping force and maneuverability of the conventional bucket found on original equipment. The PicBucket can be used in the construction, demolition, forestry and mining industries, as well as by the military.

**Event**

On August 21, 2007, Power Tech Corporation Inc. (“PowerTech” or the “Company”) will release its third quarter financial results for the 2007 fiscal year.

**Highlights**

The Company signed an agreement with a major Attachment Equipment Manufacturer (“AEM”), NPK Construction Equipment Inc. (“NPK”) in February of this year. During this quarter, pursuant to the agreement, NPK was marketing the PicBucket under its own brand name at trade shows throughout North America and through its distributors in order to determine the demand for the PicBucket. We do not expect to see the results of NPK’s marketing efforts, in terms of orders, until the fourth quarter of 2007.

**Revenue:** For the third quarter of 2007, we are forecasting revenue of \$150,000 compared to \$232,000 from the prior year. This decrease reflects our belief that PowerTech is focusing less on its original sales strategy of selling directly to end-users and distributors and more on signing agreements with AEMs. Since there were no announcements of the signing of any agreements during the quarter we are forecasting a temporary drop off in sales.

**Net Earnings:** For Q3-06, PowerTech reported a net loss of \$497,000. For Q3-07 we are expecting a net loss of \$476,000. Although we are forecasting lower sales for the quarter we are also expecting less amortization charges related to development costs since the majority of those costs have already been amortized. This leads us to a reduced loss for the quarter compared to a year ago.

**Cash Flow from Operations:** In Q2-06, the Company had cash outflows from operations of \$778,000. For this year’s third quarter we are projecting the cash outflow to be reduced to \$253,000.

**Investment Conclusion**

At this point, we expect sales to be minimal and choppy until the orders from the NPK agreement begin to roll in. **We are maintaining our SPECULATIVE BUY recommendation and our 12-month price target of \$0.89.**

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**Table 1: Select Financial Data**

<i>(000, except per share data)</i>	<b>Q3-2006A</b>	<b>Q3-2007E</b>
<b>Revenue</b>	<b>\$231.5</b>	<b>\$149.6</b>
Cost of Sales	\$160.2	\$119.7
Gross Margin	\$71.3	\$29.9
Gross margin (%)	30.8%	20.0%
EBITDA	(\$369.3)	(\$297.4)
<b>Net earnings</b>	<b>(\$496.8)</b>	<b>(\$475.8)</b>
<b>Cash Flow from Operations</b>	<b>(\$778.3)</b>	<b>(\$252.8)</b>
Earnings per basic share	(\$0.02)	(\$0.02)

Source: Company reports, NSI estimates

**ROUTE1 INC.**

Equity Research | Technology

Please see important disclosures at the end of this document

Ticker	Recommendation	12-month Target
<b>TSXV:ROI</b> \$0.135	<b>UNDER REVIEW</b> (unchanged)	<b>UNDER REVIEW</b> (unchanged)

**Q2-07 Earnings Review**

August 17, 2007

Market Data	
52-week High-Low	\$0.265-\$0.065
Shares Outstanding	
– Basic	280.8 million
– Fully diluted	367.0 million
Market Capitalization	\$37.9 million
Cash and Securities <sup>1</sup>	\$2.4 million
Total Debt <sup>1</sup>	\$0.2 million
Fiscal Year End	December 31
Major shareholders	Insiders: 37% Institutions: 12%

Financial Data			
(000, except EPS)	FY06A	FY07E	FY08E
Revenue	\$535	REVIEW	REVIEW
EBITDA	(\$9,108)	REVIEW	REVIEW
Net Income	(\$9,331)	REVIEW	REVIEW
EPS – fully diluted	(\$0.05)	REVIEW	REVIEW

<sup>1</sup>As at June 30, 2007



**Company Description**

**Route1 Inc.**, through its MobiSolution, provides hardware and software allowing MobiKEY holders to remotely access their office PC and network via a secure connection.

**Event**

Route1 Inc. (“Route1” or the “Company”) reported its Q2-07 results yesterday morning before market open.

**Highlights**

**Revenue:** The Company reported revenue of \$488,000 for the quarter versus \$408,000 last quarter and \$154,000 in Q2-06. This represents a 20% sequential growth and 217% year-over-year.

**Gross Profit:** Gross loss this quarter was \$9,000 with cost of sales of \$497,000. Cost of sales increased 35% from the last quarter amount of \$367,000 and 19% from the Q1-06 amount of \$418,000. The increase in cost of sales is due mainly to a higher percentage of hardware revenue to subscription-based services revenue. In addition, the Company offers volume discounts of 30% or more to resellers.

**Operations:** The Company spent \$2.0 million in operational expenditures versus \$1.7 million in Q1-07 and \$2.1 million this time last year. The sequential increase in operational expenditures is due mainly to about \$300,000 worth of one-time charges related to G&A and R&D.

**Net loss:** The Company had a net loss of \$2.0 million (\$0.01 per share) compared to a loss of \$1.7 million (\$0.00 per share) last quarter and a loss of \$2.4 million (\$0.01 per share) this time last year.

**Cash:** The Company ended the quarter with \$2.4 million in cash and \$0.2 million in debt. The Company has about 44 million warrants that are currently in the money and may be exercised in the near term.

**AGM:** Because of the closeness of its Annual General Meeting, Route1 did not hold an earnings conference call. The AGM will take place on Wednesday, August 29 in Toronto.

**Investment Conclusion**

We continue to maintain our **UNDER REVIEW** recommendation and target price.

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## Revenue

Route1 has unbundled its MobiKey service into hardware and services components. The Company now charges a one-time charge of \$175 per key and an ongoing subscription service of \$24 per month. Because of this change, there is no longer a direct correlation between hardware sales and services revenue. Previously, the Company had bundled the sale of the MobiKey and subscription and charged a fee of \$449 for one year of service. Under this new model, the Company is able to sell the keys directly to resellers rather than placing them on consignment as they had done previously. As a result, there is now an incentive for resellers to make sales. Revenue from services associated with these hardware sales are recognized as subscriptions are activated. The Company does not provide guidance on the specific breakdown between hardware and services revenue, but did state that the majority of this quarter's revenue of \$488,000 was from hardware sales.

## Operations

Route1 spent \$2.0 million in operational expenditures versus \$1.7 million last quarter and \$2.1 million in Q2-06. The Company incurred one-time G&A expense of \$98,000 and R&D expense of \$200,000. Adjusting for those one-time items, operational expenditures would have been flat sequentially.

Table 1 shows the results reported by the Company for the last five quarters.

**Table 1: Income & Cash Flow Statement Summary**

INCOME STATEMENT	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Year/Year Difference	Sequential Difference
<b>Revenue</b>	\$ 153,746	\$ 171,313	\$ 83,324	\$ 407,785	<b>\$ 488,093</b>	217%	20%
Cost of sales	418,207	348,219	227,894	367,210	<b>496,653</b>	19%	35%
Gross profit	(264,461)	(176,906)	(144,570)	40,575	<b>(8,560)</b>		
Gross margin	-172%	-103%	-174%	10%	<b>-2%</b>		
General and administrative	745,180	619,540	1,019,040	474,735	<b>635,465</b>	-15%	34%
Research and development	674,870	483,522	566,371	478,787	<b>678,829</b>	1%	42%
Selling and marketing	659,473	878,740	1,049,554	744,082	<b>640,110</b>	-3%	-14%
	2,079,523	1,981,802	2,634,965	1,697,604	<b>1,954,404</b>	-6%	15%
EBITDA	(2,343,984)	(2,158,708)	(2,779,535)	(1,657,029)	<b>(2,036,964)</b>		
<b>Net earnings (loss)</b>	<b>(\$2,409,530)</b>	<b>(\$2,217,083)</b>	<b>(\$2,801,934)</b>	<b>(\$1,708,939)</b>	<b>(\$2,012,599)</b>		
Earnings (loss) per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)	<b>(\$0.01)</b>		
<b>Cash Flow Statement</b>							
Cash from Earnings	(2,197,291)	(2,032,900)	(2,630,372)	(1,509,497)	<b>(1,807,466)</b>	-18%	20%
<b>Operating Cash Flow</b>	<b>(2,015,496)</b>	<b>(2,181,403)</b>	<b>(2,410,245)</b>	<b>(1,568,238)</b>	<b>(2,039,936)</b>	1%	30%

Source: Company Reports

## Company Update

The Company is continuing its sales efforts by focusing on its sales distribution model. In the past, Route1 had focused mainly on the indirect sales channel of Value Added Resellers (VARs), which currently accounts for about 95% of its sales. The Company plans to place more emphasis on its direct sales channel and the recent hiring of Jeffrey Denberg as Senior Vice President of Sales should help that effort.

The Company had previously stated that it is in negotiations with 3 Telcos to license its MobiNet technology. Route1 is still in negotiations with these potential clients and did not give guidance as to when they expect to sign one or more agreements. **We continue to maintain our UNDER REVIEW recommendation and target price.**

# IMPORTANT DISCLOSURES

August 17, 2007

Analyst/Company	Ticker	Ex	Rating	Price Target	Last Price	Market Cap (millions)	Shares o/s (millions)	Previous Volume	52 Week		Applicable Disclosures
									High	Low	
<b>Oil and Gas</b>											
<b>Tim Murray, CFA 403-313-5983</b>											
AltaCanada Energy Corp.	ANG	V	Hold	\$0.40	\$0.38	\$23	60.2	53,500	\$0.70	\$0.37	8
Berkana Energy Corp.	BEC	T	Buy	\$2.15	\$1.72	\$116	67.5	10,900	\$2.45	\$1.02	8
Canext Energy Inc.	CXZ	V	Buy	\$1.10	\$0.54	\$42	77.4	25,000	\$1.89	\$0.52	8
Endev Energy Inc.	ENE	T	StrB	\$1.75	\$0.94	\$84	88.9	84,564	\$1.64	\$0.90	8
Gentry Resources Ltd.	GNV	T	Buy	\$4.00	\$2.56	\$99	38.8	275,725	\$5.74	\$2.50	8
Grand Banks Energy Corp.	GBE	V	Hold	\$1.50	\$1.21	\$39	32.0	25,570	\$1.91	\$1.10	8
Stylus Energy Inc.	STY	T	TENDER	\$2.70	\$2.69	\$75	27.7	11,000	\$4.35	\$1.60	8
Buffalo Resources Corp.	BFR	V	Buy	\$1.85	\$1.25	\$27	21.6	106,970	\$2.00	\$1.24	1,8
Trafalgar Energy Ltd.	TFL	T	Buy	\$4.75	\$3.70	\$36	9.6	29,294	\$4.70	\$3.27	8
<b>Metals and Mining</b>											
Acadian Mining Corp.	ADA	V	REVIEW	N/A	\$0.91	\$124	135.8	2,465,500	\$1.39	\$0.44	
Acero-Martin Explorations Inc.	ASD	V	REVIEW	N/A	\$0.30	\$17	56.1	124,679	\$1.33	\$0.27	
Frontier Pacific Mining Corporation	FRP	V	REVIEW	N/A	\$0.60	\$80	134.1	768,000	\$0.94	\$0.32	
International PBX Ventures Ltd.	PBX	V	REVIEW	N/A	\$0.33	\$18	54.5	677,195	\$0.84	\$0.31	
Khan Resources Inc.	KRI	T	REVIEW	N/A	\$2.79	\$142	51.0	728,613	\$5.64	\$1.11	
Mediterranean Resources Ltd.	MNR	V	REVIEW	N/A	\$0.26	\$22	86.8	51,000	\$0.50	\$0.26	
Solex Resources Corp.	SOX	V	REVIEW	N/A	\$0.44	\$25	56.5	211,436	\$1.61	\$0.41	
<b>Energy Services</b>											
<b>Marcel Brichon, CFA, FCSI, 604-668-1888</b>											
Dalmac Energy Inc.	DAL	V	SpecB	\$1.00	\$0.50	\$6	12.4	22,500	\$0.99	\$0.41	8
Divestco Inc.	DVT	T	StrB	\$9.35	\$3.37	\$119	35.4	120,110	\$4.99	\$2.27	1,8
Kelman Technologies Inc.	KTI	T	SpecB	\$0.45	\$0.25	\$10	41.6	127,800	\$0.47	\$0.21	
Pulse Data Inc.	PSD	T	Hold	\$3.10	\$2.90	\$159	54.8	239,819	\$3.20	\$2.04	8
<b>Special Situations</b>											
<b>Marcel Brichon, CFA, FCSI, 604-668-1888</b>											
AccelRate Power Systems Inc.	APS	V	Hold	\$0.35	\$0.18	\$5	26.3	33,500	\$0.44	\$0.15	8
Gemcom Software International Inc.	GCM	T	Buy	\$2.50	\$1.60	\$83	52.1	273,900	\$2.40	\$0.86	8
International Technologies Corp.	ITI	V	SpecB	\$0.72	\$0.23	\$4	17.5	22,000	\$0.47	\$0.22	8
Wellpoint Systems Inc.	WPS	V	SpecB	\$0.75	\$0.31	\$11	35.6	45,000	\$0.50	\$0.30	1,8
<b>David Brill, MBA, CFA, 416-644-8164</b>											
ADF Group Inc.	DRX	T	StrB	\$5.35	\$3.70	\$73	19.8	144,374	\$5.19	\$1.10	1,8
Altus Group Income Fund	AIF-U	T	Buy	\$15.40	\$13.45	\$141	10.5	23,600	\$15.20	\$9.55	7,8
Automated Benefits Corp.	AUT	V	SpecB	\$0.45	\$0.17	\$18	106.4	175,500	\$0.36	\$0.15	1,7,8
Century II Holdings	CH	T	Restricted	N/A	\$8.82	\$101	11.4	20,387	\$9.50	\$4.96	6
NaiKun Wind Energy Group Inc.	NKW	V	Restricted	N/A	\$2.95	\$100	33.9	85,446	\$3.97	\$0.24	1,8
Power Tech Corporation Inc.	PWB	V	SpecB	\$0.89	\$0.48	\$17	36.0	5,300	\$0.76	\$0.42	1,8
Stella-Jones Inc.	SJ	T	Buy	\$48.75	\$39.25	\$483	12.3	30,403	\$48.99	\$20.00	8
<b>Elvis E. Picardo, CFA, 604-668-1932</b>											
Forbes Medi-Tech Inc.	FMI	T	SpecB	\$1.15	\$0.70	\$27	38.4	88,040	\$3.00	\$0.58	8
<b>Retail &amp; Consumer Products</b>											
<b>Sarah C. Alemao, 416-644-8179</b>											
Brick Brewing Co. Ltd.	BRB	T	Buy	\$2.65	\$1.99	\$43	21.8	35,620	\$2.55	\$1.73	8
Glentel Inc.	GLN	T	Buy	\$9.35	\$7.30	\$75	10.3	1,700	\$9.00	\$5.70	
Hart Stores Inc.	HIS	T	Buy	\$5.60	\$3.75	\$52	13.8	2,340	\$6.59	\$3.56	8
Le Chateau Inc.	CTU/A	T	Buy	\$20.00	\$14.55	\$362	24.9	18,732	\$17.87	\$9.25	8
MEGA Brands Inc.	MB	T	Hold	\$25.00	\$18.04	\$615	34.1	108,270	\$27.60	\$18.02	8
West 49 Inc.	WXX	T	Buy	\$1.55	\$1.20	\$76	63.3	123,090	\$1.52	\$0.81	8
<b>Technology</b>											
<b>Dennis dos Santos, P. Eng, MBA, 416-644-8124</b>											
Absolute Software Corp.	ABT	T	REVIEW	N/A	\$23.90	\$547	22.9	496,180	\$32.95	\$4.07	8
Acceleware Corp.	AXE	V	REVIEW	N/A	\$0.93	\$32	34.8	116,800	\$1.88	\$0.39	
DALSA Corp.	DSA	T	Hold	\$12.00	\$10.15	\$192	18.9	21,000	\$14.50	\$9.26	8
Fortsum Business Solutions Inc.	FRT	V	Buy	\$1.10	\$0.59	\$20	34.3	56,000	\$0.80	\$0.47	4,8
Intrinsyc Software International Inc.	ICS	T	SpecB	\$1.75	\$0.50	\$60	119.4	69,015	\$0.77	\$0.34	8
ORTHOsoft Inc.	OSH	V	SpecB	\$2.00	\$0.60	\$31	51.1	13,100	\$0.84	\$0.34	
QuStream Corporation	QVC	V	Buy	\$2.45	\$1.30	\$31	23.6	5,685	\$2.23	\$1.05	
Route1 Inc.	ROI	V	REVIEW	N/A	\$0.14	\$35	259.1	723,930	\$0.27	\$0.07	4,8
Sandvine Corporation	SVC	T	REVIEW	N/A	\$5.59	\$749	133.9	1,160,034	\$6.90	\$1.65	
Sangoma Technologies Corporation	STC	V	REVIEW	N/A	\$0.98	\$27	27.9	82,950	\$1.72	\$0.40	
Sylogist Ltd.	SYZ	V	REVIEW	N/A	\$0.60	\$11	18.0	1,200	\$2.15	\$0.55	
The Medipattern Corp.	MKI	V	SpecB	\$1.40	\$0.87	\$33	37.5	40,000	\$1.46	\$0.40	8

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