



ATLANTIC QUARTERLY EQUITY UPDATE — Q4 2009 ISSUE 4, VOL. 3

The Atlantic Canadian Index (ACI) demonstrated a stellar performance in Q4, rising 13%. This was largely due to the significant weighting in utility and other income-generating names that performed well during the final quarter of 2009. For the full year, 13 of the 15 index names were up more than 10%. We wish you all the best for a successful 2010!

Q4 Rewind

- During Q4, we initiated coverage on **Immunovaccine Inc. (IMV-TSXV)**, with a BUY rating and 12-month target price of \$2.00.
- Corridor Resources announced it entered into a farmout and option agreement with Apache Canada to appraise, and potentially develop, natural gas and oil resources in New Brunswick (please see page 2 for more information).
- Fortis received the ROE decisions for FortisAlberta, Newfoundland Power, and Terasen Gas.
- Homburg Invest announced plans to spin-off its assets into five subsidiaries, with the Canadian assets set to form a new REIT (IPO during H1 2010). Homburg plans to decrease its ownership stake, over-time, to below 50% in the underlying entities.
- Newfoundland Capital split its shares 3-for-1 in late November.
- PDM Royalties converted to corporate status through an amalgamation with Imvescor. A new publicly-traded corporation was formed, named Imvescor Restaurant Group Inc, which began trading under the symbol IRG. In December, IRG announced its dividend policy, with a quarterly dividend of \$0.075 per share.
- Triangle Petroleum announced it decided to pursue several opportunities in North American unconventional oil plays, in addition to its Nova Scotia shale gas project.

Q1 Outlook

- On February 3rd, Bell Aliant will release its Q4 results and F2010 financial guidance.
- We expect Corridor will announce its 2010 capital expenditures in January 2010.
- Now that Immunovaccine's Investigational New Drug application for DPX-0907 has been cleared by the FDA, it expects to commence the Phase 1 clinical trial by the end of Q1.
- SEAMARK Asset Management announced plans in late October to merge with GrowthWorks, and form a new publicly-traded firm to be called Matrix Asset Management. The deal is expected to close in January. We discontinued coverage of SM in December.

Atlantic Canadian Index		
Returns	ACI	TSX
3 months	13.2%	3.1%
1 year	21.3%	30.7%
3 year CAGR	-0.6%	-3.1%
5 year CAGR	5.9%	4.9%

The ACI is comprised of 15 of the largest companies headquartered in Atlantic Canada, based on market capitalization. For more details please contact us.

Commentary: The ACI benefited from the large weighting of utility and income generating names, along with solid performance from the smaller resource stocks. With the exception of the one-year returns, the ACI outperformed the TSX during Q4, and over the long-term. The ACI's top performer for the year was Corridor Resources, rising 143% in the last 12 months. Also posting huge returns in 2009 were Major Drilling (up 130%) and Killam Properties (up 97%). These three companies were also the YTD leaders at the end of Q3. The laggards in 2009 included Homburg Invest (down 36%) and Empire (dropping 2%). Third spot went to Emera, but it was hardly a bad year, with the stock rising 13%.

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Quarterly Star:

Each quarter, we profile a performing company in our coverage universe, which we call our "Quarterly Star".

Our star for Q4 is **Corridor Resources Inc. (CDH-TSX)**, a junior natural resource company focused primarily on the exploration and development of natural gas resources onshore in New Brunswick. The Company has constructed a field gathering system, a gas plant, and a pipeline lateral connecting the McCully Field to the Maritimes & Northeast Pipeline.

Over Q4, CDH stock rose 65%, after several announcements by the Company. First, Corridor announced excellent initial results following propane fracs and initial clean-up flow of two intervals in the upper portion of the Green Road G-41 shale well. Later in the quarter, Corridor announced it entered into a farmout and option agreement with Apache Canada to appraise, and potentially develop, natural gas and oil resources in New Brunswick. This is very positive for Corridor, as it will allow the Company to advance its Frederick Brook and Caledonia operations. Apache can offer Corridor both financial backing and shale expertise.

Corridor also announced that it has completed testing the two intervals in the Frederick Brook shale, which had been fractured at the Green Road G-41 well. The first interval flowed at a rate of 0.43 Mmcf/d. The second interval experienced a strong peak rate of 11.7 Mmcf/d, before settling at a final stabilized rate of 3.0 Mmcf/d. We view the final 3.0 Mmcf/d rate as positive for the interval. The G-41 well has been shut-in.

Corridor's strong balance sheet, with no debt, positions the Company well during periods of economic uncertainty. The Company's flexibility with its capital budget, will serve it well when gas prices are at weak levels. **During Q4, we boosted CDH's 12-month target price to \$6.50, and maintain our BUY rating.**

Recently Initiated Beacon Coverage:

Immunovaccine Inc. (IMV-TSXV)

Rating	BUY	<i>(Amounts in Millions)</i>	
Target Price	\$2.00	S/O	44.9
Price (Dec. 31, 2009)	\$1.35	Float	42.8
Dividend Yield	0.0%	Market Cap.	\$60.5
52-Week High	\$1.57	Cash	\$9.0
52-Week Low	\$0.71	Debt/Tot. Cap	63.0%

Dec YE	FY 2009E*	FY 2010E	FY 2011E
Sales	\$1.4	\$0.9	\$1.7
EPS	-\$0.04	-\$0.07	-\$0.06
CFPS	-\$0.03	-\$0.05	-\$0.04
P/E	N/A	N/A	N/A
P/CF	N/A	N/A	N/A

* Nine month period ending Dec. 31, 2009

Overview: We initiated coverage of Immunovaccine with a BUY rating and a 12-month target price of \$2.00. Our target price is based on a comparables analysis of similar biotechnology companies. Single dose vaccines are created through the DepoVax™ platform, which produces fast, strong, immune responses. IMV is preparing to enter a Phase 1 human clinical trial with DPX-0907. Based on the information available to-date, we are anticipating success in IMV's Phase 1 trial. IMV has demonstrated safety and efficacy in preclinical animal models, and the antigens to be used in DPX-0907 have already been used in a Phase 1 clinical trial. There is significant clinical risk, as there is no guarantee that the vaccine

candidates will be successful in clinical trials. If Phase 2 trials are successful, we believe IMV would be an attractive acquisition target. IMV has a solid intellectual property portfolio, and DepoVax™ has broad applicability for multiple antigens.

Analyst: Sarah Chiasson

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Current Beacon Equity Universe Coverage:

Company Name	Current Rating	12-Month Target	Price (end of Q4)	Analyst
Bell Aliant Income Fund	HOLD	\$26.00	\$28.03	Michael Mills
Cabo Drilling	HOLD	\$0.20	\$0.225	Michael Mills
Clearwater Seafoods IF	Speculative BUY	\$1.50	\$0.92	Michael Mills
Corridor Resources Inc.	BUY	\$6.50	\$5.41	Sarah Chiasson
Crombie REIT	BUY	\$11.25	\$10.85	Michael Mills
DHX Media	HOLD	\$0.90	\$0.79	Michael Mills
Emera Inc.	HOLD	\$24.00	\$25.07	Sarah Chiasson
Empire Company Ltd.	BUY	\$55.00	\$47.70	Sarah Chiasson
Energold Drilling	HOLD	\$2.25	\$2.55	Michael Mills
Foraco International SA	BUY	\$2.50	\$2.38	Michael Mills
Fortis Inc.	HOLD	\$30.50	\$28.68	Sarah Chiasson
High Liner Foods Inc.	HOLD	\$9.50	\$9.25	Sarah Chiasson
Homburg Invest	BUY	\$12.00	\$7.51	Michael Mills
Immunovaccine Inc.	BUY	\$2.00	\$1.35	Sarah Chiasson
Imvescor Restaurants	SELL	\$3.00	\$3.35	Sarah Chiasson
Jazz Air Income Fund	BUY	\$4.50	\$4.41	Michael Mills
Killam Properties Inc.	HOLD	\$8.75	\$8.80	Michael Mills
Major Drilling Group	HOLD	\$25.00	\$28.77	Michael Mills
MTY Food Group	BUY	\$10.25	\$9.15	Sarah Chiasson
Newfoundland Capital	SELL	\$6.00	\$7.00	Michael Mills
Orbit Garant Drilling	BUY	\$4.50	\$3.94	Michael Mills
Plazacorp Retail Prop.	HOLD	\$3.00	\$3.00	Michael Mills
Triangle Petroleum	Speculative BUY	\$0.53	\$0.285	Sarah Chiasson

BUY	Total 12-month return expected to be >15%
SPECULATIVE BUY	Potential total 12-month return is high (>15%), but given elevated risk, investment could result in a material loss
HOLD	Total 12-month return expected to be between 0% and 15%
SELL	Total 12-month return expected to be negative

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Ending Q4 2009	# Stocks	Distribution		
BUY	9	43.5%	BUY	Total 12-month return expected to be >15%
Spec. Buy	2	8.7%	SPECULATIVE BUY	Potential total 12-month return is high (>15%), but given elevated risk, investment could result in a material loss
HOLD	10	39.1%	HOLD	Total 12-month return expected to be between 0% and 15%
SELL	2	8.7%	SELL	Total 12-month return expected to be negative
Total	23	100.0%		

*as of quarter end

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