

## INTRADAY RESEARCH SUMMARY

- ▶ **Birchcliff:** Continued Expansion of Resource Plays
- ▶ **Galleon:** Third Quarter As Expected – Value Opportunity Persists
- ▶ **Intrinsyc:** Outlook is Diminished Materially

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MARKET SUMMARY		
	Level	Change
S&P TSX	9353	430
S&P CDNX	814	(9)
S&P 500	911	59
Dow	8835	553
NASDAQ	1597	97
Gold (US\$/oz)	737.18	0.68
C\$ vs. US\$	0.8257	
	Price	Yield
US 10Yr Bond	99.16	3.85
CAD 10Yr Bond	103.98	3.74
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## INTRA-DAY RESEARCH SUMMARY

### Birchcliff Energy Ltd. (BIR-T)

#### Continued Expansion of Resource Plays

Third quarter results in-line with expectations. Company poised to achieve 2008 year-end exit production guidance. Expansion of the Montney play continues at a fevered pitch, with 148.2 net sections of proven and trend Montney resource lands, and a 590 horizontal well drilling inventory. Giving us comfort, the Company has begun to take a more conservative approach with its spending and debt levels. We are upgrading the stock to a Buy from a Hold, and reducing our target price to \$10.50.

Analyst: Dan Payne

403.513.1032  
 dpayne@paradigmcap.com

Recommendation:	↑Buy	
12-month Target (C\$):	↓10.50	
Current Price (C\$):	5.35	
Potential Return:	96%	
Research Note:	7 Pages	
(C\$)	CFPS	P/CF
FY07	0.74	7.2
FY08e	↓1.27	4.2
FY09e	↓1.39	3.9

### Galleon Energy (GO.A-T)

#### Third Quarter As Expected – Value Opportunity Persists

Galleon third quarter results in-line with our expectations. 2009 Capital program of between \$170 and \$190m announced, including the drilling of 98 wells, and average production of 20,400 boe/d. We remain compelled by the Company's asset base and relatively low valuation and are reiterating our \$14.00 target price and Buy rating.

Analyst: Dan Payne

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 dpayne@paradigmcap.com

Recommendation:	Buy	
12-month Target (C\$):	14.00	
Current Price (C\$):	4.98	
Potential Return:	181%	
Research Report:	8 Pages	
(C\$)	CFPS	P/CF
FY07	2.07	3.9
FY08e	3.21	2.5
FY09e	2.65	3.0

### Intrinsyc Software International Inc. (ICS-T)

#### Outlook is Diminished Materially

Last night, Intrinsyc reported Q3 revenues of \$7.9m and an EPS loss of \$0.04 in-line with our expectations although the cash burn of \$10m was much higher than expected. We were looking for \$8m and an EPS loss of \$0.04. The company lowered its guidance for this year and noted some contract delays and cancellations. The company also announced the departure of its well respected CEO Glenda Dorchak and the promotion of COO Tracy Rees to interim CEO. The Company's revenues benefited from a full quarter of the Destinator acquisition although the operating loss also increased consequently. The new Soleus business continues to make progress with some impressive new design wins although their revenue contribution doesn't happen until 2009. The company also noted some push outs on customer new product launches and a general slowdown in the handset market. This will make life more difficult for the company which recently announced a significant cost cutting plan. The departures of key employees is also troubling to us but is not surprising given the large cash burn. We are now modelling \$26m in revenues (from \$27m) with EPS of (\$0.12) (down from \$0.13) for FY08, \$38m and (\$0.06) for FY09 (from \$45m and \$0.07 loss) and \$50m and (\$0.01) for FY10 (from \$65m and EPS of \$0.03). Overall, the results were as expected however, the cash burn and the tougher economic environment put ICS in a precarious spot. We believe the company will need to raise money again in 2009. As a result we have downgraded the stock to a Hold rating with a target price to C\$0.20 based on 2x FY09 sales (unchanged multiple but with future expected equity dilution).

Analyst: Barry Richards

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 brichards@paradigmcap.com

Recommendation:	↓Hold	
12-month Target (C\$):	↓0.20	
Current Price (C\$):	0.19	
Potential Return:	5%	
Research Note:	6 Pages	
(C\$)	EPS	P/E
FY07	(0.18)	Nmf
FY08e	↓(0.12)	Nmf
FY09e	↓(0.06)	Nmf
FY10e	↓0.01	Nmf



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2. Barry Richards does not have an ownership position in Intrinsyc Software International Inc. (ICS-T).
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**Strong Buy** – Analysts' top sector picks, with expected returns of 10% or more over the next 6-12 months. (1% of Paradigm's coverage list consists of Strong Buy recommendations).

**Buy** – Expected returns of 10% or more over the next 6-12 months. (66% of Paradigm's coverage list consists of Buy recommendations).

**Hold** – Expected returns of +/-10% over the next 6-12 months. (13% of Paradigm's coverage list consists of Hold recommendations).

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