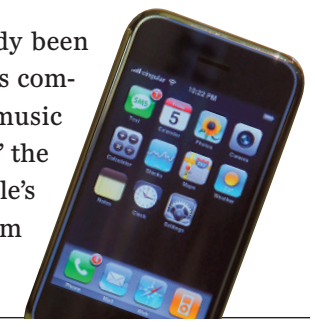
TECHNOLOGY

iPhone 'hype' overvalues Apple shares, analyst says, sending stock down 2%

Shares of Apple Inc. (AAPL/NASDAQ) fell US$2.88 or 2.39% to US$117.50 yesterday after the stock was downgraded to the equivalent of a "hold" rating at ThinkEquity Partners LLC, which said it was overvalued due to excessive "hype" over the iPhone. "The stock is overbought on the hype and hoopla of the yet- to-be-launched iPhone," analyst Jonathan Hoopes wrote in a note to investors. "While we may be wrong, we believe the near-term 'easy money' has already been made." The iPhone, right, is Apple's combination mobile phone and iPod music player. While saying he still "loved" the company, Mr. Hoopes lowered Apple's stock rating to "accumulate" from "buy." *Bloomberg News*



Plato Gold looks to expand in Quebec and parts south

PRIVATE PLACEMENT IN WORKS

By Brian Truscott

VANCOUVER • Exploration company **Plato Gold Corp.** (PGC/TSX), listed on the TSX Venture Exchange since 2005, uses one basic modus operandi: Acquire sites and land claims strategically adjacent to producers, past producers and/or advanced exploration projects.

And that's what president and chief executive Anthony Cohen has accomplished, primarily in Ontario and Quebec, although investors should expect Plato's footprint to soon be apparent south of the 49th parallel — way south.

"At the moment, we've got some diversification in the portfolio; we've got properties in two of the signature gold camps of Canada — Timmins [Ontario] and Val D'Or [Quebec] regions," Mr. Cohen told Dow Jones Newswires.

These claims were gradually acquired over time between 1996 and 2006, first with the Guibord, Harker, Holloway and Marriott properties in northeastern Ontario; and then, just last year, the Nordeau East and Nordeau West gold deposits and adjoining claims in Quebec.

"The Nordeau deposits are historical gold deposits, non-NI43-101 compliant; they last had work done on them in the late-1980s, early-1990s," he said.

A late-2006, $1-million drilling program on the Quebec properties proved encouraging, Mr. Cohen said, with one 10-metre intersection hitting grades of 7.85 grams of gold per metric ton.

This kind of positive exploration result — coupled with a mining-friendly provincial government — has prompted Plato Gold to increasingly concentrate on developing and expanding its operations in Quebec. Mr. Cohen is actively looking to acquire additional land in-province. Although he would not be drawn on details, an announcement could be forthcoming shortly.

Not surprisingly, the company announced on June 11 that it intends to raise an additional $300,000 in a non-brokered private placement of up to 2.7 million flow-through units priced at 11¢ each. Proceeds will be directed toward\ Plato's Val D'Or operations. This ends up being the third financing with the MineralFields Group, Mr. Cohen said, with previous deals generating proceeds totalling $950,000 since last November.

If Plato's Canadian and international expansion plans are successfully closed in coming months, then the explorer will have "increased its land position by a factor of 20 times since going public in 2005," Mr. Cohen said.

The Val D'Or claims are quickly taking on the appearance of being Plato's flagship operation, in part because of the Quebec government's efforts to give incentives to exploration and development companies in the mining sector. Mr. Cohen expects the Quebec government could give Plato enough money this year to more than cover a year's worth of expenditure, or burn, which stands at about $25,000 a month.

The prospects of bankable feasibility studies are still well down the road and Mr. Cohen knows considerable groundwork will have to be undertaken in coming years. "Unless you are fortunate enough to hit one or two bonanza-grade holes early on ... you have to carry out a lot of drilling for the geologists to understand what you've actually got."

As the company pushes forward with its various exploration projects, it raises the question: Is Plato determined to stick to its exploration roots, meaning more advanced projects will eventually be hived off to a mid-tier or senior producer somewhere down the road?

"If we are fortunate to get to the feasibility stage, I think there's a good chance that a senior gold play could come knocking," Mr. Cohen said. "We wouldn't have a problem with that ... as long as our shareholders thought a deal would add value to the company."

Mr. Cohen controls 25% of Plato's outstanding shares, while chairman Luis Navas has just under 10%. While there are a number of outstanding warrants, Mr. Cohen said investors would probably be satisfied if they were all eventually exercised, diluting the company's share base, if only because that would mean Plato Gold would have made the transition from penny stock to a Venture-listed company sitting on a share price north of 30¢ and a $20-million-plus market capitalization — clear signs the exploration play is moving in the right direction.

Dow Jones

PLATO GOLD CORP.

Plato Gold holds properties in Ontario and Quebec, with plans to expand its footprint outside of Canada.

COMMENT

Big plans for tiny technology

Future looks bright for nanotechnology in lighting fixtures

Jonathan Shieber

When venture investors first put money in nanotechnology materials developer **Intematix Corp.**, the company had a very promising technology but lacked a market.

Seven years later, Intematix finds itself in the enviable position of turning investors away, as consumers flip on the switch for new energy-efficient lighting.

Big hopes thus arise from tiny atoms. Nanotechnology is the science and technology of building devices, such as electronic circuits, from single atoms and molecules.

Intematix's story underscores how a start-up can prosper by narrowing its focus and placing a big bet in a small market, and then locking in suppliers to take advantage of an eventual increase in demand.

In the early days of the new millennium, nanotechnology had matured as a science, but companies were only beginning to recognize that the technology could be used in commercial products such as lotions and coatings to enhance their performance.

Intematix raised its first US$2-million from East Gate Capital Management in August, 2000. It had developed a process for quickly and efficiently manufacturing nanoparticles — microscopic materials prized for their unique physical characteristics. Because these materials are less than 100 nanometers in diameter, they can exhibit different physical properties — for instance, copper is inflexible at a very small size and so can be used as a tough coating.

By 2003, the Fremont, Calif.-based company had established its technology sufficiently to start to test commercial waters, according to Draper Fisher Jurvetson managing director Jennifer Fonstad. "We saw a very strong material discovery platform," she said. "And a crop of young promising materials that would apply to about a dozen markets."

DFJ led the company's US$7-million second round in 2003, and focused production on a couple of materials that were closest to commercialization, Ms. Fonstad said. "Solid-state lighting was, and continues to be, a high-growth area," she said. "We felt that working with the team to really focus their resources on just a couple of materials would enable them to get to market more quickly."

So Intematix began to produce phosphor, a key component for manufacturing light-emitting diodes, or LEDs, the semiconductor-based lighting that is replacing conventional incandescent lighting. Using its proprietary nanomaterial discovery platform, Intematix can make tailored phosphors that modulate the colour of light emitted from LEDs, making it easier to produce the kind of white light used in office buildings that now typically comes from fluorescent lights.

Now, the bulk of Intematix's revenue, which a person familiar with the company placed somewhere between

INTEMATIX MAKES PHOSPHUR FOR LIGHT-EMITTING DIODES

US$10-million and US$20-million for 2006, comes from sales of phosphor to LED manufacturers.

"I believe everything is going to be LED lighting over the longer run," said Dave Epstein, a general partner with San Francisco-based growth equity firm Crosslink Capital and a director on the Intematix board.

Crosslink co-led Intematix's US$16.5-million Series C round with Samsung Ventures late last year, as a way to place a bet on the hot LED market without having to invest in an LED manufacturer. Mr. Epstein said the partners at Crosslink expect the LED manufacturing business to become commoditized, with margins looking increasingly slim as more businesses race to produce better, cheaper lights. "With a commodity business, you don't get to make a lot of money," Mr. Epstein said.

Instead, with its investment in Intematix, Crosslink backed a company that sells a necessary LED component. "I liken it to selling Levi's [jeans] during the Gold Rush," Mr. Epstein said.

In 2006, U.S. companies spent approximately US$30-billion on lighting equipment, and that number is expected to rise to US$40-billion by 2011, according to a study from the U.S. Department of Energy, published in a recent report on the LED market by research firm Canaccord Adams. The market demand for LEDs is expected to climb from around US$230-million in 2005 to US$1-billion by 2010, the report says.

To make the leap into the mainstream, LEDs need to produce a light similar in quality to the kind available from incandescent bulbs, said Canaccord Adams analyst Jed Dorsheimer.

One of the easiest ways to produce white light, he said, is by using different kinds of phosphors to shade ultraviolet light. "That is precisely what Intematix is doing," he said. "They're manufacturing phosphors that can reproduce the wavelength that an LED emits naturally and change it to a different colour."

Canaccord Adams research shows Intematix has locked up supply agreements with most of the major LED manufacturers, including Taipei-based **Edison Opto Corp.**; Tokyo-based **Sumitomo Corp.** (SSUMY/PINK); and Gyunggi-do, South Korea-based **Lumi-Micro Inc.** (082800/KDQ) The company declined to discuss its customers.

Despite the "significant traction" Mr. Dorsheimer sees from Intematix, an IPO is not yet on the horizon for the company. Even as other nanomaterials manufacturers such as Buffalo, N.Y.-based **NanoDynamics Inc.**, which sells nanometals, nanoceramics and nanocarbons for industrial applications, begin to list on the public markets, Intematix is holding back, said chief executive Peter Larsson.

"We have more work to do," Mr. Larsson said. Now that the company has established itself in a core market, Mr. Larsson is looking to expand into new business sectors where it can apply its new materials-production process.

"A lot of the breakthroughs in clean tech and green tech will come from materials science," Mr. Larsson said. To that end, Intematix is also pursuing projects related to novel materials for fuel cells, devices that convert some form of fuel into electricity, and solar power applications, he said.

As the company pursues these new applications, it will begin to face more direct competitors. Within the LED market, the main option to using phosphors from Intematix is to manufacture the material in-house, analysts said. In other clean-tech applications, there are far more competitors.

Still, investors are undeterred. "We look at nanotechnology as a new way of producing devices — mechanical devices, electrical devices or chemical devices," Mr. Epstein said. "The way nanotechnology is going to win in the market is when it's developed for a particular application to solve a particular problem."

By tackling one market at a time, investors expect to continue the company's steady growth, and eventually realize an exit.

Dow Jones

COMMENT

Strategist takes long view to new limits

UBS economist's formula considers emerging markets

David Berman
Ahead of the Bell

There is long-term strategy, and then there is the kind of strategy espoused by Andreas Hoefert, chief global economist at UBS: Rather than look at what is coming down the pipe later this year, look at 2025 and 2050.

Unusual? You bet. But his ideas could have a big impact on investors as emerging markets move up the ranks of the world's largest, and potentially most important, economies in the coming decades.

To measure the economic size of various countries, he modified gross domestic product numbers by incorporating purchasing power into his statistics. This allowed him to convert, for example, China's GDP into U.S. dollars without losing sight of the fact that the U.S. dollar goes a lot further in China.

Using this technique, the United States is today's largest economy, followed by the European Union, China, Japan, India and Germany.

But things get more interesting in 2025, when China takes the No. 1 position, followed by the United States, the EU, India, Japan, Brazil and Indonesia. By 2050, India moves into the No. 2 position, behind China. As well, countries such as Pakistan, Mexico and Bangladesh crack the top 12.

His projections use a complex formula that takes into account such things as capital and labour growth. Here, many emerging markets do well in the projections because of the fact that their populations are growing fast and are heavily skewed toward younger workers. Developed economies are suffering from the opposite trend.

From an investing perspective, these changes are important. For investors who are reluctant to go global, they could provide one more incentive to ramp up exposure to foreign equities in general and emerging market equities specifically.

That can be a hard sell among many North American investors who prefer the familiarity and relative stability of the home front. Right now, most strategists recommend exposures of just 5% to emerging market stocks — a number that could rise dramatically in the years ahead as they gain greater importance on the international stage.

"Some of these economies will disappear from the emerging markets sphere," Mr. Hoefert said in an interview. "Currently, it is very debatable whether Eastern European countries or Korea, Taiwan and Singapore can still be considered as emerging markets. We don't think so."

Mr. Hoefert added investors should also consider the rates of growth among the developing giants, since fast economic growth often translates into a booming stock market. As fast as China is expected to grow by 2050, he noted India is actually expected to grow even faster. Vietnam, which is not expected to make the top 15 largest economies by 2050, also has an excellent growth story to tell, given its young, educated workforce and stable political environment.

Yes, long-term projections have a habit of going awry as reality catches up. Capital growth could take a wild turn over the next 43 years, and the developed world could benefit from either a surge in its birth rate or rising immigration. The increasing desire for resources, including water, could also be a sticky issue.

But if successful investing is about anticipating change, this could be one of the surest changes coming.

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