

**Base Metals & Minerals**

**Metal prices up even as inventories set 52-week highs**

**Industry Rating  
(Diversified Metals &  
Mining): Underweight  
(NBF Economics &  
Strategy Group)**

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**Market & Company News**

- The **S&P/TSX Diversified Metals Index** had a good week, up 10.5% (after falling 2.3% last week), while the **S&P/TSX composite index** was up 1.1% (adding to last week's 3.3% gain). Our coverage space gained an average of 5.7%, with some big gainers and losers. **First Quantum** was the big winner, up 28.1% on the week as base metal prices were up across the board (see our Metals Section below for further details). **Frontera Copper** was next, up 15.8% as the company is now trading just above Southern Copper's bid price of \$0.65/sh (see story below for further details). **Lundin Mining** and **Cominco** were the big losers on the week, with their stocks down 6.7% and 5.8%, respectively.

| 2009/02/05<br>Company      | Currency | Recent<br>Price | 12-Mo.<br>High | %             |               | Return       |             |              |               |               |               |
|----------------------------|----------|-----------------|----------------|---------------|---------------|--------------|-------------|--------------|---------------|---------------|---------------|
|                            |          |                 |                | Below<br>Low  | Above<br>High | 5-Day        | 1-Mo        | 3-Mo         | 6-Mo          | 12-Mo         |               |
| Baffinland Iron Mines      | CAD      | 0.17            | 4.40           | -96.1%        | 0.11          | 61.9%        | -2.9%       | -32.0%       | -56.4%        | -90.2%        | -94.5%        |
| Cominco Corp               | CAD      | 19.69           | 44.38          | -55.6%        | 14.33         | 37.4%        | -5.8%       | -15.3%       | -7.0%         | -41.7%        | -39.1%        |
| First Quantum Minerals Ltd | CAD      | 28.57           | 96.53          | -70.4%        | 12.75         | 124.1%       | 28.1%       | 24.5%        | 7.7%          | -54.9%        | -62.1%        |
| Frontera Copper            | CAD      | 0.66            | 5.72           | -88.5%        | 0.22          | 200.0%       | 15.8%       | 37.5%        | 57.1%         | -69.0%        | -87.2%        |
| HudBay Minerals            | CAD      | 5.23            | 20.77          | -74.8%        | 2.70          | 93.7%        | 8.7%        | 41.7%        | -16.3%        | -52.2%        | -71.7%        |
| Inmet Mining               | CAD      | 23.50           | 99.49          | -76.4%        | 12.15         | 93.4%        | 9.7%        | -5.4%        | -18.0%        | -58.6%        | -67.4%        |
| Lundin Mining              | CAD      | 0.84            | 9.35           | -91.0%        | 0.75          | 12.0%        | -6.7%       | -41.3%       | -53.3%        | -83.4%        | -89.4%        |
| Sherritt International     | CAD      | 2.86            | 17.35          | -83.5%        | 1.75          | 63.4%        | 7.9%        | -28.3%       | -17.8%        | -71.9%        | -78.9%        |
| Capstone Mining            | CAD      | 1.20            | 4.47           | -73.2%        | 0.65          | 84.6%        | 6.2%        | 3.4%         | -6.3%         | -63.6%        | -58.6%        |
| Teck Cominco               | CAD      | 4.99            | 52.90          | -90.6%        | 3.35          | 49.0%        | -4.6%       | -39.1%       | -60.8%        | -88.2%        | -85.6%        |
| <b>Average</b>             |          |                 |                | <b>-80.0%</b> |               | <b>82.0%</b> | <b>5.7%</b> | <b>-5.4%</b> | <b>-17.1%</b> | <b>-67.4%</b> | <b>-73.4%</b> |
| S&P/TSX Div. Metals Index  | CAD      | 2 100.1         | 7 289.0        | -71.2%        | 1 413.0       | 48.6%        | 10.5%       | -10.5%       | -28.4%        | -63.8%        | -64.5%        |
| S&P/TSX Composite Index    | CAD      | 8 861.0         | 15 154.8       | -41.5%        | 7 647.1       | 15.9%        | 1.1%        | -4.6%        | -10.4%        | -33.1%        | -31.5%        |

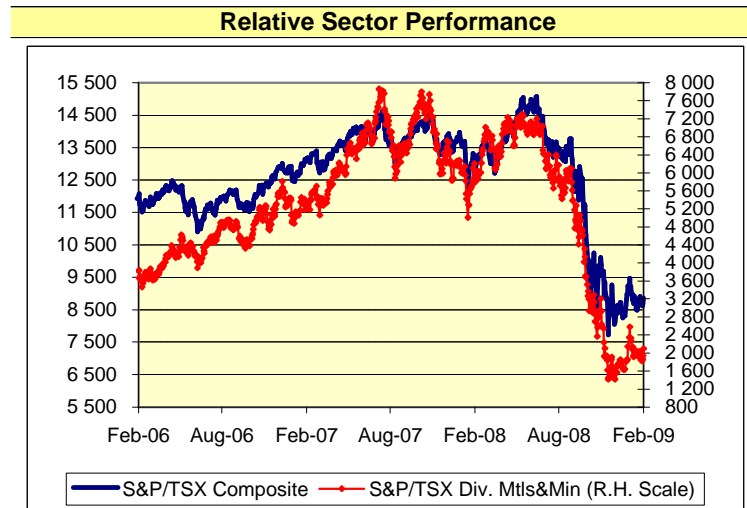
*Source: Bloomberg*

- Sherritt International (TSX – S):** In light of the recent events and the sell-off in the shares, we thought it would be worthwhile to review Sherritt's operating assets with a particular emphasis on Ambatovy, the Oil Business, the Coal Business and debt levels. We also touch on the company's nickel operations, and Cuban risks. For Ambatovy, the company has talked about walking away from the project as they aren't willing to bet their balance sheet on the project at this time. They can walk but in our view, it would be better just diluting their interest. For the oil and gas business, value was eroded with the Pebercan deal announced last week, but we still see value in their assets and don't believe Cuba is going to nationalize the assets. The Prairie and Mountain coal operations are a source of stable cash flow: Prairie Coal through long-term contracts and Mountain Coal through a floor price at the soon to be producing Obed Mountain project. While Sherritt's debt level appears high, it is overstated on the balance sheet and we would argue that it is not an issue given cash on hand of over \$500 million, and that limited debt comes due before 2012. Sherritt has had some negative news but has some strong underlying assets and more flexibility than may be obvious. Based on a heavily discounted NAV of \$11.30 per share we have a target of \$5.40. We see limited downside from current prices for nickel, cobalt and oil and believe the shares represent a good investment at current levels. We maintain our Outperform rating.
- Capstone Mining (TSX – CS):** Capstone has reported its Q4 and 2008 production results as well as guidance for 2009. For 2008, the company has reported that it produced a total of 74.1 million pounds of copper in concentrate. 26.4 million pounds were produced at Cozamin and an additional 47.7 million pounds at Minto. For Q4 2008, 7.0 million pounds were produced at Cozamin and 15.5 million pounds were produced at Minto. Copper sales at Minto only came in at 6.3 million pounds due to its revenue recognition policies. The company also provided guidance for 2009. For Cozamin, copper production is expected to come in at 35 to 40 million pounds. At Minto, the company is guiding to copper production of 60 to 65 million pounds. Cash costs at both mines are expected to be approximately US\$1.00/lb. The company also notes that it has a forward sales program including 104 million pounds of copper forward sold at an average price of US\$2.52/lb. The company has two main growth objectives: 1) Phase 4 expansion of Minto to take mill throughput to

4,000 to 5,000 tpd (tonnes/day); and 2) advancement of the Kutcho Creek project in British Columbia.

The production result of 74.1 million pounds of copper for 2008 fell slightly short of our total production estimate of 78.5 million pounds. Production guidance for 2009 of 95 to 105 million pounds also fell slightly short of our estimate of 110 million pounds (at the high end of the company's prior guidance). While these results are slightly negative, the company has done an extremely good job in bringing their two main assets into production and expanding them quickly. We maintain our Sector Perform rating and Cdn\$2.00 target.

- **Frontera Copper (TSX – FCC):** Frontera has announced that it has entered into a support agreement with Southern Copper (SCC) whereby SCC will acquire all of the issued and outstanding shares of FCC for Cdn\$0.65/sh in cash. The support agreement includes a non-solicitation covenant, the right to SCC to match superior offers, and a break-fee of \$2.1 million payable to SCC under certain circumstances. The Cdn\$0.65/sh cash bid is 10% higher than the Cdn\$0.59/sh hostile bid by Inveiture Group which was well below what we thought the company was worth. Inveiture, a private Mexican company, had previously acquired 19.9% of the Frontera shares and locked-up another 27.1% from shareholders who agreed to tender into their offer though the latter will likely be free to tender to this or another superior offer. With the offer coming at our target price of Cdn\$0.65/sh, we view the bid as fair given the current market environment. Frontera had previously announced the shutdown of mining activities at its Piedras Verdes mine and also has debt coming due in 2010 (Cdn\$69 million) and 2011 (Cdn\$28.75 million), which would have been hard for the company to pay off or refinance. There are some synergies with the transaction as Southern Copper had been selling Frontera acid for its leach operation. We do not see another offer coming but Inveiture may come back for another bid and we recommend holding the shares and tendering into the Cdn\$0.65 offer or a higher one if it occurs.
- **Silver Standard Resources (TSX – SSO):** Silver Standard Resources reported a significant increase in gold resources at the Snowfield gold project in northern British Columbia. The increased resource is now comprised of measured and indicated gold resources totalling 4,362,000 ounces and inferred gold resources of 14,276,000 ounces using a cut-off grade of 0.5 grams of gold-equivalent per tonne. The property is located 65 kilometres north of the town of Stewart and 20 kilometres southeast of Barrick's high-grade gold-silver mine at Eskay Creek. We rate the share of Silver Standard Resources as Sector Perform with a Cdn\$26.85 target price. Silver Standards Mitchell East is a likely continuation of the Mitchell deposit on the adjoining Seabridge property. Seabridge Gold's 43-101 resource estimates for the Mitchell zone includes 16.3 million ounces of gold and 2.9 billion pounds of copper in the indicated category plus an additional 13.3 million ounces of gold and 2.2 billion pounds of copper in the inferred category. Though in rough terrain, the combined size of these deposits are sure to attract the attention of larger gold companies if the gold price continues to rise.
- **BHP Billiton (TSX – BHP):** Earlier this week, BHP announced its half-year results ending December 2008. Within their earnings release the company made some comments with respect to the global economic slowdown and their outlook for the commodity markets. They expect global economic growth to be weak over the short to medium term with developed nations entering recessions and growth of emerging countries slowing. Although many nations have introduced various stimulus packages, it will take some time for those effects to flow through to economic activity. On the commodities front, the company mentions that despite the unprecedented fall in commodity prices in the last half of 2008, they have seen further demand contraction for their products in 2009. But they are not alone as producers in both developed and emerging economies have responded quickly by closing marginal mines and deferring projects. For BHP, these activities include the suspension of operations at the Ravensthorpe nickel mine, and the decision to walk away from the Rio Tinto acquisition. Some of the negative sentiment coming from BHP may be self-serving as they justify to the market, that the decision to walk away from the Rio Tinto deal that cost them approximately \$500 million in fees was the right one.
- **Our current favourites: First Quantum, Sherritt International**



Source: Bloomberg Data

### Metals Market Weekly Highlights

- Base metal prices were up on the week with all of the metals registering gains. Aluminum, the biggest winner, was up 7.8% despite inventories increasing by 2.5%. Copper was next, up 7.2% as further production cuts were announced this week (see our Copper story below for further details). Zinc and Nickel were next, up 6.1% and 4.8%, respectively, even as their inventories increased by 8.5% and 0.4% respectively. Once again, we note that there is a continued rise in inventories for virtually all metals (See our story on base metals inventory below for further details). Uranium prices remain unchanged on the week and sit at US\$48.00/lb (the long term price is also unchanged at US\$70.00/lb).

| Metals Markets                            |           |           |       |         |       |        |        |        |        |
|---|-----------|-----------|-------|---------|-------|--------|--------|--------|--------|
|   | Current   | 12-mo.    | %     | 12-mo   | %     | Change |        |        |        |
|   | 2/5       | High      | Below | Low     | Above | 5-Day  | 1-Mo.  | 3-Mo.  | 12-mo. |
| <b>LME Official Cash Prices (US\$/lb)</b> |           |           |       |         |       |        |        |        |        |
| Aluminum                                  | 0.64      | 1.49      | -57%  | 0.59    | 9%    | 7.6%   | -7.1%  | -30.0% | -45.8% |
| Copper                                    | 1.52      | 4.08      | -63%  | 1.26    | 21%   | 7.2%   | 8.0%   | -17.7% | -53.5% |
| Nickel                                    | 5.22      | 15.10     | -65%  | 4.00    | 31%   | 4.8%   | -7.2%  | -4.4%  | -56.7% |
| Zinc                                      | 0.52      | 1.28      | -60%  | 0.47    | 10%   | 6.1%   | -7.4%  | -0.1%  | -52.4% |
| Lead                                      | 0.53      | 1.57      | -66%  | 0.40    | 32%   | 1.7%   | 7.9%   | -21.2% | -57.9% |
| <b>Other (US\$/lb)</b>                    |           |           |       |         |       |        |        |        |        |
| Cobalt (99.8%)                            | 17.50     | 51.25     | -66%  | 13.00   | 35%   | 0.0%   | 0.0%   | -41.7% | -63.2% |
| Molybdenum                                | 9.75      | 33.75     | -71%  | 9.75    | 0%    | 0.0%   | -21.2% | -71.1% | -70.3% |
| Uranium                                   | 48.00     | 75.00     | -36%  | 44.00   | 9%    | 0.0%   | -12.7% | 4.3%   | -36.0% |
| Silver (US\$/oz)                          | 12.81     | 21.35     | -40%  | 8.46    | 51%   | 3.5%   | 13.7%  | 24.0%  | -21.7% |
| Platinum (US\$/oz)                        | 981       | 2273      | -57%  | 763     | 29%   | 2.9%   | 6.6%   | 12.8%  | -44.5% |
| Palladium (US\$/oz.)                      | 200.5     | 582       | -66%  | 164     | 22%   | 5.0%   | 9.3%   | -7.2%  | -51.5% |
| <b>LME Inventories (tonnes)</b>           |           |           |       |         |       |        |        |        |        |
| Aluminum                                  | 2 860 900 | 2 860 900 | 0%    | 942 600 | 204%  | 2.5%   | 22.0%  | 86.8%  | 199.7% |
| Copper                                    | 502 600   | 502 600   | 0%    | 109 025 | 361%  | 5.2%   | 46.9%  | 103.1% | 187.6% |
| Nickel                                    | 84 042    | 84 084    | 0%    | 43 188  | 95%   | 0.4%   | 6.5%   | 45.1%  | 80.2%  |
| Zinc                                      | 348 975   | 348 975   | 0%    | 112 725 | 210%  | 8.5%   | 37.1%  | 92.8%  | 208.8% |
| Lead                                      | 55 000    | 101 900   | -46%  | 40 950  | 34%   | 4.7%   | 21.8%  | 18.7%  | 12.1%  |

Source: Bloomberg Data, Ux Weekly

- Uranium:** According to UxC, the relative absence of spot activity is not surprising given the lack of near-term needs on the part of utilities and deteriorating economic conditions in general, which has put a damper on discretionary purchases. While lower spot offers serve to stimulate discretionary demand, UxC believes that it may take more price inducement than usual to encourage demand in this type of environment. For now, the Ux U3O8 Price is unchanged at US\$48.00/lb based on the most competitive offer of which UxC is aware. The long-term uranium price is also unchanged at US\$70.00/lb.
- Copper:** In its Q4 2008 production report, Oz Minerals said that it now expects commissioning and first production at its Prominent Hill copper mine in mid to late February, with production guidance revised downwards to 85,000 - 100,000t (tonnes) of

copper in 2009, at a cash cost of 65- 75¢/lb (previously targeting 110,000 - 120,000t). In other news, Sweden's Boliden is cutting back refined copper output in the first quarter by 17,000t, or about 30%, at its smelters in Sweden and Finland due to weak demand.

- **Zambia:** Zambia, Africa's biggest copper producer, will scrap a windfall tax on mining companies. The levy will be abolished with effect from April 1. A variable-profit tax will be retained. Zambia introduced the windfall and variable-profit taxes last year, raising the effective tax rate on miners to 47%, from 31%. The windfall tax had required miners to pay a levy on sales of copper when the price rose above \$2.50 per pound. A charge of 25% applied to the surplus amount above \$2.50 to a maximum of \$3.00 per pound, while the rate increased to 50% at between \$3.00 and \$3.50 and 75% above \$3.50. In addition, a tax on profits of up to 15% was imposed on companies that earned a return in excess of 8% on their investments. This is somewhat positive news as it will now preserve the optionality for the copper prices but our forward prices were all below these prices.
- **Nickel:** Vale has reached an agreement with the Newfoundland and Labrador government over the export of nickel concentrates from their Voisey's Bay mine. The mine will limit its exports to an average of 55,000 metric tonnes of nickel in concentrate over the next four years. This is down from 77,500 tonnes of nickel produced in 2008 and 55,400 tonnes of copper in concentrate. Vale is building a nickel processing plant in the province that is expected to be in production in 2013. This is significant for a number of reasons beyond the lost nickel output of 22,500 tonnes going forward. This concentrate is high grade and therefore produces less sulphur per unit of nickel output and was an important part of Vale Inco's sulphur reduction programs in Thompson and Sudbury. The 22,500 tonnes of lost output, unless replaced – not likely, will lower the operating efficiencies of the smelters lowering their economic performance. This will put more cost pressure on them now and even more so in 2013 when no concentrate will be supplied to these smelters from Voisey's Bay. This may make the whole complex uneconomic depending on the price environment at that time. This could provide more support for the nickel price at that time.

- **Base Metals Inventories:** Inventories for base metals are at multi-year highs. We provide some details below as to just how high metal inventories have become recently.

*Copper:* Inventories of copper currently sits at a 52-week high at 502,600 tonnes. Since the beginning of the year, inventories are up 47.9% to 339,775 tonnes. The last time that copper inventories were this high was back on Nov. 12, 2003, when it was at 503,575 tonnes. Between the high on Nov. 12, 2003, inventories fell to a low of 25,525 tonnes on July 22, 2005. From trough to current inventory levels represents an increase of 1,869.0% in inventory. Current inventories represent about 1.4 weeks of supply, low by historic levels, but the rapid increase has pressured the copper price.

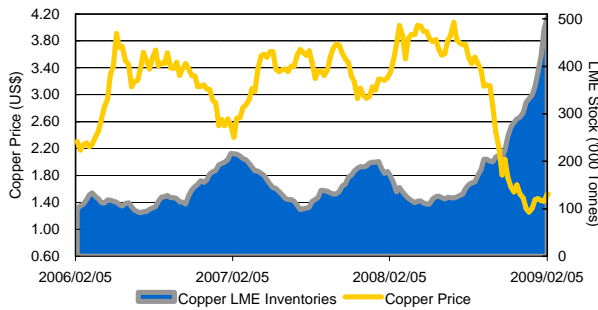
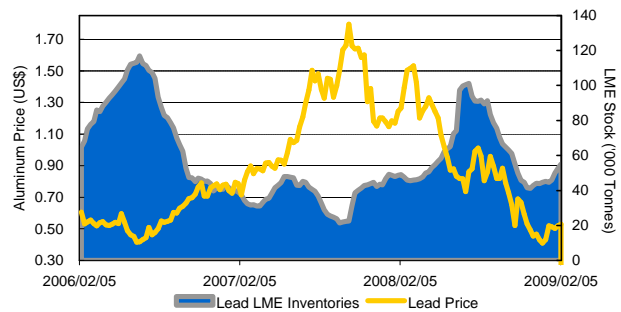
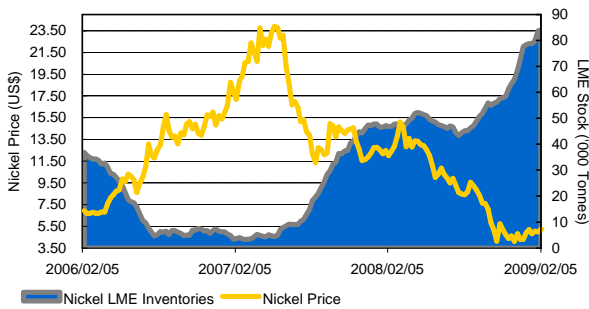
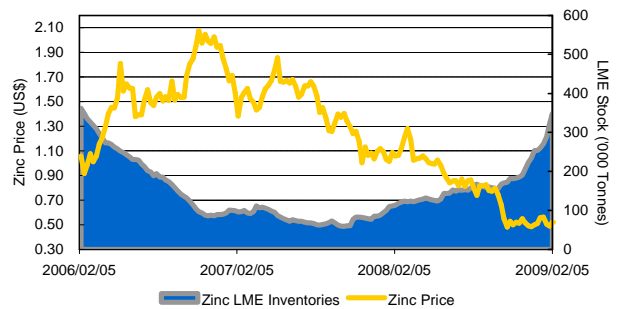
*Lead:* Inventories of lead currently sits at 55,000 tonnes. Since the beginning of the year, inventories are up 21.8% to 45,150 tonnes. The last time lead inventories were this high was back on Oct. 23, 2008, when it was at 55,200 tonnes. Between the high on Oct. 23, 2008, inventories fell to a low of 40,950 on Nov. 26, 2008. From trough to current inventory levels represents an increase of 34.3% in inventory. Current inventories represent about 0.3 weeks of supply.

*Nickel:* Inventories of nickel currently sits just a tad below it's 52-week high of 84,084 tonnes. Since the beginning of the year, inventories are up 7.2% to 78,390 tonnes. The current 52-week high of 84,084 tonnes actually represents a 10-year high. Inventories fell to a low of 2,982 on Feb. 6, 2007. From trough to current inventory levels represents an increase of 2,718.3% in inventory. Current inventories represent about 3.2 weeks of supply. Not all nickel production can be delivered to the LME as it is not in a satisfactory form or grade. Ferro nickel as an example is not deliverable and is a major source of nickel and used almost exclusively in the production of stainless steel

*Zinc:* Inventories of zinc currently sit at a 52-week high of 348,975 tonnes. Since the beginning of the year, inventories are up 37.7% to 253,500 tonnes. The last time that zinc inventories were this high was back on Feb. 16, 2006, when it was at 349,200 tonnes. Between the high on Feb. 16, 2006, inventories fell to a low of 58,100 tonnes on Oct. 16, 2007. From trough to current inventory levels represents an increase of 500.7% in inventory. Current inventories represent about 1.5 weeks of supply.

*Aluminum:* Inventories of aluminum currently sit at a 52-week high at 2,860,900 tonnes.

Since the beginning of the year, inventories are up 22.8% to 2,328,900 tonnes. The current 52-week high of 2,860,900 tonnes actually represents a 10-year high. Inventories fell to a low of 492,850 tonnes on Nov. 14, 2005. From trough to current inventory levels represents an increase of 480.5% in inventory. The large increase in inventories and the low prices are forcing the industry to make serious production cutbacks and in some cases permanent closures. Falling alumina prices and weak power demand growth is freeing up power and lower costs in China (the largest producer of aluminum in the world).

**LME Copper Spot**
**2008 Avg: \$3.15    Q1 2009 To Date: \$1.46    2009 YTD: \$ 1.46**

**LME Lead Spot**
**2008 Avg: \$0.95    Q1 2009 To Date: \$0.51    2009 YTD: \$ 0.51**

**LME Nickel Spot**
**2008 Avg: \$9.54    Q1 2009 To Date: \$5.13    2009 YTD: \$ 5.13**

**LME Zinc Spot**
**2008 Avg: \$0.85    Q1 2009 To Date: \$0.53    2009 YTD: \$ 0.53**


Source: Bloomberg Data

**NBF ESTIMATES AND RECOMMENDATIONS**

**Metal Price Assumptions (US\$/lb, cash)**

2009: Copper \$1.40; Lead \$0.55; Nickel \$5.00; Zinc \$0.55

2010: Copper \$1.60; Lead \$0.60; Nickel \$5.50; Zinc \$0.60

**ESTIMATES, TARGET PRICES & RECOMMENDATIONS (SOURCE: COMPANY REPORTS AND NBF ESTIMATES)**

| Stock<br>Sym.                  | Stock<br>Rating* | Risk<br>Rating* | Shares<br>O/S<br>(Mln) | Stock<br>Price<br>2/5 | Last<br>Year<br>Reported | FDEPS      |                              |         | P/E     |                   |      | FDCFPS |                           |        | P/CFPS |               |      | Book<br>Value<br>(Common) | Price<br>Target | NAV<br>Est. | Price/<br>NAV |        |       |      |
|--------------------------------|------------------|-----------------|------------------------|-----------------------|--------------------------|------------|------------------------------|---------|---------|-------------------|------|--------|---------------------------|--------|--------|---------------|------|---------------------------|-----------------|-------------|---------------|--------|-------|------|
|                                |                  |                 |                        |                       |                          | Act.       | est.                         | est.    | 2007    | 2008              | 2009 | 2007   | 2008                      | 2009   | 2007   | 2008          | 2009 |                           |                 |             |               | 2007   | 2008  | 2009 |
| <b>Large Caps</b>              |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| Cameco                         | COO              | SP              | AA                     | 365.7                 | 19.65c                   | Dec-07     | 1.63c                        | 1.75c   | 1.80c   | 12.1              | 11.2 | 10.9   | 1.85c                     | 2.70c  | 2.85c  | 10.6          | 7.3  | 6.9                       | 9.19c           | 26.50c      | 30.25c        | 0.65   |       |      |
| Teck Cominco*                  | TCK.B            | SP              | AA                     | 482.0                 | 5.00c                    | Dec-07     | 3.72c                        | 3.30c   | 2.20c   | 1.3               | 1.5  | 2.3    | 4.51c                     | 5.00c  | 4.50c  | 1.1           | 1.0  | 1.1                       | 23.02c          | 10.00c      | 20.00c        | 0.25   |       |      |
| <b>Mid Caps</b>                |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| First Quantum                  | FM               | OP              | AA                     | 68.8                  | 28.40c                   | Dec-07     | 7.62u                        | 7.16u   | 0.75u   | 3.0               | 3.2  | 30.7   | 11.31u                    | 10.55u | 2.35u  | 2.0           | 2.2  | 9.8                       | 25.98u          | 36.00c      | 60.00c        | 0.47   |       |      |
| Frontier Copper                | FCC              | T               | S                      | 64.5                  | 0.66c                    | Dec-07     | 0.49u                        | (0.04)u | (0.04)u | 1.1               | NA   | NA     | 0.78u                     | 0.14u  | 0.06u  | 0.7           | 3.8  | 8.9                       | 1.95u           | 0.65c       | 1.75c         | 0.38   |       |      |
| HudBay Minerals                | HBM              | OP              | A                      | 161.8                 | 5.23c                    | Dec-07     | 1.77c                        | 0.66c   | (0.42)c | 3.0               | 7.9  | NA     | 3.72c                     | 1.45c  | 0.55c  | 1.4           | 3.6  | 9.5                       | 9.61c           | 6.50c       | 11.30c        | 0.46   |       |      |
| Inmet Mining                   | IMN              | SP              | A                      | 48.3                  | 23.50c                   | Dec-07     | 8.64c                        | 5.57c   | 2.75c   | 2.7               | 4.2  | 8.5    | 9.28c                     | 6.35c  | 4.80c  | 2.5           | 3.7  | 4.9                       | 35.48c          | 33.00c      | 43.00c        | 0.55   |       |      |
| Lundin Mining                  | LUN              | T               | AA                     | 487.4                 | 0.84c                    | Dec-07     | 1.07u                        | 0.21u   | (0.32)u | NA                | 3.2  | NA     | 1.24u                     | 0.76u  | 0.25u  | NA            | 0.9  | 2.7                       | 6.80u           | 1.55c       | 4.00c         | 0.21   |       |      |
| Sherritt Intl                  | S                | OP              | AA                     | 296.0                 | 2.88c                    | Dec-07     | 1.79c                        | 0.91c   | 0.18c   | 1.6               | 3.2  | 16.0   | 2.72c                     | 1.76c  | 1.07c  | 1.1           | 1.6  | 2.7                       | 13.50c          | 5.40c       | 11.30c        | 0.25   |       |      |
| Capstone Mining                | CS               | SP              | AA                     | 164.5                 | 1.05c                    | Dec-07     | NA                           | NA      | 0.24u   | NA                | NA   | 3.6    | NA                        | NA     | 0.40u  | NA            | NA   | 2.1                       | 0.65u           | 2.00c       | 3.00c         | 0.35   |       |      |
| <b>Developers</b>              |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| Battifland                     | BIM              | SP              | S                      | 148.0                 | 0.17c                    | Dec-07     | NA                           | NA      | NA      | NA                | NA   | NA     | NA                        | NA     | NA     | NA            | NA   | NA                        | 1.33c           | 0.50c       | 4.00c         | 0.04   |       |      |
| <b>Precious Metals</b>         |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| Pan American                   | PAAS             | R               | R                      | 81.4                  | 18.05u                   | Dec-07     | R                            | R       | R       | R                 | R    | R      | R                         | R      | R      | R             | R    | R                         | R               | R           | R             | R      |       |      |
| Silver Standard                | SSO              | SP              | AA                     | 67.1                  | 25.23c                   | Dec-07     | NA                           | NA      | 1.00c   | NA                | NA   | 25.2   | NA                        | NA     | 1.45c  | NA            | NA   | 17.4                      | 7.27c           | 26.85c      | 26.85c        | 0.94   |       |      |
| <b>Unit</b>                    |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| <b>Sym.</b>                    | <b>Unit</b>      | <b>Units</b>    | <b>Risk</b>            | <b>O/S</b>            | <b>Price</b>             | <b>2/5</b> | <b>Distribution per Unit</b> |         |         | <b>Cash Yield</b> |      |        | <b>Cash Flow per Unit</b> |        |        | <b>P/CFPU</b> |      |                           | <b>Price</b>    | <b>NAV</b>  | <b>Return</b> |        |       |      |
|                                |                  |                 |                        |                       |                          |            | Act.                         | est.    | est.    | 2007              | 2008 | 2009   | Act.                      | est.   | est.   | 2007          | 2008 | 2009                      | 2007            | 2008        | 2009          | Target | Est.  |      |
|                                |                  |                 |                        |                       |                          |            | 2007                         | 2008    | 2009    | 2007              | 2008 | 2009   | 2007                      | 2008   | 2009   | 2007          | 2008 | 2009                      | 2007            | 2008        | 2009          | Target | Est.  |      |
| <b>Trusts and Income Funds</b> |                  |                 |                        |                       |                          |            |                              |         |         |                   |      |        |                           |        |        |               |      |                           |                 |             |               |        |       |      |
| Noranda Income                 | NIF.jn           | SP              | AA                     | 50.0                  | 4.70c                    |            | 1.02c                        | 1.02c   | 1.00c   | 4.6               | 4.6  | 4.7    | 1.64c                     | 1.45c  | 1.05c  | 2.9           | 3.2  | 4.5                       |                 |             |               | 5.75c  | 6.35c | 44%  |

c - Cdn\$; u - US\$; \*Key: Stock Rating: OP = Outperform; SP = Sector Perform; UP = Underperform; T = Tender; Risk Rating: L = Low, A = Average, AA = Above Average, S = Speculative, R = Restricted

\* Teck Cominco is jointly covered by Ian Howat and Tanya Jakusonek

**METALS AND MINERALS COMPSHEET (NOTE: EPS AND CFPS NUMBERS ARE I/B/E/S CONSENSUS ESTIMATES)**

| Company                    | Curr. | Recent Price | Shares O/S (MM) | Market Cap (MM) | Cash Flow / Share |        | Earnings / Share |              | Price / Earnings (X) |        | Price/Tng. EBITDA *** | Price/ Trailing CF *** | EVI/ Trailing CF *** | Tot Debt/ Tot Cap | P/ BV       |             |
|----------------------------|-------|--------------|-----------------|-----------------|-------------------|--------|------------------|--------------|----------------------|--------|-----------------------|------------------------|----------------------|-------------------|-------------|-------------|
|                            |       |              |                 |                 | f2008             | f2009  | f2008            | f2009        | f2008                | f2009  |                       |                        |                      |                   |             | f2008       |
| <b>Aluminum</b>            |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| Alcoa Inc                  | USD   | 8.06         | 800.3           | 6,451           | 1.32              | 2.40   | 6.12             | 3.35         | (0.46)               | 0.59   | 13.59                 | 1.98                   | 5.28                 | 17.41             | 0.42        | 0.55        |
| Alumina Ltd                | AUD   | 1.12         | 1459.9          | 1,635           | 0.03              | 0.05   | 41.48            | 20.74        | (0.08)               | 0.03   | N/A                   | N/A                    | 5.34                 | 25.79             | 0.27        | 0.83        |
| Century Aluminum           | USD   | 4.12         | 73.6            | 303             | (4.42)            | (0.68) | N/A              | N/A          | 4.47                 | (1.72) | 40.00                 | 0.67                   | 0.60                 | 6.11              | 0.44        | 0.12        |
| <b>Aluminum Average</b>    |       |              |                 |                 |                   |        | <b>23.80</b>     | <b>12.05</b> |                      |        | <b>26.80</b>          | <b>1.32</b>            | <b>3.74</b>          | <b>16.44</b>      | <b>0.38</b> | <b>0.50</b> |
| <b>Copper</b>              |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| Freeport McMoRan           | USD   | 28.35        | 377.7           | 10,706          | 3.44              | 6.02   | 8.24             | 4.71         | 0.67                 | 2.61   | 10.86                 | 1.55                   | 3.22                 | 6.17              | 0.51        | 5.16        |
| Antofagasta plc            | GBP   | 4.80         | 985.9           | 4,727           | 1.18              | 0.58   | 4.08             | 8.26         | 0.73                 | 0.26   | 18.60                 | 1.54                   | 1.97                 | 4.92              | 0.05        | 1.57        |
| Southern Peru**            | USD   | 15.13        | 878.7           | 13,295          | 0.70              | 1.18   | 21.68            | 12.82        | 0.58                 | 1.15   | 26.27                 | 5.26                   | 7.76                 | 8.29              | 0.28        | 3.82        |
| First Quantum Mnlis*       | CAD   | 28.57        | 68.8            | 1,964           | 8.73              | 2.67   | 2.66             | 8.68         | 6.10                 | 0.98   | 23.77                 | 1.67                   | 2.06                 | 3.22              | 0.17        | 0.89        |
| Inmet Mining Corp.         | CAD   | 23.50        | 48.3            | 1,135           | 6.36              | 3.90   | 3.70             | 6.03         | 5.50                 | 2.96   | 7.94                  | 2.41                   | 3.10                 | 6.08              | 0.15        | 0.66        |
| Anvil Mining               | CAD   | 1.61         | 71.2            | 115             | 0.74              | 0.15   | 2.17             | 10.81        | 0.04                 | (0.24) | N/A                   | 1.12                   | 1.10                 | 1.83              | 0.00        | 0.15        |
| Frontera Copper            | CAD   | 0.66         | 64.5            | 43              | 0.03              | (0.02) | 24.44            | N/A          | 0.01                 | (0.14) | 50.77                 | 1.12                   | (1.71)               | N/A               | 0.41        | 0.27        |
| Quadra Mining              | CAD   | 3.48         | 66.0            | 230             | 2.34              | 0.87   | 1.49             | 3.99         | 1.88                 | 0.15   | 22.89                 | 0.86                   | 0.77                 | 1.84              | 0.24        | 0.21        |
| <b>Copper Average</b>      |       |              |                 |                 |                   |        | <b>8.56</b>      | <b>7.90</b>  |                      |        | <b>16.21</b>          | <b>1.94</b>            | <b>2.28</b>          | <b>4.62</b>       | <b>0.22</b> | <b>1.59</b> |
| <b>Zinc</b>                |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| Lundin Mining              | CAD   | 0.84         | 487.4           | 409             | 0.56              | 0.17   | 1.49             | 4.97         | 0.12                 | (0.27) | 7.00                  | 0.84                   | 1.31                 | 5.40              | 0.03        | 0.08        |
| Hudbay Minerals            | CAD   | 5.23         | 153.0           | 800             | 1.49              | 0.71   | 3.51             | 7.39         | 0.60                 | 0.04   | 8.78                  | 2.79                   | 2.33                 | 0.79              | 0.00        | 0.51        |
| Breakwater Resources       | CAD   | 0.12         | 446.8           | 51              | 0.00              | (0.00) | 28.75            | N/A          | (0.09)               | (0.06) | N/A                   | 1.50                   | (11.46)              | N/A               | 0.01        | 0.15        |
| <b>Zinc Average</b>        |       |              |                 |                 |                   |        | <b>11.25</b>     | <b>6.18</b>  |                      |        | <b>127.56</b>         | <b>1.71</b>            | <b>(2.61)</b>        | <b>3.10</b>       | <b>0.01</b> | <b>0.25</b> |
| <b>Nickel</b>              |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| Norilsk Nickel             | USD   | 40.70        | 190.6           | 7,759           | 26.67             | 6.59   | 1.53             | 6.18         | 18.90                | 3.08   | 13.21                 | 1.12                   | 1.16                 | 7.93              | 0.27        | 0.36        |
| Ermet                      | EUR   | 142.30       | 26.1            | 3,721           | 36.30             | 25.02  | 3.92             | 5.69         | 26.08                | 11.74  | 12.12                 | 2.71                   | 3.69                 | 8.93              | 0.05        | 1.66        |
| Minara Resources Ltd       | AUD   | 0.34         | 1167.8          | 397             | (0.02)            | (0.03) | N/A              | N/A          | (0.01)               | (0.04) | N/A                   | 2.60                   | (4.37)               | N/A               | 0.00        | 0.40        |
| Sherritt International     | CAD   | 2.86         | 293.1           | 838             | 1.82              | 1.15   | 1.57             | 2.50         | 1.14                 | 0.39   | 7.26                  | 1.11                   | 1.17                 | 7.71              | 0.15        | 0.21        |
| FXM Mining Company         | CAD   | 4.16         | 84.9            | 353             | 0.84              | 0.28   | 4.95             | 14.75        | 0.09                 | (0.17) | N/A                   | 3.92                   | 2.94                 | 6.70              | 0.00        | 0.47        |
| <b>Nickel Average</b>      |       |              |                 |                 |                   |        | <b>2.99</b>      | <b>7.28</b>  |                      |        | <b>10.86</b>          | <b>2.29</b>            | <b>0.92</b>          | <b>7.82</b>       | <b>0.09</b> | <b>0.62</b> |
| <b>Uranium</b>             |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| Cameco                     | CAD   | 19.69        | 365.7           | 7,201           | 2.34              | 2.69   | 8.42             | 7.33         | 1.67                 | 1.81   | 10.87                 | 7.99                   | 15.97                | 24.00             | 0.19        | 2.14        |
| Denison                    | CAD   | 1.42         | 226.0           | 321             | 0.06              | 0.15   | 22.90            | 9.53         | (0.13)               | (0.01) | N/A                   | 10.77                  | (14.60)              | N/A               | 0.00        | 0.31        |
| Paladin                    | CAD   | 2.44         | 602.7           | 1,471           | 0.04              | 0.20   | 60.14            | 12.27        | 0.01                 | 0.13   | 231.29                | NA                     | NA                   | NA                | NA          | N/A         |
| ERA **                     | AUD   | 18.50        | 190.7           | 3,529           | 1.38              | 2.18   | 13.37            | 8.48         | 1.31                 | 1.74   | 14.09                 | 18.33                  | 29.59                | 37.34             | 0.08        | 5.88        |
| Uranium One                | CAD   | 2.02         | 469.6           | 949             | 0.07              | 0.10   | 29.71            | 19.61        | (0.00)               | 0.07   | 28.45                 | 12.70                  | 7.55                 | 11.37             | 0.07        | 0.64        |
| <b>Uranium Average</b>     |       |              |                 |                 |                   |        | <b>26.91</b>     | <b>11.45</b> |                      |        | <b>17.21</b>          | <b>12.45</b>           | <b>9.63</b>          | <b>24.24</b>      | <b>0.09</b> | <b>2.24</b> |
| <b>Diversified</b>         |       |              |                 |                 |                   |        |                  |              |                      |        |                       |                        |                      |                   |             |             |
| BHP-Billiton Ltd*          | AUD   | 31.62        | 3358.4          | 106,191         | 3.27              | 2.69   | 6.21             | 7.56         | 2.19                 | 1.75   | 11.61                 | 3.44                   | 7.53                 | 5.32              | 0.25        | 2.96        |
| Rio Tinto plc              | GBP   | 18.37        | 998.2           | 18,337          | 7.27              | 6.17   | 2.53             | 2.98         | 5.42                 | 3.12   | 5.89                  | 1.20                   | 2.22                 | 17.94             | 0.64        | 1.09        |
| Anglo American*            | GBP   | 14           | 1316.5          | 18,431          | 7.65              | 4.84   | 2.65             | 4.18         | 5.03                 | 2.25   | 9.01                  | 1.75                   | 2.38                 | 14.27             | 0.25        | 1.18        |
| Xstrata plc*               | GBP   | 7.57         | 977.7           | 7,401           | 6.29              | 8.03   | 1.74             | 1.36         | 2.37                 | 3.17   | 3.45                  | 0.77                   | 1.10                 | 4.11              | 0.42        | 0.48        |
| Teck Cominco **            | CAD   | 4.99         | 477.5           | 2,383           | 5.22              | 4.74   | 0.96             | 1.05         | 3.27                 | 1.99   | 2.51                  | 0.84                   | 1.02                 | 6.46              | 0.16        | 0.25        |
| Vedanta Resources plc      | GBP   | 6.14         | 285.4           | 1,752           | 2.91              | 1.97   | 2.11             | 3.11         | 0.77                 | 0.52   | 11.80                 | 0.61                   | 0.93                 | 5.18              | 0.24        | 0.70        |
| <b>Diversified Average</b> |       |              |                 |                 |                   |        | <b>2.70</b>      | <b>3.38</b>  |                      |        | <b>7.38</b>           | <b>1.44</b>            | <b>2.53</b>          | <b>8.88</b>       | <b>0.33</b> | <b>1.11</b> |

\*\*\* Trailing 12-month results

\*\* Two or more classes of shares exist

\* Estimates in USD

Source: Bloomberg

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