

July 8, 2008

Aquiline Resources (AQI-T, \$7.68)

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Rating: SECTOR OUTPERFORM; 12-Month Target: \$15.60; Risk: SPECULATIVE
Impact: Positive

Provincial Government Backs Re-Introduction of Mining in Chubut

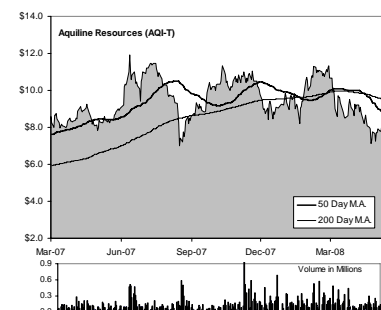
- **Chubut Government Addresses Mining in the Province** - Aquiline announced yesterday that the Provincial Government of Chubut is supportive of the re-introduction of mining in Chubut, particularly in the Meseta Central area of the province where the Navidad Project is located. The comments were made on June 25th by the Governor of Chubut Province in Argentina, Mr. Mario Das Neves, along with Provincial Minister Norberto Yauhar, and the Secretary of Hydrocarbons and Mining, Mr. Luis Tarrío at the Canadian Embassy in Buenos Aires in an event organized by the Canadian Argentine Chamber of Commerce. The meeting was conducted as a private forum without the presence of the media. Aquiline requested that relevant parts of the presentation be provided in order to communicate this information to the market. In the same speech, Governor Mario Das Neves also indicated that the government of Chubut will proceed towards reopening mining in the province with due caution, to be sure there is responsible management of environmental and social issues, which have been defined as fundamental objectives of the current administration.
- **Navidad Scoping Study in Q3/08** - Aquiline continues to advance the Navidad silver-lead project towards an initial level of engineering with completion of a preliminary economic assessment expected towards the end of Q3/08. We expect the study to outline an initial start-up scenario that focuses on conventional open pit mining at the Loma de la Plata zone (indicated resources of 9.1 Mt of 226 g/t silver for 66 Moz of silver and inferred resources of 17.3 Mt of 159 g/t silver for 88 Moz of silver) and conventional milling to produce a high-grade silver concentrate.

Implications: Positive - While comments by the Governor are a step in the right direction, the announcement of pro-mining legislation will be required before the market will remove the valuation discount currently assigned to Aquiline.

Valuation: Our 12-month target of \$15.60 is based on 1.3x our after-tax project NAV_{5to8%} of US\$864 million, or US\$11.05 per share on a fully project-financed basis. Aquiline trades at 0.6x project NAV_{5to8%}, while silver companies in our universe trade at 0.7x (0.3x to 1.0x) project NAV_{5to8%}.

Last Research: June 19, 2008

Target Price	\$15.60	52-Week High / Low	C\$12.25 / C\$6.51
Current Price	\$7.68	Shares O/S	62.3 million (basic)
Return (incl. dist'n)	103%		67.1 million (F/D)
YTD Performance	- 22%	Market Capitalization	C\$478.5 million
Risk Profile:	SPECULATIVE	Daily Volume	
Forecast Risk	Moderate	(3 mo avg)	108,500
Financial Risk	High	Currency	C\$ unless noted
Valuation Risk	High	Company Web Site	aquiline.com
Political Risk	High	CEO	Marc Henderson



Source: Bloomberg

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 2 - 4 of this report.



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- n/a

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TENDER – The analyst is recommending that investors tender to a specific offering for the company’s stock.

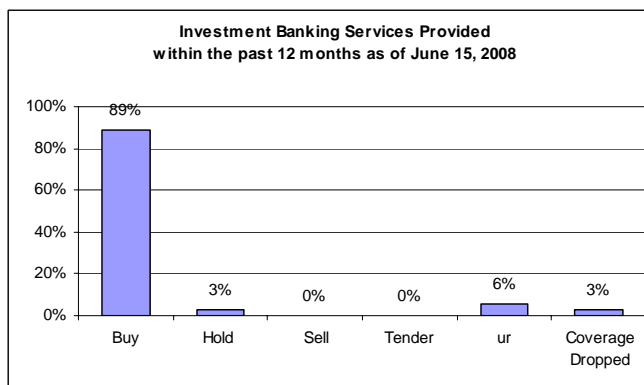
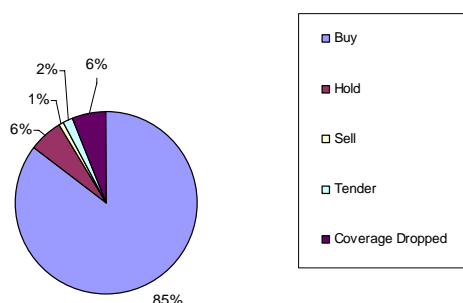
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Rating Distribution March 15, 2008 - June 15, 2008



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Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: High – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. **Moderate** – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. **Low** – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

Financial Risk: High – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised.





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Valuation Risk: *High* – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. *Moderate* – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. *Low* – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

Political Risk: *High* – Currently no industry activity or infrastructure exists. Government opposition is significant. Obtaining permits is challenging. *Moderate* – Industry activity or infrastructure is minimal. Government at national, regional, and local levels is indifferent. Obtaining permits is relatively straightforward. *Low* – Industry activity and infrastructure exist. Government is supportive. Obtaining permits is facilitated.

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