MARKET WATCH

Presenting a compilation of Research Notes published on March 2nd during the 20th BMO Capital Markets Global Metals & Mining Conference.

RESEARCH COMMENTS

C GA Mining: Highlights From the BMO CM Global Metals & Mining Conf. (CGA-TSX; CGX-ASX)

Outperform; Price - $3.13; Target - $4.25
Impact: Neutral

Mark Savage, Chairman, presented at the 2011 Annual BMO Capital Markets Global Metals and Mining Conference. The presentation focused on the company’s strong operating cash flow and production growth potential. In the first six months of FY2011, CGA produced 96koz of gold, on track to meet or exceed guidance of 190-195koz for FY2011. Ongoing expansion plans to sustain throughput at an annualized rate of 6.5Mtpa include the installation of a 2.5Mtpa, three-stage crushing plant to complement the existing feed from the primary crusher. CGA expects it can produce 200koz of gold per year at a capacity of 6.5Mtpa. Total expansion capital is expected to come in at ~US$51M, with expansion plans projected to be completed by the end of the current fiscal year (June 2011). The company envisions an eventual expansion to 10Mtpa (for estimated capex of US$75M), which could grow annual production to ~300koz. The exploration budget for FY2011 is set at US$10M in order to support a 5km drill program and 15km of trenching at Masbate. The company has completed 9km to date, and is focused on converting inferred resources through in-fill drilling. CGA expects to release a resource update for Masbate at the end of June 2011. As at the end of the December quarter (fiscal Q2/11), CGA held cash and cash equivalents of ~US$133 and debt of US$51M.

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T orex Gold Resources: Highlights From the BMO CM Global Metals & Mining Conf. (TXG-TSX)

Outperform(S); Price - $2.22; Target - na
Impact: Neutral

Fred Stanford, President & CEO of Torex Gold, presented at the 2011 BMO CM Global Metals and Mining Conference. Torex is advancing its Morelos project, located in Mexico, for initial production in early 2012. Mr. Stanford reviewed the project’s objectives for 2011: releasing exploration results on a regular basis; negotiating with the Ejidos for permanent land tenure/leases required for mining, processing and infrastructure in Q2-Q3/11; releasing an updated resource estimate in Q3/11 and a pre-feasibility study in Q4/11; and submitting applications for environmental and operating permits. Mr. Stanford’s goal is to increase M&I resources to 5Moz (versus the current 3.0Moz M&I and 0.9Moz inferred) in the Q3/11 update. The company has budgeted US$35M for exploration to complete 100,000m of drilling, with seven rigs dedicated for resource expansion plus an additional four rigs targeting pure exploration activities. Mr. Stanford highlighted the potential for new discoveries on the South side of the Balsas River, and said that on the North side he anticipates drilling to confirm that the Los Guajes E&W and El Limon deposits are all connected. Torex is well financed with C$62M in cash and no debt. Mr. Stanford expects to have ~C$100M in cash at year-end, following the exercise of warrants. A construction decision is expected in early 2012 to coincide with the receipt of permits.

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ANVIL Mining: Highlights From the BMO CM Global Metals & Mining Conf. (AVM-TSX)

Market Perform(S); Price - $5.30; Target - na

Impact: Neutral

Bill Turner, President and CEO, presented at the 2011 BMO CM Global Metals & Mining Conference. The Kinsevere Stage II SX/EW project is currently ~85% complete. Anvil anticipates commencing commissioning in Q2/11 with first copper cathode production expected to commence in Q3/11. The company recently started loading anodes into the tankhouse. Anvil anticipates producing ~40,000t copper (concentrate and cathode) in 2011 and 60,000t of copper cathode in 2012. The company expects to close the HMS facility in Q3/11 after the SX/EW comes on line. Anvil indicated it plans to initiate a study to examine the potential of increasing production to 90Ktpa from 60Ktpa. In an expanded production scenario, Anvil expects to close the HMS facility in Q3/11 after the SX/EW comes on line. Anvil anticipates commencing commissioning in Q2/11 with first copper cathode production expected to commence in Q3/11. Anvil anticipates producing ~40,000t copper (concentrate and cathode) in 2011 and 60,000t of copper cathode in 2012. The company expects to close the HMS facility in Q3/11 after the SX/EW comes on line. Anvil indicated it plans to initiate a study to examine the potential of increasing production to 90Ktpa from 60Ktpa. An expanded production scenario, Anvil anticipates producing ~40,000t copper (concentrate and cathode) in 2011 and 60,000t of copper cathode in 2012. The company expects to close the HMS facility in Q3/11 after the SX/EW comes on line. Anvil indicated it plans to initiate a study to examine the potential of increasing production to 90Ktpa from 60Ktpa.

Outperform(S); Price - $11.30; Target - na

Impact: Neutral

Dan MacNish, President & CEO, presented at the 2011 BMO CM Global Metals & Mining Conference. A pre-feasibility study examining the development of a stand-alone underground silver mine at the Juanicipio JV project is currently under way and is expected to be released in Q1/11. MAG indicated that the recent meeting of the Juanicipio JV technical committee (comprised of MAG and Fresnillo representatives) was positive, noting that it suggests Fresnillo is increasingly motivated to advance the JV project in a timely fashion. MAG has an US$11M exploration program planned for 2011, of which 60% has been allocated for drilling. There are currently four rigs on the Juanicipio property (with another two to be added by the end of Q1/11) drilling the Valdecanas and Juanicipio veins as well as other targets. Drilling at the Valdecanas vein is ongoing with the aim of upgrading inferred resources to the indicated category. Metallurgical work on the early-stage Pozo Seco molybdenum-gold deposit is ongoing. A preliminary economic assessment is expected to be carried out in 2011. MAG is continuing exploration at Cinco de Mayo for CRD deposits and is using Pozo Seco as a vector to guide exploration. Two rigs are currently drilling a target north of the deposit. Exploration work, including drilling, is also planned in 2011 for several of MAG’s other properties, including La Esperanza, Mojina, Lagartos SE and Nuevo Mundo.

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Extorre Gold Mines: Highlights From the BMO CM Global Metals & Mining Conf. (XG-TSX)

Market Perform(S); Price - $5.25; Target - na

Impact: Neutral

Yale Simpson, Co-Chairman of the company, presented at the 2011 BMO CM Global Metals & Mining Conference. The 2010 Cerro Moro PEA examined a combined pit/underground development scenario. Estimated annual production, based on a 750tpd mining rate, averages 54,500oz gold and 2.7Moz silver over an eight-year mine life at average cash costs of ~US$250/oz AuEq. Initial and sustaining capital costs were estimated at US$131M and US$32M, respectively. The preliminary design plan is modular to accommodate future expansion. Extorre noted it could raise a combination of debt and equity to finance construction of the project. Management anticipates completing an updated resource estimate for the project in Q3/11 and a pre-feasibility study in late Q2/11. Extorre expects mining permits and approvals could be received in Q2/11 and indicated initial production could occur in late 2012/early 2013. Extorre is currently completing ~6,000/month in drilling at Cerro Moro and has initiated an 18-month, 100,000m exploration program aiming to expand resources. Four rigs are active on the property. A number of drill targets on the property have been prioritized based on grade, proximity to existing discoveries, as well as geochemistry and vein texture. Two rigs are planned to be devoted to regional exploration (with the second rig to be added shortly) in the coming year and Extorre noted that the regional exploration budget will be driven by exploration success.

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Andina Minerals: Highlights From the BMO CM Global Metals & Mining Conf. (ADM-TSXV)

Market Perform(S); Price - $1.60; Target - $na
Impact: Neutral

George Bee, President and CEO of Andina, presented at the 2011 BMO CM Global Metals & Mining Conference. The presentation focused on the recently completed pre-feasibility study for the Volcan gold project in Chile. The study outlined a resource pit with combined heap leach and mill operation. The in-pit reserve estimate contains 282.6Mt grading 0.73g/t gold (6.6Moz). Life-of-mine production is expected to be 4.3 Moz gold over a 15-year mine life at a total cash cost of US$621/oz. The overall blended gold recovery is expected to be 66% at a strip ratio of 2.48:1. Capital costs were estimated at US$551M, with life-of-mine sustaining capital totalling US$271M. Andina plans to undertake a number of studies in 2011-2012 to examine potential for optimization and to improve project economics. Submission of the project EIA is expected for H1/12, followed by the expected completion of a feasibility study in mid-2012. Andina indicated the Chilean permitting process typically takes 9-12 months and construction of projects similar to Volcan generally requires 18-24 months to complete. A 31,600m 2010-2011 drilling program is currently under way, including 10,000m of exploration drilling at Ojo de Agua East (“ODAE”). Mr. Bee highlighted the potential for improvements to the Volcan resource model with the definition of higher-grade ore at ODAE and also noted that there is higher-grade material below the proposed pit that could potentially be accessed with a decline.

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Aurizon Mines: Highlights From the BMO CM Global Metals & Mining Conf. (ARZ-TSX; AZK-AMEX)

Market Perform; Price - $7.55; Target - $7.00
Impact: Neutral

David Hall, President & Chief Executive Officer of Aurizon Mines presented at the 2011 Annual BMO CM Global Metals and Mining Conference. The presentation focussed on mining operations at Casa Berardi, Joanna development, and exploration across their land base in north-western Quebec. At Casa Berardi, the company is targeting 2011 gold production of 85k oz at a cash cost of US$495/oz. The company plans to spend ~$51M at the mine in 2011 including ~$14M to advance the shaft 320m. The shaft deepening project is expected to commence in the second quarter and be complete by Q3/12 at a total cost of ~$32M. ARZ also expects to spend ~$13M on exploration with 8 to 12 drills active at Casa Berardi. Much of the program will be centred on upgrading the current resources and extending the Lower Inter zone to the west and down dip. At Joanna, ARZ projects the completion of the feasibility study by mid-2011 and is targeting production (estimated at 100k ozpa) for late 2013. The company will also advance an environmental impact study as well as a metallurgical recovery optimization study. The Joanna deposit remains open along strike. The company has a 2011 exploration budget of ~$25m (for a total of ~123km of drilling), which includes $3.7M at Joanna, $4.0M at Marban, $6.5M at Fayolle, and $4.1M at Rex South.

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Copper Mountain Mining: Highlights From the BMO CM Global Metals & Mining Conf. (CUM-TSX)

Outperform(S); Price - $6.83; Target - $8.50
Impact: Neutral

Rod Shier, CFO, presented at the 2011 BMO CM Global Metals & Mining Conference. Construction of the Copper Mountain project in British Columbia is on budget and on schedule for initial production in June 2011. Copper Mountain has spent and committed C$370M of the total estimated project cost of C$436M. Pre-production mining has commenced at a rate of ~100ktpd. The majority of major milling equipment is on site to be installed for startup and testing in April. Construction of the primary crusher and conveyor system is virtually complete and is expected to be turned over to the commissioning team later this week. The pits have been electrified and water is being pumped into the tailings facility. Current work on the concentrator is focused on piping and electrical. ~50% of the mining fleet has been delivered with the remainder onsite being assembled and expected to be in operation in mid-April. Mr. Shier highlighted the project’s exploration potential for deep seated mineralization. Early stage drilling has intersected mineralization beneath the current Super-pit. One of the company’s strategies is to fund future exploration from operating cash flow. At present, the company does not have a 2011 exploration budget; however, the exploration budget will be revisited once the Copper Mountain project is in production.

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Great Basin Gold: Highlights From the BMO CM Global Metals & Mining Conf. (GBG-TSX; GBG-AMEX)

Outperform; Price - $2.62; Target - $3.50
Impact: Neutral

Ferdi Dippenaar, president and CEO of Great Basin Gold, presented at the 2011 BMO CM Global Metals & Mining Conference. The current focus of the company for the next 12-24 months is on ramping up production at Burnstone and achieving steady-state production at Hollister. At Burnstone, the company is targeting a mine life of over 25 years with production averaging 254k ozpa at total cash costs of US$896/oz. At the end of December, Great Basin Gold had spent US$374M of the total estimated project cost of US$489M. Development activities are concentrated on underground development, where over 4000m2 has been mined using long hole stoping. The company is targeting production of 110k oz gold at Burnstone in 2011 and 220k oz in 2012. Trial mining is ongoing at the Hollister project. The company expects average annual production of 110k oz over eight years at total cash costs of US$527/oz. Recoveries at the Esmeralda mill are expected to improve with the installation of a carbon regeneration system scheduled to be completed in Q2/11. Exploration is focused on the Blanket Zone with a resource estimate expected at the end of Q2/11. The company expects to spend US$105M on capital expenditures in 2011, mostly at Burnstone.

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Guyana Goldfields: Highlights From the BMO CM Global Metals & Mining Conf. (GY-TSX)

Outperform(S); Price - $9.82; Target - $12.00
Impact: Neutral

Claude Lemasson, President, Chief Operating Officer & Director of Guyana Goldfields presented at the 2011 Annual BMO CM Global Metals and Mining Conference. The presentation focused on mining operations at Casa Berardi, Joanna development, and exploration across their land base in north-western Quebec. At Casa Berardi, the company is targeting 2011 gold production of 85k oz at a cash cost of US$495/oz. The company plans to spend ~$51M at the mine in 2011 including ~$14M to advance the shaft 320m. The shaft deepening project is expected to commence in the second quarter and be complete by Q3/12 at a total cost of ~$32M. ARZ also expects to spend ~$13M on exploration with 8 to 12 drills active at Casa Berardi. Much of the program will be centred on upgrading the current resources and extending the Lower Inter zone to the west and down dip. At Joanna, ARZ projects the completion of the feasibility study by mid-2011 and is targeting production (estimated at 100k ozpa) for late 2013. The company will also advance an environmental impact study as well as a metallurgical recovery optimization study. The Joanna deposit remains open along strike. The company has a 2011 exploration budget of ~$25m (for a total of ~123km of drilling), which includes $3.7M at Joanna, $4.0M at Marban, $6.5M at Fayolle, and $4.1M at Rex South.

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CGA Mining: Highlights From the BMO CM Global Metals & Mining Conf. (CGA-TSX; CGX-ASX)

Outperform; Price - $3.13; Target - $4.25
Impact: Neutral

Mark Savage, Chairman, presented at the 2011 Annual BMO Capital Markets Global Metals and Mining Conference. The presentation focused on the company’s strong operating cash flow and production growth potential. In the first six months of FY2011, CGA produced 98k oz of gold, on track to meet or exceed guidance of 190-195k oz for FY2011. Ongoing expansion plans to sustain throughput at an annualized rate of 6.5Mtpa include the installation of a 2.5Mtpa, three-stage crushing plant to complement the existing feed from the primary crusher. CGA expects it can produce 200k oz of gold per year at a capacity of 6.5Mtpa. Total expansion capital is expected to come in at ~US$15M, with expansion plans projected to be completed by the end of the current fiscal year (June 2011). The company envisions an eventual expansion to 10Mtpa (for estimated capex of US$75M), which could grow annual production to ~300k oz. The exploration budget for FY2011 is set at US$10M in order to support a 55k m2 drill program and 13km of trenching at Mashedate. The company has completed 9km to date, and is focused on converting inferred resources through infill drilling. CGA expects to release a resource update for Mashedate at the end of June 2011. As at the end of the December quarter (fiscal Q2/11), CGA held cash and cash equivalents of ~US$133 and debt of US$51M.

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First Majestic Silver: Highlights From the BMO CM Global Metals & Mining Conf. (FR-TSX; FMV-DE)

Market Perform; Price - $15.87; Target - $15.00
Impact: Neutral

Keith Neumeyer, President & Chief Executive Officer of First Majestic Silver, presented at the 2011 BMO CM Global Metals and Mining Conference. The presentation focused on the Las Encantadas, La Parrilla and San Martin mine operations and provided an update of development at Del Toro. At La Encantada, FR expects to produce ~4.5Moz of silver in 2011. The project contains a N43-101 compliant resource of 90Moz silver with substantial exploration potential on the 4,000 ha property. FR is planning to spend ~$10M on exploration at La Encantada in 2011. La Parrilla currently processes 850tpd, resulting in 1.5Moz of silver-equivalent annually. FR plans to expand the onsite mill to 1,600tpd and to produce ~3.0Moz of silver-equivalent annually by the end of 2012. The San Martin mill currently processes 900 tpd for 1.3Moz of silver per year. The company is in the process of driving a ~500m exploration ramp to the Esperanza Vein in order to upgrade the resource. Del Toro is fully permitted for a 1,000tpd Flotation Mill with plans of future expansion to 2,000tpd. Underground development commenced in Q3/10 and full production of 6Moz of silver annually is expected by 2014 year-end. The project has a 57Moz NI 43-101 compliant silver equivalent resource delineated.

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Teranga Gold: Highlights From the BMO CM Global Metals & Mining Conf. (TGZ-TSX)

Market Perform; Price - $2.71; Target - $3.00
Impact: Neutral

Alan Hill, Chairman and CEO of Teranga Gold, presented at the 2011 BMO CM Global Metals and Mining Conference. Mr. Hill identified Teranga’s growth strategy of a planned mill expansion, mine site exploration, regional opportunities and regional exploration. The company’s Sahoda mine is the first large-scale gold mine in Senegal with 2.25Moz in M&I resources. Teranga is planning a mill expansion at Sabodala to 4Mtpa from 2Mtpa for US$56M with expected completion in early 2012. Gold production is forecast to increase to over 200koz from the current plan of ~130koz. Mr. Hill also highlighted the prospectivity of the company’s underexplored 1,488 square kilometre land package. The exploration budget for calendar 2011 is US$25M with 12 drill rigs on site. A 41,000m drill program is already under way on the Sahoda mine. Terranga’s concession (4 rigs) and 27 drill targets have been identified regionally, with 67,000m currently planned (8 rigs). Mr. Hill emphasized that the Kenebia Inlier is an emerging world-class gold district and that the company’s experienced management team is well positioned to take advantage of its established platform in Senegal.

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Primero Mining: Highlights From the BMO CM Global Metals & Mining Conf. (P-TSX)

Outperform; Price - $3.97; Target - $7.25
Impact: Neutral

Joe Conway, President & Chief Executive Officer of Primero Mining, presented at the 2011 BMO CM Global Metals & Mining Conference. Primero is an established Mexican gold producer and owner of the gold-silver underground San Dimas mine. Mr. Conway highlighted Primero’s attractive valuation and potential for re-rating. Primero’s strategy is focused on growth and achieving below-industry average cash costs. Production is expected to double by 2013 through optimizations and expansions at San Dimas, namely ramping up the mill to full design capacity of 2,100tpd and then expanding the mill to 2,500tpd to match the leaching capacity. Acquisitions in mining-friendly Latin American jurisdictions were also identified as a route to future production growth. In 2011, Primero expects gold-equivalent production to rise 15% to 110-120koz at cash costs of US$550-570oz. Mr. Conway noted that the Sinaloa Graben zone has 1Moz resource potential with higher grades (6-10g/oz) and widths (3-8m) than the current reserve. The company has budgeted US$12M for exploration in 2011 consisting of 54,000m of diamond drilling and 3,800m of exploration drift ing. Under its current silver agreement with Silver Wheaton, the company pays tax at the spot silver price even though it realizes a lower price. Mr. Conway indicated that Primero is actively investigating ways to lower its tax obligation under the agreement.

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Golden Star Resources: Highlights From the BMO CM Global Metals & Mining Conf. (GSS-AMEX; GSC-TSX)

Market Perform; Price - US$3.10; Target - US$5.50
Impact: Neutral

Bruce Higson-Smith, Vice President of Corporate Development for Golden Star Resources, presented at the 2011 BMO CM Global Metals and Mining Conference. The presentation was centered on the Bogoso, Prestea and Wassa operations as well as exploration updates. Golden Star achieved 2010 gold sales of 171koz at Bogoso/Prestea, but is planning to advance a number of projects under the agreement.

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Bear Creek Mining: Highlights From the BMO CM Global Metals & Mining Conf. (BCM-TSXV)

Outperform(S); Price - $10.07; Target - $11.50
Impact: Neutral

Andrew Swarthout, CEO, presented at the 2011 Annual BMO Capital Markets Global Metals and Mining Conference. Mr. Swarthout provided an update on activities at BCM’s two 100%-owned core projects, Santa Ana and Corani (in southern Peru), and highlighted the company’s mission to become a 15-20Moz silver producer by 2014. At Santa Ana, BCM recently completed the public review process of the ESIA, which puts BCM on track for permitting approval in July. BCM indicates that Santa Ana is fully financed, and expects production to commence in mid-2012. The Q4/10 feasibility study outlined capex of US$71M to develop a 10ktpd open pit and heap Leach operation capable of producing ~5Moz of silver annually over an 11-year mine life. However, Mr. Swarthout indicated a strong potential for future exploration to increase the mine life. The Santa Ana deposit remains open to the north. At Corani, a Q3/09 pre-feasibility study outlined a 15ktpd operation, producing an annual average of 6.4Moz silver over a 27-year mine life at cash costs of $2.87/oz silver for US$380M in development capex. The company is currently evaluating an expansion to 22.5ktpd for a ~30% increase in capex. Initial production is scheduled for 2014, and BCM expects to release a feasibility study for the project in Q3/11. BCM is fully funded through 2012.

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Capstone Mining: Highlights From the BMO CM Global Metals & Mining Conf. (CS-TSX)

Outperform; Price - $4.47; Target - $5.50
Impact: Neutral

Darren Pylot, Vice Chairman and Chief Executive Officer of Capstone Mining, presented at the 2011 BMO Capital Markets Global Metals & Mining Conference in Hollywood, Florida. The company forecasts 2011 production of 80-85Mlb copper from its Cozamin and Minto operations, at a cash cost of US$1.30-1.35/lb. Production disruptions at Cozamin due to ongoing support improvements are forecast to continue in Q1/11. Capstone expects to acquire critical permitting and begin mining Area 2 of the Minto pit in Q1/11, coinciding with the exhaustion of the final stage of the current pit. Mr. Pylot also highlighted a number of near mine exploration successes at both Cozamin and Minto, including the Mala Noche footwall at Cozamin and the recent Inferno deposit at Minto, and the company remains focused on continuing success in these areas. Capstone is forecast to spend ~US$10M on exploration during 2011. The company expects to complete an updated resource statement at Minto in Q1/11, incorporating some of the recent discoveries. Management expects to complete a pre-feasibility study on its key growth project, Kutcho, in Q1/11. The preliminary economic assessment, completed in 2010, assumed the potential for some 35Mlbpa copper and 40Mlbpa zinc production.

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Taseko Mines: Highlights From the BMO CM Global Metals & Mining Conf. (TKO-TSX; TGB-AMEX)

Market Perform; Price - $6.16; Target - $6.50
Impact: Neutral

Russell Hallbauer, President & CEO of Taseko Mines, presented at the 2011 BMO CM Global Metals & Mining Conference. The company’s core focus remains the Phase III expansion of Gibraltar (GDP3) including construction of a 30ktpd concentrator, which would complement the existing 55ktpd facility, together with a new molybdenum separation facility. Production is expected to increase to 180Mlb/year of copper and ~2Mlb/year of molybdenum. Total capital costs are estimated at C$235M for the concentrator and molybdenum plant, and C$90M for mining equipment. Construction is forecast to commence in early spring, with commissioning of the new concentrator expected to take several years. Additional projects in the pipeline include Prosperity, Aley (Niobium) and Harmony (gold). Taseko has submitted a revised project plan to the federal government of Canada for its Prosperity project. The proposed plan addresses environmental concerns identified during the federal review process, preserving Fish Lake and its aquatics, and enabling all mine-related operations to be contained in one water catchment area. The company indicated that the project redesign retains the majority of the original development plan but adds construction costs and life-of-mine capital costs of ~C$300M to the original capital cost, for total capex of C$1.0B. Assuming all approvals are received, commissioning is expected to begin in 2015.

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Kingsgate Consolidated: Highlights From the BMO CM Global Metals & Mining Conf. (KCN-ASX)

Market Perform; Price - $5.927; Target - $5.13
Impact: Neutral

Gavin Thomas, Managing Director and CEO of Kingsgate, presented at the 2011 BMO CM Global Metals & Mining Conference. Kingsgate’s goal is to fill the large gap in mid-tier gold producers on the ASX. The company is focused on organic growth and acquiring assets to diversify its asset base and increase production. Kingsgate’s flagship asset is the Chatterie gold mine in Thailand. The mine has one of the industry’s lowest cash cost profiles, which Mr. Thomas attributes to it “Asian competitive advantage” and low grid power cost. Mr. Thomas highlighted unit costs of US$16.50/oz having increased only 15% over the last nine years. A doubling of production is planned at Chatterie with a US$125M plant expansion to 5.0Mtpa from 2.3Mtpa. A positive investment decision by the Thai Board of Investment granted the expansion tax-free status for about seven years. Chatterie remains open in almost all directions and the company continues to drill extensions beneath previously mined pits in search of higher-grade ore. Drilling to test the potential to mine underground is expected to take several years. Kingsgate completed the acquisition of Dominion in February and Mr. Thomas believes the addition of the Challenger mine significantly de-risks the company and provides needed underground mining expertise. Located in Australia, Challenger is a turnaround story that hasn’t been adequately explored. The mine life is currently about nine years and with increased development Mr. Thomas expects that the ~100kope run rate could be increased. Through Dominion, Kingsgate also acquired the Cundeelee exploration project in Western Australia, just south of AngloGold’s +5Moz Tropicana project. Still on the acquisition front, the company acquired 70% of Laguna, which owns the 1.1Moz Arqueros gold-silver project in the Maricunga Belt in Chile. A feasibility study on Arqueros is expected later this year, with production beginning as early as next year. Kingsgate expects production to reach 350-400koz once all three mines reach full production. Mr. Thomas described the company as undervalued compared to its peers, despite being the highest dividend payer in the gold space (~3%) and having a strong growth profile.

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Alacer Gold: Highlights From the BMO CM Global Metals & Mining Conf. (ASR-TSX; AQQ-ASX)

Market Perform; Price - $9.20; Target - $11.00
Impact: Neutral

Edward Dowling, president and chief executive officer of Alacer Gold, presented at the 2011 BMO CM Global Metals & Mining Conference. Alacer has organic plans to grow production to 800koz by 2015 by developing the sulphide resource at Copler and doubling plant throughput at South Kalgoorlie to 2.5Mtpa in conjunction with the development of the HB1 Superpit. In the near term, Mr. Dowling noted that Copler’s ramp-up is surpassing expectations since achieving first gold in December 2010. More than 2M of run-of-mine ore has been placed on the pad and commissioning of the crusher is expected to begin in 4-6 weeks. Commercial production remains on schedule for mid-2011 and results from a pre-feasibility study evaluating the economics of treating the sulphide resource will be released imminently. Mr. Dowling pointed out that he expects to see strong reserve/resource growth in both Turkey, where Copler remains open to the North, West and at depth and Australia, particularly at HB1 and the Barbara-Surprise-Shiril area, which has the potential to become a high-grade feed source for the Jubilee plant. Mr. Dowling closed the presentation by highlighting the attractiveness of Alacer’s proven management team, its solid production base and organic growth profile.

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Romarco Minerals: Highlights From the BMO CM Global Metals & Mining Conf. (R-TSX)

Outperform(S); Price - $2.44; Target - $3.25
Impact: Neutral

President and CEO Diane Garrett presented at the 2011 Annual BMO Capital Markets Global Metals and Mining Conference. Romarco has been focused on the development of its flagship asset, the Haile Gold mine in South Carolina. The company completed a feasibility study for Haile in February, outlining average annual production of ~129koz gold at total cash costs of US$347/oz over a 13-year mine life. The feasibility is based on reserves of 2Moz. The capital requirement to develop Haile is estimated at US$275M, based on an initial 7ktpd open pit and milling operation. Romarco continues to progress through permitting, and expects to be fully permitted by the end of 2011, at which time mining activities will commence. The February feasibility represents a “starter scenario” for the project, and does not account for the potential to increase the scale of the operation early on with additional resource discoveries. Specifically, the 2Moz reserve does not include several high-grade zones discovered in 2010. Resource growth is expected to evolve through the extension of the currently defined open pits, delineation of new open pit potential at known prospects and through the delineation of underground zones at Snake Deep, Horseshoe and the Mill zone. Romarco will undertake a 172km drill program (~US$30M) in 2011, and expects to continue drilling at this level over the next three to five years at least.

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San Gold: Highlights From the BMO CM Global Metals & Mining Conf. (SGR-TSX)

Market Perform(S); Price - $2.94; Target - $4.00
Impact: Neutral

George Pirie, President & CEO, presented at the 2011 Annual BMO Capital Markets Global Metals and Mining Conference. In 2010, SGR’s Rice Lake mine produced 40k oz gold. The company is guiding toward 2011 gold production of 80koz, with throughput expected to reach a sustained rate of 1.2ktpd by Q4/11. In the near term, SGR is working on developing the 007 zone, which has been accessed on multiple levels below 240m vertical depth. Bulk sampling of the 007 Zone is scheduled to be completed by March 2011. Initial mining of the L10 Zone is expected to begin in April 2011, and the L13 ramp development is under way and scheduled to intercept the zone at the 250m level by Q3/11. SGR continues to demonstrate a high rate of exploration success at Rice Lake, having discovered seven new deposits over the past two years. Mr. Pirie highlighted that exploration will remain a key priority for SGR in 2011. SGR has planned an aggressive $23M drill program for 2011, which will focus on targets along the Shoreline Basalt in both directions, as well as to the northeast. In mid-February, SGR announced a $20.2M private placement, which it plans to use to fund ongoing exploration at Rice Lake. Upon closing of the financing, SGR is expected to have a total of ~305M shares outstanding and ~$92M in cash and equivalents.

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Walter Energy: New CEO and Board Members Add International Flavor (WLT-NYSE)

Market Perform; Price - US$116.85; Target - US$135.00

Impact: Neutral

As has been widely expected, Walter announced that Keith Calder, former CEO of Western Coal, has been named CEO of Walter Energy, effective upon the closing of Walter’s acquisition of Western (expected April 1, 2011). Interim CEO Joe Leonard will continue as interim CEO through the closing and will continue to serve as a member of the Walter Energy board of directors. Walter also said that Western Coal has nominated Calder, David R. Beatty, O.B.E. and Graham Mascall to serve on the Walter Energy board of directors, post closing. Beatty is the Professor of Strategic Management for the Rotman School of Management and the Conway Director for the Clarkson Centre for Business Ethics & Board Effectiveness at the University of Toronto. Mascall is currently CEO of Ncondezi Coal Company Ltd, which has coal assets in Mozambique, director of Gemfields Resources plc and London Mining plc.

Meredith Bandy, CFA* (303) 436-1113
* employed by BMO Capital Markets Corp.

Silver Standard Resources: Progress at Pirquitas Evident in Q4/10 SSRI-NASDAQ; SSO-TSX)

Outperform; Price - US$28.17; Target - US$35.50

Impact: Neutral

SSRI reported 2010 headline EPS of US$4.44. Adjusting for a gain on the Snowfields/Bracejack sale, FX and stock-based compensation, EPS of US$(0.26) were above the BMO estimate of US$(0.32) and below consensus of US$(0.23). BMO attributes the EPS differential to lower income taxes paid during Q4/10. Q4/10 silver sales of 1.6Moz of silver were below the BMO forecast of 2.0Moz, while by-product cash costs of US$16.07/oz were above the BMO estimate of US$12.34/oz (US$12.96/oz co-product). However, BMO notes that silver production at Pirquitas showed steady improvement Q/Q in 2010. For the year, SSRI produced 6.3 million ounces at by-product cash costs of US$18.03/oz, above the BMO estimate of US$16.15/oz (US$16.24/oz co-product). In December, SSRI closed the sale of the Snowfields/Bracejack project to Pretium Resources Inc. (PVG-TSX) for gross proceeds of C$450M (C$233M cash and 36.2M PVG shares). As a result, SSRI ended the year with US$232M in cash and no debt. SSRI outlined 2011 silver production guidance of 8.5Moz silver and 5kt zinc at by-product cash costs of US$15.00/oz. BMO forecasts comparable silver production, but higher zinc (11.3kt) and nominal tin (1.1kt) production at total by-product cash costs of US$11.50 (US$14.40/oz co-product). In H1/11, SSRI plans to announce the results of a feasibility study for the Pitarilla project in Mexico. SSRI currently trades at 0.8x, a discount to intermediate silver peers at 1.2x.

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<th>BMOCM IB</th>
<th>BMOCM US IB Clients*</th>
<th>BMOCM US IB Clients**</th>
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