

## MINING

### AMERIGO RESOURCES LTD. (ARG-T, C\$2.43)

**STOCK RATING:**  
**STRONG BUY 1**

**6-12 MONTH TARGET  
PRICE: C\$3.50**

*On the "Tails" of a Whale*

#### Investment Summary

|                                       |                 |
|---------------------------------------|-----------------|
| 52-Week Trading Range (C\$)           | \$1.61 - \$3.43 |
| Estimated dividend yield              | 4.92% ('08E)    |
| Basic Shares Outstanding (mln)        | 94.5            |
| Market Capitalization - Basic (US\$m) | \$224           |
| Enterprise Value (US\$m)              | \$182           |
|                                       | <b>Q2-07A</b>   |
| Cash (US\$m)                          | \$28.6          |
| Working Capital (US\$m)               | \$28.8          |
| Total Debt (US\$m)                    | \$0.0           |

| Annual Average                        | 2006A  | 2007E  | 2008E  | 2009E  |
|---------------------------------------|--------|--------|--------|--------|
| Copper US\$/lb                        | 3.06   | 3.31   | 3.35   | 3.30   |
| Moly US\$/lb                          | 25.07  | 31.25  | 28.00  | 23.00  |
| FYE: December                         | 2006A  | 2007E  | 2008E  | 2009E  |
| Attributable Cu Production (tonnes)   | 11,189 | 13,885 | 17,911 | 19,813 |
| Attributable Mo Production (tonnes)   | 306    | 312    | 576    | 602    |
| Copper Cash Cost (C1) (US\$/lb)       | 1.74   | 1.82   | 1.40   | 1.49   |
| Total Production Cost (US/lb)         | 1.85   | 1.95   | 1.50   | 1.55   |
| EPS Basic (US\$)                      | 0.42   | 0.38   | 0.62   | 0.61   |
| EPS Fully Diluted (US\$)              | 0.41   | 0.37   | 0.60   | 0.59   |
| CEPS (US\$)                           | 0.35   | 0.42   | 0.66   | 0.65   |
| ROE (%)                               | 36%    | 26%    | 31%    | 24%    |
| ROIC (EBIT) (%)                       | 30%    | 27%    | 34%    | 28%    |
| Debt/Capital (%)                      | 5%     | 6%     | 4%     | 3%     |
| Current Ratio                         | 2      | 3      | 6      | 9      |
|                                       | 2006A  | 2007E  | 2008E  | 2009E  |
| Average or Current Share Price (US\$) | 2.00   | 2.36   | 2.36   | 2.36   |
| P/E (x)                               | 4.9    | 6.4    | 3.9    | 4.0    |
| P/CE (x)                              | 5.7    | 5.7    | 3.6    | 3.6    |
| EV/EBITDA (x)                         | 4.2    | 4.2    | 1.9    | 1.2    |
| EV/EBIT (x)                           | 4.4    | 4.5    | 2.0    | 1.3    |
| EV/OpFCF (x)                          | 4.3    | 4.3    | 1.9    | 1.2    |
| Book Value (US\$/share)               | 1.18   | 1.47   | 1.98   | 2.48   |
| P/Book (x)                            | 1.69   | 1.61   | 1.19   | 0.95   |
| NAV per Share (C\$)                   |        | 3.51   |        |        |
| P/NAV (x)                             |        | 0.69   |        |        |

Historical price ratios calculated using average share price in period.

Source: RJ Research estimates and analysis, Thomson ONE

[www.amerigoresources.com](http://www.amerigoresources.com)

Closing price of September 25/07

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#### OVERVIEW

We are initiating coverage of Amerigo Resources Ltd. (ARG-T) with a STRONG BUY rating and a 6-12-month target price of C\$3.50.

The positive investment case for Amerigo shares rests upon the following:

- **Production growth opportunities.** Amerigo is presently producing copper and molybdenum from the fresh tailings stream from Codelco's El Teniente mine. We estimate, conservatively, that production will increase to 19,800 tonnes of copper per year by 2009E from 13,900 tonnes per year (2007E) when tailings from the nearby Colihues are processed through Amerigo's plant. Achieving this target sooner would imply further upside beyond our current target price.
- **Amerigo shares are inexpensive in our opinion.** Amerigo shares trade at a P/NAV of 0.69 times the peer group of copper producers at 1.00 times. On 2008E EV/EBITDA, Amerigo trades at 1.9 times versus the peer group average of 4.9 times. We do not believe the low valuation is justified, considering the positive earnings growth profile, and "high" dividend yield.
- **Above-average dividend yield.** By our estimates, Amerigo shares carry a dividend yield of 4.9%. Dividends are paid twice per year and are well supported by our conservative earnings projections.
- **Strategic stake in Candente Resource Corp.** In May 2007, Amerigo acquired a 9.9% in Candente Resource Corp. (DNT-T, OUTPERFORM). We have a favourable view on Candente's 100%-owned Canariaco copper project and believe this could be a source of significant value for Amerigo in the future, assuming Candente's work program goes according to plan.

## COMPANY DESCRIPTION:

Amerigo Resources Ltd. (ARG-T) is a junior copper and molybdenum producer whose principal asset is its 100%-owned Minera Valle Central tailings re-treatment facility in Chile. The company also holds a 9.9% strategic stake in Candente Resource Corp. (DNT-T). Minera Valle Central (MVC) produces copper and molybdenum concentrates from mill tailings from the world's largest underground copper mine, Codelco's El Teniente mine, a copper producer for the past 100 years with remaining ore reserves which are expected to last another 50 years. MVC currently treats all the fresh mill tailings from El Teniente's present production, and has the right to treat the higher grade tailings from a ~200 million tonne abandoned tailings impoundment known as Colihues, located adjacent to Amerigo's plant. Amerigo's copper production in 2006 was 11,200 tonnes, we expect 13,900 tonnes in 2007 and then 19,800 tonnes by 2009. We estimate cash costs including Codelco royalties of US\$1.82/lb in 2007E falling to US\$1.49/lb by 2009E. We estimate molybdenum represents 20% of 2008E revenues.

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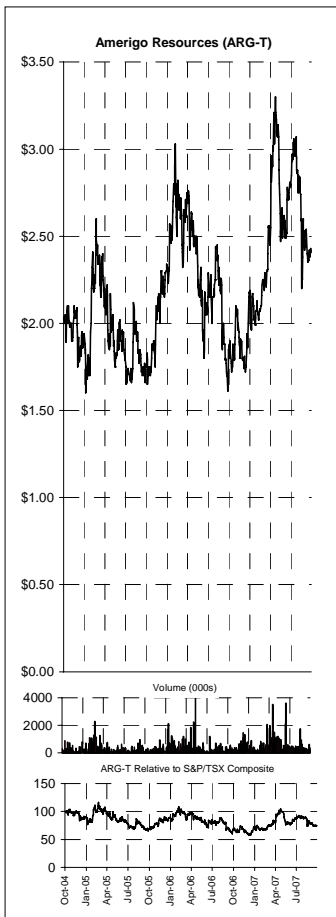
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## COMPANY PROFILE

Amerigo Resources Ltd. (ARG-T) is a junior copper and molybdenum producer whose principal asset is its 100%-owned Minera Valle Central tailings re-treatment facility in Chile. The company also holds a 9.9% strategic stake in Candente Resource Corp. (DNT-T). Minera Valle Central (MVC) produces copper and molybdenum concentrates from mill tailings from the world's largest underground copper mine, Codelco's El Teniente mine, a copper producer for the past 100 years with remaining ore reserves which are expected to last another 50 years. MVC currently treats all the fresh mill tailings from El Teniente's present production, and has the right to treat the higher grade tailings from a ~200 million tonne abandoned tailings impoundment known as Colihues, located adjacent to Amerigo's plant. Amerigo's copper production in 2006 was 11,200 tonnes, we expect 13,900 tonnes in 2007 and then 19,800 tonnes by 2009. We estimate cash costs including Codelco royalties of US\$1.82/lb in 2007E falling to US\$1.49/lb by 2009E. We estimate molybdenum represents 20% of 2008E revenues.

Exhibit 1 shows the location of Amerigo's Minera Valle Central (MVC) tailings processing plant in Chile. All things considered, the MVC plant is well located approximately 90 kilometres south of Santiago.

**EXHIBIT 1: MINERA VALLE CENTRAL LOCATION IN CHILE**



Source: Company reports

Amerigo has 94.5 million shares outstanding. Management and insiders own approximately 6% of the company. Other large shareholders include Merrill Lynch and Wellington Capital at 11.9% and 9.4%, respectively. Exhibit 2 shows the number of options and warrants outstanding. On a fully diluted basis there are approximately 97.1 million shares outstanding.

**EXHIBIT 2: AMERIGO RESOURCES OUTSTANDING OPTIONS AND WARRANTS**

| <b>Options<br/>Expiry</b> | <b>Number<br/>Outstanding</b> | <b>Exercise<br/>(C\$)</b> | <b>Proceeds<br/>(C\$)</b> |
|---------------------------|-------------------------------|---------------------------|---------------------------|
| Various                   | 1,150,000                     | 2.13                      | 2,449,500                 |
| Various                   | 1,370,000                     | 2.69                      | 3,685,300                 |
| <b>Total</b>              | <b>2,520,000</b>              |                           | <b>6,134,800</b>          |

*Source: Company reports*

## INVESTMENT PERSPECTIVE

- **Production growth opportunities.** Amerigo is presently producing copper and molybdenum from the fresh tailings stream from Codelco's El Teniente mine. We estimate, conservatively, that production will increase to 19,800 tonnes of copper per year by 2009E from 13,900 tonnes per year (2007E) when tailings from the nearby Colihues are processed through Amerigo's plant. Achieving this target sooner would imply further upside beyond our current target price. Additional processing opportunities exist at other mining projects in Chile; however, approximately 3 kilometres from the MVC facility is the Cauquenes tailings dam. This tailings facility contains the tailings deposited by El Teniente from 1936 to 1975. This dam covers approximately 640 hectares with a total volume estimated by consultants to be 270 million cubic metres of tailings. Amerigo does not have contractual rights to process this material at this time.
- **Amerigo shares are inexpensive in our opinion.** Amerigo shares trade at a P/NAV of 0.69 times the peer group of copper producers at 1.00 times. On 2008E EV/EBITDA, Amerigo trades at 1.9 times versus the peer group average of 4.9 times. We do not believe the low valuation is justified, considering the positive earnings growth profile, and "high" dividend yield.
- **Above-average dividend yield.** By our estimates, Amerigo shares carry a dividend yield of 4.9%. Dividends are paid twice per year and are well supported by our conservative earnings projections. We estimate a dividend payout ratio of 31% in 2007 and 19% going forward, assuming the 2007 dividend level of US\$0.12 per share is maintained.
- **Strategic stake in Candente Resource Corp.** In May 2007, Amerigo acquired a 9.9% stake in Candente Resource Corp. (DNT-T, OUTPERFORM) mainly through a private placement at C\$1.30 per share for a total cost of US\$8.6 million. We have a favourable view on Candente's 100%-owned Canariaco copper project and believe this could be a source of significant value for Amerigo in the future, assuming Candente's work program goes according to plan. Candente's 8.1 billion pound resource at Cañariaco, according to our estimates, is capable of supporting initially 37,600 tonnes of copper per year at a cash cost of US\$0.61/lb. The possibility of expanding the scale of production is an important feature. Like Chariot Resources (CHD-T, STRONG BUY), the project, in our opinion, is fundable due to small initial capital requirements, however, like Equinox Minerals (EQN-T, STRONG BUY), the project could ultimately scale into a 118,000 tonnes per year producer either from day one, if owned by a well-capitalized company or else over time using internally generated cash flow following the commencement of production. Refer to our *report*, Candente Resource Corp., "Engaged and Focused on a Scalable Copper Project" published September 19, 2007 for more details.

- **Management.** Amerigo is run by a seasoned team of mining professionals with significant global experience. In our opinion, senior management and the operating team are favourably positioned to leverage existing free cash flow from MVC in search of other opportunities in the sector. This can be through other tailings projects locally or else by pursuing investments such as the one recently made in Candente Resource Corp. described above. Refer to Appendix 1 for more details on the management team.

## KEY RISKS TO OUR 6-12 MONTH TARGET PRICE

Please refer to the disclosure section for a full listing of risk factors which could impact our 6-12 month target price. Although by no means exhaustive, we highlight the key risks below:

- **Metal price uncertainty.** Our earnings, net asset value estimates and 6-12 month target price are highly leveraged to our metal price forecasts. Deviation from these forecasts could result in materially different performance.
- **Production growth uncertainty.** Forecasted timelines surrounding production ramp-up remain an uncertainty. Codelco decision-making delays, construction setbacks, other start-up delays, and below design operating rates could each postpone increases in production resulting in cash flow shortfalls from our estimates.
- **Foreign country/geopolitical risk.** Amerigo's project is located in Chile which in the past has gone through periods of political uncertainty, including changes to mining policies, periodic labour disruptions, and currency appreciation at times as well as currency depreciation at other times.
- **Processing risks.** Although Amerigo's project is well-established, it should be noted that the operation of its processing plant is complex and is therefore exposed to a number of risks, most of which are beyond Amerigo's control. These include: environmental compliance risks; permitting risks; employee accidents; personal injury; operator error; earthquakes; disease outbreaks; metallurgical/other processing problems; consultant errors; and indirectly, unexpected rock formations; difficult ground conditions; flooding or fires; road access failures; equipment failures; and interruption due to inclement weather conditions, labour disputes and/or local protests.
- **Tailings supply.** Amerigo's revenue is dependent on the tailings it processes from Codelco according to contracted terms. Amerigo has experienced tailings supply disruptions which have materially affected the company's financial performance in the past. Future supply disruptions may also occur due to any of the reasons noted under the heading of "Processing risks".
- **Profits and dividends.** Amerigo has been profitable since the acquisition of MVC and cannot guarantee future profitability and payment of dividends. Unfavourable changes to Chile's laws may prevent Amerigo's subsidiaries from repatriating profits, either in whole or in part. If the company cannot generate sufficient cash flow to fund future expansion or pursue other investment opportunities it will likely make use of equity or debt financing, which could impact the share valuation.

## STOCK VALUATION AND RECOMMENDATION

We initiate coverage with a **STRONG BUY** rating and a **6-12 month target price of C\$3.50** per share

We initiate coverage of Amerigo Resources Ltd. shares with a **STRONG BUY** rating and a 6 to 12-month target price of C\$3.50. The target price is based on 3.0 times EV/EBITDA multiple applied to our 2008 EBITDA estimate of US\$72 million. The peer group trades at 4.9 times 2008E EV/EBITDA. Our conservative 3.0 times EV/EBITDA target multiple accounts for Amerigo's relatively low market capitalization, 19% estimated dividend payout in 2008E and uncertain upside to the Colihues copper production ramp-up beyond our conservative forecasts. The 6-12 month target price of C\$3.50 implies a 1.0 times multiple applied to our net asset value estimate of C\$3.51 per share.

### Valuation: Peer Group

Exhibit 3 shows our universe of copper companies. Amerigo is a well-established copper producer which trades at a P/NAV of 0.69 times versus the peer group at 1.00 times.

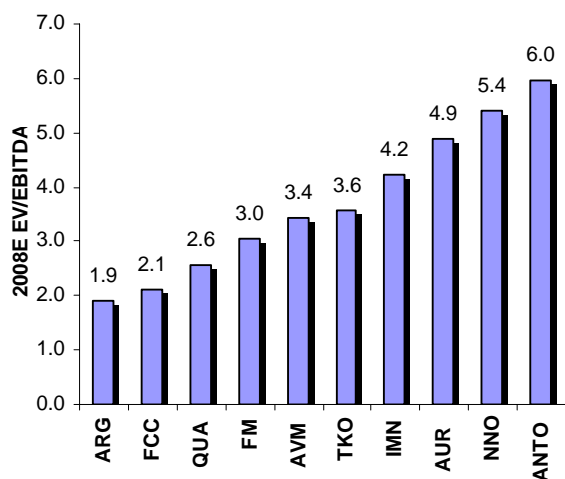
#### EXHIBIT 3: COPPER PEER GROUP MARKET STATISTICS

| Spot Copper US\$3.67/lb.<br>Spot USD/CAD 1.03<br>as of 25-Sep-07 |       | Trading | Share   | Stock  | 6-12   | Basic   | Market     | Net     | 2007E   | Cash    | Work'g  | P/    |       |        |             |
|--|-------|---------|---------|--------|--------|---------|------------|---------|---------|---------|---------|-------|-------|--------|-------------|
| Symbol   | Curr. | Price   | Analyst | Rating | Month  | Est'd   | Cap        | Debt    | EV      | Q2-07A  | Cap.    | NAV   |       |        |             |
|  |       | (\$)    |         |        | Target | App'r'n | (US\$m)    | (US\$m) | (US\$m) | (US\$m) | (US\$m) | (x)   |       |        |             |
|  |       |         |         |        | Price  | (%)     | (mln)      | (US\$m) | (US\$m) | (US\$m) | (US\$m) | (x)   |       |        |             |
| <b>COPPER PRODUCERS</b>  |       |         |         |        |        |         |            |         |         |         |         |       |       |        |             |
| Amerigo Resources  | ARG   | CDN     | 2.43    | TM     | 1      | 3.50    | 44%        | 94.5    | 224     | -29     | 195     | 29    | 29    | 3.51   | 0.69        |
| Antofagasta  | ANTO  | GBP     | 7.94    | TM     | 3      | 7.50    | -6%        | 985.9   | 15,419  | -2,097  | 18,766  | 2,360 | 2,668 | 6.82   | 1.16        |
| Aur Resources  | AUR   | CDN     | 41.02   | TM     | 3      | 41.00   | 0%         | 98.4    | 3,928   | -325    | 3,770   | 654   | 518   | 36.12  | 1.14        |
| Anvil Mining   | AVM   | CDN     | 17.16   | TM     | 1      | 26.00   | 52%        | 70.4    | 1,176   | -276    | 899     | 284   | 340   | 23.93  | 0.72        |
| First Quantum  | FM    | CDN     | 91.19   | TM     | 1      | 150.00  | 64%        | 67.7    | 6,007   | 193     | 6,513   | 160   | 391   | 114.96 | 0.79        |
| Frontera Copper  | FCC   | CDN     | 6.10    | TM     | 1      | 10.00   | 64%        | 64.1    | 380     | 32      | 413     | 49    | 44    | 10.71  | 0.57        |
| Inmet Mining   | IMN   | CDN     | 99.35   | TM     | 2      | 115.00  | 16%        | 48.3    | 4,667   | -574    | 4,093   | 723   | 789   | 102.67 | 0.97        |
| Northern Orion   | NNO   | CDN     | 6.41    | TM     | 2      | 8.00    | 25%        | 154.1   | 961     | -223    | 743     | 237   | 237   | 12.22  | 0.52        |
| Quadra Mining  | QUA   | CDN     | 18.17   | TM     | 1      | 25.00   | 38%        | 54.0    | 955     | -134    | 821     | 278   | 290   | 26.64  | 0.68        |
| Taseko Mines   | TKO   | CDN     | 5.36    | TM     | 2      | 6.50    | 21%        | 130.4   | 680     | -2      | 678     | 40    | 56    | 8.09   | 0.66        |
| <b>Weighted Average</b>  |       |         |         |        |        |         | <b>16%</b> |         |         |         |         |       |       |        | <b>1.00</b> |
| <b>COPPER DEVELOPMENT COMPANIES</b>                              |       |         |         |        |        |         |            |         |         |         |         |       |       |        |             |
| African Copper   | ACU   | CDN     | 1.85    | TM     | 1      | 3.00    | 62%        | 139.6   | 251     | -94     | 157     | 94    | 92    | 3.84   | 0.48        |
| Candente   | DNT   | CDN     | 1.80    | TM     | 2      | 2.10    | 17%        | 70.2    | 123     | -14     | 109     | 14    | 13    | 5.17   | 0.35        |
| Chariot Resources  | CHD   | CDN     | 1.01    | TM     | 1      | 1.60    | 58%        | 303.4   | 298     | -22     | 277     | 22    | 21    | 2.67   | 0.38        |
| Corriente  | CTQ   | CDN     | 4.81    | TM     | 3      | 4.00    | -17%       | 74.8    | 350     | -107    | 243     | 107   | 105   | 10.41  | 0.46        |
| Equinox Minerals   | EQN   | CDN     | 3.90    | TM     | 1      | 5.00    | 28%        | 560.1   | 2,125   | -61     | 2,065   | 70    | 25    | 6.25   | 0.62        |
| Inca Pacific   | IPR   | CDN     | 1.50    | TM     | 1      | 2.25    | 50%        | 36.5    | 53      | -8      | 46      | 8     | 7     | 8.48   | 0.18        |
| Ivanhoe Mines  | IVN   | CDN     | 12.48   | TM     | 4      | 7.50    | -40%       | 374.7   | 4,550   | -250    | 4,300   | 255   | 237   | 14.75  | 0.85        |
| New Gold Inc.  | NGD   | CDN     | 6.33    | TM     | 4      | 5.00    | -21%       | 37.0    | 228     | -133    | 94      | 408   | 186   | 6.45   | 0.98        |
| Northern Dynasty   | NDM   | CDN     | 11.32   | TM     | 1      | 29.00   | 156%       | 92.6    | 1,020   | -58     | 961     | 58    | 53    | 36.07  | 0.31        |
| Northern Peru  | NOC   | CDN     | 10.10   | TM     | 1      | 17.00   | 68%        | 29.5    | 290     | -7      | 283     | 7     | -1    | 41.51  | 0.24        |
| <b>Weighted Average</b>  |       |         |         |        |        |         | <b>9%</b>  |         |         |         |         |       |       |        | <b>0.67</b> |

Source: RJ Research estimates and analysis

Summary valuation statistics are shown in Exhibits 4 through 18.

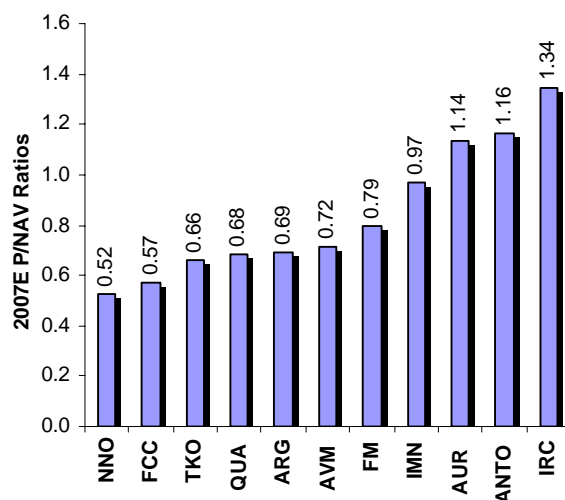
**EXHIBIT 4: 2008E EV/EBITDA MULTIPLES**



On an EV/EBITDA basis, ARG stands in the lower end of the range. We believe a higher multiple is justified given the known potential from the expanding Colihues tailings flow as well as its strategic investments.

Source: RJ Research estimates and analysis

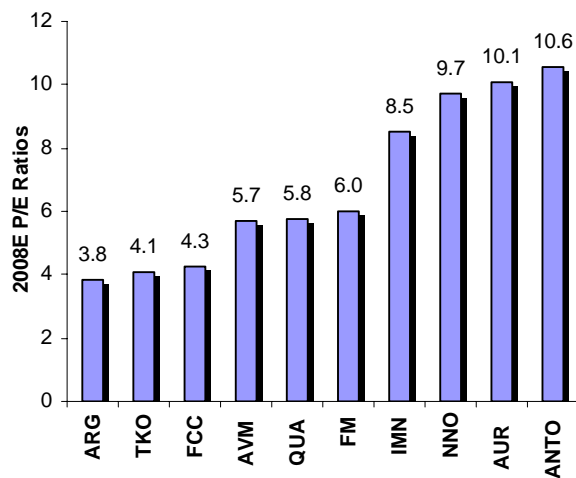
**EXHIBIT 5: 2007E P/NAV RATIOS**



ARG trades at a P/NAV of 0.69 times. In our view, the shares should trade closer to 1.0 times.

Source: RJ Research estimates and analysis

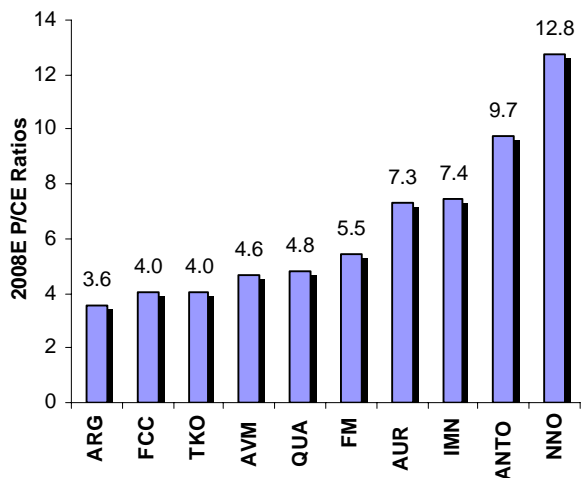
**EXHIBIT 6: 2008E P/E RATIOS**



Valuations of the copper equities on a P/E basis are at attractive levels in our view. It is important to note that AUR is trading at an ex-growth "take-out" valuation. ARG shares are inexpensive, in our view, trading at a P/E of 3.8x.

Source: RJ Research estimates and analysis

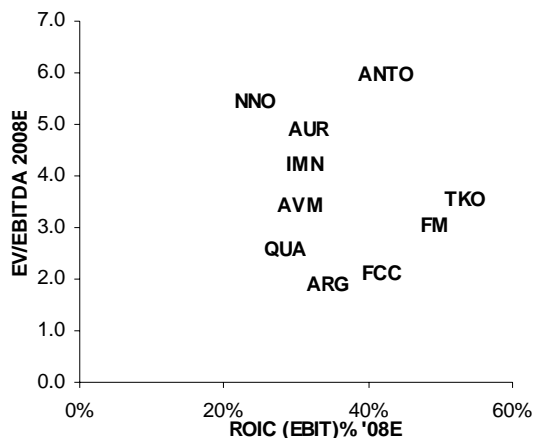
**EXHIBIT 7: 2008E P/CE RATIOS**



On a price to cash earnings basis, ARG is trading at the lower end of the range. Given the production growth, we believe a higher multiple is justified.

Source: RJ Research estimates and analysis

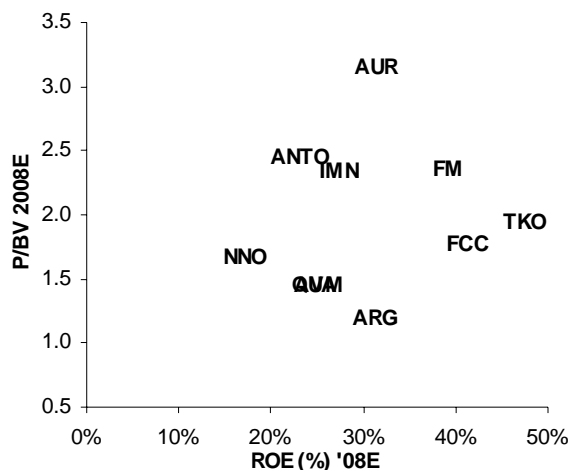
**EXHIBIT 8: EV/EBITDA vs. RETURN ON INVESTED CAPITAL**



ARG shares trade at the lower end of the range with a similar return profile as AVM, IMN and AUR.

Source: RJ Research estimates and analysis

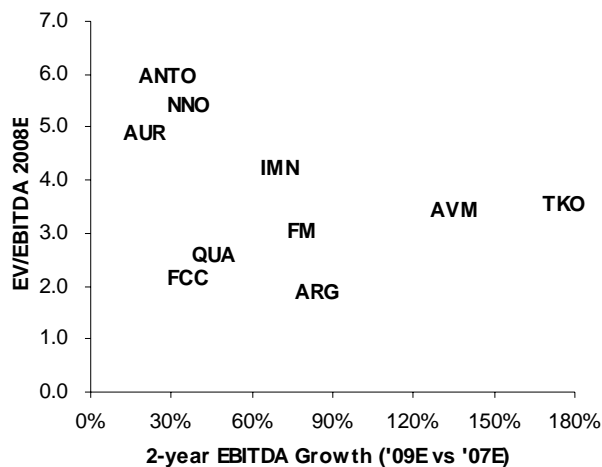
**EXHIBIT 9: P/BV vs. RETURN ON EQUITY**



ARG is one of the more inexpensive companies in our universe on a P/BV basis.

Source: RJ Research estimates and analysis

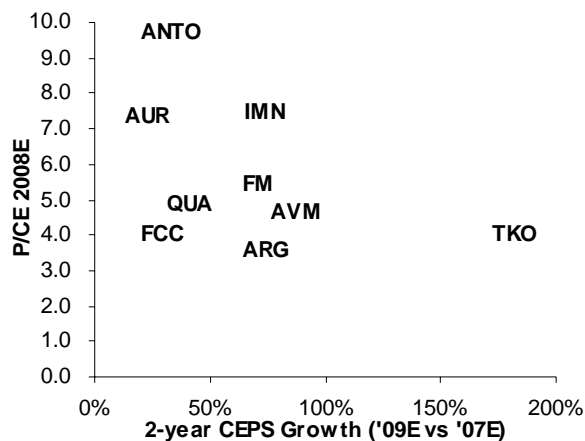
**EXHIBIT 10: EV/EBITDA vs. 2-YEAR EBITDA GROWTH**



Although ARG's growth rate is not as impressive as AVM or TKO, we believe a higher trading multiple is justified.

Source: RJ Research estimates and analysis

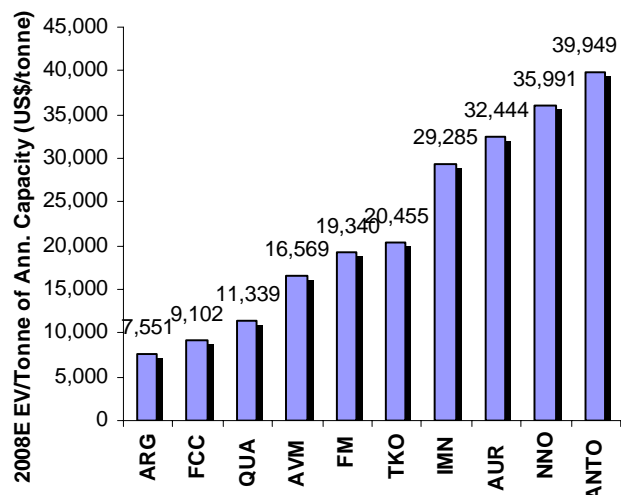
**EXHIBIT 11: P/CE vs. 2-YEAR CASH EARNINGS GROWTH**



In our view, on a P/CE basis, ARG is inexpensive considering its near-term growth rate.

Source: RJ Research estimates and analysis

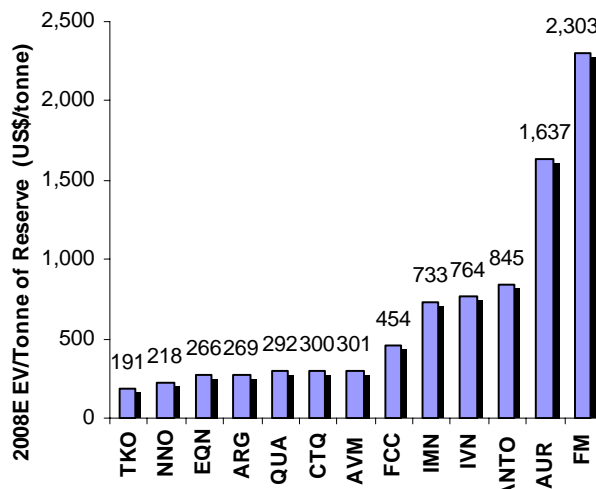
**EXHIBIT 12: EV/TONNE OF ANNUAL PRODUCTION CAPACITY**



ANTO and NNO's production base are valued at the higher end of the spectrum in the peer group of mid-tier copper producers. ARG is one of the most inexpensive companies in our universe.

Source: RJ Research estimates and analysis

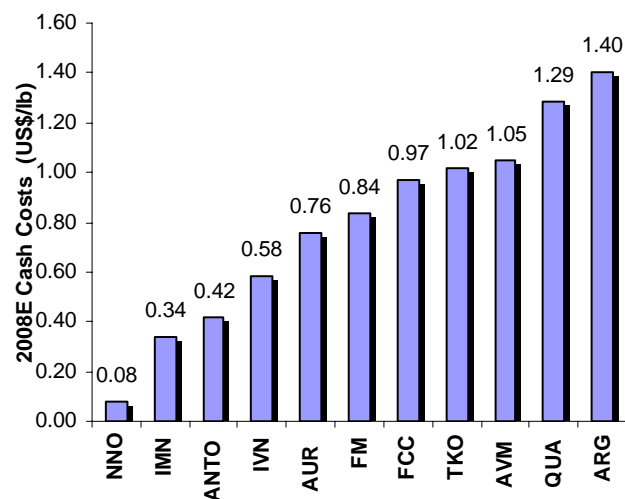
**EXHIBIT 13: EV/TONNE OF COPPER RESERVES**



ARG's "reserve" base is not directly comparable to its peer group.

Source: RJ Research estimates and analysis

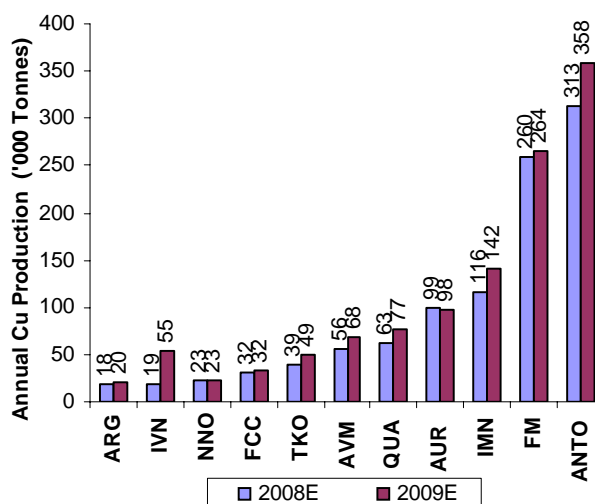
**EXHIBIT 14: 2008E CASH COSTS**



ARG is one of the highest cost producers in our universe.

Source: RJ Research estimates and analysis

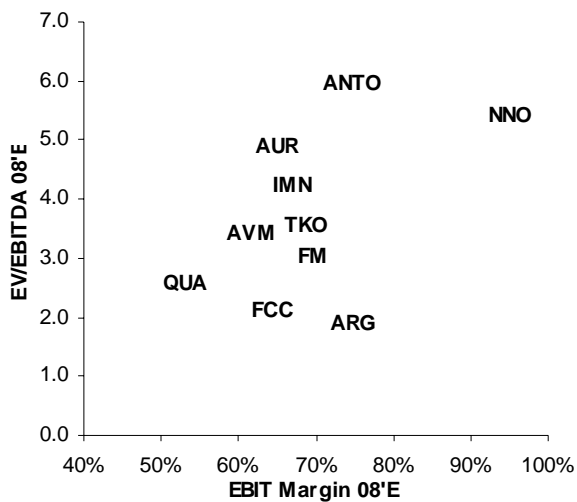
**EXHIBIT 15: 2008E AND 2009E EQUITY SHARE OF PRODUCTION**



ARG is one of the smallest copper producers in our research coverage universe and has a modest near-term production growth profile according to our estimates.

Source: RJ Research estimates and analysis

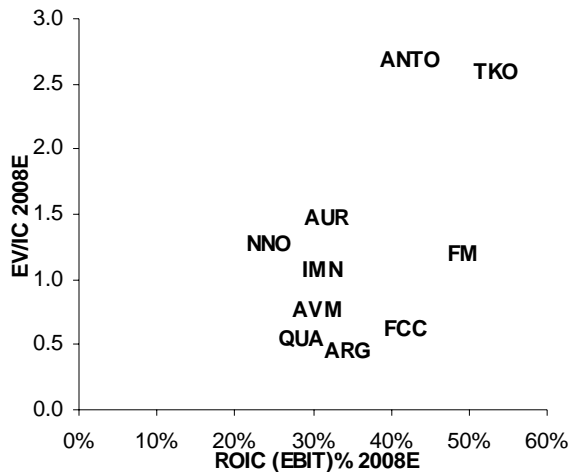
**EXHIBIT 16: EV/EBITDA vs. EBIT MARGIN**



Although slightly ahead of the average EBIT margin for the group, ARG trades at a low EV/EBITDA multiple.

Source: RJ Research estimates and analysis

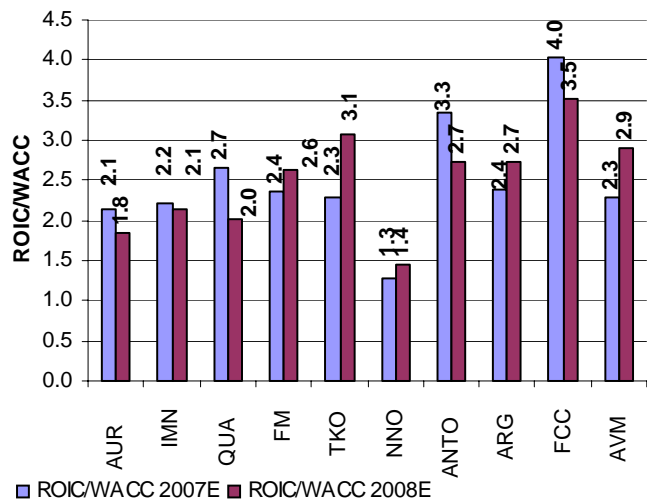
**EXHIBIT 17: EV/IC vs. ROIC**



With a Return on Invested Capital (EBIT) that is slightly higher than the average of the group, a higher trading multiple is warranted in our view.

Source: RJ Research estimates and analysis

**EXHIBIT 18: RATIO OF RETURN ON INVESTED CAPITAL TO WACC**



The higher the ratio of ROIC/WACC the better. ARG is in a good position as one of the companies that is expected to deliver superior returns over its WACC.

Source: RJ Research estimates and analysis

## VALUATION: NET ASSET VALUE ESTIMATE

Our estimate of the net asset value of Amerigo Resources is C\$3.51 per share.

Our estimate of the net asset value of Amerigo Resources Ltd. is C\$3.51 per share. Our sum-of-the-parts methodology for Amerigo is based on the sum of the discounted cash flow of the MVC tailings processing plant. In addition, we include the market value of Amerigo's strategic stake in Nikos Explorations and Candente Resource Corp. Refer to our report Candente Resource Corp. "Engaged and Focused on a Scalable Copper Project", published September 19, 2007 for more details on Candente. DCF analysis was conducted on a 100% basis for the remaining life of its tailings processing contract with Codelco. The resulting asset value represents the entity value (i.e., it does not include debt that may be associated with the asset). The debt is later subtracted in aggregate from the total asset value to arrive at the net asset value of the company. At this point, Amerigo is debt free.

We use a long-term copper price assumption of US\$1.80/lb and an 8% real discount rate

We utilize an 8% real discount rate and apply a 17% corporate tax rate, and in addition, a 1.5% mining operating profits tax since MVC is likely to average 20,001 to 25,000 tonne per year of copper production over the life of its contract with Codelco. We use a long-term copper price assumption of US\$1.80 per pound starting in 2012. Exhibit 19 shows the detail of our net asset value calculation with near-term price assumptions noted at the bottom of the exhibit.

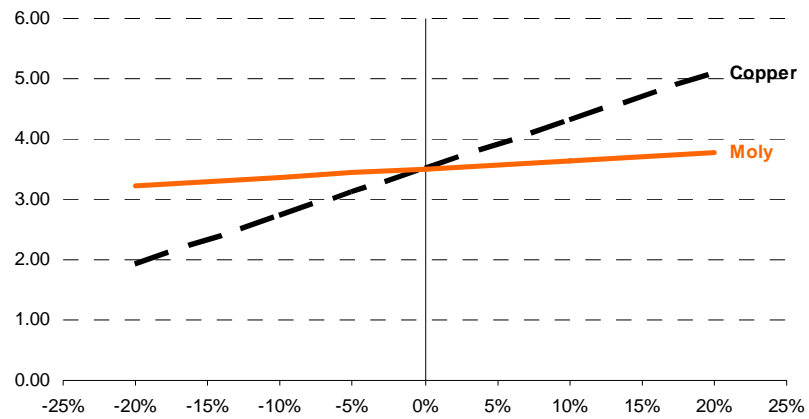
### EXHIBIT 19: AMERIGO RESOURCES LTD. NET ASSET VALUE ESTIMATE

| Amerigo Resources Ltd.   |           |              |               |                            |
|--|-----------|--------------|---------------|----------------------------|
|  | Ownership | US\$ (min)   | US\$/shr.     | Valuation Basis            |
| <b>Projects</b>  |           |              |               |                            |
| MVC  | 100.0%    | 271.8        | 2.80          | NPV @ 8% Real FY End 2007E |
| Nikos Exploration  | 26.0%     | 1.8          | 0.02          | Market Value               |
| Candente   | 9.9%      | 11.2         | 0.12          | Market Value               |
| Other  | 0.0%      | -            | 0.00          |                            |
| <b>Other Assets</b>  |           |              |               |                            |
| Cash and Marketable Securities   |           | 28.6         | 0.29          | Balance sheet as at Q2-07A |
| Working Cap net of Cash and ST Debt  |           | 0.3          | 0.00          | Balance sheet as at Q2-07A |
| Options  |           | 5.5          | 0.06          | various expiry dates       |
| <b>Debt and Obligations</b>  |           |              |               |                            |
| Short Term Debt  |           | -            | 0.00          | Balance sheet as at Q2-07A |
| Long-term Debt   |           | -            | 0.00          | Balance sheet as at Q2-07A |
| Corporate SG&A   |           | (12.7)       | -0.13         | DCF @ 8% Real FY-07E       |
| Deferred Taxes   |           | -            | 0.00          | Balance sheet as at Q2-07A |
| Provision for Contingencies  |           | -            | 0.00          |                            |
| <b>NET ASSET VALUE</b>   |           | <b>306.3</b> | <b>\$3.16</b> | <b>C\$3.51</b>             |
| Fully Diluted Shares Outstanding 97,053  |           |              |               |                            |
| Basic Shares Outstanding 94,533  |           |              |               |                            |
| Copper: '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, L-T=US\$1.80/lb    |           |              |               |                            |
| Moly: '07E=US\$31.25/lb, '08E=US\$28.00/lb, '09E=US\$23.00/lb, '10E=US\$17.00/lb, L-T=US\$10.00/lb |           |              |               |                            |
| Gold: '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, L-T=US\$605/oz           |           |              |               |                            |

Source: RJ Research estimates and analysis, Company reports

Exhibit 20 shows the net asset value per share sensitivity to copper and molybdenum price changes from our base case assumptions. Amerigo is most sensitive to changes in the copper price assumption.

**EXHIBIT 20: AMERIGO'S PER SHARE NET ASSET VALUE SENSITIVITY**



Source: RJ Research estimates and analysis

## FINANCIAL ANALYSIS AND OUTLOOK

For 2007 we forecast an average copper price of US\$3.31 per pound and US\$3.35 per pound in 2008E. In the final quarter of this year, we are conservatively forecasting copper to average US\$3.50 per pound, which compares to the current spot price of US\$3.66/lb. We assume a long-term copper price of US\$1.80 per pound in our discounted cash flow model starting in 2012. We forecast 2007 EPS of US\$0.38 and 2008 EPS of US\$0.62. The earnings growth is primarily driven by the resumption of tailings flow from the Colihues dam. We estimate, conservatively, that production will increase to 19,800 tonnes of copper per year from 13,900 tonnes per year (2007E) when tailings from the nearby Colihues are processed through Amerigo's plant.

**We forecast that the copper price will average US\$3.35/lb in 2008**

Our positive outlook on the copper price is predicated on fundamental demand growth, particularly out of Asia, in combination with constrained supply and low inventory levels. US dollar weakness supports the investment case for commodity equities; particularly those companies that have US dollar-based costs. In our view, the driving force for higher copper prices is physical demand first and US dollar weakness second. The premiums for physical metal versus the futures market and low inventories levels are the result of strong demand and limited supply. In our opinion, the limited available supply makes for a ripe opportunity for periodic price spikes. These factors favour a company like Amerigo given that the current operations capture the current high prices.

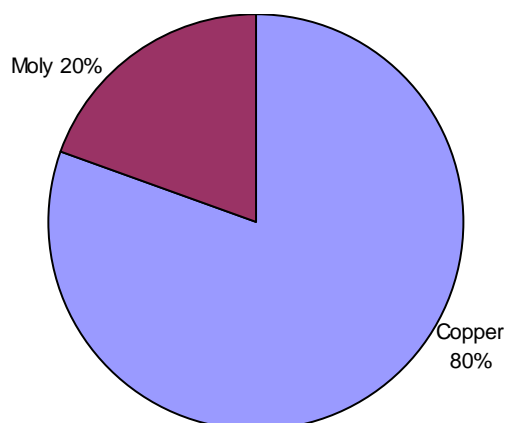
Exhibit 21 shows the commodity and currency forecasts we use in our base case Amerigo model.

### EXHIBIT 21: COMMODITY PRICE AND CURRENCY FORECASTS

| <b>Metal/Currency</b> | <b>2006A</b> | <b>2007E</b> | <b>2008E</b> | <b>2009E</b> | <b>2010E</b> | <b>2011E</b> | <b>Long-term</b> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
| Copper (US\$/lb)      | 3.06         | 3.31         | 3.35         | 3.30         | 3.00         | 2.90         | 1.80             |
| Lead (US\$/lb)        | 0.58         | 0.96         | 0.73         | 0.55         | 0.55         | 0.55         | 0.50             |
| Nickel (US\$/lb)      | 10.95        | 18.72        | 13.00        | 12.00        | 10.00        | 9.00         | 8.00             |
| Cobalt (US\$/lb)      | 14.92        | 23.96        | 16.88        | 13.00        | 11.00        | 10.00        | 10.00            |
| Zinc (US\$/lb)        | 1.48         | 1.76         | 1.33         | 1.25         | 1.20         | 0.85         | 0.80             |
| Molybdenum (US\$/lb)  | 25.07        | 31.25        | 28.00        | 23.00        | 17.00        | 15.00        | 10.00            |
| Gold (US\$/oz)        | 604          | 679          | 658          | 605          | 605          | 605          | 605              |
| Silver (US\$/oz)      | 11.59        | 13.65        | 11.00        | 11.00        | 11.00        | 11.00        | 11.00            |
| USD/CAD               | 1.13         | 1.11         | 1.09         | 1.09         | 1.09         | 1.09         | 1.09             |

Source: Bloomberg, RJ Research estimates and analysis

Exhibit 22 shows the revenue split among copper and molybdenum sales. According to our estimates, approximately 20% of revenues are derived from molybdenum production in 2008.

**EXHIBIT 22: AMERIGO RESOURCES LTD. REVENUE SPLIT (2008E)**

Source: RJ Research estimates and analysis

Exhibit 23 shows a simple earnings summary for Amerigo Resources. The high EBITDA margins (+40%) provide support for the present level of dividend payouts as well as flexibility in pursuing other opportunities.

**EXHIBIT 23: AMERIGO RESOURCES EARNINGS SUMMARY**

|  | 2005A       | 2006A       | 2007E       | 2008E       | 2009E       | 2010E       | 2011E       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Copper Sales (tonnes)                            | 13,552      | 11,189      | 13,885      | 17,911      | 19,813      | 23,247      | 23,247      |
| <b>Copper Price Forecast (US\$/lb)</b>           | <b>1.67</b> | <b>3.06</b> | <b>3.31</b> | <b>3.35</b> | <b>3.30</b> | <b>3.00</b> | <b>2.90</b> |
| <b>Estimated Realized Copper Price (US\$/lb)</b> | <b>1.56</b> | <b>2.74</b> | <b>2.94</b> | <b>3.04</b> | <b>2.99</b> | <b>2.69</b> | <b>2.59</b> |
| Cash Costs (after royalties) (US\$/lb)           | 0.91        | 1.74        | 1.82        | 1.40        | 1.49        | 1.37        | 1.41        |
| Net sales (US\$ mln)                             | 58          | 84          | 107         | 149         | 156         | 164         | 156         |
| Cost of Sales (US\$ mln)                         | -36         | -48         | -65         | -77         | -82         | -87         | -86         |
| Gross Profit (US\$ mln)                          | 23          | 36          | 42          | 72          | 73          | 77          | 70          |
| <b>EBITDA (US\$ mln)</b>                         | <b>24</b>   | <b>38</b>   | <b>43</b>   | <b>72</b>   | <b>73</b>   | <b>77</b>   | <b>70</b>   |
| EBITDA Margin                                    | 41%         | 45%         | 40%         | 48%         | 47%         | 47%         | 45%         |
| <b>EBITDA Growth y-o-y</b>                       | <b>nm</b>   | <b>58%</b>  | <b>14%</b>  | <b>66%</b>  | <b>2%</b>   | <b>5%</b>   | <b>-9%</b>  |
| EBIT (US\$ ml)                                   | 23          | 36          | 40          | 69          | 70          | 74          | 67          |
| Net Income (US\$ mln)                            | 18          | 39          | 36          | 58          | 57          | 58          | 54          |
| <b>EPS (US\$)</b>                                | <b>0.21</b> | <b>0.42</b> | <b>0.38</b> | <b>0.62</b> | <b>0.61</b> | <b>0.61</b> | <b>0.57</b> |
| CEPS (US\$)                                      | 0.23        | 0.35        | 0.42        | 0.66        | 0.65        | 0.66        | 0.62        |
| Dividends per share (US\$)                       | 0.04        | 0.08        | 0.12        | 0.12        | 0.12        | 0.12        | 0.12        |
| Dividend payout ratio (%)                        | 18%         | 19%         | 31%         | 19%         | 19%         | 19%         | 20%         |

Source: RJ Research estimates and analysis

Exhibit 24 shows the sensitivity to changes in metal price assumptions versus our base case assumptions. Amerigo's cash flow is most sensitive to changes in the copper price. For example in 2008, an increase in the copper price of US\$0.30/lb from a base of US\$3.35 increases our EPS estimate by US\$0.09 or 14.2%. Revenues increase by US\$11.8 million or 7.9%. Amerigo Resources is relatively insensitive to changes in the molybdenum price. For example, every US\$1.00 per pound increase over our 2008 base case estimate of US\$28.00/lb for molybdenum adds US\$0.01 in EPS.

**EXHIBIT 24: SENSITIVITY TO CHANGES IN RJ BASE CASE ASSUMPTIONS (2008E)**

| Metal  | RJ Base | Change |              | 2008E |       | 2008E  |          | 2008E    |       | 2008E    |      |
|--------|---------|--------|--------------|-------|-------|--------|----------|----------|-------|----------|------|
|        | Case    | From   | Units        | EPS   | CEPS  | EBITDA | Revenues | US\$ mln | %     | US\$ mln | %    |
| Copper | 3.35    | +/-    | 0.30 US\$/lb | 0.09  | 13.2% | 0.09   | 13.2%    | 10.1     | 14.1% | 11.8     | 7.9% |
| Moly   | 28.00   | +/-    | 1.00 US\$/lb | 0.01  | 1.3%  | 0.01   | 1.2%     | 0.9      | 1.3%  | 1.0      | 0.7% |

Source: RJ Research estimates and analysis

**EXHIBIT 25: AMERIGO RESOURCES LTD. FINANCIAL AND MODEL SUMMARY**

| Income (US\$ mln)               | 2006A        | 2007E        | 2008E        | 2009E        | 2010E        |  | 2006A      | 2007E      | 2008E      | 2009E      | 2010E      |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|------------|------------|
| Revenue                         | 84.2         | 107.3        | 149.0        | 155.5        | 164.1        | Average share price C\$                    | 2.22       | 2.43       | 2.43       | 2.43       | 2.43       |
| Operating Costs                 | (43.4)       | (61.4)       | (74.5)       | (79.3)       | (83.9)       | Average/Current share price US\$           | 2.00       | 2.36       | 2.36       | 2.36       | 2.36       |
| SG&A                            | (3.0)        | (2.7)        | (2.9)        | (3.1)        | (3.3)        | <b>Valuation</b>                           |            |            |            |            |            |
| Exploration                     | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | Market Cap (US\$ millions)                 | 187        | 224        | 224        | 224        | 224        |
| Other                           | 0.0          | (0.0)        | (0.0)        | 0.0          | (0.0)        | Plus: Net Debt                             | -27        | -41        | -88        | -135       | -185       |
| EBITDA                          | 37.9         | 43.2         | 71.6         | 73.2         | 76.9         | Less: Peripheral Assets                    | 0          | 0          | 0          | 0          | 0          |
| DD&A                            | (1.6)        | (2.7)        | (3.0)        | (3.0)        | (3.0)        | Plus: Buy out of Minorities                | 0          | 0          | 0          | 0          | 0          |
| EBIT                            | 36.3         | 40.5         | 68.6         | 70.2         | 73.9         | <b>Enterprise Value (US\$ mln)</b>         | <b>160</b> | <b>182</b> | <b>135</b> | <b>88</b>  | <b>38</b>  |
| Net Interest (expense)          | (0.4)        | (1.2)        | (2.0)        | (3.7)        | (5.3)        | <b>EBITDA (US\$ mln)</b>                   |            |            |            |            |            |
| Tax                             | (5.7)        | (7.2)        | (14.6)       | (19.1)       | (23.7)       | EBITDA Corporate                           | 38         | 43         | 72         | 73         | 77         |
| Other                           | 9.2          | 4.0          | 6.5          | 9.8          | 13.4         | EBITDA Minority Adjustments                | 0          | 0          | 0          | 0          | 0          |
| Net Income                      | 39.3         | 36.0         | 58.4         | 57.3         | 58.1         | EBITDA Other                               | 0          | 0          | 0          | 0          | 0          |
| Wtd. Avg. Shares O/S            | 92.5         | 94.5         | 94.5         | 94.5         | 94.5         | EBITDA Other                               | 0          | 0          | 0          | 0          | 0          |
| EPS (US\$/share)                | 0.42         | 0.38         | 0.62         | 0.61         | 0.61         | <b>Total EBITDA</b>                        | <b>38</b>  | <b>43</b>  | <b>72</b>  | <b>73</b>  | <b>77</b>  |
| <b>Cashflow (US\$ mln)</b>      | <b>2006A</b> | <b>2007E</b> | <b>2008E</b> | <b>2009E</b> | <b>2010E</b> | <b>EBIT (US\$ mln)</b>                     |            |            |            |            |            |
| Operating                       | 26.6         | 40.8         | 62.7         | 61.6         | 62.4         | EBIT Corporate                             | 36         | 40         | 69         | 70         | 74         |
| Investing                       | (20.3)       | (17.1)       | (4.5)        | (3.5)        | (1.5)        | EBIT Minority Adjustments                  | 0          | 0          | 0          | 0          | 0          |
| Financing                       | 6.9          | (9.5)        | (11.0)       | (11.0)       | (11.0)       | EBIT Other                                 | 0          | 0          | 0          | 0          | 0          |
| Net Change in Cash              | 13.2         | 14.1         | 47.2         | 47.1         | 49.9         | EBIT Other                                 | 0          | 0          | 0          | 0          | 0          |
| <b>Balance Sheet (US\$ mln)</b> | <b>2006A</b> | <b>2007E</b> | <b>2008E</b> | <b>2009E</b> | <b>2010E</b> | <b>Total EBIT</b>                          | <b>36</b>  | <b>40</b>  | <b>69</b>  | <b>70</b>  | <b>74</b>  |
| Cash                            | 26.6         | 41.0         | 88.3         | 135.3        | 185.2        | <b>Free Cash Flow to equity (US\$ mln)</b> |            |            |            |            |            |
| Other                           | 15.2         | 18.2         | 18.2         | 18.2         | 18.2         | EBITDA                                     | 38         | 43         | 72         | 73         | 77         |
| Current Assets                  | 41.8         | 59.2         | 106.5        | 153.5        | 203.4        | Cash Taxes                                 | -6         | -7         | -15        | -19        | -24        |
| PP&E                            | 84.6         | 97.9         | 99.4         | 99.9         | 98.4         | Change in net working capital              | 1          | -2         | -0         | 0          | 0          |
| Other                           | 7.9          | 7.7          | 7.7          | 7.7          | 7.7          | Capital Expenditures                       | -28        | -10        | -3         | -2         | 0          |
| Total Long-term Assets          | 92.5         | 105.6        | 107.1        | 107.6        | 106.1        | FCF to the firm                            | 5          | 24         | 54         | 52         | 53         |
| Total Assets                    | 134.3        | 164.8        | 213.6        | 261.1        | 309.5        | Net Interest (Expense)                     | -0         | -1         | -2         | -4         | -5         |
| Short term debt                 | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | Net Borrowing                              | 0          | 0          | 0          | 0          | 0          |
| Other current Liabilities       | 16.7         | 17.9         | 17.9         | 17.9         | 17.9         | <b>FCF to equity</b>                       | <b>5</b>   | <b>23</b>  | <b>52</b>  | <b>48</b>  | <b>48</b>  |
| Current Liabilities             | 16.7         | 17.9         | 17.9         | 17.9         | 17.9         | <b>FCF Yield*</b>                          | <b>2%</b>  | <b>10%</b> | <b>23%</b> | <b>22%</b> | <b>21%</b> |
| Long-term Debt                  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | <b>Operating Free Cash Flow</b>            |            |            |            |            |            |
| Other                           | 7.2          | 8.2          | 8.3          | 8.5          | 8.7          | EBITDA                                     | 38         | 43         | 72         | 73         | 77         |
| Total Long-term Liabilities     | 7.2          | 8.2          | 8.3          | 8.5          | 8.7          | Maintenance Capex                          | (0.3)      | (0.5)      | (0.6)      | (0.6)      | (0.6)      |
| Minority Interest               | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | Net Working Capital Inflation              | 0.0        | (0.0)      | (0.0)      | (0.0)      | (0.0)      |
| Shareholders' equity            | 110.4        | 138.7        | 187.3        | 234.7        | 282.9        | <b>Total OpFCF (US\$ mln)</b>              | <b>38</b>  | <b>43</b>  | <b>71</b>  | <b>73</b>  | <b>76</b>  |
| Total Liabilities + Equity      | 134.3        | 164.8        | 213.6        | 261.1        | 309.5        | Copper US\$/lb                             | 3.06       | 3.40       | 3.30       | 3.00       | 1.80       |

Source: RJ Research estimates and analysis, Thomson ONE

\* FCF to Equity/Market Capitalization

Source: RJ Research estimates and analysis, Thomson ONE

**Sensitivity to Change in Copper Price**

|           | NAV    | EBITDA  | EBITDA  | CE      | CE      | EPS     | EPS     |
|-----------|--------|---------|---------|---------|---------|---------|---------|
|           | C\$/sh | US\$mln | US\$mln | US\$/sh | US\$/sh | US\$/sh | US\$/sh |
| % Change  | 23%    | 16%     | 17%     | 15%     | 16%     | 16%     | 17%     |
| 10%       | 4.30   | 83      | 85      | 0.76    | 0.75    | 0.72    | 0.71    |
| Base Case | 3.51   | 72      | 73      | 0.66    | 0.65    | 0.62    | 0.61    |
| -10%      | 2.71   | 60      | 61      | 0.57    | 0.55    | 0.52    | 0.50    |
| % Change  | -23%   | -16%    | -17%    | -15%    | -16%    | -16%    | -17%    |

Source: RJ Research estimates and analysis

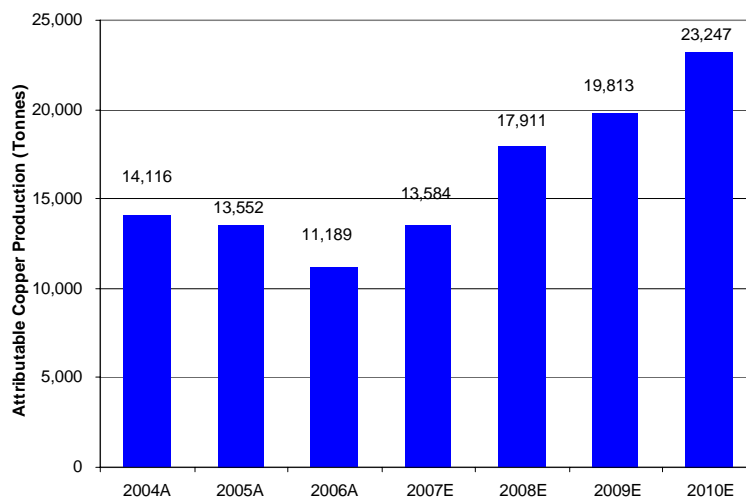
**Discount Rate & Long-term Copper Price Sensitivity**

| NAV (C\$/Share)        |         |         |         |
|------------------------|---------|---------|---------|
| Copper Price (US\$/lb) |         |         |         |
| Discount Rate          | 1.50    | 1.80    | 2.25    |
| 5%                     | C\$2.96 | C\$3.87 | C\$5.24 |
| 8%                     | C\$2.81 | C\$3.51 | C\$4.56 |
| 12%                    | C\$2.62 | C\$3.13 | C\$3.88 |
| P/NAV @ C\$2.43/share  |         |         |         |
| Copper Price (US\$/lb) |         |         |         |
| Discount Rate          | 1.50    | 1.80    | 2.25    |
| 5%                     | 0.82    | 0.63    | 0.46    |
| 8%                     | 0.87    | 0.69    | 0.53    |
| 12%                    | 0.93    | 0.78    | 0.63    |

Source: RJ Research estimates and analysis, company reports

The attributable copper production profile is shown in Exhibit 26. The resumption of the Colihues tailings flow is the key source of near-term copper production growth.

**EXHIBIT 26: AMERIGO'S COPPER PRODUCTION PROFILE**



Source: RJ Research estimates and analysis, company reports

The detailed breakdown of the production and cash cost profile is shown in Exhibit 27. Our cash cost calculation includes all royalties and is directly comparable with the methodology used for other copper companies in our research coverage universe. Our cash cost estimates are therefore higher than those referred to by the company. The key difference is that we include all royalties to arrive at our operating cash cost estimate.

**EXHIBIT 27: PRODUCTION AND COST SUMMARY (100% BASIS)**

|                     | 2005A  | 2006A  | 2007E  | 2008E  | 2009E  | 2010E  |
|---------------------|--------|--------|--------|--------|--------|--------|
| MVC (tonnes) (100%) | 13,552 | 11,189 | 13,584 | 17,911 | 19,813 | 23,247 |
| Cash Cost (US\$/lb) | 0.93   | 1.82   | 1.79   | 1.40   | 1.49   | 1.37   |

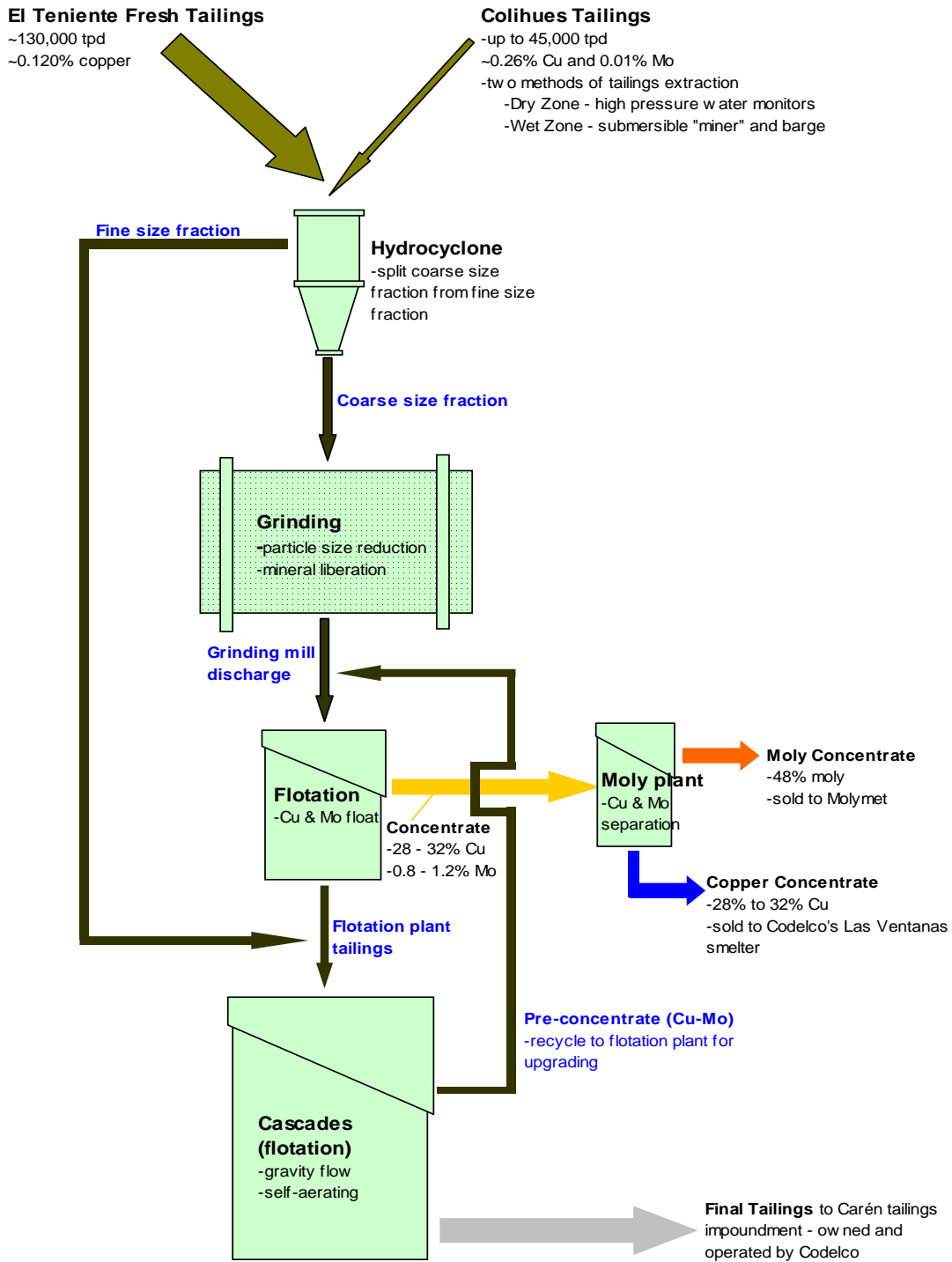
Source: RJ Research estimates and analysis, company reports

**MVC Project Snapshot (100% Ownership)**

**MVC is the company's key asset**

It is important to note that MVC is not a mine per se but rather a tailings re-processing plant. Fresh tailings from Codelco's El Teniente mine and the re-slurrying of old tailings from Codelco's Colihues dam are processed to remove recoverable copper and molybdenum bearing minerals. The resulting copper and molybdenum concentrates are sold to smelters. Exhibit 28 shows the simplified flowsheet of the 200,000 tonnes per day plant, well-located approximately 90 kilometres to the south of Santiago, Chile.

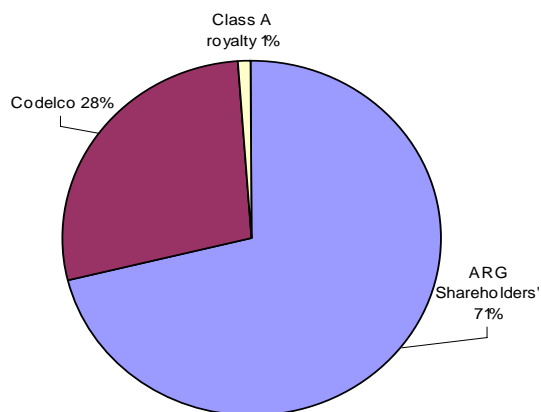
**EXHIBIT 28: MVC SIMPLIFIED FLOWSHEET (200,000 TPD CAPACITY)**



Source: RJ Research estimates and analysis

- Processing** – Fresh tailings from the El Teniente mill and re-slurried tailings from Colihues are delivered to MVC's processing plant via launders. The Colihues tailings are extracted from a tailings impoundment by Amerigo using a combination of high pressure water monitors in the "dry zone" and a submersible miner in the "wet zone". The tailings are classified into a coarse fraction and a fine fraction stream using hydrocyclones. The coarse material is fed directly to the mill for grinding and flotation while fine material is sent to the cascades. The tailings from the MVC flotation plant are also sent to the cascades where the slower floating finer grained copper and molybdenum minerals are recovered in a "pre-concentrate" and added back to one of the higher grade slurries in the MVC flotation plant. The Cu-Mo concentrate from the flotation plant is fed to the molybdenum plant where the molybdenum is separated from the copper. The copper concentrate is sold to Codelco and the molybdenum concentrate is sold to Molymet. The global recovery of copper is approximately 25%; however, the stage recovery of the flotation plant is approximately 52%. The final tailings from the cascades are sent to the Carén tailings impoundment approximately 50 kilometres away. It is important to note that Codelco owns and operates the tailings dams and MVC does not independently possess tailings disposal facilities.
- Royalties** – Exhibit 29 shows our estimate of the various claims on ARG's cash flow (EBIT). According to our estimates, approximately 29% of 2008E cash flow is paid out as royalties, we therefore describe the nature of the royalty contracts below.

**EXHIBIT 29: CLAIMS ON AMERIGO'S CASH FLOWS**



Source: RJ Research estimates and analysis, company reports

- *Fresh Tailings Royalty.* MVC pays Codelco a royalty on copper production under a formula that considers both the price of copper and the copper content in the fresh tailings. No royalties are payable in respect of the fresh tailings if the copper price is below US\$0.80 per pound (for copper content in tailings between 0.09% and 0.1499%); if the copper price is between US\$0.80 and US\$0.95, the royalty varies on a sliding scale from 0 to 10%; if the copper price is between US\$0.95 and US\$1.30, the royalty is 10%; and if the copper price is US\$1.30 or higher, the maximum royalty of 13.5% is payable. Codelco has agreed to provide a total of 1,063,480 tonnes of fine copper from the supply of fresh tailings from El Teniente for the period from January 1, 2001 to December 31, 2021. If the total copper content during the period falls below that amount by more than 10%, the term of the contract will be extended by the proportion corresponding to the fine copper deficit exceeding such 10%. Otherwise, the contract terminates on December 31, 2021.
- *Colihues Tailings Royalty.* MVC pays a royalty for production from Colihues on a similar basis to the existing royalty arrangement for fresh tailings material, with the exception that a 3% royalty is payable at copper prices below US\$0.80 per pound, and increasing on a sliding scale, capped at 15% if the copper price is US\$1.35 per pound or higher. The Colihues royalty is calculated using half the volume of tailings extracted from Colihues, at an assumed copper grade of 0.32% and an assumed recovery rate of 40%. This implies that the other half of the Colihues tailings stream is royalty free.
- *Molybdenum Royalty.* MVC pays CODELCO a flat 10% royalty of MVC's net revenue received from the sale of molybdenum concentrates.
- *Amerigo International Royalty.* Amerigo has an agreement with its Class A shareholders that entitles them to receive a royalty based on a copper prices and total production. Class A shareholders have no other claims on Amerigo's cash flows. The royalty dividend is US\$0.01 for each pound of copper equivalent produced by MVC if the price of copper is under US\$0.80, or US\$0.015 for each pound of copper equivalent produced by MVC if the price of copper is US\$0.80 or more.
- **Resources** – Unlike "conventional" mining companies, Amerigo does not have a conventional "pounds in the ground" resource or reserve base. Instead it possesses the contractual right to treat a predetermined tonnage of tailings from Codelco; fresh tailings from El Teniente and re-slurried tailings from the Colihues tailings dam. We estimate that Amerigo has a global resource of 2,971 million tonnes grading 0.028% Cu and 0.002% Mo. Exhibit 30 summarizes Amerigo's so called "resources".

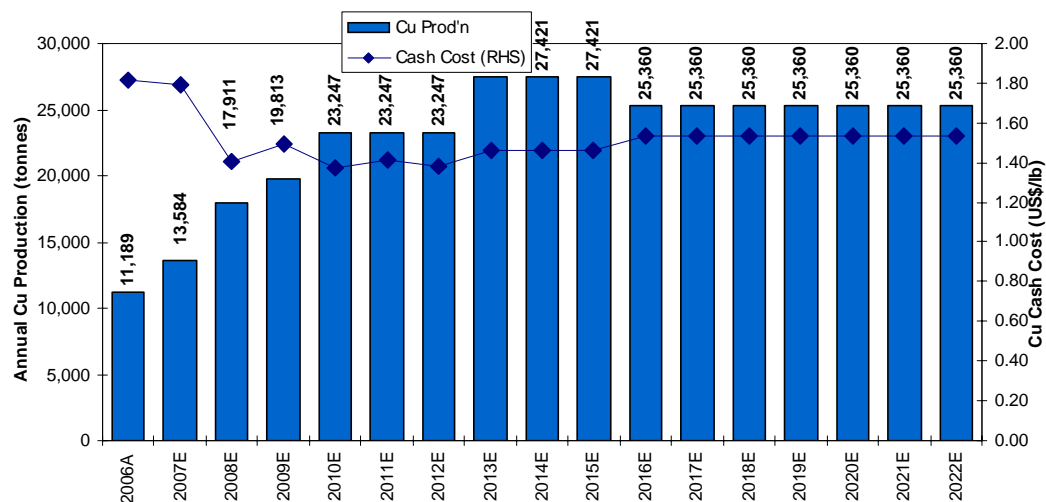
**EXHIBIT 30: AMERIGO'S MINERAL INVENTORY**

| Resource Category | Tonnes millions | Cu (%)       | Mo (%)       | Grade (%Cu Eq) | Contained Cu (mln lbs) | Contained Mo (mln lbs) | Contained Cu (tonnes) | Contained Mo (tonnes) |
|-------------------|-----------------|--------------|--------------|----------------|------------------------|------------------------|-----------------------|-----------------------|
| El Teniente       | 2,755.0         | 0.010        | 0.001        | 0.016          | 607                    | 61                     | 275,500               | 27,550                |
| Colihues          | 216.0           | 0.262        | 0.011        | 0.323          | 1,248                  | 52                     | 565,920               | 23760                 |
| Other             | 0.0             | 0.000        | 0.000        | 0.000          | 0                      | 0                      | 0                     | 0                     |
| <b>Total</b>      | <b>2,971.0</b>  | <b>0.028</b> | <b>0.002</b> | <b>0.038</b>   | <b>1,855</b>           | <b>113</b>             | <b>841,420</b>        | <b>51,310</b>         |

Source: Company reports

Exhibit 31 shows our production and cash cost projections for the MVC project.

**EXHIBIT 31: MVC PRODUCTION AND COST SUMMARY (100% BASIS)**



Source: RJ Research estimates and analysis, Company reports

Exhibit 32 shows our DCF model for the MVC plant.

**EXHIBIT 32: MVC DISCOUNTED CASH FLOW MODEL (100% BASIS)**

| Site Description (based on 100%)             | 2006A          | 2007E          | 2008E            | 2009E            | 2010E            | 2011E            | 2012E            | 2013E            | 2014E            | 2015E            | 2016E            | 2017E            | 2018E            | 2019E            |
|--|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Copper Price US\$/lb</b>                  | 3.06           | 3.31           | 3.35             | 3.30             | 3.00             | 2.90             | 1.80             | 1.80             | 1.80             | 1.80             | 1.80             | 1.80             | 1.80             | 1.80             |
| <b>Molybdenum US\$/lb</b>                    | 25.07          | 31.25          | 28.00            | 23.00            | 17.00            | 15.00            | 10.00            | 10.00            | 10.00            | 10.00            | 10.00            | 10.00            | 10.00            | 10.00            |
| <b>Process Plant</b>                         |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| El Teniente fresh tailings (tpd)             | 124,384        | 129,000        | 130,000          | 130,000          | 130,000          | 130,000          | 130,000          | 180,000          | 180,000          | 180,000          | 180,000          | 180,000          | 180,000          | 180,000          |
| Collhués tailings (tpd)                      |                | 3,000          | 23,000           | 32,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           | 45,000           |
| Other tailings (tpd)                         |                | 0              | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total process plant throughput (tpd)</b>  | <b>124,384</b> | <b>132,000</b> | <b>153,000</b>   | <b>162,000</b>   | <b>175,000</b>   | <b>175,000</b>   | <b>175,000</b>   | <b>225,000</b>   | <b>225,000</b>   | <b>225,000</b>   | <b>225,000</b>   | <b>225,000</b>   | <b>225,000</b>   | <b>225,000</b>   |
| Tonnes processed annually (000s)             | 45,400         | 48,180         | 55,845           | 59,130           | 63,875           | 63,875           | 63,875           | 82,125           | 82,125           | 82,125           | 82,125           | 82,125           | 82,125           | 82,125           |
| Cu grade - El Teniente fresh (%)             | 0.113          | 0.114          | 0.114            | 0.114            | 0.120            | 0.120            | 0.120            | 0.113            | 0.113            | 0.113            | 0.100            | 0.100            | 0.100            | 0.100            |
| Cu grade - Collhués (%)                      |                | 0.240          | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            | 0.240            |
| Cu grade - Other (%)                         |                | 0.000          | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            |
| <b>Weighted Average Cu grade (%)</b>         |                | <b>0.117</b>   | <b>0.133</b>     | <b>0.139</b>     | <b>0.151</b>     | <b>0.151</b>     | <b>0.151</b>     | <b>0.138</b>     | <b>0.138</b>     | <b>0.138</b>     | <b>0.128</b>     | <b>0.128</b>     | <b>0.128</b>     | <b>0.128</b>     |
| Mo grade - El Teniente fresh (%)             |                | 0.002          | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            | 0.002            |
| Mo grade - Collhués (%)                      |                | 0.000          | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            |
| Mo grade - Other (%)                         |                | 0.000          | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            |
| <b>Weighted Average Mo grade (%)</b>         |                | <b>0.002</b>   | <b>0.003</b>     | <b>0.003</b>     | <b>0.004</b>     | <b>0.004</b>     | <b>0.004</b>     | <b>0.003</b>     | <b>0.003</b>     | <b>0.003</b>     | <b>0.003</b>     | <b>0.003</b>     | <b>0.003</b>     | <b>0.003</b>     |
| Wtd. average copper recovery (%)             | 21.8%          | 25.0%          | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            | 25.0%            |
| Wtd. average moly recovery (%)               |                | 40.0%          | 40.0%            | 35.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            | 40.0%            |
| El Teniente fresh tailings (mins tonnes)     |                | 2,802          | 2,755            | 2,660            | 2,612            | 2,565            | 2,517            | 2,452            | 2,386            | 2,320            | 2,254            | 2,189            | 2,123            | 2,057            |
| Copper grade (%)                             | 0.100          | 0.100          | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            | 0.100            |
| Moly grade (%)                               | 0.015          | 0.015          | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            | 0.015            |
| Collhués Resource (tonnes 000s)              | 216,488        | 215,393        | 206,998          | 195,318          | 178,893          | 162,468          | 146,043          | 129,618          | 113,193          | 96,768           | 80,343           | 63,918           | 47,493           | 31,068           |
| Copper grade (%)                             | 0.262          | 0.262          | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            | 0.262            |
| Moly grade (%)                               | 0.010          | 0.010          | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            | 0.010            |
| Other Resource (tonnes 000s)                 | 0              | 0              | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Copper grade (%)                             | 0.000          | 0.000          | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            |
| Moly grade (%)                               | 0.000          | 0.000          | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            | 0.000            |
| Copper production (mln lbs)                  | 25             | 30             | 39               | 44               | 51               | 51               | 51               | 60               | 60               | 60               | 56               | 56               | 56               | 56               |
| <b>Payable Copper Production (tonnes)</b>    | <b>11,189</b>  | <b>13,584</b>  | <b>17,911</b>    | <b>19,813</b>    | <b>23,247</b>    | <b>23,247</b>    | <b>23,247</b>    | <b>27,421</b>    | <b>27,421</b>    | <b>27,421</b>    | <b>25,360</b>    | <b>25,360</b>    | <b>25,360</b>    | <b>25,360</b>    |
| <b>Payable Moly Production (tonnes)</b>      | <b>674,549</b> | <b>717,355</b> | <b>1,269,462</b> | <b>1,326,232</b> | <b>1,871,361</b> | <b>1,871,361</b> | <b>1,871,361</b> | <b>1,969,854</b> | <b>1,969,854</b> | <b>1,969,854</b> | <b>1,969,854</b> | <b>1,969,854</b> | <b>1,969,854</b> | <b>1,969,854</b> |
| Re-Slurrying (US\$/tonne of ore)             | 0.15           | 0.20           | 0.20             | 0.20             | 0.20             | 0.20             | 0.20             | 0.17             | 0.17             | 0.17             | 0.17             | 0.17             | 0.17             | 0.17             |
| Process (US\$/tonne)                         | 0.53           | 0.72           | 0.68             | 0.68             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             | 0.65             |
| G&A and Environmental Site (US\$ mln)        | 1.0            | 1.3            | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              | 1.3              |
| Cu Smelt/Refine/Mkt (US\$ mln)               | 14.80          | 9.92           | 10.95            | 12.08            | 14.18            | 14.18            | 14.18            | 16.72            | 16.72            | 16.72            | 15.46            | 15.46            | 15.46            | 15.46            |
| El Teniente Cu Royalties (US\$ mln)          | 10.19          | 13.97          | 19.44            | 21.44            | 23.14            | 22.37            | 13.88            | 16.20            | 16.20            | 16.20            | 15.06            | 15.06            | 15.06            | 15.06            |
| Moly Royalty (US\$ mln)                      | 1.39           | 1.84           | 2.91             | 2.50             | 2.61             | 2.30             | 1.53             | 1.62             | 1.62             | 1.62             | 1.62             | 1.62             | 1.62             | 1.62             |
| Amerigo International Royalty (US\$ mln)     | 0.48           | 0.59           | 0.80             | 0.84             | 0.98             | 0.97             | 0.98             | 1.13             | 1.13             | 1.13             | 1.06             | 1.06             | 1.06             | 1.06             |
| Moly Credit (US\$ mln)                       | 13.87          | 18.38          | 29.15            | 25.01            | 26.09            | 23.02            | 15.35            | 16.15            | 16.15            | 16.15            | 16.15            | 16.15            | 16.15            | 16.15            |
| <b>Cash cost per lb of Cu sold (US\$/lb)</b> | <b>1.82</b>    | <b>1.79</b>    | <b>1.40</b>      | <b>1.49</b>      | <b>1.37</b>      | <b>1.41</b>      | <b>1.38</b>      | <b>1.46</b>      | <b>1.46</b>      | <b>1.46</b>      | <b>1.53</b>      | <b>1.53</b>      | <b>1.53</b>      | <b>1.53</b>      |
| Minesite opex per tonne of ore milled        | 0.70           | 0.95           | 0.90             | 0.90             | 0.87             | 0.87             | 0.87             | 0.84             | 0.84             | 0.84             | 0.84             | 0.84             | 0.84             | 0.84             |
| Sustaining Capex (US\$ mln)                  | 1.5            | 1.5            | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              | 1.5              |
| Capex (US\$ mln)                             | 0.0            | 5.0            | 3.0              | 2.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Depreciation Charge (US\$ mln)               | 1.6            | 2.7            | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              | 3.0              |
| Tax Rate                                     | 17.0%          | 17.0%          | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            | 17.0%            |
| Net Revenues (US\$ mln)                      | 75.5           | 99.0           | 132.3            | 144.1            | 153.8            | 148.6            | 92.3             | 108.8            | 108.8            | 108.8            | 100.6            | 100.6            | 100.6            | 100.6            |
| Costs (US\$ mln)                             | 45             | 54             | 55               | 65               | 70               | 72               | 71               | 88               | 88               | 88               | 86               | 86               | 86               | 86               |
| EBIT (US\$ mln)                              | 29             | 43             | 74               | 76               | 80               | 73               | 18               | 18               | 18               | 18               | 12               | 12               | 12               | 12               |
| EBITDA (US\$ mln)                            | 31             | 45             | 77               | 79               | 83               | 76               | 21               | 21               | 21               | 21               | 15               | 15               | 15               | 15               |
| Employee Profit Sharing 0.0%                 | 0.0            | 0.0            | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              | 0.0              |
| Specific mining tax 1.5%                     | 0.4            | 0.6            | 1.1              | 1.1              | 1.2              | 1.1              | 0.3              | 0.3              | 0.3              | 0.3              | 0.2              | 0.2              | 0.2              | 0.2              |
| After tax cashflow (US\$ mln)                | \$ 23          | \$ 30          | \$ 58            | \$ 60            | \$ 66            | \$ 60            | \$ 16            | \$ 16            | \$ 16            | \$ 16            | \$ 11            | \$ 11            | \$ 11            | \$ 11            |
| NPV after tax EOP (US\$ mln) 8% disc. rate   | \$280          | \$272          | \$236            | \$194            | \$144            | \$95             | \$86             | \$77             | \$68             | \$58             | \$51             | \$44             | \$37             | \$29             |

Source: RJ Research estimates and analysis

## **APPENDIX I: MANAGEMENT PROFILES**

### **Steven G. Dean – Chairman, Director**

Steven Dean is a Fellow of the Institute of Chartered Accountants of Australia, a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Canadian Institute of Mining, Metallurgy and Petroleum. Mr. Dean has extensive experience in mining, most recently as President of Teck Cominco Limited to July, 2002. He was an Executive Director and Chief Financial Officer of the Normandy Mining Ltd. Group from 1987 to 1994, and founding Chairman and Chief Executive Officer of PacMin Mining Corporation from 1995 to 1999. Mr. Dean is currently Chairman and a director of Spur Ventures Inc., a company listed on the TSX, and a director of GRD Limited, a company listed on the Australian Stock Exchange.

### **Klaus Zeitler – President, Director**

Dr. Zeitler received his professional education at Karlsruhe University from 1959 to 1966 and obtained a PHD in economic planning. Dr. Zeitler is a member of the Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association. Dr. Zeitler financed, built and managed base metal and gold mines worldwide (Europe, Africa, North America, South America, Pacific) with a total investment value of \$4 billion.

Dr. Zeitler was a managing director of Metallgesellschaft AG, a German metals conglomerate and in 1986 founded and was a director and CEO of Metall Mining, later Inmet, a Toronto Stock Exchange listed company with assets of over \$1 billion and base metal and gold mines in different parts of the world. After having been a director of Teck and Cominco for many years, Dr. Zeitler joined Teck in 1997 as Senior Vice President and had responsibilities for the exploration and development of mines in Peru, Mexico and the USA. Since his retirement in 2002 from Teck Cominco and in addition to being President and a director of Amerigo, Dr. Zeitler has been actively involved as a director in various junior base and precious metal companies.

### **Mr. Raul Poblete – General Manager, MVC**

Mr. Poblete is the General Manager of MVC, a position he has held since the acquisition of MVC by Amerigo in July 2003. Mr. Poblete was the head of the group of engineers that designed and built MVC and became Operations Manager upon completion of the plant in 1991. From 1974 to 1988 he held several management positions with Codelco Chile, at the Salvador, Andina and El Teniente divisions. From 1971 to 1974, he held the position of Copper Concentrator Superintendent at Rio Tinto Patiño, in Spain.

### **Sidney Robinson – Director**

Mr. Robinson was a senior partner at Torys LLP where he practiced corporate and mining law for over 30 years until he retired in July 2004. He provided strategic and legal advice with respect to acquisitions, developments and financings to senior management and boards of directors of a number of Canadian and international mining companies. He sits on the boards of directors of a number of public and private corporations and has many years experience as a director of mining companies in Canada and in the United States.

### **Robert Gayton – Director**

Dr. Gayton graduated from the University of British Columbia in 1962 with a Bachelor of Commerce and in 1964 earned the Chartered Accountant (C.A.) designation while at Peat Marwick Mitchell. Dr. Gayton joined the Faculty of Business Administration at the University of British Columbia in 1965, beginning 10 years in the academic world, including time at the University of California, Berkeley, earning a Ph.D. in Business. Dr. Gayton rejoined Peat Marwick Mitchell in 1974 and became a partner in 1976 where he provided audit and consulting services to private and public company clients for 11 years. Dr. Gayton has directed the accounting and financial matters of public companies in the resource and non-resource fields since 1987. Dr. Gayton is a director of several public companies.

### **Ruston Goepel – Director**

Mr. Goepel is Senior Vice President at Raymond James Ltd. He entered the investment business in 1968 specializing in institutional sales with Ryan Investments and Pemberton Securities Ltd. In 1989 he was a founding partner and CEO of Goepel Shields & Partners, a national securities dealer which was acquired by Raymond James Inc. – the 8th largest U.S. brokerage firm – in January 2001. Mr. Goepel is Chairman of the Business Council of British Columbia and a Director and Chairman of the Nominating and Governance Committee of the Vancouver 2010 Olympic Organizing Committee. Mr. Goepel is a past member of the Executive Committee of the Investment Dealers Association of Canada and a Past Governor of the Vancouver Stock Exchange. He is also a Director of a number of Canadian companies. Mr. Goepel was the recipient of the Queen's Jubilee Medal for Business Leadership and Community Service.

### **Michael Kuta – Corporate Secretary**

Michael Kuta is a member of the British Columbia and Canadian Bar Associations. Mr. Kuta has more than 20 years experience in corporate commercial, securities and taxation law, in both private and public practice. Mr. Kuta was an associate lawyer at Thorsteinssons LLP, Tax Lawyers, Vice-President, Law at The Loewen Group and InsulPro Industries, and Director, Content Development for the Thomson Corporation. Mr. Kuta has experience in domestic and international business acquisitions and combinations and finance. He has an HBA (Honours in Business Administration) degree from the University of Western Ontario, and an LLB from the University of British Columbia. Mr. Kuta is also General Counsel and Corporate Secretary for Spur Ventures Inc., a TSX listed company, and is a director of Nikos Explorations Ltd., Los Andes Copper Ltd. and SNS Silver Corp., TSXV listed companies.

### **Aurora Davidson – Chief Financial Officer**

Aurora Davidson holds a Certified General Accountant designation from the Certified General Accountants Association of British Columbia (2003) and a BSc in Business Administration from Alliant International University in San Diego, California (1990). Ms. Davidson has over 14 years of experience in financial and general business management having assisted private and public companies in the roles of Chief Financial Officer, Vice-president, Finance and Corporate Controller within the mineral exploration and high technology sectors.

## APPENDIX 2: VALUATION STATISTICS

### Market Statistics

Tom Meyer, P.Eng., CFA (416) 777-4912 tom.meyer@raymondjames.ca

Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

as of 25-Sep-07

| Symbol                  | Trading Curr. | Share Price (\$) | Analyst | Stock Rating | 6-12 Month Target |                  | Basic Shares O/S (mln) | Market Cap (US\$m) | Net Debt Q2-07A (US\$m) | 2007E EV (US\$m) | Cash Q2-07A (US\$m) | Work'g Cap. (US\$m) |         | P/NAV (x) |             |
|-------------------------|---------------|------------------|---------|--------------|-------------------|------------------|------------------------|--------------------|-------------------------|------------------|---------------------|---------------------|---------|-----------|-------------|
|                         |               |                  |         |              | Price (\$)        | Est'd Appr'n (%) |                        |                    |                         |                  |                     | NAV (\$)            | NAV (x) |           |             |
| <b>COPPER PRODUCERS</b> |               |                  |         |              |                   |                  |                        |                    |                         |                  |                     |                     |         |           |             |
| Amerigo Resources       | ARG           | CDN              | 2.43    | TM           | 1                 | 3.50             | 44%                    | 94.5               | 224                     | -29              | 195                 | 29                  | 29      | 3.51      | 0.69        |
| Antofagasta             | ANTO          | GBP              | 7.94    | TM           | 3                 | 7.50             | -6%                    | 985.9              | 15,419                  | -2,097           | 18,766              | 2,360               | 2,668   | 6.82      | 1.16        |
| Aur Resources           | AUR           | CDN              | 41.02   | TM           | 3                 | 41.00            | 0%                     | 98.4               | 3,928                   | -325             | 3,770               | 654                 | 518     | 36.12     | 1.14        |
| Anvil Mining            | AVM           | CDN              | 17.16   | TM           | 1                 | 26.00            | 52%                    | 70.4               | 1,176                   | -276             | 899                 | 284                 | 340     | 23.93     | 0.72        |
| First Quantum           | FM            | CDN              | 91.19   | TM           | 1                 | 150.00           | 64%                    | 67.7               | 6,007                   | 193              | 6,513               | 160                 | 391     | 114.96    | 0.79        |
| Frontera Copper         | FCC           | CDN              | 6.10    | TM           | 1                 | 10.00            | 64%                    | 64.1               | 380                     | 32               | 413                 | 49                  | 44      | 10.71     | 0.57        |
| Inmet Mining            | IMN           | CDN              | 99.35   | TM           | 2                 | 115.00           | 16%                    | 48.3               | 4,667                   | -574             | 4,093               | 723                 | 789     | 102.67    | 0.97        |
| Northern Orion          | NNO           | CDN              | 6.41    | TM           | 2                 | 8.00             | 25%                    | 154.1              | 961                     | -223             | 743                 | 237                 | 237     | 12.22     | 0.52        |
| Quadra Mining           | QUA           | CDN              | 18.17   | TM           | 1                 | 25.00            | 38%                    | 54.0               | 955                     | -134             | 821                 | 278                 | 290     | 26.64     | 0.68        |
| Taseko Mines            | TKO           | CDN              | 5.36    | TM           | 2                 | 6.50             | 21%                    | 130.4              | 680                     | -2               | 678                 | 40                  | 56      | 8.09      | 0.66        |
| <b>Weighted Average</b> |               |                  |         |              |                   |                  | <b>16%</b>             |                    |                         |                  |                     |                     |         |           | <b>1.00</b> |

### COPPER DEVELOPMENT COMPANIES

|                         |     |     |       |    |   |       |           |       |       |      |       |     |     |       |             |
|-------------------------|-----|-----|-------|----|---|-------|-----------|-------|-------|------|-------|-----|-----|-------|-------------|
| African Copper          | ACU | CDN | 1.85  | TM | 1 | 3.00  | 62%       | 139.6 | 251   | -94  | 157   | 94  | 92  | 3.84  | 0.48        |
| Candente                | DNT | CDN | 1.80  | TM | 2 | 2.10  | 17%       | 70.2  | 123   | -14  | 109   | 14  | 13  | 5.17  | 0.35        |
| Chariot Resources       | CHD | CDN | 1.01  | TM | 1 | 1.60  | 58%       | 303.4 | 298   | -22  | 277   | 22  | 21  | 2.67  | 0.38        |
| Corriente               | CTQ | CDN | 4.81  | TM | 3 | 4.00  | -17%      | 74.8  | 350   | -107 | 243   | 107 | 105 | 10.41 | 0.46        |
| Equinox Minerals        | EQN | CDN | 3.90  | TM | 1 | 5.00  | 28%       | 560.1 | 2,125 | -61  | 2,065 | 70  | 25  | 6.25  | 0.62        |
| Inca Pacific            | IPR | CDN | 1.50  | TM | 1 | 2.25  | 50%       | 36.5  | 53    | -8   | 46    | 8   | 7   | 8.48  | 0.18        |
| Ivanhoe Mines           | IVN | CDN | 12.48 | TM | 4 | 7.50  | -40%      | 374.7 | 4,550 | -250 | 4,300 | 255 | 237 | 14.75 | 0.85        |
| New Gold Inc.           | NGD | CDN | 6.33  | TM | 4 | 5.00  | -21%      | 37.0  | 228   | -133 | 94    | 408 | 186 | 6.45  | 0.98        |
| Northern Dynasty        | NDM | CDN | 11.32 | TM | 1 | 29.00 | 156%      | 92.6  | 1,020 | -58  | 961   | 58  | 53  | 36.07 | 0.31        |
| Northern Peru           | NOC | CDN | 10.10 | TM | 1 | 17.00 | 68%       | 29.5  | 290   | -7   | 283   | 7   | -1  | 41.51 | 0.24        |
| <b>Weighted Average</b> |     |     |       |    |   |       | <b>9%</b> |       |       |      |       |     |     |       | <b>0.67</b> |

### SPECIAL SITUATIONS

|                         |     |     |      |    |   |       |            |      |     |     |     |    |    |       |             |
|-------------------------|-----|-----|------|----|---|-------|------------|------|-----|-----|-----|----|----|-------|-------------|
| Baffinland Iron         | BIM | CDN | 3.31 | TM | 1 | 5.00  | 51%        | 79.9 | 257 | -57 | 201 | 57 | 52 | 12.76 | 0.26        |
| New Millennium          | NML | CDN | 0.69 | TM | 1 | 1.50  | 117%       | 92.2 | 62  | -9  | 53  | 9  | 10 | 3.87  | 0.18        |
| Int'l Royalty           | IRC | CDN | 6.44 | TM | 1 | 11.00 | 71%        | 68.1 | 427 | 28  | 454 | 2  | 6  | 4.80  | 1.34        |
| <b>Weighted Average</b> |     |     |      |    |   |       | <b>68%</b> |      |     |     |     |    |    |       | <b>0.87</b> |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

- All data shown in reporting currency on a calendar year basis, except where noted. NAV shown in trading currency
- Enterprise value (EV) = market capitalization + net debt + minority interest
- Net asset values calculated at 8% discount rate in constant dollars and in the company's reporting currency, based on basic shares.
- Net debt = (long-term and short-term debt) - (cash and cash equivalents).
- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

Copper Price Forecast '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, '11E=US\$2.90/lb, Long-term=US\$1.80/lb

Lead Price Forecast '07E=US\$0.96/lb, '08E=US\$0.73/lb, '09E=US\$0.55/lb, '10E=US\$0.55/lb, '11E=US\$0.55/lb, Long-term=US\$0.50/lb

Nickel Price Forecast '07E=US\$18.72/lb, '08E=US\$13.00/lb, '09E=US\$12.00/lb, '10E=US\$10.00/lb, '11E=US\$9.00/lb, Long-term=US\$8.00/lb

Cobalt Price Forecast '07E=US\$23.96/lb, '08E=US\$16.88/lb, '09E=US\$13.00/lb, '10E=US\$11.00/lb, '11E=US\$10.00/lb, Long-term=US\$10.00/lb

Zinc Price Forecast '07E=US\$1.76/lb, '08E=US\$1.33/lb, '09E=US\$1.25/lb, '10E=US\$1.20/lb, '11E=US\$0.85/lb, Long-term=US\$0.80/lb

Moly Price Forecast '07E=US\$31.25/lb, '08E=US\$28.00/lb, '09E=US\$23.00/lb, '10E=US\$17.00/lb, '11E=US\$15.00/lb, Long-term=US\$10.00/lb

Gold Price Forecast '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, '11E=US\$605/oz, Long-term=US\$605/oz

Silver Price Forecast '07E=US\$13.65/oz, '08E=US\$11.00/oz, '09E=US\$11.00/oz, '10E=US\$11.00/oz, '11E=US\$11.00/oz, Long-term=US\$11.00/oz

Uranium Price Forecast '07E=US\$100.00/lb, '08E=US\$75.00/lb, '09E=US\$80.00/lb, '10E=US\$80.00/lb, '11E=US\$65.00/lb, Long-term=US\$50.00/lb

# Earnings Statistics

Tom Meyer, P.Eng., CFA (416) 777-4912 tom.meyer@raymondjames.ca

Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

| as of 25-Sep-07         | Rep. Curr. | EPS (\$) |       |       |       | Consensus EPS (\$) |       | PE Multiple (x) |             |            |            | CEPS (\$) |       |       |       | PCE Multiple (x) |            |            |            |
|-------------------------|------------|----------|-------|-------|-------|--------------------|-------|-----------------|-------------|------------|------------|-----------|-------|-------|-------|------------------|------------|------------|------------|
|                         |            | 2006A    | 2007E | 2008E | 2009E | 07E                | 08E   | 2006A           | 2007E       | 2008E      | 2009E      | 2006A     | 2007E | 2008E | 2009E | 2006A            | 2007E      | 2008E      | 2009E      |
| <b>COPPER PRODUCERS</b> |            |          |       |       |       |                    |       |                 |             |            |            |           |       |       |       |                  |            |            |            |
| Amerigo Resources       | USD        | 0.42     | 0.38  | 0.62  | 0.61  | 0.32               | 0.67  | 5.3             | 6.2         | 3.8        | 3.9        | 0.35      | 0.42  | 0.66  | 0.65  | 5.6              | 5.7        | 3.6        | 3.6        |
| Antofagasta             | USD        | 1.37     | 1.52  | 1.48  | 1.63  | 1.28               | 1.07  | 5.9             | 10.3        | 10.6       | 9.6        | 1.45      | 1.56  | 1.61  | 1.76  | 4.9              | 10.0       | 9.7        | 8.9        |
| Aur Resources           | USD        | 3.02     | 3.49  | 3.96  | 3.84  | 3.21               | 2.93  | 5.1             | 11.4        | 10.1       | 10.4       | 4.79      | 5.05  | 5.44  | 5.31  | 3.2              | 7.9        | 7.3        | 7.5        |
| Anvil Mining            | USD        | 1.65     | 1.92  | 2.93  | 2.98  | 1.68               | 1.71  | 4.6             | 8.7         | 5.7        | 5.6        | 2.00      | 2.34  | 3.59  | 3.95  | 3.8              | 7.1        | 4.6        | 4.2        |
| First Quantum           | USD        | 6.37     | 9.14  | 14.76 | 15.72 | 8.53               | 10.07 | 7.2             | 9.7         | 6.0        | 5.6        | 9.04      | 11.07 | 16.27 | 17.32 | 5.0              | 8.0        | 5.5        | 5.1        |
| Frontera Copper         | USD        | (0.05)   | 0.94  | 1.39  | 1.46  | 1.03               | 1.18  | nm              | 6.3         | 4.3        | 4.1        | (0.03)    | 1.38  | 1.47  | 1.54  | nm               | 4.3        | 4.0        | 3.8        |
| Inmet Mining            | CDN        | 8.73     | 10.05 | 11.66 | 13.63 | 9.49               | 10.75 | 4.9             | 9.9         | 8.5        | 7.3        | 8.75      | 10.49 | 13.34 | 16.50 | 4.9              | 9.5        | 7.4        | 6.0        |
| Northern Orion          | USD        | 0.58     | 0.58  | 0.64  | 0.58  | 0.41               | 0.62  | 7.4             | 10.8        | 9.7        | 10.7       | 0.35      | 0.49  | 0.49  | 0.45  | 12.3             | 12.7       | 12.8       | 14.0       |
| Quadra Mining           | USD        | 0.88     | 3.61  | 3.07  | 4.19  | 2.10               | 2.04  | 9.6             | 4.9         | 5.8        | 4.2        | 1.22      | 3.87  | 3.66  | 4.78  | 7.0              | 4.6        | 4.8        | 3.7        |
| Taseko Mines            | CDN        | 0.30     | 0.50  | 1.31  | 1.56  | nmf                | nmf   | 9.1             | 10.7        | 4.1        | 3.4        | 0.44      | 0.60  | 1.33  | 1.58  | 6.1              | 9.0        | 4.0        | 3.4        |
| <b>Weighted Average</b> |            |          |       |       |       |                    |       | <b>6.0</b>      | <b>10.0</b> | <b>8.9</b> | <b>8.2</b> |           |       |       |       | <b>4.9</b>       | <b>9.1</b> | <b>8.0</b> | <b>7.3</b> |

## COPPER DEVELOPMENT COMPANIES

|                         |     |        |        |        |        |        |        |           |           |           |           |        |        |        |        |           |           |           |           |
|-------------------------|-----|--------|--------|--------|--------|--------|--------|-----------|-----------|-----------|-----------|--------|--------|--------|--------|-----------|-----------|-----------|-----------|
| African Copper          | USD | (0.03) | (0.01) | 0.25   | 0.40   | (0.02) | 0.25   | nm        | nm        | 7.3       | 4.5       | (0.01) | (0.01) | 0.28   | 0.42   | nm        | nm        | 6.5       | 4.2       |
| Candente                | USD | (0.04) | (0.05) | (0.08) | 0.27   | nmf    | nmf    | nm        | nm        | nm        | 6.4       | (0.02) | (0.03) | (0.08) | 0.27   | nm        | nm        | nm        | 6.4       |
| Chariot Resources       | CDN | (0.01) | (0.01) | (0.01) | (0.02) | (0.01) | (0.01) | nm        | nm        | nm        | nm        | (0.00) | (0.01) | (0.01) | (0.02) | nm        | nm        | nm        | nm        |
| Corriente               | CDN | 0.02   | (0.11) | (0.03) | (0.08) | (0.10) | (0.02) | nm        | nm        | nm        | nm        | 0.03   | (0.12) | (0.03) | (0.08) | nm        | nm        | nm        | nm        |
| Equinox Minerals        | USD | (0.04) | (0.02) | 0.36   | 1.26   | (0.03) | 0.14   | nm        | nm        | 10.4      | 3.0       | (0.01) | (0.01) | 0.37   | 1.29   | nm        | nm        | 10.2      | 2.9       |
| Inca Pacific            | CDN | (0.04) | (0.03) | (0.04) | (0.10) | nmf    | nmf    | nm        | nm        | nm        | nm        | (0.02) | (0.03) | (0.04) | (0.10) | nm        | nm        | nm        | nm        |
| Ivanhoe Mines           | USD | (0.59) | (0.23) | 0.18   | 0.49   | (0.02) | (0.05) | nm        | nm        | nm        | nm        | (0.63) | (0.17) | 0.20   | 0.76   | nm        | nm        | 59.7      | 16.0      |
| New Gold Inc.           | CDN | (0.15) | (0.30) | (0.49) | (0.65) | (0.01) | (0.10) | nm        | nm        | nm        | nm        | (0.07) | (0.29) | (0.49) | 0.07   | nm        | nm        | nm        | 88.6      |
| Northern Dynasty        | CDN | (0.75) | (0.83) | (0.74) | (0.79) | nmf    | nmf    | nm        | nm        | nm        | nm        | (0.68) | (0.78) | (0.74) | (0.79) | nm        | nm        | nm        | nm        |
| Northern Peru           | CDN | (0.05) | (0.09) | (0.13) | (0.19) | (0.08) | (0.16) | nm        | nm        | nm        | nm        | (0.01) | (0.08) | (0.13) | (0.19) | nm        | nm        | nm        | nm        |
| <b>Weighted Average</b> |     |        |        |        |        |        |        | <b>nm</b> | <b>nm</b> | <b>nm</b> | <b>nm</b> |        |        |        |        | <b>nm</b> | <b>nm</b> | <b>nm</b> | <b>nm</b> |

## SPECIAL SITUATIONS

|                         |     |        |        |        |        |      |      |      |      |      |      |        |        |        |        |      |      |      |      |
|-------------------------|-----|--------|--------|--------|--------|------|------|------|------|------|------|--------|--------|--------|--------|------|------|------|------|
| Baffinland Iron         | CDN | (0.46) | (0.39) | (0.31) | (0.34) | nmf  | nmf  | nm   | nm   | nm   | nm   | (0.41) | (0.41) | (0.31) | (0.34) | nm   | nm   | nm   | nm   |
| New Millennium          | CDN | (0.03) | (0.02) | (0.03) | (0.32) | nmf  | nmf  | nm   | nm   | nm   | nm   | (0.04) | (0.02) | (0.03) | (0.32) | nm   | nm   | nm   | nm   |
| Int'l Royalty           | USD | 0.20   | 0.22   | 0.23   | 0.21   | 0.30 | 0.33 | 19.5 | 28.9 | 27.7 | 29.3 | 0.19   | 0.50   | 0.50   | 0.49   | 21.3 | 12.4 | 12.5 | 12.8 |
| <b>Weighted Average</b> |     |        |        |        |        |      |      |      |      |      |      |        |        |        |        |      |      |      |      |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

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- Enterprise value (EV) = market capitalization + net debt + minority interest
- Net asset values calculated at 8% discount rate in constant dollars and in the company's reporting currency, based on basic shares.
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- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

Copper Price Forecast '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, '11E=US\$2.90/lb, Long-term=US\$1.80/lb

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Nickel Price Forecast '07E=US\$18.72/lb, '08E=US\$13.00/lb, '09E=US\$12.00/lb, '10E=US\$10.00/lb, '11E=US\$9.00/lb, Long-term=US\$8.00/lb

Cobalt Price Forecast '07E=US\$23.96/lb, '08E=US\$16.88/lb, '09E=US\$13.00/lb, '10E=US\$11.00/lb, '11E=US\$10.00/lb, Long-term=US\$10.00/lb

Zinc Price Forecast '07E=US\$1.76/lb, '08E=US\$1.33/lb, '09E=US\$1.25/lb, '10E=US\$1.20/lb, '11E=US\$0.85/lb, Long-term=US\$0.80/lb

Moly Price Forecast '07E=US\$31.25/lb, '08E=US\$28.00/lb, '09E=US\$23.00/lb, '10E=US\$17.00/lb, '11E=US\$15.00/lb, Long-term=US\$10.00/lb

Gold Price Forecast '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, '11E=US\$605/oz, Long-term=US\$605/oz

Silver Price Forecast '07E=US\$13.65/oz, '08E=US\$11.00/oz, '09E=US\$11.00/oz, '10E=US\$11.00/oz, '11E=US\$11.00/oz, Long-term=US\$11.00/oz

Uranium Price Forecast '07E=US\$100.00/lb, '08E=US\$75.00/lb, '09E=US\$80.00/lb, '10E=US\$80.00/lb, '11E=US\$65.00/lb, Long-term=US\$50.00/lb

## Valuation Statistics

Tom Meyer, P.Eng., CFA (416) 777-4912 tom.meyer@raymondjames.ca

Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

| as of                   | Rep. Curr. | EBITDA (\$) |       |       |       | EV/ EBITDA (x) |            |            |            | EV/ EBIT (x) |            |            |            | EV/ Oper. Free Cash Flow |            |            |            | P/ BV      |            |            |            |
|-------------------------|------------|-------------|-------|-------|-------|----------------|------------|------------|------------|--------------|------------|------------|------------|--------------------------|------------|------------|------------|------------|------------|------------|------------|
|                         |            | 2006A       | 2007E | 2008E | 2009E | 2006A          | 2007E      | 2008E      | 2009E      | 2006A        | 2007E      | 2008E      | 2009E      | 2006A                    | 2007E      | 2008E      | 2009E      | 2006A      | 2007E      | 2008E      | 2009E      |
| <b>COPPER PRODUCERS</b> |            |             |       |       |       |                |            |            |            |              |            |            |            |                          |            |            |            |            |            |            |            |
| Amerigo Resource        | USD        | 38          | 43    | 72    | 73    | 4.8            | 4.2        | 1.9        | 1.2        | 5.0          | 4.5        | 2.0        | 1.3        | 4.8                      | 4.3        | 1.9        | 1.2        | 1.7        | 1.6        | 1.2        | 1.0        |
| Antofagasta             | USD        | 2,950       | 3,150 | 3,106 | 3,496 | 4.2            | 6.0        | 6.0        | 5.4        | 4.5          | 6.2        | 6.2        | 5.6        | 4.2                      | 5.9        | 5.9        | 5.3        | 1.8        | 3.1        | 2.4        | 2.0        |
| Aur Resources           | USD        | 547         | 601   | 660   | 635   | 2.8            | 5.9        | 4.9        | 4.5        | 2.9          | 6.6        | 5.2        | 4.9        | 2.8                      | 6.1        | 4.9        | 4.6        | 2.3        | 4.6        | 3.2        | 2.4        |
| Anvil Mining            | USD        | 91          | 154   | 270   | 339   | 2.5            | 5.9        | 3.4        | 2.1        | 2.8          | 6.2        | 3.6        | 2.3        | 2.7                      | 6.2        | 3.5        | 2.2        | 1.3        | 1.9        | 1.4        | 1.1        |
| First Quantum           | USD        | 772         | 1,043 | 1,653 | 1,737 | 5.1            | 5.9        | 3.0        | 2.2        | 5.5          | 6.3        | 3.2        | 2.3        | 5.1                      | 5.8        | 3.0        | 2.1        | 3.3        | 3.9        | 2.4        | 1.7        |
| Frontera Copper         | USD        | 6           | 115   | 135   | 140   | 54.8           | 3.3        | 2.1        | 1.4        | 54.8         | 3.6        | 2.2        | 1.4        | 74.5                     | 3.5        | 2.2        | 1.4        | 2.7        | 3.0        | 1.8        | 1.2        |
| Inmet Mining            | CDN        | 539         | 635   | 806   | 993   | 2.9            | 6.3        | 4.2        | 2.7        | 3.1          | 6.7        | 4.4        | 2.8        | 2.9                      | 6.4        | 4.3        | 2.7        | 1.9        | 3.2        | 2.3        | 1.8        |
| Northern Orion          | USD        | 128         | 115   | 153   | 140   | 6.6            | 6.4        | 5.4        | 5.6        | 6.8          | 6.6        | 5.6        | 5.7        | 6.6                      | 6.4        | 5.4        | 5.6        | 1.7        | 2.0        | 1.7        | 1.4        |
| Quadra Mining           | USD        | 187         | 276   | 278   | 362   | 1.9            | 2.8        | 2.6        | 1.3        | 2.0          | 2.9        | 2.9        | 1.4        | 1.9                      | 2.8        | 2.6        | 1.3        | 1.9        | 1.9        | 1.5        | 1.1        |
| Taseko Mines            | CDN        | 58          | 108   | 233   | 281   | 5.1            | 6.4        | 3.6        | 4.0        | 5.4          | 6.6        | 3.6        | 4.0        | 5.2                      | 6.5        | 3.6        | 4.0        | 3.0        | 3.7        | 1.9        | 1.2        |
| <b>Weighted Average</b> |            |             |       |       |       | <b>4.6</b>     | <b>5.9</b> | <b>4.9</b> | <b>4.2</b> | <b>4.9</b>   | <b>6.2</b> | <b>5.1</b> | <b>4.3</b> | <b>4.8</b>               | <b>5.9</b> | <b>4.9</b> | <b>4.1</b> | <b>2.1</b> | <b>3.3</b> | <b>2.4</b> | <b>1.8</b> |

### COPPER DEVELOPMENT COMPANIES

|                         |     |      |      |     |     |    |    |     |      |    |    |     |     |    |    |     |      |            |            |            |            |
|-------------------------|-----|------|------|-----|-----|----|----|-----|------|----|----|-----|-----|----|----|-----|------|------------|------------|------------|------------|
| African Copper          | USD | -3   | -4   | 49  | 76  | nm | nm | 3.3 | 1.4  | nm | nm | 3.6 | 1.5 | nm | nm | 3.5 | 1.5  | 1.4        | 1.7        | 1.4        | 1.1        |
| Candente                | USD | -1   | -2   | -3  | 39  | nm | nm | nm  | 7.3  | nm | nm | nm  | 7.3 | nm | nm | nm  | 7.3  | 2.7        | 4.1        | 5.0        | 2.8        |
| Chariot Resources       | CDN | -2   | -7   | -3  | -3  | nm | nm | nm  | nm   | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 2.1        | 4.2        | 4.4        | 4.7        |
| Corriente               | CDN | -1   | -3   | -3  | -4  | nm | nm | nm  | nm   | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 2.0        | 2.0        | 2.0        | 2.1        |
| Equinox Minerals        | USD | -8   | -11  | 282 | 979 | nm | nm | 7.9 | 1.6  | nm | nm | 8.1 | 1.6 | nm | nm | 7.9 | 1.6  | 2.1        | 4.6        | 3.2        | 1.5        |
| Inca Pacific            | CDN | -1   | -1   | -1  | -1  | nm | nm | nm  | nm   | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 1.2        | 2.3        | 2.4        | 2.9        |
| Ivanhoe Mines           | USD | -241 | -109 | 87  | 332 | nm | nm | nm  | 14.6 | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 4.5        | 5.2        | 4.8        | 4.0        |
| New Gold Inc.           | CDN | -2   | -4   | -3  | 15  | nm | nm | nm  | 27.6 | nm | nm | nm  | nm  | nm | nm | nm  | 20.3 | 2.0        | 1.2        | 1.4        | 1.6        |
| Northern Dynasty        | CDN | -56  | -73  | -68 | -68 | nm | nm | nm  | nm   | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 3.8        | 7.7        | 15.7       | 15.7       |
| Northern Peru           | CDN | -0   | -2   | -4  | -4  | nm | nm | nm  | nm   | nm | nm | nm  | nm  | nm | nm | nm  | nm   | 5.3        | 8.3        | 9.3        | 11.3       |
| <b>Weighted Average</b> |     |      |      |     |     |    |    |     |      |    |    |     |     |    |    |     |      | <b>3.5</b> | <b>5.0</b> | <b>5.5</b> | <b>4.8</b> |

### SPECIAL SITUATIONS

|                         |     |    |    |     |     |      |     |     |     |      |      |      |      |      |     |     |     |     |     |     |      |
|-------------------------|-----|----|----|-----|-----|------|-----|-----|-----|------|------|------|------|------|-----|-----|-----|-----|-----|-----|------|
| Baffinland Iron         | CDN | nm | nm | -25 | -27 | nm   | nm  | nm  | nm  | nm   | nm   | nm   | nm   | nm   | nm  | nm  | nm  | nm  | nm  | 8.3 | 60.6 |
| New Millennium          | CDN | nm | nm | -2  | -5  | nm   | nm  | nm  | nm  | nm   | nm   | nm   | nm   | nm   | nm  | nm  | nm  | nm  | nm  | 2.2 | nm   |
| Int'l Royalty           | USD | 14 | 50 | 52  | 49  | 18.3 | 9.0 | 8.0 | 7.9 | 31.5 | 12.3 | 12.6 | 12.8 | 18.7 | 9.1 | 8.1 | 7.9 | 1.3 | 1.8 | 1.7 | 1.7  |
| <b>Weighted Average</b> |     |    |    |     |     |      |     |     |     |      |      |      |      |      |     |     |     |     |     |     |      |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

- All data shown in reporting currency on a calendar year basis, except where noted. NAV shown in trading currency
- Enterprise value (EV) = market capitalization + net debt + minority interest
- Net asset values calculated at 8% discount rate in constant dollars and in the company's reporting currency, based on basic shares.
- Net debt = (long-term and short-term debt) - (cash and cash equivalents).
- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

Copper Price Forecast '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, '11E=US\$2.90/lb, Long-term=US\$1.80/lb

Lead Price Forecast '07E=US\$0.96/lb, '08E=US\$0.73/lb, '09E=US\$0.55/lb, '10E=US\$0.55/lb, '11E=US\$0.55/lb, Long-term=US\$0.50/lb

Nickel Price Forecast '07E=US\$18.72/lb, '08E=US\$13.00/lb, '09E=US\$12.00/lb, '10E=US\$10.00/lb, '11E=US\$9.00/lb, Long-term=US\$8.00/lb

Cobalt Price Forecast '07E=US\$23.96/lb, '08E=US\$16.88/lb, '09E=US\$13.00/lb, '10E=US\$11.00/lb, '11E=US\$10.00/lb, Long-term=US\$10.00/lb

Zinc Price Forecast '07E=US\$1.76/lb, '08E=US\$1.33/lb, '09E=US\$1.25/lb, '10E=US\$1.20/lb, '11E=US\$0.85/lb, Long-term=US\$0.80/lb

Moly Price Forecast '07E=US\$31.25/lb, '08E=US\$28.00/lb, '09E=US\$23.00/lb, '10E=US\$17.00/lb, '11E=US\$15.00/lb, Long-term=US\$10.00/lb

Gold Price Forecast '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, '11E=US\$605/oz, Long-term=US\$605/oz

Silver Price Forecast '07E=US\$13.65/oz, '08E=US\$11.00/oz, '09E=US\$11.00/oz, '10E=US\$11.00/oz, '11E=US\$11.00/oz, Long-term=US\$11.00/oz

Uranium Price Forecast '07E=US\$100.00/lb, '08E=US\$75.00/lb, '09E=US\$80.00/lb, '10E=US\$80.00/lb, '11E=US\$65.00/lb, Long-term=US\$50.00/lb

## Profitability Statistics

Tom Meyer, P.Eng., CFA (416) 777-4912 tom.meyer@raymondjames.ca

Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

| as of 25-Sep-07         | ROE (%)    |            |            |            | Est'd WACC | EBIT ROIC (%) |            |            |            | Cash Flow Yield to Equity |       |       |       | Debt/Capital (x) | Int. Cov. (x) | Current Ratio recent | Lev. Factor (x) | Avg. Duration Yrs |
|-------------------------|------------|------------|------------|------------|------------|---------------|------------|------------|------------|---------------------------|-------|-------|-------|------------------|---------------|----------------------|-----------------|-------------------|
|                         | 2006A      | 2007E      | 2008E      | 2009E      |            | 2007E         | 2006A      | 2007E      | 2008E      | 2009E                     | 2006A | 2007E | 2008E |                  |               |                      |                 |                   |
| <b>COPPER PRODUCERS</b> |            |            |            |            |            |               |            |            |            |                           |       |       |       |                  |               |                      |                 |                   |
| Amerigo Resource        | 36%        | 26%        | 31%        | 24%        | 11.2%      | 30%           | 27%        | 34%        | 28%        | 3%                        | 11%   | 24%   | 24%   | 0.1              | 5327.0        | 3.3                  | 1.7             | 0.0               |
| Antofagasta             | 34%        | 30%        | 23%        | 21%        | 15.6%      | 58%           | 52%        | 42%        | 40%        | 24%                       | 12%   | 8%    | 10%   | 0.1              | -54.7         | 6.6                  | 1.1             | 0.0               |
| Aur Resources           | 45%        | 40%        | 31%        | 23%        | 17.2%      | 48%           | 37%        | 32%        | 24%        | 25%                       | 11%   | 10%   | 8%    | 0.4              | 48.0          | 4.0                  | 1.3             | 0.0               |
| Anvil Mining            | 29%        | 22%        | 25%        | 20%        | 10.5%      | 25%           | 24%        | 31%        | 29%        | 15%                       | -4%   | -3%   | 16%   | 0.0              | 85.9          | 13.6                 | 1.3             | 0.0               |
| First Quantum           | 44%        | 40%        | 39%        | 29%        | 18.8%      | 47%           | 44%        | 49%        | 39%        | 23%                       | 18%   | 33%   | 35%   | 0.2              | 33.9          | 4.0                  | 1.3             | 0.0               |
| Frontera Copper         | -3%        | 47%        | 41%        | 30%        | 12.0%      | 3%            | 48%        | 42%        | 33%        | -27%                      | 13%   | 24%   | 25%   | 0.7              | 8.3           | 2.8                  | 1.5             | 0.0               |
| Inmet Mining            | 39%        | 33%        | 27%        | 24%        | 14.5%      | 37%           | 32%        | 31%        | 29%        | 15%                       | 5%    | 13%   | 16%   | 0.2              | 367.1         | 6.9                  | 1.1             | 0.0               |
| Northern Orion          | 23%        | 19%        | 17%        | 13%        | 16.8%      | 30%           | 22%        | 24%        | 19%        | 16%                       | 10%   | -2%   | 12%   | 0.0              | 0.0           | 86.7                 | 1.1             | 0.0               |
| Quadra Mining           | 66%        | 33%        | 24%        | 25%        | 14.1%      | 60%           | 37%        | 28%        | 30%        | 50%                       | 19%   | 5%    | 25%   | 0.4              | 33.8          | 6.7                  | 1.5             | 0.0               |
| Taseko Mines            | 33%        | 34%        | 47%        | 36%        | 17.4%      | 31%           | 40%        | 53%        | 36%        | 1%                        | 3%    | -12%  | -10%  | 0.3              | 30.6          | 3.1                  | 1.4             | 0.0               |
| <b>Wtd. Average</b>     | <b>34%</b> | <b>29%</b> | <b>24%</b> | <b>19%</b> |            | <b>44%</b>    | <b>39%</b> | <b>35%</b> | <b>31%</b> |                           |       |       |       |                  |               |                      |                 |                   |

|                                     |      |      |       |      |       |      |      |      |      |      |      |      |       |     |    |      |     |     |
|-------------------------------------|------|------|-------|------|-------|------|------|------|------|------|------|------|-------|-----|----|------|-----|-----|
| <b>COPPER DEVELOPMENT COMPANIES</b> |      |      |       |      |       |      |      |      |      |      |      |      |       |     |    |      |     |     |
| African Copper                      | -3%  | -1%  | 19%   | 24%  | 16.7% | -2%  | -3%  | 25%  | 31%  | -4%  | -15% | 8%   | 22%   | 0.0 | nm | 9.5  | 1.5 | 0.0 |
| Candente                            | -13% | -10% | -23%  | 44%  | 21.7% | -9%  | -6%  | -2%  | 16%  | -2%  | -1%  | -4%  | 29%   | 0.0 | nm | 4.7  | 1.5 | 0.0 |
| Chariot Resources                   | -3%  | -6%  | -5%   | -7%  | 17.4% | -2%  | -10% | -4%  | -4%  | -1%  | -5%  | -45% | -37%  | 0.0 | nm | 8.6  | 1.0 | 0.0 |
| Corriente                           | 1%   | -5%  | -1%   | -3%  | 16.9% | -1%  | -1%  | -1%  | -1%  | -4%  | -4%  | 21%  | -5%   | 0.0 | nm | 58.8 | 1.2 | 0.0 |
| Equinox Minerals                    | -6%  | -3%  | 30%   | 51%  | 18.9% | -3%  | -1%  | 26%  | 61%  | -22% | -10% | 12%  | 24%   | 0.6 | nm | 0.8  | 1.3 | 0.0 |
| Inca Pacific                        | -5%  | -5%  | -7%   | -19% | 21.7% | -3%  | -4%  | -6%  | -8%  | 1%   | -2%  | nm   | nm    | 0.0 | nm | 3.0  | 1.0 | 0.0 |
| Ivanhoe Mines                       | -30% | -9%  | 7%    | 16%  | 15.9% | -37% | -12% | 5%   | 12%  | -9%  | -8%  | -7%  | 3%    | 0.0 | nm | 9.9  | 1.2 | 0.0 |
| New Gold Inc.                       | -3%  | -6%  | -11%  | -16% | 8.6%  | -2%  | -1%  | -1%  | -3%  | -11% | 78%  | -77% | -60%  | 1.5 | nm | 1.7  | 1.5 | 0.0 |
| Northern Dynasty                    | -30% | -58% | -105% | 912% | 13.7% | -22% | -38% | -42% | -42% | -7%  | -7%  | -3%  | 0%    | 0.0 | nm | 4.1  | 1.0 | 0.0 |
| Northern Peru                       | -7%  | -7%  | -12%  | -22% | 19.9% | -1%  | -5%  | -12% | -15% | 1%   | -1%  | -27% | -112% | 0.0 | nm | 0.0  | 1.0 | 0.0 |
| <b>Wtd. Average</b>                 |      |      |       |      |       |      |      |      |      |      |      |      |       |     |    |      |     |     |

|                           |    |    |      |       |       |    |     |      |       |    |     |      |      |     |      |     |     |     |
|---------------------------|----|----|------|-------|-------|----|-----|------|-------|----|-----|------|------|-----|------|-----|-----|-----|
| <b>SPECIAL SITUATIONS</b> |    |    |      |       |       |    |     |      |       |    |     |      |      |     |      |     |     |     |
| Baffinland Iron           | nm | nm | -79% | -627% | 15.6% | nm | nm  | -80% | -628% | nm | nm  | -10% | -10% | 0.0 | nm   | 4.6 | nmf | 0.0 |
| New Millennium            | nm | nm | -8%  | nm    | 16.6% | nm | nm  | -7%  | nm    | nm | nm  | nm   | nm   | 0.0 | nm   | 4.6 | nmf | 0.0 |
| Int'l Royalty             | 7% | 6% | 6%   | 6%    | 10.1% | 3% | 11% | 10%  | 9%    | 0% | -9% | 10%  | 10%  | 0.1 | 13.1 | 2.4 | 1.0 | 0.0 |
| <b>Weighted Average</b>   |    |    |      |       |       |    |     |      |       |    |     |      |      |     |      |     |     |     |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

- All data shown in reporting currency on a calendar year basis, except where noted. NAV shown in trading currency
- Enterprise value (EV) = market capitalization + net debt + minority interest
- Net asset values calculated at 8% discount rate in constant dollars and in the company's reporting currency, based on basic shares.
- Net debt = (long-term and short-term debt) - (cash and cash equivalents).
- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV
- WACC RJ estimate based on bbg reported weekly beta etc etc etc

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

Copper Price Forecast '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, '11E=US\$2.90/lb, Long-term=US\$1.80/lb

Lead Price Forecast '07E=US\$0.96/lb, '08E=US\$0.73/lb, '09E=US\$0.55/lb, '10E=US\$0.55/lb, '11E=US\$0.55/lb, Long-term=US\$0.50/lb

Nickel Price Forecast '07E=US\$18.72/lb, '08E=US\$13.00/lb, '09E=US\$12.00/lb, '10E=US\$10.00/lb, '11E=US\$9.00/lb, Long-term=US\$8.00/lb

Cobalt Price Forecast '07E=US\$23.96/lb, '08E=US\$16.88/lb, '09E=US\$13.00/lb, '10E=US\$11.00/lb, '11E=US\$10.00/lb, Long-term=US\$10.00/lb

Zinc Price Forecast '07E=US\$1.76/lb, '08E=US\$1.33/lb, '09E=US\$1.25/lb, '10E=US\$1.20/lb, '11E=US\$0.85/lb, Long-term=US\$0.80/lb

Moly Price Forecast '07E=US\$31.25/lb, '08E=US\$28.00/lb, '09E=US\$23.00/lb, '10E=US\$17.00/lb, '11E=US\$15.00/lb, Long-term=US\$10.00/lb

Gold Price Forecast '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, '11E=US\$605/oz, Long-term=US\$605/oz

Silver Price Forecast '07E=US\$13.65/oz, '08E=US\$11.00/oz, '09E=US\$11.00/oz, '10E=US\$11.00/oz, '11E=US\$11.00/oz, Long-term=US\$11.00/oz

Uranium Price Forecast '07E=US\$100.00/lb, '08E=US\$75.00/lb, '09E=US\$80.00/lb, '10E=US\$80.00/lb, '11E=US\$65.00/lb, Long-term=US\$50.00/lb

## Production/Reserve Statistics

Tom Meyer, P.Eng., CFA (416) 777-4912 tom.meyer@raymondjames.ca

Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

| as of 25-Sep-07         | Production<br>(tonnes) |         |         |         | Cash Costs<br>US\$/lb |       |       |       | EV/<br>Production US\$/tonne |               |               |               | Attrib.<br>Reserves | Attrib.<br>Resource | LOM         | Metal<br>Res./<br>Share |
|-------------------------|------------------------|---------|---------|---------|-----------------------|-------|-------|-------|------------------------------|---------------|---------------|---------------|---------------------|---------------------|-------------|-------------------------|
|                         | 2006A                  | 2007E   | 2008E   | 2009E   | 2006A                 | 2007E | 2008E | 2009E | 2006A                        | 2007E         | 2008E         | 2009E         | (tonnes)<br>recent  | (tonnes)<br>recent  | Res.<br>Yrs | lbs/shr.                |
|                         |                        |         |         |         |                       |       |       |       |                              |               |               |               |                     |                     |             |                         |
| <b>COPPER PRODUCERS</b> |                        |         |         |         |                       |       |       |       |                              |               |               |               |                     |                     |             |                         |
| Amerigo Resourc         | 11,189                 | 13,885  | 17,911  | 19,813  | 1.74                  | 1.82  | 1.40  | 1.49  | 16,165                       | 13,142        | 7,551         | 4,451         | 673,136             | 841,420             | 37.6        | 20                      |
| Antofagasta             | 323,669                | 305,589 | 313,255 | 358,187 | 0.40                  | 0.30  | 0.42  | 0.47  | 26,865                       | 42,396        | 39,949        | 34,701        | 8,927,893           | 13,465,052          | 28.5        | 30                      |
| Aur Resources           | 74,838                 | 93,539  | 99,338  | 98,438  | 0.78                  | 0.77  | 0.76  | 0.78  | 20,333                       | 38,187        | 32,444        | 29,202        | 929,567             | 1,140,166           | 9.4         | 26                      |
| Anvil Mining            | 30,207                 | 42,925  | 55,747  | 67,851  | 1.55                  | 1.21  | 1.05  | 0.93  | 7,680                        | 21,303        | 16,569        | 10,416        | 771,670             | 1,053,435           | 13.8        | 33                      |
| First Quantum           | 157,004                | 182,452 | 259,813 | 264,484 | 0.90                  | 1.06  | 0.84  | 0.81  | 25,198                       | 33,501        | 19,340        | 14,161        | 1,718,058           | 5,114,074           | 6.6         | 167                     |
| Frontera Copper         | 4,170                  | 26,859  | 31,544  | 32,338  | 1.10                  | 1.21  | 0.97  | 1.19  | 74,784                       | 14,132        | 9,102         | 5,883         | 687,424             | 1,656,824           | 14.0        | 57                      |
| Inmet Mining            | 81,292                 | 80,852  | 115,758 | 141,756 | 0.20                  | 0.00  | 0.34  | 0.36  | 16,766                       | 49,118        | 29,285        | 18,897        | 1,859,000           | 5,035,000           | 16.1        | 230                     |
| Northern Orion          | 22,512                 | 23,863  | 23,034  | 22,737  | 0.08                  | 0.23  | 0.08  | 0.24  | 37,439                       | 30,778        | 35,991        | 34,355        | 3,867,190           | 7,439,650           | 167.9       | 106                     |
| Quadra Mining           | 54,975                 | 61,720  | 62,801  | 76,621  | 1.53                  | 1.39  | 1.29  | 1.22  | 6,346                        | 12,306        | 11,339        | 6,135         | 1,193,786           | 4,556,216           | 19.0        | 186                     |
| Taseko Mines            | 20,956                 | 30,080  | 39,010  | 49,114  | 1.65                  | 1.32  | 1.02  | 1.03  | 12,562                       | 22,242        | 20,455        | 21,673        | 1,077,708           | 4,132,767           | 27.6        | 70                      |
| <b>Weighted Average</b> |                        |         |         |         |                       |       |       |       | <b>24,288</b>                | <b>38,882</b> | <b>32,200</b> | <b>26,803</b> |                     |                     |             |                         |

### COPPER DEVELOPMENT COMPANIES

|                         |        |       |        |         |      |      |      |      |         |         |         |         |           |            |       |     |
|-------------------------|--------|-------|--------|---------|------|------|------|------|---------|---------|---------|---------|-----------|------------|-------|-----|
| African Copper          | 0      | 0     | 11,120 | 17,108  | 0.00 | 0.00 | 1.26 | 1.19 | nm      | nm      | 14,639  | 6,351   | 0         | 796,600    | 17.0  | 13  |
| Candente                | 0      | 0     | 0      | 9,424   | 0.00 | 0.00 | 0.00 | 1.25 | nm      | nm      | nm      | 30,579  | 0         | 3,674,918  | nmf   | 115 |
| Chariot Resource        | 0      | 0     | 0      | 0       | 0.00 | 0.00 | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 0         | 2,259,782  | 15.0  | 16  |
| Corriente               | 0      | 0     | 0      | 0       | 0.00 | 0.00 | 0.00 | 0.73 | nm      | nm      | nm      | nm      | 743,700   | 4,536,000  | 16.0  | 134 |
| Equinox Minerals        | 0      | 0     | 50,472 | 181,698 | 0.00 | 0.00 | 0.81 | 0.84 | nm      | nm      | 44,403  | 8,461   | 2,345,490 | 6,278,040  | 17.0  | 25  |
| Inca Pacific            | 0      | 0     | 0      | 0       | 0.00 | 0.00 | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 558,154   | 1,277,627  | 16.0  | 77  |
| Ivanhoe Mines           | 12,974 | 8,750 | 18,500 | 54,613  | 0.48 | 0.64 | 0.58 | 0.72 | 228,587 | 469,879 | 259,976 | 89,166  | 3,884,195 | 18,373,984 | 210.0 | 108 |
| New Gold Inc.           | 0      | 0     | 0      | 3,370   | 0.00 | 0.00 | 0.00 | 1.17 | nm      | nm      | nm      | 116,491 | 0         | 743,559    | 18.0  | 44  |
| Northern Dynasty        | 0      | 0     | 0      | 0       | 0.00 | 0.00 | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 0         | 15,210,880 | 54.0  | 362 |
| Northern Peru           | 0      | 0     | 0      | 0       | 0.00 | 0.00 | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 0         | 4,091,541  | 21.0  | 306 |
| <b>Weighted Average</b> |        |       |        |         |      |      |      |      |         |         |         |         |           |            |       |     |

### SPECIAL SITUATIONS

|                         |       |       |       |       |      |      |      |      |         |         |         |         |   |   |     |     |
|-------------------------|-------|-------|-------|-------|------|------|------|------|---------|---------|---------|---------|---|---|-----|-----|
| Baffinland Iron         | nm    | nm    | 0     | 0     | nm   | nm   | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 0 | 0 | nmf | nmf |
| New Millennium          | nm    | nm    | 0     | 0     | nm   | nm   | 0.00 | 0.00 | nm      | nm      | nm      | nm      | 0 | 0 | nmf | nmf |
| Int'l Royalty Ni        | 1,315 | 1,747 | 1,754 | 1,727 | 0.00 | 0.00 | 0.00 | 0.00 | 201,641 | 257,322 | 237,916 | 223,481 | 0 | 0 | nmf | nmf |
| <b>Weighted Average</b> |       |       |       |       |      |      |      |      |         |         |         |         |   |   |     |     |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

- All data shown in reporting currency on a calendar year basis, except where noted. NAV shown in trading currency
- Enterprise value (EV) = market capitalization + net debt + minority interest
- Net asset values calculated at 8% discount rate in constant dollars and in the company's reporting currency, based on basic shares.
- Net debt = (long-term and short-term debt) - (cash and cash equivalents).
- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

Copper Price Forecast '07E=US\$3.31/lb, '08E=US\$3.35/lb, '09E=US\$3.30/lb, '10E=US\$3.00/lb, '11E=US\$2.90/lb, Long-term=US\$1.80/lb

Lead Price Forecast '07E=US\$0.96/lb, '08E=US\$0.73/lb, '09E=US\$0.55/lb, '10E=US\$0.55/lb, '11E=US\$0.55/lb, Long-term=US\$0.50/lb

Nickel Price Forecast '07E=US\$18.72/lb, '08E=US\$13.00/lb, '09E=US\$12.00/lb, '10E=US\$10.00/lb, '11E=US\$9.00/lb, Long-term=US\$8.00/lb

Cobalt Price Forecast '07E=US\$23.96/lb, '08E=US\$16.88/lb, '09E=US\$13.00/lb, '10E=US\$11.00/lb, '11E=US\$10.00/lb, Long-term=US\$10.00/lb

Zinc Price Forecast '07E=US\$1.76/lb, '08E=US\$1.33/lb, '09E=US\$1.25/lb, '10E=US\$1.20/lb, '11E=US\$0.85/lb, Long-term=US\$0.80/lb

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Gold Price Forecast '07E=US\$679/oz, '08E=US\$658/oz, '09E=US\$605/oz, '10E=US\$605/oz, '11E=US\$605/oz, Long-term=US\$605/oz

Silver Price Forecast '07E=US\$13.65/oz, '08E=US\$11.00/oz, '09E=US\$11.00/oz, '10E=US\$11.00/oz, '11E=US\$11.00/oz, Long-term=US\$11.00/oz

Uranium Price Forecast '07E=US\$100.00/lb, '08E=US\$75.00/lb, '09E=US\$80.00/lb, '10E=US\$80.00/lb, '11E=US\$65.00/lb, Long-term=US\$50.00/lb

## Reserve Valuation, By product production

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Spot Copper US\$3.67/lb.

Spot USD/CAD 1.03

| as of 25-Sep-07         | Attributable Reserves<br>(tonnes contained metal) |           |           | EV/<br>Attributable reserve |              |              | Attributable Resource<br>(tonnes cont.) |            | EV/<br>Attrib. resource |              | By product Prod'n<br>Au/Ag in oz, Mo in tonnes |           |           |           |           |
|-------------------------|---|-----------|-----------|-----------------------------|--------------|--------------|---|------------|-------------------------|--------------|--|-----------|-----------|-----------|-----------|
|                         | 2005  | 2006      | recent    | 2005                        | 2006         | recent       | 2005                                    | 2006       | 2005                    | 2006         | 2006A  | 2007E     | 2008E     | 2009E     |           |
|                         | <b>COPPER PRODUCERS</b>                           |           |           |                             |              |              |   |            |                         |              |  |           |           |           |           |
| Amerigo Resources       | 673,136   | 673,136   | 673,136   | 238                         | 269          | 271          | 841,420                                 | 841,420    | 215                     | 217          | Mo   | 306       | 312       | 576       | 602       |
| Antofagasta             | 8,927,893   | 8,927,893 | 8,927,893 | 483                         | 845          | 1,268        | 13,465,052                              | 13,465,052 | 563                     | 844          | Mo   | 9,800     | 6,792     | 5,742     | 7,114     |
| Aur Resources           | 929,567   | 929,567   | 929,567   | 701                         | 1,637        | 3,843        | 1,140,166                               | 1,140,166  | 1,335                   | 3,133        | Au   | 0         | 0         | 0         | 0         |
| Anvil Mining            | 35,910  | 771,670   | 771,670   | 3,493                       | 301          | 1,185        | 650,370                                 | 1,053,435  | 357                     | 868          | Ag   | 1,802,503 | 1,863,507 | 1,904,875 | 1,904,875 |
| First Quantum           | 1,718,058   | 1,718,058 | 1,718,058 | 1,095                       | 2,303        | 3,558        | 5,114,074                               | 5,114,074  | 774                     | 1,195        | Au   | 61,888    | 128,333   | 118,489   | 110,077   |
| Frontera Copper         | 687,424   | 687,424   | 687,424   | 150                         | 454          | 552          | 1,656,824                               | 1,656,824  | 188                     | 229          | Au   | 0         | 0         | 0         | 0         |
| Inmet Mining            | 1,859,000   | 1,859,000 | 1,859,000 | 318                         | 733          | 2,136        | 5,035,000                               | 5,035,000  | 271                     | 789          | Au   | 246,918   | 238,058   | 251,043   | 251,043   |
| Northern Orion          | 276,218   | 3,867,190 | 3,867,190 | 1,887                       | 218          | 190          | 5,226,218                               | 7,439,650  | 161                     | 99           | Au   | 80,145    | 77,436    | 75,241    | 71,714    |
| Quadra Mining           | 1,361,217   | 1,193,786 | 1,193,786 | 141                         | 292          | 636          | 4,590,302                               | 4,556,216  | 76                      | 167          | Au   | 75,074    | 60,384    | 60,384    | 60,384    |
| Taseko Mines            | 523,729   | 1,376,991 | 1,077,708 | 231                         | 191          | 621          | 2,181,200                               | 3,998,165  | 121                     | 167          | Mo   | 325       | 440       | 549       | 659       |
| <b>Weighted Average</b> |   |           |           | <b>679</b>                  | <b>1,113</b> | <b>1,969</b> |   |            | <b>608</b>              | <b>1,082</b> |  |           |           |           |           |

|                                     |           |           |           |     |     |       |            |            |            |            |    |   |   |   |        |
|-------------------------------------|-----------|-----------|-----------|-----|-----|-------|------------|------------|------------|------------|----|---|---|---|--------|
| <b>COPPER DEVELOPMENT COMPANIES</b> |           |           |           |     |     |       |            |            |            |            |    |   |   |   |        |
| African Copper                      | nm        | nm        | nm        | nm  | nm  | nm    | 727,300    | 796,600    | 143        | 228        | Au | 0 | 0 | 0 | 0      |
| Candente                            | nm        | nm        | nm        | nm  | nm  | nm    | 469,710    | 3,674,918  | 85         | 31         | Au | 0 | 0 | 0 | 0      |
| Chariot Resources                   | nm        | nm        | nm        | nm  | nm  | nm    | 1,746,400  | 2,259,782  | 66         | 127        | Au | 0 | 0 | 0 | 0      |
| Corriente                           | 743,700   | 743,700   | 743,700   | 132 | 300 | 350   | 4,536,000  | 4,536,000  | 49         | 57         | Au | 0 | 0 | 0 | 0      |
| Equinox Minerals                    | 2,240,000 | 2,345,490 | 2,345,490 | 55  | 266 | 1,014 | 4,040,000  | 6,278,040  | 154        | 379        | Au | 0 | 0 | 0 | 0      |
| Inca Pacific                        | nm        | 558,154   | 558,154   | nm  | 22  | 91    | nm         | 1,277,627  | nm         | 40         | Mo | 0 | 0 | 0 | 0      |
| Ivanhoe Mines                       | 3,884,195 | 3,884,195 | 3,884,195 | 705 | 764 | 1,059 | 18,373,984 | 18,373,984 | 161        | 224        | Au | 0 | 0 | 0 | 70,014 |
| New Gold Inc.                       | nm        | nm        | nm        | nm  | nm  | nm    | 743,559    | 743,559    | 164        | 196        | Au | 0 | 0 | 0 | 7,776  |
| Northern Dynasty                    | nm        | nm        | nm        | nm  | nm  | nm    | nm         | 15,210,880 | nm         | 65         | Au | 0 | 0 | 0 | 0      |
| Northern Peru                       | nm        | nm        | nm        | nm  | nm  | nm    | 4,091,541  | 4,091,541  | 24         | 71         | Au | 0 | 0 | 0 | 0      |
| <b>Weighted Average</b>             |           |           |           |     |     |       |            |            | <b>129</b> | <b>227</b> |    |   |   |   |        |

|                           |    |    |    |    |    |    |    |    |    |    |    |       |       |        |        |
|---------------------------|----|----|----|----|----|----|----|----|----|----|----|-------|-------|--------|--------|
| <b>SPECIAL SITUATIONS</b> |    |    |    |    |    |    |    |    |    |    |    |       |       |        |        |
| Baffinland Iron           | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nmf   | nmf   | nmf    | nmf    |
| New Millennium            | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nmf   | nmf   | nmf    | nmf    |
| Int'l Royalty             | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | Au | 3,425 | 4,355 | 12,075 | 14,600 |
| <b>Weighted Average</b>   |    |    |    |    |    |    |    |    |    |    |    |       |       |        |        |

NA: Not available. NM: Not meaningful. NR: Not rated. UR: Under review 1: STRONG BUY; 2: OUTPERFORM; 3: MARKET PERFORM; 4: UNDERPERFORM

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- Weighted average for NAV weighted by market cap
- Weighted average for EV multiples weighted by EV

Source: Company reports, Bloomberg, Thomson Financial, RJ Research estimates and analysis

TM = Tom Meyer

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### **Specific Investment Risks Related to the Industry or Issuer:**

Some of the specific risk factors that pertain to the projected 6-12 month stock price target for Amerigo are as follows: Amerigo is subject to a range of risks, including, but not limited to: environmental risk, political risk, operational risk, financial risk, hedging risk, commodity price fluctuation risk, and currency risk. Any difference between our metal price forecasts and realized metal prices will likely have an impact on our earnings and valuation estimates for Amerigo. The operation of mines, and mills is complex and is exposed a number of risks, most of which are beyond the company's control. These include: environmental compliance issues; personal accidents; metallurgical/other processing problems; unexpected rock formations; ground or slope failures; flooding or fires; earthquakes; rock bursts; equipment failures; consultant errors and, interruption due to inclement, weather conditions, road closures, and/or local protests. Other risks include, but are not limited to: uncertainties surrounding reclamation costs; aging equipment and facilities which could lead to increased costs; strikes; and, transportation disruptions.

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### Stock Ratings:

**Strong Buy 1:** the stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.

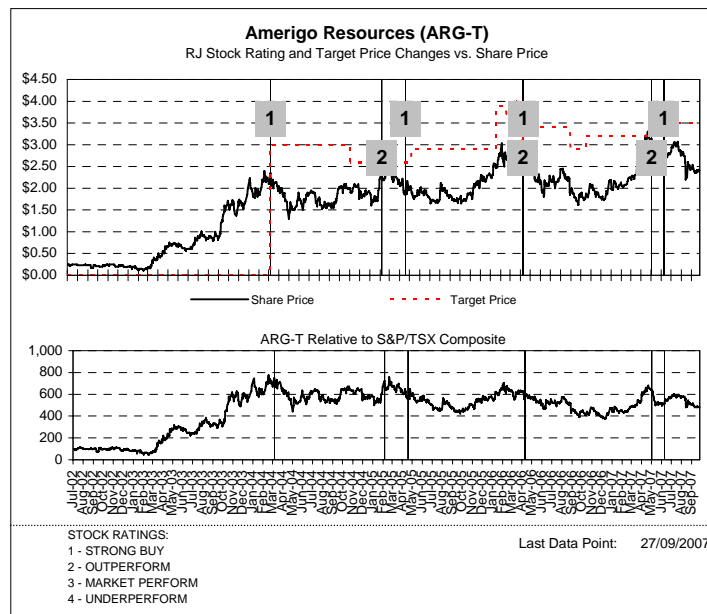
**Outperform 2:** the stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.

**Market Perform 3:** the stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.

**Underperform 4:** the stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

**Distribution of Ratings:** Out of 190 stocks in the Raymond James Ltd. (Canada) coverage universe, the ratings distribution is as follows: Strong Buy and Outperform (Buy, 71%); Market Perform (Hold, 24%); Underperform (Sell, 5%). Within those rating categories, the percentage of rated companies that currently are or have been investment-banking clients of Raymond James Ltd. or its affiliates over the past 12 months is as follows: Strong Buy and Outperform (Buy, 36%); Market Perform (Hold, 11%); Underperform, (Sell, 0%). Note: Data updated monthly.

The exhibit(s) below displays the Raymond James stock rating and target price changes versus the share price of the subject company since July 1, 2002 or the date of coverage initiation (if later). Note: Not applicable for companies covered for less than six months.



**Risk Factors:** Some of the general risk factors that pertain to the projected 6-12 month stock price targets included with our research are as follows: i) changes in industry fundamentals with respect to customer demand or product/service pricing could adversely impact expected revenues and earnings, ii) issues relating to major competitors, customers, suppliers and new product expectations could change investor attitudes toward the sector or this stock, iii) unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation, or iv) external factors that affect global and/or regional economies, interest rates, exchange rates or major segments of the economy could alter investor confidence and investment prospects.

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| <b>Company</b>    | <b>Symbol</b> | <b>Exchange</b> | <b>Disclosures</b> |
|-------------------|---------------|-----------------|--------------------|
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