

Best Picks 2012

January 9, 2012

Raymond James Ltd.'s Best Picks for 2012 are:

- ◆ Alamos Gold Inc. (AGI-TSX)
- ◆ Bird Construction Inc. (BDT-TSX)
- ◆ Domtar (UFS-NYSE | UFS-TSX)
- ◆ Eldorado Gold Corp. (EGO-NYSE | ELD-TSX)
- ◆ Fortress Paper (FTP-TSX)
- ◆ Legacy Oil & Gas Inc. (LEG-TSX)
- ◆ Lumina Copper Corp. (LCC-TSXV)
- ◆ Methanex (MEOH-NASDAQ | MX-TSX)
- ◆ Secure Energy Services Inc. (SES-TSX)
- ◆ Shoppers Drug Mart (SC-TSX)

Company	Ticker Primary	Ticker Secondary	Current Price	Target Price (6-12 mths)	Div. Yield	Total Return To Target	Rating	Analyst
Alamos Gold Inc.	AGI-TSX		C\$18.36	C\$25.50	1%	39%	Outperform 2	GB
Bird Construction Inc.	BDT-TSX		C\$11.94	C\$15.00	6%	31%	Outperform 2	FB
Domtar	UFS-NYSE	UFS-TSX	US\$83.98	US\$125.00	2%	50%	Strong Buy 1	DS
Eldorado Gold Corp.	EGO-NYSE	ELD-TSX	US\$14.74	US\$24.00	1%	64%	Outperform 2	BH
Fortress Paper	FTP-TSX		C\$27.09	C\$48.00	0%	77%	Outperform 2	DS
Legacy Oil & Gas Inc.	LEG-TSX		C\$10.99	C\$13.00	0%	18%	Strong Buy 1	KZ
Lumina Copper Corp.	LCC-TSXV		C\$13.00	C\$17.00	0%	31%	Strong Buy 1	AL
Methanex	MEOH-NASDAQ	MX-TSX	US\$23.55	US\$35.00	3%	52%	Outperform 2	SH
Secure Energy Services Inc.	SES-TSX		C\$7.36	C\$9.50	0%	29%	Outperform 2	AB
Shoppers Drug Mart	SC-TSX		C\$40.65	C\$48.00	3%	21%	Outperform 2	KT

Raymond James Ltd.

Dear Valued Clients,

We are pleased to present our Raymond James Ltd. Canadian Analysts' 2012 Best Picks.

The Raymond James Canadian research team is proud of our stock picking record with the annual best picks list delivering a simple average holding period return of 18.5% over the past 9 years outpacing the S&P/TSX small cap index by 7.5% on the same basis (see Exhibit 1). With the pronounced market volatility amid macro uncertainty, the results for the second half of 2011 were, however, less encouraging. From July 22, 2011 to January 3, 2012 the average holding period return was -23.4% compared -14.9% for the S&P/TSX Small Cap Index. However, as the list is not intended to be a model portfolio necessarily held to maturity, we highlight the "high water" return potential of the individual stocks over the period. Selling each security at its high point for the period would have produced an average high water return of 5.7% vs. the Small Cap Index with a 0% return. On this basis, all 8 stocks on the list outperformed the relevant benchmark with returns ranging from 1.0% for Alliance Grain Traders Inc. to 30.2% for Yamana Gold Inc. (see Exhibit 2).

Our analysts have provided a fresh list of 10 stocks for 2012. 1 of the stocks remains unchanged although investment highlights have been refreshed to address developments over the past 6 months (see Exhibit 3 for details on the changes to the list). These stocks represent a current snapshot of our analysts' best ideas; however, we continue to encourage investors to focus on risk adjusted returns and appropriate asset allocation while investing over the long term.

With appreciation,

Daryl Swetlishoff
Head of Research (Canada)

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Exhibit 1: Best Picks' Historical Performance

Year	Best Picks List	S&P/TSX SmallCap Index
2003	11.6%	35.9%
2004	19.0%	4.1%
2005	33.2%	11.6%
2006	15.4%	7.8%
2007	13.9%	-3.5%
2008	-59.6%	-55.4%
2009	145.2%	86.7%
2010	22.0%	23.3%
2011	-34.1%	-11.8%
Average	18.5%	11.0%

Note: Historical performance 2010 and 2011 reflect the returns of an equally weighted hypothetical portfolio and include the effects of mid-year updates.

Exhibit 2: RJL Canadian Analysts 2H11 Best Picks

Canadian Analysts Best Picks for 2H11	Symbol	Current 6-12 Month Target (\$)	Current Rating	Analyst	Price (\$) 22-Jul-11	Price (\$) 3-Jan-12	Holding Period Return (%)	High Watermark (\$)	High Water Return (%)
Alliance Grain Traders Inc.	TSX:AGT	30.00	1	SH	25.26	20.50	-17.7%	25.50	1.0%
Domtar Corporation	NYSE:UFS	125.00	1	DS	93.01	83.98	-9.0%	94.49	1.6%
Eastern Platinum Limited	TSX:ELR	UR	UR	NA	0.99	0.56	-43.4%	1.01	2.0%
Gildan Activewear Inc.	NYSE:GIL	22.00	2	KT	32.31	19.63	-38.8%	32.95	2.0%
Aimia Inc.	TSX:AIM	18.00	2	KT	13.29	12.02	-7.3%	13.53	1.8%
Orvana Minerals Corp.	TSX:ORV	2.60	3	GB	2.44	1.15	-52.9%	2.53	3.7%
Churchill Corp.	TSX:CUQ	15.00	3	FB	17.45	11.40	-33.3%	17.99	3.1%
Yamana Gold, Inc.	NYSE:AUY	19.25	2	BH	13.42	15.32	14.9%	17.47	30.2%
Average							-23.4%		5.7%
Benchmarking Indices									
S&P TSX Index	IQ2671800				13,494.6	12,208.4	-9.5%	13,494.6	0.0%
S&P TSX SmallCap Index	IQ2671811				743.9	633.2	-14.9%	743.9	0.0%

Exhibit 3: RJL Canadian Analyst 2012 Best Picks Additions/Deletions

Company Name	Symbol	Recent Price (\$)	Current Target (\$)	Current Rating
No Change				
Domtar Corporation	NYSE:UFS	US\$83.98	US\$125.00	Strong Buy 1
Additions				
Alamos Gold Inc.	TSX:AGI	C\$18.36	C\$25.50	Outperform 2
Bird Construction Inc.	TSX:BDI	C\$11.94	C\$15.00	Outperform 2
Eldorado Gold Corp.	NYSE:EGO	US\$14.74	US\$24.00	Outperform 2
Fortress Paper	TSX:FTP	C\$27.09	C\$48.00	Outperform 2
Legacy Oil & Gas Inc.	TSX:LEG	C\$10.99	C\$13.00	Strong Buy 1
Lumina Copper Corp.	TSXV:LCC	C\$13.00	C\$17.00	Strong Buy 1
Methanex	MASDAQ:MEOH	US\$23.55	US\$35.00	Outperform 2
Secure Energy Services Inc.	TSX:SES	C\$7.36	C\$9.50	Outperform 2
Shoppers Drug Mart	TSX:SC	C\$40.65	C\$48.00	Outperform 2
Deletions				
Alliance Grain Traders Inc.	TSX:AGT	C\$20.50	C\$30.00	Strong Buy 1
Eastern Platinum Limited	TSX:ELR	C\$0.56	UR	Under Review
Gildan Activewear Inc.	NYSE:GIL	US\$19.63	US\$22.00	Outperform 2
Aimia Inc.	TSX:AIM	C\$12.02	C\$18.00	Outperform 2
Orvana Minerals Corp.	TSX:ORV	C\$1.15	C\$2.60	Market Perform 3
Churchill Corp.	TSX:CUQ	C\$11.40	C\$15.00	Market Perform 3
Yamana Gold, Inc.	NYSE:AUY	US\$15.32	US\$19.25	Outperform 2

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Published by Raymond James Ltd

Alamos Gold Inc.

January 9, 2012

AGI-TSX

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Precious Metals | Gold

Best Picks 2012

Investment Rationale

Alamos remains one of the lowest cost gold producers in our coverage universe with an excellent growth profile. We expect production to increase at least 49% in 2012 and by over 150% in 2014 as the Turkish assets commence production.

- ◆ **Low Cost Gold Producer in Mexico** – The company reported low total cash costs in 3Q11 (\$459/oz) and we expect these to continue in 4Q11 (expect \$470/oz) and decrease in 2012 (expect \$380/oz) as the Escondida gravity circuit commences production.
- ◆ **Big Production Jump Expected in 2012 from Operations in Mexico** – Production in 2011 is estimated at 145,800 oz gold at a total cash cost of \$445/oz. We expect production to jump to over 217,000 oz in 2012 with the commencement of production from the Escondida high-grade deposit. Grades at Escondida are modeled at 12.19 g/t but the bulk sample composed of blast muck samples taken from the exploration adit averaged 25.48 g/t. This provides unrealized potential upside to our production model.
- ◆ **Future Production Growth – Prefeasibility Expected from Turkish Assets** – Alamos expects to complete the prefeasibility studies for the Agi Dagi and Kirazli deposits in 2Q12 and be in a position to make a production decision by year-end. Additionally, the Camyurt deposit located near Kirazli has been intersecting long intervals of higher grade oxide mineralization and we expect Camyurt will be fast-tracked into the production profile. Excluding Camyurt, we expect the Turkish assets to add 90,000 oz of gold production in 2014 at \$680 total cash cost per oz.
- ◆ **No Hedges, No Debt, Over \$200 million in Cash & Equivalents** – The company is financially well positioned for growth and is currently paying a \$0.14 annual dividend.

Valuation

Our \$25.50 target price is generated from a 1.4x NAV multiple based on our view of Alamos' low cost operations, proven management team, low operating costs and growth profile. Alamos is currently trading at a 0.97x multiple vs. the RJL peer group trading at a 0.95x multiple.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	NAVPS
	Mar	Jun	Sep	Dec	Year	(mln)	
2010A	C\$0.13	C\$0.10	C\$0.07	C\$0.18	C\$0.49	C\$180	
Old 2011E	0.15A	0.13A	0.12A	0.20	0.60	210	18.98
New 2011E	0.15A	0.13A	0.12A	0.20	0.60	210	18.98
Old 2012E	0.28	0.29	0.29	0.25	1.12	333	NA
New 2012E	0.28	0.29	0.29	0.25	1.12	333	NA

Source: Raymond James Ltd., Thomson One

Rating & Target

	Outperform 2
Target Price (6-12 mos):	C\$25.50
Current Price (Jan-03-12)	C\$18.36
Total Return to Target	39%
52-Week Range	C\$20.15 - C\$13.26

Market Data

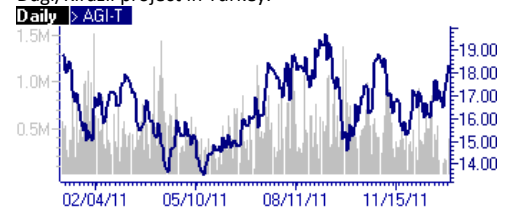
Market Capitalization (mln)	C\$2,131
Current Net Debt (mln)	-C\$154
Enterprise Value (mln)	C\$1,978
Shares Outstanding (mln, f.d.)	124.9
Average Daily Volume (000s)	453
Dividend/Yield	C\$0.10/0.6%

Key Financial Metrics

	2010A	2011E	2012E
P/E	37.0x	30.0x	16.1x
CFPS	C\$0.78	C\$0.87	C\$1.54
Working Capital (mln)	C\$214.6	C\$260.1	C\$323.1
Capex (mln)	C\$59.3	C\$82.0	C\$125.8
Cash Costs (US\$/oz)	US\$361	US\$444	US\$373
Gold Production ('000 oz)	156	146	222
Silver Production ('000 oz)	0	0	0
P/NAV (2011E)			1.0x
Total Resource (Moz)			8
Valuation (US\$EV/oz)			247

Company Description

Alamos is a gold production, development and exploration company focused on its 100%-owned Mulatos mine in Mexico and its 100%-owned Agi Dagi/Kirazli project in Turkey.



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Bird Construction Inc.

January 9, 2012

BDT-TSX

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Infrastructure & Construction | Construction

Best Picks 2012

Investment Rationale

We urge investors to buy shares of Bird Construction. From our perspective Bird's attractive dividend yield, preferred oil sands contractor status and recent H.J. O'Connell (HJO) purchase provide investors with an attractive mix of growth and income potential—making the stock our best idea in the Infrastructure & Construction sector for 2012.

- HJO Provides Explosive Earnings Potential**—Not only did the Aug-31-11 transaction of \$79 mln diversify Bird's revenue into the growing heavy civil and mining construction sectors, but it also boosted our 2012 earnings estimate by roughly 30% on a normalized basis (i.e., net of the intangible asset amortization associated with the acquired backlog). It is worth stressing that HJO's client list includes global stalwarts such as Vale and ArcelorMittal, from which the business unit recently secured a \$100 mln contract to remove waste rock at the Mount Wright open-pit mine, and that its operational expertise is complementary to Bird's. This, we feel, will yield interesting revenue synergies for the combined entities over time.
- Improved Visibility**—Bird's backlog (as at Sep-30-11) is up nearly 30% year-over-year to a record \$1.30 bln, and excludes the design-build contracts the firm recently landed for Canada Post's new processing facility in Richmond (BC) and the Restigouche Hospital Centre in Campbellton (NB). Importantly, said backlog is made up of increasingly larger jobs with more favourable economics in the Alberta oil sands, where: (i) new construction activity is on a cyclical upswing, and (ii) Bird holds a preferred contractor status for buildings, concrete foundation and other early-stage work.
- Best-in-Class Constructor**—Bird boasts a solid management team with a track record of successfully identifying and managing risk. This allows the firm to thrive under P3, design-build and fixed-price environments—all of which offer the potential for significantly higher margins than alternative delivery methods such as construction management or cost-plus. At the same time Bird maintains a conservative balance sheet, with a freehold cash position approximating \$25 mln - \$35 mln at the end of 3Q11. We believe this gives the contractor the flexibility to pursue more, albeit smaller acquisitions in 2012 and/or raise its industry-leading dividend.

Valuation

Our target price of \$15.00 is predicated on the contractors' 15-year historical average EV/EBITDA multiple of 5.3x our 2012 estimates for the company.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	(mln)
2010A	C\$0.33	C\$0.37	C\$0.20	C\$0.21	C\$1.12	C\$842	C\$56
Old 2011E	0.10A	0.07A	0.23A	0.28	0.68	992	46
New 2011E	0.10A	0.07A	0.23A	0.28	0.68	992	46
Old 2012E	0.18	0.20	0.41	0.41	1.20	1,251	84
New 2012E	0.18	0.20	0.41	0.41	1.20	1,251	84

Source: Raymond James Ltd., Thomson One

Rating & Target

	Outperform 2
Target Price (6-12 mos):	C\$15.00
Current Price (Jan-03-12)	C\$11.94
Total Return to Target	31%
52-Week Range	C\$12.94 - C\$8.68

Market Data

Market Capitalization (mln)	C\$503
Net Debt (mln)	-C\$123
Enterprise Value (mln)	C\$381
Shares Outstanding (mln, f.d.)	42.2
Average Daily Volume (000s)	103
Dividend/Yield	C\$0.66/6.0%

Key Financial Metrics

	2010A	2011E	2012E
P/E	10.6x	17.6x	9.9x
EV/EBITDA	6.8x	8.3x	4.5x
Distributable cash/share	C\$1.12	C\$0.81	C\$1.22
Dividend	C\$0.60	C\$0.66	C\$0.66
Payout Ratio (%)	54%	83%	55%
Net Debt/Equity			NA
Net Debt/EBITDA			NA
BVPS			C\$3.71

Company Description

Bird provides general contracting services to the industrial, commercial and institutional construction markets. It offers its services increasingly through public-private partnership (P3) initiatives.

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Domtar

UFS-NYSE | UFS-TSX

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Pulp & Paper

Best Picks 2012

Investment Rationale

Strong FCF yield relatively insensitive to macroeconomic conditions – Domtar holds a dominant market position in an oligopolistic industry with the top 4 largest US uncoated free sheet producers in North America controlling 80+% of productive capacity. Consolidation facilitates inventory management as operating rates are implicitly synchronized in the interest of supply rationalization. As a result, key white paper prices have displayed stability – even in the face of the severe 2008-09 economic downturn. We expect this to help support Domtar's robust 22% FCF yield.

Significant acquisitions unlikely – We highlight that Domtar management has repeatedly stated that the vast majority of free cash generation will be reserved for shareholders. While additional smaller acquisitions like last year's \$315 mln purchase of incontinence products manufacturer Attends Healthcare are possible – we do not expect Domtar to engage in a transformational large acquisition that will disrupt the return of cash to shareholders.

Share buyback recently increased; potential exists for dividend hike – With strategic deleveraging now complete net debt is down dramatically from \$2.6 bln in mid-2007 to just \$248 mln currently. As a result, Domtar recently increased its share buyback program by \$400 mln bringing the overall program to \$1 bln since inception (of which \$464 mln remains). At today's share price this plan would reduce shares outstanding by as much as 15%. Assuming the remaining authorizations are carried out over a period of two years we estimate the buyback will consume 34% of our \$686 mln 2012 FCF estimate. For reference, this compares to Domtar's 70% FCF payout ratio for 2011 YTD (as of the end of 3Q11). Adding current dividends of ~\$52 mln brings the total payout ratio to 41% of 2012E FCF. Therefore, we continue to believe a 2x increase (to \$2.80/share) on the current dividend, which would theoretically bring the payout ratio to just 49% of FCF, remains possible.

Valuation

We highlight our view that the 2.8x 2012 EV/EBITDA multiple implied by Domtar's current share price represents an attractive entry point. Our \$125 per share target implies a 4.3x 2012E EV/EBITDA multiple, at the low end of the 4.0x to 6.5x historic range reflecting our acknowledgement of the slow structural decline in white paper demand.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	(mln)
2010A	US\$1.59	US\$2.67	US\$4.26	US\$2.41	US\$10.93	US\$5,866	US\$1,087
Old 2011E	3.25A	2.37A	3.10A	2.47	11.19	5,570	1,119
New 2011E	3.25A	2.37A	3.10A	2.47	11.19	5,570	1,119
Old 2012E	1.31	2.51	2.72	2.25	8.79	5,468	966
New 2012E	1.31	2.51	2.72	2.25	8.79	5,468	966

Source: Raymond James Ltd., Thomson One

January 9, 2012

Rating & Target

Target Price (6-12 m):	US\$125.00
Current Price (Jan-03-12)	US\$83.98
Total Return to Target	50%
52-Week Range	US\$105.82 - US\$62.28

Market Data

Market Capitalization (mln)	US\$3,105
Current Net Debt (mln)	US\$248
Enterprise Value (mln)	US\$2,698
Shares Outstanding (mln, f.d.)	36.8
Average Daily Volume (000s)	476
Dividend/Yield	US\$1.40/2.0%

Key Financial Metrics

	2010A	2011E	2012E
P/E	7.7x	7.5x	9.6x
EV/EBITDA	2.5x	2.4x	2.8x
Pulp (US\$/mt)	US\$960	US\$978	US\$900
UFS (US\$/st)	US\$916	US\$944	US\$940
Net Debt (%)			7%

Company Description

Domtar is the largest integrated producer of uncoated freesheet paper and one of the largest manufacturers of papergrade market pulp in NA. The company has approx. 3.9 mln tons of fine paper capacity.

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Eldorado Gold Corp.

EGO-NYSE | ELD-TSX

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Precious Metals | Gold

January 9, 2012

Best Picks 2012

Investment Rationale

- ◆ **Above Average Growth at Below Average Costs** – Eldorado continues to have one of the better cost and growth profiles of its peer group, supported by its strong management team with its track record of under-promising and over-delivering. The company has recently come under pressure following the announcement of a C\$2.5 bln takeover bid for European Goldfields that is scheduled to close this quarter.

Eldorado has an impressive production profile versus its peer group – expected to increase from 650koz in 2011E to 1.4Moz in 2014 (EGU inclusive). Coupled with industry leading cash costs at around the US\$400/oz mark, Eldorado is poised to continue its excellent cash flow generation potential at these robust gold price levels (with its low cost structure shielding it somewhat from declining prices as well).

- ◆ **Oversold Territory** – With the announcement of the acquisition of EGU, we believe the company was oversold – providing an excellent opportunity to investors. The transaction, in our opinion, supports Eldorado's low cost focus while providing operational diversity in the company's asset base. This allows investors to add a high quality, low cost growth gold producer at historically low valuation metrics.

Valuation

Eldorado is trading at 1.2x its adjusted NAV, in-line with the mid-tier group average. We believe Eldorado commands a premium multiple given its growth profile, low operating costs, strong balance sheet, and proven track record. Our US\$24.00 target price is based on a 1.9x multiple.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	NAV
	Mar	Jun	Sep	Dec	Year	(mln)	
2010A	US\$0.10	US\$0.11	US\$0.11	US\$0.10	US\$0.42	US\$803	
Old 2011E	0.10A	0.14A	0.20A	0.19	0.62	1,103	12.36
New 2011E	0.10A	0.14A	0.20A	0.19	0.62	1,103	12.36
Old 2012E	0.24	0.24	0.25	0.24	0.97	1,510	NA
New 2012E	0.24	0.24	0.25	0.24	0.97	1,510	NA

Source: Raymond James Ltd., Thomson One

Rating & Target

Target Price (6-12 mos):	Outperform 2
Current Price (Jan-03-12)	US\$24.00
Total Return to Target	US\$14.74
52-Week Range	64%
	US\$22.12 - US\$12.84

Market Data

Market Capitalization (mln)	US\$8,074
Current Net Debt (mln)	-US\$337
Enterprise Value (mln)	US\$7,737
Shares Outstanding (mln, f.d.)	560.0
Average Daily Volume (000s)	3,478
Dividend/Yield	US\$0.10/0.7%

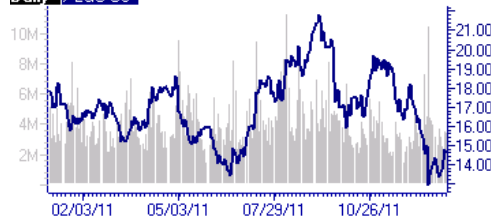
Key Financial Metrics

	2010A	2011E	2012E
P/E	NA	23.4x	15.1x
P/NAV		1.2x	NA
Au Price (US\$/oz)	US\$1,226	US\$1,560	US\$1,580
Au Prod'n (000 oz, EGO share)	585.0	613.0	837.0
Au Total Cash Cost (US\$/oz)	US\$414	US\$454	US\$405
CFPS	US\$0.65	US\$0.93	US\$1.30
P/CFPS	22.5x	15.8x	11.2x
EBITDA (mln)	US\$407	US\$637	US\$968
EV/EBITDA	19.0x	12.2x	8.0x

Company Description

Eldorado is an intermediate gold producer with its flagship assets located in Turkey and China. EGO is well positioned as one of the higher quality companies in the shrinking mid-tier producer group.

Daily > EGO-US



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Canada Research

Published by Raymond James Ltd

Fortress Paper

January 9, 2012

FTP-TSX

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Pulp & Paper

Best Picks 2012

Investment Rationale

Strong cash flow imminent; free option on legacy assets – In our view, the recent completion of the Thurso Dissolving Pulp (“DP”) mill conversion marks the transformation from a mill with a bleak future to a low cost DP facility with excellent prospects. With the mill producing a high cellulose rayon-grade DP (which typically garners a premium to regular DP) and spot pricing stabilizing at US\$1,100/mt we see FTP’s margins at Thurso as strong as we estimate cash costs of \$800/mt at the beginning of 2012, falling to \$700/mt as the cogen facility comes on-line in 2H12. At our US\$1,200/mt long-term DP pricing assumption we regard the Thurso mill value as covering the current share price leaving the legacy Dresden wallpaper and Landqart currency paper mills (which we value at a cumulative \$20/share) as “free options” for investors.

Long-term DP fundamentals favourable; potential for accretive M&A remains – Supporting our pricing assumption, we note, the majority of new DP capacity coming on-line recently resides at the high end of the cost curve as it’s located in China and relies on expensive imported fibre. Longer term, we continue to expect rising textile demand related to the rapidly growing middle class in developing nations such as China and India as well as limitations on the ability to increase cotton production to support DP demand. We also take comfort in the Thurso mill’s low cost position which we believe will help protect margins. Lastly, from previous management comments we see potential for FTP to enter into an accretive transaction which, similar to Thurso, would add significant shareholder value, in our view.

Steady performance for the Dresden wallpaper mill, improving outlook for Landqart security papers – With a dominant 60% global market share, planned capacity increases on deck and 10% estimated annual growth in non-woven wallpaper demand we expect the Dresden mill to continue its steady performance going forward. Meanwhile, with new bank note orders recently signed filling the Landqart mill’s expanded PM#1 capacity and moderation in cotton linter prices we believe the outlook for this mill is improving following several difficult quarters and see Landqart as well positioned to capitalize on growing global banknote demand.

Valuation

Our \$48.00/share target price values FTP by comparison to peers by segment. Specifically, we assign mid-cycle EV/EBITDA multiples of 5.4x, 6.5x, and 5.6x for the Thurso, Landqart, and Dresden mills respectively representing a blended 5.6x mid-cycle EV/EBITDA multiple after adjusting for net debt of \$81 mln.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	(mln)
2010A	C\$0.30	C\$0.37	C\$0.29	C\$(0.06)	C\$0.90	C\$281	C\$26
Old 2011E	(0.42)A	(0.07)A	(0.54)A	(0.12)	(1.15)	317	7
New 2011E	(0.42)A	(0.07)A	(0.54)A	(0.12)	(1.15)	317	7
Old 2012E	0.69	0.94	0.95	1.22	3.80	391	98
New 2012E	0.69	0.94	0.95	1.22	3.80	391	98

Source: Raymond James Ltd., Thomson One

Rating & Target

	Outperform 2
Target Price (6-12 mos):	C\$48.00
Current Price (Jan-03-12)	C\$27.09
Total Return to Target	77%
52-Week Range	C\$63.15 - C\$24.00

Market Data

Market Capitalization (mln)	C\$411
Current Net Debt (mln)	C\$81
Enterprise Value (mln)	C\$493
Shares Outstanding (mln, f.d.)	15.3
Average Daily Volume (000s)	49
Dividend/Yield	C\$0.00/0.0%

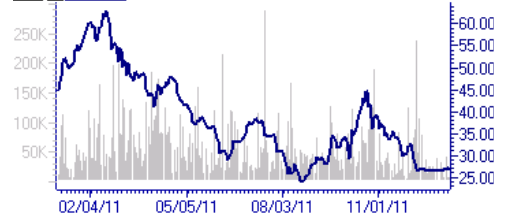
Key Financial Metrics

	2010A	2011E	2012E
P/E	NA	NA	7.1x
EV/EBITDA	NA	NA	5.0x
Net Debt (%)			17%

Company Description

Fortress, headquartered in Vancouver BC, is a growth orientated paper manufacturer focusing on the production of security & specialty papers, wallpaper, & specialty cellulose for sale in world markets.

Daily FTP-T



RAYMOND JAMES

Canada Research

Published by Raymond James Ltd

Legacy Oil & Gas Inc.

January 9, 2012

LEG-TSX

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Intermediate Oil & Gas Producers

Best Picks 2012

Investment Rationale

- Recovering from a rough 2011** – Abnormally wet weather conditions resulted in very challenging field conditions in 2011; nevertheless, the company was able to recover with a higher year-end production target (16,250 boe/d) and positive initial results from the first horizontal well drilled at Turner Valley – both which we believe were discounted by the market.
- Benefiting from higher oil prices** – at US\$100/bbl, we expect \$270 mln of cash flow (\$1.82 per share) and \$310 of spending, which we believe will deliver average production of ~ 16,000 boe/d in 2012. This translates into 23% production per share growth, which will rank as better than average for our intermediate group – the year-over-year comps will look attractive given the impact of significant weather-related delays in 2011. The \$40 mln of incremental spending will be funded by existing credit facilities; the resulting D/CF will be a reasonable 1.4x at year-end 2012E at US\$100/bbl.
- Potential operational catalysts in first half 2012** – We expect further results from Turner Valley will be a step in the right direction toward demonstrating to the market that there is still growth potential from this asset through a combination of new wells and optimization activity. We also believe that additional updates from the Spearfish play in North Dakota could be a catalyst in early 2012 - in the 3Q update, results from the first three wells drilled were trending above our expectations over the first five months. Our sense is that initial results from the Maxhamish light oil play in northeast BC are also possible near-term.
- Attractive Valuation** – The stock is currently trading at 6.9x 2012E EV/EBITDA and 6.5x P/CF at our more conservative C\$88/bbl price deck, which is just above an average of 6.6x and 5.9x respectively for our coverage list despite better than average growth potential in 2012. At US\$100/bbl (which is closer to the current strip), the current multiples are closer to 6.4x 2012E EV/EBITDA and 6.0x P/CF.

Valuation

Our target price is based on our 2011E NAV and 9.0x 2012E CFPS; we justify the premium to the average target multiple (7.1x) for our intermediate group by the strong management team and significant unbooked resource potential.

CFPS	1Q	2Q	3Q	4Q	Full	Revenue	NAVPS
	Mar	Jun	Sep	Dec	Year	(mln)	
2010A	C\$0.33	C\$0.27	C\$0.29	C\$0.28	C\$1.17	C\$215	
Old 2011E	0.31A	0.28A	0.35	0.39	1.32	352	10.58
New 2011E	0.31A	0.28A	0.35	0.39	1.32	352	10.58
Old 2012E	0.41	0.40	0.43	0.45	1.70	432	NA
New 2012E	0.41	0.40	0.43	0.45	1.70	432	NA

Source: Raymond James Ltd., Thomson One

Rating & Target

	Strong Buy 1
Target Price (6-12 mos):	C\$13.00
Current Price (Jan-03-12)	C\$10.99
Total Return to Target	18%
52-Week Range	C\$17.47 - C\$6.83

Market Data

Market Capitalization (mln)	C\$1,570
Current Net Debt (mln)	C\$256
Enterprise Value (mln)	C\$1,826
Shares Outstanding (mln, basic)	142.9
Average Daily Volume (000s)	890
Dividend/Yield	C\$0.00/0.0%

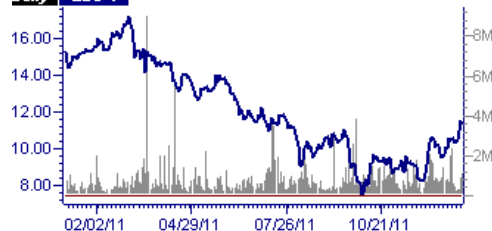
Key Financial Metrics

	2010A	2011E	2012E
P/CFPS			
	9.4x	8.3x	6.5x
P/NAV		1.0x	NA
WTI (US\$/bbl)			
	US\$79.44	US\$92.84	US\$85.00
AECO Gas (C\$/mcf)			
	C\$4.13	C\$3.71	C\$3.60
Exchange Rate (US\$/C\$)			
	0.97	1.02	1.00
Production (boe/d)			
	8,765	12,695	15,977
% Natural Gas			
	14%	18%	16%
Debt/Cash Flow			
	2.2x	1.6x	1.3x
Capex % of Cash Flow			
	132%	143%	112%
EV/EBITDA			
	14.0x	9.1x	6.9x

Company Description

Legacy Oil + Gas is a growth oriented oil focused producer based in Calgary, Alberta with assets focused in southeast Saskatchewan and southern Alberta.

Daily LEG-T



RAYMOND JAMES

Canada Research

Published by Raymond James Ltd

Lumina Copper Corp.

January 9, 2012

LCC-TSXV

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Base Metals & Minerals | Exploration & Development

Best Picks 2012

Investment Rationale

Lumina Copper owns the Taca Taca copper-molybdenum-gold project in Salta, Argentina. Taca Taca is a large porphyry deposit with an Indicated mineral resource (at a 0.40% CuEq cut-off) of 516 million tonnes grading 0.58% Cu, 0.018% Mo, and 0.12 g/t Au, and an Inferred resource of 880 million tonnes grading 0.43% Cu, 0.015% Mo, and 0.08 g/t Au. On a copper equivalent basis the deposit grades 0.65% CuEq, and contains 19.9 billion pounds of copper equivalent. The project is well situated with respect to infrastructure, as it is in close proximity to road and rail networks.

Potential consolidation candidate – As the sole owner of a large (and getting bigger) copper project in a mining-friendly province of Argentina with very good access to infrastructure, we believe that Lumina could very well end up in the crosshairs of larger mining, trading, or smelting entities.

Exploration potential – Drilling at Taca Taca is ongoing, and recent results have been excellent, featuring significant intervals with grades in excess of those in the resource estimate, as well as extensions laterally and at depth. In our view, this bodes well for upgrading of the Inferred resources to the Indicated category, and for increasing the size of the deposit.

Strong management team with an excellent track record – Lumina is led by a strong management team with an impressive track record of advancing the development of copper projects, and then selling them at a premium to large acquirers. The executive team also has their money where their mouth is as they own ~4% of the basic shares outstanding, and ~8% on a fully diluted basis. Mining magnate Mr. Ross Beaty owns approximately 25% of the shares.

Valuation

Lumina's shares are currently trading at a P/NAV of 0.30x. Our target price of C\$17.00 is based on a 0.40x multiple applied to our NAV/share of C\$43.00 (in-line with risk and liquidity-adjusted historic base metal developer multiples).

Lumina is trading at a discount relative to recent acquisitions of junior copper development companies based on EV per pound of contained copper equivalent. Lumina is currently trading at US\$0.025/lb versus recent acquisitions at a weighted average of US\$0.05/lb and a median of US\$0.04/lb.

	EPS	1Q	2Q	3Q	4Q	Full	Revenue	NAV
		Mar	Jun	Sep	Dec	Year	(mln)	
2010A		C\$0.00	C\$0.05	C\$0.01	C\$0.05	C\$0.11	NA	
Old 2011E		(0.02)A	0.06A	0.00A	(0.01)	0.02	NA	43.00
New 2011E		(0.02)A	0.06A	0.00A	(0.01)	0.02	NA	43.00
Old 2012E		(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	NA	NA
New 2012E		(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	NA	NA

Source: Raymond James Ltd., Thomson One

Rating & Target

	Strong Buy 1
Target Price (6-12 mos):	C\$17.00
Current Price (Jan-03-12)	C\$13.00
Total Return to Target	31%
52-Week Range	C\$15.00 - C\$4.50

Market Data

Market Capitalization (mln)	US\$523
Current Net Debt (mln)	-US\$28
Enterprise Value (mln)	US\$495
Shares Outstanding (mln, basic)	41.0
Average Daily Volume (000s)	98
Dividend/Yield	C\$0.00/0.0%

Key Financial Metrics

	2010A	2011E	2012E
P/E	NA	NA	NA
P/NAV		0.30x	NA
EBITDA (mln)	C\$(1)	C\$(2)	C\$(2)

Company Description

Lumina Copper Corp. is currently developing the 100% owned Taca Taca property in Salta, Argentina.



RAYMOND JAMES

Canada Research

Published by Raymond James Ltd

Methanex

MEOH-NASDAQ | MX-TSX

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Chemicals

Best Picks 2012

Investment Rationale

Methanex is the world's largest supplier of methanol, boasting unrivalled production, storage and marketing capabilities in key geographies around the world. We believe that global methanol markets are poised to enjoy strong S-D fundamentals during 2012 that together with potential strategic catalysts, position MX to benefit handsomely over the next 6-12 months. Underpinning this view we highlight:

- ◆ **Macro Outlook Bright**—Notwithstanding recent macroeconomic jitters, we believe the global outlook for methanol remains bright. Specifically, we believe that methanol demand will demonstrate healthy y/y growth, supported by gains in both traditional (i.e. industrial) and non-traditional (i.e. energy-blending) markets. At the same time, with little new low-cost supply expected, and with outages expected to persist in the global supply base, we anticipate methanol markets will remain tight and prices firm.
- ◆ **Strategic Opportunities Plentiful**—We believe that MX is likely to pull the trigger on new strategic opportunities during 2012, including: i) acquiring the 36.9% stake in its Atlas plant it doesn't already own; and/or ii) the 2H12 restart of a second production line at its Motonui plant in N.Z. We also expect clarity on the company's LT strategic options in Chile. Taken together, Methanex has potential to more than double its production base over the next 3 years, dramatically boosting its underlying earnings power.
- ◆ **Solid Balance Sheet; Rich FCF**—Methanex boasts a solid balance sheet and rich FCF profile, providing ample flexibility to fund growth opportunities, in our view. Ending 3Q11, the company had \$261 mln in cash/equivalents and a \$200 mln undrawn credit line. It also recently filed a shelf prospectus for up to \$500 mln in debt securities (with ~\$200 mln earmarked for a debt refinancing, in our view). We forecast the company will generate \$500 mln in incremental FCF during 2012, further supporting any net investment.
- ◆ **Strong Management, Shareholder-Friendly Track Record**—Lastly, we highlight Methanex's disciplined management team and solid track record for returning cash to shareholders. Over the past decade, MX has: i) invested over \$1.5 bln to augment its core operations; ii) bought back roughly half the share float; and iii) raised its dividend seven times.

Valuation

Our US\$35.00 target price reflects a 4.8x EV/EBITDA multiple applied to our 2012E EBITDA estimate, near the mid-point of the company's 8-year range.

EPS	1Q	2Q	3Q	4Q	Full	Revenue	EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	(mln)
2010A	US\$0.31	US\$0.13	US\$0.11	US\$0.30	US\$0.85	US\$1,967	US\$267
Old 2011E	0.36A	0.43A	0.59A	0.55	1.93	2,591	491
New 2011E	0.36A	0.43A	0.59A	0.55	1.93	2,591	491
Old 2012E	NA	NA	NA	NA	3.85	3,120	792
New 2012E	NA	NA	NA	NA	3.85	3,120	792

Source: Raymond James Ltd., Thomson One *New FY methanol prod. figures are now Egypt-adjusted.

January 9, 2012

Rating & Target

	Outperform 2
Target Price (6-12 mos):	US\$35.00
Current Price (Jan-03-12)	US\$23.55
Total Return to Target	52%
52-Week Range	US\$34.90 - US\$19.50

Market Data

Market Capitalization (mln)	US\$2,224
Current Net Debt (mln)	US\$662
Enterprise Value (mln)	US\$2,886
Shares Outstanding (mln, f.d.)	94.4
Average Daily Volume (000s)	324
Dividend/Yield	US\$0.68/2.9%

Key Financial Metrics

	2010A	2011E	2012E
P/E	27.7x	12.2x	6.1x
EV/EBITDA	10.8x	5.9x	3.6x
EBITDA Margin (%)	13.6%	18.9%	25.4%
Adjusted EBITDA (mln)	NA	US\$429	US\$697
Methanol (US\$/tonne)	US\$372	US\$442	US\$445
Production (mln tonnes)	3.5	3.9	4.9
Net Debt (%)			33%

Company Description

Vancouver-based Methanex is the world's largest producer and marketer of methanol. Commanding a 15% global market share, it operates seven production facilities in Chile, Trinidad and New Zealand.

Daily | MEOH-US



RAYMOND JAMES

Canada Research

Published by Raymond James Ltd

Secure Energy Services Inc.

January 9, 2012

SES-TSX

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Oil & Gas Energy Services | Field Services

Best Picks 2012

Investment Rationale

We believe that Secure's processing/recovery/disposal facilities are well-positioned geographically within the basin and its drilling services products are well-positioned in the drilling fluids market. Secure's share price is sufficiently below historic levels as to open up what we believe is an excellent opportunity to own a high-quality growth-oriented company at a very reasonable price.

The complexion of the modern oilpatch is markedly different from the previous decade. The geography has shifted away from the shallow gas fields of central and southeast Alberta/southwest Saskatchewan, to oil plays in Saskatchewan, and Alberta extending up to liquids-rich gas plays in northeast British Columbia. The target hydrocarbon has shifted from gas to oil or natural gas liquids (NGLs). The dominant well design is now a horizontal, multi-stage well. And fracturing intensity is a multiple of previous years.

Secure's field locations are on top of the oil and high NGL-yield plays. The bulk of Secure's facilities are scattered over top of the most intensely developed plays in Western Canada, including the Montney, the Cardium, and Deep Basin plays including the Duvernay Shale. Importantly, new field developments generally require additional new disposal capacity.

Oil plays tend to have higher water cuts than gas. Produced water is the largest waste stream in the oilpatch. It's beneficial to Secure that horizontal wells in the new oil plays produce considerably more water than gas wells.

Horizontal wells use complex oil-based drilling fluids. Secure acquired Marquis Alliance in June 2011 and followed this up with XL Fluid Systems in July. M-A has a significant market share in the Canadian drilling fluids business and is expanding into US plays as well. Plus there are potentially significant operating synergies between M-A and Secure's processing/disposal business.

High-volume fracturing generates more flowback. The fluids pumped down during fracturing have to be returned to the surface and disposed of appropriately. The prolific growth in fracturing is driving more of this business.

Valuation

Our \$9.50 target price is 9.3x 2012E EV/EBITDA, which is at the upper end of the historic range for mid-cap oilfield service companies in consideration of Secure's potential for internally-financed multi-year growth.

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	Cash Flow (mln)
2010A	C\$0.04	C\$0.00	C\$0.02	C\$0.04	C\$0.08	C\$73	C\$25
Old 2011E	0.07A	0.01A	0.08A	0.17	0.36	487	58
New 2011E	0.07A	0.01A	0.08A	0.17	0.36	487	58
Old 2012E	0.20	(0.01)	0.16	0.21	0.59	532	92
New 2012E	0.20	(0.01)	0.16	0.21	0.59	532	92

Source: Raymond James Ltd., Thomson One

Rating & Target

	Outperform 2
Target Price (6-12 mos):	C\$9.50
Current Price (Jan-03-12)	C\$7.36
Total Return to Target	29%
52-Week Range	C\$10.10 - C\$5.50

Market Data

Market Capitalization (mln)	C\$657
Current Net Debt (mln)	C\$64
Enterprise Value (mln)	C\$721
Shares Out. (mln, f.d.)	97.7
Average Daily Volume (000s)	195
Dividend/Yield	C\$0.00/0.0%

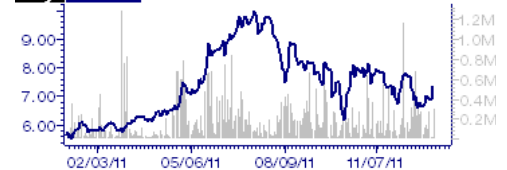
Key Financial Metrics

	2010A	2011E	2012E
P/E	83.8x	20.7x	12.4x
EV/EBITDA	15.5x	9.7x	7.4x
EBITDA (mln)	C\$25	C\$62	C\$100
Capex (mln)	C\$64	C\$151	C\$116
BVPS (tangible)	C\$2.32	C\$2.28	C\$2.92
Debt/EBITDA	0.1x	1.1x	0.9x
ROE	3.8%	10.7%	14.8%

Company Description

SES provides crude emulsion treatment, oil terminaling, marketing and storage as well as oilfield waste processing, water disposal and solids disposal. SES also operates a drilling fluids, solids control and environmental business through its wholly owned subsidiary, Marquis Alliance.

Daily < SES-T



RAYMOND JAMES

Canada Research

Published by Raymond James Ltd

Shoppers Drug Mart

January 9, 2012

SC-TSX

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Consumer Products & Retail

Best Picks 2012

Investment Rationale

The negative SANIS decision from the Court of Appeal of Ontario, which restored the prohibition on private label generics resulting in a sell-off of Shoppers, has in our opinion created a buying opportunity. While we acknowledge that a positive decision would necessarily have been a short-term catalyst, the decision was, we believe, overshadowing the following:

- Improving earnings power of Shoppers on deeper than widely recognized cost cutting initiatives, which combined with reduced capex (on slower new store growth in Ontario) drives strong free cash flow growth.
- Accelerating and material consolidation opportunity in 2012E and solid cash flows of the model, which (regardless of the level of script file acquisition activity) support an increased dividend.
- Relatively easy front store comps on a recovery in both sentiment (driving lower promotional activity) and increased inflation in SSS attribution.

With the noise of the appeal largely behind us (Shoppers is reviewing the judgment and considering its options), we believe investors will be compelled to focus on the key drivers of an increasingly solution-centric Shoppers model, which is rapidly evolving to include therapy management, home health and a pharmacy benefit management (PBM) type service, underpinned by the evolution of the following strategies and capabilities:

- Loyalty analytics centric capability (i.e. the monetisation of its leading Optimum program) that will allow Shoppers to, in our opinion, dramatically sharpen the insight into its most valuable customers, thereby driving increased share of wallet in the front-store.
- Accelerated systems ramp (completed state-of-the-art Warehouse Management System) will facilitate its capitalizing on the technology driven opportunities to manage and optimize capabilities related to industry level Active Pharmaceutical Ingredients (API) supply shortages (in key generics) increasing SANIS's market penetration and share outside of Ontario.

Valuation

Our \$48.00 price target is based on the blended average of 15.0x our 2012E EPS and 9.0x our 2012E EBITDA. Our target multiples are below Shoppers' long term 5-year averages. Applied to our 2012E EPS of \$3.13 and EBITDA of \$1,308 mln imputes a \$47.86 value and supports our \$48.00 target price.

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	EBITDA (mln)
2010A	C\$0.53	C\$0.66	C\$0.77	C\$0.79	C\$2.75	C\$10,376	C\$1,194
Old 2011E	0.54A	0.68A	0.80A	0.83	2.85	10,485	1,218
New 2011E	0.54A	0.68A	0.80A	0.83	2.85	10,485	1,218
Old 2012E	0.62	0.74	0.89	0.88	3.13	10,909	1,308
New 2012E	0.62	0.74	0.89	0.88	3.13	10,909	1,308

Source: Raymond James Ltd., Thomson One

Rating & Target

	Outperform 2
Target Price (6-12 mos):	C\$48.00
Current Price (Jan-03-12)	C\$40.65
Total Return to Target	21%
52-Week Range	C\$43.43 - C\$36.67

Market Data

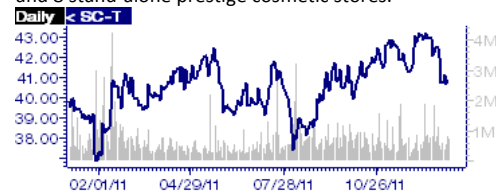
Market Capitalization (mln)	C\$8,801
Current Net Debt (mln)	C\$1,216
Enterprise Value (mln)	C\$10,017
Shares Outstanding (mln, f.d.)	217.0
Average Daily Volume (000s)	694
Dividend/Yield	C\$1.00/2.5%

Key Financial Metrics

	2010A	2011E	2012E
P/E	14.6x	14.3x	13.0x
EV/EBITDA	8.5x	8.2x	7.7x

Company Description

Shoppers Drug Mart operates more than 1,200 Shoppers Drug Mart/Pharmaprix retail drug stores, 59 medical clinic pharmacies, 63 Home Health Care stores and 8 stand-alone prestige cosmetic stores.



Company Citations

Company Name	Ticker	Exchange	Currency	Closing Price	RJ Rating	RJ Entity
ArcelorMittal (ADR)	MT	NYSE			NC	
European Goldfields Ltd.	EGU	TSX			NC	
Vale	VALE	NYSE			NC	

Notes: Prices are as of the most recent close on the indicated exchange and may not be in US\$. See Disclosure section for rating definitions. Stocks that do not trade on a U.S. national exchange may not be approved for sale in all U.S. states. NC=not covered.

Analyst Profiles

Head of Equity Research

Daryl Swetlishoff, CFA | Paper & Forest Products

Daryl Swetlishoff was named Head of Research of Raymond James Ltd. in May 2007. Based in Vancouver, he is responsible for a group of 40 research and operations professionals, providing research coverage on over 240 companies across seven sectors. Daryl is also a ranked analyst covering Paper & Forest sector equities since joining the firm in 2001. Daryl holds the Chartered Financial Analyst designation, and earned an MA (Economics) from the University of Victoria.

Senior Supervisory Analyst

Heather Herron

Heather Herron joined Raymond James Ltd. in July 2008 working with the Energy group and was registered with FINRA as a Supervisory Analyst in June 2009. Prior to joining the firm, Heather worked as an equity research associate for a number of brokerage houses both in Calgary and Toronto and has also held roles in sales & trading. Heather holds a Bachelor's degree from the University of Toronto with majors in finance and economics.

Energy

Andrew Bradford, CFA | Head of Energy Research | Oil & Gas Services

Andrew Bradford originally joined Raymond James in an analyst capacity in 2000, and after a brief hiatus, returned to the firm in December 2007. Andrew has been performing investment analysis for investment dealers on the energy sector and the energy services industry since 1998. Prior to that, he spent two years with a Calgary-based energy-focused private equity firm. Andrew earned a Masters degree in Economics from the University of Calgary in 1996 and is a CFA charterholder.

Rafi Khouri, B.Sc., MBA | International Oil & Gas

Rafi Khouri is an oil & gas equity analyst at Raymond James Ltd., focusing on the international oil & gas sector. Prior to joining the firm, he was an oil and gas analyst at two other investment dealers, including a year with a top tier investment dealer in London (UK). Rafi has also spent 10 years in various technical and managerial roles in the oil & gas industry, including 4 years as a field engineer with Exxon in the Middle East, and one year as a corrosion engineer with Total in West Africa. Rafi holds a B.Sc. in Applied Chemistry from the American University of Beirut and an MBA from the University of Alberta.

Kristopher Zack, CA, CFA | Oil & Gas Producers

Kristopher Zack joined the firm as an equity analyst in April 2006 and is now covering senior / intermediate oil & gas companies. For 2.5 years prior to joining the firm, Kris was employed as an associate analyst at another investment dealer covering integrated oil and gas, senior producers, and oil sands companies. Prior to that, he was employed for six years with Deloitte & Touche and finished as a Manager, Financial Advisory Services. In StarMine's 2009 annual survey of analyst performance for Canada, Kris was the number one Earnings Estimator for Oil & Gas Royalty Trusts and he was the Starmine Top Stockpicker in the Oil & Gas Royalty Trust space for 2010. Educationally, Kris has a Bachelor of Commerce degree from the University of Alberta (1998) and holds the Chartered Accountant and Chartered Financial Analyst designations.

Justin Bouchard, P.Eng., CFA | Oil Sands / Oil & Gas Producers

Justin Bouchard joined the firm in September 2006 and covers oil sands and oil and gas producer and exploration companies. For the year prior, Justin was employed as a Research Associate at another investment dealer as part of a group covering oil sands companies and producers. Prior to that, he was employed for ten years in various roles in the energy sector including as a Facilities/Production Engineer and Field Operator, and as a Product Manager of specialized oil & gas software products. Justin has an MBA from Queens University (2004), a Bachelor of Science degree (Mechanical Engineering) from the University of Alberta (1995) and holds the Chartered Financial Analyst designation.

Luc Mageau, CFA | Oil Sands / Oil & Gas Producers

Luc Mageau joined the firm in March 2006. He was promoted to equity analyst in May 2009 and is responsible for covering junior and intermediate oil and gas producers. Prior to joining the firm, Luc was employed as a commercial lender at a major bank and as a research analyst at a U.S. based equity research firm. Educationally, Luc has a Bachelor of Commerce degree from the University of Alberta (2001) and holds the Chartered Financial Analyst designation.

Industrial Special Situations

Ben Cherniavsky | Head of Industrial Research | Aerospace & Aviation / Industrial Products & Services

Ben Cherniavsky joined the firm as a research associate in 1998 following his completion of the MBA program at the University of Western Ontario. As an analyst, Ben covers industrial product and aerospace & aviation companies. Prior to his MBA, Ben worked in public finance as a research analyst for the Ministry of Finance in Ottawa and at the University of Toronto's International Centre for Tax Studies. In addition to his MBA, Ben holds a B.A. in Economics from the University of Alberta.

Frederic Bastien, CFA | Industrial Products & Services | Engineering & Construction

Frederic joined the firm in 2003 and was promoted to equity analyst covering the Industrial sector in 2005. Frederic has achieved Brendan Wood International's annual 'Top Gun' status in the Small Cap/Special Situations category since 2008, and in 2009 he ranked as the number one Diversified Industrials Earnings Estimator in StarMine's annual survey of analyst performance for Canada. Educationally, Frederic holds an MBA (2002) from the Sauder School of Business at the University of British Columbia, a Bachelor of Engineering (Mechanical) degree (1995) from McGill University, and the CFA designation.

Steven Hansen, CFA, CMA | Industrial Products & Services / Agribusiness & Food Products

Steven Hansen joined the firm in October 2005 as an associate equity analyst covering the Industrial sector and was promoted to equity analyst in April 2007. Prior to joining the firm, Steve was employed as a stock analyst with Morningstar covering the Paper and Forest products sector. Steve holds an MBA (2004) from the Richard Ivey School of Business and a Bachelor of Science in Forestry (1999) from the University of British Columbia. Steve also holds his CMA designation and has the CFA designation.

Mining

Brad Humphrey | Precious Metals

Brad Humphrey joined Raymond James Ltd. in April 2008 as a mining equity research analyst, focusing on the gold and silver sector. Brad has nearly 10 years experience in the investment business providing research on gold and silver equities at several major investment dealers. Prior to beginning his career in the investment industry, he worked in various positions in the mining industry, including underground mining and corporate development.

Gary Baschuk | Precious Metals

Gary joined Raymond James in October 2010 as a mining equity research analyst focusing on precious metals small to mid-capital explorers, developers and producers. Prior to joining the investment business seven years ago, Gary spent twenty years as a geologist employed by Barrick Gold Corp. working in northern Ontario, Quebec, Nevada and Spain. Gary holds a BSc, Geology Specialist degree from the University of Toronto and is a Fellow of the Geological Association of Canada, a member of the Society of Economic Geologists and the Prospectors and Developers Association of Canada.

Adam Low, CFA | Base Metals & Minerals

Adam Low joined the firm in April 2005. He is part of the equity research team covering base metal producers and developers. Prior to joining the firm, Adam was employed as a financial analyst with IBM. Educationally, Adam has a Bachelor of Commerce degree from the University of Manitoba (2002) and holds the Chartered Financial Analyst designation.

Alex Terentiew, MBA, P.Ge. | Base Metals & Minerals

Alex joined Raymond James in November 2011 as a mining equity research analyst focusing on base metals, both producers and developers. Over the past six years, Alex has provided research coverage of base and precious metals and mining equities in similar roles at Credit Suisse Securities (Canada) and Scotia Capital Inc. Prior to joining the investment industry, Alex worked as a Geoscientist at various environmental and engineering consulting companies. Alex holds a BSc from the Dept. of Geology at the University of Toronto, a MASc in Civil Engineering (U of T), and an MBA (Rotman School of Management at the U of T), is a member of the Association of Professional Geoscientist of Ontario, The Canadian Institute of Mining, Metallurgy and Petroleum (CIM), and the Prospectors and Developers Association of Canada.

Consumer Products & Retail

Kenric S. Tyghe, MBA

Kenric Tyghe joined the firm in July 2009 as an Equity Analyst covering Consumer Products and Retail. Prior to joining the firm Kenric had in excess of 8 years experience in equity research and trading at other leading investment dealers in Canada and South Africa. Kenric holds an MBA from the Richard Ivey School of Business.

Real Estate

Ken Avalos, MBA

Ken joined Raymond James Ltd. in October of 2011 as an equity research analyst covering REITs and real estate operating companies. Ken has over 15 years of experience in the investment, lending and real estate industries. He returns to the Raymond James organization after spending the last two years as the Director of Finance and Capital Markets at First Potomac Realty Trust where he was responsible for debt, equity and hedging transactions, investor relations and risk management. First Potomac is a \$2 billion office/industrial REIT based in Washington D.C., which doubled in size during Ken's tenure. Prior to First Potomac, Ken held various positions in equity research at Raymond James & Associates in St. Petersburg, FL, most recently holding the title of VP – REIT Analyst while covering nearly 25 stocks. Ken holds a BA from Boston College, and earned an MBA from the Stern School of Business at NYU with a concentration in Finance and international Business

Technology

Steven Li, CFA | Technology and Alternative Energy

Steven Li joined the firm in July 2001 as an equity analyst. Before joining Raymond James Ltd., Steven spent a total of four years as a research associate at three other investment dealers. In StarMine's annual survey of analyst performance for Canada, Steven was the number one Stock Picker for Software and IT Services in 2007. He also ranked 8th in the Top 10 Overall Stock Pickers of 2009 for his coverage of IT Equipment, Software, and IT Services. Steven holds the Chartered Financial Analyst designation and earned a BA and MA from the University of Cambridge (England) and an MBA from York University.

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Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months. **Outperform (MO2)** Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months. **Market Perform (MP3)** Expected to perform generally in line with the S&P 500 over the next 12 months. **Underperform (MU4)** Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold. **Suspended (S)** The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

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Strong Buy (SB1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months. **Outperform (MO2)** Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months. **Market Perform (MP3)** Expected to perform in line with the underlying country index. **Underperform (MU4)** Expected to underperform the underlying country index. **Suspended (S)** The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon. In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

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Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

High Risk (HR) Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.

Venture Risk (VR) Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

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	Coverage Universe Rating Distribution			Investment Banking Distribution		
	RJL	RJA	RJ LatAm	RJL	RJA	RJ LatAm
Strong Buy and Outperform (Buy)	71%	58%	43%	46%	16%	17%
Market Perform (Hold)	28%	36%	50%	25%	6%	3%
Underperform (Sell)	1%	6%	7%	0%	14%	0%

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Company Name	Disclosure
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Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences.

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the projected target prices included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation.

Risks - Alamos Gold Inc.

Socio-Economic Risk. Alamos continues negotiating with local land owners for surface rights to access exploration areas and potential mine areas including Cerro Pelon, La Yaqui and El Carricito. The company also continues negotiations with the town's people of Mulatos re: a previous relocation agreement.

Resource Risk. Geological models and mineralization are interpretative and the current resource may be more complex than modeled, resulting in less grade and tonnage than estimated. That said, we are confident part of Alamos' ongoing drill program will increase the level of confidence of the current resource estimate.

Capital Requirements. The company has sufficient funds to complete its 2011 drill program, however a market decline could make it difficult for the company to raise the capital required for possible future expansion and/or project construction.

Risks - Bird Construction Inc.

A number of factors have the potential to present Bird with challenges going forward. The company's fortunes are inherently linked to the overall economy and, to a lesser extent, the general strength of oil and gas prices. Moreover, its infrastructure opportunities are dependent upon the spending commitments outlined by the federal, provincial and municipal governments. Competitive pressure among industry players can be intense, exerting downward pressure on margins. In addition, competition inevitably affects Bird's ability to attract, develop and retain key personnel. As a general contractor, the company may also potentially suffer from: (i) an inability to accurately estimate project costs as a result of both raw material and labour cost inflation-an issue particularly relevant to projects with long time horizons; (ii) an inability to attract and retain skilled labour; (iii) work stoppages resulting from labour strikes; (iv) the financial strength (or lack thereof) of suppliers and customers along the value chain; (v) the quality of the work performed by the subcontractors; (vi) inclement weather; and (vii) financial penalties should a contract fail to be completed according to the contract specifications.

Risks - Eldorado Gold

Mining is an inherently risky business with the most prevalent risks related to mining assets, the political environment and metal prices. Company specific risks relating to Eldorado include: 1) possible adverse ruling in its court cases in Turkey, 2) potential for delays and cost overruns at the Efemçukuru project and at Eastern Dragon project in China, and 3) any adverse mining policy changes in China. We would point out though that one of the keys to Eldorado's success over the years in foreign jurisdictions has been its use of in country expertise when available. Once an operation is up and running and the local workforce has been trained Eldorado employs very few expatriates. We believe this mitigates Eldorado's political risk to some extent.

Risks - Fortress Paper

i) cost overruns, delays and implementation issues relating to Fortress' capital expansion program, ii) pulp, cotton, energy, chemicals, synthetic fibre and other input cost inflation, iii) their ability to secure initial contracts for new products as customers are cautious on being "first adopters", iv) increasing usage of debit, credit and electronic point of sale transactions as substitutes for physical cash usage, v) the risk of new entrants in the non-woven wallpaper or dissolving pulp markets and possible erosion of Fortress' market share, vi) potential negative impact of EUR/C\$ and CHF/C\$ fluctuations given Fortress' exposure to both operational and translational foreign exchange risk, vii) dependence on a few key, large customer contracts, viii) the ever-evolving highly technical and innovative nature of products within the security industry - potential loss of market share and key contracts if Fortress cannot keep abreast of the competition. ix) Slower than expected economic growth could reduce our commodity price forecasts. x) A strengthening of the Canadian dollar could negatively affect earnings. Downward pressure could be placed on dissolving pulp price forecasts if the CAD depreciates relative to the US\$.

Risks - Lumina Copper Corp

Some of the risk factors that pertain to the projected 6-12 month stock price target for mining companies in our universe are as follows: Mining companies are 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 the mining companies in our research coverage universe. The operation of mines, and mills is complex and is exposed to 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.

Risks - Legacy Oil & Gas

Risks include, but are not limited to, exposure to fluctuations in commodity prices (primarily oil & gas), as well as variations in foreign exchange rates and interest rates. Operational risks include weather-related interruptions, dry holes, restricted access to facilities, unplanned pipeline shutdowns, unexpected production delays and cost overruns. Also, higher than expected decline rates could result in lower production. Other notable risks include change in government policies and legislation (e.g. income tax and royalty), counterparty risk, environmental concerns, and changes in reserve estimates. Lower cash flow could impact Legacy's ability to service and/or refinance debt.

Risks - Methanex

i) Unexpected changes in economic growth could impact our commodity price forecasts. ii) A greater than anticipated number of capacity changes could alter methanol markets. iii) Changes in methanol demand drivers could result in materially different methanol prices. iv) Interest rate changes could impact Methanex's valuation, particularly from a dividend yield perspective. v) Methanex's cost position could be materially different than forecast with the construction of new Middle East capacity.

Risks - Shoppers Drug Mart

Changes in local laws and regulations - Given the level of government oversight in pharmaceutical and retail drug store industry, any amendments to current regulation could negatively impact the prescription sales, and/or adversely affect margins and profitability. Competition - While we anticipate Shoppers to continue to grow organically, we believe that certain regional markets could subsequently become saturated. Hence, Shoppers' return on invested capital from its network expansion could face a declining trend. We further note that although the overall increase in floor space could potentially improve the margins from front-store sales, prescription sales grow at a relatively constant rate, independent of store size. Inability to attract and retain pharmacists - Aside from drug plan issues and government reforms, staff shortage is considered to be one of the main challenges that pharmacies face in Canada. The staff shortage coupled with the challenges of managing and retaining current staff weighs heavily on the industry as whole. Furthermore, higher wages could negatively affect franchise operations. Notably, according to CACD, the average hourly wage for pharmacists increased from \$26.60 in 1998 to \$45.70 in 2008 (up ~72%). Interest risk and other economic factors - SC has very limited exposure to currency exchange risk, as most of the Company's operations are based in Canada. Nonetheless, given the magnitude of its debt, the Company is susceptible to risks inherent in interest rate fluctuations. The company's business and operating performance may be adversely affected by economic forces beyond its control, such as changes in consumer preferences and spending patterns and general economic downturns.

Risks - Secure Energy Services Inc.

i) Fluctuations in oil and natural gas prices can produce periods of high and low levels of drilling and completion activity as well as affect existing production activity. During periods of low commodity prices, demand for Secure's services could be reduced. ii) The oilfield waste disposal business is a relatively competitive industry, and consists of both large independent third-party operators as well as producer-operated facilities. This competitiveness could limit Secure's ability to further its growth and increase its market share. iii) There are significant risks inherent in the site development and facility approval processes related to Secure's primary business. Secure may be denied approval on any of its potential sites and/or facilities for a number of reasons which could impact the company's future development plans. iv) Secure is a named defendant, and has indemnified employees who are also named defendants, in a statement of claim filed in Alberta's Court of Queen's Bench by CCS Corporation.

Risks - Domtar

i) Forest product commodities are cyclical, slower than expected economic growth could reduce our price forecasts. ii) As sales are denominated in U.S. dollars, a depreciation of the U.S. dollar could negatively affect earnings. iii) An increase in energy prices could negatively impact earnings iv) A reduction in the availability or an increase in price of raw materials could negatively affect operating margins v) Forest product markets are global in nature, trade issues affecting market access could impact earnings.

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