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Industry Comment

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Mining

Precious Metals: Early Arrival This Year? Reviewing Gold Seasonality

History has shown that August can provide an excellent buying opportunity in the precious metals space prior to the typically stronger second half. This year however, it appears this seasonal strength is setting in a little earlier.

Seasonality – Typically we would be writing about seasonality this time of year more as a reminder to sharpen your pencils and get up to speed on the gold and silver equities; however this year it appears to be happening about a month early. As a result, we felt this would be an opportune time to revisit the seasonal pattern that gold typically follows through the course of a year. Although there is no such thing as a 'normal' year for the gold market, the typical trend that continues to play out each year (some years more loosely than others) has been strong performance early in the year, weak to sideways trading in the late spring and during the summer months before returning a strong finish. The key factors attributed to this seasonality include Indian demand driven by the harvest, wedding and festival season; and jewellery demand ahead of the North American holiday season and Chinese New Year celebrations. Interestingly, despite the current bull run in gold since 2001 being driven by increased investment demand, which in theory should not be as exposed to the seasonal fluctuations, the gold price has exhibited its typical seasonal pattern in nine of the past ten years.

Of course the persistent and deepening debt concerns in the US and EuroZone, and the slower than anticipated recovery making QE3 look more and more likely, has aided gold in its earlier than usual upward move.

Based on these historic patterns, mid to late summer has provided an excellent buying opportunity in the precious metals sector with the **gold price returning, on average, 13% between August and the end of the year** over the last ten years. We believe the precious metal equities will continue to offer additional leverage, as has been the case historically, with the HUI index returning, on average, 19% over this same time period.

On the gold equities – In identifying what equities we believe offer the most potential upside assuming a strong gold price for the remainder of the year we looked at various criteria including historic beta to the gold price (Golden Star, Trelawney and Yamana offering the highest beta), NAV sensitivity to a higher gold price (Orezone and Golden Star offering the most operational leverage) and historical stock returns between August and the end of the year (Lake Shore, MAG Silver and Orvana have historically generated the strongest returns).

Based on fundamentals, our top picks at current levels and potential drivers include Eldorado (for its increasing production and declining cost profile), Yamana (for its next wave of growth coming online beginning 2H12), Orvana (for ramping up to production and its exploration potential), Trelawney (for its near surface property with excellent exploration potential), Sulliden (for its growing oxide resource, progressing towards feasibility) and Guyana Goldfields (for moving down the de-risking path and as a potential takeout candidate).

Company	Ticker Primary	Ticker Secondary	Current Price	Target Price (6-12 months)	Dividend Yield	Total Return To Target	Rating
Gold							
Agnico-Eagle Mines	AEM-NYSE	AEM-TSX	US$65.51	US$92.00	1%	46%	Outperform 2
Alacer Gold Corp	ASR-TSX		C$8.58	C$10.40	0%	14%	Market Perform 3
Alamos Gold Inc.	AGI-TSX		C$16.76	C$24.00	1%	62%	Outperform 2
Crocodile Gold Corp.	CRK-TSX		C$0.82	C$1.50	0%	97%	Outperform 2
Detour Gold Corp.	DGC-TSX		C$30.95	R	R	R	Restricted
Eldorado Gold Corp.	EGO-NYSE	ELD-TSX	US$17.75	US$26.50	1%	80%	Strong Buy 1
Geologix Explorations Inc.	GIX-TSX		C$0.48	C$1.10	0%	90%	Outperform 2
Golden Star Resources	GSS-AMEX	GSC-TSX	US$2.80	US$3.65	0%	32%	Market Perform 3
Great Basin Gold Ltd.	GBG-AMEX	GBG-TSX	US$2.19	US$3.90	0%	95%	Outperform 2
Guyana Goldfields Inc.	GUY-TSX		C$7.26	C$15.00	0%	62%	Outperform 2
Kiska Metals Corporation	KSK-TSXV		C$0.84	C$1.80	nm	94%	Strong Buy 1
Lake Shore Gold Corp.	LSG-TSX		C$3.28	C$5.50	nm	49%	Strong Buy 1
Orezone Gold Corp.	ORE-TSX		C$3.44	C$5.45	0%	47%	Outperform 2
Orvana Minerals Corp.	ORV-TSX		C$2.36	C$4.90	0%	87%	Outperform 2
Osisko Mining Corp.	OSK-TSX		C$15.04	C$16.25	0%	25%	Market Perform 3
Sulliden Gold Corporation Ltd.	SUE-TSX		C$1.78	C$3.20	0%	61%	Strong Buy 1
Trelawney Mining and Exploration Inc.	TRR-TSXV		C$5.65	C$6.80	0%	44%	Outperform 2
Yamana Gold Inc.	AUY-NYSE	YRI-TSX	US$13.15	US$19.00	1%	48%	Outperform 2
Silver							
Bear Creek Mining Corp.	BCM-TSXV		C$3.91	C$7.80	0%	93%	Market Perform 3
MAG Silver	MAG-TSX	MVG-AMEX	C$10.84	C$16.40	nm	30%	Outperform 2
Minco Silver	MSV-TSX		C$4.98	C$5.90	0%	18%	Market Perform 3
Pan American Silver	PAAS-NASDAQ	PAA.T-TSX	US$33.13	US$50.50	0%	55%	Strong Buy 1
Silver Wheaton	SLW-NYSE	SLW-TSX	US$38.29	US$50.00	0%	36%	Outperform 2
Silvercorp Metal	SVM-TSX	SVM-NYSE	US$11.37	US$16.80	1%	48%	Outperform 2

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ACTION: BUY THE EQUITIES

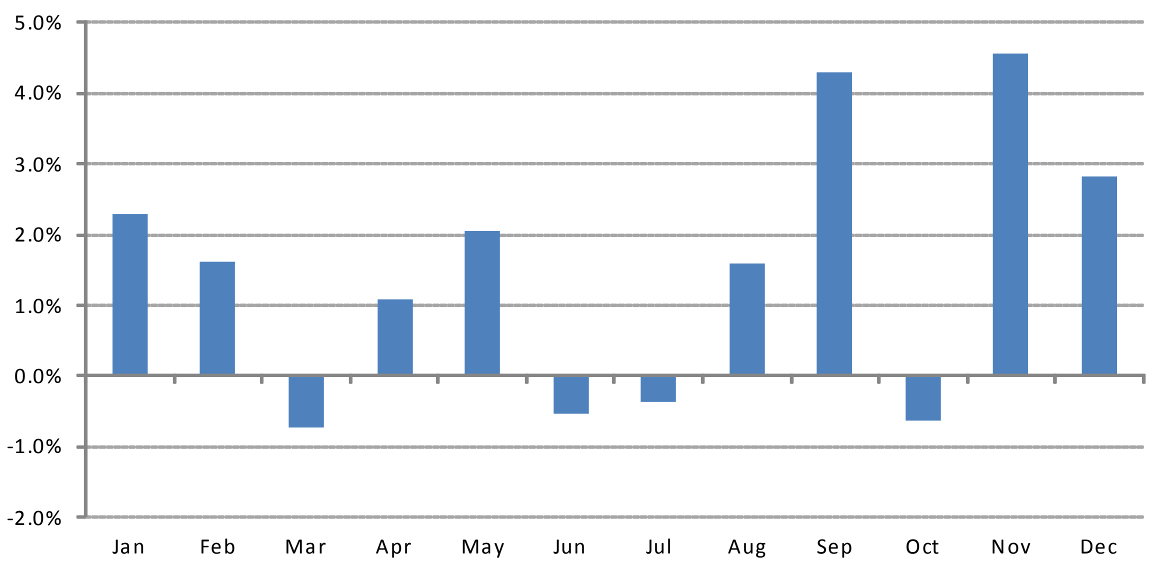
We recommend investors take advantage of the strengthening precious metal prices by accumulating gold and silver equities ahead of the typical fall rally. It is important to note that although costs are increasing across the board, at current levels the gold price appears to be rising at a faster rate. The names we prefer from a risk return perspective include Eldorado, Yamana, Orvana, Sulliden, Trelawney, and Guyana Goldfields.

There is a growing chorus in the market that the gold seasonality trade is no longer relevant. The seasonal fluctuations of jewellery demand have typically been attributed to the summer lull in the gold price followed by a strong finish to the year. However, between 2001 and 2010 jewellery demand has fallen by 30% with investment demand (ETF, Central Bank buying, coins & bars, etc.) not only picking up the slack but pushing the gold price consistently to new highs. Given then, that there appears to be no major influence on the timing of investment demand for gold through the course of a typical year, it is interesting to note that gold seasonality has been much more pronounced in this latest bull run (2001 to 2010) than it was in the 1980s and 1990s.

Weak summer months are typically followed by a strong finish to the year.

There are several points we note on this. First, jewellery demand still made up ~40% of overall gold demand in 2010 and thus remains a major influencing factor on supply-demand dynamics. Secondly, investment demand tends to be lethargic during the summer months in the northern hemisphere with volumes picking up post the summer lull. And finally, the seasonal trend is now so well entrenched that it has perhaps evolved into a self-fulfilling prophecy driving, to some extent, investment demand.

Exhibit 1: Gold Price Month-on-Month Performance 2001-2010



Source: Bloomberg, Raymond James Ltd.

UNDERLYING DRIVERS OF SEASONALITY

Although there are many opponents to the idea of metal price seasonality, it continues to transpire, to some extent, each year. Since 1999, we have experienced 10 clear rallies into the fall with only 2 years where gold remained largely flat. For our analysis however we tend to focus in on the current bull run, from 2001 to present, which has reported this seasonal trend every year but one. Given that the actual weakness in the gold market tends to occur at varying points over the summer months (different each year) it is admittedly difficult to measure using set periods.

Since 1999, we have experienced 10 clear rallies into the fall with only 2 years where gold remained largely flat.

The primary drivers behind weak buying demand in the summer months followed by stronger demand from September onwards include:

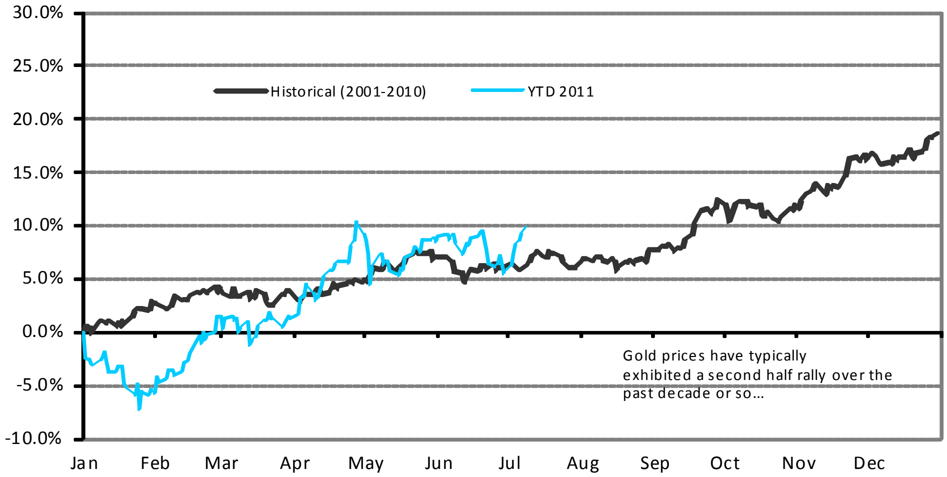
- Various festivals in India – the most important is Diwali, the festival of lights, at which it is considered auspicious to buy gold (Diwali falls on October 26 this year).
- Wedding season in India – the main marriage season is from October to February. Typically daughters are given gold jewellery for both investment and decorative purposes.
- Jewellery demand from Indian farmers following the harvest. Buying tends to be strongest in the last quarter of the year given Indian crops are heavily reliant on monsoon rains between June and September.
- Summer holiday months in North America and Europe typically see a decline in investor demand for gold ("Sell in May, go away"). Interest tends to return in the fall aided by various mining conferences including the Denver Gold forum (September 18-21, 2011).
- Increased jewellery demand ahead of the North American holiday season and Chinese New Year celebrations (Chinese New Year will fall on January 23 next year)

2011 Volatile But Seasonality Intact So Far – Although the gold price has been volatile over the past couple years it has largely followed this familiar trajectory – performing well in the late winter months, weakening in late spring/summer, strengthening again in the late summer/early fall. Of course, ongoing market turmoil could potentially impact the expected strong finish to the year; however, on balance, we would view the current environment as an attractive buying opportunity. Furthermore, we believe long-term fundamentals remain sound with gold outperforming other asset classes in both a deflationary environment (as a hoarding vehicle) or an inflationary environment. We believe, given the unprecedented monetary and fiscal easing, that the ultimate result will be a period of prolonged inflationary pressures in the coming years.

…with many of the equities trading at historically lower multiples we would view this as an attractive buying opportunity.

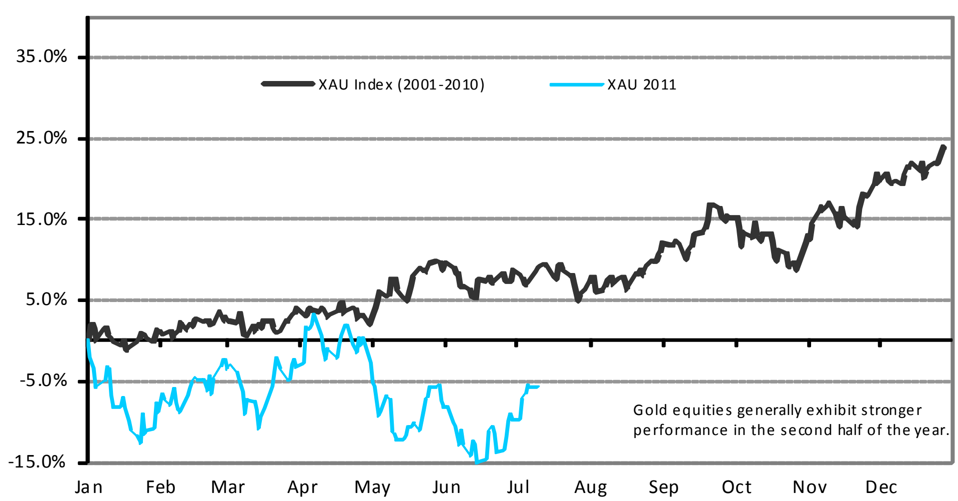
Of course the ongoing concerns over debt issues in the US and EuroZone on top of a slower than expected recovery, likely leading to a third (and maybe more) Quantitative Easing program, makes it hard to say definitively whether or not the gold price is moving on the back of seasonal strength or solely on these other factors. That said, the equities (as set out below) do show a pretty clear indication that funds are beginning to flow back into the gold space.

Exhibit 2: Gold Price Average Cumulative Returns: 2001-2010 vs. 2011 YTD



Source: Bloomberg, Raymond James Ltd.

Exhibit 3: XAU Index Average Cumulative Returns 2001-2010 vs. 2011 YTD

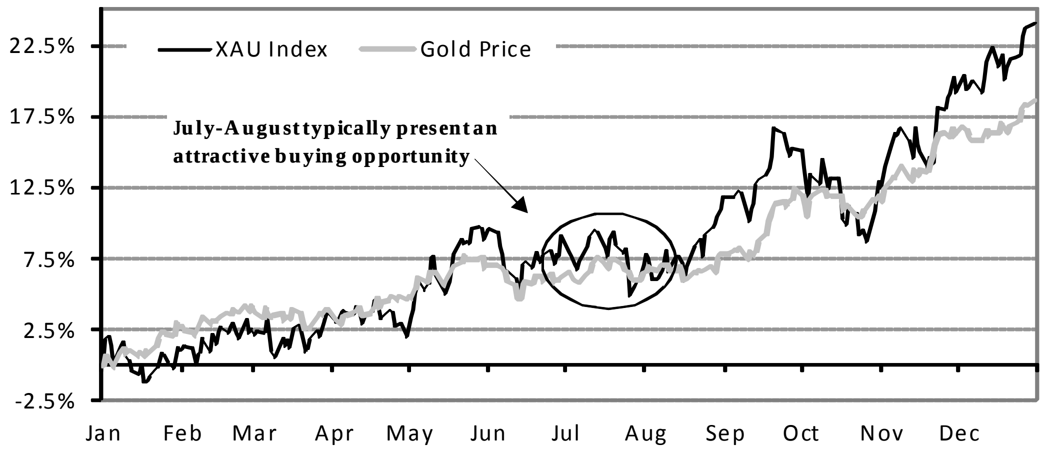


Source: Bloomberg, Raymond James Ltd.

BULLION vs EQUITIES In the Fall Rally – Equities the Winner

If we consider the typical bull market for gold, precious metal equities tend to perform roughly in-line with the gold price for the first half of the year but outperform the gold price in the second half (see Exhibit 4). Although the ETF is a more recent phenomenon and may have reduced some of the premium precious metal equities garner, we believe the current environment provides a favourable backdrop for gold and silver producers. Balance sheets, for the most part, are strong and interest rates remain at historic low levels, although it is our view that producers will need to remain vigilant against rising input costs. In the ongoing strong gold price environment, precious metal equities should be well positioned to continue to expand margins and generate cash flow growth (the primary threats to this are rising input costs and local currency strength).

Exhibit 4: Gold Equities (XAU Index) vs. Gold Price – Average Cumulative Returns 2001-2010

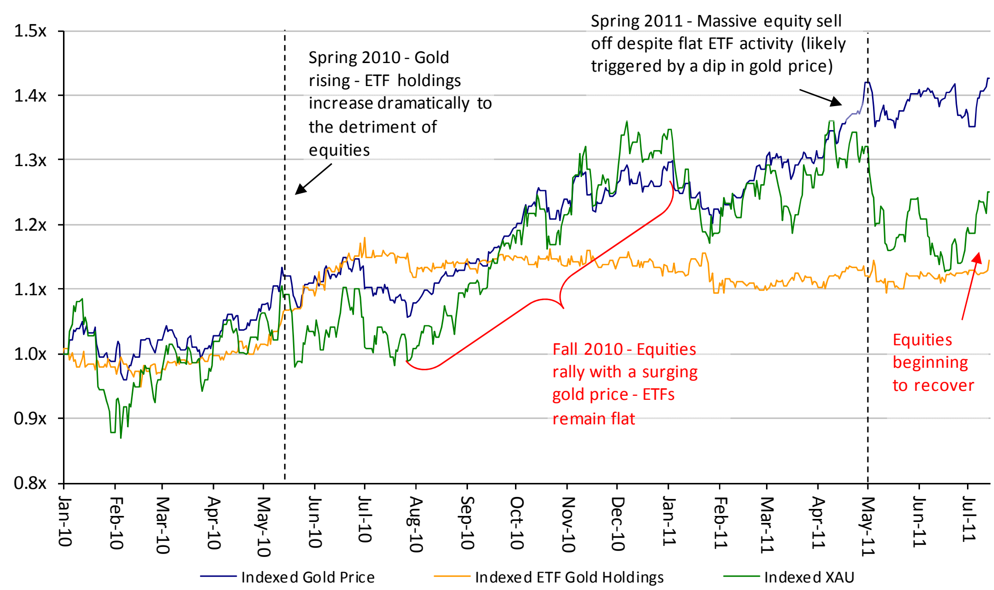


Source: Bloomberg, Raymond James Ltd.

ETF Factor – Much has been made of ETF's influence on gold equities performance. Initially the ETF did not appear to have that much of an influence on the multiples that the equities demanded. However since the credit crisis in 2008, a much different picture has been painted, investors actively began seeking out wealth persevering assets. This is where the ETF appears to have taken permanent residence in investor portfolios, potentially displacing some equities as a way to garner exposure to gold.

In the chart below, we compare gold equities versus the gold price and global ETF holdings since the beginning of 2010 on a relative basis. While equities had generally followed the fluctuations in the gold price from that period, this has not happened in recent months given the continued strength in gold. However, we are seeing signs that equities are on the recovery, as ETF holdings stay relatively flat (of course a number of things are not quantified in the chart below including physical buying and Central Bank purchases).

Exhibit 5: Gold Price vs. XAU vs. Global ETF Holdings (Indexed to Jan-01-10)



Source: Capital IQ, Raymond James Ltd.

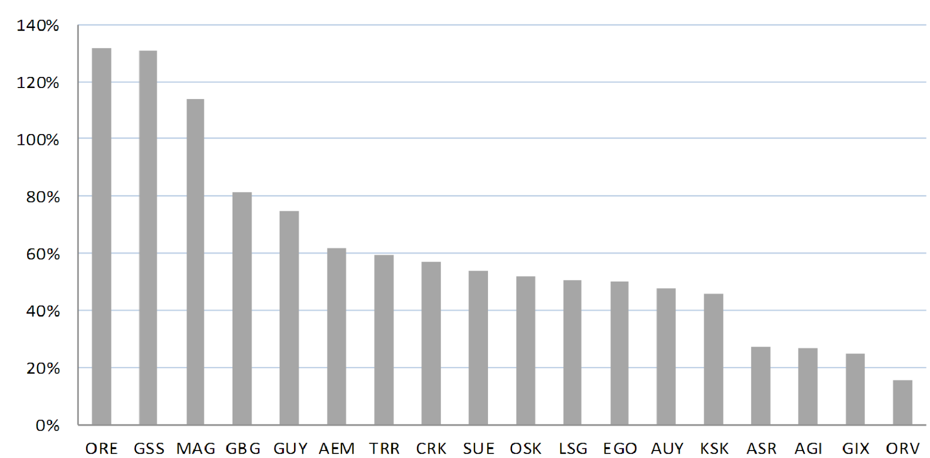
Top Picks – Although the ongoing volatility can be a little disconcerting, we believe investors should accumulate gold and silver equities on dips over the next few weeks, building an overweight position in higher quality names as we approach the end of the summer (appears to be earlier this year). At current levels we recommend Eldorado and Yamana among the larger producers, Orvana in the junior producer group and we continue to recommend a basket approach for developers which we believe should include Trelawney, Sulliden and Guyana Goldfields.

In addition to our fundamental analysis, we also looked at leverage to the gold price from three perspectives - operational leverage (NAV sensitivity to changes in the gold price), share price leverage (beta to the gold price), and historic performance (who has performed the best historically in the end-of-year rally).

Operational leverage – In assessing operational leverage, we reviewed the impact on a company's cash flows at different gold prices. We attempt to capture this through NAV sensitivity analysis, given the NAV is driven by the underlying cash flow from each mine. In the absence of by-products and hedging, it is typically the higher cost producers who offer the most leverage to the gold price. Beyond this, those companies with a flat growth profile should also benefit. However, on the flipside it will be these companies that will be most exposed to a declining gold price.

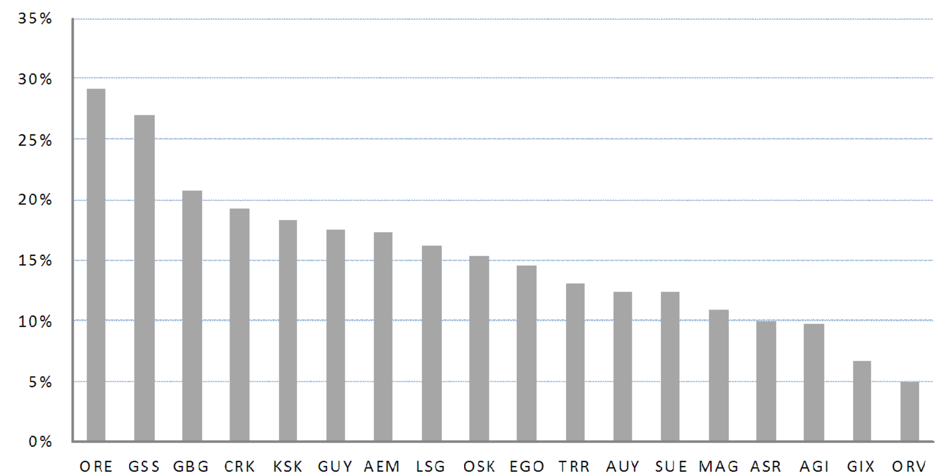
Based on our analysis, Orezone, Golden Star and MAG offer the most operational leverage while Orvana, Geologix and Alamos offer the least (partially due to lower operating cost structures and copper output). As a final caveat, we note that our analysis does not take into account the impact of lowering the cut-off grade due to higher gold prices. Those companies with large open pit operations tend to be the most sensitive to changes in the cut-off grade (Detour, Osisko and Guyana would be examples).

Exhibit 6: **NAV Sensitivities to an Increase to $1,600/oz Flat Gold and $40/oz Flat Silver Prices**



Source: Raymond James Ltd.

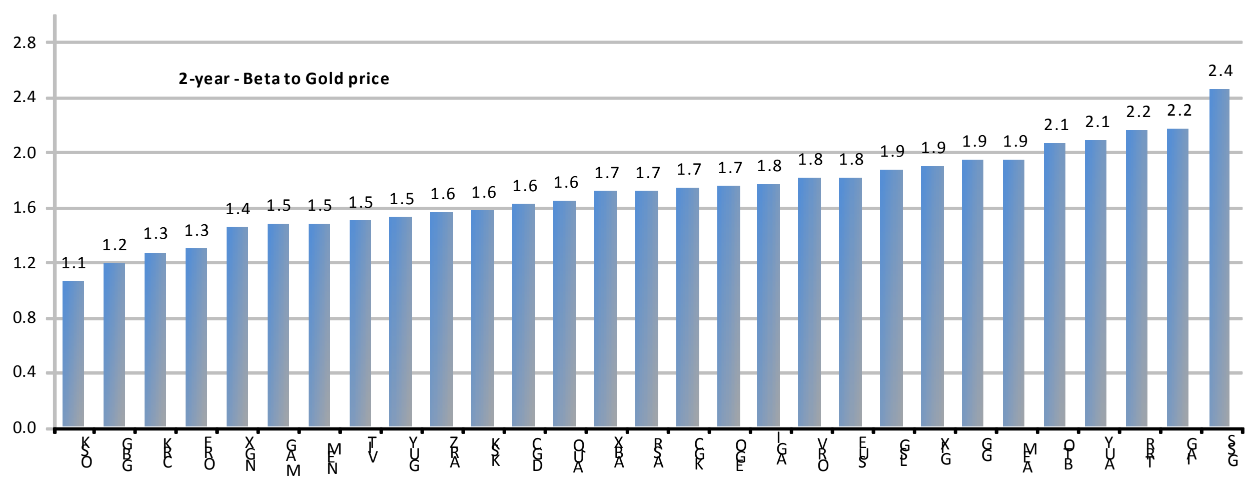
Exhibit 7: NAV Sensitivities to a 10% Increase in Raymond James Ltd. Gold and Silver Price Deck



Source: Raymond James Ltd.

Share price leverage – As shown in the Exhibit below, from a Beta to Gold perspective, Golden Star and IAMGold (IMG-TSX) exhibited above-average Beta to the gold price over the last two years while Osisko and Great Basin have exhibited below-average Beta.

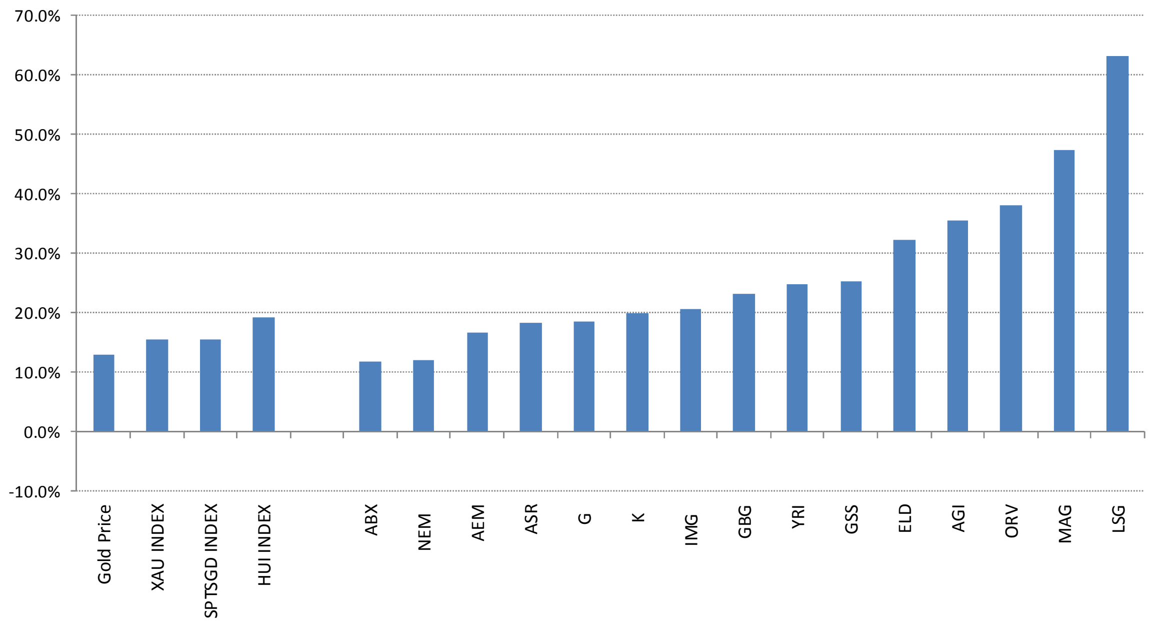
Exhibit 8: 2-year Beta vs the Gold Price



Source: Bloomberg, Raymond James Ltd.

Who has performed best in previous fall rallies? – As part of this exercise we also looked historically at individual stock returns during the end of year rally (August to year-end) between 2001 and 2010. On average over this period, Lake Shore, MAG and Orvana were the best performers while Barrick (ABX-TSX) and Newmont (NEM-NYSE) were the laggards. Although this analysis is backward looking it is interesting that the majority of the equities included below have in fact outperformed gold during the rallies. This is counter to the current general opinion in the market.

Exhibit 9: Average Returns August to End of Year 2001-2010



Source: Bloomberg, Raymond James Ltd.

Top Picks

Eldorado (ELD-TSX, EGO-AMEX) (Strong Buy, US$26.50 target)

- Has emerged as one of the higher quality mid-tier producers with gold output expected to increase over 57% between ’10 and ’13 with low operating costs equating to above average margins and cash flow.

- Ramping up the expansion at its flagship mine, Kisladag, optimizations at its Chinese operations and two commissioning/ramp up stage projects we expect to drive growth at low operating costs.

Yamana (AUY-NYSE, YRI-TSX) (Outperform, US$19.00 target)

- Historically, Yamana’s share price has outperformed during periods of high production growth (2005 – 2008) and has stagnated during periods of flat production (2008 – 2010). Yamana’s next wave of growth is forecast to begin in 2H12 from the C1 Santa Luz, Mercedes, Ernesto/Pau-a-Pique and Pilar projects.

- Yamana is currently trading at the low end of its peer group on a P/NAV and P/CFPS basis.

Orvana (ORV-TSX) (Outperform, C$4.90 target)

- Gold, copper and silver production ramping up at the company’s Don Mario Mine in Bolivia and from El Valle-Boinas/Carles (EVBC) Mine in Spain.

- We expect production of 215,000 oz AuEq in calendar 2012 (110,300 ounces of gold, 665,000 ounces of silver and 27.9 million pounds of copper).

- Excellent exploration upside at EVBC that we believe will translate in to reserve growth and extended mine life.

Guyana Goldfields (GUY-TSX) (Outperform, C$15.00 target)

- Gold developer on the “de-risking path” with feasibility study, minerals agreement, key permits, updated resources, financing and a production decision all expected within the next 8-12 months.

- Also, in our view, a potential take out candidate given its relevant size, low operating costs and relatively low capital requirements.

Trelawney (TRR-TSXV) (Outperform, US$6.80 target)

- TRR’s flagship Cote Lake is a near-surface, open-pittable, 4.2 mln oz deposit with excellent infrastructure in a low political risk jurisdiction (near Timmins, Ontario). We believe Cote is poised to grow (we see potential for >7.4 mln oz) given compelling geophysics and aggressive drilling planned for the remainder of the year.

- We expect Cote drill results at 4-6 week intervals (next batch of in-fill and step-out assays due mid-late July) and an updated resource estimate by year-end 2011E.

- TRR trades at US$132/oz, or US$81/oz RJ modeled reserve, vs. North American gold developer peers at US$94/oz. On a P/NAV (5%) basis, TRR trades at 0.91x vs. our gold developer peers at 0.74x.

Sulliden (SUE-TSX) (Strong Buy, C$3.20 target)

- Share price has come under pressure recently relating to turmoil in Peru – we don't expect any long-term impact on SUE.

- Our positive outlook remains intact and we view recent share price weakness as an opportunity to further add to positions.

- With $40 mln in cash, we believe SUE is well financed to carry out the aggressive 70,000 metre drill program culminating with a feasibility study by year-end.

RAYMOND JAMES PRECIOUS METALS COMPARATIVE TABLE

MARKET STATS

RJ Gold and Silver Comparables
July 14, 2011

	Symbol	Analyst	Trading Currency	Current Share Price	Stock Rating	6-12 mth Target Price	Implied Returns	Basic Shares O/S	FD shares O/S	Market Cap	Cash	Net Debt	EV	Working Cap	NAV	Cash Adjusted P/NAV
	CAD/US					C$/US$	%	(mlns)	(mlns)	(US$mln)	(US$mln)	(US$mln)	(US$mln)	(US$mln)	($/share)	(x)
GOLD - PRODUCERS																
Agnico-Eagle	AEM-T | N	BH	US$	$64.50	O/P	$92.00	43%	168.3	172.9	10858.1	$114.8	$485.2	$11,343.2	$371.1	$38.76	1.66x
Alamos Gold	AGI-T	GB	C$	$17.30	O/P	$24.00	39%	116.7	123.2	$2,018.7	$156.0	-$156.0	$1,862.7	$225.5	$16.66	1.04x
Alacer Gold	ASR-T	BH	C$	$8.60	M/P	$10.40	21%	274.8	295.1	$2,363.2	$20.7	$269.1	$2,608.9	$36.9	$6.81	1.26x
Crocodile Gold	CRK-T	GB	C$	$0.83	O/P	$1.50	81%	309.8	313.6	$257.2	$88.2	-$88.2	$169.0	$90.0	$1.51	0.55x
Eldorado Gold	ELD-T/EGO-N/EAU-ASX	BH	US$	$17.70	S/BUY	$26.50	50%	548.5	551.5	$9,708.4	$356.4	-$292.8	$9,415.7	$296.3	$11.87	1.49x
Golden Star	GSC-T/GSS-A	BH	US$	$2.74	M/P	$3.65	33%	258.5	265.2	$708.3	$184.0	-$59.1	$649.2	$171.2	$2.81	0.98x
Great Basin Gold	GBG-T | A	BH	US$	$2.14	O/P	$3.90	82%	405.9	451.3	$868.5	$39.6	$115.5	$984.0	$6.6	$2.75	0.78x
Lake Shore Gold	LSG-T	BJ	C$	$3.19	S/BUY	$5.50	72%	383.0	402.3	$1,221.9	$92.2	-$81.8	$1,140.1	$68.3	$3.34	0.95x
Orvana Minerals	ORV-T	GB	C$	$2.30	O/P	$4.90	113%	119.0	121.6	$273.8	$23.5	$22.9	$296.7	$15.4	$6.83	0.34x
Osisko	OSK-T	BH	C$	$14.83	M/P	$16.25	10%	381.8	407.7	$5,661.5	$386.7	-$98.9	$5,562.7	$283.1	$10.19	1.46x
Yamana Gold	YRI-T/AUY-N	BH	US$	$12.98	O/P	$19.00	46%	744.9	751.6	$9,668.3	$460.4	$25.0	$9,693.3	$646.6	$11.60	1.12x
Producer Average							**75%**									**1.19x**
																excluding crk, orv
GOLD - DEVELOPERS																
Geologix	GIX-T	GB	C$	$0.49	O/P	$1.10	124%	130.4	143.5	$63.9	$26.6	-$26.6	$37.3	$27.1	$1.21	0.40x
Guyana Goldfields	GUY-T	BH	C$	$7.37	O/P	$15.00	104%	83.4	90.5	$614.6	$67.0	-$67.0	$547.6	$82.2	$11.15	0.66x
Kiska Metals	KSK-V	BJ	C$	$0.83	S/Buy	$1.80	117%	94.6	118.7	$78.5	$25.1	-$25.1	$53.4	$23.7	$4.36	0.19x
Orezone	ORE-T	BH	C$	$3.36	O/P	$5.45	62%	82.9	85.8	$278.6	$61.3	-$61.3	$217.2	$10.0	$4.32	0.78x
Sulliden	SUE-T	GB	C$	$1.79	S/BUY	$3.20	79%	206.3	228.4	$369.2	$48.9	-$48.9	$320.3	$47.5	$2.76	0.65x
Trelawney	TRR-V	BJ	C$	$5.65	O/P	$6.80	20%	122.9	153.8	$694.4	$54.2	-$54.2	$640.2	$52.2	$5.66	1.00x
Victoria Gold	VIT-V	BJ	C$	$0.70	S/BUY	$1.20	71%	276.7	295.9	$207.5	$33.1	-$33.1	$174.5	$40.2	$0.95	0.74x
Developers Average							**77%**									**0.83x**
																excluding gix, ksk
SILVER - PRODUCERS																
Pan American Silver	PAA-T/PAAS-Q	BH	US$	$32.88	S/BUY	$50.50	54%	107.2	108.0	$3,525.6	$360.5	-$360.5	$3,165.1	$433.8	$23.24	1.41x
Silver Wheaton	SLW-T | N	BH	US$	$37.99	O/P	$50.00	32%	346.6	358.3	$13,166	$428.6	-$321.5	$12,844.4	$265.1	$21.95	1.73x
Silvercorp Metals	SVM-T | N	BH	US$	$11.12	O/P	$16.80	51%	174.7	171.6	$1,942.5	$223.7	-$223.7	$1,718.8	$209.3	$7.98	1.39x
Producer Average							**45%**									**1.51x**
SILVER - DEVELOPERS																
Bear Creek	BCM-V	BH	C$	$3.92	O/P	$7.80	99%	92.0	94.4	$363.5	$143.8	-$143.8	$219.7	$131.8	$8.93	0.44x
Minco Silver	MSV-T	BH	C$	$4.92	M/P	$5.90	20%	57.5	63.7	$283.0	$69.5	-$69.5	$213.6	$69.8	$5.87	0.84x
Mag Silver	MAG-T/MVG-A	BJ	C$	$10.79	O/P	$16.40	52%	55.2	59.1	$595.2	$39.8	-$39.8	$555.4	$40.5	$10.62	1.02x
Developer Average							**57%**									**0.76x**

Raymond James Commodity Price Forecasts

Metal/Currency	Spot Prices	2006A	2007A	2008A	2009A	2010A	2011E	2012E	2013E	2014E	2015E	LT
Gold (US$/oz)	$1,587	$604	$697	$873	$973	$1,221	$1,425	$1,450	$1,450	$1,350	$1,100	$1,100
Silver (US$/oz)	$38.29	$11.59	$13.39	$14.99	$14.69	$19.85	$34.52	$35.00	$25.00	$22.50	$17.00	$17.00
Copper (US$/lb)	$4.16	$3.06	$3.24	$3.16	$2.34	$3.42	$4.58	$4.65	$5.00	$4.80	$5.00	$2.50
Lead (US$/lb)	$1.14	$0.58	$1.18	$0.95	$0.78	$0.97	$1.25	$1.24	$1.25	$1.20	$1.25	$0.85
Zinc (US$/lb)	$1.02	$1.48	$1.48	$0.86	$0.75	$0.98	$1.17	$1.35	$1.35	$1.25	$1.30	$1.10

***Notes:**
- Analysts: BH = Brad Humphrey; BJ = Bart Jaworski; GB = Gary Baschuk
- Rating: S/Buy = Strong Buy; O/P = Outperform; M/P = Market Perform; U/P = Under Perform; R = Research Restricted, UR = Under Review.
- EV = Market Capitalization + Net Debt + Minority Interest
- Financial data based on the most recent quarterly reporting
- LOM estimates for developers (production and costs) are based on single development project only
- Sources: Thomson Analytics, Company Reports, RJ Research and Estimates
- nm = Not Material; R = Restricted
- Silvercorp has a March year-end. Accordingly, the above data for Silvercorp is for the following year than what is referenced in each column heading
- Silvercorp's production is attributable only.

Gold and Silvers	Golds	Junior Exploration/Uranium
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Source: Thomson Analytics, Company Reports, Raymond James Ltd.

EARNINGS STATS

RJ Gold and Silver Comparables
July 14, 2011

	Earning Per Share ($/sh)				P/EPS Multiple (x)				Cash Flow Per Share ($/sh)				P/CFPS Multiple (x)			
	2009A	2010A	2011E	2012E	2009A	2010A	2011E	2012E	2009A	2010A	2011E	2012E	2009A	2010A	2011E	2012E
GOLD - PRODUCERS																
Agnico-Eagle	$0.66	$1.78	$2.21	$2.66	97.2x	36.2x	29.2x	24.2x	$1.49	$3.50	$3.84	$5.34	43.3x	18.4x	16.8x	12.1x
Alamos Gold	$0.47	$0.49	$0.53	$0.96	36.8x	35.6x	32.5x	18.0x	$0.90	$0.78	$0.87	$1.35	19.3x	22.2x	19.8x	12.8x
Alacer Gold	($0.25)	($0.27)	$0.43	$0.45	nm	nm	20.2x	19.1x	($0.11)	($0.10)	$0.24	$0.60	nm	nm	36.4x	14.3x
Crocodile Gold	($0.27)	($0.06)	($0.02)	$0.20	nm	nm	nm	4.2x	($0.08)	$0.03	$0.04	$0.26	nm	25.8x	22.8x	3.2x
Eldorado Gold	$0.28	$0.42	$0.55	$0.88	nm	42.0x	32.0x	20.0x	$0.34	$0.65	$0.84	$1.21	nm	27.2x	21.1x	14.6x
Golden Star	$0.02	($0.02)	$0.11	$0.12	nm	nm	25.8x	22.0x	$0.50	$0.41	$0.42	$0.53	5.4x	6.7x	6.5x	5.1x
Great Basin Gold	($0.13)	($0.04)	$0.06	$0.40	nm	nm	35.9x	5.4x	($0.05)	($0.03)	$0.18	$0.44	nm	nm	11.7x	4.8x
Lake Shore Gold	$0.01	($0.02)	$0.13	$0.28	nm	nm	24.8x	11.4x	($0.03)	($0.02)	$0.18	$0.35	nm	nm	18.0x	9.0x
Orvana Minerals	$0.12	($0.02)	($0.07)	$0.89	19.8x	nm	nm	2.6x	$0.17	($0.07)	$0.14	$1.09	13.5x	nm	16.1x	2.1x
Osisko	($0.08)	($0.05)	$0.33	$0.91	nm	nm	45.0x	16.3x	($0.07)	($0.05)	$0.41	$1.10	nm	nm	36.1x	13.5x
Yamana Gold	$0.43	$0.61	$1.01	$1.02	30.4x	21.3x	12.9x	12.8x	$0.70	$1.00	$1.51	$1.47	18.5x	12.9x	8.6x	8.8x
Mid-Tier Average					**-**	**33.8x**	**28.7x**	**14.2x**					**-**	**18.9x**	**19.4x**	**9.1x**
GOLD - DEVELOPERS																
Geologix	($0.13)	($0.04)	($0.02)	($0.02)	nm	nm	nm	nm	($0.02)	($0.04)	($0.02)	($0.02)	nm	nm	nm	nm
Guyana Goldfields	($0.06)	($0.05)	($0.07)	($0.20)	nm	nm	nm	nm	($0.05)	($0.04)	($0.08)	($0.20)	nm	nm	nm	nm
Kiska Metals	($0.29)	($0.17)	($0.13)	($0.12)	nm	nm	nm	nm	($0.23)	($0.20)	($0.13)	($0.12)	nm	nm	nm	nm
Orezone	($0.03)	$0.02	($0.03)	($0.03)	nm	nm	nm	nm	($0.02)	($0.02)	($0.03)	($0.03)	nm	nm	nm	nm
Sulliden	($0.03)	($0.06)	($0.06)	($0.04)	nm	nm	nm	nm	($0.00)	($0.04)	($0.01)	($0.04)	nm	nm	nm	nm
Trelawney	($0.10)	($0.13)	($0.11)	($0.06)	nm	nm	nm	nm	($0.02)	($0.06)	($0.06)	($0.06)	nm	nm	nm	nm
Victoria Gold	($0.10)	($0.03)	($0.01)	($0.01)	nm	nm	nm	nm	($0.03)	($0.02)	($0.01)	($0.01)	nm	nm	nm	nm
Developers Average					**nm**	**nm**	**nm**	**nm**					**nm**	**nm**	**nm**	**nm**
SILVER - PRODUCERS																
Pan American Silver	$0.72	$1.07	$2.52	$3.32	45.8x	30.7x	13.0x	9.9x	$1.69	$2.02	$3.37	$4.55	19.5x	16.2x	9.7x	7.2x
Silver Wheaton	$0.39	$0.80	$1.89	$1.97	nm	47.6x	20.1x	19.3x	$0.53	$0.93	$2.09	$2.16	nm	41.0x	18.2x	17.6x
Silvercorp Metals	$0.25	$0.37	$0.58	$0.57	44.4x	30.0x	19.1x	19.5x	$0.37	$0.55	$0.89	$0.86	30.2x	20.3x	12.5x	12.9x
Seniors Average					**nm**	**36.1x**	**17.4x**						**24.9x**	**25.9x**	**13.5x**	**12.6x**
SILVER - DEVELOPERS																
Bear Creek	($0.15)	($0.20)	($0.14)	($0.09)	nm	nm	nm	nm	($0.09)	($0.21)	($0.15)	($0.10)	nm	nm	nm	nm
Minco Silver	($0.13)	($0.08)	($0.11)	($0.11)	nm	nm	nm	nm	($0.09)	($0.07)	($0.05)	($0.07)	nm	nm	nm	nm
Mag Silver	($0.27)	($0.24)	($0.15)	($0.15)	nm	nm	nm	nm	($0.15)	($0.13)	($0.08)	($0.08)	nm	nm	nm	nm

Source: Thomson Analytics, Company Reports, Raymond James Ltd.

PRODUCTION STATS

RJ Gold and Silver Comparables
July 14, 2011

	Production Gold(000 oz)/Silver (mln oz)				EV/Production (US$/oz)				Total Cash Costs (US$/oz)				LOM Avg. Annual RJ Estimates: Prod'n (000 oz)	EV/Prod'n (US$/oz)	Total Cash Costs (US$/oz)	Initial Capex (US$ mln)	Capex Intensity (/global res) (US$/oz)
	2009A	2010A	2011E	2012E	2009A	2010A	2011E	2012E	2009A	2010A	2011E	2012E					
GOLD - PRODUCERS																	
Agnico-Eagle	490	988	1,079	1,286	$23,162	$11,486	$10,515	$8,822	$413	$471	$538	$452	910	$12,461	$486	-	-
Alamos Gold	179	156	141	222	$10,435	$11,940	$13,192	$8,406	$278	$361	$487	$368	241	$7,735	$392		
Alacer Gold	-	-	313	402	-	-	$8,327	$6,486	-	-	$709	$633	426	$6,130	$501	$707	$47
Crocodile Gold	-	82	90	154	-	$2,066	$1,883	$1,099	-	$1,109	$1,173	$779	107	$1,578	$800		
Eldorado Gold	350	585	629	853	$26,900	$16,087	$14,972	$11,038	$337	$414	$459	$397	931	$10,117	$824	-	-
Golden Star	410	355	329	392	$1,584	$1,829	$1,975	$1,656	$596	$810	$981	$907	410	$1,582	$834	-	-
Great Basin Gold	44	89	190	310	$22,189	$11,106	$5,170	$3,177	$525	$770	$767	$668	263	$3,739	$628	$649	$28
Lake Shore Gold	7.5	44.0	122.6	192.1	-	$25,899	$9,303	$5,935	$511	$864	$585	$585	213	$5,349	$473	$311	$86
Orvana Minerals	63	28	22	102	-	-	$13,765	$2,899	-	-	$798	$472	100	$100	$481		
Osisko	-	-	270	651	-	-	$21	$9	-	-	468	396	577	$9,634	$465	$1,000	$51
Yamana Gold	981	1,026	1,089	1,158	$9,883	$9,448	$8,898	$8,373	$357	$451	$465	$457	1,358	$7,141	$447	-	-
Mid-Tier Average					**$19,268**	**$12,411**	**$9,475**	**$7,543**	**$431**	**$681**	**$677**	**$561**	**$479**	**$5,597**	**$576**		
**Cash cost data for Yamana are co-product cash costs, Orvana are cash costs per equivalent ounce*																	
GOLD - DEVELOPERS																	
Geologix	-	-	-	-	-	-	-	-	-	-	-	-	130	$286	$604	$331	$102
Guyana Goldfields	-	-	-	-	-	-	-	-	-	-	-	-	275	$1,994	$477	$703	$105
Kiska Metals	-	-	-	-	-	-	-	-	-	-	-	-	369	$145	$313	$940	$168
Orezone	-	-	-	-	-	-	-	-	-	-	-	-	333	$652	$732	$602	$134
Sulliden	-	-	-	-	-	-	-	-	-	-	-	-	139	$2,300	$353	$162	$36
Trelawney	-	-	1,730	-	-	-	$0	-	-	-	850	-	409	$1,565	$539	$863	$189
Victoria Gold	-	-	-	-	-	-	-	-	-	-	-	-	109	$1,600	$662	$433	$56
Developers Average																	
SILVER - PRODUCERS													Moz				
Pan American Silver	23.0	24.3	23.2	24.9	$137	$130	$136	$127	$5.53	$5.79	$7.31	$6.39	3.0	$1,059	$5.94	-	-
Silver Wheaton	15.7	20.4	25.5	26.6	$819	$631	$504	$484	$3.97	$3.97	$4.01	$4.01	2.5	$5,107	$4.13	-	-
Silvercorp Metals	3.6	4.1	4.4	5.2	$477	$417	$391	$333	($6.14)	($6.59)	($7.22)	($6.15)	4.9	$348	($2.78)	-	-
Seniors Average					**$595**	**$468**	**$378**	**$358**									
SILVER - DEVELOPERS																	
Bear Creek	0.0	0.0	0.0	0.0	-	-	-	-	$0.00	$0.00	$0.00	$0.00	17.3	$13	$2.71	$489	$0.92
Minco Silver	0.0	0.0	0.0	1.0	-	-	-	$214	$0.00	$0.00	$0.00	$0.00	5.1	$42	$6.64	$137	$0.87
Mag Silver	0.0	0.0	0.0	0.0	-	-	-	-	$0.00	$0.00	$0.00	$0.00	5.0	$111	$3.41	$288	$0.98

Source: Thomson Analytics, Company Reports, Raymond James Ltd.

RESERVE and EBITDA STATS

RJ Gold and Silver Comparables
July 14, 2011

	2P Res'v (mln oz)	EV/ Res'v (US$/oz)	M&I Res'c (incl. 2P) (mln oz)	EV/ Res'c (US$/oz)	Global Res'c	EV/ Global Res'c	EBITDA - ($mln) 2009A	EBITDA - ($mln) 2010A	EBITDA - ($mln) 2011E	EBITDA - ($mln) 2012E	EV / EBITDA (x) 2009A	EV / EBITDA (x) 2010A	EV / EBITDA (x) 2011E	EV / EBITDA (x) 2012E
GOLD - PRODUCERS														
Agnico-Eagle	18.3	$619	27.9	$407	34.7	$327	$188.9	$677.2	$840.6	$1,140.0	60.0	16.8	13.5	10.0
Alamos Gold	2.4	$780	6.8	$274	7.7	$242	$93.8	$113.7	$101.2	$207.3	19.9	16.4	18.4	9.0
Alacer Gold	5.5	$473	14.8	$175	14.9	$173	($21.6)	($37.9)	$111.5	$281.4	nm	nm	23.4	9.3
Crocodile Gold	0.7	$255	3.2	$53	5.3	$32	($17.3)	($10.0)	$11.3	$89.5	nm	nm	14.9	1.9
Eldorado Gold	15.1	$623	21.3	$442	26.7	$353	$183.8	$407.1	$572.5	$883.2	51.2	23.1	16.4	10.7
Golden Star	3.7	$174	5.9	$111	7.5	$86	$163.6	$118.0	$150.1	$161.4	4.0	5.5	4.3	4.0
Great Basin Gold	7.2	$137	13.6	$73	23.3	$42	($54.2)	($16.7)	$77.6	$284.1	nm	nm	12.8	3.5
Lake Shore Gold	0.8	$1,404	1.1	$1,072	3.6	$316	$1.9	($9.6)	$67.6	$142.7	n.m.	n.m	16.9	8.0
Orvana Minerals	1.8	$166	4.8	$62	6.6	$45	$31.5	$3.4	($1.3)	$180.8	9.4	88.3	nm	1.6
Osisko	10.7	$519	11.9	$463	19.4	$283	($24.1)	($26.7)	$236.1	$644.6	nm	nm	23.6	8.6
Yamana Gold	17.6	$551	30.5	$318	40.7	$238	$616.6	$955.6	$1,438.0	$1,512.2	15.7	10.1	6.7	6.4
Mid-Tier Average		**$518**		**$293**		**$181**					**30.2x**	**14.4x**	**13.9x**	**6.2x**
GOLD - DEVELOPERS														
Geologix	0.0	nm	1.5	$25	3.2	$11	($6.3)	($2.7)	($2.7)	($2.7)	nm	nm	nm	nm
Guyana Goldfields	0.0	nm	5.3	$103	6.7	$82	($5.3)	($7.6)	($11.5)	($11.1)	nm	nm	nm	nm
Kiska Metals	0.0	nm	2.2	$24	5.6	$10	($10.6)	($11.6)	($10.9)	($10.9)	nm	nm	nm.	nm.
Orezone	0.0	nm	2.3	$94	4.5	$48	($1.7)	$1.4	($2.4)	($2.4)	nm	nm	nm	nm
Sulliden	0.0	nm	2.4	$132	4.5	$72	($2.6)	($4.4)	($9.7)	($9.8)	nm	nm	nm	nm
Trelawney	0.0	nm	4.0	$162	4.6	$140	($2.6)	($8.9)	($8.0)	($8.2)	nm	nm	nm	nm
Victoria Gold	1.8	nm	4.8	$36	7.7	$22	($10.2)	($6.1)	($2.7)	($3.8)	nm	nm	nm.	nm.
Developers Average		**$136**		**$84**		**$58**					**nm**	**nm**	**nm**	**nm**
SILVER - PRODUCERS														
Pan American Silver	223.7	$14.15	938.2	$3.37	1169.5	$2.71	$177.2	$291.2	$571.4	$643.9	17.9	10.9	5.5	4.9
Silver Wheaton	923.7	$13.91	1307.8	$9.82	1723.7	$7.45	$159.1	$334.1	$737.7	$750.2	80.7	38.4	17.4	17.1
Silvercorp Metals	63.4	$26.86	122.7	$13.86	246.0	$6.92	$51.9	$97.0	$160.0	$160.9	33.1	17.7	10.7	10.7
Seniors Average		**$18.30**		**$9.02**		**$5.69**					**43.9**	**22.3**	**11.2**	**10.9**
SILVER - DEVELOPERS														
Bear Creek	321.2	$0.68	465.8	$0.47	529.6	$0.41	($8.9)	($17.8)	($21.3)	($21.0)	nm	nm	nm	nm
Minco Silver	55.4	$3.82	93.5	$2.26	156.8	$1.35	($4.5)	($4.4)	($6.6)	($6.9)	nm	nm	nm	nm
Mag Silver	0.0	nm	169.4	$3.28	294.2	$1.89	($14.6)	($13.2)	($8.2)	($8.2)	nm	n.m	nm	nm

Source: Thomson Analytics, Company Reports, Raymond James Ltd.

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Ratings and Definitions

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) 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 (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months. Market Perform (MP3) 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 (MU4) 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.

Raymond James & Associates (U.S.) definitions

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.

Raymond James Latin American rating definitions

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.

Raymond James European Equities rating definitions

Strong Buy (1) Absolute return expected to be at least 10% over the next 12 months and perceived best performer in the sector universe. Buy (2) Absolute return expected to be at least 10% over the next 12 months. Fair Value (3) Stock currently trades around its fair price and should perform in the range of -10% to +10% over the next 12 months. Sell (4) Expected absolute drop in the share price of more than 10% in next 12 months.

Suitability Categories (SR)

For stocks rated by Raymond James & Associates only, the following Suitability Categories provide an assessment of potential risk factors for investors. Suitability ratings are not assigned to stocks rated Underperform (Sell). Projected 12-month price targets are assigned only to stocks rated Strong Buy or Outperform.

Total Return (TR) Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.

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.

Rating Distributions

	Coverage Universe Rating Distribution		Investment Banking Distribution	
	RJL	RJA	RJL	RJA
Strong Buy and Outperform (Buy)	75%	55%	60%	16%
Market Perform (Hold)	23%	39%	43%	5%
Underperform (Sell)	2%	5%	0%	0%

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Company Name	Disclosure
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Company Name	Disclosure
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Stock Charts, Target Prices, and Valuation Methodologies

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; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Mining - Risk Factors

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 - Yamana Gold Inc.

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 - 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 - Guyana Goldfields Inc.

Mining is an inherently risky business, key risks include, the political environmental, financing, operational issues and metal price uncertainties. Company specific risks relating to Guyana Goldfields include: 1) infrastructure risks due to operating in a fairly remote area leading to significant challenges including road building/maintenance and logistics, 2) shortage of skilled labour in the country, 3) Dam safety risks pertaining to the proposed (and necessary) river dyke to prevent potential flooding of the open pit operations, and 4) financing risks to fund capital expenditures depending on market conditions.

Risks - Orvana Minerals

- Decline in the Price of Commodities. A drop in the price of gold and/or copper could cause investors and creditors to become disenchanted with the commodities, which would make it difficult for ORV to secure further financing and could hamper future development.
- Resource Risk. Our models are based on NI 43-101 published reserves that contain uncertainties and assumptions of continuity to mineralization, costs, etc. The actual continuity assumed for grade, tonnage and dilution may be different than modeled affecting the results of our model and estimates. Continuing cost pressures could also increase labour and materials, etc changing the economics of the projects.
- El Valle Uncertainties. El Valle is in the midst of start-up and unforeseen issues may arise, although past production should have minimized processing issues associated with the ore types. El Valle also requires de-weighting of the high wall to reduce the risk of failure into the existing tailings. The epithermal mineralization occurs in areas of poor ground conditions which could lead to excessive dilution and failures. Previous companies and Orvana have commenced test stopes to analyze the open stopes through time to ensure the viability of mining and to choose the appropriate mining method. Additionally, the El Valle mine has relatively high water flows which will require constant pumping.
- Political Risk. The Don Mario Mine operates in Bolivia where recent politically-motivated speeches have been made by Evo Morales, Bolivia's President suggesting that some mines may be nationalized. We have assumed a high risk level for the Bolivian operations and applied a 0.5X multiple to the PNAV to address the uncertainty.
- The above risks do not represent a comprehensive list as mining, development and exploration is inherently risky due to a wide range of parameters.

Risks - Sulliden Gold Corp.

Exploration Risk. Our outlook on SUE hinges on continued exploration success at Shahuindo. There is a risk that future drilling yields only weak mineralization and that the deposit does not expand.

Decline in the Price of Gold. A drop in the price of gold could cause investors and creditors to become disenchanted with the commodity, which would make it difficult for SUE to secure further financing.

Resource Risk. Our model assumes an oxide resource of 93.0 Mt grading 0.69 g/t Au or 2.05 Moz Au. There is risk that grades reported from future drilling are lower than the average grade we have assumed for the deposit.

Capital Requirements. The company has sufficient funds to complete its 2010 work program, however further market decline could make it difficult for the company to raise the capital required for project construction.

Surface Rights Acquisition. Sulliden requires additional surface rights to build a mine. The company estimates approximately 1,200 ha are required for the pit, waste dumps, leach pads and plant. The acquisition process is on-going and we believe the company has secured over 700 ha. The ground is primarily used for grazing, so we expect the acquisition by out right purchase and/or land swaps is achievable.

Permits. An Environmental Impact Assessment is required for production. Although preliminary work has been completed (required for the Category II Permit) and baseline studies have commenced, additional detailed studies remain to be completed. Additional permits include Mine Closure Plan, Certificate for the Inexistence of Archaeological Remains, Beneficiation Certificate (required prior to extraction and processing), Water Usage, District and Provincial municipality licenses, construction and operational permits, etc. Any delays or denials would adversely affect the project.

Metallurgy. To date, recoveries have been estimated based on results from bulk samples taken from surface showings across the property. In 2010, eight PQ drill holes were completed to provide metallurgical samples. The results are pending but adverse recoveries would decrease the metal production and valuation of the company.

Risks - Trelawney Mining & Exploration

i) A decline in the price of gold affects the equity resource market independent of commodity; as such, Trelawney may be at risk of not being able to fund future exploration, development or option payments if gold price declines; ii) continued escalation of mining]related capital costs may reduce profitability; iii) political and permitting risk in Canada and other jurisdictions.

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