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November 12, 2007
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All values in U.S. dollars unless otherwise noted.

For Required Disclosures, please see page 21.

Global Gold Outlook

Gold – Returning To A Monetary Standard

Highlights

Investment Strategy: We continue to believe that gold bullion will remain in a bullish upswing over the remainder of this decade. **We believe increasing geopolitical risk, combined with increasing economic uncertainty, should continue to provide incentive for investors to increase their exposure to gold as a safe haven**. We reiterate our case that confidence in the fiat money system's ability to preserve economic value is being shaken, driven by a weakening U.S. dollar, and the metal is clearly gaining credibility among investors as a store of value.

Bretton Woods II; Coming Apart at the Seams: A significant implication of the recent U.S. dollar sell-off and strong performance in gold, is what could happen if the U.S. dollar were to continue to lose its position as the *de facto* base to which many countries tie their currency. In the current Bretton Woods II period, emerging Asian, Latin America and the Middle East countries have created informal links of their currencies to the U.S. dollar, rather than Europe and Japan as in the prior period.

As observed in a recent RBC CM FX Research note[1]: "It was worries about inflationary policies and the fact that monetary policy in the core was too loose for the periphery that triggered the demise of Bretton Woods I. **The late '60s saw first France and then Germany and Britain all start to swap their dollar reserves for gold as they questioned why they should continue to accumulate assets at depressed yields in a currency that was only going to go one way - down**. We may well be witnessing a similar situation today, as spare capacity is increasingly exhausted and price pressures in the emerging world build - the greater the instability in prices, the greater the likelihood of currency realignments."

Fundamental Outlook: Based on our global supply/demand outlook, we continue to forecast favorable supply/demand fundamentals and a tight gold market over the next few years. **With gold at near-record levels, a seasonal quiet period for gold demand in November and a record level of speculative long positions may well be the catalysts for a significant correction in the gold price from the current $835/oz level to the $725/oz to $750/oz range prior to year-end. However, we look for gold to continue to rally into Q1/08, potentially reaching as high as $900/oz in that period**. Given the broad range of investor views on the gold price, we have included an analysis of our fundamental target prices using a $700, $850 and $1,000 per oz gold price at the front end of the forward pricing curve.

Investment Recommendation: We will be reviewing our current gold price assumptions of $730/oz in 2008 and $770/oz in 2009, when we update all our commodity forecasts in early December. **However, at the current $835 per ounce gold price, it appears that the global gold equities are pricing in a long-term gold price range of $750/oz to $775/oz and offer investors an attractive risk-reward, if the spot gold price remains above this range.**

From a fundamental perspective, we continue to favor gold companies with improving production and cost profiles, gold reserve upside, active exploration programs and strong management teams. Gold equities that we believe offer investors a combination of these characteristics include: **Kinross Gold, Goldcorp**, **Lihir Gold, IAMGOLD, Jaguar Mining** and **Anatolia Minerals.**

[1] Bretton Woods II: Coming Apart at the Seams. RBC CM Global FX Strategy Research Note by Russell Jones, November 5, 2007.

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Investment Thesis

As first published on June 28, 2005, we maintain our bullish stance on gold and gold equities and we believe we are in a secular recovery of the commodity. Collectively, our analysis of the strategic, technical, fundamental and foreign exchange disciplines builds a strong case for investing in both gold and gold equities. A shifting investor risk perception, combined with the steady re-allocation of international reserve funds, pension fund assets, compelling technical/FX indicators and positive fundamental demand conditions underpin our thesis.

After a $180/oz run up in the gold price over the past two months, driven in large part by higher oil prices, elevated geopolitical risk and a sharply weaker U.S. dollar, we have a more cautious short-term outlook relative to our last *Global Gold Outlook* publication (August 23, 2007). In the near term, we believe that gold and gold equities could suffer a brief, but sharp correction as a result of:

1) Pre-year-end, seasonal weak demand period begins, in large part driven by India, which consumes 22% of global gold demand, as the Diwali festival of the lights begins;
2) Similar to the trend during the gold price run-up we saw in April and May 2006, we would expect de-stocking of gold by jewelers and holders of physical gold in Asia and the Middle East; and,
3) A sell-off of the record high levels of the Comex speculative long positions.

However, a number of positive macroeconomic factors, that far outweigh any near-term correction, continue to support our view that gold should rally to higher levels in 2008. These factors include:

1) The positive impact on gold and gold equities should the U.S. Fed continue with a rate-cutting cycle;
2) Our view that the U.S. dollar will likely remain under selling pressure, as it loses its position as the *de facto* base to which many countries tied their currency; and,
3) A rebound in seasonal demand with year-end restocking and demand prior to the Chinese New Year early in 2008.

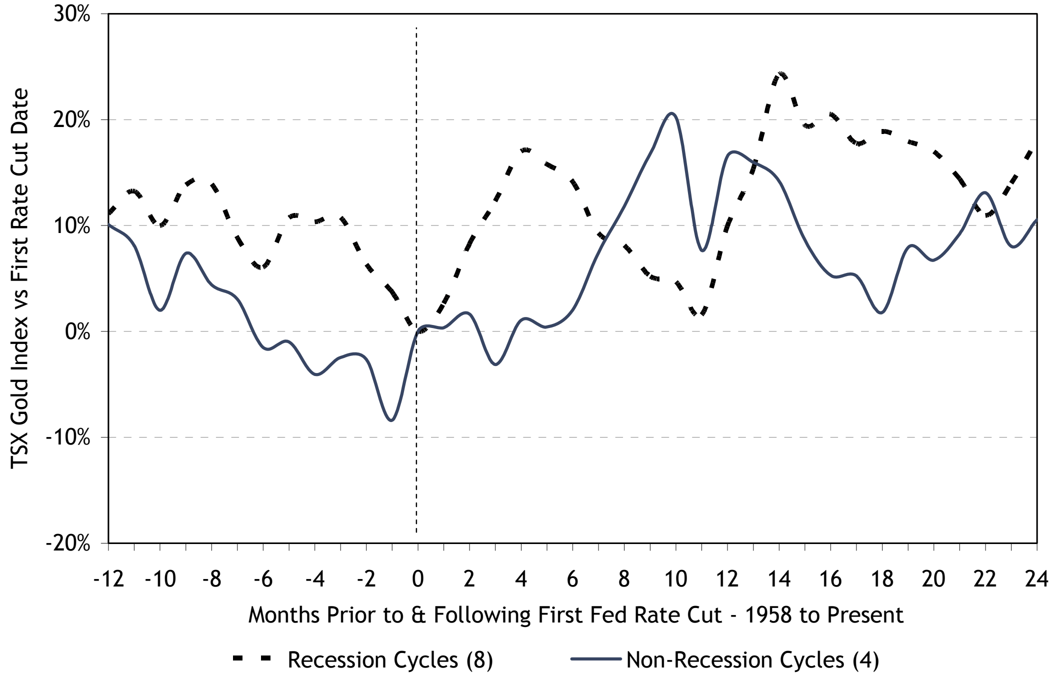
Fed Rate-Cutting Cycle a Key Positive Macro Factor

In response to turmoil in global financial markets due to credit quality and liquidity fears, the U.S. Federal Reserve cut its benchmark discount rate by 50 basis points to 5.75% on August 16, 2007, and we expect a further cut before year-end and possibly additional cuts in 2008.

Exhibit 1 illustrates the change in value of gold equities in the 12-month period before and 24-month period after initial cuts were made to the U.S. fed funds rate. These data cover 12 rate-cutting cycles, eight of which occurred during periods of economic recession, and four in non-recession periods.

Overall, Fed cuts have been a catalyst for strengthening gold equity and gold commodity prices, independent of the prevailing economic conditions at the time. Gold equities have had a significant positive performance in seven of the past 12 rate-cutting cycles, while only underperforming in three of the cutting cycles. We note that the historical performance of gold equities following Fed rate cuts has generally been in-line with the positive performance of the broader equity markets.

Exhibit 1: Positive Effect of Fed Rate Cuts on Gold Equities



Source: RBC Capital Markets

Bretton Woods II; Coming Apart at the Seams

Commodity prices continue to be, broadly speaking, uncorrelated to global market products such as bonds, equities and FX price movements. As published in our previous *Global Gold Outlook* [2], the glaring exception to this is gold's strong correlation with the U.S. dollar. A significant implication of the recent U.S. dollar sell-off and strong performance in gold, in U.S. dollar terms, is what could happen if the US dollar were to continue to lose its position as the *de facto* base to which countries tied their currency.

Pushback on US Monetary Policy: The tendency of certain countries to tie their currencies formally or informally to the U.S. dollar amounted to a system of international finance that has been christened "Bretton Woods II", in reference to the system of fixed exchange rates that prevailed in the 1950s through to the mid-1970s. In the current Bretton Woods II period, emerging Asian, Latin America and the Middle East countries have emerged with informal links of their currencies to the U.S. dollar, rather than Europe and Japan. A tenet of the original Bretton Woods framework was that the monetary policy adopted by the U.S. tended to flow through to the economies of the linked currencies. However, a number of countries, such as the Saudi Arabian Monetary Authority, have been reluctant to follow U.S. monetary easing policy in its attempt to avoid an economic slowdown as fallout from the sub-prime crisis.

Inflationary Effects Could Trigger More U.S. Dollar Selling: As observed in our FX research note [3]: "It was worries about inflationary policies and the fact that monetary policy in the core was too loose for the periphery that triggered the demise of Bretton Woods I. The late '60s saw first France and then Germany and Britain all start to swap their dollar reserves for gold as they questioned why they should continue to accumulate assets at depressed yields in a currency that was only going to go one way - down. We may well be witnessing a similar situation today, as spare capacity is increasingly exhausted and price pressures in the emerging world build - the greater the instability in prices, the greater the likelihood of currency realignments."

[2] Global Gold Outlook: Still Seated at the Bullring. RBC CM Global Equities and FX Research Note, August 23, 2007.
[3] Ibid.

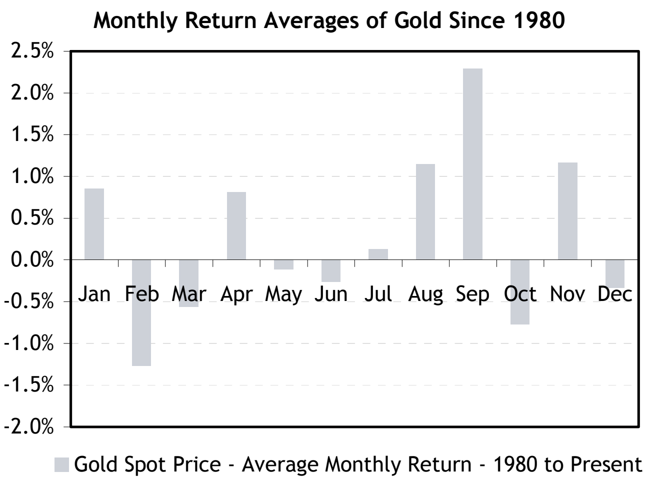
Fundamental Outlook

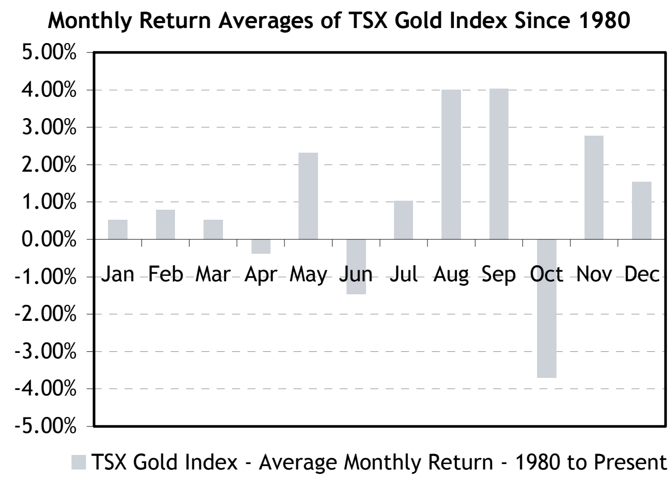
Based on our updated global supply/demand outlook, we continue to forecast favorable supply/demand fundamentals and a tight gold market over the next few years. A seasonal quiet period for gold demand in November, selling by jewelers holding physical inventories and record long speculative gold positions on the Comex may well be the catalyst for a significant correction in the gold price prior to year-end. However, we look for gold to continue to rally into Q1/08, potentially reaching as high as $900/oz in that period.

This Seasonally Weak Period Strengthens by Year-End

We caution investors that we have yet to see seasonal gold price weakness, as per historical trends (Exhibit 2). We believe that the traditional pattern of October gold price weakness may have been deferred by one or two months, possibly as a result of the initial sub-prime market shock in mid-August. We suspect that jewelry demand in India was strong in October, in advance of the Diwali Festival, which began on November 9. In our view, a strong surge in fundamental demand could have exacerbated U.S.-dollar driven gold price appreciation in October. By far the largest gold-consuming country in the world, bullion demand in India tends to decrease significantly once the Diwali festival begins, which we expect could have a negative impact on gold prices over the near term.

Exhibit 2: Historical Season Trends of Gold and Gold Equities





Source: Bloomberg, RBC Capital Markets

Price-Sensitive Consumers Sell into Price Spikes

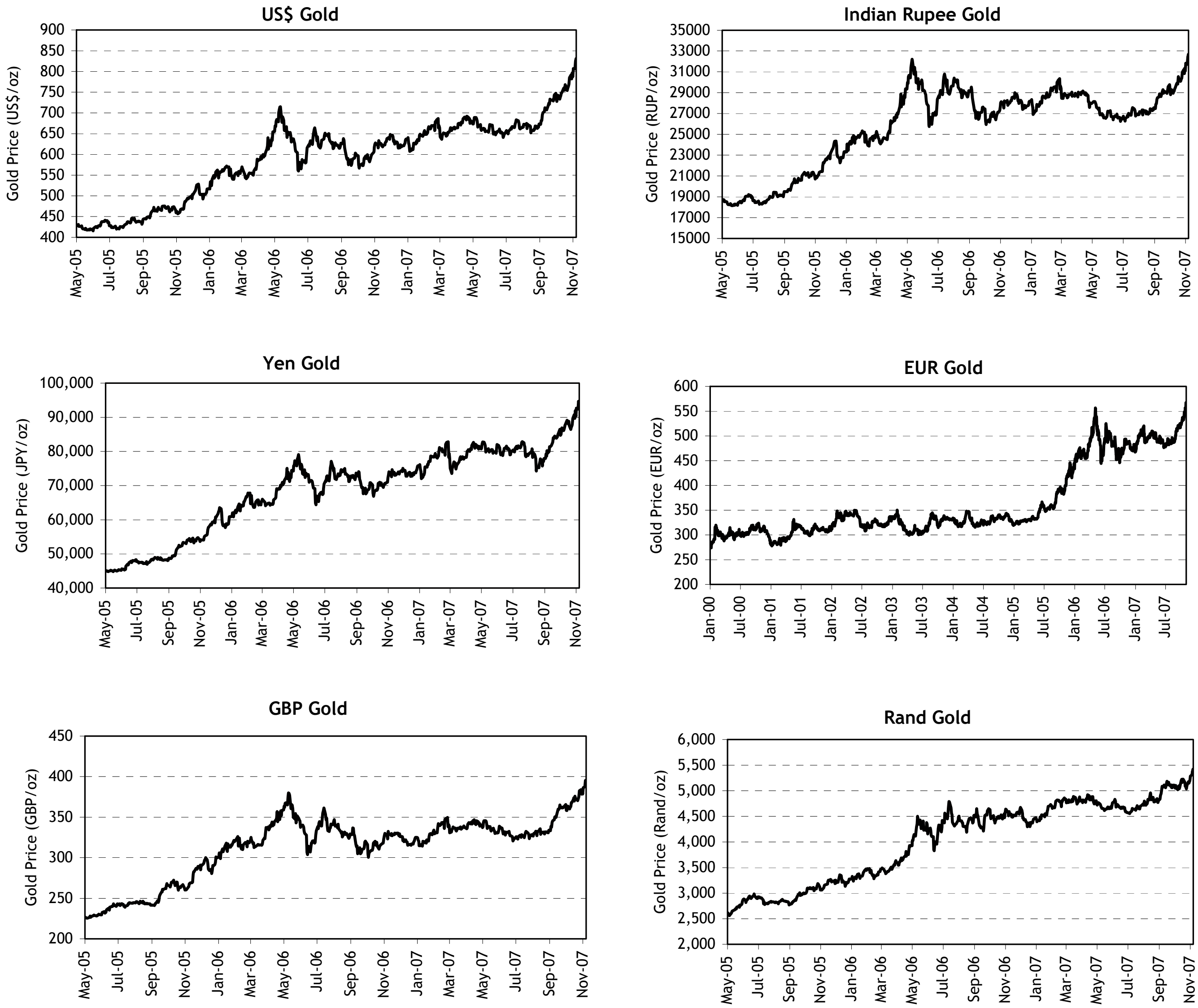
Exhibit 3 shows the appreciation of the gold price across six global currencies since May 2005. Collectively, we believe that these graphs highlight the threat of a near-term gold price correction. In local currency terms, gold prices are at multi-decade highs in countries such as India, which accounts for approximately 22% of worldwide bullion demand[4]. Historically, spikes in domestic currency gold prices in high-consumption countries have often triggered profit-taking and significant selling of inventory, leading to abrupt gold price declines. Furthermore, in very strong gold price environments such as now, it can take months for jewelry manufacturers in countries such as India to make upward adjustments to their gold price expectations. This can effectively delay gold inventory replenishing, further disrupting the near-term supply-demand balance in these countries.

Since the recent low amid global credit fears on August 16, 2007, the gold price has appreciated 28% in U.S. dollar terms. By comparison, gold has increased 26% in yen, 21% in rupee, 20% in pounds, while only 11.2% and 10.2% in rand and Canadian dollar terms, respectively. This further

[4] GFMS – Gold Survey 2007 – April 2007

highlights the near-term threat to gold prices, as the most significant gold price increases over the short term have been reported in the largest gold-consuming countries.

Exhibit 3: Foreign Currency Denominated Gold Price



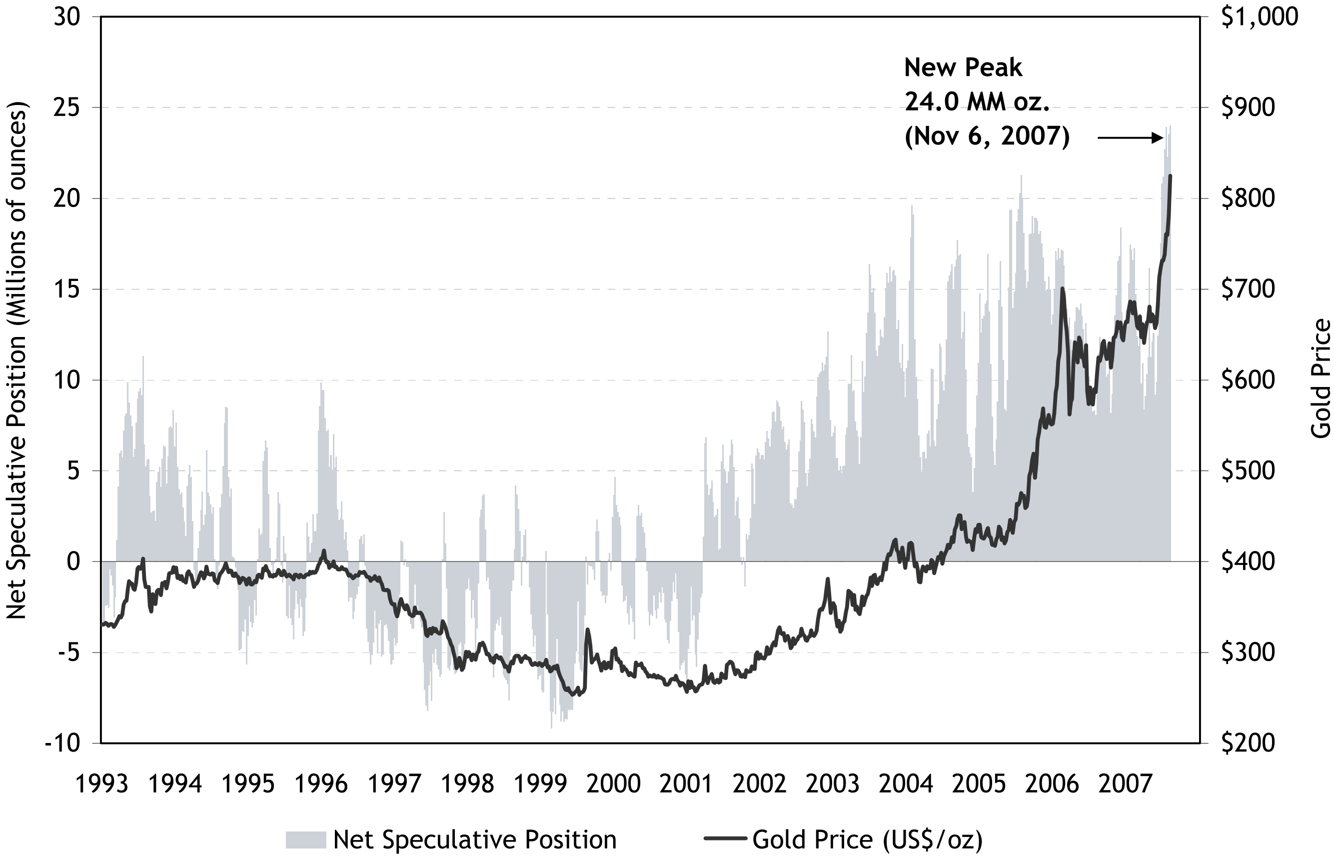
Source: Bloomberg

Comex Speculative Long Gold Positions at Record Levels

Each Friday at approximately 3:30pm (EST), the Commodity Futures Trading Commission (CFTC) releases its Commitment of Traders (CoT) report for various commodities, including gold bullion.

We believe that the gold futures data provide broad insights into the prevailing speculative market sentiment for gold, whereby increases in the net long position indicate bullish market sentiment. However, sustained peaks over a three- or four-week period in the net long position tend to lead to profit taking by speculators and downward pressure on spot gold prices. For the past five weeks in a row, the net speculative gold position has closed above 20 million ounces, a level that had only been breached once previously (October 2005). We believe that the net long position is unsustainable at this level, and we expect to see a sizeable sell-off as speculators look to take profits.

Exhibit 4: Comex Speculative Gold Futures Position



Source: Bloomberg

Investment Recommendations

Gold Commodity Outlook

We continue to forecast a tight gold market, based on our outlook for gold supply and demand, suggesting the current gold price volatility should continue and in part have a dampening impact on consumer demand. In the near term, we expect a near-term correction that may result in gold checking back to the $725/oz to $750/oz level in the fourth quarter before rallying through the previous $845/oz highs to breach $900/oz in early 2008.

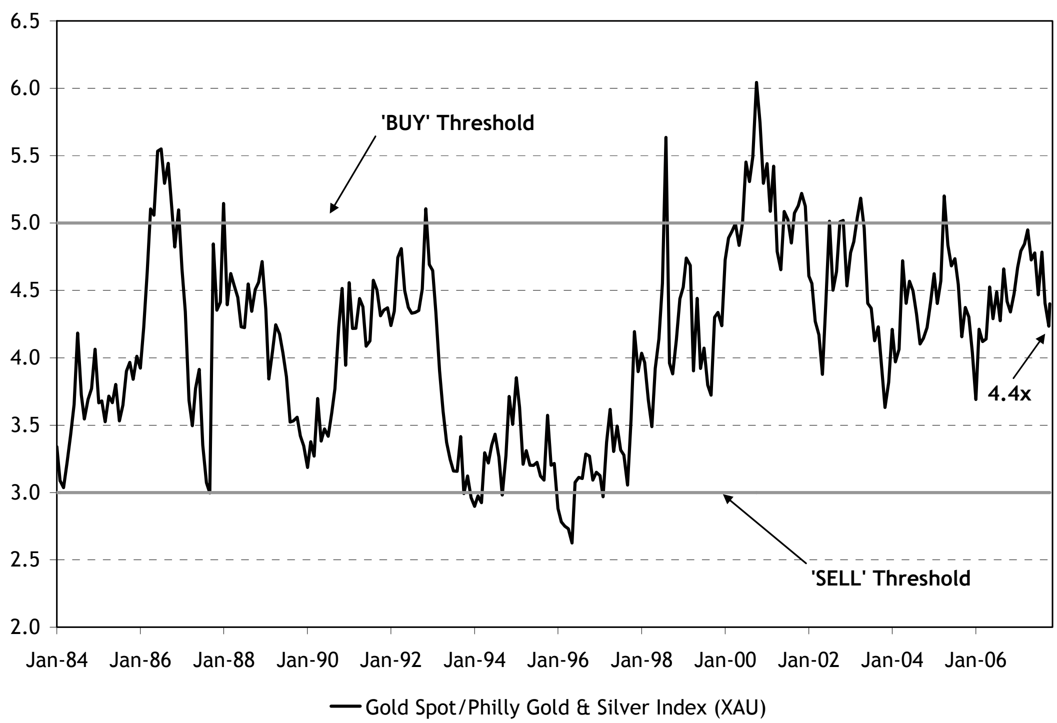
In today's environment of increased risk aversion to paper currencies, coupled with rising income and wealth in China, India and the Middle East, we expect fundamental demand for gold to remain firm, despite relative gold price strength.

Gold Equity Recommendations

We will be reviewing our current gold price assumptions of $730/oz in 2008 and $760/oz in 2009 when we update all our commodity forecasts in early December. However, at the current $835/oz gold price, it appears that the global gold equities are pricing in a long-term gold price of $750/oz to $775/oz and offer investors an attractive risk-reward if we can maintain a spot gold price above that range.

Exhibit 5 shows the ratio of the gold spot price to the Philadelphia Gold & Silver Index (XAU). We believe that investors will be rewarded over the longer term by purchasing gold and gold equities; however, there are times when gold equities look more attractive than the underlying commodity, and vice versa. The ratio of the gold spot price to the XAU is an indicator with a good track record of identifying periods when gold stocks are relatively cheap or expensive compared to gold. When the gold-to-XAU ratio rises above 5.0x, the average one-year holding period return on the XAU index has historically been 40%, offering attractive returns for both generalist and specialty resource fund managers. At the current ratio of 4.4x, we believe the equities are attractively priced; however, we believe a near-term gold price correction would provide an excellent buying opportunity.

Exhibit 5: Gold Price Versus XAU Index



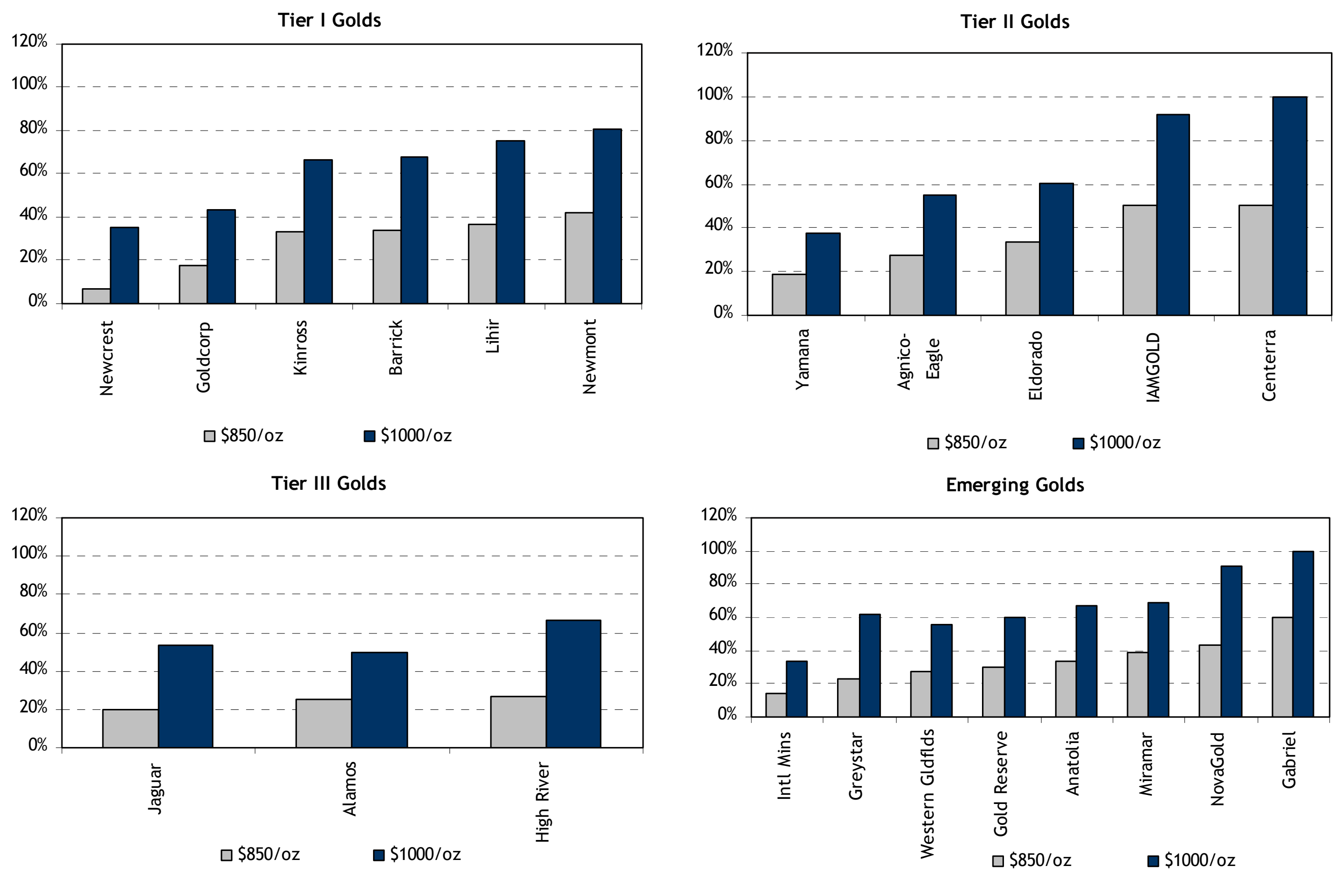
Source: RBC Capital Markets estimates and World Gold Council

We forecast an average gold price of $670/oz for this year, $730/oz in 2008 and $760/oz in 2009, and we expect to review our gold price assumption in early December, with the rest of our commodity assumptions. **However, given the wide range of investor sentiment toward the gold price we are including an analysis showing the upside to our target prices using $850/oz and $1,000/oz at the front end of our forward strip pricing assumptions.**

The following charts summarize our analysis of the percentage upside to our current fundamental target prices, using an $850/oz and $1,000/oz gold price at the front end of the forward pricing curve (Exhibit 6). Among the Tier I, II and II golds, we see the largest potential upside to our target prices for higher cost producers with greater operating leverage. As expected, high-cost producers such as Newmont (Tier I), Centerra Gold (Tier II), IAMGOLD (Tier II) and Alamos Gold (Tier III) show strong leverage to rising gold prices. In the emerging golds, Gabriel Resources, NovaGold and Miramar Mining (currently subject to a friendly takeover offer from Newmont) show the highest leverage, given the leverage to their large gold resource base.

The numerical data for this analysis are included as Appendix 1 of this report.

Exhibit 6: Scenario Analysis – Target Price Upside at $850/oz and $1,000/oz Gold



Source: Bloomberg, RBC Capital Markets

We continue to believe that gold equities provide the best non-derivative investment beta to rising gold prices, favoring gold companies with internal production and reserve growth profiles. We also think direct investments in gold and the various gold ETFs represent important gold investment alternatives.

From a fundamental perspective, we continue to favor gold companies with improving production and cost profiles, gold reserve upside, active exploration programs and strong management teams. Gold equities that we believe offer investors a combination of these characteristics include**: Kinross Gold, Goldcorp, Lihir Gold, IAMGOLD, Jaguar Mining and Anatolia Minerals.** All the companies in our coverage universe are included in the comp tables in Appendix II.

Appendix I: Gold Equities Price Target Sensitivity

	Current Share Price	Current Target at $700/oz	% Increase in Target Price	
			$850/oz	$1000/oz
Tier I				
Newcrest	A$35.85	A$31.00	6%	35%
Goldcorp	$34.76	$39.00	18%	44%
Kinross	$18.77	$21.00	33%	67%
Barrick	$45.44	$47.00	34%	68%
Lihir	A$4.27	A$4.40	36%	75%
Newmont	$54.04	$52.00	42%	81%
Tier II				
Yamana	$13.90	$16.00	19%	38%
Agnico-Eagle	$53.19	$58.00	28%	55%
Eldorado	$6.04	$7.50	33%	60%
IAMGOLD	$9.61	$12.00	50%	92%
Centerra	C$11.04	C$12.00	50%	100%
Tier III				
Jaguar	C$11.20	C$15.00	20%	53%
Alamos	C$5.98	C$8.00	25%	50%
High River	C$2.75	C$3.75	27%	67%
Emerging				
Osisko	C$6.25	R	R	R
Intl Mins	C$5.48	C$5.25	14%	33%
Greystar	C$7.54	C$13.00	23%	62%
Western Gldflds	C$3.47	C$4.50	28%	56%
Gold Reserve	$4.65	$10.00	30%	60%
Anatolia	C$5.75	C$9.00	33%	67%
Miramar	C$6.55	C$6.50	38%	69%
NovaGold	C$19.77	C$21.00	43%	90%
Gabriel	C$1.97	C$2.50	60%	100%

R = Restricted
Source: RBC Capital Markets estimates

Appendix II: RBCCM Global Gold Equity Universe - Comparable Table

Company	Tick	Price Curr	Report Curr	Analyst	Rating	Risk	Price	Target (12m)	Return to Target	52 Wk High	52 Wk Low	NAV/sh Est	P/NAV	Shares (MM)	Mkt Cap (US$M)	AMC (1) (US$M)
Tier I Gold Producers																
Kinross Gold	KGC	USD	USD	SW	O	AA	$18.77	$21.00	12%	$21.30	$9.87	$13.73	1.37x	597	$11,198	$11,412
Goldcorp Inc.	GG	USD	USD	MC	O	A	$34.76	$39.00	13%	$38.11	$21.00	$21.35	1.63x	731	$25,406	$25,911
Newcrest Mining	NCM	AUD	AUD	GB	O	A	A$35.85	A$31.00	-13%	A$35.45	A$20.20	A$15.55	2.31x	453	$14,606	$14,739
Lihir Gold	LGL	AUD	USD	GB	O	AA	A$4.27	A$4.40	3%	A$4.45	A$2.71	A$2.86	1.49x	1,904	$7,319	$7,070
Barrick Gold	ABX	USD	USD	SW	SP	A	$45.44	$47.00	4%	$47.72	$26.94	$26.76	1.70x	865	$39,306	$39,606
Newmont	NEM	USD	USD	SW	SP	AA	$54.04	$52.00	-3%	$56.35	$38.01	$32.79	1.65x	451	$24,372	$25,221
Average									**3%**				**1.69x**			
Tier II Gold Producers																
IAMGOLD Corporation	IAG	USD	USD	MC	O	A	$9.61	$12.00	25%	$10.43	$6.42	$9.74	0.99x	293	$2,817	$2,700
Centerra Gold	CG	CAD	USD	SW	SP	Spec	C$11.04	C$12.00	9%	C$15.47	C$3.16	C$7.38	1.50x	217	$2,517	$2,261
Eldorado Gold Corp.	EGO	USD	USD	MC	SP	A	$6.04	$7.50	24%	$7.16	$3.25	$4.04	1.49x	352	$2,128	$2,074
Agnico-Eagle Mines	AEM	USD	USD	MC	SP	AA	$53.19	$58.00	9%	$59.45	$33.25	$27.50	1.93x	136	$7,229	$6,653
Yamana Gold Inc.	AUY	USD	USD	MC	SP	A	$13.90	$16.00	15%	$15.88	$8.40	$8.56	1.62x	644	$8,953	$8,803
Average									**17%**				**1.51x**			

Source: Company Reports, RBCCM Estimates

RBCCM's gold price forecasts for 2007, 2008,2009 and 2010 are $670/oz, $730/oz, $760/oz and $790/oz respectively. LT price based on gold forward curve.

(1) AMC (Adjusted Market Cap) calculated as market cap plus long-term debt less working capital

Appendix II: RBCCM Global Gold Equity Universe – Comparable Table (continued)

Company	Tick	CFPS				P/CFPS (2)			EPS				P/E (2)			Free CF Yield (3)		ROE
Tier I Gold Producers		**2006**	**2007E**	**2008E**	**2009E**	**'07E**	**'08E**	**'09E**	**2006**	**2007E**	**2008E**	**2009E**	**'07E**	**'08E**	**'09E**	**2007E**	**2008E**	**2007E**
Kinross Gold	KGC	$0.80	$0.58	$1.16	$1.70	32.4x	16.2x	11.1x	$0.47	$0.34	$0.85	$1.27	54.8x	22.1x	14.8x	-0.8%	1.7%	6.6%
Goldcorp Inc.	GG	$1.60	$0.98	$1.78	$2.16	35.6x	19.5x	16.1x	$1.01	$0.46	$1.01	$1.39	75.3x	34.3x	25.7x	-2.8%	1.1%	4.2%
Newcrest Mining *	NCM	A$0.89	A$1.25	A$1.78	A$1.92	28.6x	20.1x	18.7x	A$0.99	A$0.58	A$1.25	A$1.46	61.6x	28.6x	24.5x	-2.5%	-12.5%	13.1%
Lihir Gold (4)	LGL	$0.06	$0.09	$0.15	$0.19	45.1x	25.2x	20.3x	$0.03	$0.07	$0.13	$0.16	56.2x	30.2x	23.7x	-6.3%	1.8%	13.4%
Barrick Gold	ABX	$2.43	$2.28	$3.21	$3.16	19.9x	14.2x	14.4x	$1.41	$1.08	$2.19	$2.20	42.1x	20.8x	20.7x	-0.6%	2.0%	6.5%
Newmont	NEM	$3.65	$3.75	$4.59	$5.36	14.4x	11.8x	10.1x	$1.54	$1.09	$2.08	$2.76	49.4x	26.0x	19.6x	-0.9%	4.6%	-14.4%
Average						**29.3x**	**17.8x**	**15.1x**					**56.6x**	**27.0x**	**21.5x**	**-2.3%**	**-0.2%**	**4.9%**
Tier II Gold Producers																		
IAMGOLD Corporation	IAG	$0.69	$0.52	$0.67	$1.00	18.6x	14.3x	9.6x	$0.41	$0.23	$0.40	$0.67	41.0x	24.1x	14.4x	-1.7%	-5.0%	4.0%
Centerra Gold	CG	$0.44	$0.39	$0.81	$1.12	29.8x	14.3x	10.3x	$0.25	$0.16	$0.41	$0.67	74.8x	28.3x	17.3x	-1.9%	4.5%	4.6%
Eldorado Gold Corp.	EGO	$0.03	$0.22	$0.35	$0.41	27.0x	17.3x	14.9x	$0.03	$0.15	$0.25	$0.31	41.2x	24.0x	19.8x	0.6%	1.0%	12.0%
Agnico-Eagle Mines	AEM	$2.27	$1.76	$2.01	$3.46	30.2x	26.5x	15.4x	$1.34	$1.26	$1.36	$1.96	42.2x	39.3x	27.2x	-3.7%	-1.8%	9.9%
Yamana Gold Inc.	AUY	$0.03	$0.95	$1.28	$1.47	14.6x	10.8x	9.5x	$0.02	$0.75	$1.04	$1.19	18.4x	13.4x	11.6x	1.7%	3.2%	7.8%
Average						**24.0x**	**16.6x**	**11.9x**					**43.5x**	**25.8x**	**18.1x**	**-1.0%**	**0.4%**	**7.7%**

Source: Company Reports, RBCCM Estimates

(2) P/CFPS and P/E multiples higher than 80x excluded from analysis

(3) Free Cash Flow is calculated as: Operating Cash Flow - Debt Repayments - Capex

(4) Adjusted: hedging losses excluded

* Figures are for the year ended June 30

Appendix II: RBCCM Global Gold Equity Universe – Comparable Table (continued)

Company	Tick	Production (000 oz)					Cash Costs (US$/oz) (5)					Reserve (P&P) (6)	Resource (M&I) (6)	AMC/ Rsrv (6,7)	AMC/ Rsrc (6,7)	Resource/ Reserve
Tier I Gold Producers		**2006**	**2007E**	**2008E**	**2009E**	**3YΔ**	**2006**	**2007E**	**2008E**	**2009E**	**3YΔ**	**Oz (000s)**	**Oz (000s)**	**(US$/oz)**	**(US$/oz)**	
Kinross Gold	KGC	1,476	1,583	2,140	2,796	**23.7%**	$319	$357	$308	$294	**-2.7%**	43,000	54,600	$199	$155	1.27x
Goldcorp Inc.	GG	1,726	2,283	2,962	3,383	**25.2%**	$220	$282	$300	$294	**10.1%**	37,020	59,260	$423	$286	1.60x
Newcrest Mining *	NCM	1,530	1,617	1,840	1,842	**6.4%**	$183	$220	$177	$172	**-2.0%**	33,200	55,200	$351	$192	1.66x
Lihir Gold	LGL	651	743	893	1,073	**18.1%**	$397	$362	$300	$286	**-10.4%**	23,600	40,500	$300	$175	1.72x
Barrick Gold	ABX	8,643	8,071	8,213	7,748	**-3.6%**	$282	$348	$346	$358	**8.3%**	123,000	158,000	$232	$180	1.28x
Newmont	NEM	5,870	5,347	5,378	5,578	**-1.7%**	$304	$411	$392	$372	**6.9%**	93,900	112,300	$183	$151	1.20x
Average						**11.4%**	**$284**	**$330**	**$304**	**$296**				**$281**	**$190**	**1.45x**
Tier II Gold Producers																
IAMGOLD Corporation	IAG	638	976	1,030	1,287	**26.4%**	$323	$407	$413	$372	**4.8%**	9,695	21,514	$278	$125	2.22x
Centerra Gold	CG	572	551	716	806	**12.1%**	$386	$426	$345	$313	**-6.7%**	6,923	12,058	$327	$187	1.74x
Eldorado Gold Corp.	EGO	136	280	302	362	**38.7%**	$330	$250	$230	$244	**-9.7%**	6,790	9,224	$306	$225	1.36x
Agnico-Eagle Mines **	AEM	245	229	339	625	**36.6%**	($689)	($394)	$288	$281	**n.m.**	15,739	17,300	$295	$269	1.10x
Yamana Gold Inc.	AUY	294	583	1,246	1,557	**74.4%**	$325	$304	$246	$242	**-9.4%**	15,200	27,700	$579	$318	1.82x
Average						**37.6%**	**$341**	**$347**	**$304**	**$290**				**$357**	**$225**	**1.65x**

Source: Company Reports, RBCCM Estimates

(5) Cash cost per ounce averages exclude negative outliers

(6) Reserves and Resources in gold only, AMC/oz in gold equivalent assuming prices of US$600/oz Au, US$13.00/oz Ag, US$2.75/lb Cu, US$1.90/lb Zn

(7) AMC/oz of reserves and resources higher than US$600/oz excluded from averages

* Figures are for the year ended June 30

** Agnico-Eagle cash cost figures reflect the by-product method for 2006-2007, and the co-product method thereafter as new mines come on-line

Appendix II: RBCCM Global Gold Equity Universe – Comparable Table (continued)

Company	Tick	Price Curr	Report Curr	Analyst	Rating	Risk	Price	Target (12m)	Return to Target	52 Wk High	52 Wk Low	NAV/sh Est	P/NAV	Shares (MM)	Mkt Cap (US$M)	AMC (1) (US$M)
Tier III Gold Producers																
Jaguar Mining Inc.	JAG	CAD	USD	MC	O	AA	C$10.48	C$15.00	43%	C$12.20	C$5.00	C$8.31	1.26x	62	$685	$643
Perseverance	PSV	AUD	AUD	GB	SP	AA	A$0.19	A$0.20	5%	A$0.45	A$0.08	A$0.19	0.99x	890	$152	$242
Alamos Gold	AGI	CAD	USD	SW	SP	AA	C$5.98	C$7.00	17%	C$11.10	C$5.00	C$4.81	1.24x	94	$588	$557
High River Gold Mines	HRG	CAD	CAD	MC	SP	AA	C$2.75	C$3.75	36%	C$3.20	C$1.88	C$2.24	1.23x	296	$853	$1,014
Average									**25%**				**1.18x**			
Emerging Gold Producers																
Anatolia Minerals	ANO	CAD	USD	MC	TP	Spec	C$5.75	C$9.00	57%	C$6.99	C$3.15	$5.86	1.03x	83	$499	$485
Andean Resources	AND	CAD	AUD	PY	O	Spec	C$1.52	C$2.00	32%	C$1.98	C$0.56	C$1.79	0.85x	346	$553	$543
First Uranium Corp	FIU	CAD	USD	AS	O	AA	C$11.13	C$14.00	26%	C$13.36	C$6.49	C$14.30	0.78x	125	$1,458	$1,276
European Goldfields	EGU	CAD	USD	SW	O	Spec	C$5.95	C$8.00	34%	C$6.70	C$3.90	C$7.97	0.75x	178	$1,111	$1,111
Gold Reserve Inc.	GRZ	USD	USD	MC	O	Spec	$4.94	$10.00	102%	$7.61	$3.33	$9.25	0.53x	55	$270	$156
Greystar Resources Ltd.	GSL	CAD	CAD	MC	O	Spec	C$7.54	C$13.00	72%	C$11.00	C$5.92	C$12.17	0.62x	40	$313	$285
Osisko Exploration Ltd.	OSK	CAD	CAD	MC	R	R	C$6.25	R	R	C$7.24	C$2.60	R	R	155	$1,020	$931
Gabriel Resources	GBU	CAD	CAD	SW	SP	Spec	C$1.97	C$2.50	27%	C$5.70	C$1.85	C$2.93	0.67x	255	$527	$328
NovaGold Resources	NG	CAD	CAD	SW	SP	Spec	C$19.77	C$21.00	6%	C$20.44	C$13.82	C$20.77	0.95x	109	$2,271	$2,200
Miramar Mining	MAE	CAD	CAD	SW	SP	Spec	C$6.55	C$6.50	-1%	C$6.62	C$4.04	C$7.38	0.89x	220	$1,514	$1,370
Western Goldfields Inc.	WGI	CAD	USD	MC	SP	AA	C$3.47	C$4.50	30%	C$3.90	C$1.40	$3.62	1.01x	130	$472	$466
Bendigo Mining	BDG	AUD	AUD	GB	U	AA	A$0.30	A$0.35	17%	A$0.86	A$0.26	A$0.32	0.94x	495	$134	$61
International Minerals	IMZ	CAD	USD	MC	U	Spec	C$5.48	C$5.25	-4%	C$6.02	C$4.90	C$6.14	0.89x	125	$717	$669
Average									**33%**				**0.82x**			

Source: Company Reports, RBCCM Estimates

RBCCM's gold price forecasts for 2007, 2008,2009 and 2010 are $670/oz, $730/oz, $760/oz and $790/oz respectively. LT price based on gold forward curve.

(1) AMC (Adjusted Market Cap) calculated as market cap plus long-term debt less working capital

Appendix II: RBCCM Global Gold Equity Universe – Comparable Table (continued)

Company	Tick	CFPS				P/CFPS (2)			EPS				P/E (2)			Free CF Yield (3)		ROE
Tier III Gold Producers		**2006**	**2007E**	**2008E**	**2009E**	**'07E**	**'08E**	**'09E**	**2006**	**2007E**	**2008E**	**2009E**	**'07E**	**'08E**	**'09E**	**2007E**	**2008E**	**2007E**
Jaguar Mining Inc.	JAG	$0.03	($0.14)	$0.51	$1.32	n.m.	21.6x	8.3x	($0.03)	($0.17)	$0.25	$0.84	n.m.	43.8x	13.1x	-12.3%	-7.4%	-10.1%
Perseverance *	PSV	A$0.02	A$0.05	A$0.04	A$0.05	4.0x	5.0x	4.0x	(A$0.02)	(A$0.02)	(A$0.00)	A$0.00	n.m.	n.m.	61.2x	-20%	-12.9%	-27.1%
Alamos Gold	AGI	$0.11	$0.19	$0.38	$0.45	33.4x	16.7x	14.1x	$0.02	$0.06	$0.21	$0.27	n.m.	29.4x	23.1x	1.6%	5.8%	1.9%
High River Gold Mines	HRG	C$0.08	C$0.09	C$0.39	C$0.39	31.6x	7.1x	7.0x	C$0.02	C$0.01	C$0.25	C$0.28	n.m.	11.1x	10.0x	-4.0%	10.1%	0.3%
Average						**23.0x**	**12.6x**	**8.4x**					**n.m.**	**28.1x**	**26.8x**	**-8.8%**	**-1.1%**	**-8.8%**
Emerging Gold Producers																		
Anatolia Minerals	ANO	($0.11)	($0.15)	($0.18)	$0.54	n.m.	n.m.	11.2x	($0.11)	($0.15)	($0.18)	$0.33	n.m.	n.m.	18.5x			
Andean Resources	AND	(A$0.01)	(A$0.03)	(A$0.02)	(A$0.02)	n.m.	n.m.	n.m.	(A$0.01)	(A$0.03)	(A$0.03)	(A$0.02)	n.m.	n.m.	n.m.			
First Uranium Corp **	FIU	$0.00	($0.16)	$0.06	$1.24	n.m.	n.m.	9.4x	$0.00	($0.08)	($0.00)	$1.20	n.m.	n.m.	9.7x			
European Goldfields	EGU	$0.10	$0.26	$0.28	$0.40	23.5x	22.6x	16.1x	$0.03	$0.18	$0.22	$0.32	35.3x	28.8x	20.1x			
Gold Reserve Inc.	GRZ	($0.12)	($0.14)	($0.31)	($0.49)	n.m.	n.m.	n.m.	($0.12)	($0.14)	($0.31)	($0.49)	n.m.	n.m.	n.m.			
Greystar Resources Ltd.	GSL	(C$0.33)	(C$0.30)	(C$0.26)	(C$0.27)	n.m.	n.m.	n.m.	(C$0.33)	(C$0.30)	(C$0.26)	(C$0.21)	n.m.	n.m.	n.m.			
Osisko Exploration Ltd.	OSK	(C$0.05)	R	R	R	R	R	R	(C$0.05)	R	R	R	R	R	R			
Gabriel Resources	GBU	(C$0.05)	(C$0.07)	(C$0.06)	(C$0.04)	n.m.	n.m.	n.m.	(C$0.07)	(C$0.07)	(C$0.06)	(C$0.04)	n.m.	n.m.	n.m.			
NovaGold Resources	NG	(C$0.30)	(C$0.18)	C$0.06	C$0.17	n.m.	n.m.	n.m.	(C$0.33)	(C$0.18)	(C$0.03)	C$0.04	n.m.	n.m.	n.m.			
Miramar Mining	MAE	C$0.01	(C$0.03)	(C$0.01)	C$0.31	n.m.	n.m.	20.9x	C$0.02	(C$0.03)	(C$0.01)	C$0.26	n.m.	n.m.	25.2x			
Western Goldfields Inc.	WGI	($0.11)	($0.13)	$0.12	$0.37	n.m.	29.8x	9.8x	($0.13)	($0.16)	$0.04	$0.17	n.m.	n.m.	21.802			
Bendigo Mining *	BDG	(A$0.03)	(A$0.15)	(A$0.02)	(A$0.03)	n.m.	n.m.	n.m.	(A$0.03)	(A$0.16)	(A$0.07)	(A$0.03)	n.m.	n.m.	n.m.			
International Minerals *	IMZ	($0.00)	($0.04)	$0.01	$0.05	n.m.	n.m.	n.m.	($0.00)	($0.04)	$0.01	$0.03	n.m.	n.m.	n.m.			
Average							**26.2x**	**13.5x**						**28.8x**	**19.1x**			

Source: Company Reports, RBCCM Estimates

(2) Averages exclude outliers

(3) Free Cash Flow is calculated as: Operating Cash Flow - Debt Repayments - Capex

* Figures are for the year ended June 30

** Figures are for the year ended March 31

Appendix II: RBCCM Global Gold Equity Universe – Comparable Table (continued)

Company	Tick	Production (000 oz)					Cash Costs (US$/oz)					Reserve (P&P) (4)	Resource (M&I) (4)	AMC/ Rsrv (4,5)	AMC/ Rsrc (4,5)	Resource/ Reserve
Tier III Gold Producers		**2006**	**2007E**	**2008E**	**2009E**	**3YΔ**	**2006**	**2007E**	**2008E**	**2009E**	**3YΔ**	**Oz (000s)**	**Oz (000s)**	**(US$/oz)**	**(US$/oz)**	
Jaguar Mining Inc.	JAG	38	73	121	216	**78.7%**	$356	$335	$309	$277	**-8.0%**	1,139	2,641	$565	$244	2.32x
Perseverance *	PSV	91	136	190	206	**31.3%**	$345	$372	$441	$428	**7.5%**	1,435	3,849	$168	$63	2.68x
Alamos Gold	AGI	101	107	141	151	**14.3%**	$318	$402	$340	$336	**1.8%**	2,100	3,440	$265	$162	1.64x
High River Gold Mines	HRG	131	163	315	331	**36.3%**	$348	$379	$304	$320	**-2.8%**	2,566	3,865	$375	$253	1.51x
Average						**40.1%**	**$342**	**$372**	**$348**	**$340**				**$343**	**$180**	**2.04x**
Emerging Gold Producers																
Anatolia Minerals	ANO	-	-	-	116	**n.m**	-	-	-	$224	**n.m**	2,797	3,925	$163	$115	1.40x
Andean Resources	AND	-	-	-	-	**n.m**	-	-	-	-	**n.m**	-	534	n.m.	$1,016	n.m.
First Uranium Corp **	FIU	-	-	54	171	**n.m**	-	-	$653	($308)	**n.m**	0	37,139	n.m.	$109	n.m.
European Goldfields	EGU	n.a.	n.a.	n.a.	18	**n.m**	n.a.	n.a.	n.a.	n.a.	**n.m**	9,083	10,645	$43	$36	1.17x
Gold Reserve Inc.	GRZ	-	-	-	-	**n.m**	-	-	-	-	**n.m.**	10,400	12,100	$15	$13	1.16x
Greystar Resources Ltd.	GSL	-	-	-	-	**n.m**	-	-	-	-	**n.m**	-	7,419	n.m.	$38	n.m.
Osisko Exploration Ltd.	OSK	-	R	R	R	**R**	-	R	R	R	**R**	-	8,370	n.m.	$111	n.m.
Gabriel Resources	GBU	-	-	-	0	**n.m**	-	-	-	$0	**n.m**	8,080	11,680	$35	$24	1.45x
NovaGold Resources	NG	-	1	66	94	**n.m**	-	$293	$311	$317	**n.m**	2,640	9,950	$99	$55	3.77x
Miramar Mining	MAE	-	-	-	118	**n.m**	-	-	-	$149	**n.m**	324	5,226	$4,229	$262	16.13x
Western Goldfields Inc.	WGI	-	-	64	159	**n.m**	-	-	$348	$354	**n.m**	2,767	3,869	$168	$120	1.40x
Bendigo Mining *	BDG	-	-	-	-	**n.m**	-	-	-	-	**n.m**	-	-	n.m.	n.m.	n.m.
International Minerals *	IMZ	-	-	8	17	**n.m**	-	-	$157	$186	**n.m**	605	4,554	$933	$133	7.53x
Average														**$87**	**$93**	**4.25x**

Source: Company Reports, RBCCM Estimates

(4) Reserves and Resources in gold only, AMC/oz in gold equivalent assuming prices of US$600/oz Au, US$13.00/oz Ag, US$2.75/lb Cu, US$1.90/lb Zn

(5) AMC/oz of reserves and resources higher than US$600/oz for golds excluded from averages

* Figures are for the year ended June 30

** Figures are for the year ended March 31

Appendix III: Valuation Methodology and Price Target Impediments

Agnico-Eagle Mines

Our $58.00 target reflects a midpoint of 2.0x our NAV estimate and 20.0x our forward CFPS estimate. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. Execution risk is a potential impediment in the medium term.

Alamos Gold

Our target price of C$7.00 per share is derived by applying a 1.3x multiple to our C$ NAV per share. Impediments to our target price being reached could include fluctuations in commodity prices and exchange rates. Furthermore, due to the increasing costs of energy, material and labour, greater than expected mine operating and new project construction costs could adversely affect the share price. The fact that Alamos just began producing at commercial rate presents operational risks.

Anatolia Minerals

Our C$9.00 target reflects a midpoint of 1.25x our NAV estimate and 12.5x our forward CFPS estimate. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, Anatolia Minerals, as with all mining companies, faces challenges finding and replacing mined reserves.

Andean Resources

Our C$2.00 target reflects the average value generated by applying a 1.0x multiple to our base-case and upside NAV estimates. Andean is exposed to a number of risks which could be impediments to our target price. These include; permitting risk, development risk, finance risk and sovereign risk.

Barrick Gold

Our target price of $47.00 reflects a multiple of 1.6x our NAV, and 16.0x our 2008 CFPS estimate. These multiples are in-line with previous peak trading ranges for Barrick and other Tier I producers. Impediments to our target include commodity and currency fluctuations, increasing input costs such as energy and manpower, and the challenge of sustaining its large gold reserve base.

Bendigo Mining

Our A$0.35 target reflects our estimated takeout value of the company. Risks for Bendigo are associated with economic growth, commodity prices, currencies, energy and input costs, shortages of skilled labour and environmental costs. Variations to these and other factors represent risks to our earnings and equity-performance expectations.

Centerra Gold

Our target price of C$12.00 is determined by applying 1.5x and 15.0x multiples to 2008 NAV and CFPS estimates. Impediments to our target price include commodity and currency price fluctuations as well as variations in our operating and capital cost assumptions. The mines are also subject to political and ownership risks.

Coeur d'Alene Mines

Our target price of $4.50 is a 75/25 blend of fair values generated using a P/NAV multiple of 1.25x and forward looking P/CF multiple of 12.5x. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.

Eldorado Gold Corp.

Our $7.50 target reflects a multiple of 2.00x our 2008 NAV estimate and 20.0x our forward CFPS estimate. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.

European Goldfields

Our C$8.00 target reflects a multiple of 1.0x our 2008 NAV estimate. Impediments to our target price include fluctuations in currencies and commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. With properties located in Romania and Greece, the company is exposed to political and sovereign risk. The company is also exposed to exploration and mining risks, as it may not be able to economically recover the contained resource.

First Uranium Corp

Our C$14.00 target reflects a multiple of 1.15x our 2007 NAV estimate. Key price target impediments are execution and commodity price/exchange rate forecast risks.

Gabriel Resources

Our C$2.50 target reflects a multiple of 0.9x our 2008 NAV estimate. Risks in achieving our price target include delays in receiving the EIA, and/or construction permits, delays in acquiring property and completing village relocation and political risk (given the coalition government), and an ongoing need for the company to raise equity for working capital purposes.

Goldcorp Inc.

Our target price of $39.00 reflects the midpoint of fair values generated using a 2.00x P/NAV multiple and 20.0x P/CF multiple, which represent a slight premium to Tier I / II gold producer averages. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. We also consider the shares to have a degree of execution risk, relating to the start-up of new mines.

Gold Reserve Inc.

Our target price of $10.00 reflects the midpoint of fair values generated using a 1.00x P/NAV multiple and 10.0x P/CF multiple, which represent significant discounts to our target ranges for Tier II gold producers (1.5-2.5x P/NAV and 15-25x forward P/CF). Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, Gold Reserve, as with all mining companies, faces challenges finding and replacing mined reserves. Our Speculative Risk (SR) qualifier reflects remaining execution risk to complete financing and construct the Brisas gold-copper mine over the next 24-30 months.

Greystar Resources Ltd.	Our target price of C$13.00 reflects the midpoint of fair values generated using a 1.00x P/NAV multiple and 10.0x P/CF multiple, which represent significant discounts to our target ranges for Tier II gold producers (1.5-2.5x P/NAV and 15-25x forward P/CF). Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, Greystar, as with all mining companies, faces challenges finding and replacing mined reserves. Our Speculative Risk qualifier reflects the lack of a completed feasibility study, and the execution risk relating to the financing and development of the Angostura gold-silver project.
Hecla Mining	Our target price of $12.00 is a 75/25 blend of fair values generated using a P/NAV multiple of 1.75x and forward looking P/CF multiple of 15.0x. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.
High River Gold Mines	Our target price of C$3.75 reflects multiples of 1.25x NAV and 12.5x forward P/CF. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, High River, as with all mining companies, faces challenges finding and replacing mined reserves.
IAMGOLD Corporation	Our target price of $12.00 reflects the midpoint of fair values generated using a 1.5x P/NAV multiple and 15.0x P/CF multiple, which represent a slight discount to Tier I / II gold producer averages. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.
International Minerals	Our target price of C$5.25 reflects multiples of 1.25x NAV and 12.5x forward P/CF. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. The company has above-average execution risk relating to the financing, timing, etc. that investors are exposed to over the next few years as the company looks to transition into an emerging Tier II gold producer.
Jaguar Mining Inc.	Our target price of C$15.00 reflects multiples of 1.25x NAV and 12.5x forward P/CF. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, Jaguar, as with all mining companies, faces challenges finding and replacing mined reserves.
JSC Polymetal	For Polymetal, we apply a 1.0x NAV multiple to derive our price target of $8.40/share. Impediments to our price target include fluctuations in silver and gold prices, fluctuations in the Ruble exchange rate relative to the U.S. dollar, labour shortages, cost inflation, and Russian political risk.
Kinross Gold	Our $21.00 price target reflects a blend of our estimated 16.0x 2008 CFPS and 1.6x our NAV. Impediments to our target price include fluctuations in commodity prices, greater than expected operating and new project construction costs and increasing energy, material and manpower costs. With a key development project located in Russia (Kupol), Kinross has a degree of political risk exposure.
Lihir Gold	Our target of A$4.40 is based on a 1.50x our forward strip NAV and 16.0x CFM in 2008. Impediments to Lihir achieving our forecast earnings and price targets include lower than estimated head grades and gold production in Lienetz, lower realized gold prices, unscheduled deliveries against the hedge book, unscheduled plant breakdowns and increased country risk for Papua New Guinea.
Miramar Mining	Our C$6.50 target reflects a multiple of 0.9x our 2008 NAV estimate. Impediments to our target price include permitting challenges and delays, negative results from on-going scoping studies, and delays to production start-up at the Doris North Project, as well as fluctuations in commodity prices and the US/CAD exchange rate.
Newcrest Mining	Our target price of A$31.00 is based on 1.5x price to forward strip NPV & 17.0x CFM for FY09, Newcrest's first full year as a 100% unhedged producer. We have applied an average risk qualifier to Newcrest reflecting the quality of its asset base – long life, low cash costs and healthy margins - and its location. The main risks to our earnings remain commissioning risk at the Telfer underground, operational risk at Telfer and in particular the grade/recovery/arsenic issue, political risk in Indonesia plus future metal prices and exchange rates and particularly the copper price.
Newmont	Our target price of $52.00 reflects a multiple of 1.4x our NAV, and 14.0x our 2008 CFPS estimate. These multiples are in-line with previous trading ranges for Newmont and other Tier I producers. Risks and impediments to our target price include the challenge of maintaining 8.0 million ounces of annual consolidated gold production, fluctuations in commodity prices and exchange rates, as well as cost over runs and construction delays on development projects.
NovaGold Resources	Our C$21.00 target is based on 1.0x our estimated NAV. Impediments to our target price include the potential for delays in development, difficulty in obtaining financing and control issues with its core properties.
Osisko Exploration Ltd.	Restricted

Ovoca Gold	For Ovoca, we apply a 1.0x NAV multiple to derive our price target of GBP0.21/share. Impediments to our price target include silver and lead price fluctuations, as well as variations in our operating and capital cost assumptions, pending the completion of the Bankable Feasibility Study. The company's assets are primarily located in Russia and are thus subject to further political and ownership risks.
Pan American Silver	Our target price of $43.00 is a 75/25 blend of fair values generated using a P/NAV multiple of 2.0x and forward looking P/CF multiple of 20.0x. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.
Perseverance	For Perseverance, we apply an average of an 5.0x F2008E cash flow multiple (CFM) and a 0.6x P/NPV multiple to derive our price target of A$0.20 per share. We have maintained our target to reflect the current value of the recent offer by Northgate Minerals to acquire Perseverance. We retain our Sector Perform, Above Average risk rating. In addition to risks associated with economic growth, commodity prices, currencies, energy costs, shortages of skilled labour and environmental costs, specific risks to our outlook for Perseverance include operational risks at Fosterville and construction risk for the underground mine. Head grade is a specific risk for the underground operation, but we believe it is not high risk given its shallow depths, lack of rock stresses and use of standard mining methods. Variations in these and other factors represent risks to our earnings and equity performance expectations.
Silver Wheaton Corp.	Our target price of $18.00 is a 75/25 blend of fair values generated using a P/NAV multiple of 2.25x and forward looking P/CF multiple of 20.0x. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.
Western Goldfields Inc.	Our target price of C$4.50 is a 75/25 blend of fair values generated using a P/NAV multiple of 1.25x and forward looking P/CF multiple of 12.5x. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs.
Yamana Gold Inc.	Our $16.00 target is based on 2.0x our estimated NAV and 13.8x our forward CFPS forecast. Impediments to our target price include fluctuations in commodity prices, greater than expected mine operating and new project construction costs and increasing energy, material and manpower costs. In a very competitive environment, Yamana, as with all mining companies, faces challenges finding and replacing mined reserves.

Appendix IV: Gold Equity Valuation Overview

Our favored initial basis of valuation for precious metals producers is a price to net asset value (P/NAV) metric, where NAV is based on a discounted cash flow (DCF) model constructed using our estimates of the parameters of existing or potential mining operations, with corporate assets evaluated separately (and valued separately using a 1.0x multiple). We adopted a gold forward strip approach to forecasting future gold prices, using the current forward strip for gold (as determined by our RBC bullion traders in the U.K.), which is reviewed periodically. Future-year cash flows are then discounted using a base rate of 5%, to which a risk premium is added, depending on the currency and/or political risk to which we consider the company's operating assets to be most exposed. We do not have separate risk adjustments for each individual country in the world, instead classifying our risk premiums as 1.8% (most of the Americas, Australia), 3.0% (Eastern Europe, Turkey, etc.) or 5.8% (South Africa, Russia, etc.). Since gold historically has rarely been in backwardization, our gold forward strip typically inflates gold prices in future periods, and thus we also inflate our operating cost assumptions at each mine. This mining cost inflation rate typically matches the risk premium selected for the company.

We consider P/NAV to be the best valuation metric for much of the gold price cycle, but we argue that a second metric, price to cash flow (P/CF), becomes increasingly important during periods of rising gold prices, as we believe this provides a better metric for identifying both successful growth delivery companies and/or companies with better short-term leverage to rising gold prices.

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