

Denver Gold Forum 2006

29 September 2006

www.ubs.com/investmentresearch

■ Gold Forum focuses on M&A and reserve growth

Sentiment at this year's Denver Gold Forum was decidedly positive with most executives sharing bullish views on the outlook for the metal following the recent pull back in gold price in the weeks leading up to the conference. Themes emerging from the conference included M&A, as current and former Goldcorp chief executives butted heads, and reserve replacement & growth.

■ Silver gets positive air time

The Denver Gold forum also showcased silver. Silver producer executives had an opportunity to present and share positive views on the outlook for the metal. Silver even received a plug from Goldcorp's chief executive, who predicted the price could hit \$20/oz in the next two years.

■ Metal and Index Performance

Precious metals reversed their recent slide, with gold and silver rebounding 4.2% and 5.8%. The equities followed suit, with the TSX Gold Index rising 4.2%. Base metal prices were mixed on the week with nickel (+5%), aluminium (+2.5%) and lead (+2%) posting gains, while copper (-1%) and zinc (-2%) lost ground. Overall metals equities were strong, with the TSX Metals Index gaining 3% this week.

■ Events on the horizon

Alcoa is set to kick off the 3Q reporting season on October 10. For a preliminary reporting schedule see page 10.

Tony Lesiak

Analyst

tony.lesiak@ubs.com

+1-416-814 3697

Brian MacArthur, CFA

Analyst

brian.macarthur@ubs.com

+1-416-350 2229

Craig West

Analyst

craig.west@ubs.com

+1-416-814 3694

Karen Doxsee

Associate Analyst

karen.doxsee@ubs.com

+1-416-350 4863

Top picks

Senior Gold	Goldcorp (Buy 2, PT US\$42.50)
Intermediate Gold	Agnico-Eagle (Buy 2, PT US\$50.00), Eldorado (Buy 2, PT C\$8.00), Yamana (Buy 2, PT C\$15.50)
Silver	Pan American (Buy 2, PT US\$29.50), Silver Wheaton (Buy 2, PT US\$15.00)
Copper	Inmet (Buy 2, PT C\$65.00), Aur (Buy 2, PT C\$25.00), Ivanhoe Mines (Buy 2, PT C\$12.00)

This report has been prepared by UBS
Securities Canada Inc

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 11

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of UBS in the United States can receive independent, third-party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.ubs.com/independentresearch or may call +1 877-208-5700 to request a copy of this research.

Current and emerging themes

- Among the mid-cap gold producers we continue to recommend Agnico-Eagle, Eldorado and Yamana on a risk-adjusted basis. We believe the underperformance by Goldcorp, due in part to disappointment in the price of the bid by Goldcorp for Glamis, is overdone, and are recommending the combined entity. As well, we believe that Silver Wheaton could benefit from new potential silver off-take contracts if the Goldcorp/Glamis deal is completed.
- Among the copper producers we continue to recommend Aur and Inmet among the mid-tiers and also appreciate the risk-reward profile offered by Ivanhoe Mines.

Top picks

Senior Gold	Goldcorp (Buy 2, PT US\$42.50)
Intermediate Gold	Agnico (Buy 2, PT US\$50.00), Eldorado (Buy 2, PT C\$8.00), Yamana (Buy 2, PT C\$15.50)
Silver	Pan American (Buy 2, PT US\$29.50), Silver Wheaton (Buy 2, PT US\$15.00)
Copper	Inmet (Buy 2, PT C\$65.00), Aur (Buy 2, PT C\$25.00), Ivanhoe Mines (Buy 2, PT C\$12.00)

Insights from the Denver Gold Forum

As one would expect, this year's Denver Gold Forum saw a number of bullish comments made about the precious metal. In the two weeks leading up to the conference, the price of gold fell below the US\$600/oz mark, mainly on a rallying U.S. dollar and falling oil price. In their presentation on Wednesday, September 27th, Newmont Mining's top two executives spent some time talking up the precious metal. "It's the 1970's story all over again," said Newmont President Pierre Lassonde, referring to gold's meteoric rise three decades ago when oil embargoes, inflation and other economic malaise sent the price of gold over \$800 per ounce. "Just take that song sheet, it's the same one, different words, that's all," he told the Denver Gold Forum. Despite a recent blip in the gold price, which saw it slip to \$580 per ounce after hitting a quarter-century high of \$730 in May, it has rallied in recent weeks and went through the \$600 barrier again on Wednesday (Reuters).

As expected, bullish comments were made on the price of gold

Several themes emerged from this year's conference. The first was touched on by Rob McEwen, former CEO of Goldcorp, as he voiced his opposition of the Goldcorp/Glamis merger proposed by his successor, Ian Telfer. McEwen spent some time deriding mining executives for "growing for growth's sake, instead of focusing on creating value for shareholders", and stated that increased alignment of executive and shareholder interests could be achieved with a greater level of executive/board ownership in company shares. Countering Mr. McEwen, Mr. Telfer and other mining executives currently engaged in M&A activities focused on the positive aspects of their proposed transactions and the benefits to shareholders that would be realized. M&A in the gold sector have been heating up recently with the announcement of several deals including IAMGOLD's friendly acquisition of

M&A theme – to merge or not, debated

Cambior and Yamana's friendly acquisition of Viceroy, in addition to the Goldcorp/Glamis combination. A majority of company presentations that took place during the conference addressed the M&A topic and many questions (would you acquire?, what type of company?, are you a target?) were fielded by executives.

A second theme from the conference, though largely related to the first, was reserve replacement and growth. Executives at many leading gold companies highlighted that the replacement of reserves as a key issue facing gold companies today. As industry leaders have grown in size, pushing record production levels, replacing the depleted ounces has become more difficult, particularly after many years of underinvestment. Many companies discussed the prospective nature of their land holdings, and outlined the extensive exploration plans that would be carried out. Executives we spoke with agreed that the availability of exploration drilling equipment and contractors, and retention of exploration geologists were key limiting factors. Those companies engaged in M&A championed the increase in reserves and resources that their respective acquisitions would bring. Freeport-McMoRan chief executive Richard Adkerson tied themes together, stating, "Consolidation reflects not only higher prices in base metals and oil, but the underlying fact that it is more difficult to find new resources...exploration is tough."

[The search for new ounces – found or acquired](#)

At North America's major annual gold industry conference, much of the discussion was also about silver, and how the price of bullion's "less attractive rival" could climb even higher. "I think silver will be potentially more explosive than gold," Ian Telfer, chief executive of Goldcorp told Reuters during the Denver Gold Forum. Telfer, who said he was "really bullish" on silver, predicted the price could hit \$20 per ounce in the next two years. We note Mr. Telfer may be somewhat biased given Goldcorp's 57% stake in Silver Wheaton (US\$2.1Bn mkt cap). Phil Baker, chief executive officer of Hecla Mining, agreed stating, "There will be volatility, but we will see the silver price generally rise in the \$15-\$20 range and stay in place for the next four to five years." Silver, which hit a 23-year high in April of \$13.38 per ounce, was selling on Monday for around \$11.30. Telfer shared his views on silver's change in fortunes stating, "The difference between silver and gold is that silver gets used up, gold doesn't. Gold just gets moved around, whereas silver gets used up so inventories of silver are low" (Reuters). We broadly agree with the comments made by Mr. Telfer and believe that the available stocks of silver are much lower than gold, relative to market size.

[Gold executives also positive on silver](#)

News this week

Company news

On Wednesday, September 27th, IAMGOLD announced an updated independent resource estimate for its 100% owned Quimsacocha gold deposit in Ecuador. The update increases the indicated resource by 21% from 2.8Moz to 3.4Moz. Drilling for the remainder of the year is expected to focus on prospective targets outside the known resource. IAMGOLD expects to start work on a pre-feasibility study for the project shortly with completion expected in late 2007.

[IMG's Quimsacocha resource grows](#)

On Wednesday, September 27th, Silver Wheaton announced that it would receive a right of first refusal for the purchase of the future silver production from the Peñasquito Project from Goldcorp Inc., upon the successful completion of Goldcorp's acquisition of Glamis Gold Ltd. Located in Mexico, Peñasquito is 100% owned by Glamis and could possibly produce up to 25 million ounces of silver per year, as soon as late-2009. Under Silver Wheaton's existing Luismin agreement with Goldcorp, Silver Wheaton is entitled to purchase a 49% interest in production, development or exploration properties acquired by Goldcorp in Mexico until October 15, 2007. In exchange for waiving this right, Goldcorp has agreed to negotiate exclusively with Silver Wheaton, for a period of 180 days from the date of Goldcorp's acquisition of Glamis, for the potential purchase by Silver Wheaton of a portion of the future production of silver to be mined from the Peñasquito Project. If the parties are unsuccessful in signing an agreement, Silver Wheaton would still retain a right of first refusal on any future silver purchase agreements based on the Peñasquito Project, as long as Goldcorp maintains at least a 20% interest in Silver Wheaton. As Silver Wheaton currently produces ~15M oz per year, we believe that acquiring even a portion of the large Peñasquito silver stream would be significant for the company.

[SLW gets rights for large Peñasquito silver stream upon completion of GG/GLG combination](#)

Trends and events affecting commodities

A major use of nickel is in the production of stainless steel and strong production growth of this material goes a long way to explain current high prices of nickel. World stainless steel production was at a record high in the first half of 2006, boosted by additional output in China, industry group the International Stainless Steel Forum (ISSF) reported earlier this week. Production was 13.9Mt in the first six months, up 6.5% on the first half of 2005, the ISSF said. China became the world's biggest producer of stainless in the period, the ISSF said, with its output increasing by 44% on the first six months of 2005. "China produced 2.3Mt of stainless crude steel in the first half of the year and is now the leading stainless steel producing country in the world. The strong increase in production is partially caused by new capacities coming on stream this year," it said. Stainless production in central and Eastern Europe rose by 24% to 184kt, mainly due to big increases in Russia. Meanwhile, output in the Americas increased by 7.4% to 1.6Mt and in Western Europe/Africa by 3.5% to 5Mt. Most of the additional steel was made in the second quarter of the year - 7.3Mt vs 6.6Mt in Q106.

[Global stainless steel output at record highs](#)

The union at Teck Cominco's Highland Valley copper mine, which has set a Sunday strike deadline, said its members are being told to prepare the facility for a work stoppage. "Members at the mine have reported they are being directed to shut down production lines, empty mills, and only waste ore is being hauled," Richard Boyce, president of United Steelworkers Local 7619 said in a statement. The union that represents about 800 workers at the mine in Logan Lake, British Columbia, has complained the company's wage and benefit offers do not share the benefits of high copper prices after years of using low prices to hold down wages. The company has declined to comment on the issues being discussed or the tone of the negotiations. A provincial mediator has asked the sides to return to the bargaining table on Saturday, but the union says that its members will walk off the job at 12:01 a.m. local time on Sunday if no agreement is reached. The United Steelworkers said the preparations at the mine for a shutdown showed Vancouver-based Teck was not interested in bargaining a settlement. Highland Valley, a high-volume but low-grade mine, produced 179,000 tonnes of copper last year along with some molybdenum. It is Canada's largest copper mine and is estimated to produce about 1 percent of world supply. About 80 percent of the production is shipped to Vancouver for export to the Pacific Rim with the rest shipped to facilities in North America. The company and union came to the brink of a strike in 2004, but reached an agreement less than an hour before workers were set to walk off the job.

Union prepares for strike at Highland Valley copper mine

Commodity moves

Table 1: LME commodity prices

	Price	1 week	1mo	3mo	1 year	Highs		Lows	
						30 Day	3 Month	30 Day	3 Month
Gold (US\$/oz.)	\$603.00	4.2%	(1.7%)	(1.7%)	30.0%	\$637.75	\$663.25	\$573.60	\$573.60
Copper (US\$/lb.)	\$3.40	(1.3%)	1.2%	1.0%	89.2%	\$3.66	\$3.72	\$3.30	\$3.23
Silver (US\$/oz)	\$11.66	5.8%	(4.0%)	9.0%	60.4%	\$13.15	\$13.15	\$10.70	\$10.52
Aluminum (US\$/lb.)	\$1.17	2.5%	6.0%	(0.6%)	39.8%	\$1.19	\$1.19	\$1.08	\$1.08
Nickel (US\$/lb.)	\$14.02	4.9%	(5.8%)	38.4%	129.0%	\$14.88	\$15.97	\$12.09	\$10.13
Zinc (US\$/lb.)	\$1.52	(2.3%)	2.1%	3.6%	139.0%	\$1.69	\$1.69	\$1.43	\$1.39
Lead (US\$/lb.)	\$0.64	1.7%	16.4%	43.1%	42.5%	\$0.65	\$0.65	\$0.54	\$0.45
AVERAGE		2.2%	2.0%	13.3%	75.7%				

Note: Prices as at close September 28, 2006

Source: UBS

Global commodity commentary (John Reade, Precious Metals Strategy, UBS Limited & Robin Bhar, Base Metals Strategy, UBS Limited)

Metals are likely to remain largely rangebound but supported by inventory declines, tight supply (as evidenced by tightening nearby spreads) and anticipation of a pick-up in physical demand as the seasonally strong Q4 gets underway. Fresh fund allocations are also expected with the start of a new quarter which should help to offset the absence of Chinese players all next week for a national holiday. Both copper and aluminium inventories at the Shanghai Futures Exchange dropped sharply this week, as consumers sought metal to tie them over the holiday period. On balance, we still see risk remaining on the upside against a background of still healthy economic expansion and strong supply/demand fundamentals. As

Q4 advances we shall be monitoring closely physical premiums, inventories, scrap prices and the LME/Shanghai arbitrage (inter alia) for indications that physical demand has returned after the summer slowdown.

Gold has rallied and hit our one-month target of \$600/oz although has made little ground above that level and is a long way below our three month target of \$640/oz. Higher oil prices and firm base metals have helped gold rally although the generally strong greenback has given little assistance to the metal and oil and the dollar will remain important external influences on the gold market for the foreseeable future. Within the gold market physical demand remains very strong from India although buying does taper off above \$605/oz; other Asian physical demand has slowed somewhat. On the negative side, there has been no let-up in volumes changing hands at the London fixings; we had expected a slowing of volume at the fixes following the end of the second year of the Central Bank Gold Agreement but this has not happened, at least not so far. We remain positively disposed towards gold and the other precious metals although short term direction is hard to call at the moment.

Table 2: Change in LME stocks

LME stocks (t)	Sep-21 through Sep-28			
	Open	Ending tonnes	1w chg	1y chg
Copper	123,325	121,375	-1,950	34,325
Aluminum	698,900	686,475	-12,425	176,675
Nickel	6,078	5,562	-516	-7,746
Zinc	150,225	142,200	-8,025	-490,950
Lead	66,200	62,500	-3,700	20,975

Source: London Metal Exchange: lme.com

Table 3: Comex net long/short

	Gold (moz)	Silver (moz)	Copper (kt)
COMEX net long spec. position	9.7	167.5	-139.5
Change on previous week	-1.2	-22.5	-12.5
% change	-12.0%	-13.4%	-9.0%

Source: Comex

Performance Tables

Table 4: Leaders and Laggards on the week

	Leader	1 wk change	Laggard	1 wk change	Group average
Gold	Northgate	12.3%	Bema	-6.6%	3.6%
Silver	Silver Wheaton	8.4%	Coeur d'Alene	2.6%	5.3%
Copper	Aur	12.2%	Ivanhoe	-3.2%	3.2%
Other materials	Teck Cominco	6.4%	Cameco	-3.9%	0.5%

Source: Reuters

Table 5: Precious Metal Producers performance and rating

Company	Price	1 week	1mo	3mo	1 year	Price Target	Return to target	Rating
Gold								
Glamis	USD \$39.90	5.3%	3.4%	5.4%	86.1%	72.00	80.5%	Buy 2 (CBE)
Goldcorp	USD \$23.95	6.0%	(20.7%)	(20.7%)	21.1%	42.50	80.2%	Buy 2 (CBE)
Eldorado	CAD \$4.88	3.0%	(6.9%)	(10.0%)	17.9%	8.00	63.9%	Buy 2 (CBE)
Newmont	USD \$43.33	(1.1%)	(15.0%)	(18.1%)	(8.9%)	70.00	62.5%	Buy 2
Agnico-Eagle	USD \$31.58	5.9%	(9.6%)	(4.5%)	111.7%	50.00	58.5%	Buy 2 (CBE)
Golden Star	USD \$2.70	5.5%	(20.1%)	(8.8%)	(18.4%)	4.25	57.4%	Buy 2 (CBE)
Yamana	CAD \$10.37	0.9%	(5.7%)	(5.4%)	108.7%	15.50	49.5%	Buy 2 (CBE)
Meridian Gold	USD \$24.77	1.7%	(10.1%)	(21.8%)	12.7%	37.00	49.4%	Buy 2 (CBE)
Bema	CAD \$4.92	(6.6%)	(13.1%)	(11.7%)	55.2%	7.25	47.4%	Buy 2 (CBE)
Iamgold	CAD \$9.57	(1.1%)	(17.9%)	(3.5%)	9.4%	14.00	47.0%	Neutral 2 (CBE)
Kinross	USD \$12.50	5.8%	(6.2%)	14.8%	63.2%	18.00	44.0%	Buy 2 (CBE)
Barrick	USD \$30.83	6.1%	(6.3%)	4.2%	6.9%	44.00	43.6%	Buy 2
Northgate	CAD \$3.56	12.3%	(9.4%)	(12.7%)	122.5%	5.00	40.4%	Buy 2 (CBE)
Buenaventura	USD \$27.54	0.1%	2.7%	1.0%	(7.6%)	38.00	39.1%	Buy 2 (CBE)
Centerra Gold	USD \$11.10	10.3%	6.8%	(3.5%)	38.8%	14.75	32.9%	Buy 2 (CBE)
AVERAGE		3.6%	(8.5%)	(6.4%)	41.3%		53.1%	
Silver								
Silver Wheaton	CAD \$9.52	8.4%	(4.6%)	1.1%	130.0%	15.00	57.6%	Buy 2 (CBE)
Pan American Silver	USD \$19.67	6.5%	(7.5%)	9.3%	10.8%	29.50	50.0%	Buy 2 (CBE)
Coeur d'Alene	USD \$4.74	2.6%	(7.4%)	(1.5%)	11.8%	6.50	37.1%	Buy 2 (CBE)
Silver Standard	CAD \$22.16	3.8%	(4.2%)	10.8%	56.7%	29.50	33.1%	Buy 2 (CBE)
AVERAGE		5.3%	(5.9%)	4.9%	52.3%		44.4%	

Note: Prices as at close September 28, 2006

Source: Reuters, UBS

Performance Tables (cont'd...)

Table 6: Base Metal / Other Basic Materials Producers performance and rating

Company	Price	1 week	1mo	3mo	1 year	Price Target	Return to target	Rating
Copper								
Ivanhoe	CAD \$6.96	(3.2%)	(1.3%)	(7.9%)	(26.0%)	12.00	72.4%	Buy 2 (CBE)
Inmet	CAD \$42.60	0.4%	(8.1%)	2.2%	98.1%	65.00	53.1%	Buy 2 (CBE)
Freeport-McMoRan	USD \$53.50	3.7%	(6.2%)	(3.4%)	10.7%	75.00	46.2%	Buy 2 (CBE)
Aur	CAD \$18.25	12.2%	2.8%	2.5%	111.0%	25.00	38.6%	Buy 2 (CBE)
Phelps Dodge	USD \$84.75	1.1%	(3.8%)	3.2%	29.3%	115.00	37.0%	Buy 2 (CBE)
First Quantum	CAD \$53.13	4.9%	(9.8%)	6.2%	80.4%	63.00	19.1%	Buy 2 (CBE)
AVERAGE		3.2%	(4.4%)	0.4%	50.6%		44.4%	
Other metals / materials								
Alcan	USD \$39.70	0.8%	(11.9%)	(15.4%)	25.9%	65.00	65.4%	Buy 2
Aber	CAD \$35.85	(1.0%)	(10.4%)	4.8%	(12.9%)	52.00	47.8%	Buy 2
Sherritt	CAD \$9.80	(0.1%)	(9.0%)	(12.3%)	(10.0%)	13.50	38.5%	Buy 2
Alcoa	USD \$27.89	0.8%	(3.2%)	(13.8%)	15.9%	38.00	38.4%	Buy 2
Cameco	CAD \$41.24	(3.9%)	(5.1%)	(7.3%)	33.4%	54.00	31.4%	Buy 2
Teck Cominco	CAD \$71.31	6.4%	(3.6%)	6.5%	34.2%	92.00	29.8%	Buy 2
Fording	CAD \$29.30	2.2%	(14.1%)	(16.9%)	(42.0%)	32.50	22.7%	Neutral 2
Novelis	USD \$22.98	(0.9%)	13.3%	6.5%	7.5%	22.00	(4.3%)	Neutral 2
AVERAGE		0.5%	(5.5%)	(6.0%)	6.5%		33.7%	

Notes:

(1) Returns to 12 month price target are not risk adjusted and include dividends

(2) Prices as at close September 28, 2006

Source: UBS

Table 7: UBS commodity price estimates versus consensus

Commodity price estimates	2006E		2007E		UBS Estimates		
	UBS	Consensus	UBS	Consensus	2008E	Long term (from 2009)	Long Term Consensus
Gold (US\$/oz.)	633	612	750	663	625	440	509
Copper (US\$/lb.)	3.06	2.91	3.25	2.52	2.50	1.30	1.40
Silver (US\$/oz.)	12.03	1.14	15.00	1.09	12.50	8.80	0.82
Aluminum (US\$/lb.)	1.15	8.46	1.20	7.44	1.20	0.90	4.50
Nickel (US\$/lb.)	8.81	1.38	10.75	1.34	8.00	4.50	0.60
Zinc (US\$/lb.)	1.63	0.51	1.85	0.45	1.50	0.60	0.29
Lead (US\$/lb.)	0.56	11.22	0.52	11.80	0.46	0.27	9.70

Source: Consensus estimates from Thomson First Call, long term consensus estimates from Price Waterhouse Coopers "Metals Market Sentiment – Quarter 3, 2006".

Valuation Comps

Table 8: North American Precious Metal Comparables

Company	Price	Market Cap. (US\$bn)	P/E		P/CF		P/NAV		
			2006E (UBS est.)	2007E (UBS est.)	2006E	2007E	(UBS est.)	(\$750/oz flat forward)	
Gold									
Glamis	USD \$39.90	6.6	46.6x	26.9x	30.0x	20.9x	2.6x	1.5x	
Meridian Gold	USD \$24.77	2.5	25.1x	14.5x	21.0x	12.6x	1.9x	1.4x	
Barrick	USD \$30.83	26.6	15.8x	10.5x	10.8x	8.1x	2.0x	1.3x	
Goldcorp	USD \$23.95	10.0	17.1x	11.9x	11.7x	8.7x	1.7x	1.2x	
Newmont	USD \$43.33	19.5	28.4x	21.5x	14.7x	13.3x	2.6x	1.2x	
Kinross	USD \$12.50	4.3	19.9x	13.2x	12.6x	9.6x	2.6x	1.1x	
Bema	CAD \$4.92	2.0	101.1x	35.7x	42.2x	26.5x	2.3x	1.1x	
Centerra Gold	CAD \$11.10	2.1	58.4x	19.0x	27.7x	13.3x	2.1x	1.0x	
Iamgold	CAD \$9.57	1.5	13.5x	11.4x	10.9x	9.3x	1.9x	1.0x	
Eldorado	CAD \$4.88	1.5	121.5x	10.0x	60.7x	9.6x	1.9x	1.0x	
Buenaventura (ADR)	USD \$27.54	3.5	8.0x	6.3x	7.3x	5.9x	1.4x	0.9x	
Agnico-Eagle	USD \$31.58	3.8	26.3x	19.4x	22.1x	17.1x	1.7x	0.9x	
Northgate	CAD \$3.56	0.7	4.0x	4.8x	3.6x	4.0x	1.5x	0.9x	
Golden Star	USD \$2.70	0.6	nm	10.1x	44.1x	6.2x	1.7x	0.6x	
AVERAGE		6.1	37.4x	15.4x	22.8x	11.8x	2.0x	1.1x	
Silver									
(\$15/oz flat forward)									
Coeur d'Alene	USD \$4.74	1.3	17.1x	17.7x	12.8x	13.7x	1.7x	1.0x	
Silver Wheaton	USD \$9.52	2.1	17.8x	12.0x	16.4x	11.6x	1.7x	1.0x	
Pan American Silver	USD \$19.67	1.5	23.6x	12.0x	18.5x	10.3x	1.6x	1.0x	
Silver Standard	USD \$22.16	1.4	nm	nm	nm	nm	1.2x	0.8x	
AVERAGE		1.6	19.5x	13.9x	15.9x	11.9x	1.6x	0.9x	

Note: Prices as at close September 28, 2006

Table 9: Other North American Metals Comparables

Company	Price	P/E				P/CF		EV/EBITDA		P/NAV	
		2006E (UBS est.)	2007E (UBS est.)	2006E (Spot major commodities)	2007E (Spot major commodities)	2006E	2007E	2006E	2007E	(UBS est.)	(forward curve)
Copper											
Phelps Dodge	USD \$84.75	5.1x	4.0x	4.6x	3.8x	4.6x	3.7x	2.3x	1.7x	1.0x	0.7x
Freeport-McMoRan	USD \$53.50	7.9x	8.0x	7.2x	8.3x	6.1x	6.0x	3.2x	3.2x	1.0x	0.6x
First Quantum	CAD \$53.13	5.4x	4.0x	4.8x	3.7x	4.8x	3.5x	3.6x	2.4x	0.8x	0.6x
Aur	CAD \$18.25	5.4x	4.2x	4.7x	4.1x	4.8x	3.7x	2.4x	1.8x	0.8x	0.5x
Inmet	CAD \$42.60	4.7x	3.5x	4.5x	3.9x	4.4x	3.3x	2.6x	2.1x	0.6x	0.5x
Ivanhoe	CAD \$6.96	NM	NM	NM	NM	NM	NM	NM	NM	0.6x	0.6x
AVERAGE		5.7x	4.7x	5.2x	4.8x	4.9x	4.1x	2.8x	2.2x	0.8x	0.6x
Other base metals											
Cameco	CAD \$41.24	44.0x	25.2x	NM*	NM*	26.2x	17.9x	22.3x	13.0x	1.6x	
Aber	CAD \$35.85	20.4x	21.1x	NM*	NM*	12.6x	12.3x	8.0x	7.8x	1.1x	
Fording	CAD \$29.30	7.1x	7.7x	NM*	NM*	6.6x	7.0x	6.1x	6.6x	1.1x	
Teck Cominco	CAD \$71.31	6.5x	6.6x	6.4x	7.6x	5.7x	5.9x	3.3x	3.4x	1.1x	
Alcan	USD \$39.70	7.6x	7.7x	7.3x	8.2x	4.7x	4.6x	5.0x	4.9x	0.9x	
Alcoa	USD \$27.89	9.5x	9.1x	9.2x	9.5x	6.2x	5.9x	5.6x	5.2x	0.8x	
AVERAGE		15.85	12.91	7.66	8.42	10.33	8.94	8.39	6.83	1.08	

* companies have contracts that make near term earnings relatively insensitive to commodity price changes

Notes:

- (1) Sensitivities assume all else being equal, which may or may not be the case
- (2) Prices as at close September 28, 2006

Source: UBS

Birds-eye calendar

October

1st	Highland Valley labour contract expires
10th	Alcoa 3Q earnings results
13th	Viceroy Exploration last day to tender to Yamana
18th	Viceroy/Yamana potential closing date
19th	Eurozinc shareholder vote on merger with Lundin
23rd	Fording 3Q earnings results
24th	Phelps Dodge 3Q earnings results
24th	Meridian Gold 3Q earnings results
24th	Eurzinc/Lundin potential closing date
25th	Agnico-Eagle 3Q earnings results
26th	Glamis Shareholder vote on merger with Goldcorp
27th	Inmet 3Q earnings results
27th	Aur Resources 3Q earnings results
30th	Bema Gold 3Q earnings results
30th	Northgate Minerals 3Q earnings results
30th	Teck Cominco 3Q earnings results
31st	Buenaventura 3Q earnings results
31st	Glamis 3Q earnings results (tentative)
31st	Alcan 3Q earnings results
31st	Cameco 3Q earnings results

November

3rd	Iamgold/Cambior merger vote
3rd-4th	Pan American Silver mine tour
13th	Iamgold/Cambior potential closing date
14th	Goldcorp 3Q earnings results (tentative)
Week of 13th	First Quantum 3Q earnings results
Week of 13th	Yamana mine tour
13th-16th	Meridian mine tour - El Peñon
26-27th	San Francisco Precious Metals Conference

December

5-6th	Glamis mine tour - Penasquito
-------	-------------------------------

Source: Company websites

■ **Statement of Risk**

Mining companies are subject to a variety of risks, including but not limited to operational risk, environmental risk, financial risk (including the use of derivative instruments), geo-political risk, commodity risk and currency risk. Any material difference between our commodity price forecasts and actual realized spot prices is likely to have an impact on our earnings estimates and valuations for the companies.

■ **Analyst Certification**

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

This report has been prepared by UBS Securities Canada Inc, an affiliate of UBS AG (UBS).

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit www.ubs.com/disclosures.

UBS Investment Research: Global Equity Ratings Definitions and Allocations

UBS rating	Definition	UBS rating	Definition	Rating category	Coverage ¹	IB services ²
Buy 1	FSR is > 6% above the MRA, higher degree of predictability	Buy 2	FSR is > 6% above the MRA, lower degree of predictability	Buy	48%	34%
Neutral 1	FSR is between -6% and 6% of the MRA, higher degree of predictability	Neutral 2	FSR is between -6% and 6% of the MRA, lower degree of predictability	Hold/Neutral	45%	35%
Reduce 1	FSR is > 6% below the MRA, higher degree of predictability	Reduce 2	FSR is > 6% below the MRA, lower degree of predictability	Sell	7%	32%

1: Percentage of companies under coverage globally within this rating category.

2: Percentage of companies within this rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Ratings allocations are as of 30 June 2006.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Predictability Level The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities.

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

EXCEPTIONS AND SPECIAL CASES

US Closed-End Fund ratings and definitions are: Buy: Higher stability of principal and higher stability of dividends; Neutral: Potential loss of principal, stability of dividend; Reduce: High potential for loss of principal and dividend risk.

UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Reduce: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Companies Mentioned or Company Disclosure table in the relevant research piece.

Companies mentioned

Company Name	Reuters	Rating	Price	Price date/time

Company Name	Reuters	Rating	Price	Price date/time
Aber Diamond ¹⁸	ABZ.TO	Buy 2	C\$35.85	28 Sep 2006 19:35 EDT
Agnico-Eagle Mines ^{2b,4b,4c,6c,18,20}	AEM.N	Buy 2 (CBE)	US\$31.58	28 Sep 2006 19:35 EDT
Alcan Inc. ^{2a,4d,4a,18,23}	AL.N	Buy 2	US\$39.70	28 Sep 2006 19:35 EDT
Alcoa Inc. ^{3,4b,5b,6c,6a,6b,7,14,18}	AA.N	Buy 2	US\$27.89	28 Sep 2006 19:35 EDT
Aur Resources Inc. ²⁰	AUR.TO	Buy 2 (CBE)	C\$18.25	28 Sep 2006 19:35 EDT
Barrick Gold Corp ^{2a,4a,5a,14,18}	ABX.N	Buy 2	US\$30.83	28 Sep 2006 19:35 EDT
Bema Gold ^{2b,4c,5a,18,20}	BGO.TO	Buy 2 (CBE)	C\$4.92	28 Sep 2006 19:35 EDT
Cameco Corporation ^{4c,18}	CCO.TO	Buy 2	C\$41.24	28 Sep 2006 19:35 EDT
Centerra Gold Inc. ²⁰	CG.TO	Buy 2 (CBE)	C\$11.10	28 Sep 2006 19:35 EDT
Buenaventura ^{18,20}	BVN.N	Buy 2 (CBE)	US\$27.54	28 Sep 2006 19:35 EDT
Coeur d'Alene Mines ^{18,20}	CDE.N	Buy 2 (CBE)	US\$4.74	28 Sep 2006 19:35 EDT
Eldorado Gold Corp ^{2c,4d,18,20}	ELD.TO	Buy 2 (CBE)	C\$4.88	28 Sep 2006 19:35 EDT
First Quantum ²⁰	FM.TO	Buy 2 (CBE)	C\$53.13	28 Sep 2006 19:35 EDT
Fording ¹⁸	FDG_u.TO	Neutral 2	C\$29.30	28 Sep 2006 19:35 EDT
Freeport-McMoRan ^{2d,6a,7,18,20}	FCX.N	Buy 2 (CBE)	US\$53.50	28 Sep 2006 19:35 EDT
Glamis Gold Ltd. ^{18,20}	GLG.N	Buy 2 (CBE)	US\$39.90	28 Sep 2006 19:35 EDT
Goldcorp Inc. ^{18,20}	GG.N	Buy 2 (CBE)	US\$23.95	28 Sep 2006 19:35 EDT
Golden Star ^{18,20}	GSS.A	Buy 2 (CBE)	US\$2.70	28 Sep 2006 19:35 EDT
IAMGOLD Corp. ^{18,20}	IMG.TO	Neutral 2 (CBE)	C\$9.57	28 Sep 2006 19:35 EDT
Inmet Mining Corp. ²⁰	IMN.TO	Buy 2 (CBE)	C\$42.60	28 Sep 2006 19:35 EDT
Ivanhoe Mines ^{2c,4a,18,20}	IVN.TO	Buy 2 (CBE)	C\$6.96	28 Sep 2006 19:35 EDT
Kinross Gold ^{18,20}	KGC.N	Buy 2 (CBE)	US\$12.50	28 Sep 2006 19:35 EDT
Meridian Gold Inc. ^{18,20}	MDG.N	Buy 2 (CBE)	US\$24.77	28 Sep 2006 19:35 EDT
Newmont Mining Corp. ^{2a,4d,6c,6b,7,18}	NEM.N	Buy 2	US\$43.33	28 Sep 2006 19:35 EDT
Northgate ^{18,20}	NGX.TO	Buy 2 (CBE)	C\$3.56	28 Sep 2006 19:35 EDT
Novelis Inc. ^{2a,4a,5a,18}	NVL.N	Neutral 2	US\$22.98	28 Sep 2006 19:35 EDT
Pan American Silver ^{18,20}	PAAS.O	Buy 2 (CBE)	US\$19.67	28 Sep 2006 19:35 EDT
Phelps Dodge Corp. ^{4b,6c,18,20}	PD.N	Buy 2 (CBE)	US\$84.75	28 Sep 2006 19:35 EDT
Sherritt Int'l	S.TO	Buy 2	C\$9.80	28 Sep 2006 19:35 EDT
Silver Standard ^{18,20}	SSRI.O	Buy 2 (CBE)	US\$22.16	28 Sep 2006 19:35 EDT
Silver Wheaton Corp. ^{18,20}	SLW.N	Buy 2 (CBE)	US\$9.52	28 Sep 2006 19:35 EDT
Teck Cominco Limited ¹⁸	TCKb.TO	Buy 2	C\$71.31	28 Sep 2006 19:35 EDT
Yamana Gold Inc. ^{18,20}	YRI.TO	Buy 2 (CBE)	C\$10.37	28 Sep 2006 19:35 EDT

Source: UBS. EDT: Eastern daylight time.

- 2a. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past three years.
- 2b. UBS Securities Canada Inc or an affiliate has acted as manager/co-manager, underwriter or placement agent in regard to an offering of securities for this company/entity or one of its affiliates within the past 12 months.
- 2c. UBS Securities Canada Inc or an affiliate has acted as manager/co-manager, underwriter or placement agent in regard to an offering of securities of this company/entity within the past three years.
- 2d. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past five years.
3. UBS Securities LLC is acting as advisor to Ply Gem Industries on its announced acquisition of Alcoa's Home Exterior Business.
- 4a. Within the past three years, UBS Securities Canada Inc or an affiliate has received compensation for investment banking services from this company/entity.
- 4b. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.

- 4c. Within the past 12 months, UBS Securities Canada Inc or an affiliate has received compensation for investment banking services from this company/entity.
- 4d. Within the past three years, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
- 5a. UBS Securities Canada Inc or an affiliate expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
- 5b. UBS AG, its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from this company/entity within the next three months.
- 6a. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-investment banking securities-related services are being, or have been, provided.
- 6b. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and non-securities services are being, or have been, provided.
- 6c. This company/entity is, or within the past 12 months has been, a client of UBS Securities LLC, and investment banking services are being, or have been, provided.
- 7. Within the past 12 months, UBS Securities LLC has received compensation for products and services other than investment banking services from this company/entity.
- 14. UBS Limited acts as broker to this company.
- 18. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
- 20. Because UBS believes this security presents significantly higher-than-normal risk, its rating is deemed Buy if the FSR exceeds the MRA by 10% (compared with 6% under the normal rating system).
- 23. UBS AG, its affiliates or subsidiaries held other significant financial interests in this company/entity as of last month`s end (or the prior month`s end if this report is dated less than 10 working days after the most recent month`s end).

The analyst responsible for this report has reviewed the material operations of the issuer and/or met with senior management. Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Publishing Administration.

Global Disclaimer

This report has been prepared by UBS Securities Canada Inc or an affiliate thereof ("UBS"). In certain countries UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. UBS is under no obligation to update or keep current the information contained herein. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. **Additional information will be made available upon request.**

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC and/or UBS Capital Markets LP) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this research report.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are market counterparties or intermediate customers (as detailed in the FSA Rules) and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, private customers. UBS Limited is regulated by the FSA. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France SA. UBS Securities France S.A. is regulated by the the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this report, the report is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Russia:** Prepared and distributed by the Moscow Representative Office of UBS Cyprus Moscow Limited. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A.. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this report, the report is also deemed to have been prepared by UBS Italia Sim S.p.A.. **South Africa:** UBS South Africa (Pty) Limited (Registration No. 1995/011140/07) is a member of the JSE Limited, the South African Futures Exchange and the Bond Exchange of South Africa. UBS South Africa (Pty) Limited is an authorised Financial Services Provider. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a "non-US affiliate"), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Pte. Ltd or UBS AG, Singapore Branch. **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services Licence No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services Licence No. 231098) only to "Wholesale" clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd.

© 2006 UBS. All rights reserved. This report may not be reproduced or redistributed, in whole or in part, without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect.

