

Gold & Precious Metals

Gold goes to new highs; we continue to encourage "golden" insurance - ALERT

- **A German banker once told us that gold normally trades like a commodity. However, when investors lose confidence in currencies, because the pool of gold is so much smaller than the pool of currencies, demand for gold can effectively become unlimited.** We believe the European version of "QE" is generating serious currency worries and led today to the breakout of the gold price above the previous intraday high at \$1,226/oz.
- **We see this breakout as significant:** The market might have welcomed the European's latest solution to the Greek crisis with a weaker gold price. If the gold price had fallen, bears could have pointed to a "double top" in the chart, and this could have contributed to a period of weakness for the metal.
- **Gold bullion or the equities? We feel investors should have the ability to participate in both markets.** When gold is performing well, the gold equities offer leverage. Today while the gold price moved up by 2.4%, the gold equity index (HUI) appreciated by 6%. However, if gold is simply moving sideways, the gold equities can lag the metal. Additionally, if gold (or any commodity) is perceived to be spiking higher, it's quite likely that the equities will lag the commodity price. With the 1979/80 spike to \$800/oz being in excess of \$2,000/oz in today's dollars, we feel we have some time before this becomes an issue.
- **Of our coverage list, Overweight gold stock Kinross was up 7.7%, Goldcorp +6.3%, Newmont +4.9%, Barrick +4.5% in today's trade.**
- **We continue to see silver as "high beta" gold.** Silver itself was up 4.4%, and our favorite silver equity, Silver Wheaton, was 8.1% higher on the day
- **We see gold as an insurance policy for portfolios.** We do not *wish* for very high precious metals prices because that would indicate serious trouble for other parts of the global economy. However we continue to encourage investors to have some precious metals (or equities) in their portfolios as a real hedge that is less likely to draw the negative attention that short positions did in late 2008. And shouldn't require government backing if the writer of the hedge instrument can't perform.
- **We continue to like our Overweight gold and silver equities. Newmont (NEM), Goldcorp (GG), Kinross (KGC), Barrick (ABX) and our silver pick Silver Wheaton (SLW).** Note we wrote in a little more depth on the precious sector last night in a note titled "Looking forward and wrapping models for Q1 results."

Gold & Precious Metals

John Bridges CFA, ACSM^{AC}

(1-212) 622-6430

john.bridges@jpmorgan.com

J.P. Morgan Securities Inc.

Sadhak Bindal

(91-22) 6157 3309

sadhak.x.bindal@jpmorgan.com

J.P. Morgan India Private Limited

See page 2 for analyst certification and important disclosures, including non-US analyst disclosures.

J.P. Morgan 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.

Companies Recommended in This Report (all prices in this report as of market close on 11 May 2010)

Barrick Gold (ABX/\$45.88/Overweight), Goldcorp Inc (GG/\$46.20/Overweight), Kinross Gold (KGC/\$18.71/Overweight), Newmont Mining (NEM/\$58.20/Overweight), Silver Wheaton (SLW/\$20.76/Overweight)

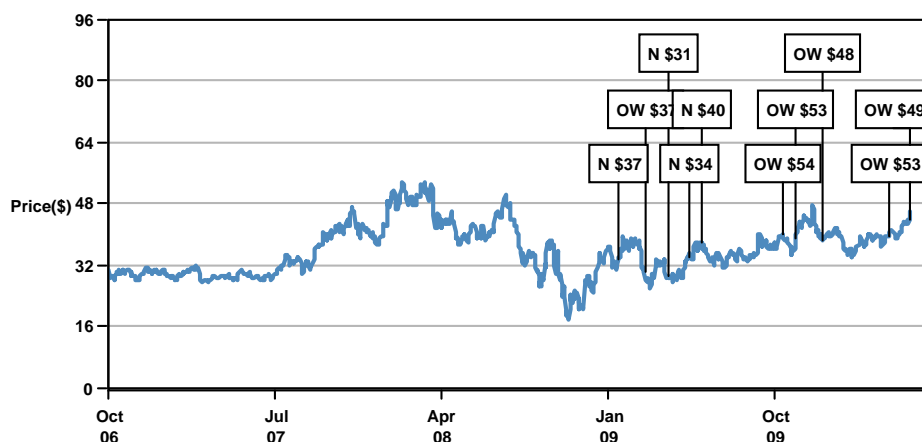
Analyst Certification:

The research analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst’s compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures

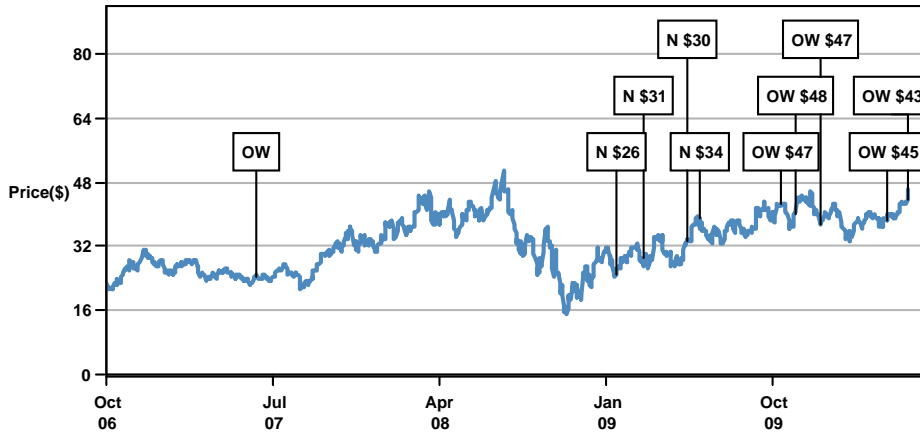
- **Lead or Co-manager:** JPMSI or its affiliates acted as lead or co-manager in a public offering of equity and/or debt securities for Barrick Gold, Goldcorp Inc, Newmont Mining within the past 12 months.
- **Client of the Firm:** Barrick Gold is or was in the past 12 months a client of JPMSI; during the past 12 months, JPMSI provided to the company investment banking services, non-investment banking securities-related services and non-securities-related services. Goldcorp Inc is or was in the past 12 months a client of JPMSI; during the past 12 months, JPMSI provided to the company investment banking services, non-investment banking securities-related services and non-securities-related services. Kinross Gold is or was in the past 12 months a client of JPMSI; during the past 12 months, JPMSI provided to the company non-investment banking securities-related services and non-securities-related services. Newmont Mining is or was in the past 12 months a client of JPMSI; during the past 12 months, JPMSI provided to the company investment banking services, non-investment banking securities-related services and non-securities-related services. Silver Wheaton is or was in the past 12 months a client of JPMSI; during the past 12 months, JPMSI provided to the company non-securities-related services.
- **Investment Banking (past 12 months):** JPMSI or its affiliates received in the past 12 months compensation for investment banking services from Barrick Gold, Goldcorp Inc, Newmont Mining.
- **Investment Banking (next 3 months):** JPMSI or its affiliates expect to receive, or intend to seek, compensation for investment banking services in the next three months from Barrick Gold, Goldcorp Inc, Kinross Gold, Newmont Mining.
- **Non-Investment Banking Compensation:** JPMSI has received compensation in the past 12 months for products or services other than investment banking from Barrick Gold, Goldcorp Inc, Kinross Gold, Newmont Mining. An affiliate of JPMSI has received compensation in the past 12 months for products or services other than investment banking from Barrick Gold, Goldcorp Inc, Kinross Gold, Newmont Mining, Silver Wheaton.

Barrick Gold (ABX) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

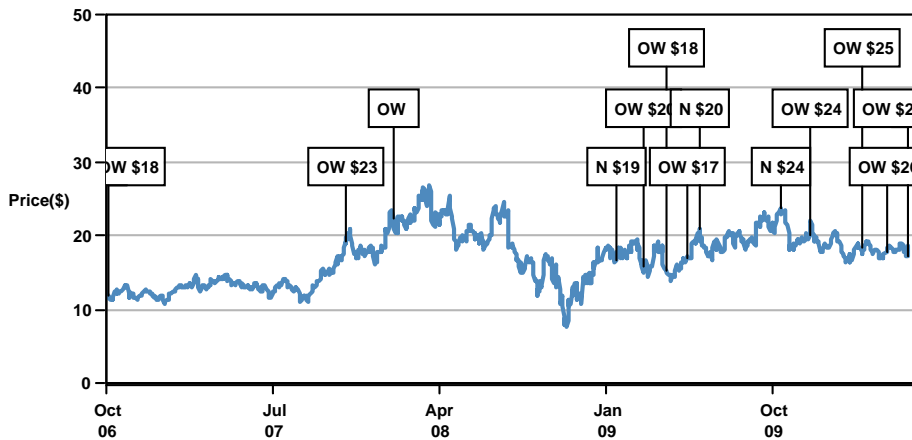
Goldcorp Inc (GG) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
06-Jun-07	OW	24.31	-
16-Jan-09	N	24.95	26.00
02-Mar-09	N	28.92	31.00
14-May-09	N	33.14	30.00
03-Jun-09	N	38.90	34.00
14-Oct-09	OW	42.88	47.00
05-Nov-09	OW	39.88	48.00
18-Dec-09	OW	37.51	47.00
07-Apr-10	OW	38.28	45.00
11-May-10	OW	43.50	43.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

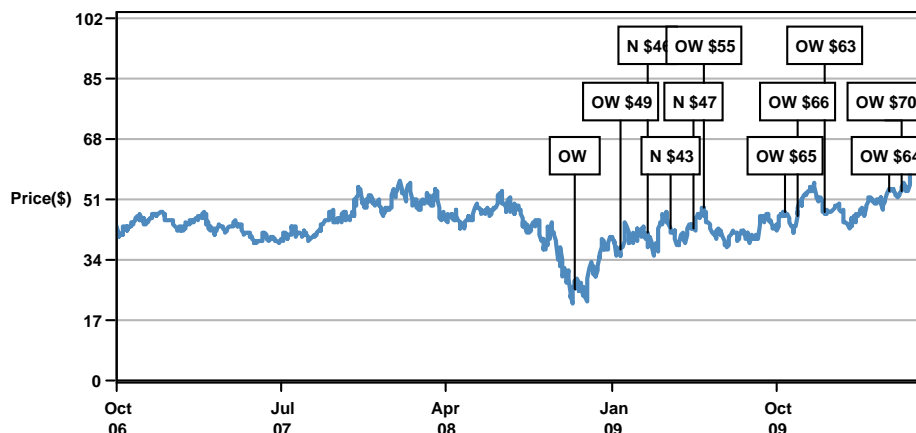
Kinross Gold (KGC) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
06-Oct-06	OW	11.98	18.00
30-Oct-07	OW	19.19	23.00
16-Jan-08	OW	22.33	--
16-Jan-09	N	16.67	19.00
02-Mar-09	OW	15.78	20.00
08-Apr-09	OW	15.14	18.00
14-May-09	OW	16.83	17.00
03-Jun-09	N	20.96	20.00
14-Oct-09	N	23.62	24.00
01-Dec-09	OW	20.02	24.00
23-Feb-10	OW	18.32	25.00
07-Apr-10	OW	17.75	26.00
11-May-10	OW	17.37	27.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

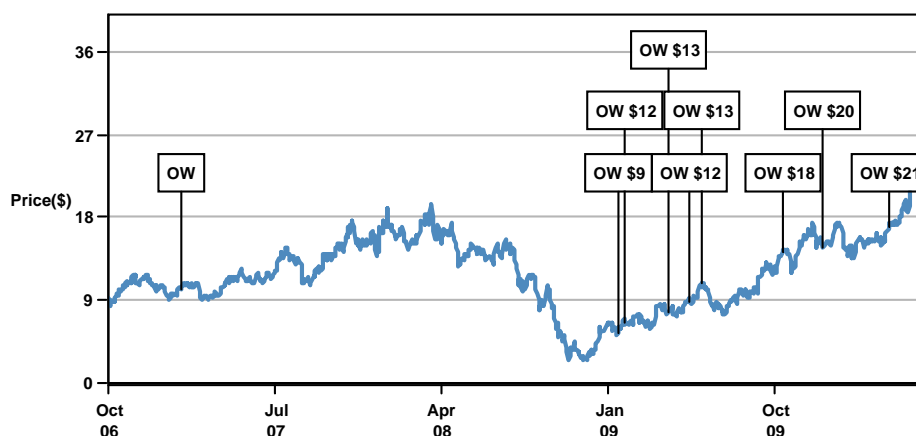
Newmont Mining (NEM) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
30-Oct-08	OW	25.90	--
16-Jan-09	OW	37.12	49.00
02-Mar-09	N	41.63	46.00
08-Apr-09	N	42.62	43.00
14-May-09	N	42.96	47.00
03-Jun-09	OW	48.52	55.00
14-Oct-09	OW	47.68	65.00
04-Nov-09	OW	46.48	66.00
18-Dec-09	OW	47.63	63.00
07-Apr-10	OW	53.27	64.00
28-Apr-10	OW	53.26	70.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

Silver Wheaton (SLW) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
29-Jan-07	OW	10.25	-
16-Jan-09	OW	5.53	9.00
28-Jan-09	OW	6.45	12.00
08-Apr-09	OW	7.61	13.00
14-May-09	OW	8.85	12.00
03-Jun-09	OW	10.87	13.00
14-Oct-09	OW	14.24	18.00
18-Dec-09	OW	14.63	20.00
07-Apr-10	OW	16.95	21.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
 This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
 J.P. Morgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

Explanation of Equity Research Ratings and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: **Overweight** [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Neutral** [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Underweight** [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] J.P. Morgan Cazenove's UK Small/Mid-Cap dedicated research analysts use the same rating categories; however, each stock's expected total return is compared to the expected total return of the FTSE All Share Index, not to those analysts' coverage universe. A list of these analysts is available on request. The analyst or analyst's team's coverage universe is the sector and/or country shown on the cover of each publication. See below for the specific stocks in the certifying analyst(s) coverage universe.

Coverage Universe: **John Bridges CFA, ACSM:** Agnico-Eagle Mines (AEM), Arch Coal, Inc. (ACI), Barrick Gold (ABX), CONSOL Energy (CNX), Coeur d'Alene (CDE), Compania de Minas Buenaventura (BVN), Gold Reserve (GRZ),

Goldcorp Inc (GG), International Coal Group (ICO), Kinross Gold (KGC), Massey Energy (MEE), Newmont Mining (NEM), Pan American Silver (PAAS), Peabody Energy (BTU), Rentech Inc. (RTK), Silver Wheaton (SLW), Stillwater Mining (SWC)

J.P. Morgan Equity Research Ratings Distribution, as of March 31, 2010

	Overweight (buy)	Neutral (hold)	Underweight (sell)
JPM Global Equity Research Coverage	45%	42%	13%
IB clients*	48%	46%	32%
JPMSI Equity Research Coverage	42%	49%	10%
IB clients*	70%	58%	48%

*Percentage of investment banking clients in each rating category.

For purposes only of NASD/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category.

Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any securities recommended herein. Research is available at <http://www.morganmarkets.com>, or you can contact the analyst named on the front of this note or your J.P. Morgan representative.

Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of JPMSI, are not registered/qualified as research analysts under NASD/NYSE rules, may not be associated persons of JPMSI, and may not be subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan is the global brand name for J.P. Morgan Securities Inc. (JPMSI) and its non-US affiliates worldwide. J.P. Morgan Cazenove is a brand name for equity research produced by J.P. Morgan Securities Ltd.; J.P. Morgan Equities Limited; JPMorgan Chase Bank, N.A., Dubai Branch; and J.P. Morgan Bank International LLC.

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your J.P. Morgan Representative or visit the OCC's website at <http://www.optionsclearing.com/publications/risks/riskstoc.pdf>.

Legal Entities Disclosures

U.S.: JPMSI is a member of NYSE, FINRA and SIPC. J.P. Morgan Futures Inc. is a member of the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC and is authorized and regulated in the UK by the Financial Services Authority. **U.K.:** J.P. Morgan Securities Ltd. (JPMSL) is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. Registered in England & Wales No. 2711006. Registered Office 125 London Wall, London EC2Y 5AJ. **South Africa:** J.P. Morgan Equities Limited is a member of the Johannesburg Securities Exchange and is regulated by the FSB. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul Branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (ABN 61 003 245 234/AFS Licence No: 238066) is a Market Participant with the ASX and regulated by ASIC. **Taiwan:** J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. **India:** J.P. Morgan India Private Limited is a member of the National Stock Exchange of India Limited and Bombay Stock Exchange Limited and is regulated by the Securities and Exchange Board of India. **Thailand:** JPMorgan Securities (Thailand) Limited is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM LK. **Philippines:** J.P. Morgan Securities Philippines Inc. is a member of the Philippine Stock Exchange and is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Mexico:** J.P. Morgan Casa de Bolsa, S.A. de C.V., J.P. Morgan Grupo Financiero is a member of the Mexican Stock Exchange and authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **Singapore:** This material is issued and distributed in Singapore by J.P. Morgan Securities Singapore Private Limited (JPMSI) [MICA (P) 020/01/2010 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the

Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets Services License issued by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Saudi Arabia:** J.P. Morgan Saudi Arabia Ltd. is authorised by the Capital Market Authority of the Kingdom of Saudi Arabia (CMA) to carry out dealing as an agent, arranging, advising and custody, with respect to securities business under licence number 35-07079 and its registered address is at 8th Floor, Al-Faisaliyah Tower, King Fahad Road, P.O. Box 51907, Riyadh 11553, Kingdom of Saudi Arabia. **Dubai:** JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - Building 3, Level 7, PO Box 506551, Dubai, UAE.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by JPMSL. Investment research issued by JPMSL has been prepared in accordance with JPMSL's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require that a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by JPMSAL in Australia to "wholesale clients" only. JPMSAL does not issue or distribute this material to "retail clients." The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Germany:** This material is distributed in Germany by J.P. Morgan Securities Ltd., Frankfurt Branch and J.P. Morgan Chase Bank, N.A., Frankfurt Branch which are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months' prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider for derivative warrants issued by J.P. Morgan Structured Products B.V. and listed on the Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website:

<http://www.hkex.com.hk/prod/dw/Lp.htm>. **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, JPMorgan Securities Japan Co., Ltd., will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between JPMorgan Securities Japan Co., Ltd., and the customer in advance. Financial Instruments Firms: JPMorgan Securities Japan Co., Ltd., Kanto Local Finance Bureau (kinsho) No. 82 Participating Association / Japan Securities Dealers Association, The Financial Futures Association of Japan. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul Branch. **Singapore:** JPMS and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMSI and/or its affiliates and the analyst's involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. JPMSI distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a J.P. Morgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

“Other Disclosures” last revised March 1, 2010.

Copyright 2010 JPMorgan Chase & Co. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.