

Gold & Precious Metals

Looking forward and wrapping models for Q1 results

- Now everyone loves gold; is it time to bail out?** Gold's price performance in what is normally a weak time of the year for the metal and against the rampant USD has been outstanding, in our opinion. After a benign neglect of the Greek issue Europe has been forced to adopt more aggressive policies. However, so far it has avoided the critical issue of reducing debt. Hence, essentially the new policy just kicks the can down the road. Putting our trader hat on, we might be tempted to take some profits on our gold after last week's wild ride, but in our mind the only question is whether the final debt fix is deflationary austerity (good for bullion and little else) or forced inflation (good for all hard assets). In gold we trust.
- Gold performing well in most currencies and at new highs in many.** Gold is emphatically at new highs in many of the troubled European currencies, though notably (and importantly) off its highs in Asian and resource currencies.
- Gold versus derivatives and paper hedges? Is there still a debate?** The financial markets received a black eye last week when a maverick robot trading system briefly took a trillion dollars off US market value. Obviously, the writers of these trading robots neglected to read Asimov's first rule of robotics: robots should do no harm to humans. But seriously, this again highlights that financial hedges can be created or removed while gold appears to be timeless.
- Gold equities vs. bullion vs. royalty companies.** The gold equity indexes have been lagging gold recently. Gold miners are struggling to replace reserves and are facing increased taxes. We continue to feel that the ability to buy the gold equities and bullion in some form is valuable for investors. An interesting hybrid investment is the royalty company Silver Wheaton.
- With this note we are also changing our estimates and price targets for Agnico, Barrick, Buenaventura, Goldcorp and Kinross.

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Equity Ratings and Price Targets

Company	Symbol	Mkt Cap (\$ mn)	Price(\$)	Rating		Price Target	
				Cur	Prev	Cur	Prev
Agnico-Eagle Mines	AEM	9,902.30	63.15	N	n/c	51.00	55.00
Barrick Gold	ABX	43,207.44	43.91	OW	n/c	49.00	53.00
Compania de Minas Buenaventura	BVN	8,709.56	34.23	N	n/c	42.00	40.00
Goldcorp Inc	GG	31,918.56	43.50	OW	n/c	43.00	45.00
Kinross Gold	KGC	12,096.47	17.37	OW	n/c	27.00	26.00

Source: Company data, Bloomberg, J.P. Morgan estimates. n/c = no change. All prices as of 10 May 10.

See page 16 for analyst certification and important disclosures, including non-US analyst disclosures.

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“Gold is a treasure, and he who possesses it does all he wishes to in this world, and succeeds in helping souls into paradise.”
 Christopher Columbus

Did German voters speak on Merkel’s earlier Greek bailout?

Summary and conclusion

Europe is working hard to find solution to its ailing Mediterranean members’ financial troubles but is running up against the limits of what the voluntary participants in the Euro are willing to do. This is creating uncertainty; that hurts markets and helps gold. Gold has had a great start to the year, rising 10% during a period when it is normally weak.

After the strong start it’s possible, and even reasonable, that gold pulls back. However, until investors have confidence in the plan to solve the European sovereign debt problem while at the same time allowing regional economies to recover, we remain positive on gold and the gold equities.

Brussels; we have a problem.

Chairman Trichet of the European bank worried economists on Thursday last week when he failed to talk about strategies to support the weaker European sovereign debt. Over the weekend the situation has, if anything, been made worse as Angela Merkel has lost her party’s majority in Germany’s upper house and the British government is insisting that backstopping the Euro is primarily the responsibility of the Euro members. The situation is beginning to remind us of a group of mountain climbers roped together on ice, trying to determine how to save the member hanging in the abyss, knowing that one wrong move could easily put other members into the void. The decision to make available close to one trillion dollars of funding is a good first step, but for it to have long-term benefits, the individual country governments must be willing to make structural changes to reduce deficits. This austerity is likely to be extremely difficult.

Table 1: European Gold Holdings

	Tonnes	% of reserves
Germany	3,407	66.10%
Italy	2,452	64.90%
France	2,435	65.70%
Switzerland	1,040	27.10%
Netherlands	613	53.40%
Portugal	383	84.90%
United Kingdom	310	16.50%
Spain	282	35.70%
Austria	280	54.60%
Belgium	228	33.70%
Sweden	126	9.30%
Greece	112	73.20%
Poland	103	4.20%
Denmark	67	3.00%
Finland	49	16.40%
Ireland	6	9.50%
ECB	501	25.20%
Euro Area (incl. ECB)	10,798	57.20%

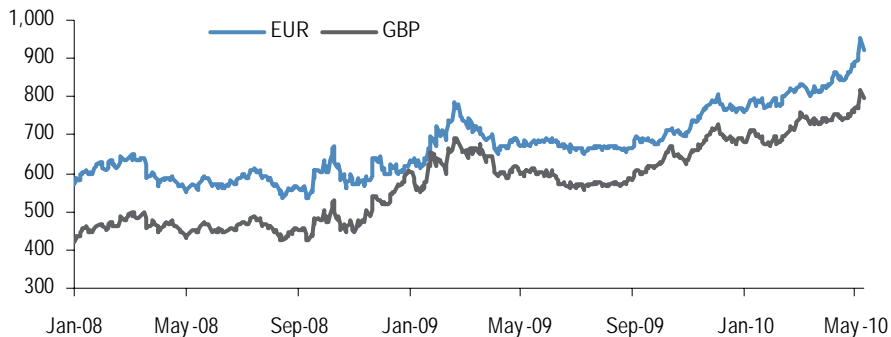
Source: World Gold Council.

Gold currencies a mixed bunch

Gold has been one of the best investments since 2000. In USD gold is trying to break above its \$1,200/oz high and trading at almost five times its 2000 lows. It’s emphatically trading at new highs in the weak Euro and pound sterling.

Weak currencies

Figure 1: Gold in Euro & Pounds

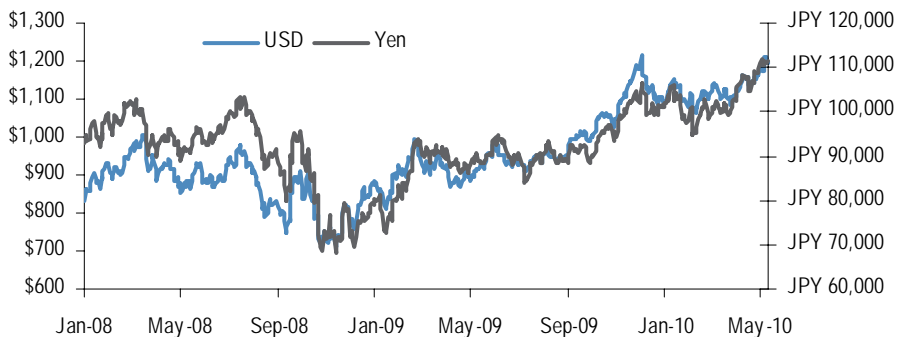


Source: Bloomberg.

We're very impressed with gold's strength in USD terms as the currency has strengthened.

Moderate currencies

Figure 2: Gold in USD & JPY



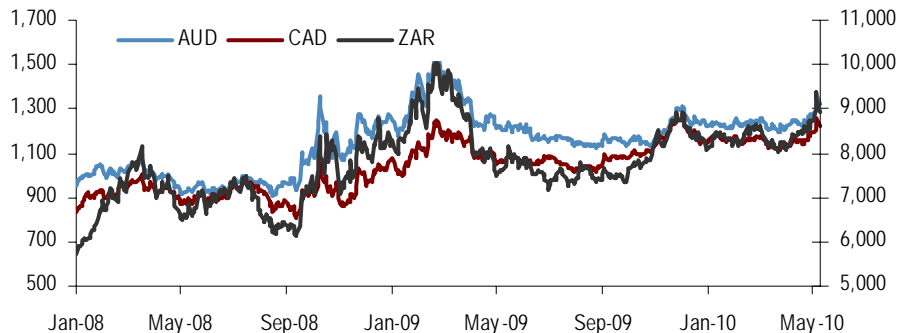
Source: Bloomberg.

In the short term there is probably a risk that gold pulls back and makes a short-term double top. Its direction from here will probably be driven by the ebb and flow of investor confidence in currencies. If some currency leadership becomes apparent in (or for) Europe, the gold price could pull back, though given the political turmoil in the region it's difficult to see where it will come from.

For the gold miners, the strength in the resource currencies shown below is a mixed blessing. Regional inflation is reduced, but reported cash costs will be moving up for miners without sizable currency hedges.

Strong currencies

Figure 3: Gold in AUD, CAD & Rand



Source: Bloomberg.

What did happen last Thursday?

“A robot may not injure a human being, or, through inaction, allow a human being to come to harm.”

First law of robotics. Isaac Asimov

In parallel with Chairman Trichet’s rise as the maestro of finance there was a belief in financial hedges which discredited very old-fashioned gold. We are used to occasional “blue screening” of our computers as robotic software gets confused, but surely our financial system should be protected from this type of problem. We suspect the mysterious Thursday market collapse will have helped persuade more investors that gold is still the most reliable hedge.

The case for gold equities.

We continue to feel a barbell portfolio of equities and bullion (or equivalents) makes sense for investors.

Gold equities have struggled in recent years as reserves (and new projects) have been constrained by what now appear to have been artificially low gold price expectations. The SEC has limited the gold price for reserve calculations to the average of the last 12 quarters prior to the reserve calculation. For the most recent reserves this led to reserves calculated at \$1,051/oz.

With most mineral economists’ “long term” gold price forecasts lagging the spot price it has been very difficult for them to develop lower-grade projects. This has forced the gold majors into auctions for the limited number of shovel-ready projects. Of course the difficulty of permitting new projects has also limited new projects’ availability. Interestingly, one benefit of the financial crisis has been the realization by many local authorities that mining companies can bring new high-paying jobs and help local authorities’ income statements.

Unfortunately, the higher metals prices have also created unwelcome interest as demonstrated by higher taxes. The Henry tax review in Australia has suggested a rise in tax rates from 30% to 55%.

Perceptions of gold equities may be affected by gold’s near-term performance. If gold breaks through the previous peak of \$1,200/oz, we suspect gold equities will get a boost as general price expectations for gold are stepped higher. The fundamentals of the gold industry could be lifted if the \$1,200/oz level is broken as it would encourage the gold miners to review projects that become economic at this level.

Latest quarterly results

Agnico Eagle

Agnico did well to commission its Meadowbank project in the Arctic winter. Though there were some glitches with the drills, those should be resolved. The company has a mild growth profile based on projects as its current operations. The biggest challenge for investors is to match expectations for the stock that were formed during its growth from 0.3moz production to its much more gentle growth from this year's likely 1.1moz rate.

Barrick Gold

Also has a moderate growth profile this year, driven by first production from its Cortez project in Nevada.

Buenaventura

Production at mainstay mine Yanacocha is falling this year as its reserves of oxide ore run down. However, this company has replaced and grown its reserves since it was founded more than 50 years ago, which we believe is an attractive capability. The company is commissioning the first of three heap leach mines in Peru and is participating in the Chucapaca discovery with Goldfields. We don't believe BVN has lost its ability to discover new reserves. After underperforming in anticipation of the lower production at Yanacocha, BVN is becoming interesting again, in our opinion.

Goldcorp

Goldcorp has one of the best growth profiles of the gold group. Its Penasquito mine in Mexico should deliver production growth via increased tonnage throughput and improving grades for the next four years.

Kinross

Kinross is out shopping while it waits to install the new mill at the Paracatu mine. It is in the process of buying the Vodoradnaya project as a source of high-grade ore for its Kupol mine and then acquired Underworld Resources for its White Gold project in the Yukon. Its latest purchase is 9% of Red Back mining for its growing assets in West Africa.

Agnico-Eagle Mines

Valuation, Rating and Price Target Analysis

Applying a probability-weighted average gold price of \$1,140/oz to the gold forward curve and based on our estimates of gold sales over the life of the known assets and the forecast cost structure, we calculate a Black-Scholes call option value and arrive at our Dec-2010 target price of \$51 per share (was previously \$55).

Agnico fell on 12/17/09 to almost equal the “low” relative to the S&P gold index (HUI) seen after the disappointing Q3 operating results. Though we don’t believe AEM is cheap, we feel it is probably forming a base relative to the gold sector. We believe that given its projects’ locations in lower-political-risk countries, AEM deserves investor attention.

Based on our option valuation method, AEM shares seem fairly valued. We thus maintain our Neutral rating.

Risks to Our Price Target and Rating

Downside risks include: 1) disappointments or further delays with the new mine projects; 2) operational problems at LaRonde extension; and 3) continued weakness in base metal prices.

Upside risks include: 1) further gold discoveries at Kittila; 2) new discoveries at Pinos Altos; and 3) deliveries on growth plans at its operations.

Neutral

Company Data	
Price (\$)	63.15
Date Of Price	10 May 10
52-week Range (\$)	74.00 - 47.31
Mkt Cap (\$ mn)	9,902.30
Fiscal Year End	Dec
Shares O/S (mn)	157
Price Target (\$)	51.00
Price Target End Date	31 Dec 10

Agnico-Eagle Mines (AEM;AEM US)

	2009A	2010E (Old)	2010E (New)	2011E (Old)	2011E (New)
EPS - Recurring (\$)					
Q1 (Mar)	0.05	0.32	0.20A	0.51	0.50
Q2 (Jun)	0.11	0.49	0.36	0.54	0.53
Q3 (Sep)	0.04	0.59	0.49	0.53	0.52
Q4 (Dec)	0.35	0.51	0.42	0.52	0.51
FY	0.55	1.92	1.49	2.10	2.07
Bloomberg EPS FY (\$)	0.50		1.85		2.49

Source: Company data, Bloomberg, J.P. Morgan estimates. 'Bloomberg' above denotes Bloomberg consensus estimates.

Barrick Gold

Valuation, Rating and Price Target Analysis

Applying a probability-weighted average gold price of \$1,140/oz to the gold forward curve and based on our estimates of gold sales over the life of the known assets and the forecast cost structure, we calculate a Black-Scholes call option value and arrive at our Dec-2010 target price of \$49 per share (was previously \$53).

Barrick (in our opinion) has one of the industry's strongest project pipelines. The new Cortez Hills project is now delayed pending a March /April court hearing of the environmental litigation. Barrick hopes that it will be allowed to advance its Cortez Hills project in a way that avoids the issues that 9th Circuit court wants investigated. Barrick is also busy building its Pueblo Viejo and Pascua Lama projects. It's also advancing its Donlin Creek project in Alaska.

After its recent underperformance, Barrick continues to look undervalued based on our option valuation methodology, and we reiterate our Overweight rating.

Risks to Our Price Target and Rating

Downside risks include: (1) a failure to deliver on production forecasts; (2) sharply higher cash costs that cut into profitability; and (3) disappointments with new project developments and, in particular, any delays to the new mine development schedule.

Overweight

Company Data	
Price (\$)	43.91
Date Of Price	10 May 10
52-week Range (\$)	48.02 - 30.67
Mkt Cap (\$ mn)	43,207.44
Fiscal Year End	Dec
Shares O/S (mn)	984
Price Target (\$)	49.00
Price Target End Date	31 Dec 10

Barrick Gold (ABX;ABX US)

	2009A	2010E (Old)	2010E (New)	2011E (Old)	2011E (New)
EPS - Recurring (\$)					
Q1 (Mar)	0.32	0.66	0.71A	0.64	0.77
Q2 (Jun)	0.49	0.67	0.72	0.63	0.76
Q3 (Sep)	0.54	0.80	0.79	0.61	0.74
Q4 (Dec)	0.53	0.71	0.69	0.61	0.74
FY	1.90	2.83	2.91	2.49	3.00
Bloomberg EPS FY (\$)	1.91		2.83		2.88

Source: Company data, Bloomberg, J.P. Morgan estimates. 'Bloomberg' above denotes Bloomberg consensus estimates.

Goldcorp Inc

Valuation, Rating and Price Target Analysis

Applying a probability-weighted average gold price of \$1,140/oz to the gold forward curve and based on our estimates of gold sales over the life of the known assets and the forecast cost structure, we calculate a Black-Scholes call option value and arrive at our Dec-2010 target price of \$43 per share (was previously \$45).

On longer-term metrics such as NPV and FV/oz, GG's value has tended to look stretched due to the limited reserves at Red Lake and now at the other deeper-level mines such as Musselwhite and Porcupine, though we feel this is a short-sighted interpretation as we assume addition reserves replacement at these mines. The value of Peñasquito is now helping NPV. After the recent pickup in base metal prices, we see continue to see value in Goldcorp based on our option valuation technique. We thus maintain our Overweight rating.

Risks to Our Price Target and Rating

Downside risks include: 1) Penasquito project is not developed as per plan; 2) capital costs at the joint development project (Pueblo Viejo) with Barrick could escalate; and 3) a sharp fall in silver and base metals prices that affects the economics of Penasquito.

Overweight

Company Data	
Price (\$)	43.50
Date Of Price	10 May 10
52-week Range (\$)	46.24 - 31.42
Mkt Cap (\$ mn)	31,918.56
Fiscal Year End	Dec
Shares O/S (mn)	734
Price Target (\$)	43.00
Price Target End Date	31 Dec 10

Goldcorp Inc (GG;GG US)

	2009A	2010E (Old)	2010E (New)	2011E (Old)	2011E (New)
EPS - Recurring (\$)					
Q1 (Mar)	0.23	0.28	0.22A	0.38	0.38
Q2 (Jun)	0.12	0.30	0.29	0.38	0.38
Q3 (Sep)	0.19	0.35	0.34	0.40	0.41
Q4 (Dec)	0.25	0.31	0.30	0.39	0.40
FY	0.79	1.24	1.16	1.55	1.58
Bloomberg EPS FY (\$)	0.79		1.14		1.65

Source: Company data, Bloomberg, J.P. Morgan estimates. 'Bloomberg' above denotes Bloomberg consensus estimates.

Kinross Gold

Valuation, Rating and Price Target Analysis

Applying a probability-weighted average gold price of \$1,140/oz to the gold forward curve and based on our estimates of gold sales over the life of the known assets and the forecast cost structure, we calculate a Black-Scholes call option value to arrive at our Dec-2010 target price of \$27 per share (previously \$26).

After the recent pullback in its share price, Kinross has started to look more attractive on valuation (including the FDN project in Ecuador). We estimate the FDN project to contribute about 17% to KGC's NPV. Thus, at present, the market seems to be discounting part of the value at FDN. While we remain uncertain on the timing or tax structure for the project, we feel ignoring the project is the wrong approach. We believe that, as the market regains confidence in the mining regulations in Ecuador and sees further progress at Paracatu in Brazil, the stock is likely to outperform. We thus reiterate our Overweight rating on KGC.

Risks to Our Price Target and Rating

Downside risks include: 1) sovereign risk in Russia to the company's assets in that country; 2) disappointments with the new mining code in Ecuador that could hurt the viability of the FDN project; 3) currency risk in some of Kinross's operating regions.

Overweight

Company Data

Price (\$)	17.37
Date Of Price	10 May 10
52-week Range (\$)	23.91 - 16.13
Mkt Cap (\$ mn)	12,096.47
Fiscal Year End	Dec
Shares O/S (mn)	696
Price Target (\$)	27.00
Price Target End Date	31 Dec 10

Kinross Gold (KGC;KGC US)

	2009A	2010E (Old)	2010E (New)	2011E (Old)	2011E (New)
EPS - Recurring (\$)					
Q1 (Mar)	0.10	0.15	0.14A	0.19	0.18
Q2 (Jun)	0.12	0.16	0.12	0.20	0.18
Q3 (Sep)	0.09	0.19	0.16	0.19	0.18
Q4 (Dec)	0.21	0.17	0.13	0.19	0.19
FY	0.53	0.67	0.55	0.77	0.74
Bloomberg EPS FY (\$)	0.45		0.61		0.75

Source: Company data, Bloomberg, J.P. Morgan estimates. 'Bloomberg' above denotes Bloomberg consensus estimates.

Compania de Minas Buenaventura

Valuation, Rating and Price Target Analysis

Applying a probability-weighted average gold price of \$1,140/oz to the gold forward curve and based on our estimates of gold sales over the life of the known assets and the forecast cost structure, we calculate a Black-Scholes call option value and arrive at our Dec 2010 target price of \$42 per share (was previously \$40).

Buenaventura benefited in 2009 from the new oxide mill at its 44%-owned Yanacocha mine, but gold production is now expected to fall at Yanacocha in 2010. After its YTD outperformance and based on our option valuation method, BVN's share price seems fairly valued. We thus maintain our Neutral rating on BVN.

We continue to like Buenaventura's more-than-50-year record of reserves replacement and its ongoing commitment to organic growth in its reserve base. This is a rare quality in today's market and is attractive to investors, in our opinion.

Note BVN is popular with emerging markets funds as their vehicle for gold market exposure. With much of emerging market gold production concentrated in North American-domiciled mining companies, BVN is an attractive route to quality gold exposure for these investors.

Risks to Our Price Target and Rating

Downside risks include 1) a return to poorer community relations; 2) disappointments with planned new projects; and 3) sharply lower copper and/or silver prices that impact BVN's cash flows.

Upside risks include 1) a rise in copper prices that boosts cash flows to BVN from Cerro Verde; and 2) a quick return of the Cerro Quilish deposit at Yanacocha to the asset portfolio for production.

Neutral

Company Data	
Price (\$)	34.23
Date Of Price	10 May 10
52-week Range (\$)	42.69 - 20.81
Mkt Cap (\$ mn)	8,709.56
Fiscal Year End	Dec
Shares O/S (mn)	254
Price Target (\$)	42.00
Price Target End Date	31 Dec 10

Compania de Minas Buenaventura (BVN;BVN US)

	2009A	2010E (Old)	2010E (New)	2011E (Old)	2011E (New)
EPS - Recurring (\$)					
Q1 (Mar)	0.39	0.61	0.61A	0.71	0.79
Q2 (Jun)	0.53	0.69	0.74	0.71	0.79
Q3 (Sep)	0.58	0.77	0.78	0.75	0.83
Q4 (Dec)	0.84	0.65	0.67	0.77	0.85
FY	2.35	2.71	2.80	2.94	3.26
Bloomberg EPS FY (\$)	2.21		2.70		2.95

Source: Company data, Bloomberg, J.P. Morgan estimates. 'Bloomberg' above denotes Bloomberg consensus estimates.

Agnico-Eagle Mines: Summary Of Financials

Income Statement - Annual	FY09A	FY10E	FY11E	FY12E	Income Statement - Quarterly	1Q10A	2Q10E	3Q10E	4Q10E
Revenues	614	1,422	1,640	-	Revenues	238	363	418	404
Cost of products sold (ex. D&A)	306	634	748	-	Cost of products sold (ex. D&A)	118	169	171	175
Gross profit	307	788	892	-	Gross profit	119	194	247	228
SG&A	64	59	50	-	SG&A	28	10	10	10
D&A	72	205	242	-	D&A	31	54	59	62
Operating Income	170	516	599	-	Operating Income	52	130	178	157
EBITDA	228	649	828	-	EBITDA	76	162	214	196
Net interest income / (expense)	7	45	(24)	-	Net interest income / (expense)	4	10	16	15
Other income / (expense)	16	75	40	-	Other income / (expense)	6	23	23	23
Pre-tax income	147	396	583	-	Pre-tax income	41	96	139	119
Income taxes	60	161	233	-	Income taxes	19	39	56	47
Net income - GAAP	87	235	350	-	Net income - GAAP	22	58	84	71
Net income - recurring	88	244	350	-	Net income - recurring	31	58	84	71
Diluted shares outstanding	159	164	169	-	Diluted shares outstanding	159	159	169	169
EPS - recurring	0.55	1.49	2.07	-	EPS - recurring	0.20	0.36	0.49	0.42
Balance Sheet and Cash Flow Data	FY09A	FY10E	FY11E	FY12E	Ratio Analysis	FY09A	FY10E	FY11E	FY12E
Cash and cash equivalents	164	629	763	-	Sales growth	66.4%	131.7%	15.3%	-
Accounts receivable	-	-	-	-	EBIT growth	41.0%	186.2%	32.0%	-
Inventories	-	-	-	-	EPS growth	137.5%	168.6%	39.3%	-
Other current assets	440	547	569	-	Gross margin	50.1%	55.4%	54.4%	-
Current assets	604	1,176	1,332	-	EBIT margin	25.3%	31.2%	35.7%	-
PP&E	3,582	3,775	3,778	-	EBITDA margin	27.9%	36.9%	36.6%	-
Total assets	4,247	5,018	5,177	-	Tax rate	41.0%	40.6%	40.0%	-
Total debt	715	1,185	985	-	Net margin	14.1%	16.5%	21.3%	-
Total liabilities	1,496	2,001	1,809	-	Net Debt / EBITDA	2.4	0.9	0.3	-
Shareholders' equity	2,752	3,018	3,367	-	Net Debt / Capital	20.0%	18.4%	6.6%	-
Net Income (including charges)	87	235	350	-	Return on assets (ROA)	2.1%	4.9%	6.8%	-
D&A	72	205	242	-	Return on equity (ROE)	3.1%	7.8%	10.4%	-
Change in Working Capital	(15)	(48)	(13)	-	Return on invested capital (ROIC)	6.4%	16.2%	20.8%	-
Other	-	-	-	-	Enterprise value / sales	-	-	-	-
Cash flow from operations	215	432	579	-	Enterprise value / EBITDA	42.8	15.0	11.8	-
Capex	(657)	(409)	(245)	-	Free cash flow yield	-	-	-	-
Free cash flow	(396)	44	319	-	P/E	114.1	42.5	30.5	-
Cash flow from investing activities	(615)	(414)	(245)	-	Book value	2,752	3,018	3,367	-
Cash flow from financing activities	552	448	(200)	-	Enterprise value	9,748	9,748	9,748	-
Dividends per share	0.17	0.16	0.00	-					
Dividend yield	0.3%	0.3%	0.0%	-					
Special dividend	-	-	-	-					
Share buybacks	-	-	-	-					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions. FY ends Dec

Barrick Gold: Summary Of Financials

Income Statement - Annual	FY09A	FY10E	FY11E	FY12E	Income Statement - Quarterly	1Q10A	2Q10E	3Q10E	4Q10E
Revenues	8,136	10,244	10,281		- Revenues	2,561	2,457	2,648	2,578
Cost of products sold (ex. D&A)	3,839	3,865	3,891		- Cost of products sold (ex. D&A)	1,017	891	954	1,004
Gross profit	4,297	6,336	6,336		- Gross profit	1,544	1,552	1,680	1,560
SG&A	171	155	166		- SG&A	32	41	41	41
D&A	1,016	1,126	914		- D&A	295	254	278	299
Operating Income	(3,200)	4,672	4,955		- Operating Income	1,182	1,141	1,245	1,103
EBITDA	3,394	5,683	5,929		- EBITDA	1,416	1,377	1,505	1,385
Net interest income / (expense)	47	189	148		- Net interest income / (expense)	31	53	52	52
Other income / (expense)	696	710	440		- Other income / (expense)	158	184	184	184
Pre-tax income	(3,717)	4,173	4,667		- Pre-tax income	1,045	1,020	1,125	983
Income taxes	648	1,260	1,680		- Income taxes	322	306	337	295
Net income - GAAP	(4,274)	2,948	2,987		- Net income - GAAP	758	714	787	688
Net income - recurring	1,810	2,931	2,987		- Net income - recurring	741	714	787	688
Diluted shares outstanding	903	996	996		- Diluted shares outstanding	996	996	996	996
EPS - recurring	1.90	2.91	3.00		- EPS - recurring	0.71	0.72	0.79	0.69
Balance Sheet and Cash Flow Data	FY09A	FY10E	FY11E	FY12E	Ratio Analysis	FY09A	FY10E	FY11E	FY12E
Cash and cash equivalents	2,564	3,793	3,466		- Sales growth	7.2%	28.1%	1.9%	-
Accounts receivable	-	-	-		- EBIT growth	8.2%	91.6%	10.1%	-
Inventories	-	-	-		- EPS growth	3.3%	53.3%	3.2%	-
Other current assets	2,374	2,593	2,597		-				
Current assets	4,938	6,387	6,063		- Gross margin	52.8%	61.8%	61.6%	-
PP&E	13,125	16,815	19,756		- EBIT margin	29.2%	44.5%	48.8%	-
Total assets	27,075	31,573	34,327		- EBITDA margin	41.7%	55.5%	57.7%	-
Total debt	6,335	6,306	6,288		- Tax rate	-	30.2%	36.0%	-
Total liabilities	12,012	13,481	13,465		- Net margin	(53.7%)	28.4%	29.1%	-
Shareholders' equity	15,063	18,092	20,863		- Net Debt / EBITDA	1.1	0.4	0.5	-
Net Income (including charges)	(4,371)	2,913	2,987		- Net Debt / Capital	25.0%	13.9%	13.5%	-
D&A	1,016	1,126	914		- Return on assets (ROA)	6.7%	9.3%	8.7%	-
Change in Working Capital	(297)	(126)	(2)		- Return on equity (ROE)	12.0%	16.2%	14.3%	-
Other	-	-	-		- Return on invested capital (ROIC)	12.0%	16.2%	14.3%	-
Cash flow from operations	(2,287)	3,933	3,762		- Enterprise value / sales	5.1	4.1	4.1	-
Capex	(2,341)	(2,924)	(3,855)		- Enterprise value / EBITDA	12.3	7.3	7.0	-
Free cash flow	(4,331)	822	129		- Free cash flow yield	-	-	-	-
Cash flow from investing activities	(2,415)	(3,390)	(3,855)		- P/E	23.1	15.1	14.6	-
Cash flow from financing activities	5,829	687	(234)		- Book value	15,063	18,092	20,863	-
Dividends per share	0.41	0.22	0.22		- Enterprise value	41,665	41,665	41,665	-
Dividend yield	0.9%	0.5%	0.5%						
Special dividend	-	-	-						
Share buybacks	-	-	-						

Source: Company reports and J.P. Morgan estimates.
Note: \$ in millions. FY ends Dec

Compania de Minas Buenaventura: Summary Of Financials

Income Statement - Annual	FY09A	FY10E	FY11E	FY12E	Income Statement - Quarterly	1Q10A	2Q10E	3Q10E	4Q10E
Revenues	882	1,063	1,144	-	Revenues	202	261	313	288
Cost of products sold (ex. D&A)	389	428	460	-	Cost of products sold (ex. D&A)	97	104	112	115
Gross profit	493	635	683	-	Gross profit	105	156	201	173
SG&A	99	73	80	-	SG&A	13	20	20	20
D&A	74	74	83	-	D&A	17	14	20	23
Operating Income	287	465	500	-	Operating Income	68	117	156	124
EBITDA	744	925	1,052	-	EBITDA	186	239	268	232
Net interest income / (expense)	9	(19)	(46)	-	Net interest income / (expense)	(1)	(4)	(6)	(8)
Other income / (expense)	39	24	20	-	Other income / (expense)	9	5	5	5
Pre-tax income	721	935	1,112	-	Pre-tax income	180	244	274	237
Income taxes	64	157	186	-	Income taxes	16	41	55	45
Net income - GAAP	594	713	829	-	Net income - GAAP	155	188	199	171
Net income - recurring	597	713	829	-	Net income - recurring	155	188	199	171
Diluted shares outstanding	254	254	254	-	Diluted shares outstanding	254	254	254	254
EPS - recurring	2.35	2.80	3.26	-	EPS - recurring	0.61	0.74	0.78	0.67
Balance Sheet and Cash Flow Data	FY09A	FY10E	FY11E	FY12E	Ratio Analysis	FY09A	FY10E	FY11E	FY12E
Cash and cash equivalents	714	956	1,621	-	Sales growth	8.1%	20.6%	7.5%	-
Accounts receivable	-	-	-	-	EBIT growth	309.8%	27.0%	13.9%	-
Inventories	-	-	-	-	EPS growth	242.9%	19.5%	16.3%	-
Other current assets	223	237	245	-	Gross margin	55.9%	59.7%	59.7%	-
Current assets	938	1,193	1,866	-	EBIT margin	76.0%	80.0%	84.8%	-
PP&E	443	507	627	-	EBITDA margin	36.1%	39.7%	39.3%	-
Total assets	2,787	3,220	4,012	-	Tax rate	8.9%	16.8%	16.7%	-
Total debt	230	26	26	-	Net margin	28.8%	30.6%	31.0%	-
Total liabilities	722	559	562	-	Net Debt / EBITDA	(0.7)	(1.0)	(1.5)	-
Shareholders' equity	2,064	2,661	3,450	-	Net Debt / Capital	(23.5%)	(34.9%)	(46.2%)	-
Net Income (including charges)	594	713	829	-	Return on assets (ROA)	21.4%	22.2%	20.7%	-
D&A	74	74	83	-	Return on equity (ROE)	28.9%	26.8%	24.0%	-
Change in Working Capital	(4)	(11)	(5)	-	Return on invested capital (ROIC)	57.8%	53.6%	48.1%	-
Other	-	-	-	-	Enterprise value / sales	9.1	7.5	7.0	-
Cash flow from operations	582	635	907	-	Enterprise value / EBITDA	10.8	8.7	7.6	-
Capex	(159)	(138)	(202)	-	Free cash flow yield	-	-	-	-
Free cash flow	416	459	675	-	P/E	14.6	12.2	10.5	-
Cash flow from investing activities	(173)	(163)	(202)	-	Book value	2,064	2,661	3,450	-
Cash flow from financing activities	(166)	(249)	(41)	-	Enterprise value	8,013	8,013	8,013	-
Dividends per share	0.16	0.16	0.16	-					
Dividend yield	0.5%	0.5%	0.5%	-					
Special dividend	-	-	-	-					
Share buybacks	-	-	-	-					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions. FY ends Dec

Goldcorp Inc: Summary Of Financials

Income Statement - Annual	FY09A	FY10E	FY11E	FY12E	Income Statement - Quarterly	1Q10A	2Q10E	3Q10E	4Q10E
Revenues	2,724	3,645	4,426		Revenues	750	833	1,037	1,025
Cost of products sold (ex. D&A)	1,187	1,584	2,043		Cost of products sold (ex. D&A)	301	331	461	491
Gross profit	1,536	2,061	2,383		Gross profit	449	503	576	534
SG&A	92	95	90		SG&A	28	22	22	22
D&A	526	600	608		D&A	131	143	162	163
Operating Income	547	1,081	1,645		Operating Income	60	319	372	330
EBITDA	1,388	1,877	2,253		EBITDA	387	462	535	493
Net interest income / (expense)	78	21	(14)		Net interest income / (expense)	16	1	2	2
Other income / (expense)	56	89	40		Other income / (expense)	33	19	19	19
Pre-tax income	445	1,040	1,658		Pre-tax income	24	317	371	328
Income taxes	207	402	498		Income taxes	77	102	119	105
Net income - GAAP	240	638	1,161		Net income - GAAP	(52)	216	252	223
Net income - recurring	578	854	1,161		Net income - recurring	163	216	252	223
Diluted shares outstanding	735	734	734		Diluted shares outstanding	734	734	734	734
EPS - recurring	0.79	1.16	1.58		EPS - recurring	0.22	0.29	0.34	0.30
Balance Sheet and Cash Flow Data	FY09A	FY10E	FY11E	FY12E	Ratio Analysis	FY09A	FY10E	FY11E	FY12E
Cash and cash equivalents	900	463	991		Sales growth	12.6%	33.8%	21.4%	-
Accounts receivable	-	-	-		EBIT growth	26.8%	48.3%	28.8%	-
Inventories	-	-	-		EPS growth	41.9%	47.8%	36.0%	-
Other current assets	702	787	865						
Current assets	1,602	1,250	1,855		Gross margin	56.4%	56.5%	53.8%	-
PP&E	18,001	20,203	20,457		EBIT margin	-	-	-	-
Total assets	20,949	22,788	23,648		EBITDA margin	50.9%	51.5%	50.9%	-
Total debt	736	1,193	993		Tax rate	46.5%	38.7%	30.0%	-
Total liabilities	5,456	6,749	6,580		Net margin	8.8%	17.5%	26.2%	-
Shareholders' equity	15,493	16,040	17,068		Net Debt / EBITDA	(0.1)	0.4	0.0	-
Net Income (including charges)	240	638	1,161		Net Debt / Capital	(1.1%)	4.6%	0.0%	-
D&A	526	600	608		Return on assets (ROA)	2.8%	3.7%	4.9%	-
Change in Working Capital	(18)	(55)	(47)		Return on equity (ROE)	3.7%	5.3%	6.8%	-
Other	-	-	-		Return on invested capital (ROIC)	7.5%	10.6%	13.6%	-
Cash flow from operations	1,272	1,465	1,722		Enterprise value / sales	10.6	7.9	6.5	-
Capex	(1,001)	(1,324)	(863)		Enterprise value / EBITDA	20.8	15.4	12.8	-
Free cash flow	(145)	(748)	850		Free cash flow yield	-	-	-	-
Cash flow from investing activities	(1,459)	(2,226)	(863)		P/E	55.2	37.4	27.5	-
Cash flow from financing activities	799	324	(332)		Book value	15,493	16,040	17,068	-
Dividends per share	0.18	0.18	0.18		Enterprise value	28,863	28,863	28,863	-
Dividend yield	0.4%	0.4%	0.4%						
Special dividend	-	-	-						
Share buybacks	-	-	-						

Source: Company reports and J.P. Morgan estimates.
Note: \$ in millions. FY ends Dec

Kinross Gold: Summary Of Financials

Income Statement - Annual	FY09A	FY10E	FY11E	FY12E	Income Statement - Quarterly	1Q10A	2Q10E	3Q10E	4Q10E
Revenues	2,412	2,698	2,713		Revenues	658	660	703	677
Cost of products sold (ex. D&A)	1,047	1,117	1,026		Cost of products sold (ex. D&A)	277	281	281	277
Gross profit	1,365	1,582	1,687		Gross profit	380	380	422	400
SG&A	118	140	151		SG&A	28	37	37	37
D&A	447	491	464		D&A	129	118	121	124
Operating Income	744	963	1,072		Operating Income	236	224	264	239
EBITDA	1,077	1,276	1,416		EBITDA	338	292	334	312
Net interest income / (expense)	10	22	6		Net interest income / (expense)	8	4	5	5
Other income / (expense)	170	166	120		Other income / (expense)	14	51	51	51
Pre-tax income	563	776	947		Pre-tax income	214	169	208	184
Income taxes	151	287	331		Income taxes	79	63	77	68
Net income - GAAP	310	404	523		Net income - GAAP	111	87	110	96
Net income - recurring	366	391	523		Net income - recurring	97	87	110	96
Diluted shares outstanding	696	705	711		Diluted shares outstanding	700	700	711	711
EPS - recurring	0.53	0.55	0.74		EPS - recurring	0.14	0.12	0.16	0.13
Balance Sheet and Cash Flow Data	FY09A	FY10E	FY11E	FY12E	Ratio Analysis	FY09A	FY10E	FY11E	FY12E
Cash and cash equivalents	632	439	53		Sales growth	49.2%	11.9%	0.6%	-
Accounts receivable	-	-	-		EBIT growth	194.6%	24.6%	21.4%	-
Inventories	-	-	-		EPS growth	343.0%	5.4%	32.8%	-
Other current assets	758	798	799						
Current assets	1,391	1,236	852		Gross margin	56.6%	58.6%	62.2%	-
PP&E	4,990	4,470	5,190		EBIT margin	26.1%	29.1%	35.1%	-
Total assets	8,013	8,182	8,512		EBITDA margin	44.6%	47.3%	52.2%	-
					Tax rate	26.8%	36.9%	35.0%	-
Total debt	692	550	427		Net margin	12.8%	15.0%	19.3%	-
Total liabilities	2,454	2,177	1,963						
Shareholders' equity	5,560	6,005	6,549		Net Debt / EBITDA	0.1	0.1	0.3	-
					Net Debt / Capital	1.1%	1.9%	5.7%	-
Net Income (including charges)	310	404	523		Return on assets (ROA)	4.6%	4.8%	6.1%	-
D&A	447	491	464		Return on equity (ROE)	6.6%	6.5%	8.0%	-
Change in Working Capital	(81)	(17)	(1)		Return on invested capital (ROIC)	13.2%	13.0%	16.0%	-
Other	-	-	-						
Cash flow from operations	786	280	986		Enterprise value / sales	4.9	4.4	4.4	-
					Enterprise value / EBITDA	11.1	9.3	8.4	-
Capex	(481)	(512)	(1,184)		Free cash flow yield	-	-	-	-
Free cash flow	41	57	(189)		P/E	33.0	31.3	23.6	-
					Book value	5,560	6,005	6,549	-
Cash flow from investing activities	(752)	(237)	(1,179)		Enterprise value	11,910	11,910	11,910	-
Cash flow from financing activities	63	(227)	(193)						
Dividends per share	0.13	0.10	0.10						
Dividend yield	0.7%	0.6%	0.6%						
Special dividend	-	-	-						
Share buybacks	-	-	-						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions. FY ends Dec

Other Companies Recommended in This Report (all prices in this report as of market close on 10 May 2010, unless otherwise indicated)

Silver Wheaton (SLW/\$18.44 [07-May-2010]/Overweight)

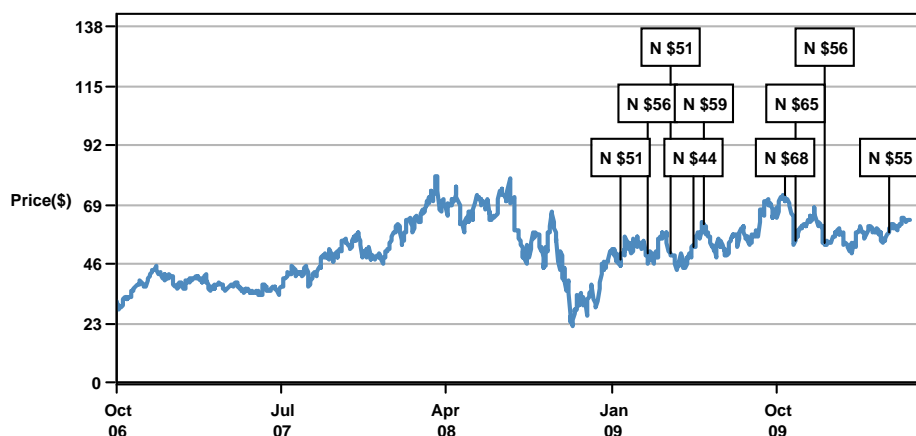
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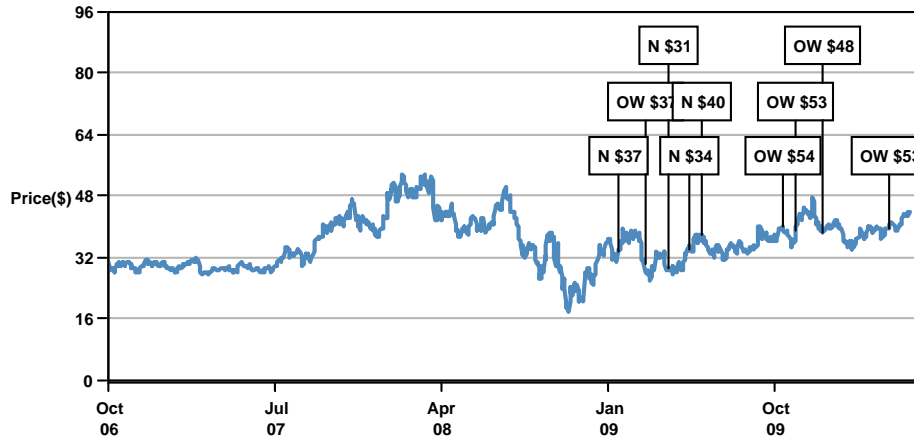
Agnico-Eagle Mines (AEM) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
16-Jan-09	N	47.94	51.00
02-Mar-09	N	49.86	56.00
08-Apr-09	N	50.42	51.00
14-May-09	N	52.46	44.00
03-Jun-09	N	61.61	59.00
14-Oct-09	N	72.90	68.00
02-Nov-09	N	54.57	65.00
18-Dec-09	N	53.99	56.00
07-Apr-10	N	58.23	55.00

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.

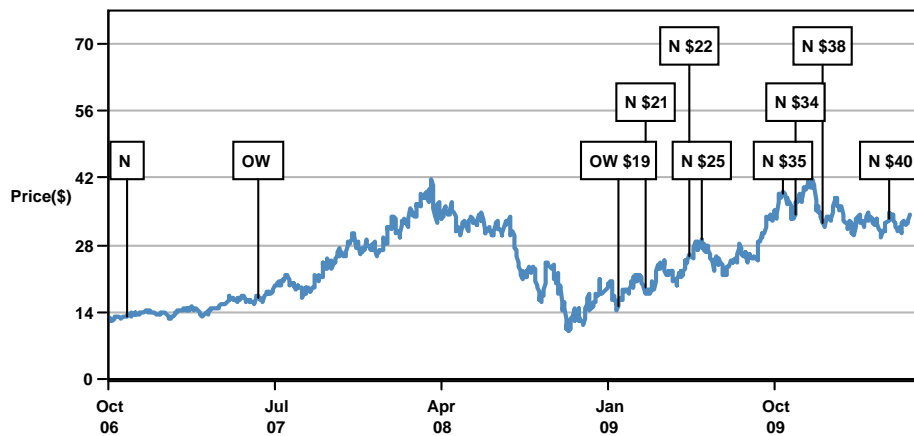
Barrick Gold (ABX) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
16-Jan-09	N	33.48	37.00
02-Mar-09	OW	30.20	37.00
08-Apr-09	N	29.05	31.00
14-May-09	N	34.35	34.00
03-Jun-09	N	37.89	40.00
14-Oct-09	OW	39.90	54.00
04-Nov-09	OW	39.17	53.00
18-Dec-09	OW	38.39	48.00
07-Apr-10	OW	39.42	53.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
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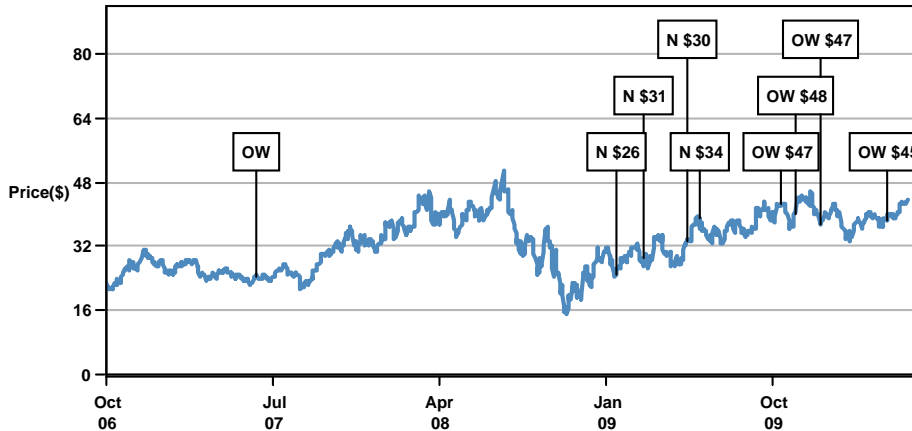
Compania de Minas Buenaventura (BVN) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
02-Nov-06	N	13.19	--
06-Jun-07	OW	16.89	--
16-Jan-09	OW	15.35	19.00
02-Mar-09	N	19.26	21.00
14-May-09	N	25.47	22.00
03-Jun-09	N	29.12	25.00
14-Oct-09	N	38.61	35.00
02-Nov-09	N	34.33	34.00
18-Dec-09	N	32.66	38.00
07-Apr-10	N	33.39	40.00

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.

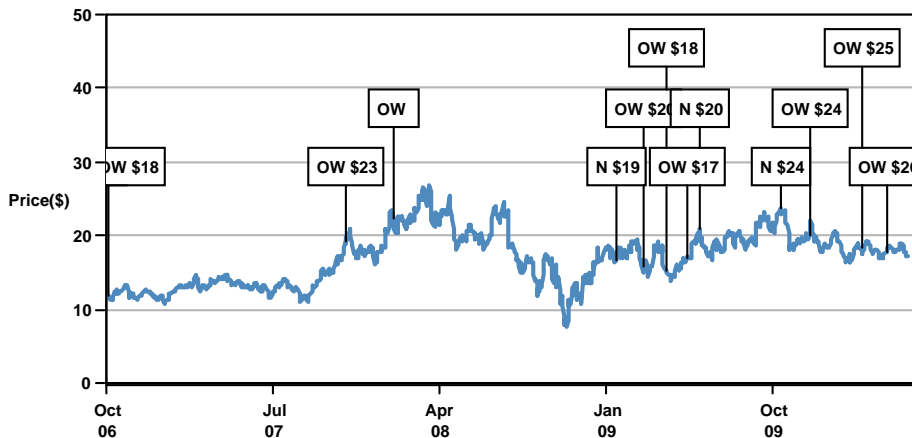
Goldcorp Inc (GG) Price Chart



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

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.

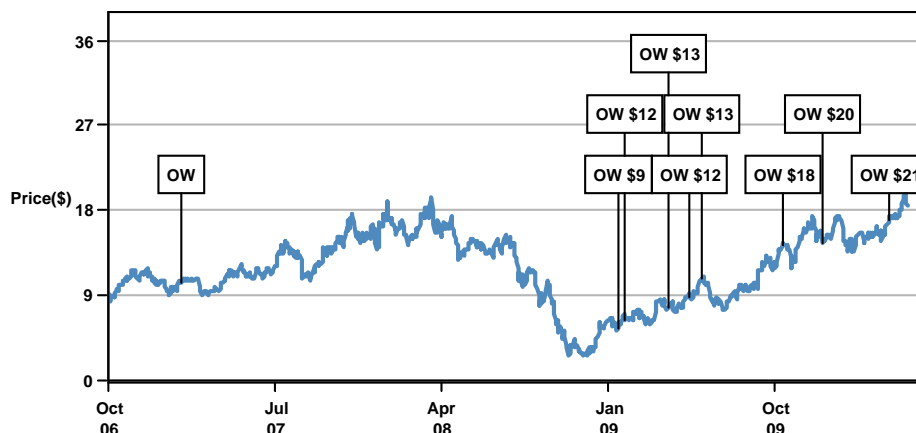
Kinross Gold (KGC) Price Chart



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

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.

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

	Overweight (buy)	Neutral (hold)	Underweight (sell)
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IB clients*	48%	46%	32%
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IB clients*	70%	58%	48%

*Percentage of investment banking clients in each rating category.

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