

Morning Coffee



Thursday September 8, 2011

S&P/TSX Composite	+202.02	12720.56
Dow Jones	+275.56	11414.86
S&P 500	+33.38	1198.62
NASDAQ	+75.11	2548.94
S&P/TSX Venture	-0.51	1789.31
Philadelphia SOX	+15.17	354.26
Crude Oil (US\$/brrl)	+3.32	89.34
Gas (US\$/mmbtu)	+0.00	3.94
Copper (US\$/lb)	+0.08	4.12
Gold (US\$/oz)	-55.70	1817.60
Nickel (US\$/lb)	-0.10	9.36
Palladium (US\$/oz)	+0.50	753.00
Platinum (US\$/oz)	-32.55	1821.40
Silver (US\$/oz)	-0.42	41.59
Uranium (US\$/lb)	+2.00	51.00
Canadian Dollar	+0.0053	1.0149
30 Year Canada	+0.03	2.951
30 Year U.S.	+0.08	3.354
Volatility Index (VIX)	-3.540	33.46

Hells Attorneys



The Hells Angels have sued **Amazon.com (AMZN)** over the sale of T-shirts that allegedly infringe on the motorcycle club's trademarks.

The club filed suit Tuesday in U.S. District Court in San Francisco over the sale of a T-shirt produced by Hollywood fashion house Wildfox that reads, "My boyfriend's a Hells Angel" on the front with a pair of wings on the back, the Los Angeles Times reported.

"We bring these lawsuits from time to time not just to punish but to educate," Hells Angels' attorney Fritz Clapp said. "Somebody thought erroneously that Hells Angels is a generic term. Getting this stuff off the market is our highest priority. Hells Angels is a membership mark, and it denotes membership in the organization. Even the Hells Angels do not put it on T-shirts they sell to the public."

The club has previously filed suits against **Disney (DIS)**, **Marvel Comics** and **Alexander McQueen** to successfully protect its brand, the newspaper said.

CANADA

The S&P/TSX Composite pushed higher on Wednesday, as concerns eased about the state of the global economy and investors took in a Bank of Canada projection that interest rates would remain low for some time. Canada's central bank said in its latest statement that both the world and Canadian economies are weaker than expected, and risks have risen dramatically in the past month. Financial conditions in Canada have tightened in the face of the global turmoil, it added.

Grain handler **Viterra (VT)** said its third-quarter net earnings nearly doubled to \$123.3 million, driven by record grain shipments through ports in Australia, higher grain prices, and strong demand for fertilizers in North America.

Major Drilling Group International (MDI) reported its first-quarter profits rose to \$17.9 million from \$5.1 million a year earlier, as activity levels continue to be robust for the mining driller in every region.

The Donlin Gold partnership owned by **NovaGold Resources (NG)** and **Barrick Gold (ABX)** said it has dramatically increased the projected cost of developing an Alaskan gold mine and infrastructure. It now estimates it will cost US\$7 billion, including US\$1 billion for a natural gas pipeline that hadn't been anticipated in the 2009 estimate.

UNITED STATES

Stocks advanced on Wednesday, snapping a three-day decline for the S&P 500, as investors speculated President Barack Obama's plan to inject more than \$300 billion into the economy will bolster growth. Obama will unveil his proposals for promoting job growth in an address to a joint session of Congress today. In a letter to House Speaker John Boehner, Obama said that the nation faces "unprecedented" economic challenges.

Bank of America (BAC) led blue chips higher after the largest U.S. bank by assets named Tom Montag and David Darnell as co-chief operating officers and ousted Sallie Krawcheck and Joseph Price from its management ranks. Meanwhile, **Yahoo! (YHOO)** Chairman Roy Bostock announced he fired CEO Carol Bartz over the phone on Tuesday, ending a tumultuous tenure marked by stagnation and a rift with Chinese partner Alibaba.

Nvidia (NVDA) boosted tech stocks as the maker of graphics chips forecast sales that beat estimates, though analysts expect the company to face challenges going ahead. **McDonald's (MCD)** said it will spend \$1 billion to renovate all its Canadian locations in an effort to look cozier as the fast food giant raises the stakes to grab more customers. **Fuelcell Energy (FCEL)** surged after the maker of low-pollution power plants reported sales that exceeded analysts' estimates and a record backlog of orders in its fiscal third quarter.

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ECON 101

CANADIAN Data Today: This morning, **Building Permits** (Jul) are expected to fall by 2.6%, after gaining 2.1% the previous month, while the **New Housing Price Index** (Jul) should rise by 0.3%, after also gaining 0.3% previously. **International Merchandise Trade** (Jul) is expected to come in at -\$0.85 billion, up from -\$1.56 billion the previous month.

U.S. Data Today: This morning, the **Trade Balance** (Jul) is expected to come in at -\$51.0 billion, up from -\$53.1 billion the previous month. **Initial Jobless Claims** (Sep 3) should fall to 405K from 409K the previous week, while **Continuing Claims** (Aug 29) should fall to 3,706K from 3,735K the previous week. Finally, **Consumer Credit** (Jul) is expected to fall to \$6.00 billion from \$15.53 billion previously.

ECON 201

The **Bank of Canada** left its target for the overnight rate at 1.00%, as analysts were expecting. The **IVEY Purchasing Managers Index** (Aug) rose to 56.4, ahead of the 55.5 economists had forecast.

Germany's **Industrial Output** (Jul) increased by 4% after falling 1% in June.

U.K. **Manufacturing Output** (Jul) rose 0.1% from June when it dropped 0.4%.

MARKET MOVERS

Technical Indicators:

	TSX	TSX VENTURE	NYSE	AMEX	NASDAQ
Advancing Issues	854 (59%)	498 (37%)	3,446 (85%)	510 (74%)	2,213 (83%)
Declining Issues	421 (29%)	493 (37%)	544 (13%)	150 (22%)	388 (14%)
Unchanged Issues	175 (12%)	343 (26%)	63 (2%)	28 (4%)	78 (3%)
Total Issues	1,450	1,334	4,053	688	2,679
New Highs	14	11	33	0	19
New Lows	20	50	19	6	30
Up Volume (000s)	225,168	72,903	3,891,114	811,705	1,677,535
Down Volume (000s)	52,388	84,205	404,379	89,863	62,797
Unchanged Volume (000s)	19,307	32,717	13,120	1,098	3,697
Total Volume (000s)	2,968,633	1,898,247	136,460	9,026,665	17,440,292

Source: Yahoo! Finance

Notable 52-Week Highs:

Alacer Gold Corp.	ASR	\$ 11.65	Karnalyte Resources	KRN	\$ 16.15
Banro	BAA	\$ 4.96	Can-Materials Income E.T.F.	MXF	\$ 10.66
Boardwalk REIT	BEI.UN	\$ 51.13	Jean Coutu Group (PJC)	PJC.A	\$ 12.30
Canadian Utilities	CU	\$ 60.49	PRT Forest Regen. Income Fund	PRT.UN	\$ 3.65
Elemental Minerals	ELM	\$ 1.65	Synex International	SXI	\$ 0.50
Franco-Nevada Corp.	FNV	\$ 45.99	Westport Innovations	WPT	\$ 27.07

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Notable 52-Week Lows:

Air Canada	AC.A	\$ 1.61	Marquest Cdn Equity IF	MIF.UN	\$ 7.55
Cascades Inc.	CAS	\$ 4.75	Middlefield Tactical Energy	OCF	\$ 5.05
Claym Adv. Short Duration High	CSD.A	\$ 19.26	Salida Wealth Preservation Fd	SWP.UN	\$ 8.42
Contrans Group	CSS	\$ 7.18	Transcontinental Inc.	TCL.A	\$ 11.52
Calian Technologies	CTY	\$ 17.68	Transcontinental Inc.	TCL.B	\$ 11.59
Eco Oro Minerals	EOM	\$ 1.86	Tech Leaders Income Fund	TLF.UN	\$ 7.80
Hammond Power Solutions Inc.	HPS.A	\$ 8.45	Triax Diversified Hi-Yield	TRH.UN	\$ 11.45
Legumex Walker	LWP	\$ 6.76	Vicwest Inc.	VIC	\$ 8.84
Migao	MGO	\$ 3.14			



CANADIAN EQUITIES OF INTEREST

Listed Alphabetically by Symbol

Fertilizers

Agrium (AGU : TSX : \$87.14), Net Change: 1.39, % Change: 1.62%, Volume: 879,069

CF Industries (CF : NYSE : US\$183.24), Net Change: -2.45, % Change: -1.32%, Volume: 1,982,507

Monsanto (MON : NYSE : US\$67.89), Net Change: 3.03, % Change: 4.67%, Volume: 4,730,390

Mosaic (MOS : NYSE : US\$71.12), Net Change: 0.74, % Change: 1.05%, Volume: 5,207,428

Potash Corp. of Saskatchewan (POT : TSX : \$58.74), Net Change: 0.40, % Change: 0.69%, Volume: 1,707,769

Not Yet! With the fertilizer group breaking to 52-week highs in relative terms, is it time to book profits? Canaccord Genuity Portfolio Strategist Martin Roberge says not yet. Roberge highlights the combination of elevated farmers' margins, strong Chinese grain demand, rapidly depleting U.S. fertilizer inventories, and stellar profit margins should support firmer fertilizer usage and prices going forward. Despite weakening global commodity prices this summer, grain prices have held up nicely, supported by concerns that hot and dry weather could lead to weak crop yields; that is, further grain supply constraints. As long as grain prices are rising on a YoY basis, the odds of market out-performance are likely about two-thirds for the fertilizer group. Roberge says the rationale behind this assumption is quite simple: higher grain prices boost farmers' margin, and thus should provide an incentive for farmers to intensify their fertilizer usage, boosting fertilizer demand and prices. Accordingly, he expects U.S. fertilizer shipments to remain robust, inventories to remain tight, and fertilizer prices to stay firm in H2/11. Interestingly, this bright domestic outlook for fertilizer demand is occurring while U.S. corn prices are trading at a US\$2/bushel discount to Chinese corn prices. Roberge expects this price differential, along with a stronger Chinese yuan, to push Chinese imports easily above the strong levels seen in 2008. If next week's USDA report (September 12) surprises to the lower side of production, fertilizer prices should enjoy more durable price strength as importing countries try to secure supply at these levels for the next year. Finally, with natural gas at US\$4/mmbtu, manufacturing margins are back to past cyclical highs. Ammonia prices are trading nearly 3x above that of natural gas, a major input cost for fertilizer retailers. This has allowed the industry to post stellar margins, surpassing the 12% mark last seen during the 2008 bubble. Fortunately, this time around, the spike in fertilizer prices and margins does not result from an ethanol craze. Roberge's bottom line is stay overweight fertilizer stocks. New relative price highs appear sustainable. Demand and supply fundamentals for grain prices have improved markedly owing to strong U.S. demand and Chinese imports. The five largest fertilizer stocks in North America are: POT, MON, MOS, AGU, and CF. POT is a Canaccord Genuity Canadian Focus List name.

Bank of Canada

Steady as she goes. Bank of Canada Governor Mark Carney held his benchmark interest rate at 1% Wednesday and suggested his year-long pause will last much longer as a bleaker outlook for the global economy quashes any urgency to make it harder to borrow and spend, according to the Globe and Mail. In explaining the decision to leave borrowing costs alone for an eighth meeting, as expected, the central bank said it believes Canada's economy is growing again after stalling in the second quarter, but painted a troubling picture for the U.S. and Europe, and said exports will be a major source of weakness. In light of slowing global economic momentum and heightened financial uncertainty, the need to withdraw monetary policy stimulus has diminished, the central bank said. The Bank also noted that it will continue to monitor carefully economic and financial

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developments in the Canadian and global economies, together with the evolution of risks, and set monetary policy consistent with achieving the 2% inflation target over the medium term. Without doing so explicitly, the central bank also left the door open for an interest-rate cut should the external backdrop deteriorate further, in part by reiterating it is less worried about inflation than just weeks ago.

Barrick Gold (ABX : TSX : \$53.71), Net Change: 0.56, % Change: 1.05%, Volume: 3,713,865

What's better than one update? How about two? Barrick gave investors a teaser a couple hours before its Investor Day, announcing two gold discoveries in Nevada, just 6 km southeast of 100%-owned Cortez mine. New deposits are called Red Hill and Goldrush; with inferred resource at Red Hill of 3.5 Moz gold at 0.123 oz/tonne (4.2 g/t). The grade is a positive as year-end resource at Cortez graded 0.046 oz/tonne (1.58 g/t) gold. "The mineralization in both deposits remains open in multiple directions," said head of exploration Rob Krcmarov. "We have more work to do, but these discoveries have the potential to become truly world-class deposits." Cortez makes up around 12% of Canaccord Genuity's 5%/peak NAV estimate, and is a low cost producer for Barrick. According to one Bay Street analyst, adding the inferred resource at Red Hill to Cortez, could potentially increase his NAV estimate by approximately \$1.48 a share or 2.4%. This is a positive announcement for the company, highlighting the potential for organic growth, and due to the high grades found at the Red Hill deposit. However these news of these discoveries was partially mitigated by a press release from **Novagold (NG)**, which jointly owns the Alaska-based Donlin Gold project with Barrick. Novagold said it expects capital costs at Alaska-based Donlin Gold project to rise by \$2.5 billion from its previous estimate, partly due to the addition of a gas-run power generation facility. Capex is now estimated to be approximately US\$6 billion (previously US\$4.5 billion released in April 2009). Further the previous estimate did not include the construction of a natural gas pipeline (approximately US\$1 billion). Canaccord Genuity currently value Barrick's share (50%) of Donlin Gold on an in-situ basis, worth approximately \$195 million (\$0.19/share or 0.3% of our 5%/peak NAVPS estimate).

Alexco Resource (AXR : TSX : \$8.50), Net Change: 0.48, % Change: 5.99%, Volume: 126,633

Like a Moth to a Flame. Alexco Resource perked investors' attention with additional drill results from the recently discovered Flame and Moth prospect on it Keno Hill project area. Flame and Moth are adjacent to the Bellekeno mill facility and associated infrastructure. The headline one was K-11-0350, which returned 6.04 m grading 1,080 g/t silver (including 2.6 m grading 2,154 g/t silver). Generally, the Flame and Moth prospect hosts much wider zones of mineralization (up to 33 m wide) with lower grade silver mineralization (relative to the Bellekeno mine, which is roughly 900+ g/t silver). The prospect has been drilled over 500 m along strike at 320 m down dip and remains open in all directions. Highlights from the most recent results returned 0.9-12.0 m intercepts grading 267-1,132 g/t silver. An additional four drill holes have been completed with assays pending. Alexco has brought up an additional drill rig to the Keno Hill project area to test new targets, initially focusing on the Flame and Moth and Birmingham discoveries on the project area. An initial resource estimate for the Flame and Moth prospect is expected to be completed in 2012. Both Flame and Moth and Birmingham are associated with significant wider zones of silver mineralization relative to the current resource base for the Keno Hill mining district. They demonstrate the prospectivity of the district and longer-term exploration upside potential of the property. Additionally, these discoveries are a significant part of Alexco goal of delineating a 100-million ounce high-grade silver resource in the Keno Hill district.

Colossus Minerals (CSI : TSX : \$6.45), Net Change: 0.03, % Change: 0.47%, Volume: 500,197

I AM GIGANTOR. Colossus Minerals reported the results from an additional eight drill holes completed at its Serra Pelada Project JV project in Para, Brazil. The most significant results were returned from the Central Mineralized Zone (CMZ). Hole SPD-113 returned 74.4 m grading 31.17 g/t gold, 3.02 g/t platinum and 6.78 g/t palladium. This hole included two "ultra" high-grade sub-zones of roughly 8.0 m grading 172.7 g/t gold, 9.8 g/t platinum and 32.3 g/t palladium and 3.5 m grading 126.4 g/t gold, 8.5 g/t platinum and 20.6 g/t palladium. This hole extends the high-grade sub-zones of the CMZ which is to be part of the bulk underground sample to be extracted in H1/12. Hole SPD-115 returned 11.7 m grading 57.3 g/t gold, 6.6 g/t platinum and 7.7 g/t palladium, including two "ultra" high-grade subzones of 2 m grading 106.9 g/t gold, 12.9 g/t platinum and 17.3 g/t palladium and 2 m grading 151.2 g/t gold, 9.5 g/t platinum and 11.9 g/t palladium. The bulk sample extracted in H1/12 is to be used to complete detailed metallurgical testwork and combined with underground drilling is to be incorporated into the initial two-year reserve for the Serra Pelada project. Note that Canaccord Genuity currently factors in an average grade of 20 g/t gold for the Serra Pelada project; however, the initial zone to be factored into the mine plan has returned average grades closer to 50 g/t gold. At an average grade of 35 g/t gold, estimates show that Serra Pelada could produce more than 350,000 ounces of gold per year over the first two years. The GT zone was also intersected and extended in four drill holes which returned narrower and generally lower grade mineralization over multiple intercepts (0.6-2.7 m intercepts grading 0.02-43.6 g/t gold plus PGMs). The

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company has almost completed a detailed geochemical program on the entire Serra Pelada land package, with high-grade results to be followed up with Auger drilling and trenching. There are several radiometric anomalies with similar signatures to the CMZ on the Serra Pelada land package, which have yet to be tested with a formal drill program. The high-priority targets outlined by the geochemical, auger and trenching program should begin to be tested in 2012. These results confirm the high-grade mineralization of the CMZ and highlight the impressive gold and uniquely high-grade PGM values of the Serra Pelada project. The company continues to push forward with the goal of starting production in late-2012 to early 2013. A Bay Street analyst commented that CSI has been relatively overlooked over the past 12 months. Over the next 12 months, there should be significant de-risking of the Serra Pelada project. This is the highest grade gold project in the planet and it is one of the few equities that offer significant PGM leverage outside of South Africa.

EnCana (ECA : TSX : \$24.00), Net Change: 0.63, % Change: 2.70%, Volume: 1,801,897

I guess I won't need my Colorado Avalanche season tickets anymore. ECA announced the sale of its Piceance natural gas midstream assets in Colorado for US\$590 million. This is part of the company's planned \$1-2 billion of net divestitures by the end of 2011. To date, the company has yielded \$600 million of net divestitures (\$1 billion asset sales less \$400 million of acquisitions) and believes it can either meet or exceed its net asset sale target. However more importantly, Canaccord Genuity Oil & Gas Analyst Phil Skolnick believes the company is now signalling that it can't continue to outspend cash flows and dividends for 2012 and that this could cause 2012 Street production numbers to come down. ECA stated that it recently initiated its budget process for 2012. Although there are a number of moving parts that have the potential to strengthen the company's balance sheet, at this time ECA is taking a conservative view to commodity pricing and is developing a capital investment plan accordingly. The company's preliminary approach for next year is to have capital investment plus dividends being approximately equal to its expected cash flow generation, which does not include divestiture proceeds. If divestiture proceeds exceed the company's planned 2011 target of \$1-2 billion, additional financial flexibility will result. He currently estimates production in 2012 will grow 7% to 3.7 Bcfe/d based on ~\$4.5 billion of capex. Dividends have been running at roughly \$147 million/quarter or almost \$590 million/year, which means his \$4.5 billion capex estimate is roughly \$890 million too high. At first blush, Skolnick notes reducing his capex assumption by this amount could wipe out the majority of his 7% growth estimate for 2012, making next year's production outlook flattish to potentially marginally up. Overall he expects weakness on the potential for negative 2012 production estimate revisions to possibly put the company further in the penalty box in the near-term. However, capital discipline, if real, could be a recognized later on for the stock as we head into winter.

Hathor Exploration (HAT : TSX : \$4.19), Net Change: 0.03, % Change: 0.72%, Volume: 827,754

Cameco (CCO : TSX : \$22.63), Net Change: 0.73, % Change: 3.33%, Volume: 667,495

Other interested parties. In a report that came out after the close Tuesday, Mining Weekly Online highlighted that Hathor has signed several confidentiality agreements with companies interested in its Roughrider deposit in Saskatchewan's Athabasca. Hathor's spokesperson Tony Nunziata told Mining Weekly Online that Hathor was talking to "some very large mining conglomerates and focused entities out of Asia." Mining Weekly Online noted that in August analysts told the mining news service that other companies including France's Areva, which already operates in the Athabasca, may be interested in bidding for Hathor. In addition to Cameco and Areva, other potential suitors for Hathor that have been mentioned (by various media sources and/or industry followers/investors), include: **Rio Tinto (RIO)**, **BHP Billiton (BHP)**, **Vale (VALE)**, **Denison Mines (DML)** and state-owned entities from China, South Korea (particularly **KEPCO (KEP)** which holds an interest in an adjacent property to Roughrider), India and Russia. On Tuesday, Hathor released another set of impressive results from its Far East Zone. It is important to note that none of the drilling completed on the Far East Zone is included in the company's current NI 43-101 compliant resource estimate for Roughrider. According to Nunziata, independent analysts believe the Far East zone could add 15 million pounds of resources "give or take" once all the drill assays have been processed. Hathor's management highlights that Roughrider remains open both east along strike, as well as south-east up-dip from the highest-grade mineralisation found so far. Commenting on the offer by Cameco for Hathor, in an interview with International Business Times on Tuesday, Global Resource Investments Founder and Chairman Rick Rule stated, "We think this is the first of several consolidations on a worldwide basis in the uranium business. Now is the time to begin to establish positions in the uranium sector." Rule highlighted, "Uranium energy will contribute a growing share of worldwide electrical generation, not because people are less afraid of it, but simply because when they flip a switch, they want the light to go on. And without uranium, the light won't go on in many parts of the world."

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Nevada Copper (NCU : TSX : \$4.73), Net Change: 0.23, % Change: 5.11%, Volume: 161,292

Good News from the Pumpkin Patch. Nevada Copper announced additional drill results from its on-going 20,000-m step-out and infill program at its 100%-owned Pumpkin Hollow copper project in Nevada. The company highlighted hole NC11-14 which intersected 323.0 feet (98.5 metres) 303.5 feet true thickness, averaging 1.82% copper. This drill hole targeted the main zone and lower mineralized zones at the North Deposit. Grades in the main zone were above average. Gregory French, Vice President, Senior Project Manager, commented, “Mineralization continues to expand in the North Deposit. The results from NC11-14 continue to improve the grade in the main mineralized zone as well as expand the lower mineralized zones.” He went on to say, “These results will be incorporated into a future updated resource and mine design.” The company expects to complete, in late Q3/11, a Definitive Feasibility Study (DFS) on Pumpkin Hollow that includes a two phase mine plan. The Phase I, 8,000 t/d, underground, shaft accessed operation could commence in early 2014, with final permits for the Phase I development expected to be received by the third quarter of 2012. Phase II is designed to be a large-scale 60,000-tonne-per-day operation that could generate about 190 million lbs of copper in concentrate per year, requiring more extensive permitting details given it is largely on State controlled land. Phase II approvals are expected to be received approximately 27 months after submission of a complete Bureau of Land Management (BLM) Plan of Operations. The BLM Plan of Operations is targeted for submission by Q3/12.

NovaGold Resources (NG : TSX : \$10.54), Net Change: -0.56, % Change: -5.05%, Volume: 567,814

In this case, bigger is not better! Shares of NovaGold were weak after the company increased capex for its Donlin Gold Project in Alaska. The feasibility study, which was completed in 2009, has been updated to include a new 500 km natural gas pipeline to help run a power generation facility at the project. The new pipeline is expected to cost approximately US\$1.0 billion which will help push the total capex for the project from the initial US\$4.5-7.0 billion. Utilizing natural gas is expected to lower power generation costs and reduce operating risk, the company said in a statement. NovaGold expects to release a new feasibility study of the project, including the finalized capital cost estimate, before the end of this year. The Donlin Gold project has proven and probable mineral reserves of 33.6 million ounces, measured and indicated mineral resources of 4.3 million ounces and inferred mineral resources of 4.4 million ounces. The company expects to start permitting process in early 2012. The Donlin Gold project in Alaska, one of the world's largest undeveloped gold deposits, and is held by a limited liability company owned equally by wholly-owned subsidiaries of NovaGold and **Barrick Gold (ABX)**. With many investors focused on the cost inflation of these mega mining projects, this news will not help market sentiment towards high-tonnage, low-grade assets.

Premier Gold Mines (PG : TSX : \$6.59), Net Change: 0.01, % Change: 0.15%, Volume: 645,370

Back in the Saddle. Premier Gold announced more positive drill results from its Saddle Project in Nevada's Carlin Trend. This drilling has intersected high-grade gold mineralization over substantial core intervals that will be used, in addition to historic drilling, to complete a NI43-101 compliant gold resource estimate following the completion of the program. Significant results from the initial drilling include 8.46 g/t gold over 12.2 m including 10.70 g/t gold over 6.98 m in SA003, 14.12 g/t Au over 4.0 m in SA008 and 10.10 g/t gold over 6.5 m in SA013A. Highlight results from re-assaying selected core from previous drilling **Newmont (NEM)** at Saddle include 32.02 g/t gold over 5.8 m in RCR-40 and 13.87 g/t gold over 11.6 m in RCR-43. Ongoing drilling continues to intersect significant intervals of mineralized breccia (assays pending) and confirm Premier's belief that the Saddle Deposit represents one of the most prospective undeveloped high-grade gold deposits in North America. True heights are estimated at 100% of intersection lengths for flat-lying Saddle deposit. A Bay Street analyst noted that the market is currently not ascribing any value to Saddle and feels that it could be a significant driver for the company as they continue to expand the resource.

Roxgold (ROG : TSX-V : \$0.78), Net Change: -0.13, % Change: -14.29%, Volume: 5,165,776
Riverstone Resources (RVS : TSX-V : \$0.59), Net Change: -0.03, % Change: -4.84%, Volume: 3,835,103

High-grade Rox. Roxgold and Riverstone Resources reported additional positive results from the drilling program on the Yaramoko gold permit in Burkina Faso, West Africa. Assays include data from 13 of the 44 diamond drill holes that were drilled on Bagassi Central in the period June through August. Management noted that results are pending for the remaining 31 holes of which 21 holes contain visible gold, including eight of the ten holes drilled more than 175 m west of the holes reported in this release. Management believes these eight holes may be a continuation of the structure evident at Bagassi Central. Highlights from the most recent results include: i) 62.74 g/t over 16 m, including 226.89 g/t over 3 m in hole YRM-11-DDH-022; ii) 17.16 g/t over 12 m, including 32.34 g/t over 6 m in hole YRM-11-DDH-009. Management also highlighted that Zone 55 mineralization (currently 300 m in strike) remains open to depth and along strike to the west; assays pending for an additional 17 holes. New Discovery at Zone 35 (an orpaillage site located more than 300 m west of the discovery hole of Zone

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55) has 10 completed drill holes and is open in all directions with assays pending. The Yaramoko property is one of three Riverstone properties that are subject to an Option Agreement with Roxgold Inc. Under the terms of the Option Agreement, Roxgold can earn a 60% interest in the Yaramoko property by incurring exploration expenditures of \$1.5 million and issuing a total of 360,000 Roxgold shares and a total of \$100,000 to Riverstone over the three-year term of the agreement.

Second Wave Petroleum (SCS : TSX : \$2.79), Net Change: 0.15, % Change: 5.68%, Volume: 1,439,316

All is wells. Second Wave Petroleum gave investors a reason to wave and cheer after announcing Beaverhill Lake drilling success at Judy Creek and providing an operational update. Highlights from Beaver Lake include: 102/01-05-064-09W5 and 100/04-06-064-09W5 light oil wells (40% working interest) were tested over a 15-day period at gross rates of 1,200 boe/d (85% oil) and 2,000 boe/d (85% oil), respectively. Second Wave has now drilled its first seven Beaverhill Lake horizontal oil wells in its Judy Creek core area. Six of the wells drilled were earning wells under the JV agreement with **Crescent Point Energy (CPG)**. Under the terms of the agreement Second Wave paid 15% of the drilling and completion costs to retain a 40% working interest in each earning well and its associated earning land block of 3,840 acres. To date five of the six earning wells have been completed, tested and placed on production. The sixth earning well located at 100/12-16-063-09W5 is currently awaiting completion. The company notes that the drilling program has yielded results that meet or exceed its expectations. Five out of the first six wells tested have achieved average gross production rates that are on pace to exceed 700 boe/d (90% oil) over the first 30-day production period versus its internal 30-day initial rate type curve of 295 boe/d (90% oil). Production from these wells will be restricted to their Maximum Rate Limitation (MRL) of a ~260 boe/d after the expiry of their new oil well production period of four months. Concurrently, the company also released a operational update, saying it has increased current corporate production to approximately 2,300 boe/d (72% liquids) with an additional 225 boe/d (40% liquids) of established Pekisko/Ellerslie production awaiting facility enhancements or MRL over production penalty retirements.

Silver Range Resources (SNG : TSX-V : \$1.50), Net Change: 0.05, % Change: 3.45%, Volume: 326,957

Time for a Kegger. Shares of Silver Range Resources got a boost after the company reported drill results from their Silver Range project. Highlights from the news release include drill hole Keg-11-09, which returned 70.55 g/t silver together with significant lead-zinc-copper-tin-indium values over 104.70 m, extending the Keg Main Zone a further 100 m to the east for a known strike length of 650 m and drill hole Keg-11-07, which returned 30.99 g/t silver together with significant lead-zinc-copper-tin-indium values over 141.24 m, extending the known depth of the Keg Zone to approximately 200 m below surface. Silver Range Resources, which was recently spun-out of **Strategic Metals (SMD)**, has drilled more than 13,000 m in 43 diamond drill holes at the Silver Range Project since June 2011. This drilling includes 22 holes at the Keg Main Zone, seven holes at the Keg East Zone, four holes at the Drex Zone, three holes at the Snap Zone, three holes at the Rebel Zone, and four holes at the Owl Zone. Additional assay results will be reported once they are received and compiled. The Keg Property is very favourably situated in regards to infrastructure. It lies 10-45 km north of the town of Faro, which formerly serviced the mines and mill of the Anvil zinc-lead-silver district. A heavy duty haulage road and a high voltage power line extend to the Anvil mill site, which is 25 km south of the Keg Main Zone

Westport Innovations (WPT : TSX : \$26.85), Net Change: 4.19, % Change: 18.49%, Volume: 236,470

Westport Innov. (WPRT : NASDAQ : US\$27.24), Net Change: 4.42, % Change: 19.37%, Volume: 2,834,981

Caterpillar (CAT : NYSE : US\$88.69), Net Change: 2.99, % Change: 3.49%, Volume: 9,207,242

Cummins (CMI : NYSE : US\$90.50), Net Change: 4.96, % Change: 5.80%, Volume: 3,215,243

In a scallop shell. Westport has entered into an agreement with **Royal Dutch Shell (RDS.A)**, commonly known as Shell, to launch a co-marketing program in North America with respect to liquefied natural gas-powered vehicles (LNGVs). Under the terms of the agreement, both companies will leverage their industry-leading positions in liquefied natural gas (LNG) production and distribution for Shell and LNGV systems and technology for Westport, to deliver an integrated commercial solution to participating customers, initially in North America. Additionally, the companies will collaborate to develop industry standards for LNG as a new transportation fuel. Shell also announced that it plans to have LNG available for heavy-duty fleet customers beginning in 2012 at select Shell Flying J truck stops in Alberta. Shell is pursuing engineering and regulatory permits to produce LNG by 2013 at its Jumping Pound gas processing facility in the Alberta foothills. Pending regulatory approval, it will be the first investment of its kind for Shell globally and will include production facilities and downstream infrastructure. Until then, LNG will be supplied to the Shell Flying J truck stops from third-party supply agreements. Westport is a leading developer of technologies that allow engines to operate on gaseous fuels such as natural gas, hydrogen, or hythane. Westport has a 50/50 joint venture with Cummins, called Cummins Westport (CWI). CWI sells the world's widest range of low-emissions alternative fuel engines for medium duty commercial transportation applications. The company is building a platform in all market

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segments (light/medium/heavy-duty; with high horsepower (e.g., mining, locomotives, shipping and other large-scale industrial applications) now entering the fray, most recently with a development agreement with Caterpillar. Simultaneously, the company is aggressively broadening its scope by region and product breadth with existing and new partners. These initiatives may act as a drag nearer term on the company's earnings, but longer term these initiatives should help support Westport's growth and give it the best shot at becoming the industry standard in alternative fuel systems.



U.S. EQUITIES OF INTEREST

Listed Alphabetically by Symbol

U.S. Jobs

“If you've ever seen the look on somebody's face the day they finally get a job, I've had some experience with this, they look like they could fly. And it's not about the paycheck, it's about respect, it's about looking in the mirror and knowing that you've done something valuable with your day. And if one person could start to feel this way, and then another person, and then another person, soon all these other problems may not seem so impossible. You don't really know how much you can do until you, stand up and decide to try.” - Kevin Kline as President Bill Mitchell (Dave). With unemployment at 9.1%, U.S. President Obama will rollout his much-anticipated jobs package in a nationally televised address to Congress tonight. According to media reports, Obama is expected to announce \$300 billion worth of tax credits, school renovation projects, job training for the unemployed and a program to prevent teacher layoffs. The main components of Obama's jobs plan has been largely telegraphed by the U.S. administration for weeks. Obama is expected to propose extending payroll tax cuts for another year, and extending expiring jobless benefits. The rest of the proposal is likely to be an infrastructure plan and more state and local aid. There may also be a call for Fannie and Freddie to extend refinancing help to more underwater homeowners. Republican lawmakers have already opposed Obama's jobs plan even before its been formally announced. Can Obama's already record low popularity rating get any lower? YES IT CAN.

Bank of America (BAC : NYSE : US\$7.48), Net Change: 0.49, % Change: 7.01%, Volume: 252,307,295

Movin' and shakin'. Bank of America CEO Brian Moynihan has turfed two top executives and restructured the responsibilities of their replacements in a move he called “de-layering and simplifying” as the bank looks to reverse its fortunes and regain momentum. Sallie Krawcheck, head of global wealth and investment management, and Joe Price, president of consumer and small-business banking, were shown the door. David Darnell and Tom Montag will step in, serving as co-Chief Operating Officers. Darnell will oversee business focused on individual customers while Montag will take care of businesses that serve larger companies and institutional investors. In addition to change at the top, Bank of America is also planning to cut as many as 30,000 people, or 10% of employees, from its workforce. CNBC reported that layoffs could begin as early this week, but many believe it will take years to implement. The bank has been busy of late, unloading non-core assets as it attempts to raise capital to satisfy upcoming Basel III requirements. Additionally, it is one of many banks being targeted in a lawsuit by federal regulators seeking to recoup losses on bad mortgage investments stemming from the 2008 credit crisis. Analysts speculate the lawsuit could cost Bank of America as much as \$11.5 billion dollars.

Dick's Sporting Goods (DKS : NYSE : US\$34.30), Net Change: 1.44, % Change: 4.38%, Volume: 990,797

Lookin' good. Canaccord Genuity Consumer Products Analyst Camilo Lyon initiated bullish coverage on Dick's Sporting Goods, viewing Dick's as a best-in-class retailer. In his view, the company is unique in that it exhibits the characteristics of both a high growth company with the potential to double its current footprint and a company that is reinvesting excess cash into its business to drive structural gross margin improvements. With the incumbent brands continually battling for market share, Lyon believes Dick's is well positioned to benefit from perpetual innovation in the athletic arena. In addition, he notes that the company has growth characteristics that suggest a potential doubling of stores, a rarity in big box retailing. Lyon points out that e-commerce is still in the nascent stages of growth for Dick's and he estimates it could add 40-50 bps to comp over the next three years with conservative estimates of 15-20% annual growth. The company is investing in structural gross margin-enhancing initiatives that he believes can add 50-75 bps of total gross margin over the next three years. He views the company's regionalization efforts and inventory management efforts as key drivers to his margin expansion thesis.

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Morning Coffee

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Darden Restaurants (DRI : NYSE : US\$44.54), Net Change: -1.64, % Change: -3.55%, Volume: 5,867,702

More breadsticks please. Darden Restaurants, parent company of Red Lobster and Olive Garden, released preliminary Q1 results that fell short of expectations. The company expects earnings from continuing operations to be \$0.78 per share for the quarter, with Hurricane Irene taking roughly \$0.02 out of earnings, falling short of the average analyst estimate of \$0.87. Additionally, management expects full-year EPS growth to come in at the lower end of its previously announced range of 12-15%. Total sales are expected to increase by 2.8% in the quarter; however Olive Garden continues to drag on the results, with sales declining in June, July and August. CEO Clarence Otis said, “The results at Olive garden were below our expectations”, while Red Lobster and LongHorn Steakhouse continued to post strong results. In addition to the pre-announced results, the company boosted its share repurchase program, now expecting to repurchase \$450-500 million of its stock during the current year, up from its prior target of \$350-400 million. Darden is expected to announce its full Q1 results on September 28.

MGIC Investment (MTG : NYSE : US\$2.88), Net Change: 0.59, % Change: 25.76%, Volume: 15,994,323

Radian Group (RDN : NYSE : US\$3.49), Net Change: 0.46, % Change: 15.18%, Volume: 7,533,670

I'll lend you a tissue, how's that? The two largest U.S. mortgage insurers rallied yesterday on expectations for higher sales, as their rivals falter. MGIC's main unit wrote \$1.3 billion in new policies in August, an 8% increase from the prior month, as **PMI Group (PMI)** and **Old Republic International (ORI)** were forced by regulators to stop selling policies earlier this year after failing to meet regulators' capital requirements. MGIC, which pays lenders when homeowners default and foreclosure fails to recoup costs, also said the number of primary delinquent loans fell to 183,338 at the end of August from 185,093 a month earlier. “While it's unfortunate that two worthy competitors are not writing business anymore, for those of us writing business still, it means there's more business to write,” Radian CEO S.A. Ibrahim said. Note that Radian did not disclose its policy sales yesterday. **American International Group (AIG)**, the bailed-out insurer that backs mortgages through its United Guaranty Unit, **Genworth Financial (GNW)**, which sells life insurance and mortgage protection, were up sharply as well.

Nike (NKE : NYSE : US\$86.51), Net Change: 2.75, % Change: 3.28%, Volume: 2,833,898

Just do it. Or not. Canaccord Genuity Consumer Products Analyst Camilo Lyon initiated coverage of Nike, slapping a neutral rating on the shoemaker. Lyon notes that product innovation is at the core of Nike's competitive advantage and it is that innovation that is propelling the athletic cycle in the lightweight running and basketball categories. He says that demand continues to be robust and expects the pipeline of product to maintain top-line momentum. With 32% of the Nike brand exposed to developing markets, he believes any potential deceleration in developed markets could be muted by the developing markets growing at a faster rate. However, Lyon says that gross margin concerns due to supply chain constraints and rising input costs are mitigating the benefits of a strong top line. He does not expect to see material improvement in gross margin trend until Q4/12 at the earliest with 2013 likely being the year in which gross margin is recouped. As such, he believes shares will likely remain range bound until comfort can be had that the supply chain headwinds have diminished.

NVIDIA (NVDA : NASDAQ : US\$14.25), Net Change: 1.07, % Change: 8.12%, Volume: 39,985,369

“If you don't have a mobile strategy, you're in deep turd.” – CEO Jen-Hsun Huang. Nvidia was smelling like roses after forecasting its sales will be \$4.7-5.0 billion for fiscal 2013, much higher than the current analyst consensus of \$4.47 billion. “We see growth across our entire GPU and mobile-processor business,” CEO Jen-Hsun Huang said in a statement. “The future for computing is visual and mobile, and we are well positioned to lead in this new era.” The company, which has narrowed its focus lately on the mobile device market, predicts gross margin of about 51-53%. Huang also said devices using its quad-core mobile chip should be available in time for the holiday season, as well as the first Windows 8 tablet. Deutsche Bank called the announcement “a surprisingly confident move in a time of general uncertainty.” Wells Fargo, meanwhile, said, “This solid sales outlook for Nvidia will also have positive implications for the overall PC demand environment.”

OfficeMax (OMX : NYSE : US\$5.73), Net Change: 0.47, % Change: 8.94%, Volume: 3,476,722

We should do this more often. OfficeMax rallied despite posting third-quarter sales estimates that trail those recorded in the same period last year. CEO Ravi Saligram said the office supplies retailer is “experiencing a soft Back-to-School season” and tough macroeconomic conditions to boot. Saligram, speaking yesterday at the Goldman Sachs Annual Global Retailing Conference, also said OfficeMax continues “to focus on providing products that are a good value, as well as managing gross margins and costs in the third quarter and second half of the year.” Separately, Ron Sargent, the CEO of rival office supplies retailer **Staples (SPLS)**, told analysts at the Goldman conference the U.S. economy is neither getting better nor getting worse. He also described the back-to-school environment as “OK,” but not “robust” nor a “downer.”

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Walter Energy (WLT : NYSE : US\$90.98), Net Change: 15.99, % Change: 21.32%, Volume: 16,977,585

My name is Walter and they like me, they really really like me... Shares of Walter Energy jumped after rumours circulated that global mining giant Anglo American is mulling over a bid for the coal miner. As reported in the Times of London, Anglo was said to be weighing an offer for Walter, pitched at US\$120 a share, and would discuss the matter over the weekend. Shares of Walter, which mines coal used in the steelmaking process, fell sharply in August after the company reported a disappointing second-quarter profit and lowered production estimates for the rest of the year. Management attributes the Q2/11 miss to several factors including the delay of the Willow Creek mine expansion permit, which put ramp-up behind schedule, severe “hundred year” flooding in northeast British Columbia, which caused production and transportation delays, including the temporary closure of the new Fallen Creek Connector Rode at Brule Mine and higher strip ratios at the Wolverine mine. For the record Walter declined to discuss the newspaper story, adding, “We don’t comment on rumors or speculation”.

Yahoo (YHOO : NASDAQ : US\$13.61), Net Change: 0.70, % Change: 5.42%, Volume: 77,099,150

This is why you don’t answer calls from unknown numbers. Carol Bartz was fired as Yahoo’s CEO late Tuesday, ending a rocky two and a half year tenure as the company’s top exec. Her dismissal came as a surprise to many Wall Street analysts, who saw it as a desperate move by Yahoo to regain its position in the internet search and advertising markets. Bartz confirmed her departure to employees in a two line email which read, “I am very sad to tell you that I’ve just been fired over the phone by Yahoo’s Chairman of the Board. It has been my pleasure to work with all of you and I wish you only the best going forward.” One source close to the company said that the decision to oust Bartz was reached late last week by a unanimous vote of the board which Bartz and co-founder Jerry Yang did not take place in. CFO Tim Morse will take the reigns as interim CEO as the board explores options for a long term replacement. Bartz was named Yahoo’s CEO in January 2009, replacing Yang who many thought had botched a \$47.5-billion proposed takeover from **Microsoft (MSFT)**, saying the offer was too low. However, Bartz’ term was no more impressive as Yahoo stock failed to appreciate with the company losing advertising and search share to **Google (GOOG)** and became embroiled in a bitter battle with Alibaba, the Chinese internet company in which Yahoo has a 40% stake. Commenting on the dismissal, an unnamed Alibaba official commented, “There won’t be much of an impact in the relationship to be honest. We have to wait and see till we are working together with the new CEO.”

COFFEE BEAN

– Facebook’s first-half revenue roughly doubled to \$1.6 billion, underscoring the world’s largest social network’s appeal to advertisers. Net income in the first half of 2011 came to almost \$500 million, according to a source, who wished to remain anonymous because privately-held Facebook does not disclose its results. (Reuters)

THE LAST DROP: Rypien was depressed before he started playing hockey, before he even took a punch. The other kid, Boogaard, he died of booze and drugs. Okay, when you take booze and drugs, you get depressed. Belak, I read a statement from his mother that he was also depressed. Here’s the deal: three different people. People who died under different circumstances. I won’t sit here and tell you I was never scared. Of course, I was nervous before a game. I knew I had to fight. Before a game I knew that maybe I had to fight two or three guys. But not for a second the previous night was I goin’ around moanin’ I was depressed. Was I bummed out and down when I had to retire? Yeah, why wouldn’t I be, especially when you’re 34 years old? Did I have the easiest transition in the world outside of hockey? No! But it happens to a lot of guys. It happens to players. It happens to referees. It happens to a lot of peoples who don’t play hockey. The rest of it, I don’t buy. I truly believe these are three different people and they’re three different cases who had issues in their lives. You can try and tag it they were fighters and that’s why they died, but I don’t buy it.

– Former NHL enforcer Chris Nilan



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