Desjardins
Securities

JANUARY 12, 2010

MorningPulse

Please see disclosure section on pages 19–20 for company specific disclosures, analyst certification and legal disclaimers.

PUBLICATIONS RELEASED

Research Reports

Jan-5: Dollarama
Jan-11: Metals & Mining Weekly

Express Pulses released Jan-11

ANV, CRJ, GIL, NBY

EARNINGS CALENDAR

Upcoming announcements

Jan-13: Cogeco Cable (bef mkt), Corus
Jan-14: Astral, Shaw (bef mkt)
Jan-21: MDS, Viterra
Jan-26: CN Rail (4pm)
Jan-27: AGF, Celestica (4pm), CGI, Methanex (aft mkt)
Jan-28: Cdn Oil Sands, CP Rail (7:30am), Potash (bef mkt)
Jan-29: Norbord (6am)
Feb-2: Imperial Oil, Saputo, Suncor
Feb-3: Bell Aliant, Enbridge, Open Text (4pm)
Feb-4: Fortis
Feb-5: Brookfield Properties (bef mkt)
Feb-9: Agrium, Brookfield Renewable Power (5pm)
Feb-10: TMX Group
Feb-11: Canadian Tire, Catalyst Paper, EnCana, Manulife, Sun Life (6:30am)
Feb-12: Emera, IGM Financial, Industrial Alliance (11am)

ECONOMICS CALENDAR

Announcements today

CA: Nov int'l merchandise trade, Nov new housing price index
US: ABC consumer confidence, Nov trade balance, Dec NFIB small business optimism, Jan IBD/TIPP economic optimism

Announcements tomorrow

US: MBA mortgage applications, Dec monthly budget statement, Fed's beige book

LEGEND

▲ Upgrade in rating/target
▼ Downgrade in rating/target

DESJARDINS RESEARCH

www.desjardins-securities.ca
www.thomsononeanalytics.com
www.im.knowledge.reuters.com
Bloomberg: DSER <GO>

Alcoa Inc. (AA US$17.45, NYSE)

4Q09 results indicate recovery in process; introducing new 2011 higher aluminium price, raising target to US$26.40/share (from US$18.00/share) and maintaining Buy recommendation

John Redstone (514) 281-7088 john.redstone@vmd.desjardins.com
Aleem Ladak, Associate (514) 985-3573 aleem.ladak@vmd.desjardins.com

Alcoa Inc.

Rating		Buy–Average Risk
Target		US$26.40
Symbol		AA
Exchange		NYSE
Sector		Metals & Mining
Closing price		US$17.45
Potential return		52%
52-week range		US$4.98–17.60
Shares O/S		1,001m FD
Market cap		US$17,477.4m
Year-end		Dec-31
EPS	**2010E**	US$1.50
	2011F	US$2.20
P/E	**2010E**	11.6x
	2011F	7.9x
Book value/sh		US$15.47
LTM ROE		-6.0%
Debt/capital		38.6%
Dividend		US$0.12
Dividend yield		0.7%
Quarterly data		
EPS 4Q09A		US$0.01

Source: Desjardins Securities

Company description
Alcoa is the world's leading producer of primary aluminium, fabricated aluminium and alumina. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets. In addition to aluminium products and components, Alcoa also makes and markets consumer brands including Reynolds Wrap, Alcoa wheels and Baco household wraps. Among its other businesses are vinyl siding, closures, fastening systems, precision castings, and electrical distribution systems for cars and trucks.

www.alcoa.com

The Desjardins Takeaway

Alcoa reported a 4Q09 net loss from operations of US$0.27/share, including one-time items totalling US$0.28/share related to restructuring, special items, discrete tax items and power losses from the dispute in Italy with the EU power commission. After accounting for these one-time items, Alcoa reported a 4Q09 net profit of US$0.01/share, which compares with our forecast of US$0.07/share and the Street estimate of US$0.06/share. We are introducing our 2011 average aluminium price of US$1.40/lb and boosting our target to US$26.40/share (from US$18.00/share) to account for the higher aluminium price. We maintain our Buy–Average Risk rating.

Event

Alcoa reported a 4Q09 net loss from operations of US$0.27/share, including one-time items totalling US$0.28/share related to restructuring, special items, discrete tax items and power losses from the dispute in Italy with the EU power commission. After accounting for these one-time items, Alcoa reported a 4Q09 net profit of US$0.01/share, which compares with our forecast of US$0.07/share and the Street estimate of US$0.06/share.

The US$0.06/share variance between our estimate and the actual result is broken down below:

- US$0.04/share due to higher-than-expected administrative costs
- US$0.02/share due to higher-than-expected production costs

We are maintaining our 2010 earnings forecast of US$1.50/share.

New 2011 aluminium price of US$1.40/lb. We are introducing our 2011 average aluminium price of US$1.40/lb and boosting our target price on Alcoa to US$26.40/share (from US$18.00/share) to account for the higher price. We expect Alcoa to record a net profit of US$2.20/share in 2011, due to an average forecast aluminium price of US$1.40/lb, and continue to expect the aluminium price will average US$1.25/lb in 2010, generating earnings for Alcoa of US$1.50/share (mainly resulting from the 'ramp up' of the company's Brazilian facilities).

After-tax operating income (ATOI). Total ATOI for 4Q09 came in at a loss of US$101m, which included US$250m in charges related to electricity tariffs affecting AA's primary aluminium smelters in Italy.

Alumina. ATOI for this business segment came in at US$19m, down from US$65m in 3Q09. Higher alumina prices and record production levels and shipments were offset by weaker US$ exchange rates. During the quarter, the business segment incurred a US$30m charge due to an equity investment in Brazil and a US$14m charge related to the Juruti bauxite mine. Going forward, AA expects to continue to benefit from cash sustainability initiatives and lower input costs.

Primary metals. ATOI for this business segment came in at a loss of US$214m, which included a US$250m charge related to electricity tariffs from the European Commission's ruling on the company's Italian smelters. An additional US$23m charge was incurred as a result of higher energy costs in Italy. AA realized an average aluminium price of US$0.98/lb, which compares with the average LME price during the quarter of US$1.02/lb. Production for the quarter was 897 KMT and sales came in at 878 KMT. Going forward, AA may completely curtail its Italian smelters (which have a combined capacity of 194 KMT/yr) should it not be successful in negotiating favourable electricity rates in Italy.

Flat-rolled products. ATOI for this business segment came in at US$37m, up from US$10m in 3Q09. Continued weakness in end markets was offset by the cash sustainability program and improved flat-rolled product pricing in the US and Europe. Going forward, AA stated that 'price caps', ie a limit on the price of aluminium that can be passed on to the consumer on canned sheets, have been removed.

Engineered products and solutions. ATOI for this business segment came in at US$57m, down from US$75m in 3Q09, as continued end-market weakness offset marginally improved commercial transportation markets and benefits from cash sustainability effects. Going forward, AA expects continued end-market weakness, especially from the aerospace sector.

Exhibit 1: After-tax operating income (ATOI)

Year-end Dec-31 (US$m)	4Q09	3Q09	2Q09	1Q09	4Q08	3Q08	2Q08	1Q08	4Q07
Alumina	19	65	-7	35	162	206	190	169	205
Primary metals	-214	-8	-178	-212	-101	297	428	307	196
Flat-rolled products	37	10	-35	-62	-98	29	55	41	-16
Engineered products and solutions	57	75	88	96	65	133	157	138	58

Source: Desjardins Securities, company reports

Financial condition. As of December 31, 2009, AA's debt-to-capital ratio stood at 38.6%, and the company had cash and cash equivalents of US$1,481m.

Implication

We are introducing our 2011 average aluminium price forecast of US$1.40/lb and now value AA shares based on this metric. We now expect AA to earn US$2.20/share in 2011, and continue to believe the company will generate earnings of US$1.50/share in 2010.

Recommendation

We rate the shares of AA Buy–Average Risk with a new US$26.40/share one-year price target (up from US$18.00/share). We obtain this price target by applying a new 12.0x multiple to our new 2011 earnings estimate of US$2.20/share using an average 2011 aluminium price of US$1.40/lb.

Desjardins Securities

MorningPulse

Aurizon Mines Ltd. (ARZ C$5.10, TSX/AZK US$4.91, AMEX)

Aurizon releases 4Q production results and 2010 guidance; maintaining Buy rating and C$7 target

Brian Christie (416) 867-3776 brian.christie@vmd.desjardins.com
Graham Markham, CA, Associate (416) 867-3769 graham.markham@vmd.desjardins.com

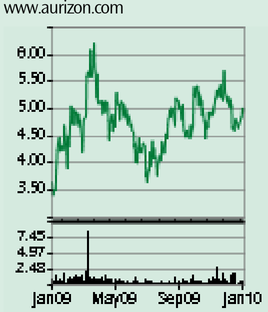
Aurizon Mines Ltd.

Rating		Buy–Above-average Risk
Target		C$7.00
Symbol		ARZ, AZK
Exchange		TSX, AMEX
Sector		Gold
Closing price		C$5.10, US$4.91
Potential return		37%
52-week range		C$3.33–6.24
Shares O/S		159m
Market cap		C$811m
Year-end		Dec-31
Long-term debt		C$0.7m
Reserves/resources		0.96m ozs/ 5.64m ozs
EV/oz reserves		US$709/oz Au
EV/oz resources		US$121/oz Au
EPS	2009E	C$0.20
	2010E	C$0.26
P/E	2009E	25.5x
	2010E	19.6x
CFPS	2009E	C$0.45
	2010E	C$0.50
P/CF	2009E	11.3x
	2010E	10.2x
Quarterly data		
EPS 3Q09A		C$0.05
EPS* 4Q09E	Consensus	C$0.04
CFPS 3Q09A		C$0.11
CFPS 4Q09E	Consensus	C$0.10

* Adjusted
Source: Desjardins Securities

Company description
Aurizon is a Canada-based gold producer, explorer and development company. It operates through the currently producing Casa Berardi mine.

www.aurizon.com



The Desjardins Takeaway

Aurizon has released its 4Q production results and 2010 guidance, and the 2009 results came in slightly above expectations. 2010 guidance calls for production of 145,000–155,000 ozs at US$490/oz, which is slightly below our expectation. The company has also indicated production in 2011 onward will be 160,000–170,000 ozs at US$425/oz, which exceeds our estimates. We have revised our model and our target remains C$7. Our Buy–Above-average Risk rating on Aurizon's shares is unchanged.

Event

Aurizon released its 4Q operational results, and issued 2010 production guidance. In the quarter, the company produced 36,459ozs of gold compared with our estimate of 35,026ozs. Although not disclosed, we believe cash costs came in at US$513/oz, while we were expecting US$500/oz. In this note, we provide further colour on the quarterly and full-year results.

Implication

Operational results. In the quarter, the company produced 36,459ozs of gold compared with our estimate of 35,026ozs. Although not disclosed, we believe cash costs came in at US$513/oz, while we were expecting US$500/oz. This brought total 2009 production to 159,261ozs at US$414/oz vs our estimate of 158,000ozs at US$411/oz, and the company's original forecast of 150,000–155,000ozs at US$414/oz.

Total material processed in the quarter was 172,343 tonnes at an average grade of 7.2g/t, with metallurgical recoveries of 91.9%.

2010 outlook. For 2010, Aurizon is forecasting 145,000–155,000ozs at a cash cost of US$490/oz. The company's production forecast is slightly lower than the actual 2009 results due to lower average grades being included in the 2010 mine plan. Looking to 2011 and beyond, Aurizon expects production to increase to 160,000–170,000ozs at a cash cost of US$425/oz, as higher grade areas are included in the mine plan. The company expects to revise this mine plan upon receipt of results from ongoing exploration drill programs.

Aurizon expects to release its 4Q and 2009 year-end financial results on or about March 18, 2010. Updated reserves and resources will be released around the same time. We will look to potentially extending the Casa Berardi mine life in our model at that time.

Capital, exploration and development budgets. The company also announced highlights of its 2010 capital and exploration plans. At Casa Berardi, a total of C$20.7m will be invested in mine capital expenditures, which include development of the upper and lower portions of Zone 113. On the exploration front, C$3.8m will be spent in 1Q on 33,000m of drilling with 11 rigs. Surface exploration will focus on testing the depth extension of the Lower Inter zone, infill drilling of the Principal zone and testing the East mine area. Underground drilling will also be carried out on a number of target areas including Zone 113, Lower Inter, and Zones 124-1 and 124-2. The 2010 drilling budget could be increased as results are received.

At Joanna, US$3.4m will be spent on 28,000m of exploration drilling and a final feasibility study is expected in 4Q10. The Joanna drilling will be expensed.

New valuation. We have revised our production and cost estimates to reflect new guidance from the company. Our new forecasts for 2010 through 2012 are presented in Exhibit 1. Basically, we have reduced our production forecast slightly in 2010, and increased our cost estimate. In 2011 onward, we have raised our production forecast slightly and increased our cost estimate. We have also increased our capital cost estimate slightly for 2010 (our previous capital budget forecast was C$17.5m).

We have also pushed out our Casa Berardi NAV to 2010 from 2009. Our new NAV is C$5.16 (was C$5.33). Our new and old 4Q09 and annual EPS and CFPS estimates for 2009–12 are shown in Exhibit 2, and a detailed breakdown of the NAV is presented in Exhibit 3.

Exhibit 1: Revised 2010 financial and operating estimates

Year-end Dec-31	2010E	2011E	2012E
New			
Production (oz)	150,927	165,691	280,144
Total cash cost (US$/oz)	517	399	403
Old			
Production (oz)	155,000	161,213	275,666
Total cash cost (US$/oz)	445	387	397

Source: Desjardins Securities

Exhibit 2: Old and new EPS and operating CFPS estimates

	4Q09E	2009E	2010E	2011E	2012E
New					
EPS	0.03	0.20	0.26	0.40	0.64
CFPS	0.09	0.45	0.50	0.65	0.86
Old					
EPS	0.02	0.20	0.33	0.41	0.65
CFPS	0.08	0.44	0.58	0.64	0.86

Source: Desjardins Securities

Exhibit 3: Old vs new NAV/share

(C$)	New	Old
Casa Berardi	3.92	4.17
Joanna	0.51	0.51
Joanna resources	0.54	0.47
Net cash and debt	0.68	0.68
G+A expenses	-0.49	-0.49
Total	5.16	5.33

Source: Desjardins Securities

Recommendation

Based on the 2009 operational results and updated guidance, we have revised our valuation of Aurizon. Our multiple remains unchanged at 1.5x, and as such our target **price remains unchanged at C$7. We are maintaining our Buy–Above-average Risk rating on Aurizon's shares.**

First Quantum Minerals Ltd. (FM C$94.75, TSX)

Unwrought copper imports into China up 27% mom; moving valuation to 2011; highlighting Buy recommendation and C$120/share target (up from C$103/share)

John Hughes	(416) 867-3778	john.hughes@vmd.desjardins.com
Vishal Gupta, Associate	(416) 867-3784	vishal.gupta@vmd.desjardins.com

First Quantum Minerals Ltd.

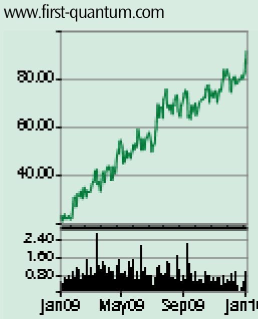
Rating		Buy–Above-average Risk
Target		C$120.00
Symbol		FM
Exchange		TSX
Closing price		C$94.75
Potential return		27%
52-week range		C$20.22–96.20
Shares O/S		88.9m
Market cap		C$8,420m
Year-end		Dec-31
Revenue	**2010E**	US$2,730m
	2011F	US$3,180m
EPS	**2010E**	US$8.58
	2011F	US$11.76
P/E	**2010E**	11.0x
	2011F	8.1x
Book value/sh		US$24.83
Debt/debt + equity		22%
Dividend		US$0.08
Dividend yield		0.1%
Quarterly data		
EPS 4Q09E	**Desjardins**	US$2.00
	Consensus	US$2.10
EPS 4Q08A		-US$7.19

Source: Desjardins Securities

Company description

First Quantum produces LME grade 'A' copper cathode, copper in concentrate and gold from three operations in Africa—Kansanshi (80%-owned, Zambia), Guelb Moghrein (80%-owned, Mauritania) and Frontier (95%-owned, DRC). Other key assets include the Kolwezi tailings copper project (65%-owned, DRC) and the Kevitsa nickel-copper project (100%-owned, Finland).

www.first-quantum.com



The Desjardins Takeaway

China imported 369,368 tonnes of unwrought copper (refined metal and intermediary products) in December 2009, up 27% mom from November 2009 and continuing an uptrend. This compares with an average monthly import level of 219,918 tonnes in 2008 and 357,000 tonnes in 2009. We view the continued strong imports of unwrought copper into China as an indication of strong and growing fundamental demand in China's consumption for the metal, and maintain our positive outlook on the copper market, including an average copper price forecast of US$3.50/lb in 2010 and US$4.00/lb in 2011. Our copper market forecast has been extended to include 2011, and we base our valuation of First Quantum shares on our 2011 forecasts (formerly 2010). We highlight our Buy–Above-average Risk recommendation and C$120/share target price (up from C$103/share) for First Quantum shares.

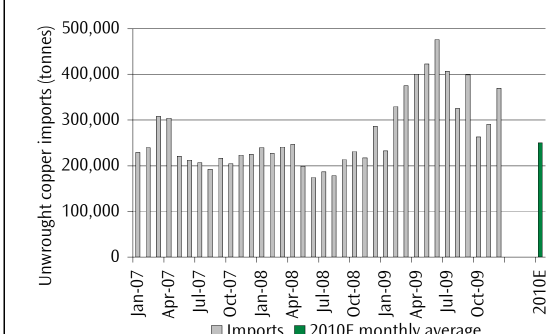
Event

China reports preliminary copper import data for December 2009—growing. According to the latest Chinese customs data, imports of unwrought copper (refined metal plus intermediate products) during the month of December 2009 increased 27% mom to 369,368 tonnes vs 290,158 tonnes in November 2009 (see Exhibit 1a). Annual imports of unwrought copper during 2009 reached 4,290,259 tonnes, up 62% vs the 2008 level of 2,639,000 tonnes. We anticipate unwrought copper imports during January 2010 should moderate to approximately 300,000 tonnes. A more detailed announcement by China regarding copper import and export data for December 2009, including net refined copper imports, is expected in approximately 10–11 days. The stage is set for a sizeable increase in refined copper net imports to our estimate of 221,469 tonnes when detailed trade data is released (see Exhibit 1b). We expect First Quantum to report earnings of US$2.00/share for 4Q09 (vs a 4Q08 loss of US$7.19/share) when the company releases its operating and financial results on March 5, 2010 (tentative date).

The refined component of unwrought copper Chinese trade data remains a key factor in determining LME copper prices, as refined copper is stored in LME warehouses. We view the continued strong imports of unwrought copper into China as an indication of strong and growing fundamental demand in China's consumption of the metal, and maintain our positive outlook on the copper market, including an average copper price forecast of US$3.50/lb in 2010 and US$4.00/lb in 2011.

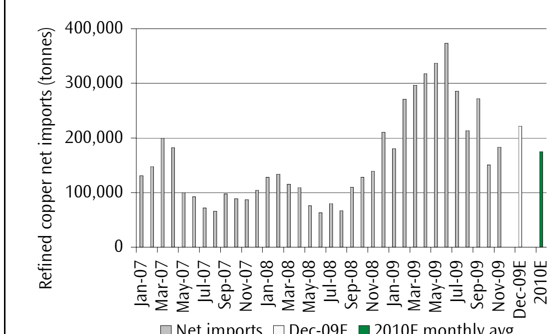
The monthly increase in unwrought copper imports into China was widely unexpected by the metals market following the overall downtrend after imports peaked at 476,000 tonnes in June 2009. We believe monthly net imports of refined copper should average a more sustainable 175,000 tonnes/month during 2010, increasing to 208,000 tonnes/month in 2011 as China's economic expansion continues unabated.

Exhibit 1a: Unwrought copper imports jump in December 2009…



Source: Desjardins Securities, Reuters

Exhibit 1b:…suggesting a big increase in net copper imports



Source: Desjardins Securities, Reuters

2009 copper production guidance—on target as announced yesterday. Management announced total copper production during 2009 of 373,900 tonnes, including 313,000 tonnes to First Quantum's account. This compares with management's previous total copper production forecast of 380,000 tonnes for the year. Although management did not provide any update on its copper production expectations for 2010 and beyond, our forecast includes an increase to 385,000 tonnes during 2010, due to a recent restart of operations at the Bwana Mkubwa mill site, moving up to 410,000 tonnes during 2011 in response to copper production from the 35,000-tonne underground development at the Lonshi mine.

Valuation approach—moved to 2011. We are extending our copper market forecast to include 2011. As a result, we are shifting our valuation timeframe to 2011 from 2010. Our positive view of the copper market continues over the upcoming 24 months, and we expect copper prices should average US$3.50/lb during 2010 (unchanged), increasing to an average of US$4.00/lb during 2011 in response to improving demand during a period of limited copper production response. Our supply/demand forecast anticipates a growing market deficit (supply < demand) from 200,000 tonnes this year to 375,000 tonnes in 2011. Our 2010 earnings forecast for First Quantum remains unchanged at US$8.58/share. We are introducing our 2011 earnings estimate for First Quantum of US$11.76/share and applying an unchanged P/E multiple of 10.2x to arrive at our adjusted target price of C$120/share for the company's shares.

Recommendation

We reiterate our Buy–Above-average Risk recommendation and highlight our adjusted C$120/share target price (up from C$103/share) for First Quantum shares. Our preferred valuation metric for First Quantum shares now includes our earnings forecast for 2011 (formerly 2010). Our valuation is based on a 10.2x multiple (unchanged) applied to our 2011 earnings forecast of US$11.76/share. Our 2010 earnings estimate of US$8.58/share remains unchanged. Our copper market forecast assumes an average copper price of US$4.00/lb and a US$/C$ exchange rate at par for 2011. Our existing valuation excludes any potential upside for the resources of the Kevitsa nickel project (Finland) or the recently announced acquisition of the Ravensthorpe nickel/cobalt assets from BHP Billiton. **We highlight our updated C$120/share target price (up from C$103/share) for First Quantum shares.**

Inmet Mining Corporation (IMN C$71.05, TSX)

Increasing target to C$98.90/share (from C$87.10/share); maintaining Buy recommendation

John Redstone (514) 281-7088 john.redstone@vmd.desjardins.com
Aleem Ladak, Associate (514) 985-3573 aleem.ladak@vmd.desjardins.com

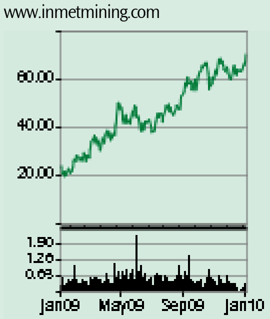
Inmet Mining Corporation

Rating		Buy–Average Risk
Target		C$98.90
Symbol		IMN
Exchange		TSX
Sector		Metals & Mining
Closing price		C$71.05
Potential return		39%
52-week range		C$19.00–70.85
Shares O/S		56.2m FD
Market cap		C$3,996m
Year-end		Dec-31
EPS	**2010E**	C$7.54
	2011F	C$8.99
P/E	**2010E**	9.4x
	2011F	7.9x
Book value/sh		C$39.05
LTM ROE		8.7%
Dividend		C$0.20
Dividend yield		0.3%
Quarterly data		
EPS 4Q09E Consensus		C$1.45

Source: Desjardins Securities

Company description
Inmet Mining is a Canadian mining company engaged in the exploration, development and mining of base and precious metals. Inmet primarily produces copper and gold, as well as zinc and silver. Its principal mining operations are in Turkey, Canada, Finland, Papua New Guinea, Panama and Peru.

www.inmetmining.com



The Desjardins Takeaway

We are increasing our target price on the shares of Inmet Mining to C$98.90/share, from C$87.10/share, as we now value the company using our 2011 metal price forecasts of US$4.00/lb for copper, US$1.50/lb for zinc and US$1,100/oz for gold. We now apply an 11.0x multiple to our 2011 earnings estimate of C$8.99/share to arrive at our new target price. We maintain our Buy–Average Risk recommendation.

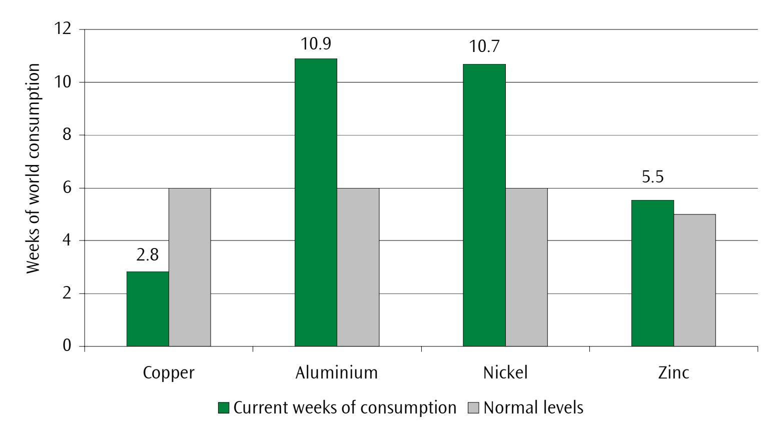
Event

We are increasing our target price on the shares of Inmet Mining (IMN) to C$98.90/share, from C$87.10/share, as we now value the company using our 2011 metal price forecasts of US$4.00/lb for copper, US$1.50/lb for zinc and US$1,100/oz for gold.

New 2011 metal price forecasts. Our metal price forecasts for copper and zinc in 2011 are US$4.00/lb and US$1.50/lb, respectively. We remain bullish on metal prices going forward, driven by steady and stabilizing economic growth, limited supply side responses and low inventories:

- **Steady economic growth.** The industrialized world appears to be tentatively emerging from the worst economic contraction since the 1930s (Desjardins Economic Studies expect US GDP to increase 2.4% in 2010 and 2.5% in 2011). Meanwhile, China and India (with a combined population of over 2b) should continue along the path to industrialization. With this as a backdrop, we feel confident that metal consumption will grow steadily over the next two years (following a decline in world consumption in 2009 of 4.0–7.5%).
- **Limited supply side response.** World metal supply should continue to suffer from a lack of investment in geological exploration and project development over the last 10 years (eg there are no new copper mines with a capacity in excess of 300 KMT/yr due to come onstream over the next three years). Capital costs continue to rise as a result of higher materials prices (eg steel, cement) and a continued lack of plant facilities manufacturing mining and processing equipment (lead times for grinding mills still exceed two years). In addition, operating costs are on the rise, mainly because of an increase in energy costs. These rising capital costs and operating costs should dissuade producers from initiating new projects and reactivating idled capacity (particularly for nickel and aluminium).
- **Low inventory levels.** Although inventories rose for the most part in 2H09, the overall levels, in terms of weeks of consumption, are not excessive (see Exhibit 1). As inventory levels fall through 2010, metal prices should respond immediately.

Exhibit 1: Inventory levels in terms of weeks of consumption



Includes consumer, producer, merchant, exchange inventories
Source: Desjardins Securities, LME, Comex, SHFE, CRU, ILZSG, IAI, Reuters

Copper market outlook. We expect the copper price to average US$3.50/lb and US$4.00/lb in 2010 and 2011, respectively, with the market experiencing deficits in both years, driven by strong Chinese consumption—see Exhibit 2.

Exhibit 2: Copper supply/demand balance

(KMT)	2007	2008	2009	2010E	2011F
Western world mine production	12,800	12,700	12,350	12,700	13,600
Total FCC	3,037	3,230	3,310	3,395	3,440
Total world mine production	15,837	15,930	15,660	16,095	17,040
SXEW production	-3,200	-3,000	-3,300	-3,400	-3,400
Mine production available for smelting	12,637	12,930	12,360	12,695	13,640
Smelter equivalent (at 98%)	12,384	12,671	12,113	12,441	13,367
Indicated change in concentrate stocks	-266	1	-87	-59	67
Concentrate consumed by primary smelters	12,650	12,670	12,200	12,500	13,300
Scrap consumed by primary smelters	1,500	1,600	1,500	1,700	1,900
Western world primary smelter production	9,400	9,200	8,250	8,500	8,900
Russia	780	770	750	800	800
China	2,600	2,900	3,300	3,500	4,100
Other FCC	1,370	1,400	1,400	1,400	1,400
Total FCC	4,750	5,070	5,450	5,700	6,300
World primary smelter production	14,150	14,270	13,700	14,200	15,200
Fed directly to refineries	776	1,130	350	600	600
Western world primary refinery production	12,525	12,400	11,350	11,400	12,200
Russia	951	900	800	900	900
China	3,500	3,800	4,000	4,600	4,800
Other FCC	1,150	1,300	1,200	1,300	1,300
Total FCC	5,601	6,000	6,000	6,800	7,000
Total world refined production	**18,126**	**18,400**	**17,350**	**18,200**	**19,200**
Change (yoy%)	3.3	1.5	-5.7	4.9	5.5
Total world refined metal supplies	18,126	18,400	17,350	18,200	19,200
Refined consumption	**18,150**	**18,100**	**17,200**	**18,400**	**19,575**
Change (yoy%)	3.1	-0.3	-5.0	7.0	6.4
Metal balance	**-24**	**300**	**150**	**-200**	**-375**
Price LME (US$/lb)	3.22	3.12	2.36	3.50	4.00
Weeks of consumption	1.65	2.52	3.10	2.33	1.20

Source: Desjardins Securities

Implication

We are increasing our one-year target on the shares of IMN to C$98.90/share, from C$87.10/share, and maintaining our Buy–Average Risk recommendation.

Recommendation

We rate the shares of IMN Buy–Average Risk with a C$98.90/share target price (up from C$87.10/share). We obtain this target by applying a new 11.0x multiple to our new 2011 earnings estimate of C$8.99/share using an average copper price of US$4.00/lb, an average zinc price of US$1.50/lb, an average gold price of US$1,100/oz and a US$/C$ exchange rate at par in 2011.

Tekmira Pharmaceuticals Corporation (TKM C$0.82, TSX)

ApoB SNALP safety concerns and delays lead to lower valuation; maintaining Buy rating but lowering target to C$1.50 (from C$1.65 previously)

Pooya Hemami, Associate (514) 985-7574 pooya.hemami@vmd.desjardins.com

Tekmira Pharmaceuticals Corporation

Rating		Buy–Speculative
Target		C$1.50
Symbol		TKM
Exchange		TSX
Sector		Healthcare
Closing price		C$0.82
Potential return		83%
52-week range		C$0.54–1.49
Shares O/S		51.6m FD
Market cap		C$42m
TSX weighting		0.0%
Year-end		Dec-31
Revenue	**2009E**	C$13.3m
	2010E	C$15.9m
EPS	**2009E**	-C$0.20
	2010E	-C$0.20
P/E	**2009E**	NA
	2010E	NA
Cash/sh		C$0.46
LTM ROE		NA
Debt/total capital		0.0%
Dividend		C$0.00
Dividend yield		NA
Quarterly data		
EPS 4Q09E	**Desjardins**	-C$0.06
	Consensus	NA
EPS 3Q09A		-C$0.05

Source: Desjardins Securities

Company description
Tekmira Pharmaceuticals Corporation is a biopharmaceutical company that develops drug delivery technologies for use in nucleic acid–based therapeutics. It is also advancing its early stage internal pipeline of RNA interference product candidates.

www.tekmirapharm.com

The Desjardins Takeaway

While Tekmira's Phase I study of ApoB SNALP revealed encouraging early hints of RNAi treatment activity, the premature discontinuation of the study following the occurrence of siRNA payload-associated immune stimulation in a patient has added uncertainty to the program. Our lower target price also reflects the delay of up to about a year in ApoB SNALP's development trajectory. Nonetheless, Tekmira remains the leading Canadian participant in the emerging RNAi industry, and we continue to favour the prospects for both its SNALP lipid delivery technology and for its internal pipeline of RNAi drug candidates. We rate Tekmira Buy–Speculative with a new C$1.50 target price (down from C$1.65 previously).

Event

Review of ApoB SNALP study. Late last week, Tekmira released top-line results of its Phase I study evaluating lead candidate ApoB SNALP in individuals with elevated LDL cholesterol. We provide a review of the trial and offer our perspective on future developments.

Implication

ApoB SNALP Phase I results reveal safety concerns. The Phase I trial evaluated the safety and tolerability of escalating single doses of ApoB SNALP in 23 individuals with elevated LDL cholesterol (17 received the treatment and six were provided placebo). The study, which was originally designed to enrol around 30 patients, was concluded early given that one of the two subjects evaluated at the highest treated dose (0.6mg/kg) experienced flu-like symptoms indicative of immune system stimulation attributable to the ApoB siRNA payload.

As indicated in our initiation of coverage report (May 6, 2009), nucleic acid-based treatment approaches can potentially induce or promote immunogenic responses, which can lead to the activation of pro-inflammatory cytokines and interferons. However, Tekmira's prior preclinical research had suggested that certain modifications to particular sugar backbones of the siRNA payload molecules could be made to markedly attenuate the likelihood for such stimulation of the immune system (the siRNA used in ApoB SNALP was designed to incorporate such adjustments).

While the immune response experienced by the affected patient was not believed to be severely life threatening (ie it included flu-like symptoms such as fever, chills and the presence of cytokines), Tekmira ultimately decided to suspend the trial at this stage before evaluating the proposed ApoB SNALP treatment formulation at higher doses (we believe the study was originally designed to assess doses as high as 1mg/kg).

Early signs of RNAi treatment efficacy emerge. On the plus side, the study did not reveal any occurrence of liver toxicity among treated patients (which has been one of the primary concerns relating to systemically delivered RNAi therapeutics). More importantly, the study revealed early hints of therapeutic activity as the two patients treated with the highest dose achieved average temporary reductions of ApoB protein and LDL cholesterol of 21.1% and 16.3%, respectively. While these decreases were transient and only lasted on the order of days, they provide early indications that the drug's underlying RNA interference mechanism of action may exert therapeutic effects in humans. We do not believe that the decreases in LDL or ApoB protein were related to any immune system activation effects, and hence we attribute these reductions to ApoB gene silencing resulting from the administration of the ApoB siRNA. However, ultimately a higher dose would have been required to provide sufficient siRNA payload to the target sites in the liver to provide more pronounced and longer lasting effects.

Tekmira to try again with new siRNA backbone modifications and newer generation SNALP formulation. Tekmira has signalled that its next step would be to develop an improved ApoB SNALP candidate using a modified ApoB siRNA (which will incorporate further backbone modifications to lower the risk of immune stimulation), along with a newer generation SNALP formulation potentially capable of providing multifold greater potency.

The decision to employ a newer and more potent SNALP formulation in future studies is not altogether surprising given that over the past year, the company has developed certain new formulations incorporating novel proprietary lipids that can, according to the firm, yield multifold (5–10x) improvements in therapeutic index vs previous generation formulations. Such ameliorations could potentially lead to higher levels of therapeutic activity at intended sites of action with lower risk of undesired or 'off-target' effects.

Overall, the company plans to finalize this improved ApoB SNALP candidate during this quarter and to reinitiate a Phase I study with the revised ApoB SNALP in 2H10. However, we would not be surprised if this timeline were to be pushed back, given the potential for complexities in finalizing the necessary payload modifications needed to substantially reduce human immunogenicity, and also for regulatory uncertainties or delays prior to the resumption of human trials.

Cash burn and PLK1 SNALP projections maintained. Despite the setback in the ApoB SNALP program, we do not expect a material increase in Tekmira's cash burn rate for 2010. We currently forecast that the company will burn about C$12.1m in 2010, leaving the firm sufficient liquidity to maintain its operations until sometime in 2H11. As it relates to the company's second RNAi development candidate, PLK1 SNALP, Tekmira expects to file an IND in mid-2010 permitting the firm to commence Phase I studies in 2H10. PLK1 SNALP is being advanced using SNALP formulations that aim to provide significant drug delivery at distal tumour sites outside of the liver.

Exhibit 1: Upcoming clinical milestones for Tekmira's internal pipeline

Compound	Indication	Milestone	Current guidance
ApoB SNALP	Hypercholesterolemia	Complete payload and formulation revisions	1Q10
PLK1 SNALP	Cancer	Commence Phase I study	2H10
ApoB SNALP	Hypercholesterolemia	Commence Phase I study using revised payload and formulation	2H10

Source: Desjardins Securities, company documents

Recommendation

Lowering target on heightened attention to immune sensitization risks and delay in ApoB SNALP. We view the occurrence of immune system stimulation with the prior tested ApoB siRNA payload as somewhat concerning. Even though the company is confident that it will be able to draw from its understanding of siRNA-mediated immune activation and use the data attained from this trial and from other preclinical work to develop a payload that can avoid such responses in future studies, we perceive that possible immune sensitization is one of the ApoB SNALP product's most significant drug development risks going forward.

Furthermore, the reformulation of ApoB SNALP and re-initiation of another Phase I study may add up to a year to the product's development trajectory. Consequently, we have modified our valuation approach for the company to account for the fact that Tekmira has reverted toward a preclinical drug development stage. While we previously included the average technology value of US-listed Phase I biotech firms within our valuation approach of Tekmira, we now believe it is suitable to apply a 20% discount to this result given that it may take 9–12 months for Tekmira to return to a Phase I development stage for its RNAi therapeutic programs (ie for either ApoB SNALP or PLK1 SNALP).

Hence, we now derive our target price using the average of the current technology values of comparable peers in the RNAi space (those working on both drug delivery technologies and early clinical stage or preclinical internal drug development pipelines) and of our proprietary universe of US-listed Phase I companies (the latter figure discounted by 20%). Our peer group technology value analysis includes RXi Pharmaceuticals Corporation (RXII, NASDAQ), Silence Therapeutics plc (SLN, LSE) and MDRNA (MRNA, NASDAQ); the average of their respective technology values is US$50m.

Hence, averaging (1) the average technology value of comparable RNAi development peers (US$50m) and (2) a 20% discount (US$54.2m) of the average technology value of US-listed Phase I firms in our proprietary universe (US$67.7m), results in a target technology value of approximately US$52.1m for Tekmira. Given Tekmira's current net cash position, we determine a new target price of C$1.50 for its shares (vs C$1.65, previously).

Exhibit 2: Comparable technology value analysis

Company name	Stock price (US$)	Mkt cap (US$m)	Tech value (US$m)	Description
Isis Pharmaceuticals	11.63	1,144.2	688.1	Deep antisense pipeline incl ApoB
Alnylam Pharmaceuticals	18.72	782.8	329.3	Leading RNAi IP; clinical
MDRNA Inc.	0.95	38.7	34.1	RNAi delivery; preclinical
RXi Pharmaceuticals Corp.	4.49	72.8	63.9	RNAi delivery; preclinical
Silence Therapeutics plc	0.29	81.2	52.1	RNAi delivery; early clinical
Average			**50.0**	
Average for US Phase I biotechs			**67.7**	
Tekmira Pharmaceuticals Corp.	**0.79**	**40.9**	**17.8**	

Note: Closing prices as of January 11, 2010
Source: Desjardins Securities, company reports

Overall, while the risks of the ApoB SNALP program may now be more visible to investors, we believe that Tekmira continues to have the potential to unlock significant value, given the indications targeted by its pipeline programs, as well as the prospects of broad clinical utility and recurring revenues from its core nucleic acid delivery technologies. As the current market valuation for the firm's shares remains relatively modest in light of such prospects, we continue to view Tekmira as an attractive investment for risk-tolerant investors.

We therefore rate Tekmira Buy–Speculative with a new C$1.50 target price (down from C$1.65 previously).

Thompson Creek Metals Company Inc. (TCM C$14.50, TSX/TC US$14.08, NYSE)

Increasing target to C$20.40/share (from C$19.35/share), reducing 2010 earnings forecast to US$1.43/share and maintaining Top Pick recommendation

John Redstone (514) 281-7088 john.redstone@vmd.desjardins.com
Aleem Ladak, Associate (514) 985-3573 aleem.ladak@vmd.desjardins.com

Thompson Creek Metals Company Inc.

Rating		Top Pick–Average Risk
Target		C$20.40
Symbol		TCM, TC
Exchange		TSX, NYSE
Sector		Metals & Mining
Closing price		C$14.50, US$14.08
Potential return		41%
52-week range		C$3.48–16.50
Shares O/S		168.8m FD
Market cap		C$2,447.6m
Year-end		Dec-31
EPS	**2010E**	US$1.43
	2011F	US$2.27
P/E	**2010E**	10.1x
	2011F	6.4x
Book value/sh		US$6.53
LTM ROE		11.5%
Quarterly data		
EPS 4Q09E Consensus		US$0.05

Source: Desjardins Securities

Company description
Canada-based Thompson Creek Metals Company Inc. owns the Davidson deposit in BC, Thompson Creek mine and concentrator in Idaho, a 75% interest in the Endako mine, and a concentrator and roaster in BC, and has 100% ownership in the Langeloth metallurgical refinery plant in Pennsylvania. Thompson Creek Metals is an integrated North American primary molybdenum producer.

www.thompsoncreekmetals.com

The Desjardins Takeaway

We are increasing our target price on the shares of the Thompson Creek Metals Company to C$20.40/share, from C$19.35/share, as we now value the company using an average molybdenum price of US$30/lb in 2011 when TCM will have a larger production profile. We have also reduced our 2010 earnings estimate to US$1.43/share, reflecting our lowered molybdenum price forecast of US$25/lb in 2010. We maintain our Top Pick–Average Risk rating.

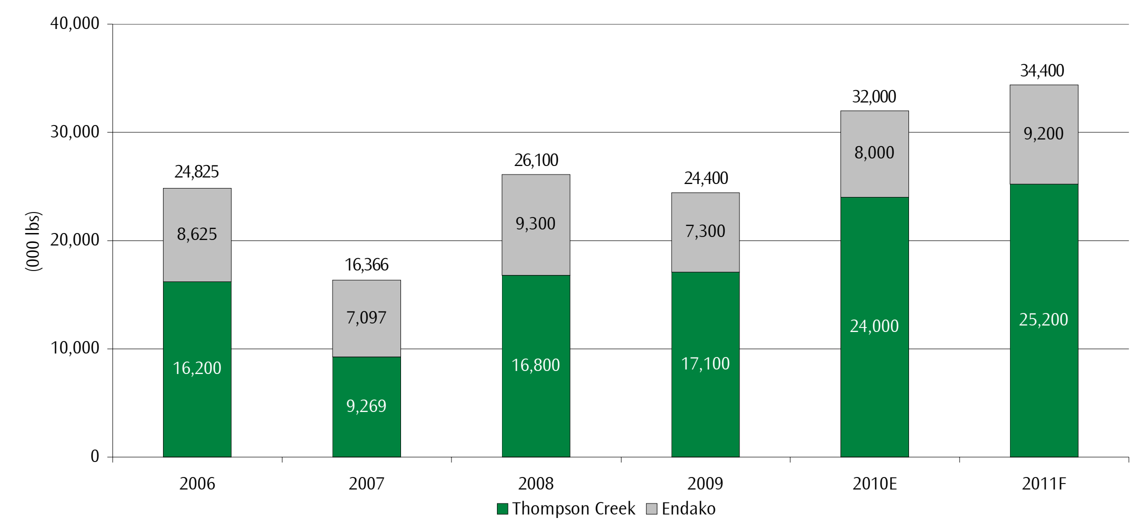
Event

We are increasing our target price on the shares of the Thompson Creek Metals Company (TCM) to C$20.40/share, from C$19.35/share, as we now value the company using an average molybdenum price of US$30/lb in 2011 when TCM will have a larger production profile. We have also reduced our 2010 earnings estimate to US$1.43/share, reflecting our lowered molybdenum price forecast of US$25/lb in 2010.

New molybdenum price of US$25/lb in 2010. Although we expect prices to reach our previous average forecast level for 2010 (US$30/lb) and hold these levels in 2011, given the currently low levels for both prices entering 2010, we have been forced to reduce our average price forecast for the year.

Higher production profile going into 2011. As can be seen below in Exhibit 1, TCM's production profile will increase substantially in 2011, thanks to optimization of production at both the Endako and Thompson Creek mines.

Exhibit 1: TCM production profile (2006–11)



Source: Desjardins Securities, company reports

Market outlook. We now expect the molybdenum price to average US$25/lb in 2010 and US$30/lb in 2011, driven by strong industrial activity from China and an economic rebound from Western world economies—see Exhibit 2.

Exhibit 2: Molybdenum supply/demand balance

(m lbs)	2007	2008	2009	2010E	2011F
Demand					
Western Europe	141	127	90	115	130
Chg (%)	1.4	-10.5	-28.9	27.8	13.0
US	89	79	70	75	80
Chg (%)	7.6	-11.2	-11.4	7.1	6.7
Japan	73	55	50	55	60
Chg (%)	7.7	-24.7	-9.1	10.0	9.1
China	78	125	145	165	185
Chg (%)	23.6	61.3	16.0	13.8	12.1
Other	90	85	70	75	80
Chg (%)	22.0	-6.1	-17.2	7.1	6.7
Total	**471**	**470**	**425**	**485**	**535**
Chg (%)	10.4	-0.2	-9.6	14.1	10.3
Supply					
Primary concentrates					
Western world	60	73	58	65	85
China	162	196	175	205	215
Total	222	270	233	270	300
Byproduct					
Western world	230	196	180	190	200
China	9	9	8	8	8
Total	239	205	188	198	208
Recovery from catalysts	10	10	10	10	10
Total	**470**	**484**	**431**	**478**	**518**
Market balance	**-1**	**14**	**6**	**-7**	**-17**
Inventory levels	59	42	48	41	24
Weeks consumption	6.49	4.65	5.87	4.40	2.33
Price (US$/lb)	31.10	32.00	11.63	25.00	30.00

Source: Desjardins Securities

Implication

We are increasing our target price on the shares of TCM to C$20.40/share, from C$19.35/share, and maintaining our Top Pick–Average Risk recommendation.

Recommendation

We rate the shares of TCM Top Pick–Average Risk with a new C$20.40/share one-year price target (up from C$19.35/share). We obtain this price target by applying a 9.0x multiple to our new 2011 earnings estimate of US$2.27/share using an average molybdenum price of US$30/lb and a C$/US$ exchange rate at par in 2011.

Desjardins Weekly Feature

Metals & Mining Weekly: Outlook for 2011—higher still

John Redstone (514) 281-7088 john.redstone@vmd.desjardins.com
Aleem Ladak, Associate (514) 985-3573 aleem.ladak@vmd.desjardins.com

John Hughes (416) 867-3778 john.hughes@vmd.desjardins.com
Vishal Gupta, Associate (416) 867-3784 vishal.gupta@vmd.desjardins.com

- Metals prices to strengthen because of steady economic growth, a limited supply response and low inventory levels
- Copper to average US$4.00/lb in 2011, zinc to average US$1.50/lb in 2011
- Thompson Creek—rated Top Pick, with a one-year target C$20.40

We expect metal prices and equities to move substantially higher through 2011. Our metal price forecasts and new one-year share price targets (mainly based on 2011 earnings) are set out in Exhibits 1 and 2, respectively. Our Top Pick remains Thompson Creek—our new target has been raised from C$19.35 to C$20.40.

Exhibit 1: Metal price forecasts

	2010 price (US$/lb)		
Metal	**Old**	**New**	**2011 price (US$/lb)**
Copper	3.50	3.50	4.00
Aluminium	1.25	1.25	1.40
Nickel	9.00	9.00	10.00
Zinc	0.85	1.30	1.50
Molybdenum	30.00	25.00	30.00
Uranium	60.00	55.00	60.00

Source: Desjardins Securities

Exhibit 2: Updated earnings and target prices

			EPS estimates					
	1-yr target (C$)			2010				2006–present
Company	**Old**	**New**	**2009**	**Old**	**New**	**2011**	**P/E (x)**	**peak share price[4]**
Alcoa	US$18.00	US$26.40	-0.71	1.50	1.50	2.20	12	47.35
Cameco	42.50	42.50	1.59	1.59	1.59	1.59	NA	59.46
Freeport-McMoRan	US$97.60	US$122.00	4.50	6.97	6.72	10.17	12	125.86
FNX Mining	15.50	15.50	-0.63	1.14	1.14	1.94	8	38.50
Inmet Mining	87.10	98.90	4.42	6.70	7.54	8.99	11	109.35
Thompson Creek[1]	19.35	20.40	0.27	2.15	1.43	2.27	9	25.58
Capstone Mining[1]	4.50	4.55	0.11	0.69	0.69	0.83	5.5	4.44
First Quantum[1]	103.00	120.00	4.96	8.58	8.58	11.76	10.2	112.72
GlobeStar Mining[1]	1.55	1.85	0.01	0.32	0.32	0.45	4.1	2.03
HudBay Minerals	18.80	20.85	0.88	1.30	1.44	1.47	12	28.80
Quadra Mining[1]	19.40	21.85	0.63	2.29	2.29	2.91	7.5	26.31
Sherritt	8.25	9.15	0.30	0.72	0.72	0.82	9	18.00
Teck Resources[2]	41.75	54.10	3.31	3.17	3.60	4.12	13	52.22
Westshore Terminals[3]	16.90	15.60	1.08	1.12	1.12	1.30	12	19.77

[1] All data in US$ except target price in C$/share; [2] 67% owned by Gerdau SA (Brazil); valuation based on 7.5x 2011E EPS of US$1.37/share; [3] Earnings-based valuation (formerly cash distribution); [4] Note the majority of these companies have all issued additional stock in secondary offerings since 2006
Source: Desjardins Securities

Note that in most cases we have maintained the P/E multiple applied for valuation in the 9–12x range (in a multi-year uptrend, the market should view 2011 earnings as closer to 'sustainable' than 'peak' levels). Furthermore, our one-year targets, in many cases, are below the 'highs' seen in the 2007/08 period.

As shown in Exhibits 3a–c, we expect demand to outstrip supply through 2011, providing upward pressure on metal prices. Note that for zinc, previously we had expected a surplus of supply to build in the market in late 2010/early 2011. Now, we expect a market deficit in 2011. Consequently, given that metal prices tend to trade on the anticipation of future market dynamics, we have raised our 2010 zinc price forecast from US$0.85/lb to US$1.30/lb. For molybdenum and uranium, although we expect prices to reach our previous average forecast levels for 2010 (US$30/lb and US$60/lb, respectively) and hold these levels in 2011, given the low levels on which both prices are entering 2010, we have been forced to lower our average price forecasts for the year.

Exhibit 3a: Supply-demand summaries

(KMT)	2008	2009	2010E	2011F
Zinc				
Total world refined supply	**11,650**	**11,250**	**11,535**	**12,035**
Chg (yoy%)	2.52	-3.43	2.53	4.33
Total world refined demand	11,575	10,705	11,650	12,700
Chg (yoy%)	-0.13	-7.52	8.83	9.01
Metal balance	**75**	**545**	**-115**	**-665**
Copper				
Total world refined demand	**18,100**	**17,200**	**18,400**	**19,575**
Chg (yoy%)	-0.28	-4.97	6.98	6.39
Total world refined supply	18,400	17,350	18,200	19,200
Chg (yoy%)	1.51	-5.71	4.90	5.49
Metal balance	**300**	**150**	**-200**	**-375**
Nickel				
Total world refined demand	**1,318**	**1,261**	**1,401**	**1,496**
Chg (yoy%)	-5.86	-4.30	11.09	6.78
Total world refined supply	1,382	1,277	1,384	1,476
Chg (yoy%)	-4.76	-7.60	8.38	6.65
Metal balance	64	16	-17	-20
Aluminium				
Total world supply	**40,020**	**37,880**	**41,460**	**46,410**
Chg (yoy%)	4.67	-5.35	9.45	11.94
Total world demand	38,600	36,600	41,500	47,250
Chg (yoy%)	1.78	-5.18	13.39	13.86
Metal balance	1,420	1,280	-40	-840

Source: Desjardins Securities

Exhibit 3b: Uranium world balance

(KMT)	2008	2009E	2010F	2011F
Supply	61,443	64,596	70,711	71,347
Demand	64,615	66,625	70,000	71,500
Metal balance (supply – demand)	**-3,172**	**-2,029**	**711**	**-153**

Source: Desjardins Securities, World Nuclear Association

Exhibit 3c: Molybdenum supply-demand balance

(m lbs)	2008	2009E	2010F	2011F
Demand	470	425	485	535
Supply	484	431	478	518
Market balance	**14**	**6**	**-7**	**-17**

Source: Desjardins Securities, World Nuclear Association

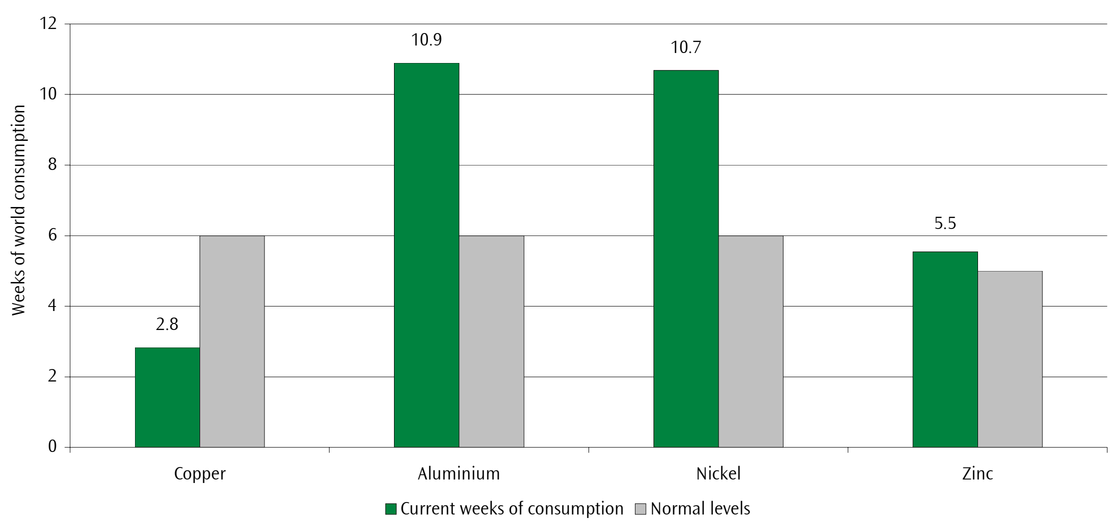
Metal markets should strengthen through 2011 for three main reasons

Steady economic growth. The industrialized world appears to be tentatively emerging from the worst economic contraction since the 1930s (Desjardins Economic Studies expects US GDP to increase 2.4% in 2010 and 2.5% in 2011). Meanwhile, China and India (with a combined population of over 2b) should continue along the path to industrialization. With this as a backdrop, we feel confident that metal consumption will grow steadily over the next two years (following a decline in world consumption in 2009 of 4.0–7.5%).

Limited supply-side response. World metal supply should continue to suffer from a lack of investment in geological exploration and project development over the last 10 years (eg there are no new copper mines with a capacity in excess of 300 KMT/yr due onstream over the next three years). Capital costs continue to rise as a result of higher material prices (eg steel and cement) and a continued lack of plant facilities manufacturing mining and processing equipment (lead times for grinding mills still exceed two years). In addition, operating costs are on the rise mainly because of an increase in energy costs. These rising capital costs and operating costs should dissuade producers from initiating new projects and reactivating idled capacity (particularly for nickel and aluminium).

Low inventory levels. Although inventories rose for the most part in 2H09, the overall levels, in terms of weeks of consumption, are not excessive (see Exhibit 4). In previous downturns, inventories have exceeded 14 weeks of consumption. As inventory levels fall through 2010, metal prices should respond immediately.

Exhibit 4: Inventory levels in terms of weeks of consumption



Includes consumer, producer, merchant, exchange inventories
Source: Desjardins Securities, LME, Comex, SHFE, CRU, ILZSG, IAI, Reuters

In our view, metal markets are entering a multi-year upward cycle and investors should remain overweight the sector.

Upcoming events: Equity Capital Markets

MONTREAL	
Richmont Mines—Martin Rivard, CEO/Greg Chamandy, Executive Chairman/Jennifer Aitken, Manager, IR	January 13
Ed Sollbach, Portfolio Strategy & Quantitative Research Analyst	January 28–29
TORONTO	
Spectral Diagnostics Inc.	January 14
Ed Sollbach, Portfolio Strategy & Quantitative Research Analyst	January 15, 18–22
Genesis Land Development Corp.	January 19–20
Brian Christie, Precious Metals Analyst	January 19–21
GENIVAR Income Fund	January 20
Capstone Mining Corp.	January 25–26
Pierre Lacroix, Materials & Diversified Industries Analyst	February 9–10
Home Capital Group Inc. institutional lunch	February 10
John Redstone, Metals & Mining Analyst/John Hughes, Metals & Mining/Steels Analyst	February 17–19
BOSTON	
Spectral Diagnostics Inc.	January 15
NEW YORK	
Realex Properties Corp.—Tom Heslip, CEO	January 27
CANADA WEST	
Pierre Lacroix, Materials & Diversified Industries Analyst	January 28
John Redstone, Metals & Mining Analyst/John Hughes, Metals & Mining/Steels Analyst	February 2–4
Brian Christie, Precious Metals Analyst	February 8
US WEST	
Minefinders Corporation Ltd—Mark Bailey, CEO	February 1
Brian Christie, Precious Metals Analyst	February 9–10

For additional information, please contact your institutional salesperson or Lindsay Booth (416) 867-3586 (Toronto meetings & events)/ Angelique Welsch (514) 985-1844 (Montreal meetings & events)

DISCLOSURES

Distribution of ratings

Rating category	Desjardins rating	Desjardins coverage universe (# of stocks)	% distribution	Desjardins Investment Banking (# of stocks)	% distribution
Buy	Top Pick/Buy	80	62	24	57
Hold	Hold	47	36	17	41
Sell	Sell	2	2	1	2
Total		**129**	**100**	**42**	**100**

COMPANY SPECIFIC DISCLOSURES

Legend

1. Desjardins Securities makes a market in the securities of the issuer.
2. Desjardins Securities has performed investment banking services for the issuer in the past 12 months.
3. Desjardins Securities has received compensation for investment banking services from the issuer within the past 12 months.
4. Desjardins Securities has managed or co-managed a public offering of securities for the issuer in the past 12 months.
5. Desjardins Securities beneficially owned 1% or more of the common equity (including derivatives exercisable or convertible within 60 days) as of the month end preceding this report.

6a. The Desjardins Securities research analyst(s) and/or associate(s) who covers the issuer discussed has a long position in its common equity securities.

6b. A member of the household of the Desjardins Securities research analyst(s) and/or associate(s) who covers the issuer has a long position in its common equity securities.

7a. The Desjardins Securities research analyst(s) and/or associate(s) has viewed a material operation of the issuer, and the related travel expenses have not been paid for by the issuer.

7b. The Desjardins Securities research analyst(s) and/or associate(s) has viewed a material operation of the issuer, and the related travel expenses have been paid for partially by the issuer.

7c. The Desjardins Securities research analyst(s) and/or associate(s) has viewed a material operation of the issuer, and the related travel expenses have been paid for fully by the issuer.

8. Desjardins Securities has received compensation for non-investment banking, non-securities-related services from the company in the past 12 months.
9. The issuer is a client for which a Desjardins Securities company has performed non-investment banking, non-securities related services in the past 12 months.
10. The issuer is (or was) a client of Desjardins Securities or an affiliate within the Desjardins Group within the past 12 months and received non-securities related services.
11. A partner, director or officer of Desjardins Securities or any analyst(s) involved in the preparation of this publication has provided services (other than for investment advisory or trade execution purposes) to the issuer for remuneration within the past 12 months.
12. An officer or director of Desjardins Securities, outside of the Equity Research Department, or a member of his/her household is an officer or director of the issuer or acts in an advisory capacity to the issuer.
13. The Desjardins Securities research analyst(s) and/or associate(s) had communication with the issuer regarding the verification of factual material in this research publication.
14. The Desjardins Securities research analyst(s) and/or associate(s) had communication with Investment Banking regarding the verification of material in this research publication.
15. A director or officer of the issuer (or any of its affiliates) serves on the board of the Desjardins Group.
16. The issue date for this research publication is within the restricted period for any recent IPO, secondary offering or lock-up agreement between the issuer and Desjardins Securities.
17. The Desjardins Securities supervisory analyst serves as an officer, director or employee of the issuer or acts in an advisory capacity to the issuer.

Disclosures for issuers discussed in this publication

Alcoa Inc.: 7a	HudBay Minerals Inc.: 13
Aurizon Mines Ltd.: 7b, 13	Inmet Mining Corporation: 6a-6b, 7a
Cameco Corporation: 2, 3, 7b	Quadra Mining Ltd.: 7a, 13
Capstone Mining Corp.: 7a, 13	Sherritt International Corporation: 7a
First Quantum Minerals Ltd.: 7a	Teck Resources Limited: 1, 7a
FNX Mining Company Inc.: 7a, 13	Tekmira Pharmaceuticals Corporation: 2, 3, 7a, 13
Freeport-McMoRan Copper & Gold Inc.: NA	Thompson Creek Metals Company Inc.: 7a, 13
GlobeStar Mining Corporation: 2, 3, 4, 7b, 13	Westshore Terminals Income Fund: 7a

STOCK RATING SYSTEM

Top Pick	Buy	Hold	Sell	Not Rated
Desjardins' best investment ideas – stocks that offer the best risk/reward ratio and that are expected to significantly outperform their respective peer group* over a 12-month period	Stocks that are expected to outperform their respective peer group* over a 12-month period	Stocks that are expected to perform in line with their respective peer group* over a 12-month period	Stocks that are expected to underperform their respective peer group* over a 12-month period	Stock is being covered exclusively on an informational basis

RISK QUALIFIERS

Average Risk	Above-average Risk	Speculative
Risk represented by the stock is in line with its peer group* in terms of volatility, liquidity and earnings predictability	Risk represented by the stock is greater than that of its peer group* in terms of volatility, liquidity and earnings predictability	High degree of risk represented by the stock, marked by an exceptionally low level of predictability

* Peer group refers to all of the companies that an analyst has under coverage and does not necessarily correspond to what would typically be considered an industry group. Where an analyst's coverage universe is such that 'relative' performance against a 'peer group' is not meaningful, the analyst will benchmark the rating against the most appropriate market index

DESJARDINS SECURITIES INC. LEGAL DISCLAIMERS

Dissemination of Research

Desjardins Securities makes all reasonable effort to provide research simultaneously to all eligible clients. Research is available to our institutional clients via Bloomberg, FactSet, FirstCall Research Direct, Reuters and Thomson ONE. In addition, sales personnel distribute research to institutional clients via email, fax and regular mail.

Analyst Certification

Each Desjardins Securities research analyst named on the front page of this research publication, or at the beginning of any subsection hereof, hereby certifies that (i) the recommendations and opinions expressed herein accurately reflect such research analyst's personal views about the company and securities that are the subject of this publication and all other companies and securities mentioned in this publication that are covered by such research analyst, and (ii) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this publication.

Additional Disclosures

Desjardins Securities' equity research analysts are compensated from revenues generated by various Desjardins Securities businesses, including Desjardins Securities' Investment Banking Department. Desjardins Securities will, at any given time, have a long or short position or trade as principal in the securities discussed herein, related securities or options, futures, or other derivative instruments based thereon. The reader should not rely solely on this publication in evaluating whether or not to buy or sell the securities of the subject company. Desjardins Securities expects to receive or will seek compensation for investment banking services within the next three months from all issuers covered by Desjardins Securities Research.

Legal Matters

This publication is issued and approved for distribution by (i) in the US, Desjardins Securities International Inc., a member of the FINRA and SIPC, (ii) in Canada, Desjardins Securities Inc., a member of the IIROC and CIPF (collectively, "Desjardins Securities").

This publication is provided for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this publication may not be suitable for all types of investors; their prices, value and/or income they produce may fluctuate and/or be adversely affected by exchange rates. This publication does not take into account the investment objectives, financial situation or specific needs of any particular client of Desjardins Securities. Before making an investment decision on the basis of any recommendation made in this publication, the recipient should consider whether such recommendation is appropriate, given the recipient's particular investment needs, objectives and financial circumstances. Desjardins Securities suggests that, prior to acting on any of the recommendations herein, you contact one of our client advisors in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this publication to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

This publication may contain statistical data cited from third party sources believed to be reliable, but Desjardins Securities does not represent that any such third party statistical information is accurate or complete, and it should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this publication and are subject to change without notice.

Although each company issuing this publication is a wholly owned subsidiary of Desjardins Group, each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation ("FDIC"), the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of Desjardins Group, (iii) will not be endorsed or guaranteed by Desjardins Group, and (iv) will be subject to investment risks, including possible loss of the principal invested.

The Desjardins trademark is used under licence.

OFFICES

Montreal
1170 Peel Street
Suite 300
Montreal, Quebec H3B 0A9
(514) 987-1749

Toronto
145 King Street West
Suite 2750
Toronto, Ontario M5H 1J8
(416) 867-6000

Vancouver
200 Burrard Street
Suite 1510, Waterfront Centre
Vancouver, British Columbia
V6C 3L6
(604) 678-6141