

CAPITAL



MARKETS

# HAYWOOD

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S E C U R I T I E S I N C .

## JUNIOR EXPLORATION REPORT

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1<sup>ST</sup> QUARTER 2012

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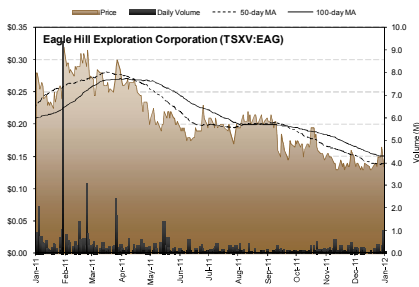
<b>Argentex Mining Corporation</b>	<b>Macarthur Minerals Limited</b>
<b>Balmoral Resources Ltd.</b>	<b>Marathon Gold Corp.</b>
<b>Batero Gold Corp.</b>	<b>Mawson Resources Ltd.</b>
<b>Bearing Resources Ltd.</b>	<b>Orex Minerals Inc.</b>
<b>Canaco Resources Inc.</b>	<b>Reunion Gold Corporation</b>
<b>Coventry Resources Limited</b>	<b>Revolution Resources Corp.</b>
<b>Dunav Resources Ltd.</b>	<b>Riverstone Resources Inc.</b>
<b>Eagle Hill Exploration Corporation</b>	<b>Rockgate Capital Corp.</b>
<b>Hard Creek Nickel Corp.</b>	<b>Seafeld Resources Ltd.</b>
<b>Helio Resource Corp.</b>	<b>Soltoro Ltd.</b>
<b>High Desert Gold Corporation</b>	<b>Sunridge Gold Corp.</b>
<b>International Northair Mines Ltd.</b>	<b>Talon Metals Corp.</b>
<b>Kivalliq Energy Corp.</b>	<b>Terraco Gold Corp.</b>
<b>Lupaka Gold Corp.</b>	<b>Trevali Mining Corporation</b>
	<b>West Kirkland Mining Inc.</b>

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PLEASE SEE RATING STRUCTURE, IMPORTANT DISCLOSURE, RISK PROFILE PARAMETERS,  
DISCLAIMERS, AND NOTES ON PP 88 - 92 OF THIS REPORT.



Dunav plans to rapidly advance the resource definition at Kiseljak and continue exploration in the Tulare porphyry cluster. The aim is to deliver a maiden National Instrument 43-101 compliant resource estimate in mid-2012, followed by the commencement of initial mining studies. Initial metallurgical work has returned good recoveries, with 90% copper and 85% gold (75% gold recoveries by flotation, and 10% gold by gravity). The work index for grinding tests is 11, indicating a soft ore.



Source: Capital IQ and Haywood Securities

Eagle Hill Exploration Corporati	TSXV:EAG
Shares O/S (M):	148.1
Shares F/D (M):	163.2
Market Capitalization (\$M):	\$20
52 Week High / Low:	\$0.36 / \$0.13
Q4/11 Performance:	-19%
Cash (\$M):	\$7.4
Enterprise Value (\$M):	\$12.3
Est: 2012 Burn (\$M):	\$6.8
<b>Focus:</b> Exploration in Colombia - gold-rich copper porphyry targets	
<b>Resource / Reserve:</b>	
Gold (Moz)	0.7
<b>EV / oz Au (USD\$)</b>	<b>\$17</b>
<b>Key Catalysts:</b>	
<b>Seafield Project:</b> Exploration Drill Program (Dos Quebradas + Santa Sofia Zones, 10,000 m, in progress) - Q1/12; Infill, Technical and Expansion Drilling (Miraflores Zone) - Q1/12; Resource Update (Miraflores + Dos Quebradas + Santa Sofia Zones) - Q1/12; Scoping Study (Miraflores) - Q1/12-Q2/12	

## Eagle Hill Exploration Corp. (EAG-V, \$0.14)

Initial resource established and now looking to add ounces

Analyst: Joe Mazumdar (604-697-7124)

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Eagle Hill Exploration (TSXV:EAG) have a high grade gold resource (~700 koz grading 7.7 g/t Au at a cut off grade of 3.0 g/t Au with over 45% in the indicated category) at their Windfall Lake Property (75% owned), which comprises 366 claims covering 12,070 ha, in the fertile Abitibi Belt, between Val d'Or and Chibougamau of central Quebec, one of the premier mining jurisdictions of the world. Quebec offers an exploration tax credit of at least \$0.35 for every \$1.00 spent on the ground. The project is accessible by paved highway and gravel road year round to an established ~60 person camp. The Company purchased the remaining 50% of the Windfall Lake East property which lies adjacent to the Windfall Lake project from Murgor Resources Inc. in August 2011. A total of 465 holes have been drilled to date and 1.4 km of underground ramps have been developed with over \$25M spent on the area by previous operators (Noront, Freewest and Murgor).

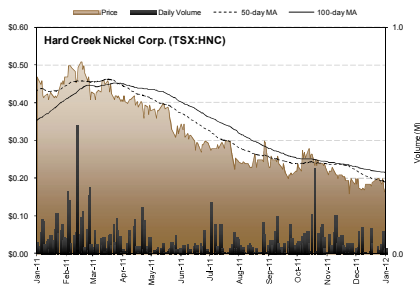
Brad Kitchen has been the President and Chief Executive Officer of Eagle Hill since its inception in 2006 and also served as VP of CIBC World Markets and TD Securities for more than eleven years. Director Richard Nemis established Noront Resources Ltd. in 1983 and was named Chairman Emeritus of Noront in recognition of his contributions to the company's success which included the discovery of "The Ring of Fire" McFaulds Lake area, north eastern Ontario. Chief Geologist Jean-Phillippe Desrochers holds a PhD in geology from University of Montreal and has over seventeen years experience in the mineral exploration industry in Canada, Central America and South America. He specializes in the field of structural geology applied to ore deposits in the search for Archean lode gold, volcanogenic massive sulfides, porphyry copper, skarn, and epithermal gold deposits. Dr. Desrochers was the Vice-President of Exploration for Murgor Resources Inc. (TSXV:MGR) from 2005 through to May of 2010 and senior positions with Aur Resources and SRK Consulting.

Gold mineralization at Windfall Lake occurs along the footwall of a major NE trending structure which dips steeply to the SE and extends along the entire property. Drilling indicates that the gold zones define tabular zones sub-parallel to the deformation corridor and extend to depths of 450m. Two styles of gold mineralization are evident, the first as disseminations or stockworks of sulphide-rich fractures and classical mesothermal mineralization characterized by strong silica-muscovite-carbonate alteration and quartz-albite-carbonate-tourmaline veining. Previous drilling (10,000m, May 2011) returned ~13.3 g/t Au over 19m (EAG-11-259, from a depth of 393m) and 9 g/t Au over 8m (EAG-11-262, from a depth of 134m). In August 2011, the Company intersected 14.2m grading 7.47 g/t Au within a new gold zone hosted by a shear zone with a potential strike length of 7km, just south of the main project area. Current drilling (25,000m) has returned



intersections of up to 9.6 g/t Au over 3.3m and 5.6 g/t Au over 10.6m. Initial metallurgical test work within the mineralized zones indicates high levels of recovery (+95%) via flotation and gravity.

Incorporating the latest financing (Jan 2012), where the Company issued 36.4M shares (flow through) at C\$0.165 per share for gross proceeds of C\$6M, and reimbursement by the Quebec government for exploration funds expended on the property in 2011, we estimate its pro forma cash position to be C\$7.4M. We anticipate results from a 25,000 metre drilling program, which began in Nov 2011, with 9,000 metres remaining to be drilled in 2012 by Q1/12. These results will feed an updated resource (Q3/12) and the Company is contemplating a further drill program (<35,000m) from Q2-Q3/12 to test favourable structures with a 2012 budget of ~C\$6.8-7.0M.



Source: Capital IQ and Haywood Securities

Hard Creek Nickel Corp.	TSX:HNC
Shares O/S (M):	77.3
Shares F/D (M):	90.3
Market Capitalization (\$M):	\$13
52 Week High / Low:	\$0.57 / \$0.16
Q4/11 Performance:	-12%
Cash (\$M):	\$0.9
Enterprise Value (\$M):	\$12.3
Est: 2011 Burn (\$M):	\$1.1
<b>Focus:</b> advancing its Turnagain nickel-cobalt project in northern British Columbia.	
<b>Resource / Reserve:</b>	
Nickel (Mlbs)	8,312
<b>Key Catalysts:</b>	
<b>Turnagain:</b> Exploration results (2012).	

## Hard Creek Nickel Corp. (HNC-T, \$0.17)

**Hard Creek Nickel is focused on advancing its Turnagain nickel-cobalt project in northern British Columbia**

Analyst: Stefan Ioannou (416-507-2309)

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Hard Creek's key asset is its 100% owned Turnagain Nickel-Cobalt Project in northern British Columbia, located approximately 70 kilometres east of Dease Lake. A recently completed updated Preliminary Economic Assessment (PEA), headed by AMC Mining Consultants (Canada) Ltd., details a large-tonnage, ~27-year operation underpinned by an in-pit 562-Mt measured and indicated resource grading 0.23% nickel and 0.013% cobalt, and an additional 201-Mt inferred resource grading 0.25% nickel and 0.013% cobalt. Turnagain's total resource includes 748 Mt in the M&I category grading 0.21% nickel and 0.013% cobalt, and an additional 537 Mt of inferred material grading 0.20% nickel and 0.013% cobalt. The updated PEA supersedes a March 2010 PEA, which included a complex US\$815 million on-site refinery to process a low-grade (4%) nickel concentrate. However, subsequent test work carried out by Hard Creek in Q4/10 has optimized the flotation process to produce a saleable clean concentrate grading ~18% nickel, with improved recovery (56% life-of-mine average; key to this breakthrough was the use of specific reagents). The updated PEA's metrics include a 43,200-tpd mill, producing 53 Mlb of nickel and 2.8 Mlb of cobalt annually (in concentrate) during Turnagain's first 5 years of operation (0.74:1 strip ratio). The project's pre-production initial capital cost is estimated at US\$1.3 billion. A subsequent US\$555 million expansion will boost the operation's nameplate capacity to 86,000 tpd, which translates into 98 Mlb of nickel and 5.4 Mlb of cobalt production annually (in concentrate) through year 21. Open-pit mining will cease after year 21, but the operation will continue to process low-grade stockpiled material for an additional 6 years. Turnagain's life-of-mine on-site operating cost is expected to average US\$7.29 per tonne milled, which translates into a total nickel cash cost of US\$4.26/lb (net of cobalt credits; including off-site charges). Headline economics in the updated PEA include a base-case after-tax NAV<sub>8%</sub> of US\$725 million (internal rate of return [IRR] of 13.6%) at US\$8.50/lb of nickel and US\$14.00/lb of cobalt. Turnagain is a low-grade deposit (0.23% nickel mineable resource grade), which translates into a leveraged financial profile. A 12% increase in nickel price (to US\$9.50/lb) boosts the project's updated PEA after-tax NAV<sub>8%</sub> to US\$1.1 billion (+46% increase; IRR of 15.6%).



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