

INVESTMENT RESEARCH

DISCOVERIES ARE RARE, DEVELOPERS ARE CHEAP

GRAB A BASKET TO PREPARE FOR RE-RATING AND M&A ACTION

Two themes continue to emerge within the gold exploration and production sector. The number and size of gold discoveries has been declining over the past 20 years fueling an increase in discovery costs from less than US\$10/oz in the 1980s to the current average cost estimated to be between US\$30/oz - US\$40/oz (Exhibits 1 and 17) and gold production remains flat, putting a squeeze on gold supply going forward. In fact, over the past six months, gold producers have broadly underperformed production guidance and revised full calendar year estimates downward.

Producers have no choice but to replenish their depleting reserve profile in order to maintain valuations. In our view, a good place to start the hunt for additional ounces is with quality developers on the path to de-risking their projects. Some of these developers have projects with strong IRRs and healthy payback periods, as outlined in Exhibit 2.

The situation becomes even more compelling at current valuations with gold developers trading well below the value of their assets, not to mention ~50% below their YoY AMC/oz of US\$94/oz (see Exhibit 16). This drawdown can be attributed to a grim financing outlook that has placed significant downward pressure on the junior gold sector over the past 12 months. We are of the view that current valuations could spark a potential M&A frenzy as senior producers continue to scour the earth for ounces and the financing window continues to only creep open a little further.

We urge investors to position themselves with a basket of gold developers for the following reasons:

- (1) Valuation re-rating upon financial hurdle de-risking
- (2) Potential mergers and acquisitions
- (3) Project re-rating upon transitioning to producer status

We highlight our top picks in the developer space below.

1. Aureus Mining Inc. (TSX - AUE): 1.7 MMoz New Liberty project can support average annual production of 100koz at C1 cash costs of US\$685/oz over an eight year mine life
2. Crusader Resources Ltd. (ASX - CAS): 2.4 MMoz Borborema project supports annual production of 131 koz at C1 cash costs of US\$558/oz over a nine year mine life
3. Gryphon Minerals Ltd. (ASX - GRY): 4.5 MMoz Banfora project supports annual production of 201koz at cash costs of US\$760/oz over a nine year mine life
4. PMI Gold Corp. (TSX.V - PMV): 4.5 MMoz Obotan project supports annual production of 196koz at cash costs of US\$631/oz over an 11.5 year mine life

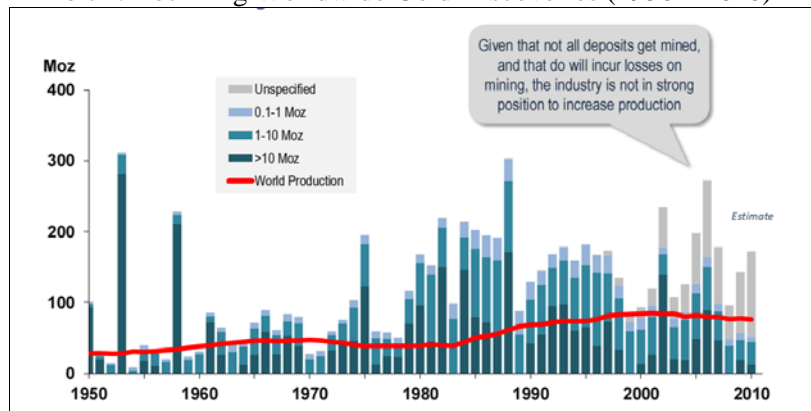
It is worth noting that in all the developers listed above, resource growth is compelling as each of the projects has several targets outside the global resource that are yet to be tested. This resource growth potential provides upside to the current economic studies.

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Exhibit 1. Declining Worldwide Gold Discoveries (1950 – 2010)

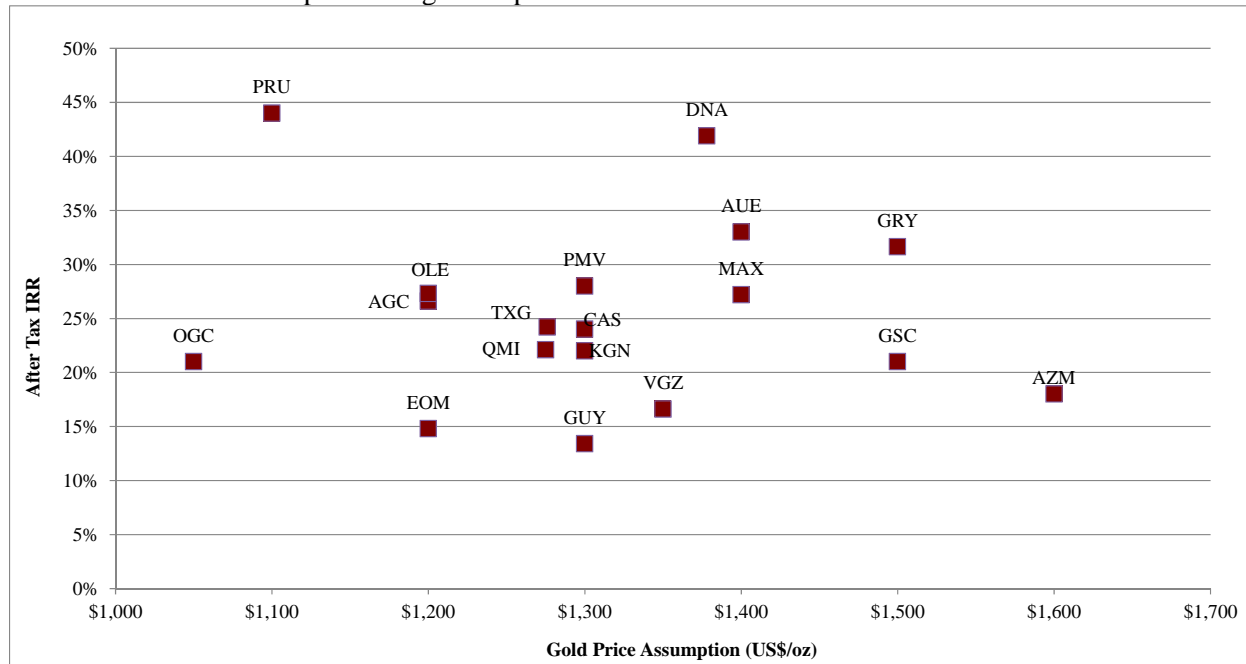


Source: "Gold Discovery Trends." Society of Economic Geologists, April 2010, 1.

Top Development Stage Projects

Of the development stage companies we track, we see projects with IRRs above 25% (using a long term gold price of US\$1500/oz or less) as being the most robust. It is worth highlighting Perseus' Tengrela project which has an after-tax IRR of 44%, Aureus' New Liberty project with an after tax IRR of 33%, Gryphon's Banfora project with an after-tax IRR of 32% and PMI Gold's Obotan project with an after tax IRR of 28%. All these projects have initial capital expenditures of US\$150-US\$300MM and payback periods of 1-3years (see Exhibit 2 and Exhibit 10).

Exhibit 2. Global Development Stage Companies



Source: Company Reports, Clarus Securities
See also Exhibit 18 for project details



PMI Gold Corp. (TSX.V - PMV): Huge Potential on the Horizon

Undervalued with the Potential to Re-Rate Beyond its Peers

- We value PMI Gold using a DCF approach (5% discount) with a 1.00x P/NAV multiple applied to our NAV estimate of \$1.23 per share. We also ascribe an additional in-situ value of \$0.52 per share for non-modeled ounces at Obotan and for delineated ounces at Kubi, as well as \$0.12 per share to account for corporate adjustments.
- Based on yesterday's close we estimate a ~30% return to the per share value assigned to Obotan's project NAV of \$1.23. We see a ~100% return to our companywide NAV of \$1.85 per share.
- At its current adjusted market cap valuation of US\$47/oz, PMI Gold trades in line with its group average. We expect PMI Gold to trade above its peer average once the financing risk associated with the stock is removed, especially given that the Company has a greater global high grade resource than the majority of its peers.

Potential to Grow its Mineable Ounce Profile

- There exists potential for PMI Gold to grow its mineable ounce profile which we currently estimate at 2.8 MMoz. We highlight the increase in valuation to PMI Gold's companywide and project NAV with a boost to its mineable ounce profile (Exhibit 3 and Exhibit 4).

Exhibit 3. Companywide NAV / Share

		Long-term Gold Price (US\$/oz)					
		\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700
Mineable Resource (MMoz)	1.80	\$0.88	\$1.03	\$1.19	\$1.34	\$1.50	\$1.66
	2.30	\$1.04	\$1.23	\$1.42	\$1.61	\$1.80	\$1.99
	2.80	\$1.20	\$1.42	\$1.64	\$1.85	\$2.08	\$2.31
	3.30	\$1.32	\$1.57	\$1.81	\$2.06	\$2.30	\$2.55
	3.80	\$1.44	\$1.71	\$1.98	\$2.25	\$2.52	\$2.78
	4.30	\$1.55	\$1.84	\$2.13	\$2.42	\$2.71	\$3.00
	4.80	\$1.65	\$1.96	\$2.26	\$2.57	\$2.88	\$3.19
	5.30	\$1.73	\$2.06	\$2.38	\$2.71	\$3.03	\$3.36

Source: Clarus Securities Inc.

Exhibit 4. Project NAV / Share

		Long-term Gold Price (US\$/oz)					
		\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700
Mineable Resource (MMoz)	1.80	\$0.24	\$0.40	\$0.55	\$0.71	\$0.87	\$1.02
	2.30	\$0.41	\$0.60	\$0.79	\$0.98	\$1.17	\$1.35
	2.80	\$0.57	\$0.79	\$1.01	\$1.23	\$1.45	\$1.67
	3.30	\$0.69	\$0.93	\$1.18	\$1.42	\$1.67	\$1.91
	3.80	\$0.81	\$1.08	\$1.34	\$1.61	\$1.88	\$2.15
	4.30	\$0.92	\$1.21	\$1.49	\$1.78	\$2.07	\$2.36
	4.80	\$1.01	\$1.32	\$1.63	\$1.94	\$2.25	\$2.55
	5.30	\$1.10	\$1.42	\$1.75	\$2.07	\$2.40	\$2.72

Source: Clarus Securities Inc.



Potential for Incremental Ounces Within Trucking Distance

- In addition to the four targets that host the project's 4.5 MMoz resource, Obotan contains 17 largely untested targets not yet included in its resource footprint. Three of these targets (Kaniago, Afiefso, and Fromenda) are within a 15km radius of the main Nkran deposit (3.4 MMoz) and collectively lend support to the idea of trucking incremental ore to a centralized processing facility as well as potentially enhancing the project's economics.

Underground Potential at Obotan

- Although early days, high grade intercepts north of 4.0g/t retrieved from deep drilling below the current Obotan pit shell (~350m depth) indicates the potential for an underground operation. Notable intercepts include:
 - NKR11-091: 4.21g/t over 28m from 558, including 15m at 5.56g/t over 558m, and 3m at 14.16g/t from 564.
 - NKR11-069: 4.25g/t over 72m from 318m, including 7.68g/t over 6m from 349m

Potential for Two Standalone Projects (Diaso and Kubi)

- PMI Gold has the potential to delineate +2.0 MMoz at its Kubi project which hosts 16 untested targets 15km south of AngloGold's world class Obuasi mine (60 MMoz of Au delineated). We expect a Kubi resource update by year end.
- The Diaso concession area immediately South of Obotan holds all three prominent regional shears including Abore, Fromenda, and Nkran, and is marked with significant artisanal activity. Contingent upon exploration success, we see the potential for PMI Gold to delineate incremental ounces to support a standalone project south of Obotan.

Milestones / Catalysts

- (1) Exploration Results from Obotan, Diaso, and Kubi – Ongoing
- (2) Receipt of Obotan Mining Lease – Imminent
- (3) Resource Update from Kubi – Q4 2012
- (4) Receipt of Environmental Approval – Q4 2012
- (5) Production at Obotan – H2 2014

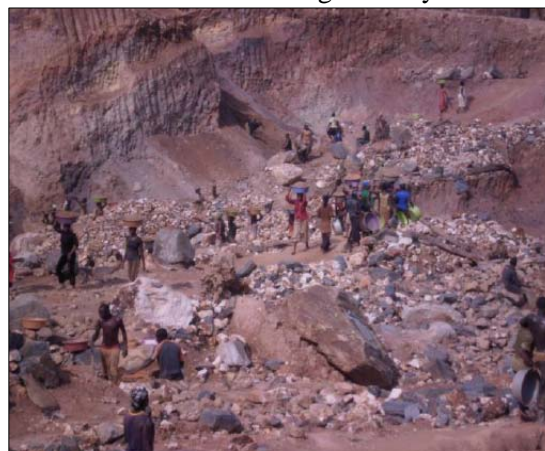
We reiterate our **BUY** rating and **\$1.85** per share target.

Exhibit 5. Obotan Project Parameters

Parameters	Metrics	Model	DFS
Mineable Ounce Profile	MMoz	2.84	2.26
Mine Life	Years	14	11.5
Throughput	Mtpa	3.00	3.00
Strip Ratio	x:1	6.4	6.4
Grade	g/t	2.21	2.21
Recovery	%	92.8%	92.8%
Annual Production	koz	198	197
Mining Cost	US\$/tonne	3.4	3.4
Processing Cost	US\$/tonne	14.2	13.8
G&A Cost	US\$/tonne	2.66	2.65
Total Cash Cost	US\$/oz	737	722
Initial Capital Cost	US\$ MM	300	296
LOM Annual Sustaining Capex	US\$ MM	3.24	3.10
Long Term Gold Price	US\$/oz	1,500	1,300
IRR	%	23%	28%
After-Tax Payback Period	Years	2.9	2.9

Source: Clarus Securities Inc., Company Reports

Exhibit 6. Artisanal Mining Activity at Obotan



Source: Company Reports



Gryphon Minerals Ltd. (ASX - GRY): A Gold Producer Waiting in the Wings

Solid Infrastructure to Fast Track its Robust Banfora Au Project

- Gryphon will spend approximately US\$200 MM to build an initial 2.0 Mtpa processing facility at Banfora and require an additional US\$100 MM to expand the plant’s capacity to 4.0 Mtpa. All in, Banfora stands to generate an IRR of 32% and have a payback period of 2.5 years (Exhibit 7).
- Banfora has the potential to support a LOM annual production of ~200 koz at a total cash cost of US\$760/oz over a nine year mine life, and is expected to achieve full production by Q1 2015. LOM annual cash flow before changes in NWC from Banfora is projected to be US\$110 MM.
- A Definitive Feasibility Study is expected Q1 2013.
- Solid infrastructure already in place (i.e. rail, road, airport access, and water) should facilitate a quick build (approx. 12 - 18 months) for Banfora. Management anticipates that Banfora will connect to Cote d’Ivoire’s grid power at an estimated cost of US\$0.12/kWh, ~55% less than its peer’s power costs for asset in Burkina Faso.

Company	Ticker	Project	Per kWh
Avocet Mining plc	LSE:AVM	Inata	\$0.30
Endeavour Mining Corporation	TSX:EDV	Youga	\$0.13
High River Gold Mines Ltd.	TSX:HRG	Taparko	\$0.34
IAMGOLD Corp.	TSX:IMG	Essakane	\$0.25
Semafo, Inc.	TSX:SMF	Mana	\$0.33
Average			\$0.27
Gryphon Minerals Ltd.	ASX:GRY	Banfora	\$0.12

Source: Company Reports

Significant Potential to Grow its Global Resource Profile

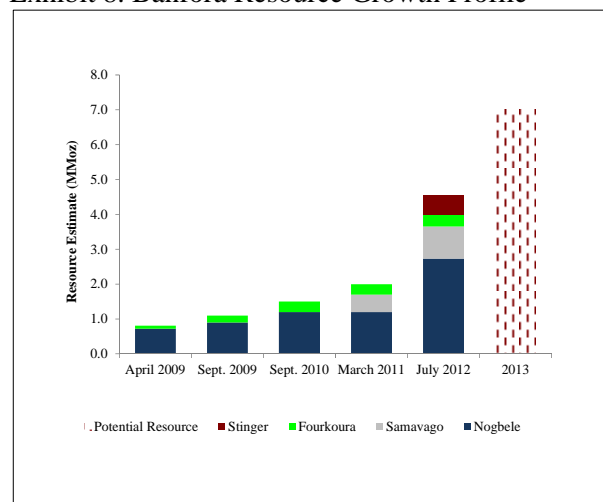
- Gryphon has a solid track record of resource growth having grown Banfora from 0.8 MMoz to the current 4.5 MMoz in a little over three years at less than US\$10/oz (Exhibit 8).
- Similar to PMI Gold, Banfora’s current 4.5 MMoz resource is hosted within four deposits located within a 20km radius of each other, namely Nogbele (2.7 MMoz), Fourkoura (0.3 MMoz), Samavogo (0.9 MMoz), and Stinger (0.5 MMoz). Each of these deposits remain open along strike and beyond a vertical depth of 150m.
- Further near-surface resource growth could come from 20 largely untested targets within 30km of the existing deposits. The close proximity of these targets presents the opportunity for incremental ore to be fed into an initial plant that could further optimize the project’s economics.

Exhibit 7. Banfora Project Parameters

Parameters	Metrics	Model
Mineable Ounce Profile	MMoz	1.8
Mine Life	Years	9.0
Throughput (2015 - 2017)	Mtpa	2.0
Throughput (2018 - 2023)	Mtpa	4.0
Strip Ratio	x:1	6.0
Grade	g/t	2.0
Recovery	%	91%
Annual Production	koz	201
Mining Cost	US\$/tonne	3.3
Processing Cost	US\$/tonne	12.0
G&A Cost	US\$/tonne	5.0
Total Cash Cost	US\$/oz	760
Initial Capital Cost	US\$ MM	200
Expansion Capital Cost	US\$ MM	100
LOM Annual Sustaining Capex	US\$ MM	5.0
Long Term Gold Price	US\$/oz	1,500
IRR	%	31.6%
After-Tax Payback Period	Years	2.5

Source: Clarus Securities Inc., Company Reports

Exhibit 8. Banfora Resource Growth Profile



Source: Clarus Securities Inc., Company Reports



Deserving of a Premium Valuation

- We highlight that Gryphon currently trades at an adjusted market cap of US\$65/oz, approximately 40% above its peer group average.
- We are of the view that the Company commands this premium due to its impressive history of resource growth with 20 untested targets within a 30km radius of its existing deposits, good infrastructure that will facilitate a quick build and subsequent re-rating as a producer, diversification into prospective exploration land in West Africa through listed investments and property options, as well as management's consistent record of execution.

We reiterate our **BUY** recommendation and **AUS\$1.50** per share target.

Milestones / Catalysts

- (1) News from Ongoing Exploration – Q4 2012
- (2) TSX Listing – Q1 2013
- (3) Banfora, Resource Update / Upgrade (including Ouahiri) – Q1 2013
- (4) Banfora, Definitive Feasibility Study – Q1 2013
- (5) Banfora, Receipt of Permits – mid-2013
- (6) Banfora, Commissioning – H2 2014
- (7) Banfora, Commercial Production – Q1 2015



Crusader Resources Ltd. (ASX - CAS): Development of a Quality Asset to Drive Upside

Borborema is on a Fast Track to Production

- According to the project's pre-feasibility study, Borborema will have an initial capital cost of US\$169 MM for a 3.0 Mtpa conventional CIL plant which should support a LOM annual production rate of ~131 koz at a total cash cost of ~US\$580/oz over a nine year mine life.
- With production slated for Q1 2015, the project stands to generate an IRR of 24.3% and have an after-tax payback period of 2.5 years.
- We expect a definitive feasibility study by year end to showcase parameters for a 4.0 Mtpa scenario in addition to the 3.0 Mtpa base case.
- Borborema benefits from solid infrastructure (i.e. 140km of paved road, access to several ports, air transportation, and on-site buildings) which should support a quick build of the project. Also, potential access to grid power at the low cost of US\$0.07/kWh could provide the Company with greater control in maintaining margins.
- As a brownfield project, we expect Borborema's permitting process to be straightforward. The project currently has an alteration license for nine hectares that is expected to convert into an operational license within the next six to eight months. Both Beadell Resources Ltd. (ASX-BDR) and Carpathian Gold Inc. (TSX-CPN) experienced similar timelines in converting alteration licenses for their Brazilian based Tucano and RDM gold projects, respectively.

Parameters	Metrics	PFS
Mineable Ounce Profile	MMoz	1.18
Mine Life	Years	9
Avg. Throughput	Mtpa	3.0
Strip Ratio	x:1	4.23
Avg. Head Grade	g/t	1.3
Recovery	%	96%
Annual Production	koz	131
Mining Cost	US\$/tonne	1.72
Processing Cost	US\$/tonne	12.7
G&A Cost	US\$/tonne	1.12
Total Cash Cost	US\$/oz	584
Initial Capital Cost	US\$ MM	169
Sustaining Capex	US\$ MM/year	2.3
Long Term Gold Price	US\$/oz	1,150
IRR	%	24.3%
After-Tax Payback Period	Years	2.5

Source: Clarus Securities Inc.

Satellite Targets and at Depth Potential Point to Significant Resource Growth

- The Borborema deposit is also within a 5km radius of five untested targets, suggesting the potential for Crusader to prove up incremental gold ounces within close proximity of its primary deposit and further enhance project economics. These targets include the Northern Extension, Remora, Remora East, Badejo, and Cobia. We highlight that these surrounding targets have artisanal activity, lending even further evidence in support of the resource growth potential hosted within this zone.
- While mineralization tapers off to the north and south of the 3km strike length in which Borborema's 2.43 MMoz resource is hosted, the deposit remains open beyond a depth of ~250m. We are encouraged by deep drilling that has returned bonanza grades at expanding widths (i.e. CRDD-138: 8.49g/t over 27m, including 37.1g/t over 5m) suggesting the potential to delineate an underground resource. However, it is too early to ascertain an underground scenario and additional drilling is required to shed light on this potential.

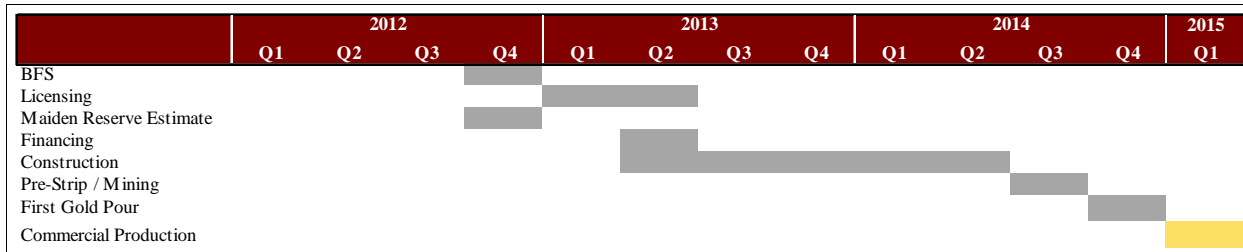
Timeline to Production

- Management continues to advance Borborema with the project's Bankable Feasibility Study (BFS) now ~75% complete and on track for release in Q4 of this year. We anticipate that the project's current alteration license will be converted into a mining license by year end as a result



of its brownfield project status, paving the road for construction to commence in Q2 2013 and commercial production to be achieved by the beginning of 2015 (Exhibit 9).

Exhibit 9. Borborema Timeline to Production



Source: Company reports

Milestones / Catalysts

- (1) Borborema, Results from Drilling – Ongoing
- (2) Borborema, Bankable Feasibility Study – Q4 2012
- (3) Borborema, Permitting (Environmental, Mining) – H1 2013
- (4) Borborema, Production – Q1 2015



Aureus Mining Inc. (TSX - AUE): An Overlooked Developer with Robust Economics

Robust Project Poised for a Re-Rating

- New Liberty is expected to generate annual production of 100,000oz per year at total cash costs of US\$743/oz over an eight year mine life. Initial capex is estimated at US\$154MM.
- Based on the recently completed feasibility study, project economics are compelling with an after-tax project IRR of 33% and a payback period of 2 years.
- Environmental permits are expected by year-end to facilitate a construction start of early 2013 and a production start of late 2014.
- We highlight that adequate infrastructure is already in place with paved road access from the port of Monrovia to within 20km of the project site and a new laterite for the final 20km to the project site.
- A team of skilled engineers is also on staff to facilitate a quick construction once environmental permits are received. Key engineers include:
 - Dr. Martin White, Chief Operating Officer - Has over 25 years experience in mine development and held senior management roles at JCI and Ashanti Goldfields.
 - Thinus Strydom, General Manager Construction and Mine Operations - Has over 15 years' experience in mine design and construction and previously served as underground mining manager for Randgold Resources Loulo mine in Mali and as operations manager for the Bisha mine in Eritrea.

Underexplored Land Package with Vast Exploration Upside

- The current 1.7 MMoz resource at New Liberty has been delineated by exploring only 10% of the company's 546km² Bea Mountain land package.
- Outside New Liberty we see the potential for a much larger gold camp with five targets outside the new Liberty resource footprint and an exploration team led by David Reading who has a track record of +20 MMoz in West African discoveries.
- During the year, 25,000m of drilling is planned on these five priority targets with a view to grow ounces. Progress on exploration is summarized below:

Exhibit 10. Update on 2012 Exploration Program

	Drill Holes	Metres	Status	Notable Intercepts
Leopard Rock	27	4,293	Completed	13.9g/t over 4m; 17.6g/t over 4m
Ndablama	36	6,012	Completed	7.1g/t over 11m;
Gondoja	10	2,000	In Progress	11.7g/t over 6m
Gbalidee	10	1,500	Planned	na
New Liberty	46	7,551	Completed	9.6g/t over 31m; 6.1g/t over 13m

Source: Company Reports



Milestones / Catalysts

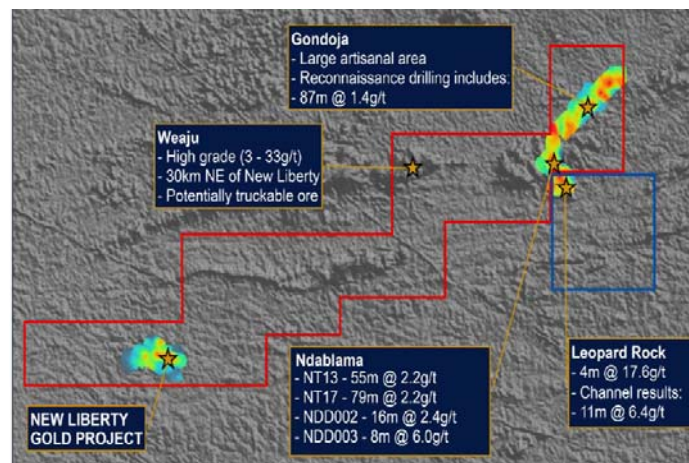
- (1) News flow from 25,000m drill program – Ongoing
- (2) Receipt of Environmental Permits – Q4 2012
- (3) Full Production at New Liberty – H2 2014

Exhibit 11. New Liberty Project Summary

Parameters	Metrics	Model	Feas Study
Mineable Ounce Profile	MMoz	1.1	0.9
Mine Life	Years	10	8.5
Strip Ratio	x:1	15	15
Grade	g/t	3.3	3.3
Recovery	%	93%	93%
Average Annual Production (Y1-Y4)	koz	122	120
Average Annual Production (Y5-Y8)	koz	99	93
Mining Cost	US\$/tonne	2.47	2.47
Processing Cost	US\$/tonne	23.42	23.42
Cash Cost	US\$/oz	698	685
Initial Capital Cost	US\$ MM	160	154
LOM Annual Sustaining Capex	US\$ MM	1.40	1.40
Long Term Gold Price	US\$/oz	1,500	1,400

Source: Clarus Securities Inc., Company Reports

Exhibit 12. Bea Mountain Land Package



Source: Company Reports



Keegan Resources Inc. (TSX - KGN): Time for a Comeback

Towards a Viable Development Plan

- While the September 2011 pre-feasibility study envisioned average annual production of 258koz at cash costs of US\$693/oz and an initial capex of US\$506 MM for a 7.5 MMtpa plant, a revised PFS based on a smaller plant throughput of 4.0MMtpa is currently underway. This is expected to reduce initial capex requirements from the US\$506 MM in the September 2011 PFS to ~US\$260 MM (Exhibit 13).
- With a current cash balance of US\$188 MM and estimated US\$260 MM capex for a smaller plant, the initial financing hurdle is reduced to US\$72MM making Keegan a more compelling acquisition candidate.
- A revised PFS is targeted for delivery in H1 2013

Resource Update on the Horizon

- Currently, there is no exploration underway at Esaase as management is focused on optimization of the mine plan.
- The company has appointed Minxcon, a South African based mineral resource consultancy firm to update a refined resource block model and delineate higher-grade mineralized zones within the deposit for selective mining which could improve Esaase's average head-grade during the early years of the mine life beyond the current 1.1g/t.
- A revised resource estimate at Esaase is expected to be announced in Q4 2012

Milestones / Catalysts

- (1) Esaase, Submission of Revised Environmental Scoping Report – September 2012
- (2) Esaase, Revised Resource Estimate – Q4 2012
- (3) Esaase, Revised PFS – Q1 2013

Exhibit 13. Esaase Project Summary

Parameters	Metrics	Model	PFS Study
Mineable Ounce Profile	MMoz	3.22	2.88
Mine Life	Years	12	10
Throughput	Mtpa	7.5	7.5
Strip Ratio	x:1	4.0	4.0
Grade	g/t	1.10	1.13
Recovery	%	91%	91%
Annual Production	koz	260	258
Mining Cost	US\$/tonne	2.5	2.5
Processing Cost	US\$/tonne	12.0	10.0
G&A Cost	US\$/tonne	0.7	0.1
Cash Cost	US\$/tonne	742	693
Initial Capital Cost	US\$ MM	510	506
LOM Annual Sustaining Capex	US\$ MM	6.0	4.3
Long Term Gold Price	US\$/oz	1,500	1,300
IRR	%	23%	22%
After-Tax Payback Period	Years	3.5	3.1

Source: Clarus Securities Inc., Company Reports



Exhibit 14. IRR Sensitivity to Plant Capacity

		7.5 Mtpa	4.0 Mtpa
IRR	%	23.1%	24.2%

Source: Clarus Securities Inc.

Exhibit 15. IRR Sensitivity to Average Grade

	Grams per Tonne (g/t)					
	1.00	1.15	1.30	1.45	1.60	1.75
IRR	17.0%	24.2%	30.4%	36.8%	43.1%	49.3%

Source: Clarus Securities Inc.

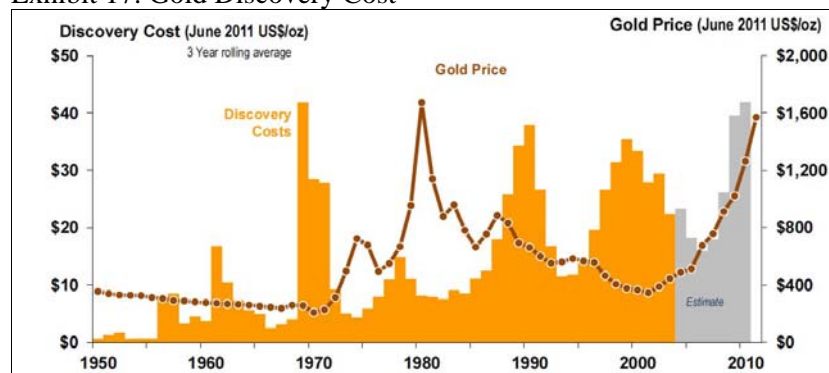


Exhibit 16. Junior Gold Explorers / Developers

Company Name	Ticker	Price (Primary Exchange)	S/O MM	Market Cap (C\$ MM)	Adj Mkt Cap (C\$ MM)	ATTRIBUTABLE OUNCES				Company Average Grade (g/t)	AMC per Attrib. Ounce (C\$/oz)	AMC per Attrib. Ounce (US\$/oz)
						P-P MMoz	M+I MMoz	Inferred MMoz	Total MMoz			
African Gold Group Inc.	TSXV:AGG	\$0.22	116	\$25	\$26	-	-	0.7	0.7	1.25	\$35	\$36
Amara Mining plc	TSX:AMZ	\$1.32	94	\$124	\$91	0.2	2.6	1.2	4.1	2.17	\$23	\$23
Ampella Mining Limited	ASX:AMX	\$0.67	247	\$165	\$148	-	1.5	1.5	3.1	1.55	\$48	\$49
Aureus Mining Inc.	TSX:AUE	\$0.91	121	\$110	\$94	0.9	0.3	0.6	1.7	3.47	\$54	\$56
Avion Gold Corporation	TSX:AVR	\$0.87	444	\$386	\$391	0.9	1.5	2.5	4.9	2.57	\$79	\$81
Azumah Resources Ltd	ASX:AZM	\$0.12	334	\$40	\$17	-	1.0	0.7	1.7	1.52	\$10	\$11
Crusader Resources Limited	ASX:CAS	\$0.53	127	\$66	\$63	-	1.9	0.6	2.4	1.10	\$26	\$27
Kilo Goldmines Ltd.	TSXV:KGL	\$0.14	217	\$29	\$22	-	-	1.9	1.9	1.63	\$12	\$12
Gryphon Minerals Ltd.	ASX:GRY	\$0.92	348	\$319	\$284	-	2.7	1.8	4.5	1.75	\$63	\$65
Keegan Resources Inc.	TSX:KGN	\$3.17	76	\$239	\$58	2.8	0.8	1.6	5.1	1.10	\$11	\$12
Noble Mineral Resources Ltd.	ASX:NMG	\$0.15	656	\$95	\$145	0.9	0.3	0.8	2.0	1.87	\$73	\$75
Orezone Gold Corporation	TSX:ORE	\$2.16	86	\$185	\$160	-	4.1	1.0	5.1	1.02	\$31	\$32
Oromin Explorations Ltd.	TSX:OLE	\$0.68	137	\$93	\$91	0.6	0.8	0.2	1.6	1.45	\$56	\$57
Papillon Resources Limited	ASX:PIR	\$1.80	249	\$446	\$428	-	0.9	2.2	3.1	2.40	\$136	\$140
PMI Gold Corporation	TSXV:PMV	\$0.94	276	\$259	\$226	-	3.5	1.4	4.9	2.48	\$46	\$47
Riverstone Resources Inc.	TSXV:RVS	\$0.57	130	\$74	\$69	-	1.8	1.0	2.7	0.99	\$25	\$26
Mean									3.0	2.44	\$46	\$47
Median									2.9	1.59	\$40	\$41

Source: Clarus Securities Inc., Company Reports

Exhibit 17. Gold Discovery Cost



Source: "Gold Discovery Trends." Society of Economic Geologists, April 2010, 1.



Exhibit 18. Global Development Stage Companies

Company Name	Ticker	Project	Country	Date	Annual Production koz	CI Cash Costs US\$/oz	Payback Period years	Capex US\$MM	Gold Price Assumption US\$/oz	Pre-Tax IRR %	After-Tax IRR %
Amarillo Gold Corp.	TSXV:AGC	Mara Rosa	Brazil	28-Nov-11	124	\$482	3.5 yrs	\$184	\$1,200	38%	27%
Amara Mining plc	TSX:AMZ	Baomahun	Sierra Leone	12-Aug-10	157	\$500	2.3 yrs	\$195	\$1,100	31%	na
Aureus Mining Inc.	TSX:AUE	New Liberty	Liberia	01-Oct-12	100	\$685	2.2 yrs	\$154	\$1,400	37%	33%
Azumah Resources Ltd	ASX:AZM	Wa	Ghana	27-Aug-12	66	\$802	2.9 yrs	\$144	\$1,600	31%	18%
Belo Sun Mining Corp	TSX:BSX	Volta Grande	Brazil	09-Sep-09	200	\$481	4.7 yrs ²	\$295	\$900	22%	na
Crusader Resources Limited	ASX:CAS	Borborema	Brazil	15-Sep-11	131	\$558	na	\$169	\$1,300	33%	24%
Dalradian Resources	TSX:DNA	Curraghinalt	Ireland	25-Jul-12	148	\$532	2.0 yrs	\$192	\$1,378	52%	42%
Detour Gold Corporation	TSX:DGC	Detour Lake	Ontario	15-Mar-11	644	476 ¹	5.5 yrs	\$992	\$1,000	23%	na
Eco Oro Minerals Corp.	TSX:EOM	Angostura	Colombia	23-Mar-12	269	\$494	5.5 yrs	\$529	\$1,200	21%	15%
Gabriel Resources, Ltd.	TSX:GBU	Rosia Montana	Romania	04-Mar-09	548	335 ¹	3.5 yrs	\$876	\$750	na	20%
Golden Star Resources, Ltd.	TSX:GSC	Prestea Underground	Ghana	03-May-12	44	\$620	6.3 yrs	\$115	\$1,500	na	21%
Gryphon Minerals Ltd.	ASX:GRY	Banfora	Burkina Faso	Clarus Est.	201	\$760	2.5 yrs	\$200	\$1,500	na	32%
Guyana Goldfields Inc.	TSX:GUY	Aurora	Guyana	24-Feb-12	198	\$522	7.2 yrs	\$525	\$1,300	16%	13%
International Tower Hill Mines Ltd.	TSX:ITH	Livengood	Alaska	23-Aug-11	562	\$703	4.9 yrs	\$1,614	\$1,100	14%	na
Keegan Resources Inc.	TSX:KGN	Esaase	Ghana	22-Sep-11	258	\$693	3.1 yrs	\$506	\$1,300	na	22%
Lydian International Ltd.	TSX:LYD	Amulsar	Armenia	05-Sep-12	169	\$469	4.0 yrs ²	\$270	\$1,200	28%	na
Midas Gold Corp.	TSX:MAX	Golden Meadows	Idaho	04-Sep-12	348	\$532	3.0 yrs	\$879	\$1,400	34%	27%
OceanaGold Corporation	TSX:OGC	Didipio	Phillipines	29-Jul-11	99	\$689	3.3 yrs	\$185	\$1,050	na	21%
Oromin Explorations Ltd.	TSX:OLE	OJVG	Senegal	05-May-11	26	\$461	2.4 yrs	\$48	\$1,200	28%	27%
Perseus Mining Limited	TSX:PRU	Sissingue	Cote d'Ivoire	Clarus Est.	106	\$550	1.2 yrs	\$115	\$1,100	na	44%
PMI Gold Corporation	TSXV:PMV	Obotan	Ghana	28-Aug-12	196	\$626	2.9 yrs	\$297	\$1,300	35%	28%
Prodigy Gold Inc.	TSXV:PDG	Magino	Ontario	03-Feb-12	250	\$461	1.9 yrs ²	\$406	\$1,200	36%	na
Rainy River Resources	TSX:RR	Rainy River	Canada	09-Nov-11	329	553 ¹	3.4 yrs	\$681	\$1,400	29%	na
Sandspring Resources Ltd.	TSXV:SSP	Toroparu	Guyana	22-Mar-11	273	424 ¹	3.2 yrs	\$617	\$1,137	25%	na
Torex Gold Resources Inc	TSX:TXG	Morelos	Mexico	04-Sep-12	375	\$421	3.6 yrs	\$675	\$1,276	na	24%
Vista Gold Corp.	TSX:VGZ	Mt. Todd	Australia	04-Jan-11	240	\$587	na	\$676	\$1,350	23%	17%
Queenston Mining Inc.	TSX:QMI	Upper Beaver	Ontario	01-Mar-12	120	386 ¹	2.5 yrs	\$345	\$1,275	27%	22%
Victoria Gold Corp.	TSXV:VIT	Eagle	Yukon	22-Feb-12	212	\$615	3.1 yrs	\$383	\$1,325	24%	na
	Mean									29%	25%
	Median									28%	24%

Source: Company Reports

1)Represents Cash Costs net of by-product credits

2)This is a pre-tax payback period



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