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MORNING COMMENT
June 2, 2009

PLEASE SEE IMPORTANT DISCLOSURES ON PAGES 4 AND 5.

RED BACK MINING INC.[3] (TSX-RBI C$9.80) MKT CAP C$2,394M
RECOMMENDATION: BUY; TARGET: C$12.50
ANALYST: STUART MCDOUGALL

Red Back, Moto Goldmines Propose Merger

Yesterday, **Red Back Mining** and **Moto Goldmines Ltd. (TSX-MGL)** proposed a business combination, whereby RBI would issue 0.45 of a share for each MGL share, requiring the issuance of 49.1 million shares. The transaction values MGL at $513 million and represents a 4.5% premium to the close prior to the deal's announcement, or 40% based on each company's weighted average volume price over the past 20 days. MGL requires 66.66% of voting shareholders to approve the deal and is subject to a break fee of $15.25 million. The company is also excluded from soliciting alternative bids or proposals, and RBI has the right to match any offer that does arise. Closure is expected in mid-July or early August.

Despite the near- to mid-term dilution and associated political risk, we think MGL's 70% interest in the **Moto** gold project, located in the Democratic Republic of Congo, is an excellent fit. Based on a recent optimization study, the project is expected to produce 485,000 oz in the first five years of operations, at lower cash costs than the **Tasiast** and **Chirano** gold mines. We also consider the risk of further equity dilution to be low, noting that management expects to secure project debt financing to help cover the estimated development capex of US$438 million. We further note that at current gold prices, our projections put Red Back's cash balance at nearly US$225 million by the end of 2009, growing by US$50-US$75 million per quarter thereafter.

We are leaving our estimates unchanged, pending the deal's completion. Red Back remains one of our top gold picks.

Red Back Mining Inc.
Summary of Near-Term Transaction Affects

	Current	**Pro Forma**	**Dilution/Accr.**
P&P Reserves	4,604	8,397	82%
M&I Resources	5,485	13,327	143%
Inferred Resources	1,416	9,378	562%
Total Resources	6,901	22,705	229%
09E EPS	$0.46	$0.40	(-12%)
09E CFPS	$0.74	$0.65	(-12%)
10E EPS	$0.57	$0.47	(-18%)
10E CFPS	$0.95	$0.77	(-18%)
EV/oz	$370	$298	(-20%)
EV/oz M&I	$311	$188	(-40%)
EV/oz Tot. Res.	$247	$110	(-55%)
EV/09E Prod'n	$4,375	$6,422	47%
EV/10E Prod'n	$3,375	$4,955	47%

Consolidated Thompson Iron Mines (TSX-CLM C$3.17) Mkt Cap C$457 Million
Recommendation: Speculative Buy; Target: C$4.40
Analyst: Peter Campbell

Consolidated Thompson's Deal with WISCO Appears One Step Closer

Consolidated Thompson had previously set yesterday, June 1, 2009 as the deadline to complete the terms of the strategic investment by Wuhan Iron and Steel Corporation (WISCO). At yesterday's market close, CLM announced that it had negotiated the detailed terms of the definitive agreements with WISCO and that both parties expect to sign the definitive agreements by Friday, June 5, 2009. Closing of the investment will occur on or before July 15, 2009. The definitive agreements still require final approval from the Chinese Government.

CGX Energy Inc.[1] (TSXV-OYL C$1.55) Mkt Cap C$196 Million
Recommendation: Speculative Buy; TARGET: C$2.00
Analyst: Greg Chornoboy

Q1 Financial Results Released

CGX posted its Q1/09 financial results on SEDAR. The Company reported a net loss and net cash flow loss of US$567k, or US$0.01 per share, for the quarter ended March 31, as compared to a US$229k loss or US$0.00 per share in Q4/08. G&A fees (including G&A, consulting, professional fees and shareholders information) were US$325k for the quarter, down from US$579k in Q4/08. The Company incurred no stock-based compensation during the quarter. These were all in line with our estimates.

On its balance sheet, the Company’s had US$21.8 million cash on hand and no debt (cash value per share is C$0.19 using a foreign exchange rate of 0.90 US$/C$). Capital expenditures for Q1/09 were US$987k, the majority of which was spent on 3D seismic on the Georgetown Block.

CGX had retained Jefferies Randall & Dewey as its advisor to market a joint venture opportunity on the Company’s Corentyne PA located offshore Guyana. A number of parties reviewed the data but none was prepared to commit to the drilling of a well prior to the interpretation of the new 3D data. The joint venture marketing has been suspended until mid-2009.

Other interesting developments in the Guyana-Suriname Basin in the last several months include:

- Esso completed a large 2D seismic shot over the Staebrok block.
- Murphy and Inpex commenced large 3D programs offshore Suriname in November and April, respectively. Murphy’s program is reported to be 1,500 km^2 at a cost of US$50 million.
- The government of Suriname is planning a nearshore 2D seismic program this year.
- Tullow Exploration acquired a 30% working interesting in the Georgetown licence (CGX 25% WI) from YPF Guyana in November 2008.
- Shell acquired a 25% interest in the Staebrok block from Esso in January 2009

We continue to expect CGX to renew its joint venture solicitations in the second half of 2009, and the first well to be drilled to test both the Eagle Deep and Eagle Turbidite prospects in 2010. Cost estimates for this well were ~US$90 million last year, prior to the fall in service costs with the global slowdown. We expect that CGX’s share of the cost of this well will be carried by its joint venture partner.

NORWOOD RESOURCES LTD.[1] (TSXV-NRS C$0.08) MKT CAP C$8 MILLION
RECOMMENDATION: SPECULATIVE BUY; TARGET: C$0.17
ANALYST: GREG CHORNOBOY

Q1 2009 Financial Results

Norwood has filed its Q1 2009 financial results.

- At year end, Norwood had cash and short term investments of $3.0 million and a working capital deficiency of $3.2 million.
- The net loss for Q1/09 was $2.5 million. Out of that amount, $1.1 million was the write-down of the book value of the Big Foot project in Texas to nil. Absent the writedown, this is in line with our estimates.
- Operating cash loss for the quarter was $733K, slightly higher than our expectation of $516K, primarily as a result of a $285k foreign exchange loss.
- Subsequent to the completion of its 2008 testing program, Norwood contracted three independent expert well analysts to review data and results from its San Bartolo and Maderas Negras well bores. The Company plans to drill a twin well offsetting its San Bartolo well, which had the best oil shows of the three wells drilled to date. The well will be drilled late this year or early 2010, subject to financing.

UPCOMING EVENTS

Jennings Analyst Marketing			**Peter Campbell, Mining Analyst**
Wednesday, June 3, 2009	Montreal	One-on-Ones	
Thursday, June 4, 2009	Toronto	One-on-Ones	
Friday, June 5, 2009	Toronto	One-on-Ones	
Home Capital Group Inc.			
Tuesday, June 9, 2009	Toronto	One-on-Ones	**Gerald M. Soloway, CEO**
Thursday, June 11, 2009	Montreal	One-on-Ones	**Nick Kyprianou, President**
Energold Drilling Corp.			**Fred Davidson, President & CEO**
Wednesday, June 17, 2009	Toronto		

If you are interested in any of the upcoming events or would like to RSVP for any institutional luncheons, please contact your institutional representative at 416.214.0600 or 403.292.0970.

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Speculative Buy: The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months; however, there is material event risk associated with the investment.

Buy: The stock is expected to provide a total return in excess of 10% over the current trading price over the next 12 months.

Hold: The stock is expected to provide a total return of 0% to 10% over the current trading price over the next 12 months.

Sell: The stock is expected to provide a negative total return over the next 12 months.

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HOLD	7%
RESTRICTED	2%
UNDER REVIEW	0%
SELL	0%

Revised Monthly

Security Abbreviations: NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares); MV (multiple voting shares).

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[3] The Analyst has had an onsite visit with this Company. (The extent to which the Analyst has viewed the material operations of this Company is available on request.)

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