
Investment Companies

Paul Locke

44.20.7050.6709

plocke@canaccordgenuity.com

CITY NATURAL RESOURCES HIGH YIELD TRUST (CYN.L, -17.1%) – FUNDS UPDATE

INTRODUCTION

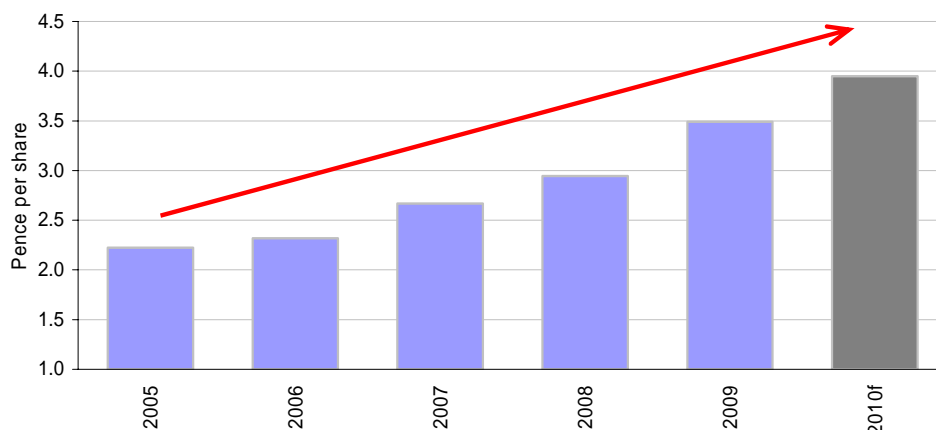
Last week, Canaccord Genuity met Richard Lockwood and Neil Gregson, senior fund managers in the New City Investment Management team – the management group to City Natural Resources High Yield Trust (CYN.L, -17.1%). The meeting was highly informative and merely served to reinforce Canaccord's long-standing views on the sector and this specific fund.

THE FUND

City Natural Resources High Yield Trust was effectively formed following an EGM in 2003 at which time the predecessor vehicle underwent a complete change in investment remit and manager (to New City Investment Managers or NCIM). On 1 October 2007, NCIM was acquired by CQS, which has operations in London, New York and Hong Kong.

The management team oozes experience, with a strong team ethos spanning all the group's investment trusts. CYN is managed by Richard Lockwood and Will Smith on a day-to-day basis, but with continuous and ongoing support from other managers such as Neil Gregson, Merfyn Roberts, Ian Francis and John Wong, reflecting the strong team basis of all managed portfolios within the group. Lockwood has over 50 years experience in the sector and is a founder of NCIM. Gregson also has a particularly extensive history in the mining sector, having joined CQS in 2009. This includes almost 20 years at Credit Suisse AM covering resource funds and including a period as head of emerging market equities during which he managed over \$7 billion in equity products. He also has extensive experience prior to this in the mining sector as both an analyst and engineer.

CYN's principle objective is to outperform a weighted composite index of the HSBC Global Mining Index (two-thirds weighted) and Credit Suisse High Yield Bond Index (one-third), on a sterling-adjusted basis. The company also aims to maintain the level of dividend paid each year, though in recent years it has gone considerably beyond this part of its remit, generating significant growth in the level of dividend payout (see below). Expectations are that for the whole of 2010, this progressive rate of growth in the dividend will be maintained or even enhanced still further (see below).

Figure 1: City Natural Resources High Yield – 5-year dividend history

Source: Canaccord Genuity Limited, Bloomberg

TARGETED STOCK SELECTION ...

The management team at CYN operates a wide remit, but the approach follows distinct paths from both a top down and bottom up perspective. Ultimately, management decisions on the inclusion of stocks in the portfolio are based on two key factors – the quality of each company’s management and its underlying assets. These two key criteria are applied to all stocks but, in addition, broader themes are applied to decision making. The key themes adopted by the fund management group at present include gold, uranium and rare earths and below we provide further colour on some of these specific areas.

... WITH SPECIFIC THEMES

Gold

Gold and other precious metals companies account for just over 30% of the current portfolio and with good reason. Lockwood and Gregson view producers as attractive for a number of reasons, among these being that gold equities continue to be priced at lower historic levels than implied by the spot price. This is a theme Canaccord Genuity has also expressed for some time, recently suggesting investors allocate cash specifically on this basis to both CYN and its sister fund, **Golden Prospect Precious Metals (GPM.L, -7.0%)**.

Gold pricing gap remains in place

Looking closely at this theme, we see a number of dynamics that continue to favour CYN’s strong exposure to gold producers within the current portfolio.

First is that, as suggested above, at the current spot price of just under \$1,200 per troy ounce, levels of profitability among numerous producers, extractors and related companies are particularly strong. For example, in Q1/10, CYN holding IAMGOLD achieved the second-highest quarterly net earnings figures in its history, contributing to an extremely healthy cash flow.

Second is that key macro drivers should also continue to support a stronger-than-average spot price (and by default corporate earnings in extractors). This is based on the rising risk

of sovereign default and growing concerns (once more) for the solvency of the wider financial system should specific countries renege on their debts. This will continue to support gold as a point of defence while such heightened levels of uncertainty persist and again feed through to higher levels of profitability for gold companies.

Macro drivers supportive...

Further downstream, expectations also exist for a rise in inflationary pressures. Easy money very much remains in place as the policy instrument of numerous, particularly western, governments and, ultimately, in order to monetise high levels of national debt, expectations are that governments may resort to monetary expansion rather than more politically sensitive fiscal cuts. Printing money and the resultant inflation this breeds would be positive for gold pricing.

Other factors are also positive for gold pricing into the medium term. These include, but are not limited to, a growing central bank demand globally for gold as a quasi currency – this as the dollar’s hegemony declines. Indeed, a growing number of countries, including China, will seek ever greater levels of diversification for their FX and reserve holdings at the expense of US Treasuries with gold likely to be a prime beneficiary.

...but monetary tightening could prompt a correction

Gold has always offered an inelastic supply profile – a small rise in demand feeding through into a large rise in the price. This scenario of strong gold prices does, however, remain subject to key risks moving forward. While threat of depression and inflation are price supportive, the key risk to gold price strength remains a strong reversal of both quantitative easing and fiscal expansionism. Indeed, while gold has thus far acted in some respects as the global currency of default, rising interest rates, particularly in the US, could have a strong negative impact on its price – effectively ending what has become an effective carry trade in gold.

Uranium

Plant build continues apace

Canaccord Genuity has highlighted this sector as an area of interest for some time. This is based around the principle of accelerated demand moving forward, particularly as China and other states accelerate their nuclear power plant build programmes. February 2010 also saw President Obama offering loan guarantees for the construction of the country’s first plant for three decades in Georgia, with plans to extend this to include up to 10 new nuclear power plants.

Such expansion plans do not rest with the US and China. As recently as May 2010, Russia signed a \$20 billion deal with Turkey to build that country’s first nuclear power plant, while Saudi Arabia has announced plans to establish a “civilian nuclear and renewable energy centre”, with states such as Kuwait, Egypt and the UAE also seeking to develop civil energy programmes in the nuclear arena. With uranium supply somewhat constrained given the high start up and production costs, expectations are that as this additional demand comes on-stream, key players in the sector will benefit disproportionately.

Rare earths

Rare earths are the combined name given to around 15 metallic elements. Historically, countries such as India, Brazil and the USA have dominated rare earth production. However, current output is so skewed that China accounts for almost 95% of total output.

Strong demand....constrained supply

The use of rare earth elements is widespread – from hybrid car production, to fluorescent lighting, from digital cameras to flat panel display screens. From batteries to ceramics or glass additives.

This sector provides significant opportunities based on often restricted supply and rising end-demand, with pricing well above levels seen in the early-1990s and expected to move still higher over the long term. Given China’s dominance in the supply of rare earth output, numerous governments have been actively exploring new development sites. CYN has exposure to the sector through stocks such as Lynas Corporation which, though its Mount Weld operation in Australia, has access to among the world’s highest grade deposits.

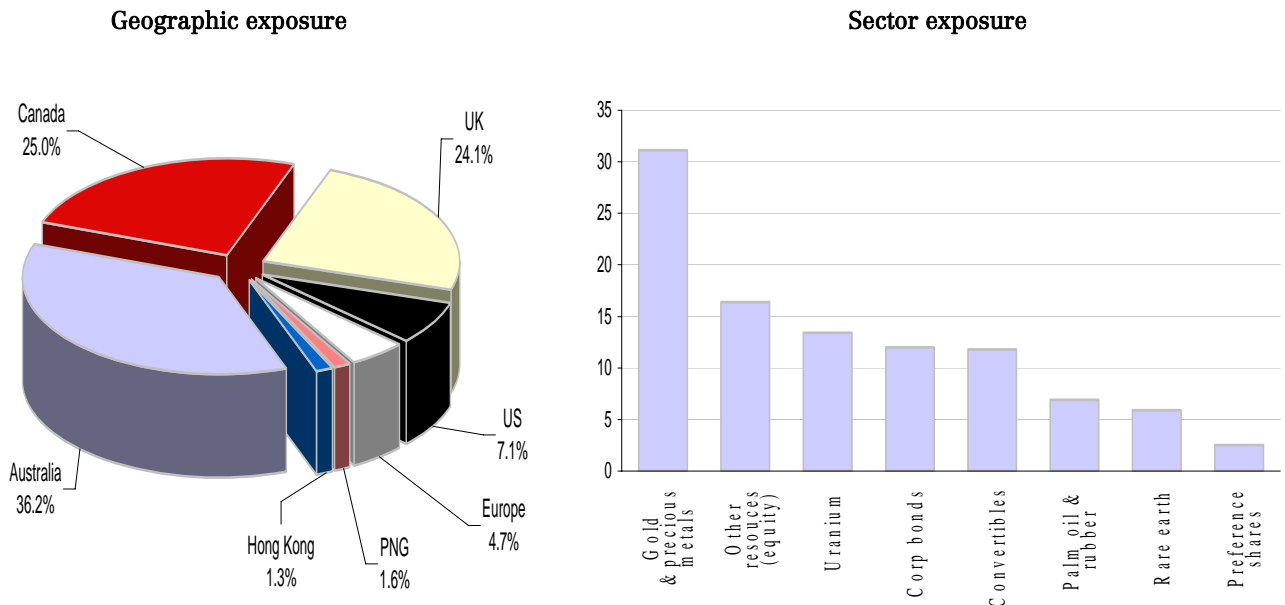
Processing is now being undertaken in Malaysia under a recently signed agreement with the Malaysian Industrial Development Association, and Lynas is expected to become an increasingly dominant source of non-Chinese supply. The latter is particularly crucial, with the Chinese authorities reducing quotas for the 2010-15 period in late-2009. Expectations of further constraint in supply or even the threat to do so should naturally play well in the pricing of non-Chinese players such as Lynas.

PORTFOLIO ANALYSIS

Diversified portfolio with low stock-specific risk

The fund’s portfolio is exciting from a number of different perspectives. First is that, unlike many of its peers, CYN offers a truly diversified portfolio from a stock perspective, with much lower levels of stock-specific risk. Indeed, for funds such as Blackrock Commodities Income (BRCL.L, +1.1%) and Blackrock World Mining (BRWM.L -14.4%), individual stock holdings of between 5% and 9% of the portfolio are common, whilst the present CYN portfolio with 177 individual portfolio holdings at end-April 2010, offers significantly lower stock-specific risk at the top end.

Figure 2: Asset allocation by country and sector (end-March 2010)



Source: Canaccord Genuity Limited, NCIM

This is particularly important in the current climate, as we discuss later in this report, with growing intrusion by various governments in company affairs through threatened windfall taxes on specific companies. Larger capitalised mining stocks appear particularly at risk here – this either from the threat of, or actual implementation of, such regressive taxation

policies and the impact on panic selling and downstream profitability; most recently by the Australian government under the banner of the “resource super profits tax”.

The fund also offers strong diversification on a geographic and sectoral basis, with the latter strongly driven by the managers’ thematic drivers (as discussed previously). As mentioned previously, all stocks are chosen on the basis of two key drivers – the quality of both the underlying assets and the management. Reviews of the portfolio are undertaken on an ongoing basis, with up to 20 meetings with new or existing companies conducted each week.

At the individual stock level, CYN’s portfolio contains stocks that follow the management group ethos – in terms of best-of-breed holdings to reflect their top-down themes as well as company-specific requirements such as balance sheet strength and shareholder-friendly management groups. Selective examples of some of these stocks can be seen below:

- Key stock pointers**
- *Extract Resources - Australian-based resource company with among the World’s strongest uranium despoths – notably the Rossing South development in Namibia.*
 - *Polar Star – extensive resource base throughout northern Chile, resource deposits include gold, copper, molybdenum and uranium oxide.*
 - *Great Panther Silver – fast-growing silver producer in Mexico, with strong revenue growth, rising assets and sharply improving financials.*
 - *New Britain Palm Oil – PNG’s largest plantation and milling operator. Wide and growing use for variant products and strong ongoing revenue growth.*

Figure 3: Key portfolio holdings (end-April 2010)

Investment	% of gross assets
Extract Resources	5.0
Kalahari Minerals	4.8
Polar Star	2.9
REA Ordinary & 9.5% pref	2.8
New Britain Palm Oil	2.7
Goldcorp	2.3
First Quantum	2.1
San Gold	2.0
Great Panther Silver	1.7
Horizon Oil	1.5
Total	27.8

Source: Canaccord Genuity Limited, NCIM

Significant weight is placed by the managers on growth potential and the ability of companies to distribute income to shareholders. In the medium to long term, the managers also expect a material rise in M&A activity to drive the sector forward, while they are also keen to diversify away from sterling-based assets (the latter again a policy approach that Canaccord Genuity would endorse).

While the portfolio is geographically diverse, Lockwood and the wider team appear particularly positive on the outlook for African-based resource companies amid improved stewardship. And, given China’s recent investment trends in wider African resource companies, a new “scramble for Africa” is in many respects already underway and one from which we think the fund may materially benefit. Such stocks include Perseus Mining – which has enjoyed extremely strong growth in its gold resource base in the last five years.

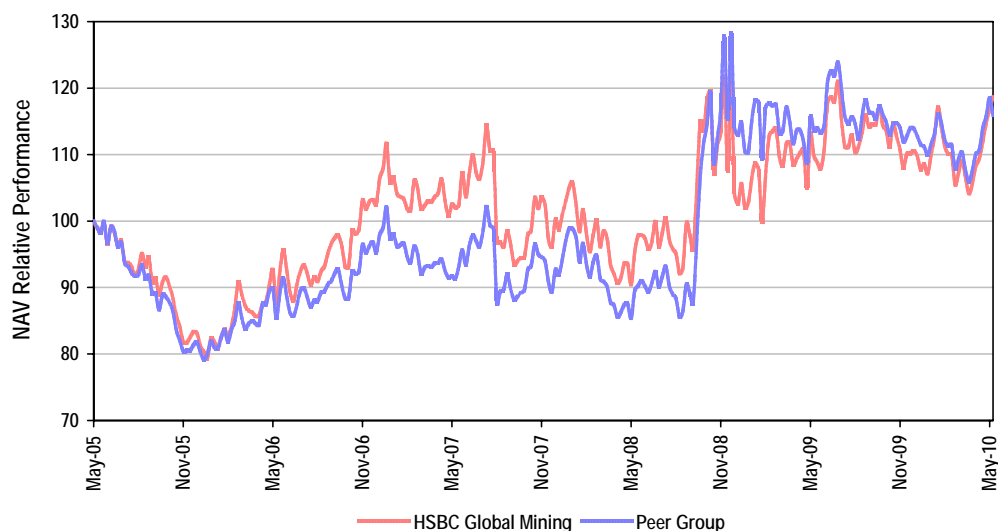
NAV PERFORMANCE

City Natural Resources High Yield features as one of the Investment Trust sector's star performers in the last decade, generating a total return of over 220% in this period against a shallow 25% for the FTSE All-Share (both on a total return basis).

Returns in this period have generally been highly progressive – this with the exception of the collapse in World markets in 2008, with the longevity of this managerial added value undoubtedly a strong feature of the fund.

But simply pointing out CYN's absolute level of NAV return, however impressive, does not tell the whole story. As can be seen below, CYN has also performed extremely well on a relative basis, outperforming both the HSBC Global Mining Index (as below), but also its peers, particularly the higher capitalised portfolio represented by Blackrock World Mining – a case of more specific stock selection, often slightly lower down the capitalisation scale providing greater added value in performance terms.

Figure 4: Relative NAV performance, CYN versus HSBC Global Mining Index and peer group* (5 years total return rebased to 100)



Source: Canaccord Genuity Limited, Datastream * market cap weighted

There are also other key areas to watch within this positive overall performance analysis that relate specifically to even greater levels of managerial Alpha at various points of the cycle.

As can be seen from the graphic above, CYN has actually increased its rate of outperformance during periods of high volatility, the most recent of which has been in the last quarter, where in NAV terms the fund has comfortably outperformed its peers and the HSBC Global Mining Index.

We regard this as the result of a number of factors, including the managers' strong emphasis on stock selection in the portfolio construction process – financially sound companies with strong management. But investors should be aware of other factors in the broader commodities sector and how they impact on the comparative performance profiles of each fund moving forward.

Key here is that with World governments increasingly intruding on the profitability of the sector to meet their own fiscal needs, Canaccord Genuity's expectations are that this outperformance by CYN will be maintained and could accelerate in the coming months and years.

Such intrusion includes proposed windfall taxes announced and planned by the Australian government, but expectations are that similar schemes could be forthcoming elsewhere, notably cash-strapped governments in parts of Africa keen to take a larger slice of the revenue pie. Such intervention could be detrimental to all companies. But, as has been seen more recently, the negative impact would be felt more in terms of the larger capitalised, index-based stocks – this in terms of both the reaction of immediate stock pricing and also downstream profitability. Such organisations are simply easier to target.

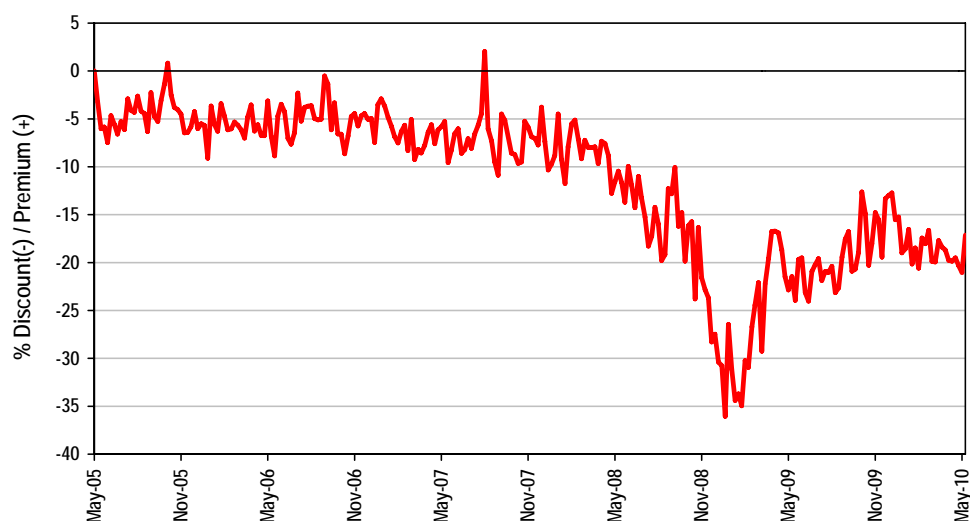
Given the combination of CYN's more targeted stock portfolio and its stronger income bias, we expect that in a more uncertain climate CYN will continue to outperform its peers.

VALUATION

Despite the impressive performance profile (both absolute and relative) outlined above, City Natural Resources High Yield currently attracts a significant discount – both in absolute terms and relative to its peers. This is quite disconcerting, with the market more recently failing to adequately reward both a superior and more progressive return profile. However, this also creates significant opportunities for investors.

Most fundamental (apart from a strong absolute level of intrinsic value), is the discrepancy with other funds in the sector. As can be seen from the second graphic below, City Natural Resources has historically often traded at a relative premium to its wider peer group. Indeed, from 2000 to mid-2008, CYN generally traded at par or a premium to funds such as Blackrock World Mining (BRWM.L).

Figure 5: CYN.L Discount trends (5 years)

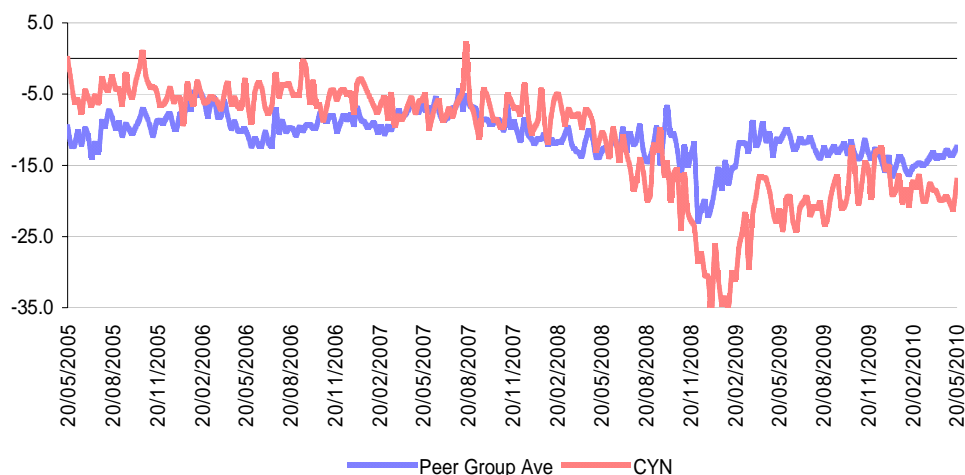


Source: Canaccord Genuity Limited, Datastream

And despite, or even perhaps because of, an accelerated NAV outperformance enjoyed since mid-2008, CYN has suddenly reverted to trading at a discount to its peers.

Part of this may be down to perceptions that the company's portfolio contains less liquid or less well-known companies than that of at least some of its counterparts. However, this is not necessarily the case and while some of the portfolio is certainly focussed on smaller companies, many stocks in the portfolio such as Extract, First Quantum or San Gold are billion or multi-billion dollar companies – hardly small cap. This also ignores other features such as CYN's superior NAV performance and far stronger yield than its counterparts.

Figure 6: Discount trends, CYN versus cap-weighted peer group average



Source: Canaccord Genuity Limited, Datastream

MOVING FORWARD

It is interesting that the final line of the company's latest factsheet includes the following line:

"Although it appears we may still be in a bull market, perhaps the very easy money has already been made".

Canaccord Genuity has been offering a similar conclusion in recent months and advised that investors allocate cash specifically to those funds and management groups best placed to derive value moving forward from stock selection rather than index (or quasi index) replication. City Natural Resources High Yield certainly fits into this group of high Alpha stock-pickers and our expectations are that, amid ongoing uncertainty, this approach will continue to deliver sustained excess returns versus both standard commodity benchmarks and the fund's wider peer group.

Canaccord Genuity fundamentally believes that long-term trends for the commodity sector remain extremely favourable. Much attention has been paid in the last two years to the strength of Chinese demand and, subsequently, rising fears over the negative impact that any tighter policy approach in China would have on pricing.

Such fears are, to an extent, reasonable, in our opinion. However Canaccord's belief remains that we will now see a growing switch in focus closer to that seen prior to the Chinese stimulus package of 2008 – and that is with a prime focus on the question of supply and not demand.

Supply remains the key ultimate driver of commodity prices. This does not mean that the road ahead will be smooth; in particular the rotation in thinking from Chinese demand to finite supply will necessarily imply some elevation in volatility. But as markets waver as this transition occurs, and as governments intervene in the workings of the sector with higher taxes or profit reclamation laws, it is the larger capitalised firms that will suffer disproportionately – both from such intervention directly and from accompanying and natural uncertainty in the asset class. This plays into the hands of stock-biased funds such as CYN.

Nevertheless, we believe that this rotation from demand to supply drivers will occur and that the long-term prospects for the sector and funds such as CYN remain highly favourable.

SUMMARY

Expectations are for heightened levels of volatility in the sector in the short to medium term – this as concerns over sovereign default (and, incidentally, exposure by banks to the risks of such default) intensify. The immediate reaction of the markets has been a sell-off in commodity stocks. In some respects, this was natural with the price of portfolio holdings such as San Gold and Perseus Mining having reached all-time pricing highs in recent weeks. What we regard as truly important is that while markets shivers, the fundamentals of many of these specific companies remain intact.

CYN's long-standing strengths and, arguably, its even stronger performance edge during periods of heightened market uncertainty, stand in sharp contrast to the fund's current rating in the market. We believe that CYN offers the potential for continued strength in returns and that investors should focus on:

- Strong and proven stock selection methodology
- Prospects for enhanced relative returns in periods of heightened volatility
- Attractive portfolio based both on strong thematic drivers and stock-specific strengths
- Pricing in the Trust market still misaligned versus CYN's decade-long rating
- Accelerated M&A and still strong long-term fundamentals for the asset class

Commodity markets are once more going through a period of heightened volatility amid concerns over the health of the global economy. Yet recent sell-offs have been non-discriminatory, failing to reflect, for example, stronger earnings for many mining companies on the basis of high gold prices, or commodity-specific plays such as rare earth companies where demand for inputs into products as diverse as TV screens or batteries is expected to accelerate.

The long-term outlook for commodities remains strong. Canaccord Genuity expects a fundamental rotation from the current emphasis on Chinese demand, back to the key pre-2008 driver – that of limited supply. This transition may not be smooth, but this is where we believe investors will benefit from conducting their own similar rotation – that into strongly-managed funds with a driven track record in stock selection and away from investment pools based around larger index stocks.

Expectations are that CYN will continue to deliver strong results, both in terms of capital appreciation and enhanced yield. It is our opinion that the current portfolio is strong and well thought through both from a top-down and bottom-up perspective, it is well diversified and, we believe, is set to continue to provide strong shareholder returns into the long term.

APPENDIX: IMPORTANT DISCLOSURES**Analyst Certification:-**

Each authoring analyst of Canaccord Genuity Limited whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

Ratings/Coverage:-

None of the stocks covered in this research are under formal and regular coverage by the analyst nor are they formally rated in accordance with the Canaccord Genuity Ratings System.

Disclosure and Disclaimer:-

For the purpose of UK regulation Canaccord Genuity Limited produces non-independent research which is a marketing communication under the FSA Conduct of Business Rules and has not been prepared in accordance with the FSA requirements to promote independence of research nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. However, Canaccord Genuity Limited does have procedures in place to manage conflicts which may arise in the production of research, which includes preventing dealing head and Chinese Wall procedures.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Limited, which is authorised and regulated by the Financial Services Authority (FSA).

Canaccord Genuity's Research Disclosures as of 26 May 2010

Company	Disclosure
City Natural Resources High Yield Trust	1A, 2, 4, 5, 7
Golden Prospect Precious Metals	None

1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
4	Canaccord Genuity acts as corporate broker for the relevant issuer and/or Canaccord Genuity or any of its affiliated companies may have an agreement with the relevant issuer relating to the provision of Corporate Finance/Investment Banking services.
5	Canaccord Genuity or any of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Genuity, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this investment research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
7	Canaccord Genuity intends to seek or expects to receive compensation for Corporate Finance/Investment Banking services from the relevant issuer in the next six months.
8	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this investment research, has a long position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity increases.
9	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this investment research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this investment research, or any individual involved in the preparation of this investment research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person's name and details are disclosed above.

11	A partner, director, officer, employee or agent of Canaccord Genuity and its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person's name is disclosed above.
12	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, Canaccord Genuity or its affiliate companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the investment research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Genuity or any of its affiliated companies.
14	Other specific disclosures as described above.

To access the specific company disclosures of relationships and other material interests please refer to <http://www.canaccordgenuity.com/EN/about/Pages/UKDisclosures.aspx>

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Corporate Finance/Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Corporate Finance/Investment Banking activities, or to recommendations contained in the research.

The information contained in this research has been compiled by Canaccord Genuity Limited from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity Limited, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity Limited's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

Canaccord Genuity salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, proprietary trading desk, and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity Limited, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

For United Kingdom and European Residents

This research is for persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 (or any analogous legislation) on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or Europe to retail clients, as defined under the rules of the Financial Services Authority.

For United States Residents

This research is distributed in the United States by the entity that published the research as disclosed on the front page of this report to "major U.S. institutional investors", as defined under Rule 15a-6 promulgated under the US Securities Exchange Act of 1934, as amended, and as interpreted by the staff of the US Securities and Exchange Commission (SEC). Analyst(s) preparing this report are resident outside the United States and are not associated persons or employees of any US regulated broker-dealer. Therefore the analyst(s) may not be subject to Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Additional information is available on request.

Copyright © Canaccord Genuity Limited 2010. – Member LSE, authorized and regulated by the Financial Services Authority. All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Limited. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.

Research	Specialist Sales	Market Making	Corporate Finance
<p>Paul Locke +44 20 7050 6709 plocke@canaccordgenuity.com</p>	<p>Nicholas Corke +44 20 7050 6546 ncorke@canaccordgenuity.com</p> <p>Andrew Davey +44 20 7050 6542 adavey@canaccordgenuity.com</p> <p>Chris Whittingslow +44 20 7050 6528 cwhittingslow@canaccordgenuity.com</p>	<p>Angelo Sofocleous +44 20 7050 6547 asofocleous@canaccordgenuity.com</p> <p>Andrew Lewis +44 20 7050 6544 alewis@canaccordgenuity.com</p> <p>Cheyne Bunnett +44 20 7050 6545 cbunnett@canaccordgenuity.com</p>	<p>Gordon Neilly +44 20 7050 6778 +44 131 222 9409 gneilly@canaccordgenuity.com</p> <p>Sue Inglis +44 20 7050 6779 +44 131 222 9414 singlis@canaccordgenuity.com</p> <p>Rishi Zaveri +44 20 7050 6780 rzaveri@canaccordgenuity.com</p> <p>Guy Blakeney +44 20 7050 6767 gblakeney@canaccordgenuity.com</p>

US funds	Specialist Sales		
	<p>Stephen Davis +1 617 788 1678 sdavis@canaccordgenuity.com</p> <p>Marc Loughlin +1 617 788 1676 mloughlin@canaccordgenuity.com</p> <p>Willie Honeyball +44 20 7050 6714 whoneyball@canaccordgenuity.com</p>		

Vancouver Head office

P.O. Box 10337 Pacific Centre
2200-609 Granville Street
Vancouver, British Columbia
V7Y 1H2
1.604.643.7000

London

7th Floor, Cardinal Place
80 Victoria Street
London, SW1E 5JL
44.20.7050.6500

Toronto

BCE Place, 161 Bay Street
Suite 3000, P.O. Box 516
Toronto Ontario
M5J 2S1
1.416.869.7368

Boston

99 High Street
Suite 1200
Boston, MA
02110
1.617.371.3900

Calgary

TransCanada Tower
450 1st Street SW Suite 2200
Calgary, Alberta
T2P 5P8
1.403.508.3800

New York

535 Madison Avenue
2nd Floor
New York, NY
10022
1.212.849.3900

Montréal

1010, rue Sherbrooke ouest
Bureau 1100
Montréal, Quebec
H3A 2R7
1.514.844.5443

San Francisco

101 Montgomery Street
Suite 2000
San Francisco, CA
94104
1.415.229.7171