

Equity Research

Brian Christie

(416) 869-7918

brian_christie@canaccord.com

Brad Humphrey

(416) 869-3650

brad_humphrey@canaccord.com

BUY
MVG : TSX : C\$3.09
**12-MONTH TARGET
PRICE: C\$5.00**
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Gold & Precious Metals – Initiating Coverage

Metallic Ventures Inc.

Putting Nevada back on the map
New junior with world-class property position in Nevada

Metallic holds a portfolio of past producing projects with significant resources and near-term production potential in Nevada, recently voted one of the top four mining locations in the world. Key projects include: Esmeralda (1.3 Mozs), Goldfield (1.0 Mozs) and Converse (2.7 Mozs).

Esmeralda should support low cost +75,000 ounce/year operation

The past producing Esmeralda district (1.9 Mozs) hosts a number of high-grade vein deposits. Underground development programs are underway at the Prospectus and Martinez deposits, with the aim of proving up reserves to support a +75,000 ounce per year operation with cash costs of US\$150/oz.

Goldfield likely supports additional mining operations

Historically, the Goldfield district has yielded in excess of four million high-grade ounces. Drilling at Gemfield and McMahan Ridge should prove up additional reserves that could feed a central mill and heap leach facility. Recent drilling at Gemfield suggests a potential doubling of the grade (to 0.05 opt) and resource (to one million ounces).

Capable and experienced management team

The principals of Metallic (Jeff Ward and Rich McNeely) were responsible for the successful development and eventual sale of Cobre Mining Company to Phelps Dodge in the 1990s. In addition to acquiring a core group of advanced gold properties, the company has also assembled a quality team of mining professionals.

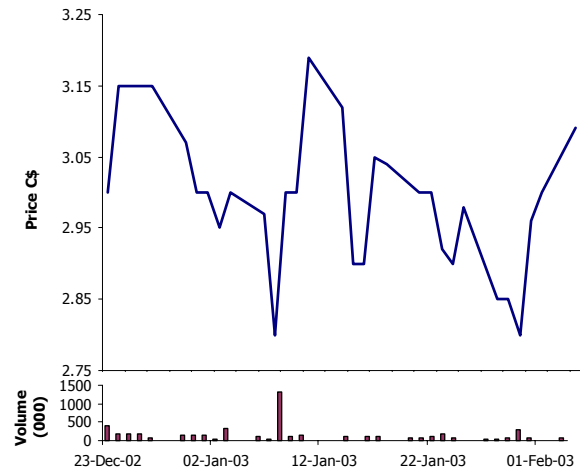
Attractive valuation

We have valued the company on its component parts (Esmeralda, Goldfield and Converse) using peer group comparables (production and reserves respectively). On this basis, Metallic can easily be valued in excess of C\$6.00/share, but given that the story is relatively new and has a small float, we have conservatively set our target price at C\$5.00.

February 05, 2003
2003-024

Company Statistics

Recommendation:	BUY
12-month target price:	C\$5.00
52-week price range:	C\$3.41-2.75
Shares o/s: basic	34.9M
fd	38.9M
Major shareholders:	Management, 58%
Weekly trading volume:	500,000 shares
Working Capital	C\$27.7M
Market Capitalization	C\$107.8M
Adjusted Market Capitalization	C\$80.2M
Total resources:	4.8Moz
Mkt Cap/Total resource oz:	US\$10.6
Sector:	Gold & Precious Metals
Website:	www.metallicventuresgold.com

Price Chart


Source: Company reports, Canaccord Capital estimates

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Canaccord Capital Corp., or one of its affiliated companies, received compensation for investment banking services from Metallic Ventures in the past 12 months.

COMPANY PROFILE

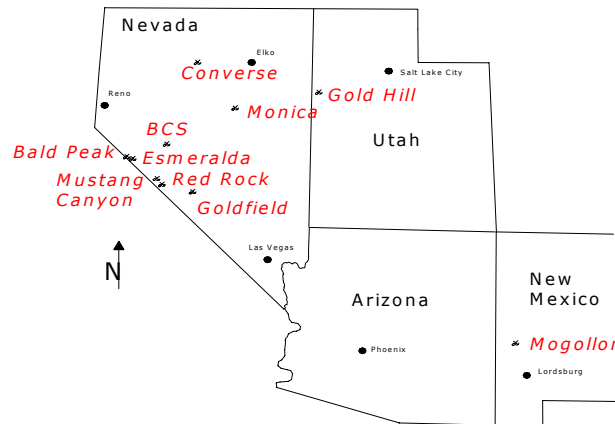
Focused on past producing districts in Nevada

Metallic Ventures is a Reno-based gold company focused on major past-producing Nevada mining districts. The company has concentrated on deposits that can be exploited at low cost throughout the gold price cycle. With the recent low gold price environment, Metallic was able to assemble a portfolio of advanced projects with near-term production potential, for a low acquisition cost.

The company's principal properties are Esmeralda, Goldfield, and Converse. They also have a portfolio of exploration projects elsewhere in Nevada, Utah and New Mexico. Project locations are shown in Figure 1, and a simplified corporate chart is presented in Figure 2.

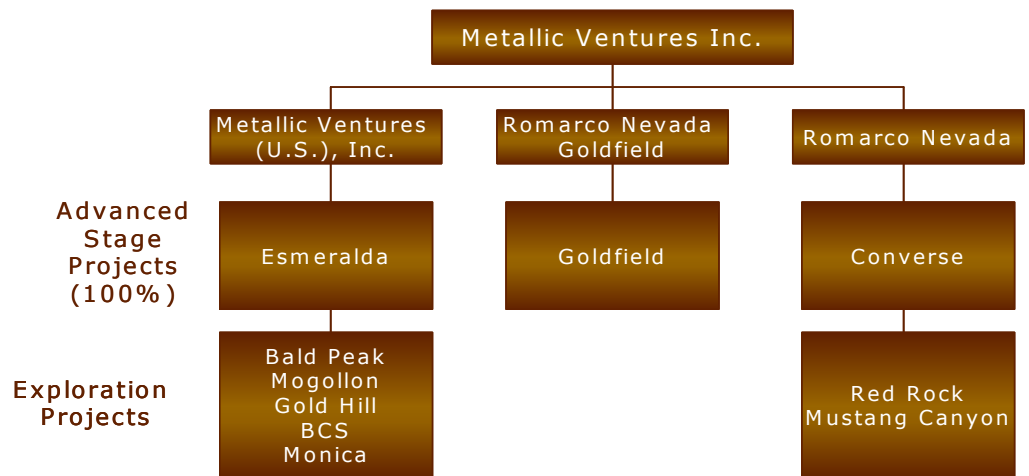
Shares of Metallic Ventures are listed on the Toronto Stock Exchange under the symbol MVG.

Figure 1: Project location map



Source: Metallic Ventures

Figure 2: Metallic Ventures – Simplified corporate structure



Source: Metallic Ventures

CAPITAL STRUCTURE

Since its inception as a private entity in 1998, the principals of Metallic Ventures (Jeff Ward and Rich McNeely) have invested some US\$9 million in the company. In July 2002, a US\$8 million private placement was completed with key institutional investors at a pre-money valuation of US\$25 million.

*Company went public in
December 2002*

In December 2002, the company completed an initial public offering, issuing 8.5 million shares at C\$3.00/share. Upon completion of the offering, the company had 34.5 million shares issued and outstanding. Full details on the capital structure are presented in Table 1.

Table 1: Metallic Ventures - Capital Structure

	Shares (millions)
Principals	20.3
July 2002 private placement	6.1
Subtotal	26.4
December 2002 IPO	8.5
Total shares issued and outstanding	34.9
Options *	2.8
Warrants**	1.1
Fully diluted shares	38.9

* Exercise price US\$1.25

** 0.567M at US\$1.25 and 0.595M at C\$3.00

Source: Metallic Ventures

All of the shares held by the principals are subject to a lock-up agreement, which prevents them from being sold until June 2004 (18 months after completion of the IPO).

NEVADA – A PREFERRED MINING LOCATION

*Nevada is highest-ranked
mining jurisdiction in the US
and 4th globally*

The Fraser Institute, Canada's leading economic think tank, recently released its sixth **Annual Survey of Mining Companies**, which rated the mineral and policy attractiveness of mining jurisdictions in North America and internationally. In this survey of 158 mining companies (27 seniors and 131 juniors), Nevada was the highest-ranked jurisdiction in the United States, and fourth overall on a total investment attractiveness scale.

Regions were ranked according to the attractiveness of a region's mineral potential independent of any policy restrictions. On this basis, Nevada was ranked eighth, behind Chile, Quebec, Brazil, Peru, Australia, Russia and Ontario.

While geologic and economic evaluations are always key criteria for determining countries in which to carry out exploration, a region's public policy climate is taking on increased importance in today's globally competitive environment. The survey looked at mining policies on a worldwide basis, and took into account government policies on:

taxation, environmental regulations, administrative regulations, native land claims, protected areas, labour issues, infrastructure, socioeconomic agreements, and political stability.

Nevada has the best mineral policies in the world

In this year's survey with regard to policy attractiveness, Nevada tied for first with Alberta. This is the third straight year that Nevada was voted as having the best mineral policies in the world.

PROPERTY HOLDINGS

ESMERALDA PROJECT (100%)

Location and access

The Esmeralda property is located about 100 miles southeast of Reno, Nevada, and is readily accessible by road. The property covers the entire mining district, and consists of 93 patented mining claims, 800 acres of fee lands and 306 unpatented lode mining claims, which total in excess of 5,600 acres (nine square miles).

Fully permitted and bonded

All of the claims are owned by Metallic, with the exception of the Utah patent, which is leased. Some of the claims are subject to underlying royalties. All of the land is fully permitted and bonded with the Nevada State agencies and the United States Forest Service.

History and infrastructure

Part of a larger 6 moz trend

The Esmeralda district is part of a regional precious metal belt that includes the Bodie and Borealis gold camps. Collectively, this mineralized trend has a strike length of 20 miles and past production totaling six million ounces of gold.

Gold was first discovered at Esmeralda in 1862, and since that time the district has yielded some 1.9 million ounces. Most of the historical production was from underground. However, recent operators have concentrated on developing open pit reserves and largely ignored the underground potential.

Table 2: Historical production from the Esmeralda district

Period	Operator	Ounces Produced
1862-1950	Various	1,545,435
1987-1996	Aurora Partnership	220,681
1987-1998	Consolidated Nevada Goldfields	125,702
Total:		1,891,818

Source: Metallic Ventures

Recent production from open pits

Between 1987 and 1998, Nevada Goldfields and the Aurora Partnership produced gold from three open pits (Prospectus, Humbolt-Hilton and Martinez). These two companies eventually went bankrupt largely due to low gold prices and inefficient mining practices. In March 2000, Metallic purchased the land holdings of the previous

operators from the bankruptcy trustee for US\$457,000. Since then, the company has continued to assemble strategic property positions within the district for US\$1,135,000.

The Esmeralda property is subject to a number of net smelter return (NSR) royalties ranging from 3% to 6.5% on the patented claims to 1.5% to 2% on the unpatented claims. In addition, annual holding costs are roughly US\$31,000 per year.

Fully functional 350 tpd mill on site

When Metallic made the purchase from the bankruptcy trustee, they also acquired a crushing plant, a functional 350 ton-per-day (tpd) carbon-in-leach mill, a refinery, an assay lab and an office complex.

All permits are in place to begin mining, processing and the disposal of tailings and waste. The tailings facility is permitted to hold an additional four years of operations at the present processing rate. The company is looking into modifying the permits to allow for expansion of the existing facility.

Good regional exploration potential

More than 1900 holes have been drilled at Esmeralda, with less than forty shallow drill holes being completed outside the main district. Before Metallic took over the property, none of the previous work had been digitized or consolidated into a single database.

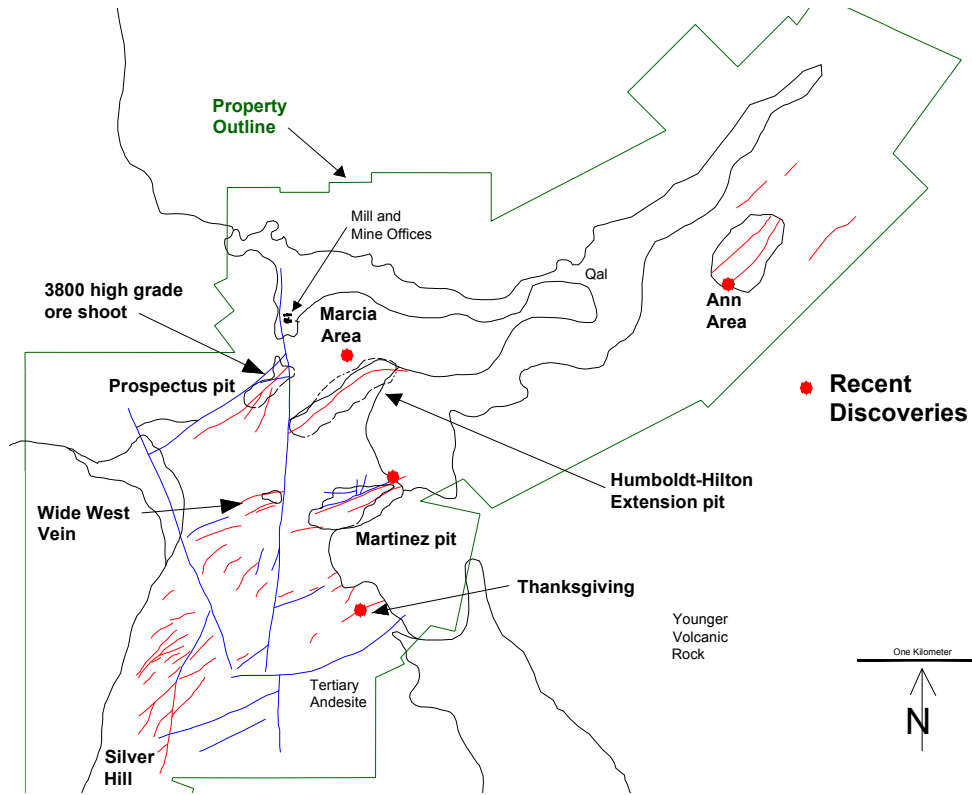
Geology and mineralization

The Esmeralda district is located within the Walker Lane structural belt of western Nevada, and is primarily underlain by a tertiary-aged volcanic sequence that is cut by granitic intrusive rocks. Most of the structure in the district can be related to shearing associated with tectonic activity in the Walker Lane belt. Within the main Esmeralda district, three vein and fault orientations dominate: northerly (345 to 10 degrees), northeasterly (40 to 70 degrees) and east-west (80 to 100 degrees).

Mineralization is similar to El Peñón

Gold and silver mineralization occurs in high-grade epithermal banded quartz-adularia-sericite veins hosted by tertiary andesitic volcanic rocks. Similar vein deposits would include Midas, El Peñón and the Comstock Lode.

Figure 3: Esmeralda project – Vein locations and target areas



Source: Metallic Ventures

More than 100 veins out-crop over an area that is four miles long by one mile wide (Figure 3). The veins range in width from a few inches to over 15 feet. Individual vein structures can persist for over 3,000 feet along strike and 750 feet down dip.

The veins are typically high angle, and appear to be structurally controlled. The predominant vein direction in the district is east-northeast. Significant production has also come from flatter veins, which may be controlled by transverse structures that are related to the main east-northeast trending structures.

First 1.5 mozs produced averaged over 2.0 opt gold

Detailed records indicate that the first 1.5 million ounces produced in the district averaged over 2.0 opt gold, with grades locally in the hundreds of ounces per ton range. Production since 1985 appears to have averaged between 0.1 and 0.2 opt gold.

At present, total gold resources at Esmeralda stand at 1.27 million ounces (Table 3). About 60% of this resource is from the Martinez area, with most of the balance from the Humboldt-Hinton area.

Table 3: Esmeralda Project Resources

Classification	Cutoff oz Au/ton	Ton 000s	Grade oz Au/ton	Ounces Gold
Measured ¹	0.010	17,439.0	0.033	580,300
Indicated ²	0.010	13,271.5	0.028	372,400
Measured + Indicated ³	0.010	30,710.5	0.031	952,700
Inferred ⁴	0.010	9,206.3	0.025	321,500

¹ Includes the Measured Resources of the Humboldt-Hilton, Martinez and Prospectus deposits

² Includes the Indicated Resources of the Humboldt-Hilton, Martinez, Prospectus and Humboldt-Hilton heap leach deposits.

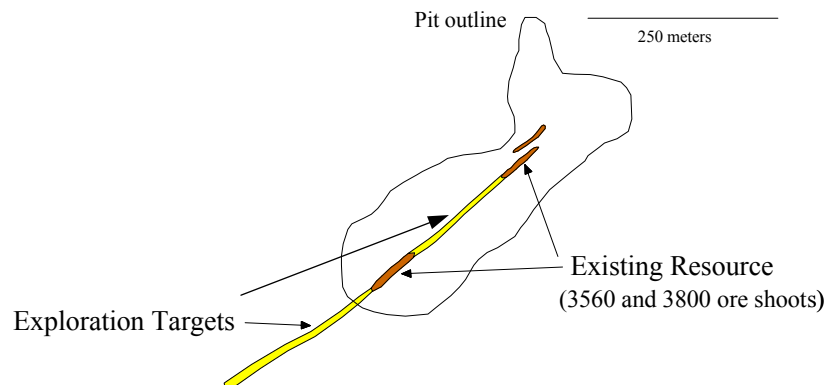
³ Includes the Measured and Indicated Resources of the Humboldt-Hilton and Martinez deposits

⁴ Includes the Inferred Resources of the Humboldt-Hilton and Martinez deposits

Source: Metallic Ventures

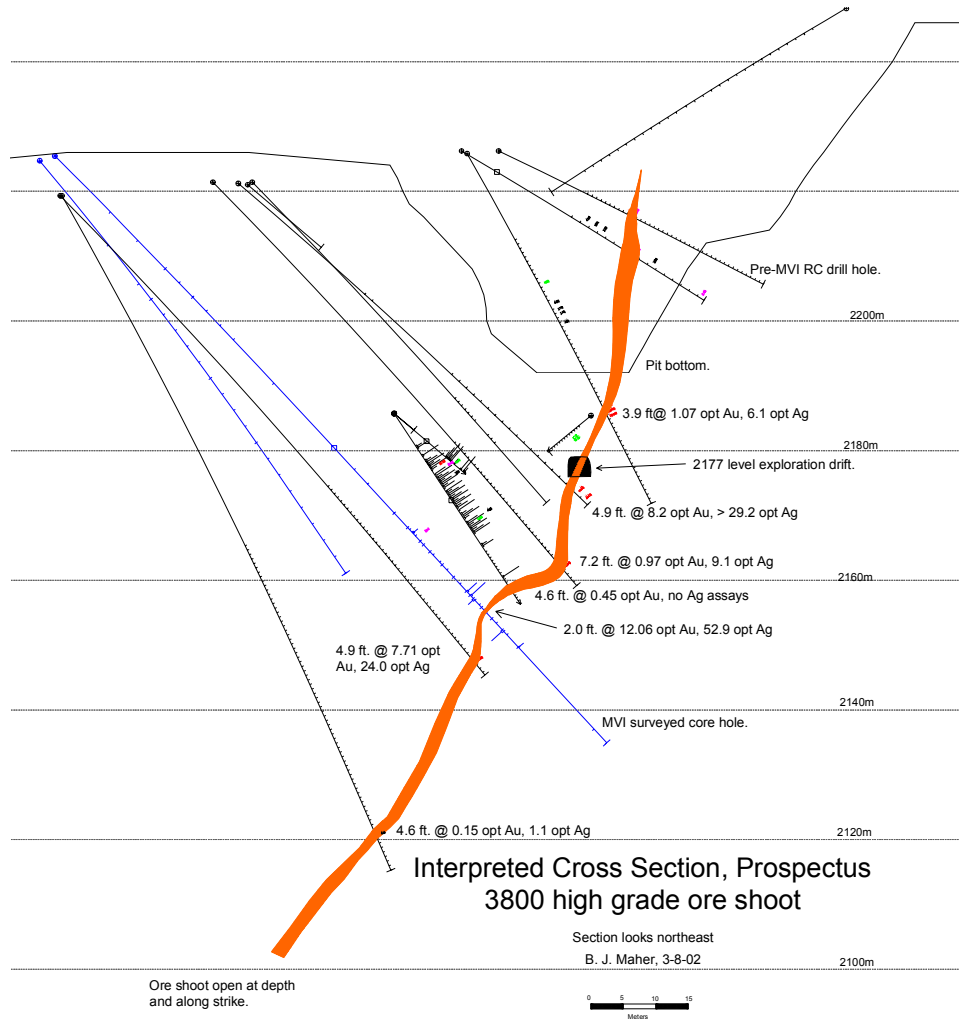
High-grade ore shoots recently delineated

Although the resource is generally low grade, recent drilling in the Prospectus and Martinez areas by Metallic indicates the presence of high-grade ore shoots within larger volumes of less intensely mineralized vein material. Previous drilling at Prospectus outlined the high-grade 3560 and 3800 ore shoots (Figure 4). A cross section illustrating some of the higher-grade intersections in the 3800 shoot is presented in Figure 5. The company believes that there could be up to three other high-grade shoots between the 3560 and 3800 ore shoots.

Figure 4: Prospectus resource area and exploration targets

Source: Metallic Ventures

Figure 5: Interpreted cross section of the Prospectus 3800 shoot

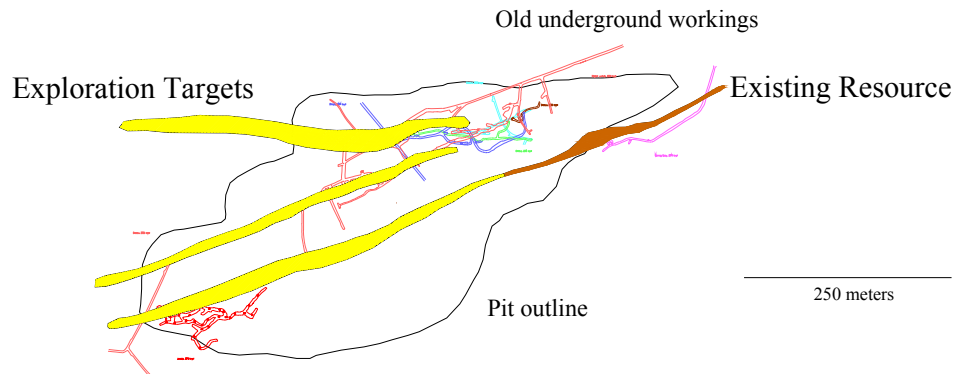


Source: Metallic Ventures

Last year, a 17 hole, 11,420-foot reverse circulation drilling program at Martinez confirmed the continuity and tenor of high-grade veins. Significant results from the 2002 drilling program include 13.5 feet (true thickness) grading 0.54 opt gold in drill hole MRC-02-07 and 3.3 feet (true thickness) grading 0.66 opt gold in drill hole MRC-02-10.

A new Martinez resource estimate is being prepared

When combined with previous drilling results, the new holes identified a series of high-grade parallel vein segments that are exposed over a strike length of 900 feet and a vertical range of at least 700 feet (Figure 6). A new resource estimate encompassing the results of this drilling program is being prepared.

Figure 6: Martinez resource area and exploration targets

Source: Metallic Ventures

Higher-grade gold resources likely approaching 120,000 ozs

Measured and indicated resources at Prospectus are currently reported to be 60,400 tons grading 0.484 opt gold (26,600 contained ounces). A review of current technical data from the Prospectus, Humboldt-Hilton, and Martinez areas suggests to us that the total higher-grade resource is likely closer to around 300,000 tons at a grade in excess of 0.40 opt gold (120,000 contained ounces) and 1.5 opt silver. Although the grades at Prospectus look to be slightly higher, the company believes that the Martinez area may ultimately supply more tonnage.

Decline now underway on the Prospectus vein system

Potential and future plans

Since acquiring the Esmeralda property, most of the company's efforts have focused on the higher-grade potential of the Prospectus and Martinez areas. At **Prospectus**, an underground decline is currently being driven toward the high-grade Prospectus vein. A total of 1,800 feet of underground development is planned at a budget of US\$720,000.

The Prospectus decline will:

1. Provide access to the high-grade 3560 and 3800 ore shoots for channel sampling.
2. Establish drill stations to test the down dip extensions and continuity of these shoots.
3. Facilitate the exploration for new ore shoots.
4. Ultimately be used as a haulage way for production.

A 10,000-foot underground core drilling program, costing US\$300,000, will commence in the spring and is expected to continue into the summer months.

Martinez vein system also under development

At **Martinez**, a 1,000 foot decline has been started with the goal of developing underground access and drill stations. The underground program, which is budgeted at US\$400,000, is designed to better define the geometry and channel sample a number of

high-grade gold-bearing ore shoots along the Martinez vein system. This decline will also provide access for the eventual production of the Martinez vein system. A total of 7,000 feet of underground core drilling is planned for Martinez with a budget of \$210,000.

A larger surface drill program is also being planned

In addition to the underground programs, surface exploration will continue with 32,000 feet of reverse circulation drilling. This program will focus on the central and southwestern end of the Martinez vein and step out into previously untested areas. The total budget for the surface drill program is US\$300,000.

The 2003 surface and underground drilling programs at Prospectus and Martinez are designed to increase the number of high-grade ounces that can be mined from underground and processed in the existing mill facility. The company believes that the mill can be brought back on line for expenditures of around US\$1 million.

Look for production of 75,000 ozs by year-end

We envision that the company will be up and running at an annual rate of around 75,000 ounces by year-end. Cash operating costs are expected to be about US\$150/ounce. To this end, the company has hired a mill superintendent and the mill is being prepared for production. Initially, Metallic is focusing on establishing a four-year mine plan. Ultimately, if the exploration is successful in adding ounces (which we believe it will be), we could potentially see a mill expansion to 600 tpd.

Property likely has multi-million oz potential

Once the mill is up and running, the company plans to continue its district-wide exploration program to test for underexplored and unmined vein segments. Initially, work will likely focus on the Thanksgiving and Silver Hill areas (Figure 3). Overall, we believe that the property has multi-million ounce potential similar to the historic production.

GOLDFIELD PROJECT

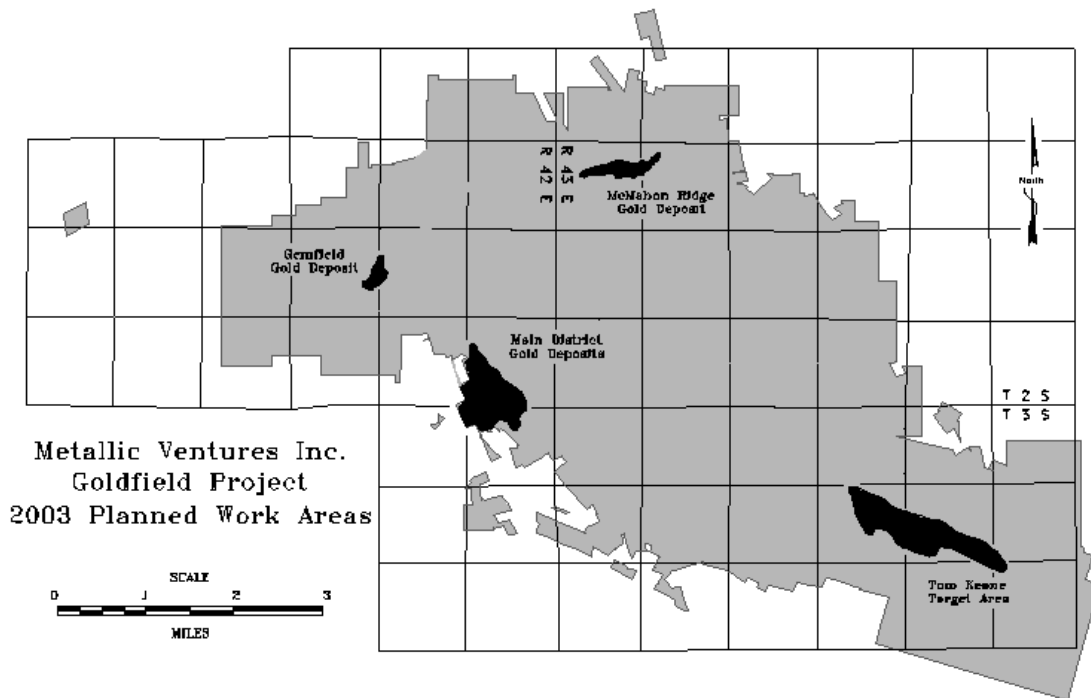
Location, access, and infrastructure

Company controls >80% of the district

The Goldfield project is located about 270 miles southeast of Reno along US Highway 95. The property boundary and the main resource areas (Main District, Gemfield, and McMahon Ridge) are shown in Figure 7. Note that the company does not control all of the lands within the property outline, which encompasses about 22,200 acres. Metallic's holdings consists of 385 patented and 849 unpatented mining claims covering about 18,450 acres (some 29 square miles).

The main Goldfield district, which supplied the bulk of the past production, is about one-half mile east of the highway and the town of Goldfield on a well-maintained gravel road. The Gemfield area is located about two miles north of the town of Goldfield, straddling Highway 95.

Figure 7: Goldfields Project – planned work areas



Source: Metallic Ventures

In the recent past, the main Goldfield district supported three open pit/heap leach operations, and there is adequate area for potential tailings storage, waste disposal, and processing facilities. For exploration purposes water is currently purchased from the town of Goldfield at a cost of US\$2 per 1,000 gallons. Power is available from the Sierra Pacific Power Company, and labour can be drawn from Goldfield, or the nearby town of Tonopah.

History

*Past production in excess of 4
mozs*

The Goldfield area has seen extensive work over the past one hundred years and the Main District has produced in excess of 4,000,000 ounces gold (average grade of 0.5 opt) from bonanza grade ore shoots. Most of the historical production had been wrapped up by the early 1920s.

Numerous companies worked the area during the period 1926 through 1970, but production was relatively minor. From the early 1970s through the mid-1990s, several companies (Blackhawk Mines, Red Rock Mining, and a subsidiary of Rea Gold) mined open pit deposits and reprocessed tailings and waste rock dumps, but production statistics are uncertain.

In the mid to late 1990s, Romarco Goldfield (a subsidiary of Romarco Minerals) accumulated a land position in the district, and carried out exploration until Metallic

purchased the subsidiary in April 2001. The consideration for the purchase was a payment of US\$150,000 and a deferred payment of US\$100,000.

Metallic is first company to consolidate the district

Metallic is the first company to consolidate such a strategic land package within the historic Goldfield camp, and they have actively been exploring the district with a primary focus on the McMahan Ridge area.

Portions of the Goldfield project are subject to underlying royalty agreements. In the Main District, the royalties range from 3% to 3.5%. At McMahan Ridge, they range from 2% to 7.5%, and average 4% at US\$300 gold.

Gemfield is a recent acquisition

In July 2002, Metallic purchased Newmont's Gemfield property, further consolidating land holdings in the district. The purchase price was US\$1 million and a sliding scale royalty that ranges from 3% to 5% (averaging 4% at US\$300 gold).

Gemfield had been evaluated as an open pit by Kennecott Exploration, and later explored by Franco-Nevada for its high-grade potential. Limited drilling by Franco-Nevada did confirm the presence of higher grades, yielding up to 0.326 opt gold over 122.5 feet.

Geology and mineralization

The Goldfield mining district is characterized by a moderately thick sequence of intermediate to felsic, tertiary-aged, volcanic rocks, which unconformably overlie Mesozoic-aged granitic intrusive rocks and Paleozoic-aged metasedimentary rocks. Some of the key ore-bearing rock units include the Sandstorm formation, Milltown andesite, and porphyritic dacite and rhyodacite.

District hosts a high sulfidation gold-copper system

The mineralization in the district is classified as a volcanic-hosted, high sulfidation gold-copper system. Gold-copper ore bodies generally occur in structurally controlled vein systems locally referred to as "ledges". These ledges often consist of igneous dike material (intrusive rocks) and/or tectonic and/or hydrothermal breccia that have been partially to completely altered to a mixture of quartz, alunite and clay material. Some of the other minerals present include: pyrite, barite, dickite, kaolinite, pyrophyllite, diaspore, and/or jarosite.

The ledges are typically surrounded by argillically altered wall rocks that grade into phyllic and/or propylitic assemblages away from the ledge. Hydrothermal alteration has essentially affected to some degree all of the pre-mineral rock assemblages in the Goldfield district.

The mineralogy of the ore includes: native gold, quartz, pyrite, famatinite (a copper-antimony mineral), enargite (a copper-arsenic sulfide), bismuthinite and a few other tellurides.

Structural controls appear key to mineralization

To date, the most productive ledges occur where a broad zone of generally east-west trending faults and shear zones (known as the Goldfield structural trend) intersect the major north-south trending Columbia Mountain fault zone. This area is known as the

Main District. This intersection of the two structures also appears to be spatially related to an interpreted, intrusive related, ring-fracture zone.

Three resource areas have been delineated

As previously noted, the main resource areas on the Goldfield property are the **Main District, McMahon Ridge area, and the Gemfield area**. In 2002, Metallic conducted an aggressive program of reverse-circulation and core drilling on McMahon Ridge and in the main portion of the district. At present, the drill-defined portions of the three deposits have the following dimensions:

- Main District – 3,600 feet long, 1,000 feet down-dip, and open, averaging 100 feet in thickness.
- McMahon Ridge – 4,800 feet long and open, 800 feet down-dip and open, and averaging 100 feet in thickness.
- Gemfield – 2,500 feet long, 2,000 feet down dip, and averaging 150 feet in thickness.

Total gold resources at Goldfield currently stand at 967,000 ounces (Table 4). About 60% of this resource is from Gemfield, and about 34% is from the Main District.

Table 4: Goldfield Project Indicated and Inferred Resources

Classification	Cutoff oz Au/ton	Ton 000s	Grade oz Au/ton	Ounces Gold
Indicated	0.010	23,410.2	0.031	720,300
Inferred	0.010	10,239.1	0.024	247,000

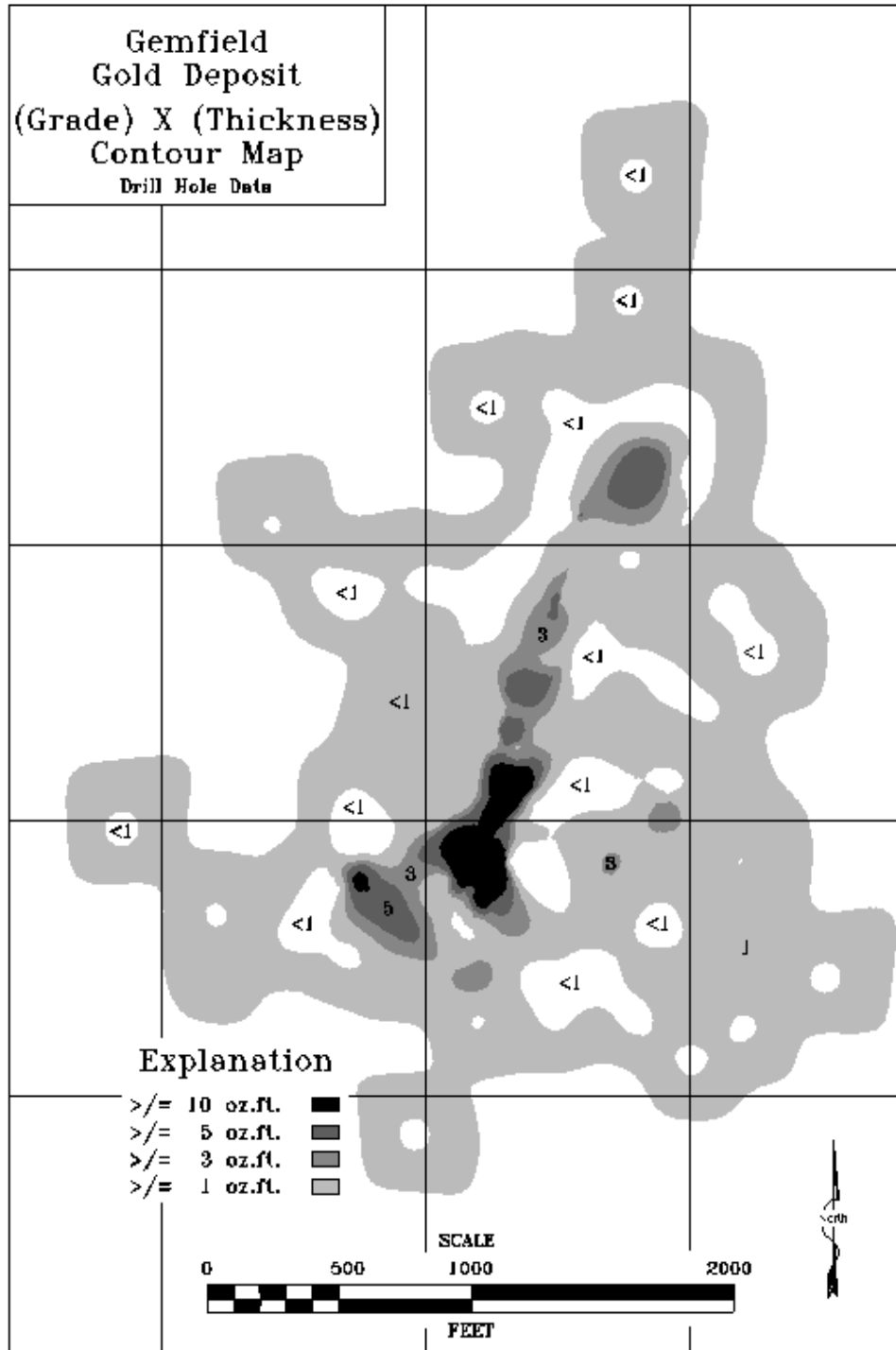
Source: Metallic Ventures

Recent drilling suggests grade at Gemfield could double

The Gemfield resource does not include the results from last fall's 28 hole (10,660 feet) in-fill drill program, which generally yielded higher-grade gold values. Based on this recent drilling, we believe that the overall grade of the deposit will likely increase from around 0.027 opt to in excess of 0.05 opt.

The recent program also confirmed the presence of higher-grade ledges, and the company now has a better understanding of these higher-grade zones. Highlights from last fall's program include: 0.163 opt gold over a true thickness of 163 feet in hole GEM 183, and 0.118 opt gold over a true thickness of 268 feet in hole GEM 179. Both of these holes contained significant high-grade intervals, which relate to ledge structures. Figure 8 is a grade-thickness contour map of the Gemfield deposit, which illustrates the presence of a higher-grade core zone of mineralization.

Figure 8: Grade-thickness contour map of the Gemfield deposit



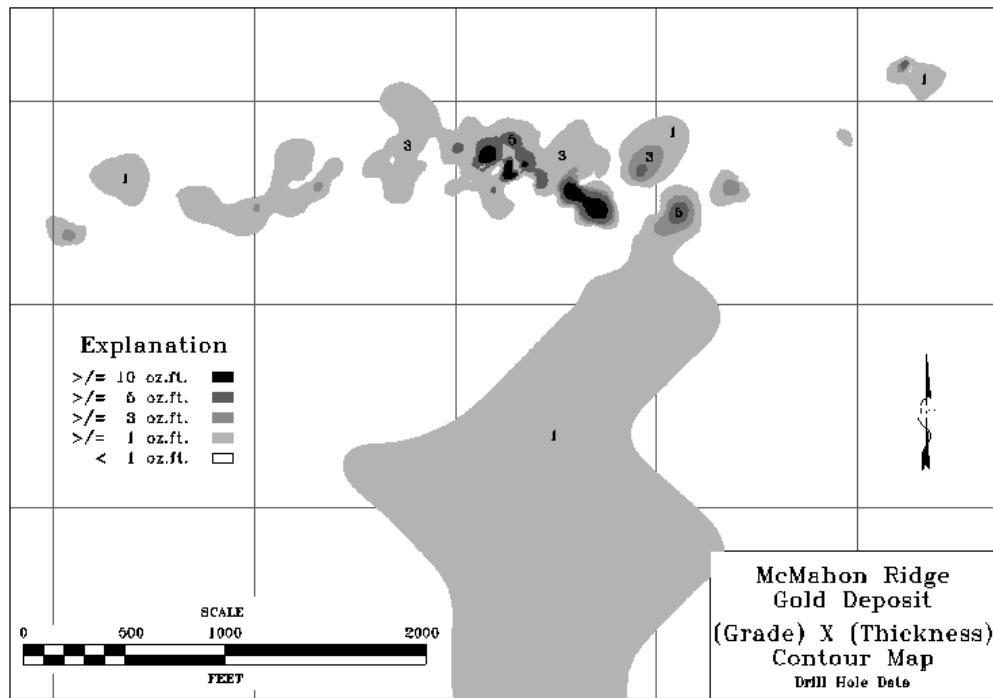
Source: Metallic Ventures

It should also be noted that the results from last year's second phase of reverse circulation drilling at McMahon Ridge (114 drill holes totaling 20,980 feet) have **not** been included in the current resource estimates.

Highlights from the 2002 program include: 0.958 opt gold over a true thickness of 24.6 feet in hole MCM-164, and 0.922 opt gold over a true thickness of 13.3 feet in hole MCM-176. Also included in the results are a total of 56 five-foot intercepts that fall in the range of 0.254 to 2.582 opt gold. The company believes that these results indicate the presence of multiple high-grade ore shoots along the 4,800 feet McMahon Ridge structure. Some of the higher-grade mineralization can be seen in the grade-thickness contour map of the deposit (Figure 9). We believe that this recent program has likely added about 250,000 ounces to the McMahon resource base.

***Recent drilling has upgraded
McMahon resource***

Figure 9: Grade-thickness contour map of the McMahon Ridge deposit



Source: Metallic Ventures

Future plans and exploration potential

***A 50,000 foot drill program
planned for Gemfield***

A 50,000 foot drill program is expected to commence at Gemfield in February. This US\$770,000 program, which is expected to last until May, will consist of 40,000 feet of infill drilling, 10,000 feet of step out drilling, and US\$20,000 of metallurgical testing.

The goal of this year's drill program at Gemfield is to increase the grade, overall size, and move the resource from the indicated to measured category. A feasibility study would likely follow in Q3.

*McMahon Ridge will also be
drill tested*

Concurrently, the company is also planning a 25,000-foot reverse circulation drilling program at McMahon Ridge. This program is budgeted at US\$395,000 and will likely continue into April. The program will include 10,000 feet of in-fill drilling to better define the high-grade shoots, 10,000 feet of step-out drilling to test the down-dip extension of the known zones, and 5,000 feet to explore for mineralization in the hanging wall of the McMahon structure, in particular, the Sandstorm formation. In addition, the company plans to carry out US\$20,000 in metallurgical testing. Once again, the aim of this year's program is to increase the grade and tonnage of the deposit, and ultimately complete a feasibility study later in the year.

Metallic also plans to carry out a 4,000 foot reverse circulation drill program on the Tom Keane target, which is located about five miles east of the Main District (Figure 7). The program, which will cost US\$60,000, is designed to test a known area of gold mineralization that has had some historic gold production. The Tom Keane structural zone has a 1.6 mile footprint, which is delineated by intense hydrothermal alteration and anomalous gold mineralization.

Although we have yet to see a grassroots budget for the Goldfield area, we expect that the company will continue to acquire mineral rights and resources within the district, and explore and advance other target areas.

*Goldfield has multi-million oz
potential and will likely support
another mine*

Like the Esmeralda property, the Goldfield district also appears to have multi-million ounce potential. Ultimately, we believe that the district will support at least one or more +75,000 ounce per year operations. With 79,000 feet of drilling being carried out over the next few months, there should be no shortage of news from this area.

CONVERSE PROJECT (100%)

Location, access and history

*Property is located in a prolific
camp*

The Converse property is located about 160 miles from Reno, at the northern end of the Battle Mountain-Eureka trend. This advanced stage project sits in a very prolific mineralized district (Figure 10), about nine miles south of Newmont's Lone Tree mine (which has produced over 4.7 million ounces) and six miles west of Glamis's Marigold mine (past production and reserves and resources of 4.59 million ounces).

The project area consists of 260 unpatented claims in seven sections, and four sections of private land totaling around 7,040 acres (about 11 square miles). Outside of a few isolated ranches, the area is sparsely populated, but the proximity of the project to major mining centers ensures good infrastructure (materials, labour, etc.). Water needed for drilling comes from a well on the property, and a north-south power line bisects the property.

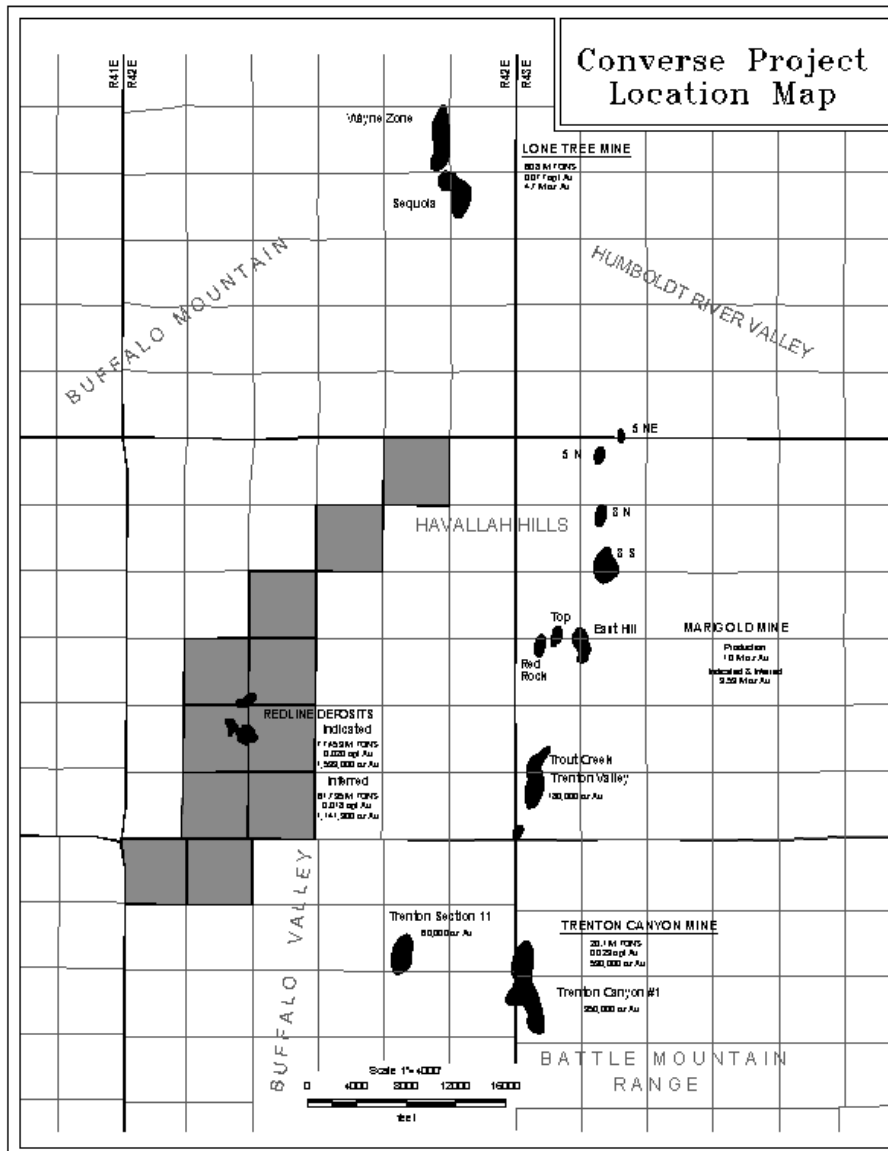
In March 2001, Metallic acquired a 25% interest in the property when they purchased the Romarco Minerals' assets in Nevada for US\$250,000. At that time, Cameco Corporation was the project operator with a 25% interest, and Newmont held the balance. In November 2002, the company purchased Newmont's interest for

US\$1,000,000 and a sliding scale net smelter return (NSR) royalty of 3% to 5% (at prices of US\$300 to US\$400 per ounce, the royalty is 4%).

Newmont has a back-in right

Newmont has a right to back-in for 50% upon completion of a bankable feasibility study, or expenditures by Metallic of US\$8 million. To acquire its interest, Newmont must pay Metallic 500% of any expenses incurred to date and Metallic remains operator unless their interest drops below 50%. In addition, Metallic has also purchased Cameco's interest for US\$500,000.

Figure 10: Converse Project Location Map



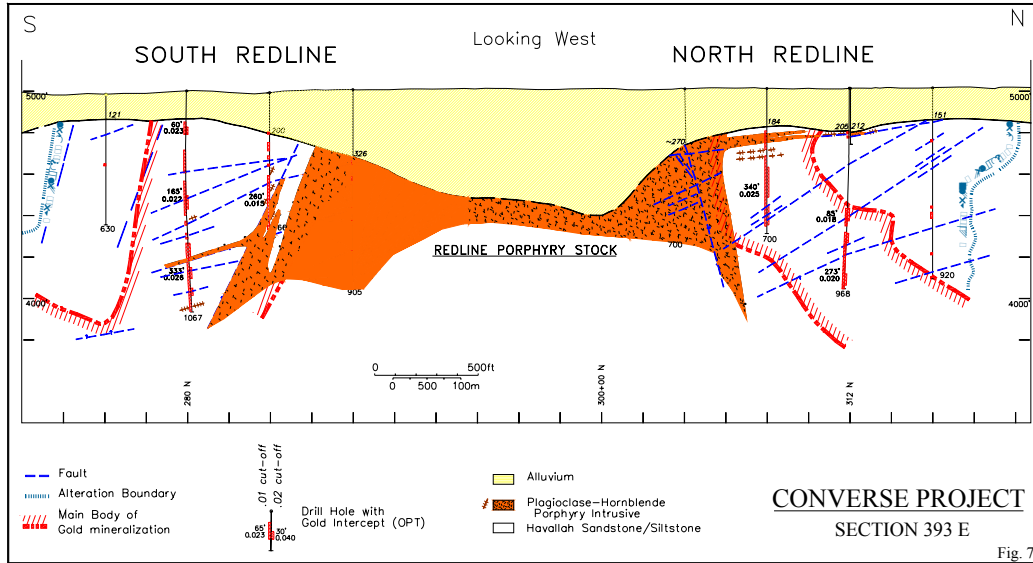
Source: Metallic Ventures

Geology and mineralization

Property contains two low-grade skarn deposits

The property contains two low-grade gold skarn deposits known as the North and South Redline deposits (Figure 11). The two deposits occur as bedrock hills that are entirely covered by young post-mineral alluvium. The depth to bedrock is as little as 12 feet at South Redline, and 28 feet at North Redline, and ranges to over 800 feet in the valley between the two bedrock hills.

Figure 11: Converse deposit cross section



Source: Metallic Ventures

Structure and intrusive rocks are main controls on mineralization

The gold deposits occur in a calc-silicate alteration system that surrounds an inferred stock of quartz monzodiorite to granodiorite porphyry (the Redline porphyry). The stock is 1,500 to 2,000 feet in diameter and occurs at the intersection of a northwest trending aeromagnetic high and a north-south aeromagnetic linear.

The calc-silicate alteration halo ranges from 800 to 1,400 feet in width with a vertical extent of over 950 feet. The main host rocks are calcareous sandstones and siltstones. Gold mineralization appears to be strongest in the middle to outer portions of the calc-silicate alteration halo. The mineralized bodies generally dip west at 15 to 35 degrees (subparallel to the bedding in the sandstone).

Pyrrhotite, chalcopyrite, pyrite, and molybdenite are the dominant sulfides present, although the sulfide content is generally low (averaging less than 0.5%). Gold, which commonly occurs as free particles, seems to be strongly associated with chalcopyrite and chlorite.

In total, 155 holes have been drilled (103,209 feet) at widely spaced intervals (approximately 400 foot spacing). This work has outlined a resource of 2.7 million ounces of gold. A full breakdown of the resource is presented in Table 5.

Table 5: Gold resources at the Converse Project

Classification	Cutoff oz Au/ton	Ton 000s	Grade oz Au/ton	Ounces Gold
Indicated	0.010	77,459	0.020	1,533,000
Inferred	0.010	61,795	0.018	1,141,300

Source: Metallic Ventures

Future plans and exploration potential

The size and robust nature of the gold deposit suggests that there is good potential to expand the resource base. Potential upside could come from:

1. Testing for high-grade structurally controlled gold, similar to Newmont's Lone Tree Mine.
2. Investigation of favorable host rocks beneath the currently known deposit.
3. In-fill drilling to target higher-grade areas within the known deposit.

Over the next 18 months, the company is looking at spending US\$1.2 million on the Converse project. In the short term, expenditures are estimated at between US\$300,000 and US\$400,000. Under this work program, the company plans to complete a geophysical survey (now underway), and drill up to 13,000 feet.

Converse deposits will likely support a mining operation

Mine Development Associates (MDA), the group responsible for auditing the company's reserves and resources, believes that the deposits at Converse have the potential to support a mining operation. The company is currently evaluating the impact of the current gold price on the economics of the project.

EXPLORATION PORTFOLIO

Extensive exploration portfolio in the Great Basin

The company holds a portfolio of exploration projects elsewhere in Nevada, and in Utah and New Mexico (Figure 1). At the present time, the company is focused on exploration and development of its key assets (described above), and these projects will likely only see the work necessary to keep them in good standing. A brief description of the properties is presented below.

The **Red Rock property** is located 70 miles southwest of Tonopah in Esmeralda County, Nevada. It consists of 140 unpatented lode mining claims covering approximately 2,800 acres. Four mining companies explored the property from the early 1980s through the mid-1990s primarily looking for bulk tonnage gold deposits. Phelps Dodge made the initial discovery on the property in 1989, intersecting 0.331 opt of gold over 175 feet in a drill hole.

Red Rock property has high- grade vein potential

At least three different styles of mineralization have been recognized on the property, but epithermal quartz veins have received the most attention. The highest grade vein samples are 3.1 opt gold and 16.8 opt silver in a five-foot reverse circulation drill intercept, and 2.9 opt gold and 17.57 opt silver in a six-foot core sample.

Several targets are present on the property, and an underground program is being contemplated.

The **Mustang Canyon property** is located in southwestern Esmeralda County, about four miles northwest of the Red Rock project. It consists of 27 unpatented lode mining claims covering approximately 540 acres.

Work by previous operators in the 1980s focused on exploration for bulk tonnage deposits. However, Metallic believes that there is good potential for a volcanic-hosted, low sulfidation, bonanza quartz vein deposit. Individual veins up to 15-20 feet wide have been noted in a zone more than 300 feet wide and 800 to 1000 feet along strike. Surface sampling has yielded values up to 0.123 opt gold and 2.8 opt silver, and limited drilling has returned values up to 0.05 opt gold and 4.7 opt silver.

BCS project has good potential for high-grade UG resources

The **BCS project** is located in Nye County, Nevada, about 160 miles southeast of Reno. It consists of 196 unpatented lode mining claims covering approximately 3,380 acres adjacent to the Paradise Peak deposit (1.6 moz). The main target on the property is the Davis vein, where previous drilling partly defined an ore shoot grading 0.11 opt gold. The shoot is 20 to 30 feet wide and 300 to 400 feet long within the Davis vein structure. Metallic believes that this shoot could ultimately be developed into an underground resource with additional work.

Bald Peak within trucking distance to Esmeralda

The **Bald Peak property** is located in Mineral County, Nevada, about three miles west of the Esmeralda District (the Aurora Mine site). Metallic controls 78 unpatented claims covering 1,560 contiguous acres. An untested gold-silver quartz vein, similar to those seen at Esmeralda, has been identified at Bald Peak. Initial surface work has

identified several high-grade vein segments in outcrop, along a 6,000 feet strike distance, and limited sampling has yielded gold values up to 0.3 opt.

Drilling is planned pending the receipt of permits, and any potential ore discovery would likely be within trucking distance of the Esmeralda mill.

In Utah, the company owns 12 patented claims (140 acres) called the **Gold Hill property**. Located 30 miles southeast of Wendover, near the border of Nevada, the property is near the heart of a district previously exploited for gold, arsenic, tungsten, and beryllium in the early part of the twentieth century.

The district is underlain by hydrothermally altered, Paleozoic-aged, clastic and carbonate sedimentary rocks in contact with a mineralized granitic intrusive complex. Recent exploration has focused on the discovery of Carlin-type deposits, but Metallic believes that the property has good potential to host other styles of mineralization including high-grade underground deposits.

*Mogollon is similar to the
Comstock district*

In New Mexico, Metallic holds the **Mogollon project**, which is located about 85 miles northwest of Silver City. The property consists of 11 patented claims totaling 208 acres in the heart of a past producing district that has yielded over one million ounces of gold and 50 million ounces of silver. Production was largely localized in several ore shoots along a number of veins in the district. The geological setting at Mogollon appears to be similar to other large underground districts in the western United States such as Comstock, Midas and Esmeralda.

The Mogollon district is characterized by a complex system of quartz veining in a complex system of volcanic rocks. Previous exploration on the property has been hampered by a poor understanding of the geology, unconsolidated ownership, and lawsuits. Metallic believes that there is good potential for the discovery of new deposits. Exploration by previous owners defined a geologic resource in the district of 140,000 ounces of gold and 8.3 million ounces of silver.

The **Monica property** is located in Eureka County, Nevada, about 5.5 miles northwest of the Ruby Hill gold mine. The company controls 15 unpatented claims covering 300 acres on what appears to be the overburden covered extension of the same structures that host the Ruby Hill deposit. Work on the property to date suggests that there is good potential for a structurally controlled gold deposit in favourable sedimentary rocks at depth.

MANAGEMENT TEAM AND TRACK RECORD

*Company founders responsible
for development and sale of
Cobre Mining*

The principals of Metallic Ventures are Jeff Ward (Chairman and CEO) and Rich McNeely (President), who were responsible for the successful development and eventual sale of Cobre Mining Company in the 1990s. Cobre's principal asset was the Continental mine property which was dormant when purchased by Jeff and Rich in 1992 for US\$8.0 million. The Cobre team then developed the Continental mine into a low cost, 100 million pound per year copper producer. Phelps Dodge completed a

hostile takeover bid of Cobre in 1998, netting Cobre's shareholders in excess of US\$105 million.

In addition to acquiring a core group of properties Metallic has assembled a first class team of senior geologists and engineers, some of which were with them at Cobre. Full biographies of the senior management team are presented in Appendix A.

BUSINESS STRATEGY

Jeff Ward and Rich McNeely re-activated Metallic Ventures (a private Canadian incorporated company) immediately following the sale of Cobre to Phelps Dodge in 1998. Their aim was to use Metallic as a vehicle to identify and acquire undervalued mining assets.

Generally focused on high-grade UG operations

Since its inception in 1998, Metallic has evaluated some 400 mining projects around the globe. Metallic recognized that future world-class gold discoveries would primarily be high-grade underground vein type systems due to lower production costs, and fewer environmental considerations. Recent examples of high-grade, underground, world class discoveries include El Peñón (Meridian Gold), the Red Lake Mine (Goldcorp) and the Ken Snyder mine (Newmont).

Metallic's objective is to control gold districts in stable political environments that have high probabilities of containing world class discoveries. The company has focused on gold districts with significant historical production, unconsolidated ownership, and a lack of scrutiny through the use of modern exploration techniques. After an extensive review, the company decided to focus its efforts on both lower-grade bulk mineable and higher-grade underground gold opportunities in Nevada. The low gold price environment in the late 1990s allowed Metallic to acquire its key properties on attractive terms.

Hope to become a mid-tier producer

The ultimate goal is to build Metallic into a mid-tier, North American gold producer. Near-term plans call for the further exploration and redevelopment of the existing asset base. In addition, the company will continue to pursue acquisitions to grow the company.

FINANCIAL STATUS

At the end of September 2002, the company reported working capital of US\$2.8 million. In addition, the company had no debt. With the completion of the equity offering in December 2002, the company received net proceeds of around C\$23 million. The current working capital position is estimated to be C\$27.7 million, which is predominantly cash.

Expect 128,000 feet of drilling over next few months

In the next three to six months, the company will be completing over 128,000 feet of drilling on its key projects in the Esmeralda and Goldfield districts. Expenditures on these properties are expected to be around US\$3.6 million (Table 6), which will be

easily financed from the company's existing cash holdings. This drilling activity should provide excellent news flow over the coming months.

Table 6: Budgeted work programs for 2003

		US\$
Esmeralda		
Prospectus:	UG development	720,000
	UG Drilling (10,000')	<u>300,000</u>
		1,020,000
Martinez:	UG Development	400,000
	UG Drilling (7,000')	<u>210,000</u>
		610,000
	Esmeralda Surface Drilling (32,000')	300,000
Sub Total Esmeralda		1,930,000
Goldfield		
	Gemfield drilling (50,000')	770,000
	McMahon Ridge drilling (25,000')	395,000
	Tom Keane drilling (4,000')	<u>60,000</u>
Sub Total Goldfields		1,225,000
Converse		400,000
Total		3,555,000

Source: Metallic Ventures

Future cash flow should fund growth

The company's cash position should be readily sufficient to advance the Esmeralda property to production by year-end, and further advance the Goldfield property (Gemfield and McMahon Ridge) towards feasibility. With estimated cash costs at Esmeralda of US\$150/ounce, future cash flow should go a long way to fund future project development.

VALUATION

We have valued the company on its component parts

At this point in time, it is difficult to value Metallic using earnings, cash flow, or net asset value (NAV) techniques. Instead, we have opted to use peer group comparables. Given the quality of the asset base, we believe that the company can be valued on its component parts (Esmeralda, Goldfield and Converse).

Esmeralda is worth C\$4.08/share

With the near-term production potential and mill facility at Esmeralda, we have valued it on the basis of adjusted market capitalization per ounce of 2003 production. The peer group is trading at C\$1,557/ounce of production (Table 7). Assuming a 75,000 ounce per year operation, Esmeralda is trading at a 32% discount to its peers. On this basis, Esmeralda would be worth about C\$4.08/share.

Table 7: Production comparables for group companies

	Shares Outstanding (millions)	Price 3-Feb	Mkt Cap (C\$ millions)	Adj. Mkt Cap (C\$ millions)	Total Inventory (million ozs)	Prod 2003E (000 ozs)	Cash Costs 2003E (US\$/oz)	Adj. Mkt Cap/ oz 2003 Prod (C\$/oz)
Aurizon Mines Ltd.	56.6	\$1.42	\$80	\$74.9	2.7	32	230	\$2,341.75
Claude Resources Inc. ¹	48.5	\$1.70	\$82	\$75.4	1.1	52	200	\$1,443.25
Golden Star ¹	84.0	\$2.95	\$248	\$217.9	3.9	140	185	\$1,558.57
Miramar Mining Corporation ¹	123.0	\$1.83	\$225	\$186.2	5.2	108	255	\$1,732.30
Richmont Mines Inc.	15.4	\$5.89	\$91	\$64.1	0.6	105	170	\$610.38
River Gold Mines	37.6	\$3.35	\$126	\$124.2	1.4	75	200	\$1,655.84
Averages:								\$1,557.01
Metallic Ventures ¹	34.9	\$3.09	\$108	\$80.2	1.27²	75	150	\$1,068.71

¹ Canaccord Capital estimates

² Esmeralda resource only

Source: Company Reports and Canaccord Capital estimates

**Converse and Goldfield valued
at C\$2.67/share**

We have valued Goldfield and Converse based on the adjusted market capitalization per ounce of gold inventory (reserves and resources). The peer group is trading at around C\$26.40/ounce (US\$16.90/ounce) of gold inventory (Table 8). On this basis, the resources at Goldfield and Converse (3.53 million ounces) are worth around C\$2.67/share.

Collectively, these two methods value the company at about C\$6.75.

Table 8: Resource comparables for peer group companies

	Shares Outstanding (millions)	Price 3-Feb	Mkt Cap (C\$ millions)	Adj. Mkt Cap (C\$ millions)	Total Inventory (million ozs Au)	Adj. Mkt Cap/ Inventory oz (C\$/Oz)	Adj. Mkt Cap/ Inventory oz (US\$/oz)**
Arizona Star	39.8	\$2.65	\$105	\$103.2	5.8	\$17.96	\$11.49
Cumberland Resources Ltd.	35.9	\$2.99	\$107	\$94.7	5.2	\$18.35	\$11.75
Gabriel Resources	113.5	\$4.36	\$495	\$416.5	10.4	\$39.89	\$25.53
Golden Queen	34.5	\$0.85	\$29	\$30.0	1.9	\$15.77	\$10.09
Kirkland Lake	25.0	\$2.30	\$58	\$58.9	2.4	\$24.89	\$15.93
Minefinders Corporation Ltd.	26.3	\$8.75	\$230	\$220.6	7.3	\$30.28	\$19.38
Nevsun	47.2	\$3.35	\$158	\$153.6	3.2	\$47.73	\$30.55
Pacific Rim Mining Corp.	78.5	\$0.66	\$52	\$38.4	2.4	\$16.27	\$10.41
Average*:						\$26.39	\$16.89
Metallic Ventures	34.9	\$3.09	\$108	\$80.2	4.8	\$16.6	\$10.6

* Average excludes Novagold Resources

** 0.64 exchange rate

Source: Company reports and Canaccord Capital estimates

Within the peer group, valuations based on the adjusted market capitalization per ounce of gold inventory (reserves and resources) range from a low of C\$15.77/ounce (US\$10.00) to a high of C\$47.73/ounce (US\$30.55). Of note is the fact that the higher

valuations (Table 8) are given to companies (Gabriel and Nevsun) with projects in politically difficult climates (Romania and Eritrea respectively).

At US\$25 per oz resource, company is worth C\$5.40

Given the historical production, infrastructure, location, high-grade potential, and the quality of the management, we believe that a US\$25/ounce valuation for Metallic is justified. On this basis, the company would be valued at C\$5.40/share (Table 9).

Table 9: Metallic Ventures Valuation Matrix

Project Total Inventory (M ozs)	C\$ Value per share @ various US\$/oz valuations				
	US\$20/oz	US\$25/oz	US\$30/oz	US\$40/oz	US\$50/oz
4.83	4.32	5.40	6.48	8.64	10.80
5.00	4.48	5.60	6.72	8.95	11.19
5.50	4.92	6.16	7.39	9.85	12.31
6.00	5.37	6.72	8.06	10.74	13.43
6.50	5.82	7.28	8.73	11.64	14.55
7.00	6.27	7.83	9.40	12.54	15.67
7.50	6.72	8.39	10.07	13.43	16.79
8.00	7.16	8.95	10.74	14.33	17.91

Source: Canaccord Capital

Resources likely to grow by 750,000 ozs in near term

It should be noted that the current resource of 4.83 million ounces does not include any resources from McMahon Ridge (which we estimate contains around 250,000 to 300,000 ounces) or the new resources that have been added through drilling at Gemfield (about 500,000 ounces). If we add these resources to the mineral inventory, then the company can be valued at C\$6.16/share using a dollar per ounce in the ground valuation of US\$25.

We have chosen a conservative C\$5 target price

Although we can easily generate a target price in excess of C\$6.00/share, given that the story is new in the marketplace, and that there is a relatively small float, we have chosen a more moderate value of C\$5.00 per share. We believe that this target price will ultimately prove to be conservative given the potential to significantly increase the reserve/resource base, and develop low cost mines.

SUMMARY AND RECOMMENDATION

*Excellent investment vehicle
for those seeking gold
exposure*

Metallic Ventures is a newly listed junior gold company focused on exploring for, developing, and ultimately mining high-grade and bulk tonnage gold deposits in the Western United States, primarily Nevada. We believe that this is an excellent investment vehicle for those seeking long-term exposure to the gold sector. The company offers:

1. Vision

Metallic's objective is to control gold districts in stable political environments that have high probabilities of containing world class discoveries. The company has focused on districts with significant historical production, unconsolidated ownership, and a lack of exploration using modern techniques. The company's ultimate goal is to build itself into a mid-tier North American gold producer.

2. Quality assets

The company has three advanced projects in Nevada. Two of these projects – Esmeralda and Goldfield – have had a long history of gold production, yielding in excess of six million ounces of gold, primarily from high-grade vein deposits. Collectively, these properties contain gold resources of 2.1 million ounces, and Metallic is looking at re-developing low cost, +75,000 ounce per year operations in both districts. The company also holds the Converse project, which contains a 2.7 million ounce resource.

With ongoing exploration, we expect to see a significant increase in the size and grade of the company's reserve/resource base, especially at Esmeralda and Goldfield. At Goldfield alone, we believe that the recent drilling has added at least 500,000 ounces to the Gemfield deposit.

3. Preferred location

The Fraser Institute, Canada's leading economic think tank, recently released its sixth Annual Survey of Mining Companies, which rated the mineral attractiveness and policy attractiveness of mining jurisdictions in North America and internationally. In this survey of 158 mining companies (27 seniors and 131 juniors), Nevada was the highest ranked jurisdiction in the United States, and ranked fourth overall on a total investment attractiveness scale, behind only Chile, Quebec and Australia.

With regard to policy attractiveness, Nevada tied for first with Alberta. This is the third straight year that Nevada was voted as having the best mineral policies.

4. Very capable and experienced management

The principals of Metallic (Jeff Ward and Rich McNeely) were responsible for the successful development and eventual sale of Cobre Mining Company to Phelps Dodge in the 1990s. In addition to acquiring a core group of advanced gold properties, the company has also assembled a quality team of exploration and mining personnel.

5. Abundant news flow

In the next three to six months, the company will be completing over 128,000 feet of drilling on key properties in the Esmeralda and Goldfield districts. Expenditures on these properties are expected to be around US\$3.6 million, which will be easily financed from the company's existing cash position. This drilling activity should provide excellent news flow over the coming months.

6. Attractive valuation

With the quality of the asset base, we believe that the company can be valued on its component parts (Esmeralda, Goldfield and Converse).

With the near-term production potential and mill facility at Esmeralda, we have valued it on the basis of adjusted market capitalization per ounce of production. Assuming a 75,000 ounce per year operation, Esmeralda is trading at a 25% discount to its peers. On this basis, Esmeralda would be worth about C\$4.08/share.

We have valued Goldfield and Converse based on the adjusted market capitalization per ounce of gold inventory (reserves and resources). The peer group is trading at around C\$25.40/ounce. On this basis, the resources at Goldfield and Converse (3.53 million ounces) are worth around C\$2.67/share.

Collectively, these two methods value the company at about C\$6.75.

Alternatively, given the historical production, infrastructure, location, high-grade potential, and the quality of the management, we believe that a US\$25/ounce valuation for Metallic is justified. On this basis, the company would be valued at C\$5.40/share.

However, because the story is relatively new to the marketplace and has a small float, we have conservatively set our target price at C\$5.00.

We are initiating coverage on Metallic Ventures with a BUY recommendation and a C\$5.00 target price.

APPENDIX A. MANAGEMENT BIOGRAPHIES

Jeff Ward, Chairman, CEO and Director. Mr. Ward holds a BSc. in mining engineering from the University of Arizona, an MSc. in mining engineering from the Royal School of Mines, London, and an MBA from the University of Chicago. He is a Professional Engineer in Nevada and Chartered Engineer in the UK. Jeff has 20 years of hands-on experience as a mining engineer and supervisor in both underground and surface operations for Freeport-Indonesia, Molycorp, St. Joe, Lithium Corporation of America and Bamangwato Concessions Ltd. Prior to founding Metallic Ventures with Rich McNeely in 1990, he was the Chairman and CEO of Cobre Copper.

Richard D. McNeely, President and Director. Mr. McNeely holds a BSc. in mining engineering from the University of Nevada and has 30 years experience in the mining industry, most recently as President and director of Cobre Copper. In the past, he was project manager for Western States Minerals (returning the Northumberland mine to profitability), and project manager for US Gold's Tonkin Springs and Victor mining operations. He was also involved in the design, construction and start-up supervision of Freeport's Jerritt Canyon mine.

Robert Hawkins, Vice-President, Exploration. Bob has 30 years of mining and exploration experience, and has been credited with the discovery of the Jerritt Canyon (Nevada) and Richmond Hill (South Dakota) gold deposits. He oversees all of Metallic's exploration activities.

Robert Bennett, Chief Geologist. Bob is the project manager for the Goldfield project. He has 29 years of exploration experience in North and South America, and was responsible for the discovery of the Rosebud deposit in Nevada. Prior to joining Metallic, he was the Chief Geologist for Romarco Minerals, where he drilled the discovery hole on the Gold Crown vein in Nevada's Midas district.

Brian Maher, Project Manager-Esmeralda. Brian is a geologist by training and has 23 years of experience in the international mining and exploration industry. He was responsible for the discovery of the high-grade gold resources at Esmeralda.

Edward Devenyns, Vice-president, Corporate Development. Ed has 24 years of experience in business administration, land management and property acquisitions in the mining and exploration industry.

Michael Bentley, Chief Mining Engineer. Michael has 24 years of experience in mining engineering, specializing in ore reserve modeling and mine planning.

Dan Welch, General Manager-Esmeralda. Dan has over 20 years experience operating and managing underground mines including three years as Mine Superintendent at Cobre's Continental mine.

Miles Bachman, Chief Financial Officer. Miles has 15 years experience as chief accountant and controller in the mining industry. Prior to joining Metallic, Mr. Bachman was financial controller for Newmont Mining's Indonesian operations.

Terra Andromeda, Controller. Terra has over 20 years experience in accounting, budgeting and audit preparation. She was the Controller of Cobre Mining from 1993 through 1997.

Other directors include: William Blundell, Timothy J. Ryan, and Norman F. Findlay, (Partner, Cassels Brock & Blackwell LLP.)

NOTES

Vancouver Head Office

P.O. Box 10337 Pacific Centre
2200 – 609 Granville Street
Vancouver, BC
V7Y 1H2
Phone: (604) 643-7300/
(800) 663-1899
Fax: (604) 643-7606

Montréal

1010, rue Sherbrooke ouest
Bureau 1100
Montréal, Québec
H3A 2R7
Phone: (514) 844-5443
Fax: (514) 844-5216

London

Canaccord Capital
(Europe) Limited
1st Floor, Brook House
27 Upper Brook Street
London W1K 7QF
Phone: 44-20-7518-2777
Fax: 44-20-7518-2778/9

Toronto

P.O. Box 6
1200 – 320 Bay Street
Toronto, Ontario
M5H 4A6
Phone: (416) 869-7368/
(800) 896-1058
Fax: (416) 869-7356

Calgary

Suite 400
409 – 8 th Ave. S.W.
Calgary, Alberta
T2P 1E3
Phone: (403) 508-3800
Fax: (403) 508-3810

Paris

Canaccord Capital
(Europe) Limited
3rd Floor
42, avenue de la Grande Armée
75017 Paris, France
Phone: 33-1 56 68 33 00
Fax: 33-1 56 68 99 58

RESEARCH**Director of Research**

Mark Maybank, CA, CBV, Toronto (416) 869-7922

Capital Markets Strategy

Michael Manfred, Toronto (416) 869-6595
Bonita To, Associate, Toronto (416) 869-7868

Portfolio Strategy

Nick Majendie, CA, Vancouver (604) 643-7005
Don Wong, CFA, Associate, Vancouver (604) 643-7710

Mining**Metals & Minerals**

Greg Barnes, Toronto (416) 869-3092
Roger Chaplin, London 44-20-7518-7364
Graeme Currie, Vancouver (604) 643-7405
Jim Taylor, London 44-20-7518-7395

Gold & Precious Metals

Brian Christie, Toronto (416) 869-7918
Michael Jones, Head of Research, London 44-20-7518-7365
Brad Humphrey, Toronto (416) 869-3650

Energy, Oil & Gas

Gord Currie, CFA, Calgary (403) 508-3805
Mark Redway, London 44-20-7518-7382
Charlie Sharp, London 44-20-7518-7366

Technology, Media & Telecommunications**Software & Wireless**

Michael Abramsky, Toronto (416) 869-7920
Robert Silgado, CFA, Toronto (416) 869-3260

Communications & Media

Alan Howard, London 44-20-7518-7344

Telecommunications

Raj Karia, London 44-20-7518-7368

Industrial Technology

Jeff Rath, CFA, Toronto (416) 869-3325
Vivek Sugavanam, Associate, Toronto (416) 869-3295
Rabbie Gill, Associate, Vancouver (604) 643-7718

Biotechnology**Health Sciences & Biotechnology**

Wang Chong, London 44-20-7518-7379
Prakash Gowd, Toronto (416) 869-3073
Shameze Rampertab, CA, Toronto (416) 869-6597
Larissa Thomas, London 44-20-7518-7362

Diversified Industries**Merchandising & Consumer Products**

Jamie Spreng, Montréal (514) 844-3790

Aerospace, Transportation & Power

Robert Fay, Toronto (416) 869-3028
Pat Marchione, Toronto (416) 869-7304
Rosemarie Sciarra, CFA, Associate, Toronto (416) 867-6141

Sustainability & Special Situations

Sara Elford, CFA, Vancouver (604) 643-7739

Income Trusts**Diversified Income Funds**

Gerry Hannocho, CFA, Calgary (403) 508-3824

Royalty Trusts & Income Funds

Bruce McDonald, CFA, Calgary (403) 508-3806
Arthur Kwan, CFA, Associate, Calgary (403) 508-3862

Fixed Income

Stephen Chant, Toronto (416) 869-6097
Tony McDermott, Toronto (416) 869-6097

RESEARCH PUBLISHING

Flora Gumal, Manager, Toronto (416) 869-3403
Aaron Borres, Librarian, Toronto (416) 869-3419
Joanna Dimitriou-Bains,
Research Editor, London 44-20-7518-7346
Joy Fenney, Senior Research Editor, Toronto (416) 869-3515
Iris Varga, Desktop Publisher, Vancouver (604) 643-7412

PRIVATE CLIENT PRODUCTS GROUP**Manager**

Gord Chan, Vancouver (604) 643-7054

Market Analysts

Colin Cieszynski, CFA, Toronto (416) 867-4543
Brent Woyat, Vancouver (604) 643-7485
Christopher A. Bebek, Associate, Vancouver (604) 643-7081
Kleo Landucci, Associate, Vancouver (604) 643-7690
Anthony Srdanovic, Associate, Vancouver (604) 601-5998

INSTITUTIONAL EQUITIES**Director of Sales & Trading**

Matthew Gaasenbeek, Toronto (416) 869-3625
Susan Wonch, Assistant, Toronto (416) 869-3414

Equity Sales

Russell Bell, Toronto (416) 869-3548
Andrew Clademenos, Toronto (416) 869-3614
Geoffrey Francolini, Toronto (416) 869 3691
Lori Greene, Assistant, Toronto (416) 869-3088
Todd Johnson, Toronto (416) 869-7321
Doug Owen, Toronto (416) 869-3666
Graham Saunders, Toronto (416) 869-3888
Wolfgang Rosner, Montréal (514) 844-3506
Mark Shannon, Montréal (514) 284-3902
Doug Gordon, Vancouver (604) 643-7640
Chris Reynolds, Vancouver (604) 643-7682
Laura Werth, Assistant, Vancouver (604) 643-7052
Neil Sivertson, Chicago 1-800-743-9238

Equities Trading

Jane Gallant, Assistant, Toronto (416) 869-7916
Mark Herzog, Toronto (416) 869-7329
Tim Hughes, Toronto (416) 869-7914
Jim McMerty, Toronto (416) 869-3178
Paul Paterson, Toronto (416) 869 3761
Chris Rigby, Toronto (416) 869-3326
Mike Smith, Toronto (416) 869-7380
Vince Bona, Montréal (514) 284-1477
Nadia Di Re, Montréal (514) 284-1588
Joseph Capozzo, Montréal (514) 284-1476
Carol Rochette, Montréal (514) 844-3547
Julie Walsh, Montréal (866) 844-8232
Tracy Dunsmore, Vancouver (604) 643-7656

EQUITY CAPITAL MARKETS

Ron Sedran, Director of Syndication, Toronto (416) 869-3198
Naglaa Pacheco, Syndication (416) 869-3349
Kim Stephany, Syndication (416) 869-3052
Dave Clarke, Syndication-Accounting (416) 869-3066