RESEARCH REPORT

CGA Mining Ltd. (CGA-T, $1.65)

Monday, June 23, 2008

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Rating:	**SECTOR OUTPERFORM**
Target Price:	**$3.20**
Return:	**94%**
YTD Performance:	**29%**
Risk Profile:	**SPECULATIVE**

Maintaining Haywood's position as first mover within the junior precious metal sector, our $3.20 target is the first on the street.

Masbate Fully Financed with $35 Million Financing

Event: On June 12, 2008 CGA Mining closed the previously announced private placement of 21,212,000 ordinary shares for total gross proceeds of $35 million (including a $5 million overallotment) at an issuance price of $1.65/share.

Impact: Positive The proceeds, in combination with existing cash reserves and a US$80 million senior debt facility arranged by BNP Paribas, will be used to fund construction of the Masbate Gold Mine in the Philippines.

- **Forecasts, target price, ratings –** We maintain our $3.20 target price.

Highlights:

- **Use of Proceeds –** The proceeds, in combination with existing cash reserves and a US$80 million senior debt facility arranged by BNP Paribas, will be used to fund construction of the Masbate Gold Mine in the Philippines, including the acquisition of a power plant.
- **Implications –** With the cash infusion and a debt facility in place, CGA Mining is fully funded to complete the Masbate project. The equity issuance also provides the Company with a strong working capital position, we estimate at US$57 million during Masbate commissioning in early 2009.

Valuation: Our target price of $3.20 per share is based on 1.2x our after-tax project $NAV_{5\%}$ of US$551 million or US$2.60 per share. We add an exploration credit of US$75 million, or US$0.36 per share, to reflect further growth potential at Masbate. CGA Mining trades at 0.6x project $NAV_{5\%}$, at the low end of our coverage universe that average 0.8x project $NAV_{3\% to\ 8\%}$.

Catalysts: Reserve update in Q2 2008.

Investment Brief: *CGA Mining is an emerging gold producer that is developing the Masbate Project in the Philippines. Targeting production to begin in Q1/09, we forecast output in the range of 200,000 ounces of gold annually at estimated cash cost of US$410 over a +13-year mine life.*

Forecast Risk	**High**
Financial Risk	**Low**
Valuation Risk	**Moderate**
Political Risk	**High**
52-Week High / Low	$2.14 / $0.55
Dividend / Yield	$0.00/0.0%
Shares O/S	231.8 M (basic) 248.0 M (F/D)
Market Capitalization	$407.9 million
Daily Volume	138,565

Financial Summary						
Year-end Dec 31	2008E	2009E	2010E	2011E	2012E	2013E
Ave. Shares Outstanding, M	231.8	232.4	235.5	238.6	248.0	248.0
EPS	0.09	0.24	0.20	0.17	0.13	0.10
P/E	17x	7x	8x	10x	12x	16x
Target Price/EPS	33x	13x	16x	19x	23x	30x
CFFOPS	(0.12)	0.26	0.24	0.23	0.20	0.15
P/CFFOPS	-	6x	7x	7x	8x	11x
Target Price/CFFOPS	-	12x	13x	14x	15x	21x

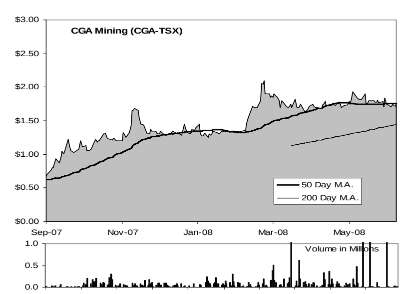
Production Estimates	2009E	2010E	2011E	2012E	LOM
Tonnes Milled per Annum, 000	3,623	3,960	4,500	4,500	4,780
Average Milling Rate, per day	10,065	11,000	12,500	12,500	13,277
Annual Gold Production, 000 oz	193	211	233	233	202
Total Cash Costs, US$/oz	$ 347	$ 345	$ 331	$ 331	$ 409
Total Production Costs, US$/oz	$ 384	$ 392	$ 378	$ 379	$ 469

Company Profile – www.cgamining.com
CGA Mining is an emerging gold producer that is developing the Masbate project in the Philippines.

Company CEO – Michael Carrick

Revisions, Date of Record
Rating – Initiated S/O March 10, 2008
Target – Increased to $3.20 April 3, 2008

Price Performance



Source: Bloomberg

Please see rating structure, important disclosure, risk profile parameters, disclaimers, and notes on pages 5 - 8 of this report.

CGA Mining Ltd.					C$	1.65
Recommendation	SECTOR OUTPERFORM	Target US$	3.10		Shares O/S, M	231.8
Risk Profile	SPECULATIVE	Target C$	3.20		Float, M	231.8
		12-Month Return	94%		Market Capitalization, C$M	$ 382.4
In US$ unless otherwise stated					*Current C$/US$ FX*	1.02

Capital Structure	Ave. Strike Price C$/Share	Maturity Date	Shares Millions
Shares Outstanding			231.8
Options	$ 0.70	June 08 - July 11	10.0
Warrants	$ 1.03	Nov. 10	6.3
Fully Diluted Shares			248.0

Ownership	Shares O/S, M	% O/S
Management	2.5	1.1%
Institutional	74.4	32.1%

NET ASSET VALUE			Base Case 3.3 Moz (US$M)	($/Share)[1]
Project $NAV_{5\%}$				
Masbate			$ 551	$ 2.40
Project NAV			$ 551	$ 2.40
Balance Sheet Adjustments				
Masbate Exploration Potential			$ 75	$ 0.32
Mikushi (51% Interest)			$ 19	$ 0.08
Cash and Equivalent @ Dec. 31, 2008			$ 57	$ 0.25
Debt			$ (105)	$ (0.45)
I-T-M Options and Warrants			$ 13	$ 0.06
Corporate Adjustment[2]			$ (12)	$ (0.05)
			$ 46	$ 0.20
Total NAV	US$		$ 597	$ 2.60
	C$		$ 609	$ 2.65
Multiple to Project NAV		1.2x	$ 661	$ 2.88
12-Month Target Price	US$		$ 708	$ 3.10
	C$		$ 722	$ 3.20
Share Price / Project NAV				0.6x

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Income Statement						
Revenue, $M	0.7	170.1	165.3	159.8	151.3	138.3
Operating Expenses, $M	-	66.9	72.7	77.2	77.0	85.6
Depreciation, $M	-	7.2	10.0	10.9	11.2	11.1
General & Admin, $M	6.4	5.5	5.7	5.8	6.0	6.1
Exploration Expenses, $M	15.5	5.0	2.8	0.5	0.5	0.5
Net Income, $M	21.5	55.9	46.5	39.9	33.2	25.5
Balance Sheet						
Cash & Equivalents, $M	57.4	100.1	146.0	178.3	187.8	221.8
Working Capital, $M	59.2	99.2	144.9	177.1	161.5	225.3
Long-term Debt, $M	105.3	60.2	65.2	45.1	-	-
Shareholder Equity, $M	115.2	174.6	225.9	269.6	308.5	333.8
Cash Flow						
Op. CF (before W/C), $M	(27.1)	59.9	57.1	54.0	50.1	36.3
Financing CF, $M	112.9	(19.7)	(13.6)	(20.1)	(38.5)	-
Investing CF, $M	(75.0)	(1.8)	(2.0)	(2.3)	(2.3)	(2.5)
Change in Cash, $M	10.8	38.4	41.4	31.7	9.4	33.8

Assumptions		2007A	2008E	2009E	2010E	Long-term 2011E
Gold	US$/oz	$ 653	$ 975	$ 900	$ 800	$ 700
Exchange Rate	C$/US$	1.12	1.02	1.05	1.09	1.14

Production Estimates	2009E	2010E	2011E	2012E	LOM
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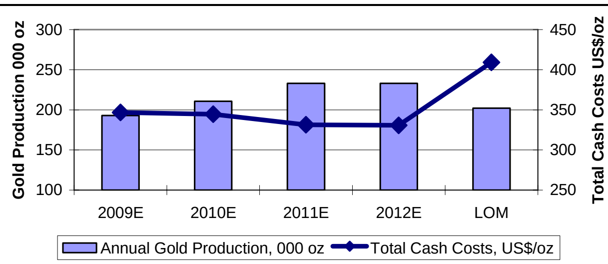
Comparables Consensus Est.	Share C$	EV US$M	CFPS 2009	CFPS 2010	P/CFPS 2009	P/CFPS 2010
Eldorado Gold	7.80	2,667	0.57	0.48	13x	16x
Western Goldfields	2.27	360	0.38	0.41	6x	5x
Red Back	8.32	1,476	0.92	0.89	9x	9x
Centamin	1.24	830	0.08	0.19	16x	6x
GBS Gold	1.52	248	0.27	0.25	6x	6x
Alamos Gold	6.31	579	0.91	1.53	7x	4x
Lake Shore Gold	1.57	156	0.19	0.27	8x	6x
					9x	8x
CGA Mining Ltd.	1.65	356	0.26	0.24	6x	6x

Reserves Modelled	Interest	Tonnes (000)	Grade g/t	Silver g/t	Gold (000 oz)	Silver (000 oz)	LOM Yrs
Masbate	100%	65,723	1.57		3,314		13.75

Reserves	Tonnes (000)	Gold g/t	Silver g/t	Gold 000 oz	Silver 000 oz
Probable	37,400	1.65		1,984	
	37,400	1.65		1,984	

Modelled Production



Resources 0.7 g/t gold cut off		Tonnes (000)	Gold g/t	Silver g/t	Gold 000 oz	Silver 000 oz
Indicated		21,900	1.38		971	
Total		21,900	1.38		971	
Inferred		33,700	1.63		1,766	
Inferred	Low grade	18,650	0.61		366	
Total		52,350	1.27		2,132	

1. Based on 231.8 million P/D shares

2. Includes G&A and exploration expenditures

Source: Haywood Securities

Investment Thesis

With Masbate development on schedule and capex expenditures insulated by a turnkey contract with Leighton Holdings Limited, Australasia's premier mine contractor, CGA Mining provides an acceptable-risk entry point for investors seeking the twin upside of gold exposure and near-term producer revaluation.

CGA Mining is on track to announce Masbate commercial production in Q1/09, and we estimate production at an annualized rate of 200,000 ounces at life-of-mine total cash costs of US$409 per ounce of gold over a +13-year mine life. At 0.6x our $NAVPS_{5\%}$, CGA Mining is trading at a developer discount with producer peers trading at 1.3x $NAVPS_{3\%}$ (0.7x to 1.9x), providing investors with a predictable 12-month re-rating window.

In addition to near-term production, CGA Mining provides investors with several avenues for capturing discovery upside. Despite Masbate's brownfields setting, we see multiple avenues for growth within the existing footprint as well as further afield along a well-defined trend of early stage prospects.

Considering the Company's calculated efforts in limiting development risk, we opine that re-rating to producer status and our target of $3.20 could be faster than our 12-month horizon.

Valuation

Incorporating the proceeds of the $35 million financing, we are maintaining our target price of $3.20 per share is based on 1.2x our after-tax project $NAV_{5\%}$ of US$551 million or US$2.60 per share. We add an exploration credit of US$75 million, or US$0.36 per share, to reflect further growth potential at Masbate. CGA Mining trades at 0.6x project $NAV5_{\%}$, at the low end of our producer coverage universe that average 1.3x project $NAV_{3\%}$.

CGA Mining NAV

Haywood Assumptions	2007E	2008E	2009E	2010E	2011E	2012E
Gold	$ 653	$ 975	$ 900	$ 800	$ 700	$ 675
	$ 12.98	$ 18.50	$ 17.30	$ 14.30	$ 11.60	$ 11.05
C$/US$ Exchange Rate	1.12	1.02	1.05	1.09	1.14	1.14

				Base Case 3.3 Moz	
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Debt				$ (105)	$ (0.45)
ITM Options and Warrants				$ 13	$ 0.06
Corporate Adjustment[2]				$ (12)	$ (0.05)
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NAV	US$			$ 597	$ 2.60
	C$			C$ 609	C$ 2.65
Multiple to Project NAV		1.2x		$ 661	$ 2.90
12-Month Target Price			US$	$ 708	$ 3.10
			C$	C$ 722	C$ 3.20
Share Price / Project NAV					0.6x

Notes:
2. Includes general and administrative expenses as well as exploration expenses
1. Based on 231.8 million P/D shares
All figures in US$ unless noted otherwise

Source: Haywood Securities

Our project $NAV_{5\%}$ is based on development of an open-pit mining operation at Masbate, with gold extraction using conventional milling and carbon-in-pulp (CIP), followed by elution and electrowinning to produce doré. We model an initial rate of 11,000 tonnes per day during the first 2-years of operations to reflect fine-grinding of oxide gold ore to improve recoveries. In years three and four we model continued production from oxide reserves, largely derived from the Panique open pit (inferred resource of 15.3 million tonnes at 1.87 g/t gold, or 900,000 ounces of gold), but at a higher rate of 12,500 tonnes per day as operations are optimized.

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TSX:CGA	CGA Mining Ltd.		X	X	X				
TSX:ELD	Eldorado Gold Corp.	X		X					
TSX:GBS	GBS Gold International Inc.	X	X	X			X		
TSX:LSG	Lake Shore Gold Corp.	X		X					
TSX:RBI	Red Back Mining Inc.			X					

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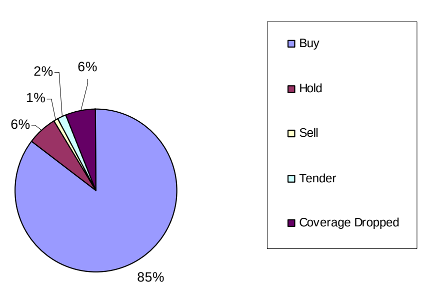
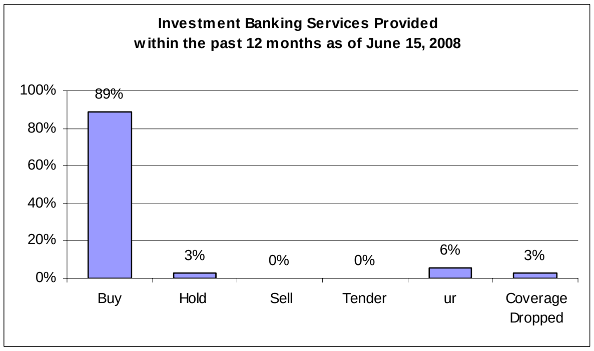
Rating Distribution March 15, 2008 - June 15, 2008





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Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: *High* – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. *Moderate* – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. *Low* – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

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