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*These remarks were prepared to be presented at the second JTVIR, LLC Metals Conference on November 12, 2008 to be webcast at 12:40 pm.*

## TABLE SET FOR A HUGE UPSIDE REVERSAL IN 2010 OR 2011, BUT BETWEEN NOW AND THEN WE ALL NEED TO SURVIVE

- Year-to-date outputs of copper, nickel, gold, silver, platinum and palladium have fallen, and molybdenum or metallurgical coal may have output declines. Price plunges and mine idlings in the past 60 days and looking ahead to the next 90 days raise the odds of deeper supply declines. We believe a "Malthusian" long-term shortage argument can be made for the long-term.
- However, between now and then "survival" is the operating parameter. Important contributors to "survivability" for individual companies include low debt levels, low capital spending needs and lower costs.
- Important contributors to "survivability" for the entire sector include stimulus programs in the U.S., Japan, China and other nations, lower interest rates, a weaker dollar and, most important, production cuts.
- Prevention of excess inventory accumulation is vital. Once millions of tonnes build up, it can take years to work down. The 2.7 mmt LME aluminum stockpile from mid-1994 was never used up, for example.
- Aluminum, iron ore, steel and wood are examples of commodities for which ample supply existed in the 2008 first-half, and oversupplies worsen as demand fell.

## EXAMPLES OF FINE LARGE CAP STOCKS

We like "balance," diversity, excess capital, lean balance sheets, ability to buy back stock and robust profits.

Two such examples are Allegheny Technologies and BHP Billiton. Allegheny enjoys profits from six distinct product lines, and should maintain profits well ahead of most manufacturers. Similarly, BHP Billiton involves large balance among its many product groups, with an "under-weighting" in iron ore and aluminum in oversupply in the near-term. Both have excellent finances.

## EXAMPLES OF FINE SMALLER CAP STOCKS

FNX Mining and Thompson Creek Metals each have net cash positions, virtually no debt, moderate capital needs and the ability to thrive perhaps in 2011 when the attritions of potential competitors may make their core markets stronger. Each are simpler companies without too many far flung units.

It is possible that both lose money in 2009, but it may turn out that most manufacturers do.

| Table 1: Big Six's Combined Sept 2008 Output Profiles | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Vale | BHP Billiton | Rio Tinto | Xstrata | Anglo-Am | Teck Com | | **Grand** | **QoQ** |
| Iron Ore | mmt | RIO | BHP | RTP | XSRAF | AAUK | TCK | | **Total** | Chang |
| Sep-08 | | 85.9 | 29.8 | 42.4 | 0.0 | 10.1 | 0.0 | | **168.2** | 6. |
| Jun-08 | | 78.1 | 29.7 | 41.9 | 0.0 | 8.9 | 0.0 | | **158.4** | 7. |
| Mar-08 | | 74.5 | 28.0 | 37.4 | 0.0 | 8.2 | 0.0 | | **148.1** | -4. |
| Dec-07 | | 80.1 | 27.8 | 39.0 | 0.0 | 8.4 | 0.0 | | **155.2** | 4. |
| Sep-07 | | 78.3 | 26.0 | 36.4 | 0.0 | 8.4 | 0.0 | | **149.1** | 3. |
| Jun-07 | | 73.0 | 25.7 | 37.1 | 0.0 | 8.0 | 0.0 | | **143.8** | 10. |
| Mar-07 | | 67.4 | 23.0 | 32.2 | 0.0 | 7.6 | 0.0 | | **130.2** | |
| | | | | | | | | | | |
| Steam Coal | mmt | | | | | | | | | |
| Sep-08 | | 0.4 | 18.8 | 40.5 | 20.3 | 22.1 | 0.0 | | **102.0** | 5. |
| Jun-08 | | 0.3 | 21.4 | 36.5 | 17.3 | 21.4 | 0.0 | | **96.9** | 6. |
| Mar-08 | | 0.2 | 19.3 | 36.3 | 15.8 | 19.6 | 0.0 | | **91.2** | -7. |
| Dec-07 | | 0.2 | 20.6 | 37.4 | 18.3 | 21.9 | 0.0 | | **98.4** | 1. |
| Sep-07 | | 0.2 | 20.0 | 37.0 | 17.0 | 22.5 | 0.0 | | **96.7** | 2. |
| Jun-07 | | 0.1 | 21.2 | 36.2 | 16.3 | 20.2 | 0.0 | | **94.1** | -1. |
| Mar-07 | | 0.0 | 19.7 | 39.0 | 16.8 | 20.3 | 0.0 | | **95.8** | |
| | | | | | | | | | | |
| Met Coal | mmt | | | | | | | | | |
| Sep-08 | | 0.7 | 9.2 | 2.2 | 3.2 | 3.6 | 5.4 | | **24.3** | -8. |
| Jun-08 | | 0.8 | 9.1 | 2.0 | 3.8 | 4.4 | 6.5 | | **26.6** | 33. |
| Mar-08 | | 0.7 | 6.8 | 1.0 | 2.7 | 2.8 | 5.9 | | **19.9** | -15. |
| Dec-07 | | 0.8 | 8.8 | 1.5 | 4.1 | 2.7 | 5.5 | | **23.5** | -4. |
| Sep-07 | | 0.9 | 9.5 | 1.5 | 3.9 | 3.2 | 5.7 | | **24.7** | -2. |
| Jun-07 | | 0.5 | 11.1 | 1.6 | 2.6 | 3.2 | 6.2 | | **25.3** | 26. |
| Mar-07 | | 0.0 | 8.4 | 1.4 | 2.4 | 2.6 | 5.1 | | **19.9** | |
| | | | | | | | | | | |
| Aluminum | mmt | | | | | | | | | |
| Sep-08 | | 0.1 | 0.3 | 1.0 | 0.0 | 0.0 | 0.0 | | **1.5** | 0. |
| Jun-08 | | 0.1 | 0.3 | 1.0 | 0.0 | 0.0 | 0.0 | | **1.5** | -1. |
| Mar-08 | | 0.1 | 0.3 | 1.0 | 0.0 | 0.0 | 0.0 | | **1.5** | 12. |
| Dec-07 | | 0.1 | 0.3 | 0.8 | 0.0 | 0.0 | 0.0 | | **1.3** | 118. |
| Sep-07 | | 0.1 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | | **0.6** | -5. |
| Jun-07 | | 0.1 | 0.3 | 0.2 | 0.0 | 0.0 | 0.0 | | **0.6** | -56. |
| Mar-07 | | 0.1 | 0.3 | 1.0 | 0.0 | 0.0 | 0.0 | | **1.5** | |
| | | | | | | | | | | |
| Copper | mt | | | | | | | | | |
| Sep-08 | | 80.2 | 308.9 | 165.9 | 241.6 | 148.6 | 79.0 | | **1024.2** | -11. |
| Jun-08 | | 76.5 | 390.7 | 214.9 | 239.5 | 161.0 | 79.0 | | **1161.6** | 11. |
| Mar-08 | | 73.3 | 328.9 | 185.2 | 220.0 | 159.7 | 71.0 | | **1038.1** | -8. |
| Dec-07 | | 74.0 | 348.6 | 180.8 | 275.9 | 175.9 | 84.0 | | **1139.2** | 9. |
| Sep-07 | | 65.0 | 307.8 | 172.5 | 263.4 | 170.3 | 62.0 | | **1041.0** | -2. |
| Jun-07 | | 68.0 | 342.1 | 186.4 | 250.1 | 167.9 | 53.0 | | **1067.5** | 2. |
| Mar-07 | | 77.6 | 355.2 | 198.1 | 216.2 | 146.4 | 53.0 | | **1046.5** | |
| | | | | | | | | | | |
| Nickel | mt | | | | | | | | | |
| Sep-08 | | 72.4 | 26.8 | 0.0 | 18.0 | 9.6 | 0.0 | | **126.8** | -10. |
| Jun-08 | | 69.0 | 42.6 | 0.0 | 20.5 | 8.7 | 0.0 | | **140.8** | 6. |
| Mar-08 | | 60.8 | 43.0 | 0.0 | 20.5 | 8.3 | 0.0 | | **132.6** | -7. |
| Dec-07 | | 69.0 | 43.9 | 0.0 | 19.1 | 11.6 | 0.0 | | **143.5** | 16. |
| Sep-07 | | 55.0 | 38.6 | 0.0 | 19.3 | 10.2 | 0.0 | | **123.1** | -15. |
| Jun-07 | | 63.0 | 48.6 | 0.0 | 21.5 | 11.6 | 0.0 | | **144.7** | 3. |
| Mar-07 | | 61.4 | 45.6 | 0.0 | 21.5 | 11.6 | 0.0 | | **140.1** | |
| *Sources: Rio Tinto, BHP Billiton, Vale, Xstrata, Anglo-American and Teck Cominco* | | | | | | | | | | |

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COMPANIES IN OVERSUPPLIED SECTORS

We single out Alcoa, Nucor, Weyerhaeuser and AngloGold Ashanti as companies in oversupplied commodity sectors, tough dividend maintenance or capital needs that detract from their 2009 or 2010 outlooks.

Soft construction or auto markets, the dollar rebound and too much plant and equipment could be drawbacks. AngloGold has specific issues related to its hedging, debt maturities, reserve replacement and capital for development.

**Table 2: COMMODITIES DEMAND GAINS RANGE FROM -2% TO +5% VICINITY IN 2008**

**COMMODITIES WITH SUPPLY GAINS > 5% OR POSSIBLE OVERSUPPLY**

| | | | Source | |
|---|---|---|---|---|
| World Steel Output | to Sept | 4.7% | IISI | China fell 9.3% and Russia and Africa almost as much in Sept from Sept 2007 |
| Big 4 Iron Ore | 3Q | 13.0% | companies | Rail, port and ocean shipping constrain supply; mines able to deliver maybe 10% more |
| World Aluminum Output | Aug/Aug | 2.6% | IAI | China, Russia, Iceland, Mideast and Latin America rising while Africa and US falling |
| World Aluminum Output | to Sept | 5.8% | IAI | China up 100,000 t per mo, AA & CENX Iceland #2, Mideast, Russia, N & S Am up |
| World Alumina Output | to June | 5.7% | IAI | China and rest of world up |
| World Alum. Demand | Full Year | 2.0% | JTVIR | autos and housing down; SUVs 500-600 lbs/vehicle and economy cars 150 lbs each |
| World Lead Mine Output | to Aug | 4.8% | WBMS | Prior $10-$20 silver helped keep lead and zinc mines open |
| World Lead Refined Outpu | to Aug | 4.9% | WBMS | In balance with mine output |
| World Lead Demand | to Aug | 3.9% | WBMS | Sino-Soviet surge in June-Aug, +18.4% YoY Jan-Aug |
| World Zinc Mine Output | to Aug | 9.0% | WBMS | Prior $10-$20 silver helped keep lead and zinc mines open |
| World Zinc Refined Output | to Aug | 4.3% | WBMS | maybe concentrate inventories accumulated |
| World Zinc Demand | to Aug | 5.0% | WBMS | tied to slower consumer segments of steel demand |
| Chrome Output | 2008E | 4.5% | CRU | S Africa decline in 1Q rebounding. JTVIR est. global output 4Q = 3Q |

**COMMODITIES WITH SUPPLY DECLINES OR POSSIBLE UNDERSUPPLY**

**MET COAL, MOLY, CHROME, PT AND SILVER OUTPUTS SWING TO LARGER OUTPUT GAINS IN 2H08. WE EXPECT CU, NI, AND GOLD OUTPUTS TO FALL LESS.**

| | | | | |
|---|---|---|---|---|
| Copper Mine Output | to Aug | -1.6% | WBMS | Chile -2.4%, Indonesia -35.7%, US +3.1%, Peru +9.6%, Africa +16.5%, Asia ex-Indo.+3.4% |
| Copper Demand | to Aug | 1.1% | WBMS | China +2.9%, Rest of Asia -2.4%, Europe -8.8%, US -11.7%, Rest of Americas +0.2% |
| Nickel Mine Output | to Aug | -4.0% | WBMS | South Africa, China, the Phillippines, and New Caledonia had large declines |
| Nickel Refined Output | to Aug | -5.2% | WBMS | South Africa, China, and Colombia had large declines |
| World Nickel Demand | to Aug | -3.1% | WBMS | EU, S.Korea, Taiwan, Japan fell; Substitution to 201(4% ni) from 304 (8%). US & China rose. |
| Gold Mine Output | to Aug | -9.2% | WBMS | S Africa fell 17.7t or 17%, China fell 31.6t or 28%, Canada 5.8t or 14% and Indo.41.1t or 64%. |
| Silver Mine Output | to Aug | -1.9% | WBMS | Bolivia, Mexico, Peru and US up while Poland, Sweden, Kaz., Phil, Canada, Chile down |
| Molybdenum Mine Output | to Aug | 4.1% | WBMS | Includes a Chinese gain estimated at 10,300 or more than the 5,600 tonne global gain |
| Molybdenum Mine Output | to Sept | 1.1% | CRU | Includes catalyst recoveries |
| Metallurgical Coal | 3Q Big 6 | -1.0% | companies | Vale, Xstrata, Teck Cominco/Fording and BHP down 3-24%. Rio Tinto and Anglo up 39-46%. |

World Bureau of Metals Statistics reported August data on October 23, 2008

*Table 3: John Tumazos Very Independent Research, LLC Metals & Mining Universe*

| | | | | | | | Earnings Estimates | | | P/E Multiples | | Gross Cash flows | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Price | Target | Mkt Cap | Shares | 2008E | 2009E | 2010E | 2008E | 2009E | 2008E | 2008E | Price to Tang. | 2008E EV/ | |
| | **Integrated Steel** | Rating | 11/10/08 | Price | ($ mm) | 11/10/08 | EPS | EPS | EPS | P/E | P/e | CF/Share | P/CF | Book Val. | EBITDA | Yld |
| **X** | US Steel | N | **34.02** | $75 | 4,022 | 118 | $18.16 | $12.74 | $3.17 | 1.9 | 2.7 | $23.13 | 1.5 | 0.9 | 4.2 | 2.9% |
| | **Minimill, Stainless & Distribution** | | | | | | | | | | | | | | | |
| **NUE** | Nucor | N | **35.13** | 52 | 11,171 | 318 | 7.38 | 9.01 | 9.86 | 4.8 | 3.9 | 8.84 | 4.0 | 6.6 | 6.1 | 5.9% |
| **ATI** | Allegheny Technologie | O | **23.82** | 72 | 2,394 | 101 | 5.59 | 5.44 | 5.01 | 4.3 | 4.4 | 6.95 | 3.4 | 1.1 | 5.7 | 3.0% |
| **WOR** | Worthington Ind. (May | O | **11.84** | 20 | 941 | 79 | 1.31 | 1.49 | 2.05 | 9.1 | 7.9 | 2.18 | 5.4 | 1.4 | 7.6 | 5.7% |
| | **Gold Mining** | | | | | | **2008E** | **2009E** | **2010E** | **2008E** | **2009E** | **08 CFPS** | **08 P/CF** | **08 P/TBV** | | **Yld** |
| **AU** | AngloGold | U | **18.51** | 15 | 6,564 | 355 | (0.39) | 1.59 | 1.83 | NM | 11.6 | 1.90 | 9.7 | 3.7 | 9.8 | 1.0% |
| **ABX** | Barrick Gold | O | **24.98** | 53 | 22,032 | 882 | 2.74 | 3.62 | 3.11 | 9.1 | 6.9 | 3.56 | 7.0 | 1.9 | 3.4 | 1.6% |
| **GG** | Goldcorp | N | **22.98** | 32 | 16,592 | 722 | 0.70 | 0.88 | 0.66 | 32.7 | 26.2 | 1.28 | 17.9 | 0.2 | (156.6) | 0.8% |
| **NEM** | Newmont Mining | O | **27.47** | 74 | 12,554 | 457 | 2.85 | 3.89 | 2.57 | 9.6 | 7.1 | 5.06 | 5.4 | 1.9 | 5.4 | 1.5% |
| | **Copper/Nickel/Diversified** | | | | | | **2008E** | **2009E** | **2010E** | **2008E** | **2009E** | **08 CFPS** | **08 P/CF** | **08 P/TBV** | | **Yld** |
| **GMO** | General Moly | N | **1.26** | 6 | 77 | 61 | (0.37) | (0.21) | 0.71 | NM | NM | (0.37) | -3.4 | 0.6 | (8.1) | 0.0% |
| **PLM** | Polymet mining corp | O | **1.13** | 6 | 179 | 159 | (0.04) | 0.16 | (0.07) | NM | 6.9 | (0.04) | -29.2 | 3.0 | (39.8) | 0.0% |
| **ANTO.L** | Antofagasta PLC | O | **5.00** | 11 | 4,929 | 986 | 0.64 | 0.99 | 1.01 | 7.8 | 5.0 | 0.94 | 5.3 | 0.9 | 12.8 | 9.9% |
| **FCX** | Freeport-McMoRan | O | **27.46** | 75 | 10,462 | 381 | 2.90 | 2.03 | 1.00 | 9.5 | 13.5 | 2.62 | 10.5 | 1.1 | 77.5 | 0.0% |
| **BHP** | BHP Billiton ADR | O | **39.69** | 60 | 111,019 | 2,797 | 5.50 | 4.76 | 4.20 | 7.2 | 8.3 | 6.42 | 6.2 | 156.8 | 4.6 | 1.5% |
| **RTP** | Rio Tinto ADR | O | **172.24** | 380 | 4,551 | 26 | 39.31 | 33.73 | 31.23 | 4.4 | 5.1 | 50.73 | 3.4 | 2.7 | 34.0 | 3.2% |
| **DM.to** | Duluth Metals | O | **0.32** | 15 | 30 | 96 | (0.18) | (0.11) | (0.09) | NM | NM | (0.18) | -1.8 | 1.7 | (12.1) | 0.0% |
| **FNX** | FNX Mining | O | **3.09** | 20 | 26 | 9 | 0.10 | (0.26) | (0.13) | 30.4 | NM | 0.10 | 30.4 | NM | NM | 0.0% |
| **TCK** | TeckCominco | O | **9.18** | 75 | 4,233 | 461 | 4.09 | 1.73 | 1.35 | 2.2 | 5.3 | 4.74 | 1.9 | 0.4 | 3.7 | 10.9% |
| **RIO** | Vale (CVRD) | O | **13.02** | 32 | 66,788 | 5,130 | 2.77 | 1.83 | 2.10 | 4.7 | 7.1 | 3.07 | 4.2 | 1.4 | 3.9 | 4.3% |
| **ML.TO** | Mercator Minerals | O | **1.39** | 30 | 110 | 79 | 1.69 | 2.97 | 2.95 | 0.8 | 0.5 | 2.10 | 0.7 | 0.5 | 1.3 | 0.0% |
| **TC** | Thompson Creek | O | **3.50** | 13 | 479 | 137 | 1.73 | 0.83 | 1.18 | 2.0 | 4.2 | 2.20 | 1.6 | 8.4 | 1.0 | 0.0% |
| | **Aluminum** | | | | | | **2008E** | **2009E** | **2010E** | **2008E** | **2009E** | **08 CFPS** | **08 P/CF** | **08 P/TBV** | | **Yld** |
| **AWC** | Alumina Ltd | N | **5.93** | 9 | 1,933 | 326 | 0.33 | 0.10 | 0.37 | 18.2 | 61.8 | 0.24 | 24.8 | 1.0 | 27.7 | 11.3% |
| **AA** | Alcoa | N | **11.78** | 24 | 9,424 | 800 | 1.61 | 0.79 | 1.62 | 7.3 | 14.9 | 3.20 | 3.7 | 0.3 | 5.2 | 5.8% |

"Cash flow" equals net income + depn. + deferred taxes + undist. equity income + FASB 106 noncash accruals + writeoffs per diluted share before working capital and capital spending.

| **UNDERLYING VARIABLE** | **1997** | **1998** | **1999** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007E** | **2008E** | **2009E** | **2010E** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. Steel Shipments ( | 105.9 | 102.4 | 106.2 | 109.6 | 99.4 | 100.0 | 105.6 | 111.3 | 105.0 | 109.5 | 106.4 | 107.4 | 106.4 | 107.6 |
| Gold Price ($/oz) | 331 | 294 | 294 | 290 | 280 | 311 | 365 | 410 | 438 | 604 | 697 | 900 | 1,000 | 850 |
| Silver Price ($/oz) | $4.75 | $5.53 | $5.53 | $5.25 | $5.00 | $4.60 | $5.00 | $6.70 | $7.00 | $11.52 | $13.00 | $17.5 | $17.50 | $15.00 |
| Copper Price ($/lb) | $1.04 | $0.75 | $0.75 | $0.72 | $0.83 | $0.72 | $0.80 | $1.29 | $1.65 | $3.08 | $3.20 | $3.50 | $3.25 | $3.25 |
| Nickel Price ($/lb) | $3.14 | $2.25 | $2.25 | $2.73 | $3.85 | $3.07 | $4.00 | $6.28 | $6.71 | $10.93 | $16.00 | $10.37 | $10.00 | $10.00 |
| Alum Ingot ($/lb) | $0.72 | $0.62 | $0.62 | $0.62 | $0.70 | $0.61 | $0.64 | $0.78 | $0.84 | $1.13 | $1.20 | $1.30 | $1.25 | $1.25 |
| Alum Fab Avg Price | $1.52 | $1.50 | $1.50 | $1.35 | $1.35 | $1.62 | $1.80 | $1.20 | $1.31 | $1.51 | $1.53 | $1.40 | $1.30 | $1.31 |
| US Alum (bil lbs) | 21.8 | 21.8 | 21.8 | 24.7 | 24.5 | 23.6 | 23.3 | 25.1 | 26.6 | 25.6 | 25.9 | 26.3 | 26.6 | 27.0 |

Source: Company reports, LME, COMEX, Aluminum Association, and JT Very Independent Research, LLC. estimates

***Table 4: John Tumazos Very Independent Research, LLC Paper & Forest Products Universe***

| | | | Price | Target | Mkt Cap | Shares Out | Earnings Estimates | | | P/E | | 2008 | | Est. Tang. BV | 2008E | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Rating | 11/10/2008 | Price | ($ mill.) | (mill.) | 2008E | 2009E | 2010E | 2008E | 2009E | CFPS | P/CF | Dec-08 | EV/EBITDA | Div. | Yield |
| **ABH** | Abitibi Bowater | N | **1.45** | $4 | $84 | 58 | ($15.41) | ($5.07) | ($3.17) | NM | NM | 6.56 | 0.2 | (17.38) | -7.5 | $0.00 | 0.0% |
| **IP** | International Paper | O | **14.09** | $33 | $5,963 | 423 | $1.34 | $1.80 | $1.60 | 10.5 | 7.8 | 4.96 | 2.8 | (48.62) | 4.8 | 1.00 | 7.1% |
| **LPX** | Louisiana-Pacific | N | **2.18** | $10 | $224 | 103 | ($2.81) | ($0.99) | ($0.05) | NM | NM | (0.62) | NM | 25.12 | (2.0) | 0.30 | 13.8% |
| **MWV** | MeadWestvaco | 0 | **12.91** | $24 | $2,229 | 173 | $0.81 | $1.03 | $1.09 | 15.9 | 12.6 | 3.77 | 3.4 | 0.93 | 4.6 | 0.92 | 7.1% |
| **PCL** | Plum Creek | N | **33.10** | $60 | $5,638 | 170 | $1.45 | $2.11 | $2.29 | 22.9 | 15.7 | 2.21 | 15.0 | 8.67 | 19.3 | 1.68 | 5.1% |
| **SSC(** | Smurfit-Stone Container | N | **0.98** | $2 | $252 | 257 | ($0.03) | ($0.15) | ($0.01) | NM | NM | 1.08 | 0.9 | (13.44) | 8.4 | 0.00 | 0.0% |
| **TIN** | Temple-Inland | O | **5.23** | $13 | $562 | 108 | $0.09 | $0.96 | $0.84 | 57.8 | 5.4 | 1.93 | 2.7 | 3.64 | 4.5 | 0.40 | 7.6% |
| **WY** | Weyerhaeuser | U | **32.56** | $30 | $6,879 | 211 | ($0.30) | ($0.80) | $1.39 | NM | NM | 2.40 | 13.6 | 80.04 | -12.0 | 2.40 | 7.4% |
| **UFS** | Domtar | O | **2.12** | $6.5 | $1,093 | 516 | $0.29 | $0.49 | $0.35 | 7.4 | 4.3 | 0.29 | 7.4 | 6.45 | 20.6 | 0.00 | 0.0% |

| **Underlying Dynamics** | **2000** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008E** | **2009E** | **2010E** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Paper Market (mm tons) | 103 | 97 | 99 | 98 | 102 | 100 | 100 | 101 | 101 | 102 | 102 |
| Uncoated Free Sheet Price (offset 50-lb rolls $/t) | 756 | 719 | 692 | 630 | 750 | 703 | 838 | 847 | - | 860 | 907 |
| Linerboard Price (unbleached kraft $/t) | 467 | 444 | 427 | 421 | 468 | 478 | 553 | 582 | 605 | 605 | 600 |
| Newsprint ($ per metric tonne) | 561 | 586 | 465 | 513 | 550 | 610 | 668 | 594 | 620 | 680 | 735 |
| Board Lumber ($ per 000 sq ft) | 323 | 318 | 304 | 311 | 404 | 385 | 327 | 300 | 330 | 330 | 330 |
| Plywood ($ per 000 sq ft) | 229 | 276 | 262 | 346 | 417 | 355 | 330 | 300 | 300 | 300 | 300 |
| Oriented-Strand Board ($ per 000 sq ft) | 159 | 159 | 160 | 294 | 369 | 288 | 146 | 151 | 137 | 179 | 201 |

Sour( Source: Company reports, American Forest and Paper Association, Pulp & Paper Week, Random Lengths, JTVIR, LLC estimates

## CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of earnings models, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

## ORGANIZATION OF JTVIR

John Tumazos Very Independent Research, LLC (JTVIR) is organized as an investment advisor in the State of New Jersey and regulated by the NJ Bureau of Securities. We publish about 18 research reports each month covering about 30 stock in the metals commodities markets, forest products, aluminum, steel, gold, copper and other mining sectors. We travel abroad or domestically typically twice each month visiting companies. We host two Metals Conferences each year in which 14 or more companies make presentations.

Currently we have over 30 paid clients in NY, CT, MA, CA, FL, WI, MI, TX and MN. We have “inquiries” in Peru, Australia, the U.K., Quebec, Ontario, PA, and ILL.

Three of our clients have engaged us to write “custom studies” on pre-production mining stocks without any U.S. or global research coverage, including Skye Resources (an 11 bil lb nickel resource in Guatemala), Mercator Minerals (a copper-moly restart in Arizona) and JSW Steel’s 70%-owned Minera Santa Fe (48 sq km undrilled magnetic anomaly and associated iron ore properties in 3rd Region of Chile).

JTVIO

John Tumazos Very Independent Opinions, LLC (JTVIO) is a separate company providing various services “other than” investment research sold to institutions in JTVIR. Counsel advised these businesses be separate.

On June 3, 2008 Galway Resources engaged JTVIO to commercialize its Victorio, New Mexico molybdenum-tungsten deposit containing over 200 mm pounds of each mineral in situ, which is JTVIO’s first activity (see www.galwayresources.com June 3 press release). This engagement poses no “conflict of interest” with JTVIR research coverage as JTVIR does not cover or write on Galway Resources, a $24 mm market cap emerging company.

JTVIO envisions merger advisory, “second opinion” critiques of investment banking advice, strategic consulting, valuation opinions, fairness opinions, mine technical services such as “Third Party Reviews” of technical studies or other corporate services.

POTENTIAL MONEY MANAGEMENT ACTIVITIES

Money Management could be a third line of business. “Mine Development Fund” is a “year two” project to establish a small fund to invest in post-discovery, large resource companies (over $2 billion in situ mineral value already defined) requiring financing to “build the mine” and grow. The target market cap of the companies in which it would invest would be $0.1 to $10 billion. Our detailed studies of emerging mines may prove synergistic across several applications.

Our published research of about 200 reports to June 1, 2008 has concentrated on the metals commodities themselves, steel, aluminum, forest products and larger capitalization mines like Rio Tinto, BHP, Freeport-McMoRan Copper, Barrick Gold, etc. Only 7%-10% of our written research involves the "sub-$10 billion mine" size range that would be the focus of either JTVIO or Mine Development Fund. Thus, compliance issues or conflicts of interest would occur in a smaller subset of JTVIR coverage as JTVIR coverage involves larger caps, "established processing companies" or commodities. JTVIO or the buy-side Mine Development Fund will focus on much smaller companies

JTVIR DISCLOSLURES

"John Tumazos Very Independent Research, LLC" (JTVIR) is a Delaware Corporation formed July 6, 2007 with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide "unbundled" metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than "day trading" sorts of near-term issues.

Except for Allegheny Technologies, Worthington Industries, FNX Mining, International Paper, Temple-Inland, MeadWestvaco, Mercator Minerals, Quaterra Resources, Duluth Metals, Polymet Mining, Quadra Resources, Niger Uranium, Verena Minerals and Atna Gold, neither JTVIR, its members or is employees own or have a financial interest in any securities discussed in this report or any reports we have published recently. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after four months of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to "put his or her money where his mouth is" to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and Grupo Imsa and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

**ANALYST UNIVERSE COVERAGE**:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, and, FNX Mining..

Dynatec, Alcan and Bowater are companies not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to takeovers.

Subsequently, since September 2007 JTVIR, LLC has initiated coverage of new companies not previously covered in the former universe. These new companies include TeckCominco, Mercator Minerals, Skye Resources, General Moly, Inc., Duluth Metals, Polymet Mining, Franconia Minerals, Vale, Alumina Ltd. and Century Aluminum.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

**Price Target – Methods/Risks**

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.



Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

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Additional information on the securities discussed herein is available upon request. The applicable disclosures can be obtained by writing to: John Tumazos Very Independent Research, LLC, 11 Yellow Brook Road, Holmdel, NJ 07733 Attn: John C. Tumazos.