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Registration Effective August 27th and Now Operational

FREEMPORT-McMORAN COPPER AND GOLD (FCX \$95.00, 9-19-05, rated
Overweight) MANY OFFSETTING INFLUENCES IN QUARTERLY RESULTS

	2007E	2008E	2009E	2010E
Earnings per share revised 10-27	\$8.28	\$12.06	\$12.39	\$6.64
Realized Molybdenum	\$26.00	\$28.00	\$24.00	\$20.00
Earnings per share revised 9-18	\$7.85	\$12.06	\$12.39	\$6.64
Gold	\$685	\$800	\$750	\$650
Copper	\$3.20	\$3.25	\$3.00	\$2.00
Realized Molybdenum	\$24.00	\$24.90	\$22.00	\$18.50

Looking ahead to the fourth-quarter, social costs in Peru may not disappear, purchase accounting writeups will be \$146 mm less at \$300 mm, Indonesian revenues will be \$250 mm lower than the third-quarter that itself was \$500 mm below trend. We had anticipated the lower copper and gold output from Indonesia owing to the company's accurate early disclosures.

We estimate the fourth-quarter at \$1.70 per share, and raised our 2007 earnings estimate to \$8.28 from \$7.85 per share owing to benefits of \$26 up from \$24 per pound estimated molybdenum as very lower priced contracts phased out quicker than we expected and slightly higher than expected output.

We raised our molybdenum price estimates about \$2 per pound per year going forwards, but raised various cost items accordingly in offsetting manners to maintain estimates.

Third-quarter earnings of \$1.87 were below our \$1.90 per share estimate owing to (a) \$146 mm higher purchase accounting charges than FCX forecast in July, (b) a 25% higher cost per tonne mined in South America than the June quarter, (c) much lower Indonesian output and (d) a \$0.07 per share early debt retirement charge. Offsetting benefits came from higher metals prices, higher apparent contract moly prices, better U.S. copper output and costs, and FCX mined about 75,000 oz more gold in Indonesia in the third-quarter than its July guidance.

Our \$1.17 per pound fourth-quarter earnings estimate anticipates the scheduled Indonesian output lows, \$250 mm in purchase accounting charges and some special charges. FCX predicts a \$146 mm lower fourth-quarter purchase accounting noncash charge due to \$191 mm lower sales from "written up" inventories.

FCX increased its purchase accounting allocation to “inventories and stockpiles” to \$2.8 from \$1.7 billion, which will reduce future reported earnings with no cash flow impact.

FCX increased its capital spending forecasts to \$1.9 billion in 2007, \$2.0 in 2008 and \$1.2 billion for 2009. Specific increases included \$900 from \$650 mm for Tenke Fungurume in Congo, \$500 mm for the Climax, Colorado moly open pit and other items.

FCX predicted actual first copper output from Safford, AZ in the current quarter in line with the 240 mm lb annual output goal.

Unit costs rose \$0.18 per pound in South America even though output rose 11% from the June 2007 quarter. We do not understand as both mill and leach grades rose, suggesting that mining costs per tonne must have risen over 25% in one quarter.

Unit costs rose \$0.59 per pound before byproduct credits and \$1.48 per pound after byproduct credits in Indonesia from June 2007 as copper output fell from 298 to 177 mm lbs and gold output fell from 795,000 to 182,000 oz. Further, this will grow worse temporarily in the fourth-quarter as Grasberg, Indonesia copper output will drop more to 157 mm lbs of copper and 50,000 oz of gold, which would be \$70 mm less copper and \$100 mm less gold revenues probably at the bottom of the sequence.

It appears that FCX enjoys much production planning flexibility as a multi-continental copper mining company, and can accept more individual fluctuations within its largest mine from quarter to quarter as FCX sequences quarterly output.

We are enormously impressed at FCX’s very advanced mine planning and infrastructure development towards its goal of moving 100% underground in Indonesia in June 2015.

Table 1 Earnings	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Revenues								
Mine revenues - Grasberg	4,635.0	5,471.9	6,018	5,820.7	4,375.2	3,937.5	4,068.8	3,246.1
Smelter revenues	2,347.5	2,240.0	2,275	2,100.0	1,400.0	1,400.0	1,400.0	1,400.0
Outside smelter charges & elimi	(1,053.5)	(469.1)	(444)	(394.8)	(343.6)	(338.9)	(336.2)	(252.7)
Copper Mined and Sold - PD mines		5,465.2	7,771.8	7,814.7	5,365.8	5,349.8	5,281.8	6,005.8
Byproducts, Copper resold		633.3	800	800.0	800.0	800.0	800.0	800.0
Hedge Loss		(39.1)						
Primary Molybdenum		1,441.4	2,156	1,928.0	1,800.0	1,269.0	950.0	950.0
Carbon Black		600.3	624	649.3	675.3	702.3	730.4	759.6
Wire and Cable		1040.2	832	665.7	692.3	720.0	748.8	561.6
Discontinued, other, net (Industries)		0.0	-	0.0	0.0	0.0	0.0	0.0
Provisional Pricing Adjustments	(138.5)							
Net Revenues	5,790.5	16,384.1	20,032.9	19,383.6	14,765.0	13,839.8	13,643.6	13,470.4
Atlantic Copper costs	1,423.6	2,175.0	2,185.0	2,030.0	1,380.0	1,380.0	1,380.0	1,380.0
Mine production costs	975.2	1,527.5	1,490.1	1,416.2	1,411.5	1,307.8	1,295.5	1,222.4
Royalties	126.0	140.0	160.8	149.5	105.8	99.7	100.5	82.0
Depreciation (FCX)	227.6	187.8	196.8	192.5	203.7	199.0	197.1	163.8
SG&A	157.1	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Mineral Exploration Costs	12.3	20.0	25.0	10.0	15.0	15.0	15.0	15.0
Operating Income - Indonesia	2,868.7	3,072.4	3,671.0	3,607.7	2,195.6	1,877.1	2,024.4	1,410.2
Copper Mining		3,751.3	5,443.6	5,436.7	2,812.7	2,676.4	2,534.9	2,722.3
Primary Molybdenum		535.4	975.4	852.0	756.0	409.0	228.0	228.0
Carbon Black		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wire and Cable		39.6	0.0	0.0	0.0	0.0	0.0	0.0
Wheels and Gains on sales		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deduct Unallocated Corporate Exp.		(227.3)	(150.0)	(150.0)	(115.0)	(115.0)	(115.0)	(115.0)
Oper. Income - North & South America	4,099.0	6,269.0	6,138.7	6,138.7	3,453.7	2,970.4	2,647.9	2,835.3
Noncash CGs Inv Stepup			260	175	144	300	300	300
Depreciation Step-up		678	1,000	1,000	1,000	900	900	900
Interest and Misc. Income	(75.6)	45.4	114.9	243.6	411.3	572.5	708.7	837.7
Less Interest Expense	6.5	546.0	406.0	220.5	133.0	133.0	133.0	133.0
Less Restructuring Write-off net gai	26.2	(773.8)	0.0	0.0	0.0			
Pretax Income	2,826	5,219	8,389	8,595	4,784	4,087	4,048	3,750
Income Taxes	(1,201.2)	(1,957.1)	(3,103.9)	(3,180.0)	(1,769.9)	(1,512.2)	(1,497.8)	(1,387.6)
Minority Interest to Indonesians	(168.2)	(159.5)	(191.2)	(186.1)	(109.1)	(91.5)	(98.1)	(65.4)
Net Income	1,456.5	3,102.3	5,093.8	5,228.5	2,904.6	2,483.4	2,452.1	2,297.2
Preferred dividends	(60.5)	(80.5)	(115.5)	(115.5)	(115.5)	(115.5)	(115.5)	(115.5)
Pfd. Div. (convertible portion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounting Charges								
Net income to common	1,396.0	3,021.8	4,978.3	5,113.0	2,789.1	2,367.9	2,336.6	2,181.7
Primary Shares Out. (mm)	190.7	335.6	373.7	373.7	373.7	373.7	373.7	373.7
F.D. Shares Outstanding (mm)	221.5	401.8	449.3	449.3	449.3	449.3	449.3	449.3
Primary EPS	\$7.32	\$9.00	\$13.32	\$13.68	\$7.46	\$6.34	\$6.25	\$5.84
FD Earnings Per Share	\$6.63	\$8.28	\$12.06	\$12.39	\$6.64	\$5.60	\$5.52	\$5.14
CF Per Primary Share	\$8.93	\$16.63	\$19.79	\$20.28	\$13.37	\$11.82	\$11.71	\$11.32
Cash Flow	1,703.7	5,580.1	7,397.9	7,579.8	4,998.4	4,419.5	4,377.8	4,228.9
FCF Per Primary Share	\$7.71	\$11.86	\$16.58	\$17.87	\$10.99	\$9.44	\$9.04	\$9.04
Dividends Per Common Share	\$4.75	\$2.25	\$2.25	\$2.25	\$2.25	\$2.00	\$2.00	\$2.00
Year End Book Value per Primar	\$7.05	\$16.72	\$26.08	\$37.52	\$42.73	\$47.06	\$51.31	\$55.15
Copper Price (\$/lb)	\$3.13	\$3.20	\$3.25	\$3.00	\$2.00	\$2.00	\$2.00	\$2.00

Source: Company Reports and JT Very Independent Research, LLC estimates.

Table 2 Cash Flows	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Sources:								
Net Income	1,456.5	3,102.3	5,093.8	5,203.0	2,868.6	2,442.6	2,406.4	2,249.9
Depreciation	227.6	1,312.6	1,683.3	1,715.3	1,739.8	1,633.7	1,626.1	1,654.3
Deferred Taxes	15.7	391.4	620.8	633.0	349.8	297.7	294.3	272.0
Other Non-Cash Items, net	3.9	773.8	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interests, net div. paid	168.2	119.7	143.4	139.8	82.1	69.0	74.0	49.5
Debt (inc. Lyons, Cnv Exch Pfd))	96.1	18,000.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	15.3	2,000.0						
Step-up/Convertible Preferred Stock		1,150.0						
Asset Sales (pur 4.9% fr Bakrie)	33.6	800.0	0.0	0.0				
Other	108.4		0.0	0.0	0.0	0.0	0.0	0.0
Total Sources of Funds	2,125.3	27,649.7	7,541.3	7,691.2	5,040.4	4,443.0	4,400.8	4,225.7
Uses:								
Capital Expenditures for mines	233.7	1,900.0	2,000.0	1,200.0	1,000.0	1,000.0	1,000.0	850.0
Capital Spending - Smelters, etc	16.8	15.0	10.0	10.0	10.0	10.0	10.0	10.0
Purchase of indirect interest of P	6.5							
PD Acquisition		17,899.2						
Common and Pfd Dividends	1,116.6	835.6	956.4	956.4	956.4	863.0	863.0	863.0
Debt Repayment	394.1	16,500.0	2,800.0	2,500.0				
Gold and Silver-Index Pfd Reder	82.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock Repurchase	99.8		0.0	0.0				
Change in Non Cash Wrkg Cap	113.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Cash	61.9	590	1,774.9	3,024.7	3,073.9	2,570.0	2,527.8	2,502.7
Total Use of Funds	2,125.3	27,649.7	7,541.3	7,691.2	5,040.4	4,443.0	4,400.8	4,225.7

Source: FCX for history and JT Very Independent Research, LLC estimates

Table 3: Balance Sheet	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E
Cash & short-term investments	907	2,298	4,073	7,098	10,171	12,742	15,269	17,772
Restricted investments	-	-	-	-	-	-	-	-
Accounts receivable, net	486	1,638	2,003	1,938	1,477	1,384	1,364	1,347
Total inventories and supplies	724	7,094	4,007	3,683	2,658	2,491	2,456	2,425
Other current assets	34	34	34	34	34	34	34	34
Total Current Assets	2,151	11,064	10,116	12,752	14,339	16,650	19,123	21,577
Gross P, P & E	6,386	34,193	36,203	37,413	38,423	39,433	40,443	41,303
Less accumulated depreciation	(3,307)	(9,943)	(11,626)	(13,342)	(15,082)	(16,715)	(18,341)	(19,996)
P, P, & E, net	3,099	24,250	24,577	24,072	23,342	22,718	22,102	21,308
Investments and other assets	140	(226)	(226)	(226)	(226)	(226)	(226)	(226)
Intangible Assets		6,992	6,992	6,992	6,992	6,992	6,992	6,992
Total Assets	5,390	42,081	41,460	43,590	44,447	46,135	47,991	49,651
Short term debt	19	19	19	19	19	19	19	19
A/P & other current liabilities	953	7,116	4,393	4,004	2,517	2,258	2,203	2,155
Total Current Liabilities	972	7,135	4,412	4,024	2,537	2,277	2,223	2,174
Long term debt	661	7,200	4,400	1,900	1,900	1,900	1,900	1,900
Deferred taxes	800	7,000	7,621	8,254	8,604	8,901	9,196	9,468
Other long term liabilities	298	1,189	1,189	1,189	1,189	1,189	1,189	1,189
Redeemable preferred stock	(82)	(82)	(82)	(82)	(82)	(82)	(82)	(82)
Minority interests	213	1,582	1,726	1,866	1,948	2,017	2,091	2,140
Conv. preferred stock	1,100	3,975	3,975	3,975	3,975	3,975	3,975	3,975
Common equity	1,345	14,082	18,219	22,466	24,378	25,958	27,501	28,888
Total Liabilities and Equity	5,308	42,081	41,460	43,590	44,447	46,135	47,991	49,651
Accts Rec / Sales	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Inventories / Sales	18.0%	18.0%	20.0%	19.0%	18.0%	18.0%	18.0%	18.0%
AP & Other CL / Sales	16.5%	43.4%	21.9%	20.7%	17.0%	16.3%	16.1%	16.0%

Source: John Tumazos Very Independent Research, LLC

CAPITAL COST ESTIMATES

FCX estimated 2007 capital spending at \$1.9 billion, 2008 at \$2.0 billion and 2009 at \$1.2 billion. The windups of Safford in 2007, Tenke Fungurume in 2009 or Climax in 2009 may permit 2009 to decline, but any stretchout could cause 2009 to be more.

We are impressed at the first output from Safford in the current quarter.

We are very pleased at the 30 mm pound at \$3.50 per pound costs base case for Climax, CO open pit output, and the “option” to produce 60 mm pounds as the market warrants. The shift to open pit from underground mining in the past is a simplification.

The escalation in Congo mine costs to \$900 from \$650 mm involves \$75 mm in added costs from expanded scope or output, \$75 mm in cost inflation, \$62.5 mm in higher local costs and \$37.5 mm in higher duties or taxes. Thus, \$75 mm of the cost increase can be viewed as constructive and \$175 mm as wasted money.

PURCHASE ACCOUNTING UPDATE

FCX raised its allocation to inventory stockpiles to \$2.8 from \$1.7 billion. The new allocation of \$25.8 billion is \$17.3 billion to asset step-up, \$6.5 billion to goodwill, a negative \$6.2 billion deferred tax item and \$8.2 billion from historical costs.

UNDERGROUND MINE PROGRESS

FCX has the building blocks in place to mine 87,000 metric tonnes per day in the end of 2010 from two zones, and possibly more including other zones in the future. The odds are increasing that FCX will not experience a prolonged 50% copper output decline after the June 2015 scheduled end to open pit mining in Indonesia.

If FCX mines higher grade tonnes, it is possible that it will not experience a 50% copper output decline in any particular quarter of the transition. We are optimistic that the copper output decline may be in the 25%-50% quarterly level in the transition owing to a combination of good planning, less than 50% tonnage declines and higher grades.

FCX mined 56,000 metric tonnes per day from the DOZ underground in the third-quarter, a record. It is scheduled at 70,000 mtpd at the end of 2008 and 80,000 at the end of 2009 and it has exceeded schedules thus far.

The Big Gossan should mine 7,000 mtpd of very high grade ores in 2010, increasing the total to at least 87,000 mtpd.

The Grasberg block cave should commence in mid-2015 when the open pit blasting ceases. The tunneling is 89% complete in the Common Infrastructure project to reach the block cave zones, and development will begin in 2008.

The Mill Level Zone and DOZ extensions will be ready in 2009 or 2010.

Taken together, there is a chance that underground mining reaches the 100,000 mtpd threshold in 2011 or so, and mines more than half of the open pit output by the 2015 second-half at high ore grades than the open pit contributed.

OPTIONS IF FCX MINES “TOO MUCH UNDERGROUND ORES”

It is early days to conceptualize the problem of “too rapid” an underground mine rampup, which might generate more than the normal 230,000 mtpd mill throughput requires.

We are not sure how FCX would manage such an occurrence. For example, it may be possible to produce with the open pit for a few extra months if the underground output records “fill up the mill” and displace some open pit ores. One scenario would be a delay of 2 to 4 months in shutting the open pit.

Another choice would be to cease the open pit in June 2015, and mine some of the intended surface ores from the underground.

Another option would be simply to leave behind some of the lower grade in the open pit, raising the economic cutoff grade and leaving a slightly larger “crown” behind to separate the open pit and underground “block cave.”

COPPER MARKET UPDATE

Copper prices fell for the third straight week by \$0.018 to \$3.53 while copper exchange inventories fell by 1,739 to 228,849 through October 26th. A drop in Shanghai more than offset an LME gain, while Comex inventories were again unchanged. These three weeks fall in the context of normal second-half seasonal drops, and are not large yet.

As noted earlier, WBMS data to August is highly encouraging and suggests a 0.3 to 0.5 mmt deficit in the first eight months of the year. These gains are largely on the backs of a 38% Chinese demand gain partly offset by a collective decline outside China near 0.3 mmt.

The WBMS reported global copper demand up 5.1% though it reported consumption outside China and the U.S. down 201,618 tonnes or 2.6%, which feels “out of rhythm” given the strong world economy. Large declines occurred in Mexico, Canada, Thailand, South Korea, UK, Germany, France and Russia. Nonetheless, mine output rose just 329,300 tonnes or 3.4% while refined output rose 295,200 tonnes or 2.6%. Thus, supplies appear nearly 0.3 mmt too few or maybe up to 0.5 mmt too scarce through August if demand outside China and the U.S. proves a bit better than reported.

Environmental or infrastructure issues could delay copper projects. The petitions for an Alaskan ballot initiative against mining threatens the Pebble copper-gold-moly project. A 0.2 mmt annual potential producer Rio Blanco in southern Peru faces objections from three local communities, and many more projects loom ahead in Peru. Toromacho of Aluminum Company of China, Las Bambas of Xstrata, La Granja of Rio Tinto, Magistral of Inca Pacific, Cuajone and Toquepala expansions of Southern Copper and other projects loom ahead. Labor unrest at Southern Copper or Barrick Gold’s declining Pierrina mine illustrates difficulty there.

Several other project milestones have not been ahead of schedule. For example, the government of Mongolia and Rio Tinto have not yet announced a completed tax reform arrangement. China has agreed to loan Congo \$5 billion for infrastructure, but it is not clear just how such monies will be administered or controlled. Freeport-McMoRan Copper and Gold this past week increased its capita cost estimate for its Congo project nearly 40% and hinted that the 2009 timetable could be delayed.

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 the earnings model, 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.

DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation 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 Polymet Mining and Canyon Resources, neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure. Our only financial interest in a stock we regularly cover is Polymet Mining shares bought in April 2007.

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 one month 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 Quanax. Co-managed underwritings included the IPO of Century Aluminum 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 Thyphin 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, Novelis Inc., FNX Mining.

Dynatec is a company 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 a pending takeover by Sherritt International. Alcan, which Rio Tinto soon will acquire, also will be discontinued from coverage. Bowater, which will merge with Abitibi-Consolidated, also will be dropped after the merger completion.

Subsequently, since September 2007 JTVIR, LLC has initiated coverage of new companies not previously covered in the former universe. These new companies include General Moly, Inc., Duluth Metals, Polymet Mining, Franconia Minerals, CVRD 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.

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