

Share Statistics

(all values in C\$ unless otherwise noted)

| | |
|----------------------|---------------------|
| Close | \$9.50 |
| 12-Month High - Low: | \$10.37-\$6.25 |
| Previous Volume: | 1,526,363 |
| Shares O/S | Basic: 87.2 million |
| | F.D.: 93.6 million |
| Float: | 78.7 million |
| Float Value: | \$747.7 million |
| FD Market Cap: | \$889.2 million |

Source: Bloomberg

Share Price History



Company Profile

Gold Eagle Mines Ltd. is an exploration-stage company currently working in the prolific Red Lake camp (Ontario, Canada). The company was formed through the merger of Exall Resources Ltd. and Southern Star Resource Inc. Gold Eagle is currently exploring the Bruce Channel discovery, a high-grade, strategic gold project in a mining friendly locale. The discovery appears to be the down-plunge extension of the Cochenour-Willans Mine.

The Company

- Gold Eagle is the 100% owner of the Gold Eagle Mine property in the western part of the Red Lake camp in northwestern Ontario.
- The company was formed in late 2006 by the amalgamation of Exall Resources and Southern Star Resources – previously these two companies had been 50/50 joint venture partners in the Gold Eagle project.
- Gold Eagle's current focus is drilling of the Bruce Channel discovery that lies along the eastern boundary of the Gold Eagle property (see Exhibit 1). This potentially large and high-grade mineralized body was discovered in 2005 by deep drilling under the Bruce Channel.
- Significant mineralization is also known in the Western Discovery Zone – discovered in 2003, this deposit hosts 43-101 compliant resources of 166,000 ounces (309,000 tonnes at 16.67 g/t). The Western Discovery Zone also remains open.
- Other exploration targets lie in the southeastern part of the property and include along-strike projections of zones exploited in the Wilmar Mine.

Investment Thesis

- Gold Eagle has discovered a large zone (which remains open along strike and at depth) of high-grade gold mineralization. While it is still too early to quantify tonnage and grade, its dimensions are permissive for hosting a multi-million ounce deposit.
- Significant intercepts range from 108 g/t over 3.8m to 28.5 g/t over 11.7m (see Exhibit 2).
- Its location, in what is currently Canada's premier gold producing district, and the camp with the most consistent record of high-grade discoveries, support the potential for a significant discovery.
- Deep drill holes of the type needed to continue expanding Bruce Channel are expensive and slow – each wedge cut through the zone costs in the range of \$100,000. In addition, the orientation of these holes is less than ideal given the geometry of the mineralized zone.
- Delineation of the Bruce Channel discovery will almost certainly require a major underground exploration program. This may include sinking a shaft to 1,200m or deeper, lateral work to provide drill platforms and direct access to the mineralized zone, and a large amount of core drilling.
- Such a program (which could be eligible for flow-through financing) is likely to cost well in excess of \$50 million.
- At this point the Bruce Channel zone appears to be the most significant discovery in Red Lake since Goldcorp announced its High-Grade Zone in 1995.

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The Deposit

- The Bruce Channel zone may be the down-plunge extension of gold ores mined in the former Cochenour-Willans Mine (now owned by Goldcorp Inc.), which produced approximately 1.25 million ounces at an average grade of over 0.6 oz/ton (about 21 g/t).
- High-grade mineralization has been encountered at depths of 1,100m to more than 1,800m below surface. To date, drilling has outlined a zone with dimensions of 615m along strike and as much as 450m in width (Exhibit 3).
- While Gold Eagle runs out of room to extend the zone to the north (the company has drilled to the border with Goldcorp), the mineralized zone appears to remain open along strike to the southwest.
- Two rigs very near the property boundary are actively drilling along strike/up plunge from the Bruce Channel zone; Goldcorp is the owner of the adjoining property.
- Geologically the Bruce Channel zone appears to lie at the intersection of two structural trends, each of which controls mineralization elsewhere in the district. Structural intersections are often favourable sites for ore deposition.
- As in the Campbell-Red Lake Mine area, gold occurs in a variety of settings. On our recent visit we observed gold-rich zones characterized by abundant fine-grained arsenopyrite in biotite-carbonate altered rocks, with pyrrhotite and sometimes pyrite in banded iron formation, and as free gold in brecciated hydrothermal quartz.

What's Next

- Gold Eagle will continue to infill the Bruce Channel discovery and, more importantly, step-out along strike to the southwest.
- As the company is drilling from the shore we expect drilling (and drill results) to continue through the coming year.
- A decision on how and when to move to underground exploration is likely by mid year.

Valuing the Opportunity

- With the consolidation of the property under the banner of a single company, the Gold Eagle/Bruce Channel discovery is likely to receive increased attention from both investors and producers.
- The dimensions of the mineralized zone (which remains open) are consistent with hosting a major deposit. Historical grades in the Red Lake camp (including the adjacent Cochenour mine) are high, which should equate to higher per ounce values than gold industry norms.
- If one were to assume that Red Lake ounces were worth \$275-\$300/oz of gold in the ground then the current market capitalization of Gold Eagle would be discounting a 3.0 million to 3.5 million ounce deposit; a 5 million ounce deposit could justify a \$15-\$17 stock price.
- Exploration of the strike extension of the Bruce Channel zone as well as at other targets should help keep investor interest focused on the company.

Exhibit 1. Location Map of the Bruce Channel Discovery



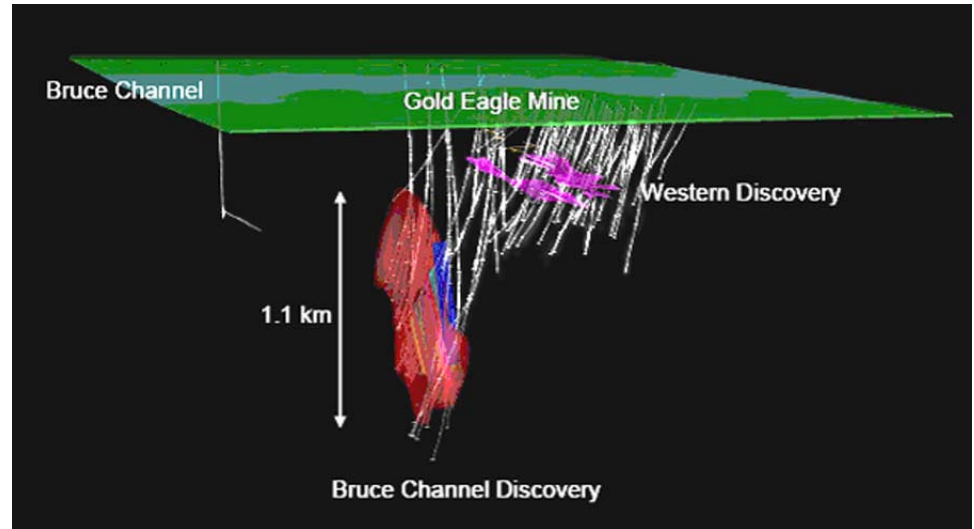
Source: Company reports, Orion Securities

Exhibit 2. Select Drill Results from the Bruce Channel Discovery

| | |
|--------|--|
| BC10-1 | 28.47 g/t over 11.70 m (0.83 oz/t over 38.39 ft) |
| BC10-2 | 6.57 g/t over 10.24 m (0.19 oz/t over 33.6 ft) |
| Inc. | 42.37 g/t over 2.57 m (1.24 oz/t over 8.43 ft) |
| BC10-3 | 21.68 g/t over 11.11 m (0.63 oz/t over 36.45 ft) |
| BC11-1 | 25.50 g/t over 7.0 m (0.75 oz/t over 22.96 ft) |
| BC11-2 | 7.26 g/t over 12.76 m (0.21 oz/t over 41.85 ft) |
| BC11-4 | 17.04 g/t over 17.12 m (0.50 oz/t over 56.17 ft) |
| BC11-5 | 11.11 g/t over 10.7 m (0.32 oz/t over 35.10 ft) |
| BC11-3 | 291.39 g/t over 2.44 m (8.52 oz/t over 8.0 ft) |
| BC11-7 | 124.16 g/t over 0.41 m (3.62 oz/t over 1.35 ft) |
| BC17-3 | 39.57 g/t over 3.25 m (1.15 oz/t over 10.66 ft) |
| BC18-1 | 588.04 g/t over 0.53 m (17.15 oz/t over 1.74 ft) |
| BC19-1 | 54.03 g/t over 2.0 m (1.58 oz/t over 6.56 ft) |
| BC19-2 | 108.32 g/t over 3.80 m (3.16 oz/t over 12.47 ft) |

Source: Company reports, Orion Securities

Exhibit 3. Underground Interpretation of the Bruce Channel and Western Discovery



Source: Company reports

SALES

| | | | | |
|-----------------|--|----------------|---------------------|----------------|
| Alex Rothwell | Head of Institutional Sales; Toronto | (416) 848-3677 | | |
| Toronto | Craig Brenner | (416) 848-3626 | Jessica Butt | (416) 848-3620 |
| | Chris Naprawa | (416) 848-3634 | Tim Newington | (416) 848-3558 |
| | Harry Pokrandt | (416) 848-3546 | Tim Sorensen | (416) 848-3623 |
| | David Washburn | (416) 848-3519 | | |
| Calgary | J.P. Veitch | (403) 218-6653 | | |
| Montreal | Michael Marcotte | (514) 925-2853 | Roy McDowall | (514) 925-2864 |

TRADING

| | | | | |
|-----------------|--|----------------|-----------------------|----------------|
| Perry Catellier | Head of Agency Trading; Toronto | (416) 848-3619 | | |
| Tony Oram | Head of Liability Trading; Toronto | (416) 848-3631 | | |
| Toronto | John Bellchambers | (416) 848-3599 | Paul Dorland | (416) 848-3529 |
| | Mike Nininger | (416) 848-3625 | Cheryl Polan | (416) 848-3633 |
| | Stephen Rawn | (416) 848-3611 | Robyn Scott | (416) 848-3513 |
| | Russell Starr | (416) 848-3678 | | |
| Montreal | Joanne Patterson | (514) 925-2872 | Cindy Vaincourt | (514) 925-2867 |

RESEARCH

| | | | | |
|-----------------|-----------------------------------|--|----------------|--|
| Stephen Harris | Managing Director, Research | (416) 848-3655 | | |
| Toronto | George Albino | Mining | (416) 848-3594 | |
| | Blake Hossack | Gaming | (416) 848-3512 | |
| | Glenn Jamieson | Transaction Processing | (416) 848-3658 | |
| | Scott Kaplanis | Diversified Industries | (416) 848-3663 | |
| | David Pupo | Consumer Growth | (416) 848-3505 | |
| | Patrick J. Tomalin | Energy Services, Industrial Products | (416) 848-3551 | |
| | Pierre Vaillancourt | Mining | (416) 848-3647 | |
| Calgary | Mark Heim | Integrated Oils, E & P | (403) 218-6652 | |
| | Ian Macqueen | Junior E & P | (403) 218-6659 | |
| | Jenny Mikhareva | Canadian Oil Sands, Junior E & P | (403) 218-6655 | |
| Montreal | Stefan Quenneville | Health Care & Biotechnology | (514) 925-2856 | |

Orion Securities Inc.

Principal Offices

Toronto

BCE Place, 181 Bay Street, Suite 3100
P.O. Box 830
Toronto, Ontario
Canada M5J 2T3
Tel: (416) 848-3500 Fax: (416) 848-3584

Calgary

Royal Bank Building
1210, 335 - 8th Avenue SW
Calgary, Alberta
Canada T2P 1C9
Tel: (403) 218-6650 Fax: (403) 218-6674

Montreal

1250 Rene Levesque Blvd. West, Suite 3910
Montreal, Quebec
Canada H3B 4W8
Tel: (514) 925-2850 Fax: (514) 925-2870

Orion Securities Inc. has acted as financial advisor to Goldcorp Inc. (formerly Glamis Gold) within the past two years.

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