

**Q. Evidence of Ms. McShane, relative risk adjustments, Pages 56-61: Please provide beta estimates for the gold stocks on the TSX and confirm that it is her judgment that they have negative betas.**

**A.** Monthly betas for the Canadian gold stock companies are found in “CA NP 97 Attachment.xlsx”. It is not Ms. McShane’s judgment that betas for gold stocks on the TSX are negative. Since the S&P/TSX composite is a commodity-heavy index, gold stocks will more likely move more closely with it than they would relative to another index that is more diversified. To illustrate, betas were estimated for the AMEX Gold BUGS Index (also referred to as the HUI Index) created in 1996 against the S&P 500. The HUI index includes the largest and most widely held gold production companies, including Agnico-Eagle Mines, AngloGold Ashanti Ltd., Barrick Gold Corp, Coeur d’Alene Mines, Compania Mia Buenaventura, S.A., Eldorado Gold Corp., Gold Fields Ltd. (ADR), Goldcorp Inc., Harmony Gold Mining, Hecla Mining, Iamgold Corp., Kinross Gold Corp., Newmont Mining Corp., Randgold Resources Limited, and Yamana Gold, Inc.

The table below summarizes the five-year betas calculated using weekly price data for various periods since the HUI Index was created. The table indicates that the betas for the index against the S&P 500 were negative for significant periods of time.

<u>Date</u>	<u>Five Year Beta Ending:</u>	<u>Average of All Possible Weekly 5-Year Betas During the Year Ending:</u>
4/15/2002	(0.01)	0.08
4/14/2003	(0.21)	(0.11)
4/19/2004	(0.15)	(0.18)
4/18/2005	(0.08)	(0.10)
4/17/2006	(0.07)	(0.04)
4/16/2007	0.27	0.06
4/14/2008	0.79	0.61
4/13/2009	0.56	0.64
4/19/2010	0.66	0.62
4/18/2011	0.66	0.67
4/16/2012	0.64	0.64

**Monthly Betas for Canadian Gold Stock Companies**

## 5 Year Monthly Betas Ending December

Company Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
AGNICO EAGLE MINES LTD	0.834	0.461	0.345	-0.187	-0.033	0.264	1.434	1.809	1.385	1.302	1.167	0.804
AURIZON MINES LTD	0.678	0.239	0.154	-0.009	-0.085	-0.101	0.218	0.744	0.595	0.420	0.552	0.739
BARRICK GOLD CORP	0.698	0.435	0.330	0.105	0.101	0.474	1.132	1.178	0.479	0.594	0.468	0.412
ELDORADO GOLD CORP	1.503	1.104	0.871	0.454	0.452	0.859	1.434	2.256	1.199	0.991	0.651	0.567
GABRIEL RESOURCES LTD	0.249	0.191	0.400	0.086	-0.019	0.542	1.008	2.063	1.638	1.437	1.328	1.494
GOLDCORP INC	0.943	0.592	0.586	0.129	0.241	0.026	1.040	1.354	0.975	1.034	1.004	0.824
GOLDEN STAR RESOURCES LTD	1.805	0.491	0.459	0.032	-0.009	-0.765	2.033	2.095	0.974	1.164	1.154	0.932
GREAT BASIN GOLD LTD	1.036	1.135	1.380	1.503	1.468	2.121	2.644	2.867	1.717	1.462	1.332	1.037
IAMGOLD CORP	0.602	0.349	0.352	0.172	0.509	0.449	1.180	1.171	0.638	0.682	0.652	0.555
KINROSS GOLD CORP	0.639	0.157	-0.067	-0.574	-0.419	-0.020	1.213	1.880	0.911	0.932	0.854	0.592
MINEFINDERS CORP LTD	1.015	0.691	0.479	-0.222	0.454	-0.122	0.579	1.240	0.847	0.689	0.805	0.686
NEVSUN RESOURCES LTD	1.110	0.433	0.549	-0.565	0.104	0.032	1.087	1.618	1.794	1.538	1.560	1.468
NEW GOLD INC	1.477	1.281	1.235	1.135	0.817	0.424	0.726	0.933	1.816	1.720	1.732	1.668
NOVAGOLD RESOURCES LTD	0.721	-0.039	-0.009	0.379	0.352	-0.021	1.462	2.510	1.419	1.479	1.706	1.794
ROMARCO MINERALS INC	0.569	0.140	0.131	-0.133	-0.051	-0.113	1.314	1.965	1.612	1.523	1.801	1.592
SEMAFO INC	-0.026	-0.141	-0.123	-0.358	0.279	0.451	0.607	1.425	1.077	1.145	0.888	0.732
YAMANA GOLD INC	0.525	0.737	0.766	0.479	1.128	1.467	1.545	1.839	1.607	1.423	1.166	1.000
<b>Mean</b>	<b>0.85</b>	<b>0.49</b>	<b>0.46</b>	<b>0.14</b>	<b>0.31</b>	<b>0.35</b>	<b>1.22</b>	<b>1.70</b>	<b>1.22</b>	<b>1.15</b>	<b>1.11</b>	<b>0.99</b>
<b>Median</b>	<b>0.72</b>	<b>0.44</b>	<b>0.40</b>	<b>0.09</b>	<b>0.24</b>	<b>0.26</b>	<b>1.18</b>	<b>1.81</b>	<b>1.20</b>	<b>1.16</b>	<b>1.15</b>	<b>0.82</b>