

Market Focus

Market Summary

	24-Nov	% Change		
		1 Day	M/M	Y/Y
S&P/TSX Composite	8,155	5.6%	-11.7%	-39.1%
S&P/TSX Venture	704	1.8%	-21.8%	-74.8%
S&P 500	800	6.3%	-10.8%	-43.5%
Dow Jones	8,046	6.5%	-5.5%	-37.1%
NASDAQ	1,384	5.2%	-14.3%	-46.0%
CAD/USD	1.2656	-2.4%	0.9%	28.4%
Crude Oil (USD/bbl)	\$49.03	-1.2%	-25.5%	-50.0%
Gold (USD/oz)	\$813	7.4%	11.3%	1.6%
Silver (USD/oz)	\$10.14	7.8%	6.2%	-29.7%

Source: Bloomberg

Upcoming Events

Upcoming Economic Events	Date
Existing home sales - 10:00 ET	24-Nov
GDP (preliminary)	25-Nov

Source: Bloomberg

What happened on Friday – North American markets staged a big rally on Friday following a surge in the gold price and news that President Elect Obama had named the New York Fed chief to be his Treasury Secretary. Both the benchmark TSX and the Dow jumped by over 400 points on the day for respective gains of 5.5% and 6.5% respectively. However, despite these gains, it was still a very rough week with the TSX losing 10% and the Dow losing 5%. Canadian investors moved to the gold stocks on Friday as bullion surged by US\$43/oz and drove the large cap gold names such as Barrick and Agnico Eagle mines much higher. Energy names also moved higher, despite the fact that Crude Oil still continued to hover around the US\$50/b range.

What's on tap today – All eyes over the weekend were on Citigroup, the latest US bank to receive a significant investment from the government's bailout fund. After falling 60% last week, there were fears that the bank would not survive this weekend. Late last night the US government announced that it would guarantee loan losses on US\$ 300B of troubled assets and invest US\$20B in the bank. This news has US index futures trading higher along with the expectation of a formal announcement of the newly formed government's economic team. In overseas markets, the bailout of Citigroup is lifting European shares while Asian markets were mixed on the day.

Commodity Report

Crude Oil

Today: Jan. '08 Up US\$0.86/bbl (1.7%) to US\$50.79/bbl

Crude oil, among other commodities is trading higher this morning after a rescue package for Citigroup by the US Government has helped investor confidence. The plan to guarantee \$306 Bn in assets is providing support for the economic downturn.

Natural Gas

Today: Dec.'08 Up US\$0.19/mmbtu (2.9%) to US\$6.67/mmbtu

Natural gas is also up this morning on the support of Citigroup assets by the US government. As well, the weaker USD is adding to the appeal of commodities as a strong investment and investors are trading the contracts higher on this news.

Energy

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	24-Nov	% Change		
		1 Day	M/M	Y/Y
S&P/TSX Energy Index	1,902	8.4%	-11.2%	-40.6%
AMEX Oil Index	855.9	12.4%	5.2%	-39.4%
Oil Sector Index	115.7	9.8%	-13.8%	-58.4%
Crude Oil				
WTI				
Spot (\$US /b)	\$49.03	-1.2%	-25.5%	-50.0%
1 month (\$US /b)	\$50.79	0.6%	-23.9%	-47.8%
12 month (\$US /b)	\$60.90	2.3%	-15.8%	-31.5%
Brent (\$US /b)	\$48.87	-4.3%	-30.1%	-48.0%
Edm. Par (\$CAD /b)	\$59.63	0.8%	-25.8%	-35.7%
Edm. Lloyd Blend (\$CAD /b)	\$39.64	6.3%	-20.1%	-27.8%
Natural Gas				
Henry Hub				
Spot (\$US /mmbtu)	\$6.55	-3.0%	-5.6%	-1.8%
1 month (\$US /mmbtu)	\$6.67	2.6%	-1.6%	-13.5%
12 month (\$US /mmbtu)	\$7.38	0.5%	-1.6%	-11.5%
AECO				
Spot (\$CAD /GJ)	\$6.97	-0.3%	-4.5%	20.4%
Fwd Summer (\$CAD /GJ)	\$7.36	-0.4%	-4.0%	15.2%
Fwd Winter (\$CAD / GJ)	\$8.77	-0.2%	17.7%	18.4%
Net Long Positions				
	Week of	Previous		
	24-Nov	Week	Month	Year
Crude Oil	7,931	(5,506)	(844)	21,256
Natural Gas	(38,523)	(37,502)	(40,668)	(36,257)
Storage				
	Week of	W/W	Y/Y	5-Year
	14-Nov			Avg.
U.S.				
Crude Oil (MMbs)	314	0.5%	0.0%	0.6%
Distillates (MMbs)	127	-1.1%	-3.1%	0.2%
Gasoline (MMbs)	199	0.3%	1.8%	0.0%
Refinery (%)	84.9%	0.4%	-2.4%	-4.9%
Storage				
Natural Gas (Bcf)	3488	0.5%	-1.5%	4.3%
Cdn Gas Storage (Bcf)	237	0.0%	17.4%	58.3%
U.S. Degree Days				
	Week of	5 Year	Year	% from 5
	24-Nov	Avg.	Ago	Yr Avg.
Heating Degree Days	719	665	650	8%
Cooling Degree Days	1273	1351	1403	-6%
Rig Utilization Rates				
	Current	Previous		
		Week	Month	Year
Alberta	36%	39%	42%	33%
B.C.	54%	56%	57%	58%
Saskatchewan	63%	63%	60%	46%
Other	62%	75%	42%	67%
Total Western Canada	43%	45%	46%	37%
U.S. (Rig Count)	1,941	1,992	1,976	1,797

Source: Bloomberg

Canadian Spirit Resources Inc. (SPI-V \$0.46 | Target \$1.50 | Recommendation: BUY)

Update on Farrell Creek Montney wells

Canadian Spirit has provided an update on a pair of Montney wells drilled on its acreage at Farrell Creek, B.C. by a farm-in partner, and the news is not especially encouraging. The wells were drilled on what CRSI refers to as its 'East Block' and identified zones that are worthy of 'future evaluation' but evidently they did not get enough encouragement from the Montney formation itself to drill out horizontally. Cambrian Energy has spent roughly \$10 million of its \$29 million commitment on those two wells and is now expected to drill three more on the 'West Block'. The news is not all bad for CSRI. Land brokers spent \$105 million on acreage immediately adjacent to its block at B.C.'s November sale. Speculation is that the buyer was Talisman Energy which has drilled what is believed to be a Montney discovery just north of the CRSI block.

Meanwhile, Shell Canada continues to drill ahead under its \$50 million commitment to further evaluate the shallow Gething formation at Farrell Creek. It has drilled four wells of its own, in addition to the six that had already been drilled by CSRI, and will begin tying those in late in December. At that point Shell will have spent most of its Phase 1 commitment dollars and will have to make an election whether or not to continue with Phase 2. The second phase of development would see Shell pool its land with Canadian Spirit's land, leaving CSRI with a 25% interest in 145 sections of prospective acreage, and CSRI would be carried for another \$50 million of drilling activity.

CSRI has no debt and \$12 million in the bank, and having farmed out both the shallow and the deep rights at Farrell Creek, is turning its attention to unconventional gas plays elsewhere in Western Canada.

Energy

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Alberta Clipper Energy Inc. (CAN-T \$0.58 | NR) has entered into a bought deal for 6,250,000 flow through shares at a price of \$0.80 per share for gross proceeds of \$5,000,000.

Antrim Energy Inc. (AEN-T \$0.30 | NR) has drilled a successful oil well in Tierra del Fuego, Argentina. They have a 25.78% interest in the well which encountered a gross interval of 10 metres (4.5 m net). Production tests will occur in the coming weeks.

Gran Tierra Energy Inc. (GTE-T \$2.94 | NR) has had operations in the Costayaco and Juanambu oil fields in the Putumayo Basin suspended due to the strike by employees of the Colombian Department of Putumayo.

Petrominerales Ltd. (PMG-T \$8.69 | NR) has had their Orito field and Las Aguilas exploration block suspended due to a general strike by employees of the Colombian Department of Putumayo.

QUARTERLY RESULTS

Pan Orient Energy Corp. (POE-V \$3.60 NR)				
	3Q	2008	2007	Change
Production	boe/d	4,291	722	494%
Gas %	%	0%	0%	0%
Capex	MM	\$13.6	\$9.0	51%
Funds from Ops	\$/share	\$17.4	\$2.5	607%
Netback	\$/boe	\$97.52	\$53.61	82%
Working Cap.	MM	\$37.7		

Mining

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	24-Nov	% Change		
		1 Day	M/M	Y/Y
S&P/TSX Gold Index	2,042	26.9%	43.2%	-20.0%
XAU Index	88.8	26.7%	23.9%	-47.5%
US Dollar Index	86.7	0.3%	1.6%	15.5%
Precious Metals (price/oz)				
Gold	\$813	7.4%	11.3%	1.6%
Silver	\$10.14	7.8%	6.2%	-29.7%
Platinum	\$849	0.0%	0.1%	0.9%
Palladium	\$197	0.0%	0.1%	0.9%
Base Metals (price/lb)				
Copper	\$1.59	2.0%	-15.8%	-45.8%
Nickel	\$4.48	0.6%	0.7%	-66.4%
Lead	\$0.53	0.7%	-5.8%	-59.6%
Zinc	\$0.54	0.2%	6.9%	-46.7%
Tin	\$5.25	1.9%	-1.4%	-27.1%
Inventory (metric tonnes)				
Copper	13,802	0.0%	60.9%	-23.2%
Nickel	61,794	0.6%	11.4%	45.0%
Lead	41,450	-0.1%	-25.9%	-2.9%
Zinc	187,825	1.5%	11.1%	129.9%
Tin	4,290	-1.7%	-13.8%	-68.0%
Steel Making				
Iron Ore (Qingdao Import)	\$600	3.4%	-16.7%	-61.0%
Pig Iron (\$/tonne Black Sea)	\$275	0.0%	-50.5%	-19.1%
Mettalurgical Coal (\$/short ton)	\$146	0.0%	0.0%	60.8%
Molybdenum (\$/lb canned oxide)	\$12.38	0.0%	-63.3%	-62.8%
Chromium (\$/lb min 99%)	\$5.10	0.0%	-7.0%	43.8%
Other				
Uranium (price/lb)	\$53.00	0.0%	17.8%	-43.0%
Diamonds (avg. for 1 karat)	\$7,965	0.0%	-7.9%	16.8%

Source: Bloomberg

On Friday November 21, 2008 during trading hours, **HudBay Minerals Inc. (HBM-T \$3.16 | NR)** and **Lundin Mining Corporation (LUN-T \$1.05 | NR)** announced that they had agreed to a business combination, structured as a plan of arrangement. On completion of the transaction, each Lundin common share will be changed for 0.3919 HudBay common shares, representing a 32.0% premium over Lundin's 30 day volume weighted average trading price. On completion Lundin would become a wholly-owned subsidiary of HudBay and the combined company would have approximately 306 million common shares outstanding.

Throwing a wrench in the works, **Jaguar Financial Corp (JFC-T \$0.07 | NR)** announced after market close on Friday its intention to make an offer to acquire all of the issued common shares of HudBay. Jaguar, already a shareholder of HudBay, will offer two series of notes as consideration for HudBay shares. The "Series 1 Notes" would entitle holders to a pro rata portion of HudBay's cash, less a management fee of 1% payable to Jaguar and a cash hold-back for HudBay's working capital purposes pending the sale of HudBay's assets. Jaguar has estimated the value of the Series 1 Notes to be approximately \$5.40 per share. The "Series 2 Notes" would entitle holders to a pro rata portion of the proceeds of the sale of the remaining assets of HudBay, less a management fee of 1% payable to Jaguar. The offer is conditional on Jaguar achieving a minimum threshold ownership of 50% plus one share as well as the cancellation of the transaction between HudBay and Lundin, the cancellation of the proposed loan by HudBay to Lundin (\$135 million) and cancellation of the related private placement and share purchase agreement announced earlier today. Jaguar management has said that it believes the proposed combination of HudBay and Lundin is not in the best interest of HudBay shareholders.

Minefinders Corporation Ltd. (MFL-T \$4.97 | NR) after market close on Friday reported that the company has filed a preliminary short form universal base shelf prospectus in each of the provinces of Canada (except Quebec) as well as the equivalent filing in the United States. These filings would allow the company to make offerings of various forms of security including common shares up to an aggregate offering size of US\$200,000,000 during the 25-month period that the final short form universal base shelf prospectus remains effective. The company has cited possible uses of net proceeds from any sale of securities as: ongoing operating requirements, sustaining capital expenditures and development at the Dolores Mine, exploration activities, potential future acquisitions, and for general corporate purposes.

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