

Gold Eagle Mines Ltd.

(GEA-TSX)

Stock Rating: Market Perform (Speculative)
Industry Rating: Market Perform (Speculative)

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 Research Comment
 Toronto, Ontario

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New Opportunities at Red Lake? Initiating Coverage at Market Perform (Speculative)

The Company

Gold Eagle Mines Ltd. is a Canadian junior gold exploration company. The company was formed on December 20, 2006, following a series of transactions that resulted in the merger of TSXV-listed Southern Star Resources Inc. and TSX-listed Exall Resources Limited. Gold Eagle's sole asset is its 100% interest in the Gold Eagle property, which consists of 35 patented claims comprising 513 hectares in the Red Lake gold camp in northwestern Ontario.

The Asset

In 2004, the company's predecessors discovered a broad zone of mineralization beneath the Bruce Channel at Red Lake. Subsequent drilling led to the August 2005 announcement of a significant gold discovery. The company is working to advance the early-stage but promising Bruce Channel Discovery and has recently undertaken additional exploration work at other areas of the Gold Eagle property.

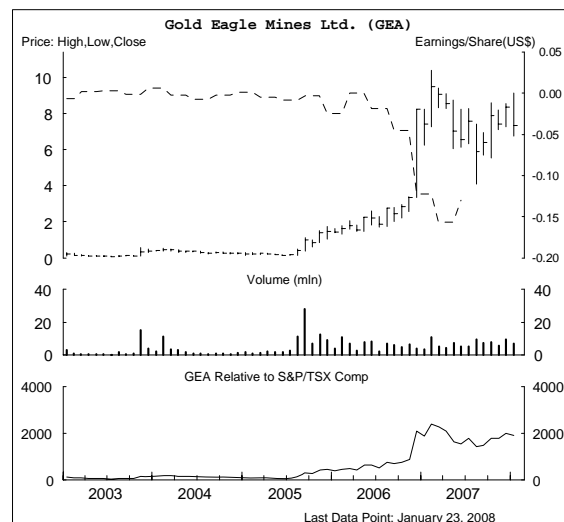
Valuation

Based on our financial, resource and operating assumptions, Gold Eagle's shares are trading at a 17% discount to our 0% NAV estimate of US\$8.64 per share using our BMO CM metals price forecast and at a 53% discount to our 0% NAV of US\$15.31 using the spot gold price of US\$885/oz.

Recommendation

We are initiating coverage of Gold Eagle Mines with a Market Perform (Speculative) rating. We do not assign target prices to exploration-level companies that have not completed a feasibility study, have no resource estimate for its primary asset and are a number of years away from potential production.

Price (23-Jan) \$7.32 **52-Week High** \$10.37
Target Price na **52-Week Low** \$4.10



Dividend	\$0.00	Yield	0.0%
Book Value	\$3.15	Price/Book	2.3x
Shares O/S (mm)	101.0	Mkt. Cap (\$mm)	\$740
Float O/S (mm)	91.4	Float Cap (\$mm)	\$669
Wkly Vol (000s)	1,618	Wkly \$ Vol (mm)	\$12.3
Net Debt (\$mm)	-\$109.1	Next Rep. Date	30-Mar (E)

Notes: Share price and market capitalization in C\$, all other values in US\$; (S) in rating denotes Speculative
Major Shareholders: Goldman & Co. 7.0%; Northfield Capital 4.7%
First Call Mean Estimates: Not available.

The Company

Gold Eagle Mines Ltd. is a Canadian junior gold exploration company based in Toronto, Ontario. The company's shares trade under the symbol "GEA" on the Toronto Stock Exchange. The company was formed on December 20, 2006, following a series of transactions that resulted in the merger of TSXV-listed Southern Star Resources Inc. and TSX-listed Exall Resources Limited. Gold Eagle's shares began trading on the TSX on December 28, 2006. Gold Eagle's sole asset is its 100% interest in the Gold Eagle property, which consists of 35 patented claims comprising 513 hectares in the Red Lake gold camp in northwestern Ontario.

In 2004, the company's predecessors discovered a broad zone of mineralization beneath the Bruce Channel at Red Lake. Subsequent drilling led to the August 2005 announcement of a significant gold discovery. The company is working to advance the early-stage but promising Bruce Channel Discovery and has recently undertaken additional exploration work at other areas of the Gold Eagle property.

In August, 2007, the Gold Eagle's Board approved an underground exploration program for the Bruce Channel Discovery, including the sinking of a shaft and an underground exploration program. Management has estimated the preliminary cost of the shaft to be C\$65.0 million, excluding the drilling program. Detailed cost estimates are expected in Q1/08.

In May 2007, Gold Eagle completed a C\$89.0 million share offering of 9.9 million common shares priced at C\$9.00 per share. The net proceeds of the offering will be used to sink an underground shaft to enable continued exploration of the Bruce Channel Discovery in addition to financing an ongoing surface drill program.

As of September 30, 2007, the company had 101.0 million shares issued and outstanding, cash and cash equivalents of US\$109.1 million, working capital of US\$107.9 million and no debt. Details of the Gold Eagle's share structure and capitalization are shown in Table 1.

Table 1 – Share Structure

	Shares Issued	Value (C\$/Share)	Value (C\$)
Common Share Balance, December 31, 2003	49,484,170	\$0.22	\$10,983,407
Private Placements, net of costs	4,129,033	\$0.34	\$1,416,835
Exercise of options and warrants	660,000	\$0.21	\$139,800
Fair value of option and warrant exercise			\$36,800
Fair value of warrants issued to brokers and unitholders			(\$137,715)
Tax benefits renounced to flow-through shareholders			(\$542,500)
Common Share Balance, December 31, 2004	54,273,203	\$0.22	\$11,896,627
Private Placements, net of costs	15,088,235	\$0.35	\$5,250,816
Exercise of options and warrants	1,681,935	\$0.39	\$661,124
Fair value of option and warrant exercise			\$197,169
Fair value of warrants issued to brokers and unitholders			(\$781,121)
Tax benefits renounced to flow-through shareholders			(\$735,000)
Common Share Balance, December 31, 2005	71,043,373	\$0.23	\$16,489,615
Private Placements, net of costs	5,642,857	\$1.71	\$9,666,282
Exercise of options and warrants	8,089,002	\$0.55	\$4,421,017
Fair value of option and warrant exercise			\$1,501,839
Fair value of warrants issued to brokers and unitholders			(\$1,222,049)
Reduction in outstanding shares from sale of oil and gas assets			(\$6,100,183)
Reduction in outstanding shares from consolidation	(38,759,192)		
Shares issued to acquire Southern Star Resources	41,188,541	\$4.55	\$187,427,591
Tax benefits renounced to flow-through shareholders			(\$1,102,500)
Common Share Balance, December 31, 2006	87,204,581	\$2.42	\$211,081,612
Common share offering, net of costs	9,900,000	\$8.50	\$84,197,273
Exercise of options and warrants	3,935,487	\$3.07	\$12,083,578
Fair value of option and warrant exercise			\$9,597,937
Common Share Balance, September 30, 2007	101,040,068	\$3.14	\$316,960,400
Contributed Surplus			\$14,727,076
Deficit			(\$16,029,010)
Shareholder's Equity Account, September 30, 2007	101,040,068	\$3.12	\$315,658,466
Cash Balance , September 30, 2007			\$108,317,646
Cash Balance , September 30, 2007 (US\$ equivalent at current FX rate)			US\$105,428,894
Options Outstanding (September 30, 2007)			
Weighted Average Expiry Date	Number	Weighted Average Exercise Price	Cash on Exercise
September 26, 2010	200,000	\$1.00	\$200,000
November 29, 2010	13,570	\$2.52	\$34,196
December 23, 2010	203,550	\$3.22	\$655,431
March 8, 2011	54,280	\$3.22	\$174,782
April 4, 2011	13,570	\$3.22	\$43,695
June 9, 2011	13,570	\$4.48	\$60,794
June 15, 2011	352,820	\$3.56	\$1,256,039
August 15, 2011	1,574,120	\$4.92	\$7,744,670
August 28, 2011	54,280	\$4.92	\$267,058
December 21, 2011	2,563,670	\$7.90	\$20,252,993
January 23, 2011	743,334	\$7.20	\$5,352,005
May 14, 2012	50,000	\$7.60	\$380,000
August 21, 2012	225,000	\$7.60	\$1,710,000
Totals, weighted average price	6,061,764	\$6.29	\$38,131,663
Common Shares Outstanding - 30 September 2007	101,040,068		
Fully Common Diluted Shares - 30 September 2007	107,101,832		
Fully Diluted Cash Balance - 30 September 2007	\$146,449,309		
Fully Diluted Cash Balance - 30 September 2007 (US\$ equivalent at current FX rate)	US\$142,543,614		
Shares Outstanding (TSX, 23 January 2008)		101,040,068	
Active Insider Options Outstanding (SEDI, 23 January 2008)		3,929,960	

Source: Company; TSX; SEDI

Major institutional shareholders of Gold Eagle include Goodman and Company (7.0%), Northfield Capital (4.7%) and AGF Management (2.0%). Management and Directors directly and indirectly control 9% of the issued shares and approximately 4.0 million outstanding common share options, or about 12% of the company on a fully diluted basis. A listing of the company's management and directors is found in Appendix A.

Investment Thesis

Gold Eagle Mines Limited is an early-stage exploration company. Work on the company's Bruce Channel Discovery in the Red Lake district is advancing but reaching the limit of what

can be practically accomplished from surface drilling. Gold Eagle's Board has approved an advanced underground exploration program that is expected to commence in 2008. An exploration shaft will be sunk to nearly 1,500 metres with multiple exploration drifts. Gold Eagle's preliminary estimate of the program's cost is C\$65.0 million. Detailed engineering and cost estimates is under way and expected in Q1/08. The program is expected to take several years to complete.

The Gold Eagle project is at an early stage. No resource estimate for the project's Bruce Channel Discovery has been completed and engineering studies have yet to be undertaken. Consequently, estimates of the project's resources and engineering parameters remain conjecture based on the company's drilling results and engineering parameters of recent comparable projects.

We have considered a range of possibilities based on our estimates of potential resources and operating and capital costs. We believe an evaluation of a range of outcomes when analyzing potential value of an early stage discovery is preferable to estimating a point estimate value per potential ounce of gold in the deposit. Our median case indicates that the Bruce Channel/Finn Zone discoveries could contain approximately 3.9 million ounces of gold. Our range of potential outcomes indicates the potential resource could contain between 2.0 and 6.1 million ounces. Although gold grades in the Red Lake district are relatively consistent, our estimates of tonnage are speculative and could be subject to upward or downward revisions. Ultimately, investors will not know the outcome of the Gold Eagle story until the underground exploration program is completed.

Based on our financial, resource and operating assumptions, Gold Eagle's shares are trading at a 17% discount to our 0% NAV estimate of US\$8.64 per share using our BMO CM metals price forecast and at a 53% discount to our 0% NAV of US\$15.31 using the spot gold price of US\$885 per ounce.

The company's current market capitalization and our analysis suggest that investors are pricing the Bruce Channel/Finn Zone discoveries as a reasonably sized gold deposit in the potential 4.3–6.9 million ounce range. We believe that this valuation reflects the established potential of the Red Lake district and a low political risk environment. Given the early stage of exploration, the size of the resource and potential development and operating costs are uncertain. We do not expect answers to these questions prior to completion of the advanced underground exploration program and completion of a scoping level or feasibility study.

We expect the key drivers for valuation over the next 12 months to be:

- Ongoing drilling success that supports market expectations.
- A successful step-out exploration program from the Bruce Channel discovery toward the recently discovered Finn Zone.
- Successful exploration drilling in other areas of the property, including the Goldray and other exploration zones.
- Shaft excavation proceeding with undue delay or problems.
- Continued strength in the price of gold.

We consider the key risks for the project that could increase share price volatility or negatively affect share price performance in the next 12 months to include:

- Unforeseen problems that delay or halt excavation of the shaft.
- Poor drill results; the underground exploration program could fail to outline an economic deposit. The grade and continuity of mineralization at the Bruce Channel Discovery have yet to be established.
- Weakness in the gold price.

Recommendation

Gold Eagle's shares represent exposure to one of the more interesting high-risk and potentially high-reward gold exploration projects in Canada. Investors should be mindful of the risks inherent in mineral exploration. We are initiating coverage of Gold Eagle Mines with a Market Perform (Speculative) rating. We do not assign target prices to exploration-level companies that have not completed a feasibility study, have no resource estimate for its primary asset and are a number of years away from potential production.

Assumptions

By applying constraints to key variables, we have developed a model that allows us to evaluate a range of possible outcomes and provide a range of valuations for an initial project. Our model uses six inputs: resource tonnage, gold grade, gold recovery, operating cost, capital cost and mill throughput. We have developed equal step ranges and applied equal probability to each of the ranges. Each step represents a 10% increment in range and probability. At 100% or the uppermost limits we have established, our simulation evaluates each possibility up to that limit. The values shown at the 50% cumulative distribution point represent a median case scenario.

The assumptions we used for each of the six data inputs at 10% increments are shown in Table 2. Our capital and operating assumptions (median case) are shown in Table 3. Our Monte Carlo analysis of our model constraints involved 3,000 trials of our model, based on random sampling with replacement of a density function matching each of our parameters. This analysis resulted in the range and distribution of simulated 0% NAV estimates as shown in Figure 1.

Table 2. Monte Carlo Analysis Assumptions

		Cumulative Distribution										
		0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Resource	(Tonnes)	4,500,000	5,500,000	6,000,000	6,500,000	7,000,000	7,500,000	8,000,000	8,500,000	9,000,000	9,500,000	10,500,000
Gold Grade	(grams / tonne)	13.50	14.00	14.50	15.00	15.50	16.00	16.40	16.80	17.20	17.60	18.00
Gold Recovery	(%)	92%	92%	93%	94%	95%	95%	96%	96%	97%	97%	97%
In Situ Gold	(ounces)	1,953,188	2,475,645	2,797,158	3,134,746	3,488,409	3,858,149	4,218,243	4,591,197	4,977,012	5,375,687	6,076,584
Operating Cost	(US\$ per tonne)	\$112.17	\$117.78	\$121.31	\$124.95	\$127.45	\$130.00	\$132.60	\$135.25	\$139.31	\$143.49	\$150.66
Total Capital	(US\$ millions)	\$150.0	\$150.0	\$150.0	\$151.0	\$163.0	\$175.0	\$187.0	\$199.0	\$200.0	\$200.0	\$200.0
Throughput	(tonnes / day)	1,000	1,000	1,250	1,250	1,250	1,500	1,750	1,750	1,750	2,000	2,000

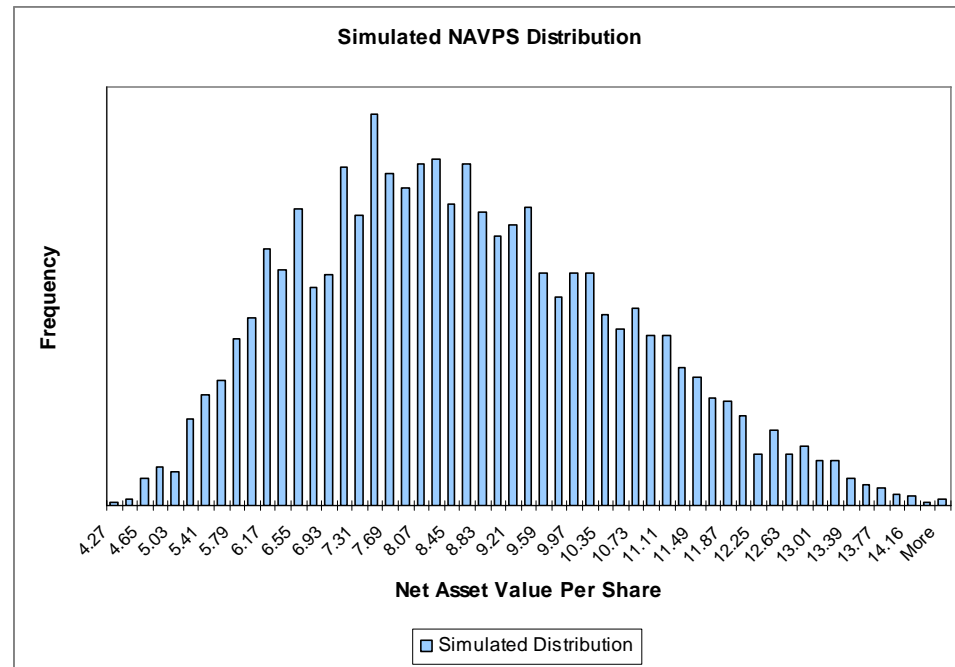
Source: BMO Capital Markets

Table 3. Capital and Operating Assumptions – Median Case

GOLD EAGLE PROJECT Capital and Operating Assumptions		
Underground Mine		Starting: Q1/2011
Resource	Tonnes	7,500,000
Average LOM Gold Grade	Grams / tonne	16.00
Assumed Gold Resource In DCF	Ounces	3,858,090
Average LOM Gold Recovery	%	95%
Mill Throughput	Tonnes per day	1,500
Life-of-Mine	years	13.7
Capital Cost Assumptions		LOM
Exploration Capital	US\$ millions	US\$25.0
Shaft Capital	US\$ millions	US\$65.0
Mill and Equipment Capital	US\$ millions	US\$85.0
TOTAL Initial Capital	US\$ millions	US\$175.0
Sustaining Capital - Annual	US\$ millions	US\$5.0
Sustaining Capital - LOM	US\$ millions	US\$68.8
LOM Total	US\$ millions	US\$243.8
Initial Capital Requirements	US\$ millions	US\$175.0
Less: Current Cash Position	US\$ millions	US\$103.6
Less: ITM Options	US\$ millions	US\$15.1
Required Net Initial Capital	US\$ millions	US\$56.4
Debt Percentage	%	60%
Equity Percentage	%	40%
Implied Debt	US\$ millions	US\$33.8
Implied Equity	US\$ millions	US\$22.5
Cost of Debt	%	10%
Operating Cost Assumptions		LOM
Mining	US\$/tonne ore processed	US\$90.00
Milling & Processing	US\$/tonne ore processed	US\$30.00
Transport & Other	US\$/tonne ore processed	US\$0.00
G/A	US\$/tonne ore processed	US\$10.00
On-Site Cost	US\$/tonne ore processed	US\$130.00
LOM Total Cash Cost	US\$/ounce	US\$283.75
Combined Royalties	%	0.0%
Average Effective Corporate Tax Rate	%	30.0%
Ongoing G&A Costs	US\$ millions	US\$3.0
Ongoing Exploration (expensed)	US\$ millions	US\$5.0

Source: BMO Capital Markets

Figure 1. Monte Carlo Analysis – Gold Eagle 0% NAV Simulated Distribution



Source: BMO Capital Markets

Our analysis provided a wide range in the possible valuations for Gold Eagle Mines based on the uncertainty in key variables. The median (50th percentile) 0% NAV simulated valuation from our scenarios was US\$8.33 per share, the 25th percentile was US\$7.05 per share and the 75th percentile was US\$9.88 per share.

Risk Factors

Exploration: There has been no reserve or resource estimates completed for the company's Bruce Channel or Finn Zone discoveries. Our estimates of potential resources are based on assumptions and comparisons to nearby areas, zones and deposits of mineralization. These estimates are a matter of conjecture and may prove to be inaccurate, pending future exploration results and any future resource estimates.

Feasibility Study: No feasibility or scoping level studies have been commissioned or completed for the company's Gold Eagle property. Mine plans, mining schedules and production are based on reserve and resource estimates. These plans involve inherent uncertainties. Resource estimates contain statistical computations and judgments by geologists. Reserve estimations and mine plans contain technical and commercial judgments by engineers that are optimized on the basis of estimates for mining costs, ore haulage costs, processing costs and recoveries, as well as gold price assumptions.

Expected metal recoveries are based on test work carried out on representative samples of the ore and treatment processes at the laboratory, sometimes involving bench tests or pilot plant scales. The representative nature of the sample or the laboratory results still entails uncertainty when applied to the full-scale operations. Mining and processing costs estimates are historically

based and may change as a result of changed physical conditions, market conditions and transportation costs, or changed economic conditions in general.

Technical: Mining and processing may be affected by unexpected events, such as pit failures, shaft collapses or equipment breakdowns, which may result in significantly higher costs, revisions to mine plans, sterilization of reserves or ultimate closure of the mine.

Operating: Mining operations can be affected by a number of risk factors, including unexpected geological conditions; areas prone to seasonal flash floods; unusual mining conditions; unexpected processing problems; unexpected metallurgical problems; shortages in skilled workforce; environmental issues; and a lack of availability of support infrastructure.

Financing: The company could require additional funding for planned or future operations. Funding of operations or projects could take the form of debt and/or equity financing. There are risks that debt or equity for the project will be available, arranged, or offered on terms acceptable to the company or at all.

Permits and Approvals: The company's operations and development activities are contingent on the receipt and maintenance of various permits and approvals from appropriate governmental authorities. There is risk that the company will be successful in obtaining the necessary permits or acceptances for its planned development or that it will be successful in obtaining renewals of existing permits and approvals on a timely basis or at all.

Political/legislative risk: The company's operations are exposed to various levels of political risks and uncertainties. Changes, if any, in mining or investment policies or shifts in the political landscape may adversely affect the company's operations or profitability. Operations may be affected in varying degrees by government regulations or unanticipated changes to regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in financial loss, litigation, reduction or expropriation of entitlements or other negative consequences. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the company's operations or profitability.

Reliance on Other Parties: The company could in the future rely on secondary parties to purchase and/or treat its metal and/or concentrate production. The price received or charged will vary depending upon metal prices and the supply of similar unrefined metals/concentrates available to the smelting/refining industries. The company could have counterparty credit risk while contracts await settlement, and could have material risk arising from the shipping and handling of metal concentrates.

Metal Prices: Any reduction in the price of metals could adversely affect the company's share price performance. There are risks that future metals prices will be sustained at levels that enable the company to operate its planned operations at a profit. The company's planned future cash flows are likely to be exposed, among other things, to fluctuations in metals prices. Metal sales are likely to be settled in U.S dollars, while costs are denominated in local currencies, creating foreign exchange risk.

Appendix A – Management and Directors

Management

Simon Lawrence, President and Chief Executive Officer

Mr. Lawrence has served as president and CEO of the company since 2006. A mining engineer, he has accumulated nearly 20 years of experience in the mining and investment industries working for Anglo American, Impala Platinum, HSBC James Capel and ABN AMRO. Mr. Lawrence moved to Canada in 2000, and since then has been involved with financing and the development of publicly listed exploration companies in Canada. Prior to joining the company, he held the position of VP Corporate Development at Gabriel Resources.

Brent Peters, Chief Financial Officer

Mr. Peters was appointed CFO of the company in 2006, following completion of the merger of the predecessor firms of the company. Mr Peters has over 10 years of financial management experience in increasingly senior roles, including several years acting as CFO of one the company's predecessor firms. He currently serves as vice president, finance for Northfield Capital Corporation and as director for a number of other public companies.

Chris Collins, Vice President Exploration

Mr. Collins was named VP Exploration of the company in 2007. He has accumulated nearly 20 years of experience in the mining industry, including 17 years as a professional geologist with Noranda Mining Inc., where he held a variety of positions. Prior to joining the company, he held the position of director of operations with ALS Laboratory Group.

John Whitton, Project Manager

Mr. Whitton was appointed Project Manager in 2003. A professional geoscientist, he has accumulated over 30 years' experience as an exploration geologist, 25 of which have been in the Red Lake Camp. Mr. Whitton is responsible for all field aspects of the program, including logistics, geology, sampling and administration.

Dennis Forgeron, Senior Geologist

Mr. Forgeron joined the predecessor companies of Gold Eagle in 2003. He has accumulated over 40 years of experience in the mineral industry and has held of variety of positions in Canada and abroad. Mr. Forgeron joined Exall and Southern Star in 2003 as senior geologist, Mr Forgeron is responsible for the diamond drilling program at the Bruce Channel Discovery.

William Shaver, Shaft Development

Mr. Shaver joined Gold Eagle in 2008. A mining engineer, he has accumulated over 35 years of industry experience. He has been involved in developing and operating mines for a variety of mining companies, including INCO, Falconbridge, Barrick, Newmont, Goldcorp, Aur Resources and FNX Mining. He is currently a consultant to mining companies on a global basis. Mr. Shaver was a co-founder of Dynatec Corporation and currently serves as director for a number of public companies.

John Harvey, Project Geologist

Mr. Harvey is a consultant to the company. A professional geologist and mining engineer, he has accumulated over 45 years' experience in the mining industry in a variety of roles,

including serving as president and CEO of Hemlo Gold Mines and as president of Noranda Exploration Company.

Chester Kuryliw, Regional Geologist

Mr. Kuryliw is a consultant to the company. A professional geologist, he has accumulated over 50 years of experience in the mining industry and has consulted for the Ontario and Canadian governments as well as for numerous mining companies in North America, South America and Europe.

Directors

Robert Cudney, Director and Co-Chairman

Mr. Cudney was appointed co-chairman of the company in 2006 and acted as chairman and director of one of the company's predecessor firms from 2003 through completion of the merger. He is currently the founder and president of Northfield Capital, a publicly traded investment company. Mr. Cudney also serves as director for a number of other public and private companies.

Stephen G. Roman, Director and Co-Chairman

Mr. Roman was appointed co-chairman of the company in 2006 and most recently acted as chairman, president and CEO of one of the company's predecessor firms. He has over 30 years' experience in all aspects of the resource industry and has successfully identified, developed, financed and brought into commercial production a number of significant mining and oil and gas projects. His past experience includes service as a director and officer of Denison Mines Limited, Lawson Mardon Group and Zemex Corporation. Mr. Roman currently assists in the financing and development of emerging junior, publicly listed companies. He also serves as director for a number of public companies.

Terry MacGibbon, Director

Mr. MacGibbon has served as director since 2006 and was a director of one the company's predecessor firms since 2005. He has over 33 years' experience in mining, and is currently the president and CEO of FNX Mining Company. Prior to joining FNX, Mr. MacGibbon was employed for over 30 years with Inco Ltd., where he was responsible for directing worldwide exploration activities as the company's director of exploration. Mr. MacGibbon also currently serves as director for a number of public companies.

Thomas Pladsen, Director

Mr. Pladsen has served as director since 2006. He has over 20 years of experience in corporate financing and financial reporting, and has held various financial positions for a number of public and private companies. He currently serves as director for a number of public and private companies.

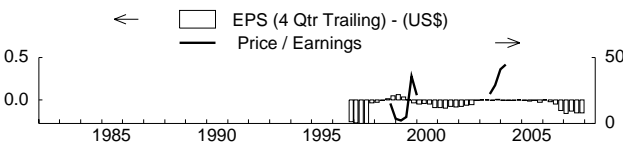
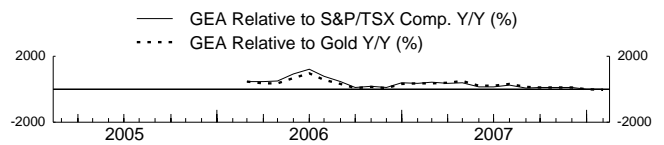
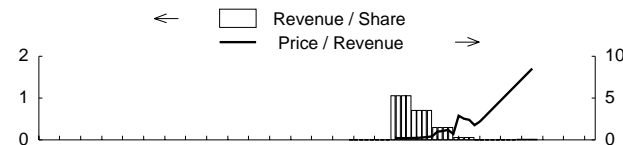
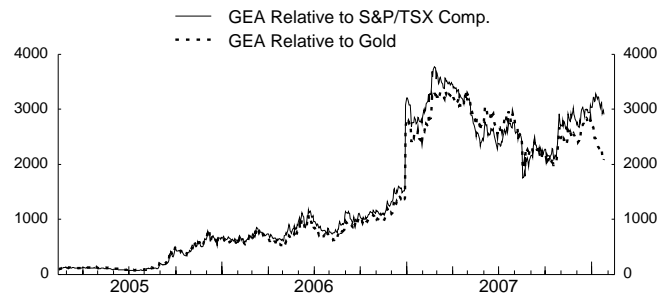
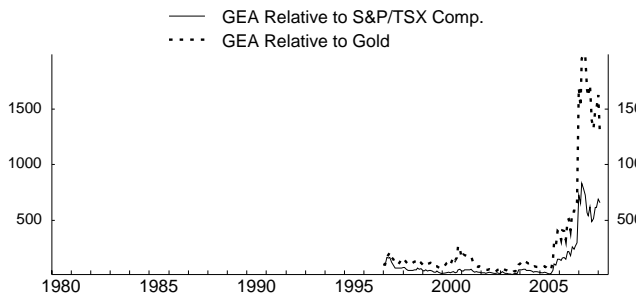
Derek Rance, Director

Mr. Rance has served as director since 2006 and was a director of one the company's predecessor firms since 2005. A mining engineer, he has over 40 years' experience in the mining industry, having served as director and mine manager of Dickenson Mines Limited in Red Lake, Ontario (now known as Goldcorp's Red Lake Mine.), president and CEO of Iron Ore Company of Canada, and president and CEO of Behre Dolbear & Company. He currently serves as chairman of Behre Dolbear and is director for a number of public companies.

Douglas Scharf, Director

Mr. Scharf has served as director since 2006 and is the former CFO of the company. A chartered accountant, he has accumulated over 28 years' experience in precious metals and base metals mining, largely focused on financial management and operations. He has previously held a number of senior officer positions at a number of companies, including HudBay Minerals, Inmet Mining and Placer Dome.

Gold Eagle Mines Ltd. (GEA)



FYE (Dec.)	EPS US\$	P/E	DPS \$	Yield %	Payout %	BV \$	P/B	ROE %
1996	ND	nm	0.00	0.0	0	ND	nm	nm
1997	ND	nm	0.00	0.0	0	ND	nm	nm
1998	ND	4	0.00	0.0	0	ND	nm	nm
1999	ND	nm	0.00	0.0	0	ND	nm	nm
2000	ND	nm	0.00	0.0	0	ND	nm	nm
2001	ND	nm	0.00	0.0	0	ND	nm	nm
2002	ND	nm	0.00	0.0	0	0.00	nm	nm
2003	ND	41	0.00	0.0	0	0.05	7.0	nm
2004	ND	nm	0.00	0.0	0	0.07	3.5	nm
2005	ND	nm	0.00	0.0	0	0.13	nm	nm
2006	ND	nm	0.00	0.0	0	2.47	3.3	nm
Current*	-0.15	nm	0.00	0.0	0	3.11	2.7	nm
Average:		28		0.0	0		5.0	
Growth(%):								
5 Year:	nm		nm			262.0		
10 Year:	nm		nm			nm		

* Current EPS is the 4 Quarter Trailing to Q3/2007.

GEA - Rating as of 29-Aug-07 = NR

Last Daily Data Point: January 23, 2008

Company Risk Disclosure

In addition to the risks involved in investing in common stocks generally, we also highlight the following risks that pertain to this company. Feasibility Study: There has been no reserve or resource estimates completed for the Company's Bruce Channel or Finn Zone discoveries. No feasibility or scoping level studies have been commissioned or completed for the Company's Gold Eagle property. Mine plans, mining schedules and production are based on reserve and resource estimates. These plans involve inherent uncertainties. Resource estimates contain statistical computations and judgments by geologists. Reserve estimations and mine plans contain technical and commercial judgments by engineers that are optimized on the basis of estimates for mining costs, ore haulage costs, processing costs and recoveries, as well as gold price assumptions.

Expected metal recoveries are based on test work carried out on representative samples of the ore and treatment processes at the laboratory, sometimes involving bench tests or pilot plant scales. It is not possible economically to obtain absolute certainty as to the representative nature of the sample or the laboratory results when applied to the full-scale operations. Mining and processing costs estimates are historically based and may change as a result of changed physical conditions, market conditions and transportation costs, or changed economic conditions in general.

Technical: Mining and processing may be affected by unexpected events, such as pit failures, shaft collapses or equipment breakdowns, which may result in significantly higher costs, revisions to mine plans, sterilization of reserves or ultimate closure of the mine.

Operating: Mining operations can be affected by a number of risk factors, including: unexpected geological conditions; areas prone to seasonal flash floods; unusual mining conditions, unexpected processing problems, unexpected metallurgical problems, shortages in skilled workforce; environmental issues and a lack of availability of support infrastructure. Financing: The Company could require additional funding for planned or future operations. Funding of operations or projects could take the form of debt and/or equity financing. There are no guarantees that debt or equity for the project will be available, arranged, or offered on terms acceptable to the Company or at all.

Permits and Approvals: The Company's operations and development activities are contingent on the receipt and maintenance of various permits and approvals from appropriate governmental authorities. There is no guarantee that the Company will be successful in obtaining the necessary permits or acceptances for its planned development or that it will be successful in obtaining renewals of existing permits and approvals on a timely basis or at all.

Political/legislative risk: The Company's operations are exposed to various levels of political risks and uncertainties. Changes, if any, in mining or investment policies or shifts in the political landscape may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations or unanticipated changes to regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in financial loss, litigation, reduction or expropriation of entitlements or other negative consequences. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Reliance on Other Parties: The Company could in the future rely on secondary parties to purchase and or treat its metal and/or concentrate production. The price received or charged will vary depending upon metal prices and the supply of similar unrefined metals/concentrates available to the smelting/refining industries. The Company could have counterparty credit risk while contracts await settlement, and could have material risk arising from the shipping and handling of metal concentrates.

Metal Prices: Any reduction in the price of metals could adversely affect the Company's share price performance. There are no guarantees that future metals prices will be sustained at levels that enable the Company to operate its planned operations at a profit. The Company's planned future cash flows are likely to be exposed, among other things, to fluctuations in metals prices. Metal sales are likely to be settled in United States dollars, while costs are denominated in local currencies creating foreign exchange risk.

Analyst's Certification

I, John Hayes, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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