

CANADIAN MINING COMPANY INC.

Closing Price (April 9, 2010) **\$0.10**
52-Week High-Low **\$0.135 - \$0.075**
Shares O/S **51.4 million**
Market Cap **\$5.1 million**
50-day Average Volume **167,700**
200-day Average Volume **214,900**
Year-End **June 30**
Symbol **TSX-V: CNG**
Website **www.canadianmining.ca**

Financial Data

Selected Income/Cash Flow

(CAD\$ millions)	Year end Jun. 30 2009	12 months Dec. 31 2009
Revenues	-	-
G&A (cash burn)	(\$0.40)	(\$0.53)
Net Loss	(\$0.44)	(\$0.72)

Selected Balance Sheet (CAD\$ millions)

	\$0.11	\$0.28
Cash	\$0.11	\$0.28
Shareholders' Equity	\$0.89	\$1.10
Total Assets	\$1.28	\$1.53
Enterprise Value	\$5.13	\$5.40

Key Ratios

Monthly Cash Burn (\$)	\$33,438	\$43,975
Monthly Capital Expenditures (\$)	\$16,182	\$3,179
Cash/Opex (months)	3.29	6.36
Cash/(Opex+Capex)(months)	2.22	5.93

Per Share (PS)

Earnings (Loss) PS	(\$0.01)	(\$0.02)
Cash PS	\$0.00	\$0.01
Mineral Property Book Value PS	\$0.02	\$0.02
Rental Property PS	\$0.01	\$0.01
Equity Book Value PS	\$0.02	\$0.02
Enterprise Value PS	\$0.11	\$0.11

Multiples

Price/Cash (times)	42.04x	20.30x
Price/Property Book Value (times)	6.17x	7.01x
Price/Properties and PP&E (times)	3.99x	4.57x
Price/Book Equity (times)	5.19x	5.18x

(See our ratio analysis on page 3)

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Source: www.bigcharts.com

THE COMPANY

Canadian Mining Company Inc. ("Canadian Mining" or the "Company"), is engaged in the exploration and development of precious and base metals in Arizona (USA) and Sonora (Mexico) and the exploration, development, and production of industrial minerals in British Columbia (Canada). The Company is focused on mineral assets that are low-risk, high reward in areas of anomalous geology with significant potential and limited political risk.

INVESTMENT PERSPECTIVES

There have been a number of significant developments since our October 16, 2009 *Update Report*, which we believe are positive for the Company's stock over the next 12 months:

- The Company has proved its financial resiliency to the market crisis with sound financial management and its ability to obtain external funds for the financing of its projects. Approximately \$450,000 was raised in two tranches - one in October 2009 and one in January 2010.
- The \$1.4 million deal with Mayen Minerals Ltd., signed in February 2010, is a positive development for the Company, as the deal will reduce its business risk and exploration costs while speeding up the exploration program. The deal gives Mayen the option to acquire 60% interest in Canadian Mining's Raquel 3 and 3B mineral concessions (Mexico).
- The 2010 drilling program is underway at the flagship Bullard Pass gold project in Arizona. This project provides high return potential through the Company's extensive exploration and development success.
- The market appetite for junior mining companies has not recovered, but has shown some improvement over the past few months as the global economy and commodity prices are recovering.

Note: This report was prepared with public information only.

PROPERTY HIGHLIGHTS

Canadian Mining's core properties are as follows:

- (1) **San Bernardo** (silver/zinc/copper deposits) - Sonora (Mexico): Canadian Mining's 27,000-acre San Bernardo project is located in the prolific Alamos mining district of Sonora, which is widely recognized as the number one mining state in Mexico. This district has a great mineral tradition and a wide range of mineral resources. Producing mines in the area include Frontera Copper, Alamos Gold, and Pan American Silver.

A NI 43-101 report was completed in April 2008, identifying at least one skarn related mineralized zone called the El Gochico mine, that was mined in the 1980s. In addition, the results from the second phase of the 3D-Induced Polarization (IP) survey on the project were obtained in June 2009, identifying an anomaly of significant interest in two interchangeability zones.

COMMENT: *The conditionally-approved agreement with Mayen is an important step for the Company, as the deal would allow Mayen to spend \$1.4 million to develop the project.*

- (2) **Bullard Pass** (gold/silver/copper deposits) - Arizona (USA): The property consists of 4,000 acres surrounding the past-producing Bullard Mine. The Bullard district was reported by the Arizona Geological Open-File Report 92-1 to have good potential for a major gold deposit in the area. Significant work has been done on the property, including a NI 43-101 compliant technical report and a technically advanced enzyme leach protocol.

A 1992 Spenser and Reynolds report shows that 90% of the production in the Bullard District was from the Bullard Mine located near the neighbouring patented claim block.

- (3) **Arizona Processing Plant:** Canadian Mining owns a 100% interest in a precious metals processing plant in Aguila, Arizona. The plant is in the immediate vicinity of the Company's Bullard Pass Project. The facility encompasses 12 acres of rail and highway-accessible industrial property, which is permitted and serviced, and has water capacity to meet production requirements.
- (4) **Industrial Minerals** (zeolite) - British Columbia (Canada): The Company owns three major groups of Industrial Mineral claims (Dick Slate, Bromley Creek, and Sun Group). The Bromley Creek property has a 30-year mine lease and is currently optioned to Heemskirk Canada Ltd. (\$1.45 million, of which \$1.3 million is due July 1, 2010). Zeolite applications, among other things, include: water and air filtration; industrial absorbent (auto/marine); toxic waste encapsulation; and removal of heavy oil.

CORPORATE STRATEGY

Management is focused on achieving the following initiatives:

- Manage expenditures prudently in order to advance further the Company's property portfolio, while conserving cash resources and seeking further financing.
- The Company is drilling at both the San Bernardo property and the Bullard Pass property as planned.
- The Company continues to seek external funds to finance its exploration programs.
- The strategy is reasonable and is achievable, given the experience of management and the fund-raising track record.

MARKET CONDITIONS

- Commodity prices remain volatile and investors' appetite for high-risk junior mining companies has begun to show some improvement.
- The world economy shows some signs of moderate growth, particularly in Asia and North America. Long-term prospects are still positive, as the continuing demand for precious metals remains strong in China, in particular, and other emerging countries.
- The Canadian capital market has improved over the last few months. We expect junior mining companies will have an easier time obtaining financing than in 2008 and 2009.

UPSIDE POTENTIAL

The following factors could have a positive impact on Canadian Mining's stock price:

- Successful completion of the drilling program at the Bullard Pass gold project.
- Achievement of positive results through the \$1.4 million exploration program deal with Mayen Minerals at the San Bernardo project.
- Continuing to raise adequate capital for its exploration program and manage its cash resources through cost controls and careful capital expenditure spending.

MANAGEMENT

- Canadian Mining is led by Ray Paquette, CEO and President, who has over 35 years' experience in corporate development, including precious and base metal exploration.
- Mr. Paquette has assembled a qualified, knowledgeable, and experienced team and is committed to enhancing the value of the properties.
- Strategically, the management team is focused on: (1) careful capital planning in terms of developing key resources; and (2) maintaining sufficient liquidity to cope with the current economic downturn.

Selected Financials (CAD\$)	Year end	12 months
	Jun. 30 2009	Dec. 31 2009
Revenues	-	-
Operating Expenses (cash burn)	401,259	527,698
Exploration Expense	-	-
Adjusted EBITDA	(401,259)	(527,698)
Depreciation & Amortization	3,235	3,171
All non-cash expenses	58,723	58,727
Stock-based Compensation	(71,932)	(231,371)
Net Income/(Loss)	(437,069)	(722,879)

Total Shares Outstanding	46,320,760	49,404,760
Weighted Avg. Shares O/S	45,852,267	47,862,760
Earnings (Loss) Per Share	(0.01)	(0.02)

Cash Flow from Operations	(342,536)	(563,971)
Capital Expenditures	(194,181)	(38,148)
Acquisitions/Equipments	-	(23,023)
Free Cash Flow	(536,717)	(625,142)
Working Capital Changes	48,448	73,684
Debt/Related Party	(3,807)	188,398
Equity Financing	-	458,895
Change in Cash	(492,076)	95,835
Cash, Beginning of the Period	400,877	184,013
Cash, End of the Period	110,171	279,848

Balance Sheet:	As at	As at
	Jun. 30 2009	Dec. 31 2009
Cash	110,171	279,848
Other Current Assets	7,454	6,049
Mineral Properties/Deferred Costs	750,551	810,932
PP&E	409,767	431,220
Total Assets	1,277,943	1,528,049
Payables	265,683	55,178
Related Party Advances/Debt	120,000	377,029
Shareholders' Equity	892,260	1,095,842
Total Liabilities & Equity	1,277,943	1,528,049

Book Value (S.E.) Per Share	0.02	0.02
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Source: The Company and eResearch

FINANCIAL REVIEW

- **Cash Burn:** Cash burn on operating expenses remained fairly reasonable over the past 12 months at \$43,975 per month. Management of cash is crucial for the Company in maintaining liquidity.
- **Capital Expenditures:** Only \$60,381 in capex was spent in the six months ended December 2009 (\$194,181 for the 12 months ended December 2009). This conservative spending reflects the Company's tight budget and the difficulty in obtaining external financing due to the still tight credit market for junior mining companies.
- **Liquidity:** With the January closing of a private placement of approximately \$178,000 through issuance of new equity, we estimate the current cash balance to be \$300,000. This amount could cover seven months of operating expenses (excluding capital expenditures).

FINANCING

Canadian Mining has a solid record of raising funds:

- To date, the Company has financed its operations, exploration, capital expenditures, and acquisitions through equity issuances. Equity financing (net) amounted to \$2 million for the 2006-2009 period.
- In January 2009, the Company issued 1.78 million units at a price of \$0.10 per unit for total proceeds of \$178,000 (before costs).
- Total funds raised in the 12 months ended December 2009 were \$458,895 (all in the second half of the year). We consider this impressive, as it was accomplished at a time when the capital market had still not regained confidence in junior mining companies.
- With the recovery of the global economy and commodity prices, we believe the Company will continue to be able to raise sufficient capital to keep all of its properties in good standing over the next 12 months.

RATIO ANALYSIS

The Company's fundamentals are reasonable. Currently, Canadian Mining's stock is trading at:

- 7.01x above its mineral property per share value of \$0.01 and
- 4.17x above its book equity per share value of \$0.02.

ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that:

- (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and
- (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

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Bob Weir, B. Comm, B.Sc., CFA: Bob Weir has 43 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He joined eResearch in 2004 and has been its President, CEO, and Managing Director, Research Services since May 2005. Prior to joining eResearch, Mr. Weir was at Dominion Bond Rating Service (DBRS), latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company.

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