

### CANADIAN MINING COMPANY INC.

Price (May 26, 2009) \$0.08  
 52-Week High-Low \$0.14 - \$0.03  
 Shares O/S 46.3 million  
 Market Cap \$3.7 million  
 20-day Average Volume 297,100  
 200-day Average Volume 221,500  
 Year-End June 30  
 Symbol TSX-V: CNG  
 Website [www.canadianmining.ca](http://www.canadianmining.ca)

#### Financial Data

Selected Income/Cash Flow (CAD\$ millions)	Year end Jun. 30 2008	12 months Dec. 31 2008
Revenues	-	-
Adjusted EBITDA	(\$0.4)	(\$0.4)
Net Income	(\$0.4)	(\$0.4)
Cash Flow (CF) From Operations	(\$0.4)	(\$0.3)
<b>Selected Balance Sheet (CAD\$ millions)</b>		
Cash	\$0.6	\$0.2
Shareholders' Equity	\$1.2	\$1.2
Total Assets	\$1.6	\$1.4
Enterprise Value	3.9	2.8
<b>Key Ratios</b>		
Monthly Cash Burn (\$)	\$33,370	\$32,569
Monthly Exploration Costs (\$)	\$0	\$0
Monthly Capital Expenditures (\$)	\$27,594	\$34,502
Cash/Opex (mnths)	18.0	5.6
Cash/Opex + Exploration (mnths)	18.0	5.6
Cash/Opex + Total Capex (mnths)	9.9	2.7
<b>Per Share (PS)</b>		
Earnings (Loss) PS	(\$0.01)	(\$0.01)
Cash PS	\$0.01	\$0.00
Mineral Property Book Value PS	\$0.01	\$0.02
Rental Property PS	\$0.01	\$0.01
Equity Book Value PS	\$0.03	\$0.03
Enterprise Value PS	\$0.09	\$0.06
<b>Multiples</b>		
Price/Cash (times)	7.53x	16.36x
Price/Property Book Value (times)	8.35x	3.97x
Price/Properties and PP&E (times)	4.74x	2.57x
Price/Book Equity (times)	3.70x	2.53x

(See our ratio analysis on page 3)

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Note: This report was prepared with public information only.



Source: [www.bigcharts.com](http://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 CONSIDERATIONS

##### Strengths

- Diversified properties with 27,000 acres surrounded by producing silver/gold/copper mines (Mexico) and 4,000 acres situated near a past-producer in Arizona;
- NI 43-101 compliant reports were completed on the San Bernardo (Mexico) and Bullard Pass (Arizona) projects in 2008; and an advanced 3D IP was completed on San Bernardo;
- Industrial Minerals (B.C) has a 30-year mine lease; and
- Mr. Ray Paquette (CEO) has assembled a qualified, knowledgeable, and experienced team and is focused on moving the Company forward.

##### Challenges

- Current market conditions are not favorable for financing;
- Considerable risk associated with the Company being in the early stages of mining exploration and development;
- Substantial Capex is required to achieve NI 43-101 resource estimates; and
- Commodity prices are volatile; a further decline in commodity prices could render the Company's projects uneconomical and/or stifle investors' interest.

## 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 is of great mineral tradition and has a wide range of mineral resources. Producing mines in the area include Frontera Copper, Alamos Gold and Pan American Silver.

The Company has completed an aggressive exploration program, including two 3D IP Geophysical Surveys on an area formerly mined by Penoles in the 1980s. There are significant benefits in acquiring a past producing property. Canadian Mining has inherited millions of dollars of infrastructure. In addition, it has acquired a significant concession contiguous to the large anomaly as reported in the Geophysical Survey. SJ Geophysics has identified a 4100' drill program on the area of the past-producer and is presently completing a report to identify additional drill targets on the Company's latest acquisition.

- (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 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 nearby the neighboring 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, serviced, and has water capacity to meet production requirements.

- (4) **Industrial Minerals** (*Zeolite*) – *British Columbia (Canada)*: The Company owns 3 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 further advance its property portfolio, while conserving cash resources and seeking further financing;
- Ready to drill at the San Bernardo property after a successful completion of the second phase 3D IP in early May 2009;
- Plan to drill the Bullard Pass property, with a 5000' 10-hole drill program tentatively planned; and
- The Company has recently entered into a strategic advisory relationship with Downshire Capital Inc., a private investment banking group based in Montreal, Quebec to assist the Company in achieving its business objectives and moving its projects forward.

## MARKET CONDITIONS

- Commodity prices remain volatile and investors' appetite for high-risk junior mining companies has not been restored. The world economy is expected to remain weak over the next 12 months. However, long-term prospects are still positive, as the long-term demand for precious metals remains solid with China and India continuing to lead the world's economic growth.
- The Canadian capital market is still challenging, making it difficult for junior mining companies to get financing.

## UPSIDE POTENTIAL

The following factors could have a positive impact on Canadian Mining's stock price should the Company be able to:

- Obtain sufficient financing for drill programs at the Bullard Pass and San Bernardo projects;
- Gather sufficient data for further development, or obtain resource estimates for the two above-mentioned properties; and
- Manage its cash resources through cost control 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	
	Jun. 30 2008	Dec. 31 2008
Revenues	-	-
Operating Expenses (cash burn)	400,441	390,831
Exploration Expense	-	-
<b>Adjusted EBITDA</b>	<b>(400,441)</b>	<b>(390,831)</b>
Depreciation & Amortization	3,368	3,301
All non-cash expenses	42,569	47,645
Stock-based Compensation	(73,293)	(73,293)
<b>Net Income/(Loss)</b>	<b>(434,533)</b>	<b>(419,780)</b>

Total Shares Outstanding	45,320,760	46,320,760
Weighted Avg. Shares O/S	36,333,798	45,820,760
Earnings (Loss) Per Share	(0.01)	(0.01)

<b>Cash Flow from Operations</b>	(357,872)	(343,186)
Capital Expenditures	(331,131)	(414,020)
Acquisitions/Equipments	(3,156)	1
<b>Free Cash Flow</b>	<b>(692,159)</b>	<b>(757,205)</b>
Working Capital Changes	13,938	(11,821)
Equity Financing	914,774	885,224
<b>Change in Cash</b>	<b>201,370</b>	<b>(41,267)</b>

Cash, Beginning of the Period	400,877	225,280
Cash, End of the Period	602,247	184,013

Balance Sheet:	As at	
	Jun. 30 2008	Dec. 31 2008
Cash	602,247	184,013
Notes From Related Party	-	-
Other Current Assets	83,903	46,699
Mineral Properties/Deferred Costs	542,901	759,315
PP&E	413,002	411,368
<b>Total Assets</b>	<b>1,642,053</b>	<b>1,401,395</b>
Payables	72,735	22,144
Related Party Advances/Debt	344,757	188,632
Shareholders' Equity	1,224,561	1,190,619
<b>Total Liabilities &amp; Equity</b>	<b>1,642,053</b>	<b>1,401,395</b>

Book Value (S.E.) Per Share	0.03	0.03
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Source: The Company and eResearch

## FINANCIAL REVIEW

- *Cash burn:* Cash burn has been managed in a disciplined manner that reflects the availability of cash and financing.
- *Capital expenditures:* Most of the \$414,000 capital for the 12 months ended December 31, 2008 was for the Arizona and Mexico properties. Going forward, Capex will depend on the availability of new financing.
- *Liquidity:* The Company has over \$100,000 of operating capital and is currently concluding a \$600,000 private placement for 2009 - 2010 ongoing working capital. The Company also expects to receive \$1.3 million (due on July 1, 2010) from Heemskirk Canada under the 2006 option agreement.

## 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 \$1.7 million for the 2006-2008 period.
- In June 2008, the Company issued 1.2 million units at a price of \$0.10 per unit with a director and officer for total proceeds of \$120,000.
- In May and June 2008, the Company issued 8 million units at a price of \$0.10 per unit for total proceeds of \$800,000.
- Total funds raised over the 12 months ended December 31, 2008 were over \$885,000 (net of issuance costs). We consider this to be impressive as the Company has been able to raise funds at the time the credit market was tightening.
- Future financing success will likely depend on how the capital markets evolve.
- However, we believe that the Company will be able to raise sufficient capital to keep all of its properties in good standing over the next 18 months.

## RATIO ANALYSIS

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

- 8.0x above its cash per share value of \$0.01;
- 4.0x above its mineral property per share value of \$0.02; and
- 2.7x above its book equity per share value of \$0.03.

## Analyst Certification

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

- (1) the views and opinions expressed herein accurately reflect the Research Analyst's personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) the compensation received for the preparation of this report was not related, in any way, to the Research Analyst's views and opinions expressed herein.

### eResearch analysts on this report:

**Eric Eng, BA (Acct., Econ.), MBA** - Eric Eng worked at DBRS as a Analyst/Vice President for 10 years. He obtained a BA in Accounting and Economics and a MBA in Finance at the University of Toronto. He joined eResearch in January 2008.

**Bob Weir, B. Comm, B.Sc., CFA.** Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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