

Indaba special

Sector focus • Company profiles

February 2013



The Edison mining team

www.edisoninvestmentresearch.co.uk

Charles Gibson



Charlie graduated from the University of Oxford as a chemist, specialising in ligand gated ion channels (the subject of his thesis), before joining Cazenove & Co in the early 1990s. After brief stints working in pharmaceuticals and oils he settled down as Cazenove's mining analyst, spending three years in Johannesburg, among other places. He joined Edison in 2007 as its Head of Mining.

Julian Emery



Julian is a mining research analyst with experience in mining finance, banking and stockbroking companies. He also has worked in practical mining and fund management. He is a fellow of the Chartered Institute of Securities and Investment (FSI) and a member of CFA UK.

Andrey Litvin



Andrey has spent more than six years in equity research working for large Russian and European investment banks. Most recently, he was employed with Credit Agricole Cheuvreux in London as a senior investment analyst covering Russian large-cap metals and mining companies. Before that, Andrey worked at ING Bank in Moscow as part of the EMEA metals and mining team, as well as with Otkritie Securities where he headed the bank's metals and mining research group.

Anthony Wagg



Anthony spent many years as a stockbroker following the South African mining market. He lived and worked in Johannesburg twice before moving back to London, where he joined Galloway and Pearson (later known as WICO), still following the mining market in South Africa. Before joining Edison, he worked for Nedcor Securities and for ABSA Bank, first as an analyst and then on the corporate finance side.

Tom Hayes



After receiving his masters in mining geology from the Camborne School of Mines in 2003, Tom initially worked as an engineering geologist for consulting firm Mouchel before moving into the mining sector in 2006. During his time abroad, he worked as lead production geologist at Australia's longest running nickel mine, Otter Juan, in the Kalgoorlie-Kambalda region of Western Australia. He also spent time working for a small junior gold play in the Victorian Goldfields of south-eastern Australia.

Michael Stoner



Michael was previously a mining analyst at Evolution Securities, and has an MSci in geology from the Royal School of Mines.

Rory Draper



Rory qualified as a chartered accountant at Deloitte in Australia, where he worked in the corporate restructuring and audit divisions. During this time he was involved in insolvency and restructuring engagements at the height of the global financial crisis, while his time spent in audit included managing a number of global mining clients including Anglo American, Downer EDI, Kalimati Coal and Hatch Mining Consultancy. Rory has recently undertaken CFA studies.

Chris Kallos



Chris has 14 years' experience as an equities research analyst in both Australian and US stocks. He has covered small-, medium- and large-cap stocks across a number of sectors with a focus on healthcare/biotech, mining, recruitment and telecommunications. Chris holds a BPharm (Sydney), an MBA from the Australian Graduate School of Management (UNSW), and a Masters in Applied Finance (Macquarie). He is a CFA charterholder.

Sheldon Modeland



Sheldon has an MSc in geology and is a registered professional geoscientist. Most recently Sheldon was a project geologist with AREVA Resources Canada and helped manage a major uranium deposit in Canada. Before that, Sheldon was employed as a research scientist working on shear-hosted gold deposits. Sheldon has more than 10 years' experience as a researcher and exploration geologist.

John Kidd



John has 15 years of analytical and advisory experience in the oil and gas sector. His past roles include four years at Shell's London head office, four years with the New Zealand Treasury, and three years as an analyst with another blue-chip listed energy major. He is based in New Zealand.

Gavin Wood



Gavin is a qualified chartered accountant and holds a BEng (Hons) in mechanical engineering. He started as a sell-side analyst in 1999, spending four years on the European small-/mid-cap team at Cazenove before joining Evolution Securities in 2005 to focus on the mining sector.

Peter Chilton

Peter graduated as a mining engineer from the University of Newcastle. He worked for a number of mining organisations in Australia, the UK and South Africa. He was involved with the production of iron ore, lead/zinc, copper, gold, gypsum and other commodities from both underground and open-pit operations. His next move was into stockbroking, working for a number of brokers including BZW and BNP and rated in the top three of base metals analysts in Australia.

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Welcome to our special Indaba edition of Edison Insight, with profiles on our mining companies and a sector focus piece by Charles Gibson.

In the last year, our mining coverage has increased dramatically. The team is led by Charles Gibson, who is supported by a team of 11 other analysts. Today the team covers 65 companies, 60 of which are corporate clients of Edison. Our clients range from well-established FTSE 100 companies to junior explorers on AIM. Our approach is global and we write on companies on several different exchanges, including the TSX, ASX and JSE. Over the last year, our research has been read by over 3,500 unique institutional investors.

Edison is Europe's leading international investment research company. It has won industry recognition, with awards both in Europe and internationally. The team of 95 includes over 60 analysts supported by a department of supervisory analysts, editors and assistants. Edison writes on more than 400 companies across every sector and works directly with corporates, fund managers, investment banks, brokers and other advisers. Edison's research is read by institutional investors, alternative funds and wealth managers in more than 100 countries. Edison was founded in 2003, has offices in London, New York and Sydney and is authorised and regulated by the Financial Services Authority.

We welcome any comments/suggestions our readers may have.

Neil Shah
Director of Research

Sector focus: Mining



Analyst

Charles Gibson

2012 in review; 2013 in forecast

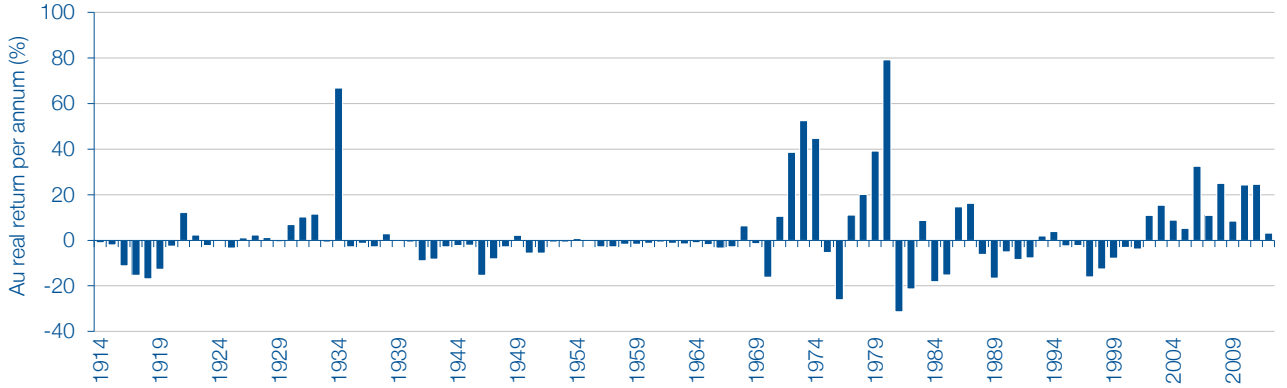
Of the 11 years of the gold bull market since 2001, gold has recorded single-digit gains in only three – 2004, 2008 and 2012. By contrast in seven out of the remaining eight years, gold recorded annual gains in excess of 19%. The remaining year was 2011 in which it recorded a gain of 11%. So with the last two years representing two of gold's four worst performances of the past decade, is the gold (and commodities) bull market in general drawing to a close?

In Edison's opinion, the answer is an emphatic no. While 2012's return of 3.7% (nominal) was below the average 2.5% (real) return per annum recorded by gold on average since 1914 (see Exhibit 1), its level now is no less than that implied by the US\$1.9tn expansion of the total US monetary base since 2007. Moreover, whereas it was Paul Volcker's determination to fight inflation and defend the value of the US dollar on the foreign exchange markets that drew the gold bull market of the 1970s to a close, no such equivalent pressure exists in the 2010s. As such, we believe that, while the years of exceptional returns may be behind us, there is no reason to suppose (as long as real interest rates remain negative) that the bull market has reached its conclusion, especially given the tailwind of continued quantitative easing.

However, the performance of gold equities has been more patchy. Of 42 routinely followed by Edison, only 10 outperformed the gold price in US dollar terms in 2012 (see Exhibit 2). Seven of these either were or are Edison clients – in ascending order of performance African Barrick Gold (+3%), Caledonia Mining (+11%), Medusa Mining (+19%), Pan African Resources (+23%), Goldplat (+25%), Condor Gold (+34%) and Oxus Gold (+100%). By contrast, the average performance of the 42 gold equities as a whole was -21% with a standard deviation of 36%.

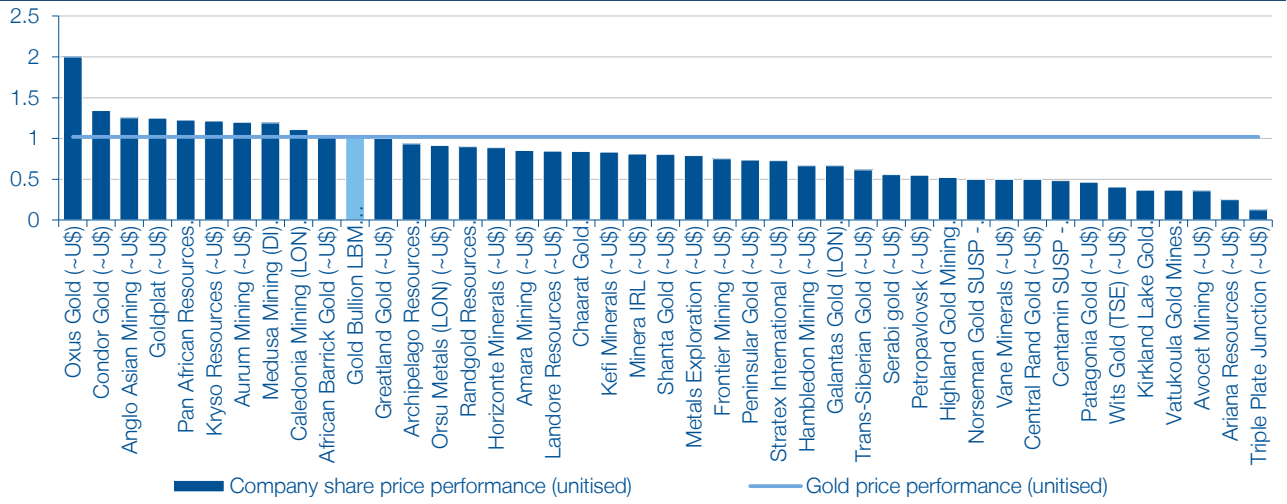
Yet, in contrast to conventional wisdom, Edison believes that a calmer environment will offer an opportunity for quality stocks in the sector to demonstrate their value without the tailwind/hubris of a rising gold/commodity price. On an individual company basis, investor attention will once again revert to value added by management's commercial development and exploitation of the ore-body. On a sector-wide basis however, if the bull market merely moderates, but does not go into reverse, then the market will have to question why it is prepared to pay a multiple of only 6.18x for a unit of earnings from a mining company (the lowest in the sector), but 56.32x for a hardware producer, 17.19x for the FTSE 250 (excluding investment companies), 16.84x for a consumer goods company, 16.52x for an industrial company, 16.08x for a tobacco stock, 15.34x for a bank, 15.09x for a telecom provider, 13.18x for a general retailer, 13.10x for a utility, 12.21x for a health care stock, 12.03x for the FTSE 100 index and 9.55x for an oil & gas stock. But while the mining sector is unequivocally cheap on a P/E ratio basis, it is rather less so in terms of what it pays back to shareholders, ranking a mere 26 out of 40 sectors on the basis of its average dividend yield, of 2.68%. As such, Edison's final prediction for 2013, is for a return of the pre-eminence of the dividend (or at least the ability to and intention of paying a dividend at some point in the future) as a measurement of the attractiveness of a stock in terms of its investment proposition.

Exhibit 1: Annual gold price returns, 1914-2012, per cent (real)



Source: Edison Investment Research, Chamber of Mines of South Africa. Note: Underlying data in US dollars and US CPI.

Exhibit 2: London-listed gold miners' share price performances, 2012 (multiple)

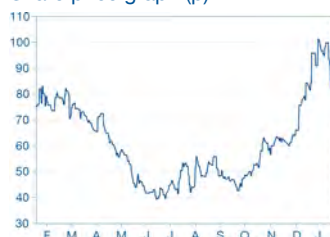


Source: Edison Investment Research, Bloomberg

Sector: Mining

Price: 91.0p
 Market cap: £96m
 Forecast net cash (US\$m) 38.8
 Forecast gearing ratio (%) N/A
 Market AIM, TSX

Share price graph (p)



Company description

Afferro is a West African iron ore explorer that owns 100% of the 2.5bt Nkout project and 100% of the Ntem project in Cameroon. Having delivered the PEA for Nkout, the company plans to advance the project to the PFS stage in 2013.

Price performance

%	1m	3m	12m
Actual	10.3	65.5	31.9
Relative*	6.1	58.2	19.9

* % Relative to local index

Analyst

Andrey Litvin

Afferro Mining (AFF)

INVESTMENT SUMMARY

Afferro has announced positive results from the DSO bulk metallurgical testing at its flagship Nkout iron ore project. The results confirm that the DSO material is amenable to simple crush and screen processing - delivering the 63.4% Fe fines product with low deleterious elements. The soft nature of the ore suggests easy iron liberation with a very low bond work index and cash cost of processing. The SAP/BIF bulk met test results are expected in January 2013. The company has also settled its taxation dispute with the Liberian government, agreeing to pay US\$9.8m in total tax consideration for the SLIO deal. In the same vein, it announced an amended agreement with Severstal, which stipulates the immediate payment of the US\$50m deferred amount to the company with no tax liability. As a result, Afferro's cash position has risen to c US\$90m, allowing greater financial flexibility.

INDUSTRY OUTLOOK

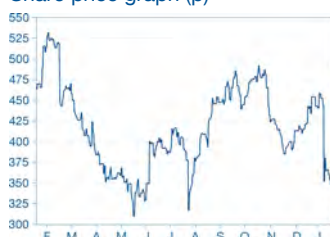
Despite the recent recovery, iron ore prices to remain capped by the weak steel industry fundamentals.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(2.9)	(3.6)	(5.3)	N/A	N/A
2011A	0.0	(4.1)	(3.8)	(4.1)	N/A	N/A
2012E	0.0	(4.0)	(4.7)	(4.5)	N/A	N/A
2013E	0.0	(4.0)	(4.6)	(4.4)	N/A	N/A

Sector: Mining

Price: 348.0p
 Market cap: £1427m
 Forecast net debt (US\$m) N/A
 Forecast gearing ratio (%) N/A
 Market LSE

Share price graph (p)



Company description

African Barrick Gold was historically the Tanzanian gold mining business of Barrick and is one of Africa's five largest gold producers with output from four mines, namely Bulyanhulu, Buzwagi, North Mara and Tulawaka.

Price performance

%	1m	3m	12m
Actual	(20.9)	(27.8)	(25.6)
Relative*	(23.9)	(31.0)	(32.4)

* % Relative to local index

Analyst

Charles Gibson

African Barrick Gold (ABG)

INVESTMENT SUMMARY

On 16 August African Barrick Gold's parent, Barrick Gold, confirmed that it is in preliminary discussions regarding its 73.9% holding in ABG with China National Gold Group Corporation. In the event that any offer is made for Barrick's stake, an offer will be made to all shareholders. In the meantime, Barrick states that it "remains both committed to and confident in ABG, its qualified and experienced management team and its portfolio of world-class assets".

INDUSTRY OUTLOOK

Q312 results confirmed ytd production of 446koz Au at US\$947/oz to generate basic EPS of 23c. Production guidance for the full year is 608-641koz. Since then, North Mara's mining licence has been renewed for another 15 years. In the meantime, the scope of the Bulyanhulu Upper East Project has been expanded with a combined feasibility study for both Reefs 1 and 2 scheduled for Q113 ahead of production in FY14. Life-of-mine production of 1.86Moz is projected at capital and operating costs of US\$100m and US\$608/oz respectively over 20 years.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	975.0	445.2	335.1	59.5	9.4	6.7
2011A	1217.9	544.1	402.7	67.0	8.3	4.6
2012E	N/A	N/A	N/A	N/A	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 3.4p
 Market cap: £23m
 Forecast net cash (£m) 2.5
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

African Eagle is focused on developing its Dutwa nickel laterite project in Tanzania, where a total indicated and inferred resource of 107Mt has been defined (according to JORC) at a nickel grade of 0.92%.

Price performance

%	1m	3m	12m
Actual	58.8	17.4	(35.6)
Relative*	52.8	12.3	(41.5)

* % Relative to local index

Analyst

Gavin Wood

African Eagle Resources (AFE)

INVESTMENT SUMMARY

African Eagle is executing its development timeline for its flagship Dutwa nickel project in Tanzania to plan. Its most recent technical achievements relate to metallurgical testing of Wamangola Ferruginous Siliceous (FeSi) nickel ores, which are the least laterite-like ore fraction. The test results show that beneficiation (upgrading the Ni grade through low-energy scrubbing) can elevate nickel grades from c 1% to 2%, which will have a marked effect on start-up and capex costs through a smaller plant design and reduced volumes of consumables. A confirmatory pilot plant scale test work programme will be conducted in 2013 to confirm African Eagle's bench scale programme, providing a far greater degree of confidence in production rates, cost inputs, development costs and reserve estimates.

INDUSTRY OUTLOOK

Nickel currently trades at c US\$8,100/t.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2010A	0.0	(1.1)	(1.1)	(0.4)	N/A	N/A
2011A	0.0	(4.8)	(4.8)	(1.2)	N/A	N/A
2012E	0.0	(8.8)	(8.8)	(1.4)	N/A	N/A
2013E	0.0	(3.3)	(9.5)	(0.3)	N/A	N/A

Sector: Mining

Price: A\$0.63
 Market cap: A\$235m
 Forecast net cash (A\$m) 107.0
 Forecast gearing ratio (%) N/A
 Market ASX

Share price graph (A\$)



Company description

Alkane is a multi-commodity explorer with projects in New South Wales. It owns the Tomingley Gold (100%) and Dubbo rare metal and rare earths (100%) projects and recently sold its 49% interest in the McPhillamys Gold project to Regis Resources.

Price performance

%	1m	3m	12m
Actual	(23.6)	(38.8)	(38.9)
Relative*	(26.6)	(41.6)	(45.4)

* % Relative to local index

Analyst

Tom Hayes

Alkane Resources (ALK)

INVESTMENT SUMMARY

In addition to Alkane's (ALK) numerous objectives concerning financing of the DZP, revising its DFS on this project and refining eventual opex and capex costs, it has also produced positive drill results for its near-term production asset the Tomingley Gold Project (TGP), specifically the Caloma Two deposit. These results include grades ranging from 3m at 12.05g/t Au from 30m depth, to 70m at 1.86g/t Au from 176m depth. All other grades are plus 3g/t Au with a maximum depth of 150m, making them amenable to open pit mining. Caloma Two is situated adjacent to the planned Caloma open pit and covers a separate zone, which is 100m wide and 300m in strike length. The TGP is now awaiting final approval of its operational plans from the NSW authorities. Once in operation its initial LOM is seven years (likely to extend), producing 50-60kozpa.

INDUSTRY OUTLOOK

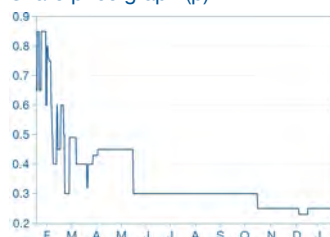
We will look to apply our revised US\$1,676/oz Au price to our valuation of the TGP upon ALK's receipt of its final approvals from the NSW state authorities.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	10.1	7.6	7.9	3.18	19.8	N/A
2011A	1.0	(3.4)	(2.6)	(1.02)	N/A	N/A
2012E	73.1	66.7	64.1	17.66	3.6	N/A
2013E	14.6	(1.8)	(26.9)	(7.16)	N/A	N/A

Sector: Mining

Price: 0.2p
 Market cap: £0m
 Forecast net cash (£m) 0.0
 Forecast gearing ratio (%) N/A
 Market PLUS

Share price graph (p)



Company description

All Star Minerals is a uranium exploration company focused on Sweden, where it owns 100% of the mineral exploration licences for three projects: Gilpas, Samon and Kuusivaara. The licences cover 111km sq in northern Sweden.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(61.6)
Relative*	(3.8)	(4.3)	(65.1)

* % Relative to local index

Analyst

Tom Hayes

All Star Minerals (ASMO)

INVESTMENT SUMMARY

All Star has sought to diversify its interests from uranium, thorium and iron in Sweden to gold, silver and base metals in Australia, through the acquisition of Circle Resources in 2011 for A\$535,000. This change in strategy will at least move All Star away from the current heightened political environment surrounding post-Fukushima uranium and its depressed price towards commodities with a more positive sentiment and outlook, gold and silver. Its first spin-out following the acquisition, Blue Doe Gold, is to be listed on AIM by Q213, pending appointment of a NOMAD and broker. Blue Doe Gold's listing should be value accretive to All Star via its current 50m share interest. At its AGM on 10 September, all resolutions were passed other than for the re-election of Mr Khan as a director of the company.

INDUSTRY OUTLOOK

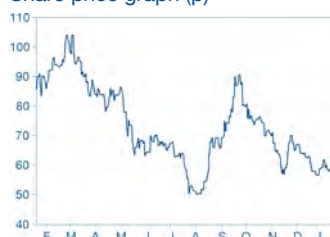
The uranium spot price remains flat at around \$42.50/lb of U3O8, as the sector continues to be depressed despite China and India progressing its significant nuclear ambitions.

Y/E Nov	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.1)	(0.1)	(0.1)	N/A	N/A
2011A	0.0	(0.2)	(0.2)	(0.1)	N/A	N/A
2012E	0.0	(0.2)	(0.2)	(0.1)	N/A	N/A
2013E	0.0	(0.2)	(0.2)	(0.1)	N/A	N/A

Sector: Mining

Price: 59.5p
 Market cap: £100m
 Forecast net cash (US\$m) 23.1
 Forecast gearing ratio (%) N/A
 Market AIM, TSX

Share price graph (p)



Company description

Dual-listed on AIM and the TSX, Amara (prev Cluff Gold) has one producing mine (Kalsaka-Sega in Burkino Faso, 78%/90%-owned), one development project (Baomahun in Sierra Leone, 100%) and one exploration project (Yaoure in Côte d'Ivoire, 90%).

Price performance

%	1m	3m	12m
Actual	(5.4)	(20.7)	(25.6)
Relative*	(9.0)	(24.1)	(32.4)

* % Relative to local index

Analyst

Charles Gibson

Amara Mining (AMA)

INVESTMENT SUMMARY

In the last two months Amara has announced Q3 results, a resource update at Baomahun, the details of the Sega technical report and additional drilling results from Yaoure, for all of which Edison has now adjusted its financial forecasts. While historic output at Kalsaka was affected by heavy rains in Q3, this will merely have the effect of pushing production from high grade sections of the orebody into Q113, after which production from Sega will commence in earnest. In the meantime, Baomahun remains fully permitted, ahead of the results of its full feasibility study scheduled for H113.

INDUSTRY OUTLOOK

At a long-term gold price of US\$1,676/oz, Edison estimates a discounted dividend valuation for Amara of US\$2.22, or £1.38, per share, assuming that production from Baomahun commences in late-2015, to which end it has recently signed a strategic partnership with Samsung to provide eventual cornerstone (debt) financing. Exploration assets (past and future) could be worth an additional c 68-110cps.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	115.8	20.3	(1.0)	(4.9)	N/A	5.0
2011A	121.7	40.5	25.4	9.2	10.4	3.1
2012E	96.0	23.5	14.7	3.7	25.8	5.6
2013E	113.2	35.6	26.0	9.1	10.5	4.9

Sector: Mining

Price: 7.0p
 Market cap: £25m
 Forecast net cash (US\$m) 5.3
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Amur Minerals is an exploration and development company focused on base metal projects located in Russia's far east. The company's principal asset is the Kun-Manie nickel sulphide deposit, located in the Amur Oblast.

Price performance

%	1m	3m	12m
Actual	50.0	34.8	(24.6)
Relative*	44.3	28.9	(31.4)

* % Relative to local index

Analyst

Tom Hayes

Amur Minerals (AMC)

INVESTMENT SUMMARY

Amur has now received a third extension to its right to explore its 950km² Kun-Manie Ni-Cu sulphide deposit. This extension is valid until 31 December 2014. Amur will now resupply its site in readiness to commence 2013's exploration and resource definition programme, which, previously, has continued to reveal the potential for Kun-Manie (current total resource 68.5Mt at 0.5% Ni) to host a district-scale nickel sulphide deposit. In its last two exploration announcements drilling has doubled the length of the Maly Kurumkon deposit to 2km by joining up with the east-bound Flangovy block. Results across Flangovy indicate nickel and copper grades 48% and 50% higher respectively than those used in SRK's outdated 2007 PFS (undertaken on only three deposits). Amur has targeted January 2013 to initiate an update of its resources and reserves (release will follow completion of this work).

INDUSTRY OUTLOOK

Nickel currently trades at US\$8.00/lb.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(1.9)	(1.9)	(1.0)	N/A	N/A
2011A	0.0	(2.9)	(2.9)	(1.2)	N/A	N/A
2012E	0.0	(2.9)	(2.8)	(0.8)	N/A	N/A
2013E	0.0	(2.9)	(2.8)	(0.8)	N/A	N/A

Sector: Mining

Price: 10.2p
 Market cap: £16m
 Forecast net cash (£m) 0.5
 Forecast gearing ratio (%) N/A
 Market LSE

Share price graph (p)



Company description

Anglesey has a 26% interest in Labrador Iron Mines and 100% of the Parys Mountain deposit in North Wales with a historical resource in excess of 7Mt at over 9% combined copper, lead and zinc.

Price performance

%	1m	3m	12m
Actual	18.8	34.0	(66.9)
Relative*	14.3	28.1	(69.9)

* % Relative to local index

Analyst

Anthony Wagg

Anglesey Mining (AYM)

INVESTMENT SUMMARY

On 30 November 2012, Anglesey announced a new JORC-compliant resource estimate for its 100% owned Parys Mountain. The total indicated is 2.1Mt (Cu 0.58%, Pb 0.94%, Zn 4.11%, Ag 46.5g/t, Au 0.5%) and 4.1Mt inferred (Cu 1.16%, Pb 1.54%, Zn 1.46%, plus Ag and Au). The estimate has particularly defined the Garth Daniel and Northern zones more clearly, and there is continuity in those zones. The company says that both the White Rock and the Northern zones could "be amenable to bulk mining". A scoping study is expected shortly and the company is planning further development after that, but all development will be subject to finding further funding.

INDUSTRY OUTLOOK

Iron ore spot prices have risen sharply recently to around \$132/t Fe 62%, nearly 50% up on the low of \$89/t in September 2012.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2011A	0.0	(0.5)	(1.7)	(1.1)	N/A	N/A
2012A	0.0	(0.4)	(4.0)	(2.5)	N/A	N/A
2013E	0.0	(0.4)	(0.2)	(0.1)	N/A	N/A
2014E	0.0	(0.4)	5.0	3.1	3.3	N/A

Sector: Mining

Price: 71.0p
 Market cap: £334m
 Forecast net cash (US\$m) 125.0
 Forecast gearing ratio (%) N/A
 Market LSE

Share price graph (p)



Company description

Aquarius is the world's fourth largest PGM producer, with five mines in southern Africa: Kroondal (50%), Marikana (50%), Blue Ridge (50%) Everest (100%) and Mimosa (50%) as well as tailings retreatment operations and exploration projects.

Price performance

%	1m	3m	12m
Actual	49.5	75.3	(60.5)
Relative*	43.8	67.7	(64.0)

* % Relative to local index

Analyst

Andrey Litvin

Aquarius Platinum (AQP)

INVESTMENT SUMMARY

The indigenisation plan for the 50/50% owned by Aquarius and Impala Mimosa mine has been agreed with the Zimbabwean government. A 51% interest in the project will be sold for US\$550m to a number of indigenous entities. The deal will be financed with a loan to be repaid in dividends. Earlier, AQP released Q113 financial results with EBITDA coming in at a positive US\$7.6m compared to a US\$3.2m loss recorded in Q412. Revenue has fallen to US\$87.4m on the back of the lower attributable production of 77.8koz. Adjusted for the shut down of Marikana and Everest mines, PGM sales increased 8% q-o-q. The company announced the temporary closure of the CTRP plant, which had a cash cost of US\$1,170/oz in Q113. CTRP contributed less than 1% to the company's overall production and therefore its closure should not affect the overall performance.

INDUSTRY OUTLOOK

Despite the stabilising PGM prices, spreading social unrest and labour tensions within the industry will continue to weigh on the sector's valuations.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	457.9	135.9	110.9	16.8	6.8	4.3
2011A	682.9	215.8	123.3	32.2	3.5	2.8
2012E	758.2	195.8	156.6	24.2	4.7	3.0
2013E	819.0	207.4	163.6	25.4	4.5	2.6

Sector: Mining

Price: 15.1p
 Market cap: £46m
 Forecast net cash (US\$m) 0.5
 Forecast gearing ratio (%) N/A
 Market AIM, TSX

Share price graph (p)



Company description

Listed on AIM and the TSX, Arian Silver specialises in Mexican silver deposit exploration and development. Its San Jose mine started production in October 2010. Its other projects are Calicanto and San Celso, located in Zacatecas.

Price performance

%	1m	3m	12m
Actual	(1.6)	(18.8)	(4.0)
Relative*	(5.4)	(22.3)	(12.7)

* % Relative to local index

Analyst

Charles Gibson

Arian Silver (AGQ)

INVESTMENT SUMMARY

On 27 November 2012, Arian announced it had signed a definitive contract for exclusive use of a newly refurbished processing plant located close to the city of Zacatecas with a daily capacity of 500t. Arian expects 'significantly improved' silver recoveries of the c 51% previously achieved and that it will also gain revenues from lead and zinc that had previously been unavailable. The initial milling contract is for 90kt (ie c six months of 500tpd) at a fixed cost of US\$38/t.

INDUSTRY OUTLOOK

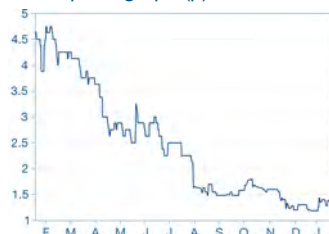
In the longer term, Arian's strategy has always been to complete a detailed study into a customised mill on site, to which end it has received positive initial metallurgical results (eg recoveries of c 80% Ag via direct leach of a 1t sample of ore vs 59% currently). In addition, the report suggests there is potential to improve recoveries with the addition of a flotation stage to the mill circuit to process the deeper seated, less oxidised and more sulphide rich material.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.2	(2.0)	(1.7)	(0.7)	N/A	N/A
2011A	7.5	(10.3)	(11.0)	(3.4)	N/A	N/A
2012E	4.6	(2.3)	(2.5)	(0.8)	N/A	N/A
2013E	13.1	1.7	1.3	0.4	60.6	N/A

Sector: Mining

Price: 1.3p
 Market cap: £5m
 Forecast net debt (£m): 0.0
 Forecast gearing ratio (%): 1.0
 Market: AIM

Share price graph (p)



Company description

Ariana is a gold exploration company focused on exploration and development projects in the Republic of Turkey.

Price performance

%	1m	3m	12m
Actual	8.3	(20.0)	(71.9)
Relative*	4.2	(23.5)	(74.4)

* % Relative to local index

Analyst

Tom Hayes

Ariana Resources (AAU)

INVESTMENT SUMMARY

AAU received on 4th December 2012 its final critical path Forestry Permit from the Turkish Government. This permit will allow AAU to complete the final sections (Hydrogeological and Geotechnical) of its Kiziltepe sector Definitive Feasibility Study. Following completion of the DFS Ariana will pursue debt funding of the c US\$29.5m estimated capex required to develop the Red Rabbit JV with partners Proccea leading ultimately to first production, now envisaged in early 2014. We adjust our valuation to reflect the changes in the mining schedule and the 17% increase in estimated capex stated within the interim feasibility study. We also apply our revised long-term gold price of US\$1,676/oz and long-term silver price of US\$28.15/oz. This results in AAU's eventual 50% share of Red Rabbit being valued at 5.23p per share (vs 3.45p previously at a 10% discount rate) on our revised metal prices and more than offsets the delay to first production.

INDUSTRY OUTLOOK

Gold currently trades at c US\$1,710/oz.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.4)	(0.4)	(0.2)	N/A	N/A
2011A	0.0	(1.4)	(1.3)	(0.5)	N/A	N/A
2012E	0.0	(0.7)	(0.8)	(0.3)	N/A	N/A
2013E	0.0	(0.7)	(2.1)	(0.3)	N/A	N/A

Sector: Mining

Price: A\$0.04
 Market cap: A\$23m
 Forecast net cash (A\$m): 0.9
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (A\$)



Company description

Atlantic Gold is an exploration and mining company focused on shale-hosted gold in Nova Scotia, Canada. The Touquoy gold project is its most advanced, with JORC proven and probable reserves of 454,000oz.

Price performance

%	1m	3m	12m
Actual	2.9	(12.5)	(1.9)
Relative*	(1.0)	(16.4)	(12.4)

* % Relative to local index

Analyst

Chris Kallos

Atlantic Gold (ATV)

INVESTMENT SUMMARY

Atlantic Gold's (ATV) most advanced project in Nova Scotia is the Touquoy gold project, where it has a 60% interest. The project has experienced delays due to surface property title issues, which have now been largely resolved by the province expropriating the properties and vesting ownership with ATV. Notwithstanding an appeal by one remaining landowner in relation to a single title, which may delay possession until the case is heard in February 2013, the company intends moving forward on plans to develop the project, subject to financing, with potential production targeting early-2015. In August, ATV also reported the completion of its acquisition of Cochrane Hill, the company's other major gold project 80km east of Touquoy.

INDUSTRY OUTLOOK

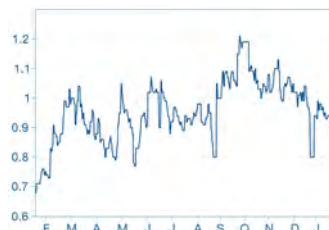
ATV is the first company to comprehensively explore Nova Scotia for shale-hosted disseminated gold projects. Past exploration activity has focused on gold in quartz veins, assuming that host sediments were barren of gold.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(0.7)	(0.6)	(0.1)	N/A	N/A
2011A	0.0	(0.7)	(0.6)	(0.1)	N/A	N/A
2012E	0.0	(0.9)	(0.9)	(0.1)	N/A	N/A
2013E	0.0	(0.9)	(0.9)	(0.1)	N/A	36.0

Sector: Mining

Price: C\$0.92
 Market cap: C\$430m
 Forecast net cash (US\$m) 2.0
 Forecast gearing ratio (%) N/A
 Market TSX

Share price graph (C\$)



Company description

TSX-listed Aurcana Corp owns 99.9% of the La Negra silver-copper-lead-zinc mine as well as 100% of the Shafter silver mine in Presidio County, Texas. The company aims to become a senior silver producer with production of 10Moz by 2014.

Price performance

%	1m	3m	12m
Actual	(5.2)	(13.2)	33.3
Relative*	(8.1)	(15.0)	29.2

* % Relative to local index

Analyst

Sheldon Modeland

Aurcana Corporation (AUN)

INVESTMENT SUMMARY

Over the past few years Aurcana has delivered strong production growth that is set to continue transforming the company from a junior explorer/developer to a major player in the global silver space. Having produced c 1.0Moz of silver (1.9Moz AgEq) already this year, Aurcana is on track to deliver c 1.4Moz (2.7Moz) in FY12, driven by the increased plant capacity to 2.5ktpd at La Negra. Assuming a further capacity expansion to 3ktpd in Q113 and the anticipated head grade improvements, La Negra could be running at c 2.4Moz pa (4.4Moz AgEq) by 2014. In addition, the recently commissioned Shafter mine, which is expected to start commercial production in Q412, is forecast to add c 2.0Moz of silver in FY13, with a subsequent ramp up to 5.3Moz in FY14. In all, we expect the company to grow its silver production to c 10Moz in 2014.

INDUSTRY OUTLOOK

Our long-term price for silver is US\$28/oz.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	26.1	1.7	(1.9)	(0.4)	N/A	N/A
2011A	45.9	22.1	18.5	4.6	20.4	17.2
2012E	57.2	27.4	21.6	3.8	24.7	15.1
2013E	136.6	79.9	73.9	11.6	8.1	5.2

Sector: Mining

Price: C\$4.64
 Market cap: C\$764m
 Forecast net cash (C\$m) 184.7
 Forecast gearing ratio (%) N/A
 Market NYSE MKT, TSX

Share price graph (C\$)



Company description

Aurizon Mines is a Canadian gold company with two major assets in the Abitibi region of Canada, namely Casa Berardi and the Heva & Hosco West Extension Areas plus options over a range of other properties.

Price performance

%	1m	3m	12m
Actual	37.7	(0.8)	(11.3)
Relative*	33.5	(2.9)	(14.1)

* % Relative to local index

Analyst

Charles Gibson

Aurizon Mines (ARZ)

INVESTMENT SUMMARY

Gold output in Q3 was affected by four days' lost production due to a technical issue with the hoist cable and the shaft sinking project, which limited underground flexibility and concentrated mining operations onto three 'uncharacteristically' low-grade stopes. Nevertheless, management maintained good control of costs, which were 13% lower than both the previous quarter and Edison's expectations. In the meantime, exploration drilling has identified a new trend at Heva West and extended the limits of the Hosco deposit both laterally and down-dip ahead of an updated mineral resource estimate in H113.

INDUSTRY OUTLOOK

After a production hiatus in Q113, once the transition from west to east is completed, Aurizon will benefit from a combination of recovering grades, reduced losses from high-grade stopes and increasing underground mining flexibility at the same time that ore from the East Mine Crown Pillar open pit is available to bring the mill up to nameplate capacity.

Y/E Dec	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	178.7	68.6	33.2	11.7	39.7	11.6
2011A	260.0	125.1	86.6	26.7	17.4	4.7
2012E	228.7	100.3	63.5	20.8	22.3	9.5
2013E	211.8	92.9	41.6	13.0	35.7	8.3

Sector: Mining

Price: C\$0.33
 Market cap: C\$63m
 Forecast net cash (US\$m) 8.6
 Forecast gearing ratio (%) N/A
 Market TSX

Share price graph (C\$)



Company description

Avnel Gold owns an 80% interest in the Kalana exploitation permit in south-western Mali. In addition, the company has a 90% interest in the adjacent Fougadian exploration permit.

Price performance

%	1m	3m	12m
Actual	(7.0)	3.1	(17.5)
Relative*	(9.9)	1.0	(20.1)

* % Relative to local index

Analyst

Rory Draper

Avnel Gold Mining (AVK)

INVESTMENT SUMMARY

A NI 43-101 compliant resource statement for the Kalana exploitation permit is expected this month with Avnel Gold and JV partner IAMGOLD advancing the permit in Mali. The main objective remaining is to complete drill fences on 50m x 25m grid over the Kalana 1 North domain, Kalana 1 South domain and Kalana II domain allowing IAMGOLD to generate geological cross-sections that will form the basis for the compliant resource estimate in Q412. Approximately 140,000m of diamond drill (DD) core and reverse circulation (RC) have been completed at the Kalana and Kalanako prospects since 2010 at a cost of US\$29m.

INDUSTRY OUTLOOK

Gold has fallen slightly from \$1,727 to \$1,700 over the past month, but remains well supported by the US Federal Reserve in the form of monetary easing, expected to continue until the US unemployment rate is below 6.5%. The current gold spot price outweighs our current long-term valuation of US\$1,676/oz.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	13.7	0.0	(2.4)	(2.5)	N/A	N/A
2011A	14.7	(0.7)	(2.6)	(1.8)	N/A	N/A
2012E	8.7	(2.0)	(3.5)	(1.8)	N/A	N/A
2013E	2.0	(0.6)	(0.6)	(0.3)	N/A	75.2

Sector: Mining

Price: 21.2p
 Market cap: £58m
 Forecast net cash (£m) 4.0
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Baobab Resources is focused on developing its Tete iron-vanadium-titanium open-pit project in central-western Mozambique. It has published a scoping study on a 1Mtpa pig iron producing operation and a pre-feasibility study is underway.

Price performance

%	1m	3m	12m
Actual	39.3	118.0	44.1
Relative*	34.0	108.5	31.0

* % Relative to local index

Analyst

Andrey Litvin

Baobab Resources (BAO)

INVESTMENT SUMMARY

Baobab resources (BAO) has announced an updated global JORC-compliant resource base for its 85%-owned Tete iron ore project in Mozambique, with the overall tonnage rising 28% to 665Mt at 34% Fe on the back of the maiden inferred resource estimate for the Ruoni Flats block. The Ruoni Flats JORC-compliant inferred resource is estimated at 183Mt grading 37% Fe with concentrate assaying 61.4% Fe, 0.8% V2O5 and 9.4% TiO2. The Ruoni/Tenge prospect area now accounts for almost 85% of the overall project's resource, underpinning a 4Mtpa pig iron operation for more than 35 years. The low strip ratio and short haulage distances within the project should have a positive impact on its costs. As the company has completed its 2012 drilling programme, further resource expansion is expected in early 2013. Also, the PFS for the Tete project is nearing completion and is set for release in February.

INDUSTRY OUTLOOK

Despite the recent recovery, iron ore prices remain capped by weak steel industry fundamentals.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2011A	0.0	(6.1)	(6.1)	(3.6)	N/A	N/A
2012A	0.0	(6.7)	(6.6)	(3.3)	N/A	N/A
2013E	0.0	(6.7)	(6.6)	(2.8)	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 16.8p
 Market cap: £122m
 Forecast net cash (US\$m) 87.3
 Forecast gearing ratio (%) N/A
 Market AIM, ASX

Share price graph (p)



Company description

Bellzone Mining is focused on developing its Kalia and Forécariah iron assets in Guinea. It has an attributable JORC resource of 6.2bt of magnetite, upgradable to 68% Fe, and 111Mt of oxide and supergene BIF upgradable to 127mt of 58% Fe.

Price performance

%	1m	3m	12m
Actual	28.9	16.5	(47.2)
Relative*	23.9	11.4	(52.0)

* % Relative to local index

Analyst

Andrey Litvin

Bellzone Mining (BZM)

INVESTMENT SUMMARY

Bellzone has reported that the Forecariah mining permit has finally been approved and is valid for 15 years. This opens the way for the full-scale commercial operation of the mine. Earlier, the company announced an off-take agreement with Glencore for the 58% Fe product from its recently launched Forecariah JV project. According to the agreement, Bellzone will be provisionally paid for the shipment with a subsequent price adjustment based on the actual sale price. Glencore will take the product at Forecariah's Konta loading facility. The off-take price will be linked to the Platts CFR China benchmark. We expect the first shipment of iron ore will take place in early-Q412. Glencore will also make a prepayment facility of c US\$15m available to Bellzone once it has shipped a minimum of 750kwt of product, or five ship loads.

INDUSTRY OUTLOOK

Despite the recent recovery, we expect the iron ore price to remain capped by the weak steel industry fundamentals.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(21.7)	(24.1)	(4.5)	N/A	N/A
2011A	0.0	(42.3)	(42.7)	(6.5)	N/A	N/A
2012E	120.0	60.5	49.1	5.9	4.6	3.8
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 25.1p
 Market cap: £21m
 Forecast net cash (£m) 4.5
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

BZT has a 40% stake in the Mankayan copper-gold project in the Philippines and an option to acquire the remainder for ~US\$40,000. It has a 46% stake in a JV with AngloGold Ashanti in Tanzania and has acquired the Eureka copper/gold project in Argentina.

Price performance

%	1m	3m	12m
Actual	0.5	(11.1)	(9.5)
Relative*	(3.3)	(14.9)	(17.7)

* % Relative to local index

Analyst

Rory Draper

Bezant Resources (BZT)

INVESTMENT SUMMARY

On 10 December, Bezant Resources announced a proposed extension of the option for the disposal of Asean Copper Investment Limited, the subsidiary of Bezant that holds the Mankayan Project in the Philippines. Given the adverse impact to Gold Fields due to recent industrial action in South Africa and licensing delays experienced by mining companies in the Philippines, Bezant has proposed an equity subscription and option extension for Gold Fields in Bezant. The proposed offer includes a further US\$2.5m non-refundable upfront payment, Gold Fields to fund the company's licence commitments for the Mankayan Project for 2013, the option for extension until 31 January 2014 and for Gold Fields to subscribe for US\$7.5m of equity in Bezant at a price of 25.97p/share. The proposals are subject to shareholder approval at a general meeting on 10 January 2013.

INDUSTRY OUTLOOK

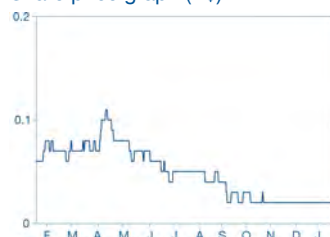
Copper has remained steady over the month at \$3.65/lb, far outweighing our long-term copper price of US\$2.96/lb.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2011A	0.0	(1.5)	(1.5)	(2.9)	N/A	N/A
2012A	0.0	(1.5)	(1.4)	(3.4)	N/A	N/A
2013E	0.0	(1.5)	(1.3)	(2.1)	N/A	N/A
2014E	0.0	(1.5)	(1.4)	(17.8)	N/A	N/A

Sector: Mining

Price: A\$0.02
 Market cap: A\$5m
 Forecast net cash (A\$m): 5.1
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (A\$)



Company description

Cabral Resources, formerly RIM Capital, is an ASX-listed iron ore explorer focused on the Brumado region of Bahia, Brazil. It holds 465km sq of tenement area in Brazil and has several uranium tenements in Western Australia.

Price performance

%	1m	3m	12m
Actual	11.1	(13.0)	(70.6)
Relative*	6.8	(16.9)	(73.7)

* % Relative to local index

Analyst

Chris Kallos

Cabral Resources (CBS)

INVESTMENT SUMMARY

Cabral released the remainder of drill results from Morro do Gergelim on 22 November 2012, which suggest the presence of up to two to four folded BIF horizons interbedded with amphibolite and metasediments, and overall more complex geology than originally anticipated. The Gergelim prospect remains a key focus of the company, although management has flagged a refocus of the exploration strategy towards DSO hematite and itabirite potential given current market sentiment towards magnetite. Cabral began its maiden 3,000m drilling programme at the prospect in May 2012, after the Brazilian Environmental Agency (INEMA) granted an environmental licence.

INDUSTRY OUTLOOK

Our medium- to long-term view on iron ore remains positive, given the continuing momentum and scale of Chinese urban residential construction. This is a major contributor to China's economic activity, which, although less aggressive than in recent years, remains comparatively high.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	0.0	(2.0)	(1.8)	(0.8)	N/A	N/A
2012A	0.0	(2.5)	(1.7)	(0.6)	N/A	N/A
2013E	0.0	(3.1)	(2.7)	(1.0)	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 8.1p
 Market cap: £42m
 Forecast net debt (C\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM, TSX-V

Share price graph (p)



Company description

Caledonia mines gold at its main operating asset, the Blanket Gold Mine, in southern Zimbabwe. It holds large-scale mining licences for base metals (primarily copper and cobalt) and exploration licences for PGEs, nickel and copper.

Price performance

%	1m	3m	12m
Actual	38.3	25.0	8.3
Relative*	33.0	19.6	(1.5)

* % Relative to local index

Analyst

Tom Hayes

Caledonia Mining (CMCL)

INVESTMENT SUMMARY

Caledonia (CMCL) announced that it proposes to pay an initial dividend, stated capital reduction, and a share consolidation on 19 November. The initial dividend will be 0.5c per ordinary share on a pre-consolidation basis (0.05c post-consolidation). The share consolidation will be on the basis of one new CMCL share for 10 existing shares. CMCL states that the 'combination of a dividend combined with Caledonia's continued growth is the appropriate way to optimise its capital structure and enhance shareholder value'. A special meeting of CMCL's shareholders will be held in late-January 2013, at which shareholders will vote on resolutions to effect the reduction in stated capital and share consolidation. In its Q312 results, the Blanket Mine produced 12,918oz of gold, 12% higher than Q212 (11,560oz) at cash costs of US\$508/oz, 7% lower than Q212 (US\$547/oz).

INDUSTRY OUTLOOK

We are currently updating our forecasts. Gold currently trades at US\$1,740/oz.

Y/E Dec	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	22.4	2.1	2.1	0.2	63.7	9.6
2011A	55.7	24.3	24.2	3.1	4.1	2.5
2012E	N/A	N/A	N/A	N/A	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: A\$0.17
 Market cap: A\$14m
 Forecast net debt (A\$m) 9.7
 Forecast gearing ratio (%) 30.0
 Market ASX

Share price graph (A\$)



Company description

Celamin Holdings is focused on the exploration, development and mining of resources in Tunisia and Algeria. It is currently concentrating on the Chaketma phosphate project in Tunisia.

Price performance

%	1m	3m	12m
Actual	13.3	25.9	(15.0)
Relative*	9.0	20.3	(24.1)

* % Relative to local index

Analyst

Rory Draper

Celamin Holdings (CNL)

INVESTMENT SUMMARY

Celamin Holdings NL (CNL) recently reported a maiden JORC resource at the Chaketma phosphate project in Tunisia. The inferred resource at the Kef El Louz North prospect comprises 37Mt of phosphate rock at a 21% P₂O₅ grade and using a cut-off grade of 10% P₂O₅. The Chaketma scoping study released the previous month indicated an NPV10 of US\$605m at US\$165/dry t, with a LOM of 50+ years and initial capex of US\$364m (with opportunity to reduce during DFS). The project will now move towards the engineering stage of a definitive feasibility study (DFS), due to commence in March 2013.

INDUSTRY OUTLOOK

Fertiliser demand and production fundamentals are underpinned by world population growth, which will put relentless pressure on farmers to produce more food. This should see a corresponding increase in the cost of phosphate rock and phosphate-based fertilisers.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	0.0	(1.0)	(1.0)	(1.8)	N/A	N/A
2012A	0.0	(2.0)	(2.0)	(3.6)	N/A	N/A
2013E	0.0	(2.0)	(1.8)	(2.0)	N/A	N/A
2014E	0.0	(2.1)	(17.4)	(11.4)	N/A	N/A

Sector: Mining

Price: 134.0p
 Market cap: £114m
 Forecast net cash (US\$m) 19.2
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Central Asia Metals owns, via its wholly owned subsidiary Sary Kazna, 60% of the Kounrad copper project with state-owned Kazakh partner Saryarka taking 40% on a free-carried basis. It also explores for copper and precious metals at its projects in Mongolia.

Price performance

%	1m	3m	12m
Actual	8.5	39.6	108.6
Relative*	4.4	33.5	89.7

* % Relative to local index

Analyst

Tom Hayes

Central Asia Metals (CAML)

INVESTMENT SUMMARY

CAML has announced it will pay out US\$4.5m maiden dividend (eqv. to 3.3p/s), US\$5.0m special dividend (eqv. to 3.7p/s) and 30% of attributable revenues from its Kounrad copper project, which we forecast will be c US\$30.1m for 2012 (eqv. to 3.3p/s). Total 2012 dividend payable is therefore 10.3p. Kounrad has already exceeded CAML's previously raised guidance to 5,750t Cu cathode for the year, producing in excess of c 6,250t in the first eight months of production. CAML continues to progress its share buy-back programme and its acquisition of the remaining 40% of Kounrad from its Kazakh partners, which we look to the company completing in H113. Sole ownership would push our valuation up from £1.19 to £2.14 per share (post-dividend), 104% upside to current price of 99p. CAML states that its dividend policy will not inhibit its plans to potentially build a second plant pushing production up to 20ktpa, potentially from 2015 – decision due H113.

INDUSTRY OUTLOOK

Copper currently trades at c US\$3.50/lb.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	1.4	(6.3)	(6.7)	(12.89)	N/A	N/A
2011A	1.1	(5.9)	(5.9)	(6.92)	N/A	N/A
2012E	26.2	13.3	13.3	12.50	17.2	24.4
2013E	40.4	23.8	24.1	22.64	9.5	8.8

Sector: Mining

Price: NZ\$0.35
 Market cap: NZ\$45m
 Forecast net cash (NZ\$m) 4.0
 Forecast gearing ratio (%) N/A
 Market NZAX

Share price graph (NZ\$)



Company description

Chatham Rock Phosphate holds an exploration licence over 4,726km² off the east coast of New Zealand, known to house significant seabed deposits of rock phosphate and other minerals.

Price performance

%	1m	3m	12m
Actual	0.0	(18.6)	105.9
Relative*	(4.4)	(21.1)	68.9

* % Relative to local index

Analyst

John Kidd

Chatham Rock Phosphate (CRP)

INVESTMENT SUMMARY

Chatham Rock Phosphate (CRP) is moving closer to demonstrating a commercially and technically viable undersea mining project. Risks still remain, but the most significant are easing. In H212, CRP achieved two major milestones: in July, global dredging major Royal Boskalis subscribed for a 20% equity stake in CRP, while in September, CRP lodged a mining licence application. In early-December, CRP announced a half-year loss of \$870k, in line with our expectations. 2013 is shaping to be a watershed year for CRP.

INDUSTRY OUTLOOK

CRP is progressing the appraisal and potential development of a large permit area 450km offshore from the east coast of New Zealand's South Island. The area has been known since the 1950s to contain large deposits of high-grade rock phosphate on or near the seabed, 400m below the surface. New Zealand is a significant consumer of rock phosphate as a feedstock for fertiliser manufacture, most of which is currently imported from Morocco.

Y/E Mar	Revenue (NZ\$m)	EBITDA (NZ\$m)	PBT (NZ\$m)	EPS (c)	P/E (x)	P/CF (x)
2011A	0.0	(0.5)	(0.5)	(2.0)	N/A	N/A
2012A	0.0	(0.8)	(0.7)	(1.6)	N/A	N/A
2013E	0.0	(3.0)	(3.0)	(0.3)	N/A	N/A
2014E	0.0	(1.9)	(1.9)	(1.2)	N/A	N/A

Sector: Mining

Price: 21.8p
 Market cap: £167m
 Forecast net debt (US\$m) 61.2
 Forecast gearing ratio (%) 19.0
 Market AIM, ASX, JSE

Share price graph (p)



Company description

CZA's Mooiplaats Mine began production in 2008. Earlier in 2010, CZA acquired NuCoal's producing mines for ZAR650m. It is also developing its Vele and Makhado coking coal projects.

Price performance

%	1m	3m	12m
Actual	97.7	47.5	(65.2)
Relative*	90.2	41.0	(68.3)

* % Relative to local index

Analyst

Andrey Litvin

Coal of Africa (CZA)

INVESTMENT SUMMARY

In mid-December, Coal of Africa (CoAL) announced it had signed an MoU with the National Union of Mineworkers relating to the wage-related strike and the subsequent dismissal of 178 employees at its Mooiplaats operation. These employees were reinstated in their respective positions, with the production activity at the mine returning to normal shortly afterwards. In other news, CoAL confirmed it has received the US\$20m payment from its strategic partner Beijing Houhua Energy Resources (BHE), a Chinese coal producer. BHE is expected to provide CoAL with US\$100m in equity funding. Beyond that, we expect the company to benefit from BHE's technical expertise and ability to facilitate the required financing. It could therefore be instrumental in bringing the Makhado project up the curve, which is crucial to the CoAL value realisation.

INDUSTRY OUTLOOK

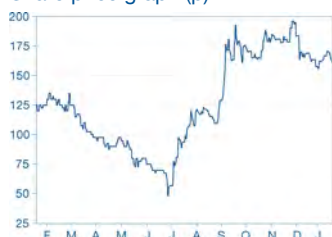
We believe thermal coal prices may have bottomed out, trading at or near the marginal FOB cash cost.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2011A	261.4	(8.4)	(117.7)	(22.3)	N/A	N/A
2012A	243.8	(26.8)	(139.1)	(20.7)	N/A	N/A
2013E	205.0	(34.7)	(103.5)	(13.2)	N/A	N/A
2014E	217.2	13.1	(51.3)	(6.4)	N/A	28.7

Sector: Mining

Price: 160.5p
 Market cap: £54m
 Forecast net cash (£m) 3.1
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Condor Gold is a gold exploration and development company with a focus on highly prospective concessions in mining-friendly Nicaragua. It is targeting a 2Moz resource at feasibility status.

Price performance

%	1m	3m	12m
Actual	(4.8)	(2.4)	33.8
Relative*	(8.4)	(6.7)	21.6

* % Relative to local index

Analyst

Julian Emery

Condor Gold (CNR)

INVESTMENT SUMMARY

Following publication of the NI 43-101 technical report by SRK on the 2.4Moz compliant gold resource statement for its La India project in Nicaragua, Condor Gold has commenced a new exploration campaign that includes a 7,000m drill programme to upgrade the indicated category open-pit resource on the La India Vein Set from 0.53Moz to over 0.90Moz and extend this target to the north. It is hoped that the forthcoming PEA will be able to include a second open pit following mechanised trenching over the 1,200m strike length of the America Vein Set historic mine and follow-up drilling. In addition, Condor has acquired La Mojarrá, an adjacent concession, which extends the exploration footprint.

INDUSTRY OUTLOOK

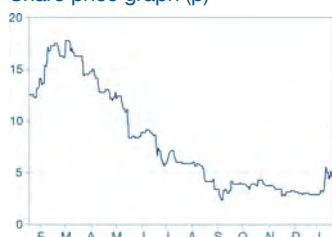
Nicaragua recognises the economic worth of mining projects within a workable legal, taxation and royalty structure. The epithermal La India vein system should prove to be an important new gold operation, amenable to both open pit and selective underground mining, and supported by good infrastructure.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.5)	(1.3)	(5.26)	N/A	N/A
2011A	0.0	(2.0)	(1.6)	(6.00)	N/A	N/A
2012E	0.0	(1.6)	(1.6)	(5.42)	N/A	N/A
2013E	0.0	(1.6)	(8.4)	(25.32)	N/A	N/A

Sector: Mining

Price: 4.8p
 Market cap: £22m
 Forecast net debt (A\$m) 71.4
 Forecast gearing ratio (%) 132.0
 Market AIM, ASX

Share price graph (p)



Company description

Continental Coal is a thermal coal producer with a portfolio of mines and development projects in South Africa. The most advanced of these, Vlakvarkfontein, commenced production in Q210.

Price performance

%	1m	3m	12m
Actual	58.3	11.8	(62.0)
Relative*	52.3	6.9	(65.4)

* % Relative to local index

Analyst

Andrey Litvin

Continental Coal (COOL)

INVESTMENT SUMMARY

Continental Coal announced first ROM production and export coal sales from its new Penumbra mine. The company guides 5-10kt of ROM coal production from Penumbra for the December quarter, with the targeted run rate of 63ktpa by mid-2013. In FY13, the mine is expected to produce 200kt of high-quality thermal coal sold on exports at a FOB cash cost of c US\$55/t. Earlier, the company released the optimised BFS for the De Wittekrans coal project, which is now expected to produce 5,000kcal product vs 6,000kcal before, at an impressive yield of 75% for OC and 78% for UG. Given the calorific value of the product, it is likely to be destined for India. At these yields, the project should be able to deliver c 2.4Mtpa of saleable coal from 3.6Mtpa ROM. The overall capex for the open-pit mine was reduced to ZAR605m.

INDUSTRY OUTLOOK

Thermal coal prices may have bottomed out as they trade near the marginal FOB cash cost.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	50.8	(11.8)	(19.0)	(4.5)	N/A	4.4
2012A	82.1	(1.5)	(9.6)	(3.2)	N/A	4.4
2013E	76.0	(5.9)	(14.5)	(3.0)	N/A	N/A
2014E	109.9	4.6	(5.5)	(1.2)	N/A	3.9

Sector: Mining

Price: 15.1p
 Market cap: £140m
 Forecast net cash (US\$m) 63.9
 Forecast gearing ratio (%) N/A
 Market AIM, JSE, TSX

Share price graph (p)



Company description

Eastern Platinum is a mid-tier producer of platinum. It has an 87.5% interest in the Crocodile River Mine in South Africa. It also has four development projects Mareesburg (87%), Spitzkop (93.4%), DGV (87.5%) and Kennedy's Vale (87.5%).

Price performance

%	1m	3m	12m
Actual	57.1	34.4	(59.7)
Relative*	51.2	28.6	(63.3)

* % Relative to local index

Analyst

Andrey Litvin

Eastern Platinum (ELR)

INVESTMENT SUMMARY

Eastern Platinum reported its third-quarter financial results, which saw overall revenue falling 18% q-o-q to US\$20m on the back of a 19% reduction in the overall PGM sales, which came in at 21.3koz. Both the reported basket price and the delivered price per ounce have seen a marginal decline of less than 1% versus Q212. We estimate the Q312 EBITDA loss at US\$4.9m (US\$2.9m as reported by the company), compared to a US\$7.1m loss in Q212. Unit cash production cost net of by-product credits grew 9% q-o-q to US\$992/oz (+11% q-o-q in rand terms). On a positive note, the company managed to reduce SG&A cost by 20% q-o-q to US\$2.0m. We understand the company continued stoping at Zandfontein, which suggests that Q3 results are not fully reflective of the recently announced adjustment to the CRM development plan.

INDUSTRY OUTLOOK

Despite the recovery in PGM pricing, unabating labour tensions represent a substantial risk for the sector and will continue to provide pressure on the equities.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	155.0	33.0	10.3	1.9	12.8	6.3
2011A	113.2	(13.3)	(32.3)	(2.4)	N/A	N/A
2012E	72.6	(21.9)	(39.4)	(2.6)	N/A	N/A
2013E	62.9	(21.8)	(35.5)	(3.4)	N/A	N/A

Sector: Mining

Price: 11.1p
 Market cap: £130m
 Forecast net cash (€m) 1.1
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

EMED Mining aims to restart copper production at its 100% owned Rio Tinto Mine (PRT) in Spain. In Slovakia, the company has discovered a 1.1Moz (JORC) gold deposit. The company also has a 20% stake in Kefi Minerals.

Price performance

%	1m	3m	12m
Actual	9.9	14.1	25.4
Relative*	5.7	9.1	14.0

* % Relative to local index

Analyst

Michael Stoner

EMED Mining (EMED)

INVESTMENT SUMMARY

Last month EMED announced the arrangement of a US\$50m funding package with Red Kite Mine Finance Fund. The arrangement includes investment of US\$15m for 64m shares in the company and a commitment to underwrite a standby loan facility of US\$35m related to the restart of commercial production at Rio Tinto. The agreement grants Red Kite the right to offtake 27% of copper production from the existing reserves. EMED has now arranged debt financing capacity for US\$225m and offtake agreements totalling a maximum of 57% of planned production from the current reserves. We continue to value EMED at 25.7p/share on a sum-of-the-parts basis.

INDUSTRY OUTLOOK

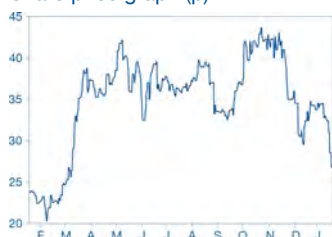
November also saw EMED receive approval of the Interim Mining Lease Area over the Biely Vrch gold deposit in Slovakia. This approval has now passed to the Central Mining Bureau for ratification before it becomes final and binding in a few months' time. Following the final ratification, the company will advance the environmental and development studies.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(10.1)	(11.3)	(1.5)	N/A	12.1
2011A	0.0	(10.2)	(11.4)	(1.1)	N/A	N/A
2012E	0.0	(8.4)	(9.4)	(1.0)	N/A	N/A
2013E	0.0	(8.4)	(41.7)	(4.0)	N/A	N/A

Sector: Mining

Price: 27.0p
 Market cap: £88m
 Forecast net cash (US\$m) 34.4
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Gemfields mines and markets emeralds from Zambia and has several interests in gemstone projects in Zambia and Madagascar.

Price performance

%	1m	3m	12m
Actual	(16.6)	(34.9)	14.3
Relative*	(19.8)	(37.8)	3.9

* % Relative to local index

Analyst

Julian Emery

Gemfields (GEM)

INVESTMENT SUMMARY

Gemfields has assured longevity with a billion carat compliant emerald resource at its Kagem mine in Zambia. Projections for the transition from open pit to underground operations indicate a short-term reversal in profits but strong growth for 2015-17. The early-November emerald auction confirmed relatively strong demand for high-quality stones. The proposed acquisition of Faberge from its major shareholder, Pallinghurst, could add a new dimension of a global retail outlet in the luxury goods market with a major brand and a unique and historic heritage.

INDUSTRY OUTLOOK

The company reports good demand for higher-quality emeralds, being less vulnerable to economic instability and seen as a store of value in times of uncertainty, with ethical Zambian emeralds highly respected. Planned output from the Montez ruby project in Mozambique should boost profits. The Faberge deal should be completed in Q113 but may be dilutive to the group profit level and the market needs to consider the longer-term benefits.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	40.2	22.3	19.6	5.0	8.7	7.4
2012A	83.7	54.4	48.0	6.8	6.4	2.8
2013E	69.0	24.9	17.9	4.2	10.3	4.7
2014E	91.1	49.9	42.4	7.7	5.6	2.8

Sector: Mining

Price: A\$0.34
 Market cap: A\$475m
 Forecast net debt (A\$m) 51.5
 Forecast gearing ratio (%) 13.0
 Market ASX

Share price graph (A\$)



Company description

Formed from the takeover of Alease by BMA Gold in 2009, Gold One is an emerging mid-tier gold producer with significant assets in the Witwatersrand basin and growing assets outside.

Price performance

%	1m	3m	12m
Actual	(1.5)	(6.9)	(33.0)
Relative*	(5.3)	(11.1)	(40.2)

* % Relative to local index

Analyst

Sheldon Modeland

Gold One (GDO)

INVESTMENT SUMMARY

Gold One recently announced that its CEO and executive director, Neal Froneman, will resign with effect from 31 December to take a leading role in the newly formed Sibanye Gold company. Mr Chris Chadwick, the current CFO, will be appointed as acting CEO with the support of the company's senior management team and its major shareholder. Management will continue to focus on building up the Modder East operation to full capacity of 100,000 tonnes per month following the illegal industrial strike action that occurred earlier in the year. Work will also continue on the turn-around strategy on the Cooke underground operations as well as integrating the Ezulwini mine (Cooke 4). In addition, Gold One will continue to grow production at its Randfontein surface operations and follow up on the positive scoping study results from its JV with Goldfields.

INDUSTRY OUTLOOK

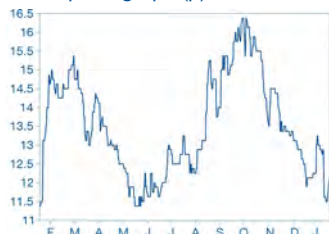
Due to the third round of debt buying by the Federal Reserve, our long-term gold price has been updated to US\$1,676/oz.

Y/E Dec	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	89.3	39.4	19.3	1.8	18.9	6.7
2011A	188.3	92.3	68.7	6.0	5.7	2.6
2012E	354.8	107.0	82.9	3.2	10.6	3.7
2013E	608.2	281.1	247.9	10.0	3.4	1.7

Sector: Mining

Price: 12.1p
 Market cap: £20m
 Forecast net cash (£m) 12.4
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Goldplat is a small profitable, African gold producer and exploration company with five primary assets including three mining and development projects in Kenya, Burkina Faso and Ghana, and two gold recovery operations in South Africa and Ghana.

Price performance

%	1m	3m	12m
Actual	2.1	(21.8)	10.2
Relative*	(1.8)	(25.2)	0.2

* % Relative to local index

Analyst

Rory Draper

Goldplat (GDP)

INVESTMENT SUMMARY

On 12 December, Goldplat announced an updated JORC-compliant resource across its gold mining and exploration portfolio in Africa. The overall total JORC-compliant gold resource was increased by 25% from 742,392oz Au to 931,071oz Au. The Anumso Gold Project in Ghana (90% interest) maiden JORC-compliant mineral resource amounted to 166,865oz Au across measured, indicated and inferred categories. The Kilimapesa gold mine in Kenya also had its resource updated to 671,446oz Au. In addition, the Nyieme Gold Project in Burkina Faso is undergoing pit optimisation to assess the suitability of ore for processing at the proposed Midas SARL recovery plant at site.

INDUSTRY OUTLOOK

We forecast that QE3 will last at least until the end of 2013 and add c US\$640bn to the US monetary base, implying a long-term gold price of US\$1,676/oz.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2011A	19.6	3.4	3.1	1.63	7.4	21.7
2012A	26.2	4.9	5.2	1.70	7.1	3.7
2013E	35.8	6.1	5.8	2.02	6.0	2.8
2014E	40.6	8.2	7.9	1.44	8.4	2.7

Sector: Mining

Price: A\$0.08
 Market cap: A\$20m
 Forecast net cash (A\$m) 15.5
 Forecast gearing ratio (%) N/A
 Market ASX

Share price graph (A\$)



Company description

Gunson Resources is a mining exploration and development company. Its major heavy mineral sands project is construction ready. It has projects in copper and nickel in South Australia and gold in the Northern Territory.

Price performance

%	1m	3m	12m
Actual	(15.5)	(21.9)	(61.0)
Relative*	(18.7)	(25.4)	(65.1)

* % Relative to local index

Analyst

Julian Emery

Gunson Resources (GUN)

INVESTMENT SUMMARY

Gunson has reported progress on its construction-ready Coburn zircon-rich mineral sands project in Western Australia. Following protracted due diligence by POSCO and a Korean resource investment fund, final resolution of the Joint Venture Agreement is now expected by year end. Important operating cost savings have also been indicated and a pit optimisation study is due in Q113. POSCO SPV is to earn a 40% interest through an A\$7m initial payment and contributing the first A\$21m of Gunson's share of mine development expenditure. Financing condition precedent on Gunson raising its remaining A\$88m (60% equity share) of capital costs has been extended from end-2012 to end-March 2013.

INDUSTRY OUTLOOK

The JV delay lowered equity market value to a massive discount to project valuation. Gunson maintains a start-up target in 2014 for one of the few new producers in the mineral sands industry. Remaining off-take agreements are near completion and due diligence for part of Gunson's debt facility is in progress.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	0.1	(1.7)	(1.7)	(0.6)	N/A	N/A
2012A	0.2	(1.1)	(1.2)	(0.4)	N/A	N/A
2013E	0.2	(1.0)	(0.8)	(0.4)	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 2.1p
 Market cap: £21m
 Forecast net debt (US\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM

Share price graph (p)



Company description

Hambleton Mining is a gold production company, which operates the Sekisovskoye gold mine close to Ust Kamenogorsk in East Kazakhstan.

Price performance

%	1m	3m	12m
Actual	3.7	54.5	(43.3)
Relative*	(0.3)	47.8	(48.5)

* % Relative to local index

Analyst

Tom Hayes

Hambleton Mining (HMB)

INVESTMENT SUMMARY

Hambleton Mining (HMB) has appointed My Aidar Assaubayev as its new chief executive. Mr Assaubayev will now focus on a comprehensive review of HMB's operations and strategic options. Mr Assaubayev is an executive director of AltynGroup Kazakhstan LLP. Previously, he was executive vice chairman of KazakhGold Group, the gold mining corporation and formerly vice president and a board member of JSC MMC Kazakhaltyn, the gold exploration and development group. Mr Assaubayev has completed over \$1 billion in IPO and M&A transactions in recent years.

INDUSTRY OUTLOOK

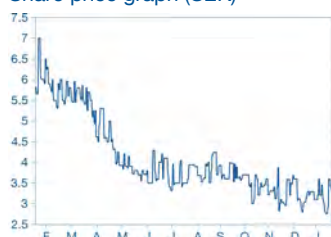
HMB also released further drill results from its underground mine at Sekisovskoye. Drilling results range from 10m at 3.69g/t Au to 2.4m at 22.77g/t Au (including 5m at 6.25g/t). The drill results continue to support the geological model at Sekisovskoye and in many instances exceed the grades and thicknesses stated in the previous geological and mineral resource model.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	29.1	4.0	3.5	0.6	5.6	4.3
2011A	33.3	(2.5)	(2.8)	(0.2)	N/A	7.3
2012E	N/A	N/A	N/A	N/A	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: SEK3.30
 Market cap: SEK75m
 Forecast net debt (SEKm): 13.1
 Forecast gearing ratio (%): 10.0
 Market: NASDAQ OMX First North

Share price graph (SEK)



Company description

Kopy Goldfields is a gold exploration company focused on the development of its nine licences in Russia. Together these cover 486 sq km and have C1, C2 and P1 reserves/resources of 2.0Moz. The company has JORC resources of 1.40moz.

Price performance

%	1m	3m	12m
Actual	0.3	(7.7)	(43.4)
Relative*	(2.6)	(12.9)	(48.5)

* % Relative to local index

Analyst

Sheldon Modeland

Kopy Goldfields (KOPY)

INVESTMENT SUMMARY

Kopy Goldfields has commenced resource expansion drilling on the Krasny project. The programme is intended to explore the extension to the western and eastern ends of the Krasny mineralisation structure and also upgrade quality of resources in the centre of the structure currently comprising 45mt grading at 0.89g/t containing 1.28moz Au as inferred resources. This expansion follows the recent awarding of six public auctions, which allowed Kopy Goldfields to increase its land position from 486sqkm to 2,338sqkm. The new prospects are all located within the Maly Patom area of the Lena Goldfields, Bodaibo region of Russia.

INDUSTRY OUTLOOK

Gold has fallen slightly from \$1,727 to \$1,700 over the past month, but remains well supported by the US Federal Reserve in the form of monetary easing, expected to continue until the US unemployment rate is below 6.5%. The current gold spot price outweighs our current long-term valuation of US\$1,676/oz.

Y/E Dec	Revenue (SEKm)	EBITDA (SEKm)	PBT (SEKm)	EPS (fd) (öre)	P/E (x)	P/CF (x)
2010A	0.4	(9.8)	(13.2)	(284.7)	N/A	N/A
2011A	3.2	(19.1)	(94.2)	(1265.3)	N/A	N/A
2012E	2.5	(11.9)	(12.6)	(77.6)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 179.0p
 Market cap: £67m
 Forecast net debt (US\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM

Share price graph (p)



Company description

MDM Engineering is a metallurgical engineering company established in February 2006. It undertakes mineral resources projects of varying size and concentrates on the gold, base metals, industrial metals and diamond sectors.

Price performance

%	1m	3m	12m
Actual	0.3	16.6	90.4
Relative*	(3.5)	11.5	73.2

* % Relative to local index

Analyst

Rory Draper

MDM Engineering (MDM)

INVESTMENT SUMMARY

MDM Engineering Group (MDME), has received a merger offer from Australian engineering group Sedgman (ASX:SDM). The merger implementation agreement with Sedgman would see Sedgman Africa Investments, Sedgman's BVI subsidiary, acquire all of the ordinary shares in MDME, subject to shareholder approval of greater than 75% of the votes and other conditions. MDME's board recommends the merger offer in the absence of a superior proposal. The terms of Sedgman's recommended cash offer are £1.81 per share, valuing MDME at US\$109m (£68m) not including the interim dividend of US 8c/share equating to approximately US\$3m. The merger is subject to certain conditions including MDME shareholder approval at an extraordinary general meeting to be held on 20 December 2012.

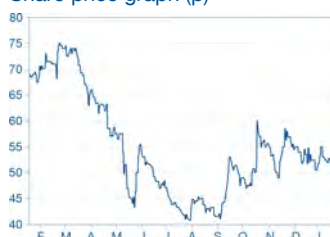
INDUSTRY OUTLOOK

Y/E Dec / Mar	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	20.8	(2.2)	(2.1)	(3.6)	N/A	13.5
2012A	89.1	7.6	7.8	15.3	18.8	6.7
2013E	N/A	N/A	N/A	N/A	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 52.8p
 Market cap: £80m
 Forecast net debt (US\$m): 6.1
 Forecast gearing ratio (%): 4.0
 Market: AIM, BVL, TSX

Share price graph (p)



Company description

Minera IRL is a gold producer and explorer with assets in Peru and Argentina. Its flagship project is the 2.6Moz Ollachea gold project in Peru, which is anticipated to produce at rate of c 120,000oz from late 2014.

Price performance

%	1m	3m	12m
Actual	(3.6)	(9.1)	(24.1)
Relative*	(7.3)	(13.0)	(31.0)

* % Relative to local index

Analyst

Sheldon Modeland

Minera IRL (MIRL)

INVESTMENT SUMMARY

On 29 November, Minera IRL released the DFS results on its 100% owned Ollachea project in Peru, which confirms an economically viable and technically robust project with a nine-year mine life. Assuming a gold price of US\$1,300/oz and a discount rate of 7%, the NPV was US\$264m (pre-tax) and an IRR of 29% (pre-tax). Project development costs are estimated at US\$177.5m and the LOM operating costs are estimated at US\$499/oz. Some higher grade material was excluded from the mineral reserve resulting in a slightly lower ore grade of 3.21g/t Au compared with 3.65g/t in the PFS. Development of the exploration tunnel is progressing well with over 800m of the 1,200m now completed. An EIA is expected to be completed by year-end, thereby initiating permitting. Management is considering several financing options with production slated for 2015.

INDUSTRY OUTLOOK

With the recent upswing in the gold spot price due to another round of debt buying by the federal reserve, our long-term price has changed to US\$1,676/oz.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	41.1	16.7	9.4	5.6	15.1	8.3
2011A	53.0	25.4	16.7	8.5	10.0	4.9
2012E	43.5	13.6	8.5	3.7	22.9	8.6
2013E	42.2	12.6	7.8	3.4	24.9	11.1

Sector: Mining

Price: 5.1p
 Market cap: £56m
 Forecast net cash (US\$m): 11.2
 Forecast gearing ratio (%): N/A
 Market: AIM

Share price graph (p)



Company description

Formed in 2003 and listed in 2005, Mwana Africa became the first African-owned, African-managed resource company to be listed on AIM.

Price performance

%	1m	3m	12m
Actual	(0.7)	(1.5)	9.1
Relative*	(4.5)	(5.8)	(0.7)

* % Relative to local index

Analyst

Charles Gibson

Mwana Africa (MWA)

INVESTMENT SUMMARY

A 13-fold increase in interim PBT and a fivefold increase in interim EPS to 0.75c (0.47p) per share was driven by record gold production and flat unit costs at Freda Rebecca in Q2, which accounted for 98% of group revenues and 99% of group cost of sales. Tonnes mined underground increased 30% q-o-q as a result of improved equipment availability and two new load-haul-dump vehicles, while ore throughput increased by 9.8kt to 258.8kt. FRGM is currently reported to be producing at a rate of 6,000oz a month at a C1 cash cost of c US\$800/oz.

INDUSTRY OUTLOOK

After its recapitalisation, BNC is on course to ramp up production to a rate of 7,000tpa Ni in concentrate, with sales of first concentrate expected in Q213. At a discount rate of 10%, Edison values the potential discounted dividend flow to MWA shareholders from BNC and FRGM at 17.99c (11.2p)/share. Residual resources are then worth a further 1.21c, Zani-Kodo 2.80c (ahead of a likely resource upgrade in Q113) and SEMHKAT 1.91-2.45c a share.

Y/E Mar	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	43.7	(20.0)	(24.9)	(4.38)	N/A	N/A
2012A	81.3	3.9	(1.2)	(0.09)	N/A	73.1
2013E	113.9	20.5	15.7	0.95	8.6	8.9
2014E	145.7	41.6	35.9	1.76	4.7	2.4

Sector: Mining

Price: A\$0.08
 Market cap: A\$47m
 Forecast net debt (A\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (A\$)



Company description

Nkwe Platinum is a platinum group metals (PGM) development company with two main projects, Garatau and Tubatse, on the Eastern Limb of South Africa's Bushveld Complex.

Price performance

%	1m	3m	12m
Actual	(11.2)	6.8	(67.8)
Relative*	(14.6)	2.0	(71.2)

* % Relative to local index

Analyst

Andrey Litvin

Nkwe Platinum (NKP)

INVESTMENT SUMMARY

In its recent corporate update, Nkwe Platinum reiterated that it continues negotiations with a strategic partner. According to the company, the potential deal would see a major South African-based entity acquiring a significant share of Genorah's interest in the company at A\$0.2/share. We understand that Genorah represents the management of the company and controls c 61% of Nkwe. The company is then expected to acquire for equity the remaining 26% BEE interest in its projects. If the transaction is completed, the company expects new corporate and operational management and seeks to commence the development of its Garatau PGM project. According to the optimised BFS, the project is expected to be launched in 2015 delivering a steady state saleable output of 330kozpa and has a funding requirement of c A\$641m.

INDUSTRY OUTLOOK

Despite the recent upward correction, we expect PGM prices to remain volatile in the short-to-medium term on the back of the uncertain global macroeconomic backdrop.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2011A	0.0	(6.6)	(6.4)	(0.7)	N/A	N/A
2012A	0.0	(5.5)	(5.7)	(0.8)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: US\$4.25
 Market cap: US\$1525m
 Forecast net debt (US\$m) 572.0
 Forecast gearing ratio (%) 33.0
 Market LSE

Share price graph (US\$)



Company description

Nordgold, the third-largest Russian gold producer, has eight standalone producing operations in Russia, Kazakhstan and West Africa. It has commissioned the Bissa mine and plans to launch the Gross project; both could total 400koz of gold at full capacity.

Price performance

%	1m	3m	12m
Actual	(7.6)	(15.0)	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Andrey Litvin

Nordgold (NORD)

INVESTMENT SUMMARY

Nordgold (NORD) reported Q412 gold production of 202koz, up 4.1% q-o-q, with improved recoveries (81.2%, up 3.3pp) and grades (1.86 g/t, up 9%) across the board offsetting the lower ore throughput (down 16% q-o-q). FY12 production came in at 717koz, a 5% y-o-y reduction, and was broadly in line with the company's most recent guidance. At the mine level, Taparko delivered strong performance, with gold production rising 29% q-o-q to 36koz on the back of a 20% increase in grade to 3.4 g/t. At Lefa, both grade and recovery were up, boosting gold sales 18% q-o-q to 48koz. Finally, the Buryatzoloto's performance continued to stagnate as lower grade and throughput coupled with a virtually flat recovery brought gold sales down by 10% q-o-q. NORD continues to work towards replacing the depleting resource and accessing the higher grade zones at the project. The company guides 2013 gold production at 770-850koz.

INDUSTRY OUTLOOK

We expect the gold price to remain at the current levels as it lacks drivers.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	754.0	358.0	169.0	28.5	14.9	3.2
2011A	1182.0	580.0	339.0	51.1	8.3	2.9
2012E	1173.0	477.0	207.0	25.2	16.9	4.1
2013E	1484.0	640.0	366.0	68.1	6.2	2.7

Sector: Mining

Price: 7.1p
 Market cap: £28m
 Forecast net cash (€m) 1.3
 Forecast gearing ratio (%) N/A
 Market AIM, IEX

Share price graph (p)



Company description

Ormonde Mining is an AIM and ESM listed mineral development and exploration company with properties in western Spain. It is advancing a low-cost tungsten operation at Barruecopardo slated for first production in 2013.

Price performance

%	1m	3m	12m
Actual	5.6	1.8	(10.9)
Relative*	1.5	(2.6)	(19.0)

* % Relative to local index

Analyst

Sheldon Modeland

Ormonde Mining (ORM)

INVESTMENT SUMMARY

Ormonde this month has reported further encouraging results from the trenching programme being conducted at the Cabeza de Caballo Gold Prospect in the Salamanca Province in western Spain. Earlier in the month Ormonde announced a placing of 25,474,547 new shares at 5.5p/share raised in aggregate £1.4m. These funds are to be used to further the advance the development of its Barruecopardo tungsten project in western Spain. The funds are to be used in driving ongoing discussions in respect of project finance for Barruecopardo and enable the continuation of engineering design work. Ormonde is evaluating various funding options with several financial institutions as well as exploring potential JV options.

INDUSTRY OUTLOOK

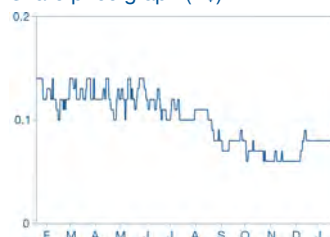
Despite the recent softening of the tungsten APT price to US\$295/mtu, support should be found in the medium term as supply remains constrained in light of China curtailing its presence on the international market.

Y/E Dec	Revenue (€m)	EBITDA (€m)	PBT (€m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(1.1)	(1.1)	(0.4)	N/A	N/A
2011A	0.0	(0.9)	(0.9)	(0.3)	N/A	N/A
2012E	0.0	(0.9)	(0.9)	(0.2)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	A\$0.08
Market cap:	A\$10m
Forecast net debt (A\$m)	N/A
Forecast gearing ratio (%)	N/A
Market	ASX

Share price graph (A\$)



Company description

OEG is a coal producer and explorer focused on Indonesia. It is leveraging off its operations expertise to acquire interests in small coal assets that can be developed quickly and cheaply. OEG's strategy is to control its coal chain and grow into a significant producer.

Price performance

%	1m	3m	12m
Actual	1.3	16.7	(45.0)
Relative*	(2.6)	11.5	(50.9)

* % Relative to local index

Analyst

Peter Chilton

Orpheus Energy (OEG)

INVESTMENT SUMMARY

Orpheus Energy (OEG) is a growing thermal coal producer in Indonesia. Its managed coal production is planned to be 2Mtpa (OEG 50% share) by mid-2013. OEG is structurally well placed to supply into the growing thermal coal market. Strong demand in India is increasing the need for imports. Indonesia is particularly well placed because of the number of junior mining projects such as those being operated by OEG and shipping distance advantages.

INDUSTRY OUTLOOK

Thermal coal prices have struggled since mid year due to warm weather, subdued economic activity and high production. Wood Mackenzie's recent update that revised down coal production and forecast delays to new and brownfield projects coincided with a small recovery in coal prices. Swaps prices for Indonesian thermal coal have now started to advance.

Reflecting the renewed optimism, there has been some recovery in the share prices of Indonesian coal producers.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2011A	0.0	(0.2)	(0.2)	(2.0)	N/A	N/A
2012A	0.5	(7.7)	(7.8)	(7.4)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	19.8p
Market cap:	£360m
Forecast net cash (£m)	19.8
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

Pan African Resources is a South African mining company with gold mines and a platinum project (Phoenix) in South Africa. It produces c 100koz of gold annually and is ramping up to 12,000oz PGMs. It is also in the process of acquiring Evander.

Price performance

%	1m	3m	12m
Actual	13.6	20.2	38.2
Relative*	9.3	14.9	25.7

* % Relative to local index

Analyst

Charles Gibson

Pan African Resources (PAF)

INVESTMENT SUMMARY

PAF's revenue increased by 27.6% in £ terms in FY12, while total cash costs declined to US\$776/oz (cf US\$781/oz in FY11 and US\$786/oz in H1). In May, PAF agreed to buy 100% of Evander from Harmony for ZAR1.5bn. Shareholder support was confirmed at a general meeting on 30 November and the acquisition is therefore now expected to be concluded in H113, following completion of a 25.5 for 100 rights issue to raise ZAR703m in January.

INDUSTRY OUTLOOK

Pro-forma FY12 EPS of 5.32p per share compares to reported headline FY12 EPS of 2.02p per share and Edison calculates that Evander will add an average of over 1.0p per share to PAF's EPS until FY22 (post-funding). On the basis of Edison's current estimates and a share price of 18.25p, Pan African's P/E ratio declines from 7.5x diluted normalised EPS in FY12 to 5.0x in FY13 – materially cheap cf other multi-asset South African-based producers such as AngloGold Ashanti (c 6.5x consensus earnings in FY13) and Gold Fields (c 6.4x).

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2011A	79.1	31.3	29.2	1.4	14.1	11.7
2012A	100.9	50.9	48.2	2.4	8.3	7.0
2013E	177.7	96.2	90.6	3.9	5.1	3.5
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: US\$0.13
 Market cap: US\$12m
 Forecast net debt (US\$m): 2.3
 Forecast gearing ratio (%): 112.0
 Market: FRA, OTCQB

Share price graph (US\$)



Company description

Pan American Goldfields is conducting the PEA to develop the Cieneguita Gold-Silver project in Mexico from the current pilot plant to full-scale production. It is exploring the Cerro Delta project in Argentina and looking to expand its asset base overseas.

Price performance

%	1m	3m	12m
Actual	18.2	(6.5)	(25.7)
Relative*	15.1	(8.3)	(34.6)

* % Relative to local index

Analyst

Michael Stoner

Pan American Goldfields (MXOM)

INVESTMENT SUMMARY

Pan American announced the production results for the two months to November 2012 from the 80% owned Cieneguita project, Mexico. Production levels have increased to an average daily processing rate of 600tpd and are expected to increase to 800tpd by December. In the first eight months the company has received US\$1.7m of attributable net cash flow from its JV partner MRT. The coming year remains key for the company, as it looks to prove the economic viability of a larger operation at Cieneguita via a PEA and then a feasibility study (due Q113), as well as starting its first drilling programme on the Cerro Delta property in Argentina.

INDUSTRY OUTLOOK

Assuming PAG is valued at our average TSX market-wide EV/resource value for an ounce of gold contained, we estimate the Cieneguita resource would be worth approximately US\$0.45/share, accounting for silver and lead credits.

Y/E Feb	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	1.2	(2.3)	(2.5)	(4.7)	N/A	N/A
2012A	2.3	(3.0)	(3.4)	(5.3)	N/A	N/A
2013E	3.8	(4.2)	(4.3)	(5.1)	N/A	N/A
2014E	4.9	(3.6)	(3.8)	(4.0)	N/A	N/A

Sector: Mining

Price: 1.1p
 Market cap: £12m
 Forecast net debt (£m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM

Share price graph (p)



Company description

Listed on AIM in July 2005, Red Rock Resources is now a combination of a junior gold explorer and a mineral property investment company focused on the discovery and development of iron ore, manganese, uranium and gold, primarily in Australia and Africa.

Price performance

%	1m	3m	12m
Actual	4.8	(29.0)	(60.3)
Relative*	0.8	(32.1)	(63.9)

* % Relative to local index

Analyst

Michael Stoner

Red Rock Resources (RRR)

INVESTMENT SUMMARY

Red Rock has announced the updated mineral resource estimate for the Mikei Gold Project. The resource totals 29.4Mt at 1.26g/t with a 1.2Moz of contained gold across the indicated and inferred categories. Within this is the maiden resource estimate for the MK prospect where 1.35Mt of ore at a grade of 3.06g/t hosts 133koz Au. In Greenland at the Melville Bugt project, the company is working on a maiden resource estimate (due imminently). The company is now in the process of selling part of its stake in the project for a cash consideration of US\$10.7m to US\$16.1m. Elsewhere, a bid for the company's interest in the El Limon and El Mango gold mines in Colombia is ongoing. We view the potential sale of the assets as positive, as it could release cash to Red Rock's exploration assets in Kenya.

INDUSTRY OUTLOOK

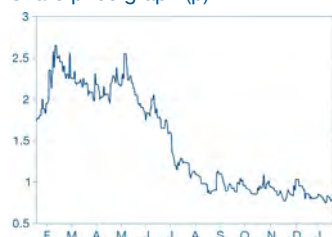
Throughout the year there has been significant fluctuation in the value of Red Rock's listed investments. Given this fluctuation our valuation and forecasts are under review.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2011A	0.9	(0.4)	(1.6)	0.01	110.0	N/A
2012A	0.0	(2.3)	(2.7)	(0.30)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	0.8p
Market cap:	£7m
Forecast net debt (£m)	2.8
Forecast gearing ratio (%)	22.0
Market	AIM

Share price graph (p)



Company description

Regency Mines is a multi-commodity exploration and investment company trading on AIM, Frankfurt and PLUS. Its flagship assets are the large-scale Mambare nickel laterite project in Papua New Guinea and a 17% interest in Red Rock Resources.

Price performance

%	1m	3m	12m
Actual	(8.8)	(18.4)	(56.0)
Relative*	(12.3)	(22.0)	(60.0)

* % Relative to local index

Analyst

Michael Stoner

Regency Mines (RGM)

INVESTMENT SUMMARY

In Australia the company continues with the sale of the 271km² Fraser Range licences to RAM Resources. The company hopes that the asset for equity swap will allow the company to realise value from the assets via listing in Australia, as they are ascribed little value by the London market. In Sudan the company has exercised its option over IMRAS's Agromineral assets and will make a US\$100,000 payment for doing so with a total of US\$2.9m to be paid in the future in order to gain a 51% stake in IMRAS. With regard to Regency's flagship Mambare project, the JV partner, DNi, continues to make progress with its pilot plant using ore samples from the Philippines with an Indonesian bulk sample to be processed shortly.

INDUSTRY OUTLOOK

Regency continues to trade near our low-end scenario valuation (1.2p/share), which calculates the net asset value (NAV) from the current market value for its listed investments summed with the book value of the exploration assets.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.5)	0.4	0.1	8.0	N/A
2011A	0.2	(1.3)	0.8	0.2	4.0	N/A
2012E	0.0	(1.2)	(1.9)	(0.3)	N/A	N/A
2013E	0.0	(0.8)	(0.9)	(0.1)	N/A	N/A

Sector: Mining

Price:	A\$0.19
Market cap:	A\$49m
Forecast net debt (£m)	0.0
Forecast gearing ratio (%)	0.0
Market	ASX

Share price graph (A\$)



Company description

Sumatra Copper & Gold is an emerging producer and explorer located on the island of Sumatra in Indonesia. It owns seven mining business permits (IUPs) covering 3,219 sq km.

Price performance

%	1m	3m	12m
Actual	15.2	15.2	40.7
Relative*	10.7	10.0	25.7

* % Relative to local index

Analyst

Tom Hayes

Sumatra Copper & Gold (SUM)

INVESTMENT SUMMARY

Provident Capital Partners – an Indonesian investment company – has announced to SUM that it has acquired a 13.3m CDI's and have hereby met the minimum additional acquisition of 10 million CDI's in the Company in fulfilment of a Call Option, Performance Condition. Under the terms of the Subscription Agreement announced to the market on 29 August 2012, Provident is now entitled to acquire an additional 40 million CDI's in SUM. Also, SUM has announced the Director General of Forestry has approved all aspects for the Forestry permitting process and made a recommendation to the Minister of Forestry for the granting of an In-Principle Forestry Permit. The Forestry Permit is the last major permit needed to commence development and mining at Tembang (currently envisaged for Q114). In preparation for mining SUM has placed an order for its critical path SAG.

INDUSTRY OUTLOOK

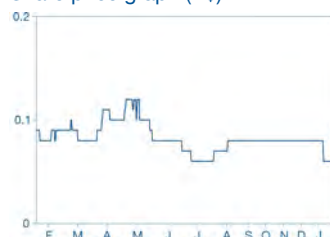
Gold currently trades at around US\$1,740/oz.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(1.3)	(1.2)	(0.7)	N/A	N/A
2011A	0.0	(1.9)	(1.8)	(1.1)	N/A	N/A
2012E	0.0	(1.3)	(1.5)	(0.7)	N/A	N/A
2013E	0.8	(1.7)	(3.6)	(1.3)	N/A	N/A

Sector: Mining

Price: A\$0.06
 Market cap: A\$10m
 Forecast net cash (A\$m): 2.1
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (A\$)



Company description

SMD is a copper and gold explorer that has near-term production potential. It has extensive tenements in the Mount Isa area in Australia considered prospective for copper. It is well placed to grow through exploration and regional rationalisation.

Price performance

%	1m	3m	12m
Actual	(9.7)	(31.7)	(34.9)
Relative*	(13.1)	(34.8)	(41.9)

* % Relative to local index

Analyst

Peter Chilton

Syndicated Metals (SMD)

INVESTMENT SUMMARY

Syndicated Metals (SMD) has an active copper and gold exploration programme across its extensive Mount Isa Inlier tenements in 2013. Further progress is also expected at its Barbara project, which could lead to a development decision. While SMD will be partly exploring at its existing projects, it is also looking to identify additional projects. One of its key targets is the Pilgrim Fault where it has a 50km exposure. While speculative, the upside could transform the company. Based on progressive de-risking of the Barbara project, we value SMD at A\$0.13/share using our preferred net present value valuation methodology. This reduces to A\$0.10/share on a fully diluted basis assuming an additional round of equity funding in FY14 for working capital purposes.

INDUSTRY OUTLOOK

In October 2012, SMD raised A\$2.85m in a two-stage placement to provide funds for exploration (approximately A\$2m) and the costs of administration (around A\$0.5m per annum) for the next 12 months.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	0.0	(1.0)	(0.9)	(0.8)	N/A	N/A
2012A	0.0	(0.8)	(0.8)	(0.7)	N/A	N/A
2013E	0.0	(0.8)	(0.8)	(0.4)	N/A	N/A
2014E	0.0	(0.8)	(0.8)	(0.3)	N/A	N/A

Sector: Mining

Price: A\$0.13
 Market cap: A\$40m
 Forecast net debt (A\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (A\$)



Company description

Universal Coal is a coal development company with advanced thermal and coking coal projects in South Africa. A New Order Mining Right has been awarded at the Kangala thermal coal project where first production is expected by the end of next year.

Price performance

%	1m	3m	12m
Actual	34.0	18.2	(36.6)
Relative*	28.9	12.9	(43.4)

* % Relative to local index

Analyst

Chris Kallos

Universal Coal (UNV)

INVESTMENT SUMMARY

Universal Coal's Kangala project, is set to become its first producing thermal coal mine, is now fully funded following a A\$13.6m private placement with Coal Development Holding (CDH), a wholly owned investment vehicle of the African Minerals Exploration & Development Fund, SICAR (AMED), and after earlier securing 65% project financing from Rand Merchant Bank (RMB). The first drawdown from RMB is scheduled for Q113 to support the development of the boxcut plant, infrastructure, commissioning phase and working capital requirements. RMB's financing arrangement with the company includes a master finance deed for future Universal projects, which bodes well for advancing its other projects such as Roodekop and Brakfontein.

INDUSTRY OUTLOOK

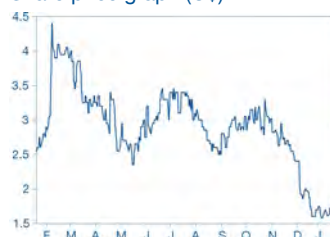
Thermal coal prices may have bottomed out, trading at, or near, the marginal FOB cash cost.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2011A	0.0	(5.6)	(3.6)	(2.3)	N/A	N/A
2012A	0.0	(6.1)	(5.8)	(2.7)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A
2014E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: C\$1.77
 Market cap: C\$191m
 Forecast net cash (US\$m): 322.4
 Forecast gearing ratio (%): N/A
 Market: TSX

Share price graph (C\$)



Company description

Veris Gold Corp (formerly Yukon-Nevada Gold) operates its Jerritt Canyon mine and processing plant in north Nevada, US. It also explores for gold and base metals in the Yukon Territory at its Ketzka River project.

Price performance

%	1m	3m	12m
Actual	(5.3)	(37.9)	(31.9)
Relative*	(8.3)	(39.2)	(34.0)

* % Relative to local index

Analyst

Tom Hayes

Veris Gold (VG)

INVESTMENT SUMMARY

Veris announced it has filed a final prospectus supplement in connection with its previously announced equity offering. The terms of the offering have been amended and will now consist of up to 7.2m units (one share plus one-half share purchase warrant) at a price of C\$2.10 per unit representing aggregate gross proceeds of up to C\$15.12m. Each whole warrant entitles the holder to purchase one common share of the company for a period of 48 months following closure of the offering at an exercise price of C\$2.35. The proceeds of this offering have been revised in light of current market conditions and the company says it will be able to source the funds required in late-2013 from operational cash flows – a significant statement of the company's ability to maintain positive cash flows at Jerritt following its positive Q312 financial results. The main recipient will be the Starvation Canyon mine, which is in development and due on line in late-Q113.

INDUSTRY OUTLOOK

Gold currently trades at c US\$1,740/oz.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	71.4	(18.0)	(85.3)	(87.3)	N/A	N/A
2011A	105.1	(34.0)	(70.2)	(54.4)	N/A	2.9
2012E	195.7	81.9	69.5	53.5	3.4	4.2
2013E	313.0	132.1	100.8	75.5	2.4	1.6

Sector: Mining

Price: 26.5p
 Market cap: £74m
 Forecast net cash (US\$m): 39.6
 Forecast gearing ratio (%): N/A
 Market: LSE

Share price graph (p)



Company description

Zanaga Iron Ore Company (ZIOC) manages its 50% less one share in the Zanaga iron ore project in Congo Brazzaville. The project has JORC resources of 4.3bn tonnes at 33% Fe, is expected to deliver first production in 2017 and is managed by Xstrata.

Price performance

%	1m	3m	12m
Actual	(7.0)	(32.0)	(72.8)
Relative*	(10.6)	(35.0)	(75.2)

* % Relative to local index

Analyst

Andrey Litvin

Zanaga Iron Ore (ZIOC)

INVESTMENT SUMMARY

The released Zanaga Iron Ore (ZIOC) PFS revealed that the optimal product transportation option for the project is considered to be the slurry pipeline, which will extend for 380km bringing the saleable product to the deep-water port near Pointe Noire. ZIOC is expected to produce 30Mtpa of pellet feed with 68% Fe grade and very low impurities for the mine life of at least 30 years. The project's capex estimate of US\$7.4bn remains largely unchanged, while the implied capital intensity (US\$245/t) is not far from the similar large-scale iron ore projects. With US\$23/t in estimated FOB cash cost, ZIOC will be at the bottom of the global iron ore cash cost curve, also benefiting from the premium pricing. Now the PFS is complete, the project will be advanced to the feasibility study stage, which is set to be completed in Q214.

INDUSTRY OUTLOOK

Despite the recent recovery driven by restocking and new stimulus in China, we expect the iron ore price to remain capped by the weak macro and steel industry fundamentals.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(13.9)	(13.9)	(5.38)	N/A	N/A
2011A	0.0	(14.5)	(14.4)	(5.21)	N/A	N/A
2012E	0.0	(5.1)	(4.9)	(1.78)	N/A	N/A
2013E	0.0	(5.1)	(4.9)	(1.78)	N/A	N/A

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