

Edison mining quarterly

July 2012



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Charles Gibson



A chemist by academic training, Charlie spent a decade in the City as a mining analyst at Cazenove and a specialist mining salesman at T Hoare Canaccord, before joining Edison. He has extensive media experience, having written for MoneyWeek and The Business magazines, and The Evening Standard. Charlie is a leading authority on mining and continues to guest present for LBC on financial and business matters.

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.

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, having worked on uranium, precious and base metal deposits.

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, before flying off to work for the Citadel Resource Group as resource definition geologist at its flagship Jabal Sayid Copper-Gold Project in Saudi Arabia in 2008.

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 a master of commerce degree from the University of Queensland, and has also recently undertaken CFA studies.

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. Most recently he was with Ambrian Partners, where he was voted 2008 mining analyst of the year by the Association of Mining Analysts. He is a fellow of the Chartered Institute of Securities and Investment (FSI) and a member of CFA UK.

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.

Michael Stoner



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

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 AGSM (UNSW), and a master's of applied finance (Macquarie). He is a CFA charterholder and a graduate of the Australian Institute of Company Directors.

Not over 'til the bearded man buys



Sector head: Charles Gibson

Analysts:

Charles Gibson	+44 (0)203 077 5724
Andrey Litvin	+44 (0)203 077 5755
Sheldon Modeland	+44 (0)203 077 5726
Tom Hayes	+44 (0)203 077 5725
Rory Draper	+44 (0)203 077 5757
Julian Emery	+44 (0)203 077 5700
Anthony Wagg	+44 (0)203 077 5700
Michael Stoner	+44 (0)203 077 5733
Chris Kallos	+61 (0)2 9258 1160

mining@edisoninvestmentresearch.co.uk

Prices as at 13 July 2012

As these words were written, the market was in one of its periodic convulsions about the global economic outlook. The minutes of the Federal Reserve's last meeting seemed to hint at potential stimulus, but did not actually announce as much. Operation Twist has been extended, but initiatives fell well short of the gold market's hopes and it promptly sold off US\$75/oz. Since then, there has been a spate of disappointing macroeconomic news. At home, the IMF has downgraded its economic growth forecast for the UK in 2012 to a rather anaemic 0.8%. Abroad, annualised second-quarter growth in the US was recorded as 1.8%, but already there are dark mutterings from the private sector about downgrades and some are even predicting that the US is nearing recession. In the meantime, commentators decry the unemployment rate and note that, while it has indeed fallen by two percentage points from its peak of 10% in 2009, it has now held above 8% for 41 consecutive months. Ironically, the worse the news, the more gold rallies as the prospects for future stimulus appear brighter and, as a result, gold has regained some of its former poise, trading fairly equably around t US\$1,600/oz. Nevertheless, investors can be forgiven for feeling confused. In the same summary of financial news, these three headlines could be read, effectively side by side: "gold drops as Fed refrains from further specific easing measures", "copper rises for first day in three on US stimulus speculation" and "Bernanke sees range of options for Fed to stimulate growth".

So what are the chances of another round of quantitative easing? In our opinion, good. Consider this. Estimates for the losses incurred as a result of the global financial crisis range between about US\$4tn and US\$8tn. Of this approximately half is in the form of home equity, with the rest roughly evenly distributed between retirement and pension assets and savings and investment assets. Of the total loss, approximately US\$1tn is estimated to have occurred in the US banking system, with another US\$1.4tn having occurred in overseas banking systems. As such, the Fed's combined US\$2.0tn quantitative easing programme can be seen as roughly sufficient to refinance the banks, but no more. Moreover, as anyone on the high street will tell you, to save a bank is not the same thing as incentivising it to lend. So while the risk of a major financial failure in the US has receded, the 'real' economy continues to be burdened with the same (high) level of debt that it had before the crisis started, is still nursing the same losses on its assets (give or take) and, in general, is unable to access the debt funding needed for investment to expand its businesses even if it wanted to. Not surprisingly therefore, economies in the western world, with few exceptions, are stagnating, which inevitably deters businesses from seeking additional debt funding to invest and expand, thereby exacerbating the problem. The two ways out of this are 1) to undertake a programme of debt reduction (which will inevitably mean enduring a low growth, high unemployment environment for years) or 2) to monetise a portion of the private sector's debt. Of course, such initiatives are anathema to central bankers of a certain persuasion and the issue will have to be very diplomatically handled with large overseas investors in US assets (notably China). In the light of the politicians' promises to reduce unemployment and to stimulate economic growth in a timely fashion, however, we believe that, in the end, the adoption of option 2 will become inevitable. And that will mean more than just the US\$2tn in QE that we've had so far.

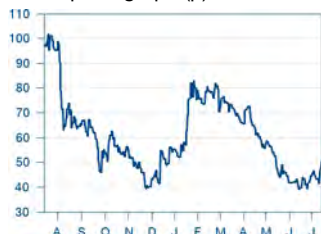


Company profiles

Sector: Mining

Price: 50.4p
 Market cap: £53m
 Forecast net cash (US\$m) 38.8
 Forecast gearing ratio (%) N/A
 Market AIM, TSX

Share price graph (p)



Company description

Afferro Mining is a West African iron ore explorer/developer that owns 100% of the 1.42bt Nkout project in Cameroon and 38.5% of the 3.24bt Putu project in Liberia.

Price performance

%	1m	3m	12m
Actual	24.4	(22.4)	(49.6)
Relative*	20.2	(22.2)	(47.2)

* % Relative to local index

Analyst

Andrey Litvin

Afferro Mining (AFF)

INVESTMENT SUMMARY

Afferro released the NI43-101 compliant PEA followed by the mineral resource update for its 100%-owned Nkout iron ore project in Cameroon. The study considers three production scenarios with the saleable output in the range of 15-35mtpa and a mine life of 21-48 years. The required external funding is estimated at US\$2.5-3.9bn on a shared infrastructure basis, while pre-royalty opex is seen at US\$33-38/t. The preliminary met tests indicate a high-grade product with high iron recoveries pointing to low processing cost and impurities. The company is conducting the bulk testing aiming to confirm the strong early results not included in the PEA. The project's overall resource was upgraded 26% to 2.5bt, with 36mt of high-grade cap supporting an early-stage DSO operation. Afferro is the cheapest exposure to the WA iron ore space with a major catalyst being a potential strategic partnership at Nkout.

INDUSTRY OUTLOOK

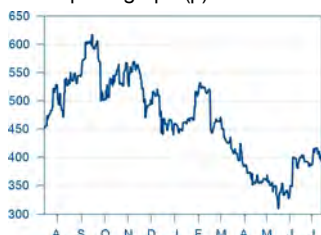
We expect iron ore pricing to remain capped on the back of the weakening underlying demand.

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: 405.1p
 Market cap: £1661m
 Forecast net cash (US\$m) 591.7
 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	3.9	13.6	(10.0)
Relative*	0.3	13.8	(5.7)

* % Relative to local index

Analyst

Charles Gibson

African Barrick Gold (ABG)

INVESTMENT SUMMARY

Lower unit working costs in Q1 helped African Barrick Gold (ABG) exceed our forecasts. Since then, it has received approval for its potentially acid-forming waste rock permit at North Mara, which will allow it to open higher grade zones in H212, and board approval for a 2.4Mtpa CIL circuit at Bulyanhulu to produce up to 40koz Au pa at US\$554/oz from H114 (a project we valued previously at 22.6c per share). It has also agreed to pay an additional, voluntary 1% royalty to the Tanzanian government, which will strengthen its relationship and allow it to address legacy issues at its mines. Q2 results are scheduled for release on 23 July.

INDUSTRY OUTLOOK

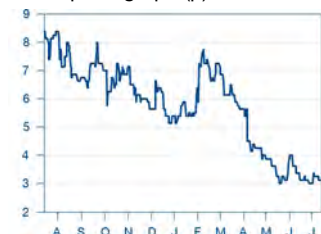
ABG's shares have rallied strongly since end-May, outperforming the gold price. Nevertheless, it remains the cheapest of its peers in terms of its resource multiple (US\$59/oz) and its EV/EBITDA multiple for the year to Dec 2014 - the year we forecast its dividend yield will exceed 4%. It also continues to trade below book value of US\$6.73 per share.

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	10.6	7.5
2011A	1217.9	544.1	402.7	67.0	9.4	5.2
2012E	1203.3	440.9	282.8	47.0	13.4	6.5
2013E	1233.2	516.8	346.9	58.0	10.9	5.2

Sector: Mining

Price: 3.1p
 Market cap: £22m
 Forecast net cash (£m): 10.1
 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 98.6Mt has been defined (according to JORC) at a nickel grade of 0.93% equivalent to 948kt of contained nickel.

Price performance

%	1m	3m	12m
Actual	(7.4)	(28.6)	(62.3)
Relative*	(10.5)	(28.4)	(60.5)

* % Relative to local index

Analyst

Tom Hayes

African Eagle Resources (AFE)

INVESTMENT SUMMARY

David Newbold was appointed African Eagle's (AFE) new finance director on 2 July. He has 35 years' experience in the natural resources industry, with over 20 years specifically focused on mineral resource development. This includes financing initiatives, mining, processing and marketing of base and precious metals globally. His time at Placer Dome saw him advance projects exceeding US\$4bn in value to development decision. His appointment and expertise will help African Eagle secure the necessary finance to develop the Dutwa nickel project. As a result of this appointment, Robert McLearn, interim executive director since 20 June 2012, resigned his position on the board. AFE is focused on developing its Dutwa nickel laterite project in Tanzania, where a total indicated and inferred JORC resource of 98.6Mt has been defined at a nickel grade of 0.93% equivalent to 948kt of contained nickel.

INDUSTRY OUTLOOK

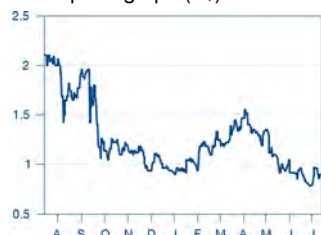
A tonne of Ni currently trades at c US\$16,400/t.

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	(1.5)	(1.4)	(0.2)	N/A	N/A
2013E	0.0	(1.5)	(6.3)	(0.5)	N/A	N/A

Sector: Mining

Price: A\$0.90
 Market cap: A\$337m
 Forecast net debt (A\$m): 393.9
 Forecast gearing ratio (%): 265.0
 Market: ASX

Share price graph (A\$)



Company description

ALK 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 has a 49% (moving to 25%) stake in the McPhillamys Gold project with JV partner Newmont.

Price performance

%	1m	3m	12m
Actual	(3.7)	(33.0)	(58.1)
Relative*	(3.9)	(28.3)	(53.4)

* % Relative to local index

Analyst

Tom Hayes

Alkane Resources (ALK)

INVESTMENT SUMMARY

Alkane (ALK) has released assay results from drilling at its Railway prospect, 4km north-west of the Dubbo Zirconium Project's (DZP) Toongi deposit. Railway deposit assay grades are c 50% of those at Toongi, but Railway appears to carry a greater ratio of HREE/LREE of 30%/70% (vz Toongi at 25%/75%). Drilling completed to date shows an exploration target of 35-40Mt for Railway at grades of 0.85-.99% ZrO₂, 0.21-0.23% HfO₂, 0.21-0.26% NbO₅, 0.013-0.15% Ta₂O₅ and 0.43-0.48% TREO (Y₂O₃+REO), along with remarkable continuity between drill holes. ALK announced on Monday 16 July that it had signed an MOU with Japan's Shin-Etsu Chemical to enter in to an agreement to process and have priority to purchase separated rare earths produced by the DZP. This is a critical step to securing DZP revenues (agreements for zirconium and niobium production are already in place), significantly, with a major non-Chinese rare earth company. Our base case valuation for the DZP is A\$3.02 (at a 10% discount).

INDUSTRY OUTLOOK

Our valuation uses A\$1,350/oz Au price and REE prices obtained from Alkane.

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	28.3	N/A
2011A	1.0	(3.4)	(2.6)	(1.02)	N/A	N/A
2012E	39.0	6.8	(15.8)	(4.63)	N/A	126.6
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 0.3p
 Market cap: £0m
 Forecast net debt (£m): N/A
 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	(33.3)	(75.6)
Relative*	(3.4)	(33.2)	(74.5)

* % Relative to local index

Analyst

Tom Hayes

All Star Minerals (ASMO)

INVESTMENT SUMMARY

All Star Minerals (ASMO) announced on 28 June that Blue Doe Gold, in which ASMO hold 50m shares, has completed its pre-IPO funding. Blue Doe raised £352,000 via the issue of 12.8m shares at 2.75p. Blue Doe Gold owns the Blue Doe & Eagle Hawk Au projects, and the Edward Au-Ag-Cu project in Queensland Australia. ASMO has also agreed to accept £50,000 loan facility from Conrad Windham, CEO of ASMO, for an 18 month period. The proceeds from this facility will be used for general working capital. ASMO is now gearing up to complete a ground magnetics survey on its Samon (uranium) licence area in the Jokkmokk municipality, Northern Sweden in August 2012, releasing data as it receives its consultant's report.

INDUSTRY OUTLOOK

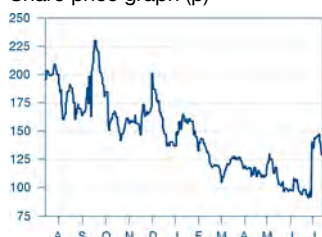
The uranium spot price remains flat at around \$50.75/lb of U3O8, the sector continues to be depressed despite China and India progressing its significant nuclear ambitions.

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	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: 129.5p
 Market cap: £265m
 Forecast net cash (US\$m): 14.8
 Forecast gearing ratio (%): N/A
 Market: ASX, LSE, TSX

Share price graph (p)



Company description

Allied Gold Mining is a gold explorer-producer. Its main assets are the Simberi Oxide Gold mine in Papua New Guinea and the Gold Ridge mine in the Solomon Islands.

Price performance

%	1m	3m	12m
Actual	33.5	10.2	(31.5)
Relative*	29.0	10.4	(28.2)

* % Relative to local index

Analyst

Tom Hayes

Allied Gold Mining (ALD)

INVESTMENT SUMMARY

The boards of St Barbara (SBM) and Allied Gold (ALD) have announced (29 June) that they have reached agreement on the terms of a recommended offer under which St Barbara will acquire the entire issued and to be issued ordinary share capital of ALD for A\$1.025 in cash and 0.8 SBM Consideration Shares for each ALD share. Based on an SBM share price of A\$2.12 (its close price on 28 June 2012), the offer values the entire share capital of ALD at c £360m and each ALD share at 176 pence. Both companies "believe that the combination has a clear strategic and financial rationale", with the enlarged group having complimentary business, development and funding profiles. SBM has operations in Western Australia, with ALD's located in PNG and the Solomon Islands.

INDUSTRY OUTLOOK

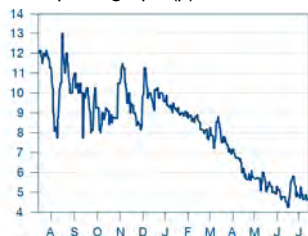
Gold continues to hold at c US\$1,600/oz, with forecasts predicting this level to the end of 2013. Downward price pressure comes from a strong US dollar, with upside linked to further US stimulus and its use as a hedge against inflation.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	N/A	N/A	N/A	N/A	N/A	16.2
2011A	146.4	29.2	(5.7)	(3.0)	N/A	3.7
2012E	315.0	84.2	117.2	46.3	4.4	3.1
2013E	374.1	94.0	129.4	51.0	4.0	N/A

Sector: Mining

Price: 4.6p
 Market cap: £16m
 Forecast net cash (US\$m) 3.5
 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	2.8	(22.6)	(61.5)
Relative*	(0.7)	(22.4)	(59.6)

* % Relative to local index

Analyst

Tom Hayes

Amur Minerals (AMC)

INVESTMENT SUMMARY

Drilling is now underway as Amur (AMC) starts its 2012 field programme. Drilling is first being conducted immediately adjacent to the southeast of Maly Kurumkon, located in the West Zone of the 15km x 2.5km Kurumkon Trend. This drilling follows successful field mapping, trenching and geochemical sampling programmes undertaken by AMC in 2011. These results were very favourable and bode well for further resource expansion. Fourteen drill holes are planned along this extension, testing for Ni & Cu, with results being used to plan for further drill campaigns.

INDUSTRY OUTLOOK

Amur also released its FY11 results on 25 June 2012. At end December 2011 AMC had US\$4.4m in cash and cash equivalents, largely due to one of its Lanstead agreements being settled early. Further funding was achieved with Lanstead in Q111 for US\$4m, with proceeds of US\$1.2m being received by year's end. VAT refunds totalling US\$1.2m were also received throughout 2011. AMC's NAV at end 2011 was 7.6c (4.8p).

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2009A	0.0	(1.4)	(1.6)	(1.1)	N/A	N/A
2010A	0.0	(1.9)	(1.9)	(1.0)	N/A	N/A
2011E	0.0	(2.4)	(2.3)	(0.9)	N/A	N/A
2012E	0.0	(2.4)	(2.3)	(0.7)	N/A	N/A

Sector: Mining

Price: 12.0p
 Market cap: £19m
 Forecast net cash (£m) 1.1
 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 an historical resource in excess of 7Mt at over 9% combined copper, lead and zinc.

Price performance

%	1m	3m	12m
Actual	2.1	(47.8)	(80.5)
Relative*	(1.3)	(47.7)	(79.6)

* % Relative to local index

Analyst

Anthony Wagg

Anglesey Mining (AYM)

INVESTMENT SUMMARY

On 31 May Labrador Iron Mines (LIM) announced the Houston deposit has confirmed a measured and indicated resource of 23Mt, an increase from 22Mt. The inferred resource has increased to 3.7Mt. It announced an NI 43-101 measured and indicated resource estimate of 5.7Mt at 54.2% Fe at Knob Lake, compared with the previous historical 4.0Mt IOC estimate at 48.4% Fe. This deposit is 3km from the Silver Yards process plant and may be included in Stage 1. LIM plans to spend a record C\$8.6m on exploration, aiming at Houston, Gill, Malcolm and other nearby deposits. The diamond drilling at Parys Mountain in Anglesey has completed seven holes and has determined the limits of the Engine Zone. This will be added into the planning for possible mining with the nearby White Rock Zone. More holes will now be drilled.

INDUSTRY OUTLOOK

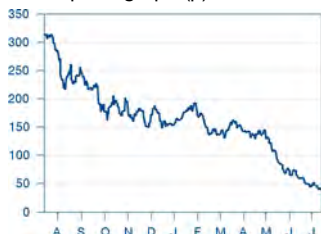
Iron ore spot prices continue around \$135/t Fe 62% with no trend developing.

Y/E Mar	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.3)	(0.6)	(0.4)	N/A	N/A
2011A	0.0	(0.5)	(1.7)	(1.1)	N/A	N/A
2012E	0.0	(0.5)	5.1	3.3	3.6	N/A
2013E	0.0	(0.5)	20.8	13.1	0.9	0.8

Sector: Mining

Price: 41.8p
 Market cap: £197m
 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	(31.2)	(69.2)	(86.8)
Relative*	(33.5)	(69.2)	(86.2)

* % Relative to local index

Analyst

Andrey Litvin

Aquarius Platinum (AQP)

INVESTMENT SUMMARY

In its operational update Aquarius highlighted its measures to keep the business profitable in the current tough market conditions. In particular, it announced its decision to terminate the contract mining agreement with Murray and Roberts becoming an owner-operator of the mines. At the moment this transition will only affect Kroondal, but it should result in a one-off cost of c US\$23m and is expected to bring the visible operating cash cost savings. After the recent announcements the Blue Ridge, Marikana and Everest mines remain on care and maintenance. The company reported attributable production of 413koz of 4E PGMs to June 2012 and guides FY13 production of 328koz on an attributable basis. It is expected to remain profitable at EBITDA levels at a PGM price of R10,300/oz (c US\$1,235/oz) and above.

INDUSTRY OUTLOOK

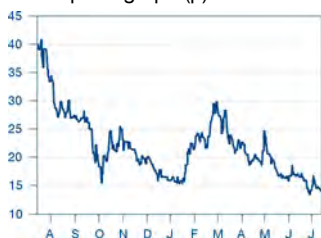
PGM prices will remain volatile on the back of the uncertain global macroeconomic situation.

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	3.9	2.5
2011A	682.9	215.8	123.3	32.2	2.0	1.6
2012E	758.2	195.8	156.6	24.2	2.7	1.7
2013E	819.0	207.4	163.6	25.4	2.6	1.5

Sector: Mining

Price: 14.0p
 Market cap: £42m
 Forecast net cash (US\$m) 1.9
 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	(18.2)	(27.7)	(63.2)
Relative*	(21.0)	(27.6)	(61.4)

* % Relative to local index

Analyst

Charles Gibson

Arian Silver (AGQ)

INVESTMENT SUMMARY

Tonnes milled at San Jose rose 6.2% in Q112 vs Q411, although the head grade fell by 13.9% as a result of Arian optimising the total number of tonnes extracted in one of the Santa Ana blocks. As a consequence, silver concentrate tonnes produced increased by 18.0%, while Ag ounces produced declined by 13.0%. However, the mill has now achieved its target throughput rate of 400tpd as a result of a fourth in-line ball mill becoming operational in May. Arian is conducting a scoping study into its mill options, including the potential for a modular, bespoke mill.

INDUSTRY OUTLOOK

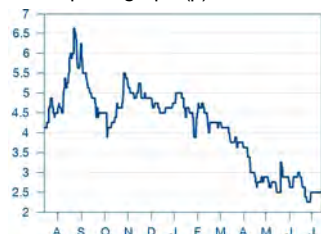
In March, Arian Silver announced a 32.4% increase in its mineral resource estimate at San Jose, to 117.3Moz at 112.2g/t (3.6opt) - equivalent to 2.3Moz of gold at 2.24g/t. At this level, its resource multiple now equates to just US\$0.56/oz Ag. Estimates assume that Arian will achieve a production rate of 375t concentrate per quarter at 405oz per tonne in Q213, by which time the milling rate will have increased to 500tpd.

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	13.5	1.3	1.2	0.4	54.6	176.0
2013E	13.1	1.7	1.5	0.5	43.7	37.5

Sector: Mining

Price:	2.5p
Market cap:	£7m
Forecast net debt (£m)	0.4
Forecast gearing ratio (%)	8.0
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	(16.7)	(16.7)	(37.5)
Relative*	(19.5)	(16.5)	(34.5)

* % Relative to local index

Analyst

Tom Hayes

Ariana Resources (AAU)

INVESTMENT SUMMARY

Ariana (AAU) announced an update on its joint venture in the Artvin province (containing the Salinbas and Ardala Au projects) of north-eastern Turkey with new partners Eldorado Gold Corp (who recently acquired former partners European Goldfields). The new agreement sees Ariana take the role of operator of the JV with overall responsibility for implementing exploration programmes. Eldorado will also commit US\$1.77m to exploration at Artvin in 2012. The Salinbas project has already produced very promising drill results, of 9.5m @ 6.48g/t Au & 39.4g/t Ag; 11.3m @ 4.98g/t Au & 42.8g/t Ag and 25m @ 3.34g/t Au & 7.9g/t Ag, recorded during 2011. A preliminary resource model is currently underway by Ariana on Salinbas to aid in future drill targeting and infill/step-out drilling, due in Q312. AAU also undertook a small (£24,180 net) equity issue of 1,038,712 ordinary shares at 2.39p, announced 27 June. Proceeds are to be used for general working capital purposes.

INDUSTRY OUTLOOK

Gold is currently worth c US\$1,600/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	0.1	(1.2)	(1.2)	(0.2)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price:	55.8p
Market cap:	£67m
Forecast net cash (US\$m)	14.4
Forecast gearing ratio (%)	N/A
Market	AIM

Share price graph (p)



Company description

TSX- and AIM-listed Aureus Mining is a West African-focused gold developer/explorer. Its flagship project is the 1.5Moz New Liberty gold project in Liberia.

Price performance

%	1m	3m	12m
Actual	(1.8)	(16.2)	(33.6)
Relative*	(5.1)	(16.0)	(30.5)

* % Relative to local index

Analyst

Michael Stoner

Aureus Mining (AUE)

INVESTMENT SUMMARY

Following recent updates, the resource estimate for the New Liberty project now totals 15.53Mt at 3.48g/t with 1.74Moz of contained gold. Aureus has now submitted the environmental impact statement for New Liberty. Environmental permitting is a critical hurdle in the path to production there and is the final permit required as the company moves towards production. Away from New Liberty, Aureus continues to make positive exploration progress at the Leopard Rock Prospect and its other targets, including 13.9g/t over 4m. We look to the DFS (now due in Q3) to display the economics of New Liberty and expect the company to continue to add value via its exploration programme.

INDUSTRY OUTLOOK

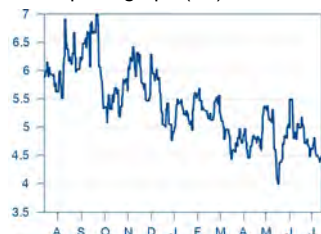
The project has a pre-tax NPV of US\$260m and generates an IRR of 62% at an 8% discount rate and a gold price of US\$1,350/oz. Aureus estimates capital requirements of US\$113m including pre-stripping 11Mt of waste. Additional sustaining capex, fleet leasing and mine closure costs total US\$48.6m.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	N/A	N/A	N/A	N/A	N/A	N/A
2011A	0.0	(7.6)	(7.8)	(6.9)	N/A	N/A
2012E	0.0	(3.4)	(3.3)	(2.8)	N/A	N/A
2013E	0.0	(3.4)	(3.5)	(2.9)	N/A	N/A

Sector: Mining

Price: C\$4.49
 Market cap: C\$738m
 Forecast net cash (C\$m) 234.8
 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 Joanna plus options over a range of other properties.

Price performance

%	1m	3m	12m
Actual	(11.3)	(7.2)	(25.2)
Relative*	(11.4)	(3.0)	(13.4)

* % Relative to local index

Analyst

Charles Gibson

Aurizon Mines (ARZ)

INVESTMENT SUMMARY

Changes to the mining sequence in Q112 affected both ore throughput and grades. While the mining sequence changed, however, the mine plan has not and official production guidance for the year remains unchanged at 155-160koz, with unit working costs averaging C\$134/t. Since then, a decision to develop the Hosco pit at Joanna has been deferred pending more exploration after high grade intercepts were encountered at both Heva and the Hosco West Extension. In the meantime, underground drilling at Casa Berardi has identified three new mineralised lenses since 31 December with the potential for new zones, while Phase II drilling at Marban has revealed the "presence of wide mineralised intervals, as well as smaller high grade intervals located mainly within the Western High Grade Zone".

INDUSTRY OUTLOOK

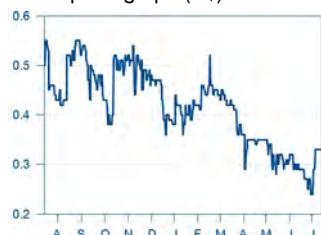
Current forecasts are predicated on US\$1,600/oz Au until Dec 2013, on which basis Aurizon trades at an EV/EBITDA discount to the NYSE Arca Gold BUGS index of 12.0% in FY12 and 24% in FY13.

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	38.4	11.2
2011A	260.0	125.1	86.6	26.7	16.8	4.5
2012E	251.8	119.0	83.8	27.6	16.3	6.2
2013E	268.1	141.4	101.6	33.9	13.2	5.3

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 Malia. In addition, the company has a 90% interest in the adjacent Fougadian exploration permit.

Price performance

%	1m	3m	12m
Actual	10.0	(7.0)	(32.6)
Relative*	9.8	(2.8)	(22.1)

* % Relative to local index

Analyst

Rory Draper

Avnel Gold Mining (AVK)

INVESTMENT SUMMARY

With IAMGOLD and Avnel having agreed to an extension of the exploration phase originally scheduled for Q312 (but now due by 31 December 2012), the drill program continues with its aim to delineate a NI 43-101 compliant resource of at least 2m ounces of gold. The extension was agreed due to the delays in June's rainy season and also because of the recent coup d'etat that occurred through March and April. A Malian unity government is expected to be established by the end of this month, and should hopefully provide a clear timeline for exit from the current political crisis.

INDUSTRY OUTLOOK

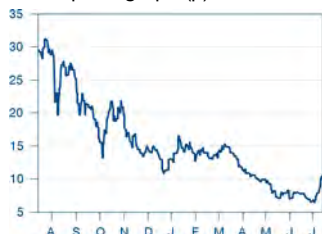
Gold has fallen from recent highs of US\$1,650/oz down to US\$1,550/oz, as negative sentiment persists in the eurozone, but lacks momentum through an extreme event that would provide the safe haven status afforded to it.

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	72.3

Sector: Mining

Price: 9.9p
 Market cap: £26m
 Forecast net cash (£m) 4.5
 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	25.4	(7.1)	(67.4)
Relative*	21.1	(6.9)	(65.8)

* % Relative to local index

Analyst

Andrey Litvin

Baobab Resources (BAO)

INVESTMENT SUMMARY

With a JORC-compliant resource of 482Mt at 33% Fe, Baobab (BAO) has increased its mineral inventory more than 10 times in a year. Drilling is ongoing at Ruoni Flats (resource target 120-260Mt at 38% Fe) and Monte Muande, where Baobab has a 60% interest (target 200-250Mt). Drilling at Ruoni Flats has intersected a c 80-100m heavily mineralised package that "clearly represents the down-dip continuations to the Ruoni North and Tenge resource blocks" from depths of 175m to 294m. Initial metallurgical test work also indicates low deleterious elements and premium quality concentrate grades (eg 69%).

INDUSTRY OUTLOOK

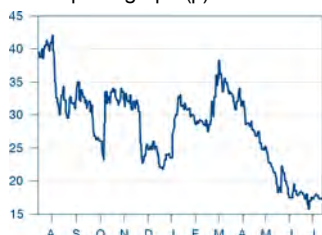
On an estimated end-June EV/t Fe multiple of just US\$0.14, BAO is the seventh cheapest stock in the global iron ore sector. Based on a global sector average multiple of US\$0.50/t applied to a resource of 682Mt at 34% (ie including 200Mt at 35% Fe for Ruoni Flats), its shares should be worth 29pps. Baobab raised £4m in cash on 6 July and has £14.8m of an equity draw-down facility remaining.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(2.0)	(2.0)	(1.4)	N/A	N/A
2011A	0.0	(6.1)	(6.1)	(3.6)	N/A	N/A
2012E	0.0	(6.7)	(6.6)	(3.3)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 17.5p
 Market cap: £128m
 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	(2.1)	(36.9)	(56.1)
Relative*	(5.4)	(36.8)	(54.0)

* % Relative to local index

Analyst

Andrey Litvin

Bellzone Mining (BZM)

INVESTMENT SUMMARY

First ore was loaded on the trans-shipping barges at the Farecariah project in July. The company guides first exports in Q312. Earlier, the company published the updated resource at its 100% owned Kalia mine in Guinea. The high grade oxide and SBIF resource was increased by 45% to 414mt at 36% Fe. The magnetite resource remains at 6.2bn grading 22% Fe. Overall, the project now has the potential for some 1.7bn of beneficiated product with 151mt of saleable product coming from oxide and SBIF and the remainder from BIF and schist. The metallurgical testing completed to date suggests that oxide and SBIF will be blended for a saleable product grading of 60% Fe with 5.1% silica and 3.8% alumina. The impurities appear to be on the high end compared to benchmarks. The company plans to conduct further met test-work in Q312 as well as to update the SBIF resource following the ongoing drilling.

INDUSTRY OUTLOOK

Further weakness in iron ore price is likely as steel industry fundamentals remain weak.

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	3.9
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 23.2p
 Market cap: £15m
 Forecast net cash (£m): 6.0
 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	(2.1)	(8.8)	(40.4)
Relative*	(5.4)	(8.6)	(37.6)

* % Relative to local index

Analyst

Rory Draper

Bezant Resources (BZT)

INVESTMENT SUMMARY

Bezant Resources' share price has fallen of late with a depressed copper price and concerns over Argentine politics following the nationalisation of the oil company YPF. The company continues to wait for approval of the recently completed environmental impact and baseline studies for its Eureka Project in Argentina. Once approved by the director of Mines and Energy Resources, Bezant will be permitted to start exploratory trenching, surface sampling, drill programmes and underground sampling. Bezant's management remains confident the option over the Mankayan copper-gold porphyry project in the Philippines will be exercised by Gold Fields.

INDUSTRY OUTLOOK

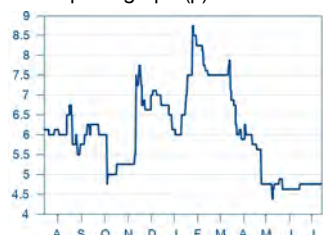
Copper has risen slightly from its six-month lows of \$3.33/lb to \$3.40/lb. However, with negative sentiment continuing to persist in the eurozone, the copper price continues to remain volatile. The current price is still well above our long-term price of US\$2.96/lb.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(1.6)	(1.6)	(3.7)	N/A	N/A
2011A	0.0	(1.5)	(1.5)	(2.9)	N/A	N/A
2012E	0.0	(1.5)	(1.4)	(3.4)	N/A	5.1
2013E	0.0	(1.5)	(1.3)	(2.1)	N/A	N/A

Sector: Mining

Price: 4.8p
 Market cap: £24m
 Forecast net debt (C\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM

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	2.7	(17.4)	(22.4)
Relative*	(0.8)	(17.2)	(18.8)

* % Relative to local index

Analyst

Tom Hayes

Caledonia Mining (CMCL)

INVESTMENT SUMMARY

On 21 June Caledonia (CMCL) announced that it had concluded its sale agreement with the National Indigenisation and Economic Empowerment Fund (NIEEF) and received an indigenisation compliance certificate. This was possible due to CMCL reaching a conditional agreement to transfer 16% of Blanket for a consideration of US\$1.742m to NIEEF. This was the last element of the MoU signed with the Zimbabwean government on 20 February 2012, and follows successful conditional agreements being reached - ie 15% sold to a consortium of Indigenous Zimbabweans for US\$11.008m; 10% sold to The Blanket Mine Employment Trust for US\$7.339m, with the final 10% donated to the Gwanda Community Share Ownership Trust along with a donation of US\$1.0m. CMCL has facilitated the funding of the MoU, with the loan due to be repaid via dividends attributable to Indigenous Zimbabwean Shareholders. CMCL expects to redeploy proceeds received in its projects.

INDUSTRY OUTLOOK

We use a long-term Au price of US\$1,350/oz in our valuations.

Y/E Dec	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	22.4	2.1	2.1	0.2	38.2	5.8
2011A	55.7	24.3	24.2	2.9	2.6	1.5
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: 0.1p
 Market cap: £12m
 Forecast net cash (A\$m): 66.6
 Forecast gearing ratio (%): N/A
 Market: ASX

Share price graph (p)



Company description

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

Price performance

%	1m	3m	12m
Actual	(25.0)	(25.0)	(67.4)
Relative*	(25.1)	(19.8)	(63.7)

* % Relative to local index

Analyst

Rory Draper

Celamin Holdings (CNL)

INVESTMENT SUMMARY

Celamin Holdings NL resumed trading on 18 June 2012, having successfully raised the minimum A\$5m required under the recent prospectus issue so as to complete the acquisition of Celamin Limited. Subsequently, Celamin Holdings NL has presented a further prospectus for a pro-rata bonus issue of one bonus option for every two shares held by eligible shareholders. The bonus options are being issued for no consideration and no funds will be raised under the issue. Should the approximately 75.9m options be exercised the company will receive approximately A\$26.6m, to be used to fund ongoing exploration and evaluation activities.

INDUSTRY OUTLOOK

Rising demand for agricultural commodities has put increasing pressure on land resources, pushing fertiliser demand higher. However, the International Fertilizer Industry Association (IFIA) has warned of potential surpluses in nitrogen fertiliser by 2015 and said the potash industry would avoid massive surpluses only because of possible delays in projects.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(0.4)	(0.5)	(2.7)	N/A	N/A
2011A	0.0	(1.0)	(1.0)	(2.8)	N/A	N/A
2012E	0.0	(1.0)	(1.1)	(1.7)	N/A	N/A
2013E	0.0	(1.1)	(4.0)	(1.3)	N/A	N/A

Sector: Mining

Price: 86.2p
 Market cap: £74m
 Forecast net cash (US\$m): 17.5
 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	7.1	(12.0)	(0.3)
Relative*	3.5	(11.8)	4.4

* % Relative to local index

Analyst

Tom Hayes

Central Asia Metals (CAML)

INVESTMENT SUMMARY

On 2 July 2012, CAML announced that it has initiated a share repurchase programme of up to 4.3m shares, representing approximately 5% of CAML's issued share capital. CEO Nick Clarke commented that the decision to repurchase shares had been taken due the depressed level CAML's shares recently, and in order to enhance shareholder value. To date, 104k shares costing c £79k have been purchased. CAML's share price performance is in stark contrast to its operational performance at Kounrad, which continues to produce Cu cathode ahead of schedule. Between April 29 and June 30 2012, a total of 1,728t of Cu cathode had been produced, making CAML's 2012 production target of 5,000t and our EPS forecast of 7c/share look eminently achievable. A total of 1,386 tonnes of LME A-grade Cu cathode has now been sold to Traxys Europe. CAML has also provided clarity on the actual end capex bill for Kounrad, stating the project came in 15% under its budget, at US\$40m.

INDUSTRY OUTLOOK

The current Cu price is c US\$7,515/t.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (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)	(6.90)	N/A	N/A
2012E	19.8	7.4	7.2	6.67	20.2	34.6
2013E	40.4	24.5	24.2	22.47	6.0	5.8

Sector: Mining

Price: 64.0p
 Market cap: £108m
 Forecast net cash (US\$m): 6.6
 Forecast gearing ratio (%): N/A
 Market: AIM, TSX

Share price graph (p)



Company description

Dual-listed on AIM and the TSX, Cluff has one producing mine (Kalsaka in Burkino Faso – 78% ownership), one development project (Baomahun in Sierra Leone, 100%) and one operation on care and maintenance (Angovia in Côte d'Ivoire, 90%).

Price performance

%	1m	3m	12m
Actual	(8.9)	(19.5)	(30.4)
Relative*	(12.0)	(19.3)	(27.1)

* % Relative to local index

Analyst

Charles Gibson

Cluff Gold (CLF)

INVESTMENT SUMMARY

CLF reported a small loss in Q1 solely as a result of an inflated tax charge relating to withholding tax. Despite a 15% decline in grade q-o-q, costs rose only 3% to US\$960/oz, implying a 20% fall in unit working costs to US\$29.27/t. As a result, production guidance and Edison's forecasts for FY12 remain substantially unchanged. In the meantime, Cluff's flagship project, Baomahun, is fully permitted and will be the subject of a resource update in Q312, followed by publication of a full feasibility study. It will then remain to conclude a hydropower off-take agreement to reduce electricity costs from 23c/kWh to 8c/kWh.

INDUSTRY OUTLOOK

Exploration at Baomahun is now proceeding according to a new structural interpretation, targeting coincident arsenic and electro-magnetic signatures. Exploration at Yaoure is targeting newly-identified zones with a target of defining >1m 'inferred' oz by the year end. A preliminary economic assessment of Segá is scheduled for July with permitting following in Q4.

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	5.3
2011A	121.7	40.5	25.4	9.2	10.8	3.2
2012E	101.8	42.0	20.8	7.7	13.0	4.1
2013E	153.2	75.2	20.7	7.6	13.1	2.5

Sector: Mining

Price: 30.5p
 Market cap: £203m
 Forecast net debt (US\$m): 2.9
 Forecast gearing ratio (%): 1.0
 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	(17.3)	(44.0)	(63.4)
Relative*	(20.1)	(43.9)	(61.6)

* % Relative to local index

Analyst

Andrey Litvin

Coal of Africa (CZA)

INVESTMENT SUMMARY

Coal of Africa announced a major resource upgrade at its Greater Soutpansberg area, which, following the completion of the Chapudi project acquisition from Rio Tinto, was reorganised into three regional groups - the Chapudi, Makhado and Mopane regions. The company's overall GTIS resource for the whole area was increased by 429% to 8.0bn tonnes, with the mineable tonnes in situ (MTIS) rising 209% to 2.0bn. Based on the price paid for the assets, this equates into a very low EV/Resource multiple of US\$0.06 per MTIS. Importantly, in its independent technical statement the company provided washed coal qualities, which confirmed the project's high coking coal potential. We believe that all the reported areas contain either high volatile hard coking coal or semi-hard type.

INDUSTRY OUTLOOK

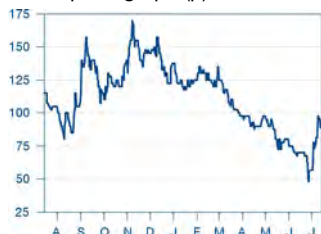
Thermal coal prices are to remain under pressure on the back of the sluggish economic backdrop and improved seaborne coal availability from the US, where low gas prices result in higher coal exports.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	98.4	12.6	(46.2)	(7.7)	N/A	N/A
2011A	261.4	14.7	(120.7)	(22.9)	N/A	N/A
2012E	300.5	40.5	(28.5)	(8.5)	N/A	54.7
2013E	377.4	71.4	15.9	(1.2)	N/A	5.4

Sector: Mining

Price: 93.5p
 Market cap: £29m
 Forecast net cash (£m) 0.3
 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	33.6	1.1	(18.7)
Relative*	29.1	1.3	(14.8)

* % Relative to local index

Analyst

Julian Emery

Condor Gold (CNR)

INVESTMENT SUMMARY

Name change from Condor Resources to Condor Gold coincided with a 1 for 20 equity consolidation. The company aims to lift compliant gold resources at its La India project in Nicaragua to over 2Moz in 2012 and move to feasibility status. The successful exploration campaign continues with further near surface high grade results from the current drilling and trenching programme on the La India Vein, which may justify fast-track production from open-pit operations. The initial target is to expand resources on three defined vein sets plus near-surface veins and breccia structures. The multiple epithermal veins system should be largely amenable to selective underground mining with an initial concept production option at 80koz pa.

INDUSTRY OUTLOOK

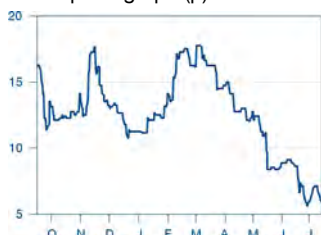
Nicaragua has a long mining history and recognises the economic worth of active facilitation of mining projects within a workable legal, taxation and royalty structure. La India has good infrastructure access and should prove an important new gold operation.

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)	(0.26)	N/A	N/A
2011A	0.0	(2.0)	(1.6)	(0.30)	N/A	N/A
2012E	0.0	(0.8)	(0.8)	(0.13)	N/A	N/A
2013E	0.0	(0.8)	(0.8)	(2.62)	N/A	N/A

Sector: Mining

Price: 6.0p
 Market cap: £26m
 Forecast net debt (A\$m) N/A
 Forecast gearing ratio (%) N/A
 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	(32.4)	(52.9)	N/A
Relative*	(34.7)	(52.9)	N/A

* % Relative to local index

Analyst

Andrey Litvin

Continental Coal (COOL)

INVESTMENT SUMMARY

Continental Coal (Conticoal) has provided an update on the Penumbra mine development. The major activities at the mine continue to centre on the advance of the twin declines by the contractor Murray and Roberts. By the end of May, the declines were advanced to a total length of 233m (out of the overall 390m). Penumbra is expected to produce 750kt of ROM coal, yielding some 500kt of saleable product destined for both domestic and export markets. The mine's cash cost is estimated at ZAR490/t (2011 money terms). Production is forecast to start in Q412. The company has also announced appointment of Maritz Smith to the position of CFO. Before this, Mr Smith was CFO and group FD of the South African diversified mining company Motorex, a subsidiary of Jinchuan Group.

INDUSTRY OUTLOOK

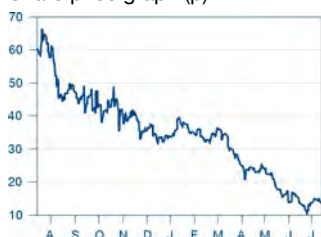
We expect thermal coal prices to remain under pressure on the back of the sluggish global economic backdrop as well as the improved availability of the US coal on the international seaborne market.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(13.1)	(25.5)	(1.3)	N/A	110.0
2011A	50.8	(8.8)	(23.7)	(0.5)	N/A	68.6
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: 14.1p
 Market cap: £131m
 Forecast net debt (US\$m) N/A
 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 (75.5%), Spitzkop (93.4%), DGV (87.5%) and Kennedy's Vale (87.5%).

Price performance

%	1m	3m	12m
Actual	(7.4)	(41.8)	(75.7)
Relative*	(10.5)	(41.6)	(74.5)

* % Relative to local index

Analyst

Andrey Litvin

Eastern Platinum (ELR)

INVESTMENT SUMMARY

Eastplats has made a series of announcements about revising its mining and development activities. It has decided to freeze funding for the Mareesburg open pit mine and Kennedy's Vale concentrator project on the eastern limb. According to Eastplats, the project was 30% complete and is now expected to be restarted when market conditions improve. Before this, Eastplats announced that the Crocette section of CRM was put on hold, with all development activities stopped in early 2012. The revision has also affected the operating Crocodile River mine where it was decided to switch from the stoping production to the on-reef development at the Zandfontein section. The aim is to reduce operating costs, minimise capex and increase operating flexibility. Eastplats plans to update on the production guidance for 2012 and 2013 in the next 30 days.

INDUSTRY OUTLOOK

Given the uncertain economic backdrop, PGM prices are likely to remain volatile in the short term.

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	11.6	5.7
2011A	113.2	(13.3)	(32.3)	(2.4)	N/A	N/A
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: 0.3p
 Market cap: £3m
 Forecast net debt (£m) 3.1
 Forecast gearing ratio (%) 25.0
 Market AIM

Share price graph (p)



Company description

ECR Minerals is a mineral development company with a substantial interest in THEMAC Resources Group, which is developing the Copper Flat copper project in New Mexico, and holdings in West Wits Mining, ACS Asia and Paniai Gold.

Price performance

%	1m	3m	12m
Actual	(33.3)	(58.6)	(85.0)
Relative*	(35.6)	(58.5)	(84.2)

* % Relative to local index

Analyst

Sheldon Modeland

ECR Minerals (ECR)

INVESTMENT SUMMARY

ECR Minerals has released its unaudited interim results for the six months ending 31 March 2012. It reported net assets of £15.2m representing a 5.5% increase over the same period in 2011. The higher assets reflect the gain in value of ECR's holding in THEMAC Resource Group, which is developing the Copper Flat copper-molybdenum-gold-silver porphyry project in New Mexico. ECR has also announced the issue and allotment of 35.0m shares for a total consideration of £0.13m under its standby equity distribution agreement (SEDA) with YA Global Master SPV. The proceeds will be used to fund the gold exploration project in Argentina and for general corporate purposes. The company is also planning to generate cash through the sale of certain assets under attractive terms in order to support its activities in Argentina.

INDUSTRY OUTLOOK

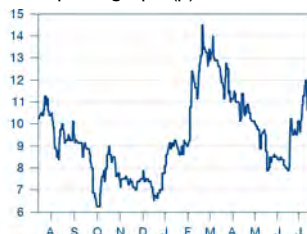
Despite the recent downturn in the commodities market our long-term price remains at US\$1,350/oz for gold and US\$24.63/oz for silver.

Y/E Jun / Sep	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	4.8	(1.7)	(2.2)	(1.0)	N/A	N/A
2011A	5.0	(1.5)	(2.0)	(0.4)	N/A	N/A
2012E	4.9	(1.5)	(1.9)	(0.4)	N/A	N/A
2013E	5.1	(1.5)	(1.9)	(0.3)	N/A	N/A

Sector: Mining

Price: 10.8p
 Market cap: £105m
 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	34.4	(5.5)	4.9
Relative*	29.8	(5.3)	9.9

* % Relative to local index

Analyst

Rory Draper

EMED Mining (EMED)

INVESTMENT SUMMARY

EMED is now confident of triggering the restart of the Rio Tinto mine by the end of 2012 and commissioning production by the end of 2013. This is underpinned by the major Andalucian political parties announcing policies for the permitting of the Rio Tinto mine by Q312 and subsequent copper off-take sales and loan financing arrangements with Yanggu Xiangguang Copper Co (XGC) and Goldman Sachs International, detailed engineering and project restart permitting. These off-take and finance packages will fund the capital required for restart of the Rio Tinto mine in return for copper pre-sale agreements. We value EMED at 25.7p/share on a sum-of-the-parts basis.

INDUSTRY OUTLOOK

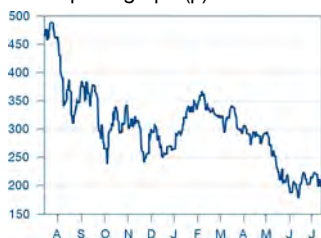
Copper has risen slightly from six-month lows of \$3.33/lb to \$3.40/lb. However, negative sentiment stemming from the eurozone continues to depress the short-term copper price.

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	11.8
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: 210.4p
 Market cap: £1238m
 Forecast net debt (US\$m) N/A
 Forecast gearing ratio (%) N/A
 Market LSE

Share price graph (p)



Company description

Ferrexpo is involved in producing and exporting iron ore pellets to the global steel industry. Backed by one of the largest iron ore resources in the world, it aims to realise the potential of its unique resource and to be a globally recognised iron ore pellet supplier.

Price performance

%	1m	3m	12m
Actual	17.3	(28.6)	(55.4)
Relative*	13.3	(28.4)	(53.3)

* % Relative to local index

Analyst

Andrey Litvin

Ferrexpo (FXPO)

INVESTMENT SUMMARY

Ferrexpo has released its Q212 operating results, revealing a 4.1% q-o-q increase in the overall pellet production to 2.4mt. Notably, production of the high-grade 65% Fe product went up by 6% q-o-q to 1.13mt. In the six months to June 2012 the company delivered 4.7mt of pellets, a 1.3% reduction compared to the similar period of 2011. At the same time, the 65% Fe pellet output fell 10.3% y-o-y to 2.2mt. This negative dynamic reflects the overall deterioration in global demand for iron ore. Given the moderate recovery in steel industry performance, we would expect Ferrexpo to demonstrate a further modest q-o-q increase in pellet output in Q312.

INDUSTRY OUTLOOK

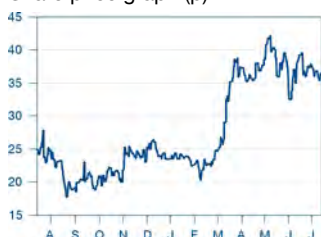
We believe that downside risk to iron ore prices prevails as underlying demand remains weak and China's steel industry shows signs of slow down.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	1294.9	579.8	509.2	73.6	4.5	5.1
2011A	1788.0	798.1	691.3	97.2	3.4	2.8
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: 36.2p
 Market cap: £118m
 Forecast net cash (US\$m) 37.8
 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	(5.2)	1.8	70.6
Relative*	(8.4)	2.0	78.7

* % Relative to local index

Analyst

Julian Emery

Gemfields (GEM)

INVESTMENT SUMMARY

Gemfields reported that the four emerald auctions in the financial year to June 2012 have realised revenues of US\$77.9m. The most recent sale showed lower demand for the lowest-quality roughs, some of which were retained. Gemfields has delivered a consistent high-quality product that reflects the strong cash position and operational performance. This enables the inventory to be controlled to adapt to market conditions. Meanwhile, the major high-wall push-back is well advanced and this waste removal programme should open new production areas to ensure project longevity.

INDUSTRY OUTLOOK

The next high-grade auction will test the view that higher quality emeralds are less vulnerable to economic instability and can often be seen as a store of value in times of uncertainty. A new alliance with fine jewellery house, Amrapali, will showcase prime examples of ethical Zambian emeralds. Gemfields is also acquiring a controlling interest in the Montez ruby licences in Mozambique through a recent equity payment.

Y/E Jun	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	19.9	2.0	(2.0)	(0.4)	N/A	112.3
2011A	40.2	22.3	19.6	5.0	11.3	10.6
2012E	82.0	55.1	46.7	7.2	7.8	3.5
2013E	91.5	54.5	40.1	5.9	9.6	3.3

Sector: Mining

Price: A\$0.44
 Market cap: A\$630m
 Forecast net cash (A\$m) 45.9
 Forecast gearing ratio (%) N/A
 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	4.7	(9.2)	(11.9)
Relative*	4.5	(2.9)	(1.9)

* % Relative to local index

Analyst

Sheldon Modeland

Gold One (GDO)

INVESTMENT SUMMARY

After the recent illegal strike and dismissal of 1,035 employees at its Modder East operations in South Africa, Gold One is trying to normalise its work force and meet its production guidance. The company is currently in negotiations with the National Union of Mineworkers and is actively recruiting potential employees. The company has also released its Q212 results and, as anticipated, production was down from the Modder East operations compared with the previous quarter. Gold production from all operations was 62,904oz, which was 9% below the guidance set for Q212. Although production from Modder East was down 22% - primarily due to the illegal industrial action - the Randfontein Surface operations increased 30% over the same period due to higher volumes and grades. Production from the Cooke underground operations was just 4% below forecast, but was 12% higher than the previous quarter.

INDUSTRY OUTLOOK

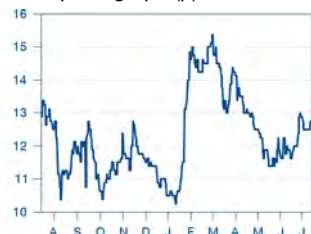
Despite the recent downturn in commodity prices, our long-term price for gold remains at US\$1,350/oz.

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	24.4	8.7
2011A	188.3	92.3	68.7	6.0	7.3	3.4
2012E	424.6	153.8	129.9	4.9	9.0	3.6
2013E	525.4	236.6	209.5	8.6	5.1	2.7

Sector: Mining

Price: 12.8p
 Market cap: £21m
 Forecast net cash (£m): 8.2
 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	7.4	(1.9)	5.2
Relative*	3.7	(1.7)	10.2

* % Relative to local index

Analyst

Rory Draper

Goldplat (GDP)

INVESTMENT SUMMARY

Goldplat has more than doubled its JORC compliant resource at its Kilimapesa gold mine in Kenya to 649,804oz. The additional 402,320oz represents a 162% increase from the previously published resource in May 2012. The resource was calculated from both the Kilimapesa Hill and Red Ray target areas. Goldplat has now exceeded the 500,000oz resource base targeted for 2012. The increased resource ensures that it carries sufficient gold reserves so as to produce at a rate of 10,000oz Au per annum from FY13. Management suggest that, with ongoing drilling at Kilimapesa, the possibility exists for increasing the resource in excess of 1moz of gold.

INDUSTRY OUTLOOK

We have seen gold fall over the last month, from US\$1,650/oz down to US\$1,550/oz. This still exceeds our long-term gold price used for valuation of US\$1,350/oz.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	10.7	2.5	2.2	1.58	8.1	10.0
2011A	19.6	3.4	3.1	1.63	7.9	23.0
2012E	26.2	5.6	5.1	2.13	6.0	2.5
2013E	36.5	14.4	13.8	6.58	1.9	1.7

Sector: Mining

Price: A\$0.10
 Market cap: A\$23m
 Forecast net debt (A\$m): 84.8
 Forecast gearing ratio (%): 454.0
 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	(4.5)	(52.3)	(40.0)
Relative*	(4.7)	(49.0)	(33.2)

* % Relative to local index

Analyst

Julian Emery

Gunson Resources (GUN)

INVESTMENT SUMMARY

Gunson has been negotiating with major Korean steel producer POSCO for a strategic minority investment in its construction-ready Coburn mineral sands project, to progress it to production. In April 2012, POSCO requested an extension until mid-August 2012 to complete its internal review process and obtain board approval for the investment but continues to be proactive. Gunson has demonstrated confidence in this timing target by commissioning a value engineering review from the engineering contractor, focused on key project costs and construction schedules.

INDUSTRY OUTLOOK

Gunson is taking advantage of the delay as the value engineering review will prioritise opportunities to reduce capital costs and streamline the production schedule. A timely positive result of the POSCO negotiations is essential to restore market credibility and establish Coburn as one of the few new producers in the mineral sands industry. Product markets are strong and discussions with strategic partners on project funding are well advanced.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.2	(0.4)	(0.4)	(0.2)	N/A	N/A
2011A	0.1	(1.7)	(1.7)	(0.6)	N/A	N/A
2012E	0.0	(0.1)	(9.0)	(4.2)	N/A	37.0
2013E	0.0	(0.1)	(15.0)	(6.8)	N/A	N/A

Sector: Mining

Price: 1.5p
 Market cap: £15m
 Forecast net cash (US\$m): 2.8
 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	(4.7)	(16.4)	(61.9)
Relative*	(7.9)	(16.3)	(60.1)

* % Relative to local index

Analyst

Tom Hayes

Hambleton Mining (HMB)

INVESTMENT SUMMARY

Hambleton (HMB) released a production update for Q212, detailing 179kt ore had been processed and 5,917oz Au produced, in line with managements expectations. Constraints to tailings storage (due to be lifted Q312) and harder ores (limiting Au recovery) have held back production slightly. However production should improve through H212 as HMB's expanded mine fleet is utilised more for ore extraction, now waste stripping in the open pit is complete. Underground (UG) development will continue to ramp up over 2012, contributing around 34% of gold production by end year. Underground resource drilling is also delivering favourable Au assays. Concerning the TD3 fines, the Supreme Court of Kazakhstan has "upheld the company's disagreement over the amount of fines to be paid". If HMB is successful in its appeal, an as yet unknown proportion of the US\$3.8m in fines will be returned.

INDUSTRY OUTLOOK

We use Au prices of US\$1,700/oz (2012), US\$1,600/oz (2013) & US\$1,350/oz long term in our valuation.

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	3.9	3.0
2011A	33.3	(2.5)	(2.8)	(0.2)	N/A	5.1
2012E	46.2	6.4	5.6	0.6	3.9	2.7
2013E	66.4	14.6	13.4	1.0	2.3	1.8

Sector: Mining

Price: SEK3.50
 Market cap: SEK57m
 Forecast net debt (SEK) 20.9
 Forecast gearing ratio (%) 16.0
 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 117koz.

Price performance

%	1m	3m	12m
Actual	(2.8)	(20.5)	(28.3)
Relative*	(7.5)	(19.1)	(21.4)

* % Relative to local index

Analyst

Sheldon Modeland

Kopy Goldfields (KOPY)

INVESTMENT SUMMARY

Kopy Goldfields continues its exploration programme on its Krasny project, which includes 10,000m of drilling to test up to 2km of additional strike length. The first phase of drilling (1,800m) will focus on testing mineralisation at depth within existing drill sections. The second stage will comprise up to 5,000m and is contingent on results from the first phase. Phase three will consist of up to 3,200m testing near-surface mineralisation. Initial results are expected by the end of summer 2012.

INDUSTRY OUTLOOK

Kopy Goldfields recently increased its exploration area in Russia to 486 square km via the acquisition of two properties within the Lena goldfield. The Purpolskaya license borders the 3Moz Polyus-owned Chertovo Koryto deposit, while Verkhnyaya Orlovka borders tenements owned by Severstal and Stargold Mines. Kopy's management believes these tenements show strong synergy with its current portfolio and support its long-term ambition of developing a resource of 5Moz.

Y/E Dec	Revenue (SEK) (SEK)	EBITDA (SEK) (SEK)	PBT (SEK) (SEK)	EPS (fd) (öre) (öre)	P/E (x) (x)	P/CF (x) (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	3.2	(19.1)	(19.8)	(154.1)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 144.0p
 Market cap: £54m
 Forecast net cash (US\$m) 15.4
 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	6.7	11.2	41.9
Relative*	3.0	11.4	48.6

* % Relative to local index

Analyst

Rory Draper

MDM Engineering (MDM)

INVESTMENT SUMMARY

MDM's annual results for the year ended 31 March 2012 have exceeded our forecasts and greatly exceeded the results from the prior year. Revenue was US\$89.1m, up 428% y-o-y (US\$20.8m) and exceeding our forecast revenue of c US\$70m, PBT was US\$7.8m with basic EPS of US15.37c and a full year dividend of US7.70c per share. With eight current execution projects and up to 10 more studies in the pipeline, successful studies like Amari Manganese's US\$500m Kongoni project and the Gold One/Goldfields/Rand Uranium JV could be worth a potential US\$1.0-1.5bn. MDM has become a market leader in servicing the junior and mid-cap mining space in Africa and is now working with an impressive blue-chip client base, including ENRC, Metorex, Gold Fields and African Barrick Gold.

INDUSTRY OUTLOOK

Successful project execution and increased bullishness in the commodities market, along with greater capex spend by mining companies has been favourable to MDM over the last six months.

Y/E Dec / Mar	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	33.2	4.2	5.0	9.2	24.4	N/A
2011A	20.8	(2.3)	(2.3)	(3.6)	N/A	10.5
2012E	70.3	5.5	5.6	12.8	17.5	212.6
2013E	44.7	5.8	5.9	11.9	18.9	8.3

Sector: Mining

Price: 43.2p
 Market cap: £66m
 Forecast net cash (US\$m) 5.5
 Forecast gearing ratio (%) N/A
 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	(15.2)	(31.6)	(40.8)
Relative*	(18.1)	(31.5)	(37.9)

* % Relative to local index

Analyst

Sheldon Modeland

Minera IRL (MIRL)

INVESTMENT SUMMARY

Minera IRL has recently announced a 10-year social licence agreement with the communities of Jaramillo and Fitz Roy for the development of the Don Nicolas project within the mining friendly Santa Cruz province in southern Argentina. The agreement will focus on developing policies for local training, employment and sustainable health programmes. Local companies will also be established to help supply goods and services required for the future Don Nicolas mine. The project is under the permitting process and continues to receive strong support from the local authorities. Once approved, the mine is expected to begin production in late 2013 and is projected to produce an average of 52,000oz of gold and 56,000oz of silver per year. We are updating our valuation models.

INDUSTRY OUTLOOK

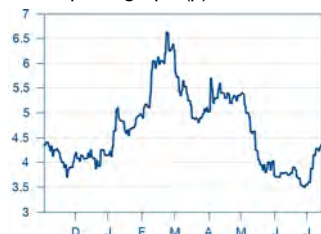
Despite a recent downturn in commodity markets, our long-term price for gold remains at US\$1,350/oz and US\$24.63/oz for silver.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	41.1	10.0	9.4	5.2	13.0	6.6
2011A	53.0	17.0	16.7	8.1	8.3	3.9
2012E	43.0	10.3	10.4	5.6	12.0	4.7
2013E	27.7	(2.2)	(2.1)	(1.7)	N/A	17.1

Sector: Mining

Price: 4.3p
 Market cap: £48m
 Forecast net cash (US\$m): 55.0
 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	16.0	(19.4)	(3.3)
Relative*	12.1	(19.3)	1.2

* % Relative to local index

Analyst

Charles Gibson

Mwana Africa (MWA)

INVESTMENT SUMMARY

Mwana's assets include an 85% interest in the Freda Rebecca Gold Mine (FRGM), a 52.9% interest in the Bindura Nickel Corporation (BNC), an 80% interest in Zani Kodo and a 100% interest in SEMHKAT (Cu). Mwana has already returned FRGM to production, while BNC has announced a US\$21m rights issue to restart the Trojan nickel mine (an additional US\$12m of start-up capital will probably be raised from other sources next year). FY12 revenue increased 86% vs FY11 and gross profit by +146% before central and care & maintenance costs (-16%). The milling rate at FRGM is currently 2,700tpd and 17,950oz Au were produced in Q113, implying both an improvement in grade and metallurgical recovery. Management believes it can increase the 2Moz Zani-Kodo resource by c 1Moz pa for at least the next three years.

INDUSTRY OUTLOOK

Adjusting for its results and the sale of a 15% minority interest in FRGM, Edison values the cash flow from FRGM and BNC at 14.65c and Mwana's exploration assets at 3.87c to give a total of 18.52c (11.8p).

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	59.9
2013E	123.9	30.9	26.1	1.80	3.7	2.8
2014E	173.7	55.9	50.4	2.28	2.9	1.3

Sector: Mining

Price: A\$0.11
 Market cap: A\$65m
 Forecast net cash (A\$m): 1.5
 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	(21.4)	(29.0)	(56.9)
Relative*	(21.6)	(24.1)	(52.0)

* % Relative to local index

Analyst

Andrey Litvin

Nkwe Platinum (NKP)

INVESTMENT SUMMARY

Nkwe Platinum released the results of the optimised BFS for its Garatau PGM project in the Bushveld complex. The optimised study is based on mining of the Merensky reef only and does not take into account the UG2 resource. This decision reduces the project's lead time and capital cost. The subsequent inclusion of UG2 could therefore extend the project's life of mine, which currently stands at 17 years based on 10.8Moz mineable reserve at 3.2g/t (5PGE). The steady state saleable output is estimated at 330koz pa with first production achievable in 2015, ramping up to full capacity by 2017. The project is expected to have a competitive unit cash cost, which is estimated at US\$858/oz. The project requires A\$641m in funding.

INDUSTRY OUTLOOK

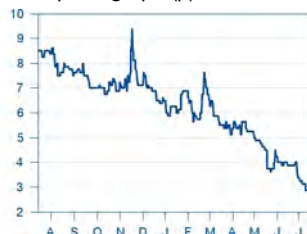
PGM prices have stabilised following the recent sharp correction, which saw them falling to the marginal cash cost of production. Given the uncertain global macroeconomic backdrop we expect prices to remain volatile in the short to medium term.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.6	(9.4)	(9.4)	(1.7)	N/A	N/A
2011A	0.0	(5.9)	(5.8)	0.1	110.0	N/A
2012E	0.0	(4.3)	(4.2)	(0.7)	N/A	N/A
2013E	191.7	63.2	63.3	7.2	1.5	0.9

Sector: Mining

Price: 2.9p
 Market cap: £6m
 Forecast net debt (£m): N/A
 Forecast gearing ratio (%): N/A
 Market: AIM

Share price graph (p)



Company description

Oracle Coalfields plc is a coal exploration and development company. Block VI, its main project, has total measured resources (JORC) of 1.4bn tonnes of lignite coal and is located in southern Pakistan's Thar coalfield.

Price performance

%	1m	3m	12m
Actual	(28.1)	(48.9)	(66.2)
Relative*	(30.6)	(48.8)	(64.6)

* % Relative to local index

Analyst

Sheldon Modeland

Oracle Coalfields (ORCP)

INVESTMENT SUMMARY

Oracle Coalfields signed a joint development agreement with the Karachi Electric Supply company on 26 June 2012 through its 80% owned subsidiary Sindh Energy Limited. This agreement supersedes the memorandum of understanding signed on 12 December 2009 and will see Sindh Energy provide Karachi Energy with a long-term supply of coal and water. Karachi Energy plans to construct a coal-fired power plant adjacent to Oracle's planned coal mine in Block IV of the Thar coalfield in southeastern Pakistan. The coal and water will be used by the proposed 300MW plant which potentially can be upgraded to 1,100MW. The signed agreement follows the granting of a mining lease to Oracle Coalfields announced on 12 April 2012.

INDUSTRY OUTLOOK

The Pakistan government continues to support the development of the Thar coalfield as part of its strategy to meet growing domestic demand for low-cost energy via the replacement of oil and gas with coal energy.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	0.0	(0.2)	(0.2)	(0.2)	N/A	N/A
2011A	0.0	(1.0)	(0.9)	(0.4)	N/A	N/A
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: 7.2p
 Market cap: £27m
 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	(6.5)	(15.9)	(27.5)
Relative*	(9.6)	(15.8)	(24.1)

* % Relative to local index

Analyst

Sheldon Modeland

Ormonde Mining (ORM)

INVESTMENT SUMMARY

Ormonde mining has recently released its 2011 financial results as well as drill results from its JV gold project with Aurum Mining in western Spain. The company has €3.39m of funds available and posted a loss of €0.97m for 2011. Expenditures totalled €4.3m for the same period. The company also released drill results from its Peralonso permit in western Spain. A total of three holes were drilled, testing the extension of gold mineralisation previously identified from trenches within an 400m x 400m area of anomalous gold-in-soil. Two of the drill holes intersected mineralisation. Drill hole PERDD001 intersected three separate intervals: 18m @ 1.10 g/t gold, 10.1m @ 3.39g/t gold and 14.95m @ 2.33 g/t. The latter interval also included 1.4m grading at 21.5g/t gold. We are currently updating our valuation model.

INDUSTRY OUTLOOK

Tungsten pricing should be well supported 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: 15.2p
 Market cap: £221m
 Forecast net cash (£m): 15.6
 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 from Harmony.

Price performance

%	1m	3m	12m
Actual	3.4	(6.2)	13.0
Relative*	(0.1)	(6.0)	18.3

* % Relative to local index

Analyst

Charles Gibson

Pan African Resources (PAF)

INVESTMENT SUMMARY

On 30 May, Pan African agreed to buy 100% of Evander Gold Mines (EGM) from Harmony for ZAR1.5bn (US\$181m), equivalent to US\$5.26 per resource ounce. Historically, Evander's principal constraint has been a lack of refrigeration. Before being sold however, Harmony invested ZAR256m into refrigeration infrastructure at EGM. In addition, the main twin decline system has been relocated so that refrigeration has been both limited and concentrated in an initiative that has also provided improved access to the high grade areas of the target ore body.

INDUSTRY OUTLOOK

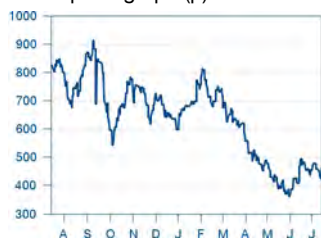
Edison's estimate of EGM's 2.8p contribution to PAF's EPS in FY13 more than doubles its EPS forecast of 1.75p in FY12. As a result, it estimates that Pan African's P/E ratio will decline from 8.8x diluted EPS in FY12 to 3.5x in FY13 and 2.6x in FY14 – approximately half Anglogold Ashanti's and Gold Fields' ratings. In absolute terms, it estimates that the net present value of PAF's potential dividend stream to investors to FY39 is 24.04p.

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2010A	68.3	27.0	24.4	1.2	12.7	8.2
2011A	79.1	31.3	29.2	1.4	10.9	9.0
2012E	103.2	50.1	45.5	2.0	7.6	4.9
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 461.6p
 Market cap: £867m
 Forecast net debt (US\$m): N/A
 Forecast gearing ratio (%): N/A
 Market: LSE

Share price graph (p)



Company description

Petropavlovsk's principal assets are in the Amur region of Russia, comprising the Pokrovskiy mine and associated operations, Pioneer and Malomir. The company was founded in 1994 and listed on AIM in 2002.

Price performance

%	1m	3m	12m
Actual	12.3	(8.9)	(42.1)
Relative*	8.5	(8.7)	(39.3)

* % Relative to local index

Analyst

Charles Gibson

Petropavlovsk (POG)

INVESTMENT SUMMARY

FY11 results demonstrated a 317% increase in basic EPS before impairments, with total cash costs restrained to US\$662/oz. Production guidance for FY12 has since been increased from 680koz to 700koz. In addition, cost inflation guidance has been revised down from +30-45% to +15-20%. A 1.8Mtpa RIP line at Albyn and a fourth 2.0Mtpa line at Pioneer were commissioned in June (vs expectations of H212). Like African Barrick Gold, POG is trading at a share price below its December 2011 book value of US\$8.69/sh.

INDUSTRY OUTLOOK

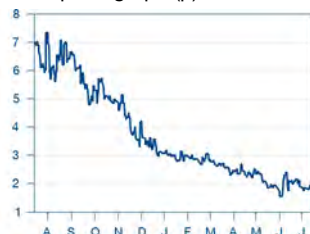
In February, POG announced a 6% and an 11% increase in its resources and reserves, respectively, to c 24.6Moz and c 10.2Moz, more than offsetting the c 0.63Moz mined in 2011. Ore from refractory sources will comprise c 50% of the total in approximately two years, when the stripping ratio falls such that increased processing costs (in this case autoclave) are approximately offset by reduced mining costs - such that overall costs remain broadly unchanged at c US\$750/oz in real terms.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	612.0	201.6	94.5	24.5	29.4	16.4
2011A	1262.5	530.0	358.9	122.5	5.9	3.8
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: 1.9p
 Market cap: £17m
 Forecast net cash (£m): 1.2
 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	8.0	(21.8)	(73.6)
Relative*	4.3	(21.6)	(72.4)

* % Relative to local index

Analyst

Michael Stoner

Red Rock Resources (RRR)

INVESTMENT SUMMARY

This month has seen Red Rock announce the completion of the 13,375m drill programme at the Mikei Gold Project, the assay results are consistent with earlier Red Rock work and historic drilling results, totalling 50,590m. The assay results will refine the company's understanding of the complex shear and vein system at Mikei. The results returned positive intercepts, including 5m at 6.51g/t Au, this work is expected to culminate in a JORC-compliant resource estimate. Outside of Kenya the company has begun its 2012 drilling programme at the Melville Bugt project in Greenland.

INDUSTRY OUTLOOK

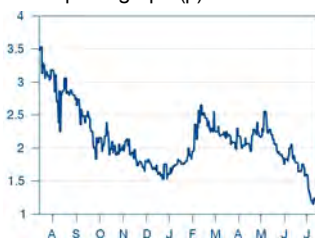
Recently there has been significant fluctuation in the value of Red Rock's stake in Jupiter Mines. It was subsequently announced that the Jupiter share price fluctuation was due to a non-binding indicative offer to buy one of the assets owned by Jupiter. Given the fluctuation in the Jupiter Mines share price 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)
2010A	0.0	(0.9)	(1.5)	(0.26)	N/A	N/A
2011A	0.9	(1.1)	(1.6)	0.01	190.0	N/A
2012E	4.7	0.4	(1.0)	(0.25)	N/A	4.1
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 1.3p
 Market cap: £9m
 Forecast net debt (£m): N/A
 Forecast gearing ratio (%): N/A
 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	(30.1)	(38.1)	(63.8)
Relative*	(32.5)	(38.0)	(62.1)

* % Relative to local index

Analyst

Michael Stoner

Regency Mines (RGM)

INVESTMENT SUMMARY

Regency has announced that its partner, Direct Nickel (DNi), has completed stage one construction of the Perth test plant, which is expected to complete testing of a Nickel Laterite bulk sample by H213. This is positive news as progress in this is critical to demonstrate the economic viability of the Mambare deposit. If the technology testing is successful, we see potential for the deposit to be a low-cost producer relative to its peers. Our forecasts remain under review.

INDUSTRY OUTLOOK

An updated JORC compliant resource for the 50% owned Mambare project quotes a total resource across the indicated and inferred categories of 162.5Mt at 0.94% Ni with 1.53Mt of contained Ni. We value the new Mambare resource at \$57.1m, equal to 2.8p/Regency share. The resource alone more than supports the current share price, which shows that the market ascribes no value resource upside, nor the ongoing metallurgical work being carried out by Direct Nickel (DNi).

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	13.0	N/A
2011A	0.2	(1.3)	0.8	0.2	6.5	N/A
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: C\$0.46
 Market cap: C\$53m
 Forecast net cash (US\$m) 33.9
 Forecast gearing ratio (%) N/A
 Market TSX

Share price graph (C\$)



Company description

South American Silver intends to develop its wholly owned Malku Khota silver-indium-gallium project in Bolivia and explores for copper-gold-silver at its wholly owned Escalones project in Chile.

Price performance

%	1m	3m	12m
Actual	(64.9)	(72.0)	(77.9)
Relative*	(64.9)	(70.7)	(74.4)

* % Relative to local index

Analyst

Tom Hayes

South American Silver Corp (SACC)

INVESTMENT SUMMARY

On 10 July South American Silver (SAC) announced that it was extremely disappointed in the Bolivian government statement that it intends to nationalise the company's development stage Malku Khota silver-indium-gallium project. SAC has not received any formal notice from the government about the cancellation of its concession and is actively seeking clarification about the government's intentions. Greg Johnson, president and CEO of SAC, said "We strongly object to the government's stated course of actions and we will pursue all legal, constitutional and diplomatic options". SAC remains well funded with US\$38m cash and continues to explore its Chilean copper asset, Escalones (100%).

INDUSTRY OUTLOOK

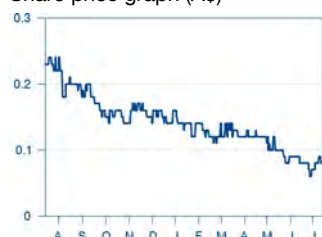
Our long-term prices for Au, Ag and Cu are \$1,350/oz, \$24.63/oz and \$2.75/lb, respectively.

Y/E Mar	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(3.8)	(3.8)	(4.3)	N/A	N/A
2011A	0.0	(10.2)	(9.9)	(10.1)	N/A	N/A
2012E	0.0	(4.0)	(3.4)	(3.2)	N/A	N/A
2013E	0.0	(4.0)	(3.6)	(3.2)	N/A	N/A

Sector: Mining

Price: A\$0.08
 Market cap: A\$15m
 Forecast net debt (£m) 18.7
 Forecast gearing ratio (%) 146.0
 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)	(37.6)	(66.1)
Relative*	(15.4)	(33.3)	(62.3)

* % Relative to local index

Analyst

Tom Hayes

Sumatra Copper & Gold (SUM)

INVESTMENT SUMMARY

Through securing a A\$5m convertible debt finance facility, Sumatra (SUM) is sufficiently funded for its near-term development objectives and is on course (pending successful financing) to develop Tembang and start production in 2013. There are several recent catalysts that support this. They include a reserve statement using its Tembang resource base, totalling 5.5Mt @2.3g/t Au and 31.4g/t Ag for 513koz AuEq; a revised mine plan detailing a 55% reduction in Stage 1 capex to US\$10m; a 39% increase in mined AuEq ounces of 189k; a reduction in construction time to six months; the initial open pit mining at Belinau, followed by Asmar open pit development concurrently with underground mining at Belinau (post open pit works); and acquisition of the pre-existing process plant designs from AMEC. We will revise our valuation after SUM releases refined operating cost parameters.

INDUSTRY OUTLOOK

We will use Au prices of US\$1,600/oz (2012), US\$1,600/oz (2013) and US\$1,350/oz thereafter in our upcoming valuation.

Y/E Dec	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (fd) (p)	P/E (x)	P/CF (x)
2010A	0.0	(1.3)	(1.2)	(0.5)	N/A	N/A
2011A	0.0	(1.9)	(1.8)	(0.9)	N/A	N/A
2012E	0.0	(4.4)	(5.7)	(2.1)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: A\$0.14
 Market cap: A\$23m
 Forecast net cash (A\$m): 7.4
 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	(12.5)	(34.9)	(60.6)
Relative*	(12.6)	(30.4)	(56.1)

* % Relative to local index

Analyst

Andrey Litvin

Universal Coal (UNV)

INVESTMENT SUMMARY

The Brakfontein ownership was recently increased to 50% +1 share. Earlier, the company announced a resource upgrade at its Kangala project, which came on the heels of an MOU with Eskom. After completing a 30-hole drill programme, the project's overall JORC-compliant resource was increased by 18% to 147Mt with proved reserves of 20Mt, measured and indicated resources of 74Mt and 20Mt, respectively, and 34Mt in inferred resource category. There is potential to further increase the resource as the company has recently been granted an additional prospecting right over the farm adjacent to the proposed Kangala mine. At the Berenice-Cygnus project, the second phase of the resource drilling continues and the overall 77 holes are expected to be drilled by the end of Q312, aiming at upgrading the project's inferred and indicated resource.

INDUSTRY OUTLOOK

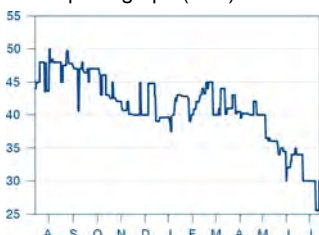
Thermal coal price weakness to persist on the back of the sluggish economic growth and export coal availability from the US.

Y/E Jun	Revenue (A\$m)	EBITDA (A\$m)	PBT (A\$m)	EPS (fd) (c)	P/E (x)	P/CF (x)
2010A	0.0	(5.1)	(5.2)	(9.9)	N/A	N/A
2011A	0.0	(10.6)	(10.2)	(5.6)	N/A	N/A
2012E	0.0	(5.2)	(4.7)	(2.0)	N/A	N/A
2013E	17.0	0.7	1.1	0.5	28.0	N/A

Sector: Mining

Price: ZAR30.00
 Market cap: ZAR1035m
 Forecast net debt (ZARm): 453.9
 Forecast gearing ratio (%): 85.0
 Market: JSE, TSX

Share price graph (ZAR)



Company description

Wits Gold is a gold and uranium exploration company in South Africa with indicated resources of 23.5Moz, including reserves of 8.5Moz.

Price performance

%	1m	3m	12m
Actual	(14.3)	(25.0)	(28.6)
Relative*	(13.7)	(25.2)	(31.7)

* % Relative to local index

Analyst

Charles Gibson

Wits Gold (WGR)

INVESTMENT SUMMARY

As the deal to acquire a 50% interest in Evander has receded, Wits Gold has turned its attention to its flagship De-Bron Merriespruit project in the southern Free State. A positive pre-feasibility study (PFS) announced on 13 June envisages average annual production of 200,000oz Au from shafts sunk to a depth of 660m to exploit an ore-body between 480m and 1,000m in depth over an 18-year mine life at a cash cost of US\$628/oz and a total life of mine capital cost of ZAR5.4bn (c US\$645m at ZAR8.3771/US\$).

INDUSTRY OUTLOOK

The PFS updates an earlier scoping study that indicated production of c 150,000oz pa over 25 years at operating and capital costs of US\$570/oz and ZAR4.0bn, respectively. At \$1,350/oz Au, ZAR7.00/US\$ and assuming ZAR1.86bn in equity funding, Edison estimated a value for WGR of ZAR106.00 (US\$12.65) per share based on the previous study (at a 10% discount rate). Our estimates and valuation of WGR are under review. In the meantime, Wits Gold continues to pursue an acquisition strategy targeting producing assets that meet its criteria.

Y/E Feb / Dec	Revenue (ZARm)	EBITDA (ZARm)	PBT (ZARm)	EPS (c)	P/E (x)	P/CF (x)
2010A	N/A	N/A	N/A	N/A	N/A	N/A
2011A	0.0	(29.4)	(23.6)	(68.5)	N/A	N/A
2012E	0.0	(26.2)	(25.9)	(59.5)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: C\$0.22
 Market cap: C\$68m
 Forecast net cash (C\$m): 1.2
 Forecast gearing ratio (%): N/A
 Market: TSX

Share price graph (C\$)



Company description

Woulfe Mining is developing mineral resources in South Korea. Its flagship project is the Sangdong tungsten-molybdenum mine slated for production in 2013. It is also fast-tracking the Muguk gold deposit.

Price performance

%	1m	3m	12m
Actual	(10.2)	(25.4)	(8.3)
Relative*	(10.3)	(22.0)	6.1

* % Relative to local index

Analyst

Andrey Litvin

Woulfe Mining Corp (WOF)

INVESTMENT SUMMARY

Woulfe Mining announced the results of the feasibility study for its flagship Sangdong tungsten project in South Korea. The study envisages a 400,000mtu per year operation producing saleable APT based on the 13.3Mt of probable tungsten reserve grading 0.425%, which supports a mine life of 11.5 years. The initial capital outlay is estimated at US\$151m and includes mine, process plant and APT plant costs as well as US\$8m in contingency. The project's operating cost is seen at US\$62 per tonne of ore processed (US\$186 per saleable mtu) and does not account for the by-products. After completing the FS, IMC has four months to finalise the deal providing its part of funding. The FS has already been reviewed by the independent consultants working with IMC. In the meantime, the company announced US\$20m convertible debt offering to avoid the delays in project commissioning.

INDUSTRY OUTLOOK

Despite some moderate easing, APT pricing remains at the elevated levels supported by the global shortage of tungsten.

Y/E Jun	Revenue (C\$m)	EBITDA (C\$m)	PBT (C\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	0.0	(1.9)	0.0	0.0	N/A	N/A
2011A	0.0	(3.5)	(3.5)	(0.02)	N/A	N/A
2012E	0.0	(3.5)	(3.5)	(0.01)	N/A	N/A
2013E	N/A	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: C\$0.34
 Market cap: C\$338m
 Forecast net cash (US\$m): 352.6
 Forecast gearing ratio (%): N/A
 Market: TSX

Share price graph (C\$)



Company description

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 Ketz River project.

Price performance

%	1m	3m	12m
Actual	11.5	15.2	(21.8)
Relative*	11.3	20.5	(9.6)

* % Relative to local index

Analyst

Tom Hayes

Yukon-Nevada Gold (YNG)

INVESTMENT SUMMARY

Yukon-Nevada Gold (YNG) has reached a new level of confidence in its ability to mine and process gold ores. It stated on 18 June that it had been processing an average 4,112t of ore per day, an important milestone towards achieving its forecast 2012 production target of 140-150koz Au. This has only been possible with the US\$200m+ financing via off-market forward gold purchase agreements and private equity raisings. We forecast YNG moving strongly into profit by end 2012 as it achieves its production target, and value its assets at US\$0.56/share. Upside is geared to YNG using its plant further by establishing unit-cost-friendly toll treatment agreements with third parties, potentially adding US\$0.23 to our base case and moving the Smith mine to owner-operator (adding US\$0.04 to our base case). YNG is still considering this option.

INDUSTRY OUTLOOK

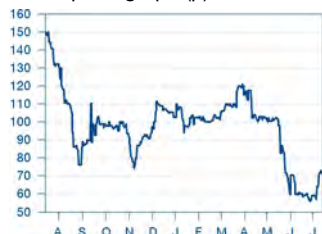
Our valuation is based on Au prices of US\$1,600/oz (2012), reducing to a long-term US\$1,350/oz from 2014 and a 10% discount rate.

Y/E Dec	Revenue (US\$m)	EBITDA (US\$m)	PBT (US\$m)	EPS (c)	P/E (x)	P/CF (x)
2010A	71.4	(18.0)	(85.3)	(12.9)	N/A	N/A
2011A	105.1	(34.0)	(70.2)	(7.2)	N/A	5.3
2012E	232.2	89.3	80.1	8.1	4.1	6.4
2013E	327.2	134.1	102.9	10.0	3.3	2.8

Sector: Mining

Price: 71.0p
 Market cap: £199m
 Forecast net cash (US\$m): 41.2
 Forecast gearing ratio (%): N/A
 Market: LSE

Share price graph (p)



Company description

Zanaga Iron Ore Company manages its 50% less one share in the Zanaga iron ore project located 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	16.4	(31.7)	(53.3)
Relative*	12.4	(31.6)	(51.1)

* % Relative to local index

Analyst

Andrey Litvin

Zanaga Iron Ore (ZIOC)

INVESTMENT SUMMARY

Zanaga Iron Ore owns a 50% less one share interest in the Zanaga iron ore project (ZIOP) in the Congo (Brazzaville). ZIOP boasts 4.3bn tonnes of JORC resource and Xstrata is undertaking a feasibility study (FS), which gained full management control in Q111. While the FS is underway, two development options – a 45mt railway and a 30mt slurry pipeline – were identified, with capex estimates ranging from US\$6.1bn to US\$7.5bn. The project has capital intensity in line with its peers and is expected to deliver a premium product similar to Brazilian fines, with an Fe grade of at least 65% by 2017. With an estimated FOB cash cost below the US\$22/t level (including contingency), ZIOP will be positioned in the first quartile of the global cash cost curve. In the short term, we expect the company to update on the results of the pipeline PFS, which should be concluded in Q312.

INDUSTRY OUTLOOK

We expect the iron ore price to remain under pressure on the back of 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)	(5.22)	N/A	N/A
2012E	0.0	(9.0)	(8.8)	(3.22)	N/A	N/A
2013E	0.0	(9.0)	(8.9)	(3.22)	N/A	N/A

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www.edisoninvestmentresearch.co.uk

London +44 (0)20 3077 5700
Lincoln House, 296-302 High Holborn
London, WC1V 7JH, UK

New York +1 212 551 1118
380 Lexington Avenue, Suite 1724
NY 10168, New York, US

Sydney +61 (0)2 9258 1162
Level 33, Australia Square, 264 George St,
Sydney, NSW 2000, Australia

Edison Investment Research

enquiries@edisoninvestmentresearch.co.uk
www.edisoninvestmentresearch.co.uk

Lincoln House
296-302 High Holborn
London
WC1V 7JH
England
+44 (0) 20 3077 5700

Level 33
Australia Square
264 George Street
Sydney
NSW 2000
Australia
+61 (0)2 9258 1162

380 Lexington Avenue
Suite 1724
New York
NY 10168
United States
+1 212 551 1118