

Mirabaud Mining Weekly

In this issue

In this Weekly, we comment on Chaarat Gold's resource upgrade to 4Moz and the impact on our valuation. We also review the latest developments at Kirkland Lake Gold following a trip to site to inspect progress at the company's Macassa underground gold operations. We revise our valuation for Allied Gold following an upgrade in its resource base to 7.8Moz, 5.7Moz of which is based at the Simberi project (PNG) and 2.1Moz at the recently acquired Gold Ridge project (Solomon Islands). Finally, we discuss our revised valuation for CGA Mining, following the recent C\$86m placing and update with management.

Summaries

Chaarat Gold – resource upgrade raises valuation (CGH LN, 55.0p, Mkt Cap. £62.1m – Buy, valuation 82.1p)

Chaarat Gold Holdings (CGH) has released a resource upgrade for its 100%-owned Chaarat project, in western Kyrgyzstan, calculated in February by consultant SRK and based mainly on drilling during the 2009 field season. The new total is 30.1Mt indicated and inferred, at an average grade of 4.14g/t, for 4.01Moz contained. As we have previously commented, all of the resources lie above the level of the valley floor, which has important implications for mining costs. *See page 2.*

Kirkland Lake Gold – Q3 FY2010 results & Macassa site visit (KGI LN, 495p, Mkt Cap. £335.3m – Spec. Buy, TP 625.8p)

Kirkland Lake Gold (KGI) has released its results for Q3 FY2010 (three months to 31 January 2010). We also visited Macassa (the company's main asset) last week, and we had an extensive underground tour with the chief operating officer (effectively also the mine general manager) Mark Tessier. *See page 6.*

Allied Gold – new Simberi resource upgrade (AGLD LN, 18.75p, Mkt Cap. £194.4m – Buy, valuation 35.2p)

If one were to look at Allied Gold's share price history for the first time, and then review the plans for future production growth, the recent removal of the gold hedge, and the strong net cash position of the balance sheet, one might wonder why a stock with so much potential is so lowly-rated. The reason lies squarely behind a torrid 2009 when technical issues, weather and regional politics hindered operational activities, weighing on production and impacting costs. *See page 11.*

CGA Mining – valuation updated post placing (CGA CN, C\$2.03, Mkt Cap. C\$662.6m – Buy, valuation C\$2.82)

We have made a number of changes to our mine model for CGA Mining following the recent C\$86m placing and update with management. As a result our FY2010 EPS estimates reduce to US\$0.162 (previously US\$0.26) and our FY2011 EPS estimates are lowered to US\$0.191 (previously US\$0.224). The impact of these changes on our valuation is substantially offset by an increase in our long-term gold price assumption and the roll forward of our DCF. Our valuation reduces only slightly to C\$2.82 per diluted share (previously C\$2.90). We believe the shares remain attractively valued. **Buy.** *See page 13.*

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Chaarat Gold – resource upgrade raises valuation (CGH LN, 55.0p, Mkt Cap. £62.1m – Buy, valuation 82.1p)

Chaarat Gold Holdings (CGH) has released a resource upgrade for its 100%-owned Chaarat project, in western Kyrgyzstan, calculated in February by consultant SRK and based mainly on drilling during the 2009 field season. The new total is 30.1Mt indicated and inferred, at an average grade of 4.14g/t, for 4.01Moz contained (see table on p4 for break-down). As we have previously commented, all of the resources lie above the level of the valley floor, which has important implications for mining costs.

Some of the drilling was in-fill, and consequently the new figure represents not only an increase compared with the previous figure (3.34Moz in March 2009) but also an upgrade, in that the proportion of the resource in the indicated category has risen to 54% (46% inferred) from 49% indicated (51% inferred).

Valuation raised

As the project is still only at the scoping-study stage, our valuation is based on a multiple of the overall number of contained ounces and the median rate the London market is paying for resource ounces on an enterprise-value basis. The increase in ounces raises our valuation, though the upgrade from inferred to indicated has no effect as we believe it is not possible to differentiate properly the rate the market pays for the different categories.

We use the current market median for London-quoted gold equities of US\$35.2/oz (see full table on p15), and US\$0.55/oz (based on the current ratio of the gold and silver prices) for the silver resources (taken from an earlier resource statement).

We adjust the valuation for CGH's latest net cash position of US\$5.9m (at 1 March 2010) and the NPV (£2.2m) of assumed future option receipts (the options strike at prices in the range 54-65.6p with expiry dates from 2015 onwards, and the majority are either at, or already in, the money at the current share price). Current shares out total 112.9m, to which we add the ~8.5m options outstanding for 121.4m fully diluted. The weakness in sterling since our previous valuation also has a positive impact.

These changes result in a valuation of 82.1p per share, a 49.3% premium to the current price. We reiterate our Buy recommendation.

CGH – summary valuation using London market per-ounce multiples

	US\$m	£m	p
Value of gold in situ (@ US\$35.2/oz)	141.1	91.6	75.5
Value of silver in situ (@ US\$0.55/oz)*	3.1	2.0	1.7
NPV of options exercise (DCF @ 10%)	3.4	2.2	1.8
Net cash (at 1 March 2010)	5.9	3.8	3.2
Total	153.5	99.7	82.1
Premium			49.3%

Source: Mirabaud Securities estimates

*Silver valued from April 2008 resource; £1 = US\$1.54

We argue this valuation is confirmed by comparison of CGH's current market value with the company's London-traded peers that have operations/projects in the former Soviet Union (see table below). Our valuation of 82.1p would put CGH on an EV of US\$32.0/oz, above the median for FSU-based companies but still among the developers rather than the established producers.

AIM-quoted/London-listed gold equities operating in the FSU at close on 17 March (gold at US\$1,124/oz)

Company	Country of operations	Price (p)	Shares (m)	Mkt. Cap. (US\$m)	Net cash (US\$m)	Attrib. Au only (Moz)	Attrib Au equiv* (Moz)	EV/oz (US\$/oz)
Petropavlovsk	Russia	1,125.00	182.08	3,147.0	-24.0	18.5	18.5	171.4
Polymetal	Russia	US\$11.00	357.95	3,937.4	-374.4	21.4	33.2	130.0
Polyus Gold	Russia	US\$27.59	359.70	9,924.2	134.2	183.5	185.0	52.9
Highland Gold	Russia	121.00	325.20	604.5	143.9	10.0	10.0	45.9
Trans-Siberian Gold	Russia	27.00	84.91	35.2	-0.2	0.9	1.0	35.1
Anglo Asian	Azerbaijan	13.50	109.62	22.7	-35.4	1.3	2.7	21.4
Chaarat Gold	Kyrgyzstan	55.00	112.91	95.4	11.5	4.0	4.1	20.5
Orsu Metals	Kazakhstan	22.00	456.96	154.4	20.7	4.6	8.2	16.4
Hambledon Mining	Kazakhstan	4.63	516.09	36.7	4.4	2.5	2.6	12.5
KazakhGold	Kazakhstan	US\$7.75	52.94	410.3	-232.6	59.6	62.5	10.3
Oxus Gold	Uzbekistan	7.17	395.11	43.5	-26.6	7.4	8.4	8.4
Kryso Resources	Tajikistan	11.50	159.64	28.2	5.5	2.8	2.8	8.0
Ovoca Gold	Russia	15.00	88.46	20.4	13.0	1.2	6.2	1.2
Aurum Mining	Kyrgyzstan	12.75	48.19	9.4	14.2	0.1	0.1	-43.4
Average								35.0
Median								18.4

Source: Company data, Mirabaud Securities estimates

*Attributable gold includes other main metals – ratios: Au:Ag = 64.2, Au:Cu = 4,801, Au:Zn = 16,417
 £1:US\$1.54, US\$1:A\$1.08, US\$1:C\$1.03, US\$1:R7.29, €1:US\$1.38

Resource details

Along with the resource table, CGH has also given a table showing the resource total at different cut-off grades. (An economic cut-off grade will only be available once the feasibility study is completed, but it is normal practice to apply a nominal cut-off in resource calculations, and CGH and SRK have adopted 2.0g/t).

The table at different cut-offs shows that below a cut-off of around 2.6g/t, the tonnage and grade are virtually unchanged down to at least a 1.8g/t cut-off. This suggests a relatively sharp definition to the edges of the mineralisation, meaning that mining will need to be controlled well in order to prevent dilution. On the positive side, it simplifies mine planning. It also means that once the feasibility study has been completed (scheduled for 2011) and reserves have been calculated, the reserves will have little leverage to the gold price (assuming the economic cut-off is 2.6g/t or less).

The confirmation that CGH expects the project to be mined by a combination of open pit and underground mining is also of significance. The scoping study completed by consultancy group Behre Dolbear in mid-2008 envisaged an underground-only operation, producing refractory ore, and under CGH's current schedule such an operation would start processing this ore in the June quarter of 2013. Underground mining would start at the C5300 section of the Contact Zone, where an adit has been developed into the side of the valley and drives developed in both directions along the strike of the mineralisation. C5300 hosts 1.35Moz at an average grade of 4.21g/t (see table below).

The possibility of mining a portion of the deposit by open pit offers not only potentially lower mining costs, but also has implications for the commissioning schedule and thus the peak funding requirement.

CGH indicates that portions of both the Main Zone ('M' in the table) and the Tulkubash Zone ('T' in the table) would be amenable to open pit mining. Moreover,

the Tulkubash Zone may host some oxide mineralisation. If this is confirmed, this would be ideal for a starter operation to provide early cash flow at relatively low capex, as it would not require the more complex processing facilities or concentrate-shipping arrangements (depending on the processing route chosen) needed for the refractory mineralisation.

This scenario is impossible to quantify without more detailed data, but the potential qualitative benefits (early cash flow, lower peak funding requirement, derisking of main project execution via early operational experience) are clear.

Chaarat JORC-compliant resources – all 100% attributable to CGH (at February 2010, using 2.0g/t cut-off)

Zone	Category	Tonnage (Mt)	Au (g/t)	Au (Moz)	Category	Tonnage (Mt)	Au (g/t)	Au (Moz)	Totals (Mt)	Au (g/t)	Au (Moz)	Ag* (Moz)
M2400	Indicated	2.90	4.11	0.38	Inferred	0.80	3.96	0.10	3.70	4.08	0.49	-
M3000	Indicated	3.80	4.11	0.50	Inferred	1.50	4.57	0.22	5.30	4.24	0.72	-
M3400	Indicated	-	-	-	Inferred	1.00	4.17	0.13	1.00	4.17	0.13	-
M3900	Indicated	1.50	3.76	0.18	Inferred	0.70	3.86	0.09	2.20	3.79	0.27	-
M4400	Indicated	-	-	-	Inferred	0.30	3.86	0.04	0.30	3.86	0.04	-
M5000	Indicated	0.10	5.81	0.02	Inferred	0.40	5.20	0.07	0.50	5.32	0.09	-
M6000	Indicated	0.30	3.88	0.04	Inferred	0.60	4.33	0.08	0.90	4.18	0.12	-
C4000	Indicated	0.40	3.33	0.04	Inferred	0.50	3.33	0.05	0.90	3.33	0.10	-
C4600	Indicated	0.90	3.97	0.11	Inferred	1.90	4.16	0.25	2.80	4.10	0.37	-
C5300	Indicated	6.70	4.19	0.90	Inferred	3.20	4.24	0.44	9.90	4.21	1.35	-
T0700	Indicated	-	-	-	Inferred	2.50	4.18	0.34	2.50	4.18	0.34	-
Total		16.60	4.09	2.18		13.50	4.20	1.82	30.10	4.14	4.01	-

Source: Chaarat Gold

*Silver values not yet available

Funding & feasibility studies

As we highlighted in our previous comments, the £5.6m equity placing with China Nonferrous Metals International Mining Co Ltd in July 2009, along with cash from a general equity placing in H1 2009, relieved funding pressure on CGH and will allow the company to complete both the prefeasibility and feasibility studies of the project. The latest cash position is US\$5.9m (at 1 March 2010).

The prefeasibility study is expected in the September quarter of this year and the feasibility study in the September quarter of 2011.

The studies will focus on narrowing down the various options with regard to mining, processing and power provision. In processing, CGH's latest thinking is towards on-site pre-oxidation using pressure oxidation. This offers the advantage of allowing the production of doré on site, and avoids the need to find a buyer for a smelter concentrate and the associated shipping issues. The key disadvantage is the technical complexity, particularly at a remote site, and the likely higher capex.

The power options include hydropower, diesel and grid power. The option looking most likely at this stage is hydropower with diesel back-up, which would avoid the potential vulnerability of grid supplies.

We would not rule out a further equity raising prior to the completion of the feasibility studies, as there would be good uses for additional cash. These could include more intensive in-fill drilling for a starter operation at Tulkubash, and/or additional exploration on Chaarat (which remains open along strike, as well as at depth) and other regional targets.

Kirkland Lake Gold – Q3 FY2010 results & Macassa site visit (KGI LN, 495p, Mkt Cap. £335.3m – Spec. Buy, TP 625.8p)

Kirkland Lake Gold (KGI) has released its results for Q3 FY2010 (three months to 31 January 2010). The company's main asset is the Macassa underground gold mine in Ontario.

Production for the quarter was 8,221oz (5,803oz sold in the period), which was a significant improvement on the 3,912oz produced in the preceding quarter as the operation began to recover from the loss of the mine's only paste-fill access hole from surface on 23 June. However, the total was still below the capacity of the mine prior to the incident (~20,000oz per quarter). (Paste fill is used to fill stopes after the ore has been extracted. This is important for general ground stability and, in some production areas, is essential as ore cannot be extracted until an adjacent void has been filled.)

As we have noted in past comments, the loss of the paste-fill hole delayed the ramp-up of Macassa to gold production of over 100,000oz pa which had been on target prior to the incident. The start of a recovery in production in Q3 reflects the drilling of a new fill hole, which entered service late in Q2. A back-up hole was completed during Q3, and a third hole is under way.

Positive site visit

We visited Macassa last week, and we had an extensive underground tour with the chief operating officer (effectively also the mine general manager) Mark Tessier. Mr Tessier joined KGI in September 2008, with a good reputation for his management of the Red Lake gold mine under Goldcorp, and he was recently appointed to the board of KGI which should speed up decision making.

Our underground tour focused on the work under way to strengthen and expand Macassa's underground infrastructure, with a view to expanding ore production from about 425ton/d ('ton' = short ton = 0.907t) to 1,400ton/d in two phases, and maintaining it at that level for a significant life of mine. Based on the expansion schedule outlined, modified somewhat with our own assumptions, plus expected operating and capital costs (see details below), we derive the following financial forecasts. We have also marked-to-market FY2010 to date for the gold price and exchange rates, and raised our long-term gold-price assumption (which starts from FY2014) from US\$700/oz to US\$725/oz (in current money).

Key financials

End-Apr	Sales	EBITDA	Net profit	EPS	Chg	P/E	EV/EBITDA
	C\$m	C\$m	C\$m	p	%	X	X
2008A	41.4	-0.9	-3.3	-2.9	nm	nm	nm
2009A	43.5	-6.8	-10.5	-9.7	nm	nm	nm
2010F	59.7	-0.7	-5.7	-5.3	nm	nm	nm
2011F	77.3	9.2	2.3	1.9	nm	258.8	56.9
2012F	113.4	30.4	21.6	17.6	822.2	28.1	17.5
2013F	145.2	40.6	28.5	23.3	32.1	21.2	12.6

Source: Kirkland Lake Gold, Mirabaud Securities estimates

US\$1 = C\$1.02, £1 = US\$1.54

As we have noted in previous comments, we are confident of the exploration potential of the property in providing sufficient additional ore beyond the current position (see table below) to sustain that production rate.

Macassa reserves & resources (at 30 April 2009) – Note: resources do not include reserves

Reserves	ton	oz/ton	oz	Resources	ton	oz/ton	oz
Proven	1,137,000	0.44	499,000	Measured	950,000	0.39	368,000
Probable	1,426,000	0.63	897,000	Indicated	1,309,000	0.47	619,000
				Inferred	1,516,000	0.59	894,000
Total	2,563,000	0.54	1,396,000		3,775,000	0.50	1,881,000

Source: Kirkland Lake Gold

Our key concern has been the dependability of the underground infrastructure, and the ability of the mine's management to deliver the necessary tonnage and grade.

Underground mines are more complicated to expand than open-pit mines because each element of the underground infrastructure represents a potential bottleneck which is inherently more difficult to replicate than the corresponding element in a surface mine owing chiefly to the limited access. Furthermore, many of the elements of underground infrastructure involve driving tunnels or sinking shafts which have a certain maximum daily development rate (in comparison, a haul road on surface can be started at multiple points to expedite its construction).

Moreover, as we have highlighted in previous comments, for the above reasons underground mines are more vulnerable to break-downs in their infrastructure, as was clearly demonstrated by the collapse of Macassa's only paste-fill hole last year. These disadvantages are typically even more challenging with an old mine that is being redeveloped, as is the case with Macassa.

We came away from the visit sufficiently impressed both with management's plans and its realistic assessment of the challenges faced to move to a more positive view on the expansion. Key near-term bottlenecks that are recognised are the hoisting capacity of the main shaft, both for rock and men/materials, and the surface facilities needed for the expanding underground workforce. The positive news is that the shaft is big enough, and simply needs its internal fittings upgraded (deeper cages/skips etc) with corresponding modifications to the hoists.

Now that the paste-fill infrastructure has been re-established, with extensive back-up, the next key vulnerability is ventilation. This is also currently a constraint, as it limits the amount of diesel equipment that can be used. Old headings are being redeveloped to existing openings via old neighbouring mines on KGI's property, with a view to enlarging the collective capacity and ensuring the security of these airways.

Capital cost & funding

In our previous comments, we have been reticent to include an expansion to 1,400ton/d, on the basis that the project had first to establish a first-stage expansion from 425ton/d to 600-700ton/d. Following our visit, we recognise that the expansion is really an integrated plan to expand to 1,400ton/d, with 600-700ton/d merely a staging post. Furthermore, management was realistic regarding future grade assumptions, and indicated that 0.4oz/ton is a realistic long-term average assumption (a possible higher assumption was another of our concerns).

Consequently, we agree that the optimal plan to realise the potential value of the project is a higher-volume (1,400ton/d) and slightly lower-grade (0.4oz/ton) operation than had previously been envisaged.

KGI's management estimates the total capital cost to achieve 1,400ton/d would be somewhere just short of C\$65m, though we model the full amount in order to be

conservative. Some C\$22m of this has been spent to date, and cash at 1 March stood at C\$65m, indicating more than adequate funding as we expect the ramp-up to 1,400ton/d to generate positive operating cash flow well before the last of the capex needs to be spent.

Outlook

The company has again revised its production guidance for the current fiscal year (to 30 April 2010), to 45,000-55,000oz (from 50,000-60,000oz in December). Our previous forecast of 51,500oz was already in the middle of the new range. However, based on production for the first three quarters of the year and our forecast for the remaining three months, we revise our figure marginally to approximately 49,000oz.

The expansion schedule outlined by management envisages reaching 600-700ton/d from FY2011 onwards (i.e. from 1 May this year) and 1,400ton/d from FY2013 onwards, with FY2012 an intermediate year.

We estimate a production rate at the mid-point of 600-700ton/d represents an annual rate of about 230,000ton, which we further cut to 200,000ton for FY2011 given the steep ramp-up that needs to be achieved by 1 May (the total milled in the quarter to 31 January was 24,188ton). As noted above, we now adopt 0.4oz/ton as our grade for the life of the mine (previously 0.45oz/ton from FY2011 onwards, albeit at lower tonnages), thus our gold production forecast for FY2011 is 77,600oz compared with KGI's guidance of 90,000-100,000oz.

We calculate a production rate of 1,400ton/d equates to 490,000ton annually, which we model from FY2014, with a small undershoot assumed in 2013 (420,000ton representing ~85% availability of capacity) given the challenges that lie ahead (some of which will be unforeseen). At the assumed grade of 0.4/ton, we forecast full production (from FY2014) will be approximately 190,000oz pa, within KGI's guidance of 180,000-200,000oz pa albeit slightly later than the guidance assumes.

KGI management indicated that the mining cash cost at full production will be C\$160/ton (in current money), which is lower than our previous assumption of C\$200/ton (which was based on the lower throughput of 600-700ton/d). We estimate the full cash cost, including corporate overheads, at around C\$230ton (compared with C\$274/ton at the lower throughput). At full production and current exchange rates, this gives an all-in cash cost (including royalties) of approximately US\$550/oz (in current money).

However, based on the nine-month results for FY2010, we have raised our cost assumptions for the fiscal year (see table on p9 for details). At site, we learned that currently some expenditure that in other operations might be capitalised is currently being expensed to operations, including in FY2010 some long-term remedial work that has been done whilst the lack of paste fill has curtailed stoping operations. From a cash flow perspective, this accounting issue is probably negligible, though it may make the P&L and operating costs look worse than would otherwise have been the case.

Valuation and target price

As we now model the full potential of KGI's current plans for the project as a cash generator, in this comment we change our valuation methodology to rely solely on the project's NPV. Hitherto, we used a combination of the NPV of our forecast future cash flows, plus the value of the exploration upside.

However, our new mine model still assumes additional exploration success to sustain the modelled rate over a 30-year life (an assumption in which management is clearly confident given its decision to commit funds to the expansion, and one which we share). Our model would need an approximate doubling of the current resource in terms of contained ounces to sustain a 30-year life. **Consequently, we retain our Speculative qualifier.**

Using our model, and adopting our house assumptions of a long-term gold price of US\$725/oz (in current money), a 10% discount rate and a 50% premium to our project NPV, gives a total of 227.6p per share, to which we add the latest cash position of 51.9p and the NPV of option cash from options currently in the money (5.7p) to give a total valuation for KGI of 285.3p (fully diluted), a 42.4% discount to the current price.

However, we recognise that the price of KGI's shares is driven by its main listing in the Canadian market, where gold stocks are typically valued at the spot gold price. It would thus be naive to base our target price on the fundamental valuation that would be appropriate for a stock quoted only in London. Our target price is based on using the spot gold price from today onwards, inflated at the same rate as operating costs to maintain a constant margin (all other factors notwithstanding) and 1x Macassa's NPV (@10%).

This gives a target price of 625.8p per share, representing a 26.4% premium to the current price, and we change our recommendation to Speculative Buy.

TP based on 1x Macassa NPV @ 10% and spot gold – 72.72m shares fully diluted

	C\$m	£m	p
NPV Macassa at spot gold (US\$1,124/oz)	711.8	413.2	568.2
1x NPV Macassa operation	711.8	413.2	568.2
Latest net cash (at 10 March 2010)	65.0	37.7	51.9
NPV of option cash	7.2	4.2	5.7
Total		456.2	625.8

Source: Mirabaud Securities estimates

US\$1 = C\$1.02, £1 = US\$1.54

Our NPV-based fundamental valuation of Macassa uses our house assumptions of a long-term gold price of US\$700/oz in 2009 money from FY2013, revenues and costs in Canadian dollars inflating at 2.2%, a discount rate of 10% and our standard 1.5x multiple on the project NPV.

It is important to note that our financial forecasts on p5 and our operating forecasts in the table below use these conservative assumptions, in part in order to stress test the company's financial position. If we adopt the spot gold assumption, our financial forecasts rise accordingly, and the P/E and EV/EBITDA ratios drop correspondingly.

Key financials

End-Apr	Sales	EBITDA	Net	EPS	Chg	P/E	EV/EBITDA
	C\$m	C\$m	C\$m	p	%	X	X
2008A	41.4	-0.9	-3.3	-2.9	nm	nm	nm
2009A	43.5	-6.8	-10.5	-9.7	nm	nm	nm
2010F	59.7	-0.7	-5.7	-5.3	nm	nm	nm
2011F	93.4	24.6	17.8	14.8	nm	33.3	20.9
2012F	147.9	63.5	47.3	38.6	160.3	12.8	7.9
2013F	204.8	100.3	59.9	48.9	26.6	10.1	4.5

Source: Kirkland Lake Gold, Mirabaud Securities estimates

US\$1 = C\$1.02, £1 = US\$1.54

Other assumptions

In addition to the C\$65m (C\$22m already spent) capex estimate for the expansion to 1,400ton/d, we also assume maintaining capex of C\$4.5-5.0m pa (in current money) for the life of mine. As noted above, at site, we learned that currently some expenditure that in other operations might be capitalised is currently being expensed to operations.

Thus we believe it is possible that our assumptions for future operating costs and this assumption regarding future maintaining capex include a degree of double counting. If so, our model is conservative but we will retain these assumptions until we see accounts that demonstrate this to be the case.

Macassa mine – key operational highlights (money of the day)

End-April	2007A	2008A	2009A	2010F	2011F	2012F	2013F	2014F
Ore milled (ton)	149,700	122,599	132,334	140,000	200,000	310,000	420,000	490,000
Head grade (oz/ton)	0.365	0.401	0.374	0.361	0.400	0.400	0.400	0.400
Recovery (%)	97.0	97.0	97.0	97.0%	97.0%	97.0%	97.0%	97.0%
Gold produced (oz)	52,958	48,833	48,012	49,024	77,600	120,280	162,960	190,120
Gold sold (oz)	50,890	52,019	43,545	53,390	77,600	120,280	162,960	190,120
Spot gold price (US\$/oz)	633	783	866	1,041	930	883	837	790
Price received (C\$/oz)	720	797	1,000	1,118	996	943	891	839
Revenue (C\$m)	36.66	41.44	43.54	59.69	77.26	113.42	145.15	159.47
Net smelter royalty (C\$m)	1.46	1.66	1.75	2.39	3.09	4.54	-	-
Operating costs (C\$m)	33.50	33.99	40.24	50.43	58.23	69.99	96.91	115.54
Operating profit (C\$m)	1.70	5.78	1.55	6.87	15.93	38.90	48.25	43.92
Property depletion (C\$m)	1.67	1.74	1.71	3.67	5.04	6.55	8.32	9.79
Dep. & amort. (C\$m)	1.77	2.07	2.57	1.55	2.14	2.60	3.01	2.74
Other costs (C\$m)	3.28	2.89	4.65	4.56	5.46	7.13	6.28	7.48
Net profit (C\$)	-8.36	-3.27	-10.48	-5.70	2.29	21.60	28.49	15.41
Capex (C\$m)	7.83	6.97	13.12	15.23	21.59	22.26	11.84	6.17
Cash flow (C\$m)	-12.76	-7.95	-19.87	-15.92	-12.42	8.17	27.57	21.21
Cash op. costs (C\$/ton)	223.8	278.5	304.1	360.2	291.2	225.8	230.7	235.8
All-in cash op. costs (C\$/ton)	243.3	296.7	320.0	374.2	305.5	240.4	245.7	251.1
Cash op. costs (C\$/oz)	633	699	838	1,029	750	582	595	608
All-in cash op. costs (C\$/oz)	715	779	919	1,117	827	657	633	647
Total op. costs (C\$/oz)	780	857	1,008	1,224	920	733	703	713
Cash op. costs (US\$/oz)	556	684	733	958	701	545	559	573
All-in cash op. costs (US\$/oz)	629	761	803	1,041	773	616	595	610
Total op. costs (US\$/oz)	686	838	881	1,140	859	687	660	672

Source: Kirkland Lake Gold, Mirabaud Securities estimates

'ton' = short ton (2,000lb = 0.907t), US\$1 = C\$1.02

**Allied Gold – new Simberi resource upgrade
(AGLD LN, 18.75p, Mkt Cap. £194.4m – Buy, valuation 34.5p)**

Allied Gold has released an increased resource-base at its Simberi gold project and also offered an update on progress at its recently acquired Gold Ridge project in the Solomon Islands.

If one were to look at Allied Gold's share price history for the first time, and then review the plans for future production growth, the recent removal of the gold hedge, and the strong net cash position of the balance sheet, one might wonder why a stock with so much potential is so lowly-rated. The reason lies squarely behind a torrid 2009 when technical issues, weather and regional politics hindered operational activities, weighing on production and impacting costs. Understandably, the market still needs convincing. This will start by improving production towards 20,000oz by the June quarter and a reduction in the operating cash costs from a peak of US\$744/oz in H1 2010 (end-Dec 2009), when 33,391oz was sold.

The cash operating margin for the half was just US\$120/oz with a price received of US\$864/oz, influenced by a hedge programme priced at US\$700/oz which has since been closed. Future production will now be sold at spot and so we now move into a new period of production where cash operating margins will widen substantially. With H2 2010 production to be sold at spot prices, we estimate received prices of at least US\$945/oz for FY2010 can be achieved and with our estimates of cash operating costs falling to US\$674/oz for FY2010, we derive a US\$271/oz cash operating margin – this represents a 126% improvement in cash operating margins on the H1 2010 actuals. Although this still remains well shy of our longer-term US\$400-450/oz cash operating cost target we believe the market will react favourably to this improved margin.

The current resource-base, production profile and valuation can be summarised as follows:

- **Resource base of 7.8Moz**
 Simberi, PNG – 156.6Mt at 1.13g/t for 5.69Moz
 Gold Ridge, Solomon Islands – 37.8Mt at 1.74g/t for 2.11Moz
- **Production profile**
 Simberi, PNG – oxide project of 80koz pa, expanding to 100koz pa. Gold Ridge to start production early 2011 (120koz pa) and a potential sulphides phase at Simberi to lift the company's production north of 300koz pa.
- **Undervalued ounces. EV/Resource oz of US\$20.7/oz**
 The valuation of US\$20.7/oz compares to an average of US\$61.2/oz on an EV/Resource oz basis for London-listed gold plays. Allied continues to trade on an undemanding valuation for an established gold producer. **Our company valuation rises to 34.5p per share.**

Resources

The company's resource base, albeit sizeable in ounces, is perhaps regarded as low grade by the market, but is still capable of achieving industry average cash operating costs if run at optimum levels of production. Within the sulphide resource base at Simberi the company will aim to deliver a higher-grade core reserve which will constitute the basis of the sulphide study. That study will be completed mid-2010 and until we receive details from the sulphide study we continue to deem it prudent to value these ounces using in-the-ground valuations.

The resource upgrade announced not only delivered an additional ~1Moz to the resource-base, but increased the Measured and Indicated resource by just over 1Moz at Pigiput alone. The Pigiput zone on Simberi is the focus for the sulphide reserve-base. The result is a 1.4p per share

improvement to our valuation for the sulphides, taking this element of our company valuation to 10.1p per share.

Allied Gold's resource base at the Simberi gold project (Tabar Islands, PNG) has climbed from 4.7Moz to 5.69Moz, following the completion of Phase II drilling. A further 17 holes have been completed since this latest resource database was closed-off, as part of a new Phase III stage.

Phase III drilling will target the down dip extensions at Pigibo and the north-eastern end of Pigiput as the company looks to show that the mineralisation at Pigiput extends through to the main mineralised area of Sorowar (where the current exploited oxide open-pit is situated). The new resource estimates at Pigibo and Pigiput are largely sulphides. The Measured and Indicated resource for the Pigiput sulphides alone is 30.7Mt @ 1.52g/t for 1.5Moz. Although relatively low-grade, with an established mine and processing plant infrastructure already in place, and a core reserve expected to emerge from the larger resource, the grade should prove to be economic. However, the company must confirm this in its studies and complete metallurgical trials to determine the most appropriate flowsheet.

Allied Gold – new company resource (koz)

	Measured	Indicated	Inferred	Measured & Indicated	Total
Simberi					
Oxide	531	620	254	1,151	1,403
Transitional	22	155	50	177	227
Sulphide	39	1,825	2,188	1,864	4,052
Total	592	2,600	2,492	3,192	5,682
Gold Ridge					
Oxide	29	199	27	228	255
Transitional	67	120	24	187	211
Sulphide	263	948	429	1,213	1,641
Total	359	1,267	479	1,628	2,107
Total - Allied Gold	951	3,867	2,972	4,820	7,789

Source: Allied Gold

Production

By the end of the March quarter we expect production to have rebuilt to a steady-state 20,000oz per quarter, with the company gaining control over unit costs. The oxide expansion is now underway and this will take throughput from 2Mtpa to 3Mtpa raising production to ~100,000ozpa by year-end at Simberi. Gold Ridge is planned to achieve production by early CY2011, but we have modelled in a conservative FY2012 start, with 107koz in FY2012 and an average of ~120koz per annum over the life-of-mine. **That would take production to ~220koz per annum. This production is planned, financed and will be commissioned.** The sulphide phase at Simberi still requires further studies, but could add a further 100koz per annum to production rates.

Earnings outlook

Our earnings estimates are based on the current 2.0Mtpa oxide project, rising to 3.0Mtpa next financial year and the introduction of Gold Ridge production in FY2012. We have marked-to-market the gold price for the start of this calendar year and increased our assumptions for the remaining quarters of CY2010. We have also raised our long-term gold price from US\$700/oz to US\$725/oz and continue to adopt a relatively conservative approach to our gold price assumptions, utilising an inflated long-term price of US\$725/oz over a three year period, but apply a premium to DCF for producing assets. Gold price assumptions for FY2010-FY2012 are US\$1,052/oz, US\$875/oz, and US\$823.1/oz.

As we have mentioned before we understand that under IFRS rules the company has 12 months to finalise its acquisition accounting of ASG. Allied's consideration paid was lower than the book value of the ASG assets, and while this will be subject to adjustments a one-off gain to the P&L may be forthcoming. At this stage we have not incorporated this into our figures.

Earnings summary

End-Jun	Sales	EBITDA	Net profit	EPS	Chg	P/E	EV/EBITDA
	A\$m	A\$m	A\$m	A\$c	%	X	X
2009A - proforma	77.5	5.8	-24.0	-4.1		n/a	56.0
2010E	74.8	-11.7	-20.3	-2.6		n/a	nm
2011F	102.4	22.9	11.6	1.1		26.5	10.7
2012F	238.5	79.9	29.9	2.9	158.2	10.2	3.5

Source: Allied Gold, Mirabaud Securities estimates

long-term assumptions: A\$: US\$ 0.70

As stated, we have also incorporated the start-up of production at the Gold Ridge project in our earnings estimates from FY2012. We use a conservative timetable for Gold Ridge and estimate a production rate in FY2012 of 107koz as opposed to 128koz previously forecast.

Valuation

Our company valuation includes the full 3Mt/tpa oxide project at Simberi, our in-the-ground valuation for sulphides at Simberi, the recently acquired Gold Ridge project, and the net cash position for the group.

Company valuation

	US\$m	p
<i>Simberi oxide project</i>	141.1	8.8
Simberi oxide project – 1.50x	211.6	13.3
Simberi sulphide reserve/resource	156.8	9.8
<i>Gold Ridge project</i>	36.0	2.3
Gold Ridge project – 1.25x	45.0	2.8
Cash and in-the-money options	138.0	8.6
Company valuation	551.4	34.5

Source: Mirabaud Securities estimates

US\$:GBP spot 1.54

Sensitivities

Although we adopt a standard 10% discount rate for our gold company projects, we are aware that some investors believe a lower discount rate should be applied and we offer our valuation in pence per share below at various discount rates and long-term gold prices, with all other variables retained.

Sensitivities to discount rate and long-term gold price

Discount rate % / L-T gold price US/oz	600	725	800	900
0%	36.7	52.3	61.7	74.1
2.5%	33.3	46.3	54.1	64.5
5.0%	30.6	41.5	48.0	56.8
7.5%	28.4	37.7	43.2	50.6
10.0%	26.6	34.5	39.3	45.6
12.5%	25.2	32.0	36.1	41.5

Source: Allied Gold, Mirabaud Securities estimates

long-term assumptions: A\$: US\$ 0.70

CGA Mining – valuation updated post placing (CGA CN, C\$2.03, Mkt Cap. C\$662.6m – Buy, valuation C\$2.82)

Following an update with management we have made a number of adjustments to our mine model for CGA and lowered our gold production forecast for FY2010. Our gold production estimates for FY2011 onwards remain unchanged. We have reduced our FY2010 throughput and grade assumptions. The impact on earnings of the lower FY2010 gold production forecast is partially offset by a reduction to our estimated mining costs in the year. Our operational assumptions for FY2011 onwards remain largely unchanged with only a slight reduction in mining costs. The net effect of these changes reduces our FY2010 net profit estimates to US\$55.1m (previously US\$81.9m) though our FY2011 net profit estimate rises slightly to US\$68.7m (previously US\$67.9m).

We have raised our long-term gold price assumption to US\$725/oz in today's money (previously US\$700/oz) and rolled our DCF model forward six months. In addition, we have also adjusted the group's balance sheet and the fully diluted shares in issue following the C\$86m placing (39.1m shares issued at C\$2.20) which was completed in February. Finally, we have also reset the US\$/C\$ exchange rate to 1.02 (previously 1.06). The net effect of these changes is to reduce our valuation to C\$2.82 (previously C\$2.90).

Valuation

	US\$m	C\$m
Total present value	498.8	
Residual value	27.5	
25% NAV premium on Masbate project	263.1	
In-ground valuation of non-reserve gold resource	110.8	
Net cash	-3.5	
Proceeds from options	16.3	
Total value	912.9	931.2
Fully diluted shares in issue (m)		343.0
Fair value (C\$ per share)		2.82

Source: Mirabaud Securities. *Net debt includes finance lease liabilities of US\$12.25m

US\$1 = C\$1.02

Throughput: We have lowered our throughput forecast for FY2010 to ~4.7Mt ore (previously 5.4Mt ore). This follows lower throughput achieved during the March quarter. Notably, during January throughput was disrupted by maintenance shut downs and a problem with the exciter arm of the crusher which was subsequently fixed during the month. As a result we estimate January throughput at ~325kt. We subsequently forecast a recovery in throughput to ~430kt in February, ~450kt in March and ~500kt per month in Q4 FY2010. We continue to forecast annual throughput of 6.5Mt from FY2011.

Grade: In addition, ore head grade remains lower than we previously assumed during the ramp-up in FY2010. We believe the head grade has averaged ~1.20g/t during the March quarter, similar to levels achieved in Q2. This represents a slightly reduction from the 1.37g/t head grade achieved during Q1 FY2010 reflecting the rapid scale-up in operations and increase in throughput at the Masbate plant. We note, however, that mining has recently moved into the Colorado zone which we expect to yield some higher grade ore. As a result we assume a Q4 FY2010 head grade of ~1.45g/t and therefore expect a head grade of ~1.3g/t for the FY2010 year. Our head grade estimates from FY2011 remain unchanged at 1.3g/t.

Recoveries: Gold recoveries continue to show a broad improvement during the ramp up with 77.3% recoveries achieved in the September quarter increasing to ~83.9% in the December quarter. There has, however, been some variability and we believe recoveries experienced a dip to ~78% during February, a direct consequence of the increase in throughput following crusher maintenance work. We believe there will be some further improvement in recoveries will be achieved with the addition of lead nitrate in the recovery process. We forecast a recovery of 82.4% for FY2010 and continue expect this to rise to ~86% thereafter.

Mining cost reduction: To achieve forecast throughput of 5.4Mt in FY2010 we had previously assumed ~25.9Mt of material being mined using a conservative strip ratio of 3.8. We are now reducing this excessive strip ratio to 1.75 and expect the group will mine ~13Mt of material in FY2010. As a result mining costs during FY2010 fall considerably to US\$20.9m (previously US\$42.5m) partially offsetting the negative impact of reduced throughput and grade that we now forecast. We continue to forecast ~15Mt of material being mined next year to deliver 6.5Mt of ore, with a strip ratio of 1.3.

Net debt: Post the C\$86m share placing in January we believe the group will have moved into a net cash position. We believe gross debt at end January 2010 stood at around US\$105m with a cash position of ~US\$100m. Notably this cash position will allow the group to repay the higher cost debt facilities such as the US\$25m 12% unsecured loan notes and the US\$10m Meridian & Casten facility.

We show the net impact of these changes on our earnings and cash flow estimates in the table below.

Earnings estimates revised

Y/e-Jun	Sales US\$m	EBITDA US\$m	Net profit US\$m	EPS US¢	Chg %	P/E X	EV/EBITDA X
2009A	6.9	-14.0	-28.8	-10.9	nm	nm	nm
Old 2010F	215.7	98.1	79.9	26.3	nm	nm	nm
New 2010F	156.6	69.7	54.8	16.2	nm	12.3	9.0
Old 2011F	186.9	82.2	67.9	22.4	-15%		
New 2011F	182.5	78.9	64.5	19.1	18%	10.4	6.7
Old 2012F	186.1	78.4	65.4	21.5	-4%		
New 2012F	181.9	75.3	62.0	18.4	-4%	10.8	5.7

Source: Mirabaud Securities

Long-term gold price assumption raised: We have raised our long-term gold price assumption to US\$725/oz in today's money (previously US\$700/oz).

Whilst the FY2010 earnings forecasts have been reduced the stock remains attractively valued trading on a PE of 12.3x and 10.4x for FY2010 and FY2011 respectively. As illustration this represents a substantial discount of 67% and 18% to Centamin Egypt, another early stage producer. **We maintain our Buy recommendation.**

Gold valuations – (AIM-quoted/London-listed gold resources on 17 March 2010, gold price US\$1,124/oz)

Rank (03 Mar)	Company	Country of operations	Price (p)	Shares (m)	Mkt. Cap. (US\$m)	Net cash (US\$m)	Attrib. Au only (Moz)	Attrib Au equiv* (Moz)	EV/oz (US\$/oz)
1 (1)	Medusa Mining	Philippines	219.50	170.78	575.9	35.5	1.9	1.9	285.9
2 (2)	Hochschild Mining	Peru	285.60	338.53	1,485.3	-264.2	2.3	6.2	283.9
3 (3)	Randgold Resources	Mali/DRC	5,010.00	90.15	6,938.7	575.5	24.9	24.9	255.4
4 (4)	Fresnillo	Mexico	854.00	717.16	9,409.1	312.2	13.9	36.2	251.3
5 (5)	Patagonia Gold	Argentina	17.25	593.60	157.3	8.2	0.7	0.8	195.5
6 (7)	Petropavlovsk	Russia	1,125.00	182.08	3,147.0	-24.0	18.5	18.5	171.4
7 (6)	Newmont Mining†	Various	US\$51.66	490.99	25,364.4	-1,594.0	129.3	170.7	157.9#
8 (8)	Centamin Egypt†	Egypt	128.50	1,020.74	2,015.1	27.0	13.7	13.7	145.2
9 (11)	Kirkland Lake Gold	Canada	495.00	67.73	515.0	64.0	3.3	3.3	137.6
10 (9)	Goldplat	Kenya	10.25	112.12	17.7	0.2	0.1	0.1	134.8
11 (10)	Polymetal	Russia	US\$11.00	357.95	3,937.4	-374.4	21.4	33.2	130.0
12 (13)	Archipelago Resources	Indonesia	34.50	493.02	261.3	78.0	1.4	1.4	126.8
13 (12)	Barrick Gold#	Various	US\$40.47	984.33	39,835.7	-3,771.0	233.1	360.1	121.1#
14 (14)	Peninsular Gold	Malaysia	69.75	55.23	59.2	-24.3	0.9	0.9	88.1
15 (15)	CGA Mining#	Philippines	C\$2.05	284.29	578.6	-83.0	8.3	8.3	80.0#
16 (16)	Yamana Gold	Brazil/Chile	666.50	733.41	7,509.7	-359.4	40.7	108.4	72.6
17 (17)	Persian Gold	Iran	7.50	74.66	8.6	0.1	0.1	0.1	69.0
18 (18)	AngloGold Ashanti	Various	US\$38.97	366.06	14,265.3	-831.0	226.7	226.7	66.6
19 (19)	Avocet Mining	Indonesia/Malaysia/B.	105.00	194.36	313.5	-42.9	5.4	5.4	65.9
20 (22)	African Consolidated	Zimbabwe	10.00	358.10	55.0	7.7	0.8	0.8	58.2
21 (26)	Greystar Resources	Colombia	372.50	84.07	481.1	124.1	5.0	6.3	57.1
22 (20)	Minera IRL	Peru	63.50	85.68	83.6	14.9	0.8	1.2	56.7
23 (23)	Caledonia Mining Corp	Zimbabwe	4.13	500.17	31.7	1.7	0.5	0.5	56.5
24 (21)	Cluff Gold	Cote d'Ivoire/B. Faso	91.50	122.47	172.2	-3.5	3.1	3.1	55.8
25 (25)	European Goldfields	Greece	420.00	179.89	1,160.7	124.1	9.1	18.9	54.8
26 (24)	Polyus Gold	Russia	US\$27.59	359.70	9,924.2	134.2	183.5	185.0	52.9
27 (28)	Highland Gold Mining	Russia	121.00	325.20	604.5	143.9	10.0	10.0	45.9
28 (27)	Nyota Minerals	Ethiopia	10.25	266.74	42.0	12.1	0.7	0.7	43.3
29 (30)	African Aura Mining	Liberia	71.50	52.88	58.1	2.2	1.4	1.4	38.7
30 (29)	Finders Resources	Indonesia	19.50	193.86	58.1	5.5	0.1	1.4	37.5
31 (33)	Gold Fields#	Various	US\$12.47	705.37	8,796.0	-871.7	255.4	258.9	37.3#
32 (32)	GMA Resources	Algeria	2.88	469.00	20.8	-20.5	1.2	1.2	35.3
33 (31)	Trans-Siberian Gold	Russia	27.00	84.91	35.2	-0.2	0.9	1.0	35.1
34 (37)	Pan African Resources	SA/Mozambique	6.35	1,408.34	137.4	6.5	4.2	4.2	31.4
35 (36)	Metals Exploration	Philippines	13.25	269.72	54.9	15.3	1.3	1.3	31.1
36 (35)	Norseman Gold	Australia	46.00	172.52	121.9	10.5	3.8	3.8	29.6
37 (39)	Galantas Gold	United Kingdom	2.38	190.10	7.0	-3.1	0.4	0.4	25.1
38 (38)	Vatukoula Gold	Fiji	2.11	3,642.37	118.1	11.6	4.3	4.3	24.6
39 (34)	Anglo Asian	Azerbaijan	13.50	109.62	22.7	-35.4	1.3	2.7	21.4
40 (40)	Chaarat Gold	Kyrgyzstan	55.00	112.91	95.4	11.5	4.0	4.1	20.5
41 (42)	Allied Gold	PNG/Solomon Islands	18.75	1,040.13	299.6	137.9	7.8	8.0	20.3
42 (43)	Ariana Resources	Turkey	3.38	171.10	8.9	2.2	0.3	0.4	17.2
43 (44)	Orosur Mining	Uruguay	29.00	64.43	28.7	9.4	1.2	1.2	16.7
44 (41)	Orsu Metals	Kazakhstan	22.00	456.96	154.4	20.7	4.6	8.2	16.4
45 (45)	Hambledon Mining	Kazakhstan	4.63	516.09	36.7	4.4	2.5	2.6	12.5
46 (53)	Shanta Gold	Tanzania	21.75	105.05	35.1	6.0	2.6	2.6	11.2
47 (46)	KazakhGold	Kazakhstan	US\$7.75	52.94	410.3	-232.6	59.6	62.5	10.3
48 (47)	Conroy Diamonds &	Ireland	5.00	142.86	11.0	0.6	1.0	1.0	10.1
49 (52)	Sumatra Copper &	Indonesia	A\$0.26	127.49	30.0	7.5	2.0	2.3	9.7#
50 (48)	Stratex International	Turkey	3.25	286.78	14.3	4.7	1.0	1.0	9.2
51 (50)	Oxus Gold	Uzbekistan	7.17	395.11	43.5	-26.6	7.4	8.4	8.4
52 (54)	Central African Gold	Ghana	1.00	1,004.09	15.4	-1.8	2.1	2.1	8.3
53 (51)	Kryso Resources	Tajikistan	11.50	159.64	28.2	5.5	2.8	2.8	8.0
54 (55)	Serabi Mining	Brazil	1.88	327.74	9.5	3.8	0.7	0.7	7.9
55 (49)	Ormonde Mining	Spain	5.13	230.96	18.2	2.5	0.5	2.1	7.5
56 (56)	Arian Silver Corp	Mexico	6.13	235.41	22.2	4.2	1.2	3.3	5.4
57 (57)	Mercator Gold	Australia	2.75	163.27	6.9	-0.6	2.3	2.3	3.2
58 (58)	Central Rand Gold	South Africa	14.00	271.61	58.4	13.9	26.4	26.4	1.7
59 (60)	Condor Resources	El Salvador	0.46	471.71	3.3	1.5	0.8	1.1	1.6
60 (59)	Ovoca Gold	Russia	15.00	88.46	20.4	13.0	1.2	6.2	1.2
61 (61)	Aurum Mining	Kyrgyzstan	12.75	48.19	9.4	14.2	0.1	0.1	-43.4
	Average								61.2
	Median								35.2

Source: Company data, Mirabaud Securities estimates *Attributable gold includes other main metals – ratios: Au:Ag = 64.2, Au:Cu = 4,801, Au:Zn = 16,417. £1:US\$1.54, US\$1:A\$1.08, US\$1:C\$1.03, US\$1:R7.29, £1:US\$1.38. #Excluded from average and mean calculations. †Includes 100% of resource (Egyptian govt. shares profit (50:50) but CEY has zero tax base)

Dates for your diary

Company	Date Released	Report
ENRC	24 March 2010	2009 Preliminary Results
Hochschild Mining	24 March 2010	Preliminary Results FY 2009
Petropavlosk	25 March 2010	Financial Results
Kazakhmys	30 March 2010	Final Year Results 2009
Petropavlosk	15 April 2010	2009 Results
Rio Tinto	15 April 2010	Q1 2010 Operations Review
BHP Billiton	21 April 2010	March Quarter Production and Exploration & Development Report
Aquarius Platinum	27 April 2010	Quarterly Report for the Quarter ended 31 March 2010 (Q3 2010)
Kazakhmys	29 April 2010	Q1 Production Report
Petropavlosk	05 May 2010	Interim Management Statement
ENRC	12 May 2010	May 2010 Interim Management Statement / 2010 Q1 Production Report
Petropavlosk	20 May 2010	Interim Management Statement
Rio Tinto	14 July 2010	Q2 2010 Operations Review
BHP Billiton	21 July 2010	June Quarter Production and Exploration & Development Report
Petropavlosk	22 July 2010	Interim Management Statement
Aquarius Platinum	27 July 2010	Quarterly Report for the Quarter ended 30 June 2010 (Q3 2010)
Kazakhmys	29 July 2010	Q2 Production Report
Anglo American	30 July 2010	2010 Interim Results
Xstrata	03 August 2010	2010 Half Yearly Results
Aquarius Platinum	05 August 2010	FY 2010 Financial results for the year ended 30 June 2010
Rio Tinto	05 August 2010	Half Year 2010 Results
Kazakhmys	26 August 2010	2010 Interim Results
Petropavlosk	26 August 2010	Half Year 2010 Results
Rio Tinto	14 October 2010	Q3 2010 Operations Review
BHP Billiton	20 October 2010	September Quarter Production and Exploration & Development Report
Petropavlosk	21 October 2010	Interim Management Statement
Aquarius Platinum	25 October 2010	Quarterly Report for the Quarter ended 30 September 2010 (Q1 2011)
Kazakhmys	28 October 2010	Q3 Production Report
Aquarius Platinum	29 October 2010	Annual Report

Source: Company websites

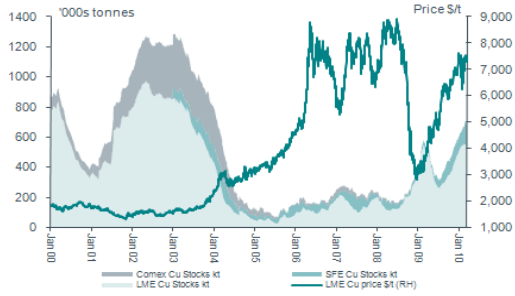
Earnings estimates

Stock	Price GBP	M'Cap GBP m	M'Cap USD m	PE			EV/EBITDA			CFM			DY				EV/EBIT			NET DEBT/(CASH) (USD m) FY10
				2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011	2012	2009	2010	2011	
Diversified																				
BHPBilliton	2,222	136,518	208,409	17.4x	12.4x	9.8x	9.3x	7.6x	6.0x	11.4x	9.7x	7.7x	2.5	2.7	2.9	3.0	11.6x	9.3x	7.2x	2,519
Rio Tinto	3,745	85,322	130,253	13.6x	11.1x	9.3x	11.6x	7.1x	5.8x	10.8x	8.2x	6.8x	1.0	1.7	1.8	1.8	15.2x	8.5x	7.0x	8,520
Anglo American	2,756	36,276	55,379	20.8x	11.8x	8.5x	9.8x	6.0x	4.8x	13.1x	7.5x	6.4x	0.0	0.9	2.2	2.9	13.3x	7.4x	5.8x	6,092
Xstrata	1,178	34,622	52,853	18.5x	9.5x	8.1x	9.5x	5.5x	5.0x	10.0x	7.9x	6.2x	0.0	1.0	1.3	1.4	14.6x	7.4x	6.4x	8,650
ENRC	1,168	15,041	22,961	22.0x	12.6x	9.9x	13.5x	7.6x	6.2x	20.6x	11.8x	9.5x	0.9	1.5	1.9	1.9	16.6x	8.7x	7.0x	-1,411
Vale	1,764	102,665	156,729	24.2x	14.1x	10.2x	17.1x	9.7x	7.5x	13.9x	7.6x	6.5x	1.3	2.2	3.5	6.7	22.4x	11.9x	8.8x	17,436
Vedanta	2,761	7,482	11,422	25.5x	10.7x	6.7x	11.5x	5.6x	2.6x	10.4x	5.4x	3.4x	0.9	1.3	1.3	1.3	10.6x	5.4x	3.1x	4,289
Sub Sector Total/Average	417,926	638,006		20.3x	11.8x	8.9x	11.8x	7.0x	5.4x	12.9x	8.3x	6.6x	0.9	1.6	2.1	2.7	14.9x	8.4x	6.4x	46,095
Copper																				
Kazakhmys	1,522	8,146	12,436	17.0x	9.0x	7.3x	11.5x	7.0x	6.3x	14.0x	8.7x	7.9x	0.4	1.1	1.8	1.8	17.9x	10.4x	8.8x	609
Antofagasta	1,022	10,075	15,381	22.3x	13.0x	8.8x	7.8x	4.8x	2.5x	17.8x	8.2x	5.7x	1.5	2.1	3.0	2.6	8.7x	5.3x	2.9x	-2,067
Sub Sector Total/Average	18,222	27,817		19.6x	11.0x	8.1x	9.6x	5.9x	4.4x	15.9x	8.5x	6.8x	0.9	1.6	2.4	2.2	13.3x	7.8x	5.9x	-729
Platinumium																				
Lonmin	2,011	3,883	5,928	nm	28.4x	20.4x	773.9x	16.0x	10.0x	nm	28.8x	15.9x	0.0	0.2	0.8	1.5	-47.5x	20.7x	11.5x	255
Impala	1,796	11,346	17,321	23.7x	19.2x	12.8x	14.8x	13.6x	8.8x	17.1x	14.8x	10.2x	1.8	2.5	4.0	4.7	16.4x	15.5x	9.7x	-120
Sub Sector Total/Average	15,229	23,249		23.7x	23.8x	16.6x	394.4x	14.8x	9.4x	17.1x	21.8x	13.1x	0.9	1.4	2.4	3.1	-15.5x	18.1x	10.6x	68
Midcaps																				
First Quantum	5,745	4,624	7,059	7.5x	6.5x	6.0x	3.4x	2.5x	2.7x	5.8x	4.9x	5.1x	1.0	1.5	1.8	1.6	3.8x	2.6x	2.8x	-2,136
Anvil Mining	268.3	403	616	nm	nm	nm	nm	nm	3.6x	nm	nm	4.1x	0.0	0.0	0.0	0.0	nm	nm	nm	-69
Hochschild	285	964	1,471	21.8x	11.5x	10.5x	9.1x	4.6x	4.3x	10.3x	7.3x	8.9x	1.3	2.3	3.1	2.1	12.5x	6.5x	6.1x	235
Talvivaara	443	1,086	1,657	nm	12.7x	6.6x	nm	9.9x	7.4x	nm	6.2x	7.4x	0.0	0.0	0.0	0.0	nm	13.1x	7.4x	225
FerrExpo	301	1,771	2,704	45.9x	12.1x	9.6x	21.2x	8.3x	7.5x	22.4x	9.0x	11.9x	0.8	1.0	1.1	1.5	29.0x	8.3x	7.2x	127
Sub Sector Total/Average	8,848	13,507		25.1x	10.7x	8.2x	11.3x	6.3x	5.1x	12.8x	6.9x	7.5x	0.6	0.9	1.2	1.0	15.1x	7.7x	5.9x	
Gold companies																				
Randgold Resources	4,970	4,480	6,840	88.2x	38.3x	21.6x	54.3x	22.4x	10.7x	66.1x	29.9x	17.8x	0.2	0.4	0.7	0.6	68.2x	25.7x	13.2x	-628
Peter Hambro	1,125	2,048	3,127	17.5x	10.7x	8.5x	13.1x	7.5x	6.1x	nm	11.0x	7.8x	0.4	0.8	0.9	1.0	15.0x	8.0x	8.5x	92
Goldcorp	2,607	19,308	12,648	32.6x	23.7x	18.3x	6.7x	5.0x	4.6x	18.6x	14.6x	13.9x	0.4	0.5	0.5	0.5	9.8x	6.5x	5.6x	-755
Barrick Gold	2,631	25,895	16,962	20.4x	14.7x	14.3x	5.0x	3.8x	3.4x	9.9x	9.5x	10.5x	1.0	1.0	1.0	1.0	6.9x	5.0x	4.0x	2,744
Newmont	3,356	16,477	25,153	16.3x	14.8x	12.8x	8.2x	5.0x	5.0x	11.5x	8.4x	7.6x	0.8	0.8	0.8	0.8	10.0x	6.1x	5.5x	-3,309
Sub Sector Total/Average	68,208	64,730		35.0x	20.5x	15.1x	17.5x	8.7x	6.0x	26.5x	14.7x	11.5x	0.6	0.7	0.8	0.8	22.0x	10.3x	7.4x	-371

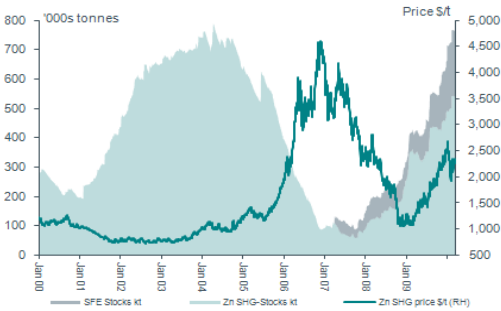
Source: Bloomberg consensus. All data is calendarised. Median used where possible, otherwise mean estimate used.

Metal stocks and prices

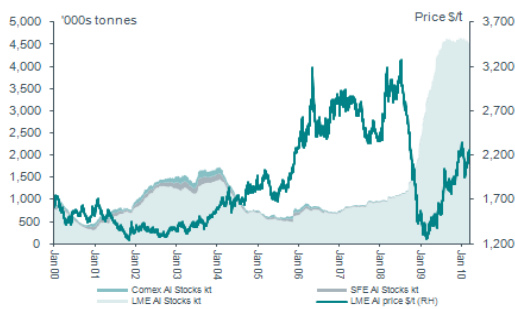
Copper stocks (LME+Comex+SFE) and price



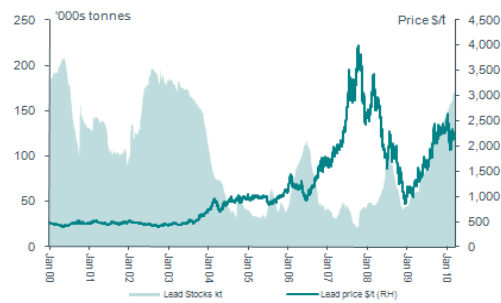
Zinc stocks (LME+SFE) and price



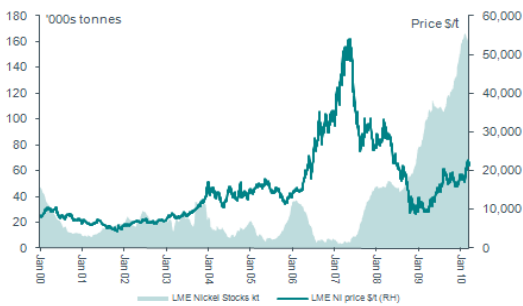
Aluminium stocks (LME+Comex+SFE) and price



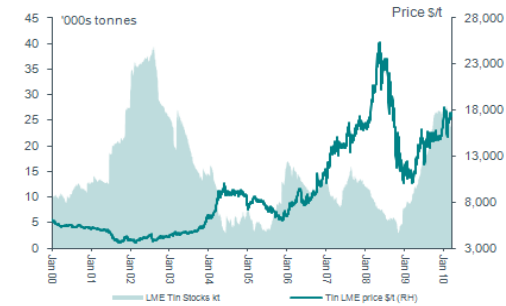
Lead stocks (LME) and price



Nickel stocks (LME) and price



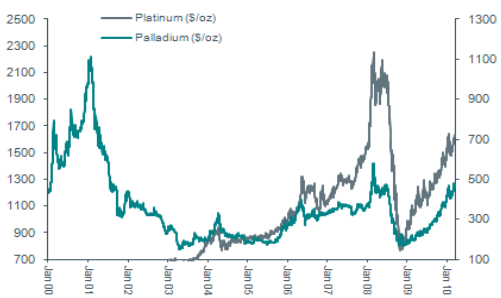
Tin stocks (LME) and price



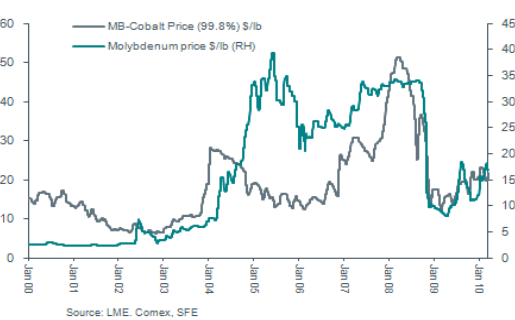
Gold & Oil prices



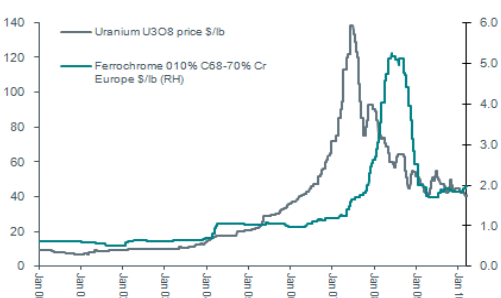
PGM prices (\$/oz)



Cobalt & Molybdenum price



Uranium U₃O₈ & Ferrochrome price



RECOMMENDATIONS HISTORY

Market index	FTSE AIM Basic Resources				
Date	Market Index	Stock Price	Valuation (p)	Opinion	
Allied Gold					
02-Apr-08	7,130	33.75	56.00	Buy	
17-Jun-08	7,348	31.00	58.20	Buy	
06-Aug-08	5,030	15.25	41.20	Buy	
31-Oct-08	1,856	8.75	41.00	Buy	
16-Jan-09	1,912	14.25	44.60	Buy	
28-Jan-09	1,997	17.25	52.50	Buy	
24-Feb-09	2,258	22.75	46.60	Buy	
30-Apr-09	2,840	16.25	37.00	Buy	
20-May-09	3,287	20.75	42.20	Buy	
11-Jun-09	3,761	25.25	41.00	Buy	
04-Aug-09	4,062	22.00	42.70	Buy	
17-Sep-09	4,819	29.00	43.00	Buy	
15-Oct-09	5,459	28.50	48.60	Buy	
26-Oct-09	5,316	27.00	44.10	Buy	
11-Jan-10	5,845	20.00	34.10	Buy	
19-Feb-10	5,692	17.00	31.00	Buy	
03-Mar-10	5,694	15.75	33.10	Buy	
18-Mar-10	6,009	18.75	34.50	Buy	
CGA Mining					
13-Nov-08	1,955	C\$0.92	C\$1.68	Buy	
08-Jan-09	2,130	C\$1.15	C\$2.41	Buy	
21-Jan-09	1,943	C\$1.15	C\$2.75	Buy	
30-Jan-09	2,003	C\$1.33	C\$2.62	Buy	
30-Apr-09	2,840	C\$1.45	C\$2.47	Buy	
11-Jun-09	3,761	C\$1.55	C\$2.65	Buy	
16-Jul-09	3,574	C\$1.35	C\$2.02	Buy	
01-Oct-09	4,940	C\$1.76	C\$2.30	Buy	
09-Oct-09	5,222	C\$1.82	C\$2.46	Buy	
15-Oct-09	5,459	C\$2.00	C\$2.53	Buy	
04-Nov-09	5,069	C\$1.62	C\$2.65	Buy	
03-Dec-09	5,339	C\$2.25	C\$2.90	Buy	
18-Mar-10	6,009	C\$2.03	C\$2.82	Buy	
Chaarat Gold					
15-Dec-2008	1,730	9.00	22.10	Buy	
08-Apr-2009	2,395	18.00	39.80	Buy	
16-Jul-2009	3,574	19.25	42.20	Buy	
14-Jan-2010	5,737	42.00	72.90	Buy	
18-Mar-2010	6,009	55.00	82.10	Buy	
Kirkland Lake Gold					
31-Aug-06	5,583	353.00	474.00*	Speculative Buy	
26-Nov-07	6,876	695.00	697.00	Speculative Neutral	
04-Dec-07	6,919	627.50	697.00	Speculative Overweight	
15-Jan-08	7,466	617.50	732.50	Speculative Overweight	
13-Feb-08	7,197	562.50	738.00	Speculative Buy	
17-Mar-08	7,509	527.50	717.90	Speculative Buy	
07-Aug-08	5,030	347.50	585.50	Speculative Buy	
29-Oct-08	1,736	182.50	709.90	Buy	
17-Mar-09	2,101	332.50	697.70	Speculative Buy	
14-May-09	3,272	555.00	663.10	Speculative Overweight	
11-Jun-09	3,761	505.00	609.90	Speculative Buy	
21-Jul-09	3,762	447.50	577.80	Speculative Buy	

Market index		FTSE AIM Basic Resources			
Date	Market Index	Stock Price	Valuation (p)	Opinion	
17-Sep-09	4,819	597.50	505.80	Speculative Underweight	
15-Oct-09	5,459	592.50	559.00	Speculative Neutral	
23-Dec-09	4,961	505.00	545.50	Speculative Neutral	
18-Mar-10	6,009	495.00	625.80	Speculative Buy	

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RATINGS SYSTEM

- BUY:** The stock is expected to generate absolute positive price performance of over 20% during the next 12 months.
- OVERWEIGHT:** The stock is expected to generate absolute positive price performance of 10-20% during the next 12 months
- NEUTRAL:** The stock is expected to generate absolute price performance of between 10% positive and 10% negative during the next 12 months.
- UNDERWEIGHT:** The stock is expected to generate absolute negative price performance of 10-20% during the next 12 months
- SELL:** The stock is expected to generate absolute negative price performance of over 20% during the next 12 months.

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The following disclosures relate to this document:

Allied Gold (AGLD LN), 2 & 8, CGA Mining (CGA CN), 2, Chaarat Gold (CGH LN), 3 & 8, Kirkland Lake Gold (KGI LN) 2 & 8

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