

Gold Company Review March Quarter 2010

Review of Selected Companies



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(See the final slide for further disclosure and disclaimer information that relates to this presentation.)

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- Equity research focused on small cap mining and exploration stocks globally.
- Gold, base metals, uranium and iron ore sector focus – listed companies in Australia, Canada, UK and USA.
- Gold, uranium and iron ore sector reports updated and published quarterly covering 16 to 24 companies.
- In-depth one-off reports on individual companies.
- Commissioned and non-commissioned research.
- Global distribution; including brokers, Bloomberg, media, and RCR web site.
- Companies can distribute research (e.g. their website).

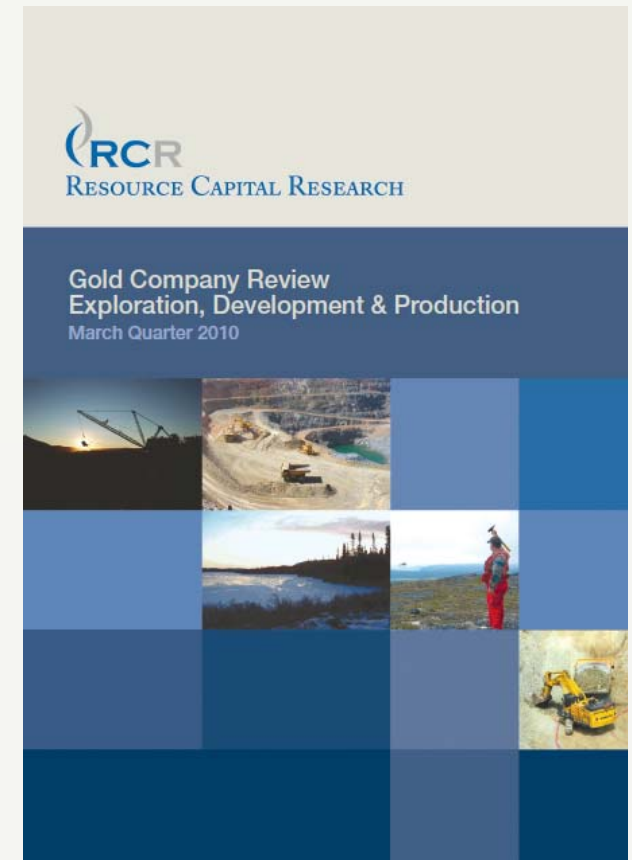
RCR METHODOLOGY

- Ground up and top down approach.
- NPV and comparative global peer valuations.
- Talk to company management and industry experts.
- Review financials and company data.
- Contact with 100 to 300 gold companies quarterly.
- Attend conferences, field trips.
- Experienced team of analysts.
- Seek to identify valuation gaps and investment opportunities.
Formal recommendations generally not published for commissioned research.

RCR GOLD COMPANY REVIEW

March Quarter 2010

- Review of gold price fundamentals and outlook.
- Review of industry trends.
- Research reports on 16 companies - Australia & Canada.
- 9 selected company 'snapshots' featured in this presentation.
- Go to www.rcresearch.com.au for more detail.

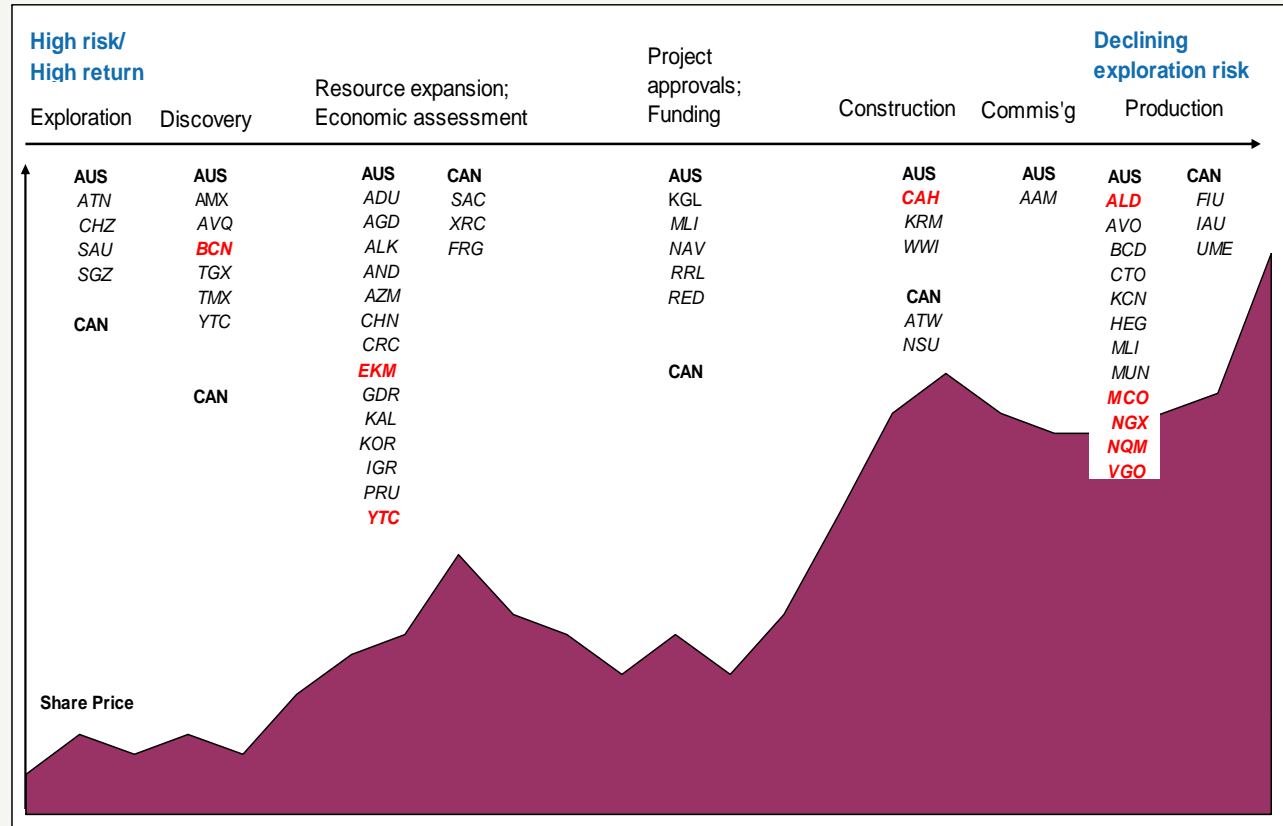


'Snapshot' Review of Selected Companies – March Quarter Review

- Allied Gold Ltd (ALD)
- Beacon Minerals Ltd (BCN)
- Catalpa Resources Ltd (CAH)
- Eleckra Mines Ltd (EKM)
- Morning Star Gold NL (MCO)
- Norseman Gold Plc (NGX)
- North Queensland Metals Ltd (NQM)
- Vantage Goldfields Ltd (VGO)
- YTC Resources Ltd (YTC)

Explorer's Development Cycle: Conceptual share price versus development stage.

Companies featured in this presentation are shown in red.



ALLIED GOLD LTD (ASX:ALD)

BACKGROUND

- Pure gold play – expanding mid tier gold producer (current 70kozpa).
- Pacific Rim of Fire: PNG & Solomon Islands.
- Potential major expansion to >300kozpa by mid-2013.
- Simberi (PNG) – open cut ~70kozpa CY10 – expand to 100kozpa 2H10. PFS for further expansion to 200kozpa by 2H13 is underway.
- Cash costs A\$810/oz (4Q09 - bottlenecks) targeting A\$560/oz.
- Simberi Resource base 7.8moz, reserves 2.0moz.
- Gold Ridge (Solomons) – acquired 2009 – planning 2H11 restart at ~120kozpa.

SHARE INFORMATION

- M. cap: \$342m. Cash: \$155m. Shr: 1,036m. Opt: 77m, listed on ASX, TSX, AIM.
- 12 month share range: \$0.25 to \$0.55. Current: \$0.33.
- **RCR NAV \$0.78 based on expansion and US\$850/oz Au price.**
- Current Enterprise Value only ~US\$22/oz (resources + reserves).

SHARE PRICE CATALYSTS

- **2Q10:** Improved Simberi performance with reduced downtime.
- **3Q10:** Commence Simberi expansion to ~100kozpa.
- **3Q10:** PFS for major Simberi expansion to ~200kozpa, confirm Gold Ridge re-start at 120kozpa 1Q11?

BEACON MINERALS LTD (ASX:BCN)

BACKGROUND

- Early-mid stage WA-based gold explorer.
- 100% focus on Barlee gold project – under-explored North Yilgarn greenstone belt, 200km N of Southern Cross.
- Regional mines: Copperhead (1.2moz), Davyhurst (0.8moz), Youanmi (0.4moz).
- Initial resource: 74koz – but high grade: 6.0g/t.
- New drilling (Dec '09) – spectacular intercept: 14m @ 45.3g/t.
- Big increase in drilling 2010: 50,000m planned. Expect resource upgrades.
- Targeting >0.5moz resource, possible PFS ~50kozpa to commence within 12 months. Grades will be the key.
- Raised A\$8m in 4Q09 rights issue.

SHARE INFORMATION

- M. cap: \$21m. Cash: \$5m. Shr: 735m. Opt: 313m (245m 1c Aug '10).
- 12 month share range: \$0.01 to \$0.04. Current: \$0.029.

SHARE PRICE CATALYSTS

- **2Q10-1Q11:** Regular newsflow: Resource target drilling results, JORC resource upgrades aiming for eventual 0.5moz resource. Watch grades.
- **1Q11:** Potential commencement of PFS for Barlee production.

CATALPA RESOURCES LTD (ASX:CAH)

BACKGROUND

- Pure gold play – producer (ASX300 index) – joining mid-tier ranks with 126koz equity production forecast for FY11.
- Cracow JV (CAH 30%, NCM 70%), Queensland, 100koz FY10.
- Cracow underground mine (~8g/t), costs ~US\$450/oz, life min. 6 years.
- Edna May (100%) Westonia (WA) – flagship project – A\$92m capex - commissioning may 2010, expect ~100kozpa. Min. 9 year life.
- Edna May 0.95moz reserves, 1.66moz reserves + resources. Cash costs ~US\$580/oz. Strong margins - Fwd sales 70% @ A\$1,557/oz.
- Excellent regional and deeper ore exploration upside (170kozpa?).

SHARE INFORMATION

- M. cap: \$242m. Cash: \$25m. Debt \$65m. Shr: 161m. Opt: 15m.
- 12 month share range: \$0.76 to \$1.96. Current: \$1.50.
- **RCR NAV \$2.07/share based on US\$850/oz long term Au price.**

SHARE PRICE CATALYSTS

- **2Q10-3Q10:** Edna May plant commissioning – first production reports.
- **2Q10 on:** Continuing near-mine/regional exploration and Edna May resource upgrades.

ELECKRA MINES LTD (ASX:EKM)

BACKGROUND

- Early-mid stage WA-based gold explorer, plus 6mlb uranium resource.
- Major 5,000km² strategic position in under-explored Yamarna greenstone belt 140km E of Laverton.
- Has established 0.75moz 1.78g/t resource to date.
- Main interest is in high grade zone discovery – Central Bore – and three major parallel anomalous zones – Byzantium (1km), Han (2.8km) and Central Bore East (0.6km).
- 7,000m anomaly drilling campaign commenced – first results May.
- Resource statement for Central Bore 3Q10.
- Chance to lift resource to ~1moz and increased grades will be key.

SHARE INFORMATION

- M. cap: \$20m. Cash: \$3m. Shr: 196m. Opt: 76m.
- 12 month share range: \$0.02 to \$0.21. Current: \$0.10.
- **If 1moz target reached, our share price range is \$0.16-\$0.22.**

SHARE PRICE CATALYSTS

- **2Q10:** Drilling newly discovered anomalies – results 3Q10.
- **3Q10:** Resource statement for Central Bore and indicative resources for new anomalies?

MORNING STAR GOLD NL (ASX:MCO)

BACKGROUND

- Re-starting historic Woods Point underground mine in historic Eastern Goldfields, 120km NE Melbourne.
- Hist. Woods Point production 0.89moz @ 26.5g/t.
- Current underground resource 0.73moz @ 11.2g/t.
- MCO spent ~A\$30m on rehabilitation and rebuilding.
- Very different geology and mining approach to Ballarat Goldfields (Lihir Gold).
- Mining commenced 4Q09, ore stockpiled, grades >20g/t.
- MCO building a 80ktpa gravity plant, start up Jun 10, >50kozpa?
- Regional exploration upside excellent – Chinese farm-in for \$4.5m.

SHARE INFORMATION

- M. cap: \$95m. Est. Cash: \$18m. Shr: 251m. Opt: 0.8m.
- 12 month share range: \$0.11 to \$0.49. Current: \$0.38.

SHARE PRICE CATALYSTS

- 2Q10-3Q10:** Further re-rating as a producer – expect production commencing Jun '10. Recovered grades likely to be well above resource grades.
- 2Q10-1Q11:** Regional exploration targets to be drilled by Chinese farm-inee.

NORSEMAN GOLD PLC (ASX:NGX) (AIM:NGL)

BACKGROUND

- Operates Norseman underground mine 170km S of Kalgoorlie.
- Australia's longest continuously running mine (discovered 1894).
- 5.5moz has been extracted from the Norseman field.
- Total 3.7moz resource at 5.5g/t. 700ktpa mill underutilised.
- Forecast FY10 production 70kz @ A\$865/oz cost.
- Expansion with new decline 4Q10 then open pit FY12.
- Forecast 110koz FY11 (A\$686/oz) then 124koz FY12 (A\$700/oz).
- Earnings forecast 2.8cps (FY10), 16.0cps (FY11), 19.2cps (FY12).
- Prospective P/E ratio for FY11 is 6.4x.

SHARE INFORMATION

- M. cap: \$166m. Cash: \$16m. Shr: 173m. Opt: 3.9m.
- 9 month (ASX) share range: \$0.45 to \$1.35. Current: \$0.96.
- **RCR base case NAV is \$1.45/share** (US\$850/oz long term Au, A\$/US\$=0.80) increasing to \$2.08/share (US\$1,100/oz, A\$/US\$=0.91).

SHARE PRICE CATALYSTS

- **3Q10:** We expect improved output as mining technique is optimised.
- **4Q10:** Production expansion with 3rd mine in operation – output >100kozpa.

NORTH QUEENSLAND METALS LTD (ASX:NQM)

BACKGROUND

- Dividend-paying NQM operates Pajingo Mine (60% NQM) 53km S Charters Towers, QLD.
- Pajingo started 1980's, underground since 1996 (11g/t), total 2.3moz extracted to date.
- Current ~60kozpa (NQM 36kozpa), mill is underutilised – planned expansion from current 330ktpa to ~700ktpa over 12 months.
- New ore sources: Satellite pits (Twin Hills) and Pajingo open pits.
- Resource at Pajingo 0.32moz, and 0.43moz Twin Hills.
- RCR forecast (NQM equity) 35koz FY10, 51koz FY11, 62koz FY12.
- RCR earnings forecast 2.7cps (FY10), 6.7cps (FY11), 7.5cps (FY12).

SHARE INFORMATION

- M. cap: \$50m. Cash: \$11m. Shr: 199m. Opt: 0.8m.
- 12 month (ASX) share range: \$0.20 to \$0.36. Current: \$0.25.
- **RCR base case NAV is \$0.47/share** (US\$850/oz long term Au, A\$/US\$=0.80) increasing to \$0.55/share (spot gold).

SHARE PRICE CATALYSTS

- **3Q10:** Expansion Stage 1 – mining to commence at Pajingo open pits.
- **1Q11:** Expansion Stage 2 – mining of Twin Hills satellite pits.
- **3Q10-4Q10:** Potential Pajingo resource upgrades – Moonlight epithermal.

VANTAGE GOLDFIELDS LTD (ASX:VGO)

Note: VGO is not yet listed on the ASX. An IPO (Prospectus dated 7 April 2010) to raise A\$30m (min A\$20m) through the issue of 75m new shares at A\$0.40/share is currently in progress - Lead Manager is Shaw Corporate Finance).

The following summary assumes that the A\$30m proposed capital raising is successful and VGO is listed May 2010.

BACKGROUND

- Seeking to raise A\$30m (min. A\$20m) in a non-underwritten IPO at \$0.40/share. Indicative ASX listing date is 19 May 2010.
- VGO is planning to expand two mines in Barberton goldfields, South Africa – rich greenstone belt, under-explored.
- Low risk staged expansion, mines have recent operating history.
- Total gold resource 4.38moz – Enterprise Value only US\$10/oz.
- RCR forecast FY11: 36koz, FY12: 60koz, FY13: 80koz (gold equity).
- Prospective P/E ratios @ \$0.40/share: 3.4x (FY11), 2.5x (FY12).

SHARE INFORMATION

- M. cap (\$0.40 IPO share price): \$89m. Cash: \$38m. Shr: 224m. Opt: 36m.
- **RCR base case NAV is \$0.56/share** (US\$850/oz long term Au, A\$/US\$=0.80) increasing to \$0.88/share (US\$1,100/oz, A\$/US\$=0.91).

SHARE PRICE CATALYSTS

- **2Q10:** Target date for ASX listing 19 May.
- **3Q10:** Ramp up Lily Mine from ~10kozpa to ~35kozpa.
- **3Q10:** Resume production at Barbrook Mine ~10kozpa ramp to 65kozpa 4Q12.

YTC RESOURCES LTD (ASX:YTC)

BACKGROUND

- Focus on gold and base metals exploration in NSW.
- Recently acquired 100% of flagship Hera gold and base metals project near Cobar, NSW for \$12m plus 5% royalty..
- Hera has total gold-equivalent resource of ~0.5moz (6.7g/t Au (plus by-products typical grades 14g/t Ag, 0.2% Cu, 2.5% Pb, 2.8%Zn).
- Hera could catapult YTC into production within 18 months, 39kozpa gold production plus base metals concentrates.
- Hera prelim. estimates - Opex ~A\$360/oz Au equiv.
- DFS for Hera and resource upgrade expected 2Q10.

SHARE INFORMATION

- M. cap: \$51m. Cash: \$10m. Shr: 164m. Opt: 5m.
- 12 month share range: \$0.10 to \$0.35. Current: \$0.31.
- **RCR base case NAV (Hera NPV) is \$0.61/share** (US\$850/oz long term Au, A\$/US\$=0.80) – plus exploration potential.

SHARE PRICE CATALYSTS

- **2Q10:** Expected release of DFS for Hera Project and Hera resource upgrade.
- **Balance 2010:** On-going exploration drilling of near-mine anomalies (Hera).

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