

Gold Company Review

Exploration, Development & Production

June Quarter 2009



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27 May 2009

**Gold Company Review
June Quarter 2009**

Resource Analyst (Gold): Dr Tony Parry

**Resource Analyst: John Wilson
Resource Analyst: Dr Trent Allen**

Resource Capital Research

Suite 1306
183 Kent Street
Sydney, NSW 2000

Tel: +612 9252 9405
Fax: +612 9251 2859
Email: info@rcresearch.com.au
Web: www.rcresearch.com.au

Resource Capital Research
ACN 111 622 489

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* Indicates companies with detailed financial projections and valuation available.

[This is the Abridged Report version of the June Quarter RCR Gold Company Review. The purchase price of RCR March quarter reports (gold, uranium and tin) which includes the Comprehensive version of the Gold Company Review (60 pages) is A\$2,200. There is also a Subscriber Report version (for gold, uranium and tin) which is available for A\$110. Contents and purchase details can be found at www.rcresearch.com.au]

Overview and Investment Comment

Gold has recovered to US\$953/oz after dipping to US\$869 in April.

Stock market rallies pushed gold down, a weak US dollar has brought it back up.

Safe haven buying has dominated gold markets in 1Q09.

Record inflows into Exchange Traded Funds

Anticipated trading range US\$900 to US\$1,000/oz over next 6 months, further equity rallies could see US\$900 breached again.

Gold shares have strongly outperformed in the last 6 months...

...and held their value in the last 3 months while equity markets have finally rallied.

Gold Price Performance

The current gold price of US\$953/oz (May 27) is close to its three month high (US\$959/oz on March 19) and is very little changed (up 1.1%) from the US\$942 level it was at three months ago (February 27). However, during that period the price has by no means been flat, spending most of April below US\$900, and reaching a low of US\$869/oz on April 17.

The late March/early April falls in the gold price below US\$900 coincided with strong rallies in world equity markets and a growing feeling that the worst may be over. The gold price recovery since has been less to do with stock markets (which have continued a more modest rallying trend) and everything to do with the US dollar which has been in a solid downtrend.

Gold Market Fundamentals

Surging safe haven investment buying channelled through gold Exchange Traded Funds (ETF's) has dominated gold markets in recent months. On the supply side recycled gold scrap flooded onto the market, while on the demand side jewellery and industrial demand dropped dramatically. ETF's stepped in and took up the slack with record fund inflows, boosting equivalent gold holdings by 458 tonnes to 1,648 tonnes (in value ETF holdings in the March quarter increased by US\$15.5 billion to US\$49 billion). For the first time, ETF demand exceeded jewellery and industrial demand, the traditional stalwarts of demand.

Gold Price Outlook

RCR expects gold to trade in the range of US\$900/oz to US\$1,000/oz in the next six months. A high level of volatility is expected. We see slightly more risk on the downside if equity markets continue to rally. Breaking through US\$1,000 will be challenging even with a weakening US dollar, unless strong bearish sentiment returns to equities. Inflation remains a less dominant factor at the moment.

Gold Equities

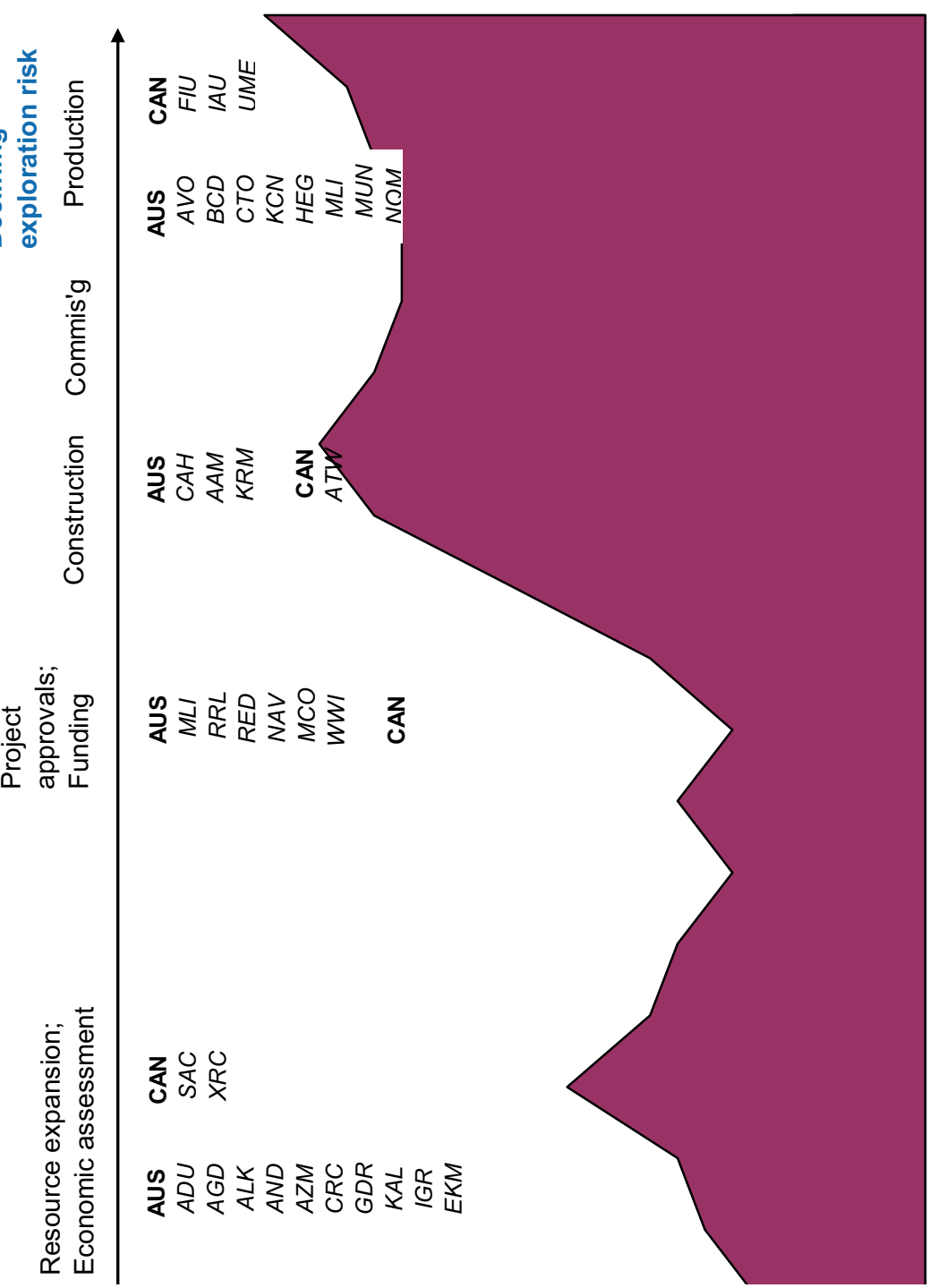
Gold shares have been the place to be in the last six months. Gold share indices have recovered much of the ground since hitting lows in the September 2008 quarter, and have strongly outperformed overall sharemarket indices. In the past 6 months the Australian Gold Index is up 38%, Canadian up 26% and South African up 29%. The South African and Canadian indices are now slightly above the levels 12 months ago (pre global financial crisis), the Australian is 13% below 12 month levels. In comparison the Morgan Stanley World Index (MSWI) is still 37% below its May 2008 level.

In the last three months, however, gold shares have underperformed with fairly flat performance (as gold dipped in April). Equity markets have finally produced their first serious 2009 rally (MSWI up 28%).

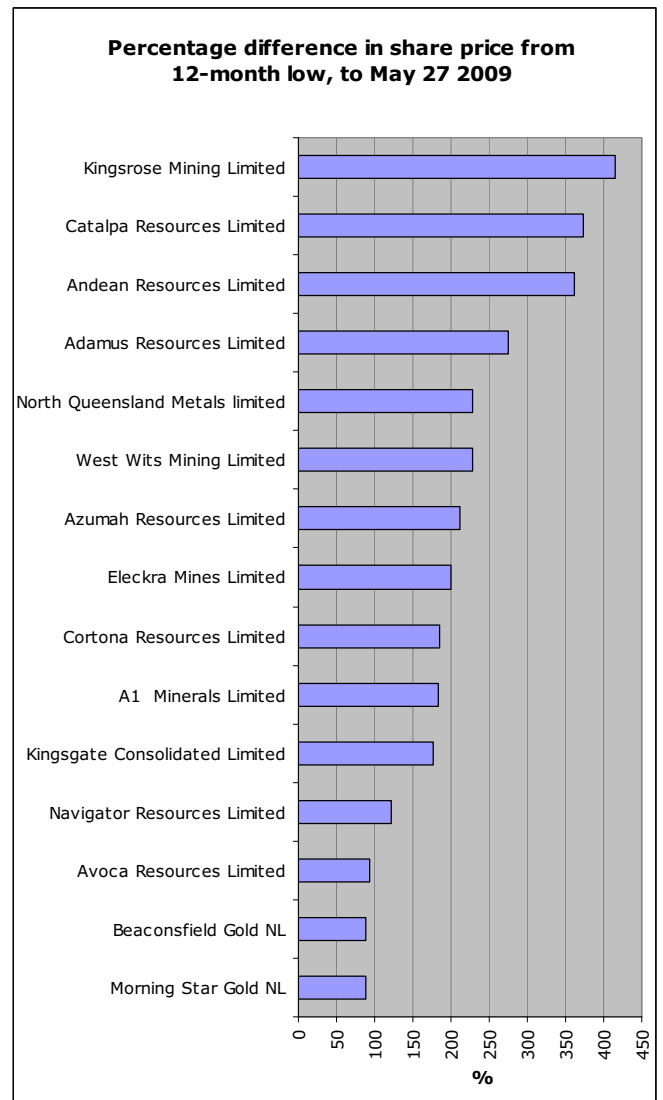
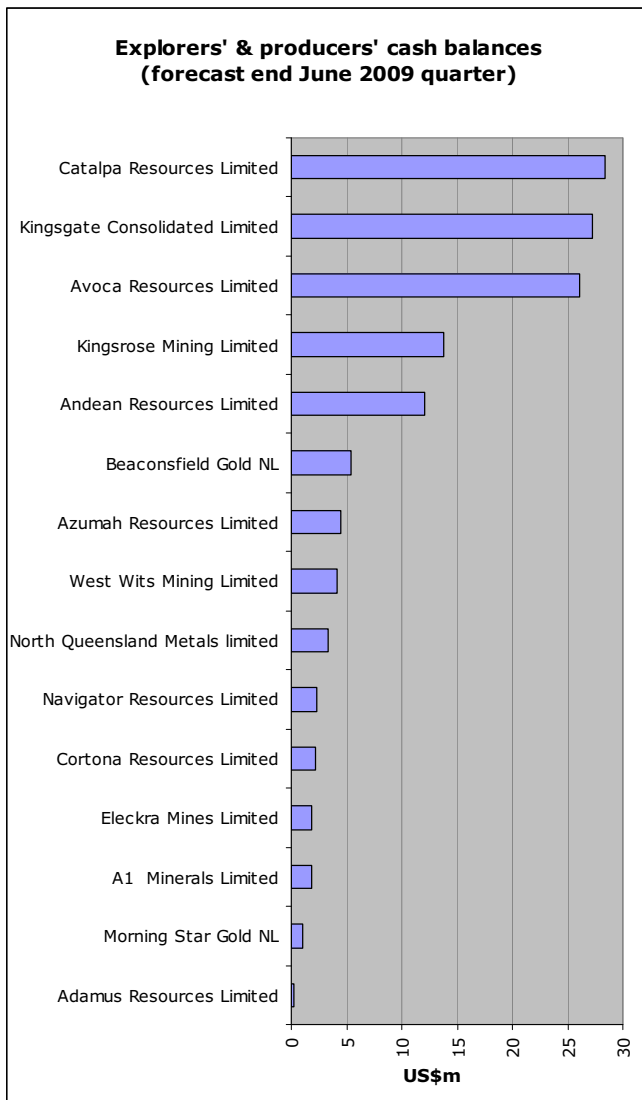
RCR June Quarter 2009 Featured Company Summary

AUSTRALIA

Company	Code	Comment
A1 Minerals Limited	AAM	Feasibility Study, Imminent Production A1 will be a ~35kozpa producer in 4Q09 from high grade ~4g/t starter pits at its low capex A\$10m Brightstar project near Laverton (1.7moz resource), subject to a further capital raising of ~A\$7m. The strong operational cashflow will then fund future expansion.
Adamus Resources Limited	ADU	Feasibility Study Ore reserves at the Southern Ashanti gold project, Ghana, have increased 31% to 1.07Moz @ 2g/t Au (resource 2.1Moz). BFS expected May '09. Potential production of 100kozpa Au, with opex US\$350-450/oz, possible from 2H10. Upside to >5moz Au.
Andean Resources Limited	AND	Advanced exploration/Pre feasibility study Cerro Negro gold project (100% AND, Argentina) - a high grade resource, with solid exploration leverage and favourable project economics. Regional drilling results 1H09 highlight potential for significant new discovery. Mid term resource target 4-5moz Au Eq.
Avoca Resources Limited	AVO	Production April '09 production from Trident Gold Mine, at the 5.3g/t, 1.45moz Au Higginsville Project (WA), hit AVO's long-term target rate of 190kozpa. Forecast output for FY09 is 140koz Au. A possible takeover of Dioro could boost FY10 production to +250koz Au.
Azumah Resources Limited	AZM	Early to Advanced Exploration AZM has completed a crucial A\$5.2m equity raising to fuel its move towards producer status as the dominant player in the emerging NW Ghana gold belt. We anticipate a fast track to an initial 1moz target 4Q09 (current 0.75moz) and increasing future production focus.
Beaconsfield Gold NL	BCD	Production BCD is producing gold at +80kozpa, from the high grade (10.5g/t Au) Beaconsfield Gold Mine (BGM, TAS). Reduced opex expected in 2-3Q09, after 1H09 development to open up F21 Zone for 2010 production (discovery hole 9m @ 37.5g/t Au).
Catalpa Resources Limited	CAH	Plant Construction - Advanced Exploration Catalpa has cleared major hurdles to becoming a mid tier producer with over A\$100m in debt and equity successfully raised in the last three months. Construction is now underway at the fully funded ~100kozpa Edna May project with first pour expected 2Q10.
Cortona Resources Limited	CRC	Advanced Exploration CRC has locked in a A\$1.8m share placement to fund ongoing drilling at its flagship Dargues Reef project (NSW, 286koz Au @ 6.2g/t) and regional targets. A scoping study and resource upgrade (to ~500koz Au) are expected in 2-3Q09.
Eleckra Mines Limited	EKM	Advanced Exploration EKM controls most of the highly prospective and underexplored Yamarna belt (WA) and has established resources of 749koz gold and 6.2mlb U3O8. The company is increasing its gold focus, pegging further unexplored ground N of AngloGold's Tropicana (5moz resource).
Kingsgate Consolidated Limited	KCN	Production, Advanced Exploration KCN's new Chatree N leases have lifted output to 150kozpa, grades are up and costs down (~US\$340/oz). Further upside from promising higher grades at Chatree N drilling (each +0.1g/t resource grade adds ~A\$1 to NPV/share), Chokdee discovery and plant expansion FY11.
Kingsrose Mining Limited	KRM	Production, New Project Commissioning As operator of the Comet Vale mining operations (50% JV with RDR) KRM is developing a profile as a specialist high grade underground miner. KRM is now looking to commission its second operation in 4Q10 - an 85%-owned 30kozpa Indonesian operation.
Morning Star Gold NL	MCO	Advanced Exploration, Pre Feasibility After over a decade of refurbishment work and >A\$10m spent, MCO is preparing to breathe life into Victoria's historic Morning Star underground mine (past production ~900koz at 26g/t) with a PFS underway and first production of ~30-60kozpa expected 2Q10.
Navigator Resources Limited	NAV	PFS, Advanced Exploration NAV has announced a surprise A\$16m option deal to acquire the idled Bronzewing gold operations. This could see NAV in production at ~100kozpa by 1Q10, leapfrogging the less robust former headline project at Leonora - expected to be a ~60kozpa contributor by 4Q10.
North Queensland Metals limited	NQM	Production, Advanced Exploration NQM's cashflow of ~A\$15mpa from the 60kozpa Pajingo (QLD) gold operation (NQM 60%) will be applied to NQM's vision of becoming a mid tier gold producer (150kozpa in 5 years) from QLD's Drummond Basin. Recent Dotswood option deal is first step aimed at 100
West Wits Mining Limited	WWI	Advanced Exploration WWI is exploring for major >4moz gold and >15mlb uranium targets on the Witwatersrand Basin near Johannesburg. The plan is to fund this with cash flow produced from mining of near surface deposits (468koz JORC resource). First open cut production expected 1Q10.



Comparative Charts



Cash balances are more healthy - most explorers have raised cash through recent equity issues or are planning to do so in the next 3 months.

Most companies' share prices have rebounded strongly from their 12 months lows.

Financial Data

COMPANY	Code	Status ¹	Yr End	Exchanges	Listed options	Share Price (LC\$/share) ³					Opt+W ² (m)	Other ² (m)	² Fully Diluted Shares (m)	Market Cap (LC\$m) ³	Cash (LC\$m) ³	Debt (LC\$m) ³	Book Value (LC\$m) ³	Enterprise Value (LC\$m) ³
						52 week		Current	Shares (m)	Other ² (m)								
						Hi	Low											
27 May 2009																		
AUSTRALIA (A\$)																		
A1 Minerals Limited	AAM	I	June	ASX	No	0.23	0.06	0.17	120	28	0	147	20	2.4	0.0	20	20	
Adamus Resources Limited	ADU	I	June	ASX	TSX.V	0.54	0.10	0.38	155	31	0	186	58	0.4	5.0	35	63	
Andean Resources Limited	AND	I	June	ASX	TSX	2.00	0.43	1.96	405	19	0	425	794	16.1	0.0	69	794	
Avoca Resources Limited	AVO	P	June	ASX	No	2.72	0.88	1.69	285	12	22	318	481	34.7	56.3	183	537	
Azumah Resources Limited	AZM	E	June	ASX	No	0.22	0.04	0.13	94	13	0	107	12	6.0	0.0	8	12	
Beaconsfield Gold NL	BCD	P	June	ASX	No	0.24	0.09	0.17	400	19	2	422	68	7.2	0.0	38	68	
Catalpa Resources Limited	CAH	I	June	ASX	CAHO	0.11	0.02	0.09	1172	234	0	1406	105	37.8	0.0	45	105	
Cortona Resources Limited	CRC	E	June	ASX	No	0.24	0.07	0.19	101	20	0	121	19	3.0	0.0	23	19	
Eleckra Mines Limited	EKM	E	June	ASX	No	0.15	0.01	0.04	141	39	0	180	5	2.5	0.0	8	5	
Kingsgate Consolidated Limited	KCN	P	June	ASX	No	6.30	2.20	6.10	93	9	0	102	567	36.3	0.0	232	567	
Kingsrose Mining Limited	KRM	I	June	ASX	KRMO	0.40	0.07	0.36	153	53	11	217	55	18.3	0.0	27	55	
Morning Star Gold NL	MCO	I	June	ASX	No	0.27	0.09	0.16	128	122	0	251	21	1.4	0.0	4	21	
Navigator Resources Limited	NAV	I	June	ASX	No	0.48	0.11	0.26	134	11	0	145	34	3.1	0.0	26	34	
North Queensland Metals limited	NQM	P	June	ASX	No	0.39	0.14	0.30	147	1	0	148	44	4.4	0.0	36	44	
West Wits Mining Limited	WWI	I	June	ASX	No	0.21	0.03	0.10	122	16	0	138	12	5.5	0.0	25	12	
Total: Australia														179.2	61.3	779	2357	
Total: Global (US\$) ⁴														139	46	596	1781	

(1) P: Producer; E: Explorer; I: Imminent - includes companies with bankable feasibility studies and likely to be in production within 3 years; IHC: Investment Holding Company
(2) Fully Diluted (shares, options + warrants (opt. + w), convertible notes (Conv. N), other obligations)
(3) L.C. - Local Currency unit (4) AUD/USD: 0.75; CAN/USD: 0.79

Company Statistics

COMPANY	Code	Land ('000 ha) ⁶	Drilling ('000 m)				(A) Exploration (L.C.\$m) ⁷				(B) Corporate (L.C.\$m) ⁷				(A)/(A+B) %		
			Dec-08	Mar-09	2008	2009	Dec-08	Mar-09	2008	2009	Dec-08	Mar-09	2008	2009	Mar-09	2008	2009
			27 May 2009														
AUSTRALIA (A\$)																	
A1 Minerals Limited	AAM	0	6.0	6.0	18.5	17.0	0.3	0.2	1.5	1.5	0.2	0.1	0.6	0.7	66.3	71.2	67.1
Adamus Resources Limited	ADU	81	5.0	0.0	26.9	10.0	1.2	1.2	7.6	4.5	0.8	0.6	2.6	3.1	64.9	75.0	59.7
Andean Resources Limited	AND	25	10.0	10.0	40.0	40.0	6.6	6.1	12.4	20.6	2.5	1.1	0.8	7.8	84.3	93.8	72.6
Avoca Resources Limited	AVO	370	15.5	12.0	60.1	60.7	2.3	2.5	11.0	9.6	1.2	1.0	3.2	4.4	71.4	77.5	68.7
Azumah Resources Limited	AZM	345	0.0	3.0	30.0	10.0	0.2	0.2	3.0	2.0	0.1	0.2	0.8	0.7	48.0	79.4	73.4
Beaconsfield Gold NL	BCD	72	3.0	3.0	20.0	12.0	1.5	1.5	5.6	6.0	0.9	0.9	3.4	3.6	62.5	62.6	62.8
Catalpa Resources Limited	CAH	88	2.0	4.5	11.0	16.0	1.4	1.1	2.0	3.5	0.6	0.5	1.4	1.9	67.6	59.5	64.4
Cortona Resources Limited	CRC	200	4.0	1.5	16.2	15.5	0.7	0.4	2.8	2.5	0.3	0.2	1.2	1.0	71.4	70.6	70.7
Eleckra Mines Limited	EKM	710	5.0	3.0	21.0	18.0	0.2	0.2	1.7	1.1	0.2	0.1	1.0	0.7	59.9	63.2	60.7
Kingsgate Consolidated Limited	KCN	130	52.0	57.0	145.0	216.0	5.0	7.7	4.7	22.7	3.8	3.9	15.2	11.8	66.4	23.7	65.8
Kingsrose Mining Limited	KRM	0	4.0	3.0	5.0	12.0	1.8	1.0	2.7	6.5	0.3	0.2	0.4	0.9	84.6	86.9	88.4
Morning Star Gold NL	MCO	24	0.5	0.5	6.8	2.4	0.5	0.1	2.9	1.6	0.1	0.2	0.5	0.8	33.9	84.5	66.0
Navigator Resources Limited	NAV	120	15.0	12.5	130.0	65.0	1.0	1.2	8.7	5.1	0.4	0.2	1.0	1.0	86.2	89.5	84.3
North Queensland Metals limited	NQM	151	0.6	3.0	2.0	13.1	0.3	0.3	4.0	2.3	0.8	0.8	1.7	3.3	26.5	69.8	41.5
West Wits Mining Limited	WWI	0	2.9	2.2	10.9	20.2	1.9	1.0	1.6	6.1	0.4	0.3	0.4	1.3	77.1	79.6	82.4
Total: Australia			125.5	121.2	543.4	528.0	24.9	24.8	72.2	95.7							
Total: Global (US\$) ⁴							19	19	54	72							

(6) To convert hectares to acres, multiply by 2.47; eg 100 thousand hectares ('000 ha) = 247 thousand acres ('000 ac)
(7) L.C. - Local Currency unit

Reserves, Resources and Historic Mineralisation

COMPANY	Code	Status ¹	Reserves (Equity) ²			Resources (Equity) ²				Historical/Mineralised Material (Equity) ²				Total Gold (Au)	
			Gold (Au) koz	t	Silver moz	Other	Gold (Au) koz	t	Silver moz	Other	Gold (Au) koz	t	Silver moz	Other	(All Au Mineralisation) moz
27 May 2009															
AUSTRALIA															
A1 Minerals Limited	AAM	I	150	4.7		1,736	54.0			0	0.0			1,736	54.0
Adamus Resources Limited	ADU	I	961	29.9		1,901	59.1			0	0.0			1,901	59.1
Andean Resources Limited	AND	I	1,472	45.8	17.3	2,267	70.5	23.7		0	0.0			2,267	70.5
Avoca Resources Limited	AVO	P	581	18.1		1,448	45.0		2.1mlb U	0	0.0			1,448	45.0
Azumah Resources Limited	AZM	E	0	0.0		754	23.5			0	0.0			754	23.5
Beaconsfield Gold NL	BCD	P	239	7.4		642	20.0			0	0.0			642	20.0
Catalpa Resources Limited	CAH	I	817	25.4		1,487	46.3			0	0.0			1,487	46.3
Cortona Resources Limited	CRC	E	0	0.0		358	11.1		192kt Ni	0	0.0			358	11.1
Eleckra Mines Limited	EKM	E	0	0.0		749	23.3		6.2mlb U	0	0.0			749	23.3
Kingsgate Consolidated Limited	KCN	P	1,393	43.3		3,163	98.4			0	0.0			3,163	98.4
Kingsrore Mining Limited	KRM	I	0	0.0		0.3	0.0			0	0.0			0	0.0
Morning Star Gold NL	MCO	I	0	0.0		910	28.3			0	0.0			910	28.3
Navigator Resources Limited	NAV	I	0	0.0		1,638	50.9		14.4kt Zn	0	0.0			1,638	50.9
North Queensland Metals limited	NQM	P	61	1.9		230	7.2			0	0.0			230	7.2
West Wits Mining Limited	WWI	I	0	0.0		468	14.6			0	0.0			468	14.6
Total/Total Average			5,674	176.5		17,751	552.1	23.7		0	0.0			17,751	552.1

(1) P: Producer; E: Explorer; I: Imminent - includes companies with bankable feasibility studies and likely to be in production within 2 years; IHC: Investment Holding Company

(2) Reserves, resources and mineralised material published by the relevant company.

The applicable mineral resource codes are by country: Australian: JORC, Canadian: NI 43-101, South Africa: SAMREC

* Mineral resource estimates are inclusive of the mineral reserve.

Valuation and Performance Data

COMPANY	Code	P/Book (x)	P/Net Cash (x)	EV-Cash	EV-Cash	EV-Cash	Share Price Performance				Current Share Price							
				/Reserves US\$/unit	/Res'+resources US\$/unit	/Total Gold US\$/unit	(%)				% off 12 month							
27 May 2009													1 month	3 month	6 month	12 month	Hi	Lo
AUSTRALIA																		
A1 Minerals Limited	AAM	1.0	8.4	89.5	7.7	7.7	31	0	89	10	26	183						
Adamus Resources Limited	ADU	1.7	-12.5	48.9	24.7	24.7	-4	14	56	-25	31	275						
Andean Resources Limited	AND	11.4	49.4	396.4	257.4	257.4	16	32	188	27	2	361						
Avoca Resources Limited	AVO	2.6	-22.3	648.7	260.3	260.3	10	-2	7	-36	38	93						
Azumah Resources Limited	AZM	1.4	2.0	na	5.8	5.8	39	58	92	14	42	213						
Beaconsfield Gold NL	BCD	1.8	9.4	191.1	71.1	71.1	-6	0	48	0	28	89						
Catalpa Resources Limited	CAH	2.3	2.8	62.1	34.1	34.1	23	34	233	69	14	374						
Cortona Resources Limited	CRC	0.8	6.3	na	33.0	33.0	-8	12	161	-20	23	185						
Eleckra Mines Limited	EKM	0.6	2.1	na	2.6	2.6	3	-3	-55	-76	76	200						
Kingsgate Consolidated Limited	KCN	2.4	15.6	285.9	125.9	125.9	0	26	126	9	3	177						
Kingsrore Mining Limited	KRM	2.1	3.0	na	na	na	29	80	267	24	9	414						
Morning Star Gold NL	MCO	4.6	14.3	na	15.7	15.7	23	14	39	-36	41	88						
Navigator Resources Limited	NAV	1.2	9.9	na	18.2	18.2	13	-20	50	-43	23	122						
North Queensland Metals limited	NQM	0.5	2.1	74.6	19.8	19.8	18	22	108	-17	54	228						
West Wits Mining Limited	WWI	0.5	2.1	na	9.7	9.7	19	-17	171	-54	54	228						
Total/Total Average				224.6	63.3	63.3	14	17	105	-10	31	215						

AAM.AU

27 May 2009
 Gold
 Australia (WA)
 Feasibility Study, Imminent Production
 Exchanges: ASX:AAM

A1 Minerals Limited

A1 will be a ~35kozpa producer in 4Q09 from high grade ~4g/t starter pits at its low capex A\$10m Brightstar project near Laverton (1.7moz resource), subject to a further capital raising of ~A\$7m. The strong operational cashflow will then fund future expansion.

Capital Profile

Share price (A\$)	0.17
52 week range (A\$/share)	0.06 to 0.23
Number of shares (m)	119.6
Options and warrants (m)	27.7
Convertible notes (m)	0.0
Fully diluted (m)	147.2
Market capitalisation (undiluted) (A\$m)	20.3
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	20.3
Major shareholders: S Wheeler (7.5%), J Williams (5.9%) P Jackson (3.7%), D Williams (3.4%)	
Avg monthly volume (m)	11
Cash (A\$m) - Jun 09F	2.4
Price/Cash (x)	8.4
Price/Book (x)	1.0
ASX listed options	No

Investment Points

AAM has established a 1.7moz Au, 2.5g/t JORC resource at Brightstar (Laverton, WA) after five years of focused exploration.

A\$1.7m plant refurbishment and construct contract awarded - 300ktpa plant commissioning expected 4Q09.

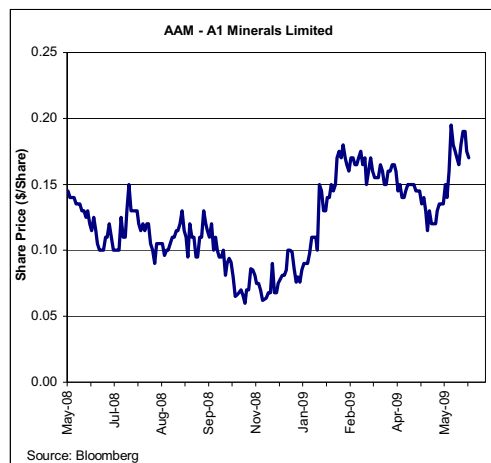
Initial shallow high grade reserves of 150koz at 4.2g/t will kick start operations (~35kozpa).

Staged fast track, low capex approach avoids full BFS and could see future production ramp up in stages to eventual 100 kozpa.

After recent 8cps placement (A\$1.5m) further capital of A\$7m to be raised to fund A\$10m total capex.

Indicative cash costs A\$600/oz (US\$460/oz) implies ~A\$12mpa net profit (P/E ~2.5x) at US\$850/oz Au.

Our 6 month share price target is A\$0.26.



Production and Financial Forecasts

YEAR END: June	2008a	2009F	2010F	2011F	2012F
Gold Price (US\$/oz)	834	871	875	859	873
Equity Production (koz)	0.0	0.0	15.5	37.3	55.9
Revenue (A\$m)	0.2	0.2	18.1	42.3	63.6
EBIT (A\$m)	-0.4	-0.5	7.0	17.7	28.1
Net Profit (norm) (A\$m)	-0.4	-0.5	4.6	12.3	19.7
EPS (norm) (A\$/share)	-0.29	-0.3	2.5	6.5	10.3
CFPS (A\$/share)	-0.3	-0.3	3.9	9.9	16.1
Dividends (A\$/share)	0	0	0	0	0
PER (x)	-58.0	-58.2	6.9	2.6	1.6
P/CF (x)	-50.1	-50.6	4.3	1.7	1.1
Yield (%)	0	0	0	0	0%
EV/EBITDA (x)	-45.9	-37.5	2.7	1.1	0.7
Shares on Issue (EOP)	101	127	156	156	156

Key Assumptions: Capex A\$10m, A\$3.5m equity raised 3Q09 @A\$0.12; plant expanded to 500kozpa 3Q11 for A\$5m capex. Gold (long term from FY13) = US\$850/oz; A\$/US\$=0.78 (long term). Project parameters - see valuation next page

Company Comment

Overview: A1 Minerals listed on the ASX in Dec '03. The company has focused on gold exploration and (now) near term (4Q09) production from its flagship Brightstar project in the Laverton gold district of WA. **Brightstar Project (Au; WA):** ~500km². The Brightstar project comprises 7 satellite deposits in a belt of approximately 150km stretching from ~100km N of Laverton to ~50km SE. The Laverton goldbelt hosts previous major discoveries (e.g. Granny Smith, Wallaby, Sunrise Dam) with a 20moz gold endowment.

Brightstar Resources: AAM's drilling programs since 2003 have delineated a total JORC compliant resource of 21.8mt @ 2.47g/t containing 1.74moz. The recently discovered 3.2km long Delta deposit is the largest resource (43% of total resource ounces) with a JORC resource of 7.6mt @ 2.99g/t for 0.725moz. The six major deposits are serviced by existing roads.

Maiden JORC Reserve: AAM has recently announced a 150 koz maiden probable ore reserve (1.16mt@4.2g/t) based on four shallow high grade 'starter pits' at Delta, Epsilon, Beta and Alpha, using A\$800/ounce optimised pit shells and 1g/t cut off for a low risk start-up approach. Future drilling and expanded pit optimisation at higher gold prices (and 0.5g/t cutoff) will identify greater resource tonnages at grades closer to the average resource grade for future open pit expansions and production expansion.

Brightstar Development: The refurbishment and construction of the 300ktpa CIP production plant (purchased 2nd hand in 2008) to be located at Delta is now underway. AAM expects first production in 4Q09 (~35kozpa), total capex A\$10m. Initial high grade near surface ore (~4g/t) will be mined for the first 2-4 years to generate strong cash flow for on-going Brightstar resource development and future plant expansion - we have assumed expansion to 500ktpa (~43kozpa) in 2011. Eventually a 1mtpa plant could eventuate with ~100kozpa production. Cash costs are expected to be ~A\$600/oz (US\$460/oz).

Corporate: AAM recently announced a two tranche share placement (2nd tranche subject to shareholder approval) at a highly discounted price of A\$0.08/share which raised A\$1.48m. The company will need to raise a further ~A\$7m through debt/equity in the next 3 months to achieve year-end production target.

Other Exploration projects: AAM's Narnoo tenements ~150km SE of Laverton are low priority - largely unexplored and prospective for gold, uranium and base metals.

Investment Comment: AAM's low risk, low capex staged development approach has dodged the need for a costly, time consuming BFS but will present AAM with increased challenges to raise the further A\$7m needed to achieve production (current cash is ~A\$3.5m). A debt component is preferred to reduce further shareholder dilution, but will be limited without a BFS. Once the capital is raised, we expect further share price re-rating as the company moves towards producer status. In our preliminary modelling (US\$850/oz gold) we have assumed A\$3.5m equity raised at A\$0.12/share (A\$3.5m debt), giving a project NPV of A\$0.19/share for 300ktpa LOM processing of only 2mt of ore, increasing to A\$0.30/share assuming likely plant expansion to 500ktpa and LOM processing of 4mt of ore (NPV's discounted by 30% for pre-production). Forecast FY11 net profit is ~A\$12m (6.5cps) giving a prospective PE ratio of ~2.9x at current share price. **Based on these parameters, we have a 6 month share price target of A\$0.26.**

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)							
Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Eqty koz	
Reserves									
Brightstar	Probable	100%	1.2	4.20	1.0	0.0	150.1	150.1	
Resources									
Brightstar (Original)*	Meas., Ind + Inferred	100%	14.20	2.2	1.0	31.2	1,010	1,010	
Brightstar - Delta**	Meas., Ind + Inferred	100%	7.56	3.0	1/0.5	22.6	726	726	
Total			21.76	2.47		53.8	1,736	1,736	
							0.0	0.0	0.0

* Original Brightstar resource from Alpha, Beta, Gamma, Epsilon, Eta and Zeta deposits.

** New Delta resource as per ASX release 5 February 2009.

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Brightstar	100%	Au	na		CIP	Adv Expl	Aus (WA)
Narnoo	100%	Ni, U, coal	na	Palaeocean.	na	Early Expl	Aus (WA)

Contacts

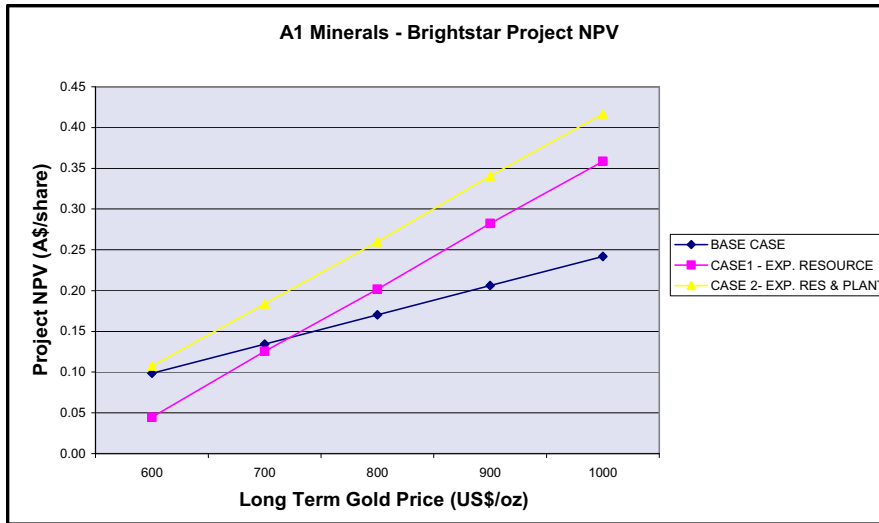
Mr John Williams
 Managing Director
 Tel: 61 (0) 8 9244 1400
 Perth, WA, Australia
www.a1minerals.com.au

Directors

M Hunt (Non Exec Ch)
 J Williams (MD)
 R Louthean (Non Exec Dir)

Analyst: Dr Tony Parry
tonyparry@rcresearch.com.au

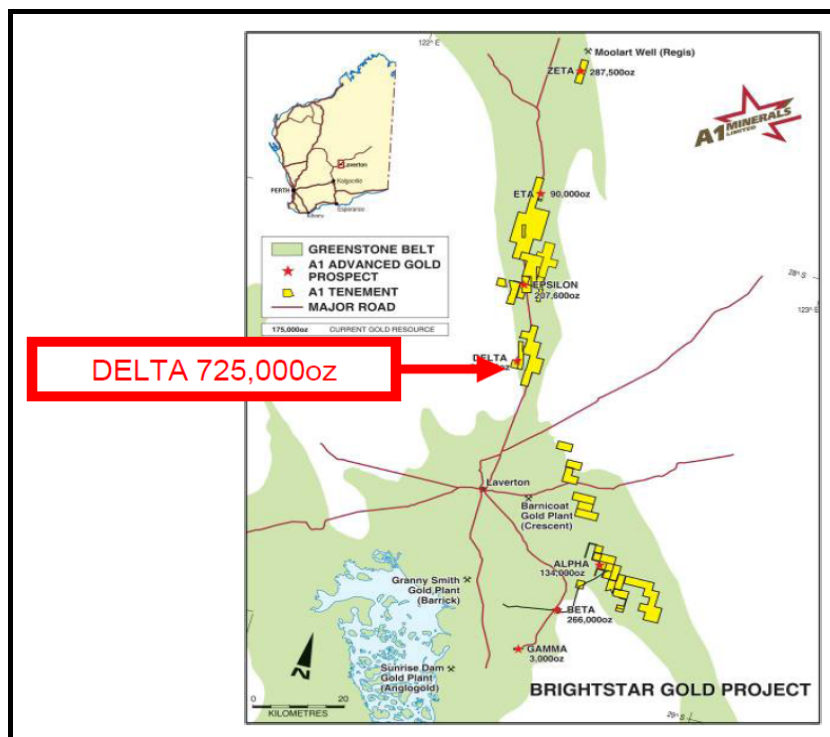
Our cashflow modelling of the Brightstar operations assumes a number of scenarios, as summarised below. The more bullish scenario (Case 2) assumes only 20% resource conversion to reserves and modest plant expansion to 500ktpa in FY11.



SUMMARY OF NPV ASSUMPTIONS									
	Ore Treated	Ore Grade	Mine Life	Ore Treatment Rate		Capex		Production	
				Initial	After yr 2	Initial	Expansion	yr 1	yr 4
BASE CASE	2mt	3.4g/t	6.5 years	300ktpa	300ktpa	A\$6m	-	34 kozpa	34 kozpa
CASE 1	4mt	3.0g/t	12 years	300ktpa	300ktpa	A\$6m	-	34 kozpa	29 kozpa
CASE 2	4mt	3.0g/t	8.5 years	300ktpa	500ktpa	A\$6m	A\$10m	34 kozpa	43 kozpa

Note: NPV's are based on after-tax cash flow, discount rate 5% nominal, A 30% discount to NPV's has been applied due to pre BFS status.
Fully Paid Shares: Assumes 156 million on issue after a further equity capital raising of A3.5m @ A\$0.12 in 3Q09.
Long term exchange rate: A\$/US\$=0.78 assumed.

The 1.7 moz resource Brightstar Gold Project (Laverton, WA) comprises seven satellite ore bodies over a strike of 150km, with 43% of the resource in the recent Delta discovery, where the 300ktpa production plant will be centrally located.



AND.AU

27 May 2009
 Gold, Silver
 Argentina
 Advanced exploration/Pre feasibility study
 ASX:AND, TSX:AND

Andean Resources Limited

Cerro Negro gold project (100% AND, Argentina) - a high grade resource, with solid exploration leverage and favourable project economics. Regional drilling results 1H09 highlight potential for significant new discovery. Mid term resource target 4-5moz Au Eq.

Capital Profile

Share price (A\$)	1.93
52 week range (A\$/share)	0.425 to 2.00
Number of shares (m)	405
Options and warrants (m)	19
Convertible notes (m)	0
Fully diluted (m)	425
Market capitalisation (undiluted) (A\$m)	781.8
Debt (A\$m) - June 09F	0.0
Enterprise value (A\$m)	781.8
Major shareholders: Sentient Fund (21%), Board and Management (12%)	
Avg monthly volume (m)	12
Cash (A\$m) - June 09F	16.1
Price/Cash (x)	48.6
Price/Book (x)	11.3
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Mar-09a	Jun-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	6.1	4.5	12.4	20.6	20.0
Corporate (A\$m)	1.1	2.0	0.8	7.8	8.0
Exploration/(Expl.+ Corporate) (%)	84	69	94	73	71
Funding duration at current burn (years)			2.8	0.6	0.2
Shares on issue (pr end) (m shares)	405.1	405.1	399.8	405.1	479.2
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	10,000	10,000	40,000	40,000	40,000
Land holding ('000 ha)*	25	25	25	25	25
Equity Production (koz)	0	0	0	0	0
Capital raisings (A\$m)	0.8	0.0	51.7	1.1	100.0
Funding from JV partners (A\$m)	0.0	0.0	0.0	0.0	0.0
Cash (A\$m)	22.3	16.1	37.7	16.1	6.4
Cash backing (Ac/share)	5.5	4.0	9.4	4.0	1.3
Net asset backing (Ac/share)	17.6	17.1	16.2	17.1	6.3

*Gold prospective tenements only, both held and under application. Quarters stated on calendar year basis.

Investment Points

AND is 100% gold focused (silver by-product) in Argentina. Exploration budget A\$10m in each of 2009 and 2010.

Cerro Negro - high grade (~12gpt Au), epithermal style targets. Discovery costs <US\$15/oz. Mid term target 4-5moz Au Eq.

PFS 4Q08 (Ausenco): lowest quartile cash cost of US\$198/oz (with Ag credits); avg production ~220kozpa Au.

PFS scope changes (1Q09): throughput reduced from 4000tpd to 2000tpd (0.65mtpa), capex <US\$180m (previous US\$280m). Lower production and higher opex expected. BFS due Dec '09.

Cerro Negro resource 2.3moz Au and 23.7moz Ag (Eureka and Vein Zone) - 2 of 7 vein systems. Upgrade expected 2Q09 and 4Q09 (target +1moz Au).

Cerro Negro expanded drill program to continue through winter for first time - 40,000m planned FY09. Regional drilling of 2 new vein systems 2009 (Mariana and Bajo Negro).

Bajo Negro results (May 20) suggest high grade gold zone ~150m from surface. Drilling 350m strike on 5km trend.



Company Comment

Overview: Andean Resources, an Australian company, listed on the ASX 1996 and the TSX May '07. It is focused on gold exploration and development in Patagonia, Argentina. Cerro Negro (100% AND), an advanced exploration stage asset, was acquired from MIM Limited Jan '04. The company holds options over 3 early stage, similar style gold targets in Patagonia.

Cerro Negro (Argentina): (250km²) Located in the province of Santa Cruz (elevation 800m). Mineralisation is low-sulphidation, epithermal gold and silver hosted within quartz veins and associated stockworks. Project model is analogous to Cerro Vanguardia (AngloGold, >3.8moz Au, 33moz Ag). **Vein Zone** - early focus prior to 2007. Potential open pit project comprising multiple epithermal quartz veins 15m to 60m thick. The resource envelope is an inverted tilted cone 300m by 150m at surface and 280m deep. **Eureka** (15km west of Vein Zone) is the focus for exploration FY09. It is mid stage, drilling a series of outcropping targets (Eureka West - the most advanced, Eureka North, Eureka SE, Eureka South) along a 5km northwest-trending structural corridor. The project has potential for underground mining (2.5gpt Au equiv cut-off) and an exploration/production decline is expected to commence 4Q09 as the first stage of a 2 staged development plan. The resource at **Eureka West Vein** extends over a 700m strike (based on Apr '08 upgrade) and mineralisation is currently confirmed over a 1km strike (based on Apr '09 drilling). Step out drilling continues to expand the resource which remains open to the west and at depth. Mineralisation is under cover and currently extends to 300m depth. The resource has potential to significantly increase with infill drilling and based on grades encountered at depth eg 26m @ 24.5g/t and 125g/t Ag from 408m. Production potential 1Q11. Revised resource statements expected 2Q09 Eureka West and 4Q09 Vein Zone.

Regional vein targets: Bajo Negro drill results include BRC-908 6m @ 23.9 g/t Au and 22 g/t Ag from 166m. AND has drilled 12 RC holes and 1 core hole testing a 350m mineralised strike zone on a 5km trend. Early data suggest a continuity and grade improvement with depth. **Mariana Sur** - currently identified over 200m wide and 700m long structural corridor. Initial drilling results were low in gold values though there were several high silver intercepts (eg MRC-801 6m @ 144 g/t Ag from 182m).

Regional (Santa Cruz, Patagonia): 3 projects San Augustin, La Esperanza and Las Mellizas are located in a cluster ~120km southeast from Cerro Negro. Early stage.

Investment Comment: Our NAV for AND is A\$1.40/share (A\$575m) currently (at US\$950/oz Au, AUD 0.75) or A\$1.20 (at US\$850/oz long term, AUD 0.78, 5% discount rate) plus longer term exploration upside. NAV sensitivity discounting at 0% is ~A\$1.75. AND has a blue chip share registry, and offers exposure to a high quality, near term producer with mid term resource potential of 4-5moz Au Eq.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Canadian: NI 43-101

Gold	Classification	Project	Ore	Au	Cut Off	Au	Ag	Equity
		Equity	mt	g/t	g/t	koz	moz	Au koz
Reserves								
Eureka West	Probable	100%	2.50	11.6	3 (eq)*	946	17.3*	946
Vein Zone	Probable	100%	4.60	3.5	0.7	526	-	526
Sub Total			7.1	6.4		1,472	17.3	1,472
Resources (includes proved and probable reserves)								
Eureka West	Indicated	100%	2.49	12.9	2.5*	1,030	18.8*	1,030
Eureka West	Inferred	100%	0.97	10.7	2.5*	336	4.9*	336
Vein Zone	Indicated	100%	4.61	3.7	1.0	534	-	534
Vein Zone	Inferred	100%	4.31	2.7	1.0	367	-	367
			12.38	5.7		2,267	23.7	2,267

Mineralised Material (est., non compliant with JORC)

*The silver grade is 235gpt (Indicated) and 157gpt (Inferred). The gold to silver ratio to estimate gold equivalent grades is 1:54.

Contacts

Mr Wayne Hubert (MD)
 Tel: +1 801 763 7671 (Utah)
 Morrice Cordiner (Director)
 Tel: +61 2 9276 1245 (Sydney)
 Australia
www.andean.com.au

Directors

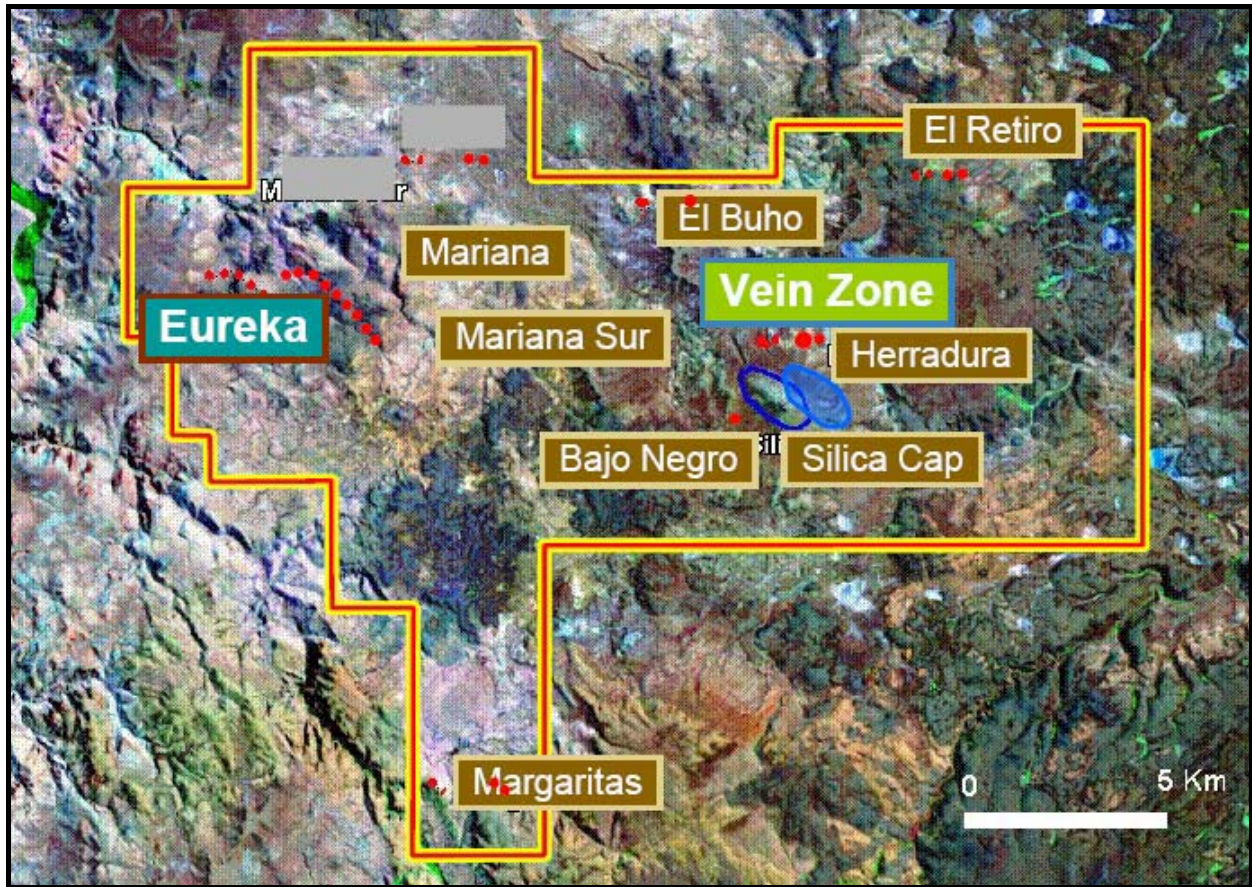
P Esnouf (Chairman)
 W Hubert (MD)
 M Cordiner (Non Exec)
 W Gilmour (Non Exec)
 I Hume (Non Exec)
 B Bolitho (Non Exec)
 R Lorson (Non Exec)

Analyst: John Wilson
johnwilson@rcresearch.com.au

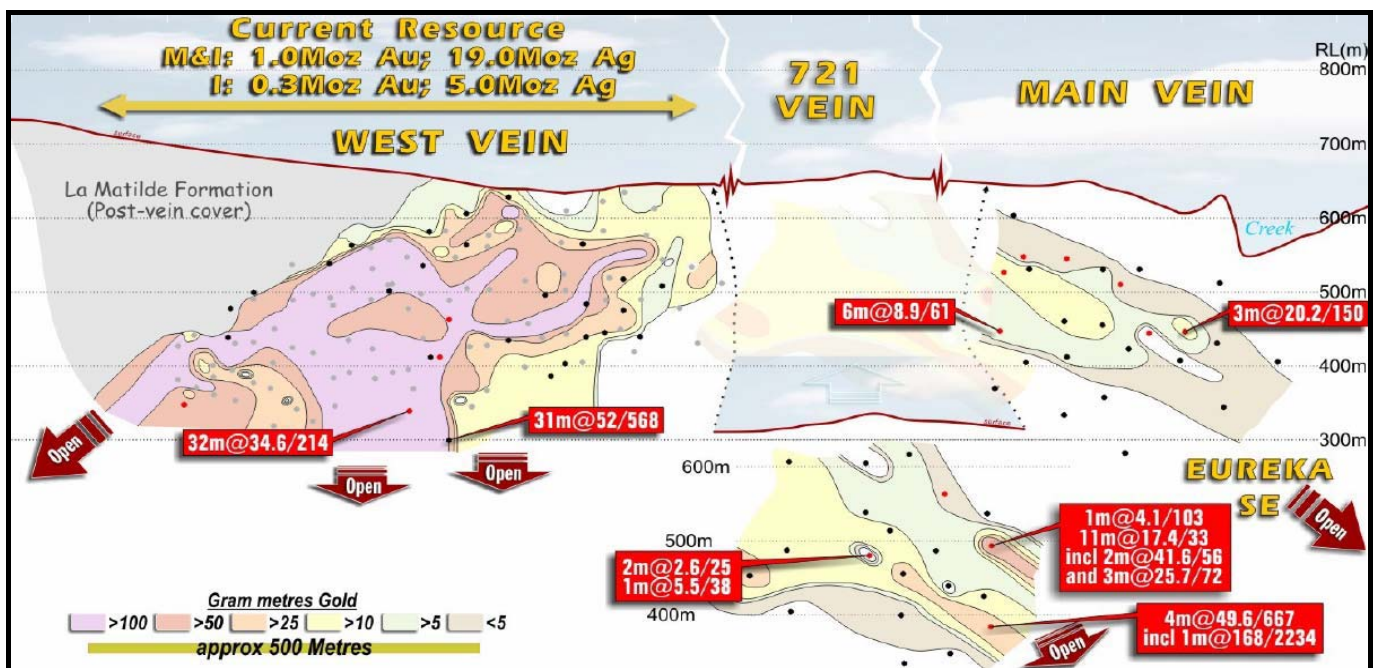
Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Cerro Negro	100%	Au,Ag	na	Epitherm.	convent'l	Pre-feasibility	Argentina
Les Mellizas	0/100%	Au	na	Epitherm.	convent'l	Early Expl	Argentina
La Esperanza	0/100%	Au	na	Epitherm.	convent'l	Early Expl	Argentina
San Augustin	0/100%	Au	na	Epitherm.	convent'l	Early Expl	Argentina

Cerro Negro Project (Argentina): Resources defined at Eureka and Vein Zone - upgrade expected 2Q09.
Regional targets offer excellent upside potential - phase 1 drilling 1H09 at Mariana and Bajo Negro.
Bajo Negro has returned early positive, high grade results from 13 holes.



Eureka West (Cerro Negro): The project is high grade – current resource (M&I) 1.0moz Au grading 12.9g/t and 18.8moz Ag; (Inf) 0.3moz Au grading 10.7g/t and 4.9moz Ag. Eureka continuity and grades continue to improve with depth (currently defined to ~300m depth).



AVO.AU

27 May 2009
Gold, Uranium
Australia (WA)
Production
Exchanges: ASX:AVO

Avoca Resources Limited

April '09 production from Trident Gold Mine, at the 5.3g/t, 1.45moz Au Higgsville Project (WA), hit AVO's long-term target rate of 190kozpa. Forecast output for FY09 is 140koz Au. A possible takeover of Dioro could boost FY10 production to +250koz Au.

Capital Profile

Share price (A\$)	1.70
52 week range (A\$/share)	0.88 to 2.72
Number of shares (m)	285
Options and warrants (m)	12
Convertible notes (m)	22
Fully diluted (m)	318
Market capitalisation (undiluted) (A\$m)	482.4
Debt (A\$m) - Jun 09F	56.3
Enterprise value (A\$m)	538.7
Major shareholders: Citicorp Nom (25.6%), JP Morgan Nom. (11.1%) HSBC Custody Nom. (10.3%), National Nominees (4.7%)	
Avg monthly volume (m)	23
Cash (A\$m) - Jun 09F	32.9
Price/Cash (x)	14.7
Price/Book (x)	3.0
Listed company options:	No

Investment Points

- 100% focus on gold exploration and production.
- Trident underground gold mine (Higgsville) - first new gold operation in WA since 2001.
- Gold production commenced at Trident June '08; ramping to 190koz Au FY10. Target cash cost <A\$450/oz.
- 1Q09 produced 30.7koz Au; rate Apr '09 was ~190kozpa.
- Higgsville resource base 1.45moz. Material extensions to Trident likely. Resource conversion to reserve at 89%.
- Exploration upside in Higgsville area could be >4moz Au - current budget ~A\$10mpa, drilling ~50,000m.
- Several new mine feasibility studies expected in 2009.
- Takeover of Dioro Exploration (A\$49.2m scrip) could boost production in FY10 to +250koz Au.

Production and Financial Forecasts

YEAR END: June	2007a	2008a	2009F	2010F	2011F
Equity Production (koz)	0.0	33.6	121.3	165.3	165.3
EBIT (A\$m)	-4.0	-1.9	66.8	114.4	96.1
Net Profit (norm) (A\$m)	-5	-3	50	79	67
EPS (norm) (A¢/share)	-2.2	-1.4	19.4	31.1	26.3
CFPS (A¢/share)	-1.7	-0.8	23.3	44.9	37.5
Dividends (A¢/share)	0	0	0	0	0
PER (x)	-76	-119	9	5	6
P/CF (x)	-97	-211	7	4	5
Yield (%)	0	0	0	0	0
EV/EBITDA (x)	-149.38	-287.65	8.07	4.71	5.60
Exploration and Evaluation (A\$m)	8	11	10	10	10
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	12,000	60,143	60,731	48,000	48,000
Land holding ('000 ha)*	328	348	370	370	370

*Tenements applied for or granted. Quarters based on calendar year end. Total 05/06 prod'n was 82koz Au, AVO 48.5%.

Company Comment

Overview: Avoca Resources listed on the ASX in April 2002. It is focused on developing its recently commissioned Trident gold mine and adjacent tenements in the Higgsville district of the Eastern Goldfields, WA, which is between the St Ives and Norseman goldfields that have produced +20moz Au.

Higgsville Gold Project (Au, WA): 180km south of Kalgoorlie. Avoca controls the greenstone belt between the +15moz St Ives and the +6moz Norseman gold fields. 75% of all gold from St Ives and Norseman is from underground. Prior to Trident's discovery, only 5% of gold at Higgsville and Chalice was from underground. The project includes the **Trident Underground Gold Mine** - resource 0.95moz at 6g/t, with 89% conversion rate of initial Indicated resource to reserve (0.65moz to 0.58moz). The resource is open along strike and at depth. Capital mine development began Feb '07 and first gold pour from new CIL plant was in Jun '08. Wide intersections show potential for large high-grade stopes, eg 24.1m @ 36.4g/t (Athena), 48.3m @ 7.1g/t (Western Zone). Drilling in 4Q08 confirmed a link between the Western Zone and Apollo, with ore-grade intercepts outside the existing resource and reserve, including 33.7m @ 9.7g/t. Estimated production 1mtpa for 140koz Au in FY2009, target 170koz in FY2010. Underground production in 1Q09 was 270.7kt @ 3.4g/t for 29.3koz, a 5% decrease on 4Q09 ounces. Cash cost was A\$762/oz. However, the long-term target rate of +190kozpa was hit in Apr '09, mining at 5.2g/t Au (1005 Level); recovery was 97.8% (65% gravity). AVO cash cost estimate for reserve life is ~A\$450/oz. Plant has 10mw power station (dual gas/diesel) and 1.5gl borefield. Capex A\$77m; 10+ years mining.

Higgsville exploration: Estimated exploration budget is ~A\$10m for CY09. The Graveyard to Trident trend has >6km strike of gold-bearing lodes and is open along strike and has little previous testing below 300m depth. The **Chalice Leases**, acquired Jul. '07 for \$6M scrip, include the Chalice mine, which produced 556koz Au at 5.6g/t. Underground inferred resource of 123koz grading 5.2g/t Au. PFS (3Q08) projects 3.5yrs production at 150-350kt for 25-60koz Au, subject to resource upgrade drilling and DFS. Other mine feasibility studies planned for 2009 include Two Boys (U/G) and Musket (O/P). The latter, 40km SE of Trident, includes 18m @ 10.9g/t Au from 68m and recent 8m @ 10.7g/t Au from 61m; the known deposit is 300m long by 120m deep and open-pit potential open cut mine, focus of ongoing drilling.

Takeover of Dioro Exploration NL (ASX:DIO): WA-based Dioro owns 49% of production from Frog's Leg (Measured & Indicated Resources 4.7mt @ 7g/t Au; operator is La Mancha) and 100% of South Kal operations (M&I 29.8mt @ 1.7g/t Au); 2008 production was 69koz Au through DIO's 1.2mtpa Jubilee Mill. Total JORC M&I Resources 2.15moz Au; AVO's 1:2.82 share offer values DIO at A\$49.2m, or ~A\$22.88/oz, including the mill. The offer was at a 34% premium to DIO's share price when it was made in April 2009. We estimate NPV of DIO as ~A\$122m, 5% discount. New entity could have 250kozpa Au production in FY10. Offer approved by FIRB. DIO directors are yet to announce advice to shareholders.

Investment Comment: Avoca offers leverage to a new gold project that is close to capacity output. There is exploration upside at Trident at depth and along strike and the Higgsville region is prospective for further Au discoveries - with an AVO target of ~4moz Au. An AVO net asset value based on Trident with current resources is A\$372m (5% discount, spot gold price US\$920/oz). With JV projects, the new DIO assets (bid value A\$49.2m) and exploration ounces (at US\$30/oz Au), NPV is A\$528m or A\$1.56/share (fully diluted). There could be significant upside if DIO's ~70kozpa Au production is added to AVO's.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project	Ore	Au	c/off	Au	Au	Eqty
		Equity	Mt	g/t	g/t	t	koz	koz
Reserves								
Higgsville Gold Project		100%	3.4	5.30	na	18.0	581	581
Resources (includes proved and probable reserves)								
Higgsville Gold Project	Indicated + Inferred	100%	12.3	3.70	0.8-3.0	45.3	1,448	1,448
Mineralised Material (est., non compliant with JORC)								
Resources - Uranium								
		Equity	Mt	U ₃ O ₈ %	U ₃ O ₈ %	kt	m lbs	Eqty lbs
Hillview	Inferred	20%	27.6	0.017	0.01	4.8	10.6	2.1



Contacts

Mr Rohan Williams
Managing Director
Tel: 61 (0) 8 9226 0625
W. Perth, WA, Australia
www.avocaresources.com.au

Directors

R Reynolds (Non-Ex Ch)
R Williams (MD)
S Unwin (Non-Exec)
D Quinlivan (Non-Exec)
J Castro (Non-Exec)

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process	Project Status	Location
Higgsville	100%	Au	na	Greenstone	CIL	Production	Aus (WA)
Mt Fischer	100%	Au,Ni	na	Greenstone	na	Early Expl.	Aus (WA)
Encounter JV	40%,20%	U	ENR	Sandstone	na	Early Expl.	Aus (WA)

Analyst: Dr Trent Allen
trentallen@rcresearch.com.au

AVOCA RESOURCES LIMITED VALUATION

				Target Price	Valuation Sensitivity	
				A\$m	(Low)	(High)
	Equity	Gold	Valuation		A\$m	A\$m
Projects		(moz)	US\$/oz			
+ Higginsville - Trident	100%	0.98	225	282	255	322
+ Higginsville - Other	100%	0.47	270	163	27	689
+ Regional Exploration	100%	2.55	30	77	51	102
+ Joint ventures	Various	-		<u>20</u>	<u>10</u>	<u>30</u>
Sub Total				542	343	1143
+ Cash				34.7	34.7	34.7
+ Tax Losses				-3.1	-3.1	-3.1
- Debt (incl convertible note)				91.2	91.2	91.2
- Corporate				<u>2.9</u>	<u>2.9</u>	<u>2.9</u>
Sub Total				-62.5	-62.5	-62.5
AVO NET ASSET VALUE				479	280	1081
... plus takeover value of Dioro Exploration				<u>49</u>	<u>49</u>	<u>49</u>
POTENTIAL TOTAL				528	329	1130
Capital Structure						
Shares (excluding 35.7m scrip for Dioro)				285	285	285
Fully Diluted Shares				340	340	340
AVO NET ASSET VALUE PER SHARE	:A\$/share			1.68	0.99	3.80
AVO NET ASSET VALUE DILUTED	:A\$/share fully diluted*			1.56	0.97	3.33

*incl. conversion of 190 x A\$0.2m convertible notes at A\$1.75/share

HIGGINSVILLE GOLD PROJECT

		Equity	Sensitivity			
LONG TERM GOLD PRICE ^A	:US\$/oz	600	800	1000	1200	1400
EXCHANGE RATE	:AUUS	0.78	0.78	0.78	0.78	0.78
LONG TERM GOLD PRICE	:A\$/oz	769	1026	1282	1538	1795
HIGGINSVILLE GOLD PROJECT NPV @ 5% NOMINAL ¹	:A\$m	100%	239	384	485	587
HIGGINSVILLE GOLD NPV @ 5% NOMINAL*	:US\$m	100%	187	300	379	458
NPV/SHARE	:A\$/share		0.84	1.35	1.71	2.06
* Includes a ramp-up project discount of 15% of the project valuation:		15%				
^A Calendar year gold price forecasts are US\$900/oz in 2009 and 2010, thence long term price indicated.						

HIGGINSVILLE GOLD PROJECT KEY ASSUMPTIONS DERIVED FROM BFS*

RESOURCE ESTIMATES				
Conceptual Gold Target				
		Mt	Gold	
			qt	
			koz	
	Current resource (Higginsville - Trident)	5.2	5.8	977
	Current resource (Higginsville - other)	<u>7.0</u>	<u>2.1</u>	<u>471</u>
	Subtotal	12.3	3.7	1448
	Higginsville, regional exploration	<u>21.5</u>	<u>3.7</u>	<u>2552</u>
	Total conceptual resource	33.7	3.7	4000
	Dec '06 reserve (Trident, A\$800/oz)	3.4	5.3	581
MINING METHOD	Underground			
PROCESS METHOD	Dedicated Gold Plant Single ball mill, gravity or carbon-in-leach (CIL)			
PRODUCTION RATE	:mtpa	1-1.1	Initial and expansion	
	:kozpa	170-190	Based on reserve grade 5.3g/t Au	
CAPITAL COSTS	:A\$m	77	Plus sustaining capex of 4%	
RECOVERY - GOLD	:%	95		
OPERATING COSTS	:A\$/t	69		
	US\$/oz	452		
TAX	:%	30		
ROYALTY (WA)	:%	2.5		
MINE LIFE	:Years	10+	Based on total Higginsville resource	
COMMISSION DATE	:	2Q08		

* These figures are based on the BFS and ongoing production. Considerable refinement may result as production and exploration proceed in 2009.

CAH.AU

Catalpa Resources Limited

A\$ 0.09

27 May 2009
Gold
Australia (WA)
Plant Construction - Advanced Exploration
Exchange: ASX:CAH

Catalpa has cleared major hurdles to becoming a mid tier producer with over A\$100m in debt and equity successfully raised in the last three months. Construction is now underway at the fully funded ~100kozpa Edna May project with first pour expected 2Q10.

Capital Profile

Share price (A\$)	0.09
52 week range (A\$/share)	0.019 to 0.11
Number of shares (m)	1172
Options and warrants (m)	234
Convertible notes (m)	0.0
Fully diluted (m)	1406
Market capitalisation (undiluted) (A\$m)	106.6
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	106.6
Major shareholders: Lion Selection Holdings (49.3%), Goldrich Holdings Pty Ltd (3.1%), Zero Nominees (1.7%)	
Avg monthly volume (m)	60
Cash (A\$m) - Jun 09F	37.8
Price/Cash (x)	2.8
Price/Book (x)	2.4
ASX-listed options:	CAHO

Production and Financial Forecasts

YEAR END: June	2008a	2009F	2010F	2011F	2012F
Gold Price (US\$/oz)	834	871	875	859	873
Equity Production (koz)	0.0	0.0	7.1	95.4	97.7
Revenue (A\$m)	0.2	0.1	11.7	132.8	138.3
EBIT (A\$m)	-0.2	-1.8	3.8	59.6	62.2
Net Profit (norm) (A\$m)	-0.2	-1.8	0.6	38.5	40.8
EPS (norm) (A¢/share)	0.00	0.0	0.1	2.8	3.0
CFPS (A¢/share)	-0.1	-0.1	0.3	4.8	5.0
Dividends (A¢/share)	0	0	0	0	1
PER (x)	na	na	72.5	3.3	3.0
P/CF (x)	-174	-72	29.2	1.9	1.8
Yield (%)	0	0	0	0	11%
EV/EBITDA (x)	#REF!	-59.7	24.4	1.6	1.5
Shares on Issue (EOP)	345	1172	1172	1172	1172

Key Assumptions:

Gold (long term from FY13) = US\$850/oz; A\$/US\$=0.78 (long term). Project parameters - see valuation next page

Investment Points

Capital raising hurdles now cleared for CAH to become Australia's next ~100kozpa gold producer at Edna May by 2Q10.

Total A\$106m debt and equity raised to fund A\$92m capex project.

Our med-term share price expectation is A\$0.15 as plant construction proceeds (NPV is A\$270m, A\$0.21/share at US\$850/oz gold, 5% nominal DR).

Forward sales (~60% for 5 yrs) locked in at A\$1,544/oz: adds A\$75m or A\$0.06/share to NPV.

Current JORC Resource is 1.49moz @ 1.1g/t, with 55% (817koz @ 1.2g/t) reserve category and is basis for BFS.

Further resource upside: open pit extensions, high grade Edna May deeps (u/g ore) and regional targets.

Equity raisings supported by major shareholder (Lion Selection): ~A\$17m injected, expresses confidence.

Company Comment

Overview: CAH was listed on the ASX in Aug '02, after purchasing the Westonia mining tenements (310km E of Perth) in '94. The company is gearing up to resume gold production in mid 2010.

Westonia Tenements History: The Westonia tenements have a 100 year history for a total production of over 600koz. CAH purchased the ACM 2.2mtpa Big Bell processing plant, now relocated to Edna May

Edna May Reserves/Resources: Total open pit resources at Edna May (to 220m) now stand at 1.49moz. Importantly, of this, 817koz (55%) is in reserve status (497koz proven, 320koz probable).

BFS Parameters: CAH completed a revised, de-risked BFS early in 2009, based only on the open pit resources at Edna May (Edna May and Greenfinch resources, Edna May Deeps are upside). Key parameters: 2.8mtpa treatment rate (plant upgraded), ramping to 3.2mtpa in 3 years, a low strip ratio of 2.1:1 (on-going 1.9:1 after pre-strip), metallurgical recovery of 92%, 6.3 year mine life with an annual average LOM production over 100kozpa. Average LOM opex of A\$636/oz. Capex A\$92m (including pre-strip and working capital). This could reduce by ~5% with easing material and contracting costs.

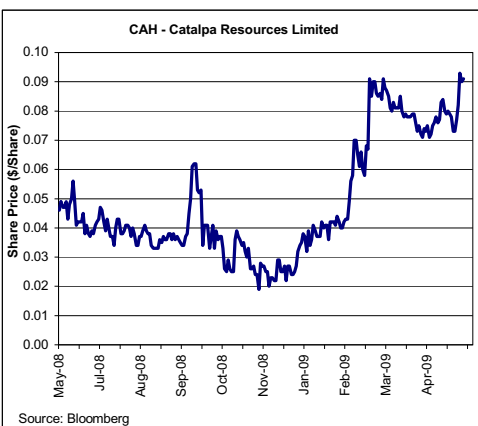
Project Financing: In the March quarter CAH completed total project financing, raising A\$106.5m on a ~70:30 debt:equity ratio. CAH has secured a milestone project financing from Macquarie Bank Ltd ("MBL") for the debt financing component through an A\$55m secured loan facility, up to A\$10m mezzanine facility (requires options to be issued to MBL), A\$2.5m bond facility and very attractively priced A\$1,544/oz gold hedge facility for 352,316 oz (~60% of first 5 year's sales). The equity component has recently been completed through a A\$31.4m placement and A\$7.6m share purchase plan, both at A\$0.06/share. Lion Selection (CAH's major shareholder) supported both issues contributing ~A\$17m and keeping its stake at around 50%. The cost of equity has been significant - total issued shares (FP) has risen by 240% from 345m in 3Q08, however, most shareholders would agree that the cost of not progressing is greater.

Exploration: At Greenfinch (700m from Edna May), a maiden JORC reserve of 79 koz was recently announced (11% boost to total BFS ore reserves). Greenfinch will be developed as a second open pit. CAH expects to increase reserves to >1.25moz in the next 3 years - further drilling Greenfinch (open down dip and along strike), re-optimisation and pit extensions at Edna May, and Edna May Deeps, the extension of the Edna May Reef below 300m. Regional potential is excellent with 6 untested geochem. anomaly targets.

Investment Comment: The greatest perceived risk factors in the current market - debt and equity project financing, have now been eliminated with MD Bruce McFadzean and his team delivering on all fronts. The project is low grade, but we are confident that the experienced team at Catalpa have done their homework in the BFS, which indicates a low risk profile, robust project economics and strong cash flow at current gold prices underpinned by forward sales at A\$1,544/oz. With a plant being built and the market now focused on 2Q10 commissioning, we expect the share price to re-rate towards 100koz producer status. Our base case NPV is A\$0.21/share fully diluted (US\$850 long term gold, A\$/US\$ 0.78). The forward sales benefit represents A\$0.06/share of this. Based on this valuation, we see a six month target of A\$0.15/share.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)									
Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Eqty koz	
Reserves									
Edna May	Proven & probable	100%	19.10	1.20	0.5	23.0	738	738	
Greenfinch	Proven & probable	100%	2.00	1.22	0.5	2.5	79	79	
Total			21.10	1.20	0.5	25.4	817	817	
Resources *									
Edna May	Meas+Ind+Inf	100%	38.24	1.11	0.5	42.5	1,366	1,366	
Greenfinch	Meas+Ind+Inf	100%	3.19	1.18	0.5	3.8	121	121	
Total			41.43	1.11	0.5	46.2	1,487	1,487	
* Resources includes reserves									
Mineralised Material (est., non compliant with JORC)							0.0	0.0	0.0
(no estimates of mineralised material available).									



Contacts

Mr Bruce McFadzean
Managing Director
Tel: 61 (8) 9321 3088
Perth, WA, Australia
www.catalparesearch.com.au

Directors

J Rowe (Non Exec Ch)
B McFadzean (MD)
M Pollock (Non Exec Dir)
B Sullivan (Non Exec Dir)
N Johnson (Non Exec Dir)

Analyst: Dr Tony Parry
tonyparry@rcresearch.com.au

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Edna May	100%	Au	na	IRG/reef	CIL	Construction	Aus (WA)

CATALPA RESOURCES LIMITED VALUATION

				Target [^] Price A\$m	Valuation Sensitivity (Low) A\$m	(High) A\$m
Projects	Equity	Gold (moz)	Valuation US\$/oz			
+ Edna May Gold Project	100%	1.49	85	163	74	252
+ Regional Exploration	100%			<u>5.0</u>	<u>0.0</u>	<u>10.0</u>
Sub Total				168.0	74.0	262.0
+ Cash				37.8	37.8	37.8
+ Tax Losses				5.8	5.8	5.8
+ Discounted Value of Forward Sales (5% nominal)				75.0	94.0	55.0
- Debt				0.0	0.0	0.0
- Corporate				<u>18.5</u>	<u>18.5</u>	<u>18.5</u>
Sub Total				100.2	119.2	80.2
CAH NET ASSET VALUE			141	268.2	193.2	342.2
Capital Structure						
Shares (m)				1172	1172	1172
Fully Diluted Shares (m)				1382	1382	1382
CAH NET ASSET VALUE PER SHARE	:A\$/share			0.23	0.16	0.29
CAH NET ASSET VALUE DILUTED	:A\$/share fully diluted*			0.21	0.16	0.26

[^]Target price based on RCR long term gold price forecast of US\$850/ounce, A\$/US\$ = 0.78. Low valuation is US\$700/oz. High valuation is US\$1,000/oz

EDNA MAY GOLD PROJECT NPV - Gold Price Sensitivity

			Equity			Sensitivity	
LONG TERM GOLD PRICE [^]	:US\$/oz		600	700	800	900	1000
LONG TERM EXCHANGE RATE	:AU\$/US\$		0.78	0.78	0.78	0.78	0.78
EDNA MAY GOLD PROJECT NPV @ 5% NOMINAL*	:A\$m	100%	15	74	134	192	252
EDNA MAY GOLD NPV @ 5% NOMINAL*	:US\$m	100%	12	58	105	150	197
NPV PER CAH SHARE	:A\$/share		0.01	0.06	0.11	0.16	0.22
							0%

[^]Gold price forecasts are US\$900/oz in calendar 2009, thence linear increase/decrease to long term price indicated, from 3Q 2012 on.
Project NPV excludes benefit of any forward sales

EDNA MAY GOLD PROJECT KEY ASSUMPTIONS DERIVED FROM PRELIMINARY BFS DATA

RESOURCE ESTIMATES			
Conceptual Life of Mine Resource			
		Mt	Gold gt koz
	Current reserve (Edna May & G'Finch)	19.1	1.20 738
	Current resource (Edna May & G'F)	<u>22.3</u>	<u>1.04</u> <u>749</u>
	Subtotal	41.4	1.11 1487
	Edna May Deeps, regional exploration	0.0	0.0 0
	Assumed Total LOM ore**	32.5	1.14 1187
	**Based on 60% conversion of resources to reserves		
MINING METHOD	Open Pit: Strip Ratio 2:1		
PROCESS METHOD	Dedicated CIL Gold Plant (ex Big Bell plant purchased by CAH)		
PRODUCTION RATE	:mtpa	2.8	Expansion to 3.2mtpa in 2013
	:kozpa	97-100	Based on initial head grade 1.2g/t Au
CAPITAL COSTS	:A\$m	92	Plus sustaining capex of 4%
RECOVERY - GOLD	:%	92	
OPERATING COSTS	:A\$/t	21.5	(unescalated)
	US\$/oz	490	
TAX	:%	30	
ROYALTY (WA)	:%	2.5	
MINE LIFE	:Years	10	Assumes 60% conversion of EdnaMay/Greenfinch resource
CASH COST	:A\$/oz	640	(unescalated)
COMMISSION DATE	:	2Q10	

* These figures are based on BFS data released to date, are pre-commissioning, and are intended to provide only a general indication of project potential scale and economic robustness. Further refinement may result as operating data becomes available from mid mid 2010.

CRC.AU

27 May 2009
 Gold, Nickel
 Australia (WA,NSW)
 Advanced Exploration
 Exchanges: ASX:CRG

Cortona Resources Limited

A\$ 0.19

New mineralisation has been found at CRC's flagship Dargues Reef project (NSW, 286koz Au @ 6.2g/t) – discovery hole 4m @ 28g/t Au – showing the prospectivity of the Majors Creek area. Scoping study, resource upgrade (~500koz Au) expected 2-3Q09.

Capital Profile

Share price (A\$)	0.19
52 week range (A\$/share)	0.065 to 0.24
Number of shares (m)	101.4
Options and warrants (m)	20.2
Convertible notes (m)	0.0
Fully diluted (m)	121.6
Market capitalisation (undiluted) (A\$m)	18.8
Debt (A\$m) - Jun09F	0.0
Enterprise value (A\$m)	18.8
Major shareholders: Moly Mines (11.8%), Management (7.1%), UBS Wealth Mgmt Aust Nom (3.4%)	
Avg monthly volume (m)	10
Cash (A\$m) - Jun 09F	3.0
Price/Cash (x)	6.3
Price/Book (x)	0.8
Listed company options:	No

Investment Points

Current exploration program is gold focused. Exploration budget CY09 ~A\$2m.

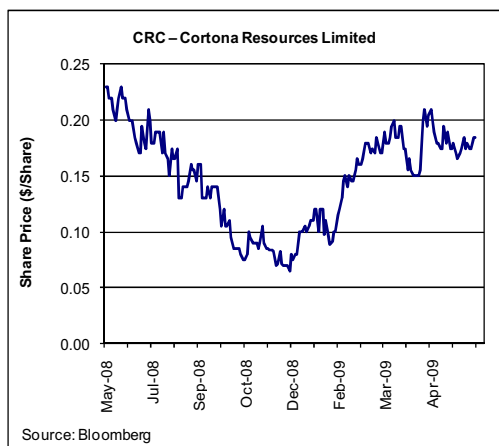
Majors Creek (NSW) - strategic land position (700km²) in an historic alluvial gold field. Numerous hard rock gold deposits and soil anomalies in a ~5km radius.

Target deposit style - Intrusion Related Gold (eg, Fort Knox 8.4moz Au, Pogo 5.6moz Au, Kidston 3.4moz Au).

Dargues Reef (Majors Ck): 286koz Au resource @ 6.2g/t - with exploration upside at depth and along strike (Plums Lode, Chianti). JORC upgrade expected 2-3Q09.

Scoping study expected 2-3Q09. Recent metallurgical results show recoveries of 99% Au (gravity and leach).

Potential near-term newsflow from Majors Creek and Braidwood regional drilling in 2-3Q09.



Contacts

Mr Peter van der Borgh
 Managing Director
 Tel: 61 (0) 8 6380 1093
 Perth, WA, Australia
www.cortonaresources.com.au

Analyst: Dr Trent Allen
trentallen@rcresearch.com.au

Directors

C Jones (Non Exec Ch)
 P van der Borgh (MD)
 G Lazarou (Non Exec Dir)
 D Fisher (Non Exec Dir)

Production and Financial Forecasts

YEAR END: June	Mar-09a	Jun-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	0.45	0.50	2.84	2.53	2.00
Corporate (A\$m)	0.18	0.25	1.19	1.05	0.40
Exploration/(Expl.+ Corporate) (%)	71	67	71	71	83
Funding duration at current burn (years)	-	-	1.1	0.8	2.2
Shares on issue (pr end) (m shares)	90.8	101.4	90.8	101.4	113.7
Drilling - RAB (m)	0	2,000	2,000	2,000	2,000
Drilling - Other/Diamond (m)	2,000	6,000	14,186	20,000	20,000
Land holding ('000 ha)*	200	200	140	200	0
Tenement costs (\$k per year)	-	-	-	-	-
Capital Raisings (A\$m)	0.0	1.9	7.6	1.9	4.5
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	1.8	3.0	4.6	3.0	5.4
Cash backing (Ac/share)	2.0	2.9	5.0	2.9	4.7
Net asset backing (Ac/share)	23.3	22.5	23.7	22.5	23.9

*Gold prospective tenements only. Quarters stated on calendar year basis.

Company Comment

Overview: Cortona listed on the ASX Mar '06. The company is focused on gold exploration and production in central NSW and WA. Its flagship project is Majors Creek (Au, NSW).

Majors Creek Project (Au; NSW): 700km², covers multiple gold-bearing lodes in the roof zone of the Braidwood Granodiorite. The region hosted Australia's richest alluvial field (historic 1.25moz Au) but there has been little modern exploration for primary deposits. CRC is pursuing an Intrusion Related Gold model (IRG, eg, Fort Knox 8.4moz Au). A site visit in 2008 confirmed continuity of the alteration zone and high prospectivity of some key targets (Dargues Reef, Exeter Farm, and Copper Ridge) over an area of about 5km diameter. These targets lie on 319ha freehold land owned by CRC. The most advanced prospect is **Dargues Reef**, with a JORC resource (Oct '08) of 286koz Au grading 6.2g/t (2g/t cut-off). The resource envelope is ~300m strike by 300m deep and 3m to 20m true width (intercepts include 16m @ 11g/t from 48m in DREX50). The steep-dipping lodes are open below 350m depth (DREX33 11m at 8.9g/t Au from 436m) and along strike. Drilling at **Plums Lode**, (250m E of main shaft) includes 20m @ 6.0g/t from 158m depth (May '09). An IP survey (2008) located **Chianti** (150m E of Plums), where shallow drilling (1Q09) found 4m @ 2.3g/t from Dargues-style diorite. A **new discovery** has been made, 100m SSW of the main shaft (May '09; 4m @ 28g/t from 78m depth). Soil sampling has outlined Au anomalies, including **Dreadnought** (1.3km SE of Dargues, 500m x 150m at +100ppb Au). A resource upgrade – target 500koz Au – and scoping study are expected in 2-3Q09. Potential 60-100kozpa from multiple headings, capex ~A\$50m. Met. results show 99% gold recovery (gravity/flotation). To mine, CRC seeks a resource distribution of ~1000oz per vertical metre, currently 700oz/m. Other prospects in the area: **Exeter Farm** – a 1km x 1km area with drill results including 19m @ 5.6g/t Au from 47m with consistent Au grades of 1.3-10.9g/t; and **Copper Ridge**, 1km NW of Dargues Reef with 4Q08 RC drilling including 1m @ 2.95g/t Au, 24.2g/t Ag, and 0.1% Cu. **Regional** aeromagnetic data show other areas within the Braidwood Granodiorite that have geological features similar to Majors Creek. Soil sampling and rock chipping are ongoing, with drilling possible in 2-3Q09.

Eugowra Project (Au, Cu; NSW): grassroots, potentially similar to Majors Creek. Fieldwork is ongoing. **North Monger Project (Au, Ni; WA):** 45km SE of Kalgoorlie, potential for large Au deposits (eg, Kambalda-St. Ives 5moz Au). **Wombola Pit and Wombola Dam** - resources 80koz Au (<50m depth). Lodes believed open down-plunge. CRC is discussing potential mining agreements or divestment.

Investment Comment: CRC's three-phase exploration program – i.e. Dargues Reef, near-mine and regional – is bringing strong results. The Majors Creek mineralising system could produce a resource >1moz Au. The company is well funded after a 2Q09 placement raised A\$1.8m. At Dargues Reef, an expanded resource and a scoping study are expected in 2-3Q09, with mining targeted from 2011.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Eqty koz
Reserves								
Resources								
Wombola Pit (N. Monger)	Indicated + Inferred	90%	0.30	2.7	1.0	0.8	27	24
Wombola Dam (N. Monger)	Indicated + Inferred	90%	0.56	3.0	1.0	1.7	54	48
Dargues Reef (Majors Ck)	Indicated + Inferred	100%	1.44	6.2	1.0	9	286	286
Total						11.4	366	358
Mineralised Material (est., non compliant w/ith JORC)								
						0.0	0.0	0.0
Nickel Resources								
Black Hill	Inferred	90%	30.0	0.6		192	423	381

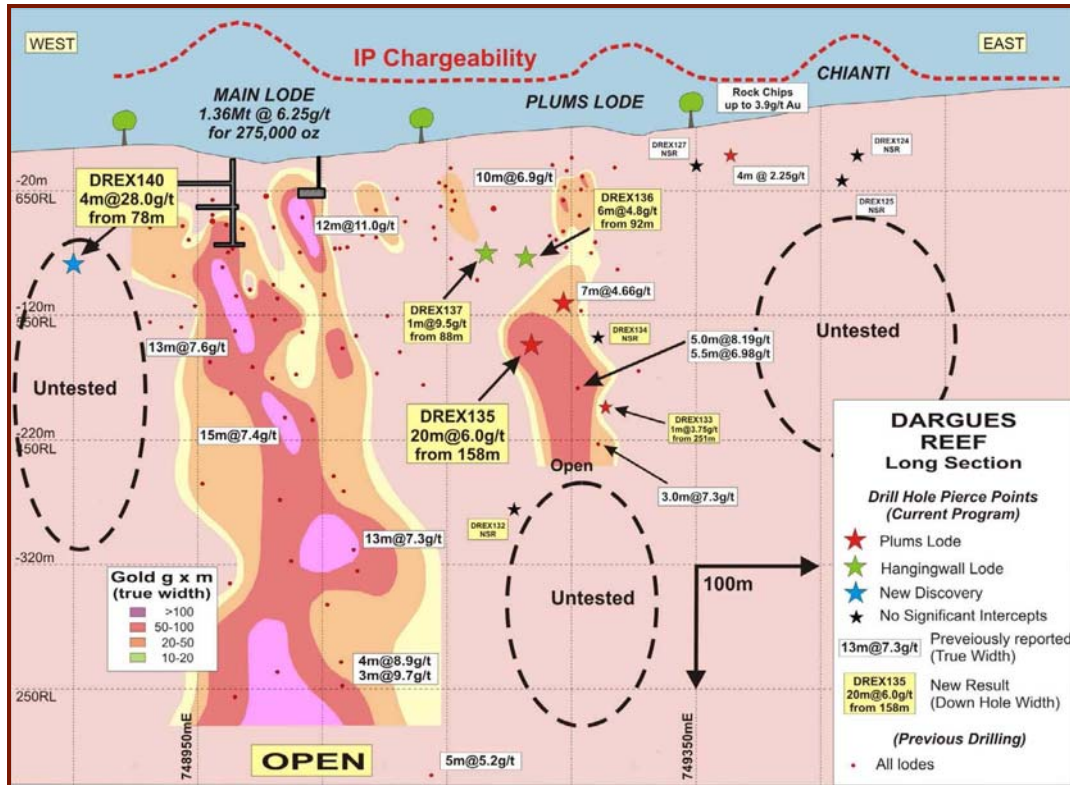
Contacts

Directors

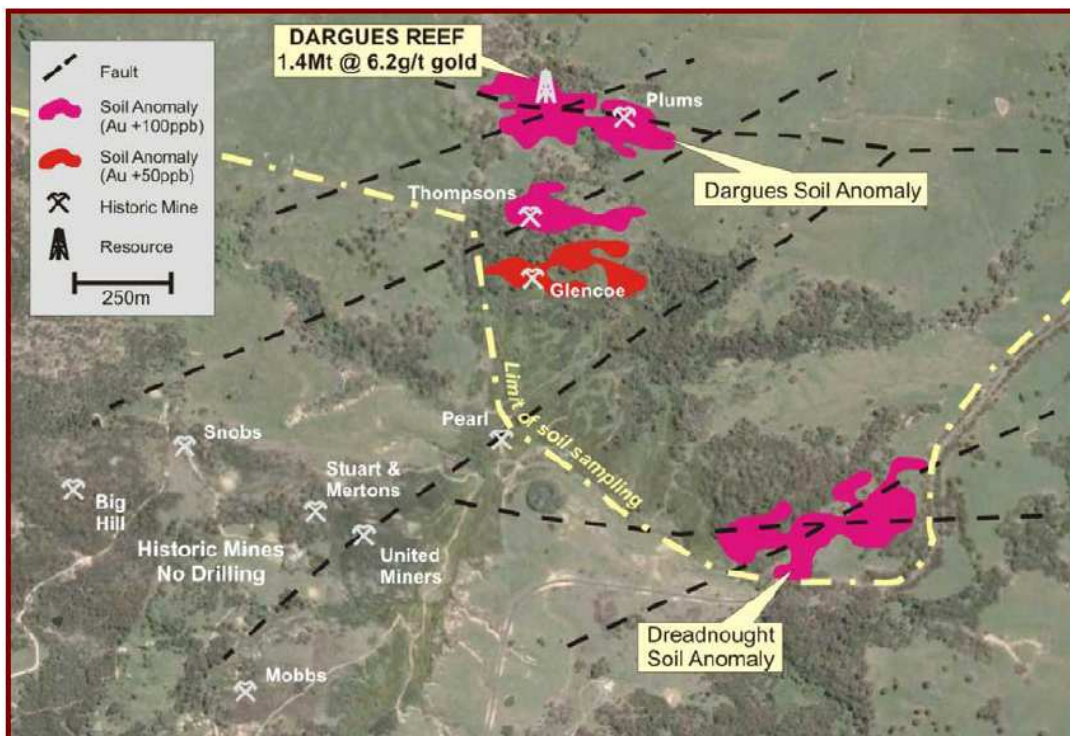
Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Dargues Reef (Majors Ck)	100%	Au	na	IRG	na	Adv Expl	Aus (NSW)
Copper Ridge (Majors Ck)	100%	Au,Ag,Cu	na	IRG	na	Early Expl	Aus (NSW)
Exeter Farm (Majors Ck)	100%	Au	na	IRG	na	Early Expl	Aus (NSW)
Wombola Pit (N. Monger)	90%	Au	Private	Reef	na	Adv Expl	Aus (WA)
Wombola Dam (N. Monger)	90%	Au	Private	Reef	na	Mid Expl	Aus (WA)
Black Hill (N. Monger)	90%	Ni	Private	Laterite	Heap Lch	Adv Expl	Aus (WA)
Eugowra	100%	Au	na	IRG	na	Early Expl	Aus (NSW)

Majors Creek Project (NSW): Dargues Reef longsection - mineralisation remains open along strike and at depth. Resource, extension and infill drilling is under way, with an upgrade and scoping study expected in 2-3Q09. Mining is possible in early 2011.



Aerial photograph of Dargues Reef and vicinity: the newly discovered Dreadnought soil anomaly is of similar size and intensity to that at Dargues Reef and has no signs of historic workings. The numerous old mines to the south-west of Dargues remain untested.



EKM.AU

Eleckra Mines Limited

A\$ 0.04

27 May 2009
Gold, Uranium
Australia (WA)
Advanced Exploration
Exchanges: ASX:EKM

EKM controls most of the highly prospective and underexplored Yamarna belt (WA) and has established resources of 749koz gold and 6.2mlb U₃O₈. The company is increasing its gold focus, pegging further unexplored ground N of AngloGold's Tropicana (5moz resource).

Capital Profile

Share price (A\$)	0.04
52 week range (A\$/share)	0.01 to 0.15
Number of shares (m)	141.0
Options and warrants (m)	39.4
Convertible notes (m)	0.0
Fully diluted (m)	180.4
Market capitalisation (undiluted) (A\$m)	5.1
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	5.1
Major shareholders: Perth Select Seafood (7.7%), Troyleigh Inv. Ltd (6.1%) HSBC Custody Nom's (6.1%), Haifa Pty Ltd (5.2%).	
Avg monthly volume (m)	5
Cash (A\$m) - Jun 09F	2.5
Price/Cash (x)	2.1
Price/Book (x)	0.6
Company options:	No

Production and Financial Forecasts

YEAR END: June	Mar-09a	Jun-09F	2008a	2009F	2010F
Exploration and evaluation (A\$m)	0.17	0.40	1.71	1.10	1.50
Corporate (A\$m)	0.12	0.15	0.99	0.71	0.60
Exploration/(Expl.+ Corporate) (%)	60	73	63	61	71
Funding duration at current burn (years)			0.6	1.4	0.2
Shares on issue (pr end) (m shares)	68.3	170.4	62.1	170.4	170.4
Drilling - RAB (m)	3,000	5,000	17,400	15,000	14,000
Drilling - Other/Diamond (m)	0	0	3,550	3,000	15,000
Land holding ('000 ha)*	710	710	200	710	710
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.16	2.50	0.00	2.66	0.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	0.5	2.5	1.6	2.5	0.5
Cash backing (Ac/share)	0.7	1.4	2.5	1.4	0.3
Net asset backing (Ac/share)	8.4	4.8	9.7	4.8	4.5

*Gold and uranium prospective tenements, both held and under application.

Investment Points

EKM's focus is gold and uranium in WA. Exploration budget is ~A\$1.5mpa mostly now directed to gold.

Strategic position (~2,500km²) in remote under-explored Yamarna greenstone belt in Yilgam Craton.

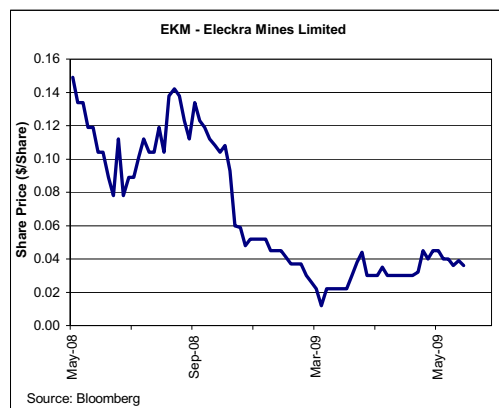
Yilgam Craton hosts world-class gold ore bodies and produces over half of Australia's gold.

Yamarna (Attila-Alaric) gold resource 749koz Au near surface - potential upside along 17km strike and at depth.

Current exploration drilling focus is on four potential new Yamarna targets.

Newly granted tenements (Golden Sands project) cover unexplored ground between Yamarna and the AngloGold Tropicana discovery (5moz resource).

Recent capital raisings injected A\$2.7m.



Company Comment

Overview: EKM listed on the ASX July '06. The company's highest priority is the Yamarna greenstone belt where its most advanced project is the Attila gold deposit (749koz resource). The area also hosts uranium mineralisation with a 6.2mlb resource identified by EKM in the extensions to the Thatcher Soak drainage channel.

Yamarna project (WA): (2,500km², gold) EKM has defined an initial gold resource along the Yamarna shear zone - a regional scale mineralised trend considered prospective for multi-million ounce discoveries. EKM's 749koz resource defined to date occurs in the **Attila-Alaric zone** along a 17km strike length. There are gaps in drill coverage with over 50% of the strike length untested. The deposit is open at depth and along strike. Anticipated resource conversion is ~50% with EKM aiming to achieve resources of 1moz - 1.5moz Au before commencing a PFS. Preliminary metallurgical testing has indicated good heap leach characteristics. Further testing planned for 3Q09. There are multiple regional targets to be tested for potential resource expansion. A 5,000m RAB drilling campaign is underway to test 4 of the most promising geochem and drill anomalies, the 1km **Dorothy Hills** prospect (25kn NE of Attila) and **Central Bore, Hann** and **Elvis** which are adjacent to Attila.

Golden Sands (WA): (1,500km², gold) EKM has recently been granted new exploration tenements between Yamarna and the tenements to the south hosting the AngloGold Ashanti/Independence Group **Tropicana** gold project (5moz resource - currently subject of a PFS for a ~400kozpa operation). Tropicana is a recent discovery (2005) resulting from following up an unexplained gold-in-soil anomaly. EKM is planning an initial program comprising airborne magnetic and radiometric surveys over the tenements in 2H09 in order to understand the regional geology and to delineate potential extensions of the Yamarna shear zones beneath sand cover.

Thatcher Soak Tenements: (2,000km², U) EKM holds sections of the Thatcher Soak calcrete uranium prospect and extensions to the palaeochannel that hosts the Thatcher Soak historic deposit. EKM has established a 6.2mlb resource - strategies for this project are currently being reviewed.

Corporate: Through recent placements and a rights issue at 2.5cents per share (+ free options) EKM has raised A\$2.7m which will ensure gold exploration momentum can be maintained during FY10.

Investment Comment: The prospectivity and exploration upside of EKM's gold exploration projects in the highly prospective Yamarna greenstone belt has been greatly enhanced by picking up the unexplored ground north of the 5moz Tropicana discovery. With an established 749koz resource, highly prospective grass roots gold exploration ground, cash of just over A\$2m, and a renewed focus on serious gold exploration (not to mention a 6.2mlb uranium resource) EKM capitalised at under A\$6m looks undervalued and will be highly geared to any positive exploration developments in 2H09.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project Equity	Ore Mt	Au g/t	Cut Off g/t	Au t	Au koz	Au Eq koz
Reserves								
						0.0	0.0	0.0
Resources								
Yamarna - Attila-Alaric	Inf., Ind. & Meas.	100%	13.1	1.78	1.00	23.3	749	749
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0
		Project Equity	Mt	U ₃ O ₈ %	Cut Off ppm	U ₃ O ₈ kt	U ₃ O ₈ mlb	U ₃ O ₈ Eqty mlb
Thatcher Soak	Inferred	100%	16.1	0.017	100	2.7	6.2	6.2

Contacts

Mr. Ian Murray
(Executive Chairman)
Tel: 61 (0) 8 9486 4144
West Perth, WA, Australia
www.eleckramines.com.au

Directors

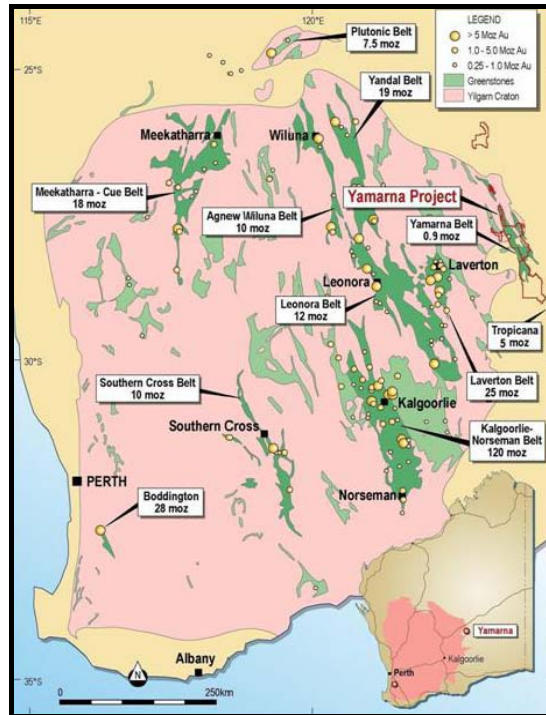
I Murray (Exec Chairman)
R Davis (Non-Exec Dir)
K Hart (Non-Exec Dir)

Analyst: Dr Tony Parry
tony.parry@rcresearch.com.au

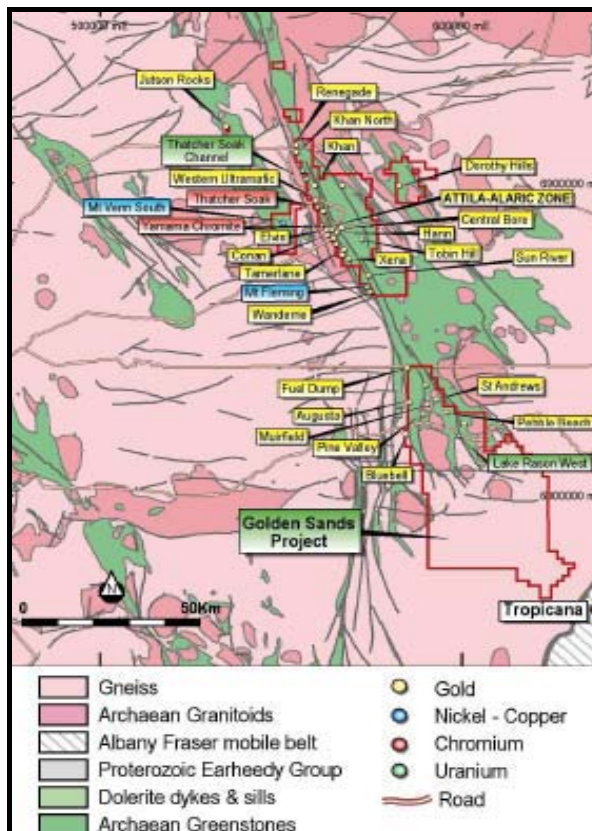
Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Yamarna - Attila	100%	Au	none	ox/sulp	heap leach	Adv. Expl.	Aus (WA)
Yamarna - Gold regional	100%	Au	none	ox/sulp	na	Mid Expl.	Aus (WA)
Golden Sands	100%	Au	none	ox/sulp	na	Early Expl.	Aus (WA)
Yamarna: Thatcher Soak	100%	U	none	Calcrete	Alk. Leach	Mid Expl.	Aus (WA)
Lake Rason + Lake Wells	100%	U	none	Calcrete	Alk. Leach	Early Expl.	Aus (WA)

The Yamarna project tenements are on the western edge of the Yilgarn Craton, WA. EKM's Yamarna Greenstone Belt gold prospective portfolio covers an area of approximately 5,100 km² of underexplored ground.



EKM's Yamarna tenements (red boundary) include the 749koz Attila gold resource and numerous advanced gold drill targets in the surrounding region. Further south the newly acquired Golden Sands tenements north of AngloGold's 5moz Tropicana discovery are unexplored.



KCN.AU

27 May 2009
Gold, Silver
Thailand
Production, Advanced Exploration
Exchanges: ASX:KCN

Kingsgate Consolidated Limited

KCN's new Chatree N leases have lifted output to 150kozpa, grades are up and costs down (~US\$340/oz). Further upside from promising higher grades at Chatree N drilling (each +0.1g/t resource grade adds ~A\$1 to NPV/share), Chokdee discovery and plant expansion FY11.

Capital Profile

Share price (A\$)	6.10
52 week range (A\$/share)	2.20 to 6.30
Number of shares (m)	93
Options and warrants (m)	9
Convertible notes (m)	0
Fully diluted ^a (m)	102
Market capitalisation (undiluted) (A\$m)	567.3
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	567.3
Major shareholders: Gold 2000 Ltd. (6.3%), Jabre Capital (7.5%) Directors (6.3%)	
Avg monthly volume (m)	10
Cash (A\$m) - Jun 09F	36.3
Price/Cash (x)	15.6
Price/Book (x)	3.3
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	2007a	2008a	2009F	2010F	2011F
Equity Production (koz)	86.0	74.1	94.9	141.2	222.8
EBIT (A\$m)	-13.1	5.7	42.0	83.2	109.2
Net Profit (norm) (A\$m)**	-12.6	-8.2	23.5	56.5	73.3
EPS (norm) (A\$/share)	-19.3	-8.1	25.4	57.1	73.6
CFPS (A\$/share)	-21.5	13.6	51.6	97.9	139.1
Dividends (A\$/share)	0	0	0	10	15
PER (x)	-31.6	-75.4	24.0	10.7	8.3
P/CF (x)	-28.4	45.0	11.8	6.2	4.4
Yield (%)	0%	0%	0%	2%	2%
EV/EBITDA (x)	-122.87	37.94	11.16	5.68	4.00
Exploration and Evaluation (A\$m)	5	5	23	16	14
Drilling - RAB (m)	40,000	60,000	86,000	88,000	88,000
Drilling - RC/Diamond (m)	65,000	85,000	130,000	140,000	140,000
Land holding ('000 ha)	130	130	130	130	130

** Net profit after extraordinary for FY08 was A\$36m after A\$44.4m pre tax profit on sale of shares in Andean Resources Ltd

Investment Points

Thailand-based KCN is a mid tier gold producer in a strong growth phase.

Transition to new Chatree North leases has strongly lifted grades and production output.

Excellent drilling results from resource drilling Chatree N - indicates likely higher resource grades.

Highly grade sensitive - every 0.1g/t increase in long term resource grade adds A\$1/share to NPV.

Direct costs now below US\$350/ounce (pre royalty), production forecast 147koz this calendar year

Next two quarters (2Q09 and 3Q09) likely to produce record results with bumper grades ~2g/t.

Regional exploration success - Chokdee discovery.

Plant expansion (from 2.4mtpa to 5 mtpa) likely by 2H10 with production to 226kozpa.

Target share range A\$6.50 - A\$7.00/share

Company Comment

Overview: Kingsgate re-listed on the ASX in 1988. It is focused on gold mining and exploration in Thailand where it has benefited from its first mover position in developing significant production operations, a major resource base and a large regional exploration position (which is now producing major new discoveries) in Central Thailand. KCN's Chatree mine has been in production since 2001. **Chatree Production:** After low production (17koz) and operating losses in 2H08 the opening of the Chatree N leases is now providing a significantly higher head grade (1.7g/t 1Q09 versus 1.1g/t 4Q08) and margins (1Q09 cash costs down >50%, to US\$339/oz versus US\$694/oz 4Q08). We are forecasting an increase in gold output to achieve 78koz in 1H09 and cash costs to below US\$300/oz in 2Q09. A review of the proposed plant expansion to 5.0mtpa is underway to "de-risk" expansion and secure financing. We have assumed that expansion will proceed at a capital cost of A\$125m (50% debt funded, balance funded by cashflow), start up by 3Q10. **Chatree and Chatree N Resource Base:** Total reported reserves (Chatree and Chatree N at 30 June 2008) are 33.9mt @1.2g/t (1.39moz) and resources 81.0mt @ 1.2g/t (3.16 moz). KCN expects a major increase in resources and reserves in the next 24 months with an aggressive drill program (5 drill rigs, >100,000m pa) targeting known extensions to mineralisation in the Chatree N leases. KCN expects 1mozpa rate of addition to reserves. The high grade intersections being reported at Chatree N on the W side of the A Pit (e.g. 30m@5.1g/t from surface) and in the northern Q pit (e.g. 16m@9.9g/t) are very encouraging for increased reserve grades. **Regional Exploration:** KCN holds 1300km² surrounding Chatree, with many drill ready targets. The first to be drilled, Chokdee 20km N of Chatree mine, has resulted in a major new discovery. Recently announced drill results include 41m @ 1.2g/t and 20m @ 1.8g/t. The Chokdee gold-in-soil anomaly covers an area (50km²) 30% greater than the Chatree anomaly, confirming its potential to be a Chatree size system, or bigger (Chatree resource ~5moz since start of mining). A >10moz province seems on the cards. **Grade and Gold Price Sensitivity:** Our modeling indicates that every US\$100/oz increase in the gold price, or every 0.1g/t increase in reserve grade increases the NPV by ~A\$1/share. **Investment Comment:** Our NPV is **A\$5.74/share**, (5% DR, US\$850/oz long term Au price, 65% resource conversion) or **A\$6.69/share** at a long term Au price of US\$950/oz. Investors should closely watch the **excellent grades coming out of Chatree N resource drilling which could have a medium term A\$1-A\$2/share effect on valuation** due to possible lifting of resource grades. On top of that, the excellent exploration results indicating a 10moz potential resource base, and 3Q09 decision on plant expansion should keep a positive share price momentum towards **A\$6.50 - A\$7.00/share**.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

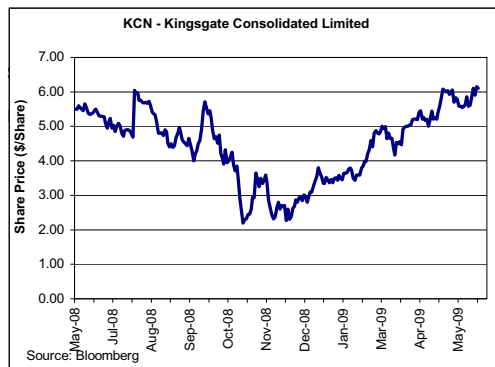
Gold	Classification	Project	Ore	Au	c/off	Au	Au	Eqty
Reserves		Equity	Mt	g/t	g/t	t	koz	koz
Chatree	Total	100%	1.4	2.1	0.5	2.9	100	100
Chatree North	Total	100%	33.9	1.2	0.5	40.7	1,290	1,290
Stockpiles	Total	100%	0.03	1.1	0.5	0.0	3	3
Total			33.9	1.2	0.5	43.7	1,393	1,393

Resources (includes proved and probable reserves)

Chatree	Meas+ind+inf	100%	15.7	1.4	0.5	22.0	690	690
Chatree North	Meas+ind+inf	100%	65.3	1.2	0.5	78.4	2,470	2,470
Stockpiles	Meas+ind+inf	100%	0.0	1.1	0.5	0.0	3	3
Total			81.0	1.2	0.5	100.4	3,163	3,163

Mineralised Material (est., non compliant with JORC)

0.0 0.0 0.0



Contacts

Mr Gavin Thomas
(MD, Chief Executive Officer)
Tel: 61 (2) 8256 4800
Sydney, NSW, Australia
www.kingsgate.com.au

Directors

R Smyth-Kirk (Chairman)
J Falconer (non Exec Dir)
P McAleer (Non Exec Dir)
C Carracher (Non Exec Dir)

Analyst: Dr Tony Parry
tonyparry@rcresearch.com.au

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Chatree	100%	Au	none		CIL 2.4mtpa	Production	Thailand
Chatree North	100%	Au	none		as above	Production	Thailand
Chokdee	100%	Au	none		na	Mid Expl.	Thailand

Kingsgate Consolidated Limited

YEAR END: June Year

ASSUMPTIONS	2007a	2008a	2009F	2010F	2011F
A\$/US\$	0.79	0.90	0.74	0.73	0.76
Gold Price (US\$/oz)	642	834	883	875	853
Gold Price Realised (US\$/oz)	416	854	903	897	851

EQUITY PRODUCTION

Chatree Production (koz)	86	74	95	141	223
KCN Equity Production Gold (koz)	86	74	95	141	223
Cash Costs (US\$/oz)**	462	457	406	296	310

** Cash Cost is direct operating cost before royalties and by product credits

PROFIT AND LOSS (A\$m)

Revenues	62	76	122	184	263
Operating costs	-47	-42	-52	-58	-91
Depreciation/amortization	-8	-9	-9	-17	-33
Exploration Expensed	-4	0	-2	-2	-1
Corporate	-14	-15	-12	-16	-16
Other (incl. Royalties)	-2	-4	-6	-9	-13
EBIT	-13	6	42	83	109
Interest	3	2	2	2	4
Operating profit/loss	-16	3	40	81	105
Tax	3	-12	-17	-24	-31
Minorities	0	0	0	0	0
Net profit/loss	-13	-8	23	57	73
Net abnormal/extraordinaries	0	44	0	0	0
Net profit/loss (reported)	-13	36	23	57	73

BALANCE SHEET (A\$m)

Cash and deposits	5	40	36	24	123
Total current assets	19	57	45	33	131
PP&E	115	140	186	299	274
Total non-current assets	206	147	215	344	333
Total assets	225	203	260	377	464
Total current liabilities	27	16	23	18	23
Reclamation reserves	0	0	0	0	0
Long term debt	1	2	0	63	60
Total non-current liabilities	14	6	5	67	65
Total liabilities	41	22	27	85	88
Equity	184	181	232	292	376
Total debt	21	0	0	63	60
Net debt	16	-40	-36	38	-63
Average shares (fully diluted) (m)	100	101	102	102	102

FLOW OF FUNDS (A\$m)

EBITDA	-5	15	51	100	142
Cash flow from operating activities					
Operating surplus	-18	20	69	124	168
Corporate	-14	-15	-12	-16	-16
Net borrowing cost	-3	-6	-1	-4	-8
Net tax paid	0	0	-3	-26	-24
Net exploration paid	-5	-5	-23	-16	-14
Other non cash items	20	24	32	17	19
Net cash from operating activities	-20	19	63	79	125
Cash flow from investing activities					
Capital expenditure	-8	-20	-53	-130	-8
Asset Sales & Other	-5	57	-39	-16	-14
Net cash from investing activities	-14	37	-92	-146	-22
Cash flow from financing activities					
Net proceeds from issue of shares	11	0	15	0	0
Dividends paid	-4	0	0	-5	-10
Net proceeds from borrowings	21	-20	0	63	-3
Net cash from financing activities	28	-20	15	58	-12
Net change in cash	-6	36	-14	-9	90

PRODUCTION STATISTICS

Chatree					100%
Ore Treated (kt)	2,000	2,405	1,870	2,560	4,750
Head Grade (g/t)	2.40	1.20	1.73	1.90	1.62
Recovery (%)	90	90	91	90	90
Recovered grade (g/t)	2.18	0.96	1.58	1.72	1.46
Gold Produced (koz)	140	74	95	141	223
Equity Production (koz)	140	74	95	141	223
Cash Costs (US\$/oz)	206	462	363	296	310
Production Costs (A\$/t)	18.28	15.87	25.02	22.47	19.10
EBIT (A\$m)	17.4	-13.2	61.3	98.4	122.0

Year

FINANCIAL RATIOS	2007a	2008a	2009F	2010F	2011F
Net debt/equity (%)	3%	-7%	-6%	7%	-11%
Net debt/ net debt + equity (%)	3%	-8%	-7%	6%	-12%
Current ratio (x)	0.7	7.0	3.0	2.2	8.9
EBIT/interest (x)	-5	3	22	34	25
Debt/operating cashflow (%)	na	0%	0%	79%	48%
Exploration/total overhead (%)	22%	2%	11%	9%	8%
EV/EBITDA (x)	-122.9	37.9	11.2	5.7	4.0
Market cap/net cash (x)	-35.3	14.1	15.6	-14.9	9.1
Market cap/book (x)	3.1	3.1	2.4	1.9	1.5

FINANCIAL SENSITIVITIES

% Change in EPS for a 10% increase in:

AUD/USD	-60%	-17%	-23%
Gold Price	66%	19%	25%

% Change in NPV for a 10% increase in forecast minelife commodity assumptions for:

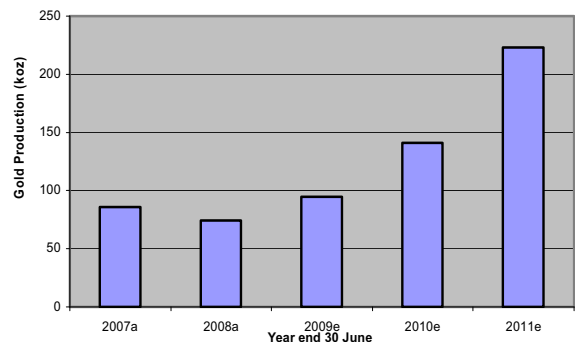
	Base	+ 10%	%
	A\$/share	A\$/share	
Gold Price US\$850/oz	5.72	6.53	14%

VALUATION (A\$m)

Q3 08

Assumptions		Base	"What if"
Long Term Gold Price	:US\$/oz	850	950
Long Term AUUS		0.78	0.78
Projects			
Chatree and Chatree North	100% NPV@5% A\$105/oz	293	329
Based on reserves only			
Resources and Exploration			
Chatree and Chatree North	100% A\$76/oz	240	304
Regional Exploration	100%	75	75
Other			
Assets			
Cash and deposits (2Q09)		36	36
Rehabilitation Fund		0	0
Other		-25	-25
Liabilities			
Debt		0	0
Corporate		-53	-53
Reclamation Reserve		0	0
Net Assets		566	666
Fully Diluted Shares (m)		105	105
Net assets/share (A\$/share)		5.72	6.67
Valuation/Reserve oz	:US\$/oz	158	186
Valuation/Reserve & Resource oz	:US\$/oz	140	164

KCN GOLD OUTPUT TO GROW BY 205% IN NEXT 2.5 YEARS FROM 74koz (FY08) to 226 koz (FY11)



NQM.AU

North Queensland Metals Limited

A\$ 0.30

27 May 2009
Gold, Tin, Copper, Silver, Indium
Australia (QLD)
Production, Advanced Exploration
Exchanges: ASX:NQM

NQM's cashflow of ~A\$15mpa from the 60kozpa Pajingo (QLD) gold operation (NQM 60%) will be applied to NQM's vision of becoming a mid tier gold producer (150kozpa in 5 years) from QLD's Drummond Basin. Recent Dotswood option deal is first step aimed at 100kozpa in 2 years.

Capital Profile

Share price (A\$)	0.30
52 week range (A\$/share)	0.135 to 0.39
Number of shares (m)	147.2
Options and warrants (m)	1.3
Convertible notes (m)	0.0
Fully diluted (m)	148.4
Market capitalisation (undiluted) (A\$m)	44.2
Debt (A\$m) - Jun 09F	0.0
Enterprise value (A\$m)	44.2
Major shareholders: D Walker (27.2%), Newmont Capital Pty Ltd (10.3%) Drill Investments Pty Ltd (5.6%), Heemskirk Consolidated Ltd (4.5%)	
Avg monthly volume (m)	3
Cash (A\$m) - Jun 09F	4.4
Price/Cash (x)	9.9
Price/Book (x)	1.2
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Mar-09a	Jun-09F	2008a	2009F	2010F
Gold Production - NQM equity (koz)	9.8	13.9	12.4	33.3	41.3
Cash Costs (A\$/oz)	725	665	673	639	578
Exploration & Development (A\$m)	0.27	0.80	4.00	2.34	3.20
Corporate (A\$m)	0.75	0.75	1.74	3.29	3.00
Shares on issue (pr end) (m shares)	147.2	147.2	144.6	147.2	147.2
Drilling - RAB (m)	0	0	0	6,000	0
Drilling - Other/Diamond (m)	3,000	3,000	2,000	7,100	14,000
Land holding ('000 ha)*	151	151	68	151	151
Tenement costs (\$k per year)	-	-	-	-	-
Capital Raisings (A\$m)	0.0	0.0	11.4	0.0	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	2.9	4.4	2.6	4.4	16.4
Cash backing (Ac/share)	2.0	3.0	1.8	3.0	11.2
Net asset backing (Ac/share)	22.9	24.6	23.2	24.6	35.3

*Tenements applied for or granted.

Investment Points

NQM primary focus is to grow its gold production (current 36kozpa) to become a mid tier producer.

NQM is 60% owner of the Pajingo gold operation - epithermal gold system (2.3moz production to date).

Pajingo production ~60kozpa, reserves and resources 486koz (@7.5g/t), 5 year LOM, opex ~A\$620/oz.

Option on new QLD gold project (Dotswood) aimed at mining within 2 years, NQM production to ~100kozpa.

Pajingo cash flow (~A\$15mpa) will fund Dotswood drilling & FS, Pajingo Au and Herberton tin exploration.

Multiple Herberton district Sn targets to be drilled based on former high grade mines.

Testing undrilled targets Pajingo epithermal field 2H09..

6 month target A\$0.40 based on NPV, P/E (FY10) 3.3x.

Company Comment

Overview: NQM was listed on the ASX in Dec '06, with a focus on tin/silver/indium deposits in N Qld, in early 2008 it joined the ranks of gold producer with the purchase of a 60% stake in the Pajingo mine.

Pajingo Gold Mine: The Pajingo mine is 53km S of Charters Towers in Central QLD. Initially an open cut, it has operated as an underground mine (ave. grades 11g/t) since 1996, yielding 2.3moz. NQM purchased a 60% stake from Newmont Australia in Dec '07 for A\$18m (cash and shares). The Pajingo ore body comprises a series of steeply dipping narrow epithermal quartz veins. Mining is by a series of declines extending over 4km strike length. Ore is processed through a 500ktpa CIP plant. Current reserves and resources are 2.01mt @ 7.5 g/t for 486 koz (21% in reserve category). NQM's ore throughput rate is 300 ktpa, aiming for sustainable 60koz - 80koz pa (36-48kozpa to NQM) from the current underground operations. Mine life is ~5 years on current resource base. NQM plans to replace resources and extend mine life through a drilling program on its 820km² Pajingo tenements. Drilling commenced in 2Q09 on untested targets. In 1Q09 Pajingo produced 11.7koz (opex A\$725/oz), which was reduced due to weather effects. Encouragingly, unit costs/tonne were down 18%, and a A\$2.2m pre tax profit was reported for the quarter. NQM reported a NPAT for 2H08 of A\$6.4m (after tax credits) and a maiden 1c dividend. NQM is now unhedged - all forward sales have been closed out.

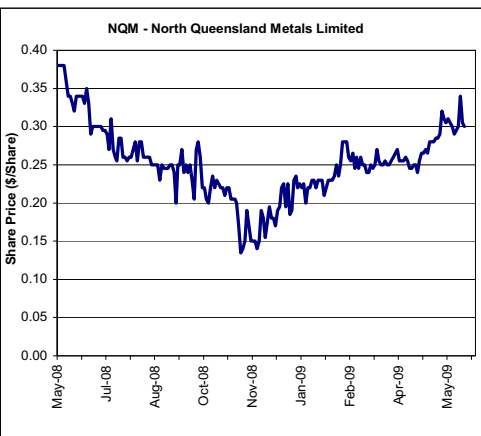
Dotswood Gold Project Option: This is the first stage of a focused strategy aimed at becoming a mid tier 100-150kozpa producer within five years. NQM recently announced it had secured an option over 100% of the Dotswood Gold Project north of Charters Towers (80km by road). NQM describes Dotswood as an 'advanced' gold exploration project, having a history of modest gold production (open pit in 1986-1987, and high grade underground 2000-2004). The option period of 6 months will allow NQM to undertake resource definition drilling, establish an initial resource statement and undertake a scoping study on production - a low cost open pit operation producing free milling ore and possibly a gold concentrate is envisaged (concentrate would be trucked to the Pajingo mill for gold extraction). A BFS would then follow with initial mining targeted in late 2010. This project could potentially provide a doubling of gold produced from the 500ktpa Pajingo mill and see NQM as a >100kozpa producer within 2 years. NQM will pay the vendor a A\$0.22m option fee, then A\$1.9m in cash, 1 million NQM shares and a 1% LOM royalty (A\$2.5m cash/share value plus royalty) on exercise in 6 months.

Herberton Tin/Base Metal Project (100%): NQM has a large inventory of tin prospects in the Herberton district in N Qld, (70km SW of Cairns) which it is planning to increase focus on in 2009. NQM recently announced a doubling of Herberton exploration activity (~A\$2mpa) with a dedicated exploration team to identify targets. Generally the tin prospects are also prospective for base metals mineralisation. NQM's vision of a central processing plant at Herberton treating tin/base metal prospects within the tenements.

Investment Comment: NQM's primary focus is now on increasing equity gold production from the highly prospective Drummond Basin, which is likely to produce a further re-rating. Our NPV of Pajingo stake (5%DR, 60% resource conversion, long term Au price US\$850/oz) is A\$54m, plus Dotswood and Herberton tin/base metals gives a NAV of A\$0.47 per share. Prospective P/E for FY10 is 3.3x. **Our 6 month share price target is A\$0.40 if Dotswood delivers promising drilling results as expected.**

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Gold	Classification	Project	Ore	Au	Cut Off	Au	Au	Au Eqty
Reserves		Equity	Mt	g/t	g/t	t	koz	koz
Pajingo	Proven & Probable	60%	0.5	5.90		3.2	102.0	61.2
Baal Gammon probable ore reserves 3.31mt @ 0.93% Cu, 0.20% Sn, 32.0g/t Ag, 29.3g/t In.								
Resources								
Pajingo	Indicated	60%	0.08	10.1		0.8	26.0	15.6
Pajingo	Inferred	60%	1.39	8.0		11.2	358.0	214.8
Total			1.48	8.1		12.0	384.0	230.4
Mineralised Material (est., non compliant with JORC)						0.0	0.0	0.0



Contacts

Mr John McKinstry
CEO
Tel: 61 (0) 7 3666 0510
Brisbane, (QLD), Australia
www.nqm.com.au

Directors

N Thomas (Non Exec Ch)
D Walker (Non Exec Dir)
B Kay (Non Exec Dir)
M Tilley (Non Exec Dir)

Analyst: Dr Tony Parry
tonyparry@rcresearch.com.au

Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Pajingo	60%	Au,Ag	Heemskirk	epithermal	CIP	Production	Aus(QLD)
Herberton	100%	Sn,Cu,Ag,In	na	volcanics	float	adv expl.	Aus(QLD)
Einasleigh	100%	Sn,Cu	na	volcanics	float	early expl.	Aus(QLD)
Dotswood	100%	Au	na	epithermal	na	mid expl.	Aus(QLD)

NORTH QUEENSLAND METALS LIMITED VALUATION

			Target [^] Price A\$m	Valuation Sensitivity (Low) (High) A\$m A\$m	
Projects	Equity	Gold (moz)	Valuation US\$/oz		
+ Pajingo Gold Project	60%	0.48	146	54	44 60
+ Baal Gammon Project	100%	(2% of gross in ground value - multi metal resource)		8	3 15
+ Herberton Regional Tin Expln	100%			5	2 10
+ Dotswood Gold Project Option				5	0 10
Sub Total				72	49 95
+ Cash (Est Jun '09)				4.4	4.4 4.4
+ Tax Losses				2.2	2.2 2.2
- Debt				0.0	0.0 0.0
- Forward Sales Discount				0.0	0.0 0.0
- Corporate				10.0	10.0 10.0
Sub Total				-3.4	-3.4 -3.4
NQM NET ASSET VALUE				68.6	45.4 91.6
Capital Structure					
Shares (m)				147.2	147.2 147.2
Fully Diluted Shares (m)				149.5	149.5 149.5
NQM NET ASSET VALUE PER SHARE	:A\$/share			0.47	0.31 0.62
NQM NET ASSET VALUE DILUTED	:A\$/share fully diluted			0.46	0.31 0.61

[^]Pajingo target price based on RCR long term gold price forecast of US\$850/ounce, A\$/US\$ = 0.78

PAJINGO GOLD PROJECT (NPV based on reserves +60% of current resource)

		Equity		Sensitivity			
LONG TERM GOLD PRICE [^]	:US\$/oz	600	700	800	900	1000	
LONG TERM EXCHANGE RATE	:AU\$/US\$	0.78	0.78	0.78	0.78	0.78	
PAJINGO GOLD PROJECT NPV @ 5% NOMINAL	:A\$m 60%	50	51	53	55	60	
PAJINGO GOLD NPV @ 5% NOMINAL	:US\$m 60%	39	40	41	43	47	
NPV/SHARE	:A\$/share	0.34	0.35	0.36	0.37	0.41	

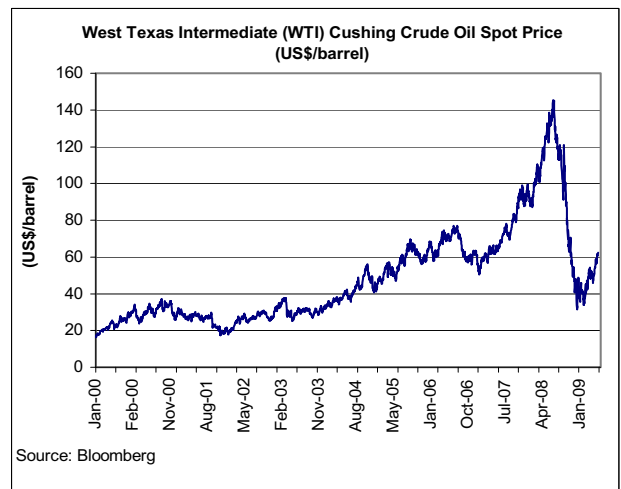
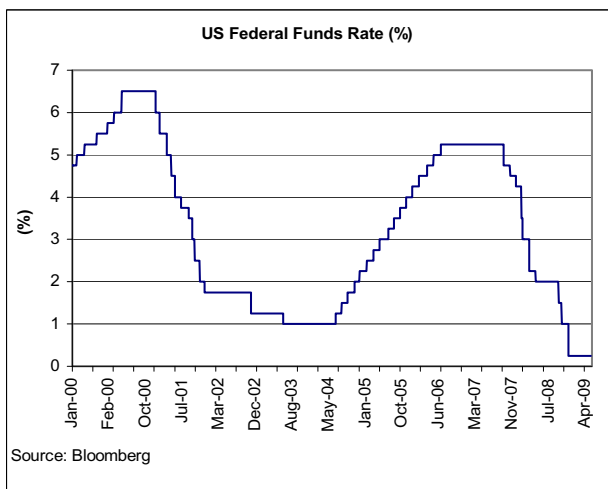
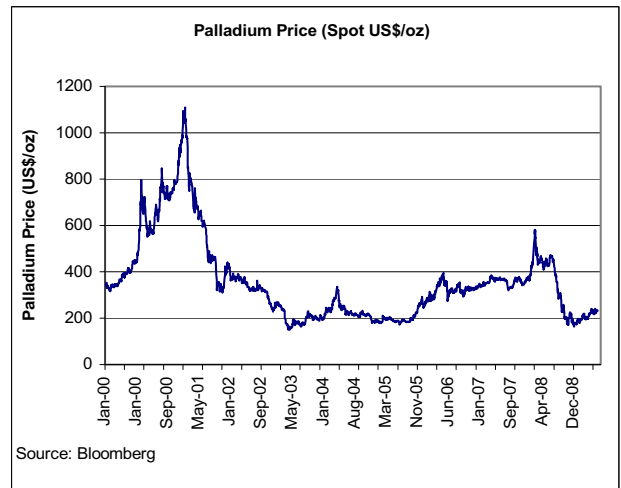
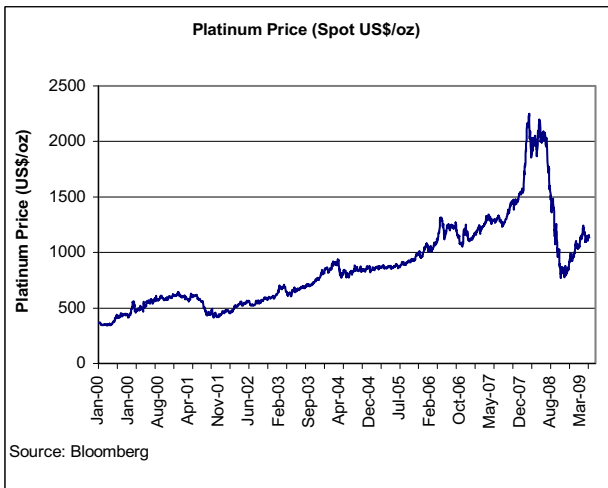
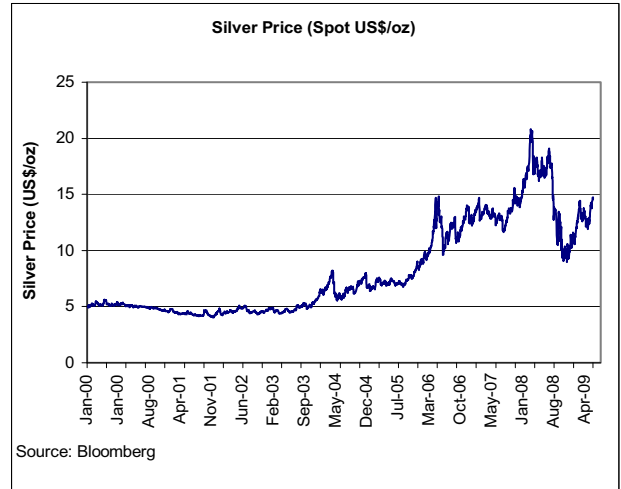
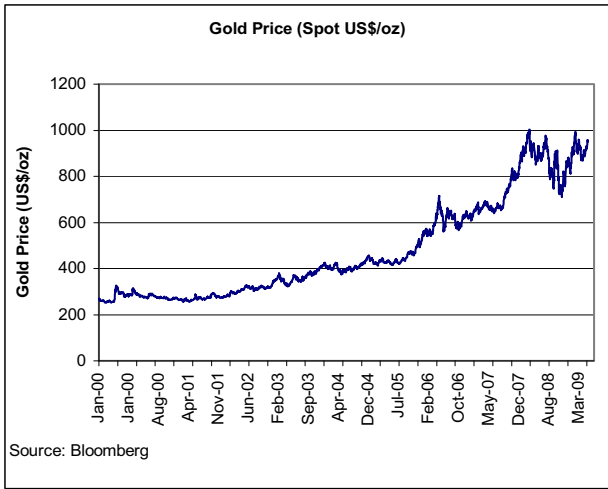
[^]Gold price forecasts are US\$900/oz in calendar 2009, thence linear increase to long term price indicated, from 3Q 2012 on.

PAJINGO GOLD PROJECT KEY ASSUMPTIONS DERIVED FROM 2008 AND 2009 YTD OPERATING DATA

RESOURCE ESTIMATES			
Life of Mine Resource			
	Mt	Gold gt	koz
Current reserve	0.50	5.90	102
Current resource	1.48	8.10	384
Total	1.98	7.89	486
Total LOM ore**	1.39	7.54	337
**Based on 60% conversion of current resources to reserves.			
MINING METHOD	Underground narrow vein mining		
PROCESS METHOD	Dedicated CIP Gold Plant (0.75 mtpa nominal capacity)		
PRODUCTION RATE	:mtpa	0.30	
	:kozpa	70	
CAPITAL COSTS (Based on A\$18m purchase of 60%)	:A\$m	30 Plus sustaining capex of 3%	
RECOVERY - GOLD	:%	95 Based on current operations	
OPERATING COSTS	:A\$/t	135	
	US\$/oz	415	
TAX	:%	30	
ROYALTY (QLD)	:%	2.7	
MINE LIFE	:Years	5	
CASH COST	:A\$/oz	620	

Selected Charts and Gold Sector Statistics

Precious metal prices, interest rates, and oil price charts.



Gold production by country (calendar year 2007).

China emerged as the world's largest gold producer in 2007 – production 280.5t.

Gold Mine Supply 2007			
Country	t	moz	%
China	280.5	9.0	11.3
South Africa	269.9	8.7	10.9
Australia	246.3	7.9	9.9
United States	239.5	7.7	9.7
Peru	169.6	5.5	6.9
Russia	169.2	5.4	6.8
Indonesia	146.7	4.7	5.9
Canada	101.2	3.3	4.1
Top 8	1,622.9	52.2	65.5
Rest of World	<u>853.0</u>	<u>27.4</u>	<u>34.5</u>
Total	2,475.9	79.6	100.0

Source: Newcrest, GFMS

Gold production by producer, 4Q08 and calendar 2008

The top 10 global producers' output of 31.2moz in 2008 represents 40% of total global production (est. 77.7moz).

Top 10 4Q08 (koz)		Top 10 2008 (koz)	
Company		Company	
Barrick Gold	2,100	Barrick Gold	7,663
Newmont Mining	1,337	Newmont Mining	5,180
AngloGold Ashanti	1,265	AngloGold Ashanti	4,979
Gold Fields	839	Gold Fields	3,329
Goldcorp	692	Goldcorp	2,323
Kinross Gold	550	Kinross Gold	1,840
Freeport-McMoRan	466	Newcrest Mining	1,751
Harmony Gold	392	Harmony Gold	1,661
Newcrest Mining	383	Freeport-McMoRan	1,255
Lihir Gold	315	Buenaventura	1,212
Total	8,339	Total	31,193

Source: GFMS

Top ten gold producers by market capitalisation.

Market Capitalisation (US\$ billion) *	
Company	
Barrick Gold	22.9
Goldcorp	19.5
Newmont Mining	17.1
Freeport-McMoRan	14.1
AngloGold Ashanti	11.2
Kinross Gold	10.0
Newcrest Mining	9.5
Gold Fields	7.3
Agnico Eagle Mines	7.2
Yamana Gold	5.6

* as at March 12 2009

Source: GFMS

Report Contributors

Tony Parry: Tony has extensive experience in metallurgical process development, (working with MIM Limited for five years) and in mining equity research, equity sales and mining corporate finance (working in London for five years and subsequently Perth). He was a founding Director and CEO of an ASX listed exploration company and has been engaged extensively as a strategic planning consultant to many small-medium enterprises. Tony's qualifications include a BSc (Hons) in Metallurgy and a PhD in Metallurgy from the University of NSW.

John Wilson: John has a background in mining, finance and equity research. He worked on Wall Street for 6 years and has covered US, Australian and Latin American mining stocks. He has also worked with BHP in their minerals division. Qualifications include an MBA from the Wharton School of the University of Pennsylvania and a Bachelor of Engineering from the University of Sydney.

Trent Allen: Trent has a BSc (Hons) and a PhD from the University of Sydney, specialising in the petrology, trace-element geochemistry and economic geology of alkaline igneous rocks. His Australian mining industry experience includes several years with Newcrest's Cadia Valley gold/copper mines, where he was engaged in resource definition and geotechnical engineering. Trent has also worked as an exploration consultant, university lecturer in geology and civil engineering, and as a newspaper editor with Fairfax in Sydney.

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Resource Capital Research
ACN 111 622 489
www.rcresearch.com.au

Suite 1306
183 Kent Street
Sydney, NSW 2000

Tel: +612 9252 9405
Fax: +612 9251 2859
Email: johnwilson@rcresearch.com.au

www.rcresearch.com.au

Resource Capital Research
Suite 1306
183 Kent Street
Sydney, NSW 2000

T: +612 9252 9405
F: +612 9251 2859
E: info@rcresearch.com.au

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