Austock Securities

Catalpa (CAH)

Edna May de-risked & banked to bottom-line soon

1 June 2010

Opinion Data

Recommendation	**Buy**
Risk Rating	**High**
Current share price	**$1.46**
12 month target price	**$2.45 (from $2.30)**
DCF Valuation	**$1.88 (from $1.75)**
Market cap (excl opt's)	**$235m**

Edna May delivery; Potential for 100% Cracow

- We expect Edna May (EM) mill ramp-up to potentially exceed 2.8Mtpa nameplate capacity, and achieve 100kozpa full prod run rate target (see It's all about Edna May for now). We de-risk our Edna May NAV from 80% to 100%, resulting in +16% increase in our NAV.
- Potential for 70% of Cracow to become available if NCM LGL merger successfully proceeds Aug 2010 (see Cracow: Better in than out).

Trading at 76% discount; Moves to #2 pick

Current spot implies $2.55/share NAV, CAH last traded at 76% discount. At spot, 2yr forward EPS is 34cps (4x PE). We recommend topping up to take advantage of discount and especially now as CAH becomes our #2 pick (up from #3) of ASX mid golds under coverage.

3Q prod inline, costs higher; Guidance intact

6.4koz Cracow gold prod at A$610/oz cash cost (-1%, +9% vs. Austock) was reported for 3Q. Costs higher due to lower milled grade of 6.15g/t Au (-9% vs. Austock). FY10 Cracow guidance maintained at 100koz (vs. 98koz at $512/oz Austock estimate).

Estimates sensitive to de-risking & proposed tax

- We've adjusted NAV +7% to $1.88/share and EPS FY10 -5 to -3.5cps, FY11 +6 to 28.1cps, FY12 -2 to 26.8cps (5x PE).
- De-risking is substantial driver of our NAV upgrade, countered by worst case scenario of proposed resources tax (-3%) and Cracow cash cost actuals (-4%). Further upside if RSPT capital allowance rate (see Proposed tax impact is relatively minorProposed tax) incr. by 5% to 11.5% (+4% NAV to $1.96).
- EPS estimates impacted by capitalisation of Edna May prod. ramp-up, with profits not banked to bottom-line till July (Austock expectation).

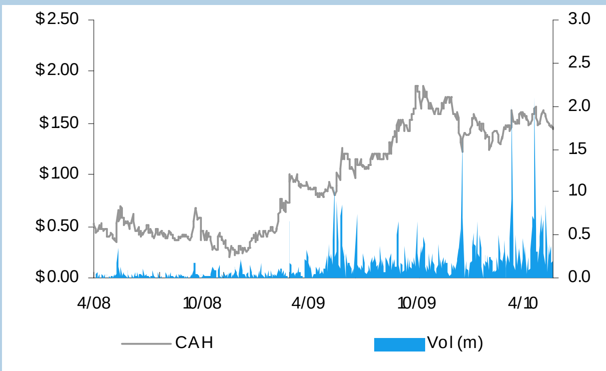
Earnings Forecasts

Y/e Jun ($m)	FY'10F	FY'11F	FY'12F	FY'13F
Revenue	20.4	166.8	172.5	191.0
EBITDA	3.0	84.8	84.5	102.0
EBIT	(5.1)	72.4	75.3	90.5
NPAT (reported)	(5.7)	45.9	43.8	55.4
NPAT (adjusted)	(5.7)	45.9	43.8	55.4
Adjusted EPS (cps)	(3.5)	28.1	26.8	33.9
EPS Growth (%)	0%	0%	-5%	27%
DPS (c)	0.0	0.0	0.0	10.2
Dividend Yield (%)	0.0%	0.0%	0.0%	7.0%
PE adj. (x)	-	5.2	5.4	4.3
EV / EBITDA (x)	95.6	2.7	2.1	1.3
EV / EBIT (x)	(56.1)	3.2	2.4	1.5
Gearing (%)	30%	-4%	-31%	-57%
EBIT Margin (%)	0.0%	41.9%	40.6%	45.2%
Interest Cover (x)	(1.3)	16.4	35.2	>50

Earnings Adjustments

Y/e Jun ($m)	FY'10F	FY'11F	FY'12F	FY'13F
Previous NPAT ($m)	2.8	37.3	46.3	53.2
Change in NPAT (%)	-301%	23%	-5%	4%
Previous EPS (cps)	1.7	22.2	28.4	32.7
Change in EPS (%)	-312%	27%	-6%	4%

CAH Share Price / Volume



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IT'S ALL ABOUT EDNA MAY FOR NOW

EDNA MAY PROGRESS AND EXPECTATIONS

- During RIU conference, CEO Bruce McFadazean mentioned that its Edna May project is going through a trouble free commissioning, with the mill virtually at and in some instances has exceeded 2.8Mtpa nameplate capacity. It was also mentioned that during performance testing 2.9Mtpa rate was being targeted.
- 1st gold pour occurred Apr 2010, and was announced to market on 29 Apr, ahead of original Jun guidance. This is a great feat for a gold project to be delivered ahead of time and under budget. This is a credit to both CAH management and its Edna May plant EPCM contractor, GR Engineering.
- Commissioning and ramp-up mill feed is expected to be ore grading 0.8 g/t Au (73% of Edna May Ore Reserve grade). In our view, utilising such high ore grade feed demonstrates confidence in CAH's Mineral Resource and reconciliation to geological model. We wait in anticipation to confirm our expectation.
- We expect the following Edna May open pit milestones to be achieved:
  1. Jul 2010: nameplate mill capacity is expected to be at steady steady state operation and plant performance testing to be indicating 70% of full production has been achieved. At this point, we expect ounces to become bankable to bottom line profits. Please note that CAH management have stated this could be achieved as early as Jun 2010, signalling potential upside to our estimates.
  2. Dec 2010: 100kozpa gold production at the full run rate.

EDNA MAY RESERVE UPGRADE; MORE TO COME

- Edna May Ore Reserves has increased 6% from 954koz (1.09 g/t Au) to 1.012Moz (1.06 g/t Au), net of mine depletion. The latest Ore Reserve estimate has changed as follows:
  1. +37koz for Golden Point (up to 300m depth)
  2. +28koz for existing Ore stockpiles (0.65 g/t Au) that have now become economic for blending at the Edna May open pit operation
  3. -7koz for Edna May mine (1.09 g/t Au) depletion to date
- Please note that the cut off grade has been maintained at 0.4g/t Au and there has been no change in gold price.
- Lots of good drill results have been reported for Golden Point and Golden Point Gneiss beyond 300m depth, and NOT included in this Ore Reserve estimate.
- Impact of Ore Reserve growth already factored into our estimates.
- We estimated Group Ore Reserves (incl. 30% Cracow) to grow to 1.47Moz, but we've since revised our estimate slightly to 1.44Moz (incl. 1.35Moz for Edna May). This resulted in a 2% reduction in our NAV, as detailed in Table 1.

EDNA MAY U/G BY 2012; GOLDEN POINT O/P NEXT

- In our view, once Edna May gold production run rate is achieved, we expect CAH's next focus will be on potential developments at Edna May underground and Golden Point open pit.
- Drilling to date at both orebodies indicates that grade has the potential to substantially exceed 1.09 g/t Au Edna May Ore Reserve grade quite substantially. Once a sizeable Mineral Resource has been developed for either project we will incorporate into our estimates.

- We are expecting an updated Mineral Resource by Dec 2011, CAH management have guided that this will incorporate both Edna May Gneiss and Golden Point orebodies.
- CAH expects the Edna May underground to contribute 40 to 50kozpa in 2012, and has suggested it could contribute 200 to 400ktpa ore @ 7 g/t Au grade.
- CAH management have suggested that the open pit operation would potentially be scaled back to 90kozpa, with the underground making up the balance and an additional 30 to 40kozpa. Total gold production run rate from the combined open pit and underground operations is expected to be 140 to 150kozpa.
- Best intersections averaging around 6 g/t Au at Edna May Gneiss (noting that it remains open at depth) to date include:
    1. 3.29m @ 39.1 g/t Au
    2. 44m @ 6.1 g/t Au
    3. 36m @ 6.2 g/t Au
    4. 9.35m @ 8.7 g/t Au
    5. 15m @ 4.2 g/t Au
    6. 17m @ 6.1 g/t Au
- Best intersections averaging around 2 g/t Au at Golden Point Gneiss to date include:
    1. 8m @ 3.39 g/t Au
    2. 9m @ 4.79 g/t Au
    3. 14m @ 2.57 g/t Au
    4. 21m @ 1.89 g/t Au

PROPOSED TAX IMPACT IS RELATIVELY MINOR

CRACOW SAVES CAH ON PROPOSED RESOURCES TAX

- Under the proposed tax, Cracow is the key driver of potential tax benefits for CAH.
- At Austock's commodity and FX assumptions, and assumed Cracow mine life of 5.5yrs, $9.3m RSPT value of loss generated can be transferred to Edna May.
- For Edna May, we assume 11.5 yrs mine life out to 2021.
- Cracow RSPT has a +1% impact on our NAV, while Edna May accounts to -4% impact.
- Despite the higher capital starting base of Edna May to calculate RSPT vs. CAH's 30% share in Cracow, Edna May is a higher margin mine given the locked in hedged gold price of A$1557/oz for 350koz gold production and our forecasted mine plan. As such Edna May is impacted by the tax more significantly than Cracow. On our estimates Cracow is a low margin mine with a relatively short mine life (5.5yrs out to 2Q'FY16), but despite the low capital starting base it is a relative beneficiary under the proposed tax given the RSPT value of loss generated.
- In summary, CAH's two mines compare as follows:
    1. Capital starting base: $70.6m Edna May, $36.8m Cracow (Delta = $40m)
    2. Mine life estimation: 11.5yrs Edna May, 5.5yrs Cracow (Delta = 6yrs)
    3. 5yr avge operating margin: A$816/oz Edna May, A$668/oz Cracow (Delta = $148/oz)

- In conclusion RSPT benefits those mines with a short mine life and low operating margin (namely Cracow).
- Mines with a long mine life and high operating margin (namely Edna May) are on a relative basis disadvantaged.
- Furthermore, a higher capital starting base for long life, higher operating margins only partially assists when indexing against the 10 yr government bond rate of 5.5%. As such a higher capital allowance rate is required to lessen the impact (see **10% breakeven allowance rate**).

10% BREAKEVEN ALLOWANCE RATE

- CAH has a capital starting base of $107.4m to calculate RSPT (see **Proposed resources taxation summary**) for its mines as at December 31 2009:

  a) Edna May: $70.6m (carrying value of property, plant and equipment and exploration)

  b) 30% share in Cracow: $36.8m (original carrying value of a 30% share in Cracow's property, plant and equipment and exploration; and not the acquisition value reported in CAH's financials)

- CAH valuation is sensitive to changes in the allowance rate (see **RSPT allowance lags cost of capital fina**) to factor in the cost of capital and in fact enforce an equal sharing in project value:

  a) At 5.5% (currently proposed) allowance rate, RSPT reduces CAH NAV by 3%

  b) At 11.5%, NAV increases by 1% (+4% vs. a).

  c) Noting, our CAH break-even NAV occurs at a 10% Allowance Rate

- Essentially the NAV impact of the proposed tax disappears with a relaxation of the capital allowance rate, and in fact has the potential to offer a small positive.

PROPOSED RESOURCES TAXATION SUMMARY

- The Federal Government has proposed an all-in package applying to Australian mineral resource and extraction, to come into effect via a staged approach from 1 Jul 2011:

  a) RSPT by 1 Jul 2013

  b) Exploration Rebate by 1 July 2012

  c) Company tax rate cut by 1 Jul 2013

  d) Infrastructure fund by 1 July 2013

- Federal Government is now in the negotiations process with the large miners affected by the tax, with changes likely bedded down and eventually legislated by late 2011.

- We will discuss the full impact and detail of the proposed Resources Taxation in future research. The purpose of this discussion is to highlight the key negatives as they relate to OZL.

- Resources Super Profits Tax (or RSPT) or in our view, is essentially a tax that is not ReSPecTing the contributions made by the mining sector. RSPT will be charged at a rate of 40% of assessable resources profits (assessable revenue less deductible expenses including capital allowance)

- In our view, it is essentially a retrospective tax trying to punish existing miners. We see the following as key negatives of the tax:

  1. Capital starting base for existing assets is deemed as the accounting book value as at the last accounting period, and

  2. Allowance rate is the rate is used to uplift the RSPT capital account. In our view, this ignores the cost to develop and finance projects.

  3. Accelerated depreciation for existing projects is only applicable to expenditure prior to 2nd May 2010.

METALS MINING PROJECTS ARE NOT RISKLESS ASSETS

- Metals mining projects are not risk free, as the proposed RSPT implies. Issues which are potentially faced by developers and operators include:

  1. Long lead times from Mineral Resource definition to Feasibility Study and then finally to construction and operation

  2. Commissioning ramp-ups which are not always

  3. General mine plan variations, including grade delivering below or above expectations

- These are some of the key items that add to capital and operating risk volatility that metals mining projects have to bear

- Add to this the commodity prices and FX rates which are inherently volatile.

- On a cumulative basis, all these effectively increase the cost of both equity and debt in our view.

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RSPT ALLOWANCE LAGS COST OF CAPITAL FINANCE

- "RSPT (deemed interest) allowance rate is used to uplift the RSPT capital account to ensure its real value is maintained over time"[1].
- It should be noted that the Federal Government's current proposal is to set this annually at the 10 yr government bond rate, currently at 5.5%.
- In our view the RSPT allowance rate doesn't reflect the mining industry's true cost of capital. The cost of finance is specifically excluded in calculating the deductions for the RSPT liability. In our view it doesn't represent 'real value' sharing as the Attorney General's department aptly put it. Furthermore, in our view, value shouldn't imply cost only.
- We continue to value CAH and all gold companies under coverage at a 6% discount rate, although it should be noted the interest rate for financing varies from project to project. For example, Edna May financing organised through Macquarie Bank attracts an interest rate of 9.1%.
- In our view, the RSPT allowance rate fails to factor in such project development risks or costs to miners, noting these vary by commodity and project.

CRACOW: BETTER IN THAN OUT

IS CRACOW POTENTIALLY FOR SALE AGAIN?

- Inline with its stated acquisition criteria, we would expect NCM to put its focus on operations with a production potential of greater than 200koz. We expect this moreso post merger completion with LGL (the "Combined Entity") in Aug 2010.
- We expect the Combined Entity to evaluate its options for its junior gold producing operations: Mt Rawdon, Cracow (70% share) and potentially Bonikro (Especially if the expansion to 250kozpa proves hard to get off the ground. In our view, given the political instability and hence no news of an Ivory Coast election date post Feb 2010 government dissolution, we expect the Bonikro expansion mining licence granting to take longer than 3Q'CY10 and we're not sure the Combined Entity will want to bother with such a delay risk).
- In our view, all three assets do not naturally belong in the Combined Entity post merger completion. More specifically, Cracow will potentially be up for sale, but at what price this time around?
- Cracow was up for sale in Apr 2008. At the time, Beadell Resources (BDR.ASX) offered $200m for NCM's 70% share in Cracow and $80m for the remainder owned by Lion Selection (LST.ASX). It should be noted that spot gold was trading at A$991/oz and currently is trading around A$500/oz higher at A$1446/oz, although the proposed resources tax was not around.
- We currently value, CAH's 30% share in Cracow at $60m or a 25% discount to the proposed BDR acquisition price of LST's JV stake. The see-through price for 70% of Cracow based on the proposed acquisition price and our NAV is $150m.
- Assuming spot commodity and FX, including the impact of the proposed resources tax, our NAV for a 70% share of Cracow increases to $191m.
- Therefore, we expect a potential acquisition price for 70% of Cracow could range between $150 to $190m. In our view, we expect CAH will only be interested in a potential deal if they can see sufficient value add potential to complement its growth oriented Edna May operation.

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[1] "The Resources Super Profits Tax – A Fair Return to The Nation", Attorney General's Department, 2010

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WHAT VALUE COULD CAH ADD TO CRACOW?

- CAH management already have their eye on the potential prize of owning and operating 100% Cracow.
- CAH's growth strategy out to 2012 includes a potential 3rd project. It has been stated that this could potentially involve acquisition of NCM's "70% of Cracow which may become available conditional on a reasonable valuation and desire to sell".
- In our view, NCM has the desire to divest, but of course at the right price, noting the goal posts have shifted somewhat (see **Is Cracow potentially for sale again?**). The second point of a reasonable valuation is in our view between the $150 to $190m range, and towards the low to mid point end.
- Cracow operatorship would enable CAH to focus on defining Ore Reserves from its very prospective mining lease. It should be noted, that recent resource definition drilling at Cracow intersected the following, near surface, high grade zones in the Phoenix structure:
  1. PHU001: 3.1m @ 26 g/t Au from 99m
  2. PHU004: 8.3m @ 16 g/t Au from 107m

Table 1: Revised estimates including breakdown of changes

		EPS adjusted				Net Debt/(Net Debt + Equity)				Total Capex				DPS			
	NAV	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Revised estimate	**1.88**	**-1.27**	**-3.52**	**28.10**	**26.80**	**-260%**	**30%**	**-4%**	**-31%**	**3.93**	**92.72**	**6.76**	**4.86**	**0.00**	**0.00**	**0.00**	**0.00**
Change vs. previous estimate (%)	**7%**	**-56%**	**-312%**	**27%**	**-6%**	**0%**	**-2%**	**-187%**	**19%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Breakdown of changes (%):																	
Commodity & FX / FY09 actual / shares on issue	0%	-56%	70%	3%	0%	0%	-4%	-24%	4%	0%	0%	0%	0%	0%	0%	0%	0%
Edna May capitalised prod.	0%	0%	-381%	22%	0%	0%	0%	-192%	32%	0%	0%	0%	0%	0%	0%	0%	0%
1Q'CY10 actuals	-4%	0%	-1%	2%	-7%	0%	2%	28%	-19%	0%	0%	0%	0%	0%	0%	0%	0%
Austock Mineral Resource estimate	-2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Production ramp-up complete by end July 2010	16%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
RSPT - Edna May	-4%	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
RSPT - Cracow	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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Catalpa Resources

NFPOS	**161 m**	**Price**	**$1.46**	**Date**	**1-Jun-10**
Options	**18 m**	**Market Cap**	**$235 m**	**Model Update**	**1-Jun-10**

PROFIT & LOSS (A$m)

Y/E 30 Jun	FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
Sales Revenue	**0.0**	**20.4**	**166.8**	**172.5**	**191.0**
Operating Costs	0.0	8.5	66.3	72.5	75.7
Depreciation	0.2	6.8	15.4	15.6	17.4
Royalties	0.0	0.8	6.8	7.2	4.9
Exploration, R & D	3.3	1.5	3.0	2.4	2.4
Other Costs	3.7	6.9	6.0	6.0	6.0
EBIT	-7.1	-3.8	69.4	68.9	84.6
Net Interest expense	0.3	-2.1	-3.8	-0.8	1.0
Prof Pre Tax & Abnormals	-6.8	-5.9	65.6	68.1	85.6
Tax Excluding Abnormals	0.0	-0.2	19.7	24.3	30.2
Operating Profit after Tax	**-6.8**	**-5.7**	**45.9**	**43.8**	**55.4**
Less Minorities	0.0	0.0	0.0	0.0	0.0
NPAT (pre-Abs)	**-6.8**	**-5.7**	**45.9**	**43.8**	**55.4**
Plus Abnormals - Pre Tax	0.0	0.0	0.0	0.0	0.0
Less Tax on Abnormals	0.0	0.0	0.0	0.0	0.0
Reported Profit	**-6.8**	**-5.7**	**45.9**	**43.8**	**55.4**

BALANCE SHEET (A$m)

Y/E 30 Jun	FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
Current Assets					
Cash and Bullion	32.3	19.7	53.5	75.2	107.7
Other	4.4	8.4	8.4	8.4	8.5
Non-Current Assets					
Investments	0.0	0.0	0.0	0.0	0.0
Fixed Assets	9.0	173.8	177.2	179.2	178.4
Other	3.7	3.7	3.7	3.7	3.7
Current Liabilities					
Borrowings	0.0	7.8	7.8	7.8	7.8
Creditors	4.1	5.4	5.4	5.4	5.4
Other	0.1	1.0	0.7	0.7	0.7
Non-Current Liabilities					
Borrowings	0.1	62.1	39.1	14.1	0.0
Other	0.4	10.6	10.6	10.6	10.6
SHAREHOLDERS FUNDS	**44.6**	**118.7**	**179.1**	**227.8**	**273.6**

CASHFLOW STATEMENT (A$m)

Y/E 30 Jun	FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
Cash Flows From Operating Activities					
Receipts From Customers	0.0	38.9	176.0	172.5	191.0
Payments To Suppliers	-3.3	-16.6	-70.6	-72.5	-75.7
Other	0.3	-10.4	-26.9	-33.4	-41.8
Cash Flows From Investing Activities					
Acq.of Property, Plant and Equi	-3.9	-92.7	-6.8	-4.9	-4.0
Exploration Expenditure	-1.5	-15.0	-15.0	-15.0	-15.0
Other	-3.1	4.4	0.0	0.0	0.0
Cash Flows From Financing Activities					
Proceeds From Borrowings	0.0	65.0	0.0	0.0	0.0
Repayment of Borrowings	0.0	-3.0	-23.0	-25.0	-14.1
Other	41.1	16.9	0.0	0.0	-8.0
Net Increase In Cash Held	**29.5**	**-12.6**	**33.7**	**21.7**	**32.5**
Cash At Beginning of Year	2.8	32.3	19.7	53.5	75.2
Cash At End of Year	32.3	19.7	53.5	75.2	107.7

PRICE ASSUMPTIONS

Y/E 30 Jun		FY'10F	FY'11F	FY'12F	FY'13F
Exchange Rate	A$/US$	0.89	0.85	0.85	0.85
Gold	US$/oz	1,080	1,050	975	950
Gold	A$/oz	1,213	1,235	1,147	1,118

BOARD

Peter Maloney, Chairman	Bruce McFadzean, Managing Director
John Rowe, Non executive Director	Murray Pollock, Non executive Director
Barry Sullivan , Non executive Director	Graham Freestone, Non executive Director

KEY RATIOS

Y/E 30 Jun		FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
EBITDA	$m	-6.9	3.0	84.8	84.5	102.0
EBITDA Margin	%	0%	14%	51%	49%	53%
EBIT Margin	%	0%	0%	42%	41%	45%
NPAT Margin	%	0%	0%	46%	44%	48%
ROE	%	-15%	-5%	26%	19%	20%
ROA	%	-7%	-2%	20%	17%	19%
NTA per share	$	0.08	0.74	1.11	1.41	1.70
Eff Tax Rate	%	0%	4%	30%	36%	35%
Interest Cover	x	>50	-1.3	16.4	35.2	>50
Net Gearing	%	-72%	42%	-4%	-23%	-37%
Net Debt /Net Debt plus Equity	%	-260%	30%	-4%	-31%	-57%

VALUATION PARAMETERS

Y/E 30 Jun		FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
EPS	c	(1.3)	(3.5)	28.1	26.8	33.9
P/E	x	-	-	5.2	5.4	4.3
Enterprise Value	$m	750	285	228	181	135
EV / Sales	x	-	-	-	1.1	0.7
EV / EBITDA	x	-	95.6	2.7	2.1	1.3
EV / EBIT	x	(109.6)	(56.1)	3.2	2.4	1.5
Price / NTA	x	1.6	2.0	1.3	1.0	0.9
DPS	c	0.0	0.0	0.0	0.0	10.2
Dividend Yield	%	0.0	0.0	0.0	0.0	7.0
Franking	%	0.0	0.0	0.0	0.0	100.0
CFPS	$	(0.0)	0.1	0.5	0.4	0.5
P / CFPS	x	(7.0)	19.7	3.0	3.5	3.2
NFPOS	m	537.7	161.3	161.3	161.3	161.3

DCF VALUATION & SENSITIVITY

NAV	A$M			
EDNA MAY (all)	217	**	DCF at 6% real	
CRACOW (CAH)	60		Long Term Gold US$/oz	800
Net (Debt)/Cash	-50		Long Term A$/US$	0.80
Hedge Book + Other	84	***		
Exploration + Corporate	-7			
TOTAL NAV	**304**			
TOTAL NPV (A$/share)	**1.88**			

** De-risking with full prod by July 2010. Now 100% (from 80%)

*** 0.3523 Moz hedged at A$1,557/oz average

ATTRIBUTABLE PRODUCTION PROFILE

Y/E 30 Jun		FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
PROJECT/DIVISION		('000oz)				
EDNA MAY (all)	100%	0	15	100	98	112
CRACOW (CAH)	30%	0	16	29	28	31
TOTAL PRODUCTION '000oz		**0**	**31**	**129**	**126**	**143**

COST AND MARGIN ANALYSIS (A$/oz)

Y/E 30 Jun	FY'09A	FY'10F	FY'11F	FY'12F	FY'13F
Edna May cash costs	0	0	582	614	565
Cracow cash costs	0	512	429	436	397
Cash Operating Costs	0	529	548	574	528
Total Operating Costs	0	850	738	769	698
Gold Price Received	0	1,238	1,366	1,366	1,334
Total cost margin (A$/oz)	0	387	627	597	636

RESERVES & RESOURCES

Reserves/Resources	Ounces (Millions)	Mine Life (Years)
Published Reserves	1.08	8.5
Published Resources	1.91	13.9
Estimate	1.44	11.3

Austock Securities

Directory

Equities Research Team

Melbourne

Craig Stranger	**613 8601 2010**	**Head, Emerging Companies**
Paul Jensz	613 8601 2068	Agribusiness & Energy
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John Burgess	613 8601 2018	Consumer Services
Andrew Chambers	613 8601 2605	Infrastructure
Andrew Cleeland	613 8601 2065	Quantitative/Data
David Grossman	613 8601 2616	Professional Services
Maribel Quiza	613 8601 2085	Emerging Companies
Andrew Shearer	613 8601 2624	Resources

Sydney

Lawrence Grech	612 9233 9635	Resources
Stefan Hansen	612 9233 9612	Energy
Anna Kassianos	612 9233 9603	Resources
Rohan Sundram	612 9233 9638	Gaming / Small Property

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Melbourne

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Stuart Low	613 8601 2022	Research Sales
Chris Walker	613 8601 2038	Senior Research Sales
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Sydney

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Doc Cromme	612 9233 9608	Senior Research Sales
Gavin Todd	612 9233 9639	Senior Research Sales
James Wilson	612 9233 9607	Head of Sydney Sales

Asia

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Damien Brown	613 8601 2636	Client Adviser
Richard Endersbee	613 8601 1954	Client Adviser
Nick Fitzsimmons	613 8601 2029	Client Adviser
Thomas Ha	613 8601 2658	Client Adviser
Kate Hanrahan	613 8601 2058	Client Adviser
Melanie Hawgood	613 8601 2055	Client Adviser
Michael Heffernan	613 8601 2053	Senior Client Adviser
Xiaoming Huang	613 8601 2088	Client Adviser
Peter King	613 8601 2002	Client Adviser
Peter Mason	613 8601 2015	Client Adviser
Daniel McFarlane	613 8601 2639	Client Adviser
Luke Pavone	613 8601 2071	Client Adviser
Paul Shen	613 8601 2677	Client Adviser
Stephen Sun	613 8601 2001	Client Adviser
Patrick Trindade	613 8601 2669	Client Adviser

Sydney

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Josh Graham	612 9233 9645	Client Adviser - Options
Jason Norval	612 9233 9625	Client Adviser
Mark Schwarz	612 9233 9642	Client Adviser - Options
Peter Semaan	612 9233 9649	Client Adviser
Edward Tao	612 9233 9609	Client Adviser

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Melbourne

Dale Moroney	**613 8601 2035**	**Managing Director**
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Stephen Nossal	613 8601 2017	Director
Jonathan Tooth	613 8601 2006	Director
Richard Fox	613 8601 2030	Associate
Terence Wong	613 8601 2651	Associate
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Yehuda Gottlieb	613 8601 2618	Analyst

Sydney

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Austock Securities

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Recommendation Criteria

Investment View

Austock Securities Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Hold	Sell
> 20%	20% - 5%	< 5%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

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Austock Securities Limited has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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