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Melbourne	Sydney	London	Internet
Tel: 61 3) 9226 0000	Tel: 61 2) 9226 0000	Tel: 44 207) 618 3730	http://www.bby.com.au/
Fax: 61 3) 9226 0244	Fax: 61 2) 9226 0066	Fax: 44 207) 618 3777	

Gold Sector – valuation review

A great year for gold in 2008. OXR, RSG, TMR, RRL, DIO and CRK represent the best value.

John Veldhuizen
+612 9226 0043
jxv@bby.com.au

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Gold supply/demand fundamentals remain strong and are forecast to drive gold prices higher during 2008. Key considerations include:

(i) Weak USD.

(ii) Gold is rallying in all currencies.

(iii) An expectation that US official interest rates will be cut further to reflate a softening US economy.

(iv) Rising physical demand, particularly from India, China (growing by 10%pa) and Middle East countries coupled with strong investment demand, is forecast to drive prices higher in 2008.

(v) Stable supply outlook with rising production from China offsetting declining South African production.

(vi) Managed EU Central Bank sales limited to 500tpa and planned future IMF sales (400t) to be also managed.

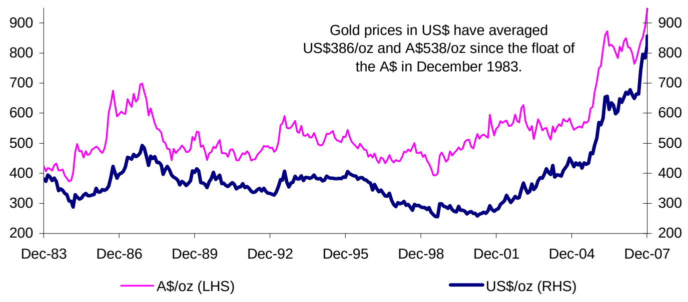
(vii) The establishment of ETF funds which now control 800t of gold.

Our analysis ranks companies based on their enterprise value (EV) / EBITDA, resources and production for the large mid-tier and emerging Australian gold companies. Stocks with favourable valuations include (i) large capitalisation stocks OXR (which is also a significant copper producer) and NCM; (ii) mid-tier companies TRY, TMR, CTO, RSG and KCN; and (iii) emerging gold companies AAM, RRL, DIO and CRK.

The physical gold market remains in significant deficit requiring central bank sales, scrap and investment sales to meet demand. Physical gold demand was up 20% to 947 tonnes in Q3'07 compared to 791 tonnes in Q2'07. Global equity market volatility, strong oil prices and credit market/liquidity concerns will continue to attract safe-haven buying. Any additional softening by the USD will further enhance gold's attractiveness to foreign investors. We note that gold is rallying in all currencies supporting our view that gold fundamentals and investment demand are strong (Figure 3). The Australian gold price at A$980/oz is a record high which is expected to underpin further gains in Australian gold equities (Figure 1).

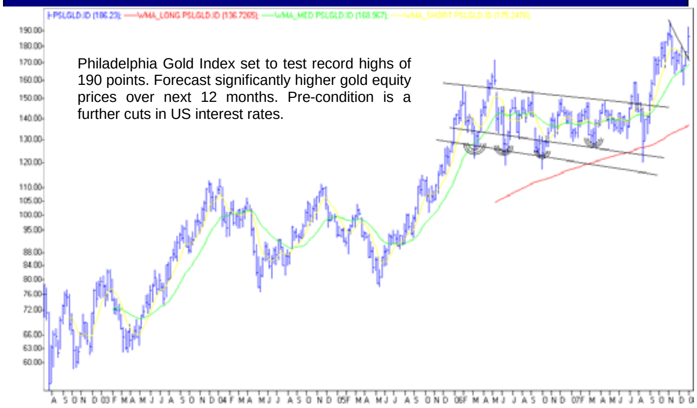
Gold equities have rebounded strongly over the past two weeks despite weaker equity markets. The key driver has been rising gold prices and the expectation that gold prices will rise further as US interest rates are expected to be cut. During the China-driven resources boom, gold equities, particularly emerging producer companies, have generally performed poorly. If gold can consolidate above US$840/oz we expect prices to rally significantly higher in 2008, possibly as high as US$1,000/oz. (Figure 2). We forecast a significant re-rating in emerging gold stocks during 2008.

Figure 1 - Long-term A$ versus US$ monthly gold price



Source: BBY & IRESS

Figure 2 - Philadelphia gold index



Source: BBY & IRESS

Figure 3 - Gold price in Euro dollars

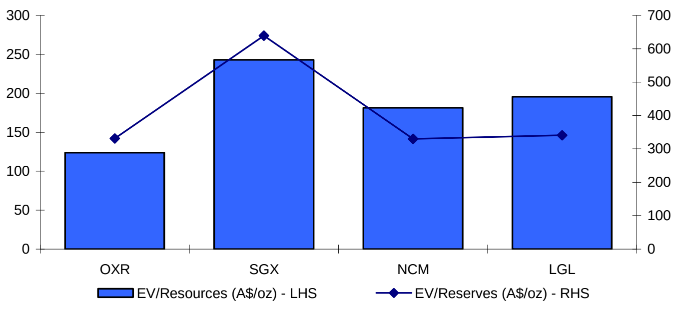
Source: BBY & IRESS

Table 1 – Large-cap gold Australian companies

Stock	Forecast Target Prod[1] Koz AuEq	EV A$M	EV/ Reserves Moz AuEq	Cash Costs US$/oz AuEq	EV/ Prod. A$/oz AuEq	EV/ EBITDA[1] X
LGL	0.8	7,734	191.0	250	9,668	19.3
NCM	1.8	13,308	182.6	179	9,416	16.5
OXR	2.0	5,294	119.1	283	2,995	6.5
SGX	0.5	1,584	242.5	220	4,656	9.2
Weighted Average			**177.4**	**242**	**8,095**	**10.6**

Source: BBY. [1]Based on target production based on company guidance.

Chart 1 - EV/Resources & EV/Reserves – large gold companies



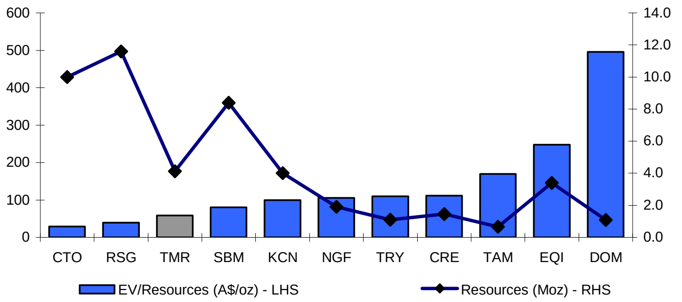
Source: BBY, IRESS & company data

Table 2 – Mid-cap Australian gold companies

Stock	Res Moz	EV A$M	Target Prod. Koz	EV/Res A$/oz	EV/target Prod A$/oz	Cash Costs $US/oz
CTO	10.0	290	250	29.0	1,160	330
RSG	11.6	454	500	39.1	907	447
TMR	5.2	246	204	58.3	1,180	300
SBM	8.4	675	450	80.3	1,500	414
KCN	4.0	400	300	100.0	1,333	350
NGF	1.9	201	190	105.6	1,056	530
TRY	1.1	121	100	110.2	1,212	289
CRE	1.5	163	90	111.7	1,811	477
TAM	0.7	112	70	169.5	1,599	492
EQI	3.4	841	270	247.3	3,114	340
DOM	1.1	540	100	495.5	5,401	271
Weighted Average				**169**	**2,216**	**371**

Source: BBY

Chart 2 - EV/Resources – mid-tier gold companies



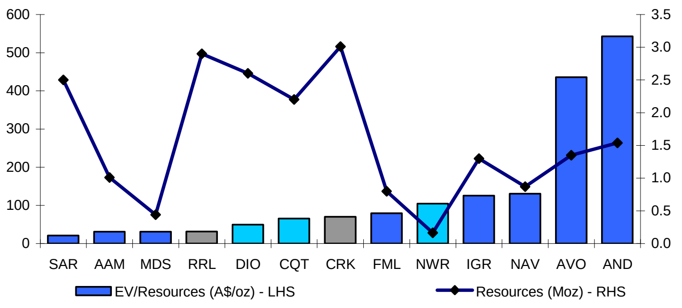
Source: BBY, IRESS & company data

Table 3 – Emerging Australian gold companies

Stock	Res Moz	EV A$M	EV/ Res A$/oz	Project Location
SAR	**2.5**	**52**	**20.9**	**Porphyry & Wallbrook, Laverton, WA**
AAM	**1.0**	**41**	**31.1**	**Brightstar Project, Laverton, WA**
MDS	**0.4**	**14**	**33.3**	**Lake Carey Project, Laverton, WA**
RRL	**2.9**	**94**	**31.9**	**Moolart Well project, Leonora, WA**
DIO	**2.6**	**132**	**49.7**	**Sth Kalg. & Frog's Leg, Kalg. ,WA**
CQT	2.2	145	65.7	Mt Carlton Project, Townsville, QLD
CRK	3.0	210	69.9	Lindsay's Find, Kalgoorlie, WA
FML	0.8	64	79.5	Coolgardie Project, Coolgardie, WA
NWR	0.2	17	104.9	Blue Spec, Nullagine, WA
IGR	1.3	164	125.9	Aldiss-Randalls, Kalgoorlie, WA
NAV	0.9	114	130.8	Leonora Project, Leonora, WA
AVO	1.4	588	435.7	Higginsville Gold Project, WA
AND	1.5	836	542.6	Cerro Negro Project, Argentina
Weighted Average			**76.0**	**Excluding AVO & AND**
Weighted Average			**321.0**	

Source: BBY

Chart 3- EV/Resources – emerging gold companies



Source: BBY, IRESS & company data

TABLE 4: AUSTRALIAN GOLD COMPANIES REVIEWED IN THIS REPORT

EMERGING COMPANIES	MID-TIER COMPANIES	LARGE COMPANIES
AAM – A1 Minerals Ltd	CRE – Crescent Gold Ltd	LGL – Lihir Gold Ltd
AND – Andean Resources Ltd	CTO – Citigold Corporation Ltd	NCM – Newcrest Mining Ltd
AVO – Avoca Resources Ltd	DOM – Dominion Mining Ltd	OXR – Oxiana Ltd
CQT – Conquest Mining Ltd	EQI – Equigold NL	SGX – Sino Gold Mining Ltd
CRK – Carrick Gold Ltd	SBM – St Barbara Ltd	
DIO – Dioro Exploration NL	KCN – Kingsgate Consolidated Ltd	
IGR – Integra Mining Ltd	NGF – Norton Gold Fields Ltd	
FML – Focus Minerals Ltd	RSG – Resolute Mining Ltd	
MDS – Midas Resources Ltd	TRY – Troy Resources NL	
NAV – Navigator Resources Ltd	TAM – Tanami Gold NL	
NWR – Northwest Resources Ltd	TMR – Tamaya Resources Ltd	
RRL – Regis Resources Ltd		
SAR – Saracen Minerals Holdings Ltd		

Source: BBY

Gold fundamentals remain robust

Demand has recovered strongly in 2007 and is forecast to remain strong in 2008

Indian demand has surged over the past first nine months rising 12% pcp

Demand fundamentals remain very strong with data out of India (the world's largest consumer of gold) showing a sharp pick-up in demand over the past 9 months according to the World Gold Council (WGC). Demand from China and the Middle East (up 20%) is also growing strongly as per-capita income rises. WGC data shows gold jewellery demand out of China has overtaken the USA. Investment demand including (i) bar hoarding; (ii) official coins; and (iii) other investments increased 11% in the first nine months of 2007 compared to the same period in 2006. Total demand has risen by 12% in the first nine months of 2007 including a 15% increase in jewellery demand. Despite rising prices, demand is forecast to remain strong into 2008, particularly from the investment sector as a hedge against (i) inflation; and (ii) growing economic uncertainty due to the credit market turmoil and impact this may have on world economic growth particularly in the US. Total demand is expected to reach 4,000t in 2007, the highest level since 1999 and is expected to be at similar levels in 2008. Chinese have recently approved gold futures trading which may stimulate increased trading activity.

World gold production continues to decline despite rapid Chinese supply growth

South African gold production is at an 85 year low

Australian gold output at a 15 year low

Gold supply cannot meet demand at current and forecast levels

World gold production has declined in recent years with production in 2006 and 2007 declining compared to 2005 (Table 5). There have been few recent significant sized gold discoveries or new large mines developed to replace declining production. South African production is at its lowest level in 85 years and Australian production is at a 15-year low. Recent WCC data show South African quarterly gold production declined 7.5% compared to the corresponding quarter in 2006. Lihir Gold has cut its production forecast twice in the past 3 months from 800koz for 2007 to 700koz. Any additional supply disruptions from major producers could have a significant impact on prices given the tightness of the market. Barrick, Newmont, AngloGold Ashanti and Gold Fields have all reported declining production. Recent data from GFMS Ltd suggest 2007 global mine production will be flat at an estimated 2,485 tonnes versus 2,471 tonnes in 2006 and 2,551 tonnes in 2005. Global production in the nine months to September 2007 was 1,800 tonnes, a 54% deficit compared to the 2,768 tonnes of demand over the same period. The majority of new production growth has come from China, now the world's second largest gold producer ahead of the USA.

China is now ranked the world's number 2 producer behind South Africa

TABLE 5: GOLD OUTPUT RANKED BY COUNTRY

Rank 2006	Rank 2005	Country	2005 Output (t)	2006 Output (t)
1	1	South Africa	315	292
2	3	USA	262	252
3	4	China	230	247
4	2	Australia	263	245
5	5	Peru	208	203
6	6	Russia	175	173
7	7	Indonesia	166	114
8	8	Canada	120	104
9	9	Uzbekistan	79	79
10	10	Ghana	63	70
		Rest of world	669	693
		World total	2,551	2,471

Source: BBY & GFMS and World Gold Council

De-hedging by large gold miners

De-hedging by most of the world's major gold producers including Newmont, American Barrick, Lihir & most recently Newcrest support our positive view on gold

Gold de-hedging hit a record high in second quarter 2007, lead by large miners such as Lihir and Newmont, with Barrick Gold unwinding part of its hedging obligation in the first quarter of 2007. Australia's largest gold miner, NCM, recently announced it had closed out most of its shorter-term hedging contracts and gold loan. Gold companies are expected to continue to close out gold hedge contracts within 12 months, which is likely to provide further support to the gold price. Large gold companies closing out hedging positions suggests they anticipate higher gold prices over the medium to long-term. Prior to NCM announcing the closing out of their hedge book, it appeared the impact of recent de-hedging on the gold price was muted due to the abundance of central bank gold sales. Central bank sales during the Dec Q.'07 were lower than the Sept Q'07. In fact a number of central banks including Russia and Argentine have indicated they may increase their gold reserves. China potentially may also buy gold from a central bank to diversify its large US$1,400B reserve base.

Risks to further gold price appreciation

Key risks relate to a rising US$, sharp rally in global equities and no further US rate cuts

The key gold price downside risks include:

- The Federal Reserve does not cut US interest rates.
- A significant decline in world equity markets would weigh heavily on gold share prices and physical gold demand.
- Increased central bank gold sales into the spot market.
- A sharp appreciation in the USD.
- Significant contraction in world growth, particularly Asian growth.
- Sharply lower oil prices.
- World central banks efforts fail to loosen tight credit markets.
- Geo-political tensions easing.

Key methodology and analysis assumptions

Non-gold commodities produced are converted to an gold equivalent for company comparative purposes

Our analysis looks at a universe of (i) large capitalisation (>A$1,000M market capitalisation); (ii) mid-tier (in production with market capitalisation <A$1,000M); and (iii) emerging Australian gold companies with operations at either a ramp-up phase or are forecast to be in production over the next 2 years (Table 4). Key valuation metrics include: (i) Enterprise Value; (ii) (EV) / Resources; (iii) EV/production; and (iv) for large and mid-tier capitalization stocks EV/EBITDA multiple at target rates of production. Companies included in our analysis producing other metals, we convert JORC resources and production back to a gold equivalent basis. Key price assumptions used in the analysis include **(i) gold US$750/oz; (ii) silver US$14.0/oz; (iii) copper US$2.50/lb; (iii) zinc US$1.0/lb; and (iv) lead US$1.0/lb.** Our enterprise value has been calculated as market capitalisation *plus* net debt and adjustment for in-the-money options. Forecast production and cash cost data has been obtained from company information where available or if specific data not available, BBY estimates have been used.

Large Capitalisation - OXR represents the best value

OXR despite having the highest forecast cash costs at US$283.4/oz it represents the best all round value

Our analysis of large capitalisation Australian gold stocks shows that the enterprise value (EV)/EBITDA multiples for OXR and SGX look the most attractive relative to the weighted average EV multiple of 14.7X for stocks analysed at forecast target production rates by 2010 (Table 1, Chart 1 & Chart 4). EBITDA has been calculated and discounted to the year that target production is reached. Comparing stocks based on EV/Resources favours OXR, NCM and LGL and on EV/Reserves favours NCM, LGL and OXR respectively. EV/production at target production rate comparison favours OXR, SGX and NCM respectively. NCM has the lowest forecast cash operating costs at US$179/oz after Cu credits followed by SGX, while OXR has the highest but still very respectable cost of US$283.4/oz after Cu and Zn credits (Chart 8).

Mid tier capitalisation – TMR is cheap and has an excellent growth profile

Target production
- **CRE 90k oz**
- **CTO 250koz**
- **DOM 100koz**
- **EQI 270koz**
- **KCN 300koz**
- **NGF 190koz**
- **SBM 450koz**
- **RSG 500koz**
- **TAM 70koz**
- **TMR 204koz**
- **TRY 100koz**

Our analysis of eleven mid-tier capitalisation Australian gold stocks shows the enterprise value EV/EBITDA multiples for TRY, CTO, TMR, RSG and KCN look the most attractive relative to the weighted average EV multiple of 6.1X for stocks analysed at forecast target production rates by 2010 (Table 2, Chart 2 & Chart 5). EBITDA has been calculated and discounted to the year that target production is reached. DOM and EQI have the highest forecast EBITDA multiple of 11.3X and 8.7X, reflecting the success of both companies achieving target production rates at very competitive operating margins. EV/Resources favours CTO, RSG, TMR, SBM and KCN respectively. CTO with its large 10Moz resource base is by far the best value with a low A$29.0/oz EV/Resources value. CTO is ramping-up production to 250koz from its underground mining operations at Charters Towers in Queensland. TMR (which is developing copper mining operations in Chile and gold operations in Armenia and Portugal) ranks number two in our universe of stocks covered, while RSG ranks number three. Stocks which are the most expensive on an EV/Resources basis are DOM, EQI and TAM. EV/production (A$/oz) at target production rates favours RSG, NGF, CTO, TRY and TMR respectively. KCN to achieve its production target of 300koz per annum is reliant on the granting of licenses over its mining tenements at its flagship Chatree operation in Thailand. DOM and EQI are the most expensive on an EV/production basis. DOM has the lowest forecast cash costs followed by TRY, TMR and CTO. The stocks with the highest forecast costs are NGF, TAM and CRE (Chart 8).

Excellent value in the emerging sector

DIO, RRL & AAM appear excellent value based on EV/Resources

We maintain our BUY recommendation on RRL and CRK

Thirteen stocks are included in our emerging gold producer universe. Stocks we like include SAR, AAM, RRL, DIO and CRK. Of the emerging gold producers, we like AAM, RRL and DIO based on their low EV/Resource multiples (Table 3 & Chart 3). The average value for our universe is A$320/oz (excluding AVO and AND is A$73/oz). The most expensive stocks are AND and AVO with EV/Resources of A$545/oz and A$435.7/oz respectively. DIO, which has an EV/resources value of A$50.5/oz commenced gold production after purchasing the Harmony Gold's South Kalgoorlie mining assets in late November 2007. It plans to commence processing of underground ore from its Frog's Leg operation 50km NW of its South Kalgoorlie processing plant in the June quarter of 2008. DIO is on track to become a 100-120koz+ producer and has not yet been re-rated to reflect its gold producer status. Whilst AND and AVO appear expensive on an EV/Resources multiple (Chart 3), the future production profile for AVO is very favorable at 190,000 oz per annum from 2009 and cash costs are predicted to be comparatively modest. In this case significant value has already been attributed to future production. RRL (which has an EV/Resources of A$32/oz) is cheap relative to our universe of stocks covered. RRL has large gold inventory at shallow depth (70-80m) at its Moolart Well gold project, favourable metallurgy and forecast low operating costs in the range A$350-400/oz. **We rate RRL as a Buy with a valuation of A$1.75/sh against its current share price of A$0.75/sh.**

BBY gold stock coverage

Tamaya Resources Ltd (TMR)

TMR is a well managed copper producer and emerging gold producer

TMR is a well managed company with excellent production growth potential

Tamaya Resources Ltd (TMR) is an emerging copper and gold producer, with an operating underground copper mine at Cinabrio in Chile where they are expanding mine and mill capacity from 500ktpa to 1Mtpa by Apr.'08. The Lichkvaz Gold Project in Armenia will be TMR's second project, targeting 100koz of gold per annum from Dec.H '09. The Montemor Gold Project in Portugal is targeted as TMR's third operation, with 60koz gold per year from Jun.H '11. TMR have an impressive portfolio of gold and base metal projects in Chile, Armenia, Australia and Portugal, including Filipina Grande which has the potential to become a large copper-gold project and could be TMR's fourth operation in coming years. TMR is targeting production of 204koz's on a gold equivalent basis by 2010 at a forecast cash operating cost of US$300/oz. TMR is trading on a 3.3X 2010 EV/EBITDA multiple at target production rates. **We rate TMR as a BUY and value the stock at A$0.46/sh**

Large and growing resource base

TMR has a large compliant AuEq resource base

Global JORC resources across 5 deposits currently stand at 40.5Mt @ 1.34g/t Au, 3.43g/t Ag & 0.75% copper for 1.74Moz Au, 4.5Moz Ag & 303kt Cu, **or 4.1Moz Au equivalent.** Over the coming two years 190,000m of drilling is planned across all projects and is forecast to result in an increase in the resource base.

Regis Resources Ltd (RRL)

RRL has a significant resource that will continue to grow

Assay results are under reporting gold grades, due to high % of coarse gold

Regis Resources Ltd (RRL) has a significant discovered gold resource on its Duketon gold tenements. The Moolart Well gold its key gold deposit contains 1.6Moz of gold to a depth of 80m, while satellite deposits contain a further 1.3Moz for a total JORC resource base of 2.9Moz. Recent leaching trials of oxide ore show that the reported fire assay gold grades could be under estimating recovered gold by up to 70%. Re-assaying of the composite sample using screen fire assay analysis shows that gold grades are 55% higher. This is likely due to a high percentage of coarse gold up to 30% within the oxide ore body. We anticipate that the resource head grade and resulting contained gold ounces within the Moolart Well gold deposit to be lifted significantly in light of these results. Resource growth potential along strike and at depth is excellent. RRL has an EV/resources value of A$32.0/oz which is cheap relative to our stock universe of A$73.0/oz excluding AVO and AND.

RRL is significantly undervalued with gold production forecast to commence in 2009

Moolart Well is expected to be a robust gold project producing 200koz in 2009

RRL is well advanced with a project feasibility study and environmental permitting. All native title claims have been extinguished. RRL is currently negotiating to secure a second gold plant. RRL is currently optimising its mining plan and plant to process 3.5Mtpa of ore to produce between 190-220koz'spa at an average cash cost of A$375/oz for a minimum of 7 years. Capital cost of the project is forecast at A$140M. First production is forecast in the Jun.H.'09 if the company is successful in securing a second hand gold plant or Dec.H.'09 if a new gold plant is required. **BBY rates RRL as a BUY and value RRL at A$1.75/sh (previously A$1.90/sh).**

Carrick Gold Ltd (CRK)

CRK has a large growing gold resource base

CRK gold resources have been discovered at an average finding cost of A$2.20/oz

CRK controls tenements covering 321km^2 at its Lindsays, Kalnalpi and Kurnalpi projects located 50-90kms NE of Kalgoorlie. The company has a large JORC resource of 2.76Moz at Lindsays and 0.254Koz at Kalpini for a total gold inventory of 3.01Moz of which 30% is in the indicated category. CRK acquired the Kurnalpi tenements after it successfully completed a friendly merger with Shannon Resources. The Kurnalpi project tenements (including the Brilliant and Halfway Hill prospects) are very prospective for gold and Grey Dam prospect for nickel. Exploration drilling at the Brilliant prospect has identified an Eastern and Western parallel mineralised structures extending for at least 4km. Thick zones of gold mineralisation have been reported including hole SRRC30 52m @ 5.44g/t Au. CRK is expected to report a resource for the Brilliant prospect by mid 2008. CRK's resources are valued at A$70/oz. **We maintain our BUY recommendation for further exploration success.**

Lindsay project feasibility study has commenced

CRK recently raised A$16.6M from a placement to institutional shareholders. These funds will facilitate project evaluation and exploration drilling

CRK has commenced a feasibility study for the Lindsay gold project. A 30,000m infill drilling programme has been completed to a depth of 100-150m and strike distance of 500m, focusing on the Parrot Feather deposit which sits on the Eastern structure to the north. The purpose of the programme is to lift the status of resources to an indicated category for the feasibility study. Both the company and Golder Associates are working on a new resource estimate for the Lindsays project. Initial studies evaluating ore metallurgy have also commenced. The Lindsay project is ideally located within 50km drive of Kalgoorlie and close to existing mining operations at Kanowna Belle owned by Barrick Gold and Paddington gold operations to the west owned by Norton Gold Fields Ltd. These large processing operations could provide CRK with the opportunity to toll treat ore from the Lindsay project. However if a mineable reserve of sufficient size is quantified, then a stand alone plant is likely to be preferable and optimal.

CRK has excellent nickel exploration upside

On the Carrick Vale tenements to the SE of the Lindsay project and Kurnalpi project tenements, significant potential exists to make both laterite and sulphide nickel discoveries. At the Halfway Hill prospect located 5km SE of the Black Swan nickel mine, exploration drilling identified low grade nickel sulphides, while at Grey Dam prospect located at Kurnalpi both oxide and sulphide mineralisation has been identified. The near surface oxide ore is believed to be a supergene blanket of oxidised sulphide ore that will be replicated at depth. Best drilling results include GDRC15 – 5m @ 1.71% Ni from 20m and GDRC11 – 15m @ 1.36%Ni from 4m.

Dioro Exploration NL

Gold production has commenced

DIO is an new gold producer delivering into the strong spot gold market

Dioro Exploration (DIO) has commenced gold production after purchasing Harmony Gold's South Kalgoorlie mining and processing operations in late 2007 for a consideration of A$25M cash and 11.4M DIO shares. The South Kalgoorlie project has the capacity to process 1.2Mt and produce 80koz of gold annually. Once DIO commences processing higher grade ore from its 49% owned Frogs Leg underground mine in 2H'08, production is expected to increase to 100-120koz annually. DIO also plans to toll treat its joint venture partner La–Mancha's ore through the South Kalgoorlie processing plant. Operating costs are forecast at A$500-550/oz, leaving a significant operating margin of over A$400/oz at current spot gold prices of >A$950/oz. DIO is an unhedged producer. BBY and company guidance forecasts that DIO could generate EBITDA of A$40Mpa after gold royalties and be trading at an EBITDA multiple of <4.0X. This is cheap relative to our universe of mid-tier gold producers which we estimate to have a weighted EBITDA multiple of 6.1X. DIO has A$25M in cash on the balance sheet.

DIO has the potential to be significantly re-rated

DIO is cheap relative to its peers

DIO combined gold resource base of 2.6Moz, 73% sits in the measured and indicated category. The market is currently valuing its resources at A$50/oz which very cheap relative to other producers in the mid tier gold sector which has an average EV/Resources of A$169/oz.

Resource growth forecast on its South Kalgoorlie and Frog's Leg tenements

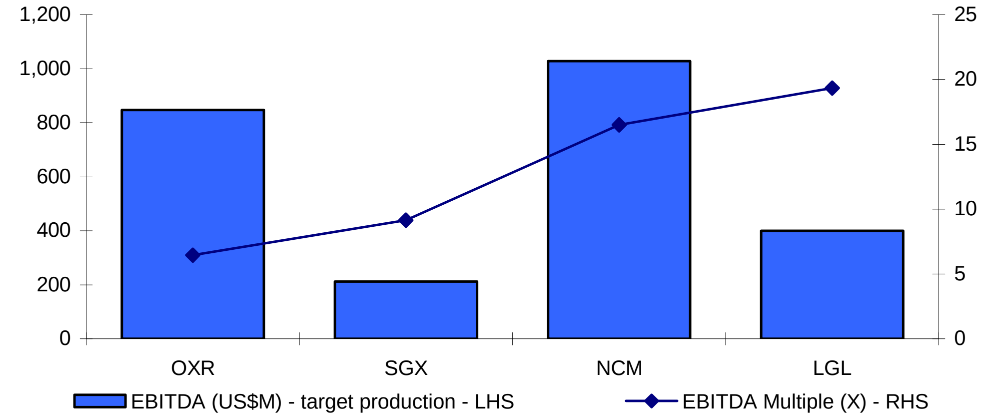
Mine development and operating costs could be lower if both ore bodies join at depth

DIO controls 80km of strike along the Zuleika shear zone which hosts the Frog's Leg deposit

DIO's, South Kalgoorlie and Mungari East joint venture tenements covering 1,100km^2 and 32 km^2 respectively are highly prospective for further gold discoveries. Recent drilling between the Rocket and Mist lodes at Frog's Leg show that mineralisation is weak near surface but improves significantly at depth. Recent diamond drilling holes – MEDD119 in the gap zone intersected 10m @ 19.72g/t Au from 421m and 10m @ 17.55g/t Au from 441m and MEDD120 12m @ 15.7g/t Au from 435m and 6m @ 11.47g/t Au from 451m. Drilling shows that these lodes may be linked at depth. The Penfolds gold project covers 480km^2 is located between Kalgoorlie, Coolgardie and Kambalda. Drilling at the Colnago prospect within the Penfolds gold project area has identified multiple lodes of mineralisation that remain open in all directions. Best RC drill intersections include STRC023 11m @ 2.52g/t Au from 74m and STRC002 2m @ 9.04g/t Au from 51m. Further significant work is warranted on this prospect. **We currently maintain our DIO Monitor recommendation.**

CHART 4: LARGE CAPITALISATION GOLD COMPANIES – EBITDA (US$M) & EV/EBITDA (X)

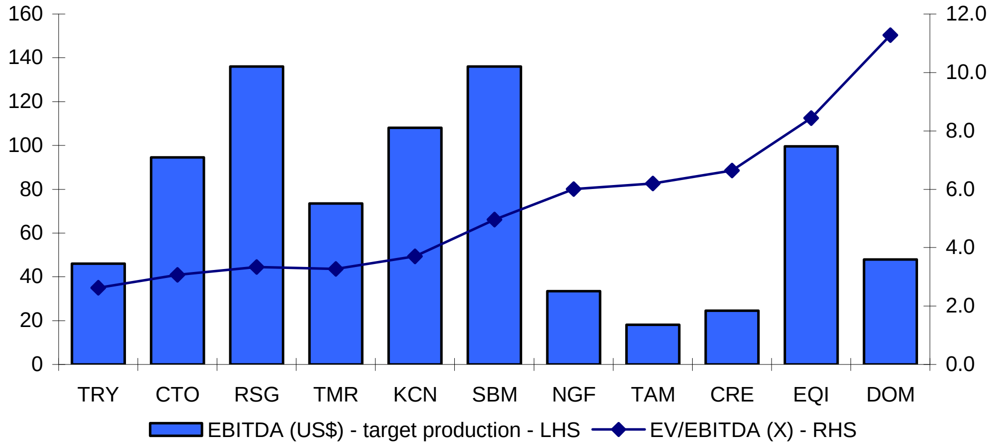
OXR is cheap compared to peers based on EV/EBITDA multiple



Source: BBY and company presentations

CHART 5: MID TIER CAPITALISATION GOLD COMPANIES – EBITDA (US$M) & EV/EBITDA (X)ES

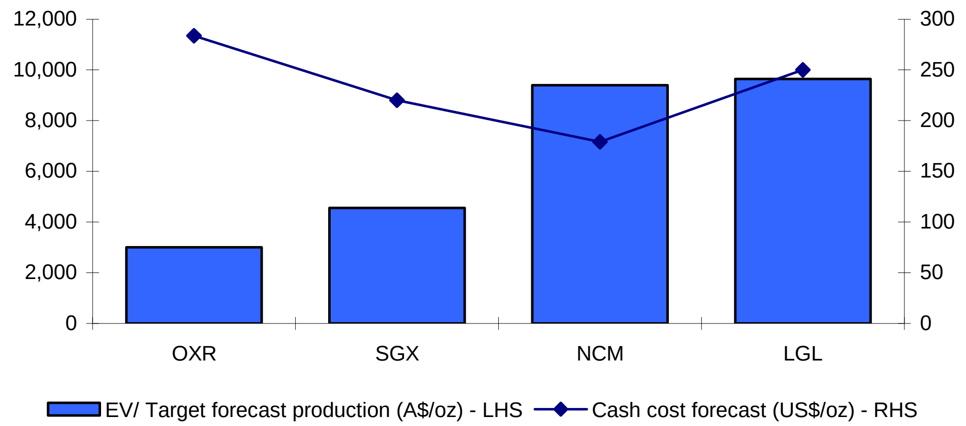
TRY, CTO, RSG and TMR look outstanding value at forecast target production rates.



Source: BBY and company presentations and guidance

CHART 6: LARGE CAPITALISATION GOLD COMPANIES - EV/FORECAST TARGET PRODUCTION

OXR and SGX have the lowest EV/production value

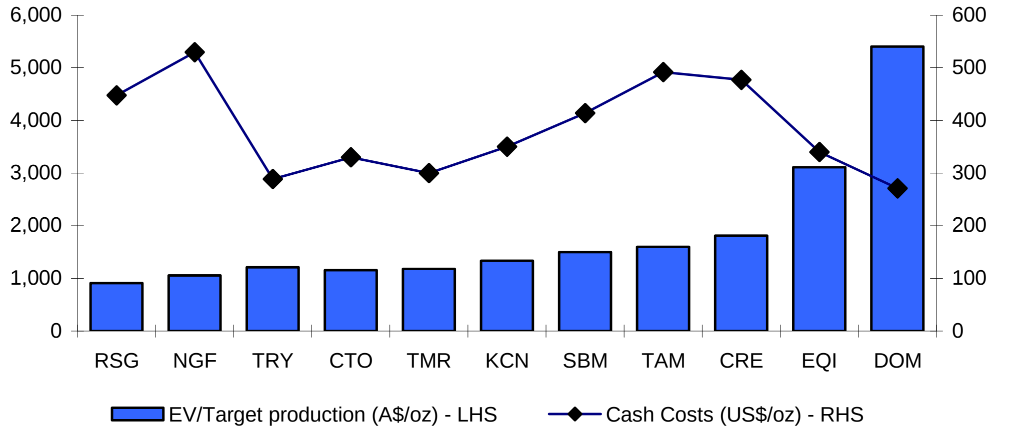


Source: BBY and company presentations

RSG and NGF have the lowest EV/production value (A$/oz). EQI and DOM look expensive

However forecast cash costs for RSG and NGF are high

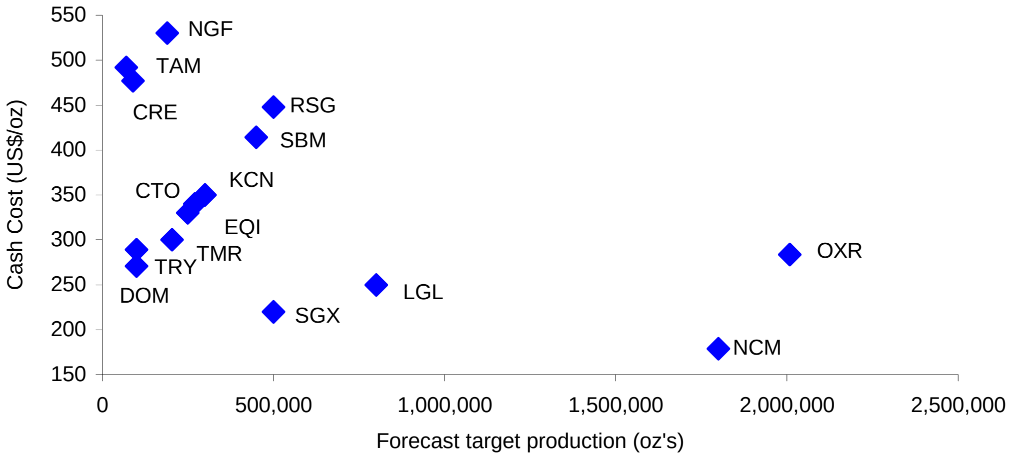
CHART 7: MID-TIER CAPITALISATION GOLD COMPANIES - EV/TARGET FORECAST PRODUCTION



Source: BBY

NCM and SGX have low forecast operating costs after by product credits

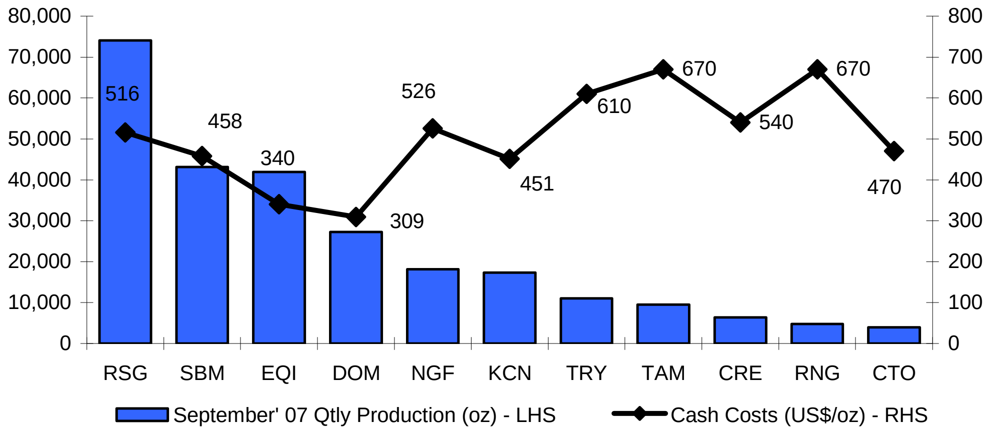
CHART 8: FORECAST AUSTRALIAN GOLD PRODUCER CASH COSTS AT TARGET PRODUCTION RATES



Source: BBY

DOM current cash costs are the lowest for the sector

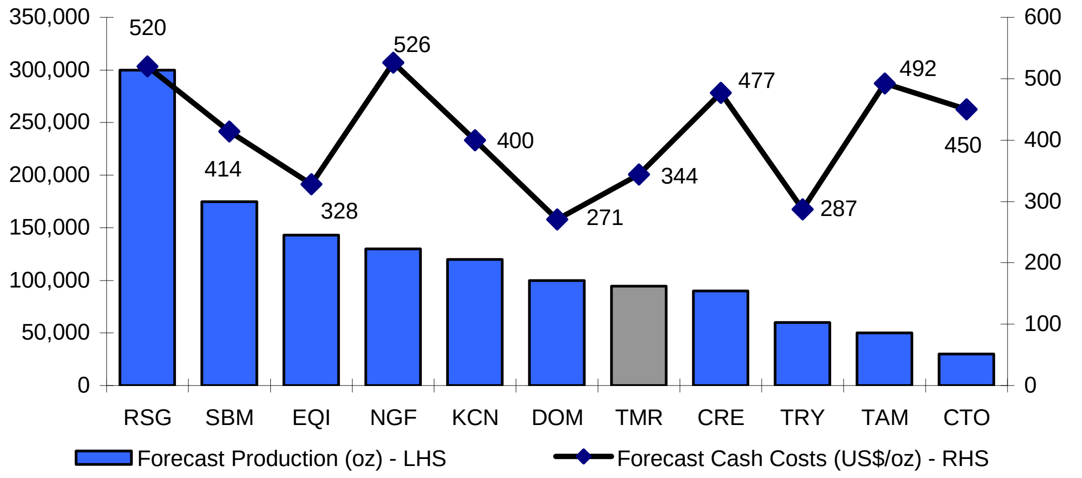
CHART 9: MID TIER CAPITALISATION GOLD COMPANIES – SEPT QTRLY PRODUCTION AND CASH COSTS



Source: BBY and September quarterly reports

CHART 10: MID TIER CAPITALISATION GOLD COMPANIES – 2007/08 FORECAST PROD'N & CASH COSTS

RSG has the highest production but also the highest costs



Source: BBY, September quarterly reports and company presentations

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