WH SECURITIES

15 May 2010

HARGREAVES: THE WEEK IN MINING

The Week in Mining: 15-22 May 2010

Put your faith in God...but keep your powder dry.

--Oliver Cromwell, 1642.

The gold price will not really rear out of control, will it? Probably not. We have got beyond that, have we not? Yet it did a knee jerk last week – oh no it didn't! Oh yes it did! Benchmarks matter in commodities. There is something salivating about oil at $100, silver at $20, copper at $7000. But these all have pegs upon which to hang their hats. They are for the large part industrial. So goes the economy, so goes the price of its raw materials. Not so gold. Useless stuff. False teeth and costume jewellery. Yet indestructible. Never loses its lustre, turns its nose up at nitric acid. Instantly recognisable. A bit of all right, really, in moderation. Portable collateral. OK to keep a bit of it under the bed we suppose. Rainy days and all that. So is it spitting right now or is there a full force gale forecast?

They are dispensing the stuff – gold, that is – out of vending machines in the UAE (see Precious Metals). Much would appear to depend on young Obama knowing – or being well-advised – upon how much we depend on the US dollar as the alternative. It sure is not going to be the Euro, nor Sterling. We are a decade – maybe a generation – away from the Yuan or the Rupee making a bid. So the Greenback it is. Or gold. Currencies heighten both economic and military tensions and the fuse-cap is gold. There is about 100,000 tonnes out there. At $1200, did you realise, that is only about $4 trillion? It could keep the US economy afloat for a full three years (see Currencies) but who is counting? The possibility of a new world order leaping forth is somewhat remote. China's Wen is playing the stealth game, the Russians are in the bathroom and whatever happened to Japan? No, fellahs, it's the dollar and gold. Oliver Cromwell's advice to his troops during the English Civil War is worth paraphrasing: "Put your faith in gold and keep your powder dry."

Exchange Traded Metals

All prices in the non-precious sector were battered by the currency fallouts, particularly recent high flyers copper and aluminium. The latter fell almost 5% on the LME to $2080/t, even as warehouse stocks nudged down. A bit of scaremongering was that the Chinese are planning to put-up their energy prices. Now aluminium is the most energy-hungry of the base metals when it comes to refining. That is why the USA achieved dominance through the Rocky Mountain hydroelectric plants. Cheap stuff is hydro. Now China refines 33% of the world's aluminium metal and consumes almost all of it internally. It also imports a lot of the coal it needs to make the electricity to…let's not go on. It is paying up to twice the price today for coal than it did a year ago. So, for course, the cost will go up. US energy is still quite cheap. This has not been lost on the market. So, shares in smelters ALCOA, Century, Kaiser are on the way up. The Chinese authorities have said, allegedly, they will up tariffs 50-100% for energy-intensive businesses. That hardly equates to the coal price hikes, but good news for the cheap power sources.

Let's keep our eyes on LME stocks. At c. 4.5Mt, they are over 12% of world annual demand. Should they fall measurably, a knee-jerk on price would be logical.

Table 1: Metal Stocks in LME Warehouses

Metal	1 May 2010	15 May 2010	% Change
Aluminium	4,541,700	4,482,475	-1.30%
Copper	502,550	485,150	-3.46%
Lead	180,075	185,100	2.79%
Nickel	145,884	142,620	-2.24%
Tin	21,020	21,015	-0.02%
Zinc	545,375	570,350	4.58%

Source: Mining Journal

Precious Metals

Nothing wrong with eating your hat, particularly if it is a Panama. Well-boiled and with some spices added, it should not cause too much indigestion. But why eat it at all? Because this column has for some months been advocating a gold range of $1000-1200 per ounce for 2010. Last week, gold briefly breached $1250 on the upside and the bulls are on the rampage. Gold is not alone, since the magnetic pull saw silver and platinum tag along. Noticeably, however, the platinum premium to gold has slipped to 1.40 from a recent high of 1.51. Nothing wrong with auto demand, platinum's biggest end user, but much to do with the economic fear factor. As we note in Exchange Rates, America's fiscal deficit for April 2010 was the highest on record, yet the dollar forges ahead against competitive paper. Aye, there's the rub – paper. It's all we have. The Chinese Yuan has no desire to cut the umbilical of 6.83, the South Africans (some of them) are mooting a fixed link and the Japanese Yen is on gardening leave. Sterling and the Euro are on much needed medication, so what does the thinking investor do? Interest rates are derisory and the stock market has recovered from the jitters. So is there any alternative to gold? Now for those who are addicted to both numbers and deficits, here is some arithmetic to amuse you. The US Treasury estimates its fiscal deficit (what it gets in, versus what it doles out) at $1.5 trillion (that's 1.5 x 10^{12}) for 2010. Let's equate that to gold. The World Gold Council thinks the miners will shovel out 2600 tonnes this year. At the going rate of $1200 an ounce, that is $1.0 trillion. So, even if you wished to hedge the entire deficit, you would fall short. It is not a reason to sell gold.

Zimbabwe's gold miners are striking because they want their minimum wage upped from $120/month to $496/month. Not a lot, is it? The CEO of the biggest gold miner, Collen Gula of Metallon Gold, said the strike was hurting the company deeply. Mr Gula, if you cannot pay your people more than $6 per day, you are in the wrong business. Meanwhile, Impala's platinum workers are already on $240 minimum. At its peak, Zimbabwe produced 1.0 million ounces of gold per year. Recently it was less than 100,000 ounces. Must be something in the water.

Platmin (PPN:AIM, also on TSX, JSE. 74.5p; Hi-Lo101.5-42p) is well placed to continue benefitting from the mining of its chosen metal. It keeps good company. Controlled by Pallinghurst, it is targeting 250,000 oz of platinum p.a. in 2011 and also has manganese and iron ore projects. It has just raised $250 million in new equity, underwritten by RBC Capital Markets and Investec Bank and has the redoubtable Brian Gilbertson as Chairman. Don't be caught short of Platmin at 74.5p.

Exchange Traded Commodities

Table 2: Commodity Price Movements

Commodity		1 May 2010	15 May 2010	% Change
Aluminium	$/tonne	2,183	2,080	-4.72%
Copper	$/tonne	7,360	6,955	-5.50%
Lead	$/tonne	2,175	1,951	-10.30%
Nickel	$/tonne	25,805	22,150	-14.16%
Tin	$/tonne	18,090	17,525	-3.12%
Zinc	$/tonne	2,255	2,050	-9.09%
Gold	$/ounce	1,179	1,231	4.41%
Silver	$/ounce	18.67	19.25	3.11%
Platinum	$/ounce	1,746	17.19	-99.02%
Brent Crude Oil	$/bbl	85.8	76.4	-10.96%
Platinum/Gold	Ratio	1.48	1.40	-5.41%

Source: The Times of London

Exchange Rates

In the two weeks since we last published, the trends speak for themselves. Sterling down almost 5% against the US dollar and the Euro nearly 7%. A tiny bit of respite for the SA Rand. It wants better against the dollar because it sells most of its minerals in dollars. It notched up 2.6% to 7.55 but in the pubs and clubs of Johannesburg, they are looking for 8.50 and mutter darkly about tying-in to the US currency. The Chinese won't like that. Following the Henry Tax Report (see Watchtower: Countries), the Oz dollar fell by 4% and that may only be the start. So, where to from here?

Ironically, as we note in Precious Metals, the dollar remains strong in spite of a spiralling fiscal deficit, so there is nowhere to run, bar gold. Unless China floats, or at least revalues, the Yuan. In the short term:

The **Euro** is digesting the cost of the Greek economic bailout which also involves the IMF reaching for its wallet and a prop-up cushion for Spain, Italy, Portugal and Ireland who are waiting in line. The EU-IMF Stabilisation Fund clocks in at €750bn. Now bear in mind that the USA puts in about 20% of the IMF's revenues and is not a happy camper. Where to now for the Euro? It has slid in more or less a straight line from $1.50 to a recent $1.23 but UBS, no less, is looking for $1.10 in 2011, then perhaps parity (Sunday Times 16 May 2010). So, **Sterling?** At last we got the Con-Lib Dem Coalition (or ConDem according to Prescott) we allegedly deserved. Of the reporting, never was so much written by so many for so few pearls of wisdom. We will have a tough budget (it has escaped many that 'austerity' is a word of Greek origin) that might prop-up the pound transiently, but the money is on it continuing to sag.

The Mighty Dollar. Since it is a comparative, it compares well, with only gold apparently, to take up the slack. We choose otherwise to turn a blind eye to US budget deficits, health care reform costs and defence spending. For now, it is less worse than the rest.

Table 3: Exchange Rates Movements			
Currency	**1 May 2010**	**15 May 2010**	**% Change/week**
£:$	1.53	1.46	-0.65%
€:£	1.15	1.17	0.00%
£:SA Rand	11.26	10.99	-1.31%
US$:Aus$	0.93	0.89	1.09%
£:Aus$	1.64	1.63	-1.80%
Br Reale:US$	1.73	1.79	-1.70%
$:€	1.33	1.24	-0.75%
$:SA Rand	7.36	7.55	-0.94%
$:Rupee	44.36	45.21	-0.16%
US$:HK$	7.76	7.78	0.00%
$:Israeli Shekel	3.72	3.77	0.00%
$:Thai Bhatt	32.36	32.36	0.50%
$:Yuan	6.83	6.83	0.00%

Source: Financial Times

Share Price Movements, Majors

Not a nice few days for the base metals miners, particularly the copper-lead-zinc-aluminium variety. But OK for the precious producers. Swings and roundabouts, fellahs.

Goldfields (GFI:JSE), number two producer of Krugerrand and tooth-filling raw materials has – possibly, gleefully – announced a 6Moz find in Peru, a country presently friendly to miners. It is at Chucapca where it has a 49% J/V partner in Lima-based Buenaventura.

We have turned warm to **Papua New Guinea**, where they recently appear to have stopped eating people. Veterans of Bougainville copper will remember that distressing habit. Last month came the announcement of a joint Harmony (RSA) and Newcrest (Australian) deposit at Golpu could measure up to 13Moz gold and 6.5Mt copper. That's a lot. Newcrest has a total 65Moz of gold resources, Harmony 130Moz.

Still on swaps, **Norsk Hydro**, the major aluminium smelter (hydro power et al) is to buy the aluminium assets of Vale for$4.9bn. It brings a lot of bauxite and alumina capacity, ex Brazil, providing security of supply to a major smelting company. Where were the Chinese when all this was happening? It is a somewhat complex deal, culminating in Vale owning 22% of NH (the Norwegian Government has 43.8% that will fall to 34.5%) and getting $1.1bn in cash. So why is Vale getting out of aluminium? To get into what? That it is picking up a large slice of NH shares does not betoken a war chest building. But the big boys are around the campfire again and the cooking pot is simmering.

Table 4: Share Price Movements					
Stocks	**1 May 2010**	**15 May 2010**	**% Change**	**12-mo Hi-Lo**	**% Above Low**
FTSE 100	5553.29	5262.85	-5.23%	6,364 – 3,530	49.09%
Anglo American	2805.5	2603.5	-7.20%	2,979 – 906	187.36%
Antofagasta	999.0	902.0	-9.71%	1,075 – 353	155.52%
BHPB	2025.0	1914.5	-5.46%	2,301 – 1,025	86.78%
ENRC	1226.0	1057.0	-13.78%	1,226 – 416	154.09%
Gem Diamonds	290.0	278.4	-4.00%	293 – 104	167.69%
Hargreaves Services	680.0	675.0	-0.74%	768 – 415	62.65%
Kazahkmys	1404.0	1236.0	-11.97%	1,591 – 187	560.96%
Rio Tinto	3379.0	3210.0	-5.00%	4,006 – 1,112	188.67%
UK Coal	53.0	52.25	-1.42%	164 – 49	6.63%
Vedanta	2525.0	2389.0	-5.39%	2,919 – 193	1137.82%
Xstrata	1086.0	1009.5	-7.04%	2,510 – 289	249.31%

Source: Fidessa

WH
SECURITIES

Share Price Movements, Small and Medium Caps

African Eagle (AFE:AIM 5p; Hi-Lo 12.5-3.38p) is mooting a J/V with ASX-quoted Macquarie Harbour Mining Ltd (MH) at African Eagle's Miyabi gold project in Tanzania. MHM will fund a feasibility study. African Eagle will retain 25% with full credit for past expenditure valued at $6.5M. The company also has the potentially large Dutwa nickel project in Tanzania. It is a laterite. This junior company is well-managed and works hard. The notes of caution are the newly-sprung Tanzanian Mining Act and elections due this year.

Firestone Energy (FSE:JSE ZAR36; Hi-Lo ZAR45-28) is active in South Africa's Waterberg coalfield, the next major development in the country's energy drive. It expects to complete its bankable feasibility study by July on the Smitspan Farm. The numbers, to be confirmed, are 85Mt of domestic thermal coal, plus 20Mt of high grade leading to the $400M development of an open cast mine. They moot 5.5Mtpy for Phase I. Firestone has linked up with BEE Group Sekoko Coal and has an eventual target of 18Mtpy.

South African-based **Miranda Minerals** (MMH:JSE ZAR69; Hi-Lo ZAR92-56) is a company on a mission. Main board JSE-listed, it has its sights on becoming a mining investment house (no, not a conventional conglomerate) with a commodity-defined group of quoted subsidiaries (coal, diamonds, industrial, precious) in which the holding group will have a large minority interest. Not unlike the Rio Tinto model, which works. First out of the trap will be the coal assets based in KwaZulu Natal. Miranda holds large resources covering several projects but has identified three ready-to-go deposits of high grade bituminous-coking-anthracite. It has good infrastructure and transport access. Both the local and export markets are hungry. The available ports of Durban and Richards Bay provide direct competition to Australia in the Asian trade and Australia's Henry Tax Report has done the competition no harm. Miranda also has serious coal potential in Botswana, plus diamonds and not-insubstantial gold resources. This is one for the bottom drawer.

Nyota Minerals (NYO:AIM 17.5p; Hi-Lo 18.25-5.13p) was the best performer in the league, crowding on almost 30% in two weeks, to 17.5p. Under the leadership of a resolute CEO Melissa Sturgess, Nyota has transformed itself from a struggling diamond junior to a gold exploration-near producer. Its Tulu Kapi project in Ethiopia has just increased its JORC resource from 0.69Moz to 1.38Moz. It continues drilling, has early open pit potential. We first began to track – and recommend – Nyota (then Dwyka) in August 2009, when it was 6.0p. It has not let us down.

Table 5: Share Price Movements

Small Caps	1 May 2010	15 May 2010	% Change
African Consolidated Resources	12.5	9.88	-20.96%
Cape Diamonds	3.75	3.38	-9.87%
Cluff Gold	95	88.5	-6.84%
Eurasia Mining	0.97	.90	-7.22%
Firestone Diamonds	41.5	37.0	-10.84%
Goldplat	10.25	10.25	0.00%
Gemfields	5.25	5.0	-4.76%
Herencia	0.79	0.82	3.80%
Kalahari	181.5	170.0	-6.34%
Kopane	11.5	11.75	2.17%
Kefi Minerals	1.38	1.25	-9.42%
Kryso	10.75	10.75	0.00%
Northern Petroleum	125.0	114.25	-8.60%
Nyota Minerals	13.5	17.5	29.63%
Petra Diamonds	86.0	80.0	-6.98%
San Leon Energy	22.75	22.25	-2.20%
Strategic Nat Res	16.25	13.0	-20.00%
Toledo Mining	33.0	25.5	-22.73%
Tanzanite One	12.0	11.75	-2.08%
Vatukoula Gold	2.27	2.26	-0.44%
Zincox	50.0	48.0	-4.00%

Source: Fidessa

Gemstones

Trans Hex (TSX:JSE ZAR362; Hi-Lo ZAR530-125) likes to keep us amused. This is Africa's biggest traded diamond producer with some excellent alluvials on the Orange River, marine alluvials and a wide spread of exploration. But it is also hooked into Angola, not a pretty place. Trans Hex suffered with the whole industry but returned to profit in late 2009.

Now it has jumped into bed with Angola's State-owned diamond company, Endiama. The deal struck is typical of what that country's government thinks it can get away with. Trans Hex (for 100% of the risk?) gets 33% of the Luana Mine. Endiama takes 39% whilst three unpronounceable Angolan, privately-owned groups get the 28% balance. But guess what? TH gets to appoint some of the senior management. Unless the formula has changed, it will have to sell its output to Endiama, at a price determined by Endiama…. Trans Hex has two other mines in Angola, the Luarica and Fucauma, both of which are operational, so they should know what they are doing. Why do companies do this to their shareholders?

Energy Minerals

We ignore at our peril the indisputable, that energy in its various forms – oil, coal, gas, nuclear and gimmicks – is over 80% by value of the total commodities mix. That is after throwing in coffee beans and soya for good value. Yet the energy pot is undergoing a transformation. All of it is carbonaceous, because carbon is what burns. We are attempting to get picky about what to do with carbon's by-products, but the green lobby is being trampled underfoot by the onward march of demand. Now that is the long term and none of us will be around for that. We need to concentrate on the nearby investment opportunities. In which sectors are price and demand rising fastest? Right now, it looks like coal has it.

Oil has taken a recent knock (except the pump price at UK filling stations), Brent physical falling 12% to $76 per barrel. Yet let's remind ourselves it dipped below $20 only ten years ago. The derivatives are becoming increasingly popular. We speak with growing enthusiasm (not to be confused with knowledge) of tar sands, shale gas and, coming soon to a KFC near you, frozen methane. None of these will be cheap. An across-the-board estimate is that it will need a steady $80 per barrel average for these to become reality. They will, but the time horizon is yet to be fixed. We long since realised that oil is far too precious a commodity to be firing power station boilers. It is synthesised to produce the full range of thermoplastics, fuels, dyes and chemicals. Now its competitors can do this, too. By and large they are cheaper to produce but need more complex processing. Thus coal has it for thermal power production and for coke, the essential ingredient of steel making. The world is awash with coal. At the last count, the global reserves-to-production ratio was 122 years (BP 2009). The USA has 30% of it and 224 years to go. Of the major users, China (14%), India (7%), Japan (very little) are not too well blessed. This provides an export market for the conveniently-placed African countries, particularly RSA and, shortly to be heard, Botswana. Companies to watch include: **Gleneagle Gold Ltd** (GLN:ASX A$0.02; Hi-Lo A$0.16-0.02) with interests in South Africa's Waterberg Field and **Miranda Mineral Holdings** (See Small Caps) with a developing portfolio of high grade deposits in KwaZulu Natal and a large, but longer term prospect in Botswana. Also **Firestone Energy** (FSE:JSE ZAR37.0; Hi-Lo ZAR45-28) active in the Waterberg. A boost to all these projects may come from Australia's recent Henry Report tax hit.

Pointers for the week...and beyond

Tuesday 18 May 2010:	Royal Dutch Shell AGM
Wednesday 19 May 2010:	UK Minutes of the Monetary Policy Committee Meeting
Thursday 20 May 2010:	Petropavlovsk AGM

The Watchtower: Countries

Nothing Exceeds Like Excess….

The preoccupation of legislators in some mining jurisdictions is almost biblical: trying to get blood out of stones. They are aided and abetted by mining unions. Let's not visit pip-squeaking, cash cows or milking dry, shall we? But tell you what: you drop your outrageous demands and we will revisit our derisory offers. Then, perhaps we can get back to shovelling coal again. In this high flying poker school, the antes are being seriously upped. At the international level, Australia, Tanzania, Venezuela, South Africa and Guinea are bluffing for theirs lives, hiding behind big piles of chips. Zambia, Canada, Botswana and that quietly rising star, Papua New Guinea, are content to watch. There are pickings here for the patient.

Australia's recently released Henry Tax Review has been extensively analysed. The reaction from the major miners likens it to a pork chop in a synagogue. It hinges on a piece of pick-pocketing called the Resources Super Profits Tax (RSPT). They say it is new. Of course not. RSPT was dreamed up by a bunch of left-wing Harvard academics in the 1960s when, as now, the miners were in the money. It did not work then and it will not work now. You need only revisit the countries that tried it out half a century ago: Guyana, Jamaica, Venezuela. Have their lots improved? Unlike those who flirted with it only to abandon the idea: Chile, Australia (until now) and Zambia.

In essence, Henry clips a 40% slice off profits it deems to be above a respectable threshold. Miners spend an increasing amount of their time below it and rarely make claims to respectability. The time span from the discovery of a mineral deposit to production is ever lengthening, so you need the peaks to balance the troughs. The big miners – BHPB, Rio Tinto, Xstrata – have delivered the Government a timely warning: if this legislation sticks, they will go elsewhere. Like, where is elsewhere? Zambia has come out forcefully to declare no interest in super tax. As have Chile, Botswana, Namibia and, most tellingly, Canada. West Africa attracts increasing interest, largely concentrating on iron ore and, to an extent, diamonds. But this is a minefield, so tread with care.

Venezuela. Does this disturbed South American country matter? Yes, it does. It has much oil, gold and other goodies and is presently in the vice-like grip of a President, one Hugo Chavez, who recently graduated from the Mugabe School of Management. He wants to be President-for-life, does Hugo. Is not well disposed towards Americans, thus by association, Canadians, Brits, Australians. He does not even like his neighbours, the Colombians, who are trying to wean themselves off cocaine via mining. The boy is into nationalisation in a big way. He picks off the heavy hitters, too. Oil majors Conoco-Phillips and ExxonMobil have had their toys taken away. Gold Reserve Inc of Washington was similarly treated after spending $300 million there. The list goes on. So, why do companies invest there? Answers on a postcard, please.

United Kingdom. The black cab driver was in sanguine mood last week. He spoke, naturally, of the British General Election outcome. Now there are over 20,000 BCDs in London alone and they are Conservatives to a man (There are also 1500 of the female persuasion licensed to overcharge, too). Our BCD opined that in a democracy, you get the government you deserve. A bit harsh, we thought, since we did not deserve Gordon Brown, nor was he democratically elected. Now we have the first coalition since the start of World Ware Two. Austerity? You bet your sweet life we shall have austerity as we chisel away at the near £200 billion budget deficit. Unlike the Greeks, we shall not set fire to cars and shops, except in Brixton, Southeast London where it is a recreational pasttime. Nor will we chip-in to the Eurozone bail-out, since we do not belong to that club. Estonia has just signed up, mind you. That will make 18 of them with the benefits office queue swelling. Watch this space. More particularly, watch the Germans. As the EU's largest putter-inner of bail-out funds, they are far from being gruntled.

Zim Watch

In a week when The Times would have us believe that Mugabe is a changed character looking for peace and reconciliation ("Africa's Macbeth may finally be tired of war", based on Richard Dowden's reporting of the World Economic Forum in Tanzania), news from the country once again proves that actions speak louder than words. African Consolidated Resources' Finance Officer Ian Harris was abducted from the company's offices, allegedly by members of the Mines Minister's private police, the CID Mineral Squad. He has been charged with five counts of fraud and released on bail. The scramble for the diamonds, meanwhile, intensifies as the Police Commissioner has asked for a mining concession for the police. Already two companies have been awarded contracts to the fields in addition to ACR. The area is currently controlled by the military. Human Rights Watch has reported that at least 200 people were gunned down by the military in late 2008 and that these abuses have continued. International rights groups and the International Diamond Bourse have called for a ban on diamonds from Zimbabwe, but in November, the country escaped a Kimberley Process ban, instead giving a deadline of June 2010 to make the necessary reforms to comply with regulations. The Reserve Bank of Zimbabwe estimates the potential revenue from the diamond fields at over US$1billion per month. It is estimated that at least 2,000 carats a day are being smuggled out of the country. ACR fell 21%.

Shares…and Currencies to Watch

The **US Dollar** is winning by default. The Euro is in disarray and the pound sterling is staring at austerity, the Australians have shot themselves in the foot, possibly, and the Chinese know when not to move.

- **Platmin.** See Small Caps. **Buy**
- **Nyota Minerals.** See Small Caps. **Add/Buy.**
- **Xstrata.** May be a longish haul (2011?) but they may be taken out for more than their price of the day. **Add/Buy.**
- **Gold.** It is hard to see a mega sell-off right now, but the more that gets into volatile hands, the greater the likelihood. Right now there could be a serious spike driven by coin buying, ETFs and Akshaya Tritiya, the annual festival where, according to Hindu mythology, purchase of gold on the day of Lakshmi's birthday (goddess of wealth) brings prosperity to the family. India is the world's largest buyer of gold, although it has been diminishing dramatically due both to price hikes and a 50% increase in import duty on gold.

David Hargreaves
15 May 2010

On May 20th, **David Hargreaves** will be presenting a context speech at Objective Capitals' Precious Metals, Diamonds & Gemstones Investment Summit (http://www.ObjectiveCapitalConferences.com/ocic/preciousmetals.html). Also presenting will be DeBeers and Global Witness. This is not one for the faint-hearted.

Disclosures

WH Ireland Recommendation Definitions

Buy
Expected to outperform the FTSE All Share by 15% or more over the next 12 months.

Outperform
Expected to outperform the FTSE All Share by 5/15% over the next 12 months.

Market Perform
Expected to perform in line with the FTSE All Share over the next 12 months.

Underperform
Expected to underperform the FTSE All Share by 5/15% or more over the next 12 months.

Sell
Expected to underperform the FTSE All Share by 15% or more over the next 12 months.

Speculative Buy
The stock has considerable level of upside but there is a higher than average degree of risk.

Share Price Target
The share price target is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon.

Stock Rating Distribution
As at the quarter ending 31 December 2009 the distribution of all our published recommendations is as follows:

Recommendation	Total Stocks	Percentage %	Corporate
Buy	18	22%	4
Speculative Buy	4	5%	4
Outperform	18	22%	1
Market Perform	26	33%	3
Underperform	14	18%	0
Sell	0	0%	0
Total	80	100%	12

This table demonstrates the distribution of WH Ireland recommendations. The first column illustrates the distribution in absolute terms with the second showing the percentages.

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