

Eurasian Gold

Junior and Mid-cap Market



Table 1: Summary of recommendations.

Name	Share price	Recommendation	Target price
Celtic Resources	£1.80	BUY	£4.17
Hambledon Mining	£0.15	BUY	£0.26
Highland Gold	£1.03	HOLD	£1.00
Kryso Resources	£0.12	BUY	£0.21

- This report focuses on 13 gold companies listed on the AIM market with assets in Eurasia, an emerging geography with significant exposure to world-class gold deposits.
- We cover four companies with detailed valuations, and review a further nine companies in Russia, China, Europe and the Former Soviet Union.
- With an increase in the number of production success stories from Eurasia, investor confidence is growing in exploration, where juniors offer good investment potential as they continue to define world-class gold deposits in regions of good infrastructure.
- Mine supply has been flat over the past five years, but has been supplemented by Central Bank sales, which we expect to come close to the maximum 500t of gold in 2007.
- We believe demand will remain strong over the next two years. Gold demand has been increasing, in part due to increasing affluence in India and China, partly due to the needs of de-hedging, and certainly we believe that higher oil prices are having an impact.
- This report continues our themed coverage of the junior and mid-cap mining market, with previous coverage on the Nickel and Diamond sectors.

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Contents

GOLD SECTOR OVERVIEW	4
Introduction	5
Valuation Overview	7
Supply and Demand	8
Supply - Demand Balance and Gold Price	12
Companies and Sector Dynamics.....	14
Geology and Exploration	15
Milling and Processing.....	17
COMPANIES SECTION	19
Aurum Mining (AUR LN)	20
Celtic Resources (CER LN).....	22
Central China Goldfields (GGG LN)	24
China Goldmines (CGM LN).....	26
Frontier Mining (FML LN)	28
Hambleton Mining (HMB LN)	30
Highland Gold (HGM LN).....	32
Kryso Resources (KYS LN).....	34
Leyshon Resources (LRL LN/AU).....	38
Peter Hambro Mining (PHM LN).....	40
Stratex International (STI LN)	42
Tianshan Goldfields (TGF AU/LN)	44
Trans-Siberian Gold (TSG LN).....	46
Glossary.....	48
Research Disclosure	49

GOLD SECTOR OVERVIEW

Introduction

With the industrialisation of China driving base metal prices ever higher, gold has lost its place as the premier hard rock commodity. However, as global economies vacillate under the current liquidity crisis, and with ever escalating mining costs driven by the current high demand for staff, services and infrastructure, some commentators are now predicting long-term gold prices in excess of US\$1,000/oz. The gold price could yet benefit from its traditional role as a hedge against uncertainty and inflation. The western world has been increasing the money supply far too fast, which has given rise to the succession of 'bubbles' that have flowed through the United States economy. The easy way to fix this is to increase interest rates, but the current crisis in the commercial paper debt market has seen the United States lowering interest rates. As the United States continues to debase its currency, we anticipate that this will be reflected in higher gold prices.

With gold prices above US\$500/oz for almost two years now, miners are increasingly deserting the mature goldfields of Canada, America, Australia and South Africa in search of deposits in emerging countries of Africa, Latin America, Asia and the Commonwealth of Independent States (CIS). In part, this has been driven by the opening up of these areas after having effectively been closed for many years. With modern geological exploration techniques being used for the first time, in theory, it should be much easier to find ore bodies in these areas.

In this sector review, we focus on explorers, developers and miners in Eurasia, where we believe there the emerging track record of production from more mature companies will give investors increasing confidence in the junior end of the market. TSX and AIM listed companies are best represented in Eurasia, with ASX companies present also. In this report we focus on AIM listed companies.

Table 2: Companies reviewed in this report.

Company	Share price	Recomm endation	Target price	Comment
Aurum Mining	£0.80	-	-	Fast tracked relatively small resource; looking to other prospects for growth
Celtic Resources	£1.80	Buy	£4.17	Having regrouped, now entering period of sustained organic growth
Central China Goldfields	£0.09	-	-	Strong exploration portfolio in good geography, drilling results will be key
China Goldmines	£1.36	-	-	Consolidating small operations may prove difficult, we await progress
Frontier Mining	£0.16	-	-	Small producer with strong management, needs to develop production base
Hambledon Mining	£0.15	Buy	£0.26	Strong balance sheet and early cash flow from open pit mining
Highland Gold	£1.03	Hold	£1.00	Producer with some licence issues; major capital requirement for growth
Kryso Resources	£0.12	Buy	£0.21	Targeting 100,000k oz pa production within medium term, undervalued
Leyshon Resources	£0.20	-	-	Near term production from low-cost mining and significant resource upside
Peter Hambro Mining	£9.15	-	-	Producer, looking to quadruple production over 4 years
Stratex	£0.09	-	-	Small resource, but set for growth with strong management and portfolio
Tianshan Goldfields	£0.19	-	-	Strong growth prospects driven by world-class gold resource
Trans-Siberian Gold	£0.22	-	-	Historic difficulties operating in Russia, now supported by Anglo American

Source: FDC, Bloomberg

The diversity of geographies means there are many political factors that must be taken into account when evaluating sovereign risk. Broadly, covered stocks can be divided into Russia, China and the Former Soviet Union (FSU), with some representation from Europe also (Table 2).

When valuing Russian companies, sovereign risk must be taken into account, and we ascribe extra value to those companies that have formed JVs with Russian companies to reduce risk of licence withdrawals. This has to be balanced by the large inventory of Soviet defined resources, commonly with very high grade. In addition, the strong mining history of Russia means there is a ready supply of local expertise.

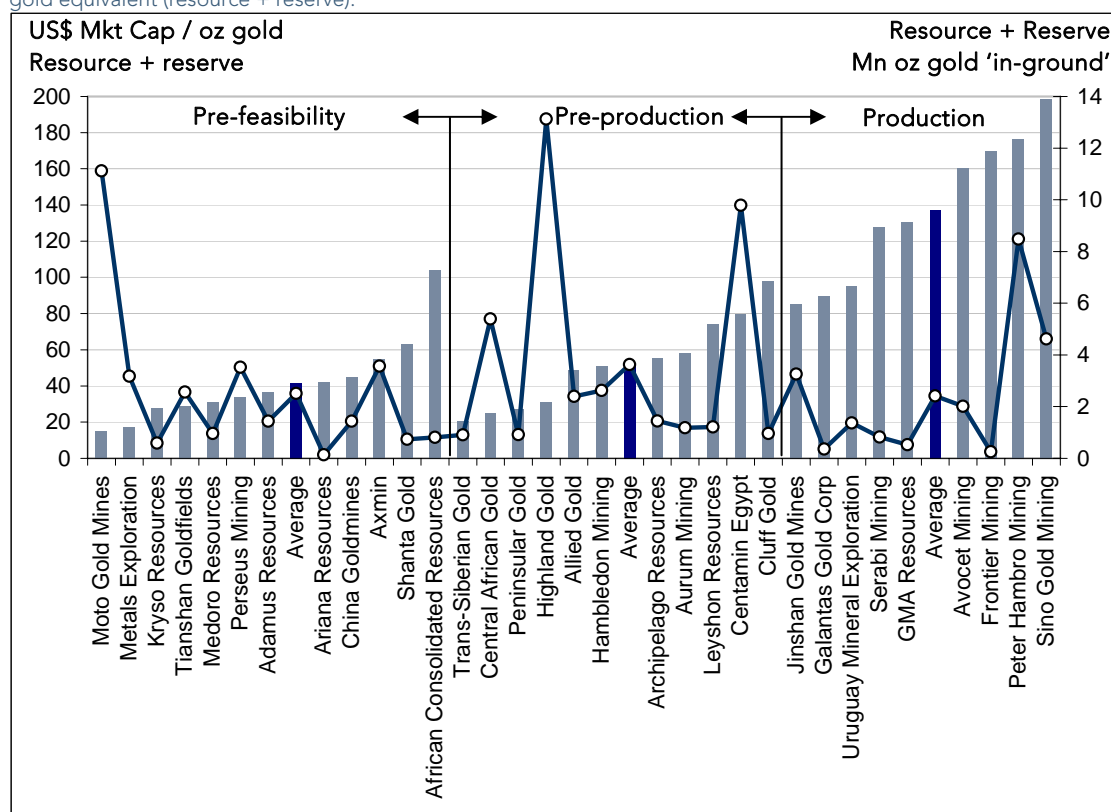
In China, many mining companies would suggest an ounce in the ground is worth more than elsewhere in the world because of the low operating costs. With companies like Leyshon Resources upgrading their inferred resource to indicated at a cost of US\$5/oz, this certainly seems the case. We believe the largest difficulty in operating in China is getting up and running in the first place, with established companies now drilling rapidly, cheaply and in highly prospective areas.

The FSU also offers huge exploration and development potential when compared with the likes of Australia and Canada. Whilst each country must be evaluated individually, licence investigations and withdrawals could be said to be less common than in Russia, giving investors more confidence, although this has to be viewed in light of corruption, which is an issue in some countries. However, our largest concern with companies operating in the FSU is the difficulty in securing modern drill rigs that can drill at a reasonable pace and price.

Valuation Overview

As an overview of valuation metrics for gold exploration (pre-BFS), gold development (post-BFS, pre-production) and production firms (actively mining), we have presented market cap per gold equivalent resource + reserve ounce for a variety of gold companies in emerging countries globally. In the simplest sense, it is possible to see that as mining companies provide feasibility studies with accurate cost estimates, secure funding for construction, construct a mine and finally move into production, the attributable value per gold ounce 'in-ground' varies from around US\$20/oz to US\$200/oz, some ten times uplift.

Exhibit 1: Valuation of gold companies at various stages of maturity based on market cap value per defined ounce of gold equivalent (resource + reserve).



Source: FDC, Bloomberg, Company Reports. Market cap on Aug 31 2007.

Realistically, this method is only useful for pre-feasibility companies for which mining costs and profits are unknown. More commonly, companies are rarely like-for-like, with variation in valuation normally a result of:

- **Grade**; which impacts mining cost per ounce; the higher the grade, the lower the cost;
- **Reserve vs. resource**; with reserves likely to be mined, and resources representing a larger amount of gold from which only a sub-set may be mined;
- **Country**; this impacts political/sovereign risk, as well as labour costs;
- **Location**; companies close to existing infrastructure and reliable power grids should be expected to have lower capital and operating costs than those in remote locations;
- **Geology**; many ore deposits are 'closed', with resource increases unlikely, others are 'open', or regional exploration is prospective, meaning resource upgrades are likely;
- **Size**; smaller deposits typically have a higher cost-per-ounce, and thus lower value.

Supply and Demand

Supply

The supply of gold over the past ten years has been characterised by flat mine production. During this time, it has varied between a low of 2,471t and a high of 2,645t. Interestingly, the last three years' production figures include two of the lowest years production and the other, 2005, is the fourth lowest production total for the period under consideration. There are several reasons for this, the most important one being that the start of the current 10 year period corresponded with the lows of the gold price cycle. At that time, gold companies were struggling to survive, and this led to decisions, the consequences of which we are still living with today.

- Firstly, to maintain profitability, many gold companies high-graded their deposits. This has long term ramifications, many of which continue to haunt the goldmines today.
- Secondly, exploration budgets were cut and geologists retrenched. The folly of this policy is to be seen in the lack of significant gold discoveries in the past ten years.
- Thirdly, the low gold prices led to wide scale hedging within the gold industry, a fact that has seriously constrained company profits in recent years.

The second important source of gold supply has been Central Bank Selling. The first Central Bank Selling Agreement, known as the Washington Accord, was announced on 26 September 1997. Under this agreement, the Central Banks agreed to limit their sales of gold to a total of 400 tonnes per year for a period of five years. This agreement was replaced on 27 September 2004 by a new one, the Central Bank Gold Agreement. Under the terms of this agreement, the signatories were allowed to sell 500tpa over a period of 5 years. So far, less than 500tpa have been sold and last year, 2006, the total was less than 400t. For the balance of 2007, and remembering that the sales must be concluded before 26 September, in any given year, we are forecasting Central Bank sales at under 500t in 2007, despite the ongoing heavy Spanish selling seen since Easter this year. This includes the additional sales of 25t or 800,000oz in July 2007. It has been reported that the Swiss Central Bank commenced selling gold in July 2007, with sales of 34.1t. This took total sales for July to 67t. This is an earlier start and a much faster selling rate than we had earlier assumed. If this rate is maintained, then the Swiss plan of selling 353t of gold could be achieved by the end of January 2008, rather than within the stated time frame of the end of 2009, and we believe that Central Bank sales could come close to the target of 500t.

The third important source of gold is scrap recycling. In 2006, scrap supplied some 26% of the market supply. Scrap supply at 1,108t was the highest figure in 10 years, narrowly beating the 1,105t of scrap recycled in 1998. Scrap supplies are difficult to estimate, but normally react to the gold price.

Demand

The most important use for gold is for fabrication purposes, primarily for jewellery. India is by far and away the largest market for jewellery consumption, followed by the USA, China, Turkey and Saudi Arabia. Over the past 10 months, the Indian rupee has shown solid appreciation against the US dollar insofar as the rupee gold price is very similar to that prevailing at the start of the 12 month period.

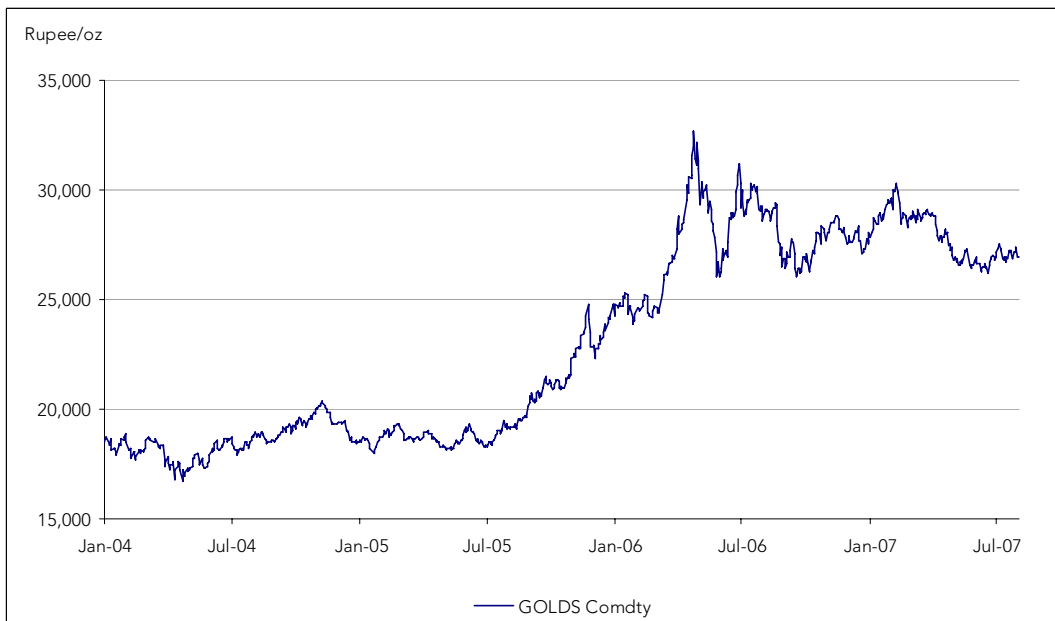
Exhibit 2: Rupee/ US\$ exchange rate (Jan 2004 - Aug 2007)



Source: Bloomberg

Further, we believe that it is important to realise that the recent high in the rupee gold price, on 27 February 2007 at 30,245R/oz, was well below the other recent peaks of 31,163R/oz and 32,673R/oz reached on 17 July 2006 and 12 May 2006 respectively. Although gold for fabrication purposes in India dropped in 2006, it was still the second highest figure since 2001, and the drop in consumption was due to the higher rupee gold price. Although off its peaks, the rupee gold price in 2006 was well above preceding years (Exhibit 2).

Exhibit 3: Price of gold in Rupee/oz (Jan 2004 – Aug 2007).



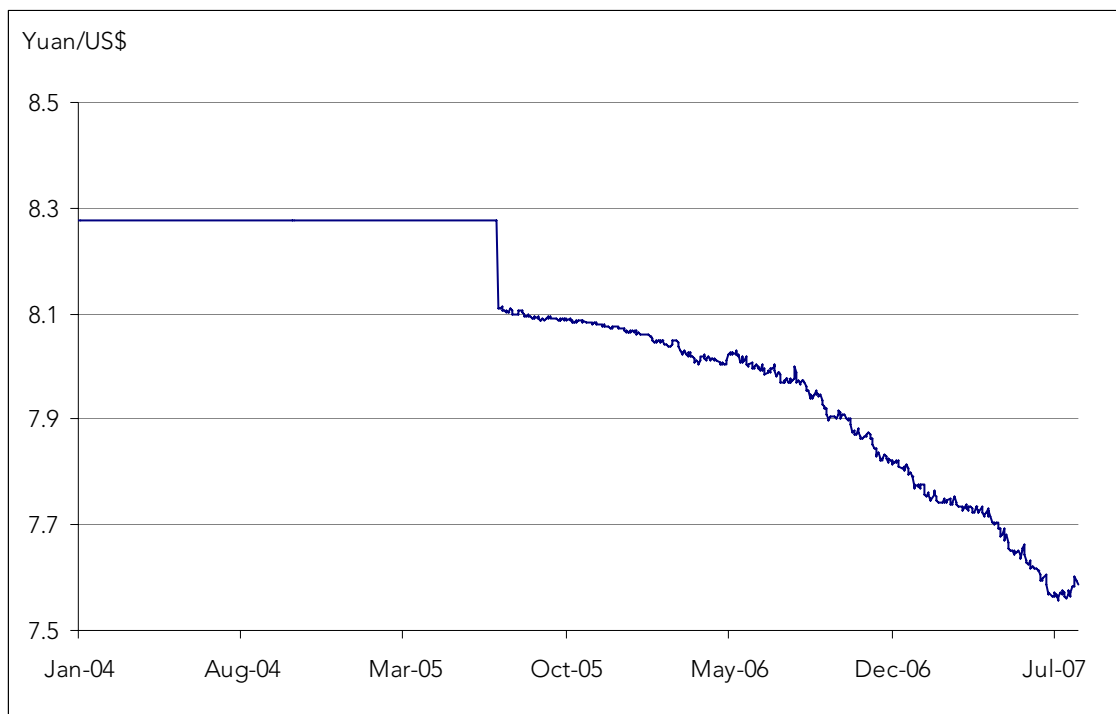
Source: Bloomberg

It is pertinent to record that gold for physical investment continued its strong growth. In India, investment demand increased by 36% in 2006. Looking towards 2008, we believe that the falling price of gold in rupee terms, when coupled with the increasing size of the middle class and changing demographics, is expected to lead to an increase in demand for gold in India. The recently available figures for 1H07 show that Indian demand for gold in this period was 528t. This represents an increase of 221t or 72% above the previous corresponding period when demand was 307t.

India's population is relatively young, around 25% below the age of 18 and this group is approaching the age of marrying and buying gold jewellery. The importance of this youthful component to the demand for gold in India has led to a significant demand in gold in the annual run-up to Saint Valentines Day, with several Indian banks and jewellers producing special designs for this occasion. Also, the style of jewellery in demand in India is changing. The modern Indian working women prefer lighter, more adaptable gold jewellery, rather than the heavier pieces that their mothers kept in the bank vault.

Demand in China, both for fabrication and physical investment continues to increase. This is a trend that has continued for the past five years and we believe will continue, certainly through 2007. This growth in demand is anticipated to be fuelled by the increasing affluence in China, the falling gold price as measured in remimbei and the fact that 2007 is the year of the "Golden Pig." This is perceived to be a 60 year cycle, conferring wealth and other benefits on people born in the year.

Exhibit 4: Yuan/US\$ exchange rate (Jan 2004 – Aug 2007).



Source: Bloomberg

The Chinese New Year is becoming increasingly important for gold sales, in no small part due to the fact that the purchasers of gold at this time of the year are guaranteed their money back if they change their mind. Chinese gold production has been increasing at a rate of 6.2% per annum since 1999, and yet supply is struggling to meet demand. Chinese demand for the first half of 2007 was 41t, and up 11% on the first half of 2006. Even more impressive was Vietnam; although first half demand was only 17t, this was up 54% on the first half figure for 2006.

The re-emergence of Russia with its energy wealth is also starting to have an impact on gold demand. It is one of only two countries, the other being the United Arab Emirates, where gold jewellery consumption, including scrap, has doubled in the past ten years. Russia has maintained this momentum into 2007 with a June quarterly demand figure of 20t, a 27% gain year on year.

The most noticeable fall in demand in the first half was in the USA, where demand was down by 20t or 15%. Whilst buying remained strong in the middle and top end of the market, the bottom end is now finding gold quite expensive.

Demand for gold for Exchange Traded Funds (ETFs) has also been increasing, but slowed in the first half of 2007. There are now seven active ETFs and two closed end funds. During 2006, demand for gold for these funds increased by 260t, taking the total to 648t, and increasing by a further 34t in the first half of 2007. All of the funds increased their holding of gold in 2006, but the New York Exchange listed Gold Shares product, backed by the World Gold Council, accounted for the bulk of this. We anticipate a similar increase in gold demand for ETFs in 2007 because ETFs are starting up in India. Two such funds commenced trading in February and there are projections that another six could be operational before the end of the year. The Japanese are also entering the picture. The Osaka Securities Exchange launched a fund on the 10th of August, backed by gold with Nomura Asset Management Company as the Trustor and Mitsubishi as the Trustee. It has also been reported that the Tokyo Stock Exchange will launch a gold ETF backed by Japanese financial institutions in the spring of 2008. However, significant increases in ETFs have not occurred in the first six months of 2007. The reason for this is that whilst most ETFs have been growing, in the USA, investors in StreetTracks appear to have been taking profits.

We did not mention hedging as a form of gold supply, with very little new hedging or gold loans put in place recently. In fact, the converse is true. The gold producers have been dehedging at a frenetic pace. Leading the charge has been Barrick, which at one stage owned 65% of global hedged positions. The past 18 months has seen this figure reduced significantly, but Lihir, Newmont, Buenaventura, Goldfields and AngloGold Ashanti all contributed to the dehedging story. Then there were the companies such as Newcrest that delivered against its positions. All this resulted in demand for de-hedging exceeding 360t in 2006, a figure we expect to be at least matched in 2007, but to fall away significantly in 2008. The Barrick de-hedging has, we believe, resulted in the unseasonal behaviour of the gold price in the early parts of both 2006 and 2007.

The increase in the price of oil has also had a significant impact on the demand for gold. In 2006, OPEC's oil revenues reached US\$968bn, up from around US\$300bn in 2002. This has led to many of the OPEC countries having experienced a significant surplus in their balance of payments. The question is "what do they keep this surplus in?". With an inherent dislike for US dollars, the balance tends to be used for buying gold. Demand for gold, both from bar hoarding and jewellery fabrication dropped in 2006 from the 2005 level. We put this down to the unseasonably high gold price in the early part of 2006, which was followed by a weakening oil price in the second half of the year and the fact that ETFs are now available with the gold being kept offshore.

Lastly, we believe gold will retain its status as a store of wealth. Money supply has been growing at unsustainable rates. A few samples of this are the USA where M3 is currently growing at 12.2%, the fastest rate for five years, in Europe the M3 money supply is growing by 10.9%, the fastest rate of increase for 24 years. The UK M4 rate is 13.3% and in Korea the money supply growth rate is 12.3%. Whilst the world's money supply is growing at these sorts of rates, the only certainty is that asset prices will be increasing. These positions could be exacerbated by the recent injection of liquidity into the financial system following the sub-prime credit crunch.

In summary, we believe that the demand for gold will remain strong over the next two years.

Supply - Demand Balance and Gold Price

Recent years have seen the emergence of Asia and Latin America as new gold production power houses, while growth in African production slows (Table 3). We have selected key points in the last twenty years to illustrate a dramatic change in the distribution of newly mined gold supply. Particular features are the decline in the dominance of South Africa, the dramatic increases from Australia (recently moderating), and the more recent and even more dramatic output rises from China and Peru.

Table 3: Gold mine production trends (t).

Area	1986	1991	1997	2006
Africa	693	691	673	530
Asia	167	243	396	522
Latin America	181	210	316	496
North America	224	471	534	356
FSU	275	252	253	291
Oceania	79	246	329	256
Total	1,637	2,160	2,527	2,471
Country	1986	1991	1997	2006
South Africa	640	601	527	292
United States	118	296	362	252
China	65	104	163	247
Australia	75	236	313	244
Peru	11	15	75	203
Indonesia	8	24	102	114
Soviet Union	275	252	n/a	n/a
Russia	n/a	n/a	138	173
Uzbekistan	n/a	n/a	82	79
Canada	106	175	172	104

Source: GFMS Gold Survey

South Africa has been affected by rising costs and declining grades. Australia was stimulated by a revolution in earthmoving and treatment techniques, which, with the help of high local gold prices, facilitated exploitation of low grade gold ores by open-pit mining. The search for economic gold resources in less developed areas with highly prospective geology led to new gold mines in South America and South East Asia. The same applied in China where this trend is continuing with the acceptance of international companies with appropriate exploration and development skills together with ability to source necessary funding.

Features of demand-supply trends have been the net increase in newly mined supply, which should stabilise as the decline in established supply is no longer being compensated for by new production growth.

At current prices, new mine supply is being absorbed by jewellery consumption, while official sales should decline, and scrap re-cycling is largely a reflection of the gold price (Table 4). Producer hedging is now out of favour. Investment activity is the dominant swing factor.

Table 4: Gold Supply - Demand Trends (t).

	1986	1991	1997	2006
Mine supply				
Scrap	1,637	2,160	2,527	2,471
Net official sales	513	450	631	1,108
Hedging	46	111	504	-
Disinvestment	-	290	229	-
Total	2,225	2,896	4,217	3,906
Consumption				
Jewellery	1,224	2,176	3,294	2,280
Industrial etc.	596	441	561	639
De-hedging	-	-	-	373
Investment	435	279	362	614
Total	2,225	2,896	4,217	3,906

Source: GFMS Gold Survey

Jewellery consumption can be a function of the gold price and fashion. However, spending power is also a major influence and this also applies to private investment in the form of high carat, low quality jewellery and gold bars. It is thus India, China and the Middle East that are the drivers in this context (Table 5).

Table 5: Gold Jewellery (t).

	1986	1991	1997	2006
Jewellery Fabrication (excluding scrap)				
Italy	230	401	475	159
United States	105	108	142	84
India	88	157	524	464
China	19	125	271	245
Jewellery Consumption (including scrap)				
India	-	214	572	522
United States	-	236	317	309
China	-	224	339	245
Turkey	-	94	150	165
Saudi Arabia	-	85	227	104
Gold price (US\$/oz)	368	362	331	604

Source: GFMS Gold Survey

Gold Price

Because we believe de-hedging is largely a phenomenon of the past, we do not anticipate the spring spikes in the gold price going forward. We expect the gold price to increase on a more even basis over the next couple of years as the wealth effect creates higher demand in India, China and Russia with the continuing high oil prices providing support from the Middle East. We also anticipate that as the full impact of the liquidity crisis unravels so the demand for gold will increase.

Table 6: Gold price forecast.

		2007E	2008E	2009E	2010E	LT
Gold price	US\$/oz	670	725	620	550	476

Source: FDC, Bloomberg

Companies and Sector Dynamics

In Table 7 we present the top four gold producers globally, who account for around 30% of total gold production.

Table 7: Top four gold companies/producers globally.

Company	Base	Annual gold output
Barrick (including Placer)	Canada	269tpa
Newmont	United States	185tpa
AngloGold Ashanti	South Africa	175tpa
Goldfields	South Africa	126tpa

Source: GFMS Gold Survey

Barrick (ABX) is a Canadian listed global gold company, with 27 operating mines, 123Moz of gold reserves and produces 8.84Moz pa at a cash cost of US\$282/oz. The main operations are located in North America (Nevada), South America (Peru) and Oceania (Western Australia and Papua New Guinea).

Newmont (NEM) is a US listed global gold company, with gold reserves of some 94Moz and produces 6Moz pa. It operates primarily in North America (Nevada), South America (Peru) plus Indonesia and Ghana.

AngloGold Ashanti is a South African based global gold company with 21 operating mines. It has reserves of 182Moz, producing 5.7Moz gold pa at a cash cost of US\$320/oz. The main operations are located in South Africa, Australia, USA, South America and West Africa.

Goldfields' is a South African based global gold company. It has 92Moz gold reserves and produces 4Moz pa. The company operates in South Africa, West Africa, South America and Australia.

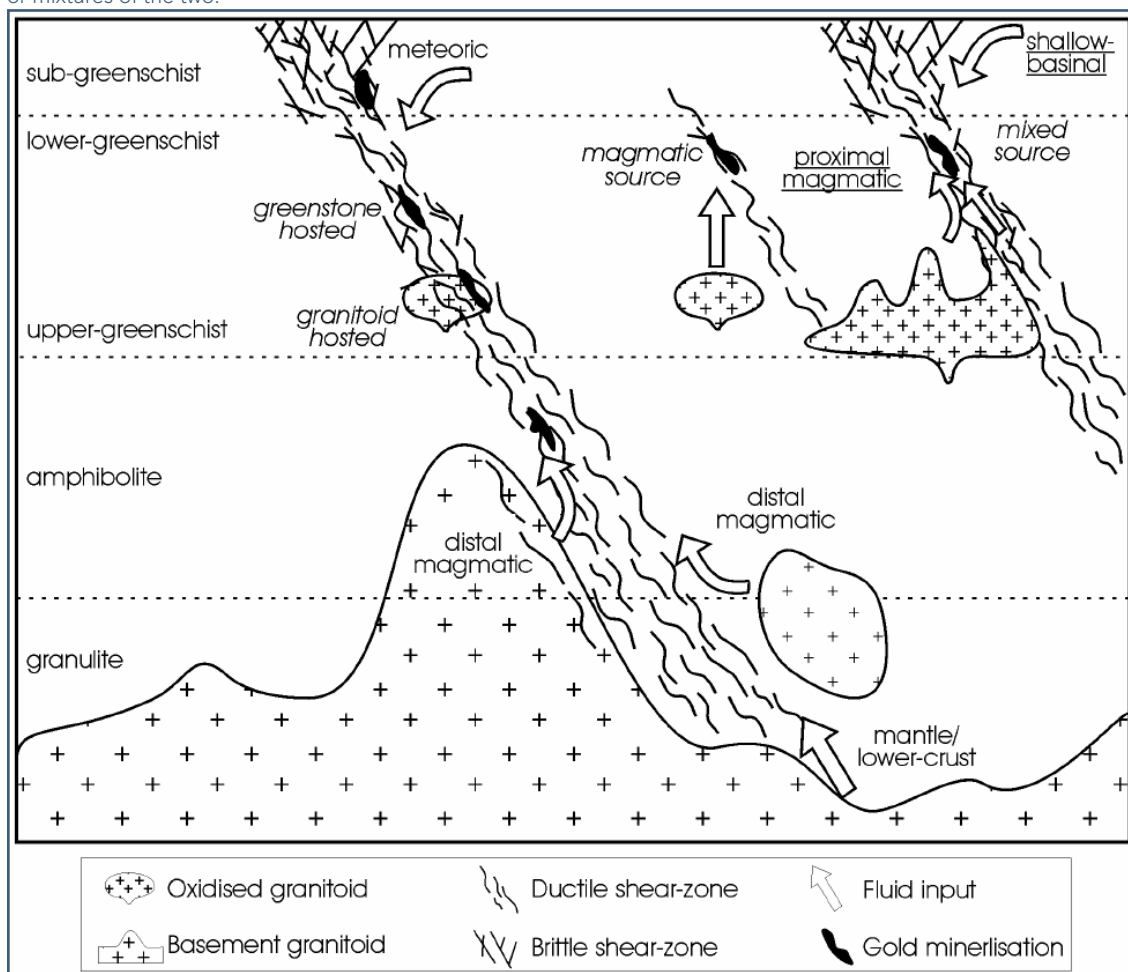
Geology and Exploration

Unlike many commodities, there is a wide variety of gold mineralisation styles. We summarise some key types here, but it should be pointed out that there are many variations. Deposits can be broadly divided into two main types, gold-only and multi commodity, and two economic/grade types, high-grade narrow zone and low-grade bulk tonnage.

Broadly, gold mineralisation forms where fluids are driven by the pressure and temperature of rocks at depth are mobilised through the crust, moving upward and transporting gold in solution. These fluids can be deeply sourced from the mantle (molten rock at depth) or can come from more local sources, such as granites that form as molten masses higher in the crust, or in sedimentary basins where heat sources such as a granite intrusion set up fluid circulation cells (Exhibit 5).

To understand why gold deposits form where they do, parallels can be drawn with oil 'traps'. As the fluids previously described moved upward through the crust, where they intersect a structural trap such as a fold, or particularly permeable rock, and geochemical conditions are suitable to precipitate gold, e.g. iron rich rocks, ore zones form. Unlike nickel or diamonds, it should be noted that gold mineralisation itself is extremely common, but large concentrations are less common, i.e. there is commonly smoke without fire.

Exhibit 5: Schematic model of a variety of gold deposits forming at different depths, showing that most deposits are controlled by the locations of faults and shear zones, but with fluids from different sources, e.g. granites, surface waters, or mixtures of the two.



Source: Salier PhD thesis

Single Commodity Gold Deposits

Pure gold deposits form either high-grade (2-3 g/t gold to 30+ g/t), typically narrow (1m-50m) ore bodies, or low grade (0.5 g/t to 1.5g/t) massive ore bodies several hundred meters wide.

High-grade

High-grade deposits are mainly mesothermal / orogenic / Achaean, which are all various descriptions for deposits that form at mid-crustal levels, or high-sulphidation epithermal deposits, where epithermal describes deposits that formed in a near-surface volcanic environment similar to hot springs currently active in New Zealand or Yellowstone National Park in the US.

Examples of classic mesothermal deposits are the Achaean (meaning older than 2500 million years) gold belts typified by Canada (e.g. Timmins), Australia (e.g. Kalgoorlie) and Africa (e.g. Mali, South Africa). Epithermal deposits are typified by younger gold belts, including many of the Russian resources covered in this report.

The important point to understand with high-grade deposits is that widths of 3-5m are considered a minimum, with 1.5-2.0g/t a common minimum acceptable grade. As companies drill-out this style of deposit, long high-grade intercepts are common in isolation, but harder to replicate on a consistent basis over a sustained length (e.g. 200m plus). As for size, 1Moz is considered a good minimum to support a 100,000oz per year operation, which would be highly profitable for a small company. Larger companies typically seek 3Moz plus, equating to around 100t of gold and a common cut-off for the widely used phrase 'world-class'. The truly world class mesothermal gold deposits, such as Timmins in Canada, the Kalgoorlie Super Pit and Muruntau in the Tian Shan fold belt contain well over 10Moz.

Low-grade

Low grade deposits typically contain only 0.5g/t to 1.5g/t gold, but unlike high-grade deposits the mineralisation is often pervasive throughout the rock, meaning miners can 'bulk mine', e.g. a pit may contain all ore and no waste. This style of mineralisation is characterised by two main sub-types: low-sulphidation epithermal / porphyry deposits and Carlin style deposit. Low-sulphidation epithermal systems commonly form beneath the high-sulphidation epithermal deposits described above. These are similar to, and in places form as, porphyry deposits, where gold is hosted by, on the margin of or adjacent to, large granitic rock masses. Carlin deposits form in sedimentary basins where hot gold-bearing fluids interact with sedimentary rocks.

Within low-grade deposits, high-grade shoots or 'bonanza' grade zones also occur, so in some respects low- and high-grade deposits form as end members of a continuous series.

Multi-commodity Gold Deposits

Multi-commodity deposits occur where gold forms with subsidiary metals including copper, silver, molybdenum, iron-oxide or uranium to name a few. With many sub-types, we have listed a few key styles here.

Iron-oxide copper gold is a relatively recently understood type of deposit, characterised by the Olympic Dam gold deposit in South Australia, in which uranium is also present. This style of mineralisation often forms massive tonnage deposits with complex geochemical composition.

Volcanic Massive Sulphide (VMS) deposits commonly contain gold-copper-lead-zinc, and are an ancient equivalent to modern 'black smokers'. Where hot hydrothermal metal-bearing fluids are driven through the rock pile onto the ocean floor, metals rapidly precipitate forming lenses of metal-rich ore zones. Subsequent sedimentation then preserves these deposits, which are then exposed after the overlying rocks are eroded away.

Milling and Processing

A typical gold plant follows the design pioneered in Western Australia in the 1980s. It essentially consists of a primary crusher, followed by a SAG mill and a ball mill. The discharge from the ball mill is thickened and pumped to a series of leach tanks, which contain carbon. The gold is transported from its solid form into solution by the addition of cyanide and the soluble gold is then absorbed onto carbon. The carbon is screened out of the slurry and sent to the gold room to have the gold stripped from it, before being sent back into the leach tanks.

To define some of the above:

- SAG stands for semi autogenous grinding. It is normally a large diameter, short length mill, which utilises large lumps of ore as some of the grinding media. An AG mill is fully autogenous, whereas a SAG mill utilises a mixture of steel balls and rock as the grinding media.
- The ball mill performs a similar function to the SAG mill, but uses steel balls and grinds to a finer size distribution.
- Lime and cyanide are added to the ball mill. The lime ensures that the pH is optimal for the cyanidation of the slurry. They are added at the ball mill stage as it ensures good mixing and the cyanide has the opportunity to react with the fresh surfaces of the gold.
- Sometimes the gold is leached in a set of tanks before the carbon is added in a separate set of tanks. This is known as carbon in pulp or CIP for short. Sometimes the leaching of the gold and its extraction onto carbon occurs in the same set of tanks and this is commonly known as carbon in leach or CIL for short.

The plant as described above would be ideal for treating oxide ores with grades above 1.5g/t. Where the grades are below 1g/t, a heap leaching operation may be a better option. In this process, the mined ore is crushed, then sometimes agglomerated, and stacked in heaps on polypropylene sheets. These sheets ensure that no solution seeps into the environment. Weak cyanide solution is sprayed over the heap and as it percolates through the heap it dissolves the gold. The solution collected at the bottom of the heap is pumped to a treatment facility where the gold is extracted using carbon. The only reason for agglomeration is when the orebody contains clay. This has the potential impact upon the percolation through heaps and could impact upon recoveries.

Whilst recoveries are to a degree related to feed grades, a typical CIP plant would be expected to give recoveries better than 90% within 24 hours, heap leaching would give recoveries around 75% and take up to three months to achieve.

If the ore contains significant amounts of silver, and some other deleterious elements, the Merrill-Crowe process may be favoured over the CIP process. In this process, the solution bearing the gold is separated from the slurry by filtration or counter current thickening before the gold and silver is precipitated out by the addition of zinc dust. The precipitate is then smelted to produce the gold.

If the ore is refractory, there are several common processes used to extract the gold. Refractory gold ores are typically associated with sulphur, with the gold particle being encapsulated in pyrite or arsenopyrite. The ore may be roasted, after it has been crushed and ground. This process drives the sulphur off, and typically enriches the ore, which is then subjected to the normal oxide extraction processes. The extra processing stage adds cost to the operation and normally requires the addition of an acid plant or another method of preventing the sulphur dioxide generated polluting the atmosphere.

Another common method of treating refractory gold ores is autoclaving. After size reduction the ore is subjected to temperature and pressure in an autoclave (pressure vessel), which breaks the sulphide down, liberating the gold. The pH is then corrected and standard extraction techniques applied. It is important that the pH is corrected first as the addition of cyanide to acidic solutions causes the formation of hydrogen cyanide gas.

A third method of treating refractory gold ores is bi-oxidation. The ore is first ground and then concentrated using a flotation plant. The gold bearing concentrate is then mixed with bacteria in a reactor vessel. This is typically an agitated rubber lined mild steel tank. The reaction takes between four and six days and is exothermic and so has to be cooled to keep the temperature to between 45°C and 50°C. After oxidation, the solids and liquids are separated and the gold bearing liquids are treated by conventional methods.

All of the refractory treatment processes are more expensive than straight oxide technology. Further, they normally need an additional unit process such as flotation. This may be seen as a pre-concentration step, which enables the back-end of the plant to be much smaller than it would be otherwise. However, the addition of an extra unit process reduces the overall recovery. Typical recoveries are in the range of 80% to 90%.

All of the above processes, with the exception of Merrill-Crowe, result in the gold being concentrated on the carbon. This is known as "loaded carbon". It is removed from the circuit, washed and the gold is removed by treating it with cyanide solution at high temperature and high pH. The rich eluate that emerges from this process is passed through electrowinning cells where the gold is precipitated on to cathodes. The cathodes are then smelted and cast into gold ingots for sale to the refinery.

COMPANIES SECTION

Aurum Mining (AUR LN)

Background

Aurum Mining was admitted to AIM in May 2004 to acquire gold projects in the Former Soviet Union (FSU). In January 2005, Aurum acquired the 53km² Exploration Licence (recently extended to end-2010) in the Andash area in the northwest of the Kyrgyz Republic, close to the Kazakh border, within the Tien Shan mineralised belt, which hosts several large gold resources. Andash has an exploration history and a resource was identified but not developed.

The Company has conducted a successful exploration campaign to bring an initial resource to feasibility, which should support a +100,000oz pa gold operation in 2008. Other prospects in the licence area are being investigated.

Key Assets

The Andash deposit was first discovered in 1962 and was extensively explored by Soviet geologists in the 1970s and 1980s. The North Kyrgystan Geological Expedition (NKGE) calculated a global resource of 26Mt @ 1.22g/t Au and 0.3% Cu at a 0.5g/t cut-off. In 1966/1967 the Ala-Too Gold Company, a subsidiary of Commonwealth and British Minerals, identified three distinct mineralised zones, of which Zone 1 resources were estimated at 7.2Mt @ 1.58g/t Au at a 1g/t cut-off.

Aurum acquired the property in 2004 and conducted an exploration and drill programme to support a combined indicated/measured JORC compliant resource of 19.2Mt @ 1.1g/t gold (0.65Moz) and 0.4% (77,300t) copper. In 2006, Aurum received a Mining Licence (valid to the end of 2017) for Andash Zone 1. A BFS prepared by Wardell Armstrong showed capital development costs of Zone 1 as a stand-alone open-pit operation estimated at US\$55mn (since reduced to US\$48.5mn) for a 55,000oz pa gold, 6,000tpa copper project from 2.0Mtpa throughput, starting in late 2008.

Aurum raised £30mn in February 2007 to fund the project and thus no debt raise is anticipated. The licence area has rugged topography and is at an elevation of around 2,000m and can be accessed all year. Infrastructure is available with a local water supply and power lines within 15km. Other prospects, including Zones 2 and 3 and the Tokhony say and Nakhodka prospects, are early stage exploration status.

The lack of debt required was reinforced in June 2007, when Aurum announced that following the detailed engineering and design study work, the expected capex for the zone 1 mine had dropped to US\$48.5mn, a reduction of US\$7mn from the figure in the bankable feasibility study.

Comment

Aurum has performed impressively, achieving a fast track project, based on relatively small resource and gaining 100% equity funding. The Company will now have to look to other prospects to sustain momentum. The location carries some political risk.

Aurum Mining plc
AUR LN

Market: AIM
Share price: 80.0p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	47.9	Apr '04 @ 47p	£1.5mn
Market capitalisation (£ mn)	38.3	May '06 @ 90p	£2.5mn
52-week high/low (p)	135.0/69.5	Feb '07 @ 100p	£30.0mn
Net cash Mar '06 (£ mn)	0.3		
Options and warrants (mn)	3.0		
Enterprise value (£ mn)	38.0		

Company Information		Major Shareholders	
26 Curzon Street		F&C Asset Management	10.8%
London, W1J 7TQ		Altima Central Asia Fund	10.7%
+44 (0) 20 7478 9050		JSC Compass Asset Management	6.5%
www.aurummining.net		David Bryans & Jeke Consultants	6.3%

Reserve	Mt	Au (g/t)	Au (oz)		
Proven	-	-	-		
Probable	-	-	-		
Total	-	-	-		

Resource	Mt	Au (g/t)	Au (oz)	Cu (%)	Cu (t)
Measured	-4.1	-1.13	-150,000	-0.48	-19,530
Indicated	-15.1	-1.10	-500,000	-0.38	-57,770
Inferred	-	-	-	-	-
Total	-19.2	-1.10	-650,000	-	-77,300

Production	Mt	Au (g/t)	Au (oz)	Cu (%)	Cu (t)
2009E	-2.0	-1.0	-35,000	-0.4	-6,000
2010E	-2.0	-1.0	-50,000	-0.4	-6,000
2011E	-2.0	-1.1	-55,000	-0.4	-6,000

Management		
Sean Finlay	Non-exec Chairman	A Geologist and Chartered Engineer with over 30 years experience in mining and quarrying worldwide. He was chief geologist with Tara Mines and MD of Celtic Resources Holdings. He is currently chairman of Glencar Mining.
Mark Jones	CEO	A Mining Engineer and MBA with 25 years industry experience. He was formerly MD of Ingersoll-Rand South Africa.
Haresh Kahabar	Executive Director	An Accountant with over 25 years experience in business development. He was formerly finance director of TMV Finance and Asia Capital and is currently CEO of Blue Star Capital.
Christopher Eadie	CFO	A Chartered Accountant and had 9 years experience in senior financial positions with the Cable and Wireless Group.



Source: Bloomberg

Profit & Loss (£ '000)	31/03/05	31/03/06
Administrative expenses	(389)	(1,258)
Interest receivable	45	21
Interest payable	0	(14)
Pre-tax profit (loss)	(344)	(1,251)
Income tax	0	0
Net profit (loss)	(344)	(1,251)

Balance Sheet (£ '000)	31/03/05	31/03/06
Cash	937	284
Other current assets	334	337
Tangible fixed assets	9	8
Investments	665	665
Total assets	1,945	1,294
Called up share capital	95	95
Other reserve	0	304
Share premium	1687	1,687
Merger reserve	498	498
Retained profits (loss)	(335)	(1,290)
Liabilities and Equity	1,945	1,294

Cash Flow (£ '000)	31/03/05	31/03/06
Net operating cash flow	(487)	(953)
Interest received	45	21
Interest paid	0	(14)
Net investing cash flow	45	7
Net financing cash flow	1541	323
Change in cash	944	(623)

Celtic Resources (CER LN)

Background

Celtic Resources was incorporated in Ireland in 1994, and two years later a 25 year licence over the Nezhdamninskoye mine was issued to SVMC, at that time 50% owned by Celtic. In 1999, it acquired mineral interests in Kazakhstan and the Suzdal gold mine began operating. Celtic was listed on AIM in late 2002, and later that year commenced discussions with IG Alrosa to consolidate the ownership of SVMC, and acquired 75% of Zherek LLP, the holder of the licence for the Zherek gold mine. This was followed by a period of deconsolidation where the oil and gas assets were sold, and the molybdenum assets plus the Doystyk and Kentau gold assets were floated off in to Eureka Mines. The sale of its interests in SVMC was completed in May 2006 for US\$80mn cash and later that year a period of consolidation commenced, when Eureka was repurchased. In March 2007, Celtic entered into an agreement with Anime Global Ltd. (AGL) to develop the Tominskoye gold and copper projects in Russia.

Key Assets

The key assets are the Suzdal and Zherek gold mines. The Suzdal mine has a JORC compliant resource of 5Mt grading 8.3g/t containing 1.3Moz of gold. It mines by both open pit and underground methods and utilises BIOX[®] for its refractory ores. The plant has suffered from commissioning problems, which we believe are now resolved. There are plans to expand the plant to 400kt pa and produce 100k oz of gold pa. This compares with the 50k oz of gold produced in 2006. Many of the undeveloped gold deposits in Kazakhstan are refractory and now that the BIOX[®] plant is operating satisfactorily, it provides an opportunity to toll process other refractory gold ores.

Celtic brought the Zherek mine into production within six months and for a capital outlay of only US\$2mn. The mine began production in June 2003 from an open pit mine and a heap leach operation. It currently has a JORC compliant resource of 5.43Mt grading 2.1g/t containing 841koz of gold. Production in 2006 was only 9,735oz, significantly down on the 17,406oz produced in 2005 due to the plant treating lower grade transitional ores. In June 2005, Celtic signed a joint venture agreement with KazAtomProm (50/50) to develop the Shorskoye molybdenum mine. The 0.5Mt pa plant was commissioned in May 2006 and Celtic's share of the first 12 months production was 750,000lbs. There are plans to increase the size of the plant in 2007 to 1Mt pa with a production of up to 3M lbs/year of molybdenum.

In July 2007, Celtic announced that it has bought the outstanding 25% interest in the Zherek gold mine. We judge this to be a smart move since soon the mine will be processing higher grade refractory ores, from which the concentrate produced will make excellent feedstock for the Suzdal BIOX[®] plant. Also in July, Celtic sold its interests in the Miheevskoye copper/gold deposit for US\$33mn.

We maintain our Buy recommendation for Celtic Resources, with a target price of £4.17.

After two indifferent years, we believe that Celtic has regrouped and is about to enter a period of sustained growth. Recently, three major moves were made, which we believe, will greatly assist this growth, which is expected to come from an expansion of output at its existing operations plus the development of the Tominskoye porphyry copper/gold project.

**Celtic Resources
CER LN**

**Market: AIM
Share price: £1.80**

**Analyst: Peter Rose / Brock Salier
September 4, 2007**

**BUY
Target price: £4.17**

Key Market Information		Fundraising	
Shares outstanding (mn)	55.8	Oct '02 @ £1.35	£8.0mn
Market capitalisation (£ mn)	100.4		
52-week high/low (£)	2.27/1.32		
Net cash (£ mn)	27.1		
Options and warrants (mn)	6.7		
Enterprise value (£ mn)	73.3		

Company Information		Major Shareholders	
1 st Floor, Hatfield House		Bluecone Ltd	22.0%
52/54 Stamford Street		Deutsche Bank Investments	14.8%
London, SE1 9LX, +44 (0) 207 921 8800		Barrick Gold Corporation	6.6%
www.celticresources.com		Trustees of Celtic EBT	5.9%

Reserve Zherek	Tonnes (Mt)	Au (g/t)	Au (Moz)
Proven & Probable	0.55	2.10	0.037
Resource	5.43	4.82	0.841

Total		Tonnes (Mt)	Au (g/t)	Au (Moz)
Indicated		2.340	6.7	0.502
Inferred		2.512	6.9	0.559

Production	2006	2007E	2008E	2009E	2010E
Gold (Koz)	61.5	108.2	128.5	151.8	138.9
Molybdenum (Mlbs)	289	743	1487	1487	1174
Copper (Kt)	n/a	n/a	n/a	10.2	37.3

Management		
Peter Hannen	Chairman	Experienced in physical commodity trading, shipping, finance, hedging and trading. In 1991 he set up a partnership to advise and oversee family interests with emphasis on resources.
Kevin Foo	Managing Director	Graduate in metallurgy from Ballarat School of Mines, holds an MSc and DIC from Imperial College London. He has experience in all aspects of mining, including technical, operational and project management.
Michael Palmer	Finance Director	Chartered Accountant and a senior partner of Gallagher & Co.
Jonathan Scott-Barrett	Executive Director	Chartered Surveyor with extensive career in executive positions.
Mark Wilson	Group Oper. Officer	Metallurgist, with 23 years experience in gold mining, 10 years in Russia and Kazakhstan.
Austen Titford	CFO	Chartered Accountant, 12 years experience on projects in Russia, Central Asia, Iran and Africa.

EPS sensitivity (per 10% change)	2007E	2008E	2009E	2010E
Gold	11.3%	16.1%	10.0%	6.5%
Molybdenum	3.3%	4.5%	2.2%	1.4%
Copper	n/a	n/a	4.7%	13.4%

Price Assumptions	2007E	2008E	2009E	2010E	LT
Gold (US\$/oz)	670	725	620	550	476
Copper (US\$/t)	6,735	6,712	6,029	6,651	2,557
Molybdenum (US\$/lb)	28.0	25.0	22.0	20.0	20.0

Share Price



Profit & Loss (US\$ mn)	2006	2007E	2008E	2009E
Net revenue	73.66	114.50	164.41	216.14
Operating expenses	(33.12)	(50.19)	(70.09)	(71.64)
Other adjustments	(0.76)	(9.29)	(12.02)	(16.56)
Pre-tax profit	39.78	55.02	82.29	127.94
Income tax	2.76	16.51	24.69	38.38
Net profit (after minorities)	37.02	38.51	57.61	89.56

Balance Sheet (US\$ mn)	2006	2007E	2008E	2009E
Cash	53.31	58.76	28.10	34.54
Other current assets	47.46	100.75	70.10	(34.54)
PP&E	58.51	76.69	161.44	355.84
Investments	10.99	10.99	10.99	10.99
Other non-current assets	49.42	0.00	0.00	0.00
Total assets	219.69	247.19	270.63	366.83
Liabilities	36.23	56.75	22.59	147.38
Share capital	144.31	118.16	118.16	0.00
Reserves	(14.00)	0.00	0.00	0.00
Retained profits	52.13	72.28	129.89	219.45
Liabilities and Equity	219.69	247.19	270.63	366.83

Cash Flow (US\$ mn)	2006	2007E	2008E	2009E
Receipts from operations	34.50	111.62	160.45	214.89
Operation payments	(33.12)	(50.20)	(70.10)	(71.65)
Net interest	(0.98)	(2.50)	4.24	(0.62)
Tax paid	(0.96)	(16.50)	(24.69)	(38.38)
Other adjustments	(0.54)	0.00	0.00	0.00
Net operating cash flow	(1.10)	46.81	69.25	103.56
PP&E purchase	(19.54)	(26.48)	(96.40)	(208.40)
Exploration expenses	0.00	0.00	0.00	0.00
Proceeds from divestments	73.19	0.00	0.00	0.00
Other payments	(12.61)	0.00	0.00	0.00
Net investing cash flow	41.04	(26.48)	(96.40)	(208.40)
Equity raised	8.00	0.00	0.00	0.00
Funds from borrowings	0.00	0.00	0.00	110.00
Repayment of borrowings	(13.33)	(14.89)	(3.51)	1.28
Net financing cash flow	(5.33)	(14.89)	(3.51)	(111.28)
Net change in cash flow	34.61	5.44	(30.66)	6.44

Central China Goldfields (GGG LN)

Background

Central China Goldfields has acquired a large ground holding in Sichuan Province. The key assets are the Nimu copper-molybdenum project, the Snow Mountain Gold Project plus the first right of refusal to apply for 4,600km² of licences in the western Qinling Belt, and the Dong Nao Huo gold mine project.

Key Assets

Nimu porphyry copper-molybdenum project: A joint venture signed in May 2006 for a 75% interest in partnership with Sichuan Bureau of Metallurgy and Geological Exploration (SBMGE). Nimu is 170km northwest of Lhasa, the capital of Tibet. The project consists of five contiguous licences (Bairog, Gangjiang, Ruigangmeng, Xiaqing and Dubuqu) and two nearby separate licences (Zongxun and Tinggong), covering a total area of 134km². SBMGE has estimated Chinese standard resources at Nimu totalling 0.95Mt contained metal, including an oxide resource at Gangjiang of 47Mt @ 1.1% Cu (0.52Mt Cu). Initial drilling is designed to test targets, and reports from the Tinggong exploration licence area have already demonstrated the presence of porphyry copper-molybdenum mineralisation. Long intersections, but at rather low grades have been recorded in the Zongdina area to date.

Snow Mountain gold project: A joint venture was signed with SBMGE and Nexon Asia Group Ltd in December 2004 to acquire a 75% interest in the Snow Mountain Gold Project in the western Qinling fold belt region of central China. GGG acquired Nexon in December 2004. The project consists of seven non-contiguous exploration licences totalling 54.3km².

The most advanced Snow Mountain prospect is Qiaoqiaoshang, where SBMGE had estimated Chinese standard resource of 0.61Moz contained gold. A scoping study has been commissioned at the Baima area (Songpanguo-Hujiagou, Shiuniujiqia and Gaojiama exploration licences) to test 1Moz Chinese standard resources. This will be conducted by AMC Australia in early June 2007.

Detailed geological mapping and trenching has commenced at the Shang Peng Zi (SPZ) Licence. Previous work had indicated a structurally-controlled, possibly mesothermal gold deposit, containing six mineralised zones identified by geologic mapping and geochemical sampling.

Dong Mao Huo gold mine project: In April 2005, GGG signed an MOU to enter into an 80% joint venture interest with the Shandong Zhengyuan Geology & Resource Co. Ltd. Over the Dong Mao Huo gold mine in Inner Mongolia. This is a small inactive gold mine with an inferred resource containing 130,000oz. Exploration will test the Chinese standard resources and exploration potential, including geological mapping, RC drilling and geophysical work.

Comment

Central China has an interesting portfolio of exploration assets in highly prospective areas where resources have been defined by previous activity. The drill programmes are the key to alerting investment interest.

Central China Goldfields GGG LN

Market: AIM
Share price: 9.8p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	120.1	Mar '05 AIM IPO	£2.0mn
Market capitalisation (£ mn)	11.7	Warrant conversion	£2.0mn
52-week high/low (p)	18.1/8.1	Dec '06 @ 12p	£3.7mn
Net cash Dec '06 (£ mn)	4.0		
Options and warrants (mn)	29.0		
Enterprise value (£ mn)	7.7		

Company Information		Major Shareholders	
Peek House, 20 Eastcheap		JP Morgan Fleming	8.3%
London EC3M 1EB		Genesis Investment	6.2%
+44 20 7621 0200		D.S. & Co	4.3%
www.ccgoldfields.com		P.Mcgroary, T.Anuvatnajokitkul	3.0%

Reserve	Mt	Au (g/t)	Au (oz)
Proven	-	-	-
Probable	-	-	-
Total	-	-	-

Resource	Mt	Au (g/t)	Au (oz)
Measured	-	-	-
Indicated	-	-	-
Inferred	-	-	-
Total	-	-	-

Production	Mt	Au (g/t)	Au (oz)
2006A	-	-	-
2007E	-	-	-
2008E	-	-	-

Management		
Nigel Clark	No-exec Chairman	A Geologist with over 30 years experience in the industry. He is Managing Director of the British Chamber of Commerce in China and Chairman of the China international Mining Group. Previously worked with Billiton.
Jeffrey Malaihollo	Managing Director	A Geologist, worked with Newcrest, Rio Tinto (FSU & Indonesia), Billiton (South East Asia, China & Eastern Europe). He was a director of the corporate finance house Loeb Aron & Co.
John Forrest	Finance Director	Chartered Accountant with over 25 years experience in advising private and public companies in Canada. He is also a Director of Majestic Gold Corp.
Johnny Sei-Hoe Hon	Non-exec Directors	Chairman of Global Group (Europe)
Patrick Harford		Managing Director of Mercator Gold.
John Roberts		Executive Director of Ocean Resources Capital

Share Price



Profit & Loss (£ '000)	Nov'04-Dec'05	Dec 2006
Turnover	0	0
Administrative expenses	(532)	(1,100)
Operating profit/(loss)	(532)	(1,100)
Interest receivable	61	66
Pre-tax profit/ (loss)	(470)	(1,033)
Income tax	0	0
Net profit/ (loss)	(470)	(1,033)

Balance Sheet (£ '000)	Dec 2005	Dec 2006
Intangible assets	638	2,251
Tangible assets	0.7	1,961
Total fixed assets	638	2,253
Debtors	14	906
Cash	1,399	4,013
Creditors	(25)	(137)
Total assets less current liabilities	2,027	7,035
Share capital	522	1,142
Share premium	1,975	7,397
Retained earnings	0	(470)
Profit and loss account	(470)	(1,033)
Shareholders' funds	2,027	7,035

Cash Flow (£ '000)	Nov'04-Dec'05	Dec 2006
Net operating cash flow	(517)	(1,877)
Net investing cash flow	(642)	(1,617)
Net financing cash flow	2,498	6,042
Change in cash	1,399	2,613

China Goldmines (CGM LN)

Background

China Goldmines (CGM) was admitted to AIM in February 2006 as a gold resource company with a direct interest in a gold mining project in an important gold and base metal region in the western portion of the Hunan Province, south east China.

The Company entered into a Chinese Foreign Co-operative Joint Venture to develop the Guanzhuang Gold project with an 80% interest. CGM targets initial gold production of 65,000oz pa within three years, with a possible expansion to 150,000oz pa.

Key Assets

The terms of the Hunan Westralian Mining Company joint venture on the Guanzhuang project is 80% China Goldmines and 20% Brigade 407 of the Hunan Region Bureau of Geology and Mineral Resources and Exploration. The first JORC resource of 5.1Mt @ 11g/t gold for 1.83Moz was defined in mid 2007. CGM has the right to receive 80% of distributed profits of the joint venture following expenditure on exploration of US\$0.9mn over a period of 3 years, subject to delineating a 150,000oz of gold resource. Upon completion of a BFS, Brigade 407 may elect to contribute or be diluted from 20% to 10%.

The Shenjiaya Prospect area hosts privately owned operations: five operational mines, two in development and one dormant. CGM believes these operations could be consolidated to enhance prospectivity and provide an exploration/development target of over 1Moz of gold.

In April 2007, the People's Government of Yuanling County agreed to transfer 100% interests in these 8 mines to the Joint Venture for a total cash consideration of RMB180mn (£12mn) payable over four months after an initial payment of RMB2mn. This arrangement cancelled an existing 20% profit sharing agreement if the Joint Venture company decided to proceed with scaled up mining programmes. The mines currently produce a total of around 25,000oz gold pa. In July 2007, CGM released a JORC compliant resource of 5.1Mt grading 11g/t for 1.83Moz of gold. With excellent metallurgical characteristics, CGM believes that it can drive production up to 150,000oz pa eventually. An exploration programme is underway and initial surface diamond drilling and underground channel sampling results, announced in December 2006, showed several high grades over short intercepts. The Company also believes resources may extend beyond a vertical depth of 1,000m from the surface, as is the case at the Woxi Mine, 15km to the southwest.

The Xiaotaoyuan Prospect is located 5km to the north of Shenjiaya and has a history of previous mining, and is thus highly prospective for modern exploration techniques.

Comment

Assessment of the development potential of the Shenjiaya mines as a consolidated entity is now the key to China Goldmines. We would suspect that conversion of very small operations to a consolidated entity will be a complex challenge. We therefore delay a considered opinion until we see progress reports on this programme.

**China Goldmines
CGM LN**

**Market: AIM
Share price: 136.5p**

**Analyst: Peter Rose / Brock Salier
September 4, 2007**

Key Market Information		Fundraising	
Shares outstanding (mn)	22.6	Feb '06 @ 60p	£4.5mn
Market capitalisation (£mn)	30.8		
52-week high/low (p)	194.0/81.0		
Net cash Feb '07 (£mn)	2.5		
Options and warrants (mn)	-		
Enterprise value (£ mn)	28.3		

Company Information		Major Shareholders	
24 Outram Street		Bowlane Nominees Ltd	26.6%
West Perth, WA 6005, Australia		Perpetual Trustees Nominees Ltd	14.7%
+61 8 9488 8830		Giltspur Nominees Ltd	11.0%
www.chinagoldmines.com		HSBC Global	7.9%

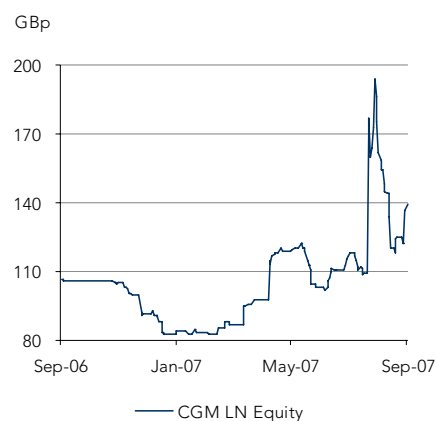
Reserve	Mt	Au (g/t)	Au (oz)
Proven	-	-	-
Probable	-	-	-
Total	-	-	-

Resource	Mt	Au (g/t)	Au (Moz)
Measured	-	-	-
Indicated	-	-	-
Inferred	5.1	11.0	1.83
Total	5.1	11.0	1.83

Production	Mt	Au (g/t)	Au (oz)
2006A	-	-	-
2007E	-	-	-
2008E	-	-	-

Management		
Clive Donner	Non-exec Chairman	Over 25 years as a Corporate Financier in the resources industry. Managing Director of Linq Capital and former Director of NM Rothschild (Australia).
Frank Vanspeybroek	CEO	Over 25 years experience in the exploration and mining industry.
Marinko Vidovich	CFO	Held numerous other financial directorships in the Australian resource companies.
Lance Brown	Non-exec Directors	
Evan Kirby		
Karl Watkin		
Alex Worrall		

Share Price



Source: Bloomberg

Profit & Loss (US\$ '000)	30/06/05	30/06/06
Operational costs	0	(583)
Administration expenses	(5.3)	(391)
Operating profit/ (loss)	(5.3)	(974)
Net interest	0.7	299
Pre-tax profit/ (loss)	(4.5)	(675)
Income tax	0	0
Net profit/ (loss)	(4.5)	(675)

Balance Sheet (US\$ '000)	30/06/05	30/06/06
Cash	46	6,197
Other non-current assets	4	182
Intangible assets	0	587
PP&E	0	108
Investments	238	0
Total assets	289	7,075
Liabilities	(37)	(339)
Parent equity	251	6,532
Minority interest	0	204
Total equity	251	6,736

Cash Flow (US\$ '000)	30/06/05	30/06/06
Net operating cash flow	(5)	(865)
Interest received	0.7	97
Other investing expenses	(157)	(219)
Net investing cash flow	(156)	(122)
Issue of shares	207	6,920
Net financing cash flow	207	6,920
Net change in cash	46	5,932

Frontier Mining (FML LN)

Background

Frontier Mining is a mineral exploration and development company, incorporated in the USA in 1998. The Company was admitted to AIM in September 2004. The main targets are gold and copper deposits in the Republic of Kazakhstan and the CIS. Currently, the active properties are the Naimanjal gold mine and prospects, the Baltemir high grade gold project, and the Koskuduk pre-feasibility stage gold project.

Key Assets

The Naimanjal Complex covers 170km² in northeast Kazakhstan. It comprises a gold/silver mine, which is scheduled to produce 25,000oz gold pa, six identified satellite prospects and over 100 exploration targets. During 2007, Frontier hopes to convert the Pilot Production Licence to a full Commercial Production Licence at the gold mine. Pilot production commenced in September 2005 and during 2006 output was 4,879oz gold and 10,187oz silver at a cash cost of US\$364/oz gold. The forecast for 2007 is 15,000oz gold and 50,000oz silver, including some higher grade ore from the Baritovy satellite. The Naimanjal exploration programme in 2006, which included 39 core holes and 374 RC holes, identified three new deposits. The most advanced satellite is Baritovy, 9km from the mine, where a Pilot Production Licence has been granted and ore will be delivered to Naimanjal while potential resources are defined. The 2007 drill programme will include 400 RC holes and 32 core holes.

Baltemir is a 154km² licence area 56km east of Naimanjal. The exploration programme is overseen by Behre Dolbear, which has identified a small high grade gold resource within a 1km by 7km zone. Trenching and drilling continues and the licence validity has been extended to March 2009.

Koskuduk is an exploration prospect, which is being subjected to a drill programme indicating a near-surface gold-dominant oxide deposit and a polymetallic gold-silver-zinc-lead signature at depth. The initial focus will be to define the gold resource down to 50m.

Other prospects are:

- **Yubileiny**, a structurally controlled copper target with the potential for polymetallic silver-lead-copper mineralisation at depth. An active drill target since 2004.
- **Beschoku**, a high grade gold-copper breccia pipe complex. An active drill target.
- **Baitimir**, targeting copper sulphide and oxide material.

Comment

This is a relatively early stage country specific exploration/development programme. However, Frontier has a strong balance sheet and an experienced management team. The Company needs to develop a production base and report exploration success to gain investment support.

Frontier Mining FML LN

Market: AIM
Share price: 16.0p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	133.0	Sep '04 @ 15p	£3.5mn
Market capitalisation (£ mn)	21.2	Mar '05 @ 25p	£4.4mn
52-week high/low (p)	25.0/13.2	Dec '05 @ 20p	£10.0mn
Net cash Jun '06 (£ mn)	3.0		
Options and warrants (mn)	6.0		
Enterprise value (£ mn)	18.2		

Company Information

4 Park Place
London SW1A 1LP
+44 2078989019
www.frontiermining.com

Reserve	Mt	Au (g/t)	Au (oz)		
Proven	-	-	-		
Probable	-	-	-		
Total	-	-	-		

Resource	Mt	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
Measured/Indicated	3.5	0.73	82,022	17.3	1.95
Inferred	8.3	0.64	170,626	19.0	5.06
Total	11.8	0.66	252,648	18.4	7.01

Production	Mt	Au (g/t)	Au (oz)	XX (%)	XX (t)
2006A	-	-	5,000	-	-
2007E	-	-	25,000	-	-
2008E	-	-	-	-	-

Management

Brian Savage	Chairman and CEO	A founder of Frontier. He is a Mining Engineer and Minerals Economist with over 20 years experience in all aspects of the mining industry. He was President of Earth Sciences Inc (ESSI), which played a major role in Kazakhstan.
Thomas Sinclair	CFO	A Chartered Accountant with over 15 years financial experience including 8 years in the CIS and Kazakhstan, where he was finance manager of Moonstone Group and Cameco and he worked for the largest private banking group.
Boyd Bishop	Director	A founder of Frontier. He is on the board of several companies in the FSU, including SEMTECH, a Kazak technology development company.
Shamil Tukhvatulin	Non-exec.	Founder of Frontier
Naum Voloshin	Directors	Has over 13 years of experience in securities industry.

Share Price



Source: Bloomberg

Profit & Loss (US\$ '000)	2004	2005	2006
Revenue	-	231	2,974
Cost of sales	-	(324)	(1,968)
Gross profit/ (loss)	-	(92)	1,005
Administrative expenses	2,172	2,867	3,340
Other adjustments	(79)	515	576
Operating profit/ (loss)	2,093	(3,475)	(2,911)
Adjustments	0	872	(75)
Pre-tax profit/ (loss)	2,093	(4,348)	(2,644)
Income tax	0	0	(1,051)
Net profit/ (loss)	2,093	(4,348)	(1,592)
Balance Sheet (US\$ '000)	2004	2005	2006
Cash	2,650	13,958	1,253
Other current assets	100	1,609	4,051
PP&E	182	4,999	9,577
Exploration costs	3,210	6,883	9,745
Other non-current assets	47	562	1,692
Total assets	6,191	28,012	26,320
Liabilities	1,822	2,975	2,875
Share capital	611	1,325	1,325
Share premium	12,139	36,440	36,440
Accumulated deficit	(8,381)	(12,729)	(14,321)
Total equity & liabilities	6,191	28,012	26,320
Cash Flow (US\$ '000)	2004	2005	2006
Net operating activities	(793)	(3,903)	(4,427)
Net investing activities	(2,117)	(8,521)	(8,469)
Net financing activities	5,560	24,358	-
Net change in cash	2,649	11,932	(12,896)

Hambledon Mining (HMB LN)

Background

Hambledon is an AIM listed gold developer with operations in the Altari region of East Kazakhstan. Current mining operations are focused on the Seisovskoye gold deposit where pre-stripping commenced in June 2006.

Key Assets

The key asset is the Seisovskoye gold mine. To date over one million cubic metres of material has been moved. Mining commenced well ahead of the mill operations in order to provide waste material, which is used in the construction of the tailings dam. Although the plant construction remains on budget, the time line has slipped. This is due to the ball mill deliveries being approximately 9 months behind schedule. The first of the two ball mills is now on site and is being installed, whilst the second mill has been completed and is in transit to site. Grade control drilling has confirmed the style of mineralisation predicted by the geological models and shows an increase of 18% in contained gold in that area. Fox-Davies Capital is currently forecasting initial gold production in the September quarter of 2007. Initial gold production is forecast to be between 40,000-50,000oz pa from its wholly owned 850,000tpa processing plant. Orders for the final two trucks and a bulldozer have been placed, and this order completes the mining fleet for the life of the open pit. As the underground mine is developed, so the grade is forecast to improve, taking gold production to around 100,000oz.

In early January 2007, Hambledon acquired TOO Ogniovka, the owner of the Ogniovka treatment plant. This was funded from a placing of the company's shares that raised US\$16mn. This facility is currently configured to treat up to 30,000tpa of zinc smelter residues to produce a copper concentrate containing gold and silver plus an iron ore concentrate and coke. This facility has been closed for the past two years and is currently being rehabilitated.

Although the processing facility is relatively old, it is in good condition. Hambledon is in the process of recommissioning the plant and is likely to complete the planned expansion. Already, the contracts for the procurement of slag and for the sale of the main concentrate are in place.

When the TOO Ogniovka plant was acquired, Hambledon also acquired the surface rights over a pegmatite deposit. Although Hambledon does not have the sub-surface rights, there are significant quantities of tailings on the surface that can be reprocessed. These tailings contain feldspar, and the company has commenced a study into the recovery of feldspar from these tailings.

We are maintaining our Buy recommendation, and a target price of £0.26.

We initiated coverage of Hambledon Mining on June 28, 2007. Subsequent to this, the Company has not announced any significant material changes, so we maintain our Buy recommendation and target price of £0.26/share.

Comment

Hambledon has a strong balance sheet and the early cash flow from the open pit mining at Seisovskoye and the residue reprocessing plant is more than expected to pay for the underground mine development. We believe that the market is unaware of how lucrative the zinc residue reprocessing will be.

Hambledon Mining HMB LN		Market: AIM Share price: 15.7p		Analyst: Peter Rose / Brock Salier September 4, 2007 Target price: 26.0p		BUY
Key Market Information			Fundraising			
Shares outstanding (mn)	423.3	IPO Jun '04 @ 5.0p	£2.5mn			
Market capitalisation (£ mn)	66.4	Apr '05 @ 8.0p	£5.0mn			
52-week high/low (p)	19.2/12.0	Mar '06 @ 0.1p	£10.4mn			
Net cash (£ mn)	4.3	Jan '07 @ US\$0.15	US\$16mn			
Options and warrants (mn)	-					
Enterprise value (£ mn)	62.1					
Company Information			Major Shareholders			
Daws House, 33-35 Daws Lane London, NW7 4SD +44 870 111 8778 www.hambledon-mining.com			Nicholas Bridgen		21.2 %	
			AXA Framlington		8.7%	
			Blackrock Investment		7.2%	
			Alzan Shomaev		5.5%	
Reserve	Mt	Au g/t	Au oz	Ag g/t	Ag oz	
Open pit probable	4.19	1.6	213,352	2.6	346,665	
Underground probable	0.83	5.1	13,384	7.4	19,615	
Total			226,736		366,280	
Resource	Mt	Au g/t	Au oz	Ag g/t	Ag oz	
Indicated	15,16	2.0	991,561	3.1	1,514,685	
Inferred	14,18	3.4	1,566,255	4.5	2,061,120	
Total	29.34	2.7	2,557,816	3.8	3,575,805	
Production	2007E	2008E	2009E	2010E		
Gold Koz	16.0	48.7	88.80	95.4		
Copper Kt	0.86	3.67	3.67	3.67		
Silver Koz	27.40	71.60	122.20	120.3		
Management						
George Eccles	Chairman	Accountant with experience in Moscow, was CEO of the Central Asian-Enterprise Fund, a US Government sponsored development fund.				
Nicholas Bridgen	Chief Executive Officer	Accountant with 14 years experience with Rio Tinto Plc. He spent 13 years in companies operating in the FSU, formed Hambledon Mining Company.				
Randall Pyper	Technical Director	Chemical engineer and the general manager of the Australian office of Kappes, Cassidy & Associates. Worked for Celtic Resources Plc's Suzdal and Zherek mining operations.				
Baurzhan Yerkeyev	Executive Director	Kazakh national, originally Chief Geologist, now in charge of Sekisovskoye operations.				
Chris Thomas	Non-exec. Director	With the Company since its formation in 1997.				
EPS sensitivity (per 10% change)	2008E	2009E	2010E			
Gold	10.8%	11.63%	11.4%			
£/US\$	-9.3%	-9.2%	-9.4%			
Price Assumptions	2007E	2008E	2009E	2010E	LT	
Gold (US\$/oz)	670	725	620	550	476	
Copper (US\$/t)	6,735	6,712	6,029	5,406	2,557	
Exchange rate US\$/£	1.96	1.89	1.81	1.77	1.58	
Share Price						
<p>Source: Bloomberg</p>						
Profit & Loss (£ '000)	2006	2007E	2008E	2009E		
Net revenues	0.31	10.57	35.73	50.50		
Operating expenses	(0.77)	(4.89)	(13.20)	(15.29)		
Deprec. & amortization	0.00	0.37	1.53	2.81		
Other adjustments	(0.22)	(0.73)	(3.06)	(5.62)		
Pre-tax profit / (loss)	(0.68)	5.32	21.00	32.40		
Income tax	0.00	(1.51)	(6.30)	(9.72)		
Net profit/ (loss)	(0.68)	3.81	14.70	22.68		
Balance Sheet (£ '000)	2006	2007E	2008E	2009E		
Cash	4.35	13.24	30.02	55.92		
Other current assets	0.37	2.30	3.70	5.10		
PP&E	10.42	15.05	14.58	12.76		
Intangible assets	0.20	0.00	0.00	0.00		
Other non-current assets	10.57	15.05	14.58	12.76		
Total assets	15.29	30.59	48.30	73.78		
Liabilities	1.29	11.14	14.16	16.96		
Share capital	17.06	17.06	17.06	17.06		
Reserves	(0.15)	(0.15)	(0.15)	(0.15)		
Retained profit/ loss	(2.91)	2.53	17.23	39.91		
Liabilities and Equity	15.29	30.59	48.30	73.78		
Cash Flow (£ '000)	2006	2007E	2008E	2009E		
Receipts from customers	0.00	10.35	35.29	49.68		
Operating payments	(1.31)	(4.89)	(13.20)	(15.29)		
Net interests	0.26	0.22	0.44	0.82		
Other adjustments	0.01	0.00	(4.69)	(8.32)		
Net operating cash flow	(1.04)	5.68	17.84	26.90		
PP&E purchase	(8.49)	(5.00)	(1.06)	(0.99)		
Available for sale invest.	-	-	-	-		
Proceeds from disposal	-	-	-	-		
Investments/ acquisitions	(0.10)	-	-	-		
Net investing cash flow	(8.59)	(5.00)	(1.06)	(0.99)		
Issue of Share capital	9.97	8.20	0.00	0.00		
Share issue costs	-	-	-	-		
Proceeds from borrowing	-	-	-	-		
Net financing cash flow	(9.97)	(8.20)	0.00	0.00		
Net change in cash flow	0.34	8.88	16.79	25.90		

Highland Gold (HGM LN)

Background

Highland Gold is a gold mining company operating the Mnogovershinnoye mine in the Khabarovsk region of Russia. It was formed in 1998 by Ivan Koulakov to redevelop the Mnogovershinnoye mine (MNV) and to take advantage of early recognition opportunities in Russia.

Gold production commenced at MNV in 2H99. In 2002, Highland Gold Mining Company was formed and an AIM listing was completed. The MNV, Darasun and Novoshirokinskoye properties were acquired in the same year. Over the next three years, the Darasun mine was built and commissioned, and the Mayskoye and Taseevskoye properties acquired. In 2005, the Board was strengthened with new appointments, and Sredne-Golgotayskoye was acquired along with other properties in the Khabarovsk, Chukotka and Chita regions of Russia. The other key point with Highland is the fact that Barrack, the world's largest gold company, is a 34% shareholder, and has appointed three of the directors on the Highland board.

Key Assets

Following the fire at Darasun, which resulted in the closure of the mine, the key operating asset of Highland is the Mnogovershinnoye (MNV) mine. It is a joint open pit/underground mine, which produced 115.1k oz in 2006 and is forecast to produce between 160k oz and 170k oz on 2007. The mill is in the process of being expanded and production is expected to grow at 10% per annum over the next two years taking forecast for production to 200,000oz in 2009. Highland has several development projects in the pipeline, which if all are developed, will significantly increase the size of the company over the next three years.

The first of these new projects is Novoshirokinskoye, a joint venture with Kazzinc. In reality, this is a lead/zinc mine with gold and silver credits, and Kazzinc have been brought in as partners due to their polymetallic experience. After producing a gold gravity concentrate, the lead is floated off. We anticipate that this concentrate will contain the bulk of the silver and gold by-product credits. The viability of this operation is being achieved using a western approach to concentrate pricing, whereby the by-products may be extremely profitable.

In our modelling, we have assumed that the next mine to enter production will be the Taseevskoye gold project, which has a JORC compliant resource of 3.36Moz of gold. Second stage metallurgical testwork is currently in progress and the scoping study that was completed in September 2006 is providing direction for the pre-feasibility study, which is expected to be completed by 3Q07.

For Mayskoye, various scenarios are being run as part of the base case design summary. We have assumed that the mill throughput will be 750,000tpa, the highest of the scenarios. This combined with 89% gold recovery using a conventional CIL plant in conjunction with a BIOX[®] plant is forecast to produce around 250k oz of gold pa. Currently this deposit is surrounded by speculation that Highland will lose its licence, since in the original licence document, production of 31,000oz was called for in 2007. Fox-Davies Capital is currently forecasting production to commence in 2010, with no chance of production in 2007.

We maintain our Hold recommendation and a target price of £1.00.

Highland Gold is confident that the licensing issues surrounding the Mayskoye mine will be resolved, but in order to finance these new developments the company has to raise finance of around US\$260mn.

Comment

We are not sure whether the market realises the full implication of the amount of money needed to implement all the projects. In our opinion, gearing either goes to around 100% or there is a requirement for a large capital raising. Our forecasts are based solely on borrowing, but either way we believe that the NPV will be seriously diluted.

Highland Gold HGM LN		Market: AIM Share price: £1.03		Analyst: Peter Rose / Brock Salier September 4, 2007		HOLD Target price: £1.00	
Key Market Information		Fundraising		Share Price			
Shares outstanding (mn)	194.9	Dec '02 IPO@190.0p	£22.0mn				
Market capitalisation (£ mn)	200.7			<p style="text-align: right;">Source: Bloomberg</p>			
52-week high/low (p)	222.0/91.5						
Est. (Jun '07) net cash (£ mn)	59.0						
Options and warrants (mn)	-						
Enterprise value (£ mn)	141.7						
Company Information		Major Shareholders					
7, Balchug Street		Barrick Gold	33.9%				
Moscow 115035, Russia		Board & Management	11.0%				
+7 495 777 3155		Fidelity	7.0%				
www.highlandgold.com		Oppenheimer Funds	5.4%				
Reserve JORC only	Tonnage (kt)	Au Grade (g/t)	Ag Content (koz)				
B (Proved)	-	-	-				
C1 (Probable)	5.49	5.40	949				
Total	5.49	5.40	949				
Resource JORC only	Tonnage (kt)	Au Grade (g/t)	Ag Content (koz)				
Measured	1,742	16.2	910				
Indicated	32,039	4.6	4,713				
Inferred	20,993	8.4	5,687				
Total	54,774	6.4	11,310				
Production	2006	2007E	2008E	2009E			
Gold (oz)	166,000	163,000	224,000	302,000			
Management							
James Cross	Chairman	He has been involved in banking since 1968, having worked for UBS, South African Reserve Bank. He is a Fellow of the Institute of Bankers in South Africa.					
Henry Horne	Managing Director	He has over 25 years experience in mining industry, gained while posted at mines in Namibia, South Africa, Ghana, Bulgaria, Chile and Russia. He worked for Gold Fields Group, Omolon Gold Mining and Kinross Gold.					
Rene Marion	COO	He has 21 years of mining experience in operation management and mine engineering, with acquisition evaluations, feasibility studies, development and mergers.					
Scott Perry	CFO	Accountant, associated with Barrick for 8 years as Finance Director, Russia and Central Asia. Prior to this he worked for Normandy Mining.					
EPS sensitivity (per 10% change)	2007E	2008E	2009E	2010E			
Gold	37.6%	23.9%	32.0%	37.8%			
Silver	0.0%	0.4%	0.9%	0.5%			
Lead	0.0%	1.5%	2.8%	1.6%			
Zinc	0.00%	0.04%	0.08%	0.04%			
Price Assumptions	2007E	2008E	2009E	2010E	LT		
Gold (US\$/oz)	672	725	620	550	476		
Silver (US\$/oz)	13.6	14.2	11.7	10.2	7.8		
Lead (US\$/t)	2,318	2,479	1,653	1,323	1,521		
Zinc (US\$/t)	3,453	3,170	2,816	2,138	1,521		
Profit & Loss (US\$ mn)		2006	2007E	2008E	2009E		
Revenue	103.10	115.81	185.92	223.29			
Operating expenses	(107.63)	(76.46)	(88.55)	(116.36)			
Depreciation	(11.43)	(9.78)	(15.32)	(21.94)			
Other adjustments	(66.58)	(14.12)	(15.13)	(23.33)			
Pre-tax profit / (loss)	(82.54)	15.46	66.92	61.66			
Income tax	(13.24)	(5.11)	(20.08)	(18.50)			
Net profit/ (loss)	(95.78)	10.35	46.84	43.16			
Balance Sheet (US\$ mn)		2006	2007E	2008E	2009E		
Cash	31.50	113.65	44.89	4.61			
Other current assets	58.88	60.00	60.00	60.00			
PP&E	200.29	244.10	359.70	633.15			
Exploration costs	20.59	20.59	20.59	20.59			
Other fixed assets	77.62	(3.78)	(3.78)	(3.78)			
Total assets	388.91	434.54	481.39	714.55			
Liabilities	135.32	170.61	170.61	360.61			
Share capital	335.64	335.64	335.64	335.64			
Retained profits	(82.05)	(71.70)	(24.86)	(18.30)			
Reserves	0.00	0.00	0.00	0.00			
Liabilities and Equity	388.91	434.54	481.39	714.55			
Cash Flow (US\$ mn)		2006	2007E	2008E	2009E		
Receipts from operations	102.37	109.89	180.33	222.17			
Operating payments	(107.63)	(76.46)	(88.55)	(116.36)			
Net interests	(5.85)	(8.20)	(9.55)	(22.21)			
Other adjustments	16.25	(5.11)	(20.08)	(18.50)			
Net operating cash flow	5.12	20.13	62.17	65.10			
PP&E purchase	(36.91)	(73.59)	(130.92)	(295.39)			
Divestments	42.92	20.00	0.00	0.00			
Other investing cash flow	5.90	0.00	0.00	0.00			
Net investing cash flow	10.91	(53.59)	(130.92)	(295.39)			
Equity raised	4.10	0.00	0.00	0.00			
Funds from borrowings	15.00	90.00	0.00	190.00			
Borrowings repayments	(38.36)	25.60	0.00	0.00			
Other financing	2.64	0.00	0.00	0.00			
Net financing cash flow	(16.61)	115.60	0.00	190.00			
Net change in cash held	(0.59)	82.14	(68.75)	(40.29)			
Cash held end of period	31.50	113.65	44.89	4.61			

Kryso Resources (KYS LN)

Background

Kryso Resources is a London headquartered mining and exploration company focused on developing mineral resources in Tajikistan, many of which were defined in the Soviet era. Admitted to AIM in December 2004, the company raised £2.6mn at 10p per share to develop the main project, the Pakrut deposit, and other mineral projects in Tajikistan.

Bankable Feasibility Studies are underway at Pakrut, with production scheduled for 2009/2010 based on synchronous mining of open-pit and underground ore bodies. Initial studies indicate the operation can support 60,000oz pa from an open pit, but recent underground drilling has exceeded expectations, such that the company is aiming to delineate 1Moz gold and optimise a 100,000oz pa mining operation.

Key Assets

The company's most advanced asset is the Pakrut gold deposit, located 107km from the capital Dushanbe. Since listing, Kryso Resources has carried out an extensive drill programme, establishing a JORC resource of 596,600oz of gold at Pakrut, where a Russian resource of 1.28Moz of gold was previously defined. The company is continuing resource drilling and feasibility studies, with recent results of 42m @ 11.2g/t identified outside existing ore model, indicating that an upgrade of the resource size should be expected soon.

Ore zones in two discrete areas, near surface and to the north, containing 300,000oz are open pitable, and are expected to support mining of around 30,000oz pa. Further to the south, and thus under the side of the mountain, resource drilling is being undertaken, on which simultaneous underground mining is expected to be undertaken. In both cases, ore zones are thick and steeply dipping, forming 1m-12m wide zones, with highlights to date including 40m @ 8.6g/t gold.

Regionally, Kryso Resources acquired a 100% licences over the Pakrut nickel-copper project in central Tajikistan in August 2006. Historic Soviet drilling and surface sampling returned grades averaging 2.86% nickel, 1.26% copper, 0.08% cobalt, and 2.3g/t platinum group elements. The Company recently initiated ground geophysics to define targets, which will be drilled later in the year.

Kryso Resources has also applied for exploration licences over the Gumas nickel-sulphide project. Currently the company has been awarded the licence over half the area, with the application for the remaining half still in competitive application with another party.

The company is actively pursuing new opportunities in Tajikistan. Importantly, there is an inventory of Soviet-identified projects, currently held by the ministry of mines. Although the Government is pro-privatisation, these projects are only being released slowly on evidence of commitment to develop them. Kryso Resources' track record of development at Pakrut, positions it well to be awarded these projects in future.

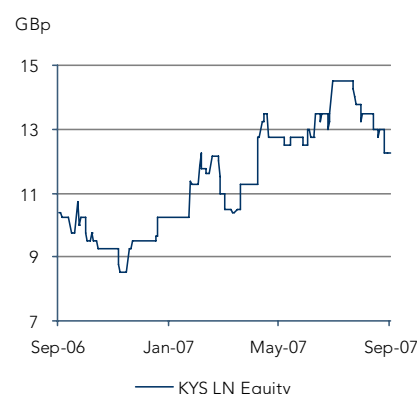
We maintain our Buy recommendation for Kryso Resources, with a target price of £0.21/share.

Whilst Kryso Resources is currently undertaking feasibility studies, recent drill results were above expectations, such that the company is now evaluating the potential of coming into production at closer to 100,000oz pa from simultaneous underground and open pit operations, rather than lower production from open pit first, and then underground 1-3 years later. We believe the best option is to delineate a large resource first, then initiate production in 2009-2010 on an expanded mine operation. Because the most suitable scenario is not yet clarified, we have valued Kryso on a metal-in-ground basis.

Kryso Resources		Market: AIM			
KYS LN		Share price: 12.25p			
Key Market Information		Fundraising			
Shares outstanding (mn)	66.5	Dec '04 @ £0.10	£2.6mn		
Market capitalisation (£ mn)	8.1	Dec '06 @ £0.10	£1.0mn		
52-week high/low (p)	14.5/8.5				
Net cash (£ mn)	0.9				
Options and warrants (mn)	2.7				
Enterprise value (£ mn)	7.2				
Company Information		Major Shareholders			
Unit 3H, Cooper House, 2 Michael Road		Management	32.2%		
London, SW6 2AD		Great Basin Gold	15.0%		
+44 (0)207 371 0600		Rab Capital	13.2%		
www.kryso.com		Gartmore	5.0%		
Reserve	Mt	g/t gold	Gold oz		
Proven	-	-	-		
Probable	-	-	-		
Resource	Mt	g/t gold	Gold oz		
Measured	2.4	2.1	161,000		
Indicated	2.4	1.8	139,000		
Inferred	5.3	1.7	296,000		
Total	10.1	1.8	596,000		
Production	Mt	g/t gold	Gold oz		
2008E	-	-	-		
2009E	-	-	30,000-100,000		
2010E	-	-	30,000-100,000		
Management					
Vasilios Carellas	Managing Director	Geologist, 12 years in the mining and exploration industry in Central Asia, previously at Nelson Resources as Chief Geologist Tajikistan, and at Gulf International Minerals as Chief Geologist and Director of producing mines in Tajikistan.			
Craig Brown	Finance Director	Accountant, qualified as a Chartered Accountant in New Zealand, 13 years in the mining industry in Central Asia. Worked for Nelson Resources as Chief Accountant, also served as Chief Financial Officer of Gulf International Minerals.			
Abuali Ismatov	Executive Director	Executive, prominent Tajik businessman. Operates several business ventures including setting up agricultural futures trading in Tajikistan, and owner of drinks factory.			
Ferdinand Dippelar	Non-exec.	CEO of Great Basin Gold			
Dr Trevor Davenport	Non-exec.	Geologist, 30+ years experience, incl. Tajikistan			
Andrew Malin	Non-exec.	Investment banker, 30 years in mining finance			
Share price sensitivity (\$/oz vs. resource)					
	0.596Moz	0.70Moz	0.80Moz	0.90Moz	1.00Moz
US\$30/oz	0.13	0.16	0.18	0.20	0.23
US\$46.2/oz*	0.21	0.24	0.28	0.31	0.35
US\$50/oz	0.22	0.26	0.30	0.34	0.38
US\$55.7/oz**	0.25	0.29	0.33	0.38	0.42
US\$65/oz	0.31	0.37	0.42	0.47	0.53
*Average pre-feasibility, **Average pre-production					
Key Assumptions					
USD / GBP	2.0				

Analyst: Brock Salier / Peter Rose **BUY**
September 4, 2007 **Target price: 21p**

Share Price



Profit & Loss (£ '000)

	2004	2005	2006
Revenue	-	-	-
Cost of sales	(197)	(1,031)	(1,093)
EBITDA	(197)	(1,031)	(1,093)
Forex gain (loss)	201	(305)	157
Net interest	16	218	95
Pre-tax income	20	(1,118)	(841)
Income tax	-	-	-
Profit	20	(1,118)	(841)

Year to 31 December

Balance Sheet (£ '000)	2004	2005	2006
Cash	4,938	2,465	2,493
Other current assets	245	337	460
PP&E	75	970	601
Intangible assets	4,666	5,181	6,431
Other non-current assets	-	-	-
Liabilities	(123)	(151)	(119)
Net Assets	9,801	8,802	9,866
Issued capital	1,027	1,035	1,227
Share premium account	8,754	8,865	10,554
Profit and loss account	20	(1,098)	(1,915)
Liabilities and equity	9,801	8,802	9,866

Cash Flow (£ '000)	2004	2005	2006
Operating activities	7	(679)	(535)
Net interest	16	218	95
Net operating cash flow	23	(461)	(440)
PP&E purchase	(61)	(1,112)	(38)
Other investment cash flow	634	(1,019)	(1,375)
Net investing cash flow	573	(2,131)	(1,413)
Issue of Share capital	4,341	119	1,881
Net financing cash flow	4,341	119	1,881
Net change in cash flow	4,937	(2,473)	28

There are a large number of junior and mid-cap mining companies currently developing and mining gold deposits in emerging markets, with a list of peers presented in Exhibit 1. Market cap / attributable ounce of gold resource can be considered a rough guide only, as it does not incorporate grade, mining and processing costs, recovery, tax equivalence, resource to reserve conversion and infrastructure requirements. However, it is a useful benchmarking tool until such feasibility studies are released and scenarios for DCF analysis can be modelled.

The average market cap value per ounce for pre-feasibility companies reviewed at initiation of coverage for Kryso Resources was US\$46/oz resource and reserve, which we continue to use to value Kryso given the current market volatility. Whilst we believe that Kryso will increase the resource at Pakrut to over 1Moz, to be conservative we have valued the company on 0.6Moz only. Using these inputs, we maintain our target price of 21p per share. This contains no value for nickel-copper development assets, which offer considerable blue sky.

Summary

- Kryso Resources is an AIM listed development and mining company, currently undertaking resource drilling and BFS on its flagship project, the Pakrut gold deposit, in Tajikistan. The current JORC inferred resource is 0.6Moz gold, with recent drilling returning highlights of 42m @ 11.2g/t gold outside the existing resource models.
- Regional development projects include the Hukas nickel sulphide project, where historic drilling and recent surface sampling intersected mineralisation as high as 2.86% nickel and 1.26% copper. The company completed ground geophysics in August 2007, and is currently defining drill targets for later in the year.

Comment

The market appears to have overlooked the Company's progress toward production at Pakrut, excellent results from resource drilling, and strong pipeline of development projects, based on the remote location. Given Kryso Resources' progress to date, strong operational track record in Tajikistan, and pro-privatisation Government, we believe the Company is fundamentally undervalued.



Leyshon Resources (LRL LN/AU)

Background

Following an extensive regional review in northeast China, Leyshon formed a 20-year partnership with the Qiqiha'er Brigade of the Heilongjiang Bureau of Geology and Mineral Resources (BGMR). The initial aim for the joint venture is to develop a significant hard rock gold mine, which will be the first Sino Foreign owned mining project in this mineral-rich province, where there has been historical production of over 20Moz of gold, mainly from alluvial mining.

The Zheng Guang gold project (70% Leyshon/30% BGMR), has defined a 1.74Moz gold equivalent resource (23.6Mt @ 1.6g/t Au, 0.4% Zn, 5g/t Ag) at a discovery cost of less than US\$5/oz gold. A conventional CIL circuit is planned to extract 75,000oz pa gold (plus some silver) from the oxide zone to start late 2008, and from 2012, a flotation circuit to extract 150,000oz Au equivalent (gold/zinc/silver) from the sulphide zone. Further oxide resources should be identified to continue to fully utilise the CIL circuit.

The 2007 drill programme, although primarily an infill and depth extension to raise resource category, was extended from 29,000m to 39,000m following promising early indications that the programme will upgrade and extend the main ore Zone. First results from this drill programme were encouraging.

In June 2007, Leyshon announced a cooperation agreement with the AiHui Municipal Government for the rapid development of the project. This infers that approvals for land use, access road construction, water and electricity supply should be expedited by the relevant authorities.

Key Assets

Zheng Guang was discovered by BGMR in 2000, and by 2002 it had defined a 2km strike length and depth of mineralisation to 350m depth. Following the 17,000m drill programme on the Main Ore Zone in 2004/2005 a resource of 16Mt @ 1.8g/t Au, 0.4% Zn and 5g/t Ag at a 0.5g/t Au cut-off was defined, with a 1.22Moz gold equivalent resource. The oxide zone sub-surface expression is 700m by 150m and the high grade sulphide mineralisation generally occurs in steeply dipping veins. The Main Ore Zone is within a 1.25km highly mineralised structural corridor located between two large geothermal targets.

In April 2006, Leyshon announced that the Black Dragon Joint Venture intended to develop and finance the Zheng Guang gold/zinc project, which will be the first ever Sino Foreign owned gold mine in the Heilongjiang province, northeast China. As part of the earn-in agreement for the 70% interest, Leyshon is obliged to fund exploration and development and make US\$5.0mn payments to the joint venture. Leyshon will provide financing with a repayment schedule ranking ahead of any profit distribution to the parties.

In June 2007, additional 84km² licence areas to the south east of the existing project area were acquired for a US\$0.78mn consideration. A further 400km² of licence areas are expected to be granted to the JV at no additional cost. These areas are highly prospective for both copper and gold. Topography is relatively flat and the area is largely unpopulated. Leyshon maintains a continuing positive dialogue with the farming community. Significant discoveries in the region have resulted in the development of the Duobaoshan and Tong Shan porphyry copper mines.

Following the 27,000m, 2006 drill programme focused on the Main Ore Zone with initial testing of near-mine targets, a resource of 23.6Mt @ 1.6g/t, 0.4% Zn and 4.9g/t Ag at 0.5g/t Au cut off for 1.21Moz Au, 3.72Moz Ag and 94,000t Zn was defined, with 50% in the Measured and Indicated category. The gold equivalent content was estimated at 1.74Moz.

Comment

We await the detailed capital and operating cost estimate breakdown, available shortly. The current drill season, which includes infill drilling and regional targets should increase resource ratings and upside. As a near-term producer, with strong growth potential, Leyshon Resources does not fit into an obvious peer group as it will transit from the explorer group to the producer group. It therefore represents an investment opportunity with decreasing risk.

Leyshon Resources
LRL LN (LRL AU)

Market: AIM
Share price: 20.7p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	215.6	Dec '04 @ A\$0.35	A\$70mn
Market capitalisation (£ mn)	44.6	Jun '06 @ 15p	£2.7mn
52-week high/low (p)	35.5/15.0	Dec '06 @ 22p	£8.3mn
Net cash Dec '06 (£ mn)	8 + 2		
Options (mn)	4.3		
Enterprise value (£ mn)	34.6		

Company Information		Major Shareholders	
Suite 2502, Tower D, China International Trade Centre, No. 6 Jianguomenwai Ave		North Asia Metals	6.9%
Beijing 100022, China, +86 10 8567 9410		Philip Nominees	6.9%
www.leyshonresources.com		National Nominees Ltd	4.2%
		Newmont NGL	3.6%

Reserve	Mt	Au (g/t)	Au (oz)		
Proven	-	-	-		
Probable	-	-	-		
Total	-	-	-		

Resource (0.5g/t)	Mt	Au (g/t)	Au (Moz)	Zn (%)	Zn (t)
Measured	-	-	-	-	-
Indicated	9.61	1.95	-	0.6	-
Inferred	14.00	1.40	-	0.3	-
Total	23.61	1.60	1.21	0.4	94,000

Production	Mt	Au (g/t)	Au (oz)	Zn (%)	Zn (t)
2009E	-1.5	-1.6	-75,000	-	-
2010E	-1.5	-1.6	-75,000	-	-
2011	-1.5	-1.6	-75,000	-	-

Management		
John Fletcher	Chairman	Formerly President of Kvaerner and Director of Trafalgar Group. Advisor to British Government, Beijing Mayor and Olympic Stadium.
Paul Atherley	Managing Director	Based in Beijing. Mining Engineer with 25 years industry experience. Formerly Executive Director HSBC Investment Banking.
Vic McLaglen	COO	Based in Beijing. Metallurgical Engineer with 25 years experience. Formerly commercial manager with Newmont.
Stacey Apostolou	Director	Over 17 years corporate experience with mining.
Richard Seville	Non-exec	Over 25 years experience in mine development.
Dong PING Ye	Project Manager	Previously Commercial Manager with Hatch Engineering.

Share Price



Profit & Loss (US\$ '000)	30/06/05	30/06/06	2H06
Revenue	459	343	151
Exploration expenses	(605)	(120)	(5,333)
Other income	0	180	0
Other expenses	(3,444)	(1,954)	(1,527)
Pre-tax profit/ (loss)	(3,589)	(1,550)	(6,709)
Income tax	0	0	0
Net profit/ (loss)	(3,589)	(1,550)	(6,709)

Balance Sheet (US\$ '000)	30/06/05	30/06/06	2H06
Cash	8,943	8,170	14,042
Other current assets	7	182	301
PP&E	4	5	17
Exploration expenditure	0	0	12,722
Other non-current assets	13,187	18,863	510
Total assets	22,141	27,222	27,594
Total liabilities	78	276	3,853
Net assets	22,063	26,946	23,741
Issued capital	28,689	34,866	47,294
Reserves	4,605	4,802	6,018
Accumulated losses	(11,231)	(12,722)	(29,691)
Total Equity	22,063	26,946	23,741

Cash Flow (US\$ '000)	30/06/05	30/06/06	2H06
Payments to suppliers	(1,075)	(2,011)	(6,572)
Receipts from customers	0	48	0
Interest received	459	343	151
Interest paid	0	(493)	(1)
Net operating cash flow	(615)	(1,619)	(6,422)
Net investing cash flow	(4,290)	(5,446)	3
Issue of shares	7,203	6,630	13,081
Share issue costs	(170)	(331)	(895)
Net financing cash flow	7,032	6,299	12,186
Net change in cash	2,126	(766)	5,767

Peter Hambro Mining (PHM LN)

Background

Peter Hambro Mining Plc has its origins in 1994 when JSCP Pokrovskiy Rudnik was formed and appointed the exclusive operator under the licence to mine at Pokrovskiy. The Pokrovskiy Rudnik operations in Russia continue to form the back bone of the company and have been developed from a simple heap leach operation through to a resin-in-pulp plant processing about 1.8Mt pa today. The aim of the company is to grow to a 1Moz pa company by 2009.

Key Assets

The key asset remains the Pokrovskiy Rudnik mine, which in 1H07 produced 116,800oz of gold at a cash cost of US\$170/oz. Part of the current focus is bringing the Pioneer mine into production. Although small amounts of gold are currently being produced, commercial production is not expected until 4Q07. A six year programme of incremental mine expansions has been planned, which by 2014, is expected to be operating on sulphide ores at a rate in excess of 6Mt pa and producing around 240k oz of gold.

This was to be followed by the start-up of the Malomir miner in late 2008. This property was acquired in 2005 for US\$0.8mn, since which time US\$12mn has been spent on exploration. However, encouraging metallurgical test work results have caused for a revised mine plan and this is expected to delay production by between 6 to 12 months. Consequently, Fox-Davies Capital is expecting production to commence very early in 2010. This is a large deposit, containing 27.45Mt grading 1.59g/t and containing 1,546k oz of gold. Once full production is reached, Malomir production is forecast to be around 430,000oz pa. However, there are significant tonnages of lower grade ore at Malomir, and there are higher grade steeply dipping cross-structures that have yet to be included in the ore reserves due to a lack of drilling.

In addition to the main mining area at Pokrovskiy Rudnik, there is a surrounding area called the Pokrovskiy Flanks. These areas consist of a set of large, irregular but largely flat lying ore-bodies. There are also alluvial placer deposits along most of the stream valleys and to the south-west, which is a large area of gold-bearing fanglomerates.

Comment

Peter Hambro Mining is one of the more successful western companies that has ventured into Russia. However, on current information, we believe it will struggle to achieve its stated objectives and it remains to be seen how the market will react to this potential disappointment.

Our initial thoughts are that Peter Hambro Mining will struggle to get to 1Moz of gold production per year, let alone achieve this milestone in 2009. However, the company does have numerous expansion options. An independent review of all assets is scheduled to commence in September, with the final results due to be reported late in the autumn 2007. It is anticipated that the situation will be clarified at that point in time.

**Peter Hambro Mining
POG LN**

**Market: AIM
Share price: £9.15**

**Analyst: Peter Rose / Brock Salier
September 4, 2007**

Key Market Information		Fundraising	
Shares outstanding (mn)	81.1	Apr '02 IPO	£10.8mn
Market capitalisation (£ mn)	775.4	Apr '03	£20.3mn
52-week high/low (£)	13.2/7.7	Jun '06	£40.0mn
Net cash (£ mn)	31.6	May '07	£22.9mn
Options and warrants (mn)	-		
Enterprise value (£ mn)	743.8		

Company Information		Major Shareholders	
1 Grosvenor Place London, SW1X 7HH +44 (0) 20 7201 8900 www.peterhambro.com		Pavel Maslovskiy Eastbourne Capital Management Black Rock Inc Lansdowne Partners	22.85% 10.96% 9.96% 8.51%

Reserve	Mt	Au (g/t)	Au (Moz)
B + C1	31.6	1.8	1.83
C2	117.9	1.8	6.65
Total	149.5	1.8	8.48

Resource	Mt	Au (g/t)	Au (000oz)
P1	137.0	2.0	8.7
P2+P3	1,929.0	1.5	91.0
Total	2,065.9	1.5	99.7

Production	Au (000 oz)	Cash cost (US\$ / oz)
2005	249	125.4
2006	261	133.7
2007F	283	-

Management		
Peter Hambro	Executive Chairman	Founder of the company, also involved in various roles with Aricom Plc, Russian Timber Group, SG Hambros Bank & Trust and Sundeala Ltd.
Pavel Maslovskiy	COO	Founding shareholder of Peter Hambro Mining, after embarking on a business career in 1994.
Andrey Maruta	Finance Director	Chartered accountant joined the company in 2003 and was appointed Finance Director in July 2006.
Peter Hill-Wood Rudolph Agnew	Non-Exec. Directors	Also chairman of Arsenal Football Club. Worked for consolidated Gold Fields and Anglo American.
Philip Leatham		Chartered accountant.

Share Price



Profit & Loss (US\$ '000)

	2004	2005	2006
Turnover	62	91	157
Operating expenses	(39)	(73)	(108)
Operating profit	22	17	49
Other adjustments	2	3	(4)
Pre-tax profit / (loss)	24	20	45
Income tax benefit	(8)	(6)	(13)
Minorities	(0.7)	(0.7)	(0.8)
Retained profit/ (loss)	15	13	30

Balance Sheet (US\$ '000)

	2004	2005	2006
Cash	25	144	62
Other current assets	35	55	95
Intangible assets	88	132	188
PP&E	60	75	137
Other non-current assets	19	11	11
Net assets	202	244	316
Shareholders funds	200	240	302
Minorities	2	4	14
Liabilities and Equity	202	244	316

Cash Flow (US\$ '000)

	2004	2005	2006
Net operating cash flow	20.5	16.0	47.6
Net investing cash flow	(3.2)	(4.3)	(3.7)
Taxation paid	(4.2)	(3.4)	(9.4)
Capital expenditure	(31.9)	(26.8)	(66.7)
Acquisitions and disposal	(13.3)	(10.8)	(53.6)
Use of liquid resources	-	-	(13.8)
Net financing cash flow	43.3	148.3	15.0
Effect of exchange rate	-	(0.3)	2.6
Net change in cash	11.0	118.6	(82.0)

Stratex International (STI LN)

Background

Stratex is an exploration and development company formed in 2004 and focused on epithermal gold deposits in Turkey. Admitted to AIM in January 2006, the company has now assembled a strong portfolio of projects, ranging from grass roots exploration to advanced resource development.

Unlike many junior mining companies operating in the mineralised belts of Eurasia, the company has an emphasis on grass roots exploration, led by Bob Foster, a widely respected expert in the field of epithermal gold deposits. Teck Cominco owns 8.8% of Stratex, and has a strategic partnership including equity funding support, technical support and licence joint ventures.

At the three most advanced projects, Inlice, Altintepe and Karaagac, a total of 0.84Moz gold has been defined to JORC standards. Currently, Inlice, a virgin discovery, is the most advanced project, with ongoing resource drilling likely to upgrade the resource size in the short- to medium-term.

Key Assets

Inlice: is located 230km south of Ankara and is the first of several hydrothermal alteration zones recognised by the Company in the Konya volcanic belt. The prospect was identified by Stratex geologists and an exploration licence was awarded in August 2005. Positive soil samples were reported in the Ana Zone. In addition, following further reconnaissance, a further 17 licences were obtained and the land package currently stands at 375km². The licence hosts a mineralised strike length of 600m and a depth of at least 150m. A drill programme included intersections of 40m @ 6g/t and 31m @ 3.4g/t and an independently estimated initial JORC indicated/inferred resource of 373,000oz gold (6.7Mt @ 1.72g/t Au) was announced in May 2007.

Altintepe: Stratex has acquired a 100% interest in the Altintepe gold project in northern Turkey from its strategic partner Teck Cominco, by undertaking 2,000m of drilling by July 2008 and 5,000m by July 2009. Teck Cominco can earn-back 51% by completing 10,000m of drilling within a 42 month period.

Karaagac: A partially exposed gold zone extending over 3.5km². As a result of a drilling programme completed in 2006, Stratex announced an initial inferred (non-JORC) resource of 6.4Mt @ 0.78g/t for 157,000oz gold. The company is seeking a joint venture partner to advance the project.

Comment

Located in a politically stable country and with a record of expanding its resource base, we believe Stratex stands out from many exploration firms on AIM. However, this appears to have been recognised in the market, and based on a simple market cap vs. gold resource, the company looks fully valued.

Nonetheless, with over 85% of current cash of £5.3mn, allocated for drilling and geophysics on four development projects and wider exploration, and a partnership with Teck Cominco, we have faith in both the attractiveness of the geology and ability of management to provide the resource increases needed to take the company to the next stage.

**Stratex International
STI LN**

**Market: AIM
Share price: 9.5p**

**Analyst: Brock Salier / Peter Rose
September 4, 2007**

Key Market Information		Fundraising	
Shares outstanding (mn)	234.0	Jun '07 @ 9p	£7mn
Market capitalisation (£ mn)	22.2	Aug '06 @ 7.5p	£1.2mn
52-week high/low (p)	12.13/7.25	Jan '06 @ 5.0p	£1.9mn
Est. net cash (£ mn)	4.5		
Options and warrants (mn)	17.6		
Enterprise value (£ mn)	17.7		

Company Information		Major Shareholders	
212 Piccadilly		Credit Suisse Nom.	12.7%
London, UK, W1J 9HG		Nick Graham	9.9%
+44 207 830 9650		Teck Cominco Ltd	8.8%
www.stratexexploration.com		Morstan Nominees Ltd	7.1%

Reserve	Mt	Au (g/t)	Au (oz)
Proven	-	-	-
Probable	-	-	-
Total	-	-	-

Resource	Mt	Au (g/t)	Au (Moz)
Measured	-	-	-
Indicated	2.72	2.60	0.23
Inferred	14.94	1.28	0.61
Total	17.66	1.48	0.84

Production	Mt	Au (g/t)	Au (oz)
2009E	-	-	-
2010E	-	-	50,000
2011E	-	-	100,000

Management		
David Hall	Executive Chairman	Geologist, 24 year experience including 6 years in Turkey / Europe / Middle East. Previously AngloGold exploration manager S. America. Experienced in epithermal gold deposits.
Dr Bob Foster	CEO	Geologist, 33 years experience with focus on Africa and Central Asia. Academic background, but with industry experience in exploration and open pit mining in Zimbabwe.
Perry Ashwood	CFO	Accountant, 35 years experience, including 20 years at Rank Xerox. Previously Financial Director of Intersec International, and worked as an independent consultant since 2000.
Paul Foord	Non-exec	Accountant/management consultant, 30 years experience with MBA from Cranfield.
Andrew Malim	Non-exec	Corporate financier, 30 years experience in corporate finance and fund management.



Source: Bloomberg

Profit & Loss (£ '000)	2005	2006
Revenue	-	-
Administrative expenses	(256.8)	(570.8)
Exchange gains - net	0.09	1.3
Operating profit/ (loss)	(256.7)	(569.5)
Finance income	9.7	66.3
Pre-tax profit/ (loss)	(246.9)	(503.1)
Income tax credit	0	16.1
Net profit/ (loss)	(246.90)	(487.0)

Balance Sheet (£ '000)	2005	2006
Cash	177.9	1,563.1
Other current assets	27.6	140.5
PP&E	3.5	27.9
Other non-current assets	94.3	789.3
Total assets	303.5	2,520.9
Liabilities	34.6	68.4
Ordinary shares	1,000.0	1,536.1
Share premium	-	2,170.7
Other reserves	(484.1)	(534.6)
Accumulated losses	(246.9)	(719.6)
Total equity and liabilities	303.5	2,520.9

Cash Flow (£ '000)	2005	2006
Net operating cash flow	(265.0)	(662.2)
Purchase of PP&E	(4.8)	(30.6)
Purchase of intangible assets	(76.4)	(644.5)
Interest received	9.7	66.3
Net investing cash flow	(71.6)	(608.8)
Share issue	514.6	2,656.3
Net financing cash flow	514.6	2,656.3
Net change in cash flow	177.9	1,358.1

Tianshan Goldfields (TGF AU/LN)

Background

Tianshan is an Australian based company with a 90% interest in the Gold Mountain project, which hosts a high-sulphidation epithermal gold deposit, close to the high grade Arxi gold mine, located in the Tulusi Basin, part of the Tian Shan Gold Belt. In 2003, a controlling interest in the Gold Mountain project was vended into Tianshan Goldfields by the Australian Investment Group, Mineral Securities (MinSec). MinSec is now a 19.99% shareholder in Tianshan and will move to 30% once a performing preference share is converted.

The Company began exploration in 2003 with the aim to identify large tonnage, strata-bound, disseminated style gold deposits in near surface blankets associated with high grade feeder breccias and veins, suitable for open pit mining and heap leaching.

Key Assets

The Gold Mountain project has been consistently generating new drill targets and, to date developed a 2.84Moz resource with pre-feasibility studies underway. The exploration licence is renewable on a 2-year basis, currently valid until September 2008. In June 2007, it was announced that five new exploration licences had been granted for an aggregate area of 111km² bringing the total licence area to 632km². Negotiations are advanced to secure further tenements over areas of known mineralisation in the Tulasi Basin.

The project is located in a mountainous zone in the Xinjiang Province at a maximum elevation of around 1,600m. The area is normally subject to snow cover from November to March. Access is only 50km from the city of Yining, but the last 25km is via a high gradient unsealed road. However, infrastructure in the form of low cost power and water should be readily accessible when required. The deposits comprise blankets of silicified breccia over a limestone base.

The 2006 drill field season completed 225 holes for 36,717m and produced a total indicated and inferred resource of 95Mt @ 0.9g/t at a 0.5g/t cut-off grade. These resources are contained within a 4.0km² area in the north-west portion of the 88.5km² exploration licence. The resource is contained in four discrete deposits, with around 60% of the total resource Jinxi/Balake.

The 2007 exploration budget is US\$5.4mn and is primarily an infill drill programme to raise the inferred resource to indicated category. The second report from 4,953m of the 2007 drill programme showed assay results from 40 drill holes. There were some significant intersections from the Jinxi, infill and extension holes including 57m @ 3.64g/t, 23m @ 1.58g/t and 25m @ 1.1g/t. Drilling has intersected hydrothermally altered breccias at shallow depth in the south west and extensions to the mineralisation to the north and southeast have also been confirmed.

The mineable portion of current resources should be sufficient to support a 100,000oz pa open pit, heap leach operation. The deposits are low grade and will have different strip ratios but should be highly commercial due to low capital and operating costs attributable to equipment, power, water and labour. Metallurgical tests from heap leaching have shown satisfactory results. A pre-feasibility study is underway on an open pit operation with heap leach treatment.

Comment

Tianshan appears to have two options, either upgrade and fast track the current resource to production, or to focus on aggressive drilling to target a world class resource. The latter choice may carry weight in view of the highly prospective exploration potential in the wider lease area. This may be clarified further as a result of the 2007 regional drill programme. On an in-situ value basis Tianshan appears undervalued.

Tianshan Goldfields Ltd
TGF LN (TGF AU)

Market: AIM (ASX)
Share price: 19.7p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	187.2	Mar '06 @ A\$0.25	A\$2.75mn
Market capitalisation (£ mn)	36.9	Sep '05 @ A\$0.15	A\$5.5mn
52-week high/low (p)	26.0/12.0	May '02 @ A\$0.20	A\$3.0mn
Est. net cash (£ mn)	3.3		
Options and warrants (mn)	35.1		
Enterprise value (£ mn)	33.6		

Company Information		Major Shareholders	
Level 22, Allendale Square,		Mineral Securities	19.9%
77 St Georges Terrace, Perth, WA 6000		HSBC Custody	8.8%
Australia, +618 9221 7729		Citicorp Nominees	6.9%
www.tianshangoldfields.com.au		Merrill Lynch (Aust)	5.1%

Reserve	Mt	Au (g/t)	Au (oz)
Proven	-	-	-
Probable	-	-	-
Total	-	-	-

Resource	Mt	Au (g/t)	Au (Moz)
Measured	-	-	-
Indicated	58.8	0.9	1.65
Inferred	36.0	1.0	1.19
Total	94.8	0.9	2.84

Production	Mt	Au (g/t)	Au (oz)
2011E	-	-	100,000
2012E	-	-	-
2013E	-	-	-

Management			
Keith Liddell	Non-exec Chairman	Minerals Engineer, formerly Managing Director of Aquarius Platinum. He is Executive Chairman of Mineral Securities, Non executive Chairman of CopperCo Ltd and Executive Deputy Chairman of Platmin Limited.	
Grant Thomas	Managing Director	Geologist previously held senior positions with Rio Tinto, including as Principal Geologist in Brazil and Country Manager and Chief Representative in China.	
David Evans	Director	Professional engineer with over 30 years experience in operational and project development in the resources industry. He was formerly an Executive Director of Aquarius Platinum.	
Jason Bontempo	CFO	Chartered Accountant. He has worked in Investment Banking and Corporate Advisory for 10 years, including four years in London.	
Mark Ashley	Non-exec.	Accountant with 20 years industry experience.	



Source: Bloomberg

Profit & Loss (US\$ '000)	2004	2005	2006
Revenue	121.6	90.2	163.0
Operating expenses	(793.7)	(725.6)	(3043.1)
Pre-tax profit/ (loss)	(672.1)	(635.4)	(2,880.1)
Income tax	0.0	0.0	0.0
Net profit/ (loss)	(672.1)	(635.4)	(2,880.1)

Balance Sheet (US\$ '000)	2004	2005	2006
Cash	2,766.4	3,162.0	19,441.5
Other current assets	83.7	58.1	177.3
PP&E	5.8	141.9	250.8
Exploration expenditure	0.0	8,083.0	15,917.3
Other non-current assets	4,212.1	0.0	0.0
Total assets	7,068.2	11,445.1	35,787.1
Liabilities	(393.8)	(1,047.0)	(3,478.1)
Net assets	6,674.4	10,398.0	32,308.9
Issued capital	9,989.9	12,323.5	35,457.3
Reserves	30.0	98.8	2,767.1
Accumulated loss	(4,426.1)	(5,061.7)	(7,941.8)
Minority interests	1,080.5	3,037.3	2,026.3
Total equity	6,674.4	10,398.0	32,308.9

Cash Flow (US\$ '000)	2004	2005	2006
Receipts from customers	20.0	82.3	0.0
Payments to suppliers	(593.2)	(791.3)	(1,616.1)
Interest received	50.7	89.9	157.9
Finance costs	0.0	0.0	(87.8)
Mining interests costs	(2,267.7)	(1,618.5)	(6,483.5)
Net operating cash flow	(2,790.2)	(2,237.5)	(8,029.5)
Net investing cash flow	(325.5)	421.0	(1,213.9)
Net financing cash flow	4,858.3	2,200.0	25,414.9
Net change in cash	1,742.6	383.4	16,171.4

Trans-Siberian Gold (TSG LN)

Background

Trans-Siberian Gold was established in 2000 to acquire and develop gold mining assets in Russia, funded through some US\$17mn in private equity between 2001 and September 2003. The Company was admitted to AIM in November 2003, with an IPO raising £16mn and gaining a strong shareholder base including Firebird, Framlington, LR Global, Baker Steel, Fidelity, Gold 2000, Merrill Lynch, Newstar and RAB. The asset base was a 3Moz gold resource from three projects, Asacha and Rodnikova in Kamchatka and Veduga in Krasnoyarsk. In mid-2004, AngloGold Ashanti (AGA) agreed to buy 12.26mn new shares in two tranches, representing a 29.9% stake of the enlarged capital, for £17.6mn. This deal carried board representation for AGA and the right to earn 51% of any new TSG projects. Delays due to technical problems and cost overruns plus a lack of support for further capital raisings resulted in the sale of Veduga to AGA. Details were announced in February 2007 for payment of US\$40mn cash with a US\$8.7mn advance on signing. This agreement received shareholder approval on 30th March 2007 and the funds are to be used on the development of the high grade Asacha gold project. AGA has also provided debt facilities to TSG. The deal was finalised on the 26th of June 2007.

Key Assets

Asacha and Rodnikova are epithermal vein gold deposits, some 70km apart in the south-east Kamchatka peninsula and accessed from the established port of Petropavlovsk. There is a geothermal power station at Mutnovstaya, 60km from Asacha. TVX Gold had a feasibility study done on Asacha in 1997 but dropped the project in 1999 during weak gold markets.

At the time of the IPO, Asacha had total gold equivalent resources of 0.68Moz @ 22g/t (6.0g/t cut off), scheduled for a production of 100,000oz pa from 200,000tpa treated starting in 2H05, with a life of 6 years. Subsequent due diligence on behalf of the project finance group identified technical shortcomings and required a longer lead time. In November 2006, Standard Bank withdrew from its mandate to arrange project finance. The original licence required production by June 2006 and this has been extended to December 2008. The project cost is now estimated at US\$107mn (including recoverable VAT of US\$15mn and US\$7mn contingency), of which US\$37mn has already been spent. TSG is confident that the US\$38mn balance required post the sale of Veduga can be raised by equity and/or debt finance. The production schedule has been revised to processing 100kt of ore to produce 40,000oz in 2009, rising to 140kt of ore producing 60,000oz in 2010. Cash cost of US\$275/oz are forecast. The company anticipates that the resource can be increased by 50%, mainly from the northern extension to the existing orebody.

Rodnikova: Russian exploration in the 1980s showed total resources of over 1.0Moz. The IPO resource was 0.23Moz @ 9.4g/t (4.5g/t cut off), revised to 0.27Moz @ 9.3g/t (4g/t cut-off). Production is scheduled to dove-tail in, with the depletion of ore at Asacha.

Comment

Trans-Siberian has had a difficult history having been full of promise, but demonstrating the challenges of operating in Russia. The support of Anglo Gold has been life-saving and it is now in a position to develop the Asacha high grade gold project. There could be further upside potential dependent on exploration success.

Trans-Siberian Gold TSG LN

Market: AIM
Share price: 22.5p

Analyst: Peter Rose / Brock Salier
September 4, 2007

Key Market Information		Fundraising	
Shares outstanding (mn)	41.1	Pre-IPO	US\$17mn
Market capitalisation (£ mn)	9.2	Nov '03 @ £1.50	£16mn
52-week high/low (p)	72.5/22.5	Jul '04 @ £1.37	£8.4mn
Net cash Dec '06 (£ mn)	1.2	Oct '04 @ £1.49	£9.2mn
Options and warrants (mn)	4.6		
Enterprise value (£ mn)	8.0		

Company Information	Major Shareholders	
Church Barn, Old Farm Business Centre	Anglogold Ashanti	29.8%
Church Road, Toft, Cambridge CB23 2RF	UFG Private Equity	29.1%
+44 (0) 1223 265760	Firebird Ltd	6.6%
www.trans-siberiangold.com	Arnhold & S Bleichroeder	3.6%

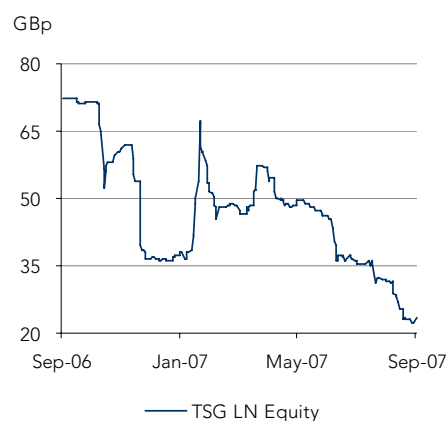
Reserve	Mt	Au (g/t)	Au (oz)
Proven	-	-	-
Probable	-	-	-
Total	-	-	-

Resource	Mt	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
Measured	0.25	19.9	157,000	33.1	261,000
Indicated	0.45	25.2	364,000	52.0	751,000
Inferred	0.22	18.4	127,000	50.1	133,980
Total	0.91	22.2	648,000	46.6	1,361,000

Production	Mt	Au (g/t)	Au (oz)
2009E	100,000	-	40,000
2010E	140,000	-	60,000
2011E	220,000	-	100,000

Management		
Peter Burnell	Non-exec. Chairman	Formerly a director of Anglo American and Minorco. Chairman of F & C Latin American Investment Trust.
Oleg Bagirov	CEO	Chairman of the United Bank, Moscow from 1994 to 2002, and currently CEO of OAO Sibirskiy Gorno-Metallurgicheskoy Alyans (SIGMA), a gold company in the Kamchatka peninsula.
Simon Olsen	FD	A Chartered Accountant with considerable experience in the mining sector.
Richard Duffy	Non exec. Directors	AGA representative
Benjamin Guenther		AGA representative
Philip Bowring		
Boris Federov		
Florian Fenner		

Share Price



Profit & Loss (US\$ '000)	2004	2005	2006
Turnover	-	-	-
Administration expenses	(6,055.4)	(7,117.1)	(7,002.7)
Other adjustments	1,635.7	(1,782.8)	1,574.5
Operating profit/ (loss)	(4,419.7)	(8,899.9)	(5,428.1)
Net interest	677.8	643.8	(197.0)
Pre-tax profit/ (loss)	(3,741.9)	(8,256.0)	(5,625.2)
Income tax	(50.3)	(10.8)	(197.3)
Minority interest	134.5	(38.2)	(38.2)
Net profit/ (loss)	(3,657.7)	(8,305.1)	(5,784.2)

Balance Sheet (US\$ '000)	2004	2005	2006
Exploration properties	17,787.6	24,699.3	29,799.9
Tangible assets	9,016.2	16,099.6	23,265.0
Debtors	4,452.1	6,796.7	8,724.0
Cash	20,419.3	11,902.7	2,551.4
Creditors	(1,473.2)	(2,817.6)	(3,606.4)
Total assets less liabilities	50,202.1	56,680.7	60,733.9
Net assets	50,118.9	56,524.0	50,533.5
Shareholders' funds	50,118.9	56,485.8	50,533.5
Minority interest	0.0	38.2	0.0
Capital employed	50,118.9	56,524.0	50,533.5

Cash Flow (US\$ '000)	2004	2005	2006
Net operating cash flow	(8,272.9)	(8,313.6)	(6,067.9)
Return on investments	706.4	1,306.2	608,142
Tax paid	(48.2)	(12.9)	(262.8)
Capital expenditure	(15,698.9)	(13,740.7)	(14,176.0)
Acquisitions	(120.9)	(10.5)	0.0
Cash flow before financing	(23,434.6)	(21,424.7)	(20,202.7)
Bank deposits decrease	8,703.5	6,263.9	10,307.5
Financing	14,948.8	28,971.6	20,700.5
Change in cash	217.7	(674.9)	455.0

Glossary

AIM	Alternative Investment Market
ASX	Australian Stock Exchange
Au	gold
BFS	bankable feasibility study
bn	billion
CIS	Commonwealth of Independent States
CRU	Independent industry analysts
Co	cobalt
Cu	copper
DFS	definitive feasibility study
fd	fully diluted
g/t	gram per tonne
gm	gram
grade	concentration of gold, typically measured in grams per ton
H	half
IPO	Initial Public Offering
JORC	The Code for Reporting of Mineral Resources and Ore Reserves by the Australasian Joint Ore Reserves Committee (JORC)
JV	joint venture
km	kilometre
kt	thousand tonnes
ktpa	thousand tonnes per year
lb	pound
LME	London Metal Exchange
m	metre
mn	million
Mg	magnesium
M&I	measured and indicated
Moz	million ounces
Mt	million tonnes
Ni	nickel
oz	ounce
pa	per annum
Pd	palladium
PGE	Platinum Group Equivalent
PGM	Platinum Group Metals
P&P	proven and probable
ppm	part per million
Pt	platinum
Q	quarter
SG	Specific Gravity
sh	share
tpa	tonnes per annum
tpm	tonnes per month
TSX	Toronto Stock Exchange
u/g	under ground
y-o-y	year-on-year
Zn	zinc

Research Disclosure

Peter Rose – Head of Mining Research

Peter Rose has 20 years experience in equities as a resources analyst, most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Peter's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa, and eight years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter has a Bachelor of Science in Applied Mineral Science from Leeds University UK, and a Bachelor of Commerce from the University of South Africa. Peter is a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Brock Salier – Mining Analyst

Brock has over eight years of international commercial and academic work experience as both a geologist and management consultant. Following a period of practical experience as a mining geologist, Brock completed a geology PhD with distinction at the University of Western Australia, focused on gold mineralisation systems, where he also completed his BSc (Hons) in geology. His previous experience includes periods with Rio Tinto, Placer Dome and Great Central Mines covering diamond, nickel, uranium and gold projects. Most recently, Brock was a management consultant in London with Accenture and Credo Group.

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Anna Michniewicz – Research Assistant

Anna joined Fox-Davies Capital in April 2006. She holds an MSc degree in Economics from The Poznan University of Economics, Poland.

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Research disclosure as of September 4, 2007

Company: Celtic Resources, Kryso Resources - Disclosure: 1, 2, 8, 9

Company: Hambledon Mining, Highland Gold, Aurum Mining, Central China Goldfields, China Goldmines, Frontier Mining, Leyshon Resources, Peter Hambro Mining, Stratex International, Tianshan Goldfields, Trans-Siberian Gold - Disclosure: 9

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Fox-Davies Capital uses a three-tier recommendation system for stocks under coverage: Buy, Hold or Sell.

Buy recommendation means that expected total return of at least 15% is expected over 12 months between current and analysts' target price.

Hold recommendation means that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price.

Sell recommendation means that expected total return expected over 12 months between current and analysts' target price is negative.

Disclosure chart

Exhibit 6: Celtic Resources share price.



Source: Bloomberg, FDC

Celtic Resources Recommendation Summary

Date	Recommendation	Target Price
July 7, 2007	Initiated at BUY	£3.33
July 31, 2007	Upgraded target	£4.17

Exhibit 7: Hambleton Mining share price.



Source: Bloomberg, FDC

Hambleton Mining Recommendation Summary

Date	Recommendation	Target Price
June 28, 2007	Initiated at BUY	£0.26

Exhibit 8: Highland Gold share price.

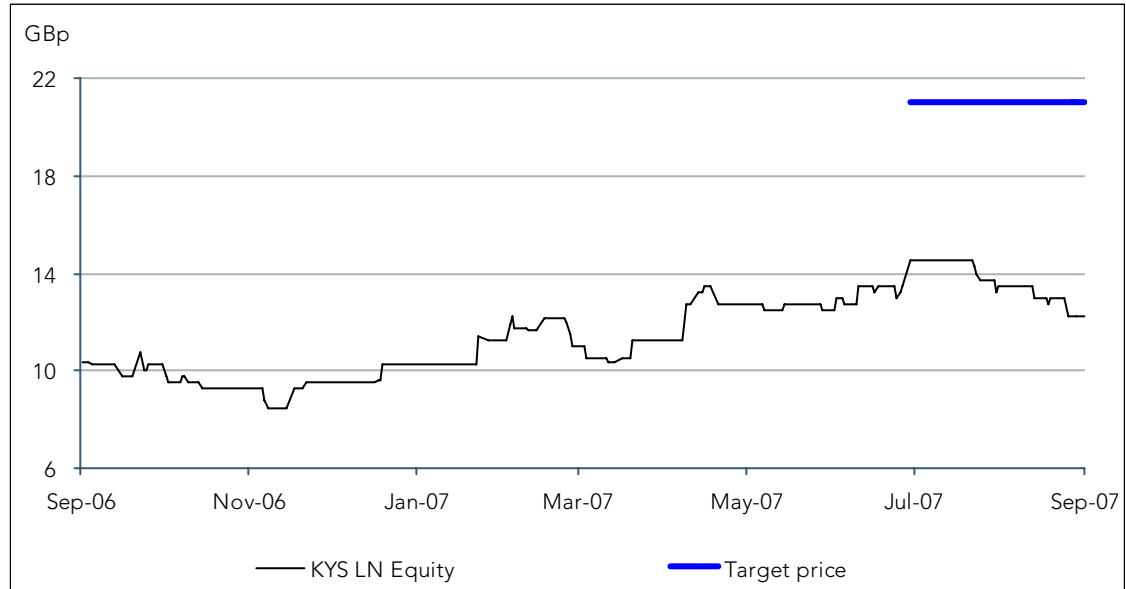


Source: Bloomberg, FDC

Highland Gold Recommendation Summary

Date	Recommendation	Target Price
July 19, 2007	Initiated at HOLD	£0.98
August 13, 2007	Upgraded target	£1.00

Exhibit 9: Kryso Resources share price.



Source: Bloomberg, FDC

Kryso Resources Recommendation Summary

Date	Recommendation	Target Price
July 2, 2007	Initiated at BUY	£0.21

About Fox-Davies Capital

Fox-Davies Capital Limited (FDC) has been advising and raising funds for the natural resource sector since February 2001. The firm specialises in assisting international resource companies gain access to the UK, European and North American capital markets and has a substantial background in emerging markets particularly in Africa, Asia, Russia and the CIS, raising over US\$100mn in 2006.

FDC enjoys a successful track record in advising and undertaking fundraising transactions for its clients from private equity to IPO and secondary offerings and works with over 350 specialised institutional resource and emerging markets funds worldwide.

FDC provides professional advice based on effective analysis and research to assist its corporate clients in presenting their proposals to the investment community. Our strength lies in the oil & gas and mining sectors where as a company we have advised clients on AIM and ASX. Our mining company clients include Amur Minerals (AIM), Celtic Resources (AIM), Copper Resources (AIM), Diamonex (ASX), Discovery Metals (AIM/ASX), EMED Mining (AIM), Kryso Resources (AIM), Siberian Diamonds (private), Tsar Emeralds (private), Van Dieman Mines (AIM).

FDC is authorised and regulated by the Financial Services Authority (FSA) and is a member firm of the London Stock Exchange (LSE).

Fox-Davies Capital Coverage

Natural resources companies covered by Fox-Davies Capital as of August 31, 2007:

Company	Ticker	Recommendation	Date	Target Price	Current Price
Oil & Gas					
Afren	AFR LN	BUY	02.08.07	£1.16	£0.67
Aurelian Oil & Gas	AUL LN	BUY	09.03.07	0.75p	0.47p
Arrow Energy	AOE AU	BUY	27.06.07	A\$3.26	A\$2.65
Fortune Oil	FTO LN	BUY	27.06.07	9.10p	6.03p
Queensland Gas	QGC AU	SELL	27.06.07	A\$1.47	A\$2.43
ROC Oil	ROC LN	HOLD	23.07.07	£1.56	£1.30
Sydney Gas	SGL AU	BUY	27.06.07	A\$0.48	A\$0.32
Mining					
African Diamonds	AFD LN	HOLD	29.06.07	£1.10	£1.05
Allegiance Mining	AGM AU	HOLD	04.07.07	A\$0.90	A\$0.60
Amur Minerals	AMC LN	BUY	26.02.07	£0.49	£0.20
Asian Mineral Resources	ASN CN	SELL	26.02.07	C\$1.14	C\$1.74
Celtic Resources	CER LN	BUY	31.07.07	£4.17	£1.80
Diamonex	DON AU	BUY	17.04.07	A\$0.41	A\$0.34
Discovery Metals	DML AU	BUY	29.06.07	£0.27	£0.37
EMED Mining	EMED LN	BUY	02.08.07	£0.59	£0.18
Hambledon Mining	HMB LN	BUY	28.06.07	£0.26	£0.15
Highland Gold	HGM LN	HOLD	19.07.07	£1.00	£1.03
Kryso Resources	KYS LN	BUY	02.07.07	£0.21	£0.12
Mirabela Nickel	MBN AU	BUY	16.07.07	A\$7.49	A\$4.50



Eurasian Gold

Junior and Mid-cap Market



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