



52-wk Range: £5.21-6.85
12 month target £6.16

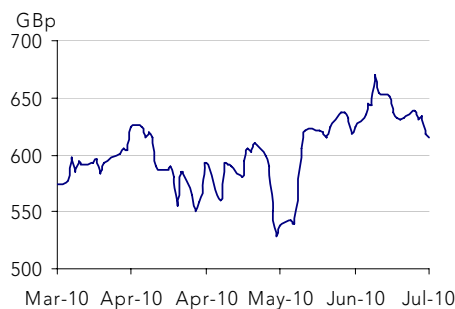
Market Cap (M): £2,522.0
EV (M): £2,308.7

Mining

Revised Commodity and Currency assumptions

Summary

African Barrick Gold is the spin-out from Barrick of its Tanzanian assets. There are four mines, namely Bulyanhulu, Tulawaka, North Mara and the new Buzwagi mine. Annual gold production is forecast to be between 800 and 850k oz in 2010.



Key Metrics

EV/EBITDA: 6.23
Shares Outstanding (M): 410.1
Current Price (GBP): £6.15

Event

Fox-Davies has reviewed its commodity and currency forecasts. For full details please see today's daily.

Comment

The changes in the earnings forecast are due to the new, higher gold price assumptions. Part of the increase in the target price can be attributed to higher gold prices but with the elevation of African Barrick Gold to the FTSE 100 we have changed the discount rate used in the net present value calculation. Whilst we were using a discount rate of 10% we have now reduced this to 7.5%. The only other change to the model is the use of a 1.50 exchange rate to convert the US\$ target price into sterling.

Recommendation

Our target price has increased to £6.16, formerly £5.18/share. This change is due to the higher gold prices and lower discount rate now being used in the model. These factors have combined to lift the target price and we have increased our recommendation from Sell to Hold.

Contact

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FYE Dec	2010E	2011E	2012E	2013E	2014E
Revenue (US\$M):	1050.5	1198.6	1303.6	1071.3	897.7
EBITDA (US\$M):	555.8	669.9	782.7	589.8	431.7
NPAT (inc significant items):	296.4	383.1	470.0	341.2	220.6
EPS (USc):	72.5	93.4	114.6	83.2	53.8
Cash Flow/Share (USc):	136.5	134.3	145.1	113.0	87.0
Gold Price (US\$/oz):	1217.0	1400.0	1520.0	1200.0	1000.0
Ozs produced per '000 shares:	1.93	1.96	2.01	2.06	1.92
Ozs reserves per '000 shares:	51.2	49.1	46.9	44.6	40.3

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Peter Rose

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 holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 05 July 2010

Company Name	Disclosure
African Barrick Gold (ABG)	

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Fox-Davies corporate client & coverage universe as of 05 July 2010:

Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
African Barrick Gold	ABG LN Equity	HOLD	05.07.10	£6.16	£6.03
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.06
Antofagasta	ANTO LN Equity	BUY	28.05.10	£10.33	£7.68
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.004
Discovery Metals	DME LN Equity	BUY	05.07.10	£1.04	£0.37
EMED Mining	EMED LN Equity	BUY	05.07.10	£0.34	£0.08
Exco Resources	EXS AU Equity	BUY	05.07.10	A\$0.77	A\$0.24
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	BUY	20.05.10	£0.18	£0.07
Highland Gold	HGM LN Equity	BUY	05.07.10	£1.71	£1.22
Hochschild Mining	HOC LN Equity	BUY	05.07.10	£3.68	£3.01
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.01
Kryso Resources	KYS LN Equity	BUY	21.04.10	£0.14	£0.14
Lydian International	LYD CN Equity	BUY	18.03.10	C\$1.22	C\$1.29
Minera IRL	MIRL LN Equity	BUY	05.07.10	£1.28	£0.59
Oxus Gold	OXS LN Equity	BUY	21.04.10	£0.30	£0.06
Randgold Resources	RRS LN equity	BUY	05.07.10	£74.65	£61.60
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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