THE GLOBAL SPECULATOR

Gold Stock Summary Report Sample

Australia

Quarter Ended 31 December 2010

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Summary Report Sample Q4 2010

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GoldNerd Settings and Indicator Descriptions

GoldNerd Settings	• GoldNerds Data as at 28 Mar 2011 (unless otherwise stated in the data notes). • Exchange Rate Conversion: A$1 in US$: $1.028. • Silver converted to Gold at a gold/silver ratio of: 38.4:1. • Mineable oz settings: 100% reserves; 20% resource and 10% potential.
Total Cost per Ounce (TCO)	Cash Cost + EV per mineable oz + Development Costs per mineable oz. Companies are sorted from the lowest to highest TCOs. Note the green bars signal better than average and the blue bars below average. For the producer categories, the focus stocks we provide commentary on have TCOs no more than 85% of the average. For the Development stage categories (no producing assets), we focus on the companies which have a better than average TCO (no discount is applied to the average).
Cash Cost per Ounce	All focus stocks must have a cash cost better than the category average. Unless otherwise stated in the commentary, the cash costs reflect a rolling 4 quarter average for producing projects and or an estimate based on project mining studies for development stage companies.
Enterprise Value (EV) per Mineable Ounce	This is the Enterprise Value (EV) of the company divided by an estimate of how much gold the company can realistically mine from its projects (Mineable oz). The EV is an estimate of what value the market is presently placing on the company's non-financial assets (Please note that GoldNerds has a much broader definition of Enterprise Value). In calculating Mineable oz, we count 100% of any reserves (for producing and feasibility study stage projects) and 20% of the resource over and above the reserve in recognition of the capacity for reserve conversion. We also include 10% of any non-JORC compliant potential. For the scoping study stage companies, we treat 100% of the mine plan oz (as indicated by the company) as a surrogate reserve. We then add 20% of the resource and 10% of any potential as previously explained. Typically, the companies with the lowest EV per mineable oz also have the highest cash costs and or development costs. In other words, the market is discounting the value of these ounces due to their marginal nature and or development risk.
Development Costs per Mineable Ounce	This simply represents any outstanding development costs on new projects or expansion plans on existing production projects. This figure is then divided by the Mineable oz for the company. Note for the established producer categories only, a handful of companies have any development activity. Producing companies which have significant development projects often tend to trade at a discounted TCO. This reflects the risks associated with bringing a new project on steam.

Reserve (%) of Mineable Ounce	This indicator is included to give you a feel for the make up of the Mineable oz number. Companies with a resource base significantly larger than their reserves, have a lower % of reserves making up their minable oz. This adds an element of risk. Alternatively the higher this % is, the higher the proportion of mineable oz made up by reserves adding conservatism. For the Scoping Study category we replace Reserves with the company's Mine Plan. This adds a slightly different dynamic. If the mine plan for example represents 100% of the Mineable ounces this means the company has used their entire resource base as part of the study. If alternatively the mine plan represents just 50%, this means the company has used a segment of their resource base in their plan leaving room for exploration upside.
Net Financial Asset Position % (NFA)	This takes the Market Capitalization, subtracts the Enterprise Value and then divides the result by the Market Capitalization. Represents a % of the Market Capitalization made up of net financial assets (or net financial liabilities if you get a negative percentage).
Shares Outstanding	The number of shares outstanding allows us to see how many shares it has taken each respective company to achieve its present level of development (relative to its peers). We have added a small note next to the companies which have undertaken share price consolidations.

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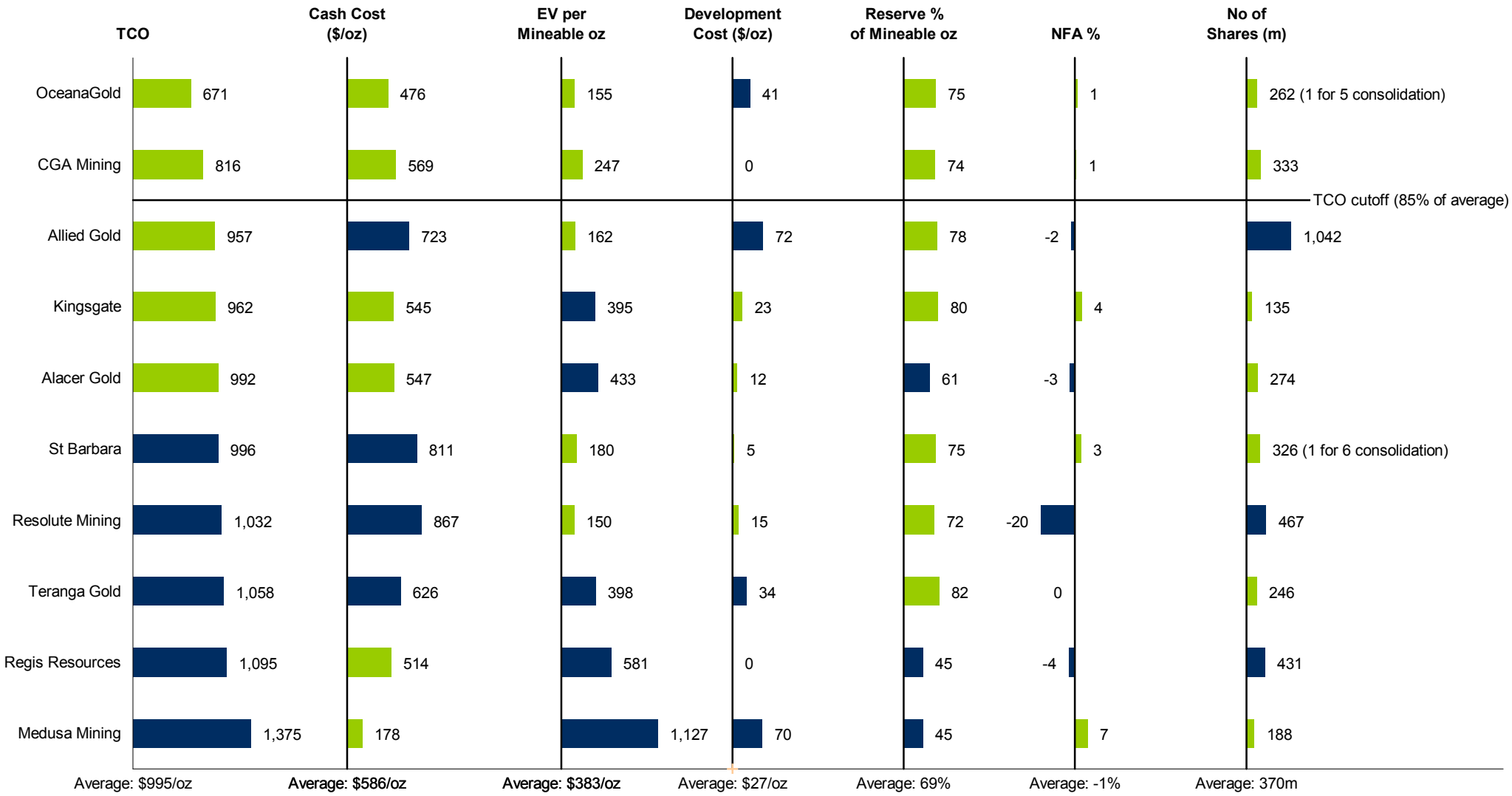
Producers (Market Cap 0.5m - 3b)



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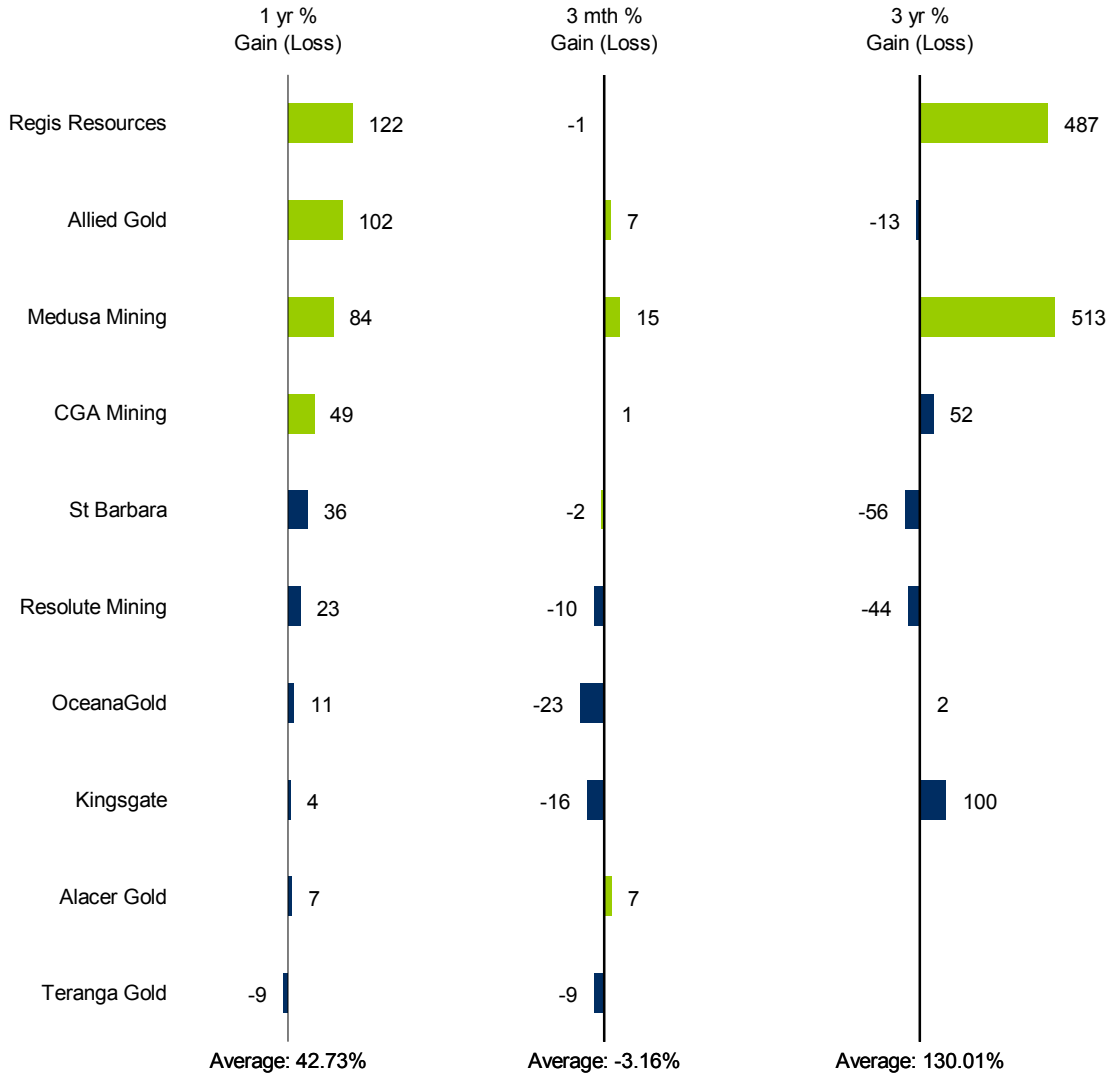
Producers (Market Cap 0.5m - 3b)

Company Commentary

• **OceanaGold (OGC):** Short term share price weakness. Didipio is at the construction phase. Lower TCO probably reflects Didipio's development stage (discounted for development risk). The project represents 38% of OGC's reserve base. Re-rating probably contingent upon this project's success.

• **CGA Mining (CGX)**: Masbate continues to operate efficiently. Expansion nearing completion. Hedge book liability (A$90m) may be seen as a negative (reflected in the Enterprise Value). Current hedging represents less than 1 year of production. A comparatively respectable share structure of 333m shares.



Data Notes

• The average cash costs for **Oceanagold** and **Alacer Gold** reflect an estimate of the future average cash costs based on current costs for producing projects and forecasts for key development projects.

• **Medusa Mining** estimated a potential resource for Co-O of 3-7 Moz (We used a potential of 5 Moz). For the purposes of calculating Mineable oz, we conservatively apply only a 10% conversion for potential over and above the resource (280 koz in this case). This leaves significant upside.