

Media Release

26 November 2008

December Quarter, 2008

RCR's Equity Research Report: Junior and Mid Tier Gold Companies

Key Points

Gold Market:

- **Recently gold has stood out as a 'safe haven investment' relative to most asset classes.**
- **The gold price is up 8.4% in the last month, down by only 3.8% in the last three months.**
- **Increasing investment demand is absorbing forced liquidation selling.**
- **Gold is increasingly attractive relative to low yield cash and bonds.**
- **Investment demand indicates price upside particularly if US dollar weakens in 1H09.**
- **Anticipated trading range US\$750/oz to US\$850/oz over next few months, but breakout on upside above US\$900/oz 1Q09 quite possible if US dollar weakens.**

Gold Companies:

- **Established gold producers have suffered significant declines in their share price in the past three months despite improved fundamentals.**
- **For Australian producers, the A\$ gold price has risen 32% in the past three months.**
- **For Canadians, the C\$ gold price is up 5% in the last three months, for the South African producers the Rand gold price is down 4%.**

Resource Capital Research ("RCR"), an equity research company which focuses on small and mid size resource companies, today launched its major quarterly research report covering 20 global gold exploration and development companies with a focus on Australia, Canada, USA and UK. RCR also publishes a quarterly Uranium Sector Review.

To access the free summary of the gold report or to purchase the 78 page comprehensive report, go to www.rcresearch.com.au/reports.

Gold Price Performance

The key factor for gold in recent months is not that it has not appreciated significantly, but that it has essentially held its value in a period of a strong US dollar, decreasing inflationary expectations, collapsing oil and commodity prices and aggressive hedge fund selling.

The spot price of gold is currently US\$791.80/oz (November 22) down from the year high of US\$1,011.25/oz (March 17). However, over the past three months the gold price has fallen only 3.8% from US\$823.05/oz, and in the last month it is up 8.4% from US\$730.45.

Recently released data for the third quarter of 2008 show that investment demand for gold rose strongly during the period (up 18% on 3Q08), with record quarterly inflows into Exchange Traded Funds ("ETF") of 150t, supplemented by further growth in coin and bar demand. Additionally, jewellery demand (mainly from India and China) has remained strong (up 8% on previous year). It is apparent that this strong increase in investment demand has been sufficient to absorb widespread disinvestment arising from hedge fund selling, margin calls and unwinding of long gold/short dollar contracts.

We believe that shrinking cash and bond yields and the recent rise in the gold price will underpin further investment interest in gold as a safe haven and store of value.

Gold Price Outlook

The near term outlook for the gold price remains closely tied to investment demand from safe haven buying, which has underpinned the price in recent months and is looking increasingly strong. If gold disinvestment tails off there is potential for further price gains. There is additional upside for a major gold price breakout should the US dollar lose its current safe haven currency status, through a further decline in the US economic outlook relative to other world economies in 2009.

RCR expects gold to trade in the range of US\$750/oz to US\$850/oz in the next month or so, followed by a potential upturn to around US\$900/oz in 1H09 assuming U.S. economic conditions deteriorate relative to other major economies and the US dollar weakens.

Gold Equities

Established gold producers, driven by the fall in the gold price since the March 2008 high, and collapsing equity markets, have given up most of the share price gains made since mid 2007. The downtrend has continued in the last three months. Many juniors are down over 70% compared to 12 months ago. This is despite improved gold prices in the last three months in local currencies, and signs of easing cost pressures, particularly for new projects.

In the past three months Newcrest Mining (A\$) is down 17%, Lihir Gold (A\$) is down 18%, Newmont Mining (US\$) is down 36% and Barrick Gold (C\$) is down 25%. Over the past 12 months Newcrest Mining (A\$) is down 36%, Lihir Gold (A\$) is down 53%, Newmont Mining (US\$) is down 45%, and Barrick Gold (C\$) is down 35%.

The A\$ gold price is up 32% in the last 3 months and up 48% over the year.

In C\$ the gold price is up 5% in 3 months and 39% for the year.

Gold Price in currencies of major producers.

Country		Current*	1 month	3 month	6 month	1 year	10 year
USA	USD	na	8.4%	-3.8%	-14.1%	5.0%	167.1%
Australian	AUD	na	15.8%	32.4%	30.3%	47.7%	170.1%
Canadian	CAD	na	12.1%	4.7%	13.1%	39.1%	123.5%
South Africa	SAR	na	-0.4%	-4.0%	19.5%	62.9%	398.2%

*Current prices as at 22 November 2008

Source: RCR

RCR December Quarter Featured Company Summary

AUSTRALIA

Company	Code	Comment
A1 Minerals Limited	ADU	Feasibility Study, Imminent Production After five years establishing a 1moz resource at its Brightstar project near Laverton, WA, A1 is now looking to become a producer by 3Q09 with a low risk, low capex approach and 30kozpa start up target, ramping up to 50kozpa within two years.
Adamus Resources Limited	ADU	Feasibility Study ADU has reached a critical stage of development at its advanced 2moz Southern Ashanti gold project, Ghana, with capex US\$87m required for construction. BFS indicates production of 100kozpa Au, with opex US\$350-450/oz, from 2010. Exploration upside to >5moz Au.
Alkane Resources Limited	ALK	Feasibility, Early to Advanced Exploration ALK is expecting an initial resource at Caloma (Tomingley Gold Project, NSW) in 4Q08, and a DFS in May '09. Mid-term TGP target 1moz Au, production potential 1H10. The Dubbo Zirconia Project pilot plant is operational - potential DZP production 2011.
Andean Resources Limited	AND	Advanced exploration/Pre feasibility study Cerro Negro gold project (AND 100%, Argentina) PFS indicates potential for low-cost production by 2010. Cash costs US\$198/oz, avg production 220kozpa Au over 6 years. The project is continuing to intercept new high grade zones (>10g/t Au) and expand resources.
Avoca Resources Limited	AVO	Production AVO has reached the 1mtpa nameplate processing rate at its new Trident gold mine, WA, with strong recoveries (96.7%) - target production 160kozpa to 190kozpa. Current resource is 1.45moz Au, with exploration upside to 4moz Au on 6km of prospective strike.
Beaconsfield Gold NL	BCD	Production, Exploration BCD has returned to full production at the high grade (9.8g/t Au) Beaconsfield Gold Mine (BGM, TAS). Production rate 80+kozpa - with remote mining method now well established. Gold resource defined to 1290m with potential for depth extensions to 2000m to add 6+ years LOM.
Catalpa Resources Limited	CAH	Advanced Exploration Catalpa is targeting early 2010 to be a >100kozpa gold producer from its Edna May Gold Project (WA) with a revised BFS expected 4Q08. With a 1.2moz resource at 1.35g/t, (>50% is reserves), CAH is confident of securing project financing. If so, our target price is >A\$0.10/share.
Citigold Corporation Limited	CTO	Production CTO controls the historic Charters Towers Goldfield (QLD). Current resource is 10moz Au grading 14g/t, target production 310kozpa Au by 4Q12, currently ~16kozpa. Coffey and Snowden review confirm Resources, Reserves and mine plan 3Q08. A\$35m raised 3Q08.
Hill End Gold Limited	HEG	Production, Early Exploration HEG is moving to full-scale mining at the high grade Reward gold mine in the Hill End goldfield (NSW). The Reward shaft was completed Nov '08 and has near term production potential for 25k-50kozpa Au. Long-term resource target for the field is 5moz Au.
Kingsgate Consolidated Limited	KCN	Production, Advanced Exploration We forecast strong growth in gold output, 74koz (FY08) to 180koz (FY11), despite lowering of resource grades. However the big news is the exciting Chokdee gold discovery 20km N of KCN's Chatree gold mine, Thailand, indicating a >10moz gold province (current 3.2moz).
Navigator Resources Limited	NAV	PFS, Advanced Exploration NAV plans to be in production by Dec 2009 with a PFS imminent for a 1mtpa operation at its Leonora (WA) gold project (0.95moz resource), targeting initial production of ~100kozpa Au. The key is projected low capex and opex through initial treatment of shallow soft oxide ore.
North Queensland Metals Limited	NQM	Production, Advanced Exploration NQM's timely Dec '07 purchase of 60% of the 70-80kozpa Pajingo gold operation (QLD) will provide net cash flow ~A\$10mpa to progress the A\$50m Herberton Cu/Sn/Ag/In project to a 1H09 decision to proceed, as well as resource drilling to extend Pajingo's current 5 year life.
Red 5 Limited	RED	Bankable Feasibility, Early Exploration Although RED's advanced 1.1moz Siana (Philippines) epithermal project has faced recent challenges in capex increases and debt funding, cashed up RED continues to advance the project. Shares currently below cash backing, if it can be re-financed, potential share upside is significant.
Regis Resources Limited	RRL	Development RRL has a development stage gold asset at Moolart Well (WA, 100% RRL) in the Duketon Belt. Total resource is 3.6moz Au. Production targeted from low cost laterite 2010 - subject to BFS (1Q09) and market conditions. RRL is also exploring for Ni at the prospective Collurabbie Nickel Province (WA).

AUSTRALIA (cont.)

Company	Code	Comment
Tasman Goldfields Limited	TGX	Advanced Exploration TGX's Challenger (NSW) brownfields gold project (134koz resource) offers a ~30kozpa low capex, early development opportunity, but the Malaumanda Cu-Au PNG exploration project (drilling 1H09) has big targets and is more likely to drive the share price.
Terrain Minerals Limited	TMX	Mid Exploration TMX is anticipating raising its gold resource at Bundarra, N of Leonora, from 320koz to as much as 600koz with further drilling in 2009. Meanwhile the real 'company maker' could be East Kambalda (Ni) if TMX can prove it is a clone of the Kambalda dome with deep drilling in 2009.

CANADA

Company	Code	Comment
Euro Ressources SA	EUR	Mining Royalties (Production) EUR will receive ~US\$18m in 2008 from its 10% royalty on IAMGOLD's (TSX:IMG) ~300kozpa Rosebel Gold Mine in Suriname (8.8moz resource). IMG sees value in the royalty stream with a takeover bid for EUR at €1.20/sh. which has now been recommended by EUR's board.
Exeter Resource Corporation	XRC	Early-Advanced Exploration XRC has high-grade Au-Ag vein systems and large, low grade gold porphyry projects in Argentina and Chile. Resource statements expected at Cerro Morro and Caspiche in 2Q09. Cash will be conserved by focused exploration - expected ~C\$16m at end CY08.
South American Silver Corporation	SAC	Scoping Study, Early Exploration SAC's Malku Khota silver-indium project (Bolivia) has reported an impressive 322moz silver resource (5.6moz gold equivalent). However with a grade of 26g/t Ag (gold equivalent 0.46g/t) an imminent scoping study is likely to target a smaller resource with higher cut-off grades.
Uruguay Mineral Exploration Inc	UME	Production, Exploration UME operates the San Gregorio gold mine in Uruguay, with an ongoing production target of 100kozpa Au – resource base is ~1moz. FY08 production 90.7koz Au, opex ~US\$413/oz. Four year mine life with potential for +10 years. FY09 exploration budget C\$11m.

About Resource Capital Research

Resource Capital Research ("RCR") (www.rcresearch.com.au) was founded in 2004 and is based in Sydney. RCR provides investors with in-depth reports on current investment opportunities in the mining sector both in Australia and globally. The focus is on small and mid cap resource companies, within the gold and uranium sectors, ranging from exploration stage, through development and production. John Wilson the principal of the firm and analyst has over ten years' experience analysing mining companies in Sydney and on Wall Street including for major investment banks. Dr Tony Parry, Senior Gold Analyst, joined RCR in early 2008. Tony has extensive experience in mining equity research, equity sales and mining corporate finance (working in London for five years and subsequently Perth).

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The report is available at www.rcresearch.com.au. The next Gold Company Review will be published in the March Quarter, 2009.