

Media Release

26 March 2009

March Quarter 2009

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

Key Points

Gold Market:

- **Recently gold has been outstanding as a 'safe haven investment' relative to most asset classes, thriving on bad news.**
- **Gold is up 14% in the last 3 months, and up 5% over a turbulent last 12 months.**
- **The price is being driven by a surge in investment demand, absorbing all available gold, even while the major end use demand, jewelry and fabrication, is falling.**
- **Even if equity markets show signs of recovery, gold is likely to be underpinned by increasing fears of post-recession inflation and US dollar weakness.**
- **Anticipated trading range is US\$900/oz to US\$1,050/oz over next six months, with a high level of volatility.**
- **We expect further US\$1,000/oz breaches during 2009.**

Gold Companies:

- **In the last 2 quarters, established gold producers have recovered much of the share price falls seen in the first 3 quarters of 2008, reflecting the strong gold price and improved fundamentals (lower cost inputs).**
- **In the juniors, some aspiring producers are showing that debt financing of projects is still possible, and being rewarded with big share price gains.**

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 15 global gold exploration and development companies with a focus on Australia and Canada. RCR also publishes a quarterly Uranium Sector Review and recently has published a Tin Company 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.

Analyst's Comment

"We believe that the short-medium term outlook for the gold sector is strong," says RCR Senior Gold Analyst Dr Tony Parry. "The gold price is showing high volatility and always presents challenges in forecasting. Nevertheless, the surging investment demand for gold as a 'safe haven' investment is unlikely to abate this year. Even if it is considered 'safe to go back into the water' with equities, current stimulus spending, money printing and corporate rescues, and the resultant record budget deficits, particularly for the US economy, will produce the 'X Factor' that all gold bulls thrive on – fears of a re-emergence of strong inflation and a collapse in confidence in the US\$. These factors should see gold back above US\$1,000/oz later in 2009."

Gold Price Performance

Gold has been outstanding in recent months, not just holding its value but appreciating significantly, during a period when continued global recessionary trends have resulted in further loss of confidence in equities.

The spot price of gold is currently US\$954.00/oz (March 20) which is 8.5% higher than the price of US\$879.45/oz at the start of 2009. On 20 February 2009 the price surged towards the psychologically important US\$1,000/oz mark (last breached in March 2008) but closed just below at US\$992.90/oz. Since then we have seen considerable volatility, falling to US\$898/oz on March 10 before rising to US\$954/oz after recent announcements from the US Federal Reserve confirming major bond purchases with 'printed money'.

The gold price for Australian producers hit a record A\$1,538/oz in March, up 52% from A\$1,012/oz twelve months earlier.

The main demand sector for gold – jewellery and industrial fabrication – has been quite weak in 2008, falling 10% from 2007 levels. The strength of the gold price in the face of this reduced fabrication demand (and increased scrap supply hitting the market) is attributable to very strong investment demand and bar/coin hoarding in the second half of 2008 (and particularly in the first two months of 2009). Bar and coin demand rose 43% from CY07 to CY08, (up 134% in 2H09 versus 2H07) while Exchange Traded Funds ("ETF's") have recently experienced record monthly inflows – in January and February 2009, inflows were equivalent to 326t of gold (~US\$9.1 billion) which has already surpassed the annual total for 2008 of 318 t (which itself was a record year).

Gold Price Outlook

RCR expects gold to trade in the range of US\$900/oz to US\$1,050/oz in the next six months. A high level of volatility is expected. Continued investment demand flowing from safe haven buying coupled with concern over longer term inflationary trends, and recent signs of US\$ weakness as the US economy heads for a record-breaking 2009 deficit, should see gold break through the US\$1,000/oz barrier during that period and be sustained above that level for extended periods.

Gold Equities

Established gold producers, driven by the strong gold price, have recovered much of the share price falls since mid 2008.

In the past 3 months Newcrest Mining (A\$) is up 3%, Lihir Gold (A\$) is up 13%, Newmont Mining (US\$) is up 16% and Barrick Gold (C\$) is up 2%. Over the past 12 months Newcrest Mining (A\$) is down 16%, Lihir Gold (A\$) is down 27%, Newmont Mining (US\$) is down 4%, and Barrick Gold (C\$) is down 4%.

Gold Price in currencies of major producers.

Country		Current*	1 month	3 month	6 month	1 year	10 year
USA	USD	na	-3.9%	13.8%	9.2%	4.8%	234.7%
Australian	AUD	na	-9.7%	12.7%	32.5%	37.3%	211.4%
Canadian	CAD	na	-5.0%	15.9%	29.2%	26.7%	174.0%
South Africa	SAR	na	-8.4%	12.8%	33.0%	23.9%	422.5%

*Current prices as at 20 March 2009

Source: RCR

The A\$ gold price is up 13% in the last 3 months and up 37% over the year.

In C\$ the gold price is up 16% in 3 months and 27% for the year.

RCR March Quarter 2009 Featured Company Summary

AUSTRALIA

Company	Code	Comment
A1 Minerals Limited	AAM	Feasibility Study, Imminent Production With a resource at its Brightstar project near Laverton, WA, recently increased 70% to >1.7moz, AAM shares have surged, but still look undervalued based on AAM's low capex, zero debt approach to becoming a 30kozpa producer in 4Q09, ramping to 50kozpa in 2
Adamus Resources Limited	ADU	Feasibility Study ADU is seeking ~US\$80m to fund construction of its 2Moz Au Southern Ashanti gold project, Ghana. Final permits expected 1Q09. Potential production of 100kozpa Au, with opex US\$350-450/oz, possible from 2H10. Upside to >5moz Au.
Andean Resources Limited	AND	Advanced exploration/Pre feasibility study Cerro Negro gold project (100% AND, Argentina) has high potential for resource growth and low-cost production. Potential to be a high quality, low cost, intermediate gold producer by 2010/11. Resource upgrade expected 2Q09; BFS 4Q09.
Avoca Resources Limited	AVO	Production AVO's smooth ramp-up of its Trident Gold Mine at the 5.3g/t, 1.45moz Au Higginsville Project (WA) is continuing: forecast 140koz Au production in FY09, targetting 190koz/yr Au in FY10. More new discoveries on 6km of prospective strike - upside to 4moz Au.
Azumah Resources Limited	AZM	Advanced Exploration AZM is the dominant player in the emerging NW Ghana gold belt, with a 0.75moz resource established. We now expect a fast track to an initial 1moz target with the strategic acquisition of additional NW Ghana advanced-stage exploration projects. This will drive a re-rating.
Beaconsfield Gold NL	BCD	Production BCD is on target for +80kozpa Au production in 2009 at the high grade (10.5g/t Au) Beaconsfield Gold Mine (BGM, TAS). Gold resource defined to 1290m, potential for depth extensions to 2000m to add 6+ years LOM. New Cu discovery at Stavely (VIC).
Catalpa Resources Limited	CAH	Advanced Exploration - BFS Catalpa has de-risked its A\$92m 100kozpa Edna May Gold Project (WA) and confounded the sceptics by securing breakthrough project financing for a start up in 2Q10. Once an equity raising is completed expect a re-rating as a prospective mid tier producer - target price is 12c/share.
Cortona Resources Limited	CRC	Advanced Exploration CRC continues to define promising gold targets near its flagship Dargues Reef project (NSW, 286koz Au @ 6.2g/t): scoping study and resource upgrade (to ~500koz Au) expected in 2-3Q09. Potential Au production from Nth Monger (WA) in 2Q09.
Hill End Gold Limited	HEG	Production HEG began mining stopes Feb '09 at the high grade Reward gold mine in the Hill End goldfield (NSW) - near term production potential 25k-50kozpa Au. A scoping study has started at nearby Hargraves (BNH deposit). Long-term resource target for the field is 5moz Au.
Integra Mining Limited	IGR	PFS, Advanced Exploration In four years IGR has tripled its resource base from 0.45moz to 1.8moz at Aldiss-Randalls near Kalgoorlie. The company expects to complete a BFS and procure a A\$50m debt facility by mid 2009, joining the ranks of mid tier producers with production of ~80,000ozpa in June 2010.
Kingsgate Consolidated Limited	KCN	Production, Advanced Exploration With the Chatree N mining leases now in production, KCN's forecast gold output will grow from 96koz (FY09) to 149koz (FY10). Share price upside will mainly come from growth in KCN's gold resources from 3.2moz to potentially ~10moz (drilling of Chatree N and Chokdee).
Navigator Resources Limited	NAV	PFS, Advanced Exploration NAV plans to be a ~90kozpa mid-tier producer in 2Q10 with a PFS imminent for a fast track 1mtpa start-up operation at its Leonora (WA) gold project (0.95moz resource). The key is projected low capex and opex through initial treatment of shallow soft oxide ore.
North Queensland Metals Limited	NQM	Production, Advanced Exploration The 70kozpa Pajingo (QLD) gold operation (NQM 60%) is now generating cash flow of ~A\$12mpa (and maiden 1c interim dividend) which will fund NQM's ~A\$2mpa tin exploration in the Herberton (QLD) district, as well as resource drilling to extend Pajingo's current 5 year life.

AUSTRALIA (cont.)

Regis Resources Limited	RRL	Development Current shareholder activity and proposals to replace the entire board of RRL could be a significant distraction as RRL moves towards the imminent release of the BFS (production target 2010) for the Duketon Gold Project (WA) where a total resource of 3.6moz Au has been established.
--------------------------------	------------	--

CANADA

South American Silver Corporation	SAC	PFS, Early Exploration SAC's Malku Khota silver-indium heap leach project (Bolivia) is based on a 322moz Ag resource (5.6moz Au equiv.). Recent scoping study indicates US\$105m capex and US\$577m NPV (@5%). Even allowing for risks, stock looks undervalued and we expect continued re-rating.
--	------------	--

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).

For further information please contact:

Tony Parry, Senior Gold Analyst, (+61 (0) 417 965 026)
John Wilson, Managing Director.

Resource Capital Research,

Phone: (+61- 2) 9252 9405,

Email: tonyparry@rcresearch.com.au
johnwilson@rcresearch.com.au

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