

Equities

1 March 2012 | 112 pages

Global Gold Book

Cash Is King, Show Us the Money

2nd Edition — The Global Gold Book aims to highlight Citigroup's outlook on the gold price and likely developments within the global gold industry. More specifically, we identify our top picks for the next 12 months and benchmark all companies under our global coverage on a range of valuation, financial and operational metrics.

- **Gold's upside to moderate in 2012** — In an environment of negative real interest rates, we expect gold's 'store-of-value' characteristic to keep it supported at USD1,650-1,850/ounce during 2012. However, we believe it is a matter of time before the past three years' risk-off trade dissipates and confidence is restored in developed market economies. This may weigh on further upside for gold.
- **High expectations** — The rise in the gold price has many investors expecting higher dividends from gold equities. We caution, however, that this is unlikely as companies have to spend more and more capital to fight declining reserve and production profiles. Shareholders seldom share in the upside of margin expansion.
- **Small is better** — Whereas physical gold has outperformed gold equities 82% of the time over the past 10 years, we believe that a basket of small to mid-cap growth stocks can outperform the gold price, and their larger cap peers, in 2012. The basket includes Polymetal, Medusa Mining, Perseus, Randgold Resources, Centamin and Oceana Gold. We expect a total return of 38% from such a basket.

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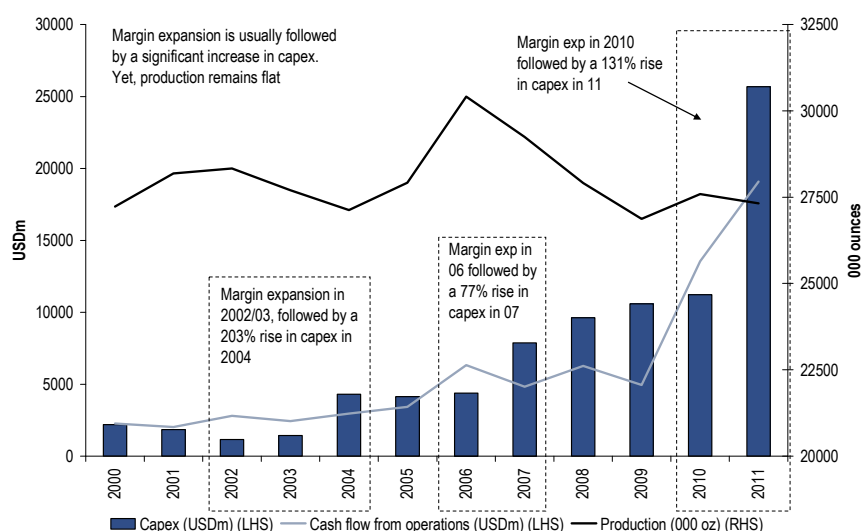
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Figure 1. Shareholders Seldom Share in the Upside (USDm, 000 ounces) (2000-11)



Source: Citi Investment Research and Analysis, Bloomberg

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Summary

We expect the gold price to be well supported at USD1,650-1,850/ounce in 2012, with potential downside risk if the past three years' risk-off trade dissipates. Given escalating capital budgets, we think gold companies are unlikely to pass on the benefit of a higher gold price to shareholders through higher dividends. We believe the best way to play the strength in the gold price is through exposure to a basket of small to mid-cap growth stocks.

2011 Industry Review

Negative real interest rates, continued global economic uncertainty and on-going EU sovereign debt issues drove gold to a record annual average of USD1,574/ounce in 2011. Physical gold outperformed most gold equities.

Outlook: Gold Price

We expect the gold price to average USD1,709/ounce in 2012. We believe it is a matter of time before the past three years' risk-off trade dissipates and confidence is restored in developed market economies, which may limit further upside for gold in 2012.

Outlook: Gold Equities

We believe the benefit of the higher gold price is unlikely to be passed on to shareholders through higher dividends. This is as gold companies are spending more and more capital to fight falling reserves and production.

Citi Recommendations

Whereas physical gold has outperformed gold equities 82% of the time over the past 10 years, we believe that a basket of small to mid-cap growth stocks can outperform the gold price, and their larger cap peers, in 2012. The basket includes Polymetal, Medusa Mining, Perseus, Randgold Resources, Centamin and Oceana Gold. We least prefer South African (SA) gold stocks.

Figure 2. CIRA Global Gold Comps Table

	RIC codes	TP Curr.	Rating	Current price	TP	CY12e DY (%)	ETR* (%)	Current P/DCF	P/E			EV/EBITDA		
									2010	2011e	2012e	2010	2011e	2012e
Polymetal	PMTLq.L	US\$	Buy	16.89	28.00	0.0	65.8	4.1	27.2	12.5	10.0	17.8	8.1	6.1
Barrick Gold	ABX.N	US\$	Buy	49.46	78.00	1.0	58.7	1.3	14.7	10.2	9.4	9.3	6.4	6.0
Gryphon Minerals	GRY.AX	AU\$	Buy	1.16	1.75	0.0	50.9	0.7	-53.1	-17.4	-13.4	-58.2	-14.7	-12.0
Oceana Gold	OGC.AX	AU\$	Buy	2.48	3.60	0.0	45.2	0.9	21.1	18.4	19.0	5.6	4.6	4.9
Newmont Mining	NEM.N	US\$	Buy	62.00	80.00	2.1	31.1	1.4	13.4	13.2	12.6	6.5	5.9	6.0
Medusa Mining Ltd	MML.ax	AU\$	Buy	6.43	8.00	1.4	25.9	1.1	14.3	14.4	12.2	13.1	12.5	10.3
Perseus	PRU.AX	AU\$	Buy	2.87	3.50	0.0	22.0	1.1	-167.1	75.5	14.6	-110.0	70.3	9.5
Randgold Resource	RRS.L	GBP	Buy	74.10	88.84	1.1	21.0	1.4	77.3	28.8	18.3	51.8	17.9	11.9
Buenaventura	BVN.N	US\$	Buy	42.06	50.00	0.9	19.8	1.2	16.1	12.6	11.6	21.2	13.8	14.4
Newcrest Mining	NCM.AX	AU\$	Buy	33.49	38.00	1.5	15.0	1.2	24.2	22.7	16.4	17.4	12.5	9.1
Centamin Egypt Ltd	CEY.L	GBP	Buy	0.92	1.04	0.0	13.7	1.0	29.1	8.6	6.1	18.3	6.3	4.2
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Alacer Gold	AQG.AX	AU\$	Neutral	9.12	10.00	0.0	9.6	1.5	-71.1	30.7	13.7	-175.0	15.9	8.5
Anglogold Ashanti	ANGJ.J	ZAR	Neutral	326.70	350.00	1.0	8.1	1.6	-9.3	13.0	12.3	13.6	6.2	6.0
Resolute	RSG.AX	AU\$	Neutral	2.08	2.20	0.0	5.8	1.3	40.4	13.0	6.1	17.9	7.5	4.2
Beadell Resources Ltd	BDR.AX	AU\$	Neutral	0.78	0.82	0.0	5.1	0.9	-27.8	-21.5	10.7	-26.5	-18.4	6.6
Kingsgate Consolidated Ltd	KCN.AX	AU\$	Sell	6.86	7.00	2.5	4.6	1.3	14.5	16.3	11.0	13.6	10.1	6.4
St Barbara Ltd	SBM.AX	AU\$	Sell	2.31	2.25	0.0	-2.6	1.2	25.7	8.7	5.6	9.5	4.4	2.7
Goldfields	GFIJ.J	ZAR	Sell	119.90	110.00	3.0	-5.2	1.7	20.5	11.5	9.7	6.9	4.6	4.4
African Barrick Resources	ABGL.L	GBP	Sell	4.74	4.19	1.9	-9.7	0.9	14.2	11.2	10.8	8.5	5.0	5.0
Harmony	HARJ.J	ZAR	Sell	99.05	85.00	0.7	-13.5	1.9	81.5	23.8	17.5	19.7	10.5	7.1

Source: Citi Investment Research and Analysis, priced as at 29/02/2012

Figure 3. CIRA Gold Price and Exchange Rate Forecasts

	Units	Spot	2011	2012e	2013e	2014e	LT real
Gold price	USD/ounce	1,770	1,585	1,709	1,912	1,595	1,050
South African Rand	USDZAR	7.62	7.23	8.35	8.73	9.10	10.00
Australian Dollar	USDAUD	0.93	1.00	1.06	0.95	0.89	0.87
Canadian Dollar	USDCAD	1.00	0.99	0.99	0.99	0.97	0.97
Brazilian Real	USDBRL	1.71	1.67	1.71	1.68	1.67	1.77

Source: Citi Investment Research and Analysis, Priced as at 27/02/2012

2011 Industry Review

Negative real interest rates, continued global economic uncertainty and on-going EU sovereign debt issues drove gold to a record annual average of USD1,574/ounce in 2011. Interestingly, physical gold outperformed most gold equities during 2011.

Gold price continued to rise, equities lagged

The gold price appreciated by 10% during 2011.

This was due mainly to continued global economic uncertainty and an environment of negative real interest rates, in our view.

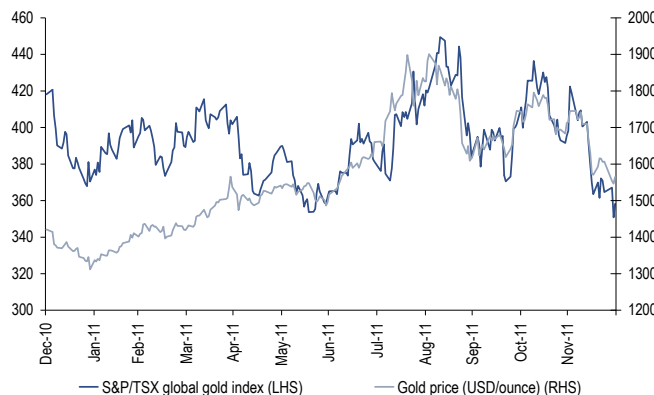
Physical gold outperformed the S&P/TSX gold index in 2011.

The dollar gold price appreciated by 10% during 2011, ending the year at USD1,564/ounce and averaging USD1,574/ounce, a record annual average. The main drivers for this strong performance were:

- **Risk aversion:** Continued sovereign debt fears in the euro area frequently raised doubts as to whether the global economy would slip into a double-dip recession. This provided a solid argument for gold as a 'safe haven' investment.
- **Store of value:** Negative real interest rates in developed market economies prompted investors to seek alternative investments, such as gold, that would provide a 'store of value' for their investments.

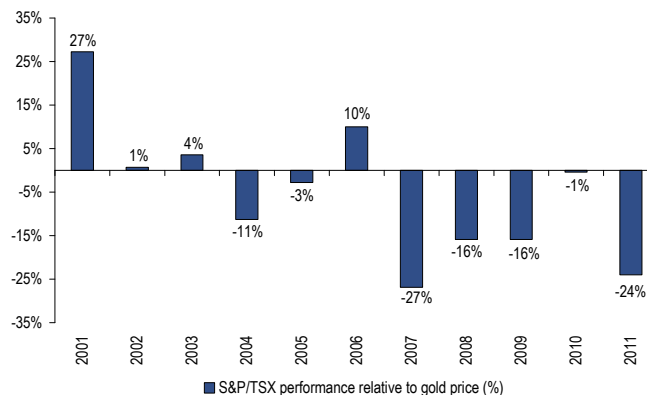
The gold price outperformed the S&P/TSX global gold index by 24% in 2011, the latter falling by 14%. This suggests a continuation of the trend we have observed over the past decade, during which the gold price has outperformed gold equities 82% of the time (Figure 5).

Figure 4. Performance of the Gold Price and S&P/TSX Global Gold Index in 2011



Source: I-net, Bloomberg

Figure 5. S&P/TSX Global Gold Index's Performance Relative to the Gold Price (%), 2001-2011



Source: I-net, Bloomberg

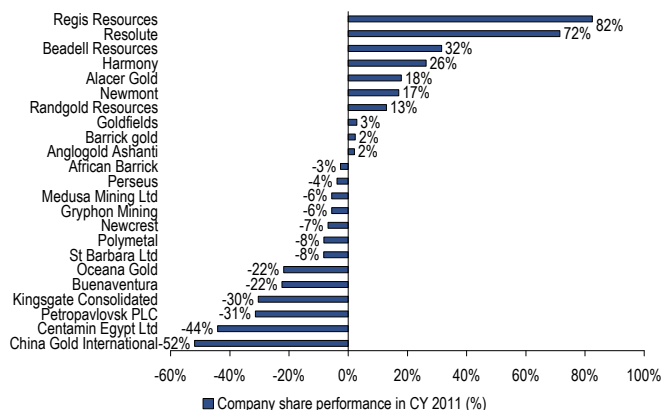
Small to medium-sized gold companies with attractive growth prospects yielded the best performance in 2011.

Only 30% (7 out of 23) of the companies under our coverage managed to outperform the gold price in 2011. Common features of these companies were:

- **Small to medium in size:** With the exception of NEM, all these companies are smaller than USD5.0bn in market cap.
- **Strong earnings growth prospects:** Most of these companies have an attractive earnings growth outlook, in our view.
- **Attractive exploration projects:** Most have interesting exploration projects and longer-term growth prospects. HAR's Wafi/Golpu project is a good example.

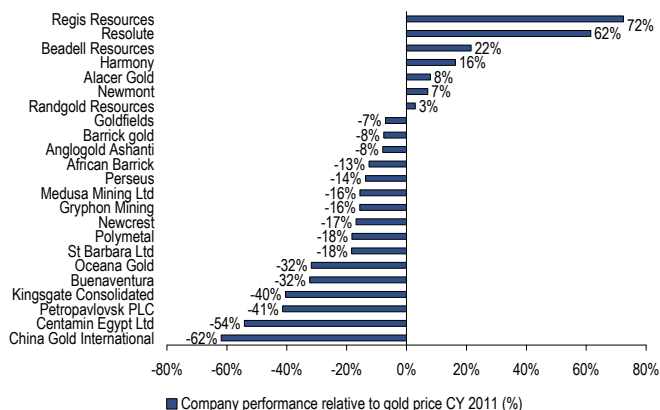
On the contrary, the key theme for underperformance was failure to deliver on previously stated targets.

Figure 6. 2011 Absolute Performance of Gold Companies Under Our Coverage (%)



Source: I-net, Bloomberg

Figure 7. 2011 relative performance of gold companies vs. the Dollar Gold Price



Source: I-net, Bloomberg

2012 Outlook: Gold Price

We expect the gold price to average USD1,709/ounce in 2012. We believe it is a matter of time before the past three years' risk-off trade dissipates and confidence is restored in developed market economies, which may limit further upside for gold in 2012.

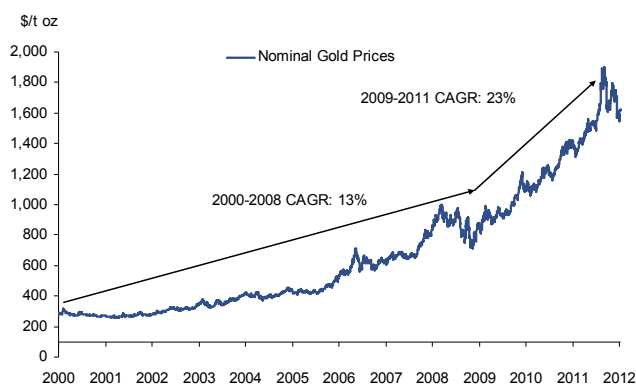
After a strong 2011, gold rally may stabilize

Gold's strong outperformance since 2009 may moderate in 2012

Gold prices have been on a seemingly inexorable rise since 2000, rising with an average growth rate of 13% from 2000 to 2008. And, despite a weak finish, 2009 to 2011 was a banner period for gold, with a CAGR of 23%. However, we feel that the macro-financial conditions that have driven gold's outperformance as a financial safe haven may shift to supporting a more moderate rally in 2012.

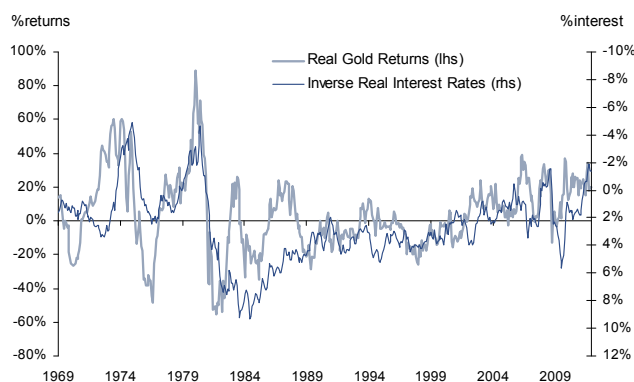
In periods of heightened macroeconomic uncertainty (which we expect to persist for the foreseeable future), fundamental demand and supply indicators may be temporarily eclipsed by macro-financial factors such as denomination effects from inflation and currency movements, real interest rates, and financial demand for gold as a safe haven/store of liquidity.

Figure 8. Nominal Gold Prices Since 2000



Source: Bloomberg, Citi Investment Research and Analysis

Figure 9. Real Gold Returns vs. Real Interest Rates (%)



Source: Federal Reserve, Bloomberg, Citi Investment Research and Analysis

Lower inflation expectations and a stronger dollar exert bearish pressure on nominal gold prices

Higher commodity prices have raised inflation expectations for 2012, but the outlook for inflation looks relatively stable. Citi forecasts global inflation to fall from 3.9% in 2011 to only 3.0% in 2012 and 2.9% in 2013. Also, the dollar is expected to strengthen somewhat against other major currencies, with our economists expecting the EURUSD to test the 1.20 limit. Both weaker inflation and a stronger dollar should provide bearish pressure on dollar-denominated gold prices.

Despite historically low real interest rates, some positive economic news and other initiatives may cause world central banks to delay more QE efforts

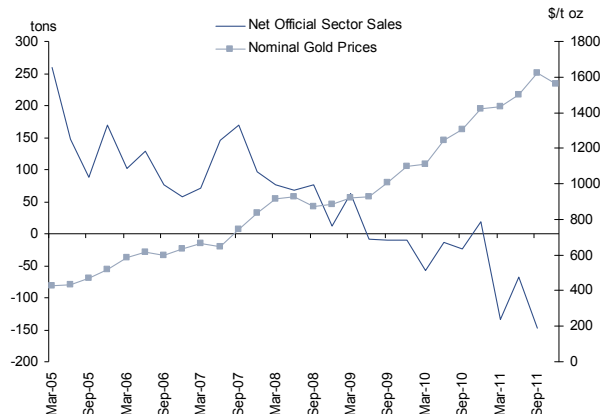
Furthermore, while real interest rates should remain low given a weak economic outlook, some positive economic news from the US and China and new transparency initiatives in a zero-bound environment should cause central banks to play more of a wait-and-see game before undertaking more quantitative easing.

Meanwhile, due to the still unresolved debt issues in the eurozone, investors may place higher premia on immediate cash-at-hand. This may result in the sale of their gold holdings for liquidity purposes.

For liquidity and other reasons, central banks may reverse their recent buying trend and return to being net sellers of gold

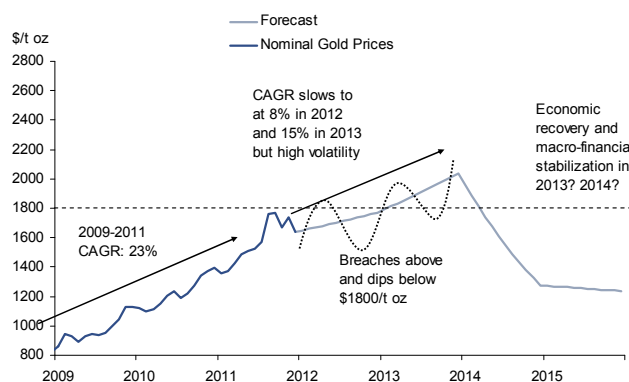
Similarly, central banks may return to being net sellers due to meeting portfolio diversification targets and sales for liquidity reasons. Anecdotally, many central banks in the troubled eurozone periphery are under political pressure to sell official gold reserves as part of a broader austerity plan. Preliminary data from the IMF suggest that central banks have shifted in October to being weak net sellers, helped by a moderate sale of 5 tons from Germany.

Figure 10. Net Official Sector Gold Sales



Source: GFMS, Citi Investment Research and Analysis

Figure 11. Nominal Gold Price Forecast (USD/oz)



Source: Citi Investment Research and Analysis

A liquidity squeeze from an escalated eurozone crisis should drive private and public gold liquidations

Furthermore, private investors investing in gold do so with the ultimate intention of selling to access the liquidity and capital gains. The cloudy eurozone outlook may accelerate private investor liquidations of gold holdings, in our view. For example, gold holdings were reduced during the liquidity squeeze of the 2008 financial crisis. Similar demand for liquidity could depress gold's attractiveness in favor of dollars if the eurozone crisis were to escalate.

Hence, in our new baseline scenario, we project 8% growth in 2012e before a reacceleration to 15% growth in 2013e. We forecast gold prices to average \$1,709/ounce in 2012 and \$1,912/ounce in 2013. However, by 2015, we forecast a rapid correction to an average \$1,254 as macro-financial conditions normalize and prices revert closer to marginal production costs.

2012 Outlook: Gold Equities

We believe the benefit of the higher gold price is unlikely to be passed on to shareholders through higher dividends. This is as gold companies are spending more and more capital to fight falling reserves and production profiles. As a result, we argue that currently high ROIC margins are unsustainable.

Investors have high expectations for gold equities

Given the strong performance of the gold price, investors have high expectations for gold equities during 2012. Margins have been expanding and some companies are generating post-project capex FCF for the first time in a decade, especially SA gold companies.

This raises the topic of higher dividend payouts. In fact, a common theme from our discussions with institutional investors over the past six months has been that they are investing in gold equities due to the prospects of improved dividend policies. Again, this is especially the case for SA gold companies.

Beware the capex

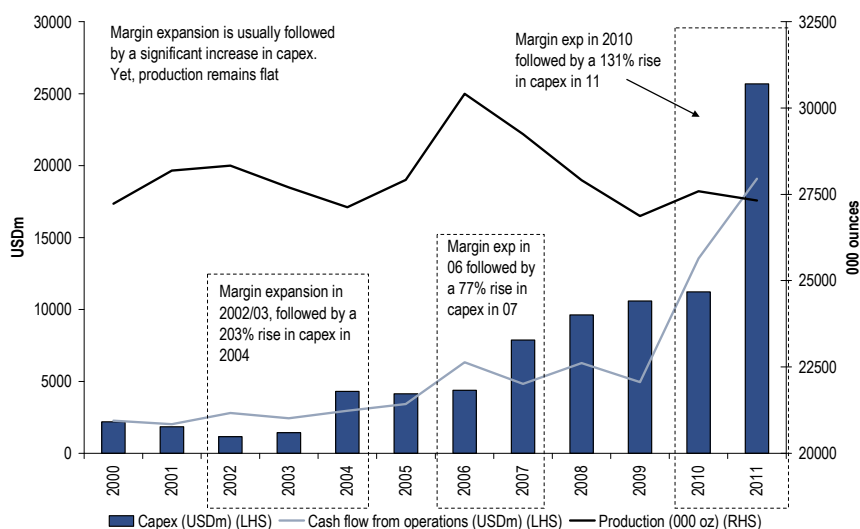
We caution, however, that investors are likely to be disappointed. This is as gold mining, even more so than general mining, is highly capital-intensive. Most gold companies have historically used 'times of plenty' to increase capital spend in order to replenish declining production and reserve profiles. Yet, despite a 12x increase in capex over the past 11 years (considering the top 8 gold-producing companies), gold production has remained surprisingly constant (*Figure 12*). Shareholders therefore have seldom shared in the upside from the gold price.

A rising gold price has a lot of investors expecting higher dividends from gold companies

We caution that higher dividends are unlikely as more and more capex is being spent

Shareholders seldom share in the upside

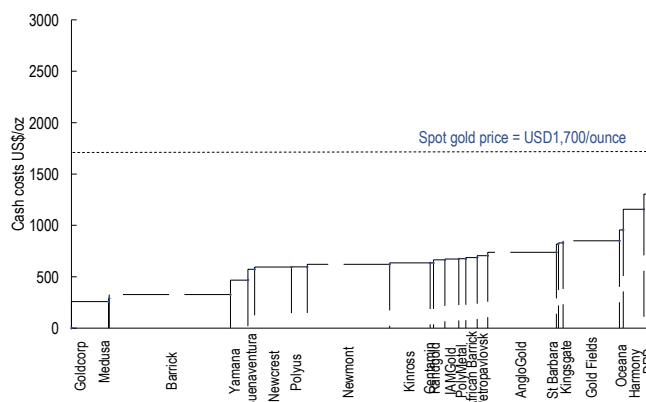
Figure 12. Shareholders Seldom Share in the Upside (USDm, 000 ounces) (2000-11)



Source: Citi Investment Research and Analysis, Bloomberg

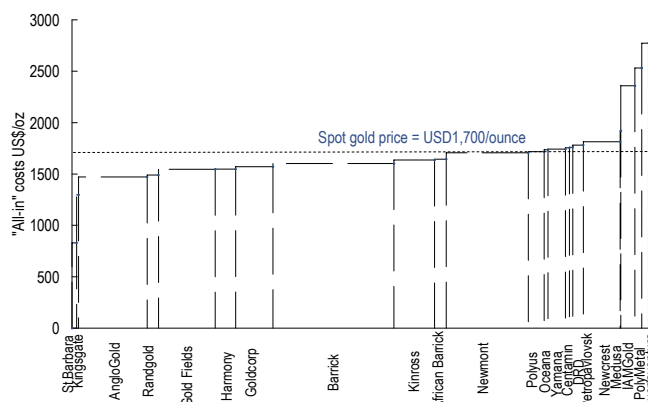
We believe this time will be no different. In fact, this phenomenon is already occurring at most of the North American and Australian gold companies. On an operating basis, these companies are generating 60%+ margins. However, on an 'all-in' basis, there is little left for shareholders (*Figures 12 and 13*).

Figure 13. 3Q11 Global Gold Cash Cost Curve (\$/ounce)



Source: Company reports, Citi Investment Research and Analysis

Figure 14. 3Q11 Global Gold 'All-In' Cost Curve (\$/ounce)

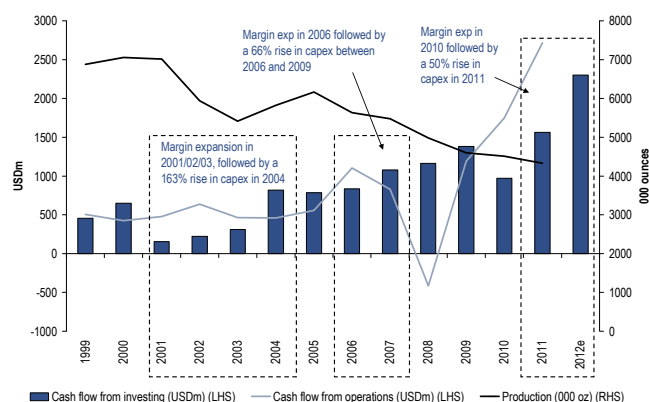


Source: Company reports, Citi Investment Research and Analysis

SA gold companies are unlikely to sustain current FCF margins

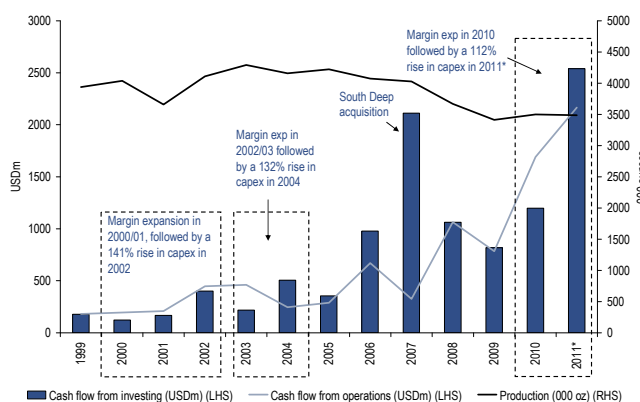
Interestingly, SA gold companies are currently generating more FCF than their international counterparts (excl. minority buy-outs in the case of GFI). This is only temporary, in our view. Whereas North American, Australian and Latin American gold companies have been generating cash since 2008, SA gold companies have only recently become FCF-generative. Since then, we have already observed a significant increase in capex budgets, something we believe will continue into 2012-15. As a result, we do not have high hopes for a significant increase in dividends.

Figure 15. Assessment of ANG's Historical Cash Flow and Production (USDm, 000 ounces) (2000-11)



Source: Citi Investment Research and Analysis, Bloomberg, company reports

Figure 16. Assessment of GFI's Historical Cash Flow and Production (USDm, 000 ounces) (2000-11)



* Including \$1bn minority buyouts

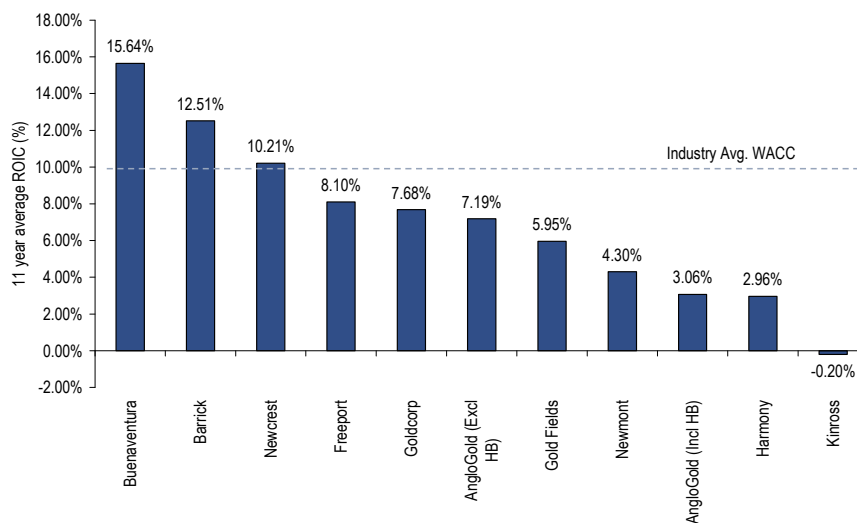
Source: Citi Investment Research and Analysis, Bloomberg, company reports

Margin expansion only temporary

Given the above, we expect that gold equities' currently high ROIC margins will be short-lived. This is as significant increases in capex budgets have yet to work their way into the 'IC' part of the equation, while the 'RO' part is currently inflated by high gold prices. Over time, we expect ROICs to again settle below the industry's 10% WACC, implying negative EVA.

We view current ROIC margin expansion as unsustainable and expect a return to normal

Figure 17. Top 10 Gold Companies' Average ROIC*, 2000-11



Source: Company data, Bloomberg, Citi Investment Research and Analysis

*Adjusting for asset impairments and the impairment of goodwill obtained through the acquisition of assets

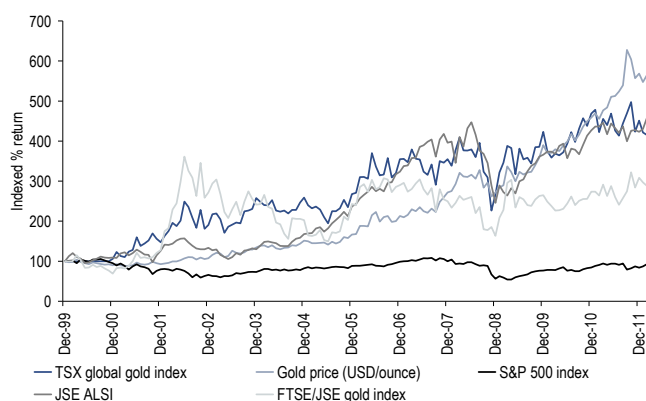
Citi Recommendations

Given escalating capital budgets, we think gold companies are unlikely to pass on the benefit of a higher gold price to shareholders through higher dividends. We believe the best way to play the strength in the gold price is through exposure to a basket of small to mid-cap growth stocks. We least prefer SA gold stocks.

Gold equities unlikely to fully reflect gold price strength

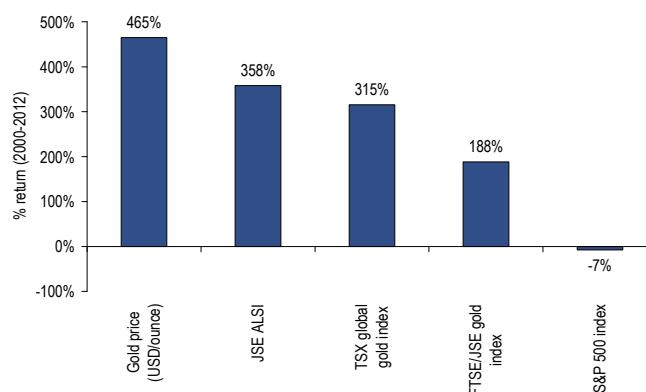
We believe the benefit of the higher gold price is unlikely to be passed on to shareholders through higher dividends. This is as gold companies are spending more and more capital to fight falling reserves and production, especially the larger-cap, low-growth stocks.

Figure 18. Gold Price Has Outperformed All Indices (2000-12)



Source: Bloomberg

Figure 19. Relative Index Returns (2000-12)



Source: Bloomberg

Figure 20. CIRA Global Gold Comps Table

	RIC codes	TP	Curr. Rating	Current price	TP	CY12e DY (%)	ETR* (%)	Current P/DCF	P/E			EV/EBITDA		
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Beadell Resources Ltd	BDR.AX	AU\$	Neutral	0.78	0.82	0.0	5.1	0.9	-27.8	-21.5	10.7	-26.5	-18.4	6.6
Kingsgate Consolidated Ltd	KCN.AX	AU\$	Sell	6.86	7.00	2.5	4.6	1.3	14.5	16.3	11.0	13.6	10.1	6.4
St Barbara Ltd	SBM.AX	AU\$	Sell	2.31	2.25	0.0	-2.6	1.2	25.7	8.7	5.6	9.5	4.4	2.7
Goldfields	GFIJ.J	ZAR	Sell	119.90	110.00	3.0	-5.2	1.7	20.5	11.5	9.7	6.9	4.6	4.4
African Barrick Resources	ABGL.L	GBP	Sell	4.74	4.19	1.9	-9.7	0.9	14.2	11.2	10.8	8.5	5.0	5.0
Harmony	HARJ.J	ZAR	Sell	99.05	85.00	0.7	-13.5	1.9	81.5	23.8	17.5	19.7	10.5	7.1

Source: Citi Investment Research and Analysis, priced as at 29/02/2012

We prefer a basket of small and mid-cap stocks over physical gold in 2011.

A basket of small-cap growth stocks may buck the trend

In this context, we believe a basket of small and mid-cap names such as Polymetal (PMTL), Medusa Mining (MML), Perseus (PRU), Randgold Resources (RRS), Centamin (CEY), and Oceana Gold (OGC) can outperform physical gold in 2012. Our average expected total return (ETR) from such a basket is 38%.

Figure 21. Assessment Heat Map – Details on Pages 16-25

	Status	Valuation metrics	Financial metrics	Operational metrics
Polymetal	Mining			
Barrick Gold	Mining			
Oceana Gold	Mining			
Medusa Mining Ltd	Mining			
African Barrick Resources	Mining			
Gryphon Minerals	Exploration			
Newmont Mining	Mining			
Perseus	Development			
China Gold International	Mining			
Buenaventura	Mining			
Randgold Resource	Mining			
Newcrest Mining	Mining			
Resolute	Mining			
Regis Resources	Development			
Petropavlovsk PLC	Mining			
Beadell Resources Ltd	Exploration			
Alacer Gold	Mining			
Kingsgate Consolidated Ltd	Mining			
Centamin Egypt Ltd	Mining			
Anglogold Ashanti	Mining			
St Barbara Ltd	Mining			
Goldfields	Mining			
Harmony	Mining			

Source: Citi Investment Research and Analysis

*Green: Ranks well relative to peers, Orange: ranks average relative to peers, Red: ranks poorly relative to peers

- **Polymetal (PMTL): Buy TP US\$28.0** – PMTL is hoping to start the construction of two new standalone mines by 2013 and has a good resource base of 15m ounces (gold equivalent). The upside potential is not reflected, in our view.
- **Medusa (MML): Buy/High Risk TP A\$8.0** – Good production growth to c400kozpa and substantial exploration potential should be key drivers for the company. We believe it offers attractive growth at an attractive valuation.
- **Randgold Resources (RRS): Buy TP £88.84** – RRS is now diversified across a number of countries and mines, together with being a tried and tested gold mining house. The new Kibali mine offers potential to be far larger eventually than is currently indicated. The optionality is not priced in, in our view.
- **Centamin (CEY): Buy TP £1.04** – On a 2013E PE of 4.3x, EV/EBITDA of 2.1x and trading close to NPV-parity, Centamin, whose production is likely to double, has more than discounted Egyptian political risk, in our view.
- **Perseus (PRU): Buy TP A\$3.50** – PRU's flagship Edikan gold mine in Ghana is ramping up production to 35koz of gold for the quarter, which is on plan with budget. The upside potential is not reflected, in our view.

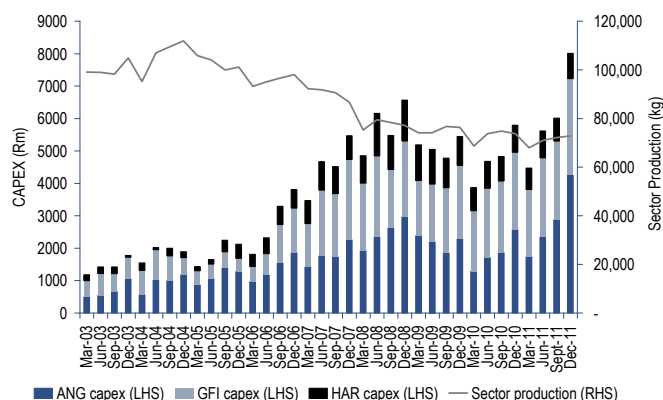
- **OceanaGold (OGC): Buy/High Risk TP A\$3.60** – OGC's new project Didipio in the northern Luzon province of the Philippines remains on schedule to commence mining in 1Q12 with first ore in the mill 4Q12. The upside potential is not reflected, in our view.

We least prefer SA gold stocks

We believe the trend of 'falling production despite rising capex' is accentuated in SA gold companies and is unlikely to change over the coming decade. Even though these companies appear inexpensive on a near-term basis, we believe current market valuations overstate the intrinsic value of these stocks.

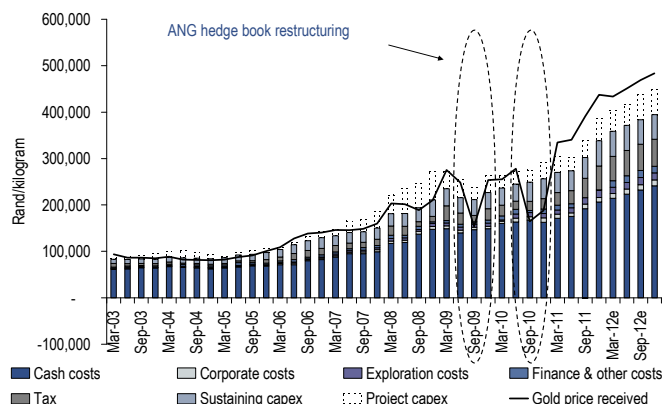
This is as we believe that input assumptions for valuation models are too favorable as most reflect a trend of rising production, stabilizing cost and falling capex. These assumptions are normally based on company guidance. Yet, they go against strong trends of falling production, and spiralling costs and capex.

Figure 22. SA Gold Sector Production vs. Capex



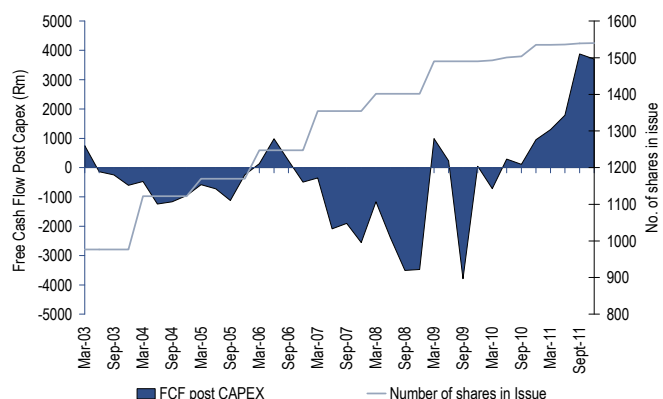
Source: Company reports, Citi Investment Research and Analysis

Figure 23. SA Gold Sector 'All-In' Unit Cost Inflation



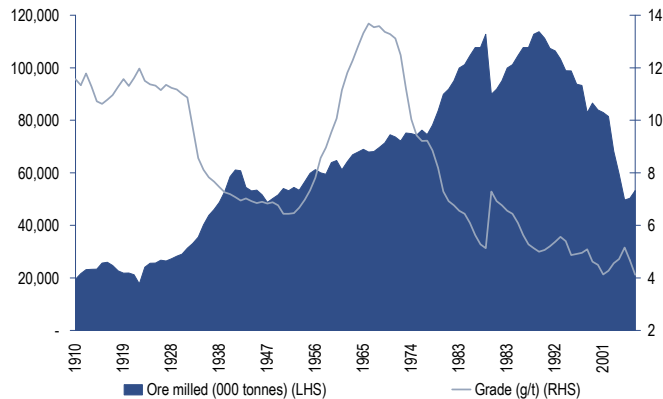
Source: Company reports, CIRA estimates

Figure 24. SA Gold Sector Historical Post Project Capex FCF



Source: Company reports, Citi Investment Research and Analysis

Figure 25. SA Gold Sector Historical Volumes and Grades

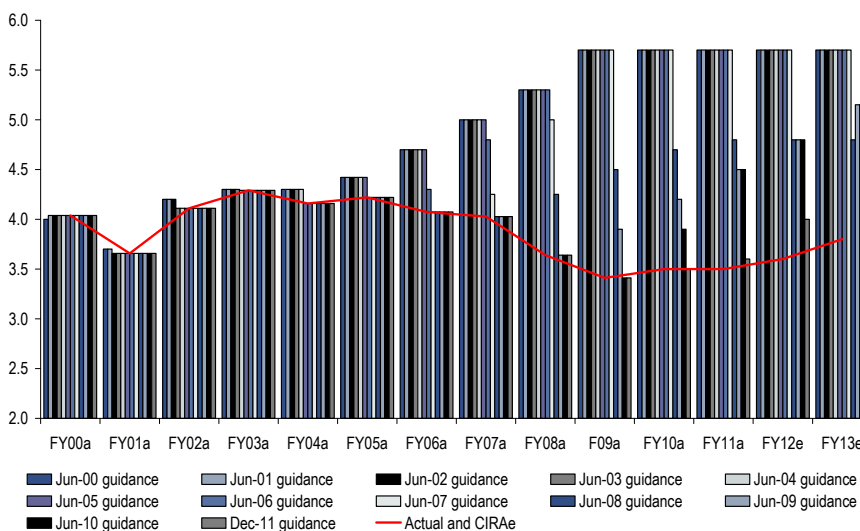


Source: Chamber of Mines, Citi Investment Research and Analysis

We also highlight that these companies have a track record of not meeting stated targets (*Figures 25 to 27*). As a result, we caution downside risk to input assumptions and the valuation of SA gold stocks. Over time, operational disappointments will be marked to market, which should result in a negative unwind of DCF valuations. It is for this very reason, we believe, that SA gold stocks have underperformed the gold price so significantly over the past ten years. We expect a repeat of this trend over the next ten years.

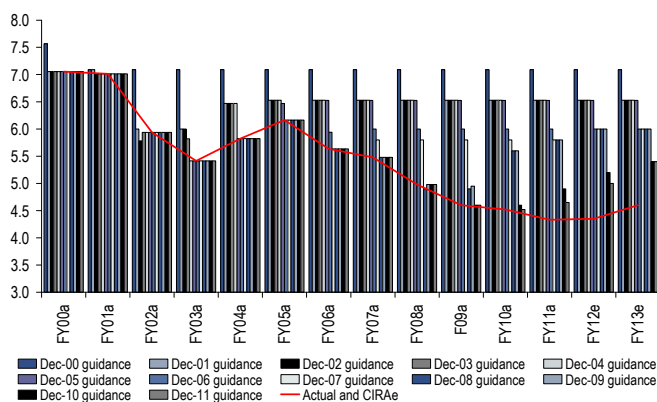
Missed targets: The bars in Figures 25-27 represent historical guidance. The red lines represent actual delivery (2000-2011) and Citi's production expectations (2012-13e)

Figure 26. GFI Historical Production Guidance vs. Delivery



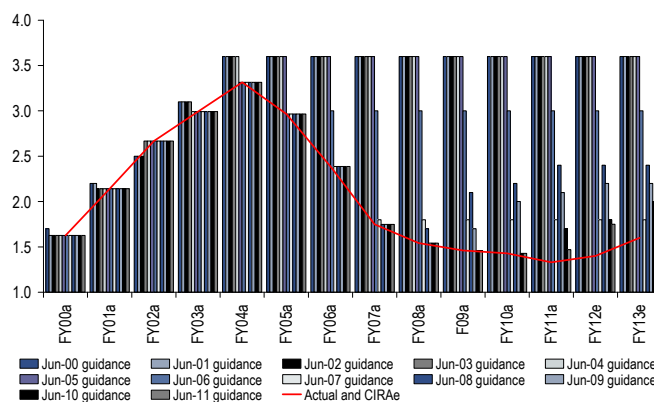
Source: Company Reports and CIRA Estimates

Figure 27. ANG Historical Production Guidance vs. Delivery



Source: Company Reports and CIRA Estimates

Figure 28. HAR Historical Production Guidance vs. Delivery



Source: Company Reports and CIRA Estimates

Valuation Comparatives

Smaller stocks appear cheaper, with superior growth prospects

The main analysis in this section compares the 3-year average forward P/E ratio versus the expected 3-year forward production growth of each of the gold stocks (Figure 29).

Smaller gold stocks appear inexpensive and positioned for superior growth.

Smaller companies such as CEY, RRL, PRU, BDR and KCN provide attractive production growth (+75%) at undemanding expected average P/E ratios of below 9x, on our estimates.

Larger gold stocks appear expensive with limited growth potential.

On the contrary, larger companies like ABX, NEM, NCM, BVN, and GFI appear more demanding from a P/E perspective, on our estimates, especially considering the limited (<25%) production growth that these companies provide.

HAR looks expensive, and with downside risk to production targets, remains a Sell.

HAR appears to be one of the most expensive stocks on an expected average 3-year forward P/E basis. We also caution downside risk to our 27% growth outlook for HAR, especially given its track record of failing to deliver on stated targets. This supports our Sell rating on the stock.

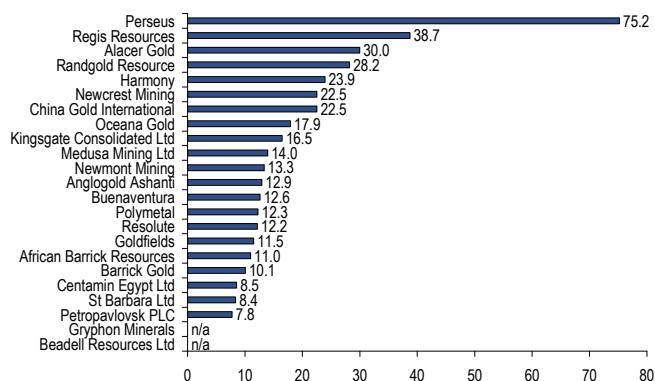
Figure 29. Three-Year PE vs Three-Year Volume Growth



Source: Citi Investment Research and Analysis

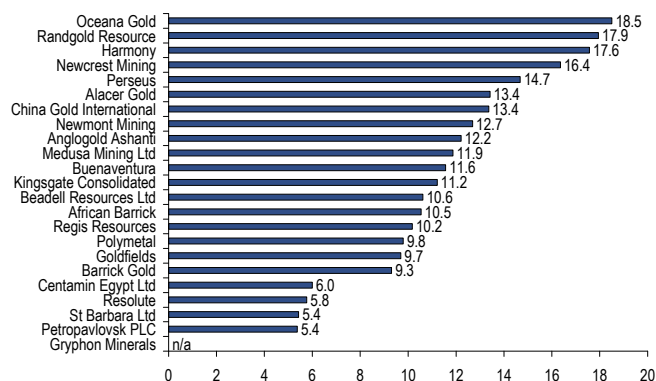
In Figures 30 to 37, we further compare these companies on a variety of valuation metrics

Figure 30. CY2011 P/E



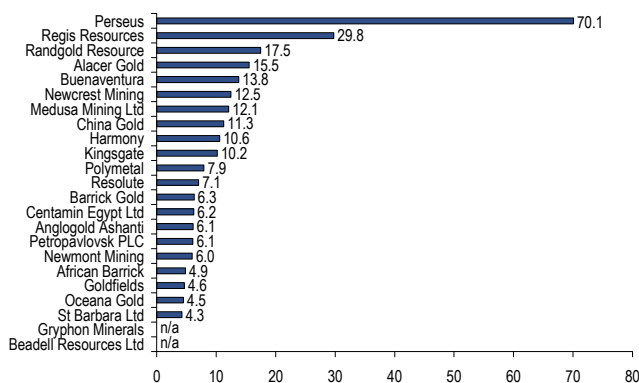
Source: Company reports, Citi Investment Research and Analysis

Figure 31. CY2012e P/E



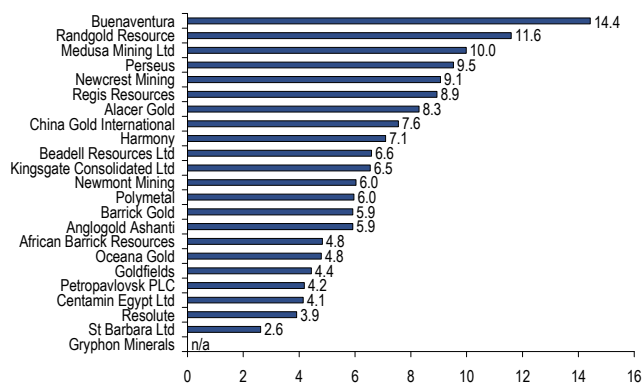
Source: Citi Investment Research and Analysis

Figure 32. CY2011 EV/EBITDA



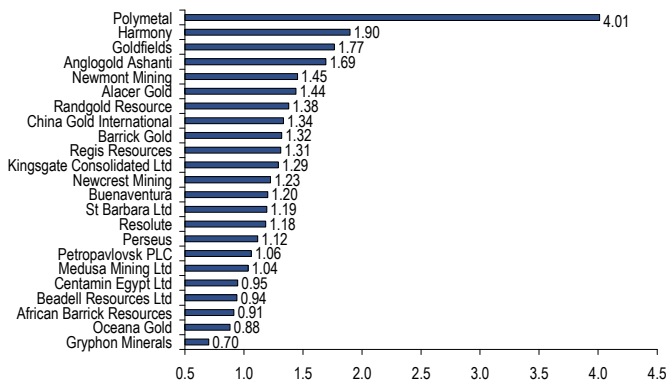
Source: Company reports, Citi Investment Research and Analysis

Figure 33. CY2012e EV/EBITDA



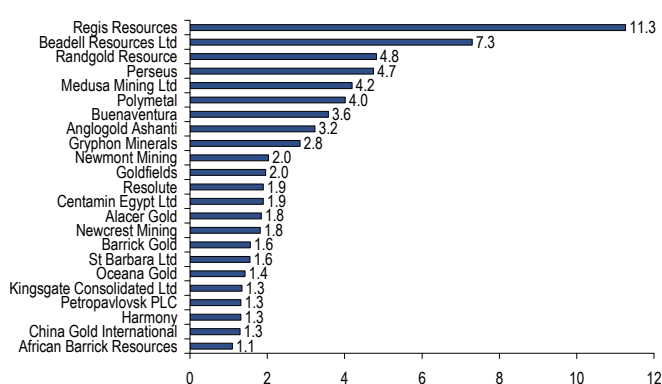
Source: Citi Investment Research and Analysis

Figure 34. CY2011 P/DCF



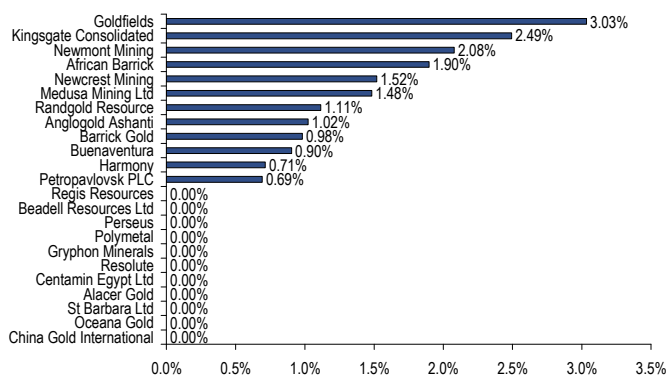
Source: Company reports, Citi Investment Research and Analysis

Figure 35. CY2011 P/BV



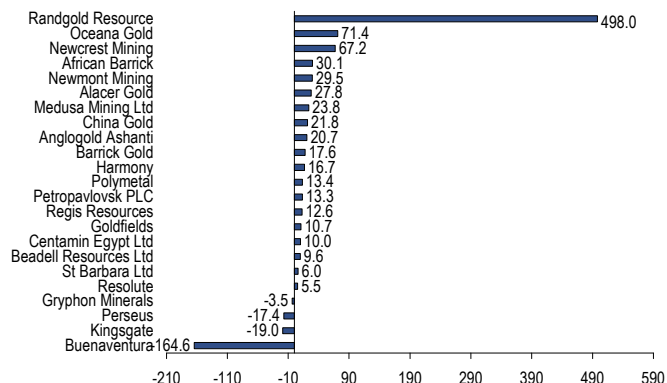
Source: Company reports, Citi Investment Research and Analysis

Figure 36. CY2012e Dividend Yield (%)



Source: Citi Investment Research and Analysis

Figure 37. CY2011 P/FCF



Source: Company reports, Citi Investment Research and Analysis

Financial Comparatives

Most companies well positioned, owing to the high gold price

The main analysis in this section compares the current net operating profit less adjusted taxes (NOPLAT) margins of each company versus its current Altman Z-score (please refer to Appendix A for the definition of the Altman Z-score and the implication of being located in a specific quadrant in our 2x2 matrix in Figure 38).

Some smaller gold companies are positioned in the 'growth' quadrant of our 2x2 matrix

NA and AUS large-cap producers are economic value accretive at current levels

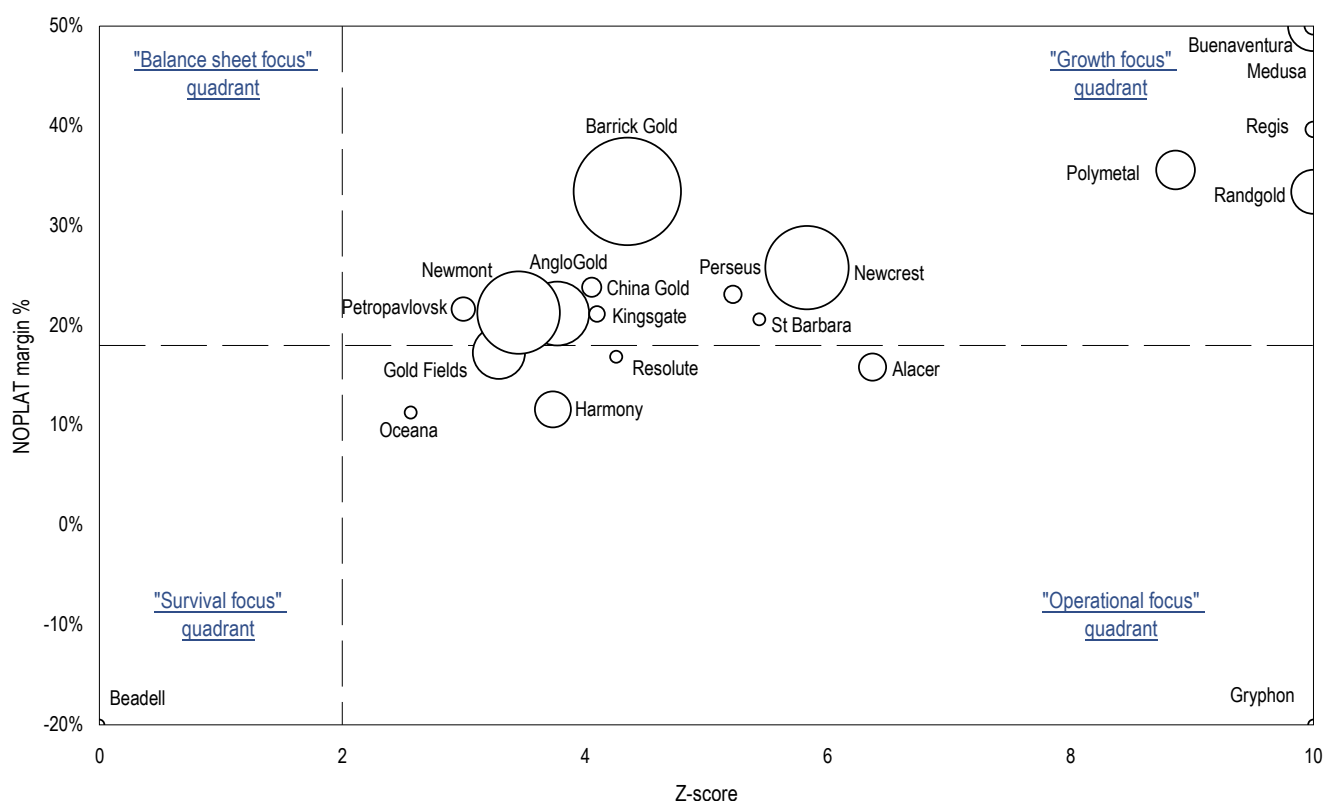
SA gold stocks are not economic value accretive, given their generally higher-cost (and lower-margin) assets

Some smaller companies such as MML, RRL, PMTL, RRS and PRU are well positioned on our 2x2 matrix for economic value creation. Their low-cost assets and resulting high margins put them in the 'growth' quadrant of our matrix.

Larger American and Australian companies such as ABX, NEM, NCM, and BVN are also well positioned on our 2x2 matrix and are currently economic value accretive.

Most SA gold stock are currently positioned near the 'operational' focus quadrants of our 2x2 matrix and are not economic value accretive. This supports our cautious outlook on this sector. ANG is, however, best positioned in the 'growth' focus quadrant, which supports our preference for it within the SA gold sector as a superior value creator versus its SA peers.

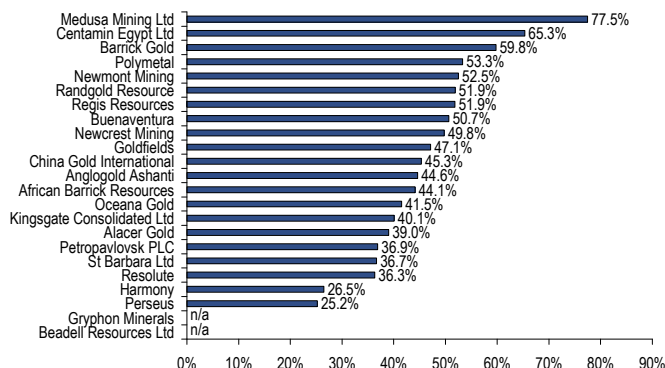
Figure 38. CIRA NOPLAT Margin vs. Altman Z-Score 2x2 Matrix (2011)



Source: Citi Investment Research and Analysis

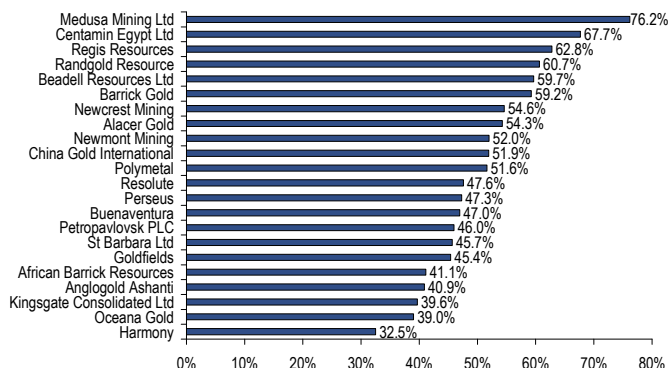
In Figures 39 to 52, we further compare these companies on a variety of financial metrics

Figure 39. CY2011 EBITDA Margins (%)



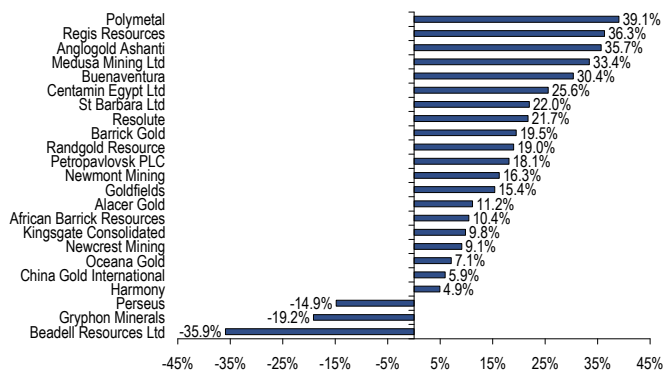
Source: Company reports, Citi Investment Research and Analysis

Figure 40. CY2012e EBITDA Margins (%)



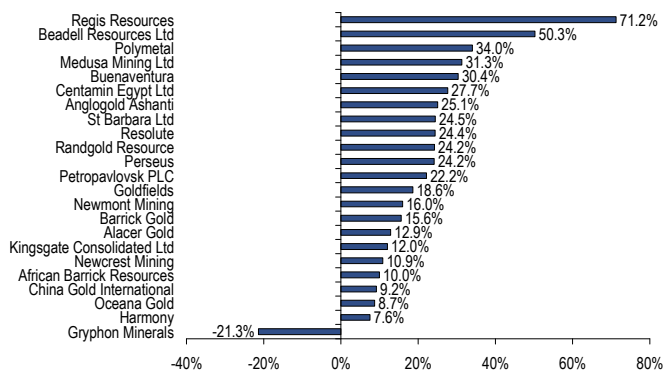
Source: Citi Investment Research and Analysis

Figure 41. CY2011 ROE (%)



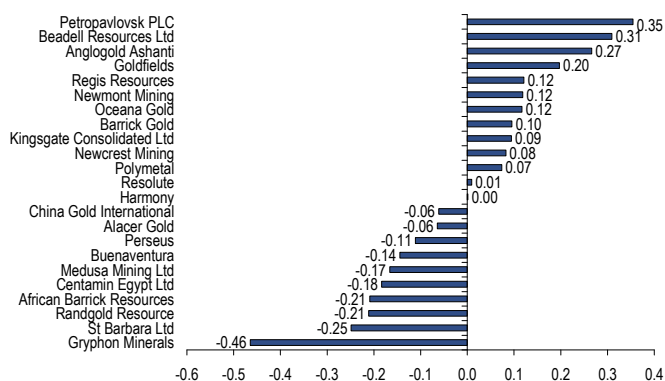
Source: Company reports, Citi Investment Research and Analysis

Figure 42. CY2012e ROE (%)



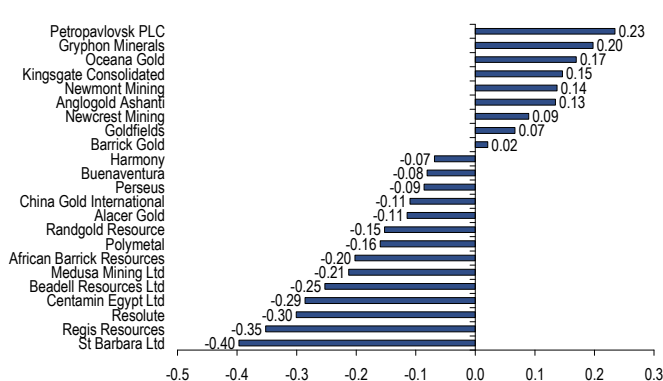
Source: Citi Investment Research and Analysis

Figure 43. CY2011 Net Debt to Equity



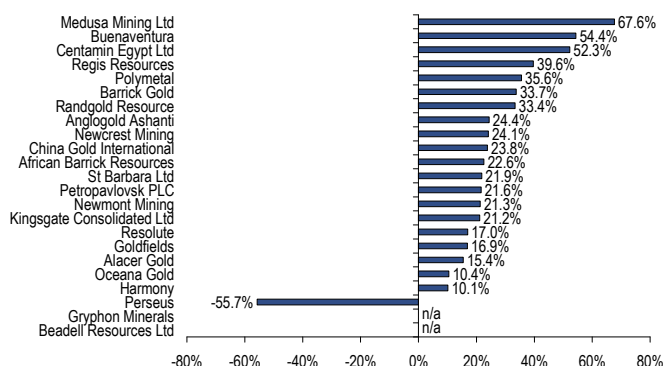
Source: Company reports, Citi Investment Research and Analysis

Figure 44. CY2012e Net Debt to Equity



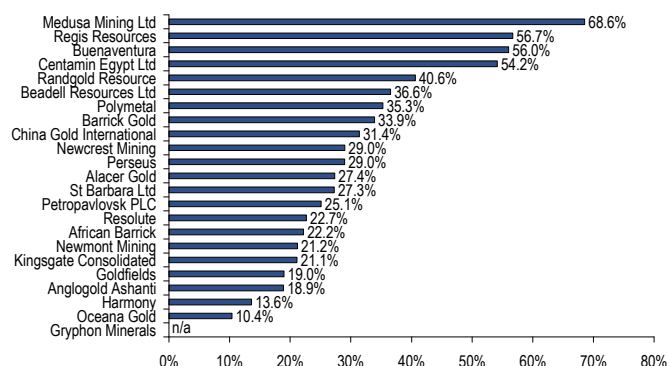
Source: Citi Investment Research and Analysis

Figure 45. CY2011 Net Profit Margin (%)



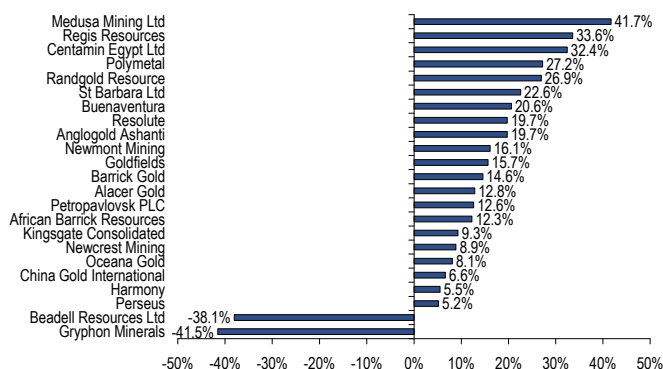
Source: Company reports, Citi Investment Research and Analysis

Figure 46. CY2012e Net Profit Margin (%)



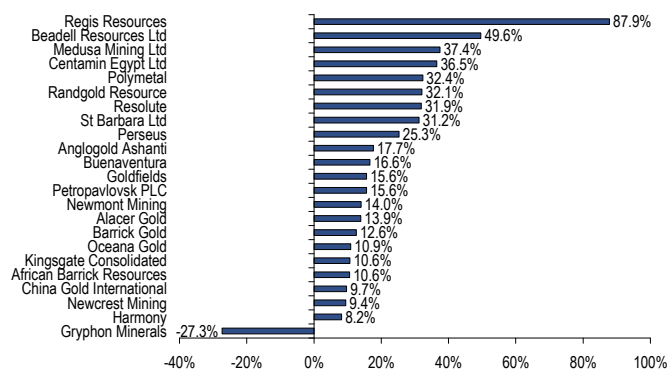
Source: Citi Investment Research and Analysis

Figure 47. CY2011 ROIC (%)



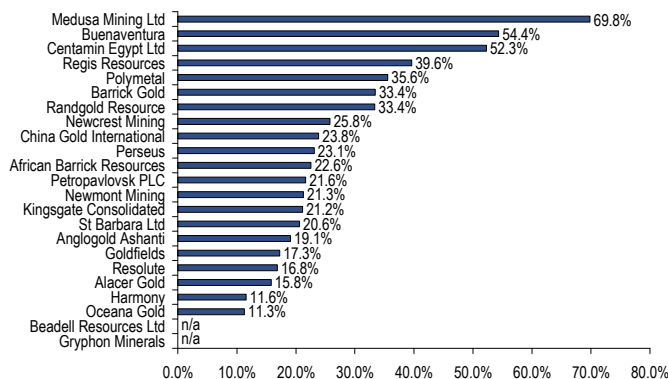
Source: Company reports, Citi Investment Research and Analysis

Figure 48. CY2012e ROIC (%)



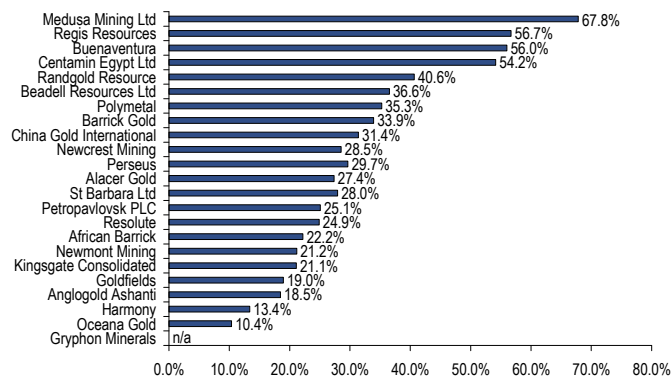
Source: Citi Investment Research and Analysis

Figure 49. CY2011 NOPLAT Margin (%)



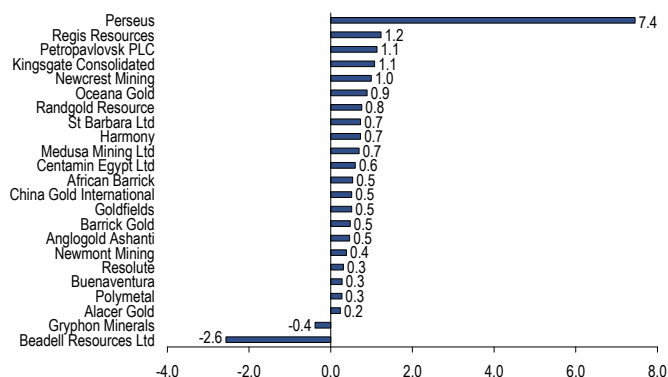
Source: Company reports, Citi Investment Research and Analysis

Figure 50. CY2012e NOPLAT Margin (%)



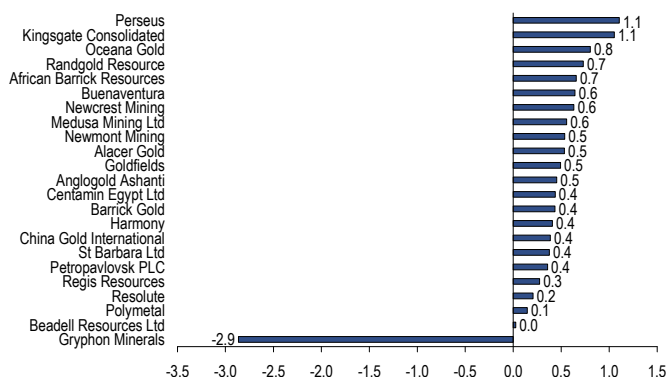
Source: Citi Investment Research and Analysis

Figure 51. CY2011 Capex/EBITDA



Source: Company reports, Citi Investment Research and Analysis

Figure 52. CY2012e Capex/EBITDA



Source: Citi Investment Research and Analysis

Operational Comparisons

Superior low-cost growth potential from smaller stocks

The main analysis in this section compares the expected three-year growth in production versus the expected unit cash costs of new production for each of the gold stocks (Figure 53).

Smaller gold stocks provide superior low-cost growth potential.

We believe smaller companies like CEY, BDR, RRL, MML and GRY provide superior low-cost production growth, with production growth (+75%) at unit cash costs below USD650/ounce.

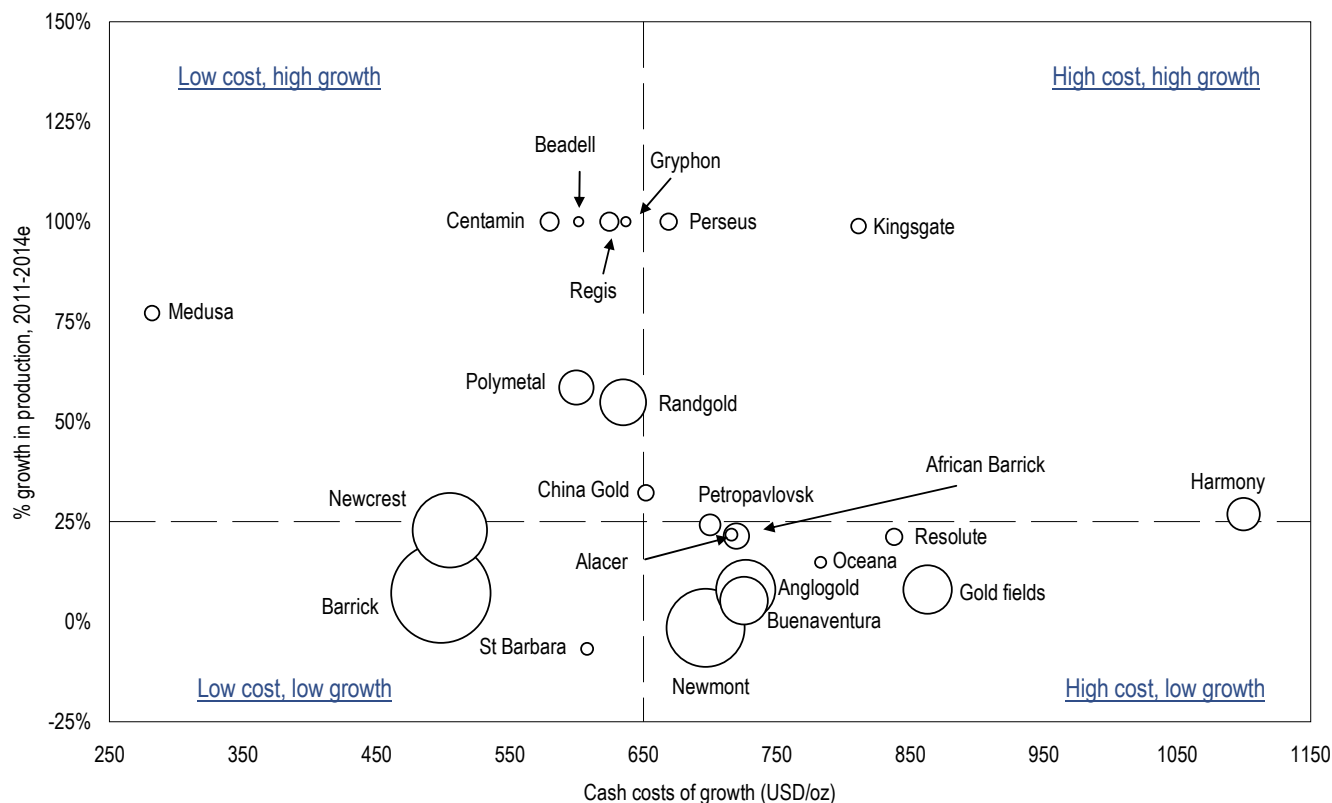
Larger NA and AUS companies provide limited, but low-cost growth.

Larger companies such as ABX, NEM, BVN and NCM have limited (<25%) production growth over the next three years, on our estimates. This growth is, however, likely to come in at fairly-low unit cash cost.

SA gold stocks provide limited and high-cost growth.

SA gold companies offer limited forecast production growth over the next three years (even though we forecast 27% growth for HAR, we caution downside risk to this number given the company's track record of failing to meet stated targets). In addition, we also expect that the growth from SA gold companies will come in at higher unit cash costs. This supports our cautious outlook on the sector.

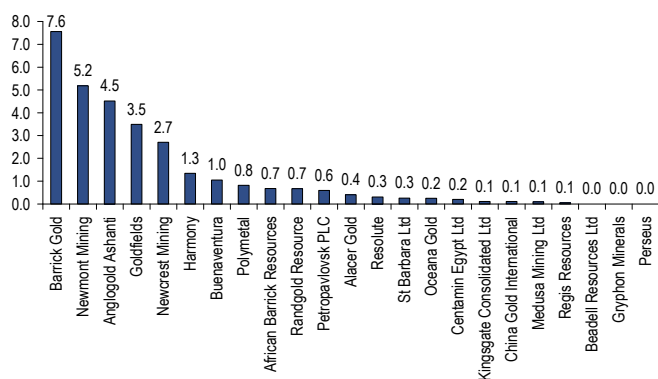
Figure 53. MML Offers Attractive Medium-Term Low-Cost, High Growth



Source: Citi Investment Research and Analysis

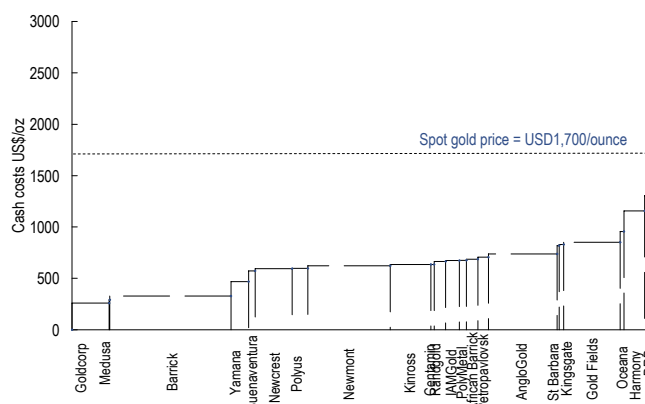
In Figures 54 to 61, we further compare these companies on a variety of operational metrics

Figure 54. Current Production (CY2011) (Moz)



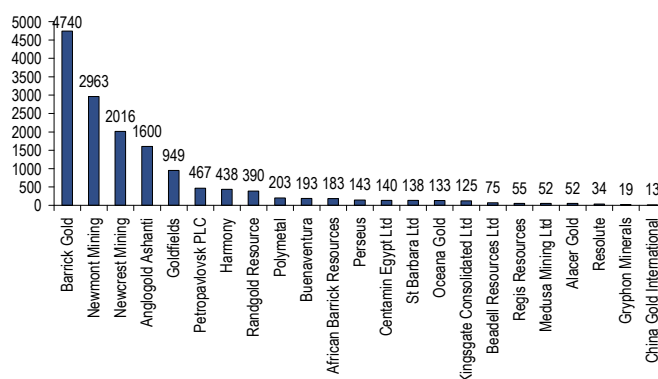
Source: Company reports, Citi Investment Research and Analysis

Figure 55. Cash Cost Curve (Sept-11) (USD/ounce)



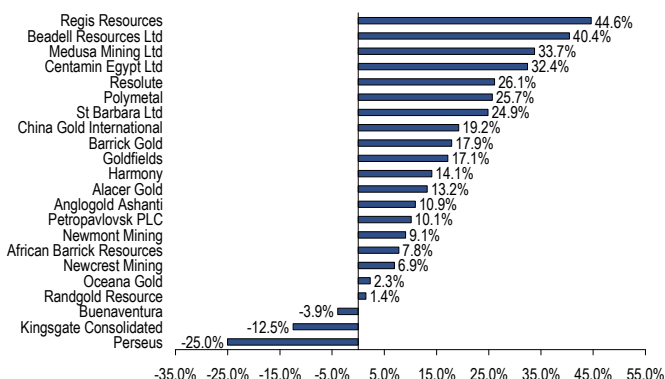
Source: Company reports, Citi Investment Research and Analysis

Figure 56. Current Capex (CY2011) (USDm)



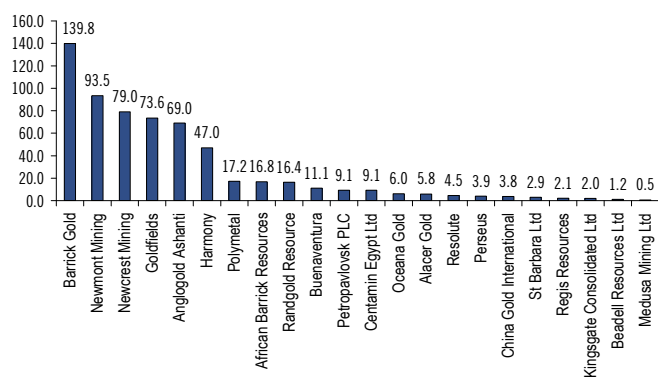
Source: Company reports, Citi Investment Research and Analysis

Figure 57. 2012e FCF Margin (%)



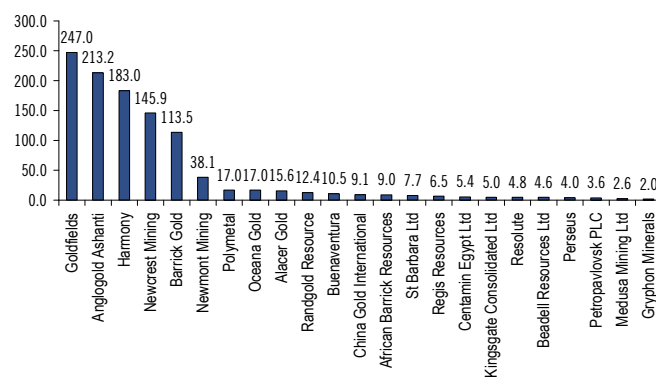
Source: Company reports, Citi Investment Research and Analysis

Figure 58. Total Reserves (Moz)



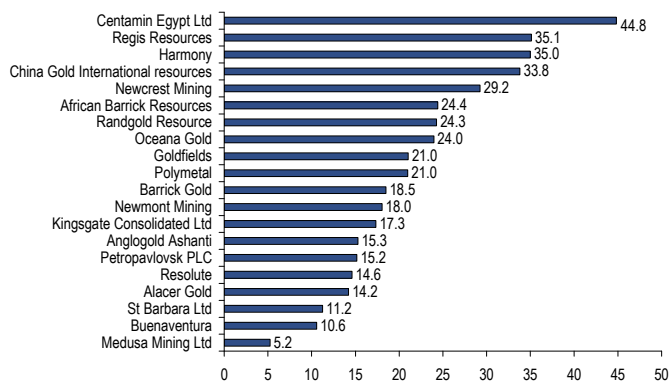
Source: Company reports, Citi Investment Research and Analysis

Figure 59. Total Resources (Moz)



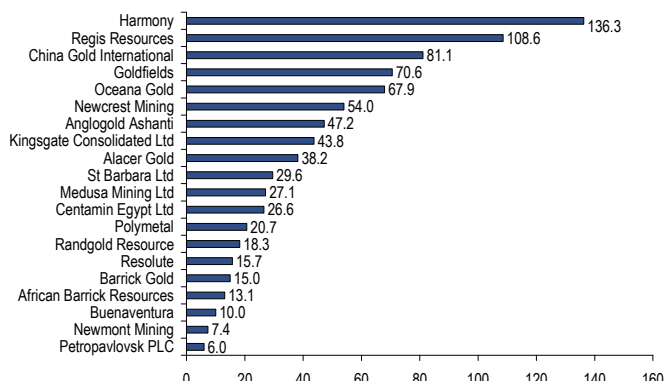
Source: Company reports, Citi Investment Research and Analysis

Figure 60. Reserves/Current Production



Source: Company reports, Citi Investment Research and Analysis

Figure 61. Resources/Current Production



Source: Company reports, Citi Investment Research and Analysis

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Company Section

Company Focus

■ Company Update

Jon H Bergtheil
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jon.bergtheil@citi.com

Sell	3
Price (29 Feb 12)	£4.74
Target price	£4.19
Expected share price return	-11.5%
Expected dividend yield	0.0%
Expected total return	-11.5%
Market Cap	£1,942M
	US\$3,088M

Price Performance (RIC: ABGL.L, BB: ABG LN)



African Barrick Gold Plc (ABGL.L)

Poor 2011 and Challenging 2012

- **Little improvement on tough 2011** — ABG had a tough 2011 when state power outages caused a loss of 40k oz. With ABG having invested in diesel backup and with the North Mara pushback due for completion, it was realistic to expect a much better year in 2012. However, ABG has guided to little-changed production and is guiding to even higher cash costs of up to \$810/oz in 2012 from \$692 in 2011.
- **Buzwagi 2012 costs above \$900/oz** — ABG is guiding to Buzwagi costs above \$900/oz in 2012. For an open pit mine with copper by-product credits to be at the same cost levels as deep-level South African mines is not encouraging. At the 2010 IPO, ABG indicated LOM costs for Buzwagi below \$500. The profile has changed very quickly since then.
- **Bulyanhulu grades** — We had hoped that Bulyanhulu would quickly get back to higher grades, closer to life-of-mine grades, but ABG has had problems with its paste-fill plant as a result of power outages and so has not been able to access higher grade areas.
- **North Mara** — Not long ago the guidance was for the pit-wall pushback at North Mara to be completed by end-2011. That has now shifted to mid-2012 and, along with lower grades at Buzwagi is the key cause of the lack of production growth in 2012.
- **Social issues** — North Mara has had major social issues and ABG has done well to have a good dialogue with the local community and with government over the matter. It has been costly, however, in terms of new perimeter security and also in terms of the required investment into the local community to placate tensions. While ABG has done well in this respect, there is no guarantee that tensions will not flare up again.
- **Valuation** — As a result of the poor 2012 guidance and also our re-alignment of timing and capex of development projects, we recently lowered our EPS estimates and cut our NPV from £5.04 to £3.49. We apply a 1.2x P/NPV to derive our target Price of £4.19 and recently downgraded ABG rating to Sell from Buy.

African Barrick Gold Plc (USD)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (\$M)	693.4	974.7	1,218.0	1,291.6	1,539.4
Profit Before Tax (\$M)	150.4	308.9	402.7	418.7	669.2
Diluted EPS (\$)	0.14	0.53	0.67	0.70	1.14
Diluted EPS (Old) (\$)	0.14	0.53	0.67	0.70	1.14
PE (x)	52.8	14.2	11.2	10.8	6.6
EV/EBITDA (x)	17.1	8.5	5.0	5.0	3.1
DPS (\$)	0.02	0.02	0.16	0.14	0.23
Net Div Yield (%)	0.2	0.3	2.1	1.9	3.0

ABGL.L: Fiscal year end 31-Dec						Price: £4.74; TP: £4.19; Market Cap: £1,944m; Recomm: Sell					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	693	975	1,218	1,292	1,539	PE (x)	52.8	14.2	11.2	10.8	6.6
Cost of sales	-469	-578	-709	-761	-786	PB (x)	4.9	1.2	1.1	1.0	0.9
Gross profit	224	397	509	530	754	EV/EBITDA (x)	17.1	8.5	5.0	5.0	3.1
Gross Margin (%)	32.3	40.7	41.8	41.1	48.9	FCF yield (%)	-1.0	4.0	6.8	3.2	15.7
EBITDA	249	414	537	531	795	Dividend yield (%)	0.2	0.3	2.1	1.9	3.0
EBITDA Margin (%)	36.0	42.5	44.1	41.1	51.6	Payout ratio (%)	13	4	24	20	20
Depreciation	-93	-105	-128	-126	-147	ROE (%)	9.7	13.9	10.4	10.0	14.7
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	156	310	409	405	648	EBITDA	249	414	537	531	795
EBIT Margin (%)	22.5	31.8	33.6	31.4	42.1	Working capital	-48	-84	-20	-95	-22
Net interest	-6	-1	-7	13	21	Other	-9	13	-21	13	21
Associates	0	0	0	0	0	Operating cashflow	193	343	496	450	794
Non-op/Except	0	0	0	0	0	Capex	-223	-221	-288	-349	-309
Pre-tax profit	150	309	403	419	669	Net acq/disposals	1	0	0	0	0
Tax	-84	-86	-117	-126	-201	Other	-25	-55	2	0	0
Extraord./Min.Int./Pref.div.	-7	-4	-11	-7	-2	Investing cashflow	-247	-276	-285	-349	-309
Reported net profit	59	218	275	287	466	Dividends paid	-12	-252	-28	-74	-80
Net Margin (%)	8.4	22.4	22.6	22.2	30.3	Financing cashflow	71	263	-28	-74	-80
Core NPAT	59	218	275	287	466	Net change in cash	17	331	183	26	406
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisitions & explorn	-29	123	209	100	486
Reported EPS (\$)	0.14	0.53	0.67	0.70	1.14						
Core EPS (\$)	0.14	0.53	0.67	0.70	1.14						
DPS (\$)	0.02	0.02	0.16	0.14	0.23						
CFPS (\$)	0.47	0.84	1.21	1.10	1.94						
FCFPS (\$)	-0.07	0.30	0.51	0.24	1.18						
BVPS (\$)	1.54	6.13	6.73	7.25	8.19						
Wtd avg ord shares (m)	410	410	410	410	410						
Wtd avg diluted shares (m)	410	410	410	410	410						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	28.3	40.6	25.0	6.0	19.2						
EBIT (%)	115.6	98.3	32.2	-1.0	59.9						
Core NPAT (%)	127.2	272.7	25.9	4.2	62.7						
Core EPS (%)	127.2	272.7	25.9	4.2	62.7						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	70	401	584	610	1,016						
Accounts receivables	62	59	30	136	154						
Inventory	279	228	317	379	386						
Net fixed & other tangibles	1,590	1,789	2,012	2,235	2,397						
Goodwill & intangibles	156	259	259	259	259						
Financial & other assets	214	192	92	92	92						
Total assets	2,370	2,928	3,294	3,710	4,304						
Accounts payable	147	120	162	234	239						
Short-term debt	1,383	0	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	189	264	334	459	660						
Total liabilities	1,720	384	496	694	899						
Shareholders' equity	630	2,514	2,760	2,973	3,359						
Minority interests	20	30	38	44	46						
Total equity	650	2,543	2,798	3,017	3,405						
Net debt	1,314	-401	-584	-610	-1,016						
Net debt to equity (%)	202.1	-15.8	-20.9	-20.2	-29.8						

For further data queries on Citi's full coverage universe please contact CIRA Data Services Europe at CIRADatServicesEMEA@citi.com or +44-207-986-4050

Company Focus

■ Company Update

Craig Sainsbury

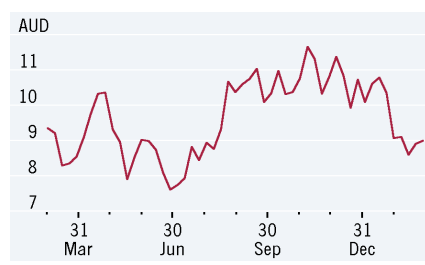
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Neutral	2
Price (29 Feb 12)	A\$9.12
Target price	A\$10.00
Expected share price return	9.6%
Expected dividend yield	0.0%
Expected total return	9.6%
Market Cap	A\$3,187M
	US\$3,435M

Price Performance

(RIC: AQG.AX, BB: AQG AU)



Alacer Gold (AQG.AX)

Large, but Risks Remain

- **Big production base but not without risk** — AQG is the second-largest gold producer in the Australian market behind NCM with plans for production to be at 800koz by 2015. Whilst the scale is large, we see some risk potential in meeting the target, namely the oxide recovery levels at Copler as well as the development of the Copler sulphide circuit. Also the 200kozpa of production slated from the South Kalgoorlie operations is high-cost and susceptible to volatility in the gold price.
- **Turkey, Copler the focus** — Plans are for the Copler asset to have a mine life of 16 years producing just over 3.5moz in that time horizon. Initial production will be from the heap leach followed by a sulphide circuit in 2014/2015. Whilst gold heap leach operations are common, especially through Eastern Europe and the US, there remain risks surrounding the operations from a recovery perspective. AQG is targeting a recovery rate of 65%. Every 5% reduction in recovery would see production decline by c15kozpa and costs increase by c\$30/oz. Sulphide circuits have a reputation for being troublesome assets from which to deliver stated gold production. Whilst the Copler sulphide circuit is not abnormal among sulphide metallurgy, we see a degree of risk in the start-up of the project.
- **Kalgoorlie operations** — Plans are to double production from today's levels by re-optimising the HBJ super pit and expanding the Jubilee mill. Costs are likely to be cA\$800/oz and thus the ounces will be low-margin. Whilst there is the potential for future growth at SKO, the quality of the assets and the growth profile is not as strong as some of the other Australian assets in our coverage universe.
- **Confession session** — The new guidance from AQG finally brings a sense of reality to the company's production profile. Presentations from the company as late as November last year were still indicating production of 550koz in 2012. That has now fallen to 420-440koz (100% basis). We have always been cautious on AQG's growth profile and had 470koz in for 2012, but the new guidance is lower than our forecast. We believe that the new guidance will likely add credibility risks around the company's 800koz by 2015 target (we forecast 660koz) and this will negatively impact investors' faith in the stock.
- **Maintain Neutral and A\$10/share** — We maintain our Neutral recommendation on AQG and A\$10/share target price.

AQG.AU revisions (Y/E Dec)	2009A	2010A	2011E	2012E	2013E
Sales (US\$m)	0.4	0.7	561.2	724.7	862.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (US\$m)	-13.2	-20.2	135.9	286.0	404.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (US\$m)	-12.6	-19.2	88.8	198.2	286.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (US¢)	-11.0	-13.8	32.1	71.6	103.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	-150.1	-25.9	331.9	123.2	44.8
PE Ratio (x)	-89.5	-71.1	30.7	13.7	9.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

AQQ.AX: Fiscal year end 31-Dec						Price:\$9.12; TP:\$10.00; # Shares: 349m; Market Cap: A\$3187m; Recomm: Neutral					
Profit & Loss (US\$m)						comdty & FX Forecasts					
	2010	2011E	2012E	2013E	2014E		2010	2011E	2012E	2013E	2014E
Sales revenue	1	561	725	863	749	Gold price (US\$/oz)	1,229.2	1,570.5	1,709.0	1,911.7	1,609.8
Cost of sales	0	-310	-403	-422	-455	Silver price (US\$/oz)	20.2	35.4	29.8	27.1	24.1
EBITDA	-20	219	393	519	378	Copper price (US\$/lb)	342.1	400.5	354.9	386.8	371.9
Depreciation/Amortization	0	-83	-107	-115	-122	AUDUSD (analyst) (x)	0.92	1.03	1.03	0.96	0.92
EBIT	-20	136	286	405	257	Long Term Forecasts					
Net interest	1	-16	-3	5	8	Gold Price (US\$/oz)					1,050.0
Earnings before tax	-19	120	283	410	264	Silver Price (US\$/oz)					15.0
Tax Recurring	0	-31	-85	-123	-79	Copper Price (US\$/mt)					6,200.0
Exceptional/Other	-18	-2	0	0	0	AUDUSD average					0.80
Reported net profit	-38	87	198	287	185						
Core NPAT	-19	89	198	287	185	Production Volumes					
Balance Sheet (US\$m)	2010	2011E	2012E	2013E	2014E		2010	2011E	2012E	2013E	2014E
Cash & cash equiv.	19	291	387	580	524	Higginsville (koz)	165.8	146.3	149.7	149.7	149.7
Net fixed & other tangibles	223	1,461	1,564	1,657	1,899	South Kalgoorlie (koz)	41.5	31.9	39.9	54.7	69.4
Total assets	282	1,820	2,019	2,306	2,490	Copler (koz)	0.5	176.1	149.8	149.8	146.4
Short-term debt	1	134	134	134	134	Frogs Leg (koz)	41.9	57.6	49.2	54.1	54.1
Long-term debt	133	65	65	65	65	Production Costs					
Total liabilities	162	370	370	370	370	Gold C1 (US\$/oz)	634.0	590.1	695.4	687.8	732.4
Shareholders' equity	111	1,440	1,638	1,925	2,110	Earnings Sensitivity					
Total equity	120	1,451	1,649	1,936	2,121	EPS%Δ/10% AUDUSD (%)	0.0	0.0	-3.5	-4.8	-7.7
Net debt	115	-93	-189	-382	-325	EPS%Δ/10% Gold (%)	0.0	15.4	25.3	21.5	30.5
Cashflow (US\$m)											
Operating cashflow	-27	235	305	402	306						
Capex	-70	-52	-210	-208	-363						
Net acq/disposals	-2	82	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	-99	265	96	193	-57						
Net change in cash	-60	276	96	193	-57						
Per share data											
Reported EPS (¢)	-27.3	31.3	71.6	103.6	66.8	Reserves & Resources					
Core EPS (¢)	-13.8	32.1	71.6	103.6	66.8		Reserves		Resource		
DPS (¢)	0	0	0	0	0		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
CFPS (¢)	-19.8	84.8	110.3	145.0	110.6	Higginsville (koz)	803.0	4.14	1,572.0	3.42	
BVPS (¢)	79.8	519.8	591.3	694.9	761.7	SKO (koz)	106.0	1.60	5,546.0	2.01	
Wtd avg ord shares (m)	139	277	277	277	277	Copler (koz)	4,620.0	1.49	6,041.0	1.50	
Wtd avg diluted shares (m)	139	277	277	277	277	Frogs Leg (koz)	283.3	5.14	491.9	5.87	
Valuation ratios											
PE (x)	-71.1	30.7	13.7	9.5	14.7	Valuation					
EV/EBIT (x)	nm	25.6	11.7	7.9	12.2	WACC (%)					10.0
EV/EBITDA (x)	nm	15.9	8.5	6.1	8.3	NPV Valuation					
FCF yield (%)	-7.1	6.7	3.5	7.1	-2.1				US\$m	A\$/sh.	
Dividend yield (%)	0	0	0	0	0	Higginsville			256.2	0.92	
Payout ratio (%)	0	0	0	0	0	South Kalgoorlie			58.6	0.21	
Operating performance						Copler			947.1	3.39	
EBITDA margin (%)	nm	39.0	54.3	60.2	50.5	Frogs Leg			134.6	0.48	
Operating ROE (%)	-15.0	11.5	12.9	16.1	9.2	Exploration			277.3	0.99	
Operating ROIC (%)	-10.1	12.8	13.9	18.3	10.4	Corporate			-123.4	-0.44	
Net debt to equity (%)	95.8	-6.4	-11.4	-19.7	-15.3	Net (debt)/cash			190.9	0.68	
Debt to total capital (%)	52.7	12.0	10.7	9.3	8.5	Total			1,741.2	6.23	

For further data queries on Citi's full coverage universe please contact CIRA Data Services Australia New Zealand at CIRADatServicesAustraliaNZ@citi.com or +61-2-8225-4848

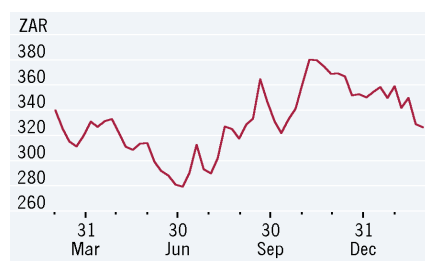
Company Focus

- Company Update
- Estimate Change

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Neutral	2
Price (29 Feb 12)	R325.74
Target price	R350.00
Expected share price return	7.4%
Expected dividend yield	1.7%
Expected total return	9.1%
Market Cap	R124,521M US\$16,639M

Price Performance (RIC: ANGJ.J, BB: ANG SJ)



AngloGold Ashanti Ltd (ANGJ.J)

Preferred Pick in SA Gold Sector

- **Best positioned in SA gold space** — We maintain our preference for ANG within the SA gold sector. Its high-quality, lower-cost and geographically diversified assets make it best positioned for near-term FCF delivery and longer-term economic value creation compared to its peers, in our view. We also believe that ANG's more conservative growth outlook carries with it less execution risk compared to GFI and HAR. We maintain our Neutral recommendation, TP R350.
- **Current key opportunities/challenges for ANG** — In the current high gold price environment, we expect ANG to generate attractive (R17bn, 24% margin) post-project free cash flow (FCF) in CY12. The focus for ANG now lies in operational delivery, especially at its Obuasi and Geita operations in Western Africa where the company has frequently failed to achieve its targets.
- **FY12 operational expectations** — We expect ANG to produce 4.4m ounces in FY12 (FY11: 4.33m ounces) at unit cash costs of USD747/ounce (FY11: USD728/ounce). We expect FY12 HEPS of 2,966c (FY11: 2,440c).
- **Key catalysts for ANG** — Given our expectation of higher FCF for ANG in FY12 (R17bn post project capex), we think a key catalyst for the stock might be a change in dividend policy from the ANG board. We would welcome such action. Even though improved operational delivery from Obuasi and Geita might also be catalysts in FY12, we are doubtful whether this will indeed be achieved to any significant extent.
- **Valuation and risks: Neutral, TP R350** — We value ANG on a sum-of-the-parts DCF basis, applying a USD nominal WACC of 9%. We derive our R350 TP by applying a 1.8x P/DCF exit multiple, a 13% premium to the 1.6x benchmark multiple we apply to the SA gold sector. Downside risks to our view include a weaker-than-expected gold price, stronger-than-expected operating currencies (ZAR, AUD, BSR) and worse-than-expected operational delivery, especially at Obuasi and Geita. Upside risks include a stronger-than-expected gold price, weaker-than-expected operating currencies and a better-than-expected operational performance. *(Due to a technical error, FY14e earnings have now been corrected. This has no valuation impact).*

AngloGold Ashanti Ltd (USD)

Year to 31 Dec	2010A	2011A	2012E	2013E	2014E
Sales (\$M)	5,333.3	6,788.4	7,421.0	9,222.5	7,965.2
Net Income (\$M)	-1,752.1	1,295.2	1,371.2	2,065.3	1,153.4
Diluted EPS (\$)	-4.71	3.36	3.55	5.35	2.99
Diluted EPS (Old) (\$)	-4.71	3.36	3.55	5.35	-1.92
PE (x)	-9.2	13.0	12.3	8.1	14.6
EV/EBITDA (x)	13.6	6.1	5.9	4.0	5.3
DPS (\$)	0.00	0.52	0.44	0.67	0.60
Net Div Yield (%)	0.0	1.2	1.0	1.5	1.4

ANGJ.J: Fiscal year end 31-Dec						Price: R325.74; TP: R350.00; Market Cap: R124,521m; Recomm: Neutral					
Profit & Loss (US\$m)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	5,333	6,788	7,421	9,222	7,965	PE (x)	-9.2	13.0	12.3	8.1	14.6
Cost of sales	-3,550	-3,947	-4,526	-5,135	-5,310	PB (x)	3.9	3.2	2.8	2.0	1.8
Gross profit	1,784	2,841	2,895	4,088	2,655	EV/EBITDA (x)	13.6	6.1	5.9	4.0	5.3
Gross Margin (%)	33.4	41.9	39.0	44.3	33.3	FCF yield (%)	-10.9	7.9	4.8	13.4	9.5
EBITDA	1,337	3,028	3,033	4,213	2,832	Dividend yield (%)	0	1.2	1.0	1.5	1.4
EBITDA Margin (%)	25.1	44.6	40.9	45.7	35.6	Payout ratio (%)	0	16	13	13	20
Depreciation	-691	-771	-855	-984	-984	ROE (%)	6.1	35.7	25.1	29.3	13.4
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2010	2011	2012E	2013E	2014E
EBIT	646	2,257	2,178	3,229	1,848	EBITDA	1,337	3,028	3,033	4,213	2,832
EBIT Margin (%)	12.1	33.3	29.3	35.0	23.2	Working capital	137	231	-223	123	0
Net interest	-123	-143	-100	-100	-100	Other	-2,267	-546	-623	-980	-510
Associates	0	0	0	0	0	Operating cashflow	-793	2,713	2,187	3,356	2,321
Non-op/Except	-114	264	48	48	48	Capex	-973	-1,394	-1,377	-1,106	-732
Pre-tax profit	409	2,378	2,126	3,177	1,796	Net acq/disposals	76	-163	0	0	0
Tax	-191	-722	-723	-1,080	-610	Other	26	-6	0	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow	-871	-1,563	-1,377	-1,106	-732
Reported net profit	218	1,656	1,403	2,097	1,185	Dividends paid	-116	-170	-246	-231	-231
Net Margin (%)	4.1	24.4	18.9	22.7	14.9	Financing cashflow	1,175	-563	-246	-231	-231
Core NPAT	-1,752	1,295	1,371	2,065	1,153	Net change in cash	-489	587	565	2,020	1,358
Per share data	2010	2011	2012E	2013E	2014E	FCF ex acquisns & explorn	-1,690	1,156	810	2,250	1,589
Reported EPS (\$)	0.59	4.30	3.63	5.43	3.07						
Core EPS (\$)	-4.71	3.36	3.55	5.35	2.99						
DPS (\$)	0	0.52	0.44	0.67	0.60						
CFPS (\$)	-2.13	7.04	5.66	8.69	6.01						
FCFPS (\$)	-4.75	3.42	2.10	5.83	4.11						
BVPS (\$)	11.19	13.43	15.67	21.55	24.43						
Wtd avg ord shares (m)	372	385	386	386	386						
Wtd avg diluted shares (m)	372	385	386	386	386						
Growth rates	2010	2011	2012E	2013E	2014E						
Sales revenue (%)	41.5	27.3	9.3	24.3	-13.6						
EBIT (%)	161.7	249.5	-3.5	48.3	-42.8						
Core NPAT (%)	nm	173.9	5.9	50.6	-44.2						
Core EPS (%)	nm	171.4	5.7	50.6	-44.2						
Balance Sheet (US\$m)	2010	2011	2012E	2013E	2014E						
Cash & cash equiv.	575	1,112	1,677	3,697	5,055						
Accounts receivables	247	350	471	603	603						
Inventory	890	1,064	955	1,222	1,222						
Net fixed & other tangibles	6,977	7,308	7,830	7,952	7,700						
Goodwill & intangibles	194	210	210	210	210						
Financial & other assets	649	758	758	758	758						
Total assets	9,532	10,802	11,901	14,442	15,548						
Accounts payable	705	751	986	1,262	1,262						
Short-term debt	135	32	32	32	32						
Long-term debt	2,569	2,456	2,456	2,456	2,456						
Provisions & other liab	2,007	2,397	2,397	2,397	2,397						
Total liabilities	5,416	5,636	5,871	6,147	6,147						
Shareholders' equity	4,116	5,166	6,030	8,295	9,401						
Minority interests	0	0	0	0	0						
Total equity	4,116	5,166	6,030	8,295	9,401						
Net debt	2,129	1,376	811	-1,209	-2,567						
Net debt to equity (%)	51.7	26.6	13.5	-14.6	-27.3						

For further data queries on Citi's full coverage universe please contact CIRA Data Services Europe at CIRADatasevicesEMEA@citi.com or +44-207-986-4050

Company Focus

■ Company Update

Alexander Hacking, CFA

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Buy	1
Price (29 Feb 12)	US\$49.82
Target price	US\$78.00
Expected share price return	56.6%
Expected dividend yield	0.8%
Expected total return	57.4%
Market Cap	US\$49,841M

Price Performance

(RIC: ABX.N, BB: ABX US)



Barrick Gold (ABX)

Best-in-Class of Gold Majors

- **ABX Investment strategy** — We rate Barrick a Buy based on its best-in-class execution, asset portfolio and reasonable valuation. Barrick has the best pipeline of large-scale growth projects amongst the North American gold majors. The company trades at NAV parity with its peers, but deserves a premium, in our view.
- **Current key opportunities/challenges for ABX** — Barrick's near-term focus is the execution of Pueblo Viejo (650koz gold, mid-12) and Pascua Lama (825koz gold, mid-13). The company is also focused on its next generation projects, exploration and expanding life of mine at existing operations.
- **FY12 operational expectations** — Barrick has guided gold production slightly lower in 2012 (7.5moz) with costs 15% higher (\$540/oz).
- **Key catalysts for ABX** — Executing the existing pipeline. Progressing new projects to approval stage. Further exploration success at Red Hill/Goldrush. M&A risk.
- **Valuation** — Barrick trades at 1.2x NAV, on our estimates, using CIRA's \$1,050/oz LT gold price target.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2010A	0.81A	0.77A	0.83A	0.95A	3.36A	3.32A
2011E	1.00A	1.12A	1.32E	1.42E	4.86E	4.67E
Previous	1.00A	1.12A	1.32E	1.42E	4.86E	na
2012E	1.42E	1.35E	1.27E	1.21E	5.25E	5.13E
Previous	1.42E	1.35E	1.27E	1.21E	5.25E	na
2013E	1.14E	1.08E	1.00E	0.92E	4.13E	6.06E
Previous	1.14E	1.08E	1.00E	0.92E	4.13E	na

Source: Company Reports and dataCentral, CIR. FC Cons: First Call Consensus.

ABX.N: Fiscal year end 31-Dec						Price: US\$49.82; TP: US\$78.00; Market Cap: US\$49,841m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	8,136	10,924	14,522	15,474	13,996	PE (x)	25.3	14.8	10.3	9.5	12.1
Cost of sales	-4,880	-5,397	-6,165	-6,656	-6,630	PB (x)	3.0	2.5	1.6	1.4	1.3
Gross profit	3,256	5,527	8,357	8,818	7,366	EV/EBITDA (x)	14.9	9.4	6.4	6.0	7.0
Gross Margin (%)	40.0	50.6	57.5	57.0	52.6	FCF yield (%)	-10.2	1.8	-0.6	5.6	3.3
EBITDA	3,589	5,766	8,682	9,168	7,670	Dividend yield (%)	0.8	0.9	1.0	1.0	1.0
EBITDA Margin (%)	44.1	52.8	59.8	59.2	54.8	Payout ratio (%)	20	13	10	9	12
Depreciation	-1,073	-1,196	-1,371	-1,482	-1,472	ROE (%)	-28.2	19.2	19.5	15.6	10.9
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	2,516	4,570	7,312	7,685	6,199	EBITDA	3,589	5,766	8,682	9,168	7,670
EBIT Margin (%)	30.9	41.8	50.3	49.7	44.3	Working capital	-372	-403	-2,418	36	42
Net interest	-47	-107	-121	-47	22	Other	-5,539	-1,236	-2,409	-2,430	-2,061
Associates	-87	-41	0	0	0	Operating cashflow	-2,322	4,127	3,856	6,773	5,652
Non-op/Except	-6,099	124	144	0	0	Capex	-2,341	-3,262	-4,139	-4,000	-4,000
Pre-tax profit	-3,717	4,546	7,334	7,638	6,221	Net acq/disposals	-101	-813	-7,278	0	0
Tax	-648	-1,370	-2,355	-2,292	-1,991	Other	27	-97	-40	0	0
Extraord./Min.Int./Pref.div.	91	98	-85	-100	-100	Investing cashflow	-2,415	-4,172	-11,457	-4,000	-4,000
Reported net profit	-4,274	3,274	4,895	5,247	4,130	Dividends paid	-369	-436	-480	-479	-479
Net Margin (%)	-52.5	30.0	33.7	33.9	29.5	Financing cashflow	5,829	1,434	5,965	-499	-499
Core NPAT	1,810	3,279	4,856	5,247	4,130	Net change in cash	1,127	1,404	-1,624	2,274	1,152
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisitions & explorn	-4,764	52	-7,561	2,773	1,652
Reported EPS (\$)	-4.72	3.36	4.89	5.25	4.13						
Core EPS (\$)	1.97	3.36	4.86	5.25	4.13						
DPS (\$)	0.40	0.44	0.48	0.48	0.48						
CFPS (\$)	-2.53	4.23	3.86	6.77	5.65						
FCFPS (\$)	-5.08	0.89	-0.28	2.77	1.65						
BVPS (\$)	16.64	19.74	31.28	36.04	39.69						
Wtd avg ord shares (m)	906	966	998	998	998						
Wtd avg diluted shares (m)	919	975	1,000	1,000	1,000						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	2.8	34.3	32.9	6.6	-9.6						
EBIT (%)	20.0	81.6	60.0	5.1	-19.3						
Core NPAT (%)	9.7	81.2	48.1	8.1	-21.3						
Core EPS (%)	5.7	70.6	44.4	8.1	-21.3						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	2,564	3,968	2,995	5,269	6,421						
Accounts receivables	251	346	409	371	333						
Inventory	1,540	1,852	2,385	2,389	2,382						
Net fixed & other tangibles	15,804	20,428	29,537	32,055	34,584						
Goodwill & intangibles	5,197	5,287	10,078	10,078	10,078						
Financial & other assets	1,719	1,441	1,712	1,712	1,712						
Total assets	27,075	33,322	47,116	51,874	55,510						
Accounts payable	1,221	1,511	1,162	1,164	1,161						
Short-term debt	0	14	130	130	130						
Long-term debt	6,281	6,678	6,031	5,931	5,831						
Provisions & other liab	4,026	4,385	6,573	6,573	6,573						
Total liabilities	11,528	12,588	13,896	13,798	13,695						
Shareholders' equity	15,063	19,065	31,215	35,971	39,610						
Minority interests	484	1,669	2,005	2,105	2,205						
Total equity	15,547	20,734	33,220	38,076	41,815						
Net debt	3,717	2,724	3,166	792	-460						
Net debt to equity (%)	23.9	13.1	9.5	2.1	-1.1						

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Company Focus

■ Company Update

Craig Sainsbury

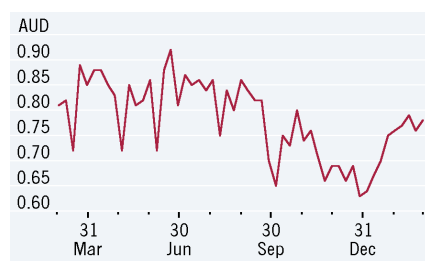
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Neutral/High Risk	2H
Price (29 Feb 12)	A\$0.78
Target price	A\$0.82
Expected share price return	5.1%
Expected dividend yield	0.0%
Expected total return	5.1%
Market Cap	A\$513M
	US\$553M

Price Performance

(RIC: BDR.AX, BB: BDR AU)



Beadell Resources Ltd (BDR.AX)

Promising Exploration Potential

- **Neutral/High Risk rating** — BDR has some significant land holdings in Brazil with promising exploration potential. The most advanced is the Tucano gold project which is likely to come on stream towards the end of 2012. The project is to produce an average of 150kozpa of production over an eight-year period. Despite the promise we see much of the upside already priced in. With the mine yet to be built, we still see potential execution risk in the stock.
- **No agreement with Anglo** — The logical off-take partner for the iron ore at the Tucano gold project, Anglo American, has not reached an agreement with Beadell. Consequently the company is now seeking a “strategic partner for the development of the iron ore resource”. We believe that this brings into question the potential value that should be ascribed to the iron ore resource.
- **Tropicana East** — The second string to the BDR exploration bow is its land at Tropicana East in Western Australia. The exploration targets are located approximately 40km north-east of the Tropicana deposit, a JV between AngloGold Ashanti and Independence Group. AngloGold Ashanti recently announced board approval for the development of the Tropicana Gold Project. The mine is expected to begin gold production in late-2013 and will produce around 345koz of gold per annum over a 10-year mine life at a cash cost of US\$696-US\$715/oz. Whilst it is still very early stages for exploration at BDR's Tropicana tenements, if it is able to delineate a resource, then the AngloGold Ashanti/Independence Group Tropicana mine at close proximity may provide additional options for development.

BDR.AU revisions (Y/E Dec)	2009A	2010A	2011E	2012E	2013E
Sales (A\$m)	0.5	7.3	0.2	131.6	343.4
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	-2.3	-22.0	-29.1	71.4	216.3
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	-2.1	-20.4	-23.8	48.1	151.3
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	-2.2	-3.3	-3.8	7.3	23.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	70.2	-47.2	-15.2	293.7	214.5
PE Ratio (x)	-35.0	-23.8	-20.6	10.7	3.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

BDR.AX: Fiscal year end 31-Dec						Price:\$0.78; TP:\$0.82; # Shares: 658m; Market Cap: A\$513m; Recomm: Neutral/High Risk						
Profit & Loss (A\$m)	2010	2011E	2012E	2013E	2014E	comdty & FX Forecasts		2010	2011E	2012E	2013E	2014E
Sales revenue	7.3	0.2	131.6	343.4	261.0	Gold price (US\$/oz)		1,229.2	1,570.5	1,709.0	1,911.7	1,609.8
Cost of sales	-5.0	0	-52.2	-118.9	-112.1	AUDUSD (analyst) (x)		0.92	1.03	1.03	0.96	0.92
EBITDA	-22.0	-29.1	78.5	225.8	150.1	Long Term Forecasts						
Depreciation/Amortization	0	0	-7.1	-9.5	-9.5	Gold Price (US\$/oz)						1,050.0
EBIT	-22.0	-29.1	71.4	216.3	140.6	AUDUSD average						0.80
Net interest	1.4	2.5	-2.6	-0.1	6.1							
Earnings before tax	-20.6	-26.6	68.7	216.2	146.8	Production Volumes	2010	2011E	2012E	2013E	2014E	
Tax Recurring	0.2	2.7	-20.6	-64.9	-44.0	Tucano (koz)	0.0	0.0	77.5	172.2	148.9	
Exceptional/Other	-4.7	-0.5	0	0	0.0	Production Costs	2010	2011E	2012E	2013E	2014E	
Reported net profit	-25.1	-24.3	48.1	151.3	102.7	Gold C1 (US\$/oz)	0.0	0.0	557.4	571.4	601.6	
Core NPAT	-20.4	-23.8	48.1	151.3	102.7							
Balance Sheet (A\$m)	2010	2011E	2012E	2013E	2014E	Earnings Sensitivity	2010	2011E	2012E	2013E	2014E	
Cash & cash equiv.	41.9	7.4	110.6	319.4	429.5	EPS%Δ/10% AUDUSD (%)	0.0	0.0	-11.5	-10.1	-10.7	
Net fixed & other tangibles	27.9	105.2	100.1	92.7	85.3	EPS%Δ/10% Gold (%)	0.0	0.0	18.8	15.9	18.9	
Total assets	78.5	120.5	218.6	420.0	522.7							
Short-term debt	0	0	0	0	0							
Long-term debt	0	30.0	80.0	130.0	130.0							
Total liabilities	14.9	47.4	97.4	147.4	147.4							
Shareholders' equity	63.6	73.1	121.2	272.6	375.3							
Total equity	63.6	73.1	121.2	272.6	375.3							
Net debt	-41.9	22.6	-30.6	-189.4	-299.5							
Cashflow (A\$m)	2010	2011E	2012E	2013E	2014E							
Operating cashflow	2.5	-19.1	55.3	160.8	112.2							
Capex	-17.2	-74.7	-2.0	-2.1	-2.1							
Net acq/disposals	-5.2	-0.2	0	0	0							
Exploration exp/Other	0	0	0	0	0							
FCF ex acqns & explor exp	-19.9	-93.9	53.2	158.8	110.1							
Net change in cash	38.1	-34.5	103.2	208.8	110.1							
Per share data	2010	2011E	2012E	2013E	2014E							
Reported EPS (¢)	-4.0	-3.8	7.3	23.0	15.6	Reserves & Resources	Reserves		Resource			
Core EPS (¢)	-3.3	-3.8	7.3	23.0	15.6		Amount	Grd.(g/t)	Amount	Grd.(g/t)		
DPS (¢)	0	0	0	0	0	Tucano (koz)	1,223.0	1.44	4,287.0	1.47		
CFPS (¢)	0.4	-3.0	8.4	24.5	17.1							
BVPS (¢)	10.2	11.1	18.4	41.4	57.1							
Wtd avg ord shares (m)	622	631	658	658	658							
Wtd avg diluted shares (m)	622	631	658	658	658							
Valuation ratios	2010	2011E	2012E	2013E	2014E	Valuation						
PE (x)	-23.8	-20.6	10.7	3.4	5.0	WACC (%)						11.0
EV/EBIT (x)	-22.6	-17.7	7.3	1.9	2.0							
EV/EBITDA (x)	-22.6	-17.7	6.6	1.8	1.9	NPV Valuation				US\$M	A\$/sh.	
FCF yield (%)	-3.0	-19.0	10.4	30.9	21.5	Tucano Gold Project				392.0	0.74	
Dividend yield (%)	0	0	0	0	0	Iron ore JV				0.0	0.00	
Payout ratio (%)	0	0	0	0	0	Exploration				80.0	0.15	
Operating performance	2010	2011E	2012E	2013E	2014E	Corporate				-20.6	-0.04	
EBITDA margin (%)	nm	nm	59.7	65.8	57.5	Net (debt)/cash				-18.1	-0.03	
Operating ROE (%)	-57.5	-34.9	49.5	76.9	31.7	Total				433.3	0.82	
Operating ROIC (%)	-119.5	-37.7	48.6	154.1	106.3							
Net debt to equity (%)	-65.9	30.9	-25.3	-69.5	-79.8							
Debt to total capital (%)	0.0	29.1	39.8	32.3	25.7							

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Company Focus

■ Company Update

Alexander Hacking, CFA

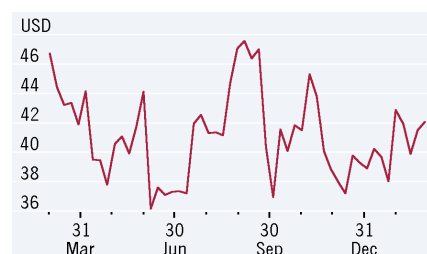
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Buy	1
Price (29 Feb 12)	US\$42.14
Target price	US\$50.00
Expected share price return	18.7%
Expected dividend yield	3.6%
Expected total return	22.2%
Market Cap	US\$11,584M

Price Performance

(RIC: BVN.N, BB: BVN US)



Buenaventura SAA (BVN)

LatAm Standout, But With Peruvian Risk

- **BVN Investment strategy** — We rate Buenaventura a Buy. Buenaventura is Latin America's preeminent independent gold producer, and justifiably a favorite among emerging market investors. The company operates its own gold and silver mines and owns minority stakes in Newmont Yanacocha and Freeport Cerro Verde. Company strengths include strong management, excellent track record for shareholders, deep expertise in Peru, and many development opportunities, including significant remaining potential in the Yanacocha district. The main risk is the difficulties of developing new projects in Peru due to social opposition.
- **Current key opportunities/challenges for BVN** — Buenaventura is working on several development initiatives. The three largest would be Minas Conga (with Newmont), Chucapaca (with Goldfields) and expanding Cerro Verde (with Freeport).
- **FY12 operational expectations** — Buenaventura has not yet issued 2012 guidance. But our expectation is for gold production to be unchanged at 1.1moz (equity contribution) and costs 10% higher at \$700/oz.
- **Key catalysts for BVN** — The main near-term catalyst is news flow on Minas Conga where construction is currently suspended. Other catalysts would be project development, exploration and political risks.
- **Valuation** — Buenaventura trades at 1.1x NAV, on our estimates, using CIRA's \$1,050/oz LT gold price target.

Estimates	2010A	2011E	2012E	2013E	Q111A	Q211A	Q311A	Q411E
Sales (US\$M)	1,104	1,561	1,652	1,640	376	343	435	406
EBITDA adj (US\$M)	1,320	1,651	1,749	1,681	395	403	444	409
EBITDA margin adj (%)	119.6	105.8	105.8	102.5	105.0	117.4	102.0	100.8
Net income (US\$M)	663	848	925	845	218	204	208	218
EPS (US\$)	2.61	3.33	3.64	3.32	0.86	0.80	0.82	0.86
Valuation	Ratios				2010A 2011E			
EV/EBITDA adj	8.2	6.6	6.4	7.0	ROE adj (%)	28.4	30.4	
PE	16.2	12.6	11.6	12.7	ROIC adj (%)	17.2	20.6	
FCF (%)	2.5	2.0	-0.6	-5.1	Debt to Capital (%)	2.0	2.7	

Source: Company Reports and dataCentral, Citi Investment Research & Analysis.

BVN.N: Fiscal year end 31-Dec						Price: US\$42.14; TP: US\$50.00; Market Cap: US\$11,584m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	882	1,104	1,561	1,652	1,640	PE (x)	18.1	16.2	12.6	11.6	12.7
Cost of sales	-280	-341	-456	-523	-482	PB (x)	5.2	4.1	3.6	3.4	3.3
Gross profit	601	763	1,104	1,129	1,157	EV/EBITDA (x)	9.4	8.2	6.6	6.4	7.0
Gross Margin (%)	68.2	69.1	70.8	68.3	70.6	FCF yield (%)	3.0	2.5	2.0	-0.6	-5.1
EBITDA	361	509	791	776	787	Dividend yield (%)	0.4	1.1	0.8	0.9	0.7
EBITDA Margin (%)	40.9	46.1	50.7	47.0	48.0	Payout ratio (%)	8	18	10	10	9
Depreciation	-74	-72	-93	-112	-118	ROE (%)	32.9	28.4	30.4	30.4	26.6
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	287	438	698	664	669	EBITDA	361	509	791	776	787
EBIT Margin (%)	32.6	39.6	44.7	40.2	40.8	Working capital	-29	-121	-162	-17	31
Net interest	-9	-4	2	0	-67	Other	139	77	-193	-324	-362
Associates	451	429	475	587	538	Operating cashflow	471	465	436	435	457
Non-op/Except	3	10	6	0	0	Capex	-147	-193	-221	-500	-1,000
Pre-tax profit	732	872	1,181	1,251	1,141	Net acq/disposals	0	1	8	0	0
Tax	-77	-145	-225	-199	-181	Other	-26	-103	-197	-27	-27
Extraord./Min.Int./Pref.div.	-63	-64	-108	-126	-115	Investing cashflow	-173	-295	-410	-527	-1,027
Reported net profit	592	663	848	925	845	Dividends paid	-88	-156	-202	-97	-78
Net Margin (%)	67.2	60.1	54.4	56.0	51.5	Financing cashflow	-186	-329	-170	-97	922
Core NPAT	592	663	848	925	845	Net change in cash	112	-158	-144	-189	352
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisitions & explorn	318	260	212	-92	-570
Reported EPS (\$)	2.33	2.61	3.33	3.64	3.32						
Core EPS (\$)	2.33	2.61	3.33	3.64	3.32						
DPS (\$)	0.18	0.46	0.33	0.38	0.31						
CFPS (\$)	1.85	1.83	1.71	1.71	1.79						
FCFPS (\$)	1.27	1.07	0.85	-0.26	-2.14						
BVPS (\$)	8.11	10.22	11.75	12.22	12.71						
Wtd avg ord shares (m)	254	254	254	254	254						
Wtd avg diluted shares (m)	254	254	254	254	254						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	8.1	25.2	41.4	5.9	-0.8						
EBIT (%)	1.2	52.4	59.5	-4.9	0.8						
Core NPAT (%)	40.8	11.9	28.0	9.1	-8.7						
Core EPS (%)	40.8	11.9	28.0	9.1	-8.7						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	842	665	563	375	726						
Accounts receivables	36	203	214	231	199						
Inventory	45	82	143	143	143						
Net fixed & other tangibles	1,478	1,937	2,461	2,849	3,731						
Goodwill & intangibles	0	0	0	0	0						
Financial & other assets	385	415	414	441	468						
Total assets	2,787	3,302	3,795	4,038	5,267						
Accounts payable	79	27	164	162	151						
Short-term debt	79	2	2	2	2						
Long-term debt	151	55	89	89	1,089						
Provisions & other liab	214	371	267	267	267						
Total liabilities	523	455	521	519	1,508						
Shareholders' equity	2,064	2,601	2,990	3,108	3,233						
Minority interests	199	246	284	411	526						
Total equity	2,263	2,847	3,274	3,519	3,759						
Net debt	-612	-607	-473	-285	364						
Net debt to equity (%)	-27.1	-21.3	-14.5	-8.1	9.7						

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Company Focus

■ Company Update

Jon H Bergtheil

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Buy	1
Price (29 Feb 12)	£0.92
Target price	£1.04
Expected share price return	13.5%
Expected dividend yield	0.0%
Expected total return	13.5%
Market Cap	£1,005M US\$1,598M

Price Performance (RIC: CEY.L, BB: CEY LN)



Centamin Egypt Limited (CEY.L)

Politics Remains Key Driver

■ **Dependent on politics** — CEY is in the early stages of its growth and has a few years of strong growth ahead of it, in our view. Should we find in six months' time that Egypt has a properly elected and business-friendly government, we think CEY's price should see a substantial uplift.

■ **Good operational progress** — The open pit delivered greater than 2.4Mt per month in both October and November and 2.8Mt in December, achieving total material movement of over 7.7Mt for the quarter, an increase of 31% on the previous quarter (5.8Mt). Ore production from the open pit was 1,988kt at 1.12g/t. The underground mine also continued to ramp up smoothly, with ore production reaching 70,000t, a 20% increase on the previous quarter (58,000t), with 25,000t from stoping and 45,000t from development. Grades were consistently high, with overall average grades of 15g/t in October and November rising to 24g/t in December, as several very well grading structures on levels 890 and 875 were mined. The ratio of stoping ore to development ore mined continued to increase as a teleremote bogging system was commissioned at the end of November and further stopes came on line. The Stage 4 (10Mtpa plant) expansion remains on schedule for commissioning in Q1 2013 with expenditure to date of US\$52.6m

■ **Good cost levels** — CEY reported cash operating costs of US\$473/oz for Q4 2011, 4% lower than Q4 2010 and 26% lower than Q3 2011. Full-year 2011 gold production was 203k oz at a cash cost of US\$556/oz. CEY is guiding to 2012 production of 250k oz with average cash costs of US\$550/oz. CEY had cash and liquid assets of US\$200 million as at 31 December 2011 and the group is debt-free.

■ **Key catalysts for CEY** – Politics, politics and politics.

■ **Valuation** — Our £1.04 target price is based on a long-term NPV assessment of CEY based on a 1.1x multiple of our £0.95 NPV (derived using a discount rate of 12%). We use a 1.1x P/NPV ratio in comparison to UK gold peers with less political risk on 1.3x.

Centamin Egypt Limited (USD)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (\$M)	2.1	124.2	351.6	481.8	772.4
Net Income (\$M)	-1.2	51.7	183.8	260.9	365.7
Diluted EPS (¢)	-0.1	5.0	16.9	24.0	33.7
Diluted EPS (Old) (¢)	-0.1	5.0	16.9	24.0	33.7
PE (x)	-1,198.9	29.3	8.6	6.1	4.3
EV/EBITDA (x)	na	18.4	6.3	4.2	2.2
DPS (¢)	0.0	0.0	0.0	0.0	0.0
Net Div Yield (%)	0.0	0.0	0.0	0.0	0.0

CEY.L: Fiscal year end 31-Dec						Price: £0.92; TP: £1.04; Market Cap: £1,009m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	2	124	352	482	772	PE (x)	nm	29.3	8.6	6.1	4.3
Cost of sales	-3	-66	-166	-222	-294	PB (x)	3.4	2.4	1.9	1.5	1.1
Gross profit	-1	58	186	259	479	EV/EBITDA (x)	na	18.4	6.3	4.2	2.2
Gross Margin (%)	-63.2	46.9	52.8	53.8	62.0	FCF yield (%)	-13.6	-3.3	3.5	9.8	16.2
EBITDA	-1	82	230	326	539	Dividend yield (%)	0	0	0	0	0
EBITDA Margin (%)	-62.5	66.3	65.3	67.7	69.8	Payout ratio (%)	0	0	0	0	0
Depreciation	-3	-30	-52	-72	-78	ROE (%)	na	9.8	25.6	27.7	29.3
Amortisation	3	-1	6	7	-95	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	-1	52	184	261	366	EBITDA	-1	82	230	326	539
EBIT Margin (%)	-65.2	41.6	52.3	54.2	47.3	Working capital	-4	-17	-42	-27	-72
Net interest	0	0	0	0	0	Other	-5	-16	6	0	-102
Associates	0	0	0	0	0	Operating cashflow	-10	50	194	299	365
Non-op/Except	0	0	0	0	0	Capex	-189	-100	-139	-143	-108
Pre-tax profit	-1	52	184	261	366	Net acq/disposals	0	0	0	0	0
Tax	0	0	0	0	0	Other	1	37	0	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow	-188	-63	-139	-143	-108
Reported net profit	-1	52	184	261	366	Dividends paid	0	0	0	0	0
Net Margin (%)	-57.3	41.6	52.3	54.2	47.3	Financing cashflow	93	142	7	0	0
Core NPAT	-1	52	184	261	366	Net change in cash	-71	131	62	156	257
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisitions & explorn	-199	-50	56	156	257
Reported EPS (¢)	-0.1	5.0	16.9	24.0	33.7						
Core EPS (¢)	-0.1	5.0	16.9	24.0	33.7						
DPS (¢)	0	0	0	0	0						
CFPS (¢)	-1.0	4.8	17.9	27.5	33.6						
FCFPS (¢)	-20.0	-4.9	5.1	14.4	23.7						
BVPS (¢)	43.3	59.9	76.1	98.5	131.6						
Wtd avg ord shares (m)	996	1,035	1,072	1,086	1,086						
Wtd avg diluted shares (m)	996	1,035	1,086	1,086	1,086						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	na	nm	183.1	37.0	60.3						
EBIT (%)	na	nm	255.7	42.0	40.2						
Core NPAT (%)	na	nm	255.7	42.0	40.2						
Core EPS (%)	na	nm	238.9	42.0	40.2						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	27	154	150	306	563						
Accounts receivables	2	0	44	63	105						
Inventory	11	36	76	93	140						
Net fixed & other tangibles	400	448	565	636	666						
Goodwill & intangibles	0	0	0	0	0						
Financial & other assets	5	1	4	4	4						
Total assets	444	639	839	1,101	1,478						
Accounts payable	8	15	19	27	45						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	4	4	4	4	4						
Total liabilities	12	19	23	31	49						
Shareholders' equity	432	620	816	1,070	1,429						
Minority interests	0	0	0	0	0						
Total equity	432	620	816	1,070	1,429						
Net debt	-27	-154	-150	-306	-563						
Net debt to equity (%)	-6.2	-24.9	-18.3	-28.6	-39.4						

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Company Focus

■ Company Update

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Sell	3
Price (29 Feb 12)	R119.76
Target price	R110.00
Expected share price return	-8.1%
Expected dividend yield	3.7%
Expected total return	-4.4%
Market Cap	R86,772M US\$11,595M

Price Performance (RIC: GFIJ.J, BB: GFI SJ)



Gold Fields Ltd (GFIJ.J)

Limited Production Growth – Sell, TP R110

- **Don't bargain on growth** — Despite significant capex and its 5m ounce production (or under development) target by 2015, we believe GFI offers limited growth. This is as the growth from its South Deep project in SA will likely be offset by declining production profiles from its other three SA operations, while its existing international operations offer limited growth. We also highlight that GFI's rising production ambitions from its international greenfield projects should be treated with caution, since these are at a very early stage. These kinds of projects are not usually included in the outlooks for most comparable companies. We have a Sell rating, TP R110 on GFI.
- **Current key opportunities/challenges for GFI** — We remain cautious about its medium- and longer-term growth ambitions and believe that the stock's current market value reflects too much upside potential in this respect.
- **FY12 operational expectations** — We expect FY12 production of 3.68m ounces (FY11: 3.49m ounces) at unit cash costs of USD806/ounce (FY11: USD795/ounce). We expect FY12 HEPS of 1,380c, a 36% y-o-y increase.
- **Key catalysts for our Sell rating on GFI** — Despite a rising capex budget, we expect production to remain flat as decreasing production profiles from Kloof, Driefontein and Beatrix can offset any growth in production from South Deep. Rising cost inflation in SA will continue to put pressure on GFI's cost line, in our view.
- **Valuation and risks: Sell, TP R110** — We value GFI on a sum-of-the-parts DCF basis, applying a USD nominal WACC of 9%. We derive our R110 TP by applying a 1.6x P/DCF exit multiple, similar to the benchmark multiple we apply to the SA gold sector. Upside risks include a stronger-than-expected gold price, weaker-than-expected operating currencies and a better-than-expected operational performance.

Gold Fields Ltd (USD)

Year to 31 Dec	2010A	2011A	2012E	2013E	2014E
Sales (\$M)	4,686.7	5,822.6	6,301.9	7,222.1	6,260.3
Net Income (\$M)	552.5	1,005.2	1,194.9	1,554.1	835.2
Diluted EPS (\$)	0.78	1.39	1.65	2.15	1.15
Diluted EPS (Old) (\$)	0.78	1.39	1.65	2.15	1.15
PE (x)	20.5	11.5	9.7	7.5	13.9
EV/EBITDA (x)	6.9	4.6	4.4	3.3	4.7
DPS (\$)	0.26	0.45	0.49	0.63	0.34
Net Div Yield (%)	1.6	2.8	3.0	3.9	2.1

GFIJ.J: Fiscal year end 31-Dec						Price: R119.76; TP: R110.00; Market Cap: R86,772m; Recomm: Sell					
Profit & Loss (US\$m)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	4,687	5,823	6,302	7,222	6,260	PE (x)	20.5	11.5	9.7	7.5	13.9
Cost of sales	-3,427	-3,667	-4,019	-4,346	-4,591	PB (x)	1.6	2.0	1.7	1.4	1.4
Gross profit	1,260	2,156	2,282	2,876	1,669	EV/EBITDA (x)	6.9	4.6	4.4	3.3	4.7
Gross Margin (%)	26.9	37.0	36.2	39.8	26.7	FCF yield (%)	4.5	6.6	9.3	15.7	9.4
EBITDA	1,790	2,743	2,862	3,501	2,307	Dividend yield (%)	1.6	2.8	3.0	3.9	2.1
EBITDA Margin (%)	38.2	47.1	45.4	48.5	36.9	Payout ratio (%)	33	33	29	29	29
Depreciation	-723	-783	-850	-897	-891	ROE (%)	8.4	15.4	18.6	20.5	10.1
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2010	2011	2012E	2013E	2014E
EBIT	1,068	1,959	2,012	2,605	1,416	EBITDA	1,790	2,743	2,862	3,501	2,307
EBIT Margin (%)	22.8	33.6	31.9	36.1	22.6	Working capital	282	28	248	80	0
Net interest	-29	-28	-28	-28	-28	Other	-380	-590	-617	-810	-423
Associates	0	0	0	0	0	Operating cashflow	1,693	2,180	2,493	2,771	1,884
Non-op/Except	-108	-236	-142	-182	-99	Capex	-1,181	-1,413	-1,413	-948	-796
Pre-tax profit	930	1,695	1,842	2,394	1,289	Net acq/disposals	-18	-1,127	0	0	0
Tax	-310	-600	-645	-838	-451	Other	0	0	0	0	0
Extraord./Min.Int./Pref.div.	-108	-108	-2	-2	-2	Investing cashflow	-1,198	-2,541	-1,413	-948	-796
Reported net profit	512	987	1,195	1,554	835	Dividends paid	-133	-216	-379	-457	-246
Net Margin (%)	10.9	16.9	19.0	21.5	13.3	Financing cashflow	65	310	-379	-457	-246
Core NPAT	553	1,005	1,195	1,554	835	Net change in cash	560	-51	701	1,366	843
Per share data	2010	2011	2012E	2013E	2014E	FCF ex acquisns & explorn	495	-361	1,080	1,823	1,088
Reported EPS (\$)	0.72	1.37	1.65	2.15	1.15						
Core EPS (\$)	0.78	1.39	1.65	2.15	1.15						
DPS (\$)	0.26	0.45	0.49	0.63	0.34						
CFPS (\$)	2.39	3.02	3.45	3.83	2.60						
FCFPS (\$)	0.72	1.06	1.49	2.52	1.50						
BVPS (\$)	9.74	8.18	9.57	11.42	11.46						
Wtd avg ord shares (m)	708	723	724	724	724						
Wtd avg diluted shares (m)	708	723	724	724	724						
Growth rates	2010	2011	2012E	2013E	2014E						
Sales revenue (%)	45.1	24.2	8.2	14.6	-13.3						
EBIT (%)	56.8	83.5	2.7	29.5	-45.7						
Core NPAT (%)	72.3	81.9	18.9	30.1	-46.3						
Core EPS (%)	61.0	78.3	18.7	30.1	-46.3						
Balance Sheet (US\$m)	2010	2011	2012E	2013E	2014E						
Cash & cash equiv.	810	744	1,445	2,811	2,936						
Accounts receivables	211	240	259	300	300						
Inventory	387	450	475	552	552						
Net fixed & other tangibles	8,058	7,986	8,549	8,601	8,505						
Goodwill & intangibles	661	549	549	549	549						
Financial & other assets	402	398	398	398	398						
Total assets	10,528	10,366	11,675	13,210	13,239						
Accounts payable	817	937	1,229	1,426	1,426						
Short-term debt	262	547	547	547	547						
Long-term debt	1,137	1,361	1,361	1,361	1,361						
Provisions & other liab	1,405	1,611	1,611	1,611	1,611						
Total liabilities	3,621	4,455	4,747	4,945	4,945						
Shareholders' equity	6,907	5,911	6,927	8,265	8,294						
Minority interests	0	0	0	0	0						
Total equity	6,907	5,911	6,927	8,265	8,294						
Net debt	589	1,164	463	-903	-1,028						
Net debt to equity (%)	8.5	19.7	6.7	-10.9	-12.4						

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Company Focus

■ Company Update

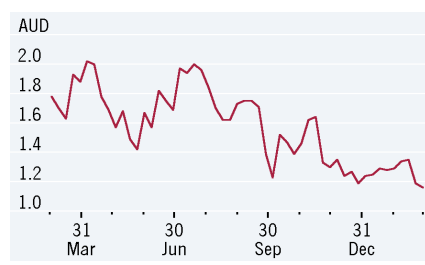
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Buy/High Risk	1H
Price (29 Feb 12)	A\$1.16
Target price	A\$1.75
Expected share price return	50.9%
Expected dividend yield	0.0%
Expected total return	50.9%
Market Cap	A\$404M
	US\$435M

Price Performance

(RIC: GRY.AX, BB: GRY AU)



Gryphon Minerals (GRY.AX)

Early stages

- **Banfora: potentially good** — At present GRY has c2moz of gold at 2.2g/t in its inferred resource account. The conceptual plans are for a 200kozpa gold project. We estimate project capex at over US\$150m, cash costs of US\$500/oz, a minimum 10-year life and a start date of early 2014. With those parameters and a long-term gold price of US\$950/oz, we derive an NPV on the project of A\$370m. The parameters are conceptual only because neither a scoping nor a pre-feasibility study has been completed, primarily as there is not yet enough gold found to warrant a project. Our view is that over 5moz of resource would need to be identified to warrant a feasibility study. With a +600,000m drilling campaign slated for 2011/12, there is the potential for the gold to be found.
- **Capital raising** — Gryphon has undergone a capital raising with funds to be used to advance its Banfora Gold Project. A\$58.5m has been raised through an on market share placement of 45m shares. A total of A\$68.5m will be raised with an additional A\$10m targeted with a share purchase plan
- **Exploration funded, capital call for growth** — The company plans to spend \$30m on its drilling campaign over the course of the year. Cash at hand is c\$60m, so it is funded through the rest of the exploration and potentially a feasibility study. However, the company will need to raise capital to develop the project. Whilst project financing could be a possibility, it would require hedging to be installed, which is not typical for a gold company. Straight debt financing would be expensive given the sovereign risk in West Africa. Thus we believe that the money for its c\$150m project development will come from an equity raising, most likely a rights issue.
- **Buy/High Risk \$1.75 target** — We believe GRY shows some of the best upside to value amongst the Australian gold names. We see potential for a solid project at Banfora as well as potential regional exploration upside. Thus we keep our BUY and view GRY as one of the picks of the Australian gold space.

GRY.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	0.2	4.8	0.0	0.0	157.0
% revision	0.0%	0.0%	na	na	0.0%
EBIT (A\$m)	-3.9	-11.5	-38.0	-25.2	68.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	-3.2	-8.9	-33.8	-26.3	40.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	-1.6	-3.2	-10.0	-7.5	11.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	16.7	-97.8	-210.9	25.0	254.2
PE Ratio (x)	-71.6	-36.2	-11.6	-15.5	10.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

GRY.AX: Fiscal year end 30-Jun						Price:\$1.16; TP:\$1.75; # Shares: 348m; Market Cap: A\$404m; Recomm: Buy/High Risk						
Profit & Loss (A\$m)						Comdty & FX Forecasts		2011	2012E	2013E	2014E	2015E
Sales revenue	4.8	0	0	157.0	280.9	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2	
Cost of sales	-0.2	0	0	-76.5	-173.9	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91	
EBITDA	-11.3	-38.0	-25.2	89.3	145.3	Long Term Forecasts						
Depreciation/Amortization	-0.2	0	0	-21.2	-50.9	Gold Price (US\$/oz)					1,050.0	
EBIT	-11.5	-38.0	-25.2	68.0	94.4	AUDUSD average					0.80	
Net interest	2.5	4.3	-1.1	-17.4	-12.5							
Earnings before tax	-8.9	-33.8	-26.3	50.7	81.9	Production Volumes	2011	2012E	2013E	2014E	2015E	
Tax Recurring	0	0	0	-10.1	-16.4	Banfora Project (koz)	0.0	0.0	0.0	80.2	188.4	
Exceptional/Other	-1.6	0	0	0	0	Production Costs	2011	2012E	2013E	2014E	2015E	
Reported net profit	-10.6	-33.8	-26.3	40.6	65.5	Gold C1 (US\$/oz)	0.0	0.0	0.0	637.2	591.1	
Core NPAT	-8.9	-33.8	-26.3	40.6	65.5							
Balance Sheet (A\$m)						Earnings Sensitivity		2011	2012E	2013E	2014E	2015E
Cash & cash equiv.	50.4	85.2	60.4	120.0	234.3	EPS%Δ/10% AUDUSD (%)	0.0	0.0	0.0	-18.3	-18.3	
Net fixed & other tangibles	74.5	74.5	254.5	235.4	212.3	EPS%Δ/10% Gold (%)	0.0	0.0	0.0	30.2	34.5	
Total assets	133.0	167.8	323.0	363.5	454.6							
Short-term debt	0	0	0	0	0							
Long-term debt	0	0	200.0	200.0	200.0							
Total liabilities	4.3	4.3	204.3	204.3	204.3							
Shareholders' equity	128.8	163.5	118.7	159.3	250.4							
Total equity	128.8	163.5	118.7	159.3	250.4							
Net debt	-50.4	-85.2	139.6	80.0	-34.3							
Cashflow (A\$m)												
Operating cashflow	-3.9	-33.8	-26.3	61.8	116.4							
Capex	-19.1	0	-180.0	-2.1	-2.2							
Net acq/disposals	2.4	0	0	0	0							
Exploration exp/Other	0	0	0	0	0							
FCF ex acqns & explor exp	-20.6	-33.8	-206.3	59.7	114.2							
Net change in cash	31.1	34.7	-24.8	59.7	114.2							
Per share data												
Reported EPS (¢)	-3.8	-10.0	-7.5	11.5	18.6	Reserves & Resources	Reserves	Resource				
Core EPS (¢)	-3.2	-10.0	-7.5	11.5	18.6			Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Banfora Gold Project (koz)	0.0	0.00	2,000.0	2.13		
CFPS (¢)	-1.4	-10.0	-7.5	17.6	33.1							
BVPS (¢)	42.9	46.5	33.7	45.3	71.1							
Wtd avg ord shares (m)	279	339	352	352	352							
Wtd avg diluted shares (m)	279	339	352	352	352							
Valuation ratios												
PE (x)	-36.2	-11.6	-15.5	10.1	6.2	Valuation						
EV/EBIT (x)	-31.8	-8.7	-16.8	7.5	4.5	WACC (%)					11.8	
EV/EBITDA (x)	-32.2	-8.7	-16.8	5.7	2.9	NPV Valuation				US\$M	A\$/sh.	
FCF yield (%)	-7.1	-8.6	-50.5	14.6	28.0	Banfora Gold Project				339.2	1.22	
Dividend yield (%)	0	0	0	0	0	Mauritiana				79.1	0.28	
Payout ratio (%)	0	0	0	0	0	Exploration				39.6	0.14	
Operating performance	2011	2012E	2013E	2014E	2015E	Corporate				-39.0	-0.14	
EBITDA margin (%)	nm	na	na	56.9	51.7	Net (debt)/cash				48.6	0.17	
Operating ROE (%)	-10.1	-23.1	-18.6	29.2	32.0	Total				467.4	1.74	
Operating ROIC (%)	-23.4	-53.1	-15.6	23.9	35.3							
Net debt to equity (%)	-39.2	-52.1	117.6	50.2	-13.7							
Debt to total capital (%)	0.0	0.0	62.8	55.7	44.4							

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Company Focus

■ Company Update

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Sell	3
Price (29 Feb 12)	R99.00
Target price	R85.00
Expected share price return	-14.1%
Expected dividend yield	0.0%
Expected total return	-14.1%
Market Cap	R42,710M US\$5,707M

Price Performance (RIC: HARJ.J, BB: HAR SJ)



Harmony Gold Mining Co. Ltd (HARJ.J)

Fundamentally Overvalued – Sell, TP R85

- **Don't lose sight of SA problems** — HAR's high-cost assets and geographic concentration in SA make it poorly positioned for economic value creation and self-sustainability, in our view. Even though Wafi/Golpu (W/G) might be a lifeline for the company, we caution that the likely cumulative EVA destruction from its SA assets between now and when W/G comes online might outweigh the W/G upside (please see our note: "[Wafi/Golpu: Right Project, Wrong Company](#)"). We also caution significant execution risk to its growth ambitions in SA. As a result, we view the company as fundamentally overvalued. Sell, TP R85.
- **Current key opportunities/challenges for HAR** — The most prevailing issue for HAR is the exploration progress at its Wafi/Golpu project in Papua New Guinea (PNG). Even though it is another four to five years away, this project has become the key topic of discussion for HAR, and sometimes overshadows the significant operational challenges at its existing assets in SA. Its SA assets continue to fall victim to declining volumes and grades, rising labour and electricity costs, and continuous under-delivery relative to stated targets.
- **FY12 operational expectations** — We expect FY12 production of 1.37m ounces (FY11: 1.3m ounces) at unit cash costs of USD1,035/ounce (FY11: USD1,009/ounce). We expect FY12 HEPS of 627c, compared to 224c in FY11.
- **Key catalysts for our Sell rating on HAR** — Despite the prospects in PNG, we believe that continuous operational disappointments at HAR's SA operations will likely result in the company returning to its historical post-project capex FCF-negative delivery. We therefore view balance sheet recapitalization as likely over the medium term, even excluding the significant capital that would be required to build Wafi/Golpu.
- **Valuation and risks** — We value HAR on a sum-of-the-parts DCF basis, applying a USD nominal WACC of 9%. We derive our R85 TP by applying a 1.6x P/DCF exit multiple, similar to the benchmark multiple we apply to the SA gold sector. Upside risks include a stronger-than-expected gold price, weaker-than-expected operating currencies, and a better-than-expected operational performance

Harmony Gold Mining Co. Ltd (USD)

Year to 30 Jun	2010A	2011A	2012E	2013E	2014E
Sales (\$M)	1,517.9	1,819.1	2,296.2	2,558.9	3,061.5
Net Income (\$M)	0.4	137.4	338.3	312.9	496.3
Diluted EPS (\$)	0.00	0.32	0.79	0.73	1.15
Diluted EPS (Old) (\$)	0.00	0.32	0.79	0.73	1.15
PE (x)	13,081.0	41.3	16.8	18.2	11.5
EV/EBITDA (x)	21.8	18.1	7.5	6.7	4.4
DPS (\$)	0.00	0.00	0.09	0.10	0.23
Net Div Yield (%)	0.0	0.0	0.7	0.7	1.7

HARJ.J: Fiscal year end 30-Jun						Price: R99.00; TP: R85.00; Market Cap: R42,710m; Recomm: Sell					
Profit & Loss (US\$m)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	1,518	1,819	2,296	2,559	3,062	PE (x)	nm	41.3	16.8	18.2	11.5
Cost of sales	-1,113	-1,373	-1,404	-1,557	-1,738	PB (x)	1.5	1.3	1.3	1.2	1.1
Gross profit	405	446	892	1,001	1,324	EV/EBITDA (x)	21.8	18.1	7.5	6.7	4.4
Gross Margin (%)	26.7	24.5	38.9	39.1	43.2	FCF yield (%)	-3.8	-1.8	4.8	7.2	11.0
EBITDA	255	319	768	810	1,121	Dividend yield (%)	0	0	0.7	0.7	1.7
EBITDA Margin (%)	16.8	17.5	33.4	31.7	36.6	Payout ratio (%)	0	0	12	13	20
Depreciation	-182	-254	-273	-292	-322	ROE (%)	-0.2	1.6	8.0	7.1	10.2
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2010	2011	2012E	2013E	2014E
EBIT	73	65	495	518	799	EBITDA	255	319	768	810	1,121
EBIT Margin (%)	4.8	3.6	21.6	20.2	26.1	Working capital	29	30	-57	-13	0
Net interest	-2	-32	-33	-36	-36	Other	-43	-5	-89	-92	-167
Associates	0	0	0	0	0	Operating cashflow	242	344	621	705	954
Non-op/Except	-35	-36	-8	-41	-64	Capex	-459	-445	-350	-293	-325
Pre-tax profit	37	-2	454	441	699	Net acq/disposals	0	0	0	0	0
Tax	-43	69	-105	-128	-203	Other	13	47	0	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow	-446	-398	-350	-293	-325
Reported net profit	-6	67	349	313	496	Dividends paid	-29	-29	-45	-41	-99
Net Margin (%)	-0.4	3.7	15.2	12.2	16.2	Financing cashflow	87	30	-94	-41	-99
Core NPAT	0	137	338	313	496	Net change in cash	-117	-24	177	371	529
Per share data	2010	2011	2012E	2013E	2014E	FCF ex acquisitions & explorn	-217	-101	271	412	629
Reported EPS (\$)	-0.01	0.16	0.81	0.73	1.15						
Core EPS (\$)	0.00	0.32	0.79	0.73	1.15						
DPS (\$)	0	0	0.09	0.10	0.23						
CFPS (\$)	0.57	0.80	1.44	1.64	2.22						
FCFPS (\$)	-0.51	-0.24	0.63	0.96	1.46						
BVPS (\$)	8.98	10.37	9.81	10.70	11.94						
Wtd avg ord shares (m)	426	428	430	431	431						
Wtd avg diluted shares (m)	427	429	430	431	431						
Growth rates	2010	2011	2012E	2013E	2014E						
Sales revenue (%)	20.5	19.8	26.2	11.4	19.6						
EBIT (%)	-45.2	-11.2	659.7	4.7	54.2						
Core NPAT (%)	-99.8	nm	146.2	-7.5	58.6						
Core EPS (%)	-99.8	nm	145.4	-7.5	58.6						
Balance Sheet (US\$m)	2010	2011	2012E	2013E	2014E						
Cash & cash equiv.	101	102	279	649	1,179						
Accounts receivables	131	179	222	251	251						
Inventory	129	124	184	208	208						
Net fixed & other tangibles	3,903	4,635	4,239	4,240	4,243						
Goodwill & intangibles	290	320	269	269	269						
Financial & other assets	340	350	328	328	328						
Total assets	4,894	5,710	5,521	5,945	6,478						
Accounts payable	185	258	304	344	344						
Short-term debt	27	49	40	40	40						
Long-term debt	129	181	122	122	122						
Provisions & other liab	724	772	831	831	831						
Total liabilities	1,065	1,260	1,297	1,337	1,337						
Shareholders' equity	3,829	4,450	4,223	4,608	5,141						
Minority interests	0	0	0	0	0						
Total equity	3,829	4,450	4,223	4,608	5,141						
Net debt	55	128	-117	-487	-1,017						
Net debt to equity (%)	1.4	2.9	-2.8	-10.6	-19.8						

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Company Focus

■ Company Update

Craig Sainsbury

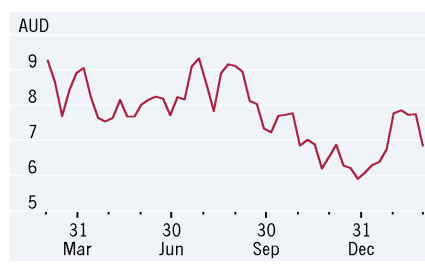
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Sell	3
Price (29 Feb 12)	A\$6.86
Target price	A\$7.00
Expected share price return	2.0%
Expected dividend yield	2.2%
Expected total return	4.2%
Market Cap	A\$1,035M
	US\$1,116M

Price Performance

(RIC: KCN.AX, BB: KCN AU)



Kingsgate Consolidated Limited (KCN.AX)

Troubles to Continue

- **Nothing to see here** — KCN continues to promise a lot surrounding the plans for the expansion of its Chatree operations in Thailand. However, due to a raft of issues, production has yet to be ramped up. We see continued trouble ahead for the expansion timing (mainly on permits) and as such take a cautious approach to KCN.
- **Production forecasts revised down** — Wet weather in Thailand and lack of water in South Australia will impact production in FY12E. KCN will not give new guidance to update its previous range of 240-260koz. Given wet weather in Thailand and delay in the permit approvals for the mill expansion we recently reduced our Chatree production expectations to 93koz (was 125koz) and group production for FY12 to 190koz.
- **Exploration early stage** — KCN makes much of the exploration at Nueva in Chile and Bowdens in Australia. Whilst both look promising, neither has a feasibility study at present. We believe that capex for each of these projects will exceed \$250m. Thus funding of projects, if they firm up, will be a big capital commitment. Given the early stage of both projects we don't believe that the market should be placing much value on the assets. Our early-stage modeling indicates c\$100m for Nueva and \$65m for Bowdens.
- **Better opportunities elsewhere** — Until clarity on production guidance for KCN is given (and more importantly the new mill at Chatree acquires all required permits), we see few positive catalysts in the name except gold price moves.

KCN.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	175.5	173.4	351.7	489.0	605.7
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	86.4	40.0	91.7	136.3	208.1
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	75.6	41.7	69.4	108.1	159.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	77.1	36.7	49.8	74.5	109.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	121.0	-52.4	35.9	49.5	47.1
PE Ratio (x)	8.9	18.7	13.8	9.2	6.3
Dividend Yield (%)	5.1	2.2	2.4	2.7	4.0

Source: Company Reports and dataCentral, CIRA.

KCN.AX: Fiscal year end 30-Jun						Price:\$6.86; TP:\$7.00; # Shares: 151m; Market Cap: A\$1035m; Recomm: Sell					
Profit & Loss (A\$m)	2011	2012E	2013E	2014E	2015E	Comdty & FX Forecasts	2011	2012E	2013E	2014E	2015E
Sales revenue	173.4	351.7	489.0	605.7	529.9	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2
Cost of sales	-127.3	-226.8	-306.4	-351.9	-384.6	Silver price (US\$/oz)	29.0	32.9	28.6	25.6	22.6
EBITDA	67.8	142.6	190.7	274.8	192.1	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91
Depreciation/Amortization	-27.8	-50.9	-54.4	-66.7	-93.1	Long Term Forecasts					
EBIT	40.0	91.7	136.3	208.1	99.0	Gold Price (US\$/oz)					1,050.0
Net interest	-1.7	-7.6	0.6	-7.6	1.9	Silver Price (US\$/oz)					15.0
Earnings before tax	38.4	84.1	136.9	200.5	100.8	AUDUSD average					0.80
Tax Recurring	3.1	-14.2	-27.4	-40.1	-20.2						
Exceptional/Other	0.3	-0.5	-1.4	-1.4	-1.4	Production Volumes	2011	2012E	2013E	2014E	2015E
Reported net profit	41.7	69.4	108.1	159.0	79.3	Chatree (koz)	76.2	108.2	156.3	173.6	173.6
Core NPAT	41.7	69.4	108.1	159.0	79.3	Challenger (koz)	36.9	93.2	94.8	94.8	94.8
Balance Sheet (A\$m)	2011	2012E	2013E	2014E	2015E	Production Costs	2011	2012E	2013E	2014E	2015E
Cash & cash equiv.	35.9	107.1	0.5	108.0	228.8	Gold C1 (US\$/oz)	503.6	659.9	745.1	732.7	696.9
Net fixed & other tangibles	686.7	831.8	1025.7	1040.0	968.5						
Total assets	795.1	1044.6	1131.9	1253.8	1303.1	Earnings Sensitivity	2011	2012E	2013E	2014E	2015E
Short-term debt	23.9	36.7	36.7	36.7	36.7	EPS%Δ/10% AUDUSD (%)	0.0	8.4	14.8	13.3	14.5
Long-term debt	76.0	136.3	136.3	136.3	136.3	EPS%Δ/10% Gold (%)	0.0	48.2	70.2	61.0	88.7
Total liabilities	188.1	271.8	271.8	271.8	271.8						
Shareholders' equity	599.8	772.1	859.4	981.3	1030.6						
Total equity	606.9	772.8	860.1	982.0	1031.3						
Net debt	64.0	65.8	172.4	64.9	-55.9						
Cashflow (A\$m)	2011	2012E	2013E	2014E	2015E						
Operating cashflow	84.6	83.7	162.5	225.7	172.4						
Capex	-124.6	-102.3	-248.3	-81.1	-21.6						
Net acq/disposals	16.6	-50.5	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	-23.5	-69.1	-85.8	144.6	150.8						
Net change in cash	37.4	71.2	-106.6	107.5	120.8						
Per share data	2011	2012E	2013E	2014E	2015E	Reserves & Resources	Reserves		Resource		
Reported EPS (¢)	36.7	49.8	74.5	109.5	54.6		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
Core EPS (¢)	36.7	49.8	74.5	109.5	54.6	Chatree (koz)	1,820.0	0.94	1,090.0	6.71	
DPS (¢)	15.0	16.3	18.6	27.4	13.7	Challenger (koz)	0.0	0.00	0.0	0.00	
CFPS (¢)	74.3	60.1	112.0	155.5	118.8						
BVPS (¢)	529.5	554.4	592.0	676.0	709.9						
Wtd avg ord shares (m)	113	139	145	145	145						
Wtd avg diluted shares (m)	114	139	145	145	145						
Valuation ratios	2011	2012E	2013E	2014E	2015E	Valuation					
PE (x)	18.7	13.8	9.2	6.3	12.6	WACC (%)					10.5
EV/EBIT (x)	26.6	12.2	8.6	5.6	10.6						
EV/EBITDA (x)	15.7	7.8	6.1	4.2	5.5	NPV Valuation			US\$M	A\$/sh.	
FCF yield (%)	-5.1	-2.0	-8.6	14.5	15.1	Chatree			511.9	4.24	
Dividend yield (%)	2.2	2.4	2.7	4.0	2.0	Challenger			221.7	1.84	
Payout ratio (%)	41	33	25	25	25	Exploration			16.6	0.14	
Operating performance	2011	2012E	2013E	2014E	2015E	Corporate			-166.9	-1.38	
EBITDA margin (%)	39.1	40.5	39.0	45.4	36.2	Net (debt)/cash			-54.7	-0.45	
Operating ROE (%)	9.1	10.1	13.3	17.3	7.9	Total			528.6	5.41	
Operating ROIC (%)	8.5	9.7	11.1	15.5	7.4						
Net debt to equity (%)	10.6	8.5	20.0	6.6	-5.4						
Debt to total capital (%)	14.1	18.3	16.7	15.0	14.4						

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Company Focus

■ Company Update

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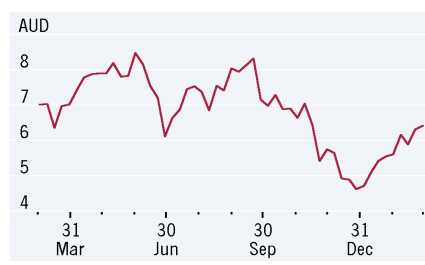
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Buy/High Risk	1H
Price (29 Feb 12)	A\$6.43
Target price	A\$8.00
Expected share price return	24.4%
Expected dividend yield	1.6%
Expected total return	26.0%
Market Cap	A\$1,215M
	US\$1,309M

Price Performance

(RIC: MML.AX, BB: MML AU)



Medusa Mining Ltd (MML.AX)

Attractive Australian Gold Play

- **Maintain our Buy/High Risk** — We see MML as one of the more attractive gold plays in the Australian space. Good production growth to c400kozpa will be a driver for the company, in our view. So too will its vast exploration potential, which to date has been under-explored.
- **Expansion at Co-O** — A new mill will be built at Co-O which will have capacity of 750ktpa and deliver 200kozpa of gold production from 2014 onwards.
- **Bananghilig** — Further regional exploration targets present themselves at Bananghilig which is c30km from Co-O. At Bananghilig there is c650koz of resources and the company is currently in the middle of an extended infill drill campaign. Concept plans are for 200kozpa of production from an open pit operation with cash cost of cUS\$500/oz.
- **Exploration potential** — Medusa has a very strong footprint of regional exploration assets, both gold as well as copper. The nearer-term options are Saugon and Anoling, both of which are epithermal-style deposits. Both projects have the potential to be processed through the old mill at Co-O, which will be on care and maintenance after the building of the new plant.

MML.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (US\$m)	93.9	148.8	112.8	204.1	319.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (US\$m)	65.2	109.7	73.7	146.7	226.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (US\$m)	65.8	110.4	72.4	142.5	165.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (US¢)	37.7	58.5	38.2	75.1	87.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	123.3	55.4	-34.7	96.6	15.8
PE Ratio (x)	18.4	11.8	18.1	9.2	8.0
Dividend Yield (%)	0.0	1.4	1.4	1.4	1.4

Source: Company Reports and dataCentral, CIRA.

MMLAX: Fiscal year end 30-Jun						Price:\$6.43; TP:\$8.00; # Shares: 189m; Market Cap: A\$1215m; Recomm: Buy/High Risk					
Profit & Loss (US\$m)	2011	2012E	2013E	2014E	2015E	Comdty & FX Forecasts	2011	2012E	2013E	2014E	2015E
Sales revenue	148.8	112.8	204.1	319.5	242.4	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2
Cost of sales	-29.7	-27.9	-47.3	-77.2	-79.7	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91
EBITDA	119.9	82.9	158.4	244.5	166.7	Long Term Forecasts					
Depreciation/Amortization	-10.2	-9.2	-11.7	-18.0	-19.4	Gold Price (US\$/oz)					1,050.0
EBIT	109.7	73.7	146.7	226.6	147.3	AUDUSD average					0.80
Net interest	0.8	1.4	3.2	9.2	16.2						
Earnings before tax	110.5	75.0	150.0	235.8	163.6	Production Volumes	2011	2012E	2013E	2014E	2015E
Tax Recurring	-0.1	-2.6	-7.5	-70.7	-49.1	Co-O (koz)	96.2	68.5	113.6	170.4	179.4
Exceptional/Other	-8.1	2.3	0.0	0.0	0	Bhanaghilig (koz)	0.0	0.0	0.0	0.0	0.0
Reported net profit	102.2	74.7	142.5	165.0	114.5	Production Costs	2011	2012E	2013E	2014E	2015E
Core NPAT	110.4	72.4	142.5	165.0	114.5	Gold C1 (US\$/oz)	137.7	225.2	250.8	282.0	289.0
Balance Sheet (US\$m)	2011	2012E	2013E	2014E	2015E						
Cash & cash equiv.	62.4	38.4	127.7	266.4	341.9	Earnings Sensitivity	2011	2012E	2013E	2014E	2015E
Net fixed & other tangibles	156.5	232.6	267.9	257.0	244.6	EPS%Δ/10% AUDUSD (%)	0.0	0.6	0.7	0.7	0.7
Total assets	284.7	341.7	466.3	594.0	657.2	EPS%Δ/10% Gold (%)	0.0	9.8	14.4	14.1	16.3
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
Total liabilities	8.8	12.2	12.2	12.2	12.2						
Shareholders' equity	275.9	329.5	454.1	581.9	645.0						
Total equity	275.9	329.5	454.1	581.9	645.0						
Net debt	-62.4	-38.4	-127.7	-266.4	-341.9						
Cashflow (US\$m)	2011	2012E	2013E	2014E	2015E						
Operating cashflow	80.2	85.8	155.2	164.6	101.4						
Capex	-52.3	-87.5	-47.0	-7.0	-7.0						
Net acq/disposals	0	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	28.0	-1.7	108.2	157.6	94.4						
Net change in cash	13.7	-19.5	89.3	138.7	75.5						
Per share data	2011	2012E	2013E	2014E	2015E						
Reported EPS (¢)	54.2	39.4	75.1	87.0	60.4	Reserves & Resources	Reserves		Resource		
Core EPS (¢)	58.5	38.2	75.1	87.0	60.4		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	10.0	10.0	10.0	10.0	10.0	Co-O (koz)	505.0	10.70	1,960.0	9.61	
CFPS (¢)	42.6	45.3	81.8	86.8	53.5	Banaghilig (koz)	0.0	0.00	650.0	1.30	
BVPS (¢)	146.8	174.6	240.4	308.0	341.4						
Wtd avg ord shares (m)	188	189	189	189	189						
Wtd avg diluted shares (m)	188	189	190	190	190						
Valuation ratios	2011	2012E	2013E	2014E	2015E	Valuation					
PE (x)	11.8	18.1	9.2	8.0	11.5	WACC (%)					12.5
EV/EBIT (x)	11.5	17.1	8.4	4.9	6.8						
EV/EBITDA (x)	10.5	15.2	7.7	4.5	6.0	NPV Valuation				US\$m	A\$/sh.
FCF yield (%)	2.1	-0.1	8.2	12.0	7.2	Co-O				712.7	4.72
Dividend yield (%)	1.4	1.4	1.4	1.4	1.4	Banaghilig				93.2	0.62
Payout ratio (%)	17	26	13	11	17	Exploration				133.3	0.88
Operating performance	2011	2012E	2013E	2014E	2015E	Corporate				-53.5	-0.35
EBITDA margin (%)	80.6	73.5	77.6	76.5	68.8	Net (debt)/cash				33.9	0.22
Operating ROE (%)	48.9	23.9	36.4	31.9	18.7	Total				919.6	6.09
Operating ROIC (%)	61.3	28.1	45.0	48.5	31.7						
Net debt to equity (%)	-22.6	-11.6	-28.1	-45.8	-53.0						
Debt to total capital (%)	0.0	0.0	0.0	0.0	0.0						

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Company Focus

■ Company Update

Craig Sainsbury

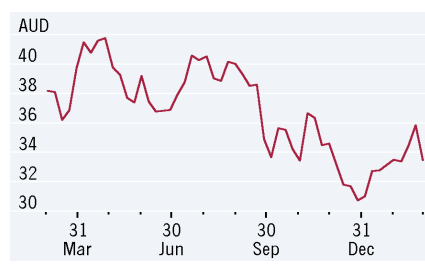
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Buy	1
Price (29 Feb 12)	A\$33.49
Target price	A\$38.00
Expected share price return	13.5%
Expected dividend yield	1.3%
Expected total return	14.7%
Market Cap	A\$25,619M US\$27,613M

Price Performance

(RIC: NCM.AX, BB: NCM AU)



Newcrest Mining Ltd (NCM.AX)

Better Value Elsewhere

- **Fair value** — Despite the recent underperformance of NCM versus its global gold peers, the stock still does not present compelling relative value, in our view. We have assessed a raft of metrics comparing NCM to its global big-cap gold mining peers and draw the following conclusions:
- **Growth** — NCM's volume growth is on par with global gold peers'. Volume growth of 29% over '11-'14E is in line with BHPB (BHP.AX; A\$35.75; 1) and RIO (RIO.AX; A\$67.70; 1) in the domestic space.
- **EV/reserves** — NCM looks to us to be trading at fair value vs peers on EV/reserves. But value emerges on EV/(Reserve+cash cost), highlighting the long life, high grade and low cash cost of NCM's reserve and resource portfolio.
- **Multiples** — NCM is trading on a consensus 2012E PE of 14x and EV/EBITDA of 8.7, placing it at a c.15% premium to the peer group.
- **NPV** — NCM trades on 1.4x NPV, on our estimates. NCM's attractions on an NPV basis reflect long-term project opportunities in its portfolio (e.g. Wafi-Golpu).
- **Proof in the delivery: NCM's advantage** — Whilst many gold companies highlight strong growth opportunities, the proof will be in the delivery. And that may be where NCM has an advantage, given the quality of its operational management. The build of Telfer and Cadia show that NCM has a strong project delivery background, which may be lacking at some of its peers.
- **Wafi-Golpu the ace in the hole** — The biggest 'ace in the hole' for NCM is the potential of Wafi. The project is one of the top 30 undeveloped resource bases in the world (irrelevant of commodity) and one of the top gold projects around the globe. With Wafi earmarked for production in 2017 at the earliest, the project doesn't hit any of the metrics we analysed. Thus we have done an extensive porphyry benchmarking analysis and believe that Wafi could have an NPV of \$9.1bn on a 100% basis.
- **Maintain BUY** — We maintain our BUY on NCM but see better opportunities amongst global big-cap gold names. In Australia we continue to prefer the junior gold names which we think display better value and growth.

NCM.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	2,802.5	4,103.0	4,764.2	6,264.7	7,609.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	1,111.4	1,544.0	1,780.0	2,986.2	4,195.4
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	836.3	1,116.0	1,172.7	1,971.7	2,845.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	172.5	155.1	153.0	257.1	371.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	40.2	-10.1	-1.4	68.0	44.3
PE Ratio (x)	19.4	21.6	21.9	13.0	9.0
Dividend Yield (%)	0.6	1.5	1.3	1.8	1.8

Source: Company Reports and dataCentral, CIRA.

NCM.AX: Fiscal year end 30-Jun						Price:\$33.49; TP:\$38.00; # Shares: 765m; Market Cap: A\$25619m; Recomm: Buy					
Profit & Loss (A\$m)						Comdty & FX Forecasts					
	2011	2012E	2013E	2014E	2015E		2011	2012E	2013E	2014E	2015E
Sales revenue	4,103	4,764	6,265	7,609	6,076	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2
Cost of sales	-2,415	-2,794	-3,116	-3,287	-3,445	Copper price (US\$/lb)	393.6	354.1	381.8	383.2	363.4
EBITDA	2,059	2,353	3,665	4,891	3,244	Silver price (US\$/oz)	29.0	32.9	28.6	25.6	22.6
Depreciation/Amortization	-515	-573	-679	-696	-742	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91
EBIT	1,544	1,780	2,986	4,195	2,502	Long Term Forecasts					
Net interest	-36	-57	-85	-31	25	Gold Price (US\$/oz)					1,050.0
Earnings before tax	1,508	1,723	2,901	4,164	2,526	Copper Price (US\$/mt)					6,200.0
Tax Recurring	-334	-498	-870	-1,249	-758	Silver Price (US\$/oz)					15.0
Exceptional/Other	-266	2	-59	-70	-40	AUDUSD average					0.80
Reported net profit	908	1,228	1,972	2,845	1,729	Production Volumes					
Core NPAT	1,116	1,173	1,972	2,845	1,729		2011	2012E	2013E	2014E	2015E
Balance Sheet (A\$m)	2011	2012E	2013E	2014E	2015E	Total Gold (koz)	2,701.9	2,371.7	2,846.8	3,144.2	3,236.0
Cash & cash equiv.	185	350	1,006	3,331	4,100	Total Copper (koz)	75.6	78.7	102.6	107.1	115.0
Net fixed & other tangibles	12,049	14,217	14,763	14,768	15,595	Total Silver (koz)	1,798.6	1,875.6	1,630.0	1,630.0	1,630.0
Total assets	17,282	19,716	21,377	23,694	25,036	Production Costs					
Short-term debt	116	122	122	122	122		2011	2012E	2013E	2014E	2015E
Long-term debt	684	1,979	1,979	1,979	2,529	Gold C1 (US\$/oz)	509.7	644.3	529.1	456.5	452.9
Total liabilities	3,407	4,755	4,636	4,638	5,245	Earnings Sensitivity					
Shareholders' equity	13,776	14,853	16,633	18,948	19,684	EPS%Δ/10% AUDUSD (%)	0.0	-11.4	-19.1	-16.5	-22.5
Total equity	13,875	14,961	16,741	19,056	19,792	EPS%Δ/10% Gold (%)	0.0	11.0	18.2	16.0	21.0
Net debt	615	1,751	1,095	-1,230	-1,449	EPS%Δ/10% Copper (%)	0.0	1.5	3.0	2.4	4.3
						EPS%Δ/10% Silver (%)	0.0	0.2	0.3	0.2	0.3
Cashflow (A\$m)	2011	2012E	2013E	2014E	2015E						
Operating cashflow	1,729	1,892	2,678	3,487	2,415						
Capex	-2,016	-2,367	-1,448	-728	-1,395						
Net acq/disposals	-278	2	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	-565	-473	1,230	2,759	1,020						
Net change in cash	-458	579	2,335	3,788	1,972						
Per share data	2011	2012E	2013E	2014E	2015E						
Reported EPS (¢)	126.2	160.2	257.1	371.0	225.4	Reserves & Resources		Reserves		Resource	
Core EPS (¢)	155.1	153.0	257.1	371.0	225.4		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	50.0	42.0	60.0	60.0	80.0	Total Gold (moz)	79.4	0.76	149.4	0.61	
CFPS (¢)	240.3	246.9	349.3	454.7	314.9	Total Copper (mt)	8.5	0.26	20.1	0.26	
BVPS (¢)	1918.4	1941.8	2173.3	2475.8	2571.9	Total Silver (moz)	59.9	0.58	91.7	0.37	
Wtd avg ord shares (m)	718	765	765	765	765						
Wtd avg diluted shares (m)	719	766	767	767	767						
Valuation ratios	2011	2012E	2013E	2014E	2015E	Valuation					
PE (x)	21.6	21.9	13.0	9.0	14.9	WACC (%)					9.0
EV/EBIT (x)	16.9	15.2	9.2	6.2	9.8	NPV Valuation		US\$M		A\$/sh.	
EV/EBITDA (x)	12.7	11.5	7.5	5.3	7.6	Cadia Valley		4,542.2		7.42	
FCF yield (%)	-1.2	-1.9	4.8	10.7	4.0	Telfer		883.9		1.44	
Dividend yield (%)	1.5	1.3	1.8	1.8	2.4	Gosowong		851.3		1.39	
Payout ratio (%)	32	27	23	16	35	Hidden Valley		521.4		0.85	
Operating performance	2011	2012E	2013E	2014E	2015E	Wafi-Golpu		1,566.4		2.56	
EBITDA margin (%)	50.2	49.4	58.5	64.3	53.4	Lihir		5,160.6		8.43	
Operating ROE (%)	11.9	8.2	12.5	16.0	8.9	Bonikro		236.7		0.39	
Operating ROIC (%)	11.1	7.3	11.0	14.9	8.7	Other		148.7		0.24	
Net debt to equity (%)	4.4	11.7	6.5	-6.5	-7.3	Total		13,911.1		23.23	
Debt to total capital (%)	5.5	12.3	11.2	9.9	11.8						

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Company Focus

■ Company Update

Alexander Hacking, CFA

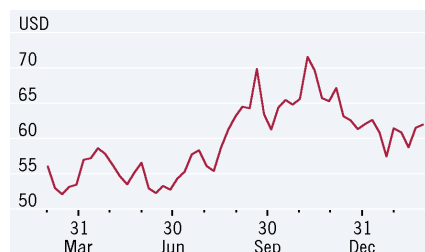
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Buy	1
Price (29 Feb 12)	US\$62.04
Target price	US\$80.00
Expected share price return	28.9%
Expected dividend yield	0.6%
Expected total return	29.6%
Market Cap	US\$30,409M

Price Performance

(RIC: NEM.N, BB: NEM US)



Newmont Mining (NEM)

Solid Producer Focused on Shareholders

- **NEM Investment strategy** — We rate Newmont Buy. Newmont is a solid producer, trading at the lowest P/DCF multiples in the N. American gold sector. Management has expressed a strong focus on shareholder value, with capital discipline more important than production growth targets. Challenges include a less impressive near-term pipeline than some peers and operating issues including Yanacocha depletion and recent Boddington ramp-up.
- **Current key opportunities/challenges for NEM** — Newmont is currently struggling to progress the Minas Conga project in Peru, faced with some local opposition. The company is otherwise focused on its next generation projects, exploration and expanding life of mine at existing operations
- **FY12 operational expectations** — Newmont is guiding to flat production (5.1moz) and costs 10% higher (\$660/oz).
- **Key catalysts for NEM** — Progressing Minas Conga; moving other projects through the pipeline. Exploration updates. M&A risk.
- **Valuation** — Newmont trades at 1.4x NAV, on our estimates, using CIRA's \$1,050/oz LT gold price target.

EPS	Q1	Q2	Q3	Q4	FY	FC Cons
2010A	1.11A	0.78A	1.09A	1.65A	4.63A	3.85A
2011E	1.04A	0.78A	1.44E	1.42E	4.69E	4.39E
Previous	1.04A	0.78A	1.44E	1.42E	4.69E	na
2012E	1.42E	1.30E	1.17E	1.04E	4.92E	5.39E
Previous	1.42E	1.30E	1.17E	1.04E	4.92E	na
2013E	0.99E	0.90E	0.76E	0.61E	3.27E	5.99E
Previous	0.99E	0.90E	0.76E	0.61E	3.27E	na

Source: Company Reports and dataCentral, CIR. FC Cons: First Call Consensus.

NEM.N: Fiscal year end 31-Dec						Price: US\$62.04; TP: US\$80.00; Market Cap: US\$30,409m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	7,721	9,540	10,871	11,470	10,407	PE (x)	23.6	13.4	13.2	12.6	19.0
Cost of sales	-3,870	-4,458	-5,040	-5,526	-5,681	PB (x)	2.8	2.3	2.0	2.0	2.0
Gross profit	3,851	5,082	5,832	5,945	4,726	EV/EBITDA (x)	9.1	6.5	5.9	6.0	7.7
Gross Margin (%)	49.9	53.3	53.6	51.8	45.4	FCF yield (%)	3.8	7.3	5.7	3.4	0.9
EBITDA	3,752	5,083	5,711	5,966	4,846	Dividend yield (%)	0.6	0.8	1.9	2.1	1.6
EBITDA Margin (%)	48.6	53.3	52.5	52.0	46.6	Payout ratio (%)	15	11	26	26	31
Depreciation	-807	-945	-1,126	-1,319	-1,457	ROE (%)	14.4	18.9	16.3	16.0	10.6
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	2,945	4,138	4,585	4,647	3,389	EBITDA	3,752	5,083	5,711	5,966	4,846
EBIT Margin (%)	38.1	43.4	42.2	40.5	32.6	Working capital	-205	-747	-696	-400	-400
Net interest	-85	-208	-203	-142	-135	Other	-616	-698	-1,058	-1,325	-968
Associates	-12	-4	-4	-8	-8	Operating cashflow	2,931	3,638	3,957	4,241	3,478
Non-op/Except	53	38	139	120	120	Capex	-1,769	-1,402	-2,220	-3,200	-3,200
Pre-tax profit	2,901	3,964	4,517	4,617	3,366	Net acq/disposals	-999	-7	-2,245	0	0
Tax	-794	-820	-1,300	-1,295	-945	Other	-13	-10	-15	0	0
Extraord./Min.Int./Pref.div.	-814	-867	-903	-890	-809	Investing cashflow	-2,781	-1,419	-4,480	-3,200	-3,200
Reported net profit	1,293	2,277	2,314	2,431	1,612	Dividends paid	-199	-246	-518	-642	-494
Net Margin (%)	16.7	23.9	21.3	21.2	15.5	Financing cashflow	2,570	-915	-1,199	-1,532	-303
Core NPAT	1,293	2,277	2,314	2,431	1,612	Net change in cash	2,764	1,312	-1,664	-491	-25
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisns & explorn	163	2,229	-508	1,041	278
Reported EPS (\$)	2.63	4.63	4.69	4.92	3.27						
Core EPS (\$)	2.63	4.63	4.69	4.92	3.27						
DPS (\$)	0.40	0.50	1.20	1.30	1.00						
CFPS (\$)	5.97	7.40	8.02	8.59	7.05						
FCFPS (\$)	2.37	4.55	3.52	2.11	0.56						
BVPS (\$)	21.84	27.12	30.74	31.19	30.45						
Wtd avg ord shares (m)	490	492	492	492	492						
Wtd avg diluted shares (m)	491	492	494	494	494						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	14.1	23.6	14.0	5.5	-9.3						
EBIT (%)	55.7	40.5	10.8	1.4	-27.1						
Core NPAT (%)	-8.6	76.1	1.6	5.1	-33.7						
Core EPS (%)	-15.2	75.9	1.2	5.0	-33.7						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	3,215	4,056	2,143	1,651	1,626						
Accounts receivables	540	670	636	579	522						
Inventory	493	658	771	702	634						
Net fixed & other tangibles	15,291	16,842	21,935	23,616	25,159						
Goodwill & intangibles	0	0	0	0	0						
Financial & other assets	2,760	3,437	4,495	4,495	4,495						
Total assets	22,299	25,663	29,980	31,044	32,436						
Accounts payable	396	427	563	513	463						
Short-term debt	157	259	539	539	539						
Long-term debt	4,652	4,182	3,771	3,771	4,771						
Provisions & other liab	4,481	5,079	6,845	6,845	6,845						
Total liabilities	9,686	9,947	11,718	11,668	12,618						
Shareholders' equity	10,703	13,345	15,123	15,346	14,979						
Minority interests	1,910	2,371	3,139	4,029	4,839						
Total equity	12,613	15,716	18,262	19,376	19,818						
Net debt	1,594	385	2,167	2,659	3,684						
Net debt to equity (%)	12.6	2.4	11.9	13.7	18.6						

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Company Focus

■ Company Update

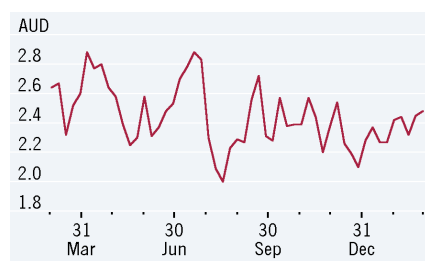
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Buy/High Risk	1H
Price (29 Feb 12)	A\$2.48
Target price	A\$3.60
Expected share price return	45.2%
Expected dividend yield	0.0%
Expected total return	45.2%
Market Cap	A\$652M
	US\$703M

Price Performance

(RIC: OGC.AX, BB: OGC AU)



OceanaGold (OGC.AX)

Didipio Is Key

■ **Company changer** — OGC's new project Didipio in the northern Luzon province of the Philippines remains on schedule to commence mining in 1Q12 with first ore in the mill 4Q12. The project will transform OGC from a ~250koz 2-mine NZ gold producer into a 3-asset ~350koz gold / 14kt copper producer with a platform for growth via project expansions/acquisition. On a recent site visit we noted that community relations have strengthened considerably, with the main risk to the construction schedule being adverse weather.

■ **NZ assets** — OGC's existing production of ~250kozpa from two operations in New Zealand represents a solid platform of experience and cash flow which underwrites the ongoing construction phase at Didipio. However, recently production has fallen short of expectations, driven primarily by productivity shortfalls due to shortages of skilled personnel. This represents a key point of focus for the company at present; however, with 2012 guidance of 230-250koz vs 2011 production of 252koz, it seems concerns remain.

■ **Outlook** — Production guidance for 2012 has been set at 230-250koz at cash costs of US\$900-980/oz, however with first contribution from Didipio in 2013 production guidance steps up to 300-350koz at less than US\$500/oz. This represents a significant step-change in OGC's production profile, and provides an attractive standpoint for future growth, in our view. We have a more conservative ramp-up profile in our numbers but we note Mick Wilkes' operational experience and the very experienced team assembled to deliver the project.

■ **Valuation looks attractive** — Depressed equity prices across the gold space continue to discount gold prices very different to those being realised in spot markets; however, we think M&A is likely to continue to be a theme as mid-cap producers look to achieve scale. OGC looks to be an attractive story of near-term production growth but investors will be seeking an improved performance from the NZ assets and de-risking of Didipio as the project continues towards first production. We see good valuation support in the name and reiterate our Buy/High Risk rating and target price of A\$3.60.

OGC.AU revisions (Y/E Dec)	2010A	2011A	2012E	2013E	2014E
Sales (US\$m)	305.6	395.6	414.9	550.0	538.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (US\$m)	71.9	78.5	92.9	162.9	125.3
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (US\$m)	34.3	44.5	43.1	90.1	72.7
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (US¢)	12.7	14.5	14.1	29.4	23.7
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	919.9	14.7	-3.2	109.0	-19.3
PE Ratio (x)	21.1	18.4	19.0	9.1	11.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

OGC.AX: Fiscal year end 31-Dec						Price:\$2.48; TP:\$3.60; # Shares: 263m; Market Cap: A\$652m; Recomm: Buy/High Risk					
Profit & Loss (US\$m)						Comdty & FX Forecasts					
	2011	2012E	2013E	2014E	2015E		2011	2012E	2013E	2014E	2015E
Sales revenue	395.6	414.9	550.0	538.9	481.3	Gold price (US\$/oz)	1,570.5	1,709.0	1,911.7	1,609.8	1,254.3
Cost of sales	-302.6	-311.9	-376.7	-396.6	-407.0	Copper price (US\$/lb)	400.5	354.9	386.8	371.9	362.9
EBITDA	164.3	161.9	259.3	217.1	147.5	AUDUSD (analyst) (x)	1.03	1.03	0.96	0.92	0.89
Depreciation/Amortization	-85.8	-69.0	-96.5	-91.8	-90.7	Long Term Forecasts					
EBIT	78.5	92.9	162.9	125.3	56.7	Gold Price (US\$/oz)					1,050.0
Net interest	-12.9	-11.6	-10.9	-2.8	5.9	Copper Price (US\$/mt)					6,200.0
Earnings before tax	65.6	81.3	152.0	122.5	62.7	AUDUSD average					0.80
Tax Recurring	-21.0	-24.4	-45.6	-36.7	-18.8	Production Volumes					
Exceptional/Other	-3.2	-13.8	-16.3	-13.0	-9.5	Macraes (koz)	2011	2012E	2013E	2014E	2015E
Reported net profit	41.3	43.1	90.1	72.7	34.4	Reefton (koz)	174.9	172.8	172.8	172.8	172.8
Core NPAT	44.5	43.1	90.1	72.7	34.4	Didipio (koz)	77.6	70.0	61.7	47.1	47.1
Balance Sheet (US\$m)	2011	2012E	2013E	2014E	2015E	Production Costs	2011	2012E	2013E	2014E	2015E
Cash & cash equiv.	170.0	139.6	319.3	495.1	624.3	Gold C1 (US\$/oz)	830.1	948.9	868.3	782.9	723.6
Net fixed & other tangibles	591.2	652.3	595.2	518.1	442.3	Earnings Sensitivity					
Total assets	817.6	848.3	971.0	1069.7	1123.1	EPS%Δ/10% AUDUSD (%)	2011	2012E	2013E	2014E	2015E
Short-term debt	72.7	72.7	72.7	72.7	72.7	EPS%Δ/10% Gold (%)	0.0	0.0	0.0	0.0	0.0
Long-term debt	153.1	153.1	153.1	153.1	153.1	Reserves & Resources					
Total liabilities	339.4	339.4	339.4	339.4	339.4	Amount	Grd.(g/t)	Amount	Grd.(g/t)		
Shareholders' equity	478.2	508.9	631.6	730.3	783.7	NZ Ops (koz)	2,144.9	1.29	7,194.6	1.31	
Total equity	478.2	508.9	631.6	730.3	783.7	Didipio Gold (koz)	800.0	1.04	2,563.9	0.79	
Net debt	55.8	86.3	-93.5	-269.3	-398.5	Didipio Copper (kt)	229.7	0.45	360.6	0.36	
Cashflow (US\$m)						Valuation					
Operating cashflow	154.6	139.7	219.1	190.5	144.1	WACC (%)					11.0
Capex	-146.6	-130.2	-39.4	-14.7	-14.9	NPV Valuation					
Net acq/disposals	0	0	0	0	0	NZ Operations					
Exploration exp/Other	0	0	0	0	0	Didipio					
FCF ex acqns & explor exp	8.0	9.6	179.7	175.9	129.1	Exploration					
Net change in cash	-11.3	-30.4	179.7	175.9	129.1	Corporate					
Per share data						Net (debt)/cash					
Reported EPS (¢)	13.5	14.1	29.4	23.7	11.2	Total					
Core EPS (¢)	14.5	14.1	29.4	23.7	11.2						
DPS (¢)	0	0	0	0	0						
CFPS (¢)	50.3	45.6	71.4	62.1	47.0						
BVPS (¢)	182.2	193.8	240.5	278.1	298.4						
Wtd avg ord shares (m)	262	263	263	263	263						
Wtd avg diluted shares (m)	307	307	307	307	307						
Valuation ratios											
PE (x)	18.4	19.0	9.1	11.3	23.9						
EV/EBIT (x)	9.7	8.6	4.4	4.3	6.9						
EV/EBITDA (x)	4.6	4.9	2.8	2.5	2.6						
FCF yield (%)	1.0	1.2	21.9	21.4	15.8						
Dividend yield (%)	0	0	0	0	0						
Payout ratio (%)	0	0	0	0	0						
Operating performance	2011	2012E	2013E	2014E	2015E						
EBITDA margin (%)	41.5	39.0	47.2	40.3	30.6						
Operating ROE (%)	7.6	8.7	15.8	10.7	4.5						
Operating ROIC (%)	8.1	10.9	18.6	15.7	7.8						
Net debt to equity (%)	11.7	17.0	-14.8	-36.9	-50.8						
Debt to total capital (%)	32.1	30.7	26.3	23.6	22.4						

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Company Focus

■ Company Update

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Buy	1
Price (29 Feb 12)	A\$2.87
Target price	A\$3.50
Expected share price return	22.0%
Expected dividend yield	0.0%
Expected total return	22.0%
Market Cap	A\$1,313M
	US\$1,415M

Price Performance

(RIC: PRU.AX, BB: PRU AU)



Perseus (PRU.AX)

Be Aware of West African Political Risk

- **Ramp-up at CAGP** — PRU's flagship Edikan gold mine in Ghana is ramping up production to 35koz of gold for the quarter, which is on plan with budget.
- **Expansion potential** — Longer term, the plans are to deliver c6moz of gold into the reserve account. If the gold is found (which we believe is likely) then there is the potential to expand the mill. The current bottleneck at the mill is the crusher, which is effectively limited to 11mtpa. Potential for de-bottlenecking of the plant could take capacity to 10-11mtpa. That would move the gold production up from c270koz pa to 330kozpa. We include the expansion in our base case scenario. We model this at a 75% risk weighting.
- **Tengrella** — Initial plans are for a 3.2mtpa mill that will produce c170koz of production in years 1 & 2 before the high-grade material declines and processing of low-grade stockpiles commences. However, drilling is ongoing and PRU is hopeful that more high-grade gold can be found. Whilst this is not a certainty, the gold activity in the region is promising and, as such, we believe that there is a strong case for this to occur. We place a 75% risk weighting on the project.
- **Tax** — Ghana has recently flagged a lifting in its tax rate to 35% and the potential for a 10% windfall tax. Whilst this has yet to be passed in to law, we believe it will be, and thus have accounted for the higher tax in our numbers.
- **Target \$3.50/share** — Our target is set at a multiple of 1.3x our NPV. On an asset and management basis we like the PRU, but remain a little concerned over political risk in West Africa. Despite the risk, we see enough value in PRU to maintain our Buy rating.

PRU.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	3.9	0.1	143.7	414.7	754.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	-11.7	-14.4	41.9	193.4	416.7
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	-9.8	-5.5	38.6	127.0	274.5
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	-2.9	-1.3	9.1	30.1	65.0
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	-16.7	56.1	807.8	229.0	116.1
PE Ratio (x)	-97.6	-222.3	31.4	9.5	4.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

PRU.AX: Fiscal year end 30-Jun						Price:\$2.87; TP:\$3.50; # Shares: 458m; Market Cap: A\$1313m; Recomm: Buy						
Profit & Loss (A\$m)						Comdty & FX Forecasts		2011	2012E	2013E	2014E	2015E
Sales revenue	0.1	143.7	414.7	754.9	738.8	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2	
Cost of sales	-0.2	-86.6	-199.0	-311.7	-386.7	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91	
EBITDA	-14.1	50.1	213.8	449.6	349.6	Long Term Forecasts						
Depreciation/Amortization	-0.2	-8.2	-20.4	-32.9	-33.7	Gold Price (US\$/oz)					1,050.0	
EBIT	-14.4	41.9	193.4	416.7	315.9	AUDUSD average					0.80	
Net interest	2.4	2.1	2.0	5.6	20.6							
Earnings before tax	-11.9	44.0	195.4	422.3	336.5	Production Volumes	2011	2012E	2013E	2014E	2015E	
Tax Recurring	0	-4.8	-68.4	-147.8	-117.8	CAGP (koz)	0.0	137.2	250.0	270.6	329.8	
Exceptional/Other	-104.7	-4.5	0	0.0	0.0	Tengrela (koz)	0.0	0.0	10.4	135.4	166.7	
Reported net profit	-116.7	34.6	127.0	274.5	218.7	Production Costs	2011	2012E	2013E	2014E	2015E	
Core NPAT	-5.5	38.6	127.0	274.5	218.7	Gold C1 (US\$/oz)	0.0	855.0	735.3	664.2	643.5	
Balance Sheet (A\$m)												
	2011	2012E	2013E	2014E	2015E							
Cash & cash equiv.	96.5	125.8	105.1	386.6	582.6	Earnings Sensitivity	2011	2012E	2013E	2014E	2015E	
Net fixed & other tangibles	263.1	325.0	468.6	450.5	431.9	EPS%Δ/10% AUDUSD (%)	0.0	-8.6	-10.4	-10.1	-10.3	
Total assets	385.0	530.0	653.0	916.3	1093.8	EPS%Δ/10% Gold (%)	0.0	13.4	14.4	14.3	20.8	
Short-term debt	20.8	38.5	38.5	38.5	38.5							
Long-term debt	59.5	42.9	42.9	42.9	42.9							
Total liabilities	172.6	196.1	196.1	196.1	196.1							
Shareholders' equity	219.0	339.8	462.8	726.2	903.6							
Total equity	212.4	333.9	456.9	720.2	897.7							
Net debt	-16.3	-44.4	-23.7	-305.2	-501.2							
Cashflow (A\$m)												
	2011	2012E	2013E	2014E	2015E							
Operating cashflow	-5.8	8.9	143.4	296.2	211.2							
Capex	-143.5	-128.9	-164.1	-14.8	-15.1							
Net acq/disposals	0	0	0	0	0							
Exploration exp/Other	-17.5	-3.2	0	0	0							
FCF ex acqns & explor exp	-159.5	-120.0	-20.7	281.5	196.0							
Net change in cash	-89.1	-120.2	-20.7	281.5	196.0							
Per share data												
	2011	2012E	2013E	2014E	2015E							
Reported EPS (¢)	-27.6	8.2	30.1	65.0	51.8	Reserves & Resources	Reserves	Resource				
Core EPS (¢)	-1.3	9.1	30.1	65.0	51.8		Amount	Grd.(g/t)	Amount	Grd.(g/t)		
DPS (¢)	0	0	0	0	0	CAGP (koz)	3,274.0	1.18	2,735.0	1.06		
CFPS (¢)	-1.4	2.1	33.9	70.1	50.0	Tengrela (koz)	657.0	2.10	531.0	1.30		
BVPS (¢)	51.5	74.6	101.5	159.3	198.2	Grumesa (koz)			718.0	0.56		
Wtd avg ord shares (m)	423	423	423	423	423							
Wtd avg diluted shares (m)	423	423	423	423	423							
Valuation ratios						Valuation						
	2011	2012E	2013E	2014E	2015E							
PE (x)	nm	31.4	9.5	4.4	5.5	WACC (%)					11.0	
EV/EBIT (x)	-83.3	30.0	6.4	2.7	2.8							
EV/EBITDA (x)	-84.7	25.1	5.8	2.5	2.5	NPV Valuation				US\$M	A\$/sh.	
FCF yield (%)	-12.3	-9.9	-1.7	23.2	16.2	CAGP				800.4	2.19	
Dividend yield (%)	0	0	0	0	0	Tengrela				33.0	0.09	
Payout ratio (%)	0	0	0	0	0	Exploration				92.6	0.25	
Operating performance	2011	2012E	2013E	2014E	2015E	Corporate				-23.0	-0.06	
EBITDA margin (%)	nm	34.9	51.6	59.6	47.3	Net debt/cash				40.3	0.11	
Operating ROE (%)	-2.0	13.8	31.7	46.2	26.8	Total				943.4	2.58	
Operating ROIC (%)	-8.1	13.6	32.8	60.6	46.6							
Net debt to equity (%)	-7.7	-13.3	-5.2	-42.4	-55.8							
Debt to total capital (%)	27.4	19.6	15.1	10.2	8.3							

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Company Focus

■ Company Update

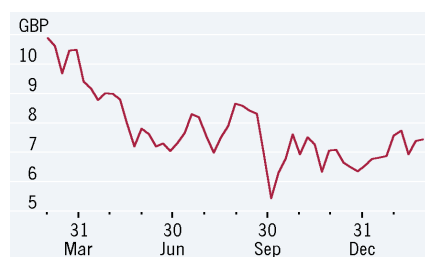
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Buy	1
Price (29 Feb 12)	£7.19
Target price	£8.34
Expected share price return	16.1%
Expected dividend yield	0.0%
Expected total return	16.1%
Market Cap	£1,350M
	US\$2,147M

Price Performance

(RIC: POG.L, BB: POG LN)



Petropavlovsk PLC (POG.L)

A Good 2011; Set for a Good 2012E

- **Above guidance in 2011** — Total attributable production for 2011 was 630,100oz, exceeding POG's target of 600koz and 24% higher than in 2010.
- **Pioneer ramp-up and new Albyn mine** — The 359k oz production at the flagship mine, Pioneer, represented a 56% increase from 2010. Following successful commissioning in November 2011, the plant at Albyn has been ramping up steadily and produced its first gold in December 2011.
- **Cost trends** — Total cash costs for hard-rock deposit production during H2 2011 were slightly lower than in H1 2011 (US\$/659oz) due to increased group efficiencies and higher grades at the Pioneer mine.
- **POX plant** — Work on the development of the pressure oxidation ('POX') hub at the Pokrovskiy mine and the flotation lines at Malomir and Pioneer remains on schedule. POG recently decided to bring forward commissioning of the second 1.8Mtpa resin-in-pulp processing line at Albyn to Q3 2012 from 2014 due to the increased reserves at the deposit.
- **Pioneer fourth line** — POG recently decided to bring forward the commissioning of a fourth 2.0Mtpa processing line at Pioneer to Q3 2012 from 2014 due to increased reserves and resources of non-refractory material at the deposit..
- **2012 guidance** — POG's 2012 target is 680k oz, an increase of 11% compared to 2011. The target excludes the scheduled expansions at Pioneer and Albyn.
- **Key catalysts for POG** — Progress on the POX plant and updated guidance on its capex will be key during the FY11 results due on 28th March 2012.
- **Valuation** — We set our target price of £8.34 by applying a 1.3x P/NPV multiple to POG's gold assets (NAV of £5.69 per share; derived using a discount rate of 10%) while we apply a 15% conglomerate discount to the market value of its quoted iron ore assets (currently £1.10 per share). We use a 1.3x P/NPV ratio for POG's gold assets, in line with UK gold peers of a similar size.

Petropavlovsk PLC (USD)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (\$M)	450.8	612.2	1,276.0	1,587.0	1,793.2
Profit Before Tax (\$M)	178.1	95.0	374.4	574.8	752.9
Diluted EPS (\$)	0.82	0.23	1.49	2.15	2.79
Diluted EPS (Old) (\$)	0.82	0.23	1.49	2.15	2.79
PE (x)	13.9	50.8	7.7	5.3	4.1
EV/EBITDA (x)	11.9	11.7	6.0	4.2	3.0
DPS (\$)	0.07	0.08	0.08	0.08	0.08
Net Div Yield (%)	0.6	0.7	0.7	0.7	0.7

POG.L: Fiscal year end 31-Dec						Price: £7.19; TP: £8.34; Market Cap: £1,351m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	451	612	1,276	1,587	1,793	PE (x)	13.9	50.8	7.7	5.3	4.1
Cost of sales	-225	-392	-770	-886	-924	PB (x)	1.3	1.4	1.3	1.1	0.9
Gross profit	226	220	506	701	869	EV/EBITDA (x)	11.9	11.7	6.0	4.2	3.0
Gross Margin (%)	50.1	36.0	39.7	44.1	48.5	FCF yield (%)	-6.7	-22.0	-23.4	7.6	19.5
EBITDA	195	205	471	729	915	Dividend yield (%)	0.6	0.7	0.7	0.7	0.7
EBITDA Margin (%)	43.3	33.5	36.9	46.0	51.0	Payout ratio (%)	9	36	5	4	3
Depreciation	-40	-64	-80	-129	-146	ROE (%)	16.1	3.3	18.1	22.2	23.4
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	155	141	391	601	769	EBITDA	195	205	471	729	915
EBIT Margin (%)	34.5	23.0	30.7	37.8	42.9	Working capital	0	-96	-342	-70	-151
Net interest	21	-16	-14	-26	-16	Other	-52	-71	-90	-239	-280
Associates	6	0	0	0	0	Operating cashflow	143	38	39	421	484
Non-op/Except	2	-30	-3	0	0	Capex	-259	-492	-533	-260	-72
Pre-tax profit	184	95	374	575	753	Net acq/disposals	217	0	0	0	0
Tax	-52	-46	-92	-161	-226	Other	0	0	0	0	0
Extraord./Min.Int./Pref.div.	-1	-3	-6	-16	-10	Investing cashflow	-42	-492	-533	-260	-72
Reported net profit	131	46	276	398	517	Dividends paid	0	-27	0	-15	-15
Net Margin (%)	29.1	7.4	21.6	25.1	28.8	Financing cashflow	-51	702	260	-15	-15
Core NPAT	125	41	276	398	517	Net change in cash	50	245	-231	146	397
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisns & explorn	101	-453	-494	160	412
Reported EPS (\$)	0.86	0.25	1.49	2.15	2.79						
Core EPS (\$)	0.82	0.23	1.49	2.15	2.79						
DPS (\$)	0.07	0.08	0.08	0.08	0.08						
CFPS (\$)	0.94	0.21	0.21	2.27	2.62						
FCFPS (\$)	-0.76	-2.52	-2.67	0.87	2.23						
BVPS (\$)	8.80	7.95	8.77	10.65	13.21						
Wtd avg ord shares (m)	146	180	185	185	185						
Wtd avg diluted shares (m)	152	180	185	185	185						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	18.1	35.8	108.4	24.4	13.0						
EBIT (%)	36.8	-9.2	177.3	53.5	28.1						
Core NPAT (%)	449.0	-67.5	581.5	44.2	29.7						
Core EPS (%)	193.6	-72.6	563.1	44.2	29.7						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	76	321	89	235	632						
Accounts receivables	141	219	556	590	696						
Inventory	102	198	269	285	337						
Net fixed & other tangibles	1,232	1,727	2,133	2,265	2,191						
Goodwill & intangibles	22	22	28	28	28						
Financial & other assets	0	2	0	0	0						
Total assets	1,572	2,488	3,076	3,403	3,884						
Accounts payable	64	143	265	245	252						
Short-term debt	12	93	199	199	199						
Long-term debt	84	399	561	561	561						
Provisions & other liab	113	154	160	160	160						
Total liabilities	272	789	1,185	1,165	1,172						
Shareholders' equity	1,288	1,432	1,623	1,970	2,444						
Minority interests	12	267	268	268	268						
Total equity	1,300	1,699	1,891	2,238	2,712						
Net debt	19	171	671	525	128						
Net debt to equity (%)	1.5	10.1	35.5	23.5	4.7						

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Company Focus

■ Company Update

Jon H Bergtheil

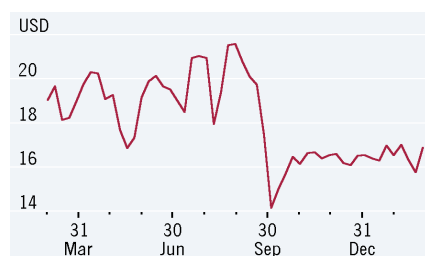
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Buy	1
Price (29 Feb 12)	US\$16.89
Target price	US\$28.00
Expected share price return	65.8%
Expected dividend yield	0.0%
Expected total return	65.8%
Market Cap	US\$6,164M

Price Performance

(RIC: PMTLq.L, BB: PMTL LI)



Polymetal (PMTLq.L)

Good Stock for Turbulent Times

■ **PMTL investment strategy** — 1H11 gold production amounted to 184 koz (-12% y-o-y), but PMTL aims to produce over 800 Koz of AuEq in 2011 and over 1.4 Moz of AuEq in 2014, with growth coming from projects that are currently in ramp-up phase or in construction phase. The projects that should contribute to this growth are either in ramp-up or production phase, with the latest commissioning date for Mayskoye expected in 2Q 2012. The other assets in design or ramp-up that are expected to generate growth in production are the Amursk POX hub, the Omolon hub and the Dukat hub. The assets targeted for expansion are Albazino within the Amursk POX hub, Khakanja and Voro.

■ **Current key opportunities/challenges for PMTL** — PMTL intends to establish the feasibility of construction of two new standalone mines by 2013. PMTL is targeting large deposits able to sustain production of at least 300 Koz of gold equivalent per year for at least 10 years. As of 1 July 2011, PMTL had proven and probable reserves of 15.0 Moz of gold equivalent oz (JORC).

■ **FY12 operational expectations** — PMTL is currently positioned between an uninspiring H1 2012E production performance and an expected strong growth phase in 2012E.

■ **Key catalysts for PMTL** — We believe PMTL is a good stock for turbulent times. It was a good performer through the previous global financial crisis, outperforming Russian metals and mining peers. We see strong downside protection from current levels and believe that many investors may continue to seek safety in PMTL if investors' confidence in its growth profile remains strong. On November 2, 2011 Polymetal International plc was admitted to trading on the Main Market of the London Stock Exchange with the trading ticker POLY.

■ **Valuation** — Our valuation methodology uses target 2011-12E multiples of the global gold sector for 50% of the valuation. This yields approximately USD17.40/GDR. Another 50% of the valuation comes from DCF, where we apply a 2.5x P/NAV factor to account for unique gold equity investment characteristics and PMTL's growth profile. We use a WACC of 9.1% for PMTL. Our DCF yields USD40/share. Using 50/50 weighting, we arrive at a target price of USD28.

Polymetal (USD)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (\$M)	560.7	925.0	1,518.0	1,918.6	1,987.5
Net Income (\$M)	96.0	248.1	539.7	676.8	686.0
Diluted EPS (\$)	0.24	0.62	1.35	1.69	1.72
Diluted EPS (Old) (\$)	0.24	0.62	1.35	1.69	1.72
PE (x)	70.3	27.2	12.5	10.0	9.8
EV/EBITDA (x)	27.6	15.6	8.1	6.1	5.5
DPS (\$)	0.00	0.00	0.00	0.00	0.00
Net Div Yield (%)	0.0	0.0	0.0	0.0	0.0

PMTLq.L: Fiscal year end 31-Dec						Price: US\$16.89; TP: US\$28.00; Market Cap: US\$6,164m; Recomm: Buy					
Profit & Loss (US\$m)	2009	2010	2011E	2012E	2013E	Valuation ratios	2009	2010	2011E	2012E	2013E
Sales revenue	561	925	1,518	1,919	1,988	PE (x)	70.3	27.2	12.5	10.0	9.8
Cost of sales	-284	-481	-605	-805	-882	PB (x)	6.1	6.1	4.1	2.9	2.2
Gross profit	276	444	913	1,114	1,105	EV/EBITDA (x)	27.6	15.6	8.1	6.1	5.5
Gross Margin (%)	49.3	48.0	60.1	58.1	55.6	FCF yield (%)	-0.5	-2.9	8.4	7.3	8.8
EBITDA	236	376	810	990	998	Dividend yield (%)	0	0	0	0	0
EBITDA Margin (%)	42.1	40.6	53.3	51.6	50.2	Payout ratio (%)	0	0	0	0	0
Depreciation	-54	-65	-72	-76	-78	ROE (%)	14.0	24.5	39.1	34.0	25.7
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2009	2010	2011E	2012E	2013E
EBIT	183	311	738	915	920	EBITDA	236	376	810	990	998
EBIT Margin (%)	32.6	33.6	48.6	47.7	46.3	Working capital	-14	-225	176	-113	-38
Net interest	-33	-48	-8	0	7	Other	-48	-63	-198	-238	-234
Associates	-60	0	0	0	0	Operating cashflow	174	88	788	639	727
Non-op/Except	44	54	0	0	0	Capex	-205	-286	-220	-147	-131
Pre-tax profit	134	316	729	915	927	Net acq/disposals	-10	0	0	0	0
Tax	-38	-68	-190	-238	-241	Other	-35	0	0	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow	-250	-286	-220	-147	-131
Reported net profit	96	248	540	677	686	Dividends paid	0	0	0	0	0
Net Margin (%)	17.1	26.8	35.6	35.3	34.5	Financing cashflow	118	229	-551	-114	0
Core NPAT	96	248	540	677	686	Net change in cash	41	30	17	379	596
Per share data	2009	2010	2011E	2012E	2013E	FCF ex acquisns & explorn	-41	-199	568	493	596
Reported EPS (\$)	0.24	0.62	1.35	1.69	1.72						
Core EPS (\$)	0.24	0.62	1.35	1.69	1.72						
DPS (\$)	0	0	0	0	0						
CFPS (\$)	0.44	0.22	1.97	1.60	1.82						
FCFPS (\$)	-0.08	-0.50	1.42	1.23	1.49						
BVPS (\$)	2.79	2.78	4.13	5.83	7.55						
Wtd avg ord shares (m)	399	399	399	399	399						
Wtd avg diluted shares (m)	399	399	399	399	399						
Growth rates	2009	2010	2011E	2012E	2013E						
Sales revenue (%)	11.5	65.0	64.1	26.4	3.6						
EBIT (%)	111.8	70.3	137.2	24.0	0.5						
Core NPAT (%)	710.2	158.4	117.6	25.4	1.4						
Core EPS (%)	581.3	158.4	117.6	25.4	1.4						
Balance Sheet (US\$m)	2009	2010	2011E	2012E	2013E						
Cash & cash equiv.	28	5	5	380	976						
Accounts receivables	0	0	0	0	0						
Inventory	284	513	329	450	496						
Net fixed & other tangibles	1,144	1,365	1,513	1,584	1,637						
Goodwill & intangibles	112	112	112	112	112						
Financial & other assets	155	217	307	376	390						
Total assets	1,723	2,213	2,266	2,902	3,611						
Accounts payable	68	123	157	215	237						
Short-term debt	109	665	114	0	0						
Long-term debt	356	29	12	9	9						
Provisions & other liab	274	285	332	351	352						
Total liabilities	807	1,101	615	574	598						
Shareholders' equity	917	1,111	1,651	2,328	3,014						
Minority interests	0	0	0	0	0						
Total equity	917	1,111	1,651	2,328	3,014						
Net debt	437	689	121	-371	-967						
Net debt to equity (%)	47.7	62.0	7.3	-16.0	-32.1						

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Company Focus

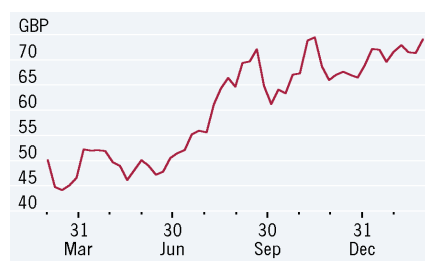
■ Company Update

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Buy	1
Price (29 Feb 12)	£74.22
Target price	£88.84
Expected share price return	19.7%
Expected dividend yield	0.3%
Expected total return	19.9%
Market Cap	£6,803M US\$10,820M

Price Performance (RIC: RRS.L, BB: RRS LN)



Randgold Resources Ltd (RRS.L)

Transition Year

- **2012 a transition year** — 2012 is a key transition year for RRS as it relies heavily on underground mining at Loulo. RRS does not have a long history of underground mining and the market is understandably cautious at the moment. With the new mill starting up and with a cutback at the Yalea pit in 1H 2012, mill feed is dependent on Loulo underground and Goukoto. We therefore expect group production of 387k oz in 1H 2012 and 468k oz in 2H 2012 to make 855k oz for FY 2012. We are assuming cash costs of \$642 for 2012.
- **Improving cost profile** — RRS is guiding for group cash costs to fall to between \$500/oz and \$550/oz within five years, helped by the new low-cost Kibali mine.
- **Goukoto and Tongon** — The high grade at depth at Goukoto shows the potential for an underground operation and RRS is already preparing a feasibility study on this. For the open pit, Goukoto should be able to cope better with the next rainy season as mining is in harder material this year. Tongon should also be able to cope better with the 2012 rainy season and, as the mine has switched from Genset power at 39c/kwh to state grid power at 9c/kwh, Tongon is likely in for a far better 2012 as well.
- **Steady production growth** — With Kibali coming on stream in 4Q 2013, we think RRS production should grow to 1.2m oz p.a. by the middle of the decade, even though Morila will have run out of life by then.
- **Still our top UK pick** — RRS has the longest track record of all the UK gold miners (1997 IPO) and has had the same CEO since that IPO (Mark Bristow) who has successfully grown the group. It carries African risk but this is usefully diversified across four countries. A year ago RRS traded at a valuation parity with Fresnillo (FRES.L; £18.64; 2) but the Ivory Coast problems saw it move to a substantial discount. The Ivory Coast issues have been resolved but it still trades at a 25% discount, on our estimates.
- **Key catalysts for RRS** — The key catalyst for RRS is likely to be newsflow on the efficiency of underground mining and progress on the Kibali development.
- **Valuation** — Our TP of £88.84 is set by applying a 1.7x P/NPV multiple to our £52.26 NPV estimate. We continue to rate RRS as Buy.

Randgold Resources Ltd (USD)

Year to 31 Dec	2010A	2011A	2012E	2013E	2014E
Sales (\$M)	511.2	1,130.1	1,459.6	1,960.8	2,024.8
Net Income (\$M)	139.7	377.2	593.3	879.8	828.0
Diluted EPS (\$)	1.52	4.09	6.43	9.53	8.97
Diluted EPS (Old) (\$)	1.52	4.09	6.43	9.53	8.97
PE (x)	77.4	28.9	18.4	12.4	13.2
EV/EBITDA (x)	51.8	18.5	12.1	7.9	7.4
DPS (\$)	0.11	0.82	1.29	1.91	1.79
Net Div Yield (%)	0.1	0.7	1.1	1.6	1.5

RRS.L: Fiscal year end 31-Dec						Price: £74.22; TP: £88.84; Market Cap: £6,803m; Recomm: Buy					
Profit & Loss (US\$m)	2010	2011	2012E	2013E	2014E	Valuation ratios	2010	2011	2012E	2013E	2014E
Sales revenue	511	1,130	1,460	1,961	2,025	PE (x)	77.4	28.9	18.4	12.4	13.2
Cost of sales	-323	-601	-643	-725	-819	PB (x)	6.0	4.9	4.0	3.1	2.6
Gross profit	189	529	817	1,235	1,206	EV/EBITDA (x)	51.8	18.5	12.1	7.9	7.4
Gross Margin (%)	36.9	46.8	55.9	63.0	59.6	FCF yield (%)	-2.5	1.1	0.2	5.8	6.5
EBITDA	200	586	885	1,320	1,340	Dividend yield (%)	0.1	0.7	1.1	1.6	1.5
EBITDA Margin (%)	39.1	51.9	60.7	67.3	66.2	Payout ratio (%)	7	20	20	20	20
Depreciation	-29	-82	-94	-109	-158	ROE (%)	8.1	19.0	24.2	28.5	21.8
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2010	2011	2012E	2013E	2014E
EBIT	171	504	792	1,211	1,182	EBITDA	200	586	885	1,320	1,340
EBIT Margin (%)	33.4	44.6	54.2	61.8	58.4	Working capital	-18	53	-18	-18	-15
Net interest	6	3	12	13	29	Other	-40	-72	-198	-331	-354
Associates	0	0	0	0	0	Operating cashflow	142	567	669	970	971
Non-op/Except	4	-22	-19	-19	-20	Capex	-411	-448	-648	-343	-262
Pre-tax profit	181	485	785	1,205	1,191	Net acq/disposals	66	0	0	0	0
Tax	-24	-51	-99	-182	-225	Other	0	0	0	0	0
Extraord./Min.Int./Pref.div.	-17	-56	-93	-143	-138	Investing cashflow	-345	-448	-648	-343	-262
Reported net profit	140	377	593	880	828	Dividends paid	-15	-18	-75	-117	-174
Net Margin (%)	27.3	33.4	40.6	44.9	40.9	Financing cashflow	14	1	-75	-117	-174
Core NPAT	140	377	593	880	828	Net change in cash	-189	120	-53	510	535
Per share data	2010	2011	2012E	2013E	2014E	FCF ex acquisns & explorn	-203	119	21	627	709
Reported EPS (\$)	1.52	4.09	6.43	9.53	8.97						
Core EPS (\$)	1.52	4.09	6.43	9.53	8.97						
DPS (\$)	0.11	0.82	1.29	1.91	1.79						
CFPS (\$)	1.55	6.14	7.24	10.51	10.51						
FCFPS (\$)	-2.93	1.29	0.23	6.79	7.68						
BVPS (\$)	19.76	23.92	29.73	37.99	45.09						
Wtd avg ord shares (m)	90.6	91.3	91.3	91.3	91.3						
Wtd avg diluted shares (m)	91.6	92.3	92.3	92.3	92.3						
Growth rates	2010	2011	2012E	2013E	2014E						
Sales revenue (%)	13.4	121.1	29.2	34.3	3.3						
EBIT (%)	7.9	195.3	57.0	53.0	-2.4						
Core NPAT (%)	99.9	170.0	57.3	48.3	-5.9						
Core EPS (%)	78.6	167.9	57.3	48.3	-5.9						
Balance Sheet (US\$m)	2010	2011	2012E	2013E	2014E						
Cash & cash equiv.	366	488	434	944	1,478						
Accounts receivables	97	131	131	131	131						
Inventory	195	219	219	219	219						
Net fixed & other tangibles	1,290	1,688	2,272	2,516	2,630						
Goodwill & intangibles	0	0	0	0	0						
Financial & other assets	46	8	8	8	8						
Total assets	1,994	2,533	3,063	3,818	4,466						
Accounts payable	95	159	159	159	159						
Short-term debt	0	0	0	0	0						
Long-term debt	3	3	3	3	3						
Provisions & other liab	51	76	76	76	76						
Total liabilities	149	238	238	238	238						
Shareholders' equity	1,791	2,185	2,715	3,470	4,118						
Minority interests	54	110	110	110	110						
Total equity	1,845	2,295	2,825	3,580	4,228						
Net debt	-363	-484	-431	-941	-1,475						
Net debt to equity (%)	-19.7	-21.1	-15.3	-26.3	-34.9						

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Company Focus

■ Company Update

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Neutral	2
Price (29 Feb 12)	A\$2.08
Target price	A\$2.20
Expected share price return	5.8%
Expected dividend yield	0.0%
Expected total return	5.8%
Market Cap	A\$1,364M
	US\$1,470M

Price Performance

(RIC: RSG.AX, BB: RSG AU)



Resolute (RSG.AX)

Risks Remain at Syama

- **Syama on the right track** — After years of teething problems the Syama mill is moving in the right direction with 475kt of ore milled in the Dec Q, which represented 87.6% plant availability. However, given the history of the asset, one good quarter is not enough to prove the issues have been finally solved. We remain a little cautious on Syama's ability to hit good throughput quarter in and quarter out. Thus our forecasts for RSG assume 380koz of gold for FY12, which is below company guidance of 410koz.
- **Oxide potential** — Much of RSG's management time has been focused on the operational problems at Syama. Consequently much of the exploration and growth potential of the company has been placed on hold. One of the more promising options for RSG is the development of the Syama oxide potential. There is currently over 1moz of oxide resources with a grade of c2g/t along a c20km north-south strike from the Syama pit. Initial estimates are for a 70kozpa project with a seven-year life. Capex would be low at sub \$50m due to the utilization of an existing mill. We believe that cash costs are likely to be cUS\$600/oz and under those assumptions we estimate that the Syama Oxides could have an NPV of c\$80m (or \$0.12/share) on an unrisks basis.
- **Remaining assets** — The Ravenswood operation is likely to have a further 10-year life through the processing of ore from the Mt Wright underground operation and the Sarsfield open pit. The two feed sources allow flexibility in the mill and should see the combined operation produce c1moz over the next 10 years. For the next two years it is likely that just the high-grade ore from the Mt Wright underground will be processed. After this, the Mt Wright ore is likely to be depleted and then just the Sarsfield low-grade feed will be processed. The life extension at Ravenswood still sees the asset being a meaningful contributor to EBITDA (c25%) and accounting for \$0.32 of NPV, on our estimates.
- **Neutral** — We recently downgraded RSG to Neutral as we saw decreasing levels of value in the name given the risk surrounding production at Syama.

RSG.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	345.0	446.4	629.0	648.7	817.8
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	37.3	47.9	199.4	232.7	317.6
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	29.7	30.5	150.0	168.2	233.3
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	7.9	4.9	32.1	36.0	49.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	26.1	-37.8	552.1	12.2	38.7
PE Ratio (x)	26.3	42.3	6.5	5.8	4.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

RSG.AX: Fiscal year end 30-Jun						Price:\$2.08; TP:\$2.20; # Shares: 656m; Market Cap: A\$1364m; Recomm: Neutral					
Profit & Loss (A\$m)	2011	2012E	2013E	2014E	2015E	Comdty & FX Forecasts	2011	2012E	2013E	2014E	2015E
Sales revenue	446	629	649	818	677	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2
Cost of sales	-356	-400	-397	-481	-514	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91
EBITDA	110	280	328	432	270	Long Term Forecasts					
Depreciation/Amortization	-62	-80	-96	-115	-127	Gold Price (US\$/oz)					1,050.0
EBIT	48	199	233	318	143	AUDUSD average					0.80
Net interest	-19	-7	8	22	38						
Earnings before tax	29	192	240	339	181	Production Volumes	2011	2012E	2013E	2014E	2015E
Tax Recurring	-15	-44	-72	-102	-54	Syama (koz)	85.4	147.2	188.6	196.8	196.8
Exceptional/Other	48	-27	0	-4	-9	Syama Oxide (koz)	0.0	0.0	21.0	33.1	60.1
Reported net profit	61	121	168	233	117	Raverswood (koz)	122.6	121.7	101.3	176.5	196.8
Core NPAT	30	150	168	233	117	Golden Pride (koz)	122.9	123.2	52.8	0.0	0.0
Balance Sheet (A\$m)	2011	2012E	2013E	2014E	2015E	Production Costs	2011	2012E	2013E	2014E	2015E
Cash & cash equiv.	4	98	324	639	850	Gold C1 (US\$/oz)	944.6	849.4	831.9	838.0	772.6
Net fixed & other tangibles	440	442	384	302	272						
Total assets	579	694	863	1,096	1,277	Earnings Sensitivity	2011	2012E	2013E	2014E	2015E
Short-term debt	24	5	5	5	5	EPS%Δ/10% AUDUSD (%)	0.0	-17.1	-24.5	-21.0	-34.1
Long-term debt	78	4	4	4	4	EPS%Δ/10% Gold (%)	0.0	18.8	26.9	21.5	39.9
Total liabilities	223	109	109	109	109						
Shareholders' equity	389	619	787	1,021	1,202						
Total equity	356	585	754	987	1,168						
Net debt	98	-88	-314	-629	-840						
Cashflow (A\$m)	2011	2012E	2013E	2014E	2015E						
Operating cashflow	59	194	264	348	244						
Capex	-34	-88	-38	-32	-33						
Net acq/disposals	-1	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	24	106	226	315	211						
Net change in cash	-8	94	226	315	211						
Per share data	2011	2012E	2013E	2014E	2015E						
Reported EPS (¢)	9.9	25.9	36.0	49.9	25.1	Reserves & Resources	Reserves		Resource		
Core EPS (¢)	4.9	32.1	36.0	49.9	25.1		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Syama (koz)	2,323.2	2.85	952.8	2.67	
CFPS (¢)	9.5	41.6	56.4	74.4	52.2	Ravenswood (koz)	1,552.0	1.11	661.7	1.16	
BVPS (¢)	83.2	132.4	168.4	218.3	257.0	Golden Pride (koz)	222.0	1.61	2,115.0	1.68	
Wtd avg ord shares (m)	445	468	468	468	468						
Wtd avg diluted shares (m)	620	468	468	468	468						
Valuation ratios	2011	2012E	2013E	2014E	2015E	Valuation					
PE (x)	42.3	6.5	5.8	4.2	8.3	WACC (%)					12.0
EV/EBIT (x)	30.6	6.9	5.0	2.8	4.4						
EV/EBITDA (x)	13.3	4.9	3.5	2.1	2.3	NPV Valuation				US\$M	A\$/sh.
FCF yield (%)	1.9	11.0	23.2	32.4	21.7	Syama				396.6	0.76
Dividend yield (%)	0	0	0	0	0	Syama Oxide				63.8	0.12
Payout ratio (%)	0	0	0	0	0	Ravenswood				252.2	0.48
Operating performance	2011	2012E	2013E	2014E	2015E	Golden Pride				50.3	0.10
EBITDA margin (%)	24.7	44.5	50.6	52.8	39.9	Exploration				117.9	0.22
Operating ROE (%)	8.8	29.7	23.9	25.8	10.5	Corporate				-43.4	-0.08
Operating ROIC (%)	7.2	30.5	31.9	49.9	23.5	Net debt/cash				30.7	0.06
Net debt to equity (%)	27.6	-15.0	-41.6	-63.8	-71.9	Total				868.1	1.65
Debt to total capital (%)	22.3	1.7	1.3	1.0	0.8						

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Company Focus

■ Company Update

Craig Sainsbury

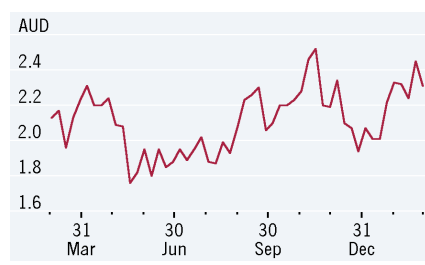
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Sell/High Risk	3H
Price (29 Feb 12)	A\$2.31
Target price	A\$2.25
Expected share price return	-2.6%
Expected dividend yield	0.0%
Expected total return	-2.6%
Market Cap	A\$752M
	US\$811M

Price Performance

(RIC: SBM.AX, BB: SBM AU)



St Barbara Limited (SBM.AX)

Limited Options

- **Limited strategic choices?** — SBM is a high-cost and short-life producer. Come 2013 when the Southern Cross operations come to the end of their life, SBM's production will fall from +300koz to sub 200kozpa. Its production costs are also high versus the Australian average. Given the falling production, SBM is at a crossroads in terms of doing a deal to replace the 'lost' ounces, or being happy to settle with a lower production profile. Looking at the limited strategic choices available, we see SBM as less attractive than the other companies in our gold universe. We maintain our Sell/High Risk rating.
- **Failed Catalpa bid; what next?** — SBM's bid for Catalpa made strategic sense, in our view, as it would have added to the longer-term production profile of the company. With the deal unsuccessful, we expect SBM will be looking for a similar deal to execute on. We see several possibilities but, given the market knows SBM is looking for longer-term volume growth, we would not expect any deal to come cheap.
- **Maintaining Sell/High Risk rating** — Whilst SBM has production scale (+300kozpa of production), it has the highest-cost and shortest-life assets of any of the gold producers in our universe. The Catalpa deal has shown its hand from an M&A perspective and, as usual, we would prefer to be in target stocks rather than bidders. We maintain our Sell/High Risk rating on SBM.

SBM.AU revisions (Y/E Jun)	2010A	2011A	2012E	2013E	2014E
Sales (A\$m)	296.8	359.6	520.5	453.5	468.2
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (A\$m)	16.7	48.8	126.7	157.5	195.9
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core Net Profit (A\$m)	14.5	50.7	130.4	141.7	150.7
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
Core EPS (A¢)	4.9	15.5	39.6	43.1	45.8
% revision	0.0%	0.0%	0.0%	0.0%	0.0%
EPS Growth (%)	279.9	213.4	156.1	8.7	6.4
PE Ratio (x)	46.8	14.9	5.8	5.4	5.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company Reports and dataCentral, CIRA.

SBM.AX: Fiscal year end 30-Jun						Price:\$2.31; TP:\$2.25; # Shares: 326m; Market Cap: A\$752m; Recomm: Sell/High Risk					
Profit & Loss (A\$m)						Comdty & FX Forecasts					
	2011	2012E	2013E	2014E	2015E		2011	2012E	2013E	2014E	2015E
Sales revenue	360	521	453	468	363	Gold price (US\$/oz)	1,373.7	1,684.7	1,793.3	1,879.9	1,351.2
Cost of sales	-280	-366	-268	-250	-244	AUDUSD (analyst) (x)	0.99	1.03	1.00	0.93	0.91
EBITDA	107	215	229	264	165	Long Term Forecasts					
Depreciation/Amortization	-58	-89	-72	-68	-69	Gold Price (US\$/oz)					1,050.0
EBIT	49	127	157	196	96	AUDUSD average					0.80
Net interest	2	4	12	19	27						
Earnings before tax	51	130	169	215	123	Production Volumes	2011	2012E	2013E	2014E	2015E
Tax Recurring	0	0	-28	-65	-37	Gwalia (koz)	131.1	179.8	186.9	186.9	186.9
Exceptional/Other	18	-7	0	0	0	Southern Cross (koz)	120.3	89.0	16.2	0.0	0.0
Reported net profit	69	124	142	151	86	Production Costs	2011	2012E	2013E	2014E	2015E
Core NPAT	51	130	142	151	86	Gold C1 (US\$/oz)	779.2	807.8	661.7	602.7	583.0
Balance Sheet (A\$m)											
	2011	2012E	2013E	2014E	2015E						
Cash & cash equiv.	79	179	312	458	540	Earnings Sensitivity	2011	2012E	2013E	2014E	2015E
Net fixed & other tangibles	412	414	411	403	429	EPS%Δ/10% AUDUSD (%)	0.0	-15.0	-0.9	-15.8	-27.9
Total assets	548	663	792	930	1,038	EPS%Δ/10% Gold (%)	0.0	11.1	48.9	19.0	33.6
Short-term debt	10	2	2	2	2						
Long-term debt	2	1	1	1	1						
Total liabilities	112	116	116	116	116						
Shareholders' equity	436	547	677	815	922						
Total equity	436	547	677	815	922						
Net debt	-67	-176	-309	-455	-537						
Cashflow (A\$m)											
	2011	2012E	2013E	2014E	2015E						
Operating cashflow	117	208	201	206	142						
Capex	-138	-99	-69	-60	-60						
Net acq/disposals	2	0	0	0	0						
Exploration exp/Other	0	0	0	0	0						
FCF ex acqns & explor exp	-19	109	132	146	82						
Net change in cash	-23	100	132	146	82						
Per share data											
	2011	2012E	2013E	2014E	2015E						
Reported EPS (¢)	20.9	37.6	43.1	45.8	26.1	Reserves & Resources	Reserves		Resource		
Core EPS (¢)	15.5	39.6	43.1	45.8	26.1		Amount	Grd.(g/t)	Amount	Grd.(g/t)	
DPS (¢)	0	0	0	0	0	Leonora (koz)	2,406.0	7.29	5,394.0	6.06	
CFPS (¢)	35.7	63.3	61.2	62.7	43.1	Southern Cross (koz)	500.0	2.82	2,257.0	3.53	
BVPS (¢)	133.8	168.0	207.8	250.2	283.2						
Wtd avg ord shares (m)	326	326	326	326	326						
Wtd avg diluted shares (m)	328	329	329	329	329						
Valuation ratios						Valuation					
	2011	2012E	2013E	2014E	2015E						
PE (x)	14.9	5.8	5.4	5.0	8.8	WACC (%)					9.8
EV/EBIT (x)	14.5	5.2	3.4	2.1	3.0						
EV/EBITDA (x)	6.6	3.1	2.4	1.5	1.8	NPV Valuation				US\$M	A\$/sh.
FCF yield (%)	-2.8	14.4	17.4	19.3	10.8	Leonora				389.3	1.49
Dividend yield (%)	0	0	0	0	0	Southern Cross				9.6	0.04
Payout ratio (%)	0	0	0	0	0	Exploration				12.0	0.05
Operating performance	2011	2012E	2013E	2014E	2015E	Corporate				-67.4	-0.26
EBITDA margin (%)	29.8	41.3	50.6	56.4	45.4	Net (debt)/cash				141.0	0.54
Operating ROE (%)	12.9	26.5	23.2	20.2	9.9	Total				484.5	1.88
Operating ROIC (%)	13.1	30.4	30.8	31.6	14.0						
Net debt to equity (%)	-15.4	-32.2	-45.6	-55.9	-58.2						
Debt to total capital (%)	2.7	0.5	0.4	0.4	0.3						

For further data queries on Citi's full coverage universe please contact CIRA Data Services Australia New Zealand at CIRADataServicesAustraliaNZ@citi.com or +61-2-8225-4848

African Barrick Gold Plc

Company description

African Barrick Resources operates four gold mines in Tanzania, namely Bulyanhulu, Buzwagi, North Mara and Tulawaka. Buzwagi, an open-pit mine, is the newest mine, having started up in 2009. The company is 75% owned by Barrack Gold following the IPO in March 2010.

Investment strategy

We rate African Barrick as Sell. The group has failed to meet earlier optimistic objectives of quickly attaining production levels of above 800 000 ounces per annum and the group's control of costs has been very poor in the past two years. Prospective costs are also set to rise higher.

Valuation

We prefer to use longer-term P/NPV ratios to value this subsector and set our target price of £4.19 by applying a 1.2x P/NPV ratio to our NPV estimate of £3.49 (derived using a discount rate of 10%). We use a 1.2x P/NPV to reflect the risk of operating in a single African country, Tanzania.

We set our target P/NPV multiples with reference to absolute and relative historical sector average levels, taking into account our views on the current stage of the cycle and on the quality of each company's assets and management.

Risks

Key risks that could cause volatility in the share price are the gold price, which has a volatile trading history, and African political risk. While Tanzania has a stable democracy, its location alongside some unstable democracies does offer some risk.

ABG has good labour relationships but there have been examples of labour disruption in the past before ABG took steps to improve relationships. There is always a risk that labour difficulties could resume. There has also been a security risk at ABG's North Mara mine.

We consider the ABG technology to be standard for the mining industry but all mining carries risk. ABG has extremely high safety standards but mines present a constant risk of fatalities and accidents cannot be ruled out.

If the impact of these risk factors is more or less positive than we currently anticipate, then the share price could deviate significantly from our target price.

Alacer Gold

Company description

Alacer Gold Corp (AQQ) is a gold producer and minerals explorer in Australia and Turkey. The company was formed through the merger of Avoca Resources and Anatolia Minerals in February 2011. The Higginsville, Kalgoorlie South and Frog's Leg assets were from Avoca and the Copler assets from Anatolia Minerals.

Investment strategy

We rate AQR Neutral. AQQ is the second largest gold producer in the Australian market behind NCM with plans for production to be at 800koz by 2015. Whilst the scale is large, we see some risk potential in meeting the target, namely the oxide recovery and development of the sulphide circuit at Copler, in conjunction with the 200kozpa of production slated from the South Kalgoorlie operations which is high cost and susceptible to volatility in the gold price.

Valuation

Our target price of \$10.00/share is based on a 1.6x multiple to NPV where we derive our NPV by applying a discount rate of 10% and a long term gold price of US\$1,050/oz. Our commodity and currency price forecasts are available in our regular Commodity Outlook reports.

Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be more or less negative than we anticipate, the stock could have difficulty achieving or exceed our financial and price targets.

AngloGold Ashanti Ltd

Company description

AngloGold Ashanti (ANG) is the world's third-largest gold mining company and holds 20 operating assets located in South Africa, Continental Africa, Australia, and the Americas. In FY09, ANG sourced 37% of its 4.6m ounces production from South Africa, 35% from Continental Africa, 19% from the America's and 9% from Australia. The South African operations constitute 53% of ANG's NAV.

Investment strategy

We rate ANG Neutral. In the context of our bearish outlook on the SA gold sector, ANG is our favoured sector pick. In our view, ANG is best positioned to benefit from the current high gold price environment, is best positioned for longer-term economic value creation and holds value-adding optionality.

Valuation

We value ANG on a sum-of-the-parts discounted cash flow (DCF) basis. We derive our valuation by applying a USD nominal WACC of 9.0% (beta 1.0, ERP 4.5%, RFR 5.5%), discounting cash flows over the life of the group's individual assets. In estimating ANG's market valuation, we apply a 1.8x P/DCF exit multiple, compared to our 1.6x P/DCF benchmark multiple for the SA gold sector. We cite the group's low-cost assets and geographically-diversified portfolio as justification for the 13% premium compared to the rest of the sector. Our valuation for ANG is net of cash, investments and overhead costs. Based on this analysis, our target price is R350.

Risks

The main downside risks to our view include a failure to turn around Obuasi in Ghana and Geita in Tanzania. In our valuation, we assume Obuasi to increase production from 380,000 ounces in FY09 to 500,000 ounces by FY14, and Geita from 272,000 to 494,000 ounces. ANG has on numerous occasions failed to meet its targets for these mines, and therefore, we caution downside risks to our numbers. Other downside risks include a weaker-than-expected gold price and stronger-than-expected operating currencies (ZAR, AUD, and BZR). Upside risks include a stronger gold price, weaker operating currencies and ANG exceeding our production expectations. As a geographically-diversified gold company, ANG is also exposed to government and regulation-related risks in the countries it operates in.

Barrick Gold

Company description

Barrick is the world's largest gold producer (headquarters in Toronto), with a portfolio of 27 operating mines, many advanced exploration and development projects located across five continents. The Company also has the largest reserves in the industry.

Investment strategy

We rate Barrick a Buy (1). Positive factors in our investment thesis include: 1. strong base of production and reserves, 2. the largest base of resources and reserves in the industry, 3. gold prices are more sustainable than those for industrial metals during recessionary periods. Negative factors include: 1. gold is close to all time highs on a nominal basis, 2 a weak history of ROIC generation in the sector, 3. M+A risk. Currently, we believe the positive factors outweigh the negative and the ETR to our target price supports a Buy rating under our rating system.

Valuation

Our target price on Barrick is \$78/sh, using a NAV approach.

NAV: We model Barrick's reserves and resources until end of mine life. Our long-term gold price is \$1,050/z (2011\$) and we use a long-term C1 cash cost of \$500/oz (2011\$). WACC is 6%. Result is \$38/sh. We apply a 2.0x NAV factor to account for the probability that spot gold prices can hold above long-term levels for a sustained period and also exploration upside and some other unvalued asset.

Risks

Key risks (both positive and negative) for Barrick Gold include (1) changes to taxation and regulatory policies, (2) gold price volatility, and (3) currency volatility.

If the impact from the above risks turns out to be greater/less than estimated, the shares could fail to reach our target price.

Beadell Resources Ltd

Company description

Beadell Resources (BDR) is a gold development company with extensive portfolio of key gold exploration tenements throughout Australia and Brazil. It is currently developing the Tucano gold project, located in Brazil. BDR is currently undertaking a definitive feasibility study to transform the existing heap leach into a conventional CIL processing operation and this is on schedule for completion by December 2010. The schedule has the construction of the CIL plant occurring in 2011 with first gold production late 2011 / early 2012.

Investment strategy

We rate BDR Neutral/High Risk. There is strong exploration potential at BDR and we like its exploration portfolio. We see development risk surrounding the Tucano construction and funding. We expect continued upside from exploration success.

Valuation

Our target price of \$0.82/share is based on our NPV for BDR. We derive our NPV of \$0.82 by applying a discount rate of 11% and a long term gold price of US\$1,050/oz. The target price represents a 1x multiple to NPV to reflect the development nature of the business, a discount to other companies in our coverage universe as it takes into account the development risks with the project.

Risks

We rate BDR as High Risk to reflect the early stage nature of the company's project. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be more or less negative than we anticipate, the stock could have difficulty achieving or exceed our financial and price targets.

Buenaventura SAA

Company description

Buenaventura (BVN) is a Peruvian mining company engaged in the extraction, concentration and sale of gold, silver and other base metals. It is South America's largest listed producer of precious metals, and by equity production among the top ten producers of gold worldwide. Besides wholly owned precious and base metal mines, BVN holds a 44% interest in Yanacocha (South America's largest gold mine) and a 19% interest in the Cerro Verde copper project.

Investment strategy

We rate BVN a Buy (1). Positive factors for BVN include: 1. stability in the gold price which is less susceptible to weakness than industrial metals, 2. a strong portfolio of development projects and 3. a strong balance sheet.

Valuation

Our target price on Buenaventura (NYSE ticker: BVN) is \$50 per share based on NAV modeling.

Our NAV value is US\$37. We consider life-of-mine of current operations, plus expected growth projects. WACC is 8% using CIRA recommended ERP and Risk Free rates. Long-term price assumptions is \$1,050/oz for gold and \$3.00/lb for copper.

Target NAV multiple is 1.3x. The range of NAV multiples through the cycle for miners is 0.5-1.5x for base metals and 1-2x for gold. We consider BVN as a hybrid gold-copper producer and select a mid-point target of 1.3x. We select the midpoint considering current investor caution towards mining equities.

Risks

Key risks (both positive and negative) for Buenaventura include (1) changes to taxation and regulatory policies, (2) metals price volatility, and (3) currency volatility. If the impact from the above risks turns out to be greater/less than estimated, the shares could fail to reach our target price.

Centamin Egypt Limited

Company description

The principal asset of Centamin (CEY) is the Sukari gold project, located in eastern Egypt. The first gold bar was produced on 26 June 2009. CEY is beginning its life as a standard open pit, carbon in leach gold producer and will soon add underground production to the open pit operations, thus targeting higher grades earlier than would be the case with only the open pit. .

Investment strategy

We rate Centamin Buy. We think that CEY ticks all the key operational and reserves boxes and is an attractive new producer. Sukari is a good quality mine, which management hopes to eventually be producing more than 500k oz p.a., and CEY has the reserves and resources (14.5m oz) to back this up.

Valuation

Our £1.04 target price is based on a long-term NPV assessment of CEY based on a 1.1x multiple of our £0.95 NPV (derived using a discount rate of 12%). We use a 1.1x P/NPV ratio in comparison to UK gold peers with less political risk on 1.3x .

We set our target P/NPV multiples with reference to absolute and relative historical sector average levels, taking into account our views on the current stage of the cycle and on the quality of each company's assets and management.

Risks

CEY faces risks associated with the currently difficult political situation in Egypt. Furthermore, all mining ventures carry risk via the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the company's future operations. The following risk factors could also cause the stock price to deviate significantly from our target price.

CEY's operations are influenced by fluctuations in the world gold price. If the price of gold should drop significantly, the economic prospects of CEY's Sukari project could be significantly reduced or rendered uneconomic. The converse applies to a rising gold price.

CEY offers potential redactors instant access to gold production, as opposed to gold exploration assets and there is a possibility that CEY could become a target. Also, should CEY seek to make acquisitions, this represents either upside or downside risk.

There is a risk that the expenditures that CEY makes in exploration will not result in the discovery of mineralised materials in commercial quantities. There is also a degree of uncertainty attributable to the calculation of mineralisation, which could represent an upside or downside risk to our earning forecasts. These risks could impede the share price from reaching our target price.

Gold Fields Ltd

Company description

Gold Fields (GFI) is a South African-based gold mining company that holds nine operating assets located in South Africa, Western Africa, Australia and South America. In FY10, 56% of the company's 3.5m ounces production was sourced from South Africa, 18% from Western Africa, 17% from Australia and 9% from South America. South Africa accounts for 63% of GFI's NAV.

Investment strategy

GFI's extensive R26bn three-year capex budget is unlikely to result in any significant net growth for the company. As a result, we see limited post-project capex FCF for shareholders in the medium term and believe its traditional 2x dividend cover policy will come under threat. We are also sceptical about GFI's longer-term growth ambitions of achieving 5.2m ounces by FY14 and caution that this might require an additional R18bn (USD2.1bn) in capex to achieve. With GFI appearing overvalued and with limited medium-term catalysts, we rate the stock Sell.

Valuation

We value GFI on a sum-of-the-parts discounted cash flow (DCF) basis. We derive our valuation by applying a USD nominal WACC of 9.0% (beta 1.0, ERP 4.5%, RFR 5.5%), discounting cash flows over the life of the group's individual assets. In estimating GFI's market valuation, we apply a 1.6x P/DCF exit multiple, similar to the benchmark P/DCF exit multiple we apply to the sector. Our valuation for GFI is net of cash, investments and overhead costs. Based on this analysis, our target price is R110.

Risks

Our valuation of GFI is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our view include a better-than-expected operating performance from Driefontein, Kloof and Beatrix, and a significant reduction in GFI's medium-term capital requirements. Other upside risks include a higher-than-expected gold price and weaker-than-expected operating currencies (ZAR, AUD).

Gryphon Minerals

Company description

Gryphon Minerals (GRY) is a prospective gold exploration play located in Burkina Faso. The company's major focus is the development of the Banfora gold project. Plans are for a 200kozpa operation.

Investment strategy

We rate GRY Buy/High Risk as the stock is attractive on valuation grounds. Whilst there is considerable exploration potential in West Africa, we see some risk in GRY making the transition from promising explorer to producing assets. Definitely the potential for more gold to be found and converted into reserves.

Valuation

Our target price of \$1.75/share is based of our NPV for GRY. We derive our NPV of \$1.74 by applying a discount rate of 11.8% and a long term gold price of US\$1,050/oz. The target price represents a 1x multiple to NPV to reflect the development nature of the business, a discount to other companies in our coverage universe as it takes into account the development risks with the project.

Risks

We rate Gryphon as High Risk referencing a number of quantitative and fundamental screens, in particular, given the non producing nature of its assets. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Harmony Gold Mining Co. Ltd

Company description

Harmony (HAR) holds 14 operating assets located in South Africa, and one in Papua New Guinea. More than 95% of the company's production is sourced from South Africa and less than 5% from Papua New Guinea. We expect this ratio to change to 92% South Africa and 8% Papua New Guinea in FY11. Papua New Guinea holds longer-term growth opportunities for HAR through its 50% stake in the Wafi/Golpu project, and forms 38% of our NAV of HAR.

Investment strategy

We rate HAR Sell. HAR's geographic concentration in SA and high-cost assets make it poorly positioned for longer-term economic value creation, in our view. We caution that even its low-cost international growth options are unlikely to transform the company into becoming economically value accretive. As such, we believe HAR finds itself in a strategy conundrum of "damned if you do (grow internationally), damned if you don't", and see limited catalysts for the stock.

Valuation

We value HAR on a sum-of-the-parts DCF basis. We derive our valuation by applying a USD nominal WACC of 9.0% (beta 1.0, ERP 4.5%, RFR 5.5%), discounting cash flows over the life of the group's individual assets. In estimating HAR's market valuation, we apply a 1.6x P/DCF exit multiple, similar to the benchmark multiple we apply for the SA gold sector. Our valuation for HAR is net of cash, investments and overhead costs. Based on this analysis our target price is R85.

Risks

Our valuation of HAR is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our rather bearish view include HAR delivering better cost and production performances relative to our expectations, the gold price exceeding our assumptions, and the rand weakening faster than we expected.

Kingsgate Consolidated Limited

Company description

Kingsgate Consolidated (KCN) is an Australian mid-tier gold producer with current production of c120-140koz from its Chatree asset in Thailand and 100koz from its Challenger asset in Australia. It is also one of the lowest cash cost producers globally with production costs of c\$ 450/oz.

Investment strategy

We rate KCN as a Sell. Management has a lot on its plate with the final approval for Chatree still required, a Thai IPO on the cards and ongoing exploration & feasibility studies at their Nueva and Bowdens projects. Whilst these may potentially be positive catalysts, but with the emphasis that the company has placed on the above issues and the strong potential for time slippage, we see KCN as one of the more complex and higher risk stories amongst the Australian gold juniors.

Valuation

Our target price of A\$7.00/share is derived from a 1.3x multiple to NPV. Our NPV of \$5.41/share uses published resources, a 10.5% nominal discount rate and long-term values of US\$1,050/oz for gold, US\$2.81/lb for copper and A\$/US\$ exchange rate of 0.90. The target price represents a 1.3x multiple to NPV which is in line with its Australian mid-cap gold peers.

Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Medusa Mining Ltd

Company description

Medusa Mining (MML) is an emerging gold producer with its main asset, the Co-O mine, located in the Philippines. Plans are underway to expand the current Co-O mine to 200kozpa and the company is looking to develop a second mine in the region.

Investment strategy

We rate MML Buy/High Risk. The upside for MML comes from the continued resource definition drilling around the Co-O operation as well as the strong exploration pipeline the company has. The high grade and low cost nature of the assets make MML a standout from a quality and margin perspective.

Valuation

Our target price of A\$8.00/share is based on a c1.3x multiple of NPV which is in line with its Australian mid-cap gold peers. Our NPV is derived using a discount rate of 12.5% to take into account Philippines political risk as well as the project risk associated with the epithermal style vein deposit. A long term gold price of US\$1,050/oz is used.

Risks

We rate Medusa as High Risk because annualised volatility is greater than or equal to 50%. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Newcrest Mining Ltd

Company description

Newcrest Mining (NCM) is Australia's largest gold producer. After the acquisition of Lihir Gold, the company is estimated to produce c3.2moz of gold per annum. Cash costs are low by global standards at around US\$400/oz.

Investment strategy

We rate NCM Buy. NCM is leveraged to a positive gold environment through its large, world class reserve base and a high-quality exploration portfolio with a successful track record of mine development. These qualities provide significant development opportunities and an exploration record that differentiates the company from any other gold stock in Australia.

Valuation

Our target price of \$38/share is based on our NPV for NCM. The target price represents a 1.6x multiple to NPV which is in line with NCM's global gold peers.

Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Newmont Mining

Company description

Newmont Mining Corporation is an American mining company (headquarters in Denver) engaged in the exploration and acquisition of gold properties, with operations in the USA, Australia, Peru, Indonesia, Ghana, Canada, Bolivia, New Zealand and Mexico. It is the world's second largest gold producer and it's also engaged in the production of copper.

Investment strategy

We rate Newmont a Buy (1). Positive factors in our investment thesis include: 1. a strong base of production and reserves, 2. very low valuation relative to spot gold prices, 3. future upside to production and reserves from new projects. Negative factors include: 1. gold is close to all time highs on a nominal basis, 2 a weak history of ROIC generation in the sector. Currently, we believe the positive factors outweigh the negative and the ETR to our target price supports a Buy rating under our rating system.

Valuation

Our target price on Newmont is \$80/sh, using a NAV approach.

NAV: We model Newmont's reserves and resources until end of mine life. Our long-term gold price is \$1,050/z (2011\$) and we use a long-term C1 cash cost of \$550/oz (2011\$). WACC is 6%. Result is \$40/sh. We apply a 2.0x NAV factor to account for the probability that spot gold prices can hold above long-term levels for a sustained period and also exploration upside and some other unvalued asset.

Risks

Key risks (both positive and negative) for Newmont Mining include (1) changes to taxation and regulatory policies, (2) gold price volatility, and (3) currency volatility.

If the impact from the above risks turns out to be greater/less than estimated, the shares could fail to reach our target price.

OceanaGold

Company description

OceanaGold (OGC) is one of the larger mid tier gold companies in Australia. The main assets are in New Zealand with the Didipio Gold/Copper project in the Philippines being the growth asset.

Investment strategy

We rate OGC Buy/High Risk. OGC is set to be a c300koz producer from its operations in New Zealand making it Australia's 3rd largest producer by volume. It has no hedging and as such is totally levered to the gold price direction. There is potential for further ore additions in its New Zealand operations which could extend the mine life and add value to the company. It also has a project in the Philippines, Didipio, which is scheduled to commence production in 2013.

Valuation

Our target price of A\$3.60/share is derived from a 1.3x premium to our NPV which is in line with other mid-tier gold stocks in our universe. Our NPV uses published resources, a 10.7% nominal discount rate and long-term values of US\$1,050/oz for gold, US\$2.81/lb for copper and A\$/US\$ exchange rate of US\$0.90.

Risks

We rate OGC as High Risk because annualised volatility is greater than or equal to 50%. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Perseus

Company description

Perseus (PRU) has been a leader in development of West African gold assets. Its Central Ashanti Gold Project (CAGP) is located in Ghana. When fully ramped up, the project could produce around 330-350kozpa over a c15 year life. The scale of the asset makes it unique amongst the Australian gold sector and a potential target for corporate activity.

Investment strategy

We rate PRU Buy. The company has a strong asset base in West Africa and that asset base and exploration potential make it an interesting investment. We assume the mill ramp up to 10mtpa and the discovery/conversion of 6moz of gold in to reserves.

Valuation

Our target price of \$3.50/share represents a ~1.3x multiple to NPV which is in line with its Australian mid-cap gold peers. We derive our NPV of \$2.58 by applying a discount rate of 11% and a long term gold price of US\$1,050/oz.

Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

Petropavlovsk PLC

Company description

POG is a UK-listed gold mining company with gold and iron ore assets in Russia.

Investment strategy

We rate Petropavlovsk Buy. POG has attractive near-term production upside, but has more limited reserves than key peers and there are uncertainties about grade profile and the success of pressure oxidation after 2013.

Valuation

We set our target price of £8.34 by applying a 1.3x P/NPV multiple to POG's gold assets (NAV of £5.69 per share; derived using a discount rate of 10%) while we apply a 15% conglomerate discount to the market value of its quoted iron ore assets (currently £1.10 per share). We use a 1.3x P/NPV ratio for POG's gold assets, in line with UK gold peers of a similar size.

We set our target P/NPV multiples with reference to absolute and relative historical sector average levels, taking into account our views on the current stage of the cycle and on the quality of each company's assets and management.

Risks

We would highlight in particular that it is a single commodity play with the bulk of its earnings being derived from gold. Adverse movement in the gold price away from our forecasts could see a significant delta in our forecasts from actual profits, both positively and negatively. POG also faces technical risk in relation to its POX technology. Finally the company conducts the bulk of its business in Russia which has higher risk than developed countries.

If the impact of these risk factors is more or less negative than we currently anticipate, then the share price could fail to reach or exceed our target price.

Polymetal

Company description

Polymetal is a leading precious metals mining company. It is the third-largest global primary silver producer, and the largest silver and the fourth-largest gold producer in Russia. In 2010, its gold production grew by 43%, to 441 Koz. Silver production grew by 9%, to 17.9 Moz. In 2011 Polymetal aims to produce 470-500 Koz of gold and 18-19 Moz of silver.

Investment strategy

We have a Buy rating on Polymetal as the company is forecasting an impressive growth profile into 2013, leading to significant DCF upside. It also delivered good production growth in 2010, even though 1H11 production results were disappointing. The company is currently trying to obtain a premium LSE listing which entails both risks and opportunities for shareholders as on the one hand, the stock may lose its MSCI Russia weighting, but on the other hand, may get a Western listing premium.

Valuation

Our valuation methodology uses target 2011-12E multiples of the global gold sector for 50% of the valuation. This yields approximately USD17.40/GDR. Another 50% of the valuation comes from DCF, where we apply a 2.5x P/NAV factor to account for unique gold equity investment characteristics and Polymetal's growth profile. We use a WACC of 9.1% for Polymetal, based on the following assumptions: risk-free rate of 5%, equity risk premium of 5%, beta of 1, cost of debt of 7% and target leverage of 20%. Our DCF yields USD40/share. Using 50/50 weighting, we arrive at a target price of USD28.

Risks

We highlight the following risks to our target price:

Commodity prices. Gold/silver price volatility is a major risk for Polymetal, both downside and upside.

Availability of reserves and maintenance of licences. As reserves decline over time with production, the acquisition of new subsoil licences, the development of new gold mining projects or the expansion of the existing mines are necessary. Polymetal's business depends on the continuing validity of mining licences, and the ability to secure new licences.

Mining operational risks. The mining operations are affected by mining conditions and other operational risks associated with industrial or engineering activity, such as mechanical breakdowns and the use of explosive materials. The hazards associated with open-pit mining operations include collapses of the open-pit wall and accidents due to use of blasting operations and mining machinery.

Foreign exchange rates and costs. As a company that reports in USD, but incurs most of its costs in the local currency, Polymetal may be impacted by FX moves. We believe that, in general, the appreciation of the local currency vs. the USD should be negative for Polymetal, and vice versa.

M&A risk. Major gold mines typically have mature assets and use M&A to fill declining production when organic development opportunities are unavailable. Such potential M&A deals may entail various risks for the shareholders of Polymetal.

Russian mining. We believe the Russian mining sector is taxed less heavily than the Russian oil and gas sector and generally enjoys a superior profitability. We believe that there is a risk that mining taxation will be adjusted toward taxing the metals sector more heavily. Having said, that we believe this risk may mostly apply to exporters and as such is mitigated by Polymetal's high domestic sales.

If the impact on the company from any of these factors proves to be more negative than we anticipate, the stock will likely have difficulty achieving our financial and price targets. However, if any of these factors proves to have less of an effect than we anticipate, the stock could materially outperform our target.

Randgold Resources Ltd

Company description

RRS is an African-based gold mining company listed on the LSE since 1997 and Nasdaq since 2002. RRS has three operational mines in Mali: Morila, Loulo and Gounkoto. The Tongon mine is based in Cote D'Ivoire. The Kibali project in DRC is expected to begin production in Q4 2013. Massawa in Senegal could begin production in 2014, subject to more drilling success. Randgold also has a portfolio of exploration projects in West Africa.

Investment strategy

We rate Randgold Resources Buy. We base our investment case around two key themes:

Maintained strong gold price: As a pure gold play, Randgold offers leverage to the gold price and a rising gold price could be a strong driver for the stock. We expect gold to remain well supported at current levels but continue to be range-bound.

Volume gains: We see production growth as a key stock differentiator. We expect attributable production to rise from 696k oz in 2011 to 1.2m oz once the Kibali mine is in production.

Valuation

We use a 1.7x P/NPV ratio for RRS in comparison to the 1.3x used for other UK gold peers as RRS has a much longer history than other UK peers and has its assets spread across four countries, thus aiding in diversification. We also believe that RRS deserves a premium P/NPV rating vs. UK peers based on the quality and diversity of its projects and its superior production growth.

We derive our target price of £88.84 by applying the 1.7x P/NPV ratio to our NPV estimate of £52.26 (derived using a discount rate of 10%).

We set our target P/NPV multiples with reference to absolute and relative historical average levels, taking into account our views on the current stage of the cycle and on the quality of each company's assets and management.

Risks

The key risks that could prevent the achievement of our target price are gold price, currency risk, political risk and cost base. The political risk is a function of Randgold's operation in African countries.

Gold Price: Any material deviation from our price forecasts, either from 'stronger for longer' prices or a sharper and sooner decline, would impact on our earnings forecasts.

Currency Risk: Randgold reports in US\$, and the revenue stream is priced in US\$. However, operating costs are split 40:60 between the Communauté Financière Africaine franc (CFA) and US\$. The CFA is fixed against the euro, therefore, depreciation of the US\$ against the euro would cause the cost base to rise and negatively impact earnings.

Resolute

Company description

Resolute Mining Limited (RSG) is a gold mining and exploration company operating in Africa and Australia: Golden Pride in Tanzania, Syama in the South of Mali and Ravenswood in North-East Queensland.

Investment strategy

We rate RSG Neutral on valuation consideration. RSG has the potential to be one of the larger scale Australian gold producers with c400kozpa of gold production. However much of the production potential is reliant on the execution of a turnaround at the Syama gold project in Mali. Whilst we see potential value in the company we note that there is considerable operational risk in delivering the value.

Valuation

Our target price of \$2.20/share is based of our NPV for RSG. We derive our NPV of \$1.65 by applying a discount rate of 12% and a long term gold price of US\$1,050/oz. The target price represents a 1.3x multiple to NPV which is in line with its Australian mid-cap gold peers.

Risks

Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets and exploration potential. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies. If the impact on the company from any of these factors proves to be less/more negative than we anticipate, the stock could materially outperform/underperform our target price.

St Barbara Limited

Company description

St. Barbara Limited (SBM) is an Australian gold producer and explorer. SBM owns the Southern Cross and Leonora operations in Western Australia, previously owned by Sons of Gwalia.

Investment strategy

We rate SBM Sell/High Risk. Whilst SBM has improved its operational performance, we still struggle to see the long-term growth and value in the name. SBM has indicated it is looking to grow via acquisition and we see better return by being in M&A targets, rather than being in the acquirer.

Valuation

Our target price of \$2.25 is derived from a ~1.2x multiple to NPV which is a discount to other mid-tier gold stocks in our universe given SBM's short mine life. Our NPV incorporates a WACC of 9.8%, long-term gold price of US\$1,050/oz and a long-term A\$/US\$ exchange rate of 0.90.

Risks

We rate SBM High Risk because annualised volatility is greater than or equal to 50%. Our valuation of the company is exposed to macroeconomic developments affecting the gold price and exchange rates, operational risks that might affect volumes and input costs, and political risks that might affect costs and the company's reputation. Upside risks to our forecasts and target price include a better than-expected operating performance from the company's assets. Other upside risks include a higher-than-expected gold price and weaker-than expected operating currencies.

Notes

Notes

Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

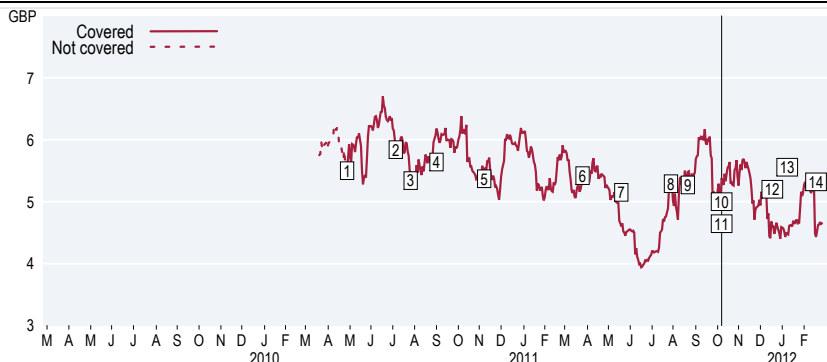
IMPORTANT DISCLOSURES

African Barrick Gold Plc (ABGL.L)

Ratings and Target Price History Fundamental Research

Analyst: Jon H Bergtheil

Covered since April 29 2010



	Date	Rating	Target Price	Closing Price
1	28-Apr-10	*1M	*6.65	5.59
2	6-Jul-10	1M	*7.40	5.84
3	27-Jul-10	1M	*6.75	5.47
4	1-Sep-10	*2M	*6.40	6.18
5	7-Nov-10	2M	*6.20	5.49

* Indicates change

	Date	Rating	Target Price	Closing Price
6	25-Mar-11	*1M	*6.25	5.39
7	19-May-11	1M	*6.21	4.60
8	28-Jul-11	1M	*6.57	5.23
9	21-Aug-11	1M	*7.90	5.36
10	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
11	7-Oct-11	*1	7.90	5.38
12	19-Dec-11	1	*7.56	4.60
13	8-Jan-12	1	*6.55	4.50
14	17-Feb-12	*3	*4.19	4.43

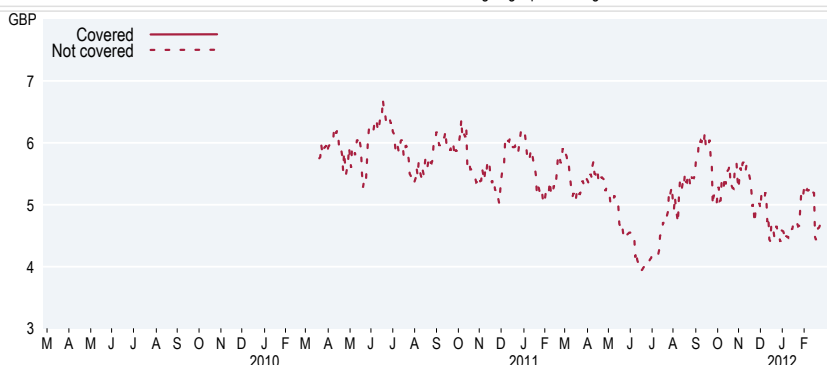
Rating/target price changes above reflect Eastern Standard Time

African Barrick Gold Plc (ABGL.L)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Jon H Bergtheil

Covered since April 29 2010



* Indicates change

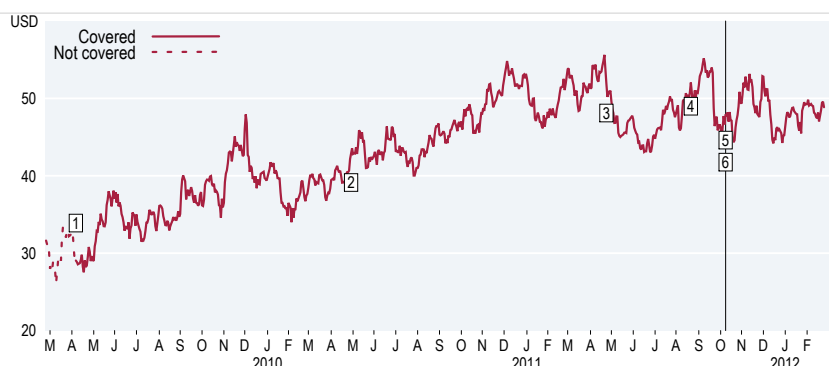
Rating/target price changes above reflect Eastern Standard Time

Barrick Gold (ABX)

Ratings and Target Price History

Fundamental Research

Analyst: Alexander Hacking, CFA
Covered since April 7 2009



	Date	Rating	Target Price	Closing Price
1	7-Apr-09	*1M	*40.00	29.05
2	29-Apr-10	1M	*50.00	42.87

* Indicates change

	Date	Rating	Target Price	Closing Price
3	25-Apr-11	1M	*60.00	51.86
4	22-Aug-11	1M	*78.00	52.05

	Date	Rating	Target Price	Closing Price
5	8-Oct-11	Stock rating system changed		
6	8-Oct-11	*1	78.00	46.64

Rating/target price changes above reflect Eastern Standard Time

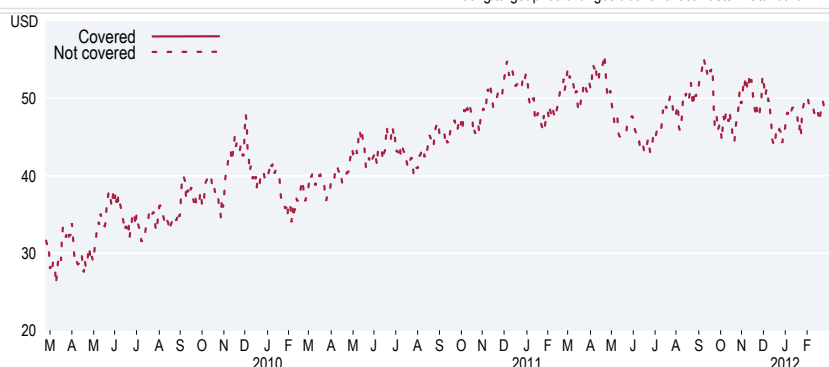
Barrick Gold (ABX)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Alexander Hacking, CFA
Covered since April 7 2009



* Indicates change

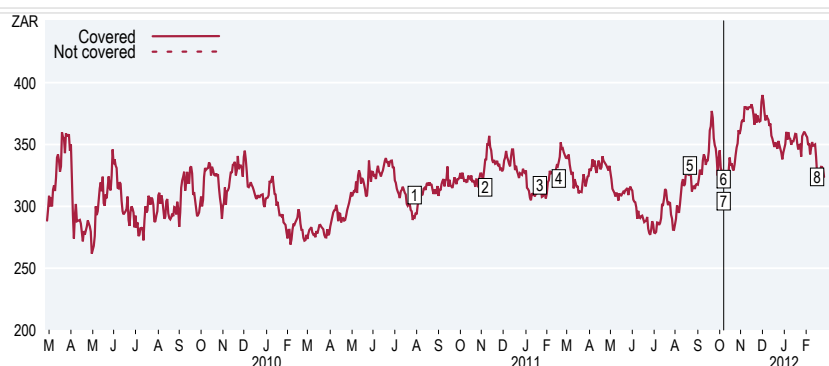
Rating/target price changes above reflect Eastern Standard Time

AngloGold Ashanti Ltd (ANGJ.J)

Ratings and Target Price History

Fundamental Research

Analyst: Johann Steyn
Covered since July 29 2010



	Date	Rating	Target Price	Closing Price
1	29-Jul-10	*2M	*340.00	291.00
2	5-Nov-10	2M	*370.00	337.80
3	21-Jan-11	2M	*350.00	317.00

* Indicates change

	Date	Rating	Target Price	Closing Price
4	17-Feb-11	2M	*340.00	335.95
5	21-Aug-11	2M	*360.00	324.72
6	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
7	7-Oct-11	*2	360.00	323.99
8	16-Feb-12	2	*350.00	326.14

Rating/target price changes above reflect Eastern Standard Time

AngloGold Ashanti Ltd (ANGJ.J)

Ratings and Target Price History

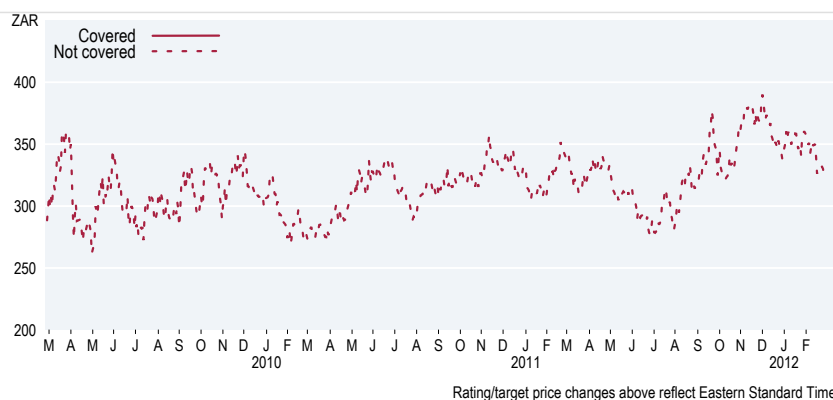
Best Ideas Research

Relative Call (3 Month)

Analyst: Johann Steyn

Covered since July 29 2010

* Indicates change



Alacer Gold (AQQ.AX)

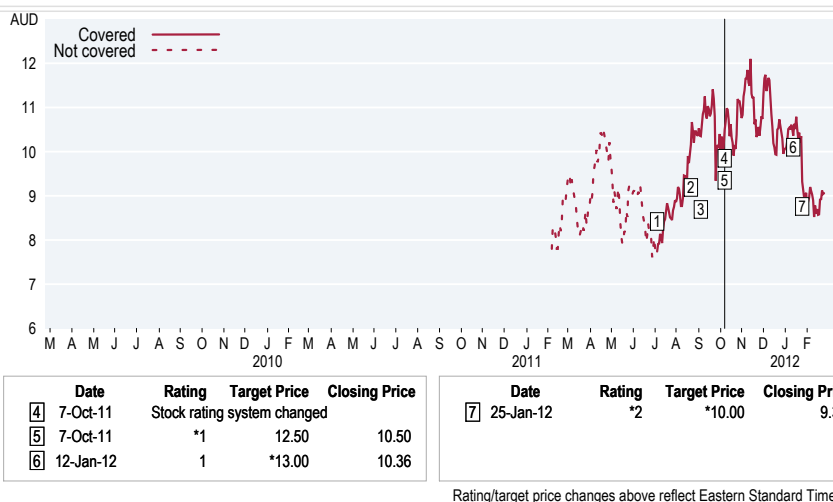
Ratings and Target Price History

Fundamental Research

Analyst: Craig Sainsbury

Covered since July 5 2011

* Indicates change



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*2H	*9.20	7.74
2	22-Aug-11	2H	*11.75	10.16
3	4-Sep-11	2H	*12.50	10.36

	Date	Rating	Target Price	Closing Price
4	7-Oct-11	Stock rating system changed		
5	7-Oct-11	*1	12.50	10.50
6	12-Jan-12	1	*13.00	10.36

	Date	Rating	Target Price	Closing Price
7	25-Jan-12	*2	*10.00	9.32

Rating/target price changes above reflect Eastern Standard Time

Alacer Gold (AQQ.AX)

Ratings and Target Price History

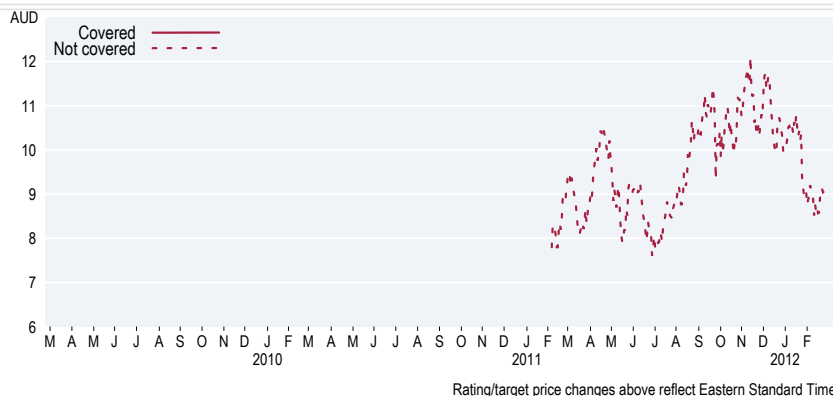
Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since July 5 2011

* Indicates change

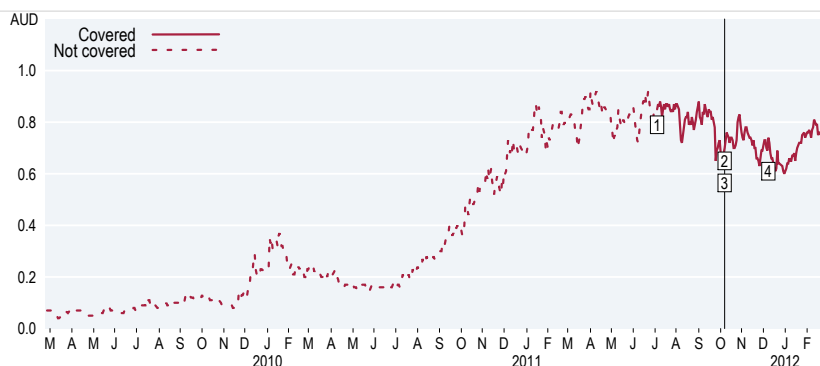


Rating/target price changes above reflect Eastern Standard Time

Beadell Resources Ltd (BDR.AX)

Ratings and Target Price History Fundamental Research

Analyst: Craig Sainsbury
Covered since July 5 2011



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*2S	*0.95	0.85
2	7-Oct-11	Stock rating system changed		

* Indicates change

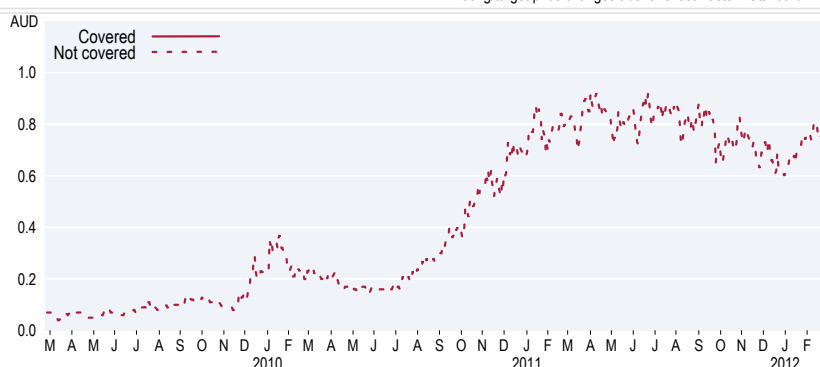
	Date	Rating	Target Price	Closing Price
3	7-Oct-11	*1H	0.95	0.70
4	8-Dec-11	*2H	*0.82	0.74

Rating/target price changes above reflect Eastern Standard Time

Beadell Resources Ltd (BDR.AX)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Craig Sainsbury
Covered since July 5 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Buenaventura SAA (BVN.N)

Ratings and Target Price History Fundamental Research

Analyst: Alexander Hacking, CFA



	Date	Rating	Target Price	Closing Price
1	21-Apr-09	*2S	*24.00	20.38
2	3-Aug-09	2S	*30.00	27.21
3	6-Oct-09	2S	*47.00	37.03
4	27-Jan-10	2S	*42.00	32.44

* Indicates change

	Date	Rating	Target Price	Closing Price
5	6-Mar-11	*2H	*52.00	46.06
6	6-Jun-11	2H	*38.00	35.75
7	27-Jul-11	2H	*45.00	41.29
8	22-Aug-11	2H	*51.00	44.74

	Date	Rating	Target Price	Closing Price
9	3-Oct-11	*1H	*50.00	37.36
10	8-Oct-11	Stock rating system changed		
11	8-Oct-11	*1	50.00	40.05

Rating/target price changes above reflect Eastern Standard Time

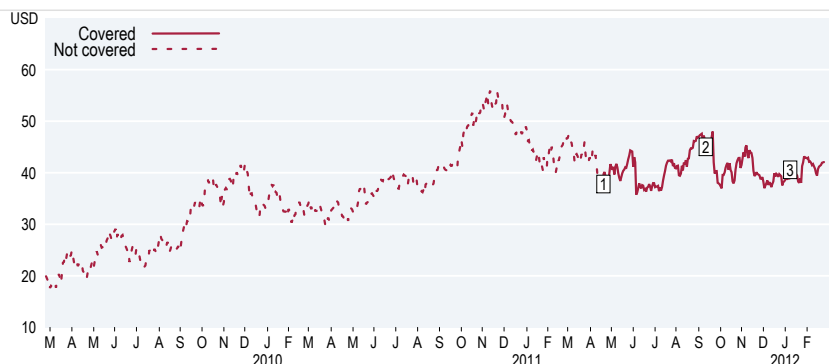
Buenaventura SAA (BVN.N)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Alexander Hacking, CFA



	Date	Rating	Target Price	Closing Price
1	20-Apr-11	*ADD LP	-	39.67

* Indicates change

	Date	Rating	Target Price	Closing Price
2	12-Sep-11	*REM LP	-	45.51

	Date	Rating	Target Price	Closing Price
3	9-Jan-12	*ADD MP	-	39.45

Rating/target price changes above reflect Eastern Standard Time

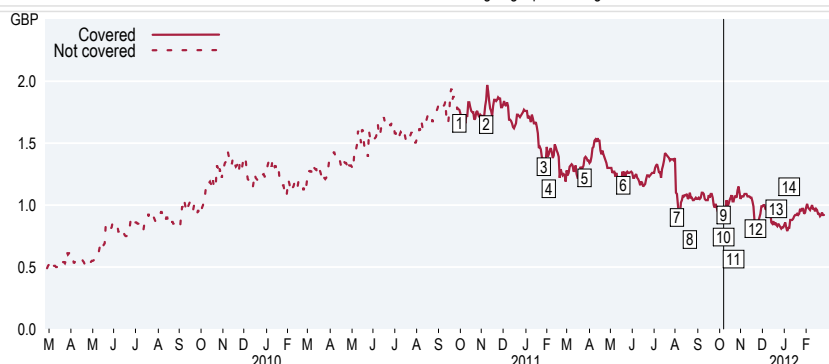
Centamin Egypt Limited (CEY.L)

Ratings and Target Price History

Fundamental Research

Analyst: Jon H Bergtheil

Covered since October 1 2010



	Date	Rating	Target Price	Closing Price
1	30-Sep-10	*3M	*1.50	1.77
2	7-Nov-10	3M	*1.58	1.80
3	27-Jan-11	*1M	*1.65	1.36
4	3-Feb-11	1M	*1.71	1.41
5	25-Mar-11	*1H	*1.80	1.38

* Indicates change

	Date	Rating	Target Price	Closing Price
6	19-May-11	1H	*1.66	1.24
7	3-Aug-11	1H	*1.43	1.09
8	21-Aug-11	1H	*1.72	1.06
9	7-Oct-11	Stock rating system changed		
10	7-Oct-11	*1	1.72	0.95

	Date	Rating	Target Price	Closing Price
11	21-Oct-11	1	*1.80	1.03
12	22-Nov-11	1	*1.67	0.81
13	21-Dec-11	1	*1.23	0.84
14	8-Jan-12	1	*1.04	0.82

Rating/target price changes above reflect Eastern Standard Time

Centamin Egypt Limited (CEY.L)

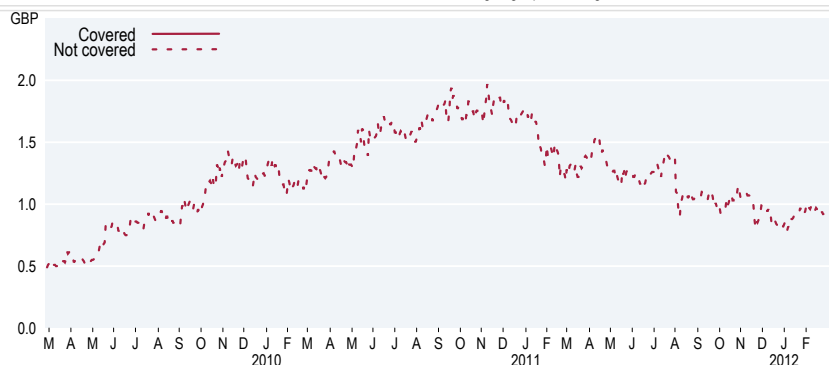
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Jon H Bergtheil

Covered since October 1 2010



* Indicates change

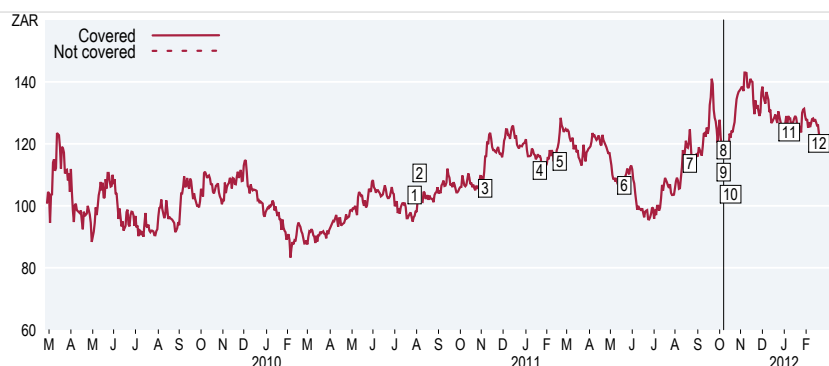
Rating/target price changes above reflect Eastern Standard Time

Gold Fields Ltd (GFIJ.J)

Ratings and Target Price History

Fundamental Research

Analyst: Johann Steyn
Covered since July 29 2010



	Date	Rating	Target Price	Closing Price
1	29-Jul-10	*3M	*90.00	96.80
2	5-Aug-10	3M	*87.00	102.30
3	5-Nov-10	3M	*100.00	115.95
4	21-Jan-11	3M	*95.00	116.25

* Indicates change

	Date	Rating	Target Price	Closing Price
5	18-Feb-11	3M	*100.00	123.74
6	20-May-11	3M	*95.00	107.05
7	21-Aug-11	3M	*105.00	120.60
8	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
9	7-Oct-11	*3	105.00	117.99
10	18-Oct-11	3	*110.00	122.00
11	8-Jan-12	3	*115.00	129.00
12	19-Feb-12	3	*110.00	125.98

Rating/target price changes above reflect Eastern Standard Time

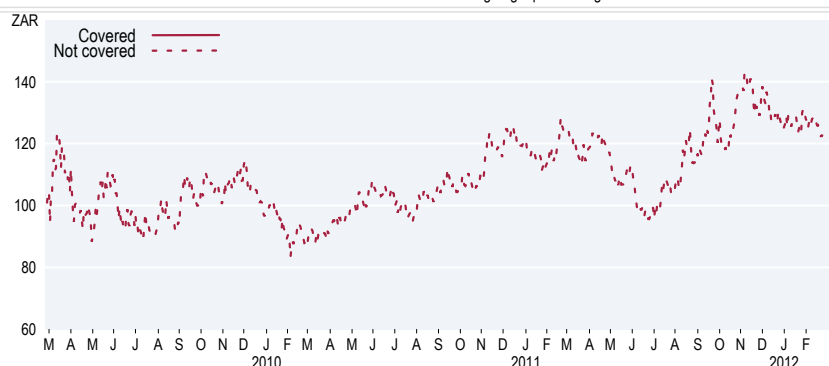
Gold Fields Ltd (GFIJ.J)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Johann Steyn
Covered since July 29 2010



* Indicates change

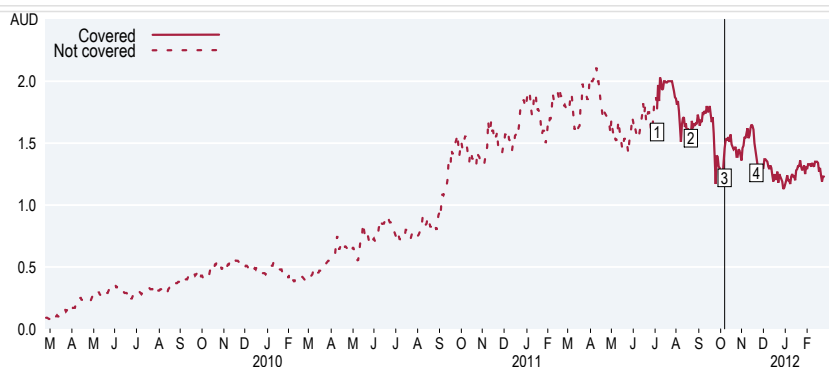
Rating/target price changes above reflect Eastern Standard Time

Gryphon Minerals (GRY.AX)

Ratings and Target Price History

Fundamental Research

Analyst: Craig Sainsbury
Covered since July 5 2011



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*2H	*1.90	1.78
2	22-Aug-11	*1H	*2.00	1.56

* Indicates change

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	Stock rating system changed		
4	22-Nov-11	1H	*1.75	1.50

Rating/target price changes above reflect Eastern Standard Time

Gryphon Minerals (GRY.AX)

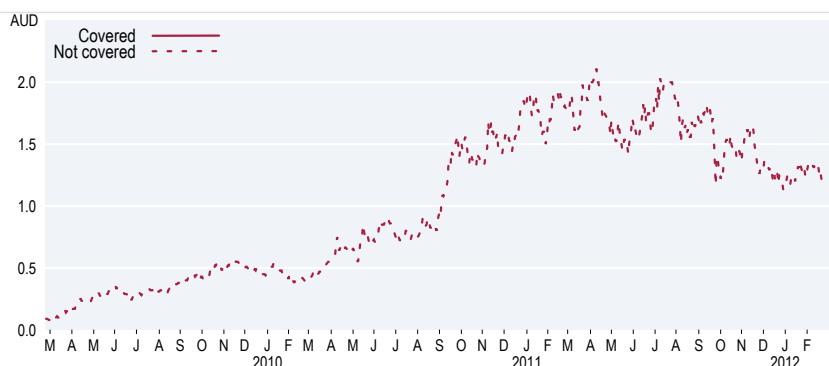
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since July 5 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

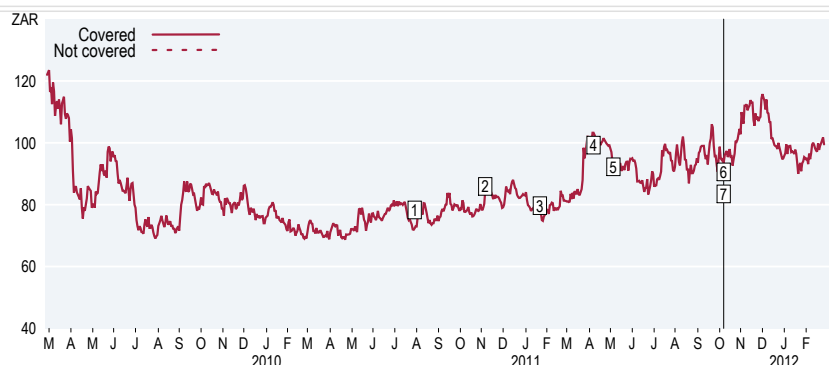
Harmony Gold Mining Co. Ltd (HARJ.J)

Ratings and Target Price History

Fundamental Research

Analyst: Johann Steyn

Covered since July 29 2010



	Date	Rating	Target Price	Closing Price
1	29-Jul-10	*3M	*65.00	72.38
2	5-Nov-10	3M	*75.00	84.50
3	21-Jan-11	3M	*70.00	78.60

* Indicates change

	Date	Rating	Target Price	Closing Price
4	7-Apr-11	3M	*90.00	103.25
5	5-May-11	3M	*85.00	92.75
6	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
7	7-Oct-11	*3	85.00	93.53

Rating/target price changes above reflect Eastern Standard Time

Harmony Gold Mining Co. Ltd (HARJ.J)

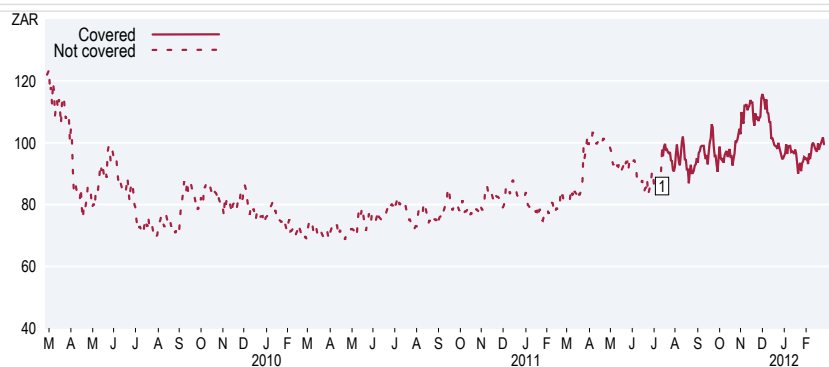
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Johann Steyn

Covered since July 29 2010



	Date	Rating	Target Price	Closing Price
1	13-Jul-11	*ADD LP	-	97.52

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Kingsgate Consolidated Limited (KCN.AX)

Ratings and Target Price History Fundamental Research

Analyst: Craig Sainsbury
Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*2H	*10.00	8.96
2	4-Jul-10	*1H	*12.00	9.55
3	5-Jul-11	1H	*10.00	7.87

* Indicates change

	Date	Rating	Target Price	Closing Price
4	22-Aug-11	1H	*10.80	9.20
5	7-Oct-11	Stock rating system changed		
6	7-Oct-11	*1	10.80	7.75

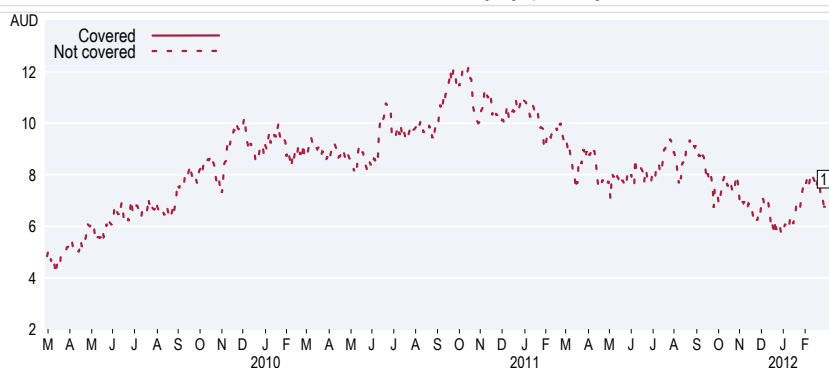
	Date	Rating	Target Price	Closing Price
7	28-Oct-11	*2	*8.60	7.78
8	12-Jan-12	2	*7.00	6.39
9	22-Feb-12	*3	7.00	7.75

Rating/target price changes above reflect Eastern Standard Time

Kingsgate Consolidated Limited (KCN.AX)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Craig Sainsbury
Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	28-Feb-12	*ADD LP	-	6.76

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Medusa Mining Ltd (MML.AX)

Ratings and Target Price History Fundamental Research

Analyst: Craig Sainsbury
Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*1H	*4.55	3.00
2	15-Mar-10	1H	*4.55	3.62
3	11-Apr-10	1H	*5.00	4.15

* Indicates change

	Date	Rating	Target Price	Closing Price
4	4-Jul-10	1H	*5.50	3.80
5	5-Jan-11	1H	*9.00	6.42
6	22-Aug-11	1H	*10.00	7.46

	Date	Rating	Target Price	Closing Price
7	7-Oct-11	Stock rating system changed		
8	12-Jan-12	1H	*8.50	5.32
9	30-Jan-12	1H	*8.00	5.88

Rating/target price changes above reflect Eastern Standard Time

Medusa Mining Ltd (MML.AX)

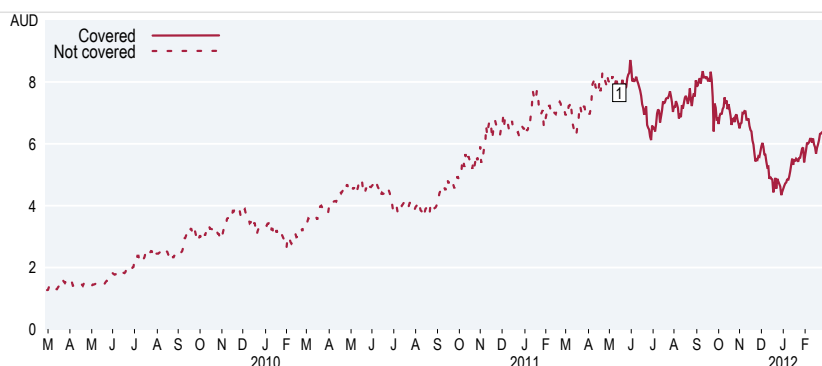
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	15-May-11	*ADD MP	-	7.80

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

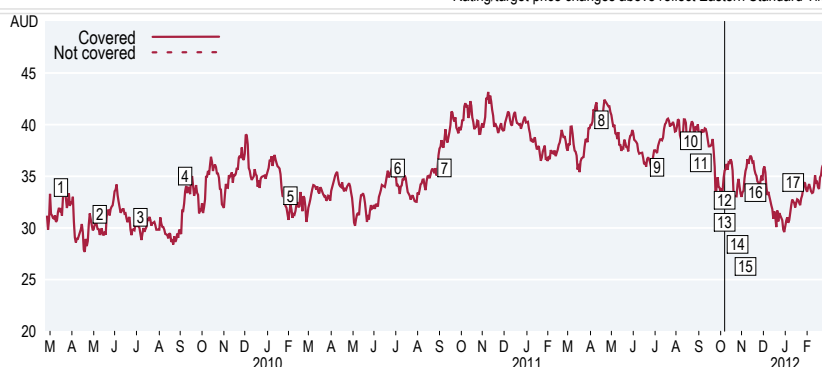
Newcrest Mining Ltd (NCM.AX)

Ratings and Target Price History

Fundamental Research

Analyst: Craig Sainsbury

Covered since July 5 2010



	Date	Rating	Target Price	Closing Price
1	17-Mar-09	2H	*36.79	31.92
2	10-May-09	*1M	*34.31	29.93
3	7-Jul-09	1M	*34.51	29.40
4	8-Sep-09	1M	*37.49	33.56
5	3-Feb-10	1M	*37.79	32.27
6	4-Jul-10	1M	*41.76	34.05

* Indicates change

	Date	Rating	Target Price	Closing Price
7	8-Sep-10	*2M	41.76	38.58
8	18-Apr-11	2M	*43.75	40.89
9	5-Jul-11	*1M	43.75	37.25
10	22-Aug-11	1M	*45.74	39.97
11	4-Sep-11	1M	*47.73	38.88
12	7-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
13	7-Oct-11	*1	47.73	35.56
14	26-Oct-11	1	*45.74	34.21
15	7-Nov-11	1	*41.76	35.52
16	21-Nov-11	1	*42.00	35.25
17	12-Jan-12	1	*38.00	32.58

Rating/target price changes above reflect Eastern Standard Time

Newcrest Mining Ltd (NCM.AX)

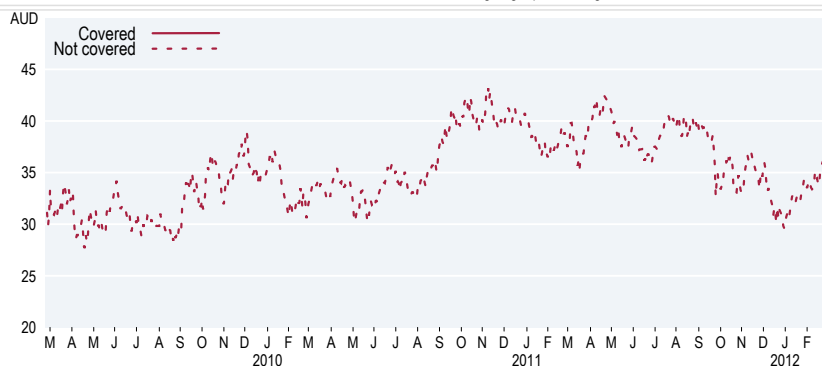
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since July 5 2010



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Newmont Mining (NEM)

Ratings and Target Price History

Fundamental Research

Analyst: Alexander Hacking, CFA
Covered since April 7 2009



	Date	Rating	Target Price	Closing Price
1	7-Apr-09	*2M	*44.00	42.62
2	27-Apr-10	2M	*55.00	53.26

* Indicates change

	Date	Rating	Target Price	Closing Price
3	22-Aug-11	*1M	*80.00	62.86
4	8-Oct-11	Stock rating system changed		

	Date	Rating	Target Price	Closing Price
5	8-Oct-11	*1	80.00	63.09

Rating/target price changes above reflect Eastern Standard Time

Newmont Mining (NEM)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Alexander Hacking, CFA
Covered since April 7 2009



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

OceanaGold (OGC.AX)

Ratings and Target Price History

Fundamental Research

Analyst: Craig Sainsbury
Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*1H	*3.25	2.13
2	4-Jul-10	*2H	*4.00	3.29
3	6-Jan-11	*1H	*5.00	3.36
4	5-Jul-11	1H	*4.00	2.57

* Indicates change

	Date	Rating	Target Price	Closing Price
5	28-Jul-11	1H	*3.70	2.68
6	22-Aug-11	1H	*3.50	2.11
7	7-Oct-11	Stock rating system changed		
8	27-Oct-11	1H	*3.20	2.45

	Date	Rating	Target Price	Closing Price
9	12-Dec-11	1H	*3.30	2.42
10	12-Jan-12	1H	*3.60	2.34

Rating/target price changes above reflect Eastern Standard Time

OceanaGold (OGC.AX)

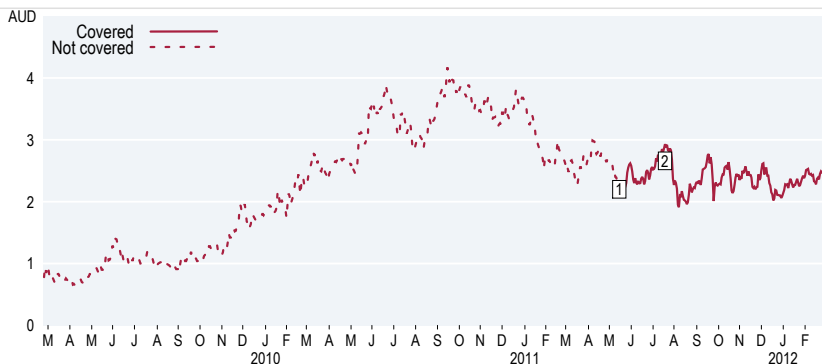
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since February 3 2010



Date	Rating	Target Price	Closing Price
1 15-May-11	*ADD MP	-	2.28

Date	Rating	Target Price	Closing Price
2 19-Jul-11	*REM MP	-	2.93

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

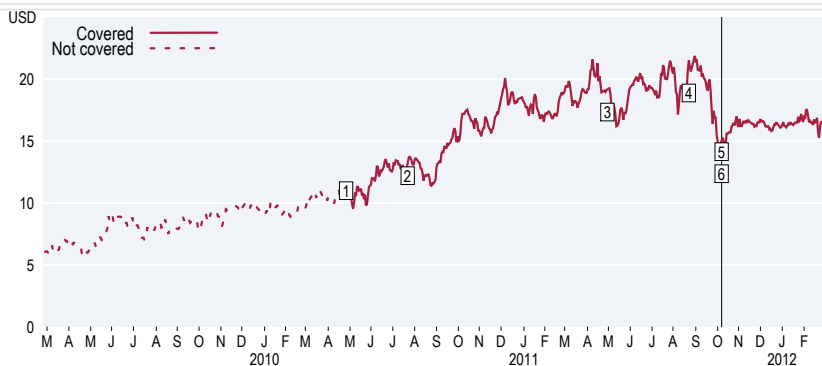
Polymetal (PMTLq.L)

Ratings and Target Price History

Fundamental Research

Analyst: Jon H Bergtheil

Covered since January 23 2012



	Date	Rating	Target Price	Closing Price
1	27-Apr-10	*2M	*12.50	10.80
2	22-Jul-10	2M	*15.00	13.25

	Date	Rating	Target Price	Closing Price
3	29-Apr-11	2M	*22.00	19.14
4	23-Aug-11	*2H	*28.00	21.53

	Date	Rating	Target Price	Closing Price
5	7-Oct-11	Stock rating system changed		
6	7-Oct-11	*1	28.00	15.06

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Polymetal (PMTLq.L)

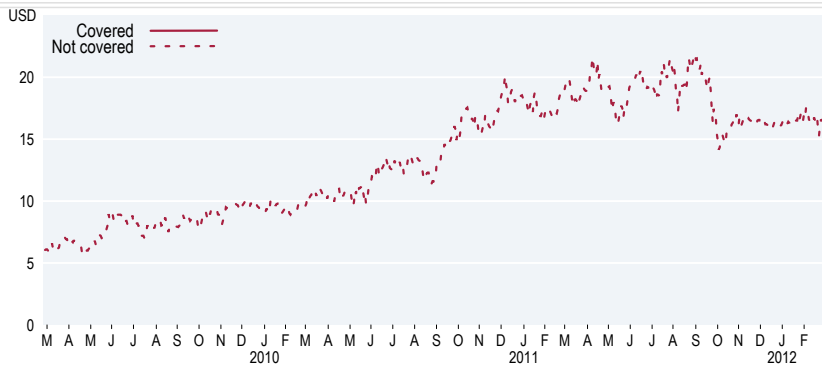
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Jon H Bergtheil

Covered since January 23 2012



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Petropavlovsk PLC (POG.L)

Ratings and Target Price History Fundamental Research

Analyst: Jon H Bergtheil

Covered since December 3 2009



	Date	Rating	Target Price	Closing Price
1	19-Mar-09	2H	*4.50	4.70
2	8-Jul-09	*1H	*7.00	5.29
3	9-Sep-09	*2H	*9.50	9.02
4	4-Feb-10	2H	*9.90	8.88
5	26-Mar-10	2H	*12.20	11.85
6	31-May-10	*1M	*14.05	12.02
7	6-Jul-10	1M	*14.90	11.92
8	26-Jul-10	1M	*14.10	10.99

* Indicates change

	Date	Rating	Target Price	Closing Price
9	11-Oct-10	1M	*13.70	10.00
10	26-Oct-10	1M	*13.50	9.89
11	7-Nov-10	1M	*12.90	9.44
12	25-Mar-11	*2M	*11.00	10.70
13	19-May-11	2M	*9.11	7.60
14	22-Jun-11	2M	*8.32	7.40
15	21-Aug-11	*1M	*9.90	7.34
16	12-Sep-11	1M	*10.47	8.56

	Date	Rating	Target Price	Closing Price
17	7-Oct-11	Stock rating system changed		
18	7-Oct-11	*1	10.47	6.07
19	21-Oct-11	1	*11.31	7.28
20	2-Dec-11	1	*10.91	7.00
21	19-Dec-11	1	*10.10	6.43
22	8-Jan-12	1	*8.34	6.71

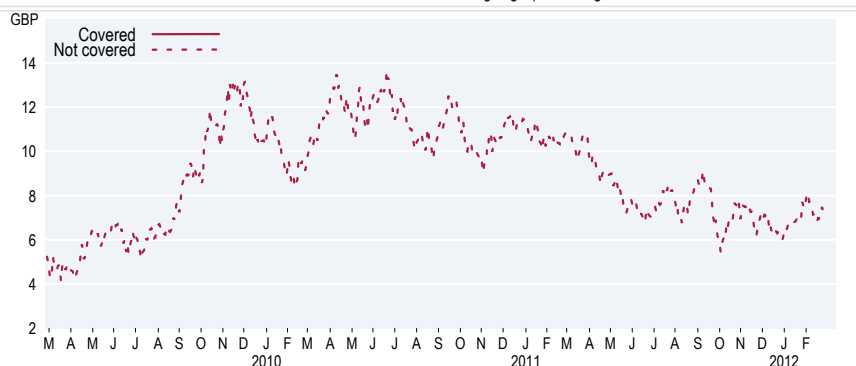
Rating/target price changes above reflect Eastern Standard Time

Petropavlovsk PLC (POG.L)

Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Jon H Bergtheil

Covered since December 3 2009



* Indicates change

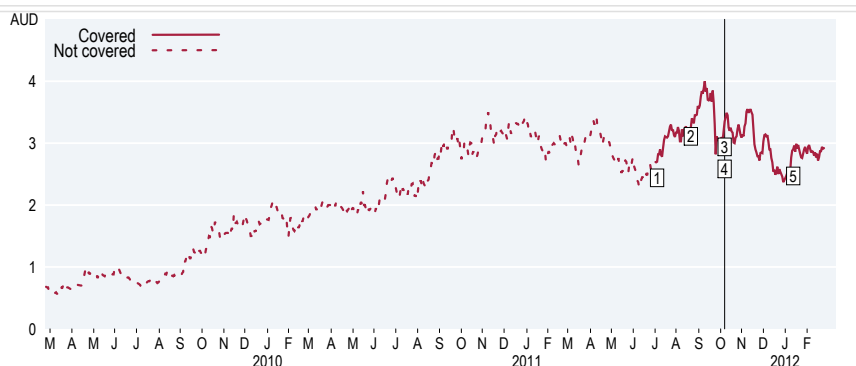
Rating/target price changes above reflect Eastern Standard Time

Perseus (PRU.AX)

Ratings and Target Price History Fundamental Research

Analyst: Craig Sainsbury

Covered since July 5 2011



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*1H	*3.70	2.70
2	22-Aug-11	1H	*3.90	3.26

* Indicates change

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	Stock rating system changed		
4	7-Oct-11	*1	3.90	3.35

	Date	Rating	Target Price	Closing Price
5	12-Jan-12	1	*3.50	2.90

Rating/target price changes above reflect Eastern Standard Time

Perseus (PRU.AX)

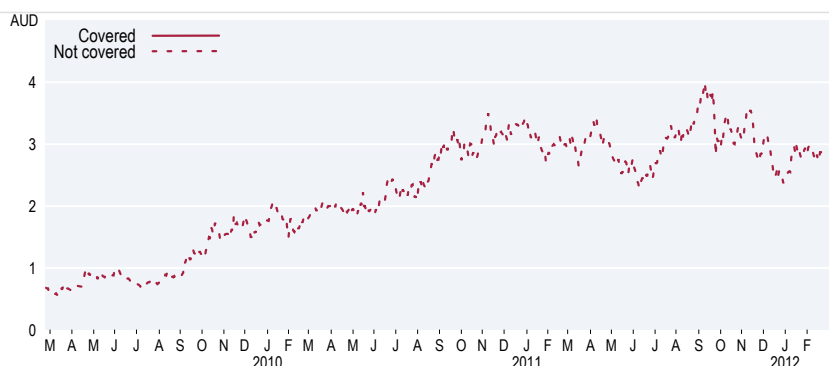
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since July 5 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

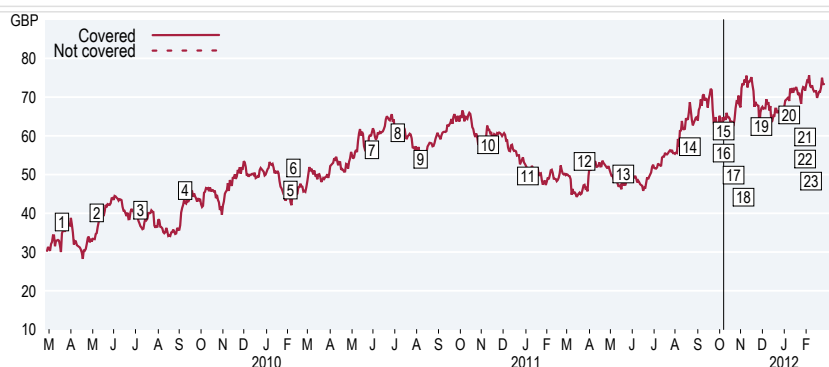
Randgold Resources Ltd (RRS.L)

Ratings and Target Price History

Fundamental Research

Analyst: Jon H Bergtheil

Covered since December 3 2009



	Date	Rating	Target Price	Closing Price
1	19-Mar-09	2H	*\$2.00	34.85
2	7-May-09	*1M	*40.00	34.90
3	8-Jul-09	*2M	40.00	36.67
4	9-Sep-09	2M	*48.00	42.72
5	4-Feb-10	2M	*46.50	42.94
6	9-Feb-10	2M	*47.30	44.63
7	31-May-10	2M	*60.90	59.90
8	6-Jul-10	2M	*67.30	61.85

* Indicates change

	Date	Rating	Target Price	Closing Price
[9]	6-Aug-10	2M	*62.60	54.10
[10]	10-Nov-10	2M	*64.20	61.60
[11]	5-Jan-11	*1M	*62.20	50.90
[12]	25-Mar-11	1M	*54.88	47.36
[13]	19-May-11	1M	*61.35	47.23
[14]	21-Aug-11	1M	*86.78	66.10
[15]	7-Oct-11	Stock rating system changed		
[16]	7-Oct-11	*1	86.78	64.00

	Date	Rating	Target Price	Closing Price
17	21-Oct-11	1	*88.46	62.80
18	4-Nov-11	1	*88.59	73.10
19	30-Nov-11	1	*83.49	67.15
20	8-Jan-12	1	*84.16	70.00
21	31-Jan-12	1	*90.90	71.65
22	31-Jan-12	1	*90.83	71.65
23	8-Feb-12	1	*88.84	72.45

Rating/target price changes above reflect Eastern Standard Time

Randgold Resources Ltd (RRS.L)

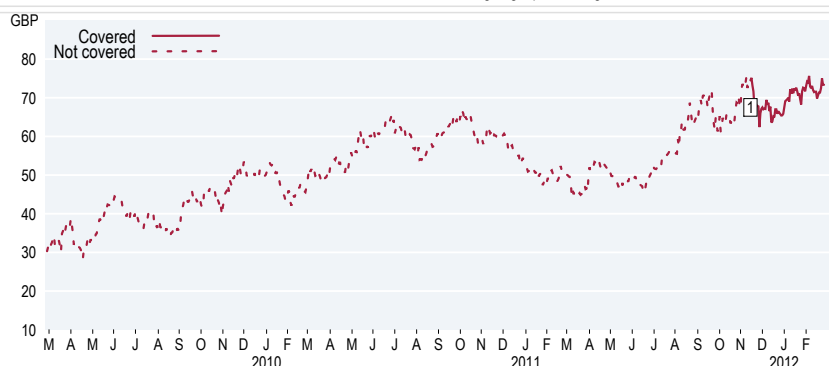
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Jon H Bergtheil

Covered since December 3 2009



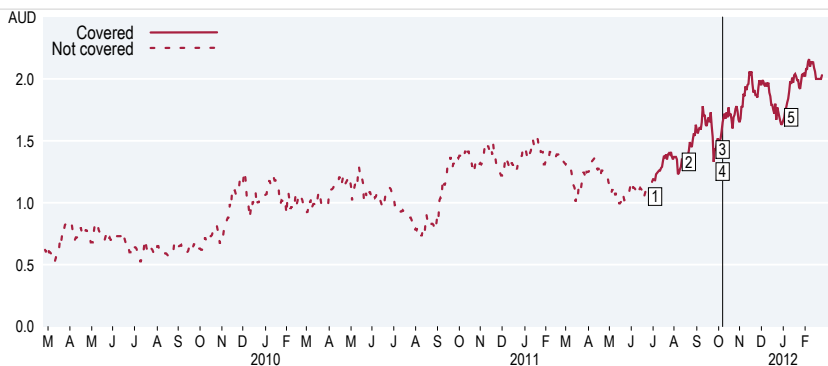
	Date	Rating	Target Price	Closing Price
1	15-Nov-11	*ADD MP	-	74.50

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Resolute (RSG.AX)Ratings and Target Price History
Fundamental Research

Analyst: Craig Sainsbury
Covered since July 5 2011



	Date	Rating	Target Price	Closing Price
1	5-Jul-11	*1S	*1.60	1.18
2	22-Aug-11	1S	*1.90	1.42

	Date	Rating	Target Price	Closing Price
3	7-Oct-11	Stock rating system changed		
4	7-Oct-11	*1	1.90	1.65

Date	Rating	Target Price	Closing Price
5 12-Jan-12	*2	*2.20	1.96

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

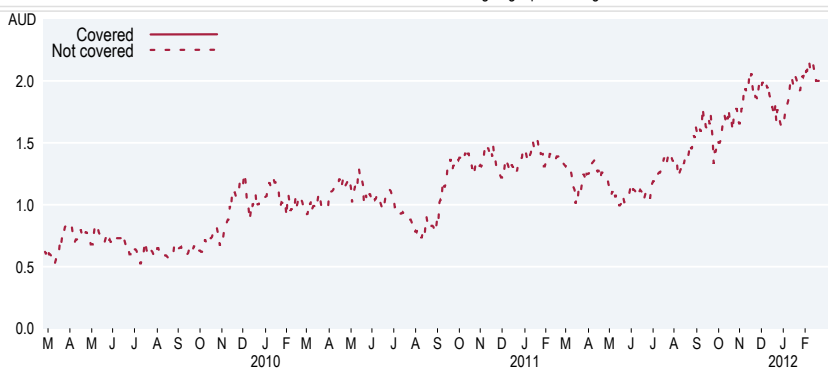
Resolute (RSG.AX)

Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury
Covered since July 5 2011



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

St Barbara Limited (SBM.AX)Ratings and Target Price History
Fundamental Research

Analyst: Craig Sainsbury
Covered since February 3 2010



	Date	Rating	Target Price	Closing Price
1	3-Feb-10	*2H	*1.80	1.53
2	4-Jul-10	2H	*2.40	1.98
3	22-Nov-10	2H	*2.40	2.66

	Date	Rating	Target Price	Closing Price
4	5-Jul-11	2H	*2.20	1.90
5	11-Aug-11	2H	*2.05	1.94
6	22-Aug-11	2H	*2.20	1.96

	Date	Rating	Target Price	Closing Price
7	7-Oct-11	Stock rating system changed		
8	12-Jan-12	2H	*2.25	2.00
9	22-Feb-12	*3H	2.25	2.45

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

St Barbara Limited (SBM.AX)

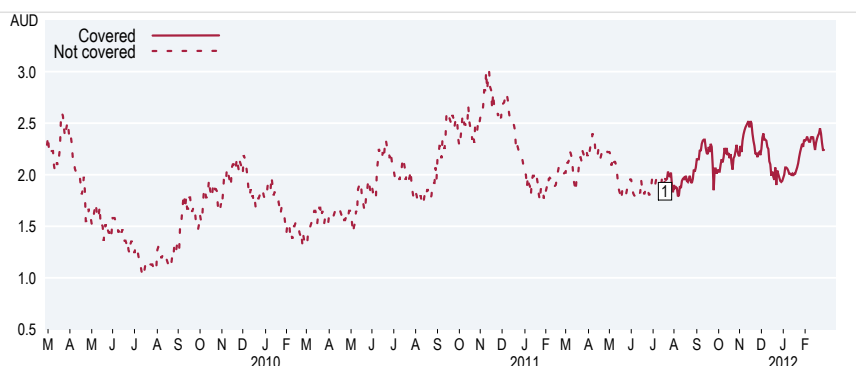
Ratings and Target Price History

Best Ideas Research

Relative Call (3 Month)

Analyst: Craig Sainsbury

Covered since February 3 2010



Date	Rating	Target Price	Closing Price
19-Jul-11	*ADD LP	-	1.96

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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Data current as of 31 Dec 2011

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