

RESORUCES BEST PICKS – Pieter Bruinstroop’s Portfolio, as at 17 April 2013

- Look at valuation using today’s spot prices and also look at cash flow, to ensure no more equity will be needed.
 - Ignore those stocks that require further equity
- #1 pick is HGO; clearly
- #2 is DML, but risks on progress of ramp up
- UML is still good value, SUM around fair value, but great potential while KRM is both risky and expensive.

Company Name	Code	Mkt Cap	Valuation		share price	Production	
			old	spot			
PRODUCERS							
Hillgrove Resources	HGO.ASX	\$ 87m	24 c	17 c	8.5 c	Cu + Au	22 kt/yr
Discovery Metals	DML.ASX	\$ 281m	106 c	85 c	42 c	Cu + Ag	56 kt/yr
Unity Mining	UML.ASX	\$ 48m	25 c	9.4 c	6.8 c	gold	50koz/yr
Kingsrose Mining	KRM.ASX	\$ 155m	70 c	44 c	54 c	gold	65 koz/yr
FULLY FUNDED							
Sumatra Copper & Gold	SUM.ASX	\$ 40m	30 c	19 c	18.5 c	gold	55 koz/yr
NEARLY FUNDED							
Kasbah Resources	KAS.ASX	\$ 64m	36 c	26 c	12.5 c	tin	6.8 kt/yr
Stellar Resources	SRZ.ASX	\$ 11m	34 c	37 c	5.0 c	tin	5.0 kt/yr
WILL NEED EQUITY							
Rex Minerals	RXM.ASX	\$ 60m	75 c	n/a	32 c	Cu + Au	70 kt/yr
Finders Resources	FND.ASX	\$ 49m	38 c	22 c	16.5 c	Cu	22 kt/yr
Blackthorn Resources	BTR.ASX	\$ 165m	271 c	105 c	52 c	Zn; Cu + Au	50 kt/yr
Marengo Mining	MMC.ASX		44 c	34 c	11 c	Cu + Mo	50 kt/yr
Kentor Gold	KGL.ASX					Au + Au	
Commodity price basis		2014	2015	2016	2017	L-R	
AUD-USD		1.04	1.04	1.04	1.04	1.04	
Gold	US\$/oz	1375	1375	1375	1375	1375	
Copper	US\$/lb	3.00	3.00	3.00	3.00	3.00	
Tin	US\$/lb	11.34	11.34	11.34	11.34	11.34	

Company Name	Code	Comments
PRODUCERS		
Hillgrove Resources	HGO.ASX	now at 100% level
Discovery Metals	DML.ASX	still in ramp up, but expct cash OK
Unity Mining	UML.ASX	to 100koz/yr with second mine; cash about right
Kingsrose Mining	KRM.ASX	productio[n] has been partially suspended
FULLY FUNDED		
Sumatra Copper & Gold	SUM.ASX	Equity raised; first gold March 2014
NEARLY FUNDED		
Kasbah Resources	KAS.ASX	expect to sell 20% stake and need to raise about \$30m
Stellar Resources	SRZ.ASX	exepct to sell 30% stake to finance equity needs
WILL NEED EQUITY		
Rex Minerals	RXM.ASX	Project has a negative value at spot prices, plus base case Fe
Finders Resoruces	FND.ASX	Awaiting final permit;. \$42m equity to raise, mid year
Blackthorn Resources	BTR.ASX	Major IOCG project 3 - 4 years from production
Marengo Mining	MMC.ASX	small equity rasing (\$40m), after sale of shares in project
Kentor Gold	KGL.ASX	currently suspended; Murchison mine for sale by Administrator

Recommendation Criteria

Investment View

PhillipCapital Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield.

Buy	Hold	Sell
> 20%	20% - 5%	< 5%

A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Risk Rating

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