

Quarterly Commodity Price Review

Commodity Price Outlook Generally Strong In 2011



Wilson HTM
INVESTMENT GROUP

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Keith Williams

+61 3 9640 3802

keith.williams@wilsonhtm.com.au

John Young

+61 3 9640 3846

john.young@wilsonhtm.com.au

Andrew Pedler

+61 7 3212 1346

andrew.pedler@wilsonhtm.com.au

James Brennan-Chong

+61 3 9640 3893

james.brennan-chong@wilsonhtm.com.au

Charmaine Cornford

+61 3 9640 3897

charmaine.cornford@wilsonhtm.com.au

AGO	BUY
ALD	BUY
AWE	BUY
BND	BUY
BOW	BUY
BPT	HOLD
BSR	SPEC BUY
COI	BUY
COK	BUY
DAU	BUY
DLS	HOLD
DTE	NR
GIR	ACCEPT
HGO	BUY
HZN	BUY
IAU	BUY
IGO	BUY
ILU	BUY
KCN	BUY
KZL	BUY
MCC	BUY
MDL	NR
MGX	BUY
MPO	BUY
NEC	HOLD
NHC	HOLD
NXS	BUY
OZL	HOLD
PAN	BUY
PNA	HOLD
RED	BUY
SEA	BUY
TRY	BUY
WHC	HOLD
WSA	SELL

Key Points

- **Principal BUY Recommendations:** HGO and RED are expected to transition from explorer to producer status during 2012, while ALD will see production materially increase. The value add in each case is not fully priced. AGO should also see further production gains which again we see as not fully priced. ILU should see further benefit from tight mineral sands markets, and hence further price increases. MCC represents a play on tight coal markets and higher near term coal prices as well as an expanding production base. BOW is the favoured CSG sector exposure with multiple catalysts for share price growth in 2011 including achievement of commercial flow rates at the Blackwater and Norwich Park projects. AWE is an undervalued recovery story following a disappointing 2010 exploration program - now under new leadership. SEA provides exposure to growing US shale oil production, with significant upside potential on further project derisking.
- **Refer to page 12 for a full list of changes to recommendations.**
- **Outlook:** 2010 was characterised by a very strong liquidity driven rebound in the demand for most industrial metals, the gold price tracked materially higher over the course of the year and oil prices enjoyed solid gains in the last two months of the year. In 2011, we expect the outlook for commodities to remain favourable. This is based on expectations that emerging market growth will remain strong; the US will see modest growth; European sovereign debt issues will be contained, and recognition that physical market fundamentals for industrial commodities continue to be tight. 2011 is also expected to be characterised by increased investment demand for some commodities, through for instance the continued emergence of base metal ETFs. At the same time it will be characterised in the early part of the year by concerns over the impact of tightening Chinese monetary policy. Despite a generally more optimistic global and particularly US economic outlook than was the case 12 months ago, the outlook continues to be clouded by a heightened level of economic uncertainty, and remains gold price supportive, with potential for further gains.
- **Precious Metals:** Near term gold and silver prices have been revised materially higher. We now forecast CY2011 gold and silver to average US\$1,600/oz and US\$38/oz respectively, this is largely supported by the factors which drove gold to record highs in 2010 namely low inflation, quantitative easing, net buying from central banks as well as a general US dollar weakness persisting throughout 2011. Our gold forecast now peaks at US\$2,000/oz in CY2012, an increase of 25%.
- **Base Metals:** Continuing modest growth in copper mine supply, and refined production, together with increasing demand growth from developing countries, in particular China, will continue to support the copper price through 2011. Copper ETFs will inject new demand that could lead to price deviation from underlying fundamentals. CY2012 copper prices are revised 24% higher from US\$3.75/lb to US\$4.65/lb. Moreover, we anticipate copper to peak at US\$5.67/lb in Jun HY2012 and we have revised our long term copper price up 24% from US\$2.00/lb to US\$2.27/lb to better reflect our view that increased mine supply will continue to be a challenge longer term. Our CY2011 nickel prices have also increased materially by 7.5% to US\$12.36/lb, and long-term +18.6% to US\$7.71/lb.
- **Coal:** Coking coal settlements for Dec quarter, concluded for hard coking coal at US\$225/t, and for LVPCI at US\$180/t. However, Qld flooding has dramatically tightened supply and semi-soft coking coal producers are now asking for US\$200/t. Coking coal price forecasts have increased by 2% to 33% for the period 2011 to 2014 with hard coking coal contracts forecast to peak at US\$260/t for the Dec11 HY. Long term coking coal price forecasts are unchanged, except for a small increase in to 15% between 2011 and 2014, peaking at US\$125/t in the Dec 2012 HY. Our LT thermal coal price forecast has increased by 3.2% to US\$80.5/t. In its current globally disrupted supply condition, we expect coal markets to be volatile near term.
- **Iron Ore:** March 2011 quarter reference price settlements by Vale at US\$149.20/t (US\$2.54/dmtu) FOB fines ore, about 8.8% up from the Dec settlement. Threats of further export bans by Indian states have spiked spot prices to +US\$180/t CFR. Iron ore fines and lump price forecasts increased by 12% to 39% for the period 2011 to 2014 with fines ore peaking at US\$2.54/dmtu in 2012. The long term fines price forecast is unchanged.
- **Mineral Sands:** Mineral sands prices are unchanged.
- **Oil and Gas prices:** WTI crude prices revised upward US\$10/bbl to an average US\$90/bbl (2011) and US\$95/bbl (2012). US gas prices (Henry Hub) unchanged.
- **Exchange rates:** AUDUSD rates have been revised higher by 4% to 9% through to the end of the explicit forecast period. The long term AUDUSD rate of 0.75 has increased to 0.78. We now forecast the AUDUSD rate to average 0.98 in 2011 vs previously 0.91, and in 2012 0.93 vs previously 0.87.



Economic And Commodity Market Outlook

Economic Backdrop

- 2010 was a strong year for commodity price appreciation as fundamentals tightened probably faster than expected driven by increased global liquidity, strong developing country economic growth and resultant commodity demand, as well as a surge in demand from developed economies following the economic downturn of earlier years. Perhaps as a broad brush measure of the significance of the latter, 2010 crude steel output increased by 21.6% outside of China, compared with 10.1% in China.
- Towards the end of 2010, the bulk of the economic data from around the world was broadly supportive of the commodity complex into 2011. Chinese IP data was strong, with yoy growth of 13.3% recorded in November and urban fixed asset investment was higher than expected. In December, the US ISM manufacturing index increased to 57.0 from 56.6 in November, with the index recording its highest level since May 2010. US manufacturing appears to be on an upward trend in early 2011. US consumer sentiment also lifted with the University Of Michigan's index increasing from 71.6 in November to 74.5 in December. In Europe, German manufacturing orders increased 5.2% m-o-m in November on a seasonally adjusted basis and were reflected in a strong export performance. Underlying trends in German manufacturing are encouraging for the start of 2011 with the purchasing manufacturer's index at a five month high in December. For Europe as a whole, the euro zone economic sentiment index increased to 106.2 in December from 105.1 in November and was at its highest level in three years. Japan also finished the year well, with industrial output rising 1% m-o-m in November, and 4.2% y-o-y.
- On balance, after increasing by 4.7% yoy in 2010, we expect world GDP growth to increase by a more modest 3.9% in 2011 and then 4.2% in 2012. Growth is expected to continue to be skewed towards the emerging economies over the next few years at least. These economies represent the main drivers of commodity demand growth.
- While at the end of 2010 the economic data was mostly positive for the 2011 outlook, and equity markets have begun 2011 on a strong note seemingly pricing the improving medium term outlook, 2011 is not without its economic challenges and continued volatility in commodity markets is expected.
- The economic challenges are several. The massive US deficit remains to be addressed, China is tightening monetary policy to combat inflation while at the same time striving to maintain adequate growth, and sovereign debt concerns continue to overhang the European economies. European growth will also be challenged by fiscal tightening by several of its member nations in response to actual or potential sovereign debt issues, and as a result unemployment levels will remain high.
- Notwithstanding the above economic pressures, in general, 2011 is expected to see commodity prices higher on average than 2010.

Base Metals

- Downstream industrial metal inventories are generally tight and metal demand remains buoyant. In addition, increasing investor interest in base metals as an asset class should add demand support. Through the removal of metal from the market the emergence of base metal ETFs, have the potential to reduce metal availability. 2011 is also likely to see the continuation of the trend towards base metal investment in its various forms being sought after as a hedge against future inflation. Gold prices are expected to move higher despite current softness that seems to reflect the improved economic outlook and some resultant relaxation of risk concerns. Nevertheless, heightened economic uncertainty remains and is expected to



prevail for some time. In such an environment, with likely further periods of renewed US\$ weakness as well as continued central bank buying, in our view there is scope for further gold price appreciation.

Steel Making Raw Materials

- Global steel production in 2011 is expected to be less than in 2010, due mainly to the disruption to coking coal supply from Qld. At the same time, the prospect of reduced iron ore supply from India appears to be offsetting what we would normally expect to be a reduction in iron ore demand.
- Chinese producers have become concerned that the Indian state of Orissa will copy Karnataka's ban on the export of iron ore, driving spot prices to new highs (~USD 180/t CFR China), and leading to a tighter iron ore market despite the lower availability of coking coal and consequent reduced steel production. Steel inventories also appear to have increased over the past year and there is potential for China to further tighten monetary policy to combat the threat of increased inflation. However, in the near term, raw material supply issues are dominating.
- The coking coal market has become extremely tight due to flooding affecting many of the mines in Qld. As a result the traditional wet season (Dec-Mar) will potentially exacerbate the situation further due to now a lack of producer stockpiles. About 2/3rds of Qld mines have declared force majeure on contractual obligations with delays to resumption of full production expected to be of the order of 2-4 months. Although spot hard coking coal transaction prices are extremely high (+US\$300/t), very little volume is being transacted with producers delivering into existing contracts.
- The thermal coal market has tightened in response to widespread, sustained, and often unseasonal heavy rainfall disrupting supply, in Australia, Indonesia, Colombia, and South Africa, all key sources of seaborne thermal coal. In the December HY just passed, heat-waves in Japan drove increased power demand, and power station utilisation. Japan sources about 60% of its thermal coal requirements from Australia.

Mineral Sands

- Mineral sands market fundamentals continue to look strong, with global suppliers unable to meet market demand for zircon, and having to ration supply to customers. Zircon price increases are forecast this quarter and through the course of 2011. The market for titanium minerals is improving, underpinned by robust demand and high downstream capacity utilisation rates. Price increases are expected for a number of titanium products.

Oil Prices

- The EIA expects a continued tightening of world oil markets over the next two years with forecast global consumption growth of 1.5mmbbl/d. The market is expected to be reliant on both inventories and significant increases in production to meet demand growth. The outlook is expected to support moderate y-o-y price growth over 2011-12. More rapid price appreciation could see an impact on global economic recovery over this period with a price move above US\$95/bbl a potential turning point based on the experiences of late 2007/early 2008 when US demand growth turned negative. Our 2012 price forecast is US\$95/bbl nominal.

Adjustments To Commodity Price Forecasts



- **Gold:** We remain bullish on gold. However, as the global macro picture turns increasingly positive in 2011, this is unlikely to favour the gold price, as investor risk appetite returns, and gold's defensive position becomes less appealing. Nevertheless, the gold price is expected to continue to perform well throughout 2011, albeit gold is unlikely to experience the same rate of price appreciation as it did in 2010. Tight gold supply, net central bank gold purchases, low interest rates, and lingering debt issues in Europe, are expected to outweigh the impact of gradually increasing demand for US dollars, thus contributing to ongoing robust demand for gold and buoyant gold prices throughout 2011. Our CY2011 gold price has increased 10% from US\$1,450/oz to US\$1,600/oz before peaking at US\$2,000/oz in 2012. The long-term gold price is unchanged at US\$850/oz.
- Our WHTM gold multiple has been revised from \$90/oz to \$118/oz gold equivalent. We use this multiple to value resources that at the time have no discernable pathway to production.
- **Base metals:** Much of copper's price appreciation in 2010 was driven by demand from emerging countries, in particular China. While we see this demand as ongoing, the returning strength of the US economy will potentially be a renewed addition to copper demand in 2011. Together, Chinese and US demand should support a higher average copper price in 2011. In addition, physically backed copper ETFs are expected to add new financial demand for copper. This new source of demand is expected to contribute to price appreciation, albeit at the expense of increased price volatility. Our copper price deck has been upgraded materially. We forecast copper to average US\$4.65/lb in 2011, up 24% from our previous forecast of US\$3.75/lb. We estimate copper to peak at US\$5.67/lb in Jun HY2012. Our long term price forecast has increased 24% from US\$2.00/lb to US\$2.27/lb.
- **Coal:** Continued strong demand for thermal coal is expected in the short term, particularly from Asia. While global steel production growth is forecast to slow, coal supply disruption is expected to maintain high coking coal prices in the near term. In October 2010, Chinese steel production growth was forecast to slow to 3.5% p.a. in 2011, while rest-of-world (excluding China) output was expected to increase by 6.8% for a global growth rate of 5.3%. However, these forecasts were made prior to the Qld floods, and are likely to reduce. Hard coking coal price settlements concluded for the March quarter at US\$225/t up 8%, and LV PCI coal settled at US\$180/t, up 20%. Forecasts are for the semi-soft coking coal price to approach US\$200/t, and semi-hard coking coal to also increase. Prices for these last two grades had not settled prior to the impact of the floods becoming apparent. Our coking coal price forecasts have increased by 2% to 33% for the period 2011 to 2014, with hard coking coal forecast to peak at US\$260/t for the Dec11 HY. Long Term metallurgical coal prices are mostly unchanged, the exception being semi-soft coking coal which has increased by 1.6% to US\$ 92.50/t. Our long term thermal coal price has increased by 3.2% to US\$80.50/t.
- **Iron ore:** China's steel industry is currently operating at close to 600 Mtpa with nameplate capacity of about 700 Mtpa. Chinese steel production growth slowed in the September quarter, but demand growth in China and other Asian countries improved in the December quarter. Steel production will potentially reduce in 2011, due to coking coal supply disruption caused by flooding in Queensland. However due to Indian state export bans, spot iron ore prices are at high levels despite the outlook for steel production. Falling domestic Chinese ore grades, and the potential for Indian exports to fall post 2012, are expected to sustain demand growth for seaborne iron ore longer term.
- **Mineral Sands:** Over the last 12 months, resurgent demand for zircon,



from China and Europe has seen largest producer Iluka supply-constrained and rationing supply to key customers, including in China. Price increases have been achieved in late 2010 with further price increases expected in 2011 to reflect what is expected to be a continuing tight market. Mineral sand price forecasts are unchanged from previous forecasts.

Oil and Gas prices: We have revised our short-term oil prices upward on faster than expected response to improving demand and inventory fundamentals as US recovery looks to firm and China oil demand remains strong despite inflationary concerns.

We expect oil prices to increase in CY11 and beyond as concerns regarding the US economic recovery, the slow down in China and Europe's debt crisis abate and are replaced by stronger global growth. Global GDP is expected to grow by 3.3% and 3.7% in 2011 and 2012 respectively.

Our forecast WTI prices have been revised upward by US\$10/bbl to US\$90/bbl in 2011 and US\$95/bbl in 2012 and by US\$5/bbl to US\$95/bbl in 2013 on stronger than expected tightening.

US natural gas prices have reverted the downward trend in 2010 which reached a low of US\$3.18/mmBtu in October 2010 and have recovered to current spot price of circa US\$4.50/mmBtu as the cold 2010 winter reduces storage overhang.

US natural gas production for 2011 is projected to fall due to declining drilling rig count in response to low gas prices. With US GDP expected to grow by 2.2% in 2011 and 2.9% in 2012, industrial sector consumption in particular should improve as manufacturing recovers.

The near-term outlook for US natural gas prices is restrained due to the high storage levels and weak domestic demand. The longer term outlook is more positive due to "clean fuel" and cost advantages over other fuels. As coal prices escalate in response to strong global demand, natural gas is becoming competitive as a substitute for coal in power generation.

We expect US gas prices to maintain at US\$4.50/mmBtu for 2011 and strengthen from 2012 as the domestic economic recovery continues. Our forecast remains unchanged with gas prices of US\$5.00, US\$5.50, US\$5.75 and US\$6.00/mmBtu for 2012, 2013, 2014 and 2015 respectively.

Stock Views



Metals & Mining

- **Allied Gold (ALD) - BUY:** A substantial increase in group gold production from around 75kozpa at the present time, to 220kozpa annualised by early 2012, is expected to drive a re-rating of this stock. By mid 2011, we expect annualised production to be well in the vicinity of 190kozpa subject to a successful commissioning of the Gold Ridge project. The Simberi gold project is expected to announce a further expansion from 3.5Mtpa to 5.0Mtpa throughput during 2011 which could see group production increase to 250-270kozpa annualised during 2012. Economies of scale and cost reduction measures are likely to see the cash cost per ounce of production fall over this period.
- **Atlas Iron Ltd (AGO) - BUY:** provides exposure to a northern Pilbara iron ore producer with an ambitious production growth profile, equity production having grown from 0.7 Mt in FY09, to 1.6 Mt in FY10 and operating at 6 Mtpa at the end of 2010. AGO plans for about 5.6 Mt in FY11, 8.0 Mt in FY12 and 10.4 Mt in FY13. While this is ambitious, to date AGO has met its targets for production, costs and budgeted expenditure. The company is planning to develop its own private haul-road from the Wodgina area about to Port Hedland, a distance of about 100km, significantly reducing its dependency on rail access to achieve growth. Development of the company's other projects in the south-east Pilbara will require additional resource drilling. Negotiations for sale or farm-out of an interest in the magnetite projects are ongoing. The proposed takeover of GIR is attractive to both AGO and GIR shareholders, with synergies for northern Pilbara, and other operations.
- **Bassari Resources Ltd (BSR) – Spec BUY:** This stock proved to be a significant disappointment over the course of 2010, principally due we believe to the market's dissatisfaction with the gold tailings project performance, and its negative impact on limited cash reserves. Encouraging results continue to be received from the company's Senegalese exploration program and the market's valuation of the stock implies near term definition of only 150-200koz contained gold in resources. For now we stick with the rating, but we are look for near term signs of value creation to maintain our view.
- **Cockatoo Coal Ltd (COK) - BUY:** provides exposure to current production of LV PCI coking coal and thermal coal from the Baralaba project in the Bowen Basin. Increased production is planned in line with the development of the Wiggins Island Coal Terminal (WICT) stage-I at Gladstone. Development of Woori, the first of a number of thermal coal projects and prospects in the northern Surat Basin will proceed with the development of the Surat basin Rail Link and the WICT stage-II rail link. The company has received strong support from customers POSCO and KEPCO to secure additional tenements in the Northern Surat Basin and in the Sydney Basin, for evaluation and potential development under joint venture. Baralaba production which has been disrupted by flooding, is expected to resume in February.
- **Dampier Gold (DAU) – BUY:** Further conversion of non-JORC to JORC resources are expected to continue to add value during 2011, as should ongoing exploration activities. Our valuation and target price for the stock have both benefited from an increase in our calculated EV/resource gold multiple. The multiple has increased from A\$90/oz to \$118/oz.
- **Iluka Resources Ltd (ILU) - BUY:** provides exposure to global growth in zircon, demand due to demand growth for ceramic tiles, notably from China as well as elsewhere. Iluka also provides exposure to growth in demand for titanium dioxide (TiO₂) minerals, used primarily in paints, paper and plastics. Titanium mineral demand generally reflects GDP growth rates. Iluka's Jacinth Ambrosia (Eucla Basin) and Murray Basin projects are positioned at the lower cost end of global cost curves, with the major



development capital expenditure now completed, placing Iluka in a strong position to directly benefit from expected zircon and TiO₂ price increases. Price increases for both zircon and TiO₂ products are viewed as being necessary longer term to induce new production capacity to meet demand growth.

- **Hillgrove Resources Ltd (HGO) - BUY:** A sizeable increase to the long-term copper price has increased our valuation of HGO's Kanmantoo copper project in South Australia, which is scheduled for first production towards the end of CY2011. Despite the increase in valuation and re-rating of the asset as the mine moves into production, HGO still represents a valuable exploration option play through the company's Bird's Head and Sumba Island projects in Indonesia. We are expecting a drill contract to be awarded for Bird's Head in the coming weeks, and this should coincide with a drill timetable outlining an expected date for first drill results from prospective porphyry mineralisation. We maintain the BUY recommendation, valuation and target price have been revised to \$0.53/sh and \$0.64/sh respectively. We continue to only value the exploration potential at \$20m or \$0.02/sh.
- **Independence Group NL (IGO) – BUY:** Increased nickel and gold price forecasts have resulted in a material 15% increase in our valuation and 16% increase in our target price to now \$8.59/sh and \$8.77/sh respectively and we have reinstated our BUY recommendation on the stock. The company continues to perform strongly. Production is modestly increasing, the Tropicana Gold project is under development by joint venture partner AngloGold and the company is progressing several exploration projects towards development decisions in 2011.
- **Intrepid Mines (IAU) - BUY:** Exploration drilling at the Tumpangpitu porphyry will continue to be the key catalyst for IAU in the next quarter. In particular, we are anticipating a batch of porphyry drill hole results located outside and to the southeast of the existing resource envelope. These results have the potential to deliver a material extension to the targeted 1Bt resource. We maintain the BUY recommendation, valuation and target price have increased to \$1.74/sh and \$2.41/sh due solely to the revision to our gold EV/resource multiple (now A\$118/oz vs \$90/oz).
- **Kingsgate Consolidated Ltd (KCN) – BUY:** We have retained our BUY rating on KCN but note that the company is managing several issues at the present time which could impact the value of the company. These issues include, a legal dispute in respect of the company's rights in respect of the Thai operating subsidiary, Akara Mining (this is affecting the company's ability to IPO this company); expansion of plant capacity at Chatree, funding for which is currently dependent on available cash, operating cashflow and a revolving credit facility (project finance is still being negotiated); FY2011 production target is under pressure due to lower than expected head grade. In our view, KCN is now more than 25% under valued and current weakness presents an excellent buying opportunity to take advantage of an expected post expansion re-rating of the stock later in 2011.
- **Macarthur Coal (MCC):** Stock provides best leverage to a recovery of coal production to meet steel market demands through LVPCI coal demand. MCC supplies 35% of global LVPCI, in a normal year. Operations at Moorvale are operating at near 90% of capacity while Coppabella should be operating again within a week. Both mines' cashflows will benefit from the increased (USD 180/t) LVPCI price for March quarter. Development of the Middlemount project is considered to be on track for the end of 2011. The official wet season will continue to end March when La Nina is forecast to weaken. Meanwhile MCC's upgrades to pit infrastructure post the 2008 floods appears to have minimised impact of the 2011 deluge.
- **Mineral Deposits (MDL) – N/A:** Mineral Deposits is now a pure mineral sands play following the spin out of the company's gold assets as Teranga Gold. At this stage, our valuation and rating of the stock are under review.



- **PanAust Ltd (PNA) - HOLD:** Following upgrades to copper and gold prices, our valuation and target price for PNA have increased significantly to now \$0.87/sh and \$0.99/sh respectively and we have upgraded the stock to HOLD. We are conscious that our revised valuation and target prices are materially dependent on increased gold price forecasts. Using previous gold price forecasts, but upgraded copper price forecasts, our valuation and target price would be \$0.81/sh and \$0.93/sh respectively, and on balance we are more comfortable with our recommendation upgrade to HOLD rather than BUY. However, we note the technical case for a BUY rating based on current gold price forecasts. In addition to being one of only three large cap ASX listed copper plays, PNA offers significant non-commodity price related earnings growth potential from the Ban Houayxai gold project, which is expected to commence first production in H2-2011. The Inca de Oro copper project in the Maricunga district of Chile which has still undergo feasibility study is expected to add to longer term growth potential.
- **Panoramic Resources Ltd (PAN) – BUY:** Substantial increases to nickel price forecasts have resulted in the stock being upgraded to BUY from previously HOLD. The company is spending a significant \$12m on exploration in FY2011 with \$7.5m being effectively brownfields around the Lanfranchi and Savannah mines, including Kimberley regional exploration. Significant new mineralisation has been discovered at the Lanfranchi mine (Helmut South Extension), and other Lanfranchi locations. As a result, an expansion of nickel production to 15ktpa (50% increase to take group production to 25ktpa) is to be evaluated in 2011/12. Our production forecasts remain unchanged at 20ktpa or a little less, hence there is scope for further upgrade subject to sufficient reserve definition underpinning the targeted expansion. We note however that to date, PAN has not been able to achieve its currently targeted production rate of 20ktpa, falling short by around 10% so far.
- **Red 5 Ltd (RED) – BUY:** Based on company guidance, H1 CY2011 will see the company transit from explorer/developer to gold producer with the first gold pour expected in May. While we are more conservative, expecting the first gold pour early H2 CY2011, the transition to gold producer is expected to see this company re-rated. The Siana asset, while modest in size is forecast to have a low cost of production. The Mapawa exploration program has the potential to increase our valuation should in particular an economic grade porphyry gold-copper deposit be conclusively defined.
- **Western Areas (WSA) – SELL:** We continue to have difficulty justifying the market's pricing of this stock despite significant upgrades to nickel price forecasts and our valuation which has increased by 32% to \$5.51/sh. We propose to undertake a review of our valuation but at this stage leave our recommendation unchanged.
- **Whitehaven Coal Ltd (WHC) – HOLD:** At current levels we view the stock as fairly to slightly richly priced in the absence of a takeover offer. Multiple parties are understood to have signed CAs with WHC as part of a process to manage expressed interest in the company and its assets. This interest is likely to vary from a transaction involving one or more assets, to a complete takeover of the company. We expect the process to conclude, and any resulting corporate activity to emerge within 2-3 months. Should a takeover offer be made, we would expect the bid to provide material upside for investors at current levels of around \$7.00/sh. Based on research we undertook in August 2010 ("Possible Takeover – Some Metrics"), and taking into account increased future coal price expectations, but probably some takeover premium in the stock price at the present time, a takeover offer in the vicinity of \$8-10/sh is considered possible based on our unrisksed DCF valuation.

Impact of gold price forecast changes

- Gold price forecasts have increased materially during the explicit forecast

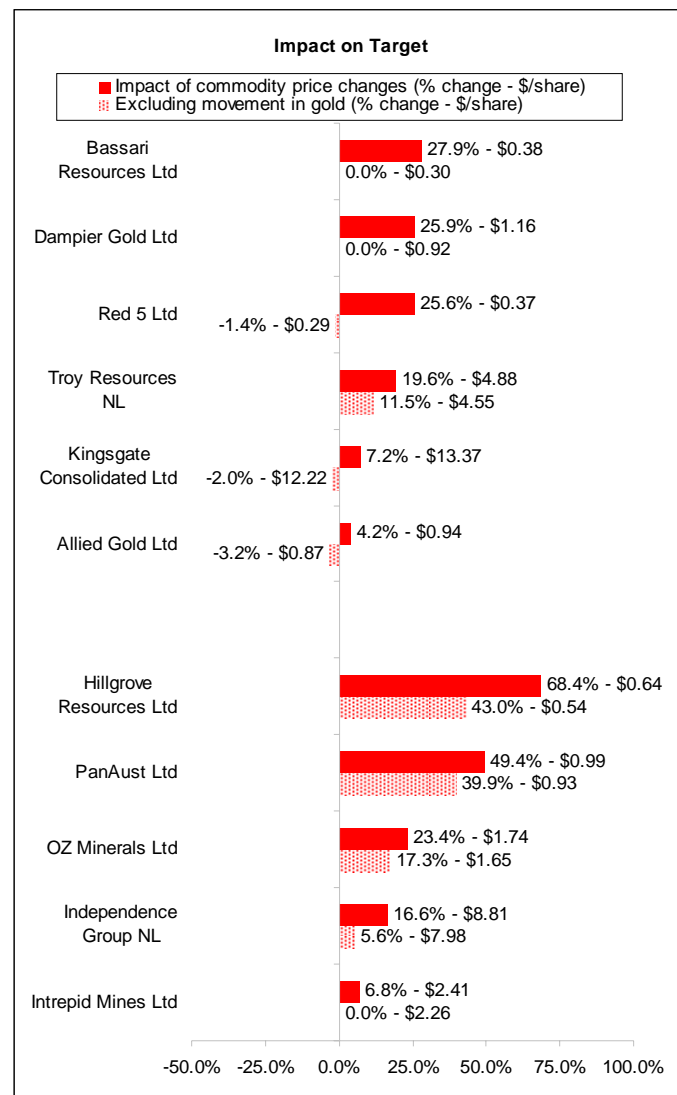
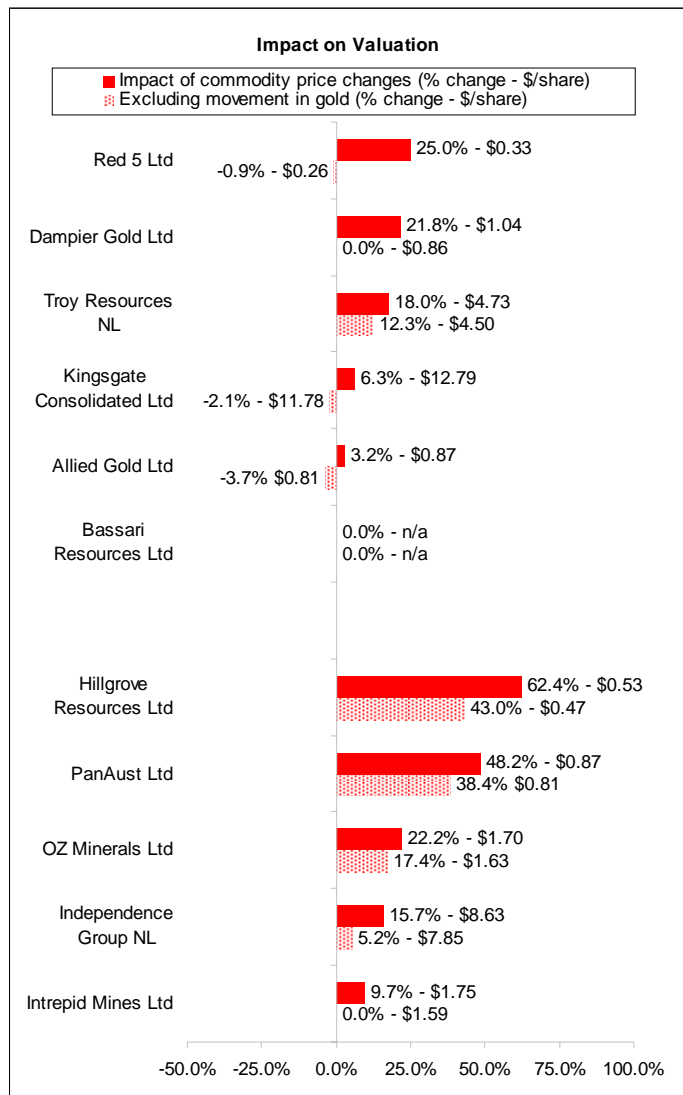


period to CY2014, beyond which our unchanged long term price forecast of US\$850/oz applies. Through H2 2011 to H2 2014, forecasts have increased by 15-50% with a half year average peak of US\$2075/oz in H2 2012.

- In view of what some investors may see as an extreme view of the gold price going forward, and particularly in the context of recent price weakness which is being driven by perceptions of an improving US economy, the two charts below illustrate the impact of the changes in gold price assumptions on both our valuation and target prices, assuming the revised base metal price forecasts apply regardless.
- For pure gold plays, such as ALD, KCN and RED, excluding the changes in gold price assumptions results in a negative movement, as our FX assumptions have increased.
- For base metal stocks, the impact of excluding the change in gold price illustrates the stocks sensitivity to our gold price assumptions.
- Note that the changes in valuation and target price are greatest for some of the base metal stocks such as HGO and PNA rather than for the pure gold stocks. This largely reflects the use of the gold futures methodology in valuing the larger producing gold stocks and the more modest increases in gold futures values compared with our explicit gold forecast values.

Percentage Change In Valuations Due To Commodity Price Forecast Changes – Stocks With Gold Exposure.

Percentage Change In Target Prices Due To Commodity Price Forecast Changes – Stocks With Gold Exposure.



Source: Wilson HTM

Source: Wilson HTM

Changes To Gold Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Gold	US\$/oz	1,153	1,299	1,500	1,700	1,925	2,075	1,800	1,800	1,500	850
	A\$/oz	1,291	1,370	1,510	1,754	2,032	2,257	2,019	2,084	1,795	1,090
Gold Futures	US\$/oz	1,245	1,310	1,391	1,397	1,387	1,405	1,431	1,451	1,475	1,503
CHANGES		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Gold		0.0%	2.3%	5.3%	15.3%	20.3%	29.7%	50.0%	50.0%	50.0%	0.0%
Gold Futures		0.0%	0.0%	5.8%	5.8%	4.6%	5.2%	6.3%	6.7%	7.2%	7.6%

Source: WilsonHTM



Oil and Gas

- **AWE Limited (AWE):** AWE is a diversified oil and gas company engaged in exploration and production in Australia, New Zealand, the US, Indonesia and Yemen. Production is primary from the Otway Basin (Casino, Netherby and Henry), BassGas (Bass Basin), Cliff Head (Offshore Perth Basin) and Tui (NZ) projects. Recent tight gas discoveries at the Perth Basin should add to its resource base. Acquisition of Adelphi Energy Ltd in 2010 provided an entry into the prospective US Eagle Ford shale gas, with interest in the Sugarloaf project with 6.3 mmmboe net 2P reserves. We believe the stock has been oversold following disappointing exploration results in CY10, with existing producing projects worth more than the current share price and upside potential from the onshore Perth Basin shale gas.
- **Bow Energy (BOW):** BOW is a Queensland focused coal seam gas company with the largest reserves outside the major listed CSG companies such as Santos and Origin. With 4,600 PJ of combined 3P reserves and 2C contingent resources, we believe BOW's assets are materially significant with respect to the proposed Gladstone LNG industry and will be of interest to project proponents seeking gas supply for extra trains. Although BOW will probably undershoot its 2010 reserve targets (455PJ 2P and 4,128PJ 3P) due to weather related delays, we remain confident the company will achieve its 2011 reserve targets (1,250PJ 2P and 6,200PJ 3P). BOW continues to pursue its strategy of progressing multiple channels to monetise its gas resources including small scale power generation, domestic gas supplies and export LNG. We maintain our view that BOW is undervalued. Rating catalysts include achieving commercial flowrates at its Blackwater and Norwich Park projects, conversion of 3P to 2P reserves and securing major gas supply contracts.
- **Sundance Energy Australia (SEA):** SEA is focused on unconventional oil and gas prospects in the US, primarily in North Dakota (Bakken oil shale), Colorado (Denver-Julesberg Basin tight gas and oil shale) and Illinois (New Albany gas shale). SEA acquires and develops positions in early stage resource plays and farms down following de-risking to monetize assets, while retaining a material interest for potential upside. FY10 production averaged 300boepd with target production to exceed 900 boepd by the end of CY10. SEA provides exposure to growing reserves and production in US shale oil where advances in fracturing technology have significantly improved Bakken well economics. Rapid drilling and prompt tie-in to sales provide a relatively low risk cash flow generation profile underpinned with growing production and reserves. SEA has recently formed a strategic alliance with Beach Energy (ASX: BPT) to jointly identify, evaluate and potentially acquire new unconventional oil and gas assets in Australasia.

Key Stock Recommendations And Changes

Top Precious Metals Pick #	Company	Current Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %
*	Allied Gold Ltd	\$0.61	BUY	BUY	\$0.87	\$0.84	\$0.94	\$0.90	53.5%
	Bassari Resources Ltd	\$0.15	Spec BUY	Spec BUY	n/a	n/a	\$0.38	\$0.30	155.8%
	Dampier Gold Ltd	\$0.70	BUY	BUY	\$1.04	\$0.86	\$1.16	\$0.92	65.8%
	Kingsgate Consolidated Ltd	\$10.09	BUY	BUY	\$12.79	\$12.03	\$13.37	\$12.47	32.5%
	Mineral Deposits Ltd	\$5.30	n/a	n/a	n/a	n/a	n/a	n/a	n/a
*	Red 5 Ltd	\$0.19	BUY	BUY	\$0.33	\$0.26	\$0.37	\$0.29	99.6%
	Troy Resources NL	\$3.83	BUY	BUY	\$4.73	\$4.01	\$4.88	\$4.08	27.4%

Base Metals Company	Current Share Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %	
*	Hillgrove Resources Ltd	\$0.32	BUY	BUY	\$0.53	\$0.33	\$0.64	\$0.38	102.0%
	Independence Group NL	\$7.20	BUY	HOLD	\$8.63	\$7.46	\$8.81	\$7.56	22.3%
	Intrepid Mines Ltd	\$1.85	BUY	BUY	\$1.74	\$1.59	\$2.41	\$2.26	30.7%
	Kagara Ltd	\$0.81	BUY	BUY	\$1.75	\$1.15	\$1.88	\$1.22	133.5%
	OZ Minerals Ltd	\$1.68	HOLD	SELL	\$1.70	\$1.39	\$1.74	\$1.41	3.6%
	PanAust Ltd	\$0.83	HOLD	SELL	\$0.87	\$0.59	\$0.99	\$0.66	19.5%
	Panoramic Resources Ltd	\$2.42	BUY	HOLD	\$3.68	\$2.75	\$3.85	\$2.75	59.1%
	Western Areas NL	\$6.61	SELL	SELL	\$5.51	\$4.18	\$5.11	\$3.68	-22.8%

Bulk Commodities Company	Current Share Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %	
*	Atlas Iron Ltd	\$3.16	BUY	BUY	\$6.77	\$6.42	\$4.55	\$4.12	44.0%
	Giralia Resources NL	\$4.69	ACCEPT	BUY	\$4.80	\$4.44	\$3.94	\$3.52	-16.0%
*	Iluka Resources Ltd	\$9.10	BUY	BUY	\$10.34	\$11.08	\$11.21	\$11.99	23.2%
	Mount Gibson Iron Ltd	\$2.15	BUY	HOLD	\$2.90	\$2.34	\$3.08	\$2.46	43.3%

Coal Companies Company	Current Share Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %	
	Bandanna Energy Ltd	\$1.49	BUY	BUY	\$2.29	\$2.34	\$1.76	\$1.80	18.3%
	Cockatoo Coal Ltd	\$0.51	BUY	BUY	\$0.79	\$0.80	\$0.76	\$0.78	49.4%
*	Macarthur Coal Ltd	\$12.92	BUY	BUY	\$17.59	\$17.68	\$15.01	\$14.91	16.2%
	New Hope Corporation Ltd	\$4.91	HOLD	HOLD	\$5.75	\$5.72	\$5.41	\$5.37	10.3%
	Northern Energy Corporation Ltd	\$1.63	HOLD	HOLD	\$1.78	\$1.94	\$1.69	\$1.82	3.4%
	Whitehaven Coal Ltd	\$7.13	HOLD	HOLD	\$7.17	\$7.23	\$6.40	\$6.45	-10.2%

Coal-Seam-Gas Company	Current Share Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %	
	Dart Energy Ltd	\$1.18	NR	NR	n/a	n/a	n/a	n/a	n/a
*	Bow Energy Ltd	\$1.19	BUY	BUY	\$1.75	\$1.75	\$1.80	\$1.80	51.9%
	Comet Ridge Ltd	\$0.17	BUY	BUY	\$0.44	\$0.44	\$0.46	\$0.46	178.8%

Oil & Gas Company	Current Share Price \$	Current Recommendation	Previous Recommendation	Current Valuation \$	Previous Valuation \$	Current Target Price \$	Previous Target Price \$	Share Price Upside %	
*	AWE Ltd	\$1.76	BUY	BUY	\$2.15	\$2.20	\$2.35	\$2.35	33.9%
	Beach Energy Ltd	\$0.84	HOLD	BUY	\$0.81	\$0.81	\$0.85	\$0.85	1.8%
	Drill Search	\$0.66	HOLD	HOLD	\$0.52	\$0.52	\$0.62	\$0.62	-6.1%
	Horizon Oil Ltd	\$0.31	BUY	HOLD	\$0.32	\$0.31	\$0.35	\$0.35	14.8%
	Molopo Energy Ltd	\$1.00	BUY	BUY	\$1.35	\$1.40	\$1.65	\$1.70	65.0%
	Nexus Energy Ltd	\$0.44	BUY	HOLD	\$0.44	\$0.39	\$0.51	\$0.45	15.9%
*	Sundance Energy Ltd	\$0.76	BUY	BUY	\$0.80	\$0.84	\$0.84	\$0.88	10.5%

Source: Wilson HTM. Note: Share prices are as at close of trade on 24 January 2011.



World Economic and Commodity Overview By Charts

Industrial Production And OECD Leading Indicator

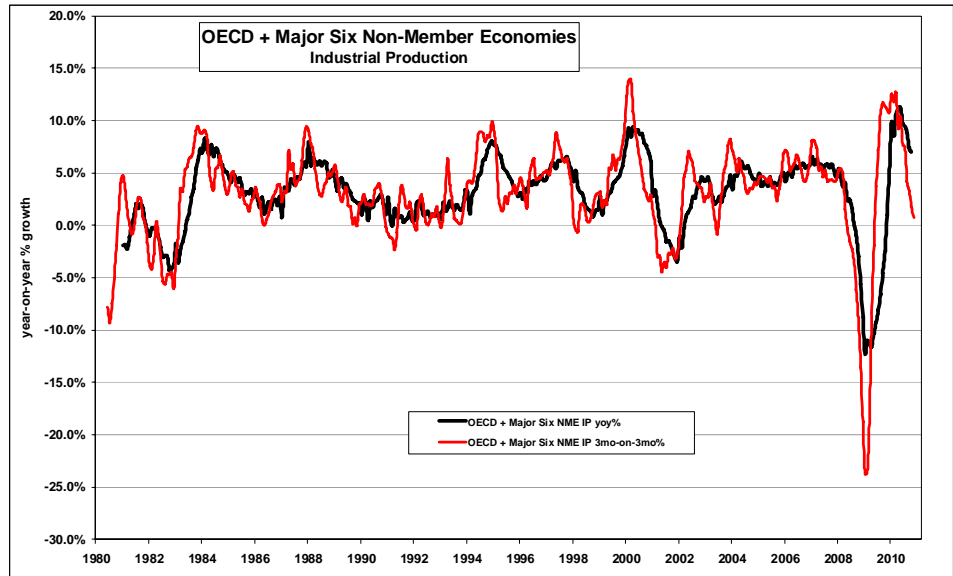
OECD + six major non-member economies

October data.

The yr-on-yr (+7.0%) and 3-Month/3-Month changes in the OECD IP growth largely show the effects of recovery from deep low levels in 2009/10, and are now returning to growth rates that might be comparable with longer term average growth rates.

However global IP has yet to recover fully to pre-downturn levels with Europe and North America still in early recovery phases and yet to follow Asian recoveries.

Global July 2010 IP is just 0.7% below January 2008 levels.

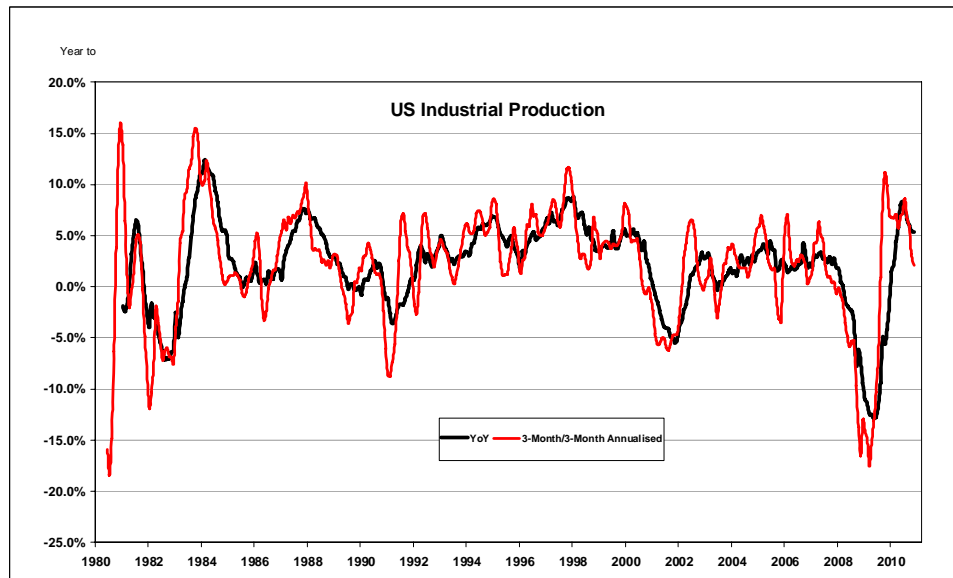


US industrial production

November data.

USA yr-on-yr IP growth bottomed in Nov 2008 registering a 16% yr-on-yr contraction.

US IP in November 2010 was still 6.2% below January 2008 levels, but a number of elements of the US economy are now showing signs of improvement.



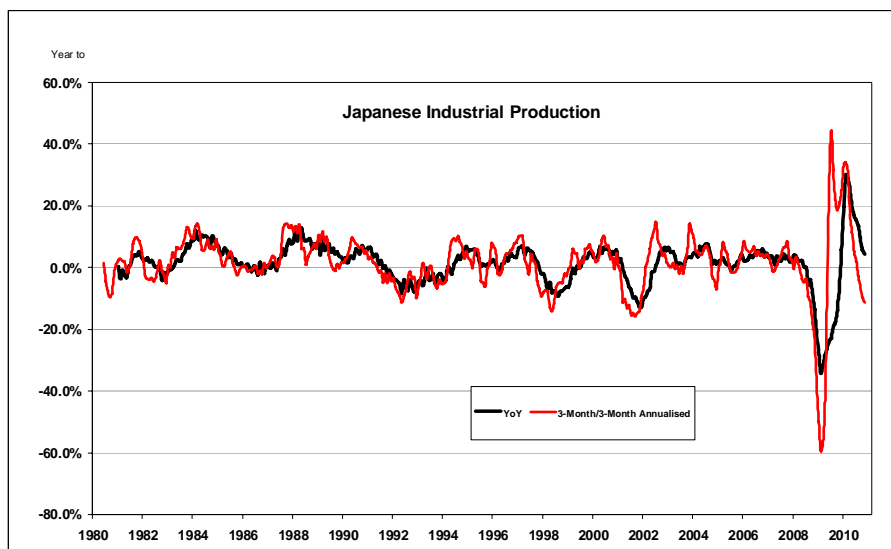
Source: OECD, WilsonHTM

Japanese industrial production

November data.

IP growth for Japan shows a +4.3% yr-on-yr growth rate for Nov 2010.

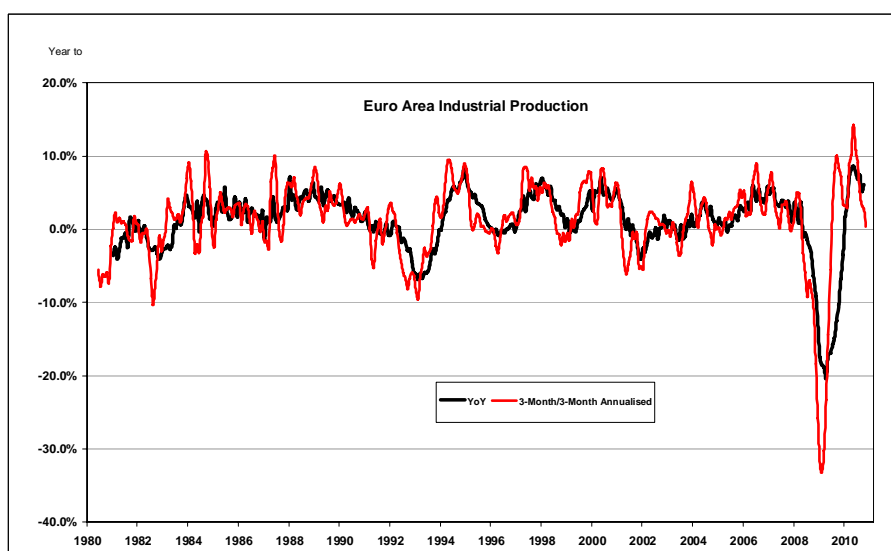
Japan's IP: level is still 15.7% below the level of January 2008, though industry is broadly showing signs of recovery, assisted by Japan's proximity to China.



Euro area industrial production

October data.

Similarly the Euro area is recording positive yr-on-yr growth (+6.1%), but IP levels remain 12% below January 2008 levels. Sentiment has begun to turn toward a more positive bent quite recently with improved confidence that a solution to the European debt situation may be achieved.

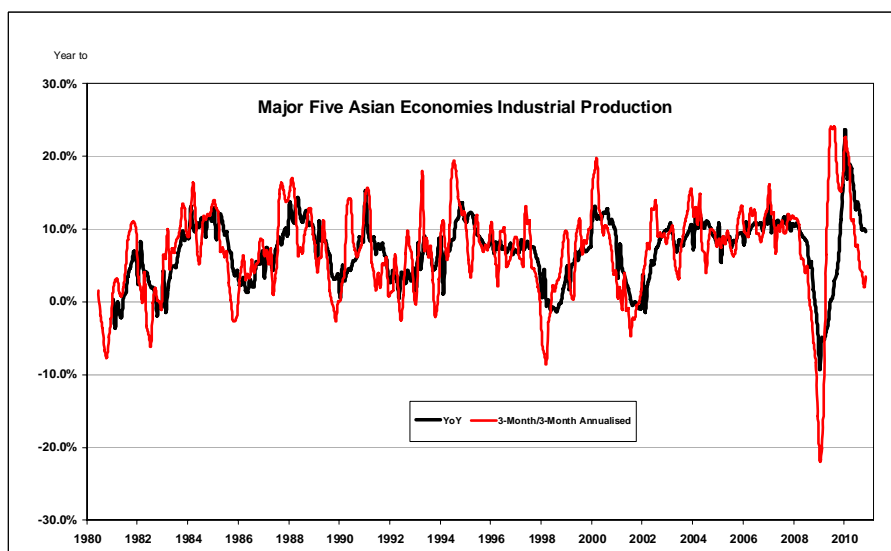


Major five Asian economies industrial production

November data.

The Major Five Asian economies represent the growth engine for the world.

As a group these economies recorded a +10% yr-on-yr growth rate for July 2010 and IP levels 17% above January 2008 levels.



Source: OECD, WilsonHTM

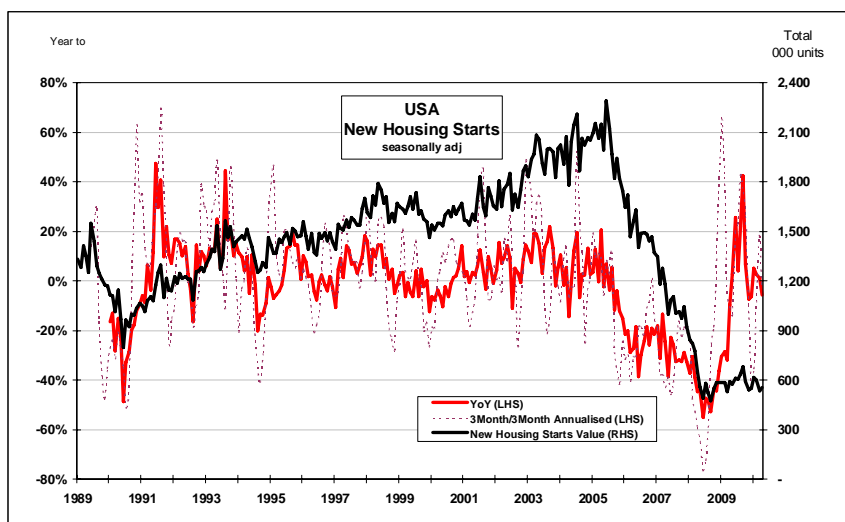
US Economic Data

New housing starts

November data

US new housing starts for November 2010 improved from October but still only show modest actual improvements from early 2009, and remain about 76% down from peak (January 2006) levels. The +3.9% yr-on-yr growth merely reflects the improvement from low levels of early 2009 from which the US housing industry has yet to really recover.

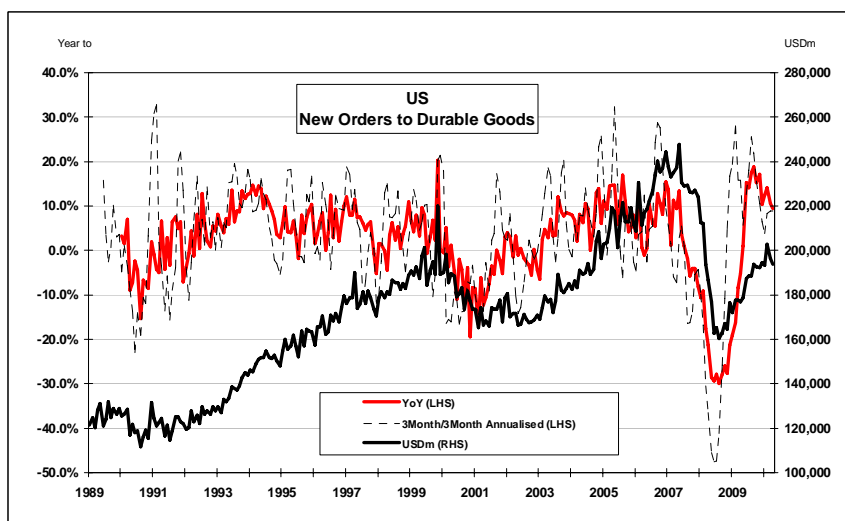
Recent construction spending data is showing a glimmer of improvement in this direction.



New orders to durable goods

New Orders to Durable Goods increased by 9.4% yr-on-yr in November 2010 though remain 21% below the July 2007 peak.

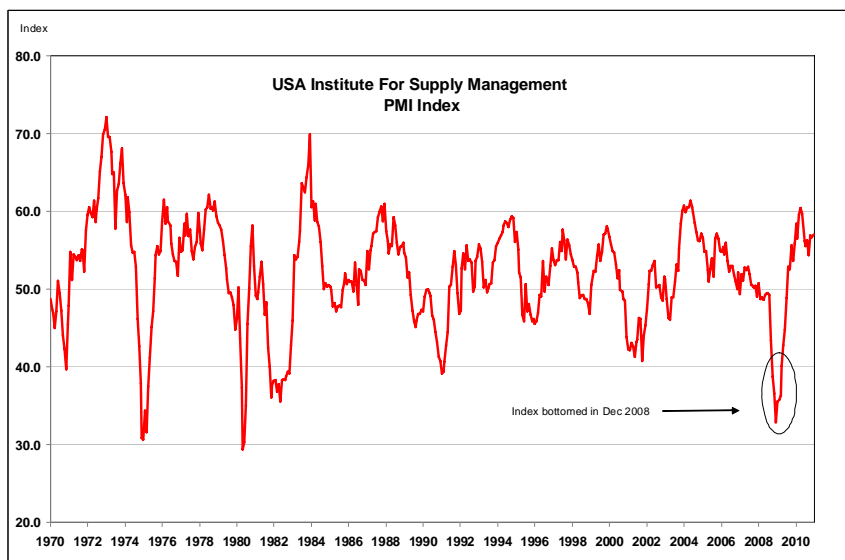
We look toward improvement in consumer confidence and US housing starts for a lift in this metric.



US Institute of Supply Management index

The Institute of Supply Manager's Purchasing Index recovered strongly from the downturn after reaching a low of 32.9 in Dec 2008.

It peaked at 60.4 in April 2010 and has since reduced to 57.0 for December. The overall index is still above the key 50% level indicating an outlook for growth.



Source: US Bureau Of Census, US Institute For Supply Management, WilsonHTM

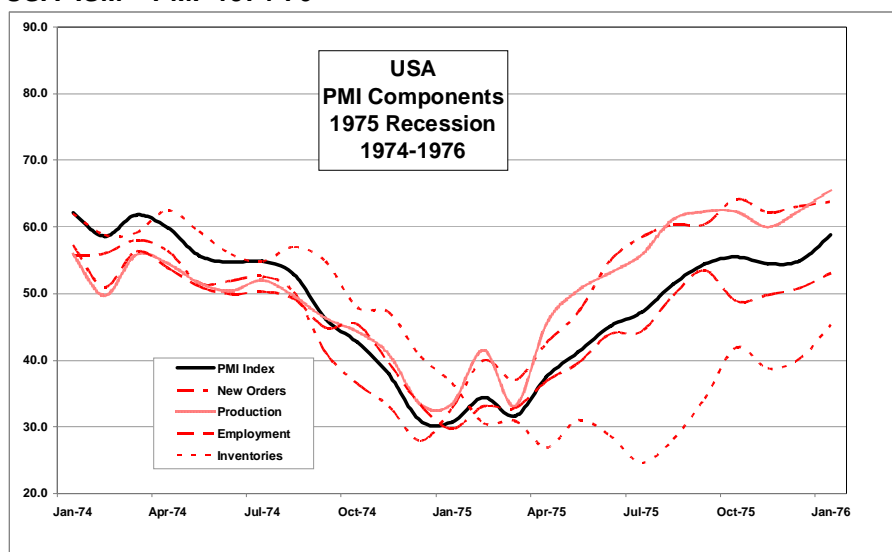
Comparing US recessions

USA ISM – PMI 1974-76

1975 recession: most major economies' GDP contracted.

Duration was about 1 year.

The turning points for the New Orders and Production components of the PMI led Employment and Inventories in this period.



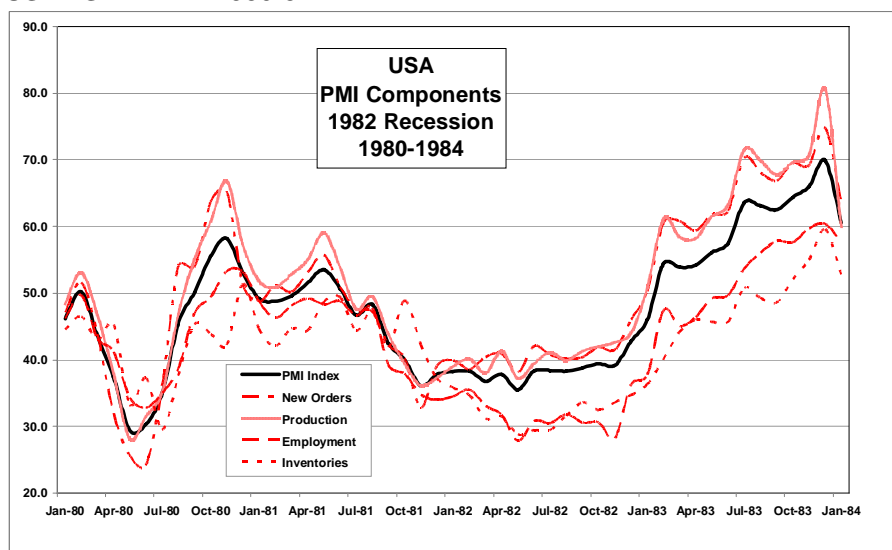
USA ISM – PMI 1980-84

1982 recession: most major economies' GDP contracted.

Duration about 2 years.

None of the PMI component turning points led the overall index in this period

Employment suffered more during the longer downturn.

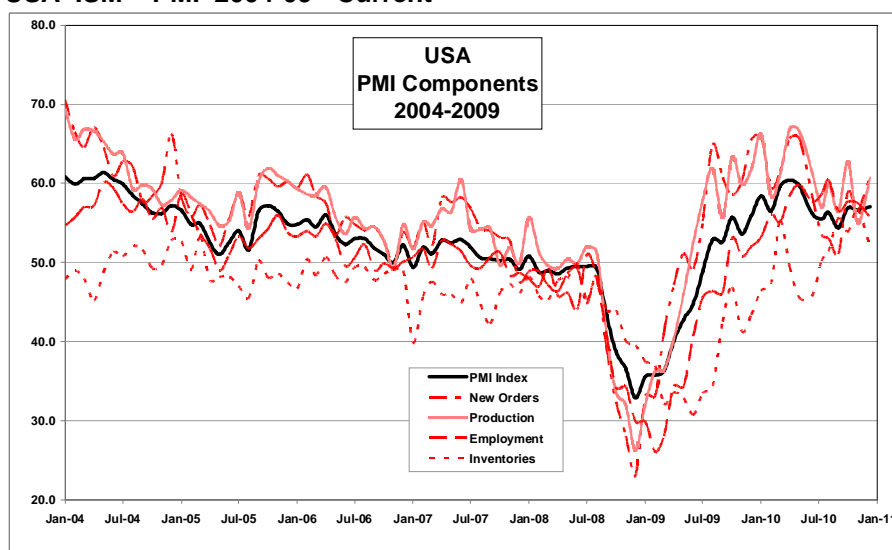


USA ISM – PMI 2004-09 - Current

Sub-Prime Crisis followed by Credit Crisis, followed by current recession:

Duration: approximately 18 months.

The December 2010 PMI of 57.0 is a positive, with the key sub-indicators new orders at 60.9, production at 60.7, employment at 55.7 and inventories at 51.8. All these indicators are above 50% indicating growth though the inventories indicator appears to be slowing.

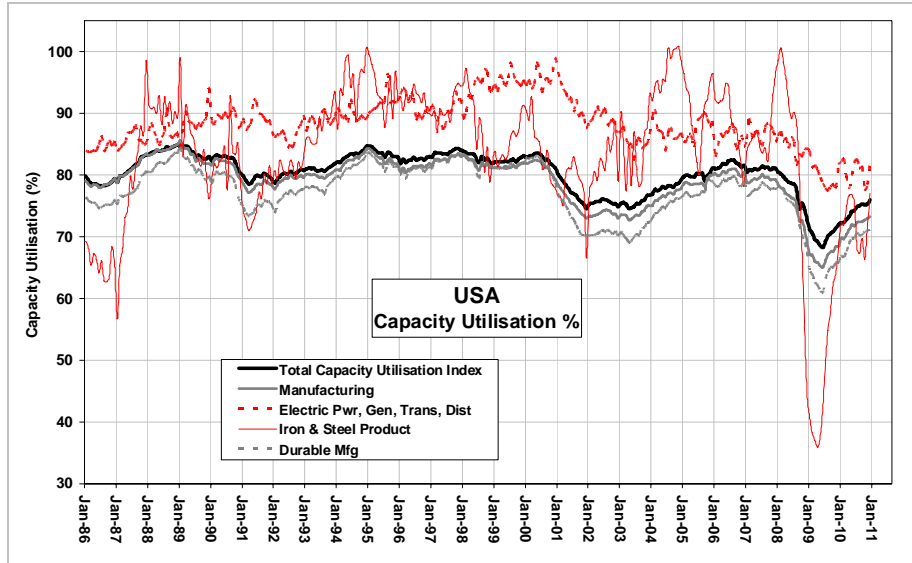


USA Institute of Supply Management, WilsonHTM



Capacity Utilisation

Total US capacity utilisation is recovering though remains below the optimal 80%-85% range, though with steel, durables and manufacturing now all above 70%. The US economy appears to be improving, but slowly.



Source: USA FRB, WilsonHTM

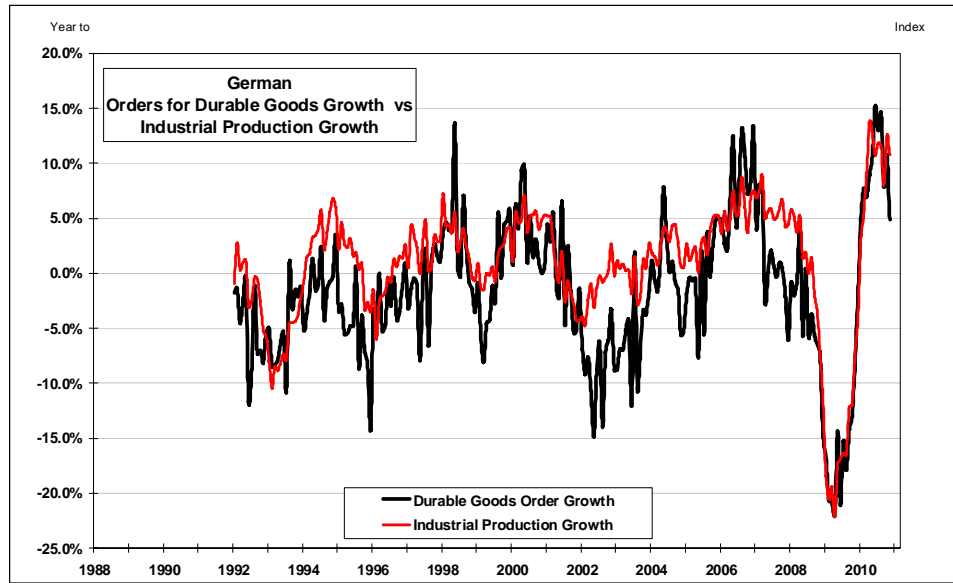


German Economic Data

New orders to durable goods

German new orders to durable goods for November recorded +4.8% yr-on-yr growth although order levels remain 11% below August 2008 levels.

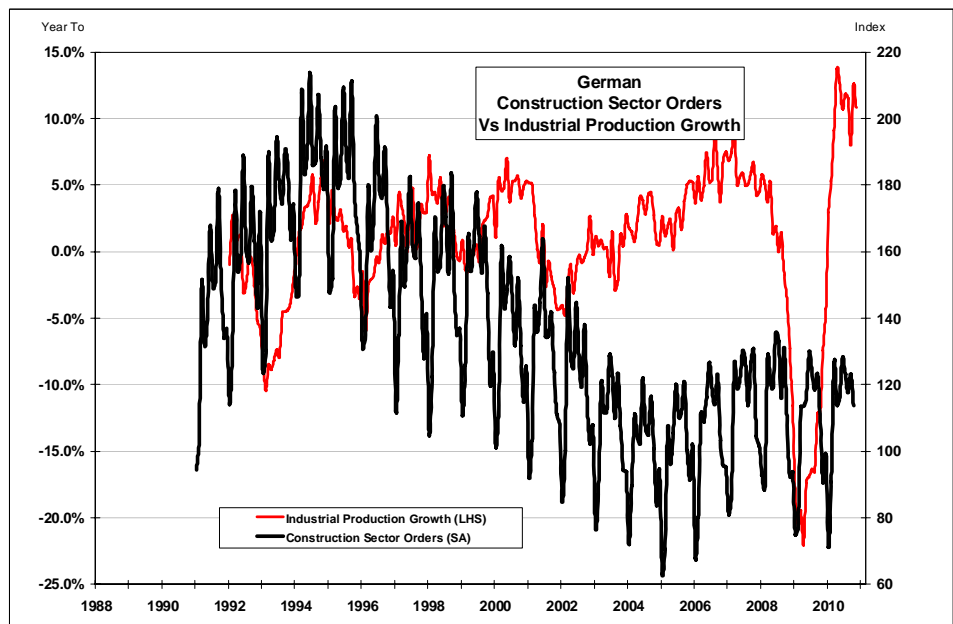
German Industrial Production growth of 10.8% yr-on-yr for November 2010 is encouraging, though IP is still 6.8% below February 2008 levels.



Source:Deutschen Bundesbank, WilsonHTM

Construction sector orders

German construction orders is a volatile data series which recorded -4.3% yr-on-yr growth for November 2010 and was about 16% below order levels of June 2008.



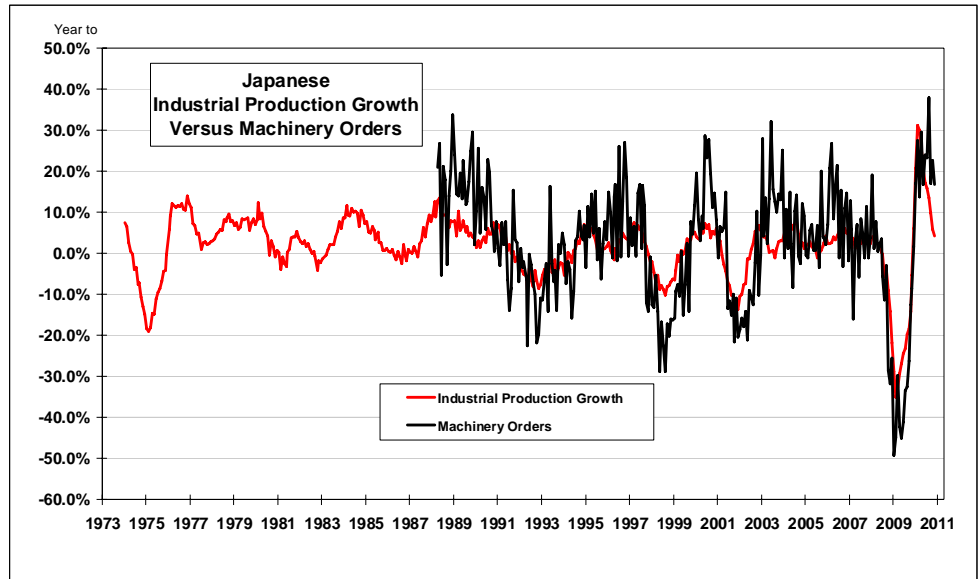
Source: Deutschen Bundesbank, WilsonHTM



Japanese Economic Data Machinery orders

Japanese machinery orders to November 2010 recorded +17% yr-on-yr though remained 28% below record May 2008 levels.

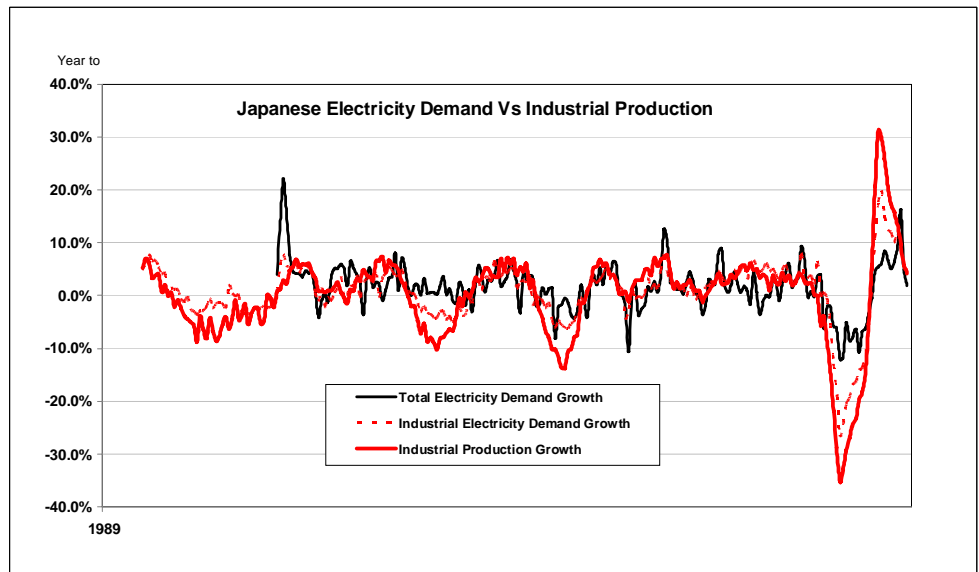
Japanese IP growth for November 2010 recorded +4.2% yr-on-yr growth but IP remained 16.6% below February 2008 levels.



Source: METI, WilsonHTM

Electricity demand

Total electricity demand growth was +1.8% yr-on-yr for November 2010 with industrial electricity demand recording +4.8% yr-on-yr growth, compared to the +4.2% yr-on-yr growth in industrial production.



Source: METI, WilsonHTM

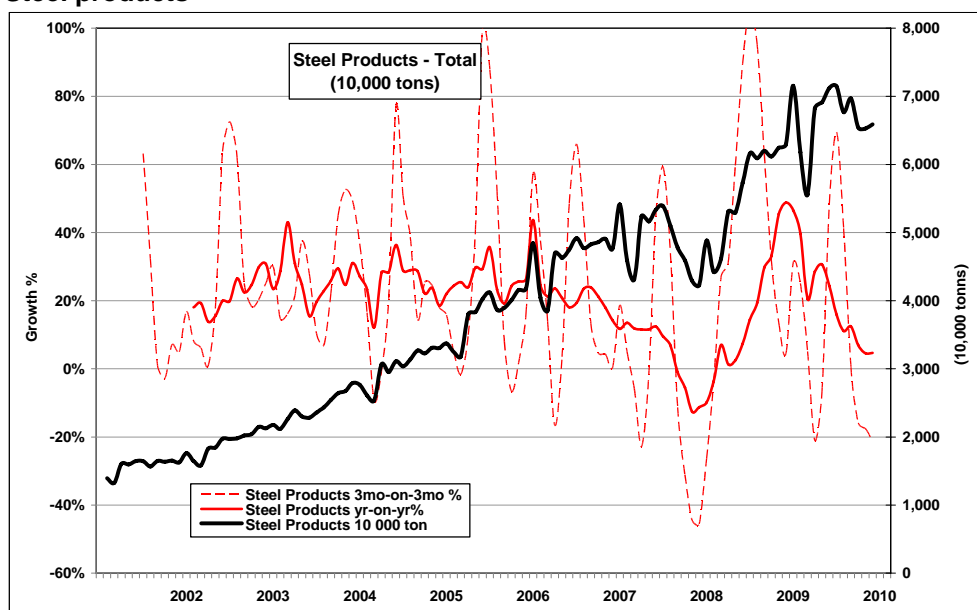
Chinese Economic Data

Steel products

Steel product output clearly recovered from the 2008-09 downturn, and appears to be continuing its growth trend.

Growth, currently at 4.7% yr-on-yr is forecast to continue at around 5% near term, influenced by reduced global steel output in 2011 but is likely to continue to be volatile but potentially return to about 6%-10% by 2020. We do not expect a return to the 20% rates of the early part of the 2000 decade.

November data



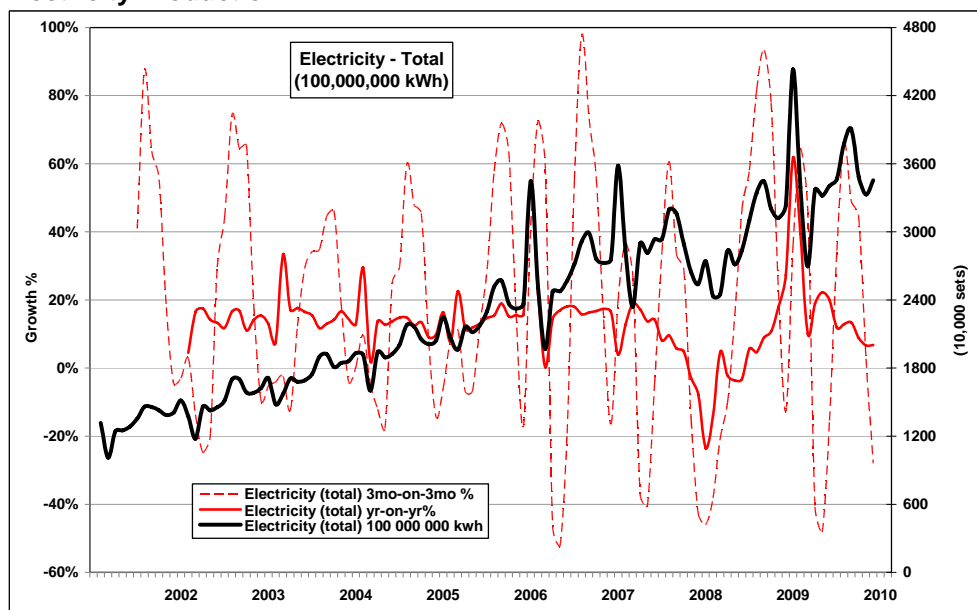
Source: National Bureau of Statistics, WilsonHTM

Electricity Production

Total electricity output slumped in late 2008, but growth has resumed.

We expect that a larger proportion of Chinese power is directed to industry than to commercial or residential consumption than in advanced economies where commercial and residential demand command about two thirds of total demand.

Yr-on-yr growth in November was +6.8%.

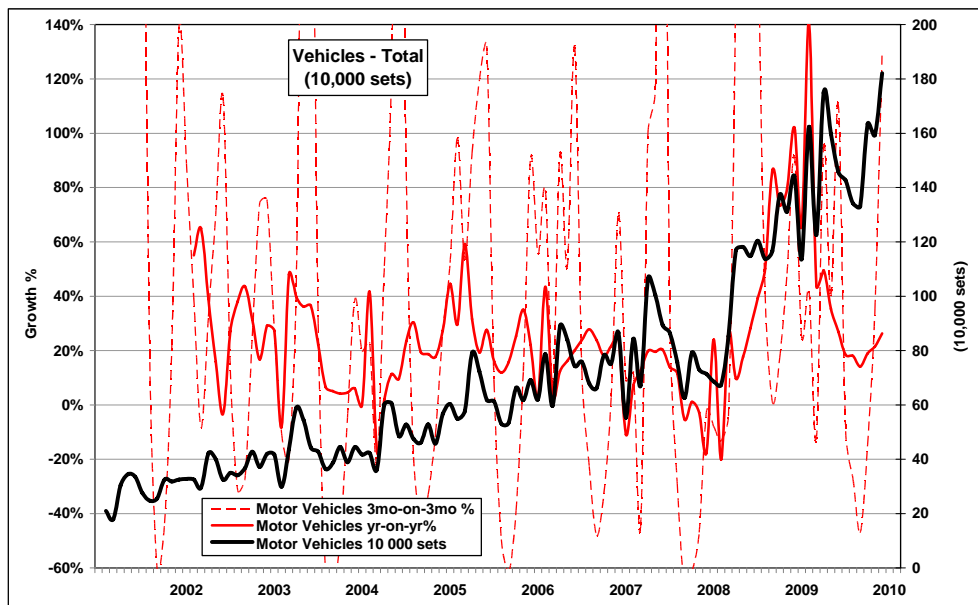


Source: National Bureau of Statistics, WilsonHTM

Vehicle Production

More cars were sold in China in 2010 than in any other country at any time in history. Automobile industry officials only expect those sales to grow.

The more than 30% sales growth achieved in China in 2010, to more than 18 million vehicles, is probably unsustainable, especially as government officials are moving to put the brakes on car purchases. Restrictions on car ownership are being considered, to reduce chronic road congestion in Beijing in particular.

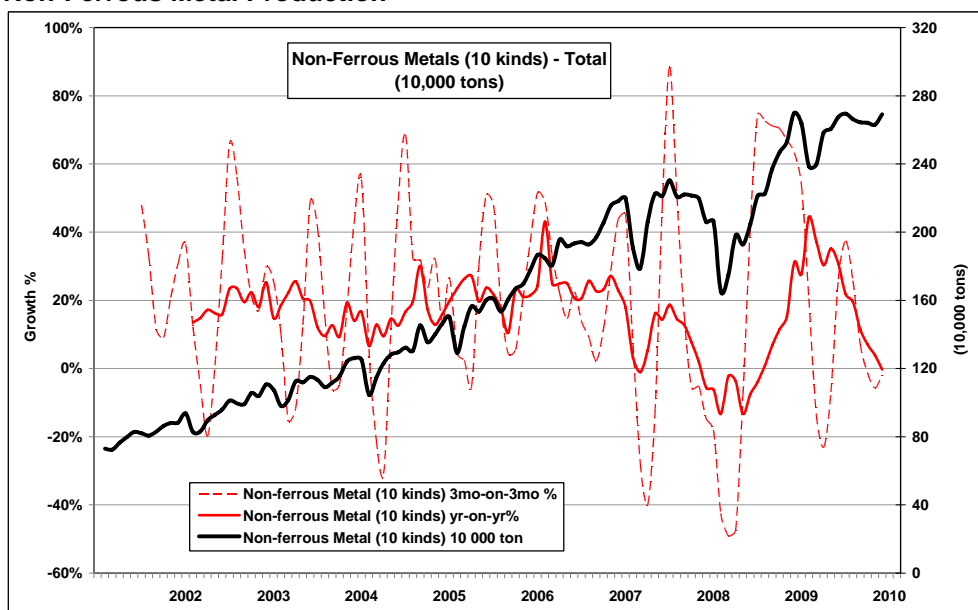


Source: National Bureau of Statistics, WilsonHTM

Non-Ferrous Metal Production

Non-ferrous metal demand slowed sharply in early 2009, and recovered strongly into 2010. Growth has since slowed, in part due to Government efforts to reduce inefficient and polluting plant capacity and improve efficient use of power.

Non-ferrous metals is a 'component' of OECDs' CLI for China.



Source: National Bureau of Statistics, WilsonHTM

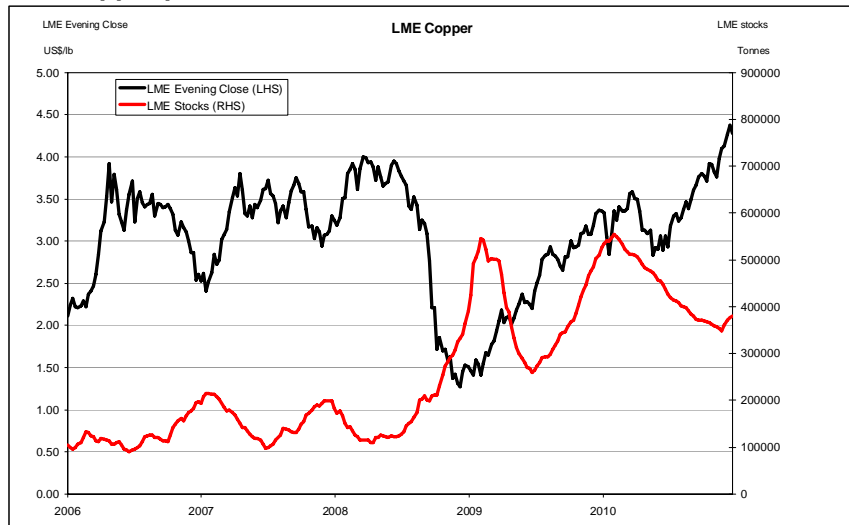


LME Metals

LME copper price vs stocks

Copper inventories decreased from a peak in mid February 2010 to early December 2010.

Global supply is struggling to meet demand. Prices are responding to both declining stockpile levels and to a weaker USD.



LME zinc price vs stocks

Zinc LME inventories jumped mid December 2010, prior to the holiday period.

The zinc smelting sector has consistently been the least disciplined during downturns or periods of soft demand.



LME lead price vs stocks

The lead-acid battery sector represents 75% of China's lead demand.

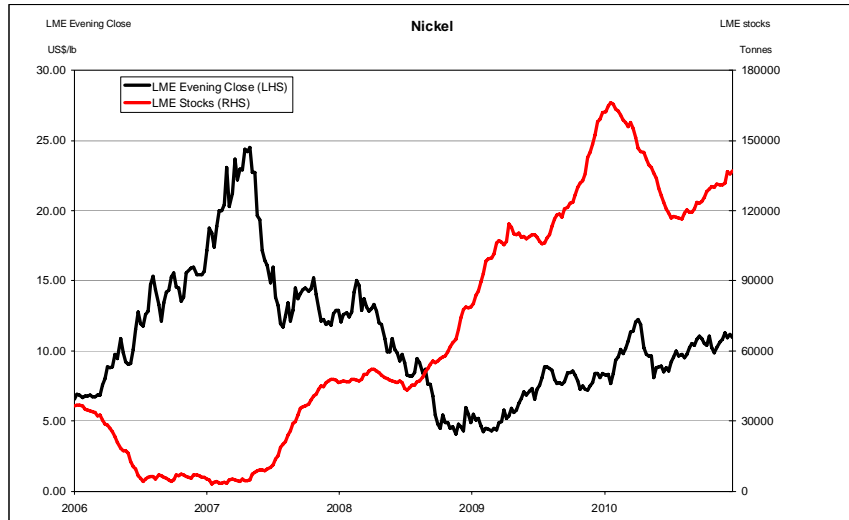
China produces about 30 million e-bikes p.a. into an existing market of ~120 million units with battery sizes containing between 9-17 kg of lead each.



Source: IRESS, WilsonHTM



LME nickel price vs stocks



Source: IRESS, WilsonHTM

Nickel inventories appeared to bottom in July 2010, and have been increasing since, as prices have increased.

LME tin price vs stocks

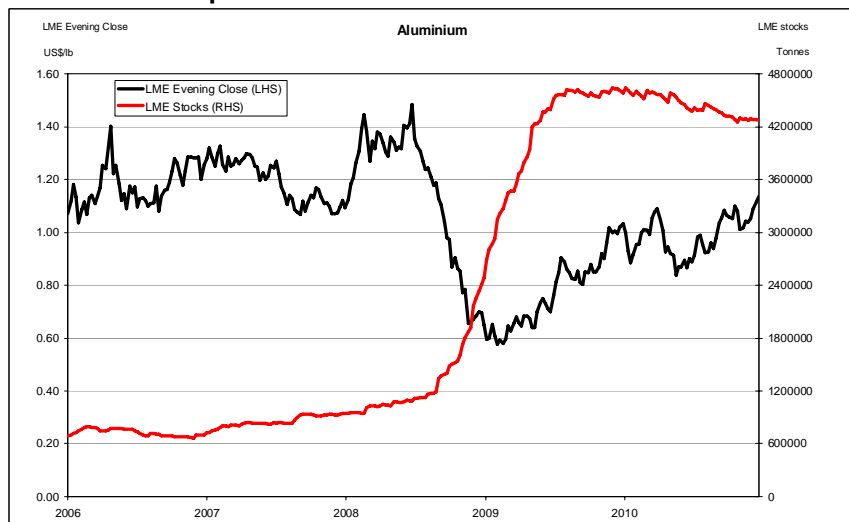


Source: IRESS, WilsonHTM

The tin market is somewhat hostage to Indonesian regulatory edicts as China, the other major (former) exporter, withdrew from the export market over a year ago. The current Indonesian thrust is to limit export of unprocessed ore or concentrate in favour of added value product.

Overall, demand for tin is continuing to look favourable, in particular as a replacement metal for use in electronic solder (vs lead).

LME aluminium price vs stocks



Source: IRESS, WilsonHTM

The new Boeing Dreamliner 787 is 50% composites and 20% aluminium ... compared to the Boeing 777 which is 50% aluminium and 12% composites.

China has begun a program of aircraft manufacture, initially for domestic use, but is beginning to win export orders

Precious Metals

Gold price

Gold price continues to trade typically US\$1340-1420/oz, although there is potential for break to a lower level should economic data surprise to the upside in the short term and industrial metals firm further.

However while interest rates remain low, and financial risk and potential for disruption remain high, the US\$ gold price could increase further over 2011.



Source: IRESS, WilsonHTM

Silver price

Silver price is expected to broadly track the fortunes of gold, though most recently has outperformed.

Gold price was up 23% from 1 January 2010 and silver price is up 63% in USD terms. Though in AUD terms the price increases were 9.6% for gold and 44.5% for silver, reflecting the reduction in value of the US currency over that period.



Source: IRESS, WilsonHTM

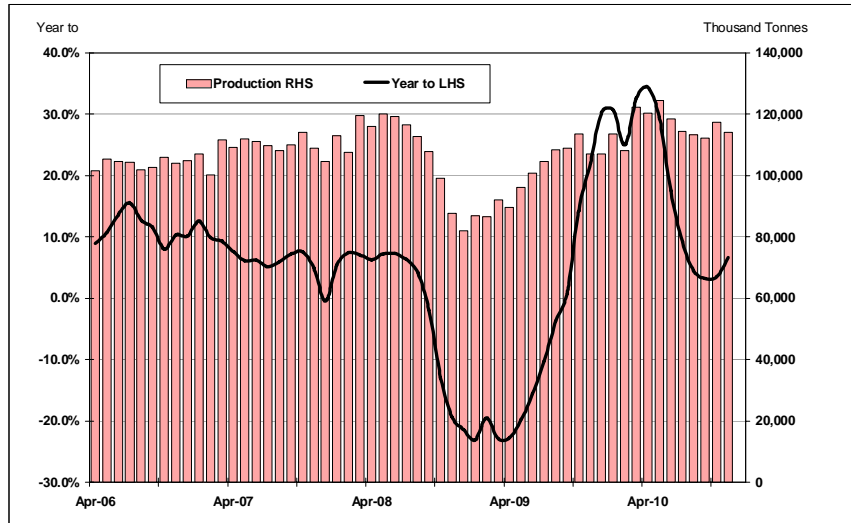


Steel Production

Global steel production

Global steel production peaked in April 2010 then slowed and recovered to November 2010. Latest data is for November 2010.

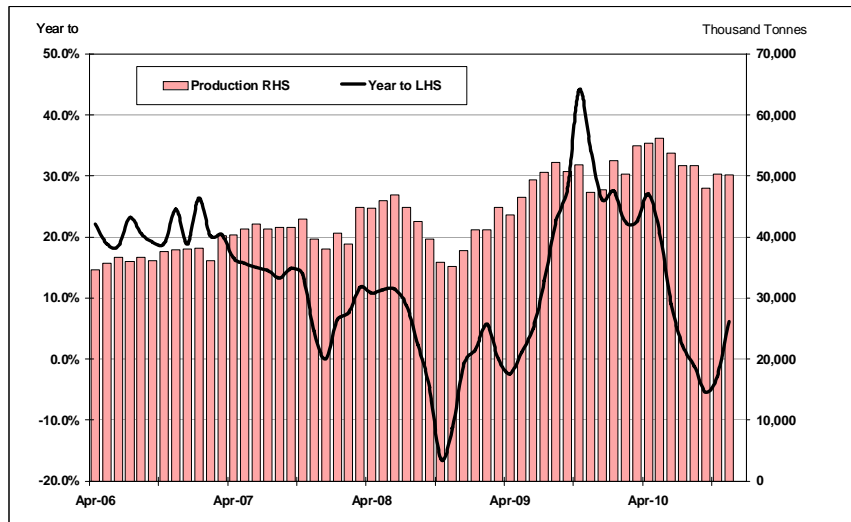
World Steel Association forecasts Chinese steel product demand growth at 3.5% p.a. in 2011, accompanied by rest-of-world (excl China) at 6.8% giving a global 2011 growth forecast of 5.3% p.a.



Chinese steel production

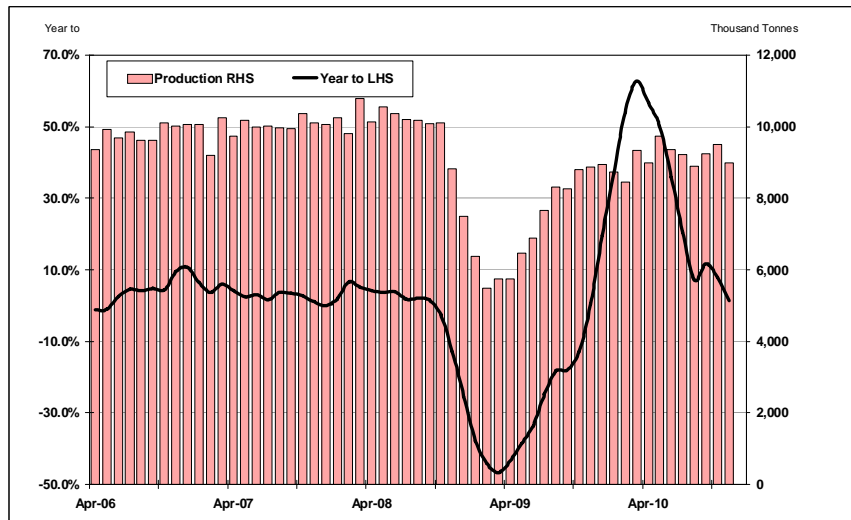
China's monthly steel production at 50.1 Mt/mo (~600 Mtpa) in November has slowed to 3% yr-on-yr growth as authorities push for more operational efficiency and environmental awareness.

The annual capacity is understood to be about 700 Mtpa.



Japanese steel production

Japanese steel production recovered well from the downturn, though appears to have stabilised at about the November level of 9 Mt/mo. This compares with peak production in March 2008 of 10.8 Mt/mo.

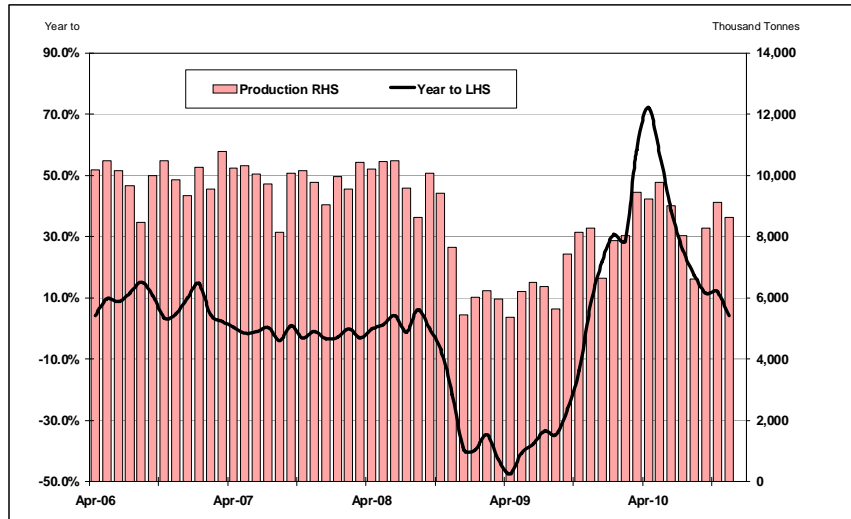


Source: IISI, WilsonHTM



European steel production

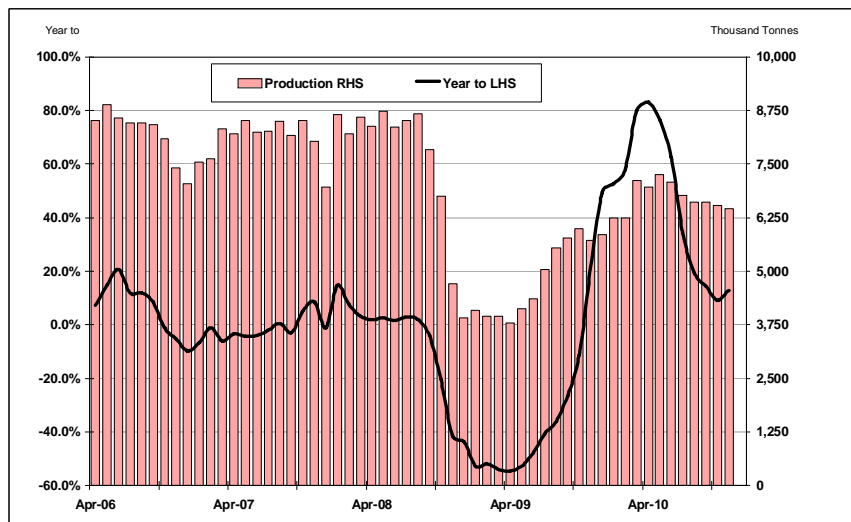
European steel production is making forays toward pre downturn levels and while volatile month-to-month, appears to be slowly recovering.



US steel production

USA's steel production, after an initial post-downturn peak in May 2010 has slowed but appears to be beginning another attempt at recovery.

We still consider that some capacity will not be brought back on line.



Source: IISI, WilsonHTM

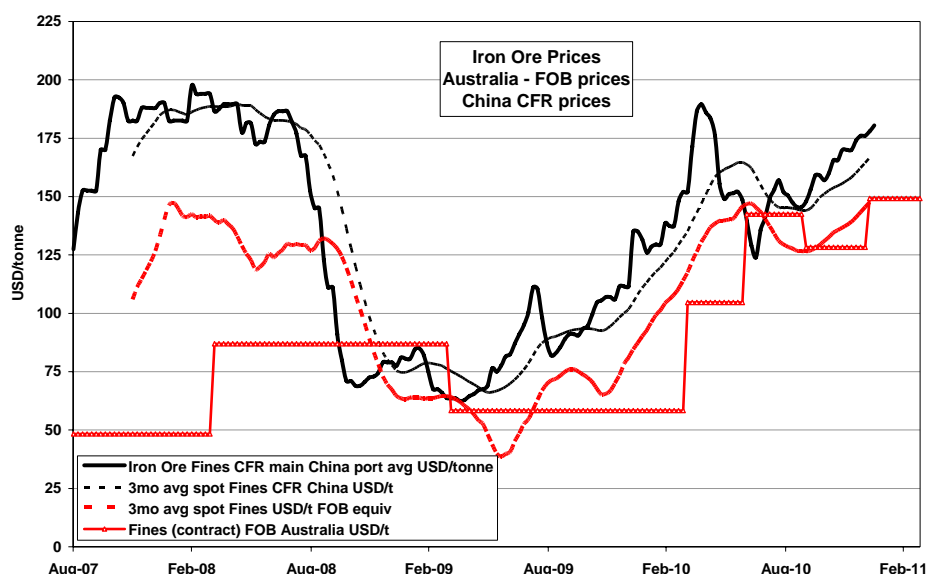
Bulk commodity prices

Iron ore

Contract and CFR Spot China

Settlements for March 2011 qtr fines by Vale are at USD 149.20/t-FOB up about 8.8% from the December Qtr level.

It appears prices are still being struck based on a rolling three-month average CFR price net of rolling three-month freight costs.



Source: Metal Bulletin, WilsonHTM

Coal

Australian Export Coal Prices

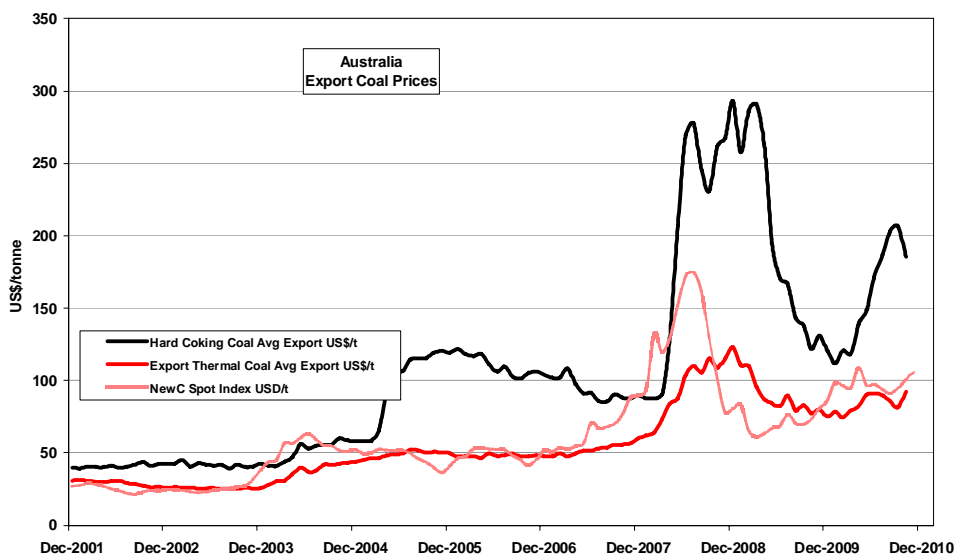
Avg Export price data is for October 2010

Spot prices for coking coal have moved materially higher following disruption to supply by flooding. The impact of March Qtr contract pricing will be to lift average export prices for HCC to 2008 levels.

Major changes in metallurgical coal contract prices post 1 April 2010 include the change to quarterly price terms and significant increases in coking coal prices.

Export thermal coal contract price increases FOB Australia have been limited by material emerging into the Asia Pacific from the Atlantic, however extensive disruption by rainfall in most major exporting regions, Indonesia, Colombia, South Africa, in addition to Australia, has tightened thermal supply.

Demand for both thermal and coking coal remains robust. Longer term shortfalls in coking supply and robust demand for thermal coal are expected.



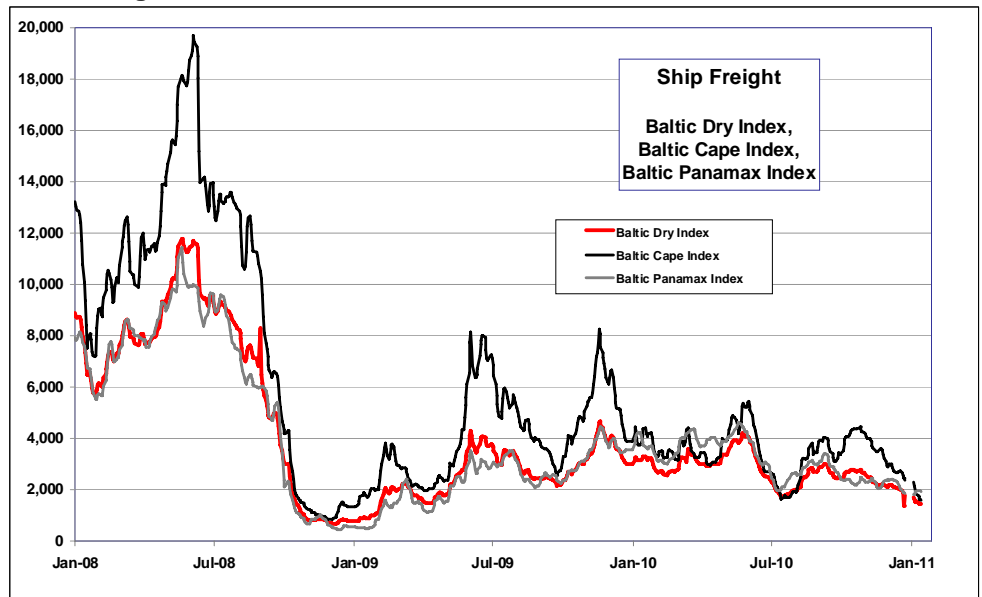
Source: Barlow Jonker, globalCoal, WilsonHTM



Bulk freight

Baltic Freight Indices

The Baltic shipping indices have been deteriorating over the last quarter primarily due to the continued arrival of significant numbers of new ships.



Source: Dryships, Metal Bulletin, WilsonHTM



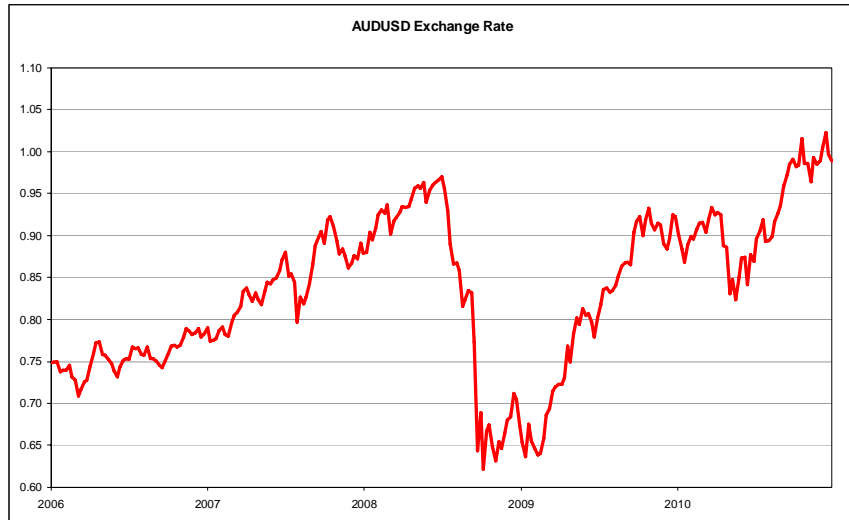
Currencies

AUDUSD rate

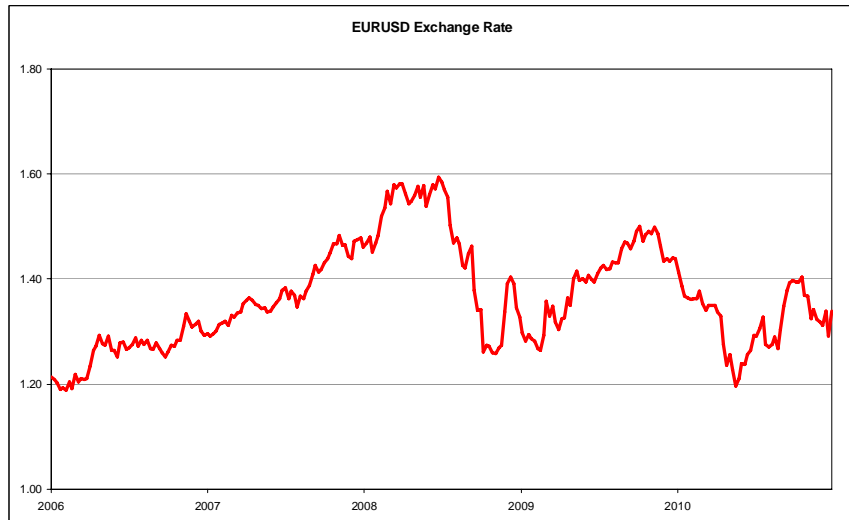
AUDUSD rate traded in a range between about USD 0.96-1.02 during the December quarter, on the back of a weaker USD and continued demand for commodities.

Stronger FX rates may prove to be an issue for companies with relatively long duration price and volume contracts should commodity prices retrace or price increases not emerge as anticipated, and should the AUDUSD rate remain elevated.

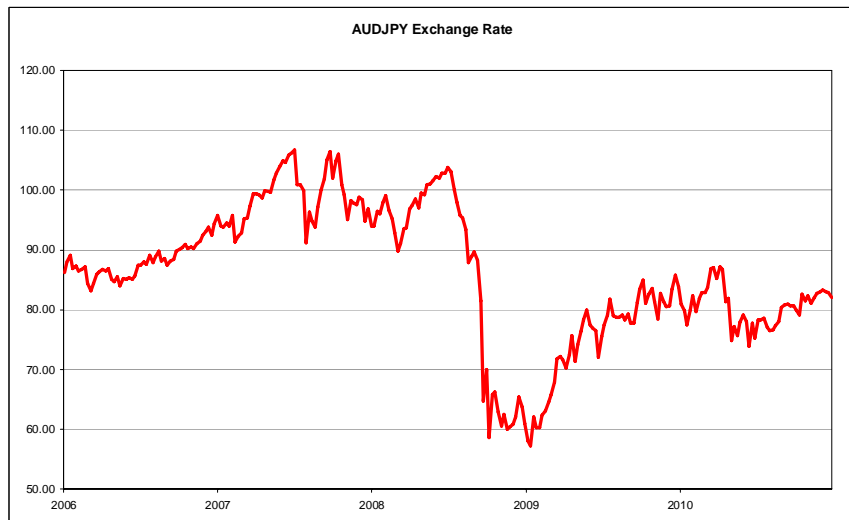
Commodities with quarterly or annual price/volume contracts could be vulnerable, such as for coal, iron ore, mineral sands and other industrial minerals where prices are not exchange-traded.



EURUSD rate



AUDJPY rate

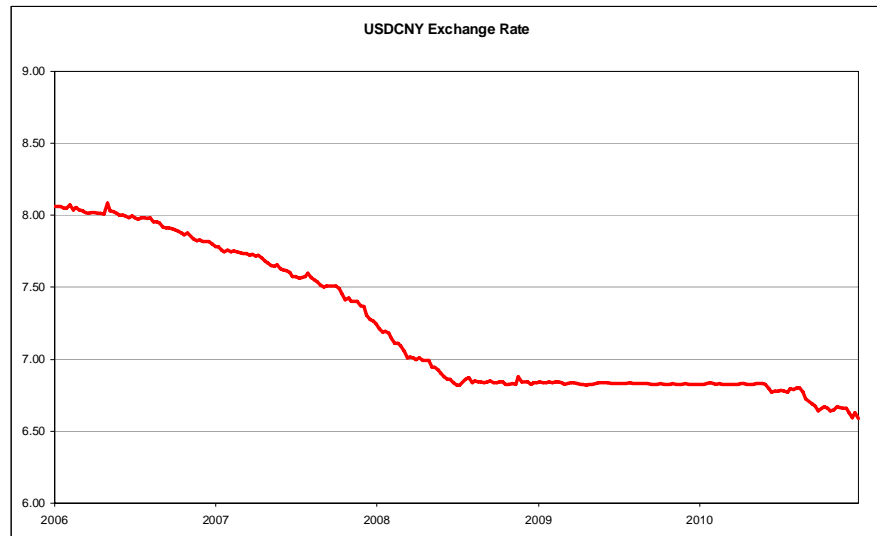


Source: IRESS, WilsonHTM

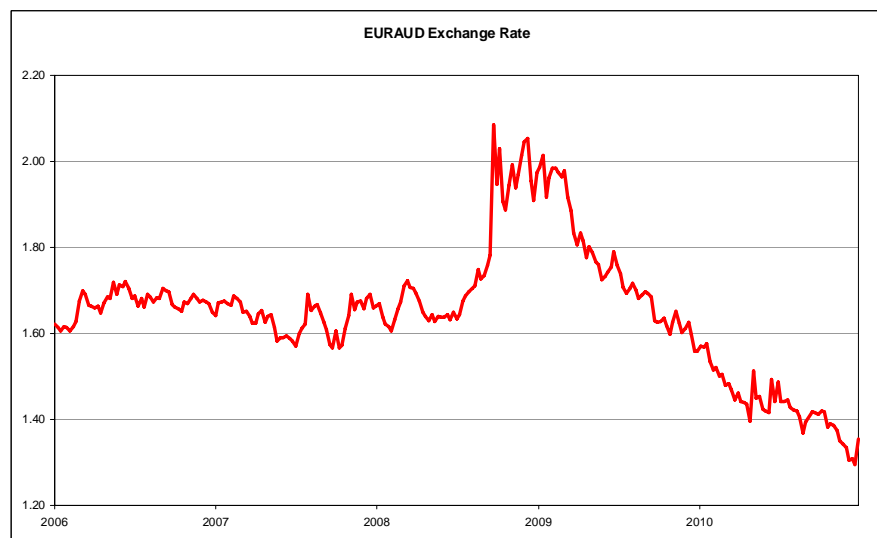


USDCNY rate

The CNY has begun to resume trading in a more market responsive manner following decisions taken by the government. We expect the CNY to continue to (slowly) strengthen against the USD over time.



EURAUD rate

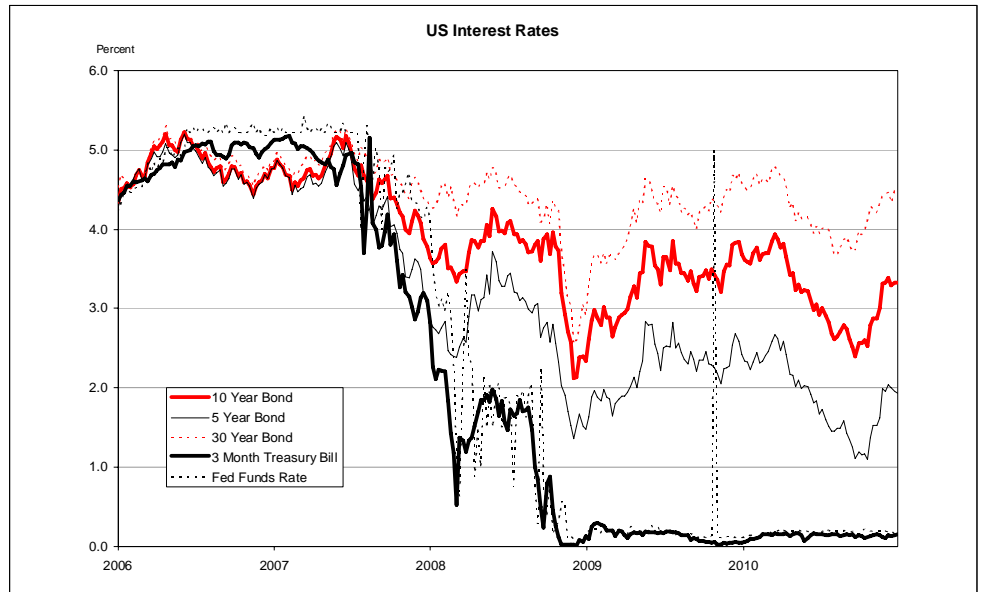


Source: IRESS, WilsonHTM

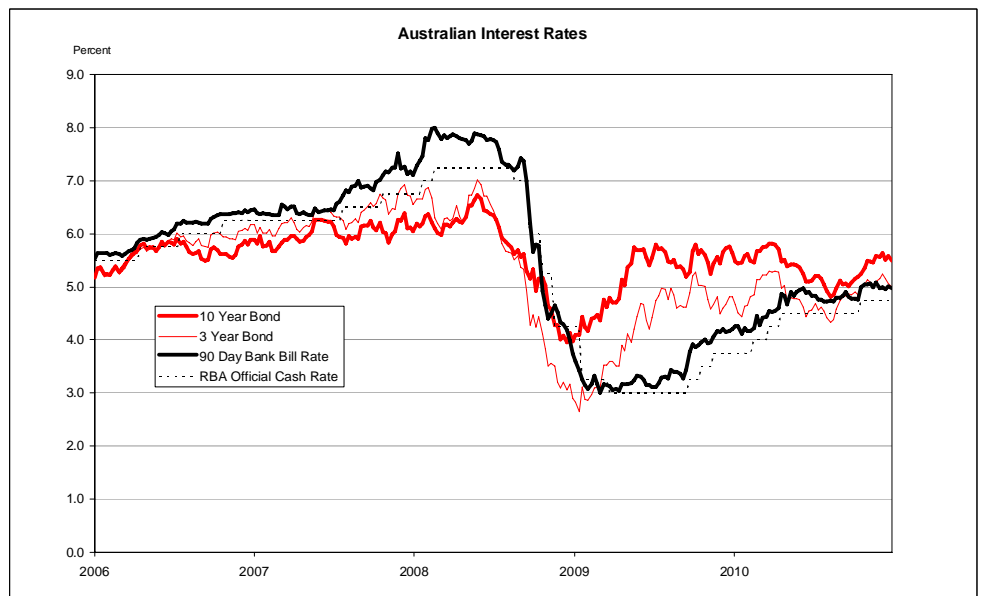


Global Interest Rates

US interest rates



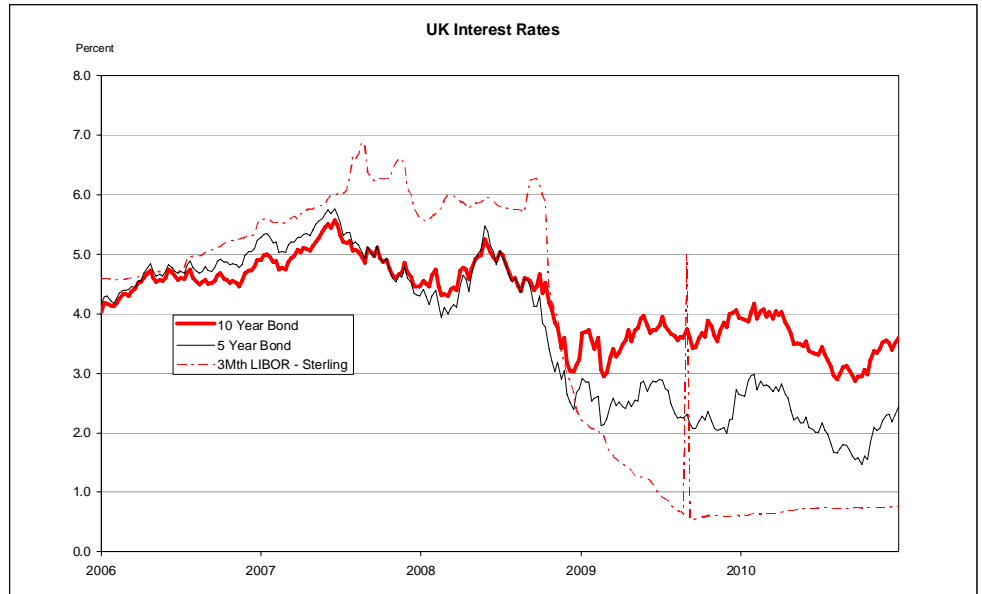
Australian interest rates



Source: IRESS, WilsonHTM

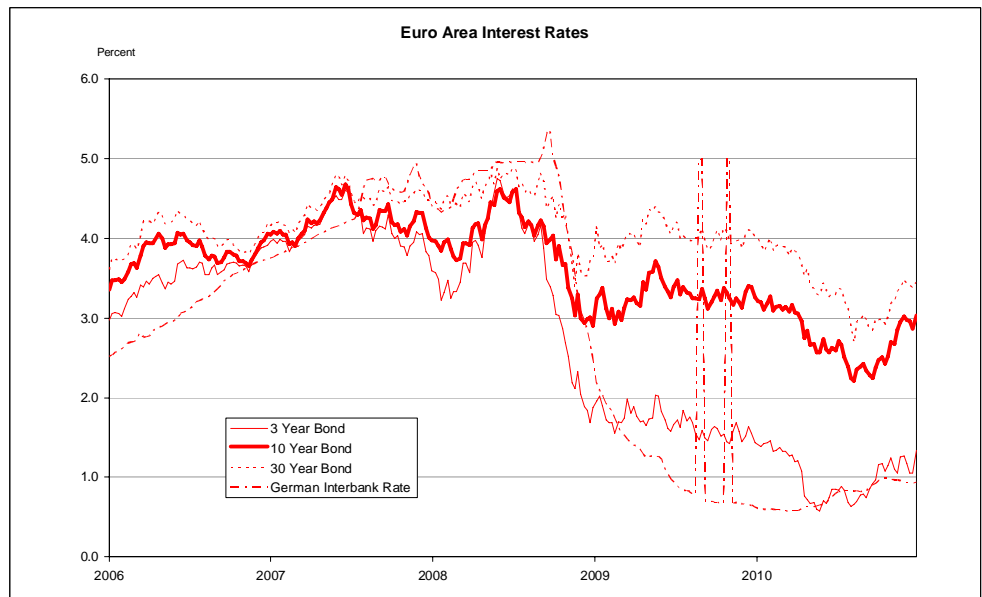


UK interest rates



Source: IRESS, WilsonHTM

Euro area interest rates



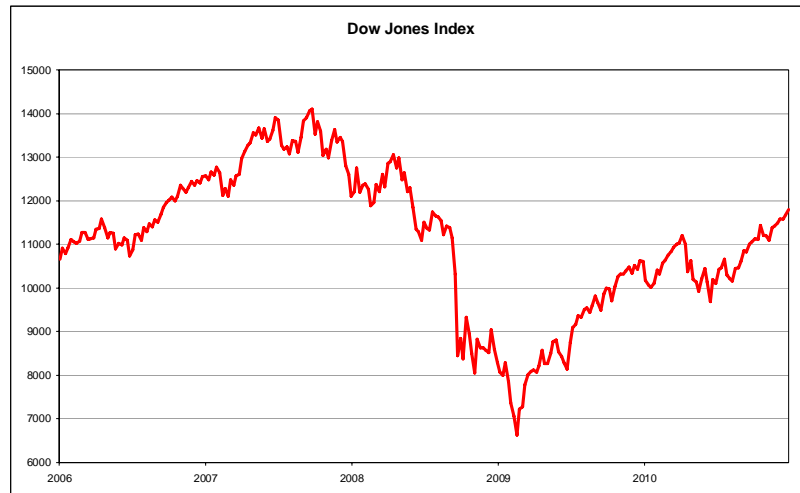
Source: IRESS, WilsonHTM



Global Equity Markets

Dow Jones index

US DOW has rallied 64% since reaching low points in early March 2009 as appetite for risk has returned, and has increased 7.1% in the last month.

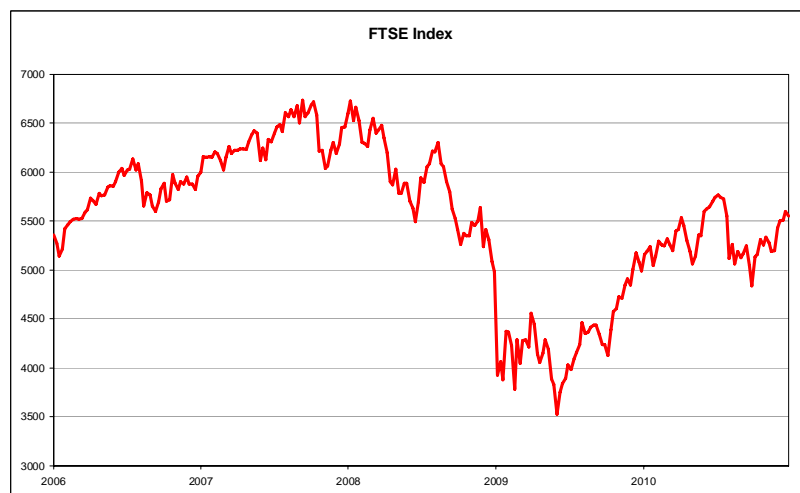


S&P 500 index



FTSE index

FTSE has risen over 58% since reaching a bottom in early March 2009 and has gained 10.9% in the last month.



Source: IRESS, WilsonHTM



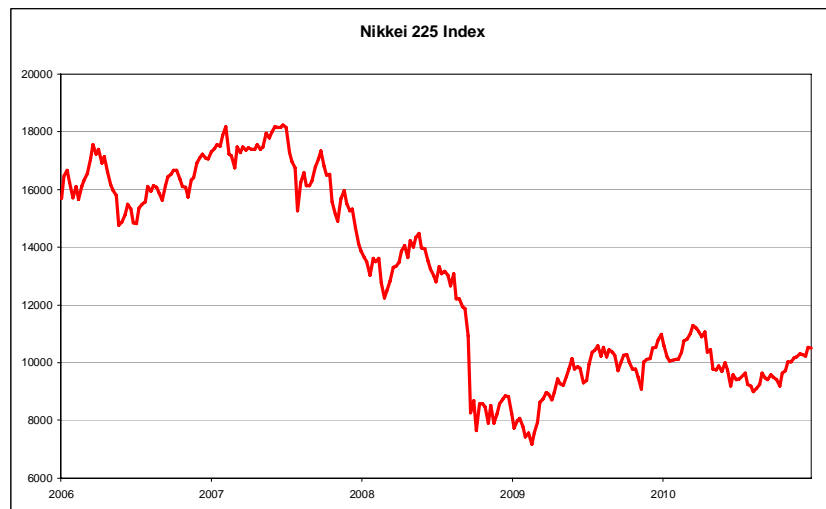
Hang Seng index

The Hang Seng index has outperformed the other major global indices rising by over 85% since early March 2009, and has increased 6.9% in the last month.



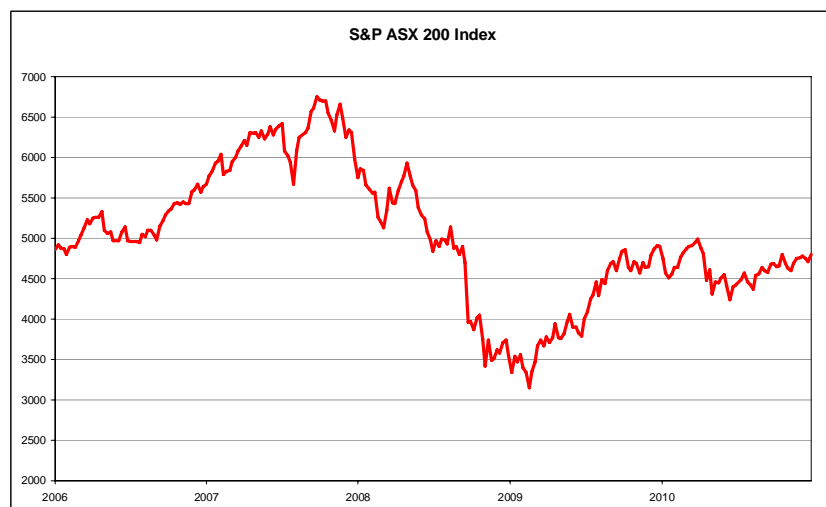
Nikkei 225 index

Nikkei 225 has also seen a rally since early March 2009 of over 32%, but has lost 2.7% in the last month.



S&P ASX 200

S&P/ASX 200 has recovered by 46% since March 2009, and has increased by 4.3% this last month.



Source: IRESS, WilsonHTM

Revised Commodity Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
EXCHANGE RATES											
Rate	(US\$/A)	0.89	0.95	0.99	0.97	0.95	0.92	0.89	0.86	0.84	0.78
INFLATION											
Aust CPI	annualised	3.0%	3.0%	3.2%	3.1%	3.1%	2.9%	2.7%	2.5%	2.5%	2.5%
US CPI	annualised	2.1%	1.4%	1.7%	1.7%	1.9%	1.9%	2.3%	2.3%	2.2%	2.2%
PRECIOUS METALS											
Gold	(US\$/oz)	1153	1299	1500	1700	1925	2075	1800	1800	1500	850
Gold Futures	(US\$/oz)	1245	1310	1391	1397	1387	1405	1431	1451	1475	1503
Silver	(US\$/oz)	17.61	22.78	33.45	42.00	48.13	51.88	40.00	40.00	30.00	14.17
Platinum	(US\$/oz)	1594	1626	1800	1900	2225	2375	1950	1950	1800	1600
BASE METALS											
Copper	(USc/lb)	324	361	443	488	567	477	454	454	363	227
Copper	(US\$/t)	7,144	7,968	9,755	10,748	12,500	10,505	10,009	10,009	8,003	5,004
Lead	(USc/lb)	95	101	114	123	134	134	132	132	113	91
Lead	(US\$/t)	2,087	2,216	2,502	2,701	2,954	2,954	2,910	2,910	2,491	2,006
Zinc	(USc/lb)	98	98	109	116	132	152	127	127	109	98
Zinc	(US\$/t)	2,163	2,169	2,403	2,546	2,899	3,351	2,800	2,800	2,403	2,161
Tin	(USc/lb)	795	1056	1180	1293	1498	1248	907	907	817	681
Tin	(US\$/t)	17,529	23,278	26,004	28,506	33,014	27,503	19,996	19,996	18,012	15,013
Nickel	(USc/lb)	965	1017	1180	1293	1407	1316	1270	1270	1134	771
Nickel	(US\$/t)	21,285	22,425	26,004	28,506	31,008	29,002	27,999	27,999	25,000	16,998
Aluminium	(USc/lb)	97	101	116	125	143	132	127	127	113	113
Aluminium	(US\$/t)	2,135	2,221	2,546	2,756	3,153	2,899	2,800	2,800	2,491	2,491
Cobalt	(USc/lb)	2175	1859	2000	2000	1500	1500	1500	1500	1500	1300
IRON ORE (FOB) - HAMERSLEY/ MT. NEWMAN INTO ASIA											
Lump	(USc/dmtu)	164	279	315	316	316	316	285	229	198	134
Fines	(USc/dmtu)	136	225	254	255	255	255	230	185	160	108
EXPORT COAL - BENCHMARK											
Hard Coking	(US\$/t)	164.0	217.0	242.5	260.0	255.0	245.0	210.0	180.0	162.5	130.0
Semi-Hard Coking Coal	(US\$/t)	141.0	180.2	225.0	227.0	227.0	227.0	195.0	163.0	147.0	117.0
PCI Coal	(US\$/t)	130.0	163.8	195.0	200.0	202.5	205.0	175.0	145.0	132.5	104.0
Semi-Soft Coking Coal	(US\$/t)	123.5	157.0	192.5	180.0	167.5	155.0	144.5	134.0	122.0	92.5
Thermal Coal (export)	(US\$/t)	82.5	95.0	105.0	117.5	120.0	125.0	120.0	115.0	105.0	80.5
OIL AND GAS											
WTI Crude Oil	(US\$/bbl)	78.3	80.6	90.0	90.0	95.0	95.0	95.0	95.0	95.0	100.0
Tapis Crude Oil	(US\$/bbl)	80.4	84.2	93.0	93.0	97.5	97.5	97.0	97.0	97.0	101.0
US Nat Gas (Henry Hub)	(US\$/mmBtu)	4.7	4.0	4.5	4.5	5.0	5.0	5.5	5.5	5.8	6.0
Gladstone Citygate Gas	(A\$/GJ)	3.8	3.8	3.9	3.9	4.0	4.0	4.1	4.1	4.2	7.6
MINERAL SANDS											
Ilmenite	(US\$/t)	90	90	102	102	105	102	105	106	106	108
Rutile	(US\$/t)	520	540	660	750	770	810	810	810	810	780
Synthetic Rutile	(US\$/t)	420	420	560	636	653	687	687	687	687	670
Zircon	(US\$/t)	845	950	1050	1175	1350	1375	1400	1425	1450	1350

Gold Futures as at 21 January 2011

Source: WilsonHTM

Revised Earnings and Operating Cash Flow Forecasts – Precious Metal Companies

Earnings & Cash Flow

Company	Recom		2010			2011			2012			2013		
			NPAT \$m	EPS cps	(a/f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps
Allied Gold Ltd Y/E June	BUY	Pre	10.2	1.3	-2.6	22.5	2.0	3.7	133.0	12.0	15.2	91.8	8.3	12.3
		Post	10.2	1.3	-2.6	24.1	2.2	3.7	176.0	15.8	18.8	176.5	15.9	19.7
		% Chg	0.0%	0.0%	0.0%	7.2%	7.2%	0.8%	32.4%	32.4%	24.0%	92.2%	92.2%	59.9%
Bassari Resources Ltd Y/E June	Spec BUY	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		% Chg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dampier Gold Ltd Y/E June	BUY	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		% Chg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kingsgate Consolidated Ltd Y/E June	BUY	Pre	73.0	71.2	45.3	119.6	99.4	100.7	145.2	105.6	186.2	167.8	122.0	230.0
		Post	73.0	71.2	45.3	118.1	98.2	98.6	181.0	131.6	226.9	264.3	192.2	338.8
		% Chg	0.0%	0.0%	0.0%	-1.3%	-1.3%	-2.0%	24.7%	24.7%	21.9%	57.5%	57.5%	47.3%
Mineral Deposits Ltd Y/E June	n/a	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		% Chg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Red 5 Ltd Y/E June	BUY	Pre	-0.4	0.0	0.0	1.7	0.1	0.1	47.1	3.6	4.0	78.2	5.9	6.7
		Post	-0.4	0.0	0.0	1.8	0.1	0.1	59.8	4.5	5.0	112.9	8.5	9.4
		% Chg	0.0%	0.0%	0.0%	4.7%	4.7%	4.7%	27.1%	27.1%	23.7%	44.3%	44.3%	38.9%
Troy Resources NL Y/E June	BUY	Pre	-6.7	-7.4	22.8	83.2	91.8	142.6	106.7	119.5	149.9	71.5	81.4	106.2
		Post	-6.7	-7.4	22.8	85.7	94.6	144.1	139.6	156.3	188.4	128.3	146.1	171.4
		% Chg	0.0%	0.0%	0.0%	3.0%	3.0%	1.0%	30.9%	30.9%	25.7%	79.3%	79.3%	61.4%

Source: WilsonHTM

Valuation Matrix

Company	Price \$	Recom		NPV		2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
				\$ps	Prem/(Disc)	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
Allied Gold Ltd Y/E June	0.61	BUY	Pre	0.84	-27.5%	46.9	-23.4	30.2	16.5	5.1	4.0	7.4	5.0
			Post	0.87	-29.8%	46.9	-23.4	28.2	16.4	3.9	3.2	3.8	3.1
			% Chg	n/a		0.0%	0.0%	-6.7%	-0.8%	-24.5%	-19.4%	-48.0%	-37.5%
Bassari Resources Ltd Y/E June	0.15	Spec BUY	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			% Chg	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dampier Gold Ltd Y/E June	0.70	BUY	Pre	0.86	-18.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			Post	1.04	-32.8%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			% Chg	22%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kingsgate Consolidated Ltd Y/E June	10.09	BUY	Pre	12.03	-16.1%	14.2	22.3	10.1	10.0	9.6	5.4	8.3	4.4
			Post	12.79	-21.1%	14.2	22.3	10.3	10.2	7.7	4.4	5.2	3.0
			% Chg	6%		0.0%	0.0%	1.3%	2.1%	-19.8%	-18.0%	-36.5%	-32.1%
Mineral Deposits Ltd Y/E June	5.30	n/a	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			% Chg	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Red 5 Ltd Y/E June	0.19	BUY	Pre	0.26	-29.5%	-480.9	-2180.0	141.0	141.0	5.2	4.6	3.1	2.7
			Post	0.33	-43.6%	-480.9	-2180.0	134.6	134.6	4.1	3.7	2.2	2.0
			% Chg	25%		0.0%	0.0%	-5%	-5%	-21.3%	-19.1%	-30.7%	-28.0%
Troy Resources NL Y/E June	3.83	BUY	Pre	4.01	-4.4%	-51.4	16.8	4.2	2.7	3.2	2.6	4.7	3.6
			Post	4.73	-19.0%	-51.4	16.8	4.0	2.7	2.4	2.0	2.6	2.2
			% Chg	18%		0.0%	0.0%	-3%	-1%	-23.6%	-20.5%	-44.2%	-38.0%

Source: WilsonHTM Note: Share prices are as at close of trade on 24 January 2011.

Precious Metals

Changes To Precious Metal Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Gold	US\$/oz	1,153	1,299	1,500	1,700	1,925	2,075	1,800	1,800	1,500	850
	A\$/oz	1,291	1,370	1,510	1,754	2,032	2,257	2,019	2,084	1,795	1,090
Gold Futures	US\$/oz	1,245	1,310	1,391	1,397	1,387	1,405	1,431	1,451	1,475	1,503
Silver	US\$/oz	17.6	22.8	33.5	42.0	48.1	51.9	40.0	40.0	30.0	14.2
	A\$/oz	19.7	24.0	33.7	43.3	50.8	56.4	44.9	46.3	35.9	18.2
Platinum	US\$/oz	1,594	1,626	1,800	1,900	2,225	2,375	1,950	1,950	1,800	1,600
	A\$/oz	1,784	1,715	1,812	1,960	2,349	2,583	2,187	2,258	2,154	2,051

CHANGES		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Gold		0.0%	2.3%	5.3%	15.3%	20.3%	29.7%	50.0%	50.0%	50.0%	0.0%
Gold Futures		0.0%	0.0%	5.8%	5.8%	4.6%	5.2%	6.3%	6.7%	7.2%	7.6%
Silver		0.0%	10.5%	45.4%	64.7%	71.9%	85.3%	100.0%	100.0%	100.0%	1.2%
Platinum		0.0%	1.3%	2.9%	8.6%	20.3%	28.4%	39.3%	39.3%	17.6%	4.6%

Source: WilsonHTM

Revised Earnings and Operating Cash Flow Forecasts – Base Metal Companies

Earnings & Cash Flow

Company	Recom		2010			2011			2012			2013		
			NPAT	EPS	(a/f) CFPS	NPAT	EPS	(f) CFPS	NPAT	EPS	(f) CFPS	NPAT	EPS	(f) CFPS
			\$m	cps	cps	\$m	cps	cps	\$m	cps	cps	\$m	cps	cps
Hillgrove Resources Ltd Y/E Jan	BUY	Pre	-16.0	-1.9	-1.0	-9.2	-1.1	-3.9	-4.7	-0.6	-0.5	39.0	4.7	7.4
		Post	-16.0	-1.9	-1.0	-11.2	-1.4	-4.2	-4.2	-0.5	-0.5	66.4	8.0	11.2
		% Chg	0.0%	0.0%	0.0%	-21.9%	-21.9%	-6.2%	12.1%	12.1%	9.1%	70.3%	70.3%	52.7%
Independence Group NL Y/E June	BUY	Pre	28.7	20.6	42.2	39.5	28.3	41.2	53.4	38.3	51.0	54.4	38.9	56.6
		Post	28.7	20.6	42.2	43.3	31.0	45.3	53.9	38.6	51.4	70.7	50.6	68.3
		% Chg	0.0%	0.0%	0.0%	9.8%	9.8%	10.0%	0.9%	0.9%	0.6%	30.0%	30.0%	20.6%
Intrepid Mines Ltd Y/E Dec	BUY	Pre	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Post	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		% Chg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kagara Ltd Y/E June	BUY	Pre	5.9	0.9	4.7	38.5	5.6	12.8	100.6	14.8	23.7	146.8	21.6	31.2
		Post	5.9	0.9	4.7	45.6	6.7	14.0	142.9	20.9	30.3	239.2	35.3	45.9
		% Chg	0.0%	0.0%	0.0%	18.6%	18.6%	9.8%	42.0%	42.0%	27.7%	62.9%	62.9%	47.2%
OZ Minerals Ltd Y/E Dec	HOLD	Pre	430.1	13.5	23.5	471.1	14.5	20.7	591.7	18.2	24.5	328.9	10.1	16.1
		Post	429.4	13.5	23.5	579.3	17.8	24.2	804.1	24.7	31.3	725.4	22.3	28.8
		% Chg	-0.2%	-0.2%	-0.1%	23.0%	23.0%	16.8%	35.9%	35.9%	27.7%	120.5%	120.5%	78.8%
PanAust Ltd Y/E Dec	HOLD	Pre	44.0	2.0	1.6	143.8	4.8	8.6	226.2	7.5	11.4	336.9	11.2	17.0
		Post	44.0	2.0	1.6	156.2	5.2	9.1	285.7	9.5	14.3	496.8	16.5	24.6
		% Chg	0.0%	0.0%	0.0%	8.6%	8.6%	6.3%	26.3%	26.2%	25.4%	47.5%	47.4%	45.0%
Panoramic Resources Ltd Y/E June	BUY	Pre	51.2	24.5	64.9	67.1	31.9	50.7	109.1	52.0	72.5	86.9	41.4	57.6
		Post	51.3	24.5	64.9	44.3	21.1	43.6	122.5	58.4	78.9	139.4	66.4	82.7
		% Chg	0.1%	0.1%	0.0%	-34.0%	-34.0%	-14.0%	12.4%	12.4%	8.8%	60.5%	60.5%	43.7%
Western Areas NL Y/E June	SELL	Pre	0.4	0.2	47.8	154.1	84.4	157.3	163.9	89.8	124.0	125.7	68.8	102.7
		Post	0.4	0.2	47.8	150.2	82.3	155.1	171.3	93.8	128.1	182.7	100.1	133.9
		% Chg	5.4%	5.4%	0.0%	-2.5%	-2.5%	-1.3%	4.5%	4.5%	3.3%	45.4%	45.4%	30.4%

Source: WilsonHTM

Valuation Matrix

Company	Price \$	Recom		NPV \$ps	NPV Prem/(Disc)	2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
						P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
Hillgrove Resources Ltd Y/E Jan	0.32	BUY	Pre	0.33	-4.2%	-16.3	-30.6	-28.3	-8.0	-55.0	-60.6	6.7	4.3
			Post	0.53	-41.0%	-16.3	-30.6	-23.2	-7.6	-62.5	-66.7	3.9	2.8
			% Chg	62%		0.0%	0.0%	18.0%	5.9%	-13.7%	-10.0%	-41.3%	-34.5%
Intrepid Mines Ltd Y/E Dec	1.85	BUY	Pre	\$1.59	16.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			Post	\$1.74	5.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
			% Chg	10%		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Independence Group NL Y/E June	7.20	BUY	Pre	7.46	-3.5%	35.0	17.1	25.5	17.5	18.8	14.1	18.5	12.7
			Post	8.63	-16.6%	35.0	17.1	23.2	15.9	18.7	14.0	14.2	10.5
			% Chg	16%		0.0%	0.0%	-8.9%	-9.1%	-0.8%	-0.6%	-23.1%	-17.1%
Kagara Ltd Y/E June	0.81	BUY	Pre	1.15	-30.2%	93.4	17.1	14.3	6.3	5.5	3.4	3.7	2.6
			Post	1.75	-54.1%	93.4	17.1	12.0	5.8	3.8	2.7	2.3	1.8
			% Chg	52%		0.0%	0.0%	-15.7%	-8.9%	-29.6%	-21.7%	-38.6%	-32.1%
OZ Minerals Ltd Y/E Dec	1.68	HOLD	Pre	1.39	20.6%	12.4	7.1	11.6	8.1	9.2	6.8	16.5	10.4
			Post	1.70	-1.3%	12.5	7.1	9.4	6.9	6.8	5.3	7.5	5.8
			% Chg	22%		0.2%	0.1%	-18.7%	-14.4%	-26.4%	-21.7%	-54.7%	-44.1%
PanAust Ltd Y/E Dec	0.83	HOLD	Pre	0.59	41.0%	33.3	40.4	15.9	8.9	10.8	7.1	6.9	4.5
			Post	0.87	-4.9%	33.3	40.4	14.6	8.4	8.5	5.6	4.7	3.1
			% Chg	48%		0.0%	0.0%	-7.9%	-5.9%	-20.8%	-20.2%	-32.2%	-31.0%
Panoramic Resources Ltd Y/E June	2.42	BUY	Pre	2.75	-11.9%	9.9	3.7	7.6	4.8	4.7	3.3	5.8	4.2
			Post	3.68	-34.2%	9.9	3.7	11.5	5.6	4.1	3.1	3.6	2.9
			% Chg	34%		-0.1%	0.0%	51.5%	16.3%	-11.0%	-8.1%	-37.7%	-30.4%
Western Areas NL Y/E June	6.61	SELL	Pre	4.18	58.2%	3325.8	13.8	7.8	4.2	7.4	5.3	9.6	6.4
			Post	5.51	19.9%	3156.4	13.8	8.0	4.3	7.0	5.2	6.6	4.9
			% Chg	32%		-5.1%	0.0%	2.6%	1.4%	-4.3%	-3.2%	-31.2%	-23.3%

Source: WilsonHTM Note: Share prices are as at close of trade on 24 January 2011.

Base Metals

Changes To Base Metal Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Copper	US\$/lb	324	361	443	488	567	477	454	454	363	227
Copper	US\$/t	7,144	7,968	9,755	10,748	12,500	10,505	10,009	10,009	8,003	5,004
Lead	US\$/lb	95	101	114	123	134	134	132	132	113	91
Lead	US\$/t	2,087	2,216	2,502	2,701	2,954	2,954	2,910	2,910	2,491	2,006
Zinc	US\$/lb	98	98	109	116	132	152	127	127	109	98
Zinc	US\$/t	2,163	2,169	2,403	2,546	2,899	3,351	2,800	2,800	2,403	2,161
Tin	US\$/lb	795	1056	1180	1293	1498	1248	907	907	817	681
Tin	US\$/t	17,529	23,278	26,004	28,506	33,014	27,503	19,996	19,996	18,012	15,013
Nickel	US\$/lb	965	1017	1180	1293	1407	1316	1270	1270	1134	771
Nickel	US\$/t	21,285	22,425	26,004	28,506	31,008	29,002	27,999	27,999	25,000	16,998
Aluminium	US\$/lb	97	101	116	125	143	132	127	127	113	113
Aluminium	US\$/t	2,135	2,221	2,546	2,756	3,153	2,899	2,800	2,800	2,491	2,491
Cobalt	US\$/lb	2175	1859	2000	2000	1500	1500	1500	1500	1500	1300
Cobalt	US\$/t	47,951	40,973	44,092	44,092	33,069	33,069	33,069	33,069	33,069	28,660
CHANGES											
Copper		0.0%	5.5%	22.1%	25.8%	41.8%	19.1%	65.1%	65.1%	45.2%	13.5%
Lead		0.0%	4.7%	3.2%	11.4%	11.7%	11.7%	46.7%	46.7%	105.5%	102.2%
Zinc		0.0%	5.6%	-3.1%	-1.7%	1.2%	16.9%	27.0%	27.0%	45.3%	40.0%
Nickel		0.0%	1.7%	12.3%	3.4%	17.2%	9.6%	58.8%	58.8%	62.0%	18.6%
Cobalt		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: WilsonHTM

Revised Earnings and Operating Cash Flow Forecasts – Bulk Commodity Companies

Earnings & Cash Flow

Company	Recom		2010			2011			2012			2013		
			NPAT \$m	EPS cps	(a/f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps
Atlas Iron Ltd	BUY	Pre	-22.5	-4.6	-7.2	348.7	60.6	75.6	357.1	62.1	63.6	421.3	58.9	63.9
Y/E June		Post	-22.5	-4.6	-7.2	361.6	62.9	79.8	497.3	86.4	92.5	631.2	88.3	95.8
		% Chg	0.0%	0.0%	0.0%	3.7%	3.7%	5.5%	39.2%	39.2%	45.3%	49.8%	49.8%	50.0%
Giralia Resources NL	ACCEPT	Pre	3.5	1.9	-1.4	-8.2	-4.2	-2.1	68.5	33.6	43.9	135.7	66.6	72.8
Y/E June		Post	3.5	1.9	-1.4	-8.2	-4.2	-2.1	100.4	49.3	65.1	209.9	103.1	112.3
		% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	46.7%	46.7%	48.3%	54.7%	54.7%	54.2%
Iluka Resources Ltd	BUY	Pre	-85.3	-20.4	18.5	39.9	9.5	47.5	209.8	50.1	96.1	420.5	100.4	149.2
Y/E Dec		Post	-85.3	-20.4	18.5	31.6	7.6	45.4	174.8	41.7	87.6	382.2	91.3	139.9
		% Chg	0.0%	0.0%	0.0%	-20.7%	-20.7%	-4.4%	-16.7%	-16.7%	-8.9%	-9.1%	-9.1%	-6.3%
Mount Gibson Iron Ltd	BUY	Pre	42.6	4.2	27.4	138.8	12.8	49.6	356.3	32.9	57.3	651.3	60.1	83.0
Y/E June		Post	42.6	4.2	27.4	138.8	12.8	49.6	371.7	34.3	59.6	872.4	80.5	105.7
		% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	4.3%	3.9%	33.9%	33.9%	27.4%

Source: WilsonHTM.

Valuation Matrix

Company	Price \$	Recom		NPV		2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
				\$ps	Prem/(Disc)	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
Atlas Iron Ltd	3.16	BUY	Pre	6.42	-50.7%	-68.0	-43.8	5.2	4.2	5.1	5.0	5.4	4.9
Y/E June			Post	6.77	-53.3%	-68.0	-43.8	5.0	4.0	3.7	3.4	3.6	3.3
			% Chg	6%	0.0%	0.0%	-3.6%	-5.2%	-28.2%	-31.2%	-33.2%	-33.3%	
Giralia Resources NL	4.69	ACCEPT	Pre	4.44	5.7%	241.6	-345.3	-110.9	-222.4	14.0	10.7	7.0	6.4
Y/E June			Post	4.80	-2.2%	241.6	-345.3	-110.9	-222.4	9.5	7.2	4.6	4.2
			% Chg	8%	0.0%	0.0%	0.0%	0.0%	-31.8%	-32.6%	-35.4%	-35.1%	
Iluka Resources Ltd	9.10	BUY	Pre	11.08	-17.8%	-44.7	49.2	95.5	19.1	18.2	9.5	9.1	6.1
Y/E Dec			Post	10.34	-12.0%	-44.7	49.2	120.4	20.0	21.8	10.4	10.0	6.5
			% Chg	-7%	0.0%	0.0%	26.1%	4.6%	20.0%	9.8%	10.0%	6.7%	
Mount Gibson Iron Ltd	2.15	BUY	Pre	2.34	-8.2%	50.7	7.8	16.8	4.3	6.5	3.8	3.6	2.6
Y/E June			Post	2.90	-25.9%	50.7	7.8	16.8	4.3	6.3	3.6	2.7	2.0
			% Chg	24%	0.0%	0.0%	0.0%	0.0%	-4.1%	-3.8%	-25.3%	-21.5%	

Source: WilsonHTM

Note: Share prices are as at close of trade on 24 January 2011.



Bulk Commodities

Changes To Bulk Commodity Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
IRON ORE (FOB) - HAMERSLEY/ MT.NEWMAN INTO ASIA											
Lump	USc/dmtu	164	279	315	316	316	316	285	229	198	134
	A¢/dmtu	183	295	317	326	334	344	320	266	237	172
Fines	USc/dmtu	136	225	254	255	255	255	230	185	160	108
	A¢/dmtu	152	238	256	263	269	277	258	214	191	138
MANGANESE											
Manganese Ore	US\$ pmu	8.07	8.00	8.50	9.00	7.00	7.00	6.00	6.00	5.00	4.90
MINERAL SANDS											
Zircon (bulk)	USD/t	845	950	1050	1175	1350	1375	1400	1425	1450	1350
Rutile (bulk)	USD/t	520	540	660	750	770	810	810	810	810	780
Synthetic Rutile	USD/t	420	420	560	636	653	687	687	687	687	670
Ilmenite	USD/t	90	90	102	102	105	102	105	106	106	108

CHANGES	Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Iron Ore (lump)	0.0%	0.0%	16.8%	27.5%	36.0%	39.7%	39.4%	29.8%	28.0%	0.0%
Iron Ore (fines)	0.0%	0.0%	16.8%	27.5%	36.0%	39.7%	39.4%	29.8%	28.0%	0.0%
Manganese ore	24.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Zircon (bulk)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rutile (bulk)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Synthetic Rutile	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ilmenite	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: WilsonHTM

Earnings and Operating Cash Flow Revisions – Coal Companies

Revised Earnings & Operating Cash Flow Forecasts

Company	Recom		2010			2011			2012			2013		
			NPAT \$m	EPS cps	(a/f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps	NPAT \$m	EPS cps	(f) CFPS cps
Bandanna Energy Ltd Y/E June	BUY	Pre	-8.9	-2.3	-1.4	-6.8	-1.6	-0.7	28.2	6.5	7.1	89.5	16.5	15.6
		Post	-8.9	-2.3	-1.4	-6.8	-1.6	-0.7	37.6	8.7	9.3	96.3	17.8	16.7
		% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	33.2%	33.2%	31.3%	7.5%	7.6%	6.9%
Cockatoo Coal Ltd Y/E June	BUY	Pre	14.5	1.6	1.7	13.8	1.3	1.6	11.9	1.2	1.8	31.3	3.0	4.1
		Post	14.5	1.6	1.7	17.6	1.7	1.6	18.7	1.8	2.5	33.0	3.2	4.3
		% Chg	0.0%	0.0%	0.0%	27.8%	27.8%	0.0%	56.7%	56.7%	40.7%	5.3%	5.3%	4.5%
Macarthur Coal Ltd Y/E June	BUY	Pre	168.6	79.5	77.6	107.2	42.2	84.5	192.8	65.9	86.1	388.6	132.9	115.6
		Post	168.6	79.5	77.6	107.2	42.2	84.5	186.5	63.7	84.0	486.0	166.2	141.1
		% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.3%	-3.3%	-2.4%	25.1%	25.1%	22.0%
Northern Energy Corporation Ltd Y/E June	HOLD	Pre	-4.1	-2.8	-0.4	-5.1	-3.1	-0.8	11.0	4.7	6.4	20.8	6.7	9.0
		Post	-4.1	-2.8	-0.4	-5.1	-3.1	-0.8	18.1	7.7	10.3	17.8	5.7	7.2
		% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	64.2%	64.2%	62.0%	-14.7%	-14.7%	-20.1%
New Hope Corporation Ltd Y/E June	HOLD	Pre	183.8	22.1	-58.6	189.0	22.7	10.0	232.9	28.0	33.8	254.5	30.6	36.4
		Post	183.8	22.1	-58.6	177.4	21.4	8.5	241.4	29.0	35.3	291.3	35.1	41.2
		% Chg	0.0%	0.0%	0.0%	-6.1%	-6.1%	-15.3%	3.6%	3.6%	4.2%	14.4%	14.4%	13.2%
Whitehaven Coal Ltd Y/E June	HOLD	Pre	55.1	10.9	-7.8	111.5	21.7	21.5	179.9	35.0	52.6	279.9	54.5	64.2
		Post	55.1	10.9	-7.8	84.1	16.4	15.5	179.0	34.9	52.4	279.1	54.3	64.1
		% Chg	-0.1%	-0.1%	0.0%	-24.5%	-24.5%	-28.0%	-0.5%	-0.5%	-0.3%	-0.3%	-0.3%	-0.2%

Source: WilsonHTM

Valuation Matrix

Company	Price \$	Recom		NPV		2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
				\$sps	Prem/ (Disc)	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
Bandanna Energy Ltd Y/E June	1.49	BUY	Pre	\$2.34	-36.4%	-65.5	-103.3	-32.2	-71.4	7.8	7.2	3.1	3.3
			Post	\$2.29	-34.8%	-65.5	-103.3	-32.2	-71.4	5.8	5.5	2.9	3.1
			% Chg	-2.4%		0.0%	0.0%	0.0%	0.0%	-24.9%	-23.8%	-7.1%	-6.5%
Cockatoo Coal Ltd Y/E June	0.51	BUY	Pre	0.80	-36.5%	32.6	30.0	38.2	31.1	44.3	28.3	16.9	12.4
			Post	0.79	-35.1%	32.6	30.0	29.9	31.1	28.3	20.1	16.1	11.9
			% Chg	-2.1%		0.0%	0.0%	-21.7%	0.0%	-36.2%	-28.9%	-5.0%	-4.3%
Macarthur Coal Ltd Y/E June	12.92	BUY	Pre	17.68	-26.9%	16.3	16.7	30.6	15.3	19.6	15.0	9.7	11.2
			Post	17.59	-26.5%	16.3	16.7	30.6	15.3	20.3	15.4	7.8	9.2
			% Chg	-0.5%		0.0%	0.0%	0.0%	0.0%	3.4%	2.4%	-20.0%	-18.1%
New Hope Corporation Ltd Y/E June	4.91	HOLD	Pre	5.72	-14.1%	22.2	-8.4	21.6	49.1	17.5	14.5	16.0	13.5
			Post	5.75	-14.7%	22.2	-8.4	23.0	58.0	16.9	13.9	14.0	11.9
			% Chg	0.7%		0.0%	0.0%	6.5%	18.1%	-3.5%	-4.1%	-12.6%	-11.7%
Northern Energy Corporation Lt Y/E June	1.63	HOLD	Pre	1.94	-16.1%	-57.5	-455.6	-51.8	-206.1	35.0	25.5	24.4	18.1
			Post	1.78	-8.3%	-57.5	-455.6	-51.8	-206.1	21.3	15.8	28.6	22.7
			% Chg	-8.4%		0.0%	0.0%	0.0%	0.0%	-39.1%	-38.3%	17.2%	25.2%
Whitehaven Coal Ltd Y/E June	7.13	HOLD	Pre	7.23	-1.4%	65.5	-91.3	32.9	33.2	20.4	13.6	13.1	11.11
			Post	7.17	-0.6%	65.6	-91.3	43.5	46.1	20.5	13.6	13.1	11.13
			% Chg	-0.8%		0.1%	0.0%	32.5%	38.8%	0.5%	0.3%	0.3%	0.2%

Source: WilsonHTM Note: Share prices are as at close of trade on 24 January 2011.

Changes To Coal Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
BENCHMARK PRICES											
Hard Coking	US\$/t	164	217	243	260	255	245	210	180	163	130
Semi-Hard Coking	US\$/t	141	180	225	227	227	227	195	163	147	117
Low-Vol PCI Coal	US\$/t	130	164	195	200	203	205	175	145	133	104
Semi-Soft Coking	US\$/t	124	157	193	180	168	155	145	134	122	93
Thermal	US\$/t	83	95	105	118	120	125	120	115	105	81
CHANGES											
Hard Coking		0.0%	0.0%	12.8%	23.8%	27.5%	28.9%	15.1%	2.9%	1.6%	0.0%
Semi-Hard Coking		0.0%	0.0%	21.6%	26.1%	29.7%	33.5%	19.3%	3.8%	2.1%	0.0%
Low-Vol PCI Coal		0.0%	0.0%	14.7%	17.6%	24.6%	32.3%	19.5%	5.1%	4.3%	0.0%
Semi-Soft Coking		0.0%	0.0%	17.7%	12.5%	12.8%	13.1%	11.2%	9.1%	8.7%	1.6%
Thermal		0.0%	0.0%	2.4%	6.8%	9.1%	13.6%	14.3%	15.0%	12.0%	3.2%

Source: WilsonHTM

Revised Earnings and Operating Cash Flow Forecasts – Coal-Seam-Gas Companies

Earnings & Cash Flow

Coal Seam Gas Company	Recom		2010 (a/f)			2011 (f)			2012 (f)			2013 (f)		
			NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps
Bow Energy Ltd Y/E June	BUY	Pre	-4.7	-1.8	1.1	-19.9	-5.4	0.7	-16.7	-4.5	1.3	-4.2	-1.1	1.7
		Post	-4.7	-1.8	1.1	-20.2	-5.3	0.6	-16.3	-4.3	1.4	-5.2	-1.4	1.4
		% Chg	0.0%	0.0%	0.0%	-1.4%	1.0%	-14.7%	2.2%	4.5%	5.0%	-23.8%	-20.9%	-14.5%
Comet Ridge Ltd Y/E June	BUY	Pre	-1.2	-0.4	-1.1	-8.3	-2.1	0.7	-6.2	-1.6	-0.6	-4.7	-1.2	-0.5
		Post	-1.2	-0.4	-1.1	-8.3	-2.1	0.7	-6.2	-1.6	-0.6	-4.7	-1.2	-0.5
		% Chg	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.9%	-0.1%	-0.1%	2.7%	0.1%	0.1%	0.3%
Dart Energy Ltd Y/E June	NR	Pre	-17.1	-5.1	-4.6	-23.0	-3.2	-1.5	-22.6	-3.2	-1.0	7.0	1.0	2.8
		Post	-17.1	-5.1	-4.6	-22.4	-3.1	-1.5	-21.6	-3.0	-0.9	9.2	1.3	3.1
		% Chg	0.0%	0.0%	0.0%	2.5%	2.5%	5.3%	4.3%	4.3%	9.6%	31.0%	31.0%	10.7%

Source: WilsonHTM.

Valuation Matrix

Company	Price \$	Recom		NPV		2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
				\$ps	Prem/ (Disc)	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
Bow Energy Ltd Y/E June	1.19	BUY	Pre	1.75	-32.3%	-65.4	109.3	-22.0	160.0	-26.2	91.7	-104.2	71.4
			Post	1.75	-32.3%	-65.4	109.3	-22.2	187.6	-27.4	87.3	-86.1	83.5
			% Chg	0.0%		0.0%	0.0%	-1.0%	17.2%	-4.7%	-4.8%	17.3%	17.0%
Comet Ridge Ltd Y/E June	0.17	BUY	Pre	0.44	-62.5%	-41.5	-15.1	-8.0	23.2	-10.5	-27.5	-14.0	-33.3
			Post	0.44	-62.5%	-41.5	-15.1	-8.0	23.4	-10.5	-28.3	-14.0	-33.4
			% Chg	0.0%		0.0%	0.0%	0.2%	0.9%	0.1%	-2.7%	-0.1%	-0.3%
Dart Energy Ltd Y/E June	1.18	NR	Pre	n/a	n/a	-23.0	-25.5	-36.4	-76.6	-37.1	-113.3	118.9	41.7
			Post	n/a	n/a	-23.0	-25.5	-37.3	-80.9	-38.7	-125.3	90.7	37.7
			% Chg	n/a		0.0%	0.0%	-2.6%	-5.6%	-4.4%	-10.6%	-23.7%	-9.7%

Source: WilsonHTM

Note: Share prices are as at close of trade on 24 January 2011.

Revised Earnings and Operating Cash Flow Forecasts – Oil & Gas Companies

Earnings & Cash Flow

Oil & Gas Company	Recom		2010			2011			2012			2013		
			NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps	NPAT \$m	EPS cps	CFPS cps
AWE Ltd	BUY	Pre	-19.5	-3.7	20.6	69.4	12.9	36.0	87.0	16.1	48.9	100.2	18.6	52.0
Y/E June		Post	-19.5	-3.7	20.6	68.5	12.7	36.7	94.8	17.6	52.0	104.2	19.4	53.4
		% Chg	0.0%	0.0%	0.0%	-1.4%	-1.1%	1.9%	8.9%	9.3%	6.4%	4.0%	4.4%	2.8%
Beach Energy Ltd	HOLD	Pre	49.6	4.6	12.0	32.1	2.9	13.2	52.3	4.7	22.1	84.7	7.6	23.6
Y/E June		Post	49.6	4.6	12.0	37.2	3.3	13.7	63.7	5.7	23.3	91.2	8.1	23.4
		% Chg	0.0%	0.0%	0.0%	15.9%	15.0%	3.8%	22.0%	20.7%	5.7%	7.8%	6.6%	-0.6%
Drill Search	HOLD	Pre	-15.5	-7.9	-1.8	-0.9	-0.4	1.6	9.7	4.1	7.0	25.5	10.9	16.7
Y/E June		Post	-15.5	-7.9	-1.8	-0.5	-0.2	1.7	12.3	5.2	7.9	26.9	11.5	18.1
		% Chg	0.0%	0.0%	0.0%	41.2%	41.4%	5.5%	27.0%	26.4%	13.8%	5.7%	5.2%	8.2%
Horizon Oil Ltd	BUY	Pre	12.5	1.1	2.9	16.6	1.4	3.5	23.0	1.9	3.6	44.7	3.6	5.2
Y/E June		Post	12.5	1.1	2.9	20.3	1.6	3.7	29.9	2.4	4.1	52.2	4.2	5.9
		% Chg	0.0%	0.0%	0.0%	21.8%	21.8%	6.0%	29.9%	29.9%	13.4%	16.9%	16.9%	12.0%
Molopo Energy Ltd	BUY	Pre	-7.3	-3.5	-10.4	-18.7	-7.2	-7.1	19.2	7.4	3.1	35.3	13.7	15.2
Y/E June		Post	-7.3	-3.5	-10.4	-19.5	-7.5	-6.6	20.7	8.0	4.1	36.6	14.2	15.9
		% Chg	0.0%	0.0%	0.0%	-4.3%	-4.2%	6.2%	7.9%	7.8%	31.0%	3.6%	3.5%	4.2%
Nexus Energy Ltd	BUY	Pre	1.0	0.1	-3.0	-16.7	-1.7	-3.0	-30.1	-3.0	0.7	-14.7	-1.5	0.7
Y/E June		Post	1.0	0.1	-3.0	1.0	0.1	-3.0	-5.8	-0.6	-8.2	-18.1	-1.8	0.1
		% Chg	0.0%	0.0%	0.0%	106.2%	106.2%	-1.6%	80.6%	80.6%	-1307.9%	-23.3%	-23.2%	-92.5%
Sundance Energy Ltd	BUY	Pre	-2.9	-1.5	1.1	8.4	3.0	3.3	21.8	7.8	8.7	64.4	23.2	24.3
Y/E June		Post	-2.9	-1.5	1.1	8.4	3.0	3.2	23.7	8.4	9.2	67.0	23.8	25.0
		% Chg	0.0%	0.0%	0.0%	0.7%	-0.6%	-1.4%	8.6%	7.3%	5.7%	4.0%	2.7%	2.9%

Source: WilsonHTM

Valuation Matrix

Oil & Gas Company	Price \$	Recom		NPV		2010 (a/f)		2011 (f)		2012 (f)		2013 (f)	
				\$ps	Prem/ (Disc)	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x	P/E x	P/CF x
AWE Ltd	1.76	BUY	Pre	2.20	-20.2%	-47.1	8.5	13.6	4.9	10.9	3.6	9.5	3.4
Y/E June			Post	2.15	-18.4%	-47.1	8.5	13.8	4.8	10.0	3.4	9.1	3.3
			% Chg	-2.3%		0.0%	0.0%	1.1%	-1.9%	-8.5%	-6.0%	-4.2%	-2.7%
Beach Energy Ltd	0.84	HOLD	Pre	0.81	3.1%	18.0	7.0	28.9	6.3	17.7	3.8	11.0	3.5
Y/E June			Post	0.81	3.1%	18.0	7.0	25.1	6.1	14.7	3.6	10.3	3.6
			% Chg	0.0%		0.0%	0.0%	-13.0%	-3.7%	-17.2%	-5.4%	-6.2%	0.6%
Drill Search	0.66	HOLD	Pre	0.52	26.9%	-8	-36.2	-170.8	40.7	15.9	9.5	6.0	4.0
Y/E June			Post	0.52	26.9%	-8.3	-36.2	-291.6	38.6	12.6	8.3	5.7	3.7
			% Chg	0.0%		0.0%	0.0%	-70.7%	-5.2%	-20.9%	-12.2%	-4.9%	-7.6%
Horizon Oil Ltd	0.31	BUY	Pre	0.31	-1.6%	21.9	8.2	20.8	8.0	16.0	8.2	7.8	5.4
Y/E June			Post	0.32	-4.7%	21.9	8.2	17.1	7.5	12.3	7.3	6.7	4.9
			% Chg	3.2%		0.0%	0.0%	-17.9%	-5.7%	-23.0%	-11.8%	-14.4%	-10.7%
Molopo Energy Ltd	1.00	BUY	Pre	1.40	-28.6%	-28.8	-9.6	-13.8	-14.1	13.4	32.2	7.3	6.6
Y/E June			Post	1.35	-25.9%	-28.8	-9.6	-13.3	-15.1	12.5	24.6	7.1	6.3
			% Chg	-3.6%		0.0%	0.0%	4.0%	-6.7%	-7.2%	-23.7%	-3.4%	-4.1%
Nexus Energy Ltd	0.44	BUY	Pre	0.39	12.8%	374.4	-14.8	-26.2	-14.9	-14.5	65.2	-29.7	64.4
Y/E June			Post	0.44	0.0%	374.4	-14.8	420.8	-14.6	-74.9	-5.4	-24.1	864.7
			% Chg	12.8%		0.0%	0.0%	1709.0%	1.6%	-415.5%	-108.3%	18.8%	1242.0%
Sundance Energy Ltd	0.76	BUY	Pre	0.84	-9.5%	-51.6	68.5	25.3	23.2	9.7	8.7	3.3	3.1
Y/E June			Post	0.80	-5.0%	-51.6	68.5	25.5	23.5	9.0	8.2	3.2	3.0
			% Chg	-4.8%		0.0%	0.0%	0.6%	1.4%	-6.8%	-5.4%	-2.6%	-2.8%

Source: WilsonHTM

Note: Share prices are as at close of trade on 24 January 2011.



Oil & Gas

Changes To Oil & Gas Price Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
ENERGY											
WTI Crude	US\$/bbl	78	81	90	90	95	95	95	95	95	100
WTI Crude	A\$/bbl	88	85	91	93	100	103	107	110	114	128
USA Gas (Henry Hub	US\$/mmBtu	4.7	4.0	4.5	4.5	5.0	5.0	5.5	5.5	5.8	6.0

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
CHANGES											
WTI Crude	US\$/bbl	0.0%	7.5%	12.5%	12.5%	11.8%	11.8%	5.6%	5.6%	0.0%	0.0%
WTI Crude	A\$/bbl	0.0%	0.8%	4.0%	4.6%	4.2%	4.6%	-0.7%	-0.2%	-5.0%	-3.8%
USA Gas (Henry Hub	US\$/mmBtu	0.0%	-1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: WilsonHTM



Revised Foreign Exchange Rate Forecasts

Changes To Foreign Exchange Rate Forecasts

		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
Rate	AUDUSD	0.89	0.95	0.99	0.97	0.95	0.92	0.89	0.86	0.84	0.78
	EURUSD	1.33	1.33	1.35	1.34	1.26	1.25	1.21	1.20	1.16	1.17
	AUDEUR	0.67	0.71	0.74	0.72	0.75	0.74	0.74	0.72	0.72	0.67

CHANGES		Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	LT
	AUDUSD	0.0%	6.6%	8.2%	7.5%	7.3%	6.8%	6.3%	5.8%	5.2%	4.0%
	EURUSD	0.0%	-7.4%	-7.9%	-7.8%	-10.6%	-10.7%	-13.4%	-14.3%	-13.5%	-1.6%
	AUDEUR	0.0%	15.1%	17.5%	16.6%	20.1%	19.6%	22.8%	23.4%	21.7%	5.7%

Source: WilsonHTM



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BUY: Total return +10% or more over a 12 month period

HOLD: Total return expected to be between +10% to -10% over a 12-month period

SELL: Total return expected to be -10% or more over a 12 month period

TOTAL RETURN OR TSR = capital growth in share price + expected dividend yield in that period

SPECULATIVE BUY: High risk opportunity. They typically relate to companies in the early stage of their life cycles, which do not generate substantial revenues or profits, and where assets have not yet been defined and/or proved to be of commercial worth. Further, visibility with respect to the likelihood of these events occurring are low and therefore a forecast cannot be provided. This differentiates this class of opportunities from other early life cycle stage companies, where visibility is better and therefore a forecast can be provided. In spite of these issues, the opportunities identified are deemed to be of a level of prospectivity such that WHTM analysts believe pricing upside may be achieved, within a 12 month time frame, based on the potential for assets to be proved and future revenues/profits generated.

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CS Coverage Suspended. Wilson HTM Ltd has suspended coverage of this company.

NR Not Rated. The recommendation has been suspended temporarily. Such suspension is in line with Wilson HTM Investment Group Ltd policies in circumstances where Wilson HTM Corporate Finance Ltd is acting in an advisory capacity in a merger or strategic transaction involving the company and in certain other situations.

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BRISBANE
Ph: 07 3212 1333
Fax: 07 3212 1399

SYDNEY
Ph: 02 8247 6600
Fax: 02 8247 6601

MELBOURNE
Ph: 03 9640 3888
Fax: 03 9640 3800

GOLD COAST
Ph: 07 5509 5500
Fax: 07 5509 5599

DALBY
Ph: 07 4660 8000
Fax: 07 4660 4169

HERVEY BAY
Ph: 07 4197 1600
Fax: 07 4197 1699

TOWNSVILLE
Ph: 07 4725 5787
Fax: 07 4725 5104

Our web site: www.wilsonhtm.com.au