E.I.M. CAPITAL MANAGERS

PortfolioDirect/*resources*

Resource sector portfolio construction for independent investors

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St Barbara Limited (SBM:AU) Rating Review

This review of St Barbara Limited has been prepared in accordance with the **PortfolioDirect** stock rating framework described on pages 2-4.

PortfolioDirect/*resources* offers strategy and portfolio recommendations for independent investors. The rating framework has been developed to assist investors and their advisers to grade individual stock risk so as to better match stocks in their own portfolios with their personal risk profiles and to take account of the differing risk characteristics of potential investments when structuring their portfolios.

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The most important driver of a stock rating for a company being reviewed is an assessment whether the company to likely to meet its exploration and development targets within the timeframes sought by investment markets and, when development has occurred, its ability to maintain positive value momentum over future years.

The Investment Decision

Commodity Exposure	*What is the mineral to which the company is principally exposed?*	Gold
Location	*Is the development or exploration site in or near an established mineral province?*	The WA site is within a well established production region. The PNG assets are remote
Focus	*Is the company involved in single or multiple commodities or projects requiring capital rationing?*	Moderate - single commodity but multiple operating sites which have detracted from overall operating outcomes
Time horizon	*Do investment returns depend on (i) a reduction in risk over the medium term, (ii) specific near term events or (iii) a future change in cyclical conditions?*	Improved investment outcomes are likely to require a medium term reappraisal of risk and a reduction of investor scepticism about the company's operational outcomes
Investment proposition	*Can potential investment returns compensate for the amount of capital and time required?*	The company is undervalued relative to other stocks in the sector and relative to prospective cash flows at current gold prices and exchange rates
Portfolio positioning	*What roles could the company play in a portfolio? Are other companies able to fulfill these roles more effectively?*	A portfolio may hold the stock in anticipation of the value gap being closed. There are stocks better able to fulfil the role of a Phase III gold stock in a portfolio
Liquidity	*How easily can buyers or sellers of the stock be accommodated?*	There is sufficient liquidity for most classes of investor

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19 March 2015

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St Barbara has not had an opportunity to comment on the report or request any amendments prior to its publication.

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Stock Rating Criteria

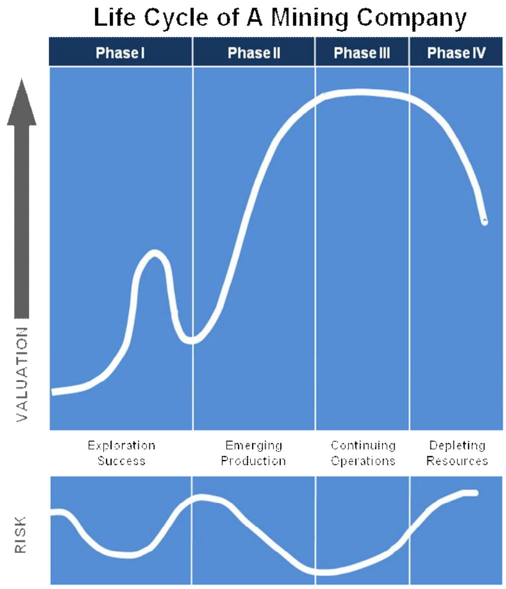
E.I.M. Capital Managers categorises sector investments based on the four phases in the life cycle of mining and oil and gas companies.

Phase I: the exploration phase during which relatively small amounts of capital may be deployed with the prospect of a high return but when investors also risk losing all the funds subscribed prior to the company having an agreed development plan.

Phase II: the emerging production phase in which companies are able to demonstrate access to a commercial resource and add value by meeting key development milestones along an agreed development path.

Phase III: the phase of continuing operations in which organic volume growth is limited and commodity price movements become the dominant driver of earnings and value.

Phase IV: a period typically characterised by falling ore grades and rising costs requiring additional capital to prevent output contracting.



Phase I companies will be scored (on a five point scale) on their potential to confirm a commercially viable development within an acceptable investment market timeframe. The duration of the investment horizon might vary from time to time depending on market conditions but will usually extend to a period of up to 24 months. Judgements will be based on publicly available information, including clarifying conversations with company management, and the resulting geological inferences drawn by E.I.M. Capital Managers analysts.

Phase II companies will be scored on a five point scale on their capacity to deliver positive value momentum (i.e. the ability to generate increasing fundamental value over future years without any reliance on higher commodity prices).

Since Phase III companies, by definition, no longer have any material organic growth prospects, they will generally fail the 'positive value momentum' test. A Phase III company may still play an important portfolio role depending on its relative financial strength, its capacity to withstand periods of cyclical weakness due to the competitiveness of its cost structure and its potential, arising from a large resource base, to operate through multiple economic cycles. Phase III companies will be scored on a five point scale on their absolute value proposition and how they meet these additional criteria.

No inferences about share price performance should be drawn from the rating of an individual stock. Investment returns will be influenced by a range of factors, some of which are included among the **PortfolioDirect** rating criteria, as well as investment market expectations about a range of macroeconomic variables. The **PortfolioDirect** rating does not take account of macroeconomic or investment market conditions that play a role in setting the price levels of securities.

There may be points in the cycle when stocks assessed by **PortfolioDirect** as being relatively risky and given a relatively low score on the **PortfolioDirect** rating scale are capable of producing relatively strong investment returns. This may arise, for example, because of strong leverage to changes or expected changes in market conditions among stocks with unusually depressed share prices or very small current market values.

Significant Investment Risks

In addition to general equity market risks reflecting unexpected changes in global economic or political conditions, investors in the resources sector may incur further risks specific to investments in the sector.

Commodity market risk: Resources sector investment returns are generally more volatile than returns from other equity market sectors due to the earnings of resources companies being exposed to commodity price and foreign exchange movements. Commodity prices can be influenced by a range of factors including economic events, which might affect the volume of commodities used, monetary policies which might affect levels of speculation and changes in output reflecting levels of industry exploration, investment and production disruptions.

Operational risk: Companies may fail to meet their development goals as a result of unexpected external influences, including political conditions and natural phenomena, as well as the skill base and operational capabilities of company management. Companies engaged in exploration activities may fail to locate or define mineral deposits of a sufficient size to be commercially viable.

Funding risk: Since companies in the resources sector require ongoing funding for development, expansion and maintenance of output, changes in financial market conditions can affect the value of investments adversely through the cost or availability of capital.

Regulatory risk: The value of investments in the sector may be affected adversely by changes in government policies relating to the conditions under which mine developments are permitted, including the need for more stringent environmental controls, higher taxation or royalty rates or requirements for local equity participation.

Small companies risk: Small or early stage companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties than larger companies. The securities of small companies may also be less liquid than those of larger companies making the purchase or sale of securities more difficult or costly to complete, possibly with an adverse impact on portfolio performance.

How does PortfolioDirect rate a Phase III or IV company?

Phase III and Phase IV companies have limited organic growth opportunities. Commodity price movements become the dominant influence on earnings. A Phase IV company is at the most mature end of the corporate life cycle and faces the prospect of falling output or rising costs resulting in a declining value profile.

Established profitability and cash flows will generally result in Phase III companies being regarded as safer investments than companies in the earlier stages of the development cycle. The rating for a Phase III company will depend on how it measures up against the following criteria:

- a sufficiently large resource base to enable the extension of mine life through multiple cycles;
- low costs relative to the industry segment in which its operates;
- a capacity to sustain dividend payments; and,
- ability to maintain capital spending at a level that prevents declining future production rates.

Positive conclusions about each of these measures will imply a greater capacity to survive cyclical conditions. Phase III companies will generally display moderate market risk and low milestone risk.

Phase IV companies have entered one of the most risky parts of the development cycle. Their investment returns will depend on the extent to which cyclical conditions can compensate for falling production or rising costs. Phase IV companies will generally display above average market and milestone risks. The most highly regarded Phase IV company will receive a relatively low rating to reflect the strategic weaknesses confronting a company at this stage of development.

A Guide to the PortfolioDirect Rating Report

Each **PortfolioDirect** company rating report addresses questions affecting business outcomes and potential investment standing under five separate headings.

Primary Development Assets

- What are the most important geological or operational attributes of the company?
- Where are the assets located and what is the availability of local infrastructure?
- What potential impact does location have on business outcomes?
- How was ownership achieved - corporate exploration, acquisition or farm-in - and what obligations remain to the vendors or partners?
- Do historical outcomes on or near these exploration properties say anything about likely mineral characteristics on the company's own assets?
- Are there identifiable technical issues that need addressing before further work can be completed?

Regulatory Standing

- What approvals have been received?
- What additional approvals will be necessary to meet business goals?
- Has the company been in breech of any regulatory requirements at this site or elsewhere on any previous occasion?
- Can the company show a commitment to environmental and social needs?

Project Potential

- What scale of development is anticipated or, if judgements about this cannot be made presently, what must happen before such a judgement can be made?
- What operational or market constraints might affect the project potential?
- What is the likely range of project capital needs in the event of development?

Capacity to Meet Targets

- What skills does the company currently have available?
- What additional or alternative skills will be needed for the next stage of activities?
- How does the track record of the existing management impact current judgements about the capacity of the company to meet its targets?
- What financial resources are currently available? Are they adequate for the targets being set?
- Are there unresolved technical, financial or regulatory matters that could impact the achievement of business targets?

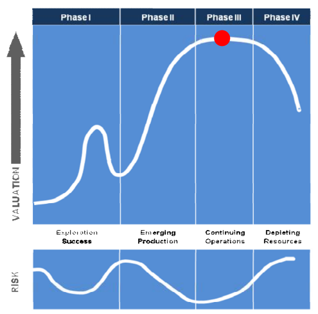
Rating Discussion

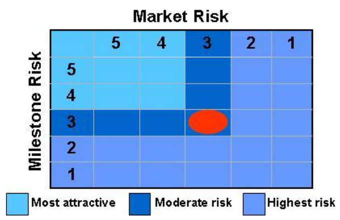
- Into which development phase has the company been classified?
- What are the key criteria against which the company is being benchmarked?
- How does the company stand against the rating criteria for a company at this stage of development?
- Are there criteria which have been more or less important in coming to a rating decision?
- Are there matters which might affect the rating in the future?
- Are there any special attributes displayed by the company that might impact on its role in a portfolio?
- How have historic investment returns affected judgements about current and future market risk?

Company Rating Review
St Barbara Limited (SBM:AU)

NR 1 1+ 2 2+ 3 3+ 4 4+ 5

Selection Criteria: E.I.M. Momentum Model





Statistical Risk Measures	
Deviation from	
• **15 week moving average**	+19%
• **25 week moving average**	+36%
• **50 week moving average**	+35%
Historical return ranking (1-100)	
• **2011-June 2013**	50
• **Since 1 July 2013**	10
Return volatility[1]	1.0X
Liquidity[2]	206%

1. Relative to sector median
2. Turnover for 12 months as % of current shares

Recent Company Events

- The company's financial results for the six months ended December 2014 showed a net loss after tax of $13.46M including significant items relating to discontinued operations and foreign exchange losses. Losses from the Simberi operation narrowed from $35M in the previous corresponding period to $14M. The company said that the operation was cash flow positive in the month of December.
- Production guidance for the King of the Hills operation at Leonora was reduced and is expected to cease by year end as the company prioritises higher margin mill feed alternatives.
- The company continues to negotiate with the government of the Solomon Islands for the transfer of the Gold Ridge mine where operations were suspended in April 2014.
- In late February, the company completed a hole drilled to 2,000m below surface under the current Gwalia mine workings which intersected gold mineralised mine sequence rocks.

Primary Development Assets
St Barbara was listed on the ASX in May 1969 initially as an oil explorer. Subsequently, the company made the transition to gold exploration and production with assets at Meekatharra in Western Australia. In March 2005, the company acquired the Southern Cross, Leonora and South Laverton assets of Sons of Gwalia from the administrators of the company. The Meekatharra and South Laverton assets were sold in October 2005 to allow the company to focus on the Southern Cross and Leonora assets. The high grade Gwalia Mine was commissioned by the company in October 2008 followed by the King of the Hills satellite operation in June 2011. The Southern Cross operation was exhausted in late 2012 and subsequently sold.

The company acquired Allied Gold PLC in September 2012 which had been seeking to develop a gold mine at Golden Ridge in the Solomon Islands and a large oxide gold mine at Simbieri in the Tabar Islands in Papua New Guinea. The transaction value included nearly $500M in the form of an issue of new equity, a cash payment of $206.62M, integration and redundancy costs of

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$17.26M, a gold loan facility plus further capital expenditure at Simberi of $46.92M in 2012/2013. The company reported an asset impairment charge of $324.3M on the Allied Gold acquisition in its 2012/13 accounts. At the end of December 2014, the company held interest bearing US dollar denominated debt of $390M which had been used to fund the acquisition.

The company has forecast gold production of 320,000-345,000 oz in 2014/15 compared with 375,000 oz in 2013/14.

Gwalia Deeps Mine, Leonora, Western Australia, St Barbara 100%
The Gwalia Mine is located 3km south of the town of Leonora in Western Australia. Mining operations at Gwalia date from 1897 with a range of operators since that time. The assets were acquired by St Barbara in 2005 following the liquidation of Sons of Gwalia. The company redeveloped the mine which was recommissioned in late 2008. The mill has a rated capacity of 1.2Mtpa of hard rock feed with a conventional CIP circuit.

Gold mineralisation at the mine occurs in the down plunge extension of historical workings at a depth of 1,075 metres below surface. The gold occurs in en-echelon moderately easterly dipping lodes that occur parallel to the prevailing foliation of the host rocks over a strike length of 500 metres. Five main lodes have been defined with two (the Main and Southwest Branch) containing 10 g/t Au material. The mill is currently treating approximately 1.3Mt of material per annum which implies a mine life of approximately eight years based on June 2014 reserves.

In the presentation accompanying the financial results for the six months ended December 2014, the company outlined refinements to the mine development program at the mine involving the replacement of some underground development with ore passes to distribute waste rock.

The King of the Hills mine is located 30km northwest of Leonora. It is an underground mine under the former Tarmoola open pit. The gold mineralisation differs from that at Gwalia insofar as it is associated with sheeted quartz veins within a granodiorite stock and within carbonate altered ultramafic rocks. Material is trucked to the Gwalia gold processing plant. In presenting the results for the six months ended December 2014, the company reduced the production guidance from the King of the Hills mine and forecast its closure by the end of the 2015.

In the December quarter, gold grades at both the Gwalia and satellite King of the Hills mines improved with increases from 7.9 g/t in the September quarter to 9.0 g/t at Gwalia and from 4.1 g/t Au to 4.2 g/t Au at the King of the Hills mine. As a result, gold production increased and unit costs were lower.

Combined, the Leonora assets produced 136,807 oz of gold for the six months to December 2014 with company production guidance of 250,000-265,000oz for the full year. At Gwalia, all-in sustaining costs of A$883/oz were reported, down from A$1,086/oz in the September quarter. The operation is meeting company guidance of A$710-740/oz with A$767/oz reported for the September and A$611/oz for the December quarters. The company reported all-in sustaining costs for the Gwalia mine (excluding King of the Hills) in the December quarter of A$883/oz, down from A$1,086/oz in the September quarter (ASX 25 February 2015).

Deep drilling at Gwalia
In February 2015, the company reported that a deep hole (GW DD16) under the Gwalia mine workings had intersected mine sequence rocks at a vertical depth of approximately 2,000m. The hole was assayed, reporting an interval of 6m at 6.2 g/t Au (ASX 25 February 2015). No indication of true thickness of the intersection was provided. The company noted common rock types and geotechnical attributes consistent with the existing underground mine. The intersection is approximately 200 metres below defined mine resources.

Simberi Mine, Tabar Islands, Papua New Guinea
The Simberi mine is located on the northernmost island in the Tabar group of islands in the province of New Ireland in Papua New Guinea (PNG). The Tabor Islands are located 900km from the national capital of Port Moresby with available flights from the provincial capital Kavieng and Rabaul. The gold endowment of the islands in New Ireland and Britain Province has long been

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recognised with some historic small scale operations and, more recently, large mine developments.

Some alluvial workings were reported on Simberi Island close to 100 years ago. Modern exploration was undertaken by Kennecott Exploration in 1982 and the area has been evaluated in several campaigns since then. Allied Gold acquired the asset in 2004 and undertook various feasibility studies prior to building a mine and being acquired by St Barbara.

The Simberi operation is currently configured as an oxide gold operation treating 3.5Mtpa of material from various pits on the eastern side of Simberi Island. Gold resources occur as sub cropping epithermal alteration systems within Pliocene age alkaline lava flows, porphyritic intrusives, volcanoclastics and tuffs. These rock types are shown as alkali basaltic volcanics on company presentation materials and reports. The gold is not specific to a particular rock type and occurs within a structural corridor extending 4km north-south and 2km east-west. Seven discrete gold accumulations have been defined by the company within 2-3km of each other.

The mined material is transported to a mill via an aerial trolley overland ore transport system. The mill is fuelled by heavy oil. The company reported that the mine achieved record production of 17,294 oz in the December quarter of 2014 and that the operation was net cash flow positive in the final month of the year.

The quarterly production outcome was an improvement on the 12,799oz and 12,800oz reported in the September and June quarters, respectively. The company attributed the higher production to changes in mill practices including operating the SAG and ball mills in parallel and maintenance.

The company is targeting production of 25,000oz in the upcoming June quarter and 70,000-80,000oz for 2014/15 (ASX 28 January 2015). A noticeable improvement in milling rates was reported for the December quarter in which 620Kt of material were treated compared to 536Kt in the September quarter and 463Kt in the June quarter of 2014. Grade of 1.1 g/t Au was maintained in the September and December quarters.

For the December quarter, an operating cost of A$1,489/oz was reported, an improvement on September quarter costs of A$2,032/oz. For 2014/15, the company has a given cost guidance of A$1,200-1,300/oz, based on its own cost measures and not on the industry standard all-in sustaining cost. For the December quarterof 2014, the company reported an all-in sustaining cost of A$1,619/oz (ASX 25 February 2015).

The company is seeking to identify additional oxide ore sources at Simberi. The mill, which is rated at 3.5Mtpa, has been treating ore at an annualised rate close to 2.5Mt based on December quarter outcomes. The company has reported a number of promising exploration results in recent presentation materials although it is not clear if the intersections are in oxide material or the deeper sulphide ores which the mill is currently not configured to treat.

The most recent resource statement of the company shows close to 50Mt of oxide material but the reported reserve was a combination of oxide and sulphide materials. It appears that the lower grade proved component (6.5Mt) is oxide which implies a mine life of less than three years on the 2.5Mtpa milling rate.

The most recent resource and ore reserve statement includes materials from the now flooded Gold Ridge asset which the company is seeking to transfer back to Solomon Island authorities. The global resource includes 3.175Moz and the reserve statement contains 673Koz from Gold Ridge that is unlikely to be a part of future company development activities.

Gold Resources, St Barbara, June 2014
Cut off grade: Gwalia 2.5 g/t Au, Simbieri oxide 0.4 g/t Au

Measured Resources	19.04 Mt at 2.8 g/t Au for 1,730 Koz
Indicated Resource	122.49 Mt at 2.00 g/t Au for 7,769 Koz
Inferred Resource	67.85 Mt at 1.70 g/t Au for 3,662 Koz
Total	**209.39 Mt at 2.0 g/t Au 13.161Moz**

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including

Leonora		
Measured Resources	5.258 Mt at 7.0 g/t Au	
Indicated Resource	13.252 Mt at 6.8 g/t Au	
Inferred Resource	3.087 Mt at 5.5 g/t Au	
Total	**21.597 Mt at 6.6 g/t Au**	**4.607 Moz**
Simbieri Oxide		
Measured Resources	8.26 Mt at 1.1 g/t Au	
Indicated Resource	31.06 Mt at 1.1 g/t Au	
Inferred Resource	10.89 Mt at 0.90 g/t Au	
Total	**50.213 Mt at 1.1 g/t Au**	**1.694 Moz**
Simbieri Sulphide		
Measured Resources	0.784 Mt at 1.0 g/t Au	
Indicated Resource	42.58 Mt at 1.7 g/t Au	
Inferred Resource	30.05 Mt at 1.4 g/t Au	
Total	**73.416 Mt at 1.60 g/t Au**	**3.686 Moz**

Gold Reserves, June 2014		
Proved	11.57 Mt at 2.4 g/t Au for 906 Koz	
Probable	57.515 Mt at 2.3 g/t Au for 4,259 Koz	
Total	**69.085 Mt at 2.3 g/t Au**	**5.165Moz**

including

Leonora		
Proved	2.02 Mt at 8.8 g/t Au	
Probable	8.278 Mt at 6.4 g/t Au	
Total	**10.298 Mt at 6.9 g/t Au**	**2.283 Moz**
Simbieri Oxide and Sulphide		
Proved	6.517 Mt at 0.9 g/t Au	
Probable	37.653 Mt at 1.7 g/t Au	
Total	**44.17 Mt at 1.6 g/t Au**	**2.209 Moz**

Regulatory Standing
The Australian operating assets of the company are held on granted mining leases.

Mining at Simbieri Island occurs on the eastern half of the island covered by a granted Mining Lease (ML 136). This lease covers 2,560 hectares. The company holds two environmental permits, one for extraction of water and one for discharge of waste. The company has sought a new permit for waste discharge at a higher material movement rate. The company holds two community agreements. One is a Memorandum of Agreement between the company and the national government, the New Ireland provincial government, the Simberi Landowners Association and the Tabar community government. This is in addition to a Compensation Agreement.

The PNG Government has a right to acquire an equity stake of up to 30% in mining projects. The government has generally not taken up equity in small and medium size projects such as at Hidden Valley (granted mining title in 2005) and Kainantu (granted mining title in 2001). The government has exercised its right at Misima (1987), Porgera (1989), Lihir (1995) and, more recently, at the Woodlark Island gold project for which development funding is being sought by Kula Gold.

The government did not take up its equity right in the case of Simberi for which a Mining Title was granted in 2007.

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Project Potential
The opportunity at the Simberi operation relates to the commercialisation of significant sulphide gold resources which have been defined on the island and occur in the immediate vicinity of the current oxide mining activity. Allied Gold, the previous owner of the asset, had undertaken various evaluation studies of both the oxide and sulphide projects but no updated analysis has been made available.

The available resource and reserve information suggests a limited operational life for the Simberi oxide mine. The additional mill equipment required to treat sulphide ore of this type coupled with the remote location of the Tabar Islands raises financial and engineering risks with any reconfiguration of the gold plant which, under current capital market conditions, investors may prove reluctant to support. It seems more likely that operations at Simberi will remain focused on what appears to be a limited inventory of oxide ore resources.

With the flagged closure of the King of the Hills satellite mine, the underground Gwalia Mine assumes greater importance to the company. The company is focused on underground productivity and cost management which has seen recent improvements to the ventilation system and waste management practices.

Ore is hauled via decline from what is one of the longest underground truck haulage paths in Australia. The mine configuration is unlikely to support a material step change in production levels. The Gwalia mine has a long life as evidenced by its resource position. The outcomes of recent deep drilling, while not intersecting known lodes, suggests that the system remains open at depth.

Capacity to Meet Targets
The management of the company has demonstrated its competence at an operational level at the Gwalia mine where it has achieved consistent production levels with continuing initiatives to reduce costs. A similar judgement about the operational performance at the former Allied Gold assets is harder to form. In March 2015, the company reported a fatality at the Simberi site involving a contractor engaged in tree felling activities (ASX 6 March 2015).

The company has shown skill in exploration which had led to the definition of resources and reserves with sufficiently high confidence on which mine plans have been based.

Analytical and corporate strategic skills are open to question in the light of the amount paid for the Allied Gold assets and their subsequent contribution to the value of he company. The acquisition also left the company with a legacy US dollar debt position which makes subsequent investment activities, however meritorious, more difficult to complete. Development of the sulphide resource on Simberi Island is an example of a development option made more difficult by poor returns on prior investment activities.

A new managing director was appointed with effect from July 2014. He is an appropriately qualified senior executive with a background including time as a corporate chief executive (ASX 23 June 2014).

At the end of December 2014, the company had a cash and bullion position of $68M (down from $79M in June 2014). Its liabilities included senior secured notes with a value of US$250M repayable in April 2018 and a US$75M facility repayable in eight quarters from September 2015.

Rating Discussion
PortfolioDirect has classified St Barbara as a Phase III company. A company at this stage of the development life cycle has passed its primary growth phase. Without significant organic growth potential, it must rely on higher commodity prices for an earnings uplift. In some cases, it will need higher commodity prices simply to sustain profitability in the face of rising costs.

A Phase III company may still play an important portfolio role depending on its relative financial strength, its capacity to withstand periods of cyclical weakness due to the competitiveness of its cost structure and its potential, arising from a large resource base, to operate through multiple

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economic cycles.

Phase III companies often display less volatile return profiles than the bulk of the stocks in the sector. These characteristics often lead to Phase III companies being regarded as safer investments than companies in the earlier stages of the development cycle. Being able to pay a dividend supports this positioning. The converse of these attributes may be less leverage to a cyclical recovery than other stocks in the sector.

The Phase III companies with the highest **PortfolioDirect** ratings will have attractive valuations, above average production life and cost structures able to withstand cyclically low prices.

The **PortfolioDirect** assessed valuation for St Barbara is above the current market value by enough to make St Barbara one of the most undervalued gold stocks on the Australian market based purely on its production and cost characteristics. The company has an above average production life in comparison with many stocks in the gold sector but retains relatively short lived assets in comparison with the best positioned Phase III companies.

The company's Gwalia mine which accounts for the bulk of its production has an all-in sustaining cost slightly below A$1,000/oz making it better positioned than many in the sector. However, costs at the Simberi property exceeded A$1,800/oz in the December quarter. The mine seems likely to depend on further rises in the gold price or deprecation of the Australian dollar to contribute a value proposition to the company.

Overall, St Barbra is not especially well positioned to perform the anchor role in equity portfolios for which Phase III companies should be suited.

A valuation argument for holding the stock remains valid subject to being able to identify what is likely to act as a sufficiently strong catalyst to change the attitude of investors within a timeframe acceptable to an investment market. There are three possible elements to this judgement.

Firstly, a large holding of US dollar denominated debt leaves the company at risk as long as the US dollar has an upward tendency. Conversely, St Barbara would be a beneficiary of any retracement in US dollar strength. Secondly, finalising a solution to the Gold Ridge holding which allows the company to move forward without any ongoing liabilities would help a reappraisal of the outlook. Thirdly, a demonstrable and sustainable improvement in the cost structure at Simberi would most likely be needed.

Any or even all of these outcomes are within the bounds of possibility. It would be open for an investor to conclude that the market value of the company could benefit over a 12 month period from a reappraisal of the currently implied risks in its share price. Nonetheless, the **PortfolioDirect** rating has been framed against the criteria applied for a Phase III company which must go beyond simply the valuation argument. ■

Abbreviations and Symbols

lb	pound	cif	cost, insurance and freight
oz	troy ounce	fob	free on board
Koz	1,000 troy ounces	fot	free on truck
Mlbs	million pounds	g/t	grams per tonne
kg	kilogram	ppm	parts per million
t	tonne	RC	reverse circulation
kt	1,000 tonnes	RAB	rotary air blast
Mt	1,000,000 tonnes	U_3O_8	yellowcake (uranium)
Mtpa	million tonnes per annum	Fe/FeO	iron/iron ore
kL	kilolitre (1,000 litres)	SiO_2	silica
ML	megalitre (one million litres)	Al_2O_3	Alumina
GL	gigalitre (one billion litres)	P	phosphorus
ha	hectare	TiO_2	titanium dioxide
m	metre	ZrO_2	zirconium dioxide
m^3	cubic metre	LOI	loss on ignition
km	kilometre	mg/l	milligrams per litre
A$	Australian dollar	Mj/kg	mega joules per kilogram
$M	million dollars	EBITDA	earnings before interest, tax, depreciation & amortisation
US$	United States dollar	EBIT	earnings before interest & tax
MG/GW	megawatt/gigawatt	ROM	run of mine
ct	carat	LOM	life of mine
bbl	barrel	MOU	memorandum of understanding
mbd	million barrels a day	VTEM	Versatile Time Domain Electromagnetic
MBOE	million barrels of oil equivalent		

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