

Energy, Utilities & Mining

junior mine*

Review of trends in the AIM mining industry

2007

*connectedthinking

PRICEWATERHOUSECOOPERS 

Contents

Introduction	1
Executive summary and financial highlights	3
AIM mining sector in perspective	4
Financial review	8
Aggregated industry income statement	
Aggregated industry cash flow statement	
Aggregated industry balance sheet	
Other matters of interest	16
Glossary	17
Companies analysed	18
Contacting PricewaterhouseCoopers	21

Introduction

PricewaterhouseCoopers' third annual report on the UK listed junior mining industry – junior mine* provides an insight into the aggregated performance of the junior mining industry, as represented by 50 of the largest mining companies on the Alternative Investment Market ("AIM").

Using the combined balance sheets, income and cash flow statements of these companies we provide analysis and present an assessment of the industry's financial position based on financial statements released throughout 2007. We report separately for production companies and those involved only in exploration and development.

The mining companies included in the report represent over 80% of the AIM mining industry by market capitalisation, and so junior mine* provides a good indicator of the health of the UK's junior mining industry.

Higher commodity prices, combined with the successful commissioning of new mines and expansion of existing mines, meant that revenue increased by 54% and also resulted in a significant increase in the profitability of those with producing mines. These companies reported a pre-tax profit of US\$740 million, a massive improvement from the prior year's US\$25 million pre-tax profit.

Dividends rose by 163% to US\$52 million, although this increase is modest relative to the improvement in the profitability of the producers. Based on market capitalisation this level of payout is equivalent to a dividend yield of just 0.4%.

With confidence in the industry so high, the junior mining sector was able to raise record amounts from financing activities, with the net cash inflow up 106% to US\$2,708 million. The extra funding stimulated a significant increase in the amount spent on investing activities, which rose by 126% to US\$2,444 million.

This includes US\$1,907 million spent on property, plant & equipment (up from US\$812 million), with the remainder being spent mainly on exploration and purchases of intangible assets (e.g. mining licences). The challenge for the AIM mining sector will be to convert this expenditure into additional mineral reserves and/or production, bearing in mind that the aggregate value of the industry's property, plant & equipment (at US\$5,843 million) is about 1.4 times higher than its aggregate annual revenue.

For the second year in succession, the cash balances held to finance future expenditure increased significantly. The aggregate cash balance rose to US\$2,319 million during the year, an increase of US\$1,072 million (86%), and the closing balance is over half the aggregated amount spent on investing activities during 2005.

In summary, the outlook for the junior mining sector remains strong and there are encouraging signs that significant increases in expenditure over the last few years are feeding through into the discovery of additional resources and higher production levels. However, it is worth taking stock of some emerging trends and the current economic conditions and considering what impact this may have on the AIM mining sector and the results to be reported during 2008.

2007 saw the move of several of the AIM's most successful mining companies to the Main Board of the London Stock Exchange. Several

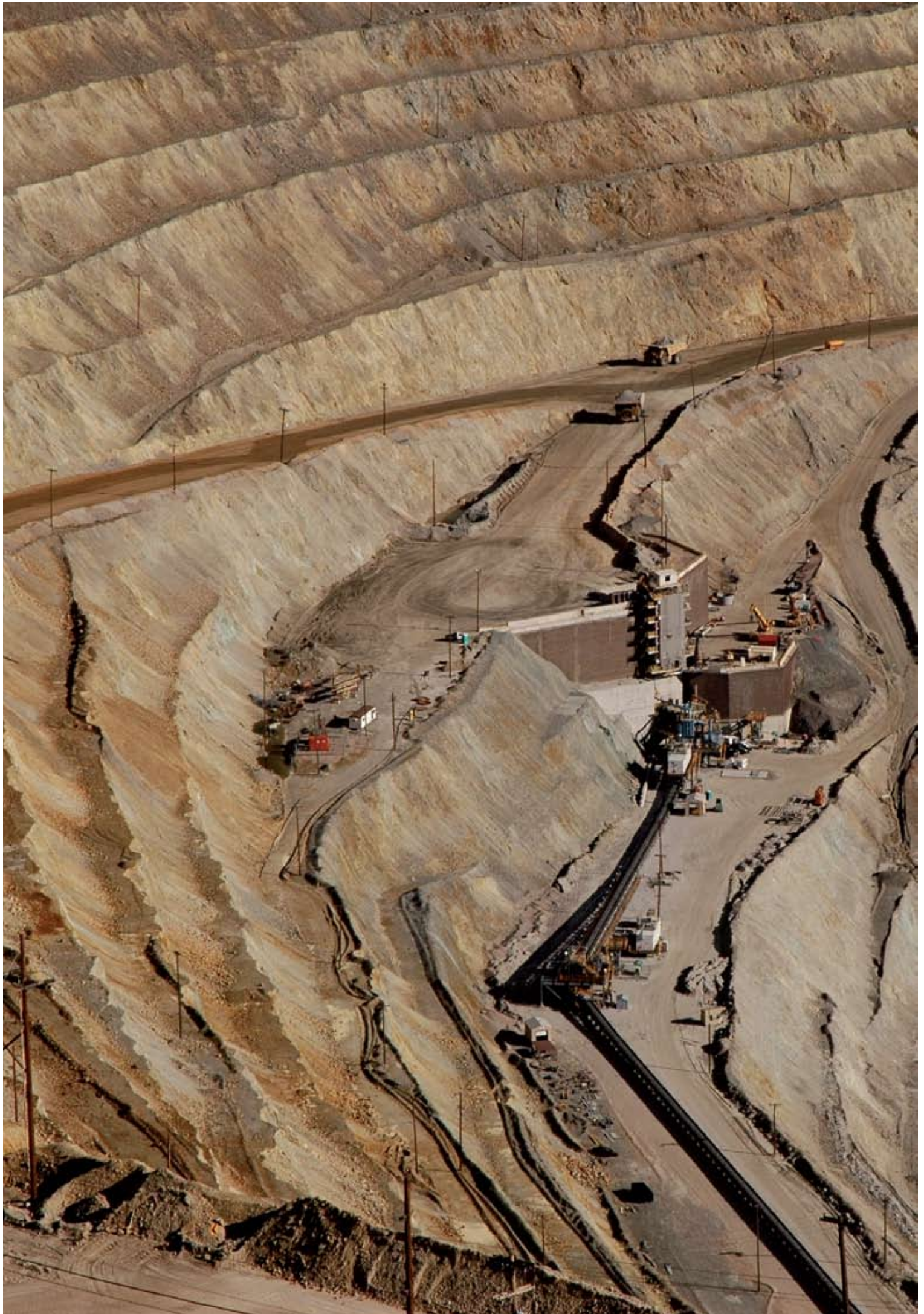
mid cap IPOs went straight to the main board in a number of cases, despite not yet having reached commercial production, traditionally seen as a barrier to direct entry. The overall number of AIM junior mining company IPOs also decreased for the second year running. Combined with the impact of the credit crunch on the ability to secure project finance on attractive terms, companies at the early stage of the development cycle may find the current environment more challenging for bringing their projects online, irrespective of how commodity prices hold up. For those already in production, and particularly the gold sector, the good times look set to continue.

In such an environment AIM mining companies must continue to demonstrate to investors that they are spending their funds wisely and controlling costs effectively. With the strength of balance sheets an investor focus, thorough analysis of investment assets and strategies, liquidity profiles and financial risk management strategies is key. Additionally we continue to believe that an opportunity exists for many companies to capture more shareholder value by providing enhanced disclosures about the key drivers of value, such as exploration successes and/or failures, movements in resources and political risk.

We hope you will find it interesting and informative.

Jason Burkitt

UK Mining Group
PricewaterhouseCoopers LLP



Executive summary and financial highlights

The AIM mining sector had another strong year in 2006, as demonstrated by a 109% increase in aggregate market capitalisation to £17.8 billion (US\$29.9 billion) from £8.5 billion (US\$14.6 billion) in 2005.

The financial highlights for the 50 companies included in our analysis are summarised below:



	2006 US\$m	2005 US\$m	Movement %
Income statement			
Revenue	4,141	2,683	+54%
Operating expenses (excluding depreciation and amortisation):			
Producing companies	(3,036)	(2,350)	+29%
Non-producing companies	(147)	(118)	+24%
Total	(3,183)	(2,468)	+29%
Pre-tax profit/(loss)			
Producing companies	740	25	+2,916%
Non-producing companies	(133)	(114)	15%
Total	607	(89)	+767%
Dividends	52	20	+163%
Cash flow statement			
Net cash inflow/(outflow) from operating activities:			
Producing companies	900	337	+167%
Non-producing companies	(77)	(36)	+114%
Total	823	301	+173%
Net cash outflow on investing activities			
Producing companies	(2,013)	(926)	+117%
Non-producing companies	(431)	(157)	+175%
Total	(2,444)	(1,083)	+126%
Net cash inflow from financing activities	2,708	1,315	+107%
Balance sheet			
Property, plant & equipment	5,843	2,349	+148%
Goodwill and intangible assets	1,136	720	+58%
Cash and cash equivalents	2,319	1,246	+86%
Long-term borrowings	802	740	+8%
Shareholders' equity	10,311	4,181	+147%

AIM mining sector in perspective



Market capitalisation

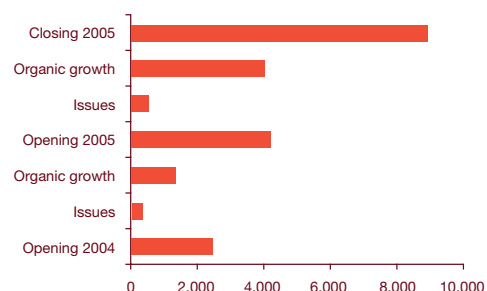
The strength of commodity prices during 2006 provided a further boost to investors' confidence about the industry's prospects, and contributed to an impressive 109% increase in the AIM mining industry's market capitalisation to £17.8 billion (US\$29.9 billion) as at 31 December 2006. This follows a 73% increase during 2005.

Mining companies continue to represent the largest sector on AIM, accounting for almost 20% of the total AIM market capitalisation.

The AIM mining sector's growth rate of 109% significantly outstrips that reported across the global mining sector (as measured by the HSBC Global Mining Index). As noted in mine* - riding the wave, the total market capitalisation of the global mining industry grew by 22% to the year ended 31 December 2006. It should be noted, however, that the growth rate for the AIM sector includes a sizeable contribution from new share issues, whereas the largest mining companies have been returning cash to shareholders.

After adjusting for the impact of IPOs and other share issues, the organic growth in the market capitalisation of AIM mining companies was 54% in 2005, more than double last year's organic growth rate of 21%.

Figure 1: Changes to the AIM mining sector's market capitalisation



Source: London Stock Exchange

The AIM market is clearly very attractive to junior mining companies. The number of companies admitted onto AIM for the first time nearly doubled during 2005, for the second year in a row, with 66 companies raising £262 million (US\$477 million) through IPOs, compared to 36 companies (raising US\$420 million) in 2004.

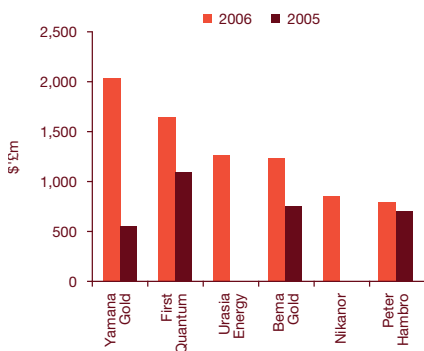
These new admissions included several mid-size companies, as well as companies in their infancy, with the result that our analysis of 50 of the largest AIM mining companies includes 10 companies newly admitted onto AIM in 2005.

Across the sector as a whole, the average amount of capital raised from new admissions decreased from £6.4 million (US\$11.7 million) in 2004 to £4.0 million (US\$7.2 million) in 2005. This is because many of the companies coming onto AIM are still at the grass-roots exploration stage, and the projects they are looking to finance are often based in regions carrying high levels of political risk.

Industry concentration

New entrants onto AIM feature among the largest AIM mining companies with Urasia Energy and Nikanor the 3rd and 5th largest by market capitalisation. The four largest AIM mining companies in last year's analysis - First Quantum Minerals, Yamana Gold Inc, Bema Gold Corporation and Peter Hambro Mining – account for the rest of the top 6 (although we note that Bema Gold was taken over by Kinross Gold in February 2007). These largest 6 companies account for 44% of the total market capitalisation of the AIM mining sector.

Figure 2: Market value of the 6 largest AIM mining companies



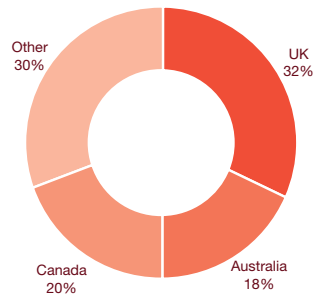
Source: London Stock Exchange

The four largest companies noted in last year's analysis have seen an 85% increase in market capitalisation during 2006, consistent with the 89% growth reported last year, this reflects their success in delivering high levels of production from existing and/or new mines, and increases to their resources.

Location and industry spread

Based on market capitalisation, only 19 of the 50 companies included in our analysis are based in the UK. Australian and Canadian companies both account for 10 out of the 50 companies respectively.

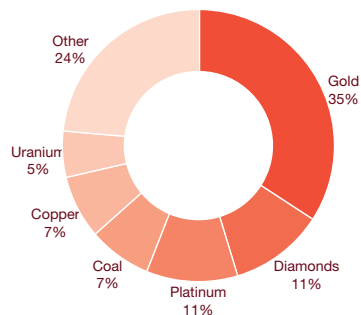
Figure 3: Location of the 50 companies analysed



Source: PricewaterhouseCoopers LLP

Gold continues to be the most popular commodity (32%), although this is less pronounced than in 2005 when gold accounted for half of all companies analysed.

Figure 4: Principal commodity of the 50 companies analysed



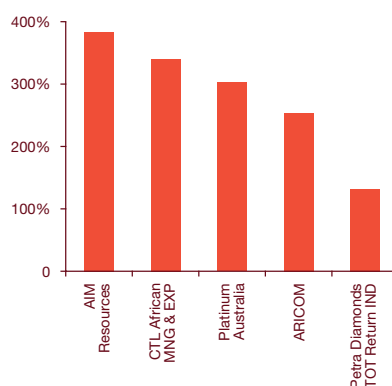
Source: PricewaterhouseCoopers LLP

Total Shareholder Return

Total Shareholder Return (“TSR”) represents the total return to shareholders from a company’s shares over a given period (comprising share price appreciation and dividend payments) compared to the opening share price, expressed as a ratio. It provides a useful measure of value creation.

Figure 5: AIM mining companies with the largest TSR up to 31 December 2006

Source: Bloomberg



The average 1-year TSR to 31 December 2006 for the companies included in our analysis was 62%, compared with an average of 52% the year before. As the dividend payout ratio is so low in the AIM mining sector, these growth rates are mainly driven by movements in share prices.

For individual companies the 1 year TSR ranged from a high of +384% to a low of -70%. 18 of the 50 companies included in our analysis had a negative 1 year TSR.

Financial reporting

The majority of the companies included in our analysis reported in US dollars, consistent with an increasing trend towards the use of the US\$ as the presentation currency as reported in previous editions of junior mine*.

Figure 6: Analysis of reporting currency of 50 companies analysed

US dollars	26
British pounds	12
Australian dollars	9
Canadian dollars	2
South African rand	1

Source: PricewaterhouseCoopers LLP

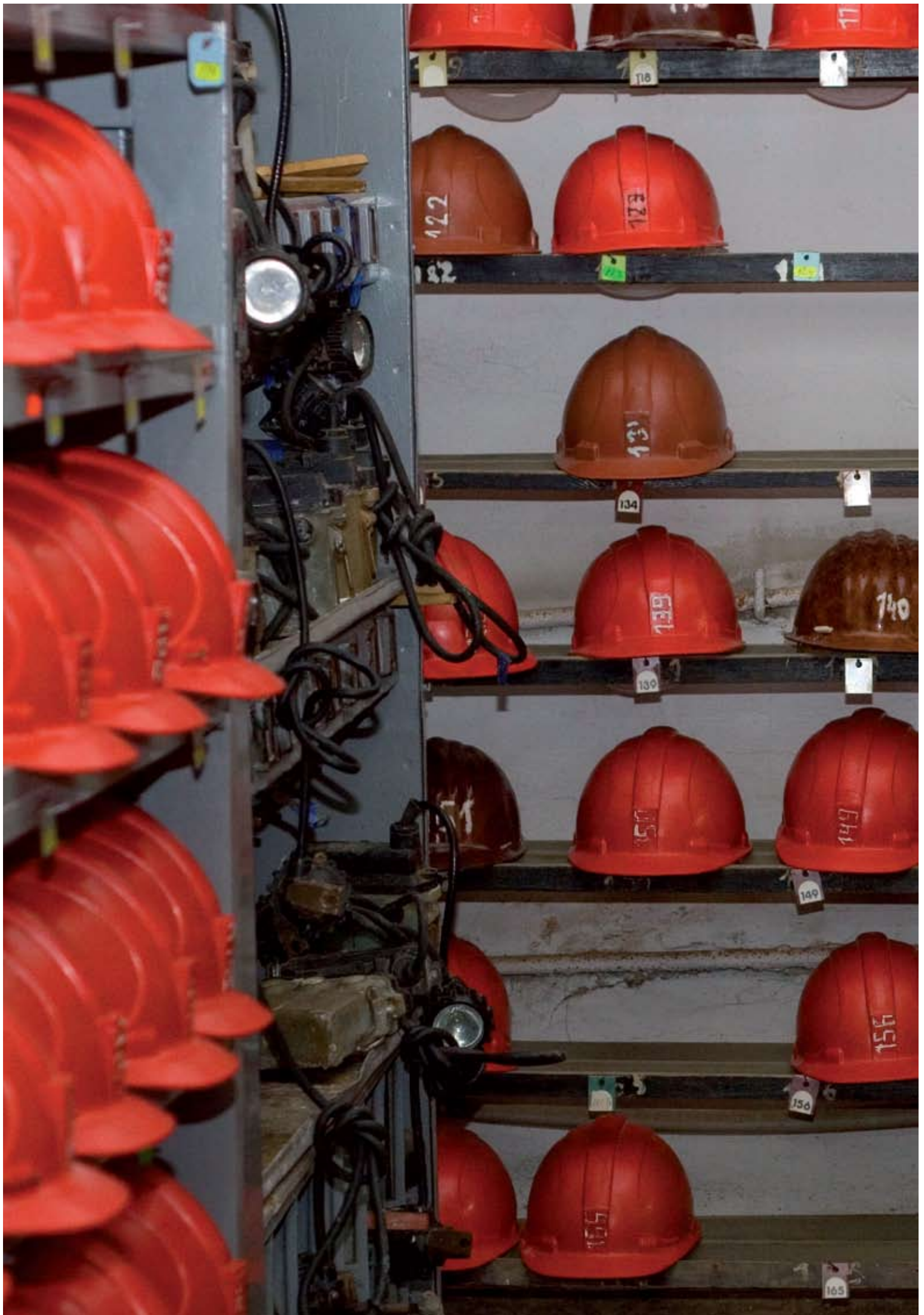
Half of the companies included in this year’s analysis report under IFRS, compared to just 9 out of the 50 companies analysed last year. This increase in the use of IFRS is not surprising, in light of the extended use of IFRS across the mining sector as a whole, following the mandatory adoption of IFRS by listed companies in the EU and the decision by countries such as Australia to base their local accounting standards on IFRS.

We expect comparability will be further enhanced next year when those UK incorporated entities currently reporting under UK GAAP are required to convert to IFRS.

Figure 7: Analysis of reporting framework adopted by the 50 companies analysed

IFRS	22
Canadian GAAP	13
UK GAAP	12
Other	3

Source: PricewaterhouseCoopers LLP



Financial review



Aggregated industry income statement (note 1)

	Producing companies (note 2)		Other companies		Total	
	2006 US\$m	2005 US\$m	2006 US\$m	2005 US\$m	2006 US\$m	2005 US\$m
Revenue	4,130	2,680	11	3	4,141	2,683
Operating expenses (note 3)	-3,036	-2,350	-147	-118	-3,183	-2,468
EBITDA	1,094	330	-136	-115	958	215
Amortisation and depreciation	-291	-261	-9	0	-300	-261
Profit/(loss) before interest and tax	803	69	-145	-115	658	-46
Net interest (expense)/income	-63	-44	12	1	-51	-43
Profit/(loss) before tax	740	25	-133	-114	607	-89
Income tax charge	-199	-69	0	0	-199	-69
Net profit/(loss)	541	-44	-133	-114	408	-158
Minority Interests and net exchange differences	-100	-25	-1	3	-101	-22
Dividends	-52	-20	0	0	-52	-20
Retained profit/(loss)	389	-89	-134	-111	255	-200

1 Aggregated income statements of 50 of the largest AIM mining companies, as detailed on pages 18-19

2 Being those companies with producing mines, excluding companies with incidental revenue from start-up activities

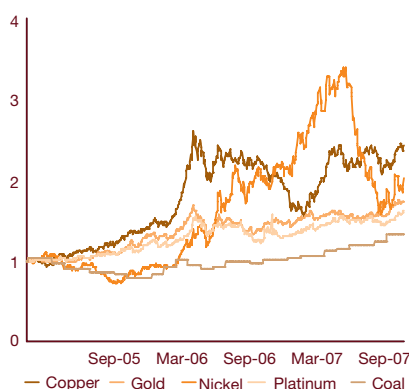
3 Excluding depreciation and amortisation

Source: PricewaterhouseCoopers LLP

Revenue growth

The AIM mining companies included in our analysis have increased their aggregate revenue by 54% compared to 2005.

Figure 8: Commodity price index



Source: PricewaterhouseCoopers LLP

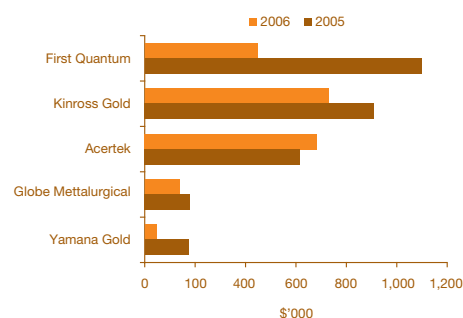
This increase partly reflects the impact of higher prices for many commodities over the last 12 months. Average gold prices increased by 24% in 2006, and there was a 37% increase in average copper prices. Prices have remained strong in 2007, although the price of nickel peaked in May 2007 before slumping to prices consistent with those at the end of December 2006.

Production levels also increased significantly during 2006, through expansion of existing operations and commissioning of new mines. It is difficult to measure the extent of this increase, given that there are so many different commodities being produced. However, the aggregate charge for depreciation and amortisation increased by 14% compared to 2005 and a large proportion of this increase will have resulted from extra production.

33 out of the 50 companies included in our analysis had producing mines during 2006, compared to 22 out of the 50 in 2005. This is consistent with our expectation reported last year, that companies would have more success in converting exploration and development projects into producing mines and has been rewarded with the increase in organic market capitalisation.

Amongst the 33 producing mines, the top-5 revenue earners contributed more than 70% of the aggregate revenue. First Quantum Minerals, the largest revenue-earner, contributed 26% to the sector's aggregate revenue in 2006, compared to 17% in 2005.

Figure 9: Top-five revenue generating companies



Source: PricewaterhouseCoopers LLP

Profitability and operating expenses

The producing companies delivered an impressive improvement in profits during 2006. Excluding depreciation and amortisation, their operating expenses increased by US\$714 million (29%) whereas their revenue rose by US\$1,458 million (54%). As a result, the producing companies reported an aggregate EBITDA of US\$1,094 million, up from US\$329

million in the prior year. Even after allowing for increases in depreciation and amortisation and net interest expense, the producing companies reported a pre-tax profit of US\$740 million – up from US\$25 million in 2005.

This improvement was achieved in spite of the continued significant cost pressures facing the industry, caused by rising energy prices and shortages of many key inputs (including skilled labour, items of equipment and consumables).

The dividends reported by producing companies increased from \$20 million in 2005 to \$52 million. This increase is driven by dividends paid by First Quantum Minerals Limited and Consolidated Minerals Limited who increased payments by \$15m and \$10m respectively. Overall, the level of payout across the top 50 is still modest - representing just 10% of the post-tax profits for the year. As reported in mine* - riding the wave, the world's 40 largest mining companies have made significant distributions to shareholders over the same period in the form of dividends and share buy backs.

The losses incurred by non-producing companies increased during 2006. Operating expenses (excluding depreciation and amortisation) rose

by US\$29 million (25%) to US\$147 million. As a result, these non-producing companies reported pre-tax losses of US\$132 million, up from US\$115 million in 2005.

It is not possible to determine the aggregate amount spent by AIM companies on early-stage exploration & evaluation projects. This is because some companies capitalise such expenditure, as a matter of policy, rather than expensing it through the income statement. This also makes it difficult to interpret the amounts capitalised on exploration & evaluation projects, because not all of the amounts capitalised relate to projects for which the outcome can be predicted with confidence.

Taxation

The income tax charge reported by companies with producing mines was US\$199 million in 2006, up from US\$69 million in the prior year. This represents an effective tax rate of 27% for 2006, consistent with the effective tax rate as reported by the world's 40 largest mining companies, in mine* - riding the wave.

For the companies with no producing mines, pre-tax losses of US\$132 million attracted a negligible tax credit.

Aggregated industry cash flow statement (note 1)

	Producing companies (note 2)		Other companies		Total	
	2006	2005	2006	2005	2006	2005
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Cash flows related to operating activities						
Cash generated from/(used by) operations	982	355	(87)	(40)	895	315
Net financing costs	(9)	10	14	3	5	11
Taxation paid	(36)	(26)	(1)	(2)	(37)	(26)
Other operating cash flows	(37)	(1)	(3)	3	(40)	1
Net cash inflow/(outflow) from operating activities	900	338	(77)	(36)	823	301
Cash flows related to investing activities						
Purchase of property, plant & equipment	(1,646)	(756)	(259)	(56)	(1,907)	(812)
Purchase of intangible assets	(42)	(21)	(47)	(26)	(88)	(46)
Purchase of investments	(277)	(123)	(35)	(11)	(312)	(134)
Proceeds on sale of investments	199	107	3	1	201	108
Exploration expenditure	(147)	(69)	(41)	(25)	(188)	(94)
Other investment related inflows/(outflows)	(100)	(65)	(52)	(40)	(152)	(105)
Net cash outflow from investing activities	(2,013)	(926)	(431)	(157)	(2,444)	(1,083)
Cash flows related to financing activities						
Issue of shares	1,981	794	628	272	2,609	1,066
New borrowings	695	454	56	18	752	472
Repayment of borrowings	(788)	(273)	(15)	(2)	(804)	(274)
Dividends paid	(53)	(25)	0	0	(53)	(25)
Other financing cash outflows	20	75	184	2	204	76
Net cash inflow from financing activities	1,855	1,025	853	290	2,708	1,315
Net increase in cash and cash equivalents	742	437	345	97	1,087	533
Opening cash and cash equivalents	942	505	178	81	1,120	586
Effect of foreign currency exchange rate changes on cash and cash equivalents	7	0	(3)	0	3	0
Closing cash and cash equivalents	1,690	942	520	178	2,210	1,119

1 Aggregated cash flow statements of 50 of the largest AIM mining companies, as detailed on pages 18-19

2 Being those companies with producing mines, excluding companies with incidental revenue from start-up activities

Operating cash flows

The 50 companies in our analysis reported a net cash inflow from operations of US\$823 million in 2006, compared with a net cash inflow of US\$301 million in 2005. This improvement reflects the strong operating performance of the producing mines, which reported operating cash inflows of US\$900 million in 2006 (2005: US\$338 million), which was partly offset by a US\$51 million increase in the operating cash outflows reported by non-producing companies.

Investing cash flows

Investing cash flows increased dramatically for the third year in succession, from US\$1,083 million to US\$2,444 million, a rise of 126%. This increase was shared between the producing companies (up 118%, or US\$1,087 million) and non-producing companies (up 175% or US\$274 million).

This increase in investing cash flows compares favourably with the 54% rise in 2005 and is more in line with the staggering rise of 170% reported in 2004. However it compares favourably with an increase of 84% by the 40 largest mining companies over the same period, as reported in mine* - riding the wave and shows that the sums being invested in new projects continue to increase.

The amount spent on property, plant & equipment rose by 135%, to US\$1,907 million, following a 63% increase last year. This expenditure includes US\$1,646 million spent by those companies with producing mines. Companies are continuing to fast-track capital projects in an effort to expand production while commodity prices remain strong.

Over the same period, the companies analysed also reported a dramatic increase of 97% in spending on capitalised exploration expenditure and the acquisition of intangible assets (e.g. mining licenses), which rose to US\$279 million. This includes expenditure of US\$99 million by non-producing companies.

As noted previously, the capitalised exploration expenditure includes some amounts spent on early-stage projects for which the outcome and timing remains highly uncertain. Hence, it is impossible to estimate what proportion of the expenditure being capitalised is likely to result in the development of new mines.

Net expenditure on investments of US\$111 million exceeded that reported for 2005 (at US\$26 million). A US\$178 million rise in the amount spent on new investments, to US\$312 million, was offset by a US\$93 million increase in the proceeds from disposals of investments.

Financing cash flows

The cash raised from financing activities rose by US\$1,393 million (106%), to US\$2,708 million, for the 50 companies analysed. This was evenly split between the producing companies (an increase of US\$830 million) and the non-producing companies (an increase of US \$563 million).

IPOs and other issues of shares for cash raised US\$2,609 million in 2006, an increase of 145% on the prior year.

The gross amount raised through new borrowings increased by US\$280 million from 2005 to a total of US\$752 million. However, because of an increase in the level of debt repayments over the same period, 2006 saw a net cash outflow from debt of US\$52 million compared to a net inflow of US\$198 million in 2005.

**Aggregated industry balance sheet
(note 1)**

	Producing companies (note 2)		Other companies		Total	
	2006	2005	2006	2005	2006	2005
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Current assets						
Cash and cash equivalents	1,829	1,084	490	162	2,319	1,246
Inventory	607	403	1	0	608	403
Debtors	585	361	29	9	614	370
Other current assets	185	202	46	7	231	209
	3,206	2,050	566	178	3,772	2,228
Non-current assets						
Property, plant & equipment	5,250	2,324	593	25	5,843	2,349
Investments	412	195	58	46	470	241
Goodwill and other intangible assets	1,005	642	131	78	1,136	720
Deferred tax asset	111	66	0	0	111	66
Other non-current assets	2,893	1,166	178	65	3,071	1,231
	9,671	4,393	960	214	10,631	4,607
Total assets	12,877	6,443	1,526	392	14,403	6,835
Current liabilities						
Short term portion of long-term borrowings	187	294	11	11	198	305
Other current liabilities	1,201	795	164	25	1,365	820
	1,388	1,089	175	36	1,563	1,125
Non-current liabilities						
Long-term borrowings	750	724	52	16	802	740
Deferred taxation	1,105	260	0	0	1,105	260
Other non-current liabilities	587	500	34	27	621	527
	2,442	1,484	86	43	2,528	1,527
Shareholders' equity	9,047	3,870	1,264	312	10,311	4,181
Total equity and liabilities	12,877	6,443	1,525	391	14,402	6,834
	2006	2005	2006	2005	2006	2005
Gross debt to equity ratio (%)	10%	26%	5%	9%	10%	25%
Net debt to equity ratio (%)	-10%	-2%	-34%	-43%	-13%	-5%
Current ratio	2.3	1.9	3.2	5.1	2.5	2.0
Quick ratio	1.9	1.5	3.2	5.1	2.0	1.6
Net funds = cash less borrowings (US\$ million)	892	66	427	135	1,318	201

1 Aggregated balance sheets of 50 of the largest AIM mining companies, as detailed on pages 18-19

2 Being those companies with producing mines, excluding companies with incidental revenue from start-up activities

Source: PricewaterhouseCoopers LLP

Non-current assets

As reported earlier, AIM mining companies invested US\$2,448 million during 2006, which is a major reason behind a US\$6,023 million increase in the carrying value of non-current assets to almost US\$10,629 million. The other main factor was the weakening of the US dollar.

Those companies with no producing mines reported a US\$746 million increase in the carrying value of their non-current assets, to US\$959 million. Over half of the carrying value (US\$593 million) comprises property, plant and equipment. This is a stark contrast with 2005 when over half of the carrying value comprised goodwill and other intangible assets. This would suggest that the industry has been successful in converting assets into real economic value.

Shareholders' equity

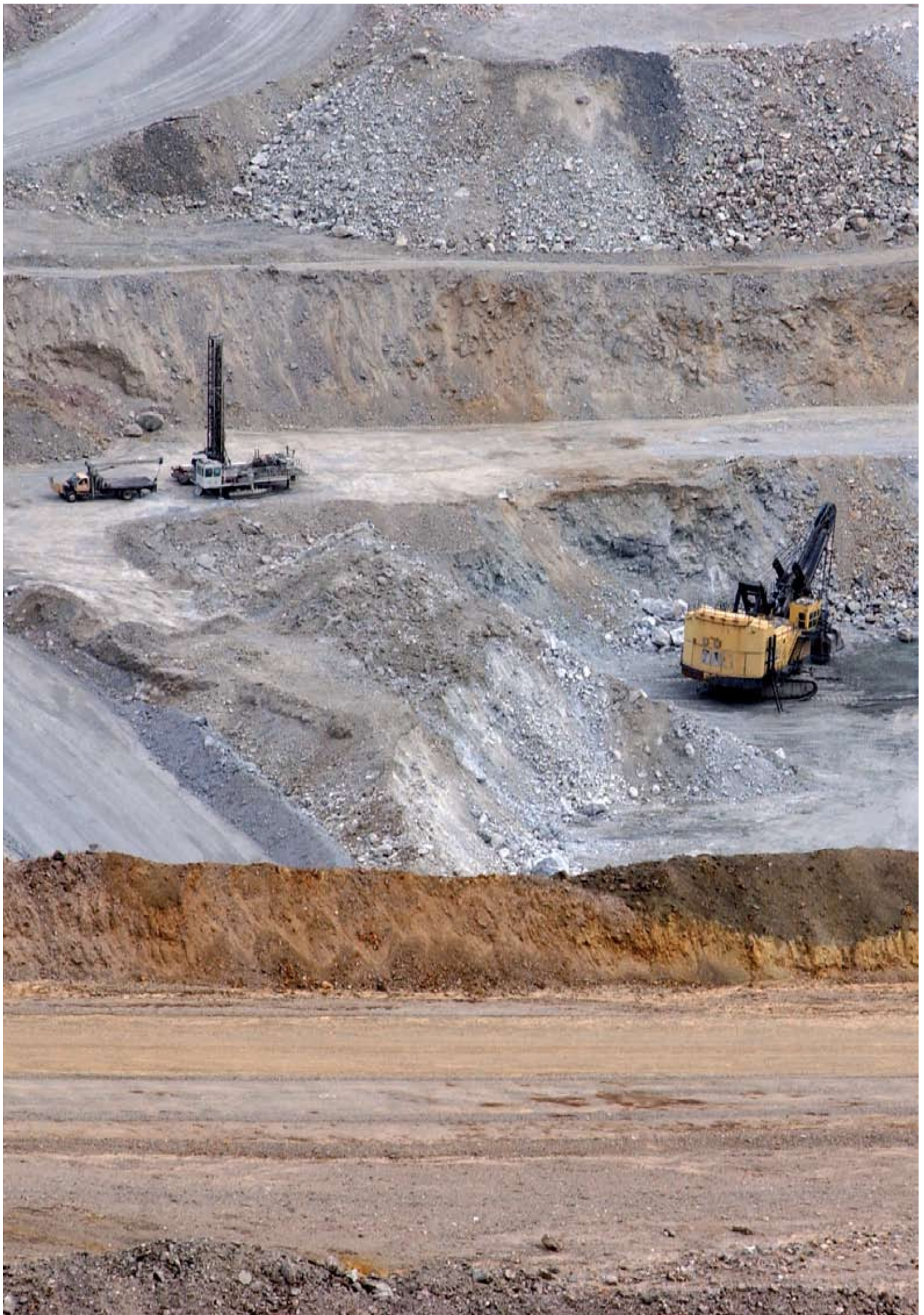
The 50 companies analysed increased their shareholders' equity by US\$6,119 million during the year. This increase was primarily attributable to the US\$5,468 million raised through the issue of shares, and also reflects the impact of a weaker US dollar.

Borrowings and liquidity

The liquidity of the AIM mining sector as a whole remains healthy. The industry's cash balances increased for the second year in a row, reaching US\$2,319 million in 2006, almost double that of 2005. As in 2005, the amount raised from financing significantly exceeded the amount invested during the year, although the "surplus" (of US\$270million) was only slightly higher than that in 2005 (US\$232 million).

If investing cash flows continued in 2007 at the same rate as in 2006, the year-end cash balances would be sufficient to cover almost exactly 12 months' expenditure. However, some individual companies will need to raise additional capital in 2006 to meet their expenditure levels.

Gearing levels for the AIM mining sector remain low. Of the 50 companies analysed, just 6% of the total borrowings at the end of 2006 were attributable to non-producing mines. The gross debt to equity ratio for the 50 companies analysed was 10%, a reduction compared to 2005, although for companies with no producing mines it was only 5%. The high risks associated with early-stage exploration activities mean that debt financing is not generally available until projects reach an advanced stage.



Other matters of interest



Reserves and resources

Reserves and resources normally account for the lion's share of a mining company's market value. Unfortunately, there is no global standard governing the classification and reporting of reserves and resources.

Without consistency in this critical area, there is clearly a limit on the comparability of the financial statements published by AIM mining companies.

Directors' emoluments

The average number of directors for the 50 companies included in our analysis was 6, comprising an average of 4 executive directors and 2 non-executive directors. Such a board structure would not meet the provisions of the Combined Code, which specifies that, except for smaller companies, at least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent.

Surprisingly many of the companies did not disclose the emoluments paid to their directors in their annual reports. For the companies which did provide this disclosure:

- The highest and lowest amounts paid to the highest paid director (excluding share options, long term incentives and pensions) were US\$4,215,000 and US\$65,000 respectively (2005: US\$1,602,000 and US\$33,000 respectively).

- The average amount paid to the highest paid director (excluding share options, long term incentives and pensions) was US\$809,000 (2005: US\$402,000).
- The average amount paid to executive directors (excluding share options, long term incentives and pensions) was US\$395,000 (2005: US\$176,000).
- The average amount paid to non-executive directors excluding share options, long term incentives and pensions was US\$61,000 (2005: US\$27,000).

Directors of AIM mining companies typically participate in long term incentive plans and share option schemes. Share-based payment accounting standards, such as IFRS2, are coming into effect across the world. Accordingly, we expect to see an increase in operating expenses as the benefits attributable to these schemes get charged through the income statement going forward.

Glossary

Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
EBITDA	Earnings before interest, tax, depreciation and amortisation
Gross debt to equity ratio	$\frac{\text{Gross borrowings (before deducting cash and cash equivalents)}}{\text{Shareholders' equity}}$
IFRS	International Financial Reporting Standards
Market capitalisation	The market value of the equity of a company, calculated as the share price multiplied by the number of shares outstanding.
Net debt to equity ratio	$\frac{\text{Net borrowings (after deducting cash and cash equivalents)}}{\text{Shareholders' equity}}$
Quick ratio	$\frac{\text{Cash and cash equivalents plus debtors plus other financial assets}}{\text{Current liabilities}}$
Dividend yield	Dividends paid as a percentage of market capitalisation
TSR	Total shareholder return, as measured by dividends and capital gains during the period compared to the opening share price.

Companies analysed



Company	Registered Office	Year-end
Acertec Plc	Solihull, UK	31/12/2006
AIM Resources Limited	Sydney, Australia	30/06/2006
African Copper Plc	London, UK	31/12/2006
African Diamonds Plc	London, UK	30/06/2006
African Platinum Plc	London, UK	31/03/2006
Afriore Limited	Tortola, BVI	28/02/2006
Albidon Limited	Tortola, BVI	31/12/2006
Aricom Plc	London, UK	31/12/2006
ATH Resources Plc	Doncaster, UK	02/10/2006
Avocet Mining PLC	London, UK	31/03/2006
Aztec Resources Limited	Perth, Australia	30/06/2006
Ballarat Goldfields NL	Mount Clear, Australia	30/06/2006
Brinkley Mining Plc	London, UK	31/12/2006
Cambrian Mining Plc	London, UK	30/06/2006
Celtic Resources Holding Plc	London, UK	31/12/2006
Centamin Egypt Limited	Perth, Australia	30/06/2006
Central African Mining & Exploration Company Plc	London, UK	31/03/2006
Consolidated Minerals Limited	Perth, Australia	30/06/2006
Eastern Platinum Limited	Vancouver, Canada	30/06/2006
European Goldfields Limited	Yukon, Canada	31/12/2006
European Minerals Corporation	Tortola, BVI	31/12/2006
European Nickel Plc	London, UK	30/09/2006
First Quantum Minerals Limited	Vancouver, Canada	31/12/2006
Galahad Gold Plc	London, UK	31/12/2006
Globe Metallurgical Inc	Ohio, USA	30/06/2006
Greystar Resources Limited	Vancouver, Canada	31/12/2006
Green Dragon Gas	Grand Cayman, Cayman Islands	31/12/2006
Griffin Mining Limited	London, UK	31/12/2006
Highland Gold Mining Limited	St. Helier, Jersey	31/12/2006
International Ferro Metals Limited	Sydney, Australia	30/06/2006
Globe Speciality Metals Inc	New York, USA	30/06/2006
Kimberley Diamond Company NL	Perth, Australia	30/06/2006
Kinross Gold Corporation	Toronto, Canada	31/12/2006
Kirkland Lake Gold Inc	Vancouver, Canada	30/04/2006
Moto Goldmines Limited	Balcatta, Australia	31/12/2006
Mwana Africa Plc (formerly African Gold Plc)	London, UK	31/03/2006

Company	Registered Office	Year-end
Nikanor plc	London, UK	31/12/2006
Oxus Gold Plc	London, UK	30/06/2006
Peter Hambro Mining Plc	London, UK	31/12/2006
Petra Diamonds Limited	Hamilton, Bermuda	30/06/2006
Platinum Australia Limited	Perth, Australia	30/06/2006
Platmin Limited	London, UK	31/12/2006
Sierra Leone Diamond Company Limited	Hamilton, Bermuda	31/12/2006
Titanium Resources Group Limited	Road Town, BVI	31/12/2006
Uramin Limited	Tortola, BVI	31/12/2006
Urasia Energy Limited	Vancouver, Canada	31/12/2006
Uruguay Mineral Exploration Inc	Yukon, Canada	31/05/2006
Western Canadian Coal Corporation	Vancouver, Canada	31/03/2006
Yamana Gold Inc	Toronto, Canada	31/12/2006
Zinco Resources Plc	London, UK	31/12/2006

Explanatory notes for aggregated financial information

We have analysed 50 of the largest mining companies on AIM, representing more than 80% of the AIM mining sector by market capitalisation. These represent the 50 largest companies for which audited 2006 financial statements have been published.

The results aggregated in this report have been sourced from publicly available information, primarily annual reports and financial reports available to shareholders. Companies have different year-ends and report under different accounting regimes. Information has been aggregated for the financial years of individual companies and no adjustments have been made to take into account different reporting requirements and year-ends. As such, the financial information shown for 2006 covers reporting periods between 1 March 2005 and 31 December 2006, with each company's results and cash flows being included for the 12-month financial reporting period that falls into this timeframe.

All figures in this publication are reported in US dollars. The results and cash flows of companies that report in currencies other than the US dollar have been translated at the average US dollar exchange rate for the relevant financial year, with balance sheet items translated at the closing US dollar exchange rate.

Contacting PricewaterhouseCoopers



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