Energy, Utilities & Mining
Review of trends in the AIM mining industry – 2008

junior mine*

Foreword

Welcome to PricewaterhouseCoopers' fourth annual report on the UK listed junior mining industry – *junior mine**. This review 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 2008. We report separately for companies in production and those involved only in exploration and development.

The mining companies included in the report represent over 85% 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.

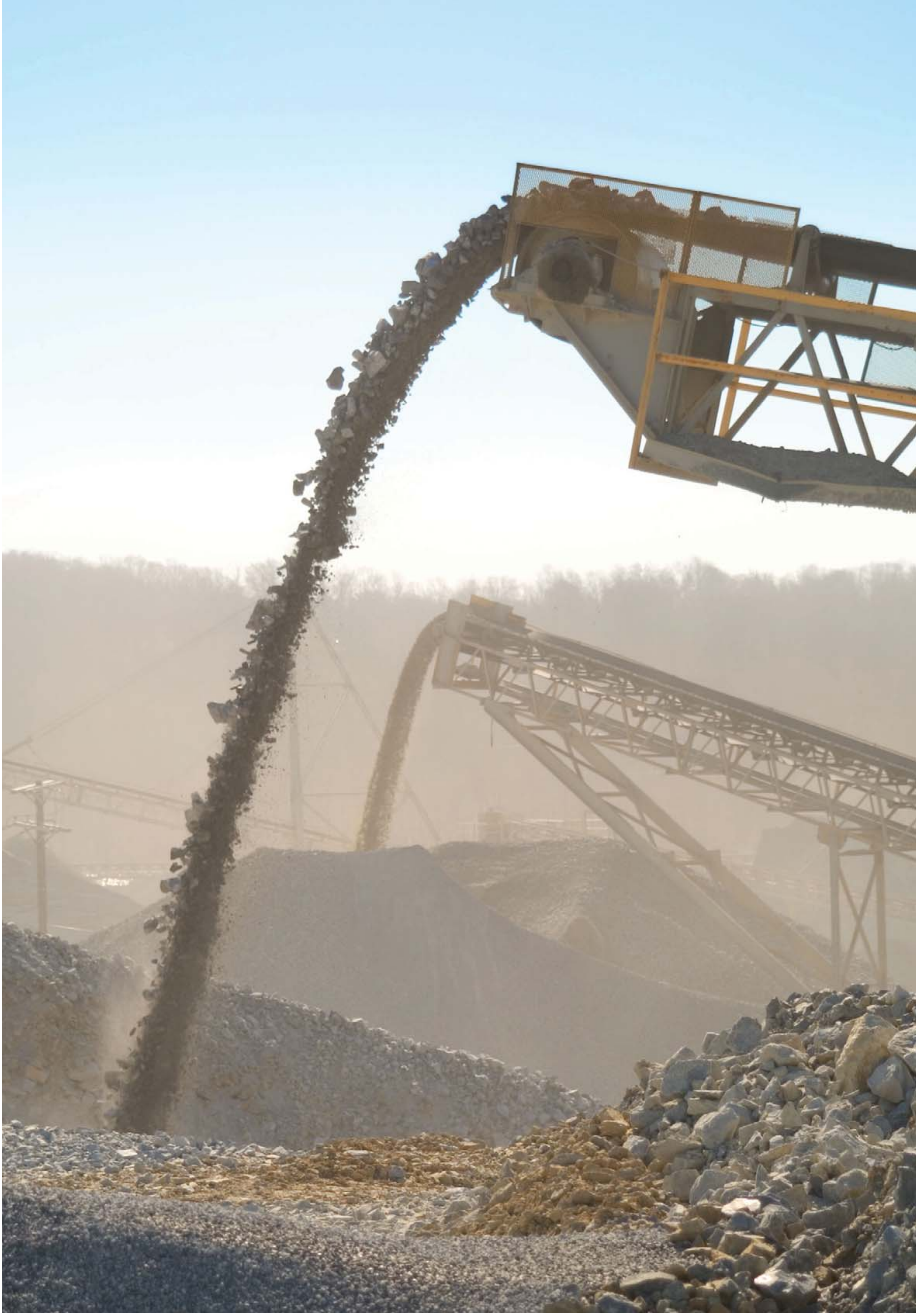
2007 saw high commodity prices and this was reflected in an increase in revenue of those companies included in our analysis. However, the current volatility of prices and the uncertainty of the economy has created an entirely different outlook for the sector.

junior mine* is one in the series of publications from our Global Mining Team which focuses on the junior market, including publications in Australia and Canada. We have also recently launched a similar publication for the Oil & Gas sector *prospects**, further details of these publications can be found on our website at www.pwc.co.uk

We hope that you find this year's publication informative and encourage you to send us your feedback.

Jason Burkitt

UK Mining Leader
PricewaterhouseCoopers LLP



Contents

Executive summary and financial highlights

When we published Mine* As good as it gets? in June 2008 we noted that for the first time it appeared that the mining industry was being exposed to costs rising at a faster rate than revenues. However, no one could have predicted the speed at which the economic crisis would take hold globally and the immediate impact it would have on share prices and the short term outlook for both commodities and the perceived value of the mining industry.

As we witnessed with the demise of the victims of the 'credit crunch', it is the most pure forms of a model that suffers the first impact of a downturn in the economy. As such the junior mining sector will inevitably show the effects before the more heavily diversified major producers and the junior mining industry, as represented by the 50 largest mining companies quoted on AIM, faces a very different outlook than when we produced our previous edition of junior mine*.

There have been two distinct drivers of the significant decline in market capitalisation. The first results from a change in the composition of the companies quoted on AIM due to a number of the larger producers moving to the main board of the London Stock Exchange and the acquisition and subsequent delisting of several other producers. This development goes some way to explaining why the aggregate market capitalisation of the AIM mining sector which began in 2007 at US$29.9 billion, fell to US$20.9 billion by year end despite relatively robust market conditions. Secondly, the wider market turmoil has had a pronounced impact on the sector as illustrated by the fall in the market capitalisation to US$5.7 billion at 31 October 2008.

While it is easy to be distracted by such headlines, deeper analysis of the performance of the junior mining sector based on their most recent published financial statements reveals some interesting results that are worthy of greater consideration when considering the sectors prospects.

The companies included in the analysis reported an 81% increase in revenue as a result of higher commodity prices in 2007. However, replicating the trend noted amongst the major producers, profitability has fallen in production companies for the first time since we began junior mine* as they struggle to contain cost pressures. These companies reported a pre-tax profit of US$50 million, down from the prior year's US$135 million and dividends fell by 55% to US$5 million.

US$2,453 million was raised from financing activities, up 82% from the prior year, reflecting a period when confidence in the China growth story remained almost universally high. The funding stimulated increases in investing activity, which rose by 60% to US$1,602 million. This includes US$1,049 million spent on property, plant and equipment (up from US$428 million), with the remainder being spent mainly on investments and purchases of intangible assets (e.g. mining licences).

At a time when traditional sources of finance are becoming increasingly difficult to secure, some comfort may be taken from the all important aggregate cash balance which rose to US$1,951 million, an increase of US$745 million (62%). While undoubtedly activity has, and will continue to slow down, by way of comparison this cash pile was equivalent to almost twice the aggregated amount spent on investing activities during 2006. While assets in the ground are important, we suspect in the medium term cash may be the most important and defining asset for junior mining companies.

While the short term loss of confidence in the demand for commodities will impact the sector for some time, the expected reduction in exploration and development activity due to the current financial crisis could ultimately fuel the next rise in commodity prices as available production fails to keep up with resurgent demand from emerging markets. Mining is often said to be a long game, and in 2008 this has never been more true.

Figure 1: Financial highlights of the 50 companies analysed

	2007 US$m	2006 US$m	Movement %
Income statement			
Revenue	1,637	904	81%
Operating expenses (excluding depreciation and amortisation):			
Producing companies	(1,490)	(761)	96%
Non-producing companies	(23)	(62)	-62%
Total	(1,513)	(823)	84%
Pre-tax profit/(loss)			
Producing companies	50	135	-63%
Non-producing companies	–	(46)	-100%
Total	50	89	-45%
Dividends	5	11	-55%
Cash flow statement			
Net cash inflow/(outflow) from operating activities:			
Producing companies	(59)	74	-180%
Non-producing companies	(55)	(63)	-11%
Total	114	11	-1136%
Net cash outflow on investing activities			
Producing companies	(1,307)	(864)	51%
Non-producing companies	(294)	(141)	109%
Total	(1,601)	(1,004)	60%
Net cash inflow from financing activities	2,453	1,345	82%
Balance sheet			
Property, plant and equipment	3,846	2,292	68%
Goodwill and intangible assets	1,102	842	31%
Cash and cash equivalents	1,951	1,206	62%
Long-term borrowings	643	319	102%
Shareholders' equity	6,742	4,373	54%

Source: PricewaterhouseCoopers LLP

AIM mining sector in perspective

Market capitalisation

The aggregate market capitalisation at the end of 2007 in the AIM mining sector fell by 30% in the year from US$29.9 billion to US$20.9 billion. This is a result of some of the largest mining companies included in this analysis last year no longer being listed on AIM. Some, such as First Quantum Minerals, Yamana Gold and Aricom, have moved onto the Main Board of the LSE while others, such as Nikanor, Bema Gold, Urasia Energy, Uramin and Consolidated Minerals have been acquired and delisted from AIM.

Mining companies represent the largest sector on AIM, accounting for over 20% of the total AIM market capitalisation in 2007.

New mining companies continued to join AIM with 11 companies raising US$234 million through IPOs during 2007. However, this is significantly down when compared to the prior year where 66 companies raised US$477 million.

Since the end of 2007, market capitalisation has been negatively impacted by the collapse of the commodity markets and lack of investor confidence in the industry, falling to US$5.7 billion as of 31 October 2008.

Industry concentration

In 2006 we reported that new entrants onto AIM featured among the largest AIM mining companies. This year we note that the five largest companies analysed last year are no longer on AIM, as shown below.

Figure 2: Five largest AIM mining companies in 2006

Company	US$ m	Comment
YAMANA GOLD INC	2,033.14	Moved to LSE Main Board June 2007
FIRST QUANTUM MINERALS	1,648.64	Moved to LSE Main Board March 2007
URASIA ENERGY LTD	1,244.88	Acquired by Uranium One in February 2007
BEMA GOLD CORP	1,221.79	Acquired by Kinross Gold in February 2007
NIKANOR PLC	853.09	Acquired by Katanga in January 2008*

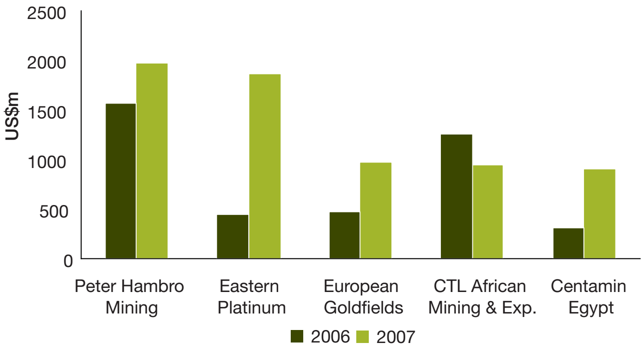
Source: PricewaterhouseCoopers LLP

The five largest companies in our analysis for 2007 were all listed on AIM in 2006 and have seen a 65% growth in their market capitalisation over the year, this contrasts with an 85% increase during 2006.

**Nikanor's shares were suspended in December 2007 pending finalisation of the acquisition by Katanga.. Accordingly, the market capital is excluded from the aggregate 2007 figures.*

Figure 3: Five largest AIM mining companies in 2007

These largest five companies account for 37% of the total market capitalisation of the AIM mining sector.

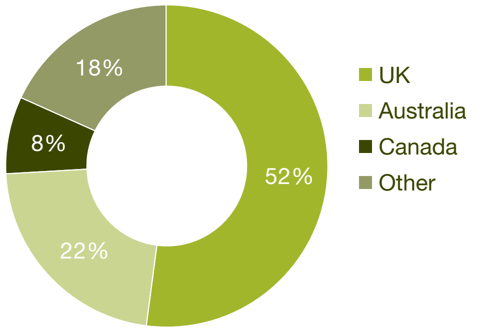


Source: PricewaterhouseCoopers LLP

Location and commodity spread

Based on market capitalisation, only 27 of the 50 companies included in our analysis have their registered office in the UK. Australian companies account for 11 out of the 50 companies.

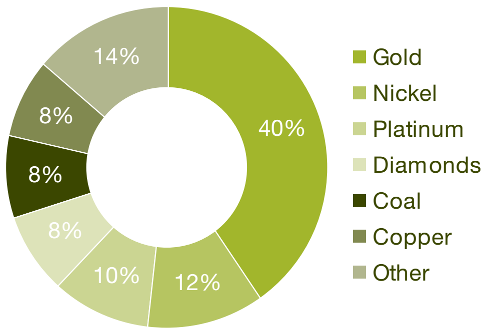
Figure 4: Location of the 50 companies analysed



Source: PricewaterhouseCoopers LLP

Figure 5: Principal commodity of the 50 companies analysed

Gold is the principal commodity of 40% of the companies analysed here, an increase of 6% from the 34% noted last year.

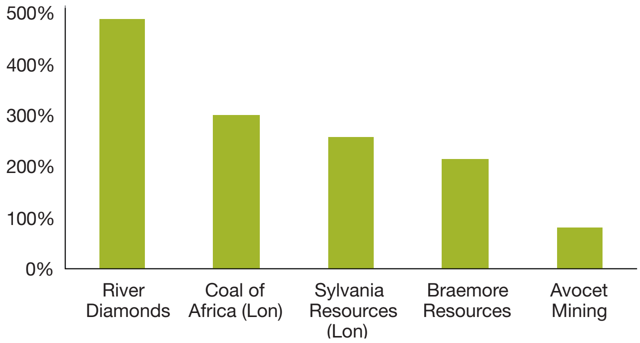


Source: PricewaterhouseCoopers LLP

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 6: AIM mining companies with the largest TSR up to 31 December 2007



Source: Bloomberg

The average 1 year TSR to 31 December 2007 for the companies included in our analysis was 52%, the same as in 2006. 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 +487% to a low of -60%. 14 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 7: Analysis of reporting currency of 50 companies analysed

US dollars	30
British pounds	14
Other	6

Source: PricewaterhouseCoopers LLP

Financial review

Aggregated industry income statement[1]

	Producing companies [2]		Other companies		Total	
	2007 US$m	2006 US$m	2007 US$m	2006 US$m	2007 US$m	2006 US$m
Revenue	1,627	896	10	8	1,637	904
Operating expenses [3]	(1,490)	(761)	(23)	(62)	(1,513)	(823)
EBITDA	137	135	(13)	(54)	123	81
Amortisation and depreciation	(43)	(31)	(1)	(1)	(44)	(32)
Profit/(loss) before interest and tax	94	104	(14)	(54)	80	50
Net interest (expense)/income	(44)	31	14	8	(30)	39
Profit/(loss) before tax	50	135	0	(46)	50	89
Income tax charge	(61)	(20)	(13)	(3)	(74)	(24)
Net profit/(loss)	(11)	115	(13)	(50)	(24)	66
Minority Interests and net exchange differences	(45)	(226)	–	1	(45)	(225)
Dividends	(5)	(11)	–	–	(5)	(11)
Retained profit/(loss)	(61)	(122)	(13)	(49)	(74)	(171)

1 *Aggregated income statements of 50 of the largest AIM mining companies, as detailed on page 20*

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

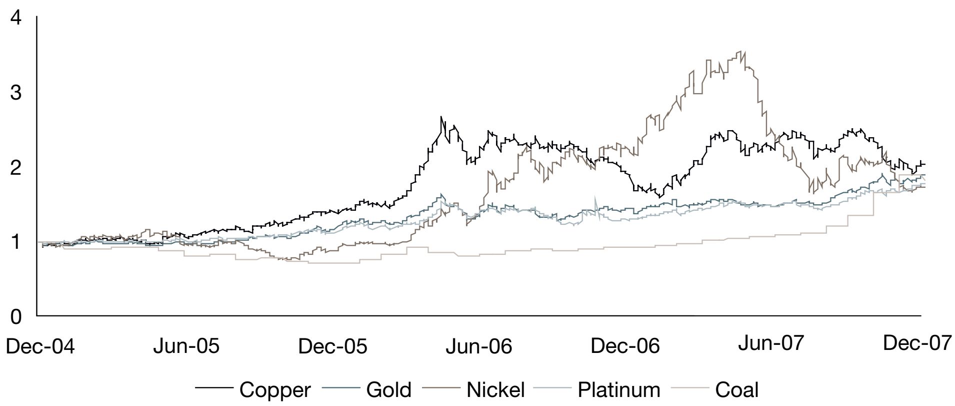
3 *Excluding amortisation and depreciation*

Source: PricewaterhouseCoopers LLP

Revenue growth

The AIM mining companies included in our analysis have increased their aggregate revenue by 81% compared to 2006.

Figure 8: Commodity price index



Source: PricewaterhouseCoopers LLP

This increase partly reflects the impact of higher prices for many commodities in 2007. Although average copper prices only increased by 7% during 2007, average gold prices increased by 32%, platinum by 37% and coal by 95%. Prices have generally remained strong throughout the year, although the price of nickel peaked in May 2007 before slumping back to prices below those at the end of December 2006.

33 out of the 50 companies included in our analysis had producing mines during 2007, exactly the same number as last year. Given the change in the composition of the 50 largest companies, this is an indication of further success in converting exploration and development projects into producing mines.

Profitability

Of the top five revenue generators, three are gold producers, with the other two producing copper and coal respectively. As expected, the companies with the highest aggregate costs are those with the highest revenue. Similarly, the companies with the lowest cost base are all non-production companies.

Figure 9: EBITDA – performance

Top Five Companies	US$ m
Peter Hambro Mining	81.37
Mwana Africa	60.87
Zincox Resources	28.58
Uruguay Mrl.Exp. (Lon)	24.58
European Goldfields (Lon)	23.44

Source: PricewaterhouseCoopers LLP

Peter Hambro Mining and Mwana Africa are the strongest performers with respect to EBITDA in line with the scale of operations at those companies. Zincox is classified as a non producing company and high EBITDA is primarily the result of deferred consideration from a disposal of a subsidiary.

Profitability and operating expenses

The producing companies saw a small reduction in profits during 2007. Excluding depreciation and amortisation, their operating expenses increased by US$729 million (96%) whereas their revenue rose by US$731 million (82%). As a result, the producing companies reported an aggregate EBITDA of US$137 million, up from US$135 million in the prior year. After allowing for increases in depreciation and amortisation and net interest expense, the producing companies reported a pre-tax profit of US$50 million, down from US$135 million in 2006.

Gross margins for these companies remain relatively low as a result of significant cost pressures facing the industry, caused by high energy prices and shortages of many key inputs (including skilled labour, items of equipment and consumables).

The losses incurred by non-producing companies decreased during 2007. Operating expenses (excluding depreciation and amortisation) fell by US$38 million (62%) to US$23 million. As a result, these non-producing companies reported pre-tax losses of US$1 million, compared with US$46 million in 2006.

It is not possible to determine the aggregate amount spent by AIM companies on early-stage exploration and evaluation projects due to the fact that 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 and 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 the producing mines was US$61 million in 2007, up from US$20 million in the prior year. This represents an effective tax rate of 122% for 2007. We note the high rate is a consequence of loss-making companies not recording tax credits due to uncertainty over future profitability. Isolating just those companies that were profitable during 2007, the effective tax rate comes to 22%. The total tax charge of $13 million for non-producing companies predominantly relates to Zincox Resources, which incurred an $8 million tax charge, and Ridge Mining, which incurred a $4 million tax charge. In both instances, the tax arose on profits from disposal of subsidiaries and other non-current assets.

The taxes that companies pay are an important contribution to the wealth and stability of the countries in which they operate. However, this contribution is not always fully recognised, since often only corporate income tax is reported in the financial statements. Companies pay many other taxes in addition to corporate income tax, including, for example, property taxes, employment taxes and indirect taxes. In addition, mining companies make further contributions to Government finances through sector specific royalties, levies and in lieu taxes. Understandably a total tax contribution is particularly significant for junior mining companies given in many cases corporate tax payments are an insignificant portion of their overall contribution given their stage of development.

PricewaterhouseCoopers have developed a Total Tax Contribution Framework which provides a standardised methodology for companies to measure and communicate all the taxes and contributions that they pay. We are working with some of the world's leading mining companies, using the Total Tax Contribution Framework, to provide greater transparency over the tax footprint and the contribution of the mining sector to public finances of the countries where they operate.

Total Tax Contribution can also be used by companies individually to provide a better understanding of the total payments in taxes and other contributions to assist in stakeholder relations and external communications and in the management of taxes and tax resource.

Aggregated industry cash flow statement[1]

	Producing companies[2]		Other companies		Total	
	2007 US$m	2006 US$m	2007 US$m	2006 US$m	2007 US$m	2006 US$m
Cash generated from operations	62	94	(10)	(49)	52	45
Taxation paid	2	4	–	1	2	5
Other operating cash flows	(123)	(24)	(45)	(15)	(168)	(39)
Net cash inflow from operating activities	(59)	74	(55)	(63)	(114)	11
Cash flows related to investing activities						
Purchase of property, plant and equipment	(858)	(391)	(191)	(37)	(1,049)	(428)
Purchase of intangible assets	(47)	(50)	(55)	(84)	(102)	(134)
Purchase of investments	(291)	(247)	(33)	(4)	(324)	(251)
Proceeds on sale of investments	2	122	15	10	17	133
Other investment related inflows	(113)	(298)	(30)	(26)	(143)	(324)
Net cash flow from investing activities	(1,307)	(864)	(294)	(141)	(1,601)	(1,004)
Cash flows related to financing activities						
Issue of shares	1,775	913	281	433	2,056	1,347
New borrowings	555	133	8	10	563	143
Repayment of borrowings	(184)	(86)	–	(4)	(184)	(90)
Dividends paid	(21)	(18)	–	–	(21)	(18)
Other financing cash outflows	4	(33)	35	(4)	38	(37)
Net cash flow from financing activities	2,129	909	324	435	2,453	1,345
Net increase in cash and cash equivalents	764	126	(26)	228	738	354
Opening cash and cash equivalents	845	718	360	134	1,206	852
Effect of foreign currency exchange rates on cash	8	6	(1)	(7)	7	2
Closing cash and cash equivalents	1,617	845	334	362	1,951	1,206

1 *Aggregated cash flow statements of 50 of the largest AIM mining companies, as detailed on page 20*

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

Source: PricewaterhouseCoopers LLP

Operating cash flows

The 50 companies in our analysis reported a net cash outflow from operations of US$114 million in 2007, compared with an inflow of US$11 million in 2006. This deterioration reflects the pressures on margins for the producing mines, which reported operating cash outflows of US$59 million in 2007 (2006: US$74 million inflow), which was partly offset by a US$39 million decrease 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$1,004 million to US$1,601 million, a rise of 60%. This increase was shared between the producing companies (up 51%, or US$443 million) and non-producing companies (up 109% or US$153 million).

The amount spent on property, plant and equipment rose by 145%, to US$1,049 million, following a 63% increase last year. This expenditure includes US$858 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.

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$307 million exceeded that reported for 2006 (US$118 million). A US$73 million rise in the amount spent on new investments, to US$324 million, was coupled with a US$116 million decrease in the proceeds from disposals of investments.

Financing cash flows

The cash raised from financing activities rose by US$1,108 million (82%), to US$2,453 million, for the 50 companies analysed. This was a combination of an increase of US$1,220 million in the producing companies and a decrease of US$111 million the non-producing companies.

IPOs and other issues of shares for cash raised US$2,056 million in 2007, an increase of 53% on the prior year.

The gross amount raised through new borrowings increased by US$420 million from 2006 to a total of US$563 million. Due to a decrease in the level of debt repayments over the period, 2007 saw a net cash inflow from debt of US$379 million compared to a net inflow of US$53 million in 2006.

Aggregated industry balance sheet[1]

	Producing companies[2]		Other companies		Total	
	2007 US$m	2006 US$m	2007 US$m	2006 US$m	2007 US$m	2006 US$m
Current assets						
Cash and cash equivalents	1,615	844	336	362	1,951	1,206
Inventory	284	171	3	2	287	174
Debtors	324	177	97	35	421	212
Other current assets	476	202	10	3	486	205
Total current assets	2,699	1,395	446	403	3,145	1,797
Non-current assets						
Property, plant and equipment	3,513	2,141	333	151	3,846	2,292
Investments	499	331	48	16	547	347
Goodwill and intangible assets	807	593	295	249	1,102	842
Deferred tax assets	124	94	–	–	124	94
Other non-current assets	294	241	88	34	382	275
Total non-current assets	5,236	3,399	764	451	6,000	3,850
Total assets	7,935	4,794	1,211	853	9,146	5,647
Current liabilities						
Short term portion of long term borrowing	198	96	1	1	199	97
Other current liabilities	548	370	77	29	625	399
Total current liabilities	746	465	78	30	824	495
Non-current liabilities						
Long term borrowing	638	317	5	3	643	319
Deferred taxation	342	242	5	6	347	249
Other non-current liabilities	571	201	21	9	592	210
Total non-current liabilities	1,550	760	32	18	1,582	778
Shareholder equity	5,640	3,568	1,102	805	6,742	4,373
Total liabilities and shareholder equity	7,936	4,794	1,212	853	9,148	5,647
Gross debt to equity ratio (%)	14.8	11.6	0.6	0.5	12.5	9.7
Current ratio	3.6	3	5.7	13.4	3.8	3.6
Quick ratio	3.2	2.6	5.7	13.4	3.5	3.3
Net funds = cash less borrowings (US$ million)	800	439	330	358	1,128	798

1 Aggregated balance sheets of 50 of the largest AIM mining companies, as detailed on page 20

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$1,602 million during 2007, which is a major reason behind a US$2,150 million increase in the carrying value of non-current assets to US$6,000 million. The other main factor was the weakening of the US dollar.

Those companies with no producing mines reported a US$313 million increase in the carrying value of their non-current assets, to US$764 million. Almost half of the carrying value (US$333 million) comprises property, plant and equipment. This is a stark contrast with 2006 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$2,369 million during the year. This increase was primarily attributable to the US$2,056 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$1,951 million in 2007, an increase of US$745 million over 2006. As in 2006, the amount raised from financing significantly exceeded the amount invested during the year, and the "surplus" (of US$851million) was significantly higher than that in 2006 (US$341 million).

If investing cash flows continued in 2008 at the same rate as in 2007, the year-end cash balances would be more than sufficient to cover 12 months' expenditure. However, some companies will need to raise additional capital in 2008 to meet their expenditure levels.

Gearing levels for the AIM mining sector remain low. Of the 50 companies analysed, a negligible percentage of the total borrowings at the end of 2007 were attributable to non-producing mines. The gross debt to equity ratio for the 50 companies analysed was 14.8%, an increase compared to 2006, although for companies with no producing mines it was only 0.6%. The high risks associated with early-stage exploration activities mean that debt financing is not generally available until projects reach an advanced stage.

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	Year-end	Registered Office
African Copper	31/12/2007	London, UK
African Diamonds	30/06/2007	London, UK
African Minerals	31/12/2007	Hamilton, Bermuda
Aim Resources (Lon)	30/06/2007	Sydney, Australia
Albidon (Lon)	31/12/2007	Tortola, BVI
Allied Gold (Lon)	30/06/2007	Welshpool, Australia
Ath Resources	30/09/2007	Doncaster, UK
Aurum Mining Susp	31/03/2007	London, UK
Avocet Mining	31/03/2007	London, UK
Braemore Resources	30/06/2007	London, UK
Caledon Resources	31/12/2007	London, UK
Cambrian Mining	30/06/2007	London, UK
Cape Lam.Iron Ore (Lon)	30/06/2007	Leederville, Australia
Centamin Egypt Npv (Lon)	30/06/2007	Perth, Australia
China Goldmines	30/06/2007	Newcastle Upon Tyne, UK
Cluff Gold	31/12/2007	London, UK
Coal Of Africa (Lon)	30/06/2007	Perth, Australia
Copper Resources	31/12/2007	Tortola, BVI
Ctl.African Mng.& Exp.	31/03/2007	London, UK
Dwyka Resources (Lon)	30/06/2007	Perth, Australia
Eastern Platinum (Lon)	30/06/2007	Vancouver, Canada
Eur.Mrls. (Lon) Susp -	31/12/2007	Tortola, Australia
European Goldfields (Lon)	31/12/2007	Yukon, Canada
European Nickel	30/09/2007	London, UK
Firestone Diamonds	30/06/2007	Leeds, UK
Gcm Resources	30/06/2007	London, UK
Gladstone Pacific Nickel	30/06/2007	London, UK
Griffin Mining	31/12/2007	London, UK
Hambledon Mining	30/06/2007	London, UK
Highland Gold Mining	31/12/2007	St. Helier, Jersey
Jubilee Platinum	30/06/2007	London, UK
Kirkland Lake Gd. (Lon)	30/04/2007	Vancouver, Canada
Leyshon Resources (Lon)	30/06/2007	Perth, Australia
Medusa Mining (Di) (Lon)	30/06/2007	Como, Australia
Mercator Gold	30/06/2007	London, UK
Mwana Africa	31/03/2007	London, UK
Oxus Gold	30/06/2007	London, UK
Peter Hambro Mining	31/12/2007	London, UK
Petra Diamonds	30/06/2007	Hamilton, Bermuda
Platinum Australia (Lon)	30/06/2007	Perth, Australia
Ridge Mining	31/12/2007	London, UK
River Diamonds	31/08/2007	London, UK
Sylvania Resources (Lon)	30/06/2007	Perth, Australia
Tanzanite One	31/12/2007	Hamilton, Bermuda
Titanium Resources Gp.	31/12/2007	Road Town, BVI
Toledo Mining	31/03/2007	London, UK
Uruguay Mrl.Exp. (Lon)	31/05/2007	Yukon, Canada
Weatherly International	30/06/2007	London, UK
Zincox Resources	31/12/2007	London, UK

Explanatory notes for aggregated financial information

We have analysed 50 of the largest mining companies on AIM, representing over 85% of the AIM mining sector by market capitalisation as at 31 December 2007. These represent the 50 largest companies for which audited 2007 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 2007 covers reporting periods between 1 March 2006 and 31 December 2007, 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.

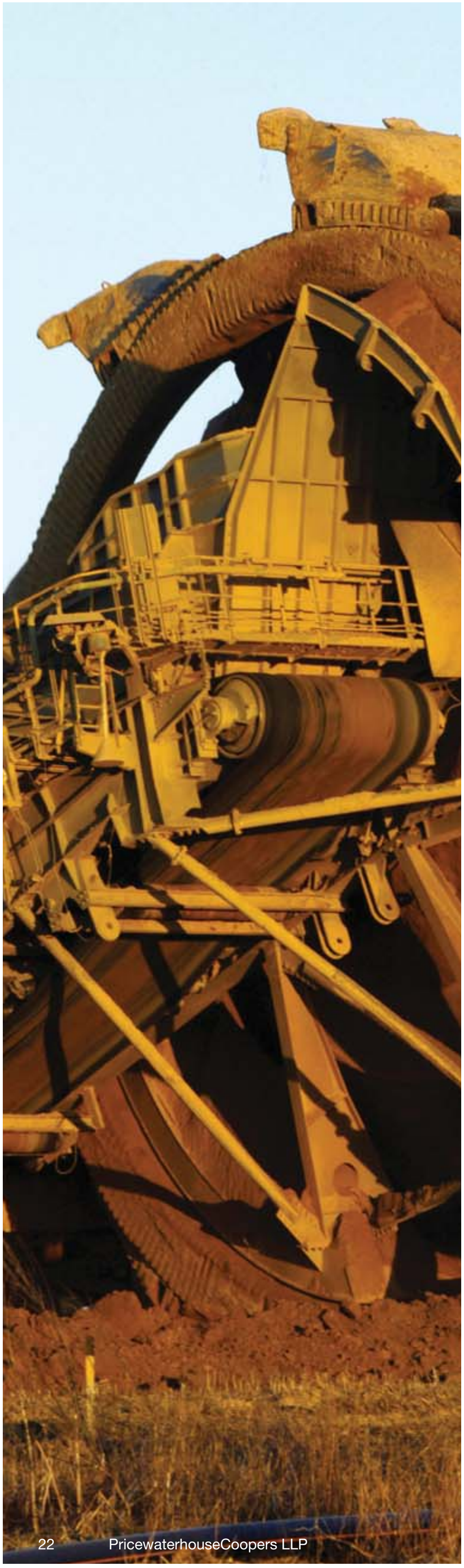
Analysis of reporting framework

Following the requirement under the AIM Rules for all parent companies incorporated in the UK to prepare and present their consolidated annual accounts for financial periods commencing on or after 1 January 2007 in accordance with IFRS, the majority of the 50 companies analysed have now converted to this framework.

Canadian GAAP	5
IFRS*	36
UK GAAP	9
Total	50

** IFRS includes Australian GAAP*

Contacting PricewaterhouseCoopers



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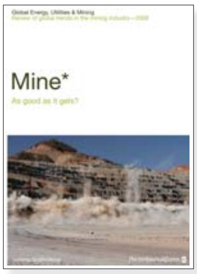
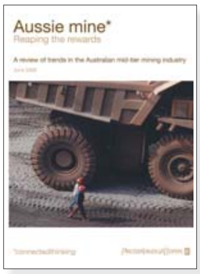
Other PwC Mining Publications



Mine*
As good as it gets?

June 2008



Aussie mine*
Reaping the rewards

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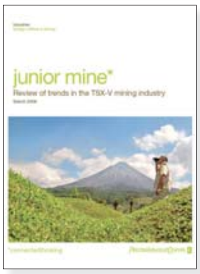

junior mine*
Review trends in the TSX-V mining industry

March 2008

Mining Deals*
Mergers and acquisitions activity in the mining industry

March 2008

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