
OUR TOP AUSTRALIAN PERFORMERS

PEOPLE'S CHOICE

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As the clouds slowly clear from a storm-ravaged global resources sector, evidence is starting to surface that Australia has fared better than many other western countries

WHILE THE effect on some companies, particularly those that carried excessive debt, was disastrous and many smaller players disappeared, those that survived should emerge stronger for the experience.

The effects of the past 12 months has not made choosing the best performers in the Australian resources sector for 2009 any easier for this year's Best of the Best Awards.

An enthusiastic panel comprising myself, *MiningNews.net* editor Kate Haycock, *PetroleumNews.net* editor Bevis Yeo, and senior resource journalists Colin Jacoby and Wally Graham, provided nominations for each category. Those with the most nominations were successful.

Final adjudication, where there was a tie, was conducted by the *RESOURCE STOCKS* editor.

The Best of the Best annual awards

are based on performances over a 12-month period and are judged on a range of criteria, including returns to shareholders and contribution to the industry.

Last year we added a People's Choice category to the awards list, a decision that has been vindicated by the outstanding interest it has generated among readers. This year we received a huge number of entries with voters unable to separate two highly promising explorers with just one vote to the third place-getter.

It was decided to settle on a tie for that category.

A new addition to the category list this year is Deal of the Year, an area we felt was worthy of recognition as the sector invariably operates on deals of one sort or another. The award is based on decisions to merge, take over or develop specific projects or infrastructure in association with other elements of private industry or government that reflect business acumen, as well as shareholder and/or industry benefits.

The effects of the past 12 months has not made choosing the best performers in the Australian resources sector for 2009 any easier for this year's Best of the Best Awards.

Again, it was a difficult task as there have been numerous mergers, takeovers and joint ventures either initiated or proposed in the past 12 months, not the least being the potential BHP Billiton/Rio Tinto iron ore merger.

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IPO OF THE YEAR

Best IPO
sponsored by:



WINNER: Norseman Gold

SECOND: Cape Alumina

THIRD: Sino Gas & Energy Holdings

PARTICIPATING IN AN initial public offering (IPO) in the past 12 months has not been dissimilar to nominating a restricted provincial racehorse for the Melbourne Cup.

The intentions are noble and optimism can be rife, but reality eventually bites.

There were many would-be starters this year, but only a few made it to the barriers, let alone finished the race.

However, that said, this year's winner would have been a strong contender in any size field.

Norseman Gold was a unanimous choice.

Already listed on London's Alternative Investment Market, the company chased a dual listing on the Australian Securities Commission in June this year at a price of 45 cents and was understandably fully subscribed, raising \$A9 million with

the issue of 20 million shares.

Norseman Gold acquired the Norseman gold operations in April 2007 and managing director Barry Cahill said at the time that the main reason for listing was about shareholder spread in Australia rather than a need to raise further capital.

"We wanted to get more, smaller shareholders onto our register," he said.

Norseman had a good story to tell and investors were suitably impressed with the company's performance in the 12 months to December 31, 2008, producing in excess of 79,000 ounces of gold while undertaking capital projects on the operations, which included upgrading near mine resources, capital development to open up ore bodies in the two operating mines, purchase of new operating equipment and the

construction of a new tailings dam.

Despite the economic climate the share price has consistently traded above 80c a share.

Queensland-based Cape Alumina listed in January 2009 with a big holding in the Weipa bauxite province at Cape York, Queensland, and has since moved ahead with a pre-feasibility review of its Pisolite Hills project.

The company is now proceeding to a bankable feasibility study.

Sino Gas & Energy listed in September with a portfolio of gas assets in the second-biggest gas basin in China and is undertaking exploration and appraisal on its onshore acreage in the Ordos Basin.

The company has 3700 square kilometres of ground in an area where work done in recent years has identified 2.7 trillion cubic feet of recoverable resources.



Visible gold in the samples from Norseman Gold's projects

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BEST OF THE BEST

EXPLORER OF THE YEAR

Best Explorer
sponsored by:

WesTrac CAT

WINNER: Ivanhoe Australia

SECOND: Sandfire Resources

THIRD: Carnarvon Petroleum

THIS WAS ONE OF THE most competitive categories. When Ivanhoe Australia listed on the Australian Securities Exchange in August 2008 there were some sceptics who thought international mining entrepreneur Robert Friedland had misjudged the market.

The global resources market was starting to contract and investor confidence was waning as the \$125 million float went ahead based around a copper project in the Cloncurry district of Queensland, Australia.

In the months following the listing the \$2 entry share price suffered, as did all share prices, and there were some doubts as to whether it had been the right time to list.

Time and a robust exploration campaign have proved otherwise.

Continued successful exploration results from the company's Merlin project has identified what is being hailed as the world's highest-grade molybdenum-rhenium deposits.

Add in the company's joint ventures with Emmerson Resources (gold at Tennant Creek) and Exco Resources (copper in Queensland), and Ivanhoe's share price climbed up off the floor as investors recognised the value of the company's exploration program and the share price established a strong presence around \$4.

With more than 200 targets for copper, gold and uranium in its Cloncurry project area, Ivanhoe's aggressive, comprehensive drilling program has established substantial mineral resources in Queensland.

August drill results included 29m at 1.10% molybdenum and 10.1 grams to the tonne rhenium from 385m depth and 15m at 1.58% molybdenum and 24.4gpt rhenium at 457m; while an overall intercept of 3.73m at 151.5% molybdenum, 150gpt rhenium, 1.4% copper and 26gpt of gold, was recorded at another drillhole.

Sandfire Resources has been another exploration revelation in

the past 12 months. Exploration at its Doolgunna project 150 kilometres north of Meekatharra in Western Australia has established an "exploration precinct" with companies jostling to get a position in the general vicinity of the copper-gold discovery.

Sandfire has started a major diamond core drilling program to test the overall scale and dimensions of the discovery as well as a regional airborne aeromagnetic survey of more than 1000km over the prospective volcanic rock sequences within the project area.

A recent example of the company's results included at total of 104.1m of copper-gold mineralisation intersected on the eastern side of DeGrussa/ Conductor 1 at Doolgunna where one hole comprised 9.1m at 34.1% copper and 3.3gpt gold; 38.9m at 4.7% copper and 2.2gpt gold; 30.0m at 8.6% copper

and 2.8gpt gold; and 26.1m at 7.3% copper and 3.1gpt gold.

A drilling program scheduled for November was designed to test the potential for the Doolgunna project as a new volcanic massive sulfide (VMS) camp with multiple deposits consistent with the geological model for this style of mineralisation.

Carnarvon Petroleum has established an excellent reputation and a burgeoning bank balance through a well-considered strategy to explore for onshore oil and gas deposits to add to its impressive asset portfolio.

An indication of the company's exploration success in Thailand since 2005 is the 5.5 million barrels of oil the L44/43 licence has produced from fractured volcanic reservoirs since drilling started, while net reserves were estimated at 16.6 million barrels at December 31, 2008.

Ivanhoe Australia's
Starra 276 mine
looking east



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BEST OF THE BEST

PRODUCER OF THE YEAR

Best Australian Producer
sponsored by:



WINNER: Kingsgate Consolidated

SECOND: Mincor Resources

THIRD: Atlas Iron

PRODUCTION IN THE past year has ostensibly been commodity-centric.

Some commodities were still in demand, while others were either out of favour or had only limited demand.

Gold was definitely an exception to the rule as the economic downturn bit and gold became the inflation-proof metal of choice. Iron ore continued to enjoy demand, albeit somewhat more sober than it had previously enjoyed.

The granting of new mining leases at Kingsgate Consolidated's Thailand operations at Chatree and Chatree North provided the gold miner with the ability to return to its position as a leading Australian low-cost gold producer.

In the second half of 2008, the mining operations had been reduced

to less than 50% due to the restricted supply of ore, but the new mining leases and a rapid turnaround to open new pits has enabled the company to produce 93,000 ounces of gold for the 2009 financial year at a cash cost of \$A288 per ounce with a forecast of 120,000-140,000oz to June 2010.

Plans are well underway to install a new gold-processing plant alongside the existing facility to give the producer the ability to put through 5 million tonnes of ore per annum.

One of the less fashionable commodities, nickel, didn't stop Kambalda nickel miner Mincor Resources from making a number of hard decisions that resulted in a drop in cash costs, an increase in grade and a strong rebound in net cash flows.

This year has been the miner's

10th in existence and it celebrated this by achieving what many nickel mines around the world have failed to do during the financial crisis – remain in production, exceed the annualised target and reduce cash costs to a multi-year low of \$4.83 per pound.

Atlas Iron continued to thrive in 2009.

After starting iron ore exports from Port Hedland in December 2008, the company was planning to export 1 million tonnes of direct shipping ore in its first year of operations at Pardoo.

The one millionth tonne of ore was mined at Pardoo in September ensuring Atlas reached its target while the construction of a crushing and screening plant placed the company in a position to achieve its projected increase to 2.5Mta in 2010.

Haul trucks
at Kingsgate's
operations
in Thailand



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BEST OF THE BEST

EXECUTIVE OF THE YEAR

Best Australian Executive
sponsored by:



WINNER: Tony Sage, Cape Lambert Iron Ore

SECOND: Robert Hosking, Karoon Gas Australia

THIRD: Jake Klein, Sino Gold Mining

TONY SAGE HAS HAD an extremely busy year. While the sale of Cape Lambert Iron Ore's flagship magnetite project to China Metallurgical Corporation for \$A400 million in August 2008 was a little premature for this year's awards, it was more the subsequent corporate activity that has caught the eye.

Cashed up just as the recession started to bite, in May this year the Sage-led company acquired CopperCo and its assets for \$A135 million, giving Cape Lambert a varied commodity portfolio at bargain basement prices.

His ability to review specific projects and assign them for sale or further development has been impressive. A look at the improved share price of some of the projects

such as Corvette Resources, Buka Gold, DMC Mining and Niplats indicates his strategy and influence on the companies now under the Cape Lambert banner have had a significant effect.

Incidentally, the fact that Cape Lambert has a company profile in this issue had no bearing on Sage's success as his nomination was virtually unanimous.

Karoon Gas Australia has had an outstanding 12 months under executive chairman Robert Hosking.

It has been an exciting year for Karoon with the company's first gas discovery from the Poseidon-1 exploration well in the Browse Basin.

Poseidon-1 intersected a gross gas column of more than 317m, which Karoon equates to a contingent resource in the range of 3 trillion

cubic feet of gas at the P90 value and 15tcf at the P10 value. The project is a joint venture (Karoon 40%) with ConocoPhillips.

The company started the financial year with a market capitalisation of \$600 million and a share price of \$4.54.

When this issue went to press the share price was in the \$8.00 range, giving the company a market capitalisation of approximately \$1.3 billion.

In third place is Sino Gold chief executive officer Jake Klein, who has led the company through a significant growth stage in its Chinese gold operations, culminating in a deal with Canada's Eldorado Gold Corporation reportedly valued at \$2.2 billion.

Eldorado already owned a 19.83% stake in Sino Gold.

Cape Lambert
Iron Ore
executive chairman
Tony Sage



RESOURCESTOCKS

BEST OF THE BEST

DEAL OF THE YEAR

Best Deal
sponsored by:



WINNER: Santos, Petronas GLNG project

SECOND: Sino Gold, El Dorado Gold Corporation

THIRD: The Oakajee Port and Rail Project

WINNING THIS category was about the size and effect the deal had on companies, shareholders, workers and other industry players and this year there were plenty to consider – of all shapes and sizes.

Finality can be an esoteric factor with some deals, but this year's three finalists had the signatures in place, although there are always elements of due diligence and in some cases feasibility, which can delay finalisation.

The winning project brings together a reasonably new energy technology, a major Australian oil and gas producer, and an international giant in a project that has kept hearts pounding in sunny Queensland for some time.

The Gladstone LNG partnership between Australian oil and gas producer Santos and Malaysian oil and gas multinational Petronas is one of the world's first large-scale coal seam gas-to-liquefied natural gas project.

While a final investment decision is expected in the first half of 2010 with first production earmarked for 2014, Petronas has agreed to make an initial cash investment of \$US2.008 billion, to be followed by a further payment of \$500 million once the final investment decision has been made for a second LNG train.

The joint venture agreement will give Santos 60% and Petronas 40% of the project, which is expected to produce 3-4 million tonnes of LNG per annum with a maximum potential production of 10 million tonnes per annum.

It will create employment for 5000 people during construction and sustain more than 100 jobs during operation.

A very narrow second was Eldorado Gold Corporation's \$C2 billion takeover of Sino Gold Mining.

The takeover will establish the Canadian company as a global gold

producer with a combined market capitalisation of about \$C6.4 billion and a combined annual production of 550,000 ounces of gold growing to 850,000oz by 2011.

At the completion of the takeover, Eldorado shareholders will own approximately 75% of the merged company, while shareholders of the Australian Sino Gold will own about 25%.

The third place-getter this year is not a resource company per se. It is a proposed infrastructure project.

The Oakajee Port and Rail project is an example of cooperation and coordination of the private and political sectors to deliver major infrastructure benefits, in this case to "stranded" iron ore producers and hopefuls in Western Australia's Mid West region.

The establishment of an efficient and effective rail and port system

to service iron ore tenements in the region has been on the agenda for many years with Kingstream Steel promoting a port at Oakajee before it went into administration in 2001.

But the need has increased dramatically with as many as 20 prospective miners, located several hundred kilometres east of the WA coastal port of Geraldton and the proposed port of Oakajee, to be connected by a major rail network to service iron ore producers.

The project is expected to cost \$A3.5 billion with the federal government setting aside \$339 million and the WA state government matching that amount.

The Oakajee port and Murchison rail link will be developed largely by the private sector with Murchison Metals and Mitsubishi Development each holding 50% in the joint venture.

An artist's impression of a tanker serving Santos's Gladstone LNG project



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BEST OF THE BEST

PEOPLE'S CHOICE

People's Choice Award
sponsored by:



JOINT WINNERS: Sandfire Resources and Extract Resources

RUNNER-UP: Atlas Iron

THE PEOPLE'S CHOICE category proved highly popular with *RESOURCESTOCKS* readers this year and provided an exciting finish with Sandfire and Extract receiving the same number of votes and Atlas Iron only one vote back in third place.

Sandfire's Doolgunna project 900 kilometres north of Perth and approximately 150km north of

Meekatharra in Western Australia's North Murchison goldfield has returned outstanding gold-copper drill results, igniting investor support.

In the 52-week window the company's share price has gone from a low of just 5 cents to a high of \$4.39.

Moving from copper-gold to uranium, and Extract has been the company of choice.

Despite internal disputes which resulted in popular chief executive

officer Peter McIntyre leaving the company, the 52-week share price low/high has been 75c to \$8.69.

One of the iron ore favourites over the past two years has been Atlas Iron.

The company continued to expand its Pilbara footprint in a merger with Warwick Resources at an estimated cost of \$64 million and has a low/high share price movement during the year of 41c to \$2.10.

Drilling on Sandfire Resources' Doolgunna property

