

## MORNING SHEET

### TOP TRADES

**Altona Mining Ltd (AOH.ASX; \$0.36/sh; Mkt Cap \$185m). *Roseby delivers 1.1Mt of Copper...and not finished yet!***

- AOH yesterday announced a resource upgrade at the Roseby Project (100%, Mt Isa, Qld) with an increase to **177Mt at 0.6%Cu and 0.06g/t Au for a total of 1.1Mt of Cu and 296koz of Au.**
- Previous resource estimate was 132.5Mt at 0.68% Cu and 0.06g/t Au. Grade is marginally lower, however the scale of Roseby is improving greatly from the previous resource estimate and feasibility.
- As forecast in our recent notes on AOH, we anticipated Little Eva to increase from 30Mt to ~60Mt of resource, with the result yesterday coming in ahead of our expectations at 74.7Mt at 0.52% Cu and 0.1% Au for 388kt of Cu and 205koz of Au. 57% of this estimate is in the Measured and Indicated categories.
- AOH expect to make further resource upgrades through the balance of the year at Little Eva with only 11 of 53 holes drilled in the current drill programme have been included in this estimation.
- An updated Feasibility Study is expected to be released early next year at Roseby highlighting a likely production profile of 35ktpa – 45ktpa Cu for capex of \$250m - \$300m.
- We continue to rate AOH a **STRONG BUY** and consider the market cap of less than \$200m (with ~\$70m in cash) to represent compelling value given the target production profile of >50ktpa Cu from two projects in low sovereign risk jurisdictions (Finland and Australia). **Price Target remains at \$0.80/sh.**

**South Boulder Mines Ltd (STB.ASX; \$2.78/sh; Mkt Cap \$242m). *Drilling continues to identify large scale shallow potash deposit.***

- Last week we profiled STB in our Potash Sector Report as one of four preferred Potash explorers along with ELM, AGR and TRH.
- Yesterday the company announced further success with its exploration drilling at the Colluli project further identifying shallow potash mineralisation at depths between 18 and 65m below surface.
- The company reported sylvinitic (high grade KCl) has been visually identified in the core from 13 of 21 holes, hence the 20% increase in the company's share price yesterday.
- While we await confirmation of assay results from Area B, current drilling is targeting mineralisation at shallow depths and of similar scale to Area A where the existing 548Mt JORC resource at 19% KCl is located.
- The total exploration target for STB is set at 1.25Bt – 1.75Bt @ 18-20% KCl which will be an input to the scoping study due for completion in the September 2011 quarter. We expect attractive mining economics to come from the study given the potential for open-cut mining vs the sector norm of underground or solution mining. Key catalyst for the stock will be the identification of infrastructure options regarding rail/trucking/slurry and port.
- **We have management presenting in Sydney on the 18<sup>th</sup> August 2011.**

#### Upcoming Marketing:

- **African Iron Ltd (AKI)** – Mr Joe Ariti (Acting CEO)
  - Singapore: 26<sup>th</sup> July
  - Hong Kong: 27 – 28<sup>th</sup> July

- **Bisalloy Steel Group (BIS)**
  - Melbourne: Wednesday 27<sup>th</sup> July
- **Transit Holdings (TRH)**
  - Sydney: Thursday 28<sup>th</sup> July at 12.30pm
- **South Boulder Mines Ltd (TRH)**
  - Sydney: Thursday 18<sup>th</sup> August at 12.30pm

Please contact Kevin Massey ( [Kevin.Massey@fostock.com.au](mailto:Kevin.Massey@fostock.com.au) +612 9993 8130) should you wish to make a 1-on-1 meeting or RSVP a group presentation.

## RECENT FOSTER STOCKBROKING RESEARCH

**Bisalloy Steel Group Ltd** (BIS.ASX, 15/07/11, \$0.17/sh, Mkt Cap \$37m) – China joint venture delivers global growth platform. **BUY PT\$0.55/sh**

**African Iron Ltd** (AKI.ASX, 11/07/11, \$0.27/sh, Mkt Cap \$130m) – West African iron ore leveraged to existing infrastructure. **BUY PT\$0.80/sh**

**Iron Ore Holdings** (IOH.ASX, 04/07/11, \$1.39/sh, Mkt Cap \$231m) – Maitland River delivers on billion tonne potential. **BUY PT\$3.70/sh**

**Altona Mining Ltd** (AOH.ASX, 28/06/11, \$0.29/sh, Mkt Cap \$137m) – Drill results at Little Eva demonstrate potential for large scale mining. **BUY PT\$0.80/sh**

**Tiger Resources Ltd** (TGS.ASX, 14/06/11, \$0.47/sh, Mkt Cap \$314m) – Impressive drill intersections at Judeira. **BUY PT \$0.80/sh**

**Potash Book – Elemental Minerals** (ELM, 21/07/11, \$1.68/sh, Mkt cap \$295m), **South Boulder Mines** (STB, 21/07/11, \$2.78/sh, Mkt cap \$190m), **Agua Resources** (AGR, 21/07/11, \$0.66/sh, Mkt cap \$52m), **Transit Holdings Ltd** (TRH, 21/07/11, \$0.655/sh, Mkt cap \$34m)

## TRADING HALTS

CODE	SECURITY NAME	TRADING HALT ANNOUNCED	REASON	HALT LIFTED
CRJ	Copper Range Limited	13-Jul	transaction	suspended
RMP	Red Emperor Resources	15-Jul	results of general meeting	Grp 4
ARO	Astro Resources	22-Jul	acquisition	
RXM	Rex Minerals	25-Jul	resource estimate and study updates	
BFE	Black Fire Minerals	25-Jul	acquisition	
KBL	Kimberley Metals	25-Jul	capital raising	
FMJ	Fortis Mining	25-Jul	acquisition	
PTR	Petratherm	25-Jul	capital raising	
HUM	Humanis Group	26-Jul	capital raising	
CTM	Centaurus Metals	26-Jul	strategic alliance	
DLS	Drillsearch Energy	26-Jul	farm-in project	
MRC	Mineral Commodities	26-Jul	acquisition	

## OVERNIGHT MARKETS

### US

- U.S. stocks fell for a second day amid wrangling between lawmakers over plans to raise the federal debt limit and forecasts from 3M Co. and United Parcel Service Inc. that disappointed investors.
- The S&P 500, which rallied 2.2 percent last week, dropped 0.4 percent to 1,331.94 at 4 p.m. in New York. The Dow lost 91.50 points, or 0.7 percent, to 12,501.30.
- 3M lost 5.4 percent, the most in the Dow Jones Industrial Average, after projecting full-year earnings that trailed analysts' estimates.
- UPS, the world's largest package-delivery company, dropped 3.3 percent after saying the third quarter will be "fairly slow."
- AK Steel Holding Corp. tumbled 17 percent, the most since 2008, as the steelmaker's profit missed the average analyst estimate.

### Europe

- Most U.K. stocks retreated as BP Plc reported earnings that missed analysts' estimates and concern mounted that U.S. lawmakers will fail to increase the federal debt limit.
- The benchmark FTSE 100 Index gained 4.47, or less than 0.1 percent, to 5,929.73 at the 4:30 p.m. close in London as two stocks fell for each that advanced.
- BP, Europe's second-largest oil company, dropped 2.6 percent, the most in three months
- BG Group Plc, the U.K.'s third-biggest natural gas producer, surged 4.3 percent after saying that profit doubled in the second quarter.
- In the U.K., the Office for National Statistics reported that the country's economy barely grew in the second quarter.
- Gross domestic product rose 0.2 percent from the first quarter, matching the median of 32 forecasts in a Bloomberg News survey.

### Economic Data

Event		Survey	Actual	Prior	Revised
Dallas Fed Manf. Activity	JUL	-5.6	-2	-17.5	--
S&P/CS 20 City MoM% SA	MAY	0.00%	-0.05%	-0.09%	0.44%
S&P/CS Composite-20 YoY	MAY	-4.50%	-4.51%	-3.96%	-4.22%
S&P/CaseShiller Home Price Ind	MAY	139.8	139.87	138.84	138.46
Consumer Confidence	JUL	56	59.5	58.5	57.6
Richmond Fed Manufact. Index	JUL	5	-1	3	--
New Home Sales	JUN	320K	312K	319K	315K
New Home Sales MoM	JUN	0.30%	-1.00%	-2.10%	-0.60%

## COMMODITIES

### Precious Metals

- Gold futures rose for the third straight session as the prolonged U.S. debt stalemate boosts demand for the precious metal as a haven.
- The dollar fell against a basket of six major currencies and U.S. equities declined as lawmakers offered competing plans on raising the \$14.3 trillion debt ceiling.
- Gold futures for December delivery rose \$4.90, or 0.3 percent, to settle at \$1,619.30 an ounce at 1:48 p.m. on the Comex in New York.

- Silver futures for September delivery rose 33.7 cents, or 0.8 percent, to \$40.698 an ounce on the Comex.
- Platinum futures for October delivery gained \$13.20, or 0.7 percent, to \$1,807.20 an ounce on the New York Mercantile Exchange.
- Palladium futures for September delivery gained \$27.20, or 3.4 percent, to \$836.10 an ounce.

### Base Metals

- Copper rose the most in more than two weeks on speculation that a strike at the world's biggest mine may worsen a global supply shortage.
- A strike at BHP Billiton Ltd.'s Escondida mine entered a fifth day as Chilean labor authorities prepared to mediate talks between union and company officials.
- The stoppage has cost about 12,000 metric tons in lost output, said Roberto Arriagada, a union director.
- World consumption is set to exceed production by 377,000 tons this year, the International Copper Study Group has forecast.
- Copper futures for September delivery gained 7.15 cents, or 1.6 percent, to close at \$4.478 a pound at 1:12 p.m. on the Comex in New York, the biggest gain for a most-active contract since July 7.
- On the LME, copper for delivery in three months added \$165, or 1.7 percent, to \$9,820 a metric ton (\$4.45 a pound).

### Oil

- Crude oil rose after U.S. consumer confidence climbed from an eight-month low and as concern the country will default on its debts sent the dollar lower.
- Futures increased 0.4 percent as the Conference Board's index rose to 59.5 in July from a revised 57.6 reading the prior month.
- Crude oil for September delivery rose 39 cents to settle at \$99.59 a barrel on the New York Mercantile Exchange. The contract reached \$100.62, the highest intraday price since June 10.
- Prices retreated after the American Petroleum Institute reported at 4:30 p.m. that U.S. crude-oil stockpiles climbed 3.96 million barrels to 358.2 million.

## CONTACTS

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