

GLOBAL INSIGHTS REPORT



MININGINSIGHTS INC.

September 2001

Members Edition

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IN THIS ISSUE (8 pages).... (click on section headings for links!)

THE GLOBAL INSIGHTS SPECIAL FEATURE

The **MINING INSIGHTS GOLD COMPARATIVE TABLE** highlights 26 of the world's best-loved (and unloved) gold producers in a cross-border comparison. Check out your favourite stocks prior to rebalancing your portfolio.

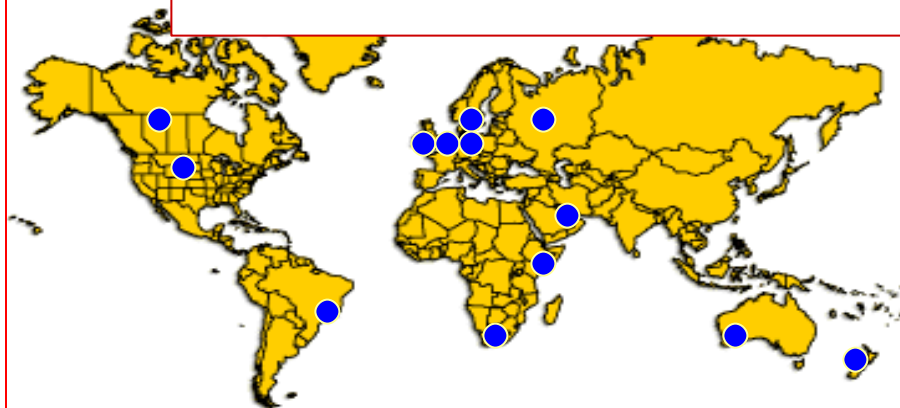
> MINING INSIGHTS DATA TABLES – GOLD PRODUCTION

Explained! This section shows you how everything works to provide relative valuations on an industry in which every major jurisdiction allows dramatically different reporting styles. The numbers are all there; it is just a trick to find them (especially in Australian company accounts).

> MINING INSIGHTS DATA TABLES – GOLD RESERVES

The final puzzle piece is the proven and probable reserve base – if the financial strength isn't there to develop the ounces in the ground, what's the good of buying the stock? This section ranks the companies through 'mine life at current prices' – if a company stands out at \$300/oz gold, just imagine the leverage at \$350/oz gold!

> THE MINING INSIGHTS GLOBAL COMMUNITY!



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Company	Price	Shares	Mkt Cap	Working	Gold	Corporate	Operating	Total	As Fn of
	Local	MM	US\$MM	Capital (US\$MM)	Prod'n MM oz	Cost US\$/oz	Cost US\$/oz	Cost US\$/oz	Gold Price %
Cambior	0.84	71.0	38	-9.6	0.70	73	220	293	0%
Goldfields (SA)	32.90	455.8	1,623	3.0	4.50	360	195	555	90%
Dayton	0.65	31.1	13	1.3	0.04	357	234	591	102%
Goldfields (Aus)	2.13	189.2	205	35.5	0.61	457	142	600	105%
Eldorado	0.33	102.3	22	-5.7	0.11	391	228	619	112%
Ashanti (ADR)	3.49	112.9	394	-26.0	1.80	417	204	621	113%
Harmony Gold	52.60	144.6	823	126.1	2.20	407	234	641	120%
Iamgold	3.37	73.0	158	27.0	0.25	557	150	707	142%
River Gold	1.65	31.2	33	-4.2	0.09	498	215	713	144%
Delta Gold	2.03	267.1	275	56.9	0.54	594	163	757	159%
Anglogold	308.80	107.0	3,576	-357.0	7.70	579	185	764	162%
Placer Dome	20.20	327.7	4,239	317.0	5.60	756	156	912	212%
Normandy	1.29	1751.0	1,147	64.9	2.30	918	153	1,071	267%
Northgate	1.35	32.9	28	-22.0	0.23	980	177	1,157	296%
Lihir Gold	1.22	1142.3	707	42.2	0.69	968	193	1,161	298%
Newmont	24.00	195.6	4,694	-51.0	5.40	1,083	180	1,263	332%
Homestake	9.11	263.4	2,399	91.0	2.32	1,192	157	1,349	362%
Durban Deepes	11.45	154.5	1,133	-17.8	1.04	1,129	228	1,357	365%
Bema Gold	0.75	162.0	78	-1.8	0.10	1,123	237	1,360	366%
Glamis Gold	5.75	70.1	258	7.6	0.22	1,149	232	1,381	373%
Meridian Gold	17.10	71.4	782	54.8	0.46	1,595	95	1,690	479%
Sons of Gwalia	6.82	121.6	421	-226.7	0.42	1,625	176	1,800	517%
Barrick Gold	26.95	396.0	6,834	411.0	3.83	1,766	162	1,928	560%
Goldcorp	19.00	81.6	993	54.0	0.50	1,877	107	1,984	580%
Canyon	1.15	13.4	178	-2.7	0.09	2,119	237	2,356	707%
Agnico-Eagle	16.55	66.8	708	95.2	0.34	2,361	134	2,495	755%

> MINING INSIGHTS DATA TABLES – GOLD PRODUCTION

The **MINING INSIGHTS GOLD PRODUCTION AND RESERVE TABLES** have to be relatively simple given the differences in reporting financial data between Canada, the USA, Australia, and South Africa. So, consider this just to skim the surface of value on these companies – the next step incorporates detailed company information and would be appropriate for the first monthly issue of the Global Insights Report.

The basic premise is this – take the total market value of the company, into which all expectations of future potential are priced, and then add up the positive and negative contributors that lead to the realization of that future potential.

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This takes the company into account, and we can quote it in terms of the 'administrative cost' of producing an ounce of gold. Then, add the actual 'operating cost' of taking an ounce of gold from reserves into a shiny yellow bar (or dull yellow bar, depending on how much copper is in it). This makes a total cost, and we can compare that to the cost of an ounce of gold from the bank.

Your choice as an investor is to buy an ounce of gold from the bank (if your country allows you to do this) for the spot price plus commission plus storage (banks need to make money too.) Alternatively, you can buy that ounce of gold through the shares in a gold producer. The premium you pay represents the expectations that the shares will appreciate in value faster than the underlying price of the commodity.

Don't assume that a higher premium indicates a better future profit potential. For example, it is no accident that [Meridian Gold](#), [Goldcorp](#), and [Agnico-Eagle](#) are mid-cap producers priced at the top of the scale. Canada is a very small market for Canadian stocks, and there are restrictions placed on Canadian funds that essentially say 'Buy Canadian'. Hence these three stocks will have a larger premium attached from a comparatively concentrated [Canadian] market following. In this case we have to look at the profit potential of the individual equities to ascertain that of the three, Goldcorp probably comes out on top. We'll save the reasons why for a subsequent issue.

Column Details

The [PRICE](#) column is the local traded price of the stocks. For South African stocks, the price is in Rand; for Australian stocks, in A\$. For Canadian stocks, in C\$. We use the ADR price on the NYSE for any companies for which the underlying price would be on a less-than-liquid market – Ashanti, for example. Local prices are converted into US\$ at the prevailing rates.

The [Mkt Cap \(US\\$MM\)](#) column is the total value of the company and is the basic comparative value. You get the market capitalization by multiplying the share price by the 'issued and outstanding' shares.

The [Working Capital \(US\\$MM\)](#) column is the excess of liquid current assets over cash-related current liabilities. We strip inventories out of the current assets and current portion of deferred tax and provisions out of current liabilities. A negative liquid working capital number is not necessarily a bad sign, since we don't know if it is more or less negative than the previous quarter.

[Long Term Debt \(US\\$MM\)](#) includes only interest-bearing borrowings. Any company without any long-term debt is worth a detailed look.

The [Hedge Book \(US\\$MM\)](#) shows the mark to market value of the company's hedge book. Every company that hedges marks their book to market on a regular basis, but not all of them want to tell you what that number is. Some companies provide detailed break down of hedge books without a M2M value; other companies, the reverse. If not explicitly stated, this is our best guess from the data supplied.

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The **Corporate Cost (US\$/oz)** is really what the administrative portion of your gold equity costs. Look for low values. Add the **Operating Cost** (cash cost including royalties payable, if any) and you have the total company cost of producing an ounce of gold. Plot that as a function of the gold price, and you can see the relative value.

Recommendations

On low market cap, liquid balance sheet strength, effective gold production, our top five global gold recommendations are:

First Pass Picks	Mkt Cap US\$MM	Premium %
SA Goldfields	1,623	90%
Aus Goldfields*	205	105%
Harmony Gold	823	120%
Iamgold	158	142%
Delta Gold*	275	159%

But for the fact that Goldfields (Australia) and Delta are in merger talks, we'll have to recalculate the values of the combined entity.

Accounting for Consolidating Empires

Three mergers/takeovers are underway in the global gold industry – **Delta Gold/Goldfields** (Australia); **Barrick/Homestake**; and an offer from **Anglogold** for **Normandy Mining**. We've recast the companies in terms of the eventual entity (Goldfields, Anglogold, and Barrick) and recalculated the issued capital according to the share exchange ratios. Then, we've just added the balance sheet items and weighted the gold production.

Goldfields/ Delta Gold Merger

Goldfields (Aus)	2.13	189.2	205	35.5	-88.3	-24	0.61	457	142	600	105%
Delta Gold	2.03	267.1	275	56.9	-16.9	-85	0.54	594	163	757	159%
Newco	2.13	438.9	475	92.4	-105.2	-109	1.15	517	152.1	669	129%

At a combined rating of a 129% gold price premium, the new company replaces Iamgold in the top five.

Anglogold Offer for Normandy

Normandy	1.29	1751.0	1,147	65.0	-600.0	-429	2.30	918	153	1,071	267%
Anglogold	308.80	107.0	3,576	-357.0	-524.5	0	7.70	579	185	764	162%
New Anglogold	US\$ price	144.7	4,833	-292.0	-1177.0	0	10.0	630	177.7	808	177%

With a 153% comparative score, the merged entity drops Delta Gold out of the top five.

Barrick takeover of Homestake

Truly a great deal for Homestake shareholders, and on a valuation basis, a great combination for Barrick on this table. The new Barrick moves up almost two positions.

Barrick Gold	26.95	396.0	6,834	411.0	-725.0	380	3.83	1,766	162	1,928	560%
Homestake	9.11	263.4	2,399	91.0	-452.0	0	2.32	1,192	157	1,349	362%
NewBarrick	US\$ price	535.6	9,239	502.0	-1177.0	380	6.15	1,551	160	1,711	486%

Overall Global Gold Stock Recommendations

Overall Picks	Mkt Cap US\$MM	Premium %
SA Goldfields	1623	90%
Harmony Gold	823	120%
Delta/Goldfields (Aus)	475	129%
Iamgold	158	142%
Anglogold/Normandy	4833	177%

> CAVEATS

This analysis is not to say that Cambior (0%), Dayton (102%), Eldorado Gold (112%) and River Gold (144%) are not viable investment opportunities, but there is a much higher degree of specific risk. Specifically (sorry...), Cambior's hedge book that drops in value as the gold price rises, Dayton's asset base, Eldorado's debt load, and River Gold's reserve base and cost base all affect the market perception to a higher degree than the issues facing the larger capitalized stocks.

> MINING INSIGHTS COMPARATIVE TABLES – GOLD RESERVES

This is a useful comparison because mines are a 'wasting asset' – if you don't replace what you've mined through exploration, your mine won't last very long! (And neither will any premium-generating expectations in the stock price).

The following chart restates the data on proven and probable reserves. These are minesite reserves optimized as economic within the current operational parameters of the mine. We exclude 'resources' because these ounces are neither well defined nor economic.

The only factor we lack in the analysis is the capital expenditure needed to bring the ounces into the mine plans. Well, if you are Anglogold with over 50MM oz in reserves, chances are the total isn't known. Even if it were, discounting it back to the present at the usual company hurdle rate would render the ultimate total meaningless.

How to Read The Table

The main difference is that a reserve column and a mine life column have been added to the table. Also, we've recalculated the premium on a reserve oz basis as the primary indicator of

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long-term sustainable value. Choose the low numbers, and if you find a company with a low premium (or high discount) here and in the previous table, then you're on to a hot one for true portfolio stability.

For liquidity, ease of trading, security of mine life, global recognition and a darn good chance of outperformance, our global reserve-based picks are:

Reserve Base	Mkt Cap US\$MM	Premium %
Delta/Goldfields (Aus)	475	-27%
Goldfields (SA)	1623	-23%
Iamgold	158	-23%
Anglogold/Normandy	4833	-20%
Placer Dome	4239	-16%

The reserve table is on the next page

> **THE MINING INSIGHTS GLOBAL TOP 3**

First Place

- tie – Goldfields (SA) and Delta Gold/Goldfields (Aus) post merger

[Goldfields](#) (GFI-JSE and GOLD-Q) has the best combination of balance sheet strength, production leverage and reserve base of any company analysed in these two tables. Choose Goldfields as a low risk core holding in a diversified global portfolio.

[Delta Gold](#) (DGD-ASE) and [Goldfields of Australia's](#) (GFL-ASE) merger will create a talented million-ounce producer that will control the exploration in a large part of the central Yilgarn craton, Western Australia. Building reserves should be no problem for the next few years, which will keep the valuations stable. (More details to come...)

Second Place –

[Iamgold](#) (IAM-TSE)

If the Anglogold/Normandy deal goes through, Iamgold should be a direct benefactor. Partially through Anglogold's interests in the Sadiola and Yateli mines as well as through Normandy's comprehensive exploration database for Africa. Again, let this serve as an introduction to real stability and value in a weak market for the commodity produced with a long term growth outlook unmatched by the bulk of the global industry.

MEMBERS! If you own Iamgold shares, please let us know. We have NONE in the Mining Insights Members Fund, which in light of this report, may be rather a large mistake! Also, please update your holdings for September 2001 if you haven't done so. Thanks!

SPECIAL FEATURE

THE MINING INSIGHTS GLOBAL GOLD RESERVE TABLE

Reserve Table	Price	Shares	Mkt Cap	Working Capital	Gold Prod'n	Gold Reserves	Mine Life	Corporate Cost	Operating Cost	Total Cost	As Fn of Gold Price
Company	Local	MM	US\$MM	(US\$MM)	MM oz	MM oz	Yrs	US\$/oz	US\$/oz	US\$/oz	%
Normandy	1.29	1751.0	1,147	64.9	2.3	26.4	11	80	153	233	-20%
Delta/Goldfields (Aus)	2.13	438.9	475	66.1	1.2	10.1	9	62	152	214	-27%
Delta Gold	2.03	267.1	275	56.9	0.5	6.7	12	48	163	211	-28%
Goldfields (SA)	32.90	455.8	1,623	3.0	4.5	63.4	14	26	195	221	-24%
Iamgold	3.37	73.0	158	27.0	0.3	1.9	8	74	150	224	-23%
Goldfields (Aus)	2.13	189.2	205	35.5	0.6	3.4	6	83	142	225	-23%
New Anglogold	US\$ price	144.7	4,833	-292.0	10.0	114.0	11	55	178	233	-20%
Ashanti (ADR)	3.49	112.9	394	-26.0	1.8	25.3	14	30	204	234	-20%
Anglogold	308.80	107.0	3,576	-357.0	7.7	87.6	11	51	185	236	-19%
Cambior	0.84	71.0	38	-9.6	0.7	2.8	4	18	220	238	-18%
Lihir Gold	1.22	1142.3	707	42.2	0.7	12.8	19	52	193	245	-16%
Placer Dome	20.20	327.7	4,239	317.0	5.6	46.9	8	90	156	246	-16%
New Barrick	US\$ price	508.7	8,775	502.0	6.2	78.3	13	107	160	267	-9%
Harmony Gold	52.60	144.6	823	126.1	2.2	22.0	10	41	234	275	-6%
Barrick Gold	26.95	396.0	6,834	411.0	3.8	57.0	15	119	162	281	-4%
Homestake	9.11	263.4	2,399	91.0	2.3	22.3	10	124	157	281	-4%
Newmont	24.00	195.6	4,694	-51.0	5.4	56.7	11	103	180	283	-3%
Durban Deeps	11.45	154.5	1,133	-17.8	1.0	14.4	14	82	228	310	6%
River Gold	1.65	31.2	33	-4.2	0.1	0.4	5	109	215	324	11%
Bema Gold	0.75	162.0	78	-1.8	0.1	0.9	9	119	237	356	22%
Glamis Gold	5.75	70.1	258	7.6	0.2	2.0	9	125	232	357	22%
Goldcorp	19.00	81.6	993	54.0	0.5	3.6	7	264	107	371	27%
Agnico-Eagle	16.55	66.8	708	95.2	0.3	3.3	10	243	134	377	29%
Sons of Gwalia	6.82	121.6	421	-226.7	0.4	2.6	6	264	176	440	51%
Northgate	1.35	32.9	28	-22.0	0.2	0.7	3	316	177	493	69%
Meridian Gold	17.10	71.4	782	54.8	0.5	1.8	4	404	95	499	71%
Canyon	1.15	13.4	178	-2.7	0.1	0.2	2	954	237	1,191	308%



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We will be addressing the principal value drivers of both sets of top five stocks (production and reserve) in a future issue of the **GLOBAL INSIGHTS REPORT**. Members, please send us your coverage preferences!

> QUESTIONS? COMMENTS?
 We'd love to hear them! [Click here](#) to bring up an e-mail template. Next issue, we've got a great PGE story for you – and no, it isn't Goldfields, although their Arctic platinum story would certainly qualify!