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World Mining Stocks -28 July 2008

**Movers and Shakers - July 2008**

The most outstanding performing mining junior over the past month on London's AIM market has been Herencia Resources, profiled by WMS in its March issue. Herencia is an exploration and development company with a primary focus on identifying resource opportunities in South America. At time of writing (July 28) Herencia's share price had risen 38% over the past month.

On July 22, Herencia reported positive drilling results at its Patricia deposit, part of its 70% owned Paguanta zinc-lead-silver project in northern Chile, including 4.5m at 8.04% zinc, 1.40% lead and 74ppm silver. Paguanta is the flagship for Herencia where the discovery rate has been rapid in modern exploration terms. By the end of 2008 the company hopes to commence a bankable feasibility study and may well be producing both zinc and lead concentrates in the second half of 2010.

What has helped Herencia understand the Paguanta geology, ore characteristics and its geometry is a 400m adit that was driven into the side of a hill back in the 1880s, and from which limited mining took place. Unfortunately, the then mine owner died and so did the project. However, the adit is still in good condition and has allowed the Herencia team to not only take ore samples but to help pinpoint ongoing drilling. The worst performing mining junior on AIM over the past month has been Central African Gold (CAG), losing three quarters of its share price value. On July 9, CAG announced a £14.7 million loss for the year to end-December, following production issues at its Bibiani mine in Ghana. Following a suspension from trading, the stock was relisted in London but immediately plunged. Auditor KPMG did not qualify CAG's accounts.

The best-performing mining stock on the ASX over the past month has been Australia Oriental Minerals (AOM), whose share price has appreciated by 60%. On July 25 it was announced that Silver Mines Ltd and AOM have entered into a joint venture agreement on AOM's 100% owned EL6269 in south-central New South Wales near Booroowa. The terms of the JV are that Silver Mines can earn a 50% interest in EL6269 by spending A\$95,000 over the next 12 months.

The tenement lays in the Lachlan Fold Belt in NSW and contains the historic Wallah Wallah silver-lead-zinc mine, which was reportedly discovered in 1889 and mined intermittently until 1919. Historic dumps show sulphide mineralisation as well as slag from a smelter which operated on the site in the

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early 1900s. Dump samples collected in June 2008 returned assays of up to 191g/t silver, 15% zinc, 12% arsenic and 0.2% tin from a single sample. Preliminary mapping by Silver Mines has delineated a shear zone over 200m in strike length with good scope for extension based on observed surface features.

The worst performing mining stock on the ASX over the past month has been AIM Resources (-57%). AIM Resources has suspended its 90%-owned Perkoa zinc project in Burkina Faso, putting the development on care-and-maintenance at a cost of US\$15 million. It said consideration would be given to re-start the project when zinc prices are more favourable and funding options improve.

AIM Resources has also commenced proceedings in the Supreme Court of New South Wales against Marc Flory, a former managing director of the company, together with other parties, in respect of alleged breaches of duties while a director of the company. On the TSX-V, the stand-out stock over the past month has been Salmon River Resources (up 109%). On July 18, Longview Capital Partners acquired approximately 9.1% of the issued and outstanding common shares of Salmon River, increasing its holding to approximately 18.7%. Longview is an investment issuer focused on capitalising on early stage opportunities in the resource sector.

The worst-performing Canadian mining junior over the same period was Weststar Resources Corp (-63%) which had anticipated being a major player in a new coal region of Saskatchewan.