Coming up to the average.

So the story goes that the passing wealthy, mid-western farmer makes his first ever visit to New York City, by train, manhandling a large suitcase. He has been given good advice by those who have gone before. Like tipping, but not over-generously. Arriving at Penn Central Station, he hails a porter and asks to be taken to the cab rank. Job done, he turns to the help and says, "I must give you a tip. What's the average?"

Poker-faced, the porter responds, "Twenty-five dollars, sir."

Our friend reacts instantaneously, "Twenty-five dollars?! That's a hell of a lot, isn't it?"

The porter looks contrite and counters, "Indeed it is, sir, but I'll tell you something, there ain't many what comes up to the average." Neither they do.

OK, but what has this got to do with minerals? Well, we lied, he is not a farmer, he's a miner. Yes, he is quite well-heeled and is visiting a country full of mineral prospects. But they see him coming, or at least they think they do and the game is on. Now this man is long term. He knows it will take him upwards of ten-years to find a deposit, prove it, get his licences, satisfy the environmentalists, develop the deposit, find his customers…it goes on. Meanwhile, on past form, said country will have changed hands a couple of times, had a go at democracy, crawled up the corruption curve and, hopefully, said sorry to the IMF so it can get its debts written-off. Sound familiar? It should. Nor do you need to be a desperate, developing nation in Africa to partake in the snout-and-trough routine. Anyone can feed here. It is akin to competitive pick-pocketing. Just a selection of this last week's offerings:

- **Australia** has scrapped the 40% resources "super-profits" tax in favour of a "resources rent tax" (see Countries). Nothing to do with the pressure from the big miners, of course. We resist the temptation to speak of rent boys.
- The **DRC** has persuaded the World Bank (the lending arm of the IMF) to write-off $8bn in debt. This despite objections from both Canada (which has a dispute there) and Switzerland. Now these are two positive contributors to the IMF. Not good to upset them. The body was seemingly swayed by the DRC making efforts to tackle corruption. It is not immediately apparent at Kinshasa airport.
- **South Africa.** Minister of Mineral Resources, Susan Shabangu, is determined to see the 26% BEE equity requirement of 2014 forced through. This, despite its patent teething problems since its launch almost a decade ago. It is simply not reaching those for whom it was designed. The same clutch of thrusting business names monotonously appear as the empowerment partners, whilst the lot of the one-legged toilet cleaner has worsened. Also to be addressed is, what happens when a BEE partner wishes to sell out? Must a new one be found at any cost? Is this musical chairs or pass the parcel?
- **Burkina Faso,** that little known but minerals-ambitious West African country is aiming to increase royalties from three to five percent. They speak of gold miners making more money because the price of the metal has gone up. Now we can't have this, can we – miners making more money because the price of gold goes up? Let's ignore the fact that the government does, too. A percentage is a percentage, is it not?
- **Zimbabwe,** to whom we devote an entire section, really does not know if it is Arthur or Martha, does it? Who runs the show? The President or the Prime Minister?

This is not David and Goliath; it is a heavyweight scrap. In one corner are the companies. They are damn near united in knowing they have the financial clout to go and develop where they please. It might be Mauritius, Maldives, Mesopotamia, Mongolia, wherever. They know the formula; they know the rules. In the opposite corner are the host-mineral countries, totally lacking cohesion and with no chance of achieving it within an investment lifetime. Yet they know that once you have done your dough, as they say in London, you cannot ship out your mineshaft, or your smelter, so that is when we speak of pips and squeaking. Let us not remotely pretend there is a blanket solution to this problem. Mining companies and their investors would settle for the average.

But there ain't many what comes up to the average.

Exchange Traded Metals

For the northern hemisphere, which consumes most of the metals, the summertime blues may be playing more than a walking-on part in the decline in base metals prices. They fell across the board last week. This is significant. Annualised, it is scary, but a year is a long time in the metals business. The production picture has not changed much in the period. Zambia, Peru, Chile are maintaining both an output and a head of steam, so it has to be a consumption concern. The developed countries are ticking over, but we are having doubts about the major growth economies, notably India and China.

Table 1: Metal Prices

Metal	3 July 2010	6 March 2010	% Change
Aluminium	1932	2200	-12.0%
Copper	6430	7466	-14.0%
Lead	1735	2173	-20.0%
Nickel	19110	22475	-15.0%
Tin	17274	17400	-1.0%
Zinc	1765	2256	-22.0%

Source: The Times of London

Aluminium. The Long Term View. When a major company is committed to a commodity, it has to push it. Also, it has to take a longterm view. Thus, Rio Tinto with its Alcan purchase. Then Russia's Rusal, the world's largest producer, is said to be supplying the metal for the world's first aluminium-backed exchange traded fund, or ETF. Is there substance behind all this or are we believing our own stories? Rusal has apparently said it was considering an ETF that could lock up a million tonnes. It is less than 3% of world consumption, but meaningful. China, with a balanced production-consumption portfolio is a full 33% of world trade. Yet the metal is on its knees. They speak of further cutbacks in capacity and these will be needed to get the price up to the US$2,500+ per tonne it needs to break even. It hit US$3,380 in 2008. Now US$1,932/t. Cars and trucks represent the largest single component of consumables production. Their use is immediate, almost. The CEOs of two rather powerful organisations are combining to tell us this is all good news for aluminium. Smelters will shut this quarter. Rusal says 70% are running at a loss as aluminium prices have tanked. But car production (say the CEOs of Renault and Nissan) will rise 11% this year. More sanguine is a Bloomberg survey looking for US$2,100/t in the 4th quarter. Hardly happiness.

Table 2: Metal Stocks in LME Warehouses

Metal	26 June 2010	3 July 2010	% Change
Aluminium	4,453,375	4,422,025	-0.70%
Copper	454,700	449,425	-1.16%
Lead	189,225	190,475	0.66%
Nickel	126,618	123,768	-2.25%
Tin	19,180	17,435	-9.10%
Zinc	616,950	616,910	-0.01%

Source: Mining Journal

Precious Metals

Gold. Last week's pull back, gold -3.6%, platinum -4.2%, silver -6.8%, does not signify a collapse. The steady gold price rise from below US$300/oz in 2001 to US$1,109/oz average Q1 2010 has its roots in the lack of faith in paper money, huge trade surpluses emanating from Asia and the rise of ETFs. None of these is likely to go away. China is rapidly adding to its official holdings as well as individual buying, whilst remonetisation may not be as farfetched as it sounds. The flip side is that should there be a bear signal, a lot of bullion is ready and waiting. In 2009, scrap alone accounted for 37% of supplies whilst investment, in all forms, took 44%.

China's state-owned China National Gold has contracted to buy the gold in concentrate production from US Miner Coeur d'Alene in Alaska. Payment is said to be upfront, instead of the usual 2-3 month wait for concentrates. Word on the street is that China is buying by the back door, since it is now the worlds largest gold miner, rather than bidding up at IMF sales so it does not over-inflate the price and consequently hit the dollar. The Chinese have a lot of dollars.

India is the world's largest importer and consumer of gold but inflows are reported to have fallen 75% in June with a further drop anticipated in July. Local inflation and a consequent slump in investment demand are given as the cause.

Platinum. Onwards and upwards as far as New York consultants CPM are concerned. Their PGM Yearbook 2010 notes:

- Positive supply-demand fundamentals.
- Mine production up 5.6% this year to 6.66Moz
- New mine production to boost RSA output to 5.1Moz, up 5.4% for 4.85 Moz.
- Russia to increase production from 0.83Moz 0.89Moz
- Secondary platinum (recycled from autocatalysts) to increase 8% to 0.81Moz
- Fabrication demand fell 4.1% in 2009 to 6.58Moz but will recover 8.4% to 7.14Moz this year.
- Overall the Pt market will be in surplus.

Earlier this year, industry goliath Johnson Matthey mooted US$2,000/oz for platinum, but the top bids now are closer to US$1,600, compared with Friday July 2nd close of US$1,508.

Exchange Traded Commodities

Table 3: Commodity Price Movements

Commodity		**26 June 2010**	**3 July 2010**	**% Change**
Aluminium	$/tonne	1,945	1,932	-0.67%
Copper	$/tonne	6,604	6,430	-2.63%
Lead	$/tonne	1,801	1,735	-3.66%
Nickel	$/tonne	19,450	19,110	-1.75%
Tin	$/tonne	18,025	17,275	-4.16%
Zinc	$/tonne	1,810	1,765	-2.49%
Gold	$/ounce	1,257	1,211	-3.66%
Silver	$/ounce	19.11	17.82	-6.75%
Platinum	$/ounce	1,575	1,508	-4.25%
Brent Crude Oil	$/bbl	77.5	72.05	-7.03%
Platinum/Gold	Ratio	1.25	1.25	0.00%

Source: The Times of London

Exchange Rates

Table 4: Exchange Rates Movements

Currency	**26 June 2010**	**3 July 2010**	**% Change/week**
£:US$	1.50	1.52	1.33%
€:£	1.22	1.21	-0.82%
£:SA Rand	11.46	11.71	2.18%
US$:Aus$	1.16	1.18	1.72%
£:Aus$	1.73	1.80	4.05%
Br Reale:US$	1.79	1.77	-1.12%
US$:C$	1.04	1.06	1.92%
US$:€	1.23	1.26	2.44%
US$:SA Rand	7.65	7.71	0.78%
US$:Rupee	46.28	46.77	1.06%
US$:HK$	7.78	7.79	0.13%
US$:UAE Dirhams	3.67	3.67	0.00%
US$Israeli Shekel	3.87	3.89	0.52%
US$:Thai Bhatt	32.41	32.41	0.00%
US$:Yuan	6.79	6.77	-0.29%

Source: Financial Times

Bulk Minerals

Bauxite, the preferred raw material for aluminium production is in the news for several reasons. Of almost 200Mtpy annual output, Australia produces over 30% and Guinea 10%. Australia is doing a volte-face over taxation whilst Guinea is trying hard to persuade us theirs is a nice place to be. Then we have 11% shared between Venezuela and Jamaica. They sound romantic, but have you been there? So Brazil (12%) and Kazakhstan (3%) might just reap some benefit. Control of bauxite rests, at company level, worldwide, with Alcoa (16%), Alumina Ltd (10%), Rio Tinto (16%), BHPB (7%). It links in to the intermediate stage alumina and the finished metal. We still have serious oversupply.

Iron Ore. The breakdown of the annual benchmark pricing system and its replacement by quarterly contracts is all but complete. It can surely only be a step along the way to daily fixing and a futures market mechanism. Indicatively, the major Japanese trading house Mitsui, which acts as a middleman between miners and mills, has done a hedge—an iron ore swap agreement – with Credit Suisse. This should take out some of the volatility between spot and contract prices, which has been an increasing driver. A step in the right direction. That said, the softening of the market and the corresponding fall in freight rates, does not augur well for 4th quarter prices. The single-commodity iron ore juniors such as Fortescue are on average 40% below their twelve-month highs. Stand aside.

Greenland and **iron ore.** Interesting place, Greenland. The midnight sun, Father Christmas, home rule from Denmark and the largest island on earth, discounting Australia. It is also far north, has extremes of cold and heat, darkness and daylight, and flies. The shipping season is a maximum six months, so if you do want to open an iron mine there, be aware. **London Mining** (LOND:AIM 211p; Hi-Lo 284.50-193.00p) wants to do that with its ISUA magnetite project. They speak of 10Mtpy of concentrate and a 23-year life of mine. The Chinese feature as does the use of Chinese labour. *Caveat emptor*. London Mining is seriously putting itself about, particularly in iron ore, in Sierra Leone and Saudi Arabia, too. Take care.

Rare Earths

We only call them 'minor' because they are low volume. In terms of industrial importance, they are anything but minor, for the most part. They tend to be less regulated than their bigger brothers because they cannot command a major market presence. Yet they are of critical and growing importance to industry and technology, which has been noticed by the US House of Representatives. The US Geological Survey noted that 91% of US Rare Earths came from China which is now limiting and taxing its rare earths. As the metals are used in sophisticated weapons systems, they are becoming of strategic concern. It's *déjà vu* all over again, a fitting homage to Senator Byrd who died this week and was author of the 1971 US Amendment which ring-fenced exports of chrome, ferrochrome and nickel from Rhodesia, evading US sanctions. We shall miss you, Senator.

Shares

Shares across the spectrum were mauled for a second successive week as the US labour force figures showed their second largest monthly fall, at 652,000 in May, the laregest since 1995. So, the unemployment rate, at c.9.5% has doubled since early 2008. Not as bad as much of Europe, but the US matters more to the world economy. So the double-dip recessionists are crawling out of their holes. The short-lived peaks of March-April 2010 have seen retreats of 25% on the Shanghai Composite and 17% on the FTSE-All World Index. The CRB Commodities Index is down only c. 6.0% in the same period. But down it is. We cannot escape the fact that this recovery is built around Asia and its domestic appetite. Whilst the jitters prevail, cash and bonds are increasingly favoured. The groundswell behind precious metals remains yet they, too, came off the boil. We are contemplating a long, warm northern hemisphere July-August.

Share Price Movements, Majors

Rio Tinto has not been slow to remind Australia that the country is important but not all-important. Rio only does big. It now has 29.6% of **Ivanhoe Mines** (IVN:TSX C$14.20; Hi-Lo C$18.99-7.73) whose flagship Oyu Tolgoi copper-gold project in Mongolia is regarded as one of the largest in the world outside Chile. Rio could, through existing warrants and convertible securities, step-up to 44%. Its recent spend is put at US$393m in what will be a c. US$5bn project. It is expected to be in production by 2013 – possibly a tad ambitious – ramping-up in five years to 450ktpy copper and 33koz/year gold. That is half of Zambia's total. Iron ore also features large, with the Simandou, Guinea, project of mouth-watering proportions. It is slated at a production base in the 70Mtpy range, 65% Fe with low impurities. There is an MOU signed with Chinalco and IFC is in there as a partner. Gosh.

Table 5: Share Price Movements

Stocks	26 June 2010	3 July 2010	% Change	12-mo Hi-Lo	% Above Low
FTSE 100	5046.47	4838.09	-4.13%	6,364 – 3,530	42.96%
Anglo American	2475	2303.5	-6.93%	2,979 – 906	173.18%
Antofagasta	827	777.5	-5.99%	1,075 – 353	134.28%
BHPB	1867	1723.0	-7.71%	2,301 – 1,025	82.15%
ENRC	930.5	841.5	-9.56%	1,226 – 416	123.68%
Gem Diamonds	218.0	216.8	-0.55%	293 – 104	109.62%
Hargreaves Services	572.5	588.5	2.79%	774 – 470	21.81%
Kazahkmys	1067.0	984.5	-7.73%	1,591 – 187	470.59%
Rio Tinto	3189.0	2934.5	-7.98%	4,006 – 1,112	186.78%
UK Coal	40.25	41.0	1.86%	164 – 49	-17.86%
Vedanta	2248.0	2131.0	-5.20%	2,919 – 193	1064.77%
Xstrata	957.0	871.1	-8.98%	2,510 – 289	231.14%

Source: Fidessa

Share Price Movements, Small and Medium Caps

Cluff Gold (CLF:AIM 71.75p; Hi-Lo 104.5-43.75p) pulled a rabbit out of the hat at this week's AGM in London. The company looks to produce just over 100koz gold from its two West African mines this year, but is looking for 250,000 oz/yr by 2013. Adding to output should be the Baomahun project in Sierra Leone. Details of a scoping study should soon be available followed by a BFS end Q211. We continue to advise staying with Cluff. The predators will be back.

Kalahari Minerals (KAH:AIM 155p; Hi-Lo 217-121.75p) announces via operator **Extract Resources,** in which it has a 41% ownership, "outstanding infill drilling assay results" at the Rossing South uranium project in Namibia. Extract is approaching the production phase at Zones 1 and 2. Robust economics – prospects of a profitable-low risk-bulk tonnage open pit mine with 20+ years life. The price fell on the week, 5p or 3.28%, was in line with a weaker market but does not change our view that this is a share to Buy.

Nyota Minerals (NYO:AIM 17.5p; Hi-Lo 20.25-5.13p) successfully proving up gold in Ethiopia, slipped 2p, c10% on the week as both markets and metals fell across the board. It has a fourth drilling rig on site and mobilised at its Tulu Kapi site. The current inferred resource is 1.30Moz (25.45Mt at 1.68gpt) and open. Both extension and infill drilling are being carried out with cumulative metres exceeding 250 per day. The next drilling update is expected in Q3 2010. We remain positive on Nyota.

Vatukoula Gold* (VGM:AIM 1.94p; Hi-Lo 2.71-0.97p). Subject of an in-house buy recommendation last week with a three-year 4.98p price target. Now a steady producer (13,306 oz last quarter) and pushing increased development to target 100koz/yr.

Table 6: Share Price Movements

Small Caps	26 June 2010	3 July 2010	% Change
African Consolidated Resources	8.75	8.38	-4.23%
Cape Diamonds	2.62	2.62	0.00%
Cluff Gold*	73.0	71.75	-1.71%
Eurasia Mining*	0.95	0.95	0.00%
Firestone Diamonds	34.5	33.5	-2.90%
Goldplat*	9.5	9.12	-4.00%
Gemfields	4.88	4.75	-2.66%
Herencia*	0.69	0.62	-10.14%
Kalahari	160.25	155.0	-3.28%
Kopane	12.5	11.75	-6.00%
Kefi Minerals*	0.75	0.72	-4.00%
Kryso*	14.5	14.25	-1.72%
Northern Petroleum	108.0	96.0	-11.11%
Nyota Minerals	19.25	17.50	-9.09%
Petra Diamonds	68.5	67.0	-2.19%
San Leon Energy	16.75	14.75	-11.94%
Strategic Nat Res	11.75	10.75	-8.51%
Toledo Mining	24.5	24.5	0.00%
Tanzanite One	8.75	8.0	-8.57%
Vatukoula Gold*	2.04	1.94	-4.90%
Zincox	37.75	37.75	0.00%

Source: Fidessa

Gemstones

The quoted sector has divided itself after a turbulent two years, into survivors and failures. Successes are thin on the ground. Positioning has been everything. World leader DeBeers only survived by the grace of 45% owner Anglo American and the Botswana Government. Rio Tinto and BHBP had the cushions that comes with conglomerates. Russia's Alrosa was bailed out by a state-sponsored stockpiling initiative. There goes 70% if not more of the total mined production. Snug as a bug in a rug. But the other 30% is the swing. This is not the conglomerates but a major component of the London AIM, TSX, ASX, JSE/ALTEX markets. These by and large are trout in a pond where a pike was let loose. The still are.

Of the survivors, we have those who have treated with DeBeers and are still swimming:

African Diamonds (AFD:AIM 28.5p; Hi-Lo 56-21.5p) has metamorphosed whilst its flagship AK6 pipe in Botswana has seen DeBeers replaced by **Lucara** (60%) and continues to promise us jam tomorrow. JT, good friend, you are due to deliver. Right now your major contribution is to prop up analysts' stats that it takes ten years to develop a kimberlite.

Firestone Diamonds (FDI:AIM 33.5p; Hi-Lo 49.5p-21.5p). We keep faith in the producer-developer because it tends to deliver, keeps an eye on its cashflow and is able to top up its bank account. A chartist could make much of its share price fall from 42p to 32p since April, but it is still within the bounds of sanity. Firestone has tied the knot on its Jwaneng, Botswana tailings recovery J/V with DeBeers, but they speak of full production only in 2012. The finance is to be via debt, secured on the contract, so no substantial dilution. The real growth hope is for the BK11 new pipe development, also in Botswana. That will require equity and time will be of the essence. We recommend staying with Firestone.

Market Outlook. We are indebted to Alrosa, none less, for a comprehensive market outlook. It tells us:

- By 2011, total world supply will recover to 157mm carats due mostly to recovery at existing mines.
- Growth to 2018 will be to 166mm carats, the increase coming from new mines.
- No new deposits are expected to be commissioned after 2015.
- The demand for cut diamonds will alter geographically and tellingly so:

Table 7: Percentage of World Diamond Demand

	2008	2013	2018
USA	43%	40%	37%
Europe	10%	10%	9%
Asia Pacific	12%	16%	20%
Japan	5%	4%	3%
Middle East	20%	21%	22%
Others	10%	9%	9%

Source: Alrosa

The main growth driver, Asia Pacific, is China, India, South Korea, Australia and others. You can only mine them where you can find them but financing and ownership are a different matter.

Demand is expected to exceed supply by 4.5Mcpy by 2018. Now it will have to come from somewhere will it not? Alluvials are the only ready source and that means Africa. It makes the forthcoming deliberations of the World Diamond Council on Zimbabwe and the Kimberley Process into perspective. What fun. Meanwhile…the hitherto secretive Alrosa putting out a comprehensive market outlook? Russian spies infesting the West again? Oh the sheer nostalgia of the cold war. When secretive regimes gave you something to fight against. Now Alrosa is threatening to come to market (in London, no less) and the EU is promising – that might be a bit strong – to drop its anti-trust suit against the Russian cohorting with DeBeers to rig the market all those years ago. What is the world coming to? It is the MacDonalds in Pushkin Street?

Energy Minerals

Crude Oil. A fall of $5 per barrel for marker Brent crude, from $77.5 to $72.05 cannot be taken in isolation. It is summertime blues.

The **BP Oil Spill** will, eventually, be contained. Whether it will threaten the survival of one of the world's largest companies is still open to question. That it will question its strategy is not in doubt. A fire-damage asset sale is underway to pay for damages and even a takeover is muted with BHPB in the frame. What has been highlighted is that oil spills are much more commonplace than previously understood (just ask those living along the Niger delta trying to get compensation from ExxonMobil). Unlike coal mine explosions they do not kill people at random, but they come at a price.

Peabody Believes in Coal. It should, because that is the major international and US producer's business. Operating in the USA, Australia and Asia, Peabody believes we're in for a coal "supercycle". They believe the ***demand for coal will continue to grow at twice the demand for natural gas and hydropower, pushed by the demand for steel rising by 50% between now and 2020.***

Pointers for the week...and beyond

Sunday 4 July 2010:	US Independence Day
Tuesday 6 July 2010:	Tullow Oil Trading Statement
Wednesday 7 July 2010:	Vedanta Dividend
14-15 July 2010:	World Diamond Council Annual Meeting and continuation of KP discussions on Zimbabwe

Countries

We deal in context elsewhere on inter-country shenanigans as to how to milk the miners, now becoming an international pastime. To specifics:

Australia: The governing Labour Party is fighting for its survival as an election looms. The crisis precipitated by the Super Resources Profits Tax Proposal SPRT, toppled the PM and the climb-down by his replacement may or may not save them.

South Africa. The deeper you go, the more dangerous it gets and they don't get any deeper than some of RSA's gold mines. But there is danger and there is danger. First, we had revelations of "illegal miners" spending months underground. Like, how? Management reaction was interesting: first to stop legitimate miners taking food underground, presumably because they might feed the naughty boys. Now why do we suppose they would do that? Then, an altogether more sinister incident which saw four rescue workers killed in Harmony mine by, reportedly, an illegal explosive device. Allowing this sort of behaviour is inexcusable.

Rio Tinto and **Africa.** The world's N$^{\underline{o}}$ 2 miner says it does not have enough assets in that continent. Palabora, RSA and Richards Bay Minerals and Rossing, Namibia only make-up 4% of its business. So where will its new targets be? Don't rule out diamonds if DeBeers privatises.

Zimwatch

Whilst Mugabe has invoked Presidential Temporary Measures to stop legal action against the Reserve Bank of Zimbabwe for non-payment of debts, the Zimbabwe Electricity Supply Authority has signed an MOU with the Export and Import Bank of China for US$400m to boost power generation at the Kariba hydro plant on the Zambezi River by 300Mw. The country currently imports 150Mw from Mozambique and 125Mw from Zambia.

Mwana Africa (MWA:AIM 7.25p; Hi-Lo 17.75-4p) declared in its year-end results that Freda Rebecca gold mine in Zimbabwe generated revenue of £6m in the year and that the company is advancing plans for the resumption of operations at the Trojan nickel mine in Zimbabwe. Surely it would not antagonise its pensioners by venturing into the DRC or Angola?

Meanwhile, the senior police officer investigating the case against the Marange diamond activist in jail for three weeks now, said he travelled to South Africa to interview the KP monitor, but that Monitor Abbey Chikane was in Israel at the Kimberley Process Meeting. Because of this, Farai Maguwu has again been denied bail. Meanwhile, Mugabe supporters continue to intimidate and harass monitors gathering views of Zimbabweans on the constitution, only now Amnesty International has warned they expect violence to increase during these consultations. Simultaneously, a delegation travelled from Zimbabwe to EU offices in Brussels hoping to secure a travel sanctions reprieve for Mugabe and his 200 best friends. It is not expected to meet with success. Poor Robert. So much money. So little time.

Shares…and Currencies to Watch

- **Nyota Minerals.** (See Small and Medium Caps). **Buy, Add.**
- **Rio Tinto.** (See Major Shares). This week's setback (-8%) can be viewed as a buying opportunity. Australia's proposed RSPT was a wake-up call to which Rio responded forcefully. **Add.** RBS has it in its sights.
- **Vatukoula Gold*.** (See Small and Medium Caps). **Buy, Add.**

David Hargreaves
3 July 2010