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INDEXES & MARKETS	Jan*	Perform**
All Ords	3,667	-40.5%
ASX 200	3,721	-38.9%
ASX 300	3,707	-39.3%
S&P 200 Energy	12,656	-18.8%
Dow Jones	8,742	-30.6%
NASDAQ	1,617	-33.7%
S&P 500	910	-34.6%
FTSE 100	4,505	-29.1%
Nikkei 225	8,874	-39.2%
Shanghai Composite Index	1,878	-65.4%
RATES & CURRENCIES		
AUS Cash Rate	4.25	-37.0%
AUS 10-year bond	4.12	-32.8%
A$/US$	0.709	-19.7%
A$/¥	64.84	-33.3%
A$/€	0.519	-13.8%
A$/£	0.467	3.6%
COMMODITY PRICES		
Gold (US$/oz)	852.7	-3.0%
Silver (US$/oz)	11.1	-29.2%
Platinum (US$/oz)	997	-35.8%
Palladium (US$/oz)	196	-47.7%
Aluminium (US$/t)	1,552	-37.7%
Copper (US$/t)	3,171	-55.4%
Lead (US$/t)	1,157	-56.5%
Nickel (US$/t)	11,462	-61.3%
Zinc (US$/t)	1,211	-53.0%
Tin (US$/t)	11,480	-30.0%
WTI Oil (US$/barrel)	41.7	-56.7%
Natural Gas (US$/mmbtu)	5.6	-31.0%
Uranium Oxide (US$/lb)	52.0	-42.2%

*9/1/09,**yoy change

Resources Stocks for 2009

Portfolio Selection for January 2009

Key Points:

- ***Global outlook difficult to analyze but value opportunities exist***
- ***Money supply growth to offset weak economic figures***
- ***Gold and precious metals have provided relative strength***
- ***Commodities may be basing ahead of a recovery***
- ***China set to maintain GDP growth between 8-9% in 2009.***
- ***Balance of conservative and high growth stocks recommended.***
- ***Precious metals, copper, zinc and oil to outperform.***

The extraordinary declines in markets in the Dec Half of 2008 have been unprecedented and may be indicating further weakness in 2009 but the surge in liquidity injections by authorities around the world may produce a strongly inflationary environment for years to come. Should the latter eventuate then the current prices of resources stocks are extremely cheap. Also current high cash levels at a time of low cash rates are unsustainable.

This report highlights quality resource companies that give a balanced portfolio with an emphasis on gold. The performance table shows gold is down only 3% year-on-year compared with 30-60% for most others commodities. MPS believes the current market strongly favours gold stocks where relative valuations against gold itself are greatly discounted. The blue chip resources stocks and the massively oversold quality second liners are very cheap.

Investment Highlights:

Blue Chip Companies
BHP – Market leader, strong balance sheet, diversified and 3% yield.
FMG – Focused solely on one commodity for the right country.
WPL – A market leader in LNG with oil production.
MCC – Lower coal prices are already discounted.

Gold Companies – NCM, LGL, AVO, SBM, IGR
NCM – Market leader with large resources position.
LGL – Leading gold producer with growth options.
AVO – Strong gold production growth profile.
SBM – Strong gold production growth profile.
IGR – Growing resource base and emerging gold producer.

Copper /Molybdenum Companies – MOL, CDU, IVA
MOL – Large molybdenum project under development.
CDU – Australia's most important recent discovery.
IVA – Large copper portfolio and massively discounted from A$2 IPO issue.

Nickel Companies – IGO, MCR
IGO – Low cost nickel producer with gold growth options.
MCR – Nickel producer with large cash balance.

Zinc Companies – KZL, TRO
KZL – Cost cut implementation and processing of high grade ore.
TRO – Very large resource base for less than A$8m.

Market Overview – Once in a life-time BUY opportunity

The severity of the events in the Dec Half of 2008 has been unprecedented and has left most analysts bewildered over the near term outlook. Weakening economic numbers globally have intensified the gloom but a massive injection of liquidity by almost all national authorities may now be beginning to have some impact.

Gold, silver, oil and copper are all showing signs of basing and the recovery by the A$ has been encouraging. Many blue chip resources stocks are recovering with BHP the leader but the smaller stocks that had been so severely hit with 60-90% have shown some renewed vigour into 2009.

The global panic and fear in the September – November period was probably exacerbated by hedge funds liquidating and repatriating highly leveraged positions in stocks, currencies and commodities. The usual market players were probably overwhelmed by the aggressive selling after taking on the first of the price falls and were in turn forced to liquidate their own positions. The destocking along the entire inventory pipeline was probably completely unprecedented as trading stop losses were combined with corporate liquidity pressures.

The total extent of this crisis is yet to be known, but the effects of all individual markets being connected and integrated into one system makes the issue global. Commodity market and resource companies indices were down globally by >50%.

MPS expects the global economic market to remain weak, but the market fundamentals for some commodities remain strong. The supply side issues of the past decade are still with us and mine production cuts, closures and deferments will limit any rise in inventory. The commodity bull market began in Dec Qtr 1998 and it could well run for at least another decade. The current basing of copper and oil may be early but rebuilding of devastated trade inventories will boost metal demand well in excess of downstream consumption and help bring prices to a better equilibrium where only 25% of world capacity is uneconomic.

MPS still holds the underlying view that the trend of Chinese urbanisation and transitional change in becoming a economic powerhouse will continue into the medium term. The recent Chinese government RMB 4 trillion (US$586b) stimulus package will in effect sustain the 8-9% yearly GDP growth into 2010.

The recent price falls have retraced much of the price gains of the past few years but these could be seen as just a savage correction in a longer term bull market. The evidence for this will come as the liquidity injections take effect and perhaps a weakening of the US$ and its Treasury Bonds. Some commentators suggest the impact may be substantial and will force a surge in gold and precious metals with other commodities following. The rebound of commodity prices would reflect confidence returning across the inventory chain from producers to end users.

A balanced portfolio approach to investment on market leaders (blue chips) for their yield accompanied by a group of quality second and third liners is recommended. Note relative peer valuations and value comparisons (low P/E and Mkt Cap/resource value).

MPS recommendation for excellent BUY opportunities.

ASX	Company	Mkt Cap	P/E *	Curr-High[1]	Curr-Low[2]	Low-High[3]	Buy Rating
Blue Chips Companies		(A$m)	x				
BHP	BHP Billiton Limted	166,130	7.9	63%	63%	40%	Outperform
FMG	Fortecue Metals Group Ltd	5,871	5.9	16%	56%	9%	Strong Buy
WPL	Woodside Petroleum Limited	25,448	11.1	51%	75%	38%	Outperform
MCC	MacArthur Coal Limited	662	3.7	15%	82%	12%	Value Buy
Gold Companies							
NCM	Newcrest Mining Limited	12,838	25.3	76%	54%	41%	Outperform
LGL	Lihir Gold Limited	5,383	25.9	63%	55%	35%	Outperform
AVO	Avoca Resources Limited	345	8.1	55%	55%	30%	Value Buy
SBM	St Barbara Limited	363	7.0	31%	62%	20%	Buy
IGR	Integra Mining Limted	81	N/A	33%	40%	13%	Spec Buy
Copper-Molybdenum Companies							
MOL	Moly Mines Limited	33	N/A	11%	39%	4%	Value Buy
CDU	Cudeco Limited	284	N/A	51%	39%	20%	Spec Buy
IVA	Ivanhoe Australia Limited	100	N/A	17%	45%	7%	Spec Buy
Nickel Companies							
IGO	Independence Group NL	262	7.0	25%	47%	12%	Value Buy
MCR	Mincor Resources Limited	184	4.0	23%	51%	12%	Strong Buy
Zinc-Lead Companies							
KZL	Kagara Ltd	138	5.0	11%	46%	5%	Buy
TRO	Tri Origin Minerals Ltd	8	N/A	8%	65%	5%	Spec Buy

*Censensus and MPS estimates (green highlight), 1. % current share price to 1 year high, 2. % current share price to 1 year low, 3. % 1 year low to 1 year high

Selected Global Resources Index

Source: Bloomberg

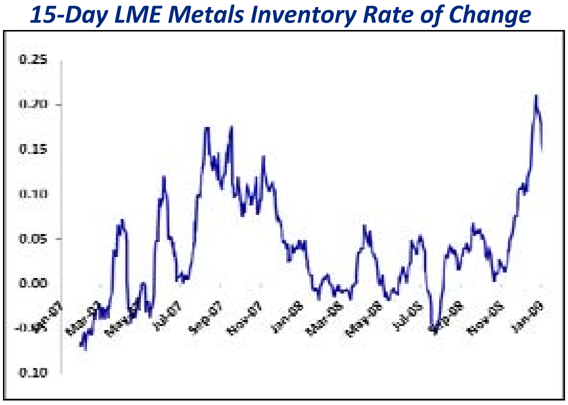
Commodity Group Price Index

Source: Bloomberg & MPS

MPS LME Metals Price Index* (Jan 88 = 100)

*Unweighted US$ index composed of Cu, Ni, Zn, Sn, Pb and Al prices.

15-Day LME Metals Inventory Rate of Change



Source: Iress & MPS

Recommended Companies – Blue Chip Companies

BHP Billiton Ltd (ASX: BHP)

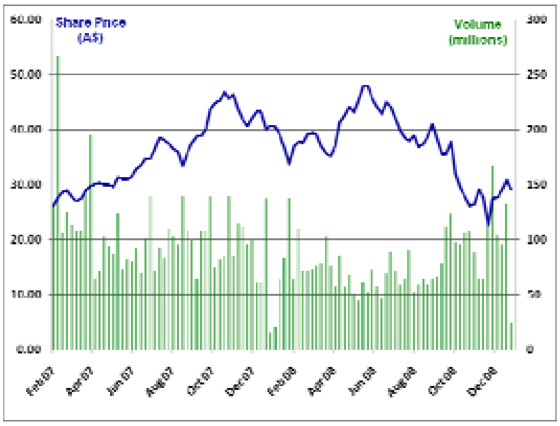
Last Price	**Market Cap**	**Shares on issue**	**Commodities**
A$30.75	A$166,130m	3,356m	Diversified
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$20.00-50.00	146,335m	Materials

BHP, the world's largest diversified miner, posted a stellar result for FY08. BHP recorded a 21% increase in EBIT (to US$24bn) and a 75% increase in dividends paid to US$0.70/share. The company achieved stronger production levels in 13 of its commodities, and record production levels in 7 of those 13, including petroleum, copper and iron ore.

As at Jun 08, BHP had a low net gearing ratio of 22.5%, down approximately 7% from the level at the end FY07. Rio Tinto, in comparison, currently has a gearing ratio of approximately 96%. Furthermore, BHP's cash position as of Jun 2008 was A$4.4bn. Its low gearing and strong cash position puts BHP in an excellent position to move forward in a tight financial market. As marginal producers are squeezed, cheap acquisitions present themselves. A giant like BHP, with low gearing and cash, can find quality tier-1 projects at a discount.

MPS believes the price of crude oil will recover the strongest out of the major commodities in 2009. MPS also expects that base metals, and especially copper, will stage a recovery in 2009. BHP has good exposure to both copper and crude oil; base metals account for approximately 32%, and the petroleum division accounts for approximately 23%, of BHP's underlying EBIT. Therefore, BHP is well-placed to take advantage of price movements in those commodities.

BHP's 2-Year Price and Volume Chart



Source: Iress

BHP's low gearing and strong cash position puts it in an excellent position to move forward in a tight financial market.

Fortescue Metals Group Ltd (ASX: FMG)

Last Price	**Market Cap**	**Shares on issue**	**Commodities**
A$2.09	A$5,871m	2,809m	Iron Ore
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$1.16-13.15	2,310m	Materials

FMG utilizes a fleet of continuous service miners, which have been proven to be very cost-effective, when compared to conventional drill and blast excavation techniques. FMG's operating costs are under US$20/dry t, which is comparable to the major players in the Pilbara, such as BHP and Rio Tinto (RIO), who have operating costs in the region of US$25/dry t.

FMG has the largest package of tenements of any company in the Pilbara; they hold almost 4 times as much as RIO. From these tenements FMG has already delineated 4.5Bt in resources and 1.6Bt in reserves. These resources and reserves are contained within an area that only accounts for 10% of FMG's total 57,500km^2 holdings in the Pilbara.

In comparison to other developing iron ore miners FMG has already achieved an impressive scale of production. The company commenced development of its Pilbara Iron Ore Project in mid-2003, completing the first stage in July 2008. Their initial production capacity, in July 2008, was 45Mtpa. Since July FMG has optimized production and the current capacity is 55Mtpa. In comparison, most junior miners are producing 1-5Mtpa, and RIO and BHP are producing approximately 180Mtpa and 120Mtpa respectively.

FMG plans to expand its current capacity to 80Mt, and from that point it plans to incrementally scale up to 200Mt. FMG is one of the lowest-cost producers in the Pilbara, it has a large resource and an even larger potential resource, and it has ambitious plans for expansion. MPS believes that FMG represents the best pure iron ore play on the ASX.

FMG's 2-Year Price and Volume Chart

Source: Iress

FMG is way off the price high it achieved back in Jun 08.

The company has identified 4.5Bt of resources on only 10% of its Pilbara holdings.

Woodside Petroleum Ltd (ASX: WPL)

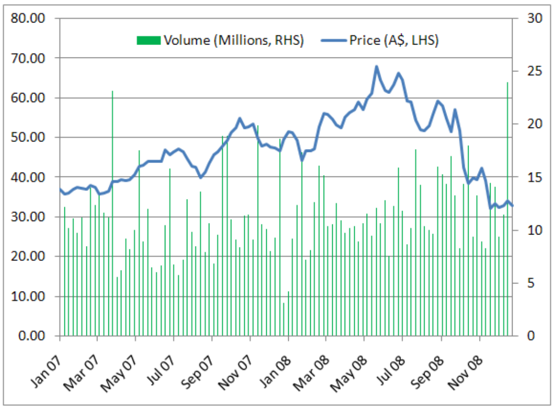
Last Price	Market Cap	Shares on issue	Commodities
A$36.43	A$25,449m	699m	Oil & Gas
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$26.81-70.51	622m	Energy

Future plans for WPL focus around the development of its Pluto LNG project (90% owned). With the completion of Pluto – Train 1 in 2011, WPL could be producing 6.6Mt p.a. of LNG, representing an increase of 230% over the current capacity of 2Mt p.a. It is expected that in 2009 WPL will need an additional US$1.5-2bn to fund the development of Pluto – Train 1.

The market has priced in the fact that the company will be forced to raise equity to fund the development of Pluto, which will significantly raise the cost of capital over debt financing. Possibly the only reason why the company would not use debt is because it is unavailable. Woodside has a dual credit rating of A-/Baa1, which will enable it to access worldwide bank debt and bond markets that are opening up to the safest debtors. The concerns surrounding the funding of Pluto's development are probably unfounded.

The company may also consider selling equity in its LNG assets, such as Pluto. These have been in demand recently (consider British Gas's takeover of Queensland Gas Company) and so WPL would not be selling any stake at fire sale prices. In fact, in selling project equity WPL will be reducing equity risk and may even be reducing the project cost of capital. MPS holds that this is further evidence that WPL is undervalued at current levels.

WPL's 2-year Price and Volume Chart



On completion of Pluto – Train 1 in 2011, WPL could be producing 6.6Mt p.a. of LNG, representing an increase of 230% over the current capacity of 2Mt p.a.

Macarthur Coal Ltd (ASX: MCC)

Last Price	Market Cap	Shares on issue	Commodities
A$3.12	A$662m	212m	Coke, PCI
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$2.54-21.21	378m	Materials

MCC's owns and operates large high-quality coal projects in the Bowen Basin, Qld. MCC is a significant independent producer of metallurgical coal, accounting for 7% of total output in Qld and close to 2% of global seaborne trade in both hard coking and low-volatility PCI coal.

MCC achieved a net profit of A$76m in FY08 with total coal sales of 3.68Mt. On the back of dramatic changes in the coal market, MCC has announced a coal sales guidance cut for FY09 to 3.9Mt from 5Mt. The company also downgraded H1 FY09 profit to A$75-125m, due to lower production volumes and an out of money hedge book. MPS believes the current share price levels have factored in not only these guidelines cuts but also a sudden and permanent fall in Chinese steel production (as mentioned, MPS does not believe this situation is likely).

MCC has announced a scaling back of its A$280-320m capital expenditure and exploration budget to 2011 to conserve cash. The company is well placed for production growth which is in sync to the development to increase port capacity at Dalrymple Bay Coal Terminal and Abbot Point. MCC expects to have doubled the port capacity allocation by 2013.

MCC's share price is trading at 16% of the highs that POSCO paid for a 10% stake in the company and MPS estimates the underlying net profit FY09 is around the A$177m, a current P/E of 3.7.

MCC's 2-year Price and Volume Chart

Source: Iress

Even on the back of coal sales downgrades, MPS estimates MCC to be trading at P/E of 3.7.

In June 2008 POSCO paid A$20/share for a 10% stake in MCC, the stock is currently trading at A$3.10.

Recommended Companies – Gold Companies

Newcrest Mining Ltd (ASX: NCM)

Last Price	Market Cap	Shares on issue	Commodities
A$28.35	A$12,838m	453m	Au, Cu, Ag
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$16.55-40.50	736m	Materials

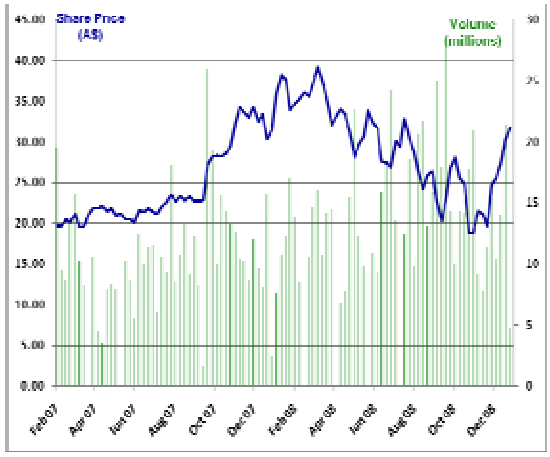
NCM is Australia's largest gold company and is one of the Top 10 global gold producers. NCM has achieved an underlying profit of A$494m up 158% in FY08, however a statutory profit of only A$134m (after close of hedge book). NCM produced 1.78Moz of gold (in equity) and 87.4kt of copper (by products from three operating mines), well above any other Australian gold producer.

NCM is a low cost gold producer. Its cash costs for FY08 is in the lower quartile of the global cost curve at A$261/oz Au (after Cu credits) hence NCM retains a high profit margin on current gold and copper prices. NCM forecasts FY09 production to be flat around the 1.8Moz. MPS estimates FY09 underlying profit around A$588m. NCM is currently trading around a P/E of 22.

Production growth for NCM will be in effect from H209 as 3 new mine/expansions will be online. Ridgeway Deep operation will contribute 200koz p.a at A$82/oz cash costs (after Cu credits), Hidden Valley (PNG) for >250koz p.a and Gosowong Kencana expansion for around 400koz p.a.

NCM is a leverage gold investment, as it has strong operating cashflow (> $1bn), long mine life projects, has a strong balance sheet with gearing of 15% by Jun 09 and is low cost producer with a resource base of 90Moz.

NCM's 2-year Price and Volume Chart



Source: Iress

Australia's largest, and a low cost, gold producer with a strong balance sheet and large resource base close to 90Moz.

Lihir Gold Ltd (ASX: LGL)

Last Price	Market Cap	Shares on issue	Commodities
A$2.46	A$5,383m	2,189m	Au
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$1.52-4.39	4,552m	Materials

Lihir Island Gold Project (PNG) is LGL's flagship operation with a significant gold deposit containing 23Moz of gold reserves. The 3.4Mtpa operation produces more than 700koz p.a of gold sourced from the high grade refractory sulphide ore, processed by autoclaving.

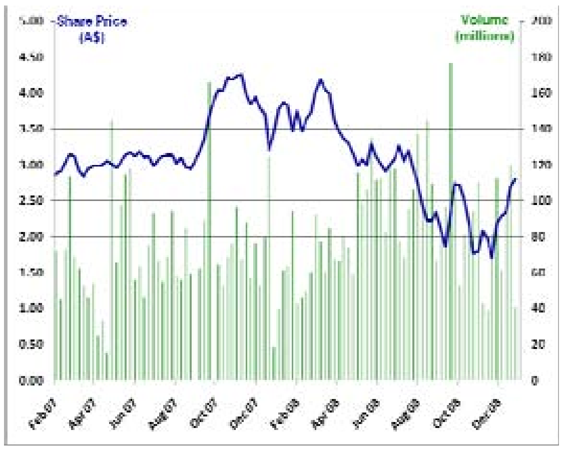
LGL's last $100m financing requirement for the Lihir Island expansion plan remains unclear to the market (can be either sourced from debt facility or paid through cashflow which LGL generates). However, development of the expansion remains on track. LGL plans to the lift production to more than 1Moz p.a from 2011. Lihir Island operation cash costs remain relatively high at US$440/oz, but this is expected to be lower as geothermal power will be expanded to replace most of the onsite electricity requirements currently met by heavy oil fuel.

LGL acquired Ballarat Goldfields in 2007 and has recently recommenced the underground mine with periodic increases in production planned to achieve 150koz p.a output from 2010 at similar cash costs of the Lihir Island Operation.

The merger between LGL and Equigold NL in 2007 will take the company's total gold production past 1.2Moz p.a this year. Production from Mt Rawdon mine (Qld) and Bonikro Gold mine (Ivory Coast) will contribute more than 25% of the total gold production.

LGL is a pure gold leverage play and a proven gold producer from a world-class assets, has strong growth opportunity from the current producing assets and excellent exploration tenements within the existing deposits to extend the current gold resource of 43.6Moz.

LGL's 2-Year Price and Volume Chart



Source: Iress

LGL is a pure gold leverage and unhedged gold producer. Excellent exploration upside within the PNG gold belt with its Lihir Island Operation.

Avoca Resources Ltd (ASX: AVO)

Last Price	Market Cap	Shares on issue	Commodities
A$1.55	A$345m	223m	Au
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$0.87-2.91	179m	Materials

AVO's 2-Year Price and Volume Chart

Source: Iress

AVO is one of the few new Australian gold producers. Its Higginsville Gold Operation (WA) is located in the prospective mining region of Kambalda and eastern goldfields of WA. The 1Mtpa CIL treatment plant, accommodating infrastructures and initial underground mine development was completed on time and under budget of A$49m.

The operation was commissioned mid last year and first gold was poured in Jul 08. AVO is targeting to produce 150koz of gold in FY09 and later expansion to 190koz p.a, at a low cash costs of A$420/oz. The company is confident of a 10 year plus mine life. The Trident underground deposit currently has resources of 5Mt @ 6g/t for 951koz Au. Added to nearby deposits, AVO has a global resource of 12.2Mt @ 3.7g/t for 1.45Moz Au.

The company plans to conduct additional exploration work around the existing tenements and known deposits to prove up and extend its gold resource base. In the next 12 months AVO aims to extend the Trident underground mine development, commence the decline development for the Two Boys deposit, identify the extent of the resource at the Vine deposit and conclude a feasibility study for the Chalice prospect.

Australia's newest gold producer

MPS estimates AVO is trading on a P/E of 8.1, with market capitalisation of $248/oz of gold resource and it is well placed to generate enough cash to meet its debt repayments and capital and exploration expenditures from its gold sales revenue.

St Barbara Limited (ASX: SBM)

Last Price	Market Cap	Shares on issue	Commodities
A$0.30	A$363m	1,299m	Au
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$0.18-0.92	1,701m	Materials

SBM's 2-year Price and Volume Chart

Source: Iress

SBM successfully recommenced production at the historical Leonora Gold operation (WA) in Oct 08. The redevelopment of the Gwalia underground mine has taken three years and cost A$120m. SBM plans to produce 115-125koz p.a of gold at estimated cash cost of between A$540-570/oz with reserves more than 1.7Moz with an average grade of 9g/t at Gwalia.

SBM's Southern Cross operation (WA) has produced more than 500koz of gold over the last three years and has been the cornerstone of SBM's success. The plant has a production capacity of 2.4Mtpa averaging head grade of 2.5g/t to produce 157.6koz with average cash costs A$560/oz for FY08. The average realised gold price for SBM in FY08 was A$907/oz and the company achieved EBITDA of A$55m.

Successfully re-commissioned the historical Gwalia underground mine and is set to produce more than 265koz Au for FY09, trading at P/E of 7 and mkt cap of $34/oz Au resources

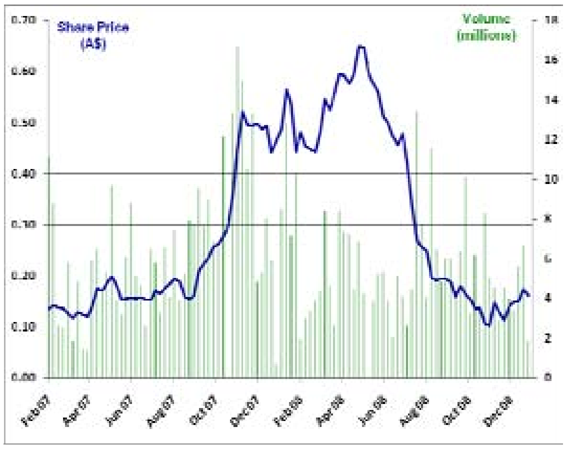
SBM gold production guidance for FY09 is 265-285koz and cash operating costs between A$650-670/oz from both the Southern Cross and Leonora Gold operations generating > A$110m of operating margin and estimated P/E of 7.

SBM is a proven gold producer. It had difficulties in raising capital, but has successfully overcome this hurdle. SBM has reserves of 3.1Moz and resources of 11.3Moz gold, this equates to market capitalisation of $34/oz Au resource.

Integra Mining Ltd (ASX: IGR)

Last Price	**Market Cap**	**Shares on issue**	**Commodities**
A$0.21	A$81m	386m	Au
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Developer	$0.09-0.71	293m	Materials

IGR's 2-Year Price and Volume Chart



Source: Iress

IGR currently has a global gold resource of 20Mt @ 2.7g/t (1.8Moz) at its 100% owned Aldiss-Randalls and Mt Monger Projects located within the Kalgoorlie's eastern goldfields of WA. This resource equates to market capitalisation of A$46/oz of gold. In comparison, the 18 emerging gold producers in the MPS Gold Matrix (including IGR) had an average market capitalisation of A$83/oz of gold. This makes IGR's resources almost half as cheap as its peers' average.

Mkt Cap per Gold resources only A$46/oz, well below the average of MPS Emerging Gold Matrix average of A$83/oz.

The company plans to utilize the former New Celebration gold processing facility, which it purchased in 2006 for A$3m. The facility has a production capacity of 1.3Mtpa and is capable of producing 120koz p.a Au at the proposed head grade of 3.4g/t. The purchase of this facility will help to bring the project online much faster than if the company purchased the equipment new.

MPS estimates that, once the Aldiss-Randalls Project is operational, the mine life, at the current resources level, will be approx 15 years. It is a company priority to extend this mine life. To this effect IGR is aggressively conducting exploration work within the 8km gold trend along the promising Salt Creek deposit. Early drilling success from the Lucky Bay prospect shows there are prospective gold deposits along the gold trend within the IGR's holdings.

Recommended Companies – Molybdenum Companies

Moly Mines Ltd (ASX: MOL)

Last Price	**Market Cap**	**Shares on issue**	**Commodities**
A$0.39	A$33.2m	86m	Mo, Cu & Fe
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$0.17-3.99	54m	Materials

MOL's 2-year Price and Volume Chart

Source: Iress

Both equity and debt financing under current market conditions has been extremely difficult, however MOL was able to secure US$150m of interim financing facility from a US based company to continue the development of its flagship Spinifex Ridge Molybdenum and Copper Project. MOL expects to finalise the remaining US$686m of the capital by H2 this year, targeting first production in early H2 10.

The Definitive Feasibility Study for the Spinifex Ridge project was completed in Sep 07 with a strong economic basis. All permits have been obtained by the company and critical long term equipment are on schedule to be delivered this year. MOL has spent more than A$300m on the Spinifex Ridge Project to date. It has proven up 497Mlb of Mo, 795Mlb of Cu and 18.8Moz Ag of reserves with the IGV worth more than A$10.5bn at today's spot prices and the market capitalisation of the company is only A$33m with net cash backing of A$45m.

MOL has spent >$300m on the development of the Spinifex Ridge Project and proven up more than 497Mlb of Mo and 796Mlb of Cu in Reserves, IGV worth A$10.5bn.

The purposed 20Mtpa operation will annually produce more than 24Mlb Mo (accounting for 4% of world current Mo consumption), 27Mlb Cu and 0.5Moz Ag with a reserves mine life of more than 23 years. MOL is a low cost producer, with a Mo cash cost of US$7/lb per Mo, well below its current Mo prices.

Another upsides with MOL is the discovery of massive hematite Fe mineralisation 500m away from the Spinifex Ridge project. Early drilling results indicate high grade Fe mineralisation and first resource estimates are expected to be announced during Q1 09.

Recommended Companies – Copper Companies

CuDeco Ltd (ASX: CDU)

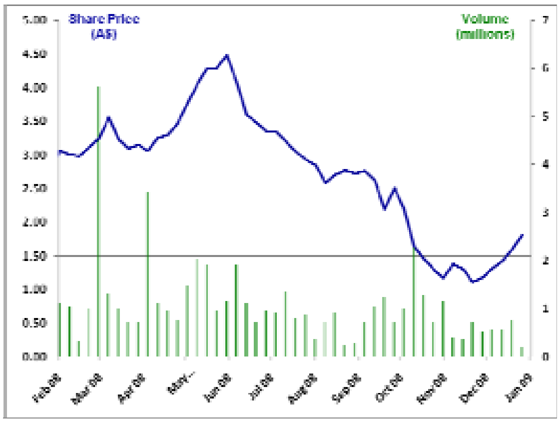
Last Price	Market Cap	Shares on issue	Commodities
A$2.40	A$284m	118m	Cu, Co, Au & U
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Explorer	$0.93-4.69	58m	Materials

CDU's Rocklands Project is one of the largest exploration projects in Australia, with approx 130,000m of reverse-core (RC) and diamond drilling completed to date. CDU currently has 6 drill rigs in full operation and a strong cash position of A$26m (as of Sep 08) to support its drilling program well into 2010. Recent exploration results have shown the probability of a larger resource than MPS's initial estimates. CDU has recently defined two new mineralized zones adjacent to the Las Minerale Central area called the Parallel Zone and Las Minerale West.

Significant falls in the price of copper have squeezed out marginal producers and made it difficult for highly leveraged companies to service their debt. Matrix Resources appointed administrators in Nov 08 as their operation is no longer profitable due to the significant fall in copper prices and CopperCo Limited followed suit after it was unable to extend its debt facilities.

These developments are unfortunate, yet they create an opportunity for companies, such as CDU, with strong cash positions. Existing copper mining infrastructure and equipment, plus copper tenements and projects may be on the market at fire sale prices. Companies at various stages of development will be able to reduce their cost of capital and pick up new tenements to compliment their own.

CDU's 2-Year Price and Volume Chart



Source: Iress

Recent exploration has significantly improved the probability of a large increase in CDU's Copper resource.

Ivanhoe Australia Ltd (ASX: IVA)

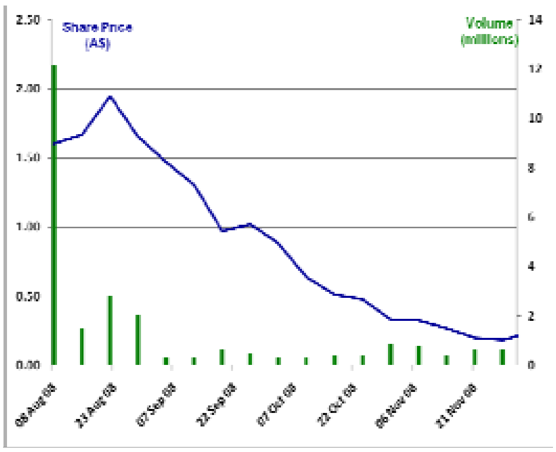
Last Price	Market Cap	Shares on issue	Commodities
A$0.32	A$100m	316m	Cu, Au & U
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Explorer	$0.15-2.03	31m	Materials

IVA listed in Aug 08 with an IPO raising of A$125m for 20% of the company's share capital. The company is targeting copper, gold and uranium mineralisation under three projects in the Cloncurry region of Qld. The three projects, called Mount Elliot, Mount Dore and Starra Line, are situated on granted mining leases. MPS believes that by having these mining leases IVA will be able to bring forward the project into production sooner than otherwise.

Currently 7 drill rigs are in operation over the 3 projects with an infill drilling program at Mount Elliot and an extension drilling program at Mount Dore. As of Q3 08, IVA held A$70.2m in cash, and the company believes there is enough cash for them to continue their drilling program and to plan operations while the copper price recovers from its lowest level in over 3 years.

IVA has one of the largest resource bases in the Cloncurry region. IVA has a global resource of 3.1Mt of copper and 5.1Mozs of gold. MPS calculated the in-ground value (IGV) of IVA's resources, using recent spot prices, to be A$20.8bn. The company's market capitalisation of A$110m is, therefore, only a fraction of its IGV, suggesting that the company is currently undervalued.

IVA's Price and Volume Chart



Source: Iress

IVA's JORC Resources

	Mt	Cu (%)	Au (g/t)
Mount Elliot	475	0.5	0.3
Mount Dore	80	0.6	
Starra Line	30	0.9	0.8

MPS estimates that the IGV of IVA's JORC resources is approx. A$20.8bn

Recommended Companies – Nickel Companies

Independence Group NL (ASX: IGO)

Last Price	Market Cap	Shares on issue	Commodities
A$2.31	A$262m	113m	Ni, Au
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$1.10-9.39	179m	Materials

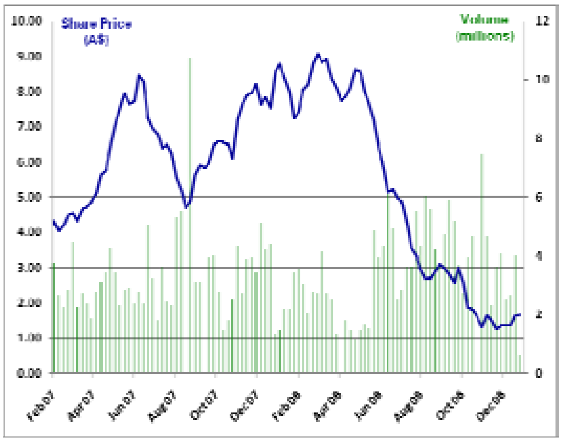
IGO's Long Nickel Mine outperformed its FY08 production forecast, producing 9,275t of nickel. Cash costs averaged A$4.12/lb and the head grade averaged 3.6%. For the 2008 FY IGO achieved a net profit of A$51.5m and paid a 17¢/share dividend, its cash balance was more over A$127m ($1.12/share).

IGO purchased the mine for A$233m in 2002. Since then the mine produced 46,516t of nickel, at a profit of A$233m. The mine currently has reserves of 37,197t of contained nickel at an average grade of 3.5%. The company has a global resource of 75,800t of nickel.

Production is forecast for the 2009 FY to be between 8,400t and 8,800t of nickel at a cash cost of between A$4.50/lb and $4.65/lb. MPS expects IGO to achieve A$65m in profit in the 2009 FY and to trade at a P/E of 7. IGO has ceased its buy-back scheme, after the repurchase of A$10.6m worth of shares.

IGO's Tropicana Gold JV Project (30% free carried to feasibility study) has a 1.2Moz of gold equity interest in the project. This project is a major gold discovery 200km west of Laverton (WA), has a long mine life and is a good grade project with strong exploration upsides. IGO is totally discounted by the market as it is waiting for the completion of the full feasibility study.

IGO's 2-Year Price and Volume Chart



Source: Iress

Excellent nickel producer trading at P/E of 7, half the company value is backed up by cash in the bank and IGO has 1.2Moz interest in an excellent gold asset.

Mincor Resources NL (ASX: MCR)

Last Price	Market Cap	Shares on issue	Commodities
A$0.93	A$184m	199m	Ni
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$0.45-3.96	364m	Materials

MCR is the third largest listed nickel producer in Australia. Its operation is based in the high grade nickel Kambalda district (WA). The company has an 8 year track record of profitability, dividend payment and nickel production and it raised capital only once back in 2001.

The company has no debt and a strong balance sheet with a cash position of approximately A$60m (A$0.30/share) and net hedge credit worth more than A$0.20/share. MCR achieved net profit of A$64m for the FY08, and an EBITDA of A$140.8m from the production of 19,000t of nickel at an average nickel head grade of 2.3%. MCR paid a dividend of A$0.12/share.

Due to the current difficult economic and commodity price climate, MCR implemented a new management plan to reduce capital and exploration expenditures down to A$2.2m/month and it has halted development of the Miitel and McMahon deposits.

MCR's FY09 forecast is to produce between 16,000-19,000t of nickel at a cash cost of around US$3.40/lb (<A$5.00/lb). MCR estimates by end of H208, it will have net working capital of more than A$60m, showing the strong cashflow position of the company.

MCR is well positioned as a low cost, high grade nickel producer with a strong balance sheet and management team to ride this tough period. MCR is highly leveraged to the upside in nickel prices and positively hedged for a third of its production. MPS estimates NPAT of ~A$50m, currently trading P/E of 4.

MCR's 2-year Price and Volume Chart

Source: Iress

More than 50% of the company is backed by cash and hedging credits. MPS estimates MCR is trading at P/E of 4.

Recommended Companies – Zinc/Lead Companies

Kagara Ltd (ASX: KZL)

Last Price	Market Cap	Shares on issue	Commodities
A$0.64	A$138m	216m	Zn, Pb, Ni, PM
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Producer	$0.29-6.27	378m	Materials

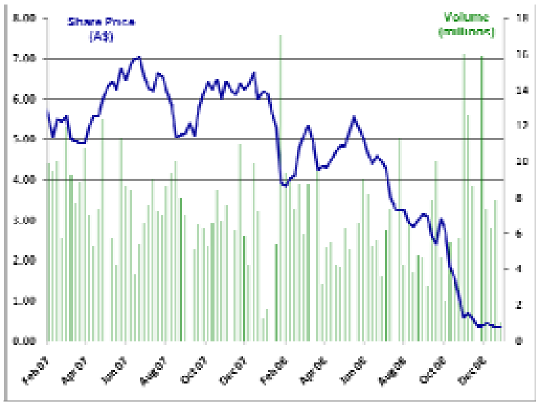
KZL is a base metals producer with the primary focus on zinc and copper production at its Mt Garnet Polymetallic Operation in Nth Qld. KZL is also looking to develop the Forrestania Nickel Project (WA) and seeking a JV partner for the development of the Admiral Bay Zinc Project (WA).

Due to the prevailing low zinc and lead prices, KZL has taken prudent actions to reduce costs and has prioritized production on highest margin ore bodies at the Mt Garnet deposits and the recent new developed Mugana deposit, with the aim of scaling up copper production for FY09 by processing high grade copper stockpiles during Jan-Feb 09. KZL has scaled back its exploration to only infill drilling at the Lounge nickel deposit (Forrestania Project) to define reserves.

KZL believes the cost benefits and the development cut backs will be A$70m saving, as FY09 production guidance for copper and zinc are 40kt and 35kt respectively with lead, gold and silver credits. KZL expects cash costs for zinc to be around US$0.40/lb and US$1.40/lb for copper. Given the cost guidance and indicative production margin from KZL, MPS forecast of A$28m net profit, which means KZL is currently trading at a P/E of 5.

KZL is a good producer leverage play to the raising base metal prices, as it retains a well balanced growth opportunity at the Forrestania Nickel Project and Admiral Bay Zinc Project. Both projects represent a medium term development upside for the company.

KZL's 2-year Price and Volume Chart



Source: Iress

Cost cutting and change of the production profile will ensures KZL can ride out the difficult times and be well exposed to project growth when metal prices rebound.

Tri Origin Minerals Ltd (ASX: TRO)

Last Price	Market Cap	Shares on issue	Commodities
A$0.08	A$7.6m	102m	Zn, Cu, Pb, Au & Ag
Status	**1 Yr Low-High**	**1 Yr Volume**	**GICS Sector**
Developer	$0.05-0.95	13m	Materials

TRO has an excellent resource base spread across three different projects in the Lachlan Fold Belt of NSW, the Woodlawn Retreatment Project (WRP), the Woodlawn Underground Project (WUP) and the Lewis Ponds Project (LPP). Using recent spot prices, MPS calculated the in-ground value of TRO's resources to be A$6.5bn. The company, however, only has a market capitalisation of approx. A$7.6m.

In addition to its base and precious metals TRO may have an opportunity to develop complimentary production of pyrite concentrate, limestone and other minerals. This gives the company the ability to diversify their exposure away from the base and precious metals. This is ideal in an uncertain environment where the prices of base and precious metals are extremely volatile.

TRO has completed the first draft of the WRP feasibility study, positioning the company to bring this project to production within the next two years. MPS believes that the recent dramatic falls in the prices of zinc and lead have squeezed out marginal producers from the market, creating an opportunity for developing companies. When the prices of zinc and lead recover in the next 6 to 12 months, TRO will be in an excellent position to take advantage of the room left by these marginal producers.

TRO's 2-year Price and Volume Chart

Source: Iress

TRO's JORC Resources

	Mt	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
WRP	11.65	2.29	0.5	1.35	0.30	31.9
WUP	10.10	10.2	1.8	4.1	0.61	87
LPP	6.6	2.4	0.2	1.4	1.5	69

MPS estimates that the IGV of TRO's JORC resources is approx. A$6.5bn.

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- Martin Place Securities Pty Ltd was Broker to a number of companies (CDU, IGR and TRO) in this report and earned a commission in respect of funds raised.
- Martin Place Securities Pty Ltd, its Directors and associates may hold shares in the securities mentioned in this report. This position may change at any time.

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