

Shooting higher with Apollo

Apollo Discovery

On March 6th AVO announced the discovery of a new ore zone called Apollo, which was intersected by 6 drillholes over a strike length of 350m. The zone remains open to the north and is located just 20m north of the planned Trident decline. Best results include 29m @ 4g/t Au, 14m @ 4.7g/t Au and 12.6m @ 3.1g/t Au. The discovery is a great result for AVO highlighting the prospectivity of the area and supports AVO's aim of having a minimum 10 year mine life.

Development progressing

Decline development is progressing at Trident with ore development on track for June 2007. Key outcomes from the Trident feasibility study were reiterated with life of mine capex of A\$91M based on a +10 year mine life and average cash costs of A\$369/oz (US\$285/oz).

Funding expected 1Q07

The life of mine capex estimate of A\$91M is split A\$39M on capital works/development & equipment, A\$52M on a 1Mtpa plant, services, buildings and infrastructure. A financing decision is expected 1Q07. We expect the majority to be raised via equity. Cash at hand as at 31 Dec 2006 was A\$5.5M.

BUY

AVO offers attractive production growth with ~25koz production in the first 6 months (via toll treatment) rising strongly to 170koz year 2 and >190koz for the following years. AVO is trading at just 1.0x NAV which is cheap and compares to domestic peer range 1.0x-1.8x. AVO is attractively priced on FY08 & FY09 PEs 13x & 5x. Our price target is A\$2.00ps (1.6x NAV).

Estimates (Jun)

(A\$)	2005A	2006A	2007E	2008E	2009E
Net Profit b/f Abnormals	(2)	(2)	(3)	21	58
EPS	(0.020)	(0.011)	(0.017)	0.096	0.254
EPS Change (YoY)	104.2%	-46.5%	55.1%	-678.8%	165.9%
Dividend / Share	0	0	0	0	0
Free Cash Flow / Share	(0.040)	(0.036)	(0.270)	(0.070)	0.332

Valuation (Jun)

	2005A	2006A	2007E	2008E	2009E
P/E	NM	NM	NM	13.23x	4.98x
Dividend Yield	0%	0%	0%	0%	0%
EV / EBITDA*	-58.33x	-77.01x	-68.96x	5.25x	1.74x
Free Cash Flow Yield*	-2.41%	-2.84%	-27.87%	-8.21%	40.02%

* For full definitions of *iQmethod*SM measures, see page 8.



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Stock Data

Price	A\$1.26
Price Objective	A\$2.00
Date Established	2-Nov-2006
Investment Opinion	C-1-9
Volatility Risk	HIGH
52-Week Range	A\$0.595-A\$1.51
Mkt Val / Shares Out (mn)	US\$148 / 148.9
Average Daily Volume	386,592
ML Symbol / Exchange	AVORF / ASX
Bloomberg / Reuters	AVO AU / AVO.AX
ROE (2007E)	-5.2%
Net Dbt to Eqty (Jun-2006A)	-31.4%
Est. 5-Yr EPS / DPS Growth	NA / NA
Free Float	100.0%



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Refer to important disclosures on page 9 to 10. Analyst Certification on page 8. Price Objective Basis/Risk on page 7.

15 March 2007

iQprofileSM Avoca Resources Ltd

Key Income Statement Data (Jun)	2005A	2006A	2007E	2008E	2009E
(A\$ Millions)					
Sales	0	0	0	91	158
Operating Expenses	(2)	(2)	(3)	(42)	(49)
EBITDA	(2)	(2)	(3)	49	109
Depreciation & Amortization	0	0	0	(19)	(30)
EBIT	(2)	(2)	(3)	30	80
Net Interest & Other income	0	0	0	0	3
Associates	NA	NA	NA	NA	NA
Pretax Income	(2)	(2)	(4)	30	82
Tax (expense) / Benefit	0	0	1	(9)	(25)
Net Profit b/f Abnormals	(2)	(2)	(3)	21	58
Non-Recurring Items	0	0	0	0	0
Net Income (Reported)	(2)	(2)	(3)	21	58
Avg F Diluted Shares Outstanding	113	150	194	220	227

Key Cash Flow Statement Data

EBITDA	(2)	(2)	(3)	49	109
Change in Working Capital	0	1	1	(4)	0
Deferred Taxation Charge	0	0	(1)	0	0
Other Adjustments, Net	1	1	1	1	1
Cash Flow from Operations	(1)	0	(2)	37	88
Capital Expenditure	(4)	(6)	(51)	(53)	(13)
(Acquisition) / Disposal of Investments	(2)	0	0	0	0
Other Cash Inflow / (Outflow)	0	0	0	0	0
Cash Flow from Investing	(6)	(6)	(51)	(53)	(13)
Shares Issue / (Repurchase)	4	11	78	4	0
Cost of Dividends Paid	0	0	0	0	0
Cash Flow from Financing	4	11	86	(4)	0
Free Cash Flow	(5)	(5)	(53)	(15)	75
Net Debt	(3)	(7)	(33)	(21)	(97)
Change in Net Debt	NA	NA	NA	NA	NA

Key Balance Sheet Data

Property, Plant & Equipment	12	17	69	102	84
Other Non-Current Assets	0	1	1	1	1
Trade Receivables	0	0	0	0	0
Cash & Equivalents	3	7	41	21	97
Other Current Assets	0	0	0	0	0
Total Assets	15	26	111	125	182
Long-Term Debt	0	0	0	0	0
Other Non-Current Liabilities	0	0	0	0	0
Short-Term Debt	0	0	8	0	0
Other Current Liabilities	0	0	0	0	0
Total Liabilities	1	2	12	0	0
Total Equity	14	24	99	125	182
Total Equity & Liabilities	15	26	111	125	182

iQmethodSM - Bus Performance*

Return on Capital Employed	-17.4%	-8.5%	-4.2%	18.3%	37.5%
Return on Equity	-19.3%	-8.5%	-5.2%	18.8%	37.5%
Operating Margin	NA	NA	NA	33.0%	50.4%
EBITDA Margin	NA	NA	NA	53.8%	69.2%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	0.4x	-0.1x	0.6x	1.8x	1.5x
Asset Replacement Ratio	115.5x	126.1x	193.4x	2.8x	0.4x
Tax Rate (Reported)	0%	21.4%	15.5%	30.0%	30.0%
Net Debt-to-Equity Ratio	-18.4%	-31.4%	-32.7%	-17.1%	-53.1%
Interest Cover	NA	NA	-6.0x	182.1x	NA

Key Metrics

Franking	0%	0%	0%	0%	0%
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 * For full definitions of iQmethodSM measures, see page 8.

Company Description

Avoca Resources is an emerging gold miner in Western Australia with its Trident deposit. First production is targeted 1H07 with an attractive growth profile and significant upside from exploration.

Table 1: Macro Assumptions

Assumptions	06A	07E	08E	09E
Average Exchange Rate (A\$/US\$)	0.75	0.77	0.75	0.73
Gold Price (US\$/oz)	527	641	683	665

Source: ML Estimates

Stock Data

Price to Book Value	1.9x
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1H07 Result

AVO reported a 1H07 loss of A\$1.7M which was slightly below our forecast loss of A\$1.4M. Net operating cash outflow was A\$0.84M.

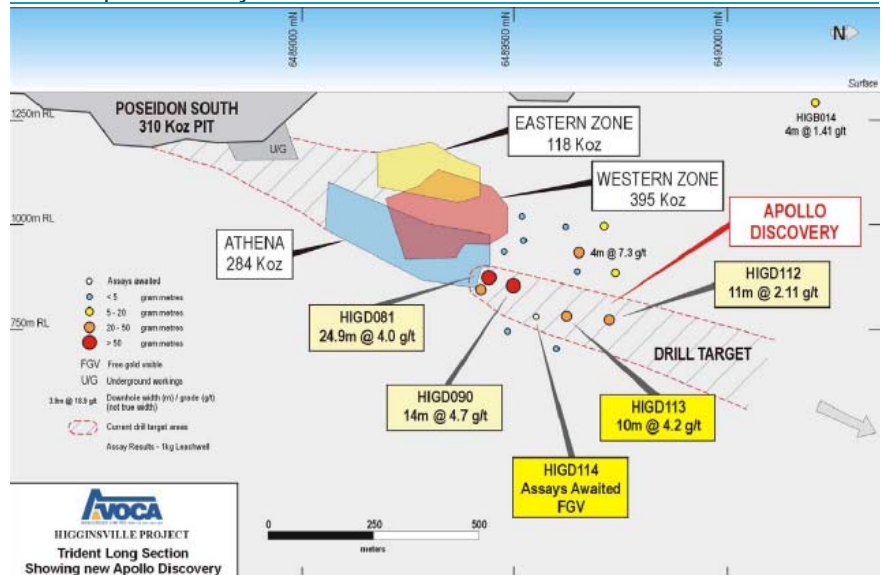
Trident Development progressing

Decline development is progressing at Trident with first ore development expected in June 2007. Mining methods will be a combination of 30 conventional large volume sub-level open stopes (Western Zone) and a series of narrow (<10m wide) sub-level open stopes (bench stoping) predominantly on the Eastern Zone and Athena lodes. At around 250-340m depth, the ounces per vertical metre are very high as the Western Zone intersects Athena. This is potentially spectacular ore. The decline will need to be ~800m in length to reach this ore in 2008/09.

Apollo Discovery

On March 6th 2007, AVO announced the discovery of a new ore zone called Apollo which intersected by 6 drillholes over a strike length of 350m. The zone remains open to the north and is located just 20m north of the planned Trident decline. This provides an excellent platform for future underground drilling and development of Apollo. Best results include 29m @ 4g/t Au, 14m @ 4.7g/t Au and 12.6m @ 3.1g/t Au. The diagram below shows the close proximity of the Apollo zone to the Western Zone (395koz), Athena (284koz) and Eastern lode (118koz). Apollo is interpreted to be associated with the northern continuation of the Western Zone structure and shows similar mineralisation in drill core. Additionally the deposit is flat plunging, which typically provide highly favourable ounces and tonnes per vertical metre characteristics for development and stoping. Drill testing of the Apollo Zone will continue to the north of these intersections. Surface drilling will continue to define the extents of mineralisation so that an Inferred Resource can be established.

Chart 1: Apollo Discovery



Source: AVO

The discovery is a great result for AVO and highlights the prospectivity of the area. Whilst further drilling continues it is likely that Apollo will extend mine life beyond the current 4 years reserves (581koz) and 6 years resources (797Koz).

Exploration

AVO has control of a 1000sq km gold belt between the St Ives (15Moz) and Norseman (6Moz) gold camps. Exploration upside looks attractive with the average drill hole depth for the entire Higginsville field only 45m. Just 1% of holes (114 in total) have been drilled deeper than 250m in a field where the predominant gold target is for underground ore. A total of A\$5m has been allocated to exploration over the next 12 months. Drilling is focused but not restricted to the Trident project area.

Recap of Trident Project Parameters

Phase 1 sees targeted start up around June 2007 with an attractive growth profile (table 7). Costs are higher in year 1 due to toll treatment however they are expected to reduce dramatically following completion of the 1Mt/pa plant and as higher grade ore is accessed in the Athena lode. Life of mine cash costs are estimated at A\$369/oz with <A\$300/oz costs from FY09 once in the high grade Athena zone.

Figure 1: AVO Major Projects



Source: AVO

Table 2: Trident project parameters

AVO ownership	100%
Plant Capacity (toll treat initially)	1.0Mt/pa
Plant Gold Recovery	95%
Gold Production First 6 months	25koz
Annual Gold Production from Year 2	~190koz/pa
Cash costs Year 1	~US\$375/oz
Cash costs Year 3 onwards	<US\$250/oz
Pre Production Capex – funded by bridge loan facility	~A\$15M
Plant Capex for Year 2 Production	~A\$52M
Mine life*	~6 years
Mining Method	Underground
First Production	~April 2007

Source: AVO, *Based on resources

Hedging

At present AVO is unhedged however some debt may be required with minor hedging.

Trident Resources - upside

AVO sees likely conversion of 142koz inferred resources into reserves given these resources are in areas adjacent to planned capital development at Trident. Additionally numerous high grade ore intersections are presently unclassified due to insufficient drill density. Best results include 7m @ 8.8g/t Au, 4m @ 15.2g/t Au and 4m @ 13.9g/t Au from the Eastern Zone and 5m @ 31g/t Au, 3.7m @ 36.7g/t Au from the Poseidon South Athena vein. It is expected that once underground drill positions are established, many of the unclassified intersections will become part of future resources and subsequent reserves conversions. AVO believes potential exists to grow the total resources to 4Moz over time.

Table 3: Resources - Trident

Classification	Tonnage (Kt)	Au Grade (g/t)	Contained Au (kozs)
Measured	0	0.0	0
Indicated	3,521	5.8	655
Measured & Indicated	3,521	5.8	655
Inferred	838	5.3	142
Measured, Indicated & Inferred	4,359	5.7	797

Source: AVO

Open Pit Resources

In addition to Trident the near-surface potentially open-pittable resources at Higginsville amount to 4.4Mt @ 1.8g/t Au for 251kozs. The majority of these resources are in the Indicated and Measured categories and classified in the early 1990s when gold price was A\$450/oz. At current gold prices of A\$816/oz, AVO believes that there is likely to be a positive conversion to reserve oz.

Table 4: Open Pit Resources

	Indicated			Inferred			Total		
	Kt	Grade	Contained	kt	Grade	Contained	Kt	Grade	Contained
Fairplay Area	1,300	1.7	73	1,150	2.0	75	2,450	1.8	148
Palaeochannels	845	2.2	60	48	2.7	4.2	893	2.2	65
Other	89	2.1	6	350	1.5	17	1,085	1.1	38
Total	2,234	1.9	139	1,548	1.9	96	4,428	1.8	251

Source: AVO

Table 5: JV Projects

JV Partner	Project	Commodity	Earning
Barrick Gold	Zuleika South	Gold	51%
Teck Cominco	Kalgoorlie East	Gold	70%
La Mancha	Mungari	Gold	51%
Integra Mining	Cowarna	Gold	80%
Metex/Placer Dome	Laverton	Gold	70%
Great Gold Mines	S. Laverton	Gold	80%
Regal Resources	Mt Goose	Gold	80%
Encounter Res.	Lake Way	Uranium	60%
Encounter Res.	Various	Uranium	80%
Stellar Res.	Cowell SA	Gold	75%

Source: AVO

Regional Exploration & JVs

Outside Higginsville, the Company holds interests in wholly owned projects in Western Australia and South Australia. Additionally AVO holds interests in 9 JV projects. AVO is encouraged by drilling results returned by Barrick Gold at Zuleika South and Teck Cominco at Kalgoorlie East. AVO believes potential exists for the discovery of a major gold deposit in each of these 2 projects. AVO has an extensive joint venture portfolio comprising 9 separate JVs throughout WA. These provide AVO with exposure to several gold and uranium projects while limiting its funding commitments to these projects.

Valuation

Our base case valuation for AVO is based on a 6 year mine life using a 10% discount rate which equates to A\$1.12/share.

Table 6: NPV @ 10% Discount Rate

	A\$m	A\$/share
Higginsville Gold Project	250.25	1.68
Taxation	(67.31)	(0.45)
Hedging	(0.00)	(0.00)
Exploration	5.00	0.03
Net (Debt)/Cash	(2.50)	(0.02)
TOTAL	185.44	1.25

Source: ML Estimates

AVO Production Summary

Table 7: Production and Cash Cost Summary

Higginsville Production (oz)	06A	07E	08E	09E
Gold	0	0	99,502	173,333
Cash Operating Costs	06A	07E	08E	09E
Higginsville (US\$/oz)		0	296	194
Higginsville (A\$/oz)		0	395	266

Source: ML Estimates

Profit and Loss

Table 8: Profit and Loss (A\$M)

Profit and Loss	06A	07E	08E	09E
Sales	0.0	0.0	91.0	157.9
Other Revenue	0.0	0.0	0.0	0.0
Total Revenue	0.0	0.0	91.0	157.9
Operating Costs	-0.5	-1.0	-39.5	-46.1
Exploration	-0.9	-0.6	-1.0	-1.0
Other Costs	-1.0	-1.5	-1.5	-1.6
EBITDA	-2.4	-3.1	49.0	109.3
Depreciation & Amortisation	0.0	-0.3	-18.9	-29.7
EBIT	-2.4	-3.4	30.0	79.6
Net Interest	0.4	-0.4	0.0	2.8
Pretax Profit	-2.0	-3.8	30.1	82.3
Tax	0.4	0.6	-9.0	-24.7
Operating NPAT	-1.6	-3.2	21.1	57.6
OEI	0.0	0.0	0.0	0.0
NPAT (Normalised for FCA)	-1.6	-3.2	21.1	57.6
Significant Items	0.0	0.0	0.0	0.0
Reported NPAT	-1.6	-3.2	21.1	57.6
Normalised EPS (¢)	-1.1	-1.7	9.6	25.4
Reported EPS (¢)	-1.1	-1.7	9.6	25.4
PER (X)	-118.7	-76.6	13.2	5.0
DPS (¢)	0.0	0.0	0.0	0.0
Franking (%)	0.0%	0.0%	0.0%	0.0%
Yield (%)	0.0%	0.0%	0.0%	0.0%
EPS Growth	n/a	55.1%	n/a	165.9%
EBIT/Sales (%)	n/a	n/a	33.0%	50.4%
Effective Tax Rate	21%	15%	30%	30%
Interest Cover (X)	-0.2	0.1	0.0	0.0
Dividend Cover (X)	0.0	0.0	0.0	0.0

Source: AVO, ML Estimates

Sensitivities

Table 9: NPAT Sensitivities

NPAT change for:		07E	08E	09E
+ 1c change in A\$/US\$	A\$m	0.00	-0.84	-1.49
	%	0.0%	-4.0%	-2.6%
+ US\$10/oz change in gold price	A\$m	0.00	0.93	1.66
	%	0.0%	4.4%	2.9%

Source: ML Estimates

Substantial Shareholders

Table 10: Substantial Shareholders

Pala Inv	19.8	13.3%
CBA	13.1	8.8%

Source: IRESS

Comps Table

Table 11: 2007E Global Comps Table

	Price	QRQ Rec	Mkt Cap	P/NAV	P/E	P/CF	Div Yield	EV / Reserve	EV / Resource	FY/CY07E Production	Cash Costs	FY/CY08E Production	Cash Costs	FY/CY07E Production Hedged
Australasia	AS\$		A\$M	(x)	(x)	(x)	%	(US\$/oz)	(US\$/oz)	(Koz)	(US\$/oz)	(Koz)	(US\$/oz)	
Newcrest (NCMGF)	20.85	C-1-8 Buy	6,978	1.79	38.4	13.3	0.2%	198	101	1597	248	1827	193	52%
Lihir (LIHRFY)	3.02	C-1-9 Buy	4,216	1.73	33.7	16.0	0.0%	138	80	810	287	851	254	30%
Oxiana (OXFLF)	2.64	C-2-7 Ntrl	3,656	1.67	11.6	7.9	1.5%	735	41	93	452	93	469	0%
Sino Gold (SIOGF)	6.72	C-1-9 Buy	1,084	1.52	34.2	22.6	0.0%	262	153	145	292	270	271	22%
Kingsgate (KSKGF)	4.42	C-2-8 Ntrl	400	1.39	-25.4	-13.3	0.0%	168	81	96	354	153	251	77%
Oceana Gold (OCGDF)	0.72	C-2-9 Ntrl	478	1.24	na	71.0	0.0%	120	45	190	474	323	271	29%
Bolnisi Gold (BXLGF)*	2.60	C-1-9 Buy	742	1.18	na	na	0.0%	216	161	0	0	117	236	0%
Avoca Resources (AVORF)	1.27	C-1-9 Buy	190	1.01	na	na	0.0%	242	110	0	0	100	296	0%
Perseverance (PRSVF)	0.38	C-1-9 Buy	271	1.00	-107.7	6.6	0.0%	233	78	144	361	226	329	23%
			Average	1.67	25.0	13.5		194	88					
North America (Seniors)	US\$		US\$M											
Goldcorp (GG)	23.29	C-1-7 Buy	16,385	1.85	26.8	14.3	0.0%	404	189	2557	110	2578	136	0%
Kinross (KGC)	12.64	C-1-9 Buy	7,318	1.93	30.1	16.2	0.0%	220	248	1756	332	2203	311	0%
Newmont (NEM)	41.42	B-2-8 Ntrl	17,542	1.90	26.6	11.8	1.0%	199	138	5492	393	6107	392	0%
Barrick (ABX)	27.42	C-1-7 Buy	23,686	1.96	17.9	10.7	0.8%	183	113	8202	349	8285	376	3%
Buenaventura (BVN)	27.32	C-1-7 Buy	3,755	1.76	9.3	20.3	2.4%	228		1102	307	1191	289	28%
			Average	1.90	23.1	12.9		246	146					
Pan American Silver (PAAS)	26.62	C-1-9 Buy	2,028	1.86	20.3	15.3	0.0%	8.5	2.9	17600	2.00			0%
Silver Wheaton (SLW)	9.04	C-1-9 Buy	1,994	1.48	16.0	13.7	0.0%	19.6	4.3	15000	4.00	17500	4	0%
North America (Mid-caps)	US\$													
Agnico-Eagle Mines (AEM)	36.69	C-1-7 Buy	4,440	2.18	33.4	19.9	0.1%	384	235	241	-425	470	-8	0%
Cambior Inc.	3.70		1,023	1.48			#VALUE!							36%
Centerra Gold Inc. (YCG)	10.60	C-2-9 Ntrl	2,292	1.66	22.7	14.3	0.0%	337	173	707	377	849	346	0%
Eldorado Gold Corp. (EGO)	5.71	C-1-9 Buy	1,948	1.84	na	17.1	0.0%	285	200	310	245	378	229	0%
Golden Star Resources (GSS)	3.99	C-2-9 Ntrl	909	1.73	49.9	18.8	0.0%	220	150	378	548	501	444	0%
Hecla Mining Corp. (HL)	7.81	C-2-9 Ntrl	933	1.74	17.2	11.8	0.0%	448	325	143	420	143	420	0%
IAMGOLD Corp. (YIMG)	8.87	C-1-7 Buy	2,597	1.53	21.1	12.5	0.3%	623	157	1005	386	1034	411	0%
Meridian Gold Inc.(incl Esquel) MDG	24.10	C-2-9 Ntrl	2,436	1.99	26.2	17.1	0.0%	523	381	320	-52	343	-29	0%
Northgate Minerals Corp. (NXG)	3.21	C-2-9 Ntrl	644	1.46	7.5	5.4	0.0%	234	117	295	-8	273	123	19%
NA Palladium (1) (YPDL)	8.35	C-2-9 Ntrl	442	1.89	29.8	10.4	0.0%	179	130	251	83	258	124	
Royal Gold (RGLD)	29.88	C-2-7 Ntrl	706	2.05	34.8	27.5	0.8%	na	na		0		0	na
Yamana (YYRI)	15.59	C-1-7 Buy	5,355	2.56	15.9	14.5	0.3%	na	na	608	0	786	0	na
			Average	2.00	21.4	15.3		260	158					
South Africa	ZAR\$		ZAR\$M											
AngloGold(AULGF)	313.50	C-1-7 Buy	82,952	1.00	16.5	10.3	2.8%	226	7	5799	311	6634	281	31%
DRD (DRDGF)	3.98	C-2-9 Ntrl	1,410	0.48			0.0%	16	5	549	449	616	424	0%
Gold Fields(GFIOF)	125.00	C-1-7 Buy	81,293	1.31	21.9	9.5	1.8%	142	55	4452	345	5455	322	0%
Harmony(HGMCF)	98.75	C-1-7 Buy	39,375	1.44	24.8	13.6	0.5%	131	13	2503	425	3247	393	23%
			Average	1.21	20.3	10.2		167	26					
International														
Peter Hambro Min (UK) PTHBF	10.90	C-1-9 Buy	885	1.24	14.1	na	0.0%	16	na	275	125	485	138	0%
Zijin Min Group (China) ZIJMF	4.52	C-2-7 Ntrl	14,484	2.76	21.7	15.5	2.0%	336	na	505	285	1010	290	0%
Polyus (Russia) XPLGY	48.80	C-2-9 Ntrl	9,303	2.03	30.8	25.9	0.0%	303	99	1192	276	1249	287	0%

Source: ML Estimates

Price Objective Basis & Risk

AVO is focused on developing the 797koz Au resource Trident project in Western Australia with first production targeted March 2007 with an initial 6 year mine life. AVO is trading at just 1.0x base case NAV of A\$1.25/share. This compares to domestic peer range 1.0-1.8x and North American peer average of 1.9x-2.0x. The discount to peers reflects the developmental nature of the asset. We believe that this discount will narrow as exploration continues, resources and reserves grow and the project moves into construction and commissioning phase. We maintain our price target of A\$2.00ps, which equates to 1.6x NAV.

Risks comprise commodity price and exchange rate movements, country risk, potential delays to plant construction and commissioning issues.

Analyst Certification

I, Andrew Richards, hereby certify that the views expressed in this research report about securities and issuers accurately reflect the research model applied in such analysis. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

*iQmethod*SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

*iQmethod*SM is the set of Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

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Important Disclosures

AVORF Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of February 28, 2007 or such later date as indicated.

Investment Rating Distribution: Non-Ferrous Metals/Mining & Minerals Group (as of 31 Dec 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	28	31.11%	Buy	11	39.29%
Neutral	53	58.89%	Neutral	18	33.96%
Sell	9	10.00%	Sell	1	11.11%

Investment Rating Distribution: Global Group (as of 31 Dec 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1306	42.74%	Buy	406	31.09%
Neutral	1509	49.38%	Neutral	446	29.56%
Sell	241	7.89%	Sell	53	21.99%

* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months.

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