

Vale SA of Brazil, arguably the world's largest miner, has approved a \$21.4bn CAPEX budget for 2012, of which \$12.9bn will go on projects, 46.7% for iron ore. They care not that South Africa's Kumba says we are in a soft market with more supply than demand. For the coming year, Vale targets output of iron ore 312 Mt, coal 16.6Mt, Nickel 300,000Mt, Copper 340,000Mt, potash 650,000Mt and phosphate 8Mt. Brazil gets 63.7% of total spend and Canada 11.7%. Canada's nickel came at a price.

Rio Tinto says it is on the lookout for suitable acquisitions. It would surprise us otherwise. It will do \$12bn CAPEX this year and \$14bn next, as noted and expects this to be the norm for several years.

Share Price Movements, Majors

Stocks	26 Nov 2011	3 Dec 2011	% Change	12 mo Hi-Lo	% Above Low
FTSE 100	5165.0	5552.29	7.50%	6,002-4,790	15.91%
Anglo American	2215.0	2471.0	11.56%	3,335-2,210	11.81%
Antofagasta	1044.0	1207.3	15.64%	1,556-756	59.70%
BHPB	1759.5	2000.5	13.70%	2,585.5-1,678	19.22%
ENRC	600.5	674.5	12.32%	1,276-554	21.75%
Gem Diamonds	203.9	194.5	-4.61%	300-182	6.87%
Glencore International	373.8	410.95	9.94%	550-348	18.09%
Hargreaves Services	1101.0	1105.66	0.42%	1,072-550	101.03%
Kazakhmys	805.0	856.0	6.34%	1,634-793	7.94%
Rio Tinto	3032.0	3346.5	10.37%	4,592-2,751	21.65%
UK Coal	30.5	31.5	3.28%	83-30.5	3.28%
Vedanta	928.0	1086.0	17.03%	2,958-928	17.03%
Xstrata	908.7	1036.0	14.01%	1,514-820	26.22%

Source: The London Times and the FT

Share Price Movements, Small and Medium Caps

Conroy Gold (See below) stands to see Ireland's first substantial mine into production for many years. It follows years of patient exploration and the not insignificant problems of politics, security and environmental concerns. Its two gold projects, Clontibret and Clay Lake, straddle the Ulster-Republic border. In house studies indicate total gold potential of 15-20 Moz although much work needs to be done to harden that up. There is a JORC-compliant resource of 1 Moz on only 20% of the Clontibret project. A scarcity and collectors value could equally apply to Irish gold as it does to Welsh. The year end results to May 31st 2011 were a long time in the melting pot. They show the expected loss, E427,970, cash at bank of E749,456 and a directors' asset valuation of E11,647,817. As ever, not-shy Chairman Richard Conroy is ready to dip his hand in his own pocket for his ventures. The company needs continued good drilling and a foot on the pedal. That said, we do not consider it over-priced.

True North Gems (TGX.V C\$0.10; Hi-Lo C\$0.18-0.09) lacks neither enthusiasm nor potential. The latter is a potentially very large deposit of two of the world's most sought-after gems: ruby and pink sapphire. The climate in its host country is hostage, but it has assembled a formidable team with both world and local experience. Once a mining licence is granted it plans a full-on mine-to-market approach to its production, which it hopes might start at the end of next year. Greenland is a massive, challenging land of few people but with ambitions to prosper via mining. Its searches for oil and gas have not proved a bonanza which should further encourage its appetite for True North.

Baobab Resources (BAO.L 14.13p; Hi-Lo 57.75-10.08p) which we track regularly presents an unusual target to analyse. It is in a favoured part of a currently favoured country, Mozambique. It is also at an advanced exploration stage with a complex mineral, a titanium-vanadium-magnetite ore with excellent export potential. The availability of relatively cheap, local hydropower means it could process on site. The current size of the company, market cap £28M, makes it look cheap, although it is difficult to derive a basis of comparison. The share price action has been acute. From a peak of 54p in April, it now hovers around 14p.

Share Price Movements, Small and Medium Caps

	Company	26 Nov 2011	3 Dec 2011	% Change	1 year Hi-Lo	% above low
AFCR	African Consolidated Resources	2.5	2.5	0.00%	11.75-2.5	0.00%
AXM	Alexander Mining Plc	5.13	5.13	0.00%	17.0-5.0	2.60%
AGQ	Arian Silver Corporation	19.5	19.75	1.28%	54.25-6.5	203.85%
AAU	Ariana Resources Plc	4.88	4.63	-5.12%	5.25-2.25	105.78%
BEM	Beowulf Mining Plc	17.5	16.25	-7.14%	74.25-3.5	364.29%
CLF	Cluff Gold	73.0	80.5	10.27%	125.75-64.5	24.81%
CGNR	Conroy Gold and Natural Resources	3.25	2.88	-11.38%	12.9-2.75	4.73%
DCP	DiamondCorp	5.45	5.25	-3.67%	16.9-5.45	-3.67%