Overview and Investment Comment

Gold's all time high on 18 June 2010 was US$1,256.80/ounce, and it finished the June quarter up 13%.

Since January 2008 gold has stolen the show as the star performer (up by 49%).

Gold has been driven by safe haven buying underpinned by an on going 'crisis mentality'.

RCR is forecasting easing for the remainder of 2010, averaging US$1,175/oz.

Gold Price Outlook

Gold has continued to set new records in the June 2010 Quarter, with an all time high (Comex close) of US$1,256.80 reached on 18 June 2010. Overall, the gold price finished the June quarter with a 13% rise. In the twelve months to June 30 2010 it was up by 34%.

Since the start of 2008, gold has stood head and shoulders above other major asset classes, appreciating by 49% while equity markets, the oil price, copper price (to name just a few) are still in negative territory over that period.

So how does one go about predicting the gold price from here? Well, we got it wrong in our last Review (March Quarter 2010) when we predicted gold would trend back below US$1,100/ounce. Although we correctly forecast US dollar strength, we did not pick the extent to which European fears have spooked the markets. So, right now, it is not about analysing fundamentals, but more about analysing market psychology and the predominance of a 'crisis mentality'.

Take away the 'crisis mentality', and gold looks precarious. With further crisis momentum, it could continue to set more records. On balance, we are cautious on the medium term outlook for gold, and see more chance of it trading below the US$1,200 mark, than above it. Our gold price forecast for the balance of calendar 2010 is US$1,175/ounce, with trading mostly in the range of US$1,150/ounce to US$1,200/ounce.

Over the last twelve months, major gold equities have out-performed strongly relative to broader equity markets, as is the case in the June quarter…

…but the Australian stocks were the laggards in the quarter…

…and the junior companies have been shunned in the last three months.

Gold Equities

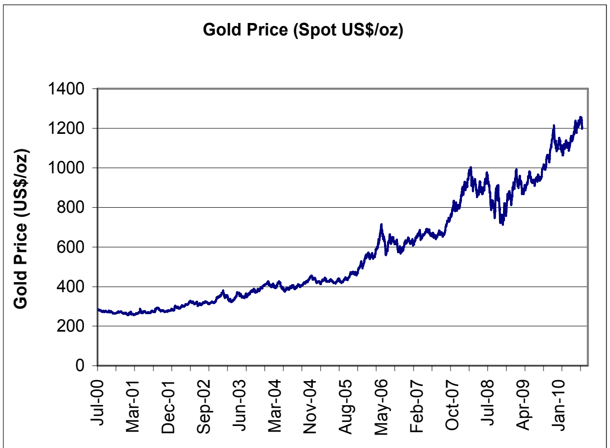
As the table below indicates, on a twelve month view, gold shares have significantly out-performed relative to overall global equity markets, but apart from the US gold index stocks, have actually underperformed relative to the US dollar gold price (due to currency appreciation in Australia and Canada). In the June 2010 quarter (3-month data) the gold shares have once again been the place to be, surging during a period of falling equity markets, and doing better than the US dollar gold price, partly due to currency depreciation. The laggards have been the Australian gold shares, probably affected by the RSPT debate, recently resolved. On that basis, the Aussie golds now look oversold. The junior companies in this Review on average are up 80% over the twelve months, but have been shunned in last six months and, on average, are in negative territory in that period.

		Current *	1 month	3 month	6 month	1 year
Gold Price	Comex US$/oz	na	2%	13%	14%	34%
USA	S&P 500 Gold Index	na	15%	22%	30%	51%
Canada	S&P/TSX Gold Index	na	4%	22%	14%	22%
Australia	S&P/ASX200 Gold Index	na	7%	15%	11%	30%
South Africa	FTSE/JSE Gold Index	na	0%	17%	9%	11%
FTSE Gold Index	FTSE Gold Index	na	5%	16%	12%	31%
World Markets (all sectors)	Morgan Stanley World Index	na	-4%	-13%	-11%	8%

*Table data as at June 30 2010 Source: Bloomberg, RCR

Selected Charts and Gold Sector Statistics

Precious metal prices, interest rates, and oil price charts.



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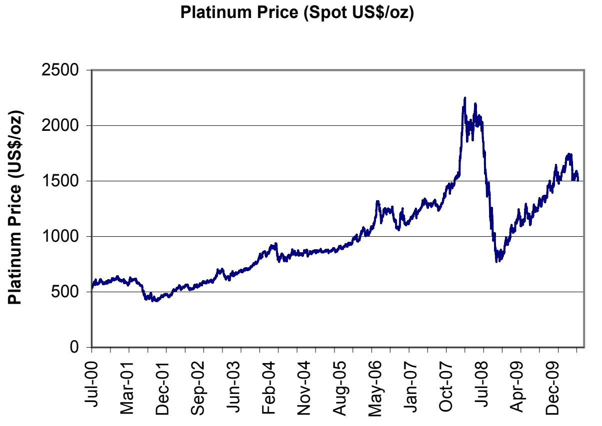

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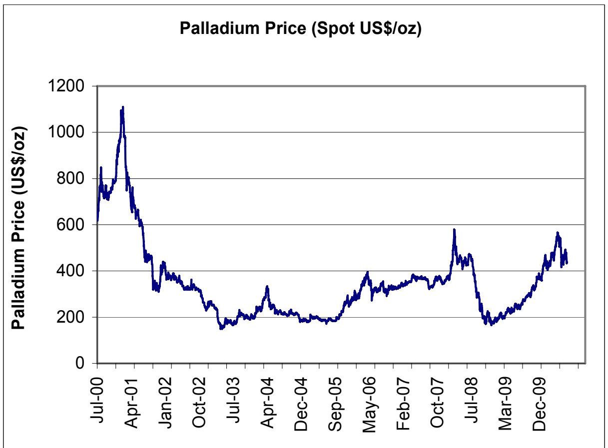

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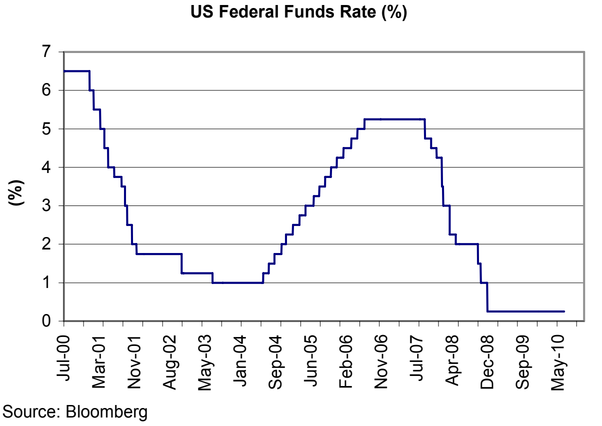

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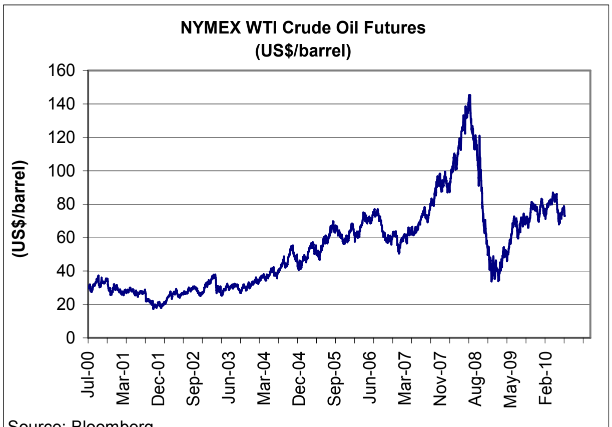

Source: Bloomberg

The top 20 global gold producers (ranked by CY2009 equity gold production).

The top 10 global producers' output of 28.0 moz represents 34% of total global production (est. 82.1moz).

Company Name	Equity production gold CY09 (koz)	Equity production gold CY08 (koz)	Equity resources gold (moz)
Barrick Gold Corporation	7365	7741	251.3
AngloGold Ashanti Limited	4607	5131	243.0
Newmont Mining Corporation	4170	6623	165.4
Freeport-McMoRan Copper & Gold Inc.	2698	1322	110.5
Kinross Gold Corporation	2293	1796	91.9
Goldcorp Inc.	1802	2317	110.3
Newcrest Mining Limited	1517	1672	78.3
OJSC Polyus Gold	1230	1191	132.1
ZiJin Mining Group Co. Ltd.	1180	1843	0.9
Rio Tinto Limited	1152	762	11.3
Compania de Minas Buenaventura S.A.A.	1104	1212	23.9
Lihir Gold Limited	1100	914	53.3
Yamana Gold Inc.	948	743	44.5
IAMGold Corporation	828	1038	31.1
Gold Fields Limited	770	2986	201.8
Centerra Gold Inc.	676	749	15.3
OAO SeverStal	534	193	12.5
Agnico-Eagle Mines Limited	488	268	29.7
Petropavlovsk plc	480	391	13.3
Eldorado Gold Corporation	461	423	26.4

Data Source: Intierra – Resource Intelligence