

Tamaya Resources Limited

ASX: TMR

Bloomberg: TMR AU

Reuters: TMR.AX

01 February 2007

\$0.18

SPEC.

4Q06: Higher production with future expansions

# of Shares:	511M	Market Cap:	\$97M	Current Price:	\$0.18
% All Ords:	0.0%	% Sector:	0.0%	Valuation (\$):	0.31

FIGURE 1: SHAREPRICE CHART

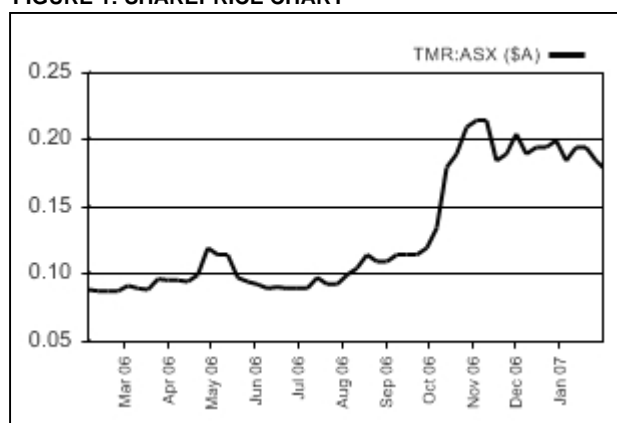


TABLE 1: EARNINGS SUMMARY

Yr to Jun	2005A	2006A	2007F	2008F
NPAT Rep (\$M)	(8.0)	(0.5)	15.7	21.7
NPAT ¹ Adj (\$M)	(8.9)	(0.4)	15.7	21.7
EPS (c)	0.0	(0.1)	3.0	4.2
DPS (c)	0.0	0.0	0.0	1.0
P/E (x)	0.0	(<99)	5.9	4.3
Yield (%)	0.0	0.0	0.0	5.6
Franking (%)	0	0	0	50
EPS growth (%)	n/a	n/a	n/a	37.5

¹ Profit & EPS adjusted for options, goodwill, notional earnings and non recurring items.

Event

Despite an increase in production and grade, 4Q06 EBIT of \$1.7M decreased by 54% compared to \$3.7M in 3Q06, largely reflecting lower copper pricing and additional non-recurring costs associated with restructuring and expansion. Cash costs for 4Q06 (US\$1.80/lb) have increased 13.9% above 3Q06 (US\$1.58/lb). TMR has completed a 1,250tpd development at Punitaqui ahead of schedule and announced another expansion program to increase production to 3000tpd by late 4Q07.

Implications

One-off corporate costs totalled \$1M for the quarter and included executive share-related remuneration, operational expenses and the re-branding of the company. Operational costs also rose from producing more concentrate in order to reduce the backlog of deliveries. Underground costs increased 18% because of a 97% increase in development metres necessary to underpin the development of reserves for the 1Mtpa expansion due to come online in 1Q08. It is expected that once future expansions are completed, TMR will be able to realise production economies-of-scale. With significant exploration success at Cinabrio demonstrating that the orebody remains open at depth and along strike, mining will probably continue to at least 2032. The modest drop in valuation from \$0.34 to \$0.31 reflects lower gold grades and direct-shipping-ore margins.

Investment Opinion

The research on this company has been commissioned, and, as such, Aegis has received a fee for its initiation and ongoing research coverage. The rating expressed in this report is based on Aegis' framework for rating emerging company stocks that lie outside the Aegis 200 universe and which Aegis has been commissioned to cover. Our rating scale is underpinned by the risk-adjusted return forecast for a stock over a three-year investment horizon.

In addition to formulating a rating, Aegis provides a valuation and earnings forecasts as well as other relevant information to assist investors to form a view on the investment prospects of this company. No part of either the fee received by Aegis or the compensation paid to its analysts involved in preparing this report was, is or will be, directly or indirectly, related to the rating, valuation, earnings forecasts or views expressed in this report.

Tamaya Resources

Valuation (\$): 0.31

Company risk²: ★★☆☆☆

Share Price risk²: ★☆☆☆☆

Ethical rating³: ★★☆☆☆

Year end Jun. All figures in A\$M

Profit & loss summary					Ratio analysis				
	2005A	2006A	2007F	2008F		2005A	2006A	2007F	2008F
Operating revenue	19.0	20.7	38.1	46.5	Revenue growth (%)	0.0	8.9	84.3	21.9
Invest & other income	0.2	(0.1)	(3.2)	(2.0)	EBITDA growth (%)	n/a	n/a	622.9	30.8
EBITDA	(4.9)	3.4	24.2	31.7	EPS growth (%)	n/a	n/a	n/a	37.5
Depreciation/Amort	(2.6)	(1.5)	(1.5)	(1.5)	EBITDA/Sales margin (%)	(25.6)	16.2	63.5	68.2
EBIT	(7.4)	1.8	22.7	30.2	EBIT/Sales margin (%)	(39.1)	8.9	59.6	64.9
Net Interest	(1.5)	(2.2)	(0.2)	0.9	Tax rate (%)	0.0	0.0	30.0	30.0
Pre-tax profit	(8.9)	(0.4)	22.5	31.1	Net debt/equity (%)	129.4	75.0	(18.0)	(56.3)
Tax expense	0.0	0.0	(6.7)	(9.3)	Net debt/net debt + equity (%)	56.4	42.9	(21.9)	(129.0)
Minorities/Assoc./Prefs	0.0	0.0	0.0	0.0	Net interest cover (x)	(5.1)	0.8	94.9	n/a
NPAT	(8.9)	(0.4)	15.7	21.7	Payout ratio (%)	0.0	0.0	0.0	23.9
Non recurring items	0.9	(0.1)	0.0	0.0	Capex to deprec'n (%)	0.0	0.0	292.8	166.4
Reported profit	(8.0)	(0.5)	15.7	21.7	NTA per share (\$)	0.02	0.04	0.07	0.12
NPAT add Goodwill & Pref	0.0	0.0	0.0	0.0	ROA (%)	(34.1)	5.2	47.6	45.5
Adjusted profit	(8.9)	(0.4)	15.7	21.7	ROE (%)	(130.0)	(2.6)	63.9	51.5
Cashflow summary					Multiple analysis				
	2005A	2006A	2007F	2008F		2005A	2006A	2007F	2008F
EBITDA	(4.9)	3.4	24.2	31.7	Market cap (M)		97		
Working capital changes	0.0	0.0	(1.3)	(1.2)	Net debt (\$M)		12.7		
Interest and tax	(0.3)	(0.3)	(3.3)	(6.1)	Peripheral assets (\$M)		(0.0)		
Other operating items	0.0	0.0	6.5	5.0	Enterprise value (\$M)		110.0		
Operating cashflow	(5.2)	3.0	26.1	29.3	EV/EBIT (x)	(14.7)	60.2	4.8	3.6
Required capex	0.0	0.0	(4.4)	(2.5)	EV/EBITDA (x)	(22.3)	33.0	4.5	3.5
Maintainable cashflow	(5.2)	3.0	21.7	26.8	EV/EBITDA All Ind (x)	10.1	9.3	8.4	7.8
Dividends	0.0	0.0	0.0	0.0	EV/EBITDA rel All Ind (x)	(2.2)	3.6	0.5	0.4
Acq/Disp	0.0	0.0	(3.2)	(2.0)	P/E (x)	0.0	(<99)	5.9	4.3
Other investing items	0.0	0.0	0.0	0.0	P/E rel All Ind (x)	0.0	(10.1)	0.3	0.3
Free cashflow	(5.2)	3.0	18.5	24.8	P/E rel All Ind ex banks (x)	0.0	(10.0)	0.3	0.3
Equity	0.0	0.0	0.1	0.0	P/E sector (x)	17.2	11.7	9.7	10.2
Debt inc/(red'n)	0.0	0.5	(18.6)	(24.8)	P/E rel sector (x)	0.0	(17.3)	0.6	0.4
Balance sheet					Assumptions				
	2005A	2006A	2007F	2008F		2005A	2006A	2007F	2008F
Cash & deposits	1.7	1.3	15.4	40.2	Copper (US\$/lb)	1.52	2.42	2.92	2.21
Inventories	1.0	1.6	3.1	4.5	Gold (US\$/oz)	428.75	543.19	626.78	662.50
Trade debtors	1.3	2.9	5.7	8.1	Silver (US\$/oz)	6.95	9.70	11.59	11.42
Other curr assets	0.8	1.2	1.2	1.2					
Total current assets	4.7	7.1	25.4	54.0					
Prop., plant & equip.	24.1	30.8	33.7	34.7					
Non-curr intangibles	0.0	0.0	0.0	0.0					
Non-curr investments	0.0	0.0	0.0	0.0					
Other non-curr assets	0.3	0.0	0.0	0.0					
Total assets	29.1	37.9	59.1	88.7					
Trade creditors	3.2	3.2	6.1	8.7					
Curr borrowings	6.2	8.2	8.2	8.2					
Other curr liabilities	0.5	0.8	4.7	7.2					
Total current liab.	9.9	12.2	19.0	24.2					
Borrowings	6.8	4.6	0.0	0.0					
Other non-curr liabilities	3.3	4.1	7.2	10.0					
Total liabilities	20.0	20.9	26.2	34.1					
Minorities/Convertibles	0.0	0.0	0.0	0.0					
Shareholders equity	9.1	17.0	32.8	54.6					

Notes: 2. The risk ratings are on a 12 month perspective, where five stars denotes low risk and one star denotes high risk. Company risk takes into account expected financial, strategic and execution risks associated with the company. Share price risk is a measure of the expected volatility of the price and other trading factors.

3. The Ethical rating rates a company on an ethical investment basis where five stars denote very good and one star a poor rating. The score is based on four key factors: areas of operating, environmental, corporate governance and social factors. For more information see www.aer.com.au





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