23 June 2008

Mining

BUY

Hayden Bairstow
613 8660 7210
hayden.bairstow@tricom.com.au

ASX code | MWE

Last price | $0.23

Fully diluted shares | 132.8M

Market cap | A$30.5M

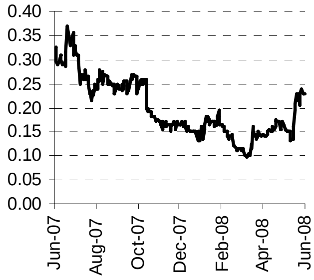
52 week hi/low | $0.38 / $0.09

12 month price target[1] | $0.50

Valuation | $0.50

Valuation methodology | DCF

Share price performance | MWE



Mawson West Limited

Drilling results at Kapulo continue to impress

KEY POINTS

- MWE has released drilling results from the next seven holes at the Kapulo Joint Venture in the Democratic Republic of Congo.
- Better results from the Katanga prospect were 64m @ 5.9% Cu from 136m including 40m @ 8.6% Cu from 137m and 62m @ 4.0% Cu from 96m including 27m @ 8.3% Cu.
- A total of 31 holes have now been drilled at Katanga and MWE has commenced the calculation of an initial resource for the prospect which should be released in August.
- At the Safari North prospect results from the last hole drilled were released returning an intersection of 27m @ 5.2% Cu from 39m.
- Ten holes have now been drilled at Safari North and drilling will recommence once resource drilling at Katanga has been completed.

COMMENT

MWE commenced drilling at Kapulo in mid 2007 and has now drilled 31 holes at the Katanga prospect and 10 holes at the Safari North prospect. Mineralisation at Katanga has been defined over nearly 300m of strike and to a depth of 250m. An initial JORC/43-101 resource is currently being calculated for the Katanga prospect.

We recently visited the Kapulo site and were impressed by the strike potential of both the Katanga and Safari North prospects, which was visible from the surface. Much of the oxide copper mineralisation has been extracted by local artisanal miners, however the sulphide potential of both prospects remains largely untouched.

Our development scenario for the Kapulo project assumes 3.0Mt @ 3.5% Cu (105kt contained Cu) is mined over a four year period. We believe there is considerable upside to this estimate noting that surface outcropping suggests that the Katanga and Safari North/South deposits could extend over a total strike length of 2.0km and contain in excess of 200kt of copper.

INVESTMENT VIEW

MWE is focused on exploring and developing the Kapulo copper project in the Democratic Republic of Congo (DRC) in Africa. The company is earning a 65% interest in the project from Anvil Mining Limited (AVM) by spending US$4.0M over a four year period. MWE has indicated that it expects to achieve its US$4.0M spend by August 2008. Once a JORC/43-101 compliant resource in excess of 50,000t contained copper is defined at Kapulo, AVM will be issued 10.0M shares in MWE as part of the farm-in agreement.

We are reiterating our BUY recommendation on MWE and have upgraded our valuation from $0.37/share to $0.50/share to reflect changes to our development scenario for the Kapulo project. Our development scenario now assumes 3.0Mt @ 3.5% Cu (105kt contained Cu) is mined at Katanga/Safari North over a four year period commencing in early 2011. The project is expected to produce around 25ktpa of blister copper at a cash cost of US$0.80-0.90/lb. Initial capital costs are estimated at US$60M with power sourced from a nearby hydro facility.

Year end June	2007A	2008F	2009F	2010F
Revenue - A$M	0.0	0.0	0.0	0.0
EBITDA - A$M	(2.3)	(3.6)	(3.0)	(3.7)
NPAT - A$M	(2.4)	(3.8)	(3.2)	(4.6)
Free Cash Flow - A$M	(2.2)	(4.5)	(5.1)	(44.3)
EPS - cents	(2.6)	(3.1)	(2.0)	(2.2)
EPS - % chg	na	na	na	9.2
PER - x	na	na	na	na
DPS - cents	0.0	0.0	0.0	0.0
Dividend Yield - %	0.0	0.0	0.0	0.0
Franking - %	0.0	0.0	0.0	0.0

Notes: 1. Price target is equivalent to our DCF valuation.

TRICOM

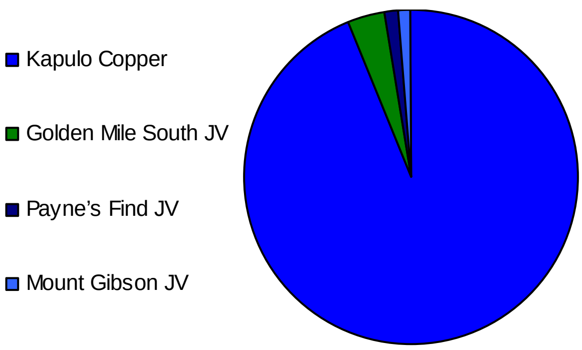
Year end June	2007A	2008F	2009F	2010F
PROFIT & LOSS SUMMARY (A$M)				
Sales revenue	**0.0**	**0.0**	**0.0**	**0.0**
Other revenue	0.1	0.1	0.2	0.5
Operating Costs	(0.5)	(0.1)	(0.2)	(0.1)
Exploration Expense	(0.6)	(1.4)	(0.2)	(1.2)
Corporate & Admin	(1.3)	(2.2)	(2.8)	(2.9)
EBITDA	**(2.3)**	**(3.6)**	**(3.0)**	**(3.7)**
Depreciation	(0.0)	(0.2)	(0.2)	(0.2)
EBIT	**(2.4)**	**(3.8)**	**(3.2)**	**(3.9)**
Interest Expense	0.0	0.0	0.0	(0.7)
Pre-tax profit	**(2.4)**	**(3.8)**	**(3.2)**	**(4.6)**
Tax expense	0.0	0.0	0.0	0.0
Net income	**(2.4)**	**(3.8)**	**(3.2)**	**(4.6)**
Minorities & Abnormals	0.0	0.0	0.0	0.0
NPAT	**(2.4)**	**(3.8)**	**(3.2)**	**(4.6)**
CASHFLOW SUMMARY (A$M)				
NPAT	(2.4)	(3.8)	(3.2)	(4.6)
Int, Tax, Expl Expensed	0.6	1.4	0.2	1.9
Int, Tax, Expl Incurred	(1.6)	(3.4)	(2.0)	(13.0)
Depreciation/Amortisation	0.0	0.2	0.2	0.2
Working Capital (Inc)/Dec	(0.0)	0.2	0.0	0.0
Other	1.4	1.0	0.0	0.0
Operating Cash Flow	**(1.9)**	**(4.3)**	**(4.8)**	**(15.4)**
Capex(net of asset sales)	(0.3)	(0.2)	(0.3)	(28.8)
Disposals/(Acquisitions)	(0.0)	0.0	0.0	0.0
Other investing cash flows	0.0	0.0	0.0	0.0
Free Cash Flow	**(2.2)**	**(4.5)**	**(5.1)**	**(44.3)**
Dividends	0.0	0.0	0.0	0.0
New Equity	5.5	6.6	0.0	19.8
Debt Drawdown/(Repay)	0.0	0.0	0.0	28.8
Net Cash Inc/(Dec)	**3.3**	**2.1**	**(5.1)**	**4.3**
FX impact on cash	0.0	0.0	0.0	0.0
Cash at End Period	3.7	5.8	0.7	5.0
Net Cash/(Debt)	**3.7**	**5.8**	**0.7**	**(23.9)**
BALANCE SHEET (A$M)				
Cash	3.7	5.8	0.7	5.0
Receivables	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0
Total current assets	**3.7**	**5.8**	**0.7**	**5.0**
Plant & equipment	0.3	0.3	0.4	29.1
Expl, eval & development	2.6	4.6	6.4	17.2
Other non-current assets	0.0	2.0	2.0	2.0
Total non-current assets	**3.0**	**6.9**	**8.8**	**48.2**
Total assets	**6.7**	**12.7**	**9.5**	**53.3**
Payables	0.1	0.0	0.0	0.0
Short-term debt	0.0	0.0	0.0	5.8
Other current liabilities	0.0	0.0	0.0	0.0
Total current liabilities	**0.2**	**0.0**	**0.0**	**5.8**
Long-term debt	0.0	0.0	0.0	23.1
Other non-current liabilities	0.0	3.3	3.3	3.1
Non-current liabilities	**0.0**	**3.3**	**3.3**	**26.2**
Total liabilities	**0.2**	**3.3**	**3.3**	**32.0**
NET ASSETS	**6.5**	**9.4**	**6.1**	**21.3**
Contributed equity	22.0	28.6	28.6	48.4
Retained profits	(15.4)	(19.2)	(22.5)	(27.1)
Minority interests	0.0	0.0	0.0	0.0
EQUITY	**6.5**	**9.4**	**6.1**	**21.3**

Year end June	2007A	2008F	2009F	2010F
RATIOS AND MULTIPLES				
Income				
Revenue growth | %	0.7	0.4	0.3	1.5
EBITDA growth | %	na	na	na	na
EBITDA margin | %	na	na	na	na
EBIT margin | %	na	na	na	na
Effective Tax rate | %	na	na	na	na
Net interest cover | x	na	na	na	na
Balance Sheet				
ROA | %	na	na	na	na
ROE | %	na	na	na	na
Net debt/equity | %	(56.2)	(62.0)	(11.0)	112.0
Net debt/(debt+equity) | %	(128.2)	(162.9)	(12.4)	52.8
Shares Outstanding				
Basic | M	91.0	120.9	150.9	203.4
Other | M	0.0	11.9	11.9	9.4
Fully diluted | M	91.0	132.8	162.8	212.8
Valuation metrics				
Market cap | M	20.9	27.8	34.7	46.8
Net debt (cash) | $M	(3.7)	(5.8)	(0.7)	23.9
Options | $M	0.0	2.7	2.7	2.2
Enterprise value | $M	17.3	24.7	36.8	72.8
EV/EBITDA | x	**na**	**na**	**na**	**na**
EPS | c	(2.6)	(3.1)	(2.0)	(2.2)
P/E | x	na	na	na	na
FCF / Share | c	(2.4)	(3.7)	(3.4)	(21.8)
Price / FCF | x	**na**	**na**	**na**	**na**
Dividend Yield | %	0.0	0.0	0.0	0.0
Franking | %	0.0	0.0	0.0	0.0

VALUATION

NPV by project	(A$M)	A$/sh
Kapulo Copper	82.0	0.39
Golden Mile South JV	3.0	0.01
Payne's Find JV	1.3	0.01
Mount Gibson JV	1.0	0.00
Investments	0.7	0.00
Unpaid capital	3.4	0.02
Forwards	0.0	0.00
Corporate	(11.4)	(0.05)
New Equity	23.8	0.11
Cash	2.4	0.01
Debt	0.0	0.00
NPV @ 10%	**106.1**	**0.50**

NPV BY PROJECT



Year end June	2007A	2008F	2009F	2010F

PRODUCTION SUMMARY

Copper Production (kt)				
Kapulo Copper	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**
Gold Production (koz)				
Kapulo Copper	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**

CASH COSTS

Kapulo Copper	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Average (US$/lb)	**0.0**	**0.0**	**0.0**	**0.0**

COMMODITY PRICE ASSUMPTIONS

Year end June	2007A	2008F	2009F	2010F	Long-term
Gold (US$/oz)	638	822	897	886	700
Silver (US$/oz)	12.77	15.42	17.88	17.31	14.00
Copper (US$/lb)	3.21	3.52	3.65	3.49	2.20
US$/A$ FX	0.74	0.85	0.88	0.84	0.80

BOARD OF DIRECTORS

Mark Stowell	Non-Executive Chairman
David Frances	Managing Director
Glenn Zamudio	Finance Director
Jonathan Asquith	Non-Executive Director
Anthony Lloyd	Non-Executive Director

SUBSTANTIAL SHAREHOLDERS

Shareholder	Shares (M)	(%)
Race Capital	6.5	5.4
RMB Resources	6.3	5.2
Mark Stowell	6.2	5.1
Top 20	**39.6**	**32.8**

RESERVES AND RESOURCES

Reserves			
Project	**Mt**	**%**	**kt**
Kapulo Copper	0.0	0.0	0.0
Other	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**
Resources			
Project	**Mt**	**%**	**kt**
Kapulo Copper	0.0	0.0	0.0
Other	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**

Important Notice

Analyst Certification

As at the time of writing this report, the author did not hold shares in Mawson West Limited (MWE).

Provider of this publication

This publication has been prepared by Tricom Equities Limited (ABN 92 067 161 755) (Tricom) (AFSL 238148). Tricom makes the statements in this Important Notice Section for itself and on behalf of each of its related bodies corporate and their respective officers, agents and employees from time to time (collectively, the Tricom Group). This publication is provided only on the following basis. If you retain and use this publication, each member of the Tricom Group relies on your acceptance on this basis.

Information in this publication

References in this publication to data may rely on third parties over which Tricom has no control and for which Tricom accepts no responsibility. Whilst all of the information and statements contained in this publication have been prepared with all reasonable care, no responsibility or liability is accepted by any member of the Tricom Group for any errors or omissions or misstatements however caused or arising.

Any opinions, forecasts or recommendations reflect the judgment and assumptions of Tricom on the basis of information as at the date of publication and may later change without notice.

This publication is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. Any securities recommendation contained in this publication is unsolicited general information only. Tricom is not aware that any recipient intends to rely on this publication and Tricom is not aware of the manner in which a recipient intends to use it. In preparing this publication, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors must obtain specific individual financial advice from their investment advisor to determine whether recommendations contained in this publication are appropriate to their personal investment objectives, financial situation or particular needs before acting on any such recommendations.

Investment in securities involves risk. Past performance of securities is no assurance of future performance. Investors should take advice on the basis of current information relevant to their particular circumstances, and have regard to the risk that the future performance of investments will differ from past performance.

This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of Tricom.

All intellectual property rights in this report are, and at all times remain, the property of Tricom Equities Limited, unless otherwise attributed.

Liability for this publication

Each member of the Tricom Group excludes to the full extent permitted by law all liability of whatever kind, whether in negligence, tort, contract or under fiduciary duties strict liability or otherwise, for any loss or damage of any kind (including without limitation indirect, incidental or consequential loss or damage, whether reasonably foreseeable or not) however arising in relation to the publication of this document, including any reliance on it or making any transaction in respect of any securities or strategy mentioned in it.

Tricom's Interests

Each member of the Tricom Group may, from time to time hold positions in any securities included in this report (or derivatives of them) and may buy or sell such securities or derivatives or engage in other transactions involving such securities or derivatives, as principal or as agent for clients. A member of the Tricom Group from time to time may earn brokerage, fees or other benefits from securities mentioned in this publication or derivatives of them. These will be disclosed, as required, in the ordinary course of providing financial services.

No member of the Tricom Group has, or will receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any recommendation contained in this report. A member of the Tricom Group or a consultant to it may, from time to time perform paid services for the companies whose securities are the subject of recommendations in this report. Under no circumstance, however, has any member of the Tricom Group been influenced, either directly or indirectly, in making any recommendation contained in this report Other important information

This Important Notice must be read in conjunction with the Legal Notice which can be located at http://www.tricom.com.au.

Further information is available on request.