



Morning Note

21 June 2011

Markets

Wall Street moved higher overnight following a pledge by European leaders to head off a Greek debt default. The Dow rose 76 points, or 0.6%, to 12,080. The S&P 500 closed 7 points higher, or 0.5%, at 1278. All S&P 500 sectors except financial stocks advanced. The healthcare and consumer discretionary sectors led gains.

In response the Australian share price index September futures contract is up 35 points.

Most LME metals closed lower, with copper off 1%. Aussie miners in London were mixed - BHP -0.2%, RIO +0.2%. Gold is steady at US\$1,540/oz. The A\$ is buying US105.9c.

Cabral (CBS) – Location, location, location

CBS (\$30m market cap, \$21m cash at 31 March, no debt) is a speculative junior targeting up to 644Mt of coarse grained magnetite iron ore across 5 tenements in Bahia, Brazil.

Importantly a Government funded rail line is being installed through the tenement package, running ~500km to a proposed open access deepwater port at Ilhéus.

World Markets		+ / -	%
Dow Jones	12,080	76	0.6
NASDAQ	2,630	13	0.5
S & P 500	1,278	7	0.5
FTSE 100	5,693	-22	-0.4
Nikkei 225	9,354	3	0.0
ASX All Ords	4,513	-39	-0.8

Currencies		+ / -	%
\$A/\$US	1.059	0.00	0.0
\$US/Yen	80.250	0.00	0.0
GBP/\$A	1.531	-0.00	-0.0
Euro/\$US	1.432	0.00	0.1

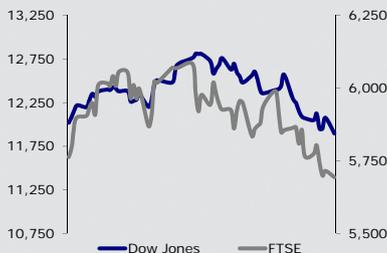
Energy		+ / -	%
WTI (US\$/bbl)	93.26	0.25	0.3
Henry Hub (US\$/mcf)	4.33	-0.06	-1.4
UxC Uranium (US\$/lb)	54.75	-1.25	-2.2

Bulks		+ / -	%
Fines -62% CFR (US\$/t)	173.40	-0.20	-0.1
Freight (US\$/t)	7.70	0.20	2.7
Thermal Coal FOB (US\$/t)	118.60	-0.60	-0.5

Precious Metals (Bloomberg)		+ / -	%
Gold (US\$/oz)	1,540.0	-0.7	-0.0
Platinum (US\$/oz)	1,735.8	5.3	0.3
Silver (US\$/oz)	35.9	-0.2	-0.6

LME, Cash		+ / -	%
Aluminium (US\$/t)	2,500	-16.0	-0.6
Copper (US\$/t)	8,998	-89.0	-1.0
Lead (US\$/t)	2,434	0.5	0.0
Nickel (US\$/t)	21,617	24.0	0.1
Tin (US\$/t)	24,735	-208.0	-0.8
Zinc (US\$/t)	2,147	-18.8	-0.9

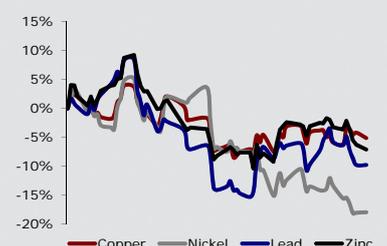
International Markets (3 Month)



Gold v Oil (3 Month)



Base Metals (Rebased) (3 Month)



ENRC's \$2.1b, 20Mtpa BML project is ~150km away.

CBS has set a \$13m exploration budget. Milestones include:

- June – Aeromag survey (commenced)
- September Q - First pass drilling
- Mid 2012 - Maiden Resource / Rail operating
- 2015 - Production of 4-10Mtpa concentrate

There is potential for high grade hematite DSO on some existing tenements which could offer early cash flow.

Major shareholders include Passport 9.6%, Management 8% and Sun Hung Kai 6%. The MD is Michael Bogue (ex Newcrest and JPMorgan Chase) and Albert Wong is Chairman (founding Director of Pluton and Gujarat).

The Company raised \$25m @ 20cps in February 2011. The stock last traded at 11.5c (cash backing is ~8c).

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Important Disclosure

The analyst(s) own CBS shares.

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