

June 16, 2010

Astur Gold Corp. (AST-V, \$0.80)

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Research Comment: NOT RATED

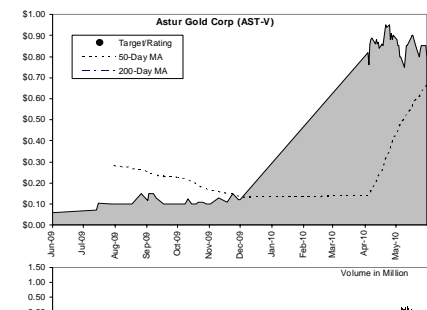
Event: Site Visit

- We recently visited the Astur Gold Corp. (formerly Dagilev Capital) Salave project, a significant, high-grade undeveloped gold deposit located in the province of Asturias in northwestern Spain, Western Europe. Its recently updated National Instrument 43-101 compliant mineral resource estimate (measured and indicated) of **1.68 million ounces of gold, grading at 2.9 g/t gold** employing a cutoff grade of 0.70 g/t gold, plus an additional 0.33 million ounces of inferred (from both open pit and underground), brings the **total global resource to 2.0 million ounces**. The open-pit resource (M&I) is **robust**, as a 7% increase in grade leads to only a 2% reduction in contained ounces.
- Gold mineralization is related to **moderate to intense hydrothermal alteration** (albite-sericite-carbonate) of the **granodiorite** host proximal to its contact with a metasedimentary unit associated with fine-grained (needle-like) arsenopyrite with pyrite and stibnite (some of the highest grades occur with stibnite). The last drill hole for Salave was hole RN-70 (2005), which intersected high-grade mineralization that assayed **33.9 g/t gold over 39.8 metres** in two zones between the downhole depths of 252.2 and 302.7 metres
- Four of the principal high-grade zones of mineralization are **open at depth**, and additional exploration areas to the west have never been tested. Previous drilling **focused on depths to 250 metres**, with only a nominal number of holes exceeding the 300-metre level.
- **Pressure oxidation and bioleaching** are the preferred options to treat the refractory ore. A recovery rate of **95%** was estimated employing this process. Of note is that at the time of the study (2004), Rio Narcea operated the El Valle plant in Asturias. Its plan was to produce only a flotation concentrate at Salave and transport the concentrate to El Valle, which offered capital savings and environmental advantages.
- In August 2005, the **Regional Government of Asturias halted development of the open-pit project** of Salave owing to the introduction of certain zoning legislation. Note, however, that the legislation **did not impact any potential underground permit**. Immediately after, three legal proceedings were commenced by Exploraciones Mineras del Cantábrico S.A (EMC), now a wholly owned subsidiary of Astur Gold Corp., against the government, **seeking reversal of the decision or monetary compensation**.

Current Price	\$0.80
YTD Performance	n/a
Dividend / Yield	n/a
52-Week High / Low	\$1.01 / \$ 0.06
Shares O/S	33.84 million (basic)
	35.68 million (F/D)

Market Capitalization	\$27.0 million
Enterprise Value	\$22.7 million
Cash estimate	\$4.3 million
Annual Burn (est.)	\$0.9 million
Daily Volume (3-mo. avg.)	0.04 million
Currency	C\$ unless noted
CEO	Cary Pinkowski
Company Website	www.asturgold.com

Price Performance



This company is not rated

Source: Capital IQ

Please see rating structure, important disclosures, risk profile parameters, disclaimers, and notes on pages 6 - 8 of this report.



Figure 1 – Salave Project Location Map



Source: Astur Gold

Resource Update

- The updated Salave resource estimate (Table 1) was based largely on a 70-hole, 14,900-metre infill drill program completed by the previous owners in 2004/2005. Note that the 2010 open-pit resource estimate of about 2.0 million ounces of global resource employed a higher gold price estimate (\$850 per ounce, versus \$400 per ounce), leading to a lower cutoff grade (0.70 g/t gold, versus 1.00 g/t gold in 2004). A cutoff grade of 2.50 g/t was used for the 2010 underground inferred resource. The February 2010 technical report suggests that the underground resource is more amenable to selective rather than bulk mining methods.

Table 1 – Resource Update for Salave Gold Deposit, Asturias Province, Spain

Resource Category	Mining Method	Tonnage (t)		Gold Grade (g/t)*		Contained (ounces)	
		15-Jan-10	29-Oct-04	15-Jan-10	29-Oct-04	15-Jan-10	29-Oct-04
Measured	Open Pit	2,155,000	354,000	3.88	2.70	268,000	30,730
Indicated		15,790,000	14,800,000	2.79	3.00	1,415,000	1,427,515
Measured & Indicated		17,945,000	15,154,000	2.92	2.99	1,683,000	1,458,245
Inferred		2,600,000	2,800,000	1.94	2.47	160,000	222,351
Inferred	UG	1,170,000		4.70		178,000	-

*Open-pit cutoff grade of 0.70 g/t gold with a minimum vertical thickness of 4 metres and UG cutoff grade of 2.50 g/t gold

**Open-pit cutoff grade of 1.00 g/t gold

Source: Astur Gold

- Table 2 indicates that the open-pit resource (M&I) is robust, as a 7% increase in grade leads to only a 2% reduction in contained ounces.

Table 2 – Resource vs Cutoff Grade for Salave Gold Deposit, Asturias Province, Spain

Measured and Indicated Resource						
Cutoff Grade (g/t Gold)	Tonnage (t)	Gold Grade (g/t)		Contained (ounces)	Contained (ounces)	
1.0	16,395,000	3.12	7%	1,643,000		-2%
0.8	17,485,000	2.97	2%	1,672,600		-1%
0.7	17,945,000	2.92		1,683,000		
0.5	19,290,000	2.82	-3%	1,705,400		1%
0.4	19,455,000	2.74	-6%	1,712,700		2%

Source: Astur Gold

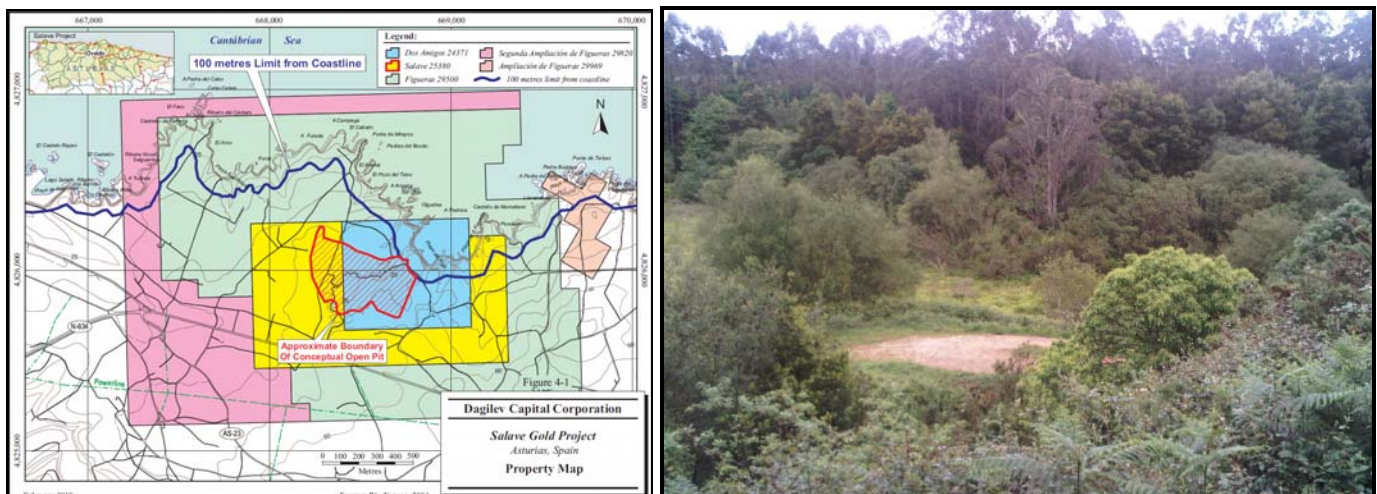




Open-Pit Mine Permitting

- In August 2005, the Regional Government of Asturias halted development of the open-pit project of Salave owing to the introduction of certain zoning legislation. Note, however, that the legislation did not impact any potential underground permit. Immediately after, three legal proceedings were commenced against the government by Exploraciones Mineras del Cantábrico S.A (EMC), now a wholly owned subsidiary of Astur Gold Corp., seeking reversal of the decision or monetary compensation.
- A fourth case was for monetary compensation of €320 million based on a gold price of US\$525 per ounce (January 2006). The legal proceedings are ongoing. However, the cash-award ruling has been deemed ‘premature’ by the provincial court, as the Company could still receive an open-pit permit. Nonetheless, the court stated that a new lawsuit for monetary compensation can be made once the appeal process is completed. Any monetary compensation will be evenly divided between Lundin Mining Corporation (LUN-T, S/P \$5.50TP) and Astur Gold, net of the upfront payment and any court-related costs incurred by the Company since April 2010.
- Astur Gold Corp. will pay Lundin €20,000,000 within 180 days of receipt by EMC of all permits and approvals from governmental authorities to allow it to construct and operate an open-pit mine on the property.

Figure 2 – Salave Project – Conceptual Open Pit (left) and Roman Working (right)



Source: Astur Gold and Haywood Site Visit

Metallurgy

- Work carried out by AngloGold indicated that 70% of the gold was refractory and locked in sulphides as submicron particles. It proposed a flow sheet comprising three-stage crushing, conventional grinding (P80 -75 microns), bulk flotation followed by pressure leaching of the flotation concentrate, and cyanidation for gold recovery.
- Rio Narcea (2004) concluded that the above flow sheet proposal, with the exception of using a single-stage crushing circuit with a semi-autogenous grinding (SAG) mill / ball mill grinding circuit, remained valid. Pressure oxidation and bioleaching are the preferred options to treat the refractory ore. A recovery rate of 95% was estimated employing this process.
- Of note is that at the time of the study (2004), Rio Narcea operated the El Valle plant in Asturias. Its plan was to produce only a flotation concentrate at Salave and transport the concentrate to El Valle, which offered capital savings and environmental advantages.

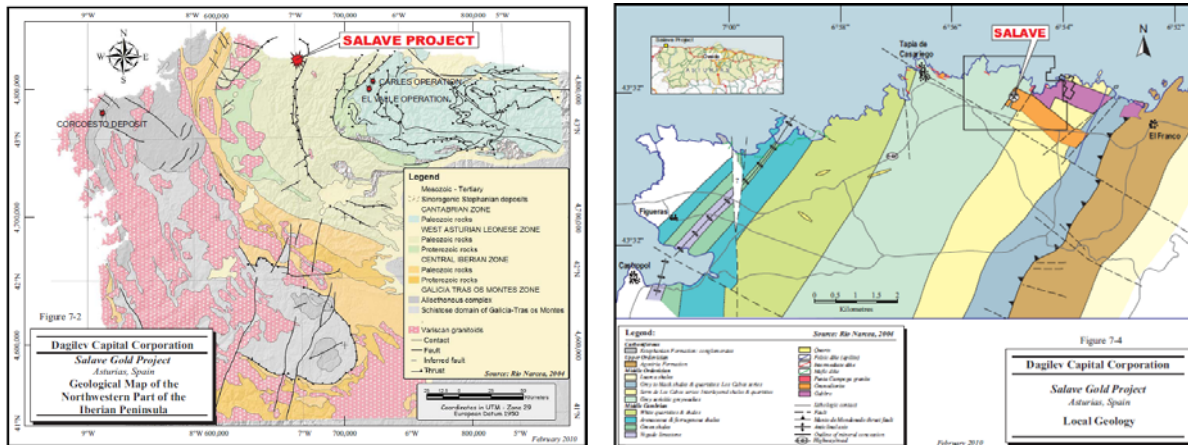




Geology and Mineralization

- The Salave gold deposit is located within the West Asturian Leonese Zone (WALZ) comprising a thick Cambro-Ordovician siliclastic sequence (Figure 2). The sequence was folded, into easterly trending folds, and faulted (major thrust faults such as Mondoñedo Thrust) during the Hercynian Orogeny. The post-Hercynian Salave granodiorite is directly related to gold mineralization and its main host, at its western contact with the local metasedimentary (Los Cabos) representative of the WALZ.

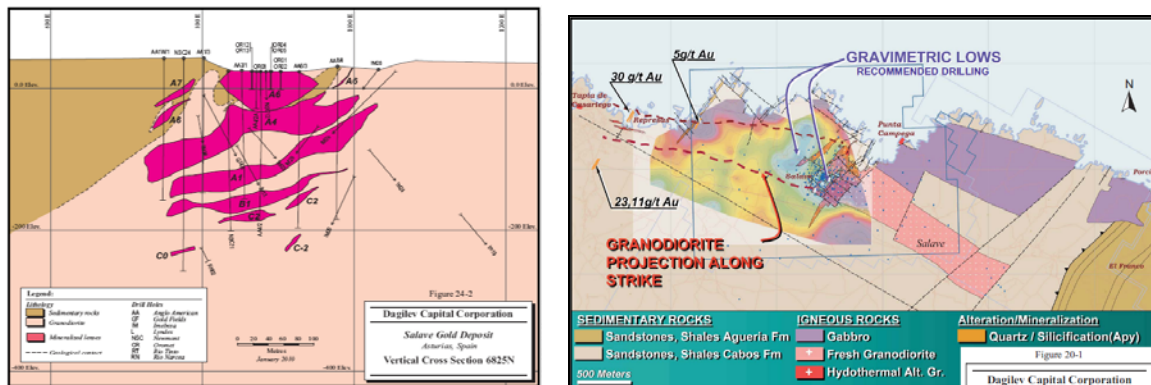
Figure 3 – Salave Project - Regional Geology (left) and Prospect Geology (right)



Source: Astur Gold

- Gold mineralization which can be subhorizontal (Figure 2) is impacted by a set of north-trending structures contained with a major northwest-trending shear zone (approximately 350 metres wide). Gold mineralization is related to moderate to intense hydrothermal alteration (albite-sericite-carbonate) of the granodiorite host proximal to its contact with a metasedimentary unit associated with fine-grained (needle-like) arsenopyrite with pyrite and stibnite (some of the highest grades occur with stibnite), (Figure 5). Rio Narcea noted that the gold is strongly correlated with the formation of needle-like arsenopyrite crystals within lamellae of sericitized albite.

Figure 4 – Salave Project – Deposit Cross Section (left) and Exploration Upside (right)



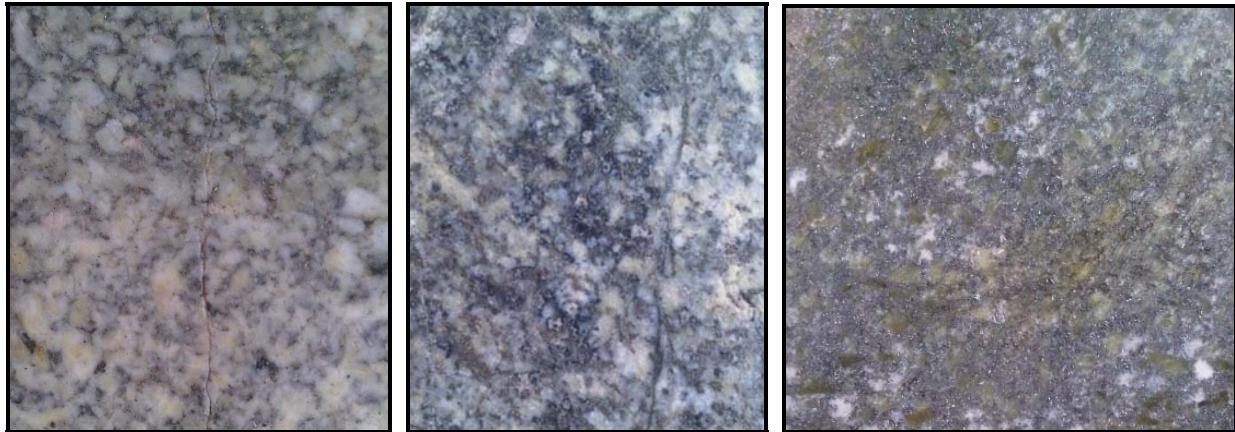
Source: Astur Gold

- Four of the principal high-grade zones of mineralization are open at depth, and additional exploration areas to the west have never been tested (Figure 4). Previous drilling focused on depths to 250 metres, with only a nominal number of holes exceeding the 300-metre level. The last drill hole for Salave was hole RN-70 (2005), which intersected high-grade mineralization that assayed 33.9 g/t gold over 39.8 metres in two zones between the downhole depths of 252.2 and 302.7 metres (Figure 5). The recent technical report recommended that the Mineral Resources be updated after additional drilling to set the parameters for a prefeasibility study.





Figure 5 – Salave Project – Albite Alteration (left) and Drill Hole RN 70 with 102 g/t Gold (centre) and Drill Hole RN 70 with 67 g/t Gold (right)



Source: Haywood Securities

Board and Management

- Cary Pinkowski, CEO and Director, has more than 20 years experience in the mining sector and has successfully worked with legislative authorities in Europe and Asia. He founded Entrée Gold Inc. (ETG-T, Not Rated) and acquired the Lookout Hill property, part of the Oyu Tolgoi complex, one of the largest undeveloped copper-gold projects in the world.
- John D. Reynolds was added to the Board of Astur Gold in February 2010. His career includes substantial experience in venture-capital development, resource-sector development, and elected political office, both federal and provincial.
- Paul Conibear is a Professional Engineer and Senior Vice President Corporate Development of Lundin Mining Corporation, with more than 25 years experience in heavy industrial and mining investments in North America, Africa, and South America.
- Emilio Hormaeche was added as President and Director of Astur Gold Corp. in April 2010. He was Project Manager for the Tasiast mine in Mauritania (Red Back Mining) with a US\$80 million budget. He was also Project Manager for Aguablanca (Lundin Mining Corporation) in Spain from permitting through production.

Recent Financing and Transactions

- Astur Gold recently completed a brokered placement for \$5,025,000 (gross proceeds) by issuing 6,700,000 shares at a price of \$0.75 per share. The net proceeds of the shares will be used for development activities on Astur's Salave Gold Project.
- The Company closed the acquisition of a 100% interest in the Salave Gold Deposit from Lundin Mining Corporation (LUN-T, S/P, \$5.50) and other parties on April 21, 2010. It acquired all the issued and outstanding securities of EMC in consideration for €500,000 and the issuance of 5,296,688 common shares to Lundin, plus €600,000 to third parties. Lundin owns 15.6% of the 33.84 million Astur Gold shares outstanding.
- The Company has also issued 500,000 common shares to a third party in consideration for that party agreeing to amend an agreement on the Salave property. In addition, the Company has entered into a bridge loan for an aggregate of US\$850,000.

Near-Term Catalysts

- The Company is seeking to permit a 3,000- to 5,000-metre drill program to test deeper targets below the current resource base within 30 days. It is also seeking to permit (30 to 60 days) a geotechnical program to test underground conditions for a drift (approximately 1,300 metres) that is targeted to reach the bottom part of the conceptual pit outline.
- Astur Gold is also seeking to update the preliminary economic assessment around the open-pit resource by September/October 2010, as well as evaluate alternatives such as underground mining and a combination of a smaller open-pit footprint with an underground operation. The target for the latter is October/November 2010.





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	Distribution of Ratings		IB Clients
	%	#	(TTM)
S/O	49.7%	72	77.4%
S/P	3.4%	5	3.2%
S/U	2.1%	3	0.0%
T	0.0%	0	0.0%
UR (S/O)	6.2%	9	6.5%
UR (S/P)	3.4%	5	0.0%
UR (S/U)	0.7%	1	0.0%
dropped (TTM)	34.5%	50	12.9%

