

May 24, 2011

## Astur Gold Corp. (AST-V, \$1.92)

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**Rating: SECTOR OUTPERFORM; 12-Month Target: \$2.70; Risk: SPECULATIVE**

### Event: Provincial and Municipal Election Results Provide Platform for Permitting Salave Gold Project in NW Spain

**Impact – Positive - The results of the recent elections have placed the Company in a position to expedite their permitting for their wholly-owned Salave Gold project (2 million ounces grading 2.9 g/t gold) in northwestern Spain (Province of Asturias).**

- **70% of Votes Captured by Parties Supportive of Salave Project Development** – Three parties supportive of the development of the Salave Gold project development captured 70% of the votes in the election, with the candidate opposing the project receiving 30% of the vote. Elections were held in an environment of high unemployment in Spain (>20 percent), the highest in the European Union. The jobless rate for those between the ages of 18 and 25 is even higher, at 45 percent. Development projects such as the Salave Gold project are seen as positive by the majority of the local community, according to a survey conducted by the Company (January 2011).
- **Underground Mine Application Expected Before end of Year 2011** - We anticipate that a coalition will be formed among the three parties supportive of the project's development in the coming weeks which will be followed by the submission of a full underground mine application by late Q3/11 to early Q4/11 (Haywood estimate). Also we anticipate that the Company will accelerate all technical and engineering items (geotechnical drilling, metallurgical test-work, resource update, among others) related to a Bankable Feasibility Study (Q2/12, Haywood estimate). Note, the Company started their studies for the environmental impact of the project earlier in the year.

**Alpha:** Astur Gold Corp. is an underfollowed story with a multimillion-ounce development-stage gold project (Salave) in Spain, which has strong support of the local community seeking immediate employment opportunities. In our view, investors would significantly benefit from the Company's ability to permit the Salave project as a combination underground and open pit, whereas the asset's base value is supported by a readily permit-able, underground only (UGO) mining scenario.

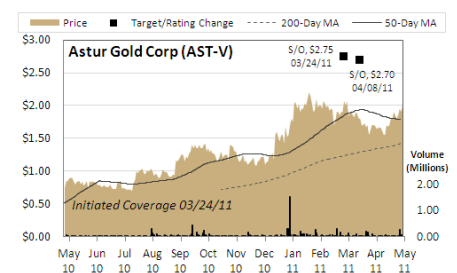
**Valuation:** Our target price of \$2.70 per share, a ~40% return to current price levels, is based on a 0.7x multiple to NPV<sub>5%</sub> of the Salave Gold Project, with a combined development scenario (underground followed by open pit) and applying long-term gold price of \$1,050). The combined scenario generates EBITDA margins of ~50% with an internal rate of return (IRR) of ~25% and payback of just over 3 years. At a higher gold price (US\$1,350), the IRR is +30%, and payback just below 3 years.

**Catalysts:** 1) **Geotechnical Program** – Q3/11 to Q4/11; 2) **Infill Drilling/Resource Update** – Q3/11 to Q4/11; 3) **Metallurgical Program** – Q3/11 to Q4/11; 4) **Underground Drift Permit and Underground EIA Permit** – Q3/11 to Q4/11; 5) **Bankable Feasibility Study** – Q2/12.

Last Research: May 9, 2011

<b>Target Price</b>	<b>\$2.70</b>	52-Week High / Low	\$2.25 / \$0.70
Current Price	\$1.92	Shares O/S	33.8 million (basic) 36.6 million (F/D)
Return (incl. dist'n)	41%	Market Capitalization	\$65.7 million
YTD Performance	59%	Cash	\$3.2 million
Dividend / Yield	N/A	Debt	Nil
<b>Risk Profile</b>	<b>SPECULATIVE</b>	Working Capital	\$2.7 million
Forecast Risk	Moderate	Enterprise Value	\$62.5 million
Financial Risk	High	Daily Volume	100,000
Valuation Risk	Moderate	(3-month average)	
Political Risk	Moderate	Currency	C\$ unless noted
		Company Website	<a href="http://www.asturgold.com">www.asturgold.com</a>
		CEO	Cary Pinkowski

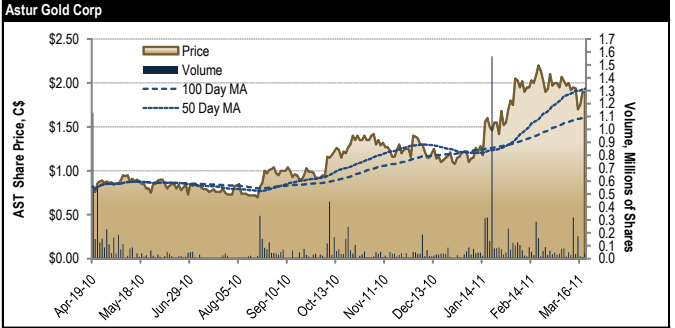
#### Price Performance



Astur Gold Corp	TSXV:AST			C\$	1.92
Recommendation	SECTOR OUTPERFORM	Target US\$	2.76	Shares O/S, M	34.2
Risk Profile	SPECULATIVE	Target C\$	2.70	Float, M	34.2
		12-Month Return	41%	Market Capitalization, M	65.7
In US\$ unless otherwise stated				Current CS/US\$ FX	0.98

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**Astur Gold Corp**  
 Our target price of \$2.70 per share is supported largely by the NPV<sub>5%</sub> of the Company's flagship Salave gold project in Spain of ~\$226 million. We envision Salave as a combination of an underground operation (start-up Q1/14), followed by production from a small open pit (2020). Over a 14-year combined life of mine, we anticipate output of 100 Koz/year at ~\$540 and ~\$660 cash and 'all-in' costs respectively. The project enjoys strong support of the local community (> 75% of respondents in a 2010 public poll supported mine development) owing to the high unemployment rate in the area (~20%) and anticipated reduction in EU-subsidized mining activity.  
 Catalysts:  
 1. Geotechnical Permit/Drilling/Test Work – Q3/11 to Q4/11  
 3. Infill Drilling/Resource Update – Q3/11 to Q4/11  
 4. Metallurgical Permit/Drilling/Test Work – Q3/11 to Q4/11  
 5. Underground Drift (2.7-kilometre) and Underground EIA Permit – Q3/11 to Q4/11 to Q4/11  
 6. Bankable Feasibility Study – Q2/12



Assumptions	2010	2011	2012	2013	2014	Long-term
Gold Price (US\$/oz)	\$ 1,215	\$ 1,375	\$ 1,325	\$ 1,250	\$ 1,150	\$ 1,050
Exchange Rate (C\$/US\$)	\$ 1.04	\$ 0.99	\$ 1.00	\$ 1.04	\$ 1.07	\$ 1.05
Exchange Rate (Eur/US\$)	\$ 1.32	\$ 1.37	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.32

Capital Structure	Avg. Strike Price, C\$	Maturity Date	Shares, M
Shares Outstanding, Aug 31, 2010			33.8
Options + Warrants	\$0.94	2011-2015	2.7
Fully Diluted Shares			36.6
Anticipated Equity Raise Tranche 1 (\$1.80 per share)			11.11
Anticipated Equity Raise Tranche 2 (\$2.20 per share)			27.27
Haywood full financial dilution estimate			75.0

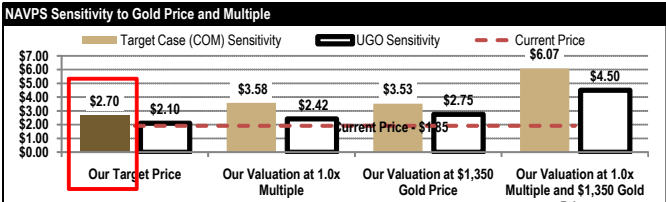
Financial Summary	2010E	2011E	2012E	2013E	2014E	2015E
Revenue, \$M	\$ -	\$ -	\$ -	\$ -	\$ 123.76	\$ 142.95
Operating Expenses, \$M	\$ -	\$ -	\$ -	\$ -	\$ (60.37)	\$ (68.66)
EBITDA, \$M	\$ (2.02)	\$ (1.50)	\$ (6.50)	\$ (1.50)	\$ 55.90	\$ 66.65
Depreciation, \$M	\$ -	\$ -	\$ -	\$ -	\$ (12.66)	\$ (12.66)
Net Income, \$M	\$ (2.02)	\$ (1.50)	\$ (7.00)	\$ (5.50)	\$ 27.75	\$ 35.83
Long-term Debt, \$M	\$ -	\$ -	\$ 80.00	\$ 80.00	\$ 64.00	\$ 48.00
Op. CF (before W/C), \$M	\$ (1.09)	\$ (1.50)	\$ (7.00)	\$ (5.50)	\$ 40.41	\$ 48.49
Investing CF, \$M	\$ (3.66)	\$ (5.05)	\$ (45.54)	\$ (111.76)	\$ 14.14	\$ (1.66)
Financing CF, \$M	\$ -	\$ 19.21	\$ 136.34	\$ 21.98	\$ (35.91)	\$ (16.00)
Cash & Equip, \$M	\$ 3.45	\$ 15.91	\$ 99.72	\$ 4.44	\$ 23.08	\$ 53.91

Projected Dilution	2010E	2011E	2012E	2013E	2014E
Year-end Dec 31					
Avg. S/O, M	33.8	45.5	72.8	75.0	75.0

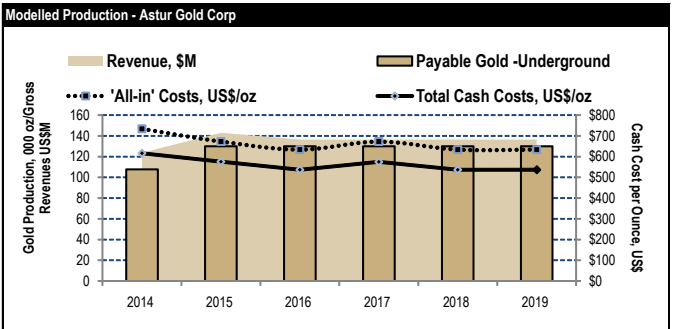
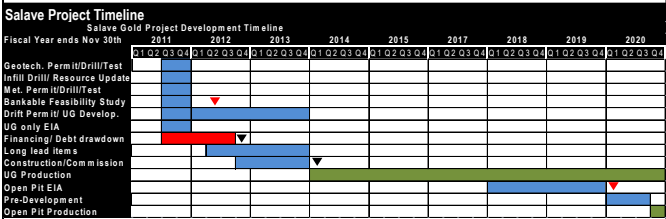
Valuation Summary	(US\$M)	p/s, C\$ Multiple	p/s, C\$
<b>Development Assets</b>			
Salave (COM) - 2014 Start-up (100%) NPV @ 5%	\$ 225.62	\$ 2.98	0.7x
Total Assets	\$ 225.62	\$ 2.98	\$ 2.09
<b>Balance Sheet Items, 2011 Fiscal Year-end (Nov 30, 2011)</b>			
W/C	\$ 15.52	\$ 0.21	\$ 0.21
Cash from ITM Warrants & Options	\$ 2.15	\$ 0.03	\$ 0.03
Long-term Debt			
Proceeds from Equity Development Funding	\$ 53.66	\$ 0.71	\$ 0.71
<b>Corporate Adjustments</b>			
Corporate G&A and Interest Expense	\$ (26.04)	\$ (0.34)	\$ (0.34)
<b>Total Adjustment</b>	\$ 45.29	\$ 0.60	\$ 0.60
<b>Target Price</b>			<b>\$2.70</b>

Au Developers	Ticker	P/NAV (Haywood Est.)	Start-up (Haywood Est.)
Sulliden Gold Corp.	TSX:SUE	0.6x	2013
Detour Gold Corp.	TSX:DGC	0.9x	2013
Andina Minerals Inc.	TSXV:ADM	0.6x	2015
Astur Gold Corp	TSXV:AST	0.7x	2014
Chalice Gold Mines	ASX:CHN	0.6x	2013
Mansfield Minerals Inc.	TSXV:MDR	0.5x	2013
Andean American Gold Ltd.	TSXV:AAG	0.3x	2012
Average		0.6x	

Mineable Resource	Interest	Tonnes	Grade	Gold
Salave - Co 2010 Resource (LOP)	100%	20,950	2.87	1,933
Salave - Co 2010 Resource (COM)	100%	13,680	3.52	1,549
Salave - Co 2010 Resource (UGO)	100%	9,790	4.23	1,333
Salave COM - Haywood Estimates	100%	13,653	3.52	1,549
Salave UGO - Haywood Estimates	100%	9,102	4.10	1,200



Production Estimates	2014	2015	2016	2017	2018	2019
Payable Gold - Underground	108	130	130	130	130	130
Payable Gold - Open Pit	0	0	0	0	0	0
Revenue, \$M	\$ 124	\$ 143	\$ 136	\$ 136	\$ 136	\$ 136
Total Cash Costs, US\$/oz	\$ 617	\$ 576	\$ 537	\$ 575	\$ 537	\$ 537
'All-in' Costs, US\$/oz	\$ 734	\$ 673	\$ 634	\$ 673	\$ 634	\$ 634



Source: Capital IQ, Company Reports, and Haywood Estimates



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	Ticker	Company	1	2	3	4	5	6	7	8
	TSXV:AAG	Andean American Gold Corp.			X	X	X			
	TSXV:ADM	Andina Minerals Inc.			X		X	X		
	TSXV:AST	Astur Gold Corp.		X	X	X	X			
	TSX:CNX	Chalice Gold Mines Limited			X					
	TSX:DGC	Detour Gold Corporation			X	X	X	X		
	TSX:MDR	Mansfield Minerals Inc.					X			
	TSX:SUE	Sulliden Gold Corporation Ltd.			X	X				
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2	As of the end of the month immediately preceding this publication either Haywood Securities, Inc., its officers or directors beneficially owned 1% or more of this company.									
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- N/A

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Each company within analyst’s universe, or group of companies covered, is assigned a rating to represent how the analyst feels the stock will perform in comparison with the other companies, in that specific sector, over the upcoming 12 month period.

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**SECTOR PERFORM** – The analyst believes that the security will trade with tight correlation to its underlying sector. Furthermore, the target price (together with any anticipated distributions) is at or above the market price, and forecast risk-adjusted returns are attractive relative to alternative investments.

**SECTOR UNDERPERFORM** – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to underperform relative to their sector. The category also represents stocks with unattractive forecast returns relative to alternative investments.

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**SPECULATIVE:** – Investment for risk accounts only. Companies within this category carry greater financial and/or execution risk. All junior/venture companies that carry great financial and/or liquidity risk will be tagged "SPECULATIVE". A stock indicating a SPECULATIVE risk is determined from sector specific criteria outlined below.

## Risk Profile Parameters – Mining and Minerals Sector

**Forecast Risk:** High – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity leverage. Forecasts reflect higher commodity prices or production relative to guidance. Moderate – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging is in line with peers. Low – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

**Financial Risk:** High – The business plan is not fully funded, but requires debt and/or equity financing. The exploration program is funded for two years or less. This categorization does not predict whether the additional funds will be raised. Moderate – The development plan is fully funded, with the exploration program funded for three years or more. The Company's debt is rated below investment grade. Low – The Company is fully funded. Its debt is rated investment grade and/or the Company has a history of profitability or dividend payments in each of the last three years.

**Valuation Risk:** High – The current valuation is at the high end of historic levels and/or at a premium to peers. The valuation reflects considerable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF evaluation by more than 50%. Moderate – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. Low – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.



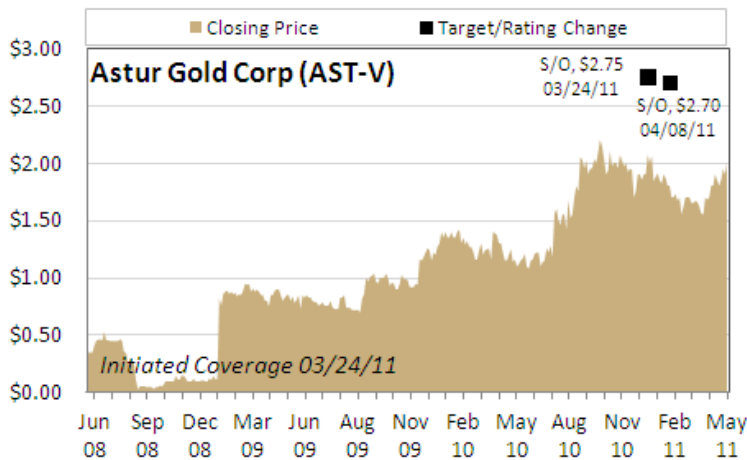
**Political Risk:** High – Currently no industry activity or infrastructure exists. Government opposition is significant. Obtaining permits is challenging. Moderate – Industry activity or infrastructure is minimal. Government at national, regional, and local levels is indifferent. Obtaining permits is relatively straightforward. Low – Industry activity and infrastructure exist. Government is supportive. Obtaining permits is facilitated.

### Distribution of Ratings (as of May 24, 2011)

Haywood’s current rating structure (outlined above) does not correlate to the 3-tiered BUY, HOLD, SELL structure required by the FINRA. Our ratings of Sector Outperform, Sector Perform and Sector Underperform most closely correspond to Buy, Hold/Neutral and Sell respectively however, as described above, our assigned ratings take into account the relevant sector.

	Distribution of Ratings		IB Clients (TTM)
	%	#	
<b>S/O</b>	67.2%	88	94.6%
<b>S/P</b>	6.1%	8	0.0%
<b>S/U</b>	3.1%	4	2.7%
<b>T</b>	0.0%	0	0.0%
<b>UR (S/O)</b>	0.8%	1	0.0%
<b>UR (S/P)</b>	0.0%	0	0.0%
<b>UR (S/U)</b>	0.8%	1	0.0%
<b>dropped (TTM)</b>	22.1%	29	2.7%

### Price Chart, Rating and Price Target History (as of May 24, 2011)



S/O: Sector Outperform; S/P: Sector Perform; S/U: Sector Underperform; T: Tender; U/R: Under Review  
 Source: Capital IQ and Haywood Securities