BELL POTTER

Speculative
See key risks on Page 5
Speculative securities may not be suitable for retail clients

24 January 2019

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Nickel Mines Limited (NIC)

Valuation disconnect

Recommendation	
Buy (unchanged)	
Price	
$0.26	
Valuation	
$0.65 (unchanged)	
Risk	
Speculative	

GICS Sector

Materials

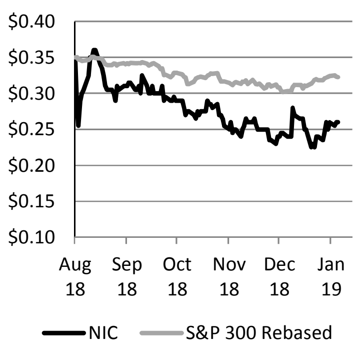
Expected Return	
Capital growth	**150%**
Dividend yield	**0.0%**
Total expected return	**150%**

Company Data & Ratios	
Enterprise value	**$270.3m**
Market cap	**$360.9m**
Issued capital	**1,388.0m**
Free float	**52%**
Avg. daily val. (52wk)	**$1.0m**
12 month price range	**$0.22-$0.365**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.25	0.29	
Absolute (%)	6.1	-10.3	
Rel market (%)	0.0	-8.5	

Absolute Price

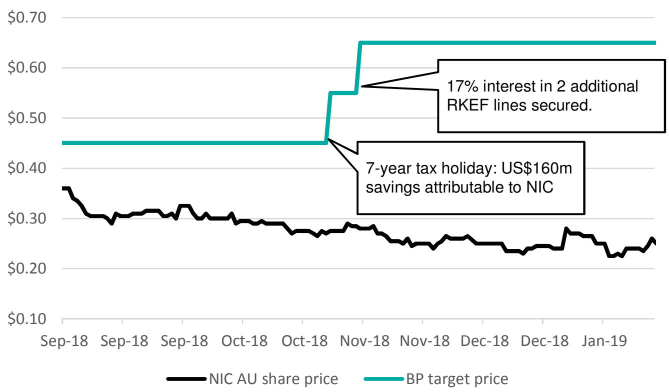


SOURCE: IRESS

Material value addition post-listing

NIC has added material, tangible value via a number of transactions and announcements since listing – yet we have seen little recognition of this in the market. With the nickel price recovering and excellent progress being made towards commencing production, we believe it is timely to highlight the value disconnect that has emerged. Further upside, not yet formally valued, comes from the recent MoU to supply limonite ore (currently mined by NIC as waste) to a new, planned, nickel plant.

Figure 1 - NIC share price and Bell Potter valuation



SOURCE: BLOOMBERG, BELL POTTER SECURITIES CALCULATIONS

Hard catalysts in FY19 – Speculative Buy, valuation $0.65/sh

The market correctly applies a risk adjusted discount to pre-production assets in the development stage, but NIC's first two RKEF lines are scheduled for first production in the June 2019 quarter and to reach 80% of nameplate capacity within 6-8 weeks of that. Construction updates have been very positive and we see a chance for this to be achieved ahead of schedule and for NIC's discount to unwind. We make no changes to our valuation but reiterate our Speculative Buy recommendation.

Earnings Forecast

Year ending 30 June	**2018a**	**2019e**	**2020e**	**2021e**
Sales (US$m)	14	21	191	243
EBITDA (US$m)	(2)	4	87	113
Attributable NPAT (reported) (US$m)	(3)	(5)	73	97
Attributable NPAT (adjusted) (US$m)	(3)	(5)	73	97
EPS (adjusted) (A¢ps)	(0.9)	(0.6)	7.0	9.3
EPS growth (%)	nm	nm	nm	32%
PER (x)	nm	nm	4.0	3.0
FCF Yield (%)	-60%	-54%	30%	37%
EV/EBITDA (x)	(138.8)	51.6	2.5	1.9
Dividend (A¢ps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	-8%	-3%	30%	30%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Valuation disconnect

Material value addition post-listing

NIC has added material, tangible value via a number of transactions and announcements since listing – yet we have seen little recognition of this in the market. With the nickel price recovering and excellent progress being made towards commencing production, we believe it is timely to highlight the value disconnect that has emerged.

We highlight two developments in particular:

1) Income tax holiday: 7 years + 2 years

In early November 2018 NIC announced that its Indonesian operating entity, PT Hengjaya Nickel Industry was granted material corporate income tax relief for its Hengjaya RKEF Project currently under construction within the Indonesia Morowali Industrial Park ('IMIP') in Central Sulawesi, Indonesia. The key terms of the tax reduction are as follows:

- **Corporate Income Tax Reduction of 100%** for a period of seven tax years, starting from the tax year in which commercial production is achieved; and
- **Corporate Income Tax Reduction of 50%** of payable income tax for a period of two tax years, starting from the end of the initial seven year period.

This is clearly of material benefit to NIC, with an effective corporate income tax rate from of 0% over the first 7 years and 12.5% for years 8 and 9 (finishing in FY2028). This boosts available free cash flows and hence NIC's valuation.

We previously forecast tax expenses in FY20 and FY21 of US$25.5m and US$38.3m, the vast bulk of which is attributable to the RKEF production lines that are subject to this tax relief agreement. We now forecast tax expenses of US$2.7m in FY20 (cut 89%) and US$3.6m in FY21 (cut 91%). Over the nine year term of the agreement we estimate tax savings in the order of US$270m (on an undiscounted, 100% consolidated basis), with ~US$160m (60%) attributable to NIC, under our modelled assumptions.

Table 1 - Estimated benefits from tax relief agreement (100% basis)

	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Total
Tax expense @ 25% rate (US$m)	$1.4	$25.9	$33.7	$37.6	$36.6	$37.6	$38.6	$39.6	$40.7	$41.8	$42.9	
Tax expense @ relief rate (US$m)	$1.4	$2.7	$3.6	$3.8	$1.9	$2.0	$2.1	$2.2	$21.5	$22.1	$42.9	
Difference (US$m)	**$0.0**	**$23.1**	**$30.1**	**$33.8**	**$34.7**	**$35.6**	**$36.5**	**$37.5**	**$19.2**	**$19.7**	**$0.0**	**$270.1**

SOURCE: BELL POTTER SECURITIES ESTIMATES

We also point out that this exemption is granted within the framework of Indonesia's existing tax law. It is not a special provision for the IMIP but is based on criteria around project scale and national and local economic impacts. As such it sets a precedent for similar tax relief to apply to the Ranger RKEF lines (lines 3 & 4, in which NIC has secured a 17% interest and option to acquire up to 80%) which are currently under construction.

2) Collaboration Agreement to acquire up to 80% in 2 additional RKEF lines

Also in early November 2018, NIC executed a binding Collaboration Agreement (CA) with its partner Shanghai Decent Investment Group (SDI) to acquire up to an 80% equity interest in 2 additional RKEF lines (the Ranger Lines) currently under construction within the IMIP. The key terms of the CA provide for NIC to acquire its interest in three tranches, the first of which will be executed within 10 days:

1. The First Acquisition: NIC to acquire an initial interest of 17% at cost of US$50m, i.e. approximately US$300m on a pro-rata basis;

2. The Second Acquisition Option to increase its interest to between 51% and 60% before 31 December 2019 – potentially at a discounted rate of US$280m (pro-rata). The lower acquisition cost will be payable if it is executed within 60 days of the first batch of nickel pig iron (NPI) being produced from the Ranger Nickel RKEF lines; and

3. The Third Acquisition Option (conditional on completion of the Second Acquisition Option) to increase its interest to up to 80% in the 2 additional RKEF lines within 18 months of the first batch of NPI being produced.

The 17% ownership of lines 3 and 4 alone lifts NIC's attributable production by 28%, driving NPAT upgrades of 19% and 20% in FY20 and FY21 respectively. This flowed through to a 19% increase to our NPV-based valuation to $0.65/sh.

MoU on additional ore supply adds further upside

Further upside, not yet formally valued, comes from the recent MoU to supply limonite ore to a new, planned, High Pressure Acid Leach (HPAL) plant recently announced to be constructed within the IMIP by a consortium, including two Tsingshan group companies.

Unlike the IMIP's Rotary Kiln Electric Furnaces ('RKEFs') which require saprolite ore (>1.8% nickel), the HPAL plant will utilise a lower grade limonite ore (~1.0% nickel) which the Company's 80%-owned Hengjaya Mine Mine is well placed to supply.

Currently limonite ore is mined by NIC as waste overburden to recover the higher grade saprolite ore that is shipped to the IMIP to feed the RKEF lines. This now creates the opportunity of an additional revenue stream for NIC and will have the effect of lowering mining costs, improving profitability and enabling better optimisation and extraction of value from the existing orebody.

At this point the MoU does not quantify the terms of any ore sale agreement and the HPAL plant is not yet in production, so we have not formally incorporated any limonite ore sales into our valuation. However, making some conservative assumptions based on the current sales agreements and mining parameters, we estimate it could enhance our current valuation of the Hengjaya Mine by ~36%, lifting its contribution to our NIC valuation from ~A$60m to ~A$80m and adding 2c or 3% to our target price.

Emerging major nickel exposure in 2019: 29ktpa under option

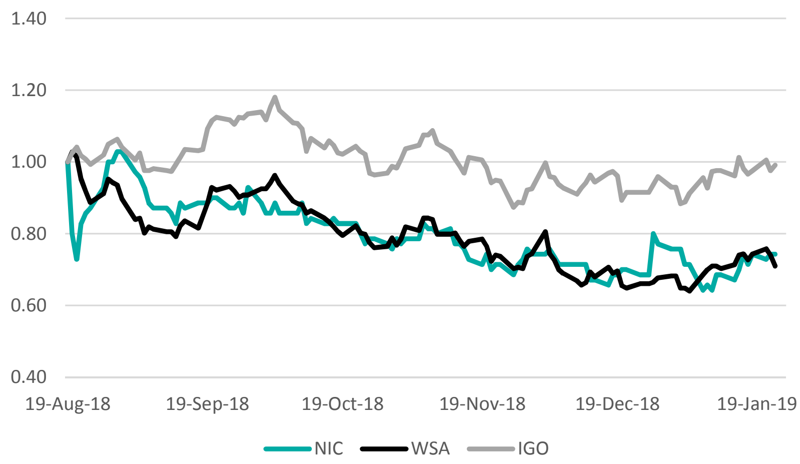
Including the existing Collaboration and Subscription Agreement (CSA), which covers the Hengjaya Nickel RKEF lines, NIC now has options in place to acquire exposure to up to ~29ktpa Ni in NPI production (assuming 16ktpa Ni in NPI production rates per two lines).

Of this total, NIC's current interests account for ~12ktpa of Ni in NPI production and with all four lines expected to be up and running by the end of CY19 NIC will be emerging as a major nickel exposure. We expect All-In-Sustaining-Costs (AISC) to be sitting around US$8,000-US$8,500/t (US$3.63-US$3.86/lb).

We also note that payability for NIC's Ni in NPI production is contractually locked in at a minimum of 90% of the LME nickel price and that the market based prices on which its sales will be based have been running at payabilities of 95-100% of the LME nickel price. This compares to ±70% payability broadly typical for nickel in sulphide concentrate.

Share price performance to date has reflected tough conditions in the sector (see relative price performance chart below) but as cash flows come in and market awareness of NIC increases, we expect the current discount to our valuation to unwind. As such, in our view, NIC is a compelling opportunity.

Figure 2 - Relative price performance: NIC vs WSA vs IGO since NIC's IPO



SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

Upcoming catalysts

Upcoming catalysts for NIC include:

- Updates on the progress of construction of the Hengjaya Nickel RKEF lines in which NIC has a 60% interest and the Ranger Nickel RKEF lines, in which NIC has acquired a 17% interest;
- The December quarter production and cost report due in January 2019; and
- Commissioning of both RKEF lines, which is scheduled to commence around the end of the June 2019 quarter and which will be a key milestone for the company.

Nickel Mines Limited (NIC)

Company description: high grade, steady state producer

Nickel Mines Limited ('Nickel Mines' or 'NIC') is a newly listed ASX company, formed in 2007. Its operations are focused in Central Sulawesi, Indonesia, where it holds a 60% interest two Rotary Kiln Electric Furnace (RKEF) lines with Shanghai Decent Investments (SDI) a subsidiary of Tsingshan Group, the world's largest stainless steel producer. The RKEF lines are located in an existing, fully integrated stainless steel production facility, the Indonesian Morowali Industrial Park (IMIP), in Central Sulawesi, Indonesia. Construction of the NIC's two RKEF lines is advanced and commissioning on track for the end of the June quarter 2019, after which production is planned to ramp up to a targeted run-rate of 16ktpa nickel in NPI (100% basis).

NIC also holds an 80% interest in Hengjaya Mine ('HM'), a high-grade, long-life nickel laterite deposit, also in Central Sulawesi in close proximity to the IMIP. The balance of the asset is owned by NIC's local Indonesian partner. The HM produces Direct Shipping Ore (DSO), the bulk of which is sold into the IMIP facility for the production of Nickel Pig Iron (NPI), a key input into stainless steel production.

Investment thesis – Speculative Buy, valuation $0.65/sh

The market correctly applies a risk adjusted discount to pre-production assets in the development stage, but NIC's first two RKEF lines are scheduled for first production in the June 2019 quarter and to reach 80% of nameplate capacity within 6-8 weeks of that. Construction updates have been very positive and we see a chance for this to be achieved ahead of schedule and for NIC's discount to unwind. We make no changes to our valuation but reiterate our Speculative Buy recommendation.

Valuation: $0.65/sh

Our 12-month forward NIC valuation incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine (HM), a 60% interest in the two Hengjaya Nickel RKEF lines and a 16.67% interest in the two Ranger Nickel RKEF lines. lines We have constructed a discounted cash flow (DCF) model for NIC's attributable interest in these RKEF lines that are under construction at Tsingshan's IMIP facility and a DCF calculation for NIC's current 80% interest (declining to 49% from FY2023) in the Hengjaya laterite nickel ore mine. We also include a notional value for exploration and development projects, an estimate of corporate overhead costs and NIC's last reported net debt position. Our valuation is calculated on a fully diluted basis. Following the latest update, our valuation stands at $0.65/sh.

Risks

Key risks to our investment case include (but are not limited to):

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be

subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.

- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. NIC's assets are located in Sulawesi, Indonesia, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. NIC's assets are in Indonesia, a G20 country with one of the largest economies in SE Asia. Its sovereign debt is rated investment grade by the major ratings agencies.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions. NIC is the junior partner co-investing in production assets with a large, privately owned Chinese company. The strength and cohesiveness of this relationship over the long term has the potential to both add and reduce value to the partnership. One of the key mitigating factors in this respect has been the investment of a combined US$50m by SDI and Wanlu Investments (US$26m and US$24m respectively) into NIC equity.

Nickel Mines Limited
as at 24 January 2019

Recommendation	Buy, Speculative
Price	$0.26
Valuation	$0.65

Table 2 - Financial summary

PROFIT AND LOSS

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
Revenue	US$m	8.6	13.6	21.3	191.0	243.4
Expense	US$m	(11.9)	(15.1)	(17.1)	(104.5)	(130.6)
EBITDA	**US$m**	**(3.3)**	**(1.6)**	**4.2**	**86.5**	**112.8**
Depreciation	US$m	(0.1)	(0.1)	(1.1)	(4.8)	(5.8)
EBIT	US$m	(3.4)	(1.6)	3.1	81.8	106.9
Net interest expense	US$m	(0.5)	(0.7)	0.0	0.4	2.7
Unrealised gains (Impairments)	US$m	-	-	-	-	-
Other	US$m	-	-	(7.3)	-	-
PBT	**US$m**	**(3.9)**	**(2.3)**	**(4.2)**	**82.2**	**109.6**
Tax expense	US$m	0.2	(0.7)	-	(6.7)	(8.8)
Comprehensive loss for the year	US$m	(3.7)	(2.9)	(4.2)	75.5	100.8
Non-Controlling Interest	US$m	0.1	0.4	(0.3)	(2.5)	(4.0)
Attributable NPAT (reported)	**US$m**	**(3.8)**	**(3.3)**	**(4.5)**	**73.0**	**96.8**
NPAT (underlying)	US$m	(3.8)	(3.3)	(4.5)	73.0	96.8

CASH FLOW

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
OPERATING CASHFLOW						
Receipts	US$m	9.1	13.5	19.6	174.1	238.1
Payments	US$m	(8.8)	(21.5)	(15.7)	(82.7)	(124.1)
Tax	US$m	-	-	-	-	(6.7)
Net interest	US$m	0.0	0.1	0.0	0.4	2.7
Other	US$m	(0.2)	(0.3)	-	-	-
Operating cash flow	**US$m**	**0.1**	**(8.2)**	**3.9**	**91.8**	**110.0**
INVESTING CASHFLOW						
Property, plant and equipment	US$m	(0.1)	(0.7)	(118.3)	(2.8)	(2.5)
Mine development	US$m	-	-	(7.6)	(0.1)	(0.4)
Exploration & evaluation	US$m	-	-	(0.3)	(0.4)	(0.4)
Other	US$m	-	(50.0)	-	-	-
Investing cash flow	**US$m**	**(0.1)**	**(50.7)**	**(126.2)**	**(3.3)**	**(3.3)**
Free Cash Flow	*US$m*	*(0.0)*	*(58.9)*	*(122.3)*	*88.5*	*106.7*
FINANCING CASHFLOW						
Share issues/(buy-backs)	US$m	0.1	73.9	146.3	-	-
Debt proceeds	US$m	-	-	-	-	-
Debt repayments	US$m	-	(13.2)	-	-	-
Distributions to non-controlling interests	US$m	-	-	-	-	-
Dividends	US$m	-	-	-	-	-
Other	US$m	-	(1.8)	(7.3)	-	-
Financing cash flow	**US$m**	**0.1**	**59.0**	**139.0**	**-**	**-**
Change in cash	*US$m*	*0.1*	*0.0*	*16.7*	*88.5*	*106.7*

BALANCE SHEET

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
ASSETS						
Cash & short term investments	US$m	0.3	0.8	17.5	106.0	212.7
Accounts receivable	US$m	0.3	0.4	2.1	19.1	24.3
Property, plant & equipment	US$m	26.3	76.6	194.0	192.8	190.3
Mine development expenditure	US$m	-	-	7.4	6.8	6.4
Exploration & evaluation	US$m	-	-	0.3	0.6	1.0
Other	US$m	1.1	1.6	1.6	1.6	1.6
Total assets	**US$m**	**27.9**	**79.4**	**222.9**	**327.0**	**436.4**
LIABILITIES						
Accounts payable	US$m	12.3	2.9	4.3	26.1	32.7
Income tax payable	US$m	0.4	0.7	-	6.7	8.8
Borrowings	US$m	13.5	-	-	-	-
Other	US$m	0.6	0.8	1.4	1.4	1.4
Total liabilities	US$m	**26.8**	**4.3**	**5.7**	**34.3**	**42.9**
SHAREHOLDER'S EQUITY						
Share capital	US$m	26.2	103.1	249.4	249.4	249.4
Reserves	US$m	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Retained earnings	US$m	(26.0)	(29.3)	(33.8)	39.2	136.0
Total equity	**US$m**	**(0.4)**	**73.2**	**215.0**	**288.0**	**384.8**
Weighted average shares	m	316.6	461.8	1,094.2	1,384.0	1,388.0

CAPITAL STRUCTURE

Shares on issue	m		1,101.0
Total shares on issue	**m**	(add 287.0m escrow shares)	**1,388.0**
Share price	**A$/sh**		**0.260**
Market capitalisation	A$m		360.9
Net cash	A$m		90.6
Enterprise value (undiluted)	**A$m**		**270.3**
Options outstanding (m)	m		0.0
Options (in the money)	m		0.0
Issued shares (diluted for options)	m		1,388.0
Market capitalisation (diluted)	A$m		360.9
Net cash + options	A$m		90.6
Enterprise value (diluted)	**A$m**		**270.3**

MAJOR SHAREHOLDERS

Shareholder	%	m
Directors and Management	13.7%	189.8
Shanghai Decent (SDI)	11.6%	161.7
Shanghai Wanlu	10.8%	149.3
BlackRock Investment Management	9.9%	137.9
Regal FM	5.1%	71.0

FINANCIAL RATIOS

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
VALUATION						
Attributable NPAT	US$m	(3.8)	(3.3)	(4.5)	73.0	96.8
Attributable NPAT	A$m	(5.1)	(4.4)	(6.1)	97.4	129.0
Reported EPS	Ac/sh	(1.6)	(0.9)	(0.6)	7.0	9.3
Adjusted EPS	Ac/sh	(1.6)	(0.9)	(0.6)	7.0	9.3
EPS growth	%	nm	nm	nm	nm	32%
PER	x	nm	nm	nm	3.7x	2.8x
DPS	Ac/sh	-	-	-	-	-
Franking	%	0%	0%	0%	0%	0%
Yield	%	0%	0%	0%	0%	0%
FCF/share	Ac/sh	(0.0)	(16.9)	(15.1)	8.5	10.2
FCF yield	%	0%	-65%	-58%	33%	39%
P/FCFPS	x	-2331.3x	-1.5x	-1.7x	3.0x	2.5x
EV/EBITDA	x	-58.0x	-124.1x	46.2x	2.2x	1.7x
EBITDA margin	%	nm	nm	20%	45%	46%
EBIT margin	%	nm	nm	14%	43%	44%
Return on assets	%	-27%	-5%	-3%	27%	26%
Return on equity	%	2029%	-8%	-3%	30%	30%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	-	-	(17)	(106)	(213)
ND / E	%	0%	0%	-8%	-37%	-55%
ND / (ND + E)	%	0%	0%	-9%	-58%	-124%
EBITDA / Interest	x	-6.1x	-2.4x	nm	nm	nm

ATTRIBUTABLE DATA - NICKEL MINES LTD

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
Revenues	US$m	6.9	10.8	18.3	180.4	226.7
EBITDA	US$m	(2.7)	(1.2)	3.6	82.7	106.5
NPAT	US$m	(3.8)	(3.3)	(4.5)	73.0	96.8
Net distributable cash flow	US$m	0.1	0.0	15.0	79.7	96.0
EV/EBITDA	x	nm	nm	53.5	2.3	1.8
PER	x	nm	nm	nm	3.7	2.8
P/FCF	x	nm	nm	nm	3.4	2.8

ORE RESERVE AND MINERAL RESOURCE

Hengjaya Nickel Mine (HM)	Mdmt	% Ni	kt Ni
Mineral Resources			
Measured	0.700	1.80%	12,600
Indicated	15.000	1.90%	285,000
Inferred	22.000	1.80%	396,000
Total	**38.000**	**1.80%**	**678,000**

ASSUMPTIONS - Prices

Year ending 30 June avg	Unit	2017a	2018a	2019e	2020e	2021e
Nickel	US$/lb	$4.60	$5.65	$6.55	$7.15	$7.45
Nickel	US$/t	$10,141	$12,456	$14,450	$15,763	$16,424
Currency						
AUD:USD		0.75	0.78	0.73	0.75	0.75

ASSUMPTIONS - Production & costs

Year ending 30 June	Unit	2017a	2018a	2019e	2020e	2021e
Hengjaya Mine						
Ore mined	wmt	303,597	391,362	607,771	1,277,711	1,564,545
Ore grade	% Ni	2.1%	2.1%	1.9%	1.8%	1.8%
Nickel in ore	t Ni	6,254	8,062	7,052	14,489	17,742
Nickel in ore (attributable)	t Ni	5,003	6,450	5,641	10,142	11,177
RKEF (IMIP)						
NPI production	t	-	-	10,000	245,000	300,000
Contained nickel	t Ni	-	-	1,100	26,950	33,000
Contained nickel (attributable)	t Ni	-	-	424	10,376	12,705
Costs						
Cash costs	US$/t Ni	-	-	-	$7,921	$8,073
All-in-Sustaining-Costs (AISC)	US$/t Ni	-	-	-	$7,980	$8,122

VALUATION

Ordinary shares (m)	**1,388.0**
Options in the money (m)	-
Total shares diluted (m)	**1,388.0**

Valuation		
Sum-of-the-parts	**A$m**	**A$/sh**
RKEF (NPV12)	762.4	0.55
Hengjaya Mine (NPV12)	61.1	0.04
Other exploration	10.0	0.01
Corporate overheads	(18.9)	(0.01)
Subtotal	814.6	0.59
Net cash (debt)	90.6	0.07
Total (undiluted)	**905.2**	**0.65**
Dilutive effect of options		-
Add cash from options	-	-
Total (diluted)	**905.2**	**0.65**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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