Analyst
David Coates 612 8224 2887

Authorisation
Bradley Watson 618 9326 7672

Nickel Industries Ltd (NIC)

Oracle financing locked in

Recommendation
Buy (unchanged)
Price
$1.13
Target (12 months)
$1.96 (previously $2.08)

GICS Sector

Materials

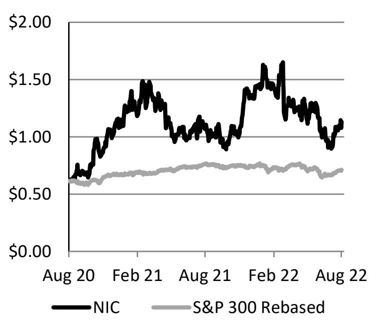
Expected Return	
Capital growth	**73.5%**
Dividend yield	**4.4%**
Total expected return	**77.9%**

Company Data & Ratios	
Enterprise value	**$3,724m**
Market cap	**$3,086m**
Issued capital	**2,731m**
Free float	**74%**
Avg. daily val. (52wk)	**$19.1m**
12 month price range	**$0.885-$1.79**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.96	1.26	1.10
Absolute (%)	18.3	-10.0	3.2
Rel market (%)	12.2	-8.1	9.4

Absolute Price



SOURCE: IRESS

US$225m issued with 10% coupon

NIC has raised US$225m via the issue of corporate debt securities to supplement the funding of its acquisition of a 70% equity interest in the Oracle Nickel Project (ONI), a Nickel Pig Iron (NPI) project that is in the advanced stages of construction in the Indonesia Morowali industrial Park (IMIP), in Sulawesi, Indonesia. ONI has nameplate production capacity of 36ktpa nickel in NPI and is on target for commissioning in October 2022, more than three months ahead of its original schedule. NIC has issued US$225m of Senior Secured Notes at an interest rate of 10.0%, maturing August 2025. NIC's total issued corporate debt is now US$550m, including US$325m with a 6.5% coupon, issued in April and September 2021, maturing April 2024.

Strong liquidity buffer and debt service capacity

NIC reported cash at end June 2022 of US$97.8m. Together with US$225m proceeds from the debt issue and forecast attributable operational cash flows of +US$300m to the end of the March 2023 quarter, we believe NIC is has a very strong liquidity buffer (+US$600m) against the remaining funding requirements for its ONI acquisition. The original payment schedule requires payments of US$366m to be made between 30 June 2022 and 31 March 2023. While the coupon rate of the latest Note issue is higher, at 10% (compared with 6.5% for the previous issuances), we believe this is fair and reflective of US bond market movements over that period. We believe this method of financing is very well suited to the long-life, industrial-style assets NIC owns. We forecast EBITDA/Interest coverage of 12.4x in CY22 and 13.6x in CY24, indicating NIC can comfortably service this debt.

Investment thesis – Buy, TP$1.96/sh (from Buy, TP$2.08/sh)

The higher net debt position is the main change to our sum-of-the-parts valuation, which lowers our target price 6%, to $1.96/sh. Higher annual interest costs lower our forecast earnings by 4% and 5% for CY23 and CY24 respectively. CY22 earnings are effectively unchanged. We continue to forecast strong earnings growth of 61% in CY22 and 91% in CY23 and retain our Buy rating.

Earnings Forecast

Year ending 31 December	2021a	2022e	2023e	2024e
Sales (US$m)	646	1,220	1,909	2,099
EBITDA (US$m)	243	429	744	705
Attributable NPAT (reported) (US$m)	138	220	425	404
Attributable NPAT (reported) (A$m)	184	308	615	577
EPS (adjusted) (A¢ps)	7.3	11.7	22.5	21.1
EPS growth (%)	-11%	61%	91%	-6%
PER (x)	15.5	9.6	5.0	5.4
FCF Yield (%)	-19%	4%	29%	31%
EV/EBITDA (x)	10.9	6.2	3.5	3.7
Dividend (A¢ps)	4.0	5.0	9.0	9.0
Yield (%)	3.5%	4.4%	8.0%	8.0%
Franking (%)	0%	0%	0%	0%
ROE (%)	18%	24%	38%	31%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Oracle financing locked in

Changes to our forecasts

With this update on the securing of the debt funding component of NIC's US$525m total consideration for its 70% interest in the Oracle Nickel Project (ONI), we have made the following changes to our modelled assumptions:

- Updated the capital structure for the latest debt issue. NIC's total issued corporate debt now stands at US$550m, comprising US$325m with a 6.5% coupon, maturing April 2024 and now US$225m with a 10% coupon, maturing August 2025; and
- Included the debt proceeds, debt service costs and August 2025 principal repayment in our financial forecasts.

The net impacts of these changes are summarised in the forecast changes table below:

Table 1 - Changes to our CY forecasts

	Previous			New			Change		
Year end 31 December	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-22**	**Dec-23**	**Dec-24**	**Dec-22**	**Dec-23**	**Dec-24**
Prices & currency									
Nickel price (US$/t)	25,974	21,550	20,944	25,974	21,550	20,944	0%	0%	0%
US$/A$	0.71	0.69	0.70	0.71	0.69	0.70	0%	0%	0%
Production & costs									
Ore mined (t)	2,583,800	2,400,000	2,400,000	2,583,800	2,400,000	2,400,000	0%	0%	0%
Nickel in ore (t)	45,536	43,200	43,200	45,536	43,200	43,200	0%	0%	0%
RKEF NPI production (t)	498,905	864,615	904,615	498,905	864,615	904,615	0%	0%	0%
Contained nickel (t)	66,901	103,823	114,623	66,901	103,823	114,623	0%	0%	0%
Contained nickel (t, attributable)	53,521	80,538	88,098	53,521	80,538	88,098	0%	0%	0%
Cash costs (US$/t Ni)	12,877	11,857	12,251	12,877	11,857	12,251	0%	0%	0%
Earnings & valuation									
Revenue (consolidated, US$m)	1,220	1,909	2,099	1,220	1,909	2,099	0%	0%	0%
EBITDA (consolidated, US$m)	429	744	705	429	744	705	0%	0%	0%
EBITDA (attributable, US$m)	341	577	541	341	577	541	0%	0%	0%
NPAT (reported, attributable, US$m)	223	442	425	220	425	404	-1%	-4%	-5%
EPS (reported) (Acps)	11.9	23.4	22.1	11.7	22.5	21.1	-1%	-4%	-5%
PER (x)	9.5	4.8	5.1	9.6	5.0	5.4	0.1	0.2	0.3
EPS growth (%)	63%	97%	-5%	61%	91%	-6%	-2%	-6%	-1%
DPS (Acps)	5.0	9.0	9.0	5.0	9.0	9.0	0%	0%	0%
Yield	4.4%	8.0%	8.0%	4.4%	8.0%	8.0%	0%	0%	0%
NPV (A$/sh)	1.78	2.08	2.37	1.66	1.96	2.36	-6%	-6%	0%
Price Target (A$/sh)		2.08			1.96			-6%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The higher net debt position is the main change to our sum-of-the-parts valuation, which is reduced by the increased debt and the cash outflows of debt service. Earnings are reduced by the higher annual interest costs, which we estimate increase from ~US$21m to ~US$43m in CY23 and from ~US$11m to ~US$33m in CY24. This lowers our forecast earnings by 4% and 5% for CY23 and CY24 respectively. CY22 earnings are effectively unchanged (-1%).

We continue to forecast strong earnings growth of 61% in CY22 and 91% in CY23, for which NIC is trading on P/E multiples of 9.6x and 5.0x respectively. EBITDA remains on an aggressive growth trajectory from US$243m in CY21 to US$744m in CY23. Our NPV-based valuation is lowered 6%, to $1.96/sh.

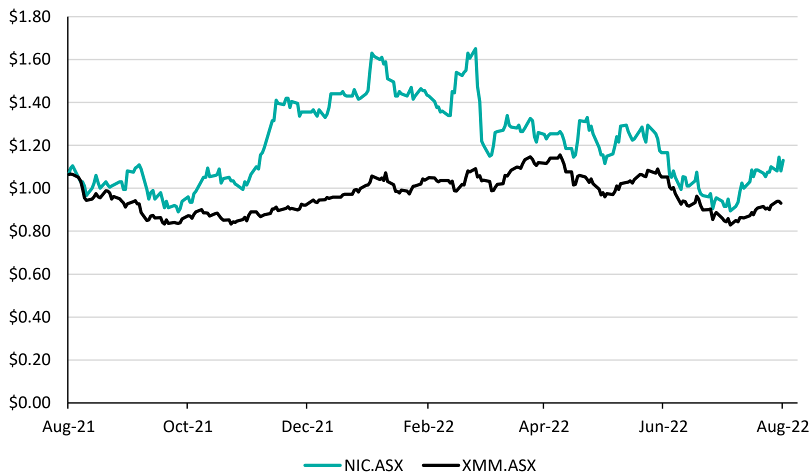
Upcoming catalysts

Upcoming catalysts for NIC include:

- Updates on Nickel Pig Iron (NPI) pricing and the effective Ni payability, which we believe the market will continue to consider as a measure of NIC's nickel price exposure;
- Further updates on the production ramp-up progress of ANI, in which NIC holds an 80% interest. We have accelerated our modelled production ramp-up to reflect ahead-of-schedule progress;
- Further updates on the construction of ONI, comprising 4 next-generation RKEF lines being developed within the IMIP. We have brought forward our ramp-up assumptions, now modelling commissioning and first commercial production and sales in 1QCY23;
- Progress updates for the Hengjaya Mine, where limonite nickel ore sales are increasing and together with saprolite nickel ore sales are driving strong EBITDA growth;
- The release of NIC's 1HCY22 financial statements, expected in late August 2022;
- The release of the September 2022 quarterly production and cost report, expected in late October 2022; and
- Exploration and development updates on the Siduarsi Nickel-Cobalt project in Papua province, Indonesia, in which NIC has recently acquired a 100% interest.

NIC vs the ASX Metals and Mining Index

Figure 1 - NIC relative share price performance vs ASX Metals and Mining Index (XMM)



SOURCE: IRESS

Nickel Mines Limited (NIC)

Company description: fully integrated NPI producer

Nickel Mines Limited (‘Nickel Mines’ or ‘NIC’) was formed in 2007 and listed on the ASX in 2018. Its operations are focused in Central Sulawesi, Indonesia, where it holds an 80% interest four Rotary Kiln Electric Furnace (RKEF) NPI production lines (the two Hengjaya lines and the two Ranger 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).

First production from the Hengjaya Lines was achieved on 31 January 2019 and the Ranger Lines commenced production during the December quarter 2019. Both projects have since achieved steady state production of ~20ktpa contained Ni in NPI, exceeding nameplate production of ~16ktpa each at lower than planned operating costs.

NIC has also executed binding agreements to acquire an 80% interest in the Angel Nickel Project comprising four new generation RKEF NPI production lines currently in production ramp up production within the Indonesia Weda Bay Industrial Park (IWIP) on Halmahera Island in Indonesia and a 70% interest in the Oracle Nickel Project, comprising four new generation RKEF NPI production lines currently under construction within the IMIP.

NIC also holds an 80% interest in Hengjaya Mine (‘HM’), a high-grade, long-life nickel laterite deposit, in close proximity to the IMIP. The HM produces Direct Shipping Ore (DSO), the bulk of which is sold into the IMIP facility.

Investment thesis – Buy, TP$1.96/sh (from Buy, TP$2.08/sh)

The higher net debt position is the main change to our sum-of-the-parts valuation, which lowers our target price 6%, to $1.96/sh. Higher annual interest costs lower our forecast earnings by 4% and 5% for CY23 and CY24 respectively. CY22 earnings are effectively unchanged. We continue to forecast strong earnings growth of 61% in CY22 and 91% in CY23 and retain our Buy rating.

Valuation: $1.96/sh

Our 12-month forward NIC valuation incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine, an 80% interest in the two Hengjaya Nickel RKEF lines and an 80% interest in the two Ranger Nickel RKEF lines.

We have constructed a discounted cash flow (DCF) model for NIC’s attributable interest in these RKEF lines that are in production at Tsingshan’s IMIP facility and a DCF calculation for NIC’s current 80% interest (declining to 49% in 2028) in the Hengjaya laterite nickel ore mine.

We also include a risk-adjusted, NPV-based valuation for NIC’s 80% interest in the Angel Nickel Industry (ANI) project, its 70% interest in the Oracle Nickel Project (ONI) and a notional value for other exploration and development projects, an estimate of corporate overhead costs and NIC’s last reported net cash position. Our valuation is calculated on a fully diluted basis. Following the latest update, our valuation stands at $1.96/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.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **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.
- **Geopolitical risks:** Mining companies' assets are subject to geopolitical risks, arising from events in, and outside, the jurisdictions they operate in.
- **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 ~18% holding in NIC equity.

Nickel Industries Ltd
as at 11 August 2022

Recommendation	Buy
Price	$1.13
Target (12 months)	$1.96

Table 2 - Financial summary

PROFIT AND LOSS

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
Revenue	US$m	523.5	645.9	1,219.6	1,908.8	2,098.7
Expense	US$m	(329.0)	(402.7)	(790.2)	(1,164.4)	(1,393.5)
EBITDA	**US$m**	**194.5**	**243.2**	**429.3**	**744.4**	**705.1**
Depreciation	US$m	(36.8)	(36.0)	(65.3)	(99.3)	(111.2)
EBIT	US$m	157.7	207.3	364.0	645.2	593.9
Net interest expense	US$m	(4.7)	(12.7)	(27.6)	(42.4)	(31.1)
Unrealised gains (Impairments)	US$m	-	-	-	-	-
Other	US$m	1.6	(13.5)	(29.1)	(19.6)	(17.9)
PBT	**US$m**	**154.6**	**181.0**	**307.4**	**583.1**	**544.9**
Tax expense	US$m	(0.9)	(5.1)	(15.7)	(17.3)	(3.7)
Consolidated profit (loss) for the year	US$m	153.7	176.0	291.7	565.8	541.2
Non-Controlling Interest	US$m	43.1	38.0	71.8	141.3	137.3
Attributable NPAT (reported)	**US$m**	**110.6**	**137.9**	**219.9**	**424.5**	**403.9**
NPAT (underlying)	US$m	110.6	137.9	219.9	424.5	403.9

CASH FLOW

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
OPERATING CASHFLOW						
Receipts	US$m	517.6	660.9	1,222.7	1,839.9	2,079.7
Payments	US$m	(358.9)	(464.0)	(648.4)	(1,070.8)	(1,336.3)
Tax	US$m	(9.1)	(8.2)	(12.8)	(35.3)	(35.2)
Net interest	US$m	0.3	0.3	(27.6)	(42.4)	(31.1)
Other	US$m	-	-	-	-	-
Operating cash flow	**US$m**	**150.0**	**189.0**	**533.9**	**691.3**	**677.1**
INVESTING CASHFLOW						
Property, plant and equipment	US$m	(7.4)	(6.5)	(441.1)	(72.1)	(10.9)
Mine development	US$m	(147.0)	(41.7)	-	-	-
Exploration & evaluation	US$m	-	-	(0.4)	(0.4)	(0.4)
Other	US$m	(30.0)	(549.6)	-	-	-
Investing cash flow	**US$m**	**(184.4)**	**(597.9)**	**(441.5)**	**(72.5)**	**(11.3)**
Free Cash Flow	*US$m*	*(34.5)*	*(408.8)*	*92.4*	*618.8*	*665.8*
FINANCING CASHFLOW						
Share issues/(buy-backs)	US$m	430.0	-	223.3	-	-
Debt proceeds	US$m	-	320.8	225.0	-	-
Debt repayments	US$m	(25.3)	(45.0)	-	-	(325.0)
Distributions to non-controlling interests	US$m	(43.3)	(29.1)	(39.2)	(45.7)	(41.3)
Dividends	US$m	(15.4)	(75.1)	(97.8)	(170.2)	(172.6)
Other	US$m	(12.4)	25.7	(11.2)	-	-
Financing cash flow	**US$m**	**333.6**	**197.3**	**300.1**	**(215.8)**	**(539.0)**
Change in cash	*US$m*	*299.2*	*(211.5)*	*392.5*	*403.0*	*126.8*

BALANCE SHEET

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
ASSETS						
Cash & short term investments	US$m	351.4	137.9	530.4	933.4	1,060.2
Accounts receivable	US$m	117.8	125.1	122.0	190.9	209.9
Property, plant & equipment	US$m	600.8	1,296.3	1,672.1	1,644.9	1,544.6
Mine development expenditure	US$m	-	-	-	-	-
Exploration & evaluation	US$m	-	-	0.4	0.8	1.2
Other	US$m	164.7	243.4	243.4	243.4	243.4
Total assets	**US$m**	**1,234.7**	**1,802.6**	**2,568.2**	**3,013.4**	**3,059.2**
LIABILITIES						
Accounts payable	US$m	40.3	55.7	197.6	291.1	348.4
Income tax payable	US$m	3.8	7.6	15.7	17.3	3.7
Borrowings	US$m	45.0	327.6	559.3	559.3	234.3
Other	US$m	59.4	81.7	87.7	87.7	87.7
Total liabilities	US$m	**148.4**	**472.7**	**860.3**	**955.4**	**674.1**
SHAREHOLDER'S EQUITY						
Share capital	US$m	732.9	732.9	956.2	956.2	956.2
Reserves	US$m	19.2	44.7	44.7	44.7	44.7
Retained earnings	US$m	187.9	250.8	372.9	627.3	858.6
Total equity to NIC holders	**US$m**	**940.1**	**1,028.4**	**1,373.9**	**1,628.3**	**1,859.5**
Non-controlling interest	US$m	146.2	301.5	334.0	429.6	525.6
Total equity	**US$m**	**1,086.2**	**1,329.9**	**1,707.9**	**2,057.9**	**2,385.2**
Weighted average shares	m	1,948.7	2,515.0	2,627.8	2,740.0	2,740.0

CAPITAL STRUCTURE

Shares on issue	m	2,731.3
Total shares on issue	**m**	**2,731.3**
Share price	**A$/sh**	**1.130**
Market capitalisation	A$m	3,086.3
Net cash	A$m	-637.7
Enterprise value (undiluted)	**A$m**	**3,724.0**
Options outstanding (m)	m	0.0
Options (in the money)	m	0.0
Issued shares (diluted for options)	m	2,731.3
Market capitalisation (diluted)	A$m	3,086.3
Net cash + options	A$m	-637.7
Enterprise value (diluted)	**A$m**	**3,724.0**

MAJOR SHAREHOLDERS

Shareholder	%	m
Shanghai Decent (SDI)	21.2%	577.8
Tanito Group (PT Karunia)	12.8%	350.6
BlackRock Investment Management	6.3%	171.7
Directors and Management	5.0%	137.9
Shanghai Wanlu	4.4%	121.3

FINANCIAL RATIOS

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
VALUATION						
Attributable NPAT	US$m	110.6	137.9	219.9	424.5	403.9
Attributable NPAT	A$m	160.1	183.6	308.2	615.2	577.0
Reported EPS	USc/sh	5.7	5.5	8.4	15.5	14.7
Reported EPS	Ac/sh	8.2	7.3	11.7	22.5	21.1
Adjusted EPS	Ac/sh	8.2	7.3	11.7	22.5	21.1
EPS growth	%	62%	-11%	61%	91%	-6%
PER [1]	x	13.8x	15.5x	9.6x	5.0x	5.4x
DPS	Ac/sh	3.0	4.0	5.0	9.0	9.0
Franking	%	0%	0%	0%	0%	0%
Yield	%	2.7%	3.5%	4.4%	8.0%	8.0%
FCF/share	Ac/sh	(2.6)	(21.6)	4.9	32.7	34.7
FCF yield	%	-2%	-19%	4%	29%	31%
P/FCFPS	x	-44.2x	-5.2x	22.9x	3.5x	3.3x
EV/EBITDA	x	13.6x	10.9x	6.2x	3.5x	3.7x
EBITDA margin	%	37%	38%	35%	39%	34%
EBIT margin	%	30%	32%	30%	34%	28%
Return on assets	%	17%	12%	13%	20%	18%
Return on equity	%	27%	18%	24%	38%	31%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	(306)	190	29	(374)	(826)
ND / E	%	-33%	18%	2%	-23%	-44%
ND / (ND + E)	%	-48%	16%	2%	-30%	-80%
Attr. EBITDA / Interest	x	29.4x	15.7x	12.4x	13.6x	17.4x

ATTRIBUTABLE DATA - NICKEL MINES LTD

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
Revenues	US$m	391.3	578.8	1,086.9	1,591.1	1,678.4
EBITDA	US$m	139.7	199.2	341.4	576.8	540.6
NPAT	US$m	110.6	137.9	219.9	424.5	403.9
Net distributable cash flow	US$m	269.3	(190.4)	353.3	362.7	114.1
EV/EBITDA	x	18.4	14.1	7.8	4.5	4.8
PER	x	13.8	15.5	9.6	5.0	5.4
P/FCF	x	nm	nm	nm	5.9	18.9

ORE RESERVE AND MINERAL RESOURCE

Hengjaya Nickel Mine (HM)	Mdmt	% Ni	t Ni
Mineral Resources			
Measured	20.000	1.30%	260,000
Indicated	109.000	1.30%	1,417,000
Inferred	56.000	1.30%	728,000
Total	**185.000**	**1.30%**	**2,405,000**

ASSUMPTIONS - Prices

Year ending 31 Dec. (avg)	Unit	2020a	2021a	2022e	2023e	2024e
Nickel	US$/lb	$6.25	$8.37	$11.78	$9.78	$9.50
Nickel	US$/t	$13,775	$18,460	$25,974	$21,550	$20,944
Currency						
AUD:USD		0.69	0.75	0.71	0.69	0.70

ASSUMPTIONS - Production & costs

Year ending 31 Dec.	Unit	2020a	2021a	2022e	2023e	2024e
Hengjaya Mine						
Ore mined	wmt	795,650	2,169,972	2,583,800	2,400,000	2,400,000
Ore grade	% Ni	1.8%	1.8%	1.8%	1.8%	1.8%
Nickel in ore	t Ni	14,479	38,165	45,536	43,200	43,200
Nickel in ore (attributable)	t Ni	11,583	30,532	36,429	34,560	34,560
RKEF (IMIP)						
NPI production	t	295,897	298,352	498,905	864,615	904,615
Contained nickel	t Ni	43,622	40,411	66,901	103,823	114,623
Contained nickel (attributable)	t Ni	30,619	32,329	53,521	80,538	88,098
Costs						
Cash costs	US$/t Ni	$7,330	$10,106	$12,877	$11,857	$12,251
All-in-Costs (AIC)	US$/t Ni	$7,414	$10,225	$12,966	$11,969	$12,356

VALUATION

Ordinary shares (m)		**2,731.3**
Options in the money (m)		-
Total shares diluted (m)		**2,731.3**

Valuation	**CY22**		**CY23**		**CY24**	
Sum-of-the-parts	**A$m**	**A$/sh**	**A$m**	**A$/sh**	**A$m**	**A$/sh**
IMIP RKEF (NPV12)	2,158.1	0.79	2,192.3	0.80	2,199.2	0.81
IWIP RKEF (NPV12)	2,173.6	0.80	2,290.1	0.84	2,290.5	0.84
ONI RKEF (NPV12)	691.7	0.25	1,345.2	0.49	1,450.5	0.53
Hengjaya Mine (NPV12)	143.8	0.05	161.7	0.06	130.8	0.05
Other exploration	120.0	0.04	120.0	0.04	120.0	0.04
Corporate overheads	(105.3)	(0.04)	(110.9)	(0.04)	(111.5)	(0.04)
Subtotal (EV)	5,182.0	1.90	5,998.3	2.20	6,079.5	2.23
Net cash (debt)	(637.7)	(0.23)	(637.7)	(0.23)	374.1	0.14
Total (undiluted)	**4,544.3**	**1.66**	**5,360.7**	**1.96**	**6,453.6**	**2.36**
Dilutive effect of options		-		-		-
Add cash from options	-	-	-	-	-	-
Total (diluted)	**4,544.3**	**1.66**	**5,360.7**	**1.96**	**6,453.6**	**2.36**

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.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Anubhav Saxena	Healthcare	612 8224 2846	asaxena
Tara Speranza	Healthcare	612 8224 2815	tsperanza
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Olivia Hagglund	Industrials	612 8224 2813	ohagglund
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Regan Burrows	Resources	618 9326 7677	rburrows
Joseph House	Resources	613 9235 1624	jhouse
Associates			
Daniel Laing	Associate Analyst	613 9256 2886	dlaing
Thomas Sima	Associate Analyst	612 8224 2843	tsima

Research Coverage & Policies

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: https://bellpotter.com.au/research-independence-policy/.

Authoring Research Analyst's Certification

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

Research Analyst's Compensation

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

Prices

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

Availability

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time

Disclosure: Bell Potter Securities acted as Joint Lead Manager and Underwriter to the US$225m Equity Raise of February 2022 and received fees for that service.

Dissemination

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

Disclaimers

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1701, 17/F
Prosperity Tower, 39 Queens Road Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929