

## Analyst

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## Authorisation

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# Nickel Industries Ltd (NIC)

## Blue chip nickel

### Recommendation

**Buy** (unchanged)

Price

**\$0.705**

Target (12 months)

**\$1.53** (unchanged)

### GICS Sector

Materials

### Expected Return

Capital growth	<b>117.0%</b>
Dividend yield	<b>7.1%</b>
Total expected return	<b>124.1%</b>

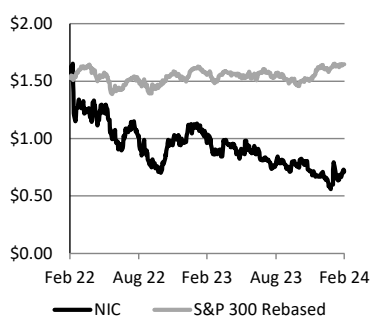
### Company Data & Ratios

Enterprise value	<b>\$3,124m</b>
Market cap	<b>\$3,022m</b>
Issued capital	<b>4,286m</b>
Free float	<b>54%</b>
Avg. daily val. (52wk)	<b>\$9.3m</b>
12 month price range	<b>\$0.54-\$1.055</b>

### Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.60	0.73	1.03
Absolute (%)	17.5	-3.4	-31.6
Rel market (%)	15.4	-12.9	-36.9

### Absolute Price



SOURCE: IRESS

## CY23 financial result

NIC reported a CY23 financial result which was slightly ahead of our forecasts at the EBITDA line but a miss at the NPAT lines due to higher D&A, withholding tax and finance expenses. The result reflected record production and good cost control in an environment of materially lower nickel prices and higher input costs. Nickel tonnes sold increased by 90% but sales revenue was up just 54%. EBITDA increased by 21% and EBITDA margins dropped from 29% to 21% in a tough nickel market. Key metrics included consolidated revenue of US\$1,880m (vs BPe US\$1,852m), consolidated EBITDA of US\$403m (vs BPe US\$395m), consolidated NPAT of US\$176m (vs BPe US\$213m) and attributable NPAT of US\$122m (vs BPe US\$153m).

## Making money through the cycle

The highlight of the result, in our view, is the maintenance of profitability and good EBITDA margins through a low in the commodity price cycle. This is due to NIC's low-cost operations, its diversified product mix and exposure across the nickel production value chain. NIC is accelerating its transition to the production of class 1 nickel as it invests in the Huayue (HNC) and Excelsior (ENC) Nickel Cobalt high pressure acid leach (HPAL) projects. These produce nickel at carbon intensities among the lowest in the industry and suitable for supply to the EV battery market. An increased dividend and US\$100m share buyback (announced with the December quarterly) were also highlights, signalling there is no requirement to issue equity in the foreseeable future.

## Investment thesis – Buy, TP\$1.53/sh (unchanged)

EPS changes in this report are: CY24: +1%; CY25: +3%; and CY26: +3%, on minor adjustments to our financial cost forecasts and calculation methodology. Our NPV-based valuation is unchanged at \$1.53/sh. NIC is trading on undemanding valuation multiples, offers a supportive (unfranked) dividend, has demonstrated its ability to make money through the nickel price cycle and is one of the world's only listed nickel producer that offers diversified exposure across nickel products and markets. We retain our Buy recommendation.

### Earnings Forecast

Year ending 31 December	2023a	2024e	2025e	2026e
Sales (US\$m)	1,880	1,977	2,205	2,304
EBITDA (US\$m)	403	485	651	698
Attributable NPAT (reported) (US\$m)	122	177	299	339
Attributable NPAT (reported) (A\$m)	183	261	427	484
EPS (adjusted) (Acps)	5.4	6.1	10.0	11.3
EPS growth (%)	-37%	13%	64%	13%
PER (x)	13.1	11.6	7.1	6.2
FCF Yield (%)	-58%	-4%	13%	26%
EV/EBITDA (x)	5.0	4.2	3.1	2.9
Dividend (Acps)	4.5	5.0	5.0	6.0
Yield (%)	6.4%	7.1%	7.1%	8.5%
Franking (%)	0%	0%	0%	0%
ROE (%)	9%	10%	16%	16%

SOURCE: BELL POTTER SECURITIES ESTIMATES

# Blue chip nickel

## CY23 financial result

NIC reported a CY23 financial result which was slightly ahead of our forecasts at the EBITDA line but a miss at the NPAT lines due to higher D&A, withholding tax and finance expenses. The result reflected record production performance and good cost control in an environment of materially lower nickel prices and higher input costs. Nickel tonnes sold increased by 90% but sales revenue was up just 54%. EBITDA increased by 21% and EBITDA margins dropped from 29% to 21% in a tough nickel market.

The highlight of the result, in our view, is the maintenance of profitability and good EBITDA margins through a low in the commodity price cycle. This is due to NIC's low cost operations but also its diversified product mix and exposure across the nickel production value chain: from mining of the raw material to downstream nickel products. NIC is accelerating its transition to the production of class 1 nickel as it invests in the Huayue (HNC) and Excelsior (ENC) Nickel Cobalt high pressure acid leach (HPAL) projects. These produce nickel at carbon intensities among the lowest in the industry and suitable for supply to the EV battery market.

An increased dividend and US\$100m share buyback (announced with the December quarterly) were also highlights, with NIC lifting its final dividend from A2cps to A2.5cps. This sent a very positive signal on the strength of NIC's free cash flow outlook and that there is no requirement to issue equity in the foreseeable future.

If there is a negative, it is probably the lower-than-forecast NPAT lines, which were lower yoy and missed our estimates due to higher tax, finance and (non-cash) D&A charges.

### Key metrics and updates

Key metrics included consolidated revenue of US\$1,880m (vs BPe US\$1,852m, up 54% yoy), consolidated EBITDA of US\$403m (vs BPe US\$395m, up 21% yoy), consolidated NPAT of US\$176m (vs BPe US\$213m, down 16% yoy) and attributable NPAT of US\$122m (vs BPe US\$153m, down 24% yoy).

NIC ended CY23 with cash of US\$779m and gross debt of US\$845m, for net debt of US\$66m and net gearing of just 3% (June 2023: cash US\$364m, gross debt US\$657m, net debt US\$293m, net gearing 13%).

NIC declared a final dividend of A2.5cps for total CY23 dividends of A4.5cps (vs BPe A4.5cps for the full year) and an unfranked dividend yield of 6.4%.

Table 1 - NIC financial result summary

Financials (Consolidated basis)	Dec-21 Actual	Dec-22 Actual	Dec-23 Actual	Dec-23 BPe	Variance vs BPe	Variance vs pcp
Revenue (US\$m)	645.9	1217.0	1880.1	1852.1	2%	54%
EBITDA (US\$m)	243.2	334.6	403.3	395.6	2%	21%
NPAT consolidated (US\$m)	176.0	209.4	176.2	213.0	-17%	-16%
NPAT attributable (US\$m)	137.9	159.0	121.6	153.4	-21%	-24%
EPS attributable (Ac/sh)	7.3	8.5	5.4	6.6	-19%	-37%
Dividend (Ac/sh)	0.040	0.040	0.045	0.045	0%	13%
Free cash flow (US\$m)	-408.83	-366.97	-923.33	-215.9	328%	152%
Cash balance (US\$m)	137.9	144.2	284.1	1064.6	-73%	97%
Debt (US\$m)	327.6	559.3	845.0	763.1	11%	51%
<b>Production, costs, prices</b>						
Nii in NPI (t, Consolidated)	40,411	70,079	131,126	131,126	0%	87%
Nii in NPI (t, Attributable)	32,329	55,993	104,240	104,240	0%	86%
AIC (US\$/t)	\$10,225	\$13,483	\$11,503	\$11,503	0%	-15%
Nickel price (US\$/t)	\$18,460	\$26,819	\$21,494	\$21,494	0%	-20%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

## Changes to our forecasts

Beyond updating for the CY23 financial results, we make the following changes to our modelled assumptions:

- Increased our laterite nickel ore payability assumptions to reflect actual performance;
- Increased our interest income forecasts, in-line with reported earnings;
- Made adjustments to our EBITDA calculations to more match NIC's methodology, with some finance costs now below the EBITDA line; and
- Updated for NIC's latest capital structure, last disclosed cash and debt position.

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

Table 2 - Changes to our CY forecasts									
Year end 31 December	Previous			New			Change		
	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
<b>Prices &amp; currency</b>									
Nickel price (US\$/t)	18,243	19,621	20,503	18,243	19,621	20,503	0%	0%	0%
US\$/A\$	0.68	0.70	0.70	0.68	0.70	0.70	0%	0%	0%
<b>Production &amp; costs</b>									
Ore mined (t)	9,100,000	9,100,000	9,100,000	9,100,000	9,100,000	9,100,000	0%	0%	0%
Nickel in ore (t)	65,250	65,250	65,250	65,250	65,250	65,250	0%	0%	0%
RKEF NPI production (t)	1,044,615	1,044,615	1,044,615	1,044,615	1,044,615	1,044,615	0%	0%	0%
Contained nickel (t)	141,803	141,263	141,263	141,803	141,263	141,263	0%	0%	0%
Contained nickel (t, attributable)	114,990	114,558	114,558	114,990	114,558	114,558	0%	0%	0%
Cash costs (US\$/t Ni)	10,958	11,512	11,840	10,958	11,512	11,840	0%	0%	0%
<b>Earnings &amp; valuation</b>									
Revenue (consolidated, US\$m)	1,977	2,205	2,304	1,977	2,205	2,304	0%	0%	0%
EBITDA (consolidated, US\$m)	451	590	634	485	651	698	7%	10%	10%
EBITDA (attributable, US\$m)	388	510	549	405	528	566	4%	3%	3%
NPAT (consolidated, US\$m)	237	378	425	243	393	441	3%	4%	4%
NPAT (attributable, US\$m)	175	287	326	177	299	339	1%	4%	4%
EPS (reported) (Acps)	6.1	9.6	11.0	6.1	10.0	11.3	1%	3%	3%
PER (x)	11.6	7.3	6.4	11.6	7.1	6.2	(0.1)	(0.2)	(0.2)
EPS growth (%)	-8%	59%	14%	13%	64%	13%	22%	4%	0%
DPS (Acps)	5.0	5.0	6.0	5.0	5.0	6.0	0%	0%	0%
Yield	7.1%	7.1%	8.5%	7.1%	7.1%	8.5%	0%	0%	0%
NPV (A\$/sh)	1.29	1.53	1.51	1.29	1.53	1.59	0%	0%	5%
<b>Price Target (A\$/sh)</b>		1.53			1.53			0%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

We make no changes to our operational forecasts. The net changes at the NPAT line are minimal, for EPS changes as follows: CY24: +1%; CY25: +3%; and CY26: +3%.

NIC continues to trade on an undemanding EV/EBITDA multiple of 5.2x for CY24 and 4.1x for CY25 (attributable basis) an unfranked dividend yield of ~7%, all at a low point in the commodity price cycle.

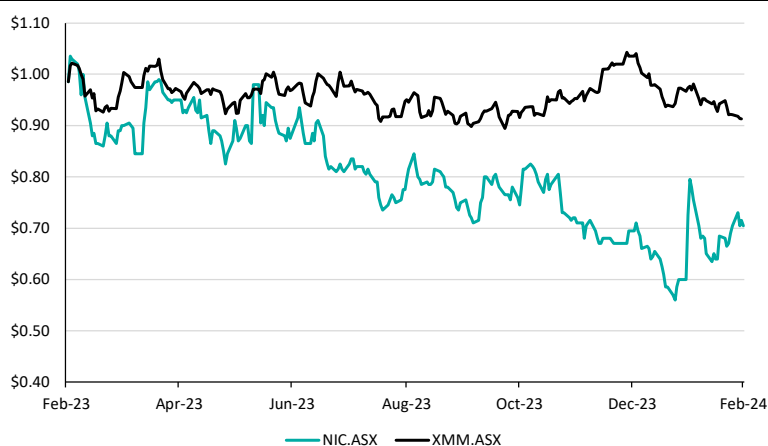
## Upcoming catalysts

Upcoming catalysts for NIC include:

- Updates on Nickel Pig Iron (NPI) pricing and market outlook – key near-term earnings and cash flow drivers for NIC;
- Ongoing sales of nickel matte production and associated payabilities, giving NIC exposure to the Class 1 nickel market;
- The commencement of reporting of MHP production costs, margins and sales into the Class 1 nickel market from the low carbon intensity HNC HPAL operation, likely in the March 2024 quarter;
- Payment of the scheduled investment instalments for the ENC HPAL project of: US\$316m by 1 April 2024 and US\$380m by 1 October 2024 to lift NIC's ownership to 44%. NIC's ownership will rise to 55% with two further instalments of US\$126.5m in July and October 2025;
- The release of NIC's March 2024 quarterly report, expected in late April 2024;
- Construction updates for the ENC HPAL plant, which is scheduled to commence production in the December quarter of 2025;
- Progress updates for the Hengjaya Mine, where production ramp-up of limonite nickel ore sales are increasing in CY24 following the completion of the new haul road; and
- Exploration and development updates on the Siduarsari Nickel-Cobalt project in Papua province, Indonesia, for which a maiden Resource is anticipated in early CY24.

## 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 Industries Limited (NIC)

## Company description: fully integrated NPI producer

Nickel Industries Limited ('Nickel Industries' or 'NIC') was formed in 2007 and listed on the ASX in 2018 as Nickel Mines Ltd. Its operations are focused in 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), an 80% interest in the Oracle Nickel Project, comprising four new generation RKEF NPI production lines, a 10% interest in the Huayue Nickel Cobalt (HNC) HPAL project and a 55% interest in the Excelsior Nickel Cobalt (ENC) HPAL project which is under construction. All these projects are within the Indonesia Morowali Industrial Park (IMIP), a fully integrated stainless steel production facility in Central Sulawesi, Indonesia and in partnership with Shanghai Decent Investments (SDI) a subsidiary of Tsingshan Group, the world's largest stainless steel producer.

NIC also holds an 80% interest in the Angel Nickel Project, comprising four new generation RKEF NPI production lines currently in production within the Indonesia Weda Bay Industrial Park (IWIP) on Halmahera Island in Indonesia.

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\$1.53/sh (unchanged)

EPS changes in this report are: CY24: +1%; CY25: +3%; and CY26: +3%, on minor adjustments to our financial cost forecasts and calculation methodology. Our NPV-based valuation is unchanged at \$1.53/sh. NIC is trading on undemanding valuation multiples, offers a supportive (unfranked) dividend, has demonstrated its ability to make money through the nickel price cycle and is one of the world's only listed nickel producer that offers diversified exposure across nickel products and markets. We retain our Buy recommendation.

## Valuation: \$1.53/sh

Our 12-month forward NIC valuation incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine (HM), 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 80% interest in the Oracle Nickel Project (ONI), its 10% interest in the HNC HPAL plant 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 \$1.53/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. A mitigating factor in this respect has been the +20% holding in NIC equity.

Table 3 - Financial summary

PROFIT AND LOSS						FINANCIAL RATIOS								
Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e	Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e	
Revenue	US\$m	1,217.0	1,880.1	1,976.7	2,205.4	2,304.0	<b>VALUATION</b>							
Expense	US\$m	(882.4)	(1,476.8)	(1,491.9)	(1,554.6)	(1,605.9)	Attributable NPAT	US\$m	159.0	121.6	177.4	299.0	338.7	
<b>EBITDA</b>	<b>US\$m</b>	<b>334.6</b>	<b>403.3</b>	<b>484.8</b>	<b>650.8</b>	<b>698.1</b>	Attributable NPAT	A\$m	228.3	183.0	260.9	427.1	483.9	
Depreciation	US\$m	(66.6)	(111.7)	(118.9)	(118.5)	(118.5)	Reported EPS	US\$/sh	5.9	3.6	4.1	7.0	7.9	
EBIT	US\$m	268.0	291.7	365.9	532.3	579.6	Reported EPS	Ac/sh	8.5	5.4	6.1	10.0	11.3	
Net interest expense	US\$m	(32.8)	(55.6)	(64.6)	(67.4)	(57.2)	Adjusted EPS	Ac/sh	8.5	5.4	6.1	10.0	11.3	
Unrealised gains (Impairments)	US\$m	-	-	-	-	-	EPS growth	%	17%	-37%	13%	64%	13%	
Other	US\$m	(18.2)	(32.8)	(28.9)	(42.6)	(46.6)	PER <sup>1</sup>	x	8.3x	13.1x	11.6x	7.1x	6.2x	
<b>PBT</b>	<b>US\$m</b>	<b>217.0</b>	<b>203.3</b>	<b>272.4</b>	<b>422.3</b>	<b>475.8</b>	DPS	Ac/sh	4.0	4.5	5.0	5.0	6.0	
Tax expense	US\$m	(7.7)	(27.1)	(29.6)	(28.9)	(35.1)	Franking	%	0%	0%	0%	0%	0%	
Consolidated profit (loss) for the year	US\$m	209.4	176.2	242.8	393.4	440.6	Yield	%	5.7%	6.4%	7.1%	7.1%	8.5%	
Non-Controlling Interest	US\$m	50.4	54.6	65.3	94.4	101.9	FCF/share	Ac/sh	(19.7)	(40.8)	(2.7)	9.1	18.3	
<b>Attributable NPAT (reported)</b>	<b>US\$m</b>	<b>159.0</b>	<b>121.6</b>	<b>177.4</b>	<b>299.0</b>	<b>338.7</b>	FCF yield	%	-28%	-58%	-4%	13%	26%	
NPAT (underlying)	US\$m	159.0	121.6	177.4	299.0	338.7	P/FCFPS	x	-3.6x	-1.7x	-25.7x	7.7x	3.8x	
							EV/EBITDA	x	6.1x	5.0x	4.2x	3.1x	2.9x	
							EBITDA margin	%	27%	21%	25%	30%	30%	
							EBIT margin	%	22%	16%	19%	24%	25%	
							Return on assets	%	9%	5%	6%	9%	10%	
							Return on equity	%	18%	9%	10%	16%	16%	
							<b>LIQUIDITY &amp; LEVERAGE</b>							
							Net debt (cash)	\$m	415	66	292	168	(202)	
							ND / E	%	32%	3%	12%	6%	-7%	
							ND / (ND + E)	%	24%	3%	11%	6%	-8%	
							Attr. EBITDA / Interest	x	8.4x	6.2x	6.3x	7.8x	9.9x	
							<b>ATTRIBUTABLE DATA - NICKEL MINES LTD</b>							
							Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e	
							Revenues	US\$m	1,070.6	1,665.5	1,827.0	2,011.9	2,092.3	
							EBITDA	US\$m	273.9	344.0	405.5	527.6	566.2	
							NPAT	US\$m	159.0	121.6	177.4	299.0	338.7	
							Net distributable cash flow	US\$m	5.6	124.1	(199.5)	66.5	197.6	
							EV/EBITDA	x	7.9	6.0	5.2	4.1	3.9	
							PER	x	8.3	13.1	11.6	7.1	6.2	
							P/FCF	x	nm	nm	nm	31.8	10.7	
							<b>ORE RESERVE AND MINERAL RESOURCE</b>							
							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	
							<b>Total</b>				<b>185,000</b>	<b>1.30%</b>	<b>2,405,000</b>	
							<b>ASSUMPTIONS - Prices</b>							
							Year ending 31 Dec. (avg)	Unit	2022a	2023a	2024e	2025e	2026e	
							Nickel	US\$/lb	\$12.17	\$9.75	\$8.28	\$8.90	\$9.30	
							Nickel	US\$/t	\$26,819	\$21,494	\$18,243	\$19,621	\$20,503	
							<b>Currency</b>							
							AUD:USD		0.70	0.66	0.68	0.70	0.70	
							<b>ASSUMPTIONS - Production &amp; costs</b>							
							Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e	
							<b>Hengjaya Mine</b>							
							Ore mined	wmt	3,782,554	5,900,588	9,100,000	9,100,000	9,100,000	
							Ore grade	% Ni	1.7%	1.5%	1.5%	1.5%	1.5%	
							Nickel in ore	t Ni	45,838	53,164	65,250	65,250	65,250	
							Nickel in ore (attributable)	t Ni	36,670	42,532	52,200	52,200	52,200	
							<b>RKEF + HPAL ops</b>							
							NPI production	t	509,127	970,209	1,044,615	1,044,615	1,044,615	
							Contained nickel (100%)	t Ni	70,079	131,126	141,803	141,263	141,263	
							Contained nickel (attributable)	t Ni	55,993	104,240	114,990	114,558	114,558	
							<b>Costs</b>							
							Cash costs	US\$/t Ni	\$13,387	\$11,402	\$10,958	\$11,512	\$11,840	
							All-in-Costs (AIC)	US\$/t Ni	\$13,483	\$11,503	\$11,032	\$11,588	\$11,918	
							<b>VALUATION</b>							
							Ordinary shares (m)						4,285.8	
							Options in the money (m)						-	
							<b>Total shares diluted (m)</b>						4,285.8	
							<b>Valuation</b>							
							Sum-of-the-parts							
								Current	+12 months	+24 months				
								A\$m	A\$/sh	A\$m	A\$/sh	A\$m	A\$/sh	
								IMIP RKEF (NPV12)	1,074.9	0.25	1,021.1	0.24	1,054.9	0.25
								ANI RKEF (NPV12)	1,553.1	0.36	1,617.1	0.38	1,625.8	0.38
								ONI RKEF (NPV12)	699.8	0.16	1,410.8	0.33	1,744.2	0.41
								Hengjaya Mine (NPV12)	345.3	0.08	387.8	0.09	393.4	0.09
								HNC HPAL (NPV12)	123.7	0.03	512.1	0.12	522.7	0.12
								ENC HPAL (NPV12)	2,393.9	0.56	2,393.9	0.56	2,393.9	0.56
								Other exploration	400.0	0.09	400.0	0.09	400.0	0.09
								Corporate overheads	(978.9)	(0.23)	(1,071.9)	(0.25)	(1,168.2)	(0.27)
								Subtotal (EV)	5,611.8	1.31	6,670.9	1.56	6,966.8	1.63
								Net cash (debt)	(102.0)	(0.02)	(102.0)	(0.02)	(168.0)	(0.04)
								<b>Total (undiluted)</b>	<b>5,509.7</b>	<b>1.29</b>	<b>6,568.9</b>	<b>1.53</b>	<b>6,798.9</b>	<b>1.59</b>
								Dilutive effect of options	-	-	-	-	-	
								Add cash from options	-	-	-	-	-	
								<b>Total (diluted)</b>	<b>5,509.7</b>	<b>1.29</b>	<b>6,568.9</b>	<b>1.53</b>	<b>6,798.9</b>	<b>1.59</b>
							<b>MAJOR SHAREHOLDERS</b>							
							Shareholder			%	m			
							Shanghai Decent (SDI)			22.7%	972.8			
							PT United Tractors (conditional placement)			20.0%	857.0			
							Tanito Group (PT Karunia)			8.5%	366.1			
							L1 Capital			5.7%	245.9			
							BlackRock Investment Management			5.1%	217.1			

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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