

Analyst

David Coates 612 8224 2887

Authorisation

James Williamson 613 9235 1692

Nickel Industries Ltd (NIC)

Resilient start bodes well for CY24

Recommendation

Buy (unchanged)

Price

\$0.95

Target (12 months)

\$1.54 (previously \$1.50)

Sector

Materials

Expected Return

Capital growth	62.1%
Dividend yield	8.4%
Total expected return	70.5%

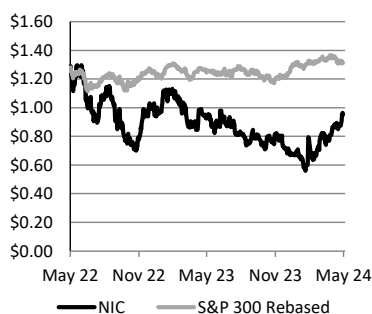
Company Data & Ratios

Enterprise value	\$4,763m
Market cap	\$4,072m
Issued capital	4,286m
Free float	54%
Avg. daily val. (52wk)	\$8.8m
12 month price range	\$0.54-\$0.99

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.81	0.60	0.95
Absolute (%)	17.3	58.3	0.0
Rel market (%)	21.2	57.7	-3.8

Absolute Price



SOURCE: IRESS

March 2024 quarter report

NIC announced March quarter production from its Rotary Kiln Electric Furnace (RKEF) operations of 31,840t contained Ni (BPe 32,003t), with 25,472t attributable (BPe 25,602t). Production was lower qoq due to industry-wide delays to the issuance of mining permits. This impacted mining production from NIC's Hengjaya Mine and necessitated the drawdown of higher-cost, lower-grade stockpiles at NIC's RKEF operations. Despite this, cash costs were below our forecast at US\$9,446/t (BPe US\$10,942/t). In addition, Mixed Hydroxide Precipitate (MHP) production increased by 16% to 2,120t (BPe 1,935t) which ramped up towards nameplate capacity. Cash and receivables dropped to US\$1,018m from US\$1,303m, including cash of US\$553m (from US\$779m qoq). During the quarter, NIC drew down on ~US\$160m debt, paid US\$316m in consideration for an additional 13.75% in the Excelsior Nickel Cobalt (ENC) HPAL project and distributed US\$70m in dividends.

Tailwinds into CY24

NIC reported group EBITDA of US\$70.3m (down 48% from US\$135.4m qoq). The result was in line with expectations (BPe US\$70.9m) and guidance of US\$65-US\$75m which was revised lower during the quarter due to the mine permitting delays. Once resolved, performance lifted and EBITDA for the month of March of US\$41M was 58% of the total quarterly EBITDA. Combined with input costs remaining low and NPI prices improving, the outlook is positive for the June quarter.

Investment thesis – Buy, TP\$1.54/sh (from Buy, TP\$1.50/sh)

EPS changes in this report are: CY24: +72%; CY25: +7%; and CY26: +1%. Our NPV-based valuation lifts 3% to \$1.54/sh on lower costs, minor production increases and a lower AUD:USD exchange rate. NIC is one of the world's largest listed nickel producers and one of few that offers diversified exposure across a range of nickel products and markets. It continues to trade on undemanding valuation multiples, offers a supportive (unfranked) dividend and has demonstrated its ability to make money through the nickel price cycle. Retain Buy.

Earnings Forecast

Year ending 31 December	2023a	2024e	2025e	2026e
Sales (US\$m)	1,880	1,940	2,205	2,304
EBITDA (US\$m)	403	602	675	698
Attributable NPAT (reported) (US\$m)	122	263	316	340
Attributable NPAT (reported) (A\$m)	183	397	452	485
EPS (adjusted) (Acps)	5.4	9.3	10.5	11.3
EPS growth (%)	-37%	72%	14%	7%
PER (x)	17.7	10.3	9.0	8.4
FCF Yield (%)	-43%	0%	12%	20%
EV/EBITDA (x)	7.7	5.2	4.6	4.5
Dividend (Acps)	4.5	8.0	5.0	6.0
Yield (%)	4.7%	8.4%	5.3%	6.3%
Franking (%)	0%	0%	0%	0%
ROE (%)	9%	14%	16%	16%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Resilient start bodes well for CY24

March 2024 quarterly report

NIC released its March 2024 quarter report, announcing production and costs from its RKEF lines at the Hengjaya (HNI), Ranger (RNI), Angel (ANI) and Oracle (ONI) Nickel Projects, at the Indonesia Morowali Industrial Park (IMIP) and Indonesia Weda Bay Industrial Park (IWIP) in Indonesia.

Production

From its RKEF operations, production was in-line with guidance that was revised lower during the quarter due to industry-wide delays to the issuance of mining permits. The delay impacted mining production from NIC's Hengjaya Mine and necessitated the drawdown of higher-cost, lower-grade stockpiles at NIC's RKEF operations.

NIC produced 31,840t contained Ni (BPe 32,003t), with 25,472t attributable (BPe 25,602t). Cash costs were below our forecast at US\$9,446/t (BPe US\$10,942/t). These figures exclude 2,120t of MHP production (BPe 1,935t) which ramped up towards nameplate capacity during the quarter.

Despite the production disruptions, production grew by 27% vs the pcp, inclusive of the new HPAL production. NIC continues to deliver the aggressive production growth that is one of the key tenets of our investment thesis.

Costs and sales

Costs were 6% lower overall at the RKEF operations as a result of lower nickel ore costs. This was offset by lower weighted average contract NPI pricing for the March quarter, which dropped 10% to US\$11,149/t. This pricing approximated 67% of our estimated average LME nickel price for the quarter of US\$16,584/t. Overall, margins contracted from US\$2,473/t to US\$1,472/t qoq

Compressed margins and lower production resulted in EBITDA from the RKEF operations dropping 43% to US\$48.2m from US\$85.1m qoq. Sales from the Hengjaya Mine were suspended until 21 February. In March, record monthly sales of 840kt were achieved, equivalent to a ~10Mtpa annualised run-rate. Mine EBITDA was restricted to US\$15.1m.

Combined with a US\$8.3m contribution of US\$6.9m from the HPAL operations, group EBITDA dropped to US\$70.3m (BPe US\$70.9m) from US\$135.4m qoq.

The result again demonstrated the strategic advantages of NIC's diversified product mix and flexibility. With NPI margins much stronger than matte margins this quarter, the decision was made to cease matte production and produce NPI. The new HNC HPAL operations contributed ~6% of production but ~13% of nickel production EBITDA.

Table 1 - NIC quarterly production summary

	Mar-23 Actual	Jun-23 Actual	Sep-23 Actual	Dec-23 Actual	Mar-24 Actual	Mar-24 BP est.	Variance qoq %	Variance vs BPe %
RKEF nickel production								
Contained nickel (t)	26,665	32,558	33,852	34,450	31,840	32,003	-8%	-1%
Contained nickel (t, attributable)	21,332	25,032	27,082	27,560	25,472	25,602	-8%	-1%
Costs								
Cash costs (US\$/t Ni)	\$13,801	\$12,135	\$10,198	\$10,048	\$9,446	\$10,942	-6%	-14%
All-In-Cost (US\$/t Ni)	\$13,882	\$12,275	\$10,841	\$10,814	\$10,451	\$11,808	-3%	-11%
HPAL nickel production								
Contained nickel (t, attributable)	0	0	1,410	1,823	2,120	1,935	16%	10%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES * NOT DISCLOSED, BP ESTIMATES ONLY

During the quarter NIC lifted its interest in the Excelsior Nickel Cobalt (ENC) HPAL project to 27.5% with the acquisition of a further 13.75% share for US\$316m. Construction continues to advance and production is expected to commence in the December quarter of 2025.

Cash and receivables dropped to US\$1,018m from US\$1,303m, including cash of US\$553m (from US\$779m qoq). During the quarter, NIC drew down on ~US\$160m debt, paid US\$316m in consideration for an additional 13.75% in the ENC project and distributed US\$70m in dividends.

Changes to our forecasts

With this update, we make the following changes to our modelled assumptions:

- Lower our forecast operating costs across the RKEF operations on performance to date and lower than expected ore prices and energy costs;
- Update for our latest commodity price and exchange rate forecasts, which include a 1% cut to our CY24 nickel price and a 3% cut to our CY24 AUD:USD exchange rate; and
- Increase our forecast production for both the Hengjaya Mine and for NIC's RKEF processing lines, reversing some of the more conservative assumptions we made with the March 2024 quarter guidance downgrade.

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
Prices & currency									
Nickel price (US\$/t)	18,243	19,621	20,503	17,980	19,621	20,503	-1%	0%	0%
US\$/A\$	0.68	0.70	0.70	0.66	0.70	0.70	-3%	0%	0%
Production & costs									
Ore mined (t)	7,725,000	9,100,000	9,100,000	8,025,000	9,100,000	9,100,000	4%	0%	0%
Nickel in ore (t)	54,738	65,250	65,250	54,738	65,250	65,250	0%	0%	0%
RKEF NPI production (t)	1,044,615	1,044,615	1,044,615	1,070,124	1,044,615	1,044,615	2%	0%	0%
Contained nickel (t)	139,885	141,263	141,263	142,038	141,263	141,263	2%	0%	0%
Contained nickel (t, attributable)	113,456	114,558	114,558	115,215	114,558	114,558	2%	0%	0%
Cash costs (US\$/t Ni)	11,037	11,546	11,840	9,717	11,341	11,840	-12%	-2%	0%
Earnings & valuation									
Revenue (consolidated, US\$m)	1,953	2,205	2,304	1,940	2,205	2,304	-1%	0%	0%
EBITDA (consolidated, US\$m)	450	646	698	602	675	698	34%	5%	0%
EBITDA (attributable, US\$m)	378	524	566	499	547	566	32%	4%	0%
NPAT (consolidated, US\$m)	216	388	440	352	416	442	63%	7%	0%
NPAT (attributable, US\$m)	157	295	338	263	316	340	68%	7%	1%
EPS (reported) (Acps)	5.4	9.8	11.3	9.3	10.5	11.3	72%	7%	1%
PER (x)	17.7	9.7	8.4	10.3	9.0	8.4	(7.4)	(0.7)	(0.0)
EPS growth (%)	0%	83%	15%	72%	14%	7%	72%	-69%	-7%
DPS (Acps)	5.0	5.0	6.0	8.0	5.0	6.0	60%	0%	0%
Yield	5.3%	5.3%	6.3%	8.4%	5.3%	6.3%	3%	0%	0%
NPV (A\$/sh)	1.25	1.50	1.55	1.20	1.54	1.65	-5%	3%	7%
Price Target (A\$/sh)		1.50			1.54			3%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The changes to our operational forecasts lift CY24 EBITDA by 34% and CY24 EPS by 72% (benefitting from our lower exchange rate forecast). EPS for CY25 and CY26 are up 7% and 1% respectively. Our NPV-based target price benefits from our earnings upgrades, partially offset by the increase in net debt. Our target price is up 3% to \$1.54/sh (from \$1.50/sh).

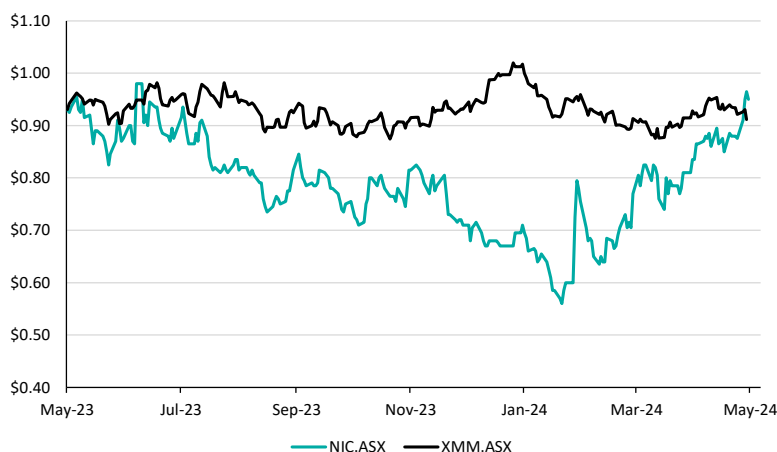
Upcoming catalysts

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;
- Payment of the scheduled investment instalments for the ENC HPAL project of: US\$380m by 1 October 2024 to lift NIC's ownership to 44%; followed by two further instalments of US\$126.5m in July and October 2025 to lift NIC's interest to 55%;
- The release of NIC's June 2024 quarterly report, expected in late July 2024;
- Construction updates for the ENC HPAL plant, which is scheduled to commence production in the December quarter of 2025;
- The potential sale of NIC's option over a further 20% interest in the ENC HPAL project (over and above its targeted 55% interest);
- Update on qualification of potential sales of nickel cathode from the ENC HPAL project (under construction) to a leading Western space and aeronautical company;
- 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 Siduarsi Nickel-Cobalt project in Papua province, Indonesia, for which a maiden Resource is anticipated in early 1HCY24.

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\$1.54/sh (from Buy, TP\$1.50/sh)

EPS changes in this report are: CY24: +72%; CY25: +7%; and CY26: +1%. Our NPV-based valuation lifts 3% to \$1.54/sh on lower costs, minor production increases and a lower AUD:USD exchange rate. NIC is one of the world's largest listed nickel producers and one of few that offers diversified exposure across a range of nickel products and markets. It continues to trade on undemanding valuation multiples, offers a supportive (unfranked) dividend and has demonstrated its ability to make money through the nickel price cycle. Retain Buy.

Valuation: \$1.54/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 \$1.54/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						VALUATION							
Revenue	US\$m	1,217.0	1,880.1	1,939.7	2,205.4	2,304.0	Attributable NPAT	US\$m	159.0	121.6	262.6	316.5	339.7
Expense	US\$m	(882.4)	(1,476.8)	(1,338.1)	(1,530.2)	(1,605.9)	Attributable NPAT	A\$m	228.3	183.0	396.7	452.1	485.3
EBITDA	US\$m	334.6	403.3	601.5	675.2	698.1	Reported EPS	US\$/sh	5.9	3.6	6.1	7.4	7.9
Depreciation	US\$m	(66.6)	(111.7)	(118.9)	(118.5)	(118.5)	Reported EPS	Ac/sh	8.5	5.4	9.3	10.5	11.3
EBIT	US\$m	268.0	291.7	482.7	556.7	579.7	Adjusted EPS	Ac/sh	8.5	5.4	9.3	10.5	11.3
Net interest expense	US\$m	(32.8)	(55.6)	(64.6)	(67.6)	(56.3)	EPS growth	%	17%	-37%	72%	14%	7%
Unrealised gains (Impairments)	US\$m	-	-	-	-	-	PER ¹	x	11.2x	17.7x	10.3x	9.0x	8.4x
Other	US\$m	(18.2)	(32.8)	(39.5)	(44.5)	(46.6)	DPS	Ac/sh	4.0	4.5	8.0	5.0	6.0
PBT	US\$m	217.0	203.3	378.6	444.6	476.8	Franking	%	0%	0%	0%	0%	0%
Tax expense	US\$m	(7.7)	(27.1)	(26.4)	(28.8)	(35.1)	Yield	%	4.2%	4.7%	8.4%	5.3%	6.3%
Consolidated profit (loss) for the year	US\$m	209.4	176.2	352.1	415.8	441.6	FCF/share	Ac/sh	(19.7)	(40.8)	(0.3)	11.0	18.6
Non-Controlling Interest	US\$m	50.4	54.6	89.5	99.3	101.9	FCF yield	%	-21%	-43%	0%	12%	20%
Attributable NPAT (reported)	US\$m	159.0	121.6	262.6	316.5	339.7	P/FCFPS	x	-4.8x	-2.3x	-358.4x	8.7x	5.1x
NPAT (underlying)	US\$m	159.0	121.6	262.6	316.5	339.7	EV/EBITDA	x	9.3x	7.7x	5.2x	4.6x	4.5x
CASH FLOW						LIQUIDITY & LEVERAGE							
OPERATING CASHFLOW						Net debt (cash)							
Receipts	US\$m	1,203.3	1,763.1	2,074.2	2,178.8	2,294.2	ND / E	%	32%	3%	12%	5%	-9%
Payments	US\$m	(1,079.8)	(1,485.2)	(1,196.4)	(1,482.2)	(1,587.0)	ND / (ND + E)	%	24%	3%	11%	4%	-10%
Tax	US\$m	(58.2)	(56.4)	(66.6)	(71.0)	(75.4)	Attr. EBITDA / Interest	x	8.4x	6.2x	7.7x	8.1x	10.1x
Net interest	US\$m	1.0	11.7	(64.6)	(67.6)	(56.3)	ATTRIBUTABLE DATA - NICKEL MINES LTD						
Other	US\$m	(3.3)	(3.5)	-	-	-	Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e
Operating cash flow	US\$m	63.0	229.8	746.6	558.1	575.4	Revenues	US\$m	1,070.6	1,665.5	1,770.1	2,011.9	2,092.3
INVESTING CASHFLOW						ORE RESERVE AND MINERAL RESOURCE							
Property, plant and equipment	US\$m	(9.4)	(19.1)	(754.2)	(229.5)	(18.9)	Hengjaya Nickel Mine (HM)						
Mine development	US\$m	(110.4)	(179.9)	-	-	-	Mineral Resources						
Exploration & evaluation	US\$m	-	(24.9)	-	-	-	Measured						
Other	US\$m	(310.2)	(929.2)	-	-	-	Indicated						
Investing cash flow	US\$m	(430.0)	(1,153.1)	(754.2)	(229.5)	(18.9)	Inferred						
Free Cash Flow	US\$m	(367.0)	(923.3)	(7.5)	328.6	556.5	Total						
FINANCING CASHFLOW						ASSUMPTIONS - Prices							
Share issues/(buy-backs)	US\$m	106.0	828.9	-	-	-	Year ending 31 Dec. (avg)						
Debt proceeds	US\$m	230.3	580.5	250.0	-	-	Nickel	US\$/lb	\$12.17	\$9.75	\$8.16	\$8.90	\$9.30
Debt repayments	US\$m	(5.6)	(315.5)	(246.0)	(50.0)	(150.0)	Nickel	US\$/t	\$26,819	\$21,494	\$17,980	\$19,621	\$20,503
Distributions to non-controlling interests	US\$m	(28.1)	(38.9)	-	-	-	Currency						
Dividends	US\$m	(72.7)	(85.6)	(227.0)	(150.0)	(180.0)	AUD:USD		0.70	0.66	0.66	0.70	0.70
Other	US\$m	143.3	91.6	-	-	-	ASSUMPTIONS - Production & costs						
Financing cash flow	US\$m	373.2	1,061.2	(223.0)	(200.0)	(330.0)	Year ending 31 Dec.						
Change in cash	US\$m	6.2	137.8	(230.5)	128.6	226.5	Hengjaya Mine						
BALANCE SHEET						ORDINARY SHARES (m)							
Year ending 31 Dec.						4,285.8							
ASSETS						Options in the money (m)							
0.0						-							
Cash & short term investments	US\$m	144.2	778.8	548.3	677.0	903.5	Total shares diluted (m)						
Accounts receivable	US\$m	235.6	429.9	295.3	321.9	331.8	4,285.8						
Property, plant & equipment	US\$m	1,922.1	1,836.8	2,472.1	2,583.1	2,483.5	Valuation						
Mine development expenditure	US\$m	-	-	-	-	-	Current						
Exploration & evaluation	US\$m	-	24.9	24.9	24.9	24.9	+12 months						
Other	US\$m	370.6	1,001.0	1,001.0	1,001.0	1,001.0	+24 months						
Total assets	US\$m	2,672.5	4,071.3	4,341.6	4,607.9	4,744.7	Sum-of-the-parts						
LIABILITIES						A\$m							
Accounts payable	US\$m	177.2	192.8	334.5	382.5	401.5	A\$/sh						
Income tax payable	US\$m	21.2	26.1	26.4	28.8	35.1	IMIP RKEF (NPV12)						
Borrowings	US\$m	559.3	845.0	849.0	799.0	649.0	1,107.7						
Other	US\$m	100.3	100.8	99.8	99.8	99.8	ANI RKEF (NPV12)						
Total liabilities	US\$m	858.0	1,164.7	1,309.8	1,310.2	1,185.5	748.2						
SHAREHOLDER'S EQUITY						ONR RKEF (NPV12)							
Share capital	US\$m	942.4	2,032.9	2,032.9	2,032.9	2,032.9	339.7						
Reserves	US\$m	19.1	19.1	19.1	19.1	19.1	HNC HPAL (NPV12)						
Retained earnings	US\$m	337.0	373.1	408.7	575.2	734.9	123.7						
Total equity to NIC holders	US\$m	1,298.6	2,425.1	2,460.7	2,627.2	2,786.9	2,281.2						
Non-controlling interest	US\$m	515.9	481.6	571.1	670.4	772.4	Other exploration						
Total equity	US\$m	1,814.5	2,906.6	3,031.8	3,297.6	3,559.2	(978.9)						
Weighted average shares	m	2,681.5	3,407.1	4,285.8	4,285.8	4,285.8	Subtotal (EV)						
CAPITAL STRUCTURE						Net cash (debt)							
Shares on issue						(691.3)							
Other						0.0							
Total shares on issue						5,128.6							
Share price						1.20							
Market capitalisation						6,592.9							
Net cash						1.54							
Enterprise value (undiluted)						7,083.7							
Options outstanding (m)						1.65							
Options (in the money)						-							
Issued shares (diluted for options)						-							
Market capitalisation (diluted)						-							
Net cash + options						-							
Enterprise value (diluted)						-							
MAJOR SHAREHOLDERS						Total (diluted)							
Shareholder						5,128.6							
Shanghai Decent (SDI)						1.20							
PT United Tractors (conditional placement)						6,592.9							
Tanito Group (PT Karunia)						1.54							
L1 Capital						7,083.7							
BlackRock Investment Management						1.65							

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.

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
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Joseph House	Industrials	613 9325 1624	jhouse
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 9235 1757	hnicolson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
James Williamson	Resources	613 9235 1692	jwilliamson
Associates			
Leo Armati	Associate Analyst	612 8224 2846	larmati
Baxter Kirk	Associate Analyst	613 9235 1625	bkirk
Kion Sapountzis	Associate Analyst	613 9235 1824	ksapountzis
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma

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.

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.

Disclosure: Bell Potter Securities acted as Joint Lead Manager and Underwriter to the US\$185m Institutional Placement of January 2023 and received fees for that service.

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 1601, 16/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