PATERSONS THE AUSTRALIAN STOCKBROKER

21 July 2008

Buy a Nickel, Get a Dime

Stock prices of nickel sulphide miners have been hit particularly hard recently. Higher costs and lower nickel prices mean lower profits are expected this year, after last year's records, and even lower in FY10. However, industry-wide cost increases have affected the larger scale laterite producers more and the sulphide miners have moved down the cost curve as a result. Sentiment around nickel has deteriorated as a maturing of the Chinese nickel pig iron production has lowered the cost of incremental production, however over the same period the cost of key inputs for laterite production have increased dramatically. Increases in the price sulphur, diesel, power/gas have increased the cost of laterite production markedly even before taking into account recapturing the ever increasing cost of capital for such projects. Laterites account for 50% of the world's nickel production and such a large lift in the cost curve reminds us why there was a spate of consolidation of nickel sulphide miners over the past two years. With their strong balance sheets and high margin production our nickel sulphide miners continue to operate at high margins and the whole sector is cheap.

Analyst

Analyst: Levi Spry
Phone: (+61 8) 9263 1610
Email: lspry@psl.com.au

Panoramic Resources Ltd ($2.40) – BUY

Panoramic Resources (PAN) (formerly Sally Malay Mining (SMY)) is adding new production from Copernicus and increased mining rates at Lanfranchi in FY09. Drilling of Deacon, the Northern side of the Tramways Dome and the Sally Malay Deeps all have the potential to add significant value to PAN in FY09. Strong production growth underpins our $5.49/sh price target but further exploration success seems certain along the way.

Mincor Resources NL ($2.13) – BUY

MCR has the dominant land holding in the rich Kambalda region and an active exploration program means we have confidence of further discoveries. FY09 production should near 20kt of nickel in concentrate in FY09 making it the largest Australian nickel producer ex BHP and MRE. Our price target is $3.59/sh.

Independence Group NL ($3.31) – BUY

IGO continues to deliver strong returns from its high-grade, low-cost Long Shaft operation despite a widening spread of working areas and increasing mine depth capping the production rate. Its 30% equity in the Tropicana Gold JV accounts for ~50% of its ex-cash share price. Given the pullback in the IGO share price AngloGold Ashanti must surely be running the ruler over IGO again. Our price target is $4.86/sh.

Albidon Ltd ($2.68) – BUY

With ALB finalising the commissioning of its Munali mine, takeover talk is never far away. With its low cost production, ALB represents an attractive bolt-on acquisition for any miner and OZ Minerals (OXR), any remaining North American or possibly a Russian company seem the most likely acquirers. ALB's management team has performed very strongly to date and a smooth ramp up should see the stock re-rated toward our price target of $4.58/sh.

Mirabela Nickel Ltd ($5.02) – BUY

MBN holds the most strategic long life nickel sulphide asset under our coverage and is the most leveraged to higher nickel prices in the longer term. Deeper drilling has confirmed Santa Rita is indeed a *'Tier One'* asset and its natural owner is a major (Vale already holds 9.2%). A 1Mt nickel resource is on the horizon and value continues to be added to the project as it moves through construction. As production nears we see large upside from the current share price and expect it to move upward toward our $8.35/sh price target.

Western Areas NL ($7.54) – BUY

No one in the world is adding high grade nickel metal to its inventory as quickly as WSA. The recent discovery of the readily mineable Spotted Quoll was responsible for its recent outperformance. It will be a major nickel producer at high margins by FY11. With its exploration model solved, further additions are certain and the recent pullback below our $10.82/sh price target represents an opportunity.

Broke through the US$25,000/t floor

- We believed the US$25,000/t (US$11.30/lb) floor was set by the cost of incremental production coming form Chinese nickel pig iron production.
- The nickel price weakened at the end of May falling through the perceived floor of US$25,000/t. This was due to a combination of decreased demand in the short term, following a trend away from higher grade stainless steels (300 series) toward lower grade (200 manganese series) (this is unsustainable), and decreased input costs for **some** of the Chinese nickel pig iron.

Figure 1: Nickel Price (US$/t) and LME Stocks (t)

Source: Patersons Estimates, IRESS

Reduced cost of Chinese Nickel Pig Iron

- Nickel Pig Iron producers have become smarter.
- Increasing nickel ore stockpiles has meant greater availability of higher grade ores.
- Increasing proportion of production coming from electric arc furnaces rather than blast furnaces using electricity as the power source not coking coal as the Government clamps down on small high pollutant smelters and as the stainless steel producers themselves produced the pig iron in house, removing profit margins for middlemen and utilising more efficient technology.
- The main by product of nickel pig iron is iron and with scrap steel prices more than doubling over the past 2 years, in house nickel pig iron facilities are seeing a iron credit that may reduce the cost of production by as much as US$6/lb from US$13/lb to US$7/lb for the most efficient plants.

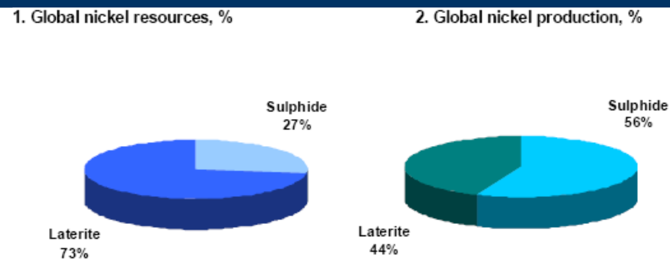
New floor at US$20,000/t

- We believe the new floor is provided by laterite production.
- Increased cost of inputs has significantly increased the cost of laterite production changing the shape of the cost curve.
- This will be a much stronger floor as it is not provided by the incremental (swing) production of pig iron but laterite production which provides almost half (and growing) of the world's nickel production.

More High Cost Production

- **Nickel sulphides historically dominate world production.** Currently 56% of world supply comes from sulphides however by 2009 laterites will contribute more than half with the incremental production from nickel pig iron contributing less than 5%.

Figure 2: World known resources and world production



Source: CRU 2006

Our preference for nickel sulphide miners over laterites

- **Higher quality nickel sulphides are scarce and becoming scarcer:** Laterite deposits form +70% of the world's known nickel resources and are the future of nickel production. As the more profitable sulphides are depleted and become scarcer, the industry continues to trend to higher cost and lower quality sources, laterites (and nickel pig iron and leach production) which push up the average cost of production.
- **Sulphides are simpler and cheaper:** Sulphides use standard (simple) flotation and smelting, resulting in much lower production costs while laterites (Minara, Ravensthorpe, Goro) rely on the much more complex HPAL method which is still prone to technical production hiccups (MRE is still not at its rated production capacity). Sulphides are comparatively low technical risk while laterites rely on a relatively new technology whose efficiency is increasing and economies of scale, which is coming under pressure with the increased cost of inputs which are used on a large scale, to make them viable.
- **Sulphides have lower capital requirements:** Laterites have significant barriers to entry with the recent HPAL operations having capex price tags of US$2.2bn Ravensthorpe, US$3.2bn Goro and Ambatovy US$3.3bn. We believe this increases the price required to make a project viable by more than US$2/lb relative to sulphides to get and adequate return on capital. This means that laterites including the newer generation projects like Ravensthorpe require US$10/lb to make them viable.

Cost Trends

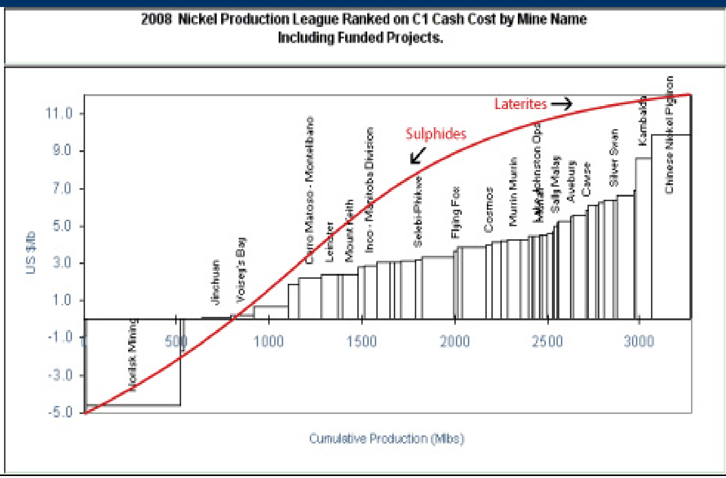
Since this data was compiled by Brookhunt input costs have increased markedly changing the shape of these curves.

Chinese Nickel Pig Iron costs were forecast to be circa US$10/lb but increased power (coal) and shipping costs see them closer to US$13/lb currently however after deducting a US$6/lb credit for the iron they come in around US$7/lb.

Lateritic production works on economies of scale and is therefore very sensitive to input cost with large volumes of reagents (sulphur), diesel and power required. MRE is a case in point but by no means the least efficient with some Asian producers higher cost again. The result is that some laterite production has overtaken nickel pig iron at the top end of the curve.

Sulphide producers have also experienced the same cost pressures but mine lower volumes, higher grades and sell a concentrate (at a fixed payability %), passing on the increased cost of the large power requirement to the smelters. This relative under exposure to increased costs means that the traditionally higher cost sulphide producers have moved down the curve relative to laterites.

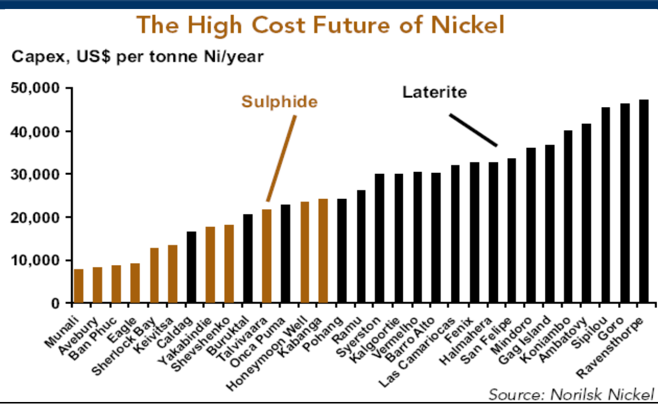
Figure 3: Brookhunt's forecast C1 Cash Costs and PSL trend



Source: Brookhunt, PSL

The below chart shows the prohibitive capital requirement of laterite projects. Even after taking into account the longer life and higher production capacity the two newest nickel producers are at opposite ends of the capital intensity chart. ALB's Munali sulphide mine cost circa US$8,000/t nickel pa versus BHP's Ravensthorpe laterite mine cost circa US$48,000/t nickel pa.

Figure 4: Capital intensity of Laterite projects vs. Sulphides



Source: Norilsk Nickel

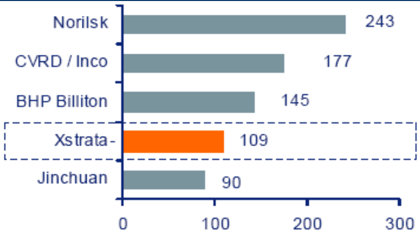
Corporate Activity

- The pull back in resource equities has increased the probability of corporate activity and in no sector is it more likely than the nickel sulphide sector, where more consolidation seems inevitable.

- Recent corporate action in the nickel sector supports our preference for sulphides over laterites. The spate of consolidation in the past 18 months has been entirely in the sulphide sector and included Inco US$19bn, Falconbridge US$21bn, LionOre (LIM) US$4.9bn, Jubilee (JBM) US$3.1bn and Allegiance Mining Ltd (AGM) US$1bn and was preceded by BHP taking over WMC.

- The big five (Norilsk, Vale, BHPB, Xstrata and Jinchuan) now dominate the world market with 80% market share of nickel metal production and the market is quickly becoming an oligopoly not unlike the iron ore industry with miners gaining growing pricing power.

Figure 5: World nickel producer oligopoly (Top 5 do +80% of 1.3Mtpa world market)



Source: Xstrata (consolidation has been mostly post chart)

Takeover targets

- **MBN:** MBN is developing the 100% owned Santa Rita deposit in Brazil. Santa Rita is the largest Greenfield nickel sulphide discovery in the last 12 years and will be the 3rd largest open cut nickel sulphide deposit in the world making it undoubtedly a *'Tier 1'* asset and its natural owner a large miner. It is in Vale's backyard and they are already on the register with 9% and cashed up after their recent US$13bn raising. MBN is the most logical takeover target in our space and we believe it is just a matter of time.

- **WSA:** Nickel is being added to the inventory at Forrestannia quicker than anywhere in the world. Norilsk has already shown it is keen to diversify outside of Russia and increase its presence in Australia. With its ore being processed nearby by Norilsk by its underutilised Lake Johnson plant, it is a logical step for Norilsk to take out WSA.

- **ALB:** We have long held the view that ALB, with its low cash costs and exploration upside, is a valuable bolt on acquisition for any miner much like AGM was.

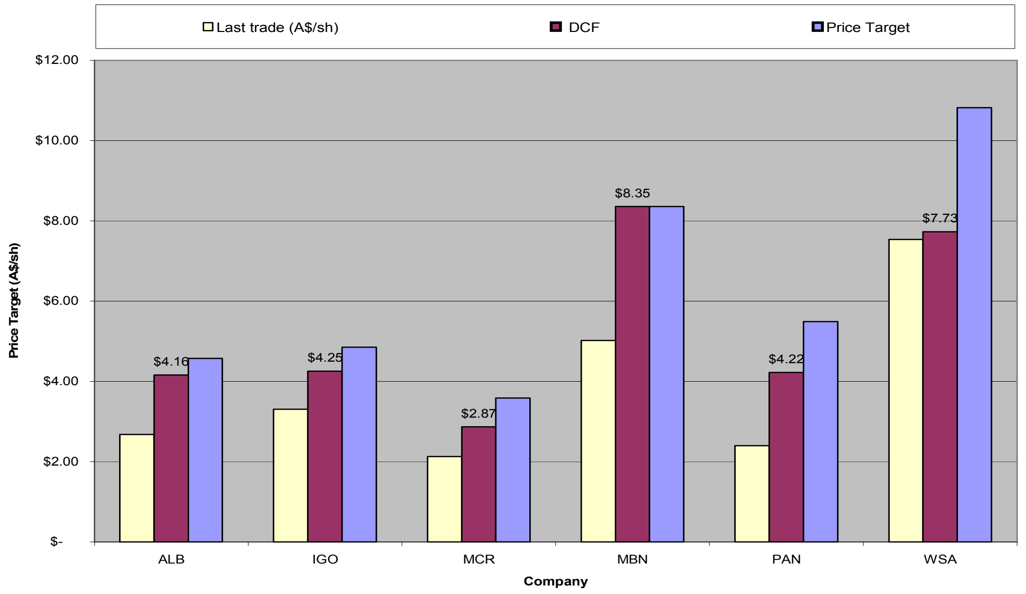
Other Action

- Corporate action for the cashed-up, debt free Kambalda producers (IGO, MCR & PAN) now seems inevitable. While we continue to maintain there is limited impetus to merge and reform the (failed) WMC operations, other than production scale (improving market capitalisation and investment grade), the strong balance sheets are a great opportunity to **diversify the commodity exposure and/or commence a share buy back.**

Share Price, DCF and Price Target

- All stocks are trading below our DCF based valuations (Based on mine reserves and forward nickel prices returning to a long term average of US$7/lb).

Figure 6: Share Price, DCF, Price Target

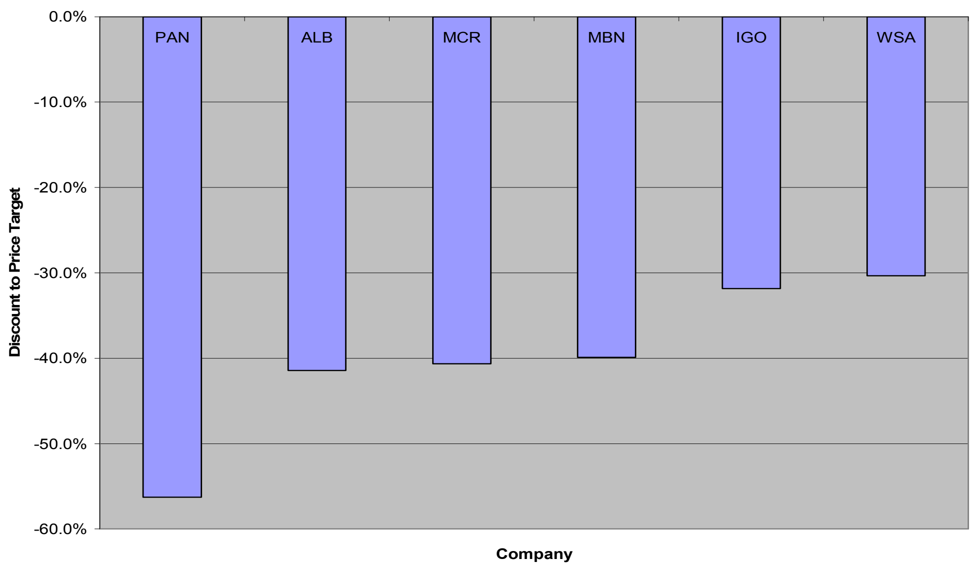


Source: Patersons Estimate

Discount to Price Target

- All nickel stocks are trading a significant discount to our price targets with PAN being the standout.

Figure 7: Discount to Price Target

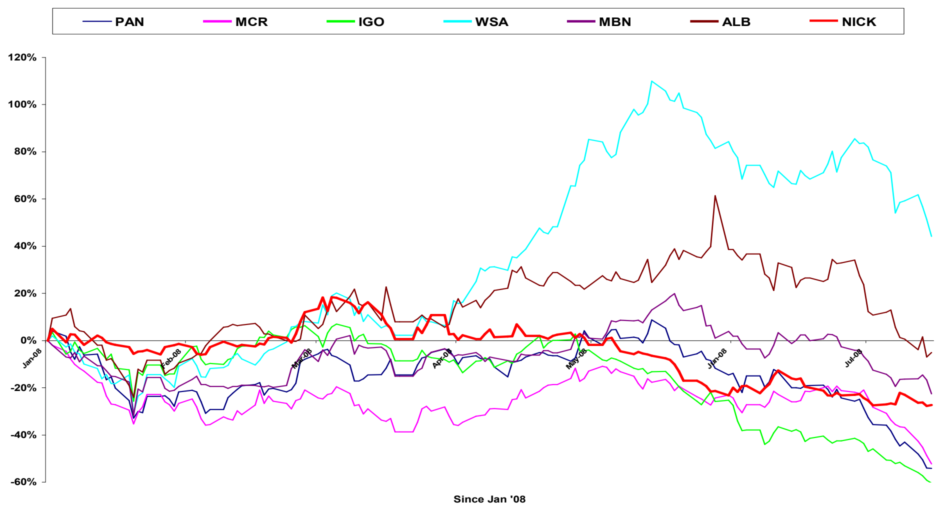


Source: Patersons Estimate

Share Price Performance versus Nickel Price

- The relative performance since January '08 show the hardest hit have been the cashed up nickel miners from Kambalda, IGO, MCR, PAN.

Figure 8: Relative Performance



Source: Patersons Estimate, IRESS

Leverage to nickel price

- As the longest life project MBN has the best leverage to higher prices for the long term while IGO, with its gold exposure, and MCR with the shortest mine life and highest costs have the least.

Figure 9: Long Term Nickel Price and Price target Matrix

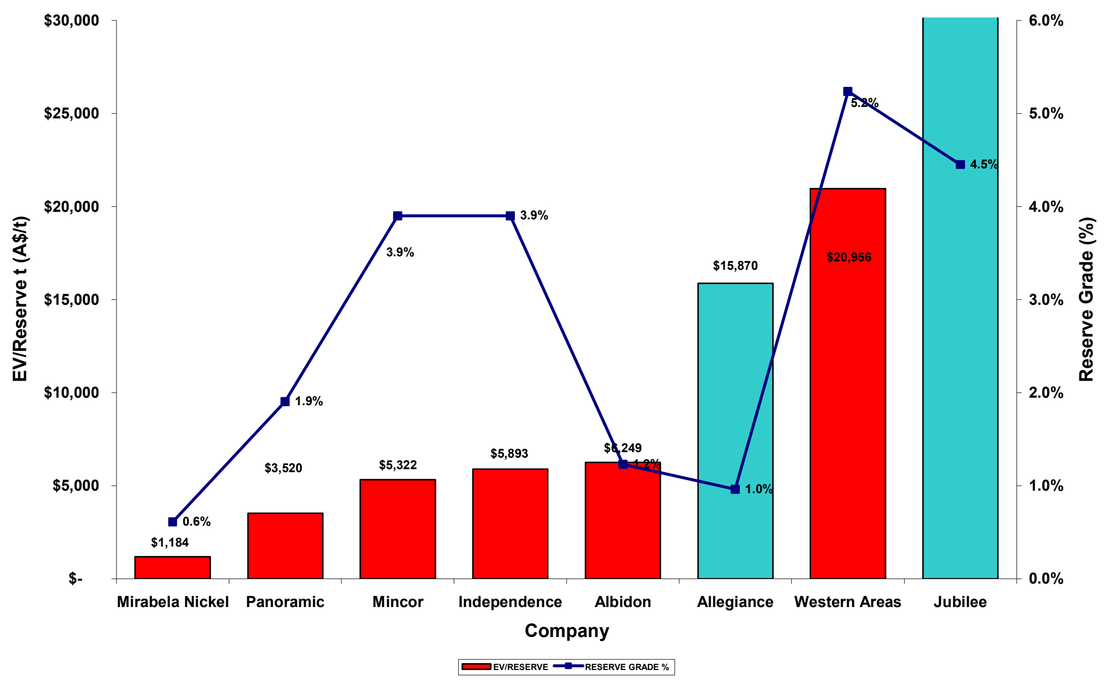
		Last trade (A$/sh)		Price Target @ Long Term Nickel Price of							
		July '08	US$4/lb	US$5/lb	US$6/lb	US$7/lb	US$8/lb	US$9/lb	US$10/lb	US$11/lb	US$12/lb
4	MBN	$ 5.02	$ 1.10	$ 3.52	$ 5.94	$ 8.35	$ 10.77	$ 13.19	$ 15.60	$ 18.02	$ 20.44
7	WSA	$ 7.54	$ 7.45	$ 8.58	$ 9.70	$ 10.82	$ 11.95	$ 13.07	$ 14.19	$ 15.32	$ 16.44
1	ALB	$ 2.68	$ 3.37	$ 3.77	$ 4.18	$ 4.58	$ 4.98	$ 5.38	$ 5.78	$ 6.18	$ 6.58
6	PAN	$ 2.40	$ 4.07	$ 4.62	$ 5.08	$ 5.49	$ 5.90	$ 6.31	$ 6.72	$ 7.13	$ 7.54
3	MCR	$ 2.13	$ 3.11	$ 3.28	$ 3.44	$ 3.59	$ 3.74	$ 3.89	$ 4.04	$ 4.19	$ 4.34
2	IGO	$ 3.31	$ 4.42	$ 4.57	$ 4.71	$ 4.86	$ 5.00	$ 5.15	$ 5.29	$ 5.43	$ 5.58

Source: Patersons Estimate

EV per Reserve tonne

- **Recent takeover multiples:**
    - JBM was taken over by Xstrata for $51,185/Reserve t
    - AGM by ZFX for $15,870/Reserve t
- **Cheapest on this metric:** Being the lowest grade (0.61%) and the furthest from production (September '09 commissioning), MBN is by far the cheapest on this metric. IGO is distorted on this metric as on our modelling 50% of its EV is attributed to its 30% of the Tropicana Gold JV.
- Given they are in production PAN, MCR, IGO and ALB are all cheap on this metric and have significant upside from current levels.
- **Reserves update:** Annual reserve updates will see increases across the board with most companies announcing incremental increases through out the year.

Figure 10: EV/Reserve t (A$/t) and reserve grade (% Ni)

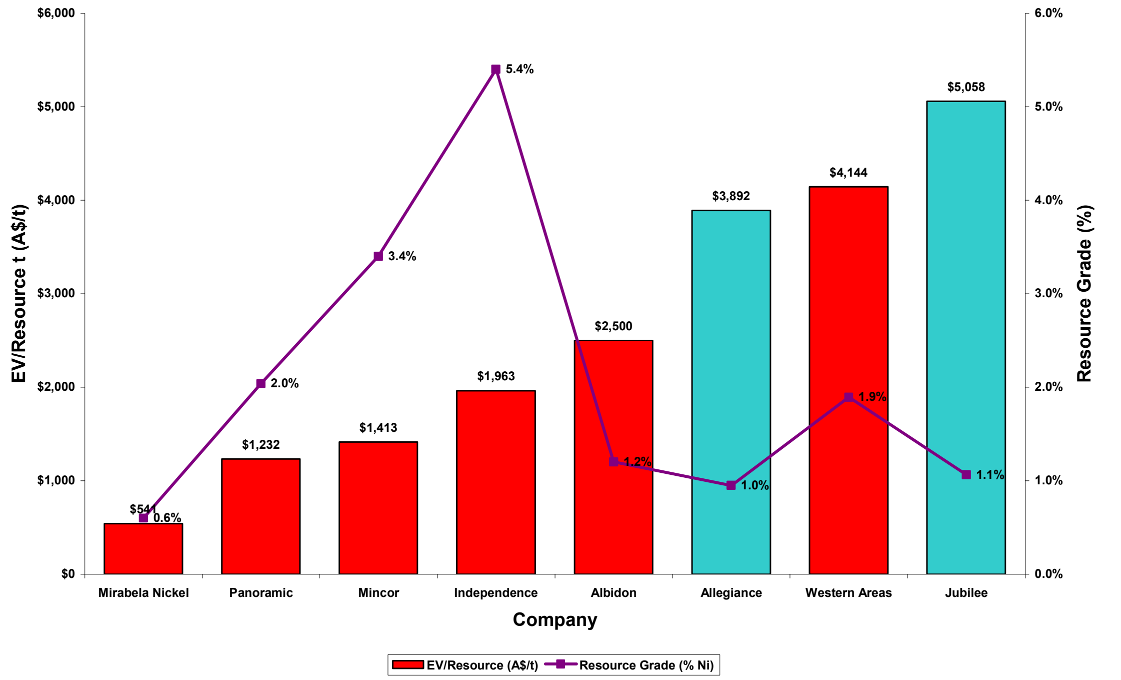


Source: Patersons Estimate

EV per Resource tonne

- **Recent takeover multiples:**
  - JBM was taken over by Xstrata for $5,058/ Resource t
  - AGM by ZFX for $3,892/Resource t
- **Cheapest on this metric:** While this metric can be misleading if it incorporates a large amount of low grade (uneconomic mineralisation). In the case of nickel sulphide miners, as opposed to laterites, resources are a very good representation of reserves with sulphide miners all having a very high conversion rate.
- Again MBN is the cheapest and only 15 months from production while PAN, MCR, IGO and ALB are all cheap and in production.
- **Resources update:** Annual resources updates will also increase across the board with most companies announcing incremental increases throughout the year. MBN however have the largest resource increase pending as results from the ongoing drilling are analysed. 1Mt of contained nickel metal is ultimately expected which is a 66% increase from current levels.

Figure 11: EV/Resource t (A$/t) and resource grade (% Ni)

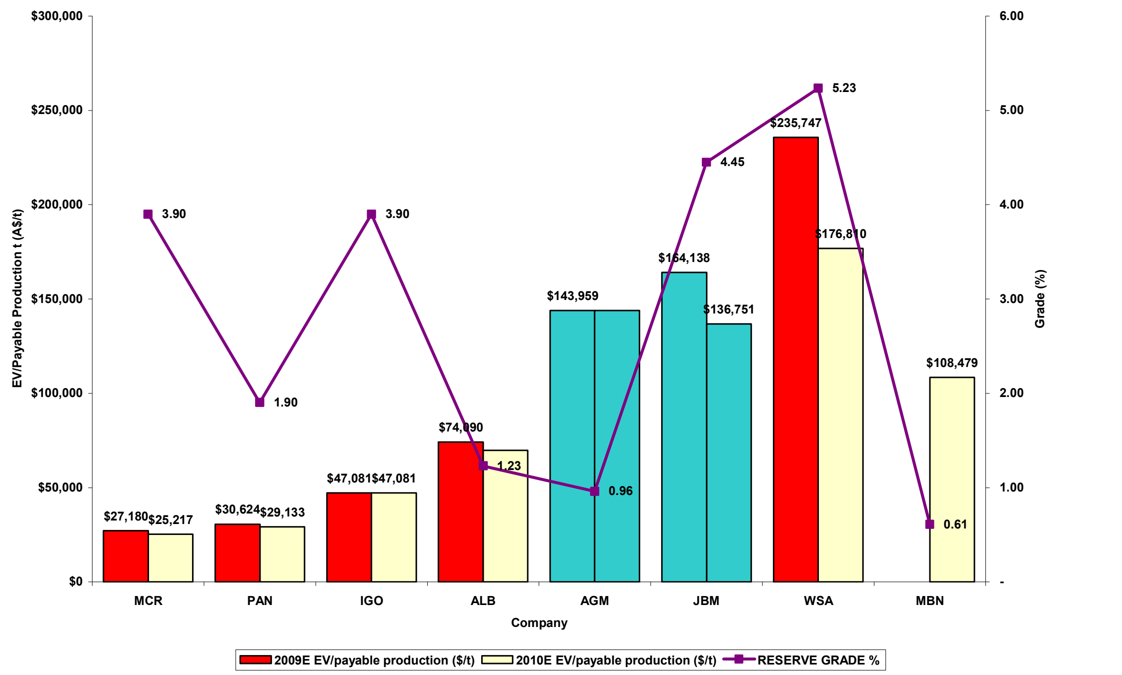


Source: Patersons Estimate

EV per FY09 and FY10 payable production

- This metric reinforces how cheap MCR, PAN, IGO and ALB are especially when compared to the takeover metrics that were paid for full production from AGM and JBM.
- With commissioning beginning late in CY09, we have modelled a conservative ramp up for MBN which is not reaching its design capacity of 25ktpa nickel production until September '11. The value of its long life Santa Rita asset is not fairly valued by this metric.
- Likewise WSA is still ramping up to its stated target capacity of 35ktpa this metric also undervalues WSA.

Figure 12: FY09 and FY10 EV per payable production (A$/t) and grade (% Ni)



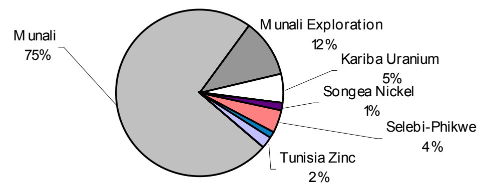
Source: Patersons Estimate

Albidon Ltd (ALB) $2.68

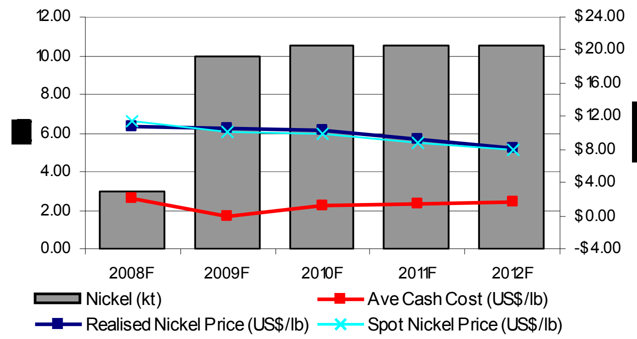
Valuation	US$m	US$/sh
Munali	544.9	3.17
Forwards	25.1	0.15
Corporate	(40.6)	-0.24
Investments	0.0	0.00
Cash	14.7	0.09
Debt	(66.9)	-0.39
Exploration		
Munali Exploration	81.7	0.48
Kariba Uranium	40.0	0.23
Luwumbu PGE	2.0	0.01
Songea Nickel	10.0	0.06
Selebi-Phikwe	30.0	0.17
Malawi Nickel-Platinum	10.0	0.06
Tunisia Zinc	15.0	0.09
Unpaid capital	12.4	0.07
US$ NPV	**678**	**3.95**
@ 8% Discount Rate		
US$ Price Target	**746**	**4.35**
AUUSD exchange rate	**$0.95**	
Price Target	**785**	**$4.58**

Price Target Sensitivities	+10%	0	-10%
Nickel Price	$5.04	$4.58	$4.11
A$: US$	$4.58	$4.58	$4.58

Valuation Summary of Assets



Nickel Production Summary



Reserves & Resources

Munali - Reserves	**Mt**	**Ni %**	**Cu %**	**Ni kt**
Probable	6.7	1.23	0.17	82.4
Munali - Resources				
Indicated & Inferred	10.3	1.20	0.17	123.6

Directors

Name	**Position**
Richard Potts	Chairman
Dale Rogers	Managing Director
Alasdair Cooke	Executive Director
Paul Chapman	Executive Director
Chris De Guigand	Non Executive Director
Valentine Chitalu	Non Executive Director

Substantial Shareholders	**Shares (m)**	**%**
African Lion (1&2)	33.8	20.5
Jinchuan	9.3	5.6
Commonwealth Bank	9.1	5.5
Directors and Management	6.4	3.9
Universal Investment Gesellschaft	5.7	3.6
Emerging Markets management LLC	4.9	3.1
Blackrock	4.9	3.1
Fidelity Investment	4.5	2.8
AXA	4.4	2.8

Year End Dec 31

Commodity Assumptions	2007A	2008F	2009F	2010F
A$:US$	**$0.84**	**$0.93**	**$0.85**	**$0.79**
Nickel (US$/lb)	**$16.89**	**$11.31**	**$10.10**	**$9.79**
Cobalt (US$/lb)	$36.01	$43.00	$39.83	$15.64
Copper (US$/lb)	$3.23	$3.64	$3.50	$3.36
Platinum (US$/oz)	$1,313	$2,042	$2,124	$2,124
Palladium (US$/oz)	$202	$287	$353	$416
Uranium (US$/lb)	$70	$87	$93	$90

Production Summary	2007A	2008F	2009F	2010F
Munali				
Nickel (kt)		**2.99**	**9.93**	**10.55**
Copper (kt)		0.60	1.99	2.11
Cobalt (kt)		0.17	0.57	0.60
Platinum (koz)		1.41	4.67	4.96
Palladium (koz)		5.85	19.40	20.62
Ave Cash Cost (US$/lb)		**$2.01**	**($0.07)**	**$1.18**
Ave Total Cost (US$/lb)		**$3.12**	**$0.95**	**$2.19**
Realised Nickel Price (US$/lb)		**$10.70**	**$10.60**	**$10.27**

Profit & Loss (US$m)	2007A	2008F	2009F	2010F
Sales Revenue	**0.3**	**47.6**	**154.7**	**159.4**
Other Income	3.3	0.6	0.7	3.3
Operating Costs	0.0	20.8	50.2	52.5
Exploration Exp.	3.5	4.9	6.1	6.2
Corporate/Admin	5.3	7.8	8.1	8.3
EBITDA	**(5.3)**	**14.6**	**90.9**	**95.6**
Depn & Amort	0.1	4.9	15.6	16.6
EBIT	**(5.4)**	**9.7**	**75.3**	**79.0**
Interest	0.7	4.8	4.6	3.2
Provisions	0.0	0.0	0.0	0.0
Operating Profit	**(6.1)**	**4.9**	**70.8**	**75.9**
Tax expense	0.2	2.9	17.7	19.0
Minorities	0.0	0.0	0.0	0.0
NPAT	**(6.3)**	**2.0**	**53.1**	**56.9**
Normalised NPAT	**(4.3)**	**3.4**	**49.5**	**53.1**

Cash Flow (US$m)	2007A	2008F	2009F	2010F
Adjusted Net Profit	(6.3)	2.0	53.1	56.9
+Interest/Tax/Expl Exp	4.5	12.6	28.4	28.4
- Interest/Tax/Expl Inc	2.4	9.6	10.7	9.4
+Depn/Amort	0.1	4.9	15.6	16.6
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**(4.1)**	**9.9**	**86.3**	**92.4**
- Capex (+asset sales)	65.8	53.2	36.5	4.2
- Working Capital Increase	4.7	(0.3)	0.0	0.0
Free Cashflow	**(74.6)**	**(42.9)**	**49.9**	**88.3**
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+Equity raised	11.9	20.0	0.0	0.0
+Debt drawdown (repaid)	40.2	14.6	(8.8)	(8.8)
Net Change in Cash	**(27.8)**	**(13.2)**	**34.9**	**73.2**
Cash at End Period	16.6	2.6	37.5	110.7
Net Cash/(LT Debt)	(9.4)	(47.0)	(3.2)	78.8

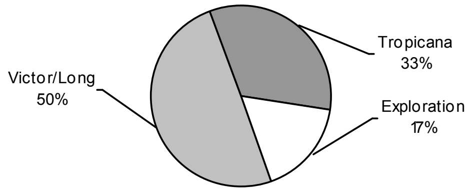
Balance Sheet (US$m)	2007A	2008F	2009F	2010F
Cash	16.6	2.6	37.5	110.7
Total Assets	84.1	118.4	174.2	235.0
Total Debt	26.0	49.6	40.7	38.5
Total Liabilities	26.0	49.6	40.7	38.5
Shareholders Funds	58.1	68.8	133.5	196.5
Ratios				
Net Debt/Equity (%)	16.15	68.29	2.41	na
Interest Cover (x)	-7.2	2.0	16.5	25.0
Return on Equity (%)	na	2.9	39.8	29.0

Independence Group NL $3.31

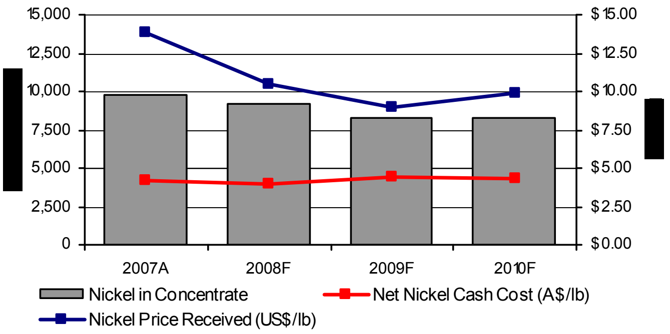
Valuation	A$m	A$/sh
Victor/Long	177	1.49
Tropicana	116	0.98
Forward Sales	(10)	(0.09)
Corporate	(12)	(0.10)
Exploration	60	0.51
Unpaid Capital	6	0.05
Equity Stake in MRX	7	0.06
Equity Stake in BMY	1	0.01
Cash	161	1.35
Debt	(1)	(0.01)
DCF	**505**	**4.25**
@ 8% Discount Rate		
Price Target	**576**	**4.86**
30% Premium to NPV for Ni ONLY		

Sensitivity Price Target	+10%	0%	-10%
Nickel Price	$5.23	$4.86	$4.48
Gold Price	$5.51	$4.86	$4.20
A$: $US	$3.91	$4.86	$6.01

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Reserves	Mt	Ni %	Ni kt
Long	0.47	3.4	16.0
Victor South	0.29	3.5	10.2
McLeay	0.34	3.9	13.4
Total	**1.09**	**4.20**	**39.6**

Resources	Mt	Ni %	Ni kt
Long	0.62	4.8	35.7
Victor South	0.40	3.7	14.7
McLeay	0.53	5.4	28.9
Total	**1.55**	**5.60**	**79.3**

Resources	Mt	Au g/t	Au moz
Tropicana	**62.8**	**2.01**	**4.06**
IGO 30%			**1.2**

Directors

Name	Position
Rodney Marston	Non Executive Chairman
Christopher Bonwick	Managing Director
Kelly Ross	Executive Director
John Christie	Non Executive Director
Oscar Aamodt	Non Executive Director

Substantial Shareholders	Shares (m)	%
Barclays Global Investors Australia	12.03	9.56%
JP Morgan	10.10	8.68%

Year End June 30

Commodity Assumptions	2007A	2008F	2009F	2010F
A$:US$	**$0.79**	**$0.90**	**$0.91**	**$0.81**
Gold (US$/oz)	$639	$824	$916	$935
Copper (US$/lb)	$3.21	$3.53	$3.57	$3.44
Nickel (US$/lb)	**$17.21**	**$12.93**	**$10.21**	**$9.94**

Production Summary	2007A	2008F	2009F	2010F
Nickel Production (t)				
Nickel in Concentrate	9825	9183	8260	8260
Copper in Concentrate	712	700	646	646
Per Pound of Payable Nickel				
Net Nickel Cash Cost (A$/lb)	$4.15	$3.99	$4.36	$4.26
Nickel Total Cost (A$/lb)	$4.91	$4.73	$5.14	$5.01
Net Nickel Cash Cost (US$/lb)	**$3.27**	**$3.58**	**$3.95**	**$3.43**
Nickel Price Received (US$/lb)	**$13.81**	**$10.45**	**$8.94**	**$9.94**
Gold Production (oz)				
Tropicana Gold Production (IGO)	0	0	0	0
Gold Cash Costs (US$/oz)	**$0**	**$0**	**$0**	**$0**
Gold Price Received (US$/oz)	$639	$824	$916	$935

Profit & Loss (A$m)	2007A	2008F	2009F	2010F
Sales Revenue	**222.9**	**138.8**	**110.2**	**143.1**
Other Income	10.2	11.4	8.4	8.8
Operating Costs	56.3	53.3	49.9	50.9
Exploration Exp.	11.4	9.5	5.2	5.3
Corporate/Admin	4.1	3.4	4.0	4.1
EBITDA	**161.3**	**84.1**	**59.4**	**91.4**
Depn & Amort	10.0	8.8	8.5	8.5
EBIT	**151.3**	**75.3**	**51.0**	**82.9**
Interest	0.2	0.1	0.1	0.1
Operating Profit	**151.1**	**75.2**	**50.9**	**82.9**
Tax expense	45.8	22.5	15.3	24.9
Abnormal Losses / Minorities	0.0	0.0	0.0	0.0
NPAT	**105.3**	**52.7**	**35.6**	**58.0**
Normalised NPAT	**105.8**	**52.6**	**35.6**	**58.0**

Cash Flow (A$m)	2007A	2008F	2009F	2010F
Adjusted Net Profit	105.3	52.7	35.6	58.0
+Interest/Tax/Expl Exp	57.4	32.1	20.6	30.3
- Interest/Tax/Expl Inc	38.1	56.0	28.3	37.9
+Depn/Amort	10.0	8.8	8.5	8.5
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**134.6**	**37.5**	**36.3**	**58.8**
- Capex (+asset sales)	12.4	15.0	12.6	88.6
- Working Capital Increase	(14.6)	(5.9)	0.0	0.0
Free Cashflow	**136.8**	**28.3**	**23.7**	**(29.8)**
- Dividends (ords)	14.8	19.6	5.8	10.5
+Equity raised	2.6	0.8	0.0	0.0
+Debt drawdown (repaid)	1.3	(0.9)	0.0	0.0
Net Change in Cash	**125.9**	**8.6**	**17.9**	**(40.3)**
Cash at End Period	152.0	160.6	178.5	138.2
Net Cash/(LT Debt)	147.5	159.6	177.5	137.2

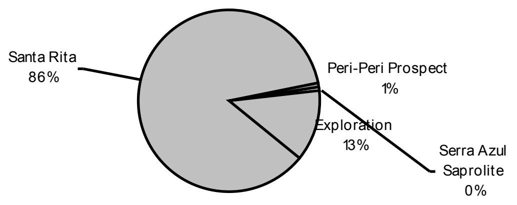
Balance Sheet (A$m)	2007A	2008F	2009F	2010F
Cash/Bullion	152.0	160.6	178.5	138.2
Total Assets	275.6	308.5	338.3	385.8
Total Debt	1.9	1.0	1.0	1.0
Total Liabilities	172.7	171.8	171.8	171.8
Shareholders Funds	102.9	136.7	166.5	214.0
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	669.7	648.7	na	na
Return on Equity (%)	102.4	38.5	21.4	27.1

Mirabela Nickel Ltd (MBN) $5.02

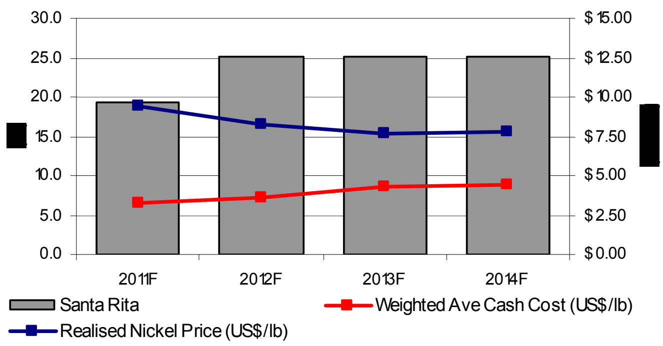
Valuation	A$m	A$/sh
Santa Rita	1003.6	7.45
Peri-Peri Prospect	10.0	0.07
Serra Azul Saprolite	5.0	0.04
Exploration	150.0	1.11
Forwards	0.0	0.00
Corporate	(80.0)	(0.59)
Cash	35.5	0.26
Debt	0.0	0.00
Unpaid capital	1.6	0.01
NPV	**1,126**	**8.35**
@ 8% Discount Rate		
Price Target	**1,126**	**8.35**

Sensitivity Price Target	+10%	0	-10%
Nickel Price	$10.34	$8.35	$6.37
A$: $US	$7.60	$8.35	$9.29

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Santa Rita - Reserves	Mt	Ni %	Cu %	Ni kt
Proven & Probable	84.0	0.61	0.14	508
Total	**84.0**	**0.61**	**0.14**	**508**

Santa Rita - Resources	Mt	Ni %	Cu %	Ni kt
Indicated	90.0	0.6	0.14	540
Inferred	10.7	0.6	0.14	64
Total	**100.7**	**0.60**	**0.14**	**604**

Directors

Name	Position
Bill Clough	Non-Executive Chairman
Nick Poll	Managing Director
Craig Burton	Executive Director

Substantial Shareholders	Shares (m)	%
Dundee Corporation	26.0	19.9
Directors	16.9	13.0
CVRD/Inco	13.0	9.9
JP Morgan	7.0	5.9

Year End June 30

Commodity Assumptions	2009F	2010F	2011F	2012F
A$:US$	**$0.91**	**$0.81**	**$0.79**	**$0.80**
Nickel (US$/lb)	**$10.21**	**$9.94**	**$9.39**	**$8.31**
Copper (US$/lb)	$3.57	$3.44	$3.09	$2.37
Cobalt (US$/lb)	$40.36	$27.57	$15.80	$16.12
Platinum (US$/oz)	$2,124	$2,124	$2,124	$2,124

Production Summary	2009F	2010F	2011F	2012F
Concentrate (kt)				
Santa Rita		70.4	146.1	189.5
Contained Nickel (kt)				
Santa Rita		7.9	19.3	25.2
Weighted Ave Cash Cost (US$/lb)		$3.08	$3.30	$3.65
Weighted Ave Total Cost (US$/lb)		$3.65	$3.77	$4.12
Realised Nickel Price (US$/lb)		$9.94	$9.39	$8.31

Profit & Loss (A$m)	2009F	2010F	2011F	2012F
Sales Revenue	**0.0**	**151.9**	**354.3**	**406.6**
Other Income	8.1	1.7	2.0	3.8
Operating Costs	0.0	45.2	124.4	178.4
Exploration Exp.	0.0	0.0	0.0	0.0
Corporate/Admin	12.1	12.3	12.6	12.8
EBITDA	**(4.0)**	**96.0**	**219.2**	**219.2**
Depn & Amort	0.0	7.7	17.7	23.1
EBIT	**(4.0)**	**88.3**	**201.5**	**196.1**
Interest	17.1	22.4	17.0	10.4
Provisions	0.0	0.0	0.0	0.0
Operating Profit	**(21.1)**	**65.9**	**184.5**	**185.6**
Tax expense	0.0	14.1	36.9	37.1
Minorities	0.0	0.0	0.0	0.0
NPAT	**(21.1)**	**51.8**	**147.6**	**148.5**
Normalised NPAT	**(14.8)**	**46.2**	**129.1**	**129.9**

Cash Flow (A$m)	2009F	2010F	2011F	2012F
Adjusted Net Profit	(21.1)	51.8	147.6	148.5
+Interest/Tax/Expl Exp	17.1	36.5	53.9	47.6
- Interest/Tax/Expl Inc	17.1	36.5	53.9	47.6
+Depn/Amort	0.0	7.7	17.7	23.1
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**(21.1)**	**59.5**	**165.3**	**171.6**
- Capex (+asset sales)	194.9	60.7	61.5	8.6
- Working Capital Increase	0.0	0.0	0.0	0.0
Free Cashflow	**(216.0)**	**(1.2)**	**103.8**	**163.1**
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+Equity raised	0.0	0.0	0.0	0.0
+Debt drawdown (repaid)	276.6	(40.0)	(80.0)	(80.0)
Net Change in Cash	**46.5**	**(52.5)**	**15.4**	**74.5**
Cash at End Period	82.0	29.5	44.9	119.5
Net Cash/(LT Debt)	(194.6)	(207.1)	(111.6)	42.9

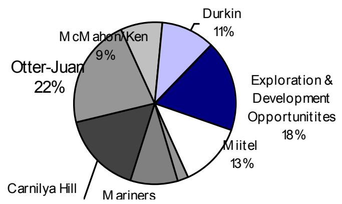
Balance Sheet (A$m)	2009F	2010F	2011F	2012F
Cash	82.0	29.5	44.9	119.5
Total Assets	517.2	521.2	565.0	637.6
Total Debt	276.6	216.6	96.6	16.6
Total Liabilities	276.6	228.7	124.9	49.1
Shareholders Funds	240.6	292.5	440.0	588.5
Ratios				
Net Debt/Equity (%)	80.86	70.81	25.37	na
Interest Cover (x)	-0.2	3.9	11.8	18.8
Return on Equity (%)	na	17.7	33.5	25.2

Mincor Resources NL $2.13

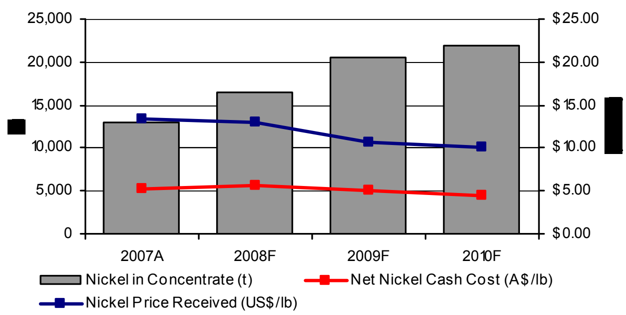
Valuation	A$m	A$/sh
Miitel	62	0.31
Wannaway	0	0.00
Redross	9	0.05
Mariners	46	0.23
Carnilya Hill	79	0.39
Otter-Juan	107	0.53
McMahon/Ken	42	0.21
Durkin	52	0.26
Bluebush line	30	0.15
Forward Sales	16	0.08
Corporate	(58)	(0.28)
Exploration & Development Opportunitites	88	0.43
Unpaid Capital	8	0.04
Cash	100	0.49
Debt	0	0.00
NPV	**582**	**2.87**
@ 8% Discount Rate		
Price Target	**727**	**3.59**

Sensitivity Price Target	+10%	0	-10%
Nickel Price	$4.15	$3.59	$3.03
A$: $US	$3.07	$3.59	$4.23

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Reserves	**Mt**	**Ni %**	**Ni kt**
Miitel	0.97	2.5	24.4
North Dordie	0.04	1.2	0.5
Wannaway	0.03	2.3	0.8
Redross	0.18	2.9	5.3
Mariners	0.39	2.7	10.5
Carnilya Hill	0.34	2.9	9.8
Otter-Juan	0.29	3.9	11.2
Total	**2.24**	**2.28**	**62.4**

Resources	**Mt**	**Ni %**	**Ni kt**
Mariners	0.78	4.0	31.4
Redross	0.28	3.7	10.2
North Dordie	0.15	1.5	2.3
Miitel	1.10	3.6	39.5
Wannaway	0.07	2.6	1.9
Carnilya Hill JV	0.23	4.9	11.3
Otter-Juan	0.40	4.9	19.8
McMahon/Ken	0.39	4.0	15.7
Durkin	0.37	5.0	18.7
Gellatly	0.03	3.4	1.0
Bluebush	0.63	3.3	20.8
Total	**4.44**	**3.88**	**172.4**

Directors

Name	**Position**
David Humann	Non Executive Chairman
David Moore	Managing Director
Jack Gardener	Non Executive Director
Ian Burston	Non Executive Director

Substantial Shareholders	**Shares (m)**	**%**
Barclays Global Investors	21.30	10.30
reserve	10.20	5.19

Year End June 30

Commodity Assumptions	2007A	2008F	2009F	2010F
A$:US$	**$0.79**	**$0.90**	**$0.91**	**$0.81**
Copper (US$/lb)	$3.21	$3.53	$3.57	$3.44
Lead (US$/lb)	$0.77	$1.31	$0.86	$0.77
Zinc (US$/lb)	$1.67	$1.18	$0.90	$0.92
Nickel (US$/lb)	**$17.21**	**$12.93**	**$10.21**	**$9.94**
Cobalt (US$/lb)	$21.92	$45.41	$40.36	$27.57

Production Summary	2007A	2008F	2009F	2010F
Miitel	4,901	4,271	5,194	4,794
Wannaway	519	271	0	0
Redross	3,891	3,120	1,658	765
Mariners	3,616	3,704	4,250	4,250
Carnilya Hill	0	49	3,308	3,308
North Dordie	0	326	0	0
Otter-Juan	0	4,755	4,328	4,328
McMahon/Ken	0	0	1,422	2,188
Durkin	0	0	306	2,297
Nickel in Concentrate (t)	**12,927**	**16,496**	**20,464**	**21,929**
Copper in Concentrate (t)	**1,175**	**1,380**	**1,576**	**1,633**
Cobalt in Concentrate (t)	**256**	**313**	**338**	**352**
Per Pound of Payable Metal				
Net Nickel Cash Cost (A$/lb)	$6.57	$6.19	$5.59	$5.55
Net Nickel Cash Cost (US$/lb)	$5.17	$5.56	$5.06	$4.46
Nickel Price Received (US$/lb)	$13.45	$12.97	$10.68	$10.17
Spot Nickel Price (US$/lb)	$17.21	$12.93	$10.21	$9.94

Profit & Loss (A$m)	2007A	2008F	2009F	2010F
Sales Revenue	**334.6**	**336.3**	**360.5**	**410.0**
Other Income	0.0	7.0	5.3	8.8
Operating Costs	127.2	149.9	178.0	186.8
Exploration Exp.	10.3	13.1	13.7	14.0
Corporate/Admin	16.6	20.4	20.2	20.6
EBITDA	**180.5**	**159.9**	**154.1**	**197.4**
Depn & Amort	35.0	62.6	72.7	77.7
EBIT	**145.5**	**97.3**	**81.3**	**119.7**
Interest	0.4	0.2	0.0	0.0
Operating Profit	**145.1**	**97.1**	**81.3**	**119.7**
Tax expense	43.7	28.5	24.4	35.9
Abnormal Losses / Minorities	0.0	0.0	0.0	0.0
NPAT	**101.4**	**68.6**	**56.9**	**83.8**
Normalised NPAT	**101.6**	**68.0**	**56.9**	**83.8**

Cash Flow (A$m)	2007A	2008F	2009F	2010F
Adjusted Net Profit	101.4	68.6	56.9	83.8
+Interest/Tax/Expl Exp	54.4	41.8	38.1	49.9
- Interest/Tax/Expl Inc	23.4	69.8	40.4	51.9
+Depn/Amort	35.0	62.6	72.7	77.7
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**167.5**	**103.2**	**127.4**	**159.5**
- Capex (+asset sales)	42.9	141.7	50.1	37.8
- Working Capital Increase	(15.5)	8.0	0.0	0.0
Free Cashflow	**140.1**	**(46.5)**	**77.2**	**121.6**
- Dividends (ords & pref)	17.6	23.7	31.7	33.6
+Equity raised	2.2	0.7	0.0	0.0
+Debt drawdown (repaid)	0.0	(0.5)	0.0	0.0
Net Change in Cash	**124.6**	**(70.1)**	**45.6**	**88.0**
Cash at End Period	169.7	99.6	145.2	233.2
Net Cash/(LT Debt)	169.7	99.6	145.2	233.2

Balance Sheet (A$m)	2007A	2008F	2009F	2010F
Cash/Bullion	169.7	99.6	145.2	233.2
Total Assets	310.9	328.1	357.8	416.8
Total Debt	3.4	0.0	0.0	0.0
Total Liabilities	160.5	106.7	111.0	119.9
Shareholders Funds	150.4	221.5	246.7	296.9
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	349.0	555.8	na	na
Return on Equity (%)	67.5	31.0	23.1	28.2

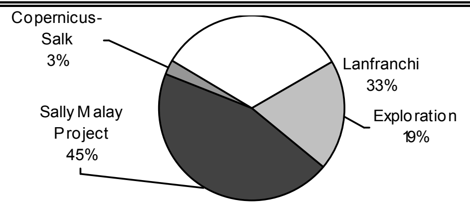
Panoramic Resources Limited (PAN) $2.40

Year End June 30

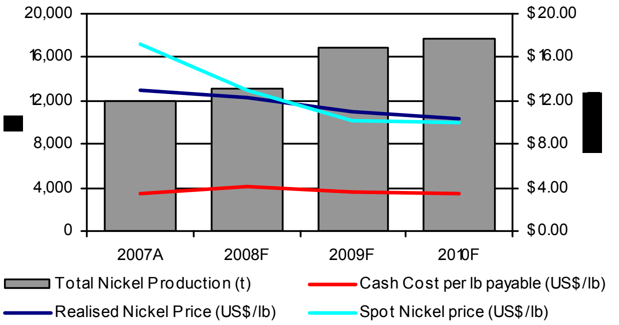
Valuation

Valuation	A$m		A$/sh
Sally Malay Project	325		1.66
Copernicus-Salk	20		0.10
Lanfranchi	238		1.22
Forwards	22		0.11
Corporate	(43)		(0.22)
Cash	130		0.66
Debt	(10)		(0.05)
Exploration	141		0.72
Unpaid capital	4		0.02
NPV	**828**		**4.22**
Price Target	**1,077**		**5.49**
Sensitivities	**+10%**	**0**	**-10%**
Nickel Price	$6.14	$5.49	$4.85
A$: $US	$4.82	$5.49	$6.31

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Reserves	Kt	Metal	Grade (%)	Metal (kt)
Sally Malay	2,790	Ni	1.32	36.8
		Cu	0.61	17.0
		Co	0.07	2.0
Lanfranchi JV	673	Ni	2.72	18.3
Deacon	1,695	Ni	2.54	43.1
Total	**5,158**	**Ni**	**1.90**	**98.2**

Resources	Kt	Metal	Grade (%)	Metal (kt)
Sally Malay	3,276	Ni	1.74	57.0
		Cu	0.80	26.2
		Co	0.09	2.9
Copernicus JV	852	Ni	1.24	10.6
		Cu	0.60	5.1
		Co	0.04	0.3
Lanfranchi JV	2,907	Ni	1.95	56.6
Deacon	1,910	Ni	3.04	58.1
Total	**8,945**	**Ni**	**2.04**	**182.3**

Directors

Name	Position
Christopher de Guingand	Non-Executive Chairman
Peter Harold	Managing Director
Chris Langdon	Non Executive Director
John Rowe	Non Executive Director
Brian Phillips	Non Executive Director
Senior Management	**Position**
Chris Williams	Chief Operating Officer
Trevor Eton	Chief Financial Officer

Substantial Shareholders	Shares (m)	%
Barclays	12.2	6.6
BT Funds Management	7.2	3.9
GMO	6.9	3.7
Old Mutual	6.6	3.5
Bank Julius Baer	5.4	2.9
Top 20	**92.2**	**48.6**

Commodity Assumptions

Commodity Assumptions	2007A	2008F	2009F	2010F
A$:US$	**$0.79**	**$0.90**	**$0.91**	**$0.81**
Nickel (US$/lb)	**$17.21**	**$12.93**	**$10.21**	**$9.94**
Copper (US$/lb)	$3.21	$3.53	$3.57	$3.44
Cobalt (US$/lb)	$21.92	$45.41	$40.36	$27.57
Zinc (US$/lb)	$1.67	$1.18	$0.90	$0.92
Lead (US$/lb)	$0.77	$1.31	$0.86	$0.77

Production Summary

Production Summary	2007A	2008F	2009F	2010F
Nickel (t)				
Sally Malay	8,010	7,790	9,029	9,504
Copernicus	0	0	821	912
Lanfranchi	3,888	5,285	7,055	7,350
Total Nickel Production (t)	**11,898**	**13,075**	**16,904**	**17,766**
Cobalt (t)				
Sally Malay	431	426	547	576
Copernicus	0	0	48	53
Lanfranchi	0	0	0	0
Copper (t)				
Sally Malay	3,688	4,136	4,188	4,408
Copernicus	0	0	653	725
Lanfranchi	202	282	394	394
Cash Cost per lb payable (US$/lb)	$3.50	$4.06	$3.65	$3.43
Total Cost per lb payable (US$/lb)	$5.03	$6.00	$5.74	$5.26
Spot Nickel price (US$/lb)	$17.21	$12.93	$10.21	$9.94
Realised Nickel Price (US$/lb)	$12.87	$12.27	$10.95	$10.38

Profit & Loss (A$m)

Profit & Loss (A$m)	2007A	2008F	2009F	2010F
Sales Revenue	**299.6**	**252.2**	**353.0**	**386.6**
Other Income	3.0	6.6	8.4	6.2
Operating Costs	88.2	125.0	153.4	165.1
Exploration Exp.	2.1	3.7	6.5	6.7
Corporate/Admin	7.8	11.7	12.1	12.3
EBITDA	**204.5**	**118.5**	**189.4**	**208.8**
Depn & Amort	41.9	39.4	57.2	59.2
EBIT	**162.6**	**79.1**	**132.2**	**149.5**
Derivatives adjustment	34.2	-4.1	0.0	0.0
Interest	3.4	1.0	0.6	0.2
Operating Profit	**124.9**	**82.3**	**131.5**	**149.4**
Tax expense	36.5	22.3	39.5	44.8
NPAT	**88.4**	**60.0**	**92.1**	**104.5**
Normalised NPAT	**87.4**	**53.5**	**92.1**	**104.5**

Cash Flow (A$m)

Cash Flow (A$m)	2007A	2008F	2009F	2010F
Adjusted Net Profit	88.4	60.0	92.1	104.5
+Interest/Tax/Expl Exp	42.0	26.9	46.6	51.6
- Interest/Tax/Expl Inc	48.1	45.5	50.2	55.2
+Depn/Amort	41.9	39.4	57.2	59.2
+/- Other	44.0	0.0	0.0	0.0
Operating Cashflow	**168.3**	**80.8**	**145.7**	**160.2**
- Capex (+asset sales)	38.4	78.3	15.3	16.0
- Working Capital Increase	7.8	(48.2)	0.0	0.0
Free Cashflow	**122.1**	**50.7**	**130.4**	**144.2**
- Dividends (ords & pref)	0.0	36.0	27.0	34.9
+Equity raised	3.9	1.7	4.3	0.0
+Debt drawdown (repaid)	(36.6)	(6.3)	0.0	(10.0)
Net Change in Cash	**89.4**	**10.1**	**107.7**	**99.4**
Cash at End Period	119.9	130.0	237.7	337.1
Net Cash/(LT Debt)	106.8	120.0	227.7	337.1

Balance Sheet (A$m)

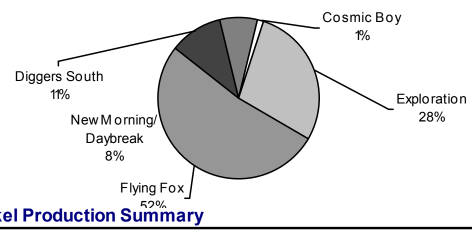
Balance Sheet (A$m)	2007A	2008F	2009F	2010F
Cash	119.9	130.0	237.7	337.1
Total Assets	284.0	342.1	488.8	614.3
Total Debt	13.1	10.0	10.0	0.0
Total Liabilities	161.8	137.3	218.5	278.3
Shareholders Funds	121.8	204.9	270.2	336.1
Ratios				
Net Debt/Equity (%)	na	na	na	na
Interest Cover (x)	47.2	80.0	208.2	942.2
Return on Equity (%)	72.6	29.3	34.1	31.1

Western Areas NL **$7.54** **Year End June 30**

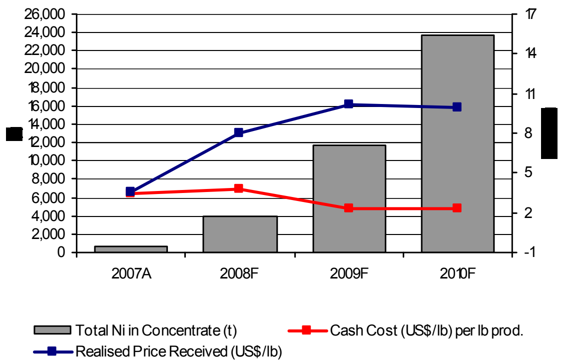
Valuation	A$m	A$/sh
Flying Fox	558.6	3.24
Diggers South	115.7	0.67
New Morning/ Daybreak	80.6	0.47
Cosmic Boy	15.2	0.09
Spotted Quoll	380.7	2.21
Investments	10.7	0.06
Unpaid capital	15.0	0.09
Forwards	0.0	0.00
Corporate	(17.2)	(0.10)
Exploration	300.0	1.74
Cash	140.0	0.81
Debt (incl CN)	(266.0)	(1.54)
Total @ 8% Discount Rate	**1333.3**	**7.73**
Price Target	**1866.7**	**10.82**

Sensitivity Price Target	+10%	0	-10%
Nickel Price	$ 12.29	$ 10.82	$9.36
A$: $US	$ 12.45	$ 10.82	$9.49

Valuation Summary of Operating Assets



Nickel Production Summary



Reserves & Resources

Reserves	kt	Ni %	Ni kt
Sub-total Flying Fox	1,259	5.2	65.9
Resources	**kt**	**Ni %**	**Ni kt**
Sub total - Flying Fox	1,790	5.9	105.8
Spotted Quoll	546	6.3	34.5
New Morning/Daybreak	2,144	1.4	30.0
Cosmic Boy	181	2.8	5.1
Diggers South	7,800	1.0	78.8
Diggers Rocks	1,668	0.8	13.3
Total	**14,129**	**1.89**	**267.5**

Directors

Name	Position
Terry Streeter	Chairman
Julian Hanna	Managing Director
Craig Oliver	Finance Director
Dan Lougher	Operations Director
Robin Dunbar	Non Executive Director
David Cooper	Non Executive Director

Substantial Shareholders	Shares (m)	%
Jungle Creek Gold Mines	31.9	18.5
G. Santalucia	20.9	12.1
CBA	9.8	5.7
Northmead Holdings	10.5	6.1
Top 20	**65.3**	**54.4**

Commodity Assumptions	2007A	2008F	2009F	2010F
A$:US$	0.79	0.90	0.91	0.81
Copper (US$/lb)	3.21	3.53	3.57	3.44
Lead (US$/lb)	0.77	1.31	0.86	0.77
Zinc (US$/lb)	1.67	1.18	0.90	0.92
Nickel (US$/lb)	17.21	12.93	10.21	9.94
Tin (US$/lb)	5.20	8.15	10.10	8.84
Palladium (US$/oz)	340.00	374.23	434.17	434.17
Iron Ore Fines (US$/t)	48.12	61.75	94.90	101.84

Production Summary	2007A	2008F	2009F	2010F
Nickel Production (t)				
Flying Fox	646	3,986	8,555	11,407
Spotted Quoll	0	0	3,206	8,140
Diggers South	0	0	0	4,133
New Morning/ Daybreak	0	0	0	0
Cosmic Boy	0	0	0	0
Total Ni in Concentrate (t)	**646**	**3,986**	**11,761**	**23,679**
Cash Cost (US$/lb) per lb prod.	3.42	3.84	2.30	2.28
Total Cost (US$/lb) per lb prod.	5.48	5.82	3.73	3.43
Realised Price Received (US$/lb)	3.53	8.05	10.22	9.96

Profit & Loss (A$m)	2007A	2008F	2009F	2010F
Sales Revenue	**17.4**	**65.4**	**200.5**	**442.6**
Other Income	(12.1)	(2.5)	4.4	3.2
Operating Costs	11.8	44.4	45.1	101.3
Exploration Exp.	3.9	7.7	7.7	7.9
Corporate/Admin	4.0	6.4	7.4	7.6
EBITDA	**(14.5)**	**4.5**	**144.6**	**329.0**
Depn & Amort	0.6	13.3	28.1	50.9
EBIT	**(15.1)**	**(8.8)**	**116.6**	**278.2**
Interest	0.3	19.6	20.1	20.1
Operating Profit	**(15.4)**	**(28.4)**	**96.5**	**258.1**
Tax expense	(3.3)	(15.3)	29.0	77.4
Minorities/Abnormals	0.0	0.0	0.0	0.0
NPAT	**(12.1)**	**(13.1)**	**67.6**	**180.7**
Normalised NPAT	**(10.8)**	**(19.9)**	**67.6**	**180.7**

Cash Flow (A$m)	2007A	2008F	2009F	2010F
Adjusted Net Profit	(12.1)	(13.1)	67.6	180.7
+Interest/Tax/Expl Exp	0.9	12.0	56.8	105.4
- Interest/Tax/Expl Inc	26.7	22.2	64.5	113.3
+Depn/Amort	0.6	13.3	28.1	50.9
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**(37.3)**	**(10.0)**	**87.9**	**223.6**
- Capex (+asset sales)	48.6	65.1	167.8	71.9
- Working Capital Increase	(6.1)	7.0	0.0	0.0
Free Cashflow	**(79.9)**	**(82.1)**	**(79.9)**	**151.8**
- Dividends (ords & pref)	0.0	0.0	15.1	50.4
+Equity raised	70.2	0.0	1.9	0.0
+Debt drawdown (repaid)	247.8	(14.8)	0.0	0.0
Net Change in Cash	**234.5**	**(97.0)**	**(93.1)**	**101.4**
Cash at End Period	237.0	140.0	46.9	148.3
Net Cash/(LT Debt)	(43.9)	(126.0)	(219.1)	(117.7)

Balance Sheet (A$m)	2007A	2008F	2009F	2010F
Cash	237.0	140.0	46.9	148.3
Total Assets	419.6	431.6	483.4	692.8
Total Debt	244.8	266.0	266.0	266.0
Total Liabilities	312.3	337.4	334.8	413.9
Shareholders Funds	107.4	94.3	148.6	278.9

Ratios				
Net Debt/Equity (%)	40.8	133.7	147.4	na
Interest Cover (x)	na	na	5.8	13.9
Return on Equity (%)	na	na	0.5	0.6

Research

Mark Simpson – Head of Research	Phone:	(+61 8) 9263 1678	Email:	msimpson@psl.com.au
Andrew Quin - Research Strategy Coordinator	Phone:	(+61 8) 9263 1152	Email:	aquin@psl.com.au
Resources				
Andrew Harrington – Coal Analyst	Phone:	(+61 2) 8238 6214	Email:	aharrington@psl.com.au
Alex Passmore – Head of Metals & Mining	Phone:	(+61 8) 9263 1239	Email:	apassmore@psl.com.au
Mark Savich – Resources Analyst	Phone:	(+61 8) 9263 1144	Email:	msavich@psl.com.au
Scott Simpson – Oil & Gas Analyst	Phone:	(+61 8) 9263 1679	Email:	ssimpson@psl.com.au
Levi Spry – Resources Analyst	Phone:	(+61 8) 9263 1610	Email:	lspry@psl.com.au
Josh Welch – Resources Analyst	Phone:	(+61 8) 9263 1668	Email:	jwelch@psl.com.au
Industrials				
John Deniz – Senior Industrial Analyst	Phone:	(+61 3) 8803 0160	Email:	jdeniz@psl.com.au
David Gibson – Industrial Analyst	Phone:	(+61 8) 9263 1664	Email	dgibson@psl.com.au
Jonathan Kriska – Property Analyst	Phone:	(+61 2) 8238 6245	Email:	jkriska@psl.com,au
Mark Topy – Banking & Finance Analyst	Phone:	(+61 3) 8803 0117	Email:	mtopy@psl.com.au
Russell Wright - Retail Analyst	Phone:	(+61 2) 8238 6219	Email:	rwright@psl.com.au

Institutional Dealing

Phil Schofield	Phone:	(+61 2) 8238 6223	Email:	pschofield@psl.com.au
Michael Brindal	Phone:	(+61 2) 8238 6274	Email:	mbrindal@psl.com.au
Dan Bahen	Phone:	(+61 2) 8238 6237	Email:	dbahen@psl.com.au
Tina Clark	Phone:	(+61 2) 8238 6264	Email:	tclark@pls.com.au
Paul Doherty	Phone:	(+61 3) 8803 0108	Email:	pdoherty@psl.com.au
Trent Foxe	Phone	(+61 2) 8238 6265	Email:	tfoxe@pls.com.au
Andrew Frazer	Phone:	(+61 8) 9263 1241	Email:	afrazer@psl.com.au
Jason Lal	Phone:	(+61 2) 8238 6276	Email:	jlal@psl.com.au
Ben McIlvride	Phone:	(+61 2)8238 6253	Email:	bmcilvride@psl.com.au
Jeremy Nugara	Phone:	(+61 3) 8803 0166	Email:	jnugara@psl.com.au
Trevor Pike	Phone:	(+61 3) 8803 0110	Email:	tpike@psl.com.au
Nicholas Whiteley	Phone:	(+61 2)8238 6244	Email:	nwhiteley@psl.com.au
Sandy Wylie	Phone:	(+61 8) 9263 1232	Email:	swylie@psl.com.au

Disclaimer: Patersons believes that the information or advice (including any financial product advice) contained in this report has been obtained from sources that are accurate at the time of issue, but it has not independently checked or verified that information and as such does not warrant its accuracy or reliability. Except to the extent that liability cannot be excluded, Patersons accepts no liability or responsibility for any direct or indirect loss or damage caused by any error in or omission from this report. You should make and rely on your own independent inquiries.

If not specifically disclosed otherwise, investors should assume that Patersons is seeking or will seek corporate finance business from the companies disclosed in this report.

Warning: This report is intended to provide general securities advice, and does not purport to make any recommendation that any securities transaction is appropriate to your particular investment objectives, financial situation or particular needs. Prior to making any investment decision, you should assess, or seek advice from your adviser, on whether any relevant part of this report is appropriate to your individual financial circumstances and investment objectives.

Disclosure: Patersons, its director and/or employees may earn brokerage, fees, commissions and other benefits as a result of a transaction arising from any advice mentioned in this report. Patersons as principal, its directors and/or employees and their associates may hold securities in the companies the subject of this report, as at the date of publication. These interests did not influence Patersons in giving the advice contained in this report. Details of any interests may be obtained from your adviser. Patersons as principal, its directors and/or employees and their associates may trade in these securities in a manner which may be contrary to recommendations given by an authorised representative of Patersons to clients. They may sell shares the subject of a general "Buy" recommendation, or buy shares the subject of a general "Sell" recommendation.

Stock recommendations: Investment ratings are a function of Patersons expectation of total return (forecast price appreciation plus dividend yield) within the next 12 months. The investment ratings are Buy (expected total return of 10% or more), Hold (-5% to +5% total return) and Sell (> 5% negative total return). In addition we have a Speculative Buy rating covering higher risk stocks that may not be of investment grade due to low market capitalisation, high debt levels, or significant risks in the business model. Investment ratings are determined at the time of initiation of coverage, or a change in target price. At other times the expected total return may fall outside of these ranges because of price movements and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management.This Document is not to be passed on to any third party without our prior written consent.

Patersons Securities Limited ABN 69 008 896 311 AFSL No. 239 052
Participant of ASX Group
Securities & Derivatives Industry Association Principal Member
Financial Planning Association Principal Member

PATERSONS
THE AUSTRALIAN STOCKBROKER

Western Australia

Perth - Head Office: Level 23, Exchange Plaza, 2 The Esplanade, Perth, Western Australia 6000
Ph: (+61 8) 9263 1111 Fax: (+61 8) 9325 6452 Email: patersons@psl.com.au

West Perth Office: Level 2, 34 Colin Street, West Perth Western Australia 6005
Ph: (+61 8) 9482 0900 Fax: (+61 8) 9482 0999 Email: patersons@psl.com.au

Albany Office: Level 2, Middleton Centre, 184 Aberdeen Street, Albany, Western Australia 6330
Ph: (+61 8) 9842 4700 Fax: (+61 8) 9841 4211 Email: albany@psl.com.au

Bunbury Office: Unit 3, 53 Victoria Street Bunbury, Western Australia 6230
Ph: (+61 8) 707 2000 Fax: (+61 8) 9721 1840 Email: bunbury@psl.com.au

Busselton Office: Suite 1, 72 Duchess Street, Busselton Western Australia 6280
Ph: (+61 8) 9754 0700 Fax: (+61 8) 9754 4333 Email: busselton@psl.com.au

Kalgoorlie Office: 63 Hannan Street, Kalgoorlie, Western Australia 6430
Ph: (+61 8) 9021 1422 Fax: (+61 8) 9021 8133 Email: kalgoorlie@psl.com.au

New South Wales

Sydney Office: Level 27, 264 George Street, Sydney New South Wales 2000
Ph: (+61 2) 8238 6222 Fax: (+61 2) 8238 6266 Email: sydney@psl.com.au

Victoria

Melbourne Office: Level 18, 90 Collins Street, Melbourne Victoria 3000
Ph: (+61 3) 8803 0100 Fax: (+61 3) 8803 0199 Email: melbourne@psl.com.au

Queensland

Brisbane Office: Level 37, 123 Eagle Street, Brisbane Queensland 4000
Ph: (+61 7) 3737 8000 Fax: (+61 7) 3737 8100 Email: brisbane@psl.com.au

ACT

Canberra Office: Level 4, 53 Blackall Street, Barton ACT 2600
Ph: (+61 2) 6120 2222 Fax: (+61 2) 6273 3433 Email: canberra@psl.com.au