

Analyst

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Authorisation

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Alpha HPA Ltd (A4N)

Getting to yes

Recommendation
Buy (unchanged)

Price
\$0.68
Valuation
\$1.54 (previously \$1.53)

Risk
Speculative
GICS Sector
Materials
Expected Return

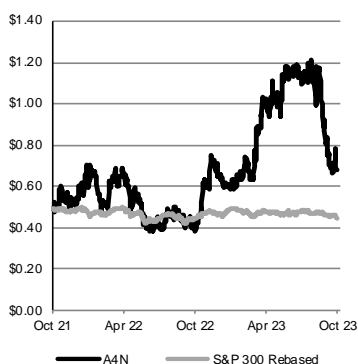
Capital growth	126%
Dividend yield	0%
Total expected return	126%

Company Data & Ratios

Enterprise value	\$577m
Market cap	\$598m
Issued capital	879m
Free float	87%
Avg. daily val. (52wk)	\$2.4m
12 month price range	\$0.39-\$1.25

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.88	1.13	0.43
Absolute (%)	-22.7	-39.6	58.1
Rel market (%)	-17.8	-33.4	57.6

Absolute Price


SOURCE: IRESS

Catalysts imminent: Securing debt finance & Stage 2 FID

We expect A4N to finish 2023 outlining: strengthened HPA First Project economics with a final project scope; debt funding provided by concessional Government-backed lenders; and a Final Investment Decision enabling development to commence and first full scale production from 1H 2025. We expect the share price to strengthen on these events.

Balancing the economics; Higher prices offset higher capex

Markets for A4N's products have strengthened since the March 2020 HPA First Project DFS. The DFS assumed a US\$15-25/kg HPA equivalent (HPAe) basket price; it now looks like prices above this range will be achievable. Recent independent market studies completed in preparation of debt funding have provided support for prices of +US\$30/kg longer term. A4N's recent sales have been at prices of US\$35/kg. Selling products across sapphire glass, LED, lithium ion battery and semiconductor segments also diversifies and de-risks product pricing compared with the DFS estimates.

In line with industry benchmarks, we expect capital cost inflation and the original capex estimate of \$308m is likely to lift to around \$500m. However, the project will support a wider product range and potentially higher production rates. We expect debt (from the Northern Australia Infrastructure Facility and Export Finance Australia) and grants to fund \$350-400m. We also consider a project of this nature a strong candidate to attract strategic investor interest to fund part or all of the remaining \$100-150m.

Investment view – Speculative Buy, Valuation \$1.54/sh

We have updated our modelling for FID this quarter, a higher pricing scenario and higher capital cost estimate. A4N's high purity aluminium products have value adding applications across lithium ion battery, micro-LED and semiconductor manufacturing, technologies at the forefront of the global decarbonising and reshoring themes.

Our A4N valuation is \$1.54/sh and assumes a HPAe price of US\$25/kg, generating EBITDA of over \$250m at steady state.

Earnings Forecast

Year ending 30 June	2023a	2024e	2025e	2026e
Sales (A\$m)	2	17	61	373
EBITDA (A\$m)	(15)	3	22	262
NPAT (reported) (A\$m)	(16)	(5)	4	175
NPAT (adjusted) (A\$m)	(16)	(5)	4	175
EPS (adjusted) (eps)	(1.9)	(0.5)	0.4	16.5
EPS growth (%)	na	na	na	4512%
PER (x)	-36.4x	-125.4x	189.9x	4.1x
FCF Yield (%)	-3%	-25%	-37%	16%
EV/EBITDA (x)	-38.2x	216.3x	25.8x	2.2x
Dividend (eps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	-	-	-	-
ROE (%)	-30%	-3%	2%	52%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Getting to yes

Catalysts imminent: Securing debt finance & Stage 2 FID

Over this quarter, we expect the following significant value catalysts from A4N:

- **Final Stage 2 project scope:** An update to the HPA First Project Definitive Feasibility Study (March 2020) outlining a diversified product mix (previously 1-2 products) and revised capacity, capital and operating cost estimates;
- **Debt funding package:** A4N has passed key milestones and is at advanced due diligence stage with lenders the Northern Australia Infrastructure Facility and Export Finance Australia. EFA administers the Australian Government's Critical Minerals Facility as part of the National Interest Account.
- **Final Investment Decision:** Potentially incorporating funding from strategic investors.

OTHER NEAR-TERM VALUE CATALYSTS

- **Alpha Sapphire:** Potential release of further information relating to A4N's early-stage sapphire production subsidiary. Two sapphire growth units are expected to be installed and commissioned at A4N's site in Gladstone by early 2024 for product qualification to potentially support a stand-alone manufacturing facility.

Pricing update: Independent research sees +US\$30/kg

A4N's 2020 DFS looked at three different HPA pricing assumptions ranging US\$15-25/kg. Since the 2020 DFS, A4N's product suite has increased from two to at least eight products. Importantly, A4N's extensive market outreach has identified product applications across high technology manufacturing sectors for lithium ion batteries, Micro LED displays, LED lighting and semiconductors. More recently, applications in direct lithium extraction have also been recognised.

INDEPENDENT MARKET ANALYSIS POINTS TO +US\$30/KG LONGER TERM

Independent market analysis commissioned in support of NAIF and EFA debt funding has provided support for prices of +US\$30/kg longer term. Commodity Markets research conducted by CM Group canvassed product end users and other market participants with constraints of:

- Greater than 4N purity markets for HPA and precursor products;
- Sales to ex-China markets; and
- Specific to approved and qualified commercial HPA suppliers.

The following table outlines CM Group's price outlook for a range of HPA sub-products. On average, when excluding outlier Nano Alumina products, product prices settle at US\$32-42/kg. This pricing is materially higher than the DFS scenarios.

RECENT SALES: SEMICONDUCTOR SECTOR SALES AT US\$35/KG

In July 2023, A4N entered a non-binding LOI with a South Korea-based semi-conductor supply chain manufacturer outlining an interest in:

- Purchasing 1 metric tonne of bespoke HPA powder from January 2024 from A4N's Stage 1 Precursor Production Facility; and
- Purchasing up to 1,000 metric tonnes per year of bespoke HPA powder from March 2026 to be serviced from the full scale HPA First Project.

Under this LOI, A4N has sold around 90kg of HPA product at prices averaging US\$35/kg.

Table 1 - CM Group pricing forecasts for >4N purity materials to ex-China markets

US\$/kg (real 2023)	2024	2025	2026	2027	2028	2029	2030
High Purity Alumina (HPA)							
HPA Spec 1 - Unmilled	10 - 28	15 - 20	25 - 30	30 - 40	30 - 40	30 - 40	30 - 40
HPA Spec 2 - Milled	20 - 30	20 - 30	30 - 35	35 - 45	35 - 45	35 - 45	35 - 45
HPA Spec 3 - Custom	45 - 60	45 - 60	45 - 80	45 - 80	45 - 80	45 - 80	45 - 80
High Purity Alumina (HPA) Pucks							
Standard	15 - 25	20 - 25	30 - 35	35 - 40	35 - 40	35 - 40	35 - 40
High Density	30 - 60	30 - 60	45 - 55	50 - 60	50 - 60	50 - 60	50 - 60
Gamma Alumina							
Gamma Spec 1	15 - 25	15 - 25	20 - 25	25 - 30	25 - 30	25 - 30	30 - 35
Gamma Spec 2	8 - 15	12 - 18	20 - 25	25 - 35	25 - 35	25 - 35	25 - 35
Gamma Spec 3 - Milled	10 - 20	15 - 25	15 - 25	25 - 30	25 - 30	25 - 30	25 - 30
Aluminium Trihydrate (ATH)							
ATH - Milled	7 - 12	12 - 18	20 - 25	25 - 35	25 - 35	25 - 35	25 - 35
ATH - Unmilled	5 - 10	7 - 10	12 - 15	15 - 20	15 - 20	15 - 20	15 - 20
Nano Alumina							
NAP - Spec 1	40 - 60	40 - 60	40 - 60	40 - 60	40 - 60	40 - 60	40 - 60
Average (excl. Nano Alumina)	17 - 29	19 - 29	26 - 35	31 - 42	31 - 42	31 - 42	32 - 42

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Updated HPA First Project scope: More products; and volumes

We expect the updated HPA First Project Scope to at least preserve the economics of the March 2020 DFS. The key changes we expect are:

- **Greater product differentiation:** The 2020 DFS was based on one HPA product and outlined the opportunity for a second high purity boehmite product. The target market was lithium ion battery separators. Since the DFS, market outreach and HPA First Process development has identified at least eight high purity alumina products capable of being manufactured at the facility. These products have a range of applications in high technology manufacturing, as previously mentioned (see Table 3).
- **Increased product output:** The new high purity aluminium products established since the DFS are drawn from various stages across the HPA First flow sheet. The updated flowsheet should outline a downsizing of the back end of the plant (particularly calcination) and enable an increase in HPA equivalent throughput.
- **Higher capital costs:** There has been industry wide material capital cost inflation since the 2020 DFS. The diversified product suite will also increase the project scope. We estimate that capital costs will have increased to around \$500m (DFS \$308m).
- **Higher operating costs:** DFS opex estimates were US\$5,940/t HPA. While we also expect opex inflation, a number of the newly established products (precursors) require relatively less processing than HPA, offsetting some of this cost inflation. We still expect that unit opex will be less than US\$7,000/t HP Ae.

Table 2 - DFS versus Bell Potter Securities updated estimates

	A4N March 2020 DFS	BP est.
Output HP Ae	10,000tpa	12,000tpa
HP Ae basket price	US\$15-25/kg	US\$25-30/kg
Opex	US\$5.9/kg	US\$7.0/kg
Margin	US\$9.1-19.1/kg	US\$18.0-23.0/kg
EBITDA US\$m	US\$91-191m	US\$216-276m
EBITDA \$m (at spot FX)	\$142-298m	\$338-431m
Capex \$m	\$308m	\$500m
Payback years	1.0-2.2	1.2-1.5

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 3 - A4N's product suite & applications

KEY APPLICATION	Lithium ion batteries			LEDs		Semi-conductors	Other
	Cathode	Separator	Anode	LED lights	Micro-LEDs (displays)		
A4N PRODUCT							
Aluminium Precursors							
Aluminium nitrate	HPA particle coating		HPA particle coating (anode active materials)	Phosphors for white LEDs	Nano-size phosphors		Catalysts & YAG laser crystals
Aluminium sulphate	Sulphate blending (NCA & NCMA)						
High Purity Alumina							
HPA powder (gamma phase)	High nickel cathode coating			Phosphors for white LEDs			Specialty catalysts
HPA tablets (alpha phase)				Sapphire glass wafers (substrate)	Sapphire glass wafers (substrate)		Specialty ceramics
HPA powder (nano-alumina)	High nickel cathode coating	HPA layer coating			Nano-size phosphors	Chemical-Mechanical Polishing	
5N ultra high purity alumina tri-hydrate	High nickel cathode doping						HPA precursor, direct lithium extraction, aluminate glass
HPA Powder (alpha phase)		Boehmite layer coating		LED phosphors		Thermal interface material	Specialty ceramics

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Funding stack: Strong support from NAIF, EFA, grants

We estimate that the HPA First Project funding requirement will be around \$500m which will be covered by:

- **Government grants at least \$67m:** A4N has received Government Grants as outlined in the following table from both the Commonwealth Government and the Queensland Government. A4N recently announced that its Queensland Government grant has been extended to the end of January 2024 to enable time for FID. An application has been submitted to extend the Commonwealth Government grant.
- **NAIF & EFA Project Finance around \$300m:** A4N is in the final stages of due diligence with lenders NAIF and EFA. We expect binding commitments by the end of 2023 and that the project should support gearing of at least 60% (i.e. \$300m debt).
- **Strategic investments/equity/other \$100-150m:** We expect that strategic investors and equity markets (ORI is a 5% A4N shareholder) will be supportive of the remaining capital requirement.

Table 4 - A4N government grants

Source	Program	Purpose	Announced	\$m
Commonwealth Government	Modern Manufacturing Initiative	HPA First Project	16/03/2022	45
Commonwealth Government	Critical Minerals Accelerator Initiative	Stage 1 - PPF	28/04/2022	16
Queensland Government	Industry Partnership Program	HPA First Project	5/04/2023	22
Total grants				82
Stage 1 grants				16
Stage 2 grants				67

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Valuation summary

We view our base case A4N valuation as conservative at \$1.54/sh (previously \$1.53/sh), it is based on the following assumptions:

- **Timing:** FID by the end of 2023 for development over 2024 and first production from 1H 2025.
- **Pricing:** HPAe basket price of US\$25/kg (US\$25,000/t) compared with recent independent market studies suggesting long term prices greater than US\$30/kg and recent sales at US\$35/kg.
- **Throughput:** HPA First Project Stage 2 producing 10,000tpa HPAe compared with possible rates of 12,000tpa given revised project scope and additional product lines.
- **Opex:** US\$7/kg compared with the DFS estimate of ~US\$5.9/kg.
- **Capex & capital requirements:** Capital cost of \$500m compared with the DFS estimate of \$308m. We have assumed around \$300m will be funded by debt, \$67m from already announced government grants and around \$125m by equity, potentially from strategic investors.

At steady state, under these assumptions the A4N's HPA First Project generates EBITDA of around \$250m.

Table 5 - Risked & diluted valuation summary

Product price scenario	1	2	3
		Base case	
Price - 4N HPAe basket US\$/t	US\$20,000/t	US\$25,000/t	US\$30,000/t
HPA First Project			
Unrisked NPV (10% discount rate) \$m	936	1,532	2,127
Risk discount %	20%		
Risked NPV (10% discount rate) \$m	749	1,225	1,701
Other (Canada potential, 80% risked) \$m	94	153	213
Other (downstream & other) \$m	75	123	170
Corporate costs \$m	-50		
Enterprise value \$m	868	1,451	2,034
Net debt / (cash) \$m	-21		
Equity valuation (risked, undiluted) \$m	888	1,471	2,055
Assumed capital raise \$m	125		
Assumed raise price \$/sh	0.612		
Government grants \$m	67		
Current shares on issue m	879		
In the money options m	0		
Assumed capital raising dilution m	204		
Diluted shares on issue m	1,083		
Net debt / (cash) (including options, assumed raising & grants) \$m	-212		
Equity valuation (risked, diluted) \$m	1,080	1,663	2,246
Equity valuation (risked, diluted) \$/sh	1.00	1.54	2.07
Current share price \$/sh	0.680		
Valuation / price x	1.5x	2.3x	3.0x

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Alpha HPA Ltd summary

Company description

A4N's HPA First Project is aiming to supply high-purity aluminium based products to the lithium ion battery, light emitting diode (LED) and semiconductor manufacturing sectors. The project's proprietary technology is expected to disrupt incumbent HPA production through significantly lower unit costs. Results of a March 2020 DFS outlined a 10,000tpa 4N HPA project with a capital cost of \$308m and pre-tax annual cash flow of \$133-280m at 4N HPA prices ranging US\$15,000-25,000/t.

In June 2021, a HPA First Project Stage 1 was estimated to have revenues of \$10-15m and generate free cash flow of \$1.5-5.0m from aluminium precursor production of 200tpa. This project was subsequently scaled up to produce +350ktpa aluminium nitrates and additional high purity alumina and high purity boehmite production. Production at Stage 1 commenced in late 2022.

The HPA First Project is a solvent extraction process using an aluminium chemical feedstock purchased on globally traded markets. Orica Ltd (ORI) and A4N have executed a definitive agreement for ORI's supply of process reagents and for by-product offtake. This agreement has required significant third party due diligence of the HPA First Project process. ORI is a 5% shareholder in A4N.

ALPHA SAPPHIRE: A4N'S DOWNSTREAM SUBSIDIARY

In March 2023, A4N announced it had entered a LOI with Austrian technology providers Ebner Industrieofenbau GmbH (Ebner) and Ebner subsidiary Fametec GmbH (Fametec) to establish sapphire glass manufacturing in Australia using A4N's HPA products and Ebner-Fametec's sapphire growth technology. In June 2023, the groups announced a potential expansion and the staged rollout to over 1,000 units. This business is housed under A4N's wholly owned subsidiary Alpha Sapphire.

In September 2023, Alpha Sapphire was awarded up to \$30m in project funding to accelerate the rollout of an initial 50 sapphire growth units under the LOI with Ebner Fametec.

Investment view – Speculative Buy, Valuation \$1.54/sh

We have updated our modelling for FID this quarter, a higher pricing scenario and higher capital cost estimate. A4N's high purity aluminium products have value adding applications across lithium ion battery, micro-LED and semiconductor manufacturing, technologies at the forefront of the global decarbonising and reshoring themes.

Our A4N valuation is \$1.54/sh and assumes a HPAe price of US\$25/kg, generating EBITDA of over \$250m at steady state.

Risks

Risk to an investment in A4N include, but are not limited to:

- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of development and operating assets and companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Technology:** Projects may be reliant on commercialisation of new production processes and methodologies which have yet been proven on a large scale. Technology may be replicated by competitors resulting in a loss of market share.
- **Infrastructure access.** Projects are reliant upon access to transport and pipeline infrastructure. Access to infrastructure is often subject to contractual agreements, permits and capacity allocations. Agreements are typically long-term in nature. Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- **Operating and capital cost fluctuations.** Markets for raw material inputs and labour can fluctuate and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to commodity and labour markets. Companies are also exposed to costs associated with future land rehabilitation.
- **Sovereign risks.** Companies' assets are subject to the sovereign risk of the country of location and may also be exposed to the sovereign risks of major offtake customers.
- **Regulatory changes.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuations of companies.
- **Environmental risks.** Companies are exposed to risks associated with environmental degradation as a result of their production processes.
- **Operating and development risks.** Companies' assets are subject to risks associated with their operation and development. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Occupational health and safety (OH&S) risks.** Companies are exposed to OH&S risks.
- **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.
- **Merger/acquisition risks.** Risks associated with value transferred during merger and acquisition activity.
- **Impact of pandemic infection such as Coronavirus disease (COVID-19).** This may have an adverse impact on the macro economic factors, including the mobility of labour, which can impact asset valuations.

Table 6 - Financial summary

Date	23/10/23						Bell Potter Securities						
Price	AS/sh 0.680						Stuart Howe (showe@bellpotter.com.au, +61 3 9235 1856)						
Valuation	AS/sh 1.54												
PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e	Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e
Revenue	\$m	2	2	17	61	373	VALUATION						
Expenses	\$m	(9)	(17)	(14)	(38)	(111)	EPS	Ac/sh	(1)	(2)	(1)	0	17
EBITDA	\$m	(7)	(15)	3	22	262	EPS growth (Acps)	%	na	na	na	na	4512%
Depreciation & amortisation	\$m	(0)	(1)	(2)	(6)	(18)	PER	x	-73.1x	-36.4x	-125.4x	189.9x	4.1x
EBIT	\$m	(7)	(16)	1	17	244	DPS	Ac/sh	-	-	-	-	-
Net interest expense	\$m	0	0	(6)	(13)	(20)	Franking	%	0%	0%	0%	0%	0%
Profit before tax	\$m	(7)	(16)	(5)	4	224	Yield	%	0%	0%	0%	0%	0%
Tax expense	\$m	-	-	-	-	(49)	FCF/share	Ac/sh	(4.4)	(2.3)	(17.3)	(25.2)	11.0
NPAT (reported)	\$m	(7)	(16)	(5)	4	175	FCF yield	%	-6%	-3%	-25%	-37%	16%
NPAT (adjusted)	\$m	(7)	(16)	(5)	4	175	EV/EBITDA	x	-80.3x	-38.2x	216.3x	25.8x	2.2x
CASH FLOW STATEMENT							LIQUIDITY & LEVERAGE						
Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e	Net debt / (cash)	\$m	(17)	(21)	21	288	171
OPERATING CASH FLOW							Net debt / Equity	%	-36%	-37%	8%	117%	41%
Receipts from customers	\$m	-	0	15	58	305	Net debt / Net debt + Equity	%	-56%	-58%	8%	54%	29%
Payments to suppliers and employees	\$m	(4)	(15)	(17)	(36)	(104)	Net debt / EBITDA	x	2.3x	1.4x	7.7x	12.9x	0.7x
Tax paid	\$m	-	-	-	-	(49)	EBITDA / net int expense	x	432.5x	35.4x	0.4x	1.8x	13.4x
Net interest	\$m	0	0	(6)	(13)	(20)	PROFITABILITY RATIOS						
Other	\$m	-	4	-	-	-	EBITDA margin	%	-352%	-932%	16%	37%	70%
Operating cash flow	\$m	(4)	(11)	(8)	9	132	EBIT margin	%	-362%	-993%	5%	27%	65%
INVESTING CASH FLOW							Return on assets	%	-14%	-26%	-2%	1%	26%
Capex	\$m	(31)	(24)	(225)	(277)	(15)	Return on equity	%	-15%	-30%	-3%	2%	52%
Acquisitions	\$m	0	-	-	-	-	ASSUMPTIONS - Prices (nominal)						
Other	\$m	-	16	67	-	-	Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e
Investing cash flow	\$m	(31)	(8)	(158)	(277)	(15)	4N HPA price	US\$/t	25,000	25,000	25,000	25,000	25,000
FINANCING CASH FLOW							4N HPA price	AS/t	34,321	37,144	36,702	35,714	35,714
Debt proceeds/(repayments)	\$m	(0)	(0)	100	225	-	FX	US\$/A\$	0.73	0.67	0.68	0.70	0.70
Dividends paid	\$m	-	-	-	-	-	ASSUMPTIONS - Sales (equity)						
Proceeds from share issues (net)	\$m	1	23	125	-	-	Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e
Other	\$m	-	-	-	-	-	4N HPAe sales	t	-	-	-	1,247	10,000
Financing cash flow	\$m	1	23	225	225	-	5N AI-Precursor #1 - AI-Nitrate	t	-	98	175	175	175
Change in cash	\$m	(34)	4	59	(43)	117	5N AI-Precursor #2 - AI-Sulfate	t	-	98	175	175	175
Free cash flow	\$m	(35)	(19)	(166)	(268)	117	VALUATION						
BALANCE SHEET							Product price scenario						
Year ending 30 June	Unit	2022a	2023a	2024e	2025e	2026e				1	2	3	
ASSETS										Base case			
Cash	\$m	17	21	79	37	154	4N HPAe price US\$/t		20,000	25,000	30,000		
Receivables	\$m	3	2	3	6	75	HPA First project \$m						
Inventories	\$m	0	1	1	4	11	Unrisked NPV (8% discount rate)		936	1,532	2,127		
Capital assets	\$m	28	38	261	532	529	Risk discount	20%					
Other assets	\$m	6	6	6	6	6	Risked NPV		749	1,225	1,701		
Total assets	\$m	55	67	351	585	775	Other (Canada potential, 90% risked)		94	153	213		
LIABILITIES							Other (downstream & other)		75	123	170		
Creditors	\$m	7	5	3	8	22	Corporate costs \$m	(50)					
Borrowings	\$m	-	-	100	325	325	Enterprise value \$m		868	1,451	2,034		
Provisions	\$m	-	-	-	-	-	Net debt / (cash) \$m	(21)					
Other liabilities	\$m	1	6	6	6	6	Equity valuation (risked, undiluted) \$m		888	1,471	2,055		
Total liabilities	\$m	8	11	108	338	353	Assumed capital raise \$m	125					
NET ASSETS							Assumed raise price \$/sh	0.61					
Share capital	\$m	102	128	320	320	320	Current shares on issue m	879					
Reserves	\$m	10	8	8	8	8	In the money options m	-					
Accumulated losses	\$m	(64)	(80)	(85)	(82)	94	Assumed capital raising dilution m	204					
Non-controlling interest	\$m	-	-	-	-	-	Diluted shares on issue m	1,083					
SHAREHOLDER EQUITY	\$m	47	56	243	247	422	Net debt / (cash) (including options & assumed raising) \$m	(212)					
Weighted average shares	m	794	839	960	1,062	1,062	Equity valuation (risked, diluted) \$m		1,080	1,663	2,246		
							Equity valuation (risked, diluted) \$/sh		1.00	1.54	2.07		

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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