

BUY

HOLD

SELL

ACTION & RECOMMENDATION

We retain our SPECULATIVE BUY rating on Hillgrove Resources. The company's January quarterly report had largely been pre-released, but cash costs were the main piece of "new news" – C1 cash costs of US\$2.00/lb for the quarter were a record low for the Kanmantoo operation. Cost guidance for the year to January 2015 is now US\$2.10-2.40/lb, with Hillgrove continuing to target 22.3-24.6 kt of contained copper production. In our view, Hillgrove remains undervalued by the market. Our share price target of \$0.121 represents a 12-month total shareholder return of 33%.

Strong production reaps record low costs**What's Changed**

- Cash costs in the January quarter were US\$2.00/lb on a C1 basis (WHTMe US\$2.20/lb), a new quarterly record. C1 costs for the full year to January were US\$2.39/lb, in line with previous guidance of US\$2.25/lb to US\$2.50/lb.
- FY15 cost guidance is US\$2.10-2.40/lb (compared with FY14 which was US\$2.39/lb). Production guidance for FY15 remains 22.3-24.6 kt of copper in concentrate.
- As at 31 December 2013, debt was A\$40.8m. With the cash balance at \$16.5m, net debt was some A\$24.3m, slightly higher than our \$21.9m estimate.
- HGO expects the total strip ratio for FY15 to be about 5:1 (WHTMe 4.9:1). The table below contains a summary of the key financial metrics.

Risks & Catalysts

- **Key risks around HGO:** 1) Consistency in delivering feed to the mill of above 0.80% copper, 2) operational risk at the Kanmantoo mine, especially while it is operating a single open pit with single lane ramp, and 3) future weakness in the copper price.
- **Catalysts:** 1) The April 2014 quarterly report which should demonstrate consistency in delivering grades of more than 0.80% copper to the mill; and 2) an improved copper market or weaker AUD.

12m Target Price (AUD)	\$0.121
Share Price @ 25-Feb-14 (AUD)	\$0.091
Fcst 12m Capital Return	32.7%
Fcst 12m Dividend Yield	0.0%
12m Total S'holder Return	32.7%

Phillip Chippindale, CFA

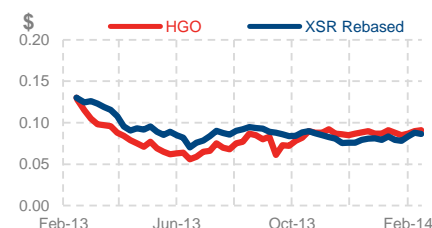
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12m Share Price Performance

Abs. Return (%)	1m	6m	12m
Rel. Return (%)	-4.7	22.4	3.6

WHTM Return Re-investment Matrix

Return	High	Cash Generator	Champion
	Low	Challenged	Potential
		Low	High
		Re-Investment	

WHTM Risk Assessment

	Low	Med	High	Spec
Share Price Risk				
Business Risk				

Year-end January (AUD)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue (\$m)	11.6	115.4	140.0	191.8	171.2
EBITDA Margin (%)	-18	12	25	27	22
NPAT Norm (\$m)	-4.1	-10.2	1.4	18.1	10.1
Consensus NPAT (\$m)			4.2	12.0	11.1
EPS Norm (cps)	-0.7	-1.2	0.1	1.7	1.0
EPS Growth (%)		-84	111	1160	-44
P/E Norm (x)	-13.6	-7.4	66.6	5.3	9.4
EV / EBITDA (x)	-66.0	10.1	4.0	2.7	3.7
CFM (x)	-4.6	4.5	22.7	2.5	3.5
DPS (cps)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0	0	0	0	0

Mkt Cap: \$109m

Enterprise Value: \$140m

Shares: 1,180m

Sold Short: 0.0%

Key Changes	17-Feb	After	Var %
Revenue FY14 (\$m)	140	140	0.0%
FY15	192	192	0.0%
FY16	171	171	0.0%
EBITDA: FY14 (\$m)	35.7	35.3	-1.1%
FY15	52.2	52.2	0.0%
FY16	38.4	37.8	-1.5%
EPS: FY14 (cps)	0.4	0.1	-65.4%
Norm FY15	1.7	1.7	-0.8%
FY16	1.1	1.0	-8.3%
Price Target:	0.12	0.12	-1.1%
Rec:	BUY	BUY	

ASX 300 wgt: 0.0%

Median T'over/Day: \$0.1m

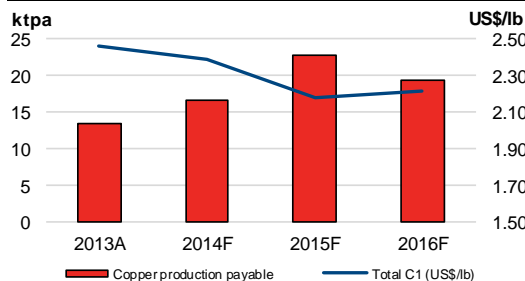
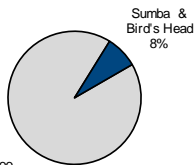
Wilson HTM Equities Research – Hillgrove Resources Limited

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TABLE 1: HGO – FINANCIAL SUMMARY

Capital profile				Jan year end					
				2013A	2014F	2015F	2016F	2017F	
Number of shares (m)	1,179			NPAT Reported (A\$m)	-11.8	3.7	18.1	10.1	8.4
Market capitalisation (A\$m)	107			NPAT Normalised (A\$m)	-10.2	14	18.1	10.1	8.4
Enterprise value (A\$m)	132			EPS (A¢)	-1.1	0.1	1.7	1.0	0.8
Enterprise value (US\$m)	121			CFPS (A¢)	-0.6	0.0	3.2	2.5	2.6
				DPS (A¢)	0.0	0.0	0.0	0.0	0.0
				P/E (x)	nm	66.6	5.3	9.4	11.4
				P/CF (x)	-14.4	-579.3	2.9	3.7	3.4
				EV/EBITDA (x)	9.4	3.7	19	2.1	1.6
				EPS Growth	118%	-113%	1160%	-44%	-17%
				Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Resources				Assumptions FY					
	Mt	%	Cont Cu	2013A	2014F	2015F	2016F	2017F	
Resources, incl stockpiles (Mt)	313	@ 0.77%	242 kt	AUD/USD	1.04	0.97	0.91	0.90	0.87
Reserves, incl stockpiles (Mt)	22.1	@ 0.77%	157 kt	Copper price (US\$/lb)	3.70	3.62	3.31	3.25	3.28
EV/t Resource (A\$/t)	A\$543.0	US\$499.5		Gold price (US\$/oz)	1669	1412	1269	1281	1250
EV/t Reserve (A\$/t)	A\$840.0			Silver price (US\$/oz)	31.13	23.87	20.38	21.00	20.50
VALUATION				Total Coal Sales (100%)					
Description	A\$m	A\$ps		2013A	2014F	2015F	2016F	2017F	
Kanmantoo	177	0.15		Copper production payable	13.3	16.6	22.7	19.3	18.1
Sumba & Bird's Head	15	0.01		Gold production payable	4.7	3.6	5.0	9.6	9.8
Total Operations	192	0.16		Cu. Equiv production payable (kt)	14.2	17.2	23.5	21.0	19.8
Net (debt) / cash	-24	-0.02		Cash costs @ Kanmantoo					
Corporate overheads (incl WC)	-25	-0.02		Total C1 (US\$/lb)	2.46	2.38	2.18	2.21	2.24
Franking Credits	0	0.00		Royalties (US\$/lb)	0.05	0.04	0.06	0.07	0.07
Listed investments	0	0.00		Admin (US\$/lb)	0.28	0.24	0.14	0.17	0.15
Exploration	0	0.00		EBITDA costs (US\$/lb)	2.79	2.66	2.39	2.45	2.46
Total Valuation	142	0.121		Sustaining capex (US\$/lb)	0.14	0.08	0.04	0.04	0.04
Premium (Discount)		0.00		All in cash costs (US\$/lb)	2.93	2.74	2.42	2.49	2.50
Target Price		0.121		D&A (US\$/lb)	0.90	0.76	0.53	0.63	0.69
P/NPV		0.75		EBIT costs (US\$/lb)	3.69	3.42	2.92	3.08	3.15
Operations NPV split				Margin analysis					
				2013A	2014F	2015F	2016F	2017F	
				EBITDA (US\$/lb)	0.90	0.96	0.93	0.81	0.82
				All-in cash cost margin (US\$/lb)	0.76	0.88	0.89	0.77	0.78
				EBIT (US\$/lb)	0.00	0.20	0.40	0.18	0.13
				Profit and Loss (\$m)					
				2013A	2014F	2015F	2016F	2017F	
				Revenue	116	141	192	171	167
				Costs	103	105	140	133	133
				EBITDA	14	35	52	38	34
				Depreciation & amortisation	26	27	24	24	24
				EBIT	-13	8	28	14	10
				Interest income	1	0	1	1	2
				Interest expense	7	6	3	0	0
				MRRT	0	0	0	0	0
				Pre tax profit	-18	3	26	14	12
				Tax expense (benefit)	-8	1	8	4	4
				NPAT - underlying	-10	1	18	10	8
				Significant items	2	-2	0	0	0
				NPAT - reported	-12	4	18	10	8
Sensitivity (A\$ps/A\$m)				Profitability analysis					
	NPV (\$ps)	2015F	2016F	2013A	2014F	2015F	2016F	2017F	
Base Case NPV / NPAT	0.121	18.1	10.1	EBIT margin	-	6%	15%	8%	6%
Copper price +10% increase	+0.04	+4.4	+10.0	EBITDA margin	12%	25%	27%	22%	21%
Copper price +10% increase	+34%	+43%	+119%	Effective tax rate	44%	44%	30%	30%	30%
AUD +10% increase	-0.04	-4.5	58.0	ROA - EBIT / (total assets - cash)	-4%	3%	10%	6%	5%
AUD +10% increase	-32%	-45%	87%	ROE - NPAT / equity	-5%	1%	8%	4%	3%
AUD +1¢ increase	0.00	-0.5	6.6	Cashflow					
AUD +1¢ increase	-4%	-5%	10%	2013A	2014F	2015F	2016F	2017F	
				EBITDA	14	35	52	38	34
				Operating cashflow	28	8	45	33	32
				Sustaining Capex	-4	-3	-2	-2	-2
				Growth Capex	-34	-8	-12	-8	-6
				Free cashflow	-10	-3	30	23	25
				Investing cashflow	-46	-20	-14	-10	-8
				Financing cashflow	24	1	-29	-12	0
				Net Change in cash	7	-11	1	12	25
Production and costs				Balance Sheet Analysis					
ktpa	US\$/lb	2013F	2014F	2013F	2014F	2015F	2016F	2017F	
				Debt	50	41	12	0	0
				Equity	221	212	233	242	251
				Assets	336	314	293	276	279
				Cash	27	17	17	29	54
				Net debt	23	24	-6	-29	-54
				Gearing - net debt/equity	10%	12%	-2%	-12%	-21%
				Gearing - net debt/ (net debt + equity)	9%	10%	-3%	-14%	-27%
				Net debt / EBITDA	16	0.7	-0.1	-0.8	-1.6
				EBIT / net interest	-2.2	1.5	12.2	-21.4	-6.4
				EBITDA / net interest	2.4	6.3	22.5	-58.6	-21.1



Source: Wilson HTM, company data



JAN-14 QTR – PRODUCTION AND COST REPORT HIGHLIGHTS

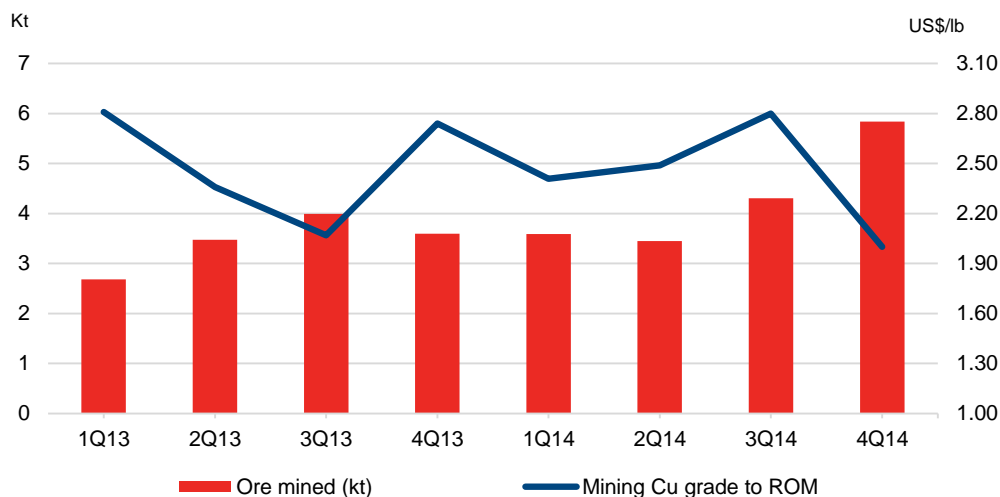
- HGO has released its full production report for the January quarter. Production stats were released a few weeks ago, but new information centres around costs.
- January quarter cash costs were US\$2.00/lb on a C1 basis (WHTMe US\$2.20/lb), a new quarterly record.
- C1 costs for the full year to January 2014 were US\$2.39/lb, in line with previous guidance of US\$2.25/lb to US\$2.50/lb.
- As at 31 December 2013, debt was A\$40.8m. With the cash balance of \$16.5m, net debt was some A\$24.3m, slightly higher than our \$21.9m estimate.
- HGO expects the total strip ratio for FY15 to be around 5:1 (WHTMe 4.9:1). The table below contains a summary of the key financial metrics.

TABLE 2: FINANCIAL RESULTS – WHTME VS ACTUAL

	Apr-13	Jul-13	Oct-13	Jan-14	WilsHTM	QoQ v WilsHTM	Comment
	QTR	QTR	QTR	QTR			
Ore to ROM from pit - Mt	0.69	0.56	0.77	0.88	0.73	14%	20%
Total tonnes mined - Mt	3.42	2.71	2.43	4.86	4.36	100%	11%
Mining grade to ROM - Cu	0.67%	0.67%	0.63%	0.85%	0.85%	35%	- Most prod stats disclosed on 14-Feb
Ore milled - Mt	0.71	0.72	0.76	0.76	0.76	1%	-
Milled grade - Cu	0.57%	0.54%	0.63%	0.83%	0.83%	32%	-
Recovery - Cu	89.1%	89.5%	90.7%	92.4%	92.4%	2%	-
Cu concentrate produced - dmt	15.57	15.82	19.20	25.05	25.05	30%	-
Contained metal in conc - Cu - kt	3.59	3.45	4.31	5.84	5.84	36%	-
Contained metal in conc - Au - oz	2.24	1.27	1.18	1.28	1.28	9%	-
Total concentrate sold (kt)	16.18	14.13	18.92	24.81	24.81	31%	-
C1 cash costs	2.41	2.49	2.80	2.00	2.20	-29%	-9% Low costs helped by high production

Source: Wilson HTM, company data

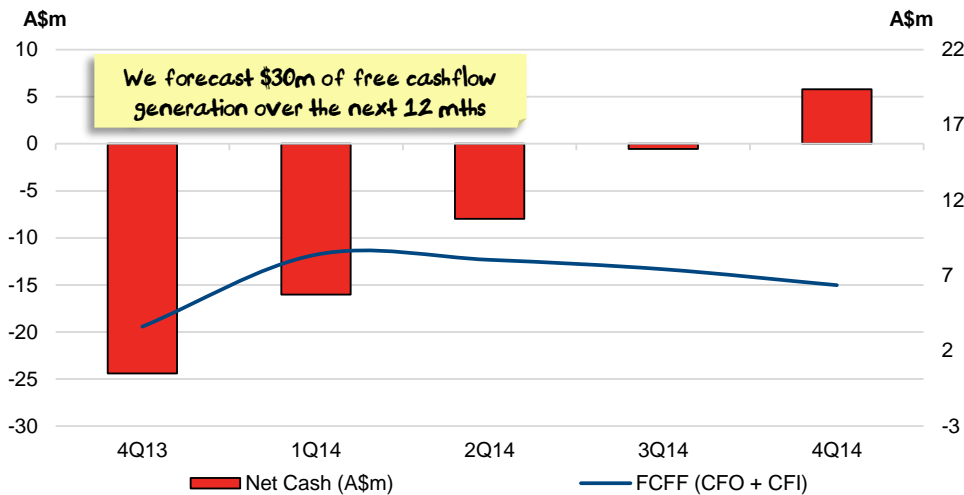
FIGURE 1: ORE MINED AND CU GRADE TO ROM



Source: Wilson HTM, company data



FIGURE 2: IMPROVING FREE CASH FLOW AND CASH BALANCE



Source: Wilson HTM, company data

GUIDANCE

- **Costs:** FY15 cost guidance is US\$2.10-2.40/lb (compared with FY14 which was US\$2.39/lb). Production guidance for FY15 remains 22.3-24.6 kt of copper in concentrate.
- As per our note of 17 February, Hillgrove has provided production guidance for the year to January 2015 of 22.3-24.6 kt of contained copper, 7-9 koz of contained gold (WHTMe: 23.5 kt copper, 8.2 koz gold), processed copper grade of 0.83-0.88% copper and copper recoveries of 92.5-93.5%.

INDONESIAN ASSETS

- As previously reported, HGO continues to investigate potential joint venture agreements or asset sell-downs for the Indonesian assets.
- These assets currently cost HGO about A\$700,000 per annum.

CHANGES TO FORECASTS

Changes to underlying NPAT, valuation & target price

Our earnings estimates have increased over the forecast period after improvements to our production assumptions – notably, we have increased forecast contained copper production from 21.7 kt to 23.5 kt. Our target price is unchanged.

	2014f	2015f	2016f	2017f	NPV (A\$ps)	Target price (A\$ps)
Underlying NPAT (A\$m) - previous	4.2	18.3	11.1	8.3	0.122	0.122
Underlying NPAT (A\$m) - revised	1.4	18.1	10.1	8.4	0.121	0.121
Change (A\$m)	-2.7	-0.1	-0.9	0.1	0.00	0.0
Change (%)	-65%	-1%	-8%	1%	-1%	-1%

Source: Wilson HTM, company data

VALUATION AND RISKS

We value Hillgrove using a discounted cash flow methodology, on which we base our target price. We apply a weighted average cost of capital of 11.2%. Key downside risks to our target price are higher capex or operating costs, or lower achieved copper prices, than we have forecast. The main upside risks to our forecasts are higher-than-expected achieved prices, or shipments above our expectations.



PRICE TARGET		
	Val. A\$m	Val. A\$ps
Kanmantoo	176.662	0.150
Sumba & Bird's Head	15.000	0.013
Total Operations	191.662	0.163
Net (debt) / cash	-24.394	-0.021
Corporate overheads	-24.868	-0.021
Franking Credits	0.000	0.000
Listed investments	0.000	0.000
Exploration	0.000	0.000
Total Valuation	142.399	0.121
Premium (Discount)		0.000
Target Price		0.121

INTERIMS (\$m)				
Half Yr (AUD)	Jul 12	Jan 13	Jul 13	Jan 14
	1H A	2H A	1H E	2H E
Sales	50.1	65.2	58.6	81.4
EBITDA	3.2	10.7	18.7	16.6
EBIT	-13.1	0.5	6.3	1.9
Net Profit	-11.7	1.5	1.7	-0.3
Norm. EPS	-1.4	0.2	0.2	0.0
EBIT/Sales	-26.1	0.7	10.7	2.3
Dividend (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0

FINANCIAL STABILITY			
Y/E January (AUD)	FY13A	FY14E	FY15E
Net Debt	22.9	24.4	-5.8
Net Debt / Equity (%)	9.9	11.5	<0
Net Debt / EV (%)	16.4	17.5	<0
Current Ratio (x)	4.6	5.3	9.6
Interest Cover (x)	<0	1.5	12.2
Adj. Cash Int. Cover (x)	3.8	2.1	22.7
Debt / CashFlow (x)	1.8	6.5	0.9
Net Debt (cash) / share	0.0	0.0	<0
NTA / share (\$)	0.3	0.2	0.2
Book Value / share (\$)	0.3	0.2	0.2
Payout Ratio (%)	0	0	0
Adj. Payout Ratio (%)	0	0	0

EPS RECONCILIATION (\$m)				
	FY13A		FY14E	
	Rep.	Norm.	Rep.	Norm.
Sales Revenue	115	115	140	140
EBIT	-11.1	-12.6	5.8	8.1
Net Profit	-8.7	-10.2	-0.9	1.4
Notional Earn.	0.0	0.0	0.0	0.0
Pref./Conv. Div.	0.0	0.0	0.0	0.0
Profit for EPS	-8.7	-10.2	-0.9	1.4
Diluted Shrs(m)	834	834	1,052	1,052
Diluted EPS (c)	-1.0	-1.2	-0.1	0.1

RETURNS				
	FY13A	FY14E	FY15E	FY16E
ROE (%)	-4.6	0.7	8.2	4.3
ROIC (%)	-3.6	2.3	8.5	4.4
Incremental ROE	-58.5	1,489.3	1,729.0	-53.0
Incremental ROIC	-52.5	-798.1	-105.0	86.1

KEY ASSUMPTIONS								
Year-end January (AUD)	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
AUD/USD	1.0330	1.0359	0.9684	0.9075	0.8950	0.8727	0.8450	0.8173
Copper price (US\$/lb)	4.09	3.70	3.33	3.33	3.40	3.30	3.20	3.08
Copper price (US\$/t)	9,027	8,150	7,332	7,330	7,495	7,275	7,054	6,779
Gold price (US\$/oz)	1,572	1,669	1,412	1,269	1,281	1,250	1,241	1,216
Silver price (US\$/oz)	35.3	31.1	23.9	20.4	21.0	20.5	20.7	20.2
Copper Prod Payable (kt)	1.4	13.3	16.6	22.7	19.3	18.1	18.1	18.1
Gold Prod Payable (koz)	0.0	4.7	3.6	5.0	9.6	9.8	9.8	9.8
Cu. Equiv Prod Payable (kt)	0.0	14.2	17.2	23.5	21.0	19.8	19.8	19.8

PROFIT & LOSS (\$m)								
Year-end January (AUD)	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
Sales Revenue	11.6	115.4	140.0	191.8	171.2	166.9	168.1	167.3
EBITDA	-2.1	13.9	35.3	52.2	37.8	34.4	32.4	31.2
Depn & Amort	5.2	26.5	27.1	24.0	24.0	24.0	24.0	24.0
EBIT	-7.3	-12.6	8.1	28.2	13.8	10.4	8.4	7.2
Net Interest Expense	-1.2	5.7	5.6	2.3	-0.6	-1.6	-2.6	-3.7
Tax	-2.0	-8.1	1.1	7.8	4.3	3.6	3.3	3.3
Minorities / pref divs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit pre Sig. Items	-4.1	-10.2	1.4	18.1	10.1	8.4	7.7	7.6
Abn's / Ext's / Signif.	4.4	1.6	-2.3	0.0	0.0	0.0	0.0	0.0
Reported Net Profit	0.3	-8.7	-0.9	18.1	10.1	8.4	7.7	7.6

CASHFLOW (\$m)								
Year-end January (AUD)	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
EBITDA	-2.1	13.9	35.3	52.2	37.8	34.4	32.4	31.2
Interest & Tax	2.8	-3.1	-4.7	-6.6	-4.5	-2.0	-1.1	0.1
Working Cap / Other	-20.1	17.6	-22.8	-1.0	0.0	0.0	0.0	0.0
Operating Cash Flow	-19.5	28.4	7.8	44.6	33.4	32.4	31.3	31.3
Maintenance Capex	-4.0	-4.0	-3.0	-2.0	-2.0	-2.0	-2.0	-2.0
Free Cash Flow	-23.5	24.4	4.8	42.6	31.4	30.4	29.3	29.3
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Capex	-128.1	-34.1	-7.9	-12.4	-8.1	-5.6	-4.4	-2.4
Invest. / Disposals	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Other Inv. Flows	14.4	-81.4	-9.0	0.0	0.0	0.0	0.0	0.0
Cash Flow Pre Financing	-137.2	-90.8	-12.1	30.2	23.2	24.8	24.9	26.9
Funded by Equity	0.0	97.5	10.8	0.0	0.0	0.0	0.0	0.0
Funded by Debt	40.0	0.0	-9.6	-29.3	-11.6	0.0	0.0	0.0
Funded by Cash	97.2	-6.7	10.9	-0.9	-11.6	-24.8	-24.9	-26.9

BALANCE SHEET SUMMARY (\$m)								
Year-end January (AUD)	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E
Cash	20.7	27.4	16.5	17.4	29.0	53.8	78.8	105.7
Current Receivables	6.4	6.4	2.5	1.7	0.8	0.4	0.2	0.1
Current Inventories	9.3	19.7	35.5	24.2	10.7	5.3	2.7	1.3
Net PPE	229.4	243.5	207.0	197.5	183.6	167.2	149.6	130.0
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles / Capitalised	1.0	0.6	0.4	0.4	0.4	0.4	0.4	0.4
Other	32.9	48.7	51.9	51.9	51.9	51.9	51.9	51.9
Total Assets	299.6	346.3	313.9	293.1	276.4	279.0	283.5	289.4
Current Payables	16.0	41.6	39.4	26.7	12.8	6.4	3.3	1.7
Total Debt	50.3	50.3	40.9	11.6	0.0	0.0	0.0	0.0
Other Liabilities	23.4	23.5	22.0	22.0	22.0	22.0	22.0	22.0
Total Liabilities	89.6	115.4	102.3	60.2	34.7	28.4	25.3	23.7
Minorities / Convertibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder Equity	210.0	231.0	211.6	232.9	241.7	250.6	258.2	265.7
Total Funds Employed	260.3	281.2	252.5	244.5	241.7	250.6	258.2	265.7



RETURN RE-INVESTMENT MATRIX

Return	High	Cash Generator	Champion
	Low	Challenged	Potential
		Low	High
		Re-investment	

Currently progressing a 20 ktpa copper mine in South Australia. Project largely derisked and should provide consistent returns. We also consider ability to grow organically as likely.

RISK MEASURES

	Low	Med	High	Spec
Share Price Risk				
Business Risk				

Share price risk: Earnings subject to copper price exposure and strength of AUD.

Business risk: Main risk is that the project does not deliver forecast copper production profile. Further risk is that exploration potential in South Australia and south-east Asia is not realised.

BUSINESS DESCRIPTION

Hillgrove Resources Limited (HGO) is an Australian mining company focused on the operation of the Kanmantoo copper mine in South Australia, and exploration of its Indonesian tenements. In Indonesia, HGO is targeting the discovery of epithermal gold and porphyry copper/gold deposits. The Kanmantoo copper mine is located less than 55 km from Adelaide. Ramp-up of the open pit mine and processing circuit is progressing to an initial throughput of 2.8 Mtpa producing ~80 kt of concentrate per annum (~20 ktpa of copper metal).

INVESTMENT THESIS

HGO completed a \$19m raising to provide sufficient working capital to allow it to address elevated grade dilution and low mining rates at its Kanmantoo mine. In our base case, operational improvements are achieved and we value the company at \$0.20/sh. The current share price approximately reflects the replacement value of the Kanmantoo mine. While we highlight the near-term operating risks, we do see value should these issues be resolved. We rate HGO a SPECULATIVE BUY.

REVENUE DRIVERS

- Copper and gold prices
- Improved mining rates and copper feed grades to the mill
- Successful exploration at Kanmantoo and Indonesia

BALANCE SHEET

- Equity: 1,022.8m
- Options: 50m
- Market capitalisation: \$110m (at A\$0.094/sh)
- Cash: \$17m (31-Jul-13)
- Debt: \$48m (31-Jul-13)

KEY ASSETS

Kanmantoo copper mine (South Australia) is an open-cut mine with throughput of 2.8 Mtpa, producing approximately 80,000 tonnes of concentrate and containing about 20,000 tonnes of copper metal and 10,000 ounces of gold with exploration potential for further copper.

RESERVES & RESOURCES

- Kanmantoo:
 - In-situ resource: 31.2 Mt @ 0.82% copper
 - Long-term stockpile resource: 1.6 Mt @ 0.37% copper

BOARD

- Dean Brown (Chairman)
- John Gooding (Non-Executive Director)
- John Quirke (Non-Executive Director)
- Douglas Snedden (Non-Executive Director)
- Edwin Zemancheff (Non-Executive Director)

KEY ISSUES/CATALYSTS

- Mill feed grades achieving 0.8% by the end of April 2013
- Increased resource at Kanmantoo to increase mine life towards 10 years
- Exploration success in Indonesia provides optionality for HGO

MANAGEMENT

- Mr Greg Hall (Managing Director)
- Russell Middleton (Chief Financial Officer)
- Shanthy Smith (Company Secretary)
- Steven McClare (General Manager, Kanmantoo Copper Mine)

RISK TO VIEW

- Inability to achieve and maintain full production capacity at Kanmantoo

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Return Reinvestment Matrix and Risk Measures

Definitions at <http://www.wilsonhtm.com.au/Disclosures>

Recommendation Structure and Other Definitions

Definitions at <http://www.wilsonhtm.com.au/Disclosures>

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