



BUY

HOLD

SELL

ACTION & RECOMMENDATION

We retain our **SPECULATIVE BUY** rating. Hillgrove's April quarterly report was most noteworthy for a step up in commentary from management about potential capital management in CY15. The current debt facilities do not allow capital management, but following either 1) full debt repayment, or 2) a renegotiation of the terms of the facilities, this may allow a dividend or buyback to occur – with more than \$20m of franking credits, the key is a mechanism that can maximise this value. C1 costs of US\$2.11/lb for the quarter were better than our expectations, mostly due to lower unit mining costs. Our share price target of 11.6 cps represents a 12-month total shareholder return of 45%.

Raising expectations of capital management in CY15

What's Changed

- HGO's April quarterly **production report** revealed little in the way of new production information. The main "new news" was C1 costs for the quarter of US\$2.11/lb (versus WHTMe of US\$2.22/lb). Pre-strip in the first quarter was also higher than anticipated at \$11.2m, but this will drop significantly over the balance of the year.
- HGO's **net debt** position was \$19.3m as at 31 April, slightly lower than previously announced. We now forecast HGO will have net debt of only \$2m by 31 January 2015.
- Commentary regarding potential capital management** was pleasing to see. We anticipate that HGO would be able to renegotiate the debt facility to allow the payment of a dividend (or commencement of a buyback) earlier than before the final debt repayment, which is currently scheduled for July 2015 – in our view, HGO would be able to support a modest amount of debt on a continuing basis.

Risks & Catalysts

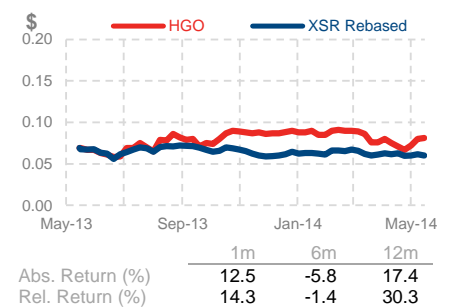
- Key risks** around HGO: 1) Consistency in delivering feed to the mill of above 0.80% copper, 2) operational risk at the Kanmantoo mine, especially while it is operating a single open pit with single lane ramp, and 3) future weakness in the copper price.
- Catalysts:** 1) The July 2014 quarterly report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

12m Target Price (AUD)	\$0.116
Share Price @ 22-May-14 (AUD)	\$0.081
Fcst 12m Capital Return	43.8%
Fcst 12m Dividend Yield	0.7%
12m Total S'holder Return	44.5%

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12m Share Price Performance



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)	FY13A	FY14A	FY15E	FY16E	FY17E
Revenue (\$m)	115.4	139.2	185.3	169.0	165.9
EBITDA Margin (%)	12	27	29	20	19
NPAT Norm (\$m)	-10.2	1.7	13.5	6.3	4.9
Consensus NPAT (\$m)			12.1	9.9	23.0
EPS Norm (cps)	-1.2	0.2	1.3	0.6	0.5
EPS Growth (%)	-84	113	690	-53	-22
P/E Norm (x)	-6.6	49.9	6.3	13.4	17.3
EV / EBITDA (x)	8.7	3.2	2.2	3.5	3.8
CFM (x)	3.9	12.0	1.8	2.9	3.1
DPS (cps)	0.0	0.0	0.0	0.4	0.4
Franking (%)	0	0	0	100	100
Mkt Cap: \$96m	Enterprise Value: \$121m		Shares: 1,181m	Sold Short: 0.1%	

Key Changes	13-May	After	Var %
Revenue FY15	185	185	-0.1%
(\$m) FY16	169	169	0.1%
FY17	166	166	0.1%
EBITDA: FY15	45.8	54.2	18.5%
(\$m) FY16	35.6	34.5	-2.9%
FY17	33.1	31.7	-4.5%
EPS: FY15	1.3	1.3	0.7%
Norm FY16	0.8	0.6	-23.2%
(cps) FY17	0.7	0.5	-31.7%
Price Target:	0.12	0.12	0.9%
Rec:	BUY	BUY	
ASX 300 wgt: 0.0%	Median T'over/Day: \$0.1m		

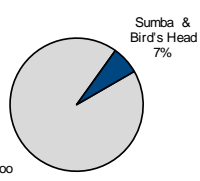
Wilson HTM Equities Research – Hillgrove Resources Limited

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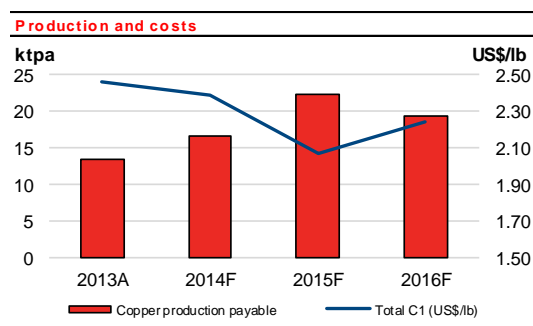


TABLE 1: HGO – FINANCIAL SUMMARY

Capital profile				Jan year end					
				2013A	2014F	2015F	2016F	2017F	
Number of shares (m)	1,179			NPAT Reported (A\$m)	-11.8	15	13.5	6.3	4.9
Market capitalisation (A\$m)	94			NPAT Normalised (A\$m)	-10.2	17	13.5	6.3	4.9
Enterprise value (A\$m)	120			EPS (A¢)	-1.1	0.2	1.3	0.6	0.5
Enterprise value (US\$m)	110			CFPS (A¢)	-0.6	-0.5	2.5	1.7	2.4
				DPS (A¢)	0.0	0.0	0.0	0.4	0.4
				P/E (x)	nm	49.3	6.2	13.3	17.1
				P/CF (x)	-12.7	-16.1	3.2	4.6	3.4
				EV/EBITDA (x)	8.4	3.2	1.8	2.4	2.0
				EPS Growth	118%	-115%	690%	-53%	-22%
				Yield (%)	0.0%	0.0%	0.0%	5.0%	5.0%
Resources				Assumptions FY					
Resources	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	3.29	3.21	3.26
EV/t Resource (A\$/t)	A\$492.9	US\$453.5		Gold price (US\$/oz)	1669	1412	1261	1269	1250
EV/t Reserve (A\$/t)	A\$762.5			Silver price (US\$/oz)	31.13	23.87	20.25	20.25	19.75
VALUATION				Total Coal Sales (100%)					
Description	A\$m	A\$ps		2013A	2014F	2015F	2016F	2017F	
Kanmantoo	165	0.14		Copper production payable	13.3	16.6	22.2	19.3	18.1
Sumba & Bird's Head	12	0.01		Gold production payable	4.7	3.6	4.3	9.8	9.9
				Cu. Equiv production payable (kt)	14.2	17.2	22.9	21.0	19.8
Total Operations	177	0.15							
Net (debt) / cash	-12	-0.01		Cash costs @ Kanmantoo	2013A	2014F	2015F	2016F	2017F
Corporate overheads (incl WC)	-28	-0.02		Total C1 (US\$/lb)	2.46	2.38	2.07	2.24	2.27
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	0.15	0.17	0.15
Exploration	0	0.00		EBITDA costs (US\$/lb)	2.79	2.66	2.27	2.47	2.49
				Sustaining capex (US\$/lb)	0.14	0.08	0.04	0.04	0.04
Total Valuation	137	0.116		All in cash costs (US\$/lb)	2.93	2.74	2.31	2.51	2.53
Premium (Discount)		0.00		D&A (US\$/lb)	0.90	0.76	0.73	0.67	0.73
Target Price		0.116		EBIT costs (US\$/lb)	3.69	3.42	3.00	3.14	3.22
P/NPV		0.69							
Operations NPV split				Margin analysis					
				2013A	2014F	2015F	2016F	2017F	
				EBITDA (US\$/lb)	0.90	0.96	1.01	0.74	0.77
				All-in cash cost margin (US\$/lb)	0.76	0.88	0.98	0.70	0.72
				EBIT (US\$/lb)	0.00	0.20	0.28	0.07	0.03
				Profit and Loss (\$m)	2013A	2014F	2015F	2016F	2017F
				Revenue	116	140	185	169	166
				Costs	103	102	131	134	134
				EBITDA	14	38	54	35	32
				Depreciation & amortisation	26	29	32	26	26
				EBIT	-13	8	22	9	6
				Interest income	1	0	1	1	1
				Interest expense	7	6	3	1	0
				MRRT	0	0	0	0	0
				Pre tax profit	-18	3	19	9	7
				Tax expense (benefit)	-8	1	6	3	2
				NPAT - underlying	-10	2	13	6	5
				Significant items	2	0	0	0	0
				NPAT - reported	-12	1	13	6	5
				Profitability analysis	2013A	2014F	2015F	2016F	2017F
				EBIT margin	-	6%	12%	5%	4%
				EBITDA margin	12%	27%	29%	20%	19%
				Effective tax rate	44%	33%	30%	30%	30%
				ROA - EBIT / (total assets - cash)	-4%	3%	7%	3%	2%
				ROE - NPAT / equity	-5%	1%	5%	3%	2%
				Cashflow	2013A	2014F	2015F	2016F	2017F
				EBITDA	14	38	54	35	32
				Operating cashflow	28	11	55	35	32
				Sustaining Capex	-4	-3	-2	-2	-2
				Growth Capex	-34	-16	-30	-17	-8
				Free cashflow	-10	-8	23	16	22
				Investing cashflow	-46	-22	-32	-19	-10
				Financing cashflow	24	0	-22	-21	-4
				Net Change in cash	7	-11	1	-5	18
				Balance Sheet Analysis	2013F	2014F	2015F	2016F	2017F
				Debt	50	42	19	1	1
				Equity	221	229	249	252	254
				Assets	336	322	312	289	287
				Cash	27	16	18	12	30
				Net debt	23	25	2	-12	-29
				Gearing - net debt/equity	10%	11%	1%	-5%	-12%
				Gearing - net debt/ (net debt + equity)	9%	10%	1%	-5%	-13%
				Net debt / EBITDA	16	0.7	0.0	-0.3	-0.9
				EBIT / net interest	-2.2	1.4	8.6	-616.6	-7.1
				EBITDA / net interest	2.4	6.4	21.4	-2,355.6	-36.7



Sensitivity (A\$ps/A\$m)	NPV (\$ps)	2015F	2016F
Base Case NPV / NPAT	0.116	13.5	6.3
Copper price +10% increase	+0.05	+4.2	+10.0
Copper price +10% increase	+39%	+67%	+203%
AUD +10% increase	-0.04	-4.4	6.15
AUD +10% increase	-38%	-70%	93%
AUD +1¢ increase	-0.01	-0.5	7.0
AUD +1¢ increase	-5%	-8%	11%



Source: Company data, Wilson HTM



APR-14 QTR – PRODUCTION AND COST REPORT HIGHLIGHTS

- Hillgrove has released its full production report for the April quarter. Production stats were released a few weeks ago, but new information centres on costs.
- Cash costs were US\$2.11/lb on a C1 basis for the quarter (WHTMe US\$2.22/lb), comparing well to full-year guidance (US\$2.10-2.40/lb).
- Cash on hand of A\$14.1m and net debt of A\$19.3m were \$0.2m better than previously announced early in May (ie the cash balance is \$200k higher).
- The company's commentary around capital management has stepped up: "The company will consider the evaluation of various capital management options to potentially enable a commencement of return of value to shareholders" – HGO notes that it also has \$21m of franking credits, so any future dividends could be 100% franked for quite some time.
- HGO also announced that it will be changing its financial year from ending on 31 January to 31 December. This will be effective this current year (and will involve a two-month "quarter" for August and September 2014).
- No changes to guidance for the current year.

The table below contains a summary of the key production metrics.

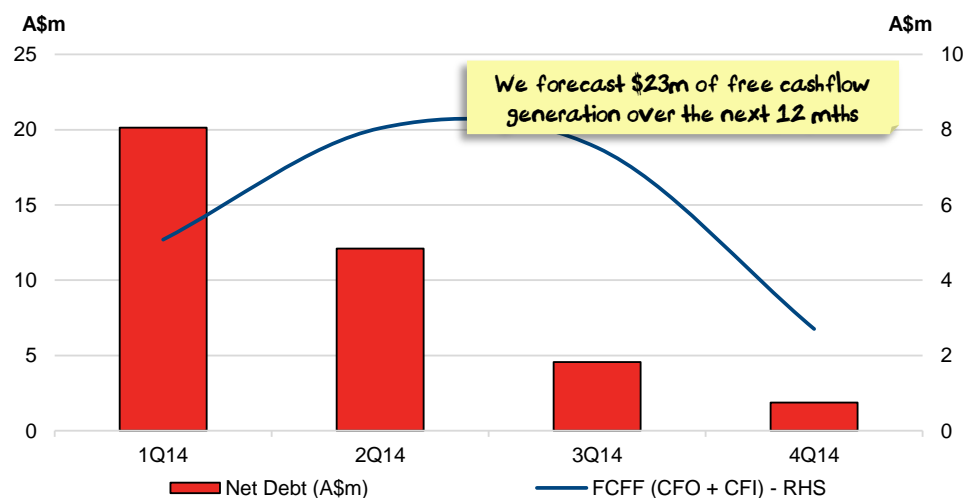
FIGURE 1: HGO – KEY PRODUCTION STATS

	Jul-13	Oct-13	Jan-14	Apr-14	WilsHTM	QoQ	v WilsHTM	Comment
	QTR	QTR	QTR	QTR				
Copper price (US\$/lb)	n.a.	3.29	0.00	3.33	3.34	n.a	-0%	
Ore to ROM from pit - Mt	0.56	0.77	0.88	0.98	0.81	12%	21%	
Mined waste - Mt	2.16	1.66	3.48	1.66	3.95	-52%	-58%	
Total tonnes mined - Mt	2.71	2.43	4.86	5.26	5.26	8%	-	
Strip ratio	3.89	2.15	3.96	4.36	5.48	10%	-20%	
Mining grade to ROM - Cu	0.67%	0.63%	0.85%	0.87%	0.87%	2%	-	Most prod stats disclosed 12 May
Ore milled - Mt	0.72	0.76	0.76	0.76	0.76	-0%	-	
Milled grade - Cu	0.54%	0.63%	0.83%	0.80%	0.80%	-4%	-	
Milled grade - Au (g/t)	0.09	0.10	0.11	0.10	0.15	-9%	-33%	
Milled grade - Ag	2.11	3.00	3.12	2.83	2.50	-9%	13%	
Recovery - Cu	89.5%	90.7%	92.4%	92.1%	92.1%	-0%	-	
Recovery - Au	57.8%	50.3%	48.4%	52.0%	57.0%	7%	-9%	
Cu concentrate produced - dmt	15.82	19.20	25.05	24.34	24.34	-3%	-	
Conc grade - Cu	22.0%	22.5%	23.3%	22.8%	22.8%	-2%	-	
Conc grade - Au (g/t)	2.50	1.90	1.60	1.70	2.66	6%	-36%	
Conc grade - Ag	54.10	45.30	54.80	49.70	42.77	-9%	16%	
Contained metal in conc - Cu - kt	3.45	4.31	5.84	5.55	5.55	-5%	-	
Contained metal in conc - Au - oz	1.27	1.18	1.28	1.33	1.33	4%	-	
Total concentrate sold (kt)	14.13	18.92	24.81	24.43	24.43	-2%	-	
C1 cash costs	2.49	2.80	2.00	2.11	2.22	6%	-5%	Guidance is US\$2.10-2.40/lb

Source: Wilson HTM, company data



FIGURE 2: IMPROVING FREE CASH FLOW AND CASH BALANCE



Source: Company data, Wilson HTM

CHANGES TO FORECASTS

	2014a	2015f	2016f	2017f	NPV (A\$ps)	Target price (A\$ps)
Underlying NPAT (A\$m) - previous	17	13.4	8.3	7.2	0.116	0.116
Underlying NPAT (A\$m) - revised	17	13.5	6.3	4.9	0.116	0.116
Change (A\$m)	0.0	0.1	-1.9	-2.3	0.00	0.0
Change (%)	0%	1%	-23%	-32%	1%	1%

Source: Company data, Wilson HTM

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%. The 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	165.087	0.140
Sumba & Bird's Head	12.000	0.010
Total Operations	177.087	0.150
Net (debt) / cash	-12.098	-0.010
Corporate overheads	-27.726	-0.024
Franking Credits	0.000	0.000
Listed investments	0.000	0.000
Exploration	0.000	0.000
Total Valuation	137.263	0.116
Premium (Discount)		0.000
Target Price		0.116

INTERIMS (\$m)				
Half Yr (AUD)	Jul 13	Jan 14	Jul 14	Jan 15
	1HA	2HA	1HE	2HE
Sales	58.6	80.6	92.9	92.4
EBITDA	18.7	18.9	27.4	26.9
EBIT	6.3	2.2	10.3	11.5
Net Profit	1.7	0.0	6.1	7.4
Norm. EPS	0.2	0.0	0.6	0.7
EBIT/Sales	10.7	2.7	11.1	12.4
Dividend (c)	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0

FINANCIAL STABILITY			
Year-end January	FY14A	FY15E	FY16E
Net Debt	25.2	1.9	-11.5
Net Debt / Equity (%)	11.6	0.7	<0
Net Debt / EV (%)	20.9	1.5	<0
Current Ratio (x)	5.0	9.9	18.3
Interest Cover (x)	1.4	8.6	<0
Adj. Cash Int. Cover (x)	2.5	24.2	<0
Debt / CashFlow (x)	4.6	0.8	0.6
Net Debt (cash) / share	0.0	0.0	<0
NTA / share (\$)	0.2	0.2	0.2
Book Value / share (\$)	0.2	0.3	0.3
Payout Ratio (%)	0	0	66
Adj. Payout Ratio (%)	0	0	7

EPS RECONCILIATION (\$m)				
	FY14A		FY15E	
	Rep.	Norm.	Rep.	Norm.
Sales Revenue	139	139	185	185
EBIT	8.7	8.4	21.8	21.8
Net Profit	1.9	1.7	13.5	13.5
Notional Earn.	0.0	0.0	0.0	0.0
Pref./Conv. Div.	0.0	0.0	0.0	0.0
Profit for EPS	1.9	1.7	13.5	13.5
Diluted Shrs(m)	1,052	1,052	1,052	1,052
Diluted EPS (c)	0.2	0.2	1.3	1.3

RETURNS				
	FY14A	FY15E	FY16E	FY17E
ROE (%)	0.8	5.8	2.5	1.9
ROIC (%)	2.4	6.2	2.6	1.9
Incremental ROE	292.9	128.8	-42.0	-60.6
Incremental ROIC	784.8	-695.8	660.8	15.1

KEY ASSUMPTIONS								
Year-end January (AUD)	FY13A	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
AUD/USD	1.0359	0.9684	0.9091	0.8950	0.8727	0.8450	0.8173	
Copper price (US\$/lb)	3.70	3.33	3.31	3.28	3.28	3.20	3.08	
Copper price (US\$/t)	8,150	7,332	7,295	7,220	7,220	7,054	6,779	
Gold price (US\$/oz)	1,669	1,412	1,261	1,269	1,250	1,241	1,216	
Silver price (US\$/oz)	31.1	23.9	20.2	20.3	19.8	19.6	19.9	
Copper Prod Payable (kt)	13.3	16.6	22.2	19.3	18.1	18.1	18.1	
Gold Prod Payable (koz)	4.7	3.6	4.3	9.8	9.9	9.9	9.9	
Cu. Equiv Prod Payable (kt)	14.2	17.2	22.9	21.0	19.8	19.8	19.9	

PROFIT & LOSS (\$m)								
Year-end January (AUD)	FY13A	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
Sales Revenue	115.4	139.2	185.3	169.0	165.9	168.3	167.4	
EBITDA	13.9	37.6	54.2	34.5	31.7	30.3	29.3	
Depn & Amort	26.5	29.2	32.4	25.5	25.5	27.0	27.0	
EBIT	-12.6	8.4	21.8	9.0	6.2	3.3	2.3	
Net Interest Expense	5.7	5.9	2.5	0.0	-0.9	-1.6	-2.4	
Tax	-8.1	0.8	5.8	2.7	2.1	1.4	1.4	
Minorities / pref divs	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	
Net Profit pre Sig. Items	-10.2	1.7	13.5	6.3	4.9	3.4	3.3	
Abn's / Ext's / Signif.	1.6	0.2	0.0	0.0	0.0	0.0	0.0	
Reported Net Profit	-8.7	1.9	13.5	6.3	4.9	3.4	3.3	

CASH FLOW (\$m)								
Year-end January (AUD)	FY13A	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
EBITDA	13.9	37.6	54.2	34.5	31.7	30.3	29.3	
Interest & Tax	-3.1	-2.8	-3.2	0.1	0.7	0.0	0.7	
Working Cap / Other	17.6	-23.8	3.9	0.0	0.0	0.0	0.0	
Operating Cash Flow	28.4	11.0	54.9	34.6	32.4	30.3	30.0	
Maintenance Capex	-4.0	-3.0	-2.0	-2.0	-2.0	-2.0	-2.0	
Free Cash Flow	24.4	8.0	52.9	32.6	30.4	28.3	28.0	
Dividends Paid	0.0	0.0	0.0	-2.1	-4.2	-4.2	-2.1	
Development Capex	-34.1	-16.0	-29.6	-17.1	-8.3	-4.4	-2.4	
Invest. / Disposals	0.3	0.5	0.0	0.0	0.0	0.0	0.0	
Other Inv. Flows	-81.4	-3.7	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow Pre Financing	-90.8	-11.3	23.3	13.4	17.9	19.7	23.5	
Funded by Equity	97.5	10.2	0.0	0.0	0.0	0.0	0.0	
Funded by Debt	0.0	-9.8	-22.2	-18.6	0.0	0.0	0.0	
Funded by Cash	-6.7	11.0	-1.1	5.2	-17.9	-19.7	-23.5	

BALANCE SHEET SUMMARY (\$m)								
Year-end January (AUD)	FY13A	FY14A	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
Cash	27.4	16.5	17.6	12.4	30.3	50.0	73.5	
Current Receivables	6.4	5.0	3.3	1.5	0.7	0.4	0.2	
Current Inventories	19.7	26.2	17.4	7.8	3.9	2.0	1.0	
Net PPE	243.5	215.3	224.8	218.4	203.2	182.6	159.9	
Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Intangibles / Capitalised	0.6	0.3	0.3	0.3	0.3	0.3	0.3	
Other	48.7	48.6	48.6	48.6	48.6	48.6	48.6	
Total Assets	346.3	311.8	312.0	289.0	287.0	283.8	283.5	
Current Payables	41.6	23.9	15.2	7.9	4.1	2.1	1.1	
Total Debt	50.3	41.7	19.5	0.9	0.9	0.9	0.9	
Other Liabilities	23.5	28.1	28.1	28.1	28.1	28.1	28.1	
Total Liabilities	115.4	93.7	62.7	36.8	33.0	31.0	30.0	
Minorities / Convertibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Shareholder Equity	231.0	218.2	249.3	252.2	254.0	252.7	253.5	
Total Funds Employed	281.2	259.8	268.7	253.1	254.8	253.6	254.4	



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: 1,180.9m
- Options: 50m
- Market capitalisation: \$96m (at A\$0.080/sh)
- Cash: \$16.4m (31-Jan-14)
- Debt: \$41.7m (31-Jan-14)

KEY ASSETS

The 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)
- Shanthi 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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