

21 February 2011

Analysts

Keith Williams
03 9640 3802
keith.williams@wilsonhtm.com.au

Andrew Pedler
07 3212 1346
andrew.pedler@wilsonhtm.com.au

James Brennan-Chong
03 9640 3893
james.brennan-chong@wilsonhtm.com.au

LME copper inventories still climbing

Copper closed at US\$9,860/t or US\$4.47/lb on Friday after trading at an all time nominal high of US\$4.61/lb last Monday.

LME copper inventories continued to climb over the past week, adding 11.2kt Cu, which was an increase of 2.82%. Inventories are now at a six-month high at 408kt Cu.

Demand for copper from Chinese smelters is likely to have waned in January and February as activity slowed for the Chinese new year holidays. However, we do not expect the slow down in smelter demand to have been material given the relative difficulty and costs incurred in shutting down furnaces. Thus, the increase in LME inventories over the past three months is unlikely to be completely explained by the impacts of the Chinese new year.

The short-term impact from increasing copper inventories and potentially weak Chinese demand for copper is further evidenced by increasing TC/RC's charged by the Chinese smelters.

Despite this somewhat negative outlook, it remains only for the short-term, with the underlying fundamentals of the red metal still described by falling mine production and increasing underlying demand from copper intensive industries in developing and developed economies.

Copper TC/RC's on a short up swing

The latest TC/RC's charged to BHP by major Chinese copper smelter, China Tongling, hints that the impact of growing LME copper supplies could be having a more pronounced short-term impact than what the current near record high three-month copper price is implying. China Tongling agreed with BHP to a +50% increase in first half 2011 TC/RCs to \$72/7.2.

Oz Minerals, which earlier in the month said that the company expected benchmark TC/RCs to increase to US\$56/5.6 in 2011 from record low levels in 2010 of US\$46.5/4.65, demonstrates that beyond the short-term, as illustrated by the TC/RC's charged by China Tongling, the outlook for the red metal remains more robust.

Nickel moving higher

Nickel closed at US\$13.22/lb on Friday, a level last reached in mid 2008. LME nickel inventories are at a three-month low, with inventory levels at 129kt Ni.

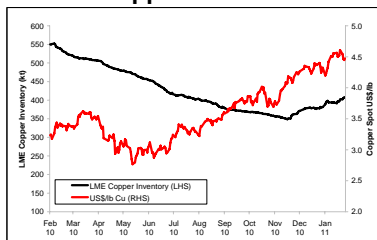
Similar to copper, the underlying fundamentals of nickel remain robust, as the metal is a key component in the fabrication of steel.

Patrick Buffet, Chairman and CEO of Eramet recently affirmed the bullish outlook for nickel stating that the fundamentals of nickel will be supported by the continued net depletion of operating mines and increasing industrial demand from China, which is heavily dependent on net imports of nickel.

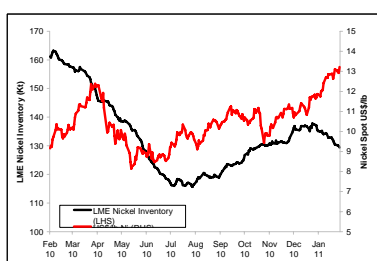
Despite our HOLD recommendation on IGO, pending further analysis on the proposed acquisition of Jabiru, we view IGO as having particularly good leverage to the nickel and copper price with the company's Long nickel mine, as well as long term exposure to the gold price through the increasingly large Tropicana Gold project. With the addition of the Jaguar mine, the acquisition of Jabiru will add additional zinc and copper exposure to IGO's portfolio, as well as adding further copper/zinc exposure through the longer-term Stockman project in Victoria, which remains at the pre-feasibility stage.

Combined, we see IGO as a fully diversified mid-tier base and precious metals play.

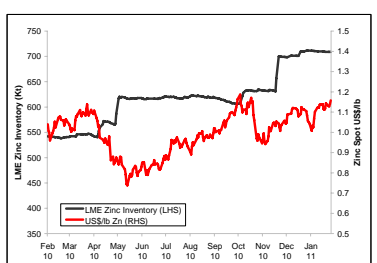
Historic Copper Price



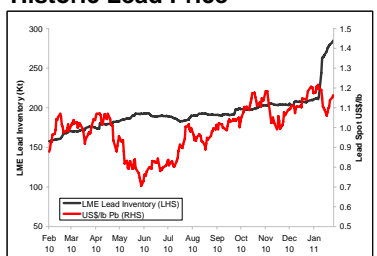
Historic Nickel Price



Historic Zinc Price



Historic Lead Price



LME Metal Prices And Stocks

Table 1. LME Metal Prices – US\$

	Cash Price 18/2/2011	3 Month Forward	15 Month Forward	27 Month Forward
Aluminium (US\$/lb)	1.16	1.14	1.17	1.19
Copper (US\$/lb)	4.47	4.44	4.38	4.20
Lead (US\$/lb)	1.21	1.17	1.15	
Nickel (US\$/lb)	13.22	12.86	12.42	11.82
Tin (US\$/lb)	14.67	14.29	14.11	
Zinc (US\$/lb)	1.16	1.13	1.15	1.14

Source: LME, Bloomberg

Table 2. LME Metal Prices – A\$

	Cash Price 18/2/2011	3 Month Forward	15 Month Forward
AUDUSD	1.01	1.00	0.95
Aluminium (A\$/lb)	1.15	1.14	1.22
Copper (A\$/lb)	4.41	4.44	4.59
Lead (A\$/lb)	1.19	1.17	1.20
Nickel (A\$/lb)	13.03	12.86	13.03
Tin (A\$/lb)	14.46	14.29	14.79
Zinc (A\$/lb)	1.14	1.13	1.20

Source: LME, Bloomberg

Table 3. LME Metal Price Changes – US\$ Cash Price

	One Week	One Month	Three Months	Six Months	Twelve Months
Aluminum (US\$/lb)	3%	7%	14%	26%	20%
Copper (US\$/lb)	-1%	5%	17%	36%	33%
Lead (US\$/lb)	4%	9%	17%	30%	13%
Nickel (US\$/lb)	3%	13%	33%	35%	41%
Tin (US\$/lb)	2%	20%	29%	57%	90%
Zinc (US\$/lb)	4%	10%	18%	24%	8%

Source: LME, Bloomberg

Table 4. LME Metal Price Changes – A\$ Cash Price

	One Week	One Month	Three Months	Six Months	Twelve Months
Aluminum (A\$/lb)	2%	4%	10%	11%	6%
Copper (A\$/lb)	-2%	3%	14%	20%	18%
Lead (A\$/lb)	3%	6%	14%	14%	0%
Nickel (A\$/lb)	2%	10%	30%	19%	25%
Tin (US\$/lb)	1%	17%	26%	38%	69%
Zinc (A\$/lb)	2%	7%	15%	9%	-4%

Source: LME, Bloomberg

Table 5. LME Metal Inventory Changes

	Closing Stocks (Tonnes)	One Week Change	One Month Change	Three Month Change	Six Month Change	Twelve Month Change
Aluminum	4,593,175	0%	2%	7%	3%	0%
Copper	407,925	3%	7%	13%	2%	-26%
Lead	296,975	1%	12%	46%	54%	85%
Nickel	129,396	-1%	-6%	-1%	11%	-21%
Tin	17,610	-3%	2%	24%	22%	-32%
Zinc	708,775	0%	0%	12%	14%	31%

Source: LME, Bloomberg



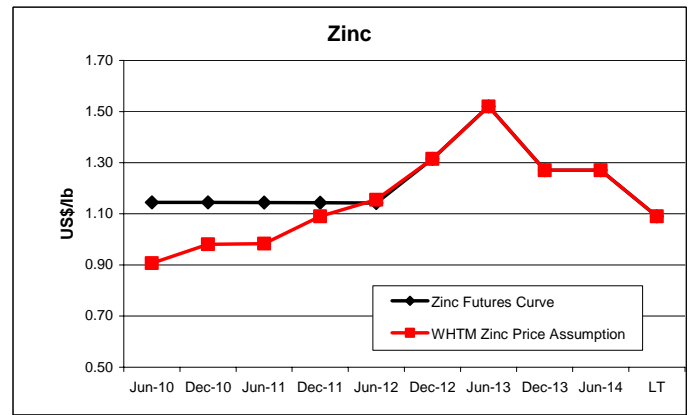
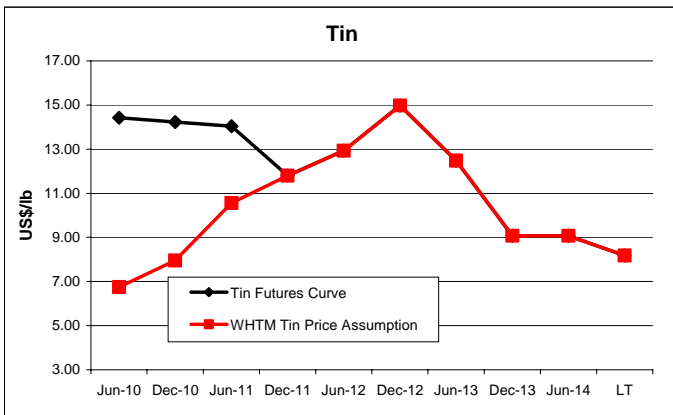
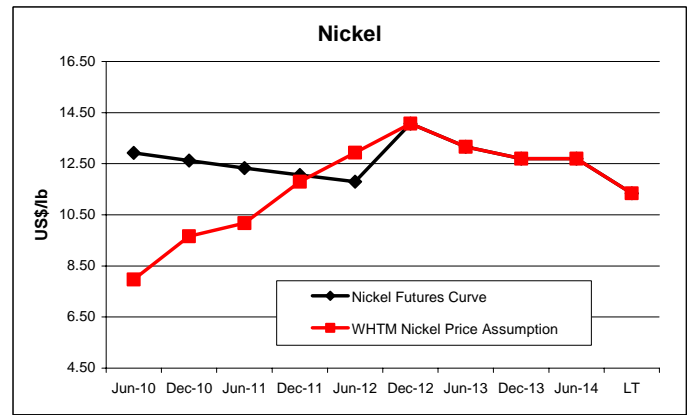
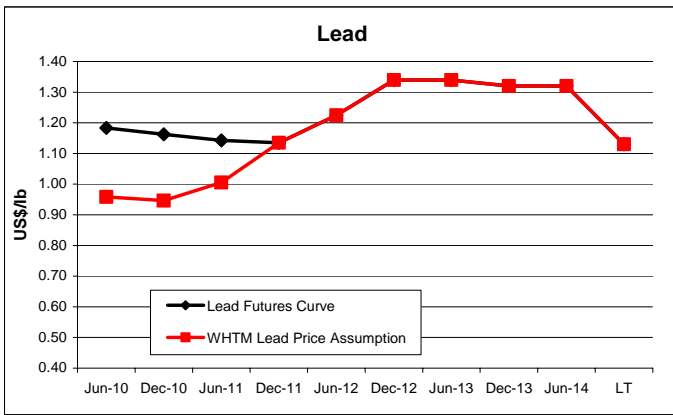
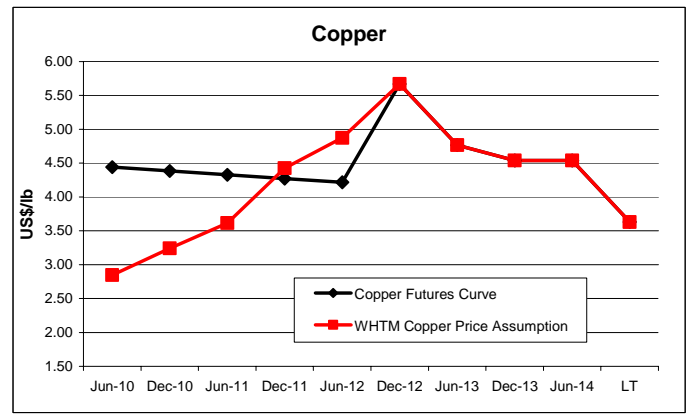
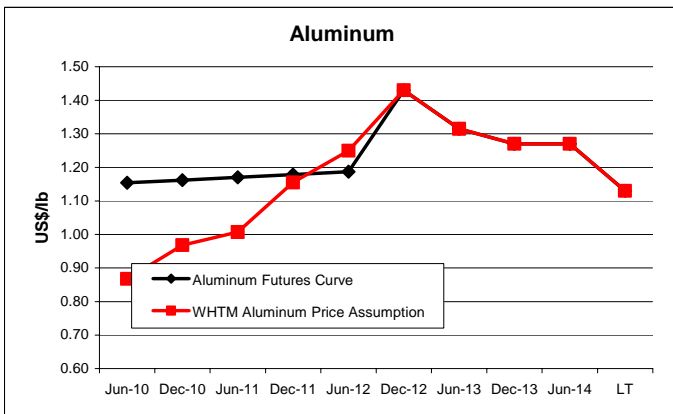
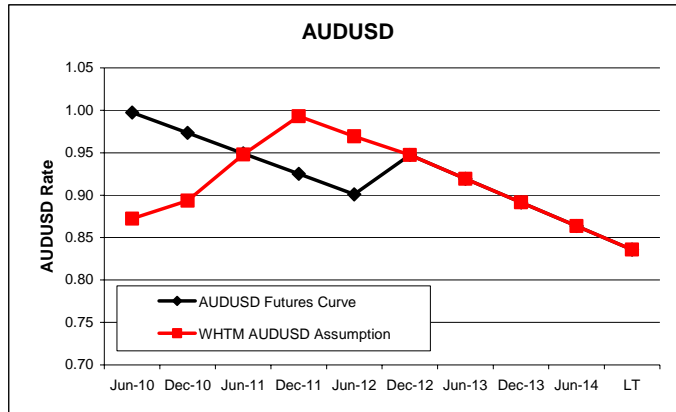
Table 6. WHTM Metal Price Forecasts

Pricing Forecasts			2010	2011	2012	2013	2014
AUDUSD	HY1 (Jun)	USD	0.89	0.99	0.95	0.89	0.84
	HY2 (Dec)	USD	0.95	0.97	0.92	0.86	0.81
Aluminum Price	HY1 (Jun)	US\$/lb	0.97	1.16	1.43	1.27	1.13
	HY2 (Dec)	US\$/lb	1.01	1.25	1.32	1.27	1.13
Copper Price	HY1 (Jun)	US\$/lb	3.24	4.43	5.67	4.54	3.63
	HY2 (Dec)	US\$/lb	3.61	4.88	4.77	4.54	3.63
Lead Price	HY1 (Jun)	US\$/lb	0.95	1.14	1.34	1.32	1.13
	HY2 (Dec)	US\$/lb	1.01	1.23	1.34	1.32	1.13
Nickel Price	HY1 (Jun)	US\$/lb	9.65	11.80	14.07	12.70	11.34
	HY2 (Dec)	US\$/lb	10.17	12.93	13.16	12.70	11.34
Tin Price	HY1 (Jun)	US\$/lb	7.95	11.80	14.98	9.07	8.17
	HY2 (Dec)	US\$/lb	10.56	12.93	12.48	9.07	8.17
Zinc Price	HY1 (Jun)	US\$/lb	0.98	1.09	1.32	1.27	1.09
	HY2 (Dec)	US\$/lb	0.98	1.16	1.52	1.27	1.09

Source: Wilson HTM



Chart 1: LME Futures VS Wilson HTM Price Assumptions



Source: Wilson HTM, Bloomberg

Table 7. Valuations And Target Prices – Spot Price And WHTM Forecast Basis

Base Metals Company	Current Share Price	Current Recommendation	Valuation		Target Price	
			Spot Price Based	WHTM Assumption Based	Spot Price Based	WHTM Assumption Based
Copper Stocks						
Hillgrove Resources	\$0.31	BUY	\$0.76	\$0.53	\$0.86	\$0.64
Intrepid Mines	\$2.09	BUY	n/a	\$1.74	n/a	\$2.41
OZ Minerals Limited	\$1.71	HOLD	\$1.64	\$1.67	\$1.68	\$1.70
PanAust Limited	\$0.84	HOLD	\$1.17	\$0.87	\$1.32	\$0.99
Nickel Stocks						
Independence Group	\$6.98	HOLD	\$6.53	\$8.68	\$6.55	\$8.87
Panoramic Resources Ltd	\$2.47	BUY	\$3.84	\$3.85	\$3.93	\$3.95
Western Areas Ltd	\$6.90	SELL	\$5.53	\$5.50	\$4.93	\$5.10
Zinc Stocks						
Kagara Ltd	\$0.80	BUY	\$1.56	\$1.75	\$1.66	\$1.88

Source: Wilson HTM

Table 8. Earnings And Price Multiples – Spot Price And WHTM Forecast Basis

Company		Recom	2010	(a/f)	2011	(f)	2012	(f)			
			NPAT \$m	P/E cps	P/CF cps	NPAT \$m	P/E cps	P/CF cps	NPAT \$m	P/E cps	P/CF cps
Copper Companies											
Hillgrove Resources	Assumption Based	BUY	-16.0	0.0	0.0	-11.2	0.0	0.0	-4.2	0.0	0.0
Y/E Jan	Spot Based		-16.0	0.0	0.0	-11.2	0.0	0.0	-4.2	0.0	0.0
OZ Minerals Limited	Assumption Based	HOLD	398.2	13.9	8.3	573.8	8.9	5.6	785.2	6.4	5.0
Y/E Dec	Spot Based		398.2	13.9	8.3	481.1	10.7	6.3	483.2	10.4	7.3
OZ Minerals Limited*	Assumption Based	HOLD	356.6	15.0	10.3	410.2	13.2	7.3	456.0	11.2	7.5
Y/E June (Normalised)*	Spot Based		356.6	-175.3	-48.2	410.2	13.2	7.3	456.0	11.2	7.5
PanAust Limited	Assumption Based	HOLD	44.0	33.9	41.1	156.2	14.9	8.5	285.7	9.0	5.9
Y/E Dec	Spot Based		44.0	33.9	41.1	156.2	14.9	8.5	260.8	9.8	6.5
PanAust Limited*	Assumption Based	HOLD	88.0	50.4	38.1	235.3	21.9	14.5	294.1	17.5	12.5
Y/E June (Normalised)*	Spot Based		88.0	50.4	143.7	235.3	21.9	14.5	294.1	17.5	12.5
Average (**)	Assumption Based		n/a	n/a		17.6	10.9		14.3	10.0	
Average (**)	Spot Based			n/a	n/a		17.6	10.9		14.3	10.0
Nickel Companies											
Independence Group	Assumption Based	HOLD	28.7	33.9	16.5	42.1	23.2	14.6	50.7	19.3	13.3
Y/E June	Spot Based		28.7	33.9	16.5	43.9	22.2	14.3	41.8	23.4	15.2
Panoramic Resources Ltd	Assumption Based	BUY	51.3	10.1	3.8	44.3	11.7	5.7	122.0	4.2	3.1
Y/E June	Spot Based		51.3	10.1	3.8	47.6	10.9	5.5	91.7	5.7	3.8
Western Areas Ltd	Assumption Based	SELL	0.4	3294.9	14.4	148.3	8.5	4.5	171.3	7.4	5.4
Y/E June	Spot Based		0.4	3294.9	14.4	158.0	8.0	4.3	140.3	9.0	6.2
Average	Assumption Based		1113.0	10.2		14.5	8.3		10.3	7.3	
Average	Spot Based			1113.0	10.2		13.7	8.0		12.7	8.4
Zinc Stocks											
Kagara Ltd	Assumption Based	BUY	5.9	92.9	17.0	45.6	12.0	5.7	142.9	3.8	2.6
Y/E June	Spot Based		5.9	92.9	17.0	44.8	12.2	5.8	79.6	6.9	4.0

Source: Wilson HTM

Note: * OZL Minerals Limited and PanAust Limited earnings are normalized to year ending June by adding the corresponding half yearly numbers.

** Price multiples for copper companies are calculated based on normalized and actual 12 month June ending forecasts.

Table 9. Valuations And Target Prices – Futures Price And WHTM Forecast Basis

Base Metals Company	Current Share Price	Current Recommendation	Valuation		Target Price	
			Futures Price Based	WHTM Assumption Based	Futures Price Based	WHTM Assumption Based
Copper Stocks						
Hillgrove Resources	\$0.31	BUY	\$0.79	\$0.53	\$0.89	\$0.64
Intrepid Mines	\$2.09	BUY	n/a	\$1.74	n/a	\$2.41
OZ Minerals Limited	\$1.71	HOLD	\$1.76	\$1.67	\$1.80	\$1.70
PanAust Limited	\$0.84	HOLD	\$1.17	\$0.87	\$1.32	\$0.99
Nickel Stocks						
Independence Group	\$6.98	HOLD	\$7.92	\$8.68	\$8.06	\$8.87
Panoramic Resources Ltd	\$2.47	BUY	\$3.93	\$3.85	\$4.03	\$3.95
Western Areas Ltd	\$6.90	SELL	\$5.47	\$5.50	\$4.98	\$5.10
Zinc Stocks						
Kagara Ltd	\$0.80	BUY	\$1.80	\$1.75	\$1.93	\$1.88

Source: Wilson HTM

Table 10. Earnings And Price Multiples – Futures Prices And WHTM Forecast Basis

Company		Recom	2010			2011			2012		
			NPAT	P/E	P/CF	NPAT	P/E	P/CF	NPAT	P/E	P/CF
			\$m	cps	cps	\$m	cps	cps	\$m	cps	cps
Copper Companies											
Hillgrove Resources	Assumption Based	BUY	-16.0	0.0	0.0	-11.2	0.0	0.0	-4.2	0.0	0.0
Y/E Jan	Futures Based		-16.0	0.0	0.0	-11.2	0.0	0.0	-4.2	0.0	0.0
OZ Minerals Limited	Assumption Based	HOLD	398.2	13.9	8.3	573.8	8.9	5.6	785.2	6.4	5.0
Y/E Dec	Futures Based		398.2	13.9	8.3	512.1	10.0	6.0	533.6	9.4	6.8
OZ Minerals Limited*	Assumption Based	HOLD	356.6	15.0	10.3	423.6	12.8	7.1	494.0	10.3	7.1
Y/E June (Normalised)*	Futures Based		356.6	15.0	-48.2	423.6	12.8	7.1	494.0	10.3	7.1
PanAust Limited	Assumption Based	HOLD	44.0	33.9	41.1	156.2	14.9	8.5	285.7	8.3	5.5
Y/E Dec	Futures Based		44.0	33.9	41.1	156.2	14.9	8.5	247.5	9.6	6.4
PanAust Limited*	Assumption Based	HOLD	88.0	50.4	38.1	230.2	22.4	14.8	275.4	18.7	13.3
Y/E June (Normalised)*	Futures Based		88.0	50.4	143.7	230.2	22.4	14.8	275.4	18.7	13.3
Average (**)	Assumption Based			33.9	41.1		17.6	10.9		14.5	10.2
Average (**)	Futures Based			33.9	41.1		17.6	10.9		14.5	10.2
Nickel Companies											
Independence Group	Assumption Based	HOLD	28.7	33.9	16.5	42.1	23.2	14.6	50.7	19.3	13.3
Y/E June	Futures Based		28.7	33.9	16.5	44.5	21.9	14.1	45.7	21.3	14.3
Panoramic Resources Ltd	Assumption Based	BUY	51.3	10.1	3.8	44.3	11.7	5.7	122.0	4.2	3.1
Y/E June	Futures Based		51.3	10.1	3.8	51.3	10.1	5.3	99.5	5.2	3.6
Western Areas Ltd	Assumption Based	SELL	0.4	3294.9	14.4	148.3	8.5	4.5	171.3	7.4	5.4
Y/E June	Futures Based		0.4	3294.9	14.4	161.3	7.8	4.3	145.4	8.7	6.1
Average	Assumption Based			22.0	10.2		14.5	8.3		10.3	7.3
Average	Futures Based			22.0	10.2		13.3	7.9		11.7	8.0
Zinc Stocks											
Kagara Ltd	Assumption Based	BUY	5.9	92.9	17.0	45.6	12.0	5.7	142.9	3.8	2.6
Y/E June	Futures Based		5.9	92.9	17.0	49.7	11.0	5.4	95.8	5.7	3.6

Source: Wilson HTM

Note: * OZL Minerals Limited and PanAust Limited earnings are normalized to year ending June by adding the corresponding half yearly numbers.

** Price multiples for copper companies are calculated based on normalized and actual 12 month June ending forecasts.

Table 11. Key Forecasts and Recommendations – WHTM Assumptions

Stock	Price	NPV @ WACC	Target Price	Target price upside	Recom	Year end
Copper Companies						
HGO	0.31	0.53	0.64	105%	BUY	Jan
IAU	1.84	1.74	2.41	31%	BUY	Jun
OZL	1.71	1.67	1.70	0%	HOLD	Dec
PNA	0.84	0.87	0.99	17%	HOLD	Dec
Nickel Companies						
IGO	6.98	8.68	8.87	27%	HOLD	Jun
PAN	2.47	3.85	3.95	60%	BUY	Jun
WSA	6.90	5.50	5.10	-26%	SELL	Jun
Zinc Companies						
KZL	0.80	1.75	1.88	135%	BUY	Jun
Stock	2010	NPAT 2011	2012	2010	EBITDA 2011	2012
Copper Companies						
HGO (A\$m)	-16.0	-11.2	-4.2	-9.8	-12.1	-5.2
OZL (A\$m)	398.2	573.8	785.2	596.2	1212.6	1212.6
PNA (US\$m)	44.0	156.2	285.7	132.7	487.3	487.3
Nickel Companies						
IGO (A\$m)	28.7	42.1	50.7	46.3	76.9	76.9
PAN (A\$m)	51.3	44.3	122.0	123.9	212.7	212.7
WSA (A\$m)	0.4	148.3	171.3	73.1	319.0	319.0
Zinc Companies						
KZL (A\$m)	5.9	45.6	142.9	44.1	245.0	245.0
Stock	2010	EPS (cps)		2010	EV/EBITDA (x)	
Copper Companies						
HGO	-1.9	-1.4	-0.5	-85.5	-73.1	-183.1
OZL	12.3	19.1	26.8	6.7	4.3	2.9
PNA	2.0	5.2	9.5	18.7	7.9	4.2
Nickel Companies						
IGO	20.6	30.1	36.2	18.0	10.6	10.2
PAN	24.5	21.1	58.1	3.7	4.2	1.7
WSA	0.2	81.2	93.8	15.8	3.3	2.9
Zinc Companies						
KZL	0.9	6.7	20.9	11.3	4.6	1.4

Table 11. Key Forecasts and Recommendations – WHTM Assumptions continued.

Stock	PE (x)			P/CF (x)		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	-16.1	-22.9	-61.5	-30.2	-7.5	-65.6
OZL	13.9	8.9	6.4	8.3	5.6	5.0
PNA	33.9	14.9	8.7	41.1	8.5	5.8
Nickel Companies						
IGO	33.9	23.2	19.3	16.5	14.6	13.3
PAN	10.1	11.7	4.2	3.8	5.7	3.1
WSA	na	6.3	5.5	10.8	3.3	4.0
Zinc Companies						
KZL	92.9	12.0	3.8	17.0	5.7	2.6
Sector Avg.	22.9	14.7	8.0	17.4	7.2	5.6
Stock	DPS (cps)			Dividend Yield		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	0.0	0.0	0.0	0%	0%	0%
OZL	7.0	9.0	12.0	4%	5%	7%
PNA	0.0	0.0	0.0	0%	0%	0%
Nickel Companies						
IGO	5.0	7.1	8.3	1%	1%	1%
PAN	16.5	11.0	29.0	7%	4%	12%
WSA	6.0	46.0	46.0	1%	9%	9%
Zinc Companies						
KZL	0.2	2.0	6.4	0%	3%	8%
Stock	ROE			ROA		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	-13%	-6%	-2%	-10%	-10%	-3%
OZL	14%	18%	24%	23%	37%	52%
PNA	14%	28%	36%	15%	37%	58%
Nickel Companies						
IGO	14%	13%	12%	30%	29%	23%
PAN	18%	15%	34%	20%	18%	43%
WSA	0%	66%	52%	7%	51%	54%
Zinc Companies						
KZL	1%	10%	26%	2%	10%	32%

Table 11. Key Forecasts and Recommendations – WHTM Assumptions continued.

Stock	RoFE			PEG (x)		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	-13%	-13%	-3%	-8.8	-32.6	na
OZL	24%	40%	60%	3.4	5.7	4.6
PNA	18%	44%	73%	-46.0	5.6	4.8
Nickel Companies						
IGO	50%	46%	30%	24.3	15.8	16.0
PAN	29%	27%	63%	4.7	13.6	1.5
WSA	8%	62%	70%	na	0.0	4.8
Zinc Companies						
KZL	2%	14%	44%	na	1.5	1.2
Stock	EBIT Margin			EBITDA Margin		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	n/a	n/a	n/a	n/a	n/a	n/a
OZL	38%	52%	58%	53%	63%	68%
PNA	26%	47%	61%	38%	57%	67%
Nickel Companies						
IGO	31%	36%	41%	42%	49%	52%
PAN	25%	36%	59%	44%	56%	75%
WSA	18%	50%	57%	43%	64%	68%
Zinc Companies						
KZL	5%	22%	41%	20%	35%	51%
Stock	Pre-tax Profit Margin			NPAT Margin		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	n/a	n/a	n/a	n/a	n/a	n/a
OZL	41%	56%	62%	35%	39%	44%
PNA	21%	45%	61%	13%	30%	39%
Nickel Companies						
IGO	36%	45%	49%	26%	32%	34%
PAN	25%	39%	61%	18%	22%	43%
WSA	2%	44%	52%	0%	31%	37%
Zinc Companies						
KZL	2%	23%	42%	3%	16%	30%

Table 11. Key Forecasts and Recommendations – WHTM Assumptions continued.

Stock	Debt/Equity Ratio			Debt/Debt+Equity Ratio		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	2%	0%	18%	2%	0%	15%
OZL	0%	0%	0%	0%	0%	0%
PNA	21%	12%	8%	16%	10%	7%
Nickel Companies						
IGO	0%	0%	0%	0%	0%	0%
PAN	2%	1%	1%	2%	1%	1%
WSA	172%	106%	78%	63%	51%	44%
Zinc Companies						
KZL	8%	0%	0%	7%	0%	0%
Stock	Net Debt/Equity			Net Debt/Net Debt+Equity		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	-78%	-34%	-7%	-359%	-52%	-7%
OZL	-41%	-42%	-53%	-68%	-73%	-112%
PNA	3%	-17%	-43%	3%	-20%	-77%
Nickel Companies						
IGO	-67%	-68%	-42%	-203%	-215%	-74%
PAN	-15%	-11%	-37%	-18%	-13%	-59%
WSA	134%	36%	-2%	57%	27%	-2%
Zinc Companies						
KZL	-10%	-18%	-35%	-11%	-22%	-54%
Stock	Debt/Cashflow (x)			Interest Cover (x)		
	2010	2011	2012	2010	2011	2012
Copper Companies						
HGO	-0.3	0.0	-11.1	-0.8	-16.9	4.2
OZL	0.0	0.0	0.0	-15.7	-12.7	-13.9
PNA	2.8	0.3	0.2	5.7	22.7	-157.0
Nickel Companies						
IGO	0.0	0.0	0.0	-6.3	-3.6	-5.0
PAN	0.0	0.0	0.0	-5477.0	12.1	24.7
WSA	3.4	1.0	1.3	1.1	8.1	14.1
Zinc Companies						
KZL	1.2	0.0	0.0	1.9	-55.1	-41.9

Source: IRESS, WilsonHTM

Notes:

Share prices are from 18/2/2011

EV/EBITDA calculations based on end of period number shares and debt

ROE calculations are based on wtd. av. no. of shares, as well as wtd. av. equity for each year

ROA calculations are based on wtd. av. no. of shares, as well as wtd. av. assets for each year

Sector average P/Es and P/CFs only include values which are positive and less than 50

Table 12. Earnings Sensitivity – Net Operating Profit After Tax

	2010	2011	2012
Copper Companies			
HGO (Jan Year End)			
+/- 1c US\$/A\$	0.00%	0.00%	0.00%
+/- 10% Copper Price	0.00%	0.00%	0.00%
OZL (Dec Year End)			
+/- 1c US\$/A\$	2.03%	2.01%	2.22%
+/- 10% Copper Price	15.33%	13.42%	11.92%
PNA (Dec Year End)			
+/- 1c US\$/A\$	0.00%	0.30%	0.50%
+/- 10% Copper Price	0.00%	2.01%	2.20%
Nickel Companies			
IGO (June Year End)			
+/- 1c US\$/A\$	0.00%	2.37%	2.33%
+/- 10% Nickel Price	0.00%	22.84%	22.07%
PAN (June Year End)			
+/- 1c US\$/A\$	0.00%	3.87%	2.50%
+/- 10% Nickel Price	0.00%	26.52%	16.93%
WSA (June Year End)			
+/- 1c US\$/A\$	0.00%	2.00%	1.88%
+/- 10% Nickel Price	0.00%	22.00%	18.19%
Zinc Companies			
KZL (June Year End)			
+/- 1c US\$/A\$	0.00%	4.37%	2.24%
+/- 10% Zinc Price	0.00%	17.27%	9.20%

Source: Wilson HTM



Recommendation Structure

BUY: Total return +10% or more over a 12 month period

HOLD: Total return expected to be between +10% to -10% over a 12-month period

SELL: Total return expected to be -10% or more over a 12 month period

TOTAL RETURN OR TSR = capital growth in share price + expected dividend yield in that period

Other definitions

CS Coverage Suspended. Wilson HTM Ltd has suspended coverage of this company.

NR Not Rated. The recommendation has been suspended temporarily. Such suspension is in line with Wilson HTM Investment Group Ltd policies in circumstances where Wilson HTM Corporate Finance Ltd is acting in an advisory capacity in a merger or strategic transaction involving the company and in certain other situations.

Disclaimer

Whilst Wilson HTM Ltd believes the information contained in this communication is based on reliable information, no warranty is given as to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law Wilson HTM Ltd disclaims all liability to any person relying on the information contained in this communication in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Any projections contained in this communication are estimates only. Such projections are subject to market influences and contingent upon matters outside the control of Wilson HTM Ltd and therefore may not be realised in the future.

The advice contained in this document is general advice. It has been prepared without taking account of any person's objectives, financial situation or needs and because of that, any person should, before acting on the advice, consider the appropriateness of the advice, having regard to the client's objectives, financial situation and needs. Those acting upon such information without first consulting one of Wilson HTM Ltd investment advisors do so entirely at their own risk. This report does not constitute an offer or invitation to purchase any securities and should not be relied upon in connection with any contract or commitment whatsoever. If the advice relates to the acquisition, or possible acquisition, of a particular financial product – the client should obtain a Product Disclosure Statement relating to the product and consider the Statement before making any decision about whether to acquire the product. This communication is not to be disclosed in whole or part or used by any other party without Wilson HTM Ltd's prior written consent.

Disclosure of Interest

The Directors of Wilson HTM Ltd advise that at the date of this report they and their associates have relevant interests in securities mentioned in this report. They also advise that Wilson HTM Ltd and Wilson HTM Corporate Finance Ltd A.B.N. 65 057 547 323 and their associates have received and may receive commissions or fees from these companies in relation to advice or dealings in securities. Some or all of Wilson HTM Ltd authorised representatives may be remunerated wholly or partly by way of commission.

In producing research reports, members of Wilson HTM Ltd Research may attend site visits and other meetings hosted by the issuers the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Wilson HTM Ltd considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting.

Please see disclosures at <http://www.wilsonhtm.com.au/Disclosures>. Disclosures applicable to companies included in this report can be found in the latest relevant published research.

BRISBANE
Ph: 07 3212 1333
Fax: 07 3212 1399

SYDNEY
Ph: 02 8247 6600
Fax: 02 8247 6601

MELBOURNE
Ph: 03 9640 3888
Fax: 03 9640 3800

GOLD COAST
Ph: 07 5509 5500
Fax: 07 5509 5599

DALBY
Ph: 07 4660 8000
Fax: 07 4660 4169

HERVEY BAY
Ph: 07 4197 1600
Fax: 07 4197 1699

TOWNSVILLE
Ph: 07 4725 5787
Fax: 07 4725 5104

Our web site: www.wilsonhtm.com.au