The forgotten iron ore story ready for rejuvenation

Investment Highlights

Sundance Resources (ASX: SDL) is the forgotten iron ore story on the ASX. After enduring a takeover proposal by Chinese group Hanlong Mining which spanned 21 months and was eventually terminated in April 2013, SDL is reinvigorating development of its flagship Mbalam-Nabeba iron ore project in West Africa. With the project essentially fully permitted and high quality resources and ore reserves defined, sourcing the funds required to build the circa $5 billion Stage one integrated mine, rail and port project is the key focus. Term sheets have been issued and tenders are due for construction of the port and rail network while financing proposals considering infrastructure asset sales and joint ventures are also progressing. SDL has recently raised $40m via the placement of convertible notes to commodities marketing group Noble Resources and a sophisticated global investor consortium, which provides the required working capital to finalise the funding process.

- **Mbalam-Nabeba Project: A significant iron ore development opportunity:** We believe that the Mbalam-Nabeba iron ore project is a potential tier one asset that hosts a substantial direct shipping ore (DSO) ore reserve and a massive underlying itabirite mineral resource. The challenge lies in financing the infrastructure that is required to develop this significant greenfields project and SDL is pursuing large business groups for product offtake, joint venture and asset sales initiatives which will result in this hurdle being cleared. We anticipate the funding process to reach a climax in the March 2014 quarter and we believe that the Company's key personnel have the attributes to deliver value-accretive transactions.

- **Quality high grade hematite resource:** The project hosts a high-grade mineral resource of 775Mt at 57.2% Fe, which includes 436.3Mt of ore reserves at 62.6% Fe with low impurities levels. The Definitive Feasibility Study (DFS) conducted in 2011 illustrated robust economics with capex of US$4.7bn (capital intensity of US$134/t) and estimated cash operating costs before royalty payments of US$21.20/t for a 35Mtpa operation. Additionally the project area hosts an Itabirite resource of 4,047Mt at 36.3% Fe, which has a demonstrable beneficiation process that produces a 66% Fe concentrate via fine grinding and flotation.

- **Iron ore price staying stronger for longer:** The outlook for iron ore is currently being upgraded as most forecasters increase future iron ore price estimates as demand remains strong. Several analysts have reversed their bearish outlooks as Chinese economic growth remains healthy and raw material inventory levels in China remain low. This more buoyant iron ore price outlook should assist SDL in attracting financiers for the Mbarga-Nabeba project.

- **Valuation:** Our Net Asset Value (NAV) of $0.25/sh for SDL is based on our sum-of-parts analysis, which only includes the cash flows of the hematite DSO project. Our assumptions are detailed in the report but, in our opinion, are very achievable.

- **Catalysts:** 1) March Q 2014: Culmination of funding talks on EPC tender process for the port and rail infrastructure; 2) March Q 2014: Product offtake arrangements and mine joint venture development proposals due.

31 October 2013

12mth Rating		**BUY**
Price	A$	0.11
Target Price	A$	0.25
12m Total Return	%	122.3
RIC: **SDL.AX**		BBG: **SDL AU**
Shares o/s	m	3072.1
Free Float	%	85.9
Market Cap.	A$m	345.6
Net Debt (Cash)	A$m	-4.0
Net Debt/Equity	%	na
3m Av. D. T'over	A$m	2.10
52wk High/Low	A$	0.39/0.07
2yr adj. beta		0.82

Valuation:

Methodology		DCF
Value per share	A$	0.25

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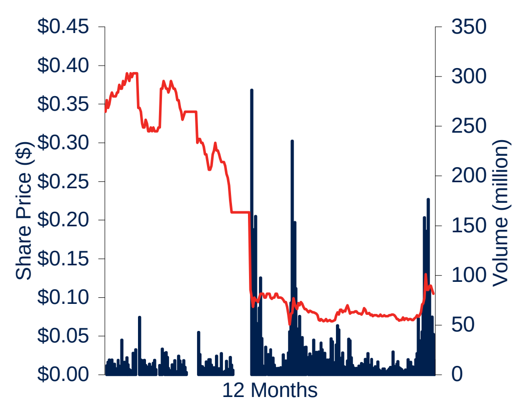
12 Month Share Price Performance



Performance %	**1mth**	**3mth**	**12mth**
Absolute	50.7	39.2	-68.1
Rel. S&P/ASX 300	46.9	26.9	-67.9

Valuation

We have conducted a discounted cash flow valuation of SDL making the following assumptions:

1. We have only modelled the cash flow of the DSO hematite project, assuming detailed design commences in mid CY2014, construction starts in early 2015 and production initiates in December 2017.

2. We assume that SDL sells down its interest in the project from 76.5% to 51% in exchange for funding commitments of $1.5bn. When combined with an assumed 65% debt financing model, this sell-down is sufficient to fund SDL into production at Mbalam-Nabeba on its current capital structure.

3. We have escalated capex from the DFS by c10% to $5.2bn, while operating costs have been inflated by CPI from the DFS, which used December 2010 dollars.

4. We have applied a nominal valuation of US$0.20 per Fe unit in-situ for 51% of the Itabirite resource, as we assume the project sell-down in item 2 includes the underlying itabirite project.

Figure 1: Sundance Resources – DCF Valuation

NPV By Project		100%	Equity	Share	
10%	real dcf	$m	$m	A$m	$ps
Mbalam-Nabeba Stage 1		1,786.09	910.90	960.93	0.24
Forwards/Prepayments			-	-	-
Corporate			(115.97)	(122.34)	(0.03)
Unpaid Capital			-	-	-
Stage 2 Itabirite Project			149.84	158.07	0.04
Cash			8.82	9.30	0.00
Debt			(4.79)	(5.05)	(0.00)
				-	-
				-	-
				-	-
Total			**948.81**	**1,000.91**	**0.25**

Source: Patersons

Our analysis indicates that there is significant value in SDL based solely on the hematite project, without the need to factor in the potential of additional minelife from converting hematite resources to ore reserves or the potential cashflows of the itabirite project, both of which could be significantly value accretive.

We believe that the short-term catalyst for the stock lies in SDL's ability to successfully finance the project using the balance sheets of significant engineering, procurement and construction companies and product offtake groups.

Company Overview

SDL is an international iron ore exploration and development company focused on building a global iron ore business through the development of its flagship Mbalam-Nabeba Iron ore project. The project is based around a group of iron ore deposits covering the border of Cameroon and the Republic of Congo in central West Africa. The Mbalam-Nabeba project is an integrated Mine, Port and Rail Project with target annual production capacity of 35Mtpa for a minimum of 30 years. Stage one (the first ten years) will be focused on producing Direct Shipping Ore-quality high grade hematite. The second stage of the mine life will be the continued production at 35Mtpa of Itabirite Hematite for at least a further 20 years. SDL's headquarters are based in Perth, Western Australia home to world class iron ore deposits of the Pilbara region. This allows SDL to frequently draw on the expertise of some of the world's most experienced iron ore specialists. SDL currently employs approximately 200 people across its operations in Australia & West Africa.

SDL has a 90% interest in its subsidiary company Cam Iron SA in Cameroon. The Cameroon Government has the right to 10% free carry interest in the project companies pursuant to the Cameroon Mining Code and an additional 5% interest where the equity requirements can be loaned to the State and then repaid with interest out of dividends.

SDL also has an 85% interest in Congo Iron SA, its subsidiary in the Republic of Congo. The Congo Government has a right to a 10% interest in Congo Iron SA pursuant to the Congo Mining Code however this is subject to change depending on the final terms agreed under the convention, which is currently being negotiated.

Background

The Mbalam-Nabeba Iron Ore Project is situated on the border of Cameroon and the Republic of Congo in central West Africa. The project will aim to mine 35Mt of iron ore per annum. In addition SDL will need to construct 510km of rail line dedicated to transport the iron ore from the Mbarga mine in Cameroon, as well as a 70km rail spur line which will connect the Nabeba mine in Congo, to the Cameroon coast. SDL will also need to construct a new deep water iron ore export terminal at Kribi on the West coast of Cameroon. The terminal is designed to be capable of facilitating bulk iron ore carriers up to the size of 300,000 DWT.

The Mbalam-Nabeba Project life span is defined by two stages. Stage One of the project will be primarily focused on Direct Shipping Ore, this is anticipated to last for the first ten years of the project's life. The second stage of the project is expected to last a further 15+ years and will be focused on the production of high-grade Itabirite hematite concentrate. In April 2011, SDL released the results of the Definitive Feasibility Study for Stage One and the Pre-Feasibility Study for Stage Two which was a catalyst to the negotiation and finalisation of Government approvals and accords.

Figure 2: Location of the flagship Mbalam-Nabeba project

Source: Company Reports

Geological Setting

SDL's ore reserve is currently 436.3Mt at 62.6% Fe for Stage One of the project. The ore reserve contains low impurities of 4.43% Silica, 2.55% Alumina and 0.09% Phosphorus.

The current reserve is based on a resource inventory of 775.4Mt at a grade of 57.2% Fe. This represents a conversion of only 58 per cent of the Company's total Indicated Mineral Resources. It is a 24 per cent increase to the previously reported Reserves figure (announced in November 2012) and enables the Direct Shipping Ore (DSO) Stage One mine life to exceed ten years.

Figure 3 is the global summary of all high grade ore reserves for the Mbalam-Nabeba Project. The updated global ore reserves consist of the high grade ore reserves from the Mbarga, Mbarga South, Nabeba, Nabeba South and Nabeba North West deposits.

Figure 3: Resource and reserve table

GLOBAL HIGH GRADE RESOURCES	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	748.0	57.2	9.2	4.4	0.098	3.8
Inferred	27.4	57.4	15.1	3.0	0.090	1.5
Total High Grade Resources	**775.4**	**57.2**	**9.4**	**4.3**	**0.098**	**3.8**

High Grade Hematite Ore Reserves	Reserve Classification	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Ore Reserves Reported to ASX 24/12/2012	Probable	436.3	62.6	4.43	2.55	0.087	2.78

Source: Company Reports

High Grade Hematite Resources

High grade hematite resources currently total 775.4Mt at 57.2% Fe. The Indicated category of the high grade resource represents 96.5% of the total which further reinforces the assurance in drilling information and subsequent mineralogical and metallurgical studies. All resources were estimated in accordance with the JORC-Code.

Itabirite Resource

The total Project Itabirite Resource base now stands at 4bt at 36.3% Fe. This massive resource underpins Stage Two of the Project, which will commence around 10 years after the first DSO materials are mined and exported. Stage Two is expected to operate for a further minimum of 15 years as defined in the Prefeasibility Study that was completed in March 2011.

SDL drilled its first exploration hole for the Mbalam Project in June 2007. The current Resource estimate now incorporates assay results from 1,192 drill holes totaling more than 167,300 metres of drilling.

The resource definition and development drilling undertaken by the Company has primarily focused on the two principal deposits at Mbarga (in the Republic of Cameroon) and Nabeba (in the Republic of Congo). However the potential to grow total resources even further remains significant with numerous exploration targets identified for future drilling.

Feasibility Studies

In April 2011 SDL announced delivery of feasibility studies for the Mbalam-Nabeba project which consisted of a Definitive Feasibility Study (DFS) for Stage One and a Pre-Feasibility Study for Stage Two of the Project.

Stage One involved the production of 35Mtpa of high quality sinter fines iron ore material from two high-grade hematite deposits, Mbarga in the Republic of Cameroon and Nabeba in the Republic of Congo. Being a greenfields project in a relatively undeveloped location, capital expenditure was estimated at US$4.69 billion due to the requirement to construct a 510km long heavy haulage railway system with a 70km rail spur to Nabeba and a deep water port facility capable of accommodating bulk iron carriers of up to 300,000 metric tonnes. A summary of the capital cost estimate is outlined in Figure 4:

Figure 4: Stage One Capital Cost Estimate

Costs (including construction indirects)	US$M
Mining, Processing and Infrastructure	914
Rail	2,019
Port	537
Subtotal	**3,471**
EPCM, Owners costs and Contingency	1,214
Total (US$M, real as at December 2010)	**4,686**

Source: Company Reports

Because of the low waste to ore ratio of 0.9:1 and the relatively easy processing route due to the DSO nature of the hematite component of the resource/ore reserve, Operating cost estimates globally competitive at US$21.20 per tonne, pre-royalties.

The Stage Two PFS proposed development of a larger scale mining operation that exploited the underlying itabirite resource that will employ standard grinding and flotation to beneficiate the ore into a premium concentrate product with around 47% weight recovery to deliver 66% Fe. Stage Two was estimated to require an additional US$3.1bn of capex, produce final product for US$40/t and commence production once Stage One is completed.

$40 Million Raising Through Convertible Note Issue

On 22 October 2013 SDL announced that it had signed legally binding agreements to raise A$40m. The funds are to be raised through the issue of convertible notes and options to Noble Resources International Pty Ltd and an investor consortium made up of investment vehicles managed by Blackstone Alternative Solutions, L.L.C, the D.E. Shaw group and Senrigan Capital.

The funds will ensure SDL has sufficient working capital to progress development of its flagship Mbalam-Nabeba Iron Ore Project.

Noble Resources will invest A$20 via an unsecured convertible note ("The Noble note") at a rate of 10% interest per annum. Noble will have two options, the first being a conversion of the note into fully paid ordinary shares in SDL at $0.12/sh and the second being a conversion of the note into up to 30% ownership stake in a yet to be created market services company "MarketCo". In addition Noble will have a first right to offer, and a last right to match, the price and terms of sale for 15% of the ore produced from stage 1 of the project. Noble will also be issued 200m options, (subject to shareholder approval), the options are exercisable on the maturity of the "Noble note" at $0.12/sh per share, provided "MarketCo" has not been established and it does not hold marketing rights for product from the project on terms acceptable to Noble.

The remaining A$20m will be invested by an Investor consortium of Blackstone Alternative solutions, L.L.C, the D.E Shaw group and Senrigan capital, the investment will take place through the issue of a two-year zero coupon convertible note ("The Consortium note"), the note is convertible to SDL shares at $0.10/sh defined under the "Consortium Note Deed". In addition the consortium will be issued 260m options (subject to shareholder approval). The options will become exercisable should a relevant event occur. (A relevant event is defined as a "Control Event" (a public takeover bid, acquisition, capital reduction, sale of assets, Scheme of arrangement, Joint Venture) or a "Project Event" (an event in relation to the finance and construction of the project) that occurs prior to the maturity date.

The Noble Note, Consortium Note and Tranche 1 options will be issued under the company's 15% placement capacity

"MarketCo" will be used to market ore produced at the Mbalam-Nabeba project by Cam Iron SA and Congo Iron SA. Market Co will be responsible for blending the product from the project. Market Co will be the sole marketer of 100% of the product in return for a fee. In the event that Noble elects to convert the "Noble Note" into shares in "MarketCo" Noble will provide marketing services to "MarketCo" on terms to be agreed between Noble & MarketCo.

Documents for Product Offtake Contracts and Project Equity Issued

On 27 August 2013 SDL announced that it had issued term sheets for the sale of equity and off take agreements in relation to its flagship Mbalam-Nabeba Iron Ore project. SDL aims to have agreements in place to facilitate the full production capacity of 35Mtpa of high grade iron ore by the end of 2013. The off-take contracts will need to be at such a level that they can be used as security for the funding of the EPC infrastructure contracts. Companies committing to off-take will also have the opportunity to take an equity position in the mine or the total project, at terms to be agreed

It is anticipated that construction could commence on the rail and port following the successful completion of the EPC tender process and associated funding solutions. EPC tender submissions are expected to be received in December 2013, with final negotiations expected to take place during the first half of 2014.

SDL is encouraged by the strong interest that has been expressed by the parties receiving the tender documents.

All Environmental approvals for the infrastructure and mines have been awarded, including the declaration of Land Public Utility for the rail.

Management

Mr George F Jones AM CitWA - Chairman

Mr Jones was Chairman of Sundance Resources between November 2006 and August 2009, and re-joined the Board as Chairman in July 2010. He has a comprehensive understanding of the Company and its assets.

Mr Jones has more than 35 years' experience in the mining, banking and finance industries and has been a Director of a number of private and publicly-listed companies, including Australian iron ore producer Gindalbie Metals Ltd (ASX: GBG), where he has been Chairman since 2006.

He was instrumental in overseeing the growth of Portman Mining Limited over the course of a decade, taking it from a start-up iron ore producer in the early 1990s to a 6Mtpa producer of direct shipping hematite ore with a market capitalisation of over $600m in 2005. Mr Jones has a Bachelor of Business degree from Curtin University of Western Australia.

Mr Giulio Casello - Managing Director & CEO

Mr Casello has more than 30 years' experience as a senior executive in operations, business development and corporate strategy, including national and global exposure in manufacturing environments for several blue chip organisations.

Prior to his appointment as Managing Director of Sundance in October 2010, Mr Casello held the position of Chief Operating Officer for iron ore miner Sinosteel Midwest Corporation, where he led its development from an exploration company to a producer.

He previously worked at Century Aluminium Company in the United States, where as Senior Vice President, Business Development he was responsible for developing and implementing a growth plan in aluminium, alumina and critical raw materials (carbon, bauxite, energy) and managing new projects across the globe. He has also held a number of significant positions in Alcoa spanning across 20 years, including Director of WA Operations, General Manager Alcoa World Chemicals and Kwinana Alumina Refinery Location Manager.

Mr Michael Blakiston - Non-Executive Director

Mr Blakiston is a solicitor with some 30 years of legal experience in the resources sector. He is a partner in the Perth office of Australia law firm, Gilbert + Tobin. Mr Blakiston holds Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of Western Australia.

He has extensive commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. Gilbert + Tobin are currently engaged by Sundance Resources to provide ongoing legal advice.

Mr Blakiston has played a leading role in the negotiation and formulation of a number of key agreements relating to Sundance's Mbalam-Nabeba Iron Ore Project, and is currently involved in the negotiation of the Convention Agreements with the Congolese and Cameroon Governments

Mr Barry Eldridge - Non-Executive Director

Mr Eldridge has over 40 years industry experience both in Australia and overseas. Following a 20-year career in the coal industry in Queensland and New South Wales, Mr Eldridge moved to Western Australia in 1988 where he has been involved in a number of management roles in the mining industry.

Most notable of these have been Project Manager for the Super Pit in Kalgoorlie, Project Manager for the development of Kanowna Belle gold mine, Managing Director of Forrestania Gold NL, Project Director for Rio Tinto's West Angelas iron ore development, Director – Major Projects for North Ltd, Managing Director of Griffin Coal Pty Ltd, Managing Director and CEO of Portman Ltd and Chairman of SNC-Lavalin Australia Pty Ltd. He is currently a Director of Cliffs Natural Resources and Chairman of Mundo Minerals Limited.

Ms Fiona Harris - **Non-Executive Director**

Ms Harris has extensive experience as a Non-Executive Director over the past 15 years with iron ore companies Portman Mining Ltd and Territory Resources Ltd, Alinta Limited, Burswood Limited, Evans & Tate and various other organisations.

Ms Harris is currently a member of the National Board of the Australian Institute of Company Directors (AICD) (and a former Western Australian State President of AICD), a Non-Executive Director of listed mining companies Territory Resources Limited, Altona Mining Limited, Aurora Oil & Gas Limited and several private companies.

Ms Harris was previously a Partner at Chartered Accountants, KPMG, specialising in financial services and superannuation, capital raising, due diligence, IPO's, capital structuring of transactions and litigation support

Mr Robin Marshall - **Non-Executive Director**

Mr Marshall is an experienced mining executive with an impressive track record of international experience in the development and management of major resource projects.

Mr Marshall has held senior and executive positions with several global mining groups including Project Director for Vale Inco at its world-class Goro Nickel Project, Vice-President – Asset Development Projects for BHP Billiton Iron Ore, Project Manager for North Limited, Project Director with Iron Ore Company of Canada, Manager Projects for Forrestania and Project Services for Western Mining Corporation and Project Manager for Nedpac (Signet Engineering).

Mr Marshall has also spent a number of years in Africa in senior positions in both project and operational areas

Mr David Southam - Non-Executive Director

Mr Southam has more than 20 years' experience predominantly in the resources industry but also in accounting, banking and finance.

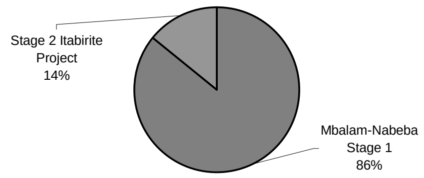
He was previously the Chief Financial Officer of Gindalbie Metals Ltd from May 2008 to November 2010 and was a Director of Karara Mining Ltd. During that time, he was responsible for completing the US$1.2 billion Karara project financing transaction and securing life-of-mine off-take contracts with consortiums out of China. Mr Southam also spent almost six years with Brambles Industries Ltd in a number of finance executive roles, including CFO of Cleanaway Industrial.

He is currently an Executive Director of Western Areas Ltd. A Certified Practicing Accountant, David has wide experience in executive and management roles, both in mining and industrial companies and has also previously held senior management positions with Australian Railroad Group, ANZ Investment Bank and WMC Resources Ltd.

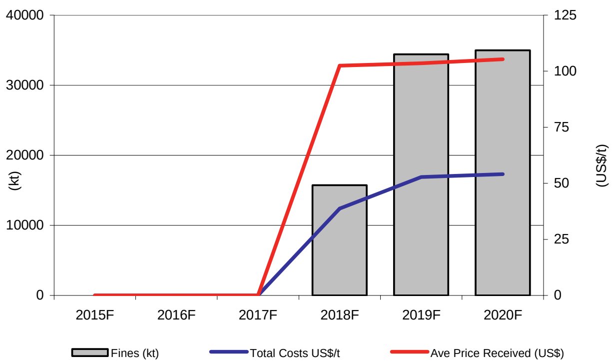
Sundance Resources Ltd **$0.11**

Valuation	A$m	A$/sh
Mbalam-Nabeba Stage 1	961	0.24
Corporate	(122)	(0.03)
Unpaid Capital	0	0.00
Stage 2 Itabirite Project	158	0.04
Cash	9	0.00
Debt	(5)	(0.00)
Total @ 10% Discount Rate	**1001**	**0.25**
Price Target	**1001**	**0.25**

Valuation Summary of Assets



Iron Ore Production Summary



Reserves & Resources

Hematite Reserves	Mt	% Fe	% Si
Mbarga and Mbarga South	127	63.4	5.77
Nabeba, Nabeba North West, Nabeba South	309	62.3	3.88
Total	**436**	**62.6**	**4.43**
Hematite Resources	**Mt**	**% Fe**	**% Si**
Indicated	748	57.2	9.2
Inferred	27.4	57.4	15.1
Total	**775.4**	**57.2**	**9.4**
Itabirite Resources			
Indicated	2325	38	44.4
Inferred	1722	33.9	42.5
Total	**4047**	**36.3**	**43.6**

Directors

Name	Position
George Jones	Chairman
Giulio Casello	MD & CEO
Michael Blakiston	Non-Executive Director
Barry Eldridge	Non-Executive Director
Fiona Harris	Non-Executive Director
Robin Marshall	Non-Executive Director
David Southam	Non-Executive Director

Substantial Shareholders:	Shares (m)	%
Sichuan Hanlong Group	433.8	14.1
Deutsche Bank AG	238.9	7.8
Creddit Suisse AG	201.1	6.5

Year End June 30

Commodity Assumptions	2015F	2016F	2017F	2018F
US$:A$	0.91	0.89	0.87	0.86
Iron Ore Fines (US$/t CFR)	115.43	111.82	108.50	104.50
Iron Ore Lump (US$/t CFR)	123.89	119.96	116.37	112.03

Production Summary	2015F	2016F	2017F	2018F
Mbalam-Nabeba Stage 1				
Fines (kt)	**0**	**0**	**0**	**15,750**
Op Costs (US$/t)	0	0	24	25
Shipping Costs (US$/t)	0	0	11	11
Freight differential (US$/t)	0	0	13	13
Royalties (US$/t)	0.0	0.0	0	2
Total Costs US$/t	**0**	**0**	**0**	**39**

Price and Forex	2015F	2016F	2017F	2018F
Ave Price Received (US$)	na	na	na	102.51

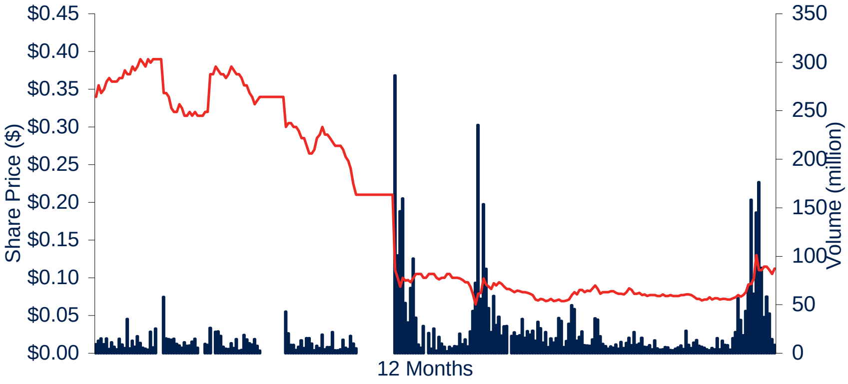
Profit & Loss (US$m)	2015F	2016F	2017F	2018F
Sales Revenue	**0.0**	**0.0**	**0.0**	**823.4**
Other Income	(1.5)	(11.1)	(21.2)	(42.2)
Operating Costs	0.0	0.0	0.0	332.0
Net Forex loss / (gain)	0.0	0.0	0.0	0.0
Net Shipping Costs	0.0	0.0	0.0	83.6
Exploration Exp.	4.1	4.2	4.3	4.4
Corporate/Admin	24.7	25.2	25.7	26.2
Other expenses	0.0	0.0	0.0	0.0
EBITDA	**(30.3)**	**(40.5)**	**(51.2)**	**335.0**
Depn & Amort	0.0	0.0	0.0	80.3
EBIT	**(30.3)**	**(40.5)**	**(51.2)**	**254.7**
Interest	0.0	0.0	0.0	56.5
MRRT	0.0	0.0	0.0	0.0
Sign Items pre-tax Gain / (loss)	0.0	0.0	0.0	0.0
Operating Profit	**(30.3)**	**(40.5)**	**(51.2)**	**198.2**
Tax expense	(9.1)	(12.1)	(15.4)	59.5
Minorities	0.0	0.0	0.0	0.0
Sign Items post-tax Gain / (loss)	0.0	0.0	0.0	0.0
NPAT	**(21.2)**	**(28.3)**	**(35.8)**	**138.7**
Normalised NPAT	**(21.2)**	**(28.3)**	**(35.8)**	**138.7**

Cash Flow (US$m)	2015F	2016F	2017F	2018F
Adjusted Net Profit	(21.2)	(28.3)	(35.8)	138.7
+ Interest/Tax/Expl Exp	(5.0)	(7.9)	(11.1)	120.4
- Interest/Tax/Expl Inc	12.7	42.6	70.9	178.0
+ Depn/Amort	0.0	0.0	0.0	80.3
+/- Other	0.0	0.0	0.0	0.0
Operating Cashflow	**(38.9)**	**(78.9)**	**(117.8)**	**161.4**
- Capex (+asset sales)	418.3	142.8	787.5	264.9
- Working Capital Increase	0.0	0.0	0.0	0.0
Free Cashflow	**(457.3)**	**(221.7)**	**(905.3)**	**(103.6)**
- Dividends (ords & pref)	0.0	0.0	0.0	0.0
+ Equity raised	0.0	97.6	0.0	0.0
+ Debt drawdown (repaid)	580.1	397.8	629.9	(67.4)
Net Change in Cash	**122.9**	**273.7**	**(275.4)**	**(171.0)**
Cash at End Period	391.8	665.6	390.2	219.2
Net Cash/(Debt)	(204.9)	(328.9)	(1234.2)	(1337.8)

Balance Sheet (US$m)	2015F	2016F	2017F	2018F
Cash	391.8	665.6	390.2	219.2
Total Assets	853.8	1320.9	1914.9	1986.2
Total Debt	596.7	994.5	1624.4	1557.0
Total Liabilities	648.8	1046.6	1676.4	1609.0
Shareholders Funds	205.0	274.3	238.5	377.2

Ratios	2015F	2016F	2017F	2018F
Net Debt/Equity (%)	99.9	119.9	517.5	354.6
Interest Cover (x)	na	na	na	4.5
Return on Equity (%)	na	na	na	36.8

Recommendation History



Date	Type	Target Price	Share Price	Recommendation	Return

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 (-10% to +10% total return) and Sell (> 10% 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.

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