

Terramin Australia (TZN)

ASX Code: TZN
Basic Materials and Energy

21 December 2007 7.45am

How rich is Tala Hamza ?

TZN is an emerging zinc producer with three major assets:

- Angas mine near Adelaide, currently being developed and expected to begin production in August 2008 before building up to 30kt/yr Zn, 10kt/yr Pb plus Cu, Ag and some Au;
- 65% of the Tala Hamza deposit in Algeria, for which TZN expects to complete a scoping study in Q1 2008. excellent results from recent drilling has extended the mineralised zone beyond the reported 55Mt resource, and
- 24% of the Menninnie Dam deposit in SA, for which TZN expects to announce an initial resource in early 2008.

TZN's valuation is dominated by its interest in Tala Hamza, with CommSec's valuation varying from \$2.28 to \$5.39 depending mostly on the final resource grade of Tala Hamza.

In CommSec's view, \$4.86 is a reasonable valuation, which assumes a Tala Hamza resource of 55Mt, supported by an independent audit, at 9.9% combined Zn+Pb compared with 6.2% (Zn+Pb) from Golder Associates interpretation of the initial drilling by the Algerian Government (ORGM).

The major risks to be considered in TZN are:

- The zinc price; and
- Political risk in Algeria.

Despite recent reports of terrorist activity in Algiers, Tala Hamza is more than 6 hours drive away to the east, near the major deepwater port of Bejaia. Our recent visit has enhanced our confidence that the political risk for the Tala Hamza project is very manageable.

TZN's valuation and share price movement is sensitive to zinc prices.

CommSec also sees significant upside to the valuation of Angas due to the potential for regional resource extensions.

Recommendation*

Short term call	BUY
Long term call	Out-perform
Valuation	\$4.86
12 mth price target	\$5.23
52-week high	\$4.05
52-week low	\$1.43
Current price	\$3.20
Market Cap m	\$ 319m

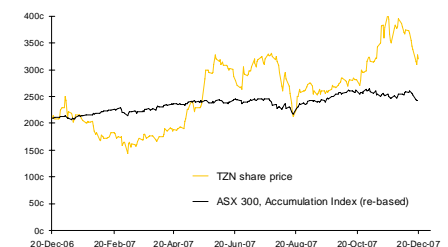
Previous short term call N/A
Previous long term call N/A
Date of change N/A

*SHORT TERM (over the next 6 months we expect the share price to:) Buy – Appreciate by >10%, Accumulate – Increase between 2% and 10%, Reduce – Increase by less than 2% or fall by up to 5%, Sell – Fall by >5%. Rev – Company is under review – no recommendation available. LONG TERM (over the next 24 months we expect the total return to:) Outperform (O / P) – Exceed market return by >5%, Market Perform (M / P) – Be in line with market return, +/-5%, Under Perform (U / P) – Be less than market return by >5%, Rev – Company is under review – no recommendation available.

Forecasts and Ratios

Year end	06a	07e	08e	09e	10e
Sales \$m	\$ 0.9m	\$ 0.3m	\$ 13.6m	\$ 91.0m	\$ 132.2m
NPAT \$m	(\$ 0.7m)	(\$ 3.3m)	(\$ 10.6m)	\$ 16.6m	\$ 40.9m
EPS c	(4.3c)	(5.8c)	(10.7c)	16.7c	41.0c
EPS growth	(138%)	(35%)	(83%)	256 %	146 %
PE Ratio x	(53.5x)	(64.9x)	(35.4x)	22.6 x	9.2 x
DPS c	0.0c	0.0c	0.0c	0.0c	0.0c

Price Relatives



^The S&P/ASX200 has been re-based to the stock's starting

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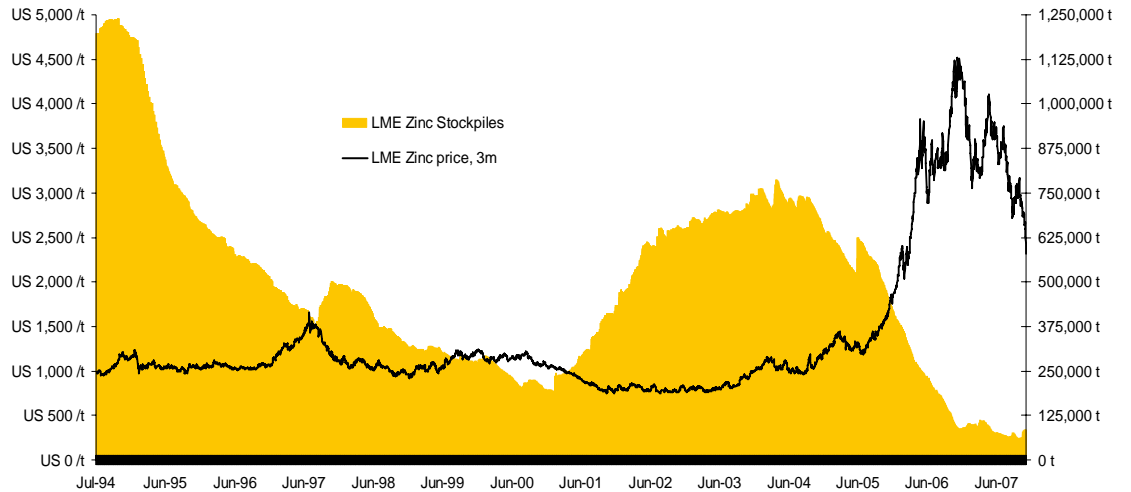
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Zinc Prices

After many years of low prices, the zinc price rose strongly through 2006 as inventories were reduced, as shown in Figure 1 below.

Figure 1: LME zinc stocks v zinc prices

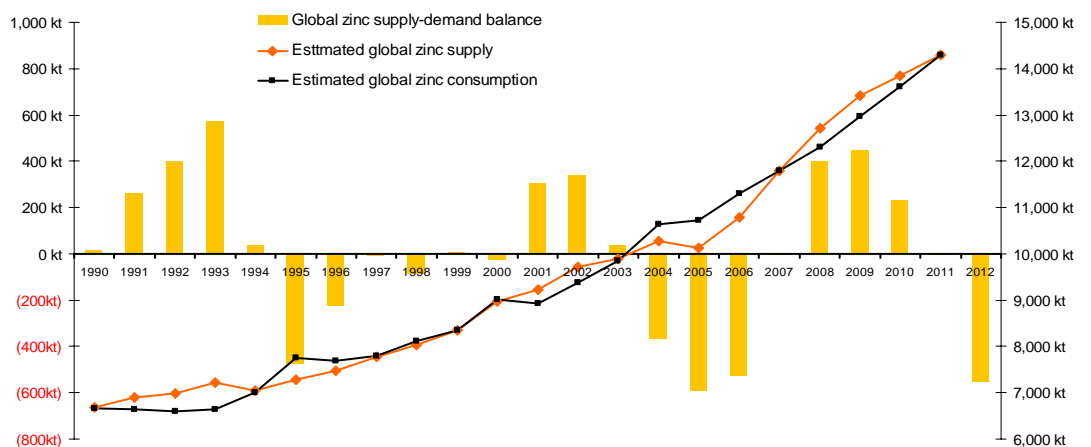


Source: IRESS, CommSec

Figure 1 also shows that zinc prices have retreated savagely, especially since May 2007, even though zinc inventories were virtually unchanged.

This is because the market is now looking to expected surpluses in zinc for each of the next three years, as shown in Figure 2 below.

Figure 2: Historical demand and supply for zinc including CommSec projections

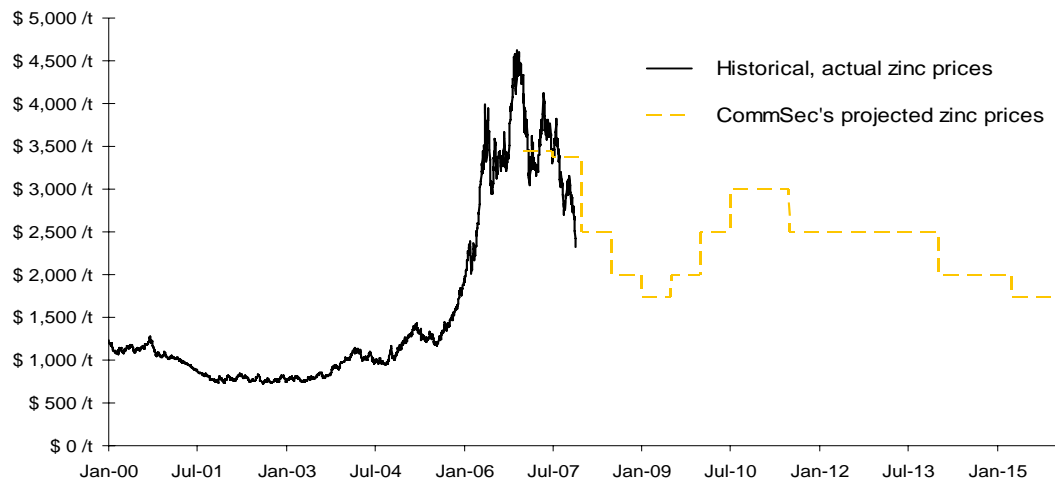


Source: ILZG, CRU, Bloomberg, IRESS, CommSec

In CommSec's view, the zinc price has fallen very quickly as large short positions have been opened in anticipation of the forecast zinc surplus so that much of the projected price weakness has already happened..

CommSec, however, projects some further price weakness over the next 18 months or so, as shown in Figure 3 below.

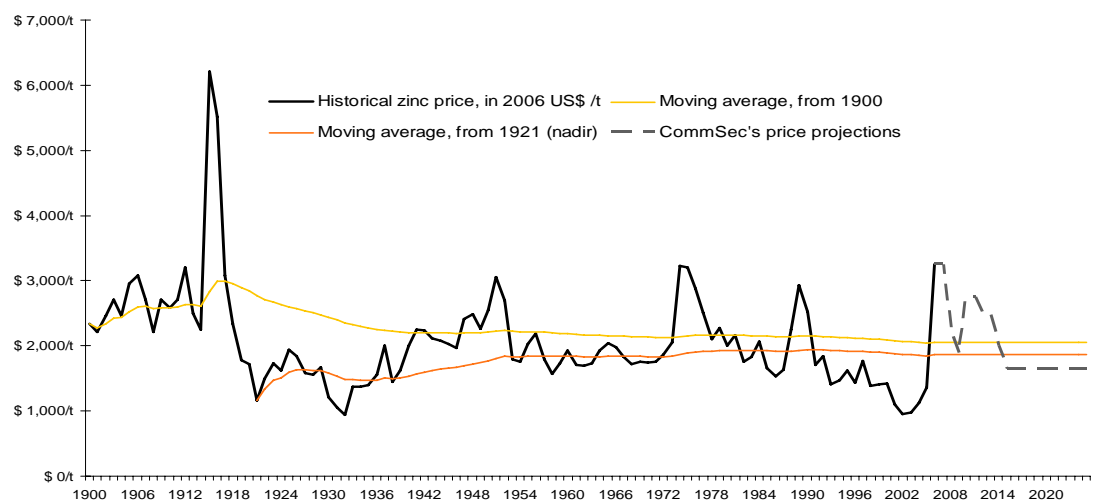
Figure 3: Historical zinc prices and CommSec's projections



Source: IRESS, CommSec projections

Figure 4 below shows that the recent high zinc prices are consistent with tightness in supply.

Figure 4: Historical zinc prices and CommSec projections



Source: United States Geological Survey, Bloomberg, IRESS, CommSec estimates

Figure 4 also shows that, over the period from 1940 to 1992, the annual average zinc price was very well described by a range of \$1,700/t to \$3,000/t.

Over this 53 year period there were:

- Only three years, 1985, 1986 and 1987, with an annual average price below \$1,700/t; and
- Only three years, 1951, 1974 and 1975, with an annual average price above \$3,000/t.

However, the experience of the 1990s has been of comparatively VERY low prices. This has been due to a combination of:

- A major increase in supply as two major deposits were brought into production (Red Dog and Century); and
- A major fall in demand due to the 1997 Asian financial crisis, on top of the decline in the growth of global demand following the collapse of the Soviet Union coupled with the secular decline in growth due to the decreasing materials intensity of “rich world” growth.

In CommSec’s view, both factors have changed:

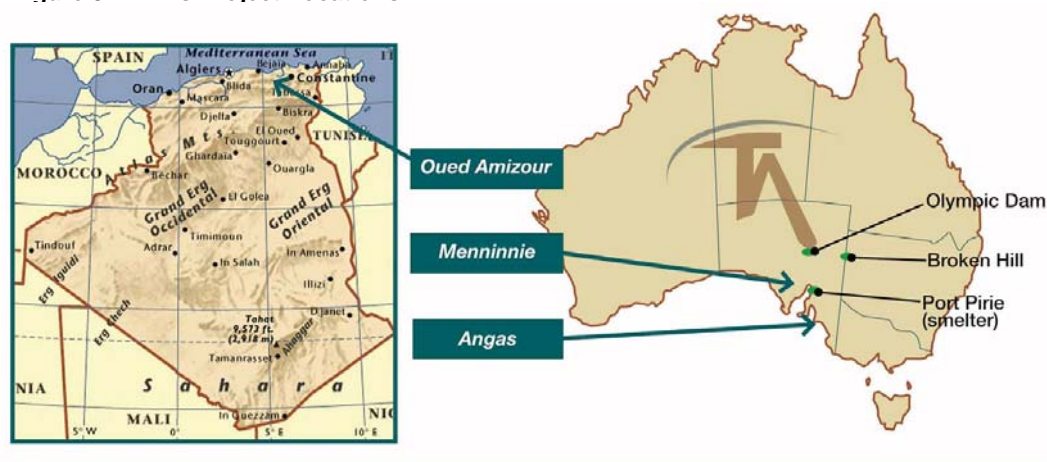
- Demand growth is more robust, due to the “BRICs”; and
- Supply growth is constrained.

The geological nature of zinc tends to mitigate against the discovery and development of large, high grade deposits due to the ease with which smaller, lower grade deposits can be developed when prices are higher, but these tend to have short lives coupled with high costs

This is the reason for the floor of US\$ 1,700/t, which is the basis for CommSec’s projected L-R zinc price of US\$1,750/t, or nearly 80c/lb.

Terramin (TZN) : An Emerging Zinc Producer

Figure 5: TZN’s Project Locations



Source: Terramin Australia

Terramin Australia (TZN) is an emerging zinc producer with one project currently in development and two more that are expected to begin development within the next three years. These projects are shown in Figure 5 above.

In total, TZN is expected to achieve production of about 200kt/yr of payable zinc equivalent in concentrate which represents its equity share from its three projects, as outlined in Table 1.

Table 1: TZN Projects

	Angas	Tala Hamza	Menninnie
TZN Share	100%	65%	24%
Commissioning	2008 Q3	2011 Q1	2012 Q1
Contained zinc	190kt	3,750kt	1,590kt
Annual production by site (Zn eq.)	34kt/yr	216kt/yr	191kt/yr
Cash costs of mining	\$A 83/t	\$A 47/t	\$A 40/t
Net cash costs of zinc	47c/lb	31c/lb	36c/lb

Source: CommSec estimates

Base Case Valuation

Table 2 below shows CommSec's projected operating and financial outcomes for TZN.

Table 2: CommSec's operating and financial projections for TZN

	2007	2008	2009	2010	2011	2012	2013	2014
\$A / US\$	0.839	0.883	0.809	0.774	0.770	0.770	0.770	0.770
Zinc	\$3,347/t	\$2,100/t	\$1,875/t	\$2,750/t	\$2,750/t	\$2,500/t	\$2,500/t	\$2,000/t
Lead	\$2,552/t	\$2,250/t	\$1,500/t	\$1,500/t	\$2,000/t	\$2,000/t	\$1,750/t	\$1,500/t
Silver	\$13.3/oz	\$13.0/oz	\$12.0/oz	\$11.5/oz	\$10.5/oz	\$10.0/oz	\$10.0/oz	\$10.0/oz
Total TZN production								
Zinc	0.0kt	4.9kt	31.4kt	29.7kt	138kt	213kt	390kt	524kt
Lead	0.0kt	1.3kt	9.4kt	10.1kt	41kt	62kt	128kt	171kt
Silver	0.0koz	47.9koz	340koz	278koz	296koz	311koz	1,526koz	2,083koz
Reported Revenue	\$ 0.3m	\$ 20.5m	\$ 102m	\$ 132m	\$ 408m	\$ 589m	\$ 861m	\$ 875m
Cash Costs	\$ 4.2m	\$ 17.7m	\$ 56m	\$ 66m	\$ 204m	\$ 270m	\$ 407m	\$ 458m
EBITDA	(\$3.9m)	\$ 2.8m	\$ 45.3m	\$ 66m	\$ 204m	\$ 319m	\$ 454m	\$ 417m
Dep'n & Amort'sn	(\$0.0m)	\$ 3.2m	\$ 13.8m	\$ 14.2m	\$ 23.7m	\$ 25.3m	\$ 37.4m	\$ 35.2m
Interest	\$ 0.4m	\$ 3.7m	\$ 2.9m	(\$4.1m)	(\$11.4m)	(\$21.1m)	(\$30.1m)	(\$33.4m)
Taxes	\$ 0.0m	\$ 0.0m	\$ 2.6m	\$ 16.8m	\$ 57.5m	\$ 94.4m	\$ 134.0m	\$ 124.5m
Minorities	\$ 0.9m	\$ 0.0m	\$ 0.0m	\$ 0.0m	(\$65.7m)	(\$113.9m)	(\$152.2m)	(\$146.6m)
NPAT	(\$3.3m)	(\$4.1m)	\$ 25.9m	\$ 39m	\$ 69m	\$ 106m	\$ 161m	\$ 144m
e.p.s.	(5.8c)	(4.1c)	26.0c	39.5c	69c	107c	161c	144c
d.p.s	0.0c	0.0c	0.0c	0.0c	6c	20c	20c	30c

Source: CommSec estimates

Table 2 shows significant growth over the medium term as the Angas project is commissioned and then Tala Hamza and Menninnie Dam are developed.

There are significant development risks in TZN. CommSec's valuation of TZN explicitly takes this into account by risk weighting projects as shown in Table 3 below.

Table 3: CommSec's base case valuation of TZN

discount rate =	10.0 %			31-Dec-06	18-Dec-07
		100%	Product	per share	
Angas	90%	\$ 90m	\$ 81m	73c	93c
franking credits	68%	\$ 33m	\$ 22m	20c	20c
Tala Hamza	70%	\$ 508m	\$ 356m	318c	353c
Menninnie Dam	50%	\$ 81m	\$ 40m	36c	39c
franking credits	38%	\$ 55m	\$ 21m	18c	18c
Administration	100%	(\$32m)	(\$32m)	(29c)	(29c)
Net Debt / Cash	100%	\$ 5m	\$ 5m	5c	(9c)
TOTAL		\$ 740m	\$ 493m	441c	486c
Shares on Issue		99.7m	FPO shares	12.3m	options

Source: CommSec estimates

Sensitivity Analyses

Table 3 shows that the bulk of TZN's valuation is accounted for by Tala Hamza, which is in Algeria.

CommSec has tested its derived valuation for the sensitivity to many factors. In addition to the choice made on Tala Hamza's development, CommSec's derived valuation of TZN is sensitive to choices made on:

- Zinc prices; and
- Risk weightings.

CommSec's derived valuation is not very sensitive to assumptions made on:

- Discount rates;
- Operating costs;
- Capital costs;
- Lead prices; and
- Treatment Charges.

Tala Hamza

CommSec's preferred valuation is based on a JORC compliant inferred resource of 55Mt announced by Golder Associates to the ASX on 31 May 2007.

CommSec's preferred valuation assumes metal grades higher than those reported by Golder's resource estimate that more consistent with recent drilling reported by TZN on 28 November 2007. Higher metal grades are also supported by CommSec's site review which revealed that zones of high grade mineralisation frequently associated with kaolinite had poor core recovery rates during the initial discovery phase of drilling and were thus not sampled.

In CommSec's view, the resource is almost certainly larger than Golder Associates 55Mt estimation and is also likely to have higher grades than those used in this analysis.

Table 4 below shows the various possibilities used by CommSec in attempting to value Tala Hamza, and by extension, TZN.

Table 4: Options for Tala Hamza, as modelled by CommSec

	High Grade Core	Intermediate	Total	Golder
Total	20 Mt	55 Mt	75 Mt	55 Mt
Zinc	10.0 %	6.8 %	5.9 %	5.0 %
Lead	5.0 %	3.1 %	2.5 %	1.2 %
Silver	7.0 g/t	2.5 g/t	1.9 g/t	0.0 g/t
Cap, Ex	US 175m	US 225m	US 400m	US 225m
Mining Rate	1,200 kt/yr	3,000 kt/yr	5,000 kt/yr	3,000 kt/yr
Cash Costs	25c/lb	31c/lb	33c/lb	50c/lb
TZN NPV	\$ 3.92	\$ 4.86	\$ 5.39	\$ 2.28

Source : Terramin Australia, CommSec estimates

Table 4 shows that the choice of Tala Hamza options has a significant impact on the derived valuation of TZN.

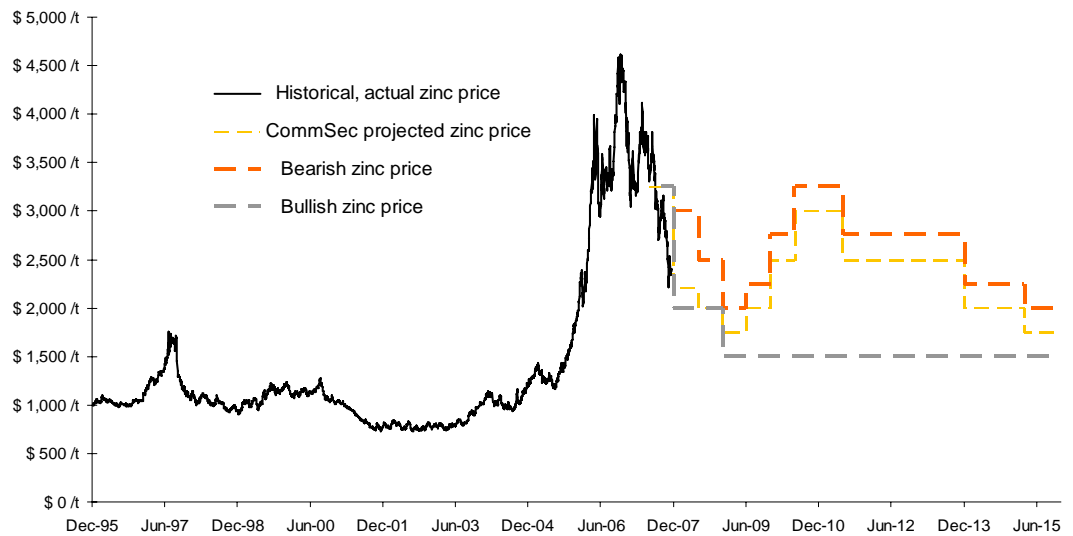
Zinc Prices

Figures 3 and 4 above show CommSec's base case zinc price projections. Figure 5, on the next page, shows the zinc price projections used to test CommSec's derived valuation of TZN.

The bearish scenario is for the zinc price to fall of \$1,500/t and remain there.

The results of these zinc price scenarios are given in Table 5, on the next page, which shows that the derived valuations for the bearish zinc prices are generally below the share price.

CommSec's view is that the "Total" case scenario consisting of 75Mt at intermediate grades is quite achievable. This model delivers a valuation around the current share price suggesting that the price already reflects improved resource figures and a bearish zinc outlook.

Figure 5 : Zinc price scenarios

Source: IRESS, CommSec

Table 5 : Impact of zinc price projections on CommSec's valuation of TZN

	High Grade Core	Intermediate	Total	Golder
Bullish zinc prices	\$ 4.67	\$ 5.87	\$ 6.58	\$ 3.09
Base Case zinc prices	\$ 3.92	\$ 4.86	\$ 5.39	\$ 2.28
Bearish zinc prices	\$ 2.21	\$ 2.79	\$ 3.13	\$ 0.66

Source : CommSec estimates

Risk

There are two risk dimensions to the valuation of TZN:

- Project development and execution risk; and
- Political risk from having its major project in Algeria.

1. Political Risk

After visiting the operations, CommSec feels comfortable with the Algerian political risk; CommSec received strong official encouragement for the project.

Although there is a sporadic history of terrorist related incidents in Algeria; none have been near Bejaia, which is a major port near Tala Hamza

- Bejaia is a six hour drive east from Algiers; and
- Bejaia is a major oil export terminal that has suffered little or no disruption in the past

2. Development Risk

There is always the risk that proposed developments do not proceed as expected. This risk is greater for a small company such as TZN.

CommSec's valuation gives a risk weighting to developments to allow for this risk, on top of the higher than WACC discount rate. Table 6 below shows the risk weightings applied to the net cashflows from each asset.

Table 6: Risk weightings applied by CommSec in TZN's valuation

	Base Case	Higher Risk	Un-Risked
Angas	90%	80%	100%
franking credits	68%	60%	75%
Tala Hamza	70%	50%	100%
Menninnie Dam	50%	25%	100%
franking credits	38%	19%	75%

Source : CommSec estimates

Table 7 below shows the impact of these risk weightings on CommSec's derived valuation for TZN.

Table 7: Impact of risk weightings on CommSec's derived valuation

	High Grade Core	Intermediate	Total	Golder
Higher Risk	\$ 2.77	\$ 3.43	\$ 3.80	\$ 1.59
Base Case Risk	\$ 3.92	\$ 4.86	\$ 5.39	\$ 2.28
Un-Risked	\$ 5.73	\$ 7.07	\$ 7.85	\$ 3.40

Source : CommSec estimates

Table 7 shows:

- The present TZN share price is applying a significant risk penalty to CommSec's highly defensible preferred option; and
- There is significant upside from successful project execution

Zinc prices v TZN share price

TZN is an emerging zinc producer and its share price has generally moved with the zinc prices, as shown in Figure 6 below.

Figure 7 shows that there was a very high correlation of 96%, between January 2005 and May 2007. Since then, the zinc price has retreated while TZN has risen as the scope of Tala Hamza becomes better known and as production from Angas nears.

Figure 6: TZN share price v. zinc price

Source: IRESS, CommSec

Final Comments

CommSec's derived valuation shows that, while there is significant value in TZN, there are also some potential risks.

TZN's short term share price performance may be at risk if the TZN share price retreats with the expected weakness in the zinc price over 2008 and into 2009.

There is significant potential value uplift if TZN's projects can be successfully executed.

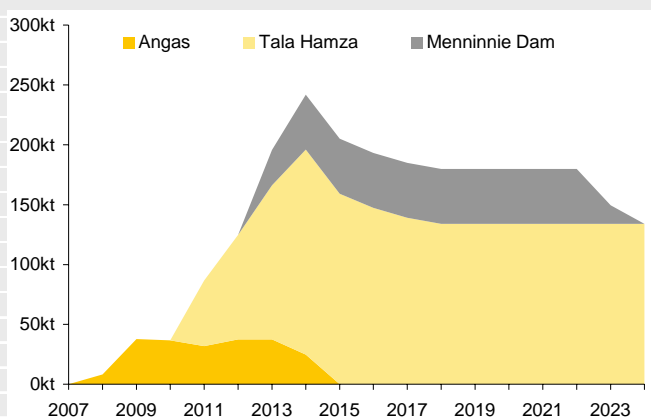
There is also additional resource potential within close proximity to Tala Hamza within TZN's Oued Amizour exploration concession. A non-JORC resource of 22Mt generated by ORGM for Tala Hamza South has been targeted in addition to the significant potential for resource upgrades at Tala Hamza itself.

There is also significant further potential in the Fleurieu Peninsula (of which Angas is a small part), with many old mines in the area.

Accordingly, CommSec initiates research on TZN with a short term BUY recommendation and a long term Out-perform recommendation.

Appendix : Projected Financials

Terramin Australia Limited (TZN)						Current Share Price : \$ 3.20					
Year End December						12 month return		Short term		Long Term	
						64 %		BUY		Out-perform	
Income Statement	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e	Assumptions	FY 06a	FY 07e	FY 08e	FY 09e	L - R
Sales	\$ 1m	\$ 0m	\$ 21m	\$ 102m	\$ 132m	Zinc Price	US 139c/lb	US 152c/lb	US 95c/lb	US 85c/lb	US 79c/lb
Operating Costs	\$ 3m	\$ 4m	\$ 18m	\$ 56m	\$ 66m	Lead Price	US 58c/lb	US 116c/lb	US 102c/lb	US 68c/lb	US 68c/lb
EBITDA	(\$ 1.9m)	(\$ 3.9m)	\$ 2.8m	\$ 45.3m	\$ 66.2m	Silver price	\$ 11.55/oz	\$ 13.32/oz	\$ 13.00/oz	\$ 12.00/oz	\$ 11.50/oz
Depreciation & Amortisation	\$ 0.1m	(\$ 0.0m)	\$ 3.2m	\$ 13.8m	\$ 14.2m	\$ / US\$	0.754	0.839	0.883	0.809	0.774
EBIT	(\$ 2.0m)	(\$ 3.8m)	(\$ 0.4m)	\$ 31.5m	\$ 52.1m	Major Shareholders					
Net Interest Expense (Revenue)	(\$ 0.4m)	\$ 0.4m	\$ 3.7m	\$ 2.9m	(\$ 4.1m)	Kevin Moriarity	9.0 m	9.0 %			
Pre-Tax Profit	(\$ 1.5m)	(\$ 4.2m)	(\$ 4.1m)	\$ 28.5m	\$ 56.2m	David Paterson	9.2 m	9.2 %			
Tax Expense/(Benefit)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 2.6m	\$ 16.8m	Colin Jackson	1.5 m	1.5 %			
Minorities	\$ 0.8m	\$ 0.9m	\$ 0.0m	\$ 0.0m	\$ 0.0m	Geologic Resources	5.5 m	5.5 %			
Reported NPAT	(\$ 2.3m)	(\$ 5.1m)	(\$ 4.1m)	\$ 25.9m	\$ 39.3m	J.P. Morgan Chase	8.3 m	8.3 %			
Significant Items (After Tax)	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	Commonwealth Bank	5.5 m	5.6 %			
NPAT (Pre-Significant Items)	(\$ 2.3m)	(\$ 5.1m)	(\$ 4.1m)	\$ 25.9m	\$ 39.3m	Production	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e
EBITDA Margin (%)	(213%)	(1,246%)	13.7%	44.6%	50.1%	Angas Zinc (payable)	0.0 kt	0.0 kt	4.1 kt	26.6 kt	25.1 kt
Effective tax Rate (%)	0.0%	0.0%	0.0%	9.1%	30.0%	Angas Lead eqiv, payable	0.0 kt	0.0 kt	0.0 kt	12.4 kt	12.7 kt
EPS Reported (cps)	(4.3c)	(5.8c)	(4.1c)	26.0c	39.4c	Tala Hamza Zinc pay. TZN share	0.0 kt	0.0 kt	0.0 kt	0.0 kt	23.0 kt
EPS Pre Significant Items (c)	(4.3c)	(5.8c)	(4.1c)	26.0c	39.4c	Tala Hamza Lead pay. TZN share	0.0 kt	0.0 kt	0.0 kt	0.0 kt	12.7 kt
DPS (c)	0.0c	0.0c	0.0c	0.0c	0.0c	Menninnie Dam Zinc, TZN	0.0 kt	0.0 kt	0.0 kt	0.0 kt	0.0 kt
Payout Ratio (%)	0%	0%	0%	0%	0%	Menninnie Dam Lead. TZN	0.0 kt	0.0 kt	0.0 kt	0.0 kt	0.0 kt
Franking (%)	0%	0%	0%	0%	0%	TOTAL, Zinc payable, TZN share	0.0 kt	0.0 kt	8.2 kt	37.8 kt	36.6 kt
Cash Flow Statement	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e	Reserves & Resources	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e
EBITDA	(\$ 1.9m)	(\$ 3.9m)	\$ 2.8m	\$ 45.3m	\$ 66.2m	Angas Reserves	2.3 Mt	2.3 Mt	2.3 Mt	1.9 Mt	1.5 Mt
Change in Working Capital	\$ 0.0m	(\$ 3.4m)	(\$ 10.1m)	(\$ 2.5m)	\$ 1.2m	zinc	8.1 %	8.1 %	8.2 %	8.0 %	7.9 %
Net Interest (paid)/received	(\$ 0.4m)	\$ 0.4m	\$ 3.7m	\$ 2.9m	(\$ 4.1m)	lead	3.1 %	3.1 %	3.1 %	3.2 %	3.2 %
Tax Paid	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	(\$ 11.2m)	silver	33 g/t	33 g/t	33 g/t	33 g/t	33 g/t
Operating Cash Flow	(\$ 2.3m)	(\$ 0.1m)	\$ 16.6m	\$ 50.7m	\$ 72.2m	copper	0.3 %	0.3 %	0.3 %	0.3 %	0.3 %
Exploration / Net acquisitions	\$ 0.0m	\$ 0.0m	\$ 3.0m	\$ 3.0m	\$ 5.0m	gold	0.5 g/t	0.5 g/t	0.5 g/t	0.5 g/t	0.5 g/t
Project + Sustaining Capex	\$ 0.0m	(\$ 16.8m)	(\$ 52.0m)	(\$ 8.3m)	(\$ 8.3m)	Tala Hamza Mineralisation (100%	55.0 Mt	55.0 Mt	55.0 Mt	55.0 Mt	55.0 Mt
Other investing items	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	zinc	6.8 %	6.8 %	6.8 %	6.8 %	6.8 %
Investing Cash Flow	\$ 0.0m	(\$ 16.8m)	(\$ 49.0m)	(\$ 5.3m)	(\$ 3.3m)	lead	3.1 %	3.1 %	3.1 %	3.1 %	3.1 %
Inc/(Dec) in Equity	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	Valuation					
Inc/(Dec) in Borrowings	\$ 3.1m	\$ 16.9m	\$ 32.4m	(\$ 45.4m)	(\$ 68.9m)	Real Discount Rate :	10%				
Dividends Paid	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	\$ 0.0m	Angas	90%	\$ 90m	\$ 81m	73c	
Financing Cash Flow	\$ 3.1m	\$ 16.9m	\$ 32.4m	(\$ 45.4m)	(\$ 68.9m)	franking credits	68%	\$ 33m	\$ 22m	20c	113c
Net Inc/(Dec) in Cash	\$ 1m	\$ 0m	\$ 0m	\$ 0m	\$ 0m	Tala Hamza	70%	\$ 508m	\$ 356m	318c	353c
Balance Sheet (\$A m)	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e	Menninnie Dam	50%	\$ 81m	\$ 40m	36c	
Cash	\$ 9.6m	\$ 2.2m	\$ 2.0m	\$ 44.7m	\$ 112.1m	franking credits	38%	\$ 55m	\$ 21m	18c	58c
Other Current Assets	\$ 0.9m	\$ 1.0m	\$ 1.0m	\$ 1.0m	\$ 2.2m	Administration	100%	(\$32m)	(\$32m)	(\$29m)	(\$29m)
Total Current Assets	\$ 10.5m	\$ 3m	\$ 3m	\$ 46m	\$ 114m	Net Debt / Cash	100%	\$ 5m	\$ 5m	5c	(9c)
Fixed Assets	\$ 3m	\$ 20m	\$ 72m	\$ 80m	\$ 89m	TOTAL		\$ 740m	\$ 493m	440c	486c
Explor'n & Evalu'n	\$ 16.2m	\$ 16m	\$ 19m	\$ 22m	\$ 27m	Shares on Issue	99.738m	FPO shares	12.297m	options	
Other	\$ 0.0m	\$ 0.3m	\$ 2m	\$ 4m	(\$ 6.7m)						
Total Assets	\$ 30.0m	\$ 40m	\$ 96m	\$ 152m	\$ 223m						
Current Liabilities	\$ 3.8m	\$ 7m	\$ 17m	\$ 20m	\$ 19m						
Long term Debt	\$ 6.4m	\$ 15.9m	\$ 48.1m	\$ 45.4m	\$ 43.9m						
Other Non Current Liabilities	\$ 0.9m	\$ 2.9m	\$ 20.9m	\$ 50.9m	\$ 85.9m						
Total Liabilities	\$ 11.1m	\$ 26m	\$ 86m	\$ 116m	\$ 148m						
Total Equity	\$ 18.9m	\$ 13.7m	\$ 9.7m	\$ 36m	\$ 75m						
Net Debt (Cash)	(\$ 3.1m)	\$ 13.7m	\$ 46.1m	\$ 0.7m	(\$ 68.2m)						
Leverage	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e						
Net Debt/Equity	(\$ 0.2m)	\$ 1.0m	\$ 4.8m	\$ 0.0m	(\$ 0.9m)						
Net Debt/Total Assets	(\$ 0.1m)	\$ 0.3m	\$ 0.5m	\$ 0.0m	(\$ 0.3m)						
Interest Cover (x)	n / c	(10.4x)	(0.1x)	10.8 x	(12.8x)						
Dividend Cover (x)	n / a	n / a	n / a	n / a	n / a						
Valuation Ratios (x)	FY 06a	FY 07e	FY 08e	FY 09e	FY 10e						
P/E Multiple	(53x)	(55x)	(79x)	12.3 x	8.1 x						
Price To Book Value	10.2 x	20.5 x	27.7 x	9.6 x	4.7 x						
Price To Cash Flow	(293x)	(95x)	(369x)	9.0 x	6.7 x						
EBITDA Multiple	(102x)	(82x)	114 x	7.9 x	5.4 x						
EBIT Multiple	(98x)	(83x)	(840x)	11.4 x	6.9 x						
Dividend Yield	0%	0%	0%	0%	0%						



Source : IRESS, CommSec

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