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Are We Happy Yet?

(the party's just getting started)

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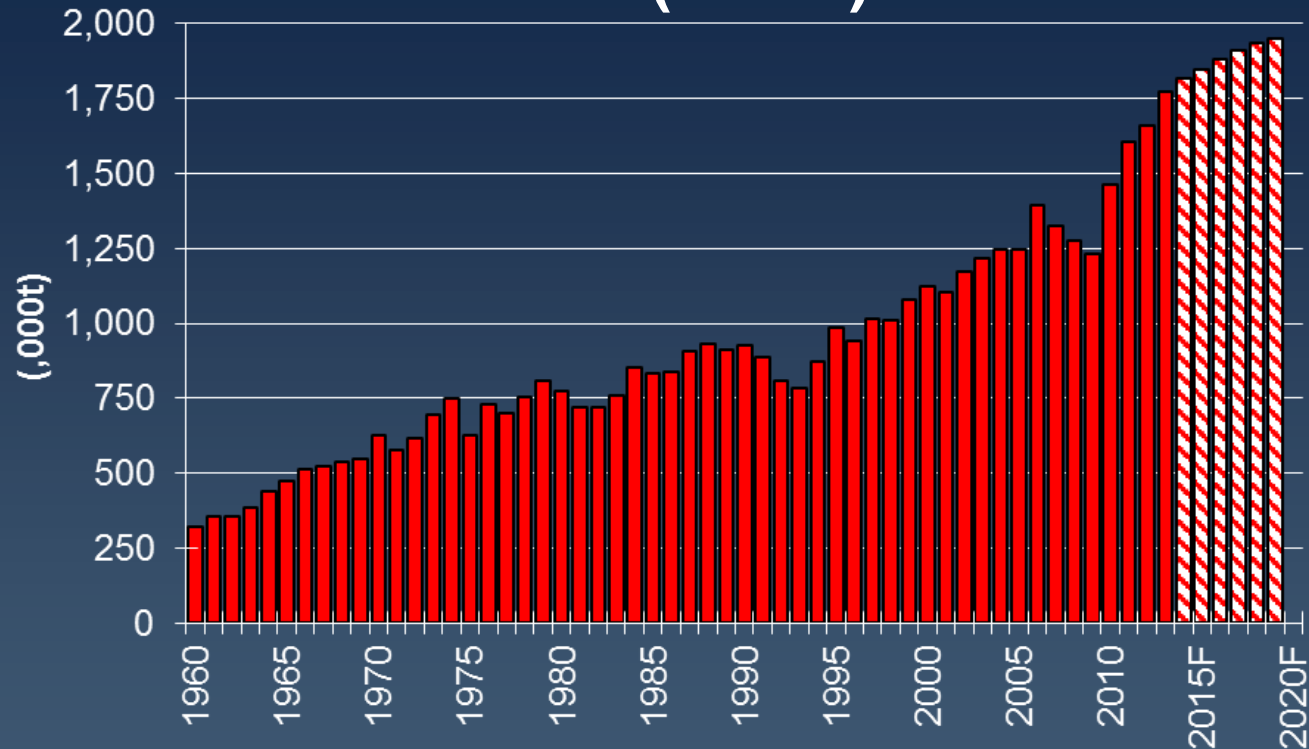
Current State of the Nickel Market

LME Nickel Price (US\$/t)



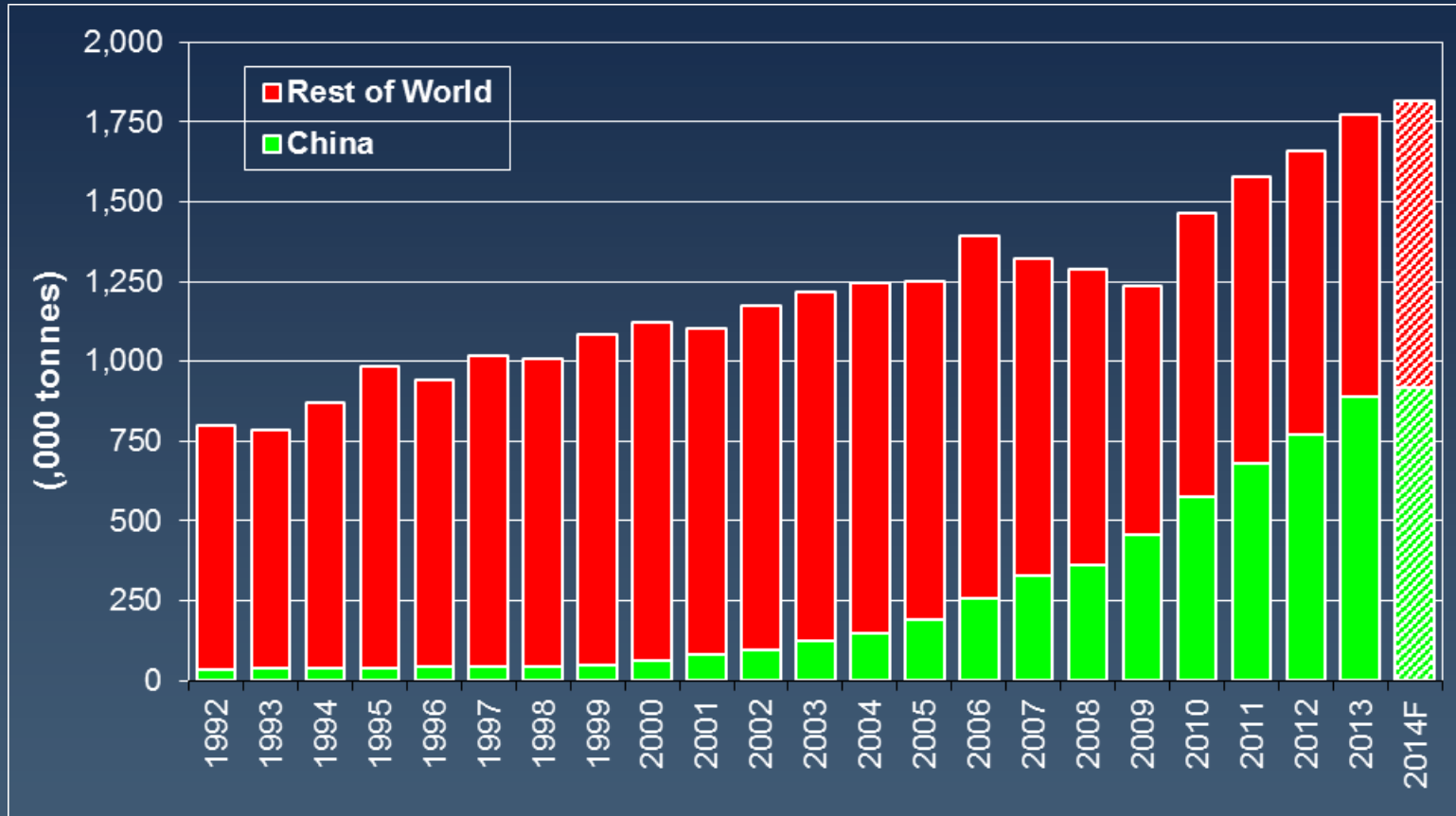
- 2011 started the year at US\$/25,000t, peaked at US\$29,000/t, averaged US\$22,800/t
- 2012 started the year at US\$18,300/t, peaked at US\$21,800/t, averaged US\$17,500/t
- 2013 started the year at US\$17,100/t, peaked at US\$18,600/t, averaged US\$15,000/t
- 2014 started the year at US\$14,000/t, peaked at US\$21,200/t, YTD average US\$17,250/t

Historic Nickel Consumption (BREE)



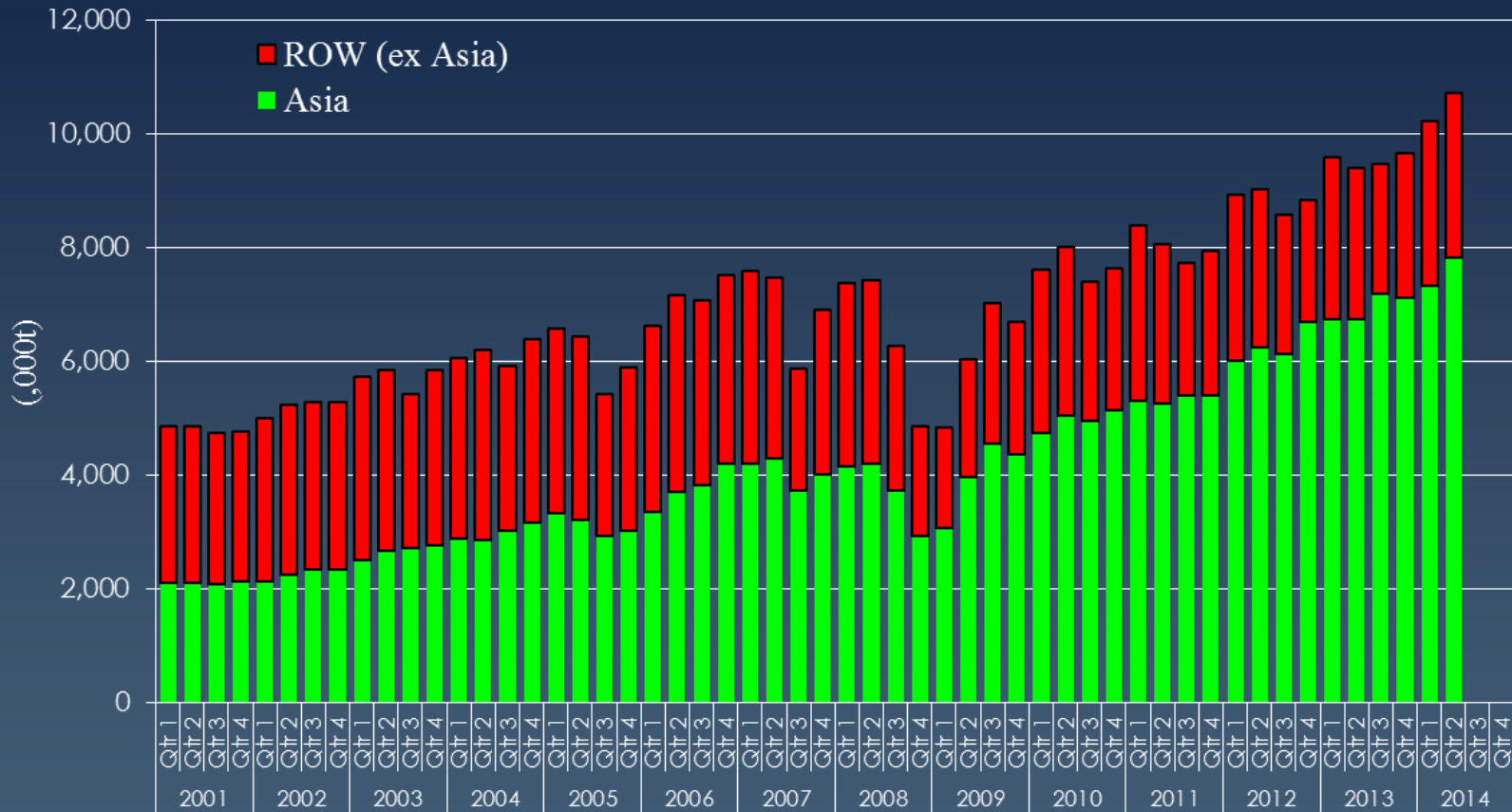
- Consumption growth 1960 – 1970 6.9% p.a.
- Consumption growth 1970 – 1980 2.2% p.a.
- Consumption growth 1980 – 1990 1.8% p.a.
- Consumption growth 1990 – 2000 1.9% p.a.
- Consumption growth 2000 – 2010 2.7% p.a.
- Consumption growth 2010 – 2014 5.6% p.a.
- Consumption growth 1960 – 2014 3.3% p.a.

Chinese Ni Consumption



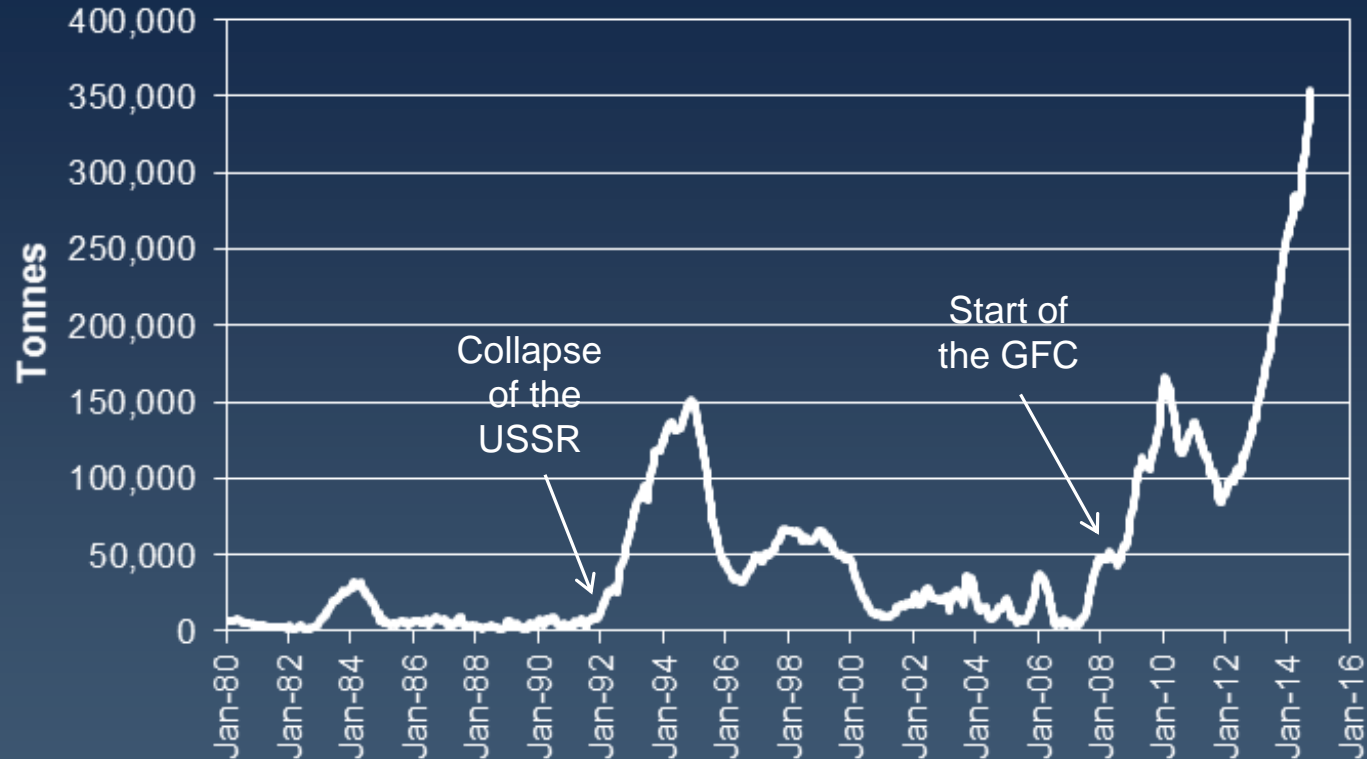
- % of global consumption has grown from ~4.5% in 1990's to over 50% today
- China currently consuming over 900,000t nickel per annum
- China switched a lot of its stainless feed stock to NPI (Nickel Pig Iron)

Global Stainless Production



- Asia accounted for 73% of production in Q2 2014, up from ~40% in 2000
- China is the dominate player, at over 50% of global Stainless Steel Production
- 2014 stainless production forecast to reach all time record (~41mt)

Nickel LME Stockpile Data



- Stockpile levels at all-time high (approx. 70 days of consumption)
- Global demand remains insufficient to significantly reduce Stockpile
- New supply has begun to hit the market
 - VNC (Goro)
 - Barro Alto
 - etc.

Price Drivers going Forward

China NPI Production

• Growth

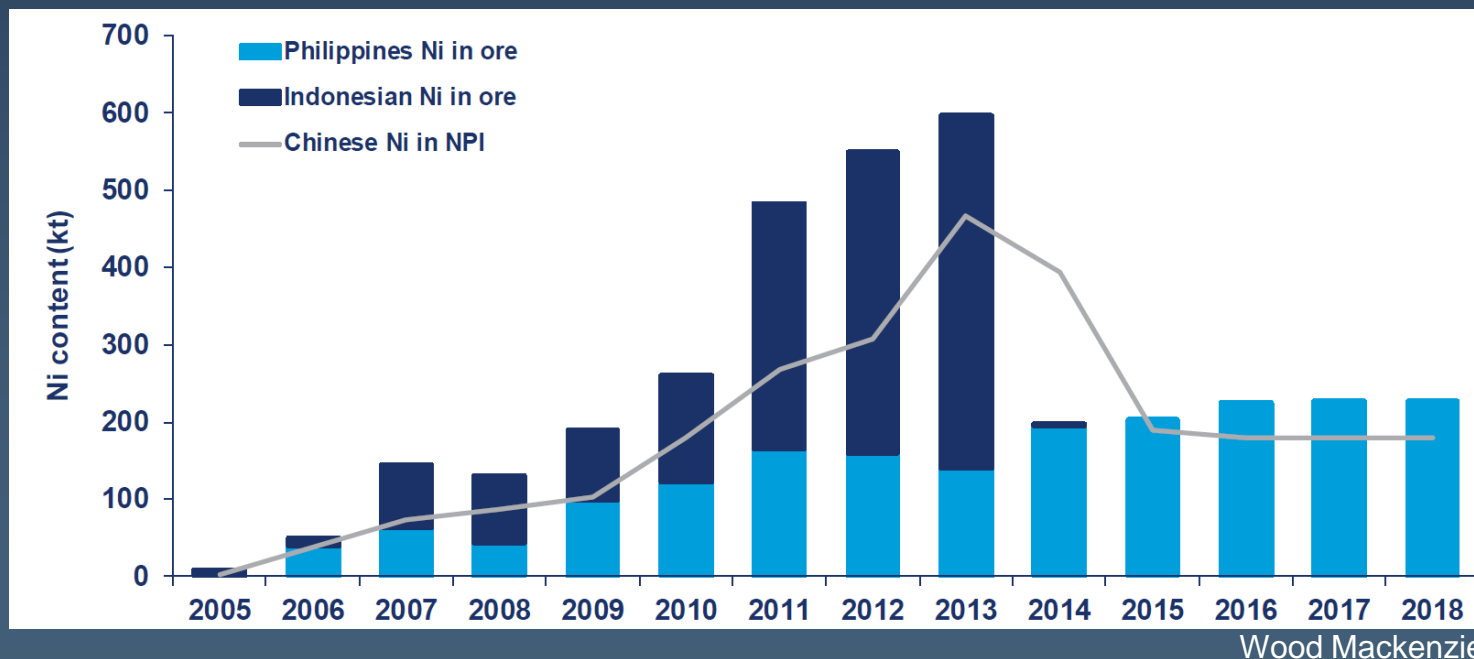
- NPI Growth	2009	100,000t	
	2010	160,000t	
	2011	280,000t	
	2012	350,000t	
	2013	500,000t	
	2014	350,000t ??	
	2015	200,000t ??	
- 2009 – China	455kt Ni	(355kt traditional,	100kt NPI)
- <u>2013 – China</u>	<u>910kt Ni</u>	<u>(410kt traditional,</u>	<u>500kt NPI)</u>
	+455kt	+55kt	+400kt

- Major Issues
 - Potential 300kt shortfall in Chinese NPI Production
 - Need to source additional nickel feed (sulphide and laterite)
 - Shifting production out of China to Indonesia due to export ban

Indonesia remains key to NPI future (and therefore nickel price)

NPI Ore Sources

- **Basic Data**
 - Ni grade range 0.6% - 2.1%, Indo ore higher grade 1.5% - 2.1%
 - Indo export ban leading to construction of NPI smelters in country
 - ~18mth permitting process, ~24mth construction timeframe
 - Capacity Range 10kt – 40kt, ESDM reports ~50 Ni project proposals
 - Philippines ore price has more than doubled since Indo export ban
 - Laterite Stocks in China ~20mt (~300,000t contained Ni)



New Traditional Production

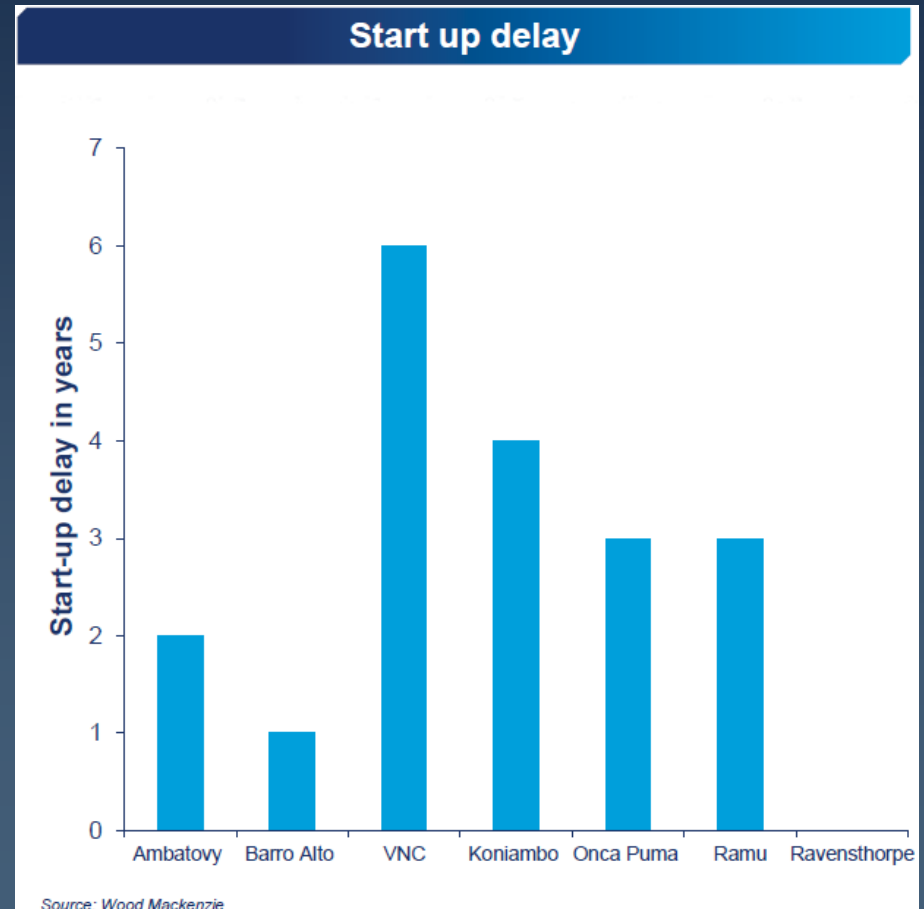
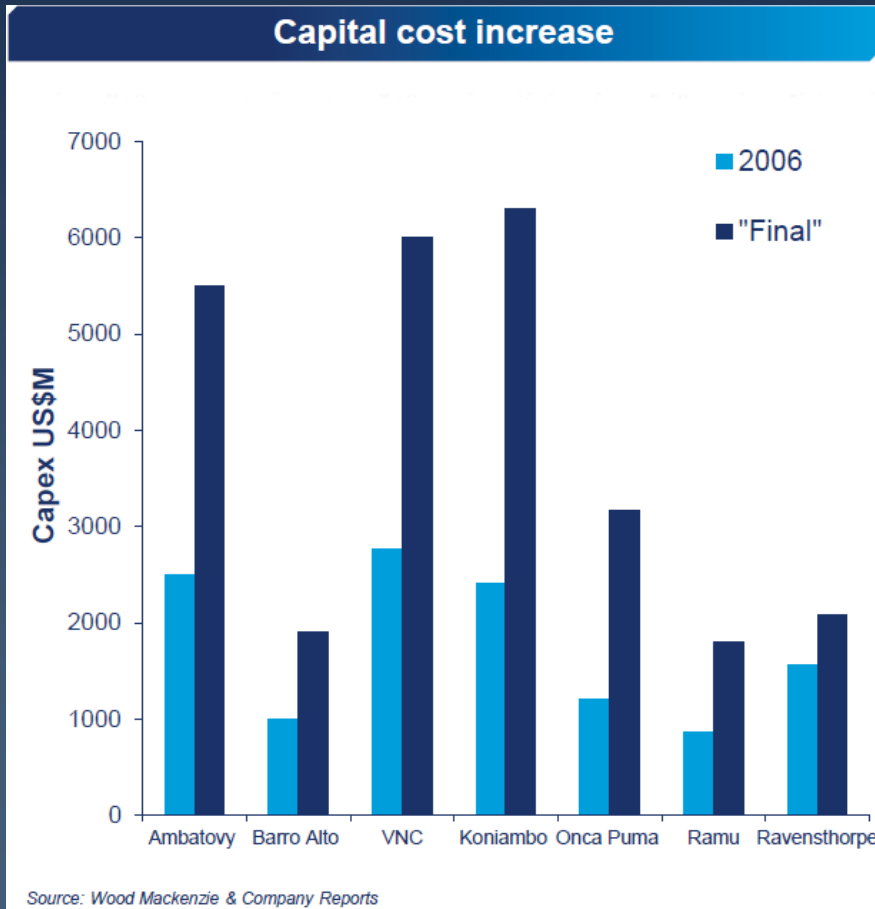
(finally appearing)

Project	Nameplate	Half Year	
Onca-Puma	58kt	10.6kt	(capacity reduced~25kt)
Barro Alto	36kt	14.7kt	(ramping up)
Ramu	31kt	9.4kt	(slow ramp up)
Koniambo	60kt	4.1kt	(slow ramp up)
Ambatovy	55kt	7.1kt	(ramping up)
Tanganito	36kt	10.8kt	(going to plan)
VNC (Goro)	60kt	8.7kt	(ramp up continuing)
Totals	336kt	65.4kt	(~20% of nameplate)

- Large delays in above projects resulted in average 3 - 6 year delays
- Instead of a time spread of new capacity, majority bunched together
- History points to commissioning problems and slower than planned ramp-ups

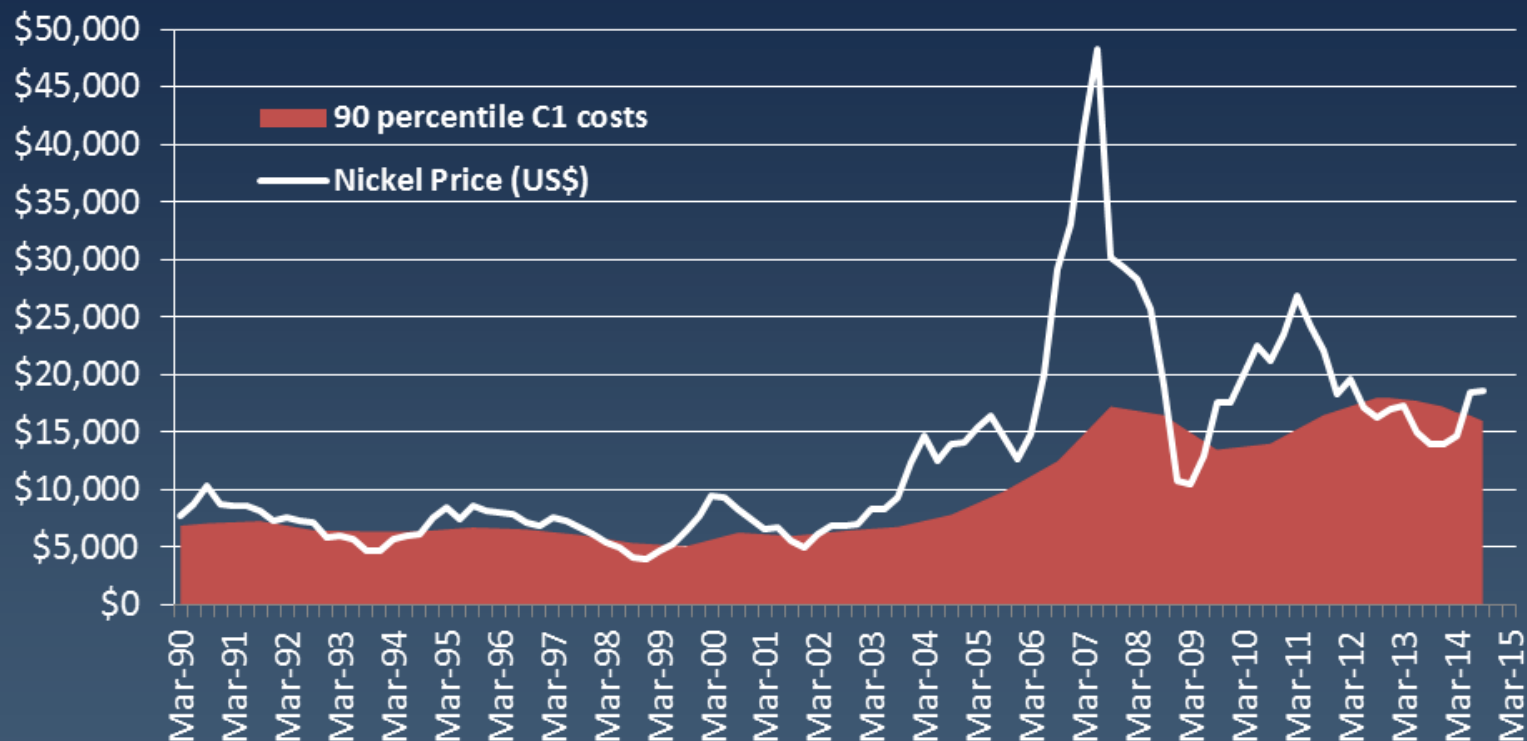
Unlikely any new Laterite projects will be developed over the next decade.

Why there will be no new Traditional Laterite Projects for a Decade



Nickel Price & C1 Costs

(Quarterly Average)



- Price floor historically around the 90th percentile of C1 costs
- 90th percentile C1 costs currently ~US\$16,000/t
- Sep Quarter Average Price US\$18,550/t (current spot price \$US16,500/t)
- Over short periods (6 – 18mths) nickel price can fall through 90th C1 cost

Listed Australian Nickel Sector

(Doing Quite Nicely, Thankyou)

Aussie Co. here today

• Market Values

	Mkt Cap	Debt/(Cash)	EV
- WSA	\$1,021m	(\$18m)	\$1.003m
- SIR	\$1,043m	(\$59m)	\$984m
- IGO	\$970m	(\$29m)	\$941m
- PAN	\$200m	(\$56m)	\$144m
- POS	\$95m	\$35m	\$130m
- MCR	\$106m	(\$47m)	\$59m
- RXL	\$35m	(\$6m)	\$29m
- CZI	\$22m	(\$7m)	\$15m
- IPT	\$16m	(\$2m)	\$14m
- WIN	\$14m	(\$4m)	\$10m
- SGQ	\$12m	(\$3m)	\$9m
- PIO	\$11m	(\$3m)	\$8m

• Market Sentiment

- Significant turnaround from 12 months ago
- Most important, Juniors able to raise funds for exploration

Aussie Mid Caps

- **Financial Strength**

- All have very strong balance sheets
- Enables flexibility and cushion during periods of low prices
- Ability to take advantage of opportunities as they arise

- **Costs**

- All Australian mid cap producers easily profitable at C1 payable level

	<u>Jun Qtr</u>	<u>2013/14 FY</u>
- WSA	~A\$4.00/lb	~A\$3.85/lb
- IGO	A\$4.11/lb	A\$3.78/lb
- MCR	A\$5.12/lb	A\$4.96/lb
- PAN	A\$5.53/lb	A\$5.41/lb

- **Management**

- World class, first rate management teams (best in sector)
- Proven exploration / development / production records
- Understand importance of financial discipline (rare amongst explorers and/or miners)

Aussie Mid Caps

Western Area's (WSA)

Half Yearly								
Operating Cash Flow	Jun-14	Dec-13	Jun-13	Dec-12	Jun-12	Dec-11	Jun-11	Dec-10
Receipts	\$168,446	\$136,235	\$156,184	\$157,745	\$174,392	\$152,416	\$245,354	\$192,103
Payments	-\$89,356	-\$83,442	-\$95,394	-\$92,207	-\$77,395	-\$83,352	-\$81,120	-\$63,208
Gross Cash	\$79,090	\$52,793	\$60,790	\$65,538	\$96,997	\$69,064	\$164,234	\$128,895
Other Operating Revenue	-\$4,074	\$4,114	\$9,820	\$1,879	\$6,025	\$2,686	\$3,143	-\$1,086
Interest received	\$1,887	\$947	\$782	\$839	\$5,815	\$4,442	\$2,463	\$1,015
Interest paid	-\$7,730	-\$7,552	-\$8,401	-\$12,712	-\$12,472	-\$11,780	-\$9,345	-\$13,084
Income tax paid	-\$1,345	-\$1,100	-\$1,048	-\$7,468	-\$1,524			
Net Operating Flow	\$67,828	\$49,202	\$61,943	\$48,076	\$94,841	\$64,412	\$160,495	\$115,740
Investing Cash Flow								
Payment (PP&E, Expl & Dev)	-\$23,428	-\$29,957	-\$34,189	-\$59,217	-\$53,792	-\$84,949	-\$56,643	-\$47,504
Proceeds from PP&E								
Net Investing Flow	-\$23,428	-\$29,957	-\$34,189	-\$59,217	-\$53,792	-\$84,949	-\$56,643	-\$47,504
Free Cash Flow	\$44,400	\$19,245	\$27,754	-\$11,141	\$41,049	-\$20,537	\$103,852	\$68,236

Aussie Mid Caps

Independence Group (IGO)

Half Yearly								
Operating Cash Flow	Jun-14	Dec-13	Jun-13	Dec-12	Jun-12	Dec-11	Jun-11	Dec-10
Receipts	\$254,058	\$164,732	\$101,186	\$139,978	\$103,280	\$108,110	\$106,818	\$67,600
Payments	-\$152,932	-\$105,386	-\$73,440	-\$99,915	-\$88,897	-\$94,190	-\$76,074	-\$33,599
Gross Cash	\$101,126	\$59,346	\$27,746	\$40,063	\$14,383	\$13,920	\$30,744	\$34,001
Dividends received	\$854	\$105	\$294	\$7	\$104	\$159	\$9	\$10
Interest received	\$267	\$296	\$772	\$2,775	\$5,767	\$5,655	\$6,020	\$3,877
Interest paid	-\$3,816	-\$361	-\$555	-\$759	-\$715	-\$592	-\$268	
Income tax paid			\$0	\$0	\$10,057	-\$2,524	-\$4,190	-\$5,074
Net Operating Flow	\$98,431	\$59,386	\$28,257	\$42,086	\$29,596	\$16,618	\$32,315	\$32,814
Investing Cash Flow								
Payment (PP&E, Expl & Dev)	-\$46,944	-\$80,978	-\$97,891	-\$121,105	-\$87,794	-\$81,147	-\$56,693	-\$31,350
Proceeds from PP&E	\$377		\$3	\$1,255	\$70	\$326	\$570	\$11
Net Investing Flow	-\$46,567	-\$80,978	-\$97,888	-\$119,850	-\$87,724	-\$80,821	-\$56,123	-\$31,339
Free Cash Flow	\$51,864	-\$21,592	-\$69,631	-\$77,764	-\$58,128	-\$64,203	-\$23,808	\$1,475

Aussie Mid Caps

Panoramic Resources (PAN)

Half Yearly								
Operating Cash Flow	Jun-14	Dec-13	Jun-13	Dec-12	Jun-12	Dec-11	Jun-11	Dec-10
Receipts	\$125,900	\$98,184	\$90,765	\$97,799	\$112,580	\$116,940	\$127,845	\$99,005
Payments	-\$82,264	-\$84,061	-\$82,911	-\$79,175	-\$94,001	-\$90,250	-\$85,202	-\$73,482
Gross Cash	\$43,636	\$14,123	\$7,854	\$18,624	\$18,579	\$26,690	\$42,643	\$25,523
Dividends received								
Interest received	\$378	\$252	\$353	\$762	\$2,081	\$2,136	\$3,237	\$1,856
Interest paid	-\$184	-\$353	-\$406	-\$430	-\$282	-\$71	-\$173	-\$159
Income tax paid					\$4,357	-\$3,021	-\$2,839	-\$18,008
Net Operating Flow	\$43,830	\$14,022	\$7,801	\$18,956	\$24,735	\$25,734	\$42,868	\$9,212
Investing Cash Flow								
Payment (PP&E, Expl & Dev)	-\$14,323	-\$15,108	-\$20,817	-\$30,224	-\$38,249	-\$42,063	-\$44,980	-\$20,767
Proceeds from PP&E								
Net Investing Flow	-\$14,323	-\$15,108	-\$20,817	-\$30,224	-\$38,249	-\$42,063	-\$44,980	-\$20,767
Free Cash Flow	\$29,507	-\$1,086	-\$13,016	-\$11,268	-\$13,514	-\$16,329	-\$2,112	-\$11,555

Aussie Mid Caps

Mincor Resources (MCR)

Half Yearly								
Operating Cash Flow	Jun-14	Dec-13	Jun-13	Dec-12	Jun-12	Dec-11	Jun-11	Dec-10
Receipts	\$52,792	\$56,793	\$54,972	\$56,312	\$64,641	\$70,788	\$80,886	\$77,601
Payments	-\$38,376	-\$40,840	-\$47,809	-\$40,380	-\$43,237	-\$55,996	-\$66,149	-\$60,518
Gross Cash	\$14,416	\$15,953	\$7,163	\$15,932	\$21,404	\$14,792	\$14,737	\$17,083
Dividends received								
Interest received	\$661	\$635	\$797	\$593	\$1,133	\$1,177	\$2,803	\$1,865
Interest paid	-\$65						-\$15	-\$34
Income tax paid		\$17			\$385	\$972	-\$549	-\$9,689
Net Operating Flow	\$15,012	\$16,605	\$7,960	\$16,525	\$22,922	\$16,941	\$16,976	\$9,225
Investing Cash Flow								
Payment (PP&E, Expl & Dev)	-\$17,309	-\$15,620	-\$14,728	-\$18,334	-\$13,485	-\$16,834	-\$25,093	-\$23,943
Proceeds from PP&E	\$126	\$30	\$15		\$433	\$24		\$13
Net Investing Flow	-\$17,183	-\$15,590	-\$14,713	-\$18,334	-\$13,052	-\$16,810	-\$25,093	-\$23,930
Free Cash Flow	-\$2,171	\$1,015	-\$6,753	-\$1,809	\$9,870	\$131	-\$8,117	-\$14,705

Presentation Conclusions

- Short and Long-term outlook for nickel robust
- Large projects finally coming on stream, partly offset NPI reduction
- Indonesian ban to continue, Philippines, business as usual
- 2015 average price forecast US\$20,000t (US\$9.00lb)
- AUD/USD exchange rate will be an added bonus to Aussie producers
- Mid-Cap Nickel producers to out-perform over next 12-months

Presentation available at:
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