Alkane Resources

Quarterly results

TGO in line with guidance, DZP shovel ready

Metals & mining

The TGO gold mine continues to perform well, helped in no small part by a resurgent gold price during H216, and despite unseasonably high rainfall persisting through Q416. Stronger cash flows resulted and we expect the TGO to continue at similar operating levels (to FY16) through FY17. The DZP continues to advance, albeit with a number of concurrent project elements requiring completion before financing can be finalised.

Year end	Revenue (A$m)	PBT* (A$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/15	101.8	0.1	(1.0)	0.0	N/A	N/A
06/16e	109.6	(6.4)	(1.5)	0.0	N/A	N/A
06/17e	119.3	(7.3)	(0.6)	0.0	N/A	N/A
06/18e	395.8	20.8	1.8	0.0	12.2	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

TGO gold production beats our guidance

For Q416, the Tomingley Gold Operation (TGO) produced 18,064oz, a q-o-q increase of 24%. For the full year (FY16), 67,812oz Au were produced, a 4% increase from our previous guidance of 65koz. Unit Q416 C1 mining and processing costs were down 8% and 26% q-o-q, respectively, for a total C1 cash cost of A$1,009/oz (full-year FY16: A$1,124/oz). This was primarily as a result of greater ounces produced over which to spread the increased costs of mining.

Alkane to replenish gold reserves via exploration

Alkane's quarterly cash flow report states exploration and evaluation expenditures for Q117 of A$4m, of which we understand from management A$1m is to be spent on exploration to support an extended mine-life at the TGO. For illustrative purposes, using a US$8.81/oz discovery cost, this budget implies Alkane could delineate 340k Au in resource, or approximately 180koz Au in reserve (assuming a reserve conversion rate of 60% and exploration success). This would be sufficient for a further 3.4 years of production at a rate of 60koz pa. Alkane has actively explored its tenements throughout the recent downturn and we expect this ramp up in activity to provide the gold resources to extend the TGO's mine life in excess of 10 years.

Valuation: TGO undervalued if DZP dilution removed

Alkane's value is linked to both the profitability and continued longevity of the TGO, as well as development of the Dubbo Zirconia Project (DZP). Stripping out all valuation and financing assumptions for the DZP, the value of the TGO is A$0.45/share (post the recent June-July equity raise and inclusive of working capital facility repayment). This valuation includes assumptions for future exploration success providing for additional gold production beyond Alkane's current planned end to mining in FY22, with mining stopping in FY24 under our assumptions. Factoring in financing and dilution for the DZP (based on Alkane's guidance as to how development funding of the A$1.3bn is likely to occur), and including TGO revenues and costs (using exactly the same assumptions) results in a fully diluted valuation for Alkane of A$0.75/share.

26 July 2016

Price	**A$0.22**
Market cap	**A$109m**
	US$0.76/A$
Net cash (A$m) at end June 2016	24.5
Shares in issue	497m
Free float	67%
Code	ALK
Primary exchange	ASX
Secondary exchange	OTCQX

Share price performance

%	1m	3m	12m
Abs	15.8	1.1	(12.0)
Rel (local)	7.2	(4.4)	(12.8)
52-week high/low		A$0.29	A$0.18

Business description

Alkane Resources is a multi-commodity explorer and developer, with projects in the central west region of New South Wales in Australia. It owns the Tomingley Gold Operation (TGO) and the Dubbo Zirconia Project (DZP) rare metal and rare earths projects (both 100%). TGO entered production in January 2014 and DZP is currently planned for first production during FY18.

Next events

TGO exploration plan	Q117

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Edison profile page

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TGO undervalued (excluding the DZP)

The TGO has been operating steadily since Q214, and has mined a total of 2.6Mt of ore grading 2.09g/t Au to produce 158koz of gold for gross revenues totalling A$234m, at a total cost of A$203m for a gross margin (on average) of 16%. However, with gold prices clearly higher since start CY16, driven primarily by global economic and political uncertainties, gross margins have improved significantly, averaging 28% over H2 FY16. Surface mining is currently taking place over two deposits, primarily from Wyoming One, but also at Caloma with another pit, Caloma Two, due to start towards the end of H117. Alkane provided a positive investment decision during H216 to extend the TGO's mine life by taking mining underground at Wyoming One, and released a reserve of 62koz in June 2015. Alkane estimates a total capital cost of A$20m to develop the UG mining phase, although this value will be refined as Alkane completes its own feasibility study into the project during H117.

At June 2015 Alkane stated open-pit ore reserves of c 235koz; net of FY16 production of 67.8koz this becomes 167koz, or roughly a further three years of production at a rate of 60kozpa. This however does not account for the TGO's net (of reserves and FY16 production) open pittable and underground gold resources totalling c 1.0Moz.

The following sections detail the operational performance of the TGO and discuss the exploration activities being planned to extend the mine's life.

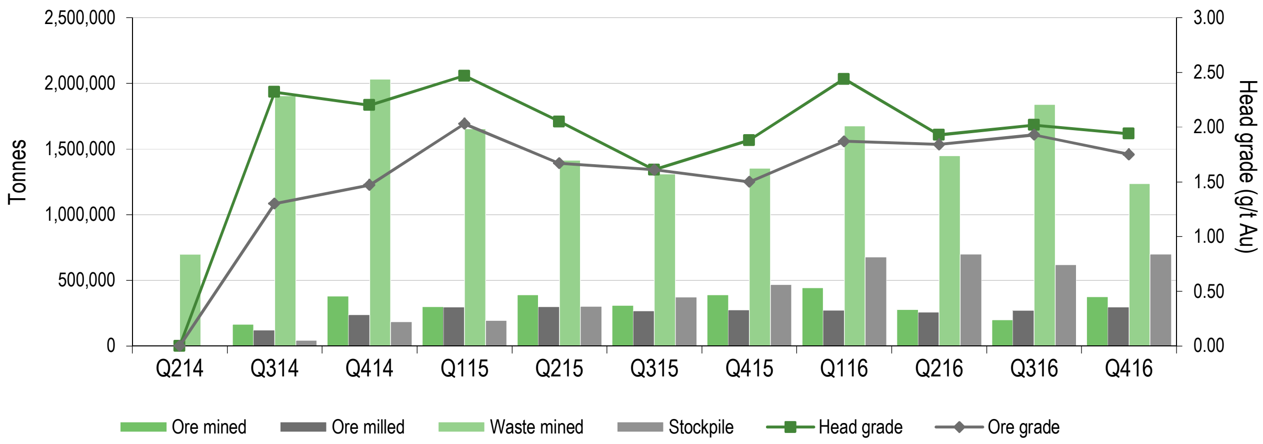
Factors affecting TGO's financial and operational performance

The main factors affecting the TGO's operational and financial performance during Q416 were:

- A 24% q-o-q increase in gold production, with 18,064oz recovered during Q416.
- Increased production occurred although a more than doubling of the long-term average rainfall level around the TGO negatively affected general operational activities. The rainfall level during Q416 was 244mm, versus a long-term average of around 100mm.
- Higher than average waste stripping resulted in all-in sustaining costs (AISC) being above the expected LOM average range of A$1,100-1,200/oz. FY16 AISC costs per quarter were A$1,234/oz (Q116), A$1,316/oz (Q216), A$1,358/oz (Q316) and A$1,149/oz Q416). The average AISC cost for FY16 was A$1,256/oz. Alkane guides that AISC costs will fall to within a range of A$1,200-1,300/oz during FY17. This is still higher than its estimate of average AISC costs for LOM of A$1,000-1,100 due primarily to further waste stripping at Wyoming One in FY17.
- A revision of the Caloma pit resource model to more accurately define in-situ intrusive dyke boundary locations has provided for closer reconciliations between planned and mined tonnages and gold grade. Early Wyoming One (reserve to mining) tonnage and grade reconciliations are also showing close correlation. Historically at the TGO, mined tonnages and gold grades have generally exceeded the original mine plan.

The following exhibit provides quarterly operational data for the TGO since mining commenced in Q214.

Exhibit 1: Historical quarterly operational data for the TGO



Source: Alkane Resources and Edison Investment Research

Comparison to our in-house TGO forecasts

The following exhibit shows a comparison of actual reported FY16 operational data versus our last estimate of the past financial year's performance at the TGO. Although Alkane continues to extract greater amounts of waste from the Wyoming One pit, we had overestimated the volume of waste removed by 10%. Our grade assumptions were within 1% of the actual reported gold grade from ore mined, while our forecast for the level of tonnages milled was higher by 6.5%. We consider this is due to Alkane making run-of-mine decisions relating to waste mining requirements, the prevailing gold price and ore grades delivered to the ROM pad over H116 when gold prices (in US dollar terms) were still low and trading in a range of US$1,070-1,181/oz. These factors would therefore have guided Alkane as to how much mined ore is stockpiled rather than treated during any one quarter.

Exhibit 2: Comparison of actual versus Edison's estimate of TGO operational data

Production		FY16e	FY16 (actual)	Delta (Actual vs estimate)
Waste mined	BCM	6,915,693	6,199,820	-10.35%
Ore mined	Tonnes	1,171,910	1,285,454	9.69%
Ore grade	g/t	1.86	1.84	-0.94%
Ore milled	Tonnes	1,171,910	1,096,105	-6.47%
Head grade	g/t	2.19	2.08	-4.80%
Recovery	%	92.0%	90.9%	-1.20%
Gold recovered	Ounces	69,926	67,812	-3.02%
Gold sold	A$/oz	65,000	67,983	4.59%
Gold revenue	A$m	102.9	109.1	6.00%
Implied realised gold price/ actual	A$/oz	1,584	1,607	1.42%
Cost of sales	A$m	80.31	76.22	-5.09%
AISC operating cost	A$/oz	1,263	1,256	-0.51%
Gross Margin	%	25.6%	27.9%	9.26%
Operating profit margin	%	27.7%	43.1%	55.88%
Stockpiles and bullion on hand				
Ore for immediate milling	Tonnes	698,744	701,047	0.33%
Bullion on hand	Ounces	3,040	2,971	-2.27%
Value of bullion on hand (based on implied gold price above)	A$m	4.81	4.93	2.36%
Stockpile grade	g/t Au	0.94	0.82	-12.77%
Contained gold in stockpiles	oz	21,155.0	18,480.0	-12.64%
Value of stockpiled gold ounces at quarter's average price	A$m	33.5	30.6	-8.51%

Source: Alkane Resources and Edison Investment Research

Reflecting the 24% q-o-q improvement in TGO gold production through Q416, gold revenues at end FY16 exceeded our forecast by 6%.

TGO outlook – upgrading FY17/18 production

We have adjusted our production model for management's guidance on gold production during FY17 and over LOM, with a large increase over our previous assumption for gold production occurring in FY18. The following exhibit compares our old and new production schedules. The increased production is due to the Caloma Two pit coming on line during FY18, at which point all three pits will be producing ore (Wyoming One, Caloma and Caloma Two). Production is then estimated to reduce in the following years as production at the TGO transitions from solely open pit production to a mixture of open pit and underground (on a roughly 3:1 split). Also, production from the largest pit, Wyoming One, will start to tail off as it reaches the natural end to its planned mine life in mid-FY19.

Exhibit 3: TGO gold production schedule (gold ounces per year)

Year	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
New	67,345	72,500	52,500	50,000	52,500	50,000	50,000	50,000
Old	65,088	60,054	61,887	64,701	62,086	65,016	65,016	65,016

Source: Edison Investment Research and Alkane Resources

Exploration around the TGO to be stepped up

With the TGO now firmly established as an operating gold mine and two and half years into its now 10-year mine schedule, Alkane is looking to bolster its resource base. Alkane has a portfolio of prospective exploration tenements and projects in the Dubbo region of New South Wales. Certain projects will now have increased exploration work undertaken on them. This will need to focus on deposits that can yield ore amenable to processing at the TGO gold processing plant.

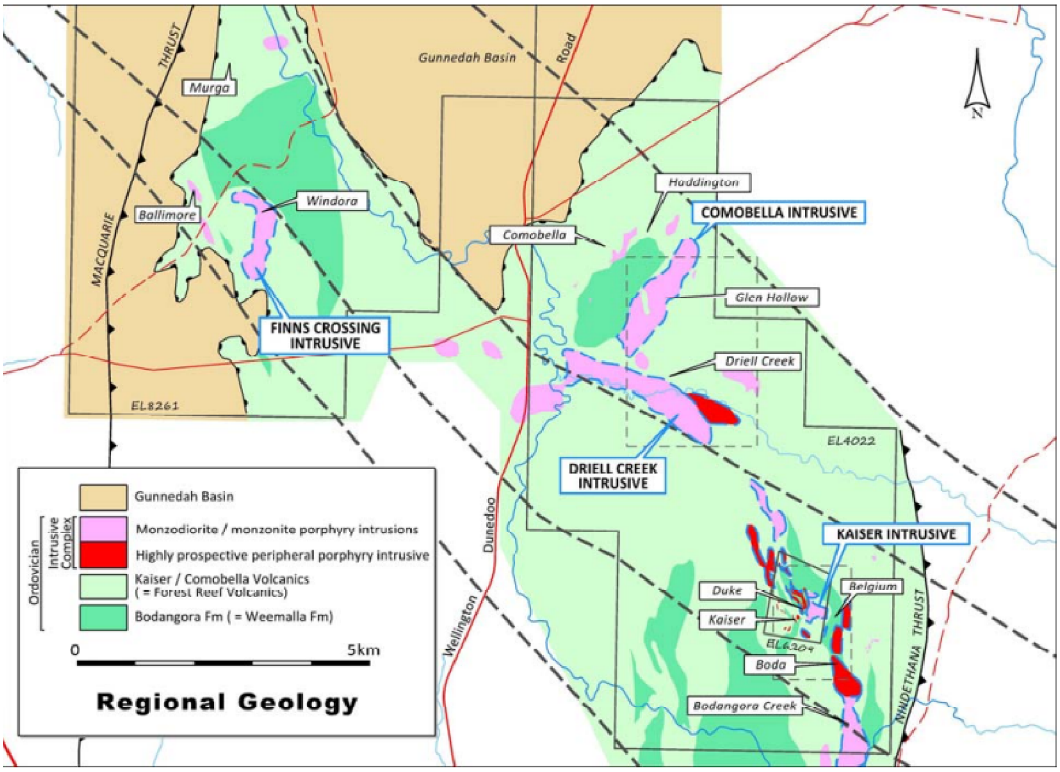
Alkane is also investigating the potential for reinitiating some form of mining activity at the old Peak Hill mine site located in same area as the TGO. Alkane previously operated this project from 1996, until the end of the planned mine life in 2005. With the vast majority of oxide gold material mined out during this initial mining period, the material left is refractory.

Alkane is due to update the market on details of a new exploration programme by the start of Q217.

Bodangora and Kaiser

The Bodangora and Kaiser projects are vastly different in terms of geology than Elsienora (see following section), being porphyritic in nature, similar in geological style to the large gold mines collectively called the Cadia Valley Operations (CVO) owned by Newcrest located c 100km to the south. The CVO has produced 8Moz of gold since production started in 1999, and produced 667koz and 74kt of copper in FY15. Bodangora and Kaiser are potentially very large gold-copper systems, and are therefore generally more capital intensive to develop than epithermal vein-style deposits, such as Elsienora. For example, the Ridgeway underground operation, which is one mine within the CVO, cost A$345m to develop in 2002, and the Cadia East mine A$1.9bn.

Exhibit 4: Regional geology and project locations – Bodangora/Kaiser (SE corner)



Source: Alkane Resources

Significant drill intercepts (announced 6 May 2016) are 111m at 0.61g/t Au (KSRC0013), 176m at 0.20g/t Au (KSRC016) and 311m at 0.28g/t Au (KSRC018). While the latter two intercepts are low-grade, Alkane has suggested that similar widths and gold grades were discovered at the Ridgeway deposit prior to its development and were later found to be just 200m from the higher grade system core (eg 296m at 4.41g/t Au and 1.02% Cu). Obviously, it will be Alkane's intention to replicate the success of exploration at Ridgeway at Bodangora and Kaiser.

Although existing mines in the area are relatively high cost to develop, at this stage the potential size of mineral resource and the overall structure of any ore-body defined at the Bodangora and Kaiser Project areas is unclear. As such, it is not possible to accurately comment on the cost of development that would be required to exploit any economic fraction of these large porphyry style systems. Such development could either be standalone (from the TGO) or involve concentration of gold grades on site for further treatment at the existing TGO plant.

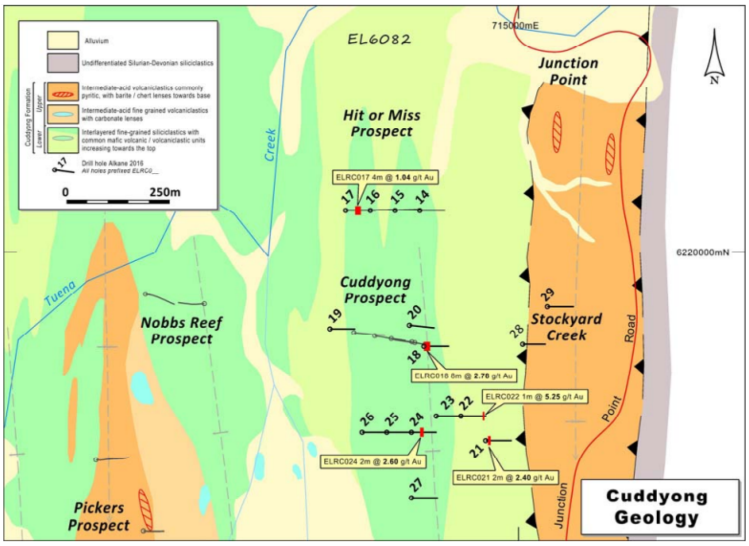
The Elsienora (gold) project

The Elsienora gold project is subject to a farm-in agreement between Alkane Resources and private company Balamara Resources. The terms of this agreement required Alkane to spend A$500k over three years from September 2013 for 80% of the project. Alkane has now satisfied this farm-in requirement and as such now owns 80% of the Elsienora gold project.

The Elsienora project is located approximately 200km to the south-east (as the crow flies) from the TGO, and so any mining at this project may require beneficiation on-site to reduce the volumes of ore transported. Or, if the deposit is appropriate for heap leaching, more autonomous operations could be developed, potentially utilising surface mining equipment from the TGO as mining at this site focuses more on underground mining activity. However, the establishment of a sizeable gold resource is required first and is the subject of Alkane's current activity over Elsienora. The Elsienora project comprises two exploration licence areas (EL 6082 and EL6767). Within these licence areas, six named prospects exist: the Hit or Miss, Junction Point, Nobbs Reef, Pickers, Cuddyong and Stockyard Creek.

In our opinion Elsienora presents a good opportunity for Alkane to delineate a gold resource that would be amenable to processing at the current TGO plant and small enough to potentially fund at a modest cost. Drilling at Elsienora has so far consisted of 29 reverse circulation drill holes spread over a stated strike length of approximately 700m. Elsienora has had both historical mining activity (in the 19th century) and exploration via drilling (by a company called Planet Metals Ltd, 1969-74) undertaken on it. Planet Metals' exploration intersected narrow zones of polymetallic mineralisation in an apparent volcanogenic massive sulphide (VMS) setting. Assays from this era of exploration show promising signs of potentially economic metal grades, with intersections of 1.78m at 7.54% Zn and 3.48% Pb (from diamond drill hole DDH001) and 2.6m at 8.54% Zn, 3.16% Pb, 0.66g/t Au and 74g/t Ag (DDH004).

Exhibit 5: Elsienora Project area showing named prospects



Source: Alkane Resources 6 May 2016 announcement

The geology of Elsienora comprises a package of variably pyritic, intermediate to felsic volcaniclastics. Gold mineralisation occurs in two different styles, the first being typically small low sulphide quartz veins of orogenic origin (ie a mountain-forming event resulting from tectonic activity). The second style comprises sulphide rich disseminated mineralisation, though this style is found to be less common.

The 29 drill holes completed to date have produced grades ranging 0.44g/t to 5.25g/t over intercepts of 1m to 29m. Excluding outlier intercepts of 29m at 1.53g/t (ELRC 001), 11m at 1.47g/t (ELRC002) and 18m at 0.44g/t ELRC008, the average intercept and gold grade reduce to 3.3m at 1.51g/t. This gold grade is comparable to the 1.5-1.7g/t gold grade range of the current TGO measured and indicated resource categories and therefore supports further exploration to contribute information for future a JORC-2012 compliant resource estimation.

Peak Hill – c 467koz sulphide Au resource

Aside from its grass root exploration plans, Alkane has an existing resource of similar scale to its current TGO gold resource, albeit with sulphide and by extension refractory, characteristics. This resource was defined prior to the Peak Hill (oxide) Gold Mine closing in 2005. The currently defined sulphidic Peak Hill mineral resource will need updating for JORC-2012 guidelines. Updating to current JORC guidelines will require Alkane having a greater understanding on the costs of mining this resource, even before a mining engineer makes an assessment for what portion can be economically mined (which then becomes an Ore Reserve under JORC guidelines). With this resource situated beneath the old open pit, it is likely that an underground operation will need to be contemplated to exploit it.

Exhibit 6: Peak Hill sulphide resource (non-JORC 2012) for the proprietary deposit

Deposit	Measured		Indicated		Inferred		Totals		
	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	Tonnage (t)	Grade (g/t)	k ounces
0.5g/t gold cut off									
Proprietary	N/A	N/A	9,440,000	1.35	1,830,000	0.98	11,270,000	1.29	467.4
3.0g/t gold cut off									
Proprietary	N/A	N/A	N/A	N/A	810,000	4.4	810,000	4.4	114.6

Source: Alkane Resources

Status of the DZP and ongoing developments

Alkane continues to progress the DZP's development on a number of fronts. Alkane has now completed all the land purchases required to build the DZP site. These land purchases total 3,500 hectares of which 500 hectares are for the actual mine and processing operations. The remaining land will be reserved for continuation of farming activities and a management company has been established to facilitate this.

There are now no permits, land purchases or major engineering or geological components requiring completion and the DZP is now ready for development. Ongoing processing refinements continue at the ANSTO research facility near Sydney where Alkane has been operating a pilot processing plant facility. However, these refinements do not affect the front-end design of the DZP or any element of the mine's construction. Refinements and improvements to DZP products made at ANSTO can be translated to the mine-scale via minor changes to the back end of the process flow sheet and do not require material changes to the overall engineering design.

Valuation and financials

Alkane's share price has not tracked the increases seen in the wider gold market. This is not due to operational problems or material misses on guidance, which have not occurred during FY16. We view Alkane's flat share performance as an indication of the market's continuing anticipation of a number of DZP catalysts coming through. In our opinion this is due to certain material agreements over the future sale of DZP products not yet being converted into commercial off-take agreements, which once finalised would also trigger financing. We expect Alkane to start announcing these agreements to the market over the coming months. We consider that these agreements will need to be announced before end CY16 for the project development timetable to be maintained (first production at the DZP is slated for CY18). We maintain our view that the DZP provides the most de-risked exposure to a range of high-quality technology metal products outside of China.

A summary of our base case valuation and a comparison with our previous valuation is given in the following exhibit. This is a fully diluted valuation including all DZP financing assumptions (see our October 2015 update note). We also provide a value for Alkane's shares based only on the value of the TGO, and excluding any value for the DZP. This TGO-only valuation is considerably higher than its value assuming the DZP is successfully financing and developed.

Exhibit 7: Base case valuation components (A$0.75) plus TGO-only value (A$0.45)

Asset	Apr CY16 (A$/share)	July CY16 (A$/share)
TGO	0.19	0.17
DZP	0.71	0.57
Bullion on-hand	-	0.01
Total	0.90	0.75
TGO - excl. DZP	0.53	0.45

Source: Edison Investment Research

Our previous April 2016 base case valuation of A$0.90 per Alkane share reduces 17% to A$0.75 reflecting the impact of dilution resulting from the placement of a total of 82.6m shares (see following section). The value of the TGO reduces slightly due to a revised mine schedule (Exhibit 3).

We have also included a per share value for the amount of bullion-on-hand available for immediate milling (at end FY16: A$4.9m). This value, effectively work-in-progress, equates to A$0.01 per Alkane share.

Financials

Income statement

The following is based on Alkane's Appendix 5B quarterly report and not full audited accounts (due August 2016). As such certain assumptions are stated that will differ from the as yet unpublished statutory accounts. Alkane reported A$109m in gold revenues generated by the TGO and cost of sales of A$81.5m, production (A$18.4m) and development (A$63.1m) costs as per its Appendix 5B cash-flow report. After deductions for depreciation of A$27.4m (Edison assumption) and net interest of A$0.2m, our estimate of a loss before tax for FY16 is A$6.4m.

Cash flow

Alkane finished FY16 with cash of A$24.5m, a 64% increase y-o-y (FY15 cash: A$14.9m), driven mainly by the issue of shares, raising gross proceeds of A$12.4m. Post-balance sheet date, Alkane finalised its equity offering, raising a further A$4.1m.

The company expects expenditures as per its quarterly cash flow report to be A$30.4m in Q117.. This comprises A$4m on exploration and evaluation, A$3m of which is allotted to DZP product development with the remainder allocated to exploration activities at the TGO. The remaining A$26.4m in cash outflows comprise A$8.3m on development of the TGO (extension of tailings facilities and other site and plant work), A$16.5m in TGO production costs and A$1.6m in G&A.

The following items have been factored into our financial model since our April 2016 note:

- Alkane as part of the original entitlement offer of 80m shares for A$16m (announced 26/4/16), issued a total of 61.9m new shares at a price of A$0.20 for gross proceeds of A$12.4. These were placed prior to financial year end in May 2016.
- The original entitlement offer of 80m shares was not fully subscribed for; as such a further 20.7m shares were issued post-balance sheet date, in July 2016, at the same price of A$0.20.
- Alkane on 5 May 2016 announced that it secured a A$14m working capital facility with Macquarie Bank. Half of this facility is repayable by 30 June 2017, with the remainder by 29 September 2017.
- Associated with this, Alkane also entered into a forward gold sales agreement with Macquarie whereby it will sell 48,633oz of gold from the TGO at a gold price of A$1,715/oz. This, along with a previous 24,000oz forward gold sales agreement, priced at A$1,618/oz, requires Alkane to deliver a total of 72,633/oz over 16 months, ending September 2017. At end FY16 gold ounces left due for delivery into this facility were 63,900 at an average gold price of A$1,690/oz. A current gold price of A$1,743/oz (US$1,325/oz at an FX rate of US$0.76/A$) does modestly reduce the revenues Alkane would receive at current spot gold prices. However, with market volatility likely to persist, at least in the short term, we consider these facilities as an appropriate safeguard against any severe downturns in the gold price, especially at a time when Alkane requires stable cash flows to plan the development of the TGO UG phase, exploration and the DZP.

Exhibit 8: Financial summary

A$'000s	2014	2015	2016e	2017e	2018e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	35,474	101,813	109,623	119,322	395,776
Cost of Sales	(25,692)	(74,809)	(88,401)	(70,370)	(286,583)
Gross Profit	9,782	27,004	21,222	48,952	109,192
EBITDA	3,890	26,478	20,732	48,462	109,192
Operating Profit (before GW and except.)	3,890	(79)	(6,687)	(7,785)	25,425
Intangible Amortisation	0	0	0	0	0
Exceptionals/discontinued	(4,798)	(8,211)	0	100,000	0
Other	0	0	0	0	0
Operating Profit	(908)	(8,290)	(6,687)	92,215	25,425
Net Interest	(471)	153	242	490	(4,630)
Profit Before Tax (norm)	3,419	74	(6,445)	(7,295)	20,796
Profit Before Tax (FRS 3)	(1,379)	(8,137)	(6,445)	92,705	20,796
Tax	(4,893)	4,051	0	0	0
Profit After Tax (norm)	(1,372)	4,125	(6,445)	(7,295)	20,796
Profit After Tax (FRS 3)	(6,272)	(4,086)	(6,445)	92,705	20,796
Average Number of Shares Outstanding (m)	373.7	413.4	424.4	1,157.3	1,157.3
EPS - normalised (c)	(0.4)	1.0	(1.5)	(0.6)	1.8
EPS - FRS 3 (c)	(1.7)	(1.0)	(1.5)	8.0	1.8
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	27.6	26.5	19.4	41.0	27.6
EBITDA Margin (%)	N/A	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets	160,174	162,624	156,775	914,762	1,385,374
Intangible Assets	53,406	65,251	72,040	75,040	79,040
Tangible Assets	100,032	89,787	77,149	832,136	1,298,748
Investments	6,736	7,586	7,586	7,586	7,586
Current Assets	40,811	28,394	36,839	18,367	61,174
Stocks	15,391	11,505	9,095	9,903	32,981
Debtors	4,906	1,988	3,289	8,465	28,192
Cash	15,569	14,901	24,455	0	0
Other available for sale financial assets	4,945	0	0	0	0
Current Liabilities	(14,726)	(11,251)	(11,929)	(462,511)	(957,139)
Creditors	(13,755)	(9,726)	(10,404)	(5,784)	(23,555)
Short term borrowings	0	0	0	(455,202)	(932,059)
Other	(971)	(1,525)	(1,525)	(1,525)	(1,525)
Long Term Liabilities	(12,039)	(9,265)	(9,265)	(9,265)	(9,265)
Long term borrowings	0	0	0	0	0
Other long term liabilities	(12,039)	(9,265)	(9,265)	(9,265)	(9,265)
Net Assets	174,220	170,502	172,420	461,354	480,144
CASH FLOW					
Operating Cash Flow	(3,508)	28,454	18,807	37,858	84,157
Net Interest	(369)	153	242	490	(4,630)
Tax	0	0	0	0	0
Capex	(95,281)	(32,588)	(21,960)	(814,235)	(554,379)
Acquisitions/disposals	40,534	3,151	390	100,000	0
Financing	9,800	214	12,075	196,229	(2,005)
Dividends	0	0	0	0	0
Net Cash Flow	(48,824)	(616)	9,554	(479,658)	(476,857)
Opening net debt/(cash)	(64,294)	(15,569)	(14,901)	(24,455)	455,202
HP finance leases initiated	0	0	0	0	0
Other	99	(52)	0	0	0
Closing net debt/(cash)	(15,569)	(14,901)	(24,455)	455,202	932,059

Source: Company accounts and Edison Investment Research. Note: We forecast DZP financing capex starting in FY17 including the planned sale of 10% of the DZP for A$100m recorded on the P&L. Assumes capital raise of A$194m via issue of 647m shares at A$0.30 each.

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