

Company Review

Ord Minnett Research

Wednesday, 3 March, 2010

Avoca Resources Ltd

1H10 results review – prelude to a re-rating

Avoca Resources Ltd (AVO) reported a strong 1H10 result that was broadly in line with its recent profit guidance. Key features of the result were:

- Underlying profit of \$ 25.5M reflected strong gold output and sales of 102,132 ounces (up125% on pcp) at 45% lower cash operating costs (\$570/oz including royalties) as AVO's Trident mine at Higginsville in WA performed well
- The company actually reported a higher than guidance profit of \$34.6M that had several one-off gains totalling \$11M from selling most its Rex Minerals stake and an increase in the value of its Dioro Exploration (DIO) investment
- Operating cash flow was significantly improved at \$58M (up 238% on the pcp) while capital expenditure continued at a high rate (up 22% to \$44M in latest half) related to the Trident mine development and the new paste fill plant
- AVO was in a strong financial position at December 2009 with net debt of only \$28M, down 72% on the pcp, from the stronger operating cash flow

Ord Minnett Limited (OML) has made minor changes to its commodity price and FX forecasts and to operating forecasts for AVO in the light of the 1H10 result and AVO's move to compulsory acquisition of DIO. These changes have flowed into revised earnings estimates and valuations. Our 'Buy' recommendation is retained with base case and upside valuations of \$1.91 and \$2.95 per share respectively.

OML believes AVO is now due for a major re-rating that recognises its superior exploration and operational abilities and role as the largest mid cap gold producer with significant upside from its large and highly prospective exploration areas.

OML is forecasting AVO will produce over 300,000 ounces in FY11 at a competitive low cash cost of about \$680 per ounce, which is forecast to generate strong operating cash flow of around \$140M, putting the stock on a very low price to operating cash flow ratio of under 4 times and helping fund accelerated exploration.

Key Financials

Year to June	FY08A	FY09A	FY10E	FY11E	FY12E
Sales Revenue (\$M)	0.0	145.8	272.4	370.4	386.5
Mining Profit Before Tax ¹ (\$M)	(1.7)	40.9	123.0	157.1	153.1
Reported NPAT (\$M)	(1.3)	(16.3)	50.7	52.2	53.7
Reported EPS (¢)	(0.6)	(6.7)	17.7	17.6	18.0
Normalised EPS (¢)	(0.6)	(4.1)	14.8	17.6	18.0
Op. Cash Flow Per shr (¢)	0.4	22.2	36.3	47.1	46.8
Dividend (¢)	0.0	0.0	0.0	0.0	4.0
Net Yield (%)	0%	0%	0%	0%	2.2%
Franking (%)	0%	0%	0%	0%	50%
EPS Growth (%)	na	na	na	18%	3%
Normalised P/E (x)	(301.3)	(44.3)	12.3	10.4	10.1
Price/Op. Cash Flow (x)	441.9	8.2	5.0	3.9	3.9
Normalised ROE (%)	-1%	-7%	23%	22%	19%

Source: Iress, Company Data, Ord Minnett Estimates. Share price: \$ 1.83 Mar 03, 2010.

Note1. Mining Operating Profit Before Tax is the contribution from mining operations

AVO A\$1.83

 Recommendation
Buy

 Risk Assessment
High
Sector - Gold

Peter Arden

Senior Research Analyst

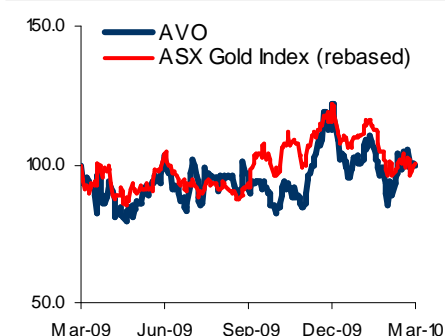
 Email - parden@ords.com.au

Avoca Resources Limited

ASX Code	AVO
52 week range	\$2.26 - \$1.42
Market Cap (\$M)	535
Shares Outstanding* (M)	288.7
Av Daily Turnover (\$M)	2.2
ASX All Ordinaries	4744.8
ASX Gold Index	5476.7
Net Debt FY09 (\$M)	28.3

* Includes remaining shares to be issued for DIO

Relative price performance



Source: Iress

Consensus earnings comparison

	FY10F	FY11F
NPAT (C)*	45.4	47.8
NPAT (OML)	42.5	52.2
EPS (C)*	15.7	17.6
EPS (OML)	14.8	17.6
No of estimates	9	9

Source: Iress

Notes. C = Consensus; OML = Ord Minnett
 *Normalised

Results summary

As shown in Table 1 below, AVO's 1H10 result represents a dramatic turnaround on the previous corresponding period (pcp), driven by significantly higher gold output and sales (up 125% on the pcp) at an average gold price that was up 7% on the pcp that were produced at cash operating costs that were 45% below those in the pcp. The pcp was the initial ramp-up period for AVO's Higginsville operation, so as the operations settle into their second year, it is inevitable that they would be improving.

Higher gold sales and price with much lower cash operating costs drove AVO's stronger than expected 1H10 profit result

Table 1. Summary 1H10 result

	1H09A	1H10A	% change	1H10F	% difference
Gold Sales (000 ozs)	45.3	102.1	125%	102.5	0%
Average Realised Gold Price (\$/oz)	1,104	1,184	7%	1,191	1%
Revenue (\$M)	50.1	121.6	143%	122.3	1%
Average cash operating cost (\$/oz)	1,033	570	-45%	659	16%
EBIT (\$M)	(15.7)	42.8	nc	24.8	-42%
Reported NPAT (\$M)	(14.7)	34.6	nc	14.9	-57%
Normalised NPAT (\$M)	(14.7)	25.5	nc	14.9	-42%
EPS reported (¢/share)	(6.6)	12.8	nc	5.6	-56%
EPS normalised (¢/share)	(6.6)	9.4	nc	5.6	-41%
Operating Cash flow After Tax (\$M)	17.2	58.1	238%	50.2	-14%
Op. Cash Flow (¢/share)	7.7	21.5	178%	18.0	-16%

Source: Company data, Ord Minnett

The reported and underlying 1H10 results were slightly better than consensus estimates. The main differences to OML and consensus expectations were in the areas of operating expenses. The reported result was above the company's recent guidance and it benefited from one-off gains totalling \$11M from the sale of a major part its Rex Minerals stake and an increase in the value of its DIO investment.

The underlying result was ahead of expectations as the company did achieve slightly lower than expected operating costs while the depreciation and amortisation charge was noticeably lower than OML expected and was below the preceding period (2H09) despite 35% higher gold production and sales in the latest period. At only \$0.13M, the exploration write-off was also less than OML expected, reflecting the high level of success from AVO's \$6.9M of exploration expenditure in the period.

AVO's 1H10 reported result included some one-off gains and lower than expected depreciation and amortisation charges.

AVO's Points of Difference

AVO's substantial low cost gold production and very strong operating cash flow are two of the major points of difference with its peers. Not only is AVO a much larger gold producer than most of the other small to mid cap companies, but its direct cash costs (including royalties) are also significantly lower than virtually all its rivals, which collectively translates into very strong operating cash flow. AVO's substantial low cost production has been demonstrated consistently over the past three quarters and is set to continue as the company delivers on its recently confirmed guidance for FY10 of gold production from Higginsville of at least 190,000 ounces at an average cash cost (excluding royalties) of \$450 per ounce.

Other points of difference include AVO's strong focus on exploration and underground mining.

AVO has maintained a strong exploration team at Higginsville since the Trident discovery in 2004 that has had ongoing exploration success in the Trident mine and

Major points of difference between AVO and its peers include its strong operating cash flow from large, low cost output and its strong focus on exploration and underground mining.

within the Higginsville region. At the Trident mine, the company has focused on infill grade control drilling of several of the Athena lodes and resource extension drilling at Athena, Apollo and Eos.

Grade control drilling of Athena has continued to return excellent results, confirming the orientation of various high grade shoots in the Athena 10, 30 and 40 Lodes, with important ramifications for the planned mining sequence of these. OML continues to be very encouraged by these Athena results and believes these Athena Lodes are very similar to some of the major structures in the Norseman goldfield to the south and are likely to deliver a major under-call on the resources as they are likely to supply considerably more ounces and at higher than expected gold grades than is currently reflected in AVO's resource statements or market expectations.

AVO's forthcoming Trident reserve and resource update, due in April 2010, is expected to reflect the significant extensions to the Trident deposits from the substantial mining and exploration work since the previous reserve and resource statement in August 2008. This forthcoming reserve/resource statement follows recent upgrades to reserves and resources for other deposits in the Higginsville district and is expected to be an important re-rating catalyst for the company.

AVO has been vindicated in its predictions prior to its Trident discovery that there would be substantial underground gold deposits at Higginsville and its exploration since has started to show that there are numerous deposits. Similarly, AVO has estimated that there should be numerous substantial underground deposits in the extensive and very poorly explored tenement package owned by DIO.

Unlike many of its peers in the gold sector, who still have a preference for open pit operations, AVO has a strong focus on underground mining and has demonstrated great competence at the exploration for, and then the subsequent evaluation, development and actual mining of underground orebodies.

Changes to estimates

Following analysis of AVO's 1H10 result, incorporation of 100% of DIO from April 2010 and minor changes to our commodity price and \$US/\$A exchange rate forecasts, OML has revised its earnings forecasts for the company as detailed in Table 2 below. These revisions show that despite a flat gold price in Australian dollar terms and modestly rising unit cash operating costs, earnings and operating cash flow are now forecast to be even stronger over the next few years.

Table 2. Revisions to Earnings Forecasts

Year to June	FY10E			FY11E			FY12E		
	Previous	Current	Chge	Previous	Current	Chge	Previous	Current	Chge
Gold Production (000 ozs)	197	228	16%	200	311	55%	202	327	62%
Average Realised Gold Price (\$A/oz)	1,249	1,175	-6%	1,135	1,178	4%	1,086	1,177	8%
Sales Revenue (\$M)	242.3	272.4	12%	224.7	370.4	65%	215.5	386.5	79%
Mining Operating Costs (\$M)	(128.7)	(149.3)	16%	(122.3)	(213.3)	74%	(124.9)	(233.3)	87%
Unit Cash Operating Costs (\$A/oz)	620	644	4%	573	681	19%	580	714	23%
Mine Operating Profit Bef. Tax ¹ (\$M)	113.6	123.0	8%	102.4	157.1	53%	90.6	153.1	69%
Depreciation and Amortisation (\$M)	(48.0)	(48.3)	1%	(47.3)	(60.7)	28%	(48.6)	(64.5)	33%
Profit Before Tax (\$M)	54.6	63.5	16%	49.1	74.6	52%	37.8	76.7	103%
Reported Net Profit After Tax (\$M)	40.4	50.7	25%	38.2	52.2	37%	28.2	53.7	90%
Normalised Profit (\$M)	40.4	42.5	5%	38.2	52.2	37%	28.2	53.7	90%
Normalised Earnings Per Share (¢)	14.6	14.8	2%	13.6	17.6	29%	10.1	18.0	79%
Operating Cash Flow After Tax (\$M)	103.3	107.8	4%	95.7	140.2	47%	78.8	139.1	77%
Operating Cash Flow Per Share (¢)	35.9	36.3	1%	33.2	47.1	42%	27.4	46.8	71%

Source: Ord Minnett estimates

Grade control drilling of Athena Lodes at the Trident mine has continued to return excellent results, supporting OML's belief that a significant grade under-call is likely.

OML's revised forecasts show AVO should be more profitable and generate even stronger operating cash flows in FY10 – FY12 despite a flat gold price and rising unit cash operating costs

AVO moving to compulsory acquisition of DIO

After receiving acceptances of over 91% under its recent (and second) takeover offer for smaller nearby gold producer, DIO, AVO is now moving to compulsory acquisition of DIO. While there is a formal process for this to occur, the timing of it can be somewhat protracted. OML has assumed that while the formal process may not be fully completed for several months, AVO now effectively has full control of DIO and accordingly we have assumed AVO consolidates the operations and accounts of DIO from 1 April 2010.

The principal rationale for AVO's bid was to acquire DIO's 49% interest in the Frogs Leg gold mine, located about 25km west of Kalgoorlie. Currently this underground mine, which is owned by a joint venture, is operated by a Canadian group, La Mancha Resources Inc (La Mancha), which holds the remaining 51% interest.

The Frog's Leg mine has recently been producing at a rate of about 90,000 ounces of gold per annum but La Mancha has announced plans to lift this by about 30% in 2010 to between about 120,000 to 135,000 ounces at an average cash operating cost of about \$US502/oz. AVO believes that La Mancha is more focused on its major project in Africa and will be amenable to AVO's input at Frogs Leg as AVO has demonstrated its strong operational skills by successfully bringing its Trident mine at Higginsville into production in a short period of time and achieving outstanding operating performance.

AVO also sees attractive exploration potential in DIO's large but relatively poorly explored tenement position, part of which abuts AVO's Trident mine area. As a consequence of various factors, including the unusual freehold tenement structure and the poor operating performance and the chronically inadequate financial position of DIO, the tenements have been neglected as there has been virtually no thorough exploration of DIO's tenements since before DIO acquired them.

While AVO would have built up a working knowledge of DIO's operations from having been its largest shareholder for the past nine months and had three of its representatives on the board of DIO, AVO is likely to do a full assessment of the DIO assets before making any major changes to DIO's operations.

AVO has previously indicated that while the main attraction of DIO was its 49% stake in the Frog's Leg gold mine, AVO believes there is great exploration upside in DIO's large and relatively poorly explored tenement package in a similar way to the prospectivity if foresaw at Higginsville as both areas had a history (before AVO's exploration at Higginsville) of very dominant gold production from open pits but little or no deep exploration for underground gold deposits. OML expects that DIO's exploration areas will come in for early and concerted attention.

Valuation

Following OML's revisions to its forecasts for AVO after the 1H10 result, incorporating 100% of the assets of DIO, and some relatively minor changes to commodity price and exchange rate forecasts, OML has revised its Net Present Value (NPV) based valuation for AVO as summarised in Table 3 below.

Previously OML had only included the current market value of AVO's DIO stake at that time in its valuations for both the base case and upside case but while OML is retaining the market value at the time that AVO announced it was proceeding to compulsory acquisition as the base case valuation for the DIO assets, OML is now ascribing some initial upside value to the assets on the basis of their exploration potential under the proven exploration expertise of AVO.

AVO has gained control of DIO and is moving to compulsory acquisition as gold output at DIO's 49% owned Frog's Leg mine is planned to lift by 30% in 2010.

AVO also regards DIO's large but neglected exploration package as very prospective for major underground gold deposits.

OML's valuations have been revised slightly to reflect the 1H10 result, changes to commodity price and \$US/\$A rates, and the DIO situation.

As DIO has an August balance date, however, there is no recent financial information on the company apart from its latest quarterly report (for the quarter ended November 2009), so OML has had to rely on DIO's FY09 financials and its subsequent quarterly reports to derive the financial forecasts used in the AVO forecasts and valuation.

Table 3. Summary valuations of AVO

	Base Case		Upside Case	
	\$M	Value (\$) per Share ¹	\$M	Value (\$) per Share ¹
Assessed value of Trident gold mine ²	367	1.27	483	1.66
Assessed value of Dioro Exploration gold assets ²	113	0.42	171	0.62
Assessed value of other Higginsville assets ³	110	0.41	243	0.86
Assessed value of other WA mineral assets	6	0.02	9	0.02
Sub total of mineral assets	595	2.03	906	3.07
Add - Net financial assets ⁴	(36)	(0.12)	(36)	(0.12)
Total net value	559	1.91	870	2.95

Source: Ord Minnett estimates

- Notes:
1. Per share valuation does not add exactly as each component has been done on a diluted basis, for securities that are dilutive, making for duplication when summed individually
 2. Based on NPV at 10% discount rate using JORC reserves and resources and estimated deposit extensions for base case along with near mine exploration potential for upside case
 3. Estimated value of exploration projects and other assets derived by various methods including NPV
 4. Includes administration costs and assumes repayment at face value of convertible bonds

Stock price catalysts and drivers

OML sees the following as the major catalysts and drivers for AVO in the short to medium term:

- Trident reserve and resource upgrade – due April 2010 (last was August 2008)
- Next quarter production – due to be reported in April 2010 including initial output from the new Fairplay open pit mine
- Higginsville exploration results – also likely to be given in the next quarterly report unless material (which would mean they would be announced when obtained) and are expected to be an ongoing feature of activity as exploration expenditure is expected to be stepped up
- DIO exploration results - won't start to flow for a while as AVO will need time to assess the current (neglected) situation and formulate major exploration programmes

OML believes Trident reserve/resource upgrades and general exploration results will be key drivers for AVO.

Risk factors

OML identifies the major risks for AVO as follows:

- Gold price and \$US/\$A exchange rates moving adversely
- Gold production and operating costs being significantly outside expectations
- Lack of exploration success or ability to turn resources into reserves
- Over-runs for capital expenditure or delays on new mine developments
- Inappropriate corporate activity (including mergers and acquisitions or buy-out of the Morgan Stanley gold royalty)

Financial Statements

Avoca Resources Ltd

Year end June

Profit & Loss Statement (\$M)	FY08A	FY09A	FY10E	FY11E	FY12E
Sales Revenue	0	146	272	370	386
Mining Operating Costs	(2)	(105)	(149)	(213)	(233)
Mining Operating Profit Before Tax	(2)	41	123	157	153
Other Expenses and Net Income	(5)	(13)	(6)	(20)	(14)
EBITDA	(7)	28	117	137	139
Depreciation & Amortisation	(0)	(42)	(48)	(61)	(65)
EBIT	(7)	(15)	69	76	75
Net Interest Expense	3	(9)	(5)	(1)	2
Pre-Tax Profit	(4)	(23)	63	75	77
Tax (Expense) / Benefit	3	7	(18)	(22)	(23)
Reported NPAT	(1)	(16)	51	52	54
Adjustments (after-tax)	0	7	(8)	0	0
Normalised NPAT	(1)	(10)	42	52	54
EBITDA Margin (%)	n/m	19%	43%	37%	36%
Effective tax Rate (%)	66%	30%	28%	30%	30%
EPS Reported (cps)	(1)	(7)	18	18	18
EPS Normalised (cps)	(1)	(4)	15	18	18
EPS growth (%)	na	na	na	18%	3%
DPS (cps)	0	0	0	0	4
Payout Ratio (%)	0%	0%	0%	0%	22%
Franking (%)	0%	0%	0%	0%	50%

Cash Flow Statement (\$M)	FY08A	FY09A	FY10E	FY11E	FY12E
Pre-Tax Operating Cash Flow	1	52	108	143	146
Tax Paid	0	0	0	(3)	(7)
Operating Cash Flow	1	52	108	140	139
Exploration & Development	(11)	(62)	(53)	(52)	(50)
Property, Plant & Equipment	(134)	(2)	(20)	(15)	(13)
Other Investing Items	0	0	5	(2)	(3)
Investing Cash Flow	(145)	(63)	(69)	(70)	(65)
Inc/(Dec) in Equity	6	29	2	0	0
Inc/(Dec) in Borrowings	30	19	(19)	(45)	(28)
Dividends Paid	0	0	0	0	0
Financing Cash Flow	36	49	(17)	(45)	(28)
Net Inc/(Dec) in Cash	(108)	37	20	15	35

Balance Sheet (\$M)	FY08A	FY09A	FY10E	FY11E	FY12E
Cash	2	39	53	68	103
Other Current Assets	16	9	12	13	14
Fixed Assets	173	177	268	260	246
Exploration & Development	31	40	60	71	81
Other Non Current Assets	15	23	9	9	9
Total Assets	236	287	402	422	453
Short-term Debt	6	21	42	28	0
Other Current Liabilities	25	36	73	90	101
Long-term Debt & Convert. Bonds	79	66	38	0	0
Other Non Current Liabilities	11	8	36	38	44
Total Liabilities	120	130	188	155	145
Total Equity	116	157	214	266	309
Net Debt (Cash)	83	48	14	(46)	(109)

Significant Shareholders	Million	(%)	Date
Pala Investments	68.0	23.5%	8/06/09
Commonwealth Bank of Australia	13.7	4.7%	4/11/09

Assumptions	FY08A	FY09A	FY10E	FY11E	FY12E
Gold (US\$/oz)	826	896	1,070	1,075	1,050
US\$/A\$	0.90	0.73	0.89	0.89	0.87
Gold (A\$/oz)	921	1,221	1,204	1,208	1,207

Equity Gold Production (000 oz)	FY08A	FY09A	FY10E	FY11E	FY12E
Trident		131.2	195.2	177.6	154.3
Fairplay and Challice			5.6	17.6	54.5
Dioro Exploration			26.9	115.4	118.2
Total		131.2	227.8	310.7	327.0
Average Cash Cost (incl. royalty) (A\$/oz)		868	644	681	714

Equity Share of JORC Resources	Owned	Mt	g/t Au	Au (koz)
Trident - Western Zone	100%	2.5	4.9	388
- Athena Zone	100%	1.1	8.8	304
- Eastern Zone	100%	0.7	5.2	109
- Other	100%	0.7	6.6	150
- Total	100%	4.9	6.0	951
Fairplay Area	95%	3.4	1.8	198
Challice	100%	1.3	4.5	192
Other Higginsville (includes Trident stockpiles)	100%	2.0	2.6	165
Total Higginsville		11.6	4.0	1,506
Dioro Exploration - Frog's Leg	49%	2.5	6.7	536
- South Kal	100%	23.9	1.8	1,353
- Total		26.4	2.2	1,889
Total		38.0	2.8	3,394

Valuation Ratios (x)	FY08A	FY09A	FY10E	FY11E	FY12E
Normalised P/E	-301.3	-44.3	12.3	10.4	10.1
Price/Op Cash Flow	441.9	8.2	5.0	3.9	3.9
EV/EBITDA	-89.6	21.0	4.7	3.6	3.1

Leverage	FY08A	FY09A	FY10E	FY11E	FY12E
Net Debt/Equity	72%	30%	6%	-17%	-35%
Net Debt/Total Assets	35%	17%	3%	-11%	-24%
Interest Cover (x)	2.2	3.2	23.1	98.7	-71.2

Valuation	Base Case		Upside Case	
	\$M	\$ per share¹	\$M	\$ per share¹
Trident mine & exploration	367	1.27	483	1.66
Higginsville regional exploration	110	0.41	243	0.86
Dioro gold assets	113	0.42	171	0.62
Other WA exploration interests	6	0.02	9	0.02
Total Mineral Assets	595	2.03	906	3.07
Net Financials ²	(36)	(0.12)	(36)	(0.12)
Total	559	1.91	870	2.95

Valuation	Base:	\$1.91	Upside :	\$2.95
Discount (premium) of share to valuation		5%		61%

Valuation sensitivity to:

+/- 10% move in gold price	\$0.70 ps	\$0.82 ps
+/- 10% move in the \$US/\$A rate	\$0.65 ps	\$0.76 ps
Current price		\$1.83
Recommendation		Buy
Risk rating		High
12-month price target		\$2.30

Source: Ord Minnett estimates, Company data.

Notes. 1. Does not add because of effects of dilution. 2. Includes admin costs, assumes repayment of convertible bonds.

Please contact your Ord Minnett Adviser for further information on our document.

Research			
Stephen Scott	Head of Research	Sydney	sscott@ords.com.au
John Lawlor	Senior Research Analyst	Brisbane	jlawlor@ords.com.au
Peter Arden	Senior Research Analyst	Melbourne	parden@ords.com.au
Richard Ivers	Senior Research Analyst	Melbourne	rivers@ords.com.au
David Sakti	Research Associate	Melbourne	dsakti@ords.com.au
Brad Dunn	Assistant Analyst	Sydney	bdunn@ords.com.au
Corporate Finance			
Trent Donnelly	Corporate Finance Director	Sydney	tdonnelly@ords.com.au
Conrad Anderson	Corporate Finance Manager	Sydney	canderson@ords.com.au
Robert Stone	Corporate Finance Manager	Sydney	rstone@ords.com.au

Ord Minnett Branches

Sydney (Head office)

Level 8
NAB House
255 George Street
Sydney NSW 2000
Tel: (02) 8216 6300
Fax: (02) 8216 6311

Gold Coast

Level 7,
50 Appel St
Surfers Paradise QLD 4217
Tel: (07) 5557 3333
Fax: (07) 5574 0301

Mackay

45 Gordon Street
Mackay QLD 4740
Tel: (07) 4969 4888

Wollongong

3/55 Kembla Street
Cnr Market and
Kembla Streets
Wollongong NSW 2520
Tel: (02) 4226 1688
Fax: (02) 4226 1604

Adelaide

Level 11
11-19 Grenfell Street
Adelaide SA 5000
Tel: (08) 8203 2500
Fax: (08) 8203 2525

Caloundra, Sunshine Coast

79-81 Bulcock Street
Caloundra QLD 4551
Tel: (07) 5491 3100
Fax: (07) 5491 3222

Melbourne

Level 23
120 Collins Street
Melbourne VIC 3000
Tel: (03) 9608 4111
Fax: (03) 9608 4142

Brisbane

Level 10, Waterfront Place
1 Eagle St
Brisbane QLD 4000
Tel: (07) 3214 5555
Fax: (07) 3214 5550

Canberra

101 Northbourne Avenue
Canberra ACT 2600
Tel: (02) 6206 1700
Fax: (02) 6206 1720

Newcastle

41-45 Newcomen Street
Newcastle NSW 2300
Tel: (02) 4910 2400
Fax: (02) 4910 2424

Buderim

Sunshine Coast
84 Burnett Street
Buderim QLD 4556
Tel: (07) 5430 4444
Fax: (07) 5430 4400

Coffs Harbour

Suite 4
21 Park Avenue
Coffs Harbour NSW 2450
Tel: (02) 6652 7900
Fax: (02) 6652 5716

Tamworth

Suite 3
344-346 Peel Street
Tamworth NSW 2340
Tel: (02) 6761 3333
Fax: (02) 6761 3104

www.ords.com.au

Ord Minnett Limited
ABN 86 002 733 048
ASX Market Participant
AFS Licence Number 237121

www.ords.com.au

Guide to Ord Minnett Recommendations

BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over 12 months.
ACCUMULATE	The stock's total return is expected to be between 5% and 15%. Investors may add to existing holdings, or initiate holdings on share price weakness.
HOLD	The stock is fairly priced, and its total return is expected to be between 0% and 5%.
LIGHTEN	The stock's total return is expected to be less than 0% and possibly down 15%. Investors should consider selling into share price strength.
SELL	The stock's total return is expected to lose 15% or more.
RISK ASSESSMENT	Classified as High, Medium or Low, denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, volatility, nature of its operations and other relevant quantitative and qualitative criteria.

Disclosure: Ord Minnett is the trading brand of Ord Minnett Limited ABN 86 002 733 048, holder of AFS Licence Number 237121 and an ASX Market Participant. Ord Minnett Limited and/or its associated entities, directors and/or its employees may have a material interest in, and may earn brokerage from, any securities referred to in this document. Further, Ord Minnett and/or its affiliated companies may have acted as manager or co-manager of a public offering of any such securities in the past three years. Ord Minnett and/or its affiliated companies may provide or may have provided corporate finance to the companies referred to in the report. This document is not available for distribution outside Australia and New Zealand and may not be passed on to any third party or person without the prior written consent of Ord Minnett Limited.

Disclaimer: Ord Minnett Limited believes that the information contained in this document has been obtained from sources that are accurate, but has not checked or verified this information. Except to the extent that liability cannot be excluded, Ord Minnett Limited and its associated entities accept no liability for any loss or damage caused by any error in, or omission from, this document. This document is intended to provide general securities advice only, and has been prepared without taking account of your objectives, financial situation or needs, and therefore before acting on advice contained in this document, you should consider its appropriateness having regard to your objectives, financial situation and needs. If any advice in this document relates to the acquisition or possible acquisition of a particular financial product, you should obtain a copy of and consider the Product Disclosure Statement for that product before making any decision.

Analyst Certification: The analyst certifies that: (1) all of the views expressed in this research accurately reflect their personal views about any and all of the subject securities or issuers; and (2) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed herein.