

Duluth Metals

Buy now, pay later

Duluth's PFS highlights the Twin Metals Minnesota (TMM) project as an economically viable Tier 1 asset at reasonable long-term commodity price forecasts. With Antofagasta recently deciding not to increase its ownership and reverting to a conventional 40% funding equity interest, options for TMM's development lead to an increased focus on the Barclays strategic review currently underway. Finding a suitable Tier 1 asset developer capable of funding multi-billion dollar projects is limited to a small pool of large mining companies. Recent M&A activity in the copper space highlights such companies are buying Tier 1 assets to fit longer-term growth profiles.

Year end	Revenue (C\$m)	PBT* (C\$m)	EPS* (C\$)	DPS (C\$)	P/E (x)	Yield (%)
12/11	0.0	(36.2)	(0.21)	0.0	N/A	N/A
12/12	0.0	(54.9)	(0.30)	0.0	N/A	N/A
12/13	0.0	(58.3)	(0.32)	0.0	N/A	N/A
12/14e	0.0	(37.7)	(0.25)	0.0	N/A	N/A

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

Taca Taca sale hints at TMM's value

A review of recent transactions in the copper space identifies the First Quantum acquisition of Taca Taca from Lumina Copper in August 2014 as the most comparable project successfully sold. Our review identifies Taca Taca as comparable in resource size, initial capex and technical understanding. Taca Taca was bought for US\$0.43bn or US\$33 per total copper resource tonne. Applying this multiple to Duluth's 60% attributable copper resource of 7.4Mt implies a potential value of US\$245m. Taca Taca is located in the Puna region of Argentina.

Pre-feasibility provides first, but not final, details

The Twin Metals PFS details an initial development scope for the TMM project, with a 50k short-ton per day (45k metric tonnes per day) plant producing c 101k short-tons of copper in concentrate pa with a secondary nickel concentrate with gold, platinum and palladium credits (but not silver, which could add additional future value). Capital intensity is high presently (US\$167/t annual mill throughput), due to a conservative PFS. Further, there are indications that mines elsewhere have built similar plants for much less. For example, First Quantum's 7Mtpa Kevitsa plant in Finland cost US\$430m.

Valuation: TMM value range US\$0.87-3.68/share

We value Duluth on the basis of its in situ resource and PFS. Valuing the copper only using resource multiples derived from First Quantum's purchase of Taca Taca and Edison's in-house copper multiple implies a value for Duluth's 60%-owned resource of US\$1.79/share and US\$2.74/share respectively. Valuing the entire resource (Cu, Ni, Pt, Pd and Au) using our in-house resource multiples results in a value of US\$3.68/share (60% ownership). This compares with the TMM's PFS value of (C\$0.99/share (US\$0.87/share).

Pre-feasibility study

Metals & mining

27 October 2014

Price **C\$0.13**

Market cap **C\$18m**

US\$0.89/C\$

Net debt (C\$m) at 30 June 2014 29.2

Shares in issue 136.8m

Free float 85%

Code DM

Primary exchange TSX

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (51.0) (73.4) (86.6)

Rel (local) (49.0) (71.9) (87.7)

52-week high/low C\$1.2 C\$0.1

Business description

Duluth Metals is a TSX-listed Canadian company focused on investigating the Twin Metals Minnesota copper-nickel-cobalt-platinum-palladium-gold-silver project held in JV with Antofagasta (40%) and exploring for similar deposits in NE Minnesota, US.

Next event

Outcome of strategic review TBC

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[Edison profile page](#)

Resource value US\$1.79 to US\$3.68/share for DM's 60%

The recent publication of Duluth's PFS prompts us to update our forecasts and valuation and to assess Duluth's strategic options. Since our last detailed outlook note in June 2013, [Steadily unlocking value](#), market conditions have changed materially, notably in terms of reduced eurozone economic confidence, slower growth in China and depressed commodity prices.

The Twin Metals project is a Tier 1 2.4bn tonne resource of mainly copper and nickel, with potentially significant credits from palladium, platinum and gold located in Minnesota, US. The PFS points to economic viability based on a total capex of US\$2.8bn. The project is owned 60% Duluth, 40% Antofagasta. Whereas we had previously expected that Antofagasta might increase its 40% stake and share of funding, Antofagasta has now stated that it will retain its holding at 40%. This gives Duluth a clearer base on which to define its strategic plan and it has commissioned Barclays to review options.

In this note we have reviewed our forecasts; we retain the 60/40% Duluth/Antofagasta structure, and in the interests of visibility we do not include any assumptions of future equity issuance (although this is always a possibility). Our 2014 cash flow estimates point to an end-year funding requirement of around C\$51m.

Meanwhile, we have undertaken a review of our valuation. We examine values from three perspectives, which we comment on in more detail in this note and summarise as follows:

1. Resource and reserves: using our in-house resource multiples, we derive a value of US\$3.68 a share for Duluth's 60% attributable resource.
2. Comparable industry transactions: we have reviewed relevant industry transactions from the last year, and relate them to the TMM resource, from which we infer a value of US\$1.79 (based on, in our view, the most appropriate Taca Taca acquisition by First Quantum).
3. PFS-based valuation: using assumptions in the PFS, we ascribe a value of C\$0.99 per share. We note and discuss upside potential to this from increased payability and a lower capex scenario

First valuation: Edison-derived resource value: US\$1.79/share

In the first of our three valuation methodologies we value the TMM project using Edison's in-house multiples derived from the current market's perception of in situ resource values. We use the TMM resource data as laid out in Exhibit 2.

Using these in-house resource multiples and recent M&A activity (Exhibit 4), we value the TMM project as shown in Exhibit 1. We provide values based on Duluth's current ownership of 60% and also at 100% ownership.

Exhibit 1: In-situ resource valuations per Duluth share at 60% and 100% ownership			
	Copper resource multiple (US\$/t)	DM ownership and value per DM share	
Copper resource valued		60%	100%
Rosemont	144	7.81	13.01
Taca Taca	33	1.79	2.98
Edison	51	2.74	4.56
All metals valued			
Total resource value	Various	3.68	6.14
Source: Edison Investment Research			

Exhibit 2: TMM mineral resources

		Metal grade							Metal quantities					
		Tonnes	Cu	Ni	Pt	Pd	Au		Cu	Ni	Pt	Pd	Au	3PGE
0.3% Cu cut-off	Mt	%	%	g/t	g/t	g/t	g/t		Mt	Mt	Moz	Moz	Moz	Moz
Maturi														
Measured	279	0.63	0.20	0.15	0.34	0.08	0.57		1.76	0.56	1.31	2.76	0.68	4.63
Indicated	746	0.58	0.19	0.16	0.35	0.08	0.59		4.33	1.42	3.72	7.61	1.81	12.79
Inferred	482	0.49	0.16	0.14	0.31	0.07	0.52		2.36	0.77	2.14	4.41	0.98	7.33
Maturi Southwest														
Indicated	93	0.48	0.17	0.08	0.185	0.048	0.31		0.45	0.16	0.07	0.16	0.04	0.27
Inferred	29	0.43	0.15	0.07	0.157	0.041	0.26		0.11	0.04	0.02	0.04	0.01	0.07
Birch Lake														
Indicated	91	0.52	0.16	0.23	0.51	0.11	0.86		0.47	0.15	0.68	1.35	0.30	2.27
Inferred	217	0.46	0.15	0.18	0.37	0.09	0.64		1.00	0.33	1.25	2.34	0.55	4.03
Spruce Road														
Indicated	-	-	-	-	-	-	-		-	-	-	-	-	-
Inferred	435	0.43	0.16	-	-	-	-		1.87	0.70	-	-	-	-
Total														
Measured	279	-	-	-	-	-	-		1.76	0.56	1.31	2.76	0.68	4.63
Indicated	930	0.56	0.17	0.15	0.33	0.08	0.56		5.25	1.72	4.47	9.12	2.15	15.32
Inferred	1,163	0.46	0.15	0.09	0.20	0.05	0.33		5.34	1.84	3.41	6.79	1.54	11.43
Total resource	2,372.29	0.52	0.17	0.39	0.79	0.18	1.32		12.35	4.12	9.19	18.68	4.37	31.39

Source: Duluth Metals and Edison Investment Research

In-situ resource multiples

Our in-situ resource valuations are based on the mineral resource above, our in-house resource multiples (Exhibit 3) and EV/t values derived from the successful sale of Taca Taca by Lumina Copper and Rosemont by Augusta Copper.

Exhibit 3: Edison-derived resource multiples and gross resource value

Metal	Total contained metal (Mt)	Edison derived resource multiples		In-situ resource value (US\$m)
Copper	12.35	US\$/t	50.53	624
Nickel	4.12	US\$/t	9.46	39
Gold	4.37	US\$/oz	10.31	45
Platinum equivalent	27.87	US\$/oz	4.72	132

Source: Edison Investment Research

Second valuation: Comparable transaction, Taca Taca best peer

The following exhibit highlights three recent transactions in the copper space. The constituents were chosen on the basis of how recent the transactions are, their resource and reserve base size and general project attributes. It is notable that a successful transaction appears to warrant a capital intensity figure of around US\$40-50 per annual tonne of milling capacity. Duluth's current capital intensity is relatively high, in our view, at around US\$167/t.

**Exhibit 4: Review of recent transactions**

Current owner	Duluth Metals	Hudbay Minerals	FirstQuantum	MMG
Project	Twin Metals Minnesota project	Rosemont	Taca-Taca	Las Bambas
Ownership	60%	100%	100%	62.5%
JV partner(s)	Antofagasta (40%)	N/A	N/A	Guoxin Intl Investment Co Ltd (22.5%) and CITIC Metal Co. Ltd (15.0%)
Status	Planned	Planned	Planned	In development
Technical confidence level	Pre-Feasibility Study Level	Updated Feasibility Study	Preliminary Economic Assessment	N/A
Location	Minnesota, USA	Arizona, USA	Puna region, Argentina	Apurimac region, Peru
Fraser Mineral Potential index rating	44/96	15/96	54/96 (based on the nearby Salta region)	38/96
Resource and Reserve information on a 100% basis				
Proven and Probable Reserves (billion lbs Cu)	6.20	5.87	N/A	15.21
Project resources inclusive of reserves (billion lbs Cu)	27.20	8.57	28.70	23.15
Weighted average copper resource grade (%)	0.55	0.39	0.44	0.61
Recovery (Cu %)	85.6%	87.0%	90.2%	87.0%
Product sold	Copper and nickel concentrates	Copper and molybdenum concentrate	Copper concentrate	Copper concentrate
Annual copper production (Metric ktpa)	92	100	244	315
LOM cash costs (net of by-product credits)	US\$0.76/lb	US\$1.02/lb	US\$1.11/lb	US\$0.81/lb
Comment	<ul style="list-style-type: none"> • Pre-development underground project • Approx. US\$200m of pre-development capital sunk by partner Antofagasta • 100% ownership of approximately 40,000 acres of exploration mineral interests adjacent and near to the TMM project 	<ul style="list-style-type: none"> • Pre-development open pit project • Mine permit decision and final water permit expected by end 2014. 	<ul style="list-style-type: none"> • Pre-development open pit project • 35% Argentine income tax plus a net 7.5% retention tax on gross revenue less TC/RC's, port handling, freight costs. 3% Royalty. 	<ul style="list-style-type: none"> • Open pit mine • In development with first production due in 2016
Initial capex	US\$2.77bn	US\$1.06bn	US\$3.00bn	US\$6.00bn* (of which US\$3.50bn sunk prior to sale)
Copper price used in base case	US\$3.50/lb	US\$3.50/lb	US\$2.75/lb	N/A
Transaction basis and valuation (100% basis)	N/A	Shares and warrants	Either shares, cash or a combination thereof	All cash
Bought from	N/A	Augusta Resource Corp.	Lumina Copper	Glencore
Transaction announced	N/A	February 11 2014, revised June 23 2014	August 19 2014	April 12 2014
Transaction value	52*	US\$0.56bn	US\$0.43bn	US\$5.85bn
EV of vendor* or project value per attributable Cu lb (US\$)	0.003	0.065	0.015	0.207
Capital Intensity (US\$/lb Cu)	13.7	4.8	5.6	8.6
Annual mill (metric) tonnage throughput (on a 365 day basis)	16,556,126	29,801,027	65,700,000	51,100,000
Capital intensity per annual tonne of throughput	167	36	46	117
Capital intensity per tonne of copper output	30,232	10,601	12,295	19,048

Source: Edison Investment Research. Note: *On 16 October MMG reported it will take US\$2.7bn–3.2bn to complete the project. Resource and reserves based on a 100% ownership. Capital saving required to bring Duluth's capital intensity down to US\$50/t is US\$1.94bn.

Third valuation: PFS-based TMM value and inputs

We also provide a valuation based on the TMM PFS (filed with Sedar on 3 October 2014).

However, the amount of further work required in nearly all aspects of the project limits the PFS's appropriateness as a definitive value for the TMM project.

Based on the assumptions provided in the following section, with Duluth retaining 60% ownership and Antofagasta remaining at 40%, and with first production occurring in 2020, we value Duluth on a DCF basis at C\$0.99 per share (using a 10% discount rate to reflect general equity risk). This valuation is undiluted to reflect the value of the TMM project on a standalone basis.

Unit conversion – all units in this report are metric

Units in the draft-PFS are imperial. For the purposes of this report and to aid comparison with other projects and companies, we have converted all units to their metric equivalent. This also applies to our valuation of the TMM. Our valuation uses Duluth's pre-feasibility study on the TMM project dated 20 August 2014.

Reserves

Publication of the PFS means that for the first time a valuation for the TMM project can be made using an ore reserve estimate. The previous 2009 preliminary economic assessment (PEA) only used mineral resources to define a mining schedule. The current reserve estimate is given in the following exhibit.

Exhibit 5: TMM ore reserves							
	Tonnes	Cu	Ni	Pt	Pd	Au	Ag
0.3% Cu cut-off	Mt	%	%	g/t	g/t	ppm	ppm
Maturi							
Proven	118	0.65	0.21	0.152	0.354	0.09	2.31
Probable	318	0.59	0.19	0.163	0.367	0.09	2.15
P&P	436	0.61	0.19	0.160	0.363	0.09	2.19
Maturi Southwest							
Proven	0	0	0	0	0	0	0
Probable	39	0.48	0.16	0.083	0.192	0.05	1.60
P&P	39	0.48	0.16	0.083	0.192	0.05	1.60
Total							
Proven	118	0.65	0.21	0.152	0.354	0.09	2.31
Probable	360	0.58	0.19	0.154	0.348	0.08	2.09
P&P	478	0.59	0.19	0.154	0.349	0.08	2.14
Source: Duluth Metals and Edison Investment Research							

Factors that may affect the mineral reserve estimate

The reserve estimate (Exhibit 5) should be viewed in conjunction with the following factors in mind:

- Metal price and exchange rate assumptions. The reserve estimate currently uses US\$3.00/lb (copper), US\$9.50/lb (nickel) US\$1,200/oz (gold), US\$1,650/oz (platinum) and US\$700/oz (palladium). A downward revision in the nickel price could have a material impact on the portion of the mineral resource available for conversion to the ore reserve.
- Assumptions relating to geotechnical and hydrogeological parameters used in mine design. Geotechnical drilling needs to be performed and therefore could change the mine plan based on changes in rock conditions.
- Assumptions that go into defining the NSR cut-off used to constrain mineral reserves. Concentrate marketability is not yet defined and requires much more work, especially on the nickel concentrate and also the Maturi Southwest ores.

- Appropriate dilution control being able to be maintained. This will depend on adequate geotechnical drilling and calculation of rock mass characteristics.
- Assumptions as to the paste backfill strengths and quantities required, again requiring further geotechnical investigation.
- Mining and metallurgical recovery assumptions, which will require greater definition of mine plans (accounting for geotechnical inputs) and process flow sheet designs.
- Changes to capital and operating cost estimates. Along with any changes to commodity price assumptions, capex and opex cost changes will likely materially affect the scope of mining the TMM project.
- Changes to royalty payment assumptions.
- Variations to the permitting, operating or social licence regime assumption. This point will need to be clarified as part of a bankable feasibility study, which has not yet been financed or completed.

Current metallurgical recoveries

Exhibit 6 details the outcome of Duluth's previous metallurgical testing of TMM ore samples. The two concentrates to be produced via sequential flotation are a main copper concentrate and a secondary nickel concentrate. Importantly, both concentrates are clean of any deleterious elements, reducing the risk of incurring smelter penalties.

The tailings produced from the flotation process will be very low in sulphur. Half of all tailings produced will be stored in a conventional tailings facility, with the other half being used to paste backfill mine workings.

Exhibit 6: Concentrate recovery factors

Metal	Cu concentrate (%)	Ni concentrate (%)	Cumulative (%)
Copper	85.75	7.99	93.74
Nickel	6.70	55.50	62.20
Gold	64.69	13.32	78.01
Palladium	38.84	35.99	74.83
Platinum	23.90	39.20	63.10
Silver	64.43	12.46	76.89

Source: Duluth Metals Draft-PFS announcement of 20 August 2014

A 45,000 metric tpd (50k stpd) concentrator will house a single process line of SAG (semi-autonomous grinding) and ball milling, followed by sequential copper and nickel flotation. The concentrator site will also house all ancillary infrastructures including storage, rail load-out facility, tailings thickener, filter plant and concentrate receiving system.

Payability

We have used metal payability values based on Duluth's ore reserve assumptions. These assumptions are given in Exhibit 7. However, Duluth notes that significant work still remains in understanding the mineralogy and payability of TMM ores.

Exhibit 7: Concentrate payability assumptions

Commodity	Reserve payability assumption
Copper	76.4%
Nickel	70.8%
Gold	45.0%
Platinum	69.3%
Palladium	68.6%

Source: Duluth Metals PFS ore reserve statement

Operating costs

The following operating cost estimates are used in our PFS valuation. These will likely change, especially with a definitive processing method for the concentrates still undecided.

Exhibit 8: Operating costs		
Cost	Unit	Value
Mining	US\$/t	11.39
Processing	US\$/t	3.62
G&A	US\$/t	2.44
Surface operating cost	US\$/t	2.26
Total onsite operating cost	US\$/t	19.71
Source: Duluth Metals Draft PFS announcement of 20 August 2014		

Capital expenditure

The PFS details the following capital expenditure estimates. We note capex as one of the main differentiators between those projects that have been successfully sold and the TMM. Capital intensity of the TMM is US\$167 per tonne of annual processing capacity, compared with Rosemont (US\$36/t), Taca Taca (US\$46/t) and Las Bambas (US\$117/t). The PFS provides estimates with a c ±25% accuracy, and should be viewed as a starting indication of the project's potential scope. In our view and in current market conditions, the initial capital required needs to be significantly decreased to the level of either Taca Taca or Rosemont in order to attract a potential buyer for the project. However, to reduce capex by such a level may not be possible due to the low-grade nature of the deposit. Only further investigation will produce an answer as to whether capex can be reduced significantly.

Exhibit 9: Capital expenditure estimate		
Project area	Unit	Value
Mine	US\$m	793
Concentrator	US\$m	956
Tailings management	US\$m	547
Surface infrastructure and utilities	US\$m	379
Owner's costs	US\$m	100
Total capital cost	US\$m	2,775
Source: Duluth Metals Draft-PFS announcement of 20 August 2014		

Commodity prices

Our PFS-based valuation uses the commodity prices listed below. The production of nickel and copper (or any metal) is an extremely energy-intensive process and the price of a barrel of crude oil can therefore be considered as a proxy for energy input costs generally. As a result, the correlation between the nominal price of nickel or copper and the nominal price of oil historically has been extremely close. The future price of nickel and copper can therefore be estimated in terms of the price of crude oil by using regression techniques. The result of this analysis results in our long-term price forecasts for copper, nickel, platinum and palladium, reflecting current spot prices, in the following exhibit.

Exhibit 10: Edison's long-term commodity prices		
Commodity	Unit	Value
Copper	US\$/lb	2.96
Nickel	US\$/lb	9.95
Gold	US\$/oz	Various
Platinum	US\$/oz	1,400
Palladium	US\$/oz	800
Source: Edison Investment Research		

Gold price forecast – accounts for actual 2013 US monetary base

Our gold price deck is shown in Exhibit 11 below. These numbers are based on the forecast given in our November 2013 sector report, [Gold – US\\$2,070 by 2020](#). We have adjusted them for the US monetary base as reported for 2013 and 2014 ytd.

Exhibit 11: Edison's gold price forecasts													
Calendar year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gold price (US\$/oz)	1,381	1,334	1,402	1,485	1,474	1,420	1,420	1,411	1,407	1,433	1,466	1,481	1,496
Calendar year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
Gold price (US\$/oz)	1,472	1,465	1,473	1,492	1,510	1,556	1,615	1,663	1,705	1,821	2,178	2,483	

Source: Edison Investment Research

Sensitivities

The material increase in capex, reduced payability and our commodity price assumptions have the biggest impacts on the valuation of the TMM project. Further work is required to refine capital expenditure estimates, the metallurgy of Maturi Southwest ores (which at present is poorly understood according the PFS), payability and marketability of concentrates and the ore reserve estimates of the deposit. The results of these work programmes could materially change the scope of the TMM project.

Payability

Metallurgical upside exists from improving the rejection of non-sulfide gangue from the nickel concentrate and piloting the fine-tuned baseline and pyrrhotite rejection processes. Duluth's consultants suggest that piloting Maturi material leads to significantly better metallurgy than testing the same material in the laboratory. Duluth consultants state a third area of potentially significant upside by enhancing the payability of the precious metals in the concentrate.

Concentrate quality

Duluth's consultant Wood Mackenzie in the PFS highlights that: "The nickel content in the copper concentrate could attract a minor penalty which usually is applied at 0.5% Ni+Co and the typical nickel content of the proposed concentrate is 0.65%Ni. The penalty is not expected to be material but could restrict the marketability of this material."

Further metallurgical test programmes should improve the marketability of all concentrates.

Metallurgy

The PFS states that the replication of the final flow sheet and final flow sheet results still needs to be undertaken, stating that: "Specifically, the need and operation of in-circuit thickening needs to be firmed up with the optimized flow sheet, while the pyrrhotite rejection process needs further development to enhance nickel recoveries, and pilot plant confirmation testing. The other major source of metallurgical process risk lies in the processing of Maturi South west mineralization, as this is very poorly understood at the present time."

A complete understanding of the metallurgy of TMM ores could materially increase or decrease project economics.



Financials

At end June 2014 Duluth had net debt of US\$29.2m. With Antofagasta remaining at 40% ownership and reverting to a 40% funding equity interest, we wait for Duluth to announce a strategic way forward for the project. Historical cash burn rates are no longer relevant due to the uncertainty surrounding further development of the TMM project. We expect Duluth to materially reduce its capital expenditure and exploration programmes to conserve cash at least until the outcome of the Barclays strategic review. No timetable has been set for completion of this review.

Exhibit 12: Financial summary

	C\$m	2011	2012	2013	2014e
31-December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		0.0	0.0	0.0	0.0
Cost of Sales		0.0	0.0	0.0	0.0
Gross Profit		0.0	0.0	0.0	0.0
EBITDA		(13.5)	(13.2)	(12.0)	(2.9)
Operating Profit (before amort. and except.)		(13.6)	(13.4)	(12.2)	(3.1)
Intangible Amortisation		0.0	0.0	0.0	0.0
Exceptionals		2.1	0.0	0.0	0.0
Share-based payments		(3.7)	(3.7)	(4.7)	(4.0)
Operating Profit		(15.2)	(17.1)	(16.9)	(7.1)
Net Interest		(0.8)	1.0	(5.3)	(3.8)
Share of JV PBT		(21.9)	(42.6)	(40.8)	(30.7)
Profit Before Tax (norm)		(36.2)	(54.9)	(58.3)	(37.7)
Profit Before Tax (FRS 3)		(37.9)	(58.6)	(63.0)	(41.7)
Tax		11.4	18.4	19.8	3.8
Profit After Tax (norm)		(24.8)	(36.6)	(38.5)	(33.9)
Profit After Tax (FRS 3)		(26.5)	(40.3)	(43.2)	(37.9)
Average Number of Shares Outstanding (m)		121.5	125.6	125.8	136.8
EPS - normalised (C\$)		(0.21)	(0.30)	(0.32)	(0.25)
EPS - normalised and fully diluted (C\$)		(0.21)	(0.30)	(0.32)	(0.25)
EPS - (IFRS) (C\$)		(0.22)	(0.32)	(0.34)	(0.28)
Dividend per share (C\$)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		194.8	156.8	151.0	138.4
Intangible Assets		0.0	0.0	0.0	0.0
Tangible Assets		1.1	1.3	1.1	1.3
Investments		193.7	155.6	149.9	137.1
Current Assets		28.1	14.1	9.9	0.4
Stocks		0.0	0.0	0.0	0.0
Debtors		0.4	0.1	0.3	0.3
Cash		27.6	14.0	9.5	0.0
Other		0.1	0.1	0.1	0.1
Current Liabilities		(1.4)	(1.8)	(0.7)	(15.4)
Creditors		(1.4)	(1.6)	(0.7)	(0.7)
Short term borrowings		0.0	(0.2)	0.0	(14.7)
Long Term Liabilities		(39.3)	(29.8)	(38.0)	(35.8)
Long term borrowings		(0.4)	(10.1)	(35.1)	(35.8)
Other long term liabilities		(38.9)	(19.7)	(2.9)	0.0
Net Assets		182.2	139.3	122.2	87.6
CASH FLOW					
Operating Cash Flow		(13.4)	(12.3)	(13.0)	(5.9)
Net Interest		0.4	0.1	(3.3)	(0.7)
Tax		0.0	0.0	0.0	0.0
Capex		(1.0)	(0.4)	(0.0)	(0.4)
Acquisitions/disposals		(34.9)	(9.8)	(19.1)	(17.9)
Financing		21.1	(0.9)	0.1	0.0
Dividends		0.0	0.0	0.0	0.0
Net Cash Flow		(27.7)	(23.5)	(35.4)	(24.9)
Opening net debt/(cash)		(24.7)	(27.2)	(3.6)	25.6
HP finance leases initiated		0.0	0.0	0.0	0.0
Other		30.1	(0.1)	6.3	0.0
Closing net debt/(cash)		(27.2)	(3.6)	25.6	50.5

Source: Company accounts and Edison Investment Research

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