

# Amur Minerals Corp.

Proving resourceful

Resource update

Metals & mining

24 May 2016

**Price** **4.58p**

**Market cap** **£24m**

US\$1.4569/US\$

Net cash (US\$m) at 30 June 2015 8.3

Shares in issue\* 514.9m

\*Post March equity issue

Free float 80%

Code AMC

Primary exchange AIM

Secondary exchange N/A

Following its resource updates for Maly Kurumkon-Flangovy (MKFL) and Ikenkoe-Sobolevsky (IKEN) in April and May, respectively, on 10 May Amur announced the results of the process to similarly upgrade and refine the resource at Kubuk. Overall, the update demonstrated a 24.8% increase in mineralised tonnages at Kubuk to take the total resource at Kun-Manie to 740.1kt of contained nickel, or 982.7kt of nickel equivalent. The newly developed geological models for MKFL, IKEN and Kubuk were compiled by SRK in accordance with JORC standards and have been approved by SRK for use in the subsequent definition of reserves.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/13	0.0	(3.7)	(1.0)	0.0	N/A	N/A
12/14	0.0	(2.5)	(0.6)	0.0	N/A	N/A
12/15e	0.0	1.0	0.1	0.0	88.7	N/A
12/16e	0.0	(1.7)	(0.3)	0.0	N/A	N/A

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

## Resource equivalent to 982.7kt nickel equivalent

The Kubuk update completes the resource estimation phase of the definitive feasibility study at Kun-Manie and now allows for the definition of reserves.

Containing 107Mt of material at an average grade of 0.45% Ni, Amur anticipates that the measured and indicated categories of resources at Kun-Manie are likely to be extensive enough to support operations in the important early years of any mining operation, during which construction loans are due to be repaid. To this end, SGS is updating grade-recovery curves for each of the deposits to determine the metal that is recoverable to concentrate. As soon as this is completed, Amur will award reserve definition work to an independent consultant to be performed to DFS standards, followed by an integrated mine plan and optimised schedule. (This is likely to involve the advancement of mining high grade, underground ore in the mining sequence and could therefore materially affect the economics of the project and the most efficient approach to its development).

## Valuation: 33c (subject to improvement)

Based on the existing (open cast) operational blueprint, we estimate updated valuations of the concentrate, low-grade matte, high-grade matte and refined metal options for Kun-Manie of 26c, 33c, 26c and 30c (vs 24c, 31c, 24c and 28c, previously), respectively, using a 10% discount rate and at our long-term nickel price of US\$22,355/t (assuming 80:20 debt:equity funding). Stated alternatively, assuming equity dilution at the current share price of 4.58p/share, Amur's shares offer investors internal rates of return of 28.6-34.2% in US dollar terms over 18 years. However, this could increase if the mine plan is materially reconfigured to bring high-grade underground production forward. In the meantime, we estimate that Amur's enterprise value equates to US\$34.67 per tonne of nickel contained in the Kun-Manie deposit (vs US\$58.67/t at the end of FY15).

## Share price performance



% 1m 3m 12m

Abs (11.8) (39.7) (75.2)

Rel (local) (9.8) (41.7) (72.1)

52-week high/low 42.8p 4.2p

## Business description

Amur Minerals is an exploration and development company focused on base metal projects in Russia's Far East. The company's principal asset is the Kun-Manie nickel sulphide deposit in the Amur Oblast, comprising almost a million tonnes of contained nickel equivalent in at least five deposits.

## Next event

DFS End 2017

## Analyst

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**Amur Minerals Corp. is a research client of Edison Investment Research Limited**

## Kubuk resource update

Following its resource updates for MKFL and IKEN in April and May, respectively, on 10 May Amur announced the results of the process to similarly upgrade and refine the resource at Kubuk:

**Exhibit 1: Kubuk resource upgrade (May 2016 vs April 2015)**

	Tonnage (Mt)	Grade Ni (%)	Contained Ni (t)	Grade Cu (%)	Contained Cu (t)	Grade Pt (g/t)	Contained Pt (t)	Grade Pd (g/t)	Contained Pd (t)
<b>Kubuk (May 2016)</b>									
Measured	0.0	0.00	0	0.00	0	0.0	0.0	0.0	0.0
Indicated	3.7	0.76	28,500	0.18	7,300	0.2	0.7	0.2	0.7
<b>Measured &amp; indicated</b>	<b>3.7</b>	<b>0.76</b>	<b>28,500</b>	<b>0.19</b>	<b>7,300</b>	<b>0.2</b>	<b>0.7</b>	<b>0.2</b>	<b>0.7</b>
Inferred	22.0	0.47	104,500	0.15	32,100	0.1	3.1	0.1	2.7
<b>Total</b>	<b>25.7</b>	<b>0.52</b>	<b>133,000</b>	<b>0.15</b>	<b>39,400</b>	<b>0.1</b>	<b>3.8</b>	<b>0.1</b>	<b>3.4</b>
<b>Kubuk (April 2015)</b>									
Measured	0.0	0.00	0	0.00	0	0.0	0.0	0.0	0.0
Indicated	3.5	0.68	23,400	0.18	6,100	0.1	0.5	0.1	0.4
<b>Measured &amp; indicated</b>	<b>3.5</b>	<b>0.68</b>	<b>23,400</b>	<b>0.17</b>	<b>6,100</b>	<b>0.1</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>
Inferred	17.1	0.56	95,500	0.16	26,800	0.1	2.5	0.1	2.0
<b>Total</b>	<b>20.6</b>	<b>0.58</b>	<b>118,900</b>	<b>0.16</b>	<b>32,900</b>	<b>0.1</b>	<b>3.0</b>	<b>0.1</b>	<b>2.4</b>
<b>Change (units)</b>									
Measured	0.0	0.00	0	0.00	0	0.0	0.0	0.0	0.0
Indicated	0.2	0.08	5,100	0.00	1,200	0.1	0.3	0.1	0.3
<b>Measured &amp; indicated</b>	<b>0.2</b>	<b>0.08</b>	<b>5,100</b>	<b>0.01</b>	<b>1,200</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>
Inferred	4.9	-0.10	9,000	-0.01	5,300	0.0	0.5	0.0	0.7
<b>Total</b>	<b>5.1</b>	<b>-0.06</b>	<b>14,100</b>	<b>-0.01</b>	<b>6,500</b>	<b>0.0</b>	<b>0.8</b>	<b>0.0</b>	<b>1.0</b>
<b>Change (percent)</b>									
Measured	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Indicated	5.7	11.8	21.8	-1.5	19.7	100.0	60.9	86.2	72.3
<b>Measured &amp; indicated</b>	<b>5.7</b>	<b>11.8</b>	<b>21.8</b>	<b>7.5</b>	<b>19.7</b>	<b>52.2</b>	<b>60.9</b>	<b>62.9</b>	<b>72.3</b>
Inferred	28.7	-17.0	9.4	-8.8	19.8	40.0	21.3	24.6	37.1
<b>Total</b>	<b>24.8</b>	<b>-10.3</b>	<b>11.9</b>	<b>-4.0</b>	<b>19.8</b>	<b>2.1</b>	<b>27.4</b>	<b>14.6</b>	<b>42.9</b>

Source: Amur Minerals, Edison Investment Research

As with MKFL and IKEN, differentiated high- and low-grade domains were defined, comprising a continuous nickel grade of at least 0.5% and a continuous nickel grade of at least 0.2% (vs 0.2% at IKEN and 0.1% at MKFL, including intercalated waste), respectively. The result of this enhanced definition is as follows:

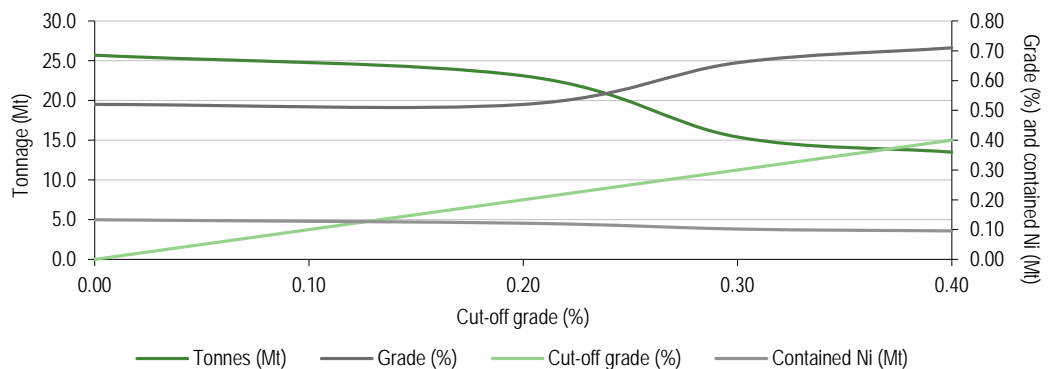
**Exhibit 2: Kubuk resource upgrade, by domain**

	Tonnage (Mt)	Grade Ni (%)	Contained Ni (t)	Grade Cu (%)	Contained Cu (t)	Grade Pt (g/t)	Contained Pt (t)	Grade Pd (g/t)	Contained Pd (t)
<b>High grade domain</b>									
Measured	0.0	0.00	0	0	0	0.0	0.0	0.0	0.0
Indicated	2.7	0.90	24,100	0.22	5,800	0.2	0.5	0.2	0.5
<b>Sub total</b>	<b>2.7</b>	<b>0.90</b>	<b>24,100</b>	<b>0.22</b>	<b>5,800</b>	<b>0.2</b>	<b>0.5</b>	<b>0.2</b>	<b>0.5</b>
Inferred	10.7	0.71	76,300	0.19	20,600	0.2	1.7	0.1	1.5
<b>Total</b>	<b>13.4</b>	<b>0.75</b>	<b>100,400</b>	<b>0.20</b>	<b>26,400</b>	<b>0.2</b>	<b>2.2</b>	<b>0.2</b>	<b>2.0</b>
<b>Low grade domain</b>									
Measured	0.0	0.00	0	0.00	0	0.0	0.0	0.0	0.0
Indicated	1.1	0.29	4,300	0.09	1,400	0.1	0.2	0.2	0.2
<b>Sub total</b>	<b>1.1</b>	<b>0.39</b>	<b>4,300</b>	<b>0.13</b>	<b>1,400</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Inferred	11.3	0.25	28,200	0.1	11,500	0.1	1.5	0.1	1.2
<b>Total</b>	<b>12.4</b>	<b>0.26</b>	<b>32,500</b>	<b>0.10</b>	<b>12,900</b>	<b>0.1</b>	<b>1.6</b>	<b>0.1</b>	<b>1.4</b>
Total Measured	0.0	0.00	0	0.00	0	0.0	0.0	0.0	0.0
Total Indicated	3.7	0.76	28,500	0.18	7,300	0.2	0.7	0.2	0.7
<b>Total Measured &amp; indicated</b>	<b>3.7</b>	<b>0.76</b>	<b>28,500</b>	<b>0.19</b>	<b>7,300</b>	<b>0.2</b>	<b>0.7</b>	<b>0.2</b>	<b>0.7</b>
Total Inferred	22.0	0.47	104,500	0.15	32,100	0.1	3.1	0.1	2.7
<b>Grand Total</b>	<b>25.7</b>	<b>0.52</b>	<b>133,000</b>	<b>0.15</b>	<b>39,400</b>	<b>0.1</b>	<b>3.8</b>	<b>0.1</b>	<b>3.4</b>

Source: Amur Minerals, Edison Investment Research

Again, data was provided at increasing cut-off grades to allow the construction of a basic grade-tonnage diagram:

**Exhibit 3: Kubuk grade-tonnage diagram**



Source: Amur Minerals, Edison Investment Research

Of note is that 71.8% (vs 74.9% at MKFL and 78.9% at IKEN) of the total contained metal at a 0% cut-off grade remains at a 0.4% Ni cut-off (95.5kt out of 133.0kt) – again suggesting the existence of distinct high-grade zones. Note that this may also be inferred from the flattening of the tonnage curve in particular at a relatively high level in Exhibit 3. Similarly, management estimates that 100.4kt of nickel (at a 0% cut-off) is contained within high-grade lenses. The total tonnage in excess of a 0.4% cut-off grade for both the low and high grade shells is 95.5kt.

## Effect on Kun-Manie

The effect of the Kubuk resource upgrades (as well as those for MKFL and IKEN) on the Kun-Manie project as a whole is to increase the mineralised tonnage by 36.3% and contained nickel by 13.8% and the measured and indicated component of the resource by exactly 100.0% (albeit principally as a result of the MKFL upgrade).

**Exhibit 4: Kun-Manie resource upgrade (May 2016 vs April 2015)**

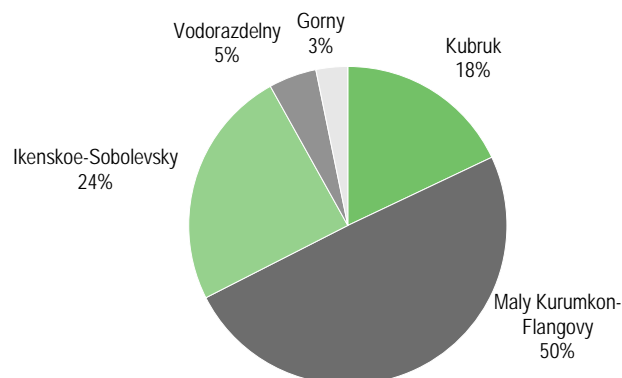
	Tonnage (Mt)	Grade Ni (%)	Contained Ni (t)	Grade Cu (%)	Contained Cu (t)	Grade Pt (g/t)	Contained Pt (t)	Grade Pd (g/t)	Contained Pd (t)
<b>Kun-Manie (May 2016)</b>									
Measured	18.3	0.51	93,300	0.14	25,600	0.2	3.4	0.2	3.7
Indicated	88.7	0.44	390,900	0.12	111,100	0.1	9.6	0.1	10.2
Measured & indicated	107.0	0.45	484,100	0.13	136,600	0.1	13.0	0.1	13.9
Inferred	57.7	0.44	255,900	0.13	76,200	0.1	7.7	0.1	7.8
<b>Total</b>	<b>164.7</b>	<b>0.45</b>	<b>740,100</b>	<b>0.13</b>	<b>212,900</b>	<b>0.1</b>	<b>20.6</b>	<b>0.1</b>	<b>21.7</b>
<b>Kun-Manie (April 2015)</b>									
Measured	15.7	0.52	81,800	0.13	21,100	0.2	2.9	0.2	3.2
Indicated	37.8	0.56	210,500	0.15	57,000	0.1	4.6	0.1	5.3
Measured & indicated	53.5	0.55	292,300	0.15	78,100	0.1	7.5	0.2	8.5
Inferred	67.3	0.53	358,300	0.15	100,300	0.1	9.4	0.1	9.5
<b>Total</b>	<b>120.8</b>	<b>0.54</b>	<b>650,600</b>	<b>0.15</b>	<b>178,400</b>	<b>0.1</b>	<b>16.9</b>	<b>0.1</b>	<b>18.0</b>
<b>Change (units)</b>									
Measured	2.6	-0.01	11,500	0.01	4,500	0.0	0.5	0.0	0.5
Indicated	50.9	-0.12	180,400	-0.04	54,100	0.0	5.0	0.0	4.9
Measured & indicated	53.5	-0.09	191,800	-0.02	58,500	0.0	5.6	0.0	5.4
Inferred	-9.6	-0.09	-102,400	-0.02	-24,100	0.0	-1.7	0.0	-1.7
<b>Total</b>	<b>43.9</b>	<b>-0.09</b>	<b>89,500</b>	<b>-0.02</b>	<b>34,500</b>	<b>0.0</b>	<b>3.7</b>	<b>0.0</b>	<b>3.7</b>
<b>Change (percent)</b>									
Measured	16.6	-2.1	14.1	4.1	21.3	-0.3	16.2	-0.6	15.9
Indicated	134.7	-20.9	85.7	-23.6	94.9	-10.5	110.0	-17.7	93.0
Measured & indicated	100.0	-17.2	65.6	-12.5	74.9	-12.6	74.9	-18.0	64.0
Inferred	-14.3	-16.7	-28.6	-11.4	-24.0	-4.9	-18.5	-4.3	-18.0
<b>Total</b>	<b>36.3</b>	<b>-16.6</b>	<b>13.8</b>	<b>-12.5</b>	<b>19.3</b>	<b>-10.4</b>	<b>22.2</b>	<b>-11.5</b>	<b>20.7</b>

Source: Amur Minerals, Edison Investment Research

For the amount of drilling performed, the increase in the resource equates to 7,541t of mineralised material and 15.4t of contained nickel per metre drilled on average over the three deposits (NB Management estimates its all-in cost of drilling to be US\$75-100 per metre drilled, including that performed for bulk metallurgical testwork).

At the prevailing prices of the contained metals in question (namely US\$8,330/t Ni, US\$4,562/t Cu, US\$1,006/oz Pt and US\$547/oz Pd), the total Kun-Manie resource equates to 982.7kt of contained nickel equivalent (NiE).

In the aftermath of the Kubuk resource upgrade, MKFL now accounts for 50% of the total Kun-Manie resource (vs 45% beforehand), while Ikenskoe-Sobolevsky has declined from 27% to 24% and Kubuk remains unchanged, at 18%.

**Exhibit 5: Kun-Manie resource by deposit (% based on contained nickel)**


Source: Amur Minerals, Edison Investment Research

At the time of our December update note, Amur's enterprise value equated to US\$58.67 per tonne of contained nickel (including by-products), on which basis the increase in the Kun-Manie resource of 89,500t of contained nickel as a result of Amur's efforts should be worth US\$5.3m to the company (compared to the US\$3.3m cost of the associated exploration).

## **Timetable and milestones**

From the perspective of Russia's legal framework, Amur is operating under the auspices of a temporary TEO (note, a Russian TEO equates to a western feasibility study) – the 'temporary' nature of the TEO allowing Amur to conclude its exploration activities. The key piece of work to upgrade the status of its TEO from 'temporary' to 'permanent' is a bulk sample, which Amur is prioritising for 2016. In this case, it is likely to be in the form of a core bulk sample that is large enough for a pilot plant test to determine the metallurgical characteristics of the concentrate produced. Management has stated that it is prepared to fly the bulk sample out from site by helicopter if necessary (a 20t bulk sample would require approximately eight helicopter flights to transport). As a result, Amur believes it will be possible to produce a definitive feasibility study to both Russian (more onerous re permitting etc) and western standards (more onerous re social, environmental and economic standards etc) in 15-21 months (ie in H217).

## **Next steps**

### **Exploration**

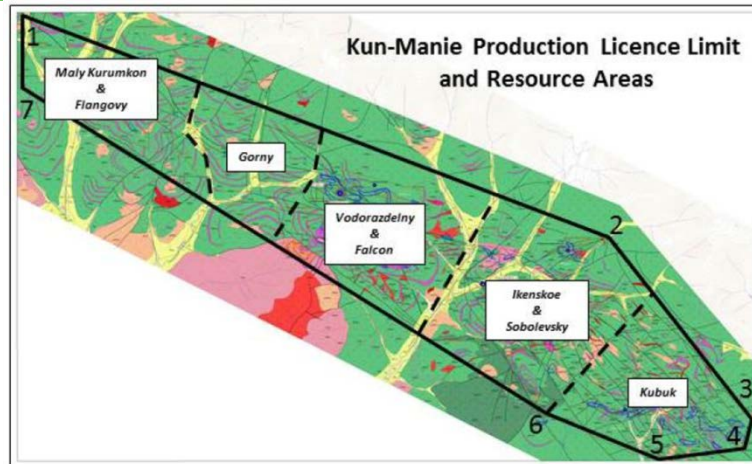
For the purposes of finalising its DFS, SRK is completing a full geological and field procedure review of Amur's operations at Kun-Manie.

In the context of the broader mineralisation at Kun-Manie, the 2015 exploration drilling at Flangovy in particular could be interpreted as being indicative of a single, continuous corridor of mineralisation, approximately 2.5km long, 20-30m thick and at an in-situ grade from 0.7-0.9% nickel, running from Maly Kurumkon through Flangovy to Gorny. It is also possible that there is another similar such corridor from Ikenskoe-Sobolevsky to Kubuk. As a result, it is Amur's intention to continue drilling at Kun-Manie into the foreseeable future. Amur's upcoming 2016 field season is expected to start early (on account of prevailing clement weather conditions) and will again be focused on the MKFL deposit, at which two categories of work will be pursued, including resource related drilling (both in-fill and step-out) and metallurgical and rock mechanics sample collection in support of mine design parameters.

Thereafter, the focus of future drill programmes will be towards similarly upgrading and expanding resources at Kubuk via an estimated 7-8km in-fill drill programme. To this end, drill sites have been identified and variously prepared at Sobolevsky with a view to determining the continuity of a 20m thick, >1% nickel outcrop in the direction Kubuk (see below). Vodorazdelny is not a candidate to be remodelled since it is intended to be mined by open-cast methods alone and Gorny is similarly not a candidate owing to the fact that its grade is too low.

In addition to a future in-fill programme at Kubuk, there is also potential for a step-out programme to the east and down-dip below 400m. Together with its existing LF-70, Amur's recent purchase of a Boart Longyear LF-90 drill rig will double the number of metres that it can drill in a season to c 15,000m. This represents a 40% increase in the total metres drilled since the acquisition of Amur's original exploration licence in 2004. Pro-rata to the May 2016 Kun-Manie resource upgrade, a drill programme of 15,000m could be expected to yield a 113.1Mt increase in mineralised tonnage, containing 230,615t of contained nickel. Simultaneously, two new D9R Caterpillar bulldozers (effectively representing a seed capital fleet) have been mobilised to set up ready access along the full length of the Kurumkon trend in preparation for pre-production development.

**Exhibit 6: The five currently defined exploration areas at Kun-Manie**



Source: Amur Minerals

SRK used Leapfrog technology to build the high-grade model at Kubuk, which will allow the definition of simulated mining units (SMUs) to an accuracy of 5mx5m and ultimately allow Amur to generate a mining schedule and model for the deposit.

### Metallurgy

To date, testing has determined that each deposit has different metallurgical recoveries. As a result, SGS is updating grade-recovery curves for each of the deposits to determine the recoverable metal to be extracted to concentrate by the ore treatment facility. As soon as this is complete, Amur will award reserve definition stage work to an independent consultant to be performed to DFS standards, followed by an integrated mine plan and optimised schedule. This is likely to involve advancing the mining of high grade, underground ore and could therefore materially affect the economics of the project compared to that currently envisaged.

### The Far East and Baikal Region Development Fund

In March, Amur announced the signing of a non-binding Heads of Terms Agreement with the Russian government's Far East and Baikal Region Development Fund. In broad terms, the agreement expresses the intention of the fund and the company to expand their collaboration on funding Kun-Manie and provides a starting point for detailed negotiations establishing technical feasibility requirements, funding needs, terms and conditions and timelines.

In particular, in conjunction with the existing mandate for fundraising from potential strategic partners in Russia, China, and India (which continues to be the cornerstone of Amur's strategy), the agreement expands the funding scope to include the prospect of federal financing of overall mine, plant and smelter development, as well as potential state funding of infrastructure.

The fund typically participates in infrastructure, such as the required 320km road from the Baikal Amur railhead at Verkhnezeisk to the Kun-Manie site and the extension of an existing power line to the location of the planned smelting facilities (located close to the rail spur from the BAM line to the Elga coal project in Yakutia). If implemented, the concurrent development of road and smelter facilities could result in the development of a new industrial hub in Amur Oblast, in which Amur Minerals would play in central role.

### Development

Once its definitive feasibility study is completed and the project is financed, Amur envisages a two-year construction period in CY18 and CY19 before first production of nickel in CY20. Produced to

meet Russian and western standards, an appropriate permanent TEO could, in turn, lend the project naturally to Russian project finance, in which case management has suggested that an 80:20 debt:equity financing structure could be achievable. However, it is understood that Amur is also investigating the potential to access funding via a streaming arrangement relating to its by-products, in particular. Streaming is associated with less risk than debt (and is not considered as debt by lending banks), as it has neither a fixed repayment schedule nor associated debt-service covenants.

In the meantime, management continues to work on improving the operational blueprint published in June 2015 (and which built on the earlier, conceptual open-pit study). Currently, it envisages that Maly Kurumkon-Flangovy, Ikenskoe-Sobolevsky and Kubuk will support both underground and open-pit mining operations and that Vodorzdelny will support open-pit mining operations alone. In addition, it believes that it has identified a potential c US\$150m in capex savings, which could then be used to invest in a flash smelter (vs the electric furnace smelter and converter smelter configuration envisaged).

## Valuation

In our [Update note](#) of 9 May 2016, we estimated valuations of the concentrate, low-grade matte, high-grade matte and refined metal options for Kun-Manie of 24c, 31c, 24c and 28c, respectively, using a 10% discount rate and at our long-term nickel price of US\$22,355/t (assuming 80:20 debt:equity funding). Updating these valuations to reflect a share price of 4.58p modifies these estimates to 26c, 33c, 26c and 30c, respectively, as shown below:

Exhibit 7: AMC equity valuations by development scenario and discount rate								
US cents per share (post-dilution)	0%	5%	10% (base case)	15%	20%	25%	30%	IRR (%)
Toll smelting – US\$122m in equity fund-raising required								
	72	42	26	17	11	8	5	30.8
Low-grade matte – US\$157m in equity fund-raising required								
	96	55	33	21	14	9	7	34.2
High-grade matte – US\$202m in equity fund-raising required								
	77	43	26	16	10	7	5	28.6
Refinery – US\$282m in equity fund-raising required								
	89	51	30	19	12	8	6	32.0

Source: Edison Investment Research. Note: Assuming 80% maximum financial leverage. Excludes warrant funding.

Once again, the low-grade matte option prevails as the most efficient deployment of capital, although investors should note that this could change if the resource and mine plan are materially reconfigured as a result of the advancement of high grade production from underground, in particular.

## Financials

Amur had a net cash position of US\$8.3m at 30 June 2015 and reported that it had US\$6.0m at 1 December, implying a cash burn rate of US\$0.46m per month or US\$2.76m (pro-rata) for H215 (cf cash burn rates of US\$3.9m in FY13, US\$1.7m in H114, US\$2.7m in FY14 and US\$2.7m in H115).

Since 1 December, the company has raised £5.0 gross (an estimated US\$6.9m net) from two tranches of equity issuance relating to the Crede Capital agreement (see our note dated 25 January). On 17 March, Amur reported that it had US\$7.4m in cash on its balance sheet as at 1 March 2016, implying US\$5.5m of cash consumption in the three months from 1 December to 1 March – equivalent to US\$1.8m per month. However, this is also likely to include capital



expenditure of US\$2.48m in respect of the Boart Longyear LF-90 diamond core drill rig, two new Caterpillar D9R bulldozers and 329D excavator that Amur announced that it had purchased on 27 November. Excluding these, the cash burn rate is calculated to have been around US\$1.0m per month.

In the wake of the Crede announcement, we forecast that Amur will have had a net cash position of US\$9.1m at 31 December 2015 and will have one of US\$18.1m at 31 December 2016, after an additional £7.5m (estimated US\$10.1m net) in Crede funding for the remainder of FY16.

#### Exhibit 8: Financial summary

	US\$'00 0s	2010	2011	2012	2013	2014	2015e	2016e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>								
Revenue		0	0	0	0	0	0	0
Cost of Sales		0	0	0	0	0	0	0
Gross Profit		0	0	0	0	0	0	0
EBITDA		(1,928)	(2,892)	(1,750)	(2,539)	(2,358)	(2,148)	(2,148)
Operating Profit (before GW and except.)		(1,928)	(2,892)	(1,750)	(2,539)	(2,358)	(1,869)	(1,869)
Intangible Amortisation		0	0	0	0	0	0	0
Exceptionals		(328)	(1,505)	(435)	(151)	1,158	1,672	0
Other		0	0	0	0	0	0	0
Operating Profit		(2,256)	(4,397)	(2,185)	(2,690)	(1,200)	(197)	(1,869)
Net Interest		0	(211)	(1,813)	(1,141)	(161)	2,838	136
Other		0	0	0	0	0	0	0
Profit Before Tax (norm)		(1,928)	(3,103)	(3,563)	(3,680)	(2,519)	969	(1,733)
Profit Before Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(3,831)	(1,361)	2,641	(1,733)
Tax		0	0	0	0	0	(634)	0
Profit After Tax (norm)		(1,928)	(3,103)	(3,563)	(3,680)	(2,519)	335	(1,733)
Profit After Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(3,831)	(1,361)	2,007	(1,733)
Average Number of Shares Outstanding (m)		193.9	271.8	345.1	387.2	431.2	445.7	585.7
EPS - normalised (c)		(1.0)	(1.1)	(1.0)	(1.0)	(0.6)	0.1	(0.3)
EPS - FRS 3 (c)		(1.2)	(1.7)	(1.2)	(1.0)	(0.3)	0.5	(0.3)
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	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	N/A	N/A
<b>BALANCE SHEET</b>								
Fixed Assets		14,151	13,903	17,928	18,955	12,035	17,372	20,651
Intangible Assets		13,685	13,503	17,084	18,318	11,783	14,053	17,053
Tangible Assets		466	400	844	637	252	3,319	3,598
Other receivables		0	0	0	0	0	0	0
Current Assets		7,215	7,386	8,389	11,074	9,090	9,658	18,738
Stocks		167	165	224	269	237	512	512
Trade Debtors		0	0	0	0	0	0	0
Cash		3,066	4,436	2,048	2,392	1,389	9,063	18,143
Other receivables/other		3,982	2,785	6,117	8,413	7,464	83	83
Current Liabilities		(109)	(102)	(119)	(123)	(407)	(165)	(165)
Creditors		(109)	(102)	(119)	(123)	(407)	(165)	(165)
Short term borrowings		0	0	0	0	0	0	0
Long Term Liabilities		0	0	0	0	0	0	0
Long term borrowings		0	0	0	0	0	0	0
Other long term liabilities		0	0	0	0	0	0	0
Net Assets		21,257	21,187	26,198	29,906	20,718	26,865	39,224
<b>CASH FLOW</b>								
Operating Cash Flow		(1,201)	(2,761)	(1,071)	(1,556)	(1,960)	(2,665)	(2,148)
Net Interest		0	0	0	0	0	2,838	136
Tax		0	0	0	0	0	(634)	0
Capex		(492)	(20)	(3,482)	(2,315)	(748)	(5,058)	(3,000)
Acquisitions/disposals		363	0	0	0	0	0	0
Financing		3,527	4,344	2,165	4,242	1,841	13,046	14,092
Dividends		0	0	0	0	0	0	0
Net Cash Flow		2,197	1,563	(2,388)	371	(867)	7,528	9,080
Opening net debt/(cash)		(997)	(3,066)	(4,436)	(2,048)	(2,392)	(1,389)	(9,063)
HP finance leases initiated		0	0	0	0	0	0	0
Other		(128)	(193)	0	(27)	(136)	146	0
Closing net debt/(cash)		(3,066)	(4,436)	(2,048)	(2,392)	(1,389)	(9,063)	(18,143)

Source: Company sources, Edison Investment Research



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