# Second Supplementary Bidder's Statement

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the second supplementary bidder's statement (**Second Supplementary Bidder's Statement**) issued by ERAMET SA (French company No. 632 045 381) (**ERAMET**) in relation to its off-market takeover bid for all the fully-paid ordinary shares in Mineral Deposits Limited ABN 19 064 377 420 (**MDL**). This Second Supplementary Bidder's Statement supplements, and should be read together with, ERAMET's replacement bidder's statement dated 14 May 2017 and first supplementary bidder's statement dated 14 May 2018.

A copy of this Second Supplementary Bidder's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Unless the context otherwise requires, terms defined in the Replacement Bidder's Statement have the same meaning as in this Second Supplementary Bidder's Statement.

16 May 2018

Dear Shareholder,

## MDL's latest announcements should be treated with caution

ERAMET refers to the two ASX announcements made by Mineral Deposits Limited (**MDL**) on Thursday, 10 May 2018 (**MDL Announcements**), being:

- an announcement setting out MDL's financial and operational guidance for the TiZir Joint Venture for 2018 and 2019; and
- an announcement attaching a letter from MDL's Chairman responding to ERAMET's Offer for MDL, which provides a comparison of the Offer to "peer market valuations" using MDL's 2019 forecasts (**MDL Chairman's Letter**).

**ERAMET considers that MDL's latest announcements contain serious flaws and should be treated with caution for the following reasons:**

- **MDL's forecasts are unreliable**
- **MDL's methodology in comparing ERAMET's Offer to peer market valuations is selective and flawed**
- **When an appropriate methodology is used, ERAMET's Offer is at a significant premium to mineral sands peer valuations**
- **The uncertainty of MDL's forecasts and outlook should be compared to the certainty of ERAMET's cash offer**

# 1 MDL's forecasts are unreliable

## (a) MDL relies on forecast mineral sands prices which are inherently volatile and unpredictable

MDL's guidance and the value statements in the MDL Chairman's Letter are heavily dependent on forecast mineral sands prices for TiZir's mineral sands products.

The prices of mineral sands products are inherently volatile due to:

- **No pricing benchmark:** there being no single pricing benchmark or spot price for these products, where price is generally agreed by way of negotiation for individual contracts or shipments;
- **Limited suppliers:** the limited number of suppliers in the industry, with certain larger suppliers having significant power over pricing negotiations and outcomes; and
- **Uncertainty in future demand:** the significant uncertainty of future demand given the limited number of large customers, the high proportion of demand sourced from China (which is highly sensitive to changes in regulatory and environmental controls) and substitution risk for zircon.

As a result, the industry consultant that MDL has quoted in relation to the price forecasts underlying MDL's guidance and value statements in the MDL Chairman's Letter has not reliably predicted future mineral sands prices over the last 3 years.

ERAMET has conducted a review of mineral sands price forecasts by that industry consultant as against the actual price for zircon, chloride ilmenite, rutile and chloride slag in 2015, 2016 and 2017. Based on this analysis, it is clear that mineral sands prices are unpredictable and those forecasts are often overly optimistic.

In particular, across the four products and three years assessed by ERAMET:

- 8 out of 12 forecast prices (i.e. 67%) involved the actual price being outside the entire forecast range (i.e. the actual price was not between the low and high forecasts); and
- 7 out of those 8 forecast prices (i.e. 88%) involved the actual price being below the low forecast in that range.

## (b) TiZir itself is vulnerable to unexpected shocks

As set out in the Bidder's Statement, TiZir is subject to a range of operational risks that impact its ability to produce consistent, reliable cash flows (which can be readily forecast).

After failing to reach nameplate capacity at GCO and TTI (on an annual basis) in each of the past four calendar years since GCO commenced production, it is clear that running GCO's large dredge operation and TTI's approximately 30 year old processing plant presents certain challenges. This is evidenced by the material disruptions that have impacted TiZir in only the last two years, including the following:

- **Ongoing** – disruption to GCO's railing of its product to port due to railway construction works in Dakar;
- **February 2018** – gear box failure at TTI resulting in 6 weeks of lost production;
- **August 2016** – soft electrode breakage and fire incident at TTI, resulting in a damaged furnace lining and 5 months of lost production; and
- **June 2016** – a crack in the rotary cooler at TTI resulting in approximately 2 weeks of reduced production.

These incidents highlight the difficulty in forming reasonable grounds to support forecasts to the level of detail in the MDL Announcements.

## (c) TiZir has been unable to meet its internal targets in the past

MDL's guidance and the value statements in the MDL Chairman's Letter are noted as being based on internal TiZir management targets and plans. ERAMET did not disclose these internal documents, which are produced for internal planning purposes, as ERAMET did not consider that it could do so responsibly, given the inherent volatility and uncertainties outlined above.

In particular, MDL notes that its 2019 guidance and financial forecasts are based on an "approved five year plan" for TiZir, which has been updated for "recent joint venture developments". A five-year plan was not approved by the TiZir Joint Venture Board in 2017 or so far in 2018. Accordingly, this updated "five year plan" which forms the basis of MDL's guidance and financial forecasts, does not reflect ERAMET's current view and has not been endorsed by the TiZir Joint Venture.

In any case, MDL shareholders should be aware that TiZir has been unable to consistently meet its internal operational targets and plans in the past, including as a result of the operational disruptions described above.

This poor track-record in previous years (in addition to the pricing volatility noted above) casts further doubt on whether the internal targets and plans are capable of forming a reasonable basis for the guidance that has now been announced by MDL.

For example, ERAMET notes that:

- in relation to GCO:
  - GCO was not able to achieve its budget targets for throughput, runtime and ore mined in each of 2015, 2016, 2017 and Q1 2018; and
  - after not meeting its budget target for heavy mineral concentrate production in 2015 and 2016, GCO was only able to meet the equivalent target in 2017 and Q1 2018 as a result of increasing the feed grade during those periods to a level that ERAMET considers to be unsustainable over the longer term; and
- in relation to TTI:
  - TTI was not able to achieve its budget target for titanium slag production in each of 2015, 2016, 2017 and Q1 2018; and
  - MDL announced in its 2014 AGM Presentation[1] that TiZir was expected to achieve titanium slag production of:
    - 200,000 – 220,000 tonnes in 2016 (actual production was only 103,600 tonnes in 2016); and
    - 230,000 tonnes in 2017 (actual production was only 181,200 tonnes in 2017); and
- in relation to TiZir more broadly:
  - MDL announced in its March 2014 Investor Presentation[2] that:
    - GCO had the "indicative earnings potential" to generate more than approximately US$110 million in EBITDA from 2015 onwards (GCO recorded actual EBITDA of US$(7.4) million, $6.0 million and $50.9 million in 2015, 2016 and 2017 respectively); and
    - TTI had the "indicative earnings potential" to generate more than approximately US$90 million in EBITDA from 2016 onwards (TTI recorded actual EBITDA of US$21.0 million and $15.1 million in 2016 and 2017 respectively); and
  - MDL announced in its shareholder update to its 2013 Q3 Operations Review[3] that, pertaining to GCO, *"We expect to commission all the plant during the first quarter of*

[1] MDL announcement released on the ASX on 8 May 2014.

[2] MDL announcement released on the ASX on 5 March 2014.

*2014 and then ramp up production to name plate capacity over the remainder of the 2014 year."* In reality, however, TiZir has still been unable to achieve name plate capacity at both GCO and TTI on an annual basis.

These examples show the difficulty in seeking to predict future operational and financial outcomes at TiZir.

### (d) MDL's 2019 financial forecasts are so broad as to become virtually meaningless

Beyond the issues noted above, MDL's 2019 financial "guidance" is so broad that it is virtually meaningless.

For instance, MDL suggests that TiZir's 2019 EBITDA (on a 100% basis) could be anywhere between US$138 million to US$241 million, compared to 2017 EBITDA of US$62 million. The 2019 free cash flow forecast of US$82 million to US$162 million is even wider on a relative basis.

### (e) Is this why MDL has not provided any guidance in recent years, even during its capital raisings?

As recently as 2017, MDL raised capital from its existing investors and the broader market. MDL did not disclose detailed forward looking guidance as part of its 2017 capital raising.

MDL issued cleansing notices to ASX on 2 March 2017, 13 March 2017 and 27 March 2017. The effect of these notices was for MDL to confirm that there was no information it had not disclosed that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of, amongst other things, the assets, liabilities, financial position and performance, profits and losses and prospects of MDL.

ERAMET assumes that MDL did not consider that forward looking guidance (that MDL now provides) was reliable enough for investors who participated in its 2017 capital raising.

## 2 ERAMET's Offer is at a significant premium to mineral sands peer valuations when an appropriate methodology is used

### (a) MDL's methodology is selective and flawed

In the MDL Chairman's Letter, MDL presented a comparison of the Offer Price of A$1.46 per share to the trading valuations of mineral sands and pigment producer companies only on the basis of price-to-free cash flow (**P/FCF**) multiples for 2019.

MDL's approach is selective to suit its own purpose and consequently misleading for the following reasons:

- **A shorter date forecast is more reliable:** MDL has used 2019 forecasts instead of 2018 forecasts for its analysis, despite the increased uncertainty of a longer dated forecast for TiZir. This is illustrated by the extremely wide range in MDL's 2019 free cash flow forecast for TiZir with a high end that is almost twice the low end (i.e. US$82 million – US$162 million).
- **EV/EBITDA is a key benchmark ignored by MDL:** MDL has used a P/FCF multiple, instead of an enterprise value-to-earnings before interest, tax, depreciation and amortisation (**EV/EBITDA**) multiple. P/FCF does not properly factor in the full capital structure of TiZir, which is critical to MDL's fundamental value given TiZir's significant

[3] MDL announcement released on the ASX on 11 November 2013, attaching the 2013 Q3 Report that was released to the ASX on 21 October 2013.

leverage compared to peers (comprising US$554 million in net debt as at 31 December 2017[4] or US$277 million on a 50% basis for MDL's share). This is due to the fact that the interest payable on the shareholder loans made to TiZir Group (US$231 million as at 31 December 2017) is currently being capitalised in accordance with the restrictions under TiZir's corporate bond, such that free cash flow does not currently reflect the true interest costs being incurred by TiZir. Accordingly, ERAMET considers that EV/EBITDA is a more appropriate valuation metric for TiZir.

- **Iluka Resources is not a valid peer:** MDL has included Iluka in the peer set used for its analysis. As shown below, Iluka Resources is a materially different company to MDL. Iluka's market capitalisation is more than 10 times that of MDL and it has a significantly different competitive position and product mix to MDL. Further, MDL has failed to clarify that Iluka's substantial capex program for 2018 – 2019 significantly inflates its P/FCF multiple compared to the other peers.
- **Downstream companies are not valid peers:** MDL has included in its analysis certain downstream pigment producers (i.e. Tronox, Chemours, Venator, Lomon Billions and Ishihara Sangyo Kaisha). These downstream companies are significantly different to MDL given many have cash flows which, in general, are generated at a different point in the supply chain, often from a diverse mix of products, customer channels and geographies (including titanium dioxide pigments made using inputs of the kind produced by TiZir as well as other chemicals unrelated to TiZir). These companies also have far greater scale, with market capitalisations (in some cases) that exceed US$5 billion. Accordingly, ERAMET has not included these downstream companies in the remainder of this section 2.

***Figure 1 - Comparison of MDL to other mineral sands producers (Iluka, Base and Kenmare)***

***IMPORTANT NOTE****: The forward looking information relating to MDL that is set out below and elsewhere in this document has been taken from the MDL Announcements. ERAMET does not consider this forward looking information to be reliable and does not consider there to be reasonable grounds for its disclosure. ERAMET cautions MDL shareholders against relying on it. The purpose of including this information is for illustrative purposes only to show peer valuation ratios that are more relevant to MDL.*

| | Unit | MDL[5] | Iluka[6] | Base[7] | Kenmare[8] |
|---|---|---|---|---|---|
| **Financial comparison** | | | | | |
| Market capitalisation | A$m | 292 | 3,375 | 288 | 414 |
| Enterprise value | A$m | 529 | 3,558 | 372 | 459 |
| 2018 EBITDA | A$m | 77 | 459 | 144 | 129 |
| 2019 EBITDA | A$m | 125 | 541 | 142 | 156 |
| 2018 Capex | A$m | 8 | 410 | 60 | 53 |
| 2019 Capex | A$m | 6 | 228 | 74 | 46 |
| 2018 FCF (post interest) | A$m | 29 | 89 | 42 | 58 |
| 2019 FCF (post interest) | A$m | 77 | 251 | 68 | 86 |
| **Operational comparison** | | | | | |
| Z/S/R/L production (CY 2017) | Kt | 46 | 825 | 134 | 83 |
| Ilmenite production (CY 2017) | Kt | 246 | 448 | 470 | 998 |

*Source: See Appendix A for further details on the calculations and source of information in Figure 1.*

[4] Including shareholder loans.
[5] MDL Enterprise Value shown as a look through Enterprise Value of MDL's interests in the TiZir Joint Venture. TiZir figures, including production, EBITDA, Capex and FCF are shown on a 50% basis.
[6] Forward looking estimates based on broker consensus. See Appendix A for further details.
[7] Forward looking estimates based on broker consensus. See Appendix A for further details.
[8] Forward looking estimates based on broker consensus. See Appendix A for further details.

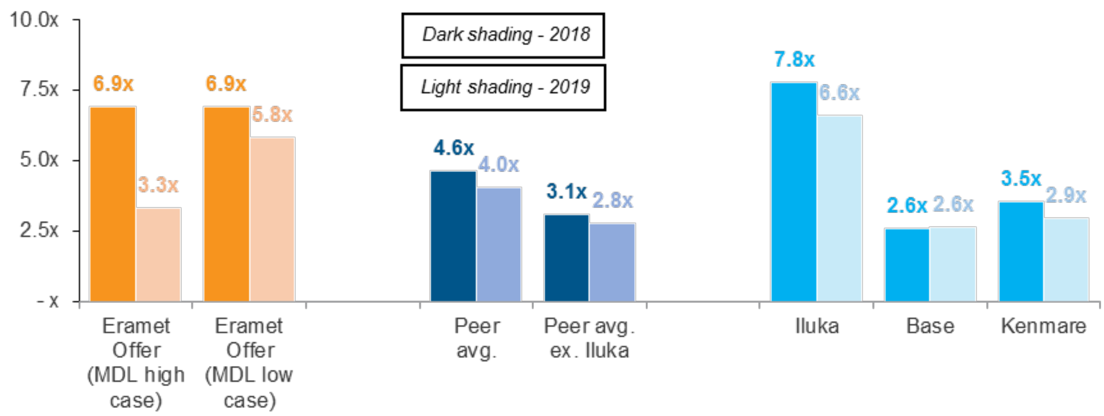
## (b) ERAMET's Offer compares favourably to mineral sands peer valuations

ERAMET does not consider MDL's forecasts for the TiZir Joint Venture to be reliable and these forecasts form the basis for MDL's calculation of an implied P/FCF multiple based on Eramet's Offer Price.

However, for the sake of comparison, this section provides the look-through-value of MDL's interest in the TiZir Joint Venture, based on ERAMET's Offer Price using MDL's own forecasts for TiZir as against MDL's identified peers. The analysis is presented on an EV/EBITDA and P/FCF basis for both 2018 and 2019. While the charts in Figures 2 and 3 show ERAMET's Offer using MDL's high and low case pricing forecasts, ERAMET does not consider that even the low case forecast is reasonable and therefore recommends that shareholders do not simply imply the average of the forecast range as being a reasonable number.

ERAMET's Offer Price of A$1.46 per share implies an EV/EBITDA multiple of 6.9x for 2018, which is at a significant premium to MDL's peers regardless of whether Iluka is included in the peer set average. While 2019 is subject to greater uncertainty (as a longer-dated forecast), the Offer Price implies a EV/EBITDA multiple of 3.3x – 5.8x for 2019 (using MDL's high and low case pricing forecasts as disclosed in the MDL Announcements). This 2019 multiple is broadly in line with the mineral sands peer average of 4.0x if Iluka is included, and at a premium to the mineral sands peer average if Iluka is excluded for the reasons noted above.

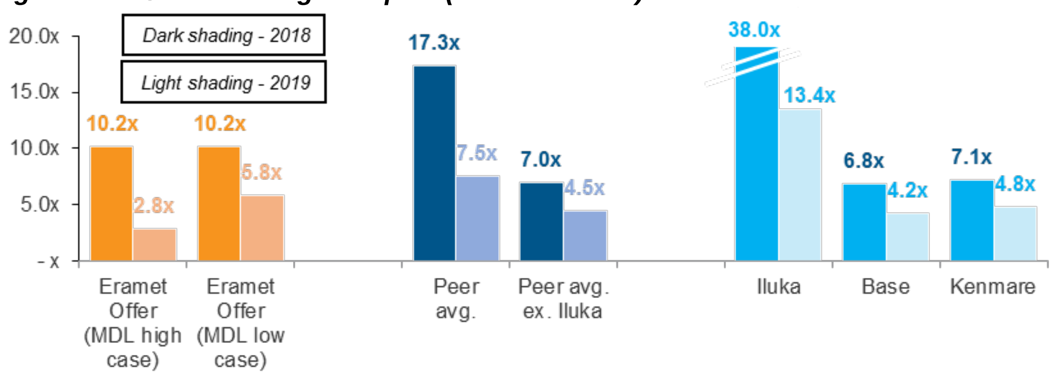
***Figure 2 – EV / EBITDA trading multiples (2018 and 2019)***




*Source: See Appendix A for further details on calculation and source of information in Figure 2.*

ERAMET's Offer Price of A$1.46 per share implies a P/FCF multiple of 10.2x for 2018, which is at a significant premium to MDL's peers, if Iluka is excluded for the reasons noted above. The Offer Price implies a P/FCF multiple of 2.8x – 5.8x for 2019 (using MDL's high and low case pricing forecasts), which is comparable to the multiples of mineral sands peers (of 4.2x – 4.8x), if Iluka is excluded.

***Figure 3 – P / FCF trading multiples (2018 and 2019)***




*Source: See Appendix A for further details on calculation and source of information in Figure 3.*

Accordingly, ERAMET's Offer Price compares favourably to mineral sands producer peers and provides a significant premium across many of these metrics.

Finally, MDL has also included in the MDL Chairman's Letter its analysis of the premia paid in 'precedent transactions' compared to Eramet's Offer Price. However, MDL has not specified the list of transactions it used for this analysis.

It is common practice for market participants to analyse premia paid in control transactions by reference to the underlying circumstances of the target company – for example, it is not relevant to compare the premium paid for a mineral sands company compared to the premium paid for a coal producer. Additional underlying circumstances such as the historical share price performance of the target prior to the control transaction, investor and board dynamics and the relevant point in the commodity cycle are also relevant factors.

Without a detailed analysis of why the 'precedent' transactions are comparable, ERAMET does not consider the data presented by MDL to be relevant.

# 3 The uncertainty of MDL's forecasts and outlook should be compared to the certainty of ERAMET's cash offer

ERAMET encourages shareholders to consider the various risks affecting their investment in MDL against the Offer which provides cash certainty at an attractive premium.

The Bidder's Statement and MDL Announcements refer to the fact that MDL has not realised an annual profit in the last five years and never paid a dividend since commencing trading as MDL on the ASX in 1999.

While MDL carried out a capital return in the form of a distribution of securities in 2010, MDL has never paid shareholders a cash dividend from profits (nor has Teranga Gold, the entity established through MDL's distribution of securities, other than to the Senegalese Government). Further, ERAMET does not expect that the TiZir Joint Venture will make any meaningful distributions to either MDL or ERAMET in the next few years given its high leverage.

In contrast, ERAMET is offering shareholders a clean, cash offer at A$1.46 per share which will be paid if the conditions to the Offer are satisfied or waived.

ERAMET has valued the positive working relationship between MDL and ERAMET at the joint venture. As part of that relationship, ERAMET provided MDL with loans (including US$15 million in 2016) when MDL could not meet its funding obligations. ERAMET continues to assist with a disproportionate amount of financial support to the joint venture (notably US$144 million in shareholder loans by ERAMET compared to the US$87 million shareholder loan from MDL, as at 31 December 2017).

After some of MDL's largest shareholders had been selling shares at prices well below the Offer Price, ERAMET was able to secure a relevant interest of 13.3% in MDL prior to the announcement of the Offer and was encouraged to proceed to make the Offer to all MDL shareholders.

Accordingly, ERAMET has now put the Offer directly to shareholders so that they can make the decision for themselves, rather than leaving it to the MDL Board which collectively owns only 1.6% of MDL. This is not an opportunistic move timed to take advantage of MDL at a low point. In fact, the Offer comes after the MDL share price has increased 119% in the 12 months prior to announcement of the Offer and increased 13% in the two weeks immediately prior to the Offer.

We encourage you to consider this document carefully and accept the Offer.

The Offer is now open for acceptance and is scheduled to close at 7.00pm (Sydney time) on Thursday, 21 June 2018 (unless extended).

**Christel Bories**
**Chairman and CEO,** signed for and on behalf of the directors of ERAMET following a resolution of the directors of ERAMET

16 May 2018

## Appendix A

**Industry consultant commodity prices (actual and forecasts)**: Actual historical prices for zircon, chloride ilmenite, rutile and chloride slag as reported by the industry consultant referenced in the MDL Announcements for the years of 2015, 2016 and 2017 have been compared in this document to the industry consultant's forecasts of those prices as published in the second quarter of the year prior to actuals being reported (i.e. Q2 2014, Q2 2015 and Q2 2016 forecasts were compared against actual prices in 2015, 2016 and 2017 respectively).

**Market data:** All share price data used in this document is as at 26 April 2018 (the date before the announcement of the Offer) and, unless otherwise stated, has been sourced from IRESS and is provided without its consent.

**Foreign Exchange Rates:** All USD and GBP figures are converted to AUD using AUD:USD of 0.7552 and AUD:GBP of 0.5427 as at 26 April 2018.

**Broker reports**: Other than as specified below, all forecast information set out in this Appendix A has been sourced from all broker estimates available to ERAMET and released within the 6 months prior to the date of this document. For consistency and comparability, where possible, if a forecast number is used in this document that was also referenced by MDL in the MDL Announcements, the forecast number in this document has been calculated from the average of the broker estimates that are referenced by MDL in the MDL Announcements. ERAMET does not adopt any broker forecast or average calculated from more than one broker forecast. The broker forecasts have been included solely as an indication of market views.

**Market capitalisations (other than for MDL):** Calculated using last closing share price of each entity on 26 April 2018 multiplied by the shares outstanding in each entity (Iluka: 422,042,226 shares on a diluted basis, Appendix 3B released to ASX on 23 April 2018, Base Resources: 1,198,856,675 shares on a diluted basis, Appendix 3B released to ASX on 22 January 2018, Kenmare: 109,601,551 shares on a diluted basis based on publicly available information). Iluka's market capitalisation is reduced by the average net present value of Mining Area C, which was calculated using the average of broker estimates (5 broker estimates, being the same broker reports used by MDL in the MDL Announcements, range of A$1,257 million – A$1,685 million, broker reports dated 25 February 2018 – 19 April 2018).

**Enterprise Value (other than for MDL):** Sum of market capitalisation (as per above) and net debt as per 31 December 2017 for Iluka (US$138 million, 2017 full year results presentation, released to the ASX on 27 February 2018), Kenmare Resources (US$34 million, based on publicly available information) and Base Resources (US$64 million, Half Year Results to 31 December 2017, released to the ASX on 23 February 2018).

**MDL's market capitalisation**: MDL's market capitalisation is based on Eramet's Offer Price of A$1.46 per MDL share multiplied by 200,026,547 shares (including 196,985,649 outstanding shares and 3,040,898 performance rights (existing and 2018 performance rights)).

**MDL Enterprise Value**: Calculated as the sum of MDL's market capitalisation as per above methodology, less MDL's corporate cash as at 31 March 2018 (US$11.2 million), less MDL's shareholder loan to TiZir as at 31 December 2017 (US$87 million), plus 50% of the net debt of TiZir as at 31 December 2017 (US$554 million on a 100% basis).

**Forecast figures included in Figure 1:**

- **MDL:** The information relating to MDL that is set out below has been taken from MDL's ASX Announcement dated 10 May 2018 (Tizir Financial and Operations Guidance for 2018 and 2019). ERAMET does not consider any forward looking information set out below to be reliable and does not consider there to be reasonable grounds for its disclosure. ERAMET cautions MDL shareholders against relying on it. The purpose for including this information is for illustrative purposes only to show peer valuation ratios that are more relevant to MDL.
    - **Production:** Historical TiZir (2017) production figures, reported on 100% basis in the MDL Announcements.
    - **Capex:** 'Sustaining Capital' figure for Guidance 2018 and Guidance 2019 which was US$16 million (100% basis) for 2018 and ~US$11 million (100% basis) for 2019 from the MDL Announcements.
    - **EBITDA**: US$116 million for 2018 (100% basis) and the average of the range provided (US$138 million - US$241 million) for 2019 (100% basis) from the MDL Announcements.
    - **FCF**: US$49 million for 2018 (100% basis) and the average of the range provided (US$82 million – US$162 million) for 2019 (100% basis) from the MDL Announcements.
    - **Interest costs**: US$31 million (100% basis) for 2019 and US$33 million (100% basis) for 2018 from the MDL Announcements.
- **Iluka Resources**
    - **Production:** Historical production taken from Iluka's 2018 Outlook Presentation (released to the ASX on 27 February 2018) and Iluka's 2017 Annual Report (released to the ASX on 27 February 2018).
    - **EBITDA:** 2018 and 2019 EBITDA forecasts based on the average of broker estimates (2018: 10 estimates, range of US$328 million – US$439 million; 2019: 10 estimates, range of US$369 million – US$524 million). Forecast EBITDA in both years reduced by the average of broker estimated EBITDA for Mining Area C (calculated as outlined above).

- **Capex**: 2018 capex based on guidance provided by Iluka (2018 Outlook Presentation). 2019 capex based on average broker forecasts (5 estimates, range of A$146 million – A$289 million, broker reports dated 25 February 2018 – 19 April 2018).
- **FCF**: 2018 free cash flow based on the average of broker estimates (5 estimates, range of A$96 million – A$205 million). 2019 free cash flow based on the average of broker estimated free cash flow (5 estimates, range of A$146 million – A$290 million, broker reports dated 25 February 2018 – 19 April 2018). Both years have been reduced by interest costs (calculations detailed below) and a tax-adjusted EBIT forecast for Mining Area C (i.e. average of broker estimated EBIT for 2018 (4 brokers, range of A$53 million – A$60 million, broker reports dated 27 February 2018 to 19 April 2018), multiplied by (1 minus corporate tax rate of 30%)); and for 2019 (4 brokers, range of A$47 million – A$58 million, broker reports dated 27 February 2018 to 19 April 2018).
- **Interest costs**: 2018 and 2019 interest expense based on the average of broker estimates (2018: 2 estimates, range of A$10 million – A$27 million; 2019: 2 estimates, range of A$8 million – A$27 million, broker reports dated 27 February 2018 to 19 April 2018).

- **Base Resources**

  *Note: As Base Resources has a 30 June financial year end, all figures below have been adjusted to show a 31 December financial year end (being, for example, 2H FY18 and 1H FY19 for CY2019 figures).*

  - **Production:** December 2017 Quarterly Report (released to the ASX on 11 January 2018).
  - **EBITDA:** 2018 and 2019 EBITDA forecasts based on the average of broker estimates and calendarised (FY18: 4 estimates, range of US$102 million -US$108 million, FY19: 4 estimates, range of US$101 million – US$120 million and FY20: 4 estimates, range of US$86 million – US$117 million).
  - **Capex:** 2018 and 2019 Capex forecasts based on the average of broker estimates and calendarised (FY18: 2 estimates, range of US$38 million – US$103 million. FY19: 2 estimates, range of US$6 million – US$36 million and FY20: 2 estimates, range of US$6 million - $176 million).
  - **FCF:** 2018 and 2019 free cash flow based on the average of broker estimates and calendarised (FY18: 4 estimates, range of A$(36) million to A$4.2 million, broker reports dated 25 February 2018 to 18 April 2018; FY19: 4 estimates, range of A$ 90 million to A$126 million, broker reports dated 25 February 2018 to 19 April 2018; This has been reduced by interest costs (calculations detailed below).
  - **Interest costs:** 2018 and 2019 interest costs based on the average of broker estimates and calendarised (FY18: 4 estimates, range ofA$4 million – A$21 million; FY19: 4 estimates, range of A$2 million – A$13 million; FY20: 3 estimates, range of A$0 million to A$1 million, broker reports dated 25 February 2018 to 19 April 2018).

- **Kenmare Resources**
  - **Production:** Based on publicly available information
  - **EBITDA:** 2018 and 2019 EBITDA forecasts based on the average of broker estimates (2018: 2 estimates, range of US$97 million – US$99 million, 2019: 2 estimates, range of US$115 million – US$121 million).
  - **Capex**: 2018 and 2019 capex forecasts based on 1 broker estimate (2018: US$40m, 2019: US$35m).
  - **FCF:** 2018 and 2019 free cash flow forecasts based on the average of broker estimates (2018: 3 estimates, range of A$57 million – A$72 million, broker reports dated 11 April 2018; 2019: 3 estimates, range of A$69 million – A$109 million, broker reports dated 11 April 2018).
  - **Interest**: Interest estimates based on the average of broker estimates (2018: 2 estimates, range of A$6 million – A$7 million, broker reports dated 11 April 2018; 2019: 2 estimates, range of A$5 million – A$6 million, broker reports dated 11 April 2018).