



## Muga Salt Plant Scoping Study

*Highfield Resources has completed a Scoping Study for processing of the Muga slimes to produce granular K62 potash and vacuum salt by-products. Based on testwork, the slimes will contain 21% NaCl and 11.5% KCl which based on a 1.3Mtpa throughput rate will produce 135ktpa of K62 Potash and 260ktpa of high-purity Vacuum Salt. On a value basis, the potash and salt produced will be roughly equal. Highfield has a growing list of projects now with the recently completed Sierra del Perdon Scoping Study and now the Salt Plant Scoping Study which provide optionality and a growth path towards production of 2Mtpa of potash. We retain our BUY recommendation and increase our Price Target to AUD 2.60/share from AUD 2.10/share.*

### Vacuum Salt pricing and market

Vacuum salt is a pure form of sodium chloride (NaCl) which is used in healthcare, food, the chemical industry, softening and farming. Long-term prices average USD 150/t in North America and Europe. We assume a price of USD 150/t less a 5% marketing commission.

### Potential for a Joint Venture on the Salt Plant

We believe there is good potential for Highfield to introduce a JV Partner to fund the construction of the Salt Plant. This would give Highfield exposure to the earnings from this project whilst not consuming its capital to do so.

### Muga on track

Highfield remains focused on securing permitting for its flagship Muga project this year, followed by financing and construction in the December quarter.

| AUDm          | 2014   | 2015e  | 2016e  | 2017e  | 2018e |
|---------------|--------|--------|--------|--------|-------|
| Revenues      | -      | -      | -      | 23     | 256   |
| EBITDA        | (6)    | (8)    | (4)    | 8      | 138   |
| EBIT          | (6)    | (8)    | (4)    | 7      | 126   |
| EPS           | (0.02) | (0.02) | (0.03) | (0.04) | 0.16  |
| EPS adj       | -      | -      | -      | -      | -     |
| DPS           | -      | -      | -      | -      | -     |
| EV/EBITDA     | -      | -      | -      | -      | 8.2   |
| EV/EBIT       | -      | -      | -      | -      | 9.0   |
| P/E adj       | -      | -      | -      | -      | -     |
| P/B           | 3.90   | 10.36  | 4.32   | 4.73   | 3.44  |
| ROE (%)       | -      | -      | -      | -      | 31.6  |
| Div yield (%) | -      | -      | -      | -      | -     |
| Net debt      | (12)   | (16)   | 31     | 233    | 262   |

Source: Pareto

|                    |      |
|--------------------|------|
| Target price (AUD) | 2.60 |
| Share price (AUD)  | 2.08 |

### Forecast changes

| %            | 2015e | 2016e | 2017e |
|--------------|-------|-------|-------|
| Revenues     | NM    | NM    | -     |
| EBITDA       | (2)   | -     | (6)   |
| EBIT adj     | NM    | NM    | NM    |
| EPS reported | (2)   | (7)   | (11)  |
| EPS adj      | NM    | NM    | NM    |

Source: Pareto

|                             |                 |
|-----------------------------|-----------------|
| Ticker                      | HFR.AX, HFR AU  |
| Sector                      | Metals & Mining |
| Shares fully diluted (m)    | 345.5           |
| Market cap (AUDm)           | 719             |
| Net debt (AUDm)             | -16             |
| Minority interests (AUDm)   | 0               |
| Enterprise value 15e (AUDm) | 703             |
| Free float (%)              | 100             |

### Performance



Source: Factset

### Analysts

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## Muga Salt Plant Scoping Study Metrics

Based on the Scoping Study parameters for the Muga Salt Plant, we calculate an NPV<sub>10</sub> of AUD 186m from upfront capital of USD 124m.

### Muga Salt Plant production metrics and capital costs (Pareto assumptions)

| <b>Production metrics</b>         |             |            |
|-----------------------------------|-------------|------------|
| Throughput                        | Mtpa        | 1.3        |
| K62 Production                    | Ktpa        | 135        |
| Vacuum salt                       | Ktpa        | 260        |
| Mine life                         | Years       | 23         |
| <b>Capital Costs</b>              |             |            |
| Crystallisation Plant             | USDm        | 87         |
| Buildings & Civil Works           | USDm        | 12         |
| Permits                           | USDm        | 0.5        |
| Corporate Costs                   | USDm        | 4          |
| Contingency (20%)                 | USDm        | 21         |
| <b>Total</b>                      | <b>USDm</b> | <b>124</b> |
| <b>Pareto NPV<sub>10%</sub> *</b> | <b>AUDm</b> | <b>186</b> |

\* NPV at the beginning of construction

Source: Highfield, Pareto

### Salt Plant revenue & operating costs

We have assumed that the K62 product is sold at the same price as the K60 product for valuation purposes. Our long-term Vancouver K60 price assumption is USD 300/t. We assume that the Vacuum Salt will be sold at CFR price of USD 150/t and assume a shipping cost of USD 25/t.

The costs presented and assumed price received are weighted for the proportion of K62 Potash and Vacuum Salt produced, which is approximately 50/50 on a value basis.

### Muga Salt Plant operating costs comparison

| <b>Operating costs</b>        |              |              |
|-------------------------------|--------------|--------------|
| Crystallisation Plant         | USD/t        | 29.2         |
| Transport                     | USD/t        | 18.4         |
| G&A                           | USD/t        | 4.2          |
| <b>C1 Cost</b>                | <b>USD/t</b> | <b>51.8</b>  |
| Depreciation                  | USD/t        | 16.0         |
| Sustaining Capex              | USD/t        | 8.0          |
| <b>C2 Cost</b>                | <b>USD/t</b> | <b>75.8</b>  |
| Royalties (0%)                | USD/t        | 0.0          |
| Shipping                      | USD/t        | 17.8         |
| Marketing (5%)                | USD/t        | 7.5          |
| <b>C3 Cost</b>                | <b>USD/t</b> | <b>101.1</b> |
| <b>Assumed price received</b> | <b>USD/t</b> | <b>222.0</b> |

Source: Highfield, Pareto

## Valuation & Price Target

We have updated our valuation to include a risk-weighted NPV<sub>10%</sub> for the Muga Salt Plant. We calculate an NPV pre-construction of AUD 186m, discounted back to today is AUD 154m. We attribute 20% of this value to our Price Target given the early stage of this aspect of the project.

We have also decreased our risk-weighting for the Muga project to 0.9x (from 0.8x). On the back of the recent share price appreciation we have increased our assumed capital raising price to AUD 1.90/share (from AUD 1.30/share, decreasing dilution). We retain our BUY recommendation and our Price Target increases to AUD 2.60/share (from: AUD 2.10/share).

### Pareto Sum-of-Parts Valuation

|   | Valuation<br>AUD m | Valuation<br>AUD/share | Risk weighted Price<br>Target. (AUD/share) |
|---|--------------------|------------------------|--|
| Muga (0.9x)   | 999                | 2.35                   | 2.12                                       |
| <i>Project financing (equity)</i>                     | 144                | 0.34                   | 0.31                                       |
| Muga Salt Plant(0.2x)                                 | 154                | 0.36                   | 0.07                                       |
| Sierra del Perdon (0.2x)                              | 282                | 0.67                   | 0.13                                       |
| Cash  | 21                 | 0.05                   | 0.05                                       |
| Debt  | 0                  | 0.00                   | 0.00                                       |
| Corporate   | (65)               | (0.15)                 | (0.15)                                     |
| Unpaid Capital  | 25                 | 0.06                   | 0.06                                       |
| <b>Sum-of-parts valuation</b>                         | <b>AUD 1,552m</b>  | <b>AUD 3.70/share</b>  | <b>AUD 2.60/share</b>                      |
| <i>Discount Rate</i>                                  |                    |                        | 10.0 %                                     |
| <i>Fully Diluted Shares (includes equity funding)</i> |                    |                        | 421m                                       |
| <b>Price Target</b>                                   |                    |                        | <b>AUD 2.60/share</b>                      |

Source: Pareto

### Attractive peer multiples value Highfield at AUD 4.90/share

The universe of potash producers are currently trading on an average EV/EBITDA multiple of 8.0x (notably higher than the mining majors at 7.0x). Whilst we do not expect Highfield to trade on these metrics until it has successfully taken Muga into production, it demonstrates the inherent value of the project and suggests a high premium would be required in the event of a takeover offer. Based on Muga's production metrics and the average producer valuations, Highfield is worth AUD 4.90/share as a producer (based on Muga production alone).

With these multiples on offer the company looks committed to building the project and taking it into production to close the value gap.

In March Allana Potash agreed to a CAD 137m takeover from its major shareholder ICL. The project metrics are not as technically or economically appealing as Highfields and the company was in a difficult position with a low cash balance and a significant capital cost to build the project of USD 642m.

### Permitting is the next key catalyst

EMED Mining recently received its mining permit for the development of its brownfields Rio Tinto mine which has been fraught with environmental concerns for years. Following EMED's receipt of its mining permit, we are confident that Highfield will be granted its permit in the September quarter given that it is an underground greenfields project in an industrialised area with relatively high unemployment and with no environmental legacy issues. Highfield has a number of its experienced Spanish employees managing the permitting process with the Government. The company has also built a significant amount of goodwill within the local community via the various programs the company is running.

| <b>PROFIT &amp; LOSS (fiscal year) (AUDm)</b>  | <b>2013</b> | <b>2014</b> | <b>2015e</b> | <b>2016e</b> | <b>2017e</b> | <b>2018e</b> |
|--|-------------|-------------|--------------|--------------|--------------|--------------|
| <b>Revenues</b>                                | <b>0</b>    | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>23</b>    | <b>256</b>   |
| <b>EBITDA</b>                                  | <b>(4)</b>  | <b>(6)</b>  | <b>(8)</b>   | <b>(4)</b>   | <b>8</b>     | <b>138</b>   |
| Depreciation & amortisation                    | (0)         | (0)         | (0)          | -            | (1)          | (12)         |
| <b>EBIT</b>                                    | <b>(4)</b>  | <b>(6)</b>  | <b>(8)</b>   | <b>(4)</b>   | <b>7</b>     | <b>126</b>   |
| Net interest                                   | 0           | 0           | 0            | (7)          | (24)         | (27)         |
| Other financial items                          | -           | -           | -            | -            | -            | -            |
| <b>Profit before taxes</b>                     | <b>(3)</b>  | <b>(6)</b>  | <b>(7)</b>   | <b>(11)</b>  | <b>(16)</b>  | <b>99</b>    |
| Taxes  | -           | -           | -            | -            | (1)          | (30)         |
| Minority interest                              | -           | -           | -            | -            | -            | -            |
| <b>Net profit</b>                              | <b>(3)</b>  | <b>(6)</b>  | <b>(7)</b>   | <b>(11)</b>  | <b>(17)</b>  | <b>70</b>    |
| EPS reported                                   | (0.04)      | (0.02)      | (0.02)       | (0.03)       | (0.04)       | 0.16         |
| <b>EPS adjusted</b>                            | <b>-</b>    | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| DPS  | -           | -           | -            | -            | -            | -            |
| <b>BALANCE SHEET (AUDm)</b>                    | <b>2013</b> | <b>2014</b> | <b>2015e</b> | <b>2016e</b> | <b>2017e</b> | <b>2018e</b> |
| Tangible non current assets                    | 0           | 0           | 4            | 180          | 359          | 448          |
| Other non-current assets                       | 24          | 40          | 48           | 52           | 58           | 68           |
| Other current assets                           | 0           | 1           | 2            | 2            | 2            | 2            |
| Cash & equivalents                             | 6           | 12          | 16           | 137          | 104          | 74           |
| <b>Total assets</b>                            | <b>31</b>   | <b>53</b>   | <b>70</b>    | <b>372</b>   | <b>523</b>   | <b>593</b>   |
| Total equity                                   | 30          | 51          | 69           | 203          | 185          | 255          |
| Interest-bearing non-current debt              | -           | -           | -            | 168          | 337          | 264          |
| Interest-bearing current debt                  | -           | -           | -            | -            | -            | 72           |
| Other Debt                                     | 0           | 2           | 1            | 1            | 1            | 1            |
| <b>Total liabilities &amp; equity</b>          | <b>31</b>   | <b>53</b>   | <b>70</b>    | <b>372</b>   | <b>523</b>   | <b>593</b>   |
| <b>CASH FLOW (AUDm)</b>                        | <b>2013</b> | <b>2014</b> | <b>2015e</b> | <b>2016e</b> | <b>2017e</b> | <b>2018e</b> |
| Cash earnings                                  | (3)         | (9)         | (16)         | (15)         | (22)         | 72           |
| Change in working capital                      | 10          | 5           | 2            | -            | -            | -            |
| Cash flow from investments                     | (0)         | (0)         | (4)          | (176)        | (180)        | (101)        |
| Cash flow from financing                       | -           | 10          | 22           | 313          | 168          | -            |
| Net cash flow                                  | 6           | 5           | 4            | 122          | (34)         | (29)         |
| <b>CAPITALIZATION &amp; VALUATION (AUDm)</b>   | <b>2013</b> | <b>2014</b> | <b>2015e</b> | <b>2016e</b> | <b>2017e</b> | <b>2018e</b> |
| <b>Share price (AUD end)</b>                   | <b>0.34</b> | <b>0.58</b> | <b>2.08</b>  | <b>2.08</b>  | <b>2.08</b>  | <b>2.08</b>  |
| Number of shares end period                    | 346         | 346         | 346          | 421          | 421          | 421          |
| Net interest bearing debt                      | (6)         | (12)        | (16)         | 31           | 233          | 262          |
| <b>Enterprise value</b>                        | <b>111</b>  | <b>187</b>  | <b>703</b>   | <b>907</b>   | <b>1,110</b> | <b>1,139</b> |
| EV/Sales                                       | -           | -           | -            | -            | 47.9         | 4.4          |
| <b>EV/EBITDA</b>                               | <b>-</b>    | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>8.2</b>   |
| EV/EBIT  | -           | -           | -            | -            | -            | 9.0          |
| P/E reported                                   | -           | -           | -            | -            | -            | 12.6         |
| <b>P/E adjusted</b>                            | <b>-</b>    | <b>-</b>    | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| P/B  | 3.9         | 3.9         | 10.4         | 4.3          | 4.7          | 3.4          |
| <b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b> | <b>2013</b> | <b>2014</b> | <b>2015e</b> | <b>2016e</b> | <b>2017e</b> | <b>2018e</b> |
| ROE adjusted (%)                               | -           | -           | -            | -            | -            | -            |
| Dividend yield (%)                             | -           | -           | -            | -            | -            | -            |
| EBITDA margin (%)                              | -           | -           | -            | -            | 35.5         | 53.9         |
| EBIT margin (%)                                | -           | -           | -            | -            | 30.8         | 49.2         |
| NIBD/EBITDA                                    | 1.71        | 2.00        | 2.01         | (7.72)       | 28.28        | 1.90         |
| EBITDA/Net interest                            | 28.70       | 33.59       | 28.02        | -            | 0.35         | 5.13         |

| <b>PROFIT &amp; LOSS (fiscal year) (AUDm)</b>  | <b>1Q'15</b>  | <b>2Q'15</b>  | <b>3Q'15e</b> | <b>4Q'15e</b> | <b>1Q'16e</b>  | <b>2Q'16e</b>  | <b>3Q'16e</b>  | <b>4Q'16e</b>  |
|--|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Revenues                                       | -             | -             | -             | -             | -              | -              | -              | -              |
| <b>EBITDA</b>                                  | <b>(2)</b>    | <b>(4)</b>    | <b>(1)</b>    | <b>(1)</b>    | <b>(1)</b>     | <b>(1)</b>     | <b>(1)</b>     | <b>(1)</b>     |
| Depreciation & amortisation                    | -             | (0)           | -             | -             | -              | -              | -              | -              |
| <b>EBIT</b>                                    | <b>(2)</b>    | <b>(4)</b>    | <b>(1)</b>    | <b>(1)</b>    | <b>(1)</b>     | <b>(1)</b>     | <b>(1)</b>     | <b>(1)</b>     |
| Net interest                                   | -             | 0             | -             | -             | -              | -              | (3)            | (3)            |
| Other financial items                          | -             | -             | -             | -             | -              | -              | -              | -              |
| <b>Profit before taxes</b>                     | <b>(2)</b>    | <b>(3)</b>    | <b>(1)</b>    | <b>(1)</b>    | <b>(1)</b>     | <b>(1)</b>     | <b>(4)</b>     | <b>(4)</b>     |
| Taxes  | -             | -             | -             | -             | -              | -              | -              | -              |
| Minority interest                              | -             | -             | -             | -             | -              | -              | -              | -              |
| <b>Net profit</b>                              | <b>(2)</b>    | <b>(3)</b>    | <b>(1)</b>    | <b>(1)</b>    | <b>(1)</b>     | <b>(1)</b>     | <b>(4)</b>     | <b>(4)</b>     |
| EPS reported                                   | (0.01)        | (0.01)        | (0.00)        | (0.00)        | (0.00)         | (0.00)         | (0.01)         | (0.01)         |
| <b>EPS adjusted</b>                            | <b>(0.01)</b> | <b>(0.01)</b> | <b>(0.00)</b> | <b>(0.00)</b> | <b>(0.00)</b>  | <b>(0.00)</b>  | <b>(0.01)</b>  | <b>(0.01)</b>  |
| DPS  | -             | -             | -             | -             | -              | -              | -              | -              |
| <b>BALANCE SHEET (AUDm)</b>                    | <b>1Q'15</b>  | <b>2Q'15</b>  | <b>3Q'15e</b> | <b>4Q'15e</b> | <b>1Q'16e</b>  | <b>2Q'16e</b>  | <b>3Q'16e</b>  | <b>4Q'16e</b>  |
| Tangible non current assets                    | 0             | 0             | 0             | 4             | 4              | 62             | 121            | 180            |
| Other non-current assets                       | 42            | 45            | 47            | 48            | 49             | 50             | 51             | 52             |
| Other current assets                           | 1             | 2             | 2             | 2             | 2              | 2              | 2              | 2              |
| Cash & equivalents                             | 30            | 25            | 21            | 16            | 14             | 97             | 202            | 137            |
| <b>Total assets</b>                            | <b>73</b>     | <b>72</b>     | <b>71</b>     | <b>70</b>     | <b>69</b>      | <b>213</b>     | <b>377</b>     | <b>372</b>     |
| Total equity                                   | 71            | 71            | 70            | 69            | 68             | 212            | 207            | 203            |
| Interest-bearing non-current debt              | -             | -             | -             | -             | -              | -              | 168            | 168            |
| Interest-bearing current debt                  | -             | -             | -             | -             | -              | -              | -              | -              |
| Other Debt                                     | 2             | 1             | 1             | 1             | 1              | 1              | 1              | 1              |
| <b>Total liabilities &amp; equity</b>          | <b>73</b>     | <b>72</b>     | <b>71</b>     | <b>70</b>     | <b>69</b>      | <b>213</b>     | <b>377</b>     | <b>372</b>     |
| <b>CASH FLOW (AUDm)</b>                        | <b>1Q'15</b>  | <b>2Q'15</b>  | <b>3Q'15e</b> | <b>4Q'15e</b> | <b>1Q'16e</b>  | <b>2Q'16e</b>  | <b>3Q'16e</b>  | <b>4Q'16e</b>  |
| Cash earnings                                  | (4)           | (7)           | (4)           | (2)           | (2)            | (2)            | (5)            | (5)            |
| Change in working capital                      | (0)           | 2             | (0)           | -             | -              | -              | -              | -              |
| Cash flow from investments                     | -             | (0)           | (0)           | (4)           | -              | (58)           | (59)           | (59)           |
| Cash flow from financing                       | 22            | -             | -             | -             | -              | 144            | 168            | -              |
| Net cash flow                                  | 18            | (4)           | (4)           | (6)           | (2)            | 84             | 104            | (64)           |
| <b>CAPITALIZATION &amp; VALUATION (AUDm)</b>   | <b>1Q'15</b>  | <b>2Q'15</b>  | <b>3Q'15e</b> | <b>4Q'15e</b> | <b>1Q'16e</b>  | <b>2Q'16e</b>  | <b>3Q'16e</b>  | <b>4Q'16e</b>  |
| <b>Share price (AUD end)</b>                   | <b>0.62</b>   | <b>0.63</b>   | <b>1.46</b>   | <b>2.08</b>   | <b>2.08</b>    | <b>2.08</b>    | <b>2.08</b>    | <b>2.08</b>    |
| Number of shares end period                    | 346           | 346           | 346           | 346           | 346            | 421            | 421            | 421            |
| Net interest bearing debt                      | (30)          | (25)          | (21)          | (16)          | (14)           | (97)           | (33)           | 31             |
| <b>Enterprise value</b>                        | <b>185</b>    | <b>193</b>    | <b>483</b>    | <b>703</b>    | <b>863</b>     | <b>779</b>     | <b>843</b>     | <b>907</b>     |
| EV/Sales                                       | -             | -             | -             | -             | -              | -              | -              | -              |
| <b>EV/EBITDA</b>                               | <b>(24.3)</b> | <b>(17.0)</b> | <b>(38.7)</b> | <b>(91.1)</b> | <b>(125.2)</b> | <b>(188.4)</b> | <b>(210.8)</b> | <b>(226.9)</b> |
| EV/EBIT  | (24.2)        | (16.9)        | (38.6)        | (91.0)        | (125.0)        | (188.4)        | (210.8)        | (226.9)        |
| P/E reported                                   | (28.8)        | (19.9)        | (41.8)        | (96.4)        | (108.4)        | (181.6)        | (112.3)        | (80.0)         |
| <b>P/E adjusted</b>                            | <b>(28.8)</b> | <b>(19.9)</b> | <b>(41.8)</b> | <b>(96.4)</b> | <b>(108.4)</b> | <b>(181.6)</b> | <b>(112.3)</b> | <b>(80.0)</b>  |
| P/B  | 3.0           | 3.0           | 7.2           | 10.4          | 10.5           | 4.1            | 4.2            | 4.3            |
| <b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b> | <b>1Q'15</b>  | <b>2Q'15</b>  | <b>3Q'15e</b> | <b>4Q'15e</b> | <b>1Q'16e</b>  | <b>2Q'16e</b>  | <b>3Q'16e</b>  | <b>4Q'16e</b>  |
| Dividend yield (%)                             | -             | -             | -             | -             | -              | -              | -              | -              |
| EBITDA margin (%)                              | -             | -             | -             | -             | -              | -              | -              | -              |
| EBIT margin (%)                                | -             | -             | -             | -             | -              | -              | -              | -              |
| NIBD/EBITDA                                    | 1.70          | 1.55          | 1.75          | 2.96          | 2.73           | 8.92           | 9.98           | 7.08           |
| EBITDA/Net interest                            | 44.20         | 25.38         | 27.92         | 28.02         | 25.02          | -              | -              | -              |

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|                 |        |   |
|-----------------|--------|---|
| Equity ratings: | "Buy"  | Pareto Securities Research expects this financial instrument's total return to exceed 10% over the next six months  |
|                 | "Hold" | Pareto Securities Research expects this financial instrument's total return to be 0-10% over the next six months    |
|                 | "Sell" | Pareto Securities Research expects this financial instrument's total return to be negative over the next six months |

|                 |                   |   |
|-----------------|-------------------|---|
| Credit ratings: | AAA               | Best Quality  |
|                 | AA+ / AA / AA-    | Strong ability for timely payments                                      |
|                 | A+ / A / A-       | Somewhat more exposed for negative changes                              |
|                 | BBB+ / BBB / BBB- | Adequate ability to meet payments. Some elements of protection.         |
|                 | BB+ / BB / BB-    | Speculative risk. Future not well secured                               |
|                 | B+ / B / B-       | Timely payments at the moment, but very exposed to any negative changes |
|                 | CCC+ / CCC / CCC- | Default a likely option   |

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| Company                 | Analyst holdings | Total holdings | Company                    | Analyst holdings | Total holdings |
|-------------------------|------------------|----------------|----------------------------|------------------|----------------|
| AF Gruppen              | 0                | 1,675          | Panoro Energy              | 0                | 315,450        |
| Austevoll Seafood       | 0                | 45,215         | Pareto Bank                | 0                | 21,709         |
| Avance Gas Holding Ltd. | 0                | 3,501          | Petroleum Geo-Services     | 0                | 35,000         |
| Awilco LNG              | 0                | 40,000         | Prosafe                    | 0                | 85,105         |
| B2 Holding              | 0                | 939,400        | Protector Forsikring       | 0                | 514,000        |
| Bonheur                 | 0                | 20,800         | Questerre Energy           | 0                | 110,150        |
| BW LPG Ltd.             | 0                | 2,169          | REC Silicon                | 0                | 132,836        |
| Deep Sea Supply         | 0                | 45,000         | REC Solar                  | 0                | 9,021          |
| Det norske oljeselskap  | 0                | 40,180         | Royal Caribbean Cruises    | 0                | 6,614          |
| DNB                     | 0                | 69,462         | SalMar                     | 0                | 72,800         |
| DNO International       | 0                | 7,255          | Sandnes Sparebank          | 0                | 15,001         |
| DOF                     | 0                | 217,000        | Seadrill                   | 0                | 13,962         |
| Dolphin Group           | 0                | 130,000        | Selvaag Bolig              | 0                | 70,000         |
| Farstad Shipping        | 0                | 11,700         | Sparebank 1 Nord-Norge     | 0                | 145,404        |
| Fred Olsen Energy       | 0                | 23,245         | Sparebank 1 SMN            | 0                | 95,873         |
| Frontline 2012          | 0                | 16,650         | Sparebank 1 SR-Bank        | 0                | 82,967         |
| Gjensidige Forsikring   | 0                | 32,060         | Sparebanken Møre           | 0                | 2,864          |
| Global Rig Company      | 0                | 50,1699        | Spectrum                   | 0                | 12,000         |
| Golden Ocean Group      | 0                | 10,000         | Statoil                    | 0                | 8,322          |
| Grieg Seafood           | 0                | 72,000         | Stolt-Nielsen              | 0                | 2,335          |
| Havila Shipping         | 0                | 9,750          | Storebrand                 | 0                | 81,070         |
| Kongsberg Automotive    | 0                | 515,000        | Subsea 7                   | 0                | 19,896         |
| Kongsberg Gruppen       | 0                | 8,700          | Tanker Investments         | 0                | 1,591          |
| Lerøy Seafood Group     | 0                | 22,700         | Telenor                    | 0                | 15,904         |
| Marine Harvest Group    | 0                | 900            | TGS-NOPEC                  | 0                | 2,530          |
| Norsk Hydro             | 0                | 150,504        | Vardia Insurance Group     | 0                | 17,600         |
| Norske Skogindustrier   | 0                | 125,000        | Western Bulk               | 0                | 700,000        |
| Norwegian Air Shuttle   | 0                | 5,100          | Wilh. Wilhelmsen Holding A | 0                | 804            |
| Noreco                  | 0                | 290,088        | Wilh. Wilhelmsen ASA       | 0                | 104,700        |
| Ocean Yield             | 0                | 27,158         | Yara International         | 0                | 19,859         |
| Opera Software          | 0                | 2,000          | Zenterio                   | 0                | 236,817        |
| Orkla                   | 0                | 22,106         |                            |                  |                |

This overview is update monthly (last updated 31.03.2015)



## Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading ST Regulation § 3-11, letters d-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

|                            |                         |                              |
|----------------------------|-------------------------|------------------------------|
| African Petroleum          | GlobalConnect           | Pareto Bank                  |
| Aker Philadelphia Shipyard | Golar LNG               | Personalhuset                |
| AndesEnergia               | Golden Close            | Pexip                        |
| Atlantic Offshore          | Gulf Keystone Petroleum | Philly Tankers               |
| Aurora LPG                 | Hafnia Tankers          | Pioneer Public PropertiesIII |
| Avance Gas Holding Ltd.    | Halfwave                | Polarcus Limited             |
| B2 Holding                 | Hitec Vision            | Prosafe                      |
| Baker Hughes               | Høegh LNG               | Prospector Offshore Drilling |
| Blue Wall Shipping         | Itaca Petroleum         | Protector Forsikring         |
| Boa OCV                    | Jaya Holdings           | Ranger Offshore              |
| Cecon                      | Kistefos                | Rocksource                   |
| Deep Sea Supply            | Knightsbridge Tankers   | Sanjel Corporation           |
| Delta Electronics          | Kolon Water & Energy    | Selvaag Bolig                |
| DigiPlex Fet               | Komplett Bank           | Sikuli Nuuk Harbour          |
| DNO International          | Kongsberg Gruppen       | Soler Bioenergi              |
| DryShips                   | Lundin Mining           | Sterling Resources           |
| Exmar                      | Magseis                 | Stolt-Nielsen                |
| Fafnir Offshore            | Navig8 Chemical Tankers | Tanker Investments           |
| Faroe Petroleum            | Navig8 Product Tankers  | Teekay Offshore              |
| Fjord Line                 | Norda                   | TiZir                        |
| Flumill                    | Noreco                  | Vardia Insurance Group       |
| Genel Energy               | Ocean Yield             | Western Bulk                 |
| Gjensidige Forsikring      | Oro Negro               | World Wide Supply            |
| Global Rig Company         | PA Resources            | Xcite Energy                 |

*This overview is updated monthly (this overview is for the period 31.03.2014 – 31.03.2015).*

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading ST Regulation § 3-11(4)

### Distribution of recommendations

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 62 %           |
| Hold           | 29 %           |
| Sell           | 9 %            |

### Distribution of recommendations (transactions\*)

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 71%            |
| Hold           | 29 %           |
| Sell           | 0 %            |

\* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

This overview is updated monthly (last updated 31.03.2015).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

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|                    |                |                |                    |
|--------------------|----------------|----------------|--------------------|
| Africa Oil         | Lucara Diamond | NGEx Resources | ShaMaran Petroleum |
| DDM Holding        | Lundin Gold    | OrganoClick    | Victoria Park      |
| Etrion Corporation | Lundin Mining  | Sagax          | Vitec              |
| FastPartner        | Nexstim        |                |                    |

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|                 |                |                    |             |
|-----------------|----------------|--------------------|-------------|
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*This overview is updated monthly (last updated 15.04.2015).*