CREDIT SUISSE

New Millennium Iron Corporation (NML.TO)

Rating	**OUTPERFORM* [V]**
Price (10 Jan 12, C$)	1.72
Target price (C$)	1.90[1]
52-week price range	4.48 - 1.02
Market cap. (C$ m)	303.18
Enterprise value (C$ m)	342.37

**Stock ratings are relative to the relevant country benchmark.*
[1]Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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M&A PROPOSAL

Re-visiting our LIM.TO acquisition target

- **We re-visit our New Millennium / Labrador Iron Mines corporate combination concept** following the sell-down of LIM's second largest shareholder (Passport Capital) which has seen LIM.TO's share price down 24% since our initiation. Over the same period, NML which we flagged as a LIM target, is up 19%.
- **Although the strategic rationale for this corporate combination remains very much intact,** we believe that the current share price relativity makes a value accretive transaction a mathematical stretch for LIM. NML is now a larger (by market capitalisation) company than LIM, and whilst one might reasonably ask whether the 'tables have turned' and 'could NML now be the acquirer?' we do not see this as a likely scenario. Once the LIM overhang is resolved however, and assuming the LIM share price responds favorably (which we think it should), we will likely again see merit in this corporate combination. On a scrip ratio of less than 0.35 LIM shares for each NML share, we would be positive on this transaction. In order to offer a 20% premium today, LIM would need to offer 0.43:1.
- **The most important near term catalysts for NML are MarQ12**: progress updates on the DSO/hematite project and confirmation that construction is continuing through the harsh winter conditions, **JunQ12:** maiden resource at Lac Ritchie, **2012:** commitment from Sept Iles Port Authority regarding multi-user berth and **DecQ12:** completion of the magnetite DFS (although we expect this to slip into 1H2013)
- **No change to our NAV based C$1.90/share target price**; however, our iron ore price deck is currently being reviewed which will drive a review of our valuation in the near future.

Share price performance

On 01/10/12 the S&P/TSX COMPS INDEX closed at 12238.79

Quarterly EPS	Q1	Q2	Q3	Q4
2010A	-0.00	-0.01	-0.04	-0.01
2011E	-0.02	-0.01	-0.01	-0.01
2012E	-0.02	-0.02	-0.03	-0.02

Financial and valuation metrics

Year	12/10A	12/11E	12/12E	12/13E
EPS (CS adj.) (C$)	-0.06	-0.02	-0.04	0.05
Prev. EPS (C$)	—	—	—	—
P/E (x)	-27.5	-74.6	-46.7	35.4
P/E rel. (%)	-169.1	-579.3	-409.7	348.6
Revenue (C$ m)	—	—	4.2	88.6
EBITDA (C$ m)	-9.1	-7.8	0.5	50.0
OCFPS (C$)	-0.04	-0.06	-0.05	0.21
P/OCF (x)	-48.2	-28.3	-32.3	8.4
EV/EBITDA (current)	-31.2	-36.5	543.9	5.7
Net debt (C$ m)	-12	39	91	69
ROIC (%)	-17.47	-10.52	—	15.56

Number of shares (m)	176.27	IC (current, C$ m)	144.31
BV/share (Next Qtr., C$)	0.81	EV/IC (x)	2.4
Net debt (Next Qtr., C$ m)	39.2	Dividend (Next Qtr., C$)	—
Net debt/tot cap (Next Qtr., %)	39.3	Dividend yield (%)	—

Source: Company data, Credit Suisse estimates.

Exhibit 1: Financial Summary

New Millennium Iron Corporation (NML)

Year ending 31 Dec

Profit & Loss	12/09A	12/10A	12/11E	12/12E	12/13E
Sales revenue	**0.0**	**0.0**	**0.0**	**4.2**	**88.6**
EBITDA	**-3.0**	**-9.1**	**-7.8**	**0.5**	**50.0**
Depr. & Amort.	0.0	0.0	0.0	0.5	11.5
EBIT	**-3.0**	**-9.2**	**-7.8**	**0.0**	**38.5**
Associates	0.0	0.0	0.0	0.0	0.0
Net interest	0.0	0.0	2.0	11.8	11.6
Reported PBT	**-3.0**	**-9.2**	**-3.0**	**-9.8**	**11.1**
Income tax	-0.7	-0.3	1.0	-3.3	2.6
Profit after tax	**-2.3**	**-8.9**	**-4.0**	**-6.5**	**8.6**
Minorities	0.0	0.0	0.0	0.0	0.0
Preferred dividends	0.0	0.0	0.0	0.0	0.0
Normalised NPAT	**-2.3**	**-8.9**	**-4.0**	**-6.5**	**8.6**
Analyst adjustments	0.0	0.0	0.0	0.0	0.0
Unusual item after tax	0.0	0.0	0.0	0.0	0.0
Reported NPAT	**-2.3**	**-8.9**	**-4.0**	**-6.5**	**8.6**
Balance Sheet	**12/09A**	**12/10A**	**12/11E**	**12/12E**	**12/13E**
Cash & equivalents	9.7	12.0	60.8	209.3	231.0
Inventories	0.0	0.0	0.0	2.0	12.0
Receivables	0.0	0.0	0.0	1.0	6.0
Other current assets	1.7	29.0	94.4	94.4	94.4
Current assets	**11.4**	**41.0**	**155.2**	**306.8**	**343.4**
Property, plant & equip.	43.4	30.3	44.1	83.6	84.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.0	0.7	4.6	4.6	4.6
Non-current assets	**46.4**	**31.0**	**48.7**	**88.2**	**89.3**
Total assets	**57.8**	**71.9**	**203.9**	**395.0**	**432.7**
Payables	1.1	5.2	0.0	0.8	5.0
Interest bearing debt	0.0	0.0	100.0	300.0	300.0
Other liabilities	0.3	0.0	0.0	0.0	0.0
Total liabilities	**1.4**	**5.2**	**100.0**	**300.8**	**305.0**
Net assets	**56.4**	**66.7**	**103.9**	**94.1**	**127.7**
Ordinary equity	70.3	95.2	143.3	132.6	161.1
Minority interests	0.0	0.0	0.0	0.0	0.0
Preferred capital	0.0	0.0	0.0	0.0	0.0
Total shareholder funds	**56.4**	**66.7**	**103.9**	**94.1**	**127.7**
Net debt	**-9.7**	**-12.0**	**39.2**	**90.7**	**69.0**
Cashflow	**12/09A**	**12/10A**	**12/11E**	**12/12E**	**12/13E**
EBIT	-3.0	-9.2	-7.8	0.0	38.5
Net interest	0.2	0.0	-0.6	-15.8	-23.5
Depr & Amort	0.0	0.0	0.0	0.5	11.5
Tax paid	-0.7	-0.3	-1.8	3.7	-1.1
Working capital	-2.5	3.1	-0.3	2.2	10.8
Other	1.1	0.5	-0.1	0.0	0.0
Operating cashflow	**-4.9**	**-5.9**	**-10.7**	**-9.4**	**36.2**
Capex	0.0	0.0	-10.0	-40.1	-12.6
Capex - expansionary	0.0	0.0	-10.0	-40.0	-10.0
Capex - maintenance	0.0	0.0	0.0	-0.1	-2.6
Acquisitions & Invest	-9.1	-10.6	-8.9	0.0	0.0
Asset sale proceeds	0.0	2.8	0.0	0.0	0.0
Other	14.0	-4.0	-132.5	0.0	0.0
Investing cashflow	**4.9**	**-11.8**	**-151.4**	**-40.1**	**-12.6**
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised	0.4	20.0	166.2	0.0	0.0
Net borrowings	0.0	0.0	50.0	200.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Financing cashflow	**0.4**	**20.0**	**216.2**	**200.0**	**0.0**
Total cashflow	**0.5**	**2.4**	**54.1**	**150.5**	**23.7**
Adjustments	0.0	0.0	0.0	0.0	0.0
Net Change in Cash	**0.5**	**2.4**	**54.1**	**150.5**	**23.7**

In CADmn, unless otherwise stated

Share Price: C$1.51		11/01/2012 17:23
Rating		OUTPERFORM
Target Price	C$	1.90
vs Share price	*%*	*25.83*

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NML.TO is currently developing a 4.2mtpa hematite project, and a 20-22mtpa magnetite project in the mid-Labrador Trough region of Eastern Canada, along with its strategic partner and major shareholder, Tata Steel.

Earnings		12/09A	12/10A	12/11E	12/12E	12/13E
Equiv. FPO (period avg.)	*mn*	*132.0*	*141.7*	*175.2*	*176.2*	*176.2*
EPS (Normalised)	c	-1.7	-6.3	-2.3	-3.7	4.9
EPS Growth	%		-257.8	63.1	-59.9	232.0
DPS	c	0.0	0.0	0.0	0.0	0.0
Dividend Payout	%	0.0	0.0	0.0	0.0	0.0
Free CFPS	c	-3.7	-4.2	-6.1	-5.4	19.1
Valuation						
P/E	x	-86.4	-24.1	-65.5	-41.0	31.0
EV/EBIT	x	-85.3	-27.7	-32.4	-13,626.8	6.6
EV/EBITDA	x	-86.1	-27.8	-32.4	483.8	5.1
Dividend Yield	%	0.0	0.0	0.0	0.0	0.0
FCF Yield	%	-2.4	-2.7	-4.0	-3.6	12.6
Price to Book	x	2.8	2.2	1.8	2.0	1.7
Returns						
Return on Equity	%	-3.3	-9.3	-2.8	-4.9	5.3
Profit Margin	%				-153.5	9.7
Asset Turnover	x	0.0	0.0	0.0	0.0	0.2
Equity Multiplier	x	0.8	0.8	1.4	3.0	2.7
Return on Assets	%	-4.0	-12.3	-2.0	-1.6	2.0
Return on Invested Cap.	%	-4.9	-16.2	-7.3	0.0	15.1
Gearing						
Net Debt to Net debt + Equity	%	Net Cash	Net Cash	27.4	49.1	35.1
Net Debt to EBITDA	x	3.3	1.3	Net Cash	172.6	1.4
Int Cover (EBITDA/Net Int.)	x			-3.8	0.0	4.3
Int Cover (EBIT/Net Int.)	x			-3.8	0.0	3.3
Capex to Sales	%				948.1	14.2
Capex to Depreciation	%					
Assumptions & Operations		**12/09A**	**12/10A**	**12/11E**	**12/12E**	**12/13E**
Iron Ore (62% IODEX)	US$/t CF	79.1	131.9	168.9	152.5	140.0
Equity Iron Ore Sales	mt	0.00	0.00	0.00	0.03	0.72

	Net Asset Value			Valuation	
Projects & Mines	**C$mn**	**C$/sh**	**multiple**	**C$mn**	**C$/sh**
Hematite / DSO (4.2mtpa)	164	0.93	0.70 x	115	0.65
Magnetite / KeMag & LabMag	1,112	6.31	0.25 x	278	1.58
Sub-Total	**1,276**	**7.24**		**393**	**2.23**
Corporate	**C$mn**	**C$/sh**	**multiple**	**C$mn**	**C$/sh**
Net Cash / (debt)	-39	-0.22	1.00 x	-39	-0.22
Corporate	-25	-0.14	1.00 x	-25	-0.14
Sub-Total	**-64**	**-0.36**		**-64**	**-0.36**
Total	**1,212**	**6.88**	**0**	**329**	**1.87**

Notes:

- Shares on issue (mn)	176.2	- Current share price	1.72
- Target P / NAV	0.31 x	- Current P/NAV	0.29 x
- WACC (nominal)	10.0%	- Valuation upside	8%

Source: Company data, Credit Suisse estimates

Scenario 1: LIM.TO is the acquirer

In our recent sector initiation piece, we presented our views on the corporate combination of NML.TO and LIM.TO – suggesting that LIM.TO was a logical acquirer of NML.TO.

The strategic rationale to this combination has not changed…

The strategic rationale for this corporate combination is unchanged, and summarised below:

Exhibit 2: **Complementary skills sets and strategic benefits**

Labrador Iron Mines	New Millennium
Action oriented culture	Engineering / technical focus
Production solution	Production uncertainty
Operating cash flow +ve from JunQ 2012	Dilution risk due to lack of operating cash flow
Under-engineered projects	Well-engineered projects
Lack of blue sky potential	Huge blue sky valuation potential
Lack of industry experience	Solid industry background
Economically challenging sales to China	Potential European customer base

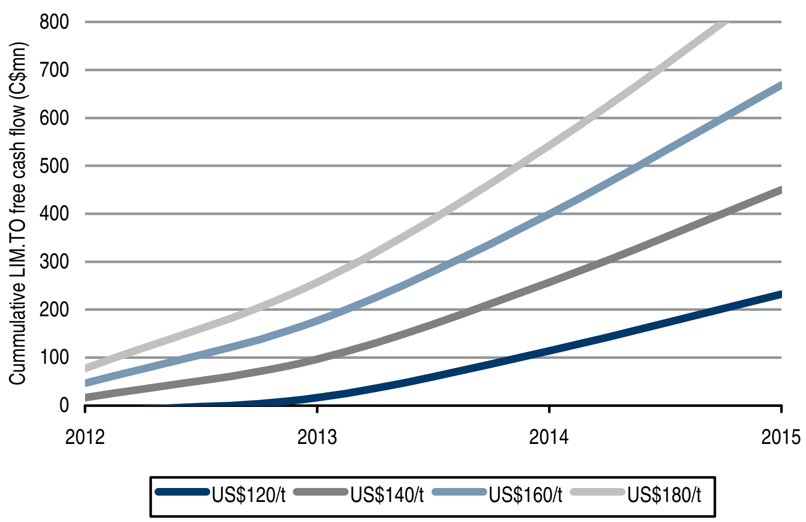
Source: Company data, Credit Suisse estimates

- We believe that LIM's 'action oriented' culture would be well complemented by NML's more thorough, considered, and diligent approach to project development.
- LIM has established a production solution and has a route to market. Meanwhile there are a number of aspects of NML's infrastructure solution which remain uncertain, and the company attracts a pre-producer discount as a result.
- **Operating cost synergies could be realised at the port**. On its own, LIM does not have enough tonnage in the short term to be able to justify the full time hire of a transhipper at Sept Iles. Assuming LIM bypasses the IOC berth in 2012 (as it has indicated) and uses the Point-Aux-Basques berth, getting material from the loading barge onto a capesize vessel requires a transfer at Quebec City. This is both logistically complicated and inefficient. LIM's Schefferville project combined with NML's adjacent 'DSO' project would likely have enough tonnage to justify the full time hire of a transhipper at Sept Iles, therefore reducing vessel loading costs on a unit basis at the aggregate level.
- **Operating cost improvements and synergies at the mine and rail**. By combining these businesses the LIM projects could be more effectively engineered and optimised by the NML/Tata team, with a likely improvement in project economics. More tonnage would give the merged entity more bargaining power with infrastructure owners such as QNS&L/IOC, as well.
- **Provides a potential European customer base for LIM material**. On an independent basis, LIM will likely be heavily dependent on end users in China – incurring a heavy freight penalty on the lengthy voyage ($25-30/t compared to Western Australia's $10/t). By integrating LIM with NML and Tata Steel, there may be an opportunity to sell some of LIM's material into Europe and therefore incur less freight. Tata's Dutch steel making facility called Ijmuiden has a hot metal capacity of around 7.8mt, requiring perhaps 12.5mtpa of iron ore. Although Europe is predominantly a pellet market, the Ijmuiden facility does have sintering capacity and takes ~ 25% (or 3.1mtpa) of fines. Although LIM's product specification and project reliability would likely need to be improved to meet Tata's requirements, we believe that Tata Europe (Corus) would be a far more desirable customer for LIM tonnage than the current China arrangement.
- **Capital cost synergies**. LIM and NML are planning to mine adjacent portions of the same historic IOC resource. By combining these projects we would expect to see

modest savings on camps, offices, maintenance facilities etc and potentially even eliminate the need for one of LIM's ~ $100 / 2.5mtpa processing modules (of which it is currently planning three, on a staged basis).

- **Addresses NML's dilution risk on the taconite/magnetite project**. NML has a 20% equity free carry on the magnetite project, assuming that Tata Steel decides to go ahead with it. The agreement allows for NML to increase its equity interest in the project to 36% on a paid basis. Using our ~ $6.5bn capital cost estimate, the incremental 16% represents a ~ $1bn funding obligation, which on the target 30/70 gearing arrangement requires around $300mn debt. NML does not have an internally generated source of $300mn, and this is in fact equivalent to the company's market capitalisation at time of publication. The funding shortfall has many potential solutions, but the risk of dilution is clear. We have run a number of scenarios below which consider LIM's free cash flow generation on various iron ore price scenarios. On a spot iron ore price scenario of around $300mn, LIM will generate almost $300mn in cummulative free cash by the end of 2014. EBITDA of $200 – 250mn could be further leveraged, potentially providing enough capital to fund the 16% / $1bn requirement.

Exhibit 3: LIM free cash flow generation under various iron ore price scenarios



Source: Company data, Credit Suisse estimates

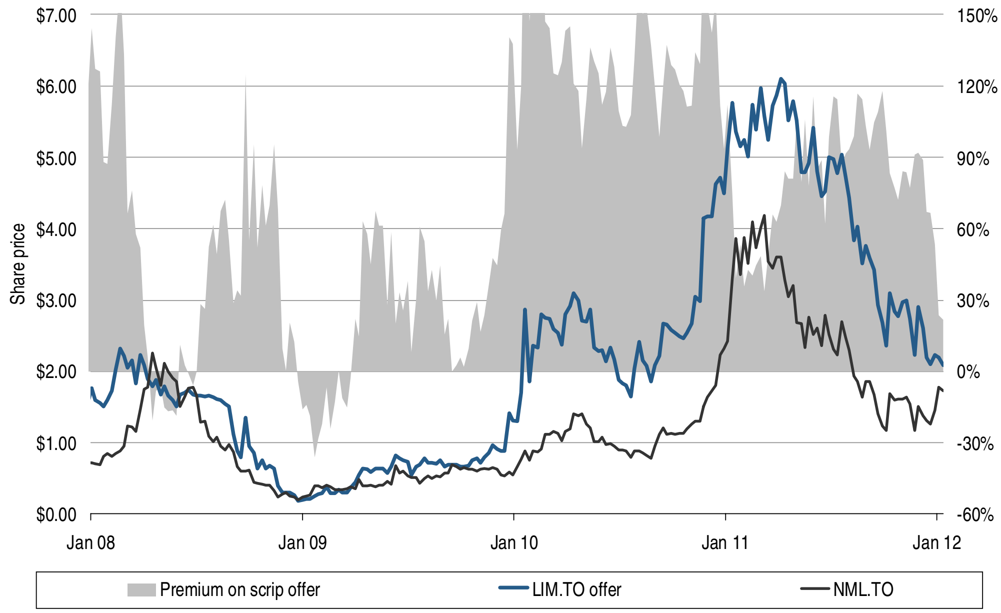
…but the share price relativity has changed

Although the strategic rationale remains unchanged, the share price relativity has changed, and this does change the story somewhat.

Since our 1 December launch:

- NML.TO is up 19.4%, and LIM.TO is down 23.5%. Neither stock has made a public announcement during this period, but LIM's second largest shareholder, **Passport Capital, has recently sold down from 19.3% to now 4.7%** - creating a huge overhang in this stock.
- The relative share price movement is not consistent with either a micro and macro overlay for these names.
- Assuming, as we did in our initiation, that i) LIM was the acquirer and ii) a 20% premium was paid, then the required LIM:NML scrip ratio has increased from 0.27:1 to now 0.43:1. The actual and implied NML.TO valuation on this basis is summarised in Exhibit 4.

Exhibit 4: Value of theoretical LIM 0.43:1 scrip offer relative to actual NML share price



Source: Company data, Credit Suisse estimates

- The relative share price movement makes a value accretive deal a lot more challenging for LIM.TO. NML.TO now has a larger market capitalisation than LIM.TO.

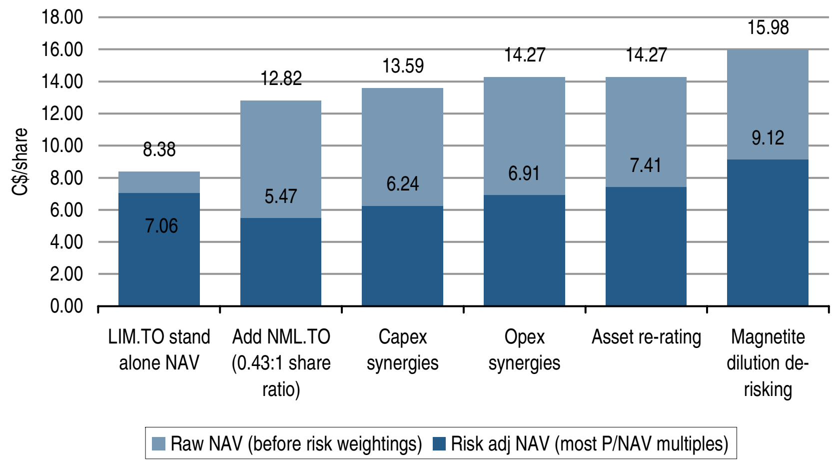
Merger valuation scenarios

Our pro-forma merger model for LIM and NML was presented in our initiation report. Exhibit 5 to Exhibit 8 below illustrate the sensitivity to this merger model on the updated scrip ratio assumption (0.43:1) and four different macro scenarios; CS Assumptions, plus spot, mid-cycle and consensus scenarios.

Relative to early December, these demonstrate that a valuation accretive acquisition of NML by LIM is far more challenging than it was. With enough synergies, asset re-ratings and dilution risks addressed however, it is possible to still structure an accretive deal on all but a ‘spot’ scenario.

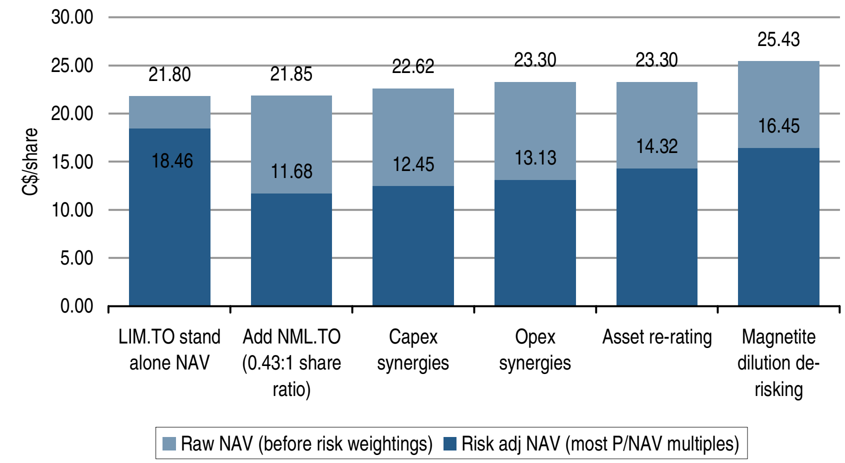
On a scrip ratio of less than 0.35 LIM shares for each NML share, we would be positive on this transaction. In order to offer a 20% premium today, LIM would need to offer 0.43:1.

Exhibit 5: Credit Suisse assumptions



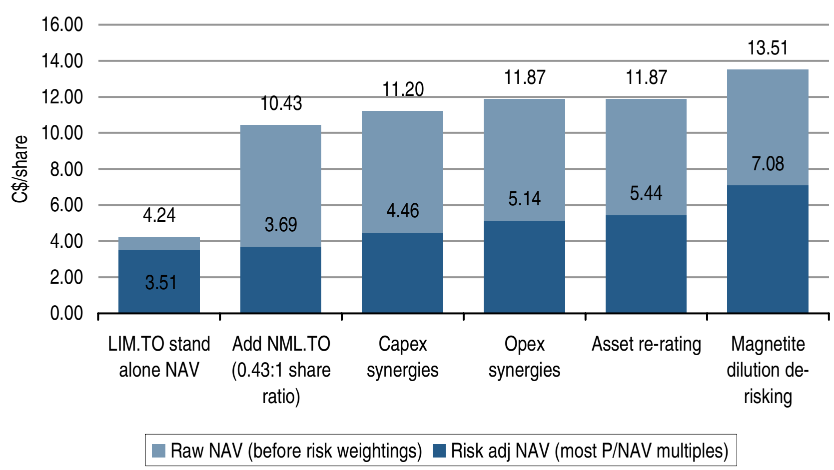
Source: Company data, Credit Suisse estimates

Exhibit 6: Spot scenario



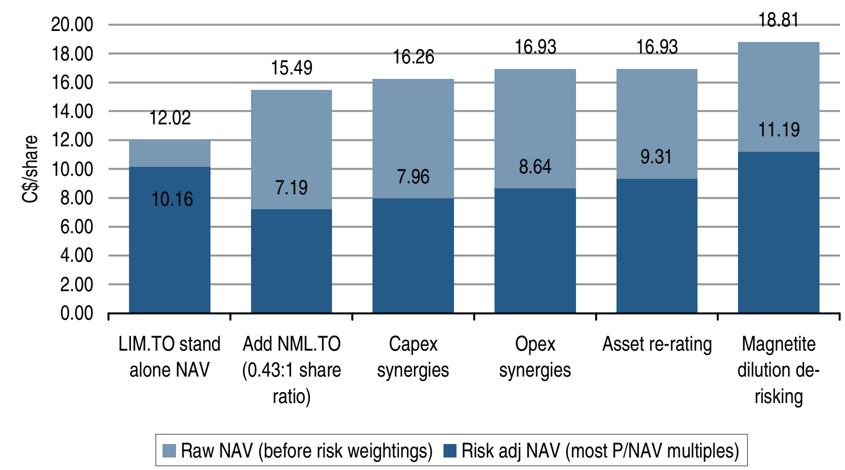
Source: Company data, Credit Suisse estimates

Exhibit 7: Mid-cycle scenario



Source: Company data, Credit Suisse estimates

Exhibit 8: Consensus scenario



Source: Company data, Credit Suisse estimates

Scenario 2: NML.TO is the acquirer

NML is now a larger company than LIM, and one might reasonably ask: “have the tables turned?”, or “Could NML now be the aquirer?”. Our answer is that this is possible, but unlikely. Although we do not believe that Tata Steel’s willingness to be involved in the transaction is as much of a stumbling block as NML management and some investors suggest, at the end of the day we believe that NML has more than enough in its own project pipeline that it is unlikely to have any interest in the higher priced LIM resource tonnes. **In order for this deal to happen, we think that LIM needs to be the acquirer.**

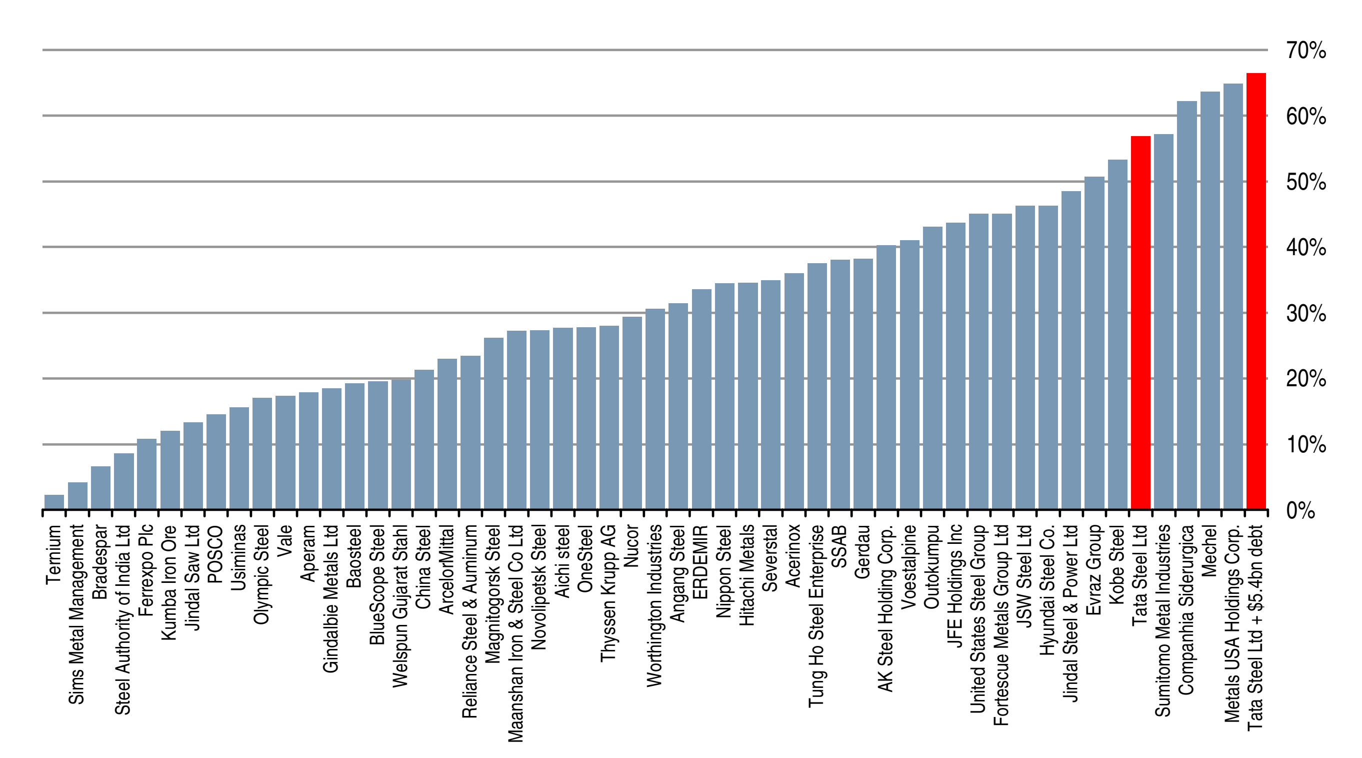
Tata Steel may not be as much of an obstacle as NML management and some investors suggest

One of the greatest push-backs on our LIM/NML idea is Tata Steel, which is NML’s largest holder at around 26%. Some, including NML management, suggest that Tata would not be interested in taking LIM scrip which at face might be easy to agree with on the basis that LIM is not a large scale strategic resource or long term iron ore price option, which is typically what steel majors are looking for.

We would counter this however by noting that:

- Tata Steel is already *one of* the most heavily geared steel makers in the world, and as we demonstrated in our initiation report, on a pro-forma basis Tata Steel would be *the* most heavily geared steel maker in the world after it funds the magnetite project capex. If NML can’t fund itself from 20 to 36%, this leaves the project (Tata?) with an additional $1bn funding obligation. In our opinion, given Tata’s balance sheet concerns, it would probably be quite happy to have a partner involved in the magnetite project which brought to the table a partial funding solution. As we illustrated in Exhibit 3, LIM can bring to the table free cash flow and a currently ungeared balance sheet with significant debt capacity.

Exhibit 9: **Steel Industry Gearing Ratios (ND/ND+E)**



Source: Company data, Credit Suisse estimates

- On a long term basis, once balance sheet issues have been resolved and assuming Tata decides to proceed with the projects, we see NML as a likely Tata Steel acquisition. This would take the NML projects the way of every other Canadian iron ore project (ex-LIM) and make them foreign owned. Short term however, Tata needs NML for local representation; to deal with regulators, governments, and infrastructure owners. Having already brought a project into production, LIM has already established relationships with regulators, government and infrastructure owners and this project execution experience would be of value to NML/Tata. We believe that LIM offers much of the experience for which Tata is otherwise using NML.

Exhibit 10: NML's project summary

DSO / Hematite	Taconite / Magnetite
4.2mtpa from early 2013	22mtpa from 2016
Capex ~ $350 - 400mn	$4.5 - 4.9bn capex (we model $6.5bn)
20% equity interest (80% Tata)	20% free carry, with option to 36% (rest Tata)
70 debt / 30% equity funding (non-firm)	70 debt / 30% equity funding (firm)
Year round production using railway	Year round production using slurry pipeline
TATA TEST DRIVES CANADA	**THE MAIN GAME**

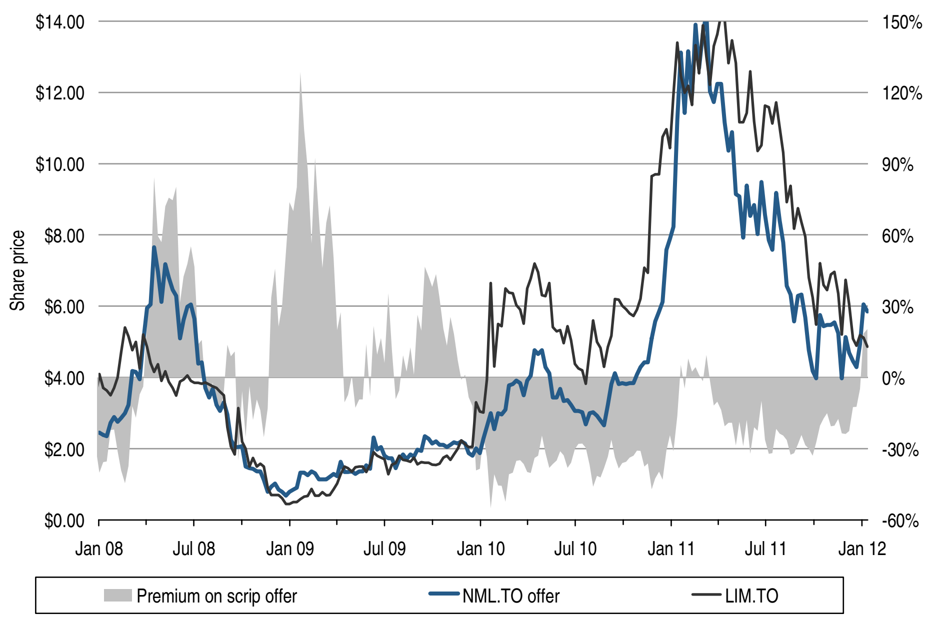
Source: Company data, Credit Suisse estimates

Current share price relativity for

Regardless of which company is the acquirer, the opex and capex synergies are real, but most of these synergies belong to the LIM projects. LIM has more to gain in our view, and should strategically therefore be the more willing acquirer.

Despite the share price ratio looking historically very favorable for NML as a theoretical acquirer of LIM, we do not believe that NML needs LIM's Schefferville project in its portfolio to deliver shareholder value.

Exhibit 11: Value of theoretical NML 3.40:1 scrip offer relative to actual LIM share price



Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 10 Jan 12)*
Labrador Iron Mines (LIM.TO, C$4.86, OUTPERFORM [V], TP C$8.30)
New Millennium Iron Corporation (NML.TO, C$1.72, OUTPERFORM [V], TP C$1.90)
Tata Steel Ltd (TISC.BO, Rs382.50, NEUTRAL, TP Rs340.00)

Disclosure Appendix

Important Global Disclosures

I, Nathan Littlewood, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

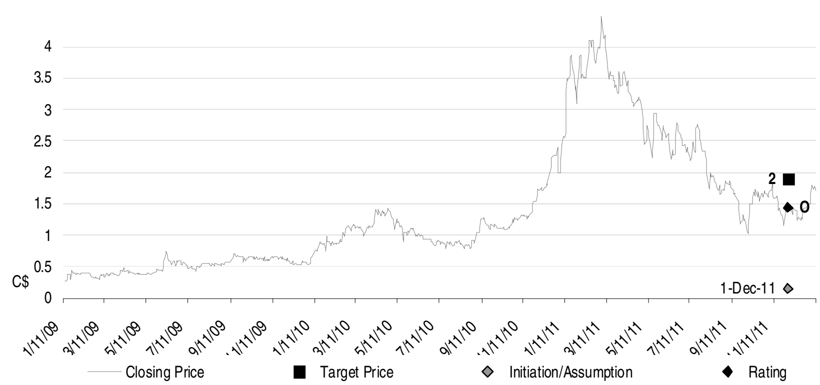
3-Year Price, Target Price and Rating Change History Chart for LIM.TO

LIM.TO Date	Closing Price (C$)	Target Price (C$)	Rating	Initiation/ Assumption
12/1/11	6.35	8.3	O	X

O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

3-Year Price, Target Price and Rating Change History Chart for NML.TO

NML.TO Date	Closing Price (C$)	Target Price (C$)	Rating	Initiation/ Assumption
12/1/11	1.44	1.9	O	X



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

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Relevant benchmark by region: As of 29th May 2009, Australia, New Zealand, U.S. and Canadian ratings are based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe,* *with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. Some U.S. and Canadian ratings may fall outside the absolute total return ranges defined above, depending on market conditions and industry factors. For Latin American, Japanese, and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; for European stocks, ratings are based on a stock's total return relative to the analyst's coverage universe**. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively.*

***An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

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Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

***The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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	Global Ratings Distribution	
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Restricted	2%	

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Method: Our C$8.30 target price on LIM.TO is set using a DCF sum of parts with a 0.85x P/NAV multiple applied to the operational assets and balance sheet items added at par. A 10% discount rate, and Credit Suisse commodity price / FX forecasts have been used.

Risks: The risks associated with our C$8.30 target price on LIM.TO realisation include, but may not be limted to: project execution and ramp up risk, infrastructure risk, and resource growth / conversion risk

Price Target: (12 months) for (NML.TO)

Method: Our C$1.90 target price on NML.TO is derived using a DCF sum of parts model with a P/NAV multiple of 0.7x applied to the DSO/hematite assets and 0.25x on the magnetite assets, balance sheet items added at par. A 10% discount rate, and Credit Suisse commodity price / FX forecasts have been used

Risks: The risks associated with our C$1.90 target price on NML.TO include, but may not be limted to: funding risk, technical risk, operational risk, and project partner risk.

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