BEAUFORT Scale

ISSUE 15 | News blowing in from the city | 8th August 2016

Cloudy with occasional rain and sunshine

For whatever ill-considered political motives and miscalculations it was deemed appropriate for the people of the United Kingdom to be offered a Referendum on the UK's membership of the European Union, the result of the vote on the 23rd June 2016 is bringing profound change. Probably, individuals' reasons for how they voted – in some cases nothing to do with the EU – will be lost in the sands of time.

The Queen welcomed the 13th Prime Minister of her reign to Buckingham Palace

After several high profile 'departures' from the political stage immediately after the vote result became known – one Prime Minister (David Cameron), one former Mayor of London and prominent Brexiteer (Boris Johnson) and former leader of UKIP (Nigel Farage) – the Conservative Party sought to elect a new party leader and Prime Minister. This Byzantine process was expected to reach a conclusion in time for the Conservative Party conference in early-October. In the event, prospective candidates Fox, Crabb, Gove and Leadsom all came and went at a breath-taking pace to leave Theresa May as the next party leader and Prime Minister – all in two weeks. Just for good measure, the Labour Party is simultaneously attempting hara-kiri.

It is now three weeks since Mrs May was appointed to her new role and it appears to have been a generally popular decision, even among some Labour voters allegedly. The appointment of a new Prime Minister so quickly has served to calm an initial mood of febrile uncertainty about the future among investors and the population at large although British 'stiff upper lip' appeared to have been keeping this largely reined in. Indeed, while 52% of the registered voters gained the result they believed they wanted, several high-profile 'Remainers' have agitated for a re-run in the form of a General Election. To her credit, Theresa May, a Remain supporter (however reluctant), has been clear so far that 'Brexit means Brexit' and that a snap General Election is not on the cards. That said, there are likely to be many more twists and turns before this drama ends and the possibility of a fudged 'Remain' scenario cannot be completely discounted.

Article 50 is regarded as the formal trigger for the two-year process of disengagement from the EU to begin but this seems unlikely to happen until the new Prime Minister feels ready to proceed, possibly only after preliminary discussions with EU representatives. Although it is a relief for the country that much political uncertainty has been removed so quickly, a mood of phony EU wind down can still be expected to exist over several months. In reality, though some slowing in economic activity such as hiring and new investment occurred ahead of the vote, business could carry on largely as normal until the future structure of trade with the EU becomes clearer. However, it must be acknowledged that some existing

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- *Tips for 2016* H1 Update
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- Bushveld Minerals
- Cyan Holdings
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- Sierra Rutile

contracts may not be renewed due to uncertainty about the new trade structures. At the heart of the negotiations will lie access to the single market set against the need to accept the principle of free mobility of EU citizens. Recent economic data have been seized on by hard-wired 'Remainers' to demonstrate evidence of a major setback as a result of the vote when, in reality, it is probably still too soon to be able to make that claim with great confidence.

On the news of the 'Out' vote, market indices dropped sharply along with Sterling. The FTSE 100 Index fell by over 8% but, given its majority non-Sterling earnings composition, it has since rallied to a level around 5% net above the pre-vote close. Having been down over 13% at its post-vote low, the FTSE 250 Index – without a currency boost - has since recovered to be about 2% net lower. Reflecting the trend away from higher interest rates and a flight to quality, bond markets have rallied strongly to leave yields at or approaching record lows.

Sterling, meanwhile, has taken the strain of both the general uncertainty and comments from the Bank of England that interest rates may have to be cut and/or Quantitative Easing may need to be boosted to counter a possible economic recession. Since the 23rd June Sterling has now fallen by a net 11% against the UD Dollar at $1.33/£, having settled into a range of $1.30 to $1.33. At €1.19 to the pound, Sterling has fallen by around 9% net against the euro. While this has already given a boost to some exporters, a growing trend of higher fuel and food prices is emerging too.

In addition to £250 Billion of extra liquidity made available immediately after the vote result, Governor Mark Carney has unveiled a cut in banks' capital requirement to stimulate extra lending worth about £150 Billion to households and businesses. A halving of base rate to 0.25% is widely expected in early-August though some observers feel that this will be more for psychological effect, to underpin confidence, than to make a significant monetary impact. A high-profile casualty of the new Prime Minister's inevitable cabinet reshuffle was former Chancellor of the Exchequer, George Osborne. Since his departure there has been a distinct shift in avowed Government policy away from austerity and balancing the books in an attempt give the economy some breathing space.

At the corporate level, the currency factor has been significant in helping some companies to counter possible equity market weakness. This, coupled with favourable trends for the prices of gold and other commodities, has produced useful net gains since the 23rd June for the Mining and Oil groups. However, domestically-focussed sectors such as the UK House Builders have been a lightning rod for investor concerns about prospects for the economy. Taylor Wimpey, for example, fell by over 40% following the vote result but has subsequently recovered to be a net 22% down since the 23rd June close. For those with the ability to time their investments, there have been opportunities to make short term profits in these volatile conditions but longer term investors are having to show resolve.

Post-Brexit uncertainty has made itself felt outside the UK with the Federal Reserve choosing not to raise interest rates in July and, with the Presidential Election due in November, it is now quite possible that US interest rates will not rise this year after all. After breaking up to new highs, the S&P 500 and Dow Jones Industrial indices have been 'rolling over' in recent days as signs of slower economic growth emerge. It remains to be seen if Hillary Clinton will be 'Trumped' in the Presidential Election. The reactions of markets globally could be interesting.

The Referendum result has thrown the EU Parliament into confusion and European market levels have broadly mirrored the FTSE 250 Index. The Euro Stoxx 50 Index is around a net 4% lower since 23rd June. Concerns about the Italian banking sector are not helping the mood. The implications of problems here are not positive for the rest of the Eurozone although the UK banks are believed to be in reasonably good shape to ride out any fallout.

Investors' nerves are likely to be tested in the coming months until a clearer picture emerges about the new trade relationships between the UK and the EU and with the even wider range of non-EU countries with which British companies will attempt to agree deals. Reflecting the tone of the news flow, equity markets are likely to be volatile. This should create opportunities for timing investments though some investors may prefer to hold higher levels of cash despite declining yields.

The recent bid for ARM Holdings may prove to have been a portend of increased merger and acquisition activity following Sterling's fall. Otherwise, good quality, well-managed, companies should continue to attract investors for the longer term. The currency mix of corporate revenues will remain an important consideration in stock evaluation. Already, Sterling appears to have stabilised somewhat, helped by the speedy resolution of the domestic political situation as the country faces life in a Brave New World.

Mike Franklin Chartered FCSI
Chief *Investment Strategist*

Update on an excellent H1 performance

Tips for 2016 H1 Update

We are pleased to report that our stock selections have continued to perform well over the second quarter of the year (+33.1%) against a FTSE-100 rise of +15.21%.

Company Name	Price 12/01/16 (p)	Price 30/06/2016 (p)	Gain/Loss (p)	Gain/Loss (%)	£1,000 invested now worth
BG Group/RDSB [1]	940[2]	2,062[3]	-	+51%	£1,510.00
Diageo	1,810	2,087	+277	+15.3%	£1,153.00
GlaxoSmithKline	1,372	1,605	+233	+17%	£1,170.00
Lloyds Banking Group	68.97	54	-15	-21.7%	£783.00
Whitbread	4,120	3,492	-628	-15.2%	£848.00
Acacia Mining	186	451	+265	+142.5%	£2,425.00
Melrose Industries	281	426	+145	+51.6%	£1,516.00
Tullow Oil	139	262	+123	+88.5%	£1,885.00
UBM	518	641	+123	+23.7%	£1,237.00
HSS	76	86	+10	+13.2%	£1,132.00
DekelOil Public Limited [4]	12.25	12.75	+0.5	+4.1%	£1,041.00
Hummingbird Resources	13.00	22.4	+9.4	+72.3%	£1,723.00
Motif Bio	45.25	52	+6.75	+15%	£1,150.00
MySQUAR	5.88	6.25	+0.37	+6.3%	£1,063.00
			Total Return	+33.1%	**£18,636.00**

Prices quoted as at market close on 30th June 2016

We picked fourteen stocks, five from the FTSE 100, four from the FTSE 250, one FTSE Small Cap stock and four FTSE AIM stocks. Some very punchy returns from **Acacia Mining**, **Tullow**, **Hummingbird Resources**, **Melrose** and **Royal Dutch Shell/BG Group**; **UBM** also outperformed the FTSE 250 index.

Whitbread fell during the first half continuing its slide from 2015 and Q1, exacerbated following the referendum vote. At current levels we believe it represents excellent value.

Lloyds also fell, in particular following the referendum vote and we maintain our view that we stated in the original note to buy into when the Government sells its holding, subsequently delayed due to market conditions. We do not see this as a Government priority as we write.

Diageo and **Glaxo** have performed well in the 2nd quarter so we congratulate readers who took our advice to consider them for their ISAs.

DekelOil had a consolidation of 10 for 1 in the period and raised funds to increase DekelOil's stake in the Palm Oli Project in Sierra Leone. It is good to see the Institutional investor Miton group with an 18% shareholding. The Company has reorganised its debt and is now in a position to pay a dividend.

Motif Bio reversed its Q1 negative return to virtually meet the FTSE 100 return whilst **MySQUAR** gave up some of its Q1 gains, but is still in positive territory for the year.

We would continue to recommend the FTSE 100 selections and readers should consider them for the current tax year ISA.

We are not changing the year's selection but it is never wrong to take a profit. Speak to your broker for our latest news on each of the selections.

To read our original ***Tips for 2016*** publication from 13th January 2016 please click here.

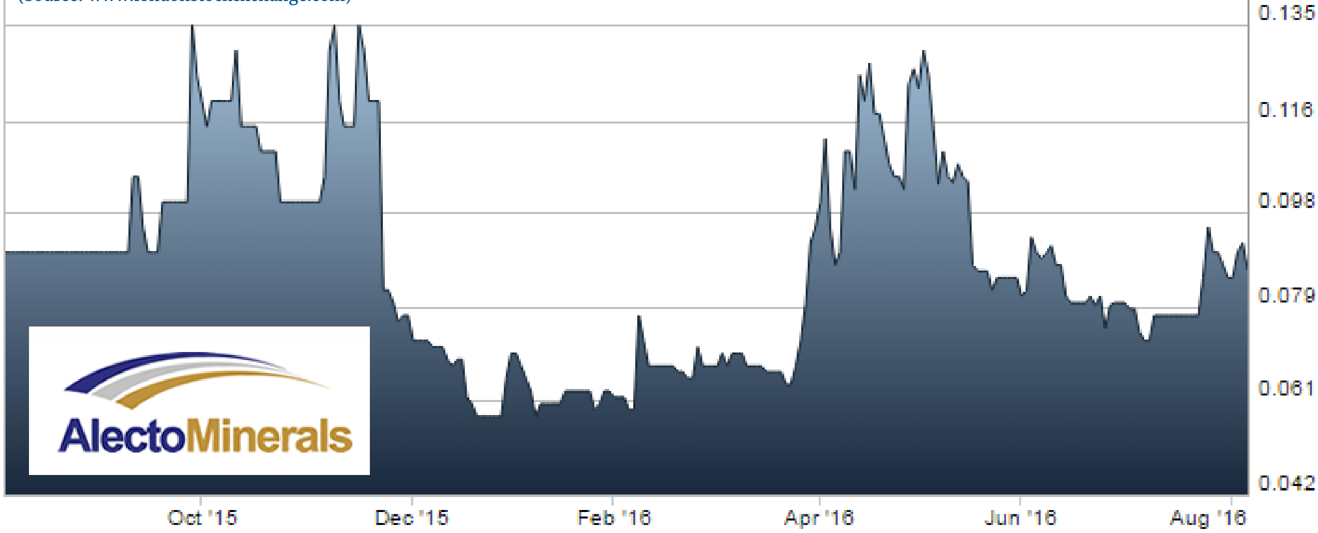
Harry Stevenson
Editor, Beaufort Scale

1) Following the Royal Dutch Shell takeover of BG Group, the latter's shares were de-listed on 12th Feb. The performance of BG to that date was +10.8% and the subsequent move in RDS shares was +40.2% hence the +51% gain overall.
2) Price of BG Group shares as at 12th January 2016.
3) Price of RDSB shares as at 30th June 2016.
4) Share consolidation 10 for 1.

Alecto Minerals (ALO.L)

Speculative Buy - 0.09p

1 Year Share Price Chart
(Source: www.londonstockexchange.com)



Ever since it was conceived in 2010, Alecto Minerals has been a gold explorer focusing on West Africa and in particular Mali. But with exploration funding scarce and in-ground gold ounces worth less than the cost of discovery, management changed strategy, and in 4Q15 acquired an historical gold mine in Zambia. Alecto is now a mine development company with a 760Koz gold resource and a 25 year mining lease.

The timing was very good, perhaps a little fortuitous, with the gold price up c.25% since the acquisition. However, while the share price initially appeared to track the rising gold price, increasing from 0.06p at the start of 2016 to 0.13p at its peak in May, it has underperformed in recent months.

Probably the main reason for the underperformance since May is a lack of newsflow, particularly with regards funding the mine's construction. Back in May Alecto announced it had signed an agreement for vendor financing from a Chinese processing plant manufacturer. This agreement remains in place, and the Chinese side are going through the process of approvals for getting funds offshore. The Chinese process of investing overseas is famously slow but should come to fruition during Q3.

Meanwhile, Alecto is free to discuss funding options with other debt providers and mining equipment suppliers. With the strong gold price and Alecto's strong connections in South and Southern Africa, we expect Alecto to generate alternative finding so that it's in a position to choose the best value option for Alecto shareholders.

Once funding is in place, Alecto will start the work of building the mine. Although it will be a highly leveraged business, given Alecto's current market value and the relatively small size and simplicity of the project, we believe the risk is to the upside. As always, the main risk is probably the direction of the gold price.

Charles Long
Research Analyst

Beaufort Securities acts as corporate broker to Alecto Minerals plc

Amryt Pharma (AMYT.L)

Speculative Buy - 15.625p

In June the Company announced its Financial results for the nine months to 31st December 2015. Amryt was admitted to trading on AIM and Ireland's ESM post period end on 19 April 2016 following the reverse takeover of Fastnet Equity Plc. During the period under review the Company concluded a detailed asset review of the Company's Oil & Gas portfolio and, in light of the rapidly deteriorating economic conditions, executed the transition to an investment company to acquire businesses within the healthcare sector. It demerged the Company's Oil & Gas subsidiaries into a standalone company, Fastnet Hydrocarbons Limited resulting in the Company no longer having any on-going interest or further cost exposure in respect of its legacy Oil & Gas portfolio. The Company had €12.6m cash balance at 31 December 2015 (€15.2m at 31 March 2015) and the net loss for the 9 month period of €2.5m (12 months to 31 March 2015: loss of €36.0m which comprises general and administrative costs of €1.3m and discontinued oil and gas operations of €1.2m). There was a change of the functional currency of Company to € from US$ and change of accounting reference date to 31 December 2015. Post Period saw a transformation into a specialty pharma company by way of a reverse takeover of Amryt Pharmaceuticals DAC through the issue of 123,495,095 new ordinary shares, with the resulting company renamed Amryt Pharma plc. In addition to an 8 for 1 share consolidation resulting in 43,171,134 new ordinary shares of 1p, there was the appointment of a highly experienced Board and management team, as part of the admission of Amryt to trading on AIM and ESM. Following completion to the transaction the enlarged group:

- Consists of the wholly owned subsidiaries Birken AG and SomPharmaceuticals.
- Has an EU approved drug for the treatment of partial thickness wounds and a promising pipeline of orphan drug candidates for Epidermolysis Bullosa (EB), acromegaly and Cushing's disease.

Amryt will focus on building, developing and subsequently monetising a commercially attractive pipeline of drug candidates focused on treating orphan diseases. The orphan drug sector is a growing and commercially attractive segment of the pharmaceutical market, with worldwide orphan drug sales forecast to total US$176bn and account for 19.1% of global prescription sales by 2020. The acquisition of Birken and SOM has secured access to promising potential orphan drug candidates for Epidermolysis Bullosa (EB), acromegaly and Cushing's disease. In January 2016, Amrt's lead product, Episalvan®, was approved by the European Commission for

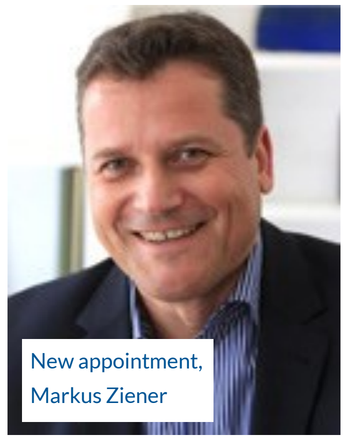
1 Year Share Price Chart
(Source: www.londonstockexchange.com)

the treatment of partial thickness wounds (PTW) and has been granted US and EU Orphan Drug Designation for EB. The current EU approval of Episalvan® for PTW, in the Board's view, substantially de-risks the future development and approval of the product for the treatment of EB, a rare and distressing genetic skin disorder affecting young children for which there is currently no treatment. This approval would unlock a significantly larger worldwide market estimated to be worth US$1.5 billion per year. The funds raised as part of the reverse acquisition process will help accelerate the Phase III EB trials which are due to start in Q1 2017. Other opportunities exist for the Company both through the development of earlier stage products for the treatment of acromegaly and Cushing's disease.

Our view: We believe that the orphan drug sector represents a significant opportunity for Amryt. Currently there are 7,000 orphan diseases, which affect 1 in 10 of the global population. Drugs with orphan designation are usually fast-tracked to market. The lower phase III trial costs, smaller trial sizes, higher price point and long term marketing exclusivity granted in both the EU and US makes it a uniquely attractive market segment. This is reflected in the forecasted sector growth figures with expected prescription sales to total US$176bn by 2020 (Source: Evaluate Pharma as of 17th July 2015) accounting for 19.1% of all worldwide prescription sales, excluding generic. Amryt is well positioned to benefit from this forecasted growth through the medium term development of its EU and US orphan drug designated Episalvan. The reverse takeover of Fastnet Equity plc was an important strategic milestone in realising the Company's vision of becoming a significant player in the underserved orphan disease market.

Amryt is focused on building a diversified portfolio of commercially attractive, propriety new drugs targeting best in class performance to help address some of these rare and debilitating illnesses for which there are currently no available treatments. In May 2016, Pfizer purchased Anacor Pharmaceuticals for $5.2 billion in an all cash deal to get access to their Eczema gel which is in a phase three trial at the moment. Amryt has been tracking this company for some time now as Anacor's lead product is also a topical skincare gel aimed at the pediatric market and just over 3 years ago their market cap would have been sub $150m when the shares traded at $3.19 a share as opposed to around $100 today. This demonstrates the really exciting potential of Amryt as its pharmaceutical product Episalvan is of interest to many of the multinational pharma companies as it has already been approved by the European Medicines Agency earlier this year and will be commencing sales shortly. Furthermore, as soon as the Amryt Phase III trial of Episalvan for Epidermolysis Bullosa gets under way then Amryt is going to be of even more interest to these multinational pharmaceutical companies.

Recently the Company announced the appointment of Markus Ziener as Non-Executive Director with immediate effect. Mr. Ziener is Chief Financial Officer of Software AG Stiftung. Mr. Ziener joined Software AG Stiftung in 2013 as a Director of Asset Management becoming Chief Financial Officer in August 2014. Prior to joining Software AG Stiftung, a 20.9% shareholder in Amryt, Mr. Ziener worked in a number of senior roles across a broad range of industries.



New appointment,
Markus Ziener

This is an important addition to the Board of Amryt. As the Director of Asset Management within Software AG Stiftung, Markus has been a long term supporter of the Birken business and was Chairman of the Supervisory Board until the Company's recent acquisition by Amryt. In this role, Markus was ultimately responsible for funding the development of Amryt's lead product, Episalvan, which has recently been approved in January by the European regulatory authorities for the treatment of partial thickness wounds. Together with the existing Imlan product range and the opportunity to also develop Episalvan in the rare disease Epidermolysis Bullosa, there is a particularly excitement about the future potential for the Amryt business.

In view of the potential sales for Orphan drugs, and the interest from Big Pharma, we recommend Amryt as a Speculative Buy.

Harry Stevenson
Research Analyst

Bushveld Minerals
(BMN.L)
Speculative Buy - 1.45p

Bushveld Minerals is a diversified mineral development company with several projects in South Africa and Madagascar including vanadium, tin, titanium and coal. The company is refocusing its attention on vanadium by developing a vertically integrated vanadium platform comprising high-quality resources and processing capability for vanadium chemicals, including vanadium based flow batteries.

The company, in partnership with Yellow Dragon Holdings, recently announced a purchase agreement with Evraz Group for 78.8% interest in the producing Vametco vanadium mine in South Africa for total consideration of US$17.2m. In addition to this, Bushveld has acquired the adjacent Brits vanadium project which is known to have grades, based on historical drilling, of up to 2.45% V2O5 in magnetite. These acquisitions could be transformational for Bushveld as it moves closer towards an integrated vanadium platform and an accelerated path to production. In 2015 Vametco produced 2,400t of Vanadium (Nitrovan and V2O5) from its magnetite concentrate, Bushveld is planning to increase production to 3,300t per annum through adjustments in ore preparation. Vametco is a low cost mine with potential to generate positive cash flows even under suppressed Vanadium prices.

Bushveld has also established a platform, through the launch of Bushveld Energy Limited, focused on developing and promoting the role of vanadium in the growing global energy storage market through the application of vanadium redox flow batteries (VRFBs). While steel production currently dominates vanadium consumption, the commercialisation of VRFBs could disrupt the global vanadium supply.

Notwithstanding its diversified portfolio of commodities, Bushveld offers investors leverage to rising vanadium prices with its recent acquisitions of quality vanadium resources and processing projects. We believe vanadium prices will continue to recover in the near term due to continued production curtailments from high cost producers.

Sheldon Modeland, P.Geo.
Research Analyst

Beaufort Securities acts as corporate broker to Bushveld Minerals plc

1 Year Share Price Chart
(Source: www.londonstockexchange.com)

Cyan Holdings
(CYAN.L)

Speculative Buy - 0.19p

1 Year Share Price Chart
(Source: www.londonstockexchange.com)

Smart metering represents a giant, unfulfilled and highly scalable global long-term growth opportunity that prospectively brings exceptionally sticky customers. Cyan's target markets and the contracts generated to date clearly demonstrate this, with the enlarged Group's products providing technology, IP and strong commercial foundations for future growth. Indeed, momentum appears set to build sharply; the recent extension of the Group's Enzen partnership into Ireland is just a taster of what is to come.

Cyan's legacy business in the developing markets takes advantage of its proprietary end-to-end solutions, where major users' (like utility groups, for example) ultimate desire must be to converge their networks using IP standards-based technologies. Convergent networks require such a standards-based core programming language in order to permit rapid development, integration and consolidation of applications.

The recent acquisition of Connode Holdings AB provides exactly this capability and thereby enables Cyan to effectively future-proof its customer solutions and provide the necessary standards-based interfaces for additional connectivity, as required for the Internet of Things and smart cities. As such, it is prospectively transformational, fitting 'hand-in-glove' with the Group's ambition to develop to the ideal technological solution as part of its effort to capturing a sizeable chunk of both developing and developed market opportunity.

Since 2006 utilities and telecom operators have deployed Connode-enabled devices in large-scale projects in Europe which, in turn, creates new opening for the enlarged Group in these and other western markets, such as North America. Further out, Connode's highly complementary product range also offers the additional prospect of creating global leadership in Narrowband Mesh radio solution Internet of Things canopy provision.

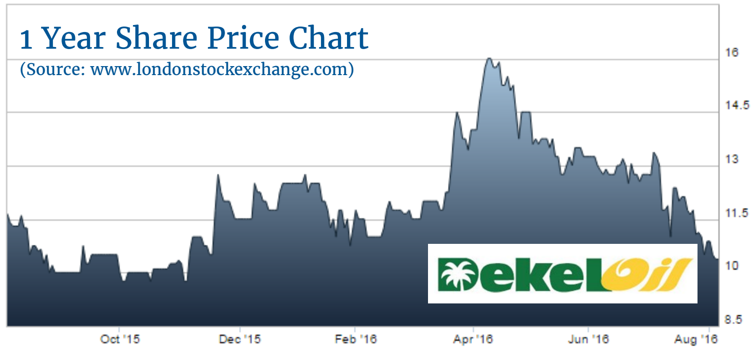
As Beaufort's research has previously stated, the fact that Cyan has secured contract wins from India, the Middle East, Africa, Brazil, China and Eastern Europe, highlights both the need for and the uniqueness of Cyan's systems approach. The opportunity to scale early sales to these territories is clearly enormous; in reality, the transformational purchase order worth £10 million from Iran's Micromodje is potentially just a small part of the National Smart Metering Program of Iran that has a stated goal to replace the electricity meters for all its customers, representing approximately 33 million meters, in seven years with funding provided by the Iran Power Generation, Transmission and Distribution Management Company; Cyan has already started a dialogue on the next planned rollout of 1 million units. Prospectively, India is an even larger opportunity with prime minister, Modi, in 2015 projecting a phased consumer rollout of smart meters beginning in 2017, with 35 million units installed by 2019; more recently India's power minister, Goyal, cited a proposition for as many as 250 million smart meters. With a good number of large international territories now also reviewing similar options, the business potential for operators capable of installing, licensing and supporting comprehensive national smart meter implementation programmes is clearly huge.

The acquisition of Connode will significantly speed Cyan's ambitions to ensure it secures a significant part of these long-term opportunities, while also providing a strong foothold in more developed western markets. Beaufort recommends Cyan Holdings as a Speculative Buy.

Barry Gibb
Research Analyst

Beaufort Securities acts as corporate broker to Cyan Holdings plc

DekelOil Public
(DKL.L)
Buy - 10.75p



Bargain hunters looking for shares that have been hurt badly since the Brexit fallout, could do worse than look at DekelOil.

In fact, far from being a casualty of the June 23rd vote, Dekel is a clear net winner of Sterling's rout given its earnings are in Euros. And in recent weeks, management has clearly engineered a significant enhancement to shareholder value recently backed by UK institutions at around a 20% premium to the current price. It agreed the acquisition of some 34.75% in CS DekelOil Siva Limited, the Group's already majority-owned joint venture having been canny enough to fix GBP/EUR at 1.30 with the seller. Post the general meeting of 16th June, DekelOil's total stake rose to approximately 85.75% on the Project. The acquisition was funded via a £10.8 million capital raise by way of placing of new ordinary Shares to institutional and other investors. The Group also proposed a 10 for 1 share consolidation, which became effective on 21 June 2016.

So right now DekelOil is sitting pretty. Current production numbers have increased over 30% for H1 2016 compared to H1 2015 and operations are cash positive. Indeed the Group has indicated that EBITDA for H1 2016 will be materially higher than H1 2015. With significant organic production growth to come over the next two years Ayenouan (a vertically integrated palm oil project in Côte d'Ivoire) has the potential to be both highly cash generative and profitable for many years to come. In its first full year of operations, the 60 tonnes per hour extraction mill produced 35,000 tonnes of CPO, which generated revenues of €23.4 million and EBITDA of €3.7 million. With a capacity to produce 70,000 tonnes of palm oil per annum, there is room to double CPO production. Combined with the Group's recently commissioned kernel crushing plant, which is already producing value-added products, production is on course to substantially increase going forward.


DekelOil's flagship palm oil project in the Ivory Coast

The significant growth in profitability means the Group can comfortably fund its scheduled debt repayments from operational cashflow and we expect the Group will announce further improved debt terms in the near future given its strengthened financial position.

Importantly and as previously noted, DekelOil is a Brexit winner with the appreciation of the Euro against the Pound of over 10% post Brexit translating into higher Sterling earnings. Having positioned itself so, Beaufort believes the Group will be able to support its long-term operational expansion while producing sustainable surplus. As these ambitions are realised going forward, shareholders can expect to be rewarded by management implementing a formal dividend policy. Remembering that new institutions apparently entered the share capital during May's equity placing have yet to be declared, it will be interesting to see which new professional investors also recognise this potential. Beaufort recommends the shares as a Buy.

Barry Gibb
Research Analyst

Beaufort Securities acts as corporate broker to DekelOil Public

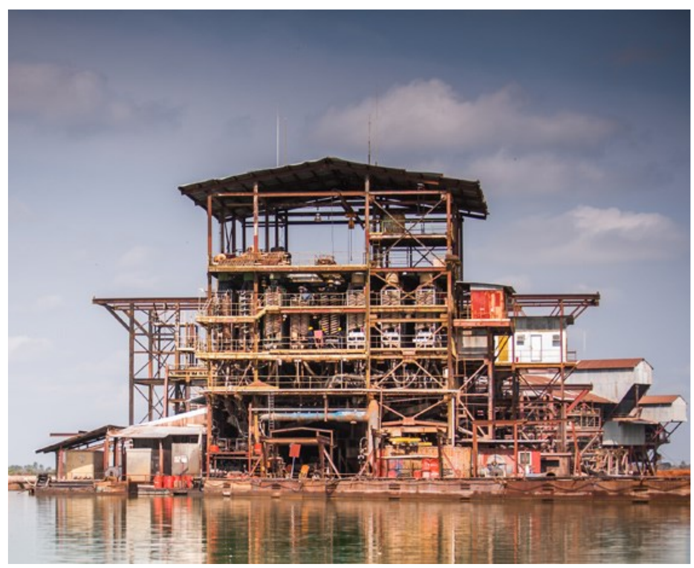
Sierra Rutile (SRX.L)

Update – 34.75p

In the last publication we tipped Sierra Rutile at 20p and we're happy to report it has performed rather well since, culminating in a 36p recommended cash offer announced last week.

The acquirer is Iluka Resources, an Australian based company and also the largest mineral sands company in the world. The acquisition requires >50% voting in favour and has already received irrevocables from over 60% of the shares. Also, Iluka has done its due diligence, so we expect the transaction to compete. This has been a decent recommendation which significantly outperformed both the wider market and the basic resources sector.

Charles Long
Research Analyst



Share prices quoted correct as at the market close on Friday, 5th August 2016

Recommendations

During the three months to end-July 2016, the number of stocks on which Beaufort Securities has published recommendations was 316, and the recommendations were as follows: Buy - 127; Speculative Buy - 131; Hold - 56; Sell - 2.

Full definitions of the recommendations used by Beaufort Securities in its publications and their respective meanings can be found on our website **here**.

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