

ORBITE ALUMINAE INC. (ORT-TSX, \$2.33)

Rating: Under Review
12-Month Target: Under Review

RUSAL SIGNS MOU TO INVEST \$25M INTO JV WITH ORBITE FOR FIRST SGA PLANT

ORBITE ALUMINAE INC.		TSX:ORT	
<i>(Currency is C\$ unless noted otherwise)</i>			
Closing Price		\$2.23	
Target Price		Under Review	
Potential Return		N/A	
52 Week Low / High		\$0.50 - \$5.69	
CAPITALIZATION		Basic	Diluted
Shares Outstanding (Millions)		178.4	204.9
Market Capitalization (\$Millions)		\$397.8	\$456.8
Enterprise Value (\$Millions)			\$320.4
Cash (\$Millions)			\$74.0
Cash Fully Diluted (\$Millions)			\$139.0
LTD (\$Millions)			\$2.6
FYE: DEC 31	2011E	2012E	2013E
SGA Production (000's t)	-	-	-
SGA Costs (nobb) (US\$/t)	-	-	-
HPA Production (tonnes)	-	-	N/A
HPA Costs (nobb) (US\$/t)	-	-	N/A
Capital Costs Estimates	(\$5.6)	(\$20.1)	N/A
Gross Revenue (\$M)	\$0.0	\$0.0	N/A
EBITDA (\$M)	(\$11.9)	(\$4.6)	N/A
Net Income (\$M)	(\$11.6)	(\$4.9)	N/A
EPS	(\$0.1)	(\$0.0)	N/A
EV/EBITDA	n/a	n/a	N/A
KEY PROJECTS			
Grande Vallee (100%), Quebec, development			
Indicated 1.0B tonnes @ 23.13% Al2O3 (231M tonnes Alumina)			
RELATIVE VALUATION		Diluted	
M tonne Alumina Compliant		231.0	
EV per tonne Alumina Compliant		\$ 1.39	
MANAGEMENT & DIRECTORS			
President & Director: Richard Boudreault, CFO: Jacques Bedard, VP Technology: Dr. Joel Fournier, Advisors: Dr. Marc Filion and Pierre Dupres, Director-High Purity Alumina: Dr. Hubert Dumont, Directors: Lionel Leveille, Charles Chevette, Toby Gilsig, Pierre Meunier; Chistian Van Houtte, Stephane Bertrand			
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DISCLOSURE CODE:		2, 3, 5, 6	
(Please refer to the applicable disclosures listed on the back page)			

Source: M Partners Estimates, Bloomberg, Capital IQ, Company Information



MOU IS A MAJOR CATALYST

- Orbite announced yesterday the signing of a Memorandum of Understanding with RUSAL to acquire the first of two 25% interests in Phase 1 of the first SGA plant for \$25M with the right to participate in the following phases. A Definitive Agreement must still be negotiated which could take several weeks. Negotiations are ongoing with the other potential partner for an interest in Phase 1.
- This is a major milestone for Orbite in validating its innovative process by attracting the largest aluminum producer in the world and is the culmination of 7 months of due diligence which involved extensive testing of the Orbite process using clay from Grand-Vallée as well as clay provided by RUSAL. Grand-Vallée clay samples were also sent to RUSAL for testing.
- What Orbite could get in a Definitive Agreement:
 - Patents: The first plant gets the use of RUSAL patents covering the handling, storing and transportation of alumina after it is produced and Orbite gets the right to license these patents at future plants.
 - Non-Dilutive Financing: The \$25M investment equals approximately 10% of Phase 1 construction costs based on our estimate of \$250M. We believe up to 80% of total plant costs could be funded using debt financing.
 - Partnership: RUSAL will contribute staff and know-how to the construction and operation of the first plant. Orbite will contribute consulting services if a plant is constructed in Russia by RUSAL.
 - Licensing: Although RUSAL's operates in 19 countries it has acquired the right to use Orbite's alumina-only extraction patents in Russia (not the CIS). The use of any other extraction patents (hematite, oxides, rare earths, etc...) in Russia and use of any of Orbite's patents outside of Russia would require licensing from Orbite at market rates.
 - Potential Offtake: We believe RUSAL intends to build an aluminum smelter in Quebec and could become the first to sign an offtake agreement with Orbite.
- What RUSAL could get in a Definitive Agreement:
 - Patents: RUSAL gets the use of Orbite's alumina-only extraction patents in Russia (excludes hematite, oxides, rare earths, etc...CIS and other countries). RUSAL gets the right to license on a non-exclusive basis the other Orbite patents in Russia and Orbite patents elsewhere in the world.
 - Partnership: Orbite will contribute staff and know-how to the construction of a plant in Russia being contemplated by RUSAL.
 - Quebec: RUSAL's investment is its first foray into Quebec which we believe could involve building an aluminum smelter as it seeks to take advantage of some of the lowest electricity rates anywhere in the world and new tax incentives for the processing of metals within the province. Ownership through a JV of a Quebec-based alumina plant is a natural fit.
- Overall we believe this is a major catalyst that could pressure aluminum producers such as Rio Tinto Alcan, Alcoa and Alouette (a JV between Rio Tinto, Amag, Norsk Hydro and Marubeni) to sign MOUs of their own for other phases or subsequent plants.
- JV partners could also involve the trading houses and financial partners such as Marubeni which is Japan's 5th largest trading house and is part of the Alouette JV.

QUEBEC 2012 BUDGET BENEFITS ORBITE AND SUGGESTS PLANT LOCATION

- Quebec announced in the 2012 Budget last week it wants to attract mineral processing industries (alumina/aluminum/steel) and that mining tax credits will extend to the smelting/refining/hydrometallurgy for ore extracted in Canada and that it will fund 75% of the first \$40M for a Feasibility Study to extend a natural gas pipeline to Sept-Iles. This makes Sept-Iles an ideal location for several of Orbite's SGA plants.

March 30, 2012

CEASE-TRADE AND PEA/FEASIBILITY UPDATE

- Orbite has concluded the audit and will be presenting the results to the AMF soon. Work on a revised PEA has been progressing and could be completed within several weeks. We believe the Feasibility Study could be delayed by at least a month from the original April 30th target as Orbite's internal resources have been focused on revising the PEA.

TARGET PRICE

- We are placing coverage under review pending removal of the cease trade order.

POTENTIAL CATALYSTS & MILESTONES

- April 2012: Revised PEA
- Q2 2012: Metallurgical (SGA) Plant Feasibility Study
- Q3 2012: Possible approval of mining permit for first SGA plant
- Q1 2013: HPA production of 215 tonnes per year
- Q1 2014: Mining permit approval and initiation of construction
- Q4 2015: SGA production of 500,000M tonnes per year from first plant
- 2016 to 2019 : Second, Third and Fourth SGA Plants advanced to production

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Rating System	
Buy:	Price expected to rise
Sell:	Price is inflated and expected to decrease
Hold:	Properly priced
Speculative Buy:	Price expected to rise; material risk to the investment exists
Under Review:	Not currently rated

Summary of Recommendations		
As of December 31, 2011		
Buy	42	88%
Hold	4	8%
Sell	2	4%
Total	48	100%