

**Analyst**

David Coates 612 8224 2887

**Authorisation**

Stuart Howe 613 9235 1856

# Pantoro Limited (PNR)

## Waiting game at Norseman

**Recommendation**  
**Buy** (unchanged)  
**Price**  
**\$0.22**  
**Target (12 months)**  
**\$0.28** (previously \$0.27)

**GICS Sector**  
**Materials**

**Expected Return**

Capital growth	27.3%
Dividend yield	0.0%
Total expected return	27.3%

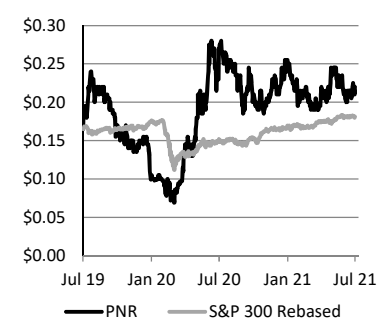
**Company Data & Ratios**

Enterprise value	\$271m
Market cap	\$310m
Issued capital	1,409m
Free float	78%
Avg. daily val. (52wk)	\$587,000
12 month price range	\$0.18-\$0.29

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	0.24	0.20	0.24
Absolute (%)	-6.4	12.8	-6.4
Rel market (%)	-5.8	9.3	-28.6

**Absolute Price**



SOURCE: IRESS

**June 2020 quarterly report**

PNR has reported June quarter 2020 production of 8.9koz gold at All-In-Sustaining-Costs (AISC) of A\$1,570/oz (vs BPest. 9.0koz gold at AISC A\$1,523/oz). The result was effectively in-line with our forecasts and AISC were at the lower end of PNR's guidance range of A\$1,550-\$1,750/oz. An improved mining production performance and good mill head grades combined with sustained metallurgical recoveries of >94% were the key drivers of the result. Underlying unit costs remained stable, resulting in lower reported AISC compared with the March 2021 quarter. PNR reported free cash flow from the Halls Creek Operations of \$3.1m, in-line with PNR's Q4FY21 guidance of \$1.4-4.4m. PNR's cash and gold balance at end June was \$49.2m, down from \$54.4m at end March. PNR's JV partner Tulla Resources (TUL, Speculative Buy, V\$0.91/sh) is now funding 50% of Norseman Gold Project (NGP) expenditure.

**Norseman start held up by permitting delays**

Pending final regulatory approvals, we had been expecting on-site construction work to commence at the NGP in May 2021, in-line with PNR's guided schedule for commissioning and production to commence in 1HCY22. However, at the time of publishing, the final approvals remain outstanding. We now expect the 47 week construction schedule will be under pressure to meet the target production date. While the process is external to PNR, its completion is anticipated during the current quarter as is the commencement of site construction works immediately upon the receipt of the remaining approvals. We continue to assume a total capital spend of ~\$95m for the Norseman Phase 1 re-start with ~\$80m remaining as at end June 2021.

**Investment thesis – Buy, TP \$0.28/sh (from Buy, \$0.27/sh)**

Following the June 2021 quarterly report we lower our FY21 earnings forecasts by 7% to \$12.2m on a lower A\$-gold price and higher AISC. In FY22, we delay the Norseman ramp-up to FY23. This leaves FY22 earnings unchanged as lower production is offset by the removal of higher cost NGP ramp-up ounces and D&A charges. Our NPV-based valuation lifts 4% to \$0.28/sh and we retain our Buy recommendation.

**Earnings Forecast**

Year end 30 June	2020a	2021e	2022e	2023e
Sales (A\$m)	82	88	90	177
EBITDA (A\$m)	18	33	38	78
NPAT (reported) (A\$m)	(29)	12	20	35
NPAT (adjusted) (A\$m)	(14)	12	20	35
EPS (adjusted) (cps)	(1.2)	0.9	1.4	2.5
EPS growth (%)	-2694%	nm	48%	77%
PER (x)	nm	23.4	15.8	8.9
FCF Yield (%)	-10%	-5%	-11%	21%
EV/EBITDA (x)	15.2	8.2	7.0	3.5
Dividend (cps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	-31%	10%	12%	18%

SOURCE: BELL POTTER SECURITIES ESTIMATES

# Waiting game at Norseman

## June 2020 quarterly report

PNR has reported June quarter 2020 production of 8.9koz gold at All-In-Sustaining-Costs (AISC) of A\$1,570/oz (vs BPest. 9.0koz gold at AISC A\$1,523/oz). The result was effectively in-line with our forecasts and AISC were at the lower end of PNR's guidance range of A\$1,550-\$1,750/oz. An improved mining production performance and good head grades combined with good metallurgical recoveries of +94% being sustained were the key drivers of the result. Underlying unit costs remained stable, resulting in lower reported AISC compared to the March 2021 quarter.

PNR reported free cash flow from the Halls Creek Operations of \$3.1m (up from \$2.3m in the March quarter) assisted by higher production, further reductions in project capital expenditure and a marginally higher gold price. This was in-line with PNR's lowered Q4FY21 cash flow guidance of \$1.4-4.4m. This covered approximately half of PNR's share of costs at Norseman of \$6.1m. This was a substantial reduction from \$14.7m in the March 2021 quarter and followed the completion of PNR's \$50m sole expenditure obligation early in the June quarter. PNR's JV partner Tulla Resources (TUL, Speculative Buy, V\$0.91/sh) is now funding 50% of Norseman expenditure with PNR. PNR's cash and gold balance at end June was \$49.2m, down from \$54.4m at end March.

PNR has provided updated guidance for the September and December 2021 quarters as follows:

**Table 1 - Halls Creek production and cost guidance**

	Halls Creek Operations	
	Q1 FY22 Guidance	Q2 FY22 Guidance
Production (oz Au)	9,000 ± 10%	9,000 ± 10%
Revenue @ \$2,300/oz* (\$ million)	\$19 - \$23	\$19 - \$23
C1 (\$/oz)	\$1,300 - \$1,350	\$1,300 - \$1,350
AISC (\$/oz)*	\$1,550 - \$1,750	\$1,550 - \$1,750
Major Project Capital (\$ million)	\$2.0 - \$2.5	\$2.0 - \$2.5
Exploration (\$ million)	\$1.0	\$1.0
Net Cashflow (\$ million) @ \$2,300/oz	\$1.4 - \$4.4	\$1.4 - \$4.4

SOURCE: COMPANY DATA

Guidance is effectively unchanged and PNR remains unhedged and fully exposed to the A\$ gold price.

Production performance actuals and Bell Potter forecasts are summarised below:

**Table 2 – Quarterly production summary**

	Jun-20 Actual	Sep-20 Actual	Dec-20 Actual	Mar-21 Actual	Jun-21 Actual	Jun-21 BP est.	Variance % qoq	Variance % BP est.
<b>Mining</b>								
Ore mined (t)	45,882	55,725	49,172	44,220	47,954	50,000	8%	-4%
grade (g/t Au)	6.4	4.9	6.4	5.7	5.7	5.8	1%	-1%
Contained gold (oz Au)	9,397	8,779	10,039	8,061	8,819	9,324	9%	-5%
<b>Processing</b>								
Ore milled (t)	59,002	57,968	57,263	55,322	58,826	57,000	6%	3%
Head grade (g/t Au)	5.5	4.6	5.8	5.0	5.0	5.2	-1%	-4%
Recovery (%)	92.7%	92.6%	94.8%	94.4%	94.3%	94.0%	-0.1%	0.3%
Gold produced (oz Au)	9,586	8,012	10,143	8,429	8,880	8,958	5%	-1%
<b>Costs</b>								
Cash costs (A\$/oz)	\$1,327	\$1,365	\$1,188	\$1,398	\$1,329	\$1,242	-5%	7%
AISC (A\$/oz)	\$1,578	\$1,612	\$1,435	\$1,644	\$1,570	\$1,523	-5%	3%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

## Norseman start held up by permitting delays

Pending final regulatory approvals, we had been expecting construction work to commence in May 2021 in-line with PNR's guided schedule for commissioning and production to commence in 1HCY22. While no specific update was provided in the quarterly, we now expect the 47 week construction schedule will be under pressure to meet this target. PNR continues to engage with the relevant authorities and provide requested documentation in a timely manner, addressing issues raised in the approvals process. While the process is external to PNR, its completion is anticipated during the current quarter and commencement of site construction works immediately upon the receipt of the remaining approvals.

The EPCM contractor, GR Engineering Services (GNG, Buy, TP\$1.70/sh) commenced off site works during the quarter. It also announced that the tightening of the Australian labour market has not impacted its ability to increase its workforce to meet demand and execute on its pipeline of work.

We continue to assume a total capital spend of ~\$95m for the Norseman Phase 1 re-start with ~\$80m remaining as at end June 2021. This accounts for the deferral of ~\$8m we had previously assumed for expenditure on site construction works during the quarter.

Early in the June quarter, PNR announced it had completed its \$50m sole expenditure obligation at Norseman. PNR's JV partner, TUL, commenced making its contributions of 50% of all project expenditure as planned.

Post quarter-end, PNR completed the bulk of its staged consideration payments for the Norseman acquisition, with a \$10m cash payment to Tulla Private on 7 July 2021.

### Other key takeaways from the June 2020 quarterly report include:

- At Norseman, drilling continued with 5-6 drill rigs for the majority of the quarter with result highlights including a new discovery, the Noganyer SIF at the Scotia Mining centre, high grade results from the Sailfish Prospect and Resource extensions at Scotia Deeps outside the current Inferred Mineral Resource envelope. The latest results point to potential Resource expansion and increased baseload feed capacity from open-pit and underground operations at Scotia;
- At Halls Creek, development of the South Decline to access the Wagtail North and Wagtail South orebodies continued during the quarter. This is on track to provide access to additional production sources by the December 2021 quarter; and
- In-mine exploration from new drill platforms in the South Decline identified depth extensions to the Wagtail North orebody. Regional exploration programs at Mary River also re-commenced as planned during the quarter.

## Changes to our forecasts and valuation

Following the release of the June 2020 quarter production and cost report, we have made the following changes to our modelled assumptions:

- Lowered Our FY22 production forecast as we push back the production ramp-up at Norseman due to permitting delays. We now model commencement of production in the September quarter 2022;
- Re-profiled our CAPEX forecast at the NGP, reflecting the delayed start to on-site construction activities;
- Lowered our forecast growth capital spend at Halls Creek for FY22 from \$9m to \$6m, reflecting current run-rates and the focus on NGP;
- Lifted our forecast metallurgical recoveries from 93% to 94%, reflecting the sustained performance at Nicolson;

- Updated for our latest commodity price and foreign exchange rate forecasts, which include minor increases to our AUD:USD exchange rate forecasts and an increase to our long-term gold price from US\$1,900/oz to US\$1,950/oz; and
- Updated for the latest capital structure and cash balance and rolled our model forward.

The net impacts of these changes are summarised in the table below:

Year ending 30 June	Previous			New			Change		
	2021e	2022e	2023e	2021e	2022e	2023e	2021e	2022e	2023e
<b>Prices &amp; currency</b>									
Gold (US\$/oz)	1,861	1,888	1,850	1,852	1,888	1,850	0%	0%	0%
US\$/A\$	0.74	0.73	0.73	0.75	0.74	0.73	1%	1%	1%
Gold (A\$/oz)	2,510	2,586	2,552	2,483	2,568	2,534	-1%	-1%	-1%
<b>Production &amp; costs</b>									
Gold produced (koz)	35.5	39.9	78.2	35.5	35.2	69.9	0%	-12%	-11%
AISC (A\$/oz)	1,547	1,631	1,449	1,558	1,554	1,434	1%	-5%	-1%
<b>Earnings</b>									
Revenue (A\$m)	89	103	199	88	90	177	-1%	-13%	-11%
EBITDA (A\$m)	35	43	91	33	38	78	-4%	-11%	-15%
EBIT (A\$m)	13	18	46	12	18	40	-7%	-1%	-13%
NPAT (underlying) (A\$m)	13	20	39	12.2	20	35	-7%	0%	-10%
NPAT (reported) (A\$m)	13.1	20	39	12.2	20	35	-7%	0%	-10%
EPS (reported) (cps)	1.0	1.4	2.7	0.9	1.4	2.5	-7%	0%	-10%
PER (x)	21.7	15.8	8.0	23.4	15.8	8.9	1.7	0.0	0.9
EPS growth (%)	nm	37%	97%	nm	48%	77%	nm	11%	-20%
DPS (reported) (cps)	-	-	-	-	-	-	na	na	na
Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
NPV (\$/sh)	0.27	0.27	0.36	0.27	0.28	0.37	0%	3%	2%
Price Target (\$/sh)		0.27			0.28			4%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

## Upcoming catalysts

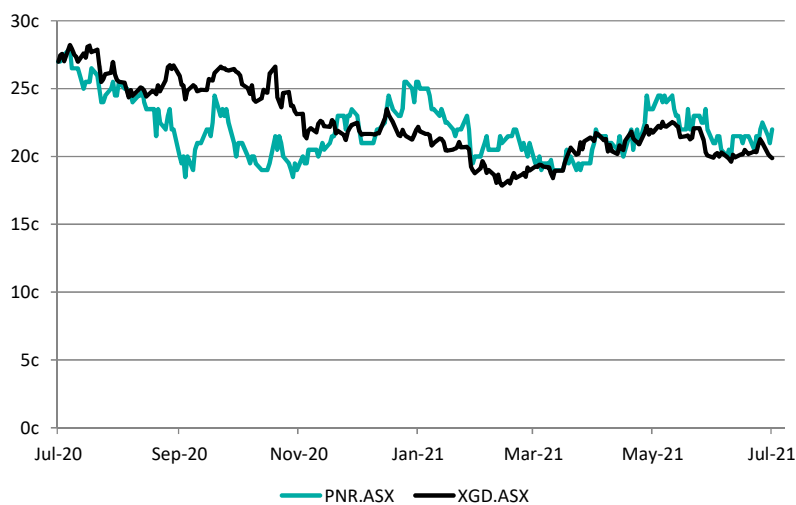
Upcoming catalysts for PNR include:

- Ongoing exploration and development updates from the Norseman Gold Project. Commencement of major site development works have been pushed back due to delays in the receipt of final approvals. With a planned 47 week construction period, these delays are putting pressure on the target for first production in 1HCY21. PNR anticipates receipt of the approvals in the current quarter;
- Ongoing infill and extension drilling results from the NGP, where an ongoing 100,000m drill program has the objective of doubling the current mining inventory;
- The release of PNR's FY21 financial results, in late August 2021;
- The maintenance of production and costs at Halls Creek in-line with guidance. The re-establishment of a consistent operational track record will be a de-risking factor and help PNR fund ongoing exploration and development at Norseman. The September quarter production report is due mid-October;
- Further underground drilling results from Halls Creek, where the Rowdies and Wagtail deposits are showing potential for extensions. These may support mine life extensions;
- Potential consolidation of 100% ownership of the Norseman Gold Project; and
- Ongoing gold price strength, with PNR being one of the few unhedged gold producers on the ASX.

## Share price performance vs ASX Gold Index

Relative performance chart below:

**Figure 1 - PNR relative share price performance vs XGD**



SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

PNR's relative performance has improved off a low base and has now performed in-line with the ASX Gold Index over the last 12 months. The key drivers have, in our view, been Halls Creek meeting (lowered) guidance expectations and the steady pathway to development being executed at the Norseman Gold Project (NGP).

The 50% ownership and management of the NGP continues to provide the opportunity for positive exploration and development catalysts for PNR's share price.

# Pantoro Limited (PNR)

## Company description

PNR is a growing gold production and development company. The 100% owned Halls Creek Project (including the Nicolsons Gold Mine) is PNR's flagship project. The project is located in the Kimberley Region on Western Australia, approximately 45km SW of the town of Halls Creek. First gold was poured at Nicolsons in September 2015 and it is currently producing at a rate of ~35-40kozpa at AISC of A\$1,550-\$1,750/oz.

PNR also has a 50% share in, and management control of, the Norseman Gold Project (NGP), south of Kalgoorlie in WA. The project covers over 1,000km<sup>2</sup> of tenements, the majority of which are granted Mining Leases. The NGP has a large, high grade gold Resource base totalling 4.4Moz grading 3.9g/t Au, including underground Resources of 2.1Moz grading 15.3g/t Au and surface Resources of 2.4Moz grading 2.3g/t Au. With past production of >5.5Moz, well established infrastructure including an operating power plant, sealed airstrip, past producing mill, road and rail access all neighbouring the Norseman township, it provides an excellent platform for exploration and future production growth.

## Investment thesis – Buy, TP \$0.28/sh (from Buy, \$0.27/sh)

Following the June 2021 quarterly report we lower our FY21 earnings forecasts by 7% to \$12.2m on a lower A\$-gold price and higher AISC. In FY22 we delay the Norseman ramp-up to FY23. This leaves FY22 earnings unchanged as lower production is offset by the removal of higher cost NGP ramp-up ounces and D&A charges. Our NPV-based valuation lifts 4% to \$0.28/sh and we retain our Buy recommendation.

## Valuation

Our target price for PNR is based upon the 12-month forward NPV of our forecast free cash flows from the Nicolsons mine and Norseman Gold Project. This is included in a sum-of-the-parts valuation for the company which also includes a notional estimate for the value of the exploration potential of the balance of the NGP which we currently value at ~A\$135/oz of gold contained in Resource. We also include a discounted cash flow estimate of corporate costs and adjust for PNR's net cash position and dilute our valuation for in-the-money options.

**Table 4 – PNR sum-of-the-parts valuation**

<b>Sum-of-the-parts (+12 month Target Price)</b>	<b>\$m</b>	<b>\$/sh</b>
Halls Creek (NPV10)	71.5	0.05
Norseman (PNR attr. NPV10)	134.4	0.10
Other exploration	190.0	0.13
Corporate overheads	(25.0)	(0.02)
Subtotal	370.8	0.26
Net cash (debt)	26.0	0.02
<b>Total (undiluted)</b>	<b>396.9</b>	<b>0.28</b>
Add options in the money (m)		19.3
Add cash	2.4	0.0
<b>Total (diluted)</b>	<b>399.2</b>	<b>0.28</b>

SOURCE: BELL POTTER ESTIMATES

With upside of 27.3% from the last closing share price to our target price, we retain our Buy recommendation, consistent with our recommendation structure.

# Resource sector risks

Risks to PNR include, but are not limited to:

- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments.
- **COVID-19 risks.** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and development risks.** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Operating and capital cost fluctuations.** Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of exploration, development and operating resource companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions.** The viability of future operations and earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives.
- **Regulatory changes risks.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- **Corporate/M&A risks.** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions.

Table 5 - Financial summary

PROFIT AND LOSS						FINANCIAL RATIOS							
Year ending June	Unit	2019a	2020a	2021e	2022e	2023e	Year ending June	Unit	2019a	2020a	2021e	2022e	2023e
<b>REVENUE</b>						<b>VALUATION</b>							
Revenue	\$m	77.0	82.1	88.1	90.4	177.0	NPAT	\$m	0.8	(29.2)	12.2	19.6	34.7
Expense	\$m	(60.0)	(64.3)	(55.0)	(51.9)	(99.3)	Reported EPS	c/sh	0.1	(2.5)	0.9	1.4	2.5
<b>EBITDA</b>	<b>\$m</b>	<b>17.0</b>	<b>17.8</b>	<b>33.0</b>	<b>38.5</b>	<b>77.7</b>	Adjusted EPS	c/sh	0.1	(1.2)	0.9	1.4	2.5
Depreciation	\$m	(16.1)	(29.1)	(20.9)	(20.4)	(37.8)	EPS growth	%	-95%	-2694%	nm	48%	77%
EBIT	\$m	0.9	(11.3)	12.2	18.1	40.0	PER	x	229.6x	nm	23.4x	15.8x	8.9x
Net interest expense	\$m	0.1	0.5	-	1.5	0.7	DPS	c/sh	-	-	-	-	-
Unrealised gains (Impairments)	\$m	(0.1)	(15.6)	-	-	-	Franking	%	0%	0%	0%	0%	0%
Other	\$m	(0.1)	(2.8)	-	-	-	Yield	%	0%	0%	0%	0%	0%
<b>PBT</b>	<b>\$m</b>	<b>0.8</b>	<b>(29.2)</b>	<b>12.2</b>	<b>19.6</b>	<b>40.6</b>	FCF/share	c/sh	(1.3)	(2.1)	(1.2)	(2.4)	4.7
Tax expense	\$m	-	-	-	-	6.0	P/FCFPS	x	-17.1x	-10.3x	-18.3x	-9.3x	4.7x
<b>NPAT (reported)</b>	<b>\$m</b>	<b>0.8</b>	<b>(29.2)</b>	<b>12.2</b>	<b>19.6</b>	<b>34.7</b>	EV/EBITDA	x	15.9x	15.2x	8.2x	7.0x	3.5x
NPAT (underlying)	\$m	1.0	(13.6)	12.2	19.6	34.7	EBITDA margin	%	22%	22%	38%	43%	44%
							EBIT margin	%	1%	nm	14%	20%	23%
							Return on assets	%	1%	-21%	6%	8%	13%
							Return on equity	%	1%	-31%	10%	12%	18%
<b>CASH FLOW</b>						<b>LIQUIDITY &amp; LEVERAGE</b>							
<b>OPERATING CASHFLOW</b>						Net debt (cash)							
Receipts	\$m	77.0	82.1	84.8	90.3	172.7	ND / E	%	0%	0%	-38%	-15%	-43%
Payments	\$m	(58.1)	(62.3)	(57.4)	(52.7)	(87.5)	ND / (ND + E)	%	0%	0%	-60%	-17%	-76%
Tax	\$m	-	-	-	-	-	EBITDA / Interest	x	-124.2x	-36.5x	nm	-25.8x	-117.2x
Net interest	\$m	0.1	(0.5)	-	1.5	0.7							
Other	\$m	0.0	0.2	2.8	-	-							
<b>Operating cash flow</b>	<b>\$m</b>	<b>19.0</b>	<b>19.5</b>	<b>30.1</b>	<b>39.1</b>	<b>85.9</b>							
<b>INVESTING CASHFLOW</b>						<b>Ore Reserves</b>							
Property, plant and equipment	\$m	(3.7)	(2.7)	(9.7)	(34.0)	(12.2)	Proven		0.312	5.2	52.0		
Mine development	\$m	(20.2)	(15.9)	(6.5)	(22.7)	(8.1)	Probable		0.711	4.3	98.0		
Exploration & evaluation	\$m	(2.1)	(18.4)	(24.5)	(5.5)	-	<b>Total</b>		<b>1.023</b>	<b>4.6</b>	<b>150.0</b>		
Other	\$m	(4.1)	(7.5)	(5.0)	(10.0)	-	<b>Norseman Gold Project (100% basis)</b>						
<b>Investing cash flow</b>	<b>\$m</b>	<b>(30.2)</b>	<b>(44.5)</b>	<b>(45.7)</b>	<b>(72.2)</b>	<b>(20.3)</b>	<b>Mineral Resources</b>						
<b>Free Cash Flow</b>	<b>\$m</b>	<b>(11.2)</b>	<b>(25.0)</b>	<b>(15.5)</b>	<b>(33.2)</b>	<b>65.6</b>	Measured		4.572	1.6	234.0		
							Indicated		13.871	3.9	1,721.0		
							Inferred		16.570	4.3	2,280.0		
							<b>Total</b>		<b>35.013</b>	<b>3.8</b>	<b>4,241.0</b>		
<b>FINANCING CASHFLOW</b>						<b>Ore Reserves</b>							
Share issues/(buy-backs)	\$m	57.0	-	55.5	-	-	Proven		4.165	0.8	100.0		
Debt proceeds	\$m	-	-	-	-	-	Probable		4.895	3.2	502.0		
Debt repayments	\$m	(0.9)	(6.2)	-	-	-	<b>Total</b>		<b>9.060</b>	<b>2.1</b>	<b>602.0</b>		
Dividends	\$m	-	-	-	-	-							
Other	\$m	(3.0)	(0.0)	(2.8)	-	-	<b>ASSUMPTIONS - Prices</b>						
<b>Financing cash flow</b>	<b>\$m</b>	<b>53.1</b>	<b>(6.2)</b>	<b>52.7</b>	<b>-</b>	<b>65.6</b>	<b>Year ending June (avg)</b>						
Change in cash	\$m	41.9	(31.2)	37.2	(33.2)	65.6	Gold	US\$/oz	\$1,267	\$1,570	\$1,852	\$1,888	\$1,850
							Gold	A\$/oz	\$1,772	\$2,342	\$2,483	\$2,568	\$2,534
							AUD:USD	A\$/US\$	0.72	0.67	0.75	0.74	0.73
<b>BALANCE SHEET</b>						<b>ASSUMPTIONS - Production &amp; costs</b>							
<b>ASSETS</b>						<b>Year ending June</b>							
Cash & short term investments	\$m	53.7	22.5	59.7	26.5	92.1	<b>Halls Creek</b>						
Accounts receivable	\$m	1.3	1.1	4.4	4.5	8.9	Production	koz	43.0	38.7	35.5	35.2	35.2
Property, plant & equipment	\$m	20.5	31.6	32.9	58.8	55.9	All-in-Sustaining-Costs (AISC)	A\$/oz	\$1,439	\$1,739	\$1,558	\$1,554	\$1,534
Mine development expenditure	\$m	37.0	18.9	17.0	31.6	24.6	<b>Norseman (PNR attr.)</b>						
Exploration & evaluation	\$m	4.1	83.9	104.2	105.7	98.1	Production	koz	-	-	-	-	34.7
Other	\$m	5.1	4.4	9.4	19.4	19.4	All-in-Sustaining-Costs (AISC)	A\$/oz	\$0	\$0	\$0	\$0	\$1,333
<b>Total assets</b>	<b>\$m</b>	<b>121.7</b>	<b>162.4</b>	<b>227.7</b>	<b>246.5</b>	<b>298.9</b>	<b>Total</b>						
<b>LIABILITIES</b>						<b>Production</b>							
Accounts payable	\$m	13.7	16.1	13.8	13.0	24.8	Production	koz	43.0	38.7	35.5	35.2	69.9
Income tax payable	\$m	-	-	-	-	6.0	All-in-Sustaining-Costs (AISC)	A\$/oz	\$1,439	\$1,739	\$1,558	\$1,554	\$1,434
Borrowings	\$m	0.8	0.5	0.5	0.5	0.5	<b>VALUATION</b>						
Unearned income	\$m	-	-	-	-	-	<b>Ordinary shares (m)</b>						
Other	\$m	6.8	56.2	56.2	56.2	56.2	<b>Options in the money (m)</b>						
<b>Total liabilities</b>	<b>\$m</b>	<b>21.3</b>	<b>72.9</b>	<b>70.5</b>	<b>69.7</b>	<b>87.5</b>	<b>Diluted m</b>						
<b>SHAREHOLDER'S EQUITY</b>						<b>Current</b>							
Share capital	\$m	229.0	246.5	302.0	302.0	302.0	<b>+12 months</b>						
Reserves	\$m	7.2	8.0	8.0	8.0	8.0	<b>+24 months</b>						
Retained earnings	\$m	(135.8)	(165.0)	(152.9)	(133.3)	(98.6)	<b>Sum-of-the-parts</b>	<b>\$m</b>	<b>\$/sh</b>	<b>\$m</b>	<b>\$/sh</b>	<b>\$m</b>	<b>\$/sh</b>
<b>Total equity</b>	<b>\$m</b>	<b>100.4</b>	<b>89.5</b>	<b>157.2</b>	<b>176.8</b>	<b>211.4</b>	Halls Creek (NPV10)	\$1.4	0.06	71.5	0.05	57.7	0.04
Weighted average shares	m	868.8	1,173.5	1,292.5	1,409.0	1,409.0	Norseman (PNR attr. NPV10)	99.7	0.07	134.4	0.10	194.0	0.14
							Other exploration	190.0	0.13	190.0	0.13	190.0	0.13
							Corporate overheads	(30.0)	(0.02)	(25.0)	(0.02)	(14.3)	(0.01)
							Subtotal	341.2	0.24	370.8	0.26	427.5	0.30
							Net cash (debt)	39.2	0.03	26.0	0.02	91.6	0.07
							<b>Total (undiluted)</b>	<b>380.4</b>	<b>0.27</b>	<b>396.9</b>	<b>0.28</b>	<b>519.1</b>	<b>0.37</b>
							Add options in the money (m)		19.3		19.3		
							Add cash	2.4	0.0	2.4	0.0	2.4	0.0
							<b>Total (diluted)</b>	<b>382.8</b>	<b>0.27</b>	<b>399.2</b>	<b>0.28</b>	<b>521.5</b>	<b>0.37</b>
<b>MAJOR SHAREHOLDERS</b>													
Shareholder				%	m								
Robmar Investments				14.9%	209.9								
Tulla Group				7.1%	100.1								
1832 Asset Management				4.1%	57.7								

SOURCE: BELL POTTER SECURITIES ESTIMATES



**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

**Research Team**

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
<b>Analysts</b>			
TS Lim	Banks	612 8224 2810	tslim
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare	612 8224 2849	tnjain
Elyse Shapiro	Healthcare	613 9235 1877	eshapiro
Steven Anastasiou	Industrials	613 9235 1952	sanastasiou
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
James Filius	Industrials	613 9235 1612	jfilius
Sam Haddad	Industrials	612 8224 2819	shaddad
Alex McLean	Industrials	612 8224 2886	amclean
Hamish Murray	Industrials	613 9235 1813	hmurray
Jonathan Snape	Industrials	613 9235 1601	jsnape
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Joseph House	Resources	613 9235 1624	jhouse
<b>Associates</b>			
Olivia Hagglund	Associate Analyst	612 8224 2813	ohagglund
Michael Ardrey	Associate Analyst	613 9256 8782	mardrey

**Bell Potter Securities Limited**  
 ABN 25 006 390 772  
 Level 29, 101 Collins Street  
 Melbourne, Victoria, 3000  
**Telephone** +61 3 9256 8700  
**www.bellpotter.com.au**

**Bell Potter Securities (HK) Limited**  
 Room 1701, 17/F  
 Prosperity Tower, 39 Queens Road  
 Central, Hong Kong, 0000  
**Telephone** +852 3750 8400

**Bell Potter Securities (US) LLC**  
 Floor 39  
 444 Madison Avenue, New York  
 NY 10022, U.S.A  
**Telephone** +1 917 819 1410

**Bell Potter Securities (UK) Limited**  
 16 Berkeley Street  
 London, England  
 W1J 8DZ, United Kingdom  
**Telephone** +44 7734 2929

**The following may affect your legal rights. Important Disclaimer:**

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. **In Hong Kong**, this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. **In the United States**, this research is issued and distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

Except insofar as liability under any statute cannot be excluded. Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

**Research Policies:**

For Bell Potter's Research Coverage Decision Making Process and Research Independence Policy, please refer to our company website:

<https://bellpotter.com.au/research-independence-policy/>

**Disclosure of interest:**

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Disclosure: Bell Potter Securities acted as Participant in the \$55m Equity Raise of August 2020 and received fees for that service.

**ANALYST CERTIFICATION**

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.