8 October 2024

Published before midday

Analyst
Bradley Watson 618 9326 7672

Authorisation
Stuart Howe 613 9235 1856

Catalyst Metals Ltd (CYL)

Strictly Plutonic

Recommendation
Buy (Initiation)
Price
$2.82
Target (12 months)
$3.90 (Initiation)

Sector

Materials

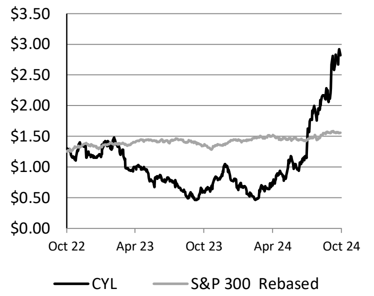
Expected Return	
Capital growth	38.3%
Dividend yield	0.0%
Total expected return	38.3%

Company Data & Ratios	
Enterprise value	$626.5m
Market cap	$636.7m
Issued capital	225.8m
Free float	99%
Avg. daily val. (52wk)	$760k
12 month price range	$0.46-$3.09

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	2.25	1.16	0.64
Absolute (%)	25.3	143.1	340.6
Rel market (%)	25.9	134.1	325.0

Absolute Price



SOURCE: IRESS

Australian Gold Producer breathing life into historic mines.

CYL is an Australian gold production and development company with operations in Western Australia and Tasmania. CYL owns three gold processing plants (two at the Plutonic Gold Operation in WA, and one at the Henty Gold Operation in Tasmania), has Mineral Resources of 3.6Moz and Ore Reserves of 1.0Moz. CYL's exploration tenements at the Bendigo Gold Project in Victoria cover 75 kilometres of strike along the Whitelaw and Tandarra Faults north of Bendigo and in other areas north of the Fosterville and Inglewood gold fields.

The 3-year plan: Phase 2 complete; on to Phase 3.

In FY24, the company successfully completed the turnaround of the Plutonic Gold Operation (PGO), with a 46% increase in gold production, and a 66% increase in Ore Reserves, following the consolidation of the Plutonic-Marymia Gold Belt in FY23. Signalling the next phase of strategy execution, from CY25, CYL will continue growing the value of the PGO by commencing three new satellite mines and focusing on organic growth. The company has outlined its plans to (1) utilise latent processing capacity at PGO (increasing throughput from 1.2Mtpa to 1.8Mtpa), (2) develop satellite mines at Plutonic East, Trident and K2, and (3) test the significant residual prospectivity of known deposits and the 40km long strike of the Plutonic-Marymia Gold Belt within its tenement package. The plan outlines how CYL will grow group gold production from 110koz in FY24 to ~200koz in FY27 through doubling gold production at PGO.

Investment view: initiate with a BUY, TP$3.90ps.

Our NPV based valuation references CYL's 3-year Plan and Ore Reserves. Our NPV based valuations account for $2.86ps, or ~75%, of our Target Price. There is good potential for further significant discoveries at PGO from extensions of known deposits and across the greater belt. Discovery and Reserve growth will catalyse the share price as the markets perception of CYL is enhanced, Plutonic is derisked, mine-lives extended, and increased valuations supported.

Earnings Forecast

Year end June 30	2024a	2025e	2026e	2027e
Sales (A$m)	317.0	402.6	547.4	660.9
EBITDA (A$m)	70.8	119.8	200.1	263.0
NPAT (reported) (A$m)	23.5	82.2	126.7	143.4
NPAT (adjusted) (A$m)	28.6	82.2	126.7	143.4
EPS (adjusted) (¢ps)	12.8	36.4	56.1	63.5
EPS growth (%)	(184.4)	240.6	54.1	13.2
PER (x)	10.6	7.7	5.0	4.4
FCF Yield (%)	13.0	11.8	23.1	30.1
EV/EBITDA (x)	10.4	5.2	3.1	2.4
Dividend (¢ps)	-	-	-	-
Yield (%)	-	-	-	-
Franking (%)	n/a	n/a	n/a	n/a
ROE (%)	11.7	28.9	30.8	25.9

SOURCE: BELL POTTER SECURITIES ESTIMATES

Investment view

Investment thesis.

Based on our valuation, we **forecast a 12-month TSR of 38.3**% and in accordance with our recommendations structure we **initiate coverage with a BUY** recommendation.

- **Strategy execution**: In FY24, the company successfully completed the turnaround of the Plutonic Gold Operation (PGO), with a 46% increase in gold production, and a 112% increase in Ore Reserves, following the consolidation of the Plutonic-Marymia Gold Belt in FY23. From CY25, CYL will continue growing the value of the Plutonic Gold Operation by commencing three new satellite mines and focusing on organic growth, by exploring for Resource extensions at numerous known deposits along the 40km long strike extent of the prospective Project area.
- **Mineral Resources and Ore Reserves**: CYL has assembled a significant mineral inventory with Mineral Resources of 3.6Moz and Ore Reserves of 1.0Moz across two operations and one exploration/development project. The Plutonic Underground Gold mine accounts for 60% of Reserves.
- **3-year production plan**: In September 2024, the company outlined its plan to leverage unutilised processing capacity at PGO, the recently completed feasibility study for the satellite mine Trident, and the significant residual prospectivity of the greater tenement package. The plan outlines how CYL will grow group gold production from 110koz in FY24 to ~200koz in FY27, after doubling gold production at PGO.
- **Discovery opportunities:** Our valuation is based on the 3-year Plan and existing Ore Reseves**.** CYL has numerous opportunities for discovery and Resource extension particularly at PGO. The foundation of the 3-year Plan is the Plutonic Underground Mine (PUG). Mining at PUG is largely from remnant mining (around previously mined areas). Accordingly, production areas tend to be relatively lower grade (compared to the pre-mining Resource). With time, CYL might be able to define higher grade Resources, from extensions to PUG and satellite deposits. Discovery success will enable increased mine life, margin expansion, and market valuation increases.
- **Management:** Management includes experienced gold exploration, mining and investment executives who have demonstrated their ability to assemble high-performing teams, execute growth strategies and operate efficiently.
- **Production derisking and changing perceptions:** CYL's share price has already appreciated significantly, following the company's PGO turnaround, as the resulting earnings have enabled debt repayment, and demonstrated the company's ability to produce consistently and profitably from PGO. We think the markets perceptions of CYL will continue to improve as it continues to operate and grow PGO effectively, and as discovery and Resource definition continues to enhance mine life and support market valuation increases.
- **Balance sheet strength:** At 30 June 2024, CYL had cash of $30.9m and borrowings (excluding leases) of $20.3m, resulting in a net cash position of $10.6m. Our modelling suggests growth capital can be funded through operating free cash flow using our forecast gold prices.

Potential catalysts.

- **Commodity price**: CYL's valuation is sensitive to changes in gold price.
- **Growth milestones**: CYL have outlined a long-term plan that results in growing gold production and reducing costs. CYL's share price will be sensitive to ongoing plan delivery, at a minimum.
- **Resource definition and discovery**: By the end of CY25, we expect CYL to have up to seven drill rigs on site (including two engaged in Plutonic Underground grade control drilling) testing for Resource growth and discovery. Accordingly, there is potential for ongoing news flow relation to discovery. Newsflow is first expected in order of production commencement in the 3-year Plan, Plutonic, Plutonic East, K2 then Trident.

Catalyst Metals Ltd (CYL)

Company description.

CYL is an Australian gold production and development company. Gold is produced in Western Australia and Tasmania. CYL owns three gold processing plants (two at the Plutonic Gold Operation in WA, and one at the Henty Gold Operation in Tasmania). CYL estimates it has 3.6Moz of contained gold in Mineral Resources, and 1.0Moz in Ore Reserves. Following the consolidation of the Plutonic-Marymia Gold Belt and its associated plants, mines and Resources (collectively, the Plutonic Gold Operation, or PGO), CYL is focussed on growing group production to 200kozpa from FY27. PGO hosts significant existing gold Resources, and is prospective for further, mine life extending, gold deposits. At the Bendgio Gold Project in Victoria, CYL controls 75 kilometres along the Whitelaw and Tandarra Faults north of Bendigo and in other areas north of the Fosterville and Inglewood gold fields.

Mining / Project centre key metric summary.

CYL reports Mineral Resources and Ore Reserves across three operations / projects: Plutonic, Henty, and Bendigo.

The table below lists a summary of key metrics by mining and project centre and operation, including FY25 guidance.

Table 1 – Mining and Project centre key metrics

	Mineral Resources			Ore Reserves			Guidance Mid		Processing
	Tonnes	**Grade**	**Gold**	**Tonnes**	**Grade**	**Gold**	**Production**	**AISC**	**Tonnes**
Item	(Mt)	(g/t Au)	(Moz Au)	(Mt)	(g/t Au)	(Moz Au)	(koz Au)	(A$/oz)	(Mt)
Plutonic	33.9	2.7	2.93	9.4	2.8	0.86	88		1.8 & 1.2
Henty	4.2	3.4	0.46	1.2	4.0	0.15	25		0.3
Bendigo	0.7	7.7	0.16						
Total	**39.0**	**2.8**	**3.55**	**10.6**	**3.0**	**1.02**	**113**	**2,300**	**3.3**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Mineral Assets and Forward Plan.

CYL has an extensive asset portfolio:

- CYL owns the Plutonic (Western Australia) and Henty Gold Operations (Tasmania), as well as the Bendigo Gold Project (Victoria).
- CYL recently released a 3-year Plan for the business planning to grow gold production from 110koz in FY24 to ~200koz in FY27.
- Each of CYL's gold operations / projects have, or are proximal to, operations that have substantial historical gold mining pedigree. In order of gold production, the greater Bendigo area has produced ~22Moz, the Plutonic area has produced ~5Moz, and Henty has produced ~1.4Moz. All the operations / projects retain significant Resources, Reserves and exploration potential.

The 3-year Plan

In September 2024, CYL announced a 3-year Plan to grow gold production:

- Gold production growth from 110koz in FY24 to ~200koz in FY27 (+80%).
- The plan requires mining capital expenditure of $31m over the growth period and includes $17m in FY25. The plan results in the full utilisation of the main 1.8Mtpa

capacity Plutonic gold processing plant (current utilisation 66%, or 1.2Mtpa). The second oxide gold processing plant remains unutilised (1.2Mtpa capacity) with no current plan for commissioning.

- The plan results in a progressive reduction in All-In-Sustaining Costs (AISC). Commencing with FY25 guidance midpoint of A$2,400/oz, costs are planned to decline to A$2,100/oz by in FY27.
- Adapting the 3-year Plan for our model, and extending our valuation scenarios to allow for Ore Reserves, we forecast EBITDA will grow from $60m in FY24 to $260m FY27, using our gold price forecasts.
- Relative to the status quo, production growth in the 3-year Plan includes three new mining ore sources at the Plutonic Gold Operation: Plutonic East, Trident and K2.

Plutonic Gold Operation (PGO)

The Plutonic Gold Operation (PGO) is located approximately 300 kilometres northeast of Meekatharra in Western Australia, at the northern end of the Eastern Gold Fields Province. The Project sits on 45 granted mining leases with ~40 kilometres in strike length along the Plutonic-Marymia Gold Belt. Catalyst consolidated the belt in 2023 following the successful acquisition of Vango Mining and Superior Gold.

Plutonic Underground (at PGO).

PGO has two separate gold processing plants. The main plant is in operation and has 1.8Mtpa nameplate capacity. The second plant, designed to treat softer oxide material, is not in operation, and has 1.2Mtpa nameplate capacity.

In the 3-year Plan, the Plutonic Underground Gold mine (PUG) continues to be the largest contributor to gold production. PUG contains 1.65Moz of gold in Resources, and 616koz of gold in Reserves (at 2.6g/t). The PUG Reserve (7-year mine-life) is based on predominantly remanent Resources (lower-grade material left behind from previous phases of mining).

A key opportunity for CYL is to define new Reserves in unmined extensions at PUG. Historically, average mined grades averaged greater than 4.5g/t Au over long periods. Accordingly, Resource extensions hold similar potential. CYL have committed $9m to Resource definition drilling of extensions areas in FY25. Targeted extensions are adjacent to existing infrastructure, enabling low capital cost access, and simplified mining, given the lack of existing excavations, as in the remnant areas of PUG, where mining is active currently.

Trident Deposit (at PGO).

The Trident deposit is located approximately 25km from the Plutonic Processing Plant, where it will be processed, following haulage on exisitng haul roads. The July 2024 Ore Reserve was 1.3Mt at 4.5g/t Au containing 188koz of gold. Currently, Trident has a 5.5-year mine life, excluding Inferred Mineral Resources of 250koz, which will be upgraded and evaluated later, potentially enabling mine-life extension. Trident includes a shallow open pit, and an underground mine, with ~A$1,600/oz All-in-Sustaining-Costs. Ore production from Trident is included in the 3-year Plan from 4QFY25, and contributes ~50kozpa from FY27 following the mines ramp-up period.

Plutonic East Deposit (at PGO).

The 3-year Plan also includes 36koz Reserves (at 2.5g/t Au) from the Plutonic East underground mine, a previously mined satellite deposit. Mineralisation is open down dip, and along strike, and the deposit is prospective for additional Resources, which could be extracted using existing infrastructure.

K2 Deposit (at PGO).

The K2 underground is also included in the 3-year plan. The K2 Reserve is 147kt at 4.3g/t Au containing 20koz of gold. Underground Resources at K2 are defined to less than 100m below the historical open pit, and open along strike, and at depth beneath the >500m long mineralised trend. K2 has existing underground access development, enabling allow capital cost start-up. K2 is also prospective for additional Resources, potentially enabling mine life extension.

Greater PGO Exploration.

PGO includes ~40km of strike of the Plutonic-Marymia Gold Belt, which hosts prospective geology across parallel structures. Most major deposits are blind and discovered below ~50m depth. Much of the exploration conducted outside the main Resource areas has been conducted above that depth. Accordingly, there is still good potential for further significant discoveries beyond known deposits.

Henty Gold Operation (HGO).

The operation is located 23 kilometres from the town of Queenstown in north-western Tasmania, consisting of an underground mine and 300ktpa gold processing plant. Henty has a 462koz Resource (3.4g/t Au) and a 154koz Reserve (4g/t Au). Within the 3-year Plan, Henty is to continue to contribute ~30kozpa.

Bendigo Gold Project (BGP).

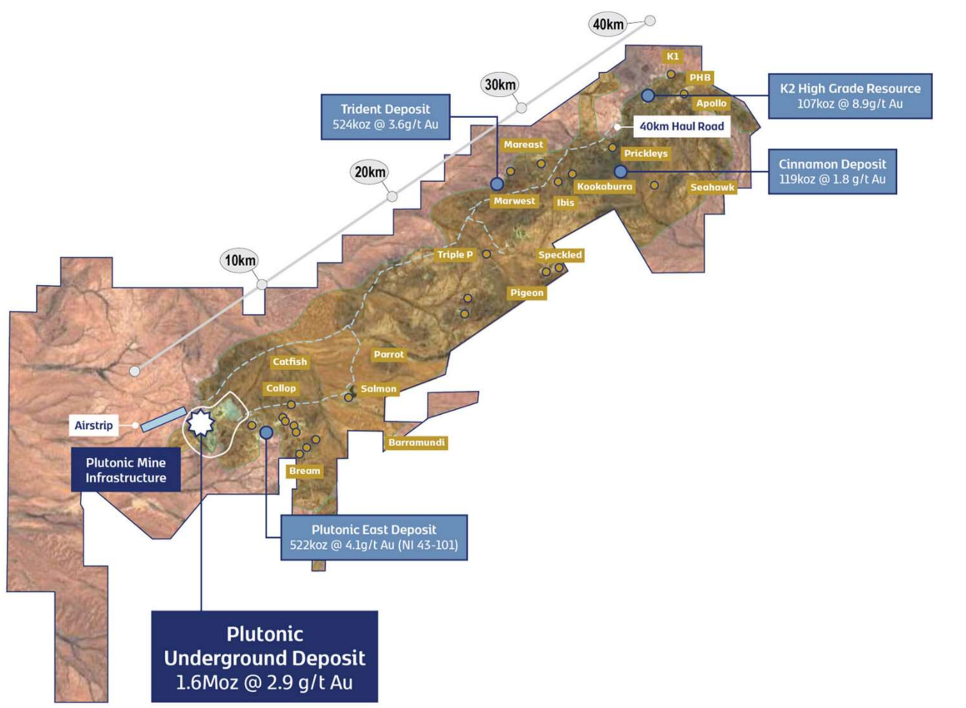
The Bendigo Gold Project in Victoria lies directly to the north of the Bendigo Goldfields where over 22Moz of gold was produced historically. CYL manages the entire Whitelaw Gold Belt and has interests in thirteen Exploration Licences and two Retention Licences which extend for 75 kilometres along the Whitelaw and Tandarra Faults north of Bendigo and in other areas north of the Fosterville and Inglewood gold fields

To date, exploration of the Whitelaw Gold Belt to the north of Bendigo by CYL has demonstrated strong similarities to the Bendigo Goldfield such as visible gold in quartz, high grade gold assays, strong arsenious haloes, and close relationships with host rock fold hinges. In June 2023, the Company released a Mineral Resource Estimate of 665kt at 7.7g/t Au containing 163koz of gold, including the Iris Zone, a high-grade deposit of 70koz at 26.2g/t Au. The BGP is not included in CYL's 3-year Plan, and represents another pathway for the company to add value in the future.

Selected Figures.

The Figure bellow illustrates a plan of the Plutonic Gold Mine, showing the 40km prospective strike of the project.

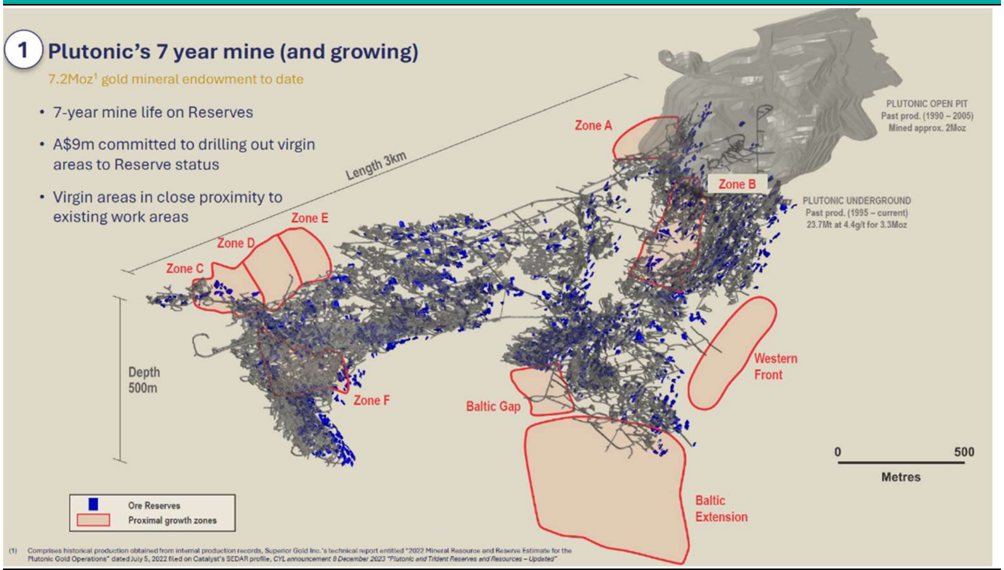
Figure 1 – Plutonic Gold Operation Plan.



SOURCE: COMPANY DATA

The Figure bellow illustrates an isometric view of Plutonic Underground, with high priority exploration targets highlighted in red.

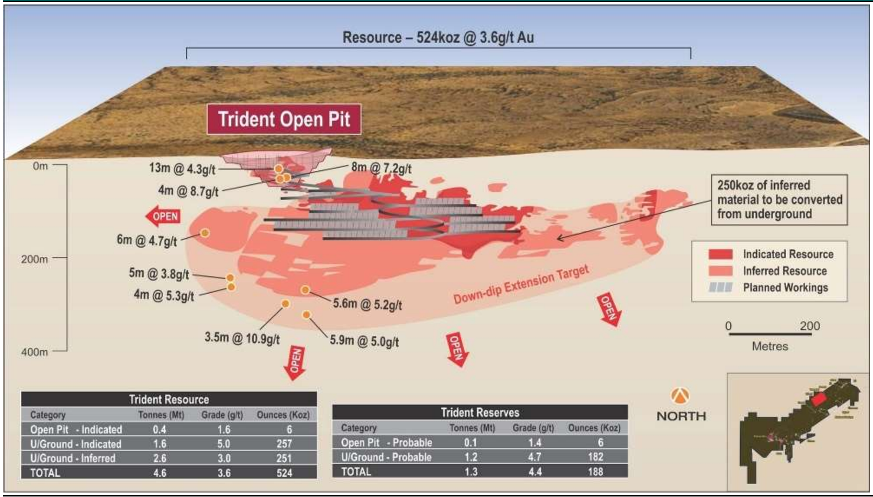
Figure 2 Isometric view - Plutonic Underground, and exploration targets



SOURCE: COMPANY DATA

The Figure bellow illustrates a cross section of the.

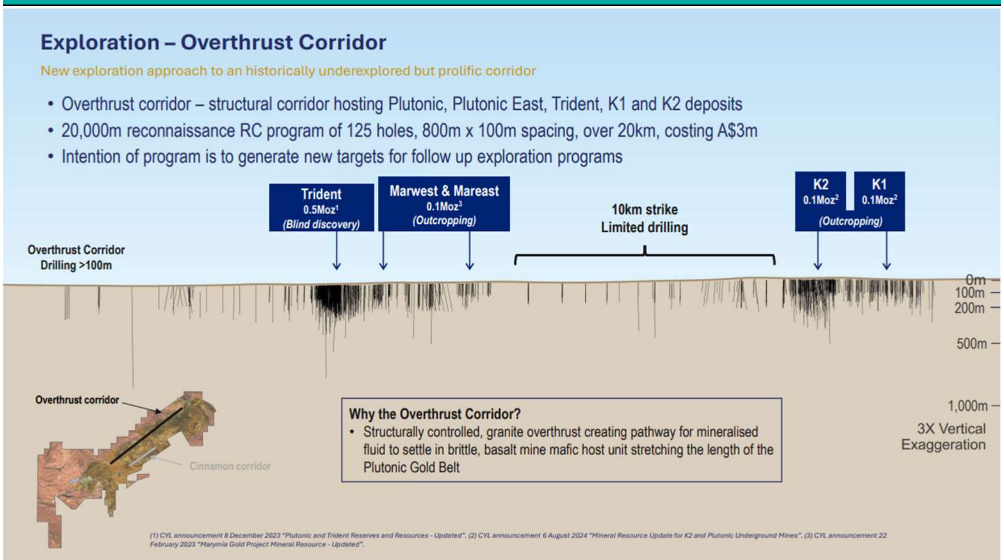
Figure 3 – Trident Deposit.



SOURCE: COMPANY DATA

The Figure bellow illustrates a long section of one of the prospective areas at PGO, the Overthrust Corridor.

Figure 4 – long section, Overthrust Corridor.



SOURCE: COMPANY DATA

Valuation and capital structure.

Valuation methodology.

Our 12-month forward valuation is based our DCF based valuations for CYL's gold assets. This is included in a sum-of-the-parts valuation which includes our estimates for exploration value beyond our DCF. We also include a present value estimate of corporate and exploration costs, adjust for CYL's net cash position, and dilute our valuation for in-the-money options. The table below summarises our valuation.

Table 2 - Sum of the parts valuation for CYL

	(m)	($m)	($ps)
Ordinary shares	226		
Options in the money	11		
Diluted	237		
Sum-of-the-parts			
Plutonic		576	2.55
Henty		69	0.30
Exploration assets and listed investments		266	1.18
Corporate and exploration costs		(68)	(0.30)
Subtotal		**843**	**3.73**
Net Cash (debt)		85	0.38
Total (undiluted)		**928**	**4.11**
Add options in the money (m)	11		
Add cash		-	-
Total (diluted)		**928**	**3.92**

SOURCE: BELL POTTER SECURITIES ESTIMATES

We round our Target Price to $3.90ps and initiate with a BUY recommendation in accordance with our recommendation structure.

Our NPV based valuation references CYL's 3-year Plan and account for $2.86ps, or ~75%, of our Target Price. Accordingly, we see upside to the current share price from the Mineral Resource, extensions to Resources, discovery, and gold price leverage.

We include an exploration valuation of $266m for the ~2.5Moz of unutilised Group Mineral Resources (applying $100/oz).

Our modelling suggests that the terminal NPV per gold ounce produced is ~$600/oz. Total Resource to Reserve conversion is ~37%.

The table below lists a breakdown of our forecast production by processing facility.

Table 3 - Forecast production breakdown

Item	Unit	FY24 A	FY25 E	FY26 E	FY27 E	FY28 E
Plutonic	koz	78	92	139	175	141
Henty	koz	24	26	28	28	28
Total Operations	koz	**103**	**118**	**167**	**203**	**169**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The table below lists BPe EBITDA by operation.

Table 4 – BPe EBITDA by operation / project

Item	Unit	FY24 A	FY25 E	FY26 E	FY27 E	FY28 E	FY29 E
Plutonic		51	114	192	255	220	193
Henty		16	28	30	30	31	23
Total Operations		**67**	**142**	**222**	**285**	**251**	**216**
Total Gold Production	koz	103	118	167	203	169	149
AISC	A$/oz	2,734	2,670	2,210	2,107	1,944	1,978
Average Gold Price	A$/oz	3,015	3,425	3,275	3,261	3,274	3,269

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Valuation sensitivity.

Our valuation is based on our real gold price forecasts and a long-term real gold price of A$3,500/oz (US$2450/oz at AUD:USD 0.70), from FY30. The table below lists our valuation's sensitivity to long term gold price assumptions.

Table 5 - +12-month valuation sensitivity discount & commodity price

Price (A$/ oz Au)	Share price valaution
A$3,000/oz	$3.75ps
A$3,500/oz (BPe long term forecast)	$3.90ps
A$4,000/oz	$4.05ps

SOURCE: BELL POTTER SECURITIES ESTIMATES

Comparative valuation.

The tables below list comparative valuation metrics for CYL and selected ASX gold companies, and selected international gold companies (MRE = Mineral Resource Estimate, and ORE = Ore Reserve Estimate)

Table 6 – Comparative valuation metrics using last reported metrics – ASX companies.

Company	MRE (Moz Au)	ORE (Moz Au)	PRODUCTION (koz Au)	EV/EBITDA (x)	EV/MRE (A$/oz)	EV/ORE (A$/oz)	EV/PROD (A$/oz)
NST	61.3	20.9	1,725	7.0	298	874	10,595
PRU	5.2	3.4	488	3.0	505	760	5,368
DEG	12.7	6.0	540	3.7	193	409	4,542
RMS	7.6	0.9	285	3.4	271	2,214	7,224
GMD	15.0	3.3	202	8.2	144	653	10,650
CMM	5.5	2.7	115	11.7	383	777	18,235
RED	12.4	4.0	410	3.2	130	403	3,929
GOR	4.8	4.1	149	7.1	372	440	11,992
BGL	3.1	1.3	173	5.6	530	1,225	9,518
CYL (Bpe FY25)	**3.6**	**1.0**	**126**	**4.2**	**178**	**624**	**5,029**
Average				5.7	300	838	8,708

SOURCE: BELL POTTER SECURITIES ESTIMATES

Capital structure.

At the time of last reporting (FY24), CYL had borrowings of $20.7m mainly for equipment financing. In the long-term plan, CYL has outlined a $88m growth capital and capitalised operating costs next 3-years (FY25 to FY27). Our modelling suggests growth capital can be funded through operating free cash flow using our forecast gold prices.

CYL's current capital structure is listed in the table below.

Table 7 – CYL capital structure summary

Total shares on issue	m		225.8
Share price	**$/sh**		**2.82**
Market capitalisation	$m		636.7
Net cash	$m		10.2
Enterprise value (undiluted)	**$m**		**626.5**
Options outstanding (m)	m	(price $0.00 per share)	11.1
Options (in the money)	m		11.1
Issued shares (diluted for options)	m		236.9
Market capitalisation (diluted)	m		668.1
Net cash + options	$m		10.2
Enterprise value (diluted)	**$m**		**657.9**

SOURCE: IRESS

Major Shareholders.

CYL's major shareholders are listed in the table below.

Table 8 – Major Shareholders.

Shareholder	%	m
Franklin Resources, Inc.	4.1	9.3
Tsx Trust Company , Asset Management Arm	3.6	8.2
Drill Investments Pty Ltd	3.4	7.7
Yan Guo	3.2	7.1
Zhenzhu Zhang	2.5	5.6
Robin Campbell Scrimgeour	2.5	5.6
Kongwell Management Limited	2.2	4.9
Aegis Financial Corporation	1.8	4.0
Trapine Pty. Ltd.	1.7	3.7
James de Crespigny	1.6	3.7
Interactive Brokers Group, Inc., Asset Management Arm	1.6	3.6
Caudle Gavin	1.4	3.2
Konwave AG (Gold 2000)	1.4	3.2
Metarock Group Limited	1.3	3.0
Citigroup Inc.	1.1	2.5
Bruce Kay	1.1	2.5
Bruce McInnes	1.1	2.5
Sq Jo Sean	1.1	2.5
Chepalix Pty. Ltd.	0.9	2.1
U.S. Global Investors, Inc.	0.9	2.0

SOURCE: IRESS

Board and Management

David Jones AM

Non-Executive Chairman

Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. David has been a board member of numerous private and public businesses, and has been a member of the Investment Committee of EMR Capital, a resources private equity firm, since 2012. Mr Jones holds a Mechanical Engineering degree from the University of Melbourne (First Class Honours) and a Master of Business Administration from Harvard Business School.

James Champion de Crespigny

Managing Director and CEO

Mr Champion de Crespigny is a qualified Chartered Accountant with extensive experience in capital markets, financing and mergers and acquisitions, primarily in the mining sector. His past experience includes roles as a director of London based mining finance group, Cutfield Freeman & Co and with Melbourne-based private equity group, EMR Capital.

Robin Scrimgeour

Non-Executive Director

Mr Scrimgeour spent 17 years working for Credit Suisse in London, Tokyo, Hong Kong and Singapore where he specialised in providing structured hybrid financing to Asian corporates for resource sector projects and acquisitions. Previously Mr Scrimgeour was a senior equity derivatives trader involved in the pricing of complex structured equity derivative instruments for both private and corporate clients focused in Asia. Mr Scrimgeour holds a Bachelor of Economics with Honours from the University of Western Australia.

Bruce Kay

Non-Executive Director

Mr Kay is a qualified geologist and former head of worldwide exploration for Newmont Mining Corporation. He is a highly experienced geologist with a resource industry career spanning more than 30 years in international exploration, mine, geological, project evaluation and corporate operations. Mr Kay retired from Newmont in 2003. Based in Denver, Colorado, USA, he managed worldwide exploration for that company. Prior to this appointment Mr Kay was group executive and managing director of exploration at Normandy Mining Limited where he was responsible for managing its global exploration program.

Risks of investment

Risks include, but are not limited to:

- 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.
- 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 capital cost fluctuations: The cost and availability of 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 producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- 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. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- Resource growth and mine life extensions: The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- Regulatory changes risks: Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- Sovereign risks: Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating.
- Geopolitical risks: Mining companies' assets are subject to geopolitical risks, arising from events in, and outside, the jurisdictions they operate in.
- Corporate/M&A risks: Risks associated with M&A activity including differences between the entities and the market's perception of value associated with completed transactions.

Recommendation	Buy
Price	$2.82
Target (12 months)	$3.90

Table 9 - Financial summary

PROFIT AND LOSS

Year ending June	Unit	2023a	2024a	2025e	2026e	2027e
Revenue	$m	63.9	317.0	402.6	547.4	660.9
Expense	$m	(65.7)	(246.2)	(282.8)	(347.3)	(398.0)
EBITDA	**$m**	**(1.7)**	**70.8**	**119.8**	**200.1**	**263.0**
Depreciation	$m	(14.3)	(31.8)	(37.1)	(52.8)	(64.0)
EBIT	**$m**	**(16.1)**	**39.0**	**82.7**	**147.3**	**199.0**
Net interest expense	$m	(0.6)	(5.9)	(1.5)	(0.7)	(0.1)
Unrealised gains (Impairments)	$m	-	(10.7)	-	-	-
Other	$m	0.2	0.5	1.0	2.9	6.0
PBT	**$m**	**(15.6)**	**25.3**	**82.2**	**149.6**	**204.8**
Tax expense	$m	-	(1.8)	-	(22.9)	(61.4)
NPAT (reported)	**$m**	**(15.6)**	**23.5**	**82.2**	**126.7**	**143.4**
NPAT (underlying)	$m	(16.4)	28.6	82.2	126.7	143.4

CASH FLOW

Year ending June	Unit	2023a	2024a	2025e	2026e	2027e
OPERATING CASHFLOW						
Receipts	$m	64.0	317.5	398.8	544.6	658.5
Payments	$m	(56.4)	(245.9)	(254.5)	(344.8)	(386.2)
Tax	$m	-	-	-	(22.9)	(61.4)
Net interest	$m	0.1	(1.0)	(0.5)	2.3	5.9
Other	$m	0.2	0.1	-	-	-
Operating cash flow	$m	**7.9**	**70.7**	**143.8**	**179.2**	**216.7**
INVESTING CASHFLOW						
Property, plant and equipment	$m	(3.1)	(13.2)	(9.0)	(6.3)	-
Mine development	$m	-	-	(35.0)	(25.7)	(25.0)
Exploration & evaluation	$m	(21.4)	(19.6)	(25.0)	-	-
Other	$m	7.7	(5.0)	-	-	-
Investing cash flow	$m	**(16.9)**	**(37.7)**	**(69.0)**	**(32.0)**	**(25.0)**
Free Cash Flow	$m	**(9.0)**	**33.0**	**74.8**	**147.2**	**191.7**
FINANCING CASHFLOW						
Share issues/(buy-backs)	$m	20.2	-	-	-	-
Debt proceeds	$m	3.7	8.4	-	-	-
Debt repayments	$m	(3.2)	(37.8)	(10.3)	(6.7)	(3.3)
Dividends	$m	-	-	-	-	-
Other	$m	(1.2)	(1.5)	-	-	-
Financing cash flow	$m	**19.6**	**(30.8)**	**(10.3)**	**(6.7)**	**(3.3)**
Change in cash	$m	10.5	2.1	64.5	140.5	188.3

BALANCE SHEET

Year ending June	Unit	2023a	2024a	2025e	2026e	2027e
ASSETS						
Cash & short term investments	$m	28.8	30.9	95.4	235.9	424.2
Accounts receivable	$m	5.6	7.5	11.2	14.0	16.4
Property, plant & equipment	$m	68.4	84.0	73.4	55.8	31.1
Mine development expenditure	$m	87.4	93.4	110.9	107.7	93.4
Exploration & evaluation	$m	115.0	110.9	135.9	135.9	135.9
Other	$m	10.7	13.8	13.8	13.8	13.8
Total assets	$m	**315.8**	**340.5**	**440.6**	**563.0**	**714.9**
LIABILITIES						
Accounts payable	$m	47.9	53.8	82.0	84.5	96.2
Income tax payable	$m	-	-	-	-	-
Borrowings	$m	25.7	20.3	10.0	3.3	(0.0)
Other	$m	70.4	64.4	64.4	64.4	64.4
Total liabilities	$m	**144.0**	**138.5**	**156.4**	**152.1**	**160.6**
SHAREHOLDER'S EQUITY						
Share capital	$m	201.0	206.8	206.8	206.8	206.8
Reserves	$m	2.4	3.3	3.3	3.3	3.3
Retained earnings	$m	(31.6)	(8.1)	74.1	200.8	344.2
Total equity	$m	**171.8**	**202.0**	**284.2**	**410.9**	**554.3**
Weighted average shares	m	219.1	224.6	225.8	225.8	225.8

MAJOR SHAREHOLDERS

Shareholder	%	m
Franklin Resources, Inc.	4.1	9.3
Tsx Trust Company , Asset Management Arm	3.6	8.2
Drill Investments Pty Ltd	3.4	7.7
Yan Guo	3.2	7.1
Zhenzhu Zhang	2.5	5.6
Robin Campbell Scrimgeour	2.5	5.6
Kongwell Management Limited	2.2	4.9
Aegis Financial Corporation	1.8	4.0
Trapine Pty. Ltd.	1.7	3.7
James de Crespigny	1.6	3.7
Interactive Brokers Group, Inc., Asset Management Arm	1.6	3.6
Caudle Gavin	1.4	3.2
Konwave AG (Gold 2000)	1.4	3.2
Metarock Group Limited	1.3	3.0
Citigroup Inc.	1.1	2.5
Bruce Kay	1.1	2.5
Bruce McInnes	1.1	2.5
Sq Jo Sean	1.1	2.5
Chepalix Pty. Ltd.	0.9	2.1
U.S. Global Investors, Inc.	0.9	2.0

FINANCIAL RATIOS

Year ending June	Unit	2023a	2024a	2025e	2026e	2027e
VALUATION						
NPAT	$m	(15.6)	23.5	82.2	126.7	143.4
Reported EPS	c/sh	(12.7)	10.7	36.4	56.1	63.5
Adjusted EPS	c/sh	(7.5)	12.8	36.4	56.1	63.5
EPS growth	%	-	- 184.4	240.6	54.1	13.2
PER	x	-6.1x	10.6x	7.7x	5.0x	4.4x
DPS	c/sh	-	-	-	-	-
Franking	%	n/a	n/a	n/a	n/a	n/a
Yield	%	-	-	-	-	-
FCF/share	c/sh	- 4.1	14.7	33.1	65.2	84.9
P/FCFPS	x	-18.7x	7.7x	8.5x	4.3x	3.3x
EV/EBITDA	x	-366.0x	10.4x	5.2x	3.1x	2.4x
EBITDA margin	%	- 2.7	19.0	29.8	36.6	39.8
EBIT margin	%	- 25.1	8.9	20.5	26.9	30.1
Return on assets	%	- 4.9	6.9	18.7	22.5	20.1
Return on equity	%	- 9.1	11.7	28.9	30.8	25.9
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	3	- 10	- 85	- 232	- 424
ND / E	%	1.7	- 5.0	- 29.9	- 56.5	- 76.5
ND / (ND + E)	%	1.7	- 5.2	- 33.4	- 65.5	- 88.7
EBITDA / Interest	x	(3)	10.2	80.9	297.1	2,372.1
Net debt / EBITDA	x	(1.7)	(0.2)	(0.7)	(1.2)	(1.6)

ASSUMPTIONS - Production

Year ending June	Unit	2023a	2024a	2025e	2026e	2027e
Processed Ore Tonnes	kt	230	1,519	1,489	1,725	1,978
Processed Ore Grade	g/t Au	3.4	2.5	2.6	3.2	3.4
Processed Ore Metal	Koz	25.2	124.4	123.7	175.9	213.3
Gold Sold	koz	23.3	102.5	117.5	167.1	202.7
Hedged Gold Sales	koz	-	-	-	-	-

ASSUMPTIONS - Prices & Costs

Year ending June - average	Unit	2023a	2024a	2025e	2026e	2027e
AUD:USD	A$/US$	0.67	0.66	0.69	0.70	0.70
Gold Price - USD	US$/oz	1,842	2,085	2,350	2,350	2,399
Gold Price - AUD	A$/oz	-	3,340	3,432	3,275	3,262
Hedging Gold Price - AUD	A$/oz	-	-	-	-	-
Average Gold Price Realised - AUD	A$/oz	2,680	3,015	3,425	3,275	3,261
All-in-Sustaining-Costs (AISC) - AUD	A$/oz	2,494	2,734	2,670	2,210	2,107

VALUATION

	current		+12 months		+24 months	
Ordinary shares (m)		**225.8**		**225.8**		**225.8**
Options in the money (m)		11.1		11.1		11.1
Diluted (m)		**236.9**		**236.9**		**236.9**
Sum-of-the-parts	**$m**	**$/sh**	**$m**	**$/sh**	**$m**	**$/sh**
Plutonic	564	2.50	576	2.55	516	2.28
Henty	82	0.36	69	0.30	52	0.23
Exploration assets and listed investments	266	1.18	266	1.18	266	1.18
Subtotal	**794**	**3.52**	**843**	**3.73**	**777**	**3.44**
Net Cash (debt)	10	0.05	85	0.38	232	1.03
Total (undiluted)	**804**	**3.56**	**928**	**4.11**	**1,009**	**4.47**
Add options in the money (m)	11.1	-	11.1	-	11.1	-
Add cash	-	-	-	-	-	-
Total (diluted)	**804**	**3.39**	**928**	**3.92**	**1,009**	**4.26**

CAPITAL STRUCTURE

Total shares on issue	m		225.8
Share price	**$/sh**		**2.82**
Market capitalisation	$m		636.7
Net cash	$m		10.2
Enterprise value (undiluted)	**$m**		**626.5**
Options outstanding (m)	m	(price $0.00 per share)	11.1
Options (in the money)	m		11.1
Issued shares (diluted for options)	m		236.9
Market capitalisation (diluted)	m		668.1
Net cash + options	$m		10.2
Enterprise value (diluted)	**$m**		**657.9**

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
Rob Crookston	Strategy	612 8224 2813	rcrookston
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Joseph House	Industrials	613 9325 1624	jhouse
Baxter Kirk	Industrials	613 9235 1625	bkirk
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 9235 1757	hnicholson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
James Williamson	Resources	613 9235 1692	jwilliamson
Associates			
Leo Armati	Associate Analyst	612 8224 2846	larmati
Kion Sapountzis	Associate Analyst	613 9235 1824	ksapountzis
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma

Research Coverage & Policies

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: https://bellpotter.com.au/research-independence-policy/.

Authoring Research Analyst's Certification

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

Research Analyst's Compensation

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

Prices

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

Availability

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time.

Dissemination

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

Disclaimers

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report 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 Broker (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 Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this 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 Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far 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 the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report 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 Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research 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.

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 1601, 16/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