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## Bells Gold Tracker

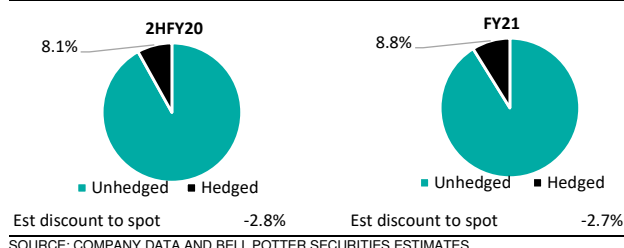
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Peter Arden 613 9235 1833

### ASX-listed gold review

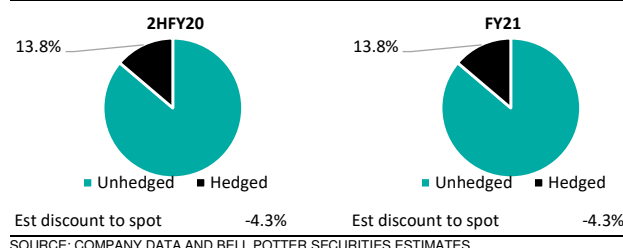
#### TALKING POINT – WOULD YOU LIKE HEDGING WITH THAT?

We have taken a look at the hedge book positions of key ASX-listed producers to estimate what proportion of production is hedged and to what degree it discounts their gold revenues against an assumed spot price of A\$2,700/oz. We have estimated the hedging impact for the current financial period (2HFY20) and for FY21. We have taken the hedge positions as at end December 2019 and most recent guided production. If none was available for FY21, we have assumed FY20 production.

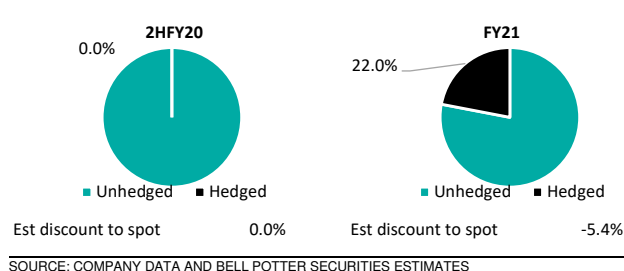
**Figure 1 – Newcrest Mining (NCM) hedge profile**



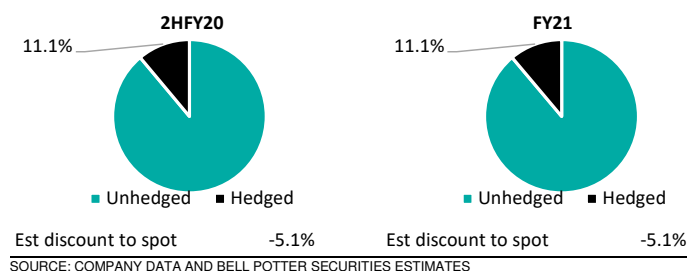
**Figure 2 – Evolution Mining (EVN) hedge profile**



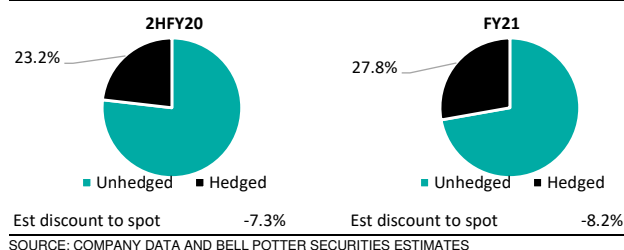
**Figure 3 – Northern Star (NST) hedge profile**



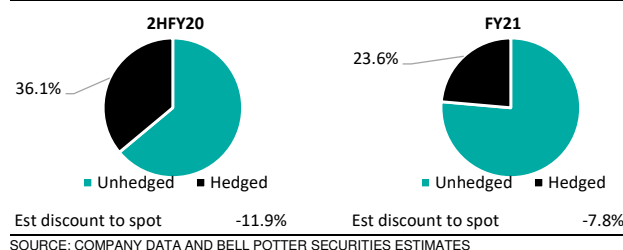
**Figure 4 – Regis Resources (RRL) hedge profile**



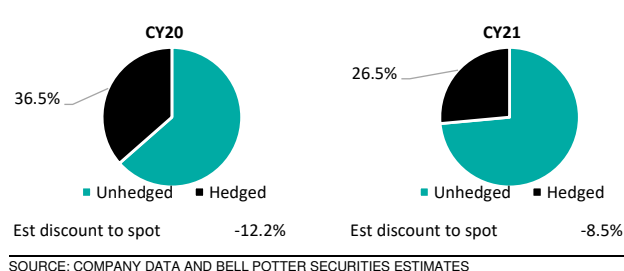
**Figure 5 – Silver Lake (SLR) hedge profile**



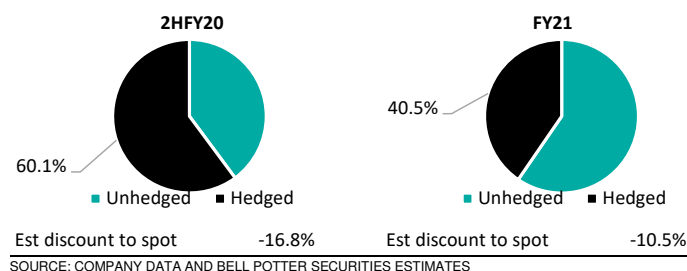
**Figure 6 – St Barbara Mines (SBM) hedge profile**



**Figure 7 – Gold Road (GOR) hedge profile**



**Figure 8 – Saracen (SAR) hedge profile**



In a rising gold price environment investors are looking to gain gold price exposure through gold equities. Clearly gold price exposure is reduced if the producer has hedged a portion of production, so it is good to know which companies offer the greatest (and the least) effective gold price exposure.

The charts on the cover give no account of operating costs and margins (see the comps table on p10 and the quarterly production monitors for that), but most of these names have All-In-Sustaining-Costs (AISC) comfortably in the bottom half of the peer group.

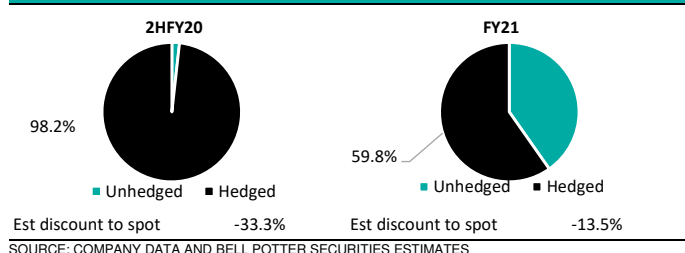
**NST** is the only unhedged name in 2HFY20, but this is following the deferral of the bulk of their 2HFY20 hedges into 1HFY23, which we can't imagine came cheaply. With that in mind, we note NST has reported that it has maintained some delivery into its hedge book during the period.

Another name worth pointing out is **RRL**, which has one of the largest mark-to-market hedge book liabilities of the group. It also has the only big spot-deferred hedge book in the group – enabling it to defer delivery. It has the flexibility to maintain this at 40kozpa for the next two years. It will however need a material increase in its Ore Reserve if an increased rate of delivery into its hedge book is to be avoided. There is an opportunity for RRL to do this at its McPhillamys Gold Project, which currently contains a 2.3Moz Mineral Resource.

**SAR** carries the largest relative hedge position of the group and has done for some time. The proportion of production hedged by SAR has actually reduced from historic levels.

However, the standout in the market for hedging cover of production is **Dacian Gold (DCN)**, with ~100% of 2HFY20 production hedged at ~A\$1,784/oz and ~60% of FY21 production hedged at A\$2,092/oz. Given its guided 2HFY20 AISC of A\$1,550-\$1,650/oz (and reported March quarter AISC of A\$1,810/oz) it looks locked in for particularly thin margins. At 31 March DCN had \$94.7m debt, with \$24.7m subsequently repaid from the proceeds of its latest capital raising.

Figure 9 – Dacian Gold (DCN) hedge profile



To the best of our knowledge, there are **currently only two entirely unhedged ASX-listed gold producers** of scale, being **Pantoro Limited (PNR)**, which cleared the last of its hedges in April 2020 and **Medusa Mining (MML)**, which has maintained a long-standing policy of being unhedged.

**BELL POTTER PRECIOUS METALS COVERAGE****Table 1 - Bell Potter precious metals coverage**

Prices at 19/05/2020	Market capitalisation	Price	Target price	Recommendation
Regis Resources Ltd (RRL)	\$2,648m	\$5.21/sh	\$5.72/sh	Buy
Gold Road Resources Ltd (GOR)	\$1,544m	\$1.76/sh	\$1.55/sh	Hold
Dacian Gold Ltd (DCN)	\$242m	\$0.44/sh	-	under review
Westgold Resources Ltd (WGX)	\$941m	\$2.35/sh	\$2.65/sh	Buy
Pantoro Limited (PNR)	\$176m	\$0.15/sh	\$0.17/sh	Buy
Breaker Resources NL (BRB)	\$60m	\$0.26/sh	\$0.71/sh	Buy (Spec)

SOURCE: BELL POTTER SECURITIES

**RRL:** RRL is one of our top picks among the ASX-listed gold producers due to its strong balance sheet, low costs, capital efficient growth and high shareholder returns. Furthermore, we view RRL's 100%-owned organic growth options as a strategic advantage vs peers and the McPhillamys development project in NSW as undervalued by the market.

**GOR:** Gruyere's production ramp-up is virtually complete. Recent in-fill and extension drilling below the previous pit outline has seen the Gruyere JV upgrade the Measured and Indicated Resource component by 29% after mining depletion and lift total Gruyere Resources to 6.6Moz at a gold price of A\$1,850/oz ahead of an updated Reserve later in the year. GOR's 2020 guidance for its share of Gruyere production is 125-142.5koz at an average AISC of A\$1,100-A\$1,200/oz. GOR 100% owned regional exploration continues in its \$26m 2020 exploration budget.

**DCN:** Its A\$200m, 2.5Mtpa Mount Morgans Gold Project declared commercial production on January 1, 2019 originally targeting production of +200kozpa at AISC of ~A\$1,000/oz. Poor Reserve reconciliations have led to multiple Resource and Reserve downgrades and mine plan revisions. A major recapitalisation (~\$98m) has completed to repair the balance sheet. Production is expected to decline from ~140kozpa in FY20 to 100-110kozpa in FY22. Resources have been cut from 3.5Moz @ 2.0g/t Au to 2.1Moz @ 2.0g/t Au and Reserves from 1.4Moz @ 1.6g/t Au to 0.75Moz @ 1.4g/t Au.

**WGX:** Production recently began from sub-level caving at Big Bell, which will ramp-up over the course of 2020, marking the completion of WGX's four year mine re-development and refurbishment program. The company is now generating growing free cash flow from its sole focus on the three Murchison mining operations following the spin out and ASX-listing of its NT polymetallic assets at the start of 2020.

**PNR:** Following a difficult CY19 during which its Nicolsons operation was mining constrained and underperformed, we continue to look for production improvements in coming quarters to drive a valuation uplift. The recent acquisition of a 50% managing interest in the Norseman Gold Project (NGP) adds a second high grade project that is well suited to PNR's skill-set. Exploration results and development milestones including a Resource and Reserve update and completion of a Feasibility Study are the key catalysts in coming quarters.

**BRB:** Is continuing to advance its 100% owned Lake Roe Gold Project, located 100km east of Kalgoorlie, 60km south-southeast of the operating 3.5Moz Carosue Dam gold mine. In September 2019 an updated Resource of 23.2Mt @ 1.3g/t Au for 981koz contained gold was announced, including 803koz @ 1.4g/t Au in the Indicated category and a high grade core of 673koz @ 2.2g/t Au. While Resource growth has been slower than expected we remain of the view that Lake Roe is a compelling greenfields gold discovery with potential for either standalone development or as a bolt-on acquisition.

**XAM:** Further limited assessment of shallow oxide gold mineralisation prospects (Golden Eagle, Stockwork Hill and Copper Hill) within the 76.5% owned flagship Kharmagtai Copper-Gold Project in Mongolia continues as part of the investigation of a possible "starter" project to help funding of the potentially much larger copper-gold development. Drilling of further major primary copper-gold targets recently yielded impressive results that will be followed up while JOGMEC has just commenced a farm-in to spend up to US\$7.2m under deal to explore the Red Mountain Project.

**CHANGES IN SUBSTANTIAL HOLDINGS**

(over the last month)

**Increases:**

**HRZ:** Sparta AG (Delphi Unternehmensberatung) becomes substantial at 6.4%;

**SPX/RMS:** RMS increases to 91.0% (under takeover);

**RED:** Electrum Strategic becomes substantial at 5.7%;

**CMM:** Eley Griffiths becomes substantial at 5.2%;

**AQG:** Vinva becomes substantial at 5.0%;

**MOY:** IMC Resources increases from 48% to 100% by Deed of Company Arrangement (Receivers and Managers appointed);

**NTM:** Regal Funds becomes substantial at 9.0%;

**KIN:** Sparta AG (Delphi Unternehmensberatung) increases from 19% to 22%;

**SLR:** Van Eck (GDX + GDXJ) becomes substantial at 5.7%;

**GOR:** Van Eck (GDXJ) increases from 7.6% to 12.4%;

**Decreases:**

**RED:** Franklin Resources decreases from 13.5% to 12.0% following capital raise;

**RSG:** IPConcept (Luxembourg) ceases to be substantial;

**DCN:** Perennial Value ceases to be substantial;

**DCN:** Invesco decreases from 6.1% to 5.1%;

**DCN:** Franklin Resources decreases from 9.0% to 7.7%;

**DEG:** Northwest Nonferrous Australia diluted down from 6.3% to 5.1%;

**DEG/DGO:** DGO Gold diluted down from 16.4% to 15.0%;

**WGX:** Golden Energy and Resources ceases to be substantial;

**BGL:** Tolga Kumova decreases from 7.9% to 6.4%;

**SAR:** Van Eck (GDX + GDXJ) decreases from 11.0% to 10.0%;

**DCN:** Van Eck (GDXJ) ceases to be substantial;

**SBM:** Van Eck (GDX + GDXJ) decreases from 11.1% to 9.9%;

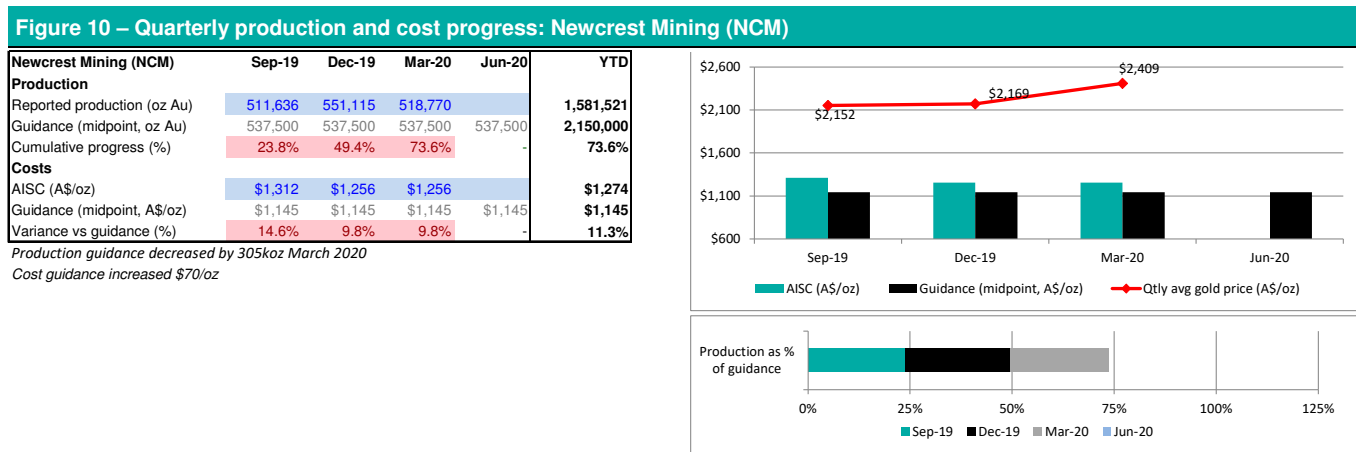
**RRL:** Van Eck (GDX + GDXJ) decreases from 11.4% to 9.9%;

**PRU:** Van Eck (GDX + GDXJ) decreases from 10.9% to 9.8%;

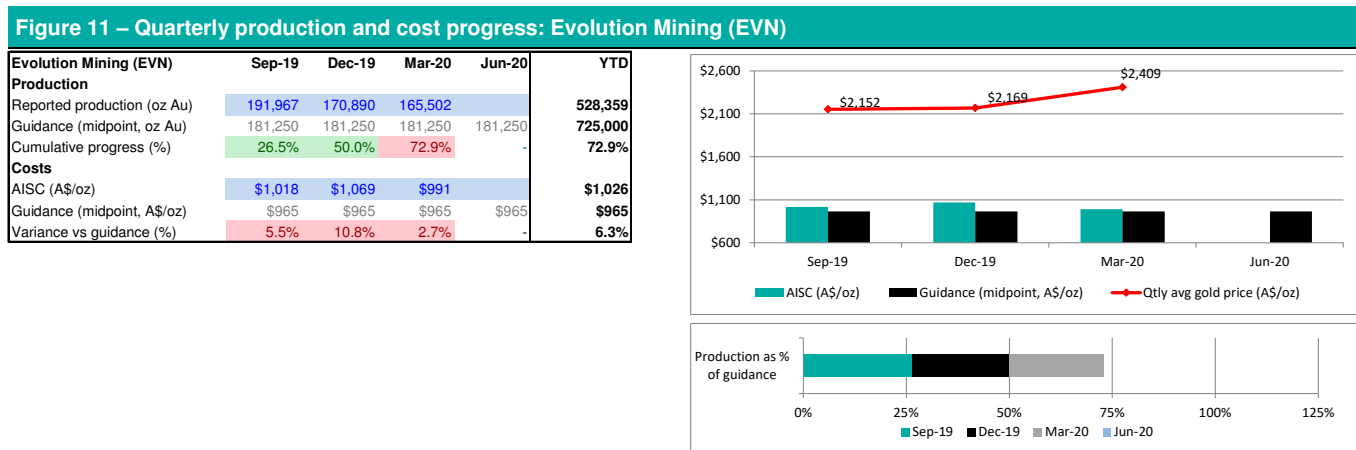
**RSG:** Vanguard ceases to be substantial;

**ASX QUARTERLY PRODUCTION MONITORS TO MARCH 2020**

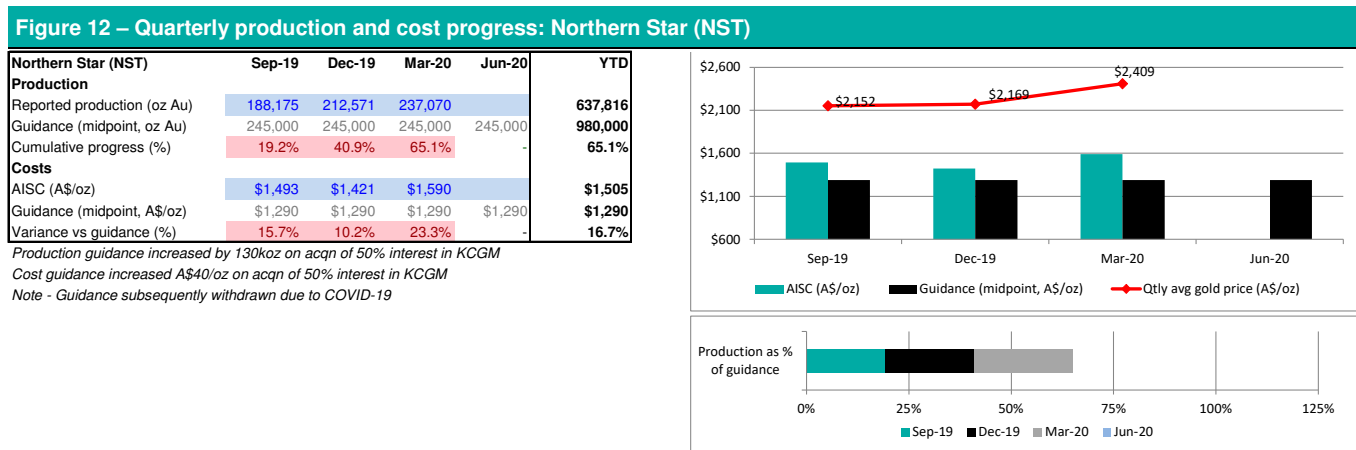
The tables and charts below monitor the quarterly production and cost progress against guidance for the largest ASX gold producers. The tables show actual production and costs vs the company’s guidance midpoint. Variance vs the midpoint is highlighted in green or red according to whether the company is tracking ahead of or behind guidance respectively.



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



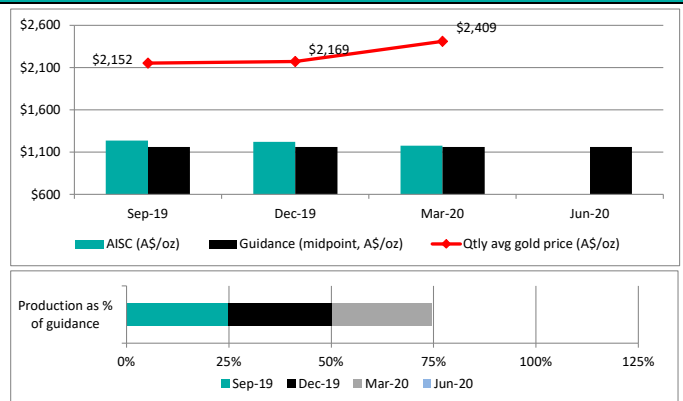
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 13 – Quarterly production and cost progress: Regis Resources (RRL)**

Regis Resources (RRL)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	87,633	90,849	86,300		264,782
Guidance (midpoint, oz Au)	88,750	88,750	88,750	88,750	355,000
Cumulative progress (%)	24.7%	50.3%	74.6%	-	74.6%
<b>Costs</b>					
AISC (A\$/oz)	\$1,234	\$1,219	\$1,174		\$1,209
Guidance (midpoint, A\$/oz)	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160
Variance vs guidance (%)	6.4%	5.1%	1.2%	-	4.2%

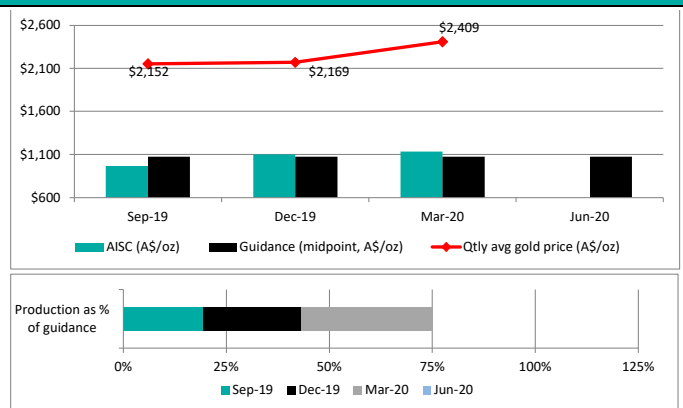


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 14 – Quarterly production and cost progress: Saracen Mineral Holdings (SAR)**

Saracen (SAR)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	96,324	120,127	158,132		374,583
Guidance (midpoint, oz Au)	125,000	125,000	125,000	125,000	500,000
Cumulative progress (%)	19.3%	43.3%	74.9%	-	74.9%
<b>Costs</b>					
AISC (A\$/oz)	\$964	\$1,098	\$1,133		\$1,078
Guidance (midpoint, A\$/oz)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
Variance vs guidance (%)	-10.3%	2.1%	5.4%	-	0.3%

Production guidance increased by 140koz DecQ-19 on acqn of 50% interest in KCGM  
Cost guidance increased by A\$25/oz

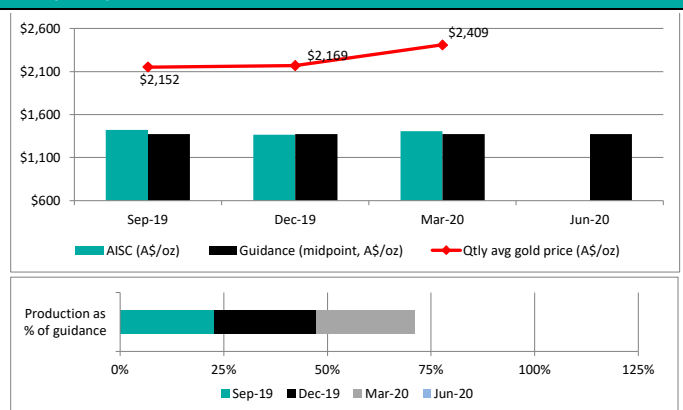


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 15 – Quarterly production and cost progress: St Barbara Mines (SBM)**

St Barbara (SBM)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	87,569	94,159	91,547		273,275
Guidance (midpoint, oz Au)	96,250	96,250	96,250	96,250	385,000
Cumulative progress (%)	22.7%	47.2%	71.0%	-	71.0%
<b>Costs</b>					
AISC (A\$/oz)	\$1,421	\$1,364	\$1,405		\$1,396
Guidance (midpoint, A\$/oz)	\$1,375	\$1,375	\$1,375	\$1,375	\$1,375
Variance vs guidance (%)	3.3%	-0.8%	2.2%	-	1.5%

Production guidance decreased by 15.0koz DecQ-19  
Cost guidance increased \$90/oz DecQ-19

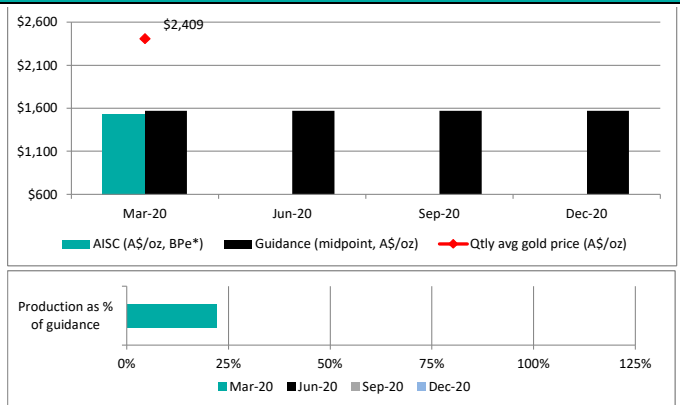


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 16 – Quarterly production and cost progress: Resolute Mining (RSG)

Resolute Mining (RSG)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
<b>Production</b>					
Reported production (oz Au)	110,763				110,764
Guidance (midpoint, oz Au)	125,000	125,000	125,000	125,000	500,000
Cumulative progress (%)	22.2%	-	-	-	22.2%
<b>Costs</b>					
AISC (A\$/oz, BPe*)	\$1,530				\$1,530
Guidance (midpoint, A\$/oz)	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571
Variance vs guidance (%)	-2.6%	-	-	-	-2.6%

*Assumes AUD:USD 0.70*

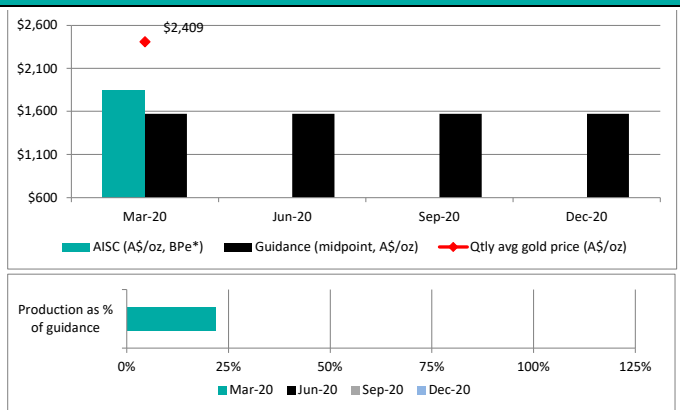


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 17 – Quarterly production and cost progress: OceanaGold (OGC)

OceanaGold (OGC)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
<b>Production</b>					
Reported production (oz Au)	80,707				80,708
Guidance (midpoint, oz Au)	92,500	92,500	92,500	92,500	370,000
Cumulative progress (%)	21.8%	-	-	-	21.8%
<b>Costs</b>					
AISC (A\$/oz, BPe*)	\$1,851				\$1,850
Guidance (midpoint, A\$/oz)	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571
Variance vs guidance (%)	17.8%	-	-	-	17.8%

*Assumes AUD:USD 0.70*

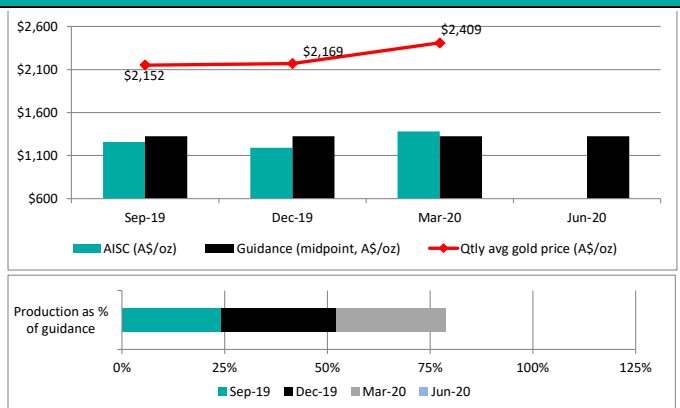


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 18 – Quarterly production and cost progress: Silver Lake Resource (SLR)

Silver Lake (SLR)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	59,288	68,519	65,548		193,355
Guidance (midpoint, oz Au)	61,250	61,250	61,250	61,250	245,000
Cumulative progress (%)	24.2%	52.2%	78.9%	-	78.9%
<b>Costs</b>					
AISC (A\$/oz)	\$1,260	\$1,192	\$1,380		\$1,277
Guidance (midpoint, A\$/oz)	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325
Variance vs guidance (%)	-4.9%	-10.0%	4.2%	-	-3.7%

*Production guidance increased by 17.5koz DecQ-19 and 10koz in MarQ-20 (gold only)  
Cost guidance decreased \$90/oz DecQ-19*

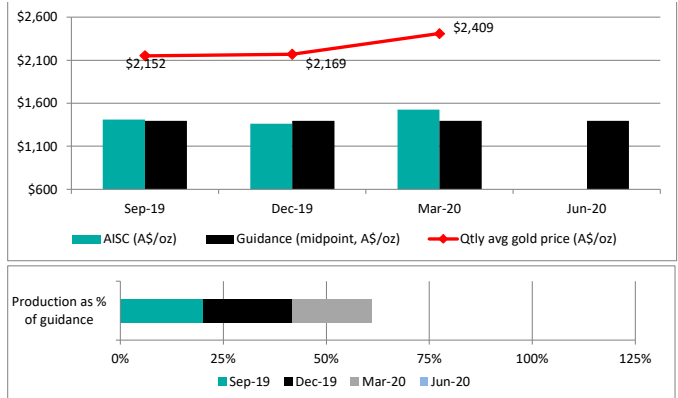


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 19 – Quarterly production and cost progress: Westgold Resources (WGX)**

Westgold (WGX)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	57,472	62,655	55,234		175,361
Guidance (midpoint, oz Au)	71,875	71,875	71,875	71,875	287,500
Cumulative progress (%)	20.0%	41.8%	61.0%	-	61.0%
<b>Costs</b>					
AISC (A\$/oz)	\$1,410	\$1,361	\$1,525		\$1,429
Guidance (midpoint, A\$/oz)	\$1,395	\$1,395	\$1,395	\$1,395	\$1,395
Variance vs guidance (%)	1.1%	-2.4%	9.3%	-	2.4%

Guidance withdrawn during the March 2020 Qtr



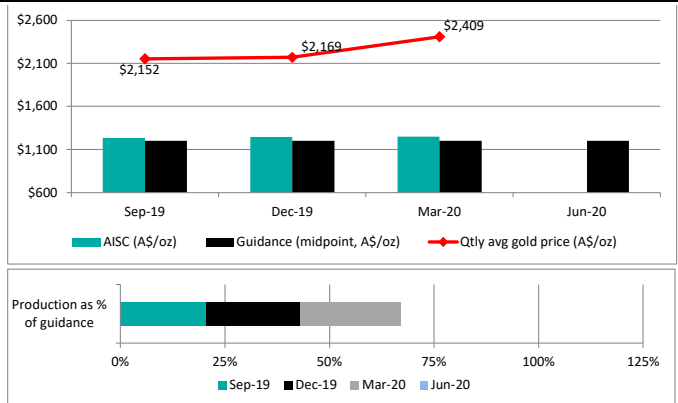
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 20 – Quarterly production and cost progress: Ramelius Resources (RMS)**

Ramelius (RMS)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	44,182	47,902	51,825		143,909
Guidance (midpoint, oz Au)	53,750	53,750	53,750	53,750	215,000
Cumulative progress (%)	20.5%	42.8%	66.9%	-	66.9%
<b>Costs</b>					
AISC (A\$/oz)	\$1,234	\$1,245	\$1,248		\$1,243
Guidance (midpoint, A\$/oz)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Variance vs guidance (%)	2.8%	3.8%	4.0%	-	3.6%

Production guidance decreased by 10.0koz w Dec Qtrly

Cost guidance lowered \$75/oz w Mar Qtrly



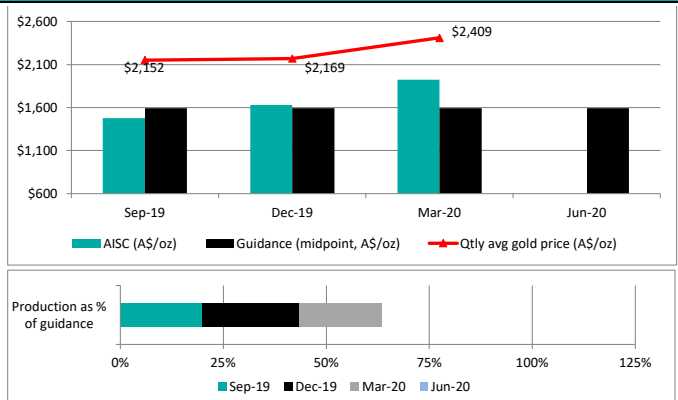
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 21 – Quarterly production and cost progress: Red 5 Ltd (RED)**

Red 5 Ltd (RED)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	28,649	23,346	20,077		72,072
Guidance (midpoint, oz Au)	25,000	25,000	25,000	25,000	100,000
Cumulative progress (%)	28.6%	52.0%	72.1%	-	72.1%
<b>Costs</b>					
AISC (A\$/oz)	\$1,476	\$1,628	\$1,926		\$1,651
Guidance (midpoint, A\$/oz)	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595
Variance vs guidance (%)	-7.5%	2.1%	20.8%	-	3.5%

Production guidance decreased by 15koz w MarQ-20

Cost guidance increased by \$170/oz w MarQ-20

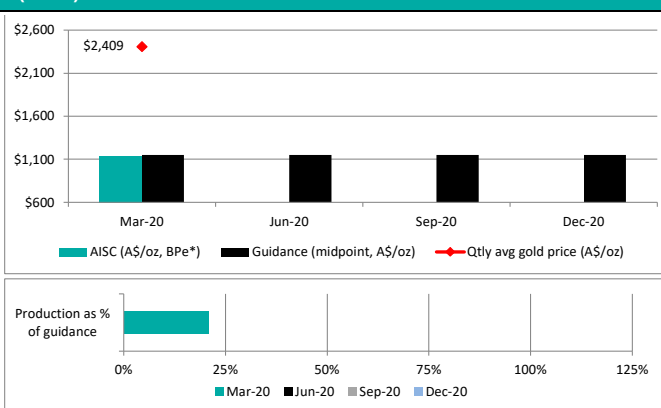


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



**Figure 22 – Quarterly production and cost progress: Gold Road Ltd (GOR)**

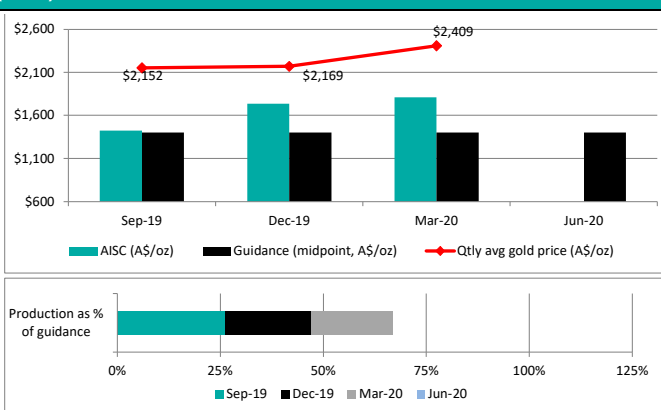
Gold Road (GOR)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
<b>Production</b>					
Reported production (oz Au)	27,798				27,798
Guidance (midpoint, oz Au)	33,438	33,438	33,438	33,438	133,750
Cumulative progress (%)	20.8%	-	-	-	20.8%
<b>Costs</b>					
AISC (A\$/oz, BPe*)	\$1,135				\$1,135
Guidance (midpoint, A\$/oz)	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
Variance vs guidance (%)	-1.3%	-	-	-	-1.3%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**Figure 23 – Quarterly production and cost progress: Dacian Gold (DCN)**

Dacian Gold (DCN)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
<b>Production</b>					
Reported production (oz Au)	42,002	33,235	31,695		106,932
Guidance (midpoint, oz Au)	40,000	40,000	40,000	40,000	160,000
Cumulative progress (%)	26.3%	47.0%	66.8%	-	66.8%
<b>Costs</b>					
AISC (A\$/oz)	\$1,423	\$1,737	\$1,810		\$1,635
Guidance (midpoint, A\$/oz)	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400
Variance vs guidance (%)	1.6%	24.1%	29.3%	-	16.8%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

**GOLD EQUITIES – PRODUCERS COMPS TABLE**

Company	ASX Code	Price (\$/sh)	Market Cap (\$m)	Net Cash/(Debt) (\$m)	EV (\$m)	Current production rate (kozpa)	Latest AISC margin (\$/oz)	AISC margin (\$/oz)	Implied AISC EV/AISC margin (\$m pa)	Total hedged (koz)	Avg hedged price (\$/oz)	Mark-to-market (\$m)	Net cash (debt) / Mkt Cap
Newcrest Mining Limited	NCM	\$32.00	\$25,864	-\$1,784.9	\$27,649	2,075	\$1,256	\$1,390	\$2,885.3	608.7	\$1,875	-\$469.8	-6.9%
Northern Star Resources Ltd	NST	\$14.12	\$10,449	-\$369.2	\$10,819	948	\$1,590	\$1,057	\$1,002.2	744.8	\$2,116	-\$395.3	-3.5%
Evolution Mining Limited	EVN	\$6.08	\$10,363	-\$401.1	\$10,764	662	\$991	\$1,656	\$1,096.2	9.8 x	\$2,034	-\$272.9	-3.9%
Saracen Mineral Holdings Limited	SAR	\$5.63	\$6,209	-\$64.7	\$6,274	633	\$1,133	\$1,514	\$957.6	6.6 x	\$2,056	-\$320.6	-1.0%
Regis Resources Limited	RRL	\$5.21	\$2,648	\$168.8	\$2,479	345	\$1,174	\$1,473	\$508.4	4.9 x	\$1,620	-\$429.8	6.4%
St Barbara Limited	SBM	\$3.13	\$2,201	\$4.0	\$2,197	366	\$1,405	\$1,242	\$454.8	4.8 x	\$2,036	-\$126.0	0.2%
Silver Lake Resources Limited	SLR	\$2.15	\$1,892	\$227.0	\$1,665	262	\$1,380	\$1,267	\$332.2	5 x	\$2,100	-\$100.6	12.0%
OceanaGold Corporation	OGC	\$2.96	\$1,842	-\$152.4	\$1,994	323	\$1,851	\$796	\$257.1	7.8 x	\$2,031	-\$69.2	-8.3%
Gold Road Resources Limited	GOR	\$1.76	\$1,544	\$35.0	\$1,509	111	\$1,135	\$1,512	\$168.1	9 x	\$1,853	-\$72.6	2.3%
Ramellius Resources Limited	RMS	\$1.72	\$1,355	\$92.9	\$1,262	207	\$1,248	\$1,399	\$290.0	4.4 x	\$2,102	-\$143.7	6.9%
Perseus Mining Limited	PRU	\$1.15	\$1,337	\$17.9	\$1,319	232	\$1,645	\$1,002	\$232.3	5.7 x	\$2,125	-\$165.7	1.3%
Resolute Mining Limited	RSR	\$1.13	\$1,246	-\$317.4	\$1,564	443	\$1,530	\$1,117	\$494.9	3.2 x	\$2,261	-\$86.0	-25.5%
Westgold Resources Limited	WGX	\$2.35	\$941	\$30.1	\$910	221	\$1,525	\$1,122	\$247.9	3.7 x	\$2,057	-\$135.7	3.2%
Red 5 Limited	RED	\$0.29	\$556	\$121.1	\$435	80	\$1,926	\$721	\$57.9	7.5 x	\$2,090	-\$44.0	21.8%
Alkane Resources Limited	ALK	\$0.76	\$441	\$70.9	\$370	23	\$1,346	\$1,301	\$29.8	12.4 x	\$1,836	-\$17.9	16.1%
Aurelia Metals Limited	AMI	\$0.30	\$262	\$51.4	\$211	57	\$2,996	-\$349	-\$20.0	-0.6 x	\$1,912	-\$6.6	19.6%
Dacian Gold Limited	DCN	\$0.44	\$242	-\$80.6	\$323	127	\$1,810	\$837	\$106.1	3 x	\$1,978	-\$77.2	-33.3%
Pantoro Limited	PNR	\$0.15	\$176	\$27.4	\$149	36	\$1,872	\$775	\$28.2	5.3 x	\$1,800	-\$1.7	15.5%
Medusa Mining Limited	MML	\$0.75	\$156	\$47.8	\$108	99	\$1,699	\$948	\$94.1	1.1 x	na	na	30.7%
Blackham Resources Limited	BLK	\$0.01	\$110	-\$3.3	\$114	52	\$2,287	\$360	\$18.6	6.1 x	\$2,412	na	-3.0%
<b>Average</b>							<b>\$1,590</b>	<b>\$1,057</b>		<b>6.4 x</b>			

**RESOURCE AND RESERVE OUNCE VALUATIONS**

Company	ASX Code	Resources (Moz)	Grade (g/t Au)	EV / Res oz (\$/oz)	Reserves (Moz)	Grade (g/t Au)	EV / Rsv oz (\$/oz)
Newcrest Mining Limited	NCM	131.2	0.53	\$211	52.2	0.79	\$530
Northern Star Resources Ltd	NST	28.6	2.67	\$378	9.8	2.04	\$1,099
Evolution Mining Limited	EVN	22.2	1.19	\$486	8.7	0.94	\$1,231
Saracen Mineral Holdings Limited	SAR	15.1	1.61	\$417	7.0	1.57	\$903
Regis Resources Limited	RRL	8.2	0.97	\$303	4.0	1.11	\$614
St Barbara Limited	SBM	12.2	2.00	\$180	6.4	2.00	\$343
Silver Lake Resources Limited	SLR	6.4	4.70	\$262	1.1	3.71	\$1,556
OceanaGold Corporation	OGC	13.7	1.46	\$146	5.3	1.31	\$376
Gold Road Resources Limited	GOR	3.6	1.40	\$418	1.9	1.24	\$811
Ramellius Resources Limited	RMS	4.5	1.60	\$280	0.8	1.80	\$1,503
Perseus Mining Limited	PRU	6.6	1.23	\$199	3.3	1.38	\$401
Resolute Mining Limited	RSR	10.1	2.70	\$155	3.9	2.50	\$401
Westgold Resources Limited	WGX	9.1	2.17	\$100	2.6	2.58	\$348
Red 5 Limited	RED	5.6	2.67	\$77	2.7	1.51	\$161
Alkane Resources Limited	ALK	1.2	2.10	\$316	0.1	2.00	\$4,156
Aurelia Metals Limited	AMI	0.8	1.40	\$264	0.3	1.90	\$781
Dacian Gold Limited	DCN	2.1	2.00	\$154	0.8	1.40	\$428
Pantoro Limited	PNR	2.6	4.45	\$57	0.2	6.59	\$832
Medusa Mining Limited	MML	1.3	3.63	\$85	0.3	6.27	\$325
Blackham Resources Limited	BLK	6.4	2.10	\$18	1.4	1.70	\$81
<b>Average</b>				<b>\$247</b>			<b>\$639</b>

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

AISC margin: margin between AISC and A\$ spot gold price

Production is gold ounces only, by-product credits are accounted for in AISC

Implied AISC margin = AISC margin x annualised production. Is an estimate only

Priced as at: 19/05/2020

**CHANGE IN NET CASH (DEBT) QoQ to Mar-20**

Company	ASX Code	Net Cash/(Debt) (\$m)	Change qoq (\$m)	Change A\$/oz
Silver Lake Resources L SLR	SLR	\$227.0	\$41.0	\$625
St Barbara Limited	SBM	\$4.0	\$53.0	\$579
Saracen Mineral Holding SAR	SAR	-\$64.7	\$81.3	\$514
Gold Road Resources Li GOR	GOR	\$35.0	\$14.0	\$504
Medusa Mining Limited MML	MML	\$47.8	\$12.2	\$491
Regis Resources Limited RRL	RRL	\$168.8	\$40.7	\$472
Northern Star Resources NST	NST	-\$369.2	\$83.8	\$353
Newcrest Mining Limited NCM	NCM	-\$1,784.9	\$160.1	\$154
Ramellius Resources Lir RMS	RMS	\$92.9	\$5.2	\$100
Westgold Resources Lir WGX	WGX	\$30.1	-\$1.9	-\$34
OceanaGold Corporation OGC	OGC	-\$152.4	-\$8.4	-\$104
Perseus Mining Limited PRU	PRU	\$17.9	-\$25.7	-\$443
Pantoro Limited PNR	PNR	\$27.4	-\$4.3	-\$473
Red 5 Limited RED	RED	\$121.1	-\$10.5	-\$523
Resolute Mining Limited RSG	RSG	-\$317.4	-\$76.1	-\$687
Aurelia Metals Limited AMI	AMI	\$51.4	-\$12.2	-\$853
Dacian Gold Limited DCN	DCN	-\$80.6	-\$28.9	-\$912
Blackham Resources Lir BLK	BLK	-\$3.3	-\$14.1	-\$1,089
Alkane Resources Limited ALK	ALK	\$70.9	-\$12.4	-\$2,167
Evolution Mining Limited EVN	EVN	-\$401.1	-\$452.1	-\$2,732

NOTE: This purely measures changes in net cash (debt) qoq net of equity raising inflows and dividend payment outflows over gold ounces produced. Therefore, over and above cash outflows measured by the AISC, it will also capture capital investments in new projects, debt repayments/drawdowns, asset acquisitions and divestments, gold forward sales, timing of sales, cash tax payments and other one-off items impacting quarterly cash movements over and above the ongoing operations. Companies with by-products have cash changes measured over gold ounces only, exaggerating this metric.

## GOLD EQUITIES – EXPLORERS COMPS TABLE

Company	ASX Code	Price (A\$/sh)	Market Cap (A\$m)	Net cash (debt) (A\$m)	Available funding (A\$m)	EV (A\$m)	Resources (Moz)	Grade (g/t Au)	EV/ Res oz (A\$/oz)	Reserves (Moz)	Grade (g/t Au)	EV/ Rsv oz (A\$/oz)	Funded qtrs remaining	Net cash (debt) / Mkt Cap
West African Resources Limited	WAF	\$0.80	\$686.9	-\$200.4	\$98.3	\$897.4	3.089	1.77	\$290	1.7	2.40	\$544	2.3	-28.8%
Capricorn Metals Ltd	CMM	\$1.56	\$508.2	\$68.0	\$168.0	\$440.2	2.145	0.80	\$205	1.2	0.90	\$367	12.9	13.4%
De Grey Mining Limited	DEG	\$0.40	\$482.1	\$38.0	\$38.0	\$424.1	2.200	1.80	\$193	-	-	na	11.5	8.2%
Bellevue Gold Limited	BGL	\$0.64	\$433.1	\$37.8	\$37.8	\$395.3	2.200	11.30	\$180	-	-	na	3.9	8.7%
Spectrum Metals Limited	SPX	\$0.19	\$266.5	\$2.5	\$5.5	\$264.0	0.356	13.80	\$743	-	-	na	1.4	0.9%
Catalyst Metals Limited	CYL	\$3.00	\$247.2	\$20.6	\$20.6	\$226.6	0.000	0.00	na	-	-	na	12.9	8.3%
Cardinal Resources Limited	CDV	\$0.43	\$212.5	-\$27.4	\$9.9	\$239.9	6.990	1.13	\$34	5.1	1.13	\$47	1.9	-12.9%
Bardoc Gold Limited	BDC	\$0.09	\$122.8	\$14.2	\$14.2	\$108.6	3.020	1.90	\$36	0.8	2.36	\$137	8.6	11.6%
Ora Banda Mining Ltd	OBM	\$0.20	\$117.5	\$14.8	\$14.8	\$102.7	2.039	2.60	\$50	0.2	2.30	\$489	1.8	12.6%
Vango Mining Limited	VAN	\$0.13	\$97.0	-\$1.7	\$2.0	\$98.7	0.410	8.00	\$241	-	-	na	1.4	-1.8%
Calidus Resources Limited	CAI	\$0.35	\$74.1	\$5.8	\$5.8	\$68.3	1.250	1.83	\$6	0.4	1.50	\$163	8.2	7.8%
Apollo Consolidated Limited	AOP	\$0.27	\$71.3	\$16.7	\$16.7	\$54.6	1.035	1.20	\$53	-	-	na	4.7	23.4%
KIN Mining NL	KIN	\$0.10	\$63.0	\$2.8	\$2.8	\$60.1	0.945	1.40	\$64	0.3	1.10	\$212	2.0	4.5%
NTM Gold Limited	NTM	\$0.09	\$60.7	\$4.0	\$4.0	\$56.7	0.679	1.60	\$84	-	-	na	3.0	6.5%
Musgrave Minerals Limited	MGV	\$0.13	\$60.2	\$8.6	\$8.6	\$51.6	1.167	3.05	\$44	-	-	na	8.8	14.3%
Breaker Resources NL	BRB	\$0.26	\$60.1	\$6.9	\$6.9	\$53.3	0.981	1.30	\$54	-	-	na	2.6	11.4%
Tanami Gold NL	TAM	\$0.05	\$58.8	\$29.0	\$29.0	\$29.8	1.646	2.80	\$18	-	-	na	57.9	49.3%
Antipa Minerals Limited	AZY	\$0.03	\$57.7	\$5.8	\$5.8	\$51.9	1.630	1.13	\$32	-	-	na	6.0	10.1%
Genesis Minerals Limited	GMD	\$0.04	\$46.5	\$4.8	\$4.8	\$41.8	0.867	3.20	\$48	-	-	na	4.3	10.2%
Horizon Minerals Limited	HRZ	\$0.10	\$43.9	\$3.9	\$7.9	\$40.0	1.175	1.55	\$34	-	-	na	4.9	8.9%
Rox Resources Limited	RXL	\$0.03	\$37.9	\$1.9	\$1.9	\$36.0	0.684	2.94	\$53	-	-	na	1.2	5.1%
Saturn Metals Limited	STN	\$0.36	\$30.3	\$4.0	\$4.0	\$26.3	0.781	1.00	\$34	-	-	na	2.0	13.2%
Venus Metals Corporation Limited	VMC	\$0.18	\$27.2	\$6.4	\$6.4	\$20.8	0.595	2.97	\$35	-	-	na	7.9	23.4%
Prodigy Gold NL	PRX	\$0.05	\$26.7	\$11.4	\$11.4	\$15.3	1.010	2.00	\$15	-	-	na	9.4	42.7%
Middle Island Resources Limited	MDI	\$0.01	\$21.2	\$5.9	\$5.9	\$15.2	0.537	1.40	\$28	-	-	na	11.9	28.0%
Ausgold Limited	AUC	\$0.01	\$14.4	\$1.8	\$1.8	\$12.5	1.201	1.10	\$10	-	-	na	2.6	12.8%
<b>Total / average</b>			<b>\$3,918</b>		<b>\$1.8</b>	<b>\$12.5</b>	<b>38.6</b>	<b>2.4</b>	<b>\$103</b>	<b>9.7</b>	<b>1.5</b>	<b>\$280</b>		

Priced as at: 19/05/2020

SOURCE: IRESS; COMPANY REPORTS; BELL POTTER ESTIMATES

**GOLD EQUITIES – PERFORMANCE HEAT MAP**

We previously noted that performance in the sector has been dominated by the larger, multi-mine producers, but that we had expected this to begin to flow down to the smaller names should we see an extension of the current gold price rally. This has now eventuated and outperformance is weighted to the mid-cap and small-cap names in the bottom two-thirds of the list. As a result, we view the market as well and truly open and with two successive quarters of solid performance momentum is strong.

It is also worth noting the marginal underperformance of the ASX Gold Index (XGD) vs the A\$ gold price. The leverage of gold equities should drive outperformance vs a rising gold price – the implication being there is room for the equities to run higher.

**Figure 24 – ASX gold equities heat map of rolling share price performance**

Stock	3 months to May-2019	3 months to Aug-2019	3 months to Nov-2019	3 months to Feb-2020	3 months to May-2020	12 months to May-2020
<b>US\$ gold</b>	-3%	17%	-2%	7%	10%	36%
<b>A\$ gold</b>	0%	20%	-2%	9%	13%	43%
<b>XGD</b>	1%	31%	-16%	8%	18%	41%
NCM	7%	31%	-12%	-10%	15%	19%
NST	-3%	27%	-24%	54%	2%	51%
EVN	-3%	41%	-23%	9%	42%	68%
SAR	6%	14%	-9%	27%	34%	77%
RRL	-15%	18%	-17%	-1%	18%	15%
SBM	-40%	27%	-31%	9%	13%	8%
SLR	35%	38%	-7%	62%	28%	165%
GOR	28%	49%	-26%	46%	8%	73%
PRU	19%	63%	15%	34%	-2%	146%
OGC	-6%	-11%	-18%	-7%	5%	-28%
RSG	8%	50%	-36%	1%	1%	-1%
RMS	36%	47%	-8%	8%	44%	110%
WGX	37%	31%	6%	7%	8%	60%
ALK	23%	63%	62%	48%	-18%	217%
WAF	19%	37%	1%	31%	42%	158%
CMM	45%	147%	-13%	27%	25%	242%
BGL	0%	-14%	-14%	17%	17%	2%
DCN	-36%	-31%	20%	1%	-49%	-57%
RED	9%	172%	-13%	5%	-8%	128%
AMI	-22%	-24%	-10%	-6%	-27%	-53%
DEG	-23%	-28%	0%	277%	98%	437%
EAR	-33%	72%	34%	-3%	3%	131%
CDV	-9%	24%	-33%	16%	18%	15%
SPX	280%	426%	-32%	84%	48%	874%
PNR	-9%	10%	-33%	-35%	50%	-29%
MML	17%	93%	-12%	-1%	6%	79%
BCN	2%	135%	-32%	3%	21%	100%
BLK	-63%	40%	-14%	-8%	0%	10%
CAI	-7%	40%	-37%	20%	30%	38%
OBM	0%	-88%	-12%	-6%	18%	-88%
BRB	-27%	16%	-16%	-19%	4%	-19%
BSR	6%	-28%	8%	-14%	8%	-28%
KSN	-16%	27%	-26%	36%	-18%	3%
PRX	49%	55%	-50%	-29%	-16%	-54%
<b>Average</b>	<b>9%</b>	<b>46%</b>	<b>-12%</b>	<b>20%</b>	<b>14%</b>	<b>84%</b>

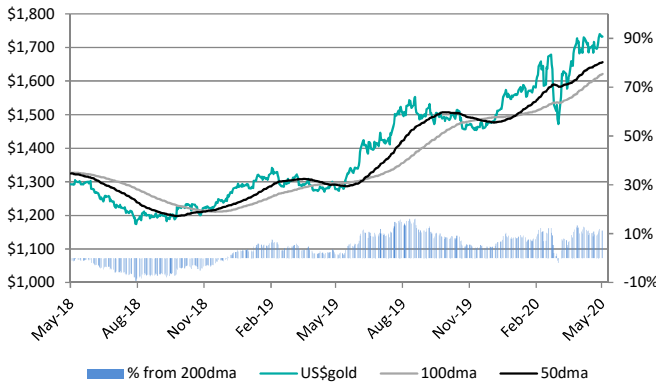
SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

This list was sorted by market capitalisation as at April 2020.

**GOLD IN CHARTS - PRICES**

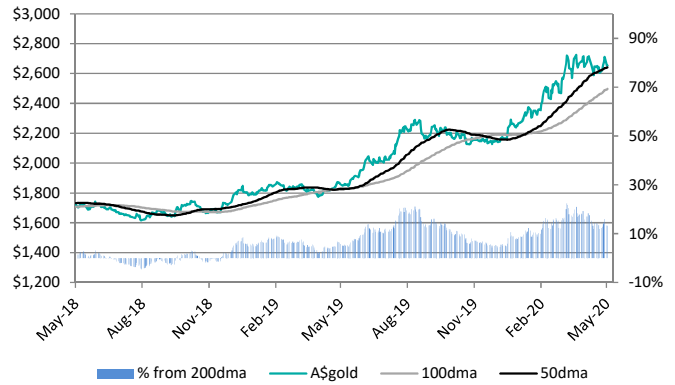
From a technical point of view the gold price continues to look very strong, consolidating at elevated levels in both US\$ and A\$ terms. Prices are looking less extended and we view this as supportive for the near-term outlook.

**Figure 25 – Rolling 2yr US\$ gold price and 200dma divergence**



SOURCE: IRESS, BELL POTTER ESTIMATES

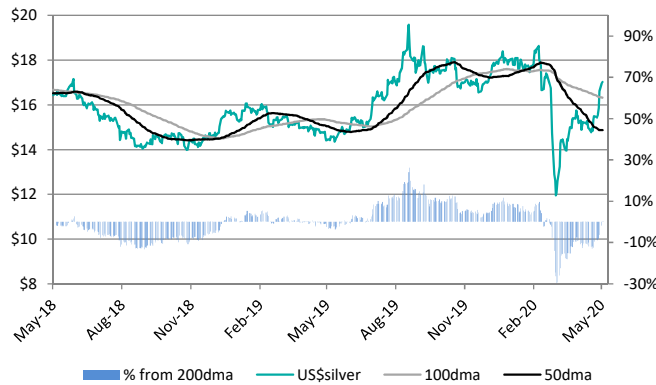
**Figure 26 – Rolling 2yr A\$ gold price and 200dma divergence**



SOURCE: IRESS, BELL POTTER ESTIMATES

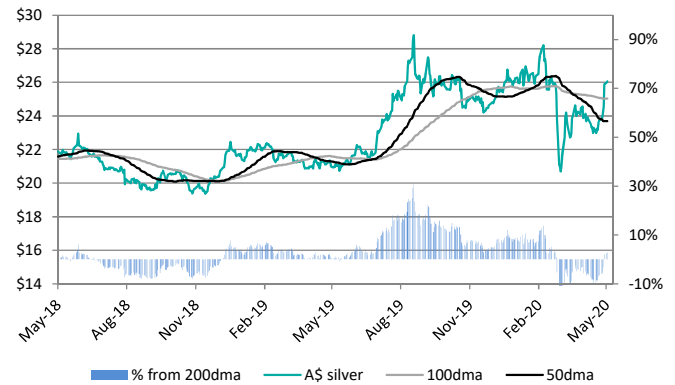
Silver has recovered well from a severe bout of volatility and, while coming off a low base, has locked in a little run of outperformance vs gold. We previously wrote that silver is relatively cheap and worth accumulating as a potentially leveraged alternative to gold. It has a long way to bounce back and we view the current market as highly conducive to this trade gaining momentum and for silver to outperform gold over the medium term.

**Figure 27 – Rolling 2yr US\$ silver price and 200dma divergence**



SOURCE: IRESS, BELL POTTER ESTIMATES

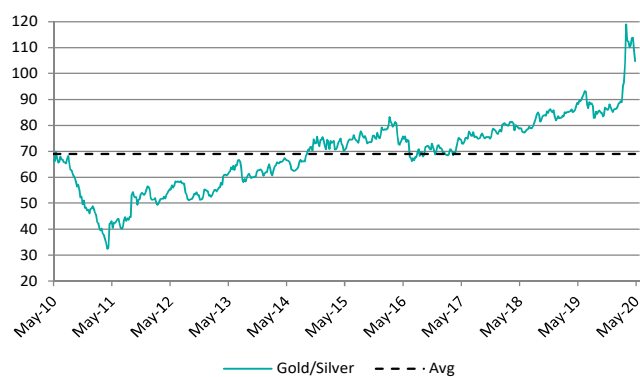
**Figure 28 – Rolling 2yr A\$ silver price and 200dma divergence**



SOURCE: IRESS, BELL POTTER ESTIMATES

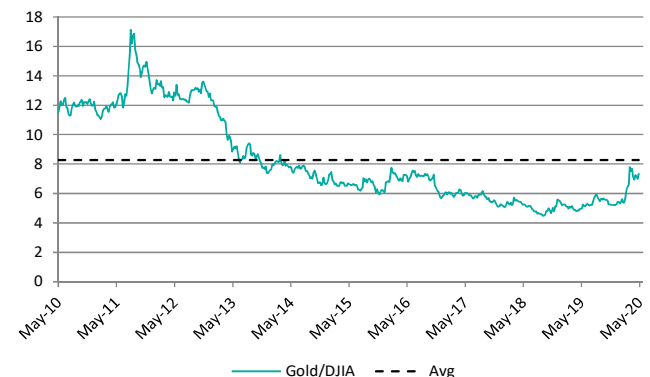
The gold:silver ratio has reached multi-decade highs and we see a compelling value opportunity. The market is bullish, gold still does not look expensive compared with equities and we believe silver can outperform – it has plenty of room to catch up.

**Figure 29 – Gold:Silver ratio (10 years)**



SOURCE: IRESS, BELL POTTER ESTIMATES

**Figure 30 – Gold vs DJIA (10 years)**



SOURCE: IRESS, BELL POTTER ESTIMATES

**GOLD IN CHARTS – EQUITY PERFORMANCE AND INDICATORS**

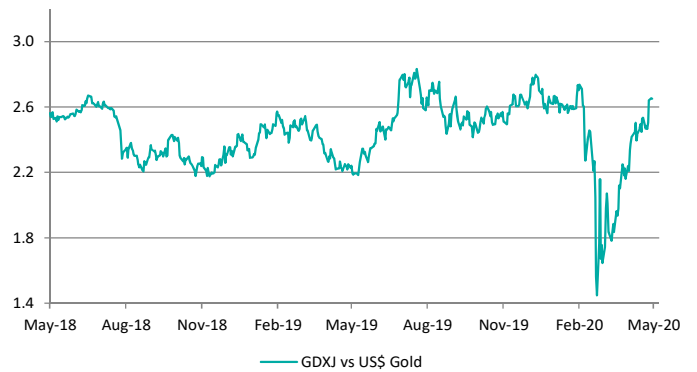
The charts below monitor the performance of gold equities vs gold bullion. Relative outperformance of the equities is, in our view, a good indicator of positive sentiment. Across all three Indices (GDX, GDXJ and XGD) we can see the equities have rocketed back to par, or better, vs the gold price after recent volatility. As noted on our Heat Map, A\$ gold has outperformed the XGD over the last 12 months and we are of the view that the equities have room to establish a trend higher.

**Figure 31 – Relative performance: GDX vs US\$ gold**



SOURCE: IRESS, BELL POTTER ESTIMATES

**Figure 32 – Relative performance: GDXJ vs US\$ gold**



SOURCE: IRESS, BELL POTTER ESTIMATES

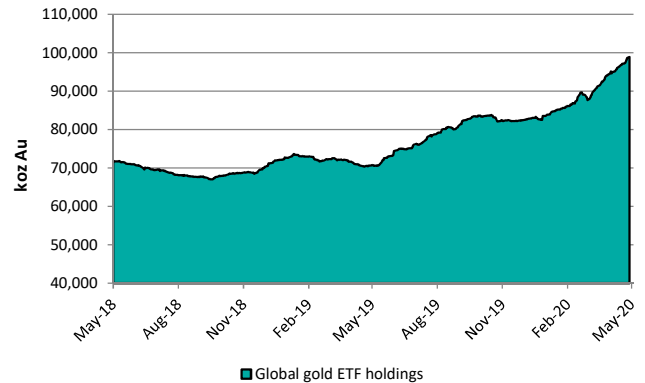
Global gold ETF holdings have continued to march higher, with only a single day of net outflows in the last two months. We had previously noted asset re-allocation trends during 2019 with a more recent flight to safety. This momentum is continuing.

**Figure 33 – Relative performance: XGD vs A\$ gold**



SOURCE: IRESS, BELL POTTER ESTIMATES

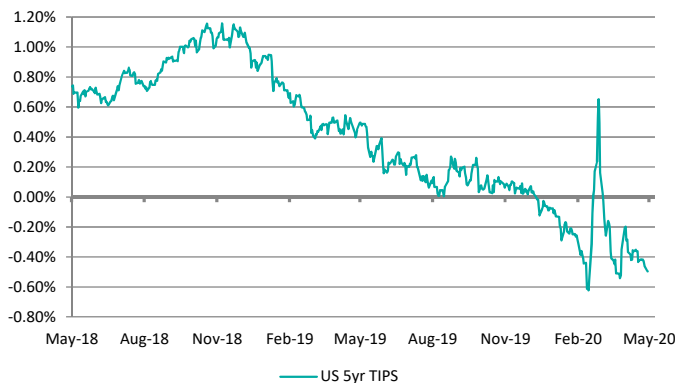
**Figure 34 – Total known ETF gold holdings**



SOURCE: BLOOMBERG

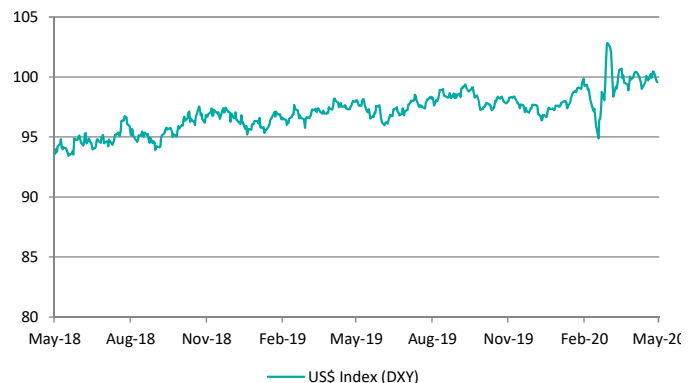
Real interest rates (as measured by US 5yr TIPS) have recovered from some recent extreme volatility and re-established an overall negative trend for real interest rates. Together with the DXY falling back from its highs, these factors round out an extremely supportive gold price environment, in our view.

**Figure 35 – US Treasury 5yr Inflation Protected Securities**



SOURCE: BLOOMBERG

**Figure 36 – US\$ Index (DXY)**



SOURCE: BLOOMBERG

**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.*

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