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Aeris Resources Ltd (AIS)

ROM acquisition builds scale and growth

Recommendation
Buy (unchanged)
Price
\$0.085
Target (12 months)
\$0.21/sh (previously \$0.25)

GICS Sector

Materials

Expected Return

Capital growth	147%
Dividend yield	0%
Total expected return	147%

Company Data & Ratios

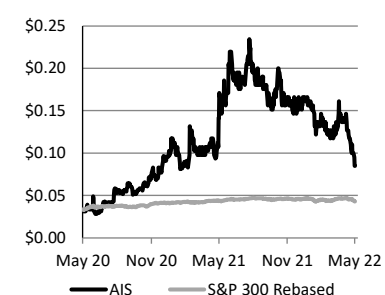
Enterprise value	\$322m
Market cap	\$411m
Issued capital*	4,837m
Free float	70%
Avg. daily val. (52wk)	\$2.3m
12 month price range	\$0.083-\$0.239

*Assumes expanded, post-deal capital base

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.14	0.13	0.11
Absolute (%)	-37.8	-35.5	-24.3
Rel market (%)	-30.4	-32.9	-21.0

Absolute Price



SOURCE: IRESS

AIS acquiring Round Oak Minerals for \$234m cash and scrip

AIS has entered into a binding agreement with Washington H. Soul Pattinson (WHSP), to acquire Round Oak Minerals (ROM) for total consideration of \$234m. It comprises a cash payment of \$80m and a scrip component of 1,466.7m new AIS shares, to be issued at a price of \$0.105/sh, valued at \$154m. Following the deal, WHSP will hold approximately 30.3% of AIS. AIS is funding the cash component via a fully underwritten \$117m equity raising and entitlement offer, also priced at \$0.105/sh. A total of 2,582.1m new shares will be issued.

Round Oak Minerals' assets

ROM is an Australian copper and zinc producer with operating mines and development assets within three of Australia's premier base and precious metals terranes: the producing Jaguar zinc-copper mine in WA; the producing Mt Colin underground copper-gold mine in QLD and the Stockman copper-zinc project in VIC. The acquisition adds production source and commodity diversity for AIS. Previously exposed only to copper and gold, we estimate that AIS' revenues will now have 15% and 5% exposure to zinc and silver, respectively, over FY23-FY30. The Stockman development project has a planned life of +10 years which, together with Tritton, gives AIS two long-life assets which we believe create a strong foundation for growth. We also view the acquisition as good value. AIS states an FY23e EV/EBITDA multiple of 1.9x for the deal (we estimate 2.1x FY23e EBITDA), with AIS trading on similar multiples in the lead-up to the deal. If there is a downside, it is the price at which the new equity has been issued, leading to EPS dilution. However, we argue this is offset by likely multiple expansion, due to AIS' increased scale, diversity and growth.

Investment thesis – Buy, TP\$0.21/sh (from Buy, TP\$0.25/sh)

Post-completion, ROM adds significant copper and zinc production, lifting AIS' FY23 and FY24 earnings 60% and 24% respectively. In FY22, EPS is cut 45% by the dilution of the deal and with no additional earnings. In FY23 and FY24 EPS is reduced by 26% and 46%, respectively. Our NPV-based valuation is cut 16% to \$0.21/sh. We retain our Buy recommendation.

Earnings Forecast

Year end 30 June	2021a	2022e	2023e	2024e
Sales (A\$m)	431	396	765	676
EBITDA (A\$m)	159	117	282	246
NPAT (reported) (A\$m)	61	39	149	88
NPAT (adjusted) (A\$m)	61	39	149	88
EPS (adjusted) (cps)	3.2	1.1	3.1	1.8
EPS growth (%)	nm	-66%	182%	-41%
PER (x)	2.7	7.7	2.7	4.6
FCF Yield (%)	10%	nm	23%	7%
EV/EBITDA (x)	2.0	2.7	1.1	1.3
Dividend (cps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	40%	14%	32%	16%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Acquisition adds scale and growth

AIS to acquire Round Oak Minerals for \$234m cash and scrip

AIS has entered into a binding agreement with Washington H. Soul Pattinson and Company Limited (WHSP), to acquire 100% of the share capital in Round Oak Minerals Pty Ltd (ROM). Total consideration for the acquisition is \$234m. It comprises a cash payment of \$80m and a scrip component of 1,466.7m new AIS shares, to be issued at a price of \$0.105/sh, valued at \$154m. Following the deal, WHSP will hold approximately 30.3% of AIS' expanded capital base.

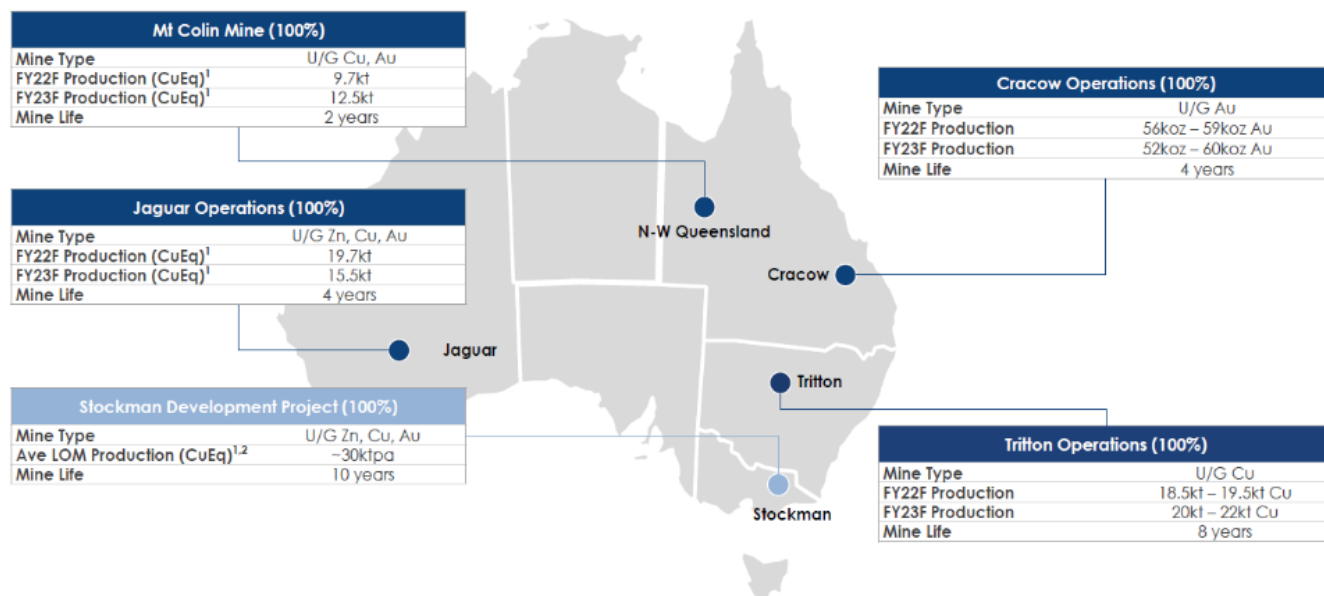
AIS is funding the cash component via a fully underwritten \$117m equity raising and a 1 for 4.22 accelerated non-renounceable entitlement offer, also priced at \$0.105/sh. Approximately 1,115.4m new ordinary shares will be issued via the Equity Raising, for a total of 2,582.1m new shares to be issued. The proceeds will fund the cash consideration and supplement AIS' balance sheet. Post completion of the deal, AIS' balance sheet will remain debt free and hold ~\$81m cash.

Round Oak Minerals' assets

ROM is an Australian copper and zinc producer with a 100%-owned portfolio of operating mines and development assets within three of Australia's premier base and precious metals terranes: the producing Jaguar zinc-copper mine in WA; the producing Mt Colin underground copper-gold mine (NW Queensland Operations) and the Stockman copper-zinc development project in Victoria. In FY21, ROM's producing assets generated EBITDA of \$183m equating to an EBITDA margin of 54.3%, which is highly competitive in the sector. Stockman is a transformational project with a planned mine life of 10 years and is progressing towards DFS and potential Final Investment Decision (FID) in FY23.

Figure 1 – Post-acquisition project portfolio - AIS

Diversified portfolio of four producing mines and a long life development asset with exploration upside across the portfolio



SOURCE: COMPANY DATA

Jaguar zinc-copper mine

The Jaguar mine is located 65km north of Leonora, Western Australia and consists of the Bentley underground mine (in production), the Triumph deposit (undeveloped), and the Jaguar and Teutonic Bore mines (which are both past-producing operations and now on care and maintenance (c&m)). The Bentley mine has a current planned mine life of approximately four years and is forecast to produce 15.5kt Cueq in FY23. It is a high-quality asset in an established mining jurisdiction that produces two separate concentrate streams; a copper concentrate (with gold and silver credits) and a zinc concentrate (with silver credits).

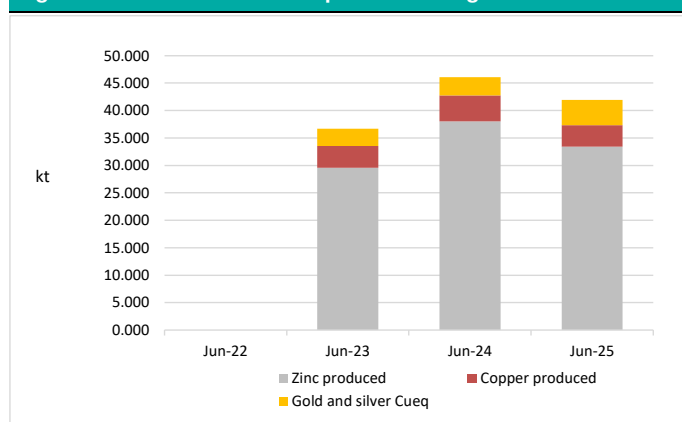
Future mine life extensions at Jaguar are likely, supported by multiple near-term exploration opportunities and a demonstrated history of resource replacement over its operating life. Key near-term mine life extension opportunities include the Turbo lens, for which a maiden Resource of 1.1Mt @ 1.91% Cu, 7.46% Zn, 38g/t Ag and 0.73g/t Au was reported in December 2021. Exploration Targets have also been estimated for the newly discovered Spectre lens, of 0.25-0.75Mt @ 1.5-1.9% Cu, 7-9% Zn, 60-100g/t Ag and 0.60-1.00g/t Au, and the newly discovered Turbo lens, of 0.75-1.25 Mt @ 1.4-1.6% Cu, 7.5-8.5% Zn, 40-80 Ag/t and 0.60-1.00g/t Au. Full realisation of these Exploration Targets would add another 3.3 years to the current planned mine life.

Table 1 - Project details - Jaguar

Asset	Jaguar (Bentley, Turbo, Bentayga)
Mineral Resources	7.0Mt @ 6.1% Zn, 1.1% Cu, 79g/t Ag, 0.5g/t Au
Ore Reserves	0.67Mt @ 9.3% Zn, 1.3% Cu, 134g/t Ag, 1.0g/t Au
Mine Type	Underground
Cueq prodn FY23e	15.5kt Cueq
CAPEX FY23e	\$57m
Primary Mining Method	Long hole open stoping (LHOS) with cemented rock fill used to backfill stopes
Processing	600ktpa Crush, grind, sequential floatation.
Life of Mine	~4 years

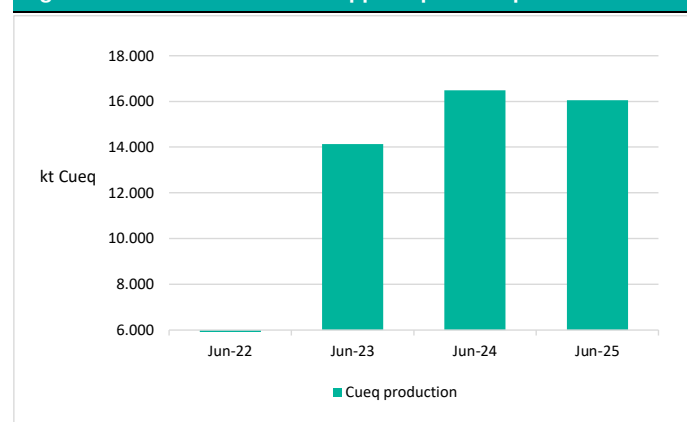
SOURCE: COMPANY DATA

Figure 2 – Bell Potter forecast production Jaguar



SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 3 - Bell Potter forecast copper equivalent production



SOURCE: BELL POTTER SECURITIES ESTIMATES

Mt Colin copper mine and NW Queensland tenements

The NW Queensland assets are comprised of the Mount Colin (Mt Colin) underground mining operation (in production), located mid-way between Mt Isa and Cloncurry, and the past-producing Barbara open pit (currently on C&M pending the completion of ongoing underground studies), which are collectively located in the highly-endowed Mount Isa and Cloncurry regions.

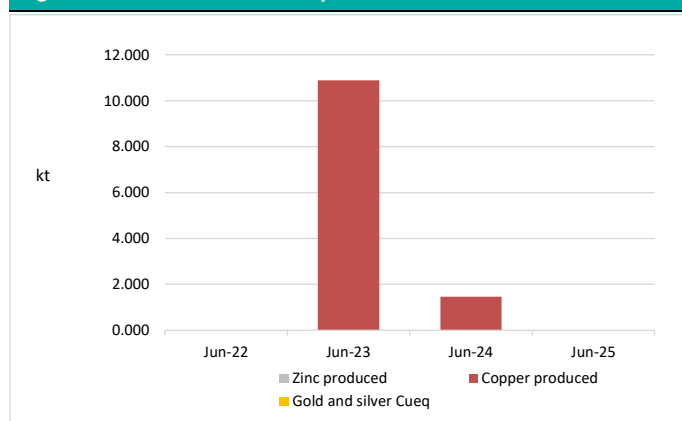
The Mt Colin mine has a current planned mine life of approximately two years at 12.5kt Cu-eq per year (FY22 and FY23) and produced 10.7kt Cu-eq in FY21. Ore grading 2.5-2.7% Cu is mined at the rate of ~450ktpa. AIS will review the Barbara development studies post-acquisition. Resources have been defined below the historic mined pits, showing potential for underground mining operations of similar scale to the current Mt Colin operations. In its evaluation, AIS will consider the potential transition of surface infrastructure from Mt Colin to Barbara at the end of the current Mt Colin mine life.

Table 2 - Project details – Mt Colin and NW QLD

Asset	Mt Colin	Barbara
Mineral Resources	1.5Mt @ 3.25% Cu, 0.60g/t Au	1.8Mt @ 1.95% Cu, 3.17g/t Ag, 0.18g/t Au
Ore Reserves	1.0Mt @ 2.68% Cu, 0.49g/t Au	N/A
Mine Type	Underground	Open-pit / Underground
Cueq prodn FY23e	12.5kt	N/A
CAPEX FY23e	~\$1m	N/A
Primary Mining Method	Long hole open stoping (LHOS) with paste and/or rock fill used to backfill stopes	Scoping study
Processing	Flotation, third party processing	Flotation, previously third party processing
Life of Mine	~2 years	

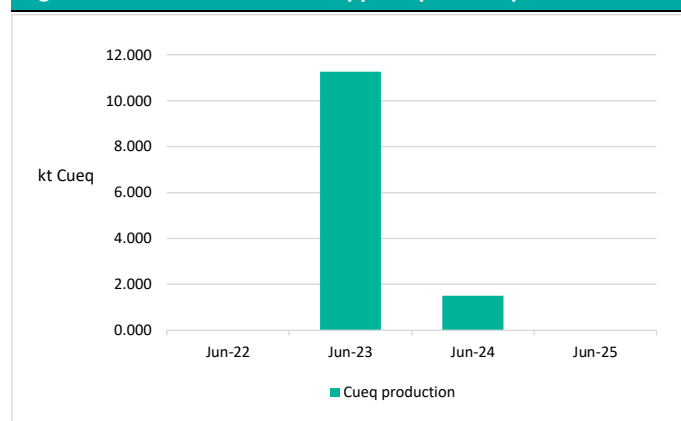
SOURCE: COMPANY DATA

Figure 4 - Bell Potter forecast production Mt Colin



SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 5 - Bell Potter forecast copper equivalent production



SOURCE: BELL POTTER SECURITIES ESTIMATES

Stockman underground copper-zinc development project

The Stockman project is an underground development project located in north-east Victoria, comprising two deposits that are expected to be mined together – Currawong and Wilga. All primary approvals are in place, including a granted Mining Lease covering the planned Wilga and Currawong mines, a granted Infrastructure Mining Licence covering the Tailings Storage Facility, and a Mine Work Plan approved by the State Government in April 2019. Secondary approvals remain pending, including for water management, roadworks, vegetation clearing and sewage treatment.

Stockman is expected to add to AIS' long-term production profile, with approximately 10 years of Ore Reserves supporting a production rate of ~30ktpa Cueq, plus significant exploration upside. These opportunities include the Eureka and Big Foot deposits, located adjacent to Currawong, which have been defined by ROM since it acquired the Stockman project. They are not included in the current mine plan. Eureka has an Inferred Resource of 528kt at 1.0% Cu, 3.0% Zn, 1.50g/t Au and 30g/t Ag. Bigfoot has an Inferred Resource of 471kt at 0.4% Cu, 3.6% Zn, 4.40g/t Au and 57g/t Ag. ROM is currently nearing completion of a Definitive Feasibility Study (DFS), with AIS targeting FID in FY23.

Table 3 - Project details - Stockman

Asset	Stockman (Currawong and Wilga)
Mineral Resources	14.8Mt @ 4.2% Zn, 2.0% Cu, 38g/t Ag, 1.1g/t Au
Ore Reserves	9.64Mt @ 4.28% Zn, 1.9% Cu, 36.8g/t Ag, 1.0g/t Au
Mine Type	Underground
Cueq prodn FY23e	N/A
CAPEX FY23e	N/A
Primary Mining Method	Long hole open stoping (LHOS) with paste and/or rock fill used to backfill stopes
Processing	1Mtpa Crush, grind, differential flotation
Life of Mine	~10 years, pending FID

SOURCE: COMPANY DATA

Valuation assumptions:

We include a notional mine plan and production scenario for the purposes of calculating a risk-adjusted, NPV-based valuation. Key metrics, in addition to the above, include:

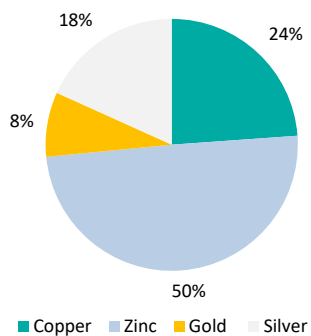
- CAPEX: \$275m
- Copper equivalent production (steady state, from FY27): 25.0ktpa, comprising:
 - Copper: 15.4ktpa;
 - Zinc: 29.8ktpa;
 - Silver: 639kozpa; plus
 - Gold: 5.7kozpa.
- AISC (A\$/lb, Cueq): A\$3.40/lb; and
- First production: FY26

For the purposes of our valuation, we apply a 35% discount to our un-risked NPV of the Stockman project, reflecting the Pre-Feasibility stage of development and remaining permitting requirements. We apply our long-term, in-house commodity price forecasts to our valuation (summarised p6). In our view, these are a conservative set of assumptions.

Commodity exposure by asset

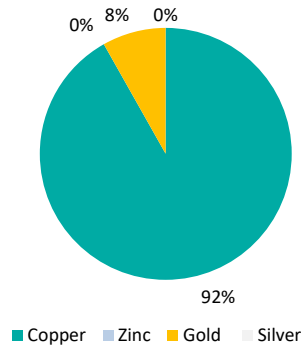
Based on our modelled production assumptions and commodity price forecasts we estimate the following revenue-by-commodity splits for the consolidated asset portfolio, from FY23 to FY30, including our modelled production for Stockman, from FY26.

Figure 6 – Project revenue splits by commodity - Jaguar



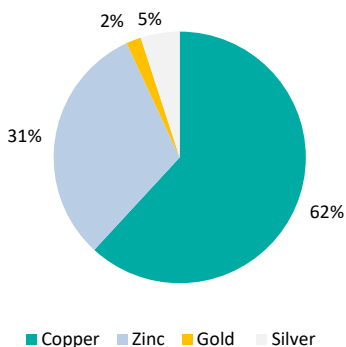
SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 7 - Project revenue splits by commodity – Mt Colin



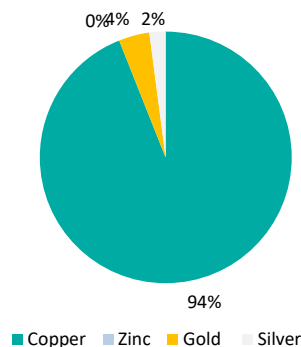
SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 8 – Project revenue splits by commodity – Stockman



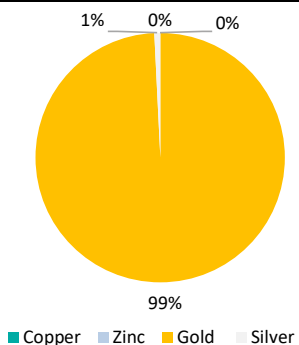
SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 9 - Project revenue splits by commodity - Tritton



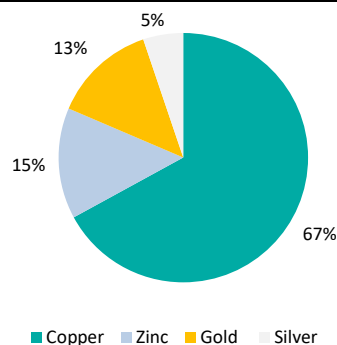
SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 10 – Project revenue splits by commodity - Cracow



SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 11 - Project revenue splits by commodity - COMBINED



SOURCE: BELL POTTER SECURITIES ESTIMATES

The long-term commodity price assumptions we apply, from CY25, include:

- Copper: US\$4.15/lb / US\$9,150/t (A\$5.60/lb / A\$12,365/t);
- Zinc: US\$1.15/lb / US\$2,535/t (A\$1.55/lb / A\$3,425/t);
- Gold: US\$1,950/oz (A\$2,635/oz);
- Silver: US\$23.00/oz (A\$31.10/oz); and
- AUD:USD: 0.74.

Changes to our forecasts

With this update, the planned acquisition of Round Oak Minerals, we have made the following changes to our modelled assumptions:

- Incorporated production, development, capital cost and operating cost assumptions for each of the key ROM assets, being the Jaguar Mine, the Mt Colin Mine and the Stockman development project, into our operating and financial forecasts for AIS;
- Increased our notional exploration valuation from \$60m to \$120m, reflecting the expansion of the exploration portfolio that comes with the ROM acquisition. This includes allowing for mine life extension opportunities at Jaguar, Mt Colin, Tritton and Cracow that are not in our modelled assumptions; and
- Updated for the pro-forma capital structure of AIS, as it will be following the completion of the acquisition, including the pro-forma balance sheet and WHSP's 30.3% post-deal shareholding.

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

Table 4 - Changes to earnings estimates									
Year ending 30 June	Previous			New			Change		
	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Prices & currency									
Copper (US\$/lb)	4.42	4.26	4.18	4.42	4.26	4.18	0%	0%	0%
Zinc (US\$/lb)	1.48	1.25	1.15	1.48	1.25	1.15	0%	0%	0%
Gold (US\$/oz)	1,847	1,905	1,900	1,847	1,905	1,900	0%	0%	0%
Silver (US\$/oz)	24	23	22	23.96	22.76	22.35	0%	0%	0%
US\$/A\$	0.73	0.73	0.73	0.73	0.73	0.73	0%	0%	0%
Production & costs - Base metals									
Copper produced (kt)	18.661	21.033	22.591	18.661	35.855	28.772	0%	70%	27%
Zinc produced (kt)	-	-	-	-	29,568	38,016	na	na	na
Copper equivalent produced (kt)	18.661	21.033	22.591	18.661	46.049	40.521	0%	119%	79%
AISC (A\$/lb Cueq)	4.92	4.36	4.23	4.92	4.36	3.96	0%	0%	-6%
Production & costs - Cracow									
Gold produced (koz)	56.787	62.293	60.695	56.787	62.293	60.695	0%	0%	0%
AISC (A\$/oz)	1,815	1,738	1,724	1,815	1,738	1,724	0%	0%	0%
Earnings									
Revenue (A\$m)	396	443	452	396	765	676	0%	73%	50%
EBITDA (A\$m)	117	170	169	117	282	246	0%	66%	45%
EBIT (A\$m)	49	95	88	49	169	124	0%	77%	41%
NPAT (adjusted) (A\$m)	45	93	71	39	149	88	-13%	60%	24%
EPS (reported) (cps)	2.0	4.2	3.2	1.1	3.1	1.8	-45%	-26%	-43%
PER (x)	4.6	5.3	6.3	7.7	2.7	4.6	3.1	(2.6)	(1.6)
EPS growth (%)	-37%	110%	-24%	-66%	182%	-41%	-28%	72%	-17%
DPS (reported) (cps)	-	-	-	-	-	-	na	na	na
Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
NPV (\$/sh)	0.239	0.253	0.300	0.191	0.211	0.247	-20%	-17%	-17%
Price Target (\$/sh)		0.250			0.210			-16%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The ROM acquisition is targeted for completion on 1 July 2022 and our FY22 earnings are unchanged, other than an allowance for transaction costs. Post-completion, the acquisition adds significant copper and zinc production in FY23 and FY24. In copper equivalent terms, production more than doubles in FY23 and increases 79% in FY24, compared with our prior copper production forecast. This flows through to significant increases in revenue, EBITDA and earnings in FY23 and FY24.

The dilution of the equity raise and share issue to WHSP is also illustrated. In FY22, EPS is impacted by the dilution of the increased issued capital, without the benefit of earnings from the acquisitions. In FY23 and FY24 EPS is reduced by 26% and 46% respectively, showing the acquisition to be EPS dilutive. We would, however, argue that the increased scale, diversification and organic growth should justify an expanded P/E multiple for AIS.

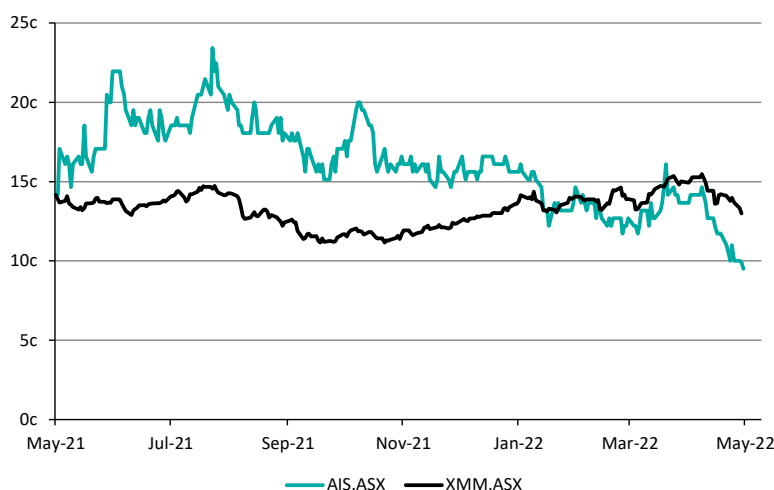
Upcoming catalysts

Upcoming catalysts for AIS include:

- Completion of the Entitlement Offer, scheduled for 25 May 2022;
- Completion of the ROM acquisition, currently planned for 1 July 2022;
- Ongoing exploration results at Tritton and Cracow. Multiple Resource updates are expected in coming quarters, including for the Constellation deposit (June quarter 2022), Budgerygar (June quarter 2022), the Murrawombie underground (September quarter 2022) and Kurrajong (September quarter 2022), all at the Tritton Copper Operations;
- Ongoing updates from metallurgical test work and other project development studies underway with respect to the Constellation deposit. Initial results indicate good recoveries will be achieved from the high value supergene mineralisation through the Tritton processing plant;
- Development and production ramp-up updates for the planned, three new production sources at Tritton, being the Budgerygar underground, the Avoca Tank underground and the Murrawombie open-pit cutback;
- Development and production ramp-up updates from Cracow, where the Roses Pride underground mine is expected to commence production stoping in the June 2022 quarter; and
- The June 2022 quarter production and cost report, due in late July 2022; and
- Completion of the updated DFS for the newly acquired Stockman Project, expected in 2HCY22, to be followed by FID before end FY23.

Share price performance vs ASX Metals and Mining Index

Figure 12 - AIS relative share price performance vs XMM



SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

Aeris Resources Ltd (AIS)

Company description

AIS is an ASX-listed copper production and exploration company whose primary assets are its 100% owned Tritton Copper Operations and 100% owned Cracow Gold Operations in Queensland. Tritton is located in the central west of NSW. Copper concentrate production commenced at Tritton in 2005 and has since averaged 20-25ktpa. The Cracow Gold Mine is located in QLD and was acquired by AIS from Evolution Mining (EVN, not rated) effective 1 July 2020. The transaction established AIS as a multi-mine, mid-tier copper-gold producer, achieving a major strategic objective. AIS remains committed to further growth, either organically or via M&A. This has been demonstrated with the current acquisition of ROM and its portfolio of Australian base and precious metals assets.

The Tritton Copper Operations currently produce 18-20ktpa of copper in concentrate from two active underground mines and the ~1.6Mtpa Tritton concentrator. The Cracow Gold Mine is targeting production of 57-60koz in FY22. Cracow currently has Reserves of 690kt @ 4.1g/t Au for 90koz contained.

Investment thesis – Buy, TP\$0.21/sh (from Buy, TP\$0.25/sh)

Post-completion, ROM adds significant copper and zinc production, lifting AIS' FY23 and FY24 earnings 60% and 24% respectively. In FY22, EPS is cut 45% by the dilution of the deal and with no additional earnings. In FY23 and FY24 EPS is reduced by 26% and 43% respectively. Our NPV-based valuation is cut 16% to \$0.21/sh. We retain our Buy recommendation.

Valuation methodology

Our valuation for AIS is based upon the 12-month forward NPV of our forecast free cash flows from the Tritton Copper Operations, the Cracow Gold Operations, the Jaguar Mine, the Mt Colin Mine and a risk adjusted valuation of the Stockman project, net of corporate administration costs. 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 across AIS' expanded project portfolio.

Table 5 – AIS sum-of-the-parts valuation

Sum-of-the-parts (+12 month Target Price)	\$m	\$/sh
Tritton (unrisked NPV10)	266.1	0.06
Cracow (unrisked NPV10)	88.8	0.02
Jaguar (unrisked NPV 10)	171.5	0.04
Mt Colin (unrisked NPV10)	39.7	0.01
Stockman (risk adjusted NPV 10)	206.8	0.04
Other exploration	120.0	0.02
Subtotal	892.8	0.18
Net cash (debt)	126.5	0.03
Total (undiluted)	1,019.3	0.21
Dilutive effect of options	-	-
Add cash from options	-	-
Total (diluted)	1,019.3	0.21

SOURCE: BELL POTTER ESTIMATES

We round our NPV-based valuation to the nearest cent for an updated Target Price of \$0.21/sh. With upside of 147% from the last closing share price to our valuation, we retain our Buy recommendation.

Resource sector risks

Risks to AIS 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. 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.
- **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.
- **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.
- **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 6 - Financial summary

PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e	Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e
Revenue	\$m	227.3	431.3	395.7	765.1	675.6	VALUATION						
Expense	\$m	(194.0)	(272.5)	(278.4)	(483.5)	(429.6)	NPAT	\$m	(38.4)	61.2	38.9	149.2	88.1
EBITDA	\$m	33.3	158.8	117.2	281.6	245.9	Reported EPS	c/sh	(7.4)	3.2	1.1	3.1	1.8
Depreciation	\$m	(35.3)	(85.9)	(68.0)	(112.1)	(122.0)	Adjusted EPS	c/sh	(3.0)	3.2	1.1	3.1	1.8
EBIT	\$m	(2.0)	72.9	49.2	169.4	123.9	EPS growth	%	nm	nm	-66%	182%	-41%
Net finance costs	\$m	(8.4)	(11.6)	(10.3)	(2.1)	(1.5)	PER	x	nm	2.7x	7.7x	2.7x	4.6x
Unrealised gains (Impairments)	\$m	(23.1)	-	-	-	-	DPS	c/sh	-	-	-	-	-
Other	\$m	(4.5)	-	-	-	-	Franking	%	0%	0%	0%	0%	0%
PBT	\$m	(38.0)	61.2	38.9	167.4	122.4	Yield	%	0%	0%	0%	0%	0%
Tax expense	\$m	0.3	-	-	18.1	34.3	FCF/share	c/sh	0.8	0.8	(1.1)	2.0	0.6
NPAT (reported)	\$m	(38.4)	61.2	38.9	149.2	88.1	P/FCFPS	x	10.1x	10.0x	nm	4.3x	13.7x
NPAT (underlying)	\$m	(15.2)	61.2	38.9	149.2	88.1	EV/EBITDA	x	9.7x	2.0x	2.7x	1.1x	1.3x
					133	99	EBITDA margin	%	15%	37%	30%	37%	36%
							EBIT margin	%	nm	17%	12%	22%	18%
							Return on assets	%	nm	18%	9%	23%	12%
							Return on equity	%	nm	40%	14%	32%	16%
							LIQUIDITY & LEVERAGE						
							Net debt (cash)	\$m	1.9	(70.0)	(139.0)	(234.5)	(264.3)
							ND / E	%	3%	-38%	-41%	-48%	-46%
							ND / (ND + E)	%	2%	-61%	-69%	-92%	-84%
							EBITDA / Interest	x	4.0x	13.7x	11.4x	136.1x	158.8x
							ORE RESERVES AND MINERAL RESOURCES						
							TRITTON COPPER OPERATIONS						
							Mineral Resource	Mt					
							Ore Reserve	kt Cu	19.8	1.4%	276		
									5.2	3.3%	65		
							CRACOW GOLD MINE						
							Mineral Resource	Mt					
							Ore Reserve	g/t Au	3.9		3.1		390
									0.7		4.1		90
							ASSUMPTIONS - Prices						
							Year ending 30 June (avg)	Unit	2020a	2021a	2022e	2023e	2024e
							Copper	US\$/lb	\$2.57	\$3.62	\$4.42	\$4.26	\$4.18
							Zinc	US\$/lb	\$1.00	\$1.21	\$1.48	\$1.25	\$1.15
							Gold	US\$/oz	\$1,570	\$1,852	\$1,847	\$1,905	\$1,900
							Silver	US\$/oz	\$16.99	\$25.53	\$23.96	\$22.76	\$22.35
							Currency						
							AUD:USD	A\$/US\$	0.67	0.75	0.73	0.73	0.73
							ASSUMPTIONS - Production & costs						
							Year ending 30 June	Unit	2020a	2021a	2022e	2023e	2024e
							Tritton						
							Copper produced	kt	25,042	22,987	18,661	21,033	22,591
							All-in-Sustaining-Costs	A\$/lb	\$3.49	\$3.70	\$4.92	\$4.36	\$4.23
							Cracow						
							Gold produced	koz	-	73,685	56.8	62.3	60.7
							All-in-Sustaining-Costs	A\$/oz	-	\$1,483	\$1,815	\$1,738	\$1,724
							Jaguar						
							Zinc produced	kt	-	-	-	29.6	38.0
							Copper produced	kt	-	-	-	3.9	4.7
							Copper equivalent	kt	-	-	-	14.1	16.5
							All-in-Sustaining-Costs (Cueg/lb)	A\$/lb	-	-	-	\$5.10	\$3.66
							Mt Colin/NW QLD						
							Copper produced	kt	-	-	-	10,886	1,458
							All-in-Sustaining-Costs	A\$/lb	-	-	-	\$3.41	\$3.40
							Stockman						
							Copper produced	kt	-	-	-	-	-
							Zinc produced	kt	-	-	-	-	-
							Copper equivalent	kt	-	-	-	-	-
							All-in-Sustaining-Costs (Cueg/lb)	A\$/lb	-	-	-	-	-
							VALUATION						
							Ordinary shares (m)						4,836.6
							Options in the money (m)						-
							Total shares diluted (m)						4,836.6
							Sum-of-the-parts	\$m	\$/sh	\$m	\$/sh	\$m	\$/sh
							Tritton (unrisked NPV10)	259.3	0.05	266.1	0.06	324.3	0.07
							Cracow (unrisked NPV10)	75.6	0.02	88.8	0.02	93.4	0.02
							Jaguar (unrisked NPV10)	155.9	0.03	171.5	0.04	186.8	0.04
							Mt Colin (unrisked NPV10)	36.7	0.01	39.7	0.01	4.8	0.00
							Stockman (risk adjusted NPV10)	188.0	0.04	206.8	0.04	245.0	0.05
							Other exploration	120.0	0.02	120.0	0.02	120.0	0.02
							Subtotal	835.5	0.17	892.8	0.18	974.2	0.20
							Net cash (debt)	88.7	0.02	126.5	0.03	221.9	0.05
							Total (undiluted)	924.2	0.19	1,019.3	0.21	1,196.2	0.25
							Dilutive effect of options	-	-	-	-	-	-
							Add cash from options	-	-	-	-	-	-
							Total (diluted)	924.2	0.19	1,019.3	0.21	1,196.2	0.247
							MAJOR SHAREHOLDERS						
							Shareholder	%					m
							WH Soul Pattinson		30.3%				1,466.7
							Tudor Court		9.9%				478.3
							Paradise IM		3.6%				176.1

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.

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