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Regis Resources Ltd (RRL)

Looking for a strong finish to FY22

Recommendation
Buy (unchanged)
Price
$2.09
Target (12 months)
$3.00 (previously $3.15)

GICS Sector

Materials

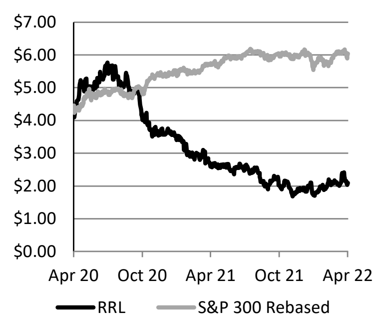
Expected Return	
Capital growth	43.5%
Dividend yield	0.0%
Total expected return	43.5%

Company Data & Ratios	
Enterprise value	$1,711m
Market cap	$1,578m
Issued capital	754.8m
Free float	89%
Avg. daily val. (52wk)	$16.6m
12 month price range	$1.665-$2.74

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	2.11	1.80	2.72
Absolute (%)	-0.9	16.1	-23.2
Rel market (%)	-1.3	12.0	-28.8

Absolute Price



SOURCE: IRESS

March 2022 quarterly report

RRL has reported March 2022 quarterly production of 103.1koz at AISC of A$1,574/oz. The result compared with our forecast of 113.9koz at AISC of A$1,491/oz and guidance of 112koz at AISC of A$1,465/oz. We had been looking for an improved quarterly production and cost performance, consistent with company guidance that production would be weighted to 2HFY22. Both the Duketon and Tropicana operations missed our estimates. At Duketon, production was steady at 74.8koz at AISC of A$1,670/oz (vs BPe 80.9koz at A$1,593/oz). At Tropicana, grades dropped 15% qoq, for production attributable to RRL of 28.3koz at AISC of A$1,216/oz (vs BPe 33.0koz at A$1,131/oz). Gold sales of $172m from 76.0koz (just 74% of gold production) were impacted by a build-up of gold-in-circuit and resulted in forward sales of 25koz at A$1,571/oz representing 33% of gold sales for the quarter. At quarter-end, RRL held cash and bullion of $167m (from $180m qoq) and drawn debt of $300m.

Down, but not out

The possibility of improved production and costs is now pushed back into the final quarter of FY22 and RRL looks likely to be heading for the low end of its (previously lowered) production guidance range and will be doing well to meet guided AISC. While this is disappointing for FY22, it is not, as yet, putting RRL's A$300m debt repayment (maturing end FY24) in jeopardy or otherwise putting pressure on the balance sheet. This is contingent on significant production growth at both operations (BPe ~500kozpa for FY23 and FY24) and we will need to see progress towards this in FY23. Costs and margins remain competitive with the sector and there is significant opportunity for organic growth to deliver a material re-rating, but RRL needs to deliver.

Investment thesis – Buy, TP $3.00/sh (from $3.15/sh)

We retain the view that on a risk-reward basis, RRL, with two long-life assets, is still attractive. Our FY22 earnings forecast is cut 24%, on higher costs and lower production. FY23 and FY24 earnings are cut 7% and 13% respectively, on higher costs. We maintain our Buy recommendation on a 5% lower target price of $3.00/sh.

Earnings Forecast

Year end 30 June	2021a	2022e	2023e	2024e
Sales (A$m)	819	999	1,201	1,163
EBITDA (A$m)	404	416	577	586
NPAT (reported) (A$m)	146	46	175	211
NPAT (adjusted) (A$m)	147	64	175	211
EPS (adjusted) (¢ps)	26.5	8.5	23.2	27.9
EPS growth (%)	-33%	-77%	278%	20%
PER (x)	7.9	34.0	9.0	7.5
FCF Yield (%)	-70%	0%	18%	21%
EV/EBITDA (x)	4.2	4.1	3.0	2.9
Dividend (¢ps)	7	-	5	5
Yield (%)	3%	0%	2%	2%
Franking (%)	100%	100%	100%	100%
ROE (%)	12%	3%	10%	11%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Looking for a strong finish to FY22

March 2022 quarterly report

RRL has reported consolidated March 2022 quarterly production of 103.1koz at AISC of A$1,574/oz. The result compared with our forecast of 113.9koz at AISC of A$1,491/oz and guidance of 112koz at AISC of A$1,465/oz. We had been looking for an improved production and costs performance qoq, consistent with company guidance that FY22 production would be weighted to 2HFY22.

At RRL's 100%-owned Duketon operations, production was steady at 74.8koz at AISC of A$1,670/oz (vs BPe 80.9koz at A$1,593/oz). While Moolart Well performed ahead of expectations, the Garden Well mine was unable to treat higher grade ore due to delays to commissioning the new oxygen circuit. At Rosemont, where a wall slip was the catalyst for the guidance downgrade during the quarter, grades remained low due to the resulting sterilisation of high grade ore.

At Tropicana, grades dropped 15% qoq, as mining rates were impacted by COVID-related absenteeism, reducing mill head grade as a higher proportion of low grade stockpiles were fed to the mill. RRL's 30% share of production was 28.3koz at AISC of A$1,216/oz (vs BPe 33.0koz at A$1,131/oz).

RRL reported gold sales of $172m from 76.0koz sold at a realised price of A$2,260/oz (including 25,000oz at A$1,571/oz delivered into RRL's hedge book). We calculate hedged sales to be 33% of RRL's gold sales for the quarter, resulting in a 13% discount to the average spot price. Both these numbers were elevated due to a build-up of gold-in-circuit and sales being just 74% of gold production. RRL's hedge book stands at 245koz forward sold at A$1,571/oz. At quarter-end, RRL held cash and bullion of $167m (from $180m qoq) and drawn debt of $300m. Guidance was maintained for production of 420-475koz at AISC of $1,425-1,500/oz.

Key metrics from the March 2022 quarterly are summarised below:

Table 1 – Quarterly operations summary

	Mar-21 Actual	Jun-21 Actual	Sep-21 Actual	Dec-21 Actual	Mar-22 Actual	Mar-22 BP est.	Variance qoq	Variance % BP est.
Duketon								
Ore mined (Mt)	2.000	2.670	2.220	2.760	**3.200**	**2.880**	16%	11%
Ore milled (Mt)	2.362	2.281	2.226	2.256	**2.252**	**2.355**	0%	-4%
Head grade (g/t Au)	1.23	1.45	1.13	1.14	**1.17**	**1.17**	3%	0%
Recovery (%)	91.9%	91.0%	90.3%	90.9%	**88.2%**	**91.0%**	-2.7%	-2.8%
Gold produced (oz Au)	85,748	96,829	73,074	74,829	**74,808**	**80,876**	0%	-8%
AISC (A$/oz)	$1,388	$1,254	$1,618	$1,728	**$1,670**	**$1,593**	-3%	5%
Tropicana - 100%								
Ore mined (Mt)	0.486	0.580	0.870	1.300	**0.700**	**1.000**	-46%	-30%
Ore milled (Mt)	2.186	1.437	2.430	2.392	**2.364**	**2.400**	-1%	-1%
Head grade (g/t Au)	1.26	1.39	1.38	1.62	**1.38**	**1.55**	-15%	-11%
Gold produced (oz Au)	82,393	57,722	96,381	111,510	**94,403**	**110,033**	-15%	-14%
Gold produced - RRL attr. 30% (oz Au)	-	17,317	28,915	33,453	**28,321**	**33,010**	-15%	-14%
AISC (A$/oz)	$2,120	$2,121	$1,179	$1,002	**$1,216**	**$1,131**	21%	8%
Total - RRL attr.								
Gold produced (oz Au)	85,748	114,146	101,989	108,282	**103,128**	**113,885**	-5%	-9%
AISC (A$/oz)	$1,388	$1,386	$1,493	$1,533	**$1,574**	**$1,491**	3%	6%

SOURCE: REGIS RESOURCES LTD AND BELL POTTER SECURITIES ESTIMATES *NOTE JUNE QUARTER 2021 ACTUAL REPORTS ONLY 2 MONTHS OF PRODUCTION FROM TROPICANA*

Other key takeaways from the quarter include:

- Higher grades and an improved mining performance at Moolart Well resulted in gold production increasing 21% qoq, to 20.5koz;
- Garden Well continued processing lower grade ore and stockpiles as Tooheys Well mill feed was deferred to June quarter due to a COVID-related delay in commissioning the new oxygen circuit at the process plant. Higher grades have now commenced being blended into the mill feed in the June quarter;
- Production at Rosemont did not increase as planned, due to wall slip that sterilised high grade ore in the pit floor. Underground ore at Rosemont was mainly lower grade development ore during the March quarter. Mining of high grade production ore from Main Zone stopes has since commenced;
- At Tropicana, mining rates were limited by labour availability as well as increased waste mining. Mill feed and head grades were lower. Access to higher grade ore is expected to be established in 2HCY22, beginning a trend of returning to higher production rates of 450-500kozpa (100% basis);
- Risk remains for further impact to both supply chains and access to labour for the balance of FY22, due to ongoing community spread of COVID-19; and
- There was no material update on the permitting of the McPhillamys project in NSW. The next key milestone remains a recommendation by the Department of Planning, Industry and Environment (DPIE) to the Independent Planning Commission (IPC).

Changes to our forecasts

Beyond updating for the March 2022 quarter production and cost report, we have made the following changes to our forecasts and valuation:

- Lowered our FY22 production forecast and increased our FY22 AISC assumptions for the RRL's consolidated operations, following the underperformance compared with our forecasts for the March 2022 quarter;
- Increased our sustaining CAPEX assumptions and our underlying unit cost assumptions, reflecting the recent actual cost performance at Duketon and Tropicana, as well as industry-wide cost and inflation pressures that are continuing to emerge;
- Marginally increase (by ~5%) our exploration valuation for RRL's exploration assets, including the McPhillamys project in NSW and Resource ounces at Duketon beyond our modelled mine plan, based on current market metrics; and
- Updated for our latest commodity price and exchange rate forecasts, which include increases to our CY22 and CY23 gold price assumptions. We also update for RRL's current capital structure and roll our model forward.

The net impacts to our estimates are summarised in the table below:

Table 2 – Changes to our earnings estimates

	Previous			New			Change		
Year ending 30 June	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Prices & currency									
Gold (US$/oz)	1,822	1,850	1,900	**1,847**	**1,905**	**1,900**	1%	3%	0%
US$/A$	0.73	0.73	0.73	**0.73**	**0.73**	**0.73**	0%	0%	0%
Gold (A$/oz)	2,493	2,534	2,603	**2,533**	**2,610**	**2,603**	2%	3%	0%
Production & costs									
Gold produced (koz)	438	523	514	**425**	**500**	**494**	-3%	-4%	-4%
AISC (A$/oz)	1,457	1,328	1,266	**1,478**	**1,380**	**1,310**	1%	4%	3%
Earnings & valuation									
Revenue (A$m)	1,015	1,228	1,214	**999**	**1,201**	**1,163**	-2%	-2%	-4%
EBITDA (A$m)	430	598	632	**416**	**577**	**586**	-3%	-4%	-7%
EBIT (A$m)	104	278	353	**84**	**261**	**309**	-19%	-6%	-13%
NPAT (underlying) (A$m)	78	187	243	**64**	**175**	**211**	-18%	-7%	-13%
NPAT (reported) (A$m)	61	187	243	**46**	**175**	**211**	-24%	-7%	-13%
EPS (reported) (cps)	8.0	24.9	32.2	**6.1**	**23.2**	**27.9**	-24%	-7%	-13%
PER (x)	26.0	8.4	6.5	**34.0**	**9.0**	**7.5**	8.0	0.6	1.0
EPS growth (%)	-69%	209%	29%	**-77%**	**278%**	**20%**	-7%	69%	-9%
DPS (reported) (cps)	-	6	6	**-**	**5**	**5**	na	-17%	-17%
Yield	0%	3%	3%	**0%**	**2%**	**2%**	0%	0%	0%
NPV ($/sh)	2.99	3.15	3.35	**2.80**	**3.00**	**3.19**	-6%	-5%	-5%
Price Target ($/sh)		3.15			**3.00**			-5%	

SOURCE: BELL POTTER SECURITIES ESTIMATES

Our FY22 earnings forecast is cut 24%, as higher costs and lower production offset an marginally higher gold price forecast. FY23 and FY24 earnings are cut 7% and 13% respectively, again on trimmed production and higher costs against a higher gold price. Our NPV-based valuation is lowered 5%, to $3.00/sh, as a result of these updates.

Quarterly progress monitor

RRL had already been tracking to the lower end of FY22 guidance (downgraded in February 2022) of 420-475koz at AISC of $1,425-1,500/oz.

In order to meet the low end of revised FY22 production guidance range, RRL needs to lift production by 4%, to ~107koz for the June quarter, at AISC of ~A$1,400/oz. To reach the midpoint of the guidance range a massive 134koz would be required, which we view as unlikely. With the March 2022 quarter below our forecasts, we now forecast FY22 production of 425koz at AISC of A$1,478/oz.

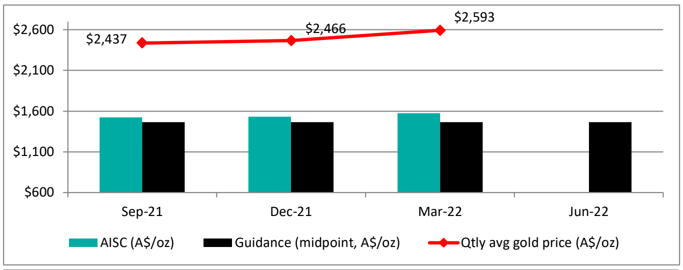
A breakdown of quarterly production and costs (relative to the downgraded guidance rates) is summarised in the chart and table below:

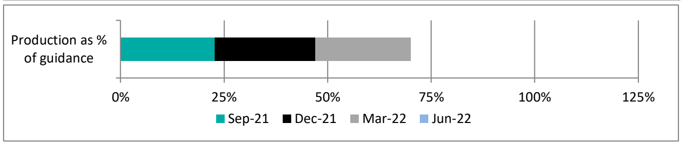
Figure 1 - RRL Quarterly progress monitor – FY22

Regis Resources (RRL)	Sep-21	Dec-21	Mar-22	Jun-22	YTD
Production					
Reported production (oz Au)	101,989	108,281	103,129		**313,399**
Guidance (midpoint, oz Au)	111,875	111,875	111,875	111,875	**447,500**
Cumulative progress (%)	22.8%	47.0%	70.0%	-	**70.0%**
Costs					
AISC (A$/oz)	$1,521	$1,530	$1,574		**$1,542**
Guidance (midpoint, A$/oz)	$1,463	$1,463	$1,463	$1,463	**$1,463**
Variance vs guidance (%)	4.0%	4.6%	7.6%	-	**5.4%**

Production guidance lowered 40koz (8%) at December quarter 2021 -100%

Cost guidance increased A$135/oz (10%) at December quarter 2021





SOURCE: IRESS, COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Upcoming catalysts

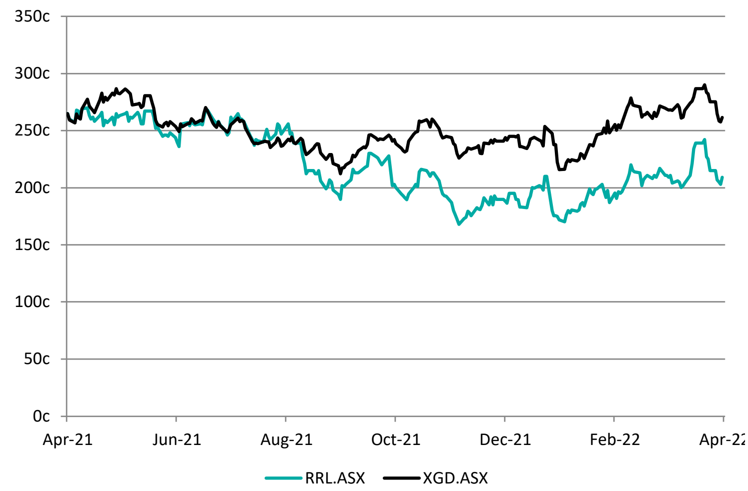
Upcoming catalysts for RRL include:

- Updates on RRL's access to labour, consumables and mobile plant in the context of COVID-19 related market tightness and any impacts these factors may have on the achievement of revised FY22 production and cost targets;
- Ongoing ramp-up of higher grade production ore from the Rosemont and Garden Well South underground mines, which we are anticipating will make an important contribution to meeting FY22 guidance and FY23 production growth targets;
- The June quarter 2022 production and cost report, expected in late July 2022;
- Progress on the permitting of the McPhillamys Gold Project in NSW. A positive recommendation from the NSW DPIE would be a material de-risking event for the project and, in our view, a positive catalyst for RRL, pending final approval from the NSW IPC;
- Any updated long-term production guidance for Tropicana; and
- Ongoing drilling results from the underground Resource development programs at Rosemont, Garden Well, Baneygo and Gloster. In our view the organic growth opportunities at Duketon are key potential positive catalysts for RRL.

Share price performance vs ASX Gold Index

Relative performance chart below:

Figure 2 - RRL relative share price performance vs XGD



SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

Regis Resources Ltd (RRL)

Company description

RRL is an established multi-mine gold producer with all of its operating mines located in Western Australia. The management team have a built track record as efficient operators and for on-time, capital efficient, project development. The Duketon Gold Project (located in the Laverton region 350km north, north-east of Kalgoorlie in WA) is RRL's flagship project and comprises the Duketon North Operations (DNO) and the Duketon South Operations (DSO). RRL has a combined 10Mtpa of installed processing capacity across the Duketon Project.

In May 2021 RRL completed the acquisition of a 30% interest in the Tropicana Gold Mine for cash consideration of A$889m. We forecast it to add ~130kozpa of attributable production at AISC of ~A$1,290/oz to RRL's production base for 10 years.

RRL also owns the McPhillamys Gold Project, a prospective, large, potential open pit project located in NSW, about 35km from Orange and Bathurst. It is currently advancing through the NSW permitting process, with hopes for key approvals and DFS in 2HFY22.

Investment thesis – Buy, TP $3.00/sh (from $3.15/sh)

We retain the view that on a risk-reward basis, RRL, with two long-life assets, is still attractive. Our FY22 earnings forecast is cut 24%, on higher costs and lower production. FY23 and FY24 earnings are cut 7% and 13% respectively, on higher costs. We maintain our Buy recommendation on a 5% lower target price of $3.00/sh.

Valuation methodology

Our valuation for RRL is based upon the 12-month forward NPV of our forecast free cash flows from the Duketon Gold Project and the 30% interest in the Tropicana Gold Mine, net of corporate administration costs and RRL's net cash position. This is included in a sum-of-the-parts valuation for the company which also includes a notional estimate for the value of the exploration potential of the balance of the Duketon tenements and the McPhillamys Gold Project in NSW, which is currently awaiting statutory approvals.

Table 3 – RRL sum-of-the-parts valuation

Sum-of-the-parts (+12 month Target Price)	$m	$/sh
Duketon (unrisked NPV_{10})	1,269.5	1.68
Tropicana (30%, unrisked NPV_{10})	846.7	1.12
Other exploration	309.0	0.41
Corporate overheads	(58.0)	(0.08)
Subtotal	2,367.1	3.14
Net cash (debt)	(101.1)	(0.13)
Total (undiluted)	**2,266.0**	**3.00**
Add options in the money (m)		0.7
Add cash	-	-
Total (diluted)	**2,266.0**	**3.00**

SOURCE: BELL POTTER ESTIMATES

Following the latest update, we calculate an NPV-based valuation and Target Price of $3.00/sh. With a total shareholder return of 43.5% from the last closing share price to our valuation, we retain our Buy recommendation.

Resource sector risks

Risks to Regis Resources 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.
- **Occupational health and safety risks.** Mining companies are particularly exposed to OH&S risks due to the inherent hazards of the operating environment and the human resource intensity of the activities undertaken.
- **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.
- **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.

Regis Resources Ltd
as at 29 April 2022

Recommendation	Buy
Price	$2.09
Target (12 months)	$3.00

Table 4 - Financial summary

PROFIT AND LOSS

Year ending June	Unit	2020a	2021a	2022e	2023e	2024e
Revenue	$m	755.8	818.8	998.8	1,201.3	1,163.0
Expense	$m	(360.4)	(415.2)	(582.8)	(624.2)	(576.6)
EBITDA	**$m**	**395.4**	**403.6**	**415.9**	**577.1**	**586.4**
Depreciation	$m	(107.9)	(188.6)	(331.8)	(316.4)	(277.7)
EBIT	$m	287.5	214.9	84.1	260.7	308.7
Net interest expense	$m	0.9	0.3	(7.2)	(13.5)	(12.2)
Unrealised gains (Impairments)	$m	(1.7)	(0.6)	-	-	-
Other	$m	(2.0)	(2.3)	(7.4)	(4.0)	(4.0)
PBT	**$m**	**284.7**	**212.4**	**69.4**	**243.2**	**292.6**
Tax expense	$m	85.1	66.2	23.1	68.1	81.9
NPAT (reported)	**$m**	**199.5**	**146.2**	**46.4**	**175.1**	**210.6**
NPAT (underlying)	$m	201.2	146.8	64.0	175.1	210.6

CASH FLOW

Year ending June	Unit	2020a	2021a	2022e	2023e	2024e
OPERATING CASHFLOW						
Receipts	$m	755.8	790.6	1,007.4	1,198.6	1,169.5
Payments	$m	(348.9)	(435.8)	(636.1)	(615.4)	(585.0)
Tax	$m	(63.8)	(77.1)	(38.2)	(68.1)	(81.9)
Net interest	$m	(0.1)	(1.4)	(10.9)	(13.5)	(12.2)
Other	$m	0.0	-	(2.0)	(4.0)	(4.0)
Operating cash flow	$m	**343.0**	**276.3**	**320.2**	**497.6**	**486.4**
INVESTING CASHFLOW						
Property, plant and equipment	$m	(51.1)	(21.1)	(85.1)	(77.6)	(75.6)
Mine development	$m	(77.5)	(129.6)	(126.5)	(51.8)	(50.4)
Exploration & evaluation	$m	(37.1)	(43.9)	(55.6)	(36.4)	(32.6)
Other	$m	(78.6)	(894.0)	(57.9)	(50.0)	-
Investing cash flow	$m	**(244.3)**	**(1,088.7)**	**(325.2)**	**(215.8)**	**(158.6)**
Free Cash Flow	$m	**98.7**	**(812.4)**	**(5.0)**	**281.8**	**327.8**
FINANCING CASHFLOW						
Share issues/(buy-backs)	$m	0.3	650.0	-	-	-
Debt proceeds	$m	-	293.7	-	-	-
Debt repayments	$m	-	-	-	-	(293.8)
Dividends	$m	(81.3)	(51.1)	(21.6)	(37.7)	(37.7)
Other	$m	(13.9)	(30.0)	(23.3)	-	-
Financing cash flow	$m	**(94.9)**	**862.6**	**(44.9)**	**(37.7)**	**(331.5)**
Change in cash	$m	3.7	50.2	(49.9)	244.1	(3.7)

BALANCE SHEET

Year ending June	Unit	2020a	2021a	2022e	2023e	2024e
ASSETS						
Cash & short term investments	$m	192.4	242.6	192.7	436.8	433.1
Accounts receivable	$m	7.8	14.8	15.3	17.9	11.5
Property, plant & equipment	$m	261.7	335.6	316.3	267.4	231.9
Mine development expenditure	$m	275.9	794.6	733.4	658.6	597.9
Exploration & evaluation	$m	230.3	491.7	498.6	521.8	498.8
Other	$m	183.8	433.7	567.6	567.6	567.6
Total assets	$m	**1,151.9**	**2,313.2**	**2,323.9**	**2,470.1**	**2,340.9**
LIABILITIES						
Accounts payable	$m	74.2	151.3	116.0	124.7	116.4
Income tax payable	$m	7.5	0.3	-	-	-
Borrowings	$m	-	293.8	293.8	293.8	-
Other	$m	235.1	283.4	304.5	304.5	304.5
Total liabilities	$m	**316.8**	**728.9**	**714.3**	**723.0**	**420.9**
SHAREHOLDER'S EQUITY						
Share capital	$m	435.1	1,095.5	1,096.6	1,096.6	1,096.6
Reserves	$m	31.2	35.2	35.7	35.7	35.7
Retained earnings	$m	368.7	453.6	477.3	614.7	787.7
Total equity	$m	**835.1**	**1,584.3**	**1,609.7**	**1,747.1**	**1,920.0**
Weighted average shares	m	508.2	554.4	754.1	754.1	754.1

CAPITAL STRUCTURE

Shares on issue	m		754.8
Total shares on issue	**m**		**754.8**
Share price	**$/sh**		**2.090**
Market capitalisation	$m		1,577.5
Net cash	$m		-133.0
Enterprise value (undiluted)	**$m**		**1,710.5**
Options outstanding (m)	m	(wtd avg ex. price $0.00 per share)	1.5
Options (in the money)	m		0.7
Issued shares (diluted for options)	m		755.5
Market capitalisation (diluted)	m		1,579.0
Net cash + options	$m		-133.0
Enterprise value (diluted)	**$m**		**1,712.0**

MAJOR SHAREHOLDERS

Shareholder	%	m
Van Eck (GDX &GDXJ)	10.5%	79.6
IP Concept	4.0%	30.0
State Street	5.4%	40.7

FINANCIAL RATIOS

Year ending June	Unit	2020a	2021a	2022e	2023e	2024e
VALUATION						
NPAT	$m	199.5	146.2	46.4	175.1	210.6
Reported EPS	c/sh	39.3	26.4	6.1	23.2	27.9
Adjusted EPS	c/sh	39.6	26.5	8.5	23.2	27.9
EPS growth	%	22%	-33%	-77%	278%	20%
PER	x	5.3x	7.9x	34.0x	9.0x	7.5x
DPS	c/sh	16.0	7.0	-	5.0	5.0
Franking	%	100%	100%	100%	100%	100%
Yield	%	8%	3%	0%	2%	2%
FCF/share	c/sh	19.4	(146.5)	(0.7)	37.4	43.5
P/FCFPS	x	10.8x	-1.4x	-313.9x	5.6x	4.8x
EV/EBITDA	x	4.3x	4.2x	4.1x	3.0x	2.9x
EBITDA margin	%	52%	49%	42%	48%	50%
EBIT margin	%	38%	26%	8%	22%	27%
Return on assets	%	19%	8%	2%	7%	9%
Return on equity	%	26%	12%	3%	10%	11%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	(192)	51	(25)	(297)	(538)
ND / E	%	-23%	3%	-2%	-17%	-28%
ND / (ND + E)	%	-30%	3%	-2%	-20%	-39%
EBITDA / Interest	x	-456.6x	-1234.2x	nm	nm	nm

ORE RESERVES AND MINERAL RESOURCES

	Mt	g/t Au	(koz)
Duketon	**Mt**	**g/t Au**	**(koz)**
Mineral Resource	177.0	0.9	5,370
Ore Reserve	69.0	0.9	1,990
Tropicana 30% basis	**Mt**	**g/t Au**	**(koz)**
Mineral Resource	43.5	1.6	2,292
Ore Reserve	14.7	1.7	808
McPhillamys + Discovery Ridge	**Mt**	**g/t Au**	**(koz)**
Mineral Resource	80.2	1.0	2,684
Ore Reserve	60.8	1.0	2,023
Total	**Mt**	**g/t Au**	**(koz)**
Mineral Resources	300.7	1.1	10,346
Ore Reserves	144.5	1.0	4,821

ASSUMPTIONS - Prices

Year ending June (avg)	Unit	2020a	2021a	2022e	2023e	2024e
Gold	US$/oz	$1,570	$1,852	$1,847	$1,905	$1,900
Gold	A$/oz	$2,342	$2,483	$2,533	$2,610	$2,603
AUD:USD	A$/US$	0.67	0.75	0.73	0.73	0.73

ASSUMPTIONS - Production & costs

Year ending June	Unit	2020a	2021a	2022e	2023e	2024e
Duketon						
Gold produced	koz	352.0	355.6	303.6	365.4	363.2
All-in-Sustaining-Costs (AISC)	A$/oz	$1,242	$1,348	$1,609	$1,464	$1,379
Tropicana						
Gold produced - 100%	koz	-	359.2	404.3	449.0	437.5
Gold produced - RRL 30%	koz	-	17.3	121.3	134.7	131.2
All-in-Sustaining-Costs (AISC)	A$/oz	-	$1,765	$1,148	$1,152	$1,118
Total						
Gold produced	koz	352.042	372.870	424.890	500.121	494.422
All-in-Sustaining-Costs (AISC)	A$/oz	$1,242	$1,368	$1,478	$1,380	$1,310

VALUATION

Ordinary shares (m)	**754.8**
Options in the money (m)	0.7
Diluted m	**755.5**

	current		+12 months		+24 months	
Sum-of-the-parts	**$m**	**$/sh**	**$m**	**$/sh**	**$m**	**$/sh**
Duketon (unrisked NPV10)	1,190.2	1.58	1,269.5	1.68	1,222.0	1.62
Tropicana (30%, unrisked NPV10)	819.2	1.09	846.7	1.12	782.9	1.04
Other exploration	309.0	0.41	309.0	0.41	309.0	0.41
Corporate overheads	(72.2)	(0.10)	(58.0)	(0.08)	(49.2)	(0.07)
Subtotal	2,246.2	2.98	2,367.1	3.14	2,264.7	3.00
Net cash (debt)	(133.0)	(0.18)	(101.1)	(0.13)	143.0	0.19
Total (undiluted)	**2,113.2**	**2.80**	**2,266.0**	**3.00**	**2,407.7**	**3.19**
Add options in the money (m)		0.7		0.7		0.7
Add cash	-	-	-	-	-	-
Total (diluted)	**2,113.2**	**2.80**	**2,266.0**	**3.00**	**2,407.7**	**3.19**

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.

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David Coates holds a long position in RRL

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