

5 May 2016

## PANTORO LIMITED (PNR)

### Secures 100% of Nicolson's with ramp up on track

Pantoro Limited announced MarQ production of 4,583oz at AISC of \$1,607/oz from the ongoing ramp up of the Nicolson's mine in Halls Creek. In March the mine produced ~2koz (~24kozpa) at AISC of A\$1,399/oz after commencing stope production later in the month. The Company will now embark on the first full quarter of stoping and is likely to achieve production in the order of ~30kozpa at AISC of ~A\$1,000/oz over the coming months.

PNR has announced the acquisition of the remaining 20% interest in Nicolson's from Bulletin Resources (BNR) which sees the Company now with 100% ownership of the Halls Creek Project. PNR will issue 130m shares to BNR and PNR will assume BNR's gold loan facility (1,376oz) and 50% of BNR's gold hedge facility (3,504oz) obligations. We value Nicolson's (20%) with a pre-tax NPV of ~A\$27m which suggests the A\$11.7m (130m shares @ 9c) all-scrip acquisition is at a significant discount (>50%) to our valuation.

### Splay vein continues to deliver with ~16g/t Au over 60m

The high grade splay vein has been developed on the 2185 level with 2,602t @ 16.04g/t Au developed over ~60m. The splay vein was initially identified on the 2210 and 2200 levels and has continued to deliver significantly high grades on the 2185 level. Gold production from the first three levels in the mine produced on average 1.86x the metal predicted in the reserve. The fourth level (2185) has delivered 132% overcall to reserve, indicating the overcall performance to date will continue. The large overcall at Nicolson's has been primarily due to the restart study being based on a predominantly RC drilling model conducted for an open pit strategy (by previous owners).

### Wagtail and Rowdies pits to commence in early FY17

The Company is aiming to commence open pit mining during the second half of CY16. Initial pit optimisations indicate three separate pits will be mined at Rowdies, Wagtail North and Wagtail South. PNR expect to release an initial open pit mining reserve during the JunQ. Open pit mining has potential to significantly improve the FY17 production and cost profile at Nicolson's. We currently model open pit mining to commence in CY17 hence we see upside to our valuation with the introduction of open pit mining this calendar year.

### Watch the costs drop with stoping, maintain Speculative Buy

The first full quarter of stoping should give strong results as the underground grades encountered so far at Nicolson's suggest stope production could deliver a diluted head grade of >10g/t Au. Our estimates suggest with the current vein grades (+15g/t Au) being mined at Nicolson's and with an acceptable dilution the Company has potential to be producing up to ~50kozpa over the coming quarters. Head grades should continue to improve as stopes are advanced from the outer extremities of the orebody towards the high grade mineralisation in the core of the deposit.

We see operating costs dropping dramatically over the coming quarters as the Company produces stopes from the significant high grade veins that have been developed over the past ~6 months. In our opinion the Nicolson's project is likely to be one of the highest grade underground gold mines in Australia and has potential to be operating with one of the lowest operating cost (A\$/oz) profiles of the ASX-listed gold producers. We maintain our Speculative Buy recommendation and a price target of 17c, NAV of 18c, spot NAV of 19c.

|                         |         |
|-------------------------|---------|
| Share Price             | \$0.083 |
| Valuation               | \$0.18  |
| Price Target (12 month) | \$0.17  |

**Brief Business Description:**  
Gold producer and explorer

#### Hartleys Brief Investment Conclusion

Gold producer focussed on the Halls Creek project in WA, ramping up towards ~50kozpa over the coming years

#### Chairman & MD

Peter Cook (Non-Exec Chairman)  
Paul Cmrlc (Managing Director)

#### Top Shareholders

|                            |       |
|----------------------------|-------|
| Robmar Investments Pty Ltd | 11.2% |
| Directors                  | 6.3%  |

#### Company Address

Level 3, 18-32 Parliament Place  
West Perth WA 6005

|   |        |
|---|--------|
| Issued Capital                            | 536.6m |
| - fully diluted (incl. convertible notes) | 758.6m |

|                 |          |
|-----------------|----------|
| Market Cap      | A\$44.5m |
| - fully diluted | A\$63.0m |

|                   |         |
|-------------------|---------|
| Cash (31 Mar 16a) | A\$7.0m |
|-------------------|---------|

|                              |         |
|------------------------------|---------|
| Debt (gold pre-pay facility) | A\$8.1m |
|------------------------------|---------|

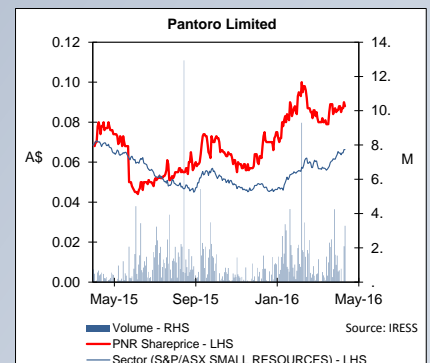
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|----|----------|
| EV | A\$45.6m |
|----|----------|

|                |           |
|----------------|-----------|
| EV/Resource oz | A\$218/oz |
|----------------|-----------|

|               |           |
|---------------|-----------|
| EV/Reserve oz | A\$531/oz |
|---------------|-----------|

| Prelim. (A\$m) | FY16e | FY17e | FY18e |
|----------------|-------|-------|-------|
| Prod (koz Au)  | 17    | 44    | 57    |
| Op Cash Flw    | 3     | 36    | 48    |
| Norm NPAT      | 3     | 25    | 33    |
| CF/Share (cps) | 0.6   | 6.2   | 8.0   |
| EPS (cps)      | 6.2   | 7.5   | 4.4   |
| P/E            | 9.5   | 1.3   | 1.1   |

|                 |     |
|-----------------|-----|
| Resources (koz) | 209 |
| Reserves (koz)  | 86  |



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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to PNR, for which it has earned fees and continues to earn fees. The analyst has a beneficial interest in PNR.

## SUMMARY MODEL

| Pantoro Limited<br>PNR  |                              | Share Price<br>\$0.083       |                                 |        |        |        | Speculative Buy |
|---|------------------------------|------------------------------|---------------------------------|--------|--------|--------|-----------------|
| <b>Key Market Information</b>   |                              |                              |                                 |        |        |        |                 |
| Share Price   |                              | \$0.083                      |                                 |        |        |        |                 |
| Market Capitalisation - ordinary  |                              | A\$45m                       |                                 |        |        |        |                 |
| Net Debt (cash)   |                              | \$1m                         |                                 |        |        |        |                 |
| Market Capitalisation - fully diluted   |                              | A\$50m                       |                                 |        |        |        |                 |
| EV  |                              | A\$51m                       |                                 |        |        |        |                 |
| Issued Capital  |                              | 536.6m                       |                                 |        |        |        |                 |
| Options   |                              | 62.0                         |                                 |        |        |        |                 |
| Issued Capital (fully diluted inc. all options)   |                              | 598.6m                       |                                 |        |        |        |                 |
| Issued Capital (fully diluted inc. all options and new capital)   |                              | 758.6m                       |                                 |        |        |        |                 |
| Valuation   |                              | \$0.18                       |                                 |        |        |        |                 |
| 12month price target  |                              | \$0.17                       |                                 |        |        |        |                 |
| <b>P&amp;L</b>  |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Net Revenue   | A\$m                         | 0.1                          | 27.1                            | 74.5   | 95.9   | 89.6   |                 |
| Total Costs   | A\$m                         | -1.6                         | -20.4                           | -36.0  | -45.3  | -45.1  |                 |
| EBITDA  | A\$m                         | -1.5                         | 6.7                             | 38.5   | 50.5   | 44.5   |                 |
| - margin  |                              | 0%                           | 25%                             | 52%    | 53%    | 50%    |                 |
| Depreciation/Amort  | A\$m                         | 0.0                          | -2.0                            | -2.8   | -3.7   | -4.6   |                 |
| EBIT  | A\$m                         | -1.5                         | 4.8                             | 35.7   | 46.8   | 39.9   |                 |
| Net Interest  | A\$m                         | 0.1                          | 0.1                             | 0.1    | 0.1    | 0.1    |                 |
| Norm. Pre-Tax Profit  | A\$m                         | -1.3                         | 4.9                             | 35.8   | 46.9   | 40.0   |                 |
| Reported Tax Expense  | A\$m                         | 0.0                          | 0.0                             | 0.0    | -1.3   | -12.0  |                 |
| Normalised NPAT   | A\$m                         | -0.9                         | 3.4                             | 25.0   | 32.9   | 28.0   |                 |
| Abnormal Items  | A\$m                         | -2.7                         | 1.5                             | 10.7   | 12.8   | 0.0    |                 |
| Reported Profit   | A\$m                         | -3.6                         | 4.9                             | 35.8   | 45.7   | 28.0   |                 |
| Minority  | A\$m                         | 0.0                          | 0.0                             | 0.0    | 0.0    | 0.0    |                 |
| Profit Attrib   | A\$m                         | -3.6                         | 4.9                             | 35.8   | 45.7   | 28.0   |                 |
| <b>Balance Sheet</b>  |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Cash  | A\$m                         | 6.8                          | 4.4                             | 32.3   | 75.7   | 100.8  |                 |
| Other Current Assets  | A\$m                         | 2.0                          | 2.4                             | 6.3    | 8.1    | 7.6    |                 |
| Total Current Assets  | A\$m                         | 8.8                          | 6.8                             | 38.6   | 83.8   | 108.4  |                 |
| Property, Plant & Equip.  | A\$m                         | 8.0                          | 10.0                            | 11.4   | 12.0   | 11.7   |                 |
| Exploration   | A\$m                         | 5.9                          | 9.9                             | 13.9   | 17.9   | 21.9   |                 |
| Investments/other   | A\$m                         | 6.8                          | 6.8                             | 6.8    | 6.8    | 6.8    |                 |
| Tot Non-Curr. Assets  | A\$m                         | 20.7                         | 26.7                            | 32.1   | 36.7   | 40.5   |                 |
| Total Assets  | A\$m                         | 29.4                         | 33.5                            | 70.7   | 120.5  | 148.9  |                 |
| Short Term Borrowings   | A\$m                         | 2.3                          | 2.3                             | 2.3    | 2.3    | 2.3    |                 |
| Other   | A\$m                         | 5.0                          | 1.8                             | 3.0    | 3.8    | 3.8    |                 |
| Total Curr. Liabilities   | A\$m                         | 7.3                          | 4.0                             | 5.3    | 6.1    | 6.1    |                 |
| Long Term Borrowings  | A\$m                         | 6.9                          | 6.9                             | 6.9    | 6.9    | 6.9    |                 |
| Other   | A\$m                         | 1.4                          | 1.4                             | 1.4    | 1.4    | 1.4    |                 |
| Total Non-Curr. Liabil.   | A\$m                         | 8.3                          | 8.3                             | 8.3    | 8.3    | 8.3    |                 |
| Total Liabilities   | A\$m                         | 15.6                         | 12.3                            | 13.6   | 14.4   | 14.4   |                 |
| Net Assets  | A\$m                         | 13.9                         | 21.2                            | 57.1   | 106.1  | 134.5  |                 |
| Net Debt  | A\$m                         | 2.4                          | 4.8                             | -23.1  | -66.5  | -91.6  |                 |
| <b>Cashflow</b>   |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Operating Cashflow  | A\$m                         | -1.4                         | 3.1                             | 35.8   | 49.5   | 45.0   |                 |
| Income Tax Paid   | A\$m                         | 0.0                          | 0.0                             | 0.0    | -1.3   | -12.0  |                 |
| Interest & Other  | A\$m                         | 0.1                          | 0.1                             | 0.1    | 0.1    | 0.1    |                 |
| Operating Activities  | A\$m                         | -1.3                         | 3.2                             | 35.9   | 48.3   | 33.1   |                 |
| Property, Plant & Equip.  | A\$m                         | -3.3                         | -4.0                            | -4.2   | -4.3   | -4.4   |                 |
| Exploration and Devel.  | A\$m                         | -0.7                         | -4.0                            | -4.0   | -4.0   | -4.0   |                 |
| Other   | A\$m                         | -3.5                         | 0.0                             | 0.0    | 0.0    | 0.0    |                 |
| Investment Activities   | A\$m                         | -7.5                         | -8.0                            | -8.2   | -8.3   | -8.4   |                 |
| Borrowings  | A\$m                         | 0.0                          | 0.0                             | 0.0    | 0.0    | 0.0    |                 |
| Equity or "tbc capital"   | A\$m                         | 3.8                          | 2.4                             | 0.2    | 3.3    | 0.4    |                 |
| Dividends Paid  | A\$m                         | 0.0                          | 0.0                             | 0.0    | 0.0    | 0.0    |                 |
| Financing Activities  | A\$m                         | 13.0                         | 2.4                             | 0.2    | 3.3    | 0.4    |                 |
| Net Cashflow  | A\$m                         | 4.3                          | -2.4                            | 27.9   | 43.4   | 25.1   |                 |
| <b>Shares</b>   |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Ordinary Shares - End   | m                            | 538.5                        | 577.5                           | 579.5  | 634.8  | 638.8  |                 |
| Ordinary Shares - Weighted  | m                            | 537.6                        | 558.0                           | 578.5  | 607.1  | 636.8  |                 |
| Diluted Shares - Weighted   | m                            | 537.6                        | 557.7                           | 578.9  | 607.9  | 636.9  |                 |
| <b>Ratio Analysis</b>   |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Cashflow Per Share  | A\$ cps                      | -0.2                         | 0.6                             | 6.2    | 8.0    | 5.2    |                 |
| Cashflow Multiple   | x                            | 0.0                          | 0.0                             | 0.0    | 0.0    | 0.0    |                 |
| Earnings Per Share  | A\$ cps                      | -0.7                         | 0.9                             | 6.2    | 7.5    | 4.4    |                 |
| Price to Earnings Ratio   | x                            | -12.4                        | 9.5                             | 1.3    | 1.1    | 1.9    |                 |
| Dividends Per Share   | AUD                          | -                            | -                               | -      | -      | -      |                 |
| Dividend Yield  | %                            | 0%                           | 0%                              | 0%     | 0%     | 0%     |                 |
| Net Debt / Net Debt + Equity  | %                            | 15%                          | 19%                             | -68%   | -168%  | -214%  |                 |
| Interest Cover  | x                            | 13.9                         | na                              | na     | na     | na     |                 |
| Return on Equity  | %                            | na                           | 16%                             | 44%    | 31%    | 21%    |                 |
| <b>Directors</b>  |                              |                              |                                 |        |        |        |                 |
| Peter Cook (Non-Exec Chairman)  |                              |                              | Company Information             |        |        |        |                 |
| Paul Cmrlac (Managing Director)   |                              |                              | Level 3, 18-32 Parliament Place |        |        |        |                 |
| Scott Haffadine (Executive Director)  |                              |                              | West Perth WA 6005              |        |        |        |                 |
| David Osikore (Non-Exec Director)   |                              |                              | +61 9215 6005                   |        |        |        |                 |
| David Okeley (Co-Sec)   |                              |                              | +61 9220 5757                   |        |        |        |                 |
|   |                              |                              | www.niugini.com.au              |        |        |        |                 |
| <b>Top Shareholders</b>   |                              |                              |                                 |        |        |        |                 |
|   | m shares                     | %                            |                                 |        |        |        |                 |
| Robmar Investments Pty Ltd  | 60.1                         | 11.2                         |                                 |        |        |        |                 |
| Directors   | 33.7                         | 6.3                          |                                 |        |        |        |                 |
| <b>Reserves &amp; Resources</b>   |                              |                              |                                 |        |        |        |                 |
|   | Mt                           | g/t Au                       | koz                             |        |        |        |                 |
| <b>TOTAL RESOURCE (inclusive of Reserve)</b>  |                              |                              |                                 |        |        |        |                 |
| Measured  | -                            | -                            | -                               |        |        |        |                 |
| Indicated   | 0.9                          | 5.9                          | 163                             |        |        |        |                 |
| Inferred  | 0.2                          | 6.4                          | 46                              |        |        |        |                 |
| Reserve   | 0.4                          | 6.2                          | 86                              |        |        |        |                 |
| <b>Production Summary</b>   |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Mill Throughput   | Mt                           | 0.0                          | 0.1                             | 0.2    | 0.2    | 0.2    |                 |
| Mined grade   | g/t                          | 0.00                         | 7.4                             | 9.5    | 9.2    | 8.7    |                 |
| Combined Recovery & Payability  | %                            | 0.0%                         | 94%                             | 95%    | 95%    | 95%    |                 |
| Gold  | (koz)                        | 0.0                          | 16.6                            | 43.5   | 56.5   | 53.5   |                 |
| void equiv  | (koz)                        | 0.0                          | 16.6                            | 43.5   | 56.5   | 53.5   |                 |
| M&I Resource Conversion   | %                            | 68%                          | 64%                             | 56%    | 48%    | 36%    |                 |
| Mine Life   | yr                           | 4.50                         | 4.50                            | 3.50   | 2.50   | 1.50   |                 |
| <b>Costs</b>  |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Cost per milled tonne   | \$/t                         | -                            | 202.0                           | 188.7  | 182.0  | 182.0  |                 |
| EBITDA / tonne milled ore   | \$/t                         | -                            | 89.7                            | 256.6  | 252.6  | 222.5  |                 |
| <b>C1: Operating Cash Cost = (a)</b>  |                              |                              |                                 |        |        |        |                 |
| (a) + Royalty = (b)   | \$/oz                        | -                            | 911                             | 650    | 644    | 681    |                 |
| (b) + Depreciation = (c)  | \$/oz                        | -                            | 992                             | 736    | 729    | 765    |                 |
| (c) + actual cash for development = (d)   | \$/oz                        | -                            | 1,029                           | 715    | 710    | 767    |                 |
| (d) + Royalty = (e)   | \$/oz                        | -                            | 1,392                           | 839    | 791    | 838    |                 |
| (e) + Royalty = (f)   | \$/oz                        | -                            | 1,110                           | 800    | 794    | 851    |                 |
| (f) + Royalty = (g)   | \$/oz                        | -                            | 1,473                           | 924    | 876    | 921    |                 |
| All In Sustaining Cost (AISC)   | \$/oz                        | -                            | 1,555                           | 1,005  | 955    | 988    |                 |
| <b>Price Assumptions</b>  |                              |                              |                                 |        |        |        |                 |
|   | Unit                         | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| AUD/USD   | AS/US\$                      | 0.81                         | 0.69                            | 0.89   | 0.73   | 0.75   |                 |
| Gold  | US\$/oz                      | 1187                         | 1124                            | 1183   | 1242   | 1255   |                 |
| Gold  | AS\$/oz                      | 1473                         | 1620                            | 1704   | 1697   | 1677   |                 |
| <b>Hedging</b>  |                              |                              |                                 |        |        |        |                 |
|   |                              | Jun 15                       | Jun 16                          | Jun 17 | Jun 18 | Jun 19 |                 |
| Hedges maturing?  |                              | No                           | Yes                             | Yes    | Yes    | No     |                 |
| <b>Sensitivity Analysis</b>   |                              |                              |                                 |        |        |        |                 |
|   | Valuation                    | FY17 NPAT                    |                                 |        |        |        |                 |
| Base Case   | 0.18                         | 35.8                         |                                 |        |        |        |                 |
| Spot Prices   | 0.19 (5.4%)                  | 35.7 (-0.2%)                 |                                 |        |        |        |                 |
| Spot USD/AUD 0.75, Gold \$1281/oz.  |                              |                              |                                 |        |        |        |                 |
| AUDUSD +/-10%   | 0.15 / 0.21 (-15.1% / 18.4%) | 29.6 / 43.6 (-17.3% / 22.0%) |                                 |        |        |        |                 |
| Gold +/-10%   | 0.21 / 0.15 (16.6% / -16.5%) | 42.9 / 29.0 (19.8% / -18.8%) |                                 |        |        |        |                 |
| Production +/-10%   | 0.18 / 0.18 (0.0% / 0.0%)    | 35.8 / 35.8 (0.0% / 0.0%)    |                                 |        |        |        |                 |
| Operating Costs +/-10%  | 0.17 / 0.19 (-7.4% / 7.3%)   | 32.9 / 38.6 (-7.9% / 7.9%)   |                                 |        |        |        |                 |
| <b>Unpaid Capital</b>   |                              |                              |                                 |        |        |        |                 |
|   | No. (m)                      | \$m                          | Avg price                       | % ord  |        |        |                 |
| 30-Jun-16   | 0.7                          | 0.1                          | 0.18                            | 0%     |        |        |                 |
| 30-Jun-17   | 2.0                          | 0.2                          | 0.09                            | 0%     |        |        |                 |
| 30-Jun-18   | 55.3                         | 3.3                          | 0.06                            | 10%    |        |        |                 |
| 30-Jun-19   | 4.0                          | 0.4                          | 0.10                            | 1%     |        |        |                 |
| 30-Jun-20   | 0.0                          | 0.0                          | 0.00                            | 0%     |        |        |                 |
| TOTAL   | 62.0                         | 4.0                          | 0.065                           | 12%    |        |        |                 |
| <b>Share Price Valuation (NAV)</b>  |                              |                              |                                 |        |        |        |                 |
| 100% Halls Creek (pre-tax NAV at disc. rate of 8%)  |                              | 131                          | 0.17                            |        |        |        |                 |
| Other Exploration   |                              | 40                           | 0.05                            |        |        |        |                 |
| Forwards  |                              | 0                            | 0.00                            |        |        |        |                 |
| Corporate Overheads   |                              | -19                          | -0.03                           |        |        |        |                 |
| Net Cash (Debt)   |                              | -1                           | 0.00                            |        |        |        |                 |
| Tax (NPV future liability)  |                              | -16                          | -0.02                           |        |        |        |                 |
| Options & Other Equity  |                              | 2                            | 0.00                            |        |        |        |                 |
| Hedging   |                              | 0                            | 0.00                            |        |        |        |                 |
| Total   |                              | 136                          | 0.18                            |        |        |        |                 |
| Analyst: Scott Williamson<br>+61 8 9268 3045<br>"tbc capital" could be equity or debt. Our valuation is risk-adjusted for how this may be obtained.<br>Sources: IRESS, Company Information, Hartleys Research |                              |                              |                                 |        |        |        |                 |

Last Updated: 05/05/2016

## VALUATION

Our sum of parts valuation for PNR assumes a ramp up at Nicolsons to ~200ktpa over the coming years. We assume a LOM head grade of ~9.0g/t Au at the Halls Creek project over a ~5 year minelife.

**Fig. 1: Halls Creek model assumptions**

*We assume a ramp up at Nicolsons to ~200ktpa over the coming years*

|  | Halls Creek        |
|--|--------------------|
| Life of mine average head grade                | 8.8g/t             |
| <b>LOM avg mill feed (mt pa)</b>               | <b>0.17mt pa</b>   |
| LOM Gold eq recovered grade g/t                | 8.4g/t             |
| LOM Au combined recovery & payability          | 95%                |
| Total Gold Sold                                | 0.22Moz            |
| Total Gold Sold pa                             | 44k oz pa          |
| Current Assumed Mine Life (yrs)                | 5yrs               |
| LOM avg selling price (AUD/gold oz)            | A\$ 1699 /oz       |
| <b>LOM avg C1 cash costs (AUD/gold oz)</b>     | <b>A\$ 676 /oz</b> |
| <b>LOM avg all in site costs (AUD/gold oz)</b> | <b>A\$ 928 /oz</b> |
| Life of mine annual net cash flow (A\$m pa)    | A\$ 26m pa         |
| <b>Spot pre-tax NPV (AUDm), unfunded</b>       | <b>A\$ 138.6m</b>  |

Source: Hartleys Estimates

*We assume a nominal A\$40m value for exploration upside*

We model a nominal A\$40m (\$0.05/share) value for exploration upside potential which is equal to ~1 year of free cashflow from Halls Creek. We believe PNR is well positioned for brownfield exploration success at Halls Creek through extension of the current known orebodies and discoveries within close proximity to the processing plant.

**Fig. 2: Hartleys Sum of Parts Valuation for PNR**

*Hartleys sum of parts valuation for PNR is A\$0.18/share*

|                                     | A\$m         | A\$/share   |
|-------------------------------------|--------------|-------------|
| 100% Halls Creek (pre-tax NAV @ 8%) | 130.7        | 0.17        |
| Other Exploration                   | 40.0         | 0.05        |
| Forwards                            | 0.0          | 0.00        |
| Corporate Overheads                 | -19.3        | -0.03       |
| Net Cash (Debt)                     | -1.1         | 0.00        |
| Tax (NPV future liability)          | -16.3        | -0.02       |
| Options & Other Equity              | 2.3          | 0.00        |
| Hedging                             | 0.0          | 0.00        |
| <b>Total</b>                        | <b>136.4</b> | <b>0.18</b> |

Source: Hartleys Estimates

## PRICE TARGET

Our price target is based on a ramp up to ~200ktpa at Nicolsons over the coming years. We have included weighting for the base case at consensus and spot pricing and a small weighting for the current net cash backing.

**Fig. 3: PNR Price Target Methodology**

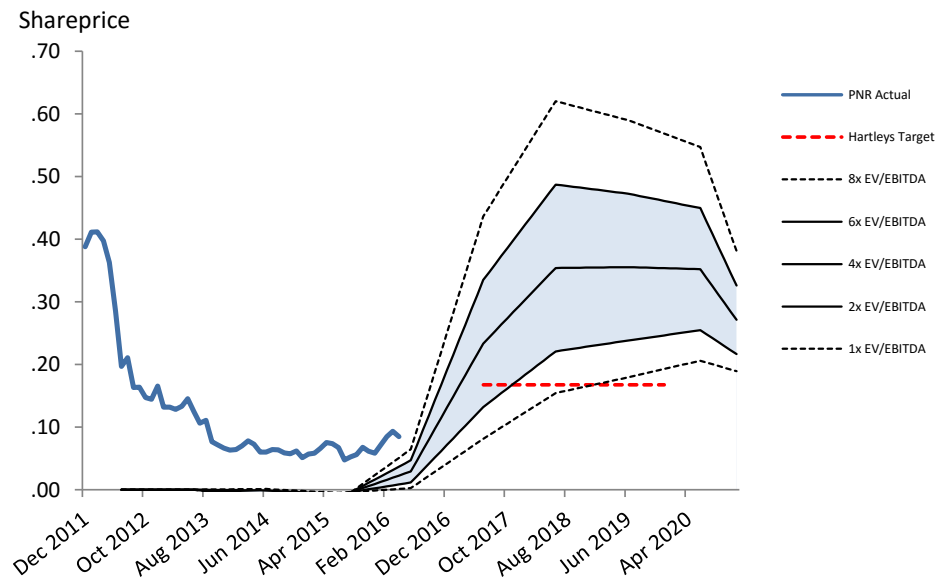
| Price Target Methodology                        | Weighting | Spot          | 12 mth out |
|---|-----------|---------------|------------|
| NPV base case                                   | 60%       | \$0.18        | \$0.19     |
| NPV at spot commodity and fx prices             | 30%       | \$0.19        | \$0.20     |
| Net cash backing                                | 10%       | \$0.00        | \$0.00     |
| <b>Risk weighted composite</b>                  |           | <b>\$0.16</b> |            |
| <b>12 Months Price Target</b>                   |           | <b>\$0.17</b> |            |
| Shareprice - Last                               |           | \$0.083       |            |
| <b>12 mth total return (% to 12mth target )</b> |           | <b>102%</b>   |            |

Source: Hartleys Estimates

Hartleys 12 month  
price target is 17c

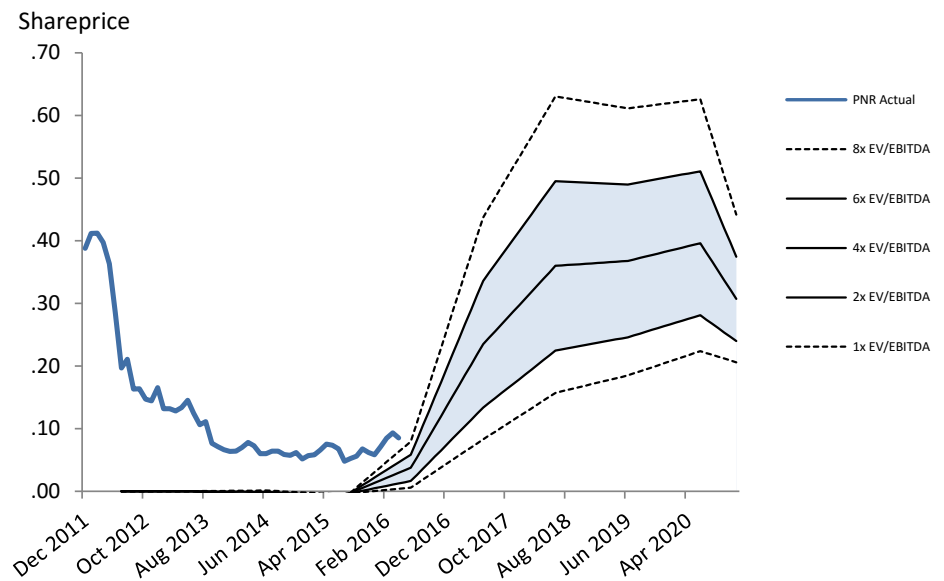
## EV/EBITDA BANDS

**Fig. 4: Using Hartleys base case commodity forecasts**



Source: Hartleys Estimates, IRESS

**Fig. 5: Using spot commodity prices**



Source: Hartleys Estimates, IRESS

## RISKS

**Fig. 6: Key assumptions and risks for valuation**

| Assumption                   | Risk of not realising assumption | Risk to valuation if assumption is incorrect | Comment  |
|------------------------------|----------------------------------|--|--|
| 200ktpa Halls Creek Project  | Moderate                         | Meaningful                                   | PNR is leveraged to the success of the Halls Creek project. We model Nicolson's ramping up to 200ktpa for 5 years and achieving up to ~50kozpa @ AISC of ~A\$800/oz                                  |
| Model parameters             | Moderate                         | Meaningful                                   | We have made a number of large assumptions in our valuation of PNR, changes in these assumptions can change our valuation to both the upside and downside  |
| Exploration upside potential | Moderate                         | Meaningful                                   | We assume exploration upside at the Halls Creek project. Some downside risk to our valuation exists if PNR has no further exploration success  |
| Geological Risk              | Moderate                         | High   | The current Nicolson's resource estimate has been drilled predominantly with RC drilling, if the updated resources change considerably our valuation will be at high risk to the upside and downside |

**Conclusion**

*We have made significant assumptions but believe these are achievable.*

Source: Hartleys Research

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## Hartleys Recommendation Categories

|                       |  |
|-----------------------|--|
| Buy                   | Share price appreciation anticipated.  |
| Accumulate            | Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".   |
| Neutral               | Take no action. Upside & downside risk/reward is evenly balanced.  |
| Reduce / Take profits | It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.   |
| Sell                  | Significant price depreciation anticipated.  |
| No Rating             | No recommendation.   |
| Speculative Buy       | Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk. |

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