GMP

Equity Research

Pacific Niugini[1,7]

BUY

PNR-ASX

Last: **A$0.05**

Target: **A$0.11**

August 16, 2015

Initiating coverage: Australia's newest high-grade gold miner

High-grade production imminent from Nicolsons gold mine

The name plate production rate of 30kozpa is expected next quarter. The company estimates low cost production at AISC of A$900/oz. At a market capitalisation of just A$19m, the company looks undervalued despite a relatively short initial mine life of 4.5 years.

Head grade expected to improve on reserve grades

We expect head grades to improve significantly from the 6.2g/t Au reserve grade as the reserve drilling technique (RC drilling) will have overestimated tonnes and underestimated grades. The first production face that we viewed on site averaged 12g/t Au offering further support that head grades will improve on those modelled. An increased head grade and lowering of tonnes will greatly improve costs and lift ounces produced and offers substantial upside on our valuation.

Exploration likely to extend mine life

Current resources are only tested down to 300m and the mine plan currently only extends to just 200m below surface at Nicolsons. High-grade mineralisation remains open below this depth and we expect planned drilling from underground to define additional ounces. The 2.5km Nicolsons shear zone also hosts in excess of 46koz of known resources at open-pitable depths that could add high grade, low cost open cut ounces to an easily expandable processing plant. The region is underexplored and additional exploration ounces are expected once cash flow is available to finance exploration.

Strong technical skills and experienced management

Management is led by the successful Metals X team of Peter Cook and Paul Cmrlec. Both have a strong record of developing successful mining projects.

Initiating with a BUY and price target of A$0.11/share

Our SOTP valuation based price target indicates PNR is currently a BUY. We like the company and believe there is considerable upside potential on our valuation. Our valuation applies a DCF valuation on Nicolsons, a peer aligned exploration portfolio valuation, and assumed 30 September cash.

Rating	BUY
Target (A$)	$0.11
Gold Production 2016E (koz)	21.81
Gold Production 2017E (koz)	25.70
Gold Production 2018E (koz)	26.48

Share Data

Share o/s (mm, basic/f.d. itm)*	490.6
52-week high/low (A$)	0.082/0.044
Market cap (A$m)*	$25.51
EV (A$m)*	$21.12
Net debt (A$m)*	-$4.40
Projected return*	103%
NAV0%/share	$0.92
NAV8%/share	$0.11
P/NAV0%	0.06
P/NAV8%	0.49

Financial Data

YE Jun. 30	FY16E	FY17E	FY18E
Gold production (k oz)	22	26	26
Cash costs (A$/oz)	$969	$1,013	$860
Capex (A$m)	-$4	$0	$0
EBITDA (A$m)	$8	$10	$16
EPS	$0.01	$0.01	$0.02
CFPS	$0.01	$0.02	$0.03
P/E	7.4	7.5	2.6
P/CF	7.8	3.1	1.6
EV/EBITDA	2.5	2.1	1.3

*All figures in A$ unless otherwise noted

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Investment case

PNR looks undervalued by the market currently. We believe that the Nicolsons gold mine represents an excellent opportunity to realise significant value in this high-grade mining operation where capex is already sunk in a processing plant and a decline to ore. Ore is expected to have favourable metallurgy for processing with additional upside is expected as mined head grades should return above current reserve grades. We value the company at A$52m or 11c/share. A summary of our valuation is shown in the following table.

Figure 1. PNR sum of the parts valuation (A$m)

Asset	Discount rate	NAV "X" Factor	NAV Target (A$)	Target Price (A$)
Nicolson Gold mine	8%	1.00 X	$35.9	$0.07
Exploration Upside	n.a.	p/nav	$8.5	$0.02
Cash	n.a.	p/nav	$7.4	$0.02
Total NAV			**$51.8**	**$0.11**

Source: GMP research

Nicolsons is Australia's newest gold mine with full ramp up of low cost (GMPe AISC of A$1050/oz) high-grade ounces in the favourable Australian operating environment expected next quarter. The weak Australian dollar, low labour and low diesel costs make now an excellent time to commence gold production in Australia.

A review of core and the base of the decline indicate that the challenging ground conditions previously encountered at shallow depths in the decline are behind the company now. The recently completed rights issue ensures working capital during the current ramp up phase.

Whilst underground, we viewed an ore face that reported at 12g/t Au, almost double the reserve grade of 6.2g/t Au. We expect head grade to continue to return grades in excess of the reserve grade as the drilling technique used to define the reserve will have likely exaggerated tonnes and diluted grade. Development on the first ore drive at the 2220 level has continued to advance through bonanza style high-grade mineralisation with new un-cut results in addition to those reported on 23 July 2015 including: 3.1 m @ 28.21 g/t, including 1.7 m @ 51.14 g/t, 5.6 m @ 19.72 g/t, 0.9 m @ 10.33 g/t, 0.7 m @ 18.70 g/t and 2.1 m @ 10.2 g/t. This can be seen as considerable upside on our valuation with an 8g/t Au head grade generating an NPV8 of A$70m (14c/share), a 10g/t Au head grade generating an NPV8 of A$95m (19c/share) and a 12g/t Au head grade (in line with the face we viewed) generating an NPV8 of A$121m (25c/share).

The CIP plant is in good condition and the ore has very favourable low cost processing characteristics. The small plant could be cheaply expanded, thus presenting additional potential upside to our valuation. Key permitting is in place and all significant projects are on granted mining leases. Ground water is fresh and ore is favourable to high recoveries. The project also comes with a carry forward tax loss of ~A$30m and is effectively tax free on the initial LOM.

Management is good quality and corporate costs are likely to remain minimal. Hedging that is in place is well priced and we would be happy to see additional hedged ounces. Management's strategy to focus on developing Nicolsons and then look to exploration upside seems prudent.

We would expect the relatively small reserve base to grow once drilling commences from underground at Nicolsons. We view exploration upside favourably with the reserve open below

300m and mineralisation showing signs of continuing down plunge. We also see near-term potential for open pit oxide feed to complement underground production.

We feel PNR is currently undervalued based on our sum of the parts valuation. In our view, there is significant potential upside to this NAV. Consequently, we initiate with a BUY recommendation.

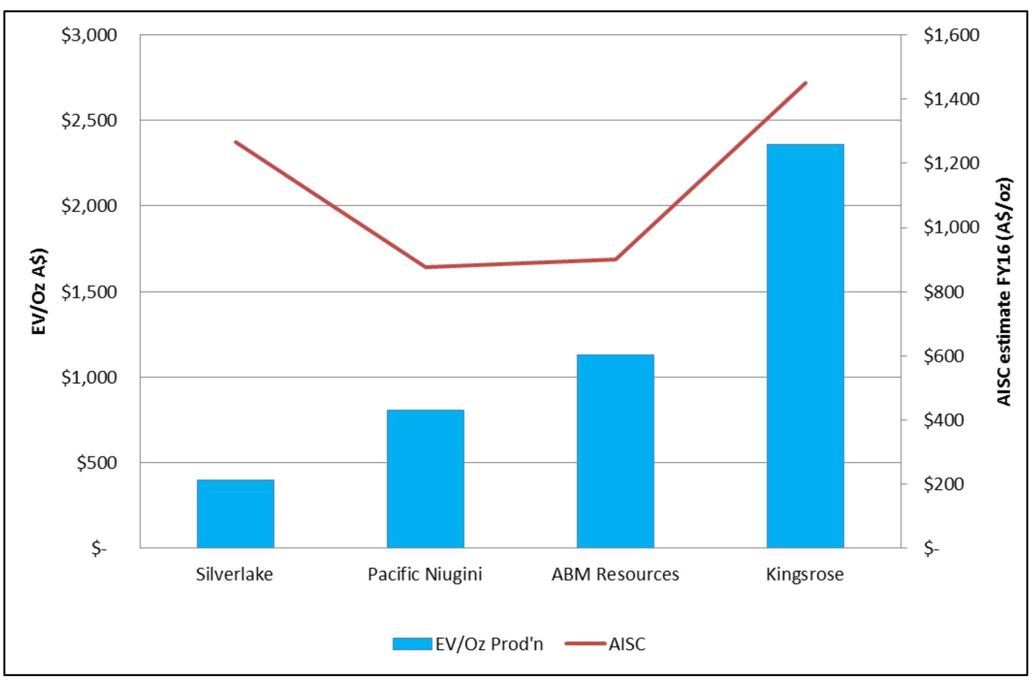
SWOT analysis

Strengths • Established high grade miner • Low capital expenditure • Strong management • Australian dollar production • Undervalued • Carry forward tax loss of A$30m	**Weaknesses** • Short mine life
Threats • Commodity price volatility • Takeover risk • Ground conditions at shallow levels • PNG country risk • Variable grade at Nicolsons & ozpvm	**Opportunities** • Exploration upside • Labour and power costs falling • Expect improved head grade • Easy low cost expansion to plant

Peer analysis

The following chart compares PNR with other high-grade ASX listed gold producers on an enterprise value per production ounce basis for FY16 guidance. PNR looks undervalued. PNR is also guided to be the lowest cost producer on an all in sustaining cost basis (AISC).

Figure 2. Enterprise value per FY16 production ounce and FY16 AISC guidance



Source: GMP research. NB: SLR AISC guidance based on FY15

Valuation

Nicolsons Gold Mine

We have modelled the Nicolsons Mine to continue ramp up production to 130ktpa of ore and maintain this output until December 2019. This is largely in line with the PFS completed.

Figure 3. Nicolsons assumed mine production plan (100% of project)

Mine Plan	FY16	FY17	FY18	FY19
Total Plant Feed (kt)	97	130	130	130
Average Head Grade (g/t Au)	6.6	6.6	6.6	6.6
Metallurgical Recovery (%)	96	96	96	96
Gold Produced (koz)	20	26	26	26

Source: GMP research

We have assumed costs based on our experiences of similar mining operations, discussions with management and a review of financial reports.

Figure 4. Nicolsons modelling assumptions (100% of project)

Assumption	Life of Mine
Underground Mining Cost (A$/t ore)	100.00
Processing Cost (A$/t ore)	49.00
G&A Cost (A$/t ore)	21.00
Remaining LOM Capex (A$m pa)	3.80
Exploration (A$m pa)	0.75
Government Royalty (%)	2.5
All in sustaining cost (A$/oz)	1,050
LOM Average Gold Price (A$/oz)	1,550
A$/US$ (Long term)	0. 77

Source: GMP research

We value the Nicolsons project on a post-tax basis, calculating an $NPV_{8\%}$ of A$45m and PNR's 80% ownership at A$36m.

Exploration tenure

We have determined a fair valuation for an exploration package of the size and quality of PNR's portfolio at A$8.5m. This includes near mine opportunities at Nicolsons as well as early stage but potentially large projects in Papua New Guinea.

Cash, corporate costs and investments

We value net cash of A$7.4m (GMPe 30 September 2015). We include corporate costs (including the cost of the gold loan) as part of the Nicolsons mine valuation.

Total valuation

Our total discounted NAV valuation for PNR is A$52m or A$0.11/share. We assume 490m shares on issue post completion and full uptake of the entitlement issue.

Company overview

Background

Pacific Niugini is an ASX listed (PNR-ASX) company focussed on the development and ramp up of the Nicolsons Gold Mine in Halls Creek, Western Australia. The mine is currently restarting with an estimated A$2m of initial capital left to spend this quarter. PNR also has exploration tenure in Papua New Guinea where the focus is on finding a large porphyry or epithermal gold/copper project.

Pacific Niugini was formerly listed on the ASX as Chrome Corporation Ltd. where it was focussed on South African Chrome assets. The name change in late 2009 represented a change of management and company focus to gold and copper exploration in Papua New Guinea. In 2014, the company acquired 80% of the Nicolsons Gold Mine in WA and switched its focus to gold mine developer.

Corporate summary

PNR has 491m shares on issue (post entitlement issue) giving a market capitalisation of just A$19m for a high-grade A$ gold producer. The company has 11m employee share options on issue and will have 41.9m options on issue post the completion of the rights issue.

In July, the company issued convertible notes to the value of A$3.3m at a coupon of 8% pa convertible at 6c/share maturing on 31 December 2017. PNR has also just closed a 1 for 4 non renounceable entitlement issue to raise A$4.9m. The issue was priced at 5c/share with a two year attaching option (6 cents) for every two shares subscribed. Both the entitlement issue and convertible notes were issued to cover a shortfall in working capital as a result of delays and additional expenditure as a result of challenging ground conditions in the shallow parts of the decline.

A gold prepay facility of 6,560oz with CBA will be paid back at a rate of approximately 800oz per quarter by September 2017.

18,000 ounces of Nicolsons production is hedged at A$1,568/oz until September 2017.

The project has carry forward tax losses of A$30m which we estimate will result in no tax payments for four years.

Corporate strategy

PNR intends to focus on bringing the high-grade Nicolsons Mine into production and optimizing it before testing exploration potential at Nicolsons. PNR is looking for a strategic partner in Papua New Guinea.

M&A

With a small balance sheet and enough to focus on, it seems unlikely that PNR is looking to acquire any additional assets. However, as an undervalued producer with potential to demonstrate upside to feasibility studies it is arguably attractive to potential acquirers.

Nicolsons Gold mine, Western Australia (80%)

The project hosts a 0.2moz gold resource at the Nicolsons, Rowdys and Wagtail deposits. The project also has exploration tenure over several kilometres of the Nicolsons shear zone. Nicolsons also comes with a >0.15mtpa gravity CIP plant and associated infrastructure.

Background

Nicolsons was previously mined by Precious Metals Australia as an open pit mining operation with ore trucked to the Palm Springs plant located to the north of Halls Creek. On completion of the open pit mining operation in 1998 with gold prices at US$280/oz, the project was acquired by Reiwa. Reiwa, a private operator, built the plant and mined for six months without grade control, before shutting down (in our view) due to poor mining practices.

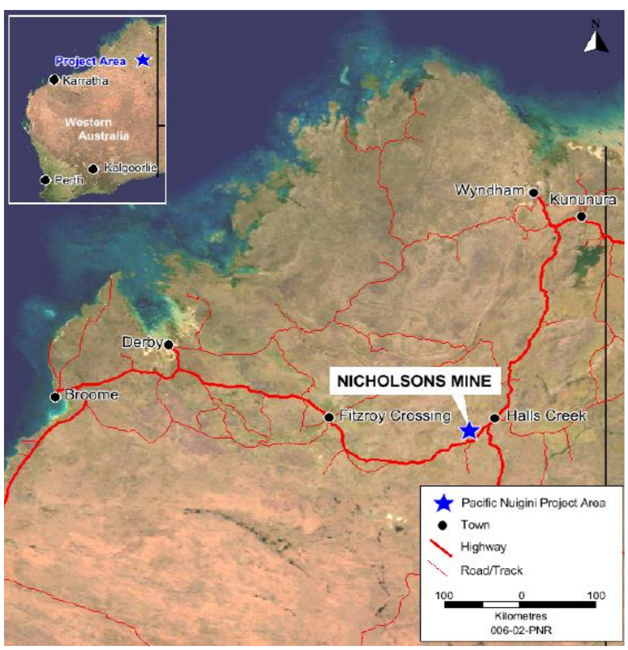
Bulletin Resources (BNR-ASX) acquired the project and focussed on drilling out open pit resources. The company planned a high capex open pit operation with high strip ratios. Failure to justify the high capex associated with the waste stripping of these pits resulted in the subsequent farm out of 80% of the project to PNR in 2014.

PNR acquired 80% of the project for A$1.5m in cash and A$1.3m in shares, as well as expenditure in excess of A$2.4m on the project.

Location and access

The project is located 48km from Halls Creek in Western Australia. Access from Halls Creek is via a 38km sealed road and 10km good quality gravel road.

Figure 5. Nicolsons project location



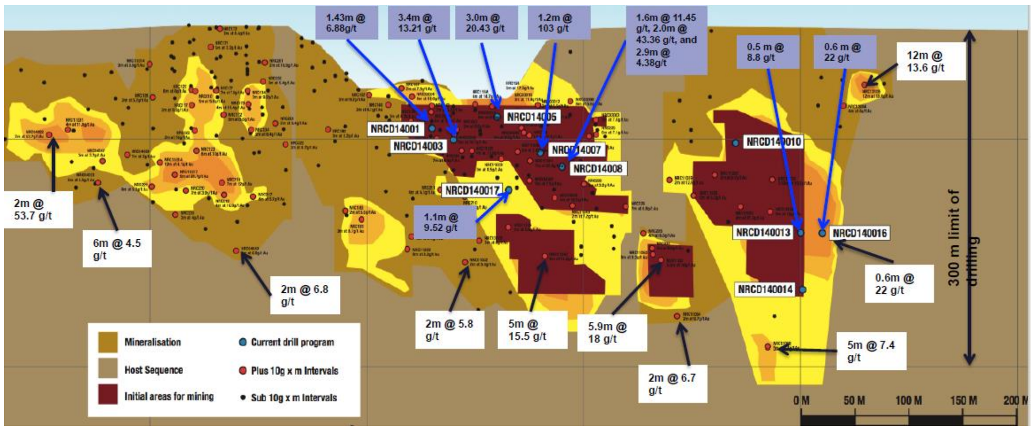
Source: PNR

The site is flat and is a pre-existing mining centre. The town of Halls Creek hosts a sealed airstrip and associated services as well as accommodation for the 25 personnel that operate the mine.

Geology, resources and reserves

Mineralisation is hosted within a regional shear zone. Gold is contained within quartz sulphide veining and associated salvages within altered mudstone. Mineralisation dips steeply west and plunges to the north and remains open below 300m. We interpret the Nicolsons South and the Nicolsons orebodies to be offset by a late fault that offsets Nicolsons South mineralisation to the west.

Figure 6. Nicolsons long section



Source: PNR

The Nicolsons mine project hosts a JORC gold resource of 0.8Mt @ 6.6g/t Au for 163koz Au. Rowdies and Wagtail satellite deposits host an additional 318kt @ 4.5g/t Au for 46koz in resources at open-pitable depths.

Figure 7. Nicolsons mineral resources (November 2014)

Category	Tonnes (Kt)	Grade Au (g/t)	Contained Gold(koz)
Indicated	574	6.55	121
Inferred	195	6.75	42
Total	**769**	**6.60**	**163**

Source: PNR

Mineral reserves were calculated at an assumed A$1,400/oz gold price. The project hosts a probable reserve of 0.4Mt @ 6.2g/t Au for 86koz Au. These probable reserves account for mining dilution and metallurgical recoveries of 96%, and represent approximately three years mine life.

The company’s pre-feasibility study assumes a mining inventory of 110koz Au with resources that are currently inferred planned late in the mine life.

The mining head grade is expected to improve on the 6.6g/t Au modelled as it is calculated using RC chip sampling which is likely to have overestimated tonnage and underestimated grade. A small diamond programme completed in the ore zone has returned average gram metres (grade multiplied by width) of 46gxm versus the 29gxm assumed in the reserve. RC drilling returns chips of rock that are taken at approximate 1 metre composite samples so a small high-grade intersection would likely be diluted and 'smeared' across a wider interval than the more precise diamond core usually used in an underground drilling programme.

The production face we viewed underground supported this view as it averaged 12g/t Au. Increased head grade and lower tonnage will clearly positively affect the valuation of Nicolsons. As head grade improves, we would expect ounces per vertical metre to increase above 1,000ozpvm.

Mining & mine plan

The company has commenced an initial 4.5 year underground mining operation at Nicolsons. First stoping is expected in October with full production in November. Mining will utilize long hole open stoping on the main zone, modified Avoca on shallow levels of the main zone and airleg mining on narrow high grade cross cutting structures. The ore body reportedly averages 2m thickness and the company can mine down to 1.2m width.

The portal was opened on 27 March 2015. At shallow depths, the decline faced a number of challenges in oxidized jointed rock. These challenges resulted in a redesign of the decline and an additional working capital requirement. Fortunately, the company looks to be through this difficult ground as we viewed better fresher rock at 80m below surface in the decline and at similar depths in diamond core. In our view, the first two production levels will face some challenges with oxidized and jointed wall rock but better conditions are expected below these levels. The company has done a very good job managing progress through very challenging ground conditions and we are confident they will successfully continue mining at Nicolsons.

Management has also done an exceptional job minimizing capital expenditure and site costs. Remaining expenditure this quarter is estimated at ~A$2m.

Figure 8. Nicolsons underground portal in the base of the open pit.

Source: PNR

Ounces per vertical metre vary through the mining inventory and likely reflect the density of drilling. We suspect the ounces per vertical metre are better than indicated in areas of wider drilling density and will likely lift as infill drilling commences.

Processing

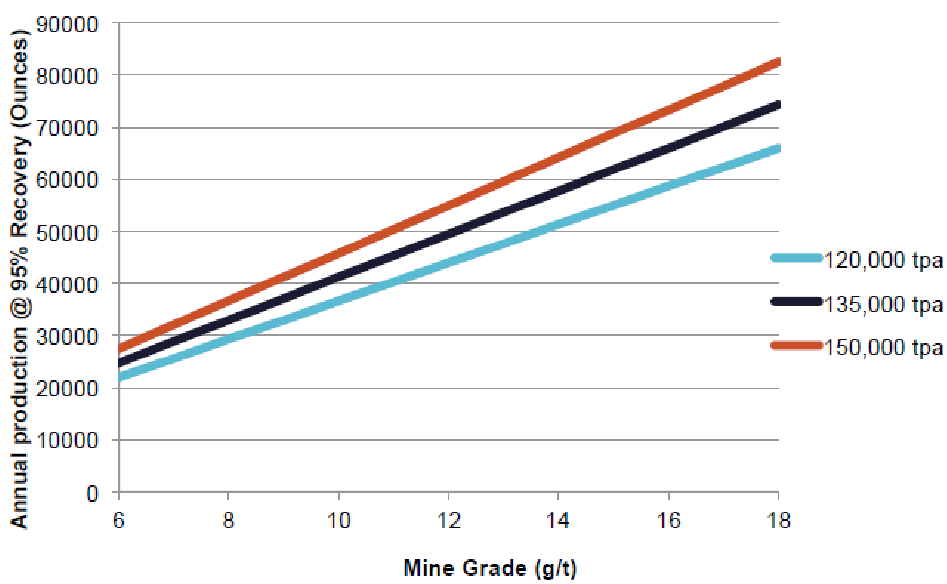
Processing will be completed utilizing a gravity CIP plant with nameplate capacity of 150ktpa. All plant is on site, fit for purpose and in good condition as it was only used for six months.

Figure 9. Nicolsons processing plant

Source: GMP research

The plant could be upgraded cheaply to 200ktpa through the addition of just one leach tank. Output in ounces is clearly heavily influenced by tonnes and especially head grade. As outlined above, we see substantial opportunity to increase head grade through the plant from the reserve grade of 6.2g/t Au .

Figure 10. Processed ounces in terms of tonnes and grade through the processing plant



Source: PNR

Despite the opportunity to substantially lift head grades, we have assumed ounces produced in line with reserve grades in our financial model.

Processing will be assisted by the following:

- Test work and previous performance indicates 96% recoveries from a relatively rapid 20 hour residence time with ~70% recovered through gravity.
- Ore is reportedly soft (BWI~14) and requires grinding to just 106 microns thus, reducing power demand.
- Water is fresh and cyanide consumption is low. Reagent costs should be low.

The crushing circuit has been commissioned and first gold will be poured in August once dangerous goods permits (cyanide) are renewed. Full production is expected by year end.

A newly constructed TSF (tailing dam) has capacity for two years.

Figure 11. Tailings dam and crushed low grade ore at Nicolsons

Source: GMP research, PNR

Infrastructure

The project has good pre-existing infrastructure with a 0.15mtpa process plant, TSF and associated roads. Nicolsons has a ground water license and bore field and is powered through a small 2MW power plant (on site) utilizing diesel.

The plant is the only operating gold plant within 300km and future toll treating arrangements are possible. The project is on the Lamboo pastoral station and PNR reportedly has good relations with the landholders.

Permitting and royalties and carry forward tax loss

All significant deposits and plant are on granted pre-1994 (pre-native title) mining licences and not subject to native title claims. Royalties include a 2.5% state royalty but no vendor royalties.

Bulletin owns 20% of the project and must contribute to costs. Given the low capex expectations, we assume they will contribute their 20%. PNR has carry forward tax losses of ~A$30m, which we estimate will result in no tax payments for four years from Nicolsons.

Exploration potential

Near-term exploration focus will be on the conversion of resources to reserves at Nicolsons. An independent study completed by Optiro consultants indicated potential for 500-750koz at Nicolsons.

The mine stratigraphy accounts for just 700m of the 2.5km of the Nicolsons shear that is deemed prospective, extensions to Nicolsons and future satellite deposits seem likely. The mineralisation remains open down plunge and there are no indications that mineralisation will not continue. The southern end of the footwall lode is currently poorly tested as it lies in the shadow of the open pit. Testing will likely be a priority from underground.

Shallow open pit mineralisation to supplement underground feed seems likely from the Wagtail and Rowdys prospects located a kilometre along strike from Nicolsons. Only small 'free digging' pits on the 46koz of resources have been completed and we see additional open pit ounces from here.

Figure 12. Geological map showing major prospects at Nicolsons

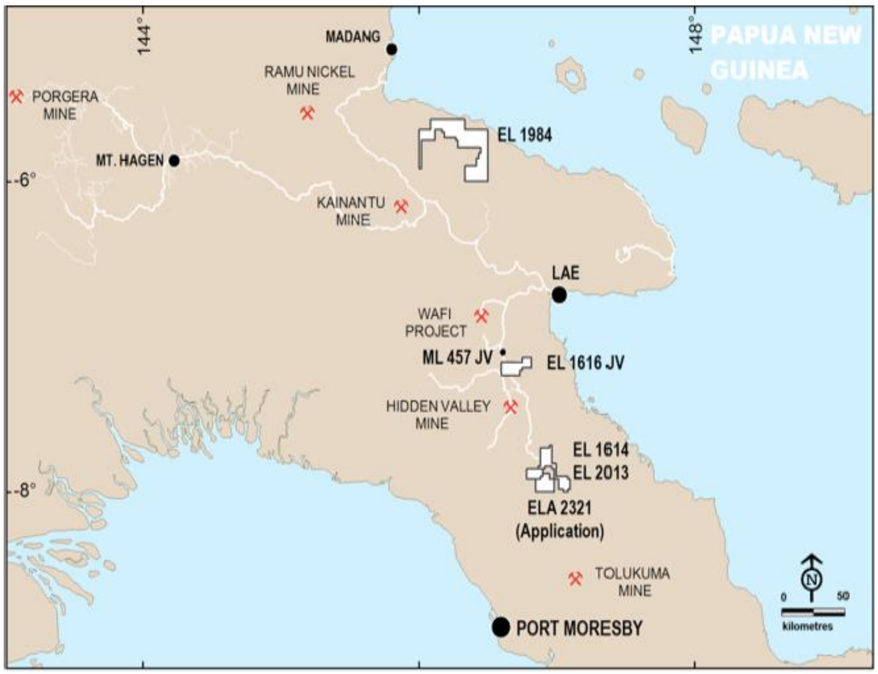
Source: PNR

Papua New Guinea Exploration (100%)

In Papua New Guinea, the company is looking for a large porphyry hosted gold/ copper project similar to a number of world class projects in the area. Management has experience at the Wafi project owned by Newcrest to the north and see geological similarities in terms of geology, geophysics and surface geochemistry.

However, this style of mineralisation requires extensive exploration and we feel the company is likely to invite a strategic partner to earn into the project through a funding agreement.

Figure 13. Geological map showing major prospects at Nicolsons



Source: PNR

Garaina is a virgin discovery by PNR in 2011. The project hosts a large magnetic anomaly with associated gold and molybdenum mineralisation that the company believes could represent a large porphyry hosted gold, copper and molybdenum deposit similar to the 28Moz Wafi deposit.

Management

Management is considered high quality. Managing Director Paul Cmrlec and Chairman Peter Cook have significant experience developing gold assets in Australia.

Non-Executive Chairman – Peter Cook is a geologist and mineral economist and is the current Executive Director and CEO of Metals X Ltd. In the past decade, he has been the Managing Director of Hill 50 Ltd., Harmony Gold Australia Pty Ltd., Abelle Ltd and Bluestone Tin Ltd. He is currently the Non-Executive Chairman of Aziana Ltd.

Managing Director – Paul Cmrlec is a mining engineer with extensive experience in feasibility studies and project development and has held a number of operational and planning roles, including the position of Underground Manager at several West Australian gold mines. He was previously the Group Underground Mining Engineer for Harmony Gold Australia, and the Group Mining Engineer for Metals X Limited.

In addition to operational mining roles, Mr Cmrlec's experience includes the general management of major feasibility studies for the Wafi Copper-Gold deposit in Papua New Guinea, and the Wingellina Nickel-Cobalt deposit in the Central Musgraves region of Western Australia.

Non-Executive Director – David Osikore is a geologist and has extensive exploration experience working for groups such as Bougainville Copper Limited, Placer Dome, Ingold (a subsidiary of INCO) and Renison Goldfields. In recent times, he has been a senior geologist with Aurora Gold Limited, the Exploration Manager for Abelle Ltd. responsible for their Wafi and Hidden Valley Projects and he was appointed the PNG Exploration Manager for Harmony Gold after their take-over of Abelle Ltd. David has considerable experience in dealing with all levels of PNG business, government, landowner communities and government agencies.

Catalysts and risks

Key risks are summarized in the SWOT analysis on page 3. These include:

Risks

Commodity price risk: Gold prices are currently lower than forecast. We expect growth in prices later this year.

Technical risk: Mining can be challenging especially underground mining. However, we feel management has demonstrated their skills mining through very difficult shallow mining conditions.

Potential upside

Improved grade: We feel the head grade will likely improve on modelled reserve grades

Organic growth: Once cash flow is generated PNR will commence exploration down dip and along strike of Nicolsons where we feel there is a strong likelihood of additional ounces.

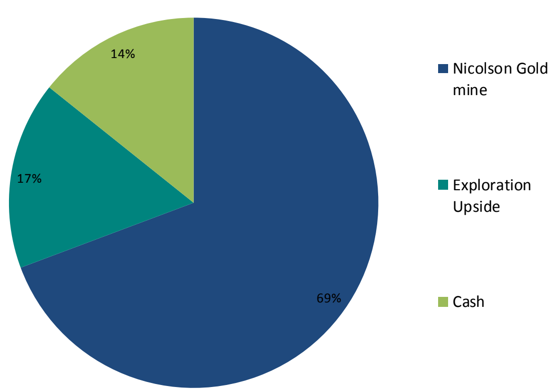
Ticker	PNR-AU
Recommendation	**BUY**
Target Share price (A$)	0.11
Current Share price (A$)	0.05
Implied Return (%)	120%
P/NAV (x)	0.45

Financial Yr. End	30 June
Shares on issue (m)	490.6
Market Cap (A$)	23.5
Enterprise Value (A$)	19.2
Cash (A$)	7.4
Debt(A$)	3.0

Valuation

Asset	Discount rate	NAV "X" Factor	NAV Target (A$)	Target Price (A$)
Nicolson Gold mine	8%	1.00 X	$35.9	$0.07
Exploration Upside	n.a.	p/nav	$8.5	$0.02
Cash	n.a.	p/nav	$7.4	$0.02
Total NAV			**$51.8**	**$0.11**

Valuation Split (%)



Profit & Loss (A$m)

A$M	FY2016	FY2017	FY2018	FY2019
Revenue	$27.1	$34.4	$40.9	$42.1
Cost of Sales	$16.5	$22.1	$22.1	$22.1
Gross Profit	**$10.6**	**$12.3**	**$18.8**	**$20.0**
EBITDA	$8.4	$10.0	$16.2	$17.5
Net Profit before tax	$3.4	$3.4	$9.9	$11.3
Tax Payable	$0.0	$0.0	$0.0	$0.0
Profit after tax	**$3.4**	**$3.4**	**$9.9**	**$11.3**

Balance Sheet

Assets	FY2016	FY2017	FY2018	FY2019
Cash & Liquid assets*	$12.8	$21.0	$36.9	$54.4
PPE & Exp. & Dev.	$22.9	$16.0	$9.4	$3.0
Total Current Assets	$13.0	$21.2	$37.1	$54.6
Total Assets	**$35.9**	**$37.2**	**$46.5**	**$57.6**
Liabilities				
Senior Debt	(-$1.2)	(-$2.9)	(-$3.3)	(-$3.3)
Total Current Liabilities	(-$0.9)	(-$2.5)	(-$2.9)	(-$2.9)
Total Liabilities	**$11.6**	**$10.0**	**$9.6**	**$9.6**

Ratios and Key Financial Data

	FY2016	FY2017	FY2018	FY2019
EPS (AUDc)	0.7c	0.7c	2.0c	2.3c
FCFPS (A$)	0.7c	1.7c	3.2c	3.6c
P/E ratio (x)	6.9	6.9	2.4	2.1
P/FCF (x)	7.19 X	2.86 X	1.49 X	1.3 X
EV/EBITDA (x)	2.28 X	1.92 X	1.18 X	1.1 X
Current ratio (x)	-14.4	-8.5	-12.8	-18.8
Shares on Issue (M)	490.6	490.6	490.6	490.6

Cashflow Generation

	FY2016	FY2017	FY2018	FY2019
Operating cashflow	$8.3	$9.9	$16.3	$17.5
Equity Placement	$0.0	$0.0	$0.0	$0.0
Debt Funding	$0.0	$0.0	$0.0	$0.0
Capital Expenditure	$3.8	$0.0	$0.0	$0.0

Reserve and Resources Statement (100% of Project)

Status	Tonnes (Mt)	Grade Au (g/t)	Contained Au (koz)	EV / oz
Total Reserves	0.4	6.17	86.4	$273
M&I only	0.9	5.89	163.1	$117
Total Resource	1.1	5.99	209.2	$92
Production	0.6	6.60	117.1	$164

Production Profile (0zAu)

Operation	FY2016	FY2017	FY2018	FY2019
Nicolson	17,010	21,807	25,698	26,482
Total	**17,010**	**21,807**	**25,698**	**26,482**

Cash Cost (US$)

AUD / oz	FY2016	FY2017	FY2018	FY2019
Gold Price	$1,592	$1,579	$1,590	$1,591
C1 Cash costs*	$969	$1,013	$860	$835
C3 Prod. Cost *	$1,338	$1,378	$1,166	$1,128
AISC*	$1,051	$1,080	$919	$892

Directors & Management

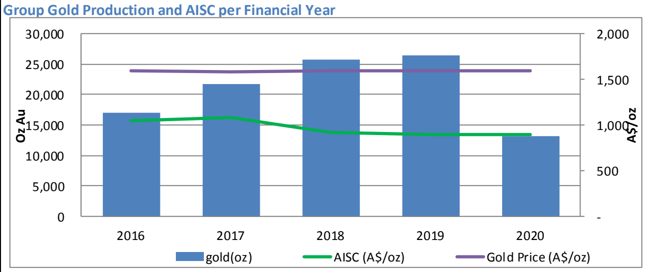
Non Exec. Chairman	Peter Cook
Managing Director	Paul Cmrlec
Non Exec. Director	David Osikore
Company Secretary	David Okeby
CFO	Scott Balloch

Major Shareholders

Peter Cook	4.0%
Sprott Asset Mngmt	3.3%
Mark Okeby	2.6%
Fletcher Meurs	2.3%
Black Rock	2.2%
Total	14.4%

**Expensing and capitalising of cash costs will vary and consequently differ from management guidance*

Group Gold Production and AISC per Financial Year



Gold Price and Discount Rate Matrix

NAV		Gold price (US$)						
		$ 900	$ 1,000	$ 1,200	$ 1,225	$ 1,350	$ 1,500	$ 1,800
Discount Rate	20%	0.05	0.06	0.09	0.09	0.10	0.11	0.14
	15%	0.06	0.07	0.09	0.09	0.11	0.12	0.15
	12%	0.06	0.07	0.10	0.10	0.11	0.13	0.15
	10%	0.06	0.07	0.10	0.10	0.11	0.13	0.16
	8%	0.06	0.07	0.10	0.11	0.12	0.13	0.17
	5%	0.06	0.08	0.11	0.11	0.13	0.14	0.17
	0%	0.07	0.08	0.12	0.12	0.14	0.16	0.19

Source: Company data, GMP estimates

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