



# Organic growth galore at Norseman

PNR.ASX | PANTORO LIMITED | MATERIALS | GOLD

PRICE  
**A\$0.120/sh**

TARGET PRICE  
**A\$0.170/sh**  
(FROM A\$0.150/sh)

RECOMMENDATION  
**SPECULATIVE BUY**  
(UNCHANGED)

## Event

PNR continues to be a key beneficiary of the near record high gold prices. Thanks to the Company being exposed to the current gold prices and steadily increasing production from operations. We recently upgraded our long term gold price assumptions (prev. A\$2,486/oz, new A\$2,600/oz) which are inline with consensus forecasts and in our view remain conservative. PNR has taken advantage of the recent gold price rise by **entering zero cost collar on its gold production for CY25**. The options it has entered into are relatively modest, covering 24% of production on the downside (below A\$3,500/oz) and 12% of production on the upside (above A\$4,200/oz, assuming a 100kozpa run rate). PNR also released its **FY24 report, which highlighted a strong exit run rate**, best shown by the EBITDA of \$53.9M for full year with second half EBITDA of \$38.2m.

We expect the Scotia UG to continue to ramp up to steady state production in the MarQ'25, contributing 60 – 70kozpa. The low capex of A\$12.5m (Max cash drawdown) as a result of cost savings from utilising existing infrastructure from the open pit operation. Remember that Scotia open pits are due to be completed in DecQ'24. Open pit mining at Princess Royal is planned to commence in MarQ'26 and will continue for approximately one year before mining at Gladstone Everlasting commences, which supplements the ore feed from the Scotia and OK UG mines. We are particularly excited about PNR's re-entry into the Norseman Mainfield through the existing Bullen decline which is expected to commence in the DecQ, (rehabilitation of the decline is expected to consist of rock bolting and meshing, resulting in a considerable saving relative fresh UG development). We expect PNR to conduct UG drilling of Crown Reef, Mararoa Reef and linking structures including the Bluebird Shear, and St Patrick's (See Figure 1) before completing a DFS in a systematic process.

## Impact

**Worth remembering that Norseman has never been in a better position under PNR's control in terms of:**

- Positive cashflow: ~A\$6.7m in the JunQ, benefiting from being unhedged.
- Strong balance sheet: A\$104m in cash and US\$12.5m in debt (convertible note).
- Stockpiles growing, giving operational flexibility for the first time.

Our medium to longer term production forecast: expanding Scotia and OK underground mines in FY26, bringing online ore sources from the Mainfield via the Bullen decline, 128koz in FY27 and 151koz in FY28 (See Figure 6).

## Action

We upgrade our PT to A\$0.17/sh (prev. A\$0.15/sh) due to an increase in our gold price assumptions (prev. A\$2,486/oz, new A\$2,600/oz) which are inline with consensus forecasts and in our view remain conservative, given the recent gold price increase. We maintain our Speculative Buy rating, which assumes production growth to 170-200kozpa in the medium to long term. Our revised PT is below our current NAV estimate at spot gold and FX (A\$2,880/oz), which is A\$0.19/sh.

## Catalyst

- Growth updates at Norseman + exploration of Mainfield.
- Ramp up of Scotia U/G mining.
- Potential divestment of non-core assets (Halls Creek).

**Euroz Hartleys Limited.** All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

## Analyst

**Michael Scantlebury**  
mscantlebury@eurozhartleys.com

Pantoro Ltd (PNR)		
Share Price	0.12	A\$/sh
Price Target	0.17	A\$/sh
Valuation	0.11	A\$/sh
Shares on issue	6454	m
Market Capitalisation	774	A\$m
Enterprise Value	689	A\$m
Debt	19	A\$m
Cash	104	A\$m
Largest Shareholders	Tulla	13%
	Regal	11.9%
	L1 Cap	9.3%

Production F'cast	2024A	2025F	2026F
Attrib. Prod'n (kt)	71	101	108
Cash Cost (A\$/oz)	2401	1864	1740
AISC (A\$/oz)	2643	2080	1988

Assumptions	2024A	2025F	2026F
Gold Price US\$/oz	2316	2425	2310
AUDUSD	0.66	0.69	0.72

Key Financials	2024A	2025F	2026F
Revenue (A\$m)	260	355	347
EBITDA (A\$m)	51	140	129
NPAT (A\$m)	-49	48	61
Cashflow (A\$m)	-1	137	126
CFPS (Ac)	0.0	2.1	1.9
EPS (Ac)	-0.7	0.7	0.9
EV:EBITDA (x)	14.0	4.5	4.2

## Performance



Source: IRESS

MARKET STATISTICS		A\$/sh	
<b>Share Price</b>	<b>0.12</b>	<b>Directors</b>	
Issued Capital	W Zekulich	NE Chair	
SOI	6,454 P Cmrlec	MD	
Options/Perf rights	166 F Van M...	NE Dir	
<b>Total Dil. FPOrd</b>	<b>6,620</b> K Maloney	NE Dir	
	M Maloney	NE Dir	
Market Capitalisation	\$774 C McIntyre	NE Dir	
Enterprise Value	\$689		
Cash	<b>\$104 Holders</b>		
Debt	\$19 Tulla	13.1%	
	Regal	11.9%	
	L1 Cap	9.3%	

ASSET VALUATION		
	A\$m	A\$/sh
(+) Halls Creek	20	0.00
(+) Norseman	555	0.08
(-) Corporate	(46)	(0.01)
(+/-) Hedging	-	-
(+) Exploration	100	0.02
(+) Lamboo (PGE)	20	0.00
(+) Cash	104	0.02
(-) Debt	(19)	(0.00)
<b>Total</b>	<b>735</b>	<b>0.11</b>
<b>Price Target</b>	<b>1,102</b>	<b>0.17</b>
<b>Spot A\$3,880/oz</b>	<b>1,272</b>	<b>0.19</b>

FORECAST PRODUCTION			
Yr End 30 June (A\$m)	2024A	2025F	2026F
<b>Norseman 100% PNR</b>			
Throughput (Mt)	1.1	1.2	1.2
Milled grade (g/t)	2.1	2.8	3.0
<b>Gold Production (Koz)</b>	<b>71</b>	<b>101</b>	<b>108</b>
Cash Costs (C1) (A\$/oz)	2,401	1,864	1,740
<b>AISC (A\$/oz)</b>	<b>2,643</b>	<b>2,080</b>	<b>1,988</b>
<b>Assumptions</b>			
Spot Gold Price (US\$/oz)	2,316	2,425	2,310
FX Rate ass'd (A\$/USD\$)	0.66	0.69	0.72

RATIO ANALYSIS			
Yr End 30 June (A\$m)	2024A	2025F	2026F
Cashflow	-1	137	126
Cashflow Per Share	-0	2	2
Cashflow Ratio	na	6	6
Earnings	-49	48	61
Earnings Per Share	-1	1	1
EPS Growth	na	na	na
P/e Ratio	-16	17	13
Enterprise Value	715	633	545
EV/EBITDA	14	5	4
EV/EBIT	-23	9	6
Dividend per Share	0.0	0.0	0.0
Dividend Payout Ratio	0%	0%	0%
Dividend Yield	0.0%	0.0%	0.0%

PROFIT & LOSS			
Yr End 30 June (A\$m)	2024A	2025F	2026F
(+) Gold revenue	229	355	347
(+/-) Hedging Revenue	-	-	-
(+) Interest Income	-	-	-
(+) Other Revenue	31	-	-
<b>Total Revenue</b>	<b>260</b>	<b>355</b>	<b>347</b>
(-) Operating Costs	198	210	214
(-) Dep/Armort	82	64	34
(-) Writeoff (expl'n)	(0)	(2)	(2)
(-) O/H + News Bus Dev.	(8)	(5)	(5)
(-) Provisions	(3)	(3)	(3)
EBITDA	51	140	129
EBIT	(31)	73	92
(-) Interest Expense	(18)	(2)	(2)
NPBT	(49)	68	87
(-) Tax	0	(20)	(26)
(-) Minority Interest	-	-	-
<b>Net Profit</b>	<b>(49)</b>	<b>48</b>	<b>61</b>
(+/-) Net abnormal	-	-	-
<b>Net profit After Abnormal</b>	<b>(49)</b>	<b>48</b>	<b>61</b>

CASHFLOW			
Yr End 30 June (A\$m)	2024A	2025F	2026F
Net Profit	(49)	48	61
(+) WC adj.	(36)	-	-
(+) Dep/Amort	82	64	34
(+) Provisions & W/O	3	5	5
(+) Tax Expense	(0)	20	26
(-) Deferred Revenue	-	-	-
(-) Tax Paid	-	-	-
<b>Operating Cashflow</b>	<b>(1)</b>	<b>137</b>	<b>126</b>
(-) Capex + Dev.	37	30	28
(-) Exploration	4	25	10
(-) Asset Purchased	-	-	-
(+) Asset Sale	29	-	-
(+/-) Other	-	-	-
<b>Investing Cashflow</b>	<b>(11)</b>	<b>(55)</b>	<b>(38)</b>
(+) Equity Issues (rts,plc,opts)	123	-	-
(+) Loan Drawdown/receivable	-	-	-
(+) Loans from(to) other entities	(1)	-	-
(-) Loan Repayment	54	-	-
(-) Dividends	-	-	-
<b>Financing Cashflow</b>	<b>67</b>	<b>-</b>	<b>-</b>
Net Cashflows	<b>56</b>	<b>82</b>	<b>88</b>
(+/-) FX Adj.	-	-	-
<b>EoP Cash Balance</b>	<b>98</b>	<b>181</b>	<b>268</b>
<b>EoP Net Cash</b>	<b>79</b>	<b>162</b>	<b>250</b>

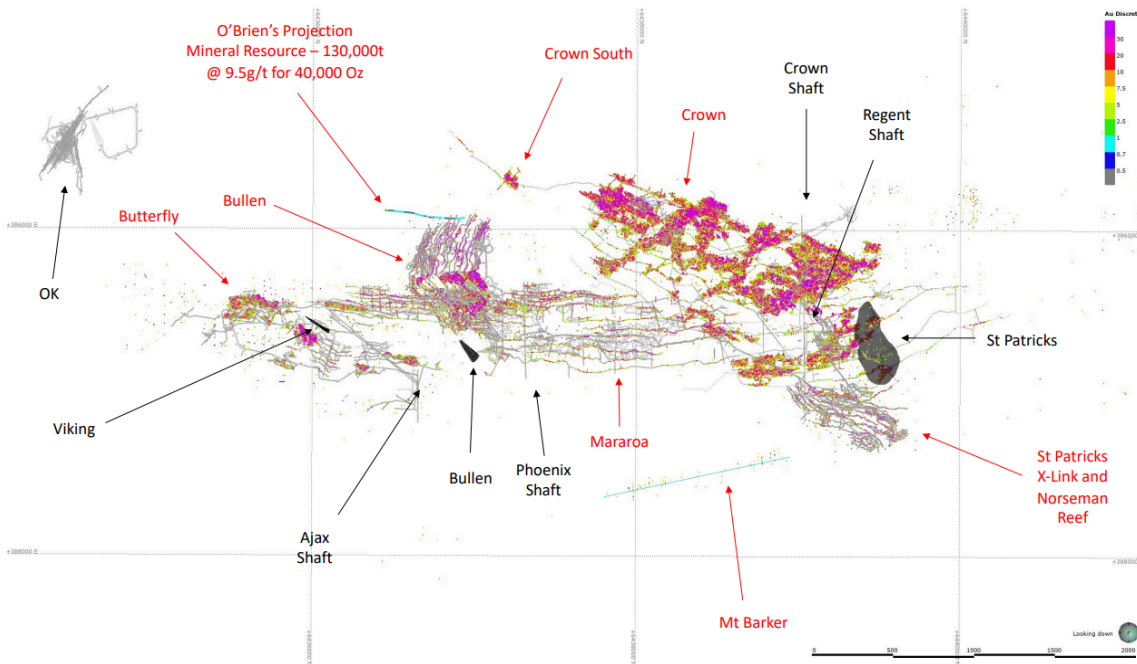
BALANCE SHEET			
Yr End 30 June (A\$m)	2024A	2025F	2026F
<b>Assets</b>			
Cash	98	181	268
Current Receivables	5	5	5
Other Current Assets	21	21	21
Non-Current Assets	437	403	397
<b>Total Assets</b>	<b>561</b>	<b>609</b>	<b>691</b>
<b>Balance Sheet</b>			
Borrowing(s)	19	19	19
Current Accounts payable	50	50	50
Other Liabilities	79	79	79
<b>Total Liabilities</b>	<b>148</b>	<b>148</b>	<b>148</b>
<b>Net Assets</b>	<b>413</b>	<b>462</b>	<b>544</b>

JORC			
	mt	g/t	Moz
<b>Total Reserves</b>	<b>14.5</b>	<b>2.1</b>	<b>0.97</b>
<b>Total Resources</b>	<b>46.4</b>	<b>3.2</b>	<b>4.79</b>

## Analysis

A key challenge for PNR will be for the Company to prioritise areas for drilling within the Mainfield, given the number of targets. We understand that the Butterfly area will be targeted from surface drilling (as outline in the FY25) drill program. We also expect Crown Reef and Crown Reef south will be targeted through UG drilling.

**Figure 1: Mainfield targets which will be targeted by UG drilling via the Bullen decline.**



Source: PNR

**Figure 2: Historical Bullen decline (in good condition)**



Source: Euroz Hartleys

**Figure 3: Scotia UG development, on schedule and budget**



Source: Euroz Hartleys Research

**Figure 4: Scotia UG portal**



Source: Euroz Hartleys

As a reminder PNR has previously given FY25 guidance of 100koz+/-10% at an AISC A\$1,900/oz +/-10%. We forecast 101koz at an AISC of A\$2,064/oz, with an additional capex of A\$30m, to be largely be spent on Scotia UG and open pit development, along with A\$25m in exploration.

- We forecast SepQ production of between 22-24koz at an AISC of ~A\$2,220/oz, generating ~A\$10m of FCF (assuming gold prices of A\$3,600/oz), with a stronger 2H FY25 expected as Scotia UG ramps up.
- Open pit operations (Scotia and Green Lantern) are performing as expected, with operations to cease during the DecQ.
- Open pit operations are expected to commence next at the Slipper pit, which is within the Princess Royal Mining area. The Indicated and Inferred Mineral Resource at Princess Royal/Slippers currently stands at 548,000 tonnes @ 3.1g/t Au for 55,000 ounces
- Underground mining at the OK UG mine delivered 51.5kt 4.31g/t, with continual focus on developing lower levels of the mine where most of the Ore Reserves are present.
- Underground development at Scotia commenced in May and is currently ahead of schedule with full production in MarQ CY25.
- Maximum cash-outflow was previously forecasted by the Company at \$12.5m for the Scotia UG. Mining contractor RUC is the contractor for Scotia UG.
- PNR closed out the Nebari term loan at a cost of A\$44.5m during the June quarter saving ~\$11.4m in interest over the coming 3 years, and reduces debt servicing requirements of approximately \$18.0m (principal and interest) during FY 2025.
- There remains a US\$12.5m convertible loan facility with Nebari, with a maturity date in 2027 at a interest rate of +3% on SOFR.
- We have updated our model out till FY30, ramping production up to ~167koz at an AISC of A\$1713/oz by FY30, as Mainfield UG ore sources become available.
- PNR has also hedged 800,000 litres of diesel per month for 12 months from January to December 2025 at current prices, equating to just under half of its projected diesel consumption for the year.
- PNR has entered zero cost collar on its gold production for CY25.
- The options it has entered into are relatively modest covering 24% of production on the downside (below A\$3,500/oz) and 12% of production on the upside (above A\$4,200) (at 100kozpa).
- Pantoro maintains full exposure to gold prices up to A\$4,200/oz.

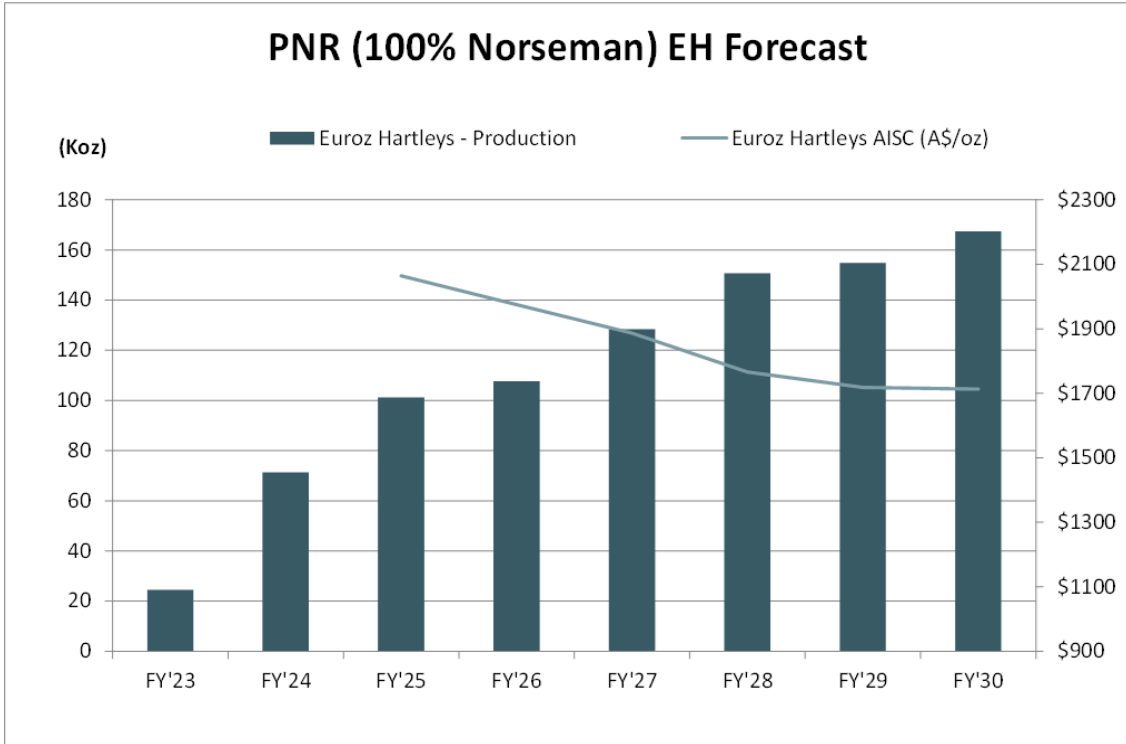
**Figure 5: Realised gold prices at 100kozpa with collar facility**

Spot Gold Price	Put Price	Call Price	Monthly Production	Realised Gold Price
3,500	3,500	4,200	8,333	3,500
3,600	3,500	4,200	8,333	3,600
3,700	3,500	4,200	8,333	3,700
3,800	3,500	4,200	8,333	3,800
3,900	3,500	4,200	8,333	3,900
4,000	3,500	4,200	8,333	4,000
4,100	3,500	4,200	8,333	4,100
4,200	3,500	4,200	8,333	4,200
4,400	3,500	4,200	8,333	4,376
4,600	3,500	4,200	8,333	4,552
4,800	3,500	4,200	8,333	4,728
5,000	3,500	4,200	8,333	4,904

Table 1: Realised gold prices at 100,000 ounces production with the collar facility in place.

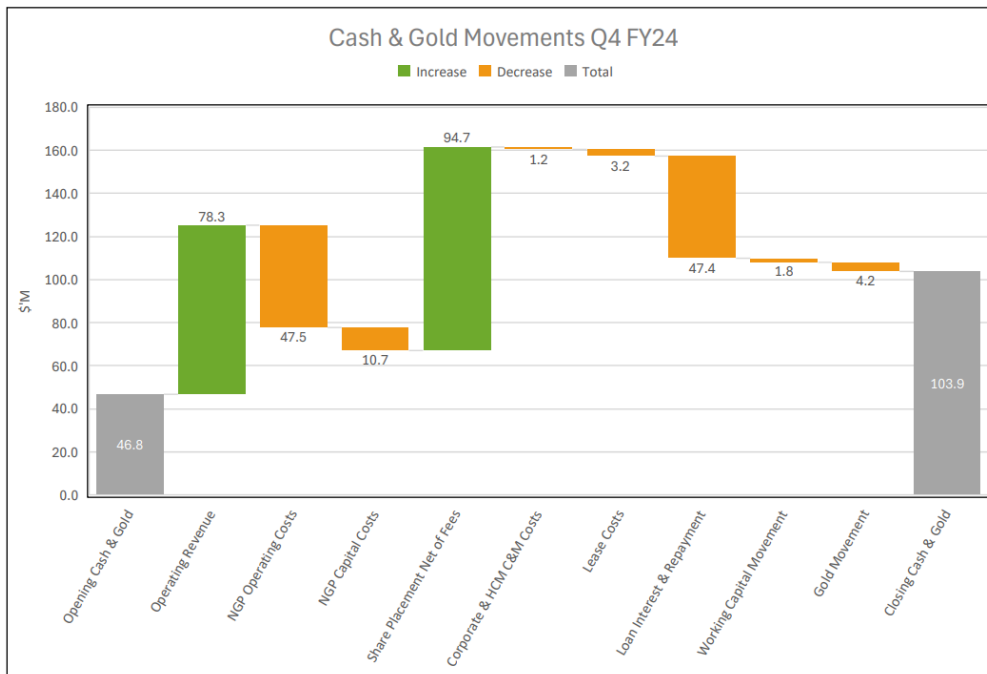
Source: PNR

Figure 6: Euroz Hartleys PNR updated production forecast



Source: Euroz Hartleys Research

Figure 7: Cashflow waterfall for the JunQ



Source: PNR

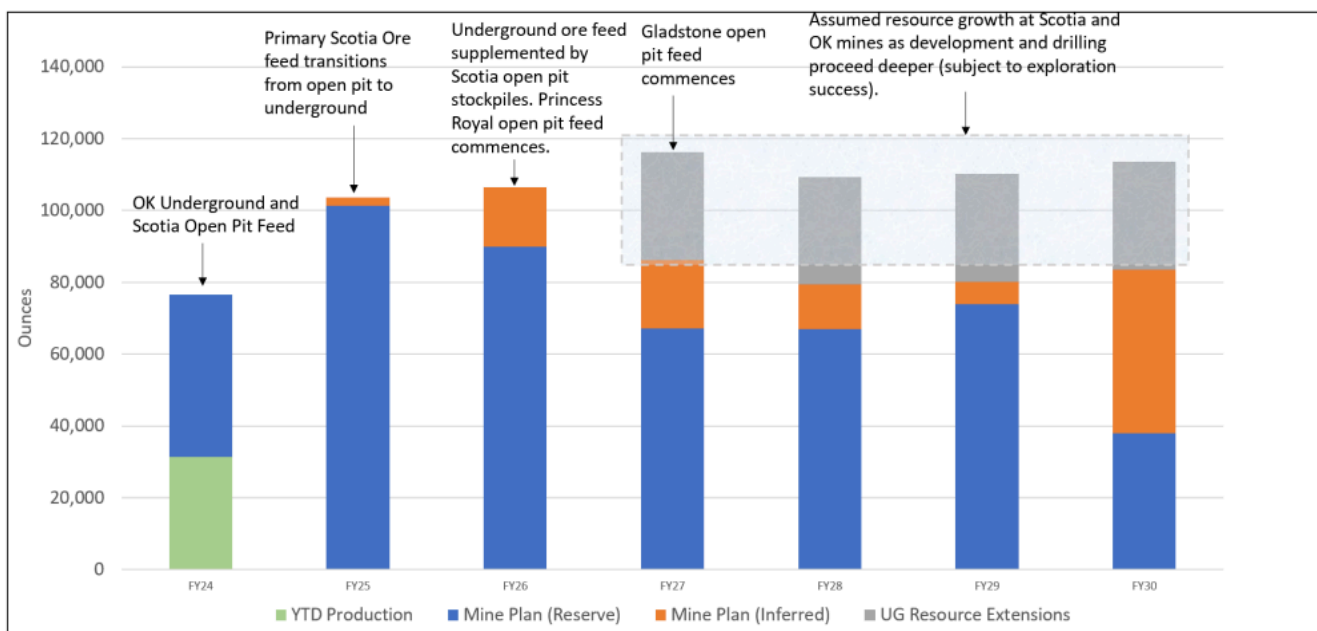
It is worth noting that Figure 8 and Figure 9 was PNR's mine plan out to 2030, which **does not include ore** from the Mainfield, which is where the next stage of growth will come from. Our forecast in Figure 6 includes expanded Scotia and OK underground operations along with additional feed from Mainfield UG targets which PNR is targeting with FY25 85,000m exploration program.

Figure 8: PNR mine plan to 2030

Financial Year	2024	2025	2026	2027	2028	2029	2030
Production to Date (kOz)	31.3	-	-	-	-	-	-
Mine Plan (Reserves) (kOz)	45.3	101.4	90.0	67.2	74.0	38.0	27.4
Mine Plan (Inferred Mineral Resource) (kOz)	-	0.2	16.5	12.3	6.2	45.5	53.7
Underground extensional target * (kOz)	-	-	-	30.0	30.0	30.0	30.0
<b>Total (kOz)</b>	<b>77</b>	<b>102</b>	<b>107</b>	<b>110</b>	<b>110</b>	<b>114</b>	<b>111</b>

Source: PNR

Figure 9: PNR mine plan to 2030 - Ore sources



Source: PNR



## Personal disclosures

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities, and we are not in possession of, nor does this Research contain any inside information.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring Analyst in this research, nor has there been any adverse or undue influence on the Analyst in the preparation of this report.

## Company disclosures

The companies and securities mentioned in this report, include:

Pantoro Limited (PNR.ASX) | Price A\$0.120 | Target price A\$0.170 | Recommendation Speculative Buy;

*Price, target price and rating as at 07 October 2024 (\* not covered)*

## Additional disclosures

Euroz Hartleys declares that it has acted as underwriter to, and/or arranged an equity issue in, and/or been engaged in a capital raising during the last year. Euroz Hartleys has received a fee for these services from: Pantoro Limited (PNR.ASX)

## Other disclosures, disclaimers and certificates

### Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Limited on (+618) 9268 2888. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Limited.

### Disclaimer & Disclosure

Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

You should not act on any recommendation issued by Euroz Hartleys Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference. The author of this publication, Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.

## Research Analysts

**Gavin Allen**, Executive Director & Head of Research | +618 9488 1413 | [gallen@eurozhartleys.com](mailto:gallen@eurozhartleys.com)

**Trent Barnett**, Senior Analyst | +618 9268 3052 | [tbarnett@eurozhartleys.com](mailto:tbarnett@eurozhartleys.com)

**Mike Millikan**, Senior Analyst | +618 9268 2805 | [mmillikan@eurozhartleys.com](mailto:mmillikan@eurozhartleys.com)

**Michael Scantlebury**, Resources Analyst | +618 9268 2837 | [m scantlebury@eurozhartleys.com](mailto:m scantlebury@eurozhartleys.com)

**Steven Clark**, Resources Analyst | +618 9488 1430 | [sclark@eurozhartleys.com](mailto:sclark@eurozhartleys.com)

**Kyle De Souza**, Resources Analyst | +618 9488 1427 | [kdesouza@eurozhartleys.com](mailto:kdesouza@eurozhartleys.com)

**Declan Bonnick**, Research Analyst | +618 9488 1481 | [dbonnick@eurozhartleys.com](mailto:dbonnick@eurozhartleys.com)

**Seth Lizee**, Research Analyst | +618 9488 1414 | [slizee@eurozhartleys.com](mailto:slizee@eurozhartleys.com)

**Oliver Porter**, Research Analyst | +618 9488 1429 | [oporters@eurozhartleys.com](mailto:oporters@eurozhartleys.com)