SPEC BUY

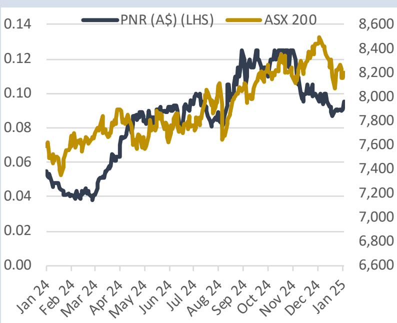
Current Price	A$0.095
Price Target	A$0.150
TSR	58%

Ticker	PNR ASX
Sector:	Metals & Mining
Shares on issue (m)	6,454
Market Cap (A$m)	613
Net cash (debt) (A$m)	60
Enterprise Value (A$m)	553
52 Week High	A$0.13
52 Week Low	A$0.04
ADTO (A$m)	0.96

Key Metrics	**FY25E**	**FY26E**	**FY27E**
P/E (x)	7.3	3.8	4.3
EV/Ebit (x)	5.4	1.9	0.6
EV/Ebitda (x)	2.6	1.1	0.3
FCF yield (%)	11.6%	26.8%	31.0%
Dividend yield (%)	0.0%	0.0%	3.2%

Financial Summary	**FY25E**	**FY26E**	**FY27E**
Revenue (A$m)	369	489	549
Ebitda (A$m)	176	274	328
Ebit (A$m)	86	161	201
Earnings (A$m)	84	161	144
Op cash flow (A$m)	176	274	302
Capex (A$m)	(86)	(94)	(97)
Free CF (A$m)	71	164	190
Debt (cash) (A$m)	(151)	(314)	(502)
Gearing (%)	(46%)	(100%)	(187%)
Gold production (koz)			
Norseman (koz)	90.1	110.5	120.0
Total (koz)	**90.1**	**110.5**	**120.0**
AISC			
Norseman (A$/oz)	2,451	2,353	2,184
Group (A$/oz)	**2,451**	**2,353**	**2,184**

Share price performance vs ASX 200



Source: Bloomberg, Argonaut, January 2025

Please refer to important disclosures from page 15

Monday, 6 January 2025

Pantoro (PNR)

Scotia ramp up key to achieving guidance

Analyst | Hayden Bairstow

Quick Read

We are initiating coverage on Pantoro (PNR) with a SPEC BUY rating and set a A$0.15 price target. PNR's core asset is Norseman, which is currently producing ~80kozpa. Production at Norseman commenced in October 2022, however the ramp up to date has been below expectations, with FY24 output falling short of guidance. The development of the Scotia underground is the key growth driver for PNR, lifting production towards its FY25 guidance range of 90-100koz. Our forecasts for FY25 are set at the bottom of the range given the track record to date, noting that a faster ramp up at Scotia presents upside to our base case. Delivering into FY25 guidance ranges presents a key catalyst for PNR in FY25, which if achieved could see a significant re-rating with increased value likely to be ascribed to the 4.7moz resource base.

Key points

Delivering into guidance ranges key focus: The performance of the Norseman Gold Project has been disappointing since first gold was poured in October 2022. The mine was expected to quickly ramp up to a ~110kozpa production rate, however issues initially with the process plant and then slower open pit and underground mine ramp ups due largely to labour issues, resulted in PNR reporting lower than expected production from Norseman. PNR produced 71.4koz at an AISC of A$3,149/oz in FY24, well below the original guidance target of ~100koz @ ~A$1,900/oz.

Scotia underground ramp up the growth driver: PNR has set its guidance range for FY25 of 90-100koz at an AISC of A$1,710-2,090/oz. Production in the 1HFY25 is forecast to be around ~42koz, implying 48-68koz is needed in the 2HFY25 to achieve the guidance ranges. The key to the stronger second half is the Scotia underground, which is expected to ramp up to a 60-70kozpa run rate at steady state. Given the slower ramp up vs target of the current underground mine, we have assumed steady state is achieved towards the end of 2025, later than PNR's target of during the March quarter.

Mainfield a pathway to 200kozpa: The Norseman Gold project boasts resources of 44.9mt @ 3.26g/t containing 4.7moz. The underground resource of 6.0mt @ 11.32g/t containing 2.2moz is a core focus for PNR and the company has already identified several target areas that have the potential to provide additional underground feed over time. Mainfield is the key target and could underpin a pathway to 200kozpa over time.

Valuation & recommendation

We are initiating coverage on PNR with a SPEC BUY rating and set a A$0.15 price target. Our price target is derived from a 50/50 blend of our NPV using Argonaut gold price outlook and current spot prices. The ramp up of the Scotia underground presents the key near-term catalyst for PNR.

Figure 1 - Earnings and valuation summary

Pantoro Limited

ASX: PNR	Share price (A$)	A$0.095	**Recommendation**	**SPEC BUY**
	Market Cap (A$m)	613	Price Target (A$)	A$0.15
Analyst: Hayden Bairstow	Shares (m)	6,454	TSR (%)	58%
www.argonaut.com				

Key metrics	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
EPS (Ac)	(0.94)	1.30	2.50	2.23	1.47	0.52
DPS (Ac)	0.00	0.00	0.00	0.30	0.40	0.20
P/E (x)	(12.4)	7.3	3.8	4.3	6.5	18.1
EV/Ebit (x)	(9.1)	5.4	1.9	0.6	0.5	1.5
EV/Ebitda (x)	21.6	2.6	1.1	0.3	0.3	0.4
EV/Production (x)	7,402	5,128	2,707	924	600	611
Free cash flow yield (%)	(1.9%)	11.6%	26.8%	31.0%	13.8%	3.2%
Dividend yield (%)	0.0%	0.0%	0.0%	3.2%	4.2%	2.1%
Net debt (cash) (A$m)	(84.8)	(151.1)	(314.0)	(502.2)	(546.5)	(551.5)
Gearing (%)	(25.8%)	(46.2%)	(99.9%)	(187.3%)	(184%)	(174%)

Profit & Loss	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Sales revenue (A$m)	**229.4**	**369.3**	**488.9**	**549.4**	**463.2**	**362.4**
Operating costs (A$m)	(198.0)	(183.8)	(205.1)	(211.5)	(204.9)	(198.7)
Exploration expense (A$m)	(0.0)	(1.5)	(1.8)	(1.9)	(1.9)	(2.0)
Corporate overhead (A$m)	(7.0)	(8.0)	(8.2)	(8.4)	(8.7)	(8.9)
Ebitda (A$m)	**24.4**	**175.9**	**273.8**	**327.6**	**247.7**	**152.8**
Depreciation (A$m)	(82.4)	(90.2)	(112.8)	(126.1)	(120.2)	(112.5)
Ebit (A$m)	**(58.0)**	**85.7**	**161.1**	**201.5**	**127.6**	**40.2**
Net interest (A$m)	(17.0)	(1.7)	0.1	4.2	7.6	8.1
Pre-tax profit (A$m)	**(75.0)**	**84.0**	**161.1**	**205.7**	**135.2**	**48.4**
Tax (A$m)	0.1	0.0	0.0	(61.7)	(40.6)	(14.5)
Underlying earnings (A$m)	**(74.9)**	**84.0**	**161.1**	**144.0**	**94.6**	**33.9**
Exceptional items (A$m)	25.6	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A$m)	**(49.3)**	**84.0**	**161.1**	**144.0**	**94.6**	**33.9**

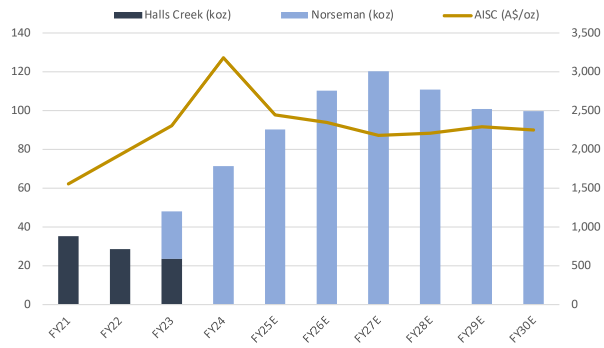
Cash flow statement	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Net profit (A$m)	(74.9)	84.0	161.1	144.0	94.6	33.9
Depreciation (A$m)	82.4	90.2	112.8	126.1	120.2	112.5
Exploration, interest and tax (A$m)	11.1	1.5	1.8	32.6	(15.2)	(7.1)
Working Capital (A$m)	(19.0)	0.1	(1.5)	(0.3)	2.3	0.6
Other (A$m)	(0.1)	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A$m)	**(0.6)**	**175.8**	**274.2**	**302.4**	**202.0**	**139.9**
Capital expenditure (A$m)	(36.8)	(86.2)	(93.7)	(96.6)	(99.5)	(102.5)
Exploration (A$m)	(3.9)	(14.8)	(18.0)	(18.0)	(18.0)	(18.0)
Other (A$m)	29.4	(4.0)	2.0	2.0	0.0	0.0
Free cash flow (A$m)	**(11.9)**	**70.8**	**164.5**	**189.8**	**84.4**	**19.4**
Dividends (A$m)	0.0	0.0	0.0	0.0	(38.7)	(12.9)
Equity (A$m)	122.7	0.0	0.0	0.0	0.0	0.0
Debt draw / (repay) (A$m)	(55.3)	(4.9)	(1.6)	(14.6)	(1.5)	(1.4)
Net cash flow (A$m)	**55.5**	**66.0**	**162.9**	**175.2**	**44.2**	**5.0**

Balance sheet	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Current assets						
Cash at bank (A$m)	98.1	164.1	327.0	502.2	546.5	551.5
Receivables (A$m)	5.2	8.1	10.0	10.4	7.4	6.6
Inventories (A$m)	19.1	29.9	36.8	38.4	27.5	24.6
Other (A$m)	1.4	1.4	1.4	1.4	1.4	1.4
Current assets (A$m)	**123.8**	**203.6**	**375.2**	**552.5**	**582.8**	**584.1**
Non-Current assets						
PP& E and Development (A$m)	214.7	210.7	191.7	162.1	141.5	131.5
Exploration & evaluation (A$m)	190.4	203.7	219.9	236.1	252.3	268.5
Goodwill (A$m)	32.0	32.0	32.0	32.0	32.0	32.0
Non-Current assets (A$m)	**437.1**	**446.4**	**443.6**	**430.2**	**425.8**	**432.0**
Total assets (A$m)	**560.9**	**650.0**	**818.8**	**982.7**	**1,008.6**	**1,016.1**
Current liabilities						
Payables (A$m)	49.7	81.9	100.8	105.2	75.2	67.2
Short-term debt (A$m)	27.4	29.5	28.8	15.2	14.6	14.0
Other (A$m)	11.9	15.1	15.4	15.7	15.9	16.2
Current Liabilities (A$m)	**89.0**	**126.5**	**145.0**	**136.0**	**105.7**	**97.5**
Non-current liabilities						
Long-term debt (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities (A$m)	28.7	24.7	23.7	22.8	21.9	21.0
Provisions (A$m)	29.8	20.6	21.7	22.7	23.9	25.1
Employee Benefits(A$m)	0.0	0.0	0.0	30.8	13.8	4.9
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current liabilities (A$m)	**58.6**	**45.3**	**45.4**	**76.3**	**59.6**	**51.0**
Total liabilities (A$m)	**147.6**	**171.8**	**190.3**	**212.3**	**165.3**	**148.5**
Net assets (A$m)	**413.3**	**478.2**	**628.4**	**770.4**	**843.3**	**867.6**
Equity						
Contributed equity (A$m)	701.0	701.0	701.0	701.0	701.0	701.0
Accumulated earnings (losses)	(287.7)	(222.8)	(72.6)	69.4	142.3	166.6
Total attributable equity	**413.3**	**478.2**	**628.4**	**770.4**	**843.3**	**867.6**
Minorities (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity (A$m)	**413.3**	**478.2**	**628.4**	**770.4**	**843.3**	**867.6**

Commodity price assumptio	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Gold price (US$/oz)	2,080	2,622	2,825	2,975	2,700	2,335
A$/US$ exchange rate (x)	0.656	0.642	0.638	0.650	0.650	0.650
Gold price (A$/oz)	3,171	4,093	4,431	4,577	4,154	3,593

Mine production details	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Gold production						
Norseman Project (koz)	71.4	90.1	110.5	120.0	111.1	100.9
Total (koz)	**71.4**	**90.1**	**110.5**	**120.0**	**111.1**	**100.9**
AISC						
Norseman Project (A$/oz)	3,176	2,451	2,353	2,184	2,215	2,215
Group (A$/oz)	**3,176**	**2,451**	**2,353**	**2,184**	**2,215**	**2,288**

Production Outlook



Reserves and Resources

Ore reserves			
Project	**Ore (mt)**	**(g/t)**	**(koz)**
Underground	2.1	5.10	344
Surface South	2.2	2.39	167
Surface North	4.5	1.86	272
Stockpiles	4.6	0.76	112
Total	**13.4**	**2.08**	**895**
EV/Reserve (A$/oz)			516

Mineral Resources			
Project	**Ore (mt)**	**(g/t)**	**(koz)**
Underground	6.0	11.32	2,173
Surface South	26.7	2.18	1,874
Surface North	12.3	1.67	661
Total	**44.9**	**3.26**	**4,708**
EV/Resource (A$/oz)			132

Board and Management	
Wayne Zekulich	Non-Executive Chairman
Paul Cmrlec	Managing Director
Fiona Van Maanen	Non-Executive Director
Mark Maloney	Non-Executive Director

Substantial shareholders	Shares (m)	Stake (%)
Tulla Resources	875.3	13.6%
Regal Funds Management	855.3	13.3%
Franklin Templeton	487.2	7.5%
Top 20	4,894.5	75.8%

Valuation	Spot Prices		Argonaut forecasts	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Norseman	901.9	0.14	634.7	0.10
Resources	239.8	0.04	173.7	0.03
Hedge book	(0.8)	(0.00)	(1.6)	(0.00)
Corporate overhead	(42.9)	(0.01)	(42.9)	(0.01)
Unpaid capital	0.0	0.00	0.0	0.00
Cash	114.8	0.02	114.8	0.02
Debt / Leases	(55.0)	(0.01)	(55.0)	(0.01)
Total	**1,157.9**	**0.17**	**823.7**	**0.12**
Price Target (50/50 spot/base case)				**0.15**

Source: PNR, Argonaut Research, January 2025

Eight Key Charts

Figure 2: Norseman ore mined and grade

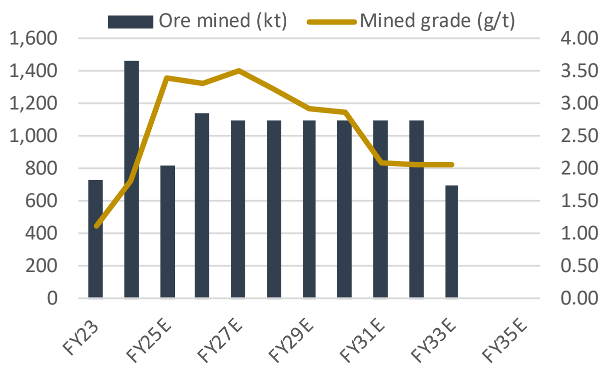


Figure 3: Norseman ore milled and grade

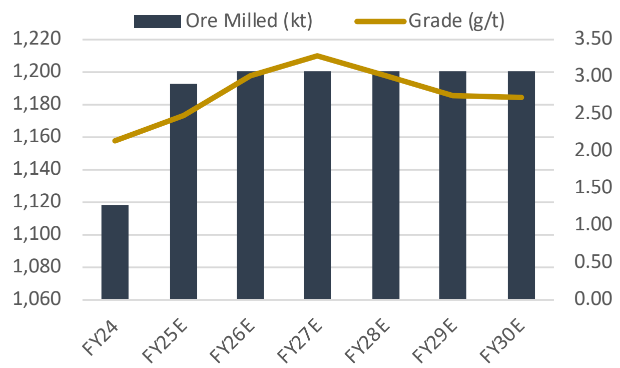


Figure 4: Norseman ore feed by mine

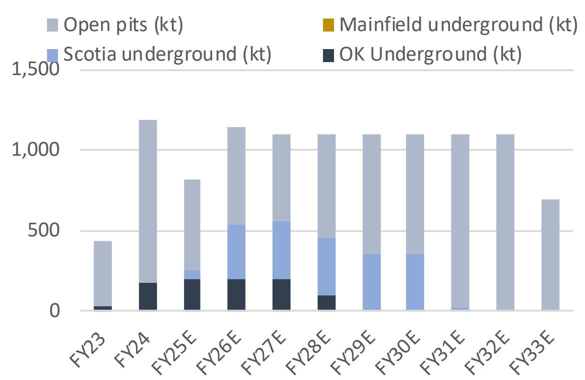


Figure 5: Norseman gold production and AISC

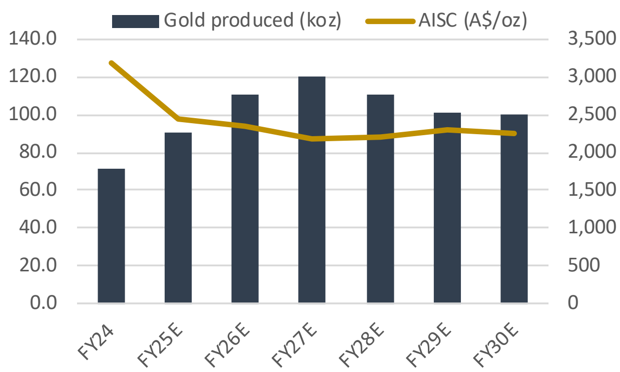


Figure 6: Reserves by project

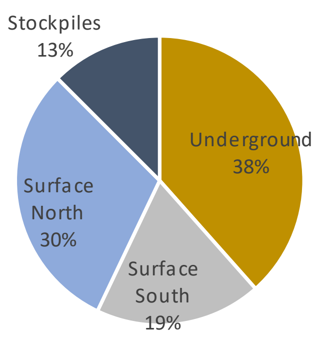


Figure 7: Resources by project

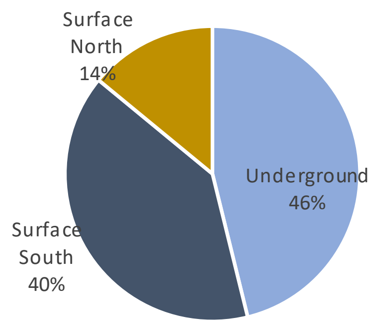


Figure 8: Net cash build vs market cap

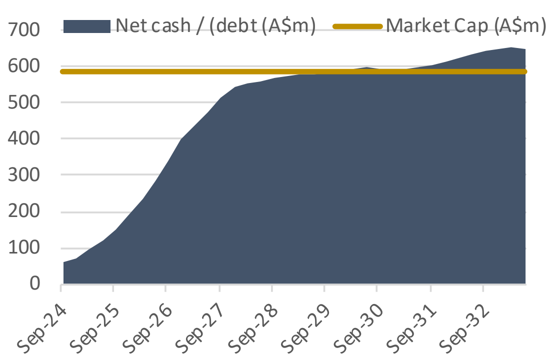
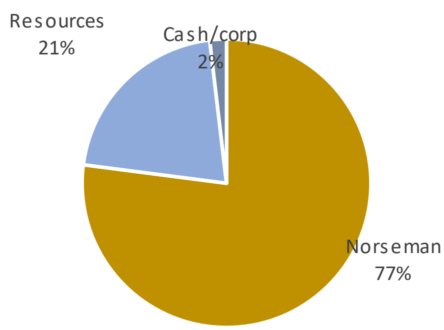


Figure 9: NPV Breakdown



Sources Fig 2-9: Bloomberg, Argonaut Research, January 2025

Delivering on guidance the key focus

Production has stabilised around ~80kozpa

Initiating coverage with a SPEC BUY

Production at Norseman is expected to have stabilised around 80kozpa. We expect PNR to report 2QFY25 production of 20.6koz at an AISC of A$2,111/oz, bringing 1HFY25 output to 42koz. A stronger 2HFY25 is expected, driven by the mining ramp up of the Scotia underground.

Production guidance for FY25 looks achievable

PNR recently reiterated its FY25 guidance ranges of 90-100koz at an AISC of A$1,710-2,090/oz. We expect the ramp up at Scotia will enable PNR to report production of 90.1koz for FY25, towards the bottom end of the range. A faster mining ramp up at Scotia or an earlier start of the Princess Royal open pit presents upside to our FY25 forecast.

We assume AISC will come in above the guidance range

However, hitting its AISC guidance looks a challenge, particularly given AISC for the 1QFY25 were A$2,395/oz. The cessation of open pit mining at Green Lantern and Scotia in October should see AISC fall in the 2QFY25, and we forecast ASIC of A$2,111/oz. To deliver into the upper end of the AISC guidance range, PNR would need to report costs below A$2,000/oz for the 2HFY25.

Figure 10: FY25 production and AISC guidance ranges

FY25 guidance	Low	High	Average	Argonaut	Low	High	Average
Production (koz)	90.0	100.0	95.0	90.1	0%	(10%)	(5%)
AISC (A$/oz)	1,710	2,090	1,900	2,451	43%	17%	29%

Source: PNR, Argonaut Research, January 2025

The Scotia underground set to drive production to 120koz

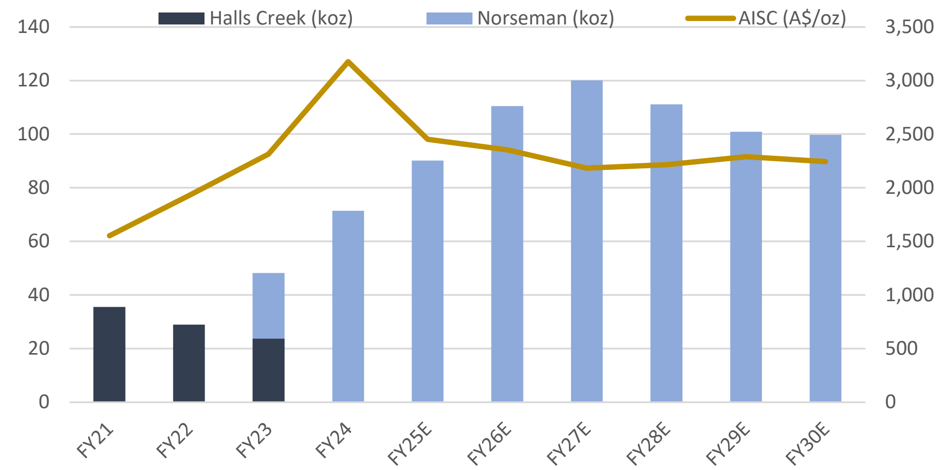
Medium-term growth to 120koz

The ramp up of the Scotia underground should enable PNR to grow production to 120koz by FY27, however with the OK underground only having a three-year mine life, we forecast a decline in output from FY28 and beyond.

High-grade underground mines at Mainfield provides material to our base case

The development of new underground mines at Mainfield present upside to our base case and could enable production to grow to ~200kozpa. Given the scope to grow beyond our base case, we are initiating coverage on PNR with a SPEC BUY rating and set a A$0.15 price target, noting that our AISC forecasts for FY25 are well above the guidance range.

Figure 11: PNR group production and AISC forecasts



Source: PNR, Argonaut Research, January 2025

We set a A$0.15 price target on PNR

Price target and valuation

We set a A$0.15 price target on PNR. Our price target is derived using a 50/50 blend of our sum-of-the-parts NPV using Argonaut gold prices and at current spot prices. Our NPV is dominated by our development scenario for the Norseman Gold Project. We also capture value for resources not currently incorporated in our mining inventory. Our valuation also captures corporate overhead costs and current net cash position.

Figure 12: Price target is a 50/50 blend of spot and Argonaut NPV

Valuation	Spot Prices		Argonaut forecasts	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Norseman	901.9	0.14	634.7	0.10
Resources	239.8	0.04	173.7	0.03
Hedge book	(0.8)	(0.00)	(1.6)	(0.00)
Corporate overhead	(42.9)	(0.01)	(42.9)	(0.01)
Unpaid capital	0.0	0.00	0.0	0.00
Cash	114.8	0.02	114.8	0.02
Debt / Leases	(55.0)	(0.01)	(55.0)	(0.01)
Total	**1,157.9**	**0.17**	**823.7**	**0.12**
Price Target (50/50 spot/base case)				**0.15**

Source: PNR, Argonaut Research, January 2025

PNR offers a ~2.5:1 valuation leverage to gold

Earnings and valuation sensitivity to gold prices

PNR's earnings are sensitive to movements in gold prices. A 10% rise in gold prices from our base case forecasts drives 21-35% upgrades to our FY25-FY28 earnings forecasts and increases of 78% and 70% in FY29 and FY30. The higher sensitivity in the later years reflects lower gold prices and margins.

Figure 13: Earnings sensitivity to a 10% move in gold prices

Y/E June	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	NPV
10% rise in gold price	21%	28%	27%	35%	78%	70%	25%

Source: PNR, Argonaut Research, January 2025

Downside risk to earnings at spot prices for FY26 and FY27

Mixed earnings outlook at spot prices

Our forecasts assume higher near-term prices for gold vs current spot prices. As a result, running a spot price scenario generates 7% lower earnings in FY26 and FY27. A spot price scenario generates materially higher earnings in FY28-FY30 and beyond. Running spot prices into perpetuity lifts our valuation by 41%.

Figure 14: Earnings outlook at spot prices

Y/E June	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	NPV
Earnings (A$/sh) - Spot	1.3	2.3	2.1	2.0	1.8	2.0	0.17
Earnings (A$/sh) - Argonaut	1.3	2.5	2.2	1.5	0.5	0.6	0.12
Variance	(2%)	(7%)	(7%)	34%	234%	249%	41%

Source: PNR, Argonaut Research, January 2025

Price target equivalent to a flat US$2,330/oz gold price

Price target equivalent to a US$2,350/oz gold price

We assess our valuation using various flat gold prices into perpetuity. We note that PNR's current share price equates to a flat gold price of ~US$2,000/oz. Our A$0.15 price target is roughly equivalent a flat gold price of US$2,350/oz.

Figure 15: Valuation at various flat gold prices into perpetuity

Gold price (US$/oz)	1,800	2,000	2,200	2,400	2,600	2,800	3,000
NPV (A$/sh)	0.06	0.09	0.11	0.14	0.17	0.20	0.23

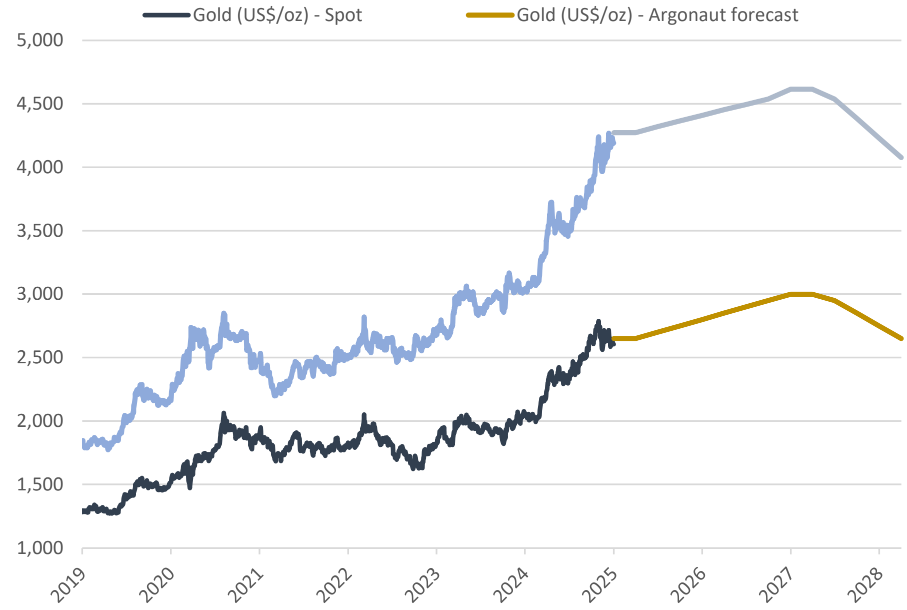
Source: PNR, Argonaut Research, January 2025

We have a bullish outlook for the gold price, with a forecast peak of US$3,000/oz

Bullish outlook for gold prices

We expect gold prices to continue to rise over the next three years, with spot prices peaking at US$3,000/oz in 2026. Ongoing risks over inflation and US interest rate outlook combined with concerns over the record US debt levels are likely to favourable to gold. In A$ the gold price peak occurs at the same time at over A$4,600/oz. We note that our price forecasts revert to our long-term price of US$2,000/oz from 2029

Figure 16: We expect gold prices to peak at US$3000/oz



Source: Bloomberg, Argonaut Research, January 2025

Key risks to our base case

Aside from movements in gold prices, the key risks to our base case include variances in the operational performance of the Norseman operation. We note that our forecasts are generally above company guidance for operating costs. Delivering on its targets presents upside risk to our base case.

Mining at Scotia has yet to commence, hence variances between the reserve and actual mining performance also presents a material risk to our base case. We have not yet incorporated any production from Mainfield or other higher-grade underground mines. Development of these assets presents the most material upside to our base case.

Scotia ramp up key near-term growth driver

Production has underperformed targets to date

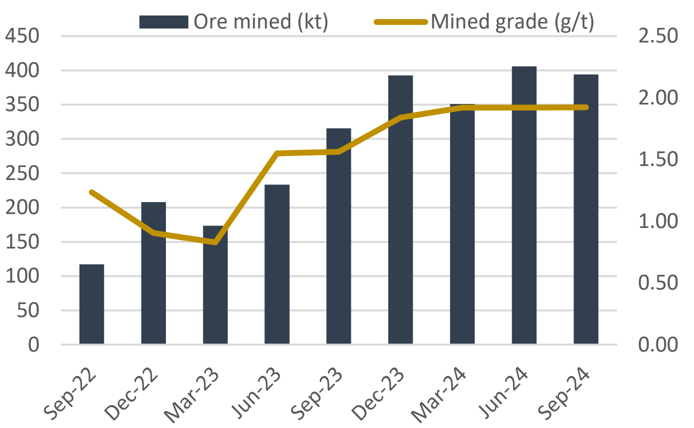
Production ramp up has suffered several setbacks

PNR announced first gold pour at Norseman in October 2022, with the operation expected to ramp up towards the target 110kozpa production rate. Initially, the new 1.2mtpa process plant, suffered from several mechanical issues which slowed the early ramp up target by around six weeks, and impacted the ramp up through FY23.

Output fell well short of guidance in FY23

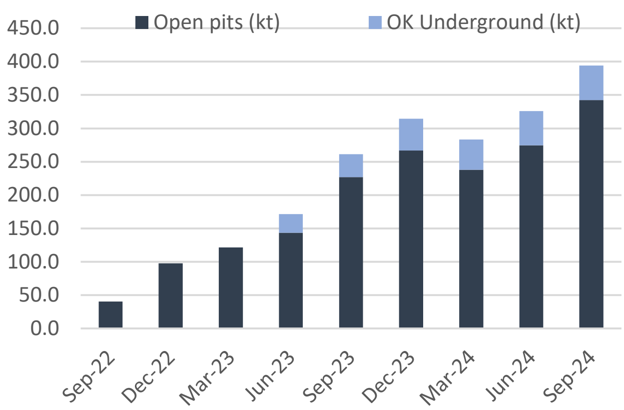
The plant issues were largely resolved by the end of 2022 however labour shortages impacted the performance of the open pit contractor, Hampton Mining and resulted in lower ore mined in the 2HFY23 than was expected. These issues persisted and Norseman only produced 25koz at an AISC of A$2,289/oz in FY23.

Figure 17: Norseman quarterly ore mined and grade



Source: PNR, Argonaut Research, January 2025

Figure 18: Norseman quarterly ore mined by source

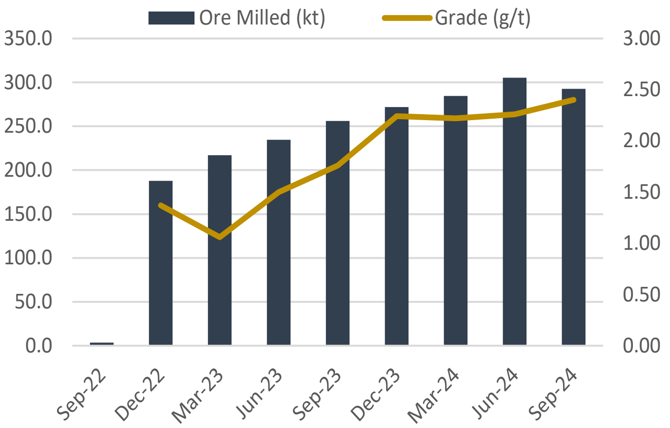


Source: PNR, Argonaut Research, January 2025

Mining rates were impacted by labour issues in 2024

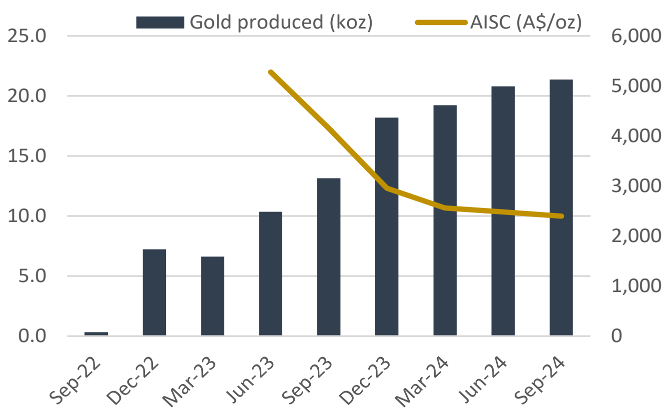
Labour constraints continued to impact mining rates in the early part of FY24, with both open pits (Scotia and Green Lantern) and underground (OK Mine) mining rates falling behind schedule. The rates from the open pits started to improve in the 2QFY24, however the acceleration of underground mining did not occur as fast as anticipated. As a result, Norseman produced 71.4koz at an AISC of A$3,149/oz in FY24, well below the guidance range of 100koz @ A$1,900/oz.

Figure 19: Norseman quarterly ore milled and grade



Source: PNR, Argonaut Research, January 2025

Figure 20: Norseman quarterly gold produced and AISC



Source: PNR, Argonaut Research, January 2025

Underground mining rates have stabilised, however open pit mining ceased in October

Production has stabilised around 80kozpa

The performance in the 4QFY24 and 1QFY25 at Norseman had stabilised, with the combination of open pit feed from Scotia and Green Lantern and increased output from the OK Underground. However, mining of the Scotia open pit was completed in late September 2024, with Green Lantern ceasing in October 2024.

PNR provided guidance of 18-22koz for the 2QFY25 as the remaining ore from the open pits and stockpiles provide supplemental feed to the high-grade ore from the OK Mine. We note that the process plant, which was only constructed by PNR in 2022, has a capacity of 1.2mtpa and is unlikely to be a limiting factor to production in the near-term.

The new process plant has been operating around its stated capacity of 1.2mpa

Figure 21: Norseman gold process plant

Source: PNR, January 2025

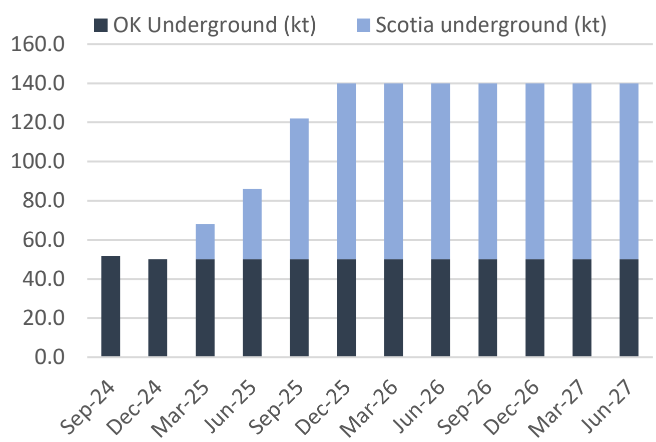
We assume FY25 production will be at the bottom of guidance

Scotia underground ramp up key to FY25 production guidance

PNR reiterated its FY25 guidance of 90-110koz at an AISC of A$1,710-A$2,090/oz despite 1HFY25 guidance implying production of 39-43koz. PNR noted that the progress of the ramp up of the new Scotia underground mine would be a key driver in delivering increased production in the 2HFY25 along with starting a new open pit mine at Princess Royal.

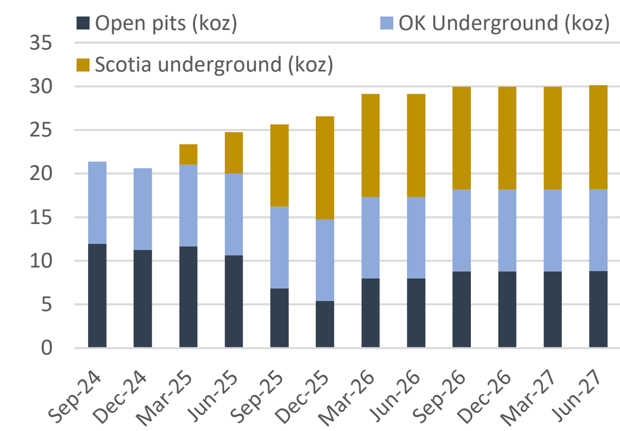
We note that the OK underground mine was ramped up to a 200ktpa rate over a one-year period and we have assumed a similar profile for Scotia, with the mine forecast to ramp up to 360ktpa over a 12-month time frame. PNR's ability to deliver this ramp up profile presents a key risk to our near-term forecasts, both to the upside and downside.

Figure 22: Scotia and OK underground ramp forecasts



Source: PNR, Argonaut Research, January 2025

Figure 23: Quarterly ounces produced via ore source



Source: PNR, Argonaut Research, January 2025

Larger scale development at Scotia should drive increased production

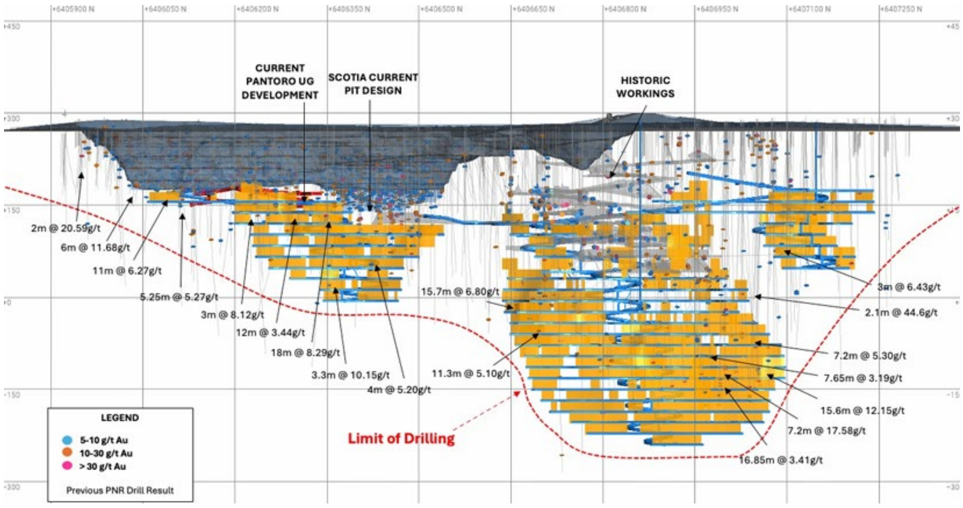
Scotia a larger scale development

The Scotia underground is larger scale than the current OK underground mine. The average ore widths at the OK underground are around 1m wide, which results in dilution in mined grades vs reserves. Scotia mining widths are expected to average around 4m but can be over 10-15 in some areas.

Our mining inventory for Scotia of 1.8mt @ 4.3g/t is more than double the size of the OK underground. PNR has indicated it expects the average mined grade for Scotia to be ~4.5g/t at a mining rate of 450ktpa. Our forecasts are below this guidance at 360kt @ 4.3g/t producing around 50kozpa.

We assume a mining rate lower than company guidance for Scotia

Figure 24: Scotia underground development plan



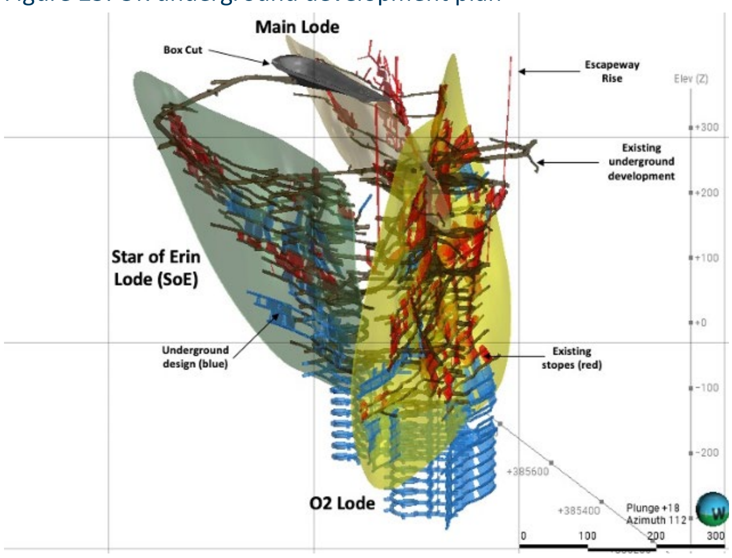
Source: PNR, January 2025

OK Underground has a three-year mine life

OK Underground provides higher-grade ore

PNR has ramped up production from the OK underground to around 10koz/quarter. This has been achieved by a combination of stabilising the mining rate around 200ktpa and increasing the average grade mined as the O2 lode ramped up. We incorporate a mining inventory of 700kt @ 6.1g/t for the OK underground, which underpins a 3-year mine life.

Figure 25: OK underground development plan



Source: PNR, January 2025

Production growth to 120kozpa in sight but at higher costs

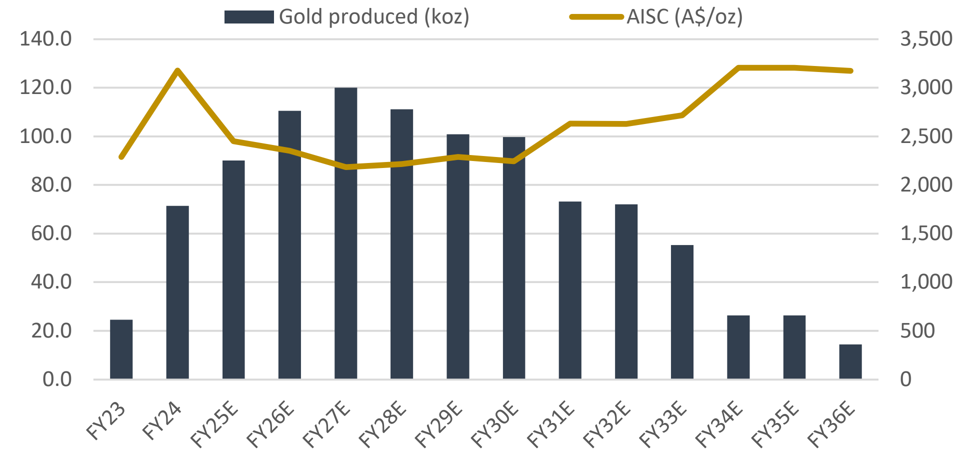
AISC expected to be well above guidance range in FY25

We believe the ramp up of the Scotia underground will enable PNR to deliver a production result for FY25, albeit towards the bottom end of the range. However, having reported AISC of A$2,395/oz, we expect AISC for FY25 to average A$2,451/oz, well above the A$1,710-A$2,090/oz guidance range. To achieve guidance PNR would need to report AISC below A$2,000/oz in the 2HFY25.

Pathway to growing production to 120koz in FY27

The continued ramp up of the Scotia underground and the re-start of open pit mining at Princess Royal should enabled improved grades to be delivered to the process plant, pushing production to 120koz in FY27. The cessation of the OK underground is forecast to see production fall, however, developing Mainfield is upside to our base case.

Figure 26: Norseman gold production and AISC forecasts



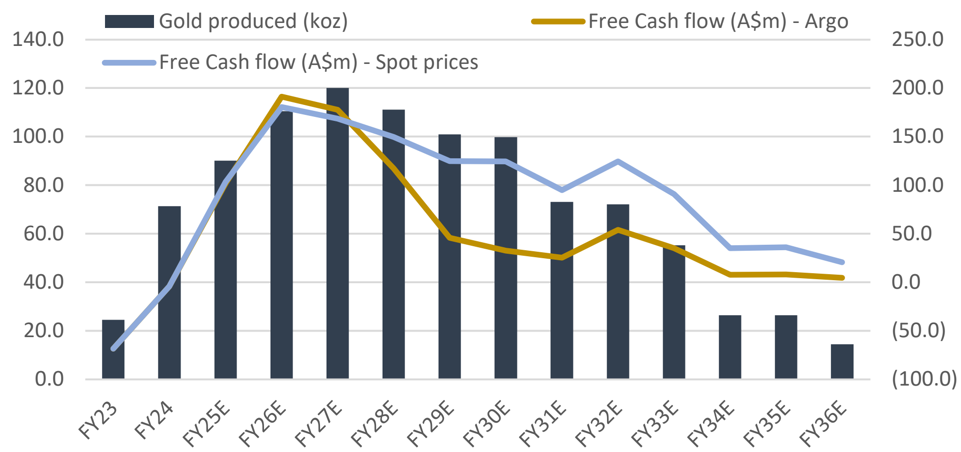
Source: PNR, Argonaut Research, January 2025

Strong free cash flow at current gold prices

We expect Norseman to generate ~A$150mpa in mine free cash flow

We expect PNR will generate strong free cash flow from Norseman over the next four years using Argonaut gold prices, averaging A$150mpa. At current spot prices, the average A$150mpa free cash flow generation could extend for six years, with a peak of A$180m in FY26. We note the cash flow forecasts exclude corporate overhead costs and regional exploration expenditure.

Figure 27: Gold production and mine free cash flow forecasts



Source: PNR, Argonaut Research, January 2025

Mainfield a pathway to 200kozpa

High-grade underground resources at Norseman are significant

Signficant resources already defined

PNR recently updated its resource estimates for Norseman, with underground mineralisation of 5.7mt @ 11.3g/t, which accounts for 46% of contained gold in resource. The current underground mines at OK and Scotia only account for ~25% of the total underground resources at Norseman.

Figure 28: Norseman underground resources

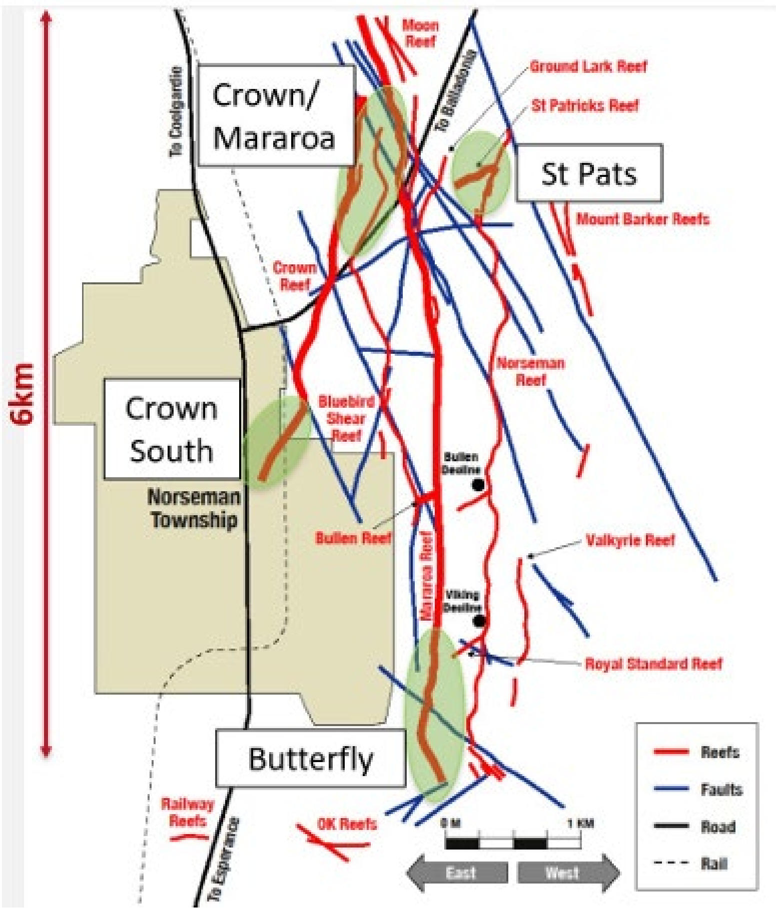
Deposit	Ore (kt)	Grade (g/t)	Gold (koz)
OK Underground	456	14.9	218
Scotia underground	1,901	5.2	318
Mainfield	1,500	12.9	620
North Royal	1,275	14.4	590
Harlequin	755	17.3	420
Total	**5,969**	**11.3**	**2,173**

Source: PNR, Argonaut Research, January 2025

Mainfield produced the highest volume of gold historically, with production totalling 7.3mt @ 10.8g/t containing 2.5moz. The other two main producing centres were North Royal and Harlequin, which produced 3.3mt @ 16.7g/t containing 1.8moz and 2.4mt @ 10.1g/t containing 0.8moz, respectively.

Mainfield is the key near-term target for PNR, which could provide a major underground ore source

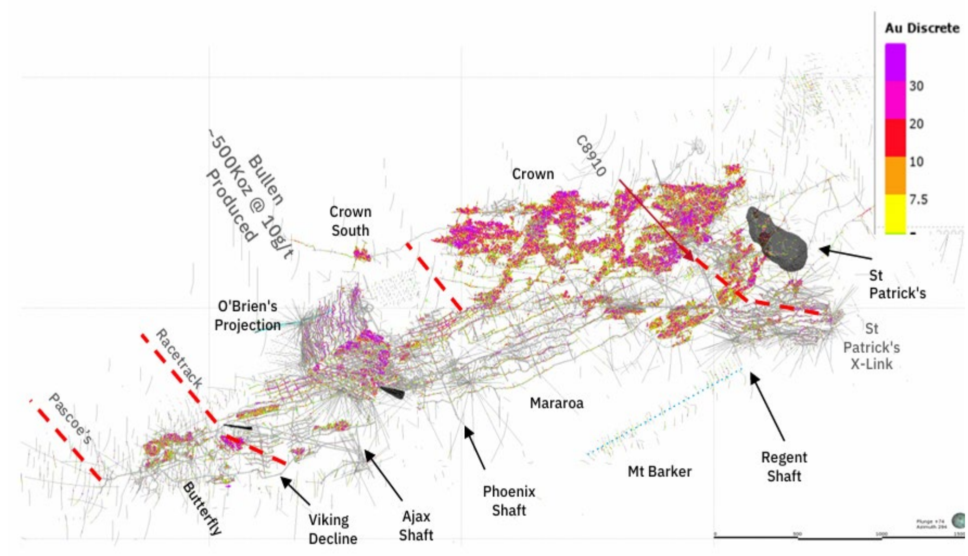
Figure 29: Mainfield key longer-term focus



Source: PNR, January 2025

Figure 30: Underground resources at Mainfield are significant

Crown Reef and South Crown key near-term targets for exploration



Source: PNR, January 2025

Bullen decline rehabilitation underway

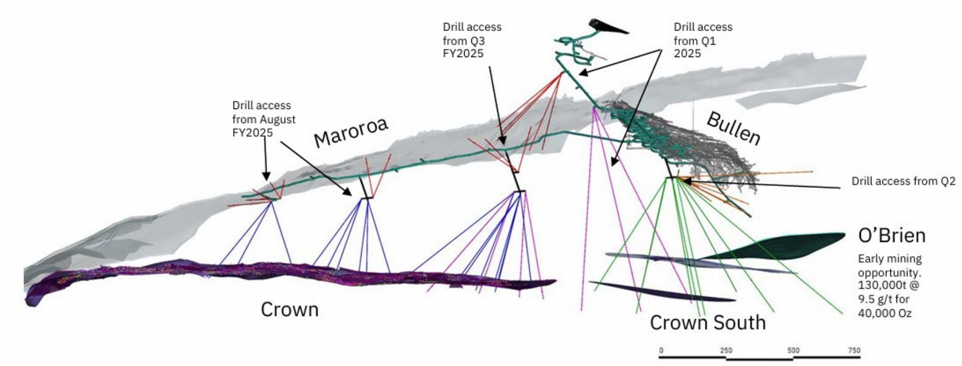
PNR has already commenced drilling at Mainfield, with first pass results returning some impressive grades including 6m @ 35.8g/t and 6m @ 14.9g/t. In the near-term drilling is expected to focus on the unmined areas of the Crown Reef and South Crown.

Bullen decline provides opportunity for near-term production

The Bullen decline, which was used by previous operators provides access to all the previously mined areas at Mainfield. PNR will complete a dewatering program to access below the 14 level, which once completed could provide an early underground start up opportunity.

PNR has identified the O'Brien deposit as a potential early mining opportunity with the main Crown Reef is drilled out. Drilling on at the Butterfly Area to the south will also be a focus of underground drilling over the next two years. We have not included any mining from Mainfield in our forecasts, and this presents material upside to our base case.

Figure 31: Near-term drilling targets at Crown and Crown South



Source: PNR, January 2025

Board of Directors

Wayne Zekulich – Non-Executive Chairman

Wayne Zekulich has a broad range of experience covering advice on mergers and acquisitions, arranging and underwriting project financings, privatisations, and debt and equity capital markets. He previously was the Chief Financial Officer of Gindalbie Metals and prior to that the Chief Development Officer of Oakajee Port and Rail.

Paul Cmrlec – Managing Director

Paul Cmrlec holds a Bachelor of Mining Engineering degree with Honours from the University of South Australia. He has more than 20 years' experience in corporate and operational management of mining companies. Paul has held several operational and planning roles with several companies and was previously the Group Underground Mining Engineer for Harmony Gold Australia and the Group Mining Engineer for Metals X. He also managed 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 WA.

Fiona Van Maanen – Non-Executive Director

Fiona Van Maanen is a Certified Practicing Accountant and holds a Bachelor of Business (Accounting) Degree and a Graduate Diploma in Company Secretarial Practice. Ms Van Maanen has approximately 25 years' experience in corporate governance, financial management, and accounting in the mining industry. Ms Van Maanen is the Chair of the Audit & Risk Committee and a member of the Remuneration Committee.

Kevin Maloney – Non-Executive Director

Kevin Maloney is the Chairman and founder of Tulla Resources Group Pty Ltd. He is also Chairman of THEMAC Resources, a Canadian company listed on the Toronto Stock Exchange. Previously, Kevin was the founder and Chairman of The MAC Services, a company that was listed on ASX and grew to become Australia's largest integrated accommodation group. Kevin was part of the senior management team that created Elders Resources Limited in June 1985, after spending 20 years with ANZ. He was previously Non-Executive Chairman of HRL Holdings, Non-Executive Director of Queensland Mining and Non-Executive Chairman of Altona Mining.

Mark Maloney – Non-Executive Director

Mark Maloney is the Managing Partner and founder of Tulla Resources Group Pty Ltd. Previously; Mark was Chief Executive Officer of The MAC Services. During Mark's tenure, The MAC Services became a member of the S&P/ASX 200. Mark also has 15 years' experience in investment markets, having held senior management positions with J.P. Morgan Chase & Co and Goldman Sachs Group Inc in London and Sydney.

Senior Management

Paul Cmrlec – Managing Director

See previous.

Scott Huffadine – Chief Operating Officer

Scott Huffadine is a geologist with strong operational and project development background and 28 years' experience. He has extensive site general management and corporate experience. He was previously Managing Director of Kingsrose Mining and is a Non-Executive Director of Kingfisher Mining.

Scott Balloch – Chief Financial Officer

Scott Balloch is a highly experienced CFO and financial controller with approximately 25 years' experience with ASX listed mining companies including Westgold Resources and Metals X.

David Okeby – Chief Operating Officer

David Okeby has approximately 20 years working in mining companies and experienced in all areas of company legal and secretarial matters. He was previously Company Secretary for Westgold Resources and Metals X.

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