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The Alchemist

A purple patch on the horizon for Australian gold M&A?

In this issue, The Alchemist examines the current state of the Australian gold sector and the likely movers and shakers in the M&A space.

Introduction

Conditions for the Australian gold sector are the most favourable they have been in a long time, perhaps even the most favourable they have ever been. The Alchemist believes it is only a matter of time before there are some significant moves by a well-funded, motivated group of acquirers to consolidate and build out resource and reserve inventories and production pipeline.

Global conditions are extremely favourable for gold

US dollar gold prices are at all time highs as investors seek the safety of hard, but highly liquid, assets in a climate where geopolitical tensions continue to rise and there is increasing concern over the future of the purchasing power of the US dollar.

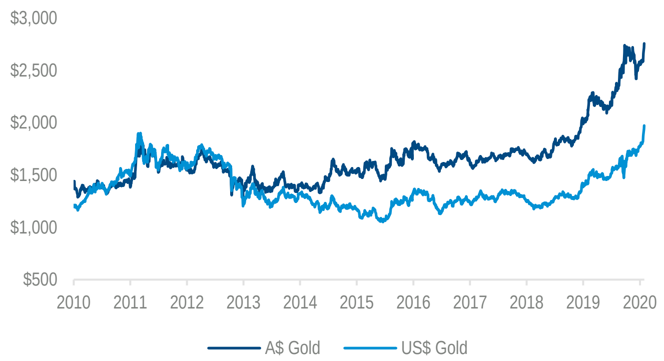

Figure 1: Gold price 2010 to 2020 in Australian dollars and US dollars per ounce. Source Bloomberg

We see these conditions persisting for at least the short-medium term given the negative inflation-adjusted yields on benchmark US government bonds, concerns about money printing or raised taxes to repay ballooning government debt as a result of the Covid-19 response, and a growing realisation that the recovery from the Covid-19 crisis, particularly in the USA, is going to be a much longer process than earlier anticipated. And of course bubbling away in the background, but no less important, are continuing geopolitical tensions between major world powers (USA-China, China-India, Iran-Saudi Arabia etc.).

Australian gold sector strength

With a A$:US$ rate that remains favourable, markedly lower oil prices and low inflation keeping a lid on operating costs, and production largely unaffected by Australia's enviably effective response to Covid-19, the bank balances of Australian gold corporates are rapidly swelling, and we feel that the arguments for converting cash to hard assets are as applicable to the corporates as they are to the individual investor.

With significant international Covid-19 driven travel restrictions, the ability to transact on foreign assets is greatly complicated at present, and is likely to bring significant additional due diligence and operational risk. Hence, the gaze of the Aussie golds are likely to be focused on their own backyard in the search for a way to deploy cash, capitalise on surging valuations and extend production and resource bases.

The issue for aspiring acquirers though, is that even in the current high gold price environment we do not see a deep pool of quality local acquisition options for the producers. Further, we expect competition for quality opportunities to be high as prudent companies prioritise local over foreign growth options.

Recent trends in global gold M&A

2020 has seen a number of significant transactions in the global gold space, with the broad themes being:

- Large royalty, streaming and other financial transactions
- African asset and corporate transactions
- North American asset transactions

Table 4 on page 8 of this report provides further detail on global gold M&A deals in 2020 so far.

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We note that Australian gold M&A has been relatively subdued in 2020 so far, but activity has been picking up, particularly for ASX-listed companies with offshore assets. We believe the conditions are ripening by the day for consolidation among the Australian onshore companies in particular.

An interesting case in point which may portent future trends for onshore Australian M&A is the ongoing escalating tussle between Shandong Gold and NordGold for Cardinal Resources Limited (ASX:CDV). A non-binding indicative offer from NordGold in March at a price of A$0.458/sh was met with a competing bid of A$0.60/sh from Shandong in June. NordGold upped the ante in July with an offer of A$0.66/sh but again were trumped by Shandong's latest bid at A$0.70/sh, with the stock continuing to trade above the latest Shandong bid in a promising sign. As of 27 July, the Cardinal board have recommended the latest Shandong bid but we are not certain that this represents the end of the tussle, and indeed NordGold may see fit to again improve upon Shandong's price.

State of the Australian gold market

The Australian gold sector has arguably never been in better shape – cash generation across the producers is at record highs, debt is low and eminently serviceable, and equity investment is flowing into the sector across the board at levels unseen for many years.

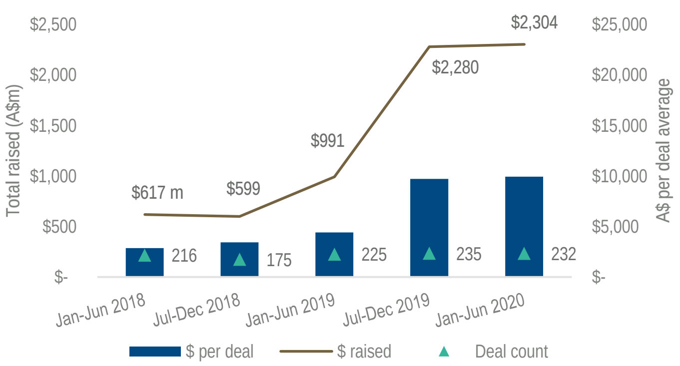

Figure 2: Australian gold equity raisings, 2018 to 2020. Source SNL

We see three trends informing the Australian gold M&A thematic over the rest of 2020 and into 2021, driven by the status of the individual players:

1. Established large and mid-tier, where market valuation is being driven by sustained production and significant reserve bases and who are *making hay while the gold shines*
2. Development companies, where valuation is driven primarily by the potential of a near-term transition from explorer to producer, albeit with *some being more buoyant than others*
3. Discovery companies, where valuation is being driven primarily by market excitement around recent discoveries and the thrill of *riding the Lassonde rollercoaster*

Making hay while the gold shines

Australian producers are harvesting cash at levels unseen for many years. At the same time, access to capital appears readily available making these companies arguably the best positioned to use their firepower to add development ounces both within the shadow of their headframes and further afield.

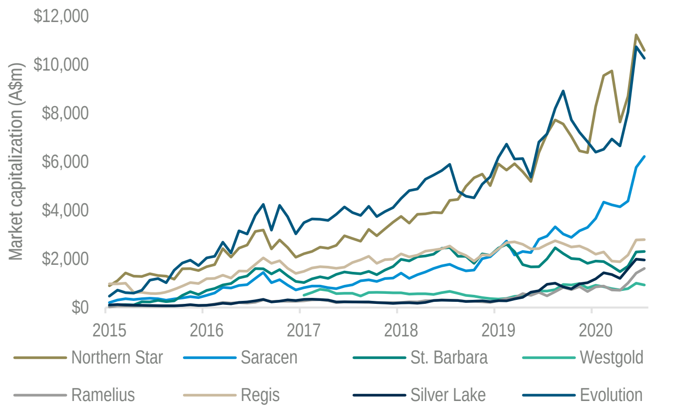

Figure 3: Market capitalisations of select Australian gold producers, 2015 to 2020. Source Bloomberg

Public discourse by these companies indicates that the hurdles required for such M&A are still relatively high, with acquisition targets ideally having potential to deliver at least 150-200kozpa or more over a mine life of 10 years or more given the increased materiality threshold as a result of the significant growth of the main producers. An exception to this which we expect to see continue is companies securing incremental ore supply to existing mills, such as the recent acquisition of Spectrum Metals by Ramelius Resources.

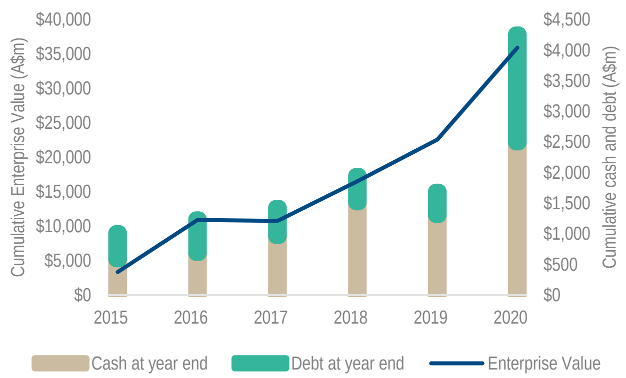

Figure 4: Cumulative Enterprise value, cash and debt of Australian gold producers in Figure 3, 2015 to 2020. Source Bloomberg, company reports

We also note that the current crop of Australian mid-tier gold producers are (at least publicly) strongly preaching discipline in how they intend to approach M&A. This indicates to us that the more compelling acquisition targets may prove to be those which can deliver on the large production, long life criteria set out above and which look cheap relative to their peer group this time around.

A rising tide lifts all boats, some more buoyant than others…

Gold developers are by and large seeing their stocks rise in tandem with the gold price, but there are some clear winners and laggards who sit at the extremes when we analyse how the market is valuing their resources and reserves. It is here we see the likeliest takeover targets as groups holding development assets that can be rapidly put into production and deliver ounces into a high gold price environment where risk may have been overpriced by the market.

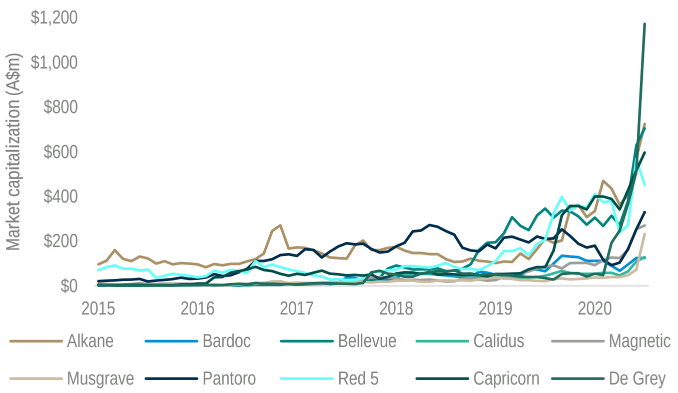

Figure 5: Market capitalisations of select Australian gold developers, 2015 to 2020. Source Bloomberg

The Lassonde curve writ large

2020 has seen the emergence of some market darlings who are very clearly on the way up the first incline on the market rollercoaster. These are companies who, while likely squarely focused on their tasks at hand, might consider using their newfound scrip power to capitalise on disproportionate rises in value. Less likely perhaps is that acquirers will be willing to take the full risk on these companies, some pre-resource, at these valuations. More measured approaches such as farm-ins or JVs may offer alternative means of control of these companies than straight acquisitions.

Given their meteoric share price rises over the last few months after reasonably long periods of stagnant share price movement, we consider that De Grey Mining, Musgrave Minerals and Magnetic Resources are exhibiting some classic signals of being firmly entrenched in the "speculation" phase of the curve.

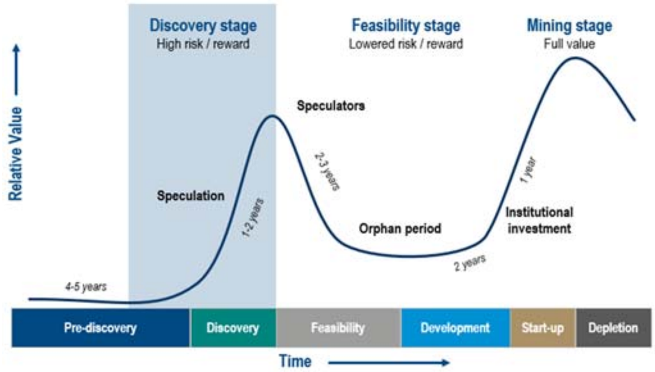

Figure 6: The Lassonde Curve – mining legend Pierre Lassonde's graphical representation of the market gyrations of a new mineral discovery

Analysis of current Australian gold producers and developers

We have analysed the universe of Australian gold development and exploration companies and come up with a shortlist of both potential acquirers and most attractive targets.

Tables 5 and 6 on pages 8 and 9 of this report provide in-depth valuation metrics and summary statistics for our long list of Australian gold producers and developers.

Our shortlist of potential acquirers is comprised of those where we see a strong combination of rationale, motivation and capacity to complete a material acquisition.

On the target side, while there will always be an element of subjectivity to any exercise such as this, we feel that the development projects we have shortlisted are the most likely to be attractive to acquirers, through demonstrated strength in any of the following criteria or a combination of two or more:

- Size of reserve base and likely mine life
- Resource base, grade and exploration potential
- Location relative to existing milling infrastructure
- Low relative valuation per ounce of reserve, resource or production (or all three)
- Full or majority ownership (or a pathway to same) of their main asset

Given the current environment, we see fairly clear demarcation between potential targets and acquirers with many companies now too big for their peers to comfortably handle unless mergers of equals are pursued, although some scope still exists at the lower value end of the scale for consolidation.

Potential acquirers

At the top of the tree sit the largest and most obvious – Northern Star Resources Limited (ASX:NST), Evolution Mining Limited (ASX:EVN) and Saracen Mineral Holdings Limited (ASX:SAR), each producing over 500koz per year and each capped north of $6bn. While all are still bedding down new acquisitions, including some turnaround programs and management of foreign assets in a Covid-19 environment, this group has shown a willingness to make the right acquisition of scale should the opportunity present. With very robust asset bases and strong cash flow generation capacity, none would be expected to have trouble tapping the debt or equity markets to supplement their cash balances for opportunistic acquisitions and subsequent development capital as required.

Table 1: Financial highlights of Northern Star Resources, Evolution Mining and Saracen Mineral Holdings. Source Bloomberg, company reports

Company	Market cap. (A$m)	Net debt (A$m)	Enterprise value (A$m)	FY2021 forecast free cash flow (A$m)
Northern Star Resources	11,822	(15)	11,807	1,130
Evolution Mining	10,124	196	10,320	640
Saracen Mineral Holdings	6,937	48	6,889	505

However, the strategic drivers for these three to transact may not be as strong as for the next tier of companies. Here we see four producers with the capacity, bandwidth and likely greater motivation to acquire a large development play, with the potential for a step-change in accretive production and associated market re-rating

These four companies are The Alchemist's top picks as the most likely Australian gold companies to be acquirers over the short to medium term.

Table 2: The Alchemist's shortlist of most likely acquirers among the Australian gold companies

Acquirer	Key strengths	Rationale for acquisition
Silver Lake Resources	Very strong balance sheet, significant cashflow generation from existing operations	Existing assets will only produce incremental organic production growth. Need step-change acquisition to join the ranks of larger producers
Ramelius Resources	Valuable, demonstrated expertise in "hub and satellite" operations in WA	Backfill production and mine life profile. Consider acquisition of new "hub" and use as a base for bolt-on "satellite" acquisitions
Gold Road Resources	Valuable, "Annuity-style" cashflow from non-operated Gruyere project	Use strong scrip to acquire new production/development asset and develop with Gruyere cashflows
Regis Resources	Robust reserve and production base and cashflow profile	Production profile inertia has not been rewarded by the market. Doubts over timeline for development of McPhillamys

Silver Lake Resources Limited (ASX:SLR)

Another significant cash producer, Silver Lake is currently sitting on >$250m in cash with zero debt. Deflector is performing well and Rothsay will likely provide high margin albeit small scale incremental feed. An accretive acquisition of a development project of scale would bring greater balance and certainty to a portfolio that has so far performed well by leveraging existing infrastructure to get visibility on asset longevity and growth.

Ramelius Resources Limited (ASX:RMS)

A staggering 25-fold share price increase since 2015 on the back of a successful acquisition strategy delivering new processing hubs and satellite ounces has put Ramelius squarely into the realms of mid-tier ASX-listed gold miners. Ramelius' updated life of mine plan highlights a sharp drop-off in production from FY25 and a reliance on "rolling" extensions, and we believe that the time is right to capitalise on their now enhanced valuation, balance sheet strength and operating credentials to acquire a value accretive, long-life third hub and solidify the company's long term operating future.

Gold Road Resources Limited (ASX:GOR)

On most measures Gold Road is receiving a high valuation in the market, including on a $ per production ounce basis where it ranks right up there with Northern Star, Evolution and Saracen (despite producing less than 150koz at 1.4g/t). With Gruyere now successfully commissioned and without the burden of operatorship, Gold Road is effectively an annuity company. Hence, they are in a strong position to capitalise on their highly valued scrip and add a significant accretive development asset to provide shareholders with more certain and tangible value protection and growth options than simply hoarding cash.

Regis Resources Limited (ASX:RRL)

Against its peers Regis has been comparatively conservative, sticking with steady production at their greater Duketon operations and patiently pursuing development of McPhillamys in NSW. Permitting at McPhillamys has previously been described by the company as "heavy going". The opportunity to use the company's strong track record of developing bulk low-grade assets should be used to obtain an advanced and attractive development option to leapfrog McPhillamys to provide greater pipeline certainty.

We note however that Regis may be less well placed to transact on a relative value basis than in previous years given their comparatively tame share price rise against other producers and developers, especially if delivering into a hedge book more than $400m underwater becomes genuine internal competition for capital.

Producers not on the short-list

The eagle-eyed may have spotted some omissions from our list of Australian-based (or dominant) producers who are likely to be fishing in the Aussie pond, but we feel they are not likely to be acquirers, for various reasons:

St. Barbara Limited (ASX:SBM)

Still in the process of bedding down the Atlantic Gold acquisition, St. Barbara have in recent days moved to consolidate the Touquoy project with the acquisition of their Canadian joint venture partner at a cost of ~C$60m. Associated commentary from the company makes it quite clear that they see their future growth options as organic, growing their exploration portfolio in Canada and completing final development studies for the Simberi sulphide gold project in PNG. Were Simberi not to meet internal hurdles, St. Barbara could look back to Australia for a development acquisition to fill the pipeline, but at the moment we think their attention is elsewhere.

Westgold Resources Limited (ASX:WGX)

In an absolute sense, Westgold look to be reasonably well positioned for M&A – they have a healthy cash balance, no debt and a solid, growing production profile. A logical tie up may be for Westgold to target Musgrave with their recent high-grade discovery garnering a lot of excitement, less than 50kms from the Tuckabianna mill. However, with a market capitalisation pushing $400m, we feel Musgrave may be too much of a stretch for Westgold at this time. Furthermore, with Big Bell finally appearing to hit its straps, management's focus is likely squarely on operational matters to the detriment of expansion through acquisitions.

Kirkland Lake Gold (ASX:KLA, TSX:KL)

Very simply put, while Kirkland certainly has the firepower to transact upon almost anything within the Australian gold space, we do not see any compelling acquisition opportunities for them either at the project or corporate level at this time. Whilst still bedding down their recent acquisition of Detour Gold, recent noises from the company point much more towards asset divestments (Union Reefs and Holt) than any appetite for acquisition at this point in time.

Potential targets

Five companies stand out amongst the longer list of Australian gold development companies. Each has their own unique strengths and weaknesses, but each company has the existing reserves and/or the demonstrated potential to be a transactable, material acquisition for any acquirer.

These five companies are The Alchemist's top picks as the most attractive Australian gold acquisition targets over the short to medium term.

Table 3: The Alchemist's shortlist of Australian gold companies most likely to be acquisition targets

Target	Key project	Key attractions	Downside risks to transaction
Bellevue Gold	Bellevue	High grade, exploration upside, proximity to established milling infrastructure	Arguably very highly valued, pre-feasibility study level asset
Pantoro	Central Norseman	50% exposure to large high-grade asset, high-grade production from existing mine, DFS pegged late 2020	High-cost gold production and Norseman has proven technically challenging in the past
Red 5	King of the Hills	Largest acquirable de-risked open pit reserve in Australia, ~100kozpa production at Darlot	Recent operational issues at Darlot and relatively low grade at KOTH
Musgrave Minerals	Moyagee	Discovery at Starlight highlights potential high grade addition to existing resource, acquirable at current market cap	Location, needs to demonstrate scale for standalone operation
Bardoc Gold	Aphrodite	Acquirable at current market cap, attractive location close to Kalgoorlie	Potentially significant metallurgical risks to main orebody

M&A competition for development assets is likely to be strong, and comes not just from cashed up, well-credentialled acquirers (such as the escalating bidding war for Cardinal) but from asset owners themselves who are well placed to raise the necessary development capital and go it alone. We note recent capital raises of more than $100m by each of Red 5 and Bellevue this year with the inflow of cash into Australian listed gold companies showing no sign of abating anytime soon. This is also likely to result in some select companies being as likely to be acquirers as targets.

For the right targets, and even bearing in mind our earlier point on M&A discipline, it would not surprise if acquisitions in this space were keenly contested and involved high opening premia and multiple rounds of competing bids.

Bellevue Gold Limited (ASX:BGL)

The Bellevue gold project is one of the standout undeveloped projects, not just in Australia but globally, and Bellevue are being valued accordingly. Bellevue's grade, existing scale and exploration potential are likely to put it firmly in the gaze of potential acquirers, although at ~$1bn its valuation may be getting a little harder to swallow for some. We note that its proximity to Goldfields' Agnew operation, Saracen's Thunderbox mine and Northern Star's Bronzewing asset (with milling infrastructure requiring modest refurbishment capital), together with the obvious exploration potential is likely to have captured the attention of these groups in particular.

On the flipside, we feel that the company's standing in the equity markets means that it could just as easily self-develop or be an acquirer, should the right opportunity present – a company with an operating mill and dwindling reserves within trucking distance could be a very compelling prospect.

Red 5 Limited (ASX:RED)

A large predominantly open pit gold reserve of 1.5Moz @ 1.2g/t, where we see potential for production to eventually achieve >200kozpa, substantial existing infrastructure and low estimated capital cost makes King of the Hills ("KOTH") a standout in the Australian gold development space.

Recent operational issues at Darlot have clipped Red 5's share price, but these concerns should be seen as separate from the KOTH value proposition which we think underpins the majority of Red 5's worth. Hence a window of opportunity appears to have opened for would-be acquirers. With significant de-risking of the deposit, an imminent DFS that we see as a potential catalyst for corporate action, and some of the cheapest ounces going on a dollar per resource, reserve and production basis, we think this is likely to be on the radar of the majority of likely acquirers.

Pantoro Limited (ASX:PNR)

Funded and motivated to unlock the largely forgotten, but high grade, well-endowed Central Norseman Gold Project ("CNGP") (4.6Moz @ 4g/t). CNGP is amongst the higher-grade historic goldfields in Australia with historic production exceeding 5.5Moz and has extensive infrastructure already in place at company, local shire and regional levels. Pantoro is aiming to rapidly re-establish operations of potentially >100kozpa initially, and target expansion to ~200kozpa or beyond in the following years.

These elements make Pantoro, as operator of the 50:50 Norseman JV (where it has a first right of refusal on the remainder of the JV), an interesting target for groups wanting near-term pipeline options of scale with embedded growth, with the added bonus of cash flow generation from Nicholsons. We note that most would be expected to wait until the Norseman feasibility study results (expected late 2020) are out before seriously considering a move.

Bardoc Gold Limited (ASX:BDC)

Metallurgical issues have put many off this one in the past but with recent high-grade success, perhaps it's time for a fresh look at a reserve pushing 800koz at 2.4g/t within 100km of Kalgoorlie. Currently the cheapest developer on our shortlist on both an EV/resource ounce and EV/reserve ounce basis.

Recent high grade hits outside of the current ore reserve at Aphrodite and deep resource drilling at Mayday point to the potential for significant resource and reserve growth, and given the location of Bardocs tenement package straddling the Goldfields highway a mere 50km from Kalgoorlie, we think Bardoc is likely of interest to a number of companies with operations in the area.

Musgrave Minerals Limited (ASX:MGV)

Riding the wave of discovery, the market is clearly pricing in a substantial resource upgrade on the back of recent high-grade success at Starlight. Realistically, the two obvious candidates for acquisition are Ramelius and Westgold, each of whom could see Moyagee as a valuable source of incremental feed for their respective regional processing centres. On the flip side, any other potential acquirer may be looking at Moyagee and asking could it sustain a standalone operation with a resource of >1.5Moz at >3g/t? If so it may well be an attractive target to a number of prospective parties, outside the obvious two.

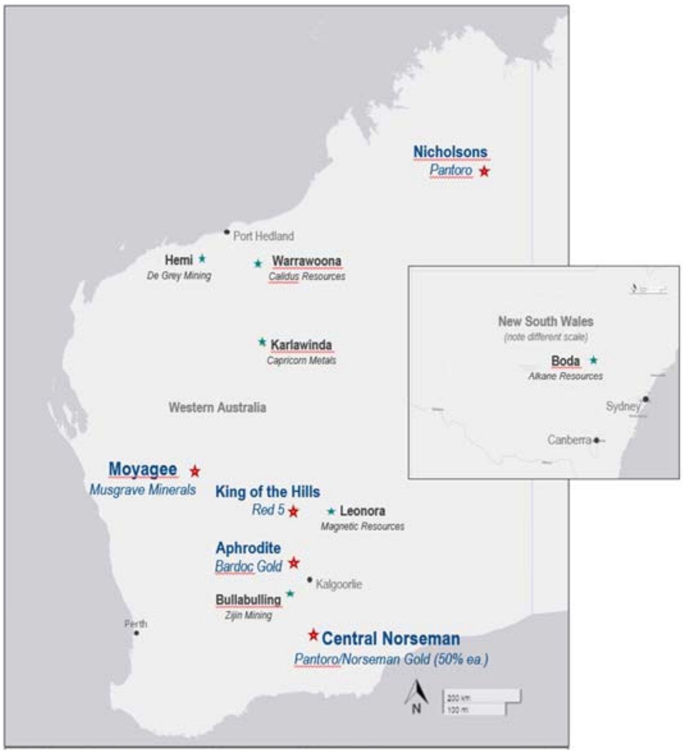

Figure 7: Location of key Australian gold development projects, with The Alchemist's shortlisted projects highlighted. Source SNL

Strong SCRIP – potential acquirers?

Two companies stand out, which for various reasons are being very heavily valued by the market. At these valuations we do not see them as attractive acquisition targets, but we do feel they may be tempted to capitalise on circumstances to make acquisitions themselves.

Capricorn Metals Limited (ASX:CMM)

Compared to its peers Capricorn appears highly valued, as a single-asset company with a reserve of barely over 1Moz at sub-1 g/t. The likely key catalyst here is the recent addition of the old Regis management team. This relatively full valuation may deter an acquirer, but there may be opportunity for Regis MKII to use their star power to capitalise on their valuation to acquire and develop another low grade, bulk tonnage gold deposit.

De Grey Mining Limited (ASX:DEG)

Currently tearing up the first hill in the Lassonde curve with 2Moz already in the back pocket but seemingly priced for much more to come, could they engineer an acquisition to spread the risk and capitalise on the market frenzy? The company has publicly stated a corporate goal of a >5Moz JORC compliant resource at Hemi and surrounds.

We feel that established operators may prefer to wait and see how the updated resources shapes up and what subsequent studies suggest that the economic potential of the Hemi deposit may be before shelling out $1 bn or more to acquire De Grey. Alternatively, a deep-pocketed firm with technical expertise and a lot of patience may well see Hemi as a prime farm-in or joint venture target.

Honourable Mentions

Our list of Australian gold developments shows other potential targets outside those expanded on above. We believe that they are likely to be lower priorities for larger peers for reasons such as smaller scale, difficulty of transacting on a value accretive basis (or at all), or simply carrying too great a risk currently despite strong exploration results or an advantageous location. A few of these are touched on below.

Bullabulling Gold Project

100% owned by Zijin Mining Group Company Limited, this large, low-grade gold deposit (3.2Moz @ 1g/t) outside Coolgardie has been out of the limelight since its acquisition in a testy hostile takeover by Norton Goldfields in 2014. Should Zijin (who subsequently acquired Norton) wish to monetise what may be a non-core asset, suitors with experience in mining large, low-grade open pits could see a very attractive development option – but we caution Zijin are likely to drive a hard bargain if they are motivated to sell at all in the current gold price and international relations environment.

Calidus Resources Limited (ASX:CAI)

Making great strides with the Warrawoona deposit. Recently raised $25m to continue with development activities. Despite their recent share price rise, with an EV of sub $150m, sit toward the bottom of the range in terms of relative valuation and could represent a very acquirable option for a few companies willing to add 1.5Moz to the resource base. However, we feel the combination of location and relatively low grade will be seen as negatives.

Alkane Resources Limited (ASX:ALK)

A tidy and consistent gold producer, we think potential acquirers may be more interested in what the potential elephant of a copper-gold discovery at Boda could be, with continued cash flow from gold at Tomingley unlikely to be over-valued. We feel Alkane is more likely to pursue opportunistic growth from existing investment positions, such as its 12.7% holding in Calidus and what is expected to be its ~19.9% (post-placement) position in gold explorer Genesis Minerals.

Magnetic Resources NL (ASX:MAU)

Another company garnering great excitement on the back of a discovery, Magnetic have shot to a ~$300m market capitalisation on the back of a very interesting looking discovery within ~50km of established milling infrastructure at Mount Morgans and Granny Smith. Magnetic are currently valued at substantially more than their operating neighbours Dacian Gold.

Ora Banda Mining Limited (ASX:OBM)

A company which has undergone a renaissance as of late, with a significant recapitalisation and refreshed management team giving the Davyhurst asset new vigour and direction. A recent DFS pegged LOM production at ~420koz over a 5-year mine life. We feel this is a very solid base on which to grow the project but as an acquisition target, when ranked against others, the current low reserve life and targeted production profile will count against it.

Conclusion

The Australian gold space has not been in a stronger position than today for a long time, if ever. Globally, the conditions which are pushing the gold price to record levels seem unlikely to abate any time soon. Among the Australian gold producers and developers, valuations, cash flow generation capability and capital funding availability point to the continuing health of the sector. The Alchemist feels that consolidation in the space is inevitable and given the relative dearth of quality development options, competition for M&A in the short to medium term could be fierce.

Table 4: Significant global gold M&A deals, 2020. Source SNL

Target	Buyer	Seller	Transaction Type	Transaction Value (US$M)	Country/Region
AngloGold Ashanti S. Africa assets	Harmony Gold	AngloGold Ashanti Limited	Asset deal	470	South Africa
Blackwater Project	Artemis Gold Inc.	New Gold Inc.	Asset deal	220	Canada
Ravenswood Mine	EMR	Resolute Mining Limited	Asset deal	185	Australia
Alacer Gold Corp.	SSR Mining Inc.		Corporate deal	2,174	Turkey and S. America
SEMAFO Inc.	Endeavour Mining Corporation		Corporate deal	1,182	West Africa
TMAC Resources Inc.	Shandong Gold Mining Co., Ltd.		Corporate deal	224	Canada
Spectrum Metals Limited	Ramelius Resources Limited		Corporate deal	223	Australia
Guyana Goldfields Inc.	Zijin Mining		Corporate deal	211	Guyana
Alio Gold Inc.	Argonaut Gold Inc.		Corporate deal	159	USA and Mexico
Northparkes precious metals stream	Triple Flag Mining Finance	China Molybdenum Co., Ltd.	Stream/finance deal	550	Australia
Fruta Del Norte finance assets	Newcrest Mining	Orion / Blackstone	Stream/finance deal	640	Ecuador

Table 5: Australian gold company valuation metrics. Source Bloomberg, SNL

Company	2020 production (koz)	Reserves (Moz)	Resources (Moz)	EV (A$m)	EV/2020 Production Oz (A$/oz)	EV/Reserve Oz (A$/oz)	EV/Resource Oz (A$/oz)	Key value driver
Evolution Mining Limited	725	7.40	17.55	10,320	14,234	1,394	588	Production
Alkane Resources Limited	49	0.09	1.43	667	13,621	7,494	465	Discovery
Saracen Mineral Holdings Limited	520	6.44	16.04	6,889	13,238	1,070	429	Production
Northern Star Resources Limited	905	9.34	28.66	11,807	13,044	1,264	412	Production
Gold Road Resources Limited	134	1.87	3.76	1,619	12,082	868	431	Production
Regis Resources Limited	355	4.96	11.04	2,829	7,969	571	256	Production
Silver Lake Resources Limited	263	1.18	6.61	1,993	7,568	1,696	302	Production
Pantoro Limited	39	0.18	2.70	287	7,415	1,594	106	Development
Ramelius Resources Limited	230	1.08	5.20	1,644	7,135	1,515	316	Production
St Barbara Limited	382	5.74	11.35	2,581	6,759	449	227	Production
Red 5 Limited	93	1.93	6.21	419	4,505	217	67	Development
Westgold Resources Limited	240	2.62	9.51	913	3,803	348	96	Production
Musgrave Minerals Limited	-	-	0.61	341	N/A	N/A	556	Discovery
De Grey Mining Limited	-	-	2.26	914	N/A	N/A	405	Discovery
Bellevue Gold Limited	-	-	2.26	692	N/A	N/A	306	Discovery
Capricorn Metals Ltd	-	1.20	2.14	618	N/A	515	288	Development
Calidus Resources Limited	-	0.42	1.65	137	N/A	328	83	Development
Bardoc Gold Limited	-	0.79	3.57	109	N/A	138	31	Development
Magnetic Resources NL	-	-	-	301	N/A	N/A	N/A	Discovery

Table 6: Summary statistics for valuation metrics of companies from Table 5

	All companies			Producing companies only		Non-producing companies	
	EV/Production Oz (A$)	*EV/Reserve Oz (A$)*	*EV/Resource Oz (A$)*	*EV/Reserve Oz (A$)*	*EV/Resource Oz (A$)*	*EV/Reserve Oz (A$)*	*EV/Resource Oz (A$)*
Median	7,768	868	304	1,167	309	138	297
Average	9,281	1,297	298	1,540	308	327	278
20th Percentile	6,834	344	100	474	131	214	83
80th Percentile	13,199	1,531	430	1,579	431	440	405
Minimum	3,803	138	31	217	67	138	31
Maximum	14,234	7,494	588	7,494	588	515	556

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