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Emerging golds to watch

SPR OBM STK MAU S2R KIN TCG MEK OAU SNX

- **Gold the market's sweet spot.** Markets sense that the Fed has probably done most of the heavy lifting in interest rates, with the US dollar as measured by the DXY down 4% over the past month and hovering around a four month low. While inflation may have peaked, expectations are that it will stay well above the low levels enjoyed by equity markets over the past decade. These create a perfect storm for gold – as a safe haven against inflation and a weaker US dollar.
- **Focusing on hidden gems.** With established producers well known and shopped, here are ten juniors in the small/mid-cap space to benefit from advancing their projects in a supportive gold environment. In order of market cap:

Spartan Resources (SPR) - mkt cap \$479M

- **Never Never transforms company.** After a troubled history, SPR is now focused on its high-grade Never Never deposit discovered in 2022, which currently has a 0.72Moz Resource at 5.85g/t Au, and extends from surface to below 550m. Additionally the company has 2.6Moz Resources at 2.1g/t Au plus the 2.5Mtpa Dalgara processing plant which is proven and less than five years old. Never Never is still open at depth, with drilling continuing and a Resource upgrade due 4Q2023. Restart FID targeted mid-2024. Ample \$53M cash post recent raising.
- **Catalysts** – Resource update, drilling results, FID restart study, mining.
- **Why we like it** – exceptional management, proven plant, high-grade ounces, exploration upside, M&A appeal.

Ora Banda Mining (OBM) - mkt cap \$409M

- **Growing to 100kozpa producer.** OBM's Davyhurst Project has a 1.8Moz Resource of at 2.7g/t Au and the company is guiding FY24 production of 67-73koz, up 40% over the prior year, and AISC of \$2,000-2,400/oz, down 25%, due to introducing higher grade Riverina ore and lower strip from Missouri. OBM is targeting 100kozpa and \$1,905/oz AISC by FY25 based on a fully ramped-up Riverina. Plant has been bolstered with a new crusher installed already achieving 1.2Mtpa nameplate. Exploration at Sand King could open up a second potential underground mine. Finally the company has a binding JV with **Wesfarmers (WES)** for ex-gold minerals including lithium. Well funded with \$44M cash.
- **Catalysts** – Ramping up to +100ktpa, drilling results), and progress of WES JV.
- **Why we like it** – strong management, solid balance sheet, existing production, exploration upside.

Strickland Metals (STK) - mkt cap \$293M

- **Strong exploration potential.** STK's Yandal East Project is located on the underexplored Yandal Greenstone Belt, covering deposits containing numerous targets including Marwari, Chetak, Rabbit Well, and Great Western. Hits include 31m @ 5.6g/t Au from 72m to EOH at Marwari which has potential for 2km strike based on magnetics, while other deposits present large gravity and magnetic anomalies. The company has existing Resource of 257koz @ 1.4g/t Au at its Horse Well project. Well funded with cash and investments totalling \$56M, post sale of Millrose to **Northern Star Resources (NST)**.
- **Catalysts** – high impact drilling results, M&A.
- **Why we like it** – exploration upside, strong cash position, M&A appeal given history with NST.

Magnetic Resources (MAU) - mkt cap \$280M

- **Surrounded by mills.** MAU owns a number of exploration projects in the Laverton and Leonora goldfields, where there is established infrastructure and three processing plants within trucking distance of 10-35km - such as those of **Genesis Minerals (GMD)** and **Anglo Ashanti**. The company has 1.24Moz Resources at 1.69g/t Au which begin from surface, including across Lady Julie Central and Hawk's Nest. Early met tests demonstrate gravity/leach recoveries of 90%. Cash is \$7M.
- **Catalysts** – Resource updates, ongoing drill results, M&A, feasibility study.

- **Why we like it** – existing large resource, close to processing facilities requiring feed, M&A appeal.

S2 Resources (S2R) - mkt cap \$70M

- **Next to Tier 1 mine.** Backed by Mark Creasy, S2R's Greater Fosterville project in Victoria extends over a 55km strike and abuts **Agnico Eagles's** tenements which includes the Tier one 7Moz Fosterville mine. S2R's tenements have well defined geology and historic drill holes. A three month drill program will start in three weeks. The company also owns the Koonenberry nickel-copper-PGE project in NSW and the Jillewarra JV gold-base metals project (S2R earing 70%). Led by Mark Bennett, who was involved in the Thunderbox and Nova discoveries, and founder of Sirius Minerals which was acquired by **IGO**. Cash and investments of \$6M.
- **Catalysts** - initial drilling results, M&A.
- **Why we like it** – tremendous exploration appeal, in established district, exceptional management with proven discovery and commercialisation success.

Kin Mining (KIN) - mkt cap \$70M

- **Options for M&A or stand-alone.** KIN owns the Cardinia Gold Project in the established Leonora district, with 1.54Moz of Resource at 1.27g/t Au, and aiming to grow it to 2Moz. Cardinia is surrounded by three mills within 80km including **Red 5 Resources's (RED)** King of The Hills, and **GMD's** Mt Morgans and Leonora, amounting to 10Mtpa capacity. This presents development options for Cardinia of a JV ore sale and purchase, or a stand alone path. Strategic investors include **St Barbara (SBM)** and **Delphi**. Ample cash of \$26M.
- **Catalysts** – tolling/JV agreements, feasibility study, M&A, exploration results.
- **Why we like it** – Sizeable resource, location in the heart of Leonora with persistent regional M&A (**GMD, SBM, Dacian, RED, Silver Lake Resources (SLR)**, etc), standalone and JV development options, solid cash position.

Turaco Gold (TCG) - mkt cap \$62M

- **In West African elephant country.** TCG's exploration projects reside in the highly prospective gold belts of Cote d'Ivoire. It recently agreed to acquire 70% of the Afema Gold Project which contains a mining permit and ground with over 250,000m of historic drilling,

including at the Woulo Woulo prospect which has a hit of 25m @ 4.44g/t Au from 112m. Preliminary met shows free milling in oxide and fresh ore. TCG aims to commence drilling soon at Afema, and is targeting a JORC Resource next year. Management has proven ability to add value and sell companies: Renaissance Minerals to **Emerald Resources (EMR)** and Exore to **Perseus Mining (PRU)**. Cash of \$10M cash post recent raising.

- **Catalysts** – Settlement of Afema purchase, maiden JORC resource, drilling results.
- **Why we like it** – multimillion-ounce resource potential for <\$100M market cap, Tier 1 gold region, management with success in extracting value uplift from gold companies.

Meeka Metals (MEK) - mkt cap \$43M

- **In region with options for development.** MEK's Murchison Gold Project has 1.2Moz Resource @ 3.0g/t Au. Its July 2023 feasibility study outlines 80kozpa production over eight years, peaking at 103kozpa, with post-tax NPV5 of \$171M and IRR 30%, at a \$2,750/oz gold price vs AISC \$1,684/oz. There are several underutilised mills in the Murchison within 150km that have combined capacity 5Mtpa, including **Westgold's (WGX)** Murchison and **Catalyst Metals's (CYL)** Plutonic projects, providing toll mill options. Alternatively MEK can commission the existing Andy Well plant for own development. MEK is seeking to submit mining permit in FY24, with a view to be production ready at end FY24. Cash is \$4.6M post recent raise.
- **Catalysts** – resource growth, ongoing drill results, M&A.
- **Why we like it** – decent Board and management, low valuation for >1Moz Resource.

Ora Gold (OAU) - mkt cap \$34M

- **Resource growth potential.** OAU's Garden Gully Project, located in the Abbots Greenstone Belt, has a Resource of 55koz @ 3.6 g/t Au and tenure including granted mining leases over the Crown Prince, Lydia, and Abbots prospects. Crown Prince has potential for early shallow open pit production as contemplated from scoping study and is only located 33km from **WGX's** 1.8Mtpa Bluebird process plant. The company is focused on growing the Crown Prince Resource, testing strike and depth extensions. Recent intercepts include 40m @ 16.22g/t Au from 75m.
- **Catalysts** – Resource growth, drill results, met tests.
- **Why we like it** – experienced management, resource potential, development options.

Sierra Nevada Gold (SNX) - mkt cap \$6M

- **In a proven multi-Moz district.** SNX is an early-stage explorer in Nevada, planning soon to start a 12,000m drilling program over the next 12 months with aim of defining a Resource. Key focus is the Warrior epithermal gold project (hits include 17.1m @ 1.57g/t Au) where a 10km strike has been identified, and lies only 15km along strike from the Paradise Peak mine (+2Moz). Management has been active in Nevada for 20 years including involvement in the Pipeline (20Moz) and Long Canyon (3.4Moz) discoveries. Cash approximately \$1.5M.
- **Catalysts** – high impact drilling results, JVs/farmouts, maiden Resource.
- **Why we like it** – tiny EV provides upside from successful drilling in near term.

The analyst owns 101,200 SPR shares. Foster Stockbroking and other staff own 1,200,000 OAU and 499,999 TCG shares; 1,716,038 SNX CDIs; and 1,500,000 SNX options exercise \$0.16, expiry 27 November 2026. Cranport owns 2,614,367 SPR; 14,599,437 OBM; 1,000,000 STK; 1,420,582 S2R; 9,104,998 KIN; 6,757,648 TCG; and 2,829,385 MEK shares; 1,250,000 SNX CDIs; and 2,334,375 MEK options exercise \$0.06, expiry 12 October 2025.

Foster Stockbroking received fees from its role as Lead Manager to the \$1.5M rights offer shortfall placement of SNX CDIs at \$0.08 in November 2023.

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