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Bells Gold Tracker

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ASX-listed gold review

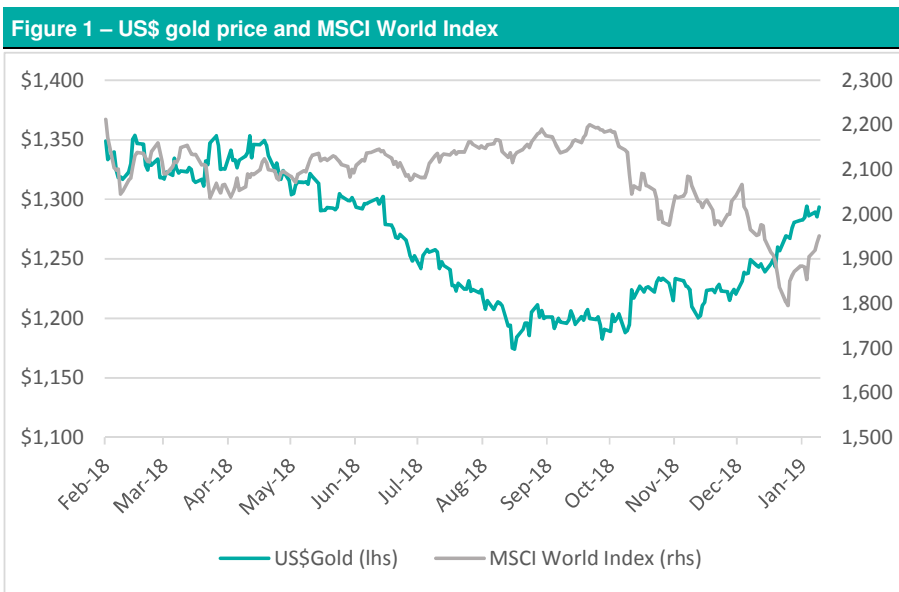
The Bells Gold Tracker is a periodic review of ASX-listed gold equities and the gold market. We run through a current market theme, our current coverage, our quarterly production monitor, key company releases (including Substantial Holding Notices), a gold-producers' comparison table, a gold equities performance "heat-map" and some key price and relative value charts.

TALKING POINT

Over the last couple of months we have seen a clear lift in interest in the gold sector, in our view driven by a number of factors.

1. Diversification and portfolio protection in the face of high equity market valuations and gold's role as an inversely correlated asset class and long-term store of value. This negative correlation strengthened as global equity markets fell from their September 2018 highs (Fig. 1);
2. Global trade restrictions and economic uncertainty have seen growth expectations tempered. As a result, we have seen a weaker US dollar (see Fig. 26), reduced inflation expectations and real interest rates falling from +10yr highs (see Fig.25). The weakening dollar and dropping real interest rates have in particular been helpful catalysts for the gold price over the last couple of months; and
3. A more dovish outlook from the US Federal Reserve in December, with the outlook for interest rate hikes for 2019 and 2020 lowered vs expectations earlier in 2018, following commentary that policy settings were approaching a neutral level and the implication that the end of the monetary policy tightening cycle is closer.

While the post-Christmas equity market rally may provide a headwind for the US\$ gold price, the other factors remain in its favour. From a technical point of view we have also recently seen the US\$ and A\$ gold prices break out above their 200dma's, including a new record high closing price for A\$ gold, just last week (see Fig. 15 and 16). From a sentiment point of view we have seen the gold:silver ratio fall back from a multi-decade high as silver has rallied (Fig. 19), the gold equities beginning to outperform the underlying metal (Fig. 21-23) and total gold ETF holdings up ~5% in the last couple of months.



While we do not yet see the ingredients for a raging bull market, there are plenty of positive signs and our Heat Map (Fig.14) shows the bulk of performance has been in the larger names – leaving the mid-size producers plenty of catching up to do.

BELL POTTER PRECIOUS METALS COVERAGE**Table 1 - Bell Potter precious metals coverage**

Prices at 9/01/2019	Market capitalisation	Price	Target price	Recommendation	Analyst
Regis Resources Ltd (RRL)	\$2,451m	\$4.83/sh	\$4.90/sh	Buy	DC
Gold Road Resources Ltd (GOR)	\$575m	\$0.66/sh	\$1.04/sh	Buy (Spec)	PA
Dacian Gold Ltd (DCN)	\$550m	\$2.44/sh	\$2.75/sh	Buy (Spec)	DC
Westgold Resources Ltd (WGX)	\$344m	\$0.89/sh	\$1.85/sh	Buy	PA
Pantoro Limited (PNR)	\$193m	\$0.23/sh	\$0.31/sh	Buy	DC
Millennium Minerals Ltd (MOY)	\$151m	\$0.19/sh	\$0.29/sh	Buy	DC
Breaker Resources NL (BRB)	\$67m	\$0.37/sh	\$0.94/sh	Buy (Spec)	DC
S2 Resources Ltd (S2R)	\$21m	\$0.09/sh	\$0.32/sh	Buy (Spec)	PA
Silver Mines Ltd (SVL)	\$40m	\$0.06/sh	\$0.05/sh	Hold (Spec)	PA

SOURCE: BELL POTTER SECURITIES

RRL: RRL is one of our top picks among the ASX-listed gold producers due to its strong balance sheet, low costs, capital efficient growth and high shareholder returns. Furthermore, we view RRL's 100%-owned organic growth options as a strategic advantage vs peers and the McPhillamys development project in NSW as undervalued by the market.

GOR: With higher forecast annual average gold production of about 300koz at average AISC of A\$1,025/oz (US\$738), based on inclusion of shallow gold Ore Reserves from the nearby Attila and Alaric deposits, Gruyere is a very attractive mining project on track to produce its first gold in mid-2019. Positive exploration results across GOR's large Yamarna tenement confirm it is highly prospective with definition drilling underway at Gilmour and Smokebush.

DCN: Its A\$200m, 2.5Mtpa Mount Morgans Gold Project commenced production in the June quarter of 2018 with a target of achieving commercial production at end CY18. Production guidance for FY19 is 180-210koz and targeted AISC are ~A\$1,000/oz over an initial 8yr life of mine.

WGX: Is continuing to ramp up its Central Murchison Gold Project, now targeting 300-320koz at an average AISC of A\$1,300 – 1,350/oz in FY19 and over 350koz at average AISC of A\$1,250 – 1,300/oz in FY20. A key milestone was hitting first ore at Big Bell, for modest early production in the December 2018 quarter ahead of full production in FY20. WGX's gold output from Higginsville has been constrained by toll-milling commitments and production costs have remained high ahead of the planned commencement of mining at the Baloo deposit in the Polar Bear Gold Project from end CY18. The company's contract mining division, ACM, has improved its productivity and financial performance after an adverse impact on WGX over the past year.

PNR: Offers attractive value as production increases, costs fall, the balance sheet strengthens and exploration success adds to mine life at the Halls Creek Gold Project. In CY19, the addition of a second underground mine and full utilisation of ore sorting technology is expected to enable capital efficient production growth and decreasing costs.

MOY: MOY's primary asset is its 100%-owned Nullagine Gold Project, in the Pilbara region of WA. It has recently confirmed the technical viability of an expanded processing route to treat refractory sulphide mineralisation which makes up the majority of its Resource base. This could result in a significant increase to the Reserve base and a material mine life extension.

BRB: Following the release of a maiden Resource of 624koz @ 1.6g/t Au in April 2018, BRB subsequently added 500koz in the five months to September 2018 for an upgraded Resource of 1.08Moz @ 1.4g/t Au, including a high grade core of 808koz @ 2.0g/t Au. We remain of the view that Lake Roe is the most compelling greenfields gold discovery in the market.

S2R: Discovery team that found the Nova-Bollinger nickel deposit exploring for giant mineral deposits in highly prospective mining friendly jurisdictions. It recently acquired a strategic 19.99% interest in explorer, Todd River Resources (TRT), which has made a significant new copper-zinc discovery at its Mt Hardy Prospect in the Northern Territory. S2R has also expanded its ground position at the Ecu Project in Nevada, USA and continues work on its Ruopas gold and base-metals prospect in Finland and its Polar Bear nickel sulphide project near Norseman in WA.

SVL: In mid-2018 completed a Feasibility Study on its 100%-owned Bowdens Silver Project in Central Western NSW, forecasting average silver production of 3.4Mozpa at an average C1 cash cost of US\$11.60/oz and AISC of US\$12.94/oz, with by-products of 6,900tpa zinc and 5,100tpa lead over a mine life of 16 years via conventional processing of 2Mtpa of open pit ore. CAPEX was estimated at A\$246m. SVL is currently carrying out active exploration on its nearby Barabolar Project, which contains multiple porphyry copper-gold and polymetallic targets, while continuing to advance the Environmental Impact Statement for Bowdens.

KEY COMPANY RELEASES

Key announcements over the last month include:

PNR: Has announced preliminary December quarter 2018 production of 12.7koz, an increase of 33% quarter on quarter. All in sustaining costs for the quarter are expected to be in the range of A\$1,120 – A\$1,160 per ounce. PNR's cash and gold position at the end of the quarter was \$21 million and is debt free apart from normal trade creditors.

RSG: Notes media speculation around the potential spin-off of its Ravenswood Gold Mine in Queensland. RSG states it has made no decision but expects to undertake a strategic review of Ravenswood in the first half of 2019. RSG also provided a production update for the December 2018 quarter. Total quarterly gold production increased by 33% to 73.7koz. Total cash, bullion and listed investments as at 31 December 2018 was A\$111 million. Total debt was A\$173m, inclusive of the new US\$100m credit facility.

IAU: Is now targeting a record date of 11 February 2019 in respect of the proposed \$0.75 per share return of capital. The date has been moved to align the proposed \$0.75 per share return of capital with aspects of its takeover offer for AIC Resources (AIC) and the sale of its Mumbwa and Kitumba copper projects. The record date is subject to further change.

RMS/EXU: The Board of Explaurum Ltd (EXU) has recommended RMS' cash and scrip takeover offer (under the Improved Offer, EXU shareholders will receive one RMS share for every four EXU shares and 2 cents cash per EXU share. RMS has increased its holding in EXU to ~70%. The offer closes on January 25, 2019.

NST/RND/TBR: NST received written rejections of its offers to acquire the 49% stake in the East Kundana Joint Venture (EKJV) it does not already own, from Tribune Resources (TBR) and Rand Mining (RND) for A\$150 million in cash.

WGX: Has agreed to sell its Mt Marion lithium royalty to Cobalt 27 for A\$250k cash plus 200t of cobalt metal in a warranted LME warehouse (~US\$11m @ US\$55,000/t cobalt price). WGX will pay minor termination costs to SilverStream SEZC as a result of accepting the superior offer from Cobalt 27.

WGX/DRM: Has agreed to buy DRM's Andy Well and Gnaweeda Gold Projects for a total, contingent consideration of up to A\$15m in cash and WGX shares. The projects are located 40km north of Meekatharra and 50 km north of WGX's Bluebird Processing Hub. WGX will pay Doray \$2.5m in cash and \$6.5m in shares at completion which is planned for February 15, 2019. WGX will also make payments to DRM from future production as follows: \$2m cash after production 100koz from the projects; \$2m cash after production 250koz from the projects; and \$2m cash after production 500koz from the projects.

GCV/NWH: NRW Holdings (NWH) has agreed to support GCV through the provision of a \$12m loan facility. The loan effectively extends mining contract payment terms to circa 75 days. The facility is secured by a subordinated general security agreement and is to be repaid through instalments during the second half of CY2019.

GCV: Provided and operational update and guidance for CY2019. Final reconciled gold production for November was 5,878 ounces (vs 4,898 ounces in October). November plant throughput was 244.2kt ore at a mill grade of 0.82 g/t Au. Gold production for December (to 20 December) was 4,245 ounces. Mill grade has lifted to 0.90g/t Au. Guidance for CY2019 is now 92-102koz at AISC of A\$1,220 – A\$1,320/oz.

EAR/NST/MLD: EAR completed a \$4m placement to Northern Star and MACA Limited, issuing 36.4m shares at \$0.11/sh. EAR is also attempting to raise a further \$2.5m through a non-renounceable Entitlements Issue priced at \$0.105/sh.

TRY: Completed a share placement to raise approximately \$2.5m at an issue price of \$0.105 per share, falling short of TRY's objective.

WAF: Completed a share placement to raise \$43.2m via the issue of 172.7m shares at \$0.25/sh to help fund the development of its Sanbrado Gold Project in Burkina Faso.

BDR: Received approval from the Supreme Court of WA for its recommended not fair, but reasonable, scheme of arrangement under which Great Panther Silver will acquire all of the issued shares in BDR. Consideration is one BDR share to be exchanged for 0.0619 shares of Great Panther.

CMM: Received a letter of offer from Macquarie Bank for project finance facilities totalling A\$107m to fund the majority of the construction costs of the Karlawinda Gold Project in Western Australia. Terms include mandatory hedging of 250koz over the term of the loan conditions precedent requiring a minimum project equity contribution.

CHANGES IN SUBSTANTIAL HOLDINGS

(from November 2018 to present)

Increases:

NCM: Allan Gray increases from 7.8% to 8.8%;

NCM: Colonial becomes substantial at 5.0%;

RGL/EVN: Evolution Mining increases from 15.1% to 18.2%;

EAR/NST: Northern Star Resources increases from 19.8% to 22.7%;

YRL/NST: Northern Star Resources becomes substantial at 15.0%;

DCN: Australian Super becomes substantial at 7.9%;

EXU/RMS: Ramelius Resources increases to 69.9% (recommended takeover offer);

WAF: Van Eck (GDXJ) increases from 6.5% to 8.5%;

BGL: 1832 (Dynamic Funds) increases from 8.1% to 11.1%;

PNR: Robmar Investments increases from 19.7% to 20.7%;

DRM: Paradise increases from 7.9% to 9.0%;

RED: AIMS Asset Management becomes substantial at 5.2%;

MML: Arbitr Partners increases from 13.4% to 14.4%;

GCY: LIM Advisors increases from 6.7% to 9.0%;

TRY: Ruffer increases from 6.2% to 8.2%;

NUS: PT Indika Mineral Investindo becomes substantial at 19.9%;

Decreases:

NCM: First Eagle decreases from 6.1% to 4.9%;

SAR: Paradise ceases to be substantial;

GOR: Van Eck (GDXJ) ceases to be substantial;

WGX: Van Eck (GDXJ) ceases to be substantial;

WGX: BlackRock decreases from 8.4% to 7.3%;

MGV/WGX: Westgold Resources decreases from 14.7% to 12.1% on dilution from placement;

SLR: Van Eck (GDXJ) decreases from 7.6% to 6.0%;

WAF: 1832 (Dynamic Funds) ceases to be substantial;

WAF: Van Eck (GDXJ) decreases from 8.5% to 7.1%;

CDV: 1832 (Dynamic Funds) decreases from 10.9% to 9.8%;

DRM: Sun Valley Gold ceases to be substantial;

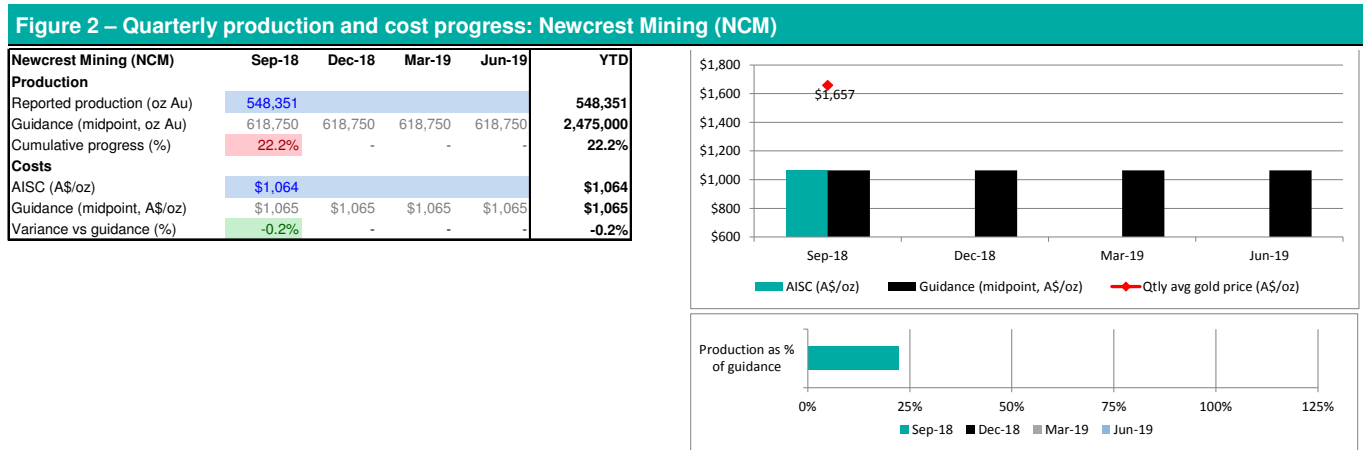
GCY: Colonial decreases from 8.1% to 7.0%;

NUS: Lion Selection decreases from 32.3% to 25.4% (on dilution);

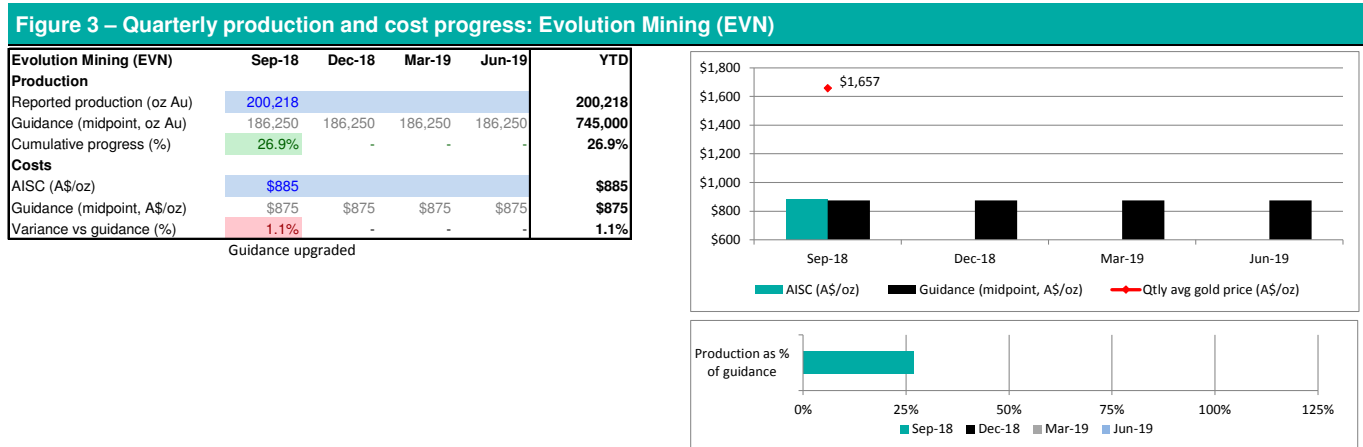
NUS: Australian Super decreases from 9.5% to 8.0% (on dilution);

ASX QUARTERLY PRODUCTION MONITORS

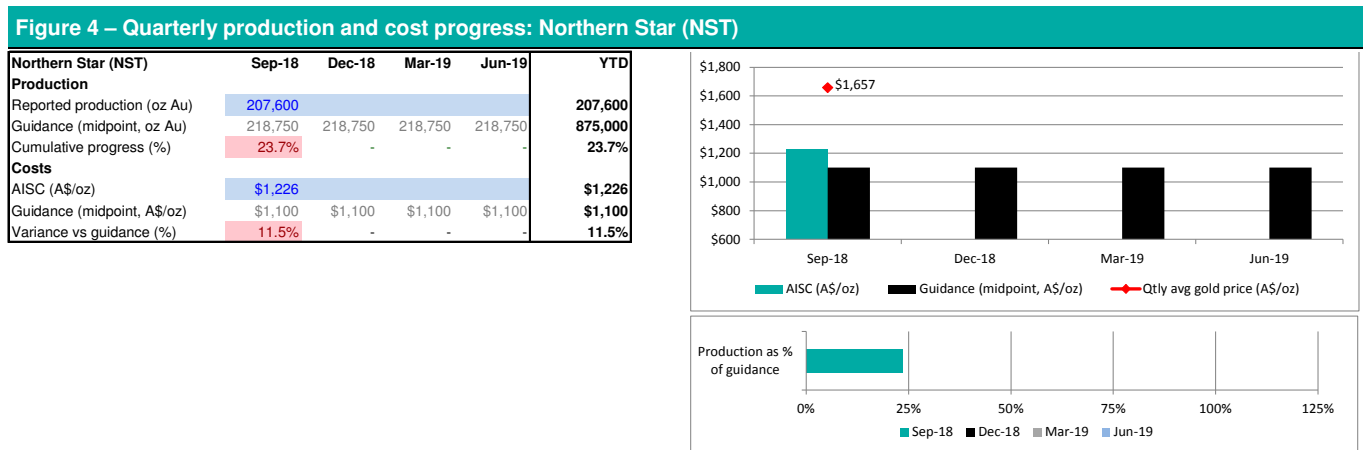
The tables and charts below monitor the quarterly production and cost progress against guidance for the largest ASX gold producers. The tables show actual production and costs vs the company’s guidance midpoint. Variance vs the midpoint is highlighted in green or red according to whether the company is tracking ahead of or behind guidance respectively.



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



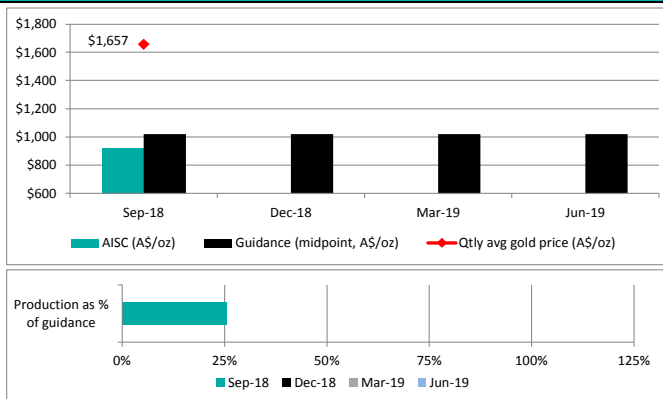
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 5 – Quarterly production and cost progress: Regis Resources (RRL)

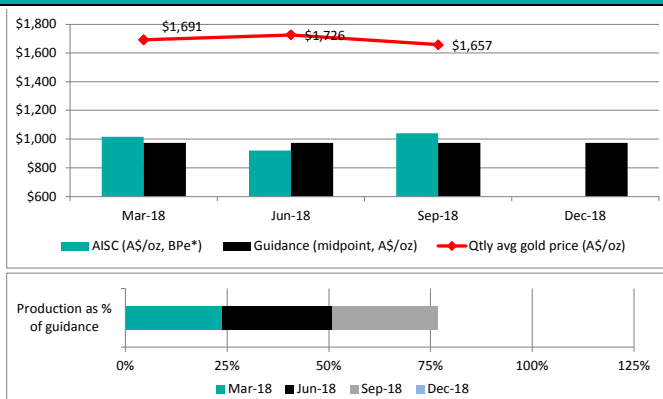
Regis Resources (RRL)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	90,879				90,879
Guidance (midpoint, oz Au)	88,750	88,750	88,750	88,750	355,000
Cumulative progress (%)	25.6%	-	-	-	25.6%
Costs					
AISC (A\$/oz)	\$923				\$923
Guidance (midpoint, A\$/oz)	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020
Variance vs guidance (%)	-9.5%	-	-	-	-9.5%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 6 – Quarterly production and cost progress: OceanaGold (OGC)

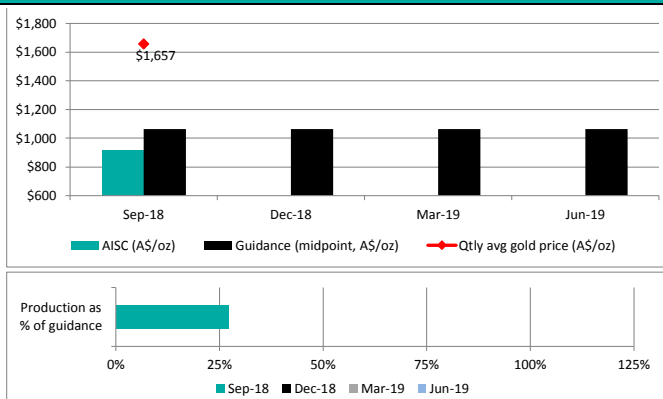
OceanaGold (OGC)	Mar-18	Jun-18	Sep-18	Dec-18	YTD
Production					
Reported production (oz Au)	125,646	142,950	138,034		406,630
Guidance (midpoint, oz Au)	132,500	132,500	132,500	132,500	530,000
Cumulative progress (%)	23.7%	50.7%	76.7%	-	76.7%
Costs					
AISC (A\$/oz, BPe*)	\$1,016	\$920	\$1,040		\$991
Guidance (midpoint, A\$/oz)	\$974	\$974	\$974	\$974	\$974
Variance vs guidance (%)	4.4%	-5.6%	6.8%	-	1.7%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 7 – Quarterly production and cost progress: St Barbara Mines (SBM)

St Barbara (SBM)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	98,547				98,547
Guidance (midpoint, oz Au)	90,625	90,625	90,625	90,625	362,500
Cumulative progress (%)	27.2%	-	-	-	27.2%
Costs					
AISC (A\$/oz)	\$919				\$919
Guidance (midpoint, A\$/oz)	\$1,065	\$1,065	\$1,065	\$1,065	\$1,065
Variance vs guidance (%)	-13.7%	-	-	-	-13.7%

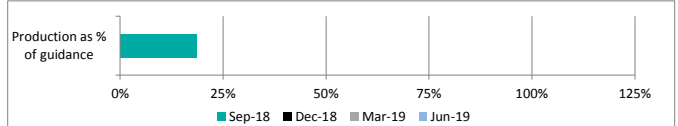
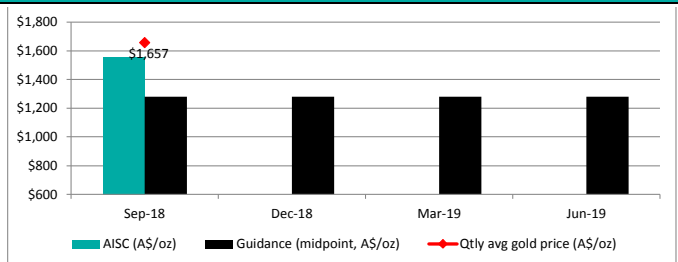


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 8 – Quarterly production and cost progress: Resolute Mining (RSG)

Resolute Mining (RSG)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	55,508				55,508
Guidance (midpoint, oz Au)	75,000	75,000	75,000	75,000	300,000
Cumulative progress (%)	18.5%	-	-	-	18.5%
Costs					
AISC (A\$/oz)	\$1,560				\$1,560
Guidance (midpoint, A\$/oz)	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Variance vs guidance (%)	21.9%	-	-	-	21.9%

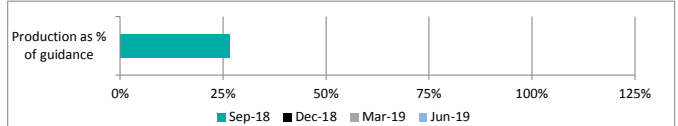
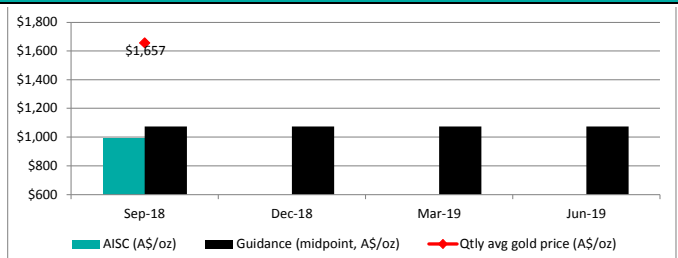
Note: Guidance downgraded Mar-18



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 9 – Quarterly production and cost progress: Saracen Mineral Holdings (SAR)

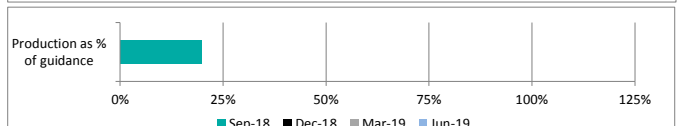
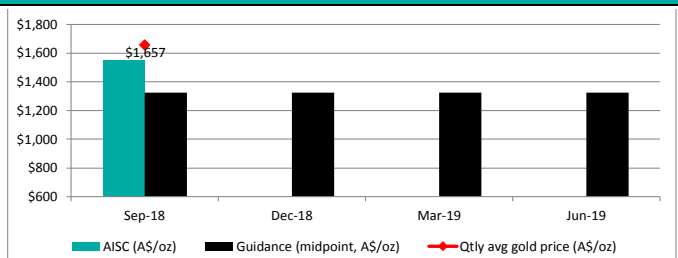
Saracen (SAR)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	88,940				88,940
Guidance (midpoint, oz Au)	83,750	83,750	83,750	83,750	335,000
Cumulative progress (%)	26.5%	-	-	-	26.5%
Costs					
AISC (A\$/oz)	\$993				\$993
Guidance (midpoint, A\$/oz)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
Variance vs guidance (%)	-7.6%	-	-	-	-7.6%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 10 – Quarterly production and cost progress: Westgold Resources (WGX)

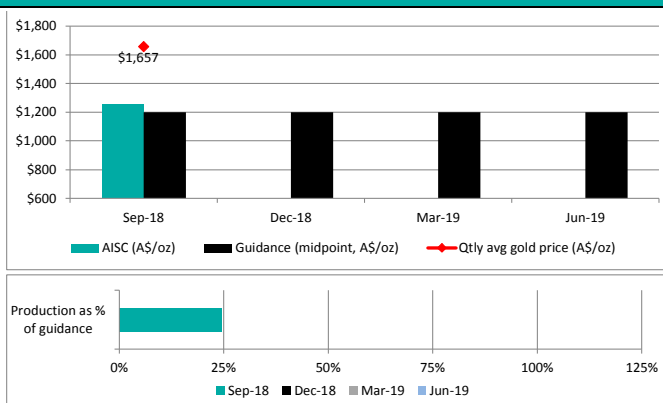
Westgold (WGX)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	61,037				61,037
Guidance (midpoint, oz Au)	77,500	77,500	77,500	77,500	310,000
Cumulative progress (%)	19.7%	-	-	-	19.7%
Costs					
AISC (A\$/oz)	\$1,552				\$1,552
Guidance (midpoint, A\$/oz)	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325
Variance vs guidance (%)	17.1%	-	-	-	17.1%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 11 – Quarterly production and cost progress: Ramelius Resources (RMS)

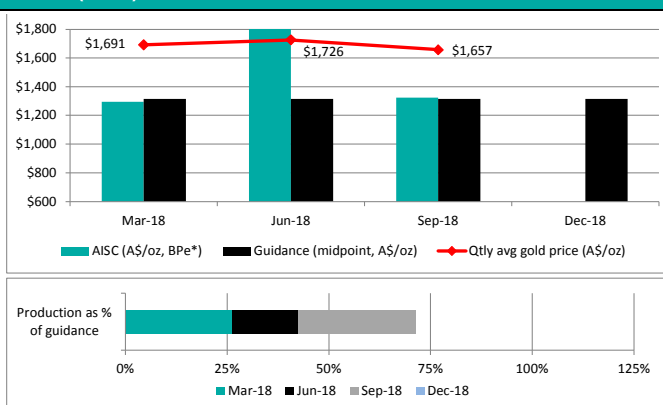
Ramelius (RMS)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	51,428				51,428
Guidance (midpoint, oz Au)	52,500	52,500	52,500	52,500	210,000
Cumulative progress (%)	24.5%	-	-	-	24.5%
Costs					
AISC (A\$/oz)	\$1,253				\$1,253
Guidance (midpoint, A\$/oz)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Variance vs guidance (%)	4.4%	-	-	-	4.4%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 12 – Quarterly production and cost progress: Millennium Minerals (MOY)

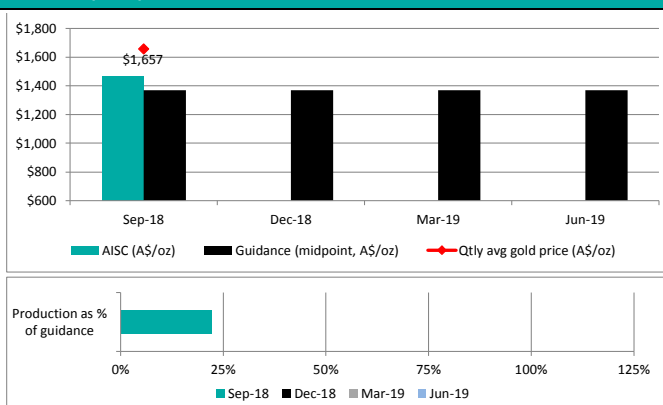
Millennium Minerals (MOY)	Mar-18	Jun-18	Sep-18	Dec-18	YTD
Production					
Reported production (oz Au)	20,324	12,639	22,414		55,377
Guidance (midpoint, oz Au)	19,375	19,375	19,375	19,375	77,500
Cumulative progress (%)	26.2%	16.3%	28.9%	-	71.5%
Costs					
AISC (A\$/oz, BPe*)	\$1,295	\$2,178	\$1,324		\$1,508
Guidance (midpoint, A\$/oz)	\$1,315	\$1,315	\$1,315	\$1,315	\$1,315
Variance vs guidance (%)	-1.5%	65.6%	0.7%	-	14.7%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 13 – Quarterly production and cost progress: Silver Lake Resource (SLR)

Silver Lake (SLR)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	32,095				32,095
Guidance (midpoint, oz Au)	36,250	36,250	36,250	36,250	145,000
Cumulative progress (%)	22.1%	-	-	-	22.1%
Costs					
AISC (A\$/oz)	\$1,469				\$1,469
Guidance (midpoint, A\$/oz)	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370
Variance vs guidance (%)	7.2%	-	-	-	7.2%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

GOLD EQUITIES – PRODUCERS COMPS TABLE

Company	ASX Code	Price (\$/sh)	Market Cap (\$/m)	Net Cash/(Debt) (\$/m)	EV (\$/m)	Current production rate (koz/pe)	Latest AISC (\$/oz)	AISC margin (\$/oz)	Implied AISC margin (\$/m pa)	EV/AISC margin x	Total hedged (koz)	Avg hedged price (\$/oz)	Mark-to-market (\$/m)	Net cash (debt) / Mkt Cap
Newcrest Mining Limited	NCM	\$23.49	\$18,046.3	-\$1,449.8	\$19,496.0	2,193	\$1,064	\$739	\$1,621.5	12 x	995.2	\$1,826	-\$23.1	-8.0%
Evolution Mining Limited	EVN	\$3.70	\$6,279.2	-\$78.2	\$6,357.4	801	\$885	\$918	\$735.1	8.6 x	212.5	\$1,715	-\$18.7	-1.2%
Northern Star Resources Ltd	NST	\$9.31	\$5,953.3	\$277.0	\$5,676.3	830	\$1,226	\$577	\$479.0	11.9 x	266.1	\$1,734	-\$18.4	4.7%
OceanaGold Corporation	OGC	\$4.96	\$3,065.3	-\$111.5	\$3,176.8	552	\$1,061	\$742	\$409.6	7.8 x	120.6	\$1,787	\$0.0	-3.6%
Regis Resources Limited	RRL	\$4.83	\$2,451.5	\$190.0	\$2,261.5	364	\$923	\$880	\$319.8	7.1 x	388.7	\$1,558	-\$95.2	7.8%
St Barbara Limited	SBM	\$4.67	\$2,448.4	\$350.0	\$2,098.4	394	\$919	\$884	\$348.4	6 x	118.0	\$1,750	-\$6.2	14.3%
Saracen Mineral Holdings Limited	SAR	\$2.97	\$2,436.2	\$131.0	\$2,305.2	356	\$993	\$810	\$288.1	8 x	272.4	\$1,743	-\$16.3	5.4%
Resolute Mining Limited	RSG	\$1.15	\$867.4	-\$55.8	\$923.2	222	\$1,560	\$243	\$53.9	17.1 x	89.0	\$1,748	-\$4.9	-6.4%
Aurelia Metals Limited	AMI	\$0.72	\$620.5	\$82.9	\$537.6	142	\$858	\$945	\$134.2	4 x	45.0	\$1,778	-\$2.6	13.4%
Dacian Gold Limited	DCN	\$2.44	\$550.0	-\$51.4	\$601.4	117	not reported	nr	nr	nr	60.1	\$1,778	-\$1.5	-9.3%
SLR + DRM pro-forma	-	-	\$447.5	\$118.5	\$329.0	207	\$1,386	\$417	\$66.3	3.8 x	160.7	\$1,706	-\$15.6	26.5%
Perseus Mining Limited	PRU	\$0.41	\$424.3	\$20.8	\$403.6	290	\$1,324	\$479	\$138.7	2.9 x	118.0	\$1,816	\$1.6	4.9%
Westgold Resources Limited	WGX	\$0.89	\$344.4	\$45.2	\$299.2	256	\$1,552	\$251	\$64.2	4.7 x	150.0	\$1,776	-\$4.0	13.1%
Ramellus Resources Limited	RMS	\$0.53	\$298.3	\$102.4	\$195.9	206	\$1,253	\$550	\$113.1	1.7 x	124.8	\$1,727	-\$9.5	34.3%
Silver Lake Resources Limited	SLR	\$0.56	\$284.5	\$110.5	\$174.0	128	\$1,469	\$394	\$42.9	4.1 x	134.0	\$1,726	-\$10.3	38.8%
Pantoro Limited	PNR	\$0.23	\$193.2	\$19.3	\$173.9	38	\$1,867	-\$64	-\$24	-7.1 x	0.8	\$1,724	-\$0.1	10.0%
Doray Minerals Limited	DRM	\$0.37	\$163.0	\$8.0	\$155.0	79	\$1,251	\$552	\$43.4	3.6 x	26.7	\$1,606	-\$5.3	4.9%
Millennium Minerals Limited	MOY	\$0.19	\$150.9	\$7.8	\$143.1	90	\$1,324	\$479	\$42.9	3.3 x	31.5	\$1,687	-\$3.6	5.2%
Beadell Resources Limited	BDR	\$0.06	\$92.0	-\$94.9	\$187.0	120	\$1,341	\$462	\$55.3	3.4 x	-	na	na	-103.1%
Medusa Mining Limited	MML	\$0.40	\$83.1	\$12.5	\$70.7	97	\$1,570	\$233	\$22.5	3.1 x	-	na	na	15.0%
Blackham Resources Limited	BLK	\$0.05	\$61.8	-\$11.1	\$72.9	76	\$1,588	\$215	\$16.4	4.5 x	35.2	\$1,674	-\$4.5	-18.0%
Troy Resources Limited	TRY	\$0.11	\$53.6	-\$1.0	\$54.7	76	\$1,150	\$653	\$49.6	1.1 x	16.0	\$1,748	-\$0.9	-1.9%
Average							\$1,265			5.9 x				

RESOURCE AND RESERVE OUNCE VALUATIONS

Company	ASX Code	Reserves (Mozs)	Grade (g/t Au)	EV/ Res oz (\$/oz)	Reserves (Mozs)	Grade (g/t Au)	EV/Rsv oz (\$/oz)
Newcrest Mining Limited	NCM	120.0	1.38	\$162	62.0	1.33	\$314
Evolution Mining Limited	EVN	14.2	0.83	\$446	7.0	0.79	\$902
Northern Star Resources Ltd	NST	20.5	3.40	\$278	4.0	3.80	\$1,419
OceanaGold Corporation	OGC	11.3	1.42	\$282	5.9	1.41	\$540
Regis Resources Limited	RRL	7.9	0.96	\$288	4.1	1.08	\$556
St Barbara Limited	SBM	9.2	2.90	\$229	3.9	3.90	\$535
Saracen Mineral Holdings Limited	SAR	8.6	1.80	\$268	2.5	1.90	\$922
Resolute Mining Limited	RSG	14.7	1.50	\$63	5.2	1.60	\$179
Aurelia Metals Limited	AMI	0.9	1.66	\$586	0.3	3.33	\$1,591
Dacian Gold Limited	DCN	3.5	2.00	\$171	1.4	1.60	\$433
SLR + DRM pro-forma	-	4.5	4.11	\$72	0.5	3.10	\$625
Perseus Mining Limited	PRU	7.0	1.21	\$58	3.5	1.49	\$116
Westgold Resources Limited	WGX	11.3	2.08	\$27	3.0	2.39	\$99
Ramellus Resources Limited	RMS	3.5	1.50	\$56	0.7	1.60	\$281
Silver Lake Resources Limited	SLR	3.7	3.70	\$47	0.5	3.10	\$331
Pantoro Limited	PNR	0.4	8.30	\$443	0.2	7.10	\$794
Doray Minerals Limited	DRM	0.8	8.70	\$194	0.3	5.00	\$620
Millennium Minerals Limited	MOY	1.1	1.60	\$129	0.3	1.57	\$470
Beadell Resources Limited	BDR	3.5	1.86	\$53	1.3	1.81	\$148
Medusa Mining Limited	MML	1.3	3.84	\$53	0.3	6.70	\$216
Blackham Resources Limited	BLK	6.7	2.16	\$11	1.5	1.80	\$48
Troy Resources Limited	TRY	0.9	2.10	\$59	0.1	2.43	\$459
Average				\$181			\$527

Priced as at: 9/01/2019

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

AISC margin: margin between AISC and \$ spot gold price

Production is gold ounces only, by-product credits are accounted for in AISC

Implied AISC margin = AISC margin x annualised production. Is an estimate only

CHANGE IN NET CASH (DEBT) QoQ to Sep-18

Company	ASX Code	Net Cash/(Debt) (\$/m)	Change qoq (\$/m)	Change \$/oz
Troy Resources Limited	TRY	-\$1.0	\$9.4	\$495
Aurelia Metals Limited	AMI	\$82.9	\$16.0	\$451
Newcrest Mining Limited	NCM	-\$1,449.8	\$461.9	\$407
St Barbara Limited	SBM	\$350.0	\$61.3	\$355
Evolution Mining Limited	EVN	-\$78.2	\$61.3	\$306
Perseus Mining Limited	PRU	\$20.8	\$21.8	\$259
Regis Resources Limited	RRL	\$190.0	\$4.8	\$240
Silver Lake Resources L	SLR	\$110.5	\$4.8	\$150
Saracen Mineral Holding	SAR	\$131.0	\$12.7	\$143
Ramellus Resources Lir	RMS	\$102.4	\$6.9	\$134
SLR + DRM pro-forma	-	\$118.5	\$2.6	\$50
OceanaGold Corporation	OGC	-\$111.5	-\$1.3	-\$9
Doray Minerals Limited	DRM	\$8.0	-\$2.2	-\$113
Blackham Resources Lir	BLK	-\$11.1	-\$2.7	-\$142
Westgold Resources Lir	WGX	\$45.2	-\$10.2	-\$159
Millennium Minerals Lir	MOY	\$7.8	-\$5.8	-\$259
Medusa Mining Limited	MML	\$12.5	-\$8.2	-\$340
Beadell Resources Limit	BDR	-\$94.9	-\$11.7	-\$391
Dacian Gold Limited	DCN	-\$51.4	-\$22.4	-\$765
Pantoro Limited	PNR	\$19.3	-\$8.6	-\$903
Resolute Mining Limited	RSG	-\$55.8	-\$96.7	-\$1,742
Northern Star Resources	NST	\$277.0	-\$378.0	-\$1,821

NOTE: This purely measures changes in net cash (debt) qoq net of equity raising inflows and dividend payment outflows over gold ounces produced. Therefore, over and above cash outflows measured by the AISC, it will also capture capital investments in new projects, debt repayments/drawdowns, asset acquisitions and divestments, gold forward sales, timing of sales, cash tax payments and other one-off items impacting quarterly cash movements over and above the ongoing operations. Companies with by-products have cash changes measured over gold ounces only, exaggerating this metric.

GOLD EQUITIES – EXPLORERS COMPS TABLE

Company	ASX Code	Price (A\$/sh)	Market Cap (A\$m)	Net Cash/(Debt) (A\$m)	EV (A\$m)	Resources (Mozs)	Grade (g/t Au)	EV/Res oz (A\$/oz)	Reserves (Mozs)	Grade (g/t Au)	EV/Rsv oz (A\$/oz)	Net cash (debt) / Mkt Cap
Gold Road Resources Limited	GOR	\$0.66	\$574.8	\$114.3	\$460.5	3.250	1.29	\$142	1.9	1.20	\$246	19.9%
West African Resources Limited	WAF	\$0.23	\$198.6	\$75.0	\$123.6	2.900	1.69	\$43	1.6	2.40	\$79	37.8%
Bellevue Gold Limited	BGL	\$0.43	\$192.4	\$19.4	\$173.0	1.040	12.30	\$166	-	-	na	10.1%
Cardinal Resources Limited	CDV	\$0.43	\$161.7	\$0.9	\$160.8	7.000	1.10	\$23	4.8	1.14	\$34	0.6%
Catalyst Metals Limited	CYL	\$1.76	\$123.6	\$4.6	\$119.0	0.000	0.00	na	-	-	na	3.7%
Echo Resources Limited	EAR	\$0.17	\$89.3	\$8.6	\$80.7	1.712	1.90	\$47	0.8	1.70	\$99	9.6%
Artemis Resources Limited	ARV	\$0.13	\$84.3	\$8.7	\$75.6	0.273	2.20	\$277	-	-	na	10.3%
Explaurum Limited	EXU	\$0.15	\$72.2	\$1.3	\$71.0	0.675	1.79	\$105	0.5	2.09	\$146	1.7%
Breaker Resources NL	BRB	\$0.37	\$66.7	\$12.0	\$54.7	1.084	1.40	\$50	-	-	na	18.0%
IRC+MRP pro-forma	-	-	\$62.8	\$10.3	\$52.5	1.069	1.56	\$49	-	-	na	16.4%
De Grey Mining Limited	DEG	\$0.14	\$57.1	\$6.9	\$50.2	1.393	1.60	\$36	-	-	na	12.1%
Bardoc Gold Limited	BDC	\$0.06	\$53.1	\$2.2	\$50.9	2.575	2.10	\$20	-	-	na	4.1%
Capricorn Metals Ltd	CMM	\$0.07	\$53.1	\$2.7	\$50.4	1.525	0.90	\$33	0.9	1.00	\$56	5.1%
Genesis Minerals Limited	GMD	\$0.04	\$38.1	\$7.0	\$31.1	0.760	3.30	\$41	-	-	na	18.4%
Prodigy Gold NL	PRX	\$0.08	\$38.0	\$7.5	\$30.5	1.010	2.00	\$30	-	-	na	19.8%
Musgrave Minerals Limited	MGV	\$0.10	\$37.5	\$9.5	\$28.0	0.441	2.84	\$64	-	-	na	25.3%
Intermin Resources Limited	IRC	\$0.14	\$33.0	\$8.6	\$24.4	0.562	2.11	\$43	-	-	na	26.1%
Macphersons Resources Limited	MRP	\$0.09	\$29.8	\$1.7	\$28.1	0.507	0.96	\$55	-	-	na	5.7%
Egan Street Resources Limited	EGA	\$0.23	\$29.4	\$9.0	\$20.4	0.454	9.20	\$45	0.2	4.40	\$102	30.7%
Nusantara Resources Limited	NUS	\$0.20	\$25.0	\$13.2	\$11.9	2.000	1.38	\$6	1.1	1.32	\$10	52.5%
Duketon Mining Limited	DKM	\$0.12	\$14.1	\$4.0	\$10.1	0.096	1.55	\$106	-	-	na	28.3%
Middle Island Resources Limited	MDI	\$0.00	\$2.8	\$1.1	\$1.7	0.503	1.40	\$3	-	-	na	40.1%
Total / average			\$2,061.1			31.541	2.0	\$66	11.7	1.5	\$97	

Priced as at: 9/01/2019

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

GOLD EQUITIES – PERFORMANCE HEAT MAP

The ASX Gold Index gained **11% in CY18**, **21% in CY17**, **54% in CY16** and **29% in CY15** (vs -7%, +7%, +7% and -2% respectively for the ASX200, thank you very much).

A couple of points to take away from our Heat Map: 1) Performance over the last 12 months has been driven almost exclusively by the established multi-mine producers with gains heavily skewed to this end of the market. We also note that after bouncing around in a broad range for the first three quarters of CY18, **the last three months** has seen a strong surge as the safe-haven trade has driven both the gold price and the equities. 2) Very encouragingly, we have seen the **equities solidly outperform the gold price** – which is what we expect – but it is also key strong evidence of positive sentiment for the gold price outlook. With strong performances in the established names and a positive outlook, we reckon the market will now increasingly be looking for value in the smaller names.

Figure 14 – ASX gold equities heat map of rolling share price performance

Stock	3 months to Jan-2018	3 months to Apr-2018	3 months to Jul-2018	3 months to Oct-2018	3 months to Jan-2019	12 months to Jan-2019
US\$ gold	2%	2%	-6%	-5%	8%	-2%
A\$ gold	1%	3%	-2%	0%	7%	7%
XGD	9%	-2%	9%	-12%	20%	14%
NCM	5%	-15%	11%	-11%	21%	1%
EVN	11%	27%	6%	-19%	34%	46%
NST	21%	5%	12%	19%	9%	52%
RRL	12%	8%	9%	-26%	26%	10%
OGC	-19%	9%	9%	6%	18%	47%
SBM	34%	17%	23%	-31%	28%	27%
SAR	19%	9%	17%	-7%	54%	82%
RSG	3%	15%	7%	-27%	14%	2%
GOR	-4%	17%	-9%	-6%	-6%	-6%
WGX	-9%	-13%	16%	-33%	-23%	-48%
DCN	42%	4%	-3%	-27%	15%	-15%
PRU	4%	23%	-1%	-26%	16%	4%
AMI	21%	24%	41%	45%	-13%	122%
WAF	32%	-14%	-4%	-23%	-16%	-47%
RMS	2%	29%	8%	-19%	9%	22%
PNR	2%	51%	-5%	-45%	26%	0%
CDV	-23%	-1%	-3%	-8%	-7%	-18%
GCY	1%	9%	-4%	-52%	-35%	-67%
SLR	-7%	19%	33%	-13%	5%	44%
BDR	-18%	-51%	-30%	-2%	-13%	-71%
MOY	17%	31%	-13%	15%	-17%	9%
EAR	48%	-11%	-10%	-47%	28%	-46%
ARV	-16%	-37%	6%	3%	-31%	-52%
DRM	47%	12%	21%	0%	9%	48%
RED	21%	19%	19%	-27%	52%	57%
MML	63%	20%	-15%	-33%	20%	-18%
BRB	-9%	-16%	-48%	13%	18%	-42%
TRY	0%	2%	50%	-33%	5%	7%
AWV	-27%	-13%	-41%	-41%	-45%	-84%
BSR	0%	7%	31%	-10%	0%	27%
PRX	-32%	46%	-24%	-4%	-14%	-9%
CAI	-15%	8%	-12%	-24%	0%	-28%
BLK	-54%	13%	-16%	-38%	12%	-34%
KSN	69%	-22%	19%	-12%	-27%	-41%
RTG	48%	-35%	-23%	-13%	45%	-37%
Average	8%	6%	2%	-16%	6%	-2%

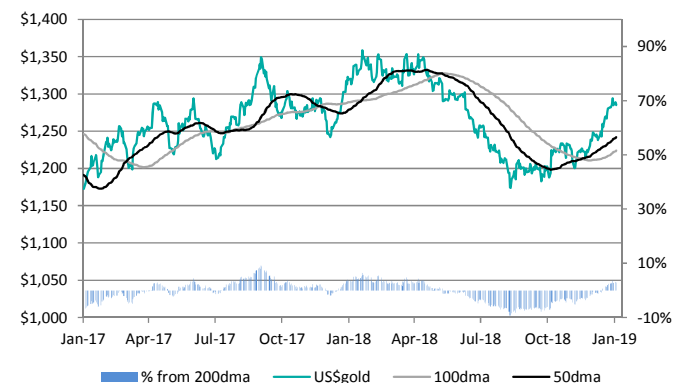
SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

This list was sorted by market capitalisation as at February 2018.

GOLD IN CHARTS - PRICES

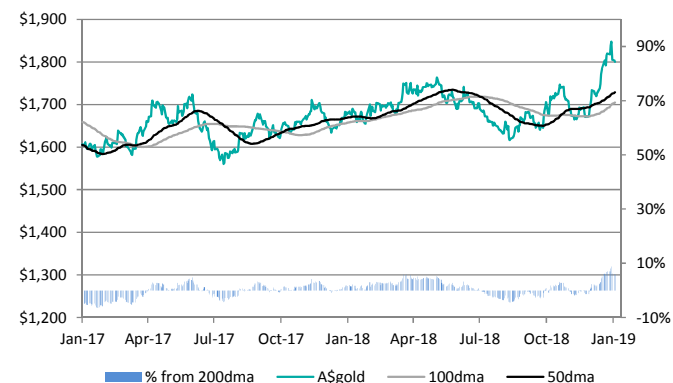
From a technical point of view the gold price is looking strong, having broken out in both US\$ and A\$ terms. In mid-December it popped above its 200dma (US\$) for the first time since May 2018 and we saw the A\$ price jump to an all-time high closing price of A\$1,847/oz just last week.

Figure 15 – Rolling 2yr US\$ gold price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

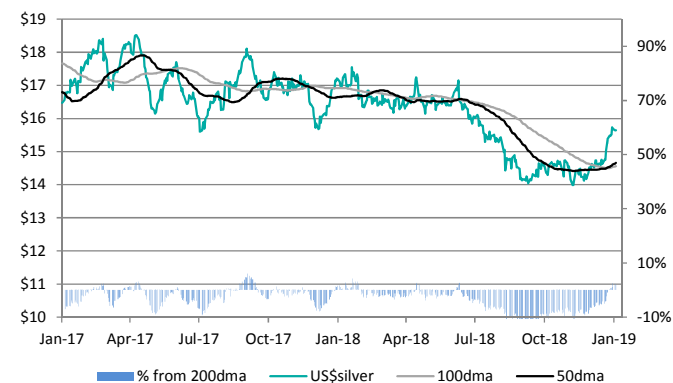
Figure 16 – Rolling 2yr A\$ gold price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

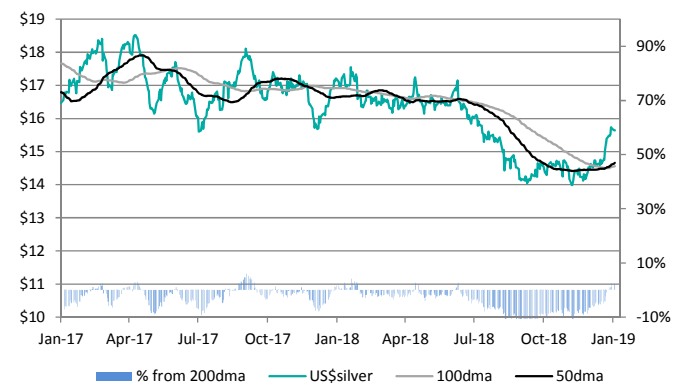
Silver has had a tough run and had not seen any of the love from the safe haven trade – until the last couple of weeks. It has broken out in both US\$ and A\$ terms likely, in our view, driven by increasing interest in precious metals exposure and a search for value. In a bullish market silver often outperforms and it has a lot of ground to make up from here.

Figure 17 – Rolling 2yr US\$ silver price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

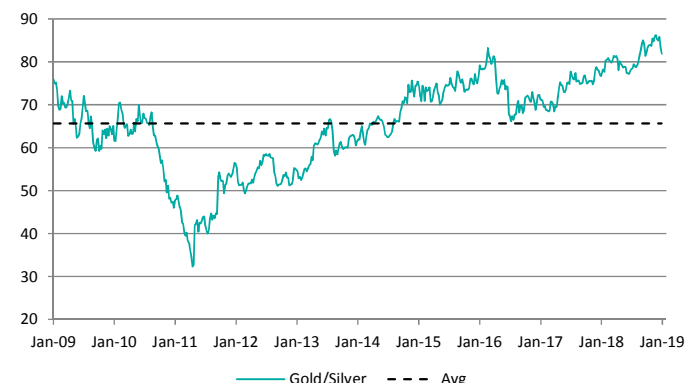
Figure 18 – Rolling 2yr A\$ silver price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

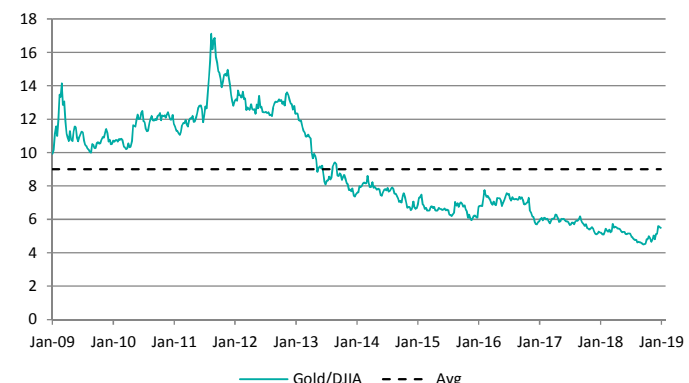
The gold:silver ratio is a key measure of this and has just turned down from a +10yr high above 85:1 vs the 10yr average of 65:1. We saw similar action last year but it clearly has potential to go on a real tear. Gold relative to the Dow made a fresh +10-year low in Sep-18, pointing to extreme relative value vs stocks not seen since mid-2007 when gold was <US\$700/oz.

Figure 19 – Gold:Silver ratio (10 years)



SOURCE: IRESS, BELL POTTER ESTIMATES

Figure 20 – Gold vs DJIA (10 years)



SOURCE: IRESS, BELL POTTER ESTIMATES

GOLD IN CHARTS – EQUITY PERFORMANCE AND INDICATORS

The charts below monitor the performance of gold equities vs gold bullion. Relative outperformance of the equities is, in our view, a good indicator of positive sentiment. While recent outperformance of the equities can be noted in the three charts below the longer-term outperformance of the ASX-Gold Index (XGD), in our view, reflects both operating and capital cost discipline plus an attractive jurisdiction in Australia.

Figure 21 – Relative performance: GDX vs US\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

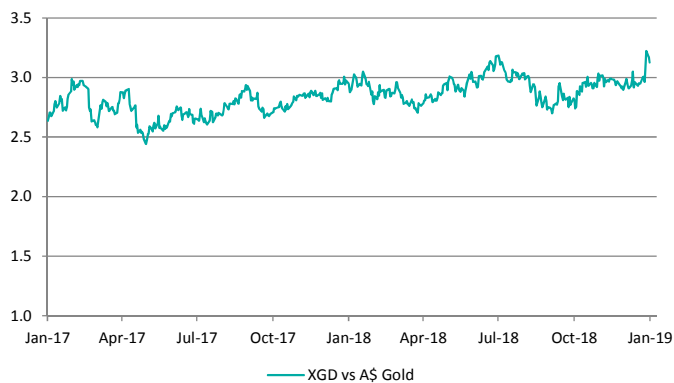
Figure 22 – Relative performance: GDXJ vs US\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

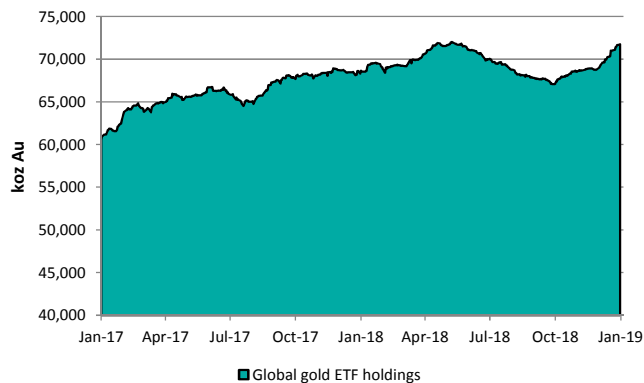
Movements in gold ETF holdings show recent increasing interest, up ~5% over the last 2 months.

Figure 23 – Relative performance: XGD vs A\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

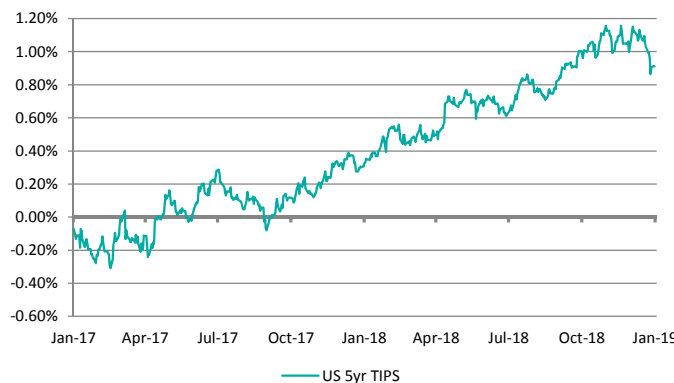
Figure 24 – Total known ETF gold holdings



SOURCE: BLOOMBERG

Real interest rates (as measured by US 5yr TIPS) have rolled over in the last couple of weeks, falling from levels last seen in September 2009 when gold was US\$955/oz. This drop has been a catalyst for a further run-up in the gold price and has been reflected in a weakening US\$ Index.

Figure 25 – US Treasury 5yr Inflation Protected Securities



SOURCE: BLOOMBERG

Figure 26 – US\$ Index (DXY)



SOURCE: BLOOMBERG

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Disclosure: Bell Potter Securities acted as Lead Manager to Pantoro Limited's (PNR) \$15m equity raise in September 2018 and received fees for that service.

Disclosure: Bell Potter Securities acted as Lead Manager to Breaker Resources (BRB) \$10.5m equity raise in October 2018 and received fees for that service.

Disclosure: Bell Potter Securities acted as a Participant in Silver Mines Ltd's (SVL) \$2.8m equity raise in April 2018 and received fees for that service.

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