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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, recent Substantial Holding Notices, gold-producers' and explorers' comparison tables, a gold equities performance "heat-map" and some key price and relative value charts.

TALKING POINT

If there is one thing we have noticed over the last 12 months or so it is a bifurcation in the gold equities market. There has been a clear distinction drawn between the multi-asset producers and the single-asset producers which is shown up clearly when we split out share price performance on this basis.

Over the last 12 months the multi-asset producers in our Heat Map basket have returned a very handy 85% (with several adding fully-franked dividends on top of that). This compares with average capital growth of just 1% from the single asset producers in our Heat Map basket – a massive contrast. Interestingly, there appears to have been much less of a distinction drawn between the single-asset producers and the exploration / development companies in the sector, for which performance is closely comparable between the groups. Quarterly performance for each group is summarised below. We can see that this phenomenon has really kicked off over the last 12 months, commencing in the December quarter 2018.

Figure 1 – ASX gold equities sub-groups - rolling share price performance to 30th September 2019

Category	3 months to Sep-2018	3 months to Dec-2018	3 months to Mar-2019	3 months to Jun-2019	3 months to Sep-2019	12 months to Sep-2019
Multi-asset producers	-14%	18%	15%	19%	13%	85%
XGD						
ASX Gold Index	-11%	18%	5%	21%	7%	60%
Single-asset companies	-11%	-8%	5%	-14%	21%	1%
Single-asset producers	-13%	-5%	2%	-13%	19%	1%
Explorers / Developers	-9%	-12%	8%	-14%	23%	2%

SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

There are good reasons for the outperformance and the market giving recognition to this thematic – primarily the diversification of production and jurisdiction risk, the smoothing of operational performance and cash flows and typically lower costs of capital. This is no secret and was the strategic foundation of Evolution Mining (just ten years ago), which has been one of the most successful exponents of this model.

Attractive M&A window still open

However, in the current market where valuations appear to have touched some upper resistance levels (at least for now), we believe the greatest opportunity this creates is for the execution of value-accretive M&A deals by the multi-mine producers or between the right single-asset companies. This has already commenced (and been recognised, in our view) and we expect more to come. The outperformance of Silver Lake Resources (SLR, not rated) and Red 5 Ltd (RED, not rated) we think are clear examples of value being recognised for the transition from a single-asset company to a multi-asset company. SLR achieved this via the acquisition of Doray Minerals, while RED's second asset has been driven by discovery and the recent delineation of a 1.5Moz open-pit Ore Reserve at its King of the Hills gold project, which it acquired from Saracen (SAR, not rated) in October 2017. We believe this M&A window remains open and should be capitalised on while it lasts.

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

Prices at 2/10/2019	Market capitalisation	Price	Target price	Recommendation
Regis Resources Ltd (RRL)	\$2,460m	\$4.84/sh	\$5.27/sh	Hold
Gold Road Resources Ltd (GOR)	\$1,055m	\$1.20/sh	\$1.35/sh	Hold (Spec)
Dacian Gold Ltd (DCN)	\$322m	\$1.43/sh	\$0.55/sh	Hold (Spec)
Westgold Resources Ltd (WGX)	\$943m	\$2.36/sh	\$2.35/sh	Hold
Pantoro Limited (PNR)	\$235m	\$0.20/sh	\$0.29/sh	Buy
Millennium Minerals Ltd (MOY)	\$70m	\$0.08/sh	\$0.12/sh	Hold
Breaker Resources NL (BRB)	\$57m	\$0.28/sh	\$0.73/sh	Buy (Spec)
Xanadu Mines (XAM)	\$34m	\$0.05/sh	\$0.55/sh	Buy (Spec)
S2 Resources (S2R)	\$41m	\$0.17/sh	\$0.35/sh	Buy (Spec)

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: Gruyere is ramping up production after pouring its first gold at the end of June, with the plant fully operational now following a delay to the commissioning of the ball mill. The Gruyere JV is expecting to lift average life-of-mine gold production well above 300kozpa by optimisation and improving efficiencies in the conservatively designed plant. GOR continues to advance its 100% owned regional exploration and is closing in on a Maiden Resource at Gilmour.

DCN: Its A\$200m, 2.5Mtpa Mount Morgans Gold Project commenced production in the June quarter of 2018 with commercial production subsequently declared on January 1, 2019. Originally guiding production and costs for FY19 at 180-210koz and AISC of ~A\$1,000/oz, poor Reserve reconciliations have led to a material downgrade of expectations. DCN most recently gave preliminary FY20 guidance of 150-170koz at AISC of A\$1,350/oz-\$1,450/oz.

WGX: Is now solely focused on its three Murchison operations where most ore comes from higher grade underground mines, supplemented by minor ore from open pits and stockpiles. Apart from Big Bell, which is ramping up output as it nears the end of its re-development, mine refurbishment is essentially complete and the company is now generating growing free cash flow and plans to spin out its NT polymetallic assets as a possible IPO.

PNR: Following a difficult FY19 during which its Nicolson's operation was mining constrained, we continue to look for production improvements in coming quarters to drive a valuation uplift. The recent acquisition of a 50% managing interest in the Central Norseman Gold Project (CNGP) adds a second high grade project that is well suited to PNR's skill-set. Exploration results and development planning are the key focus here in coming quarters.

MOY: MOY's primary asset is its 100%-owned Nullagine Gold Project, in the Pilbara region of WA. It has recently commenced the addition of an expanded processing route to treat refractory sulphide mineralisation which opens up its tenements to deeper gold exploration. However, technical risk and a poor operational performance have led to a de-rating of the stock.

BRB: Is continuing to advance its 100% owned Lake Roe Gold Project, located 100km east of Kalgoorlie, 60km south-southeast of the operating 3.5Moz Carosue Dam gold mine. In September 2019 an updated Resource of 23.2Mt @ 1.3g/t Au for 981koz contained gold was announced, including 803koz @ 1.4g/t Au in the Indicated category and a high grade core of 673koz @ 2.2g/t Au. While Resource growth has been slower than expected we remain of the view that Lake Roe is the most compelling greenfields gold discovery in the market.

XAM: Shallow drilling of oxide gold mineralisation at Golden Eagle, Stockwork Hill and Copper Hill within the 76.5% owned flagship Kharmagtai Copper-Gold Project in Mongolia continues to yield very positive results, confirming their potential to support a possible "starter" project to help funding of the potentially much larger copper-gold development.

S2R: Recent drilling of base of till gold anomalies in Finland has discovered significant gold mineralisation at the Aarnivalkea Prospect that is similar to the nearby Kittila mine (9Moz) and at the nearby Aakenusvaara Prospect, where the mineralisation is similar to the nearby old Saattopora mine. New geophysics at the Ecu Gold Prospect in Nevada, USA has defined likely intrusive targets, adding to the Carlin gold potential to be drilled soon.

CHANGES IN SUBSTANTIAL HOLDINGS

(the last month)

Increases:

EAR: NST increases to 31.6% (under takeover);
BLK: Delphi Unternehmensberatung increases from 7.8% to 10.1%;
SLR: Van Eck (GDXJ) becomes substantial at 5.0%;
RSG: Van Eck (GDXJ) increases from 9.1% to 10.6%;
GOR: Van Eck (GDXJ) becomes substantial at 8.1%;
BGL: Van Eck (GDXJ) becomes substantial at 5.1%;
NUS: PT Indika increases from 19.9% to 21.0%;
BLK: Maso Capital increases from 6.2% to 7.8%;
RSG: L1 Capital becomes substantial at 5.9%;
TRT: S2R increases from 20.0% to 23.0%;
EGA: SLR increases to 30.4% (under takeover);
BGL: Regal Funds becomes substantial at 5.1%;

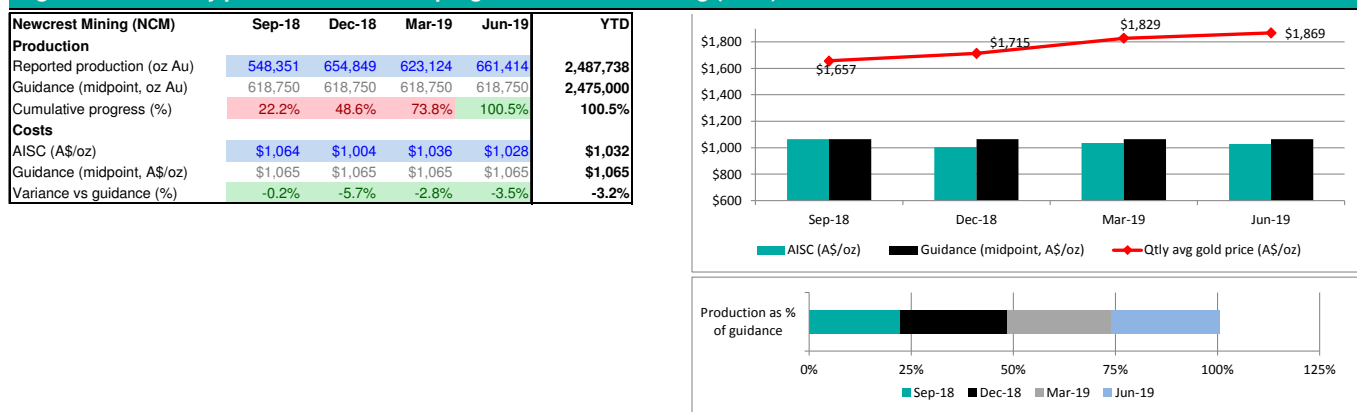
Decreases:

CDV: 1832 Asset Management decreases from 8.7% to 7.6%;
SAR: Mitsubishi UFJ ceases to be substantial;
CMM: Hawke's Point decreases from 18.1% to 16.8%;
CMM: SAMOZ ceases to be substantial on dilution;
SLR: Mitsubishi UFJ ceases to be substantial;
SBM: Norges Bank ceases to be substantial;
DEG: Regal Funds ceases to be substantial;
BLK: MACA Ltd decreases from 17.3% to 15.8%;
OKU: RSG decreases from 10.3% to 9.1% on dilution;
BLK: Lind Partners ceases to be substantial;
RSG: Dimensional ceases to be substantial;
PRX: SBM decreases from 10.0% to 8.1% on dilution;
PRU: Australian Super ceases to be substantial;
AMI: Australian Super decreases from 7.5% to 6.1%;

ASX QUARTERLY PRODUCTION MONITORS

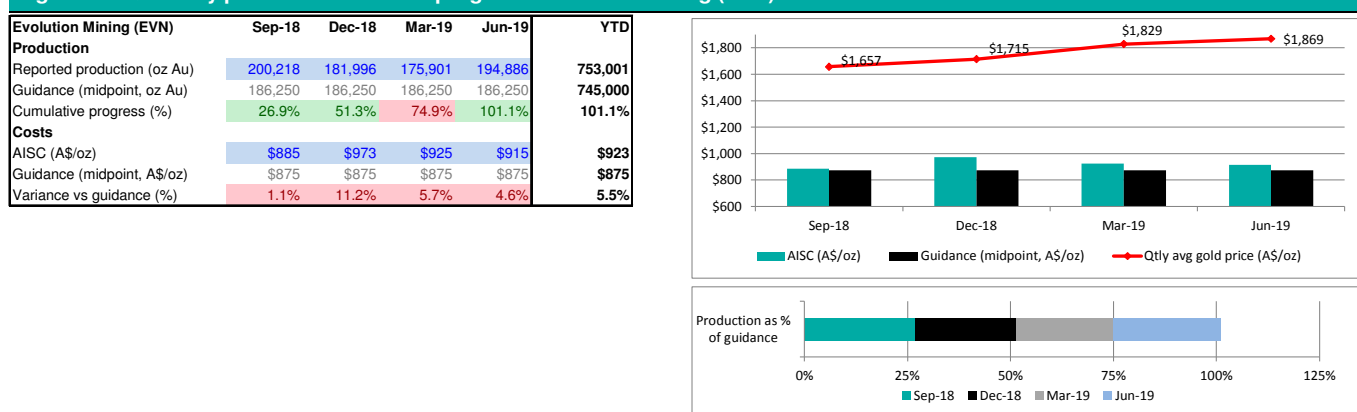
The tables and charts below monitor the quarterly production and cost progress against guidance for the largest ASX gold producers. The tables show actual production and costs vs the company's guidance midpoint. Variance vs the midpoint is highlighted in green or red according to whether the company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

Figure 2 – Quarterly production and cost progress: Newcrest Mining (NCM)



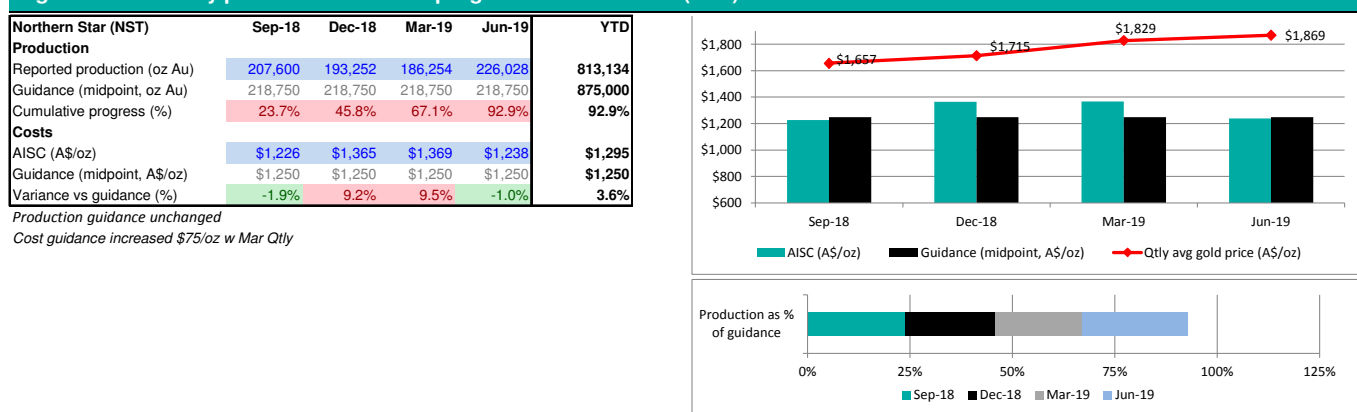
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 3 – Quarterly production and cost progress: Evolution Mining (EVN)



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

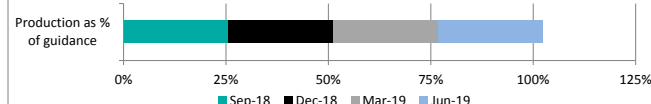
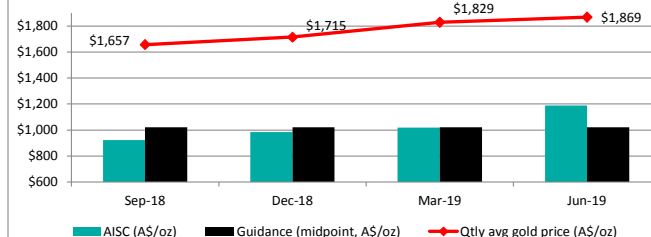
Figure 4 – Quarterly production and cost progress: Northern Star (NST)



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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

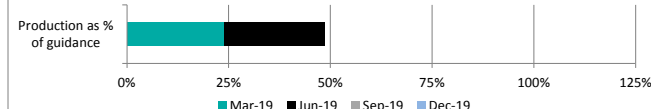
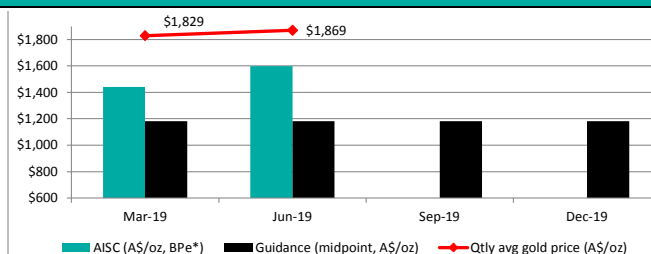
Regis Resources (RRL)	Sep-18	Dec-18	Mar-19	Jun-19	YTD
Production					
Reported production (oz Au)	90,879	90,487	91,087	90,966	363,419
Guidance (midpoint, oz Au)	88,750	88,750	88,750	88,750	355,000
Cumulative progress (%)	25.6%	51.1%	76.7%	102.4%	102.4%
Costs					
AISC (A\$/oz)	\$923	\$985	\$1,019	\$1,189	\$1,029
Guidance (midpoint, A\$/oz)	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020
Variance vs guidance (%)	-9.5%	-3.4%	-0.1%	16.6%	0.9%



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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

OceanaGold (OGC)	Mar-19	Jun-19	Sep-19	Dec-19	YTD
Production					
Reported production (oz Au)	125,681	129,290			254,972
Guidance (midpoint, oz Au)	131,250	131,250	131,250	131,250	525,000
Cumulative progress (%)	23.9%	48.6%	-	-	48.6%
Costs					
AISC (A\$/oz, BPe*)	\$1,440	\$1,597			\$1,519
Guidance (midpoint, A\$/oz)	\$1,182	\$1,182	\$1,182	\$1,182	\$1,182
Variance vs guidance (%)	21.8%	35.0%	-	-	28.5%



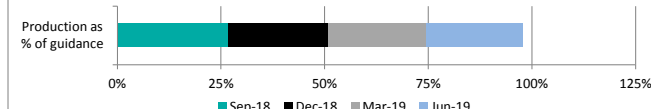
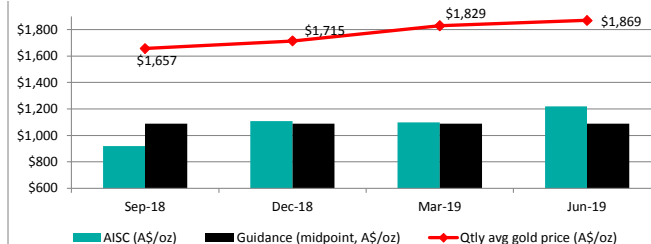
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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	89,244	88,358	86,197	362,346
Guidance (midpoint, oz Au)	92,500	92,500	92,500	92,500	370,000
Cumulative progress (%)	26.6%	50.8%	74.6%	97.9%	97.9%
Costs					
AISC (A\$/oz)	\$919	\$1,108	\$1,098	\$1,219	\$1,081
Guidance (midpoint, A\$/oz)	\$1,088	\$1,088	\$1,088	\$1,088	\$1,088
Variance vs guidance (%)	-15.5%	1.9%	1.0%	12.1%	-0.6%

Production guidance lowered 5koz w Mar Qtrly

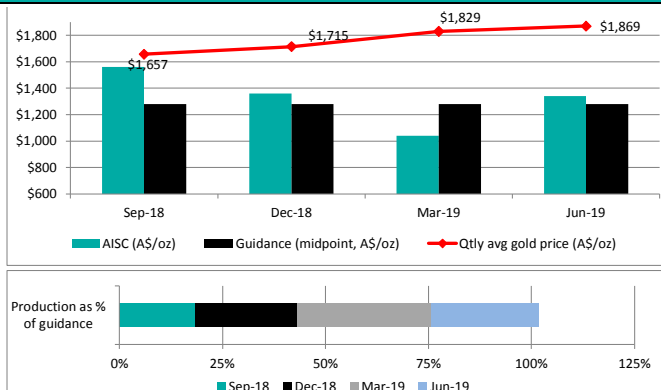
Cost guidance increased \$15/oz w Mar Qtrly



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	73,691	98,105	78,132	305,436
Guidance (midpoint, oz Au)	75,000	75,000	75,000	75,000	300,000
Cumulative progress (%)	18.5%	43.1%	75.8%	101.8%	101.8%
Costs					
AISC (A\$/oz)	\$1,560	\$1,360	\$1,039	\$1,341	\$1,288
Guidance (midpoint, A\$/oz)	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Variance vs guidance (%)	21.9%	6.3%	-18.8%	4.8%	0.7%



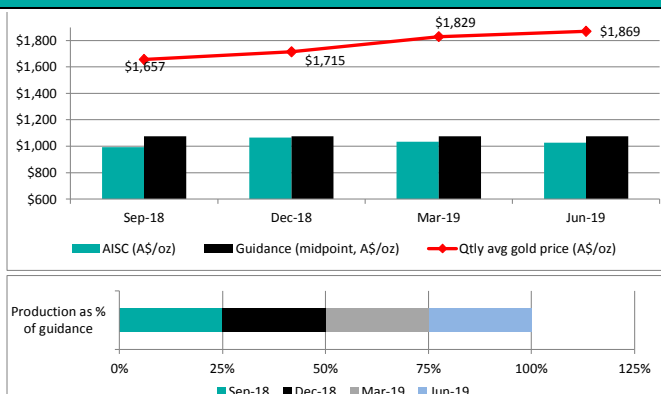
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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	88,833	89,208	88,096	355,077
Guidance (midpoint, oz Au)	88,750	88,750	88,750	88,750	355,000
Cumulative progress (%)	25.1%	50.1%	75.2%	100.0%	100.0%
Costs					
AISC (A\$/oz)	\$993	\$1,067	\$1,035	\$1,026	\$1,030
Guidance (midpoint, A\$/oz)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
Variance vs guidance (%)	-7.6%	-0.7%	-3.7%	-4.6%	-4.2%

Production guidance increased by 20.0koz Jan-19

Cost guidance unchanged

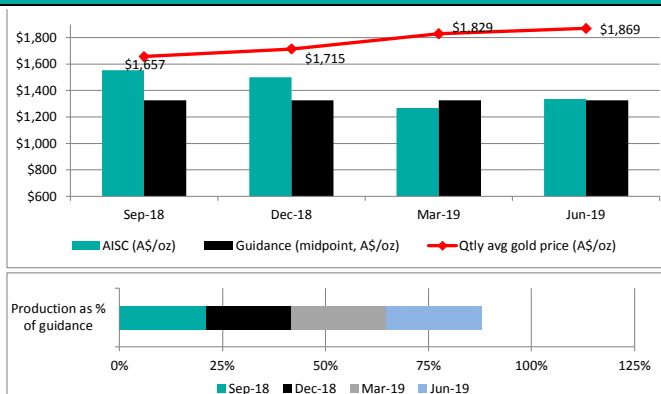


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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	60,064	67,168	66,952	255,221
Guidance (midpoint, oz Au)	72,500	72,500	72,500	72,500	290,000
Cumulative progress (%)	21.0%	41.8%	64.9%	88.0%	88.0%
Costs					
AISC (A\$/oz)	\$1,552	\$1,501	\$1,269	\$1,336	\$1,409
Guidance (midpoint, A\$/oz)	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325
Variance vs guidance (%)	17.1%	13.3%	-4.2%	0.8%	6.3%

Production guidance lowered by 20.0koz Jan-19



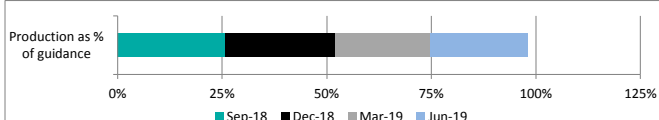
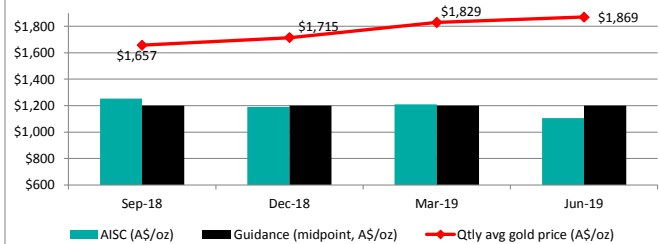
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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	52,623	45,286	47,342	196,679
Guidance (midpoint, oz Au)	50,000	50,000	50,000	50,000	200,000
Cumulative progress (%)	25.7%	52.0%	74.7%	98.3%	98.3%
Costs					
AISC (A\$/oz)	\$1,253	\$1,190	\$1,210	\$1,106	\$1,191
Guidance (midpoint, A\$/oz)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Variance vs guidance (%)	4.4%	-0.8%	0.8%	-7.8%	-0.8%

Production guidance decreased by 10.0koz w Dec Qtrly

Cost guidance narrowed but unchanged

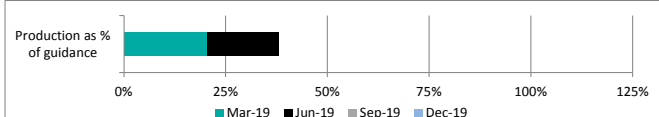
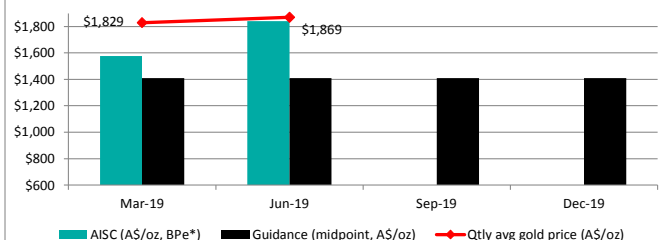


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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

Millennium Minerals (MOY)	Mar-19	Jun-19	Sep-19	Dec-19	YTD
Production					
Reported production (oz Au)	17,393	14,870	-	-	32,263
Guidance (midpoint, oz Au)	21,250	21,250	21,250	21,250	85,000
Cumulative progress (%)	20.5%	38.0%	-	-	38.0%
Costs					
AISC (A\$/oz, BPe*)	\$1,576	\$1,840	-	-	\$1,698
Guidance (midpoint, A\$/oz)	\$1,410	\$1,410	\$1,410	\$1,410	\$1,410
Variance vs guidance (%)	11.8%	30.5%	-	-	20.4%

Production guidance dropped 10koz and cost guidance raised \$72.50/oz May-19

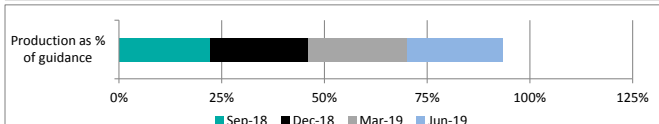
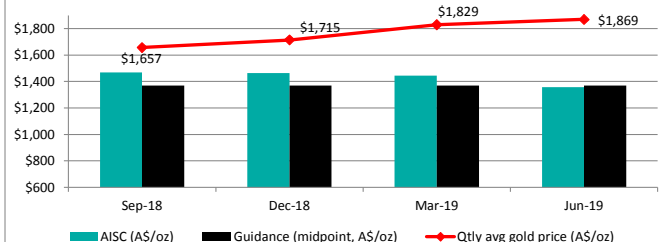


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

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	34,871	35,172	34,629	136,767
Guidance (midpoint, oz Au)	36,250	36,250	36,250	36,250	145,000
Cumulative progress (%)	22.1%	46.2%	70.4%	94.3%	94.3%
Costs					
AISC (A\$/oz)	\$1,469	\$1,464	\$1,444	\$1,358	\$1,433
Guidance (midpoint, A\$/oz)	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370
Variance vs guidance (%)	7.2%	6.9%	5.4%	-0.9%	4.6%

ex-Deflector: 27,514oz @ A\$1,048/oz



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 (kozpa)	Latest AISC (\$/oz)	AISC margin (\$/oz)	Implied AISC margin (\$/oz)	Total hedged (koz)	Avg hedged price (\$/oz)	Mark-to-market (\$m)	Net cash (debt) / Mkt Cap
Newcrest Mining Limited	NCM	\$34.53	\$26,548.2	-\$567.1	\$27,115.3	2,646	\$1,028	\$1,207	\$3,194.5	764.0	\$1,852	-\$293.2	-2.1%
Evolution Mining Limited	EVN	\$4.53	\$7,707.2	\$35.2	\$7,672.0	780	\$915	\$1,321	\$1,029.6	400.0	\$1,838	-\$159.1	0.5%
Northern Star Resources Ltd	NST	\$11.29	\$7,221.0	\$310.5	\$6,910.5	928	\$310.5	\$998	\$926.1	180.6	\$1,831	-\$73.1	4.3%
Saracen Mineral Holdings Limited	SAR	\$3.44	\$2,865.7	\$154.3	\$2,711.4	352	\$1,026	\$1,210	\$426.3	419.0	\$1,840	-\$165.8	5.4%
OceanaGold Corporation	OGC	\$3.91	\$2,433.2	-\$155.1	\$2,588.3	517	\$1,597	\$639	\$330.5	203.4	\$1,860	-\$63.6	-6.4%
Regis Resources Limited	RRL	\$4.84	\$2,459.6	\$205.3	\$2,254.3	364	\$1,189	\$1,047	\$380.9	451.5	\$1,611	-\$282.1	8.3%
St Barbara Limited	SBM	\$2.84	\$1,985.6	\$891.0	\$1,094.6	345	\$1,219	\$1,017	\$350.6	274.1	\$1,788	-\$122.8	44.9%
Resolute Mining Limited	RSG	\$1.39	\$1,255.4	-\$158.7	\$1,414.1	313	\$1,341	\$895	\$279.6	190.0	\$1,945	-\$55.3	-12.6%
Westgold Resources Limited	WGX	\$2.36	\$942.7	\$33.6	\$909.1	268	\$1,336	\$900	\$241.0	222.6	\$1,863	-\$81.0	3.6%
Perseus Mining Limited	PRU	\$0.69	\$800.1	\$126.1	\$674.0	257	\$1,412	\$823	\$211.2	274.0	\$1,937	-\$81.9	15.8%
Silver Lake Resources Limited	SLR	\$0.91	\$745.2	\$131.1	\$614.1	249	\$1,216	\$1,020	\$253.5	141.4	\$1,833	-\$56.9	17.6%
Ramellus Resources Limited	RMS	\$1.14	\$747.1	\$106.8	\$640.3	189	\$1,106	\$1,130	\$213.9	240.9	\$1,834	-\$96.8	14.3%
Aurelia Metals Limited	AMI	\$0.45	\$393.0	\$104.3	\$288.7	91	\$1,537	\$699	\$63.9	56.0	\$1,809	-\$23.9	26.5%
Red 5 Limited	RED	\$0.28	\$342.2	\$14.8	\$327.4	120	\$1,331	\$905	\$108.9	30.1	\$1,844	-\$11.8	4.3%
Dacian Gold Limited	DCN	\$1.43	\$322.4	-\$60.5	\$382.9	147	\$1,519	\$717	\$105.1	147.4	\$1,810	-\$62.8	-18.8%
Pantoro Limited	PNR	\$0.20	\$235.2	\$56.0	\$179.2	38	\$1,670	\$566	\$21.6	16.0	\$1,783	-\$7.2	23.8%
Medusa Mining Limited	MML	\$0.80	\$165.2	\$33.6	\$131.6	105	\$1,421	\$815	\$85.2	-	na	-	na
Millennium Minerals Limited	MOY	\$0.08	\$69.5	-\$20.7	\$90.2	61	\$1,840	\$396	\$24.0	3.8 x	\$1,796	-\$17.1	-29.8%
Troy Resources Limited	TRY	\$0.12	\$68.1	\$10.4	\$57.7	46	\$1,985	\$251	\$11.6	5 x	\$0	\$0.0	15.2%
Blackham Resources Limited	BLK	\$0.01	\$44.1	-\$11.7	\$55.8	48	\$2,376	-\$140	-\$6.8	-8.3 x	\$1,805	-\$8.0	-26.5%
Average							\$1,415	\$821		4.9 x			

RESOURCE AND RESERVE OUNCE VALUATIONS

Company	ASX Code	Resources (Mozs)	Grade (g/t Au)	EV/ Res oz (\$/oz)	Reserves (Mozs)	Grade (g/t Au)	EV/Rsv oz (\$/oz)
Newcrest Mining Limited	NCM	110.0	1.40	\$247	62.0	1.39	\$437
Evolution Mining Limited	EVN	14.7	0.84	\$521	7.5	0.80	\$1,029
Northern Star Resources Ltd	NST	20.8	4.10	\$333	5.4	4.40	\$1,286
Saracen Mineral Holdings Limited	SAR	9.2	1.80	\$295	3.3	2.00	\$822
OceanaGold Corporation	OGC	12.2	1.52	\$212	5.6	1.36	\$466
Regis Resources Limited	RRL	8.3	0.97	\$272	4.0	1.11	\$559
St Barbara Limited	SBM	11.5	2.90	\$95	5.8	3.90	\$189
Resolute Mining Limited	RSG	18.8	1.50	\$75	7.7	1.50	\$184
Westgold Resources Limited	WGX	9.3	2.10	\$97	2.6	2.46	\$343
Perseus Mining Limited	PRU	6.5	1.23	\$103	2.9	1.55	\$230
Silver Lake Resources Limited	SLR	4.5	4.58	\$136	0.8	3.71	\$791
Ramellus Resources Limited	RMS	4.1	1.60	\$156	0.8	1.80	\$762
Aurelia Metals Limited	AMI	0.8	1.40	\$362	0.3	1.90	\$1,069
Red 5 Limited	RED	5.2	2.67	\$63	2.7	1.51	\$121
Dacian Gold Limited	DCN	3.5	2.00	\$109	1.4	1.60	\$276
Pantoro Limited	PNR	2.6	4.45	\$69	0.2	6.59	\$1,001
Medusa Mining Limited	MML	1.4	3.86	\$96	0.4	6.86	\$376
Millennium Minerals Limited	MOY	1.2	1.60	\$78	0.4	1.64	\$240
Troy Resources Limited	TRY	0.9	2.10	\$62	0.1	2.43	\$485
Blackham Resources Limited	BLK	6.4	2.10	\$9	1.4	1.70	\$40
Average				\$170			\$535

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

AISC margin: margin between AISC and AS 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

Priced as at: 2/10/2019

CHANGE IN NET CASH (DEBT) QoQ to Jun-19

Company	ASX Code	Net Cash/(Debt) (\$m)	Change qoq (\$m)	Change A\$/oz
Newcrest Mining Limited	NCM	-\$567.1	\$878.8	\$664
Evolution Mining Limited	EVN	\$35.2	\$109.3	\$561
Northern Star Resources Ltd	NST	\$310.5	\$109.9	\$474
Silver Lake Resources Ltd	SLR	\$131.1	\$22.6	\$364
Westgold Resources Limited	PRU	\$33.6	\$21.5	\$321
Perseus Mining Limited	PRU	\$126.1	\$20.5	\$319
St Barbara Limited	SBM	\$891.0	\$19.0	\$220
Medusa Mining Limited	MML	\$33.6	\$5.5	\$212
Regis Resources Limited	RRL	\$205.3	\$18.7	\$206
Troy Resources Limited	TRY	\$10.4	\$0.6	\$49
Ramellus Resources Ltd	RMS	\$106.8	\$2.1	\$44
Red 5 Limited	RED	\$14.8	\$1.3	\$43
Saracen Mineral Holdings SAR	SAR	\$154.3	\$1.0	\$11
OceanaGold Corporation	OGC	-\$155.1	-\$4.4	-\$34
Aurelia Metals Limited	AMI	\$104.3	-\$4.3	-\$188
Dacian Gold Limited	DCN	-\$60.5	-\$7.2	-\$196
Resolute Mining Limited	RSG	-\$158.7	-\$59.3	-\$759
Pantoro Limited	PNR	\$56.0	-\$10.3	-\$1,078
Blackham Resources Ltd	BLK	-\$11.7	-\$18.8	-\$1,561
Millennium Minerals Ltd	MOY	-\$20.7	-\$24.2	-\$1,594

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 (\$/sh)	Market Cap (\$m)	Net Cash/(Debt) (\$m)	EV (\$m)	Resources (Mozs)	Grade (g/t Au)	EV/Res oz (\$/oz)	Reserves (Mozs)	Grade (g/t Au)	EV/Rsv oz (\$/oz)	Net cash (debt) / Mkt Cap
Gold Road Resources Limited	GOR	\$1.20	\$1,054.7	-\$2.0	\$1,056.7	3,310	1.32	\$319	2.0	1.25	\$539	-0.2%
West African Resources Limited	WAF	\$0.47	\$409.1	-\$28.0	\$437.1	3,089	1.77	\$142	1.7	2.40	\$265	-6.8%
Bellevue Gold Limited	BGL	\$0.61	\$344.6	\$35.0	\$309.6	1,800	11.10	\$172	-	-	na	10.2%
Capricorn Metals Ltd	CMML	\$0.22	\$357.2	\$87.0	\$270.2	1,525	0.90	\$177	0.9	1.00	\$303	24.4%
Echo Resources Limited	EAR	\$0.34	\$237.5	\$17.3	\$220.2	1,755	2.00	\$125	0.8	1.60	\$269	7.3%
Catalyst Metals Limited	CYL	\$2.47	\$194.9	\$15.9	\$179.0	0,000	0.00	na	-	-	na	8.2%
Cardinal Resources Limited	CDV	\$0.40	\$162.1	-\$18.5	\$180.6	6,990	1.13	\$26	5.1	1.13	\$35	-11.4%
Bardoc Gold Limited	BDC	\$0.10	\$134.6	\$6.5	\$128.1	3,020	1.90	\$42	-	-	na	4.8%
Vango Mining Limited	VAN	\$0.19	\$121.1	-\$4.0	\$125.1	0,410	8.00	\$305	-	-	na	-3.3%
Spectrum Metals Limited	SPX	\$0.07	\$95.6	\$11.7	\$83.9	0,036	4.80	\$2,331	-	-	na	12.2%
Prodigy Gold NL	PRX	\$0.11	\$63.9	\$15.0	\$48.9	1,010	2.00	\$48	-	-	na	23.5%
Calidus Resources Limited	CAI	\$0.03	\$58.0	\$13.1	\$44.9	1,250	1.83	\$6	-	-	na	22.6%
Meteoric Resources NL	MEI	\$0.05	\$51.3	\$4.7	\$46.6	0,261	6.30	\$178	-	-	na	9.2%
Breaker Resources NL	BRB	\$0.28	\$57.1	\$5.0	\$52.1	0,981	1.30	\$53	-	-	na	8.8%
Horizon Minerals Limited	HRZ	\$0.14	\$57.8	\$5.1	\$52.7	1,175	1.55	\$45	-	-	na	8.8%
Tanami Gold NL	TAM	\$0.05	\$54.1	\$28.3	\$25.7	1,646	2.80	\$16	-	-	na	52.4%
Apollo Consolidated Limited	AOP	\$0.25	\$55.4	\$10.2	\$45.2	0,000	0.00	na	-	-	\$0	18.4%
De Grey Mining Limited	DEG	\$0.06	\$58.2	\$12.0	\$46.2	1,679	1.80	\$28	-	-	na	20.6%
Nusantara Resources Limited	NUS	\$0.27	\$44.5	\$7.9	\$36.6	2,000	1.38	\$18	1.1	1.32	\$32	17.8%
Genesis Minerals Limited	GMD	\$0.03	\$43.9	\$2.6	\$41.3	0,760	3.30	\$54	-	-	na	5.9%
Egan Street Resources Limited	EGA	\$0.29	\$39.8	\$3.1	\$36.7	0,454	9.20	\$81	0.2	4.40	\$183	7.8%
Artemis Resources Limited	ARV	\$0.04	\$29.2	-\$4.6	\$33.8	0,260	1.06	\$130	-	-	na	-15.6%
Musgrave Minerals Limited	MGV	\$0.07	\$27.8	\$3.5	\$24.3	0,441	2.84	\$55	-	-	na	12.6%
Ausgold Limited	AUC	\$0.02	\$15.8	\$0.3	\$15.5	1,038	1.29	\$15	-	-	na	1.9%
Middle Island Resources Limited	MDI	\$0.01	\$7.3	\$0.9	\$6.4	0,503	1.40	\$13	-	-	na	12.9%
Total / average			\$3,775.3			35.4	2.3	\$100	11.8	1.4	\$302	

Priced as at: 2/10/2019

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

GOLD EQUITIES – PERFORMANCE HEAT MAP

We previously noted that performance in the sector has been dominated by the larger, multi-mine producers, but that we had expected this to begin to flow down to the smaller names. In considering our front page analysis we are a little less expectant of this occurring. It's not that we discount it entirely, indeed the single-asset / non-production names have outperformed the multi-mine producers in the September 2019 quarter. This has however been driven largely by DCN and EAR – excluding these and performances are much more aligned across the groups.

What we do believe though, is that for the smaller names to catch up we will need to see an extension of the current gold price rally and stronger momentum in the market. While we are of the view that a favourable macro environment remains, a number of the technical signals and indicators we track have taken a breather over the last few weeks. In terms of positioning, this probably favours the larger names for now. In terms of strategy it also means the M&A window remains open for now, too.

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

Stock	3 months to Sep-2018	3 months to Dec-2018	3 months to Mar-2019	3 months to Jun-2019	3 months to Sep-2019	12 months to Sep-2019
US\$ gold	-5%	8%	1%	10%	4%	24%
A\$ gold	-3%	10%	1%	11%	8%	32%
XGD	-11%	18%	5%	21%	7%	60%
NCM	-10%	12%	14%	26%	10%	79%
EVN	-24%	39%	-3%	20%	6%	71%
NST	19%	11%	-7%	31%	-3%	33%
RRL	-27%	30%	6%	3%	-7%	32%
OGC	10%	18%	-13%	-10%	7%	-1%
SBM	-28%	35%	-30%	-6%	-3%	-14%
SAR	-15%	57%	-6%	33%	-5%	85%
RSG	-14%	6%	1%	12%	8%	31%
GOR	-8%	-4%	47%	12%	17%	83%
WGX	-29%	-31%	39%	49%	37%	97%
DCN	-16%	12%	-8%	-77%	160%	-38%
PRU	-12%	11%	12%	26%	19%	84%
AMI	28%	-7%	26%	-46%	-2%	-38%
WAF	-15%	-11%	30%	-2%	52%	73%
RMS	-16%	-2%	91%	-16%	49%	134%
PNR	-40%	14%	20%	-17%	2%	17%
CDV	10%	-5%	-22%	0%	27%	-7%
GCY	-42%	-54%	-63%	-20%	0%	-86%
SLR	-10%	8%	48%	46%	-22%	82%
BDR	-11%	-14%	27%	0%	0%	10%
MOY	18%	-20%	-7%	-30%	-23%	-60%
EAR	-45%	12%	20%	-17%	123%	150%
ARV	8%	-38%	-53%	-46%	23%	-81%
DRM	17%	6%	52%	0%	0%	61%
RED	-27%	46%	40%	36%	76%	392%
MML	-23%	8%	-7%	64%	34%	120%
BRB	31%	0%	31%	-25%	-11%	-13%
TRY	-29%	10%	-9%	-11%	24%	10%
AWV	-56%	-41%	70%	-35%	0%	-35%
BSR	-5%	-10%	-6%	-12%	-7%	-30%
PRX	-7%	-20%	26%	7%	14%	24%
CAI	-11%	-10%	-11%	20%	-17%	-19%
BLK	-38%	-2%	-61%	-20%	-8%	-72%
KSN	9%	-32%	18%	-29%	43%	-19%
RTG	-20%	20%	-20%	-18%	3%	-19%
Average	-12%	2%	8%	-1%	18%	32%

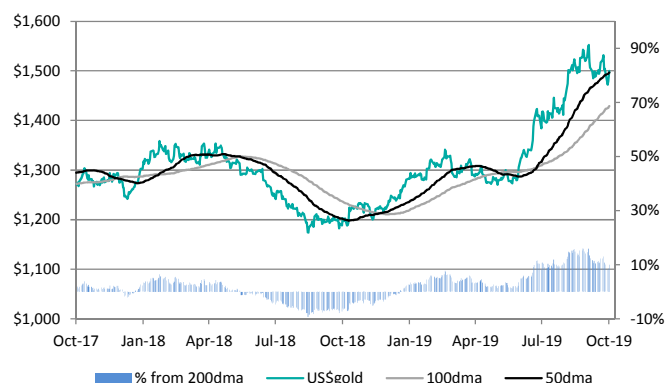
SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

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

GOLD IN CHARTS - PRICES

From a technical point of view the gold price looks a little at risk of taking a bit of a dip. Both the US\$ and A\$ gold prices have made lower highs and breached their 50dma's. While they have come back a little, they are also both looking a little extended above their 200dma's. Broad uptrends still look ok but there is evidence of the price potentially rolling over in the short-term.

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



SOURCE: IRESS, BELL POTTER ESTIMATES

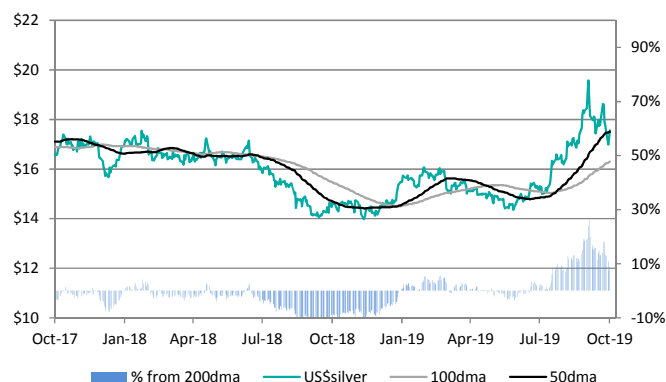
Figure 16 – Rolling 2yr A\$ gold price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

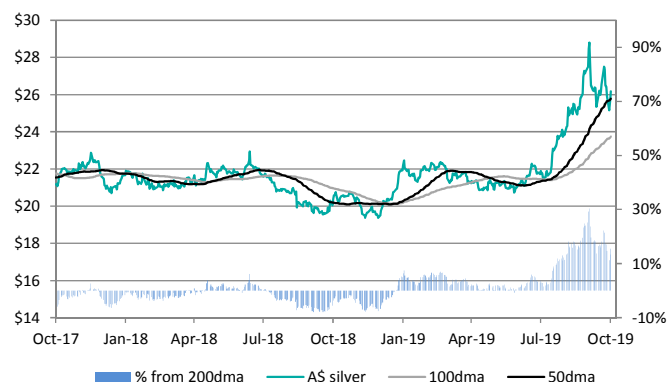
Silver really took off but just as its outperformance vs gold was really starting to add some momentum across the precious metals spectrum in general it peaked at a 2½ year high of US\$19.58/oz in early September and has since come off 10.3%. In A\$ terms it has likewise failed to follow through on its July-September break-out.

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



SOURCE: IRESS, BELL POTTER ESTIMATES

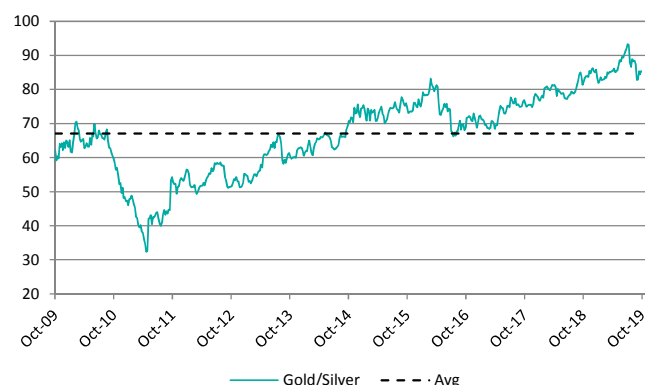
Figure 18 – Rolling 2yr A\$ silver price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

The gold:silver ratio is a key measure of bullish sentiment, in our view. In the last couple of months we saw an emergence of silver outperformance but with the current pullback gold's outperforming trend remains intact. Gold has recovered from fresh +10-year lows vs the DJIA in Sep-18, but is yet to show strong mean reversion.

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. Across all three Indices (GDX, GDXJ and XGD) that we measure we can see a recent downturn in the implied outlook.

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

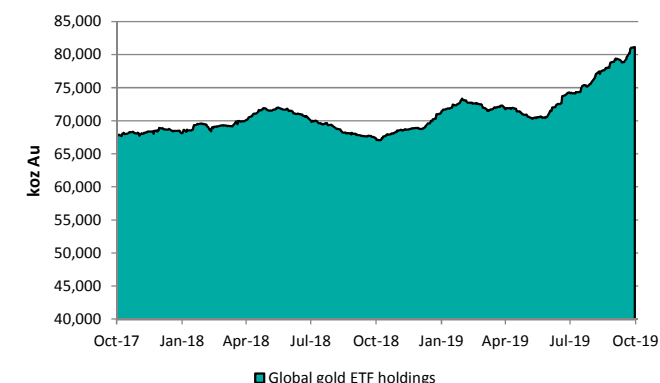
Global gold ETF holdings have increased to the highest level of holdings since January 2013, reflecting both positive sentiment and a degree of asset re-allocation in a low interest rate environment.

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



SOURCE: IRESS, BELL POTTER ESTIMATES

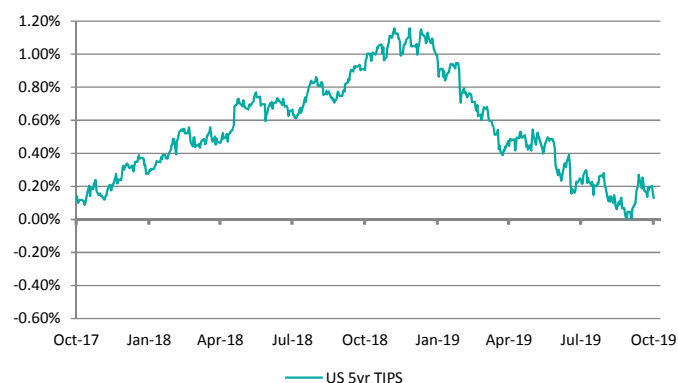
Figure 24 – Total known ETF gold holdings



SOURCE: BLOOMBERG

Real interest rates (as measured by US 5yr TIPS) have rolled over in early January and has been one of the key drivers for the gold price and interest in the equities. Its recent bounce goes a long way to explaining the current pause in the market. In our view, the benign outlook for interest rates, inflation and the re-emergence of quantitative easing (albeit not yet in the US) is probably key to the medium term outlook and supportive of the gold price continuing higher.

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 of September 2018 and \$43m equity raise of May 2019 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 \$6.4m equity raise of May 2019 and received fees for that service.

Disclosure: Bell Potter Securities acted as Lead Manager to Millennium Minerals (MOY) \$15m equity raise in February 2019 and received fees for that service.

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The Analysts hold long positions in shares in EVN, NST, OGC, RRL, SBM, RSG, BSR, GOR, PNR WGX, S2R, and SLR.