

Australian Gold Exploration

Western Australia: Time for a drink?

Australian Gold Exploration

Featured companies:

WILUNA MINING (WMX)
PANTORO (PNR)
BELLEVUE GOLD (BGL)
DE GREY MINING (DEG)
RED 5 (RED)
GREATLAND GOLD (GGP)

Gold Bullion Price in USD:



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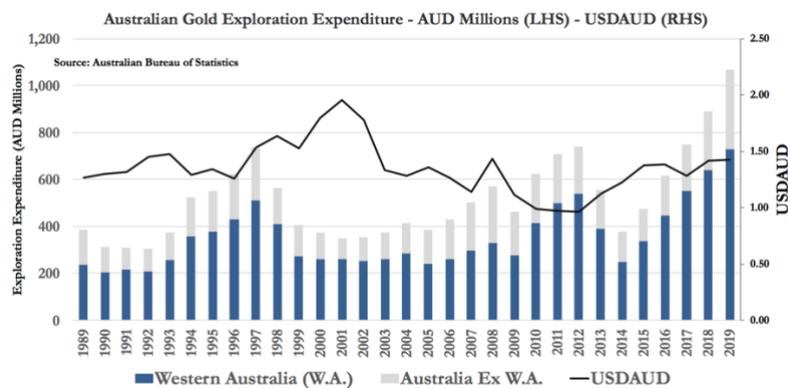
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Extraordinary returns for investors can be generated from successful exploration. With gold prices approaching all-time highs and with unprecedented levels of monetary and fiscal stimulus globally, how should investors be thinking about gold exploration, and where should they be looking?

Western Australia is arguably the epicentre of a developing global exploration boom fuelled by an all-time-high Australian dollar gold price and significant new gold discoveries.

The Australian Bureau of Statistics states that Australian gold exploration expenditure reached a record A\$1,068 million in 2019, with two-thirds of this exploration taking place in Western Australia.



In this report, we look at 6 junior gold companies with projects in Western Australia. They are all at various stages of generating substantial shareholder value via the drill bit. These companies are; **Wiluna Mining**, **Pantoro**, **Bellevue Gold**, **De Grey Mining**, **Red 5** and **Greatland Gold**.

Which explorer to back?

Wiluna Mining A\$1.55, A\$155 million mkt cap: the combination of an un-demanding valuation, aggressive drilling programme, with an established mining camp and infrastructure make Wiluna attractive. EV/Resource Ounce is the cheapest at US\$14 per Resource Ounce of gold.

Bellevue Gold A\$0.96, A\$547 million mkt cap: high-grade with articulate and experienced management distinguish Bellevue. We note that although the drill budget is halving looking into 2021 that's because Bellevue can drill from underground at half the cost and they seem to have worked out where to aim their drills.

Pantoro A\$0.20, A\$235 million mkt cap: Norseman is a wonderful endowment with half ounce per tonne grade underground and will need a lot of investment to establish a mining reserve. Pantoro needs to buy the other half of Norseman from Tulla and finance both the acquisition of its flagship asset and the development of Norseman.

De Grey Mining A\$0.67, A\$784 million mkt cap: we wish we had bought this one at the start of 2020!! De Grey's Hemi discovery is a wonderful exploration success that can keep going as long as the drill bit keeps showing the way. The shares have certainly captured the investing public imagination with market chatter of 5-10 million ounces compared to current resources at 2 million ounces of gold.

Red 5 A\$0.28, A\$568 million mkt cap: now focussed on building King of the Hills and delivering production growth. The exploration focus turns towards extending the mine life at Darlot. While exploration budgets are expected to be lower in FY 2021, we still expect a healthy A\$15 million spent. We will watch closely to see what the drill bit turns up around Darlot.

Greatland Gold GBp 12.7, £466 million mkt cap: have both the most aggressive drill programme courtesy of their 70% Joint Venture partner Newcrest Mining and the highest implied project valuation at +A\$1.2 billion for 100% of the Havieron Project. We are cautious that Newcrest as owner of the adjacent Telfer mine infrastructure that will process Havieron will extract most of the economic rent.

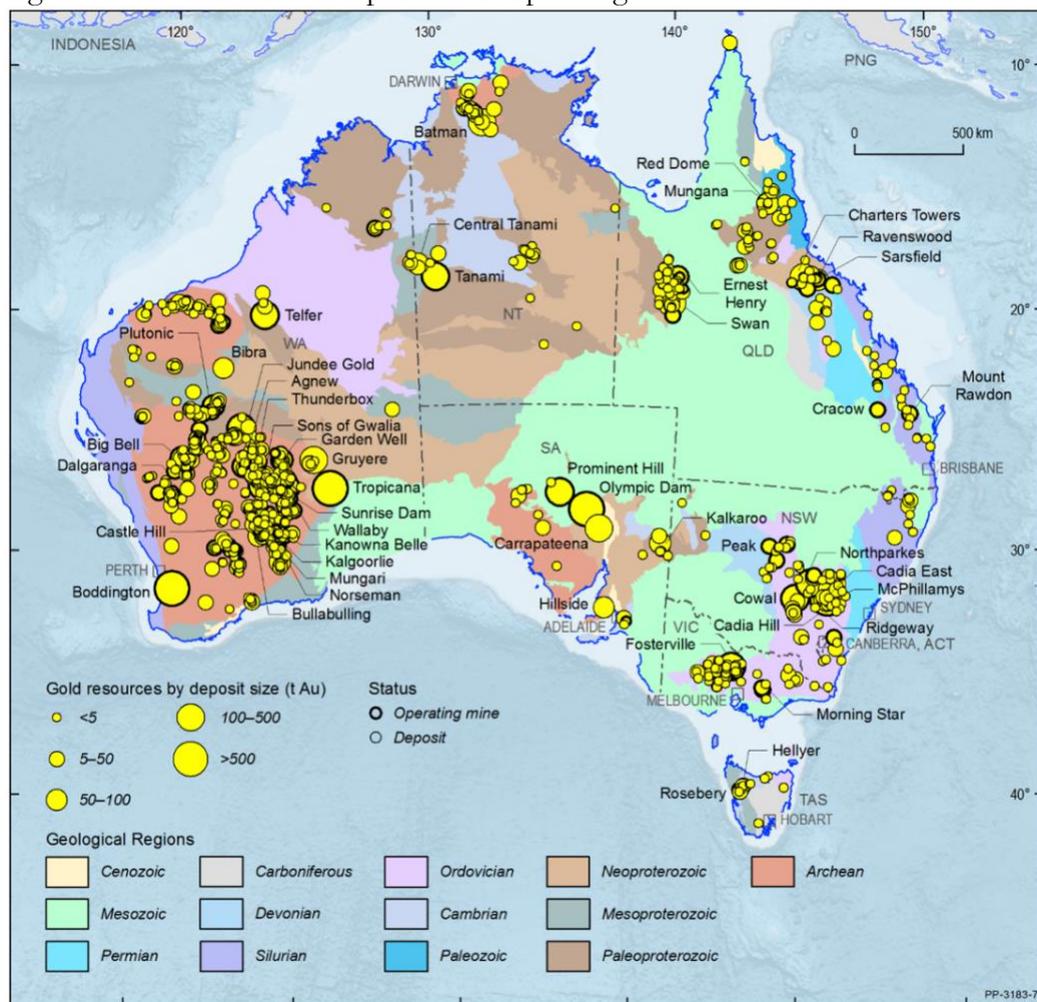
The Boston Consulting Group in a 2015 paper titled ‘Tackling the Crisis in Mineral Exploration’ asked six of the world’s most successful geologists where to look for new mines:

- 1) Pursue mineralised districts.
- 2) Commit to drilling.
- 3) Aim for simple large targets.
- 4) Balance greenfield & brownfield exploration.

The United States Geological Survey (USGS) estimates that Australia has the largest gold Reserves in the world.

The major mineralised gold districts of Western Australia are found in the Archean-aged rocks (2.5 to 4.0 billion years old) of the Yilgarn and Pilbara Cratons (reddish colour in figure 1) and in the younger Paleoproterozoic aged rocks (1.6 to 2.5 billion years old) of the Paterson Region (darker brown colour in figure 1), in which the Telfer mine is found. **All of our 6 junior gold companies have projects within these mineralised districts.**

Figure 1: Australian Gold Deposits and Operating Mines: 2018



Australian gold deposits and operating mines 2018.
 t Au = tonnes of contained gold. Deposit size is based on total resources (EDR + Subeconomic Resources + Inferred). For clarity, only major or significant deposits are labelled.

Source: Geoscience Australia

In addition, our 6 companies are showing a substantial **commitment to drilling**.

Drilling Expenditure:

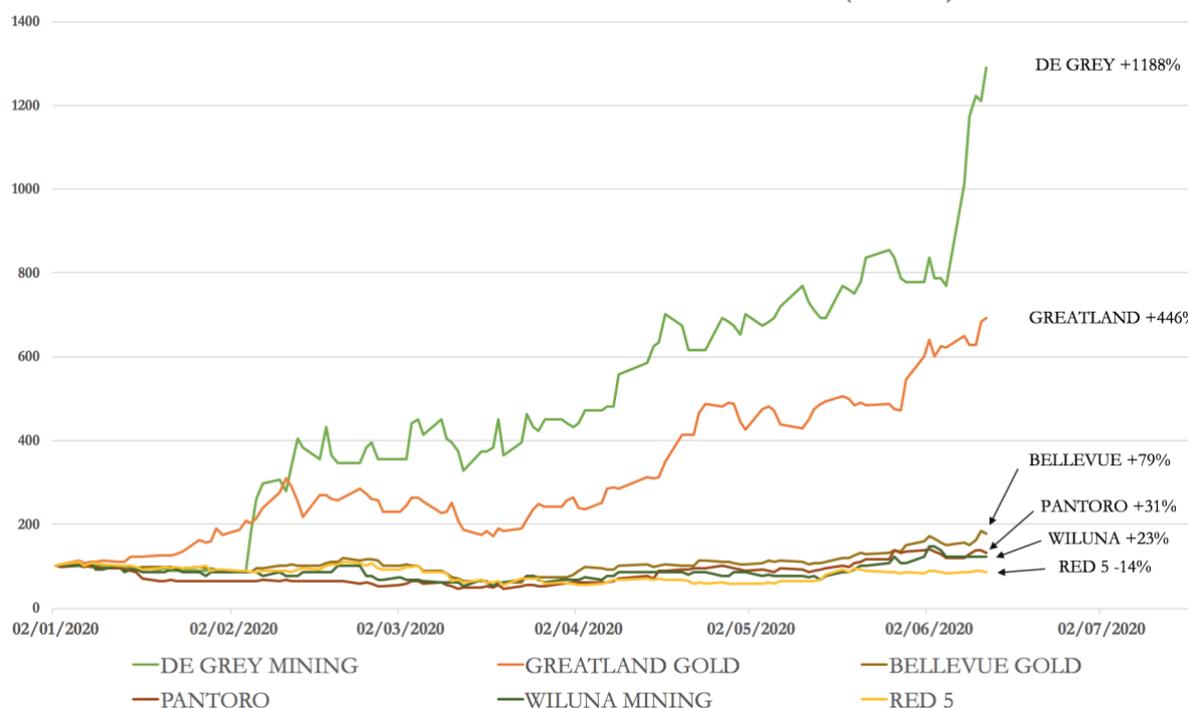
We see our 6 companies showing approximately a 200% increase in drilling expenditure in FY 2020.

COMPANY	FY 2019 A\$ M	FY 2020 EST A\$ M	FY 2021 EST. A\$ M
WILUNA MINING	7.6	10.0 to 11.0	25.0 to 30.0
DE GREY MINING	8.3	13.0	24.0 to 25.0
PANTORO	4.1	21.0 to 22.0	28.0 to 32.0
RED 5	5.3	25.0	15.0
BELLEVUE GOLD	19.9	30.0	10.0 to 15.0
GREATLAND GOLD *	4.2	45.0	50.0
TOTAL	49.4	144.0 to 146.0	152.0 to 167.0

* Havieron project earn-in drilling included for comparison purposes.

Share Price Performance:

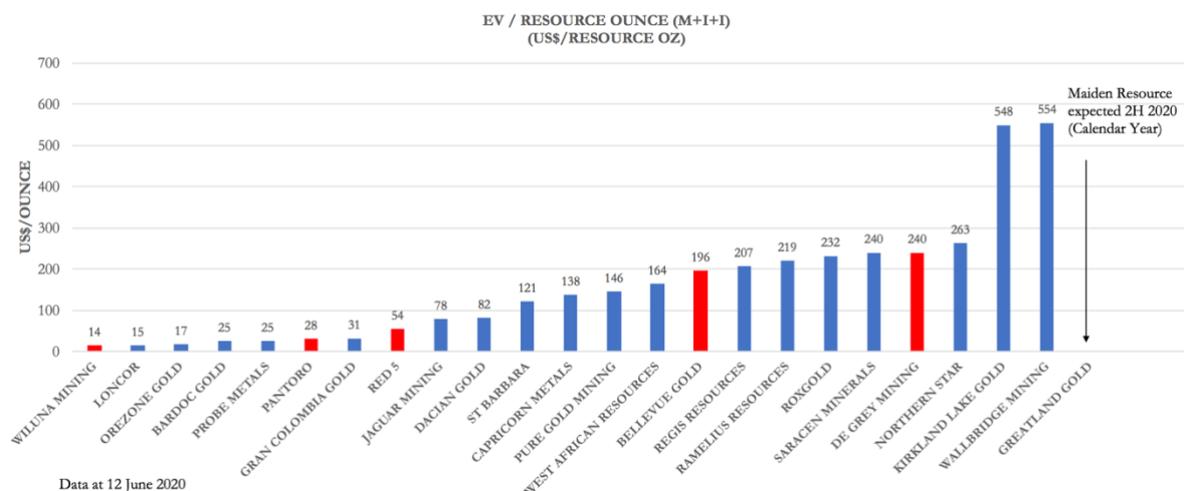
Relative Share Price Performance Year To Date (Indexed)



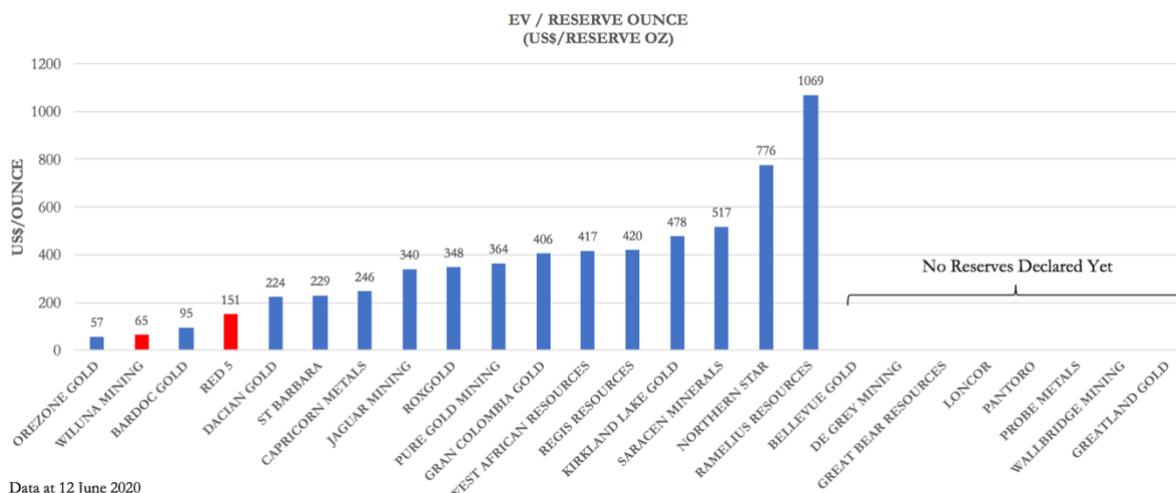
COMPANY	MARKET CAP AS (MLN)	SHARE PRICE CHANGE % YTD	SHARE PRICE % CHANGE 1 YEAR	SHARE PRICE % CHANGE 2 YEAR
RED 5	568	-14%	84%	265%
WILUNA MINING	160	23%	78%	-75%
PANTORO	235	31%	8%	-32%
BELLEVUE GOLD	654	79%	60%	464%
GREATLAND GOLD	847	446%	706%	1433%
DE GREY MINING	784	1188%	780%	307%

Source: Arlington Group

Enterprise Value (EV) per Resource Ounce of Gold:



Enterprise Value (EV) per Reserve Ounce of Gold:



COMPANY	EV(US\$) / RESOURCE OZ.	EV(US\$) / RESERVE OZ.
WILUNA MINING	14	65
PANTORO	28	NIL
RED 5	54	151
BELLEVUE GOLD	196	NIL
DE GREY MINING	240	NIL
GREATLAND GOLD	NIL	NIL

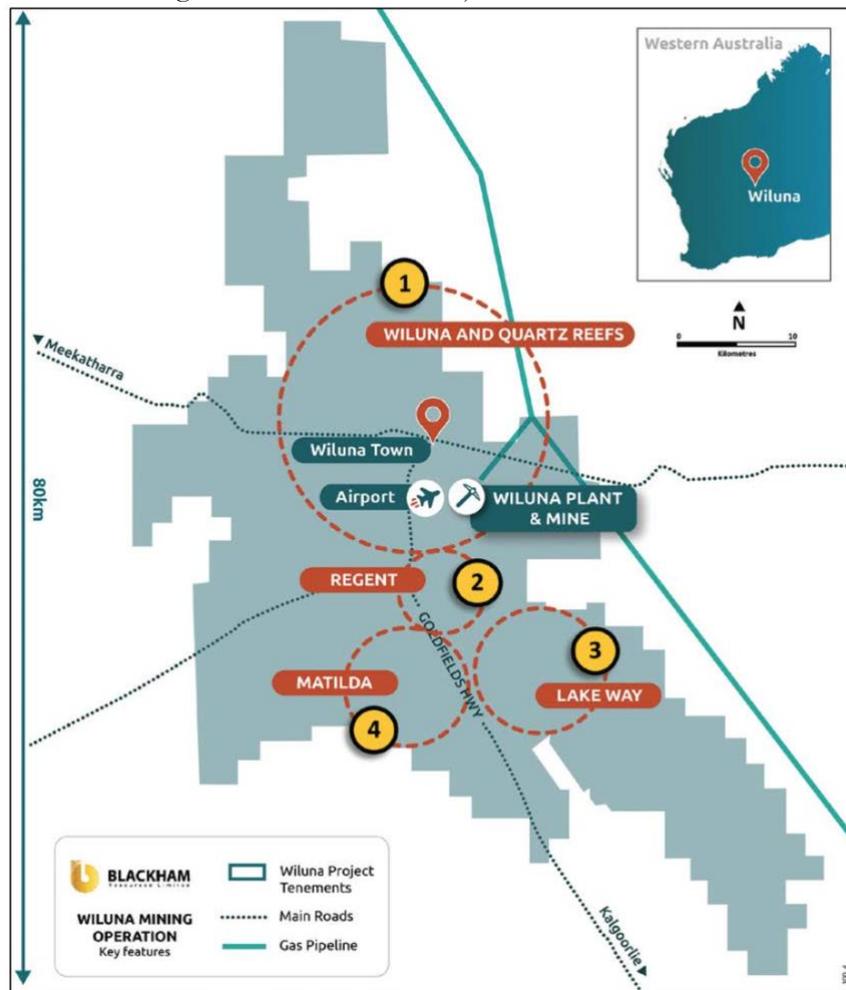
Data at 12 June 2020.

Gold was discovered at Wiluna in 1897. According to P. Heydon’s book - Wiluna Edge of the Desert - a 463-ounce nugget was discovered at Wiluna in 1897.

WILUNA MINING CORPORATION (WMX)

Market capitalisation: A\$160 million.
 Executive Chairman: Milan Jerkovic.
 Estimated Cash Balance: A\$20 million.
 Debt: Nil.

Wiluna Mining’s Tenements and Project Location:

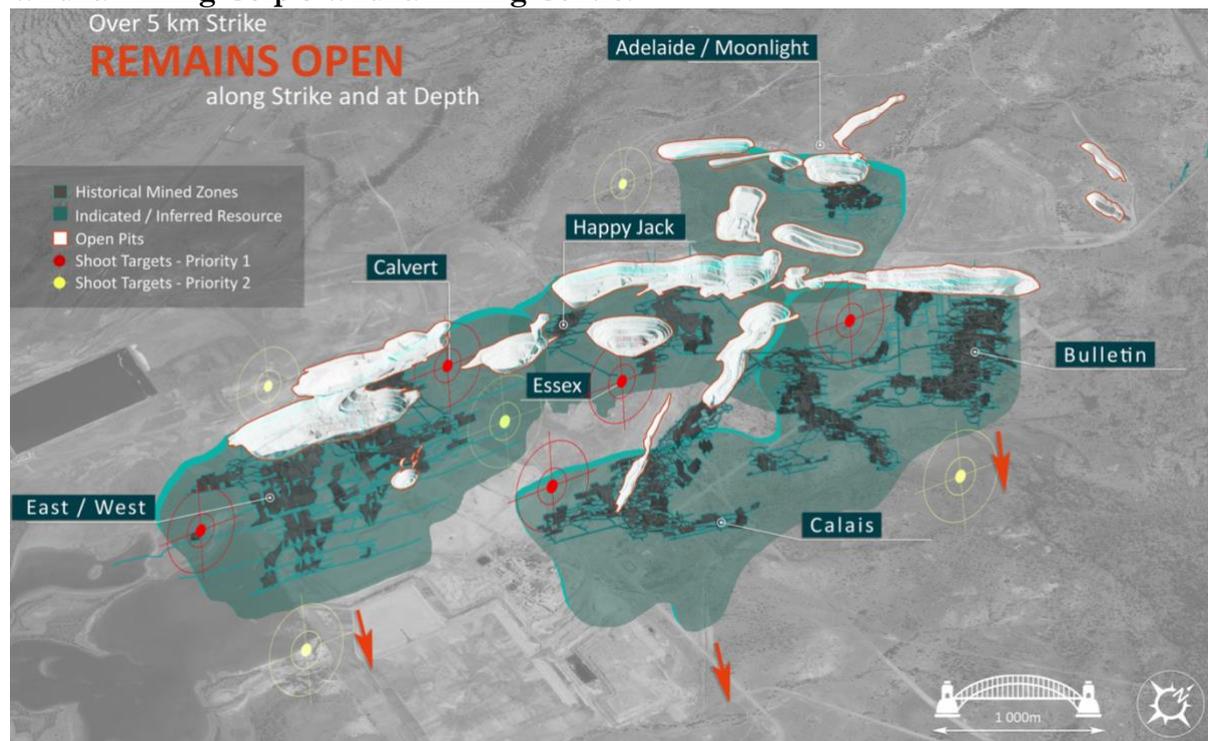


Source: Wiluna Mining Corp.

Wiluna Mining is a gold producer, developer and explorer with one key asset in Western Australia.

The Wiluna Mining operation covers 1,600 square kilometres and has four major regions; Wiluna, Regent, Lake Way and Matilda. The operation has a long history and has produced over 4.0 million ounces of gold and has approximately 6.4 million ounces remaining in resources and reserves. Located within the prolific Yilgarn Craton, Wiluna’s tenements cover a significant mineralised district with large structurally controlled gold targets.

Wiluna Mining Corp's Wiluna Mining Centre:



Source: Wiluna Mining.

The Wiluna region itself (pictured above) has seen the bulk of the historical production and currently production comes from free milling ore. FY 2020 production targets 66,000 ounces of gold at A\$1,875 AISC.

Wiluna Mining's strategy is to take advantage of the higher-grade sulphide reserves and resources by implementing the Sulphide Stage 1 expansion plan. Wiluna Sulphide Underground Resources (M+I+I) amount to 18.5 million tonnes at 4.8 g/t Au for 2.9 million ounces of gold.

Measure, Indicated & Inferred Resources (JORC 2012) at 30 June 2019.

Matilda-Wiluna Gold Operation Resource Summary												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda ¹	-	-	-	6.1	1.45	285	3.6	1.30	149	9.7	1.40	435
Wiluna Sulphide ²	-	-	-	12.0	2.80	1,079	5.0	3.10	499	17.0	2.89	1,579
Wiluna Free Milling ³	-	-	-	3.6	1.42	166	0.3	1.14	10	3.9	1.40	176
Williamson ³	-	-	-	2.6	1.30	108	1.5	1.40	66	4.1	1.34	174
Regent	-	-	-	0.7	2.71	61	3.1	2.11	210	3.8	2.22	271
Tailings	-	-	-	34.0	0.62	680	-	-	-	34.0	0.62	680
Stockpiles	0.6	0.80	15	-	-	-	-	-	-	0.6	0.80	15
OP Total	0.6	0.80	15	59.0	1.25	2,379	13.4	2.16	935	73.0	1.42	3,330
UNDERGROUND RESOURCES												
Mining Centre	Measured			Indicated			Inferred			Total 100%		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda ¹	-	-	-	0.1	2.51	10	0.5	3.66	61	0.6	3.44	71
Wiluna Sulphide ²	-	-	-	6.9	5.49	1,210	11.7	4.42	1,664	18.5	4.82	2,874
Wiluna Free Milling ⁴	0.02	6.80	4	0.2	4.91	28	0.3	3.20	28	0.5	4.01	61
Williamson ³	-	-	-	-	-	-	0.3	2.61	23	0.3	2.61	23
Galaxy ⁵	-	-	-	0.1	3.70	6	0.2	2.80	16	0.2	2.98	22
UG Total	0.02	6.80	4	7.3	5.38	1,254	12.9	4.31	1,793	20.2	4.71	3,051
Grand Total	0.6	0.99	20	66.2	1.71	3,633	26.4	3.22	2,728	93.2	2.13	6,381

Source: Wiluna Mining.

Wiluna Mining's Exploration Budget:

In the 1H of 2020, Wiluna Mining spent only A\$1.7 million on exploration and evaluation. After the recent recapitalisation, the company's drilling budget has expanded rapidly and in March 2020, the company embarked on a new drilling program.

Recent sulphide drill results have been outstanding, including: 14.5m at 17.2 g/t Au and 6m at 53.7 g/t Au. (See ASX release dated 26 May 2020)

In the ASX release from 17 March 2020, Wiluna outlined their strategy to 'target high-grade +5g/t shoots on the main East and West gold structures, which have a combined strike length of 7km. High-grade shoot discoveries within 300m of surface could be quickly brought into the mine plan as substantial mine development already exists including 5 access declines. **The current program targeting infill of high grade inferred resources and new shallow shoot discoveries is part of a larger program of 45,000m planned over the next 18 months.**'

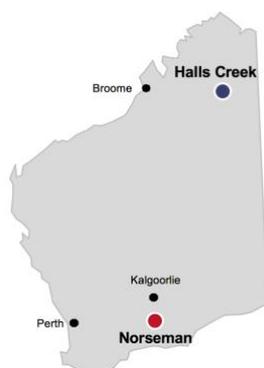
However, since this announcement the company has accelerated its exploration drilling and announced on the 26 May 2020, they announced that, 'The initial drilling associated with the Stage 1 Sulphide mining strategy is on track for completion in June 2020 with 7 drill rigs currently in operation at Wiluna.'. And that 'A Mineral Resource update is due in September quarter.'

The news release went on to comment that;

'Further drilling beyond June 2020 is planned to continue and further grow resources and reserves and build on the existing 10Moz geological endowment at Wiluna.'

For FY 2020, we estimate approximately A\$10-11 million spent on drilling with this accelerating next year with potentially A\$25-30 million spent on drilling in FY 2021.

Pantoro Project Locations:

**PANTORO (PNR):**

Market Cap: A\$229 million.

Managing Director: Paul Cmrlec.

Cash & Gold Balance: A\$25.8 million (31 March 2020).

Debt: nil.

Pantoro is a gold producer, developer and explorer with two key assets in Western Australia.

The 100%-owned Halls Creek project is in production after being acquired in 2014. Initial challenges with ground conditions were encountered while the mine was being development in oxide ore but those challenges were overcome as development continued into fresh rock. First gold was produced from the Nicholson Mine at Halls Creek in February 2015 with pre-production mine development costs amounting to only A\$12 million. By FY 2019, the mine produced 43,019 ounces of gold at an AISC of A\$1,434 and Pantoro generated A\$19. in Net Cash from Operating Activities.

In 2014 the Nicholson Deposit at Halls Creek had only 163,123 ounces of gold in Indicated and Inferred Resources at an average grade of 6.6 g/t Au. Today that Resource has grown to 394,000 ounces across Measured, Indicated and Inferred.

HALLS CREEK (PNR 100%)

Category	Tonnes (M)	Grade (g/t)	Contained Au (Koz)
Measured	0.31	10.3	102
Indicated	0.88	7.5	213
Inferred	0.44	5.5	78
Total	1.6	7.5	394

Source: Pantoro April 2020 Presentation.

In May 2019, Pantoro announced the acquisition of a 50% stake in the Central Norseman Gold Project. Pantoro formed an Unincorporated Joint Venture and has taken management control of the project.

Outstanding deferred payments on the transaction include: A\$5 million payable 12 months after completion and A\$10 million 24 months after completion. A further A\$10 million payment is due on definition of 1.8 million ounces of JORC ore Reserves.

Additionally, Pantoro agreed to fund the first A\$50 million of project expenditure.

Historically, the Norseman Gold Project areas have produced over 5.5 million ounces of gold since operations began in 1935,

and is one of, if not the highest-grade fields in the Yilgarn Craton. Pantoro is focused on establishing a clear production development plan, and has commenced drilling and other works required to convert Mineral Resources to Ore Reserves.

Norseman (PNR 50%)

Underground			
Category	Tonnes (M)	Grade (g/t)	Contained Au (Moz)
Measured	0.3	13.90	0.1
Indicated	1.3	17.86	0.8
Inferred	2.5	14.06	1.2
Total	4.2	15.3	2.1

Surface			
Category	Tonnes (M)	Grade (g/t)	Contained Au (Moz)
Measured	4.3	0.80	0.1
Indicated	11.4	2.02	0.8
Inferred	15.7	3.50	1.3
Total	31.35	2.34	2.3

Source: Pantoro April 2020 Presentation.

Pantoro's Exploration Budget:

Norseman Gold Project: According to Quarterly Activities Report for the Quarter ended 31 March 2020, "Five rigs were in operation for the majority of the March 2020 quarter" and drilling costs on the project are currently running at about A\$2 million per month.

Halls Creek: 1 rig is currently in operation at approximately A\$1 million per month.

Pantoro's FY 2020 drilling cost estimate: A\$21-22million. (Breakdown: A\$15 million at Norseman and A\$6-7 million at Halls Creek).

Based on current drilling rates at Norseman (A\$2 million per month) and Halls Creek (A\$1 million per quarter) persisting through FY 2021, we estimate next years' drilling budget at approximately A\$28-32 million.

Bellevue Gold
Project Locations:



BELLEVUE GOLD (BGL):

Market Cap: A\$569.5 million.

Managing Director: Steve Parsons.

Cash & Cash Equivalents: A\$37.8 million (31 March 2020).

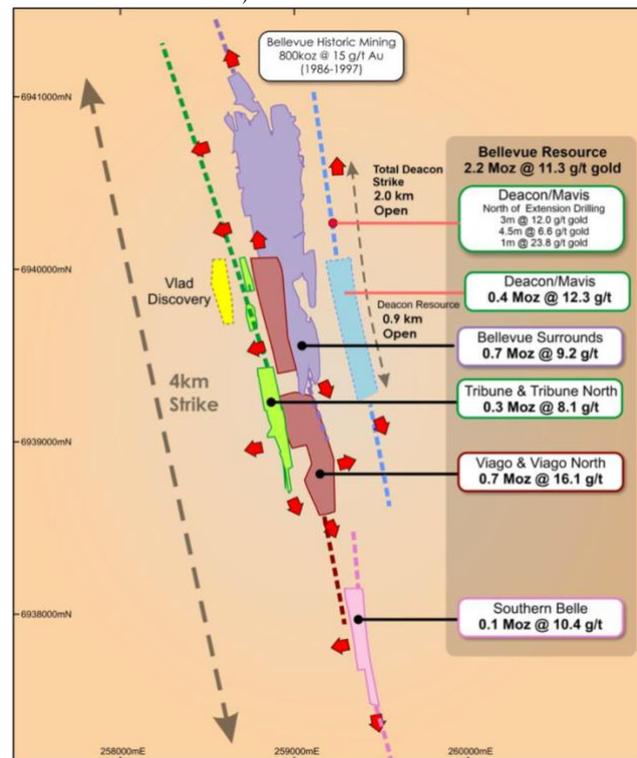
Debt: Nil.

Bellevue Gold is an explorer and developer with three projects in Western Australia. The Bellevue Gold Project is the major focus of the company. The Bellevue Gold Mine produced 800,000 ounces at 15 g/t Au between 1986 and 1997.

In March 2017, Steve Parsons was appointed Executive Director and a new management team were installed. A new geological interpretation of the Bellevue Gold Project was undertaken, looking for ‘repeat and offset structures capable of hosting a significant orebody similar in size and grade to the historic Bellevue Mine’. By October 2017 geophysical surveying had identified a number of high priority shallow targets. In November 2017, a new gold discovery called the Tribune Lode was announced after drilling assays showed 7m at 27.4 g/t Au from 92 metres down hole. The mineralisation appeared similar in style and nature to the previously mined Bellevue Lode.

An Inferred Resource update announced in February 2020 declared: 6.1 million tonnes at 11.3 g/t Au for 2.2 million ounces of gold. (3.5 g/t Au cut-off).

Bellevue Gold Project: Plan view.



Source: Bellevue Gold Presentation.

A key feature of the mineralisation at the Bellevue gold Project is that gold is closely associated with pyrrhotite. Down Hole Electromagnetics (DHEM) has therefore been highly successful at directing the exploration.

Bellevue Gold's Exploration Budget:

March Q 2020: Up to 8 rigs operated during the quarter with 38,000m of diamond drilling completed. Drilling targeted exploration at the new Deacon Resource area and infill areas to upgrade the resource category at the other targeted shallow lode positions which will pave way for the maiden Indicated Resource statement in June.

A total of 94,000 metres of infill drilling has now been completed. The company's presentation forecasts for FY 2020: 100,000m of infill Diamond Drilling and 30,000m of step out drilling which is likely to bring the drilling budget for FY 2020 to approximately A\$30 million.

Once part of the underground mine workings is dewatered, drilling will be able to start from underground avoiding drilling through approximately 500 metres of un-mineralised material. We expect a drill budget of approximately A\$10-15 million for next year.

Regional RC drilling (four holes completed) at the company's Government Well prospect (announced 10 June 2020) has shown a promising 17 m at 4.2 g/t from only 19m depth, from the first hole to be returned. Assays are pending on the three remaining holes. Government Well is 7.4km north of its Bellevue Gold Project.

10,000 metres of further **regional exploration** is planned and budgeted for the calendar year.

DE GREY MINING (DEG):

Market cap: A\$784 million.

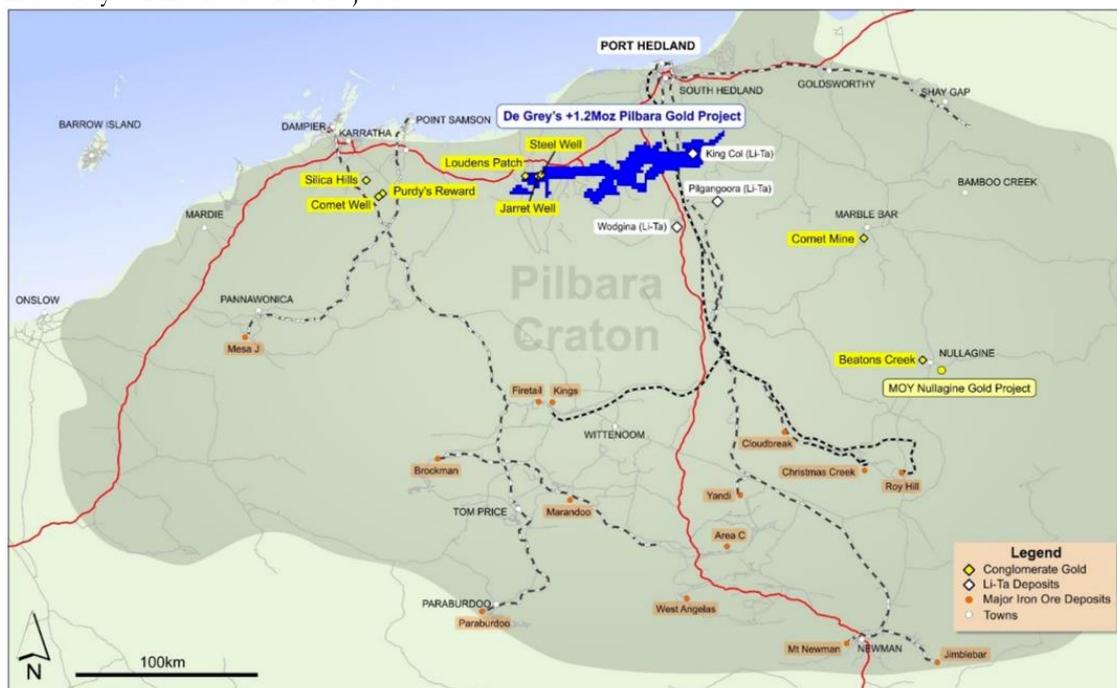
Managing Director: Glenn Jardine.

Cash & Cash Equivalents: A\$9.9 million (31 March 2020). A\$31.2 million raising after the quarter end. Estimated cash balance:

A\$36-38 million.

Debt: Nil.

De Grey's Pilbara Gold Project.

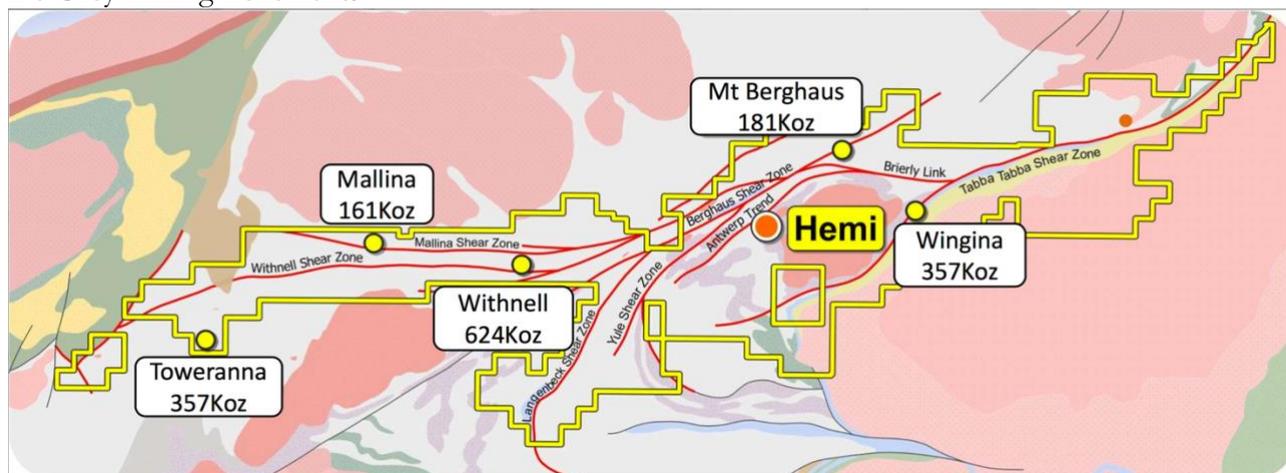


Source: De Grey Mining's FY 2019 annual report.

The hosting gold structures are large, regional scale, sub-vertical shear zones, similar to structures seen in other Archaean regions like the Eastern Goldfields Yilgarn Craton. De Grey's shear zone hosted gold deposits resemble many of the gold deposits mined throughout the Kalgoorlie to Wiluna region with similar structural settings and alteration assemblages.

The regional scale shear zones extend over 200km in strike length in total within the project area. Detailed RC and diamond drilling is estimated to have tested less than 10% of these prospective shear zones.

De Grey Mining Tenements:



Source: De Grey Mining February 2020 presentation.

The last Resource statement released in 2019 showed 29.7 million Tonnes at 1.8 g/t Au for 1.7 million ounces of gold across the Withnell and Wingina deposits.

Pilbara Gold Project: July 2019

Area	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell Mining Centre	Oxide	0.92	1.9	55,400	3.05	1.5	151,900	1.12	1.3	48,200	5.09	1.6	255,500
	Fresh	0.62	1.7	33,500	6.77	2.1	463,100	5.30	2.3	389,300	12.69	2.2	885,800
	Total	1.54	1.8	88,900	9.82	1.9	615,000	6.43	2.1	437,500	17.79	2.0	1,141,400
Wingina Mining Centre	Oxide	2.68	1.8	152,100	1.84	1.5	87,600	2.21	1.1	74,900	6.74	1.5	314,500
	Fresh	0.40	1.6	20,500	0.68	1.6	34,900	4.04	1.3	168,400	5.12	1.4	223,800
	Total	3.08	1.7	172,700	2.52	1.5	122,500	6.25	1.2	243,200	11.86	1.4	538,400
TOTAL Pilbara Gold Project	Oxide	3.60	1.8	207,600	4.90	1.5	239,400	3.34	1.1	123,100	11.83	1.5	570,100
	Fresh	1.02	1.6	54,000	7.45	2.1	498,000	9.34	1.9	557,600	17.81	1.9	1,109,700
	Total	4.62	1.8	261,600	12.35	1.9	737,500	12.68	1.7	680,700	29.65	1.8	1,679,700

Source: De Grey Mining 16 July 2019.

De Grey’s Exploration Budget:

De Grey Mining have employed a regional and wide spaced air-core program aimed at systematically testing the various large prospective corridors throughout the project for new large-scale gold deposits.

The Hemi discovery, announced in February 2020, was part of this program and showed substantial thick and high-grade gold mineralisation on two sections 640m apart. Mineralisation was open in all directions.

FY 2020 drilling looks set to reach approximately A\$13 million.

With the recent capital raising now completed, the FY 2021 drilling budget look set to reach A\$24-25 million, as the company drills out Hemi and continues to test structures along 200 km of strike with a wide-spaced, shallow air-core program.

RED 5 (RED):

Market Capitalisation: A\$568 million.

Managing Director: Mark Williams.

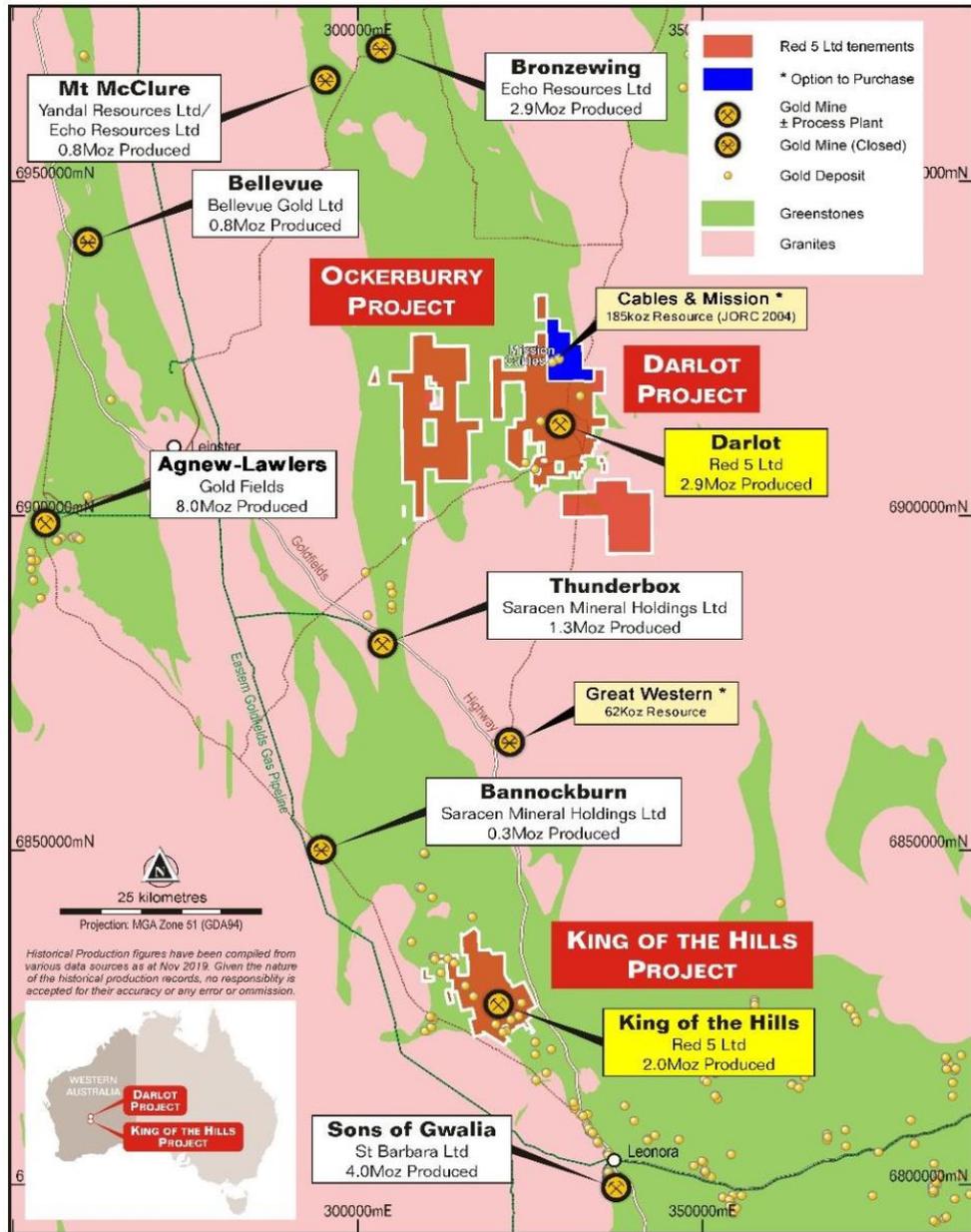
Cash & Cash Equivalents: A\$46.9 million (31 March 2020).

Second Tranche Share Placement of A\$94.1 million closed after the quarter end.

Estimated cash balance: ~A\$130 million.

Debt: A\$20 million. (31 March 2020).

Red 5’s Darlot and King of the Hills Project Locations:



Source: Red 5’s May 2020 presentation.

Red 5 is a gold producer, developer and explorer with two key assets in Western Australia.

Currently, ore is mined and processed at Darlot. Additional ore is mined from underground at King of the Hills and trucked to the Darlot processing facility. According to the March 2020 Activities Report, FY 2020 production guidance is between 98,000 and 102,000 ounces at an AISC of A\$1,570 to A\$1,620.

Red 5 is progressing a stand-alone bulk mining (open-pit and underground) at King of the Hills with a 4 million tonne per annum mill. The plan is supported by a 4 million-ounce Resource (Indicated & Inferred) across both open pit and underground.

Red 5's King of the Hills Resource Statement.

Total KOTH Resource as at March 2020					
Estimate	Classification	Cut-off (g/t)	Tonnes (t)	Gold (g/t)	Contained Gold (oz)
March 2020	Indicated	0.4-1.0	69,800,000	1.3	3,010,000
JORC 2012	Inferred	0.4-1.0	20,900,000	1.6	1,060,000
(Total Model)	Total	0.4-1.0	90,700,000	1.4	4,070,000

Source: Red 5's 19 March 2020 ASX release.

A final feasibility study for the stand-alone processing plant and integrated bulk-mining operation at King of the Hills is due for completion in the September Q 2020.

Red 5's Exploration Budget:

Red 5 is estimated to spend approximately A\$25 million on drilling in FY 2020. Currently we estimate approximately A\$15 million spent on drilling in FY 2021. Of this, A\$10million is likely spent on drilling at Darlot to extend the mine life and A\$5 million spent at King of the Hills, potentially on regional exploration.

GREATLAND GOLD (GGP)

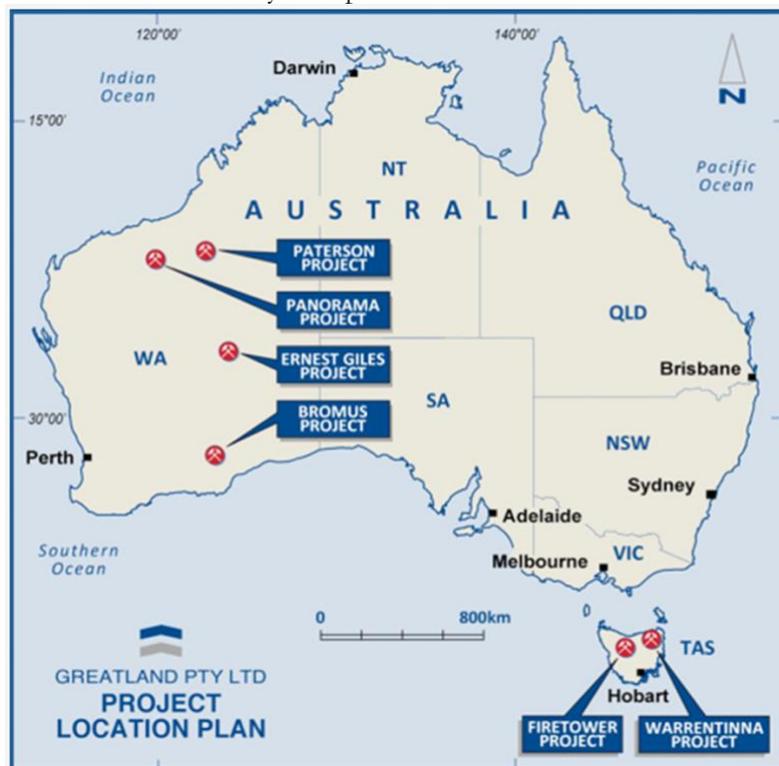
Market capitalisation: £415 million (A\$847 million)

CEO: Gervaise Heddle.

Cash Balance: £2.8 million (31 March 2020)

Debt: Nil.

Greatland Gold's Key Prospects:



Source: Greatland Gold's May presentation.

The Paterson province gained significant exploration attention following Greatland Gold's discovery at Havieron in 2018. Rio Tinto's Winu copper-gold discovery, 130km north of Telfer, announced in February 2019, added to the interest in the province.

Greatland Gold's primary prospect is the Paterson Project, comprising the Havieron, Black Hills and Paterson Range East licenses. The project is located in the Paterson region of Western Australia, approximately 45 km east of Newcrest's Telfer mine.

Greatland Gold announced the first drill results on the Havieron license in 2018. Hole 5 showed;

An upper zone of **103m at 3.5 g/t Au and 0.9% copper** from 459m and a lower zone of **128m at 7.4 g/t Au and 0.5% copper** from 660m.

In March 2019, Greatland Gold signed a farm-in agreement with Newcrest to advance Havieron. The agreement allows Newcrest the ability to earn 70% of the exploration blocks covering the Havieron target, in stages by spending US\$65 million. Newcrest will then have the option to increase their stake to 75% by acquiring a further 5% at fair market value.

The farm-in agreement included Joint Venture and Tolling principles which reflected the intention of both parties that,

“The Havieron orebody has the potential to transform the future of Telfer” Newcrest AGM – November 2019.

subject to a successful exploration programme and a positive Feasibility Study, **ore from the Havieron Joint Venture will be toll processed at Newcrest’s Telfer Gold Mine.**

March 2019: Havieron – US\$65m Farm-In Agreement with Newcrest.

STAGE	MINIMUM COMMITMENT	STAGE 1 COMMITMENT	STAGE 2 COMMITMENT	STAGE 3 COMMITMENT	STAGE 4 COMMITMENT	(POST-STAGE)
TERMS	Newcrest must incur US\$5m in expenditure within 12 months of the Farm-in commencing (US\$5m commitment delivered ahead of expected timetable)	Newcrest incurs US\$10m in expenditure (inclusive of minimum commitment of US\$5m) (Stage 1 completed ahead of expected timetable)	Newcrest incurs an additional US\$10 million in expenditure in relation to the Tenement Blocks (Stage 2 completed ahead of expected timetable)	Newcrest incurs an additional US\$25 million in expenditure in relation to the Tenement Blocks and delivers a Pre-Feasibility Study for a project on the Tenement Blocks	Newcrest completes and delivers, or incurs no less than US\$20 million in expenditure toward the carrying out of, a Feasibility Study for a project on the Tenement Blocks	Newcrest must have met the milestones in the four-stage Farm-in
OUTCOME	Proceed to stage 1	Proceed to stage 2	Earn 40% Farm-in interest and can proceed to stage 3	Earn an additional 20% Farm-in Interest and can proceed to stage 4	Earn an additional 10% Farm-in Interest and qualify for 5% additional option	Option to acquire an additional 5% interest at fair market value
TIMEFRAME		Within 12 months	Within 12 months (from Stage 1)	Within 24 months (from Stage 2)	Within 24 months (from Stage 3)	
EXPENSE (MIN)		US\$10M	US\$20M	US\$45M	US\$65M	
FARM-IN INTEREST	0%	0%	40%	60%	70%	75%
		US\$5M MINIMUM COMMITMENT			US\$65M EXPENDITURE OVER 6 YEARS	

Source: Greatland Gold June 2020 Presentation.

Greatland Gold’s Exploration Budget:

While expenditure on the Havieron project is being incurred by Newcrest, for the purposes of this report we’re including Newcrest’s expenditure on the project as relating to Greatland Gold.

Following the signing of the Havieron earn-in agreement in March 2019, Newcrest commenced drilling at Havieron in the June 2019 quarter. By April 2020, Newcrest had earned 40% of Havieron by completing stage 2 (US\$20 million in expenditure).

According to a recent drilling update from Greatland Gold, **‘nine rigs are operational as drilling activity continues towards the objective of delivering a maiden resource in the second half of calendar year 2020.’**

Newcrest are planning 80,000 metres of drilling at Havieron over the 12 months commencing 1 July 2020. However, given the pace at which Newcrest appear to be proceeding with Havieron, we estimate FY 2021 drilling expenditure to be approximately A\$50 million.

Conclusion:

The year to date share price performances of De Grey Mining (+1,188%) and Greatland Gold (+446%) have been spectacular, demonstrating the potential extra-ordinary returns for shareholders from successful exploration.

While all of our 6 explorers are undertaking interesting exploration, we have a preference for Bellevue Gold, Wiluna Mining and Pantoro, due to potentially high-impact drilling programs over the next 18 months.

All three of these companies are closely following the exploration strategies suggested in the 2015 Boston Consulting Group paper titled 'Tackling the Crisis in Mineral Exploration' namely; **pursue mineralised districts, commit to drilling, aim for simple large targets, balance greenfield & brownfield exploration.**

In addition, **Wiluna Mining** and **Pantoro** screen particularly cheaply on EV/ resource metrics at US\$14 / Resource Ounce and US\$28 / Resource Ounce respectively. **Bellevue Gold** trades on a much higher US\$196 / Resource Ounce but extraordinary high-grade resource growth looks set to continue, guided by down hole electromagnetics and early regional drilling success.

REPORT END

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