

# Pacifico Minerals Ltd

## (PMY \$0.023) Speculative Buy

EUROZ

| Analyst        | Date                         | Price Target                |
|----------------|------------------------------|-----------------------------|
| Andrew Clayton | 25 <sup>th</sup> August 2020 | \$0.04/sh ▲ from \$0.025/sh |

### Updated PFS

#### Investment case

PMY has delivered a strong PFS study showing a pre tax NPV8 of >\$300m based on a 10yr project producing 50kt of Pb and 1.5moz of Ag pa. Fortunately the longer life, increased production and significant silver credits has offset much of the capex increase. Incorporating the new results, increasing our LT Silver price to US\$22/oz and reducing our risk adjustment factor from 40% to 70% (with greater confidence on these numbers) results in our valuation increasing from \$0.025/sh to \$0.039/sh. The project remains leveraged to silver with spot prices increasing our valuation to >\$0.05/sh. Extensional and infill drilling will commence shortly and based on historical success rate, a mine of >12yrs in the DFS is realistic. Longer term options of including a Dense Media Separation ('DMS') in the plant remain and the DFS will investigate all these options. There are few long life development base metal projects in Tier 1 locations owned by juniors and as such makes PMY a potential target. We expect the project will be readily financed by traditional banks/equity but also potential for NAIF or its 25% JV partner to offer something more creative. We increase our PT to \$0.04/sh to reflect our new valuation and the leverage that PMY offers in a strong silver market.

#### Key points

- PMY has released an updated/optimised PFS on the Sorby Hills project. This study incorporates the significant increase in M&I resource (from 8.6mt to 20.4mt) which has led to a larger scale project.
- Key metrics from the PFS are;
  - Throughput increased from 1mtpa to 1.5mtpa
  - Average Pb and Ag production of 50kt and 1.5moz pa, up from 31kt pa and 1moz of Ag.
  - Mine life of 10yrs, up from 8yrs
  - Simplified flowsheet – whole ore flotation rather than DMS.
  - Capex increased to \$184m from \$95m which is now a more realistic estimate and includes;
    - Pre Production mining of \$24m,
    - Process Plant (incl EPC fee) \$105m,
    - Mine infrastructure \$21m,
    - Contingency \$20m and Owners cost \$13m.
  - C1 costs of US\$0.40/lb (incl Ag credit of US\$0.29/lb)
  - AISC of US\$0.47/lb which at current prices is ~ 48% operating margin.

| Pacifico Minerals Ltd | Year End 30 June |        |
|-----------------------|------------------|--------|
| Share Price           | 0.023            | A\$/sh |
| Price Target          | 0.040            | A\$/sh |
| Valuation             | 0.039            | A\$/sh |

|                       |              |              |
|-----------------------|--------------|--------------|
| Shares on issue       | 2888         | m, diluted * |
| Market Capitalisation | 66           | A\$m         |
| Enterprise Value      | 63           | A\$m         |
| Debt                  | 0            | A\$m         |
| Cash                  | 3            | A\$m         |
| Largest Shareholder   | Villiers QLD | 12.0%        |

| Production F/Cast    | 2021f | 2022f | 2023f |
|----------------------|-------|-------|-------|
| Attrib. Prod'n (kt)  |       | 0     | 17    |
| Cash Cost (US\$/lb)  |       | 0.00  | 1.34  |
| Total Cost (US\$/lb) |       | 0.00  | 0.68  |

| Assumptions      | 2021f | 2022f | 2023f |
|------------------|-------|-------|-------|
| Pb Price US\$/lb | 0.91  | 0.86  | 0.90  |
| AUDUSD           | 0.72  | 0.67  | 0.70  |

| Key Financials  | 2021f | 2022f | 2023f |
|-----------------|-------|-------|-------|
| Revenue (A\$m)  | 0     | 0     | 71    |
| EBITDA (A\$m)   | 0     | 0     | 23    |
| NPAT (A\$m)     | 0     | 0     | 12    |
| Cashflow (A\$m) | 0     | 0     | 12    |

|            |    |    |     |
|------------|----|----|-----|
| CFPS (Ac)  | 0  | 0  | 0   |
| P/CFPS (x) | na | na | 545 |

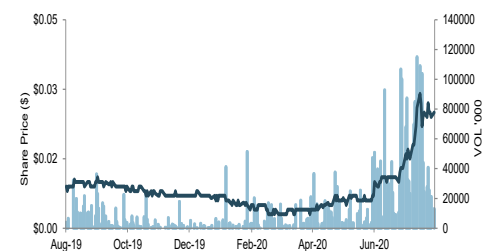
|                |    |    |    |
|----------------|----|----|----|
| EPS (Ac)       | 0  | 0  | 0  |
| EPS growth (%) | na | na | na |
| PER (x)        | na | na | 6  |

|               |    |    |     |
|---------------|----|----|-----|
| EV:EBITDA (x) | na | na | 5.4 |
| EV:EBIT (x)   | na | na | 5.5 |

|                    |     |     |     |
|--------------------|-----|-----|-----|
| DPS (Ac)           | 0.0 | 0.0 | 0.0 |
| Dividend Yield (%) | 0%  | 0%  | 0%  |

|                        |       |    |     |
|------------------------|-------|----|-----|
| ND:Net Debt+Equity (%) | -172% | 8% | 31% |
| Interest Cover (x)     | na    | na | na  |

#### Share Price Chart



#### Disclaimer

Euroz Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Pacifico Mining Ltd during the last year. Euroz Securities has received a fee for these services.

This analyst declares that he has a beneficial interest in Pacifico Mining Ltd.

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## Pacifico Minerals Ltd

### (PMY \$0.023) Speculative Buy

| Item                        | Unit        | Base Case    |
|-----------------------------|-------------|--------------|
| <b>Economic Assumptions</b> |             |              |
| Lead Price                  | US\$/t      | 2,095        |
| Silver Price                | US\$/oz     | 21.10        |
| Exchange Rate               | A\$:US\$    | 0.70         |
| <b>Physicals</b>            |             |              |
| Life of Mine (LOM)          | Years       | 9.9          |
| Mined Ore                   | KBCM        | 5,161        |
| Strip Ratio                 | Waste : Ore | 8.0x         |
| Processed Tonnes            | kt          | 14,760       |
| Processed Lead Grade        | %           | 3.63         |
| Processed Silver Grade      | g/t         | 39.5         |
| Lead Recovery               | %           | 93.3         |
| Silver Recovery             | %           | 80.3         |
| Recovered Lead              | kt          | 500.2        |
| Recovered Silver            | Moz         | 15.1         |
| Concentrate Produced        | kdmt        | 806.8        |
| <b>Payable Lead</b>         | <b>kt</b>   | <b>475.2</b> |
| <b>Payable Silver</b>       | <b>Moz</b>  | <b>14.3</b>  |

| Operating Cost Estimate <sup>1</sup> |              |              |                     |                      |
|--------------------------------------|--------------|--------------|---------------------|----------------------|
| Cost Centre                          | A\$M         | A\$/t ore    | A\$/lb <sup>2</sup> | US\$/lb <sup>2</sup> |
| Mining                               | 347          | 23.48        | 0.33                | 0.23                 |
| Processing                           | 292          | 19.80        | 0.28                | 0.20                 |
| G & A                                | 107          | 7.28         | 0.10                | 0.07                 |
| Transport                            | 108          | 7.35         | 0.10                | 0.07                 |
| Lead Treatment Charges               | 161          | 10.93        | 0.15                | 0.11                 |
| <b>C1 Costs excl. Credits</b>        | <b>1,016</b> | <b>68.85</b> | <b>0.97</b>         | <b>0.68</b>          |
| Silver Revenue                       | (431)        | (29.21)      | (0.41)              | (0.29)               |
| Silver Refining Charge               | 20           | 1.38         | 0.02                | 0.01                 |
| <b>C1 Costs incl. Credits</b>        | <b>606</b>   | <b>41.03</b> | <b>0.58</b>         | <b>0.40</b>          |
| Lead Royalty                         | 59           | 4.01         | 0.06                | 0.04                 |
| Silver Royalty                       | 10           | 0.70         | 0.01                | 0.01                 |
| Sustaining Capex                     | 32           | 2.18         | 0.03                | 0.02                 |
| <b>AISC<sup>3</sup></b>              | <b>707</b>   | <b>47.91</b> | <b>0.67</b>         | <b>0.47</b>          |

1. PFS assumptions include lead price US\$2,095/t, and silver price US\$21.1/oz and A\$1=US\$0.70.  
2. Unit costs quoted as pounds (lb) Lead Payable, 3. No Interest Charge has been assumed

- PMY has calculated a pre tax NPV8 of \$303m and IRR of 46% with estimated capital payback of 1.6yrs. This was based on a LT lead an silver price of US\$0.90/lb and US\$21/oz and an FX of 0.70.
- PMY calculate pre tax LOM operating CF of \$747m or ~ \$75m pa or Net capex cash flow of \$532m.
- Maiden ore reserves of 13.6mt @ 3.6% Pb and 40 g/t Ag. This is from a total Measured and Indicated resource of 20.8mt implying a 66% conversion of resource to reserve. However, we note PMY has not included any mineralisation that is outside the approved development zone. There is additional mineralisation at Norton, Alpha and Beta that could be included in the DFS subject to successful drilling etc.

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# Pacifico Minerals Ltd

## (PMY \$0.023) Speculative Buy



| Classification | Tonnes (Mt) | Pb (%)     | Pb (kt)    | Ag (g/t)    | Ag (Moz)    |
|----------------|-------------|------------|------------|-------------|-------------|
| Proved         | 6.8         | 4.1        | 275        | 53.0        | 11.5        |
| Probable       | 6.9         | 3.2        | 219        | 27.6        | 6.1         |
| <b>Total</b>   | <b>13.6</b> | <b>3.6</b> | <b>494</b> | <b>40.2</b> | <b>17.6</b> |

- The track record of exploration success over the three phases of the drilling done thus far is exceptional with a doubling of the M&I rsc and a significant increase in the overall tonnage. As part of the DFS PMY plan to commence a 5,000m exploration, infill and metallurgical drilling in Sept'20.
- We would be hopeful mine life of >12 yrs could be defined in the DFS.
- PMY see potential for inclusion of a DMS in the processing circuit. This was investigated during the PFS and showed that the inclusion of a DMS circuit enhances flotation feed grade, increases ore throughput and allows for economic treatment of lower grade ore. On balance, the Whole Ore option was chosen as the preferred method in the PFS with upfront capex some \$44m lower than the DMS option. The DMS option generated a pre tax NPV8 of \$294m and IRR of 35% with payback period of 2.2yrs. However, this the DMS option will be investigated further in the DFS
- PMY has released an updated timetable and now expects to complete the DFS in the 3th Q of CY'21 (previously 2nd Q CY'21). This will allow further investigation of the potential to incorporate DMS into the flow sheet, allow further drilling to extend mine life, further metallurgical testwork and optimisation studies. Offtake discussions have commenced, including with JV partner Henan. PMY is targeting Final Investment decision in Q4 CY'21.

|   | CY2020 |    | CY2021 |    |    |    |
|---|--------|----|--------|----|----|----|
|   | Q3     | Q4 | Q1     | Q2 | Q3 | Q4 |
| PFS Completed                             | ■      |    |        |    |    |    |
| Ore Reserve Estimate                      | ■      |    |        |    |    |    |
| DFS and Expansion Drilling                | ■      | ■  |        |    |    |    |
| Definitive Feasibility Study              | ■      | ■  | ■      | ■  | ■  |    |
| Permitting and Approvals                  | ■      | ■  | ■      | ■  | ■  |    |
| Financing and Offtake Process             | ■      | ■  | ■      | ■  | ■  |    |
| Front End Engineering Design              |        |    |        |    | ■  | ■  |
| Final Investment Decision / Project Award |        |    |        |    |    | ■  |

Development timeline with the ability to leverage from the detailed PFS work to potentially fast-track development and bring forward Early Works.

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## Pacifico Minerals Ltd

### (PMY \$0.023) Speculative Buy

#### Analysis

PMY has delivered a solid PFS which at current prices should generate strong cashflow, allowing for quick capital payback. The leverage to the current strong silver price is significant with production of ~ 1.5moz pa and as one of the highest grade Ag deposits certainly contribute to the project economics.

Whilst we always felt the original PFS capex was 'light on' a doubling of the capex was above our expectations. Whilst some of this can be explained in terms of project scope - ie 50% increase in t'put and no DMS which means the back end is essentially 3x the original 500kt and the previous study had no pre strip (now \$24m) and mine infrastructure of \$20.5m previously (<\$10m) it was nevertheless surprising.

The capex for a 1.5mtpa is now on par with fellow Pb developer Galena Mining Ltd ('G1A") which has estimated a pre development capex of \$170m and owners cost of \$38-78m (incl owners costs, corporate costs, ramp up, etc) working capital for a 1.2mtpa underground operation.

Operating costs have also increased, with processing now at \$19.8/t versus the previous estimates on the DMS/Processing of <\$7/t. Mining costs have also increased from \$18/t to \$23.4/t with a strip ratio of 8:1 (not disclosed previously).

We expect that Sorby Hill will be readily financed by traditional banks/ equity participants but do note that NAIF have been active in recent times and the advent of COVID has probably accelerated its desire to finance projects etc. In addition, PMY's 25% JV partner, Henen - China's largest lead smelting company, may look to do something re offtake/ project financing. All these types of discussion will play out post DFS which is now slated for 4th Q CY'21.

After making some significant adjustments to our model in line with the new study, increasing our LT Ag price assumption from US\$18/oz to US\$22/oz and reducing our risk adjustment factor from 40% to 70% our valuation has increased from \$0.025/sh to \$0.039/sh.

The leverage to the silver price is significant. If we put in current spot price of US\$27/oz then our valuation would increase to \$0.051/sh or >20%.

We maintain our Speculative Buy and increase our PT to \$0.04/sh in line with our revised valuation. There are few base metal projects owned by junior in Tier 1 locations and thus makes PMY an attractive investment. We expect the DFS economics to improve with increased mine life and greater optimisation of the mining schedule.

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# Pacífico Minerals Ltd

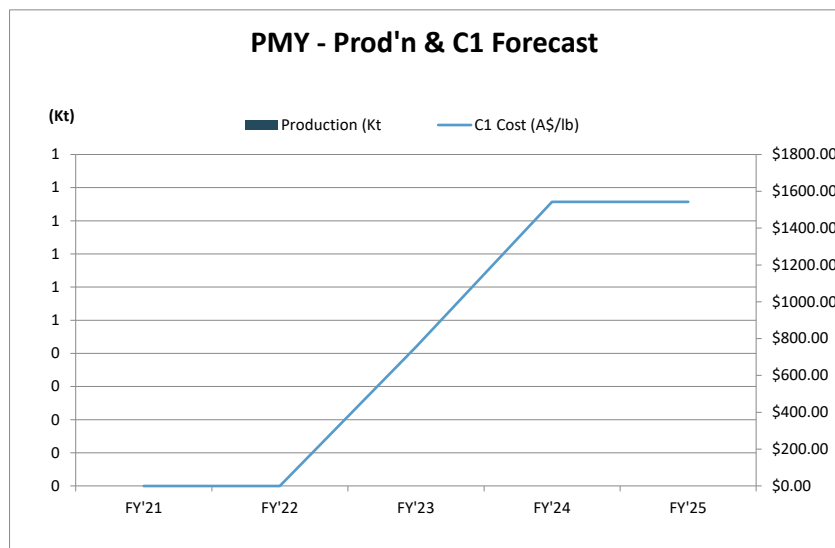
## (PMY \$0.023) Speculative Buy



### Key Variables

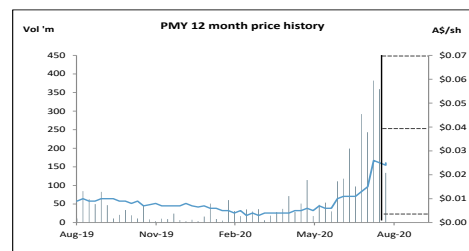
| Val/ Sh |      | Lead \$ |         |         |         |         |         |         |         |         |
|---------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| \$0.04  |      | -20%    | -15%    | -10%    | -5%     | 0%      | 5%      | 10%     | 15%     | 20%     |
| AUDUSD  | 15%  | \$0.007 | \$0.011 | \$0.015 | \$0.019 | \$0.023 | \$0.027 | \$0.031 | \$0.035 | \$0.039 |
|         | 10%  | \$0.011 | \$0.015 | \$0.019 | \$0.023 | \$0.028 | \$0.032 | \$0.036 | \$0.040 | \$0.044 |
|         | 5%   | \$0.015 | \$0.020 | \$0.024 | \$0.029 | \$0.033 | \$0.037 | \$0.042 | \$0.046 | \$0.051 |
|         | 0%   | \$0.020 | \$0.025 | \$0.030 | \$0.034 | \$0.039 | \$0.043 | \$0.048 | \$0.053 | \$0.057 |
|         | -5%  | \$0.026 | \$0.031 | \$0.036 | \$0.041 | \$0.045 | \$0.050 | \$0.055 | \$0.060 | \$0.065 |
|         | -10% | \$0.032 | \$0.037 | \$0.042 | \$0.047 | \$0.053 | \$0.058 | \$0.063 | \$0.068 | \$0.073 |
|         | -15% | \$0.039 | \$0.044 | \$0.050 | \$0.055 | \$0.061 | \$0.066 | \$0.072 | \$0.077 | \$0.082 |

| Val/ Sh |      | Silver \$ |         |         |         |         |         |         |         |         |
|---------|------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| \$0.04  |      | -20%      | -15%    | -10%    | -5%     | 0%      | 5%      | 10%     | 15%     | 20%     |
| AUDUSD  | 15%  | \$0.017   | \$0.019 | \$0.020 | \$0.021 | \$0.023 | \$0.024 | \$0.025 | \$0.027 | \$0.028 |
|         | 10%  | \$0.022   | \$0.023 | \$0.025 | \$0.026 | \$0.028 | \$0.029 | \$0.031 | \$0.032 | \$0.033 |
|         | 5%   | \$0.027   | \$0.029 | \$0.030 | \$0.031 | \$0.033 | \$0.034 | \$0.036 | \$0.037 | \$0.039 |
|         | 0%   | \$0.033   | \$0.034 | \$0.036 | \$0.037 | \$0.039 | \$0.040 | \$0.042 | \$0.044 | \$0.045 |
|         | -5%  | \$0.039   | \$0.040 | \$0.042 | \$0.044 | \$0.045 | \$0.047 | \$0.049 | \$0.050 | \$0.052 |
|         | -10% | \$0.046   | \$0.047 | \$0.049 | \$0.051 | \$0.053 | \$0.054 | \$0.056 | \$0.058 | \$0.060 |
|         | -15% | \$0.053   | \$0.055 | \$0.057 | \$0.059 | \$0.061 | \$0.063 | \$0.064 | \$0.066 | \$0.068 |



| Euroz Forecast   | FY'2021 | FY'2022 | FY'2023 | FY'2024 |
|------------------|---------|---------|---------|---------|
| Silver (US\$/oz) | \$15    | \$17    | \$23    | \$23    |
| Lead (US\$/lb)   | \$0.91  | \$0.86  | \$0.90  | \$1.00  |
| AUDUSD           | \$0.72  | \$0.67  | \$0.70  | \$0.71  |

### Our Share Price Sensitivity



### Our Market Sensitivity

Price Target \$0.04/sh

Valuation \$0.039/sh

**Bull Scenario \$0.07/sh**

Sorby Hills is successfully developed as a high margin lead producer based by 2023. Lead and Silver prices above our LT price assumptions.

**Base Scenario \$0.04/sh**

Sorby Hills delivers a positive DFS in line by the end of CY'21.

**Bear Scenario \$0.005/sh**

Sorby Hills project stalls due to falling lead and silver prices.

### Company Summary

Pacífico Minerals Ltd ('PMY') has a 75% interest in the Sorby Hills Lead Silver project located in the Kimberley region of WA. A PFS study delivered a very strong result targeting annual production of 31kt of Pb and 1.1moz of Ag for a minimum of 8 yrs. An optimised PFS is underway and due in June'20. A DFS will likely take a further 6-9 months.

### Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz.

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# Pacifico Minerals Ltd

## (PMY \$0.023) Speculative Buy



| Market Statistics                      |                |                         |              | Year End 30 June         |               |              |              |              |
|--|----------------|-------------------------|--------------|--------------------------|---------------|--------------|--------------|--------------|
| <b>Share Price</b>                     | <b>\$0.023</b> | <b>A\$/sh</b>           |              | <b>Directors</b>         |               |              |              |              |
| Issued Capital                         |                |                         |              | Gary Comb                | Chairman      |              |              |              |
| Fully Paid Ord                         | 2,888.1        | m                       |              | Simon Noon               | Managing Dir  |              |              |              |
| Options (var. prices)                  | 10.0           | m                       |              | Richard Monti            | NE Dir        |              |              |              |
| <b>Total Dil. FPOrd</b>                | <b>2,888.1</b> | <b>m</b>                |              | Andrew Parker            | NE Dir        |              |              |              |
| <b>Market Cap (dil)</b>                | <b>\$66</b>    | <b>m</b>                |              | <b>Shareholders</b>      |               |              |              |              |
| Enterprise Value                       | \$63           | m                       |              | Villiers QLD             | 12.0%         |              |              |              |
| Cash                                   | \$3            | m                       |              | Aigle Royal              | 5.2%          |              |              |              |
| Debt                                   | \$-            | m                       |              |                          |               |              |              |              |
| <b>Asset Valuation</b>                 |                |                         |              | <b>A\$m</b>              | <b>A\$/sh</b> |              |              |              |
| (+) Sorby Hills Project (risk adj 40%) |                |                         |              | 88                       | 0.030         |              |              |              |
| (-) Corporate                          |                |                         |              | (18)                     | (0.006)       |              |              |              |
| (+/-) Hedging                          |                |                         |              | -                        | -             |              |              |              |
| (+) Exploration                        |                |                         |              | 40                       | 0.014         |              |              |              |
| (+) Unpaid Capital                     |                |                         |              | -                        | -             |              |              |              |
| (+) Cash                               |                |                         |              | 3                        | 0.001         |              |              |              |
| (-) Debt                               |                |                         |              | -                        | -             |              |              |              |
| <b>Total</b>                           |                |                         |              | <b>112</b>               | <b>0.039</b>  |              |              |              |
| <b>F/Cast Production</b>               |                |                         |              | <b>(A\$m)</b>            | <b>2021f</b>  | <b>2022f</b> | <b>2023f</b> | <b>2024f</b> |
| <b>Sorby Hills 100%</b>                |                |                         |              |                          |               |              |              |              |
| Pb in Conc.                            | Kt             | -                       | -            | 17.1                     | 50.2          |              |              |              |
| Ag in Conc.                            | Moz            | -                       | -            | 0.96                     | 1.69          |              |              |              |
| Cash Costs (C1)                        | A\$/lb         | -                       | -            | 1.24                     | 0.83          |              |              |              |
| Cash Costs (incl Roy)                  | A\$/lb         | -                       | -            | 1.34                     | 0.93          |              |              |              |
| By production credits                  | A\$/lb         | -                       | -            | (0.66)                   | (0.45)        |              |              |              |
| <b>Total Costs</b>                     | <b>A\$/lb</b>  | <b>-</b>                | <b>-</b>     | <b>0.68</b>              | <b>0.47</b>   |              |              |              |
| <b>Assumptions</b>                     |                |                         |              |                          |               |              |              |              |
| Spot Pb Price                          | US\$/lb        | 0.91                    | 0.86         | 0.90                     | 1.00          |              |              |              |
| Spot Ag Price                          | US\$/lb        | 15.00                   | 16.90        | 23.00                    | 23.00         |              |              |              |
| FX Rate ass'd                          | A\$/US\$       | 0.72                    | 0.67         | 0.70                     | 0.71          |              |              |              |
| <b>Ratio Analysis (A\$m)</b>           |                |                         |              | <b>2021f</b>             | <b>2022f</b>  | <b>2023f</b> | <b>2024f</b> |              |
| Cashflow                               |                | 0                       | 0            | 12                       | 53            |              |              |              |
| Cashflow Per Share                     |                | 0                       | 0            | 0                        | 1             |              |              |              |
| Cashflow Ratio                         |                | na                      | na           | 545                      | 3             |              |              |              |
| Earnings                               |                | 0                       | 0            | 12                       | 52            |              |              |              |
| Earnings Per Share                     |                | 0                       | 0            | 0                        | 2             |              |              |              |
| EPS Growth                             |                | na                      | na           | na                       | 3             |              |              |              |
| P/e Ratio                              |                | na                      | na           | 6                        | 1             |              |              |              |
| Enterprise Value                       |                | 50                      | 73           | 123                      | 72            |              |              |              |
| EV/EBITDA                              |                | na                      | na           | 5                        | 1             |              |              |              |
| EV/EBIT                                |                | na                      | na           | 5                        | 1             |              |              |              |
| Net Debt/(Net Debt + Equity)           |                | -2                      | 0            | 0                        | 0             |              |              |              |
| Interest Cover                         |                | na                      | na           | na                       | na            |              |              |              |
| EBIT Margin                            |                | na                      | na           | 0                        | 1             |              |              |              |
| Return on Equity                       |                | 0                       | 0            | 0                        | 0             |              |              |              |
| Return on Assets                       |                | 0                       | 0            | 0                        | 0             |              |              |              |
| Dividend per Share                     |                | 0                       | 0            | 0                        | 0             |              |              |              |
| Dividend Payout Ratio                  |                | na                      | na           | 0                        | 0             |              |              |              |
| Dividend Yield                         |                | 0                       | 0            | 0                        | 0             |              |              |              |
| Dividend Franking                      |                | 1                       | 1            | 1                        | 1             |              |              |              |
| <b>Profit and Loss (A\$m)</b>          |                |                         |              | <b>2021f</b>             | <b>2022f</b>  | <b>2023f</b> | <b>2024f</b> |              |
| (+) Pb Revenue                         |                | -                       | -            | 46                       | 148           |              |              |              |
| (+) Ag Revenue                         |                | -                       | -            | 25                       | 50            |              |              |              |
| (+/-) Hedging Revenue                  |                | -                       | -            | -                        | -             |              |              |              |
| (+) Interest Income                    |                | -                       | -            | -                        | -             |              |              |              |
| (+) Other Revenue                      |                | -                       | -            | -                        | -             |              |              |              |
| <b>Total Revenue</b>                   |                | <b>-</b>                | <b>-</b>     | <b>71</b>                | <b>198</b>    |              |              |              |
| Operating Costs                        |                | -                       | -            | (48)                     | (97)          |              |              |              |
| Dep/Amort                              |                | -                       | -            | (0)                      | (1)           |              |              |              |
| WriteOff (expl'n)                      |                | -                       | -            | -                        | -             |              |              |              |
| O/H + New Bus Dev                      |                | -                       | -            | -                        | -             |              |              |              |
| Provisions                             |                | -                       | -            | -                        | -             |              |              |              |
| EBITDA                                 |                | -                       | -            | 23                       | 101           |              |              |              |
| EBIT                                   |                | -                       | -            | 23                       | 100           |              |              |              |
| Interest Expense                       |                | -                       | -            | -                        | -             |              |              |              |
| NPBT                                   |                | -                       | -            | 23                       | 100           |              |              |              |
| Tax                                    |                | -                       | -            | (5)                      | (22)          |              |              |              |
| Minority Interest                      |                | -                       | -            | (6)                      | (25)          |              |              |              |
| <b>NPBT</b>                            |                | <b>-</b>                | <b>-</b>     | <b>12</b>                | <b>52</b>     |              |              |              |
| Minority Interest                      |                | -                       | -            | -                        | -             |              |              |              |
| <b>NPAT</b>                            |                | <b>-</b>                | <b>-</b>     | <b>12</b>                | <b>52</b>     |              |              |              |
| <b>Cash Flow (A\$m)</b>                |                |                         |              | <b>2021f</b>             | <b>2022f</b>  | <b>2023f</b> | <b>2024f</b> |              |
| Net Profit                             |                | -                       | -            | 12                       | 52            |              |              |              |
| (+) WC adj.                            |                | -                       | -            | -                        | -             |              |              |              |
| (+) Dep/Amort                          |                | -                       | -            | 0                        | 1             |              |              |              |
| (+) Provisions & W/O                   |                | -                       | -            | -                        | -             |              |              |              |
| (+) Tax Expense                        |                | -                       | -            | 5                        | 22            |              |              |              |
| (-) Deferred Revenue                   |                | -                       | -            | -                        | -             |              |              |              |
| (-) Tax Paid                           |                | -                       | -            | (5)                      | (22)          |              |              |              |
| <b>Operating Cashflow</b>              |                | <b>-</b>                | <b>-</b>     | <b>12</b>                | <b>53</b>     |              |              |              |
| (-) Capex + Dev.                       |                | -                       | (80)         | (102)                    | (2)           |              |              |              |
| (-) Exploration                        |                | (1)                     | -            | -                        | -             |              |              |              |
| (-) Asset Purchased                    |                | -                       | -            | -                        | -             |              |              |              |
| (+) Asset Sale                         |                | -                       | -            | -                        | -             |              |              |              |
| (+/-) Other                            |                | -                       | -            | -                        | -             |              |              |              |
| <b>Investing Cashflow</b>              |                | <b>(1)</b>              | <b>(80)</b>  | <b>(102)</b>             | <b>(2)</b>    |              |              |              |
| (+) Equity Issues (rts,plc,opts)       |                | 2                       | 20           | 25                       | -             |              |              |              |
| (+) Loan Drawdown/receivable           |                | -                       | 50           | 15                       | -             |              |              |              |
| (+) Loans from(to) other entities      |                | -                       | -            | -                        | -             |              |              |              |
| (-) Loan Repayment                     |                | -                       | -            | -                        | -             |              |              |              |
| (-) Dividends                          |                | -                       | -            | -                        | -             |              |              |              |
| <b>Financing Cashflow</b>              |                | <b>2</b>                | <b>70</b>    | <b>40</b>                | <b>-</b>      |              |              |              |
| <b>Net Cashflows</b>                   |                | <b>1</b>                | <b>(10)</b>  | <b>(50)</b>              | <b>51</b>     |              |              |              |
| (+/-) FX Adj.                          |                | -                       | -            | -                        | -             |              |              |              |
| <b>EoP Cash Balance</b>                |                | <b>3</b>                | <b>(7)</b>   | <b>(56)</b>              | <b>(5)</b>    |              |              |              |
| <b>Balance Sheet (A\$m)</b>            |                |                         |              | <b>2021f</b>             | <b>2022f</b>  | <b>2023f</b> | <b>2024f</b> |              |
| <b>Assets</b>                          |                |                         |              |                          |               |              |              |              |
| Cash                                   |                | 3                       | (7)          | (56)                     | (5)           |              |              |              |
| Current Receivables                    |                | 0                       | 0            | 0                        | 0             |              |              |              |
| Other Current Assets                   |                | -                       | -            | -                        | -             |              |              |              |
| Non-Current Assets                     |                | 5                       | 85           | 187                      | 188           |              |              |              |
| <b>Total Assets</b>                    |                | <b>9</b>                | <b>79</b>    | <b>130</b>               | <b>183</b>    |              |              |              |
| <b>Other Current Assets</b>            |                |                         |              |                          |               |              |              |              |
| Borrowing(s)                           |                | -                       | -            | -                        | -             |              |              |              |
| Current Accounts payable               |                | 1                       | 1            | 1                        | 1             |              |              |              |
| Other Liabilities                      |                | 3                       | 3            | 3                        | 3             |              |              |              |
| <b>Total Liabilities</b>               |                | <b>3</b>                | <b>3</b>     | <b>3</b>                 | <b>3</b>      |              |              |              |
| <b>Net Assets</b>                      |                | <b>5</b>                | <b>75</b>    | <b>127</b>               | <b>179</b>    |              |              |              |
| <b>Reserves and Resources</b>          |                |                         |              |                          |               |              |              |              |
|  |                | <b>Mining Inventory</b> |              | <b>Mineral Resources</b> |               |              |              |              |
|  |                | <b>ore</b>              | <b>grade</b> | <b>metal</b>             | <b>ore</b>    | <b>grade</b> | <b>metal</b> |              |
|  |                | mt                      | %            | kt                       | mt            | %            | kt           |              |
| Sorby Hills                            |                | 13.6                    | 3.6%         | 490                      | 44.1          | 3.3%         | 1455         |              |
| <b>Total contained Pb</b>              |                |                         |              | <b>490</b>               |               |              | <b>1,455</b> |              |

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