

Gold Price Strength to Continue

Shaw and Partners Sector Report

Gold at US\$3,000/oz into 2026: Upgrades to Producers

Event

We upgrade our Gold price forecasts to US\$3,000/oz in 2025 and 2026 and expect recent outperformance in ASX-listed gold equities to continue.

Price Levers & Outlook

- **Monetary Policy:** Lower interest rates reduce the yields on assets such as Government Bonds, resulting in demand for alternative 'safe' investments such as gold increasing. Softening economic data has heightened speculation that economy is headed towards a soft landing that would allow the US Federal Reserve Board to start easing rates in the near term.
- **US Debt:** Elevated levels of federal debt weakens' investor confidence in the economy and thus spurs safe-haven demand for gold. US\$10T out of a total of US\$34T of US debt is due to mature this year. Currently there is no unified view from Congress on how to tackle this, adding complexity to the situation is the upcoming election.
- **De-Dollarisation:** Historic levels of gold have been bought by Central Banks globally over the past two years, and they continue to be strong buyers. China is the leading central bank gold purchaser in a move many see as part of the trend towards "De-Dollarization" i.e. countries distancing themselves from the USD as the global reserve currency.
- **Geopolitical Tensions:** Gold is viewed by investors as a physical, relatively scarce asset that has historically held its value, as such it has been classed as a 'safe haven' asset. The current geopolitical backdrop of the Russia-Ukraine war, escalation of tensions in the Middle East as well as trade concerns between China and the US has resulted in increased interest in gold from investors looking for a secure store of value.
- It is our view that US interest rate movements will be the most significant catalyst for gold prices in the near term. The long-term relationship between gold and rates suggests that for every 100 basis points drop in US 10-year real rates, gold rallies by 11%.
- The current macroeconomic setting has resulted in an update to our gold price forecast.

Gold Price Forecast	2024f	2025f	2026f	LT Real
Shaw and Partners - New (US\$/oz)	2,403	3,000	3,000	2,500
Shaw and Partners – Prev. (US\$/oz)	2,168	2,250	2,150	2,230
Δ Change (%)	10.8%	33.3%	39.5%	12.1%

Recommendation

We recommend an overweight exposure to the gold sector with Ramelius Resources, Genesis Minerals and Southern Cross Gold as our core portfolio holdings.

- **Ramelius Resources (RMS-ASX, BUY, \$2.73)** - Ramelius as one of the lowest cost significant (+200kozpa) gold producers on the ASX.
- **Genesis Minerals (GMD-ASX, BUY, \$2.75)** – Genesis have the asset base and management to develop into a 400kozpa gold producer.
- **Southern Cross Gold (RMS-ASX, BUY, \$3.26)** – Southern Cross Gold are looking to double their exploration target to 3Moz in the next 12 months.
- **Black Cat Syndicate (BC8-ASX, BUY, \$0.86)** – Black Cat are on track to achieving a production rate of +70kozpa from two assets by mid-2025.
- **Saturn Metals (STN-ASX, BUY, \$0.37)** – The first phase of the Apollo Hill project will involve a low-cost starter pit and pilot plant, due to be producing in 2025.
- **Antipa Minerals (AZY-ASX, Buy, \$0.04)** – We expect resource upgrades across multiple prospects at Minyari Dome (100% owned).
- **AuMega Metals (AAM-ASX, BUY, \$0.19)** – The company has a plethora of high impact greenfield targets that are currently being tested.

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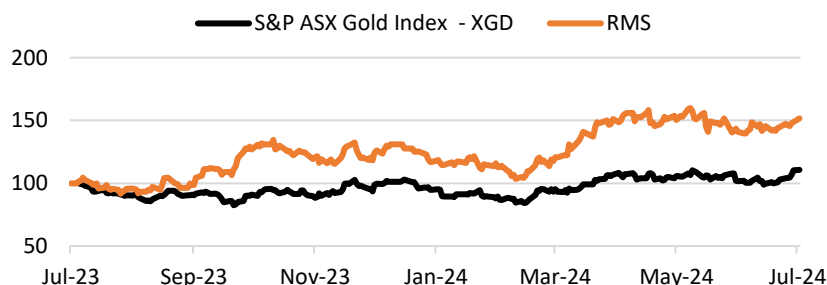
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Ramelius Resources (RMS)

Recommendation	BUY
Risk	HIGH
Share Price	\$2.04
Target Price	\$2.73
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	-5.1%	-6.5%	36.6%

Source: FactSet, Shaw and Partners

Operational Excellence

- Ramelius Resources is a gold producer based in Western Australia. Ramelius has two production hubs at Mt Magnet and Edna May. In FY24 Ramelius produced 293koz of gold.
- Given the strong performance, the Company expects the full year AISC to be at the lower end of guidance (A\$1,550 – 1,650/oz) against our estimate of A\$1,600/oz
- Our group FY25 forecasts are currently 290koz at an AISC of A\$1,556/oz, in line with FY24 performance.
- With a US\$3,000/oz gold price Ramelius is likely to make record EBITDA margins in FY25 (~60%).
- FY24 Underlying free cash flow of A\$315.8M, of which A\$263.7M (83%) was generated in H2FY24.
- The company's cash balance as at 30th June 2024 was A\$446.6M. This balance is post the initial A\$87.7M investment (8.9%) in Spartan Resources. Ramelius have since increased their holding to 17.94% (~A\$90M additional) bringing their current cash balance to ~A\$337M.
- Ramelius has made a number of astute acquisitions in the past five years, and we expect the company to remain acquisitive. The recent accumulation of Spartan Resources (SPR-ASX, Not Rated) on market is the most recent example of this.
- Our target price increases from \$2.33 to \$2.73 as a result of upgrades to gold price forecasts. Changes to key financial metrics:

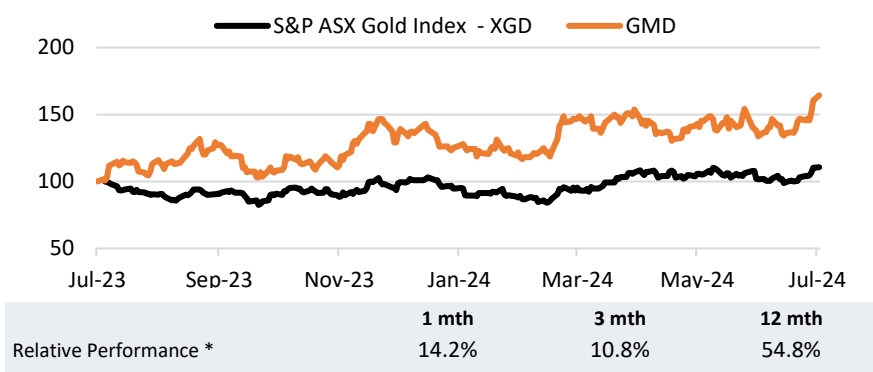
	FY25f			FY26f		
	New	Old	Δ %	New	Old	Δ %
Revenue (A\$m)	1,062	867	22%	944	756	25%
EBITDA (A\$m)	635	440	44%	598	410	46%
EBIT (A\$m)	486	292	66%	487	299	63%
NPAT (A\$m)	348	212	64%	355	221	61%

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Genesis Minerals (GMD)

Recommendation	Buy
Risk	HIGH
Share Price	\$2.20
Target Price	\$2.75
Analyst	Peter Kormendy

Share Price Chart



Source: FactSet, Shaw and Partners

Organic growth a key differentiator vs peers

- Genesis Minerals recently outlined a ten year production and cost profile with multiple initiatives to ensure long-life operations.
- The plan targets total production of 1.3moz between FY25 and FY29 at a mid-point AISC \$2,000/oz, although the range is \$2,400 in FY25 coming down to \$1,600/oz in FY29.
- Production is expected to grow from 142koz (our forecast) in FY24 to 325koz in FY29 and management presented upside to over 400koz between years five and ten.
- At Leonora, initiatives include ramping up the Admiral open pit, development of the Ulysses underground operation and plant sustaining works to fill the Gwalia mill.
- At Laverton, developments at Jupiter, Bruno-lewis and Tower Hill provide GMD with an enviable organic growth profile vs peers with sustained higher production year-on-year at progressively lower cost.
- While strategy updates that provide five years of forecasts and a further five years of targets ultimately come down to execution, we believe the market will back this management team to deliver. This is particularly the case in a strong gold price environment.
- Our target price increases from \$2.30 to \$2.75 as a result of upgrades to gold price forecasts. Changes to key financial metrics:

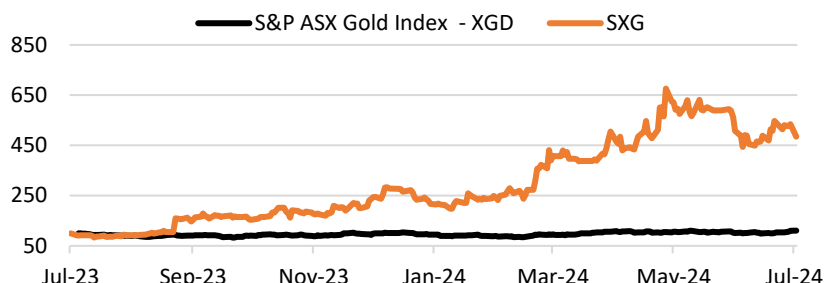
	FY25f			FY26f		
	New	Old	Δ %	New	Old	Δ %
Revenue (A\$m)	570	484	18%	930	693	34%
EBITDA (A\$m)	270	184	46%	461	224	105%
EBIT (A\$m)	196	110	78%	359	122	194%
NPAT (A\$m)	141	80	76%	271	101	168%

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Southern Cross Gold (SXG)

Recommendation	BUY
Risk	HIGH
Share Price	\$2.42
Target Price	\$3.26
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	-15.0%	-1.7%	372.6%

Source: FactSet, Shaw and Partners

Sunday Creek Overflowing with Gold

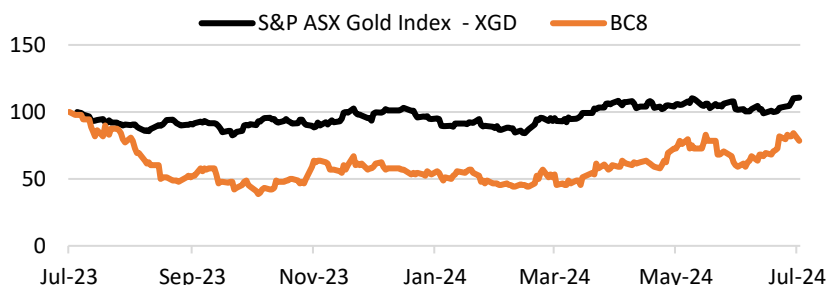
- Southern Cross Gold (SXG) is an Australian exploration company, focused on gold and antimony in the Victorian goldfields. SXG's flagship project is the 100%-owned Sunday Creek Project, which is located 60km north of Melbourne.
- Exceptional drilling results led SXG to announce an Exploration Target in January 2024 of 4.4Mt to 5.1Mt at 7.2 to 9.7g/t AuEq, containing 1.0 to 1.6Moz AuEq.
- The Exploration Target covers less than 50% of the known strike and less than 10% of the 11km strike of the dyke host across the project.
- Metallurgical test work highlights the nonrefractory nature of native gold at Sunday Creek. Mineralogical investigations demonstrated a high proportion of native gold (82% - 84%).
- Whilst the Sunday Creek deposit is still in early stage exploration, we estimate the following initial development scenario:
 - Mineral Resource: 3.1Moz AuEq (9.5Mt at 10g/t)
 - Mineral Reserve: 2.1Moz AuEq (6.5Mt at 10g/t)
 - Annual Production: 750Ktpa at 10g/t at 90% recovery for ~200kozpa.
 - Mine Life: 10 years
- The company has announced its will dually list on the ASX and TSXV via merging with Mawsons Gold (TSXV-MAW, Not Rated) who currently holds 50% of the company. Post merger we expect the register to be comprised of ~24% institutional investors.
- SXG had a cash balance of A\$13.4M as at 31 May 2024.
- Upcoming exploration news flow includes:
 - Nine holes are currently being analysed and four holes in progress.
 - Exploration drilling at Consols, Leviathan and Aftermath targets. Current drilling has focused on Apollo, Rising Sun, Golden Dyke and Christina.
 - A 6th drill rig is to arrive in September.

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Black Cat Syndicate (BC8)

Recommendation	Buy
Risk	HIGH
Share Price	\$0.36
Target Price	\$0.86
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	28.0%	32.7%	-30.1%

Source: FactSet, Shaw and Partners

Pathway to Production

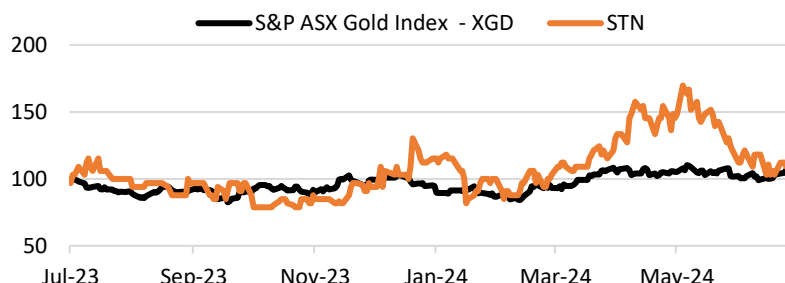
- Black Cat has three gold development projects in West Australia at Paulsens, Kal East and Coyote and a pathway to ~150kozpa of gold production.
- Paulsens Gold Operation is a low capex and relatively quick restart which will see Black Cat producing ~40kozpa of gold over a four-year mine-life at an AISC of A\$1,836/oz. First production is expected at the back end of CY24. Significant works have already been completed.
- The funding package for Paulsens consists of:
 - A\$36M two tranche placement. Tranche 1 (75.7M shares) was allotted 13th June 2024 whilst Tranche 2 (57.6M shares) is subject to shareholder approval at general meeting on 23 July 2024.
 - A\$30M secured debt. The secured debt facility is expected to be completed in July 2024 and, together with the Placement, will provide for full funding of Paulsens restart.
- Black Cat Syndicate has commenced works to develop the Myhree and Boundary open pits, part of the 100% owned Kal East Gold Project. The development pathway includes:
 - Ore Sale Agreement with Paddington Gold Pty Ltd (owner of Paddington mill).
 - An agreement with Mineral Mining Services (MMS) to provide all funding to develop and haul ore to Paddington. No upfront funding required from Black Cat.
- Upcoming catalysts include:
 - Paulsens debt financing.
 - Continued near mine and regional exploration results from Paulsens, ultimately leading to additional mine life.
 - Further progress updates of the Paulsens restart.
- We have maintained our price target given BC8's development stage.

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Saturn Metals (STN)

Recommendation	Buy
Risk	HIGH
Share Price	\$0.19
Target Price	\$0.37
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	-10.5%	-12.7%	9.3%

Source: FactSet, Shaw and Partners

Proving Concept

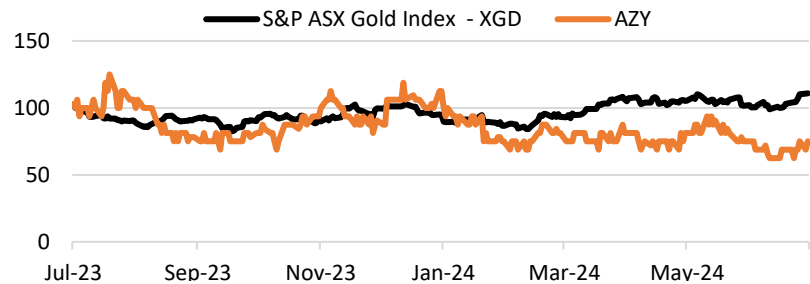
- Saturn Metals is a gold exploration company focused on the Apollo Hill Gold Project in the Eastern Goldfields in WA. Apollo Hill is a large tonnage, low-grade, shallow resource most suited to bulk open-pit mining and heap leach processing.
- Saturn has released a Preliminary Economic Assessment (PEA) for Apollo Hill outlining a planned mining inventory of 93.9 Mt grading 0.54 g/t Au for 1.6Moz and an initial 10.5-year mine life producing an average 122koz of gold per annum at an All-in-sustaining-cost of A\$1,852/oz.
- The first phase of the project will involve a low-cost starter pit and pilot plant that could be producing gold by CY25 and provide infrastructure for Saturn to generate positive cashflow whilst it continues to progress the larger project.
- An interesting comparison for Saturn Metals is Augusta Gold (G-TSE) which is developing the Reward and Bullfrog Gold Projects in Nevada. The Apollo Hill resource is 373koz larger but both operations are similar grade and likely to be developed via heap leach. Apollo Hill will be lower cost and simpler with a single pit and a strip ratio of 1.5x, compared to Augusta's multiple pits and strip ratio of 7x. Despite the favourable comparison, Saturn is trading with a market capitalisation of just A\$52M compared to Augusta at A\$86M.
- Upcoming catalysts include:
 - Detailed design for the pilot project.
 - Regional air core and RC drilling results.
 - Updates on the economics of recent metallurgical test work.
- We have maintained our price target given STN's development stage.

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Antipa Minerals (AZY)

Recommendation	Buy
Risk	HIGH
Share Price	\$0.01
Target Price	\$0.04
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	-10.5%	-13.5%	-36.9%

Source: FactSet, Shaw and Partners

Growing Resource

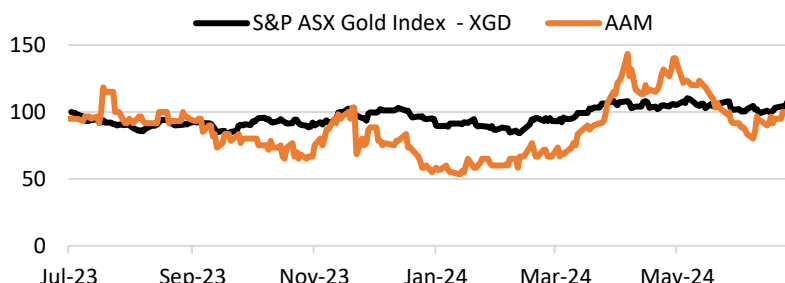
- Antipa were an early mover into the Paterson region in WA and have attracted majors such as Rio Tinto, Newmont and IGO via joint venture and farm-ins into their tenure and have a potential standalone development opportunity in the 100%-owned Minyari Dome Project, 35km from Newmont's Telfer operation.
- Drilling at the GEO-01 target intersected significant near-surface, high-grade gold, with mineralisation remaining open in most directions, presenting a significant potential maiden resource opportunity.
- A maiden resource estimate for GEO-01 is due in July, we see this as a valuable addition to the 1.5Moz resource at Minyari.
 - A 300koz resource at GEO-01 would potentially add three years mine life to the current seven years at Minyari (2022 Scoping study) for a total of 10 years which can be viewed as critical mass for development.
- Upcoming catalysts include:
 - A maiden Resource estimate for GEO-01.
 - Further exploration drilling at GEO-01, currently planned for H2 CY2024.
 - Update of the Minyari deposit Resource estimate.
 - Assay results across multiple land packages.
 - Telfer ownership update. Newmont has announced the sale of the Telfer mine that was acquired as part of their purchase of Newcrest. We see a new owner of Telfer as a positive catalyst for Antipa as it will answer the ownership question that has held the region back and may result in more aggressive development timeframes.
- We have maintained our price target given AZY's development stage.

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

AuMega Metals (AAM)

Recommendation	Buy
Risk	HIGH
Share Price	\$0.06
Target Price	\$0.19
Analyst	Dorab Postmaster

Share Price Chart



	1 mth	3 mth	12 mth
Relative Performance *	-10.5%	-24.9%	-20.2%

Source: FactSet, Shaw and Partners

Untapped Greenfields Potential

- AuMega Metals (formerly Matador Mining) is a gold exploration company with exploration tenements in the lightly explored but highly prospective Cape Ray Shear Zone in Newfoundland, Canada. The Cape Ray Shear Zone is a geological structure that extends approximately 400 km through Newfoundland. AuMega is the largest holder of ground with approximately 120km of continuous strike along the shear, of which only 15km has been drilled.
- The Cape Ray gold project sits within the Cape Ray shear and currently hosts a Resource of 610koz at 2g/t Au, across four deposits.
- A scoping study highlighted that Cape Ray project is one of the highest grade, undeveloped open pit projects globally with an average head grade of 2.6g/t during the first four years of production.
- The company is being supported by B2Gold (A\$6.1B market cap). B2Gold has a 9.9% stake in AuMega and has been granted a 5-year option to subscribe for a further 39.1m that would take B2Gold to ~19.9%. B2Gold has also been granted first right of refusal on future cap raisings and will have a representative on a three-person technical committee to advise AuMega on exploration programs
- The Company is compiling the RC chip logging data and hyperspectral data to create detailed sub-surface geology and alteration maps. These maps will be integrated with the data from the RC drillholes to identify, rank and prioritise drill targets.
- We look forward to strong news flow regarding the testing of advanced stage targets as well as the generation of new prospects.
- We have maintained our price target given AAM's development stage.

* Relative Performance is compared to the S&P ASX Gold Index - XGD.

Summary of Price Target and Earnings Changes

Price Target Changes

Company	Current Price Target	Previous Price Target	Δ%	Rating
RMS	2.73	2.33	17%	Buy
GMD	2.75	2.30	20%	Buy
SXG	3.26	3.26	-	Buy
BC8	0.86	0.86	-	Buy
STN	0.37	0.37	-	Buy
AZY	0.04	0.04	-	Buy
AAM	0.19	0.19	-	Buy

Earnings Changes

RMS	FY25f			FY26f		
	New	Old	Δ %	New	Old	Δ %
Revenue (A\$m)	1,062	867	22%	944	756	25%
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EBIT (A\$m)	486	292	66%	487	299	63%
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GMD	FY25f			FY26f		
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Revenue (A\$m)	570	484	18%	930	693	34%
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EBIT (A\$m)	196	110	78%	359	122	194%
NPAT (A\$m)	141	80	76%	271	101	168%

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	71	90%
Hold	7	9%
Sell	1	1%

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