

Investors' Corner

Citiplace, Perth

for ASA, 17th October 2024

Convenor: Mark Dixon

A photograph of a fire hose reel and a fire extinguisher in a hallway. The hose reel is on the left, and the fire extinguisher is on the right. The background is a blurred hallway with a red fire alarm pull station.

Citiplace - Emergency Procedure

- ▶ If smoke is detected, or fire alarm is raised, follow exit signs
- ▶ Upon evacuating the building, meet at ***designated area***
- ▶ Do not use lift in an emergency
- ▶ **Designated area**
 - ▶ Turn right from the Citiplace Centre and proceed over the bridge to the pond area past the Art Gallery, if safe to do so.
 - ▶ Regroup there for head count if safe to do so.
 - ▶ If emergency personnel instruct differently then follow their directions.

Disclaimer

- ▶ The Australian Shareholders' Association (ASA) has provided the facilities for this meeting to provide general information about the ASA and to stimulate interest in financial markets.
- ▶ The ASA is not licensed to give financial advice.
- ▶ Presentations made here are not designed to provide any specific investment advice to any person present.
- ▶ The ASA does not accept any responsibility to inform you of any matter that subsequently comes to our notice that may affect any of the information discussed.
- ▶ Anyone wishing to act on any matter discussed should seek independent advice from a licensed financial adviser.

Agenda

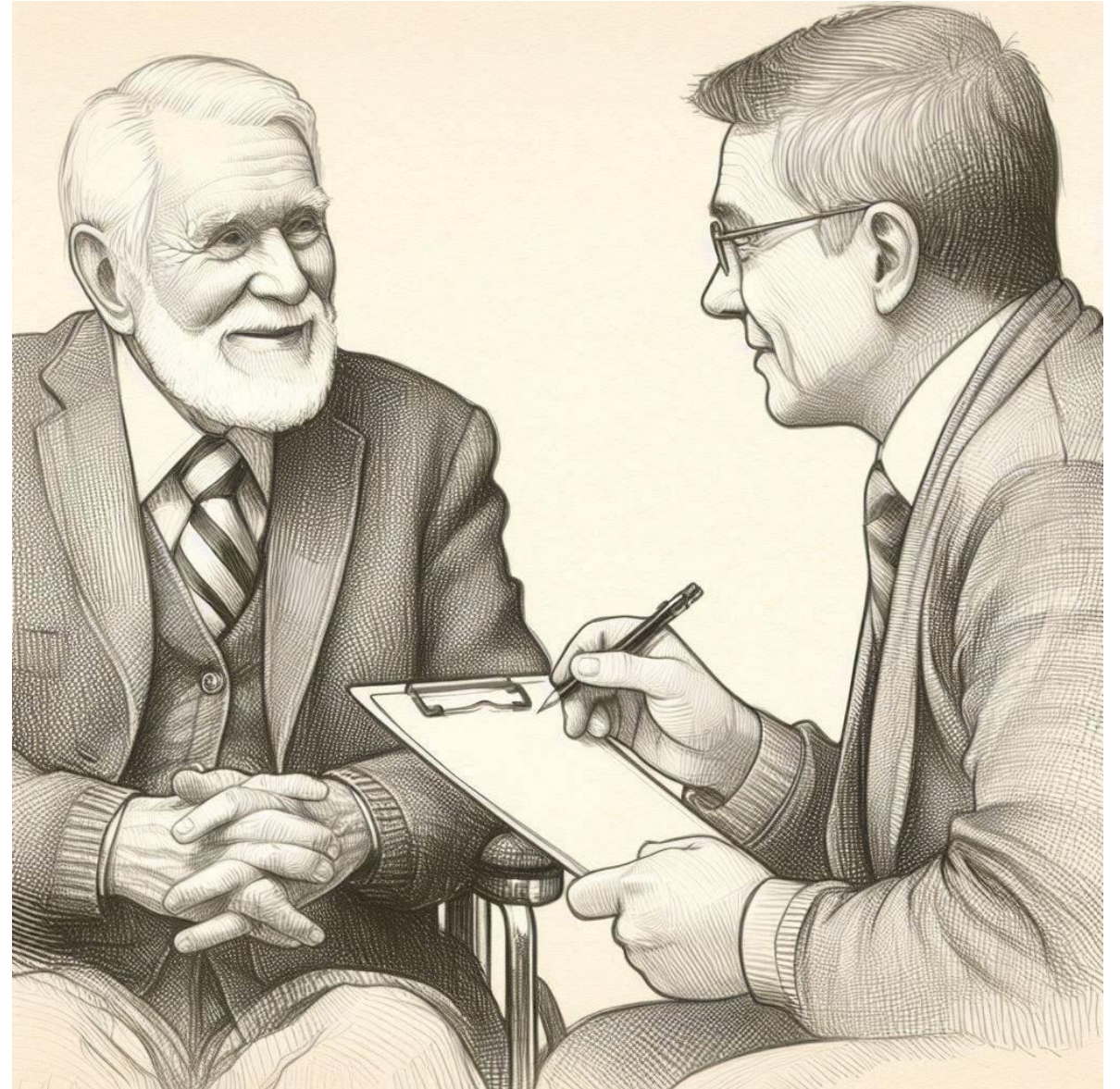
- ▶ Intro — welcome, emergency procedure, disclaimer
- ▶ Macro-technical, with discussion — **Peter Scales**
- ▶ Interview with an investor — **Duncan (Paddy) Hodgson**
- ▶ Gold update — **David Brooke**
- ▶ Open discussion
- ▶ Next meeting — 21st November
- ▶ Close ~ noon.



Macro-technical, with discussion — Peter Scales

Interview with an investor


— Duncan (Paddy) Hodgson



Update on the Gold industry

— David Brooke



An aerial photograph of a large-scale open-pit mine. The mine is characterized by terraced levels of reddish-brown earth and rock. Several winding dirt roads are visible, some of which are used by heavy machinery. In the foreground, a large circular area contains several pieces of equipment, including what appears to be a large yellow truck or loader. The background shows more of the mine's structure and some distant buildings under a clear sky.

Cityplace Group - 17th October 2024

Gold Update

by

David Brooke

Gold Price has been increasing (despite inflation) in 2024

Gold Price Performance USD			Gold Price Performance AUD		
Change	Amount	%	Change	Amount	%
Today	+21.01	+0.79%	Today	+35.37	+0.89%
30 Days	+86.86	+3.37%	30 Days	+172.66	+4.54%
6 Months	+292.72	+12.36%	6 Months	+281.51	+7.63%
1 Year	+736.03	+38.24%	1 Year	+951.60	+31.49%
5 Years	+1,168.40	+78.30%	5 Years	+1,782.24	+81.35%
20 Years	+2,241.68	+534.97%	20 Years	+3,399.43	+592.64%
goldprice.org - 06:01 NY Time			goldprice.org - 06:02 NY Time		

BUT (tailwinds winning)

Inflation	}	Head Winds
US\$ strength		
Chinese weakness		
Reducing interest rates (50 bp)	}	Tail Winds
Geopolitical Uncertainty		
Increased Bank Demand		
US\$ weaponisation		
Oil price down		
Hedging down		

Gold Miners inflation is:

- Cyanide up
- Grinding media up
- Explosives up
- Labour up
- Plant construction Capex up

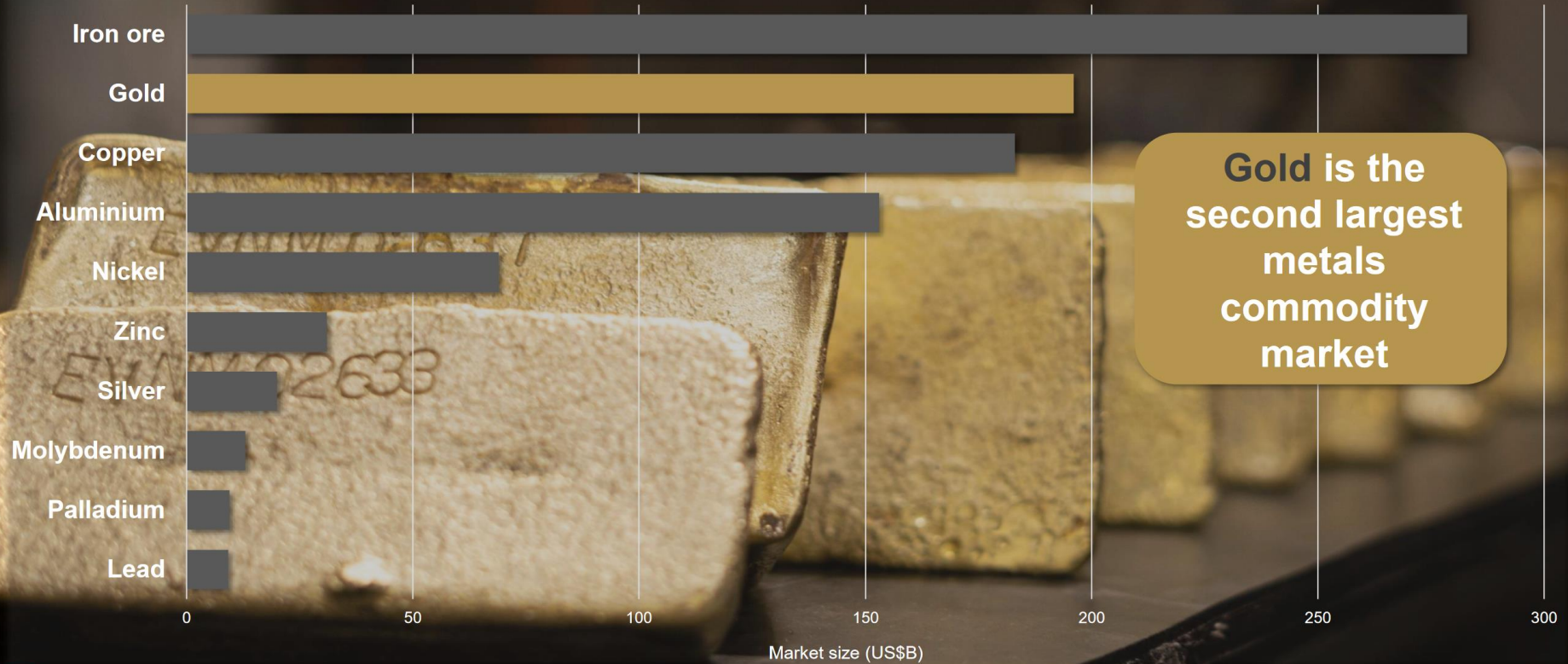
Gold has a strong track-record as an event risk hedge

Event / Bear Market	Period	S&P 500	Gold Price
US bear market/Gold bubble	28/11/1980 – 12/8/1982	-27%	-46%
Black Monday (1987)	25/8/1987 – 4/12/1987	-33%	+6%
Iraq war	16/7/1990 – 11/10/1990	-19%	+7%
1998 Russian financial crisis/LTCM	17/7/1998 – 31/8/1998	-19%	-5%
Dot-com bubble/Sep 11	27/3/2000 – 9/10/2002	-49%	+12%
Global financial crisis	9/10/2007 – 9/3/2009	-56%	+26%
European debt crisis	10/5/2011 – 3/10/2011	-19%	+9%
Taper tantrum	22/5/2013 – 24/6/2013	-5%	-6%
China worries	18/8/2015 – 11/2/2016	-12%	+12%

Source: Bloomberg as at 16 August 2019

DON'T FORGET GOLD

Metals commodity market size



Gold is the second largest metals commodity market

Source: USGS mineral commodity summaries 2023, TradingEconomics, Cameco, FastMarkets
Market size is calculated by multiplying annual production in 2022 with spot prices as of June 7, 2023

The Lifecycle of a Mineral Discovery

Risks

Funding risk

Technical risk

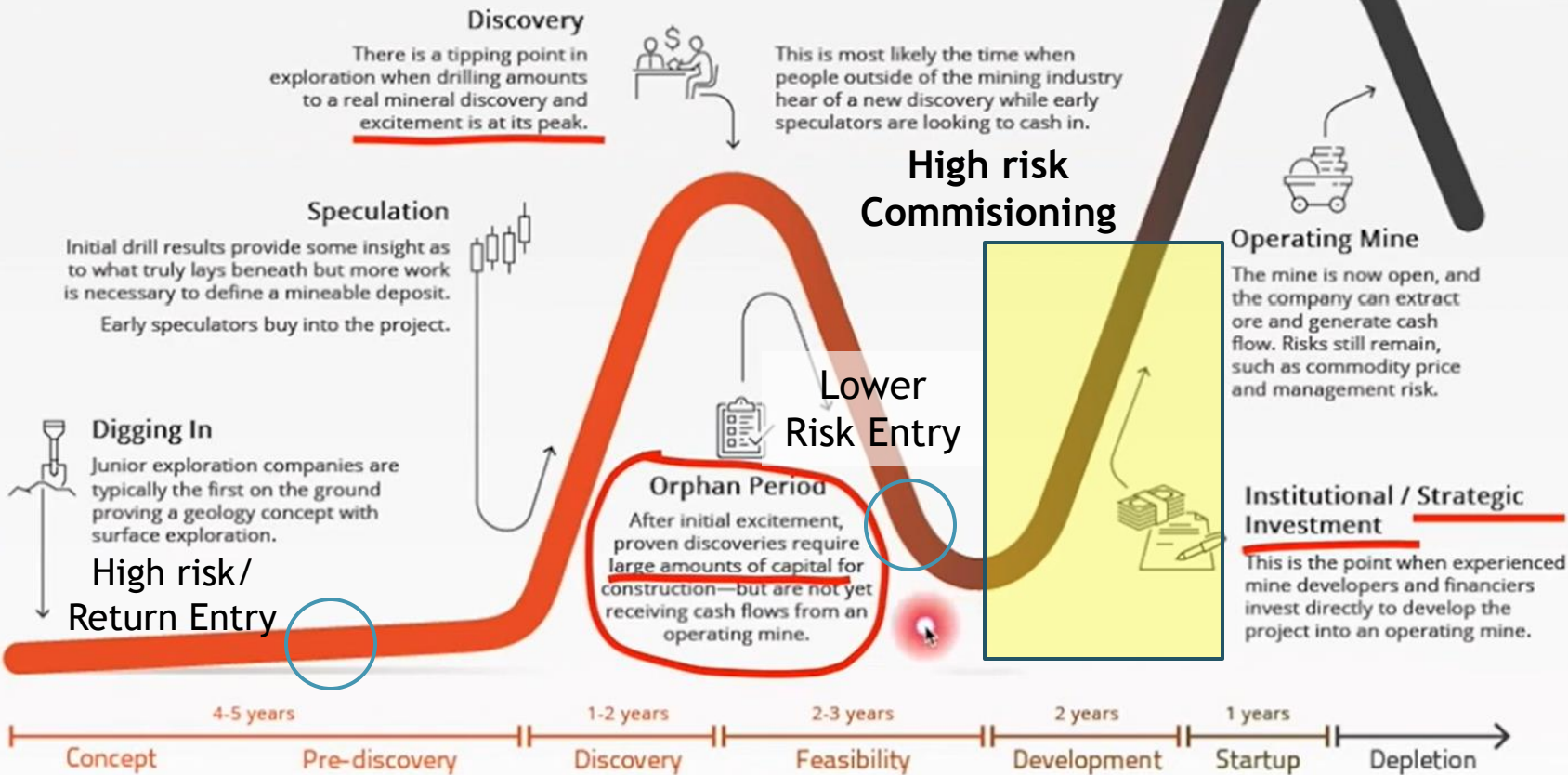
Exploration risk

HIGH VALUE

LOW VALUE

Life Cycle

Timeline

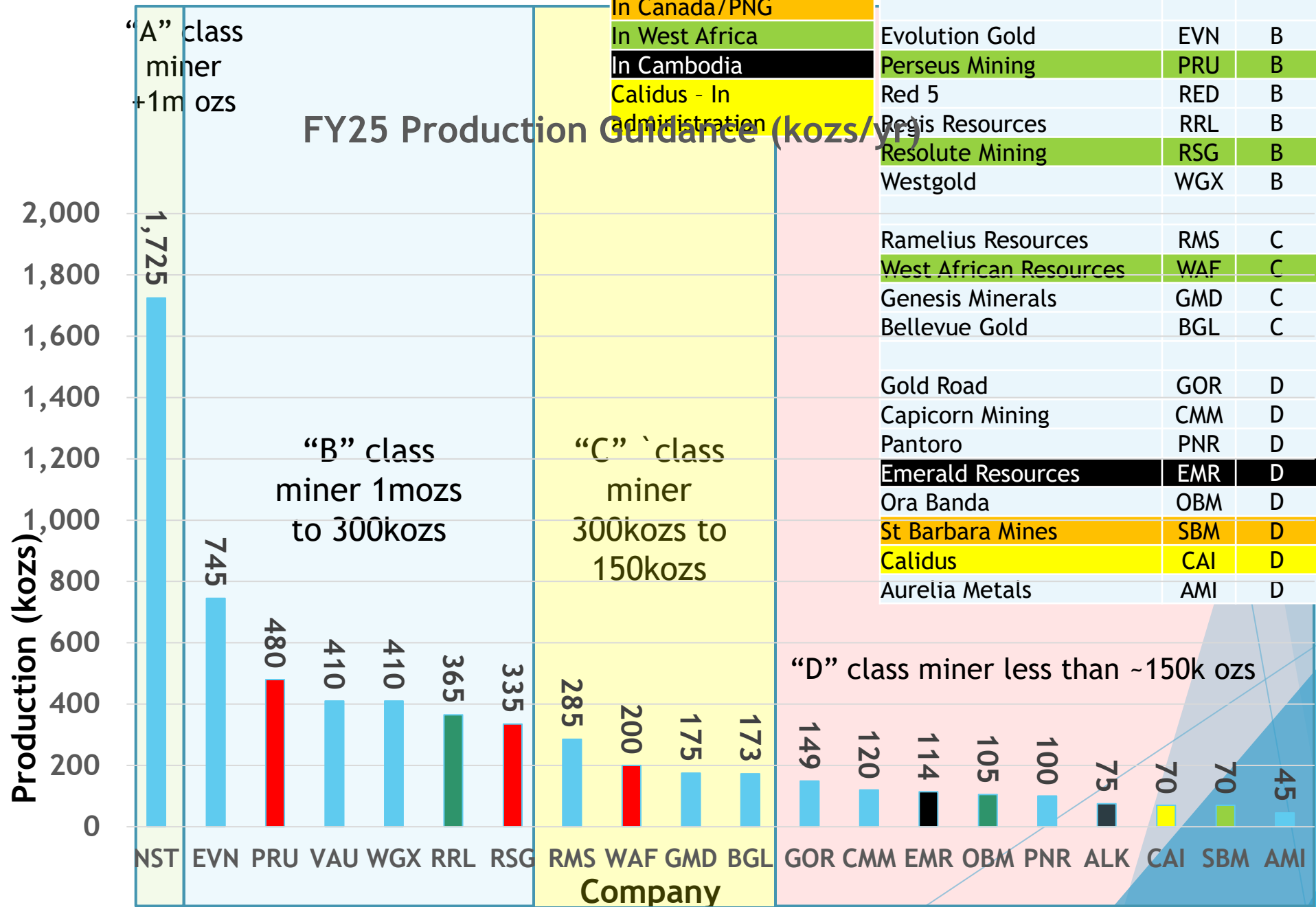


My Evaluation Hierarchy - bottom feeder

1. Management - experience, track record & incentives
2. **Value - AISC margin. debt & hedging**
3. Capital raising did BoD/KMP participate with REAL money?
4. Jurisdiction - but worries now about Australia (Regis & greenies)
5. Other Shareholders
6. Warrants/options/performance rights - when do they come out of escrow & at what price (convertible notes - no, no!)
7. How far down from high (look for 50% - 60%); wait for the price to drop (don't always buy at a Capital Raising);
8. Has the company had a stumble; is it fatal?
9. Is it a good company at the right entry value - is it a low-risk entry (i.e cheap), buybacks, ETF entry or exit/"no premium" mergers?
10. Nearology to other established producers/resources

West Africa - Miners need to “free carry” Government + royalties

Country	Current Mining Code	Free Carry	Exercised Additional Participation Levels	Total Interest
Ivory Coast	Draft new Mining Code	15% free carried	+ not yet specified in the draft new Mining Code	To be confirmed once the new Mining Code and its implementing decree are adopted
Senegal	Article 31 of Law No.2016-32 dated 8 November 2016 bearing Mining Code	10% free carried	+ up to 25% additional participation	= Total up to 35%
Guinea	Article 150-I of Law No.2011/006/ CNT dated 9 September 2011 bearing Mining Code as amended by Law No. 2013/053/CNT dated 8 April 2013	15% free carried	+ up to 20% additional participation	= Total up to 35%
Burkina Faso	Article 66 of Law No. 016-2024/ALT dated 18 July 2024 bearing Mining Code	15% free carried	Minimum 30% additional participation	= Total of 45% minimum
Mali	Articles 78 and 80 of Law No.2023-040 dated 29 August 2023 bearing Mining Code	20% free carried	+ up to 20% additional participation	= Total up to 30%*



In Australia	Northern Star	NST	A
In Canada/PNG			
In West Africa	Evolution Gold	EVN	B
In Cambodia	Perseus Mining	PRU	B
Calidus - In administration	Red 5	RED	B
	Regis Resources	RRL	B
	Resolute Mining	RSG	B
	Westgold	WGX	B
	Ramelius Resources	RMS	C
	West African Resources	WAF	C
	Genesis Minerals	GMD	C
	Bellevue Gold	BGL	C
	Gold Road	GOR	D
	Capicorn Mining	CMM	D
	Pantoro	PNR	D
	Emerald Resources	EMR	D
	Ora Banda	OBM	D
	St Barbara Mines	SBM	D
	Calidus	CAI	D
	Aurelia Metals	AMI	D

My Miner evaluation method

Enterprise Value - 1st parameter

Example:

Company A:

Equity Value

\$20 million

Debt Value

\$50 million

Cash & Investments

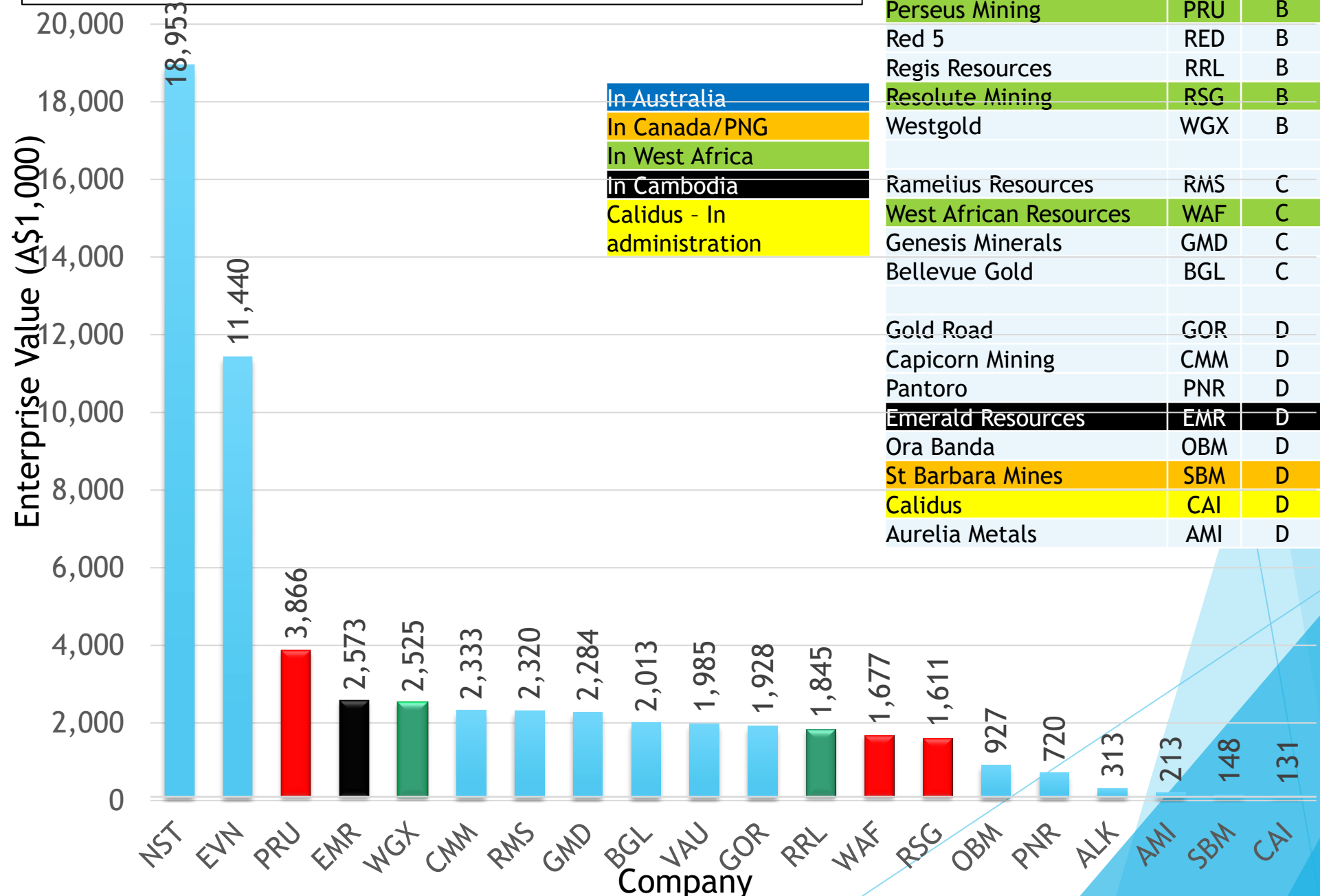
\$2 million

Price paid for stock: \$20 million.

Real price paid for the entire company: **\$68 million**

- Debt is \$50 million, so that is an economic cost.
- The cash belongs to the new owners after the old equity holders are paid off.

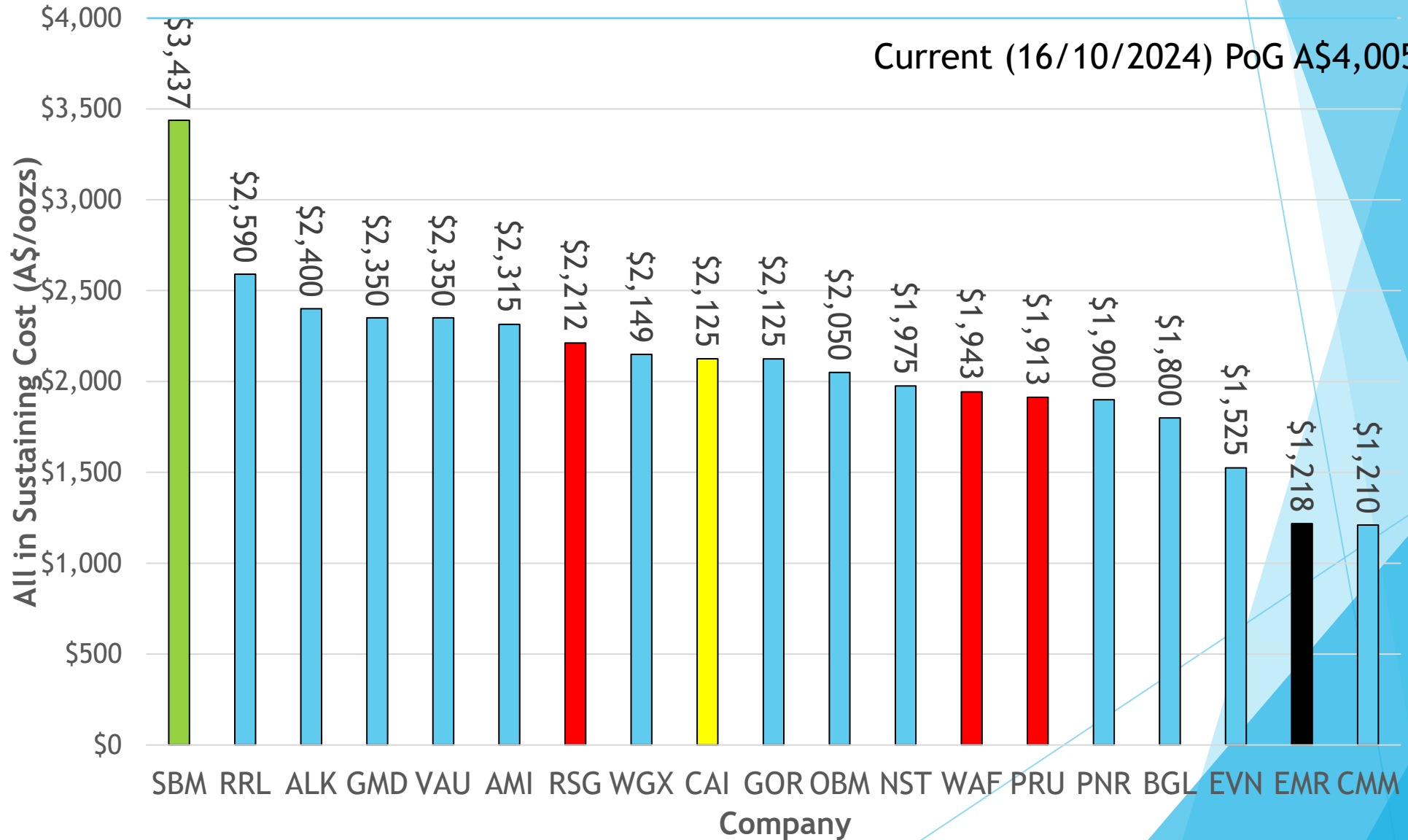
Enterprise Value (i.e. Market Cap + current assets - Debt)



AISC (A\$/oz)

Companies

Current (16/10/2024) PoG A\$4,005



Cash Flow - less non-sustaining Capex

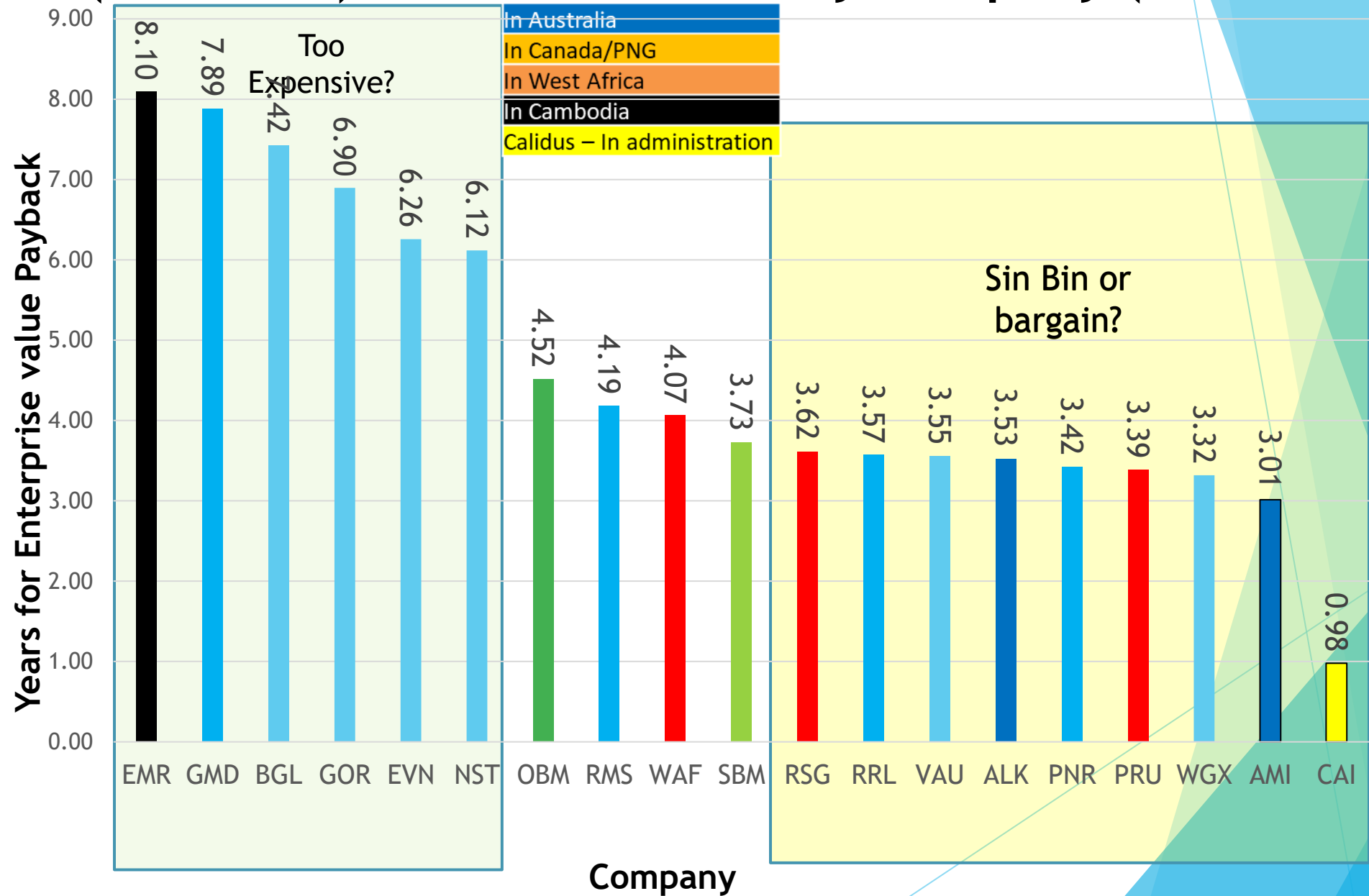
- All in sustaining cost / ozs - costs not including “growth” Capex
- Guidance Production - gold produced (ozs) /year
- Free Carry interest (FC) - in some jurisdictions (e.g Africa) % to country
- Gold Price (PoG) - price/ozs received for product on market
- Hedging (monies received from bank) = hedge price x amount delivered into hedge/yr

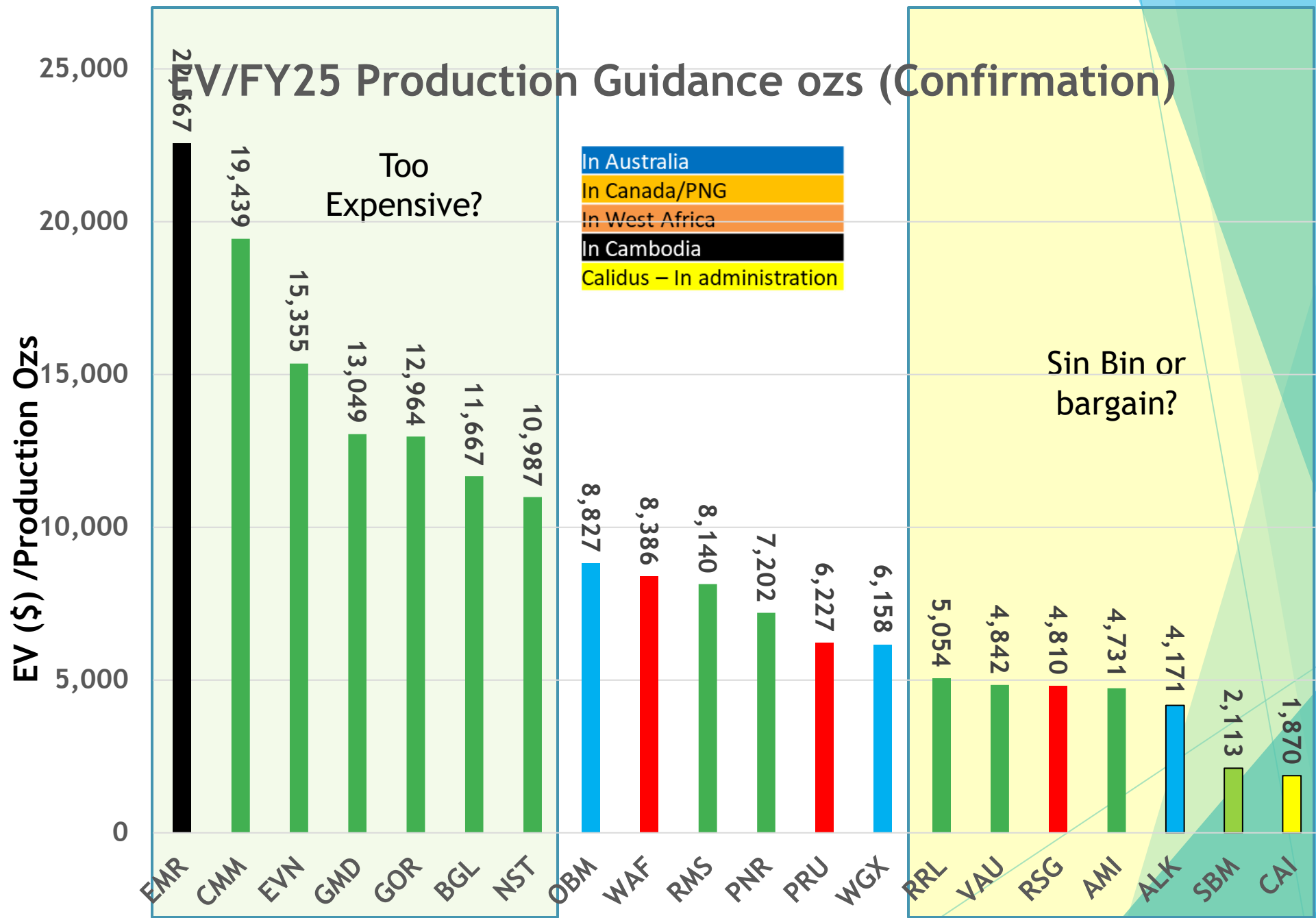
Cash Flow (not including “growth”)/yr = (100% - % FC) x (production - delivery to hedge) x PoG+hedge price x delivered to hedge))

Years to repay EV = Enterprise value/(Cash flow/yr)

This can be updated daily for PoG & EV (share price)

Current AISC “margin” based upon A\$4005/oz (16/10/24) PoG & Guidance by Company (incl.





Gold Developers

+ long lead items on site

* Plant on site

Name	ASX Code	Resources (oz)		Reserve s (oz)	Total EV\$/oz s	Country/Location
		M&I	Inferred			
AuMEGA Metals	AAM	43%	57%	0%	\$13	Canada/Newf'd
Adriatic Metals*	ADT	70%	30%	0%	\$1,509	Bosnia/Serbia
Catalyst Metals*	CYL	100%	0%	9%	\$78	WA/VIC
De Grey	DEG	66%	34%	37%	\$237	WA, Pt Hedland
Greatlands Gold*	GGP (LSE)	60%	40%	23%	\$55	WA/Telfer/Haveiron
Geopacific Resources ⁺	GPR	88%	12%	0%	\$4	PNG/Woodlark Isl
Kingston Resources	KSN	64%	36%	31%	\$10	PNG, Misima Isl
Patronus Resources	PTN	52%	48%	0%	\$130	WA/Leonora/NT
Predictive Discovery	PDI	77%	23%	0%	\$20	Guinea
Spartan Resources*	SPR	69%	31%	0%	\$599	WA/Gascoyne & NSW
Saturn Metals	STN	54%	46%	0%	\$19	WA/Leonora/NSW

Open discussion material



ENFORCER IN BOARDROOM

How ex-bikie hit paydirt in the mining sector

BEN HARVEY

A former bikie kingpin-turned-corporate fixer has lifted the lid on the boardroom standover tactics and underworld shakedowns long suspected of being rife among junior mining companies in Australia.

One-time heroin trafficker, nightclub owner and Comanchero bikie boss Jay Malkoun has detailed his work in corporate "dispute resolution" for the fast-and-loose dealmakers behind ASX-listed mining companies in his autobiography, *The Consultant*.

The rip-roaring book charts Malkoun's hair-raising rise from a heroin-dealing nightclub owner in Perth to being leader of the Comanchero outlaw motorcycle gang in Victoria and ultimately the target of a car-bombing.

Malkoun's recollections of his time in Melbourne's notorious Pentridge Prison and interactions with some of Australia's best-known criminals — including Mark "Chopper" Read, Carl Williams, Mick Gatto, Troy Mercanti and Hells Angels heavyweight Wayne Schneider — will titillate readers.

But it is his jaw-dropping accounts of meetings with well-known company executives, often alongside long-time police target John Kizon, that will rattle the boardrooms of West Perth's notoriously treacherous small-cap mining sector.

"John was a master negotiator, swift and deadly in his fast-talking tactics, not one for giving decision-makers enough time to think or breathe, which usually achieved the desired result," Malkoun says of Kizon.

"There were a lot of pirates in the resources industry who needed to be smacked down once in a while to maintain order, which meant I was often flying between Dubai and Perth on this job or that.

"The same set of skills that made me a leader of the Comancheros — reading people, striking a balance between hard and fair, finding the way both parties could benefit from a situation and making that happen — well, the corporate world needs them as much as the underworld.

"Probably more so because corporates are used to flitting around without anyone finding out. Some of them are very easily startled when consequences come knocking at their doors."

Malkoun recounts how he was blooded into the corporate protection racket when approached to broker a deal with the Coffin Cheaters.

The bikie gang was standing over a key shareholder in Ironbark Gold,



which counted Andrew Forrest as an early backer.

"I called my friend and local gangster John Kizon," Malkoun writes. "Next I was flying straight to Perth, to let the Cheaters know I was coming, and that we wanted to have a chat. With boots on the ground we caught up with John and the leader of the Coffin Cheaters at a pub for a civilised chat. It was not an aggressive situation, more one built on mutual respect.

"We all wanted to find a solution we could all live with. There was some back and forth while we hammered it out."

Malkoun describes how the Cheaters were "on to a lucrative income stream" by helping a well-known Perth mining executive who was "paying them to be his friend and getting them involved in profitable projects".

"I suggested that their investment in him wouldn't be worth much if he disappeared," Malkoun writes.

"The Cheaters president saw the wisdom in that. Between us we worked out terms. For a two-hour negotiation, I made eight million shares that were trading at 72¢, plus eight million options.

"The whole experience was a revelation to me. These mega-deals were going on all of the time, and any new-money millionaires were vulnerable to being bullied into paying big fines and fees by anyone willing to have a crack. Which meant they all needed someone to keep them safe. I never looked back."

Malkoun describes his dealings with well-known resources identities and his interactions with ASX-listed companies which regularly litter the pages of the financial press. In one chapter he documents a mid-air meeting with lawyer-turned-globetrotting company promoter Peter Landau.

Landau is behind bars for \$2.2 million of thefts and cover-ups at ASX-listed Continental Coal and Citation Resource-

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He then describes the fallout after Landau duded him on a deal.

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"He rocked up all smiles but soon changed when he realised we had ourselves a situation.

"I said a few words to him, but to be honest I didn't get to complete my version of the events and my demands, as he blurted out an offer to transfer X number of shares in his company to cover everything.

"He was a bit generous. I would have been happy with the \$50K. Even covering our hotel, air fares and a bit of walk-around money, my costs would only have amounted to \$35K."

Malkoun claims his contracts with Perth-based small-cap mining companies were some of his most lucrative work.

The Consultant contains photos of the career gangster

alongside various resources identities in meetings around the world. "When I'm brought in to fix a corporate situation, it's extra satisfying," he writes.

"At the end of the day, the only real difference between the two worlds is the amount of money on the table.

"The problem with mining is half the time when you think you've hit paydirt it turns out to be quicksand. And the c.s. who dragged you into it are now trying to drag you down with them while they sink."

Jay Malkoun's autobiography details his life as a gangster and corporate fixer, and, inset, with John Kizon. Main picture: Ian Munro

Enforcer in the Boardroom
The West Australian,
Saturday 17th August
2024, p.14

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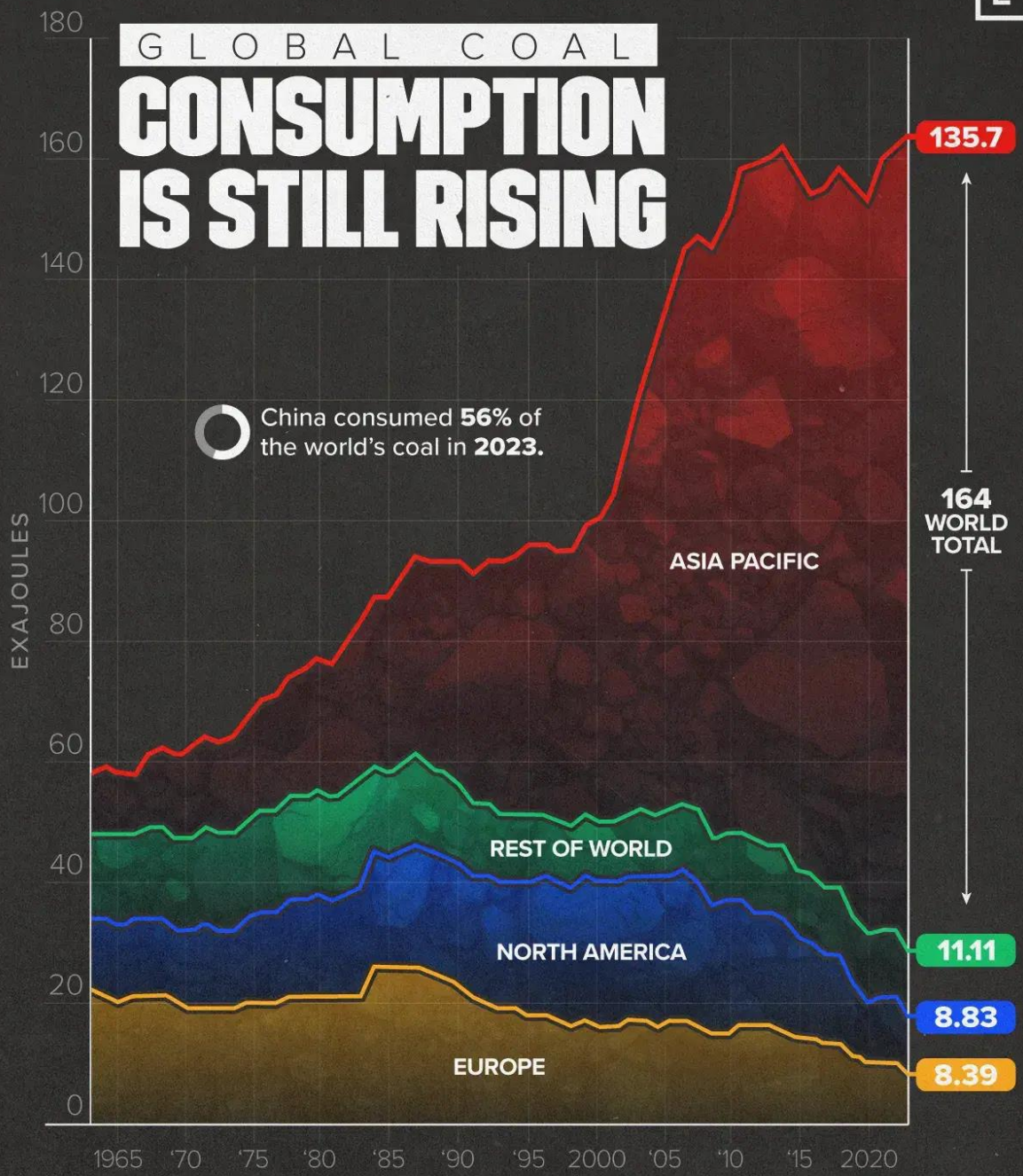
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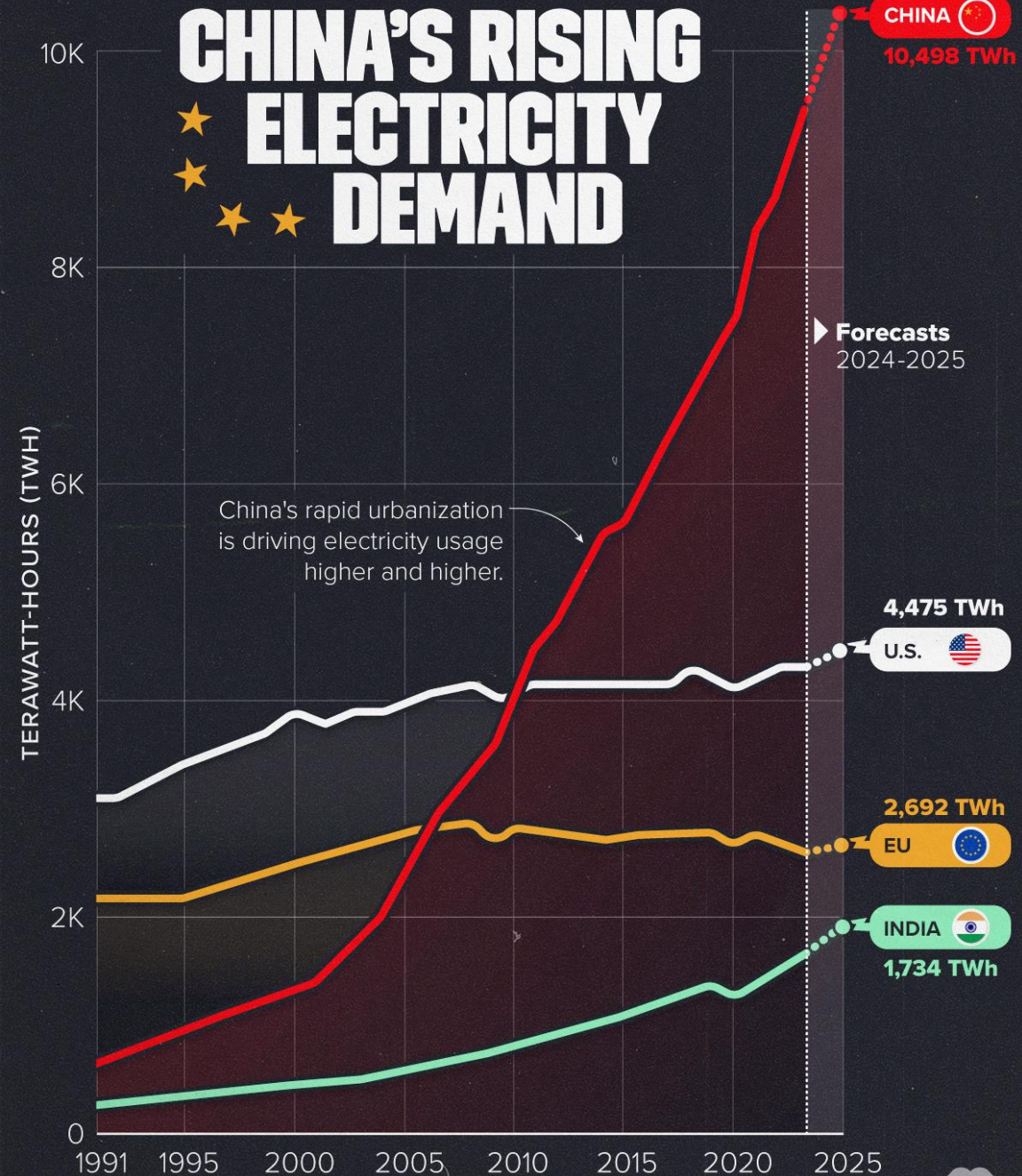
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GLOBAL COAL CONSUMPTION IS STILL RISING



Source: Energy Institute, Statistical Review of World Energy Note: Commercial solid fuels only, i.e. bituminous coal and anthracite (hard coal), and lignite and brown (sub-bituminous) coal, and other commercial solid fuels.

CHINA'S RISING ELECTRICITY DEMAND



Source: IEA



Close

- ▶ **Our next meeting:** Thursday, 21st November, 10 am, Citiplace.
- ▶ **Other ASA groups:**
- ▶ 24th October, Thursday, 10 am — Nedlands Discussion, contact [Kevin](#)
- ▶ 25th October, Friday, 10 am — Perth South of the River (Bull Creek), contact [Peter](#)
- ▶ **12th November**, Tuesday 10:15am — Perth Member's Meeting & Investors Forum in State Library auditorium, contact [Kaye](#) ▶ **not on Melbourne Cup Day (5th)**
- ▶ 19th November, Tuesday, 10 am — Stirling Discussion (Tuart Hill), contact [Chris](#)
- ▶ 20th November, Wednesday, 10 am — Busselton Discussion, contact [Bernie](#)

<https://www.australianshareholders.com.au/learn-connect/local-meeting-groups/>