

# Completes 1-for-10 share consolidation. Update to modelling.

AUC.ASX | AUSGOLD LIMITED | MATERIALS | GOLD

PRICE  
A\$0.35/sh

TARGET PRICE  
A\$1.10/sh  
(FROM A\$1.20/sh)

RECOMMENDATION  
SPECULATIVE BUY  
(UNCHANGED)

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## Event

### Ausgold (AUC) has completed a 1-for-10 share consolidation of its issued capital.

We update our modelling to the latest capital structure, noting only a minor change to our valuation and price target on a pre-consolidated basis. Our latest cash estimate also adjusts for some recent freehold property acquisitions.

**Katanning Gold Project Definitive Feasibility Study (DFS) is now targeted for H1CY25**, with permitting approvals still mid-CY25, for a FID late-CY25.

## Impact

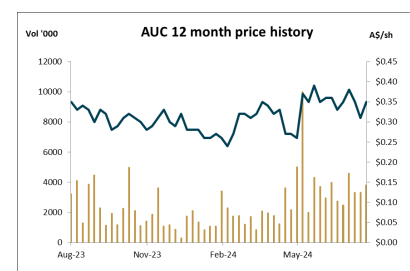
- The consolidation is expected to provide a simplified capital structure, better aligned to its gold developer peers, and also a more appealing share price for domestic and international investors.
- The share consolidation was overwhelmingly supported by shareholders at the Company's General Meeting (held 24 July'24), with consolidation resolution passed 99.84% in favour.
- AUC's 100%-owned +3Moz Katanning Gold Project (KGP) contains one of the largest, undeveloped open pit, free-milling resources in WA. The DFS for the project development is now due for release in H1CY25, previously late CY24. The DFS delay accommodates the recent Board restructuring, which brings a wealth of development and operational expertise, along with additional rigor to the study.
- The Company recently completed a capital raising for A\$38m (before costs), with T1 settled 14 June and T2 settled 1 August, after receiving shareholder approvals. The use of proceeds are for ongoing activities at the KGP (progress the project through DFS to a FID), also for the settlement of some freehold land acquisitions, and regional exploration.
- We update our modelling to the latest capital base, change in cash and debt position. AUC has current cash of ~A\$25m, following the placement (T1+T2), selective land acquisitions, and repayment of the loan notes (face value A\$2.1m).
- Our latest risk-adjusted KGP valuation (NPV10) is \$0.93/sh, and we note at current spot gold our NAV is \$1.79/sh, highlighting significant upside to current gold prices and exchange rates.
- On basic EV/Resource and EV/Reserve oz metrics, AUC is trading A\$33/resource oz and A\$79/reserve oz, well below our Developer/Advanced Explorer peer ave of A\$65/resource oz and A\$155/reserve oz which implies average value of +55cps for AUC, noting a reserve update is expected for the DFS.

## Action

We continue to see the KGP as a highly-attractive standalone gold development with opportunities to sustain higher production levels over a long mine-life. The DFS is a major de-risking milestone in H1CY25, along with the permitting approvals targeted for mid-CY25. The optimal financing structure for the project is being assessed, and may include a potential staged development to reduce some upfront capex. Regional exploration potential continues to be unlocked, and has significant retained value, especially once processing infrastructure is established. We maintain our **Speculative Buy** recommendation with our latest **Price Target \$1.10sh** (from \$1.20/sh).

Share Price	0.355	A\$/sh	
<b>Price Target</b>	<b>1.10</b>	<b>A\$/sh</b>	
Valuation	0.93	A\$/sh	
Shares on issue	356	m	
Market Capitalisation	126	A\$m	
Enterprise Value	101	A\$m	
Debt est	0.0	A\$m	
Cash est	25.0	A\$m	
Largest Shareholder	Jupiter	12.7%	
<b>Production F'cast</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
Prod'n (koz)-100%	0	0	150
Cash Cost (A\$/oz)	0	0	851
AISC (A\$/oz)	0	0	1018
<b>Assumptions</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
Gold Price US\$/oz	1945	1933	1875
AUDUSD	0.72	0.73	0.73
<b>Key Financials</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>
Revenue (A\$m)	0	0	382
EBITDA (A\$m)	-5	-5	239
NPAT (A\$m)	-12	-16	123
Cashflow (A\$m)	-11	-14	177
CFPS (Ac)	-1.4	-1.4	21.6
P/CFPS (x)	-24.9	-24.7	1.6
EPS (Ac)	-0.6	-0.8	5.8
EPS growth (%)	-0.8	0.4	-8.5
PER (x)	-63.1	-46.1	6.1
EV:EBITDA (x)	-143.9	-179.1	3.1
EV:EBIT (x)	-120.8	-121.4	3.9
DPS (Ac)	0.0	0.0	0.0
Dividend Yield (%)	0%	0%	0%
ND:Net Debt+Equity	-15%	37%	-7%
Interest Cover (x)	na	na	na

## Performance



Source: IRESS

Market Statistics	Year End		30-Jun
Share Price	0.355	A\$/sh	Directors
Issued Capital	356.3 m	J Dorward	E Chair
Rights	9.8 m	Greentree	MD/CEO
Options (var. prices)	23.2 m	Goldstone	NED
<b>Total Dil. FPOrd</b>	<b>389.2 m</b>	M Turner	NED
Market Capitalisation	\$126.5 m	<b>Holders</b>	
Enterprise Value	\$101.5 m	Jupiter	12.7%
Cash	\$25.0 m	Dundee	10.9%
Debt	\$0.0 m		

Asset Valuation	Base Case	
	A\$m	A\$/sh
(+) 100% KGP (risk adj 90%)	343.9	0.88
(-) Corporate	(35.7)	(0.09)
(+/-) Hedging	-	-
(+) Exploration	30.0	0.08
(+) Unpaid Capital	-	-
(+) Cash	25.0	0.06
(-) Debt	-	-
<b>Total @ 10%</b>	<b>363.2</b>	<b>0.93</b>
Spot US\$2461/oz A\$US\$0.66	695.8	1.79
<b>Price Target</b>		<b>1.10</b>

Forecast Production	2026f	2027f	2028f
<b>KGP - 100%</b>			
Strip Ratio (w:o)	na	6.7	5.1
Ore Milled (kt)	-	-	3,200
Grade (g/t)	-	-	1.6
Recoveries (%)	-	-	90%
<b>Gold Prod (koz)</b>	-	-	<b>150</b>
Cash Costs (A\$/oz)	-	-	851
<b>AISC (A\$/oz)</b>	-	-	<b>1,018</b>
<b>Assumptions</b>			
US\$ Gold (/oz)	1,945	1,933	1,875
FX (A\$/US\$)	0.72	0.73	0.73
A\$ Gold (/oz)	2,690	2,633	2,554

Ratio Analysis (A\$m)	2026f	2027f	2028f
CF (A\$m)	-11	-14	177
CF / Sh (Ac/sh)	-1	-1	22
CF Ratio (x)	-25	-25	2
Earnings (A\$m)	-12	-16	123
EPS (Ac/sh)	-0.6	-0.8	5.8
EPS Growth (%)	-83%	37%	-851%
Earnings Ratio (x)	-63.1	-46.1	6.1
E'prise Val. (A\$m)	719	895	730
EV : EBITDA (x)	-144	-179	3.1
EV : EBIT (x)	-121	-121	3.9
Net Debt / ND+Eq (%)	-15%	37%	-7%
Interest Cover (x)	na	na	na
EBIT Margin (%)	na	na	0.5
ROE (%)	-5%	-7%	34%
ROA (%)	-4%	-4%	26%
Div. (Ac/sh)	0	0	0
Div. payout ratio (x)	0	0	0
Div. Yield (%)	0%	0%	0%
Div. Franking (%)	100%	100%	100%

Reserves	Mt	g/t	Moz
<b>KGP (100%)</b>			
Proven	-	-	-
Probable	32.0	1.25	1.28
<b>Total</b>	<b>32.0</b>	<b>1.25</b>	<b>1.28</b>
<b>EV per oz</b>			<b>79</b>

Profit and Loss (A\$m)	2026f	2027f	2028f
(+) Gold revenue	-	-	382
(+/-) Hedging Revenue	-	-	-
(+) Interest Income	-	-	-
(+) Other Revenue	-	-	-
<b>Total Revenue</b>	-	-	382
(-) Operating Costs	-	-	(137)
(-) Dep/Amort	(1)	(2)	(54)
(-) Writeoff (expl'n)	-	-	-
(-) O/H + News Bus Dev.	(5)	(5)	(6)
(-) Provisions	-	-	-
EBITDA	(5)	(5)	239
EBIT	(6)	(7)	185
(-) Interest Expense	(6)	(9)	(10)
NPBT	(12)	(16)	176
(-) Tax	-	-	(53)
(-) Minority Interest	-	-	-
<b>Net Profit</b>	<b>(12)</b>	<b>(16)</b>	<b>123</b>
(+/-) Net abnormal	-	-	-
<b>Net profit After Abnormal</b>	<b>(12)</b>	<b>(16)</b>	<b>123</b>

Cashflow (A\$m)	2026f	2027f	2028f
Net Profit	(12)	(16)	123
(+) WC adj.	-	-	-
(+) Dep/Amort	1	2	54
(+) Provisions & W/O	-	-	-
(+) Tax Expense	-	-	53
(-) Deferred Revenue	-	-	-
(-) Tax Paid	-	-	(53)
<b>Operating Cashflow</b>	<b>(11)</b>	<b>(14)</b>	<b>177</b>
(-) Capex + Dev.	(140)	(160)	(8)
(-) Exploration	(3)	(2)	(4)
(-) Asset Purchased	-	-	-
(+) Asset Sale	-	-	-
(+/-) Other	-	-	-
<b>Investing Cashflow</b>	<b>(143)</b>	<b>(162)</b>	<b>(12)</b>
(+) Equity Issues	175	-	-
(+) Loan D'down/receivable	70	80	-
(+) Others	-	-	-
(-) Loan Repayment	-	-	(38)
(-) Dividends	-	-	-
<b>Financing Cashflow</b>	<b>245</b>	<b>80</b>	<b>(38)</b>
Net Cashflows	<b>91</b>	<b>(96)</b>	<b>127</b>
(+/-) FX Adj.	-	-	-
<b>EoP Cash Balance</b>	<b>105</b>	<b>9</b>	<b>137</b>

Balance Sheet (A\$m)	2026f	2027f	2028f
<b>Assets</b>			
Cash	105	9	137
Current Receivables	0	0	0
Other Current Assets	0	0	0
Non-Current Assets	221	380	339
<b>Total Assets</b>	<b>327</b>	<b>390</b>	<b>476</b>
<b>Liabilities</b>			
Borrowing(s)	70	150	113
Current Accounts payable	1	1	1
Other Liabilities	2	2	2
<b>Total Liabilities</b>	<b>62</b>	<b>152</b>	<b>115</b>
<b>Net Assets</b>	<b>264</b>	<b>238</b>	<b>361</b>

Resources	Mt	g/t	Moz
<b>KGP (100%)</b>			
Measured	38.1	1.10	1.35
Indicated	31.8	1.04	1.07
Inferred	18.9	1.02	0.62
<b>Total</b>	<b>88.9</b>	<b>1.06</b>	<b>3.04</b>
<b>EV per oz</b>			<b>33</b>

### Katanning Gold Project (KGP)

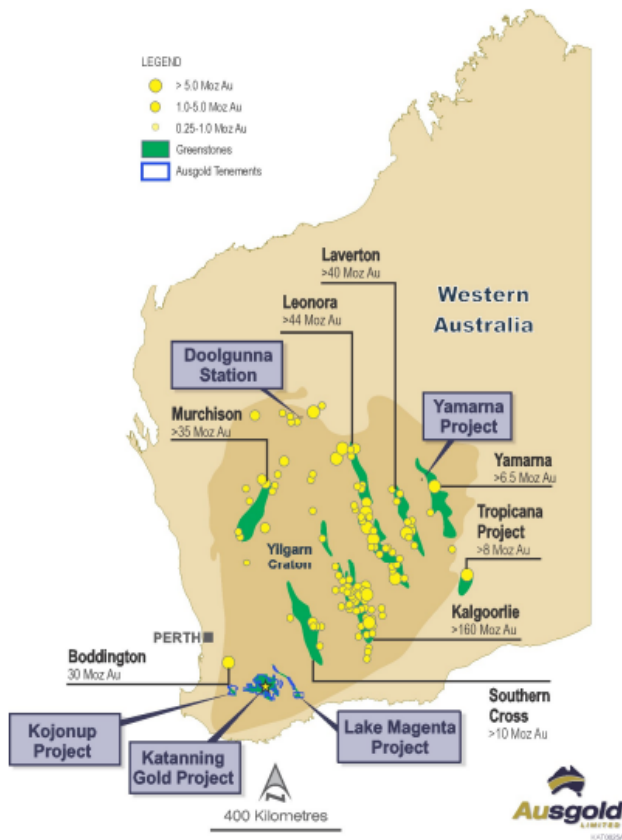
The KGP is located in an agricultural (wheat and sheep) region of south-west Western Australia, some 275km south-east of Perth, and 40km from the town of Katanning. The project can be accessed via a combination of sealed and unsealed roads, with the vast majority of AUC's tenure contained within freehold lands.

The KGP falls within the Youanmi Terrane (Lake Grace) and South West Terrane (Boddington) of the Archaean Yilgarn Craton, which is predominantly composed of granitic rocks but also contains a number of preserved greenstones. The Katanning, Tampia and Griffins Find goldfields of the Youanmi Terrane lie in proximity to a large volume of granulite metamorphic facies mafic and ultramafic rocks of the Corrigin Tectonic Zone.

Notable mineral deposits of the South West Terrane include: Newmont's Boddington gold-copper mine (+30Moz), Chalice Mining's Julimar nickel-copper-PGE deposit (+2Mt contained nickel equivalent), Carvel Minerals' Caravel-Calingiri copper deposit (+2.8Mt contained copper) and Ausgold's Katanning gold deposits (+3Moz gold).

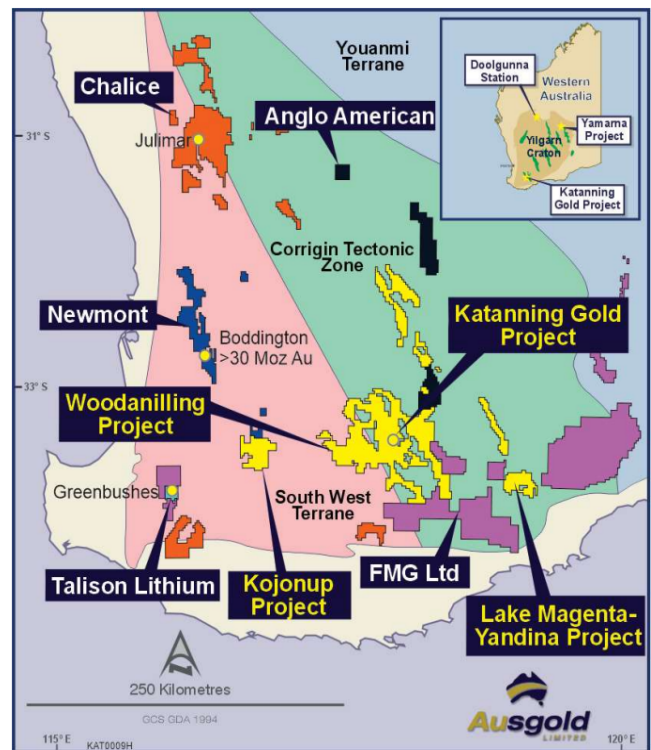
AUC recently completed an equity raise for A\$38m (@ 3cps) in a two-tranche placement. Use of proceeds for ongoing work programs at the KGP to progress the project through DFS to FID; also for the settlement of some freehold land acquisitions; and regional exploration. The acquisition of key farming properties expected to cover the main orebody and proposed infrastructure areas.

Figure 1: KGP Location - South West Yilgarn WA



Source: Ausgold Ltd

Figure 2: KGP Tenure - WA



Source: Ausgold Ltd

### KGP Larger-scale Development Plans Scoped for DFS

- Standalone 5Mtpa open pit operation (up from 3Mtpa in the PFS), and will form the basis for the DFS project scale.
- No change to the current ore reserve (32Mt @ 1.25g/t Au for 1.28Moz), with updated reserves to be released as part of the DFS due H1CY25.
- AUC Scoping Study (May'23) provided LOM production 136kozpa @ A\$1,549/oz AISC for ~10 years (1.32Moz recovered). Higher grade starter with years 1-6 providing 155kozpa @ A\$1,449/oz AISC est.
- Pre-production capex A\$297m - payback 1.67 years (using A\$2,750/oz gold price)
- Conventional gravity and CIL processing, recoveries +90% over LOM – all free milling ores, with further metallurgical test-work planned.

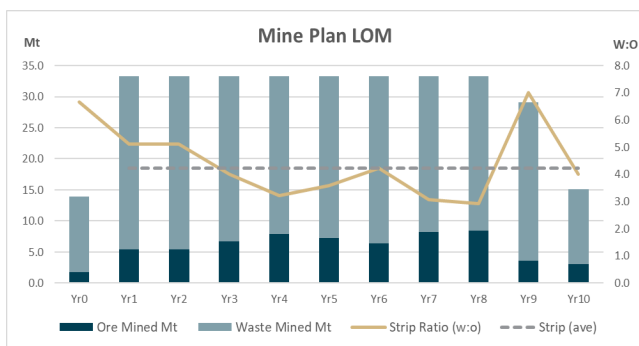
Figure 3: AUC Scoping Outcomes vs PFS

Key Metrics	AUC PFS 3Mtpa	AUC SS 5Mtpa
Life of Mine (LOM)	11 years	9.75 years
Ore Tonnes Mined	32 Mt	44 Mt
<b>Ore Processing Rate</b>	<b>3.0 Mtpa</b>	<b>5.0 Mtpa</b>
Stripping Ratio (w:o)	9.0	4.1
Average gold grade – years 1 - 6	1.47 g/t Au	1.12 g/t Au
Average gold production (recovered) – years 1 - 6	126 koz	155 koz
Average gold grade – LOM	1.25 g/t Au	1.05 g/t Au
Average gold production (recovered) – LOM	105 koz	136 koz
Recovered Gold	1.16 Moz	1.32 Moz
<b>Financial Metrics</b>		
Revenue	A\$2,669m	A\$3,641m
AISC – first 6 years production	A\$1,370/oz	A\$1,450/oz
AISC – LOM	A\$1,481/oz	A\$1,549/oz
Net free cashflow (pre-tax)	A\$746m	A\$1,141m
Net free cashflow (post-tax)	A\$540m	A\$770m
EBITDA – LOM	A\$981m	A\$1,627m
Payback period (post-tax)	1.75 years	1.67 years
NPV5 (pre-tax)	A\$515m	A\$819m
NPV5 (post-tax)	A\$364m	A\$541m
IRR post-tax	41%	46%
Gold Price Assumption	A\$2,300/oz	A\$2,750/oz
<b>Capex</b>		
Pre-prod capex	A\$225m	A\$297m
Sus capex	A\$31m	A\$38m
Closure costs	A\$8m	A\$13m

Source: Ausgold Ltd

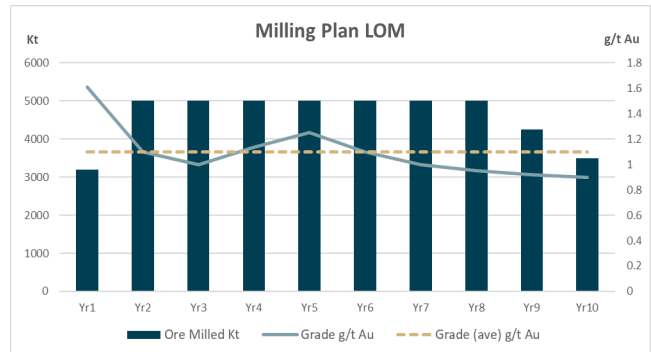
- AUC's development remains subject to completion of the DFS, permitting (mid-CY25), project financing and FID.

Figure 4: AUC SS - KGP Mine Plan LOM



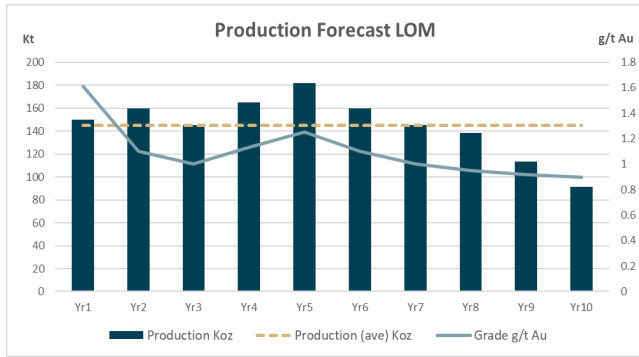
Source: Ausgold Ltd

Figure 5: AUC SS - KGP Processing Plan LOM



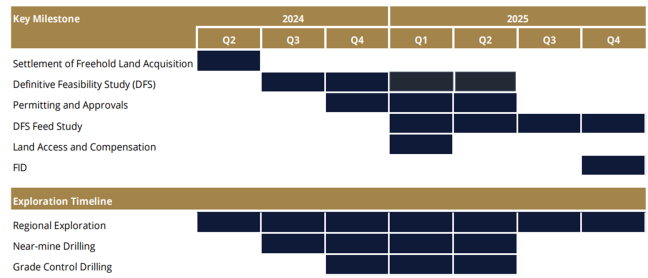
Source: Ausgold Ltd

Figure 6: AUC SS - KGP Production Forecast LOM



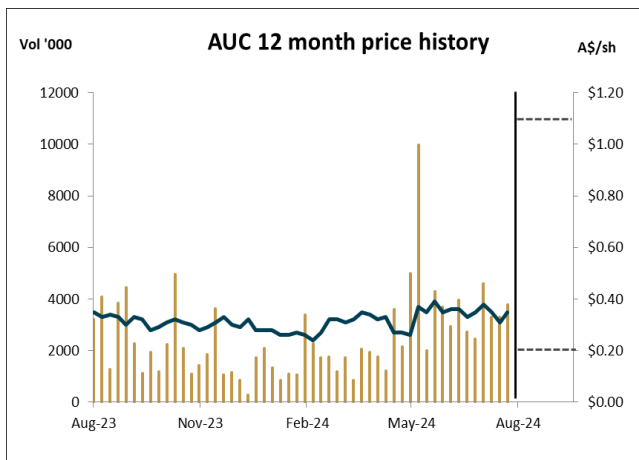
Source: Ausgold Ltd (subject to update)

Figure 7: KGP Key Milestones



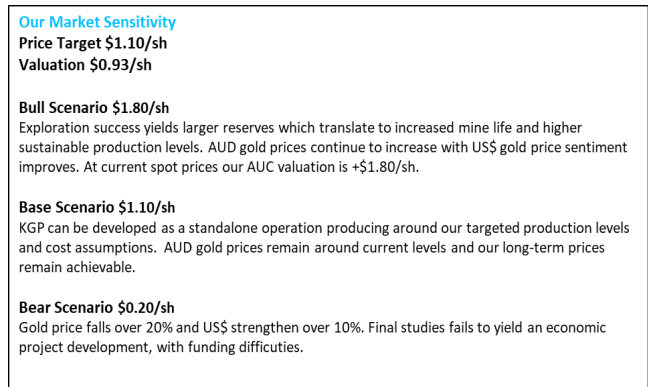
Source: Ausgold Ltd (subject to update)

Figure 8: Price History, Bear, Base and Bull



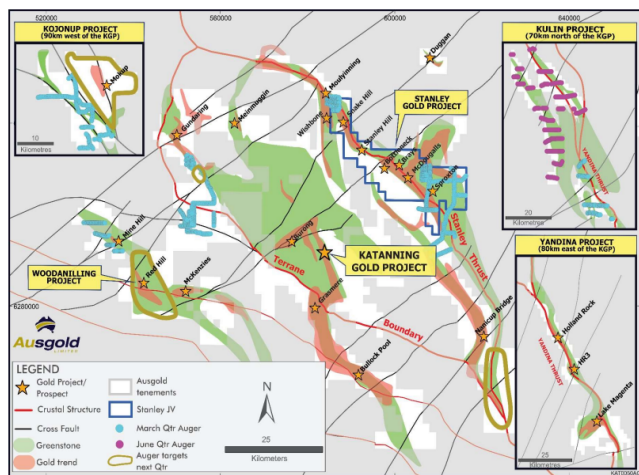
Source: Euroz Hartleys

Figure 9: Bear, Base and Bull Scenarios



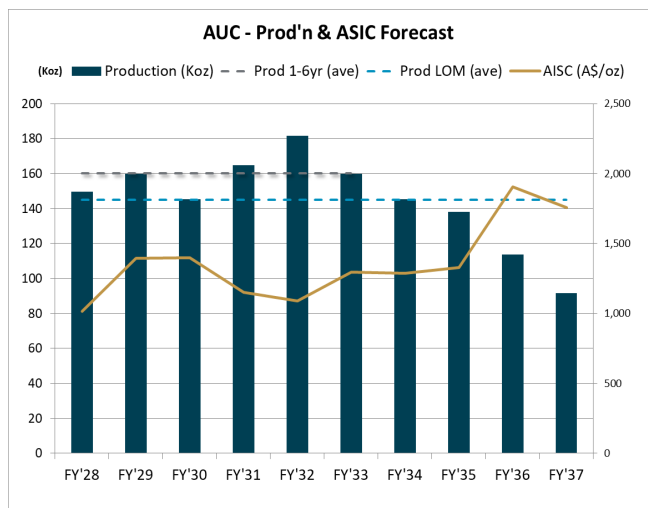
Source: Euroz Hartleys

Figure 10: KGP - Project Setting



Source: Ausgold Ltd

Figure 11: EH Production Forecasts



Source: Euroz Hartleys, subject to change

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The companies and securities mentioned in this report, include:

Ausgold Limited (AUC.ASX) | Price A\$0.35 | Target price A\$1.10 | Recommendation Speculative Buy;

*Price, target price and rating as at 14 August 2024 (\* not covered)*

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