

## GROWING TO STAND STILL

### SITE VISIT TIMELY AS INFLATION CONTINUES TO SUPPORT GOLD POPULARITY

I recently participated in a site trip to five gold mines in the eastern goldfields of Western Australia. The visit was put together based on investor demand with a particular focus from international funds who had a strong view that the Australian operated gold miners were more focused and effective in progressing and expanding their mines when compared to international peers.

Three mines were new plants built over the last two years: Bellevue (Bellevue Gold), King of the Hills (RED5) and Norseman (Pantoro). The Kalgoorlie Superpit (Northern Star) and Beta Hunt (TSX-listed Karora) have been mined for many years. A key takeaway was all five mines have operated either continuously or have previously been mined and shut down. None of these are "new" gold fields or discoveries, they have all been known and mined by previous companies over the decades.

Of particular interest is the new plants at Bellevue, King of the Hills and Norseman have been built because the new geological exploration models identified significant reserves & resources that the previous miners ignored or missed. In the case of Bellevue, the key discovery was the significant displacement from a known thrust fault, which halted previous mining. At King of the Hills, it was recognition of mineralisation associated with extension veins perpendicular to the main quartz load which was not assayed by previous owners.



Photo 1 Bellevue Deacon Load

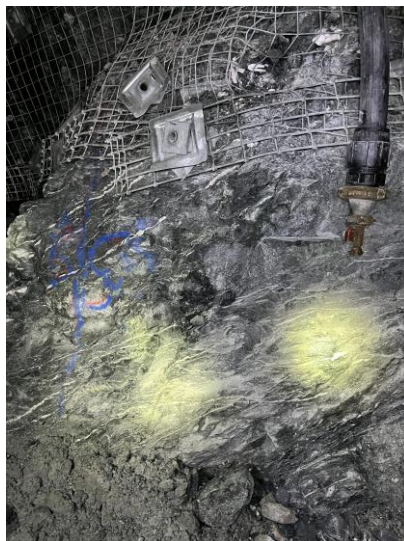


Photo 2 RED5 extension veins ultramafic



Photo 3 RED5 extension veins granodiorite

At Norseman the ability to consolidate ownership of the historical gold mine enabled the resources to be combined into a strong business case for a new mill, especially at today's gold prices along with applying modern geological exploration methods to uncover and expand the already known resources and convert them into reserves.

The Kalgoorlie Superpit is currently undergoing an expansion that will see production double. Again, this expansion is the result of consolidating the land package, which enabled the geology team after three years of drilling to identify new resources and reserves to economically support the larger mine.

Karora was originally a nickel mine. However, through exploration innovation, gold mineralisation was identified in the overlying basalt formation. This formation is associated with the same shear zones which host the nickel mineralisation.

All of these resource expansions are a credit to the exploration geologists and their management teams which funded them to make the discoveries. Old gold fields are never really depleted. New eyes can make a real difference to the potential economic outcomes.



INNOVATION



EFFICIENCY



GROWTH



DIVERSITY



Photo 4 Pantoro OK underground



Photo 5 Karora Beta Hunt nickel load

From an ESG perspective, safety was the number one focus of all management teams onsite. In addition, all mines have utilised existing infrastructure such as roads, tailings dams, camps and office buildings to reduce their impacts. The Bellevue and King of the Hills mines are operating combined, renewable & thermal back up power to assist in reducing their carbon emissions; while Pantoro's Norseman operation is conducting a feasibility study to do the same. Bellevue and The Kalgoorlie Superpit have approximately 40% female participation in their work forces which is far above the industry average. In addition, all sites are endeavouring to increase their indigenous employment and contractor engagement, wherever possible.



Photo 6 Bellevue solar farm

All five operations are in the process of expanding their production operations above the original feasibility study. Bellevue is expanding from 1 to 1.2 million tonnes per annum, and then onto 1.5 million tonnes per annum. King of the Hills has already expanded from 4 to 5 million tonnes per annum and is moving to 5.5 million tonnes per annum. Norseman is moving from 1 to 1.4 million tonnes per annum, while The Kalgoorlie Superpit is going from 13 to 27 million tonnes per annum. KRR is also working on moving from 1.5 to 2 million tonnes per annum.

Each operation continues to drill out near-mine exploration targets, which they anticipate will drive mine life growth as well as support further plant expansions over the coming 12-18 months. From an investor point of view this is positive news. We are still in a high inflationary environment which means that all mines need to grow their production just to keep costs where they were last year let alone to increase their margins. All the sites visited last week had substantial expansion plans and the funding and exploration to continue to deliver mine life well into the future. It is anticipated that this will provide investors with exposure to continuing returns either via mine life extension or through increased cash flow as the mines expand.

One final theme of the trip was around consolidation. With a high inflationary environment, scarce skills and high interest rates, companies and investors are open to consolidation, especially for companies with a single production asset. RED5 and Karora are currently in mergers with Silver Lake Resource and Westgold, respectively. The Kalgoorlie Superpit and Norseman are now under 100% ownership after having been in separate 50/50 joint ownership for many years. This consolidation of ownership has enabled management teams to deliver more efficient and profitable operations. I expect to see more of this activity going forward.



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