

Greatland Gold

2021 exploration programme at Scallywag shows evidence of mineralising system & new targets

Greatland Gold (“GGP”) has released results from its 2021 exploration programme on the Scallywag licence. Of the seven drill holes assayed, three at the Swan target in particular showed gold occurrences within broader, anomalous zones of important “pathfinder” elements – bismuth, tellurium and antimony – which could be indicative of higher-grade mineralisation nearby. Ground-based electromagnetic surveys also identified new conductor targets at Swan which are priorities for further drilling in 2022. Elsewhere on the licence, follow up drilling on anomalies identified during a 2020 airborne survey showed several zones of pathfinder mineralisation, with further work required to refine these targets. The Scallywag licence covers an area of ~20km x ~5km to the north-west of, and contiguous with, GGP’s flagship Havieron JV with Newcrest. Last month GGP announced a 53% increase in gold in Resources at Havieron to an impressive 6.5Moz AuEq, underlining the potential “size of prize” within Australia’s Paterson region. Development of a decline at Havieron is progressing, with a Feasibility Study is slated for Dec’22 and first ore anticipated in FY24 to feed into Newcrest’s hungry Telfer mill.

Drilling and ground EM in 2021 follows 2020 airborne magnetic survey

GGP’s 2021 exploration activity at Scallywag aimed to hone in further on anomalies identified in a 2020 airborne electro-magnetic survey. The results today highlighted several areas with encouraging evidence of a mineralising fluid system, including occurrences of gold and pathfinder elements, quartz-carbonate veining, hydrothermal alteration, trace sulphides and a possible supergene dispersion zone. At Swan in particular, three holes were targeted at an anomaly identified in the 2020 aerial survey. While the results of the drilling “did not adequately explain” the airborne EM conductor, the occurrence of gold within broader zones of anomalous bismuth, tellurium and antimony was, nevertheless, encouraging. Furthermore, a ground-based EM survey in 2021 to better define the Swan target identified eight subvertical “conductor plate” targets, including two east and west of Swan which are hypothesised to represent areas of higher-grade mineralisation, which could in turn create a “halo” explaining the Au-Bi-Te-Sb showings in the 2021 drilling. These conductor plates are now high priorities for drill testing in 2022.

Catalysts: FS Dec’22; step-out drilling; decline progress for first gold FY24

The key upcoming catalyst for Havieron is delivery of the Feasibility Study in Dec’22 alongside decline progress. Havieron is expected to deliver first gold in FY24, with GGP estimated throughput of 0.7Mt before ramping up to 2-3Mtpa for a 10-year mine life based on current Reserves. We expect this to grow strongly with the bounds of mineralisation still undefined. Upgrading of current Inferred Resources alongside extensions to the South East Crescent Zone and below the updated MRE should deliver substantial increases in-time which we believe could transform the project into a contiguous block cave operation towards the end of the decade.

Valuation: Dec’22E GBp25.8/sh target price implies 97% upside

Our sum-of-the-parts for GGP is driven primarily by our DCF-based valuation for the Company’s Havieron JV stake, with GGP’s other properties, including Scallywag and the exciting Juri JV (also with Newcrest), only contributing an assumed US\$100m. For Havieron, we continue to model a sub-level open-stopping (SLOS) operation in-line with the PFS, but also assume a subsequent block caving operation will be developed within the lower grade breccia zones, commencing production in 2029. We maintain our gold and copper price assumptions at US\$1,850/oz and US\$8,500/t respectively alongside a 5% WACC to reflect the tier-1 jurisdiction. This drives a target valuation for GGP of US\$1.27bn or GBp25.8 per share, offering 97% upside.

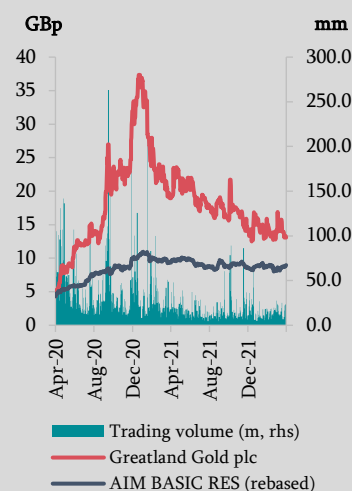
GICS Sector	Materials
Ticker	AIM:GGP
Market cap 4-April-22 (GBpm)	531
Share price 4-April-22 (GBp)	13.1
Target price 31-Dec-22 (Gbp)	25.8

6.5Moz

Gold Eq. within Resources

Q4’22

Feasibility Study for Havieron



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