SPEC BUY

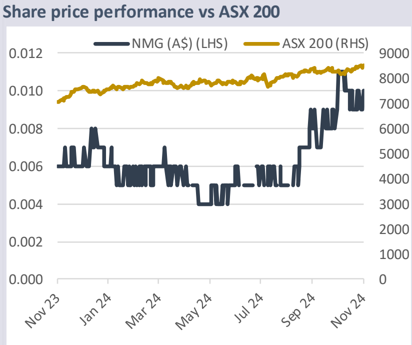
Current Price	$0.010
Valuation	$0.025
TSR (%)	150%

Ticker	NMG ASX
Sector:	Metals & Mining
Shares on issue (m)	7,386
Market Cap (A$m)	74
Net cash (debt) (A$m)	3
Enterprise Value (A$m)	70
52 Week High	0.012
52 Week Low	0.004
ADTO (A$m)	

Key Metrics	**FY25E**	**FY26E**	**FY27E**
P/E (x)	nm	0.8	0.9
EV/Ebit (x)	nm	(0.3)	(0.6)
EV/Ebitda (x)	nm	(0.3)	(0.6)
FCF yield (%)	(23.4%)	148.0%	114.5%
Dividend yield (%)	0.0%	0.0%	50.0%
Financial Summary	**FY25E**	**FY26E**	**FY27E**
Revenue (A$m)	0	173	178
Ebitda (A$m)	(6)	118	121
Ebit (A$m)	(7)	113	116
Earnings (A$m)	(7)	96	83
Op cash flow (A$m)	(3)	122	92
Capex (A$m)	(10)	(8)	(3)
Free CF (A$m)	(7)	113	116
Debt (cash) (A$m)	1	(109)	(148)
Gearing (%)	4%	nm	nm
Gold production (koz)			
Crown Prince (koz)	0.0	59.1	59.1
AISC*			
Group (A$/oz)		824	827

**OAU project costs across, shared revenue assumption*

Share price performance vs ASX 200



Source: Factset, Argonaut November 2024

Please refer to important disclosures at the end of the report

Thursday, 28 November 2024

New Murchison Gold (NMG)

MRE Update

Analyst | Patrick Streater

Quick Read

New Murchison Gold (formerly Ora Gold ASX:OAU) has reported an updated MRE for its Crown Prince project lifting the total contained ounces to 279koz at 3.9g/t Au. NMG is currently working through a Maiden Ore Reserve for Crown Prince underpinned by the updated MRE. Our Price Target is unchanged at $0.025 (150% TSR) with a Speculative Buy maintained. NMG is catalyst-rich over the next few months with the delivery of a Maiden Ore Reserve and Ore Purchase Agreement expected imminently.

Key points

Updated MRE: NMG has released an updated MRE for its Crown Prince Project which has increased the total contained ounces from 240koz to 279koz, representing a 16% increase in contained ounces since the February 2024 update. The primary aim of recent drilling has been to upgrade total ounces within the indicated status to support the ongoing Maiden Ore Reserve. The updated MRE has achieved this objective with an increase from 67% to 81% of contained ounces now sitting within the indicated status.

Maiden Ore Reserve Statement: NMG**'s** current focus has now shifted to the preparation of a Maiden Ore Reserve Statement underpinned by the updated MRE. NMG's production scenario at Crown Prince will consider a small infrastructure footprint onsite utilising existing camp facilities within Meekatharra. We expect NMG will announce an Ore Purchase Agreement imminently with Westgold Resources which will see the Crown Prince Ore trucked ~33km to Westgold's Bluebird mill.

Mid CY25 first Production on-track: No changes to Argonaut's base case production scenario which sees NMG entering production by 1QFY25, producing a total of 162koz within a 2.5-3 year period. We currently model an AISC of A$885/oz with NMG receiving a 70% realised price on gold sales. Our assumed start-up capital costs of A$15m are unchanged.

Valuation & recommendation

The updated MRE is a good result which keeps NMG on track to enter production by mid-CY25. We leave our production scenario unchanged but do see potential upside to our numbers which will be confirmed upon delivery of a Maiden Ore Reserve for Crown Prince. We expect NMG will enter production completely unhedged and with a relatively short payback period of 1-2 quarters on pre-production capital costs.

Figure 1 - Earnings and valuation summary

New Murchison Gold Limited

ASX: NMG	Share price (A$)	A$0.010
	Market Cap (A$m)	74
Analyst: Patrick Streater	Shares (m)	7,386
www.argonaut.com		

Recommendation	**SPEC BUY**
Price Target (A$)	A$0.025
TSR (%)	150%

Key metrics	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
EPS (Ac)	(0.10)	(0.09)	1.07	0.93	0.63	0.02
DPS (Ac)	0.00	0.00	0.00	0.50	0.50	0.00
P/E (x)	nm	nm	0.8	0.9	nm	nm
EV/Ebit (x)	nm	nm	(0.3)	(0.6)	(1.0)	(336.5)
EV/Ebitda (x)	nm	nm	(0.3)	(0.6)	(1.0)	(336.5)
EV/Production (x)	nm	nm	(589)	(1,262)	(17,232)	0
Free cash flow yield (%)	(9.7%)	(23.4%)	148.0%	114.5%	63.2%	(7.1%)
Dividend yield (%)	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%
Net debt (cash) (A$m)	(7.0)	0.7	(108.7)	(148.5)	(150.3)	(145.1)
Gearing (%)	(114%)	4%	(3,973%)	(11,397%)	(1,391%)	(797%)

Profit & Loss	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
Sales revenue (A$m)	**0.1**	**0.2**	**173.2**	**178.0**	**121.6**	**0.2**
Operating costs (A$m)	(0.0)	0.0	(49.5)	(51.0)	(38.2)	0.0
Exploraton expense (A$m)	(5.4)	(4.1)	(3.9)	(3.7)	(2.8)	0.0
Corporate overhead (A$m)	(2.1)	(2.2)	(2.1)	(2.2)	(0.8)	0.0
Ebitda (A$m)	**(7.3)**	**(6.2)**	**117.7**	**121.2**	**79.8**	**0.2**
Depreciation (A$m)	(0.1)	(0.5)	(4.7)	(4.9)	(2.9)	0.0
Ebit (A$m)	**(7.4)**	**(6.6)**	**112.9**	**116.3**	**77.0**	**0.2**
Net interest (A$m)	(0.0)	(0.3)	0.6	2.8	3.5	2.9
Pre-tax profit (A$m)	**(7.4)**	**(6.9)**	**113.5**	**119.2**	**80.5**	**3.1**
Tax (A$m)	0.0	0.0	(17.8)	(35.7)	(24.1)	(0.9)
Underlying earnings (A$m)	**(7.4)**	**(6.9)**	**95.7**	**83.4**	**56.3**	**2.2**
Exceptional items (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A$m)	**(7.4)**	**(6.9)**	**95.7**	**83.4**	**56.3**	**2.2**

Cash flow statement	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
Net profit (A$m)	(7.4)	(6.9)	95.7	83.4	56.3	2.2
Depreciation (A$m)	0.1	0.5	4.7	4.9	2.9	0.0
Exploration, interest and tax (A$m)	5.4	4.1	21.6	3.3	(7.2)	(7.4)
Working Capital (A$m)	0.8	(0.2)	(0.4)	0.0	0.0	0.0
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A$m)	**(1.1)**	**(2.5)**	**121.6**	**91.6**	**52.0**	**(5.2)**
Capital expenditure (A$m)	0.0	(10.2)	(7.9)	(2.9)	(2.2)	0.0
Exploration (A$m)	(6.0)	(4.6)	(4.4)	(4.1)	(3.1)	0.0
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow (A$m)	**(7.1)**	**(17.3)**	**109.3**	**84.6**	**46.6**	**(5.2)**
Dividends (A$m)	0.0	0.0	0.0	(44.8)	(44.8)	0.0
Equity (A$m)	12.8	9.4	0.0	0.0	0.0	0.0
Debt draw / (repay) (A$m)	(0.0)	10.0	(10.0)	(0.0)	(0.1)	0.0
Net cash flow (A$m)	**5.6**	**2.1**	**99.3**	**39.8**	**1.8**	**(5.2)**

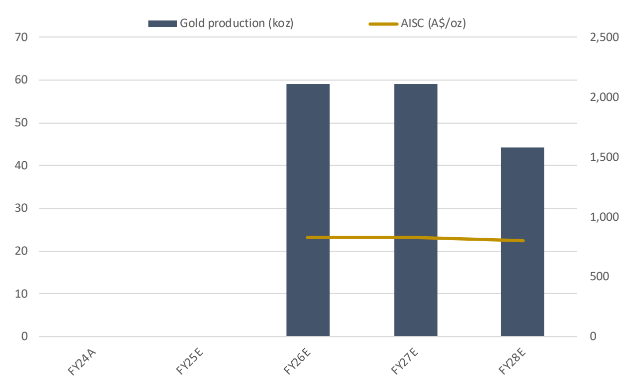
Balance sheet	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
Current assets						
Cash at bank (A$m)	7.0	9.3	108.7	148.5	150.3	145.1
Receivables (A$m)	0.4	0.2	5.4	5.3	0.0	0.0
Inventories (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Current assets (A$m)	**7.4**	**9.5**	**114.1**	**153.8**	**150.3**	**145.1**
Non-Current assets						
PP& E and Development (A$m)	0.3	10.0	13.2	11.2	10.6	10.6
Exploration & evaluation (A$m)	6.5	7.0	7.4	7.8	8.1	8.1
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current assets (A$m)	**6.9**	**17.0**	**20.6**	**19.0**	**18.7**	**18.7**
Total assets (A$m)	**14.3**	**26.5**	**134.7**	**172.8**	**168.9**	**163.7**
Current liabilities						
Payables (A$m)	1.0	0.6	5.4	5.3	0.0	0.0
Short-term debt (A$m)	0.0	2.0	0.0	0.0	0.0	0.0
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Current Liabilities (A$m)	**1.1**	**2.6**	**5.4**	**5.3**	**0.0**	**0.0**
Non-current liabilities						
Long-term debt (A$m)	0.0	8.0	0.0	0.0	0.0	0.0
Lease liabilities (A$m)	0.1	0.1	0.1	0.1	0.0	0.0
Provisions (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax (A$m)	0.0	0.0	17.8	17.6	7.9	0.5
Other (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current liabilities (A$m)	**0.1**	**8.1**	**17.9**	**17.7**	**7.9**	**0.5**
Total liabilities (A$m)	**1.1**	**10.7**	**23.3**	**23.0**	**7.9**	**0.5**
Net assets (A$m)	**13.1**	**15.8**	**111.4**	**149.8**	**161.1**	**163.3**
Equity						
Contributed equity (A$m)	98.0	107.4	107.4	107.4	107.4	107.4
Accumulated earnings (losses)	(84.9)	(91.6)	4.0	42.4	53.7	55.9
Total attributable equity	**13.1**	**15.8**	**111.4**	**149.8**	**161.1**	**163.3**
Minorities (A$m)	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity (A$m)	**13.1**	**15.8**	**111.4**	**149.8**	**161.1**	**163.3**

Source: NMG, Argonaut Research, November 2024

Commodity price assumptio	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
Gold price (US$/oz)	2,080	2,644	2,925	3,000	2,700	2,340
A$/US$ exchange rate (x)	0.656	0.670	0.650	0.650	0.650	0.650
Gold price (A$/oz)	3,171	3,948	4,500	4,615	4,154	3,600

Mine production details	**FY24A**	**FY25E**	**FY26E**	**FY27E**	**FY28E**	**FY29E**
Gold producton						
Crown Prince (koz)	0.0	0.0	59.1	59.1	44.3	0.0
Total (koz)	**0.0**	**0.0**	**59.1**	**59.1**	**44.3**	**0.0**
AISC						
Crown Prince (A$/oz)	nm	nm	824	827	796	nm
Group (A$/oz)	**nm**	**nm**	**824**	**827**	**796**	**nm**

Production Outlook



Reserves and Resources

Argonaut Mining Inventory			
Project	**Ore (Mt)**	**(g/t)**	**(koz)**
Crown Prince OP	1.5	3.6	170
Crown Prince UG			
Total	**1.5**	**3.6**	**170**

Mineral Resources			
Project	**Ore (Mt)**	**(g/t)**	**(koz)**
Southeastern Zone	1.24	4.62	184
Main Zone	0.73	3.50	82
Other (Laterie, East)	0.24	1.71	13
Total Crown Prince Project	**2.20**	**3.94**	**279**
EV/Resource (A$/oz)			240

Board and Management	
Alex Passmore	CEO
Rick Crabb	Non-Executive Chair
Frank Demarte	Director & CoSec
Mal Randall	Non-Executive Director

Substantial shareholders	**Shares (m)**	**Stake (%)**
Westgold	1,335	18.1%
Ragged Range	736	10.0%

Valuation Y/E Dec	**Spot Prices**		**Argonaut forecasts**	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Crown Prince	182.2	0.020	188.3	0.021
Resources	33.8	0.004	25.8	0.003
Hedge book	0.0	0.000	0.0	0.000
Corporate overhead	(4.4)	(0.000)	(4.4)	(0.000)
Unpaid capital	9.4	0.001	9.4	0.001
Cash	3.4	0.000	3.4	0.000
Debt	(0.1)	(0.000)	(0.1)	(0.000)
Total	**224.3**	**0.025**	**222.3**	**0.025**
Price Target (50/50 spot/base case)				**0.025**

Seven Key Charts

Figure 2: Crown Prince production and AISC

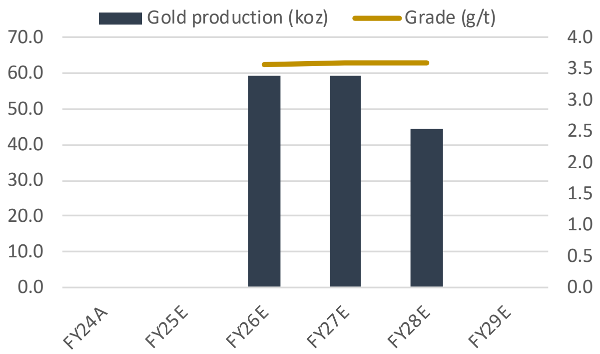


Figure 3: Crown Prince quarterly production and AISC

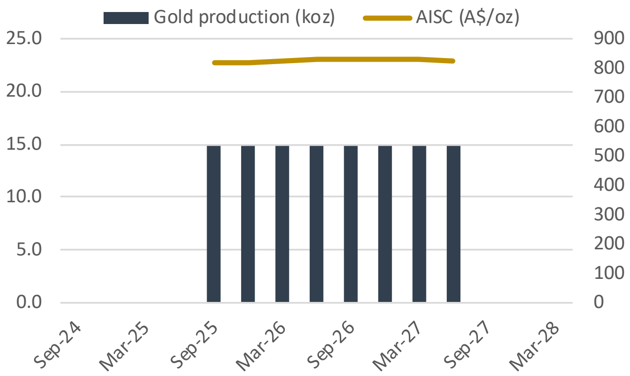


Figure 4: Crown Prince throughput and grade

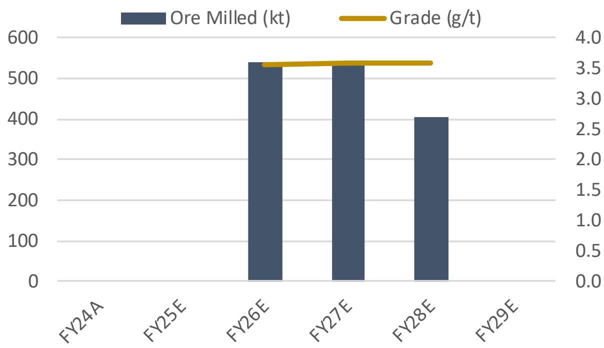


Figure 5: Crown Prince quarterly throughput and grade

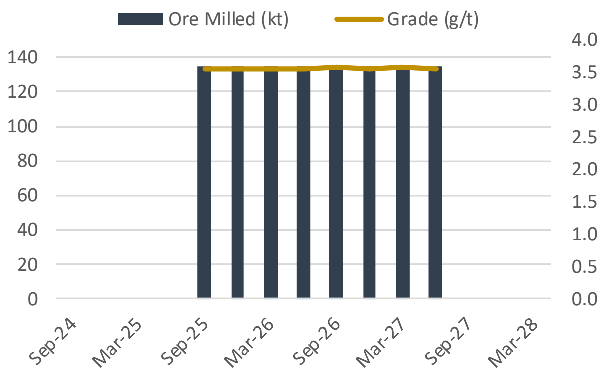


Figure 6: Resources by deposit

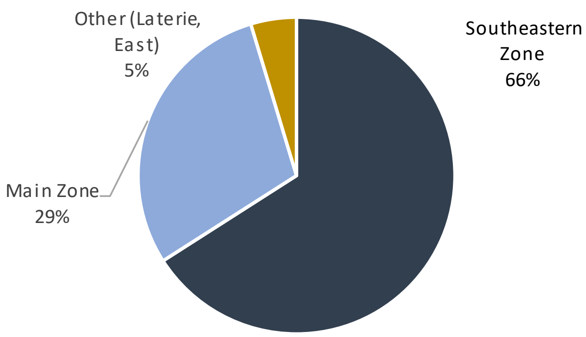


Figure 7: Net cash build vs market cap

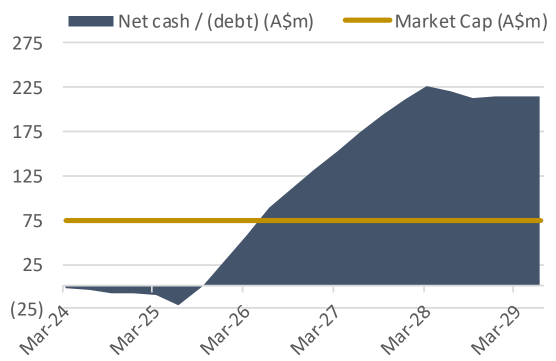
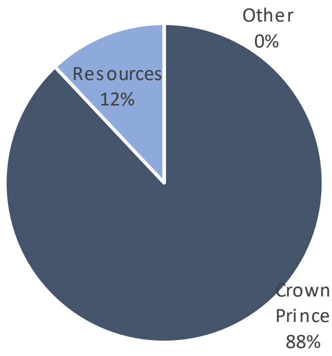


Figure 8: NPV Breakdown



Sources Fig 2-9: FactSet, Argonaut Research, November 2024

MRE ready for mining

Growth in total and indicated ounces

NMG has released an updated MRE for its Crown Prince Project which has increased the total contained ounces from 240koz to 279koz, representing a 16% increase in contained ounces since the February 2024 update. The MRE included additions of +20koz from the Southeastern Zone and +18koz from the Main Zone.

MRE update delivered a +16% in total contained ounces with 81% now sitting within Indicated status

With NMG approaching production in the next 6-9 months, the primary aim of recent drilling has been to upgrade total ounces within the indicated status to support the ongoing Maiden Ore Reserve Statement currently being prepared. The updated MRE has achieved this objective with an increase from 67% to 81% of contained ounces now sitting within indicated status. The updated MRE will be incorporated in the current Ore Reserve Statement which is being prepared and expected to be reported in the current quarter. We expect the Maiden Ore Reserve to coincide with the announcement of the Ore Purchase Agreement with Westgold Resources (ASX:WGX, BUY $4.60 PT). The terms within the Ore Purchase Agreement remain a key catalyst for our current NMG valuation.

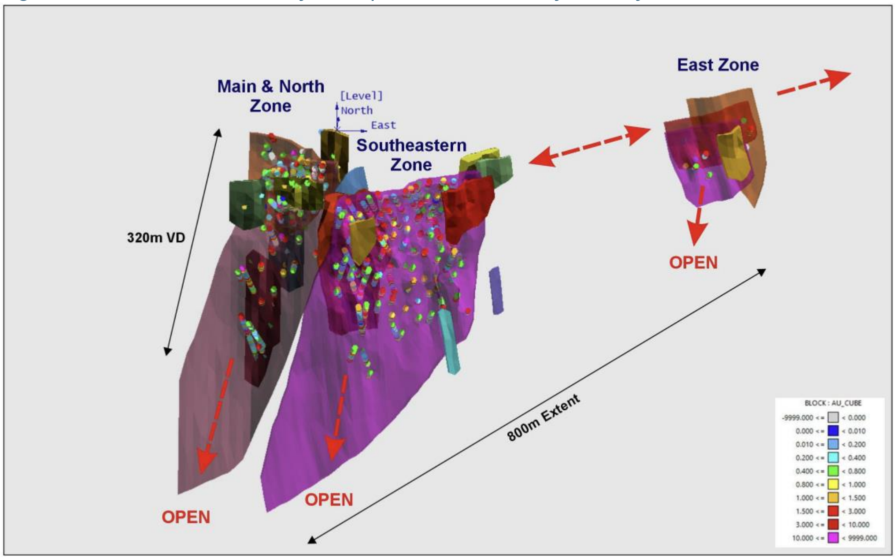
Figure 9 – Crown Prince MRE, November 2024.

Orebody	Mineral Resource	Tonnes	Grade (g/t Au)	Contained Gold (Oz)
Southeastern Zone	Indicated	1,057,000	5.1	173,000
	Inferred	182,000	1.8	11,000
	Total	**1,240,000**	**4.6**	**184,000**
Main Zone	Indicated	411,000	3.8	51,000
	Inferred	318,000	3.1	31,000
	Total	**729,000**	**3.5**	**82,000**
Other (Laterite, East)	Indicated	44,000	1.7	2,000
	Inferred	192,000	1.7	11,000
	Total	**237,000**	**1.7**	**13,000**
Total	Indicated	1,513,000	4.6	226,000
	Inferred	693,000	2.4	53,000
	Total	2,205,000	3.9	279,000

Source: NMG, November 2024

The Updated MRE will be incorporated into the current Maiden Ore Reserve, targeted for this quarter.

Figure 10 – Isometric view of the updated MRE wireframes for Crown Prince.



Source: NMG, November 2024

Valuation

Price target and valuation

Argonaut's valuation is based on a discounted cash flow valuation incorporating Argonaut's derived mining physicals into a 3-year mine life. Argonaut models a post-tax NPV6 of A$188.3m for Crown Prince using our internal gold price assumptions outlined on page 2. Operating costs are inflated at 3% pa. A real, after-tax discount rate of 6% is used. We assume an A$15M pre-production capex requirement with the first production commencing in the September quarter of CY2025. Argonaut's valuation incorporates future dilution events and assumes issued options totalling 1,570m are exercised between $0.005-$0.006, raising $9.4M in equity. We model an A$10m debt package that will be used to fund development costs and working capital requirements. We assume a return of capital of A$87M across FY27 and FY28 either by share buybacks or dividends. No hedging requirement is incorporated into our base case.

Our $0.025 Price Target is unchanged, Speculative Buy maintained.

Figure 11 - Price target is a 50/50 blend of spot and Argonaut NPV

Valuation Y/E Dec	Spot Prices		Argonaut forecasts	
Asset	**A$m**	**A$/sh**	**A$m**	**A$sh**
Crown Prince	182.2	0.020	188.3	0.021
Resources	33.8	0.004	25.8	0.003
Hedge book	0.0	0.000	0.0	0.000
Corporate overhead	(4.4)	(0.000)	(4.4)	(0.000)
Unpaid capital	9.4	0.001	9.4	0.001
Cash	3.4	0.000	3.4	0.000
Debt	(0.1)	(0.000)	(0.1)	(0.000)
Total	**224.3**	**0.025**	**222.3**	**0.025**
Price Target (50/50 spot/base case)				**0.025**

Source: Argonaut Research

Key risks to valuation:

Access to a Processing Mill – Argonaut's mining scenario assumes processing through a third-party mill. There is no guarantee that NMG will be able to secure an Ore Purchase or Toll Treating Agreement. Our valuation is highly sensitive to the OPA terms which may be received with Westgold (ASX:WGX).

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Important Disclosure

Argonaut PCF is acted as Financial Adviser to New Murchison Gold in relation to the binding agreement with Westgold Resources Limited (WGX, OTCQX: WGXRF) announced on 30 May 2024 in relation to a strategic co-operation relationship (Strategic Alliance) and Placement to raise up to $6M (Strategic Placement) (together the (Westgold Transaction) and will receive fees commensurate with the services provided.

Argonaut Securities Pty Ltd acted as Joint Lead Manager to the Placement to raise up to $4M in November 2023 and received fees commensurate with these services.

Argonaut Securities is acting as the Lead Manager in respect of the Placement to raise $2M announced on 7th July 2023 and will receive fees commensurate with this service.

Argonaut holds or controls 15M NMG shares.

The publishing analyst owns shares in NMG.

Information Disclosure

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