Research

6 April 2020

ASX CODE: TBR

Buy

Capital Structure

Sector	Materials
Share Price ($)	5.10
Price Target ($)	12.56
Ordinary Shares (m)	55.4
Market Capitalisation ($m)	279.6
Share Price Year H-L ($)	8.90-4.07
Net Cash/Liquids ($m)	257
Average Daily Vol (YoY)	35,000

Directors & Management

Otakar Demis	Chairman
Anton Billis	Managing Director
Gordon Sklenka	Non-Exec Director
Stephen Buckley	Co Sec

Major Shareholders

Evolution Mining Ltd	19.9%
Trans Global Capital Ltd	15.2%
Sierra Gold Pty Ltd	14.5%
HSBC Cust Noms (Aust) Ltd	11.6%
JP Morgan Noms Aust	4.2%

Analyst

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Share Price Performance

Source: CMC Markets

Tribune Resources Ltd

Undervalued Gold producer...Ghana & Philippines to drive growth

East Kundana JV still the cash cow

- The EKJV (**NST**: 51%, operator: **TBR** 36.75%, **RND** 12.25%) reported EBITDA of $38m for 1H 2020 ($65.2m: 1H 2019) on the back of 416,232 tonnes mined (480,328: 1H2018) and 434,196 processed through the Kanowna, Lakewood and Greenfields mills with 36,418 ounces of gold attributable to **TBR**. Overall production was down 13% YOY. **RMR** are projecting production of around 59,057 ounces of gold from the EKJV over FY 2020 at an AISC of $1,058 generating EBITDA of around $73.2m. Net liquid assets at the end of the 1H 2020 were $257m ($4.60/Sh) valuing the EKJV and exploration at just $44m. We anticipate current 5-year mine life will easily be extended to +8 years based on existing resource inventory with no further discoveries.

Raleigh Operations

- Raleigh remains in operation and is anticipated to be placed on care and maintenance this month. Seismic activity in Raleigh South caused significant damage to several levels rendering them unfit for mining-not surprising given operations are now down to ~700m vertical depth. Raleigh was projected to contribute a further 8,000 ounces or 14% of attributable production to FY 2020. We anticipate this shortfall could be replaced from Hornet, Rubicon or Pode.

Ghana Drilling in full swing

- A 50,000m RC/diamond drilling program is underway targeting Proterozoic Birimian sequences at the Japa Project (**TBR:** 90%) following up mineralisation identified over the 2014-2016 exploration campaigns (**TBR** ASX Announcement, 16/11/2016).
- Two RC rigs have followed several diamond holes and should cover an initial strike length of 3.5 to 4.0 km targeting predominantly oxide mineralisation (diamond tails tested mineralisation down to around 200m in some holes) down to 100-150m below surface with some results due 2Q 2021.

Diwalwal underground drilling to commence

- Refurbishment of the Victory Tunnel at Diwalwal (**TBR:** 80%) is near complete with underground diamond drilling set to commence on the Balite vein (Non-JORC Resource 2Moz) in the near term (subject to COVID-19 restrictions).
- Paraiso Prospect has also revealed a number of mineralised low-sulphidation epithermal veins striking parallel to Balite which are likely to be followed up in late CY 2020.

Near-Term Price Catalysts

- RC/DDH drilling results/maiden JORC Resource at Japa (2Q 2021) and Diwalwal (late CY 2020?) could be very significant price catalysts over FY 2020. Strong gold prices and a weak A$ exchange rate could significantly boost **TBR** earnings.

Action and Recommendation

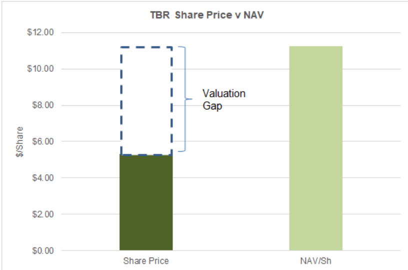
- **RMR** maintains a buy on the back of a staggering 59% discount to NTA and exploration results from Japa/Diwalwal anticipated 2Q 2021. While litigation with **NST** and a suspension of operations at Raleigh have contributed to near term negative sentiment, **RMR** believe production shortfalls will be made up from Rubicon/Hornet or Pode.

FINANCIAL SUMMARY	2019A	2020F	2021F	2022F	2023F
Production (oz)	89,876	59,057	55,162	53,517	52,853
AISC ($/oz)	1,058	1,058	1,070	1,138	1,220
Net Profit (A$m)	54	50	53	49	47
Cash Flow (A$m)	31	15	20	16	11
CFPS (c)	56.2	27.4	37.0	29.3	20.6
CFM (x)	0.09	0.19	0.14	0.18	0.26
EPS (c)	97.2	89.5	95.2	88.0	85.7
PER (x)	5.35	5.81	5.46	5.91	6.24
DPS (c)	20	20	20	20	20
Div Yield (%)	3.8%	3.9%	3.9%	3.9%	3.7%

INVESTMENT CASE

TBR is trading at a 59% discount to our NAV of $12.56…

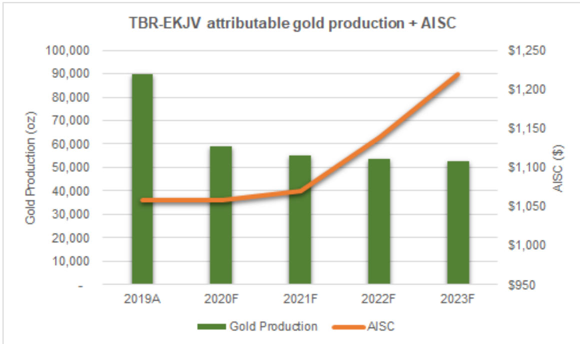
...Net liquid assets of $257m ($4.60/Share) and no debt



UNDERVALUED GOLD PLAY: Our comparative valuation of ASX listed gold producers shows **TBR** trading at a 59% discount to NAV compared to the sector average discount of 1.5% (excluding **TBR**). While there is some discount for the relatively small production profile, **TBR** presents as a stand-out buy. Net liquid assets are $257m or $4.60/share and comprise mostly cash, stockpiles and gold bullion.

Operating margins at EKJV remain strong

STRONG OPERATING MARGINS: **RMR** are projecting FY 2020e AISC of $1,058 on the back of attributable gold production of 59,057 ounces of gold from the EKJV generating EBITDA of approximately $73 million. The cessation of operations at Raleigh accounts for a fall of around 8Koz for the year however **RMR** believe the productions shortfall will be made up from Rubicon, Hornet and/or Pode.



Strong news flow from drilling campaigns in Ghana and the Philippines anticipated over 2020…

...EKJV mine life likely to increase from 5 to 8 years on the back of high JORC Resource conversion

RESOURCE PIPELINE TO GROW: Aside from ongoing in-mine/brownfields exploration at the EKJV, we anticipate a maiden resource from Diwalwal (**TBR** earning 80% economic interest) in late CY 2020. The previous owner of Victory, the **PMDC** (Philippine Government agency), outlined a 2.0m ounce Non-JORC Gold Resource at the Victory tunnel over 13 years ago and **TBR** are looking to focus underground drilling at this location. Results are also due from the 50,000m RC/DDH drill program at JAPA, situated approximately 15 kilometres from **Perseus Mining Ltd** (ASX: **PRU**) 5Mtpa Edikan gold plant (**PRU**: 90%).

TIGHT CAPITAL STRUCTURE: With only 55.4 million Shares on issue and the top 20 holding in excess of 80% of the issued capital, the structure is tight and likely to respond to any material ASX Announcements. The downside to the structure has been the lack of liquidity however average daily trading volumes in the last 12 months have increased to around 35,000 from around 5,000 per day for the corresponding period over 2018-2019. The ongoing share-buy back is anticipated to further tighten the capital structure.

Daily trading volumes have improved 700% from previous corresponding period

DIRECTORS + MANAGEMENT: Anton Billis has run a tight, low cost structure at **TBR** over many years and we anticipate, subject to the results from Diwalwal and Japa, an expansion of the development management team is likely as these projects mature.

COMPANY BACKGROUND

Tribune Resources Ltd (ASX: **TBR**) was listed on ASX in 1987 and has been primarily focussed on the East Kundana Joint Venture (EKJV) held by **TBR** (36.75%), **Rand Mining Ltd** (ASX: **RND**) (12.25%) and **Northern Star Resources Ltd** (ASX: **NST**) (51% and operator). The EKJV is situated 25km west north west of Kalgoorlie (Western Australia) (Figure 1) with total FY 2020 production from Raleigh, Hornet, Rubicon and Pode estimated at approximately 180,000 ounces of gold. Since 2013, EKJV ore is being treated at the Greenfields (**FMR Investments**), Kanowna Belle (**NST**: 100%) and Lakefields (**Golden Mile Milling**) gold plants situated 3km east of Coolgardie, 19 km north-east and 5km east of Kalgoorlie respectively.

Exploration focus has shifted to Ghana and the Philippines

In addition to in-mine and brownfields exploration at EKJV, **TBR** has recently ramped up exploration at Japa (90% interest: Ghana) and Diwalwal (80% economic interest: Philippines), as part of the Company's diversification strategy.

Mining commenced in 2006 via open pit with ore now sourced from underground deposits namely Raleigh, Hornet, Rubicon and Pegasus

__TBR__’s attributable production from EKJV for 1H2020 was 36,418 ounces of gold

Near mine exploration at the EKJV has been highly successful in recent years…

...extending mine life to current 5 years

OPERATIONS

East Kundana JV (TBR: 36.75%, RND: 12.25%: NST: 51%)

Open pit mining commenced in 2006 with three deposits currently being worked underground including Raleigh, Rubicon, and Pegasus. Following a number of operator and ownership changes **Northern Star Mining Ltd** (ASX: **NST**) is currently the operator at the EKJV.

FIGURE 1: West Kundana and East Kundana JV location.
(*Source*: **TBR**, Annual Report , 30/6/2019).

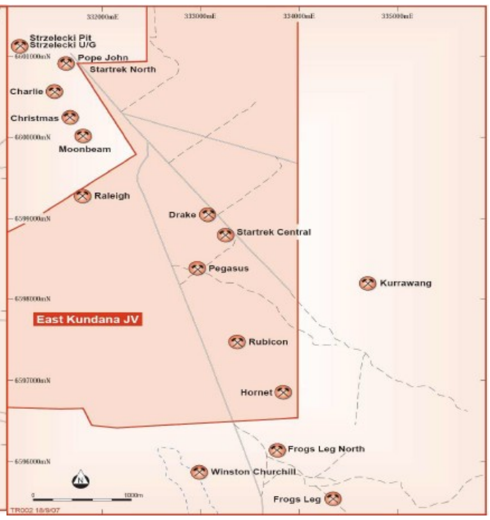


FIGURE 2: EKJV deposit locations.
(*Source*: **TBR**, Annual Report , 30/6/2019).

Rubicon and Hornet

Gold production over 1H 2020 at Rubicon, Hornet and Pegasus (Figure 3) was estimated at 172,225t @ 5.5 g/t Au for 30,661 oz of gold (31/12/2018: 267,687t @ 5.66 g/t for 48,712 oz of gold). The Rubicon decline is now at 585m below surface, Hornet at 632m and the Hornet Exploration decline is at 682m below surface.

Pegasus

Mine production for 1H2020 was 291,934t @ 4.73 g/t Au for 44,361 oz of gold.

Ore Processing

459,957t were processed through the Kanowna Belle Plant and 88,704t through Greenfields Mill over the 1H from Rubicon and Raleigh. A total of 30,267t were processed from Rubicon. **TBR’s** share was 36,418 ounces (1H 2020 2018: 48,712) of gold and 5,700 ounces of silver.

Comment

Overall mine production was down 13% and ounces produced down 25% YOY with further development/support having being required (in particular Raleigh) as mines deepen. Campaign milling at three different plants has made the projection of YOY gold production challenging however we are confident of FY 2020 production in the order of 59,000 ounces at an AISC of just over $1,000 per ounce based on an average gold price received of A$2,432 per ounce (A$2,700 per ounce at the date of this report) generating an EBITDA of just over $73 million. This assumes total exploration expenditure of $15 million and capex of around $14.6m. **RMR** anticipate increasing exploration expenditure at Japa (Ghana) and Diwalwal (Philippines) as **TBR** looks to advance other gold projects.

Attributable gold production factors in existing reserves only…..

…...with no provision for in-mine, brownfields or greenfields exploration success

Free cash flow is projected to diminish slightly as exploration ramps up in Ghana and the Philippines….

...however our base case LOM gold forecast of A$2,432 is conservative compared to prevailing gold prices

*The **TBR** share price is reflecting a value of only $44m for the EKJV….*

...compared to our base case NPV_5 of over $350 million for the EKJV

Figure 4: TBR-EKJV attributable gold production + AISC

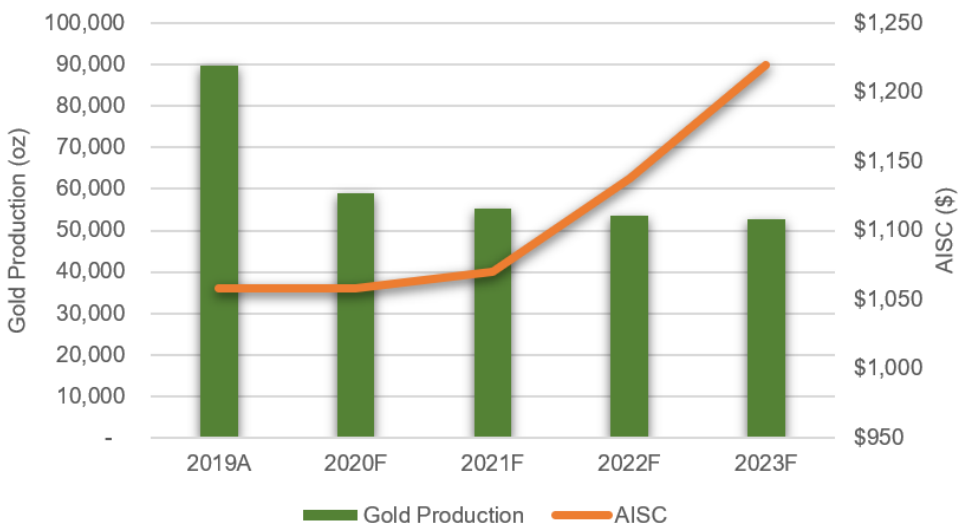


Figure 5: TBR-Free Cash Flow

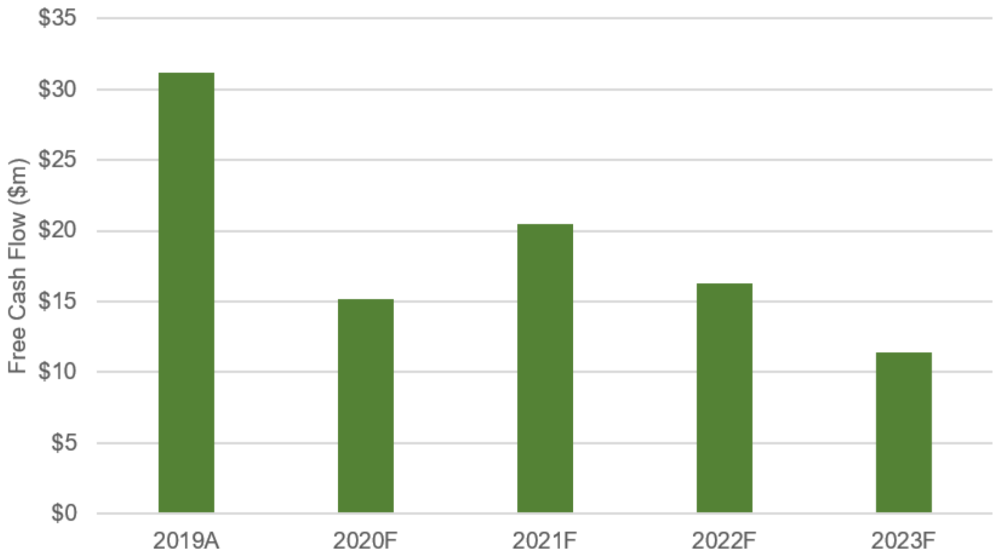
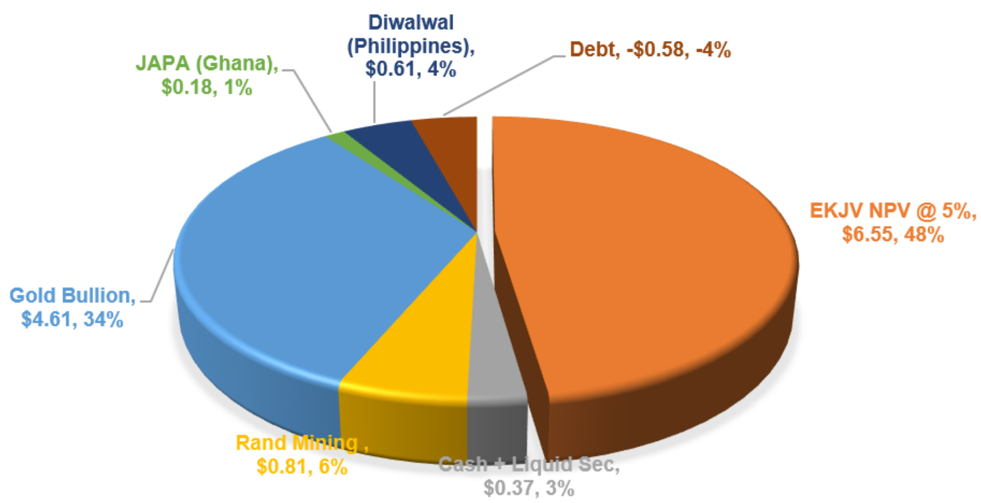


FIGURE 6: TBR VALUATION



Near Mine Exploration-Rubicon, Hornet & Pegasus

Near mine exploration has continued to intercept significant gold mineralisation along the Falcon trend

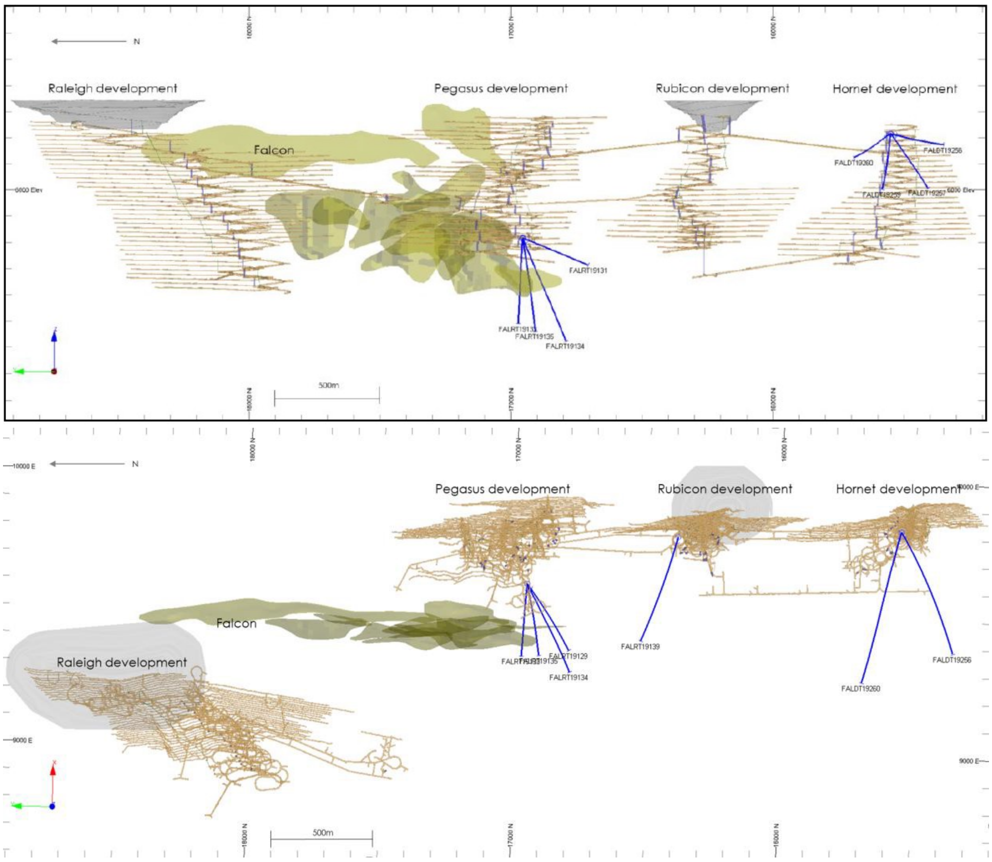


FIGURE 6, 7: Overview of Falcon, Pegasus-Rubicon and Hornet showing diamond drilling undertaken over 1H 2020. (*Source*: **TBR** ASX Announcement, 6/12/2019).

Drilling to target southern extensions to Falcon trend…

...in addition to southern extensions of the same trend in vicinity of Mary Fault

Hole ID	East MGA	North MGA	RL	Dip	Azi	Hole Depth m	From m	To m	Est True Width m	Grade g/t
FALRT19133	332875	6598037	-184	-49	212	529	224.05	224.55	0.2	7.4
FALRT19135	332875	6598037	-184	-54	227	529	255.91	256.23	0.5	28.3
FALRT19135							269.82	270.24	0.2	10.4
FALRT19256	333748	6596916	214	-8	208	487	104.15	105.17	0.8	11.4
FALRT19256							119.25	120	0.6	13
FALRT19260	332875	6596916	214	-8	256	531	125	125.5	4.6	0.3

TABLE 1: Underground diamond drilling highlights from 1H 2020 at Falcon, Pegasus-Rubicon (*Source*: **TBR** ASX Announcement, 6/12/2019).

A total of seven diamond drill holes for 3,333 metres were completed with all holes targeting the Falcon trend (figure 6 & 7) and was successful in intersection a number of high-grade narrow intercepts (table 1). Drilling was conducted from underground platforms in Hornet Incline and the Pegasus RAW.

Ongoing drilling from underground will continue to target the southern extensions of the Falcon trend in the vicinity of the Mary Fault zone, in addition to targeting mineralisation along footwall zone east of Pegasus and Rubicon.

![rm Research logo]

EXPLORATION

Japa Project (TBR: 80%)

Location and Access

Japa Mining Lease granted in July 2019…

...situated in the prolific Proterozoic Birimian Formation in Ghana

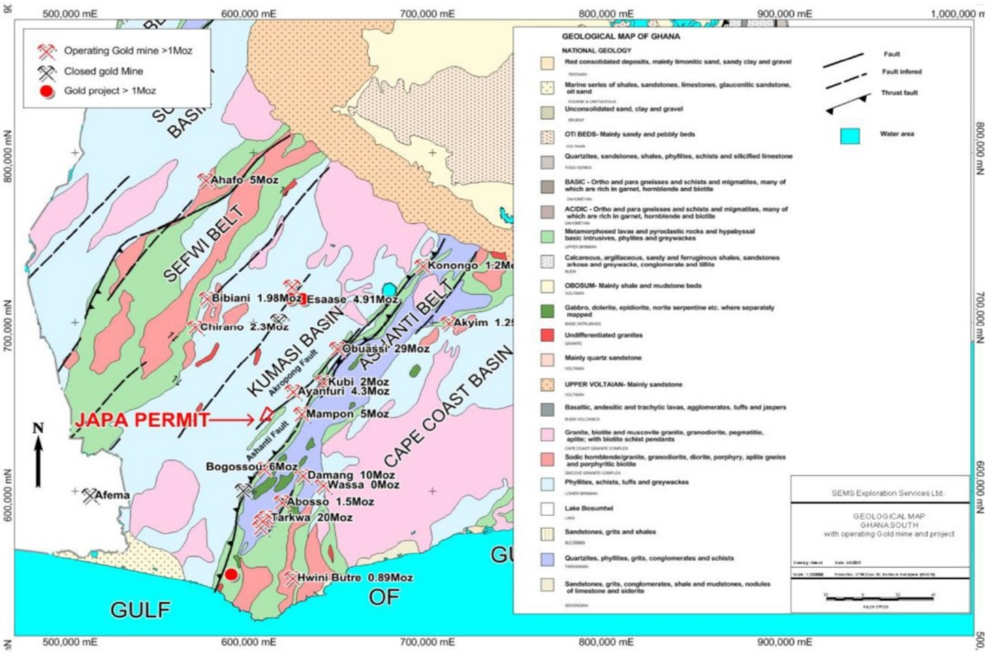


FIGURE 8: JAPA Mining Lease, Ghana. (*Source*: **TBR** ASX Announcement, 16/11/2016).

The Japa Project (“Japa”) is situated within the eastern portion of the Kumasi Basin in south-eastern Ghana, West Africa (figure 8).

Tenements

The Mining Lease for Japa was granted in July 2019 and covers 26.20km^2 within the Akropong Belt (figure 8), an offshoot of the prolific Ashanti belt. **TBR** have an 80% interest with the Ghanaian Government and Edelman Ltd holding a 10% net profit interest respectively.

Geology and Mineralisation

The project is situated within the eastern portion of the Kumasi Basin of the Proterozoic Birimian Supergroup (figure 8). Steeply dipping and localised folded rocks consist of sandstones and siltstones with pyritic and graphitic alteration with gold mineralisation predominantly structurally controlled. Gold mineralization is associated with quartz-carbonate ± pyrite sub-vertical to steeply dipping veins and a secondary more gently dipping vein set.

Previous results announced in November 2016 suggest potential for a large tonnage modest grade oxide gold resource...

Recent Exploration

Over 2014 to 2016 a total of 4,800 metres were drilled by **TBR** with better results including:

- JRC 375: 13m @ 4.87g/t Au from 7 metres downhole
- JRC 422: 13m @ 1.97g/t Au from 93 metres downhole
- JRC 423: 15 metres @ 2.18g/t from 36 metres downhole

Japa Project (Cont)

gold grades linked to quartz vein density...

At the Adiembra Prospect (Japa Project), mineralisation strikes broadly north-northwest and comprises mostly planar undeformed quartz veins ranging from a few centimetres up to 1m in thickness (figure 9). Minor pyrite and carbonate is associated with the veins and the wall rocks are silicified.

FIGURE 9: RC drilling at Adiembra (*Source*: **TBR** ASX Announcement, 16/11/2016).

Surface mapping undertaken by **TBR** identified north-northwest striking veins were regularly spaced at approximately 50cm to 1.5m with thinner veins more densely spaced than thicker veins. These veins range from northwest to northeast in strike and dip from 20º to 45º east or west. The dominant strike of the secondary lodes is northwest with a dip of 40º towards the north.

RC and diamond program is currently testing mineralisation over 3.5-4km strike down to 100-150 metres depth...

...potential for large tonnage, modest grade gold open pit-table gold resource treating oxide material.

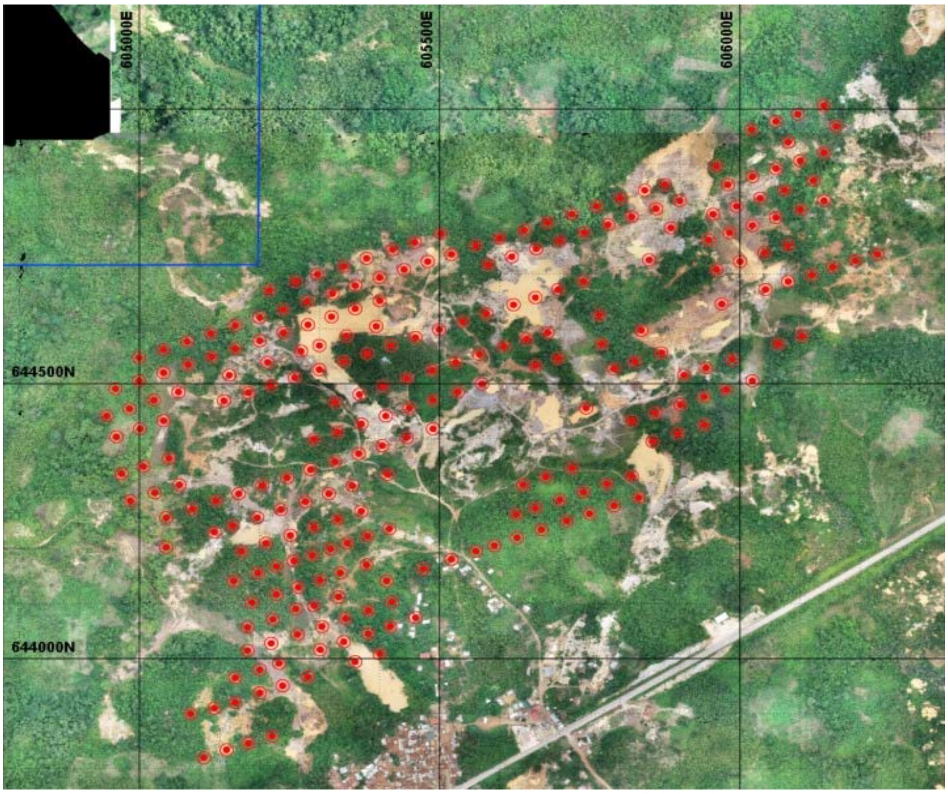


FIGURE 10: Adiembra Prospect (Japa Project) planned RC/diamond holes. (*Source*: **TBR** ASX Announcement, 30/1/2020).

Current Exploration

A 50,000 metre RC and diamond program commenced in January 2020 (figure 10) and was designed to infill previous drilling undertaken over 2014-2016 at an average line spacing of 100 metres. Drilling is likely to test the strike and depth extent of gold mineralisation over 4 kilometres down to 100 - 150 metres depth. **RMR** consider the project has potential for a bulk tonnage +30Mt, modest grade (1-2g/t Au) oxide JORC Resource that could potentially supply **PRU's** 5Mpta Edikan Gold Plant (15km west of the project area) or support a stand alone gold operation.

Diwalwal Project (80% Economic Int, 40% Legal Int)

Location and Access

Pacominco Contract area is situated within a Mineral Reservation covering of 1620ha…

The Diwalwal Gold Project Gold Project ("Diwalwal" or "the Project") lies within the northern portion of the Davao Mineral District of South-East Mindanao Island (Figure 11). The island of Mindanao lies close to the southern extremity of the Philippine Archipelago and is serviced by domestic and international airlines.

...the project is already permitted for mining subject to the satisfaction of the lodgement of statutory environmental and mining studies

The Project is situated on a mineral reservation within the Municipality of Monkayo (Province of Compostella Valley), province of Davao Oriental some 150km north of Davao City.

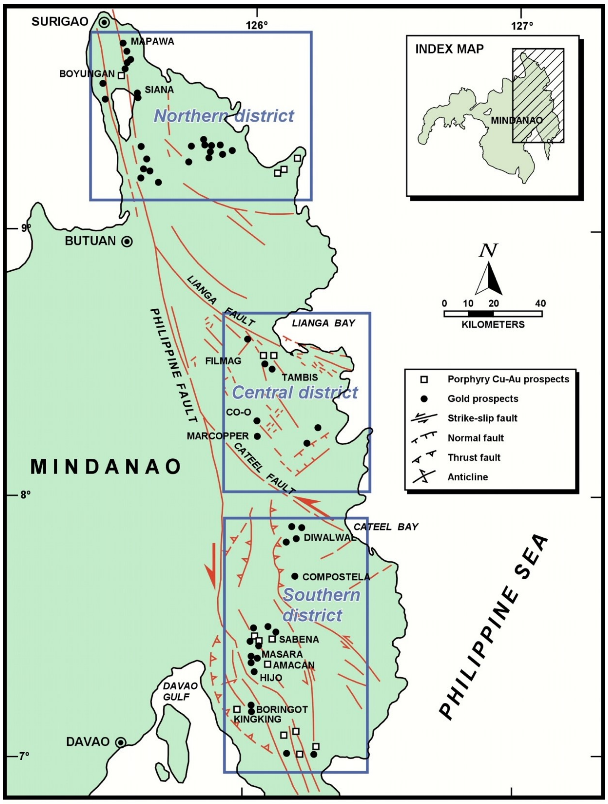


FIGURE 11: Au + Cur occurrences in eastern Mindanao, Philippines. (*Source*: **TBR** ASX Announcement, 6/12/2018).

Tenements

The tenement is located at the northern most block of the Diwalwal Mineral Reservation Area (Figure 12) and covers an area of 1,620 ha and includes the Upper Ulip and Upper Paraiso areas.

The tenement was issued by government owned **Philippine Mining and Development Corporation ("PMDC")** in 2008 with the Pacominco Contract Area tenement providing the right to explore, develop, utilise, and process the mineral resources on the Reservation for a period of 25 years (renewable up to 50 years).

Right to explore, develop, utilise and process minerals for 25 years..

...renewable up to 50 years.

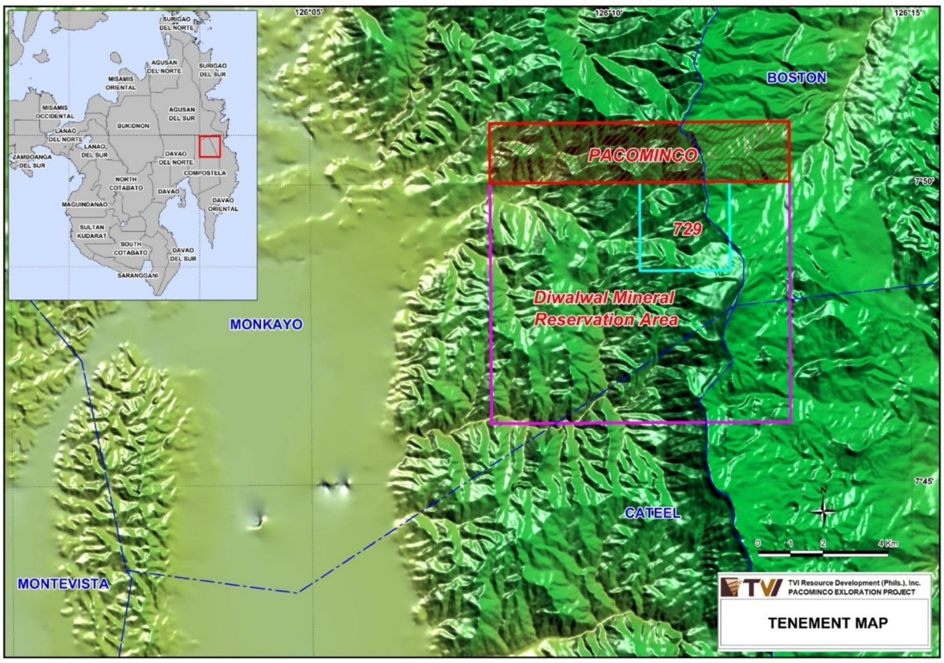


FIGURE 12: Diwalwal Mineral reservation. (*Source*: **TBR** ASX Announcement, 6/12/2018).

Diwalwal Project (cont)

Geology and Mineralisation

Gold mineralisation is associated with east north east trending structures

The Project is underlain by a sequence of intercalated volcaniclastics with minor interbeds of sandstone, shale and mudstone, andesitic to basaltic volcanic flows and pyroclastics. In the north, this volcanic sequence is intruded by andesite porphyry and to the south by hornblende andesite porphyry.

Northeast-northwest lineaments, which are loci of gold/silver vein-type mineralization, dissect the tenements The sub-parallel northeast-trending faults (Figure 13) dissecting the Eastern block of Naboc River served as major pathways for the eastward lateral migration of ascending hot neutral-chloride water, enriched with silica, gold and silver. Its silica and metal contents are dumped along open fractures as it penetrated the cooler margin of the hydrothermal system. This system gave rise to stock work, vein filling and hydrobreccia gold-silver mineralization in the Eastern bloc. This is exemplified by the Balite and Buenas-Tinago vein system with a traceable strike length of 2-6 kms. from the Naboc River in the west and extends up to the contact of the limestone and clastic sediments in the East.

...mineralisation can be traced for between 2 and 6 kilometres

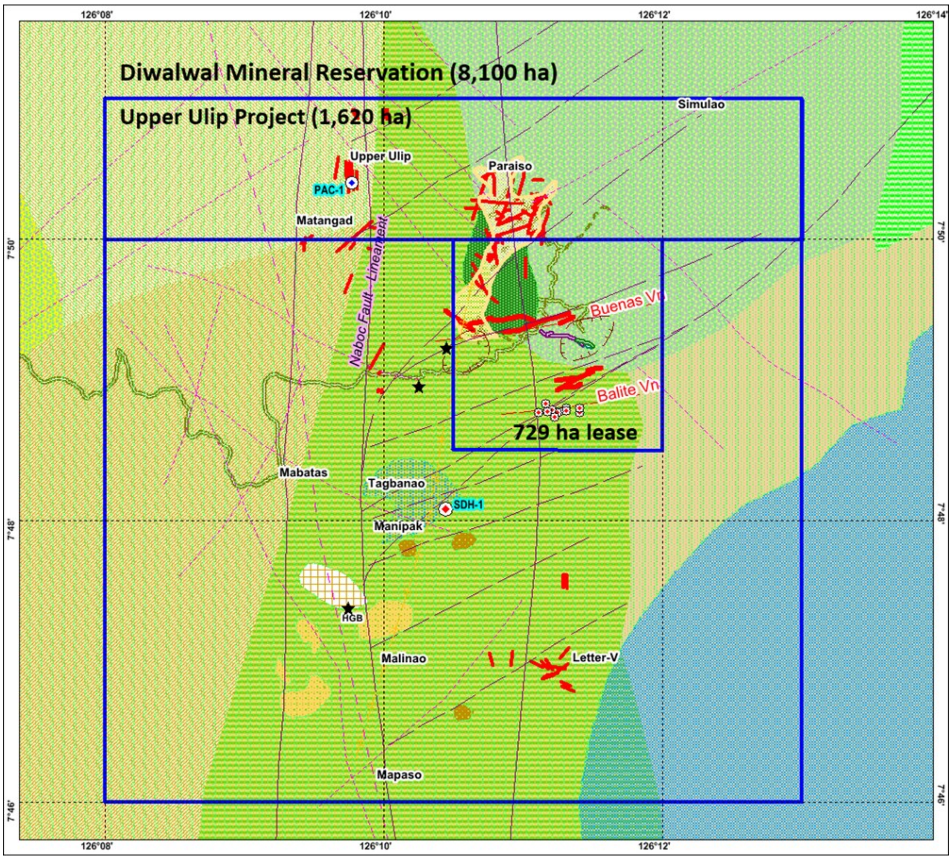


FIGURE 13: Geology and Prospect Locations within Diwalwal Mineral Reservation. (*Source*: **TBR** ASX Announcement, 6/12/2018).

Principle Diwalwal Vein Systems

...average width of 2.5-3.0 metres

The Balite and Buenas-Tinago vein systems are the two most productive gold-bearing fissure veins/breccia veins that host the gold deposits in Diwalwal. They are parallel to sub-parallel and trend in an ENE-SWS orientation. The Buenas-Tinago vein is approximately 900m to the north of the Balite vein and are best developed in the volcaniclastics, andesite volcanic flows and pyroclastics. With an average width of 2.5m to 3m, the veins pinch and swell from 0.3m to 15m in dilatant zones. Both veins laterally and vertically manifest sigmoidally curving orientations, offsets and slickensides indicating sinistral and dextral movements.

rm Research

Gold mineralisation is associated with east north east trending structures

***TBR** are likely to focus on drilling around the Victory Tunnel vicinity on the Balite Vein where **PMDC** outlined 2Moz of gold in 2006 (Non-Jorc)…*

...Steep topography and access to high-grade mineralisation from existing portals is ideally configured for underground mining

Diwalwal Project (cont)

Geology and Mineralisation

The Diwalwal Gold Project is underlain by a sequence of intercalated volcaniclastics with minor interbeds of sandstone, shale and mudstone, andesitic to basaltic volcanic flows and pyroclastics. In the north, this volcanic sequence is intruded by andesite porphyry and to the south by hornblende andesite porphyry.

Previous Exploration

Previous diamond drilling by **PMDC** at the Victory Tunnel (part of the Pacominco Contract area-Figure 14) was successful in outlining Non JORC Resources of approximately 8Mt @ 7 g/t Au for a total of 2 Moz.

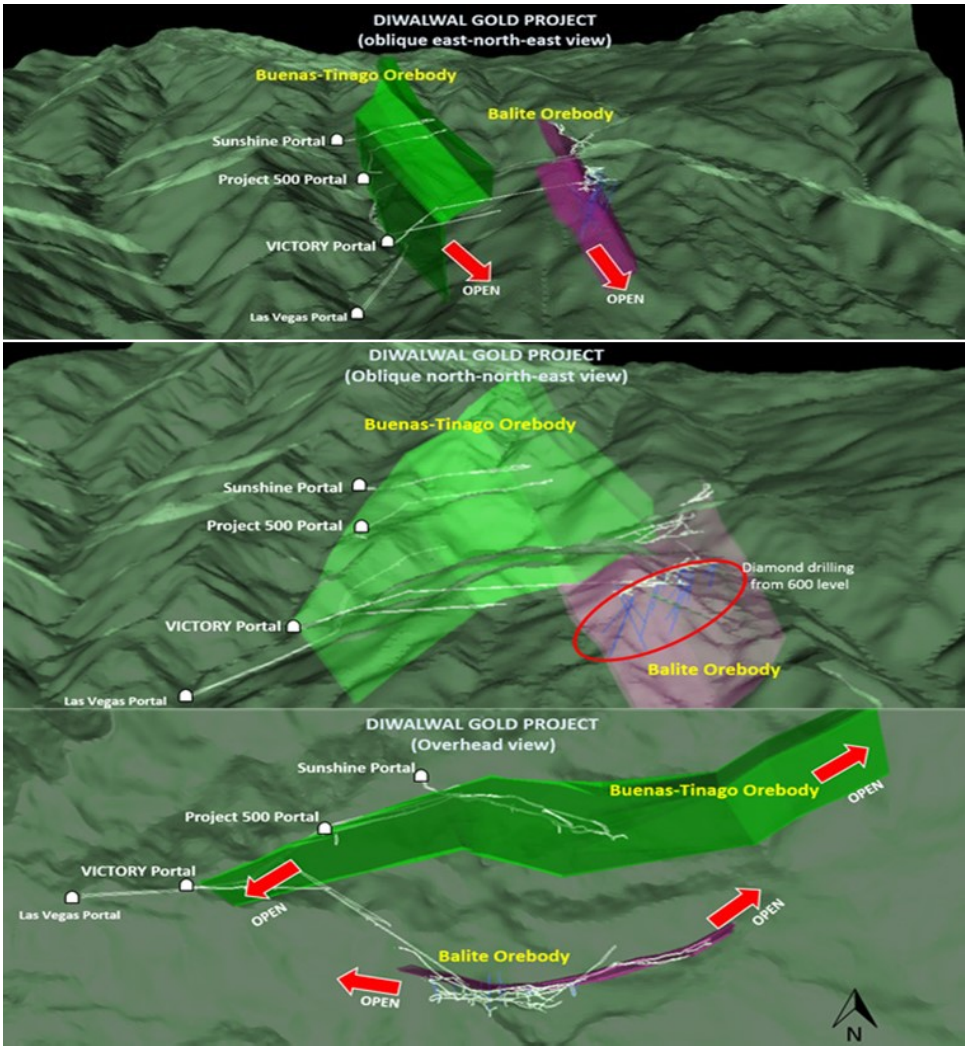


FIGURE 14: Geology and Prospect Locations within Diwalwal Mineral Reservation. (*Source*: **TBR** ASX Announcement, 6/12/2018).

Diwalwal Project (cont)

Current Exploration

TBR have been focussed on rehabilitation of the Victory Tunnel over the last 18 months (and associated site works/infrastructure) with diamond drilling set to commence in April 2020, targeting the area of the Non-JORC Resource outlined by **PMDC**.

__TBR__ are focussing their underground diamond drilling efforts next month on the Balite Vein which can be accessed from the Victory Portal...

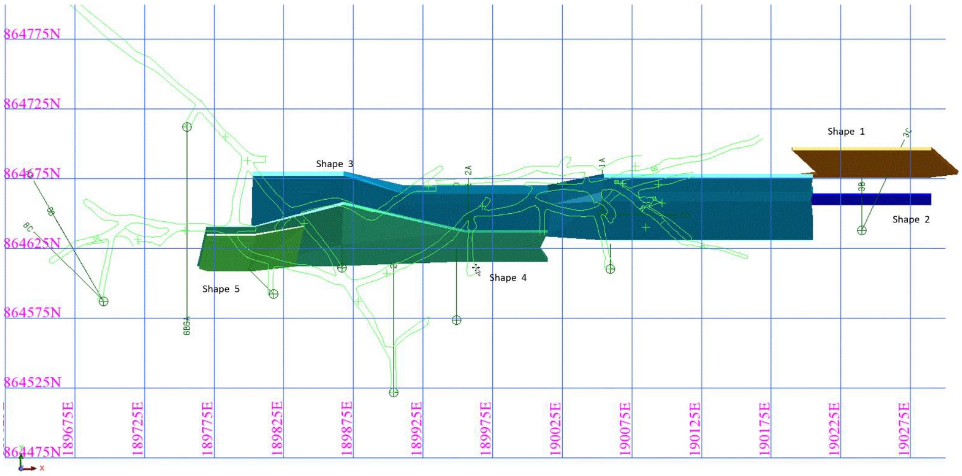


FIGURE 15: Balite Exploration Target showing interpreted lodes (Shape 1 to Shape 5) within the vein system, along with the mine development (green) and diamond drill hole traces (black). (*Source*: **TBR** ASX Announcement, 6/12/2018).

Mineralisation on Balite intersected by __PMDC__ in 2006 remains open at depth and along strike…

...conservative exploration target of 1.5 - 2.0Mt @ 7.5-9.5g/t Au

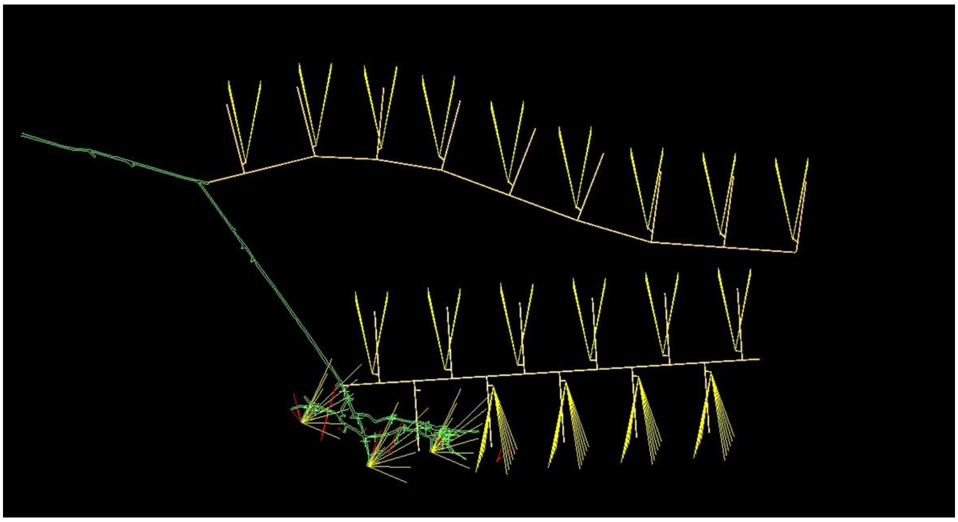


FIGURE 16: Balite drilling plan at the Victory Tunnel targeting the Central and Balite veins (green) and diamond drill hole traces (black). (*Source*: **TBR** ASX Announcement, 6/12/2018).

TBR have published (**TBR** ASX Announcement 8 December 2018) an [1]Exploration Target (2012 JORC) for the Balite vein in the range of 1.5 Mt to 2.0 Mt at a grade of between 7.5 to 9.0 g/t Au (Figure 15). This estimate covers a strike of 550m and 200m of vertical extent in the mid levels of the Balite vein system below the existing workings from the 600m Level down dip to 400 mRL (Figure 15-16).

RMR notes that the target is not closed off and further exploration potential exists down dip and along strike to the east. Given the limited exploration on the tenement, **RMR** is optimistic of success and are hopeful of a JORC 2012 Resource over the next 12-18 months.

GOLD OUTLOOK

Impending global recession and the corona virus are likely to push gold prices in the medium term…

...strong ETF buying is continuing to have an effect on gold prices

...Morgan Stanley projecting US GDP to drop 30% in Q2, unemployment to rise to 12.8%

*A$ gold prices above $2,700/oz are contributing to strong margins for **TBR***

Continuing positive sentiment towards gold and fears of a global recession are underpinning gold prices (Figure 17). Yet again we see gold's role as a hedge against economic uncertainty remaining negatively correlated to equity markets and base metals. We are confident of seeing gold break through US$1,700 in the medium term as the coronavirus continues to put the breaks on economic growth. Morgan Stanley are project global growth to fall 30% with unemployment to rise to 12.8%-factors likely to drive gold prices higher. Importantly for **TBR**, gold prices above A$2,700 continue to generate strong margins with AISC around A$1,000/oz.

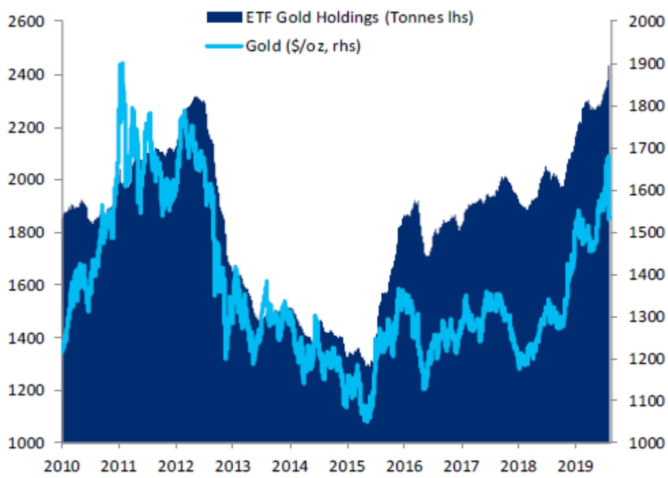


FIGURE 17: 10 year spot gold price (USD) v ETF Gold Holdings (*Source:* **City Research**, 20 March 2020).

COMPARATIVE VALUATION

__NCM__ and __SLR__ are trading at significant premiums to NAV...

...while __TBR__ is trading at a 59% discount to NAV…

...making __TBR__ one of the most undervalued ASX listed gold producers

RMR's comparative valuation (Figure 18) of ASX listed gold producers shows a sector making substantial margins but recently suffering from heavily selling as a fall out from the broader market retracement with average premiums to NAV of around –1.5% with **NCM** (75%) and **SLR** (18%) trading at the highest premiums while **TBR** is the stand-out trading at a jaw dropping 59% discount to NAV.

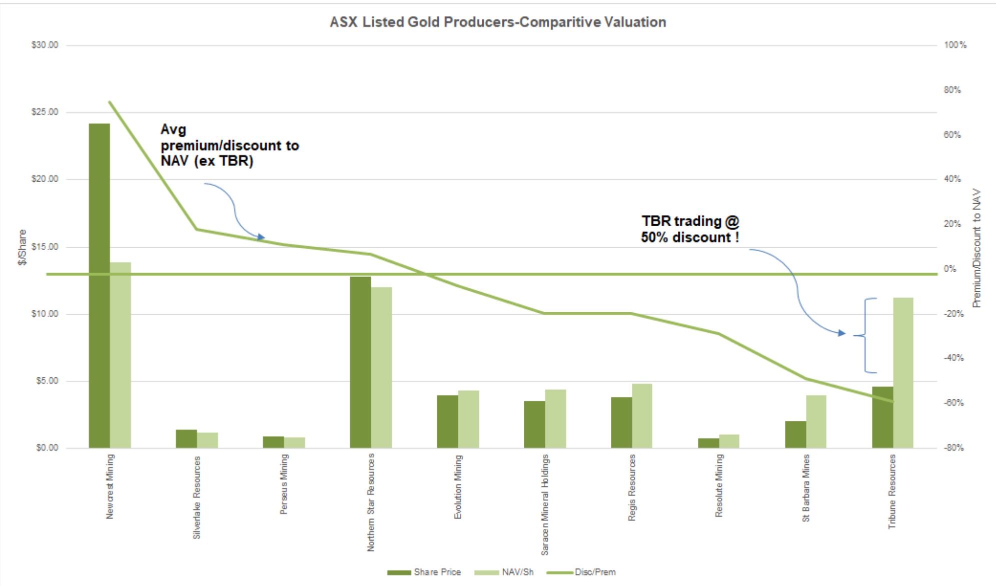


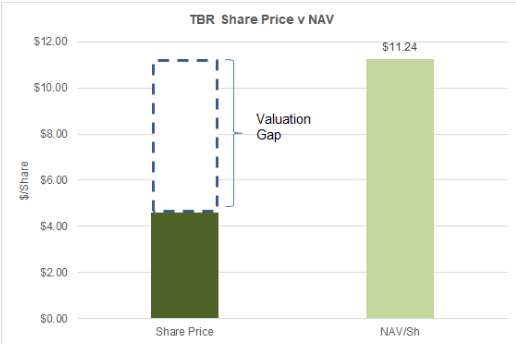
FIGURE 18: ASX listed gold producers—comparative valuation.

COMPARATIVE VALUATION (cont)

FIGURE 19: **TBR** Share price v NAV.

The tight capital structure, relatively small scale production and enigmatic management style of the board has contributed in part to this lack of market recognition manifesting itself in a very low valuation.

Our Gold Production v AISC shows our comparable basket of producers with healthy operating margins at current gold prices (>$2,700/oz) with **TBR** in the lowest cost quartile at an AISC of $1,058.



With gold at >A$2700, our basket of ASX gold producers are generating strong mar-

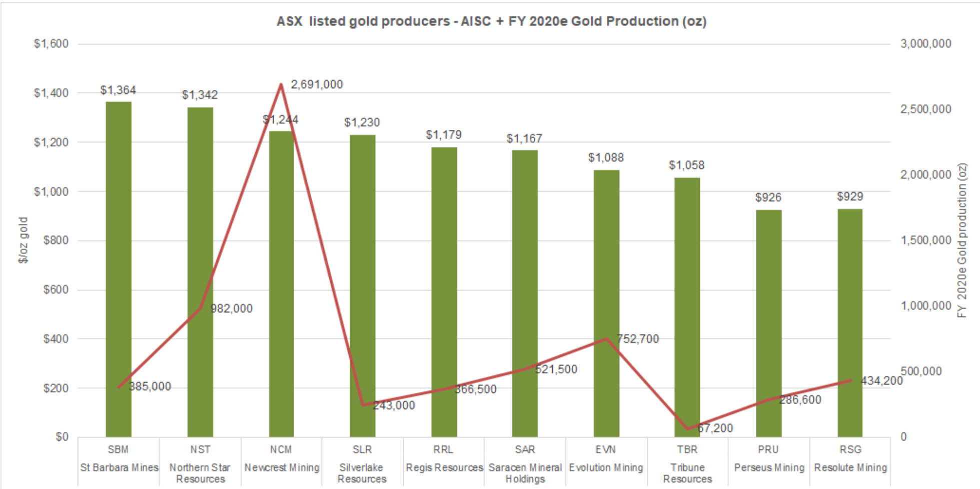


FIGURE 20: ASX listed gold producers ASIC v FY2020e gold production (oz).

TBR Performance has been impressive but still lags behind most peers…

Strong performance across the basket of gold producers…

*…with **NST** the standout*

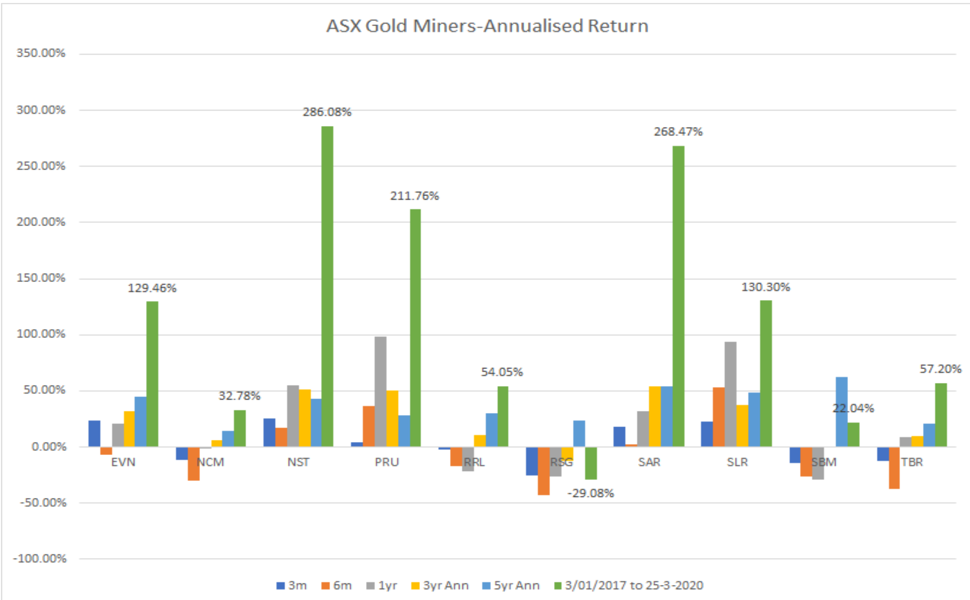


FIGURE 21: ASX listed gold producers cumulative 5 yr performance. (*Source*: Arro Funds Management, Mar. 2020)

Tight capital structure, small scale production, enigmatic management style have contributed to a lack of market recognition...

CORPORATE

TBR announced on 5 February 2020 an intention to buy back up to 4.9 million Shares on-market which would reduce the issued capital of the Company to 50.60 million Shares if fulfilled. To date 100,000 shares have been bought back.

KEY RISKS

POLITICAL RISK: While near term production represents a relatively low risk proposition the Philippines has presented challenges to mining companies in recent years however the majority of issues have been associated with open cut mines in wetlands. As Diwalwal is an underground mine we don't see this as an issue with New Peoples Army ("NPA") activity/unrest appearing to subside over recent years under the Duterte regime.

PERMITTING: As JAPA and Diwalwal are on existing mining leases we consider this a low risk for **TBR**.

GOLD PRICE/EXCHANGE RATE OUTLOOK: **TBR** is entirely exposed to the gold price/ exchange rate whose volatility has helped push gold producer valuations up over the last 12 months. Our near term projections are likely to see upside risk to the gold price.

MANAGEMENT RISK: TBR will need to strengthen their management and technical team to progress Diwalwal and Japa as these projects mature. The current resources at the Company are limited and this remains a risk moving forward.

FINANCE RISK: With a strong balance sheet ($257 million in cash/bullion) we consider this to be a very low risk in the current operating environment.

CAPITAL STRUCTURE	2019A	2020F	2021F	2022F	2023F
Total Shares on issue (m)	55.5	55.4	55.4	55.4	55.4
Share Price (A$)	5.20	5.20	5.20	5.20	5.35
Market Capitalisation (A$m)	288.6	288.1	288.1	288.1	296.4

PRODUCTION FORECASTS	2019A	2020F	2021F	2022F	2023F
Gold Production (oz) (attrib)	89,876	59,057	55,162	53,517	52,853
TOTAL (oz)	**89,876**	**59,057**	**55,162**	**53,517**	**52,853**
Gold Price (A$/oz)	$1,872	$2,426	$2,426	$2,426	$2,426
AISC Costs (A$/oz)	$1,058.08	$1,058.08	$1,070.23	$1,138.03	$1,219.79
Cash Margin (A$/oz)	$814.07	$1,368.39	$1,356.24	$1,288.44	$1,206.68

PROFIT & LOSS	2019A	2020F	2021F	2022F	2023F
Gold Sales	273.5	190.5	133.8	129.9	128.2
Other Income	(0.5)	(0.4)	(0.4)	(0.5)	(0.5)
TOTAL REVENUE	**273.0**	**190.1**	**133.4**	**129.4**	**127.8**
Operating Costs (A$m)	(149.4)	(77.0)	(46.8)	(48.4)	(48.5)
Dep/Amort (A$m)	(15.4)	(6.6)	(6.8)	(6.8)	(6.8)
Financing Costs (A$m)	(0.2)	(0.20)	(0.20)	(0.20)	(0.21)
Administration (A$m)	(5.2)	(4.38)	(4.47)	(4.56)	(4.65)
Changes In Inv (A$m)	(1.7)	22.6	-	-	-
EBIT (A$m)	101.1	73.2	75.1	69.5	67.6
Interest Expense (A$m)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
EBT (A$m)	100.9	73.3	75.3	69.7	67.9
Abnormal Gain (A$m)	-	-	-	-	-
Operating Profit (A$m)	100.9	73.2	75.3	69.7	67.9
Tax (A$m)	(47.0)	(23.6)	(22.6)	(20.9)	(20.4)
NPAT	**53.9**	**49.6**	**52.7**	**48.8**	**47.5**

FINANCIAL POSITION	2019A	2020F	2021F	2022F	2023F
ASSETS					
Current Assets					
-Cash + Debtors (A$m)	44.4	59.6	80.1	96.3	107.7
-Inventories + Receiv (A$m)	105.2	118.0	118.0	118.0	118.0
Total current assets	149.6	177.6	198.1	214.3	225.7
Non-Current Assets					
-Financial Assets (A$m)	0.30	0.33	0.30	0.33	0.31
-Property, Plant & Equip (A$m)	42.0	43.23	43.66	44.10	44.54
-Exploration & Evaluaiton (A$m)	3.6	17.8	21.64	25.50	29.37
-Mine Development (A$m)	33.1	45.49	56.14	67.11	81.11
- Deferred Tax (A$m)	5.5	5.76	5.87	5.99	6.11
-Other		3.15	3.21	3.27	3.34
Total non-current assets	84.5	112.6	127.6	143.0	161.4
TOTAL ASSETS	234.1	290.2	325.7	357.4	387.2
LIABILITIES					
Current Liabilities					
Trade + oth Payables (A$m)	14.3	16.69	17.02	17.36	17.71
Borrowings (A$m)	2.7	-	-	-	-
Lease Liabilities (A$m)	0.0	3.48	3.55	3.63	3.70
Income Tax (A$m)	27.6	2.83	2.89	2.94	3.00
Provisions (A$m)	0.08	0.09	0.09	0.09	0.09
Total non-current liabilities	44.8	23.1	23.5	24.0	24.5
Borrowings (A$m)	1.5	-	-	-	-
Lease Liabilities (A$m)	0.0	-	-	-	-
Deferred Tax (A$m)	8.1	8.29	8.46	8.62	8.80
Provisions (A$m)	0.8	0.84	0.85	0.87	0.89
Total non-current liabilities	10.5	9.1	9.3	9.5	9.7
TOTAL LIABILITIES	55.2	32.2	32.9	33.5	34.2
NET ASSETS	178.9	257.9	292.8	323.8	353.0

SURPLUS FUNDS	2019A	2020F	2021F	2022F	2023F
Net Profit	53.9	49.6	52.7	48.8	47.5
+Dep/Amort	15.4	6.6	6.8	6.8	6.8
-Exploration Expenditure	15.0	15.3	15.5	15.5	15.5
-Capex	12.0	14.6	12.4	12.8	16.3
-Dividends	11.1	11.1	11.1	11.1	11.1
CASH FLOW	**31.2**	**15.2**	**20.5**	**16.2**	**11.4**
+Equity (Rts,plc,opts)	-	-	-	-	-
+Loan Drawdown	-	-	-	-	-
PERIOD SURPLUS (A$m)	**31.2**	**15.2**	**20.5**	**16.2**	**11.4**

EARNINGS RATIOS	2019A	2020F	2021F	2022F	2023F
CFPS (c)	56.2	27.4	37.0	29.3	20.6
CFM (x)	0.09	0.19	0.14	0.18	0.26
EPS (c)	97.2	89.5	95.2	88.0	85.7
PER (x)	5.4	5.8	5.5	5.9	6.2
DPS (c)	20.0	20.0	20.0	20.0	20.0
Div Yield (%)	3.8%	3.9%	3.9%	3.9%	3.7%

ASSET VALUATION	A$m	A$/sh
EKJV NPV @ 5%	363.5	6.55
Cash + Liquid Sec	20.4	0.37
Rand Mining	45.2	0.81
Gold Bullion	256.0	4.61
JAPA (Ghana)	10.0	0.18
Diwalwal (Philippines)	34.0	0.61
Debt	-32.2	-0.58
TOTAL	**696.91**	**12.56**

RESOURCES	mt	g/t	Au (koz)
Raleigh U/G	683	9	198
Drake U/G	45	3.7	5
Pegasus U/G	1,035	6.6	220
Pode U/G	893	7	201
Rubicon U/G	726	5.3	124
Hornet U/G	1,580	4.9	249
Hornet Pit	218	4.1	29
Golden Hind U/G	234	5.2	39
Falcon U/G	742	4.8	115
Falcon North U/G	41	4.2	6
TOTALS	6,197	6.20	1,184
Equity Share Gold	4,648	6.20	888

RESERVES	mt	g/t	Au (koz)
Raleigh U/G	830	7.4	197
Pegasus U/G	1,723	0.6	33
Pode U/G	1,532	5.8	286
Rubicon U/G	1,126	4.8	174
Hornet U/G	460	4.3	64
Hornet Pit	134	5.8	25
TOTALS	5,805	6.1	779
Equity Share Gold	2,177	6.1	292
Resources are inclusive of reserves and are not equity accounted			
Reserves and resources are depleted by production			

EARNINGS FORECASTS	2019A	2020F	2021F	2022F	2023F
Production (oz)	89,876	59,057	55,162	53,517	52,853
AISC ($/oz)	1,058	1,058	1,070	1,138	1,220
Net Profit (A$m)	53.9	49.6	52.7	48.8	47.5
Cash Flow (A$m)	31.2	15.2	20.5	16.2	11.4

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RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Buy	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
Speculative Buy	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
Hold	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
Sell	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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