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ASX-listed gold review

TALKING POINT – WHAT COULD POSSIBLY GO WRONG?

As we went to publish this edition of the Gold Tracker, it had been our observation that consensus on the gold price had become almost universally positive. We had also noted over the last few weeks that silver had finally begun to outperform gold – one of the last elements that had been missing from the bull market landscape and signalling to us the further maturation of positive gold market sentiment.

A few pink flags in a maturing gold bull market

However, a couple of cautionary elements had also begun to emerge. We saw stories in the paper of university students and rugby players recounting happy tales about the money they have been making in gold bullion and gold equities: Just close your eyes and buy – what could possibly go wrong? From a more technical point of view, some key gold equities had stopped outperforming the gold price. In the last few weeks (from 21 July), the A\$ gold price rallied a further ~10% to the end of last week and set fresh all-time highs. Despite this exciting environment, the ASX Gold Index (XGD) was up only 3% and benchmark names struggled to maintain recent highs - several were actually down over that period. Whether this represented a bearish view on the gold price creeping into the market, or simply buying fatigue, it was a notable shift in sentiment.

We should not be surprised that some volatility is emerging. Our latest price charts show the gold and silver prices well extended above their moving averages and US 5yr TIPS oversold. Gold and silver had become overbought on standard RSI indicators. The mean reversion of the gold-silver ratio from multi-decade highs was spectacular. A correction of sorts was looking due and valuations close to all-time highs for bullion and equities presented a profit-taking opportunity for many.

Overall, still a supportive price environment: buy the dip

Still, while this price move is technically damaging and we'll now be looking for some consolidation to provide support to the medium-term outlook, we see the gold price environment remaining favourable. Gold and silver prices in both US\$ and A\$ terms remain above key support levels, gold remains relatively cheap in relation to US Equities (as measured against the Dow Jones Industrial Average) on a 10 year average basis and, importantly, real interest rates remain at 7-year lows, deep in negative territory. The economic impact of COVID-19 restrictions and second and third wave infections remain a rolling and uncertain factor in the outlook. These are, in our view, likely to remain catalysts for Government stimulus packages and loose monetary policy settings across key global economies for the foreseeable future, keeping downward pressure on real interest rates. Finally, from a trading perspective, COMEX net long gold positioning remains elevated (at least until the day it doesn't).

To put the current market in perspective we have taken a look at the top-20 weekly gold price gains since 2005. This encompasses arguably four previous bull markets in gold, prior to the current one. So far, the biggest weekly gains of this market make just three appearances in a list dominated by gold's rally out of the GFC – possibly the nearest comparable to our current circumstances. So, while we can see this gold bull market maturing and that some consolidation to take the heat out of it is to be expected, we remain of the view the environment is supportive and this may be a 'buy the dip' opportunity.

Figure 1 - Top 10 weekly gold price gains since 2005				Figure 2 - Top 11-20 weekly gold price gains since 2005			
Posn	Date	Closing price US\$/oz	Weekly gain (%)	Posn	Date	Closing price US\$/oz	Weekly gain (%)
1	19-Sep-08	\$874	14.11%	11	12-Feb-16	\$1,238	5.50%
2	12-Dec-08	\$822	8.72%	12	20-Feb-09	\$993	5.44%
3	27-Mar-20	\$1,628	8.64%	13	21-Apr-06	\$634	5.14%
4	21-Nov-08	\$800	7.86%	14	12-Jul-13	\$1,286	5.11%
5	23-Jan-09	\$900	6.72%	15	24-Apr-09	\$913	5.06%
6	28-Oct-11	\$1,743	6.19%	16	24-Jul-20	\$1,902	5.06%
7	19-Aug-11	\$1,852	6.03%	17	12-Aug-11	\$1,747	4.97%
8	30-Jun-06	\$616	5.63%	18	5-Feb-16	\$1,173	4.94%
9	6-Mar-20	\$1,674	5.56%	19	29-Apr-16	\$1,294	4.91%
10	14-Jul-06	\$664	5.55%	20	23-Nov-07	\$824	4.77%

SOURCE: BLOOMBERG AND BELL POTTER SECURITIES CALCULATIONS

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BELL POTTER PRECIOUS METALS COVERAGE**Table 1 - Bell Potter precious metals coverage**

Prices at 12/08/2020	Market capitalisation	Price	Target price	Recommendation
Regis Resources Ltd (RRL)	\$2,771m	\$5.45/sh	\$5.72/sh	Buy
Gold Road Resources Ltd (GOR)	\$1,474m	\$1.68/sh	\$1.80/sh	Hold
Westgold Resources Ltd (WGX)	\$912m	\$2.17/sh	\$2.90/sh	Buy
De Grey Mining Ltd (DEG)	\$860m	\$0.72/sh	\$0.69/sh	Buy (Spec)
Chalice Gold Mines Ltd (CHN)	\$294m	\$0.96/sh	\$1.30/sh	Buy (Spec)
Pantoro Limited (PNR)	\$282m	\$0.24/sh	\$0.25/sh	Hold
Breaker Resources NL (BRB)	\$62m	\$0.24/sh	\$0.65/sh	Buy (Spec)
Xanadu Mines (XAM)	\$41m	\$0.05/sh	\$0.14/sh	Buy (Spec)

SOURCE: BELL POTTER SECURITIES

RRL: RRL is one of our top picks among the ASX-listed gold producers due to its strong balance sheet, low costs, capital efficient growth and high shareholder returns. Furthermore, we view RRL's 100%-owned organic growth options as a strategic advantage vs peers and the McPhillamys development project in NSW as undervalued by the market.

GOR: Gruyere's production ramp-up is essentially complete, with ore production at design levels. Recent in-fill and extension drilling below the previous pit outline has seen the Gruyere JV upgrade the Measured and Indicated Resource component by 29% after mining depletion and lift total Gruyere Resources to 6.6Moz at a gold price of A\$1,850/oz ahead of an updated Reserve later in the year. GOR's 2020 guidance for its share of Gruyere production is 125-142.5koz at an average AISC of A\$1,100-A\$1,200/oz. GOR 100% owned regional exploration continues in its \$26m 2020 exploration budget.

WGX: : Production from sub-level caving at Big Bell is ramping-up after a delayed start from discovery of greater strike extension to the orebody that added 0.3Moz to the Resource. Big Bell was recently operating at about 0.5Mtpa rate and is expected to reach the target rate of 1Mtpa by the end of 2020, marking the completion of WGX's four year mine refurbishment program. WGX is now generating meaningful and growing free cash flow from its sole focus on the three Murchison operations which are now largely based on higher grade underground mines.

DEG: DEG is a gold exploration and development company, focussing its activities on the Mallina Gold Project (MGP) located 60km south of Port Hedland in WA. Over the last four years, DEG has expanded the area of the MGP to 1,500km² and grown the Resource base ~525%, from 346koz @ 1.6g/t Au in February 2016 to 2.2Moz @ 1.8g/t Au as at April 2020. In 2019, a new style of intrusion-related gold mineralisation was recognised at the MGP and a significant discovery made at the Hemi prospect. DEG is now ramping up its exploration efforts, with the objective of delivering significant Resource growth.

CHN: CHN has made two significant precious metals discoveries recently. The Julimar platinum group element (PGE) – nickel discovery just north of Perth in WA contains extensive palladium-rich mineralisation in a large Jinchuan-style magmatic deposit containing significant zones of high grade massive and disseminated mineralisation. The company has also discovered a potentially major new gold mineralised system under relatively shallow cover at its Pyramid Hill gold Project in Central Victoria.

PNR: Following a difficult CY19 during which its Nicolson's operation was mining constrained and underperformed, we continue to look for delivery vs guidance to drive a valuation uplift. The recent acquisition of a 50% managing interest in the Norseman Gold Project (NGP) adds a second high grade project that is well suited to PNR's skill-set. Exploration results and development milestones including a Resource and Reserve update and completion of a Feasibility Study are the key catalysts in coming quarters.

BRB: Is continuing to advance its 100% owned Lake Roe Gold Project, located 100km east of Kalgoorlie, 60km south-southeast of the operating 3.5Moz Carosue Dam gold mine. In September 2019 an updated Resource of 23.2Mt @ 1.3g/t Au for 981koz contained gold was announced, including 803koz @ 1.4g/t Au in the Indicated category and a high grade core of 673koz @ 2.2g/t Au. While Resource growth has been slower than expected we remain of the view that Lake Roe is a compelling greenfields gold discovery with potential for either standalone development or as a bolt-on acquisition.

XAM: XAM's recently revised strategy sees it now focused on expanding the primary porphyry copper-gold Resource at the 76.5% owned flagship Kharmagtai Copper-Gold Project in Mongolia, which currently contains 1.5Mt of copper and 2.8Moz of gold (100% basis). Assessment of shallow oxide gold mineralisation will be done as part of future development studies. The company has also commenced exploration at its Red mountain Project under a farm-in by JOGMEC under which it will spend up to US\$7.2m.

GOLD EQUITIES – PRODUCERS COMPS TABLE

Company	ASX Code	Price (\$/sh)	Market Cap (\$m)	Net Cash/(Debt) (\$m)	EV (\$m)	Current production rate (koz/pta)	Latest AISC (\$/oz)	AISC margin (\$/oz)	Implied AISC margin (\$/oz)	EV/AISC margin (\$m)	Total hedged (koz)	Avg hedged price (\$/oz)	Mark-to-market (\$m)	Net cash (debt)/Mkt Cap
Newcrest Mining Limited	NCM	\$34.10	\$27,828	-\$1,784.9	\$29,613	2,293	\$1,335	\$1,434	\$3,287.8	9x	559.2	\$1,897	-\$487.4	-6.4%
Northern Star Resources Ltd	NST	\$14.50	\$10,741	\$48.1	\$10,693	1,069	\$1,475	\$1,294	\$1,383.4	7.7x	536.4	\$2,084	-\$367.3	0.4%
Evolution Mining Limited	EVN	\$5.54	\$9,442	-\$196.4	\$9,639	872	\$1,088	\$1,681	\$1,466.2	6.6x	420.0	\$2,026	-\$311.8	-2.1%
Saracen Mineral Holdings Limited	SAR	\$5.41	\$5,967	\$48.0	\$5,919	583	\$1,152	\$1,617	\$943.0	6.3x	493.2	\$2,094	-\$332.7	0.8%
Regis Resources Limited	RRL	\$5.45	\$2,771	\$209.0	\$2,562	349	\$1,358	\$1,411	\$492.3	5.2x	399.5	\$1,614	-\$461.2	7.5%
St Barbara Limited	SBM	\$3.29	\$2,314	\$89.0	\$2,225	434	\$1,301	\$1,468	\$637.6	3.5x	187.1	\$1,982	-\$147.2	3.8%
OceanaGold Corporation	OGC	\$3.39	\$2,110	-\$189.7	\$2,299	235	\$1,923	\$846	\$198.5	11.6x	83.4	\$1,999	-\$73.3	-9.0%
Silver Lake Resources Limited	SLR	\$2.22	\$1,954	\$269.0	\$1,685	285	\$1,344	\$1,425	\$406.2	4.1x	155.6	\$2,147	-\$96.7	13.8%
Perseus Mining Limited	PRU	\$1.41	\$1,661	\$19.7	\$1,641	259	\$1,421	\$1,347	\$348.6	4.7x	323.1	\$2,008	-\$245.7	1.2%
Gold Road Resources Limited	GOR	\$1.68	\$1,474	\$84.0	\$1,390	144	\$1,233	\$1,536	\$220.7	6.3x	87.8	\$1,847	-\$80.9	5.7%
Resolute Mining Limited	RSG	\$1.21	\$1,334	-\$317.9	\$1,652	429	\$1,570	\$1,198	\$513.8	3.2x	213.0	\$2,262	-\$108.0	-23.8%
Westgold Resources Limited	WGX	\$2.17	\$912	\$137.4	\$774	239	\$1,638	\$1,131	\$270.4	2.9x	200.0	\$2,062	-\$141.3	15.1%
West African Resources Limited	WAF	\$0.91	\$793	-\$221.0	\$1,014	131	n/r	n/r	\$270.4	n/r	-	na	na	-27.9%
Alkane Resources Limited	ALK	\$1.06	\$628	\$72.7	\$555	53	\$1,368	\$1,401	\$74.8	7.4x	17.8	\$1,836	-\$16.6	11.6%
Red 5 Limited	RED	\$0.25	\$490	\$110.3	\$380	83	\$2,259	\$510	\$42.2	9x	67.0	\$2,090	-\$45.5	22.5%
Aurelia Metals Limited	AMI	\$0.53	\$459	\$79.1	\$380	131	\$1,104	\$1,665	\$218.3	1.7x	-	na	na	17.2%
Pantoro Limited	PNR	\$0.24	\$282	\$24.0	\$258	38	\$1,578	\$1,191	\$45.7	5.7x	-	na	na	8.5%
Dacian Gold Limited	DCN	\$0.35	\$192	-\$6.8	\$199	128	\$1,562	\$1,207	\$153.9	1.3x	84.6	\$2,055	-\$60.4	-3.5%
Medusa Mining Limited	MML	\$0.91	\$188	\$68.2	\$120	88	\$1,696	\$1,072	\$94.1	1.3x	-	na	na	36.3%
Wiluna Mining Corporation Limited	WMX	\$1.21	\$122	\$11.1	\$110	45	\$3,253	-\$484	-\$22.0	-5x	2.0	\$2,412	na	9.1%
Average							\$1,535	\$1,234		5.3x				

RESOURCE AND RESERVE OUNCE VALUATIONS

Company	ASX Code	Resources (Moz)	Grade (g/t Au)	EV/Res oz (\$/oz)	Reserves (Moz)	Grade (g/t Au)	EV/Rsv oz (\$/oz)
Newcrest Mining Limited	NCM	131.2	0.53	\$226	52.2	0.79	\$567
Northern Star Resources Ltd	NST	27.0	2.67	\$397	9.8	2.04	\$1,086
Evolution Mining Limited	EVN	21.8	1.19	\$442	8.6	0.94	\$1,127
Saracen Mineral Holdings Limited	SAR	15.1	1.61	\$393	7.0	1.57	\$852
Regis Resources Limited	RRL	8.2	0.97	\$313	4.0	1.11	\$635
St Barbara Limited	SBM	12.2	2.00	\$182	6.4	2.00	\$348
OceanaGold Corporation	OGC	14.1	1.46	\$163	5.3	1.31	\$433
Silver Lake Resources Limited	SLR	6.2	4.20	\$272	1.1	3.71	\$1,479
Perseus Mining Limited	PRU	6.6	1.23	\$248	3.1	1.38	\$525
Ramellus Resources Limited	RMS	4.4	1.60	\$318	1.1	2.21	\$1,307
Gold Road Resources Limited	GOR	3.6	1.40	\$385	1.9	1.24	\$747
Resolute Mining Limited	RSG	10.3	2.17	\$160	4.1	2.50	\$403
Westgold Resources Limited	WGX	9.4	2.07	\$82	2.6	2.58	\$296
West African Resources Limited	WAF	3.1	1.77	\$328	1.7	2.40	\$614
Alkane Resources Limited	ALK	1.2	2.10	\$474	0.1	2.00	\$6,239
Red 5 Limited	RED	5.6	2.67	\$67	2.7	1.51	\$140
Aurelia Metals Limited	AMI	0.7	1.30	\$541	0.3	2.10	\$1,241
Pantoro Limited	PNR	2.6	4.45	\$100	0.2	6.59	\$1,444
Dacian Gold Limited	DCN	2.1	2.00	\$95	0.8	1.40	\$264
Medusa Mining Limited	MML	1.3	3.63	\$94	0.3	6.27	\$361
Wiluna Mining Corporation Limited	WMX	6.4	2.10	\$17	1.4	1.70	\$79
Average				\$254			\$650

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

AISC margin: margin between AISC and A\$ spot gold price

Production is gold ounces only, by-product credits are accounted for in AISC

Implied AISC margin = AISC margin x annualised production. Is an estimate only

Priced as at: 12/08/2020

CHANGE IN NET CASH (DEBT) QoQ to Jun-20

Company	ASX Code	Net Cash/(Debt) (\$m)	Change (\$m)
Gold Road Resources Li GOR		\$84.0	\$49.0
Westgold Resources Lin WGX		\$137.4	\$63.0
Evolution Mining Limited EVN		-\$196.4	\$204.7
Medusa Mining Limited MML		\$68.2	\$20.4
Aurelia Metals Limited AMI		\$79.1	\$27.7
Northern Star Resources: NST		\$48.1	\$217.3
Ramellus Resources Lin RMS		\$161.1	\$68.2
St Barbara Limited SBM		\$89.0	\$85.0
Silver Lake Resources L SLR		\$269.0	\$42.0
Saracen Mineral Holding SAR		\$48.0	\$69.0
Regis Resources Limite: RRL		\$209.0	\$40.2
Alkane Resources Limite: ALK		\$72.7	\$1.8
West African Resources WAF		-\$221.0	\$1.7
Perseus Mining Limited PRU		\$19.7	\$1.8
Newcrest Mining Limited NCM		-\$1,784.9	\$0.0
Resolute Mining Limited RSG		-\$317.9	-\$0.5
Pantoro Limited PNR		\$24.0	-\$3.4
Red 5 Limited RED		\$110.3	-\$10.8
OceanaGold Corporation OGC		-\$189.7	-\$37.4
Dacian Gold Limited DCN		-\$6.8	-\$24.2
Wiluna Mining Corporati: WMX		\$11.1	-\$29.1
Average			-\$2,560

NOTE: This purely measures changes in net cash (debt) qoq net of equity raising inflows and dividend payment outflows over gold ounces produced. Therefore, over and above cash outflows measured by the AISC, it will also capture capital investments in new projects, debt repayments/drawdowns, asset acquisitions and divestments, gold forward sales, timing of sales, cash tax payments and other one-off items impacting quarterly cash movements over and above the ongoing operations. Companies with by-products have cash changes measured over gold ounces only, exaggerating this metric.

GOLD EQUITIES – EXPLORERS COMPS TABLE

Company	ASX Code	Price (A\$/sh)	Market Cap (A\$m)	Net cash (debt) (A\$m)	Available funding (A\$m)	EV (A\$m)	Resources (Moz)	Grade (g/t Au)	EV / Res oz (A\$/oz)	Reserves (Moz)	Grade (g/t Au)	EV/Rsv oz (A\$/oz)	Funded qtrs remaining	Net cash (debt) / Mkt Cap
De Grey Mining Limited	DEG	\$0.72	\$860.0	\$28.2	\$28.2	\$831.8	2,165	1.80	\$384	-	-	-	na	3.3%
Bellevue Gold Limited	BGL	\$1.02	\$800.3	\$123.0	\$123.0	\$677.3	2,260	10.00	\$300	-	-	-	na	15.4%
Capricorn Metals Ltd	CMM	\$1.85	\$636.1	\$76.7	\$176.7	\$559.4	2,145	0.80	\$261	1.2	0.90	\$466	13.5	12.1%
Cardinal Resources Limited	CDV	\$0.72	\$378.7	-\$17.6	\$17.4	\$396.4	6,990	1.13	\$57	5.1	1.13	\$78	2.9	-4.7%
Magnetic Resources NL	MAU	\$1.55	\$326.9	\$4.1	\$4.1	\$322.9	0,000	0.00	na	-	-	-	na	1.2%
Musgrave Minerals Limited	MGV	\$0.60	\$283.5	\$9.1	\$9.1	\$274.4	0,613	3.00	\$448	-	-	-	na	3.2%
Ora Banda Mining Ltd	OBM	\$0.31	\$227.7	\$65.0	\$65.0	\$162.7	2,130	2.80	\$76	0.5	2.40	\$354	17.6	28.5%
Catalyst Metals Limited	CYL	\$2.48	\$204.4	\$18.3	\$18.3	\$186.0	0,000	0.00	na	-	-	-	na	9.0%
DGO Gold Limited	DGO	\$2.80	\$172.3	\$11.6	\$11.6	\$160.7	0,446	1.75	\$360	-	-	-	na	6.7%
Callidus Resources Limited	CAI	\$0.56	\$150.5	\$31.0	\$31.0	\$119.5	1,495	1.06	\$6	0.5	1.20	\$230	25.8	20.6%
Bardoc Gold Limited	BDC	\$0.08	\$133.8	\$35.0	\$35.0	\$98.8	3,022	1.90	\$33	0.8	2.36	\$125	15.6	26.2%
Genesis Minerals Limited	GMD	\$0.06	\$113.6	\$19.5	\$19.5	\$94.1	1,280	2.34	\$74	-	-	-	na	17.2%
Rox Resources Limited	RXL	\$0.06	\$112.2	\$10.6	\$10.6	\$101.6	0,922	2.94	\$110	-	-	-	na	9.4%
Vango Mining Limited	VAN	\$0.12	\$99.8	\$15.0	\$15.0	\$84.8	1,002	3.00	\$85	-	-	-	na	15.0%
Apollo Consolidated Limited	AOP	\$0.35	\$92.8	\$19.6	\$19.6	\$73.2	1,035	1.20	\$71	-	-	-	na	21.1%
Antipa Minerals Limited	AZY	\$0.04	\$90.6	\$9.0	\$9.0	\$81.6	1,733	1.14	\$47	-	-	-	na	9.9%
Horizon Minerals Limited	HRZ	\$0.19	\$83.8	\$2.0	\$6.0	\$81.8	1,175	1.55	\$70	-	-	-	na	2.4%
Tanami Gold NL	TAM	\$0.07	\$81.1	\$29.0	\$29.0	\$52.1	1,646	2.80	\$32	-	-	-	na	35.7%
KIN Mining NL	KIN	\$0.11	\$76.7	\$10.0	\$10.0	\$66.7	0,945	1.40	\$71	0.3	1.10	\$236	5.0	13.0%
Saturn Metals Limited	STN	\$0.83	\$73.0	\$5.1	\$5.1	\$67.9	0,781	1.00	\$87	-	-	-	na	7.0%
Breaker Resources NL	BRB	\$0.24	\$62.5	\$25.0	\$25.0	\$37.5	0,981	1.30	\$38	-	-	-	na	40.0%
NTM Gold Limited	NTM	\$0.08	\$52.7	\$6.7	\$6.7	\$46.0	0,679	1.60	\$68	-	-	-	na	12.7%
Middle Island Resources Limited	MDI	\$0.02	\$50.2	\$4.7	\$4.7	\$45.5	0,651	1.13	\$70	-	-	-	na	9.4%
Encounter Resources Limited	ENR	\$0.15	\$42.1	\$1.9	\$1.9	\$40.2	0,000	0.00	na	-	-	-	na	4.5%
Prodigy Gold NL	PRX	\$0.07	\$41.8	\$10.7	\$10.7	\$31.1	1,010	2.00	\$31	-	-	-	na	25.6%
Ausgold Limited	AUC	\$0.04	\$40.9	\$7.5	\$7.5	\$33.4	1,201	1.10	\$28	-	-	-	na	18.3%
Venus Metals Corporation Limited	VMC	\$0.24	\$36.3	\$8.0	\$8.0	\$28.3	0,357	2.97	\$79	-	-	-	na	22.0%
Alto Metals Limited	AME	\$0.09	\$26.2	-\$0.1	\$0.9	\$26.3	0,331	1.70	\$79	-	-	-	na	-0.5%
Total / average			\$5,351				37.0	2.2	\$119	8.4	1.3	\$248		

Priced as at: 12/08/2020

SOURCE: IRESS, COMPANY REPORTS, BELL POTTER ESTIMATES

GOLD EQUITIES – PERFORMANCE HEAT MAP

We previously noted that we expected to see outperformance begin to flow down to the smaller names in the event of an extension of the gold price rally. This has eventuated and in the three months to August 12th we can see outperformance is clearly weighted to the mid-cap and small-cap names in the bottom half of the list. This reflects the market's risk appetite increasing and searching for deeper value as the established, lower-risk names become fully valued and higher cost, more leveraged names benefit from the rising gold price. It is also a sign of a further maturation of the current gold bull market.

Figure 3 – ASX gold equities heat map of rolling share price performance

Stock	3 months to Aug-2019	3 months to Nov-2019	3 months to Feb-2020	3 months to May-2020	3 months to Aug-2020	12 months to Aug-2020
US\$ gold	17%	-4%	7%	9%	14%	28%
A\$ gold	20%	-5%	9%	13%	3%	21%
XGD	37%	-19%	10%	3%	16%	6%
NCM	41%	-16%	-3%	-7%	24%	-7%
NST	28%	-26%	53%	-4%	10%	20%
EVN	45%	-24%	-1%	41%	1%	7%
SAR	28%	-20%	29%	11%	18%	35%
RRL	19%	-20%	-3%	10%	13%	-3%
SBM	14%	-31%	9%	-6%	27%	-10%
SLR	41%	-9%	58%	19%	11%	90%
GOR	50%	-27%	41%	-3%	8%	8%
PRU	76%	2%	36%	-10%	35%	69%
OGC	-7%	-14%	-17%	-3%	25%	-14%
RSG	56%	-37%	0%	-16%	27%	-33%
RMS	52%	-21%	24%	10%	38%	50%
WGX	52%	1%	5%	0%	-1%	5%
ALK	98%	45%	62%	-24%	40%	148%
WAF	38%	-2%	14%	61%	16%	108%
CMM	133%	-2%	24%	9%	37%	80%
BGL	-9%	-25%	22%	6%	81%	74%
DCN	-33%	14%	1%	-55%	-10%	-53%
RED	160%	-12%	2%	-28%	19%	-23%
AMI	-19%	-8%	-5%	-31%	81%	9%
DEG	-23%	-2%	186%	138%	89%	1163%
EAR	69%	33%	3%	-3%	3%	37%
CDV	26%	-32%	14%	19%	64%	50%
SPX	400%	-32%	99%	15%	19%	85%
PNR	5%	-35%	-33%	30%	85%	4%
MML	104%	-15%	6%	-9%	32%	10%
BCN	163%	-34%	0%	18%	-10%	-30%
WMX	36%	-17%	-12%	-14%	27%	-19%
CAI	63%	-44%	20%	6%	100%	44%
OBM	-87%	-26%	6%	0%	74%	36%
BRB	9%	-20%	-13%	-25%	20%	-37%
BSR	-24%	8%	-7%	0%	0%	0%
KSN	19%	-21%	13%	0%	47%	32%
PRX	65%	-36%	-30%	-33%	80%	-47%
Average	50%	-15%	18%	4%	33%	56%

SOURCE: IRESS, BELL POTTER SECURITIES ESTIMATES

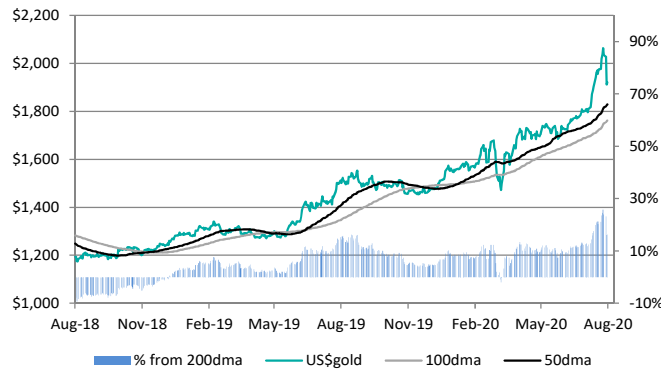
Priced at cob 12 August 2020

This list was sorted by market capitalisation as at April 2020.

GOLD IN CHARTS - PRICES

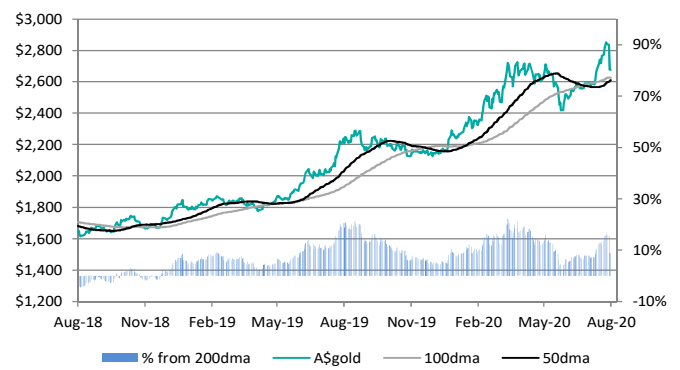
As previously noted gold, and in particular silver prices, had become quite extended above their moving averages. Recent days have now delivered the first major sell-off of the current bull market. But prices remain above key support levels and in a positive pricing environment. We view it as likely that gold prices can consolidate from here. The A\$ gold price has seen a bit more volatility, with the overlay of the exchange rate, which now seems to be settling in a range around 0.70.

Figure 4 – Rolling 2yr US\$ gold price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

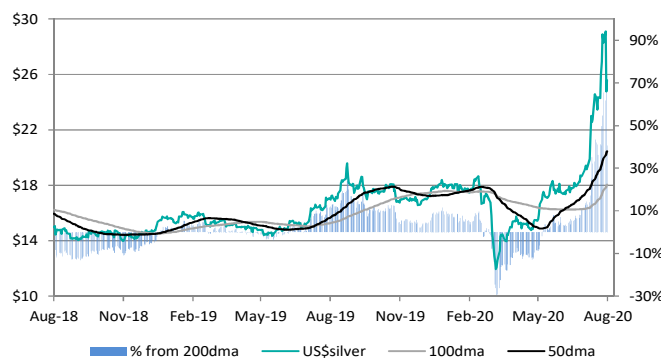
Figure 5 – Rolling 2yr A\$ gold price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

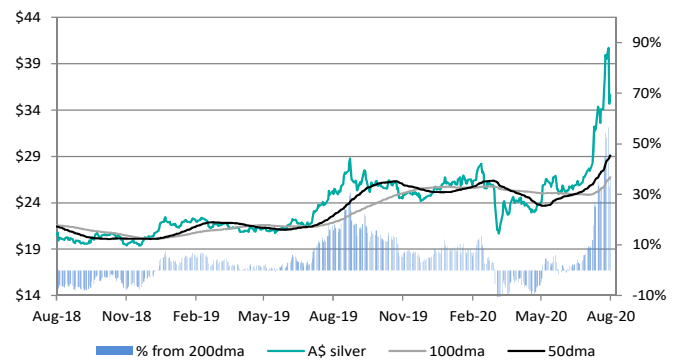
Silver has been a wild ride and delivered leverage to gold in spades – both up and down. Since our last update the silver price has rebounded from ~US\$15.50/oz (10% below its 200dma) to peak a few days ago at US\$29.10/oz and a punchy 66% above its 200dma. A correction definitely looked due on this front – and on the gold-silver ratio (Figure 22).

Figure 6 – Rolling 2yr US\$ silver price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

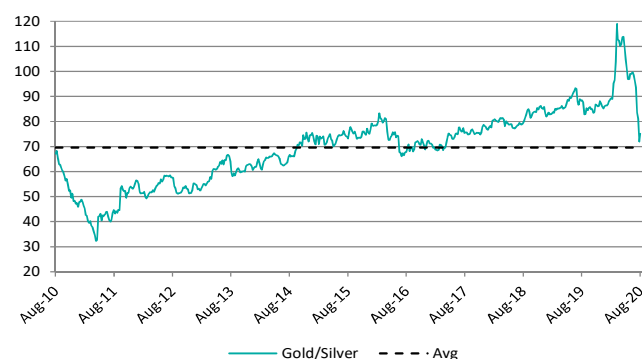
Figure 7 – Rolling 2yr A\$ silver price and 200dma divergence



SOURCE: IRESS, BELL POTTER ESTIMATES

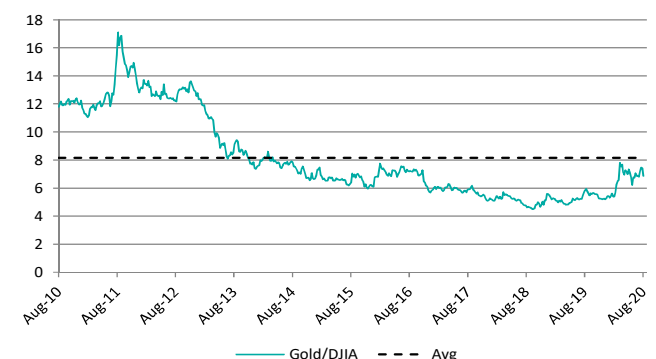
At our last update we identified a compelling value opportunity with the gold:silver ratio at multi-decade highs. Even after the latest price moves we believe there is still good upside potential. While the ratio has reverted back towards the 10yr average, we can see from the bull market of 2009-2011 out of the GFC, when silver peaked at US\$48/oz and the ratio dropped to 32:1. It is also worth noting that gold remains on the cheap side of average vs US equities – particularly compared to 2011.

Figure 8 – Gold:Silver ratio (10 years)



SOURCE: IRESS, BELL POTTER ESTIMATES

Figure 9 – Gold vs DJIA (10 years)

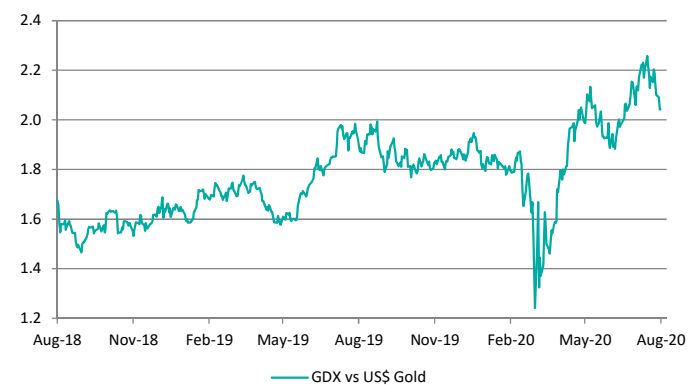


SOURCE: IRESS, BELL POTTER ESTIMATES

GOLD IN CHARTS – EQUITY PERFORMANCE AND INDICATORS

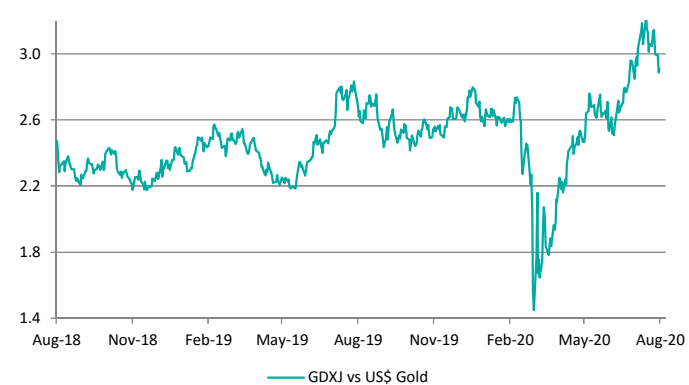
The charts below monitor the performance of gold equities vs gold bullion. Relative outperformance of the equities is, in our view, a good indicator of positive sentiment. Across all three Indices (GDX, GDXJ and XGD) we can see the equities have re-established a trend of outperformance since the volatility of February-March. While we can see underperformance across the board in the last few weeks, that uptrend remains intact and, the ASX producers at least, have strong balance sheets, are making excellent margins and, in our view, continue to offer robust and attractive exposure to the gold price.

Figure 10 – Relative performance: GDX vs US\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

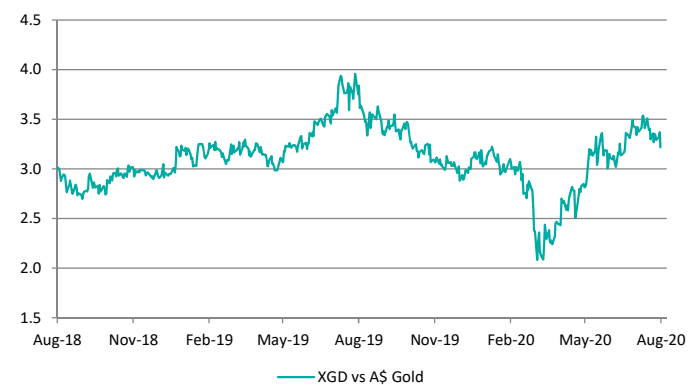
Figure 11 – Relative performance: GDXJ vs US\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

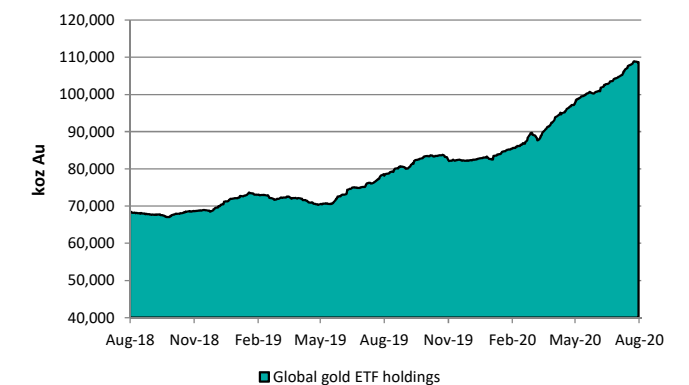
Global gold ETF holdings have continued to march higher, with 9.5Moz added since our last update in May, for a 9.7% increase in total holdings and offsetting ~740koz in withdrawals in that period (i.e. 10.2Moz gross inflows).

Figure 12 – Relative performance: XGD vs A\$ gold



SOURCE: IRESS, BELL POTTER ESTIMATES

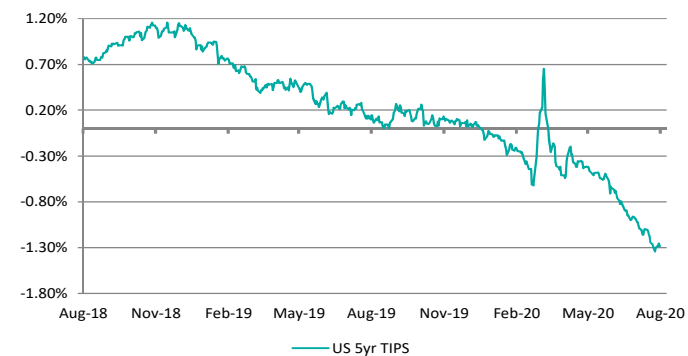
Figure 13 – Total known ETF gold holdings



SOURCE: BLOOMBERG

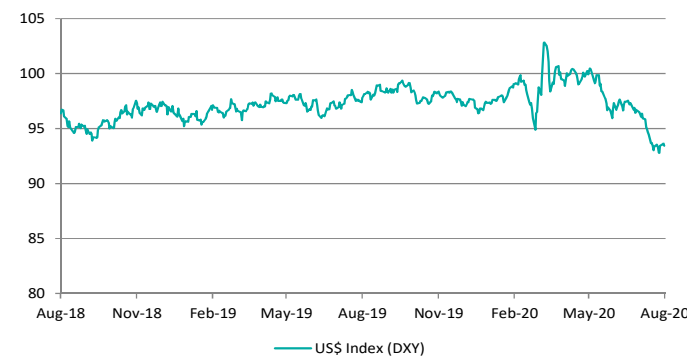
Real interest rates (as measured by US 5yr TIPS) literally dropped off our chart and while we don't expect the continued decline to be sustainable (and direction is important) the deep negative real rate environment is a supportive one for gold. The DXY has set a new low for its recent trading range, with room to break down further.

Figure 14 – US Treasury 5yr Inflation Protected Securities



SOURCE: BLOOMBERG

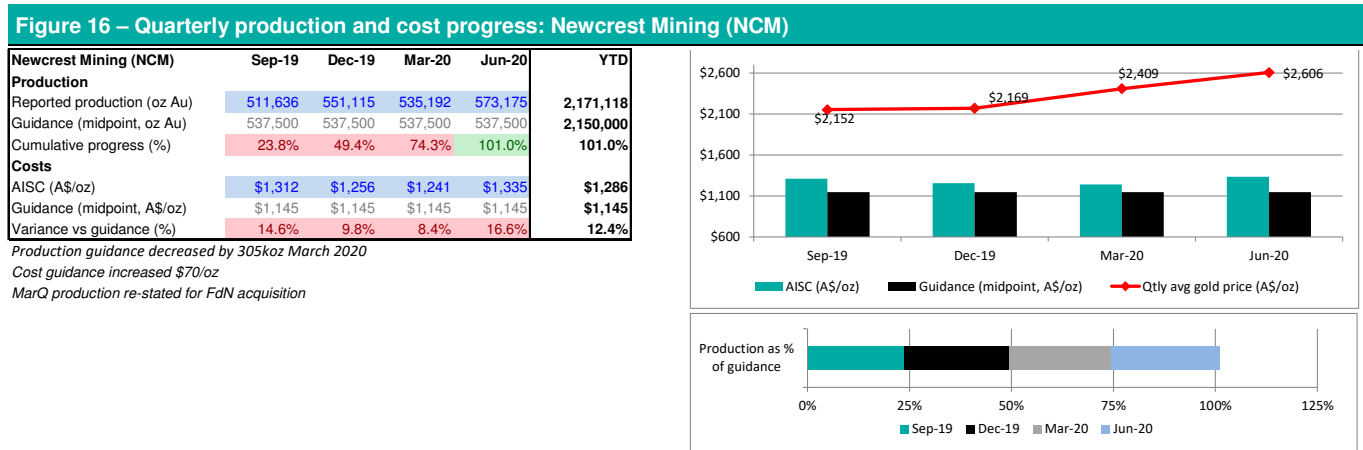
Figure 15 – US\$ Index (DXY)



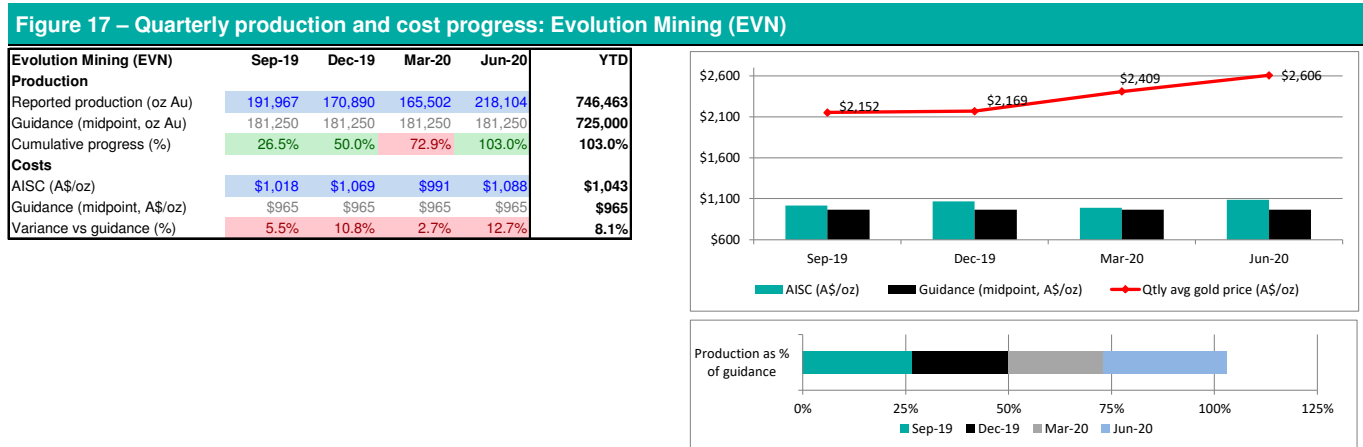
SOURCE: BLOOMBERG

ASX QUARTERLY PRODUCTION MONITORS TO JUNE 2020

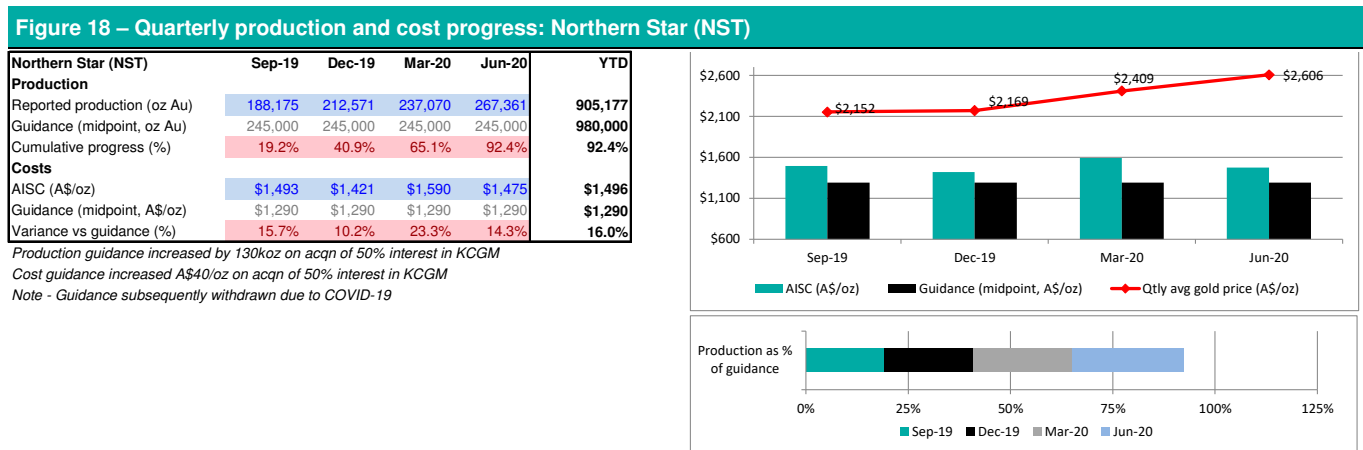
The tables and charts below monitor the quarterly production and cost progress against guidance for the largest ASX gold producers. The tables show actual production and costs vs the company’s guidance midpoint. Variance vs the midpoint is highlighted in green or red according to whether the company is tracking ahead of or behind guidance respectively.



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



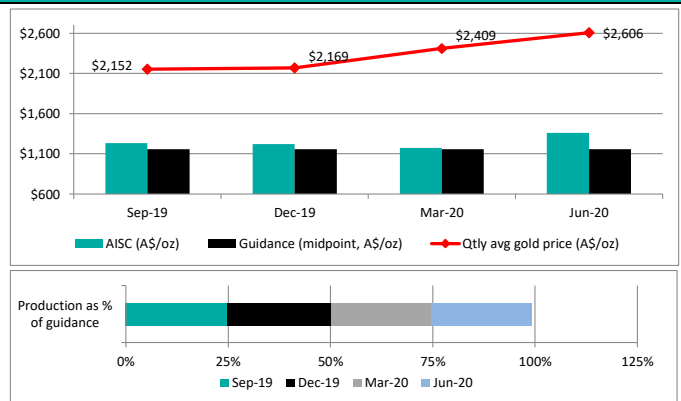
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 19 – Quarterly production and cost progress: Regis Resources (RRL)

Regis Resources (RRL)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	87,633	90,849	86,300	87,260	352,042
Guidance (midpoint, oz Au)	88,750	88,750	88,750	88,750	355,000
Cumulative progress (%)	24.7%	50.3%	74.6%	99.2%	99.2%
Costs					
AISC (A\$/oz)	\$1,234	\$1,219	\$1,174	\$1,358	\$1,246
Guidance (midpoint, A\$/oz)	\$1,160	\$1,160	\$1,160	\$1,160	\$1,160
Variance vs guidance (%)	6.4%	5.1%	1.2%	17.1%	7.4%

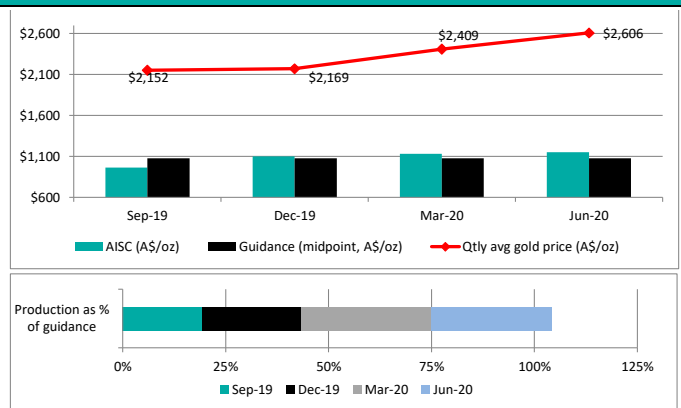


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 20 – Quarterly production and cost progress: Saracen Mineral Holdings (SAR)

Saracen (SAR)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	96,324	120,127	158,132	145,830	520,414
Guidance (midpoint, oz Au)	125,000	125,000	125,000	125,000	500,000
Cumulative progress (%)	19.3%	43.3%	74.9%	104.1%	104.1%
Costs					
AISC (A\$/oz)	\$964	\$1,098	\$1,133	\$1,152	\$1,099
Guidance (midpoint, A\$/oz)	\$1,075	\$1,075	\$1,075	\$1,075	\$1,075
Variance vs guidance (%)	-10.3%	2.1%	5.4%	7.2%	2.2%

Production guidance increased by 140koz DecQ-19 on acqn of 50% interest in KCGM
Cost guidance increased by A\$25/oz

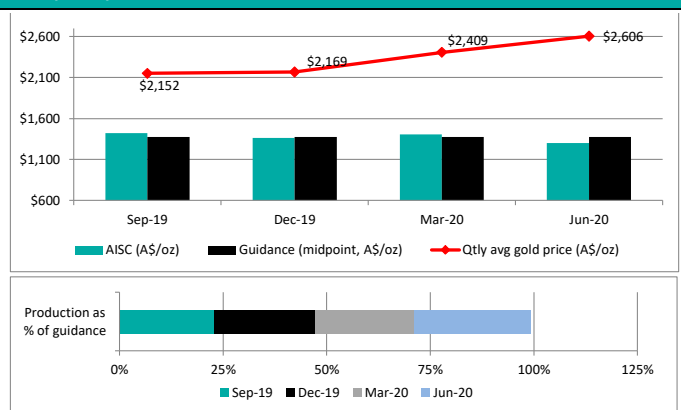


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 21 – Quarterly production and cost progress: St Barbara Mines (SBM)

St Barbara (SBM)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	87,569	94,159	91,547	108,612	381,887
Guidance (midpoint, oz Au)	96,250	96,250	96,250	96,250	385,000
Cumulative progress (%)	22.7%	47.2%	71.0%	99.2%	99.2%
Costs					
AISC (A\$/oz)	\$1,421	\$1,364	\$1,405	\$1,301	\$1,369
Guidance (midpoint, A\$/oz)	\$1,375	\$1,375	\$1,375	\$1,375	\$1,375
Variance vs guidance (%)	3.3%	-0.8%	2.2%	-5.4%	-0.4%

Production guidance decreased by 15.0koz DecQ-19
Cost guidance increased \$90/oz DecQ-19

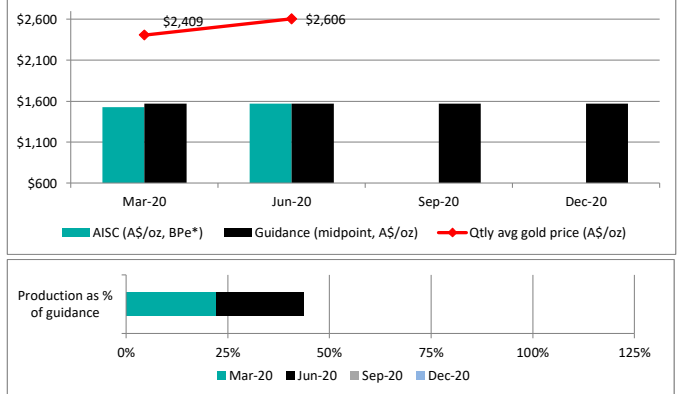


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 22 – Quarterly production and cost progress: Resolute Mining (RSG)

Resolute Mining (RSG)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
Production					
Reported production (oz Au)	110,763	107,183			217,947
Guidance (midpoint, oz Au)	125,000	125,000	125,000	125,000	500,000
Cumulative progress (%)	22.2%	43.6%	-	-	43.6%
Costs					
AISC (A\$/oz, BPe*)	\$1,530	\$1,570			\$1,550
Guidance (midpoint, A\$/oz)	\$1,571	\$1,571	\$1,571	\$1,571	\$1,571
Variance vs guidance (%)	-2.6%	-0.1%	-	-	-1.4%

Assumes AUD:USD 0.70

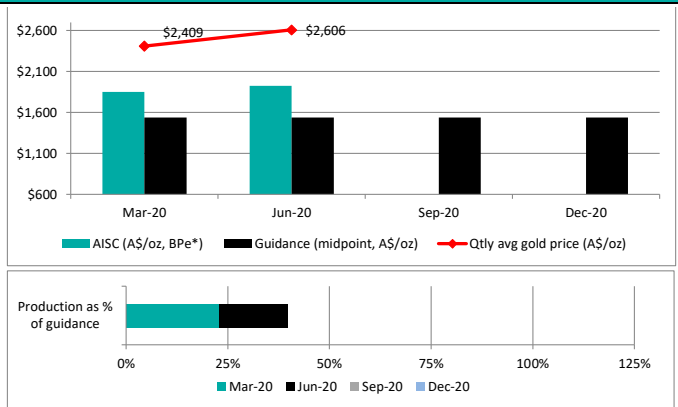


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 23 – Quarterly production and cost progress: OceanaGold (OGC)

OceanaGold (OGC)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
Production					
Reported production (oz Au)	80,707	58,678			139,385
Guidance (midpoint, oz Au)	87,500	87,500	87,500	87,500	350,000
Cumulative progress (%)	23.1%	39.8%	-	-	39.8%
Costs					
AISC (A\$/oz, BPe*)	\$1,851	\$1,923			\$1,881
Guidance (midpoint, A\$/oz)	\$1,536	\$1,536	\$1,536	\$1,536	\$1,536
Variance vs guidance (%)	20.5%	25.2%	-	-	22.5%

Assumes AUD:USD 0.70, Didipio excluded
Production and cost guidance lowered at JunQ on COVID disruptions at Macraes

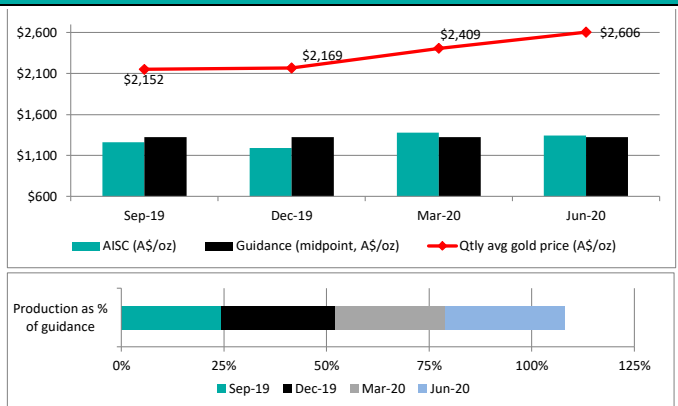


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 24 – Quarterly production and cost progress: Silver Lake Resource (SLR)

Silver Lake (SLR)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	59,288	68,519	65,548	71,291	264,646
Guidance (midpoint, oz Au)	61,250	61,250	61,250	61,250	245,000
Cumulative progress (%)	24.2%	52.2%	78.9%	108.0%	108.0%
Costs					
AISC (A\$/oz)	\$1,260	\$1,192	\$1,380	\$1,344	\$1,295
Guidance (midpoint, A\$/oz)	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325
Variance vs guidance (%)	-4.9%	-10.0%	4.2%	1.4%	-2.3%

Production guidance increased by 17.5koz DecQ-19 and 10koz in MarQ-20 (gold only)
Cost guidance decreased \$90/oz DecQ-19

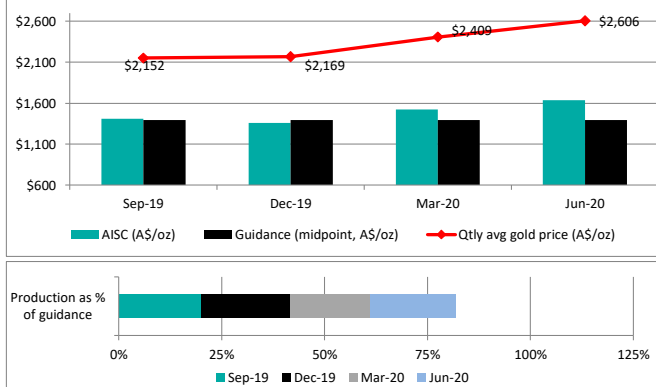


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 25 – Quarterly production and cost progress: Westgold Resources (WGX)

Westgold (WGX)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	57,472	62,655	55,234	59,789	235,150
Guidance (midpoint, oz Au)	71,875	71,875	71,875	71,875	287,500
Cumulative progress (%)	20.0%	41.8%	61.0%	81.8%	81.8%
Costs					
AISC (A\$/oz)	\$1,410	\$1,361	\$1,525	\$1,638	\$1,531
Guidance (midpoint, A\$/oz)	\$1,395	\$1,395	\$1,395	\$1,395	\$1,395
Variance vs guidance (%)	1.1%	-2.4%	9.3%	17.4%	9.7%

Guidance withdrawn during the March 2020 Qtr



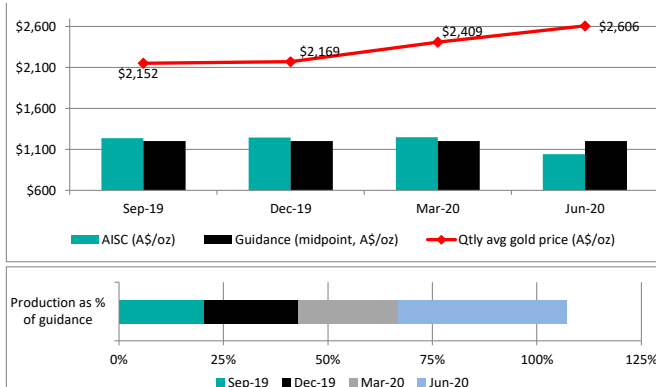
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 26 – Quarterly production and cost progress: Ramelius Resources (RMS)

Ramelius (RMS)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	44,182	47,902	51,825	86,517	230,426
Guidance (midpoint, oz Au)	53,750	53,750	53,750	53,750	215,000
Cumulative progress (%)	20.5%	42.8%	66.9%	107.2%	107.2%
Costs					
AISC (A\$/oz)	\$1,234	\$1,245	\$1,248	\$1,041	\$1,167
Guidance (midpoint, A\$/oz)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Variance vs guidance (%)	2.8%	3.8%	4.0%	-13.3%	-2.8%

Production guidance decreased by 10.0koz w Dec Qtrly

Cost guidance lowered \$75/oz w Mar Qtrly



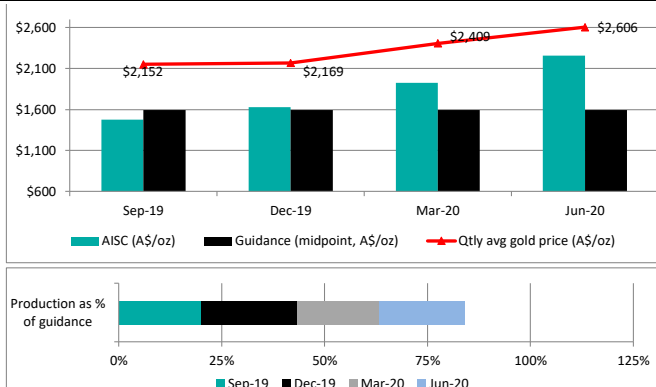
SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 27 – Quarterly production and cost progress: Red 5 Ltd (RED)

Red 5 Ltd (RED)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	28,649	23,346	20,077	20,707	92,779
Guidance (midpoint, oz Au)	25,000	25,000	25,000	25,000	100,000
Cumulative progress (%)	28.6%	52.0%	72.1%	92.8%	92.8%
Costs					
AISC (A\$/oz)	\$1,476	\$1,628	\$1,926	\$2,259	\$1,798
Guidance (midpoint, A\$/oz)	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595
Variance vs guidance (%)	-7.5%	2.1%	20.8%	41.6%	12.8%

Production guidance decreased by 15koz w MarQ-20

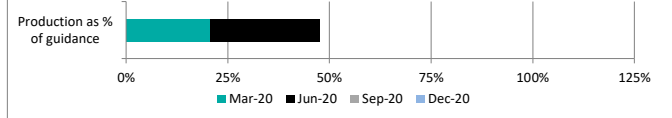
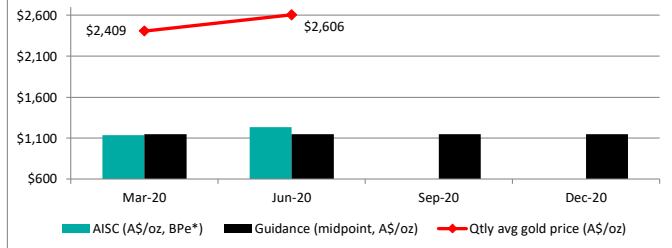
Cost guidance increased by \$170/oz w MarQ-20



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 28 – Quarterly production and cost progress: Gold Road Ltd (GOR)

Gold Road (GOR)	Mar-20	Jun-20	Sep-20	Dec-20	YTD
Production					
Reported production (oz Au)	27,798	35,933			63,730
Guidance (midpoint, oz Au)	33,438	33,438	33,438	33,438	133,750
Cumulative progress (%)	20.8%	47.6%	-	-	47.6%
Costs					
AISC (A\$/oz, BPe*)	\$1,135	\$1,233			\$1,190
Guidance (midpoint, A\$/oz)	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
Variance vs guidance (%)	-1.3%	7.2%	-	-	3.5%

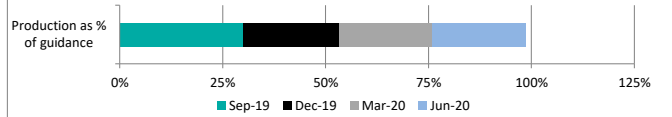
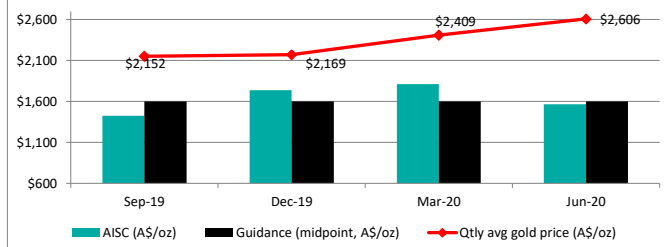


SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

Figure 29 – Quarterly production and cost progress: Dacian Gold (DCN)

Dacian Gold (DCN)	Sep-19	Dec-19	Mar-20	Jun-20	YTD
Production					
Reported production (oz Au)	42,002	33,235	31,695	31,883	138,814
Guidance (midpoint, oz Au)	35,250	35,250	35,250	35,250	141,000
Cumulative progress (%)	29.8%	53.4%	75.8%	98.5%	98.4%
Costs					
AISC (A\$/oz)	\$1,423	\$1,737	\$1,810	\$1,562	\$1,619
Guidance (midpoint, A\$/oz)	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Variance vs guidance (%)	-11.1%	8.6%	13.1%	-2.4%	1.2%

Production guidance decreased by 19koz
 Cost guidance increased by \$200/oz



SOURCE: COMPANY DATA, IRESS, BELL POTTER SECURITIES ESTIMATES

CHANGES IN SUBSTANTIAL HOLDINGS

(over the last month)

Increases:

- OKU/RSG:** RSG increases from 9.8% to 10.8%;
- MCR/IGO:** IGO becomes substantial at 8.1%;
- CDV:** Shandong Gold becomes substantial at 4.9% (takeover underway);
- PEX:** Hampton Hill Mining increases from 15.0% to 16.1%;
- ORR:** Federation Mining becomes substantial at 12.8%;
- NUS:** Federation Mining becomes substantial at 13.3%;
- A1M:** Gold Elegant (HK) becomes substantial at 6.0%;
- RED:** BAML increases from 5.6% to 6.8%;
- EVN:** Australian Super increases from 5.0% to 6.1%;
- MDI:** Regal Funds becomes substantial at 7.0%;
- CMM:** Eley Griffiths increases from 5.2% to 6.5%;
- CMM:** Paradice increases from 8.9% to 9.9%;
- KIN:** Sparta AG (Delphi Unternehmensberatung) increases from 21.9% to 23.1%;

Decreases:

- PEX/SBM:** SBM diluted down from 16.1% to 12.9%;
- MKG/RSG:** RSG ceases to be substantial – sells down on market;
- DCN:** Perennial Value ceases to be substantial;
- MDI:** Harmanis Holdings ceases to be substantial;
- CMM:** Hawke's Point decreases from 16.8% to 10.0%;
- A1M:** Nordana decreases from 19.1% to 18.6% on dilution;
- BGL:** Tolga Kumova ceases to be substantial;
- SLR:** Ruffer ceases to be substantial;
- NCM:** Allan Gray ceases to be substantial;
- SAR:** First Sentier ceases to be substantial;
- NST:** BlackRock decreases from 13.0% to 11.9%;
- DEG:** NorthWest NonFerrous ceases to be substantial;
- OBM:** Hawke's Point decreases from 45.3% to 41.0% on dilution;
- WAF:** First Sentier ceases to be substantial;

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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