# **EQUITY RESEARCH**



# **NewPeak Metals** Exploration gears up

By **Nick Hatch** Non-Independent Research 26 May 2021



#### Market Data: note priced 20 May 2021

| Stock Code       | ASX:NPM; FSE:NPM |
|------------------|------------------|
| Price (A\$c)     | 0.20             |
| 12 m High (A\$c) | 0.6              |
| 12 m Low (A\$c)  | 0.1              |
| Shares (m)       | 5,674.2          |
| Mkt Cap (A\$m)   | 11.3             |
| Free Float       | 66%              |

#### Description

NewPeak Metals is an ASX-listed mineral exploration company. Its main focus is gold, and it has activities in the highly prospective Santa Cruz and San Juan provinces of Argentina, New Zealand's South Island, and the Tampere region in Finland. The company also has an exploration programme in Sweden for tungsten/strategic metals (which includes the former Yxsjöberg mine) and owns 30% of Australasian oil and gas explorer Lakes Blue Energy.

| Managing Director & CEO | David Mason    |
|-------------------------|----------------|
| Non-exec Chairman       | Nick Mather    |
| Non-exec Directors      | Brian Moller   |
|                         | Andrew Gladman |
| Co. Sec. & CFO          | Karl Schlobohm |
| Advisor                 | Neil Stuart    |
|                         |                |

www.newpeak.com.au

#### **Key shareholders**

| DGR Global                  | 11%              |
|-----------------------------|------------------|
| Neil Stuart                 | 8%               |
| David Mason (MD/CEO)        | 6%               |
| Other directors/management  | 5%               |
| Other                       | 66%              |
| Volume (30-day avg.)        | 77.5m            |
|                             |                  |
| MMG Capital                 |                  |
| Rama Ayman, CEO             | rama@mmg.capital |
| Nick Hatch, Mining Research | nick@mmg.capital |

# **Exploration gears up**

NewPeak Metals (NPM) has a rapidly evolving early-stage gold exploration portfolio in Argentina, New Zealand and Finland. A number of drill programmes are currently, or will shortly, be underway as the company seeks to advance projects to a resource status with an exploration target of proving several tier-1 multimillion-oz gold deposits. NPM also holds a tungsten/strategic metals portfolio in Sweden, and 30% of an Australasian oil and gas explorer.

- Argentina most advanced. NPM's most advanced projects are in mining-friendly Santa Cruz and San Juan provinces in Argentina. Santa Cruz hosts a number of multi-million oz gold mines. Maiden reconnaissance drilling at Cachi (Santa Cruz) has identified a major gold vein system with multiple targets, some with visible gold in drill core. Las Opeñas (San Juan) is on-trend with a number of multi-million oz gold deposits. Surface sampling and previous drilling showed high gold/silver values. Further drilling is planned later in 2021.
- Finland drill-ready. NPM built its gold exploration portfolio in the Tampere region in 2020 and Q1 2021. A number of targets have been identified, particularly Hopeavuori and Satulinmäki. A drilling program is in preparation to commence in mid-2021. Dragon Mining operates two small gold mines in the region.
- Sweden strategic metals. NPM also acquired the Bergslagen tungsten portfolio in 2020, including the former Yxsjöberg mine. The mine is thought to have additional resources, and infrastructure is largely intact. Other potential by-products are present, and NPM now labels Bergslagen a strategic metals project. NPM intends to start onground exploration later in 2021.
- New Zealand maiden drilling. NPM acquired its permits in Q3 2020. Drilling is underway at Cap Burn, located between OceanaGold's Macraes gold mine and Santana's exploration project at Bendigo-Ophir. Results are expected in mid-2021.
- Lakes Blue Energy. NPM holds 30% of Lakes Blue, which holds a large portfolio of gas resources. It is currently suspended from trading on the ASX, though trading is expected to resume soon, which adds value to NPM's portfolio.
- Indicative Potential Valuation. NPM's exploration projects are too early-stage to put a definitive valuation on them. Instead, we have tried to assess NPM's assets by comparing with similar peer companies or assets, based on market value, asset area, or "implied resource" potential. This suggests an indicative potential value of A\$29.9m for NPM, over double the market capitalisation. This is not a definitive valuation - and potential investors should be aware that an investment in an early-stage exploration company is high-risk. Please read all the disclaimers and the Cautionary Note within this document.

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## **Investment Case**

- Rapidly developing gold exploration portfolio NewPeak Metals (NPM) has evolved rapidly since it changed strategic direction, in early 2020, to primarily focus on gold projects. The company retained its Argentinian gold projects (Cachi and Las Opeñas) and diversified geographically into new gold jurisdictions worldwide. In June 2020, NPM announced plans to acquire from Sotkamo Silver AB a portfolio of gold exploration assets in the Tampere region of Finland, as well as Sotkamo's Bergslagen tungsten exploration portfolio in Sweden. September 2020 saw the acquisition of gold exploration leases in the Otago Goldfields, on New Zealand's South Island. Sotkamo added the Baggetorp tungsten claim to the Sotkamo tungsten deal in December 2020, and in February 2021 NPM completed its series of acquisitions with the acquisition of Sunstone's Tampere region gold claims. NPM's stated aim is to discover a multi-million oz gold resource.
- Argentina NPM's most advanced gold projects The company's most advanced gold exploration projects are Cachi (Santa Cruz province) and Las Opeñas (San Juan province). Both provinces are mining-friendly, and both have a strong gold endowment. The Deseado Massif in Santa Cruz, where Cachi is located, is home to a number of multi-million oz gold-silver deposits, including Cerro Negro (Newmont), Cerro Vanguardia (AngloGold Ashanti) and Cerro Moro (Yamana). These three mines have 8.25Moz of gold in total resources (inclusive of reserves) and over 101Moz of silver, and are expected to produce a combined c.550,000oz Au (plus Ag) in 2021. Exploration to date at Cachi suggests that it is a vast caldera-hosted epithermal gold vein system, with multiple large targets. Grades from surface sampling and initial drilling are encouraging, and some recent drill cores have clearly visible gold in them. Once current drill results at Cachi have been interpreted, we anticipate that NPM will initiate another round of drilling here. In San Juan, Las Opeñas is on-trend with the El Indio and Maricunga Gold Belts, and NPM believes that its project has similar geological characteristics to Gold Fields' Salares Nortes project (resources of nearly 4Moz Au). Previous drilling and rock-chip/channel sampling at Las Opeñas have produced some high-grade results, and NPM will initiate a new drilling programme at Las Opeñas during 2021.
- Gold potential in Finland and New Zealand NPM's shift in emphasis has brought into > the company two packages of gold exploration assets in the Tampere region of Finland and a portfolio of gold exploration claims in New Zealand's South Island. Finland consistently ranks at or near the very top of mining regional risk rankings, and New Zealand is respectably ranked too. Finland is Europe's largest gold producer, and Agnico-Eagle's Kittila mine, its largest gold mine. Most of the gold production and exploration in Finland is in the Central Lapland Greenstone Belt. NPM's gold projects are c.700km south, in the Tampere region. The area was known for gold production historically, and there is currently modest gold production in the region. The focus on Central Lapland by other explorers, has allowed NPM to build a sizeable portfolio in the Tampere region, at low cost, and drilling will commence shortly, with a focus on the two most prospective areas (based on past work) at Hopeavuori and Satulinmäki. The recently acquired New Zealand gold exploration assets lie in the Otago Goldfield, between OceanaGold's Macraes mine to the east and Santana's Bendigo-Ophir project to the west (with an inferred resource of c.250,000oz). Macraes has been in production since 1990; the mine is forecast to produce c.160,000oz Au in 2021, and



has 4.6Moz in total resources. There is widespread evidence of gold mineralisation in and around NPM's claims, both from historical workings and more recent surface exploration and drilling. NPM has just completed drilling and is awaiting gold assay results at Cap Burn,, one of the claims that appears to hold the most promise, and in close proximity to Macraes.

- Strategic metals/tungsten a surprise package? The Bergslagen tungsten assets in Sweden were, we believe, essentially "thrown in for free" when Sotkamo decided to exit its exploration portfolio and sold its Tampere gold assets to NPM. To reinforce this point, Sotkamo added the Baggetorp tungsten permit to the package for free in December 2020. The key to the portfolio is the former Yxsjöberg mine, which has yielded c.90% of all the tungsten mined in Sweden. Mineralisation is known to continue at depth, and mine and mill infrastructure is largely untouched since the mine closed in 1989. There are also over 5Mt of tailings. Historical and more recent work illustrates the polymetallic nature of the ore deposit, and NPM now thinks of Bergslagen as a strategic metals rather than a pure tungsten project. An exploration programme is expected to start in H2 2021, following the current review of historical data.
- Lakes Blue Energy hidden value NPM owns c.30% of Lakes Blue Energy, formerly Lakes Oil NL (ASX:LKO), an oil and gas explorer/developer in Australia and Papua New Guinea. The company has been impacted by the moratorium in Victoria which has banned onshore exploration of gas since 2012. This ban is being lifted from July 2021, which will allow the resumption of activities in the state. The key focus for the company recently has been the Nangwarry-1 well in South Australia, where the company hopes to produce food-grade carbon dioxide. The shares were suspended from trading on the ASX in October 2019, due to the late filing of the company's 2019 annual report following a dispute with the Australian tax authorities over a 2013/14 research development grant. Lakes Blue hopes to begin trading again soon, which should allow investors to value this component of NPM's portfolio, and/or a sale of the LKO position could give the company a significant source of cash to finance its gold exploration.
- Indicative Potential Valuation. NPM's exploration projects are too early-stage to attempt to put any definitive valuation on them. Instead, we have tried to assess the company's assets by comparing with similar peer companies or assets, based on market value, asset area, or "implied resource" potential. This suggests an indicative potential value of A\$29.9m for NPM, over double the market capitalisation. However, this is not a definitive valuation and potential investors should be aware that an investment in an early-stage exploration company is high-risk. Please read all the disclaimers and the Cautionary Note (page 27) within this document.



# NewPeak Metals: a snapshot

### History and structure

NewPeak Resources (ASX: NPM) is an Australian mineral exploration company; its stated aim is the discovery of several multimillion-ounce gold deposits. The company is exploring for gold in three key jurisdictions – Argentina, Finland and New Zealand. Drilling has commenced on the Cachi (Argentina) and Cap Burn (New Zealand) gold projects and is planning to commence in Finland soon.

In Argentina, NPM has two gold projects: the Cachi project in Santa Cruz province, and Las Opeñas in San Juan province. At Cachi, the maiden drilling programme began in early 2021, with encouraging results indicating extensive veining and mineralization over a substantial area, and with significant visible gold evident in some drill core. The 469km<sup>2</sup> Cachi lease package is in close proximity to two multi-million oz gold mines, Cerro Negro (Newmont), which lies c.125km away and is forecast to produce 270,000oz in 2021, and Cerro Vanguardia (AngloGold Ashanti), c.130km away, which is forecast to produce c.185,000oz in 2021. A second NPM drilling programme is scheduled at Las Opeñas later this year. The project appears to contain porphyry and epithermal vein systems and vein breccias. Surface sampling, trenching and previous drilling by NPM and other operators has yielded extensive high-grade gold and silver mineralisation. The breccia has similar characteristics to Gold Fields' open-pit Salares Nortes mining project in Chile (3.9Moz Au in total resources, start-up in 2023, average production of 360,000ozpa Au for 10 years).

In Finland, NPM acquired 7 gold exploration permits from Sotkamo Silver AB in the Tampere region of southern Finland in August 2020 and added to this through the acquisition of a further 4 gold exploration permits in the area from Sunstone Metals in February 2021. The region is host to two small producing gold mines (Jokisivu and Kaapelinkulma) and a processing facility at Vammala, operated by Hong Kong-listed Dragon Mining. Combined gold production from these assets in 2020 was 23,900oz. Drilling at Hopeavouri and Satulinmäki should commence shortly, following up on historical drilling which highlighted the potential on both permits.

As part of the deal with Sotkamo, NPM also acquired the company's 7 tungsten exploration permits in the Bergslagen district of Sweden, and an eighth permit at Baggetorp. The Bergslagen permits include the former Yxsjöberg tungsten mine, which closed in 1989 due to low tungsten prices, and from which c.90% of Sweden's historical tungsten production has been derived. Additional ore is thought to remain at depth in the mine, the mill is largely intact, and there is the potential to re-work tailings and waste dumps. There are other potentially economic by-products including copper, beryllium and fluorite, amongst others. The company is compiling historical exploration and mining data with a view to designing an exploration programme to commence in H2 2021.

In New Zealand's South Island, in the Otago region, NPM has an interest in Cap Burn, and a number of other gold properties situated between OceanaGold's Macraes mine in the east and the Santana Bendigo-Ophir exploration project to the west. Macraes, c.20km from Cap Burn, started mining in 1990 and is expected to produce 155-165,000oz Au in 2021. Cap Burn is NPM's most advanced project in New Zealand and historical rock samples graded up to 3.25g/t. A maiden drilling programme was completed in April on the Cap Burn West Block (5 holes), and NPM recently completed an 8-hole programme on the East Block. The Company is waiting for all gold assay drilling results to evaluate and report.

NPM also owns a 29.7% interest (pre convertible note dilution) of Lakes Blue Energy (recently renamed from Lakes Oil NL, ASX: LKO), which holds oil and gas assets in Australasia. Since 2012, LKO's activities in Victoria, Australia, were impacted by a moratorium on onshore petroleum exploration. This ban expires on 30th June 2021, and LKO plans to resume exploration soon afterwards. LKO shares have been suspended from trading in Australia since October 2019 due to the late lodgement of its 2019 annual report following a dispute with the Australian tax authorities. LKO is working towards the resumption of trading on the ASX, which would enable NPM to crystallise value from its investment.



### Management, key shareholders and financial position

NewPeak Metals has as its largest shareholder DGR Global (ASX: DGR) which has a stable of natural resource companies. DGR, based in Brisbane, Australia, describes itself as a resource company creator; it focuses on project generation, tenure, acquisition, corporate development and investment in a range of listed and unlisted natural resource explorers/developers across the commodity spectrum and in a range of geographies. DGR currently has five publicly-listed investments – all created, seeded and floated by DGR. The company has an 11 % shareholding in NPM. DGR's best-known creation (it currently holds an 8.9% stake) is SolGold, the AIM/TSXV-listed copper-gold explorer/developer in Ecuador, but it also owns 14.2% of IronRidge Resources (AIM, gold and lithium, West Africa), 12.2% of AusTin Mining (ASX, tin-cobalt-nickel, Australia) and 19% of Armour Energy (ASX, oil and gas, Australia and Uganda). DGR plans to split out the Australian oil and gas assets in Armour into a new listed vehicle, and also list Auburn Resources (copper/polymetallic, Australia) in 2021.

NPM's Non-executive Chairman is Nick Mather, Managing Director and founder of DGR Global, and recently stepped down as Managing Director of SolGold to become a Non-executive Director. He has overseen the creation and takeover of 9 companies. David Mason, CEO, has 40 years' experience in the exploration and mining industry, including executive positions in coal and lithium. The company has two Non-executive Directors; Brian Moller, who is also a Non-executive director of DGR Global, as well as group companies' SolGold and AusTin, and Andrew Gladman who has over 25 years' experience in natural resources financing and broking. Karl Schlobohm is Company Secretary and CFO. He joined DGR in 2009 and has held and currently holds similar roles for other DGR group companies. Neil Stuart, retired from the board in October 2018, but remains an advisor. He progressed the Cerro Negro gold project in Argentina, until its takeover by Andean (and subsequently Goldcorp), and was a founder of Orocobre, a lithium salar producer in Argentina, and currently has provided an A\$560,000 convertible loan facility to NPM.

At the end of March 2021, NPM had cash and cash equivalents of A\$1.8m.

#### Safe haven locations

The Mining Journal (MJ) publishes an annual World Risk Report, which incorporates ratings from Minehutte. The report, and a similar annual report from the Fraser Institute (FI, a Canadian think-tank), poll mining companies on the ease or risk of undertaking exploration, development and mining in countries and regions. In the 2020 MJ report, published in November 2020, MJ ranked Scandinavian countries highly; Finland and Sweden were the second and third most highly ranked countries respectively, and after taking into account six Canadian provinces/territories and Nevada, Finland and Sweden ranked 9<sup>th</sup> and 10<sup>th</sup> overall. New Zealand was 31<sup>st</sup>, and Argentina 44<sup>th</sup> (all out of 111 jurisdictions). The more recent FI study, its Survey of Mining Companies 2020 (published in February 2021), also splits Canada, USA and Australia into states, provinces and territories, and adds regional rankings for Argentina too. Finland and Sweden ranked 10<sup>th</sup> and 36<sup>th</sup>, New Zealand 61<sup>st</sup>, and Argentina's provinces of Santa Cruz and San Juan, were 40<sup>th</sup> and 49<sup>th</sup> respectively (within Argentina, the 2<sup>nd</sup> and 5<sup>th</sup> most attractive provinces out of 9). This survey was out of a total of 104 jurisdictions.



# NewPeak Metals' project portfolio

## Cachi gold project, Santa Cruz, Argentina

## Project setting

The wholly owned Cachi project is located in the Deseado Massif in Argentina's mining-friendly Santa Cruz province. As well as Cachi, the company has interests in three further projects with smaller lease areas: Halcon, Canadon Augustin and Rosita Norte. The massif, covering some 60,000km<sup>2</sup>, contains numerous low-sulphidation epithermal vein and vein-breccia deposits. The massif is host to a number of multi-million-oz gold-silver orebodies, including Cerro Negro (Newmont), Cerro Vanguardia (AngloGold Ashanti) and Cerro Moro (Yamana). Mining across Latin America was impacted by the COVID-19 pandemic in 2020, including gold and silver production in Argentina. Cerro Negro produced 216,000oz Au in 2020 and Newmont forecasts gold production of 270,000oz this year. AngloGold Ashanti's Cerro Vanguardia mine produced 186,000oz in 2020 and the company expects production to be flat over the next 5 years, whilst Yamana's Cerro Moro produced 67,000oz au and 5,449,000oz Ag in 2020 and forecasts production of 87-93,000oz Au and 5.335-5.665Moz Ag in 2021. In total these three mines contain 8.25Moz of gold in resources (inclusive of reserves) and in excess of 101Moz of silver.

| Mine             | Operator          | Operator |       |       |       | Tota  | Total Resources |       |  |
|------------------|-------------------|----------|-------|-------|-------|-------|-----------------|-------|--|
|                  |                   |          | Мt    | g/t   | M Oz  | Мt    | g/t             | M Oz  |  |
| Cerro Negro      | Newmont           | Au       | 9.0   | 8.90  | 2.57  | 20.7  | 7.68            | 5.08  |  |
|                  |                   | Ag       | 9.0   | 70.75 | 20.42 | 18.0  | 50.2            | 28.93 |  |
| Cerro Vanguardia | AngloGold Ashanti | Au       | 17.63 | 1.82  | 1.03  | 33.12 | 2.25            | 2.39  |  |
|                  |                   | Ag       | 17.63 | 45.56 | 25.83 | n/a   | n/a             | n/a   |  |
| Cerro Moro       | Yamana            | Au       | 1.67  | 8.04  | 0.43  | 4.50  | 5.4             | 0.78  |  |
|                  |                   | Ag       | 1.67  | 446.3 | 23.90 | 4.5   | 269.2           | 38.90 |  |

Figure 1: World class gold mines in the Deseado Massif, Santa Cruz province, Argentina

Source: Company reports, data on 100% basis. Reserves are proven and probable; resources are measured, indicated & inferred and inclusive of reserves. 31 December 2020 data.

There are a number of other small to medium-sized producers in the Deseado Massif. Pan American Silver reported 2020 production of 2.55Moz Ag and 23,400oz Au at Manantial Espejo and is forecasting 3.18-3.46Moz Ag and 33,200-35,300oz Au in 2021. The San Jose mine, owned by Hochschild Mining and McEwen Mining, produced 65,000oz Au and 4.1Moz Ag in 2020 and expects to produce 84,700-90,800 oz Au and 4.7-5.0Moz Ag in 2021. Cerrado Gold acquired the Don Nicolás mine in March 2020; the company is targeting 45-55,000ozpa Au production.

Patagonia Gold receives some modest cash flows from residual heap leaching at two mines that are on care-and-maintenance, Cap-Ouest and Lamada. The El Tranquilo block includes the Cap-Oeste project which contains a resource of around 300,000oz grading 19g/t au in so-called COSE-style mineralisation – high grade hypogene mineralisation. The La Paloma block includes the Lomado de Leiva (with its ongoing residual leaching) and the Estancia El Rincon acquisition. Other assets in the Deseado Massif include the now-closed Martha mill (formerly operated by Coeur Mining and Yamana) and the La Manchuria and La Josefina projects. Also in the massif, Austral Gold's Pingüino project contains a 2014 indicated resource of 6.3Mt grading 103.4g/t Ag, 0.58g/t Au, 0.77% Zn and 0.54% Pb (containing 20.9Moz Ag and 117,000oz Au) and a further inferred resource of 2.2Mt grading 65.3g/t Ag, 0.66g/t Au, 0.52% Zn and 0.35% Pb.







## Project detail

NPM's objective is to define a maiden gold resource at Cachi over the next year and hopes to follow this up with additional increases over the following 4 years. At least 15 targets have been identified for exploration over a vast 470km<sup>2</sup> area. 6 of these have been identified as high-priority targets and were the focus of the recently completed drilling programme.

In an announcement dated 22 February 2021, NPM reported on its maiden 8-hold drilling programme at Vetas Cachi. Results indicated a wider than expected main vein breccia continuous to a depth of over 200m, with elevated gold values over a 400m strike-length. Results include hole CDH21-01 with 27.25m at 0.81g/t Au from a depth of 25.2m, including 3.9m at 2.38g/t, and hole CDH21-08 with 16m at 0.63g/t Au (including 1m at 5.03g/t) from 10m depth and 12.7m at 0.64g/t Au from 47.3m (including 0.95m at 4.76g/t).

Other high-propriety targets such a Vetas NW, Morena and Puma were drilled between March and May 2021. Vetas NW, which consists of vein breccias and silicified structures in siliceous tuff over a length of 1.5km, contains the highest silver grades found to date at Cachi. Surface sampling has recorded 1m at 1.0g/t Au and 434g/t Ag and 0.5m at 3.7g/t Au and 121g/t Ag. Morena is over 700m long, comprising vein breccias within silicified structures. Surface sampling has returned grades as high as 3.6g/t Au and 46g/t Ag. Vetas Cachi contains epithermal gold vein-breccia targets, with a wide main breccia vein continuous to a depth of more than 200m. Puma is a 750m long zone of intermittently outcropping sheeted veins and stockwork within a



Source: NewPeak Metals

quartz porphyry rhyolite with an iron-rich sub-cropping structure returning grades of 0.3g/t Au and 75g/t Ag. Other targets include Patricia (0.5g/t Au and 111g/t Ag found in vein rock chip samples), Valiente (surface sampling yielded results of up to 138g/t Ag) and Sofia (which extends over 700m and has surface gold values of c.0.2g/t). (Data source: PDAC Presentation, March 2021).





#### Source: NewPeak Metals

The company completed its maiden drilling programme in May and released the results in its most recent announcement (14<sup>th</sup> May 2021). They confirm that mineralization at Cachi stretches over a vast area (10km by 5km) and that the gold system is fertile at depth. 21 holes were drilled, 2,642m in total, of which 8 holes (1,136m) were drilled at Vetas Cachi, 4 at Patricia, 3 at Vetas NW and 2 each at Morena, Sofia and Puma. 80% of the 21 drill holes returned anomalous gold values, often with elevated silver values, and at Morena and Patricia, with elevated lead, zinc and copper values. NPM notes that visible gold can be seen in drill core from Morena from surface to depths (variously) of over 200m, which is clearly a positive indication of the prospectivity of Cachi (announcement 18<sup>th</sup> March 2021).

Vetas Cachi has returned the thickest and highest-grade precious metals results, including:

- 27.25m at 0.81g/t Au and 67.1g/t Ag from 25.25m in hole CHD21-01 (including 2m at 0.65g/t Au and 805g/t Ag from 30m);
- 7.00m at 0.64g/t Au and 11.5g/t Ag from 122m in hole CHD21-04;
- 4.90m at 0.98g/t Au and 19.9g/t Ag from 64.1m in hole CHD21-05;



12.70m at 0.64g/t Au and 4.8g/t Ag from 47.3m in hold CHD21-08 (including 0.95m at 4.76g/t Au and 16g/t Ag from 50.4m).



Figure 4: Section through the Vetas Cachi deposit

Source: NewPeak Metals

Two new high priority targets have been identified at Morena and Patricia, and further work will be carried out following winter. These areas both have elevated lead and zinc levels, alongside good gold and silver grades. At Morena, hole CHD21-13 has visible gold in a 28m intersection from 7m to 35m, and hole CHD21-12 has visible gold in veinlets at a depth of over 200m. The best gold intersection at Morena was 2.90m at 0.84g/t Au from 1.1m in hole CHD21-13 which includes 0.5m at 4.03g/t Au. Historical polymetallic results for Morena were announced by a previous operator, De Grey Mining (announcement 4<sup>th</sup> July 2013), including:

- 2.5m at 1.4g/t Au, 25g/t Ag, 0.19% Pb and 0.09% Zn from 155.3m in SM-13-14, including 0.5m at 3.69g/t Au and 50g/t Ag from 156.3m;
- 2.0m at 0.4g/t Au, 106.5g/t Ag, 0.64% Pb and 0.32% Zn from 205.9m in SM-13-14, including 1.0m at 0.59g/t Au, 164g/t Ag, 1.22% Pb and 0.64% Zn from 206.9m;
- 2.4m at 21.5g/t Ag, 4.15% Pb and 17.07% Zn from 135.8m in SM-13-16, including 1.0m at 7.63% Pb and 30.20% Zn from 135.8m.

The best drill results from NPM's programme at Patricia are:



- 3.4m at 0.19g/t Au, 13g/t Ag and 0.62% Pb from 29.0m in hole CHD21-16;
- 2.1m at 0.04g/t Au, 14g/t Ag and 0.26% Pb from 4.7m in hole CHD21-19;
- 0.5m at 0.32g/t Au, 74g/t Ag, 1.31% Pb and 0.21% Cu from 71.5m in hole CHD21-19;
- 1.0m at 0.22g/t Au, 10g/t Ag and 0.33% Pb from 85.5m in hole CHD21-20.

Given NPM's increasing confidence in Cachi, the company paid US\$25,000 to the vendor in May 2021 to take its equity position to 35%.

For comparison with one of the key discoveries in the Deseado Massif, NPM's 15 high priority targets are contained in an area broadly 10km E-W and 5km N-S (and within a massive 10km diameter caldera structure) while the initial gold-silver indicated and inferred resource of c.2.4Moz AuEq at the Cerro Moro mine was from an area approximately 12km x 13km (source: March 2012 NI 43-101 Preliminary Economic Assessment on Cerro Moro for Extorre Gold Mines, Figure 13, page 80, and Tables 2 and 3, page 33). There is no guarantee that NPM will discover an economically viable ore deposit, but this gives a sense of the potential at Cachi.

The Deseado Massif in Santa Cruz province contains a number of world-class multi-million-ounce gold-silver deposits, as well as a number of smaller mines and deposits. In total, 7 mines have been constructed in the last c.15 years; the massif is a highly prospective area for further economic gold-silver discoveries and initial results at Cachi are encouraging. Cachi has many of the geological characteristics, including volcanic (typically rhyolite) host-rocks, and multiple parallel epithermal veins and vein - breccias, found at the major gold discoveries in the massif. NPM's target is to identify a maiden gold resource within 12 months (by mid-2022) and to increase that through subsequent exploration programmes over a further 4-year period.

## Las Opeñas gold project, San Juan, Argentina

#### Project setting

NPM can earn up to a 100% interest in the Las Opeñas project, which is located in another mining-friendly province of Argentina, San Juan, and is in the El Indio Gold Belt structural trend. The El Indio Belt straddles the border between Argentina and Chile; the trend continues further north and incorporates Chile's Maricunga Belt. These two belts are host to several large multi-million-ounce high sulphidation epithermal gold-silver mines and ore deposits. There are currently 8 key high sulphidation mines/ore deposits in the El Indio and Maricunga Belts, with combined gold-in-total resource of c.118Moz (inclusive of reserves, excluding silver and copper credits). The eponymous El Indio mine yielded 6.7Moz of gold and 51Moz of silver between 1981 and 2001, and history has shown that deposits can grow into significant regional production centres with mine lives in excess of 20 years. There are also other, smaller, gold assets in San Juan including, for instance, Austral Gold's Casposo Au-Ag epithermal project, which was put on care-and-maintenance in June 2019.

Figure 5: Current gold reserves and resources at significant high sulphidation epithermal deposits in the El Indio and Maricunga Belts of Argentina and Chile

| Mine/deposit  | Operator              | Belt      | Ore Reserves Total |      | Belt Ore Reserves Total Resources |       | urces |       |
|---------------|-----------------------|-----------|--------------------|------|-----------------------------------|-------|-------|-------|
|               |                       |           | Mt                 | g/t  | MOz                               | Mt    | g/t   | MOz   |
| Pascua-Lama   | Barrick               | El Indio  |                    |      |                                   | 448   | 1.53  | 22.46 |
| Veladero      | Barrick/Shandong Gold | El Indio  | 220.0              | 0.75 | 5.2                               | 348.0 | 0.65  | 7.3   |
| Alturas       | Barrick               | El Indio  |                    |      |                                   | 260   | 1.1   | 8.9   |
| La Coipa      | Kinross               | Maricunga | 17.34              | 1.6  | 0.87                              | 42.2  | 1.58  | 2.14  |
| Lobo-Marte    | Kinross               | Maricunga | 146.8              | 1.4  | 6.39                              | 259.7 | 1.09  | 8.83  |
| Maricunga     | Kinross               | Maricunga |                    |      |                                   | 501.0 | 0.60  | 9.85  |
| Norte Abierto | Barrick/Newmont       | Maricunga | 1,200              | 0.6  | 24                                | 3,320 | 0.51  | 54.60 |
| Salares Norte | Gold Fields           | Maricunga | 21.08              | 5.13 | 3.48                              | 25.56 | 4.76  | 3.91  |

Source: Company reports, data on 100% basis. Reserves are proven and probable; resources are measured, indicated & inferred and inclusive of reserves. Gold only; silver and copper in reserves and resources are not included. Data as of 31 December 2020.



## Project detail

NPM's Las Opeñas project covers an area of 1,462ha (14.62km<sup>2</sup>). The area contains highly mineralised epithermal gold veins, adjacent to a magmatic breccia system, which may be related to a deeper porphyry system. The company believes that the project has similar characteristics to Gold Field's Salares Nortes project, in the Maricunga Belt in Chile, which contains a resource of 3.91Moz Au (and 43.66Moz Ag).





#### Source: NewPeak Metals

NPM announced the planned acquisition of Las Opeñas on 22<sup>nd</sup> January 2019, involving total payments of US\$880,000 and 90M shares, with a series of staged payments weighted towards the end of a 3.5-year period. On 8<sup>th</sup> July 2020 NPM reported that it had satisfied its obligations and payments such that it held a 25% stake in the project. By the end of June 2021, NPM



expects to have paid an additional US\$110,000 cash and issued 30M shares, which will take its stake up to 51%. NPM hopes to define a maiden gold resource within 2 years.





Source: NewPeak Metals

The largest and most significant target on the Las Opeñas project is Presagio, which, including Presagio West and East, stretches for approximately 3.7km. The target consists of a series of veins and vein breccias varying from 200m to 2,200m in length, with a width of up to 200m, and open in all directions.



Past surface rock-chip sampling (reported 26<sup>th</sup> September 2019, 10<sup>th</sup> October 2019 and 28<sup>th</sup> January 2020) has yielded some very high-grade results, with visible gold and silver sulfosalts. These include three results at Presagio West with 7.9g/t Au and 1,747g/t Ag, 8.4g/t Au and 190g/t Ag, and 7.0g/t Au and 516g/t Ag. At Presagio East, grades were as high as 0.2g/t Au and 400g/t Ag, while at Lina they included 11.3g/t Au and 97g/t Ag as well as 9.1g/t Au and 75g/t Ag. Channel sampling (announcement 19<sup>th</sup> November 2019) at Presagio West yielded 8.4m at 2.29g/t Au and 319g/t Ag, as well as 8.0m at 3.48g/t Au and 106g/t Ag.

NPM has recently reappraised historical exploration and drilling results from programmes conducted by Teck Resources (2005-2012), and more recently by ASX-listed Genesis Minerals in 2012-2014 (Genesis announcements of 17<sup>th</sup> December 2012 and 21<sup>st</sup> August 2014). This exploration focused on a highly mineralised array of epithermal gold and silver veins, adjacent to a mineralised breccia system, and in turn probably related to a deeper porphyry system. NPM is also targeting this area.

Drilling by Genesis in 2012-2014 produced results indicating a large system:

- 115m at 0.58g/t Au, 3.5g/t Ag, 0.24% Pb and 0.65% Zn from 18m to the end of drillhole 12-LODH-003, including 47.1m from 80.4m at 0.84g/t Au, 3.5g/t Ag, 0.21% Pb and 0.63% Zn;
- 29.4m at 0.57g/t Au, 9.9g/t Ag, 0.29% Pb and 1.1% Zn from 65m in drillhole 12-LODH-007;
- 1.5m at 4.75g/t Au, 14.8g/t Ag, 0.30% Pb and 0.48% Zn in drillhole 12-LODH-011;
- 2m at 7.45g/t Au, 256g/t Ag, 1.03% Pb and 0.61% Zn in drillhole 14-LODH-019.

NPM carried out surface sampling and initial shallow drilling in 2019, which yielded encouraging gold and silver values. 17 reverse-circulation drillholes, covering 1,535m, were undertaken and reported on 27<sup>th</sup> May 2019. The best intersections included:

- 3.0m at 4.75g/t Au and 54.9g/t Ag from 101m in LORC-19-11;
- 1.0m at 4.84g/t Au and 349.0g/t Ag from 23m in LORC-19-13;
- 7.0m at 0.04g/t Au and 162.3g/t Ag from 82m in LORC-19-16.

While a lot more work has to be done in proving-up the potential at Las Opeñas, results to date are encouraging. NPM is planning a second-phase drilling programme, due to commence in Q4 2021.

## Tampere region gold projects, Finland

#### Project setting

NPM acquired Sotkamo Silver AB's gold exploration projects in the Tampere region of Finland in August 2020 (announcement 17<sup>th</sup> August 2020) at a cost of €150,000, plus transaction documentation costs of €20,000. The acquisition covers 7 gold exploration permits in Finland (as well as 7 tungsten exploration permits in Sweden, described later in the note). This was followed up, in February 2021 (announcement 19<sup>th</sup> February 2021), by the acquisition of an additional 4 gold exploration permits in the Tampere region from Sunstone Metals, at a cost of A\$75,000 cash, A\$250,000-worth of NPM shares, a further A\$1.5m payment in cash or shares on delivery of a JORC indicated resource of a minimum of 500,000oz of AuEq and the replacement of a €13,000 environmental bond associated with the approved permits.

The seven permits acquired from Sotkamo cover an area of 286ha (2.9km<sup>2</sup>) and include Hopeavuori (2 permits), Isovesi, Järvenpää, Kalliojärvi, Lavajärvi and Metsäkylä. NPM acquired four exploration permits with a total combined area of 2,441.5ha (24.4km<sup>2</sup>) from Sunstone - Somero, Perämäki, Palikkala and Luutasulo. Somero contains the Satulinmäki and Riukka gold prospects. All NPM's permits lie within 100km of the city of Tampere. Dragon Mining produces gold in the Tampere region. The company owns two operating mines, Jokisivu (where the bulk of the production comes from) and Kaapelinkulma, while the Orivesi mine ceased mining in June 2019 and finished processing ore stockpiles in January 2020. Ore is processed at a central plant, at Vammala. Dragon's combined Tampere region gold production was 23,900oz in 2020 and the three mines



have a combined resource (measured, indicated and inferred, as at 31<sup>st</sup> December 2020) of 3.2Mt at 4.0g/t Au, containing 410,000oz Au.



Figure 8: NewPeak Metals' gold exploration permits in the Tampere region, southern Finland

#### Source: NewPeak Metals

Finland is the largest gold-producing country in Europe and ranks consistently highly in global mining risk surveys. The country ranked 9<sup>th</sup> overall in the latest Mining Journal/Minehutte survey and 10<sup>th</sup> in the Fraser Institute survey (after, primarily, a number of states/provinces in Canada, the USA and Australia). Finland is best known for its gold production in the Central Lapland Greenstone Belt (CLGB) in the Arctic Circle, and in particular for Europe's largest gold mine, the Kittila mine, owned by Agnico Eagle. Kittila produced 208,100oz in 2020 (impacted by Covid-19) and Agnico forecasts 2021 gold production of 250,000oz. As at 31<sup>st</sup> December 2020, the mine had ore reserves of 30.4Mt grading 4.16g/t Au for a total of 4.1Moz Au and a further resource (measured, indicated and inferred) of 35.0Mt grading 2.93g/t Au, containing 3.3Moz of gold. The region is also home to Boliden's Kvitsa mine, and Anglo American's significant Sakatti discovery, both of which are polymetallic deposits containing Ni-Cu-Co-PGMs and Au. A number of large, and smaller, companies are actively exploring for gold in the CLGB, including Kinross, B2 Gold, Mawson Gold, Rupert Resources, Aurion Resources, S2 Resources, Firefox Gold and Magnus Minerals. By contrast, the Tampere Schist Belt (where NPM has its exploration licences), in SW Finland, has been relatively underexplored in recent years, perhaps because the focus has been on the CLGB. The lack of focus on the region by other



explorers has allowed NPM to pick-up a strategic land position. And yet, the area does have a history of gold mining – the first recorded mention of gold production was at the Haveri mine in 1735; the mine finally closed in 1962 (with known past production of 142,000oz Au and 6,000t Cu), and of course as noted, Dragon Mining is currently active and in production in the region.

Historically, exploration efforts in the Tampere area have been relatively low, however a recent probabilistic prospectivity study by the Geological Survey of Finland (GTK) has identified this area as having the potential to hold significant gold endowment. The study also suggests that at least 70% of the present total orogenic gold endowment within the uppermost one kilometre of the Finnish bedrock is in poorly explored and highly prospective ground for unknown deposits (Source: https://minsysfin.gtk.fi/index.php/assesment-of-undiscovered-resources-of-orogenic-gold/)

#### Project detail

Of the former Sotkamo assets, the most advanced project is Hopeavouri, where 54 shallow diamond drill holes (total of 3,341m) have been drilled to evaluate a mineral structure 30m wide and extending over the drilled strike length of 300m. Surface geophysics suggest that this zone could extend NW for a total 800m length. The holes were drilled to 75m below surface and encountered 132 anomalous mineralised intercepts. The best intercepts (announcement 9<sup>th</sup> June 2020) were:

- R305: 11.5m at 19.4g/t Au from 30.6m depth;
- R313: 10.7m at 14.4g/t Au from 4m depth;
- R330: 3.0m at 106.7g/t Au from 22.0m depth.

Bench-scale metallurgical testing returned 93% gold recovery from sulphide flotation. A further drilling programme, planned for summer 2021, will be drilled at Hopeavuori, with additional holes at Kalliojärvi and Meysäkylä.

The local geology at Kalliojärvi comprises a set of subparallel, E-W trending mineralised zones along strike of minor shear zones in a shallow west-plunging synform of the host mica gneiss. Gold mineralisation is orogenic in nature with gold often associated with arsenopyrite. Previous exploration has comprised; till sampling, ground geophysics, bedrock mapping, trenching and the drilling of 46 drillholes for a total of 2,463m. The best intercepts include (holes and depths not reported):

- 4.8m @ 6.5g/t Au
- 4.3m @ 7.2g/t Au
- 3.0m @ 5.6g/t Au
- 1.0m @ 15.7g/t Au

(Source: Eilu, P., Pankka, H. 2009. FINGOLD - a public database on gold deposits in Finland. Version 1. 1[Electronic resource]. Espoo. <u>https://www.researchgate.net/publication/271202914 FINGOLD - a public database on gold deposits in Finland</u>. Viewed 19<sup>th</sup> May 2021)

Metsäkylä is an orogenic gold deposit, locally enriched in copper and hosted in the Tampere Schist Belt. The deposit comprises five subparallel, northeast trending mineralised lodes within a NE-trending, 20m wide, silicified shear zone close to the contact between a synorogenic granodiorite batholith and the hosting plagioclase porphyry. Gold mineralisation is hosted in quartz-carbonate and quartz-tourmaline veins. Previous exploration has comprised till sampling, ground geophysics, bedrock mapping, shallow percussion drilling and the drilling of 12 diamond drillholes for a total of 1,115m. The best intersection was 1m @ 27.6g/t Au and several 1 metre intercepts over 1g/t. Historical drilling which has only tested to 70m depth, has delineated an ~800m long belt hosting several anomalous shear zones which has the potential to extend along strike in both directions and at depth (2004, Lehto T, Drilling Summary Report (in Finnish), GTK, Ref M06/2123/2004/2/10).

NPM plans to drill several thousands of metres, first in the known mineralised areas, and then following the mineralised structure at depth and along strike to test the extent of mineralisation. A follow-up programme is then envisaged after results from the first programme have been received and interpreted.



The Sunstone assets, acquired in February 2021, complement those acquired from Sotkamo. Mapping of the area by the Geological Survey of Finland (GTK) indicates that 3 of the 4 permits cover a large portion of an 8km long NW-SE oriented domain which includes several gold-enriched shear zones and quartz vein systems characterized by arsenopyrite and tourmaline. The two priority prospects, Satulinmäki and Riukka, are approximately 3km apart, and around 50km from the Hopeavuori prospect. The most advanced, Satulinmäki, is drill-ready and will be drilled when the company can secure a rig. Sunstone drilled both prospects in 2016 and 2017 (following up on previous drilling undertaken by the Finnish Geological Survey) and also carried out a large and detailed Induced Polarisation (IP) geophysical survey and an Ionic Leach geochemistry survey. Results from holes drilled by Sunstone in 2016 at Satulinmäki, include 29.5m at 2.65g/t Au from 137m, within which was a 7m intersection at 7.3g/t Au (hole SMDD0007), and 2m at 10.5g/t Au from 7m (hole SMDD005) (NPM announcement dated 29<sup>th</sup> January 2021). Historical drilling at Riukka returned 1m @ 35.5g/t Au from 3.5m (hole 353), 5m @ 8g/t Au from 20m (hole 356) and 2.5m @ 13.3g/t Au from 60.85m (hole 357) (Source: Kärkkäinen N, Koistinen E, Jokinen T, 2007, Mineralisation Report on drilling at Riukka (in Finnish) GTK, Ref M06/2024/2007/1/10/69)

As well as Satulinmäki and Riukka the Sunstone permits hold a number of other highly prospective targets at various stages of development such as, Arolanmäki, Kivenkorva, and Pikäkytö-Rehula. Arolanmäki and Kivenkorva are two of these targets where historical reconnaissance drilling has been undertaken. The drilling of 12 holes for 1,008m at Arolanmäki, confirmed the presence of gold in an area that has poor surface exposure. The best results were

- R341 with 1.2 g/t Au @ 2m, including 1.6 ppm Au @ 1 m (Fig. 54)
- R342 was 16 m @ 0.3 g/t Au.

(Source: GTK, 2017, Southern Finland ore potential project, Final Report (in Finnish) GTK, Ref 71/2017)

The historical drilling of 7 holes for 497m at Kivenkorva has, as yet, been unable to locate the source of the surface samples which returned grades of up to 16.6g/t Au (source: 2014, Kärkkäinen N, Gold potential of the Jokionen, Ypäjällä and Tammela Areas (in Finnish), GTK, Ref 95/2014)

NPM plans to start its own drilling programme at Hopeavuori and Satulinmäki in June 2021. At Hopeavuori Main, the aim is to test the continuity of high-grade mineralisation within the two main north-south trending structures, which may also plunge to the south (announcements 3<sup>rd</sup> September 2020, 21<sup>st</sup> April 2021).

#### Bergslagen strategic metals project, Sweden

#### Project setting

Bergslagen has historically been viewed as a tungsten opportunity, but there are a number of other potential by-products, and NPM now describes Bergslagen as a strategic metals project.

The EU (and the UK), USA and Japan have all identified tungsten as a critical raw material, primarily due to the concentration of supply; China supplies 72% of global primary supply (and 57% after taking into account secondary supply), and accounts for 49% of demand. Apart from modest production in Austria and Spain, the EU has no tungsten production. (Roskill, 2018 data). Tungsten is the hardest pure metal, and is added in the manufacture of specialist alloys and as tungsten carbide in a wide array of applications for military uses and ballistics, in the automotive and aerospace industries, various drilling, boring and cutting equipment, and a wide spread of electrical and electronic applications, amongst other applications.

While NPM's focus is undoubtedly gold, as part of the deal for the Tampere region gold prospects acquired from Sotkamo Silver (and at no additional cost), NPM also acquired 7 tungsten exploration permits in the Bergslagen region of Sweden. These permits include Yxsjöberg, Yxsjöberg nr.200, Gansen, Gubbo, Sandudden, Hörken and Högfors. In December 2020 the Baggetorp exploration permit was added from Sotkamo Silver at no additional cost (Baggetorp is c.150km SE of the other permits). Mining has taken place in the past on a number of these permits, of which by far the most significant was Yxsjöberg,



accounting for 92% of the mined tonnage of tungsten ore in Sweden. Yxsjöberg was known as a copper deposit in the early 18<sup>th</sup> century, and NPM has noted that its recent sampling results are encouraging for copper, zinc and molybdenum, as well as tungsten (announcement 4<sup>th</sup> March 2021). A previous explorer at the mine, Tumi Resources, has also noted the potential for beryllium and fluorite (announcement 28<sup>th</sup> November 2012), while the Geological Survey of Sweden has noted elevated levels of indium, bismuth and tin ("Critical Raw Materials in ores, waste rock and tailings in Bergslagen", SGU report 2020:38, November 2020). As a result of these other elements, NPM now refers to its Bergslagen tungsten project as a strategic metals project.

The previous owner of the permits, Sotkamo Silver, noted in its presentation "Exploration potential" (11<sup>th</sup> June, 2019) that in total the skarn deposits in the Yxsjöberg field yielded production of 5Mt at 0.38% W, equivalent to 24,800t of tungsten trioxide (WO<sub>3</sub>) (source: FODD (Fennoscandian Ore Deposit Database) 2015; FODD is a collaborative project of the geological surveys of Sweden, Finland, Norway and the Russian Federation). The presentation also notes modest mining activity on some of the other permits. At the Wigströmsgruvan deposit on the Högfors permit a skarn orebody with around 10% fluorine was mined for tungsten between 1978-1981 – 130,000t of ore grading 0.44% WO<sub>3</sub> – and it is thought that mineralisation extends to depth. Also in Högfors, the unmined Båtens skarn deposit contains 250,000t at 0.26% WO<sub>3</sub>. On the Hörken permit, Sotkamo notes that a resource of 43,000t at 0.26% WO<sub>3</sub> and 5-6% fluorite, while 278,000t (at unknown grades) was mined at Baggetorp from 1944-1958 (wolframite-rich boulders with a different chemistry suggest that additional mineralisation may remain to be discovered).

#### Yxsjöberg project detail

As already noted, the mine at Yxsjöberg has produced over 90% of the tungsten recovered in Sweden, and a number of smaller mining operations, and the delineation of historical resources (not to JORC standards) on the other exploration permits, means that the tungsten/strategic metals portfolio at Bergslagen is potentially more advanced than any of NPM's gold exploration targets.

Yxsjöberg is a skarn-hosted deposit with three material mineralised bodies lying in the same folded skarn-altered limestone horizon. While the mine has, historically, primarily been a producer of tungsten, it started life centuries ago as a copper producer, and there appears to be the potential to re-develop Yxsjöberg as a polymetallic strategic raw materials operation, producing not only tungsten but, subject of course to testwork to develop the economics of the deposit, copper, beryllium, fluorite, and possibly other minor critical metals, from newly mined ore, and waste rock and tailings from historical workings.

"Modern" mining operations commenced in 1969 when Swedish state-owned AB Statsgruvor constructed a new headframe and concentrator. In 1977 the plant was converted from gravity separation to selective flotation. The mine and mill closed in 1989 due to weak tungsten prices, and has not operated since. Underground operations extended to 600m below surface, and Sotkamo reports that over 5Mt of mineralised material was extracted averaging approximately 0.35% WO<sub>3</sub> (with addition copper and fluorite). Sotkamo notes that significant areas of mineralisation remain in-situ following closure, and also notes the potential to extract by-product fluorite and re-process the tailings (Sotkamo presentation, "Exploration potential", 11<sup>th</sup> June 2019; note that quoted WO<sub>3</sub>/W grades appear to vary in historical reports). A previous explorer at Yxsjöberg, Tumi Resources, reports that known mineralisation extends to 750m below surface, and geophysics results suggests this is likely to continue to at least a depth of 900m, while the remaining known resource at the mine is reported to be approximately 500,000t averaging 0.35% WO<sub>3</sub> (Tumi Resource's announcement, 2<sup>nd</sup> October 2012). The mill is thought to have been largely untouched since operations ceased (Tumi Resources' announcement, 2<sup>8th</sup> November 2012). In our view, material from Yxsjöberg could be augmented by quantities of material from the other permit areas.





Figure 9: NewPeak Metals' strategic metals permits in the Bergslagen region, Sweden

Source: NewPeak Metals



There are some variations in the reporting of historical data. Data presented by the Geological Survey of Sweden ("Mapping of innovation-critical metal and minerals, SGU report 2019:0, December 2019), and quoting FODD 2018, suggests that a total of 5.17Mt was mined, with a content of 0.27% W (WO<sub>3</sub> presumably?). In another document ("Critical Raw Materials in ores, waste rock and tailings in Bergslagen", SGU report 2020:38, November 2020) the Geological Survey of Sweden suggests that 5.32Mt was milled ("processed in dressing plant"), with grades of 0.26% W, 0.16% Cu and 5.88% fluorite (it is unclear if this is head grade or recovered grade, and if the tungsten grade is metal or WO<sub>3</sub>). In total, the Geological Survey of Sweden notes production of 9,114t of tungsten concentrate (WO<sub>3</sub>?) between 1974 and 1989, which we assume is derived solely from Yxsjöberg and satellite deposits, primarily Wigström ("Statistics of the Swedish Mining Industry 2019", SGU Periodic Publication 2020:1).

|                             |                                      | Tonnes   |          |      |            |
|-----------------------------|--------------------------------------|----------|----------|------|------------|
| Category                    | Location                             | (Mt)     | W% (1)   | Cu%  | Fluorite % |
| Mined                       | Yxsjöberg                            | 4.95     | -        | -    | -          |
|                             | Wigström                             | 0.13     | -        |      |            |
|                             | Total                                | 5.17 (2) | 0.27 (2) | -    | -          |
| Processed in dressing plant | Yxsjöberg                            | 5.32     | 0.26     | 0.16 | 5.88       |
| Tailings                    | Yxsjöberg-Smaltjärnen (1938-1963)    | 2.80     | 0.09     | 0.09 | -          |
|                             | Yxsjöberg-Morkulltjärnen (1973-1989) | 2.43     | 0.04     | 0.05 | -          |

#### Figure 10: Historical production data for the Yxsjöberg tungsten operations

Source: Geological Survey of Sweden. (1) not stated, but presumably WO<sub>3</sub>. All data from "Critical Raw Materials in ores, waste rock and tailings in Bergslagen", SGU report 2020:38, November 2020, except (2)" Mapping of innovation-critical metals and minerals", SGU report 2019:20, December 2019, after FODD 2018

Apart from additional fresh ore resources at Yxsjöberg it may be possible to rework waste dumps and tailings from historical operations. As illustrated below, the Geological Survey of Sweden has identified meaningful tungsten grades in the tailings, particularly from the older tailings pond, Smaltjärnen, as well as other metals.

#### Figure 11: Analysis of tailings and drill core at Yxsjöberg

| Category   | Location       | W%        | Cu%       | <b>S%</b> | Be ppm  | Bi ppm  | In ppm | Sn ppm  |
|------------|----------------|-----------|-----------|-----------|---------|---------|--------|---------|
| Tailings   | Morkulltjärnen | 0.04-0.22 | 0.02-007  | 0.26-0.79 | 117-162 | 421-614 | 4      | 200-246 |
|            | Smaltjärnen    | 0.06-1.00 | 0.03-0.36 | 0.45-3.42 | 65-297  | 440-864 | 4-7    | 276-371 |
| Drill core | Yxsjöberg      | 0.00-0.95 | 0.01-0.84 | 0.13-9.97 | 373-443 | 1-1,420 | 0-30   | 4-1,415 |

Source: Geological Survey of Sweden. "Critical Raw Materials in ores, waste rock and tailings in Bergslagen", SGU report 2020:38, November 2020

The Bergslagen strategic metals/tungsten project appears to be something of a surprise package for NPM; it was essentially "thrown in for free" by Sotkamo Silver when it sold NPM its package of Tampere district gold exploration assets. NPM has hired Swedish consultants Geovista to compile and interpret historical exploration and mining data on the permits. The aim is to ascertain the potential of the permits and to generate exploration targets, which will allow NPM to design an exploration programme to potentially commence in H2 2021 (announcement 21<sup>st</sup> April 2021).

## Otago gold properties, South Island, New Zealand

#### Project setting

On 7<sup>th</sup> September 2020, NPM announced that a Binding Term Sheet for a 75% interest in the drill-ready Cap Burn gold project in Otago, on New Zealand's South Island, had been signed. A further Binding Term Sheet was also agreed for 100% interests in the Rock and Pillar, Raggedy Range and Filly Burn projects and an Exploration Permit had been applied for the Wild Dog Creek gold project, which is immediately adjacent to the Macraes gold mine. The acquisition involved no upfront costs.



The NPM tenements primarily lie between and in close proximity to OceanaGold's Macraes mine to the east, and Santana Resources' Bendigo-Ophir project to the west. Europeans first found gold in the Otago region in 1851 (the local Maori were aware of gold in the area well before this, but had little use for it). A discovery in 1861 at Gabriel's Gully caused a gold rush between 1861-1864, and there has been periodic mining since then.

The Macraes mine started production in 1990, and has produced over 5Moz of gold since then. 2020 gold production was 144,500oz (output was impacted by Covid-19), and OceanaGold is forecasting 155-165,000oz in 2021. Current mine life extends to 2028, and as at 30<sup>th</sup> June 2020 Macraes had remaining proven and probable reserves of 41.4Mt at 1.01g/t Au, (1.35Moz Au) and combined resources (measured, indicated and inferred; inclusive of reserves) of 164Mt at 0.87g/t, or 4.6Moz Au in total.



Figure 12: NewPeak Metals' tenements in the Otago region, New Zealand

Source: NewPeak Metals

Santana Minerals' Bendigo-Ophir project is some 90km NW of the Macraes mine – with most of NPM's tenements lying between the two. Bendigo-Ophir contains an inferred resource of 10.1Mt at 0.8g/t Au, containing 252,000oz Au, and Santana believes that it may be possible to develop a heap leach open-pit operation on site. Between November 2020 and January



2021 Santana began an initial drill campaign on three shear and/or stockwork vein systems; the best hole reported intersected 18m at 1.75g/t including 10m at 3.36g/t.

Given the proximity of NPM's tenements to both Macraes and Bendigo-Ophir, there is good chance of finding mineralisation on NPM's licence areas, though much work is still required as the area is under-explored having had very little systematic exploration over the years, since Glass Earth Limited's Otago regional programme which ran for several years commencing in 2007.

#### Project detail

NPM believes that the Cap Burn tenements lie on extensions of the Hyde-Macraes Shear Zone – the Macraes mine lies along 10km of the 30km shear zone. A maiden drilling programme at Cap Burn started in December 2020, and resumed in February this year. Initial results show that strong anomalous arsenic zones have been intersected – these are frequently representative of the presence of the mineral arsenopyrite, which is a good indictor mineral for gold in the breccia and shear zones of the Otago Schist Belt. NPM notes that a ratio of 1,000:1 (i.e. 1,000ppm As suggests a possible grade of 1g/t Au) is typical of many of the Otago Schist Belt deposits (Craw D, Mortensen J, Mackenzie D, Pitcairn I, "Contrasting geochemistry of orogenic gold deposits in Yukon, Canada and Otago, New Zealand", 2014 Geochemistry: Exploration, Environment, Analysis Vol 15 pp150-166). NPM also observes that graphite has also been identified in a number of shear zones in the recent drilling campaign. The presence of graphite in the main Hyde-Macraes Shear Zone is a feature of note at the Macraes Mine as another indicator mineral (https://www.otago.ac.nz/geology/research/gold/geology-and-gold/graphite-and-gold.html). The drilling in the East Block is targeting a 1km<sup>2</sup> arsenic anomaly which has coincident gold and was picked up in soil and rock-chip sampling. 8 diamond drill holes (30-220m in depth) have been drilled in a programme totalling 950m. In the West Block, anomalous gold, arsenic and antimony has been found in soil sampling in a 3km<sup>2</sup> area. 19 of 20 quartz vein float samples returned anomalous gold (>0.1g/t), with 3 samples returning 1-2g/t. Historical gold samples returned values of up to 3.25g/t Au (announcement 7<sup>th</sup> September 2020). Five holes (750m) have recently been drilled by NPM in the Cap Burn West Block (announcement 21<sup>st</sup> April 2021). Results from this first-phase drilling programme at Cap Burn are expected to be reported in mid-2021.

Varying amounts of work have been carried out on the other tenements that NPM is acquiring:

- Carrick significant prior near-surface drilling includes 12m at 3.0g/t Au (which includes 2m at 14.5g/t, 4m at 7.4 g/t and 2m at 7.1g/t);
- Garibaldi in surface exploration, several drill targets have been identified. Rock-chip samples assayed up to 16.1g/t Au while trenching samples were up to 14.8g/t;
- Filly Burn targeting similar mineralisation to Cap Burn (placer workings are to the east and west of the tenement);
- Wild Dog Creek in the same mineralised belt as the Macraes mine, with geological similarities to Macraes;
- Raggedy Range gold veins and placers were historically worked in the vicinity;
- Serpentine some geological similarity to Macraes, with historical vein and placer mining in the area;
- Rock and Pillar encloses the two Cap Burn exploration blocks; historical placer workings, soil anomalies reported in last 10 years.

## Investment in Lakes Blue Energy

#### Share suspension

Lakes Blue Energy changed its name from Lakes Oil NL with effect from 26<sup>th</sup> March 2021. The company's shares were suspended from trading on the Australian Stock Exchange (ASX: LKO) on 1<sup>st</sup> October 2019, and remain suspended. This follows the late lodgement of the company's 2019 annual report (which had been due by 30<sup>th</sup> September 2019). NPM has a 29.7% stake in LKO (pre convertible note dilution), and is not deemed to exercise any control. LKO expects to be able to resume trading on the ASX soon.



LKO posted its annual report for the year ending 30<sup>th</sup> June 2019 on 23<sup>rd</sup> October 2019. The delay had been caused by an ongoing dispute with the Australian Taxation Office relating to claw back of LKO's Research and Development grant for 2013/14. The company's auditors issued a "disclaimer of opinion" with regards to the 2019 financial report, as they had done for 2017 and 2018. The ASX has ruled that to recommence trading, LKO must secure an unqualified audit opinion, in conjunction with other matters. LKO has continued to file its financial reports, including its 2020 annual report (for the 12 months ending 30<sup>th</sup> June 2020) and Quarterly Activities and Cashflow Reports. Quite apart from the impact of the suspension of trading on the ASX, LKO has also suffered from the moratorium on onshore gas exploration and development put in place by the government of Victoria, Australia, in 2012. While not all of LKO's gas assets are in Victoria, the moratorium has had an impact on the company's activities and valuation. Victoria has lifted the moratorium on onshore conventional gas exploration and production with effect from 20<sup>th</sup> June 2021, which will allow Lakes to progress the exploration and development of these assets. Note, a Company does not have to be listed and trading to create value for its shareholders. Even if LKO does not recommence trading in the near term, as expected, the assets have an intrinsic value and Lakes may go down an alternative route to provide value to its shareholders.



#### Figure 13: Lakes Blue Energy oil and gas project portfolio

Source: Lakes Blue Energy



#### Lakes Blue Energy asset portfolio

Lakes Blue Energy has a number of Australian oil and gas projects in Victoria, South Australia and Queensland, and also in Papua New Guinea.

The key focus recently, however, has been the Nangwarry-1 well in South Australia, where extended production testing has been undertaken and exceeded the company's expectations. Nangwarry is a 50/50 jv between operator Otway Energy (a LKO subsidiary) and Vintage Energy, to produce food-grade carbon dioxide. The Nangwarry reservoir gases are c.90% carbon dioxide, with the balance primarily natural gas. A Memorandum of Understanding is in place with Supagas regarding preliminary design and costing. The plan is that the reservoir natural gas will be used to fuel the proposed carbon dioxide purification plant. LKO's net (i.e. 50%) CO<sub>2</sub> sales gas volumes estimate range between 3.9-41.5Bscf, with a "Best" forecast of 12.6Bscf (LKO announcement 5<sup>th</sup> March 2021).

The end of the gas exploration and development moratorium in Victoria cannot come soon enough for LKO. As soon as it finishes, at the end of June 2021, the company plans to seek approval to allow it to drill at its Wombat project. The field has a contingent net gas resource of 329Bcf, and an already demonstrated and independently verified flow rate of 10TJ/day. The east coast of Australia is short of gas, and prices are high. Wombat will be followed by the ramp-up of Trifon-Gangell (57.2% owned) which is forecast to deliver 20PJpa for 20 years (LKO September 2020 presentation). Also in Victoria, LKO plans to drill its Otway gas field (49%-owned, potential size P50 5Bcf) as soon as the moratorium is lifted.

#### Figure 14: Lakes Blue Energy strategy

| Initiative/project                        | Net to LKO | Net resource (Bcf) | Timeframe |
|---|------------|--------------------|-----------|
| Develop Nangwarry CO <sub>2</sub> project | 50%        | 12.6               | 2023      |
| Drill/complete Otway-1                    | 49%        | 2.5                | 2022      |
| Develop Wombat gas field                  | 100%       | 329                | 2022-2023 |
| Develop Trifon-Gangell gas field          | 57.2%      | 223                | 2028      |
| Farmout/develop Arrowie                   | 100%       | TBD                | 2022      |
| Develop Queensland ATP1183 prospects      | 100%       | 55                 | 2022-2024 |
| Portland energy project                   | 200%       | 3,000              | 2024-2025 |
| Farmout Buna prospect                     | 100%       | 3,300              | TBD       |

Source: Lakes Blue Energy presentations (16<sup>th</sup> September 2020, 23<sup>rd</sup> March 2021)

Elsewhere, and with a more distant time horizon, the company has a 100% interest in Arrowie (wholly owned, South Australia), the wholly owned ATP1183 licences in Queensland (potential size 55Bcf) and the wholly owned Portland (Victoria) and Buna (Papua New Guinea) projects with potential sizes of 3,000Bcf and 3,300Bcf respectively.



# **MMG Capital's Potential Indicative Valuation of NewPeak Metals**

#### **Cautionary note**

As an ASX-listed company, NewPeak Metals adheres to criteria set out by the Joint Ore Reserves Committee (JORC 2012 reporting standards – the most recent) which defines the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. The JORC code, and similar codes in other countries that are affiliated to CRIRSCO (Committee for Mineral Reserves International Reporting Standards), define how, and by whom, mineral resources, ore reserves, Exploration Targets, Scoping Studies, Pre-feasibility Studies and Feasibility Studies are defined. Most mining companies adhere to either the JORC Code, or its broadly similar Canadian equivalent (NI 43-101).

NPM has undertaken limited work on its exploration portfolio, and attempting to put a value on the company's portfolio is difficult given the lack of exploration data. Work to date has been insufficient to define a JORC Mineral Resource on any of the company's assets. We have attempted to provide a potential indicative valuation by comparing NPM assets with peers, based either relative to current market value or on recent transaction value for similar companies or assets and primarily on project area or "implied resources". As exploration progresses, any future (realised or unrealised) valuation may therefore be higher, or lower, than the potential indicative valuation that we currently derive on the assets. Achieving a maiden mineral resource estimate on an asset would increase the ability to compare against peers (that also have a mineral resource estimate) on that particular asset, and may or may not lead to an increase in the perceived valuation. Further work should allow for better asset definition (though not necessarily a higher market value, because this will be based on general market expectations).

In particular, investors and potential investors should be aware that proximity to existing or historical mining operations or to current or historical exploration programmes does not mean that economically viable mineralisation will be found on NPM's exploration licences. Each peer project that we have reviewed may have materially different characteristics from NPM's licences in terms of location, prospectivity, previous work, infrastructure, lease area etc. We may discount, or add a premium, based on our perception of relative grades, synergies or asset quality etc – and this is a highly subjective exercise. We outline our assumptions (i.e. discounts or premiums) and logic, but clearly other interpretations of the potential of the company's assets are possible, which in turn would yield a different interpretation of potential value.

The conclusions that we draw do, we believe, offer a sense of the order-of-magnitude of the potential current value of the exploration portfolio. However, we are not making a firm valuation forecast. Rather, we present the reader with a highly subjective order-of-magnitude value, and urge investors and potential investors to see it as such. Any investor or potential investor in NewPeak Metals should ensure that they understand the risks involved in an investment in an early-stage exploration company, and are encouraged to undertake their own research and review of data, and to seek the input of a professional financial advisor before making an investment decision. Investors and potential investors should understand that given the high-risk nature of mineral exploration, you may lose all or a substantial proportion of your investment.

## Methodology: sum-of-the-parts asset valuation

More specifically, we have used the following assumptions in our valuation (as outlined in the next section of this report):

- Cachi gold project, Santa Cruz, Argentina average of three peer valuations in the Deseado Massif;
- Las Opeñas gold project, San Juan, Argentina average of two peer valuations in the region;
- Otago gold properties, South Island, New Zealand average of two South Island peer valuations;
- Tampere region gold project, Finland average of 3 Finnish god exploration peer valuations;
- Bergslagen strategic metals project, Sweden average of 4 tungsten peer valuations;
- Lakes Blue Energy shares average of book value and last (historical) ASX trading;
- Central costs 12-month central cost assumption;
- Net cash as of 31<sup>st</sup> March 2021;
- DGR Global association nominal value, based on assumption that group benefits exist.



# **NewPeak Metals projects' peer valuations**

## Cachi gold project, Santa Cruz, Argentina

## Gold peers in the Deseado Massif

The Deseado Massif plays host to three significant gold mines; Cerro Negro (Newmont), Cerro Vanguardia (AngloGold Ashanti) and Cerro Moro (Yamana). In total, these three mines are expected to produce c.550,000oz of gold, plus additional silver, this year and have mineral resources (inclusive of reserves) of 8.25Moz of gold and over 101Moz of silver. These operations give a sense of what might be found in the region, but to put a tentative valuation on Cachi, looking at recent transactions in the Deseado Massif appears to make more sense. Below, we highlight a number of peers. There are other junior explorers in the region, but their assets are either primarily Cu-Au porphyry targets, silver-only vein deposits, or are not corporate exploration priorities and have had either very limited or no work carried out on them in recent years, and we have not included these. Neither have we included TSXV-listed Patagonia Gold Corp., created in 2019 by the reverse takeover of Patagonia Gold plc by Hunt Mining. Patagonia has one of the largest land positions in the Deseado Massif, 67 properties and c.190,000ha (1,900km<sup>2</sup>) in total. These projects include former mining operations, some modest residual production, a processing mill, and some interesting exploration targets. However, it is difficult to draw a valuation for Cachi from this portfolio.

We consider the following three transactions as being the most relevant valuation cross-reference for Cachi.

**Austral Gold – Sierra Blanca acquisition** – dividend-paying Austral Gold is listed on the ASX/TSXV and has produced over 500,000oz AuEq over the last 10 years, primarily from its Guanaco-Amancaya mine in Chile. In the Deseado Massif, the company owns the Pingüino project, about 100km east of Cachi. The silver-gold-zinc-lead-lithium project is described (by Austral) as an advanced stage development project containing a 2014 indicated resource of 6.3Mt grading 103.4g/t Ag, 0.58g/t Au, 0.77% Zn and 0.54% Pb (20.9Moz Ag, 117,000oz Au, 48,600t Zn and 34,000t Pb) and a further inferred resource of 2.2Mt grading 65.3g/t Ag, 0.66g/t Au, 0.52% Zn and 0.35% Pb (4.63Moz Ag, 46,500oz Au, 11,500t Zn and 7,700t Pb).

In April 2020 (announcement 1<sup>st</sup> April 2020), Austral announced a deal with New Dimension Resources which closed in October 2020 (announcement 13<sup>th</sup> October 2020), to acquire the 7,000ha (70km<sup>2</sup>) Sierra Blanca project, which lies immediately adjacent and to the west of Pingüino (i.e. nearer to Cachi). Surface channel sampling by New Dimension (announcement 4<sup>th</sup> March 2019) reports grades of up to 9.4m at 2,362g/t Ag and the company interprets all of the major vein systems in the eastern portion of Sierra Blanca as extending into Pingüino. Austral is paying New Dimension US\$800,000 in cash and work commitments, for an 80% interest in the project, with a "follow-on" option to purchase the other 20% interest for an additional US\$2.3m in cash and work commitments.

In terms of our potential indicative valuation, the Cachi leases have an area of 470km<sup>2</sup> compared with 70km<sup>2</sup> for Sierra Blanca. We have used the area ratio (6.7x), and the transaction cost of US\$3.1m for 100% of Sierra Blanca and have discounted the result by 50%, our presumption being that Austral would be prepared to pay double what any third-party would pay because of the contiguous nature of the licences and the ability to potentially increase the size of the Pingüino project. This approach puts a value of US\$10.4m on Cachi, or A\$13.4m at the current US\$=A\$1.29 exchange rate.

**E2 Metals – Conserrat exploration success** – E2 Metals is an Australian explorer, with a flagship project, its 80%-owned Conserrat discovery in the Deseado Massif (it also has exploration assets elsewhere in the Deseado Massif, and at Cobar, Australia, and Rio Negro, Argentina). The 8,700 ha (87km<sup>2</sup>) Conserrat project is just kilometres from the world-class Cerro Vanguardia gold mine, and in October 2020 (announcement 28<sup>th</sup> October 2020) E2M caused a stir when it reported the world's fifth best Au-Ag drill intercept of 2020 – 18m at 47g/t Au and 208g/t Ag (50g/t Au Eq). The company's share price rose 365% on the announcement, or c.A\$90m, before giving back most of the gain.

E2M currently has an Enterprise Value of A\$35.4m (150.1m shares at A\$0.34/share, less A\$15.6m cash). We attribute 80% of the EV of E2M to Conserrat, i.e. A\$28.3m and then adjust for the land area (470km<sup>2</sup> at Cachi, 87km<sup>2</sup> at Conserrat) and then,



given the exceptional exploration results at Conserrat and location (proximity to Cerro Vanguardia), we discount this by 90% for Cachi, giving us a potential indictive valuation of A\$15.3m for Cachi.

**Mirasol Resources – Sascha-Marcelina agreement** – TSXV-listed Mirasol is a project generator/explorer with projects in Chile and Argentina, including two projects in Santa Cruz province. One, the Virginia project, is a silver epithermal vein deposit, which is not a suitable peer because it is silver only. The other, is the large, prospective, Sascha-Marcelina project, which Mirasol acquired in 2019 (announcement 25<sup>th</sup> January 2019). The project area contains a number of Au-Ag low sulphidation epithermal veins, and the deal added 5,700ha (57km<sup>2</sup>) to existing claims to make 30,600ha (306km<sup>2</sup>) of contiguous claims resulting in a combined anomalous Au-Ag district "footprint" for Mirasol of 65km<sup>2</sup>. The Marcelina claims being optioned are central to the anomalous mineralised footprint, and join two different parts of the Sascha claims. The project is at a broadly similar stage to Cachi i.e. some promising rock-chip sampling (the best assay contains up to 160g/t Au and 780g/t Ag) and some historical shallow drilling, with five multi-kilometre long vein and breccia trends identified and with a silica cap reminiscent of mineralisation at the Cerro Negro mine, 100km to the north.

Mirasol's option to purchase agreement is made in staged payments of US\$3.4m over 4 years (plus a 1.5% NSR royalty). We have prorated the staged payment figure of US\$3.4m (A\$4.2m at 1US\$=A\$1.29) for the optioned Marcelina area (57km<sup>2</sup>) relative to the mineralised area at Cachi (470km<sup>2</sup>) and given that grades to date at Cachi are significantly lower than the highest grades at Sascha-Marcelina, and given the synergies between Marcelina and Sascha, have assumed a 75% discount for Cachi, giving a valuation of A\$9.0m.

#### Figure 15: Potential Indicative Valuation for the Cachi Project

| Transaction                   | Value (A\$m) |
|-------------------------------|--------------|
| Austral Gold - Sierra Blanca  | 13.4         |
| E2 Metals - Conserrat         | 15.3         |
| Mirasol Resources - Marcelina | 9.0          |
| AVERAGE                       | 12.6         |
|                               |              |

Source: MMG Capital. Numbers may not add due to rounding

#### Las Opeñas gold project, San Juan, Argentina

#### Gold peers in San Juan province

The El Indio Gold Belt is home to the Pascua-Lama, Veladero and Alturas gold projects, which have combined total resources (inclusive of reserves) of almost 39Moz of gold. San Juan province is also host to a number of copper or copper-gold porphyries such as El Pachón (Glencore), Los Azules (McEwen Mining) and El Altar (Sibanye-Stillwater) and some smaller gold producers, which are not peers for Las Opeñas given NPM's early-stage exploration for epithermal gold at the project.

**Challenger Exploration – Hualilan acquisition** – one of the most exciting gold projects in Latin America in recent years is Hualilan, which has a historical high-grade non-JORC resource of 627,000oz at 13.7g/t in a skarn, underlain by what appears to be a significant gold porphyry. The deposit is open in all directions, and there have been a number of high/very high gold intercepts announced from drilling in the past year, with additional silver, zinc and lead credits. In 2019, the company announced it was acquiring private company AEP Corp., giving it a 75% stake in Hualilan in San Juan province, and 100% of the El Guayabo project in Ecuador (announcement 25<sup>th</sup> February 2019, fundraising prospectus 16<sup>th</sup> May 2019).

The deal includes 180M shares at A\$0.03 worth A\$5.4m, 78.44M options exercisable at A\$0.04 (A\$3.14m) and conversion of an AEP loan (25M shares at A\$0.03 or A\$0.75m). There are also two performance share issues of 60M shares each, if either Hualilan or El Guayabo yield certain mineral resource or Scoping Study criteria. We are making the assumption that at the time that the AEP deal was struck, each project carried half the perceived value – that would place a value of A\$4.65m (excluding the performance payments) on Hualilan at the time of the initial AEP deal. We also assume that Hualilan meets both performance share criteria first, and assume the issue of 120M shares at the current share price, A\$0.28, for a value of A\$33.6m,



plus the initial A\$4.65m, so A\$38.25m in total. Hualilan is shaping up to be a world-class discovery, and something for NPM to aspire to at Las Opeñas. At present, we assume a valuation discount of 80% for Las Opeñas of our Hualilan figure, i.e. A\$7.7m.

**Sable Resources – Don Julio Cluster, El Fierro, Los Pumas and La Poncha** – TSXV-listed Sable has 4 exploration projects in San Juan province, at the southern extension of the El Indio Gold Belt, and close (c.20km) to the South32/Minsud Chita Valley copper porphyry project. The 4 Sable projects include a variety of epithermal vein, breccia, skarn and porphyry exploration targets. The northernmost project, El Fierro, appears to be primarily a polymetallic vein deposit with high grade Ag-Pb-Zn-Cu, and so not a suitable comparator for the Las Opeñas gold vein deposit. Some 50km south is the newly acquired La Poncha Au-Cu porphyry and epithermal vein/breccia project, with the Don Julio Cluster 70km south, and Los Pumas a further 20-25km south. The Don Julio Project has just been joint-ventured with South32, with Cu-Au porphyries, Ag-Au epithermal and polymetallic skarns as targets, while Los Pumas is a new intrusion-related greenfield high-grade Au-Ag-Cu discovery (announcement 12<sup>th</sup> January 2021). Sable's two most recent deals involve an earn-in by South32 into the Don Julio project (announcement 11<sup>th</sup> March 2021), and the acquisition of La Poncha (announcement 22<sup>nd</sup> March 2021).

The March 2021 agreement with Sable on the Don Julio Project essentially sees South32 taking on the cash consideration payments that Sable agreed with the original vendors in 2017 (with 3 subsequent amendments) for staggered payments totalling a consideration of US\$4.0m, US\$4.0m in exploration, the issue of 3.5m Sable shares, and a total NSR royalty of 4%, 2% of which may be purchased by Sable from the underlying owners of the project for US\$5.0m (based on the terms set in the original announcement on 9<sup>th</sup> February 2018). Together, this equates to a value of US13.0m (A\$16.8m at the current US\$=A\$1.29), plus shares worth A\$1.4m (based on the Sable share price on 19<sup>th</sup> May 2021 of C\$ 0.38 and C\$1=A\$1.06), so A\$18.2m in total. Don Julio has a land package of 580km<sup>2</sup>, so prorating Las Opeñas (14.6km<sup>2</sup>) gives a value of A\$0.46m.

The La Poncha transaction involves the option to acquire a 100% interest in an 18,114ha (181km<sup>2</sup>) land package. Historical drilling included intercepts of up to 1.21g/t Au over 266m and 4.87g/t Au over 12.15m. Sable is paying a staged consideration of US\$1.5m cash (over 4 years), the granting of an 1% NSR that can be acquired back by Sable for US\$1.0m, and an agreement to spend US\$1.6m on exploration over 4 years, so a total transaction worth US\$4.1m (A\$5.2m based on US\$=A\$1.28 at date of transaction). While target mineralisation is primarily epithermal veins at Las Opeñas (i.e. not the same mix as at La Poncha) we assume the same "value target", and have prorated a value for Las Opeñas (14.6km<sup>2</sup> lease area) based on area, giving a value for Las Opeñas of A\$0.42m. Don Julio and La Poncha therefore give a similar valuation of A\$0.4m for Las Opeñas.

#### Figure 16: Potential Indicative Valuation for the Las Opeñas Project

| Transaction  | Value (A\$m) |
|--|--------------|
| Challenger Exploration - Hualilan                        | 7.7          |
| Sable Resources - Don Julio/La Poncha                    | 0.4          |
| AVERAGE  | 4.1          |
| Courses MAAC Constal Numbers may not add dys to rounding |              |

Source: MMG Capital. Numbers may not add due to rounding

#### Tampere gold project, Finland

#### Gold peers in Finland

NPM's gold exploration activities are in the Tampere region, rather than the Central Lapland Greenstone Belt (CLGB). The CLGB is host to Europe's largest producing gold mine, Agnico-Eagle's Kittilä mine; Agnico expects the mine to produce 250,000oz in 2021. There are also a number of explorers in the region, a number of which have already reported mineral resources on their key assets, and are therefore not suitable comparably. These include the majors Agnico-Eagle, Kinross and B2 Gold (who cannot be compared due to size, and the fact that they are established gold producers), as well as Rupert Resources and Mawson Resources, both of whom have more advanced programmes with mineral resources. Elsewhere in Finland, Endomines and Otso Gold are hoping to reopen former gold mines (as is Rupert Resources in the CLGB). Fellow ASX-listed Finnish gold explorer, S2 Resources, is not a suitable peer, because the bulk of its exploration assets are in Australia.



Other earlier stage gold explorers in the CLGB (i.e. where no mineral resource has yet been established) include TSXV-listed Aurion Resources and Firefox Gold. These are pure Finnish gold exploration stocks, and in our view are therefore reasonable peers for comparison (Firefox even has a lease in the Tampere region too). NPM's gold assets in Finland, in the Tampere region, are c.700km south of the CLGB. The only gold producer in the Tampere region is Hong Kong-listed Dragon Mining, which produced 23,900oz Au in 2020 from a number of small mines. We have therefore also compared NPM with Dragon.

**Aurion Resources – market valuation** – Canadian company Aurion Resources (TSXV:AU) currently has a market capitalization of C\$83.6m (98.7m shares, C\$0.85/share on 19<sup>th</sup> May 2021) and following a placing announced on 23<sup>rd</sup> February 2021, has net cash of C\$10.8m (March 2021 presentation), giving an enterprise value (EV) of C\$72.8m. Aurion has a district-scale land package in the CLGB of c.90,000ha (900km<sup>2</sup>), has joint ventures with key partners (B2 Gold, Kinross and Strategic Resources) and has collected over 8,500 boulder and outcrop samples with grades averaging 6g/t Au. NPM's Tampere land position is 2,727.5ha (27.3km<sup>2</sup>) in total. On a pro rata basis, this would value NPM's position at \$C2.2m. However, the CLGB appears to be significantly more prospective than the Tampere region, and Aurion's exploration programme is more advanced, so we have assumed a 75% discount for NPM's assets, giving a valuation of C\$0.56m or A\$0.6m (1C\$=A\$1.06).

**Firefox Gold – market valuation** - Canadian company FireFox Gold (TSXV:FFOX) currently has a market capitalization of C\$26.6m (98.5m shares, C\$0.27/share on 19<sup>th</sup> May 2021) and following a placing announced on 8<sup>th</sup> April 2021, has net cash of C\$3.0m (the cash raised in the April offering; we assume cash of C\$1.1m in latest 30<sup>th</sup> September 2020 accounts has subsequently been used), giving an enterprise value (EV) of C\$23.6m. The company has been exploring for gold in Finland since 2017, and has built up a substantial portfolio of prospective ground by acquisition and licence application, with 811km<sup>2</sup> in the Central Lapland Greenstone Belt, 985km<sup>2</sup> in the Kierinki Schist Belt (to the south of the CLGB) and 1 km<sup>2</sup> in the Tampere Schist Belt at Ylöjärvi, close to NPM's ground. The Ylöjärvi project includes the former Haveri gold mine which produced 142,000 oz Au and 6,000t Cu before closing in 1960. Haveri contains a resource (neither JORC nor NI 43-101 compliant) of 24.7Mt at 0.89g/t. Prorating NPM's 27.3km<sup>2</sup> with FireFox's 1,797km<sup>2</sup> land position would give an asset value for NPM of A\$0.4m, (1C\$=A\$1.06).

**Dragon Mining** - Dragon Mining delisted from the ASX in Australia in October 2018, and moved its listing to the Hong Kong Stock Exchange. Dragon Mining operates two small gold mines in the Tampere region, at Jokisivu and Kaaspelinkulma (and also owns the Orivisi mine which closed in 2019). The Tampere operations have a total land position of 3,502ha (35km<sup>2</sup>). The business, known as the Vammala Production Centre (VPC), is centred around a 300,000tpa concentrator at Vammala that typically produces around 23,000-30,000cpa Au in concentrates. The company also operates at Svartliden in Sweden. Mining here has ceased, and the plant is treating stockpiles, and ore acquired elsewhere, including from its Finnish mines. This will be augmented by ore from Faboliden in northern Sweden, which is slowly going through the environmental permitting process. In 2020, Dragon produced 26,645oz Au, of which 23,934oz was from VPC, and in turn 19,338oz was from the Jokisivu mine. VPC had a mineral resource (at 31<sup>st</sup> December 2020) of 3.2Mt grading 4.0g/t Au, totalling 410,000oz Au and proven and probable ore reserves of 140,000oz at Jokisivu and 3,000 oz at Kaaspelinkulma. Dragon also has an exploration programme around its mines, and elsewhere in the region at Uunimäki, 15km SE of Jokisivu. In 2020, Dragon reported revenue of A\$69.3m, a net profit of A\$10.2m and cash operating costs of US\$1,036/oz (based on total cash costs defined as mining, processing and other production costs of A\$42.2m, 28,035oz Au sold and an average exchange rate of 1US\$=A\$1.452) (annual report for the 12 months ending 31<sup>st</sup> December 2020).

Dragon Mining has a market capitalization of A\$50.7m (158.84m shares at HK\$1.92, 1A\$=HK\$6.01), and after reducing this by net cash of A\$11.0m, an EV of A\$39.7m, of which we assume that 90% or A\$35.8m is attributable to the VPC in the Tampere region. If we prorate the relative land position (Dragon 35km<sup>2</sup> vs NPM 27.3km<sup>2</sup>) then if NPM can develop a profitable business with annual production of c. 23,000-30,000ozpa at cash costs of c.US\$1,000-1,100/oz, this might imply a potential future value (before considering capital expenditure) of A\$27.9m. This is by no means a foregone conclusion, and we discount this figure by 90%, valuing NPM's Tampere assets at A\$2.8m.



| Figure 17: Potential Indicative Valuation | n for the Tampere | Gold Projects, Finland |
|---|-------------------|------------------------|
|---|-------------------|------------------------|

| Transaction                                    | Value (A\$m) |
|--|--------------|
| Aurion Resources - EV discounted by lease area | 0.6          |
| FireFox Gold - EV based on land area           | 0.4          |
| Dragon Mining - EV discounted by lease area    | 2.8          |
| AVERAGE  | 1.3          |

Source: MMG Capital. Numbers may not add due to rounding

#### Bergslagen strategic metals project, Sweden

#### Tungsten peers

While NPM is now describing Bergslagen as a strategic metals project, tungsten remains the key commodity, and the one against which we seek our peer comparisons. As already noted, the acquisition of Sotkamo's Tampere gold exploration assets also included the Swedish tungsten exploration portfolio around Bergslagen. In our view, this was essentially "thrown in for free" as Sotkamo sought to clear out its non-core exploration and focus on and around its silver mine at Sotkamo. With its focus on gold, we don't believe that NPM placed much value on the tungsten portfolio at the time, but has now commissioned Geovista to compile and interpret existing and historical exploration and mining data. We note our earlier comments that when the key asset, the Yxsjöberg mine, closed in 1989 due to low tungsten prices, the deepest levels of the mine had reached c.600m, while mineralisation was known to extend to at least 750m, and possibly 900m. In addition there is around 5.2Mt of tailings which carries some mineralisation. The orebody is known to contain copper, beryllium and fluorite, and a recent report by the Swedish Geological Survey (SGU report 2019:20) also notes drill core and tailings values for tin, gallium, gold, germanium, indium and bismuth, which may or may not be economically recoverable. As a result, NPM is now referring to Bergslagen as a Strategic metals project. The mill is reportedly still largely intact, and there is presumably reasonable underground and other surface infrastructure, though it is unclear (to us) of what condition mine, mill and infrastructure are in.

According to Sotkamo Silver (presentation: Exploration potential,  $11^{th}$  June 2019) the equivalent of 24,800t of WO<sub>3</sub> has been extracted from the Yxsjöberg field. We have assumed that the equivalent of 50% of this figure i.e. 12,400t WO<sub>3</sub> (excluding any by-product credits) remains in "mineral resources" in residual blocks and at depth (i.e. below c.600m) in the mine, and in surface waste piles and tailings that may be amenable to re-processing. While it is unclear what condition the mine, mill and infrastructure are currently in, we have placed a nominal value of A\$2.0m on the infrastructure at Yxsjöberg and a figure of A\$1.6m on the rest of the land package (i.e. the exploration areas other than Yxsjöberg).

**Almonty Industries –Valtreixal project** - The Western World's largest tungsten producer is TSX-listed Almonty Industries, which plans to list on the ASX shortly. 2021 production is estimated at 930t WO<sub>3</sub>, with 895t WO<sub>3</sub> from the Panasqueira mine (Portugal) and the balance primarily from tailings at the Los Santos mine (Spain), and the start up of what will become the world's largest tungsten mine, Sangdong (South Korea). Thanks to Sangdong, Almonty's production is expected to be c.3,500t WO<sub>3</sub> in 2024, and with a further potential expansion at Sangdong, could be around 6,500tpa from 2027. While Almonty itself is considered to be an unsuitable peer given its size, comparison with the company's Valtreixal project is a better proxy (pre-feasibility study stage, production planned from 2025 at 800-1,150t WO<sub>3</sub> pa). (Almonty December 2020 corporate presentation).

Almonty exercised its option for the remaining 49% of the Valtreixal project in Q1 2017 for C\$2.2m (a reduction of C\$1.1m from the original agreement), valuing the whole project at C\$4.4m, equivalent to A\$4.4m at the time (source: Almonty Management Discussion and Analysis,  $16^{th}$  November 2020). The project, which is currently at the pre-feasibility stage, contains total resources of 35,828t WO<sub>3</sub> Eq (inclusive of tin credit), equivalent to A\$123/t WO<sub>3</sub> Eq. Given that Valtreixal is at a more advanced stage than Yxsjöberg, we have applied a 75% discount. Valuing the 12,400t in the resource that we have assumed remains at Yxsjöberg on this basis, equates to A\$0.4m, and with infrastructure and a figure for the other leases, would give a value of A\$4.0m for the tungsten assets at Bergslagen.

**Ormonde Mining – Barruecopardo sale** – operational and financial issues forced AIM (London) and Euronext Growth (Dublin)listed Ormonde to sell its 30% stake in the recently commissioned (February 2019) Barruecopardo tungsten mine in Spain to



its JV partner for €6.0m (A\$9.6m at the prevailing exchange rate at the time of c.1€=A\$1.60), with completion in February 2020. The mine had a total resource of 71,200t WO<sub>3</sub>, so the 30% equates to 21,360t or A\$449/t WO<sub>3</sub> in resource.

We have discounted this by 75%, and excluded any value for NPM's Swedish infrastructure given the more modern open-pit and processing infrastructure (albeit with further capex required) at Barruecopardo, which would give A\$112/t or A\$1.4m for the 12,400t WO<sub>3</sub> at Yxsjöberg. Adding in the A\$1.6m assumed value for the additional lease areas in Sweden, gives a A\$3.0m valuation for the NPM assets.

**Strategic Minerals – Redmoor project** – the AIM-listed company (which also sells magnetite from stockpiles in the USA and has a copper exploration programme in Australia), agreed a deal in March 2019 to buy out its 50% JV partner in the Redmoor tungsten-tin-copper project in Cornwall, England. Strategic has completed a Scoping Study on Redmoor (announcement 6<sup>th</sup> October 2020); the project has an inferred resource of 11.7Mt at 0.56% WO<sub>3</sub>, 0.16% Sn and 0.50% Cu, making 0.82% WO<sub>3</sub> Eq, for a total WO<sub>3</sub> content of 65,520t and WO<sub>3</sub> Eq content of 95,940t (announcement 14<sup>th</sup> February 2019). The agreement is for payment of A\$3m to New Age Exploration through cash instalments, with payment in full by the end of June 2020. The outstanding declining balance (as instalments are paid) is subject to a 5% interest charge; on this basis, the total cost is estimated at c.A\$5.1m including royalty payments of up to A\$2m.

This values Redmoor at A\$156/t of WO<sub>3</sub> (excluding by-product credits), which we have discounted by 75% given the more advanced nature of mineral resource definition at Redmoor. On a pro rata basis this would equate to a value of A\$0.5m for the assumed 12,400t remaining resource at Yxsjöberg. Adding A\$3.6m for infrastructure and the additional lease areas in Sweden places a value of A\$4.1m on the Swedish tungsten assets.

**Rafaella Resources – Santa Comba** – ASX-listed Rafaella Resources' plans to re-open the Santa Comba tungsten project in Spain, which operated between 1980-1985. The project has a JORC total resource of 10.61Mt (near-surface and underground) grading 0.17% WO<sub>3</sub> and 0.0154% Sn, containing 18,532t WO<sub>3</sub> and 1,629t Sn (announcement 1st July 2020). A positive Pre-feasibility Study was announced on  $2^{nd}$  December 2020. There is good infrastructure and former owners undertook substantial underground development and started to build a processing plant (c.70% complete). The project has an offer of an offtake agreement from HC Starck Tungsten, and via Starck, pre-approval of  $\notin$ 11m of pre-production development finance from the German government, and a trading arrangement with Transamine. A new resource estimate is anticipated in the next few months, and first production is expected in September 2021 (Quarterly Activities Report, released 28<sup>th</sup> April 2021).

The acquisition will be satisfied by the issue of 17.5M Rafaella shares, priced at A\$0.20/share, and two further tranches of 15M shares each subject to the project hitting certain resource and reserve criteria. Valuing the other 30M shares at the current share price (A\$0.10, 20<sup>th</sup> May 2021), would imply an entry cost of A\$6.5m, equivalent to A\$351/t on the current resource of 18,532t WO<sub>3</sub> at Santa Comba. Again, we apply a 75% discount for Yxsjöberg given the project is less advanced than Santa Comba, giving a resource value of A\$88/t for Yxsjöberg, or A\$1.1m for a "resource" of 12,400t WO<sub>3</sub>. We assume that the value of infrastructure at Santa Comba cancels out with that at Yxsjöberg, but add A\$1.6m for the rest of the Swedish land package, giving a value of A\$2.7m for the Swedish tungsten assets.

#### Figure 18: Potential Indicative Valuation for the Strategic Metals/Tungsten Assets, Sweden

| Transaction                      | Value (A\$m) |
|----------------------------------|--------------|
| Almonty - Valtreixal             | 4.0          |
| Ormonde - Barruecopardo          | 3.0          |
| Strategic Minerals - Redmoor     | 4.1          |
| Rafaella Resources - Santa Comba | 2.7          |
| AVERAGE                          | 3.5          |

Source: MMG Capital. Numbers may not add due to rounding



## Otago gold properties, South Island, New Zealand

### Gold peers on the South Island

NPM has few peers in the old Otago Goldfields, in the south of New Zealand's South Island. The only producer is OceanaGold's Macraes mine, which started production in 1990, has yielded over 5Moz Au since then, and is forecast to produce 155,000-165,000oz this year, according to the company. The only other explorers of note in the Otago Goldfields are Santana Minerals and New Age Exploration. While Santana acquired its interests and is therefore a suitable peer, New Age Exploration obtained its positions through permit application, and is therefore not a peer for valuation purposes. Elsewhere on the South Island, there is some limited exploration in the north-west, around Reefton, by Siren Gold and Federation Mining. NPM's permit acquisitions in the Otago region essentially come in two parts (announcement 7<sup>th</sup> September 2020). The requirements for the main asset, Cap Burn, are expenditure of NZ\$600,000 for a 75% stake, after which the original vendors may retain their remaining interest by funding their share, sell to NPM, or revert to a 0.5% NSR royalty plus a NZ\$500,000 payment. We have assumed the latter transaction, which would result in a cash value for the transaction (i.e. excluding the NSR) of NZ\$1.1m or A\$1.0m (at 1A\$=NZ\$1.08). The acquisition of the Rock and Pillar, Raggedy Range, Filly Burn and Wild Dog Creek permits are subject to a 2% NSR carried interest. These projects, plus others applied for by NPM, cover a much greater area (445km<sup>2</sup>) than the 19.5km<sup>2</sup> area for Cap Burn alone.

**Santana Minerals – Bendigo-Ophir project** – in September 2020 (announcement 14<sup>th</sup> September 2020), ASX-listed Santana announced the acquisition of the Bendigo-Ophir project, a former high-grade gold producer, and with an existing inferred resource of 10.19Mt grading 0.8g/t Au, containing an uncut 252,000oz. Subsequent drilling has resulted in a number of positive intersections.

The acquisition cost was through the issue of 38.2M shares worth A\$0.20/share at the time (for a total of A\$7.64m) and a commitment to spend A\$3.0m on exploration, for a total cost of A\$10.64m (and an 1.5% NSR). The total land package covers 251 km<sup>2</sup>, compared with 445km<sup>2</sup> for NPM's Otago land package. On a pro rata land area, this gives a value for NPM's land of A\$18.9m, which we then discount by 80% because the NPM projects are less advanced than Santana, giving a A\$3.8m valuation.

**Siren Gold – Reefton Goldfields' IPO** – Siren, a recent ASX float, published its IPO prospectus on 31<sup>st</sup> August 2020. The company has four key projects (Alexander River, Big River, Reefton South and Lyell) in the high-grade Reefton Goldfields, in the northwest of New Zealand's South Island. While the Reefton Goldfields are some 480km from the Otago Goldfields, they are both legacy goldfields on the South Island. Reefton produced over 2Moz Au at grades of c.16g/t from 84 historical mines, though there is no meaningful production currently underway in the region. The last major operation was OceanaGold's Globe Progress mine, which closed in 2016; the mill remains on care-and-maintenance and the site is being restored. Siren has a current market capitalisation of A\$19.4m (80.96m shares at A\$0.24), net of cash of A\$8.8m (at 31<sup>st</sup> December 2020) and therefore has an EV of A\$10.6m. Siren's land package is 850km<sup>2</sup> compared with NPM's package of 445km<sup>2</sup> and the grade potential at Reefton appears to be superior to the potential in the Otago Goldfields. If we pro rata the land position, and then discount by 80% given the high historical grades at Reefton, we get a value of A\$1.1m on NPM's Otago assets.

#### Figure 19: Potential Indicative Valuation for the Otago Gold Project, South Island, New Zealand

| Transaction                      | Value (A\$m) |
|----------------------------------|--------------|
| Santana Minerals - Bendigo-Ophir | 3.8          |
| Siren Gold - Reefton IPO         | 1.1          |
| AVERAGE                          | 2.5          |

Source: MMG Capital. Numbers may not add due to rounding



## Lakes Blue Energy

### **Relisting soon?**

Valuing Lakes Blue Energy is a challenge. The company, formerly Lakes Oil NL, was suspended from trading on the ASX with effect from 1<sup>st</sup> October 2019 due to late filing of its 2019 annual report. The company believes that it is now compliant with all ASX issues, and expects to be readmitted to trading on the ASX in the near future. Corporate activities were also impacted by the 2012 Victorian state moratorium on onshore conventional gas exploration and production. This moratorium is being lifted with effect from 20<sup>th</sup> June 2021. At the same time, since share trading was suspended, oil and gas shares have struggled as an asset class as the world faces up to climate change and reducing fossil fuel demand.

What value should shareholders in NPM place on the LKO stake? It's tempting to say zero, and to treat the LKO stake as a free option on an eventual re-listing and realisation of value. There are no synergies with NPM's gold (and tungsten) exploration portfolio, so perhaps a potential future sale of the LKO stake should be seen as a source of funds to finance further development of the gold and tungsten portfolio.

One way to value LKO is based on the net asset value of the company as per the accounts for the year ending 30<sup>th</sup> June 2020, adjusted for the net cash and cash equivalents in the Quarterly Activities and Cashflow Report of 31st December 2020, which would give a valuation of A\$17.6m for LKO, placing a value of A\$5.2m on NPM's 29.7% stake.

However, there is another way to view this. Prior to suspension, Lakes Blue Energy shares were trading at c.A\$0.001, giving a market capitalisation of c.A\$33m (July 2019 corporate presentation, available on the ASX website). If one assumes that the imminent lifting of the gas moratorium in Victoria counterbalances the less positive view that the market now holds of oil and gas shares, then it might be reasonable to assume that on trading resumption, the share is similarly valued to its pre-suspension market valuation, in which case NPM's 29.7% stake is worth A\$9.8m.

#### Figure 20: Potential Indicative Valuation for Lakes Blue Energy Shareholding

| Transaction  | Value (A\$m) |
|--|--------------|
| Latest book value  | 5.2          |
| Last trading   | 9.8          |
| AVERAGE  | 7.6          |
| Courses MAAC Consistent Numbers and and due to recording |              |

Source: MMG Capital. Numbers may not add due to rounding

#### Other valuation items

There are three other factors which we believe should be taken into consideration when trying to put a potential indicative valuation on NewPeak Metals. These are the net cash/debt position, central administration costs and the DGR Global relationship.

In its latest Quarterly Cash Flow Report, as at 31 March 2021, the company reported that it had cash of A\$1.8m, sufficient for approximately 4 months' work, based on the net cash used in operating activities and investing activities (exploration and evaluation) in the March quarter. The company also had debt of A\$634,000, a combination of an unsecured loan facility from the company's Managing Director, David Mason, of A\$74,000, and an unsecured converting note of A\$560,000 from Neil Stuart, a former director of the company. Net cash at 31<sup>st</sup> March 2021 was therefore A\$ 1.2m.

In the March quarter, and the 9M ending 31<sup>st</sup> March 2021, NPM reported net cash used in operating activities (essentially administration and corporate costs) of A\$0.43m and A\$0.77m respectively, and net cash used for exploration and evaluation of A\$0.98m for the March quarter, and A\$1.71m for the 9M to 31<sup>st</sup> March 2021. In other words, corporate and exploration expenses total A\$1.4m in the March quarter and A\$2.5m for the 9M respectively. Given NPM now has more assets requiring exploration, we have added the equivalent of the March quarter to the 9M figure, to give an annual expenditure rate of A\$3.9m, which we factor into our valuation for central costs.



As part of the greater DGR Global group of companies, we believe that NPM benefits from the central services and global reach that DGR can offer. We believe that this adds value to the company, although it is hard to quantify. We have added a nominal A\$1m to our indicative valuation range for this.

## **Conclusion: Indicative Potential Valuation**

Based on the sum-of-the-parts analysis described above, we place an indicative potential valuation of A\$29.9m on NewPeak Metals, relative to a current market capitalisation of A\$11.3m.

We urge investors and potential investors to read the Cautionary Note outlined on page 27 of this report, and in particular, highlight the following with regards to our indicative potential valuation of NewPeak Metals:

The conclusions that we draw do, we believe, offer a sense of the order-of-magnitude of the potential current value of the exploration portfolio. However, this is not an absolute science, and we are not making a firm valuation forecast. Rather, we present the reader with a highly subjective order-of-magnitude value, and urge investors and potential investors to see it as such. Any investor or potential investor in NewPeak Metals should ensure that they understand the risks involved in an investment in an early-stage exploration company, and are encouraged to undertake their own research and review of data, and to seek the input of a professional financial advisor before making an investment decision. Investors and potential investors should understand that given the high-risk nature of mineral exploration, you may lose all or a substantial proportion of your investment.

| Indicative Potential Valuation of Asset/Item               | Value (A\$m) |
|--|--------------|
| Cachi gold   | 12.6         |
| Las Opeñas gold  | 4.1          |
| Tampere gold   | 1.3          |
| Swedish strategic metals                                   | 3.5          |
| Otago gold   | 2.5          |
| Lakes Blue Energy  | 7.6          |
| Net cash   | 1.2          |
| Annual central overheads and exploration/expenditure costs | -3.9         |
| DGR Global relationship                                    | 1.0          |
| TOTAL Indicative Potential Valuation                       | 29.9         |
|  |              |
| NPM shares in issue (m)                                    | 5,674.2      |
| NPM share price (A\$)                                      | 0.002        |
| NPM market capitalisation (A\$m)                           | 11.3         |

#### Figure 21: Indicative Potential Valuation for NewPeak Metals

Source: MMG Capital. Numbers may not add due to rounding



# **Directors and Management**

## **Board of Directors**

**David Mason - Chief Executive Officer** – David has broad corporate, management and mining experience built up through 35 years' experience in the exploration and mining industry in Australasia, Asia, Southern Africa and South America. He joined the board of Dark Horse Resources (subsequently renamed NewPeak Metals) in December 2014, was appointed Acting Chief Executive in March 2016, and assumed the role of CEO in March 2018. Prior to taking on the position of Chief Executive Officer at NewPeak Metals, David held a number of executive director roles in the mining industry including at a number of ASX-listed companies such as Intra Energy (coal mining, East Africa), Overseas & General (mining in Indonesia) and Haddington Resources (now Altura Mining, an Australian lithium miner), as well as Indonesian company the Swabara Group which develop the Adaro Indonesia coal mine, the Pulau Laut shipping terminal and the Paiton power station.

**Nicholas Mather – Non-executive Chairman** – Nick has over 35 years' experience in the junior resource sector, having played a key role in the creation and growth of a number of resource companies which together have an aggregate multi-milliondollar value (either by current market capitalisation, or at the time of their takeover). He is founder, Managing Director and Chief Executive Officer of ASX-listed DGR Global, a company which has nurtured a number of currently listed junior resource companies in Toronto, London or Australia. These include SolGold (LSE/TSX-listed, world-class copper-gold porphyry deposits in Ecuador), IronRidge Resources (AIM-listed gold and lithium, West Africa), Aus Tin Mining (ASX-listed, tin and coal, Australia), Armour Energy (ASX-listed, oil and gas, Australia) and Lakes Blue Energy (ASX-listed, CO<sub>2</sub>, gas and oil, Australia and Papua New Guinea), as well as NewPeak Metals. Nick is currently a Non-Executive Director at SolGold (having recently stepped down from the CEO position), is Executive Chairman at Armour Energy, and a Non-executive Director at IronRidge, Aus Tin and Lakes Blue, as well as NewPeak Metals. Past successes include Arrow Energy (sold for c.A\$3.5bn in 2010), Waratah Coal (sold for A\$130m in 2008) and Bow Energy (sold for c. A\$550m in 2012). Nick also drove the discovery of the Pooncarie mineral sands project by BeMaX Resources and the bulk of the asset base of Northern Energy (A\$250m), was a founding director of Orbis Gold (sold for A\$178m) and sub-underwrote the refinancing of Ballarat Gold prior to its A\$500m takeover.

**Brian Moller – Non-executive Director –** Brian is Non-executive Director of Nick Mather's group, DGR Global, as well as group companies SolGold and AusTin, and is also Non-executive Chairman at Platina Resources. Brian is a corporate partner at Brisbane-based law firm HopgoodGanim, with a focus on capital raisings, mergers and acquisitions, and acts for a number of resources and industrial companies.

Andrew Gladman – Non-executive Director – Andrew has over 25 years' financial markets, corporate advisory and stockbroking experience, particularly in natural resources. His broking career began in 1994 and in the last 10 years he has run mining company investor forums in Brisbane.

Karl Schlobohm – Company Secretary and Interim Chief Financial Officer - Karl joined DGR Global in 2009 and has acted as CFO and/or Company Secretary for all of the DGR Global group's listed companies since that time. He assumed the role of Interim Chief Financial Officer at NewPeak Metals in November 2010. Karl is a Chartered Accountant with 25 years' experience. He has acted as Company Secretary and/or Non-executive Director for ASX-listed Linc Energy, Agenix, Discovery Metals and Global Seafood, and also as CFO for Discovery Metals and Meridian Minerals.



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