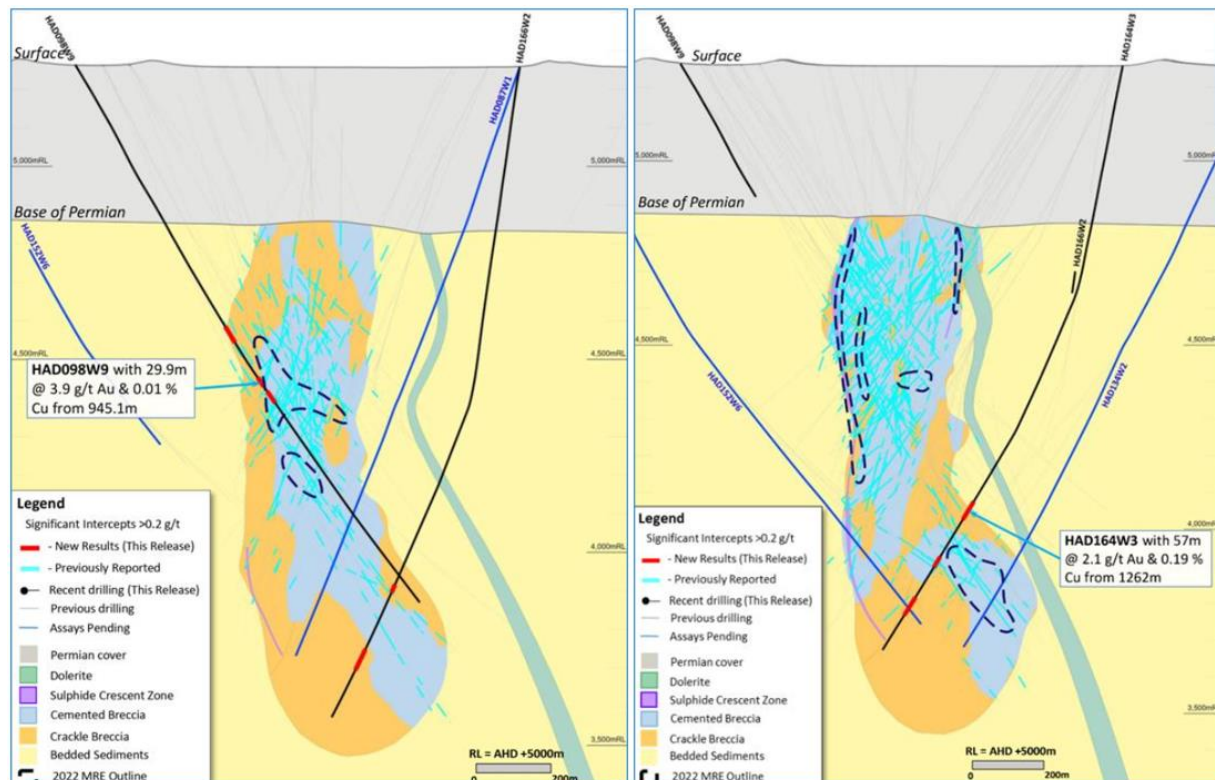


**Ticker:** GGP LN      **4Q22 Cash:** A\$58m      **Project:** Havieron  
**Market cap:** £378m      **Price:** 7.45p/sh      **Country:** Australia (WA)  
**REC. (unc):** BUY      **TARGET (unc):** 15p/sh      **RISK RATING (unc):** HIGH

We see two takeaways from today's development and drilling update at Havieron. Firstly, development rates have improved to ~6m/day vs. 2.3m/day from inception as ground conditions improve. On our rough maths, if maintained (doable given upper sands behind them) the main access decline could reach ore by January 2024, in line with year-end 2023 PFS guidance (albeit CY24 more likely when factoring in for infrastructure/outfitting). Secondly, drill bit de-risking continues on the deeper portions of the high-grade SE Crescent that is mineable before any block cave is considered. Today's hit of **29.9m @ 3.9g/t AuEq** at Northern Breccia lies on the edge of the current resource for useful, albeit iterative, additions, notably higher grade than the existing 1.7Moz @ 1.2g/t AuEq and our nominal +1Moz @ 3.0g/t SLOS estimate – a subset of our modelled 9Moz SLOS. More material in our view, is the higher-grade **10m @ 8.9g/t** in the Eastern Breccia that points to a strong beat on our estimated 0.4Moz @ 3.0g/t SLOS there, and at ~7x the grade of 1.3g/t AuEq Eastern Breccia speaking to meaningful economic improvements. So what? Net net, today's news supports our thesis of resource growth from both high-grade SLOS 'jewels' and lower-grade bulk caveable material at depth. As such, **we maintain our BUY rating and 15p PT** based on a 9Mtpa SLOS operation at 668koz pa payable AuEq on a 9Moz inventory, plus a nominal valuation of half this (per ounce) on a 6Moz caveable estimate. Looking ahead, clarity on the scale and grade of Havieron in the upcoming DFS is technically the key catalyst. However, with Newmont now in place, we like the intangible upside this management team's empire building aspirations could bring just as much.

**Figure 1. Cross section of (A) Northern Breccia and (B) Eastern Breccia showing today's drilling**



Source: Greatland

## 57m @ 2.4g/t AuEq outside current resource; decline speeds up, now 10% ahead of schedule

Development at Havieron is over 1,850m, including >1,520m advance of the main access decline, leaving the project 10% ahead of the development schedule as ground conditions improve at depth. Drilling at the **Northern Breccia** hit **29.9m @ 3.9g/t AuEq** from 945m, just outside of the edge of the current

resource. Drilling in the upper zone of the **Eastern Breccia** hit **57m @ 2.4g/t AuEq** (incl. **10m @ 8.9g/t**) from 1,262m 200m above the current resource, while drilling in the lower zone hit **34m @ 1.6g/t AuEq** from 1,438m. Drilling recommenced in February (*post summer 'hot' season*) with three rigs on site and four holes completed to date, with near-mine step-out drilling ongoing, focused on the deeper portions of the existing Southeast Crescent resource.

## Why we like Greatland

- Existing 6.5Moz @ 2.37g/t AuEq Telfer Type/IRGS system
- 2.9Moz @ 3.0g/t AuEq high-grade reserve could lift to 9Moz SCPe on infill and roots
- Reserve increases could support elevated 6-9Mtpa for long-life Tier 1 asset
- Potential SCPe 6Moz caveable material adds optionality above this
- Newcrest existing mill / staff offers production without (plant) build risk
- Ex Northern Star / Fortescue team could use this as springboard for future growth

## Catalysts

- 2023: Debt funding executed
- 1H23: Newcrest BFS to show valuation on 3Mtpa scenario
- CY24: First gold

## Research

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<b>Ticker:</b> GGP AU	<b>Price / mkt cap:</b> 7.45p/sh, £378m	<b>Project PNAV today:</b> 0.48x	<b>Asset:</b> Havieron
<b>Author:</b> B Salier / E Magdzinski	<b>Rec / 1xNAV:</b> BUY, 15p/sh	<b>1xNAV<sub>3Q24</sub> FF FD:</b> A\$12.98/sh	<b>Country:</b> Australia (WA)

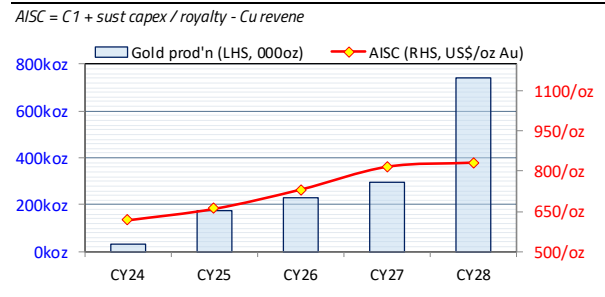
Share data (Greatland)	Basic	FD with options	FD for build		
Basic shares (m)	5,068.6	5,640.2	6,405		
Commodity price	CY22E	CY23E	CY24E	CY25E	CY26E
Gold price	1,925	1,911	1,873	1,850	1,850
SOTP project valuation*	344				
NPV/rsvr oz: A\$446/oz	A\$m	O/ship	NAVx	GBP/sh	
Havieron @ 3Mtpa	975	30%	1.00x	3.1	
Additional value to 9Mtpa SLOS	3,057	30%	1.00x	9.8	
Cash 4Q22	58	100%	1.00x	0.6	
Greatland debt (4Q22)	(76)	100%	1.00x	(0.8)	
Cash from options 4Q22	37	100%	1.00x	0.4	
6Moz cave @ A\$223/oz (50% SLOS NPV)	1,376	30%	1.00x	4.4	
Greatland G&A / finance costs 4Q22	(192)	100%	1.00x	(2.0)	
Asset NAV5% US\$1850/oz	5,234			15	
*Shares diluted for options but not mine build	Market P/NAV5% <sub>4Q22</sub>		0.48x		

Asset value: 1xNPV project @ build start (A\$m, ungeared, 35Mt ROM)*	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Project NPV (A\$m)*	2,263	2,687	3,112	3,536	3,960
9.0% discount	2,789	3,281	3,773	4,266	4,758
7.0% discount	3,432	4,006	4,580	5,154	5,728
5.0% discount					
Ungeared project IRR:	28%	30%	33%	35%	37%
Project NPV (GBP/sh)*	6.0	7.4	8.8	10.2	11.5
9.0% discount	7.6	9.2	10.8	12.4	14.0
7.0% discount	9.6	11.4	13.3	15.2	17.0
5.0% discount					

Group valuation over time^	Dec-22	Dec-23	Dec-24	Dec-25	Sep-26
Attr. Havieron NPV (A\$m)	1,210	1,359	1,546	1,588	1,613
G&A and finance costs (A\$m)	(191.8)	(175.6)	(153.3)	(123.2)	(99.0)
Net cash prior qtr (A\$m)	16.6	(83.2)	(193.1)	(160.4)	(128.6)
6Moz cave @ A\$208/oz	-	-	-	-	-
NAV FF FD (A\$m)	1,034	1,100	1,199	1,304	1,385
Shares in issue (FD, m)	5,640	6,405	6,405	6,405	6,405
1xNAV5%/sh FF FD (GBP/sh)	11.0	10.3	11.2	12.2	13.0

Geared build-start NAV diluted for mine build, net G&A and finance costs	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
NAV at first gold (A\$/sh)*	521	636	751	866	981
9.0% discount	625	753	881	1,010	1,138
7.0% discount	747	891	1,035	1,179	1,323
5.0% discount					
Ungeared project IRR:	28%	30%	33%	35%	37%
NAV at first gold (GBP/sh)*	4.9	6.0	7.1	8.1	9.2
9.0% discount	5.9	7.1	8.3	9.5	10.7
7.0% discount	7.0	8.4	9.73	11.1	12.4
5.0% discount					

Production	CY24	CY25	CY26	CY27	CY28
<b>Gold production (000oz Au)</b>	<b>33</b>	<b>175</b>	<b>228</b>	<b>298</b>	<b>743</b>
<b>AISC cost (US\$/oz Au)</b>	<b>618</b>	<b>661</b>	<b>732</b>	<b>817</b>	<b>832</b>



Source: SCP estimates

Resource / Reserve (100%)	Tonnes	Grade (Au)	Oz (Au)	g/t (AuEq)	Oz (AuEq)
Resource	92Mt	1.86g/t	5500koz	2.20g/t	6510koz
Reserve (GGP)	25Mt	2.99g/t	2400koz	3.62g/t	2909koz
SCP inventory	80Mt	2.91g/t	7497koz	3.54g/t	9116koz

CASH USES (Greatland)	CASH SOURCES (Greatland)		
US\$381m DFS capex * 30%	A\$159m	Debt facility A	A\$200m
NCM debt pay down (A\$)	A\$75m	Debt facility B	A\$20m
SCPe Greatland exploration	A\$13m	Pro fo. cash + ITM Options	A\$95m
SCPe GGP pre-Au fin. Costs	A\$21m	TOTAL SOURCES:	A\$315m
TOTAL USES:	A\$267m		

Key financial line items (Greatland)	CY22E	CY23E	CY24E	CY25E	CY26E
Greatland attr. EBITDA (€m)	(6.2)	-	11.2	57.4	70.7
Greatland attr. cash flow (€m)	13.7	(47.2)	(51.7)	23.7	29.1
Greatland attr. Income (€)	(6.3)	-	7.2	37.1	45.3

Ratio analysis (Greatland)	CY22E	CY23E	CY24E	CY25E	CY26E
Average shares out (m)	4,571	5,907	5,907	5,907	5,907
EPS (Gpp/sh)	(0.1)	-	0.1	0.6	0.8
CFPS (Gbp/sh)	0.3	(0.8)	(0.9)	0.4	0.5
EV (€)	323	502	554	530	501
FCF yield (%)	4%	-	-	5%	7%
PER (x)	(53.9)	-	60.7x	11.9x	9.7x
EV/EBITDA (x)	-	-	23.9x	4.5x	3.4x

Income statement (Havieron)	CY22E	CY23E	CY24E	CY25E	CY26E
Net revenue (A\$m)	-	-	107.0	567.6	713.2
COGS (A\$m)	-	-	41.4	231.9	299.8
<b>Gross profit (A\$m)</b>	<b>-</b>	<b>-</b>	<b>65.6</b>	<b>335.7</b>	<b>413.4</b>
D&A, attrib (A\$m)	-	-	4.0	20.7	28.0
G&A + sh based costs (A\$m)	26.8	-	-	-	-
Finance cost (A\$m)	10.2	-	(42.4)	(216.9)	(265.1)
Taxes (A\$m)	-	-	19.1	98.1	120.3
<b>Net income (A\$m)</b>	<b>(36.9)</b>	<b>-</b>	<b>42.4</b>	<b>216.9</b>	<b>265.1</b>

Cash flow, attrib. (Havieron)	CY22E	CY23E	CY24E	CY25E	CY26E
EBIT (A\$m)	(26.8)	-	19.1	98.1	120.3
Add back D&A (A\$m)	-	-	4.0	20.7	28.0
Less tax + interest (A\$m)	10.2	-	(23.2)	(118.8)	(144.7)
Net change wkg cap (A\$m)	(2.5)	5.9	28.7	13.2	9.3
Other non-cash (A\$m)	6.5	(11.8)	(11.0)	211.1	270.8
<b>Cash flow ops (A\$m)</b>	<b>(12.6)</b>	<b>(5.9)</b>	<b>17.7</b>	<b>224.4</b>	<b>283.8</b>
PP&E - build + sust. (A\$m)	(15.1)	-	46.4	237.6	293.1
PP&E - expl'n (A\$m)	25.8	270.0	320.3	85.9	113.6
<b>Cash flow inv. (A\$m)</b>	<b>(10.8)</b>	<b>(270.0)</b>	<b>(366.7)</b>	<b>(323.5)</b>	<b>(406.7)</b>
Share issue (A\$m)	112.1	-	-	-	-
Debt draw (repay) (A\$m)	-	-	-	-	-
<b>Cash flow fin. (A\$m)</b>	<b>112.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in cash (A\$m)	88.7	(275.9)	(349.0)	(99.1)	(123.0)
EBITDA (A\$m)	(36.5)	-	65.6	335.7	413.4

Balance sheet (Havieron)	CY22E	CY23E	CY24E	CY25E	CY26E
Cash (A\$m)	105.0	(362.0)	(664.5)	(526.0)	(355.9)
Acc rec., inv, p.paid (A\$m)	0.7	-	42.3	62.8	77.2
PP&E + other (A\$m)	92.8	362.0	678.2	743.4	829.1
<b>Total assets (A\$m)</b>	<b>198</b>	<b>0</b>	<b>56</b>	<b>280</b>	<b>550</b>
Debt (A\$m)	76.3	-	-	-	-
Accounts payable (A\$m)	6.6	-	13.6	20.9	25.9
Others (A\$m)	5.3	-	-	-	-
Total liabilities (A\$m)	88.2	-	13.6	20.9	25.9
Issued capital (A\$m)	196.4	-	-	-	-
Retained earnings (A\$m)	(86.2)	-	42.4	259.3	524.4
<b>Liabilities + equity (A\$m)</b>	<b>198</b>	<b>-</b>	<b>56</b>	<b>280</b>	<b>550</b>

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SELL:	0
UNDER REVIEW:	1
TENDER:	1
NOT RATED:	0
TOTAL	55

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