

27 Nov 2019

## ORA BANDA MINING LTD (OBM)

### De-risking plans for near-term gold production

Ora Banda Mining Ltd ("OBM", formerly Eastern Goldfields Ltd, EGS) was reinstated to official quotation on the ASX on the 28 June 2019. The recapitalised entity, OBM, boasts a new Board and Management Team, and is debt free, with all existing debt/trade creditors repaid or converted to new equity. The Company has a strong cash position of ~A\$23M (Dec'19e) to capitalise on its large, existing mineral resource base (~1.8Moz) and gold processing infrastructure (1.2Mtpa at Davyhurst), which requires only modest remedial works to be fully operational. The recommissioning work on the gold plant is expected to take less than 6 months to complete, and has an estimated cost of ~A\$8.5M on an EPCM basis.

However, before restarting operations, OBM plans to grow reserves, and deliver a Definitive Feasibility Study (DFS) on an initial +5-year mining investment case. A clear failure of previous companies operating at Davyhurst has been the lack of reserves and capital to sustain healthy production levels over a number of years, whereas OBM appears to be adopting a more measured approach. The DFS is expected to be delivered in early 2HCY20, with the near-term gold production potential well-timed given the high AUD gold price, which is holding above A\$2,100/oz.

### Production potential for +100kozpa

The Davyhurst plant is well located for both open pit and underground ore sources. Following reserve definition and plant refurbishment (<A\$10m), first production could be anticipated within 6 months of a decision to mine. We model pre-production capex of ~A\$35M, for an initial operation producing on average 100kozpa at an AISC of around A\$1,300/oz. Mine life will ultimately be determined by resource conversion to reserves, but we assume an initial mine life of +5 years, and first production in late CY20. The DFS release will update our preliminary assumptions.

### Resource definition drilling ongoing

Resource drilling at Riverina is ongoing and is currently focused on infill within 1km long section of the existing resource, which currently boasts 2.6Mt @ 2.5g/t Au for 205koz. OBM expects Riverina to develop into an initial open pit mining opportunity which could provide base load feed for the 1.2Mtpa processing plant. Higher grade feed is expected to be provided from small initial open pits and then underground operations such as Waihi and Callion.

### Re-initiate coverage with a **Speculative Buy** and 30cps PT

OBM is an advanced gold explorer/developer with a clear pathway to near-term production. Even on our basic modelling (14% discount rate, <35% resource conversion for an initial 5 year mine life), we see significant value. Expansion opportunities are also anticipated due to the large resource base to exploit, along with a pipeline of exploration targets to test. The Davyhurst and Mt Ida project areas cover over 200km of highly prospective greenstones encompassing the Zuleika and Ida Shear Zones, with tenure spanning over 1,330km<sup>2</sup>.

We re-initiate coverage with a **Speculative Buy** recommendation. Our initial price target is **30cps**, from our OBM NAV of 26cps, and spot NAV of 41cps. Key risks include gold price volatility, reserve definition, feasibility studies and development funding (which is expected to be only modest).

<b>Share Price</b>	\$0.165
<b>Valuation</b>	\$0.26
<b>Price Target (12 month)</b>	\$0.30

**Brief Business Description:**  
Gold explorer and developer

**Hartleys Brief Investment Conclusion**  
Recapitalised gold explorer/developer which is now debt free. Healthy cash position for resource drilling, detailed mine planning and ongoing regional exploration. A large resource base and processing infrastructure lowers the production hurdle (+100kozpa potential). Substantial exploration upside.

**Chairman & CEO**  
Peter Mansell (Non-Exec Chairman)  
David Quinlivan (Managing Director)

<b>Top Shareholders (est)</b>	
Hawke's Point	42.5%
NPS Mining Alliance	6.6%
GR Engineering Services	5.3%
Directors	0.7%

<b>Company Address</b>	
Level 2, 220 St Georges Tce Perth WA 6000	
<b>Issued Capital</b>	586.4m
- fully diluted	633.2m
<b>Market Cap</b>	A\$96.8m
- fully diluted	A\$104.5m
<b>Cash (31Dec19e)</b>	A\$22.6m
<b>Debt (31Dec19e)</b>	A\$0.0m
<b>EV</b>	A\$74.2m
<b>EV/Resource oz</b>	A\$42/oz
<b>EV/Reserve oz</b>	A\$353/oz

Prelim. (A\$m)	FY20e	FY21e	FY22e
Prod (koz Au)	0	50	94
Op Cash Flw	-7	45	91
Norm NPAT	-6	25	37
CF/Share (cps)	-1.4	7.4	15.0
EPS (cps)	6.0	8.6	9.8
P/E	-10.1	2.7	1.9
<b>Resources (Koz)</b>	1,780		
<b>Reserves (Koz)</b>	210		



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Hartleys has completed capital raisings in the past 12 months for Ora Banda Mining Limited, formerly Eastern Goldfields Limited, ("OBM"), for which it has earned gross fees. Hartleys also provides corporate advice to OBM for which it has currently earned gross fees and continues to earn fees. Hartleys has a beneficial interest in unlisted options and non-escrowed shares in OBM. The analyst has a beneficial interest in OBM shares.

## SUMMARY MODEL

Ora Banda Mining Ltd OBM		Share Price \$0.165				
<b>Key Market Information</b>						
Share Price		\$0.165				
Market Capitalisation - ordinary		A\$97m				
Net Debt (cash)		-\$22.6m				
Market Capitalisation - fully diluted		A\$97m				
EV		A\$74m				
Issued Capital		586.4m				
Options (ITM)		22.0m				
All Options and Performance Rights		46.7m				
Issued Capital (fully diluted inc. ITM options)		608.5m				
Issued Capital (fully diluted inc. all options)		633.2m				
Issued Capital (fully diluted inc. ITM options, new equity)		608.5m				
Valuation		\$0.26				
12month price target		\$0.30				
<b>P&amp;L</b>						
	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
Net Revenue	A\$m	16.2	6.4	0.0	102.0	186.3
Total Costs	A\$m	-94.8	-24.7	-7.8	-52.8	-91.4
EBITDA	A\$m	-78.7	-18.3	-7.8	49.2	94.9
- margin		-487%	-285%	-	48%	51%
Depreciation/Amort	A\$m	-4.9	-1.0	-1.0	-13.3	-42.4
EBIT	A\$m	-83.6	-19.3	-8.8	35.9	52.5
Net Interest	A\$m	-2.7	-4.6	0.1	0.1	0.1
Norm. Pre-Tax Profit	A\$m	-86.3	-23.9	-8.7	36.0	52.6
Reported Tax Expense	A\$m	0.5	-0.2	0.0	0.0	0.0
Normalised NPAT	A\$m	-85.8	-23.9	-6.1	25.2	36.8
Abnormal Items	A\$m	0.0	32.0	-2.6	10.8	15.8
Reported Profit	A\$m	-85.8	8.1	-8.7	36.0	52.6
Minority	A\$m	0.0	0.0	0.0	0.0	0.0
Profit Attrib	A\$m	-85.8	8.1	-8.7	36.0	52.6
<b>Balance Sheet</b>						
	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
Cash	A\$m	0.0	14.1	7.0	22.4	74.2
Other Current Assets	A\$m	3.5	0.6	0.0	8.5	15.6
Total Current Assets	A\$m	3.5	14.7	7.0	30.9	89.8
Property, Plant & Equip.	A\$m	38.5	38.3	44.3	71.1	50.0
Exploration	A\$m	0.0	0.0	11.2	20.2	28.2
Investments/other	A\$m	4.0	0.0	0.0	0.0	0.0
Tot Non-Curr. Assets	A\$m	42.5	38.3	55.6	91.4	78.3
Total Assets	A\$m	46.0	53.0	62.6	122.3	168.1
Short Term Borrowings	A\$m	21.5	-	-	10.0	10.0
Other	A\$m	42.2	1.0	0.8	4.5	7.7
Total Curr. Liabilities	A\$m	63.8	1.0	0.8	14.5	17.7
Long Term Borrowings	A\$m	-	-	-	10.0	-
Other	A\$m	18.2	16.6	16.6	16.6	16.6
Total Non-Curr. Liabil.	A\$m	18.2	16.6	16.6	26.6	16.6
Total Liabilities	A\$m	82.0	17.7	17.5	41.2	34.3
Net Assets	A\$m	-36.0	35.4	45.1	81.1	133.7
Net Debt	A\$m	21.5	-14.1	-7.0	-2.4	-64.2
<b>Cashflow</b>						
	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
Operating Cashflow	A\$m	-24.3	-82.2	-7.5	44.4	91.0
Income Tax Paid	A\$m	0.0	0.0	0.0	0.0	0.0
Interest & Other	A\$m	-0.7	-0.2	0.1	0.1	0.1
Operating Activities	A\$m	-25.0	-82.4	-7.4	44.5	91.1
Property, Plant & Equip.	A\$m	-11.0	-1.6	-7.0	-40.1	-21.3
Exploration and Devel.	A\$m	-0.1	0.0	-11.2	-9.0	-8.0
Other	A\$m	0.0	3.2	0.0	0.0	0.0
Investment Activities	A\$m	-11.0	1.7	-18.3	-49.1	-29.3
Net Borrowings	A\$m	7.4	31.1	0.0	20.0	-10.0
Equity or "tbc capital"	A\$m	28.6	63.7	18.5	0.0	0.0
Dividends Paid	A\$m	0.0	0.0	0.0	0.0	0.0
Financing Activities	A\$m	36.0	94.9	18.5	20.0	-10.0
Net Cashflow	A\$m	0.0	14.1	-7.2	15.4	51.8
<b>Shares</b>						
	Unit	Jun 18*	Jun 19	Jun 20	Jun 21	Jun 22
Ordinary Shares - End	m	50.8	485.7	586.4	608.5	608.5
Ordinary Shares - Weighted	m	20.4	623.8	536.1	597.4	608.5
Diluted Shares - Weighted	m	42.4	645.8	558.1	608.5	608.5
* Adjusted for consolidation						
<b>Ratio Analysis</b>						
	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
Cashflow Per Share	A\$ cps	-122.9	-13.2	-1.4	7.4	15.0
Cashflow Multiple	x	0.0	0.0	0.0	0.0	0.0
Earnings Per Share	A\$ cps	-421.8	1.3	-1.6	6.0	8.6
Price to Earnings Ratio	x	0.0	12.7	-10.1	2.7	1.9
Dividends Per Share	AUD	-	-	-	-	-
Dividend Yield	%	0%	0%	0%	0%	0%
Net Debt / Net Debt + Equity	x	-149%	-67%	-18%	-3%	-92%
Interest Cover	X	na	na	84.0	na	na
Return on Equity	%	na	na	na	0.3	0.3
Analyst: Mike Millikan +61 8 9268 2805 *tbc capital" could be equity or debt. Our valuation is risk-adjusted for how this may be obtained. Sources: IRESS, Company Information, Hartleys Research						
<b>Speculative Buy</b>						
<b>Directors</b>			<b>Company Information</b>			
Peter Mansell (Non-Exec Chairman)			Level 2, 220 St Georges Tce			
David Quinlivan (Managing Director)			Perth WA 6000			
Keith Jones (Non-Exec Director)			T: +61 8 6365 4548			
Mark Wheatley (Non-Exec Director)			Toll Free: 1300 035 592			
Susan Hunter (Co-Company Secretary)			www.orbandamining.com.au			
Tony Brazier (CFO & Co-Company Secretary)						
Andrew Czerw (GM Resource Dev)						
<b>Top Shareholders (est)</b>						
		m shares	%			
Hawke's Point		249.0	42.5%			
NPS Mining Alliance		38.6	6.6%			
GR Engineering Services		30.8	5.3%			
Directors		4.1	0.7%			
<b>Reserves &amp; Resources</b>						
		Mt	g/t Au	Koz Au		
<b>Resources</b>						
Measured		0.14	3.5	15.5		
Indicated		12.58	2.6	1,080.0		
Inferred		8.37	2.6	690.0		
<b>Resources - Total</b>		<b>21.0</b>	<b>2.6</b>	<b>1,780</b>		
Davyhurst- subtotal		20.7	2.5	1,640		
Mt Ida- subtotal		0.3	13.8	141		
<b>Reserves - Davyhurst</b>		<b>2.8</b>	<b>2.3</b>	<b>210</b>		
<b>Production Summary</b>						
	Unit	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23
Mill Throughput	Mt	0.0	0.0	0.6	1.1	1.2
Mined grade	g/t	0.0	0.0	2.8	2.9	3.0
Combined Recovery & Payability	%	0%	0.0%	92%	92%	92%
Gold Prod	Koz	0.0	0.0	50.1	94.1	105.7
Gold Sold	Koz	0.0	0.0	50.1	94.1	105.7
M&I Resource Conversion	%	0%	26%	26%	22%	17%
Mine Life	yr	5.0	5.0	5.0	4.5	3.5
<b>Costs</b>						
	Unit	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23
Cost per milled tonne	\$/t	-	-	76.0	73.9	76.3
EBITDA / tonne milled ore	\$/t	-	-	82.0	86.3	81.9
<b>C1: Operating Cash Cost = (a)</b>						
	\$/oz	-	-	910	863	865
<b>(a) + Royalty = (b)</b>						
	\$/oz	-	-	961	913	913
<b>C2: (a) + depreciation &amp; amortisation = (c)</b>						
	\$/oz	-	-	1,176	1,314	1,230
<b>(a) + actual cash for development = (d)</b>						
	\$/oz	-	-	1,889	1,175	1,170
<b>C3: (c) + Royalty</b>						
	\$/oz	-	-	1,227	1,363	1,278
<b>(d) + Royalty</b>						
	\$/oz	-	-	1,940	1,224	1,218
<b>All In Sustaining Cost (AISC)</b>	\$/oz	-	-	1,411	1,313	1,273
<b>Price Assumptions</b>						
	Unit	Jun 19	Jun 20	Jun 21	Jun 22	Jun 23
AUDUSD	A\$/US\$	0.71	0.68	0.70	0.71	0.74
Gold	US\$/oz	1294	1493	1450	1400	1400
Gold	A\$/oz	1823	2184	2071	1979	1905
<b>Hedging</b>						
		Jun 19	Jun 20	Jun 21	Jun 22	Jun 23
Hedges maturing?		No	No	No	No	No
<b>Sensitivity Analysis</b>						
	Valuation	FY21 NPAT				
<b>Base Case</b>	<b>0.26</b>	<b>36.0</b>				
Spot Prices	0.41 (58.7%)	41.8 (16.0%)				
Spot USD/AUD 0.68, Gold US\$1459/oz.						
AUDUSD +/-10%	0.16 / 0.38 (-38.1% / 46.6%)	27.0 / 47.0 (-25.1% / 30.7%)				
Gold +/-10%	0.37 / 0.15 (42.0% / -42.0%)	45.9 / 26.1 (27.6% / -27.6%)				
Production +/-10%	0.26 / 0.26 (0.0% / 0.0%)	36.0 / 36.0 (0.0% / 0.0%)				
Operating Costs +/-10%	0.21 / 0.30 (-16.7% / 16.7%)	32.3 / 39.7 (-10.2% / 10.2%)				
<b>Unpaid Capital - ALL</b>						
<b>Year Expires</b>		No. (m)	\$m	Ave price	% ord	
30-Jun-20		22.4	4.2	0.19	4%	
30-Jun-21		9.4	4.0	0.43	2%	
30-Jun-22		0.0	0.0	0.00	0%	
30-Jun-23		15.0	41.3	2.76	3%	
<b>TOTAL</b>		<b>46.7</b>	<b>49.5</b>	<b>1.058</b>	<b>8%</b>	
<b>Share Price Valuation (NAV)</b>						
		Risked Est. A\$m		Est. A\$/share		
100% Davyhurst (pre-tax NAV at disc. rate of 14%)		169.9		0.28		
Mt Ida and other exploration		20.0		0.03		
Forwards		0.0		0.00		
Corporate Overheads		-55.8		-0.09		
Net Cash (Debt)		22.6		0.04		
Tax (NPV future liability)		0.0		0.00		
Options, Other Equity & Listed Investments		0.0		0.00		
Hedging		0.0		0.00		
<b>Total</b>		<b>156.7</b>		<b>0.26</b>		
Last Updated: 27/11/2019						

*OBM was reinstated to official quotation on the ASX on the 28 June 2019*

*OBM's focus is to unlock significant value from its strategic and prospective landholding, through resource definition activities, detailed mine planning, and study work, prior to production restart*

*Projects located north-west of Kalgoorlie*

*Tenure covers highly prospective greenstones over the Zuleika and Mt Ida Shear Zones*

*Davyhurst contains key infrastructure including a processing plant (1.2Mtpa), camp, borefield, TSF and a large resource base of ~1.4Moz*

*Mt Ida could become a second production centre overtime, a small-scale high grade operation could provide strong additional cashflows*

## INVESTMENT CASE

Ora Banda Mining Ltd ("OBM", formerly Eastern Goldfields Ltd, EGS) was reinstated to official quotation on the ASX on the 28 June 2019. The former entity, EGS, went into administration in late November 2018, following a period of care & maintenance and long period of trading suspension from insolvency (high debt/creditor positions which could no longer be serviced). The recapitalised entity, OBM, boasts a new Board and Management Team, is now debt free, with all existing debt/trade creditors repaid or converted to new equity.

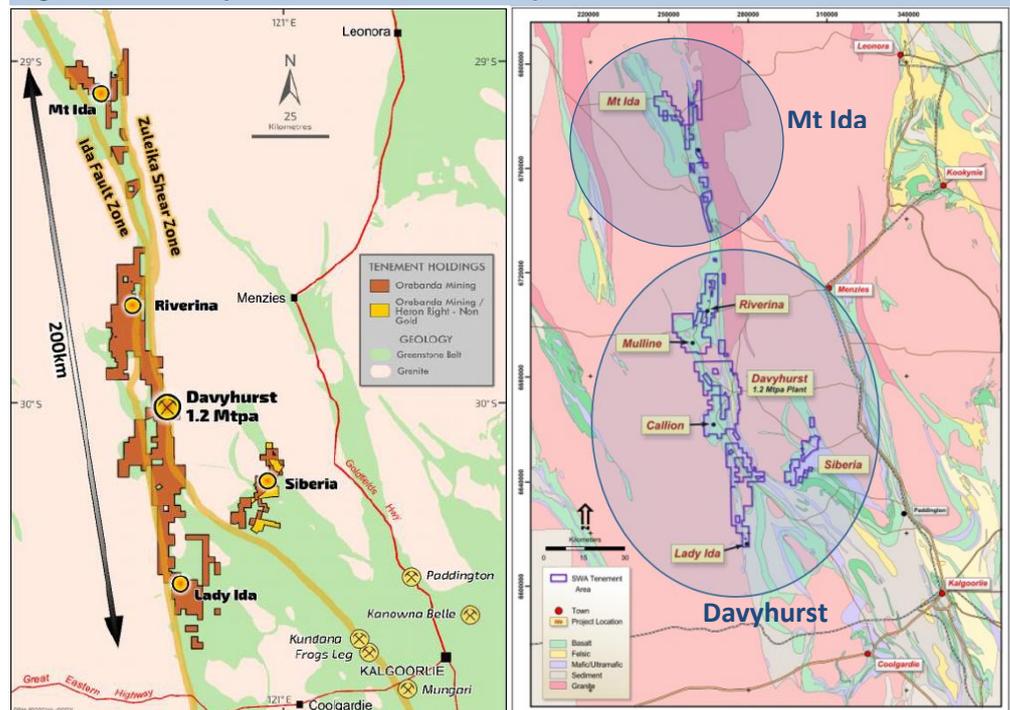
The Company owns 100% of the Davyhurst and Mr Ida Gold Projects in the Eastern Goldfields of WA. Davyhurst is located ~120km north-west of Kalgoorlie, whereas Mt Ida is located ~80km north of Davyhurst.

The Company has a strong cash position of ~A\$23M to capitalise on its large, existing mineral resource base (~1.8Moz) and gold processing infrastructure (1.2Mtpa at Davyhurst), which requires only modest remedial works to be fully operational. However, before restarting operations at Davyhurst, OBM plans to grow reserves, and deliver a Definitive Feasibility Study (DFS).

OBM has infrastructure in place for a rapid restart, including a 1.2Mtpa processing plant which has an EPCM recommissioning cost of A\$8.5M, and anticipated timeframe of less than 6 months to complete. Current exploration activities are largely focused on 5 key project areas (Riverina, Waihi, Callion, Siberia and Golden Eagle). Resource upgrades are planned for both Riverina and Waihi, which will underpin maiden reserves and ultimately feed into the DFS. Assuming a favourable outcome from the DFS, first gold production from the restarted Davyhurst operation could be late CY20.

We model pre-production capex of ~A\$35M, for an initial operation producing on average 100kozpa at an AISC of just over A\$1,300/oz. Mine life will ultimately be determined by resource conversion to reserves, but we assume an initial mine life of just over 5 years. Our preliminary assumptions will be updated by the DFS release.

**Fig. 1: Davyhurst and Mt Ida Project Locations**



Source: Ora Banda Mining Ltd

## DAVYHURST GOLD PROJECT

**Fig. 2: Davyhurst Snap Shot**

Davyhurst	
Interest:	100%
Location:	~120km north-west of Kalgoorlie, WA
Tenure coverage:	~1,200km <sup>2</sup>
Project stage:	Advanced exploration, development, near-term production
Reserves:	2.8Mt @ 2.3g/t Au for 210koz
Resources:	20.7Mt @ 2.5g/t Au for 1.64Moz
Scale:	1.2Mtpa (nameplate)
Production potential (ave):	+1.1-1.2Mtpa for +90-110Kozpa
All In Sustaining Cost (AISC):	+A\$1,300/oz
Mine Life	+5 years (more through resource conversion)

*Large tenement holding over highly prospective Eastern Goldfields greenstones with major structures (Zuleika and Mt Ida Shear Zones)*

Source: Ora Banda Mining Ltd; Hartleys Estimates

### Background and Location

The Davyhurst project is located ~120km north-west of Kalgoorlie, WA. Access to the project is via the sealed Kalgoorlie-Menzies highway, and gravel roads. The project contains multiple gold deposits (+24), for both open pit and underground mining opportunities. The project is well located within highly prospective greenstones over the Zuleika and Mt Ida Shear Zones.

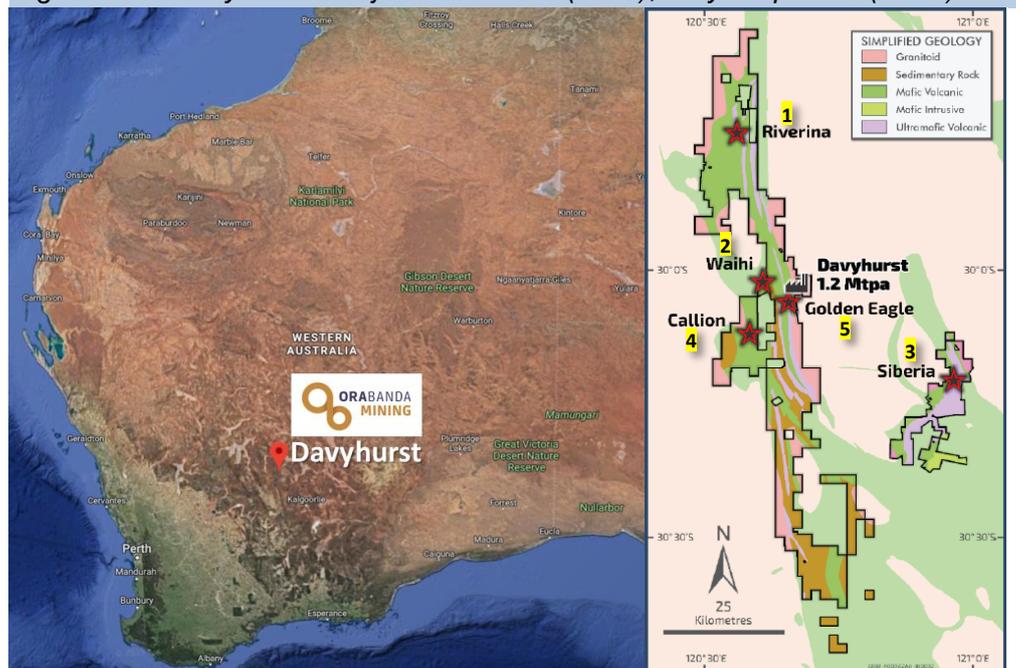
*Located ~120km NW of Kalgoorlie*

The consolidated project area comprises of the Riverina, Mulline, Davyhurst, Siberia, Lady Ida and Mt Ida project areas, which have historically produced more than 1.5Moz of gold since 1897. OBM's current activities are focused on 5 advanced deposits (Riverina, Waihi, Callion, Siberia and Golden Eagle).

*Gold first mined at Davyhurst in 1897*

*The project contains multiple gold deposits which could translate to both open pit and underground mining opportunities*

**Fig. 3: Davyhurst Project Location (LHS); Key Deposits (RHS)**



Source: Ora Banda Mining Ltd

*Long discovery history  
with intermittent  
periods of gold  
production*

## History – exploration, development, and production

Previous exploration, development and production history for the Davyhurst project is best summarised in the below table (Fig. 4). The project contains historical open cut and underground mining operations and key processing plant infrastructure.

**Fig. 4: Previous Exploration Timelines**

Timeline	Comments	Production
1897 - 1937	Gold was first discovered within the Davyhurst area in 1897	Reported production of ~110Koz from 1897 to 1937
1980s	More modern exploration commenced in the 1980s with several companies exploring around the historical workings	Total production of ~524Koz from the project area from 1986-1999
1983	WMC commenced exploration around the old Golden Eagle and Waihi workings and established a 300Ktpa CIP treatment plant to process ore recovered from these two deposits	
1988	Consolidated Exploration acquired the Davyhurst assets of WMC and some surrounding tenure. Consolidated continued to mine at Golden Eagle and also developed open cuts at Great Ophir, Lady Eileen, Lady Eileen South and Homeward Bound. Consolidated ceased mining in 1991 and the CIP treatment plant was sold	
Late 1980's	The Lights of Israel (LOI) deposit was mined in the late 1980's by the Bardoc JV (Hill Minerals and Aberfoyle). The Bardoc JV purchased a surrounding mining licence to extend the LOI open pit and then discovered the underground resource	
1990's	The leases immediately around the area were later consolidated in the 1990's with Bardoc mill relocated to Davyhurst and upgraded to its current capacity of 1.2Mtpa	
1997	Davyhurst operations commence	
2000	Croesus Mining acquired the Davyhurst project in 2000. Ore at the time was sourced from the Giles, Lady Gladys, LOI, Waihi, Golden Eagle, Callion and various laterite resources at Mulline.	Produced over 380Koz over a 4-year period
2005	Monarch acquired the Davyhurst project from Croesus in November 2005	
2006	Monarch merged with Siberia Mining Corporation in the process consolidating the nearby Siberia and Lady Ida gold camps	
2007	Monarch acquired the Riverina mining centre	
2008	Monarch goes into administration	
2010	Monarch renamed Swan Gold	
2015	Swan Gold Mining renamed Eastern Goldfields (EGS)	
2016	Reinstated on the ASX – 24 March 2016	Estimated production during this period was <20koz, with commercial production never declared
2017	Following plant refurbishment first gravity gold poured in July 2017, and first CIP circuit gold poured in August 2018	
2018	Administrators appointed November 2018, follows a period of legal disputes, and creditor issues	
2019	Reinstated to official quotation on the ASX on the 28 June 2019, following recapitalisation	
2020/21	Planned reserve definition drilling, DFS Jun'20, potential restart of operations in late CY20/early CY21	

Source: Ora Banda Mining Ltd; Hartleys Research

## Geological Setting

The Davyhurst project is located within the largely north striking Davyhurst-Mt Ida Greenstone Belt, a western branch of the Norseman-Wiluna Belt.

*Davyhurst project is located within the largely north striking Davyhurst-Mt Ida Greenstone Belt, a western branch of the Norseman-Wiluna Belt*

The project is situated on the boundary between the Eastern Goldfields Province and Southern Cross Province and includes two major structures, the Mt Ida Shear and Zuleika Shear. The Mt Ida Shear Zone marks the boundary between the Barlee Terrane of the Southern Cross Province and the Kalgoorlie Terrane of the Eastern Goldfields Province. The Zuleika Shear separates the Coolgardie and Ora Banda Domains of the Kalgoorlie Terrane.

Gold mineralisation at Davyhurst is typical of Late Archaean greenstone hosted mesothermal gold deposits with subtle variations in the deposits throughout the area. The project spans the historical and recent gold mining centres of Mulline, Davyhurst, Round Dam, Callion, Siberia, Lady Ida, Riverina, Sand King and Missouri mines.

## Key Infrastructure already in place

The Davyhurst project contains key infrastructure including a conventional **1.2Mtpa** CIP gold processing plant, well established administration and maintenance buildings, extensive spares inventory, an established bore field, haul roads, licensed tailings storage facility (TSF) and a 160-person accommodation camp.

*The Davyhurst plant is currently on care and maintenance*

The plant currently remains on care and maintenance. The plant comprises a three stage crushing plant, a two stage milling circuit, gravity circuit and a conventional leach circuit. OBM's predecessor, Eastern Goldfields spent an estimated A\$28M on the refurbishment of the Davyhurst Plant. Unfortunately the refurbishment was not fully completed, with the limited production reported during the commissioning period.

Fig. 5: Davyhurst Gold Project – Site Layout



Source: Google Maps; Hartleys Research

*Gold recoveries have been historically high, above 92%*

We estimate processing costs of <A\$25/t at nameplate capacity, and likely around A\$27/t on a campaign basis. The plant was last operated in 2018. Gold recoveries once recommissioned are expected to be +90% (92-93% historically reported). The tailings storage facility (TSF) paddock needs a lift but appears serviceable for over 12 months.

Fig. 6: Davyhurst Processing Infrastructure



**Crushing Circuit**



**View from Crusher**



**Milling Circuit – Ball Mills x2**



**Milling Circuit – Ball Mill**



**Gravity Circuit – Knelson Concentrators**



**Leach Circuit - CIP**



**Thickener with water storage in background**



**TSF in the background**

Source: Hartleys Research; Ora Banda Mining Ltd

OBM engaged GR Engineering (GNG.asx) to complete a detailed review of the Company's Davyhurst Processing Facility and the plant's associated infrastructure. The estimated capital cost to complete the remedial works and recommission the plant on an EPCM basis is ~A\$8.5M and include a contingency of A\$0.8M (as detailed in the below table).

**Fig. 7: Davyhurst Mill Remedial Works Cost**

AREA	SUMMARY**	TOTAL (\$M)
200	Earthworks	0.17
205	General Site Improvements (Painting)	0.47
310	Crushing & Screening	1.46
320	Coarse & Fine Ore Storage & Handling	0.19
330	Grinding & Classification	0.91
332	Gravity Recovery & Separation	0.04
340	Leaching & Adsorption	0.49
350	Gold Recovery	0.17
360	Reagent Mixing & Distribution	0.02
370	Power Reticulation	0.56
390	Water Storage & Reticulation	0.06
391	Raw Water Supply	0.54
400	Tails Thickening & Disposal	0.14
420	Air Services Supply & Reticulation	0.01
430	Administration Buildings and Offices	0.23
499	Plant Piping	0.26
500	Engineering	1.34
503	Commissioning	0.28
805	Cranage & Equipment Hire	0.77
830	Temporary Facilities	0.13
840	Mobilisation / Demobilisation	0.04
998	Flights	0.12
<b>Total</b>		<b>8.52</b>

*Note: Site accommodation, meals and fuel are excluded from the estimate*

Source: Ora Banda Mining Ltd

*GR Engineering's detailed review to repair the plant has been estimated at \$8.5M, which is some 43% lower than the original A\$15M estimate*

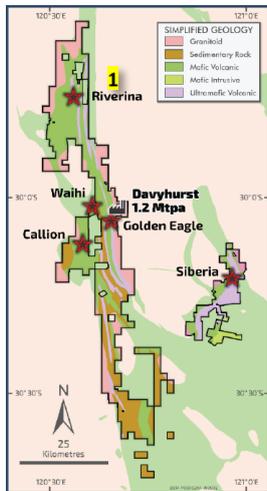
# KEY DEPOSIT SUMMARY

## 1 – Riverina

Riverina is located ~48km from the Davyhurst milling infrastructure, along a haulage road.

The Riverina deposits host three significant lodes (Main Lode, Murchison Lode and Reggie Lode) which occur as a series of mineralised shears within a package of mafic and ultramafic volcanics and metasediments. The mineralisation has a strike of ~1.2km and remains open along strike and at depth.

The primary focus of recently completed drilling at Riverina was to upgrade the existing resource (**2.6Mt @ 2.5g/t Au for 205koz**) for the definition of an open pit reserve. OBM recently completed the first phase resource definition drilling, a total of 80 RC holes (for 6,267m) with all assays now received. The drill program was considered highly successful with results consistent with the pre-drilling expectation, confirming the mineralisation model, geometry and grade distribution of the deposit but also highlight potential that the open pit has been enhanced.



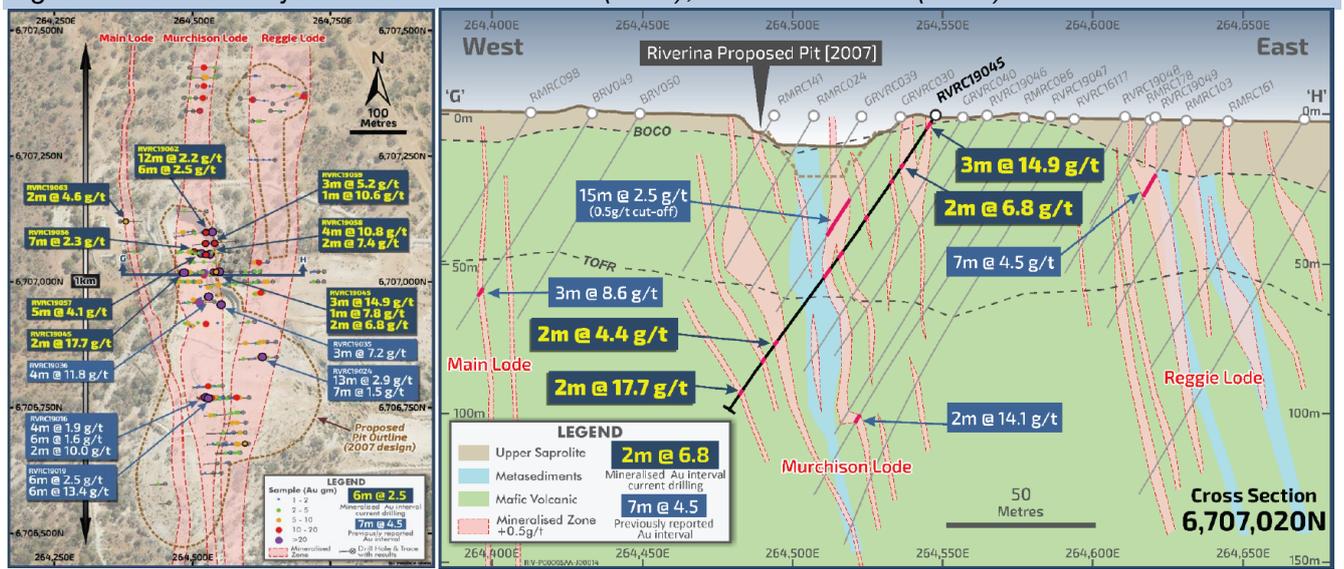
Source: OBM

Recent drill highlights include:

- 3m @ 14.9g/t Au from 3m
- 4m @ 10.8g/t Au from 102m and
- 2m @ 17.7g/t Au from 112m

The Company is in the process of updating the resource estimate for Riverina, which is scheduled for release late Nov/early Dec'19.

Fig. 8: Riverina Project Area – Plan View (LHS); Cross Section (RHS)



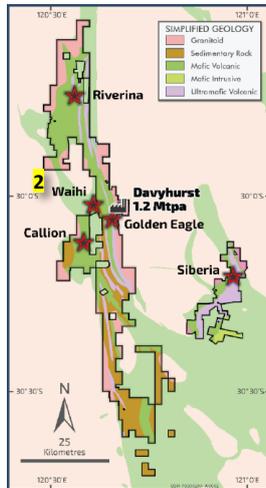
Source: Ora Banda Mining Ltd

## 2 – Waihi

Waihi is located ~3kms from the Davyhurst plant and has a current resource of **0.9Mt grading 2.4g/t Au for 71koz.**

OBM expects to develop an open pit and then underground operation at Waihi, and some recent drill highlights from resource definition drilling has include:

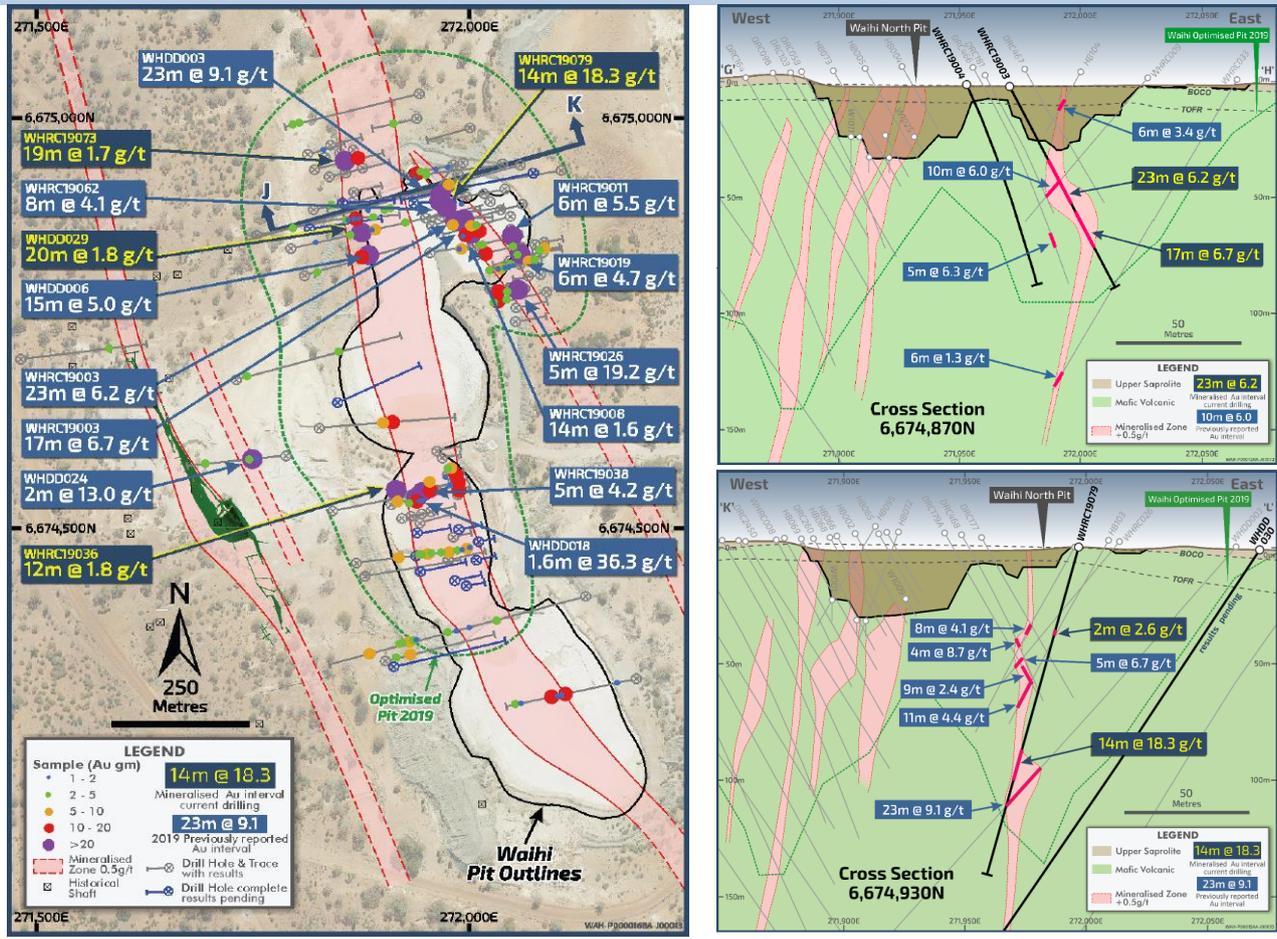
- **14m @ 18.3g/t Au** from 97m (incl. 6m @ 41.9g/t Au)
- **5.0 @ 19.2g/t Au** from 38m
- 8.0m @ 4.2g/t Au from 36m
- 6.0m @ 4.7g/t Au from 57m
- 23.0m @ 6.2 g/t Au from 57m
- 17.0m @ 6.7 g/t Au from 77m



Source: OBM

OBM also has flagged interesting RC drill results as part of a pre-collar for diamond drilling at the Golden Pole lode, which reported **2m @ 13.0 g/t Au**, a previously unknown hanging-wall structure that is untested along strike for some 270m. Further samples are awaiting assays, for more good results to come. Waihi will be added into the DFS mining inventory.

Fig. 9: Waihi Project Area – Plan View (LHS); Cross Sections (RHS)



Source: Ora Banda Mining Ltd

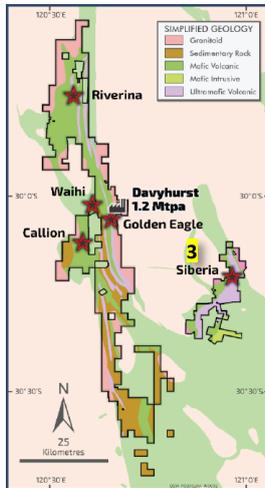
### 3 – Siberia

The Siberia Project Area is located ~39kms from the Davyhurst plant, and contains a number of open pits and historical workings, including **Sand King, Missouri, Palmerston-Camperdown, Bewick-Moreing and Theil Well.**

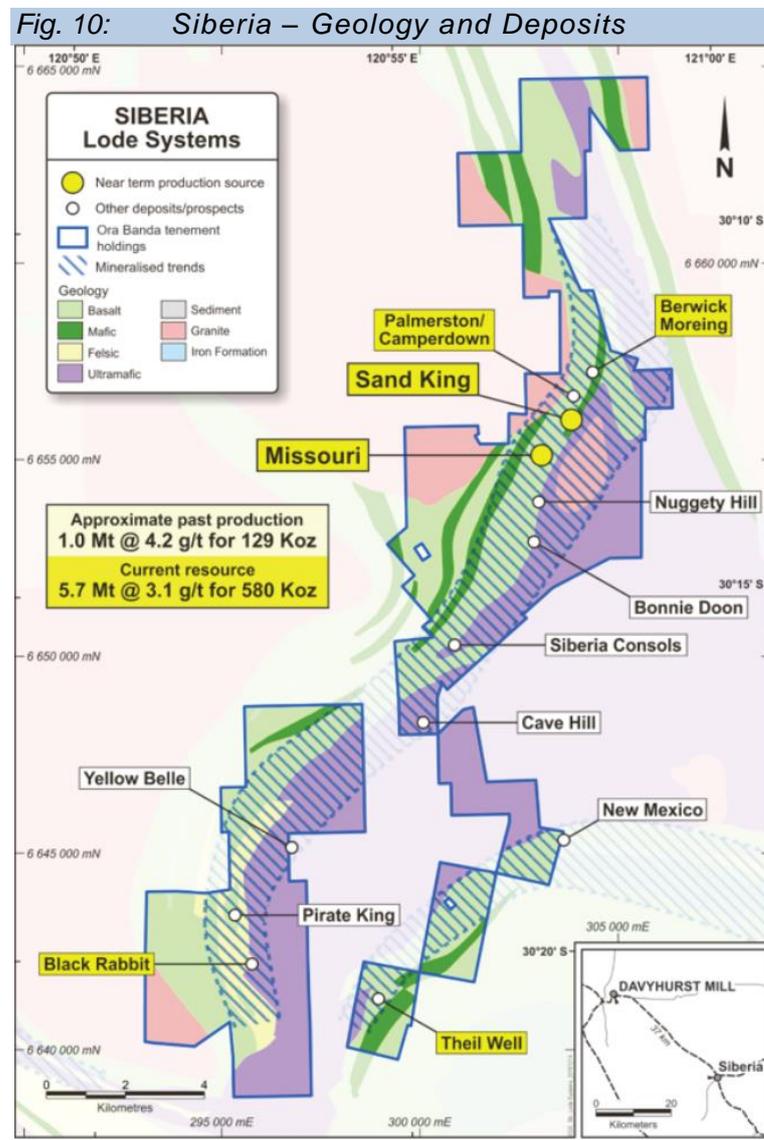
Siberia has a current resource of **4.8Mt grading 3.2g/t Au for 498koz.** OBM recently engaged external consultants Entech to update the Sand King and Missouri reserve statements, which is now **2.8Mt (up 38%) grading 2.3g/t Au (unchanged) for 210koz gold (up 42% from 150koz).** Sand King contains 93koz (up 43%) @ 2.1g/t Au and Missouri containing 120koz (up 41%) @ 2.6g/t Au.

The new estimates are based on current cost and commodity price inputs (higher gold price of A\$2,000/oz up from A\$1,550/oz). The proposed open pits at Sand King and Missouri could provide 210koz @ C1 cash costs of A\$1,446/oz, from a strip ratio of 11:1 (waste to ore).

OBM is now updating the mining approvals (previously approved for mining in 2017) with Siberia to be added into the DFS mining inventory.

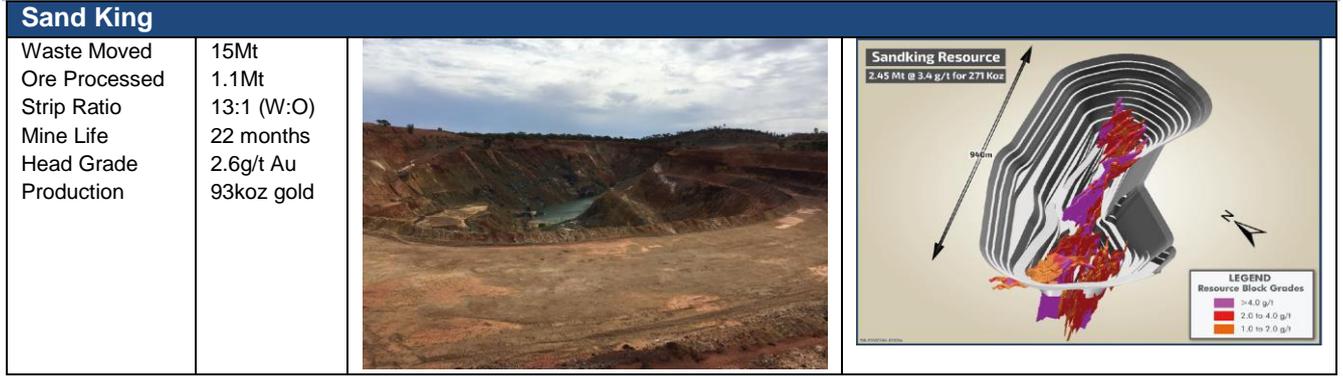


Source: OBM



Source: Ora Banda Mining Ltd

Fig. 11: Sand King Open Pit



Source: Ora Banda Mining Ltd; Hartleys Research

Fig. 12: Missouri Open Pit



Source: Ora Banda Mining Ltd; Hartleys Research

Fig. 13: Siberia Open Pits – Key Metrics

Key Characteristics	Units	Sand King	Missouri	Total
Waste Moved	Mt	15	14	29
Ore Processed	Mt	1.1	1.7	2.8
Strip Ratio	Waste to Ore (W:O)	13:1	9:1	11:1
Mine Life	Months	22	19	28
Head Grade	g/t Au	2.6	2.1	2.3
Production	Koz gold	93	120	210
C1 Cash Costs	A\$/oz			1446

Source: Ora Banda Mining Ltd

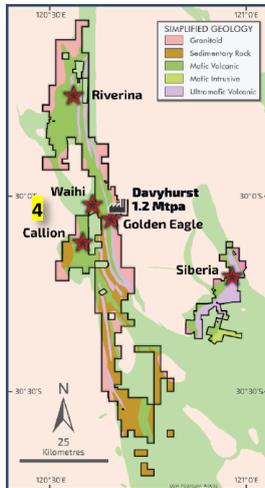
### 4 – Callion

Another potential key deposit is **Callion**, which is located ~14km south-west of existing processing infrastructure.

Callion had past production of ~18Koz (@ +4g/t Au) from an open pit and ~74Koz (@ ~16g/t Au) from underground.

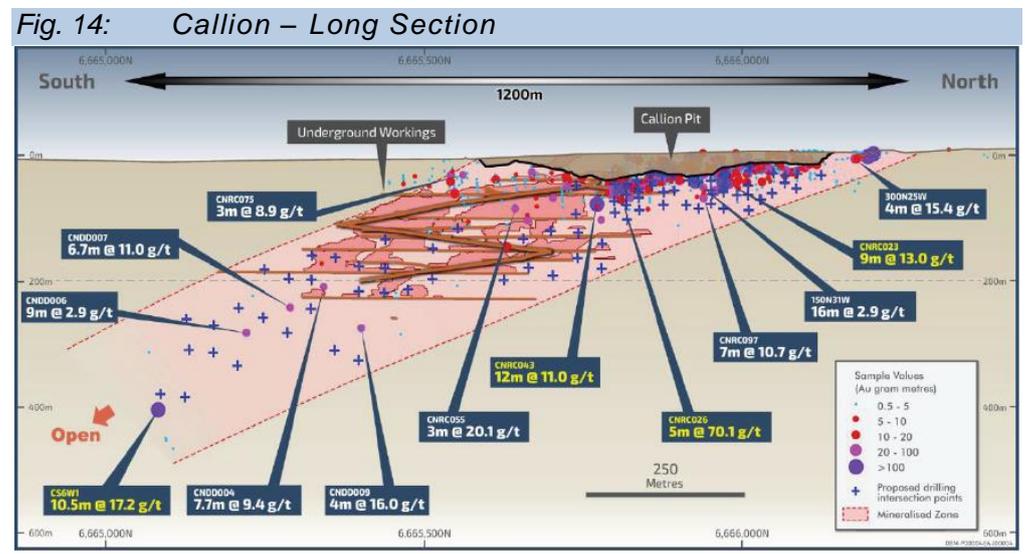
OBM has an exploration target for potential underground resources of 350-450Kt @ 10-14g/t Au, with potential for down-plunge continuations and parallel repeats along strike.

Recent work at Callion focused on a detailed desktop reviews of all existing Callion data prior to updating drill plans. OBM has recommended drilling at Callion, with ~7,800m of RC and 1,200m of DD currently budgeted. First results are anticipated in early Dec'19.



Source: OBM

*Callion could provide an initial open pit (small) and then underground mining opportunity*



Source: Ora Banda Mining Ltd

Fig. 15: Callion – Historical Pit – Looking along the west walls – SW (LHS) & NW (RHS)

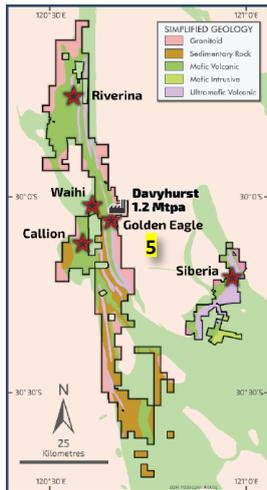


Source: Hartleys Research

### 5 – Golden Eagle

Golden Eagle is located ~2kms from the Davyhurst plant, and contains an underground mine developed to 150m vertical depth (319m RL).

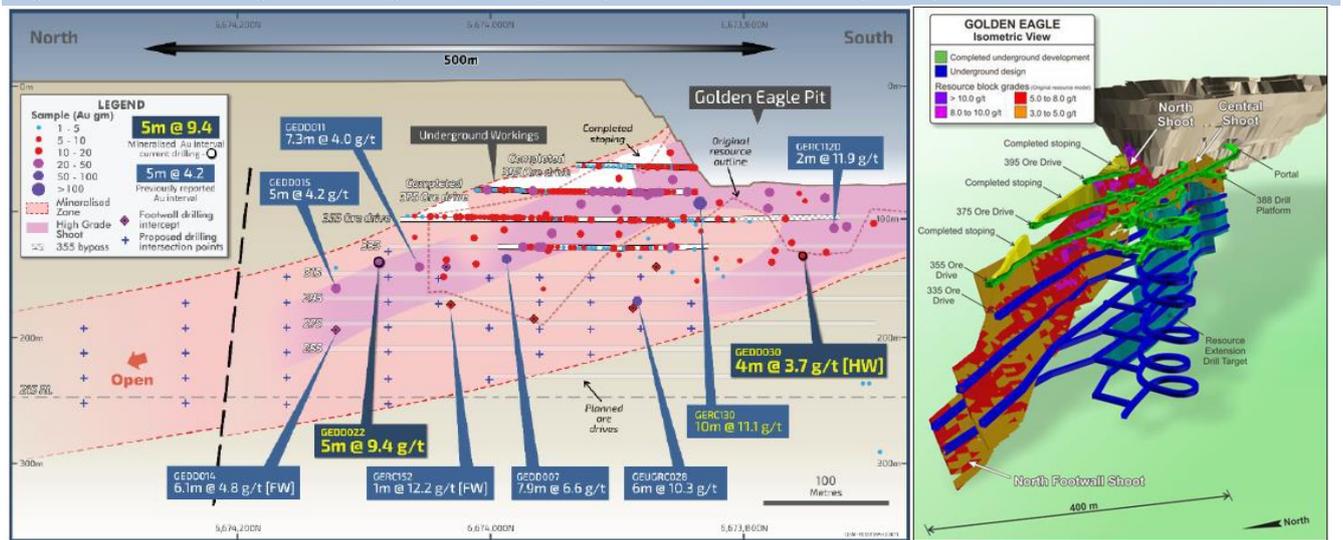
The Golden Eagle deposit is hosted within a 10–20m wide, mineralised biotite schist which has a rough sub-vertical orientation. The higher-grade quartz-feldspar lode (QFL) is the key target zone, with increased sulphide content generally correlating well to higher gold grades. New models for the QFL have been generated from more recent drilling, and will be further refined through planning infill drilling. Historically, mining in the Golden Eagle pit has focused on the Central and Northern shoots. In the open pit, the entire mineralised zone was typically bulk mined with grades averaging over 2.0g/t Au, whereas the hanging-wall position of the Northern Shoot remains a priority target for the underground mine plan where gold grades improve to be above 4g/t Au in parts.



Source: OBM

Golden Eagle has a current resource of **656Kt @ 2.5g/t for 54koz**, and remains open down plunge. Planned drilling will infill the existing resource to upgrade to JORC 2012 standards and ultimately deliver a maiden reserve.

Fig. 16: Golden Eagle – Long Section (LHS); Isometric View (RHS)



Source: Ora Banda Mining Ltd

Fig. 17: Golden Eagle – UG Portal (LHS); Underground Development (RHS)



Source: Hartleys Research; Ora Banda Mining Ltd

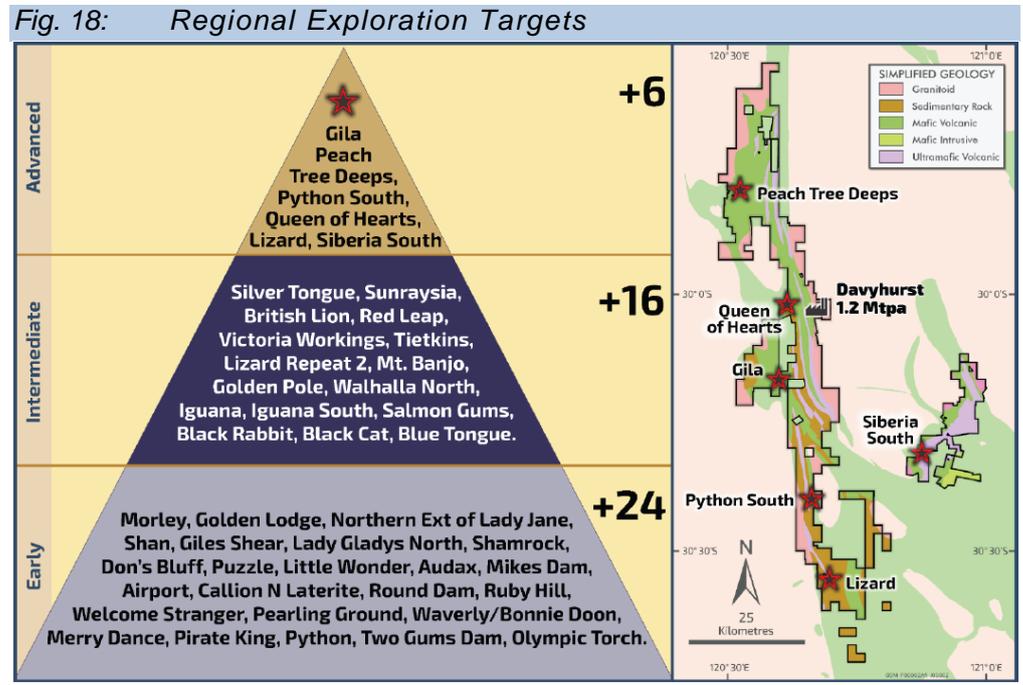
### Significant Exploration Upside

OBM has significant regional exploration potential, with a portfolio of early to advance stage targets to test over time. Some of the priority prospects are within close vicinity to the Davyhurst milling infrastructure. Currently OBM has 6 advanced, 16 intermediate and over 24 early stage targets to be investigated within the large +1,300sqkm land holdings.

*Significant exploration upside retained*

*Large land holding to systematically explore*

*Assuming a favourable outcome from the DFS, first gold production from the restarted Davyhurst operation could be late CY20*

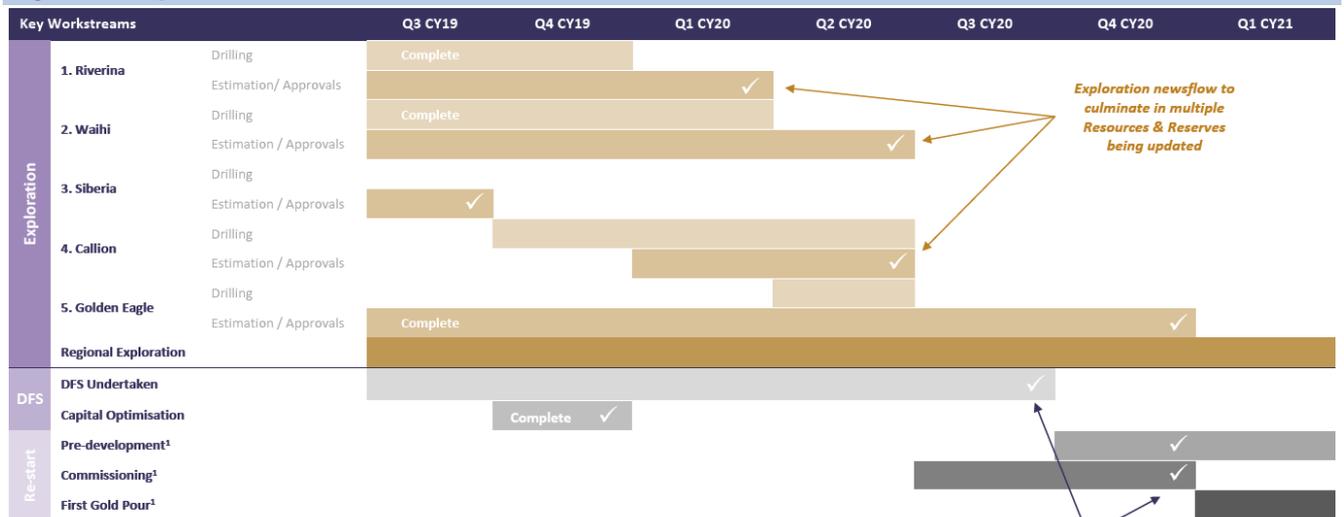


Source: Ora Banda Mining Ltd

### Restart Timeframes

Current activities are largely focused on resource infill drilling with resource upgrades planned for both Riverina and Waihi, which will underpin maiden reserves and ultimately feed into the DFS. Assuming a favourable outcome from the DFS, first gold production from the restarted Davyhurst operation could be late CY20.

Fig. 19: Davyhurst Restart Timeframes



<sup>1</sup> Subject to successful DFS

Source: Ora Banda Mining Ltd; Timeframes remains subject to change

## MT IDA GOLD PROJECT

Fig. 20: Mt Ida Snap Shot

### Mt Ida

The second key project area is Mt Ida, located ~120kms north of Davyhurst, which has potential to become a second production centre overtime

A larger mining inventory would be required for a potential standalone operation

At this stage we only assign a nominal exploration value for Mt Ida and other regional exploration potential (which we consider to be high)

Located ~200km NW of Kalgoorlie

Interest:	100%
Location:	~200km north-west of Kalgoorlie, WA
Tenure coverage:	~110km <sup>2</sup>
Project stage:	Advanced exploration
Reserves:	na
Resources:	318kt @ 13.8g/t Au for 141koz
Scale:	na
Production potential (ave):	na
All In Sustaining Cost (AISC):	na
Mine Life	na

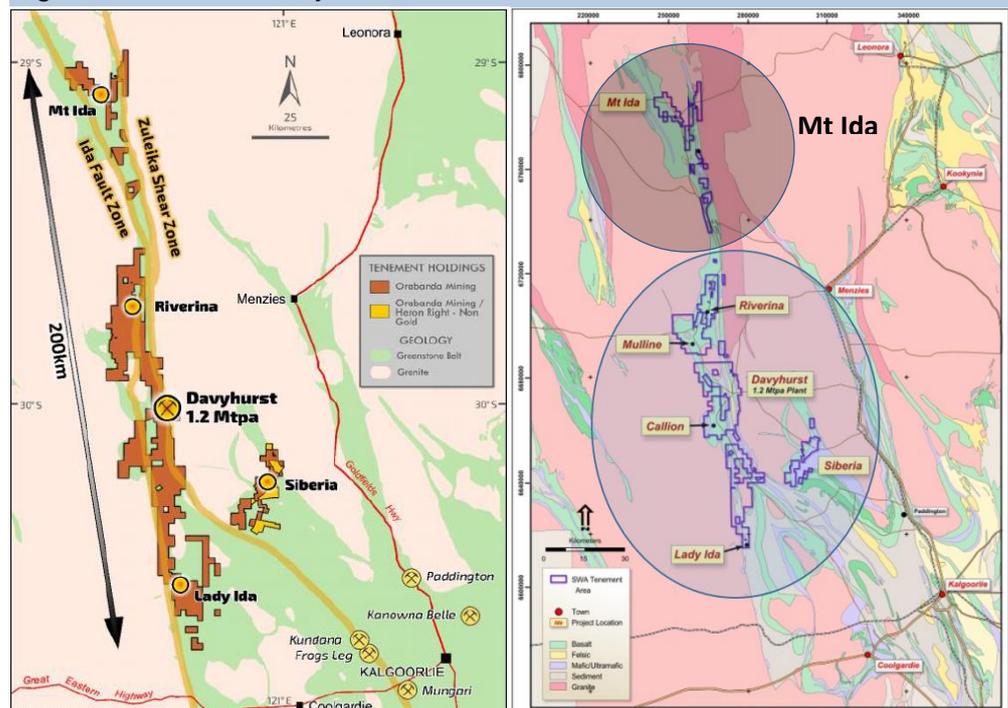
Source: Eastern Goldfields Ltd; Hartleys Estimates

## Background and Location

The Mt Ida project is located ~200km north-west of Kalgoorlie, and some 120km north of Davyhurst connected via good quality gravel roads. Monarch acquired the project from International Goldfields in April 2007, having already been in JV. The project was previously mined but it does not have any processing infrastructure. OBM is targeting additional resources, to build critical mass to potentially support a future standalone operation (small-scale high grade operation).

The Mt Ida project has resources of 318kt @ 13.8g/t Au for 141Koz Au (Indicated 136Kt @ 18.6g/t Au for ~81Koz, and Inferred 182kt @ 10.2g/t Au for ~60koz).

Fig. 21: Mt Ida Project Location



Source: Eastern Goldfields Ltd

*Gold was first discovered within the Mt Ida region in the late 1890's*

Gold was first discovered within the Mt Ida region in the late 1890's and has since produced in excess of 265Koz at an average head grade of 16.3g/t Au. Mining last took place in 2008, with the ore mined and trucked some 120km south to the Davyhurst mill and to the north to the Lawler's plant. Mt Ida has a serviceable airstrip and 60-person camp, which may be relocated back to Davyhurst.

### Geological Setting

The Mt Ida project is located in the northern part of the Mt Ida Greenstone Belt which is the western-most subdivision of the regionally extensive Norseman-Wiluna belt.

The geology is structurally complex, consisting of cross cutting and regional shear zones, a regional anticline, intrusive porphyries and basal ultramafic contacts. The belt corresponds to the western most subdivision of the extensive north-northwest trending Norseman-Wiluna Greenstone Belt and covers a strike extent of ~150km. The gold mineralisation is largely gabbro and basalt shear hosted, narrow but very high-grade.

### Metallurgy now better understood

Eastern Goldfields commissioned geological and mining consultants Mining One Pty Ltd to carry out a comprehensive technical review on the Mt Ida project. Past production had some processing issues due to the copper content of some ore zones. The technical review largely focused on metallurgical testwork of the ore body leading to an improved understanding of recoveries and reagent consumption rates for a potential future operation.

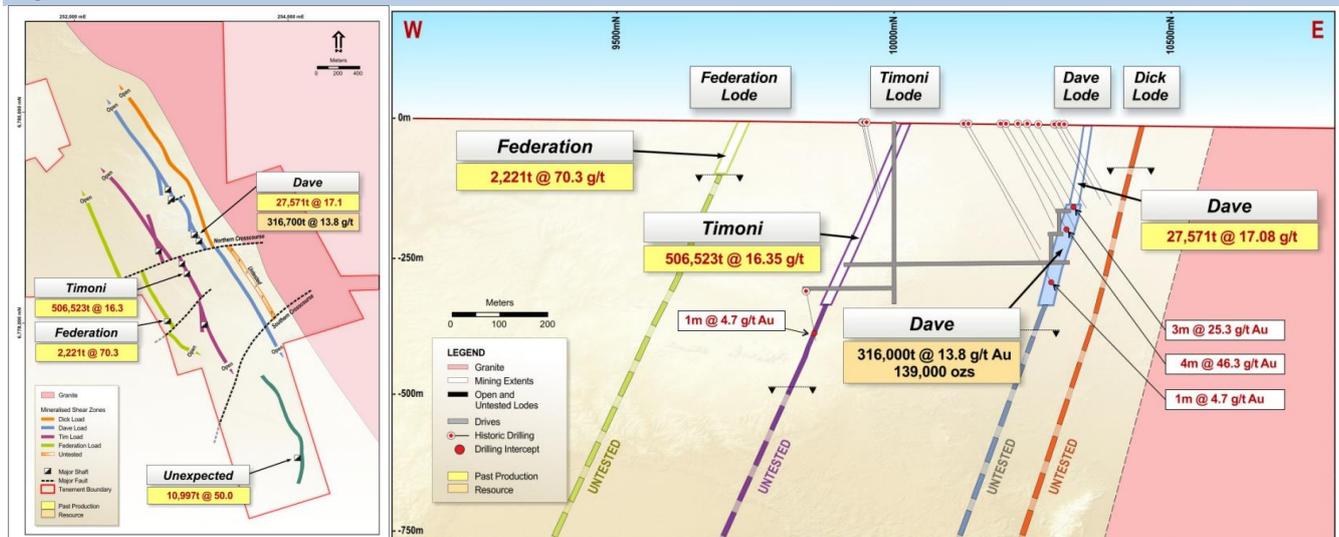
*Exploration upside remains high*

An ongoing review of resources and geological controls, improved mine planning, together with stronger management control, a focus on cost controls and increased gold prices should enable a viable economic development of the project.

### Exploration Upside

The Company has defined a number of exploration targets, including the Timoni Lode, which was the bulk of historical production and remains open at depth; the Dave Lode, which currently constitutes a vast majority of the current resource base, and remains open at depth and along strike. Additional parallel lodges are anticipated along with structural repeats.

Fig. 22: Mt Ida - Timoni and Dave Lodes



Source: Ora Banda Mining Ltd

Current reserves are  
210koz grading 2.3g/t  
Au

Total resources are  
currently estimated at  
21Mt at 2.6g/t Au for  
~1.8Moz

OBM has a very large  
landholding covering  
1,336sqkm, with  
multiple priority  
targets still to be  
tested

## RESERVES AND RESOURCES

Reserves have been re-estimated (as at 30 Oct'19) for the Siberia Mining Centre only, with the open pit deposits of Sand King and Missouri now containing a combined 210koz gold, up 42% from 150koz (contained within the maiden reserve). The latest Siberia reserves were increased, not through drilling but largely from higher gold price assumptions, and adjusted for increased operating costs for small to medium sized open pits in the Eastern Goldfields.

Fig. 23: Current Reserve Estimate – 30 Oct'19

Reserve Deposit	Probable			Total		
	Kt	g/t Au	Koz	Kt	g/t Au	Koz
Missouri	1,700	2.1	120	1,700	2.1	120
Sand King	1,100	2.6	93	1,100	2.6	93
<b>Total</b>	<b>2,800</b>	<b>2.3</b>	<b>210</b>	<b>2,800</b>	<b>2.3</b>	<b>210</b>

Source: Ora Banda Mining Ltd

Current resources are summarised below, with the Riverina and Waihi deposits expected to be updated soon. A maiden reserve is also anticipated for Riverina (early-mid CY20).

Fig. 24: Current Resource Estimate

PROJECT	Measured			Indicated			Inferred			Total		
	Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz	Kt	g/t Au	Koz
GOLDEN EAGLE	0	0.0	0	345	2.5	28	311	2.6	26	656	2.5	54
LIGHTS OF ISRAEL UNDERGROUND	0	0.0	0	74	4.3	10	180	4.2	24	254	4.2	35
MAKAI SHOOT	0	0.0	0	1,985	2	128	153	1.7	8	2,138	2	136
WAIHI	0	0.0	0	805	2.4	62	109	2.4	8	914	2.4	71
<b>Central Davyhurst Subtotal</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>3,200</b>	<b>2.2</b>	<b>226</b>	<b>800</b>	<b>2.6</b>	<b>67</b>	<b>3,962</b>	<b>2.3</b>	<b>296</b>
LADY GLADYS	0	0.0	0	1,858	1.9	113	190	2.4	15	2,048	1.9	128
RIVERINA AREA	0	0.0	0	941	2.4	73	1,644	2.5	132	2,585	2.5	205
FOREHAND	0	0.0	0	386	1.7	21	436	1.9	27	822	1.8	48
SILVER TONGUE	0	0.0	0	155	2.7	13	19	1.3	1	174	2.5	14
SUNRAYSLIA	0	0.0	0	175	2.1	12	318	2	20	493	2	32
<b>Mulline Subtotal</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>3,515</b>	<b>2.1</b>	<b>237</b>	<b>2,607</b>	<b>2.3</b>	<b>193</b>	<b>6,122</b>	<b>2.2</b>	<b>427</b>
SAND KING	0	0.0	0	1,773	3.3	188	680	3.7	81	2,453	3.4	272
MISSOURI	0	0.0	0	2,022	3	195	409	2.6	34	2,431	2.9	227
PALMERSTON / CAMPERDOWN	0	0.0	0	118	2.3	9	174	2.4	13	292	2.4	22
BERWICK MOREING	0	0.0	0	0	0	0	50	2.3	4	50	2.3	4
BLACK RABBIT	0	0.0	0	0	0	0	434	3.5	49	434	3.5	49
THIEL WELL	0	0.0	0	0	0	0	18	6	3	18	6	3
<b>Siberia Subtotal</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>3,913</b>	<b>3.1</b>	<b>390</b>	<b>1,765</b>	<b>3.2</b>	<b>182</b>	<b>5,678</b>	<b>3.1</b>	<b>576</b>
CALLION	0	0.0	0	86	2.8	8	83	2.3	6	169	2.6	14
<b>Callion Subtotal</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>86</b>	<b>2.8</b>	<b>8</b>	<b>83</b>	<b>2.3</b>	<b>6</b>	<b>169</b>	<b>2.6</b>	<b>14</b>
FEDERAL FLAG	32	2.0	2	112	1.8	6	238	2.5	19	382	2.3	28
SALMON GUMS	0	0.0	0	199	2.8	18	108	2.9	10	307	2.8	28
WALHALLA	0	0.0	0	448	1.8	26	216	1.4	10	664	1.7	36
WALHALLA NORTH	0	0.0	0	94	2.4	7	13	3	1	107	2.5	9
MT BANJO	0	0.0	0	109	2.3	8	126	1.4	6	235	1.8	14
MACEDON	0	0.0	0	0	0	0	186	1.8	11	186	1.8	11
<b>Walhalla Subtotal</b>	<b>32</b>	<b>2.0</b>	<b>2</b>	<b>962</b>	<b>2.1</b>	<b>65</b>	<b>887</b>	<b>2</b>	<b>57</b>	<b>1,881</b>	<b>2.1</b>	<b>126</b>
IGUANA	0	0.0	0	690	2.1	47	2,032	2	131	2,722	2	177
LIZARD	106	4.0	14	75	3.7	9	13	2.8	1	194	3.8	24
<b>Lady Ida Subtotal</b>	<b>106</b>	<b>4.0</b>	<b>14</b>	<b>765</b>	<b>2.3</b>	<b>57</b>	<b>2,045</b>	<b>2</b>	<b>131</b>	<b>2,916</b>	<b>2.1</b>	<b>201</b>
<b>Davyhurst Total</b>	<b>138</b>	<b>3.5</b>	<b>16</b>	<b>12,441</b>	<b>2.5</b>	<b>1000</b>	<b>8,187</b>	<b>2.4</b>	<b>632</b>	<b>20,728</b>	<b>2.5</b>	<b>1,640</b>
BALDOCK	0	0	0	136	18.6	81	0	0	0	136	18.6	81
BALDOCK STH	0	0	0	0	0	0	0	0	0	0	0	0
METEOR	0	0	0	0	0	0	143	9.3	43	143	9.3	43
WHINNEN	0	0	0	0	0	0	39	13.3	17	39	13.3	17
<b>Mount Ida Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>18.6</b>	<b>81</b>	<b>182</b>	<b>10.2</b>	<b>60</b>	<b>318</b>	<b>13.8</b>	<b>141</b>
<b>Combined Total</b>	<b>138</b>	<b>3.5</b>	<b>16</b>	<b>12,577</b>	<b>2.6</b>	<b>1080</b>	<b>8,369</b>	<b>2.6</b>	<b>690</b>	<b>21,046</b>	<b>2.6</b>	<b>1,780</b>

Source: Ora Banda Mining Ltd

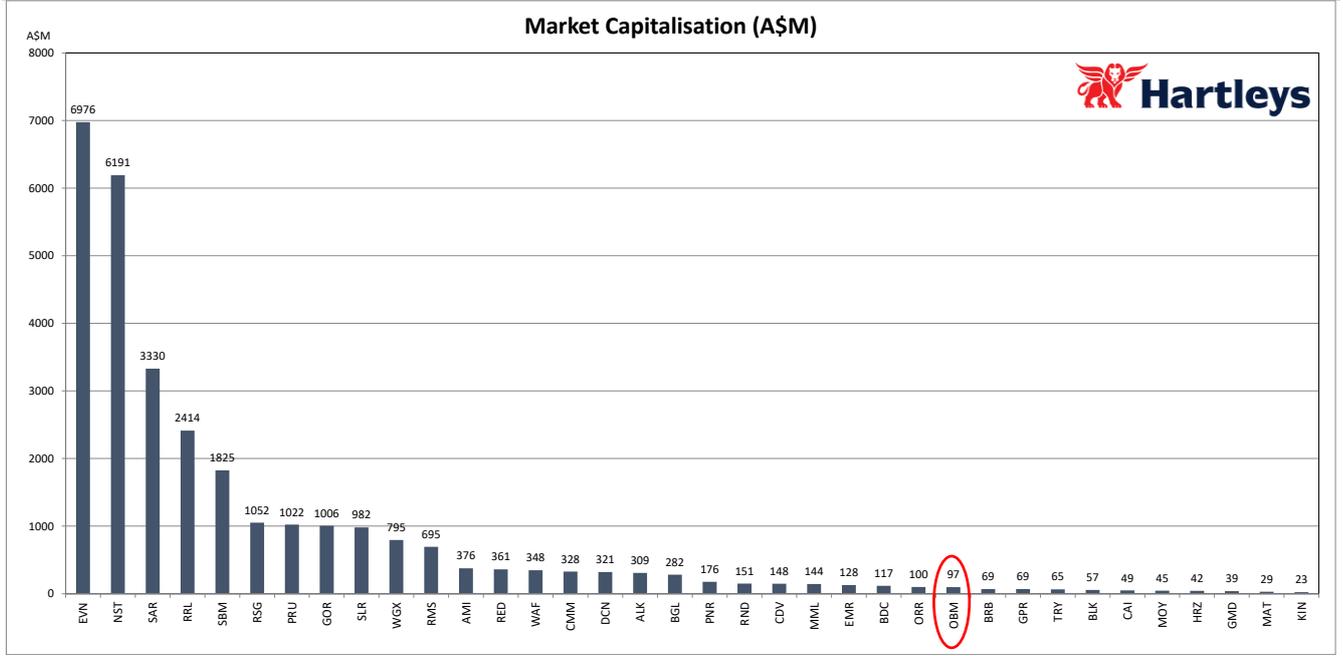
*OBM retains significant exploration upside and clear pathway to near-term production*

# COMPARATIVES

## PEER COMPARATIVES

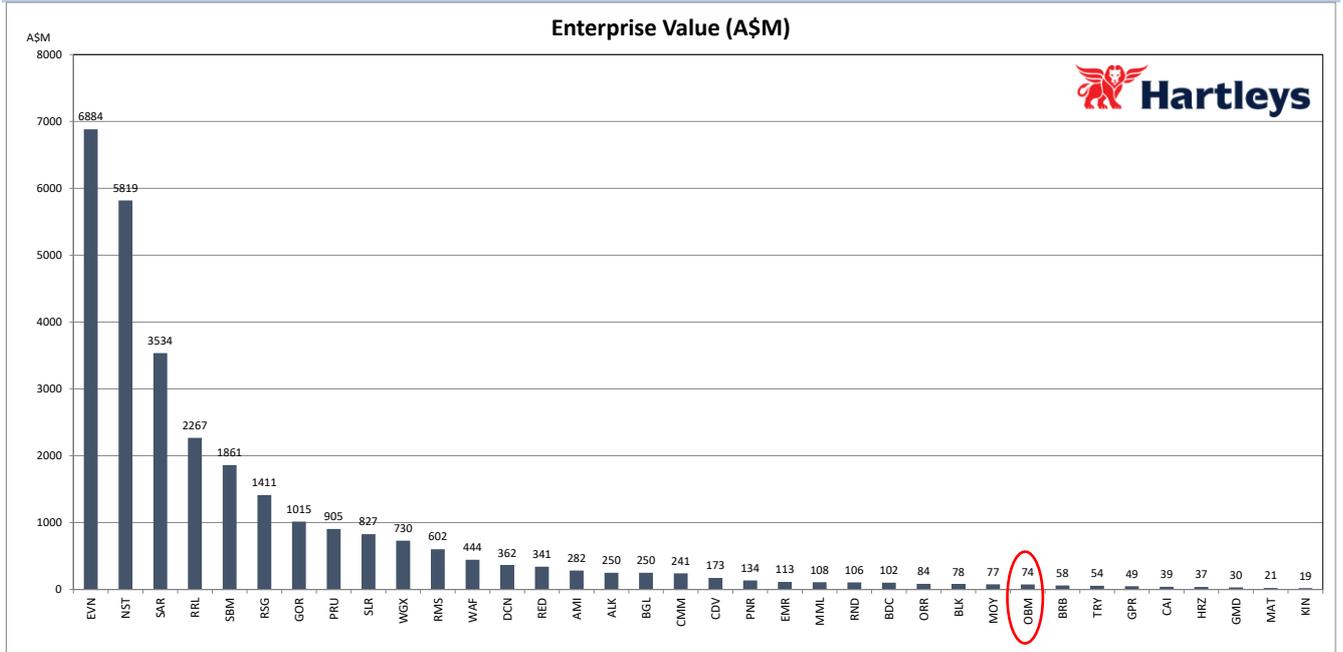
OBM retains a strong cash position of ~A\$23M to capitalised on its large existing mineral resource base (~1.8Moz) and we see near-term production potential at Davyhurst.

Fig. 25: ASX Gold Peers – Market Capitalisation (A\$M)



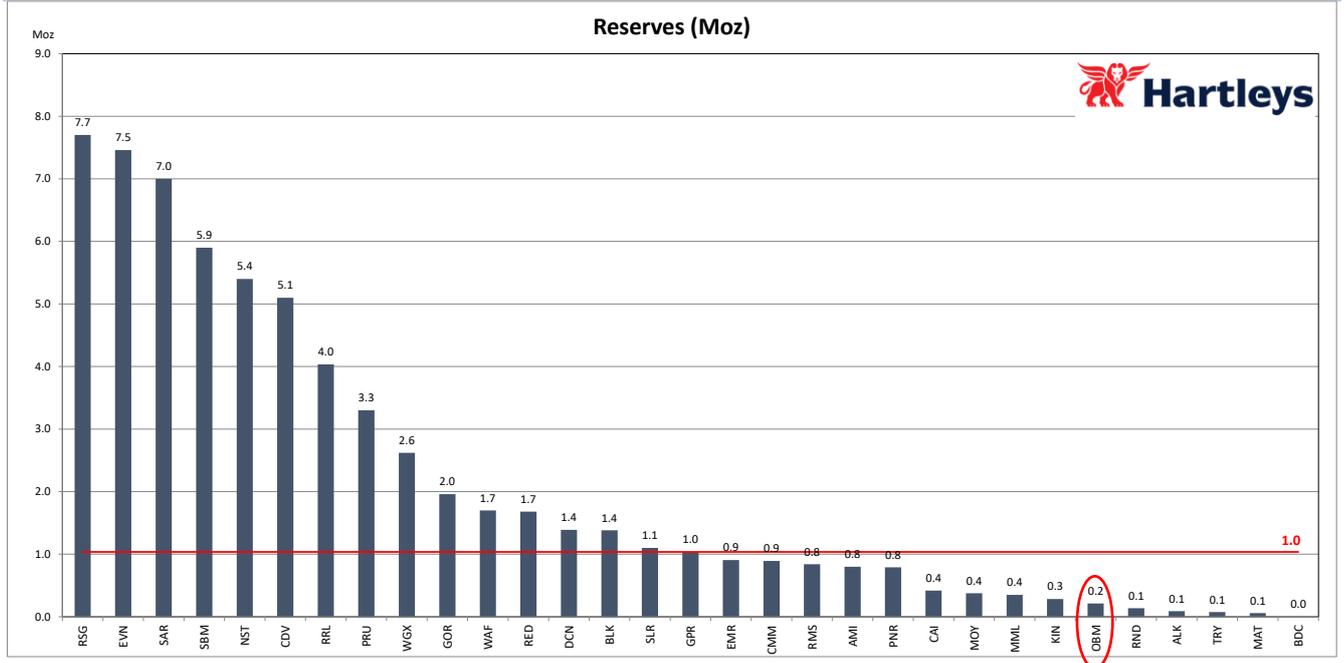
Source: Hartleys Research, IRESS

Fig. 26: ASX Gold Peers – Enterprise Value (A\$M)



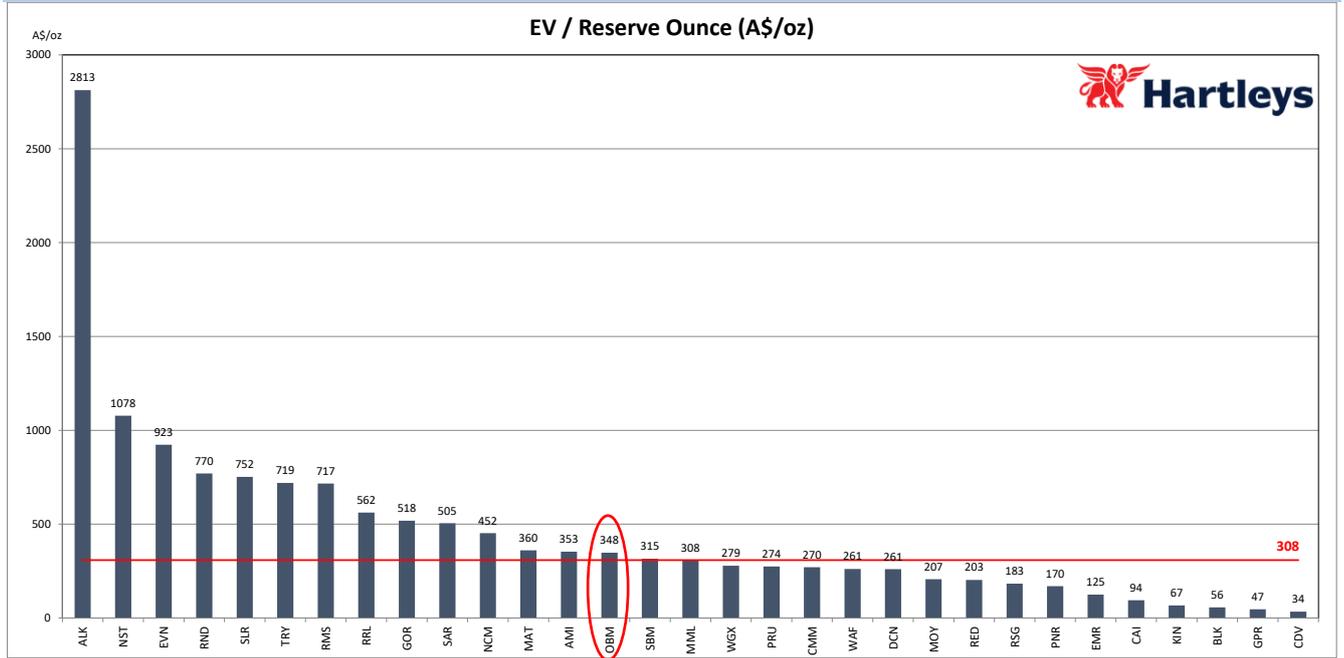
Source: Hartleys Research, IRESS

Fig. 27: ASX Gold Peers – Reserves (Moz)



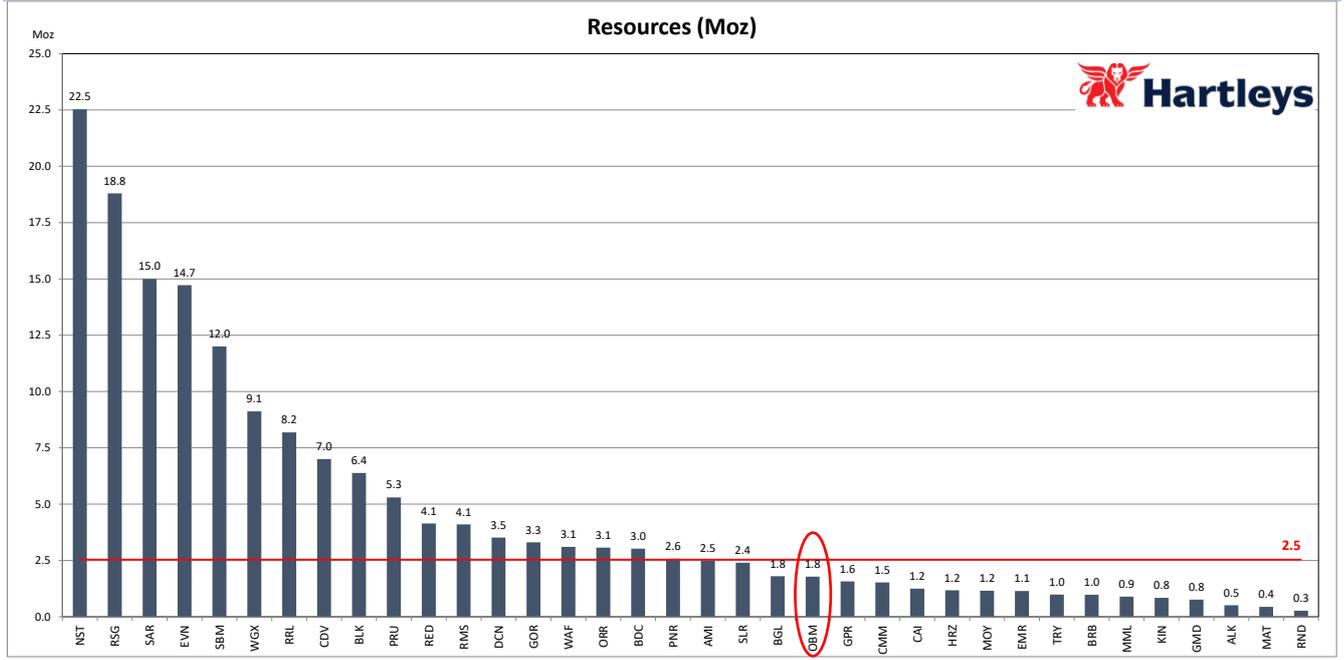
Source: Hartleys Research, GoldNerdz

Fig. 28: ASX Gold Peers – EV/Reserve Ounce (A\$/oz)



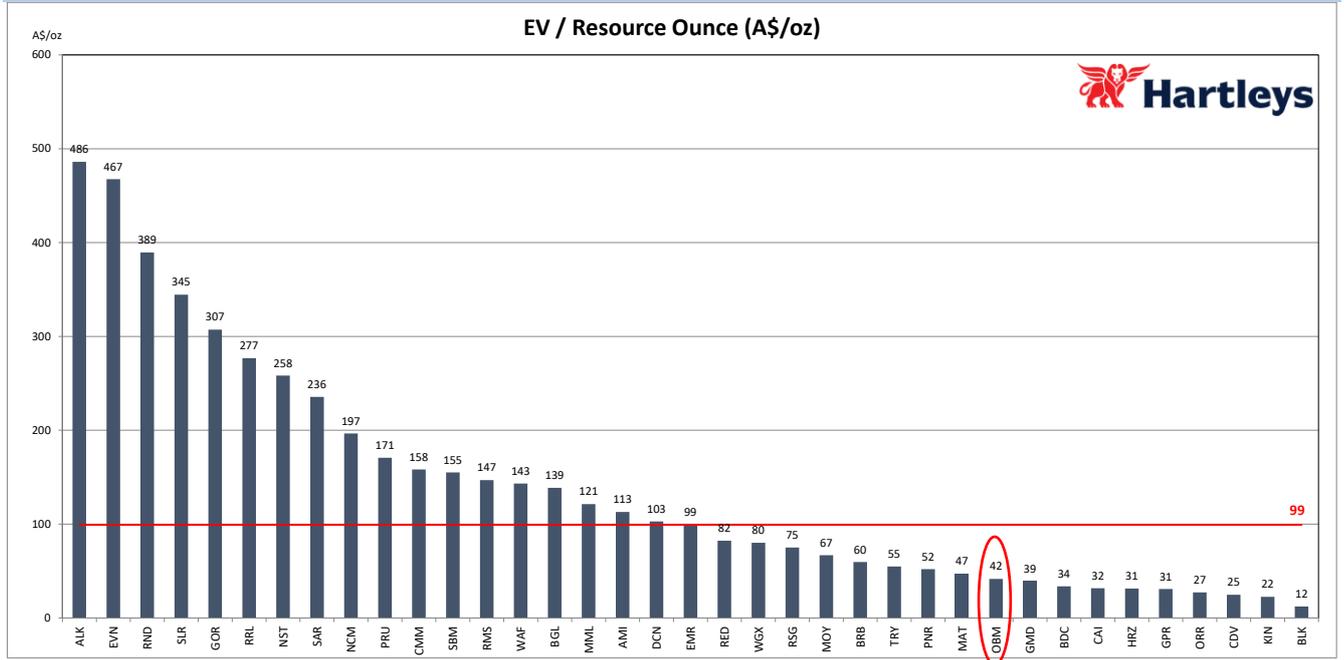
Source: Hartleys Research, GoldNerdz

Fig. 29: ASX Gold Peers – Resources (Moz)



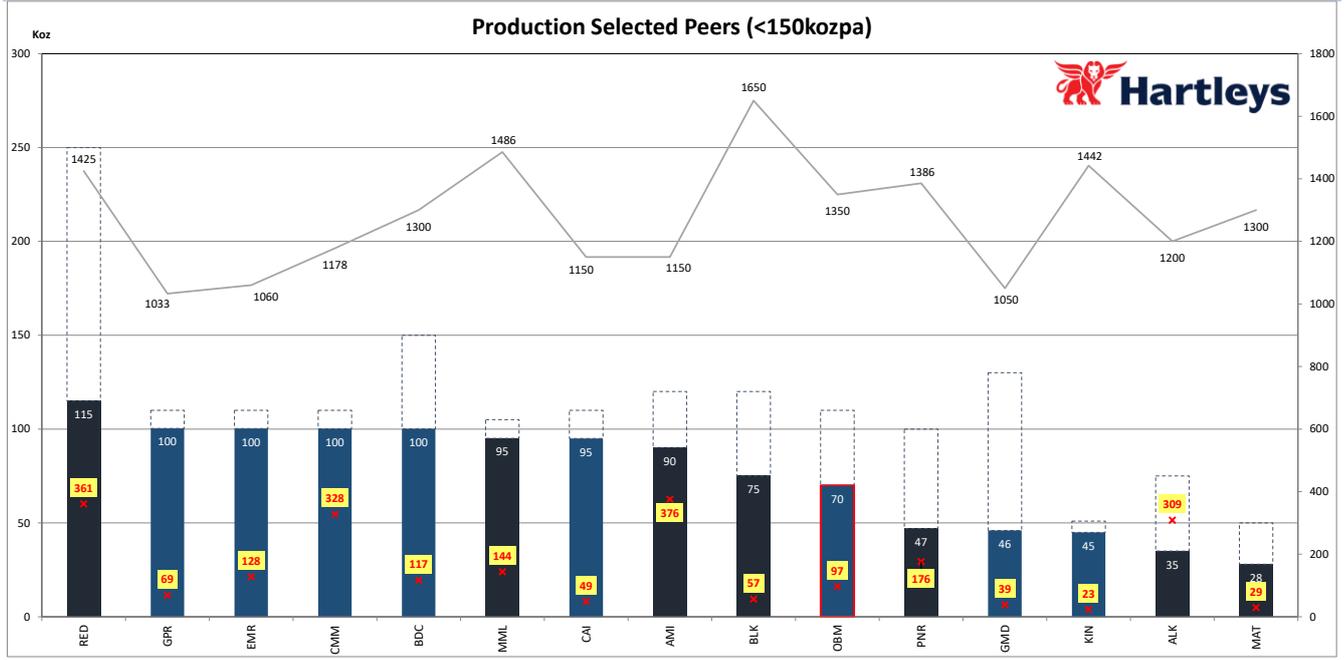
Source: Hartleys Research, GoldNerdz

Fig. 30: ASX Gold Peers – EV/Resource Ounce (A\$/oz)



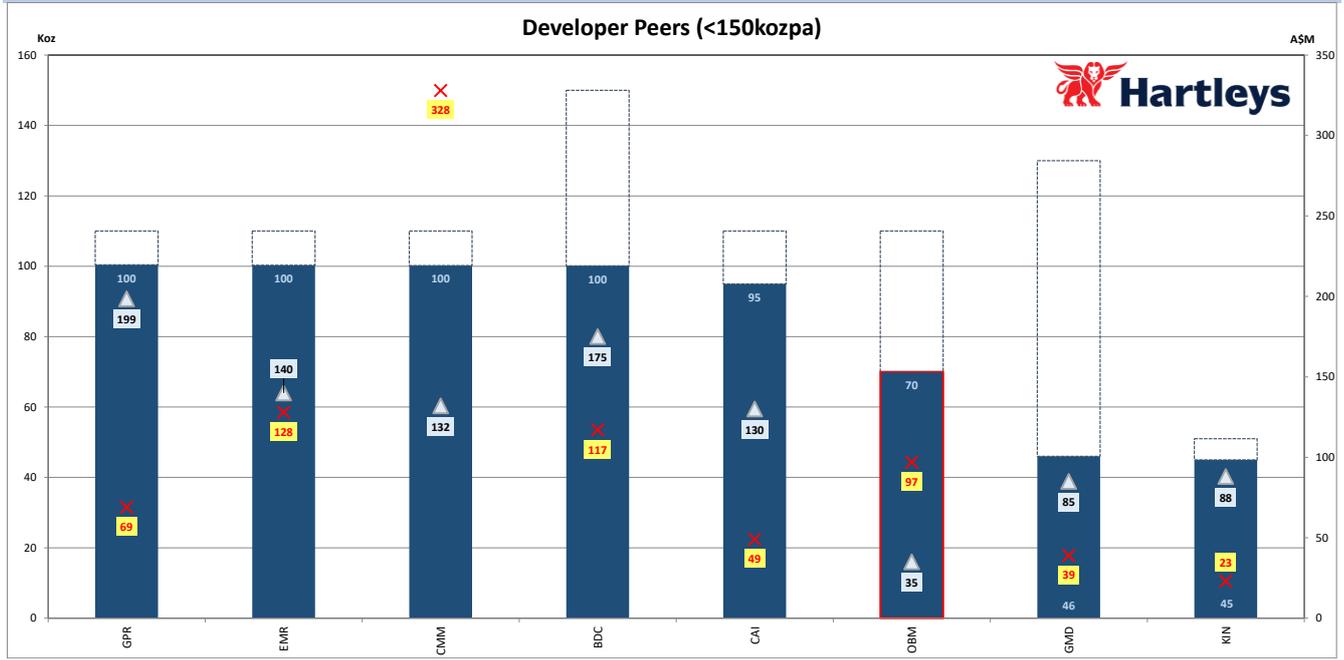
Source: Hartleys Research, GoldNerdz

Fig. 31: ASX Gold Peers – Production Selected Peers (<150kozpa)



Source: Hartleys Research, IRESS; Black = Current Producers, Dark Blue = Developers, Red X = Market Cap (current)

Fig. 32: ASX Gold Peers – Selected Developer Peers (<150kozpa)



Source: Hartleys Research, IRESS; Dark Blue = Developers, Red X = Market Cap (current),  $\Delta$  Capex (estimated)

*GNG already engaged to complete the Davyhurst plant refurbishment*

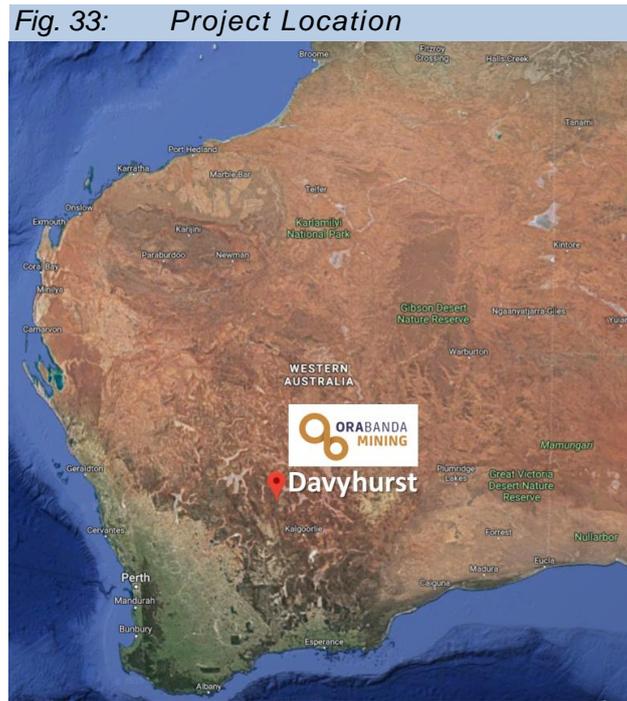
## KEY SUPPLIERS & CUSTOMERS

OBM has engaged GR Engineering (GNG) for the refurbishment of the Davyhurst plant. The refurbishment costs are estimated to be in the range of A\$8.5m on a EPCM basis (we model a higher cost of ~A\$10M). The recommissioning timeframe is expected to be roughly 24 weeks, once the decision to commence is approved by the OBM Board.

## GEOGRAPHIC EXPOSURE

OBM is currently primarily focused on operations within Australia, in particular in Western Australia (just north of Kalgoorlie).

*Davyhurst and Mt Ida are located wholly with WA, north-west of Kalgoorlie*



Source: Hartleys Research, Google Maps

## MANAGEMENT AND DIRECTORS

Fig. 34: Economic exposure of Board & Management

Economic Exposure of Board and Key Management		Total Shares	Total Options & Performance Rights	Total Economic Exposure millions	Rank
Position					
<b>Directors</b>					
Peter Mansell	Exec Chairman	1,666,667	4,441,852	6,108,519	1
David Quinlivan	Managing Director	1,366,667	2,741,852	4,108,519	2
Keith Jones	Non-Exec Director	666,667	1,441,852	2,108,518	3
Mark Wheatley	Non-Exec Director	400,000	1,441,852	1,841,852	4
<b>Key Management</b>					
Tony Brazier	CFO	na	na	na	
Andrew Czerw	GM Resource Development	na	na	na	
		<b>4,100,000</b>	<b>10,067,408</b>	<b>14,167,408</b>	

Source: Ora Banda Mining Ltd

### Directors and Management (as summarised from OBM website)

#### Directors

*Peter Mansell is Corporate Lawyer with extensive resources experience with numerous executive roles and holds current director positions at Foodbank Australia and Energy Resources of Australia*

#### **Mr Peter Mansell (Non-executive Chairman)**

Mr Mansell has extensive experience in the mining, corporate and energy sectors, both as an advisor and as an independent Non-Executive Chairman and director of listed and unlisted companies. Mr Mansell practised corporate and resources law for a number of years in South Africa and Australia. He was previously a partner at Freehills (the predecessor of the law firm Herbert Smith Freehills), including the Managing Partner for over 10 years, and the National Chairman. He retired from legal practice in 2004 and has since held directorships in a number of companies including BWP Management Ltd, Foodland Associated Ltd, OZ Minerals Ltd, WA Newspaper Holdings Ltd (Chairman), Electricity Networks Corporation (trading as Western Power) (Chairman) and Zinifex Ltd (Chairman). Mr Mansell also chaired the Advisory Board of Pacific Aluminium Ltd in anticipation of its intended float in 2014.

Mr Mansell's current external appointments include Non-Executive Director of Foodbank of Australia Ltd and Energy Resources of Australia Ltd.

#### **Mr David Quinlivan (Managing Director)**

*David Quinlivan is Mining Engineer, with mining and executive experience at WMC, Sons of Gwalia (post appointment of administrators), Mt Gibson and is the current Non-exec Chairman at Silver Lake Resources*

Mr Quinlivan is a mining engineer with significant mining and executive leadership experience having 11 years of service at WMC Resources Limited, followed by a number of high-profile mining development positions. Since 1989, Mr Quinlivan has served as principal of Borden Mining Services, a mining consulting services firm, where he has worked on a number of mining projects in various capacities.

He has served as Chief Executive Officer of Sons of Gwalia Ltd (post appointment of administrators), Chief Operating Officer of Mount Gibson Iron Ltd, President and Chief Executive Officer of Alacer Gold Corporation and Chairman of Churchill Mining PLC.

He is currently the Non -Executive Chairman of Silver Lake Resources Limited.

**Mr Keith Jones (Non-executive Director)**

Mr Jones is a chartered accountant with 38 years' industry experience. He lead the Western Australian practice of Deloitte for 15 years, the Energy and Resources Group, and Chairman of Deloitte Australia.

*Keith Jones and Mark Wheatley provide financial and technical rigour to the Board*

He is currently Chairman of Gindalbie Resources Limited and Chairman of Cannings Purple.

**Mr Mark Wheatley (Non-executive Director)**

Mr Wheatley is a chemical engineer with over 30 years in mining and related industries. He has held executive roles at BHP Ltd, Bankers Trust Australia, Goldfields Limited, Aurion Gold Limited, Chairman and CEO of Southern Cross Resources Inc., MD of BMA Gold Ltd and Executive Chairman of Xanadu Mines Limited. He was Chairman of gold producers Gold One International Ltd and Norton Gold Fields Ltd. He has also held directorships of St Barbara Ltd, Uranium One Inc, Uranium Resources Inc. and Riversdale Resources Limited.

He is currently Non-Executive Director of Peninsula Energy Ltd.

## Management

**Mr Tony Brazier (Chief Financial Officer (CFO))**

Mr Brazier is a chartered accountant and senior finance professional with over 25 years' experience across a range of industries including mining & metals, oil & gas, infrastructure and manufacturing.

*Adds financial discipline and resource experience*

He has extensive experience in project modelling and financing, process optimisation, financial reporting and analysis, corporate governance and risk management.

**Mr Andrew Czerw (GM Resources & Development)**

Mr Czerw is a highly experienced geoscience professional with over 25 years of significant senior management experience in Australia and overseas. He has extensive exploration, project development, surface and underground operational experience with a strong bias towards team building.

His previous roles include General Manager for Tanami Gold NL, Director of Operations for Tectonic Resources Ltd and Chief Geologist for Emperor Gold Mining Company Ltd.

## SHAREHOLDERS, UNPAID CAPITAL

### MAJOR SHAREHOLDERS

Ora Banda's major shareholders are outlined below (as at 3 Sep'19).

**Fig. 35: Ora Banda Mining's Top 20 Shareholders – 3 Sep'19**

Shareholder	Number of Shares	% Issued Capital
CTICORP NOMINEES PTY LIMITED	206.62	37.98%
NPS MINING ALLIANCE PTY LIMITED	38.62	7.10%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34.71	6.38%
GR ENGINEERING SERVICES LIMITED	30.81	5.66%
NATIONAL NOMINEES LIMITED	20.58	3.78%
DONALD SMITH VALUE FUND LP	16.67	3.06%
WYLLIE GROUP PTY LIMITED	15.89	2.92%
RALMANA PTY LIMITED	9.46	1.74%
UBS NOMINEES LIMITED	8.70	1.60%
INVESTMET LIMITED	8.27	1.52%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8.05	1.48%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	7.62	1.40%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <EQUITY FINANCE A/C>	6.44	1.18%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5.85	1.07%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	5.63	1.04%
PERTH SELECT SEAFOODS PTY LIMITED	5.50	1.01%
GABELLE PTY LIMITED <SQUIRE PATTON BOGGS (AU) PARTNERSHIP A/C>	5.15	0.95%
NATIONAL NOMINEES LIMITED	5.00	0.92%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4.69	0.86%
BRISQOT NOMINEES PTY LIMITED <HOUSE HEAD NOMINEE A/C>	4.00	0.73%
<b>Top 20 Shareholders</b>	<b>448.26</b>	<b>82.40%</b>
Balance Holders	95.72	17.60%
<b>Total Shares on issue</b>	<b>543.98</b>	<b>100.0%</b>

Major shareholders include Hawke's Point with ~42.5% of the current shares on issue

Mining service providers NPS Mining and GR Engineering are also substantial shareholders

Source: Ora Banda Mining Ltd

Substantial shareholders include Hawke's Point with ~42.5%, NPS Mining Alliance with ~6.6% and GR Engineering with ~5.3% of OBM.

**Fig. 36: Substantial Shareholders**

Top Shareholders (est)	m shares	%
Haw ke's Point	249.0	42.5%
NPS Mining Alliance	38.6	6.6%
GR Engineering Services	30.8	5.3%
Directors	4.1	0.7%

Source: Ora Banda Mining Ltd

### OPTIONS, CONVERTIBLES AND UNPAID CAPITAL

There are currently ~46.7M options which have an average price of \$1.06/s. The remuneration, incentive and performance options (~22M) are currently the only options in the money.

**Fig. 37: Options on issue or to-be-issued**

Year Expires	No. (M)	\$M	Ave price	% ord
30-Jun-20	22.4	4.2	0.19	4%
30-Jun-21	9.4	4.0	0.43	2%
30-Jun-22	0.0	0.0	0.00	0%
30-Jun-23	15.0	41.3	2.76	3%
<b>TOTAL</b>	<b>46.7</b>	<b>49.5</b>	<b>1.058</b>	<b>8%</b>

Source: Ora Banda Mining Ltd

## HARTLEYS ESTIMATES

*Exploration drilling is currently focus on resource infill and extension to ultimately upgrade resources for conversion into reserves*

*Building a high-confidence mining inventory for processing through the Davyhurst plant is the key objective*

### CONCEPTUAL MINE PLAN

Ora Banda remains focused on infill and extensional drilling to upgrade resources for the definition of reserves. Priority deposit areas include: **Riverina, Waihi, Siberia, Callion** and **Golden Eagle**.

Once defined the reserves are expected to be incorporated into a Definitive Feasibility Study (DFS), which is expected to deliver key outcomes of an initial 5 year mining investment. GR Engineering (GRES, GNG.asx) has estimated the capital costs to complete the remedial works for the 1.2Mtpa Davyhurst processing plant is ~A\$8.5M (on an EPCM basis). The capex includes a contingency of A\$0.84M, and once Board-approved for works to commence, the recommissioning is expected take under 6 months to complete.

The Company already has a basic mine plan which could see the restart of operations within a 6-9 month timeframe, once the decision to mine has been made (subject to reserves, feasible development studies and potential funding). The recently completed capital raise (~A\$18.5M) has anticipated use of proceeds of ~A\$10M for reserve definition/exploration drilling and ~A\$3.5M for early remedial works for the plant refurbishment. We assume and model the use of debt to fund any further refurbishment costs and additional capital to get into production (ie pre-production mining costs, haul road improvements etc). Our basic mine plan as summarised below, and remains conceptual in nature, to be updated by the DFS.

**Fig. 38: Key Deposits/Conceptual Mine Plan**

Mining Centre	Lodes	Target	Distance to Plant	Mt	Grade	Koz Au	Category	Planned Drilling	Budget (est)	Potential Mine Plan
1 <b>Riverina</b>	Main, Murchison, Reggie	OP	48km	2.6	2.5	205	Resource	13,800m	\$3.5M	600ktpa
2 <b>Waihi</b>	Main, Homeward, Golden Pole	OP/UG	3km	0.9	2.4	71	Resource	12,700m	\$3.2M	120ktpa
3 <b>Siberia</b>	Sand King, Missouri	OP	37km	4.8	3.2	498	Resource	0	\$0.1M	600ktpa
4 <b>Callion</b>	Callion	OP/UG	14km	0.2	2.6	14	Resource	7,800m	\$1.0M	180ktpa
5 <b>Golden Eagle</b>	North, Central	UG	2km	0.7	2.5	54	Resource	0	\$0.2M	100ktpa
<b>TOTAL</b>				<b>9.2</b>	<b>2.8</b>	<b>840</b>		<b>34,300m</b>	<b>\$8.0M</b>	<b>+1.2Mtpa</b>

Source: Ora Banda Mining Ltd; Hartleys Estimates

*Remedial works for the plant are not expected to be too onerous*

Our basic modelling assumes a 5 year mine life, which is <35% resource conversion of current Davyhurst resources to reserves. We anticipate ore from Riverina, Sandking and Missouri open pits will be the base feed for the plant in the first few years, with the plant head grade “sweetened” by the introduction of higher grade underground ores from Waihi, Callion and Golden Eagle. Final grade profiles will be determined through drilling in the coming months.

We model pre-production capex of ~A\$35M, for an initial operation producing on average 100kozpa at an AISC of just over A\$1,300/oz. Upside in our modelling comes from converting more resources to reserves for increased mine life, and sustaining higher production levels through improved head grades. We expect once in production, a mine life of +8 years will be targeted. At this stage our modelling excludes any future potential production from Mt Ida.

## PROFIT & LOSS

**Fig. 39: Profit and Loss**

P&L	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
<b>Net Revenue</b>	<b>A\$m</b>	<b>16.2</b>	<b>6.4</b>	<b>0.0</b>	<b>102.0</b>	<b>186.3</b>
<b>Total Costs</b>	<b>A\$m</b>	<b>-94.8</b>	<b>-24.7</b>	<b>-7.8</b>	<b>-52.8</b>	<b>-91.4</b>
EBITDA	A\$m	-78.7	-18.3	-7.8	49.2	94.9
- margin		-487%	-285%	-	48%	51%
Depreciation/Amort	A\$m	-4.9	-1.0	-1.0	-13.3	-42.4
<b>EBIT</b>	<b>A\$m</b>	<b>-83.6</b>	<b>-19.3</b>	<b>-8.8</b>	<b>35.9</b>	<b>52.5</b>
Net Interest	A\$m	-2.7	-4.6	0.1	0.1	0.1
<b>Norm. Pre-Tax Profit</b>	<b>A\$m</b>	<b>-86.3</b>	<b>-23.9</b>	<b>-8.7</b>	<b>36.0</b>	<b>52.6</b>
Reported Tax Expense	A\$m	0.5	-0.2	0.0	0.0	0.0
<b>Normalised NPAT</b>	<b>A\$m</b>	<b>-85.8</b>	<b>-23.9</b>	<b>-6.1</b>	<b>25.2</b>	<b>36.8</b>
Abnormal Items	A\$m	0.0	32.0	-2.6	10.8	15.8
Reported Profit	A\$m	-85.8	8.1	-8.7	36.0	52.6
Minority	A\$m	0.0	0.0	0.0	0.0	0.0
<b>Profit Attrib</b>	<b>A\$m</b>	<b>-85.8</b>	<b>8.1</b>	<b>-8.7</b>	<b>36.0</b>	<b>52.6</b>

*OBM had accumulated losses of ~A\$328M at the end of FY19*

Source: Ora Banda Mining Ltd, Hartleys Research Estimates

## BALANCE SHEET

**Fig. 40: Balance Sheet**

*OBM is currently debt free with all existing loans repaid or converted to equity*

Balance Sheet	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
<b>Cash</b>	<b>A\$m</b>	<b>0.0</b>	<b>14.1</b>	<b>7.0</b>	<b>22.4</b>	<b>74.2</b>
Other Current Assets	A\$m	3.5	0.6	0.0	8.5	15.6
<b>Total Current Assets</b>	<b>A\$m</b>	<b>3.5</b>	<b>14.7</b>	<b>7.0</b>	<b>30.9</b>	<b>89.8</b>
Property, Plant & Equip.	A\$m	38.5	38.3	44.3	71.1	50.0
Exploration	A\$m	0.0	0.0	11.2	20.2	28.2
Investments/other	A\$m	4.0	0.0	0.0	0.0	0.0
<b>Tot Non-Curr. Assets</b>	<b>A\$m</b>	<b>42.5</b>	<b>38.3</b>	<b>55.6</b>	<b>91.4</b>	<b>78.3</b>
<b>Total Assets</b>	<b>A\$m</b>	<b>46.0</b>	<b>53.0</b>	<b>62.6</b>	<b>122.3</b>	<b>168.1</b>
Short Term Borrowings	A\$m	21.5	-	-	10.0	10.0
Other	A\$m	42.2	1.0	0.8	4.5	7.7
<b>Total Curr. Liabilities</b>	<b>A\$m</b>	<b>63.8</b>	<b>1.0</b>	<b>0.8</b>	<b>14.5</b>	<b>17.7</b>
Long Term Borrowings	A\$m	-	-	-	10.0	-
Other	A\$m	18.2	16.6	16.6	16.6	16.6
<b>Total Non-Curr. Liabil.</b>	<b>A\$m</b>	<b>18.2</b>	<b>16.6</b>	<b>16.6</b>	<b>26.6</b>	<b>16.6</b>
<b>Total Liabilities</b>	<b>A\$m</b>	<b>82.0</b>	<b>17.7</b>	<b>17.5</b>	<b>41.2</b>	<b>34.3</b>
<b>Net Assets</b>	<b>A\$m</b>	<b>-36.0</b>	<b>35.4</b>	<b>45.1</b>	<b>81.1</b>	<b>133.7</b>
Net Debt	A\$m	21.5	-14.1	-7.0	-2.4	-64.2

*We assume a small debt position in FY21 to cover additional pre-production costs outside current cash*

Source: Ora Banda Mining Ltd, Hartleys Research Estimates

### Debt

OBM is now debt free with estimated available cash of ~A\$23M (estimate for end of Dec'19). Our modelling for valuation purposes assumes a small debt position in FY21 which will be used for any additional pre-production purposes and additional working capital (if so required).

### Equity Issuance

*Currently debt free and unhedged*

The Company recently raised A\$18.5m through the issuance of 100M shares at a price of A\$0.185 per share.

### Hedging

The Company is currently unhedged, but may require hedging if a debt facility is secured at a later date.

## CASH FLOW

Fig. 41: Cash Flow Statement

Cashflow	Unit	Jun 18	Jun 19	Jun 20	Jun 21	Jun 22
Operating Cashflow	A\$m	-24.3	-82.2	-7.5	44.4	91.0
Income Tax Paid	A\$m	0.0	0.0	0.0	0.0	0.0
Interest & Other	A\$m	-0.7	-0.2	0.1	0.1	0.1
<b>Operating Activities</b>	<b>A\$m</b>	<b>-25.0</b>	<b>-82.4</b>	<b>-7.4</b>	<b>44.5</b>	<b>91.1</b>
Property, Plant & Equip.	A\$m	-11.0	-1.6	-7.0	-40.1	-21.3
Exploration and Devel.	A\$m	-0.1	0.0	-11.2	-9.0	-8.0
Other	A\$m	0.0	3.2	0.0	0.0	0.0
<b>Investment Activities</b>	<b>A\$m</b>	<b>-11.0</b>	<b>1.7</b>	<b>-18.3</b>	<b>-49.1</b>	<b>-29.3</b>
Net Borrowings	A\$m	7.4	31.1	0.0	20.0	-10.0
Equity or "tbc capital"	A\$m	28.6	63.7	18.5	0.0	0.0
Dividends Paid	A\$m	0.0	0.0	0.0	0.0	0.0
<b>Financing Activities</b>	<b>A\$m</b>	<b>36.0</b>	<b>94.9</b>	<b>18.5</b>	<b>20.0</b>	<b>-10.0</b>
<b>Net Cashflow</b>	<b>A\$m</b>	<b>0.0</b>	<b>14.1</b>	<b>-7.2</b>	<b>15.4</b>	<b>51.8</b>

Source: Ora Banda Mining Ltd, Hartleys Research Estimates

## Capex requirements

We model pre-production capex of ~A\$35M and exploration spend of ~A\$9Mpa. Our capex figure will be updated as the Company progresses development studies.

*We model pre-production capex of ~A\$35M*

## Free cash flow

We estimate OBM can produce healthy net cashflow once operations restart.

## SENSITIVITIES

### FX exposure

OBM is exposed to FX changes affecting the AUD gold price.

### Interest Rate exposure

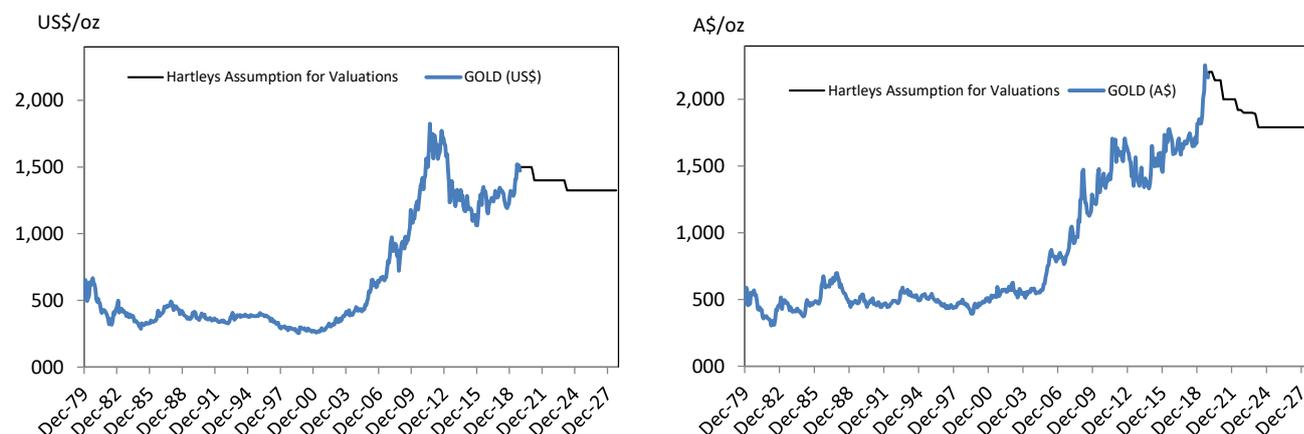
The Company has minimal exposure to interest rates.

*OBM is exposed to the gold price*

### Commodity price exposure

OBM is exposed to the gold price.

Fig. 42: Gold Price Assumptions



Source: Hartleys Research Estimates

## PRELIMINARY VALUATION

Our sum of parts valuation for OBM assumes additional resources can be converted to reserves through definition drilling at Davyhurst. A reserve update was recently released for the Siberia Centre (Sand King and Missouri deposits), with maiden reserves anticipated from the Riverina and Waihi project areas. The reserves will form the basis of the DFS due mid-CY20 (if not sooner).

*We use a discount rate of 14%*

Assuming less than 6 months to complete the remedial works for the Davyhurst plant, we see potential for a restart to gold production in late CY20 (assuming a favourable DFS outcome). Ramp-up during CY21, could see the nameplate throughput rate of ~1.2Mtpa achieved. We use a LOM average head grade of ~2.8g/t Au, which is subject to underground ore being added to the processing mix.

*We use a conservative 5 year mine life*

**Fig. 43: Davyhurst Model Assumptions**

Base Case	Units	Davyhurst
<b>Plant nameplate capacity</b>	Mtpa	1.2
<b>Average throughput</b>	Mtpa	1.14
<b>LOM head grade (ave)</b>	g/t Au	3.0
<b>Recoveries</b>	%	92
<b>Total gold recovered</b>	koz	490
<b>Gold sold (ave)</b>	kozpa	98
<b>Initial Mine Life</b>	yrs	+5
<b>C1 cash costs (ave)</b>	A\$/oz	867
<b>AISC (ave)</b>	A\$/oz	1,305
<b>Base Case post-tax NPV@14%</b>	A\$M	158
<b>Spot post-tax NPV@14%</b>	A\$M	247

Source: Hartleys Estimates

*We assume a nominal A\$20M value for Mt Ida and exploration upside*

We model a nominal A\$20M (3cps) value for Mt Ida and other exploration (upside potential). We believe OBM is well positioned for brownfield exploration success at both project areas through extension of the current known orebodies and new discoveries. We use a 14% discount rate since no development studies have as yet been released and further reserves need definition. We will adjust our hurdle rate as the Company progresses towards production.

*Hartleys sum of parts valuation for OBM is 26cps*

**Fig. 44: Hartleys Sum of Parts Valuation for EGS**

Share Price Valuation (NAV)	Risked Est. A\$m	Est. A\$/share
100% Davyhurst (pre-tax NAV at disc. rate of 14%)	169.9	0.28
Mt Ida and other exploration	20.0	0.03
Forwards	0.0	0.00
Corporate Overheads	-55.8	-0.09
Net Cash (Debt)	22.6	0.04
Tax (NPV future liability)	0.0	0.00
Options & Other Equity	0.0	0.00
Hedging	0.0	0.00
<b>Total</b>	<b>156.7</b>	<b>0.26</b>

Source: Hartleys Estimates

*Accumulated tax losses offsets any payable tax over a current implied short mine life (which remains subject to change)*

## PRELIMINARY PRICE TARGET

Our price target is based on our Base Case preliminary valuation at 14% and 8% discount rates, which have been weighted for Consensus and Spot pricing and weighting for the current net cash backing.

*Fig. 45: EGS Price Target Methodology*

Price Target Methodology	Weighting	Spot	12 mth out
Davyhurst NPV @ 14% - Base Case	40%	\$0.26	\$0.36
Davyhurst NPV @ 14% - Spot	15%	\$0.41	\$0.54
Davyhurst NPV @ 8% - Base Case	5%	\$0.28	\$0.36
Davyhurst NPV @ 8% - Spot	5%	\$0.47	\$0.57
Exploration value only	15%	\$0.14	\$0.15
Net Cash Backing	20%	\$0.04	\$0.01
<b>Risk weighted composite</b>		<b>\$0.23</b>	
<b>12 Months Price Target</b>		<b>\$0.30</b>	
Shareprice - Last		\$0.165	
<b>12 mth total return (% to 12mth target )</b>		<b>79%</b>	

Source: Hartleys Estimates

*Hartleys' 12-month price target is 30cps*

## RECOMMENDATION & RISKS

### INVESTMENT THESIS & RECOMMENDATION

We re-initiate coverage on Ora Banda Mining (formerly Eastern Goldfields) with a **Speculative Buy** recommendation. Our initial price target is 30cps, from our OBM NAV of 26cps, and spot NAV of 41cps.

*We re-initiate coverage of OBM with a Speculative Buy recommendation*

OBM boasts a new Board and Management Team, and is debt free, with all existing debt/trade creditors repaid or converted to new equity. The Company has a strong cash position of ~A\$23M to capitalise on its large, existing mineral resource base (~1.8Moz) and gold processing infrastructure (1.2Mtpa at Davyhurst), which requires only modest remedial works to be fully operational.

*We have a 30cps 12-month price target*

However, before restarting operations, OBM plans to grow reserves, and deliver a Definitive Feasibility Study (DFS) on an initial +5-year mining investment case. The DFS is expected to be delivered in mid-CY20, with the near-term gold production in late CY20. We model pre-production capex of ~A\$35M, for an initial operation producing on average 100kozpa at an AISC of just over A\$1,300/oz. Mine life will ultimately be determined by resource conversion to reserves.

The Company project areas are well located within highly prospective greenstones over the Zuleika and Mt Ida Shear Zones, NW of Kalgoorlie, providing additional exploration upside for mine life extensions.

Key risks include gold price volatility, reserve definition, feasibility studies and development funding (which is expected to be only modest).

### SIMPLE S.W.O.T. TABLE

<i>Large potential mining inventory</i>	Strengths	<ul style="list-style-type: none"> <li>- <i>Large resource base and milling infrastructure</i></li> <li>- <i>Significant exploration upside</i></li> <li>- <i>Highly experienced (new) Board and Management</i></li> <li>- <i>Healthy cash position and no current debt</i></li> <li>- <i>Anticipated low capex to get into production</i></li> </ul>	
	Weaknesses	<ul style="list-style-type: none"> <li>- <i>Low reserves, mine life yet to be determined</i></li> <li>- <i>Processing infrastructure needs remedial works</i></li> </ul>	
		<ul style="list-style-type: none"> <li>- <i>No cash flow generation</i></li> </ul>	
	<i>Exploration Upside</i>	Opportunities	<ul style="list-style-type: none"> <li>- <i>Potential second gold development (Mt Ida)</i></li> <li>- <i>Exploration upside</i></li> <li>- <i>M&amp;A activity</i></li> </ul>
		Threats	<ul style="list-style-type: none"> <li>- <i>Exploration downside</i></li> <li>- <i>Commodity prices and market sentiment</i></li> </ul>
<ul style="list-style-type: none"> <li>- <i>Potential takeover</i></li> <li>- <i>FX</i></li> </ul>			
<i>Threat of commodity price weakness</i>			

Source: Hartleys Research

## RISKS

Key risks for OBM include establishing a larger reserve base (geological risk), bringing Davyhurst back into production (development risk), funding both exploration and the pre-production capex (financial risk) and commodity price volatility.

While the Company does not at this stage have any debt, potential future facilities could add financial risk.

**Fig. 46: Key assumptions and risks for valuation**

Assumption	Risk of not realising assumption	Risk to valuation if assumption is incorrect	Comment
Davyhurst gets into production	Moderate	Extreme	OBM is largely leveraged to the success of the Davyhurst project recommencing operations. We assume drilling will be successful in converting more resources into reserves, the existing milling infrastructure can be brought back into operation and the development can be funded through existing cash and potential new debt facilities. We model Davyhurst ramping up to 1.2Mtpa for 5 years and achieving an average ~100kozpa @ AISC of just over A\$1,300/oz
Model parameters	Moderate	Meaningful	We have made a number of large assumptions in our valuation of OBM, changes in these assumptions can change our valuation to both the upside and downside
Exploration upside potential	Moderate	Meaningful	We assume exploration upside. Some downside risk to our valuation exists if OBM has no further exploration success
Geological Risk	Moderate	High	The current resource base needs to be updated to JORC 2012 standards and drilling needs to define reserves, if the updated resources change considerably our valuation will be at high risk to the downside
Favourable commodity prices	Moderate	Meaningful	OBM remains sensitive to changes in commodity prices, exchange rates and market sentiment. Though with no current operations, direct impact from commodity prices is limited.

*Conclusion*

*We have made significant assumptions but believe these are achievable.*

Source: Hartleys Research

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Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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Hartleys has completed capital raisings in the past 12 months for Ora Banda Mining Limited, formerly Eastern Goldfields Limited, ("OBM"), for which it has earned gross fees. Hartleys also provides corporate advice to OBM for which it has currently earned gross fees and continues to earn fees. Hartleys has a beneficial interest in unlisted options and non-escrowed shares in OBM. Hartleys has been engaged to undertake the Unmarketable Parcel Sale Facility for OBM.

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