

Research Note

BDC ASX

Bardoc Gold Limited is developing its 100% owned Bardoc Gold Project in the Eastern Goldfields, Western Australia. The March 2020 PFS supports 135kozpa gold production over a 7.75 year mine life, targeting initial production H1 CY2022.

Industry - Resources

Kurt Worden
+61 429 227 555
research@rawsonlewis.com



RAWSON LEWIS

Updated Resource de-risking PFS mine plan

Indicated Resources Increase by 171koz to 1.94Moz gold

Bardoc Gold Limited (BDC) is targeting >1Moz in Ore Reserves (currently 790koz) to confirm the 1.02Moz PFS mine plan. This updated Resource represents a major step in meeting this target, which should be achieved during the current drilling program.

Global Resource largely unchanged, confidence improves

The Global Resource increased from 3.02Moz to 3.03Moz, with a modest fall in tonnage (540kt) accompanied by a slight grade increase (1.90g/t to 1.93g/t gold). Measured & Indicated Resources total 1.94Moz, an increase from 59% to 64%.

Increased confidence at cornerstone and satellite deposits

Indicated Resources increased at cornerstone deposits Aphrodite (121koz open pit) and Zoroastrian (39koz underground) and at satellite deposits MayDay Nth (66koz), El Dorado (9koz) and North Kanowna Star (8koz), none of which is in the PFS mine plan.

40,000m exploration program now underway

BDC will continue resource definition and extension at Aphrodite, MayDay Nth and Nth Kanowna Star, and now focus on regional targets across its tenements. The \$5m program will involve up to four drill rigs and continue through to mid-2021.

Near-term catalysts: Drilling results, Offtake, DFS, FID

We anticipate continuous drilling results, a concentrate offtake agreement in the December quarter, and the DFS and Ore Reserve in early 2021 (no change to timeline). BDC is targeting FID in the June quarter 2021, with long lead items being ordered.

Fully Funded to FID

The \$24 million equity raise in July 2020 will ensure BDC remains fully funded through to FID and will also reduce the size of the construction equity raise, assuming capex remains constant.

Valuation increases to A\$0.185/sh, target now A\$0.15/sh

On updating our gold price and FX assumptions to US\$1,850/oz to and 0.75 AUDUSD (prev. US\$1,600/oz, 0.70) our valuation lifts to A\$0.185/sh (prev. A\$0.177/sh). The increase is tempered by debt drawdowns now falling within our Sum of the Parts valuation, and increased dilution (A\$24m raise vs our A\$7.5m). Our A\$0.15/sh target price (prev. A\$0.14/sh) reflects PFS-level and funding assumption risk.

Company Data

| | |
|--|---------|
| Shares Outstanding (M) | 1,730.9 |
| Price (\$/sh) | 0.076 |
| Market Capitalisation (\$M) | 133 |
| Free Float (%) | 90% |
| Free Float Market Capitalisation (\$M) | 120 |
| 12 Month Low (\$/sh) | 0.04 |
| 12 Month High (\$/sh) | 0.12 |
| Average Daily Volume ('000) | 4,296.0 |

Source: ASX, Company

Earnings Summary (A\$M)

| Year end June | FY21 | FY22 | FY23 | FY24 |
|--------------------|-------|--------|-------|-------|
| Sales revenue | 0 | 41.8 | 241.1 | 343.5 |
| EBITDA | (2.4) | (1.9) | 131.7 | 194.2 |
| PBT | (2.4) | (21.1) | 90.2 | 144.5 |
| Underlying NPAT | (2.4) | (21.1) | 90.2 | 119.6 |
| Reported NPAT | (2.4) | (21.1) | 90.2 | 119.6 |
| Reported EPS (c) | (0.1) | (0.9) | 3.9 | 5.2 |
| Underlying EPS (c) | (0.1) | (0.9) | 3.9 | 5.2 |

Share Price Chart



Source: IRESS

Directors & Management

| | |
|-----------------|-------------------------|
| Tony Leibowitz | Non-Executive Chairman |
| John Young | Non-Executive Director |
| Neil Biddle | Non-Executive Director |
| Rowan Johnston | Non-Executive Director |
| Peter Buttigieg | Non-Executive Director |
| Robert Ryan | Chief Executive Officer |

Shareholders

| | |
|-----------|--------|
| Directors | 10.01% |
|-----------|--------|

| Bardoc Gold Limited | | | | | BDC.ASX | | | | |
|-------------------------------|---------|---------|---------|---------|---|--------|--------|--------|--------|
| Share Price \$/sh | 0.076 | | | | CASH FLOW A\$M Year Ending June | FY21F | FY22F | FY23F | FY24F |
| Price Target \$/sh | 0.150 | | | | Receipts from customers | 0.0 | 41.8 | 241.4 | 343.5 |
| PROFIT & LOSS A\$M | FY21F | FY22F | FY23F | FY24F | Receipts from corporate | 0.3 | 0.0 | 0.0 | 0.0 |
| Revenue | 0.0 | 41.8 | 241.4 | 343.5 | Interest received | 0.0 | 0.0 | 0.0 | 0.0 |
| COGS | 0.0 | -41.3 | -107.3 | -146.9 | Other receipts | 0.0 | 0.0 | 0.0 | 0.0 |
| Gross Profit | 0.0 | 0.5 | 134.1 | 196.6 | Payments to suppliers | 0.0 | -41.3 | -107.3 | -146.9 |
| Gross Profit Margin | 0% | 1% | 56% | 57% | Corporate Costs | -3.1 | -2.4 | -2.4 | -2.4 |
| Corporate & Other Costs | -2.4 | -2.4 | -2.4 | -2.4 | Payments for E&E | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | -2.4 | -1.9 | 131.7 | 194.2 | Tax paid | 0.0 | 0.0 | 0.0 | -24.9 |
| D&A expense | 0.0 | -15.3 | -38.6 | -47.5 | Other payments | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | -2.4 | -17.2 | 93.1 | 146.7 | Net cash inflow from operating activities | -2.9 | -1.9 | 131.7 | 169.3 |
| Interest expense | 0.0 | -2.7 | -4.6 | -3.6 | Proceeds from disposal of PPE | 0.0 | 0.0 | 0.0 | 0.0 |
| Other finance costs | 0.0 | -1.5 | 0.0 | 0.0 | Payments for PPE | -33.5 | -138.2 | -65.0 | -40.9 |
| Hedging gains (losses) | 0.0 | 0.3 | 1.6 | 1.5 | E&E (capitalised) | -9.0 | 0.0 | 0.0 | 0.0 |
| Finance income | 0.0 | 0.0 | 0.0 | 0.0 | Payments for acquired E&E | 0.0 | 0.0 | 0.0 | 0.0 |
| PBT | -2.4 | -21.1 | 90.2 | 144.5 | Other | 0.0 | 0.0 | 0.0 | 0.0 |
| Income tax expense | 0.0 | 0.0 | 0.0 | -24.9 | Net cash outflow from investing activities | -42.5 | -138.2 | -65.0 | -40.9 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | Proceeds from borrowings | 0.0 | 100.0 | 0.0 | 0.0 |
| NPAT | -2.4 | -21.1 | 90.2 | 119.6 | Proceeds from equity raised (net of costs) | 86.4 | 0.0 | 0.0 | 0.0 |
| Ordinary Shares | 2,312.3 | 2,312.3 | 2,312.3 | 2,312.3 | Proceeds from conversion of ITM options | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS A cps | -0.1 | -0.9 | 3.9 | 5.2 | Hedging gains / (losses) | 0.0 | 0.3 | 1.6 | 1.5 |
| EBITDA Margin | - | - | 55% | 57% | Interest & other finance costs paid (borrowing) | 0.0 | -1.2 | -4.6 | -3.6 |
| EPS Growth | - | - | 123% | 25% | Arranging Fees | 0.0 | -1.5 | 0.0 | 0.0 |
| PER | - | - | 1.9 | 1.5 | Repayment of borrowings | 0.0 | 0.0 | -18.6 | -20.3 |
| Book value A\$/sh | 0.04 | 0.03 | 0.07 | 0.12 | Other (Payment for interest rate derivs, loans) | -0.3 | -0.3 | 0.0 | 0.0 |
| Price/Book | 2.0 | 2.6 | 1.1 | 0.6 | Other | 0.0 | 0.0 | 0.0 | 0.0 |
| Return on Equity | -3% | -31% | 57% | 43% | Net cash inflow / outflow from financing activities | 86.2 | 97.4 | -21.5 | -22.5 |
| Return on Invested Capital | -3% | -12% | 37% | 42% | Net increase / decrease in cash and cash eq | 40.8 | -42.7 | 45.3 | 105.9 |
| VALUATION A\$M | FY21F | FY22F | FY23F | FY24F | FX movements on cash | 0.0 | 0.0 | 0.0 | 0.0 |
| Bardoc Gold Project | 363.4 | 575.0 | 589.4 | 535.4 | Cash and cash equivalents at period start | 0.0 | 52.7 | 10.0 | 55.3 |
| Hedging | 3.4 | 3.5 | 2.2 | 0.7 | Cash and cash equivalents at period end | 52.7 | 10.0 | 55.3 | 161.2 |
| Corporate | -14.5 | -13.1 | -11.6 | -10.1 | BALANCE SHEET A\$M Year Ending June | FY21F | FY22F | FY23F | FY24F |
| Tax Shield | 47.0 | 50.8 | 31.6 | 4.4 | Cash and cash equivalents | 52.7 | 10.0 | 55.3 | 161.2 |
| Debt | -1.3 | -102.5 | -84.0 | -63.6 | Trade and other receivables | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash & Equivalents | 52.7 | 10.0 | 55.3 | 161.2 | Loan Receivables | 0.0 | 0.0 | 0.0 | 0.0 |
| Exploration | 30.0 | 30.0 | 30.0 | 30.0 | Other Assets | 0.1 | 0.1 | 0.1 | 0.1 |
| Valuation A\$M | 480.6 | 553.7 | 612.9 | 658.1 | Total Current Assets | 52.8 | 10.1 | 55.4 | 161.4 |
| Valuation A\$/sh | 0.202 | 0.233 | 0.258 | 0.277 | PPE | 33.9 | 157.6 | 185.4 | 180.4 |
| OPERATING DATA | FY21F | FY22F | FY23F | FY24F | Deferred E&E expenditure | 9.0 | 8.2 | 6.7 | 5.1 |
| Total Ore Mined (kt) | 0 | 816 | 1,597 | 3,094 | Rights of use assets | 0.2 | 0.2 | 0.2 | 0.2 |
| Mined Grade (g/t Au) | 0.00 | 1.12 | 1.77 | 2.06 | Total Non-Current Assets | 43.1 | 166.0 | 192.3 | 185.7 |
| Contained Gold (oz) | 0 | 30,677 | 91,164 | 205,285 | Total Assets | 95.9 | 176.1 | 247.7 | 347.0 |
| Tonnes Milled (kt) | 0 | 503 | 1,910 | 2,189 | Payables | 0.0 | 0.0 | 0.0 | 0.0 |
| Treated Grade (g/t Au) | 0.00 | 1.11 | 1.74 | 2.20 | Lease Liabilities | 0.1 | 0.1 | 0.1 | 0.1 |
| Contained Gold (oz) | 0 | 18,626 | 105,296 | 153,346 | Borrowings | 1.3 | 1.0 | 1.0 | 1.0 |
| Gold Recovery | 0% | 93% | 96% | 94% | Provisions | 1.6 | 1.6 | 1.6 | 1.6 |
| CIL Recovered Gold (oz) | 0 | 17,401 | 99,338 | 128,762 | Total Current Liabilities | 2.9 | 2.7 | 2.7 | 2.7 |
| Gold in Concentrate (oz) | 0 | 0 | 1,235 | 16,113 | Lease Liabilities | 0.1 | 0.1 | 0.1 | 0.1 |
| Gross Revenue | 0.0 | 42.9 | 247.8 | 354.1 | Borrowings | 0.0 | 101.5 | 82.9 | 62.6 |
| Royalties | 0.0 | 1.1 | 6.4 | 10.6 | Provisions | 4.8 | 4.8 | 4.8 | 4.8 |
| Net Revenue | 0.0 | 41.8 | 241.4 | 343.5 | Total Non-Current Liabilities | 4.9 | 106.4 | 87.8 | 67.5 |
| Open Pit Mining | 0.0 | 31.0 | 39.3 | 42.5 | Total Liabilities | 7.8 | 109.1 | 90.5 | 70.2 |
| Underground Mining | 0.0 | 0.5 | 28.4 | 49.6 | Net Assets | 88.1 | 67.0 | 157.2 | 276.8 |
| Surface Haulage | 0.0 | 0.0 | 0.2 | 3.1 | Contributed Equity | 215.5 | 215.5 | 215.5 | 215.5 |
| Processing | 0.0 | 7.8 | 32.1 | 43.3 | Reserves | 3.2 | 3.2 | 3.2 | 3.2 |
| SG&A | 0.0 | 1.9 | 7.4 | 8.4 | Retained Profits | -130.7 | -151.7 | -61.6 | 58.1 |
| Operating Costs | 0.0 | 41.3 | 107.3 | 146.9 | Total Equity | 88.1 | 67.0 | 157.2 | 276.8 |
| Cash Operating Costs (A\$/oz) | 0 | 0 | 1,072 | 1,010 | ASSUMPTIONS | FY21F | FY22F | FY23F | FY24F |
| AISC Costs (A\$/oz) | 0 | 0 | 1,522 | 1,287 | Inflation | 0% | 0% | 0% | 0% |
| Total Feasibility & Dev Capex | 6.0 | 0.0 | 0.0 | 0.0 | US\$ Gold Price | 1,850 | 1,850 | 1,850 | 1,850 |
| Total Pre-Production Capex | 27.5 | 119.0 | 0.0 | 0.0 | AUDUSD | 0.73 | 0.75 | 0.75 | 0.75 |
| Total Post-Production Capex | 0.0 | 19.2 | 65.0 | 40.9 | A\$ Gold Price | 2,519 | 2,467 | 2,467 | 2,467 |
| Exploration Capex | 9.0 | 0.0 | 0.0 | 0.0 | Corporate tax | 30% | 30% | 30% | 30% |
| Total Capex | 42.5 | 138.2 | 65.0 | 40.9 | Cost of Debt | 6.7% | 4.8% | 4.8% | 4.8% |

Updated Mineral Resource – building towards >1Moz Reserve

The Mineral Resource for the Bardoc Gold Project is now 3.03Moz, with Measured and Indicated Resources comprising 1.94Moz (now 64%, prev. 59%; Table 1). This increase in Indicated Resources has occurred at cornerstone deposits Aphrodite and Zoroastrian, as well as satellite deposits MayDay Nth, Nth Kanowna Star, and Eldorado (Table 2). These latter deposits are yet to be included in the mine plan and may offer additional open pit flexibility.

Table 1: Mineral Resource – 30 September 2020

| BARDOC GOLD PROJECT: RESOURCES | | | | | | | | | | | | | | |
|--------------------------------|-------|---------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| Deposit | Type | Cut-Off (g/t Au) | MEASURED | | | INDICATED | | | INFERRED | | | TOTAL RESOURCES | | |
| | | | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000oz) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000oz) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000oz) | Tonnes (,000t) | Grade (g/t Au) | Ounces (,000oz) |
| Aphrodite | OP | 0.4 | - | - | - | 12,770 | 1.8 | 740 | 4,741 | 1.4 | 208 | 17,511 | 1.7 | 948 |
| Aphrodite | UG | 2.0 | - | - | - | 3,072 | 3.9 | 366 | 2,313 | 4.3 | 322 | 5,385 | 4.1 | 710 |
| Aphrodite | TOTAL | | - | - | - | 15,842 | 2.2 | 1,106 | 7,054 | 2.3 | 530 | 22,896 | 2.3 | 1,658 |
| Zoroastrian | OP | 0.4 | - | - | - | 3,862 | 1.8 | 229 | 1,835 | 1.5 | 89 | 5,698 | 1.7 | 318 |
| Zoroastrian | UG | 1.8 | - | - | - | 789 | 4.7 | 119 | 790 | 3.5 | 88 | 1,579 | 4.1 | 208 |
| Zoroastrian | TOTAL | | - | - | - | 4,651 | 2.3 | 348 | 2,625 | 2.1 | 177 | 7,277 | 2.2 | 526 |
| Excelsior | OP | 0.4 | - | - | - | 6,729 | 1.2 | 266 | 1,749 | 1.0 | 54 | 8,478 | 1.2 | 320 |
| Mayday North | OP | 0.5 | - | - | - | 1,325 | 1.6 | 66 | 430 | 1.3 | 18 | 1,778 | 1.5 | 84 |
| Talbot North | OP | 0.4 | - | - | - | 698 | 1.8 | 40 | 123 | 1.8 | 7 | 820 | 1.8 | 47 |
| Bulletin South | OP | 0.4 | 152 | 2.2 | 11 | 546 | 2.1 | 36 | 150 | 2.1 | 10 | 849 | 2.1 | 57 |
| Duke North | OP | 0.4 | - | - | - | 851 | 1.0 | 28 | 795 | 1.0 | 25 | 1,646 | 1.0 | 53 |
| Lochinvar | OP | 0.4 | - | - | - | 423 | 1.8 | 24 | 57 | 1.6 | 3 | 480 | 1.7 | 27 |
| El Dorado | OP | 0.5 | - | - | - | 203 | 1.4 | 9 | 383 | 1.5 | 18 | 586 | 1.5 | 28 |
| El Dorado | UG | 2.0 | - | - | - | - | - | - | 51 | 6.5 | 11 | 51 | 6.5 | 11 |
| El Dorado | TOTAL | | - | - | - | 203 | 1.4 | 9 | 434 | 2.1 | 29 | 637 | 1.9 | 39 |
| North Kanowna Star | OP | 0.5 | - | - | - | 157 | 1.6 | 8 | 559 | 1.3 | 24 | 716 | 1.4 | 32 |
| South Castlereagh | OP | 0.5 | - | - | - | 111 | 1.6 | 6 | 369 | 1.3 | 15 | 481 | 1.4 | 21 |
| Mulwarrie | OP | 0.5 | - | - | - | - | - | - | 881 | 2.8 | 79 | 881 | 2.8 | 79 |
| Nerrin Nerrin | OP | 0.5 | - | - | - | - | - | - | 651 | 1.3 | 26 | 651 | 1.3 | 26 |
| Vettersburg South | OP | 0.6 | - | - | - | - | - | - | 552 | 1.5 | 26 | 552 | 1.5 | 26 |
| Windanya | OP | 0.6 | - | - | - | - | - | - | 360 | 1.5 | 17 | 360 | 1.5 | 17 |
| Grafters | OP | 0.5 | - | - | - | - | - | - | 319 | 1.3 | 14 | 319 | 1.3 | 14 |
| Ophir | OP | 0.6 | - | - | - | - | - | - | 75 | 1.9 | 5 | 75 | 1.9 | 5 |
| TOTAL RESOURCES | | | 152 | 2.3 | 11 | 31,536 | 1.9 | 1,937 | 17,183 | 1.9 | 1,059 | 48,896 | 1.9 | 3,031 |

Source: BDC ASX Announcement 30 September 2020.

Table 2: Mineral Resource Comparison – September 2020 vs September 2019

| BGP Mineral Resources | Type | Cut-off (g/t) | Measured | | | Indicated | | | Inferred | | | Total | | |
|-----------------------|-----------|------------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | | | Tonnes (kt) | Grade (g/t) | Gold (koz) | Tonnes (kt) | Grade (g/t) | Gold (koz) | Tonnes (kt) | Grade (g/t) | Gold (koz) | Tonnes (kt) | Grade (g/t) | Gold (koz) |
| Aphrodite | OP | 0.40 | 0 | 0.00 | 0.00 | 1,148 | 3.28 | 121 | -1,935 | 1.45 | -90 | -787 | -1.23 | 31 |
| Aphrodite | UG | 2.00 | 0 | 0.00 | 0.00 | -386 | 5.64 | -70 | -78 | 3.19 | -8 | -464 | 3.75 | -56 |
| Aphrodite | Sub-total | | 0 | 0.00 | 0.00 | 762 | 2.08 | 51 | -2,013 | 1.51 | -98 | -1,251 | 0.62 | -25 |
| Zoroastrian | UG | 1.75 | 0 | 0.00 | 0.00 | 209 | 5.51 | 37 | -33 | 24.51 | -26 | 176 | 2.12 | 12 |
| Mayday North | OP | 0.50 | 0 | 0.00 | 0.00 | 1,325 | 1.55 | 66 | -980 | 1.94 | -61 | 368 | 0.42 | 5 |
| North Kanowna Star | OP | 0.50 | 0 | 0.00 | 0.00 | 157 | 1.58 | 8 | -157 | 1.58 | -8 | 0 | 0.00 | 0 |
| El Dorado | OP | 0.50 | 0 | 0.00 | 0.00 | 203 | 1.38 | 9 | -37 | -5.04 | 6 | 166 | 3.00 | 16 |
| Total | | | 0 | 0.00 | 0.00 | 2,656 | 2.00 | 171 | -3,220 | 1.81 | -187 | -540 | 0.03 | 8 |

Source: BDC ASX Announcement 30 September 2020.

BDC's PFS mine plan inventory (upon which our valuation is based) includes 1.02Moz gold, vs 790koz gold in the PFS Ore Reserve. We anticipate a substantial portion of the new 171koz Indicated

Resources will convert to Ore Reserves during the DFS. However, even at 100% conversion, the company requires a further ~60koz in Ore Reserves to achieve this. In our view, this should be achieved as the recent optimisations completed at Zoroastrian, Excelsior and Aphrodite indicate significant upside to the current plan. We consider drilling at Aphrodite (eg Sigma, Omega) and at Mayday North during the current 40,000m drilling program will also help BDC achieve its target Ore Reserve.

We also note BDC excluded 70koz from Indicated Resources at Aphrodite underground (UG). Given the current 67% conversion rate of UG Indicated Resource Ore Reserve the impact to UG Ore Reserves will be ~45koz. However, these ounces may fall within the re-optimised open pit. Additional drilling at Aphrodite may see these ounces re-incorporated.

Upcoming Newsflow / Timeline

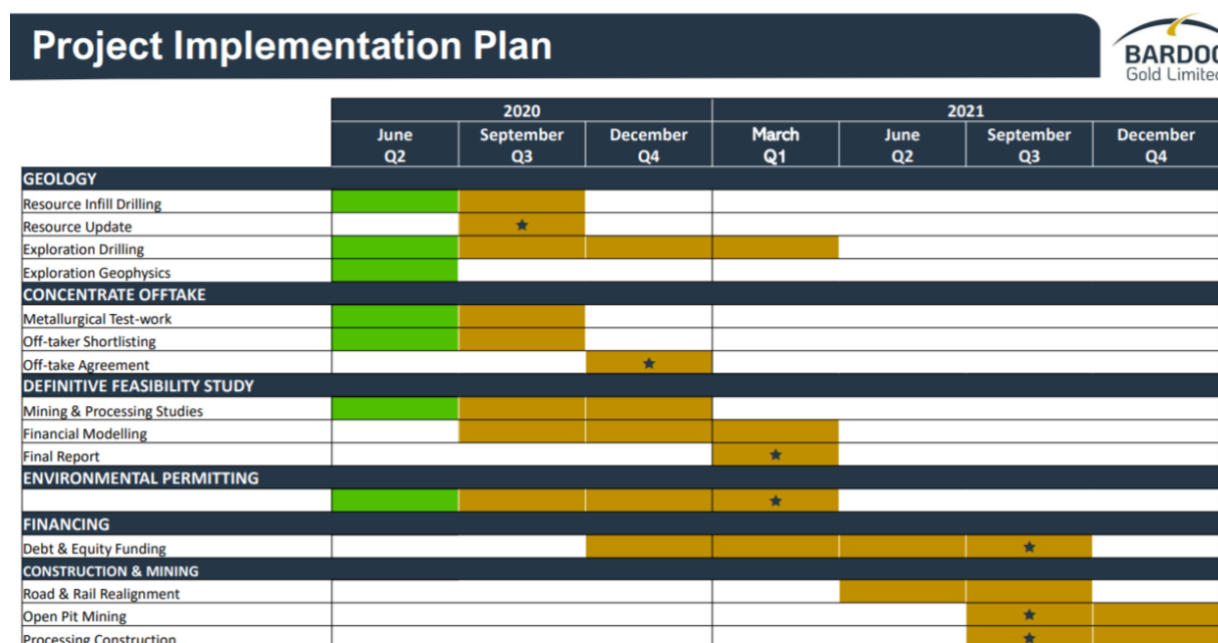
December Quarter 2020: Concentrate offtake agreement and metallurgical results. New metallurgical testwork results from Aphrodite will provide further information for offtakers to assess, ahead of conclusion of a concentrate offtake agreement(s).

March Quarter 2021: DFS completion and conclusion of environmental permitting.

June Quarter 2021: Final Investment Decision (FID).

40,000m drilling program: BDC's \$5 million, 40,000m exploration drilling program will generate steady newsflow ahead of the DFS (Chart 1).

Chart 1. Project Development Timeline



Source: BDC ASX Announcement 15 September 2020.

Valuation – increases to on higher gold price assumption

Our June 2020 initiation report assumed a US\$1,600/oz gold price, ahead of the August run to US\$2,070/oz. The gold price has recently pulled back to just below US\$1,900/oz. We have lifted our gold price forecast to US\$1,850/oz long term, and also lifted our AUDUSD from 0.70 to 0.75, both broadly consistent with consensus. On this basis, our Sum of the Parts valuation has increased from A\$0.177/sh to A\$0.185/sh (fully diluted; Table 3). We have also increased our price target to A\$0.15/sh (from A\$0.14/sh), reflecting a narrowing of the discount to our valuation based on the updated Resource increasing confidence in our modelled operation.

At spot (US\$1,896/oz gold, 0.71 AUDUSD), our valuation increases to A\$0.213/sh. We present a number of valuation sensitivities including gold price and AUDUSD in Table 4 to Table 7.

Alternatively, at BDC's current A\$0.076/sh share price, the market is valuing BDC on its PFS operation only at ~US\$1,333/oz, with no exploration upside.

Table 3: Sum of Parts Valuation as at 30 September 2021

| Sum of Parts Valuation 30-Sep-21 | NPV A\$M | Undiluted A\$ps | Diluted A\$ps |
|-------------------------------------|--------------|--------------------|------------------|
| Bardoc Gold Project | 401.1 | 0.173 | 0.169 |
| Hedging | 3.4 | 0.001 | 0.001 |
| Corporate | (14.1) | (0.006) | (0.006) |
| Tax Shield | 47.9 | 0.021 | 0.020 |
| Debt | (51.3) | (0.022) | (0.022) |
| Cash & Equivalents | 22.9 | 0.010 | 0.010 |
| Exploration | 30.0 | 0.013 | 0.013 |
| Total Value of Common Equity | 439.9 | 0.190 | 0.185 |
| Market Value of Common Equity | 194.2 | | |
| Premium (Discount) | 127% | 150% | 144% |
| Shares on Issue | million | 2,312 | 2,376 |

Source: RL Estimates

We have also rolled forward our valuation one quarter to 30 September 2021, incorporating the first debt drawdown into our Sum of the Parts valuation (A\$50m) while the higher interim capital raise (A\$24 million vs our assumed A\$7.5 million) has resulted in additional dilution. The larger interim capital raise has reduced our construction equity raise to A\$67 million (previously A\$87 million), sufficient to cover growth capex, working capital, corporate costs and maintain a A\$5 million minimum cash balance.

Table 4. Sensitivity Analysis - Gold Price vs AUDUSD

| NPV (A\$/sh) | | Gold Price (US\$/oz) | | | | | | |
|--------------|------|----------------------|-------|-------|-------|-------|-------|-------|
| | | 1,400 | 1,550 | 1,700 | 1,850 | 2,000 | 2,150 | 2,300 |
| AUDUSD | 0.90 | 0.038 | 0.066 | 0.092 | 0.118 | 0.145 | 0.171 | 0.198 |
| | 0.85 | 0.054 | 0.082 | 0.110 | 0.138 | 0.166 | 0.194 | 0.223 |
| | 0.80 | 0.071 | 0.100 | 0.130 | 0.160 | 0.190 | 0.220 | 0.251 |
| | 0.75 | 0.090 | 0.121 | 0.153 | 0.185 | 0.218 | 0.250 | 0.283 |
| | 0.70 | 0.111 | 0.145 | 0.179 | 0.214 | 0.249 | 0.285 | 0.321 |
| | 0.65 | 0.136 | 0.173 | 0.210 | 0.248 | 0.286 | 0.325 | 0.364 |
| | 0.60 | 0.165 | 0.205 | 0.246 | 0.288 | 0.330 | 0.372 | 0.415 |

Source: Rawson Lewis estimates.

Table 5. Sensitivity Analysis - Construction Capex vs Operating Costs

| NPV (A\$/sh) | | Operating Cost | | | | | | |
|--------------------|-------|----------------|-------|-------|-------|-------|-------|-------|
| | | -20% | -10% | -5% | 0% | 5% | 10% | 20% |
| Construction Capex | -20% | 0.248 | 0.221 | 0.208 | 0.195 | 0.183 | 0.170 | 0.146 |
| | -10% | 0.239 | 0.214 | 0.202 | 0.190 | 0.178 | 0.166 | 0.144 |
| | -5.0% | 0.235 | 0.211 | 0.199 | 0.187 | 0.176 | 0.165 | 0.143 |
| | 0% | 0.231 | 0.208 | 0.196 | 0.185 | 0.174 | 0.163 | 0.142 |
| | 5.0% | 0.228 | 0.205 | 0.194 | 0.183 | 0.172 | 0.161 | 0.141 |
| | 10% | 0.224 | 0.202 | 0.192 | 0.181 | 0.170 | 0.160 | 0.140 |
| | 20% | 0.218 | 0.197 | 0.187 | 0.177 | 0.167 | 0.157 | 0.138 |

Source: Rawson Lewis estimates.

Table 6. Sensitivity Analysis - Processed Grade vs Recovery

| NPV (A\$/sh) | | Processed Grade (%) | | | | | | |
|-------------------|-------|---------------------|-------|-------|-------|-------|-------|-------|
| | | -10% | -5.0% | -2.5% | 0% | 2.5% | 5.0% | 10% |
| Gold Recovery (%) | -3.0% | 0.125 | 0.148 | 0.159 | 0.171 | 0.182 | 0.194 | 0.218 |
| | -2.0% | 0.129 | 0.152 | 0.164 | 0.175 | 0.187 | 0.199 | 0.223 |
| | -1.0% | 0.133 | 0.157 | 0.168 | 0.180 | 0.192 | 0.204 | 0.229 |
| | 0% | 0.137 | 0.161 | 0.173 | 0.185 | 0.197 | 0.210 | 0.234 |
| | 1.0% | 0.142 | 0.166 | 0.178 | 0.190 | 0.202 | 0.215 | 0.240 |
| | 2.0% | 0.146 | 0.170 | 0.182 | 0.195 | 0.207 | 0.220 | 0.245 |
| | 3.0% | 0.150 | 0.175 | 0.187 | 0.200 | 0.212 | 0.225 | 0.251 |

Source: Rawson Lewis estimates.

Table 7. Sensitivity Analysis - Construction Equity Raise vs Raise Price

| NPV (A\$/sh) | | Size of Raise (A\$'000) | | | | | | |
|----------------------|-------|-------------------------|--------|--------|--------|--------|--------|--------|
| | | 46,682 | 53,351 | 60,020 | 66,689 | 73,358 | 80,027 | 86,696 |
| Raise Price (A\$/sh) | 0.065 | 0.169 | 0.165 | 0.161 | 0.157 | 0.154 | 0.151 | 0.148 |
| | 0.080 | 0.179 | 0.175 | 0.172 | 0.169 | 0.166 | 0.163 | 0.161 |
| | 0.095 | 0.186 | 0.183 | 0.181 | 0.178 | 0.176 | 0.173 | 0.171 |
| | 0.110 | 0.192 | 0.190 | 0.187 | 0.185 | 0.183 | 0.181 | 0.179 |
| | 0.125 | 0.196 | 0.195 | 0.193 | 0.191 | 0.189 | 0.188 | 0.186 |
| | 0.140 | 0.200 | 0.199 | 0.197 | 0.196 | 0.195 | 0.193 | 0.192 |
| | 0.155 | 0.203 | 0.202 | 0.201 | 0.200 | 0.199 | 0.198 | 0.197 |

Source: Rawson Lewis estimates.

Exploration – 40,000m program underway

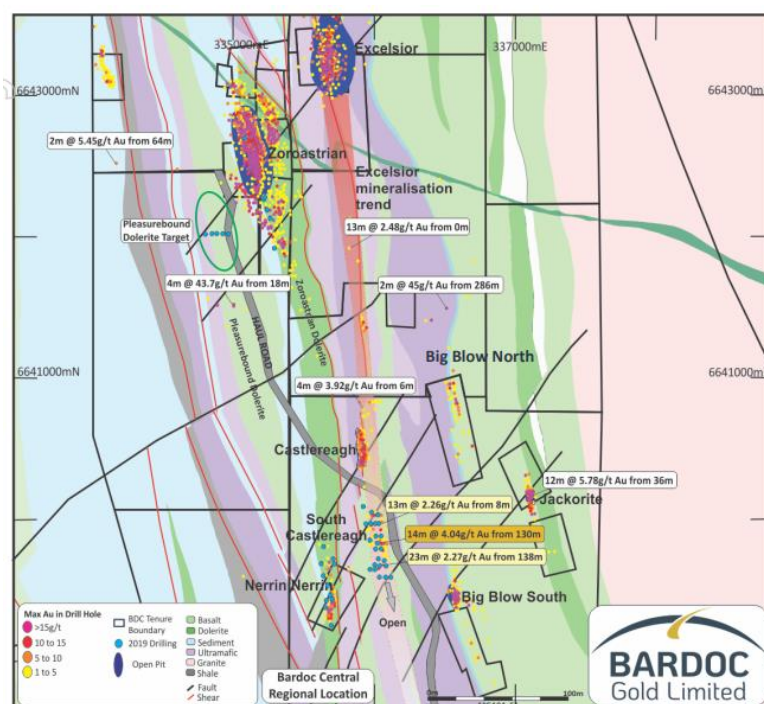
BDC's exploration effort between now and the DFS will comprise a \$5 million, 40,000m drilling program. Four rigs are currently onsite, which should generate steady newsflow as the company works towards concluding its concentrate offtake agreement(s) and DFS. The program has been designed to follow on from previous exploration efforts while also incorporating recent structural work by consultants Model Earth. The program is summarised in Table 8 below.

Table 8. 40,000m Drilling Program – Exploration Targets

| Deposit | Target | Drilling | Metres |
|----------------------|---|----------------------|---------------|
| MayDay Nth | Resource extension near (surface and at depth) Regional targets | AC/RC | 8,000 |
| Greater Aphrodite | Resource drilling at Sigma and Omega New lodes parallel to Alpha and Phi near designed infrastructure Regional targets | AC/RC/DD RC AC | 12,000 |
| North Kanowna Star | Geophysical anomalies Testing mineralisation below oxide / transition zone Resource drilling to the north, south and at depth Regional targets | AC/RC AC | 10,000 |
| Bardoc Tectonic Zone | Black Flag Beds - fine grain sediment hosted deposits (Invincible analogues) Fractionated dolerites (Zoroastrian / Pleasurebound analogues) Shear-hosted mineralisation (Excelsior analogues) Other Dolerites eg Scotia Basalt (Jackorite analogues) | AC/RC AC/RC | 10,000 |
| Total | | | 40,000 |

Source: BDC ASX Presentation 15 September 2020, ASX Announcement 15 September 2000.

Figure 1. NE trends: Zoroastrian-Excelsior and Nerrin Nerrin -South Castlereagh



Source: BDC ASX Announcement 15 September 2020.

Financials

Table 9. Profit & Loss Statement

| Profit & Loss (A\$M) | FY21E | FY22E | FY23E | FY24E | FY25E | FY26E | FY27E | FY28E |
|---|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | - | 41.8 | 241.4 | 343.5 | 322.2 | 369.5 | 373.5 | 332.7 |
| Other income | - | - | - | - | - | - | - | - |
| Total revenue and other income | - | 41.8 | 241.4 | 343.5 | 322.2 | 369.5 | 373.5 | 332.7 |
| Operating expenses | - | (41.3) | (107.3) | (146.9) | (167.9) | (187.6) | (166.4) | (87.6) |
| Corporate costs | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) |
| Exploration costs expensed | - | - | - | - | - | - | - | - |
| Share based payment expense | - | - | - | - | - | - | - | - |
| Other costs | - | - | - | - | - | - | - | - |
| EBITDA | (2.4) | (1.9) | 131.7 | 194.2 | 151.9 | 179.5 | 204.7 | 242.6 |
| D&A expense | - | (15.3) | (38.6) | (47.5) | (53.3) | (58.9) | (63.1) | (62.9) |
| EBIT | (2.4) | (17.2) | 93.1 | 146.7 | 98.5 | 120.7 | 141.6 | 179.7 |
| Interest expense | - | (2.7) | (4.6) | (3.6) | (2.6) | (1.7) | (0.5) | - |
| Other finance costs | - | (1.5) | - | - | - | - | - | - |
| Hedging gains (losses) | - | 0.3 | 1.6 | 1.5 | 0.5 | - | - | - |
| Finance income | - | - | - | - | - | - | - | - |
| Profit before income tax expense | (2.4) | (21.1) | 90.2 | 144.5 | 96.3 | 119.0 | 141.1 | 179.7 |
| Income tax expense | - | - | - | (24.9) | (28.9) | (35.7) | (42.3) | (53.9) |
| Extraordinary items | - | - | - | - | - | - | - | - |
| NPAT | (2.4) | (21.1) | 90.2 | 119.6 | 67.4 | 83.3 | 98.8 | 125.8 |

Source: Rawson Lewis estimates

Table 10. Cash Flow Statement

| Cash Flow (A\$M) | FY21E | FY22E | FY23E | FY24E | FY25E | FY26E | FY27E | FY28E |
|--|---------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Receipts from customers | - | 41.8 | 241.4 | 343.5 | 322.2 | 369.5 | 373.5 | 332.7 |
| Receipts from Corporate | 0.3 | - | - | - | - | - | - | - |
| Interest received | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Payments to suppliers | - | (41.3) | (107.3) | (146.9) | (167.9) | (187.6) | (166.4) | (87.6) |
| Corporate Costs | (3.1) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) | (2.4) |
| Payments for E&E (expensed) | - | - | - | - | - | - | - | - |
| Tax paid | - | - | - | (24.9) | (28.9) | (35.7) | (42.3) | (53.9) |
| Other payments | - | - | - | - | - | - | - | - |
| Net cash inflow from operating activities | (2.9) | (1.9) | 131.7 | 169.3 | 122.9 | 143.8 | 162.4 | 188.7 |
| Proceeds from disposal of PPE | - | - | - | - | - | - | - | - |
| Payments for PPE | (33.5) | (138.2) | (65.0) | (40.9) | (33.1) | (29.7) | (16.3) | (7.4) |
| Payments for E&E (capitalised) | (9.0) | - | - | - | - | - | - | - |
| Payments for acquired E&E | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Net cash outflow from investing activities | (42.5) | (138.2) | (65.0) | (40.9) | (33.1) | (29.7) | (16.3) | (7.4) |
| Proceeds from borrowings | - | 100.0 | - | - | - | - | - | - |
| Proceeds from equity raised (net of costs) | 86.4 | - | - | - | - | - | - | - |
| Proceeds from conversion of ITM options | - | - | - | - | - | - | - | - |
| Hedging gains / (losses) | - | 0.3 | 1.6 | 1.5 | 0.5 | - | - | - |
| Interest and other finance costs paid | - | (1.2) | (4.6) | (3.6) | (2.6) | (1.7) | (0.5) | - |
| Arranging Fees | - | (1.5) | - | - | - | - | - | - |
| Repayment of borrowings | - | - | (18.6) | (20.3) | (20.3) | (21.3) | (21.0) | - |
| Repayment of Franco Nevada Advance | (0.3) | (0.3) | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Net cash inflow / outflow from financing activities | 86.2 | 97.4 | (21.5) | (22.5) | (22.5) | (23.0) | (21.5) | - |
| Net increase / decrease in cash and cash equivalents | 40.8 | (42.7) | 45.3 | 105.9 | 67.4 | 91.2 | 124.6 | 181.3 |
| Effect of exchange rate movements on cash | - | - | - | - | - | - | - | - |
| Cash and cash equivalents at period start | - | 52.7 | 10.0 | 55.3 | 161.2 | 228.7 | 319.8 | 444.4 |
| Cash and cash equivalents at period end | 52.7 | 10.0 | 55.3 | 161.2 | 228.7 | 319.8 | 444.4 | 625.8 |

Source: Rawson Lewis estimates

Table 11. Balance Sheet

| Balance Sheet (A\$M) | FY21E | FY22E | FY23E | FY24E | FY25E | FY26E | FY27E | FY28E |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash and cash equivalents | 52.7 | 10.0 | 55.3 | 161.2 | 228.7 | 319.8 | 444.4 | 625.8 |
| Trade and other receivables | - | - | - | - | - | - | - | - |
| Other Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total Current Assets | 52.8 | 10.1 | 55.4 | 161.4 | 228.8 | 320.0 | 444.5 | 625.9 |
| Property, Plant and Equipment | 33.9 | 157.6 | 185.4 | 180.4 | 161.7 | 134.0 | 88.8 | 33.6 |
| Deferred exploration and evaluation expenditure | 9.0 | 8.2 | 6.7 | 5.1 | 3.5 | 2.0 | 0.4 | - |
| Rights of use assets | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Other non-current assets | - | - | - | - | - | - | - | - |
| Total Non-Current Assets | 43.1 | 166.0 | 192.3 | 185.7 | 165.4 | 136.2 | 89.3 | 33.8 |
| Total Assets | 95.9 | 176.1 | 247.7 | 347.0 | 394.1 | 456.1 | 533.9 | 659.7 |
| Payables | - | - | - | - | - | - | - | - |
| Lease Liabilities | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Borrowings | 1.3 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Provisions | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Total Current Liabilities | 2.9 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 | 2.7 |
| Lease Liabilities | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Borrowings | - | 101.5 | 82.9 | 62.6 | 42.3 | 21.0 | - | - |
| Provisions | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 |
| Total Non-Current Liabilities | 4.9 | 106.4 | 87.8 | 67.5 | 47.2 | 25.9 | 4.9 | 4.9 |
| Total Liabilities | 7.8 | 109.1 | 90.5 | 70.2 | 49.9 | 28.6 | 7.6 | 7.6 |
| Net Assets | 88.1 | 67.0 | 157.2 | 276.8 | 344.2 | 427.5 | 526.3 | 652.1 |
| Contributed Equity | 215.5 | 215.5 | 215.5 | 215.5 | 215.5 | 215.5 | 215.5 | 215.5 |
| Reserves | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Retained Profits | (130.7) | (151.7) | (61.6) | 58.1 | 125.5 | 208.8 | 307.6 | 433.4 |
| Total Equity | 88.1 | 67.0 | 157.2 | 276.8 | 344.2 | 427.5 | 526.3 | 652.1 |

Source: Rawson Lewis estimates

Issued Capital

Following the A\$24 million equity raise in July 2020, BDC has 1,731m shares on issue, with 115m options (weighted average strike A\$0.155/sh), and 32m performance rights, linked to development milestones and share price hurdles (Table 12). The top 50 shareholders currently hold 47%, with institutional ownership at 14%, and Directors holding 10% (undiluted basis).

Table 12. Issued Capital & Shareholders

| Issued Capital (11/3/2020) | Number | Strike | Expiry Date | Conditions |
|-----------------------------------|----------------|-------------|-------------|---|
| Fully Paid Ordinary Shares | 1.731m | | | |
| Options | | | | |
| | 18m | 0.16 | 31/03/2021 | |
| | 7.9m | 0.16 | 31/03/2021 | |
| | 4m | 0.05 | 28/02/2021 | |
| Vettersburg Acquisition | 3m | 0.20 | 11/09/2022 | |
| Free Attaching Options | 75.8m | 0.16 | 15/12/2020 | |
| Consultants | 6m | 0.12 | 27/09/2022 | |
| Total Options | 114.78m | 0.16 | | |
| Performance Rights | | | | |
| Class C | 1.65m | | 8/02/2022 | 5 day VWAP >0.20/sh, 12mth engagement |
| Class D | 1.65m | | 8/02/2022 | 5 day VWAP >0.25/sh, 24mth engagement |
| Class F | 4.2m | | 10/06/2023 | 3Moz Resource / 10 day VWAP>0.06/sh |
| Class G | 20.3m | | 10/06/2023 | Decision to Mine / 10 day VWAP >0.08/sh |
| Class H | 2.3m | | 18/11/2023 | PFS delivery / 10 day VWAP >0.14/sh |
| Class I | 2.3m | | 18/11/2023 | Decision to Mine / 10 day VWAP >0.18/sh |
| Total Performance Rights | 32.3m | | | |
| Fully Diluted Shares | 1.878m | | | |

Source: BDC Announcement 4 September 2020.

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Rawson Lewis Pty Ltd
ACN 630 685 371
Corporate Authorised Rep of AFSL 464545
SYDNEY
Level 40, 2 Park Street
Sydney NSW 2000
MELBOURNE
Level 14, 440 Collins St
Melbourne VIC 3000

P: +61 2 9263 2805
www.rawsonlewis.com