BELL POTTER

Speculative
See key risks on Page 11. Speculative securities may not be suitable for retail clients

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Analyst
David Coates 612 8224 2887

Authorisation
Stuart Howe 613 9235 1856

De Grey Mining Ltd (DEG)

Hemi continues to impress

Recommendation	
Buy (unchanged)	
Price	
$1.275	
Valuation	
$1.66 (previously $1.58)	
Risk	
Speculative	

GICS Sector

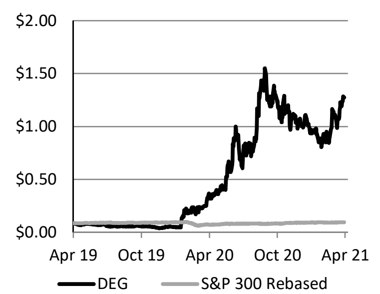
Materials

Expected Return	
Capital growth	**30.2%**
Dividend yield	**0.0%**
Total expected return	**30.2%**
Company Data & Ratios	
Enterprise value	**$1,540m**
Market cap	**$1,644m**
Issued capital	**1,289m**
Free float	**79%**
Avg. daily val. (52wk)	**$9.3m**
12 month price range	**$0.32-$1.60**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.99	1.02	0.29
Absolute (%)	28.8	25.0	339.7
Rel market (%)	25.3	19.1	310.0

Absolute Price



SOURCE: IRESS

Established and new discoveries delivering

Impressive infill and extension drilling results continue to be reported across established gold zones (Aquila, Brolga, Crow and Falcon) and new discoveries (Diucon and Eagle) at Hemi, part of DEG's 100%-owned Mallina Gold Project (MGP), 60km south of Port Hedland in WA. Recent ongoing drilling and project development highlights include wide high grade intersections being returned from Resource definition drilling at Brolga, strike and depth extensions being identified at Falcon, Diucon and Eagle and completion of additional metallurgical testwork further de-risking the project. These results have continued to extend the strike lengths, increase the depths and grown the overall dimensions of the known zones within the Hemi discovery. New zones have also been identified, further boosting the scale of the project's Resource potential. An updated Mineral Resource Estimate remains targeted for mid CY21.

Highlight intersections from recent drilling at Brolga include:

- 78m @ 2.8g/t Au from 33m in HERC569;
- 127m @ 2.1g/t Au from 34m in HERC570;
- 144m @ 2.3g/t Au from 37m in HERC571;
- 108m @ 2.2g/t Au from 65m in HERC572;
- 93m @ 1.3g/t Au from 101m in HERC573; and
- 83m @ 2.3g/t Au from 140m in HERC574.

Material increase in depth potential at Falcon

DEG has also reported drilling results that point to further depth and strike extensions at the Falcon Zone. This is demonstrated with HERC580D intersecting 90m of sulphide mineralisation from 492m to 582m downhole. Extensions at this depth could nearly double the Resource potential at Falcon. These results also strengthen the case for depth extensions across the rest of Hemi, with further implications for scale.

Investment thesis – Buy (Speculative), Valuation $1.66/sh

The consistent run of excellent drilling results from Hemi has continued to build the case that it could support a Tier 1 operation – defined as a gold mine that can produce +300kozpa for +10 years. In updating our valuation we have lifted our expectations for Resource growth potential at Hemi by ~15%. Following the latest round of successful extension drilling results and high grade infill drilling we are now anticipating a potential Resource range for Hemi of between 4.9Moz and 7.3Moz for a midpoint of 6.1Moz (from 5.2Moz) and a total potential Resource at the MGP of 8.3Moz. This is offset by the application of a lower EV/Resource oz metric of A$275/oz (from A$290/oz) following a slight pullback in the market. Our notional, risk-adjusted NPV-based valuation reflecting a potential production scenario is effectively unchanged, resulting in our blended valuation lifting 5%, from $1.58/sh to $1.66/sh. We retain our Buy (Speculative) recommendation.

Excellent drilling results continue

Established and new discoveries delivering

Impressive infill and extension drilling results continue to be reported across established gold zones (Aquila, Brolga, Crow and Falcon) and new discoveries (Diucon and Eagle) at Hemi, part of DEG's 100%-owned Mallina Gold Project (MGP), 60km south of Port Hedland in WA. Recent ongoing drilling and project development highlights include:

- Wide high grade intersections being returned from Resource definition (infill) drilling at Brolga, confirming continuity and increasing the likely Resource confidence category;
- Strike and depth extensions have been identified at Falcon, Diucon and Eagle; and
- Additional metallurgical testwork further de-risking the project.

These results have continued to extend the strike lengths, increase the depths and grown the overall dimensions of the known zones within the Hemi discovery. New zones have also been identified, further boosting the scale of the potential Resource there.

An updated Mineral Resource Estimate remains targeted for mid-CY21. While ongoing drilling results will continue to inform the potential scale of the discovery, the updated Resource is the key upcoming milestone for DEG. Seven drill rigs are currently operating at the MGP, conducting resource infill drilling at Hemi as well as testing new and extensional targets.

Corporate appeal: While DEG's valuation is high, limiting the field of potential ASX-listed partners, 49% of the current Resource is in the higher confidence Measured and Indicated categories and drilling from the Hemi discovery is near-surface, consistent and continuous. These factors make it a simpler proposition for external parties to assess, cheaper to drill out to Reserve status and quicker to develop – lowering the risk for a potential partner. M&A activity remains a theme in the ASX gold sector and the Tier 1 potential of Mallina and its location in Australia make it an attractive target for growth.

Wide, high grade, shallow intersections at Brolga

The Brolga zone is the largest gold zone delineated at Hemi to date and the latest infill drilling results continue to demonstrate scale, continuity and consistency. These latest results are also higher grade than our base-case assumption for a ~1.0g/t Au Resource at Brolga. Highlights from recent Resource definition drilling include:

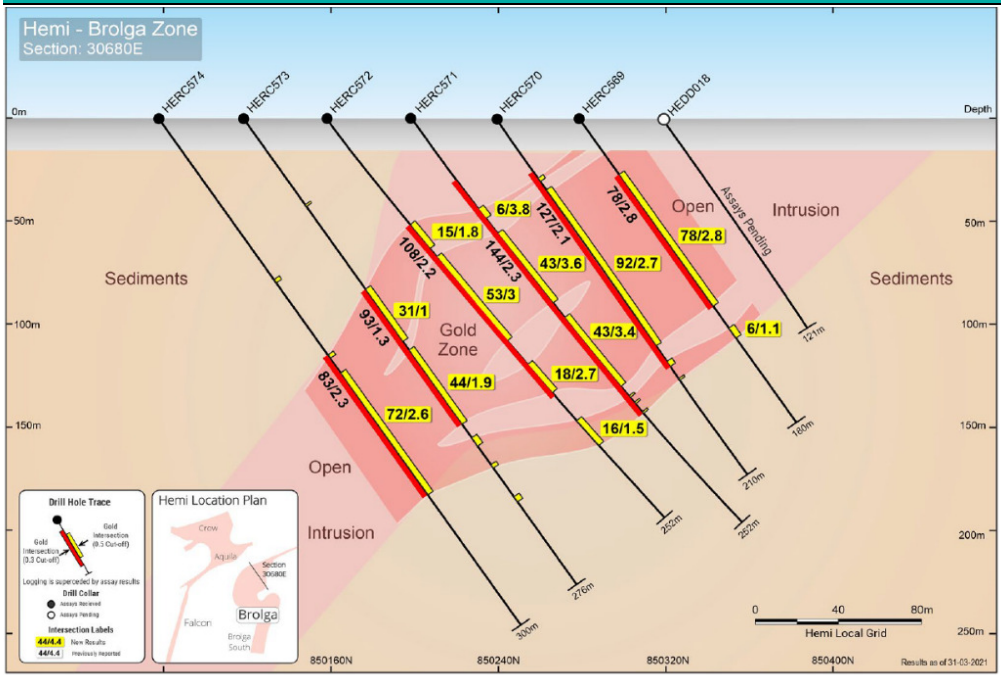
- 78m @ 2.8g/t Au from 33m in HERC569;
- 127m @ 2.1g/t Au from 34m in HERC570;
- 144m @ 2.3g/t Au from 37m in HERC571;
- 108m @ 2.2g/t Au from 65m in HERC572;
- 93m @ 1.3g/t Au from 101m in HERC573; and
- 83m @ 2.3g/t Au from 140m in HERC574.

The ongoing drill-out at Brolga increases the confidence level in the Brolga deposit and shows DEG systematically advancing towards the Resource update planned for mid-CY21. This should see a large portion of the Resource at Hemi classified in the Indicated category and thus be available for conversion to Reserves – essential for the completion of a Feasibility Study.

Furthermore, the shallow depth, continuity and consistency are characteristics of the mineralisation that we are looking for to enable the large-scale, low-cost open-pit mining methods that we are anticipating will keep mining costs low and make Hemi an attractive deposit to develop.

DEG has also noted the completion of large diameter holes for geotechnical testing as an input into pit wall design, another essential step in the advancement and de-risking of the project.

Figure 1 - Brolga infill drilling cross-section (30680E)



SOURCE: COMPANY DATA

Material increase in depth potential at Falcon

DEG has also reported drilling results that point to further depth and strike extensions at the Falcon Zone. This is demonstrated with HERC580D intersecting 90m of sulphide mineralisation from 492m to 582m downhole (~45m true thickness). Assays remain pending but this style of mineralisation has demonstrated a strong correlation with gold grades at the project.

The Falcon Zone is currently defined over ~1km strike length and to ~300mbs (metres below surface). Extensions at this depth could nearly double the Resource potential at Falcon. These results also strengthen the case for depth extension across the rest of the Hemi deposit – also with implications for scale.

In addition, shallow mineralisation has been extended to the north of Falcon toward Aquila with drill results including:

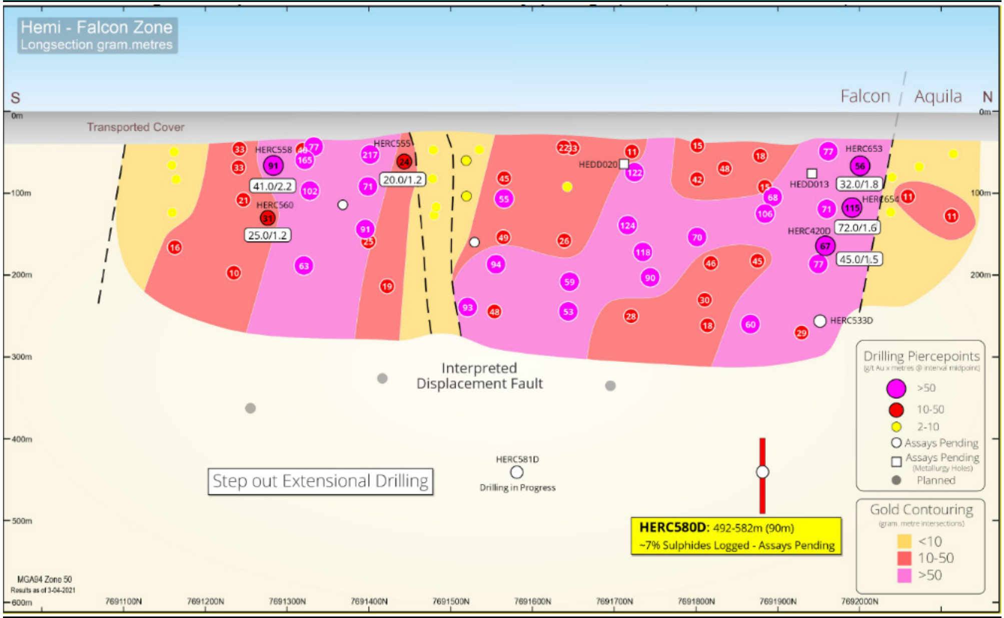
- 32m @ 1.8g/t Au from 63m in HERC653; and
- 72m @ 1.6g/t Au from 108m in HERC654 (80m below HERC653).

Infill drilling at Falcon has further confirmed continuity of mineralisation with drill results including:

- 45m @ 1.5g/t Au from 175m in HERC420D;
- 41m @ 2.2g/t Au from 61m in HERC558; and
- 25m @ 1.2g/t Au from 148m in HERC560.

Shallow aircore drilling also shows the potential for further extensions approximately 2km to the south of the known mineralisation at Falcon

Figure 2 – Depth extension drilling at Falcon shows potential to ~500mbs



SOURCE: COMPANY DATA

This drilling is indicating the Resource potential of this part of the Hemi discovery remains open and continues to grow. Shallow intersections have extended the footprint of Falcon to the north and aircore drilling has traced the intrusive 2km further south – this will be tested with deeper RC drilling. Furthermore, good infill drilling results are confirming the continuity and increasing the confidence in the known mineralisation which will assist with both the Resource and Reserve estimates. Overall, these results continue to reinforce the significant growth potential and scale of the Hemi discovery.

New discoveries at Diucon and Eagle

Further enhancing the Resource growth potential at Hemi are recent wide, shallow high grade intersections at the Eagle and Diucon discoveries. These are emerging as a potential link zone between the Crow Zone and the Antwerp intrusion located to the west. The Eagle discovery has so far been traced approximately 600m along strike, to 300m depth and remains open to the north, west and at depth.

Recent results on the two current western most sections at Eagle include:

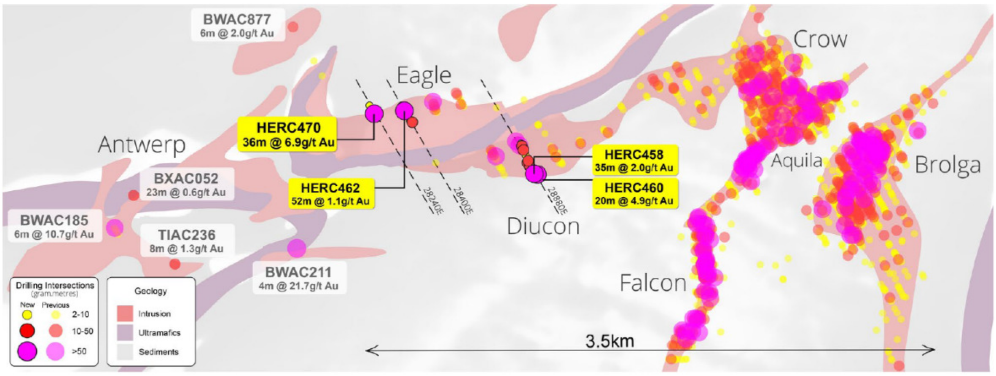
- 36m @ 6.9g/t Au from 40m in HERC470; and
- 52m @ 1.1g/t Au from 40m in HERC462.

The Diucon discovery comprises three discrete sub-vertical stacked lodes and has so far been traced approximately 900m along strike, across 200m width and to +250m depth. The zone remains open at depth and to the west.

Significant results at Diucon include:

- 121m @ 1.1g/t Au from 80m in HERC452;
- 35m @ 2.0g/t Au from 83m in HERC458; and
- 20m @ 4.9g/t Au from 201m in HERC460.

Figure 3 – Plan location of Eagle and Diucon discoveries, with RC drilling results



SOURCE: COMPANY DATA

Met testing for refractory process routes and gravity recovery

DEG is continuing to advance and de-risk project development with ongoing metallurgical testwork which is investigating the three main processing options typically considered for refractory gold ores, being pressure oxidation (POX), the Albion Process® and biological oxidation (BIOX®). Composite samples from Brolga subjected to POX, Albion® and BIOX® achieved recoveries of 97%, 98% and 94% respectively.

A high-level trade-off study is underway to assess capital and operating costs, commissioning, operational simplicity and metallurgical recoveries. This will determine the preferred process route to be carried forward to a Feasibility Study. At this stage all three remain under active consideration for use at Hemi.

In our view, the key points at this stage are that:

- Flotation recoveries to concentrate for all methods were achieved at mass pulls of approximately 7.5%, with the implication that the oxidation circuit will be approximately 15 times smaller than the front-end comminution and flotation circuit;
- Attractive and commercial gold recoveries have been achieved across all three methods, allowing DEG the flexibility to select the method that best suits the mineralisation and best meets operational and financial performance requirements.

Gravity recovery emerging as a useful contributor

Recovering gold by gravity is a simpler and cheaper method of gold recovery and a positive for any gold processing circuit. Gravity testwork on three composite samples from Brolga using a Knelson gravity concentrator returned gravity recoveries of 12.4%, 27.3% and 12.1%. The key positive here is the potential to achieve a meaningful level (e.g. 10%) of gravity gold recovery without the need for either CIL or flotation/oxidation processes, contributing to a lower mass pull to the rest of the circuit and lower costs.

Foundations of a Tier 1 asset

The consistent run of excellent drilling results from the Hemi discovery has continued to build the case that it will support a Tier 1 operation – being defined as a gold mine that can produce +300kozpa for +10 years. The mineralised footprint at Hemi (combining the Crow, Aquila, Brolga and Falcon Zones) covers some 3.5km north-south and 3.5km east-west and to depths >400m. These four zones are located almost immediately adjacent to each other and have the potential to supply a large scale, base-load ore feed to a large processing plant.

Valuation

We have based our valuation for DEG on the following:

1. EV/Resource oz metric for exploration companies; and
2. NPV valuation of the MGP based on notional project assumptions.

EV/Resource ounce valuation

DEG is currently trading at an Enterprise Value per ounce of gold in Resource (EV/oz) valuation of ~A$700/oz. This is a clear premium to the sector average we currently measure in the market of ~A$135/oz.

In our view, there are a number of factors driving this premium including:

- The scale of Resource growth and discovery potential of Hemi, together with six other intrusion related targets showing similar characteristics. Some of these have confirmed mineralisation but not yet been effectively tested;
- A Resource grade comparable with numerous active WA open-pit gold mines and the scale and geometry of the mineralisation at Hemi being conducive to low-cost, open-pit mining methods;
- The strategic land positon DEG has built since 2016. The MGP tenements now cover over 1,500km^2 and are comparable in scale to the Yandal Gold Belt;
- The pathway and timeframe to production and its location in WA, which we would argue is the world's best mining jurisdiction. Located 60km from Port Hedland, access to infrastructure and services is excellent and should result in reduced capital costs; and
- Metallurgical factors and refractory ore characteristics of fresh ore at the MGP are probably the main risk and negative factor pertaining to DEG. However, the grade and scale of the MGP Resource would likely comfortably cover the additional costs of a refractory ore processing circuit. Technical risks are mitigated by a long mine life and potentially higher processing costs likely offset by lower mining and capital costs.

We have made estimates of the Resource growth potential at the MGP of between 4.9Moz and 7.3Moz for a midpoint of 6.1Moz. Our estimates are based on:

- Our estimates of potential orebody dimensions across the currently defined Aquila, Brolga, Crow and Falcon Zones, applying representative grades and S.G's; and
- The Hemi discovery alone – i.e. our estimates do not account for any Resource growth at the deposits already in the MGP Resource.

Table 1 - MGP Resource potential estimate: midpoint basis

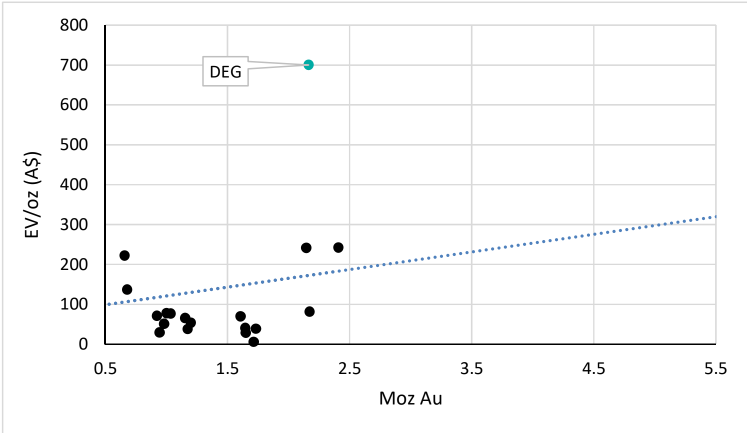
Current Resource (Moz)	**2.165**
Expected Resource Growth (Moz)	
Aquila	1.371
Brolga	2.170
Crow	0.723
Falcon	0.627
Diucon	0.543
Eagle	0.678
Subtotal	**6.113**
Total potential Resource (Moz)	**8.277**

SOURCE: BELL POTTER SECURITIES ESTIMATES

This represents a ~15% increase from our previous Resource estimate midpoint of 5.2Moz for the Hemi discovery at the MGP.

In applying an EV/Resource oz metric to the scale of Resource we are anticipating at the MGP, we have considered the premium that the market might pay for Resource scale and the other advantageous factors we see for development of the MGP. The chart below indicates that the market pays a premium for Resource scale and that a valuation of between A$250/oz and A$310/oz for a 4.5-5.5Moz might be applied.

Figure 4 - EV/Resource oz explorers



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

In deriving our EV/Resource valuation for DEG, we have applied an EV/Resource oz metric of A$275/oz to the midpoint of our estimate of likely Resource growth at the Hemi discovery, for an Enterprise Valuation of $2,276m.

NPV-based valuation – notional assumptions

To put our EV/oz valuation into context we have made some notional assumptions around what an open-pit mining operation based on the expanded MGP Resource might look like. Key parameters and outcomes are summarised below:

Table 2 - Notional project parameters and risk-adjusted NPV

Assumed MGP Resource	8.2Moz @1.2g/t Au
Assumed Reserve	4.6Moz @ 1.4g/t Au (56% conversion)
Gold price (A$/oz)	$2,400/oz
CAPEX (A$m)	$550m
Average annual production	315,000 ozpa
Life-Of-Mine (lom)	13yrs
Metallurgical recovery	90%
AISC (A$/oz)	A$1,050/oz
NPV (8% real)	**A$1,960m**
Project Stage risk adjustment	60%
Risk-adjusted NPV	**A$1,176m**

SOURCE: BELL POTTER SECURITIES ESTIMATES

We reiterate however that these are notional assumptions. The MGP is a relatively early stage development project. Assumptions made at this stage may be very different to parameters derived by more advanced stage studies. As such, valuation ranges can be high risk, wide and relatively subjective.

Blended valuation

Table 3 – Blended valuation - MGP

EV/Resource oz (A$m)	$2,276	80%
Notional risk adjusted NPV (A$m)	$1,176	20%
Blended valuation (A$m)	**$2,056**	**100%**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Upcoming catalysts

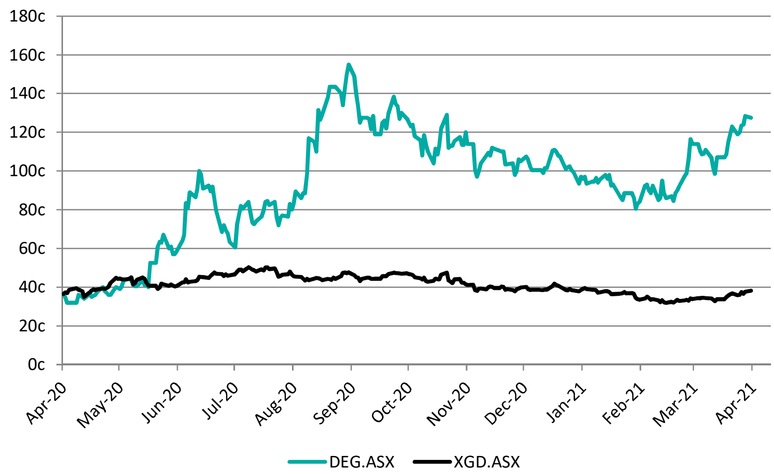
Upcoming catalysts for DEG include:

- Ongoing results from the Hemi prospect, where drilling is continuing to test for and identify extensions to the Aquila, Brolga, Crow and Falcon gold zones;
- Drilling results from upcoming exploration programs testing the several identified intrusion-related targets along the SAST. These could lead to new discoveries that repeat the success of Hemi, multiplying the Resource growth potential at the MGP;
- The release of updates from development and feasibility studies evaluating potential production operations at the MGP. Metallurgical testwork will be of particular interest;
- The release of a maiden Resource for the Hemi discovery, which remains targeted for mid-CY21. In our view the multiple gold zones identified at Hemi may be more than double the current Resource at the MGP; and
- Indications of any corporate activity. While DEG's valuation is high, limiting the field of potential ASX-listed partners, 49% of the current Resource is in the higher confidence Measured and Indicated categories and drilling from the Hemi discovery is near-surface, consistent and continuous. These factors make it a simpler proposition for external parties to assess, cheaper to drill out to Reserve status and quicker to develop – lowering the risk for a potential partner. We also point out the recently announced merger of Northern Star (NST, not rated) and Saracen (SAR, not rated) creates a company for which DEG would be a more digestable target.

Share price performance vs ASX Gold Index

Relative performance chart below:

Figure 5 - DEG relative share price performance vs XGD (ASX Gold Index)



SOURCE: BLOOMBERG AND BELL POTTER SECURITIES ESTIMATES

De Grey Mining Ltd (DEG)

Company description

DEG is an exploration and development company that is advancing its 100%-owned Mallina Gold Project (MGP) located 60km south of Port Hedland in WA. The tenement package is prospective for gold, base metals (Zn-Ag-Pb) and lithium. Over the last four years, DEG has expanded the area of the MGP to cover 1,500km^2 and consolidated its ownership. During that time it has grown the Resource base ~525%, from 346koz @ 1.6g/t Au in February 2016 to 2.2Moz @ 1.8g/t Au as at April 2020. DEG estimates a project-wide discovery cost of <$20/oz and that this has dropped to $15-$20/oz for the most recent Resource estimates.

In 2019, a new style of intrusion-related gold mineralisation was recognised at the MGP and seven new targets identified for testing. The first of these to be tested was the Hemi prospect, which has since delivered a string of impressive results and confirmed gold mineralisation across four defined zones. DEG is now ramping up its exploration efforts across these targets, with the objective of delivering significant Resource growth and an updated Mineral Resource Estimate by mid-2021.

Investment thesis – Buy (Speculative), valuation $1.66/sh

The consistent run of excellent drilling results from Hemi has continued to build the case that it could support a Tier 1 operation – defined as a gold mine that can produce +300kozpa for +10 years. In updating our valuation we have lifted our expectations for Resource growth potential at Hemi by ~15%. Following the latest round of successful extension drilling results and high grade infill drilling we are now anticipating a potential Resource range for Hemi of between 4.9Moz and 7.3Moz for a midpoint of 6.1Moz. (from 4.7Moz) and a total potential Resource at the MGP of 8.3Moz. This is offset by the application of a lower EV/Resource oz metric of A$275/oz (from A$290/oz) following a slight pullback in the market. Our notional, risk-adjusted NPV-based valuation based on a potential production scenario is effectively unchanged, resulting in our blended valuation lifting 5%, from $1.58/sh to $1.66/sh. We retain our Buy (Speculative) recommendation.

Valuation

Our target price for DEG is based upon our blended EV/Resource oz valuation (80%) and our NPV valuation (20%) of notional project parameters.

Table 4 – DEG valuation summary

Ordinary shares (m)		**1,289.4**
Options outstanding (m)		8.7
Assumed equity raise (m)		-
Diluted m		**1,298.1**
Sum-of-the-parts	**$m**	**$/sh**
Blended exploration valuation	2,056.2	1.59
Corporate overheads	(6.3)	(0.00)
Subtotal (EV)	2,050.0	1.59
Net cash (debt)	103.9	0.08
Total (undiluted)	**2,153.9**	**1.67**
Cash from options	1.8	@ 0.21
Assumed equity raise	-	@ 0.00
Total (fully diluted)	**2,155.7**	**1.66**

SOURCE: BELL POTTER ESTIMATES

With upside of 30.2% from the last closing share price to our target price, we retain our Speculative Buy recommendation.

Current Mineral Resource – March 2020

The most recent Resource Statement was published in early April 2020 based on all drilling completed to December 2019. It totalled **37.4Mt @ 1.8g/t Au for 2.2Moz contained**. The latest Resource update delivered a 29% increase in total contained gold and an incremental (2%) grade increase. The Resource includes oxide ore totalling 13.6Mt @ 1.5g/t Au for 0.64Moz (30% of the contained gold) and fresh ore totalling 23.9Mt @ 2.0g/t Au for 1.52Moz (70% of the contained gold). It does not include any estimate for the Hemi discovery.

Table 5 – Mallina Gold Project – Total gold Mineral Resource (March 2020)

Pilbara Gold Project		Mt	g/t Au	(koz)
Mineral Resources				
Measured	Oxide	3.660	1.8	209.7
	Fresh	1.060	1.6	55.3
	Total	**4.720**	**1.7**	**265.0**
Indicated	Oxide	5.330	1.5	254.3
	Fresh	8.910	1.9	531.7
	Total	**14.240**	**1.7**	**786.0**
Inferred	Oxide	4.570	1.2	177.2
	Fresh	13.900	2.1	935.0
	Total	**18.470**	**1.9**	**1,112.2**
Total	Oxide	13.560	1.5	641.2
	Fresh	23.870	2.0	1,522.0
	Total	**37.440**	**1.8**	**2,164.5**

SOURCE: COMPANY DATA

Capital structure

DEG's current capital structure is summarised below. DEG last raised equity via an oversubscribed equity placement in September 2020 when 83.4m shares were issued at $1.20/sh, raising approximately $100m.

Table 6 - DEG capital structure summary

Shares on issue	m		1,289.4
Performance shares / other	m		0.0
Total shares on issue	**m**		**1,289.4**
Share price	**$/sh**		**1.275**
Market capitalisation	$m		1,643.9
Net cash	$m		103.9
Enterprise value (undiluted)	**$m**		**1,540.0**
Options outstanding (m)	m	(wtd avg ex. price $0.21 per share)	8.7
Options (in the money)	m		8.7
Issued shares (diluted for itm options)	m		1,298.1
Market capitalisation (diluted)	m		1,655.1
Net cash + options	$m		105.7
Enterprise value (diluted)	**$m**		**1,549.3**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Top shareholders

DEG's largest shareholder is DGO Gold (DGO), which made a $5m strategic investment in DEG in May 2018, when it subscribed for 25m shares at $0.20/sh for a 7.0% interest in DEG. DGO has subsequently invested a further $40m via options and equity placements to lift its shareholding to ~15.8%. DGO has the right to appoint two Non-Executive Directors to the DEG Board and is currently represented by Ed Eshuys and Bruce Parncutt.

Table 7 - DEG top shareholders

Shareholder	%	m
DGO Gold	15.8%	203.6
Jupiter Asset Management	6.0%	77.9
Van Eck (GDXJ)	5.6%	71.9

SOURCE: IRESS, COMPANY REPORTS

Resource sector risks

Risks to De Grey Mining include, but are not limited to:

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. NIC's assets are located in Sulawesi, Indonesia, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. NIC's assets are in Indonesia, a G20 country with one of the largest economies in SE Asia. Its sovereign debt is rated investment grade by the major ratings agencies.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions.

Recommendation structure

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

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

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

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

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

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Joint Head of Research/Banks	612 8224 2810	tslim
Chris Savage	Joint Head of Research/Industrials	612 8224 2835	csavage
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare	612 8224 2849	tnjain
Elyse Shapiro	Healthcare	613 9235 1877	eshapiro
Steven Anastasiou	Industrials	613 9235 1952	sanastasiou
James Filius	Industrials	613 9235 1612	jfilius
Sam Haddad	Industrials	612 8224 2819	shaddad
Alex McLean	Industrials	612 8224 2886	amclean
Hamish Murray	Industrials	613 9235 1813	hmurray
Jonathan Snape	Industrials	613 9235 1601	jsnape
Damien Williamson	Industrials	613 9235 1958	dwilliamson
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Associate			
Joseph House	Associate Analyst	613 9235 1624	jhouse
Sam Brandwood	Associate Analyst	612 8224 2850	sbrandwood

Bell Potter Securities Limited
ACN 25 006 390 7721
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1701, 17/F
Posperity Tower, 39 Queens Road
Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York
NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street
London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929

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