Medallion Metals Ltd

(MM8 $0.275) Speculative Buy - Initiation of Coverage

EUROZ HARTLEYS

Analyst	Date	Price Target
Kyle De Souza	**3rd May 2022**	**$0.80/sh**

Initiation of Coverage

Key points

- MM8 is has a district scale gold opportunity centred around the Ravensthorpe area of Western Australia.
- The Company intends on taking its Ravensthorpe Gold Project (RGP) into production once critical mass is achieved through drilling
- The company currently has a Resource of 674koz @ 2.4g/t (78% Indicated Category – high confidence) and a JORC 2012 Reserve of 270koz @ 2.1g/t.
- We expect that recent drilling success will push the resource +1Moz. The RGP is comparable to the Deflector orebody (High grade Au-Cu).
- The RGP value is driven by Gold, however Copper and Silver credits enhance the project return. Credits which we have not modelled (upside to current valuation).
- The company listed in 2021, and since acquiring the project in 2016, the company spent $16.6m (prior to listing) on regional exploration, resource definition drilling, test-work, studies, activities associated with environmental and statutory approvals and administrative expenses. This de-risks the project significantly.
- The Company is targeting a production rate of 100kozpa over at least a 7-year period. We model 75-90kozpa over 9 years.
- Backed by a strong management team who are mine finders and builders.

We initiate with a Speculative Buy recommendation and a PT of $0.80/share.

Catalysts

- We see strong growth in the Resource at RGP +1Moz potential in the medium term with a clear view to start production at the project.
- Gold Price
- Significant drill results at RGP and at regional targets (specifically Meridian)

Medallion Metals Ltd		Year End 30 June
Share Price		**0.275 A$/sh**
Price Target		**0.80 A$/sh**
Valuation		0.80 A$/sh
Shares on issue		234m, diluted *
Market Capitalisation		50 A$m
Enterprise Value		49 A$m
Debt		4 A$m
Cash		4.8 A$m
Largest S.Holder	Bolong Investments	26.5%

Directors

John Fitzgerald	Chair
Paul Bennett	MD
Ed Ainscough	NED
Tony James	NED

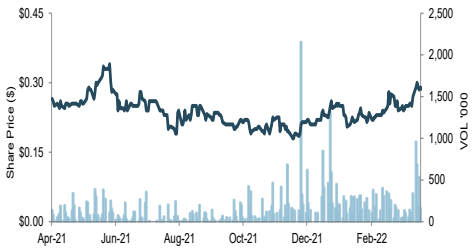
Shareholders

Bolong Investments	26.5%
Langyu International	10.5%
Aurora Prospects	9.1%
Fan Rong Minerals	8.8%
Top 20	88.3%

Company Details

11 Ventnor Ave
West Perth, 6005
Telephone: 08 6424 8700
https://medallionmetals.com.au/

Share Price Chart



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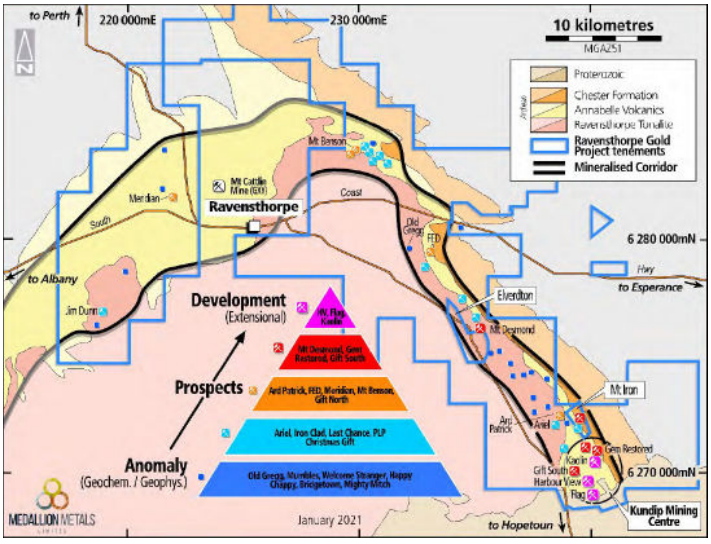
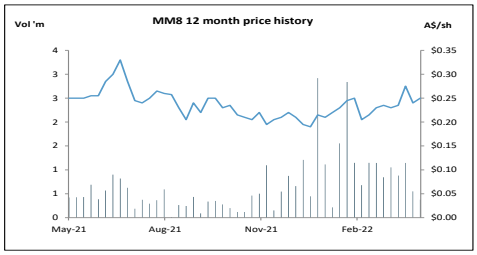
Key Variables

Val/sh		Gold $								
	$0.79	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
AUDUSD	15%	$0.21	$0.29	$0.38	$0.46	$0.54	$0.63	$0.71	$0.80	$0.88
	10%	$0.27	$0.36	$0.44	$0.53	$0.62	$0.71	$0.80	$0.88	$0.97
	5%	$0.34	$0.43	$0.52	$0.61	$0.70	$0.80	$0.89	$0.98	$1.07
	0%	$0.41	$0.51	$0.60	$0.70	$0.80	$0.89	$0.99	$1.09	$1.18
	-5%	$0.49	$0.59	$0.69	$0.80	$0.90	$1.00	$1.10	$1.20	$1.30
	-10%	$0.58	$0.69	$0.80	$0.90	$1.01	$1.12	$1.22	$1.33	$1.44
	-15%	$0.68	$0.80	$0.91	$1.02	$1.14	$1.25	$1.36	$1.48	$1.59

EH Forecast	FY'2022	FY'2023	FY'2024	FY'2025
Gold (US$/lb)	$1,821.61	$1,800.00	$1,750.00	$1,700.00
AUDUSD	$0.73	$0.73	$0.74	$0.74



Our Share Price Sensitivity



Our Market Sensitivity

Price Target $0.80/sh
Valuation $0.80/sh

Bull Scenario $1.13/sh
Assume spot price of A$2700/oz extends through life of mine.

Base Scenario $0.80/sh
Company delivers on its goal of a 1Moz resource. Gold price modelled at A$2300/oz in the long term.

Bear Scenario $0.19/sh
Only open pit component of the asset is mined. Gold price modelled at A$1700/oz in the long term.

Company Summary

Medallion Metals is a Gold develope operating in Ravensthorpe, Western Australia. The company is run by experienced mining executives with a track record of taking assets into production. The keystone asset is the Ravensthorpe Gold Project (RGP) with a Resource of 674koz @ 2.4g/t. The company is targeting a 1Moz Resource in the next Resource upgrade expected imminently. We see a development scenario likely under certain conditions.

Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz Hartleys.

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EXECUTIVE SUMMARY

The company has two projects.

Close to infrastructure

Ravensthorpe Gold Project (RGP) (MM8 100%)

- The Ravensthorpe Gold Project is located in the Southern Goldfields-Esperance region of Western Australia approximately 550km from Perth and 185km west of Esperance. It is underexplored at depth and recent drilling by MM8 continues to discover additional economic material at depth. It is the keystone project for MM8.
- Resource of 674koz @ 2.4g/t and Reserve of 270koz @ 2.1g/t
- Company intends on taking this asset into production when it reaches critical mass.
- Plenty of upside to exploration – particularly at the Meridian prospect.

Jerdacuttup Project (JP) (MM8 100%)

- Located immediately South of RGP.
- The Trilogy Deposit is the foundation asset of the JP.
- Trilogy was the first economic mineralisation discovered in the Albany-Fraser Orogen and is now a large poly metallic JORC 2012 Code compliant Mineral Resource.
- A modest budget has been allowed to progress the target suite at JP, however the company remains focused in taking the RGP into production as a priority.

We draw your attention to the people behind MM8. A team skewed towards technical capability.

Leadership team of mine builders

Mine finders and builders who have delivered significant shareholder value in the past.

- John Fitzgerald *(Finance Background)*
  - Chair - NED Northern Star and Chair Turaco Gold
- Paul Bennet *(Mining Engineer)*
  - MD – Experienced mining engineer and finance executive
- Ed Ainscough *(Geologist)*
  - NED – Geologist and MD of Lunnon Metals
- Tony James – NED *(Mining Engineer)*
  - Mining Engineer and MD of Galena Mining

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NEWSFLOW/ACTIVITY

- We are expecting an updated Mineral Resource Estimate (MRE) imminently
  - We expect that this will be ~1Moz (Plus the Cu + Ag component).
- Exploration results from drilling at the RGP
  - Expecting 30,000m which will go into the MRE. Further 15,000m drilled with assays pending.
  - Assets remain open at depth and along strike
- Results from exploration at Meridian
  - DHEM a predictive tool that has worked.
  - Multiple DHEM conductors remain to be tested.
  - We note that the historical Mt Desmond and Elverdton Mines were mined in the 1970's to a depth of 180m-230m and a good lithmus for the prospectivity of Meridian which has similar properties.
- Decision to proceed with DFS @ RGP
  - Medium term catalyst

INVESTMENT CONSIDERATIONS

Resources & Reserves

Mineral Resource Estimate for the Kundip Deposits (Gem – December 2019, Harbour View & Flag – June 2020), Ravensthorpe Gold Project

Deposit		Cut-off (g/t)	Indicated			Inferred			TOTAL		
			Tonnes (kt)	Grade Au (g/t)	Ounces (koz)	Tonnes (kt)	Grade Au (g/t)	Ounces (koz)	Tonnes (kt)	Grade Au (g/t)	Ounces (koz)
Flag	Open pit	0.5	525	5.0	84	69	2.8	6	594	4.7	90
	Underground	2.0	129	8.3	35	244	4.4	34	373	5.7	69
	Total		654	5.6	118	313	4.0	41	967	5.1	159
Harbour View	Open pit	0.5	716	3.6	83	171	1.8	10	888	3.2	92
	Underground	2.0	341	4.9	54	273	3.7	33	614	4.4	87
	Total		1,057	4.0	137	445	3.0	42	1,502	3.7	179
(Gem)	Open pit	0.5	5,309	1.6	266	969	1.7	53	6,278	1.6	319
	Underground	2.0	34	5.0	5	43	8.3	12	77	6.9	17
	Total		5,342	1.6	271	1,012	2.0	65	6,354	1.6	336
Subtotals	Open pit	0.5	6,550	2.1	432	1,210	1.8	69	7,759	2.0	502
	Underground	2.0	504	5.8	94	560	4.4	78	1,063	5.0	172
Grand Total			**7,053**	**2.3**	**526**	**1,769**	**2.6**	**148**	**8,823**	**2.4**	**674**

The preceding statement of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures. Refer MM8's Prospectus (ASX, 18 March 2021) for further details.

Probable Ore Reserve Estimate for the Kundip Deposits, Ravensthorpe Gold Project

Deposit	Open Pit			Underground			Total Ore Reserves		
	Tonnes (kt)	Grade (g/t)	Ounces (koz)	Tonnes (kt)	Grade (g/t)	Ounces (koz)	Tonnes (kt)	Grade (g/t)	Ounces (koz)
Flag	183	4.1	24.0	133	3.9	17	316	4.0	41
Harbour View	253	2.4	19.0	308	4.5	45	561	3.6	64
(Gem)	3,208	1.6	165.0	-	-	-	3,208	1.6	165
Total	**3,643**	**1.8**	**208.0**	**441**	**4.4**	**62**	**4,085**	**2.1**	**270**

The preceding statement of Ore Reserves conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. All tonnages are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures. Refer MM8's Prospectus (ASX, 18 March 2021) for further details.

Royalties

WA Government Royalty: 2.5%

RG Royalty: 1% of gross receipts from the first 250,000oz of fine gold from the royalty area and 1.5% of gross receipts from fine gold recovered from the royalty area in excess of 250koz on the 'Kundip Area – excluding known resources;.

Southern Noongar People and the Wagyl Kaip People Royalties: For each 12-month period that commercial production of gold occurs by the Company on the Agreement Area $90,000 per annum and if the Company establishes a project (i.e. a mining and processing plant) within the area to which the above payment does not apply, 10% of the royalty payable by the Company to the State of Western Australia.

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Corporate tax rate in Australia is 30%.

Dividends

The Company has not paid a dividend to date. There is no dividend policy in place.

Balance Sheet

A $4m Shareholder Loan must be paid within 120 days of a decision by the Company to commence development of RGP. Until that time the loan will accrue at an interest rate of 6% p.a. payable in arrears at the end of each calendar quarter. The Shareholder Loan is also repayable if the Company sells all or a part of the RGP or JP or if there is a change of control of the Company.

Currency

MM8 reports on a Jun 30 FY

Capital Structure

Quoted Securities

The company has 106m shares on issue (89.5m of which are restricted – see MM8A).

MM8O: 25m Options expiring 31 Jan 2023 - $0.35 strike price.

- Options as part of IPO. Free attaching options, 1 for every 2 shares subscribed for and exercisable at $0.35 per option on or before the 31st January 2023.

Unquoted Securities

MM8AE: 968k Options expiring 20 October 2026 – $0.00 strike price:

- Options issued as a retention and performance linked incentive component in the remuneration package of employees of the Company pursuant to the Company's Incentive Option Plan. The options have been granted subject to the following vesting conditions:

1. 50% to vest upon the Company declaring a JORC compliant resource at RGP of greater than 1Moz Au.
2. 50% to vest on 3 March 2024.

MM8AF: 2m Options Expiring 31 Jan 2025 - $0.38 strike price.

- Broker Options

MM8AG: 2m Options Expiring 31 Jan 2025 - $0.285 strike price.

- Broker Options

MM8A: 89.5m Ordinary fully paid restricted. Escrow ends 23/3/2023

MM8AB: 4m Options Expiring 31 Jan 2023 - $0.35 strike price

- Broker Options

MM8AC: 3.15m Options Expiring 15 Oct 2025 Restricted

1. 50% to vest upon the Company declaring a JORC compliant resource at RGP of greater than 1Moz Au.
2. 25% to vest upon the company achieving a 20 day VWAP greater than $0.40/share
3. 25% to vest upon the company achieving a 20 day VWAP greater than $0.50/share

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MM8AD: 1.07m Options Expiring 15 Oct 2025 - $0.01 exercise price

1. 50% to vest upon the Company declaring a JORC compliant resource at RGP of greater than 1Moz Au.
2. 25% to vest upon the company achieving a 20 day VWAP greater than $0.40/share
3. 25% to vest upon the company achieving a 20 day VWAP greater than $0.50/share

VALUATION AND PRICE TARGET

We evaluate MM8 on a number of rules of thumb metrics formed from the companies previous reserves coupled with our own assumptions based on industry experience, coupled with a comparison of MM8 against peers who are in Western Australia.

Effectively, our Price Target represents a back of the envelope, risked development scenario – sense checked against peer EV:Resource comps and M&A metrics.

In conjunction with the SOTP evaluation, we've compared the ASX gold producers and developers with Australian assets:

Developer/Explorer		Price	M Cap	Net Cash / (Debt)	EV	Resource	Reserve	EV/Rsc	EV/Rsv	
Company	Ticker	A$/sh	A$m	A$m	A$m	koz	koz	A$/oz	A$/oz	Grade
Bellevue Gold Ltd	BGL	0.94	990	151	839	3,000	690	280	1,216	9.90
Genesis Minerals	GMD	1.37	363	24	339	2,017	0	168	na	1.60
Calidus Resources	CAI	1.01	404	-62	466	1,714	547	272	852	1.06
Musgrave Minerals	MGV	0.34	183	18	165	659	0	251	na	3.20
Medallion Metals	MM8	0.26	51	3	48	674	270	71	178	2.40
Ausgold Limited	AUC	0.07	135	12	123	1,837	0	67	na	1.26
Breaker Res NL	BRB	0.26	85	11	74	981	0	75	na	1.50
KIN Min NL	KIN	0.08	72	6	66	1,275	283	52	233	1.28
Saturn Metals	STN	0.38	49	10	40	944	0	42	na	0.80
Average All								**142**	**620**	**3**
Average Developers (GMD, CAI)								**220**		**1.3**
Average Advanced Explorers (AUC, BRB)								**140**		**1.4**

If we look at the Company's current metrics, we note that it trades at an EV/Rsc of $71/oz and EV/Rsv of $178/oz. We do not consider BGL in our metrics as it is an outlier.

When we consider the grades of MM8's explorer peers (AUC, BRB, KIN and STN), we note that MM8 is the highest-grade resource at 2.4g/t, but has a lower EV/Rsc. The only project with a reserve is KIN has an EV/Rsv of $233/oz with half the grade but double the current Resource.

This discount in the EV:Rsc and EV:Rsv could be due to the RGPs relative isolation from nearby plants – i.e. stranded asset.

We believe that MM8 is being evaluated on explorer metrics.

If we consider developer metrics (excluding BGL whose grade makes it an outlier) – then an average EV: Rsc of GMD and CAI would be A$220/oz.

If we consider the average for advanced explorers AUC and BRB we have $140/oz.

Total Ounces being evaluated	674,000 oz	1,000,000 oz
MM8 Val (Developer Metrics)	$148m or $0.76/sh	$220m or $1.13/sh
MM8 Val (Advanced Explorer Metrics)	$94m or $0.48/sh	$140m or $0.72/sh

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Based on these peer numbers, we get a valuation that should sit somewhere between $0.72 and $1.13/sh.

RGP Development Scenario

Coupled with a peer analysis, we have run a DCF model with a number of different production assumptions. We assume that underground and open-pit mining occur concurrently.

Open Pit Assumptions

- 10Mt at a diluted grade of 1.87g/t for 640koz.
- Strip ratio of 10
- Mining cost per BCM $8
- Mining rate of 800ktpa of ore

Underground Assumptions

- Underground mining starts 1 year after open pit mining
- Thickness of orebodies 3m
- Combined strike of 950m
- Underground dilution 20%
- Underground diluted grade 3.7g/t noting dilution above (in-situ grade of 4.4g/t)
- Conversion of resource to reserve 35%
- Underground production rate 240ktpa of ore
- Mining cost $110/t

Processing Assumptions

- 1.2Mtpa
- Processing cost of $30/t
- Recovery of 94%

Capex

- Processing Facility $100m
- Pre-production Capex $20m
- Sustaining Capex at $6.5/ore tonne

Finance

- WACC of 12%
- Royalties 2.5% Government, 1% Other.
- Long term gold price of A$2300/oz

Note: We attach no value to the Copper and Silver credits in this simplified model.

Note: We attach no value to the JP project.

Note: We attach a risk factor that takes into consideration operator experience, company experience, contractor premiums, block-model conversion, capital risks, stock dilution and turnover impacts.

Our model outputs suggest a 9 year mine life at an AISC $1229/oz (noting that most of the ore comes from open pit mining). The Company Prospectus has a AISC of $1203/oz from a previous Feasibility Study.

Our model generates a Valuation for a 1Moz resource of $0.80/share and a Price Target of $0.80/share (Target MCap of $156m and EV/Rsc of c$156/oz). Numbers are in line with peers.

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A breakdown of out SOTP evaluation gives us the following.

	A$m	A$/sh
(+) RGP	156.5	$0.80
(+) JP	0.0	$-
(-) Corporate	-10.6	-$0.05
(+/-) Hedging	0.0	$-
(+) Exploration	7.8	$0.04
(+) Unpaid Capital	0.0	$-
(+) Cash	4.8	$0.02
(-) Debt	-4.0	-$0.02
Total	**154.5**	**$0.8**

RISKS

COVID: COVID still remains an unknown factor in business.

Exploration Risk: There can be no guarantees on exploration success. Past success does not guarantee future success.

Water Availability: We note that water remains a risk to mining operations given the large volumes of fresh water required to process ore.

Gold Price/Currency: Gold has traditionally been seen as a barometer for market sentiment and a stable of every investment portfolio. Hedging programs can be used to reduce the risk associated with fluctuating sentiment and price.

Pastoralists: N/A. The RGP project is on vacant crown land.

Sovereign Risk: All projects are located in Western Australia. A tier 1 mining friendly jurisdiction. We see negligible sovereign risk.

Conflicts of Interest: We note that the Company Directors John Fitzgerald, Ed Ainscough & Tony James currently hold positions with other listed entities. All personnel have strong reputations in industry, which give us confidence that they will continue to act in the best interests of shareholders at MM8.

Financing Risk: The financing of this project hinges on both macro and micro factors. We see gold price and inflation as the largest risk factors to the project. In a market where fundamentals are not following the historical playbook – short term volatility will remain a risk. A risk which is factored into loan agreements and our own pricing assumptions. We see Management's experience in delivering projects with strong technical capability as a strong measure to reduce future risks associated with financing.

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PROJECTS IN DETAIL

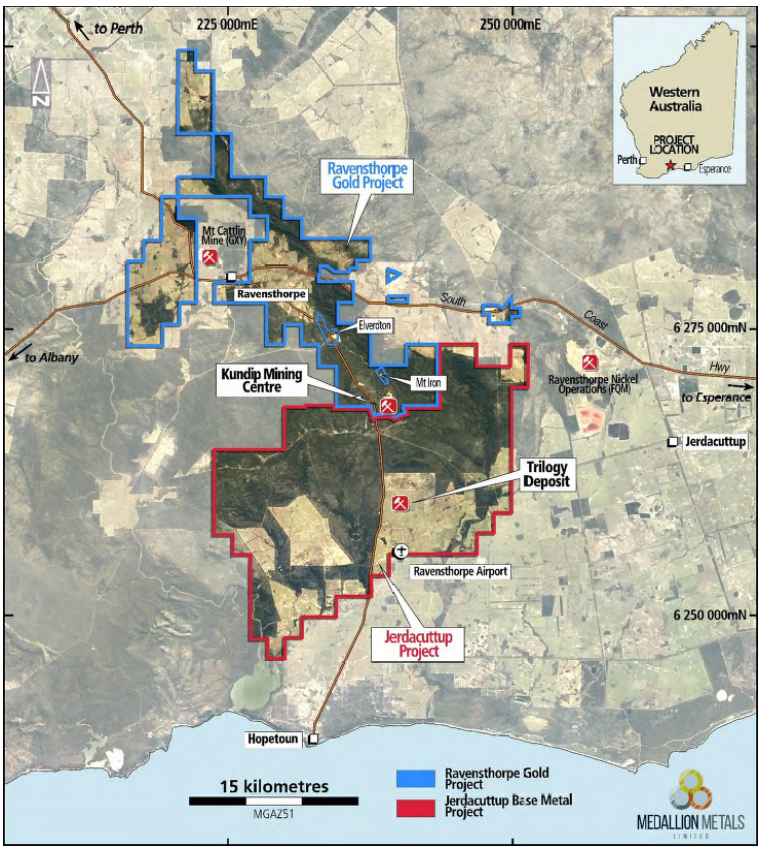
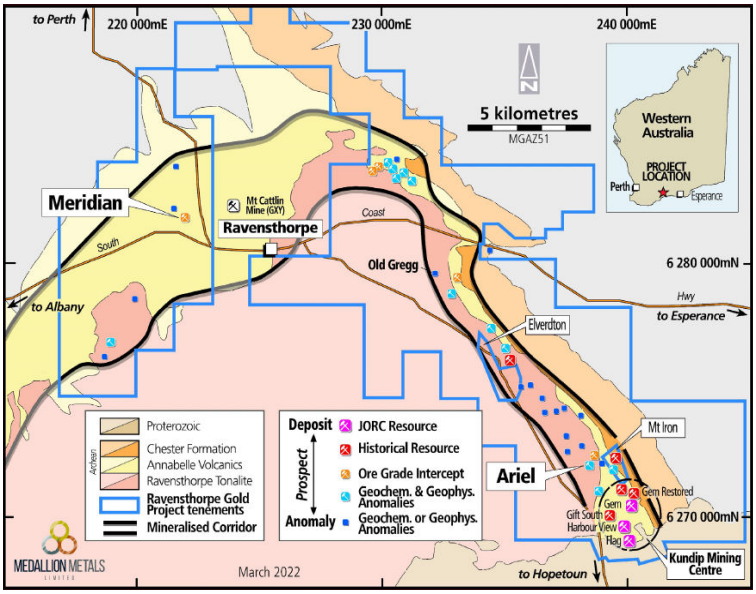


Figure 1: Map showing MM8 tenements. Taken from pg7 of the Prospectus.

Ravensthorpe Gold Project (RGP)

The Ravensthorpe Gold project is located in the Southern Goldfields-Esperance region of Western Australia approximately 550km from Perth and 185km west of Esperance. It is underexplored at depth and recent drilling by MM8 continues to discover additional economic material at depth.



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The RGP has a JORC 2012 Resource of 8.8Mt @ 2.4g/t for 674koz JORC, set within a 648km2 tenement holding.

A Feasibility Study (FS) was completed in May 2020. The FS considers open pit mining at Kaolin, Harbour View and Flag deposits with underground mining continuing at depth at Harbor View and Flag.

The FS from 2020 identified the strong economic potential of the RGP. We note that costs are likely to increase on the back of inflation caused by COVID since this study was completed in 2020, and as such numbers should be indicative only and also does not factor the upside from the expected increase in resources.

	Units	Base	Spot
Economic assumptions			
Gold price (US$)	US$/oz	1,478	1,723
Exchange rate	A$:US$	0.68	0.65
Gold price (A$)	A$/oz	2,174	2,651
Project physicals			
Throughput	Mt per annum	0.8	
Project life (post construction)	years	5.5	
Processed ore	kt	4,361	
Gold grade	g/t	2.40	
Gold produced for sale	koz	320	

Figure 2: RGP Feasibility Study economics May 2020 (taken from Prospectus)

	Units	Base	Spot
Cash flow			
Gross revenue	A$ M	693	850
Royalties and refining	A$ M	(18)	(22)
Operating costs	A$ M	(293)	(293)
Operating cash flow	A$ M	382	535
Pre-production capital			
- Processing plant and infrastructure	A$ M	(70)	(70)
- Other pre-production capital	A$ M	(14)	(14)
- Sustaining and other capital	A$ M	(80)	(80)
Pre-tax net cash flow	**A$ M**	**219**	**372**

Figure 3: RGP Cashflows May 2020 Feasibility Study (taken from Prospectus)

	Units	Base	Spot
Assumptions			
Gold price	US$/oz	1,478	1,723
	A$/oz	2,174	2,651
Silver price	US$/oz	17	16
	A$/oz	25	24.6
Exchange rate	A$:US$	0.68	0.65
Project Physicals			
Throughput	Mt pa	0.8	
Project life (post construction)	years	5.5	
Processed ore	kt	4,361	
Gold grade	g/t	2.4	
Gold produced for sale	koz	320	
Cash flow			
Gross revenue	A$m	693	850
Royalties	A$m	(18)	(22)
Operating costs	A$m	(293)	(293)
Operating cash flow	*A$m*	*382*	*535*
Pre-production capital			
Processing plant and infrastructure	A$m	(70)	(70)
Other pre-production capital	A$m	(14)	(14)
Sustaining and other capital	A$m	(80)	(80)
Pre-tax net cash flow	**A$m**	**219**	**372**

Figure 4: RGP Cashflow and Assumptions May 2020 (taken from Prospectus)

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The company intends on growing the project such that it can support a production profile of 100kozpa vs the previously completed FS targeting 60kozpa. We note our model considers a 70-85kozpa target.

Standard CIL processing to be utilised and conventional open pit and underground mining.

ReCYN process used to conserve and re-use cyanide

The 800kt planned processing facility, has a recovery estimated at 94.9%. The ReCYN recovery process will be utilised to recycle cyanide noting the presence of Copper in the circuit. The product is considered as acceptable by CSAs independent report saying the ReCYN process can achieve;

- An environmentally friendly discharge to the environment; and
- Remove Cu from the process and prevent it from re-circulating in the process; and
- Recover and re-use cyanide to save on Cyanide consumption.

GR Engineering completed an extensive metallurgical test work programme in March 2022, which sees Gravity-Flotation-Carbon in Leach (CIL) preferred. This is a widely accepted and proven way to process gold ore bodies with copper and silver credits.

High Metallurgical Recoveries

Overall RGP metal recovery to saleable product estimated as follows;

- Gold (Au): 94.6%
- Copper (Cu): 86.1%
- Silver (Ag): 73.3%

The GRES study recommended additional testwork be completed to confirm potential for use of a coarser grind size (less grinding = less cost) and to include material from areas or potential future resource growth.

Studies by Cliveden Trading (AG) who were engaged to undertake concentrate marketing analysis found that the KMC concentrate "would be attractive to smelters that primarily seek copper concentrate (as opposed to gold roasters) and are efficient in their recovery of precious metals in their smelting and refining processes. Cliveden's estimate of payment terms (high-low range) is provided below"

Good payabilities on the concentrate produced

Element	Sale Terms	Recommended Low	Recommended High
Cu	Payable %	96.5	96.5
Au	Payable %	97.0	98.25
	Minimum deduction (g/t)	1.0	1.0
Ag	Payable %	90	90
	Minimum deduction (g/t)	0	0
	Dore (%)	Concentrate (%)	Total (%)
Gold	62.8	31.7	94.6
Copper	-	86.1	86.1
Silver	28.6	44.8	73.3

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The Process Flow for RGP is below;

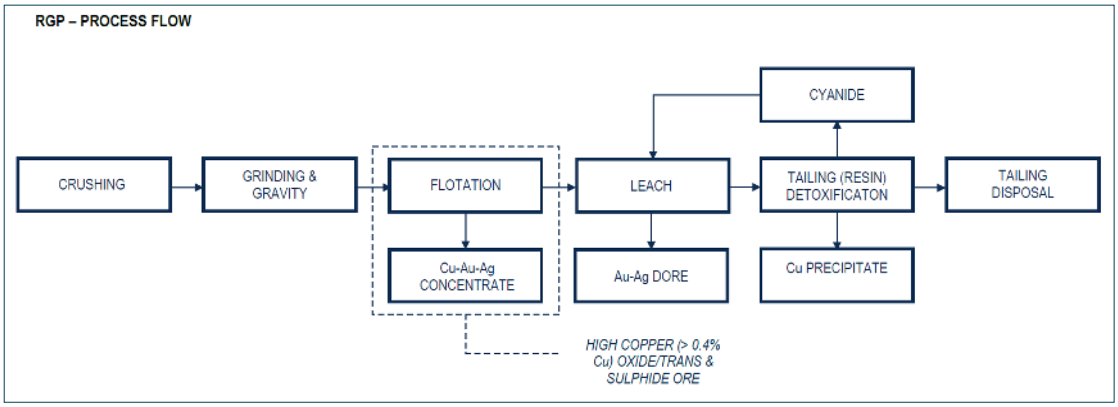

Figure 5: Proposed processing flow in Feasibility Study completed in May 2020.

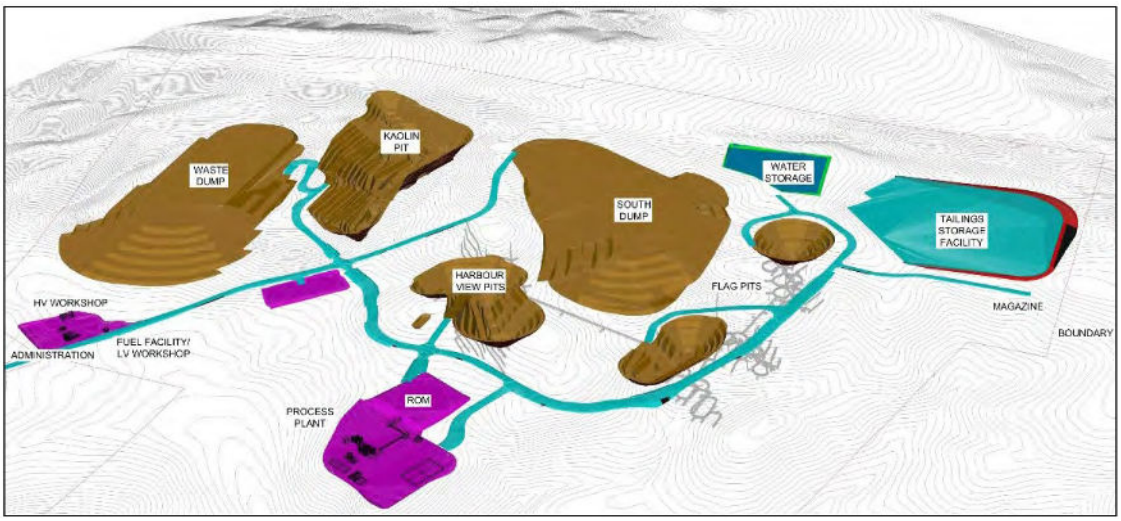

Figure 6: May 2020, RGP Feasibility study proposed mine workings and infrastructure (taken from Prospectus)

The FS considers a build-own-operate model with the site powered by natural gas. Personnel will work FIFO out of Perth with Ravensthorpe airport just 12km South of RGP.

Medallion owns and operates a worker accommodation village in Ravensthorpe which can accommodate 89 single rooms with all related infrastructure.

Infrastructure in nearby town

ENVIRONMENT

The company operates in an economic sensitive area. RGP tenements have been extensively worked for over a century and are heavily degraded over extensive areas in the development footprint. The EPA has recommended that the proposal may be implemented subject to certain conditions. Should material changes to the scale or scope of RGP occur as a result of optimising the FS, it may be necessary to seek an amendment to the approval under the EP Act.

We believe that any environmental risks can be managed.

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GEOLOGY

Information on the geology for the RGP is taken from company Prospectus.

Trilogy remains a highly prospective target for further exploration

"Medallion holds mineral rights for gold and other minerals over 80% of the Annabelle Volcanics areal extent in the prospective Phillips River Goldfield corridor. Approximately 70 historical workings occur within the tenement area, including Kundip which has been the focus of Medallion's activities with the recent completion of the RGP FS. Kundip is located along the eastern boundary of the Ravensthorpe Terrane and represents the southernmost mining centre in the Phillips River Goldfield corridor (Figure 4). The local geology at Kundip is dominated by a ≈2 km wide northwest trending, steeply dipping sequence of intermediate to acid volcaniclastic rocks of the Annabelle Volcanics.

Kundip consists of numerous predominantly northwest and northeast to east-west trending mineralised structures that have supported exploration and mining activities to various degrees over time (Figure 5). Total historical production has been estimated at 74,571 ounces of gold (from 127,514 tonnes grading at 18 g/t Au) from both underground and open pits, mostly above the water table.

All known mineralised lodes outcrop at surface. Weathering of the mineralised lodes is characterised by gossanous haematite-goethite-quartz with microscopic veins of gold replacing pyrite-chalcopyrite, as well as traces of secondary copper minerals including azurite and malachite, with minor chalcocite, bornite and covellite in transitional supergene. Copper is generally depleted in the heavily oxidised weathered zone with secondary copper minerals in the transitional to fresh, un-oxidised rocks.

Mineralised lodes at Kundip are characterised by structurally related gold-copper mineralisation hosted in en-echelon quartz and massive to semi-massive sulphide (pyrite-pyrrhotite-chalcopyrite) veins. Within fresh rock, mineralisation is characterised by pyrite, pyrrhotite, chalcopyrite, quartz with minor bornite, magnetite, galena, sphalerite, native gold (Au) and silver (Ag). Gold also occurs as free gold and as inclusions within pyrite."

Jerdacuttup Project (JP)

- Located immediately South of RGP.
- The Trilogy Deposit is the foundation asset of the JP.

Trilogy was the first economic mineralisation discovered in the Albany-Fraser Orogen and is now a large poly metallic JORC 2012 Code compliant Mineral Resource.

The Albion process can be utilised on Trilogy ores.

Table 5: Trilogy Mineral Resources – effective date March 2018

Trilogy	Category	kt	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)	Cu (kt)	Pb (kt)	Zn (kt)
Subtotal	Indicated	4,633	0.9	53.2	1.4	2.7	1.6	133	7,929	63.0	126.2	72.2
	Inferred	968	1.1	60.1	0.5	0.9	0.6	35	1,869	4.4	8.3	5.5
Total		**5,601**	**0.9**	**54.4**	**1.2**	**2.4**	**1.4**	**169**	**9,798**	**67.3**	**134.4**	**77.7**

Refer to the ITAR (in particular, the Executive Summary and Appendix D) in Schedule 3 for Competent Person Statements for the Mineral Resource estimates and additional information required by ASX Listing Rules 5.8.1 and 5.8.2.

A modest budget has been allowed to progress the target suite at JP.

JP is at an earlier stage to RGP and has a different risk profile.

We note that whilst Trilogy offers upside from exploration – we do not attach any value to this project.

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Directors and Management

John Fitzgerald

Mr Fitzgerald has over 30 years' resource financing experience and has provided project finance and corporate advisory services to a large number of companies in the resource sector. He has previously held senior positions at NM Rothschild & Sons, Investec Bank Australia, Commonwealth Bank, HSBC Precious Metals and Optimum Capital. Mr Fitzgerald is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia and a graduate member of the Australian Institute of Company Directors. Mr Fitzgerald is a Non-Executive Director of Northern Star Limited and the Non-Executive Director of Turaco Gold Limited. He was previously Chairman of Carbine Resources Limited, Integra Mining Limited and Atherton Resources Limited.

Paul Bennett

Mr Bennett is a Mining Engineer with an MBA who has extensive experience in the operation, development and financing of resource companies and projects over a 25-year period. He has worked in technical, management and business development roles for Newcrest, Western Metals and Panoramic Resources and holds a WA First Class Mine Manager's Certificate. For nine years Mr Bennett was a senior executive at RMB Resources, the resources investment banking business of Rand Merchant Bank where he specialised in the provision of equity, quasi-equity/mezzanine and debt financing for small to mid-sized resource companies across a range of commodities and jurisdictions. Mr Bennett is a Non-Executive Director of ASX listed NickelSearch Limited and was a Non-Executive Director of Horizon Gold Ltd (ASX: HRN) between August 2016 and July 2020.

Ed Ainscough

Mr Ainscough led the acquisition by Medallion of the Project (in 2016) from Silver Lake Resources. Prior to this he negotiated a joint venture over the Foster/Jan Nickel Project at Kambalda (in 2014) with Gold Fields Ltd. The joint venture interests were subsequently vended into ASX listed Lunnon Metals Ltd, of which he is a founder and Managing Director. A geologist by training, he has extensive operational experience (gold, copper, nickel and tin) in Australia and globally. He was a senior member of the Gold Fields executive team in Australia where he held a key business development role reporting to the Executive Committee until 2008. He was the last Chief Geologist for WMC at the St Ives Gold Mine and under the new Gold Fields' ownership initiated a $25 million per annum drill program. Prior to founding Lunnon Metals, Mr Ainscough was at PCF Capital Group where he advised resource sector companies on corporate, merger and acquisition, and valuation assignments.

Anthony "Tony" James

Mr James is a graduate from the WA School of Mines and has over 30 years' mine operating and project development experience predominantly in Western Australia and experience at Managing Director level of four ASX listed companies (Galena Mining Ltd, Atherton Resources Ltd, Mutiny Gold Ltd and Carbine Resources Ltd). He has a background in feasibility studies leading into successful project development and operating results (including the Pillara Zinc/Lead project, Trident/Higginsville Gold project and Kanowna Belle Gold mine). Mr James is currently Managing Director of Galena Mining Ltd and a non-executive director of ASX resource company Apollo Consolidated Ltd.

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TOP 20 SHAREHOLDERS

	Shareholders	Shares (m)	% Held
1	BOLONG (AUSTRALIA)INVESTMENT MANAGEMENT	45	23%
2	LANGYU INTERNATIONAL HOLDINGS LTD	18	9.1%
3	MINMETALS PTY LTD	15.5	7.9%
4	FAN RONG MINERALS CONSULTING PTY LTD	15	7.7%
5	SHC SMART INVESTMENT	6	3.1%
6	HSVC CUSTODY NOMINEES (AUSTRALIA) LTD	4	2.1%
7	NUB HOLDINGS PTY LTD	3.5	1,8%
8	YARRAANDOO PTY LTD	3.4	1.7%
9	JJ METAL RESOURCES PTY LTD	2.9	1.5%
10	MR PAUL WILLIAM BENNETT & MR STUART HAMILTON BENNETT	2.9	1.5%
11	CX SUPER PTY LTD	2	1.0%
12	BUTTERFLY TRADING	1.5	0.74%
13	AARON CHARLES WEHRLE	1.2	0.61%
14	WINDELL HOLDINGS PTY LTD	1	0.51%
15	AYERS CAPITAL PTY LTD	0.8	0.4%
16	CERTANE CT PTY LTD	0.8	0.4%
17	MR GEOFFREY JAMES HARRIS	0.8	0.4%
18	NORFOLK BLUE PTY LTD	0.8	0.4%
19	TEGAR PTY LTD	0.8	0.4%
20	MR ANTHONY CHARLES BENNETT	0.7	0.4%
	Total	**148.4**	**75.85%**

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