

Weekly Informer

7th October 2021

EUROZ HARTLEYS

In this edition

Key Picks

Resources	Code	Price	Rec.	Event
Gold Producers				Corporate All in Cost (CAIC) – SepQ outlook
Predictive Discovery	PDI	\$0.24	Spec Buy	Maiden Bankan Resource +3.65Moz, more to come
Tietto Minerals	TIE	\$0.405	Spec Buy	Abujar DFS delivers +200kozpa over +6 years
West African Resources	WAF	\$1.02	Buy	Record 82koz SepQ, forecast to exceed CY21 Guidance

Various 2

Analyst	Page
Michael Scantlebury	8
Mike Millikan	10
Mike Millikan	16
Mike Millikan	24

Industrials

Fleetwood	FWD	\$2.29	Buy	Covid and Contracts
Wide Open Agriculture	WOA	\$0.75	Spec Buy	International Distribution Agreement / FY'22 Earning update

Gavin Allen	30
Harry Stevenson	34

Quick Comments

Austal	ASB	\$1.95	Buy	Austal USA awarded US\$144m Contract	Gavin Allen	40
Blackstone Minerals	BSX	\$0.45	Spec Buy	BSX to work with Vietnamese Gov on regional project/s	Michael Scantlebury	41
Chesser Resources	CHZ	\$0.14	Spec Buy	Large Corporate goes substantial with strong newsflow to come	Michael Scantlebury	43
Cooper Energy	COE	\$0.28	Buy	Operations & Finance Updates	Jon Bishop	44
Dacian Gold	DCN	\$0.205	Spec Buy	DCN Refinances Debt	Jon Bishop	45
Firefinch	FFX	\$0.60	Spec Buy	Mali Government approval for Lithium JV and security incident	Michael Scantlebury	47
Galena Mining	GIA	\$0.205	Buy	Abra underground mining underway	Mike Millikan	49
Genex Power	GNX	\$0.24	Buy	Tesla Supply Agreement for Bouldercombe	Jon Bishop	51
Gold Road Resources	GOR	\$1.24	Buy	CY21 guidance downgraded - ball mill back online	Michael Scantlebury	52
Lunnon Metals	LM8	\$0.44	Spec Buy	East Coee Records More High Grade Nickel	Steven Clark	53
OM Holdings	OMH	\$1.05	Buy	Generating super profits at current selling prices	Trent Barnett	55
Peel Mining	PEX	\$0.245	Spec Buy	Wirlong: strong met and ore-sort results, maiden resource on track CY21 end	Mike Millikan	57
Pilbara Minerals	PLS	\$1.90	Hold	September quarterly	Trent Barnett	59
Predictive Discovery	PDI	\$0.175	Spec Buy	Maiden Resource (3.65Moz @ 1.56g/t Au) for Bankan exceeds expectations	Mike Millikan	60
Tietto Minerals	TIE	\$0.38	Spec Buy	Abujar DFS delivers +200kozpa @ US\$804/oz AISC over +6 years	Mike Millikan	62
West African Resources	WAF	\$0.98	Buy	SepQ gold production 82koz; Tracking to exceed CY21 guidance	Mike Millikan	65
Wide Open Agriculture	WOA	\$0.75	Spec Buy	South East Asian Distribution Agreement	Harry Stevenson	66

In every edition

Commodity Outlook	67
ASX Gold Company Comparisons - Micro - Mid	68
ASX Gold Company Graphs - Micro - Mid	69
ASX Base Metals Company Comparisons	70
ASX E&P Company Comparisons - Micro - Mid	71
Iron Ore Comparables	72
Weekly Share Price Performance of Companies covered	73
Weekly Price and Liquidity Charts of Companies covered	74
Commodity Price Charts	75

The Weekly Informer is Euroz Hartleys' weekly research clearing document. It includes research notes on stocks within the coverage universe published during the preceding week. The Weekly Informer is published mid-week

Research Analysts

Resources

Jon Bishop +61 8 9488 1481 jbishop@eurozhartleys.com	Mike Millikan +61 8 9268 2805 mmillikan@eurozhartleys.com	Kyle De Souza +61 8 9488 1427 kdesouza@eurozhartleys.com	Michael Scantlebury +61 8 9268 2837 mscantlebury@eurozhartleys.com	Steven Clark +61 8 9488 1430 sclark@eurozhartleys.com
---	--	---	---	--

Industrials

Gavin Allen +61 8 9488 1413 gallen@eurozhartleys.com	Trent Barnett +61 8 9268 3052 tbarnett@eurozhartleys.com	Harry Stevenson +61 8 9488 1429 hstevenson@eurozhartleys.com	Seth Lizee +61 8 9488 1414 slizee@eurozhartleys.com
---	---	---	--

Alluvion Level 18 58 Mounts Bay Road Perth WA 6000	PO Box Z5036 St Georges Terrace Perth WA 6831	T: +61 8 9488 1400 F: +61 8 9488 1477	Euroz Hartleys Limited Participant of the ASX Group and Chi-X Authorised to provide financial services ABN 33 104 195 057 AFSL 230052
Westralia Square Level 6 141 St Georges Terrace Perth WA 6000	GPO Box 2777 Perth WA 6001	T: +61 8 9268 2888 F: +61 8 9268 2800	eurozhartleys.com

Quick Comment

OM Holdings Ltd (OMH \$1.05) Buy

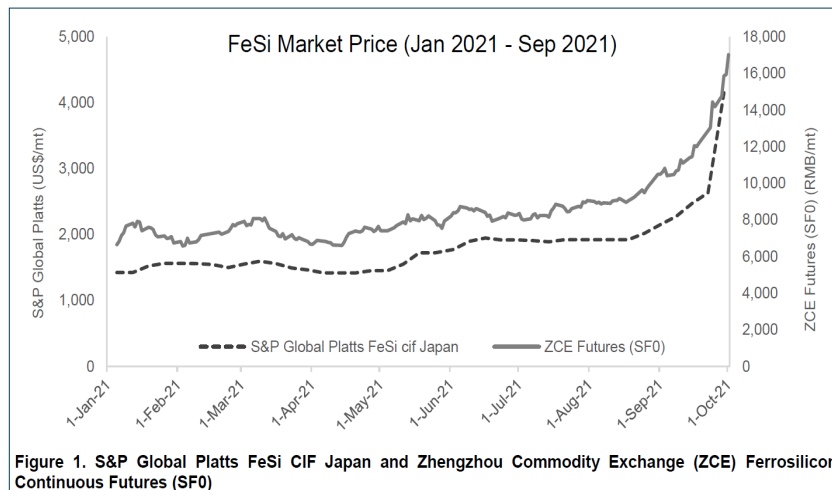
EUROZ HARTLEYS

Analyst	Date	Price Target
Trent Barnett	5 th October 2021	\$1.37/sh

Generating super profits at current selling prices

Key Points

- FeSi prices have spiked to US\$4150, from US\$1920 at end of June (and an average of US\$1582 in 6mths to June);
- Selling prices are stronger due to rising power prices and curbs/shutdowns on production in China. OMH has a take-or-pay contract for hydro power in Sarawak (Malaysia), and hence its power is reliable and fixed – a big advantage given current global energy uncertainty;
- At US\$4150/t, we estimate OMH generates CY22 EBITDA of A\$520m and in the order of A\$840m pa, post expansion, and our spot valuation is ~A\$5.25/shr;
- Using US\$2,000/t, we estimate OMH generates CY22 EBITDA of A\$270m and in the order of A\$460m pa, post expansion, and our spot valuation is A\$2.70/shr;
- Our base valuation is A\$1.05/shr, and we use FeSi prices of US\$1350 and SiMn prices of US\$1250 – both well and truly below spot prices;
- So, the current OMH share price is factoring in our conservative base case (declining prices), yet prices are very strong. We maintain our Buy recommendation and have a \$1.37/sh price target;
- Key risks, outside selling prices falling below our base case (which would be a very big retracement), remain labour shortages given covid restrictions on worker movements between China and Malaysia. Note though, our near term production assumptions are well below Sarawak nameplate capacity, implying utilisation remains soft through CY22. The take-or-pay power contract and balance sheet are also risks (although both are a positive in the current market);



Investment Thesis

OMH supplies alloys to the steel industry, and hence is a second derivative play on global steel demand. It is a niche market, with its own supply constraints, intricacies and strategic value. Manganese and ferrosilicon are integral to global steel and cannot be substituted. They are energy intensive, and OMH has a big global advantage having a take-or-pay hydro power contract.

OMH is viewed as a complicated business. We point to the following simplifications. It demonstrates substantial profits are likely for OMH over the coming year if prices remain strong:

Euroz Hartleys Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Quick Comment

OM Holdings Ltd (OMH \$1.05) Buy

Follow the prices of SiMn prices (BBerg ticker IREF2 Commdty <Go>) and FeSi prices (BBerg ticker IREA Commdty <Go>).

- a. Production split rule of thumb is 65% SiMn and 35% FeSi;
- b. Assume 360kt total volume sales CY22 (less than the 450-500ktpa at full production);
- c. Assume annual operating costs -A\$500m pa (average unit cash cost US\$1050/t);
- d. Simple maths at spot is
 - i. $[65\% \times \text{US\$1,550} + 35\% \times \text{US\$4,150} - \text{US\$1,050}] / 0.73 \times 360\text{kt} = \text{A\$700m pa}$
 - ii. OMH owns 75% of Sarawak, hence at spot prices, CY22 attributed EBITDA is around A\$525m pa at current spot prices and assuming production remains lower than capacity;
- e. The net contribution in 1H21 from the other divisions (mining, marketing, Tshipi and Qinzhou) was a small profit, so for a back-of-the-envelope model, they can be ignored (or treated as upside);

OM Holdings Ltd (OMH)

Share Price	1.05	A\$/sh	Enterprise Value	1,104.6	A\$m
Price Target	1.37	A\$/sh	Debt	406.9	A\$m
Valuation	1.05	A\$/sh	Cash	77.9	A\$m
Shares on issue	739	m(dil)	Largest sh	Huang Gang	m(dil)
Market Capitalisation	775.6	A\$m			

Euroz Hartleys Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Limited on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Limited.

Disclaimer & Disclosure

Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys Limited declares that they may have separately or jointly acted as an underwriter, arranger, co-arranger or adviser in equity capital raisings, and will have received a fee for its services, from or any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz Hartleys Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

The author of this publication, Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.

Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities, and we are not in possession of, nor does this Research contain any inside information.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research, nor has any attempt been made to influence this Research.

Contact Details

Euroz Hartleys Limited +61 8 9488 1400

Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Mike Millikan - Resources Analyst	+61 8 9268 2805
Kyle De Souza - Resources Analyst	+61 8 9488 1427
Michael Scantlebury - Resources Analyst	+61 8 9268 2837
Steven Clark - Resources Analyst	+61 8 9488 1430
Trent Barnett - Senior Analyst	+61 8 9268 3052
Gavin Allen - Senior Analyst	+61 8 9488 1413
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizee - Associate Research Analyst	+61 8 9488 1414

Euroz Hartleys Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.