

## Zinc early in 2017

### Recommendation

**BUY, High Risk**

### Price

**16.0c**

### Risked, NPV based valuation

**28c**

### Commodities

**Base metals (Cu / Zn / Pb)**

- **MUX announced the results of its scoping study on the King Vol deposit. MUX expect the feasibility study to be completed by March 2016.**
- **The scoping study was based on a mining inventory of 1.3Mt to be processed at a rate of 320kt/yr, grading 11.9% zinc.**
- **It advised a capital requirement of \$37m to get to first product and a further \$7m until commercial, and site operating costs of \$120/t.**
- **In addition to the King Vol mining inventory, there is further Resources at depth at King Vol plus further Resources and defined mineralisation in the vicinity to be able to expand mill throughput to 600kt/yr.**

### Snapshot

Last Price	16.0c
Market Cap	\$38.5m
Cash on hand (30 March 2015)	\$4.55m
Shares on Issue	240.9m
52 Week High	18.5c
52 Week Low	9.0c
1 month / 6 month VWAP	14.9c / 13.8c

### MUX to be producing zinc in about 18 months

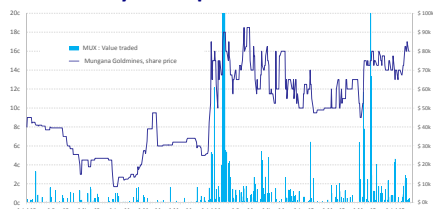
MUX's assets include 6.8Mt in JORC 2012 Resources, containing copper and zinc-lead, further base metals plus copper-gold mineralisation, a near complete polymetallic processing plant, which has been previously nominated to be able to process up to 600kt/yr and site accommodation for 44 persons.

### King Vol is the start

MUX has published the results of a scoping study on King Vol, based on a mining inventory of 1.3Mt, at an annual average rate of 320kt/yr. The full feasibility study is expected by March 2016 with first product early in 2017.

Based on the Scoping Study, Beer & Co has a risked valuation on this defined project of 18c/share, and an un-risked valuation of 24c/share.

### MUX : daily share price v. value traded



MUX's operations are on the Atherton Tableland in Far North Queensland, inland from Cairns.

MUX has 6.8Mt in JORC 2012 zinc-lead and copper Resources, plus a further 5.2Mt that was defined by previous tenement operator Kagara Zinc (KZL).

MUX announced the results of a scoping study, focussed on the upper 410m of resources at King Vol, in July 2015, for a mining inventory of 1.3Mt.

In addition to its base metals resources, MUX has significant gold and copper-gold occurrences.

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### Significant upside from further Resources and other mineralisation

MUX has total Resources at King Vol of 3.0Mt, with further Resources at depth, below 410m. MUX has a further 3.8Mt in Resources nearby, plus 5.2Mt in mineralisation nearby as well some recent high grade intercepts.

Adding this material to the project defined in the Scoping Study, including full commissioning of the capacity of the existing processing plant, increases Beer & Co's risked, base case, valuation to 28c/share.

Beer & Co's un-risked valuation for the full project is 46c/share.

There is further upside to our valuation from :

- Potential for selective mining of high grade pods within existing resources of a lower overall grade; plus
- 131Mt in gold-copper-silver Resources at Red Dome and further mineralisation into which Newcrest (NCM) is farming in; plus.
- about 1Mt in mineralisation, around 4g/t of gold, near the Mungana decline.

### Conclusions

Beer & Co initiates research with a BUY, High Risk, rating on MUX, as a preferred exposure to the coming zinc price spike.

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## Mungana Goldmines (MUX) to be Atherton Resources (ATE)

### Description

MUX (to be ATE) is in the Atherton Tableland area of Far North Queensland

Its tenements cover over 100km of the Chillagoe Formation

MUX (ATE) has 6.8Mt in JORC 2012 Resources

plus 5.2Mt in further mineralisation

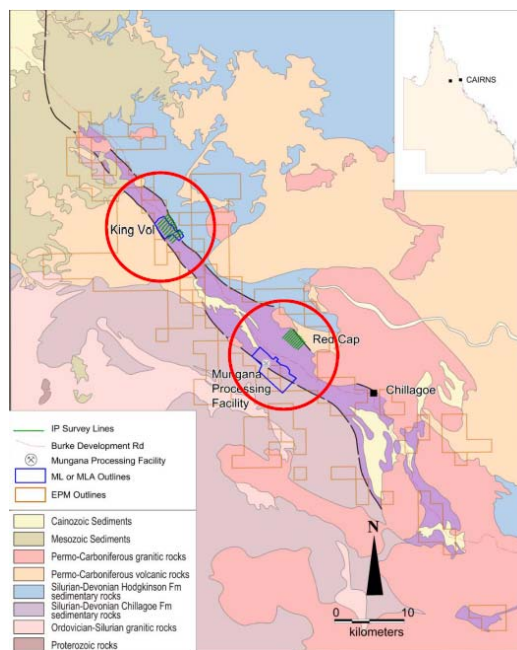
MUX is focussed around Chillagoe, which is about 210km west of Cairns in Far North Queensland.

Figure 1 shows that there is an extensive trend of mineralisation and that MUX has tenements that basically cover this mineralised trend.

MUX acquired these tenements from its parent company Kagara Zinc (KZL), which is now in liquidation.

Figure 1 shows a site for the Mungana Processing plant, which was largely built by KZL before it went into administration.

Figure 2 shows the JORC 2012 compliant Resources estimated by MUX.



Source : MUX presentation, May 2015

Figure 2 : MUX's JORC compliant Resource estimate

Status		grades					contained metal					
		zinc	copper	lead	silver	gold	zinc	copper	lead	silver	gold	
King Vol	Indicated :	1,050kt	14.7 %	0.9 %	0.7 %	36.5 g/t	0.0 g/t	154,350 t	9,450 t	7,350 t	1,232 koz	0 oz
	Inferred :	1,940kt	10.4 %	0.7 %	0.5 %	26.4 g/t	0.0 g/t	201,760 t	13,580 t	9,700 t	1,647 koz	0 oz
Penzance Cu	Inferred :	228kt	1.3 %	3.2 %	0.0 %	58 g/t	0.2 g/t	2,964 t	7,296 t	0 t	425 koz	1,466 oz
Penzance Zn	Inferred :	85kt	6.2 %	0.7 %	0.2 %	19 g/t	0.1 g/t	5,270 t	595 t	170 t	52 koz	273 oz
Queenslander	Inferred :	1,570kt	4.4 %	0.5 %	0.2 %	12 g/t	0.0 g/t	69,080 t	7,850 t	3,140 t	606 koz	0 oz
Morrison's	Inferred :	1,930kt	5.4 %	0.6 %	1.9 %	8 g/t	0.1 g/t	104,220 t	11,580 t	36,670 t	496 koz	6,206 oz
	Sub-Total	Indicated :	1,050kt	14.7 %	0.9 %	0.7 %	37 g/t	0.00 g/t	154,350 t	9,450 t	7,350 t	1,232 koz
	Inferred :	5,753kt	6.7 %	0.7 %	0.9 %	17 g/t	0.04 g/t	383,294 t	40,901 t	49,680 t	3,226 koz	7,945 oz
<b>TOTAL</b>		<b>6,803kt</b>	<b>7.9 %</b>	<b>0.7 %</b>	<b>0.8 %</b>	<b>20 g/t</b>	<b>0.0 g/t</b>	<b>537,644 t</b>	<b>50,351 t</b>	<b>57,030 t</b>	<b>4,459 t</b>	<b>7,945 t</b>

Source : MUX ASX announcements, 28 January 2015 and 17 April 2015, Beer & Co

Figure 3 : Other areas of mineralisation, as reported by KZL

		grades					contained metal				
		zinc	copper	lead	silver	gold	zinc	copper	lead	silver	gold
Griffiths Hill Cu	1,011kt	0.4 %	3.1 %	0.0 %	61 g/t	0.6 g/t	4,044 t	31,341 t	0 t	1,983 koz	19,505 oz
Griffiths Hill Zn	58kt	6.9 %	0.3 %	0.0 %	12 g/t	0.0 g/t	4,002 t	174 t	0 t	22 koz	0 oz
Victoria Main	2,890kt	4.8 %	0.9 %	0.0 %	16 g/t	0.16 g/t	138,720 t	26,010 t	0 t	1,487 koz	14,868 oz
Victoria South	550kt	6.6 %	1.3 %	0.0 %	55 g/t	0.05 g/t	36,300 t	7,150 t	0 t	973 koz	884 oz
Monte Video	720kt	7.7 %	0.5 %	0.0 %	7 g/t	0.0 g/t	55,440 t	3,600 t	0 t	162 koz	0 oz
<b>TOTAL</b>	<b>5,229kt</b>	<b>4.6 %</b>	<b>1.3 %</b>	<b>0.0 %</b>	<b>28 g/t</b>	<b>0.2 g/t</b>	<b>238,506 t</b>	<b>68,275 t</b>	<b>0 t</b>	<b>4,627 t</b>	<b>35,257 t</b>

Source : KZL Annual Report, 2012, Beer & Co

Figure 3 shows the extent of mineralisation further to the Resources that is likely to be in the tenements, based on work done by KZL.

At King Vol, MUX has a nearly completed plant, designed for a nominal production capacity of 600kt/yr

MUX have published a scoping study on developing King Vol to provide 1.3Mt of ore over 5 years

Other nearby Resources can be subsequently developed to increase mill throughput

MUX's scoping study, of 29 July 2015 :

- Is based on a mining inventory of 1.3Mt, over 5 years
- Required capital of \$37m to first product, with a further \$7m required to reach fully commercial
- Average cash costs of \$120/t

A final feasibility study is expected by end March 2015

for

First product early 2017

## Development Plan

In their October 2014 presentation, MUX outlined a development plan :

- Complete the construction of the partially completed Mungana plant
  - In their May 2015 technical report, GR Engineering Services stated that the plant was largely completed and that components still to be installed are at site, in their "as delivered" state, protected from the weather by being stored in the concentrate shed
  - GRES also stated that the plant was designed for a nominal production capacity of 600kt/yr;
- Bring the high grade King Vol resources, which Figure 2 shows has a significant component in Indicated status, into production;
- Then develop other mineralisation to increase the mill throughput to capacity.

## Scoping Study

On 29 July 2015, MUX announced the results of a scoping study on King Vol, based on 1.3Mt of Mining Inventory, which is shown in Figure 4. Figure 4 also shows that the project Mining Inventory is dominated by Indicated Resources.

**Figure 4 : King Vol Mining Inventory**

Indicated	851kt	12.6 %	0.9 %	0.7 %	37 g/t
Inferred	478kt	10.7 %	0.7 %	0.5 %	26 g/t
<b>TOTAL</b>	<b>1,329kt</b>	<b>11.9 %</b>	<b>0.8 %</b>	<b>0.6 %</b>	<b>33 g/t</b>

Source :MUX ASX announcement, 23 July 2015

Other significant points from the scoping include :

- Project capital expenditure of \$37.4m to first product
  - \$16.2m for initial mine development;
  - \$19.1m to complete construction of the plant and commissioning; and
  - \$2.1m in other costs
- Further capital of \$7m until the operation is commercial
  - This covers the long lead time in payment terms for base metals concentrates, with payment made three months after the month of arrival at the smelter's port, or about 5 months after leaving the mine site;
- Mining and processing an average of 320kt/yr of ore, though over the 5 year mine life, the annual mining rate varies from 223kt to 373kt;
- Site operating costs of \$120/t, as shown in Figure 5; and
- Metallurgical performance as shown in Figure 6.

**Figure 5 : Op. Costs**

AUD/t	
Mining	79
Processing	33
General & Admin	8
	<b>120</b>

Source : MUX, 23 July 2015

In the announcement of the scoping study results, MUX also stated

- Full feasibility study will be completed by the end of march 2016; and
- First product expected early in 2017.

**Figure 6 : Scoping Study metallurgical results**

	Saleable Recovery	Concentrate Grade	Silver in Concentrate to copper	to lead
Zinc	93.6 %	52.1 %		
Copper	44.5 %	23.2 %		
Lead	63.7 %	57.1 %		
Silver	68.5 %		230 g/t	318 g/t

Source : MUX ASX announcement, 23 July 2015, Beer &amp; Co

Figure 7 shows Beer & Co's projected financial outcomes for King Vol, showing strong cashflows after tax for the project.

Zinc in concentrate will be the dominant product

The King Vol project will have a payback period of about 18 months (subject to sales terms)

And strong ,after tax, cashflows

**Figure 7 : King Vol Scoping Study – financial outcomes**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
AUD-USD	0.750	0.750	0.750	0.750	0.750	0.750	0.750
Zinc	\$ 2,588/t	\$ 3,575/t	\$ 3,075/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t
Lead	\$ 1,900/t	\$ 2,275/t	\$ 2,238/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t
Silver	\$ 17.3/oz	\$ 19.3/oz	\$ 21.3/oz	\$ 23.0/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz
Copper	\$ 5,625/t	\$ 6,325/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t
Zinc in conc t	0	1,245	29,682	39,226	40,343	33,015	3,364
Lead in conc t	0	118	1,895	2,150	1,842	1,000	142
Copper in conc t	0	65	1,036	1,176	980	502	71
Silver produced koz	0	16	263	302	253	131	19
<b>AUD m</b>							
Revenue	0	8	144	146	145	112	12
TC / RC	0	(2)	(39)	(41)	(41)	(33)	(4)
Cash Costs	0	(6)	(46)	(52)	(50)	(35)	(5)
Royalties	0	(0)	(3)	(4)	(4)	(3)	(0)
Corporate Costs	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Dep'cn & Amort'sn	0	(1)	(9)	(10)	(10)	(6)	(1)
E B I T	(2)	(3)	44	36	38	33	1
Interest Expense	0	(1)	(3)	(2)	(2)	(1)	(1)
Tax Expense	0	0	(14)	(11)	(12)	(10)	(1)
<b>N P A T</b>	<b>(2)</b>	<b>(3)</b>	<b>27</b>	<b>22</b>	<b>24</b>	<b>21</b>	<b>(0)</b>
Project Cap.Ex	(13)	(33)	0	0	0	0	0
Feasibility / drilling	0	0	0	0	0	0	0
Sus. Cap. Ex	0	0	0	0	0	0	0
<b>Net Cashflow</b>	<b>(15)</b>	<b>(36)</b>	<b>37</b>	<b>33</b>	<b>34</b>	<b>27</b>	<b>0</b>

Source : Beer &amp; Co estimates

## Extensions

Figure 2 shows 3.0Mt of Resources at King Vol, compared with the 1.3Mt in the mining inventory; Figure 8 shows the mining inventory estimated by Beer & Co for the deeper King Vol mineralisation.

Beer & Co expects production further than the scoping study from

- King Vol Resources at depth
- Other nearby Resources, at Red Cap
- Further nearby mineralisation

This estimate is based on conversions similar to those used for the King Vol mining inventory.

For the other mineralisation, beer & Co estimated a mining inventory by assuming conversions of

- 75% for tonnes and 90% of grade for Inferred Resources; and
- 70% for tonnes and 85% for grade for other mineralisation.

The results are shown in Figure 9.

Beer & Co assume that production from the Red Cap area begins about 12 months after King Vol. We estimate capital and operating costs based on the costs in the scoping study, adjusted for transport distance to the plant.

**Figure 8 : Extensions to King Vol**

	grades			
	zinc	copper	lead	silver
1,503kt	10.0 %	0.7 %	0.5 %	25 g/t

Source : Beer &amp; Co estimates

**Figure 9 : Beer & Co estimated mining inventory**

		grades				
		zinc	copper	lead	silver	gold
<b>Inferred Resources</b>						
Penzance Cu	171kt	1.2 %	2.9 %	0.0 %	52 g/t	0.2 g/t
Penzance Zn	64kt	5.6 %	0.6 %	0.2 %	17 g/t	0.1 g/t
Queenslander	0kt	0.0 %	0.0 %	0.0 %	0 g/t	0.0 g/t
Morrison's	1,448kt	4.9 %	0.5 %	1.7 %	7 g/t	0.1 g/t
<b>Other Mineralisation</b>						
Griffiths Hill Cu	708kt	0.3 %	2.6 %	0.0 %	52 g/t	0.5 g/t
Griffiths Hill Zn	41kt	5.9 %	0.3 %	0.0 %	10 g/t	0.0 g/t
Victoria Main	0kt	0.0 %	0.0 %	0.0 %	0 g/t	0.0 g/t
Victoria South	385kt	5.6 %	1.1 %	0.0 %	47 g/t	0.0 g/t
Monte Video	504kt	6.5 %	0.4 %	0.0 %	6 g/t	0.0 g/t
<b>TOTAL</b>	<b>5,648kt</b>	<b>7.3 %</b>	<b>1.0 %</b>	<b>0.7 %</b>	<b>28 g/t</b>	<b>0.0 g/t</b>

Source : Beer &amp; Co estimates

## Financial Outcomes

**Beer & Co projects strong, on-going, after-tax, and capital investment, cashflows**

Figure 10 shows Beer & Co projected operational and financial outcomes from the total project, comprising

- Starting with King Vol, as per the scoping study;
- Adding extra feed from Red Cap; and
- Extending King Vol at depth, then the mining inventory has been exhausted.

Figure 10 shows the operational and financial outcomes that result.

**Figure 10 : Beer & Co's projected financial outcomes**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
AUD-USD	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750	0.750
Zinc	\$ 2,588/t	\$ 3,575/t	\$ 3,075/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t	\$ 2,300/t
Lead	\$ 1,900/t	\$ 2,275/t	\$ 2,238/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t	\$ 2,100/t
Silver	\$ 17.3/oz	\$ 19.3/oz	\$ 21.3/oz	\$ 23.0/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz	\$ 23.3/oz
Copper	\$ 5,625/t	\$ 6,325/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t	\$ 6,725/t
Zinc in conc t	0	1,245	30,692	49,856	52,999	45,670	38,231	42,271	38,080	30,425	30,425	31,604	17,043
Lead in conc t	0	118	1,895	3,829	4,906	4,065	4,249	4,432	3,346	1,368	1,368	995	455
Copper in conc t	0	65	3,667	3,516	1,660	1,183	1,276	1,369	3,135	7,329	7,329	2,364	696
Silver produced koz	0	16	374	426	298	176	200	224	318	483	483	336	167
<b>AUD m</b>													
Revenue	0	8	174	207	200	167	146	161	163	177	177	130	64
TC / RC	0	(2)	(43)	(55)	(57)	(49)	(41)	(45)	(43)	(38)	(38)	(34)	(18)
Cash Costs	0	(6)	(56)	(80)	(78)	(68)	(71)	(78)	(79)	(80)	(81)	(77)	(44)
Royalties	0	(0)	(5)	(7)	(6)	(5)	(4)	(5)	(5)	(7)	(7)	(4)	(2)
Corporate Costs	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Dep'cn & Amort'sn	0	(1)	(13)	(21)	(15)	(9)	(6)	(6)	(6)	(6)	(6)	(10)	(7)
E B I T	(2)	(3)	55	43	42	35	21	25	29	44	43	4	(8)
Interest Expense	0	(1)	(2)	(2)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Tax Expense	0	0	(17)	(14)	(13)	(11)	(7)	(8)	(9)	(14)	(13)	(2)	2
<b>N P A T</b>	<b>(2)</b>	<b>(3)</b>	<b>36</b>	<b>28</b>	<b>28</b>	<b>24</b>	<b>14</b>	<b>17</b>	<b>20</b>	<b>30</b>	<b>29</b>	<b>2</b>	<b>(6)</b>
Project Cap.Ex	(13)	(33)	0	0	0	0	0	0	0	0	0	0	0
Feasibility / drilling	0	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)
Sus. Cap. Ex	0	0	(7)	(20)	0	0	0	0	(27)	0	(2)	(7)	0
<b>Net Cashflow</b>	<b>(15)</b>	<b>(37)</b>	<b>40</b>	<b>26</b>	<b>41</b>	<b>30</b>	<b>19</b>	<b>21</b>	<b>(3)</b>	<b>34</b>	<b>31</b>	<b>3</b>	<b>(0)</b>

Source : Beer &amp; Co estimates

Figure 10 shows that Beer & Co projects :

**Aided by an expected spike in zinc prices**

- Long run base metals price are about 10% higher than current prices, while the AUD-USD is slightly higher than present
  - a spike in zinc prices from 2016 to 2018, and that MUX is one of the few ASX listed companies to be producing zinc during this time
- Beer & Co projects on-going costs of \$2m each year for feasibility work to bring other deposits into production; and
- Expenditure for each new mine when required, plus \$20m to expand the mill from 350kt/yr to 600kt/yr, in 2017-18.

## Valuation of MUX

Figure 11 shows the detail of Beer & Co's valuation of MUX, of 28c/share, based on the cashflows shown in Figure 10. Figure 11 shows that Beer & Co has allowed for an equity raising to bring King Vol into operation.

**Figure 11 : Beer & Co's valuation of MUX**

**Beer & Co's base case, risked, valuation, is 28c/share**

discount rate = 12.0 %	risk :	30-Jun-14		31-Jul-15		
		100%	Product	per share		
	Scoping Study	75 %	\$ 4m	\$ 3m	0.8 c	1.0 c
	King Vol, other	65 %	\$ 56m	\$ 36m	8.9 c	10.1 c
	Red Cap Inferred	50 %	\$ 17m	\$ 8m	2.1 c	2.3 c
	Other Mineralisation	40 %	\$ 37m	\$ 15m	3.6 c	4.1 c
	franking credits	30 %	\$ 50m	\$ 15m	3.6 c	4.1 c
	NCM farm-in	nom.	\$ 5m	\$ 5m	1.2 c	1.4 c
	Red Dome - Mungana	nom.	\$ 5m	\$ 5m	1.2 c	1.4 c
	SA Gold	nom.	\$ 2m	\$ 2m	0.5 c	0.6 c
	Corporate costs	100 %	(\$13m)	(\$13m)	(3.2c)	(3.1c)
	Net Cash	100 %	\$ 5m	\$ 5m	1.3 c	1.1 c
	Equity Raised	100 %	\$ 17m	\$ 17m	4.3 c	4.9 c
	<b>TOTAL</b>		<b>\$ 185m</b>	<b>\$ 99m</b>	<b>24.4 c</b>	<b>27.8 c</b>
	Shares on issue		164.6m	FPO shares	0.3m	options
			242.9m	new equity	0.0m	op. ex'd

**Beer & Co's un-risked valuation is 46c/share.**

Source : Beer & Co estimates

## Sensitivity Analyses

Figure 12 shows that if current spot commodity prices are assumed, and only the scoping study, the resulting, risked valuation is a small premium to the current share price. Figure 13 shows that if the full project is delivered as expected, the resulting valuation is about 3x the current share prices.

**Figure 12 : Impact of commodity prices**

	Scoping Study	Other King Vol	Inferred Resources	Total
Base Case	18.4 c	23.3 c	27.3 c	<b>27.8 c</b>
Spot	13.0 c	16.8 c	19.7 c	20.1 c

Source : Beer & Co estimates

**Figure 13 : Impact of risk weighting**

	Scoping Study	Other King Vol	Inferred Resources	Total
Base Case	23.5 c	33.8 c	41.6 c	46.2 c
Spot	15.7 c	23.6 c	29.1 c	31.9 c

Source : Beer & Co estimates

Figures 12 and 13 also show that our valuation depends on improved commodity prices.

**There is significant upside risk to our base case valuation**

## Conclusions

Our risk weighted base case valuation is 28c/share, compared with a share price of 16c.

There is risk to our valuation, both upside, from better grades and costs, and downside, especially from commodity prices.

Given the record of the management team, the extent of mineralisation in MUX's tenements and the prospective zinc price, in Beer & Co's view, MUX is a good risk.

Beer & Co initiates research with a BUY, High Risk recommendation.

**Beer & Co initiates research on MUX with a BUY, High Risk, recommendation**

Beer & Co Research

Muhgana Gold Mines (MUX.ASX); to be re-named Atherton Resources (ATE.ASX)

August 2015

Year ended June		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Section 1 - P&amp;L</b>								
Sales revenue	\$A m	0	0	0	8	174	207	200
Interest revenue	\$A m	0	0	0	0	0	0	1
Other revenue	\$A m	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>\$A m</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>174</b>	<b>208</b>	<b>201</b>
Cost of Goods Sold	\$A m	0	0	0	(8)	(99)	(135)	(135)
Royalties	\$A m	0	0	0	(0)	(5)	(7)	(6)
Exploration Expense	\$A m	0	0	0	0	0	0	0
Corporate Costs	\$A m	(2)	(2)	(1)	(2)	(2)	(2)	(2)
Other Operating Expenses	\$A m	1	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>\$A m</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>	<b>(10)</b>	<b>(106)</b>	<b>(144)</b>	<b>(143)</b>
<b>EBITDA</b>	<b>\$A m</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>68</b>	<b>64</b>	<b>58</b>
Dep'n & Amort'n	\$A m	(0)	0	0	0	(5)	(10)	(10)
<b>EBIT</b>	<b>\$A m</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>64</b>	<b>54</b>	<b>48</b>
Interest Expense	\$A m	0	(0)	(1)	(2)	(2)	(2)	(1)
Other	\$A m	(28)	0	0	0	0	0	0
<b>Pre-Tax Profit</b>	<b>\$A m</b>	<b>(29)</b>	<b>(2)</b>	<b>(2)</b>	<b>(4)</b>	<b>61</b>	<b>52</b>	<b>47</b>
Tax Expense	\$A m	0	0	0	0	(18)	(16)	(14)
<b>NPAT</b>	<b>\$A m</b>	<b>(29)</b>	<b>(2)</b>	<b>(2)</b>	<b>(4)</b>	<b>43</b>	<b>36</b>	<b>33</b>

Section 2 - Key Data

Ordinary shares - year end	m	165	240	409	409	409	409	409
Fully diluted shares on issue	m	165	240	409	409	409	409	409
Weighted # shares	m	163	203	309	409	409	409	409
Earnings per Share		(11.1c)	(1.8c)	(1.4c)	(1.4c)	16.6 c	13.7 c	12.9 c
Dividends Per Share		0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c

Section 3 - Balance Sheet

Cash	\$A m	5	5	12	4	21	43	83
Receivables	\$A m	0	0	1	1	1	0	1
Other	\$A m	0	0	0	0	0	0	0
<b>CURRENT ASSETS</b>	<b>\$A m</b>	<b>5</b>	<b>5</b>	<b>13</b>	<b>5</b>	<b>21</b>	<b>43</b>	<b>83</b>
Receivables	\$A m	0	0	0	0	0	0	0
P, P & E	\$A m	0	0	13	45	39	39	24
Mining Properties / Exploratio	\$A m	19	21	21	21	21	21	21
Other	\$A m	0	0	0	0	0	0	0
<b>NON-CURRENT ASSETS</b>	<b>\$A m</b>	<b>20</b>	<b>22</b>	<b>34</b>	<b>67</b>	<b>61</b>	<b>60</b>	<b>45</b>
<b>TOTAL ASSETS</b>	<b>\$A m</b>	<b>25</b>	<b>26</b>	<b>47</b>	<b>72</b>	<b>82</b>	<b>103</b>	<b>128</b>
Payables	\$A m	2	0	0	2	15	18	17
Debt	\$A m	0	0	0	2	8	8	8
Other	\$A m	0	0	0	0	0	0	0
<b>CURRENT LIABILITIES</b>	<b>\$A m</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>22</b>	<b>26</b>	<b>26</b>
Long Term Debt	\$A m	0	0	0	24	17	8	0
Deferred Tax Liability	\$A m	0	0	0	0	0	0	0
Other	\$A m	0	0	0	0	0	0	0
Provisions	\$A m	0	0	0	0	0	0	0
<b>NON-CURRENT LIABILITIES</b>	<b>\$A m</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>17</b>	<b>9</b>	<b>1</b>
<b>TOTAL LIABILITIES</b>	<b>\$A m</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>29</b>	<b>39</b>	<b>35</b>	<b>26</b>
<b>NET ASSETS</b>	<b>\$A m</b>	<b>22</b>	<b>26</b>	<b>46</b>	<b>42</b>	<b>43</b>	<b>69</b>	<b>102</b>
Accumulated Profit (Loss)	\$A m	(136)	(139)	(140)	(144)	(101)	(64)	(32)
Reserves	\$A m	4	9	9	8	(34)	(44)	(43)
Contributed Equity	\$A m	155	155	177	177	177	177	177
<b>Total Equity</b>	<b>\$A m</b>	<b>23</b>	<b>26</b>	<b>46</b>	<b>42</b>	<b>43</b>	<b>69</b>	<b>102</b>

Section 4 - Cashflow

Net Cashflow from operations	\$A m	(2)	(2)	(1)	(2)	68	64	57
Net Interest Paid	\$A m	0	(0)	(1)	(1)	(2)	(2)	(0)
Taxes Paid	\$A m	0	0	0	0	0	(20)	(17)
Change in Working Capital	\$A m	(3)	(1)	(8)	10	(5)	(19)	(40)
<b>OPERATING CASHFLOW</b>	<b>\$A m</b>	<b>(5)</b>	<b>(4)</b>	<b>(9)</b>	<b>6</b>	<b>61</b>	<b>23</b>	<b>(1)</b>
Exploration Expenditures	\$A m	1	1	0	1	2	2	2
Maintenance Capex	\$A m	0	0	0	0	7	20	0
Expansion Capex	\$A m	0	0	13	33	0	0	0
<b>PPE Acquisitions (Total Capex)</b>	<b>\$A m</b>	<b>1</b>	<b>1</b>	<b>13</b>	<b>34</b>	<b>9</b>	<b>22</b>	<b>2</b>
PPE Divestments	\$A m	0	0	0	0	0	0	0
<b>INVESTING CASHFLOW</b>	<b>\$A m</b>	<b>1</b>	<b>1</b>	<b>13</b>	<b>34</b>	<b>9</b>	<b>22</b>	<b>2</b>
Change in Equity	\$A m	0	0	22	0	0	0	0
Dividends Paid	\$A m	0	0	0	0	0	0	0
Change in Debt	\$A m	0	0	0	27	(2)	(8)	(8)
<b>FINANCING CASHFLOW</b>	<b>\$A m</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>27</b>	<b>(2)</b>	<b>(8)</b>	<b>(8)</b>
<b>Free Cashflow</b>	<b>\$A m</b>	<b>(4)</b>	<b>(3)</b>	<b>4</b>	<b>41</b>	<b>70</b>	<b>45</b>	<b>1</b>
<b>Net Cashflow</b>	<b>\$A m</b>	<b>(4)</b>	<b>(3)</b>	<b>26</b>	<b>67</b>	<b>68</b>	<b>38</b>	<b>(7)</b>

Year ended June		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Commodity price assumptions</b>							
AUD-USD		0.836	0.750	0.750	0.750	0.750	0.750
Zinc	US\$ / lb	100	117	162	139	104	104
Copper	US\$ / lb	288	255	287	305	305	305
Lead	US\$ / lb	90	86	103	101	95	95
Silver	US\$ / oz	17.3	17.3	19.3	21.3	23.0	23.3
Gold	US\$ / oz	1,224	1,238	1,325	1,400	1,400	1,400

Mine Production

Zinc in conc	'000 t	0	0	1,245	30,692	49,856	52,999
Lead in conc	'000 t	0	0	118	1,895	3,829	4,906
Copper in conc	'000 t	0	0	65	3,667	3,516	1,660
Silver produced	'000 oz	0	0	16	374	426	298
Gold produced	oz	0	0	0	382	566	405

Resources

			zinc	copper	lead	silver	gold
<b>JORC 2012 Resources</b>							
King Vol	Indicated	1,050 kt	14.7 %	0.9 %	0.7 %	36.5 g/t	0.0 g/t
	Inferred	1,940 kt	10.4 %	0.7 %	0.5 %	26.4 g/t	0.0 g/t
Penzance Cu	Inferred	228 kt	1.3 %	3.2 %	0.0 %	58.0 g/t	0.2 g/t
Penzance Zn	Inferred	85 kt	6.2 %	0.7 %	0.2 %	19.0 g/t	0.1 g/t
Queenslander	Inferred	1,570 kt	4.4 %	0.5 %	0.2 %	12.0 g/t	0.0 g/t
Morrison	Inferred	1,930 kt	5.4 %	0.6 %	1.9 %	8.0 g/t	0.1 g/t
<b>SUB-TOTAL</b>		<b>6,803 kt</b>	<b>7.9 %</b>	<b>0.7 %</b>	<b>0.8 %</b>	<b>20.4 g/t</b>	<b>0.0 g/t</b>

Other Mineralisation

Griffiths Hill Cu		1,011 kt	0.4 %	3.1 %	0.0 %	61.0 g/t	0.6 g/t
Griffiths Hill Zn		58 kt	6.9 %	0.3 %	0.0 %	12.0 g/t	0.0 g/t
Victoria Main		2,890 kt	4.8 %	0.9 %	0.0 %	16.0 g/t	0.2 g/t
Victoria South		550 kt	6.6 %	1.3 %	0.0 %	55.0 g/t	0.1 g/t
Monte Video		720 kt	7.7 %	0.5 %	0.0 %	7.0 g/t	0.0 g/t
<b>SUB-TOTAL</b>		<b>5,229 kt</b>	<b>4.6 %</b>	<b>1.3 %</b>	<b>0.0 %</b>	<b>27.5 g/t</b>	<b>0.2 g/t</b>

Estimated Mining Inventory

King Vol - Indicated	893 kt	12.5 %	0.8 %	0.6 %	31.0 g/t	0.0 g/t
King Vol - Inferred	1,552 kt	10.4 %	0.7 %	0.5 %	26.4 g/t	0.0 g/t
Monte Video	504 kt	6.5 %	0.4 %	0.0 %	6.0 g/t	0.0 g/t
Penzance Cu	171 kt	1.2 %	2.9 %	0.0 %	52.2 g/t	0.2 g/t
Griffiths Hill Cu	708 kt	0.3 %	2.6 %	0.0 %	51.9 g/t	0.5 g/t
Victoria South	385 kt	4.6 %	0.9 %	0.0 %	38.5 g/t	0.0 g/t
Morrison	1,448 kt	4.9 %	0.5 %	1.7 %	7.2 g/t	0.1 g/t
Penzance Zn	64 kt	5.6 %	0.6 %	0.2 %	17.1 g/t	0.1 g/t
Griffiths Hill Zn	41 kt	5.9 %	0.3 %	0.0 %	10.2 g/t	0.0 g/t
<b>TOTAL</b>	<b>5,764 kt</b>					

Asset based Valuation

discount rate = 12.0 %	risk :	30-Jun-14		23-May-15	
		100%	per share	100%	per share
Scoping Study	75 %	\$ 4m	\$ 3m	0.8 c	1.0 c
King Vol, other	65 %	\$ 56m	\$ 36m	8.9 c	10.1 c
Red Cap Inferred	50 %	\$ 17m	\$ 8m	2.1 c	2.3 c
Other Mineralisation	40 %	\$ 37m	\$ 15m	3.6 c	4.0 c
franking credits	30 %	\$ 50m	\$ 15m	3.6 c	4.1 c
NCM farm-in	nom.	\$ 5m	\$ 5m	1.2 c	1.4 c
Red Dome - Mungana	nom.	\$ 5m	\$ 5m	1.2 c	1.4 c
SA Gold	nom.	\$ 2m	\$ 2m	0.5 c	0.6 c
Corporate costs	100 %	(\$13m)	(\$13m)	(3.2c)	(3.1c)
Net Cash	100 %	\$ 5m	\$ 5m	1.3 c	1.1 c
<b>Equity Raised</b>	<b>100 %</b>	<b>\$ 18m</b>	<b>\$ 18m</b>	<b>4.3 c</b>	<b>4.9 c</b>
<b>TOTAL</b>		<b>\$ 325m</b>	<b>\$ 177m</b>	<b>24.3 c</b>	<b>27.8 c</b>
Shares on issue		164.6m	FPO shares	0.3m	options
		244.9m	new equity	0.0m	op. ex'd

Financial Ratios

Year ended June		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue	\$A m	0	0	8	174	208	201
EBITDA	\$A m	(2)	(2)	(1)	(2)	68	64
EBIT	\$A m	(2)	(2)	(1)	(2)	64	54
NPAT (reported)	\$A m	(29)	(2)	(2)	(4)	43	36
Adjusted EPS (cps)		(11.1c)	(1.8c)	(1.4c)	(1.4c)	16.6 c	13.7 c
EPS Growth (%)			84 %	22 %	(0%)	1,303 %	(17%)
DPS (c)		0.0 c	0.0 c	0.0 c	0.0 c	0.0 c	0.0 c
Dividend Yield (%)		0 %	0 %	0 %	0 %	0 %	0 %
PE adj. (x)	x	(1)	(9.1)	(11.6)	(11.6)	1.0	1.2
EV / EBITDA (x)	x	(20)	(26.6)	(97.9)	(35.8)	0.6	(0.1)
EV / EBIT (x)	x	(18)	(26.6)	(97.9)	(35.8)	0.6	(0.2)
Gearing (%)		0 %	0 %	37 %	30 %	16 %	7 %
Return on Assets		(8%)	(2%)	(3%)	78 %	52 %	37 %
Return on Equity		(10%)	(3%)	(8%)	100 %	53 %	32 %
EBITDA Margin (%)		n/a	n/a	n/a	(25%)	39 %	31 %
Interest Cover (x)	x	n/a	(4.7				

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