

MOY's March quarter Resources and Reserves Upgraded

Recommendation

BUY, High Risk

Price

15c

Valuation

20c

Commodity

Gold

- **MOY has announced the detailed results of its March quarter operations. Apart from the items pre-announced on 12 April, the only other items of note were**
 - **507kt of ore milled;**
 - **At an average grade of 1.46g/t.**
- **With their quarterly, MOY also announced**
 - **A revised Resource estimate, with fewer tonnes at a higher grade.**
 - **A revised Reserves estimate, increasing both tonnes, even after mining, and grade; and**
 - **Further good results from drilling.**

Snapshot

Market Cap	\$111m
Net Cash	\$14.6m
Shares on Issue	742.7m
52 Week High	17.5c
52 Week Low	2.3c
1 month / 6 month VWAP	14.0c / 10.0c

MOY Production for the March quarter

MOY processed 507kt of ore through a mill that, less than 2 years ago, was thought to have a maximum throughput of 1.5Mt/yr, and even a few months back was thought to have a maximum capacity of 1.9Mt/yr. Beer & Co has not changed our expected throughput. The grade of ore processed was below our expectations, at 1.46g/t.

MOY : daily share price v. value traded



MOY updated their Mineral Resource Estimate for Nullagine

As at December 2015, MOY had reported Measured + Indicated Resources for 16 deposits, with 852koz of contained gold in 23.0Mt at an average grade of 1.15g/t.

As at 31 March 2016, MOY had revised estimates for 7 of these deposits, and introduced 2 new deposits, for M+I Resources of 805koz of contained gold, after extraction of 23.8koz, in 20.0Mt, grading 1.25g/t.

MOY began mining operations at Nullagine in September 2012. The operations were declared commercial in February 2013.

While the operations generated cash, the cash generated was, for 2014 and the first half of 2015, not enough to meet the required debt repayments.

The operations have been turned around and the debt has been re-paid.

MOY is now showing success in converting known mineralisation into mining inventory, which will drive further share price growth.

The Nullagine area has many further oxide prospects as well as refractory material as a possible later option.

MOY's upgraded Reserves estimate, from 127koz to 160koz

MOY increased both tones and grade, after mine depletion, from 2.3Mt grading 1.44g/t for 106kz (excluding stockpiles) to 2.9Mt grading 1.51g/t for 142koz.

More good drilling results

MOY continues to report more good sized intercepts at profitable grades.

Beer & Co affirms our valuation of 20c/share

Beer & Co's valuation remains 20c/share.

The key to our valuation is our assumption that MOY invests \$10m a year to find 2.0Mt grading 1.5g/t.

The results from the increase in the Reserve are well ahead of Beer & Co's projection.

Beer & Co affirms our BUY, High Risk, recommendation.

MOY keeps delivering on exploration, costs and production.

Beer & Co affirms our BUY, High Risk, recommendation

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MOY keeps delivering

MOY March quarter production.

MOY pre-announced their March production of 23,166oz for the March quarter, on 12 April.

This was achieved by processing over 507kt, through a mill that was rated at only 1.5Mt/yr, or 375kt a quarter less than 2 years ago, and at 1.9Mt/yr, or 475kt/yr at the end of 2015.

MOY March quarterly surprised on the upside, due to tonnes processed.

This is a pattern for MOY to challenge the limits and do a bit better.

The grade was marginally lower than we had expected.

The grade of ore processed was 1.46g/t, which was below our expectations.

Resource Estimate Updated

Figure 1 shows MOY's revised Resources estimate, while Figure 2 shows the summary of the resource estimates for 31 December 2015 compared with the estimate for 31 March 2016.

MOY revised their Resources estimate

A naïve comparison of the estimate for 31 March 2016 is tht it should be about less than the estimate for 31 December 2015 by about 28.3koz from the extraction during the March quarter of about 500kt of ore grading 1.46g/t.

Figure 1 :MOY revised Mineral Resource Estimate

Deposit	Measured Resources			Indicated Resources			Inferred Resources			TOTAL		
	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Golden Eagle	8.30	1.1	300	3.67	1.0	122	3.85	1.0	125	15.82	1.1	546.3
All Nations	0.36	1.6	19	0.21	1.5	10	0.08	1.2	3	0.66	1.5	32.6
Anne de Vidia				0.17	1.9	10	0.02	1.4	1	0.19	1.8	11.3
Bartons	0.39	2.1	26	0.89	1.5	43	0.58	1.6	30	1.86	1.7	98.7
Junction	0.10	2.3	7	0.06	1.5	3	0.04	1.5	2	0.20	1.9	12.2
Otways	0.96	1.0	31	0.83	0.9	24	0.53	0.9	15	2.32	0.9	70.2
Roscoe's reward	0.74	1.3	31	0.44	1.1	16	0.31	1.1	11	1.49	1.2	57.5
Round Hill				0.03	4.6	4	0.12	2.2	8	0.15	2.7	12.9
Shearers	0.95	1.4	43	0.29	1.6	15	0.26	1.6	13	1.50	1.5	71.4
Little Wonder	0.22	1.3	9	0.29	1.4	13	0.19	1.3	8	0.70	1.3	30.1
Golden Gate	0.18	2.8	16	0.10	2.4	8	0.07	1.6	4	0.35	2.5	28.0
'D' Reef	0.01	4.2	1	0.04	4.4	5	0.07	3.2	7	0.11	3.7	13.3
Falcon				0.07	3.9	9	0.04	4.4	6	0.12	4.0	15.2
Condor	0.10	2.6	8	0.03	2.7	2	0.02	3.6	3	0.15	2.7	12.8
Harrier				0.07	1.6	4	0.04	1.8	2	0.11	1.7	6.1
Crow	0.03	3.2	3	0.03	2.6	3	0.05	2.3	4	0.11	2.6	9.5
G_Reef				0.02	4.0	3	0.02	3.9	2	0.04	4.0	4.7
Au 81	0.15	1.6	8	0.28	1.2	11	0.89	0.9	25	1.32	1.0	43.0
TOTAL	12.50	1.3	511	7.53	1.2	294	7.21	1.2	270	27.24	1.2	1,076

Source : MOY March 2016 Quarterly report, Beer & Co

Figure 2a : Resources, 31 December 2015

Measured	13.65 Mt	1.2 g/t	523 koz
Indicated	9.37 Mt	1.1 g/t	329 koz
Inferred	7.84 Mt	1.1 g/t	270 koz
TOTAL	30.86 Mt	1.13 g/t	1,121 koz

Source : MOY, 25 January 2016, Beer & Co

Figure 2b : Resources, 31 March 2016

Measured	12.50 Mt	1.3 g/t	511 koz
Indicated	7.53 Mt	1.2 g/t	294 koz
Inferred	7.21 Mt	1.2 g/t	270 koz
TOTAL	27.24 Mt	1.23 g/t	1,075 koz

Source : MOY 26 April 2016, Beer & Co

In Figure 1, Beer & Co highlights those estimates that have changed :

- Those that have increased are in green;
- Those that have decreased are in maroon;
- New estimates are in blue.

Fewer tonnes at higher grades.

Figure 1 shows that there are 18 deposits in the total resource estimate, and of these 7 have changed while 2 are new.

Of the 7 that have changed :

- In nearly all of the cases, the grade has increased; and
- In most of the cases, the tonnes have reduced.

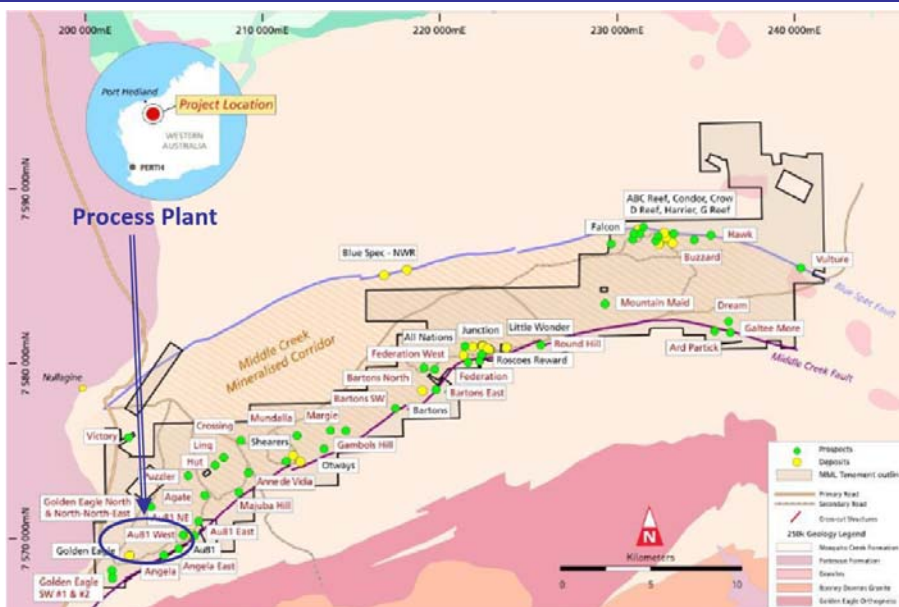
Overall, total contained gold is slightly down.

MOY advise that this revised estimate is due to better controls and data / records.

For Reference, Figure 3 shows the location of each of the deposits named in Figure 1

- As a yellow dot; and
- In relation to the location of the processing plant, indicating haulage distance.

Figure 3 : Deposits and Prospects at MOY’s Nullagine operations



Source : MOY ASX announcement 26 April 2016, Beer & Co

Reserves Estimate Upgraded

Reserves upgrades – more tonnes, higher grade

MOY also updated their Reserve estimate for Nullagine at the same time as updating their Resources estimate, as shown in Figure 4.

Figure 4a : Reserves, 31 December 2015

Proved	1.94 Mt	1.5 g/t	93 koz
Probable	0.34 Mt	1.3 g/t	13 koz
Stockpiles	0.63 Mt	1.0 g/t	20 koz
TOTAL	2.91 Mt	1.34 g/t	127 koz

Source : MOY, 25 January 2016, Beer & Co

Figure 4b : Reserves, 31 March 2016

Proved	2.53 Mt	1.5 g/t	121 koz
Probable	0.38 Mt	1.8 g/t	21 koz
Stockpiles	0.62 Mt	0.9 g/t	18 koz
TOTAL	3.52 Mt	1.40 g/t	160 koz

Source : MOY 26 April 2016, Beer & Co

Figure 4b shows a significant increase in Reserves, especially taking into account the 23.8koz that has been extracted.

Figure 4 shows both tonnes and grade have increased.

Figure 5 shows that the increase in tonnes has a lot to do with the new deposits. The decreases in tonnes shown are due to mining.

Figure 5 : Reserves Upgraded

Deposit	Proven Reserves			Probable Reserves			TOTAL		
	Tonnes	g/t	koz	Tonnes	g/t	koz	Tonnes	g/t	koz
Golden Eagle	1.01 Mt	1.6 g/t	51 koz	0.02 Mt	1.4 g/t	1 koz	1.03 Mt	1.6 g/t	51.6 koz
All Nations	0.25 Mt	1.6 g/t	13 koz	0.06 Mt	1.5 g/t	3 koz	0.31 Mt	1.5 g/t	15.5 koz
Shearers	0.53 Mt	1.5 g/t	25 koz	0.00 Mt	2.7 g/t	0 koz	0.53 Mt	1.5 g/t	25.3 koz
Otways	0.39 Mt	1.1 g/t	14 koz	0.07 Mt	1.1 g/t	2 koz	0.46 Mt	1.1 g/t	16.1 koz
Roscoe's Reward	0.17 Mt	1.3 g/t	7 koz	0.03 Mt	1.2 g/t	1 koz	0.19 Mt	1.3 g/t	8.0 koz
Junction	0.05 Mt	2.5 g/t	4 koz	0.00 Mt	1.4 g/t	0 koz	0.05 Mt	2.5 g/t	4.0 koz
Bartons	0.11 Mt	1.3 g/t	5 koz	0.06 Mt	1.4 g/t	3 koz	0.18 Mt	1.4 g/t	7.8 koz
Little Wonder	0.02 Mt	1.5 g/t	1 koz	0.01 Mt	4.4 g/t	1 koz	0.03 Mt	2.2 g/t	1.8 koz
Anne de Vidia				0.10 Mt	1.9 g/t	6 koz	0.10 Mt	1.9 g/t	6.3 koz
Round Hill				0.03 Mt	4.5 g/t	4 koz	0.03 Mt	4.5 g/t	4.2 koz
ROM stocks							0.62 Mt	0.9 g/t	18.3 koz
TOTAL	2.53 Mt	1.46 g/t	119 koz	0.38 Mt	1.79 g/t	22 koz	3.52 Mt	1.40 g/t	159 koz

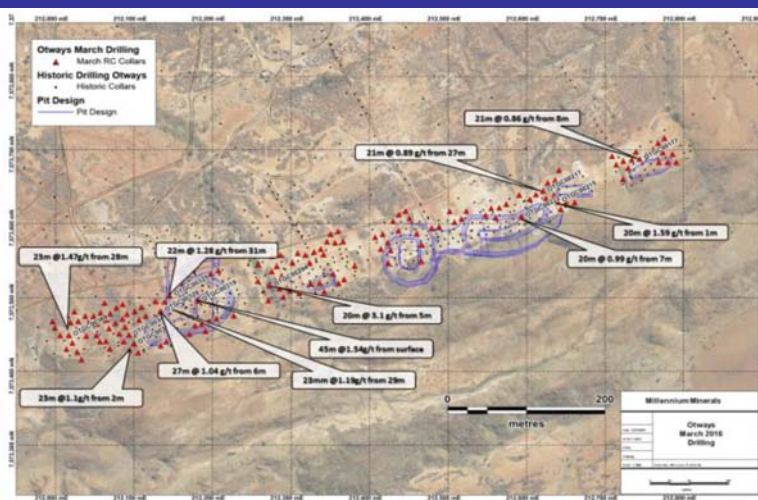
Source : MOY March 2016 Quarterly report, Beer & Co

Exploration successes keep the operations going

Exploration

MOY has been mining in the vicinity of Otways, as shown in Figure 7, which also shows the current mine design.

Figure 7 : Otways drilling v. Mine designs



Source : MOY March 2016 Quarterly report, Beer & Co

Figure 7 shows a number of good intercepts of economic grade material outside of the current pit design. These include :

- 20 m @ 3.10 g/t gold
- 13 m @ 2.21 g/t gold;
- 20 m @ 1.59 g/t gold
- 45 m @ 1.54 g/t gold.

Beer & Co's valuation of MOY is based on long term reserve grade of 1.50g/t.

All of these are large intercepts at grades high than that on which Beer & Co's valuation is based.

Many wide intercepts at good grades

MOY also reported good results from drilling at prospects including Hut, and Crossing

- Hut, which is just 6km from the process plant, reported :
 - 21 m @ 1.60 g/t
 - 13 m @ 2.14 g/t
 - 9 m @ 4.83 g/t

Some near the plant

- Crossing, which is just 8km from the process plant, reported :
 - 29 m @ 1.88 g/t; and
 - 11 m @ 1.34 g/t

MOY had reported, through the quarter, good drill results from

- All Nations, on 5 February
- Gambols Hill on 5 April;
- Round Hill, on 5 April
- Roscoe's Reward, on 22 February;
- Anne de Vidia on 22 February and 11 March.

Operations

Figure 6 compares the data reported by MOY in their Appendix 5B, files on 26 April, with Beer & Co estimates.

It shows our greatest error was in revenue, after hedging, which can just reflect the day of valuation.

This gives us confidence.

Figure 6 : Operations, Appendix 5B

AUD m	March Quarter, 2016		MOY June Quarter
	MOY	Beer & Co	
Revenue	34.5	35.3	
Exploration	(2.6)	(2.5)	(2.0)
Development	(0.6)	(1.5)	(1.6)
Production	(23.2)	(23.1)	(24.9)
Corporate	(1.0)	(1.25)	(1.29)

Source : MOY 26 April 2016, Beer & Co

Conclusions

Beer & Co was surprised, and is encouraged by, the higher volume of ore processed.

MOY just keeps nudging better results both operationally and also from the drilling.

MOY has significant further potential, as shown by the prospects shown in Figure 3, as well as the Resources shown in Figure 1.

Beer & Co confirms a BUY, High Risk, recommendation on MOY.

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