

## Stock Commentary

### **Subject: Kingwest Resources Limited:**

### **Company Delivers Positive Scoping Study Demonstrating Potential for a Strong Projected Cashflow from an Open Cut Mining Campaign at Menzies, Toll Treating at Nearby Mills**

#### **Background**

Kingwest Resources Limited (ASX:KWR) announced on 24<sup>th</sup> March 2021 the completion and delivery of a positive Scoping Study looking into the open pit mining and third party toll treatment of the Company's newly released Menzies Gold Project (MGP) mineral resource estimates, resulting from the exploration success of the 2020 drilling campaign.

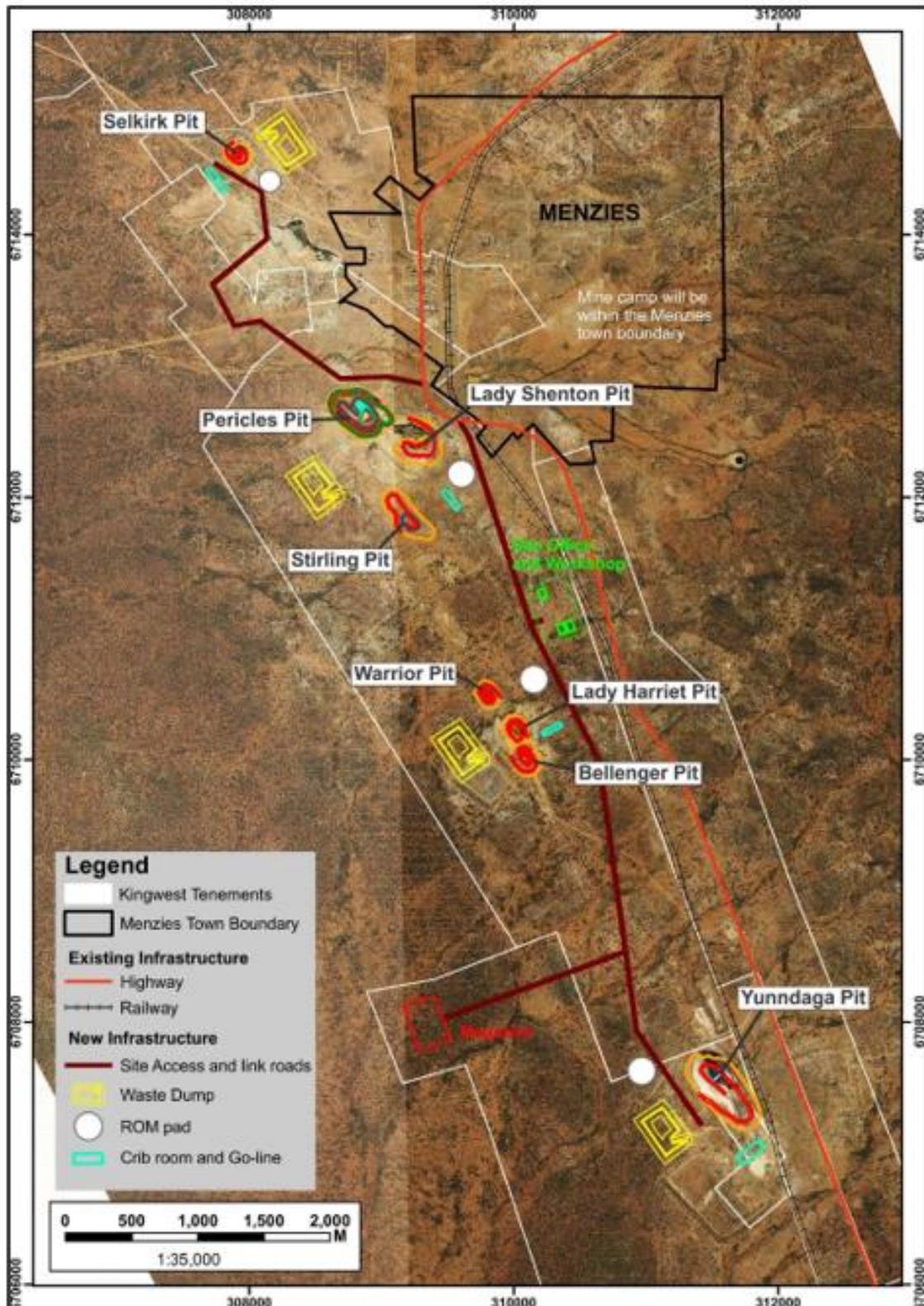
Highlights from the Study include:

- **31 month mining campaign (4 new open pits and 4 existing pit cutbacks)**
- **Total Production of 3.15Mt grading 1.7gpt for 174.7koz being mined, of which:**
- **2.39Mt grading 2.02gpt for 147.2koz will be trucked for toll treatment at nearby third party mills**
- **Metallurgical test work reporting excellent recoveries between 93% and 99%**
- **Net revenue estimated at AUD330m at a gold price of AUD2,300 per oz assuming 95% recovery**
- **Net cash flow estimated between AUD95m and AUD64m EBITDA**
- **Operating production cost AUD1,688 per oz**

#### **Key Takeaway Points from the Announcement**

- 1) KWR has announced a positive Scoping Study into open cut mining at MGP advantageously utilising nearby toll treatment plants. The outcome appears to be based on what we believe to be conservative estimates and assumptions which provides us with strong encouragement.
- 2) Ultimately, this study now for the first time demonstrates with some desktop generated figures based on current industry costs, the potential the Company has to be able to generate a healthy near term cashflow without the lead time and capital requirements to build a processing plant.
- 3) We believe this is an excellent result for the Company and a credit to CEO Ed Turner and the small dedicated professional team at KWR. To have gone from a standing start into an aggressive, focussed, multiple target, 35,000m drilling campaign, then straight into a new resource estimate and deliver a strong cash flow positive scoping study all in the matter of circa 18 months is nothing short of a noteworthy, significant achievement.
- 4) It is extremely important to understand that the Scoping Study delivered today is only one part of the potential of MGP. The study and recently released resource estimate does not include the very likely potential for future high grade underground resources and operations beneath some of these pits.
- 5) We anticipate an announcement will be released very soon on the board's decision to move forward with the commencement of the Pre-Feasibility Study which is the next step.

For further details on KWR, the reader is recommended to view Peloton Capital's Initiating Coverage Research Report released on 20<sup>th</sup> October 2020.



Above: Menzies Gold Project: Mine site layout highlighting new open cuts, existing opencut cutbacks, waste dump designs, access & infrastructure

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