



SMI: Metallurgy derisked

SMI.ASX | SANTANA MINERALS LIMITED | MATERIALS | GOLD

PRICE
A\$1.31/sh

TARGET PRICE
A\$1.95/sh
(UNCHANGED)

RECOMMENDATION
SPECULATIVE BUY
(UNCHANGED)

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Event

Santana Minerals have released Metallurgical Testing results for the Rise and Shine (2.2Moz @ 2.2g/t) deposit in New Zealand.

Impact

The news is better than expected and is a step closer to greater clarity on the potential of this asset to deliver >100kozpa for >10 years.

We note the following key points;

- We modelled 92% recoveries previously, and final tests suggest 93.6% at a 106 micron grind.
- Gravity recovers 62.5% of the gold on average (range of 57% to 64.7%) at a 300 micron grind: Lowers cost associated with finer grinding, and reagent use.
- Head grades which exceed the assay grades used in the resource: Could lead to higher reconciliations to plan
- Reagent consumption was low: Particularly important as gold price rises and more mines start.
- Confirmation that flotation is NOT required: Keeps the capital costs low for the processing circuit build.
- Confirmation that there are no deleterious elements: Supports discharge permits.

With the numbers starting to make sense, and a macro that is supportive of mining in New Zealand once again - we believe SMI is an attractive target for M&A, with Rise and Shine capable of producing >100kozpa within 3 years by development timelines. Open pit. Thick. High-grade. Close to national power grids, fresh water and on private land - there is much to like. Good quality assets are hard to find.

Action

Santana Minerals continues to rapidly move forward with mining studies and baseline environmental works at arguably one of the highest grade undeveloped gold projects on the ASX - and one of national significance in New Zealand. The team has a track record of permitting mining projects in New Zealand and with vocal support from a recently elected pro-mining government and dedicated resources minister, it all bodes well for the projects eventual development. **The stock currently trades below our EH price deck valuation of \$1.55/sh.**

We maintain our Speculative Buy recommendation and Price Target of \$1.95/sh.

Catalysts

Exploration results

PFS - Mid 2024

M&A

Gold Price

Bonus shares converting - March 2025.

MARKET STATS

Share Price	1.31	A\$/sh
Price Target	1.95	A\$/sh
Valuation EH Deck	1.55	A\$/sh
Val,Spt.US\$2249	2.56	A\$/sh
Issued Capital		
Shares on issue	213.4	m
Performance shares	1.6	m
Total Dil. FPOrd	215	m
Market Cap (dil)	\$282	m
Enterprise Value	\$272	m
Cash and Bullion	\$10	m
Debt	\$0	m

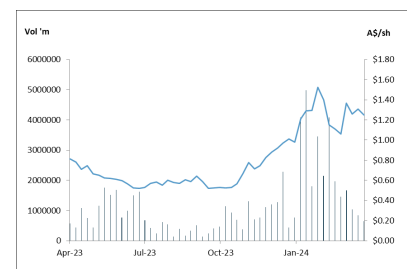
Directors

Peter Cook	NEC
Damian Spring	ED
Kim Bunting	NED
Sam Smith	ED

Major Shareholders

Regal Funds	7.8%
Kim Bunting	7.6%
Warren Batt	4.4%
Tim Clifton	3.2%

Performance



Source: IRESS

Personal disclosures

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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.

Company disclosures

The companies and securities mentioned in this report, include:

Santana Minerals Limited (SMI.ASX) | Price A\$1.31 | Target price A\$1.95 | Recommendation Speculative Buy;

Price, target price and rating as at 02 April 2024 (not covered)*

Additional disclosures

Euroz Hartleys declares that it has acted as underwriter to, and/or arranged an equity issue in, and/or been engaged in a capital raising during the last year. Euroz Hartleys has received a fee for these services from: Santana Minerals Limited (SMI.ASX)

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