

SANTANA MINERALS (SMI)

INITIATION: RISE AND SHINE AND KEEP SHINING

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SPEC BUY	SHARE PRICE	TARGET PRICE	IMPLIED RETURN
	\$0.72	\$2.15	199%

SHARE PRICE CHART



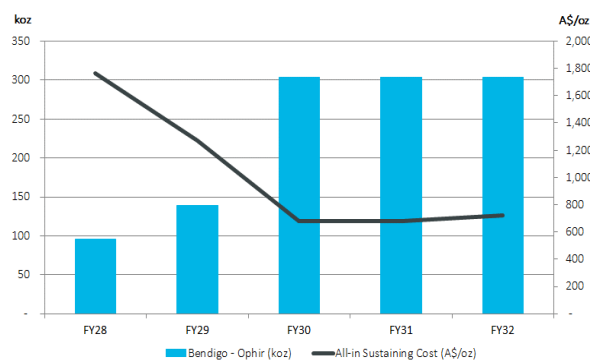
COMPANY DATA & RATIOS

Share Price (\$ per share)	\$0.72
Target Price (\$ per share)	\$2.15
Implied Return (%)	199%
Enterprise Value (\$m)	105
Diluted MCap (\$m)	108
Diluted Shares (m)	152
Avg Daily Value (\$m)	0.18
Free Float (%)	76%
GICS	Materials
Commodity	Gold

MAJOR SHAREHOLDERS

Kim Bunting	9.0%
Regal Partners	6.0%
Warren Batt	5.2%
Board & Management	17.5%

RISE AND SHINE INDICATIVE PROFILE



A COMPANY MAKING DISCOVERY – AND OFF THE RADAR?

Santana Minerals owns 100% of the Bendigo Ophir Gold Project in the Central Otago goldfields of New Zealand. The project was acquired in 2020 with a JORC (2012) resource of 252koz Au and following 39,121m of drilling has expanded to 2.9Moz Au (39.7Mt at 2.3g/t Au) - no small feat given the discovery cost of \$3.5/oz, one of the lowest we have seen in the industry. Notwithstanding, Santana trades at an EV/resource multiple of \$36/oz well below the average multiple for its peer group of \$86/oz. Bendigo-Ophir has 4 deposits in the Rise and Shine Shear Zone, with 92% of the resource (2.7Moz) at the Rise and Shine (RAS) deposit. RAS illustrates the definition of “low hanging fruit” drilling and we see significant exploration upside at the other three known deposits. From a development perspective, the scale, geometry, location, metallurgy and relative high-grade nature of RAS points to a very robust project. Santana has commenced infill drilling to convert Inferred Resource to Indicated and support a scoping study. Santana is chaired by Norm Seckold, who has extensive experience de-risking and developing resource projects into production and/or M&A exits that deliver substantial shareholder value. In NZ, Santana is led by Damian Spring who has extensive mine development experience, including securing complex permitting and land consent approvals.

SHINING BRIGHTEST IN THE JEWELLERY BOX...

The RAS deposit comprises a 450m wide mineralized zone extending down plunge 1.7km and open at depth. The orebody’s geometry and grade distribution points to an open cut operation with early access to a high-grade ore section. RAS currently has 33.2Mt at 2.5g/t Au (2.7Moz Au) and recent infill drilling confirms continuity of the high-grade mineralisation. Indicative metallurgy shows free milling gold recoverable by gravity followed by cyanide leach expected to achieve +90% recoveries. RAS’ current resource could support a +3Mtpa plant over a +10 year mine life. Mine life extension would be supported by further exploration success. The location of the highest-grade section of the deposit close to surface (10k oz/m above 200m vs 5koz/m below) results in a high production rate during initial mine life (+300k oz Au p.a. vs +175k oz Au p.a. from deeper sections). These features drive attractive financial metrics, including quick payback and high NPV + IRR.

NEAR MACRAES – STRONG POTENTIAL TO BE MUCH BETTER...

RAS is located 90km from Macraes, operating since 1990 (+5Moz historic production, 3.7Moz Reserve + Resource) and recently extended mine life to 2028. Macraes underground and open cut operations, combined with the refractory nature of its ore and the AMD waste makes RAS by comparison relatively simple and low cost. RAS attractive operating and financial profile will not be lost on acquisitive gold producers as project economics are firmed up and permitting gets underway - don’t be surprised if Oceana Gold comes knocking when it becomes evident that the project next door has the potential to deliver 2x Macraes’ FY23 production guidance at ½ the cost near the end of its mine life...

INITIATE WITH SPEC BUY RATING, \$2.15 TARGET PRICE

We initiate on SMI with a Speculative BUY rating and a \$2.15 target price, an implied potential return of 199%. Based on peer group EV/resource comps, SMI trades at compelling value. To assess project economics, we developed a DCF model and applied a 60% risking factor to account for its early-stage nature. On a fully diluted basis, SMI’s NAV/share is \$2.19 (un-risked \$5.30). Upon successful construction and ramp-up (post capex and fully de-risked), a NAV/share of \$8.50 could be expected (Dec. 2028).

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INVESTMENT THESIS

MACRO – WHY GOLD?

- Gold is a highly liquid asset, which is no one's liability, carries no credit risk and is scarce, historically preserving its value over time. It also benefits from diverse sources of demand as an investment, reserve asset, jewellery and a technology component.
- Over 2023, the global economy remains at crossroads as key Central Banks continuing to focus on getting inflation under control. Economic consensus points towards weaker global growth together with declining, although still relatively high, inflation and an end to rate hikes. This outlook points towards a positive and stable environment for gold.
- Geopolitical tensions are expected to continue.
- Record central bank gold buying in 2022 and 2023 illustrates the key role as a reserve asset.

STOCK SPECIFIC: WHY SANTANA MINERALS?

Santana Minerals Limited (Santana Minerals, ASX:SML) is a ~A\$110m market cap gold explorer focused on its flagship 100%-owned Bendigo-Ophir Gold Project in Central Otago, New Zealand. The company has grown its resource base to 2.9Moz, at an average cost of under A\$3.5/oz, a level sufficiently robust to support a +200kozpa gold mine for +10 year mine life. The company had ~A\$4.3m in cash at end March 2023. The key highlights of our investment thesis for Santana Minerals are:

- **REMARKABLE EXPLORATION SUCCESS HAS ADDED +2.5M LOW-COST OUNCES, POTENTIAL LIKELY +5M OZ AU:** In over 2 years since acquisition, Santana completed 39km of diamond and RC drilling and expanded the project's MRE from 252koz Au to 2.9Moz Au at an average cost of A\$3.5/oz. The RAS deposit comprises +90% of the current MRE and remains open at depth. In addition, 3 deposits remain largely underexplored and there are further regional targets.
- **RISE AND SHINE: ONE OF THE BEST GOLD DISCOVERIES WE HAVE SEEN IN THE PAST DECADE DRIVEN BY SCALE + GRADE + GEOMETRY + NEAR SURFACE + FAVOURABLE MET + EXPLORATION UPSIDE:** We expect RAS to be a capital efficient, highly profitable and low-cost operation due to the very attractive combination of large (and growing) scale, high-grade (3.5g/t) section near surface, continuity and extent of mineralisation along its control structure and high indicative met recoveries of +90% via simple gravity and cyanide leaching.
- **NEAR MACRAES BUT BETTER:** Santana's RAS is located ~90km from Oceana Gold's Macraes 9Moz (+5M produced and 3.7Moz R+R) gold mine. In 2020, Macraes secured approvals to open-up new open pit and underground deposits to extend mine life to 2028. Macraes grades (both open pit and underground) are much lower vs RAS and its gold is refractory (ultra fine and resistant to standard cyanide leaching) making it more complex and costly operation vs RAS (open pit + indicative met recoveries of +90% via gravity and cyanide circuit). Macraes represents 30% of Oceana Gold's production (~140koz Au p.a. at AISC of US\$1,650/oz) and we estimate RAS could produce +300koz Au p.a. once the high-grade section of the ore body near surface is accessed at AISC of US\$700/oz (LOM US\$990/oz). As RAS is de-risked and Macraes approaches the end of its mine life, we'd expect Oceana Gold to consider RAS as a strategic growth option...
- **CLEAR PATH FROM EXPLORATION TO MINING PERMIT:** Santana Minerals has a constructive working relationship with the local Councils and the Central Government Crown Mining Regulator. These regulators have a history of consenting large gold mines in Otago (i.e. Macraes) and Damian Spring (previously with Bathurst) recently joined to take the project through feasibility and permitting.
- **CATALYST RICH:** Near term news flow includes: (i) Infill drilling at Rise and Shine, (ii) MRE Update, (iii) Scoping Study and (iv) Other test work, incl. metallurgical and environmental base studies.
- **EXPERIENCED BOARD AND MANAGEMENT TEAM WITH A STRONG TRACK RECORDS:** Chairman Norm Seckold has an extensive track record in acquiring attractive early-stage assets and generating substantial shareholder returns by taking these into production or selling these at an advanced stage. Its New Zealand General Manager, Damian Spring, has extensive resource industry experience and has recently taken mining projects from feasibility into production in NZ.

COMPANY OVERVIEW

BACKGROUND

Santana Minerals Limited (Santana Minerals, ASX:SMI) is a ~A\$110m market cap gold explorer focused on its flagship 100%-owned Bendigo-Ophir Gold Project in Central Otago, New Zealand. The company has grown its resource base towards 3.0Moz, at an average cost of under A\$3.5/oz, a level sufficiently robust to support an average +200kozpa (+300kozpa peak production) gold mine over a +10 year mine life. The company had ~A\$4.3m in cash at end of March 2023.

The Company's immediate priority is to continue in-fill drilling of RAS to increase Indicated Resources and complete a scoping study by 2H CY23 to kickstart approvals and feasibility studies.

Bendigo-Ophir is located 70km from Queenstown and 90km from New Zealand's largest active gold mine – Macraes (Oceana Gold). It is located in the Dunstan Ranges, near the Christchurch to Queenstown highway and near infrastructure (i.e. power lines to hydro-power station near Cromwell).

FIGURE 1: LOCATION OF BENDIGO-OPHIR GOLD PROJECT



Source: Company

A BRIEF HISTORY OF SANTANA MINERALS

Santana Minerals was incorporated in 2013 as a wholly owned subsidiary of Cerro Resources NL and subsequently listed on the ASX (spin out holding exploration assets) to facilitate the merger of Cerro Resources and Primero Mining Corp as the merged entity focused on production assets in Mexico (San Dimas gold and silver mine in Durango and the Cerro Del Gallo gold and silver project in Guanajuato). Santana has projects in Mexico (Cuitaboca), Cambodia (free carried JV with Emerald Resources, ASX:EMR) and in November 2020, it acquired 100% of the share capital of Matakanui Gold, a privately held NZ company which held and continues to hold Exploration Permit 60311 (the Bendigo-Ophir gold project).

Since then, Santana Minerals has focused on exploration drilling with 39,121 m drilled since November 2020 to the updated MRE (2.9Moz Au) published in February 2023 with current focus on delivering a scoping study as a first step to advance project development work and approvals.

THE BENDIGO-OPHIR GOLD PROJECT

OVERVIEW

The Bendigo-Ophir Project is located on the South Island of New Zealand within the Central Otago Goldfields. The 292km² project area, located between the towns of Bendigo (historic settlement located 20km North from Cromwell) and Ophir (small rural settlement close to the bank of the Manuherikia River), comprises Minerals Exploration Permit 60311 (252km²) and Minerals Prospecting Permit Application 60882 (40km²) issued to 100% owned subsidiary Matakanui Gold Ltd.

Since acquiring Matakanui Gold in November 2020, Santana Minerals embarked on diamond drilling and reverse circulation drilling programmes to fast-track an increase to the original Resource by drill testing the down plunge extensions of known mineralisation. This program has been highly successful with a resource base capable of supporting a large-scale development.

A BRIEF HISTORY OF THE BENDIGO-OPHIR GOLD PROJECT

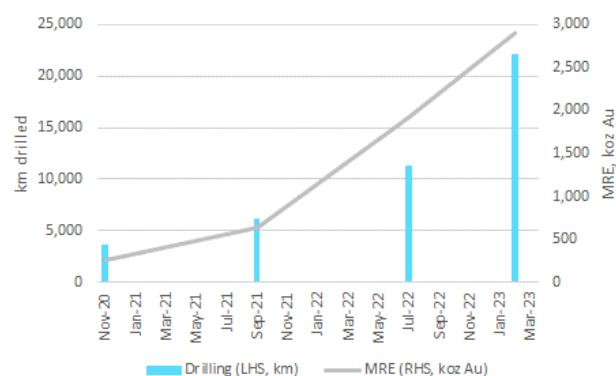
Historic production from within the project area has been estimated to be in the order of 300koz Au, including 180koz Au at a grade of between 30-180g/t (1-6 oz/t) in the 19th Century (during the Central Otago Gold Rush) from the Bendigo Reefs area. Prior to 1990, when Macraes commenced production, Bendigo-Ophir was the region’s largest producer of gold. Prior to Santana’s acquisition, Bendigo-Ophir had Inferred Mineral Resources of 252K oz (uncut, open pit potential) and was significantly underexplored by modern exploration methods.

Following the acquisition of Matakanui Gold in November 2022, Santana Minerals leveraged on Matakanui’s exploration activities (access arrangements had been secured, historic mining data compiled, soil geochemical surveys conducted, LiDAR survey for topographic control, completed 3,640m of RC drilling across 63 holes for maiden JORC (2012) MRE of 250koz Au and preliminary met test work) to initially focus on drilling resource extensions and testing high grade zones.

During 2021, Santana completed over 6,000m of RC and diamond drilling and increased the resource by 150% to 642koz Au, with average grade increasing by 25%. The key driver of the resource increase was Rise and Shine (grew from 18koz to 287koz) with Shreks adding 61koz (to 252koz), Come In Time 43koz (to 86koz) and Shreks East being initially defined at 18koz. The initial drilling campaign helped delineate the 4 initial Rise and Shine Shear Zone deposits over a 4Km strike length, extensions in prospects along 30km of strike and hidden potential in the SE straddled by rich alluvial goldfields.

Due to the attractive results observed at RAS, including higher grades, the focus of the following two drilling campaigns (+33km of RC and diamond drilling) was on this deposit. Total Resources grew to 1.9Moz Au (RAS 1.7Moz @ 1.9g/t) by July 2022 and 2.9Moz Au (RAS 2.6Moz @ 2.5g/t) by Feb 2023.

FIGURE 2: DRILLING VS TOTAL MRE



Source: Company Announcements, BOEQ

Rise and Shine is now a high grade, multi-million ounce resource with potential for +10 year open pit an underground expansion (resource open at depth). With Shreks, Shreks-East and Come In Time open down plunge and down dip, we expect the Bendigo-Ophir Project could, in due course, exceed a resource of 5 million ounces of gold and a mine life of +20 years.

GEOLOGY

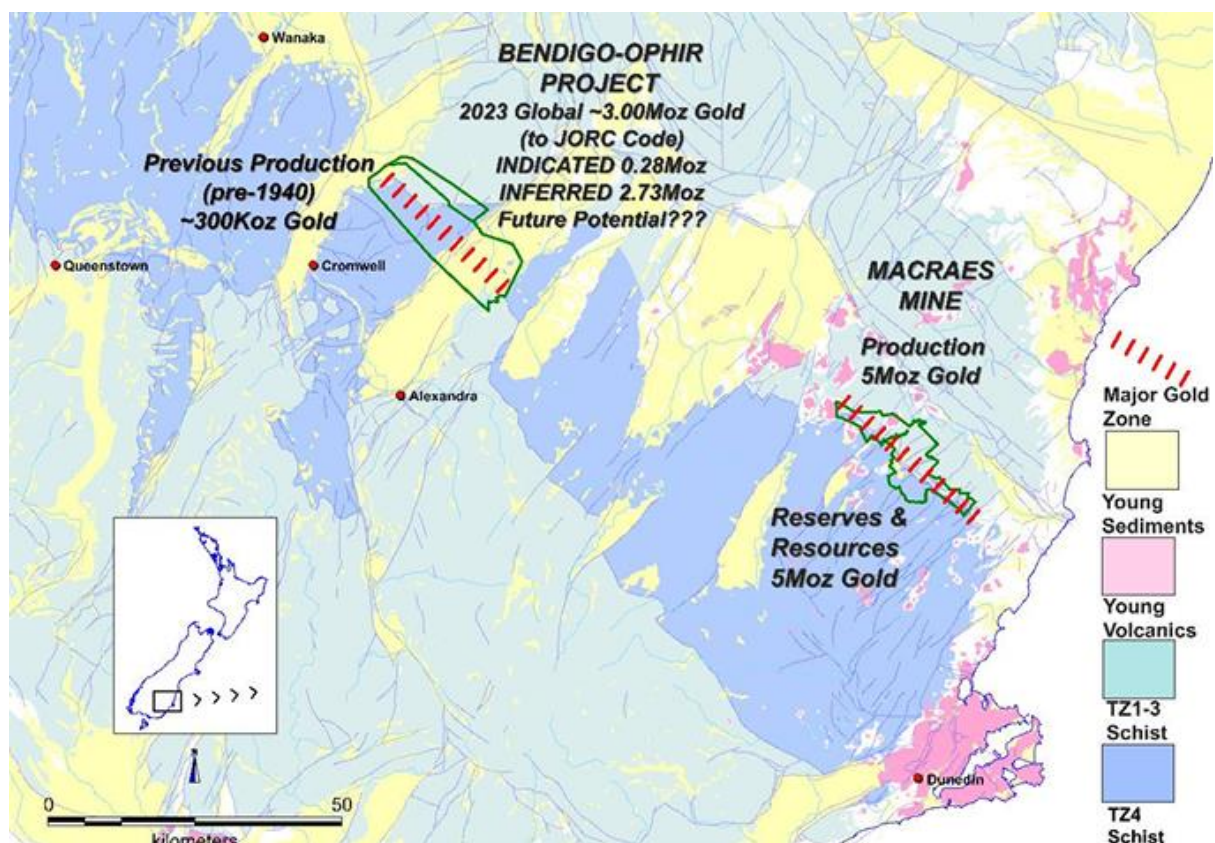
The resources at Bendigo-Ophir occur in 4 deposits that are inferred to extend in a northerly direction within the Rise and Shine Shear Zone which hosts gold mineralization over a recognised strike length of >20km.

This shear zone occurs at the contact with TZ3 and TZ4 schist units separated by a regional fault (Thomsons Gorge Fault) and dips at a low angle (25°) to the North East. The Rise and Shine Shear Zone is currently interpreted to have upper shear hosted gold mineralization 10-40 metres in width above quartz vein and stockwork related gold mineralization extending >120 metres below the hosted gold mineralisation.

The shear zone has been traced over at least 7 kilometres, but outcrop is largely confined to the known prospects with most of the shear zone masked by loess (glacial wind-blown dust) and talus deposits.

Bendigo-Ophir has similar geological and structural features as the Macraes Mine, 90km SE.

FIGURE 3: GEOLOGICAL SETTING



Source: Company

MINERAL RESOURCE ESTIMATE

In February 2023, Santana Minerals updated its MRE after adding 1Moz (at 30% higher grades) vs its July 2022 MRE. The next MRE update is expected to be published by mid CY 2023 and is expected to include a significant increase in the Indicated Category following extensive infill drilling.

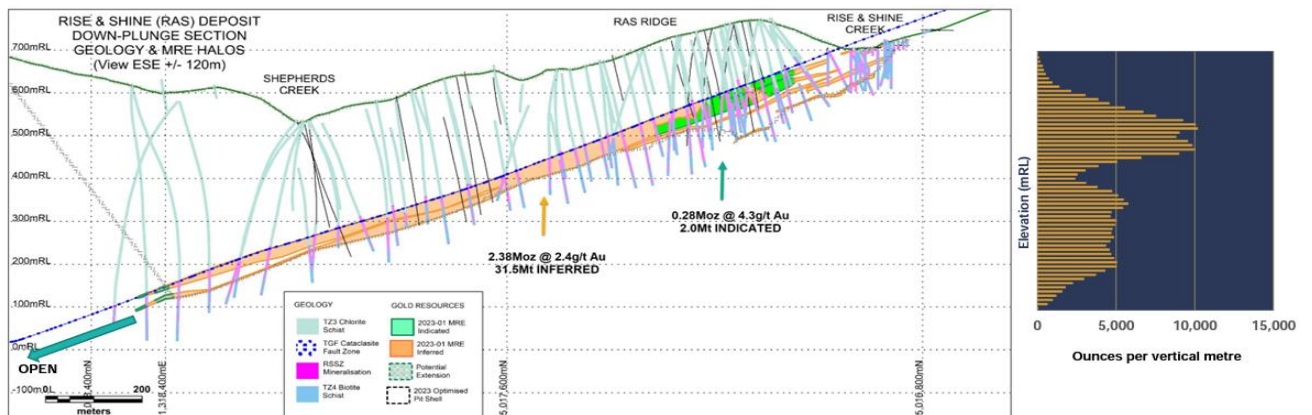
TABLE 1: GLOBAL MRE (FEBRUARY 2023) BY DEPOSITS, 0.5 G/T CUT-OFF GRADE

Deposit	Category	Tonnes (Mt)	Au grade (g/t)	Ounces (koz)
Rise and Shine	Indicated	2.0	4.3	279
	Inferred	31.5	2.4	2,383
Rise and Shine Total	I & I	2.0	2.5	2,662
Come In Time	Inferred	1.2	1.5	59
Shreks	Inferred	4.7	1.1	174
Shreks East	Inferred	0.3	1.3	11
Project Total	I & I	39.7	2.3	2,909

Source: Company

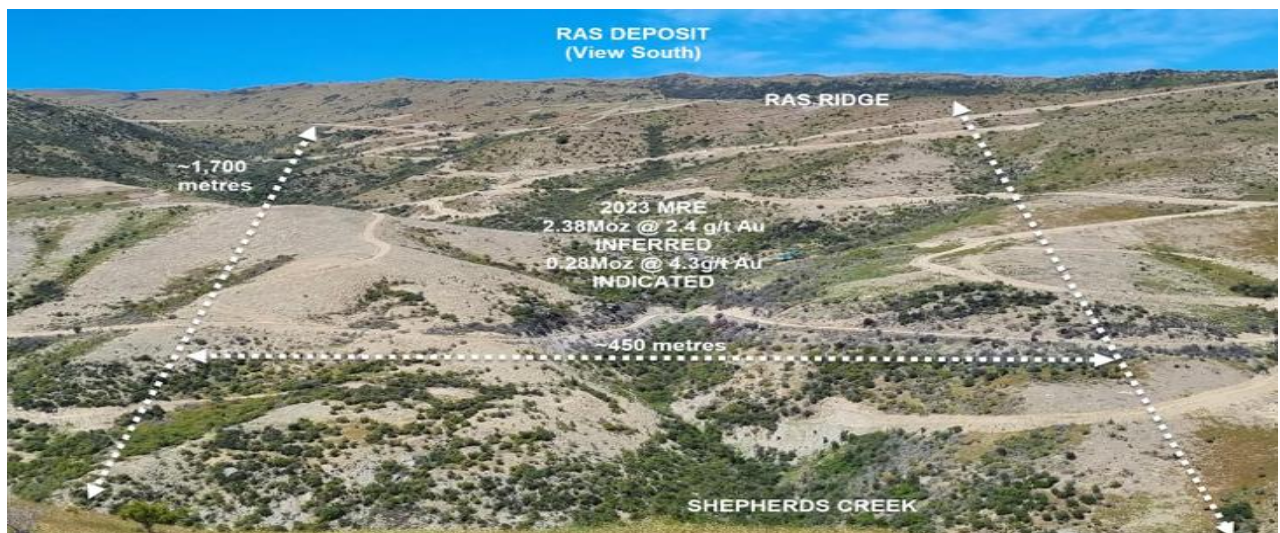
RISE AND SHINE

This deposit has scale at 2.7Moz and is relatively high grade compared with most ASX-listed peers. In addition, the orebody's geometry and grade distribution near surface points to a relatively straight forward open pit operation with access to very high-grade ore early in the life of the mine.

FIGURE 4: DOWN PLUNGE LONGITUDINAL VIEW: HIGHEST OZ/VERTICAL METER WITHIN 200M OF SURFACE


Looking Eastwards

Source: Company

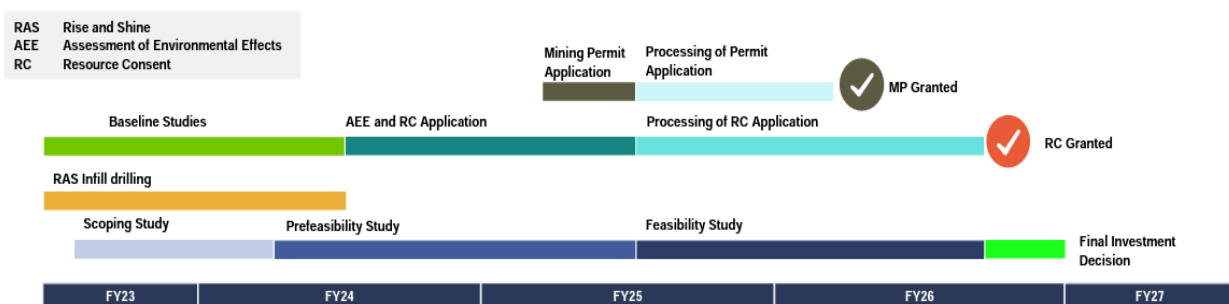
FIGURE 5: RAS, DUNSTAN RANGE: 450M WIDE MINERALIZED ZONE DOWN PLUNGE 1.7KM AND OPEN AT DEPTH


Source: Company

RAS resource composition is 99% fresh with <1% oxide and transitional. Indicative metallurgical test work shows free milling gold recoverable by gravity followed by a cyanide leach circuit results in 90% recoveries. We note samples with moderate sulphur and arsenic content result in lower recoveries and understand there is only a very small amount of associated arsenopyrite and pyrite. Samples with low sulphur and arsenic content resulted in total recoveries of 98-99%. Other preliminary lab test work indicates ore is not acid generating (AMD unlikely to be an issue) and has low organic or gold preg-robbing carbon.

Having delineated a large-scale, high-grade resource at Rise and Shine, Santana Minerals has commenced infill drilling and scoping studies. Following completion of these work and baseline studies, Resource Consent and Assessment of Environmental Effects application can be lodged. PFS and DFS work will run in parallel and is expected to be completed at the same time as the Resource Consent is granted. We expect the engineering and feasibility work at RAS to be relatively straight forward due to favourable location (near low cost hydro-power, a major road and close to the town of Cromwell) with permitting to be the critical path to development.

FIGURE 6: DEVELOPMENT TIMETABLE



Source: Company

PERMITTING FRAMEWORK AND APPROVALS PATH

We understand that there is strong support from local landowners (Bendigo Station and Ardgour Station) including access and mining agreements. From a permitting perspective, there is a clearly defined path to transition from exploration to mining permits. The following table illustrates the key pillars required to commence mining. We note that Damian Spring’s experience in managing regulatory processes and securing approvals is a key de-risking factor in meeting SMI’s timeline.

TABLE 2: THREE PILLARS TO COMMENCE MINING

	Mineral Access	Land Access	Resource Consenting
Principal Act	CMA 1991	CMA 1991, OIA 2005	RMA 1991
Entity	NZ Petroleum and Minerals	Private Freehold Crown Leasehold – Land information NZ	Central Otago District Council Otago Regional Council
Current	EP60311	Agreements in place: Bendigo Station, Ardgour Station, Matakanui Station	Baseline studies completed or underway: Water flow and quality Weather and air quality Aquatic ecology Archaeology and heritage
Pending	Application for Extension of Duration for EP60311 being processed EP60311 continues until EOD		
Application for Mining Permit	Agreements in place granted	Scoping Study	Additional baseline studies Gap analysis AMD Noise Landscape and Visual Lighting Traffic Socio-economic Iwi Cultural Values Assessment

Mineral Access	Land Access	Resource Consenting
Grant of Mining Permit	PFS	Assessment of Environmental Effects Applications for Resource Consents
	Feasibility Study	Public hearing of applications
	FID	Grant of Resource Consents

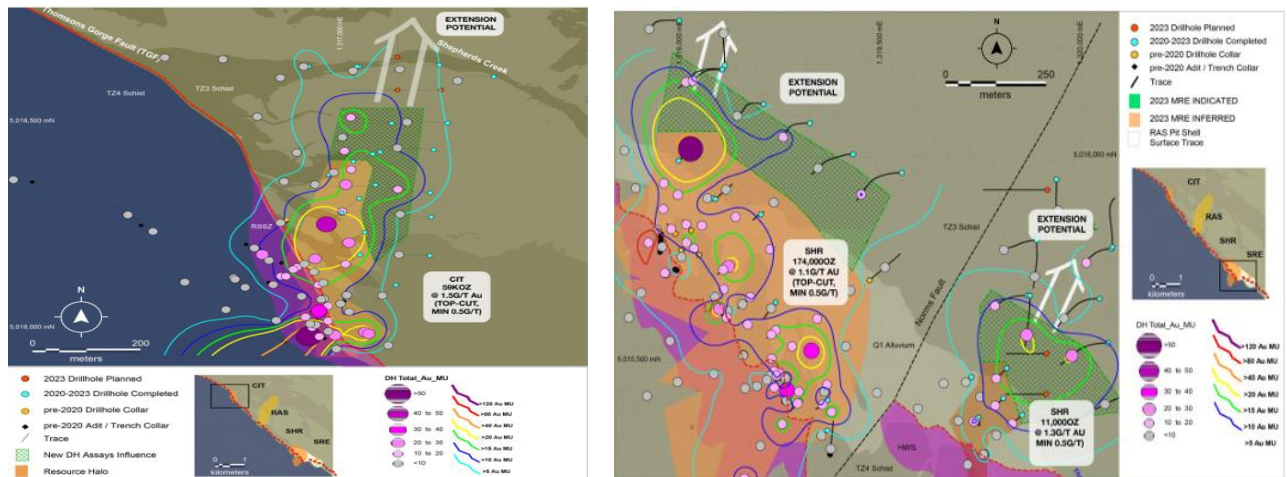
Source: Company

SIGNIFICANT EXPLORATION UPSIDE

All known deposits have potential for further extension:

- Come In Time
 - located 1.4km NW of RAS and is a 400m wide, mineralised zone extending down plunge 500m and is still open at depth.
 - The NNE-trending shoot is at +150 metres wide but has not been closed off to the north or east. Mineralisation is concentrated in the top 10 to 20 metres of the shear zone.
 - Drilling to date totals 4,461m
 - 0.06Moz @ 1.5g/t Inferred JORC Resource
- Shreks and Shreks East
 - SHR is located 1.5km SE of RAS in a 750m wide, mineralised zone that outcrops and extends down plunge 1,000m, and its still open at depth
 - Drilling to date totals 5,008m
 - SRE is located 0.4km E of SHR first identified in 2019 as faulted off from the main SHR mineralization
 - SRE outcrops in the south and extends for 300m to the north with a plunge of around 20° and average width of 180m
 - Drilling to date totals 3,793m

FIGURE 7: COME IN TIME (LHS) & SHREKS AND SHREKS EAST (RHS)



Source: Company

NEAR TERM MILESTONES

Following from the last MRE update, SMI has commenced:

- infill drilling at a rate of +3,000m/month
- a scoping study to provide an initial outline of the gold mining operations
- metallurgical testing is ongoing as are environmental baseline studies namely AMD, ecological and surface water

Other technical studies will follow soon after, including geotechnical and hydrogeological studies that will require one rig to be diverted to complete this work.

SITE VISIT NOTES

SUMMARY

BOEQ visited the Bendigo-Ophir Project in April 2023 to meet management and gain a deep understanding of the project's location, topography, geology, access to infrastructure and social licence.

The site is accessed via the Queenstown to Christchurch main highway, turning off about 15km North of the town of Cromwell. Then heading east for about 10 km. The Rise and Shine deposit lies only 2-3 kms from the old Bendigo Reefs goldfield.

Santana has established field offices and core sheds with core logging and cutting facilities in the nearby valley close to the project.

The access is via a gravel road rising into a range of hills (Dunstan Range) into an area currently used for seasonal sheep grazing. The owners of the grazing properties (Bendigo Station and Ardgour Station) have access agreements with Santana for exploration and future mining. We understand that both station families have strong links to historic gold mining in the area.

An important aspect of the site is that it is not visible from the adjacent valley to the northwest which is used for mixed agriculture.

We also visited the surface outcrops of the Rise and Shine Shear Zone including Come in Time and Shreks, where there were some historic shallow workings.

FIGURE 8: TOPOGRAPHY (LHS) & LOCATION OF DRILL RIGS AT RISE AND SHINE (RHS)



Source: Blue Ocean Equities

While the area is hilly, the access for skid mounted drill rigs is adequate.

GEOLOGY AND DRILL CORE

The Rise and Shine Gold deposit lies in a major shallow dipping (23 degrees to the NE) shear zone which is very similar to the location of the Macraes gold deposit 90 km to the Southeast. However, unlike Macraes the gold mineralization is mainly hosted in lenses of quartz flooded and veined schist paralleling the shear zone up to 40 metres thick. Further into the footwall mineralization weakens to zones of stockwork veining. Also different to Macraes, apart from being higher grade, there is only a very small amount of associated arsenopyrite and pyrite, and the gold is coarser with visible specks of gold in the very high-grade zones and occasional larger gold grains. Furthermore, the mineralized shear contains very little graphite although the overlying schist is quite graphitic in parts.

In the drilling to date there seems to be very good correlation between the intersections in the high-grade zones as shown in recent infill drilling.

The mineralization is sharply cut off on the hanging wall by a later post mineral fault parallel to the shear zone known as the Thomson Gorge Fault which must have had major movement. The Rise and Shine deposit and the other prospects all appear to have a NNE plunge direction within the Shear Zone, possibly reflecting some as yet unidentified structural control.

It is likely that the gold deposit formed during orogenic activity 140 million years ago when the sediments of the Otago schist belt were compressed and buried to 10-15 km depth and temperatures of 350 deg C. Hot solutions carrying gold were forced up through available paths such as the Rise and Shine shear zone (and the Macraes shear) before depositing quartz and gold (and sometimes associated sulphides) in areas of strong fracturing in the host rock.

FIGURE 9: RISE AND SHINE DRILL CORE INCLUDING JEWELLERY BOX AND COARSE VISIBLE GOLD



Source: Blue Ocean Equities

Reviewing the information published on the resource estimate and recent drill holes there is clearly a high-grade zone commencing about 300 metres down plunge from surface extending about 400 metres further down plunge. The ounces per vertical metre chart infers roughly 1.2 million ounces in this high-grade zone. We estimate something like 3.5 g/t average grade over this zone.

INVESTMENT PROPOSITION

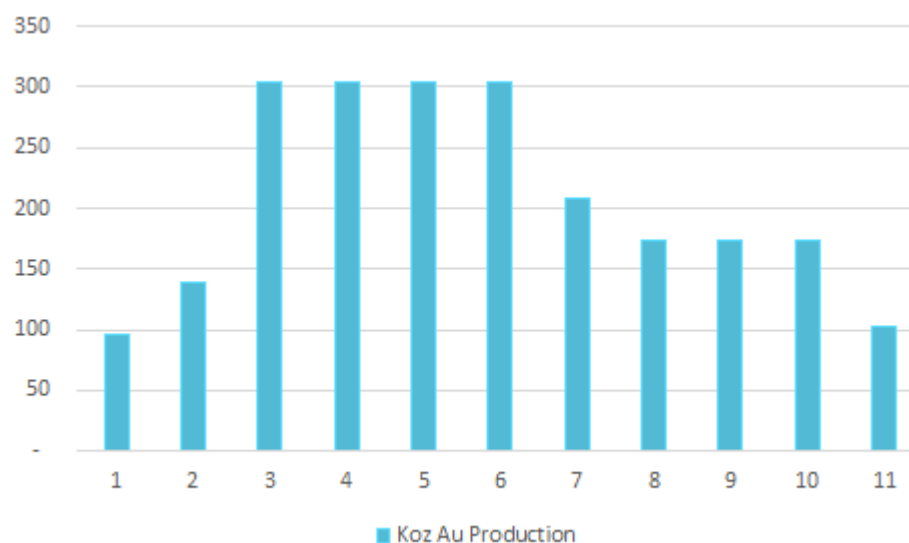
VALUATION

To assess the potential value of a stand-alone operation for Rise and Shine, we put together a financial model for a development based on a 3Mtpa plant and a mine life of 11 years, assuming 2.3Moz mining inventory (80% resource to mining inventory conversion) under the current gold price and cost environment. At this scale, we believe that Santana’s financing task (assuming 60% debt, 40% equity) is manageable and feasible. We consider there is mine life upside via extension of the resources at Come In Time, Shreks and Shreks East.

KEY ASSUMPTIONS:

- Open pit operations only
- A 3.0 Mtpa plant built for initial capex, including mine development, of ~A\$250 million
- Average head grade of 2.3g/t with years 3-6 at 3.5 g/t to reflect the high-grade nature of the deposit near surface
- Recoveries of 90% via gravity and simple cyanide leaching
- Gold price based on gold futures curve (World Gold Council): US\$2,250 by June 2027 and flat thereafter
- Average AISC of ~A\$988/oz (A\$703/oz years 3-6) based on:
 - Average mining costs of A\$29/t ore (based on average 6.3:1 strip [5:1 initially] and mining costs of A\$4/t material)
 - Processing costs of A\$20/t ore
 - G&A of A\$3.5/t ore
 - NZ Royalties representing 10% of accounting profit (higher than 2% of Net Sales in our model)
 - NSR to MGL of 1.5% from production in EP60311
 - Sustaining capex of A\$10m p.a.
- De-risking and development timeframe as guided by Santana Minerals with development finance in the June 2026 quarter and first gold poured in the September 2027 quarter
- DCF done on a post-tax basis (NZ corporate tax of 28%) with an 8% real discount rate

FIGURE 10: RISE AND SHINE INDICATIVE PRODUCTION PROFILE



Source: Blue Ocean Equities

Under the current World Gold Council gold futures price curve, on our forecasts Rise and Shine has an NPV@8%, real, post-tax of ~A\$1,863m and an IRR post-tax of 88%, representing significant potential upside from Santana Minerals fully diluted EV of ~A\$108m.

Increasing the Resource to 5Moz (Mining Inventory ~4Moz) would extend the mine life 8 years to 19 years and increases the NPV@8%, real, post-tax from A\$1,863m to ~A\$2,181m.

The chart below illustrates key comparable Australian and New Zealand gold exploration and pre-development companies on the ASX.

On an EV/Resource basis, SMI is trading on \$36/oz based on its 2022 MRE of 2.9Moz @ 2.3 g/t. This figure is well under the average of its peer group at \$86/oz.

We note that the average EV/oz multiple for SMI has not materially changed since 2020, with the market cap increasing from \$20m to \$110m as the resource materially expanded. However, as the RAS project is de-risked and becomes more widely understood, we expect the EV/oz multiple to expand above the peer group average and in due course to be in the top quartile driven by the favourable profile of the deposit and its high likelihood of transitioning to a producer.

FIGURE 11: EV PER RESOURCE OZ FOR AUSTRALIA/NZ PEER GROUP - EXPLORERS AND DEVELOPERS



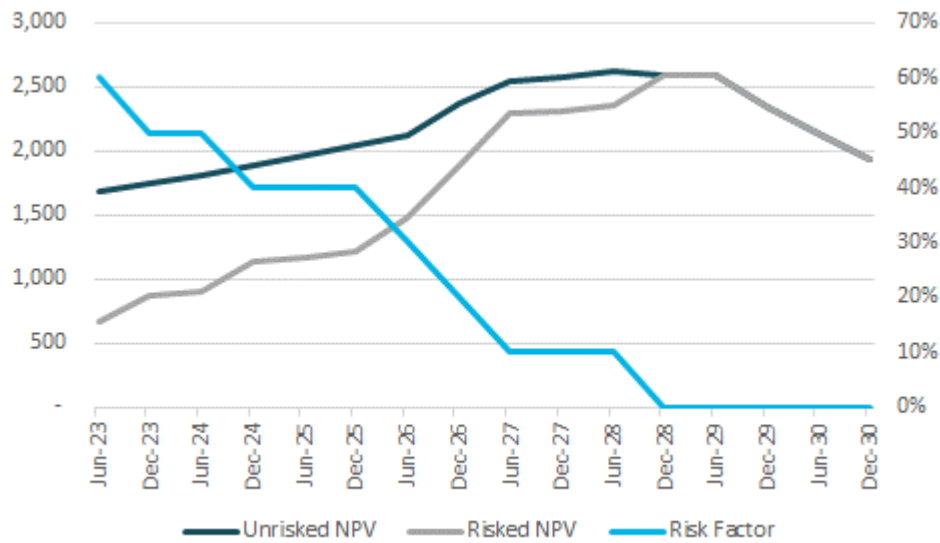
Source: IRESS (21/04/23), Companies ASX Releases, BOEQ estimates

PRICE TARGET & RATING

We initiate coverage of Santana Minerals, following a site visit to Bendigo-Ophir in April 2023, with a Speculative Buy recommendation and a \$2.15 Price Target, an implied potential return of ~199%. Our Price Target is based on a heavily discounted DCF (60% risked) to reflect the pre-scoping study stage of our conceptual 3Mtpa operation over 11 years and including some exploration upside.

The chart below illustrates our assessment of key de-risking milestones and expected convergence of un-risked and risked NPVs following key milestones including: scoping study, PFS, DFS, mining and environmental permits/approvals, financing, construction and ramp-up.

FIGURE 12: UN-RISKED VS RISKED NPV AND RISK FACTORS



Source: Blue Ocean Equities

Under the current assumptions (including 11-year mine life), peak NPV is reached post construction and un-risked peak NPV post ramp-up. On a fully diluted basis, a NAV/share of \$8.5 could be expected by December 2028. Given the geological background, further upside from additional exploration success (i.e. mine life extension to 20 years) is likely to occur.

KEY RISKS

Santana Minerals is exposed to all the normal risks associated with exploration and the development of a mining project, including, metallurgy, permitting, funding and in the event the Company defines a feasible scale project, construction risks, normal project ramp up and commissioning risks.

As this stage, the key risk to our valuation is around the potential scale and costs of development to be scoped prior to undertaking feasibility studies.

Assuming Santana Minerals can successfully make the transition into production, its revenues will be derived from the sale of gold. Fluctuations in the prices of gold as well as the New Zealand and Australian dollars could impact Santana Minerals reported cash flow (in A\$), profitability and share price.

As the Bendigo-Ophir Project is based in Otago, New Zealand an investment in Santana Minerals also carries New Zealand sovereign risk, which we regard as a relatively stable and safe jurisdiction compared to many other gold mining jurisdictions around the world.

MODEL SUMMARY: FINANCIALS & NAV

Stock Details

Recommendation:	SPEC BUY		
Target	\$2.15	Share Price	\$0.72
NAV	\$2.20	52 Week High	\$1.02
Implied Return	199%	52 Week Low	\$0.46

Enterprise Value	\$105m
Diluted MCap	\$109m
Diluted Shares	152m
Free Float	76%
Avg Daily Value	\$0.17m

Macro Assumptions	FY22	FY23E	FY24E	FY25E	FY26E
Exchange Rate (A\$/US\$)	0.73	0.68	0.70	0.70	0.70
Gold Price (US\$/oz)	1,835	1,865	2,031	2,125	2,231
Gold Price Realised (A\$/oz)	2,529	2,752	2,902	3,036	3,188

Profit & Loss (A\$m)	FY22	FY23E	FY24E	FY25E	FY26E
Revenue	-	-	-	-	-
Operating Costs	-	-	-	-	-
Operating Profit	-	-	-	-	-
Corporate & Other	(1)	(1)	(2)	(2)	(2)
Exploration Expense	(0)	-	-	-	-
EBITDA	(1)	(1)	(2)	(2)	(2)
D&A	(0)	-	-	-	-
EBIT	(1)	(1)	(2)	(2)	(2)
Net Interest Expense	0	0	0	0	0
Pre-Tax Profit	(1)	(1)	(2)	(2)	(2)
Tax Expense	-	-	-	-	-
Underlying Profit	(1)	(1)	(2)	(2)	(2)
Significant Items (post tax)	-	-	-	-	-
Reported Profit	(1)	(1)	(2)	(2)	(2)

Cash Flow (A\$m)	FY22	FY23E	FY24E	FY25E	FY26E
Operating Cashflow	(2)	(1)	(2)	(2)	(2)
Tax	-	-	-	-	-
Net Interest	0	0	0	0	0
Net Operating Cash Flow	(2)	(1)	(2)	(2)	(2)
Exploration	(6)	(9)	(12)	(4)	(3)
Capex	(0)	(0)	-	-	-
Acquisitions / Disposals	-	-	-	-	-
Other	-	-	-	-	-
Net Investing Cash Flow	(6)	(9)	(12)	(4)	(3)
Equity Issue	4	25	15	15	110
Borrowing / Repayments	-	-	-	-	-
Dividends	-	-	-	-	-
Other	(0)	(1)	-	-	-
Net Financing Cash Flow	4	24	15	15	110
Change in Cash Position	(4)	13	1	9	105
FX Adjustments	-	-	-	-	-
Cash Balance	2	16	17	26	131

Balance Sheet (A\$m)	FY22	FY23E	FY24E	FY25E	FY26E
Cash	2	16	17	26	131
Other Current Assets	0	0	0	0	0
PP&E	0	0	0	0	0
Exploration & Development	17	27	39	43	46
Other Non Current Assets	0	0	0	0	0
Total Assets	20	43	57	70	178
Debt	-	-	-	-	-
Other Liabilities	1	1	1	1	1
Net Assets	19	43	56	69	177

Ratio Analysis		FY22	FY23E	FY24E	FY25E	FY26E
Diluted Shares	m	133	174	194	210	308
EPS - Diluted	Ac	(0.9)	(0.8)	(1.0)	(1.0)	(0.9)
P/E	x	n.m.	n.m.	n.m.	n.m.	n.m.
CFPS - Diluted	Ac	(1.2)	(0.9)	(1.0)	(1.0)	(0.9)
P/CF	x	n.m.	n.m.	n.m.	n.m.	n.m.
FCF - Diluted	Ac	(1.4)	(0.9)	(1.0)	(1.0)	(0.6)
P/FCF	x	n.m.	n.m.	n.m.	n.m.	n.m.

Dividends	Ac	-	-	-	-	-
Dividend yield	%	-	-	-	-	-
Payout Ratio	%	-	-	-	-	-
Franking	%	-	-	-	-	-

Enterprise Value	A\$m	107	93	92	83	(22)
EV/EBITDA	x	(88.2x)	(74.1x)	(49.1x)	(41.5x)	11.0x
ROE	%	(6%)	(3%)	(3%)	(3%)	(1%)
ROA	%	(6%)	(3%)	(3%)	(3%)	(1%)
Net Debt / (Cash)		(2)	(16)	(17)	(26)	(2)
Gearing (ND/(ND+E))	%	n.m.	n.m.	n.m.	(61%)	(15%)
Gearing (ND/E)	%	n.m.	n.m.	n.m.	(38%)	(13%)

Resource

RAS	Mt	g/t	koz	EV/oz
Indicated	2.00	4.3	279	
Inferred	31.5	2.4	2,383	
Total RAS	33.5	2.5	2,662	39
CIM, SHR & SRE	6.2	1.2	244	
Global Resource	39.7	2.3	2,906	36

Earnings Sensitivity

		FY25E	FY26E	FY25E	FY26E
Gold Price	US\$/oz +10%	A\$m	A\$m	%	%
Exchange Rate	A\$/US\$ -10%	n.m.	n.m.	n.m.	n.m.

Valuation

	Discount	Stake	A\$m	A\$/sh
Bendigo-Ophir (unrisked)	-	100%	1,625	5.27
Bendigo-Ophir (risk-adjusted)	60%	100%	650	2.11
Exploration			50	0.16
Corporate & Other			(26)	(0.08)
Debt			-	-
Cash			4	0.01
Option Strikes			1	0.00
Risk adjusted NAV			679	2.20
				0.33

Source: Blue Ocean Equities

BOARD & MANAGEMENT

NORM SECKOLD, CHAIRMAN

Norm has over 40 years of experience in full time management of natural resource companies in Australia and overseas.

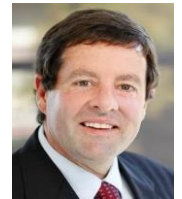
He has a strong track record of creating shareholder value through discovery, de-risking, development and/or sale of mines including Moruya Gold Mines, which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corp, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals, which developed the Rustler's Roost gold mine in the NT and the Ballarat East Gold Mine in Victoria, Viking Gold Corp, which discovered a high grade gold deposit in northern Sweden, Mogul Mining, which drilled out the Magistral and Ocampo gold deposits in Mexico and Bolnisi Gold, which discovered and developed the Palmarejo gold and silver mine in Mexico (acquired by Coeur d'Alene for US\$1.1Bn) and more recently Nickel Mines.

He is currently Chairman and Director of Sky Metals, Alpha HPA and is Deputy Chairman of Nickel Mines Ltd.



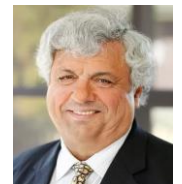
TONY MCDONALD, NON-EXECUTIVE DIRECTOR

Tony has extensive experience as a lawyer and a director of listed public companies. He has previously served as the Company's Managing Director and is currently a Non-Executive Director of ASX listed PPK Group Limited.



RICHARD KEEVERS, NON-EXECUTIVE DIRECTOR

Richard is an experienced geologist having spent 20 years in the mining industry where he held senior positions with BH South Ltd and Newmont. For the next 13 years he was a director of and substantial shareholder in a stockbroking business, until the business was sold, then for the last 23 years he has been a director of a number of ASX listed mining and industrial companies. He is currently Chairman of Renascor Resources Ltd.



FREDERICK JAMES LESLIE BUNTING, NON-EXECUTIVE DIRECTOR

Mr Bunting is a geologist with over 48 years of exploration experience. He worked in Southern Africa for over a decade with Anglo American Corp. After managing Anglo's New Zealand subsidiary, Gold Mines of NZ in 1984, he moved to private company operations and identified alluvial gold resources in both the West Coast and Otago Provinces of NZ which were subsequently commercially mined.



WARREN BATT, NON-EXECUTIVE DIRECTOR

Mr Batt is a geologist and mining professional with over 45 years of experience in the Australian mining and exploration industry. He has held previous directorships with former ASX-listed Perilya and Redfire Resources. As manager of Homestake NZ Exploration, he was responsible for acquiring and managing the Macraes gold project prior to the sale of Homestake's NZ interests to BHP in 1987.



DAMIAN SPRING, GENERAL MANAGER NZ

Damian is a Mining Engineer and is a chartered professional of AusIMM as well as holding a First Class Mine Manager Certificate. He has spent many years as a consultant and employee in the gold sectors in New Zealand, Australia and Argentina. Mr Spring's more recent roles have built experience in integrating mining operations with environmental, community and regulatory compliance and expectations in New Zealand.



HAMISH MCLAUCHLAN, EXPLORATION GEOLOGIST

Hamish is a geologist with +20 years' experience and a diverse knowledge in exploration, opencast mining, slope stability management, geological modelling management and geotechnical investigation programmes. Hamish has also worked extensively as an exploration and production geologist in the resources sector in New Zealand and offshore. Hamish holds a Master of Science with Honours in Engineering Geology and a Bachelor of Science majoring in Geology and is a Fellow of the AusIMM.



KERRIN ALLWOOD, RESOURCE ESTIMATION CONSULTANT, GEOMODELLING LTD

Kerrin is a geologist with +30 years' minerals industry experience specialising in development projects, including:

- Key role in the discovery of the Phoenix shoot at the Fosterville Gold Mine, host to the Swan Zone (2020 reserve of 1.47 Mt @ 49.6 g/t for 2.34 Moz)
- 23 years resource estimation experience
- AusIMM Chartered Professional
- Competent person (JORC and NI 43-101) for most styles of gold mineralisation and certain styles of copper and base metal mineralisation
- Commodity experience: gold, copper, silver, lead, zinc, tungsten, antimony, molybdenum, bismuth, fluorite, nickel, REE, uranium, apatite, magnetite
- Mineralisation style experience: orogenic, intrusion related, skarn, porphyry, secondary/exotic, epithermal, IOCG, VMS, greisen, laterite, alluvial / placer
- In country experience: Australia, Laos, Bolivia, Indonesia, Vietnam, New Zealand, China, Russia, Burkina Faso and Guinea

ANDREW ALLIBONE, CONSULTING GEOLOGIST

Andrew is a consulting geologist who has been involved with the gold exploration and mining industries since 1989. Between 1983 and 1993 he obtained a BSc (Hons) and MSc from the University of Otago and a PhD from James Cook University of North Queensland, the latter as part of the industry funded "Epithermal Gold deposits in Queensland" AMIRA project P249. Andrew then worked for numerous companies as part of the EHW and then SRK consulting groups before returning to James Cook University during 2000-2001 to teach mineral exploration, structural, and economic geology. Since 2002 Andrew has undertaken further geological consulting work for the both the private and government sectors globally, much of it with a focus on the discovery and development of gold deposits. Between 2014 and 2022 Andrew worked exclusively with Randgold Resources Ltd and subsequently Barrick Gold Corporation throughout Africa. His key responsibilities included the management of regional generative exploration programs and geological/structural investigations of individual gold deposits during resource estimation and mine design.

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