



As gold bounces higher, upgrades abound among stocks

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Body

Perth brokerage Argonaut has gone bullish on gold, tipping even more joy for Australian miners riding the wave of surging prices for the safe-haven commodity and lifting recommendations on a host of ASX stocks.

In a note to clients this week from respected mining analysts Hayden Bairstow and Patrick Streater, the WA stockbroker and corporate advisory firm put a rocket under key gold names, with an 11 per cent lift in its FY25 gold target from \$US2388/oz to \$US2644/oz, close to current spot levels.

Argonaut's FY26 target has risen 26 per cent to \$US2925/oz, with FY27 up 35 per cent to the magical \$US3000/oz mark, FY28 up 26 per cent to \$US2700/oz.

It comes after Goldman Sachs lifted its long-run gold forecasts to \$US1950/oz this week, a prediction that placed a number of mid-tiers in discount territory.

"Gold prices have continued to surge, with spot prices now up close to 30 per cent since the start of 2024," Argonaut's Bairstow and Streater said.

"Uncertainty over the pace of forecast interest rate cuts, ongoing inflation and rising US government debt are all likely to continue to drive a favourable pricing environment for gold." Unsurprisingly, the price increases have led to material upgrades to Argonaut's group of gold stocks under coverage.

The most extreme is small producer Catalyst Metals, up 47 per cent to \$4.40 a share, with Northern Star and Genesis Minerals price targets 8 per cent higher at \$19.50 and \$4, respectively.

Ramelius Resources (+13 per cent to \$2.60), Westgold **Resources** (+15 per cent to \$4.50), Capricorn Metals (+17 per cent to \$9), Vault Minerals (+18 per cent to 53c), Gold Road **Resources** (+20 per cent to \$2.10), Bellevue Gold (+23 per cent to \$1.60), Regis **Resources** (+23 per cent to \$2.70) and Ora Banda (+19 per cent to 75c) have also been lifted substantially.

Market leader Northern Star's earnings are up 35 per cent for FY25, 88 per cent for FY26 and 146-254 per cent for FY27-30. A giant new mill is currently being built at Kalgoorlie's revamped Super Pit.

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"The upgrades for the mid-cap producers are mixed. Lower cost producers Capricorn and **Ramelius** see modest upgrades of 13 per cent and 15 per cent for FY25, while Bellevue's earnings forecast rises 19 per cent," Bairstow and Streater say.

"Higher-cost producers and companies that have recently completed acquisitions that carry higher depreciation underpin higher upgrades." African producers Perseus Mining and West African **Resources** have seen 20 per cent and 13 per cent jumps in their price targets, with a number of explorers in Western Australia also seeing their price targets lifted. Earnings upgrades for FY25 and FY26 are 26 per cent and 35 per cent respectively for the cohort, with FY26-27 upgrades of 69-78 per cent for Perseus and 61-63 per cent for West African **Resources**.

There are some recommendation upgrades here as well. **Ramelius**, Bellevue and Ora Banda have all been moved from hold to buy, taking the bulk of the Australian gold sector into buy territory.

Spartan **Resources**, which has risen 225 per cent over the past year as the remarkably high grades of its Never Never and Peppers discoveries near Mt Magnet were revealed, has been moved from a hold to a spec buy with a \$1.55 price target.

Bairstow and Streater say their preference is for stocks with "strong organic growth potential", led by Genesis Minerals, Westgold and Capricorn, with Genesis and Capricorn's five-year CAGR of 20 per cent doubling the rest of their coverage universe.

They say there remains strong value across the sector, with De Grey Mining, and African development plays WIA Gold and Tolu Minerals also key picks.

"Our bullish outlook for the yellow metal and material upgrades to our earnings outlook underpins our shift to a positive view across all stocks in the sector," Bairstow and Streater say.

The bullish new gold sector upgrade from Argonaut comes after Streater initiated coverage on Turaco Gold on the back of a site visit at the Afema project in Cote d'Ivoire. Since acquiring the site in November last year, drilling has underpinned a maiden **resource** of 2.52 million ounces at 1.2 grams per tonne. Argonaut has placed a spec buy rating and 49c valuation on the \$240m junior, which plans to complete a pre-feasibility study by the first half of 2026 at Afema.

Formerly in the portfolio of African gold giant Endeavour Mining, Turaco purchased its majority 51 per cent stake last year, with the right to move to 70 per cent once the PFS is complete for the payment of \$US8.75m in cash and \$46.5m to JV partner Sodim.

Streater says Argonaut estimates \$425m of pre-production capex and working capital requirements will be needed, with Turaco likely to move to a 100 per cent ownership level, converting Sodim's minority interest to a 2 per cent NSR royalty.

The Cote d'Ivoire government would take a 10 per cent free-carried interest in the project with a five-year tax holiday, 0.9 per cent NSR royalty to state miner Sodemi and 6.5 per cent state royalty on gold sales over \$US2000/oz. Stockhead

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