

# ANALYST STOCK PICKS FOR FY19.

Our analysts share their outlook and top stock picks.

July 2018

---

**BELL POTTER**

## **Aeon Metals (AML)**

AML is focused on the exploration and development of its 100%-owned Walford Creek Copper-Cobalt-Zinc project in NW Queensland. Following the delineation of a small, high grade Resource in 2017, AML has developed a robust geological model for the Walford Creek deposit. This model has since successfully intersected high grade extensions of the Resource and points to the potential for significant Resource growth over +20km of prospective strike length. A \$30m capital raise in late 2017 is funding a major drilling campaign through 2018 which has commenced and yielded exciting results. It is likely to drive a material Resource upgrade in early 2019 with strong newsflow in the interim. In our view AML has entered an exciting period of cost effective discovery and growth which we expect more recognition of in 2018.

Speculative Buy, Valuation \$0.54/sh

## **Pantoro Limited (PNR)**

PNR is a growing gold production company, operating its flagship, 100% owned, Halls Creek Project (including the Nicolson's Gold Mine) in the Kimberley Region of Western Australia. Over the course of 2017 it grew production, lowered costs and strengthened its balance sheet. PNR is now debt free and has just completed a major capital investment program which is planned to lift production from ~50kozpa to 80-100kozpa by the end of CY18 and result in All-In-Sustaining Costs (AISC) dropping to A\$1,000/oz. Exploration upside and Resource and Reserve growth remains compelling and we expect this to underpin mine life extensions, adding further value.

Buy, TP \$0.36/sh

We have switched our third top pick from FMG to BRB. Ongoing wide discounts to the benchmark iron ore price are dampening the upside for FMG. In contrast, BRB has suffered a strong selloff while at the same time achieving a significant de-risking milestone in the release of a maiden Resource for its Lake Roe Gold project in WA, making the upside compelling from this point.

## **Breaker Resources (BRB)**

BRB recently released a maiden Resource for its Bombora gold discovery at the Lake Roe gold project of 11.8Mt @ 1.6g/t Au for 624,000oz, of which 42% was in the higher confidence Indicated category and of which ~240koz is within 50m of surface. BRB has also put forward an Exploration Target of 1.1-1.3Moz which, for a greenfield Resource limited largely by the extents of drilling, we view as highly likely to be achieved. We estimate the Resource has been delineated at a discovery cost of A\$23/oz – which we view as both competitive and value adding. Clearly market expectations were not met. The share price has been hit by ~35% since the Resource has been released and this is disappointing. However, looking at the Resource as it stands, we see a good foundation that is likely to grow and an opportune entry point created by emotional rather than rational selling.

Speculative Buy, Valuation \$0.96/sh