EDISON

Barton Gold

Fully funded; valuation unchanged; risks lower

Post-equity raise valuation update

Metals and mining

18 June 2026

Since our last note in May, Barton has continued to aggressively develop its assets in pursuit of its ambition to produce 150koz gold per year in a two-stage 'hub and spoke' model, leveraging its Central Gawler Mill (CGM) and a new future Tunkillia mill. To this end, it has raised a further A$25.9m in equity, has expanded its exploration activities and is delivering both on plan and to budget with the backing of some of the world's pre-eminent fund managers (including Franklin Templeton, Aegis, Merck, Ixios and Donald Smith & Co). Based upon expanded drilling, by Q1 CY27, we expect Barton to have completed a pre-feasibility study (PFS) at Tunkillia as well as a definitive feasibility study (DFS) at Challenger-CGM and (subject to a final investment decision) to have commenced early site works at the latter with a view to returning it to production in CY27. Resource and reserve upgrades are expected to feature in both studies.

Year end	Revenue (AUDm)	PBT (AUDm)	EPS (AUD)	DPS (AUD)	P/E (x)	Yield (%)
6/24	0.8	(9.4)	(0.05)	0.00	N/A	N/A
6/25	8.9	(1.8)	(0.01)	0.00	N/A	N/A
6/26e	0.7	(17.2)	(0.07)	0.00	N/A	N/A
6/27e	23.6	(12.3)	(0.04)	0.00	N/A	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Implications of the June equity fund-raising

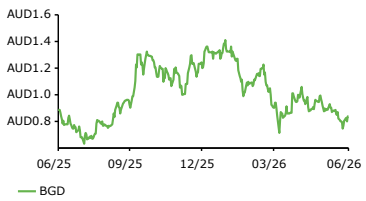
Barton's June equity fund-raising definitively fully funds it to complete its DFS and PFS and has thereby opened two potential paths of value creation. The first is that it has a bridge to unlocking equity value by achieving sequential development milestones. The second is that it allows it the option to shift from equity funding in the future to less dilutive options, such as debt, royalties and structured/trade finance solutions, in which its board and management have historical expertise.

Valuation: A$2.20/share; over A$5.00/share possible

At an updated forex rate of A$1.4149/US$ (cf A$1.3928/US$ previously), we estimate that Tunkillia's (reported) optimised pre-tax $NPV_{7.5}$ of A$1,416m translates into a post-tax $NPV_{7.5}$ of A$800.7m, or A$2.96/share, plus an estimated A$0.11/share in net cash as at end-FY26. Together, this represents a sub-5% decline relative to our prior figure of A$3.21/share but attended by materially less future financing risk. Hence, our risked valuations for Tunkillia alone have fallen by similarly immaterial amounts into the range A$1.48–1.67/share (cf A$1.48–1.69/share previously) based on EV/project NPV multiples (see Exhibit 5). The Challenger-CGM complex adds a further c A$0.81/share to this valuation, albeit this is manifest largely in terms of reduced future equity requirements. On this basis, we calculate that Barton can support reduced equity fund-raising for Tunkillia at the current share price such that net debt:equity peaks at 2:1 and still return dividends to shareholders with an NPV_{10} of A$2.20/share fully diluted (cf A$2.23/share previously). **However, this is at a long-term gold price of only US$3,333/oz. At a long-term price of US$4,343/oz this A$2.20/share valuation increases to A$4.63/share**. Similarly, if Barton is able to extend the lives of its operations indefinitely, we calculate that a valuation in excess of A$5.00/share is possible.

Price	**AUD0.815**
Market cap	**AUD227m**
	A$1.4149/US$
Net cash at 31 December 2025	AUD17.2m
Shares in issue	270.2m
Free float	62.3%
Code	BGD
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(12.0)	(8.2)	(5.1)
52-week high/low		AUD1.5	AUD0.6

Business description

Barton Gold is an Australian gold developer with 100% ownership of the only regional gold mill in the renowned central Gawler Craton of South Australia. Currently, it has JORC mineral resources of c 2.2Moz Au and is targeting future gold production of c 150,000oz annually.

Next events

FY26 results	September 2026
Tunkillia PFS	Q1 CY27
Challenger-CGM DFS	Q1 CY27
Tunkillia mining licence application	H1 CY27

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Edison profile page

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Fully funded

Since our last note on 8 May, Barton has continued to make important progress in pursuing its ambition to achieve production of 150koz per year in a regional hub and spoke model from two mills, with the second stage taking Barton to its target scale via bulk, lower-grade production from Tunkillia complemented by high-grade ore from Tarcoola. As well as intensive exploration at Tunkillia, Challenger-CGM and Tarcoola-Tolmer, most recently this has involved raising an additional A$25.9m via the issue of 30.5m shares earlier this month at a price of A$0.85/share, backed by, among others, Franklin Templeton (which now has a 6.8% interest in the enlarged share capital of the company cf 3.8% previously) and Aegis (5.1% interest). As a result, we estimate that Barton is fully funded to complete the Challenger-CGM DFS and Tunkillia PFS programmes as well as their expanded exploration programmes, such that it will then benefit from positive free cash flow in FY28 and FY29, thereby allowing it to raise a reduced amount of equity in FY28 in order to develop Tunkillia.

Tunkillia update

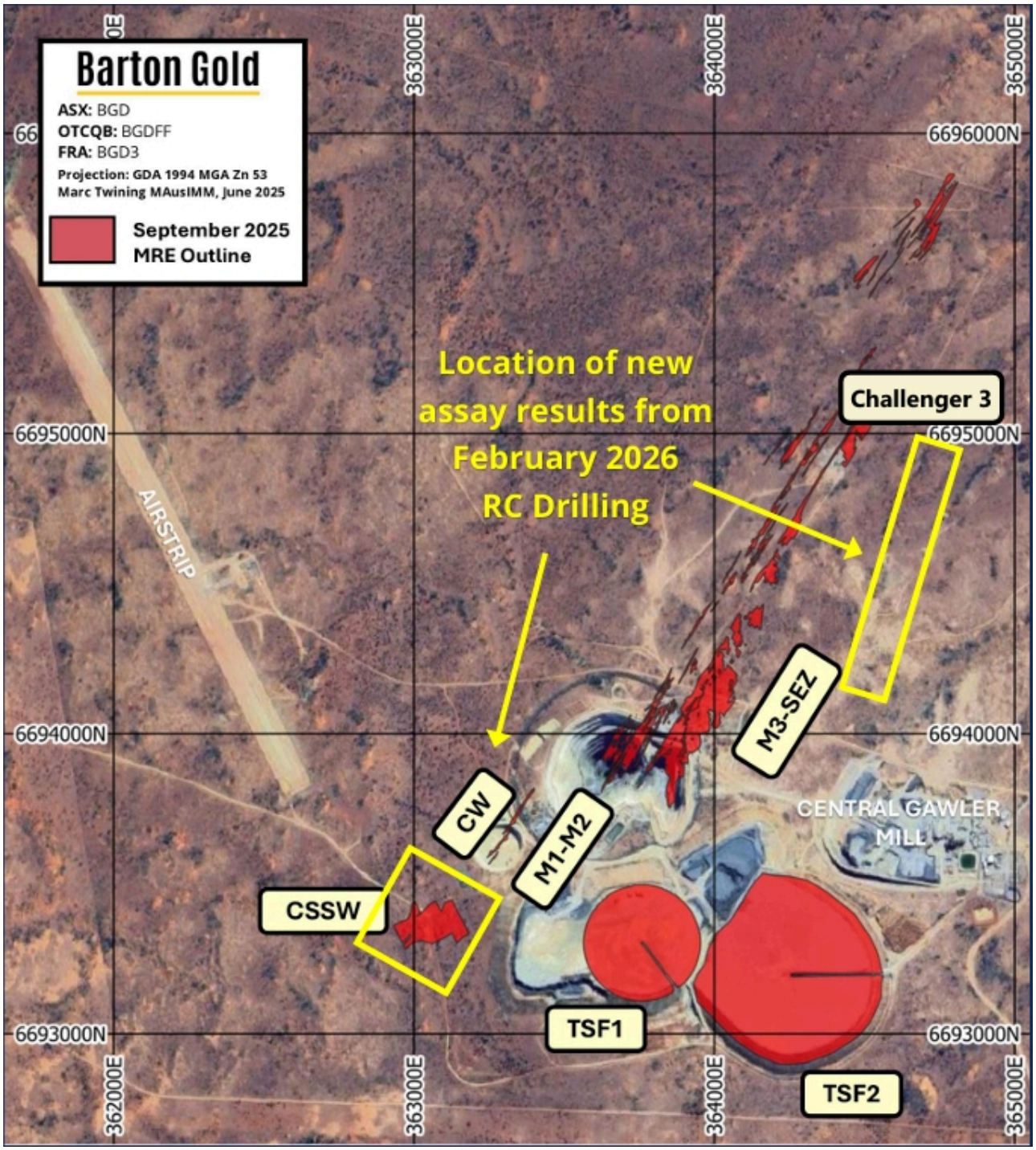
On 27 May, Barton announced the results from the first round of assays received from its 'Phase 2' upgrade drilling programme at Area 51 at Tunkillia. The 30,000m Phase 2 reverse circulation (RC) upgrade drilling programme is targeting conversion of all Tunkillia open-pit mineralisation in its optimised scoping study into the measured and indicated categories of resources to be eligible for subsequent upgrade into an ore reserve to be included in a PFS by the end of Q1 CY27 (to coincide with a mining licence application). Within this context, the first assays from the programme include the highest-grade results to date from Area 51, indicating the potential for growth in resources, open pit and mine life, with the broadest, highest-grade assays coming from the north and south extremities of the currently modelled open pit (suggesting the potential for further extensions of higher-value mineralisation). Relative to the 0.59g/t average grade of the existing Area 51 resource, these initial drill results included results as high as 1.82g/t Au over 43m from 39m depth in hole TKB0492, including 6.65g/t Au over 2m from 71m depth, and were generally 'higher-grade than anticipated'. Of the population of seven holes for which assay results were reported, the average (interval-adjusted) grade was 1.20g/t (ie more than twice the existing grade), and the average interval was 36.38m from an 81m down-hole depth, with a maximum down-hole depth of 195m (ie easily open pittable).

In the light of its analysis of the potential indicated by these (and other) results to extend the mineralisation at Tunkillia, increase its resource within the optimised scoping study's pit outlines and increase the grade profile and classification of the 'starter pit' mineralisation, on 16 June, Barton announced that it had taken the decision to augment the Phase 2 RC programme by an additional c 10,500m, to c 40,000m. Given that the 'starter pits' account for nearly 50% of the project's life of mine operating cash flow within the first 27 months of its life, adding new gold and silver ounces within the existing pit outlines clearly has the potential to disproportionately add value to the project.

Challenger-Central Gawler Mill (CGM) complex updates

On 20 May, Barton announced further assay results from its 8,065m RC resource upgrade programme, which confirmed mineralisation at Challenger South-Southwest (CSSW) and Challenger 3 (both of which are potential satellite open pits) and supported a potential new mineral resource estimate (MRE) at the latter and increased confidence in the MRE at the former. Relative to the 0.92g/t average grade of the existing Challenger resource, the drill results included assays as high as 12.10g/t Au over 2m from 30m depth in hole CBH0204. Of the population of 12 holes for which assays were reported, the average (interval-adjusted) grade was 1.86g/t (ie more than double the existing grade), and the average interval was 8.58m from a 46m down-hole, with a maximum down-hole depth of 95m (ie easily open pittable). These assays will be used to further refine the geological and block models at Challenger. However, given their proximity to the mill, CSSW and Challenger 3 represent ideal, low-risk sources of potential feedstock with which to de-risk an operational restart at Challenger.

Exhibit 1: Challenger site map showing location of assay results from resource upgrade RC drilling campaign



Source: Barton Gold

The goal of Barton's resource upgrade drilling programme is to upgrade resources into at least the indicated category as well as to establish a low-risk, viable, simplified three- to four-year 'baseline' Stage 1 operation at the DFS stage using only historical, higher-grade tailings (0.6–1.0g/t Au) from tailings storage facility 1 (TSF1) and limited, near-surface materials to underwrite the restart of the CGM and to maximise the three- to 10-year development optionality of its Challenger, Tarcoola, Wudinna and Tolmer assets without disturbing Challenger's historical, high-grade underground mine, its mineralisation or its infrastructure access. This model has the benefit of deferring the technical risk and cost of underground operations to a future date and providing further time to optimise development plans. There may also be scope to defer capital cost elements (eg crushing, grinding and gravity circuit refurbishment and upgrades) to a later date, which would reduce upfront capital requirements for the first 12–24 months of operation, with such works then being funded from operating cash flow before fresh ore supplies enter the mill feed schedule.

The results from CSSW and Challenger 3 follow similar results at Challenger 'Main' earlier this year (see our note Delivering to plan and budget, published on 9 May), which validated previously modelled mineralisation, while also identifying new areas of high-grade mineralisation in the open pit's walls that had not previously been modelled, with assays grading up to 170g/t Au from just 43m down-hole depth. These areas, which have not yet been closed off by drilling, may prove to be extensions of the highest-grade materials originally mined in 2002–04. At the same time, drilling in the immediate floor of the Challenger West open pit has confirmed consistent, high-grade mineralisation (also validating previous modelling) with in-pit materials grading 5–20g/t at shallow depths below the pit floor (with peak assays reaching 60g/t Au), which should prove technically simple to exploit.

A DFS to this effect is underway and we expect this to be completed in Q1 CY27, with commissioning of the fully permitted CGM by the end of 2027. Among other things, the DFS is evaluating a range of potential scenarios including optimal restart scale, potential expansion, staged development options, mill reconfigurations and different combinations of throughput feed sources. Following the completion of the individual constituent analyses comprising the DFS, Barton will then undertake a final scenario analysis to determine the optimal startup and development pathways for the CGM. All programmes are on track for a planned July mineral resource upgrade and H2 CY26 DFS completion. In the meantime, Barton has been in discussions with credit, minerals trading and other investment groups interested in providing finance to the Stage 1 operation. Once the Stage 1 DFS is complete, Barton will begin to investigate the introduction of high-grade, fresh ore to the plant (Phase 2). This followed its announcement, on 21 July 2025, that preliminary engineering analysis had confirmed that the cost of full refurbishment of the CGM to its original 600ktpa specification was estimated at A$26m (±30%) and that the associated processing cost would be only A$44.40/t (±30%), representing a material cost saving compared to either building a new mill or using a third-party mill for toll milling. It also follows the sequential increases last year in the resource at Challenger to more than 10Mt ore (ie more than 17 years of ore feed) containing more than 300koz gold, with as much as three years' worth of material available at a grade of 3.23g/t, with all mineralisation located adjacent to the company's CGM and almost all located in, on or adjacent to existing serviceable open-pit and underground developments. It also follows the completion, announced on 6 January, of a 3,239 line-kilometre high-resolution, airborne gravity survey over the northern portion of exploration licence (EL) 6502 (which hosts Challenger) with the goal of using Xcalibur Smart Mapping software to identify analogous, near-mine structural targets similar to Challenger's existing high-grade gold lodes.

In the meantime:

- **Permitting:** Challenger remains a fully approved mine site with an established Mining Program for Environmental Protection and Rehabilitation (M-PEPR) – ie a 'mining license' – which establishes the terms under which the site is permitted to operate. The existing M-PEPR permits mining from the existing open pit and underground mines and disposal of waste to tailings storage facility 2 (TSF2). In parallel with the completion of a DFS, Barton is applying for a new M-PEPR that will permit the mining and re-processing of historical tailings contained within TSF1, the mining of new open pits at Challenger SSW and Challenger 3 and the development of a new tailings storage facility 3 (TSF3). Application for the new mining licence is targeted in parallel with DFS completion by the end of Q1 CY27.
- **Water:** Challenger has established production bores, which have fully supported historical operations. They draw on a hyper-saline water source for mineral processing, and no further requirements for additional water are anticipated at the current time.
- **Power:** Challenger has traditionally operated with a remote diesel-generated power supply. Barton is evaluating multiple options to reduce the carbon footprint of Challenger through the integration of new, more efficient renewable energy solutions to mitigate total diesel power production, such as the sequential installation of incremental solar power capacity that could also have the additional benefit of reducing exposure to diesel price volatility.

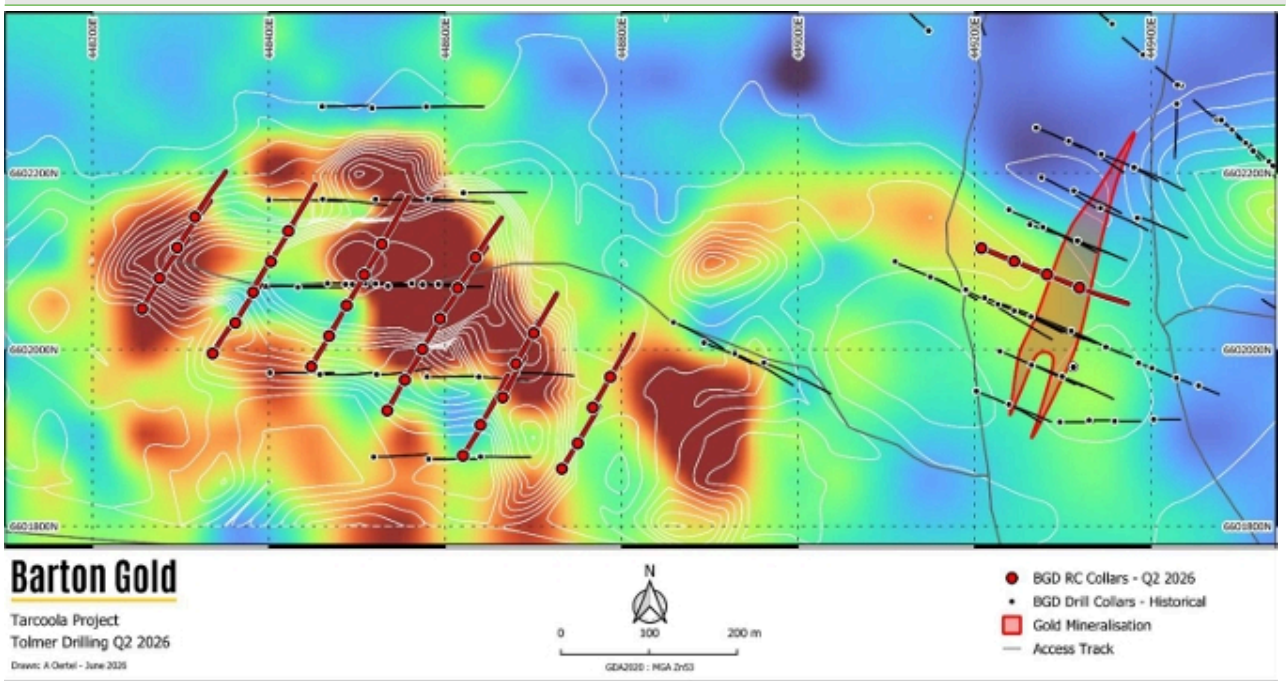
Tarcoola-Tolmer updates

On 11 June, Barton announced the completion of an expedited c 3,700m RC follow-up drill programme at its high-grade Tolmer silver prospect, located at Tarcoola. The programme followed preliminary metallurgical tests that yielded a high-grade concentrate over 100,000g/t (c 10%, or 3,215opt) silver and infilled the high-grade zone on a different orientation to test continuity and a potential new interpretation of local geological controls (and potential extensions to this mineralisation) along a newly interpreted strike axis. Assays are expected to be received in the second half of July.

The programme was designed to capitalise on Barton's March 2025 discovery at Tolmer of one of Australia's highest-grade modern silver prospects c 500m to the west of its August 2024 gold discovery and the results of three diamond drill holes completed on Tolmer's 'eastern gold zone', on 9 December, to evaluate local structural and stratigraphic controls and guide follow-up targeting. Multiple rounds of follow-up drilling in the main 'western silver zone' had identified

a continuous footprint of silver dominant mineralisation where two shallow horizons host peak silver and gold grades up to 17,600g/t (565.9opt) Ag and 51.2g/t (1.6opt) Au less than 50m from surface. However, while the 'upper horizon' was open to the west, the 'lower horizon' was open to the east (while also extending south). In August 2025 therefore, Barton drilled three diamond drill holes across the 'eastern gold zone' to investigate local geological controls, with the aim of improving follow-up drill targeting in the western silver zone, where soil assays indicated extensions of mineralisation around high-grade drilling assays. Readers are directed towards Barton's full announcement for details of the results. In summary, the silver assays from the diamond holes in the 'eastern zone' were materially narrower and lower in grade than their RC counterparts in the western zone. By contrast, the gold assays demonstrated wider intervals of mineralisation at grades that were lower than their RC counterparts in the western zone, but still eminently economically viable (eg 12m at 3.2g/t Au interval-weighted average for the diamond drill holes, cf 3–4m at 4.8g/t for the RC holes). Perhaps more significantly, preliminary geological interpretation of the diamond cores in the 'eastern gold zone' indicated a steeply dipping zone of faulting and deformation, analogous in orientation to the eastern portion of the Tarcoola goldfield (which hosts Barton's open pit Perseverance Mine c 5km to the east). Structural logging of the drill core also confirmed significant rotation of the host stratigraphy within the structural corridor, with vein geometries being consistent with brittle deformation in a broader NNE-trending shear zone. Moreover, while gold mineralisation is hosted within quartz-pyrite±galena±sphalerite veins and veinlets within broader zones of quartz veining, sericite and silica alteration, within the diamond core, discrete and narrow intervals of silver mineralisation up to 465g/t Ag also accompany the gold mineralisation and were themselves accompanied by lead and zinc up to 2.1% and 5.6% respectively.

Exhibit 2: Tolmer map with lead (Pb) background, Ag contours (white), prior drilling (black) and new drilling (red)



Source: Barton Gold

After defining local structural features and control for comparison with the 'gold zones' in the eastern portion of the Tarcoola goldfield therefore, as well as updating its interpretation of Tolmer's local geological model(s), with a particular focus on more precisely targeting the western silver zone to extend its defined area of mineralisation, Barton's c 3,700m RC follow-up drill programme was intended to determine whether these silver-rich zones represent a separate mineralised stage to the main gold mineralisation or simply a natural variation or zoning within a broader mineralised system. More generally, it was also intended to determine the relationship between the eastern and western zones, fill in data and test potential extensions indicated by soil assays around numerous drill intercepts exceeding 2,000m.g/t Ag.

As stated previously, Tolmer's (silver) discovery hole (which yielded a peak intersection of 6m at 4,747g/t Ag plus 13.2g/t Au) has been washed and panned to produce a concentrate for evaluation using a scanning electron microscope, which will assist in designing a comprehensive full, follow-up metallurgical testwork programme. This test – the results from which were announced on 5 May – produced a concentrate grading in excess of 100,000g/t (c 10%, or 3,215opt) Ag from a simple gravity process, without any grinding, roasting or the use of chemical reagents. As well as the c 3,700m RC drilling campaign therefore, Barton is undertaking preliminary metallurgical studies to understand the petrology and paragenesis of the Tolmer silver mineralisation, with metallurgical testwork to follow to determine the origins and

formation of the Tolmer mineralisation and to evaluate the optimal routes for processing and recovery. In due course a full metallurgical testwork programme will ultimately be required to evaluate the potential commercial viability of the silver zone. However, the ability to produce exceptionally high-grade concentrates without hydrometallurgical or pyrometallurgical processes could have material implications in developing a low-cost, high-margin operation if the results to date prove to be representative of the deposit as a whole.

Development timelines and milestones

Barton's ambition is to achieve production of 150koz per year in a regional hub and spoke model from two mills, with the second stage taking it to its target scale via bulk, lower-grade production from Tunkillia blended with complementary high-grade ore from Tarcoola. In the medium to longer term, the milestones implicit in achieving this ambition will involve:

- Starting initial site works at Challenger-CGM.
- Ramping up the CGM to an annual production rate of 10–20koz per year in the six to 12 months following the mill's recommissioning (ie CY27/28).
- Further ramping up CGM production to an annual production rate of 30–50koz per year via the addition of higher-grade regional blending materials from CY2930.
- Accelerating Tunkillia development as soon as possible thereafter, aiming for development in c 2029 and 2030 and production in c 2030–31 at a rate of 125koz per year or more, to bring total group production to, or above, its target of 150koz per year.

Note that the opportunity to truck high-grade concentrates from Wudinna to either the CGM or Tunkillia presents an upside opportunity to the overall production profile.

More immediate milestones in order to achieve these goals are:

- At Tunkillia:
  - To compile the results of its expanded 40.5km expedited RC drilling programme, currently underway.
  - To upgrade all Tunkillia gold and silver open-pit mineralisation included in its optimised scoping study into the measured and indicated categories.
  - To delineate an ore reserve estimate and complete a PFS by the end of Q1 CY27.
  - To then proceed with a mining licence application following completion of the PFS.
- At Challenger-CGM:
  - To announce a resource upgrade (albeit more in terms of quality – ie grade – than scale).
  - It will then proceed to a DFS and ore reserve estimate.
  - To establish a low-risk, viable, simplified three- to four-year 'baseline' Stage 1 operation at DFS stage using only historical, higher-grade tailings (0.6–1.0g/t Au) from TSF1 and limited, near-surface materials to underwrite the restart of the CGM and to maximise the three- to 10-year development optionality of its Challenger, Tarcoola, Wudinna and Tolmer assets without disturbing Challenger's historical, high-grade underground mine, its mineralisation or its infrastructure access. Simultaneously, it is also awaiting the results of its high-resolution, airborne gravity survey looking for repeats of Challenger's high-grade gold lodes.
  - It then plans to commence early site works, also by the end of the year, to establish a camp at Challenger ahead of bringing in bulk construction crews for the mill and plant.
- At Tarcoola-Tolmer:
  - To delineate a maiden resource or exploration target (ET); note that if acceptable continuity can be established within the silver zone, it holds out the possibility of delineating many millions of ounces of silver resources within a relatively small footprint and shallow profile.
  - To undertake a full metallurgical testwork programme at Tolmer's silver zone to assess its economic potential; if successful, it is also possible that Barton will commission an independent study into the deposit.

- To validate high-grade 'Stage 1' feed and 'Stage 2' blending mineralisation at Tarcoola in CY26 or, potentially, to confirm an entirely independent body of high-grade silver mineralisation, offering multiple different potential commercialisation pathways, using either Barton's mill or the lead-zinc-silver smelter located along the highway at Port Pirie (South Australia) owned by Nyrstar/Trafigura or concentrate export markets.

Valuation

Our method of valuing Barton remains unchanged relative to our May note (encompassing both Tunkillia and an indicative production schedule from Challenger-CGM), now adjusted for the company's A$25.5m June equity raise.

Unrisked Tunkillia valuation

Barton's optimised scoping study calculated a pre-tax internal rate of return (IRR) on the Tunkillia project of 73.2% and a pre-tax $NPV_{7.5\%}$ of A$1,416m. Using the same gold price and silver prices of US$3,333/oz and US$50/oz, respectively, to mirror the optimised scoping study and an updated foreign exchange rate of A$1.4149/US$ (cf A$1.3928/US$ previously), we calculate an equivalent post-tax $NPV_{7.5}$ for Tunkillia of A$800.7m (cf A$769.6m previously), or A$2.96 per share. This is a decline of 7.8% overall, reflecting an 11.4% decline relating to equity dilution partially offset by recent Australian dollar weakness relative to the US dollar.

Tunkillia valuation risked for two factors

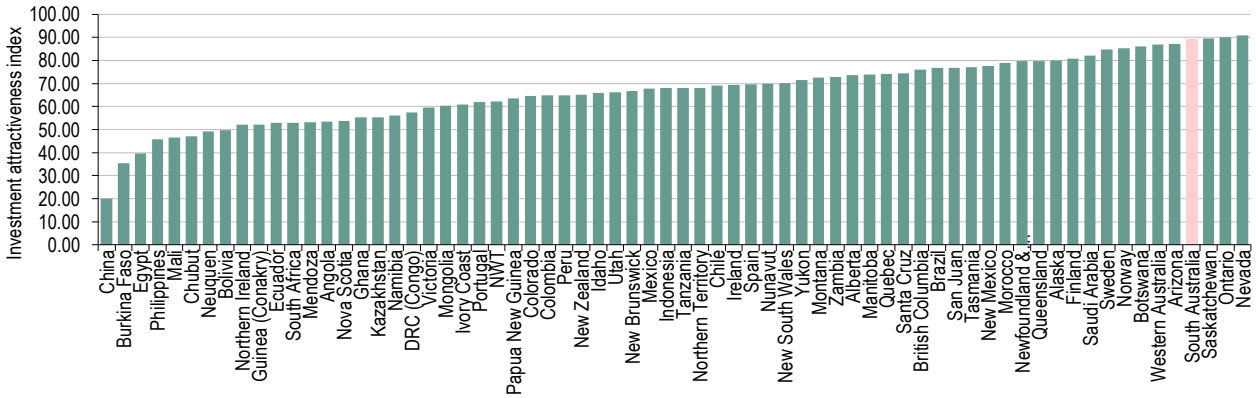
Risk associated with Tunkillia may be assumed to comprise sovereign risk, execution risk, geological risk, metallurgical risk, engineering risk, management risk (possibly also including funding risk) and an overall risk of 'commerciality'. Three of these risks – sovereign risk, execution risk (in the form of 'stage of development' risk, ie scoping study or preliminary economic assessment) and overall 'commerciality risk' – may immediately be adjusted for.

Sovereign risk

In our report Gold stars and black holes, published in January 2019, we calculated that companies with completed scoping studies commanded valuations between -4.8% and 50.7% of attributable project NPV, with an average of 11.7% (see Exhibit 166 on page 82 of the report).

According to the Fraser Institute's 2025 survey, South Australia ranks fourth in the world in terms of mining investment attractiveness, and is one of the 10 most improved jurisdictions since 2024:

Exhibit 3: Fraser Institute survey of mining investment attractiveness, by jurisdiction (2025)



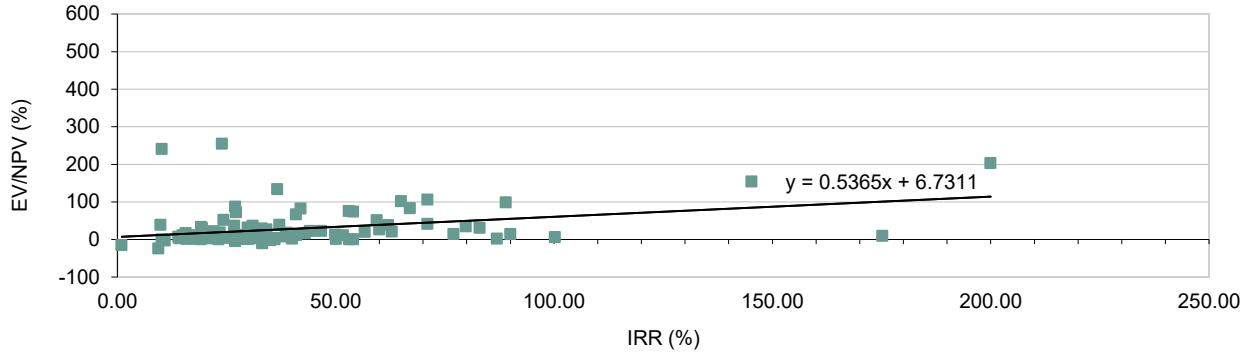
Source: Fraser Institute

The mean Fraser Institute investment attractiveness score for all jurisdictions is 66.80, which is between the scores for New Brunswick and Mexico in the exhibit above. If this is deemed to attract an average valuation of 11.7% of attributable NPV, and the top and bottom halves of the sample are presumed to attract valuations with respect to the average and pro rata to their scores, then a company with an average project in South Australia may be expected to attract a valuation of 48.0% of attributable project NPV. For Barton, this would imply an updated valuation of A$1.42/share for Tunkillia alone (cf A$1.54/share previously), excluding any contribution from its other assets.

Tunkillia valuation risked for overall commerciality

In our *Gold stars and black holes* report, we similarly calculated a statistically significant relationship between the valuation of a company and its IRR, which is demonstrated in the exhibit below.

Exhibit 4: Company enterprise value as percent of attributable project NPV (%) versus project IRR (%)



Source: Edison Investment Research

n the basis of the Tunkillia project's scoping study pre-tax IRR of 73.2%, therefore, Barton could be expected to command an updated valuation equivalent to 46.0% of its NPV, or A$1.36/share.

Alternatively, a multiple regression analysis between the IRR and Fraser Institute investment attractiveness scores and a company's enterprise value/NPV ratio suggests a 52.6% enterprise value/NPV ratio, which implies an updated valuation of A$1.56/share.

Adding estimated end-FY26 net cash of A$0.11/share to these valuations, our updated, risked valuations of Barton, based on its ownership of Tunkillia only, are as follows:

Exhibit 5: Tunkillia valuation summary

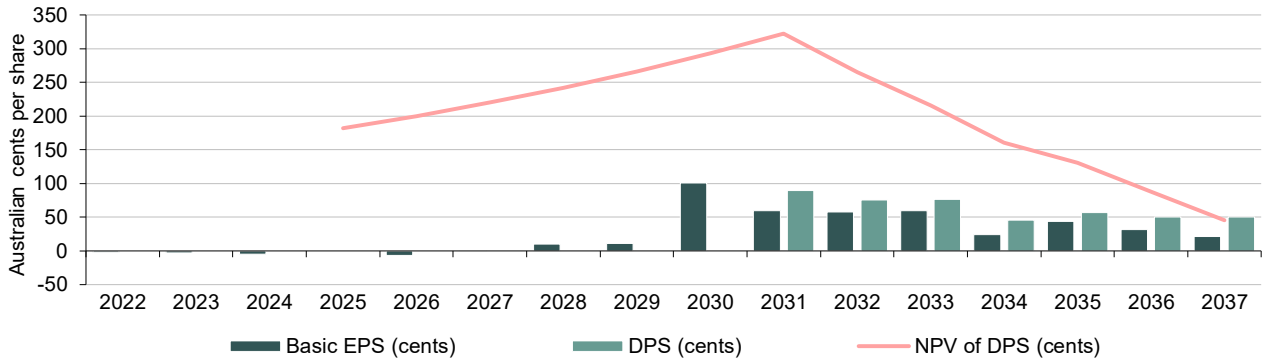
Scenario	Valuation (A$/share)	Previous valuation (A$/share)	Change (%)
Unrisked estimated post-tax $NPV_{7.5\%}$	3.08	3.22	(4.3)
Unrisked estimated post-tax $NPV_{7.5\%}$ adjusted for:			
– Sovereign risk	1.54	1.54	(0.4)
– IRR	1.48	1.48	(0.1)
– Sovereign risk and IRR	1.67	1.69	(1.1)

Source: Edison Investment Research. Note: Using optimised scoping study gold price of US$3,333/oz and 7.5% discount rate.

Barton valuation based on Edison assumptions

Our long-term, real gold price forecast remains unchanged at US$1,866/oz in late-FY25 terms, largely based on the assumption that meaningful positive real interest rates must return to western economies in general and the US economy in particular, at some point. Over the period in which we would expect Tunkillia to be in production (FY30–37), we estimate the gold price will average US$1,846/oz in real US dollar terms, in which case – at the costs indicated in its optimised scoping study – the project is somewhat marginal in terms of returns to shareholders. However, at the price of US$3,333/oz used in the optimised scoping study, and including production from Challenger-CGM, we estimate that it could support a fund-raising of A$65.3m (cf A$95.9m previously) in FY28 at the current share price (such that the net debt:equity ratio peaks at 2:1 in FY29 when all capex has been expended) and return dividends to shareholders with an NPV_{10} of A$2.20/share (cf A$2.23/share previously) in 1 July 2026 money terms. At the current price of gold of US $4,343/oz, this valuation more than doubles to A$4.63/share.

Exhibit 6: Barton Gold EPS, maximum potential DPS and NPV of DPS, FY22–37 (Ac/share)

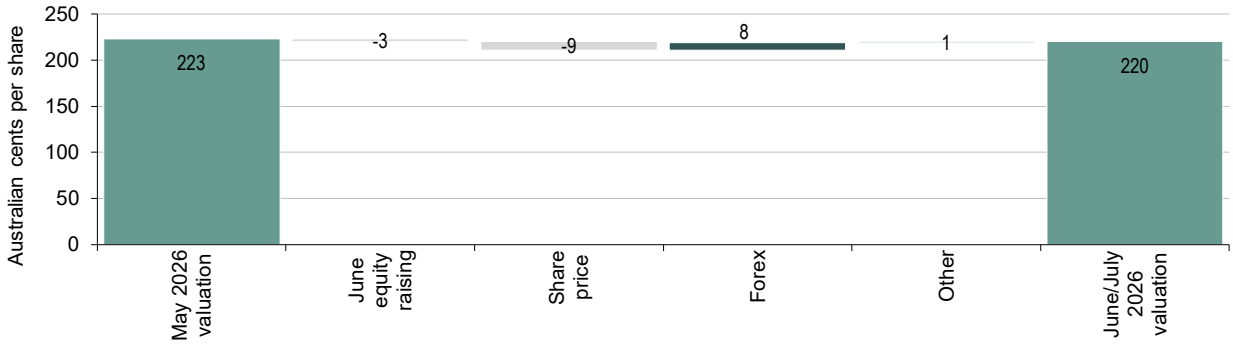


Source: Edison Investment Research. Note: Based on the execution of the Tunkillia project to the parameters set out in its initial scoping study only, using a gold price of US$3,333/oz and a 10% discount rate.

From this level of A$2.20/share on 1 July 2026, we would expect the valuation of Barton to increase and to peak at A$3.22/share (also in 1 July 2026 money terms) on the cusp of the company's first material potential dividend to shareholders in FY31.

A bridge chart of the evolution of our valuation of Barton on this basis is as follows:

Exhibit 7: Barton Gold valuation evolution (June/July 2026 cf May 2026)



Source: Edison Investment Research.

In addition to Tunkillia and Challenger-CGM, Barton's other assets may prove significant multipliers of value. Although small in terms of ounces, Tarcoola boasts a low-grade oxide stockpile with a grade of 1.20g/t, a low-grade sulphide stockpile with a grade of 1.40g/t and the Perseverance pit with a grade of 1.99g/t – all of which are significantly in excess of Tunkillia's average resource grade of 0.80g/t and its average life-of-mine head grade of 0.82g/t. In addition, Barton is targeting a further c 365koz gold in higher-grade zones to be fed into the mill in the first two to three years of operation and potentially as much as 120koz per year to be fed into the mill over its full eight-year processing life. Possible sources for such material include potentially extending the Starter pit and deepening and/or smoothing the eventual Main pit floor.

However, whether early or late in the life of the operation, we estimate that future exploration success and/or future optimisation studies have the potential to add materially to Tunkillia's NPV. In our base case, we assume that Barton will raise equity in FY28, pay off outstanding net debt in early FY31 and then generate an average of A$228.0m (cf A $212.4m previously) per year for the remaining seven years of its life, which it would pay out as (maximum potential) dividends at an unchanged average rate of c A$0.64/share. If it is able to extend this performance into the future, our valuation of the company varies as shown in Exhibit 8, below.

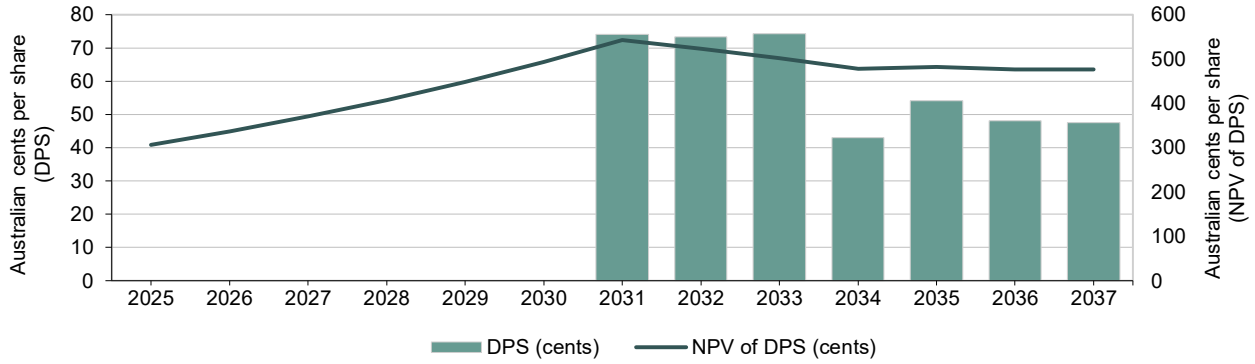
Exhibit 8: Barton Gold valuation sensitivity to operational life extensions (A$/share)

Scenario	Valuation (A$/share)	Incremental valuation change (A$/share)
Discounted dividend valuation*	2.20	
Discounted dividend valuation* (including exploration investment**)	2.04	(0.16)
+ five years	2.67	0.63
+10 years	3.06	0.39
+15 years	3.31	0.24
+20 years	3.46	0.15
Ad infinitum	3.71	0.25

Source: Edison Investment Research. Note: *Using a gold price of US$3,333/oz and a 10% discount rate. **Assumed at the rate of A $12.4m per year.

Moreover, while an extension of Barton's operations' lives indefinitely would increase our valuation of the company today by 68.6%, or A$1.51/share, from A$2.20/share to A$3.71/share, this valuation itself would continue to rise with time to peak at A$5.43/share in FY30, before settling out at a long-term, steady-state level of A$5.24/share (cum-div) or A$4.76/share (ex-div), as depicted in Exhibit 9 below:

Exhibit 9: Barton Gold maximum potential DPS and NPV of DPS, ad infinitum (Australian cents per share)



Source: Edison Investment Research. Note: Based on the ad infinitum extension of Barton's operations, with Tunkillia at its core, using a gold price of US$3,333/oz and a 10% discount rate.

Accepting the ad infinitum valuation shown in Exhibit 9, we calculate that Barton's P/E ratio in the years FY30–37 (ie those for which we have full financial forecasts) would range from 5.1x in FY30 to 25.3x in FY37. This compares with Capricorn Metals' current consensus forecast P/E range of 18.1–8.6x for FY26–28 (ie the same order of magnitude; source: LSEG Data & Analytics, 16 June 2026). Relative to its current share price, we calculate that its P/E ratio in the years FY30–37 will range from 0.8–4.3x, with an average of 2.2x (ie approximately one-quarter to one-tenth of Capricorn's rating).

A note on the gold price

The average gold price in CY25 was US$3,445/oz (source: Bloomberg). Consistent with our general policy, our gold price forecast for CY26 now assumes that the current spot price of c US$4,343/oz will prevail for the remainder of the calendar year, before reverting to our long-term levels as follows:

Exhibit 10: Forecast Edison gold price, real and nominal (US$/oz)

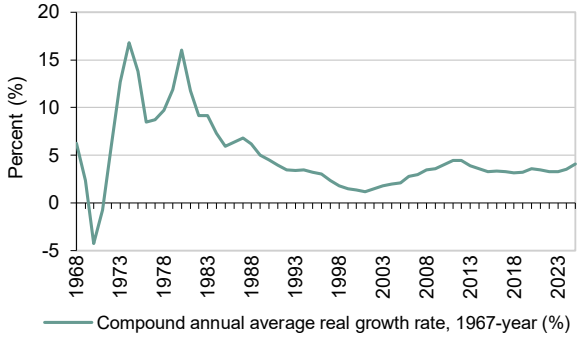
Calendar year	2027	2028	2029	2030
Real price (US$/oz)	2,068	1,863	1,727	*1,866
Nominal price (US$/oz)	2,239	2,098	2,023	2,274

Source: Edison Investment Research. Note: *Long-term price. Real US dollars are expressed in late CY25 terms.

The gold prices in Exhibit 10 are derived with respect to historical precedent. However, almost the only modern precedent to today's market is that of 1970–81 when gold rose from its post-war currency peg of US$35/oz to a peak of US$850/oz in January 1980 before falling by more than 60% in the following two years. The analysis above implicitly assumes a repeat of the same pattern, with 2026 being an analogue to 1980 and 2027 being an analogue to 1981. However, there are material differences between the two periods of time. The most critical is that, in 1980, the US was still the world's largest creditor nation, and what suddenly reversed gold's fortunes was the policy adopted by the then-new Federal Reserve chairman, Paul Volcker, to 'defend the value of the US dollar.' That entailed sharply raising real interest rates from near zero to around 4% (among other things, causing a sharp recession in the US and most other western countries in the early 1980s) where they remained for almost the next two decades. However, now, the US is the world's largest debtor nation, and no one in either the US administration or the Federal Reserve (not even Kevin Warsh) is talking about policy in defence of the US dollar. In fact, quite the opposite: what is being talked about is allowing the dollar to find a level at which US exports can compete on world markets and stimulating the domestic economy with real interest rates as low as possible. Hence, all the forces that have pushed gold to its recent peak over US$5,000/oz are still pushing it in the same direction (ie upwards).

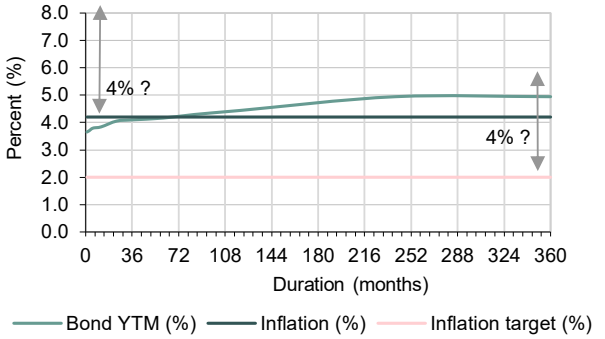
President Trump's nomination for the chairman of the Federal Reserve, Kevin Warsh, appeared to the be catalyst for the start of gold's sell-off from its recent record highs in March. He is reported to be in alignment with Mr Trump in wanting to shrink the Fed's balance sheet at the same time as cutting short-term rates dramatically, thus effectively steepening the yield curve. In themselves, neither a steepening of the yield curve nor cuts to the Fed's balance sheet are traditionally positive harbingers for gold. While management of the long-end of the yield curve by means of a relaxation of the Supplementary Leverage Ratio could limit the degree of steepening, it remains to be seen whether cuts to short-term interest rates under a new Treasury-Fed accord can be achieved without reigniting inflation. In the meantime, both short-term real interest rates of minus 0.575% (a Fed Funds rate of 3.5–3.75% minus inflation of 4.2%) and long-term real interest rates of 0.744% remain uncompetitive relative to gold's compound average annual growth rate of 4.1% in real terms since 1967 (Exhibit 11).

Exhibit 11: Gold price compound annual average growth rate, 1967–year (%)



Source: Edison Investment Research (underlying data: Bloomberg, South African Chamber of Mines, US Department of Labor, Bureau of Labor Statistics)

Exhibit 12: US yield curve vs US CPI-U inflation rate (%)



Source: Bloomberg, US Department of Labor, Bureau of Labor Statistics, Edison Investment Research

While it is tempting to look at recent graphs of the gold price and attempt to call a 'top', investors should beware as many of the forces that drive it are often self-reinforcing, especially the fact that above ground stocks of gold of c 216,000t dwarf newly mined supply of c 3,700t per year. Hence, traditional supply-and-demand analysis often fails in the case

of gold, where price discovery tends to occur among existing holders, rather than new buyers and sellers. This means, while the price has appreciated substantially, in the absence of a fundamental shift in macroeconomic policy (especially in the US), there is no reason to suppose that it cannot continue. The following demonstrates the extent to which this is possible:

- The gold price required to cover the total US monetary base is US$21,421/oz. This is analogous to the classical gold standard, according to which the Federal Reserve was required to hold enough gold to redeem all of its liabilities (ie US dollars) that could be in circulation. Although President Nixon formally closed this dollar window in August 1971, in the era of a floating gold price, US gold reserves were nevertheless still able to cover the US total monetary base as recently as 1980.
- The gold price required to cover the US net international investment position is US$102,917/oz. While this number appears very large, it would theoretically enable the US to cover all of its accumulated deficits since c 1979.
- The gold price required to cover the US net international investment position and to cover its monetary base is US $124,345/oz.

While gold would need to increase c 29 times to get from its level now to US$124,345/oz, it is perhaps worth noting that it has already gone up by 124 times to get from its level of US$35/oz in 1967 to its current price. Inevitably, few guarantees can be made regarding the future evolution of the world economy. However, the following conjectural sequence of events may perhaps demonstrate a mechanism by which these price levels could be achieved:

- First, the gold price reaches a level of US$21,421/oz, which fully covers the total US monetary base and is therefore comparable to the levels that it reached in 1980. At the current forex rate of CNY6.7679/US$ this would equate to a renminbi price of gold of CNY144,975/oz.
- At the current time, US GDP per capita is US$94,430 according to the IMF, while China's is CNY95,749/capita, which equates to c US$14,148/capita at the current exchange rate.
- The Chinese renminbi then appreciates from CNY6.7679/US$ to parity in the ensuing years (see paragraph below for sterling-dollar precedent). In this case, the renminbi price of gold needs only to be maintained at a flat CNY144,975/oz in order for the US dollar price of gold to reach US$144,975/oz.
- At this point in time, not only will the US dollar gold price have reached the levels required to balance its negative net international investment position (as above), but Chinese GDP per head will have increased to match that of the US. At some point in time therefore, we think that it is likely that the People's Bank of China will abandon its currency peg to preserve its citizens' wealth as well as to manage the transition of China's workers from global producers to global consumers, albeit at the cost of accepting a much more competitive US dollar in world markets.

For those wishing to see a precedent to the above, we would point to the fact that the UK was the world's largest creditor nation prior to 1914 (akin to the US in 1980). At that time, the price of gold was £4.4s.11½d per ounce (effectively £4.25/oz in modern money for readers with a youthful, post-decimalisation disposition) and US$20.67 per ounce, such that the sterling dollar rate was US$4.86/£. After sterling came off the gold standard in 1931 and the US devalued, this rate peaked at just over US$5.00/£ in 1934 during a rush to safety into the world's reserve currency (ie sterling). By 1945, the UK had become the world's largest debtor nation, and, in just 40 years, sterling would test parity against the dollar in February/March 1985. The US, by contrast, became the world's largest debtor nation in 1990, in which case a similar 40-year gap would suggest that it could test parity with the renminbi as early as 2030.

As stated previously, few guarantees can be made regarding the future evolution of the world economy. Agreements similar to the 1985 Plaza Accord may attempt to smooth global foreign exchange rates in a managed fashion. However, the numbers calculated demonstrate the extent to which the world has financialised since 1971 to the detriment of real assets. At the same time, this analysis demonstrates that, in the absence of a major policy change from either China or the US, in particular, the bull market for gold may be far from over.

Exhibit 13: Financial summary

A$'000s	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Year end 30 June	UK GAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS								
Revenue	2,430	2,809	794	8,868	665	23,582	141,490	188,653
Cost of Sales	(6,250)	(8,039)	(9,389)	(10,207)	(17,605)	(34,496)	(98,550)	(124,369)
Gross Profit	(3,820)	(5,230)	(8,595)	(1,339)	(16,940)	(10,914)	42,940	64,284
EBITDA	(3,820)	(5,230)	(8,595)	(1,339)	(16,940)	(10,914)	42,940	64,284
Operating Profit (before amort. and except.)	(3,912)	(5,358)	(8,835)	(1,551)	(17,206)	(12,665)	34,027	52,401
Intangible Amortisation	0	0	0	0	0	0	0	0
Exceptionals	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Operating Profit	(3,912)	(5,358)	(8,835)	(1,551)	(17,206)	(12,665)	34,027	52,401
Net Interest	(193)	(320)	(568)	(288)	25	320	(3,195)	(10,694)
Profit Before Tax (norm)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,345)	30,833	41,706
Profit Before Tax (FRS 3)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,345)	30,833	41,706
Tax	0	0	0	0	0	0	(9,250)	(12,512)
Profit After Tax (norm)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,345)	21,583	29,194
Profit After Tax (FRS 3)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,345)	21,583	29,194
Average Number of Shares Outstanding (m)	175.6	176.0	200.5	219.2	249.3	276.6	318.0	358.0
EPS - normalised (c)	(2.3)	(3.2)	(4.7)	(0.8)	(6.9)	(4.5)	6.8	8.2
EPS - normalised and fully diluted (c)	(2.3)	(3.2)	(4.7)	(0.8)	(6.5)	(4.2)	6.5	7.8
EPS - (IFRS) (c)	(2.3)	(3.2)	(4.7)	(0.8)	(6.9)	(4.5)	6.8	8.2
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET								
Fixed Assets	14,151	14,374	14,366	14,357	20,118	68,367	210,455	425,072
Intangible Assets	13,757	13,782	13,814	13,757	13,757	13,757	13,757	13,757
Tangible Assets	394	592	552	600	6,361	54,610	196,698	411,315
Investments	0	0	0	0	0	0	0	0
Current Assets	11,782	10,719	10,949	9,307	31,995	2,254	11,945	15,822
Stocks	0	0	0	0	3	1,938	11,629	15,506
Debtors	427	68	387	0	0	0	0	0
Cash	11,200	10,451	10,216	8,991	31,676	0	0	0
Other	155	200	346	316	316	316	316	316
Current Liabilities	(573)	(842)	(5,271)	(1,530)	(1,468)	(1,468)	(1,468)	(8,502)
Creditors	(573)	(789)	(5,213)	(1,456)	(1,456)	(1,456)	(1,456)	(8,490)
Short-term borrowings	0	(53)	(58)	(74)	(12)	(12)	(12)	(12)
Long-Term Liabilities	(15,091)	(15,548)	(13,715)	(13,273)	(13,273)	(42,227)	(110,405)	(292,669)
Long-term borrowings	0	(60)	(2)	(77)	(77)	(29,031)	(97,209)	(279,473)
Other long-term liabilities	(15,091)	(15,488)	(13,713)	(13,196)	(13,196)	(13,196)	(13,196)	(13,196)
Net Assets	10,269	8,703	6,329	8,861	37,372	26,927	110,527	139,722
CASH FLOW								
Operating Cash Flow	(4,174)	(4,540)	(5,950)	(4,464)	(16,943)	(12,850)	33,249	67,442
Net Interest	(193)	(320)	(568)	(288)	25	320	(3,195)	(10,694)
Tax	0	0	0	0	0	0	(9,250)	(12,512)
Capex	676	550	(23)	582	(6,027)	(50,000)	(151,000)	(226,500)
Acquisitions/disposals	0	0	0	0	0	0	0	0
Financing	0	3,609	6,358	3,000	45,692	1,900	62,018	0
Dividends	0	0	0	0	0	0	0	0
Net Cash Flow	(3,691)	(701)	(183)	(1,170)	22,747	(60,630)	(68,178)	(182,265)
Opening net debt/(cash)	(14,891)	(11,200)	(10,338)	(10,156)	(8,840)	(31,587)	29,043	97,221
HP finance leases initiated	0	0	0	0	0	0	0	0
Other	0	(161)	1	(146)	0	0	0	(0)
Closing net debt/(cash)	(11,200)	(10,338)	(10,156)	(8,840)	(31,587)	29,043	97,221	279,485

Source: Company sources, Edison Investment Research

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