EDISON

Barton Gold

Delivering to plan and budget

Company update

Metals and mining

8 May 2026

Since our last note, 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$15.7m in equity and is continuing extensive exploration at Tunkillia, Challenger-CGM and Tarcoola-Tolmer and is delivering both on plan and to budget with the backing of one of the world's pre-eminent natural resources funds (Franklin Templeton). Within eight months we expect it to have completed a pre-feasibility study (PFS) at Tunkillia as well as a definitive feasibility study (DFS) at Challenger-CGM and 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	23.2	(12.5)	(0.05)	0.00	N/A	N/A

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

Not forgetting the silver

In addition to Tunkillia and Challenger-CGM, Barton is undertaking a 4,000m follow-up RC drilling programme at its newly discovered silver zone at Tolmer. If acceptable continuity can be established, it holds out the prospect of delineating many millions of ounces of silver resources within a relatively small footprint.

Valuation: A$2.23/share; over A$5.00/share possible

At an updated forex rate of A$1.3928/US$ (cf A$1.5286/US$ 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$769.6m, or A$3.21/share. Although that is 19.9% below our previous estimate of A$960.6m (A$4.25/share), the decline can be exclusively traced to the 8.9% appreciation of the Australian dollar compared to the US dollar. In part, this is mitigated by having a share price denominated in Australian dollars. However, it is also mitigated by South Australia's sharp improvement as a destination for mining investment (Exhibit 1). Hence, our range of risked valuations for Tunkillia alone amounts to A$1.48–1.69/share (cf A$1.44–2.15/share previously) based on EV/project NPV multiples (undiluted – see Exhibit 3). The Challenger-CGM complex adds a further c A$0.80/share to this valuation, albeit it is manifest in terms of reduced future equity requirements, rather than cash returns to shareholders. On this basis, we calculate that Barton can support the required 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$2.23/share (fully diluted). **However, this is at a long-term gold price of only US$3,333/oz; at a long-term price of US$4,500/oz this A$2.23/share valuation almost doubles to A$5.13/share (cf A$3.71/share previously)**. If Barton is able to extend the lives of its operations indefinitely, we also calculate that a valuation in excess of A$5.00/share is possible.

Price	**AUD0.975**
Market cap	**AUD223m**
	A$1.3928/US$
Net cash at 31 December 2025	AUD17.2m
Shares in issue	239.3m
Free float	62.3%
Code	BGD
Primary exchange	ASX
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	4.5	(17.9)	85.9
52-week high/low		AUD1.5	AUD0.5

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	H2 CY26
Challenger-CGM DFS	H2 CY26
Tunkillia mining licence application	End-CY26

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Edison profile page

Recent developments

Since our last note on the company on 3 October, 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. A summary of this workflow is below.

Financial

In October 2025, Barton raised A$15m in equity via the issue of 12m shares at A$1.25 each (a 3.8% discount to its share price the evening before), of which three-quarters was taken by Franklin Templeton to give it an initial interest in the company of 3.8%. This placement was later augmented by a share purchase plan (SPP) to eligible existing Barton shareholders, which raised a further A$0.7m via the issue of 528,000 shares at the same price between 23 October and 4 November. We estimate that these fund-raising exercises will be sufficient to fully fund the Challenger-CGM DFS and Tunkillia PFS programmes and their associated drilling, such that Barton 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 updates

On 29 October, Barton announced that upgrade RC drilling at Tunkillia's Starter Pit was running ahead of schedule. The Starter Pit is Barton's highest grade and highest margin pit and the intention of the drilling programme (which was completed a month later) was primarily to upgrade existing resources from the inferred category into the indicated and measured categories, such that they might be eligible for future conversion to proven and probable reserves, to be included in a PFS to coincide with its mining licence application at the end of CY26.

Historical drilling in the area by Barton has yielded broad, high-grade assays such as 10m at 15.7g/t Au from 54m, 9m at 6.57g/t Au from 72m, 17m at 5.90g/t Au from 79m, and 15m at 7.64g/t Au from 100m depth. Diamond drilling has also filled in and expanded geotechnical and metallurgical data to support further pit optimisation and feasibility studies. Relative to a prior average grade of 1.19g/t in the Starter Pit, assay results from Phase 1 of the campaign (see announcements of 2 December, 16 December and 21 January) demonstrated an average grade across the 41 holes assayed of 3.02g/t and an interval-weighted grade of 2.37g/t. The highest grade recorded over the full interval of the hole was 7.37g/t in hole TKB0301, from 65m. The highest individual grade across a single interval was 43.2g/t over 1m from 154m in hole TBK0306.

In addition, the assays from the upper (oxide) portion of the deposit appeared to support a re-modelling of this mineralisation to favour a more vertically oriented interpretation, as opposed to the more typical, flat lying 'supergene' style mineralisation previously interpreted. Water bore drilling (c 900m) subsequently commenced in February and c 30,000m of Phase 2 RC upgrade drilling on 16 March, with c 3,000m of resource, geotechnical and metallurgical diamond drilling (DD) starting in parallel on 23 April, targeting conversion of all other Tunkillia open pit mineralisation included in its optimised scoping study into the indicated category.

Challenger-Central Gawler Mill (CGM) complex update

On 23 October, Barton announced the start of geotechnical drilling for TSF1/tailings retreatment in support of a DFS for 'Stage 1' production at Challenger. All told, the programme (which was completed on 4 November) involved a total of 32 drill holes, of various types, to hone the detailed mine design, work up a mining schedule and estimate mining costs for tailings recovery and processing for the Stage 1 DFS as well as providing information on the dry recovery of tailings materials and equipment selection. The DFS is expected to be completed in H226, with commissioning of the fully-permitted CGM into production by the end of 2026.

This followed Barton's announcement, on 21 July 2025, that preliminary engineering analysis had confirmed that 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 over 10Mt ore (ie over 17 years of ore feed) containing over 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.

Subsequently, on 2 February, Barton announced the start of resource upgrade drilling on the Challenger pits, targeting upgraded indicated resources and, ultimately, ore reserves to support 'Stage 1' in H2 CY26. The campaign comprised 1,322m diamond drilling (for pit design and metallurgical optimisation) and 8,065m reverse circulation (RC) drilling to target the Challenger 'Main' and 'Challenger West' open pits plus open pit targets at 'Challenger South-Southwest' and 'Challenger 3', with the objective of establishing 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 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 and thereby bring Barton to 'producer' status. 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. NB Barton's DFS is evaluating multiple scenarios.

Drilling was completed on 16 April with initial assay results at Challenger 'Main' validating previously modelled mineralisation, and also identifying new areas of high-grade mineralisation in the open pit's walls that were not previously 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. In the meantime, drilling in the immediate floor of the Challenger West open pit 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. Not only will these materials be simple to excavate, but they will also further refine the geological and block models for this deposit. Simultaneously, 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, it will begin to investigate the introduction of high-grade, fresh ore to the plant ('Phase 2').

On 6 January, Barton announced the completion of a high-resolution, airborne gravity survey over the northern portion of exploration licence EL 6502, which hosts the Challenger Mine. The survey flew a total of 3,239 line-kilometres with the goal of using Xcalibur Smart Mapping to identify analogous, near-mine structural targets similar to Challenger's high-grade gold lodes. With the benefit of existing infrastructure, any such discoveries would be of clear value.

Tarcoola-Tolmer update

On 9 December, Barton announced the results of three diamond drill holes (totalling 595.3m) completed in Tolmer's 'eastern gold zone' to evaluate local structural and stratigraphic controls and guide follow-up targeting. The results follow Barton's March 2025 discovery at Tolmer of one of Australia's highest-grade modern silver prospects c 500m west of its August 2024 Tolmer gold discovery. Multiple rounds of follow-up drilling in this 'western silver zone' 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. While the 'upper horizon' was open to the west however, the 'lower horizon' was open to the east. In August 2025 therefore, Barton drilled three diamond drill holes across the 'eastern gold zone' to investigate local geological controls, with the goal of improving follow-up drill targeting in the western silver zone, where soil assays indicate extensions of mineralisation around recent high-grade drilling assays. Readers are directed towards Barton's full announcement for full 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 new Tolmer diamond cores in the 'eastern gold zone' indicates 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 (approximately 5km to the east). Structural logging of drill core also confirms 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. Gold mineralisation is hosted within quartz-pyrite±galena±sphalerite veins and veinlets within broader zones of quartz veining, sericite and silica alteration. Within the new drill core, discrete and narrow intervals of silver mineralisation up to 465g/t Ag accompany the gold mineralisation and are also accompanied by lead and zinc up to 2.1% and 5.6% respectively.

Further assessment of the results is planned 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 the broader mineralised

system and, more generally, the relationship between the eastern and western zones. Barton's geological team is now in the process of further evaluating the results of the Tolmer diamond drilling to more carefully define local structural features and controls for comparison with the 'gold zones' in the eastern portion of the Tarcoola goldfield as well as updating their interpretation of Tolmer's local geological model(s), with particular focus on more precise targeting of the western silver zone to extend its defined area of mineralisation. To this end, Barton has expedited a c 4,000m RC follow-up drill programme to further refine its understanding of Tolmer's local geology, fill in data and test potential extensions indicated by soil assays around numerous drill intercepts exceeding 2,000m.g/t silver.

In the meantime, its 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 Ag (c 10%, or 3,215opt, silver) from a simple gravity process, without any grinding, roasting or the use of chemical reagents. 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.

Corporate

On 4 May, Barton announced the appointment of Ms Sylvia Rapo as its new head of corporate affairs and sustainability. Based in Adelaide, Ms Rapo is a corporate affairs executive with over 25 years' experience in corporate communications, government relations and sustainability. She has worked in media, for the South Australian Government and across the resources, defence and energy industries. Her experience includes senior roles in both the public and private sectors including, recently, as an executive director for leading environmental consultancy JBS&G, where she led its corporate affairs business Consentium and, previously, as head of communications for BAE Systems Australia's Hunter Class Frigate Program. In the past, she has been ElectraNet's manager of external relations and Beach Energy's manager of government and corporate affairs. In the public sector, she has been media advisor to numerous South Australian ministers, including a former deputy premier, treasurer and defence minister and has held media management, strategy and risk management positions in the Department for Environment and Natural Resources. At board level, she has held directorships at JBS&G and the Motor Accident Commission and was chair of the board for The Big Zero. She is currently an executive member of the Government Communications Advisory Committee for the Department of Premier and Cabinet, and a board member of Zoos South Australia. She will lead Barton's government, public and investor relations, stakeholder engagement and sustainability strategies.

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 by end-CY26.
- Ramping up the CGM to an annual production rate of 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 CY29.
- Accelerating Tunkillia development as soon as possible thereafter, aiming for development in c 2028 and 2029 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 30–35km expedited 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 CY26.
  - To then proceed with a mining licence application following completion of the PFS in late 2026 to early 2027.

- At Challenger-CGM:
  - Barton is currently awaiting the results of its RC and diamond drilling programmes at 'Challenger South-Southwest' and 'Challenger 3', along strike from the 'Main' and 'West' pits, with the objective of establishing 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.
  - Thereafter, it will 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 by the end of the calendar year.
  - 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 complete its 4,000m follow-up RC drilling programme through the middle of the silver zone at Tolmer (albeit at a different orientation to the drilling completed thus far), prior to establishing 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.
  - 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, in the alternative, the lead-zinc-silver smelter located along the highway at Port Pirie, South Australia (owed by Nyrstar/Trafigura).

Valuation

Our method of valuing Barton remains unchanged relative to our October note (encompassing both Tunkillia and an indicative production schedule from Challenger-CGM), although we have advanced it by one year from 1 July 2025 to 1 July 2026 as well as adjusting for the company's A$15.6m equity raise in October 2025.

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$1.3928/US$ (cf A$1.5286/US$ previously), we calculate an equivalent post-tax $NPV_{7.5}$ for Tunkillia of A$769.6m (cf A$960.6m previously), or A$3.22 per share (note that the 19.9% decline in the project $NPV_{7.5}$ arises solely as a result of the weakness of the US dollar relative to the Australian dollar since October 2025).

Tunkillia valuation risked for two factors

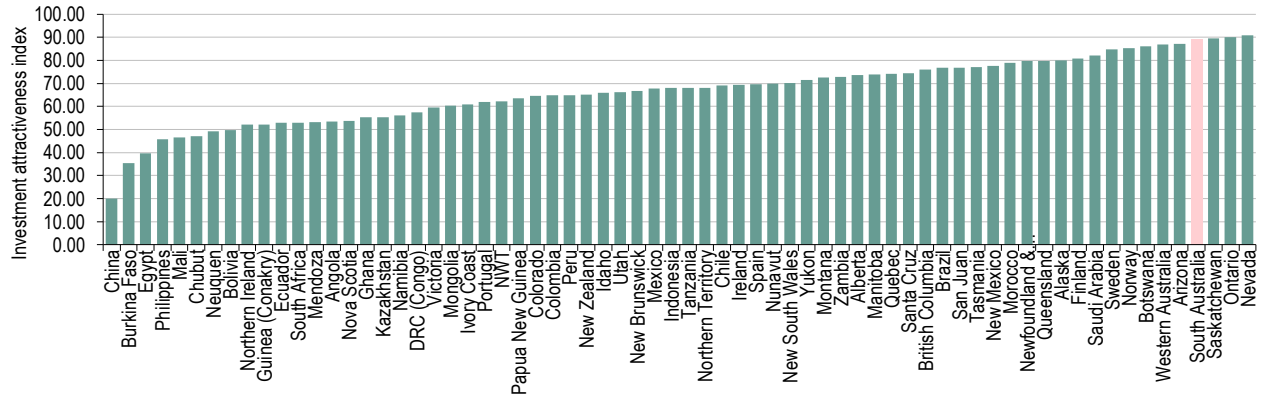
Risk associated with Tunkillia may be assumed to comprise sovereign risk, execution risk, geological risk, metallurgical risk, engineering risk, management risk (possibly also including funding risk) and an overall risk of 'commerciality'. Three of these risks – sovereign risk, execution risk (in the 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 1: Fraser Institute survey of mining investment attractiveness, by jurisdiction (2025)



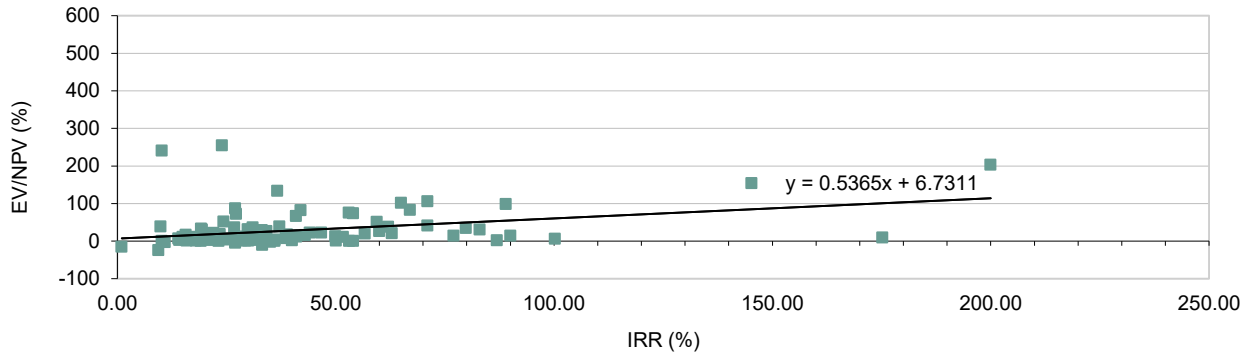
Source: Fraser Institute

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$1.54/share for Tunkillia alone (cf A$1.44/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 2: Company enterprise value as percent of attributable project NPV (%) versus project IRR (%)



Source: Edison Investment Research

On 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$1.48/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$1.69/share.

A summary of all four of these project valuations of Tunkillia is provided below:

Exhibit 3: Tunkillia valuation summary

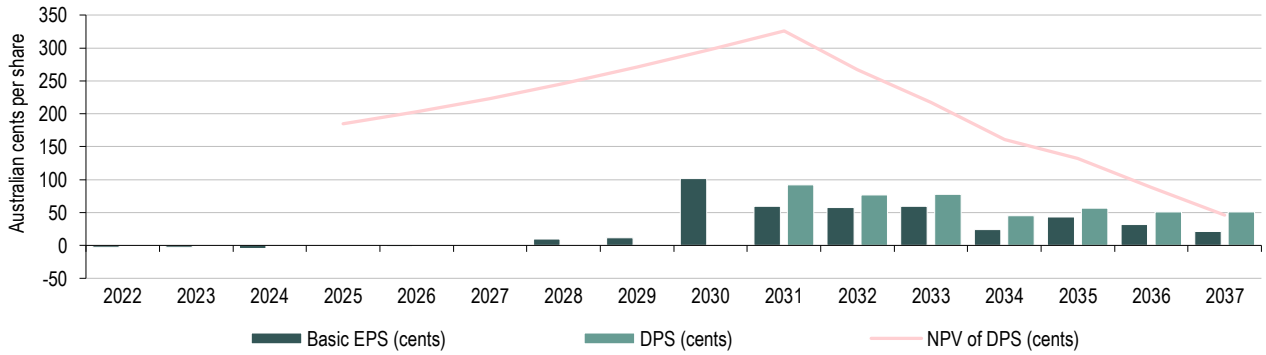
Scenario	Valuation (A$/share)	Previous valuation (A$/share)	Change (%)
Unrisked estimated post-tax $NPV_{7.5\%}$	3.22	4.25	(24.3)
Unrisked estimated post-tax $NPV_{7.5\%}$ adjusted for:			
– Sovereign risk	1.54	1.44	7.2
– IRR	1.48	1.96	(24.5)
– Sovereign risk and IRR	1.69	2.15	(21.3)

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$95.9m 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$2.23/share (cf A$2.84/share previously) in 1 July 2026 money terms. At the current price of gold of US$4,500/oz, this valuation more than doubles to A$5.13/share (cf A$3.71/share previously).

Exhibit 4: Barton Gold EPS, maximum potential DPS and NPV of DPS, FY22–37 (Ac/share)

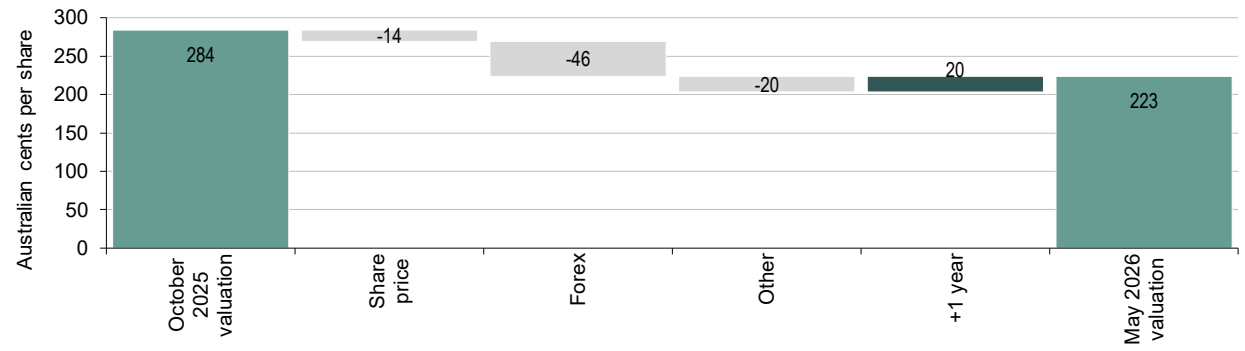


Source: Edison Investment Research. Note: Based on the execution of the Tunkillia project to the parameters set out in its initial scoping study only, using a gold price of US$3,333/oz and a 10% discount rate.

From this level of A$2.23/share on 1 July 2026, we would expect the valuation of Barton to increase and to peak at A$3.26/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 5: Barton Gold valuation evolution (May 2026 cf October 2025)



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 smoothing the eventual Main pit floor.

Whether early or late in the life of the operation however, 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$212.4m (cf A $256.7m previously) per year for the remaining seven years of its life, which it would pay out as (maximum potential) dividends at an average rate of c A$0.64/share (cf A$0.89/share previously). If it is able to extend this performance into the future however, our valuation of the company varies as shown in Exhibit 6, below.

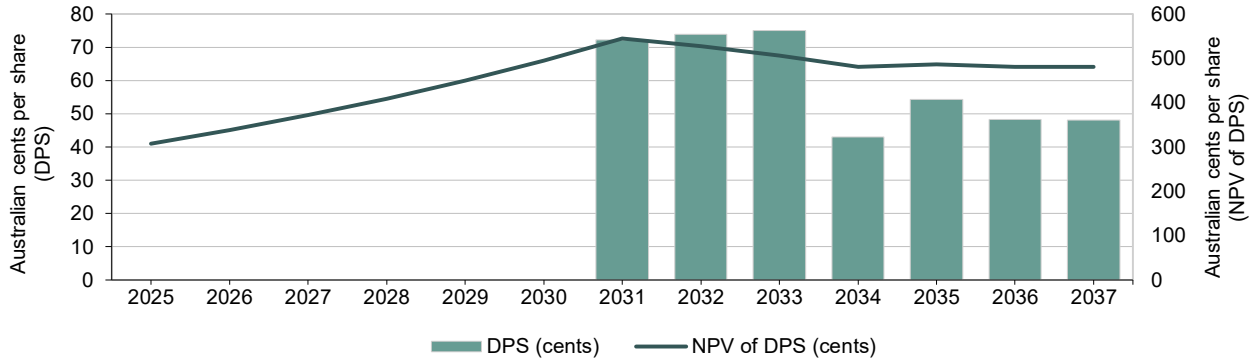
Exhibit 6: Barton Gold valuation sensitivity to operational life extensions (A$/share)

Scenario	Valuation (A$/share)	Incremental valuation change (A$/share)
Discounted dividend valuation*	2.23	
Discounted dividend valuation* (including exploration investment**)	2.04	(0.20)
+ five years	2.67	0.64
+10 years	3.07	0.40
+15 years	3.32	0.25
+20 years	3.47	0.15
Ad infinitum	3.72	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 ad infinitum would increase our valuation of the company today by 66.2%, or A$1.49/share, from A$2.23/share to A$3.72/share, this valuation would continue to rise with time to reach A$5.29/share (cum-div), as depicted in Exhibit 7 below:

Exhibit 7: 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 7, 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 5.0x in FY30 to 25.9x in FY37. This compares with Capricorn Metals' current consensus forecast P/E range of 18.3–8.8x for FY26–28 (ie the same order of magnitude; source: LSEG Data & Analytics, 7 May 2026). Relative to its current share price, we calculate that its P/E ratio in the years FY30–37 will range from 1.0–5.2x, with an average of 2.7x (ie approximately one-fifth 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$4,500/oz will prevail for the remainder of the calendar year, before reverting to our long-term levels as follows:

Exhibit 8: Forecast Edison gold price, real and nominal (US$/oz)

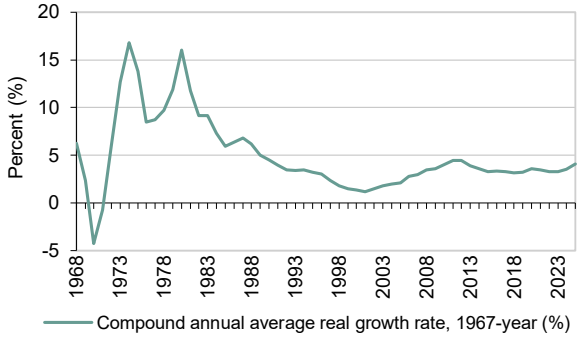
Calendar year	2027	2028	2029	2030
Real price (US$/oz)	2,068	1,863	1,727	*1,866
Nominal price (US$/oz)	2,239	2,098	2,023	2,274

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

The gold prices in Exhibit 8 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).

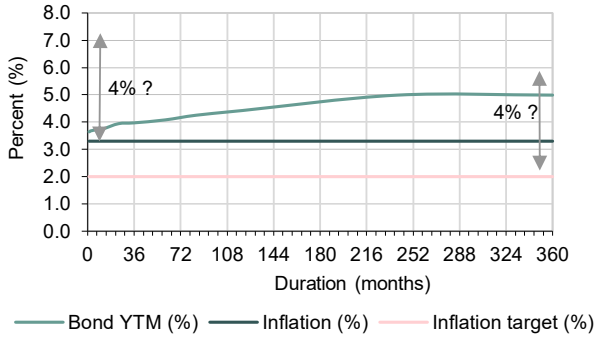
President Trump's nomination for the next chairman of the Federal Reserve, Kevin Warsh, appeared to the be catalyst for the start of gold's sell-off from its recent record highs in March. He is reported to be in alignment with Mr Trump in wanting to shrink the Fed's balance sheet at the same time as 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 0.325% (a Fed Funds rate of 3.5–3.75% minus inflation of 3.3%) and long-term real interest rates of 1.689% remain uncompetitive relative to gold's compound average annual growth rate of 4.1% in real terms since 1967 (Exhibit 9).

Exhibit 9: 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 10: 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, 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 28 times to get from its level now to US$124,345/oz, it is perhaps worth noting that it has already gone up by 129 times to get from its level of US$35/oz in 1967 to its current price. The main impediment to the last two scenarios will be the reaction of other (creditor nation) central banks. The world's largest three creditor nations are Germany, Japan and China. While Germany and Japan already have currencies that freely float against the US dollar, China does not. With the US facing the possibility of a material decline in the purchasing power of the dollar, in continuing to maintain its currency peg, China will subject its citizens to a similar decline at a time when this is perhaps not their expectation. Therefore, at some point along this trajectory, it is likely that the People's Bank of China will abandon this currency peg to preserve its citizens' wealth and 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. Inevitably, few guarantees can be made regarding the future evolution of the world economy. However, the numbers calculated demonstrate the extent to which the world has financialised since 1971 to the detriment of real assets, such as gold (a process that now appears to be reversing). At the same time, it 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 11: 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	23,213	139,280	185,706
Cost of Sales	(6,250)	(8,039)	(9,389)	(10,207)	(17,605)	(34,312)	(97,445)	(122,896)
Gross Profit	(3,820)	(5,230)	(8,595)	(1,339)	(16,940)	(11,098)	41,835	62,810
EBITDA	(3,820)	(5,230)	(8,595)	(1,339)	(16,940)	(11,098)	41,835	62,810
Operating Profit (before amort. and except.)	(3,912)	(5,358)	(8,835)	(1,551)	(17,206)	(12,849)	32,922	50,927
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)	(12,849)	32,922	50,927
Net Interest	(193)	(320)	(568)	(288)	25	320	(5,991)	(10,575)
Profit Before Tax (norm)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,529)	26,932	40,353
Profit Before Tax (FRS 3)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,529)	26,932	40,353
Tax	0	0	0	0	0	0	(8,080)	(12,106)
Profit After Tax (norm)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,529)	18,852	28,247
Profit After Tax (FRS 3)	(4,105)	(5,678)	(9,403)	(1,839)	(17,181)	(12,529)	18,852	28,247
Average Number of Shares Outstanding (m)	175.6	176.0	200.5	219.2	233.8	245.7	296.2	345.4
EPS - normalised (c)	(2.3)	(3.2)	(4.7)	(0.8)	(7.3)	(5.1)	6.4	8.2
EPS - normalised and fully diluted (c)	(2.3)	(3.2)	(4.7)	(0.8)	(6.9)	(4.8)	6.0	7.8
EPS - (IFRS) (c)	(2.3)	(3.2)	(4.7)	(0.8)	(7.3)	(5.1)	6.4	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	6,732	2,224	11,764	15,580
Stocks	0	0	0	0	3	1,908	11,448	15,264
Debtors	427	68	387	0	0	0	0	0
Cash	11,200	10,451	10,216	8,991	6,413	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)	(8,381)
Creditors	(573)	(789)	(5,213)	(1,456)	(1,456)	(1,456)	(1,456)	(8,369)
Short-term borrowings	0	(53)	(58)	(74)	(12)	(12)	(12)	(12)
Long-Term Liabilities	(15,091)	(15,548)	(13,715)	(13,273)	(13,273)	(67,643)	(109,316)	(292,589)
Long-term borrowings	0	(60)	(2)	(77)	(77)	(54,447)	(96,120)	(279,393)
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	12,109	1,480	111,434	139,681
CASH FLOW								
Operating Cash Flow	(4,174)	(4,540)	(5,950)	(4,464)	(16,943)	(13,003)	32,295	65,908
Net Interest	(193)	(320)	(568)	(288)	25	320	(5,991)	(10,575)
Tax	0	0	0	0	0	0	(8,080)	(12,106)
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	20,429	1,900	91,102	0
Dividends	0	0	0	0	0	0	0	0
Net Cash Flow	(3,691)	(701)	(183)	(1,170)	(2,516)	(60,783)	(41,673)	(183,273)
Opening net debt/(cash)	(14,891)	(11,200)	(10,338)	(10,156)	(8,840)	(6,324)	54,459	96,132
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)	(6,324)	54,459	96,132	279,405

Source: Company sources, Edison Investment Research

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