

14 July 2023

Nova Minerals Limited (NVA)

BUY

Share Price: A\$0.32

Peer next door valued 8x more

Target Price: A\$0.87

NVA's flagship Estelle Gold Project - located in Alaska's prolific Tintina Gold Belt – contains multiple gold prospects along a highly prospective and underexplored 35km mineralised corridor. A 9.9Moz Resource, bracketed by the Korbel Mining Complex to the North and the more recently discovered RPM Mining Complex to the South delivered a May'23 Phase 2 Scoping Study NPV₅ of A\$980m (pre-tax). A recently commenced 15,000m infill and exploration drilling program will support a Resource update and PFS optimisation studies (which are currently underway). Management has stated that it is very aware of the discrepancy between NVA's valuation, and the higher valuations attached to district-scale gold developers listed on North American exchanges. Consequently, NVA is looking at listing on a major US stock exchange in the latter part of 2023. BUY, NPV₈ TP revised to A\$0.87/sh (prev. A\$0.97/sh) on a lower forecast equity issue share price of A\$0.50/sh (prev. A\$0.64/sh).

Recently listed neighbour valued at 8x NVA

- US GoldMining Inc. (Nasdaq:USGO) listed on the Nasdaq in April 2023 with a US\$20m public offering; USGO's m'cap is currently US\$152m (EV US\$135m).
- USGO's Whistler Project (217km² tenement) is located east of NVA's 450km² Estelle Project – Figure 2.
- Resource comp:** The Whistler Resource at 435Mt @ 0.7g/t Aueq for 9.4Moz Aueq (70% Au, 30% Cu) is some 5% below (in Aueq oz) NVA's Estelle Project Resource of 1,102Mt @ 0.3g/t Au for 9.9Moz.
- Project status:** The Whistler Project is pre-Study with the current focus on further exploration and upgrading the Resource classification. In contrast, NVA's Estelle Project has already gone through two Scoping Studies, with PFS level trade-off and optimisation studies (i.e., mill capacity, particle sorting, logistics etc.) underway.
- EV/ Resource oz:** USGO is valued at US\$14/oz (i.e., EV US\$135m/9.4Moz); NVA is valued at (only) US\$1.8/oz (i.e., US\$17m/9.9Moz). Thus, the market is attaching ~8x more value to Whistler, although both projects are in exactly the same location (Figure 2), and Estelle is bigger (in Resource oz, tenement package) and significantly more advanced.

Other North American peers illustrate NVA's value

- Pre-Resource New Found Gold (TSX-V:NFG), Dakota Gold (NYSE:DC), and Snowline Gold (TSX-V:SGD) enjoy m'caps of US\$923m, US\$801m, and US\$335m.

Key Dates Ahead

- 2H 2023 – ongoing drilling updates/assays
- 2H 2023 – PFS optimisation studies

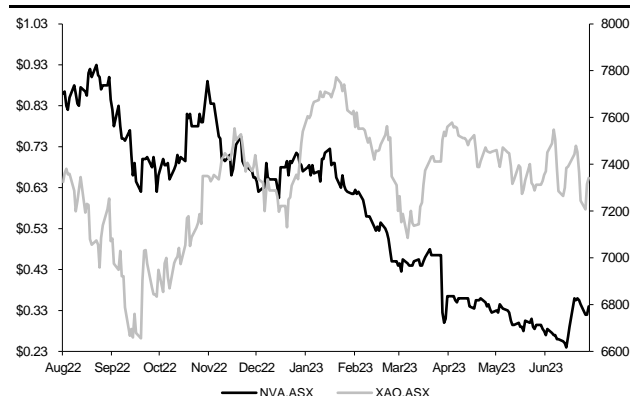
Company Data

Shares – ordinary (M)	210.9
Rights/options (M)	2
Diluted for rights/options (M)	213
Market capitalisation (\$M)	66
12 month low/high (\$)	0.24/ 1
Average monthly turnover (\$M)	4.8
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End June	FY25F	FY26F	FY27F	FY28F	FY29F
Revenue (\$M)	0.0	0.0	0.0	223.4	446.8
Costs (\$M)	-4.0	-4.0	-4.0	-148.8	-279.0
EBITDA (\$M)	-4.0	-4.0	-4.0	74.6	167.8
NPAT (\$M)	-4.2	-3.5	-8.8	21.3	64.8
EPS (¢ps)	-1.4	-1.1	-1.7	4.2	9.4
EPS growth (%)	na	na	na	>100%	>100%
PER (x)	na	na	na	8	3.4
Op. Cashflow (\$M)	-4.0	-4.0	-4.0	58.8	130.1
OCFPS (¢ps)	-1.3	-1.2	-0.8	11.5	18.8
POCFPS (x)	na	na	na	3	1.7
Enterprise Value (\$M)	42	56	174	143	43
EV / EBITDA (x)	-10.5	-13.9	-43.6	1.9	0.3
Payout ratio (%)	na	na	na	na	na
Dividends (¢ps)	0	0	0	0	0
Yield (%)	na	na	na	na	na
Franking (%)	na	na	na	na	na

NVA – performance over one year



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was joint lead manager and bookrunner for this company's placement to raise \$20m at \$0.70/sh on 18 November 2022 for which fees and NVA options have been received.

David Brennan, CFA
+61 2 9239 9630

Analysis

Nova Minerals Ltd (NVA)

Year End June

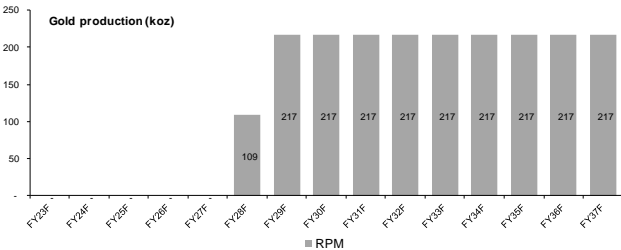
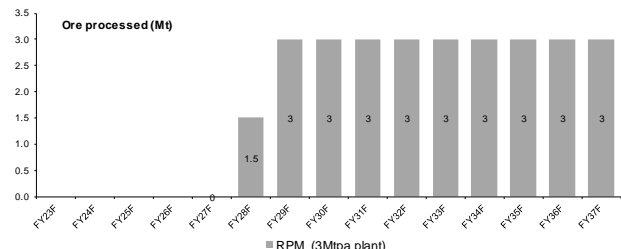
Share price (A\$)	0.32
Issued Shares (m)	211
Market Cap (A\$m)	66
Options/Rights/Placement (m)	2
Dilution (A\$240m @ A\$0.50/sh) (m)	480
Fully Diluted no. of Shares (m)	693

P&L Statement (A\$m)	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
Revenue	0.0	0.0	0.0	0.0	223.4	446.8
Costs	(4.0)	(4.0)	(4.0)	(4.0)	(148.8)	(279.0)
EBITDA	(4.0)	(4.0)	(4.0)	(4.0)	74.6	167.8
Depreciation & Amortisation	0.0	0.0	0.0	0.0	(25.0)	(50.0)
Operating profit	(4.0)	(4.0)	(4.0)	(4.0)	49.6	117.8
NOI	(0.5)	(0.5)	0.0	(5.0)	0.0	0.0
EBIT	(4.5)	(4.5)	(4.0)	(9.0)	49.6	117.8
Interest income	0.4	0.5	0.5	0.2	0.2	1.2
Interest expense	(0.5)	(0.3)	0.0	0.0	(14.0)	(10.0)
Tax expense	0.0	0.0	0.0	0.0	(11)	(33)
Minority interest	0.0	0.0	0.0	0.0	(3.8)	(11.4)
Reported NPAT	(4.6)	(4.2)	(3.5)	(8.8)	21.3	64.8
EPS Reported (A\$c)	(1.9)	(1.4)	(1.1)	(1.7)	4.2	9.4
DPS - Declared (A\$c)	0.0	0.0	0.0	0.0	0.0	0.0
Avg. no. of fully-diluted shares (m)	241	299	327	510	510	693
YE no. of fully-diluted shares (m)	270	327	327	693	693	693

Production	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
Gold price (US\$/oz)	1,919	1,825	1,750	1,650	1,600	1,600
AUD:USD	0.69	0.713	0.75	0.75	0.75	0.75
Gold price (A\$/oz)	2,781	2,561	2,333	2,200	2,133	2,133
Ore processed (Mt)	-	0.00	0.00	0.00	1.50	3.00
RPM	-	0.00	0.00	0.00	1.50	3.00
Korbel	-	-	-	-	-	-
Gold grade (g/t Au)	-	na	na	na	2.50	2.50
RPM	-	-	-	-	2.50	2.50
Korbel	-	-	-	-	-	-
Gold produced (koz Au)	-	0	0	0	109	217
RPM	-	0	0	0	109	217
Korbel	-	-	-	-	-	-
AISC (US\$/oz)	-	-	-	-	973	954
RPM	-	-	-	-	973	954
Korbel	-	-	-	-	-	-

Cash Flow Statement (A\$m)	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
EBITDA	(4.0)	(4.0)	(4.0)	(4.0)	74.6	167.8
Investment in working capital	0.0	0.0	0.0	0.0	(5.0)	(5.0)
Tax expense	0.0	0.0	0.0	0.0	(10.7)	(32.7)
Operating Cash Flow	(4.0)	(4.0)	(4.0)	(4.0)	58.8	130.1
Capex	10	0	0	(300)	0	0
Exploration	(20.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(10.0)	(10.0)	(10)	(310)	(10.0)	(10.0)
Net interest received / (paid)	(0.1)	0.3	0.5	0.2	(13.8)	(8.8)
Debt drawdown / (repayment)	0.0	(7.5)	0.0	200.0	(25.0)	(50.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Equity raised / (repaid)	20.0	20.0	0.0	200.0	0.0	0.0
Financing Cash Flow	19.9	12.8	0.5	400.2	(38.8)	(58.8)
Minority interest / Other	(0.5)	(0.5)	0.0	(5.0)	(3.8)	(11.4)
Inc/(Dec) in Cash	5.4	(1.7)	(13.5)	81.2	6	50

Estelle Project Resource (100%)	Mt	g/t Au	Au (Moz)
RPM Mining Complex	62	0.6	1.24
Korbel Mining Complex	1,040	0.3	8.65
Total	1,102	0.3	9.89



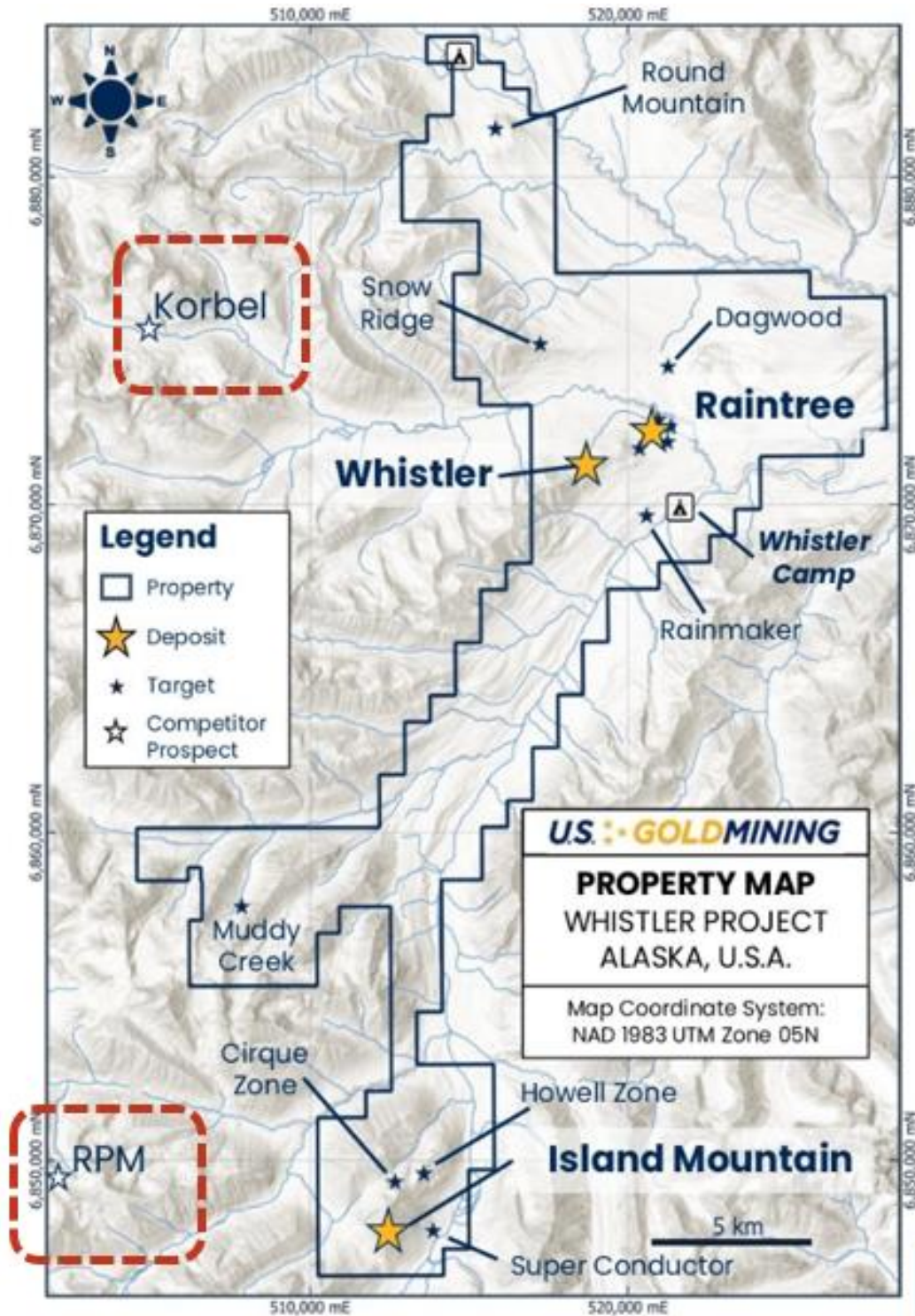
Balance Sheet (A\$m)	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
Cash & Equivalents	26.1	24.3	10.8	92.0	98	148
Receivables	0.0	0.0	0.0	0.0	3	5
Inventories	0.0	0.0	0.0	0.0	3	5
Other Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
PPE and Explo/Dev.	117	127	137	447	432	392
Deferred tax asset	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	27.0	27.0	27.0	27.0	27.0	27.0
Total Assets	170	178	175	566	562	577
Payables and other CL	0.0	0.0	0.0	0.0	0.0	0.0
Short Term Debt	7.5	0.0	0.0	0.0	0.0	0.0
Long Term Debt	0.0	0.0	0.0	200	175	125
Other Non Current Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interest (NCI)	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities incl NCI	7.5	0.0	0.0	200	175	125
Equity	162	178	175	366	387	452
Total Liabilities and Equity	170	178	175	566	562	577

Valuation	(A\$m)	(A\$/sh)
RPM forecast mine inventory NPV ₃ (2.4Moz)	368	0.53
Korbel Resource (8.65Moz @ A\$30/oz)	260	0.37
Total - RPM & Korbel	627	0.91
NVA attributable interest	85%	
NVA attributable interest	533	0.77
Exploration upside (nominal)	60	0.09
Investments: Snow Lake Resources	19	0.03
Investments: Asra Minerals	2	0.00
Investments: Rotor X (pre-listing)	5	0.01
Corporate costs	(35)	(0.05)
Enterprise value	583	0.84
Net cash (debt) (FY23F)	19	0.03
Equity value	603	0.87

Ratios	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
P/E (x)	na	na	na	na	7.6	3.4
Debt/Equity	4.6%	0.0%	0.0%	54.7%	45.2%	27.7%
ROE (%)	-2.8%	-2.5%	-2.0%	-3.3%	5.7%	15.5%

Source: Petra Capital

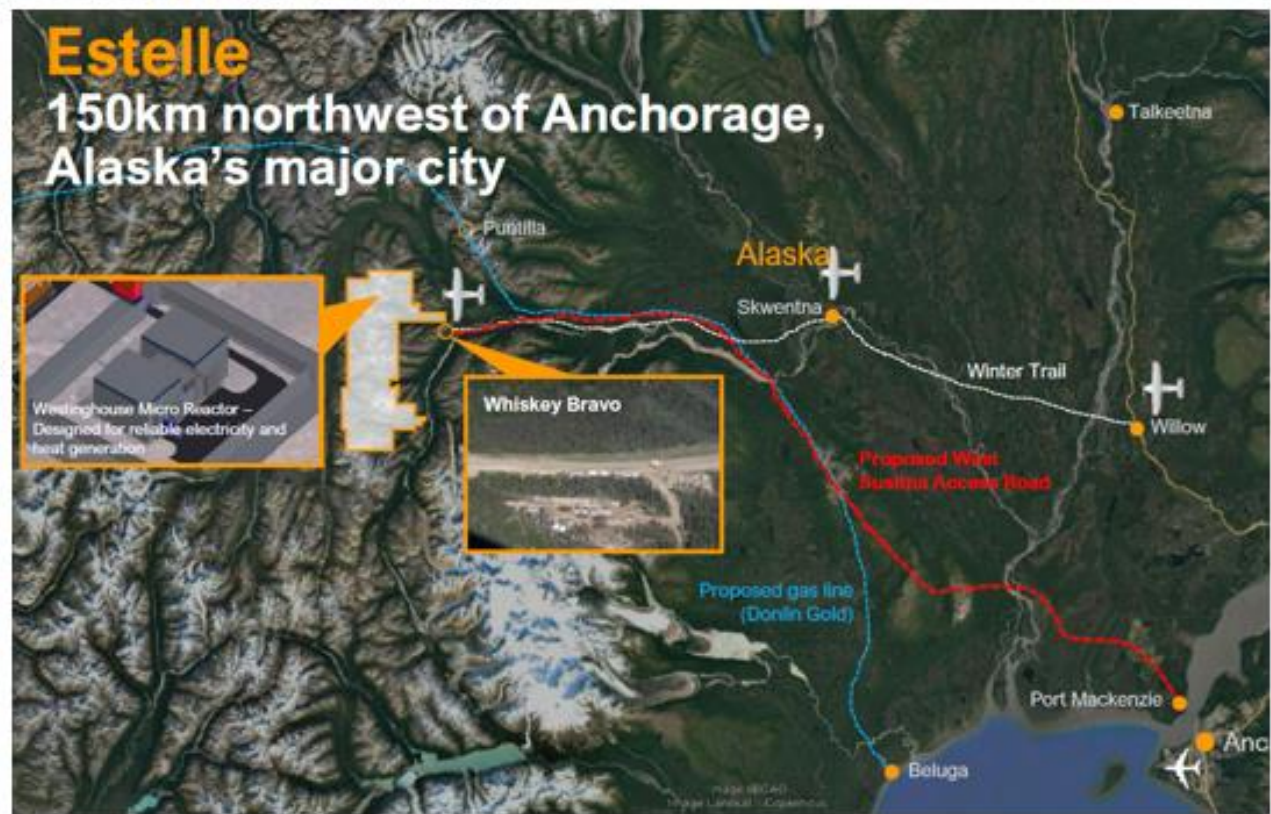
Figure 1: US GoldMining's (USGO) Whistler Project is immediately to the east of NVA's Estelle Project



Source: USGO, Petra Capital

Note: NVA's Korbelt and RPM Mining Complexes are only 5km west of USGO's Whistler Project tenement boundary, while some of NVA's early-stage exploration prospects (i.e., Estelle and Shoeshine) are immediately adjacent to the boundary (close to USGO's Muddy Creek prospect).

Figure 2: USGO’s Whistler Project location (above) and NVA’s Estelle Project location (below) – both located 150-170km northwest of Anchorage and will similarly benefit from proposed regional road and energy infrastructure



Source: Companies, compiled by Petra Capital



14 July 2023

 ABN 95 110 952 782
 ACN 110 952 782
 AFSL 317 944

Petra Capital

 Level 17, 14 Martin Place, Sydney NSW 2000
 Level 5, 1 Collins Street, Melbourne VIC 3000

Director:	George Marias	+61 (0)2 9239 9601	gmarias@petracapital.com.au
Research (Resources):	Brett McKay	+61 (0)2 9239 9605	bmckay@petracapital.com.au
Research (Resources):	Hugh Stackpool	+61 (0)2 9239 9625	hstackpool@petracapital.com.au
Research (Resources):	David Brennan	+61 (0)2 9239 9630	dbrennan@petracapital.com.au
Research (Resources):	Andrew Harrington	+61 (0)2 9239 9614	aharrington@petracapital.com.au
Research (Resources):	Kieran Barratt	+61 (0)2 9239 9610	kbarratt@petracapital.com.au
Research (Resources):	Colin McLelland	+61 (0)2 9239 9639	cmcllland@petracapital.com.au
Research (Industrials):	Liam Cummins	+61 (0)2 9239 9607	lcummins@petracapital.com.au
Research (Industrials):	James Lennon	+61 (0)2 9239 9618	jlennon@petracapital.com.au
Research (Industrials):	Sam Haddad	+61 (0)2 9239 9633	shaddad@petracapital.com.au
Research (Industrials):	Ken Wagner	+61 (0)2 9239 9642	kwagner@petracapital.com.au
Research (Industrials):	Daniel Ireland	+61 (0)2 9239 9647	direland@petracapital.com.au
Research (Industrials):	Mark Yarwood	+61 (0)2 9239 9646	myarwood@petracapital.com.au
Research (Healthcare):	Tanushree Jain	+61 (0)2 9239 9649	tjain@petracapital.com.au
Sales:	Frank Barila	+61 (0)2 9239 9603	fbarila@petracapital.com.au
Sales:	Vincent Pisani	+61 (0)2 9239 9617	vpisani@petracapital.com.au
Sales:	Peter Veldhuizen	+61 (0)2 9239 9609	pveldhuizen@petracapital.com.au
Sales:	Neil Watson	+61 (0)2 9239 9602	nwatson@petracapital.com.au
Sales:	Leigh Gardner	+61 (0)400 740 842	lgardner@petracapital.com.au
Sales:	Vince Barila	+61 (0)2 9239 9627	vbarila@petracapital.com.au
Sales:	Colin Redmond	+61 (0)2 9239 9613	credmond@petracapital.com.au
Sales:	Richard Macphillamy	+61 (0)2 9239 9604	rmacphillamy@petracapital.com.au
Sales:	Paul Doherty	+61 (0)407 194 549	pdoherty@petracapital.com.au
Sales:	Tyrone Lara	+61 (0)2 9239 9608	tlara@petracapital.com.au
Sales:	Vince Musumeci	+61 (0)2 9239 9606	vmusumeci@petracapital.com.au
Sales:	Andrew Richards	+61 (0)2 9239 9638	arichards@petracapital.com.au
Sales:	Rob Dobson	+61 (0)2 9239 9628	rdobson@petracapital.com.au
Sales:	Denise Wong	+61 (0)2 9239 9650	dwong@petracapital.com.au
Corporate (ECM):	Verity Barritt	+61 (0)2 9239 9622	vbarritt@petracapital.com.au
Corporate (ECM):	Maureen Baker	+61 (0)438 571 970	mbaker@petracapital.com.au
Corporate (ECM):	Louise Kissell	+61 (0)2 9239 9645	lkissell@petracapital.com.au
Administration:	Suzanne Graham	+61 (0)2 9239 9624	sgraham@petracapital.com.au
Administration:	Belinda Teichmann	+61 (0)2 9239 9636	bteichmann@petracapital.com.au
Administration:	Joanne Condopoulos	+61 (0)2 9239 9635	jcondopoulos@petracapital.com.au
Administration:	Victoria Smith	+61 (0)2 9239 9616	vsmith@petracapital.com.au
Administration:	Larissa Falvo	+61 (0)2 9239 9611	lfalvo@petracapital.com.au
Administration:	Grace Saxby	+61 (0)2 9239 9621	gsaxby@petracapital.com.au
Legal & Compliance:	Danielle Smith	+61 (0)2 9239 9612	dsmith@petracapital.com.au
Financials:	Tony Christelis	+61 (0)2 9239 9615	tchristelis@petracapital.com.au

Disclosure

This document has been prepared in Australia by Petra Capital Pty Ltd which holds an Australian Financial Services License AFSL 317 944. Petra Capital Pty Ltd is an ASX and Chi-X Market Participant. Petra Capital Pty Ltd and its associates, officers, directors, employees and agents, from time to time, may receive brokerage, commissions, fees or other benefits or advantages, hold securities in companies researched by Petra Capital Pty Ltd and may trade in these securities either as principal or agent. Petra Capital was joint lead manager and bookrunner for this company's placement to raise \$20m at \$0.70/sh on 18 November 2022 for which fees and NVA options have been received.

Disclaimer

The information or advice contained in this report has been obtained from sources that were accurate at the time of issue, however the information has not been independently verified and as such, Petra Capital Pty Ltd cannot warrant its accuracy or reliability. Persons relying on this information do so at their own risk. To the extent permitted by law, Petra Capital Pty Ltd disclaims all liability or responsibility for any direct or indirect loss or damage (including consequential loss or damage) caused by any error or omission within this report, or by persons relying on the contents of this report.

This report is published by Petra Capital Pty Ltd by way of general information or advice only. This report does not take into account specific investment needs or other considerations that may be pertinent to individual investors. Before making any investment decisions based on this report, parties should consider, with or without an investor adviser, whether any relevant part of this report is appropriate to their financial circumstances and investment objectives. Petra Capital Pty Ltd is a licensed institutional/wholesale stockbroking firm. The report is only intended for institutional and sophisticated clients to whom Petra Capital Pty Ltd has issued the report. Petra Capital Pty Ltd is not licensed to advise retail investors – retail investors should contact their own stockbroker or financial adviser/planner for advice.

Ratings

Information regarding the scope and expertise of our research services, processes for selection for coverage, and the management of conflicts of interest can be found on Petra Capital's website at <http://www.petracapital.com.au/research-disclosures>. Petra Capital uses the following ratings system and definitions: Buy - Forecast to re-rate by more than 5% in 12 months; Hold - Forecast to perform up to 5% above or below the current market price in 12 months, or alternatively, where a share price exceeds Petra Capital's valuation but there is a belief that business growth opportunities or commodity price moves, may result in material valuation and share price upside within 12 months; Sell - Forecast to underperform by more than 5% in 12 months; Speculative Buy - Speculative Investment; Take Profits - Recommend taking short term profits in a stock we remain fundamentally positive on a medium term view; Accept Offer - For a company under takeover where we see the offer as a fair price with low risk of a competing offer; No Rating - No rating at this time.

US Investors

This material is intended for use in the US only by major US Institutional Investors, as that term is defined by the SEC Rule 15a-6. Transactions with US Institutional Investors and major US Institutional Investors, as those terms are defined by SEC Rule 15a-6, are chaperoned by Global Alliance Securities, LLC, ("Global Alliance"), a SEC-registered broker-dealer and FINRA member (web: www.globalalliancecurities.com) in accordance with the agreement between Global Alliance and Petra Capital Pty Ltd. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, its accuracy is not guaranteed. Additional and supporting information is available upon request. This is not an offer or solicitation of an offer to buy or sell any security or to make any investment. Any opinion or estimate constitutes the preparer's best judgement as of the date of preparation and is subject to change without notice. Petra Capital Pty Ltd or Global Alliance and their associates or affiliates, and their respective officers, directors and employees may buy or sell securities mentioned herein as agent or principal for their own account.

Other International

International investors are encouraged to contact their local regulatory authorities to determine whether restrictions apply in buying/selling this investment.