

HALLGARTEN & COMPANY

Initiation of Coverage

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OzAurum

(ASX: OZM)

Strategy: Long

Key Metrics

Price (AUD)	\$0.120
12-Month Target Price (AUD)	\$0.38
Upside to Target	217%
12mth hi-low	\$0.10-\$0.265
Market Cap (AUD mn)	\$13.74
Shares Outstanding (millions)	114.50
(Fully Diluted)	128.23
Insiders	47.7%

OzAurum

In a Highly Prospective Neighbourhood

- + Decades of exploration work by Andrew Pumphrey, in the Laverton area of Western Australia has resulted in two highly prospective projects (Mulgabbie & Patricia) being folded into OzAurum Resources upon its listing on the ASX in February 2021
- + These properties are located, respectively, on the parallel Laverton Tectonic Zone and the Keith- Kilkenny Trend
- + Well-known producers lie along both trends, with Carosue Dam of Northern Star being the most prominent
- + The Patricia prospect is potentially a high-grade gold project that is currently being drilled
- + The long drought in financing markets for gold explorers from 2012 to 2019 has left the pipeline of developable projects rather dry
- + Gold, driven by inflation fears and global tensions, has broken out of the range in which it seem trapped in 2021
- ✗ The resurgence of inflation at levels higher than seen at any time in the last 40 years has been unsettling markets in recent months
- ✗ Financing remains a perpetual challenge for exploration juniors

It's All About the "Pipeline"

The long exploration drought that beset junior gold explorers between 2012 and 2019 has produced a scenario in which gold is at levels in which many projects are viable and potentially enormously profitable but there are fewer projects coming along behind because the "pipeline is dry". Maybe we exaggerate somewhat. The move in the gold price from around \$1,200 or lower to over \$1,800 moved many projects or known prospects out of the undoable category into the range of the plausible. Moreover both the Australian dollar and the Canadian dollar are significantly lower in US dollar terms than they were in 2012, thus even further enhancing economics.

The resurgence in gold since 2019 that briefly took the metal past the US\$2,000 mark has spurred a wave of financing and some large scale M&A but very little in the way of acquisitions of juniors. Most of the action has been producers moving on producers or advanced developers.

Into this space has appeared OzAurum with Andrew Pumphrey and Martin Holland bringing to market a pair of projects that he has long coveted due to his perception that there is overlooked potential for major discoveries on this territory which lies in close proximity to several well-known currently producing gold mines.

In this review we shall look at the Mulgabbie and Patricia projects and the progress so far in this company's relatively short trajectory in the public markets.

Some Background

Over the past 30 years, Andrew Pumphrey compiled a portfolio of tenements that comprise the Mulgabbie project and Patricia project. These projects are located within the Greenstone belts of the Eastern Goldfields Province of the Yilgarn Craton, north-east of Kalgoorlie in Western Australia.

In October 2020, the OzAurum Group entered into option agreements with the vendors, granting OzAurum the option to acquire 100% ownership of the Mulgabbie Tenements and the Patricia Tenements. Since then the company has acquired a 100% interest in all of the tenements and tenement Applications pursuant to completion of the option agreements.

The offer to the public of 40mn shares was pitched at an issue price of \$0.25 per share to raise \$10mn before costs, with the right to accept oversubscriptions of up to a further 8mn shares at an issue price of \$0.25 per share to raise up to a further \$2mn.

Regional Geology

In the Eastern Goldfields, craton-scale shear zones within the greenstone belts trend north-northwest and weave around granite plutons and batholiths. Many of the domain-bounding faults are richly endowed in gold. Gold deposits occur in all rock types of the greenstone sequence, although there is a propensity for mafic hosts, especially on their contacts with more ductile rock types. Large gold systems also occur along the contacts of greenstones and late granites, where dilational fracture systems penetrate into the granite.

The Mulgabbie and Patricia Projects occur in greenstones on opposite sides of the medium-scale (25km diameter) ovate Galvalley granite pluton. Both project areas occur in craton-scale tectonic zones that are characterised by prolific gold production.

Mulgabbie lies in the well-endowed Keith-Kilkenny Tectonic Zone which hosts a string of gold deposits including (from south to north) Karonie, Bombora, Karari (Carosue Dam), Whirling Dervish, Monty Dam, Apollo Hill and the major deposits at Gwalia (Leonora) and beyond. A series of shear zones, such as Yilgangi, Perseverance and Relief Shears, all relate to the Keith-Kilkenny Tectonic Zone, and are important structural locators of gold mineralisation in the Mulgabbie area.

The Patricia Project lies in the Laverton Tectonic Zone which is 8-10 km wide between the Claypan and Safari Faults. This tectonic zone hosts a corridor of important deposits including (from south to north) Trouser Legs, Deep South, Safari Bore, Celia, Linden, Fortitude, Red October, Butcher Well, Wallaby and Sunrise Dam.



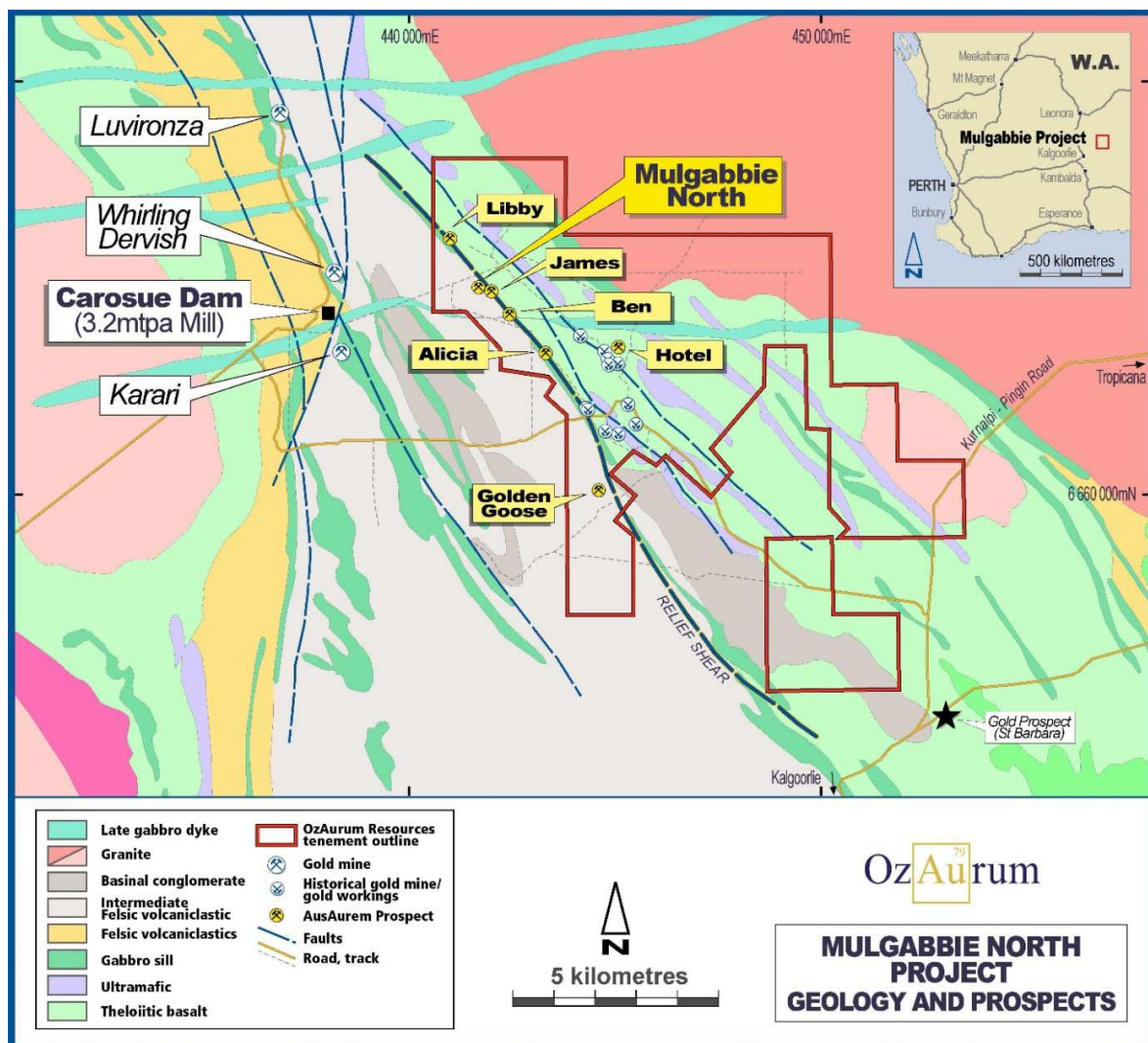
OzAurum Project location plan

Mulgabbie North

The 100%-owned Mulgabbie North Gold Project covers 10km of greenstone belt geology in one of the most prolific gold-producing belts in Australia. Gold was first discovered at Mulgabbie Hotel in 1898 and the field produced 8,000oz of gold at an astounding 34oz (or a little more than 1kg) to the tonne.

Pertinently, the concession is adjacent to operating 3.2mn tpa gold mill and next door to recent gold discovery by Nexus Minerals (NXM.ASX) made in September 2021.

OzAurum is currently exploring 8km of strike along the Relief Shear adjacent to Northern Star's (ASX: NST) Carosue Dam Mine and its adjoining 3.5mn oz Karari and Whirling Dervish gold mines.



Mulgabbie North location plan

History

Mulgabbie Mining Centre became a thriving settlement with over 40 shafts and a hotel. Historic gold mining was based on a string of rich shallow workings sunk on the Perseverance line of mining leases, stretching over a distance of 600m. The workings include the Ironclad at the far northwest extent, through the Perseverance, Hope and Lucknow workings. The main Perseverance Shaft (No5) went to only 27m.

Official records (published by the WA Mines Department in 1954) stated that 7,777 ozs were produced, mostly in the period 1904–1915. Most of the production came from the Perseverance and immediate adjacent shafts, to which a grade of 86 oz/ton is attributed. Based on the 226 tons reputedly treated for the Mulgabbie Mining Centre, the indicated head grade is a surprisingly high 34 oz/ton. These abnormally high grades are in part attributed to a high degree of selective mining, and also to the geological phenomenon of supergene enrichment in the laterite profile.

Geology

The geology of the Mulgabbie project consists of an Archaean Greenstone lower mafic sequence overlain by a felsic volcanoclastic metasedimentary sequence. This Greenstone sequence also includes dolerite and quartz feldspar porphyry intrusives. The regolith at the Mulgabbie project site varies from well-preserved intact laterite profiles to stripped regolith profiles of exposed saprolite and fresh rock.

The flagship Mulgabbie North project extends for approximately 4.2km along the Relief Shear that is conformable with the lithological contact between mafic and felsic sequences. Gold Mineralisation is hosted in the felsic sequence adjacent to the lithological contact. The western side of Mulgabbie North has 10-20m of transported cover that has concealed gold mineralisation to historical prospecting methods.

Past Exploration

Despite its highly promising neighbourhood the territory that OzAurum has accumulated is previously underexplored, with limited drilling, despite significant gold endowment in the belt. Gold mineralisation is open at depth and along strike. In management's opinion the Mulgabbie North tenements have potential for a significant gold discovery, though ultimately only time, and work, will tell.

The Mulgabbie Hotel, Mulgabbie Perseverance and Mulgabbie Hill areas are located within the historical Mulgabbie Mining Centre. The Mulgabbie Perseverance and surrounding historical gold mines have historically produced some highest-grade gold mineralisation, which is found on the contact between basalt and dolerite.

At the Mulgabbie Hotel area, previous RC drilling has resulted in the identification of a number of drill intervals. These will be the target for future RC and diamond drilling testing for extensions at depth.

Gold Mineralisation at Mulgabbie Hotel was found in quartz veins hosted within the granophyric quartz dolerite.

The vendor, in 1990, undertook underground tribute mining which produced 30 oz at grade 64.8 g/t. 1,000 oz recent alluvial tribute gold production M28/364 Hotel 2011 2013.

Gold was first discovered at Mulgabbie North in 1983 by Freeport McMoran who explored the project, over five years drilling two diamond holes, 27 reverse circulation (RC) holes and 366 rotary air blast (RAB) holes. Much Freeport's RAB drilling was deemed ineffective as it failed to reach fresh rock.

The Mulgabbie Perseverance specimens contained items including solid pieces of gold at 35oz, 12 oz and several at 1-2oz. There were further specimens showing black metallic petzite, and lighter possibly calaverite with large coarse nuggets 'standing up like miniature monuments, and causing the specimens to appear exceedingly handsome by the contrast of colours' according to one awe-struck observer.

Some samples were tested by the Government Geological Survey Laboratories. One specimen contained much pyrite in bands and lenses along the planes of the foliated rock. There was also a narrow irregular vein of carbonate with some quartz cutting across the foliated plane. Free gold was visible in association with petzite, a telluride of gold containing 24% gold and 41% silver, with lighter material, possibly calaverite, but unconfirmed.

Beyond the historic workings at Mulgabbie there is an area termed the Mulgabbie Greenfields, which is located to the east of the Mulgabbie Mining Centre. No historical gold workings of any significance are found in this area. A historical soil anomaly 1.3km long is found 4.5km east-northeast of Mulgabbie. An RAB hole MGRB012 drilled by Croesus Mining within this anomaly intersected in 5m @ 2.5 g/t Au. Although follow up drilling failed to reproduce this result, given this anomaly, this area is regarded by management as an exploration target for future drilling.

OzAurum's Work

OzAurum has completed 74,000m of RC and aircore (AC) drilling at Mulgabbie North with a number of drill holes intercepting significant gold mineralisation and associated alteration.

Aircore drilling has defined a 4.2km long zone of anomalous gold mineralisation and sericite alteration and areas of hematite alteration with a number of drill holes ending in significant gold mineralisation. The AC drilling has defined numerous targets that will be followed up with RC drilling.

Recently completed bottom-of-hole whole rock geochemistry has confirmed the rock types to be Intermediate-Felsic volcanoclastic - part of the Carosue Dam stratigraphy.

A gravity survey has confirmed that Mulgabbie North is situated within a gravity-low trough similar to a gravity-low trough that Northern Star's rich corridor where Karari and Whirling Dervish gold mines are found, which host some 3.5 million ounces of gold.



Recent Drill Results at Mulgabbie North

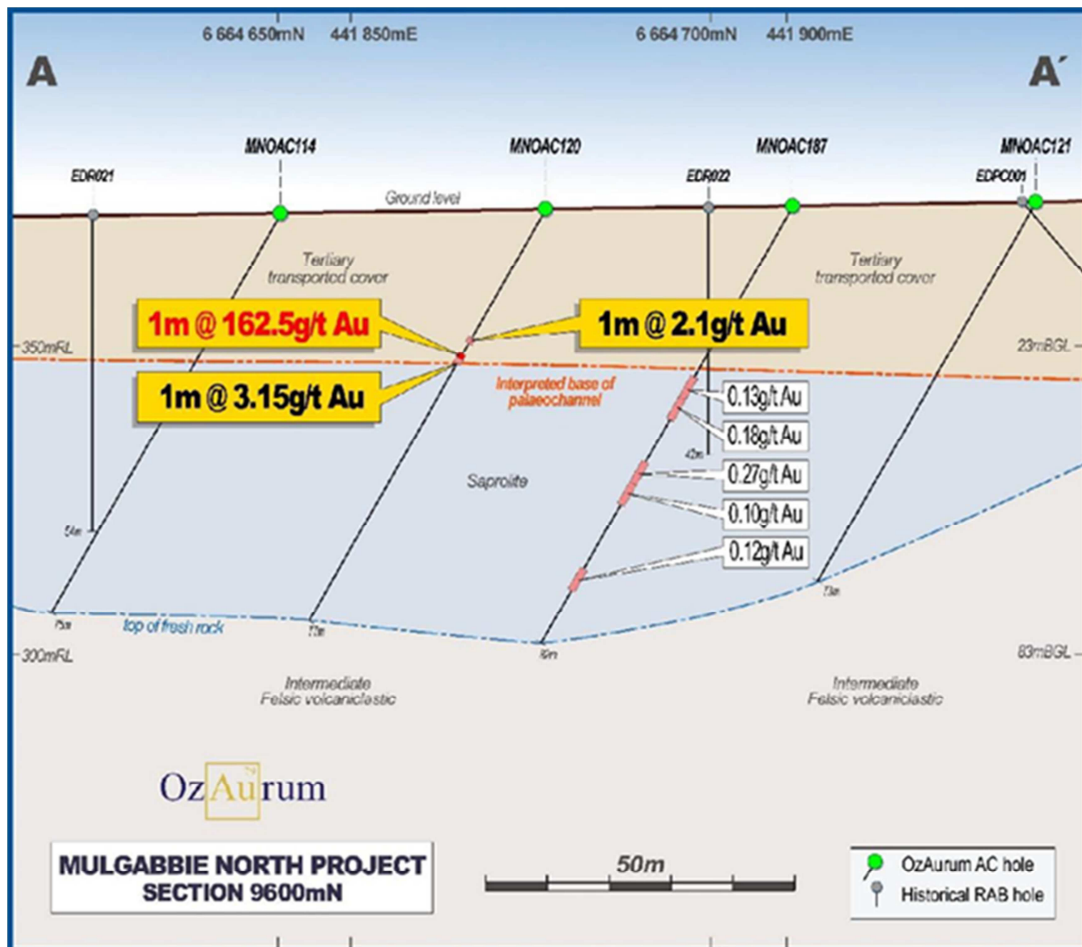
During 2021 the company announced significant high-grade aircore (AC) drilling results from drilling at Mulgabbie North, situated two kilometres from the Northern Star Resources (ASX:NST) Carosue Dam Mine operations (which we elaborate upon anon).

Significant aircore intersections include:

- | | |
|---|---|
| ▪ 4m @ 1.47 g/t Au from 40m – MNOAC 523 | Saprolite hosted gold mineralisation |
| ▪ 4m @ 2.00 g/t Au from 44m – MNOAC 534 | Saprolite hosted gold mineralisation |
| ▪ 4m @ 1.68 g/t Au from 56m – MNOAC 536 | Saprolite hosted gold mineralisation |
| ▪ 1m @ 162 g/t Au from 27m – MNOAC 120 | paleochannel hosted gold mineralisation |
| ▪ 1m @ 34.5 g/t Au from 27m – MNOAC 144 | paleochannel hosted gold mineralisation |
| ▪ 1m @ 31 g/t Au from 34m – MNOAC 130 | paleochannel hosted gold mineralisation |

Aircore holes that have ended in significant gold mineralisation included:

- | | |
|---|--------------------------------------|
| ▪ 1m @ 2.15 g/t Au from 76m – MNOAC 570 | saprolite hosted gold mineralisation |
| ▪ 4m @ 1.52 g/t Au from 75m – MNOAC 536 | saprolite hosted gold mineralisation |
| ▪ 2m @ 0.96 g/t Au from 60m – MNOAC 648 | saprolite hosted gold mineralisation |



Significant RC intersections included:

- 10m @ 4.6 g/t Au including 4m @ 10.26 g/t Au from 48m MNORC 012
- 14m @ 3.89 g/t Au including 5m @ 9.44 g/t Au from 25m MNORC 038
- 73m @ 1.30 g/t Au from 17m (vertical hole) MNORC 171
- 20m @ 1.91 g/t Au from 25m MNORC 040
- 44m @ 1.06 g/t from 107m MNORC 033
- 41m @ 1.00 g/t from 42m MNORC 047

In mid-February of 2022, the company announced some more very significant intercepts as a result of RC drilling at the Relief Shear at the James and Ben Prospects with gold mineralisation open at depth and along strike. The strike length confirmed by RC drilling at Mulgabbie North extended to 1.3km of primary gold mineralisation. A significant wide zone of primary gold mineralisation was intersected

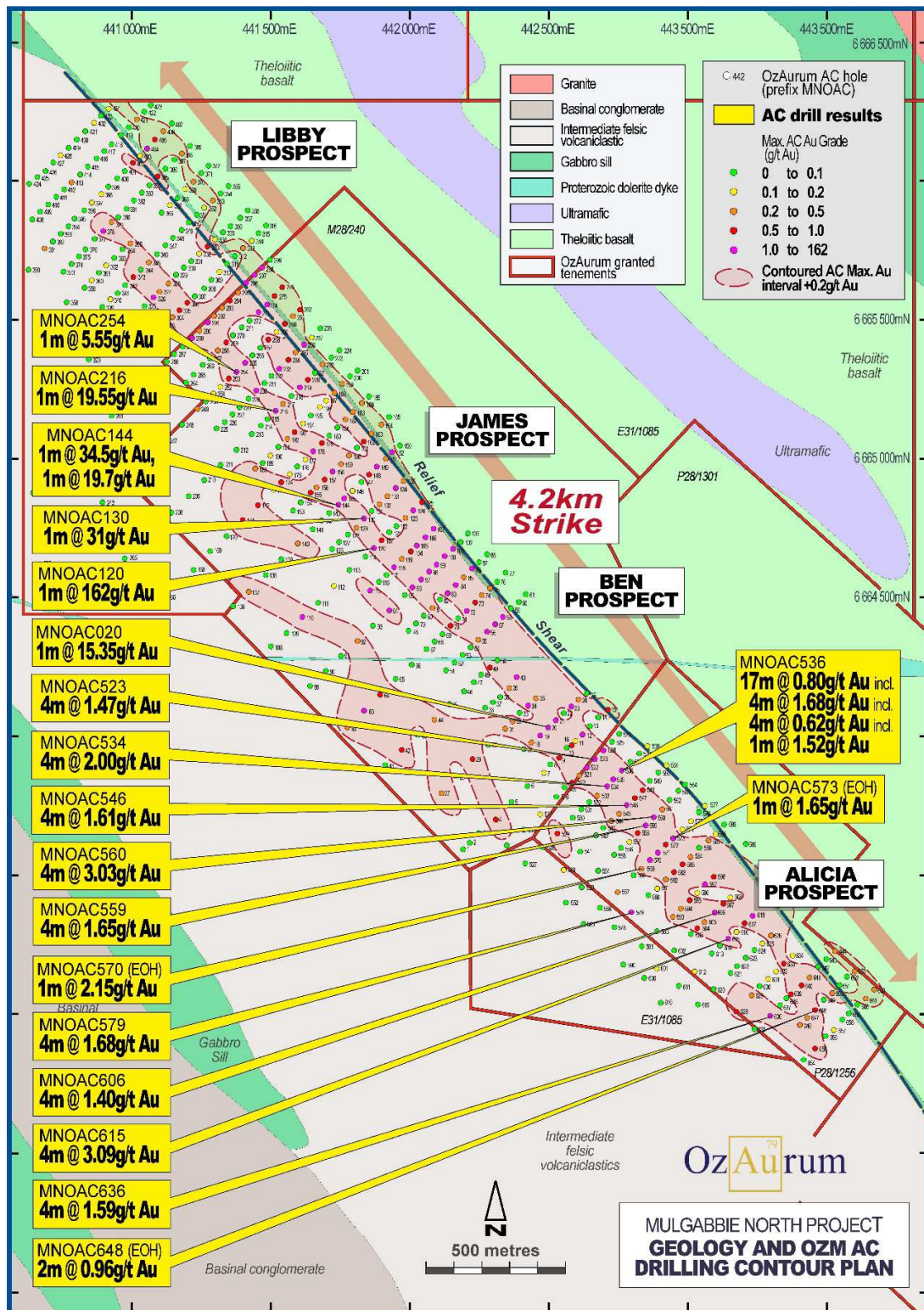
north of the James Prospect.

RC holes that intersected significant gold mineralisation include:

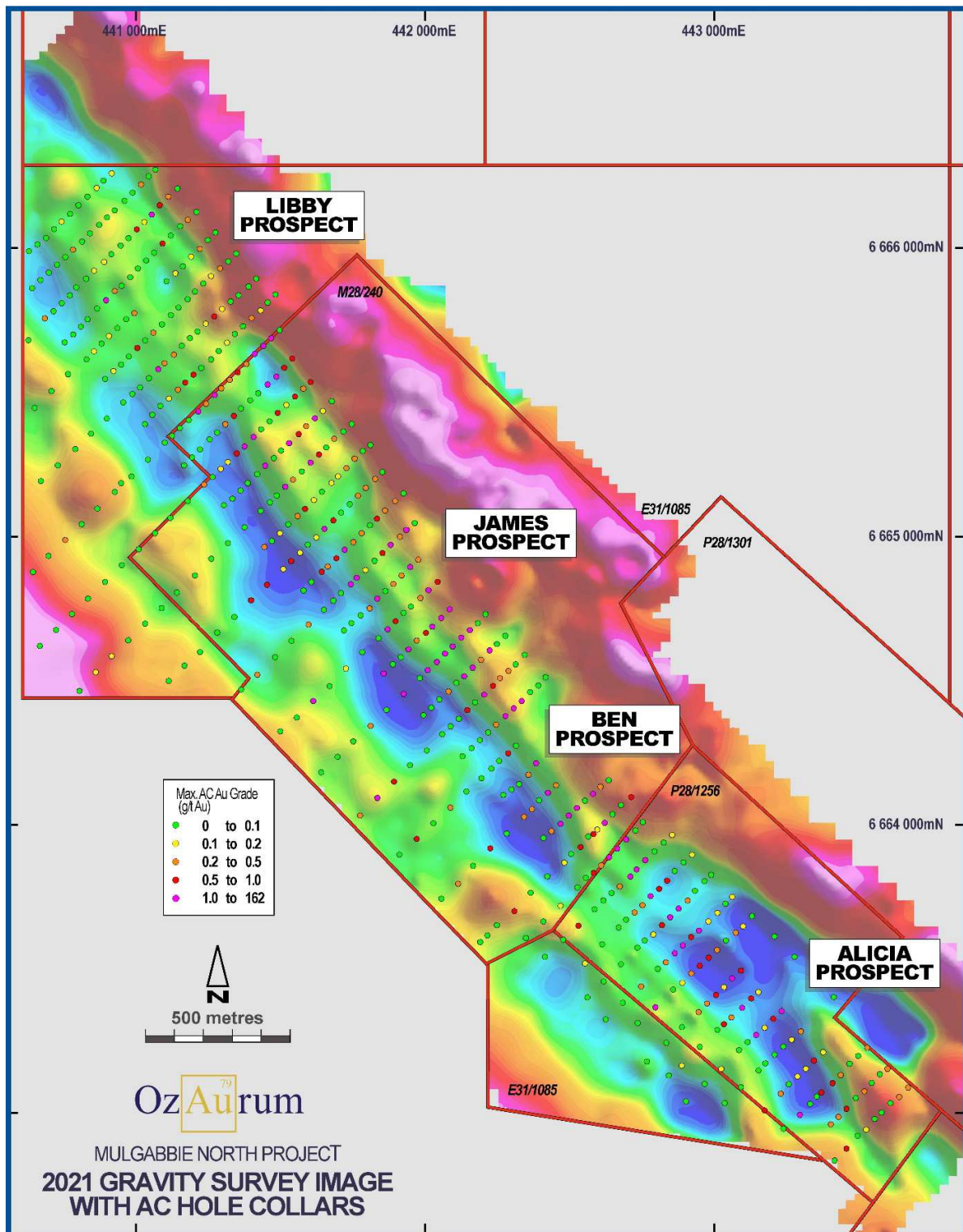
- 73m @ 1.30 g/t gold (Au) – (from 17m) vertical hole MNORC 171
incl 1m @ 10.35 g/t Au, 12m @ 2.04 g/t Au and 8m @ 2.00 g/t Au
- 7m @ 5.26 g/t Au – (from 41m) incl 2m @ 16.02 g/t Au - vertical hole MNORC 172
- 36m @ 1.37 g/t Au – (from 95m) incl 15m @ 2.02 g/t Au MNORC 162
- 15m @ 1.89 g/t Au – (from 56m) incl 1m @ 9.29 g/t Au MNORC 147
- 46m @ 0.70 g/t Au – (from 54m) incl 10m @ 1.61 g/t Au - vertical hole MNORC 172
- 15m @ 1.75 g/t Au – (from 156m) incl 1m @ 9.59 g/t Au MNORC 144
- 10m @ 1.36 g/t Au – (from 10m) incl 1m @ 6.38 g/t Au MNORC 144
- 1m @ 5.36 g/t Au – (from 31m) and 1m @ 5.09 g/t Au MNORC 126

The Relief shear, in management's opinion, demonstrates strong potential to host significant gold mineralisation adjacent the Carosue Dam Mill. Most notable was vertical hole MNORC 171, which intersected higher grade mineralisation over significant lengths.

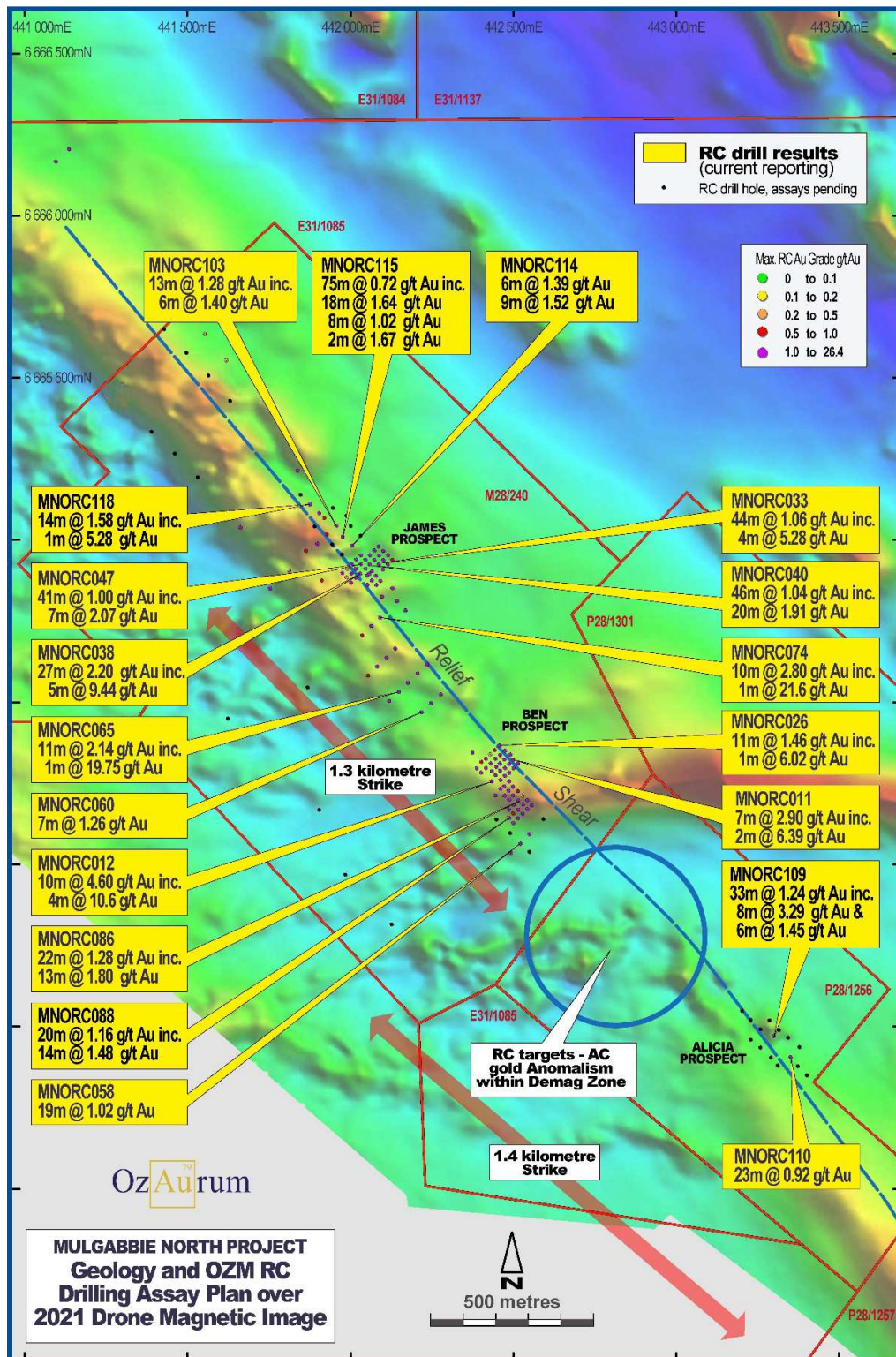
Interestingly, hole MNORC 126 intersected high-grade gold mineralisation at depth below paleochannel gold mineralisation.



Mulgabbie North aircore collar plan



Mulgabbie North AC Max grade g/t with 1VD gravity image



Mulgabbie RC collar plan with 1VD magnetic image

Carosue Dam

The nearest sizeable producing mine to OzAurum's tenements is the Carosue Dam gold mine, located south of Laverton, Western Australia, which is currently owned by Saracen Mineral Holdings, which was later taken over by Northern Star (NST.ax) which now operates the mine.

The mine was previously owned by the now defunct mining company Sons of Gwalia Limited which went into administration in August 2004 with the company's gold mining operations being sold off to St Barbara in March 2005 for AU\$38 million.

The mine was placed in care and maintenance by St Barbara in June 2005 and sold to Saracen in February 2006. Saracen reopened the mine in early 2010.

The flagship Karari-Dervish deposit sits along the regional NNW-trending Keith-Kilkenny fault zone within the eastern edge of the Norseman-Wiluna greenstone belt. The Dervish deposit is off-set approximately 500m to the North of Karari by the Osman fault. Northern Star's website shows the total resource at 2.125mn ozs Au grading at 2.9 g/t. The mining operation is both underground and open pit at Carosue Dam. The processing circuit is a conventional CIL plant with a hard rock processing capacity of 4.0M tonnes per year.

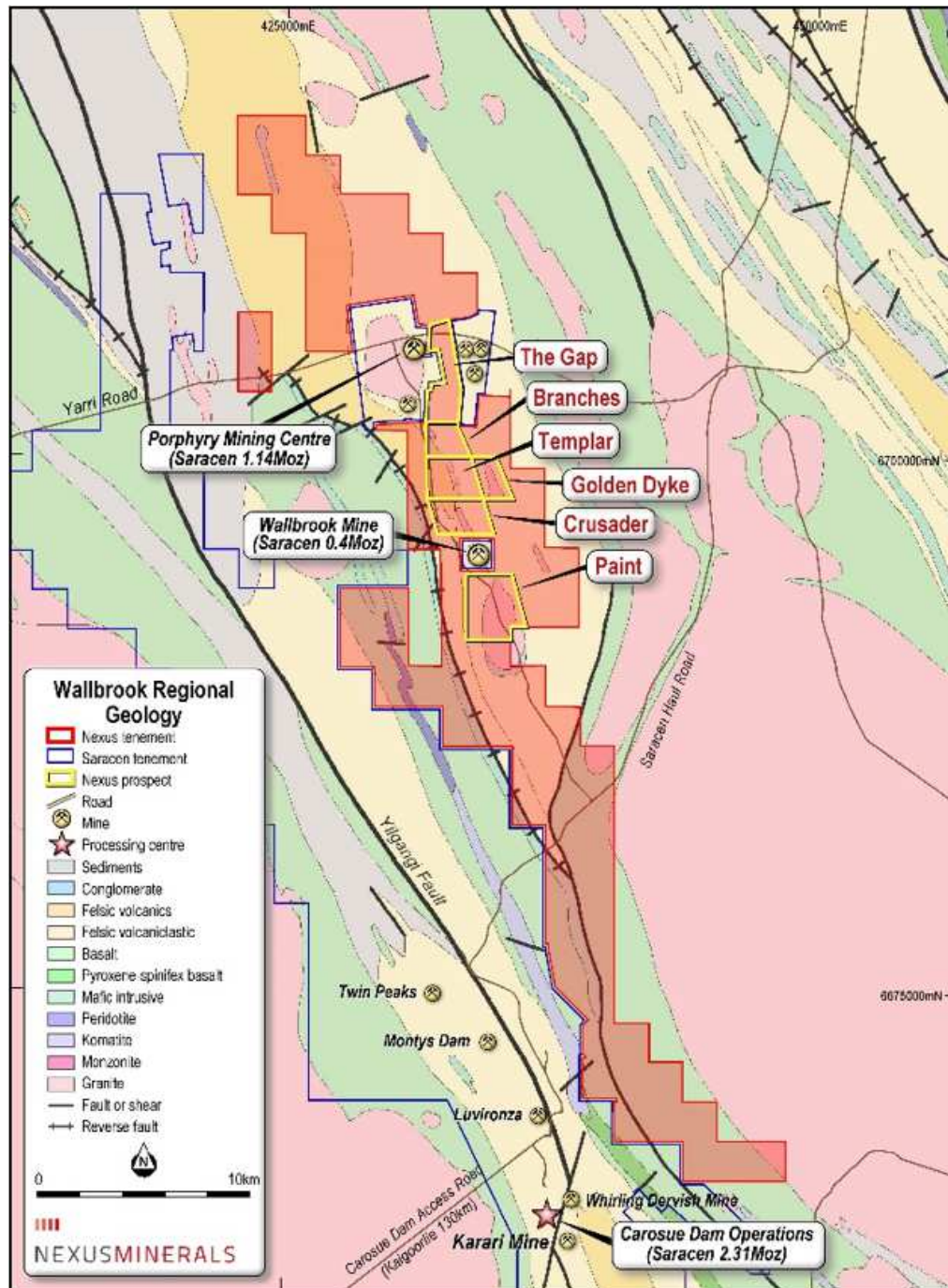
The Nexus Wallbrook Project

In September of 2021, Nexus Minerals announced some exceptional results from its exploration efforts on the Templar portion of the Crusader/Templar targets of its larger Wallbrook project. The area explored appears to be on-trend to OzAurum's Mulgabbie targets. To put this in perspective, the Whirling Dervish mine shown at the bottom of the map on the following page is shown under the Mulgabbie North "marker" on the map on page four of this note.

In the company's latest campaign the holes drilled tested the zone from surface to a depth of 300m, with every one of the thirteen RC drill holes completed in this program intersecting mineralisation. Highlights from these new holes included:

- 10m @ 5.64g/t Au (within 23m @ 2.85g/t Au from 132m)
 - 6m @ 6.21g/t Au (incl. 4m @ 9.24g/t Au from 90m)
 - 2m @ 11.02g/t Au (from 220m) all in hole 196
- 28m @ 3.64g/t Au, Incl. 4m @ 10.11g/t Au (within 72m @ 1.68 g/t Au from 24m) in hole 195
- 4m @ 5.07g/t Au (within 20m @ 1.42g/t Au from 176m) hole 187
- 4m @ 2.37g/t Au (within 36m @ 1.10g/t Au from 24m) hole 188
- 8m @ 1.56g/t Au (within 16m @ 1.00g/t Au from 76m) in hole 193

- 24m @ 1.08g/t Au (from 24m) in hole 191



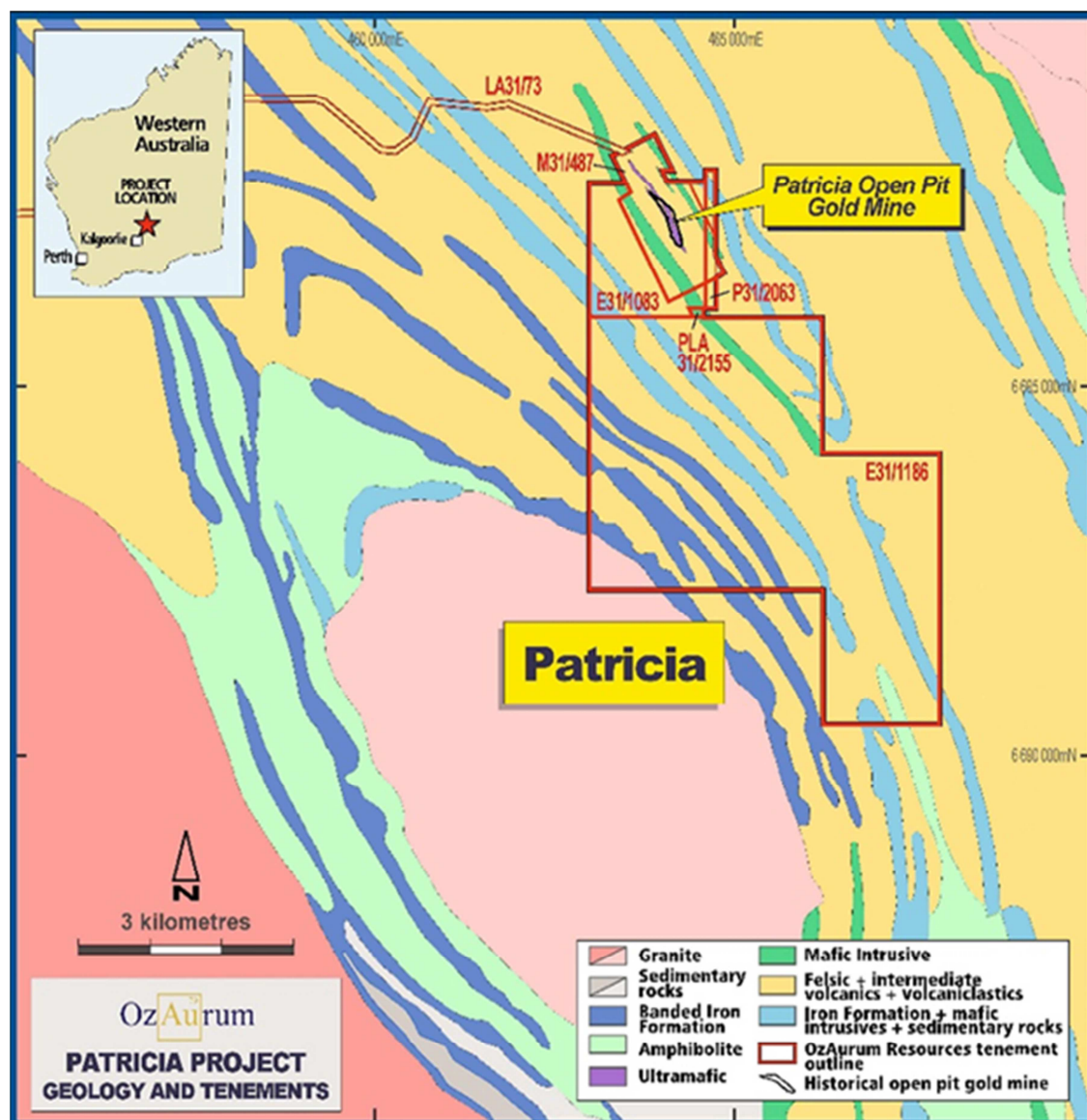
The mineralisation is hosted in silicified quartz porphyry unit with extensive alteration and stockwork veining, ergo the same style of mineralisation that Nexus had identified earlier at the Crusader prospect

at (1.2kms to the south). These results showed that the Crusader/Templar mineralised corridor now extends over 1.6km of strike.

Patricia Project

This is a 100%-owned project is situated to the North East of Kalgoorlie and some 40km north east of Mulgabbie. Its core is the Granted Mining Lease M31/487.

Additionally, the company fully acquired an exploration licence that sits adjacent to the Patricia Gold Project. EL 31/1186 was acquired from Revolution Mining for \$75,000 in cash. This new tenement added an extra six kilometres of highly prospective area along strike to the south of Patricia.



Geology

At the Patricia Project, the Celia Tectonic Zone Archaean Greenstone belt consists of a thick sequence of intermediate to felsic volcanics stratigraphically underlain by a mafic volcanic pile to the east, and overlain by a prominent package of banded iron formations to the west. The regolith at the Patricia Project consists of stripped profile of exposed saprolite and fresh rock.

The reefs run north north-west to south south-east within the western borders of the Lake Raeside salt-lake. The reef was traced for 2400 feet. At the Patricia Reward lease the reef was 25 feet wide. To the west of the lode is a large greenschist lode 150 feet wide which in 1930 had not been prospected. The main lode is east and parallel of a porphyry bar which can be traced for miles. West of that is a jasper bar parallel with the porphyry bar and again can be traced for miles. In between are greenschist lodes of varying width impregnated with gold.

The target is located on a 10-15° flexure in stratigraphy adjacent to a 1km long porphyry intrusion.

Patricia – Past Exploration, Production

It is illuminating to dwell upon the comments of the independent geologist, Dr Dennis Gee BSc, PhD, MAIG, who provided the report within the company's IPO prospectus dated 10 December 2020.

As mentioned, the Patricia Gold Mine lies in the Celia Tectonic Zone which hosts a string of large gold deposits of modern discovery, within an extended line of scattered historic workings. To the north are Linden, Deep South, Safari Bore, and Sunrise Dam mines. To the south is the Anglo Saxon mine, and peripheral deposits around the old Pinjin mining field.

These occur in a shear zone with prominent faults, of which the Pinjin Fault in the south and the Safari Bore Fault in the north are important controls on gold mineralisation. In the Patricia segment of the Celia Tectonic Zone, the greenstone belt consists of a thick sequence of intermediate to felsic volcanics, stratigraphically underlain by a mafic volcanic pile to the east, and overlain by a prominent package of BIFs to the west. In the Patricia area the greenstone sequence is intensely compressed against the ovate Galvalley Pluton to the west, which is the same pluton that provides potential pressure-shadow dilation zones at Mulgabbie. In this constriction zone the greenstone belt is a highly sheared, near-vertical sequence of felsic and intermediate (andesitic) volcanics, with inter-layers of ultramafic schist which are probably komatiite flows. In its geomorphic position on the edge of Lake Raeside the rocks are in the saprolite zone of the weathering profile.

Historical Gold Mining

The Patricia gold deposit was discovered by Alf Thompson in 1930 and was originally called Thompson's Find, though was later renamed after his daughter Patricia.

It was soon under option to the Kimberley Oil Options Co., which produced regular crushings between 1930 and 1935. Ore was extracted down to 100 feet, and in the first year 600 tonnes was obtained for 1,070 ozs Au.

The Main shaft went to a depth of 41m with driving on three levels. The mined ore was treated at the Yarri State Battery. Historical records (1930-37) show 4,115.25 tonnes of ore treated for a total 5,384 oz grading 41 g/t Au.

The leases included the Patricia Reward, Patricia South, Patricia Deeps, Patricia North and Patricia North Extended. Active mining was initially from two shafts on the Patricia South lease.

In the 1930s several companies pegged leases north and south of the main find, although little in the way of mining was found. The Australian Mining and Exploration NL pegged several leases, one was optioned to the Bulolo Gold Mining NL. The Argos syndicate pegged three leases to the south, one called Northwoods. Ives Proprietary Gold Mining Co NL took out a six month option over this lease, adjacent to the Patricia South lease. Lanarkshire Gold Mining Co NL took out 24 acres adjacent to the east of Thompson's original find. The Kangaroo Mining Co NL also purchased a 24 acre lease adjacent to one of Thompson's original blocks. The King of Creation Company also took out leases in the area. Ivan Gold Mines took out a 12-month option over Block 815, two blocks north of the Patricia North lease, and adjacent to the lease held by Bulolo.

In the early 1980s, Paul Trinidad treated 322 tonnes of ore from the lower (135 foot) level off the Main shaft. A 20-tonne parcel treated at Yarri reputedly averaged 95 g/t. All historic production would have been gravity separation of free-milling gold.

Mining in the mid-1980s

In 1983 Aztec Exploration Ltd optioned the old M31/2 and M31/15 licenses, and undertook detailed surface exploration involving soil geochemistry, mapping and costeaning. Resource drilling involved 197 angled RC and DD holes, most of which went only 50m downhole. Open-pit mining commenced in 1986, under a 50/50 joint venture with Mitchell Cotts Engineering. A 150K tpa mobile CIP treatment plant was erected on site, and operated for 18 months. This mill did not have a gravity gold circuit and it produced around 1555 oz of gold, from an unknown mill through-put. In later technical reports there are references to management and processing issues.

The open pit is 800m long x 100m wide and 25m deep, and is now partly full of hypersaline water. The amount of material moved is not recorded.



Patricia open pit looking south

Detailed production records, such as total material moved, tonnes milled, flitch plans, mined grades and ore reconciliations are not evident in the WAMEX (Western Australian government's mining database). Gee notes that it should be remembered that this was at the time of the renaissance of the modern gold mining era, when the protocols of grade control, selective mining and reconciliation were not developed.

Aztec's Work on the Patricia Mining Lease

In contrast to the paucity of mining details, the pre-mining geological documentation of Aztec is excellent and provides valuable information for evaluating the potential for re-commencement of mining at Patricia.

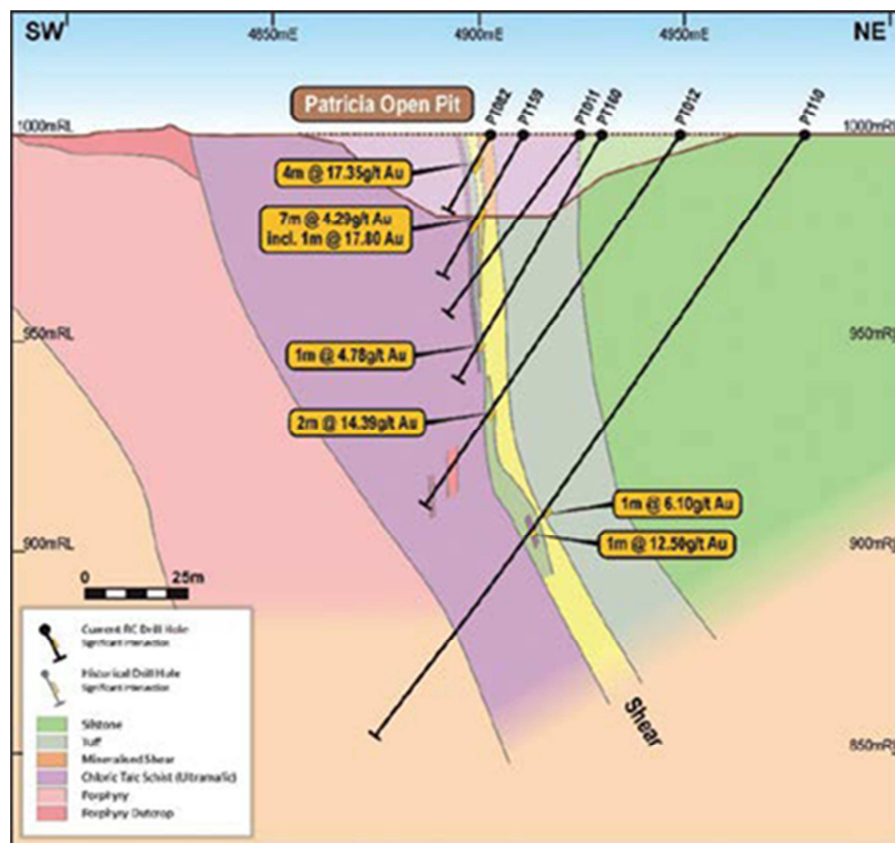
Aztec excavated 18 costeans along the mineralised unit, which were mapped in detail. This showed an ore zone at least 800m long striking 3250 and dipping steeply northeast, which may indicate structural overturning of the greenstones at this locality. The mine sequence is encased in schistose intermediate (andesite) volcanics to the west and east. A marker chert bed one metre thick occurs in the volcanic schists some 150m west of the mine sequence. A lensoid body of porphyry splits the mine sequence from the marker chert over much of the mineralised zone. The porphyry is characterised by copious fracture-filled quartz veins and abundant pyrite. A chert-BIF unit about 2m thick occurs in the volcanic schist some 300m east of the mine sequence. Analyses of rock chips recorded in A49137 notes highly elevated gold up to 8.7 g/t and copper up to 1%, over the 40m of its exposed length. Two shallow drill holes targeting this mineralisation failed to hit the chert.

The ore zone hosts an array of quartz veins parallel to the foliation. These carry the high-grade gold values, along with pyrite, chalcopyrite and arsenopyrite. Anomalous copper up to 1600ppm correlates

with higher gold values in the costeans.

There appears to be two distinct grade populations, with higher grades in the quartz veins, and lower grades about 0.8 g/t in the selvages. Other than drill-hole information, there is no indication how far these lower-grade selvages extend into the country rock. Arsenic and silver also exhibit elevated values associated with gold.

Evidently the lensoid mine sequence is mappable over 1,600m, but the pit now contains slimes and water. The along-strike terminations of the mine sequence are uncertain and not closed-off geologically. Drill data suggests the highest grades occur in a structural inflection around the thickest part of the porphyry body on the (western) footwall. The inflection is a likely dilational zone facilitating mineralisation.



The aversion of Aztec to deep drilling means there are few paired holes to gauge the geometry of the ore zone. However the pair of PT012 and PT010, along with other more shallow holes, (Figure 13) shows the ore zone dips steeply east. There is insufficient information to gauge the nature and orientation of any ore shoots within the planar ore zone. Although the main mineralisation appears to form a single planar zone, some drill holes have multiple intervals below the supergene zone. Examples are PT157 and

PT219 in Table 6. In addition there are numerous runs of sub-grade gold within the footwall porphyry, which raises the possibility of bulk mineralisation outside the main high-grade ore zone.

Aztec drilled a total 197 holes in 1985-6. Analogue records of local-grid collars, assay and survey data are included in A15025 and A15026. Most were angled to the southwest in accordance with the perceived northeast dip. The hole type was not always specified, but in Gee's opinion they appear to be a mixture of open percussion holes, RC and DD. Aside from a few deep holes, most are quite shallow, in the range of 30–50m downhole.

Even though mining went only to a depth of 25m, there are numerous drill holes that went below the pit floor. Table 6 lists significant drill intersections below the pit floor

Hole ID	Easting	Northing	Azimuth	Dip	EOHm	Intercept 1
PT001	464146	6697036	70	-61	57	5m @ 18.8g/t from 35m
PT002	464213	6697066	261	-58	117	1m @ 14.0g/t from 98m
PT005	464175	6697089	250	-61.5	58	4m @ 38.4g/t from 43m
PT007	464182	6697162	245	-59	102	3m @ 7.6g/t from 82m
PT008	464112	6697186	75	-51	51	5m @ 11.7g/t from 30m
PT010	464147	6697256	241	-60	105	3m @ 5.8g/t from 72m
PT012	464143	6697308	245	-55	110.15	3m @ 10.1g/t from 81m
PT013	464118	6697352	240	-49	111	1m @ 4.9g/t from 59m
PT017	463943	6697486	63	-56	54	2m @ 2.8g/t from 34m
PT022	464175	6697267	250	-59	137.9	3m @ 1.8g/t from 110m
PT024	464126	6697140	68	-60	63	2m @ 22.8g/t from 38m
PT037	464125	6697328	246	-60	91	4m @ 9.8g/t from 71m
PT045	464154	6697018	70	-60	56	5m @ 37.2g/t from 47m
PT046	464169	6696995	70	-60	60	1m @ 4.0g/t from 50m
PT050	463960	6697469	50	-60	56	5m @ 1.3g/t from 33m
PT110	464176	6697321	235	-51	190.5	7m @ 2.9g/t from 111m
						3m @ 5.0g/t from 31m, and
PT157	464120	6697278	249	-60	45	2m @ 10.7g/t from 42m
PT158	464116	6697286	246	-60	50	3m @ 10.7g/t from 28m
PT176	463991	6697444	45	-60	39	2m @ 3.0g/t from 31m
						6m @ 3.6g/t from 37m, and
PT219	464009	6697380	58	-60	70	1m @ 12.9g/t from 51m
PT221	463990	6697402	60	-60	69	1m @ 3.7g/t from 67m
PT228	463885	6697556	48	-60	36	2m @ 2.7g/t from 34m
PT233	464040	6697333	59	-60	69	4m @ 6.0g/t from 49m
PT234	463884	6697559	48	-60	45	1m @ 2.6g/t from 39m

Metallurgical Test Work

This is patchy to say the least with the only record available to the Independent Geologist, Dr Gee, of any metallurgical test work done on Patricia ores is a review by industry consultant group IMO in 2014 of test work done by AMMTEC in 1984 on samples submitted by Aztec Exploration.

Cyanide leaching of the tails indicated an overall recovery of 91.4% for oxide and 89.7% for primary ore. The IMO review concluded that “there was no reason to suggest that Patricia oxide and primary ores will cause metallurgical issues, and gold recoveries of greater than 90% would be expected”.

Legacy's View

In 2010, a company called Legacy Iron Ore Ltd drilled to the north of the open pit. In their opinion the deposits are within a major deformation zone, bordering a small granitoid. It is a mixed sequence of mafic schist, sediments, and porphyry intrusives. Gold is found with and without quartz veining, and variably with oxidised pyrite.

Exploration

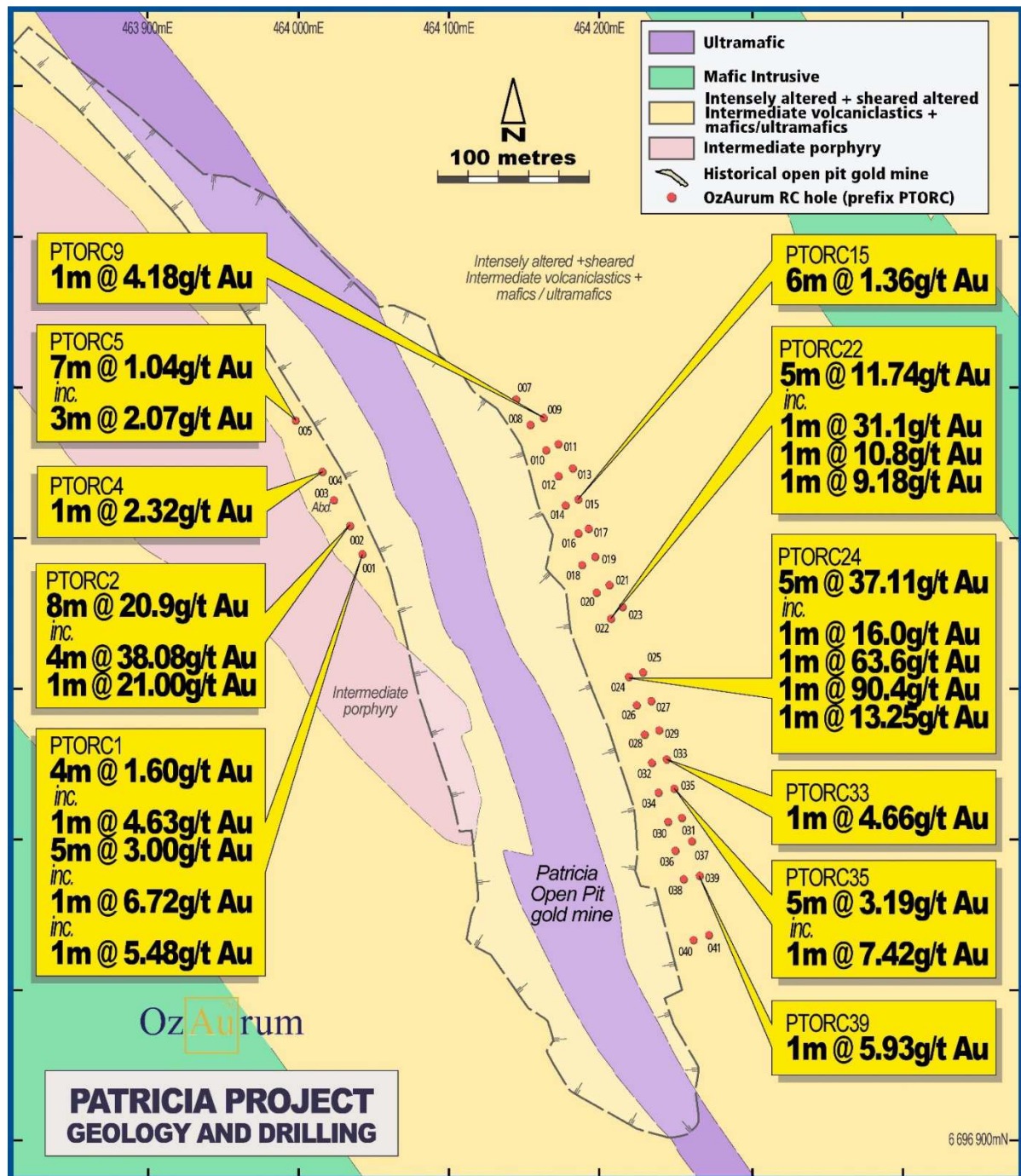
OzAurum is targeting high-grade gold mineralisation at depth and subsequent to its RC drilling efforts and has a program of diamond drilling under consideration.

In July 2021, the company completed the first stage of its reverse circulation (RC) drilling program. This represented the first drilling program at this project in more than 30 years. The program was comprised of 28 holes which were aimed at targeting high-grade gold mineralisation immediately beneath the existing Patricia open pit.

So far 42 holes for 7850 metres have been drilled these results will help to update the company's 3D geological model of the project's gold mineralisation.

The recent RC drilling yielded some notable results such as:

- 4m @ 38.08 g/t gold Au (from 99m within 8m @ 20.9 g/t Au), including 1m @ 93.9 g/t Au – PTORC 002
- 5m @ 37.11 g/t Au (from 154m), including 1m @ 90.4 g/t Au, 1m @ 63.60 g/t Au – PTORC 024
- 1m @ 21.00 g/t Au (from 118m), PTORC 002
- 5m @ 37.11 g/t Au (from 154m), including 1m @ 90.4 g/t Au, 1m @ 63.60 g/t Au, 1m @ 16 g/t Au – PTORC 024



Patricia interpreted geology and RC results

Summary Comment on Patricia

Dr Gee attributed quite a deal of the patchiness of the data on the past Patricia operations to it being

one of the early open-pit mining ventures of the gold-mining renaissance of the mid-1980s. Since then nothing has been done. It was only mined to a depth of 25m, despite clear indication of the continuance of the high-grade mineralised zone below the pit.

Gee claims that it would be reasonable to conclude that it failed because of the absence of the now-accepted techniques of resource modelling, grade control, selective mining and metal reconciliation. Surprisingly there is little evidence of tailings around the mine site, but there are extensive “waste” dumps around the pit. It is possible these contain treatable grade.

For us the key takeaway is his observation that Patricia target can, in the first instance, be considered a single open-ended high-grade deposit. However there are indications of multiple ore lenses and also of bulk lower-grade mineralisation.

The main imperative is to establish a well-controlled 3D geological model by extension drilling at depth and along strike, leading to a JORC 2012 Mineral Resource. The role of the quartz porphyry needs to be investigated in terms of ore genesis and grade distribution. It appears to have acted as a structural control, and may also be a preferred receptor of mineralisation on account of its ubiquitous pyrite.

There are other porphyry intrusions along strike to the northwest and southeast within the OzAurum properties, but their bedrock shape is undefined at this stage, and they have never been drill tested. These would be important targets for further exploration. Their distribution, along with the komatiite layers, would be clearly revealed in detail by ultra-high resolution drone magnetics. Dilational jogs of the projected mineralised zone present fertile targets in the OzAurum tenements. There is evidence of a dilational jog to the south toward a mapped quartz porphyry, where the mine sequence can be expected on the immediate lake edge.

Strategies

The consultant's view is that the first requirement at Patricia is to dewater the pit, remove the sludge and selectively clean the faces. The proximity of the playas of Lake Raeside will present technical challenges but these are certainly not insurmountable. Currently in the Eastern Goldfields there is a lot of exploration, development and mining in the *playa* environment.

Team & Board

Jeffrey Williams, Chairman, has over 40 years' industry experience with 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry, and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development.

He was the Managing Director of Mineral Deposits Ltd for 15 years (until late 2011). In this role he secured the Sabodala gold and Grande Cote zircon projects in Senegal in West Africa, and commenced gold production in March 2009. The market capitalisation of Mineral Deposits Limited increased from

AU\$6mn in 2003 to over AU\$1bn in 2011.

Andrew Pumphrey, founder and CEO, is a geologist and mine surveyor with over 30 years' experience in the mineral exploration industry. He has extensive field experience in exploring for gold, nickel, silver and zinc throughout Western Australia and has been involved with several underground and open pit gold operations.

Based in Kalgoorlie since 1989, he has operated a successful exploration contracting business and has an extensive knowledge of the geology of the Eastern Goldfields. For the last 5 years has been working in the role as Operations Manager for MacPhersons Resources Ltd Horizon Minerals, previous to that he worked as Exploration Manager for MacPhersons Resources Ltd.

Martin C. Holland, executive director. He is also co-founder Chairman and Managing Director of Cobre Ltd (CBE:ASX), the Botswanan copper explorer, which raised \$10m into an IPO in January 2020 and which we have under coverage. He has over 12 years' experience in M&A and corporate finance. He was the founder and CEO of Lithium Power International (LPI:ASX) from 2015 to 2018, which we have covered in several research notes and which is in our Model Resources Portfolio.

During this period, he raised in excess of AU\$70mn of new equity to progress LPI's projects from acquisition and further exploration to Definitive Feasibility Study. He is the Chairman of Sydney-based investment company, Holland International Pty Ltd, which has strong working relationships with leading institutions and banks across the globe.

Andy Tudor, non-executive director. His experience has been gained over 34 years as a geologist in the mining industry and encompassed roles from Managing Director/CEO of ASX listed companies to General Manager, Country Manager and Exploration Manager roles, as well as Exploration and Mine Geology functions.

He has also held the position of General Manager & Principal Consultant of a global mineral consulting firm where his role concentrated on project assessment, due diligence and evaluation studies, in conjunction with geological and resource assessments.

His career commenced exploring and mining gold in Western Australia and progressed to the varying gold and base metal environments of the Australasian/Pacific region. He is the Managing Director of Nexus Minerals.

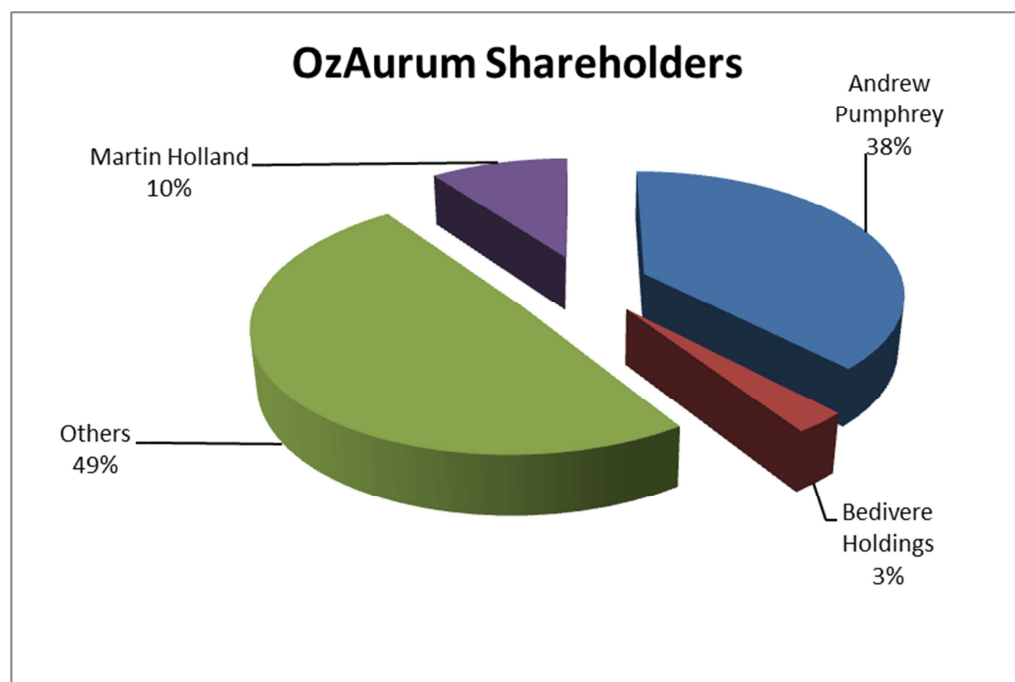
Stephen Hewitt-Dutton, is the CFO. He is an experienced accountant having spent over 25 years in senior financial roles, including CFO roles at MacPhersons Resources Limited and CZR Resources Limited, and was also an Associate Director of Trident Capital.

Prior to joining Trident Capital, he worked in a Big Four accounting firm and corporate accounting roles, and most recently was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and

Company Secretary positions for both public and private companies for in excess of 15 years.

Shareholders & Financings

The company started trading on the Australian Stock Exchange (ASX) in February of 2021 after an IPO. The breakdown of the shareholder register is shown below:



Our Take on Gold

The past year has seen the most serious outbreak of inflation since the 1970s. While inflation was high in the early 1980s, that was the tail end of the inflationary bout that had started in the early 1970s. We have been quite surprised at central bankers and finance ministers tiptoeing past the graveyard of those times and projecting inexplicable confidence that they can keep the current outburst under control when their predecessors in the 1970s failed. Moreover, history shows that it was only Volcker and his interest rate sledgehammer and money supply control measures that brought the beast to heel. In our day and age, these are exactly the two remedies that are being renounced as too extreme. Even worse they are deemed unnecessary because “we have this under control”.

The gold price has been collateral damage of this Phoney War. The second top asset class in 2021 was energy (and we are not talking wind turbines or solar panels but good old carbon-producing energy). This was due to the price surge of this asset class’ outputs of oil and gas. And yet gold was second from the bottom in performance with a negative outcome for the year. We live in interesting times when yields can rise and stocks also rise. Something has got to give.

Gold has definitely become decoupled in the minds of the masses from its traditional role as an inflation hedge (or hiding hole). Will it recouple? The coming year, 2022, should prove whether it can regain this status or not. The soft-peddling of inflation remedies should allow the beast to roam wild across the global landscape so the interest rate tool will have to go from being used as a feather duster to being a sledge hammer. That has all sorts of implications, not least of which is pricking the property bubble of the last 25 years.

In recent decades property prices have only risen while gold has fluctuated. Removing the “certainties” associated with property would help in rebalancing sentiment towards gold.

Risks

Amongst the risks related to exploratory gold projects are:

- ✗ Gold price risk
- ✗ Financing is a challenge that comes and goes in the mining space and its sub-sectors

To posit gold price weakness is almost to be branded a heretic in some mining circles. However we were incredulous that gold shot over \$2,000 per oz so rapidly and then were not surprised when it surrendered that level almost as quickly and then retreated \$300 from its highs. This has dashed the hopes of those for whom Gold is destined to rise unerringly to \$4,000. The recent outbreak of inflationary tendencies in Western economies, combined with the war drums beating in Russia have provided a fillip to gold prices, briefly pushing gold above \$1,900 per oz. At current levels projects that are not viable should not even be in consideration as this is a sound gold price.

Financing conditions rise and fall with sentiment towards gold... and with other dynamics. The last year has been a quantum better on the financing front for junior explorers. Despite the gold price retreat, from its highs, markets have still been very forthcoming in supporting placings and other financings despite competition from other resurgent metals (e.g. Copper or battery metals).

Conclusion

Most in the gold space regard 2021 as a disappointing year. Certainly it did not meet the heady “To the moon, Alice” projections and hopes of 2020 but in reality it had the second-best average gold price in any year in history. Not to be sneezed at. While financing has not dried up it has not been as copious as in previous years like 2011-12 or pre the crisis of 2008 when gold averaged much, much lower.

This “plenty while in a sea of despair” situation in the gold space is patently ridiculous and awaits a stimulus to start powering up again. Our own estimate is for gold to breach \$2,200 in 2022. This will focus minds again on the paucity of new projects in accessible locations. The Laverton area where OzAurum has its stamping ground has been well-travelled exploration and production territory for over 100 years with all the infrastructure that comes with that.

Andrew Pumphrey's dogged pursuit, over various decades, of gold prospects in the region that had fallen through the cracks has finally borne fruit in the form of the portfolio at OzAurum that he has put together. It is indeed surprising that territory so near to Carosue Dam should have been so cursorily overlooked for so long. Meanwhile the haphazard production and exploration in the past at the Patricia prospect might indicate that previous explorers have not been able to identify a clear trail of breadcrumbs right before their eyes (or at least under an extant flooded open pit).

The Mulgabbie tenements come with the exploration potential of the brownfields area exploited (only to shallow depths) over 100 years ago, but also with considerable blue-sky potential in seemingly unexplored greenfields territory. Meanwhile Patricia is the view of the independent consultant was scantily explored and shows considerable potential below the (shallow) flooded pit for exploitation within a relative short-time frame following highly targeted in-fill and step-out drilling. Having a healthy gold price at the current time will help considerably in making a production decision. Despite everything else the market mantra particularly in Australia is still "production, production, production".

Much of the price trajectory of OzAurum over the coming twelve months will be determined by exploration success with the upcoming campaigns. The surge in the stock price, resulting from the February announcement of impressive RC drill results, shows the potential for a rerating if these results are repeated in coming campaigns. Certainly the recent return to an upward trajectory in the gold price should also assist.

In light of all this, we have given OzAurum a **LONG** rating with a twelve-month target price of AUD\$0.38.



Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers.

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