UBS

Australian Gold

Cash building & M&A is on but FY27 risks loom

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As M&A heats up, market expectations for FY27 may need to be tempered

If the quarterly cash prints weren't enough to keep the sector in focus, a round of M&A certainly will. However there are risks as we navigate the impacts of the Middle East conflict. US inflation /rate rise expectations has put the brakes on the gold price and higher input costs (not just diesel) are still flowing through to reduced earnings and cashflow expectations. We do remain positive on the ASX gold sector seeing strong fundamental valuation support from continued, elevated FCF however we note the short term headwinds as the market potentially tempers expectations. Last year it was not quite 'sell in May' but the gold sector did go through a flat spot from June to August as the market digested disappointing FY26 guidance.

UBSe FY27 gold at A$7,200/oz (US$5,050/oz & AUDUSD 70c)

There may be some downside to our forecast FY27 revenues with spot at ~A$6,400/oz (US$4,600/oz & AUDUSD 72c) and consensus ~A$7,000/oz .

Risks skewed to downside for FY27 Production, AISC & Growth Capex

For FY27 production we are below consensus for NST and PNR and above for RMS. For AISC, we forecast an average A$2,675/oz across our coverage, **5%** higher than consensus which may be slow to factor in the ongoing inflationary pressures. For growth capex, we are happy to be **~10%** above consensus, given continued focus on growth and mine life extension and suggest any beat on growth capex would likely result in delayed volumes. We make minor modelling changes for EVN, VAU, BGL, OBM & MI6, noting slight changes to PTs & earnings though retain Buy ratings across these names.

Medium term outlook- risk to growth project delivery/FID

Higher-order impacts of the oil shock and ongoing Mid East conflict are still propagating through complex supply chains. We expect these delayed impacts to become more evident over the next 6–12 months, especially via oil-derived inputs such as rubber/plastics/coatings, tyres, lubricants/fuels and other civil and infrastructure materials. In our forecasts, **we reflect these risks through delayed project delivery/ramp ups and higher cost bases** across the board.

Figure 1: UBSe precious metal coverage

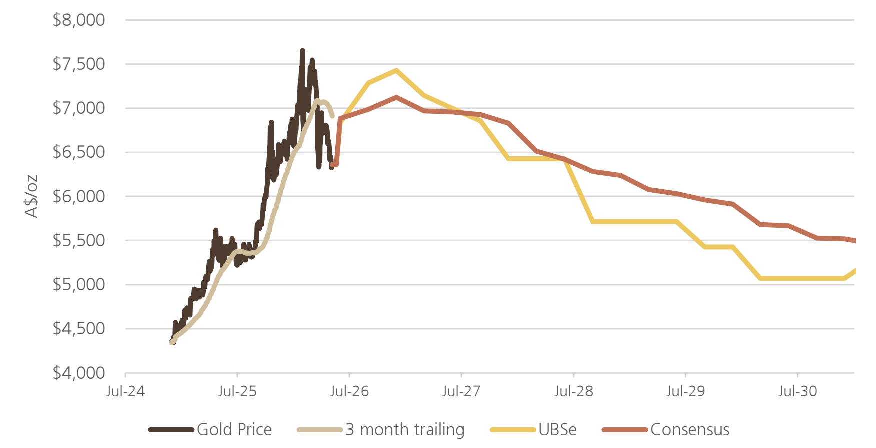
Coverage		Market Cap (A$m)	Share Price (A$/sh)	Price Target Current	Price Target Prev	Up/Dw to PT (%)	Rating Current	EV/EBITDA 2026	EV/EBITDA 2027	EV/EBITDA 2028	FCF Yields (%) 2026	FCF Yields (%) 2027	FCF Yields (%) 2028
Golds													
NEM	Newmont Corporation	169,942	155.73	195.00	195.00	25%	Buy	6.1	6.4	7.2	8.1%	8.0%	7.8%
NST	Northern Star Resources	29,701	20.79	24.35	24.35	17%	Buy	7.3	5.5	5.2	2.7%	6.9%	5.9%
EVN	Evolution Mining	25,017	12.32	13.10	13.20	6%	Neutral	8.2	6.2	5.9	3.5%	8.0%	7.0%
PRU	Perseus Mining	7,364	5.43	6.75	6.75	24%	Buy	5.7	3.8	2.7	0.3%	7.7%	16.4%
GMD	Genesis Minerals	6,669	5.90	10.15	10.15	72%	Buy	7.0	5.3	3.7	7.8%	8.1%	11.5%
RMS	Ramelius Resources	6,539	3.42	5.00	5.00	46%	Buy	8.7	5.0	3.5	2.3%	5.7%	8.1%
RRL	Regis Resources	4,917	6.51	8.75	8.75	34%	Buy	2.9	2.0	2.2	14.9%	17.9%	6.6%
VAU	Vault Minerals	4,657	4.45	7.00	7.05	57%	Buy	4.0	2.2	1.6	12.1%	21.8%	24.2%
BGL	Bellevue Gold	2,296	1.56	2.00	2.05	29%	Buy	7.4	2.8	2.9	4.8%	17.4%	14.4%
WGX	Westgold Resources	5,149	5.45	8.50	8.50	56%	Buy	4.1	2.2	1.6	11.9%	19.4%	22.0%
OBM	Ora Banda Mining	2,444	1.28	1.40	1.50	10%	Neutral	4.7	3.5	3.4	9.6%	5.7%	8.5%
PNR	Pantoro Gold	1,280	3.25	6.20	6.20	91%	Buy	3.3	1.7	0.7	12.9%	15.5%	32.8%
CYL	Catalyst Metals	1,342	5.15	9.75	9.75	89%	Buy	3.2	1.7	1.5	6.1%	16.7%	15.6%
MI6	Minerals 260	1,572	0.76	1.10	1.20	45%	Buy	-71.5	-181.9	-134.0	-2.3%	-13.1%	-29.8%
CHN	Chalice Mining	560	1.44	3.00	3.00	108%	Buy	-46.8	-40.2	24.8	0.0%	-2.4%	-9.3%
	Average							5.6	3.7	3.2	7.5%	12.2%	13.9%

Source: UBSe

GOLD PRICE OUTLOOK

Since our last gold price update, we've seen a marked uplift in consensus gold assumptions, with long-term pricing now sitting ~A$500/oz above UBS. This revision comes despite a broader softening in the macro outlook for gold, driven by renewed inflationary pressures and higher interest rate expectations. That said, we note that consensus revisions typically lag and are slower to adjust to evolving conditions. On average, UBS forecast US$5,050/oz / US$4,575/oz & 0.70 AUDUSD in FY27/28 respectively, versus consensus of US$4,850/oz / US$5,000/oz and 0.70 AUDUSD.

Figure 2: UBS gold price forecast vs consensus (A$)

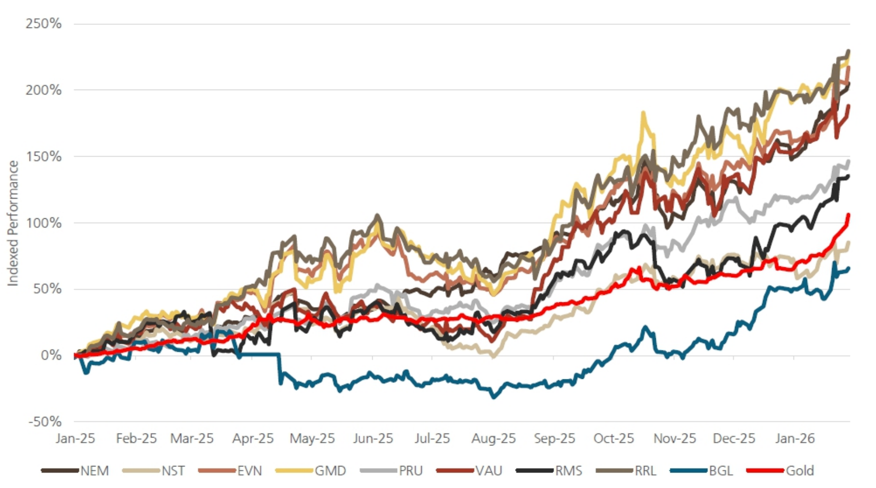


Source: Visible Alpha, UBSe

Risks ahead of FY27 guidance season could materialise in a short term headwind for gold equities

During May–August 2025, when gold prices remained largely flat, equities experienced notable weakness as additional risks were priced in. A similar pattern could emerge over the coming months.

Figure 3: Indexed performance of gold vs equities during 2025



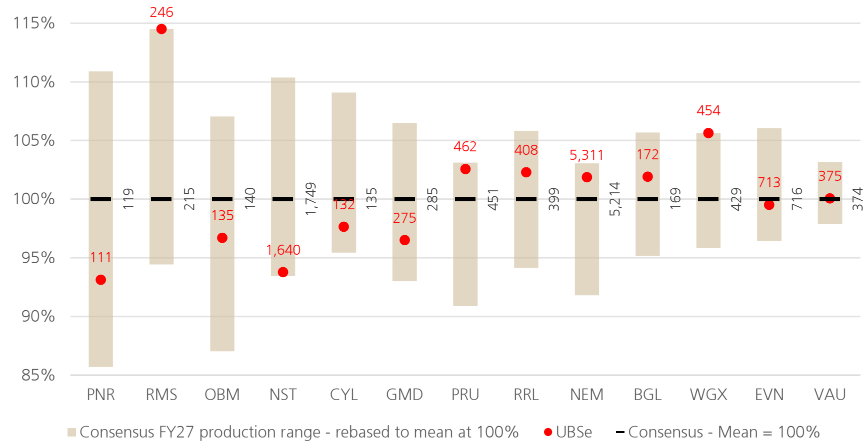
Source: Factset

PRODUCTION RISKS HEADING INTO FY27 GUIDANCE UPDATES

UBSe more conservative on the production outlook for NST & PNR and more bullish on RMS

Disruptions across the supply chain—spanning diesel, fuels, and oil-based products—alongside logistical hurdles and re-emerging union-related labour concerns (link), are adding to WA's growing list of challenges. Across our coverage, these point to **a deterioration in operating conditions**, which is set to make consistent execution and growth ambitions more difficult especially in the near term. Relative to consensus, we are broadly positioned towards the mid/lower range on production, noting UBS are more conservative on the outlook for NST & PNR whilst more bullish on RMS.

Figure 4: Consensus FY27 production range vs UBSe, normalised to mean=100%, ordered by range width, labels in koz



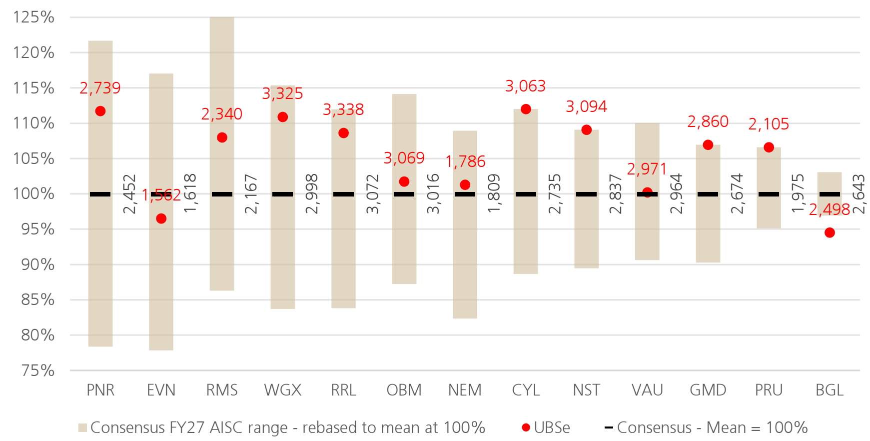
Source: UBSe, Visible Alpha

COST RISKS HEADING INTO FY27 GUIDANCE UPDATES

On avg, UBSe are 5% above on consensus AISC

The ASX gold sector has transitioned from a cyclical cost spike (FY24–FY25) into a structurally higher cost base, with FY27 shaping up as the next pressure point as companies prioritise incremental ounces over margin discipline, increasingly pulling lower grade material into mine plans, and face escalating inflationary pressures exacerbated by the Mid East conflict. Across our gold coverage, we broadly remain at the upper end of cost estimates versus the street to reflect the mounting cost pressures yet to be fully understood & incorporated into market estimates.

Figure 5: Consensus FY27 AISC range vs UBSe, normalised to mean=100%, ordered by range width, labels in A$/oz



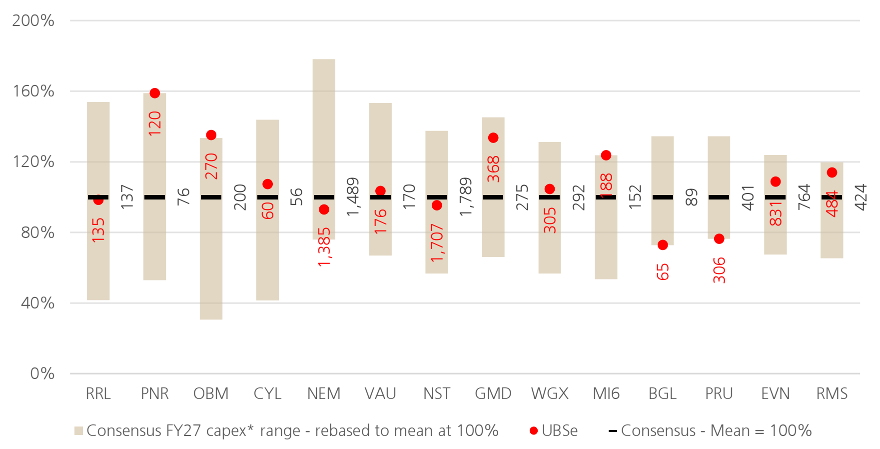
Source: UBSe, Visible Alpha. *NEM AISC is in USD/oz.*

CAPEX RISKS HEADING INTO FY27 GUIDANCE UPDATES

UBSe model more growth capex (to pay for the med term volumes)

For growth capex, we are comfortable being **~10%** above consensus, given continued focus on growth and mine life extension and suggest any beat on growth capex would likely result in delayed volumes.

Figure 6: Consensus FY27 growth capex range vs UBSe, normalised to mean=100%, ordered by range width, labels in $m



Source: UBSe, Visible Alpha

Valuation Method and Risk Statement

Our valuations are based on DCF, using a long term gold price of ~US$3,250/oz. We point out to investors the potential risks inherent in the mining sector, including, but not limited to, the volatile nature of commodity prices and currencies, which may differ materially from expectations. Furthermore, the sector is exposed to political, financial and operational risks, each of which has the potential to significantly impact company/industry performance.