

RESOLUTION MINERALS LIMITED (RML.AX)

20 February 2020

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LOCATION, LOCATION, LOCATION

KEY POINTS

- **RML has entered into an agreement to earn 60% of the highly prospective 64North Project in the shadows of the world class and high grade Pogo Gold Mine in Alaska.** The earn-in agreement with Canadian explorer Millrock Resources Incorporated (MRO.TSXV) allows for a staged earn-in to 60% ownership of the full 660 square kilometre tenement package by fully funding exploration activities until the end of 2024. RML have the option of increasing ownership up to 80% of a single project within the 64North tenement package should an economic resource become a gold producing asset.
- **A genuine nearology play.** The 64North project lies within the Tintina gold province with a gold endowment exceeding 70moz and completely encircling Northern Star Resources Limited's (NST) Pogo tenement package. The Pogo mine is the 8th largest gold mine in the United States and boasts a production history of 4moz since commercial production commenced. Pogo produces 200-240kozpa and has an estimated JORC resource of 5.95moz with a grade of 9.6g/t.
- **Targets identified.** Soil sampling and magnetic surveys have identified potential and promising pogo style mineralisation down strike from the recently discovered Goodpaster deposit by NST. Goodpaster is 2.5km from the 64North tenement boundary and 5km from the identified Aurora prospect. The Goodpaster deposit remains open in all directions and recent intercepts as announced by NST of 2.1m @44.5g/t, 2.2m @28.1g/t and 8.1m @5.0g/t are sure to provide excitement and encouragement to RML. A further prospect, Echo has been identified along trend of Pogo/Goodpaster.
- **Enough cash to test the waters.** RML have recently raised \$6m via share placements, enough to fund the majority of 2020's exploration activities at the Aurora prospect. Drilling is expected to commence in March 2020 with assay results from the first phase of drilling set to be announced in Q2 2020.

INVESTMENT VIEW – SPECULATIVE BUY

We believe RML, with a market cap of \$13.7m, is a cheap investment opportunity in an extremely well-endowed gold belt which hosts a number of world class gold deposits. There is a real potential that the pogo style mineralisation extends from the Goodpaster deposit into RML tenements and we believe the recent soil testing and magnetic surveys have identified the Aurora and Echo targets as very promising prospects. We *Initiate with a Speculative Buy recommendation.*

NEAR TERM CATALYSTS

First drilling campaign assay results – The first eagerly anticipated assay results are expected to be announced in Q2 2020 from the highly prospective Aurora target.

Ongoing news flow in the second half of 2020 – Further exploration results are expected to maintain a consistent news flow in the second half of CY2020. Encouraging assay results should continue any positive momentum in share price performance.

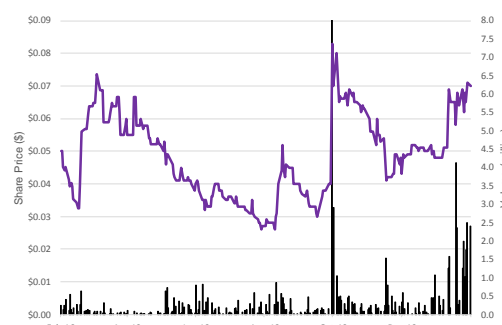
Recommendation	Spec Buy
Initiation Report	
Risk Rating	High
Current Share Price	\$0.067
12 Month Price Target	\$0.140
Price target Methodology	Peer EV multiple
Total Return (Capital + Yield)	109%
DCF Valuation (unrisked)	N/A
Market Capitalisation	\$13.7m
Liquidity	\$0.04m/day

Financial Forecasts & Valuation Metrics

Y/e June (USD \$m)	2019A	2020F	2021F	2022F
Revenue	0.0	0.0	0.0	0.0
EBITDA	(0.9)	(1.0)	(1.0)	(1.0)
NPAT	(1.4)	(0.7)	(0.7)	(0.7)
EPS (cps)	(1.6)	(0.4)	(0.2)	(0.2)
EPS Growth %	na	na	na	Na
EV / EBITDA (x)	(5.1)	(10.6)	(19.3)	(25.8)
PER (x)	(5.8)	(18.1)	(29.8)	(38.3)
Dividend Yield	0.0	0.0	0.0	0.0

Source: PAC Partners estimates

Share Price Performance



Source: Iress

Risks

Exploration Risk: RML is an early stage explorer with no guarantee of exploration success

Access to Capital: RML require ongoing capital to fund future exploration programs and earn increased ownership of the project. Further capital raises are likely and share dilution will occur. Sources of capital may not be available when required causing significant disruption to the business and any exploration programs that may be in place.

Reliance on Key Personnel: The board and RML's geology team are crucial to any successful exploration.

RML is subject to normal emerging resource company risks of Regulatory & Permitting, Commodity Pricing/FX rate and Environmental/Occupational Health and Safety.

DISCLOSURE: PAC Partners was Joint Lead Manager to the February 2020 Placement, and in addition was Lead Manager to the September 2017 IPO, and Capital raisings in March 2018, May 2019 and December 2019 of RML (formerly N27) and received fees on commercial terms for the services. The information contained in this report is provided by PAC Partners to Wholesale Investors only.
The information contained in this report is to be read in conjunction with other important disclosures at the end of this document.

Summary

COMPANY OVERVIEW

Resolution Minerals Limited (RML) is an Australian resources company and listed on the ASX via an IPO in September 2017 as Northern Cobalt Limited (N27). The Company listed with a view of exploring and developing the Wollogorang Cobalt project located in the Northern Territory.

N27 ventured into lithium exploration late 2017 with the acquisition of the Arunta Project, also located in the Northern Territory. These leases have subsequently been relinquished. December 2018 gave the company its first taste of Alaska through the acquisition of the Snettisham Vanadium project in South East Alaska.

In October 2019, the Company enter into an earn-in agreement to acquire up to 80% of the Goodpaster gold project, now renamed to 64North, located within the Tintina gold belt in Alaska with TSX listed Millrock Resources Incorporated (MRO.TSXV). Along with the acquisition the Company refreshed the management team and changed the Company name to Resolution Minerals to reflect the renewed strategy moving forward.

A well-received and well-timed change of strategy for RML

The company is now primarily focused on the exploration of the Alaskan gold assets. Recent capital raises include a placement in February 2020 for 90,966,737 shares at \$0.05/sh to raise \$4.5m before costs and an October/ December placement of 42,857,145 shares at \$0.035/sh to raise \$1.5m before costs. As at 31 December 2019, RML held \$635,000 in cash, which has subsequently increased following the February raise of \$4.5m.

THE NORTH 64 ACQUISITION

RML have entered into an earn-in agreement with Millrock Resources on the North64 project located in the Tintina gold province, Alaska, and home to a number of world class gold deposits.

The earn-in allows for RML to earn 60% of the overall project by investing US\$20m in exploration expenditure in four years. In addition to the exploration expenditure RML must make cash payments of US\$50,000 per year over four years and payments in shares of 38m shares. The earn-in timeline is summarized in Figure 1.

Figure 1: Earn-In Expenditure

Stage	Resolution Expenditure US\$	% Earn in Resolution	Cash US\$ to Millrock	Resolution Shares to Millrock
Commence	-	-	-	5,000,000
Drilling Target	7,500m Drilling			5,000,000
Year 1	\$5,000,000	30%	\$50,000	10,000,000
Year 2	\$5,000,000	42%	\$50,000	10,000,000
Year 3	\$5,000,000	51%	\$50,000	4,000,000
Year 4	\$5,000,000	60%	\$50,000	4,000,000
Totals	\$20,000,000	60%	\$200,000	38,000,000

Source: RML

RML also have the option to earn up to 70% interest on one particular block (refer Figure 4 for blocks) should RML fully fund the block to Bankable Feasibility Study or up to 80% interest should RML loan carry the project to production. RML can walk away from the earn-in agreement should it fail to meet the exploration expenditures with no encumbrances.

RML is the manager of the project during the sole funding period, however during the first year, Millrock will act as the operator and be responsible for exploration activities on site under the direction of RML. Millrock will charge an 8% fee of total exploration expenditure for this operational service. RML has the absolute discretion to reappoint Millrock as the operator for subsequent years, however if RML choose to not reappoint Millrock for this task, the cash payment to Millrock will double from US\$50,000 to US\$100,000 per year.

MILLROCK RESOURCES

Millrock Resources is a project generator business, focused on the discovery and development of mineral projects in Alaska and Mexico. The company's philosophy is to acquire prospective targets and then look for partners to assist in the exploration and development costs via earn in agreements, joint ventures or divestments.

Millrock currently has a market cap of CAD\$12.5m with CAD\$1.5m in cash as at the latest reporting date of 29 September 2019.

Prime Real Estate

THE TINTINA GOLD PROVINCE

Figure 2: The Tintina Gold Province



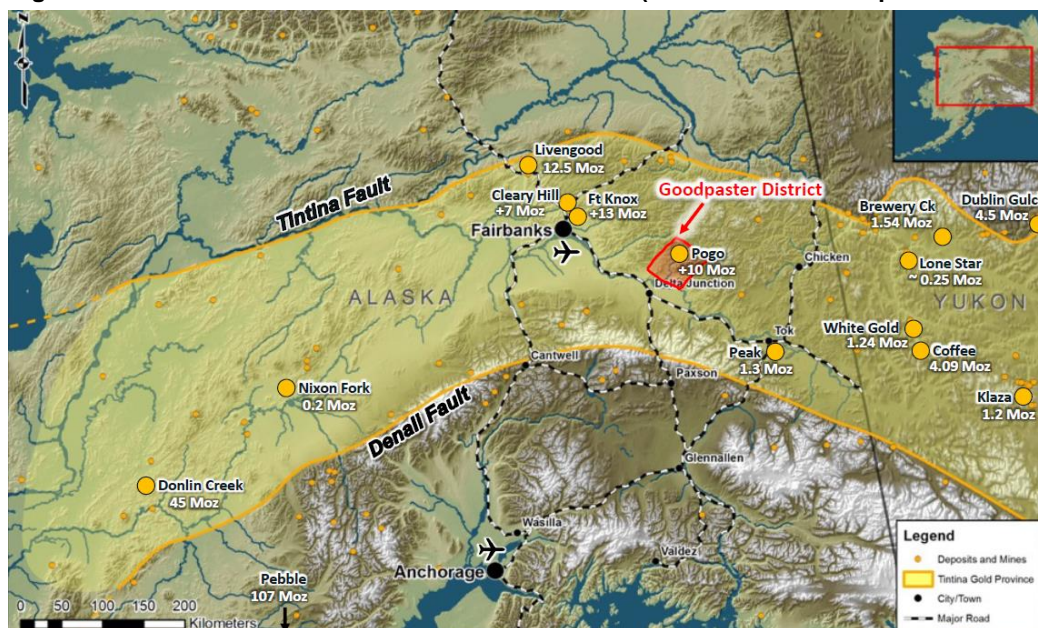
Source: USGS

The Tintina gold province encompasses approximately 150,000 square kilometres extending in an arc through central Alaska, Canada's Yukon Territory and into British Columbia. The province is bounded by the Kaltag-Tintina fault to the North and the Farewell-Denali fault to the South. The areas subarctic climate and terrain has meant the region is under explored using modern exploration techniques with many historical mining areas know to contain gold currently being reinvestigated. The province hosts a number of large-scale gold deposits including Pogo, Fort Knox, True North and Donlin Creek. The total gold endowment of the Tintina Gold Province exceeds 70Moz of gold.

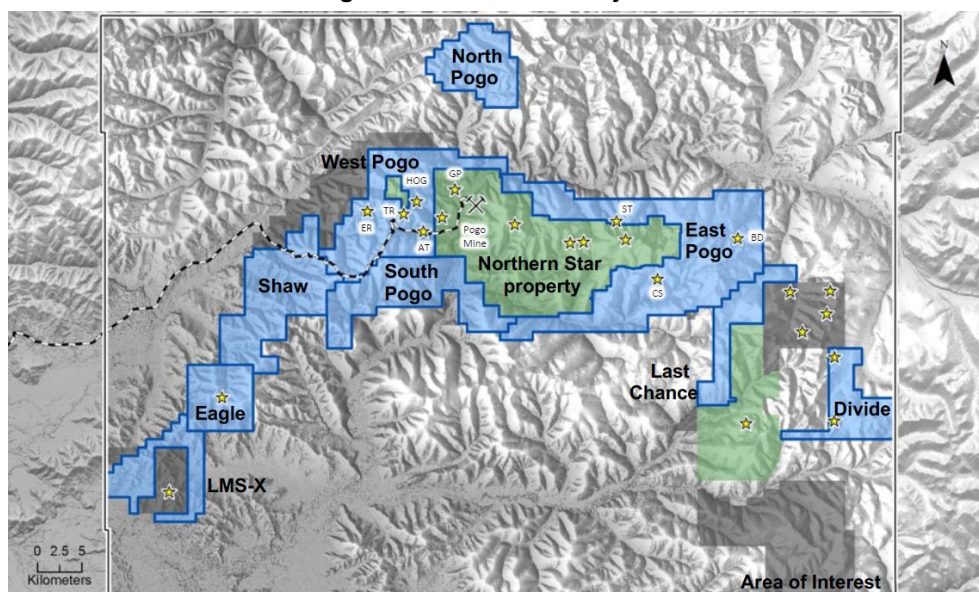
64North Project

PROJECT SUMMARY

The 64North Project encompasses 660 square kilometres including 1,147 state mining claims encircling the 10moz endowed Pogo Gold Mine owned by NST in Alaska. The project is split into nine prospects being North Pogo, West Pogo, South Pogo, East Pogo, Divide, Shaw, Eagle, Last Chance and LMS-X (Figure 4). The Pogo Gold Mine is 120km South East from Fairbanks, the second largest city in Alaska and accessible year-round from an all-weather access road which runs directly through the West Pogo and Shaw prospects. The geology of the area is complex and under explored using modern exploration techniques. RML owns data from regional exploration expenditure valued at US\$15m from 1998-2012 including 40,000 surface samples, 11.4km of NQ core drilling and airborne mag and EM surveys.

Figure 3: 64North location in the Tintina Gold Province (Referred to as Goodpaster District)

Source: NST

Figure 4: The 64North Project Blocks

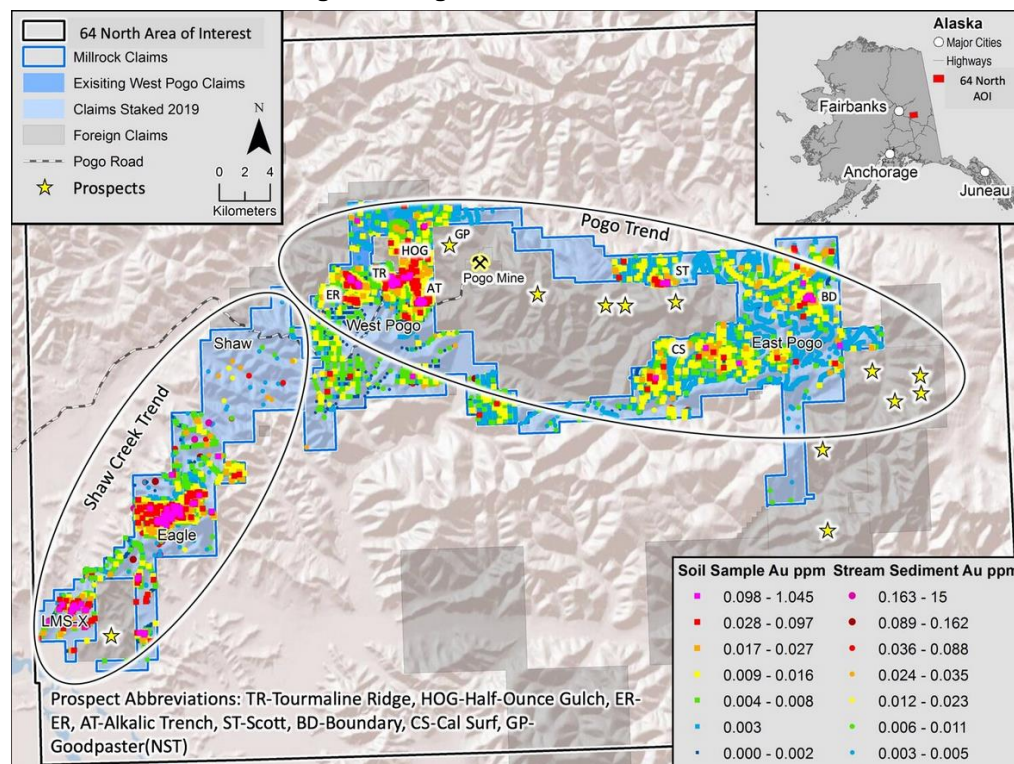
Source: Millrock Resources

GEOLOGY AND MINERALISATION

Gold mineralization in the Project area is hosted in quartz sulfide veins with associated silicate and carbonate alteration of the host rock. Gold vein occurrences define an approximately 50-kilometre East-West trend along the south side of the Goodpaster Batholith granite. An approximately 32-kilometre Northeast-Southwest trend along the southeast side of the Shaw Creek fault has also been defined.

Figure 5: Pogo and Shaw Creek Trends

Clusters of elevated soil anomalies at the West Pogo and Eagle prospects. A proven indication of gold mineralisation in the district

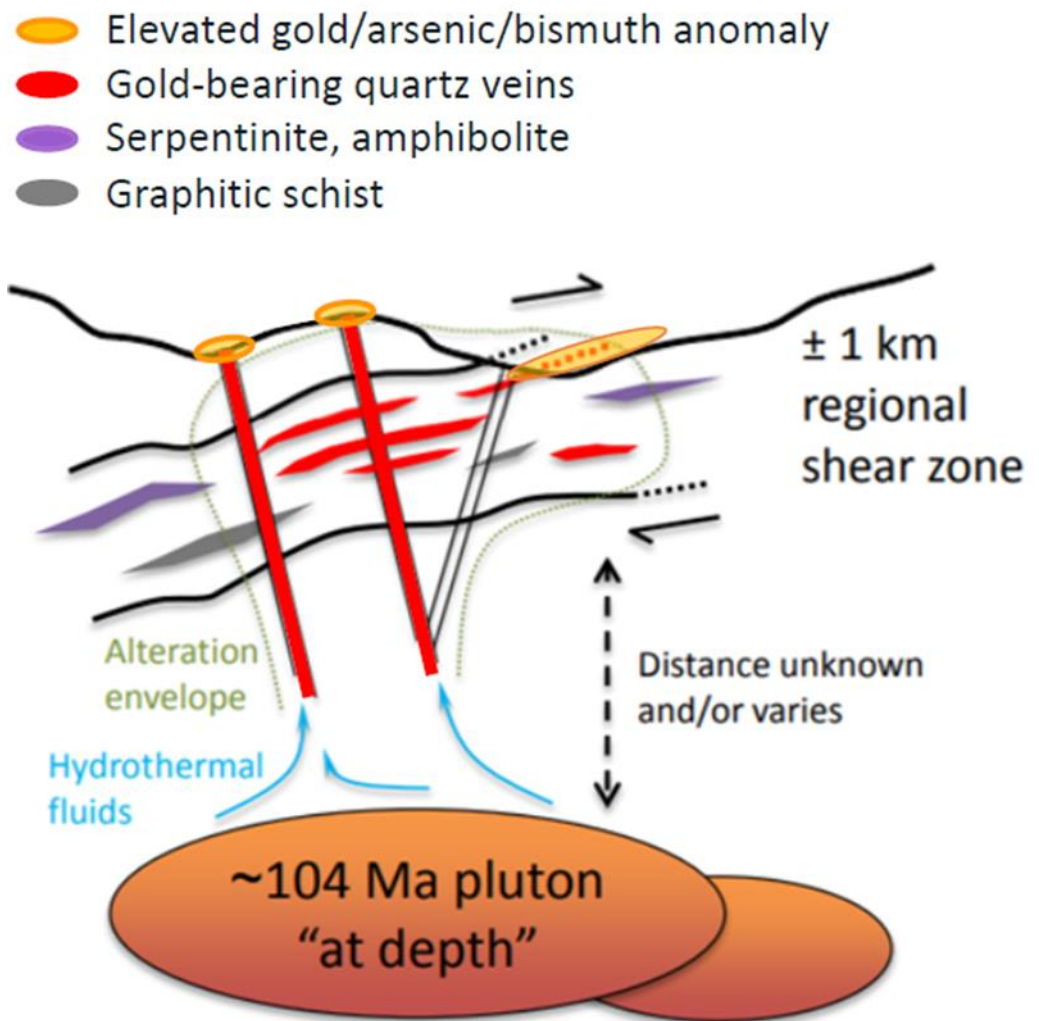


Source: Millrock Resources

Variations in host rock and sulfide mineral content of the gold veins along these mineralized trends reflect the different settings at each prospect during the gold mineralizing event. Age dating of mineralization and alteration products defines a window of gold emplacement between 104 and 95 million years before present. At this time during the mid-Cretaceous period, the Goodpaster district had just experienced a significant period of compression from a mountain building event which is proposed to have ended at 110 million years before present.

During this mountain building event the metamorphic bedrock ruptured along zones of weaker rock (mafic lavas and graphitic sediments) producing a widespread flat lying reverse fault, now called the Pogo Shear. Extension and uplift, after 110 million years before present, produced brittle faults which acted as conduits for magma and the associated magmatic fluids during the 104-95 Ma time period. These magma's and magmatic fluids are proposed as the source for the gold mineralization. When the extensional faults intersect the regional thrust, ascending magmatic fluids entered dilatation zones in the thrust and formed the low angle gold veins being mined at Pogo. In addition to the low angle gold veins, multiple high angle gold veins and the highly fractured, mineralized intersections of these high and low angle veins are mined at Pogo.

Figure 6: Pogo Style Mineralisation



Source: RML

RML believe similar mineralisation exists on the 64North Project

Surface samples on RML tenements include favourable traces of Arsenic and Bismuth as well as Gold

Arsenic and Bismuth are the two metals most associated with gold bearing quartz veins being components of the minerals arsenopyrite and bismuthinite/bismuthotellurides which manifest as discrete grains adjacent to gold. Surface material samples (rock, soil, stream sediment) which contain elevated levels of gold arsenic and bismuth are the primary indication of subsurface gold mineralization. This has proven to be a successful exploration technique and ultimately resulted in the initial discovery of Pogo.

The South, West and North Pogo prospects cover the Pogo and Goodpaster trend of gold occurrences. Shaw, Eagle and LMS-X cover the Shaw Creek trend, while the Divide prospect covers the Black Mountain trend with gold occurrences likely related to granitic intrusions.

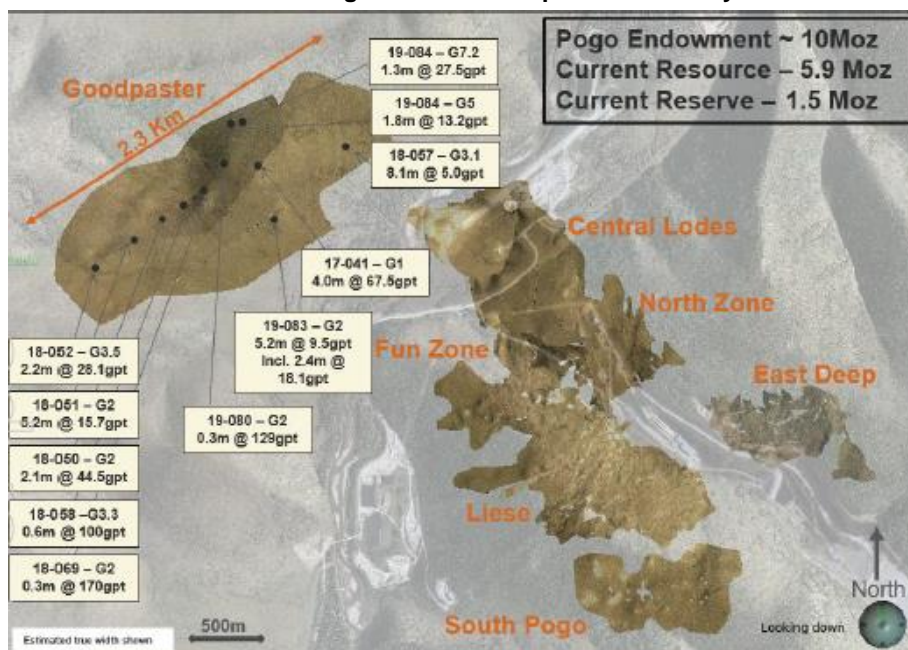
WEST POGO

Initially, exploration will be focused on the West Pogo prospect. West Pogo is highly prospective and shows very similar characteristics to the recently discovered Goodpaster project by NST. Mapping has identified low angle structures and Cretaceous granitic-dioritic intrusions. Previous soil sampling has identified elevated levels of gold, arsenic and bismuth in clusters related to north-east and northwest trending high angle faults.

The recent Goodpaster exploration program by NST returned significant gold intersections including 2.1m @ 44.5g/t, 2.2m @ 28.1g/t, 5.2m @ 15.7g/t, 8.1m @ 5.0g/t, 5.2m @ 9.5g/t and 1.7m @ 19.4g/t. The deposit extends over strike distance of 2.3km to a depth of 500m and remains open in every direction.

Figure 7: The Goodpaster Discovery

Goodpaster is open in all directions



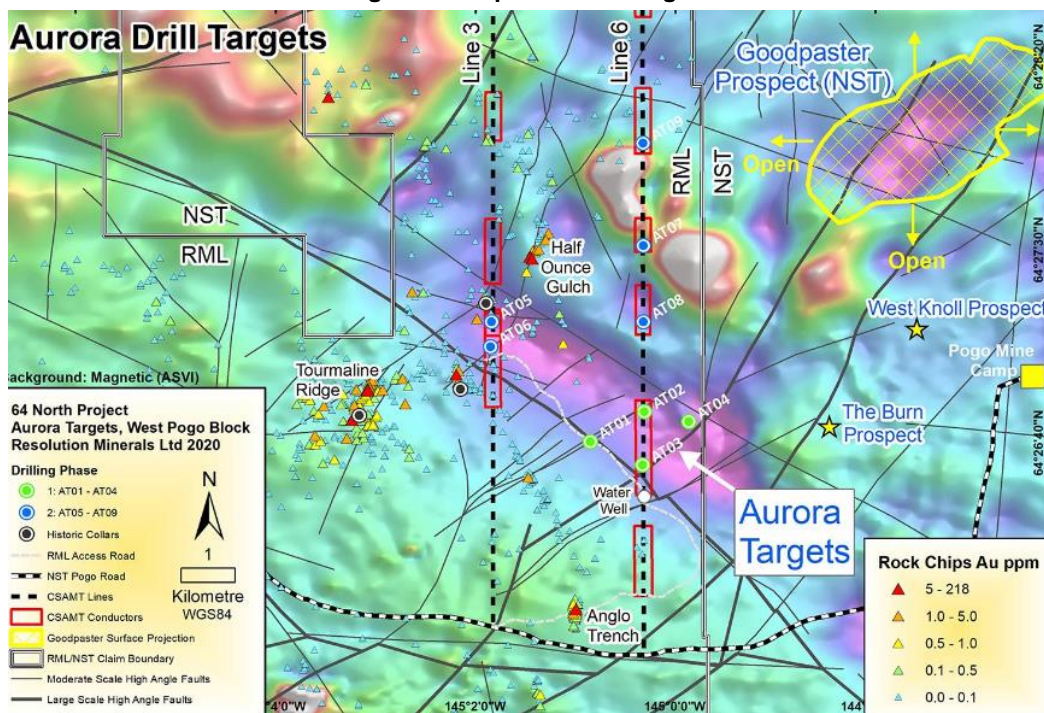
Source: NST

Historical drilling in West Pogo is limited with only 20 holes drilled within the tenement and all pulling up short and not deep enough to intersect the low angle shear zone which is known to host gold at Pogo and Goodpaster. RML believe this shear zone exists at depth at the Aurora target. Previous drilling did return minor gold intersections of 1.2m @ 1.71g/t from 165.5m and 1.8m @ 1.34g/t from 75.9m.

Airborne magnetic surveys along with surface sampling have identified three initial targets. Two of these targets are focused on the Aurora target to the South West of Goodpaster and the Echo target North West of Goodpaster. Figure 8 shows the similarities between these targets and the known NST gold deposits.

Figure 8: Proposed Drill Targets

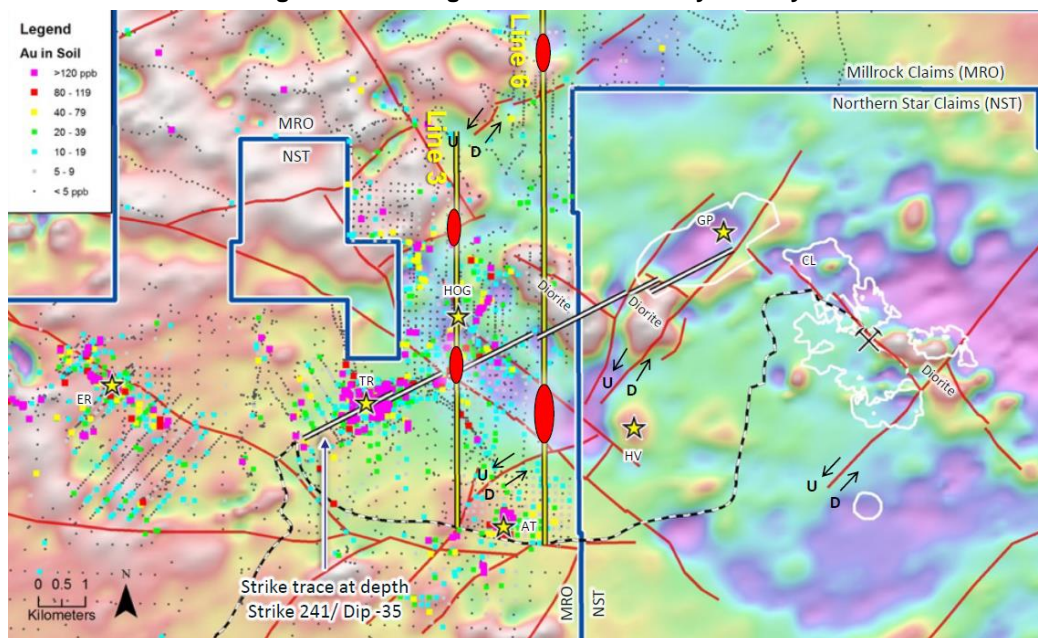
Very promising mag signals



Source: RML

West Pogo has encouraging surface sampling results as seen overlain in Figure 9. These elevated soil samples have been a proven pathway to successful exploration campaigns in the district. The soil results surrounding elongate diorite is a favourable sign for gold potential.

Figure 9: Drill targets with Soil Anomaly Overlay

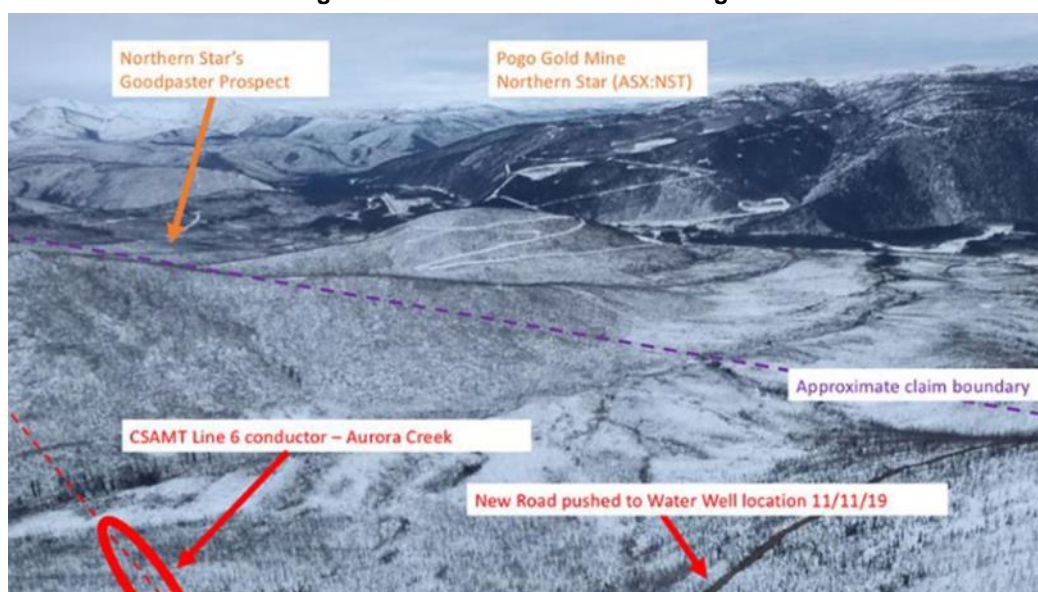


Source: Millrock Resources

Similar exploration process
as the original discovery of
Pogo in the nineties

Figure 10 offers a perspective on how close the Aurora targets are to the existing Pogo mine and the Goodpaster deposit. The all-weather access to Pogo, runs directly through RML tenements proving all year access to site. Should a discovery be made, access to mine site infrastructure could be piggy backed off Pogo at a modest cost.

Figure 10: View from Aurora Drill Targets



Source: RML

Nearology doesn't get much
closer than this...

Drilling of the Aurora target is expected to commence in March 2020 with access tracks and minor drill development works already underway. Early results for the first campaign are expected in the second quarter of 2020. The total exploration cost for 2020 will be US\$5m as a minimum.

Figure 11: 2020 Exploration Schedule

2019-2020	Q4 2019	Q1	Q2	Q3	Q4
Activity			2020		
Historic data merge					
Desktop review					
ELF-EM / Geophysics	Aurora		Echo		
Historic core recovery					
Geochem soils, stream sed					
Geological mapping					
Build road					
Water well					
Drilling phase one		Aurora	Aurora	Echo	
Follow up drilling			Aurora	Aurora	Echo
Drilling assays					
*all drilling programs continuation subject to results and logistics					
Legend					
Desktop review	Infrastructure		Geophysics/Mapping		
Assays	Drilling		Geochem, other		

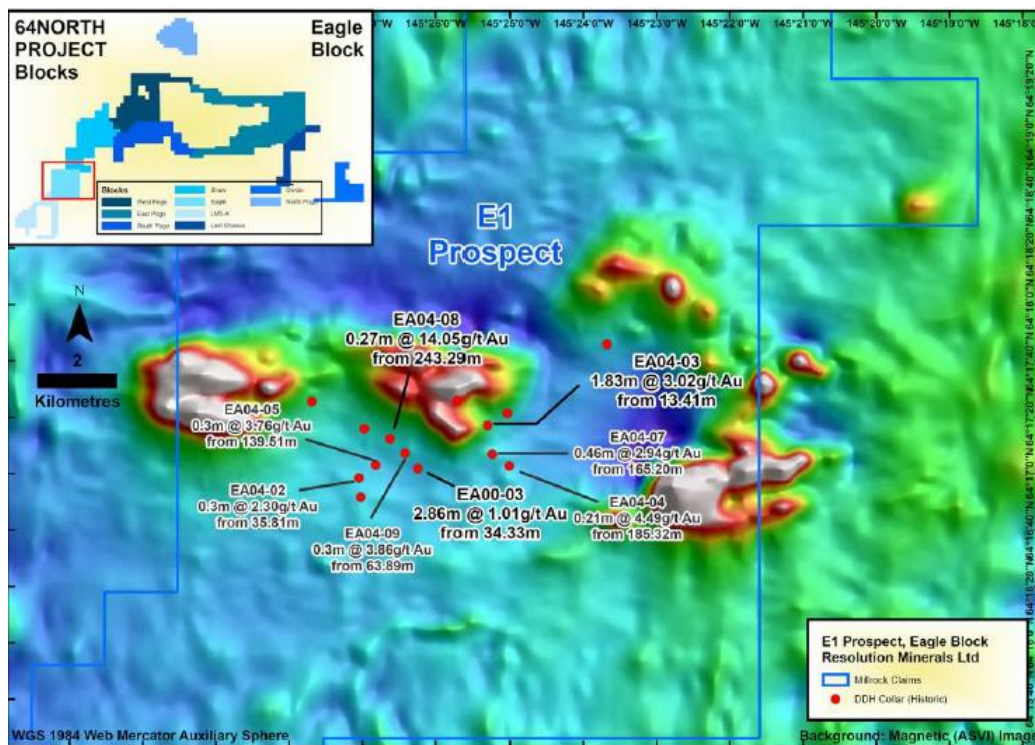
Source: RML

Expect regular news flow from Q2 onwards in 2020

ADDITIONAL PROSPECTS

There is a commitment to spend US\$1m in 2020 outside of the West Pogo tenement. The most prospective target at this stage is the Eagle prospect located to the South West. The Eagle prospect is not a Pogo style mineralisation and is interpreted to be an intrusion hosted IRGS System. The minimal exploration work undertaken to date includes only a selective amount of soil sampling as well as a number of diamond drill holes. Small, yet encouraging intercepts of 0.27m @ 14g/t and 1.8m @ 3g/t highlight the prospective mineralization in the region. Further analysis and identification of drill targets will be undertaken in 2020 to further understand the variability in mineralisation style.

Figure 12: Eagle Prospect



Source: Millrock Resources

World Class Neighbours

There are a number of well endowed gold deposits in the neighbourhood as shown in the previous Figure 3. A few of the more impressive deposits include Pogo, Fort Knox, Eagle Gold, Livengood and Donlin.

POGO GOLD MINE

The world class 10moz Pogo Gold Mine is considered the 8th largest gold mine in the United States having produced approximately 4Moz at an average grade of 13.6g/t since operations commenced.

Pogo was initially discovered by Sumitomo Metal Mining Co in the mid-nineties after a decade earlier soil and stream sediment sampling expedition identifying both Pogo Creek and Liese Creek as anomalous for gold. Exploration and mining studies continued with the finalisation of the final feasibility study in 2004 and project construction in 2006. The project construction cost was US\$350m and included all weather access roads, electrical transmission lines, camp, site infrastructure, CIP plant, and tailings reprocessing circuit.

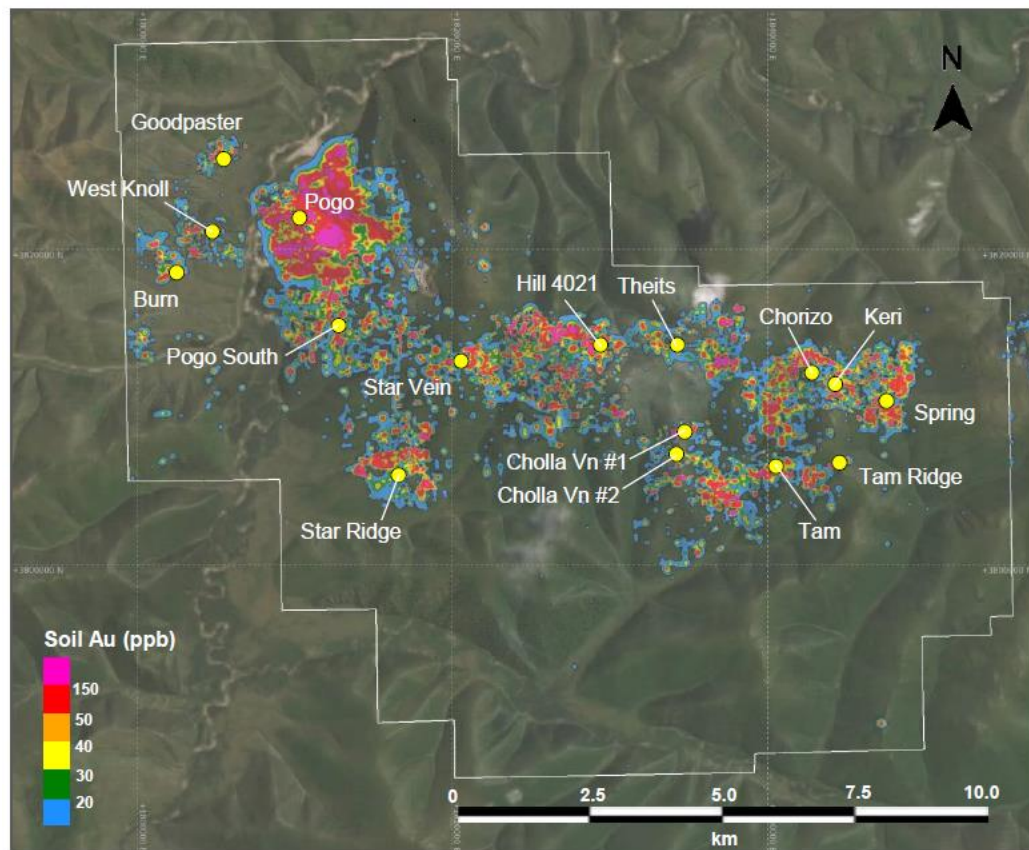
NST is expanding the process plant by 30% to 1.3mtpa with a potential further expansion of 1.5mtpa in the pipeline. A vote of confidence in extending the mine life at Pogo via further discoveries

Northern Star Resources Limited (NST) acquired the Pogo Gold mine from Sumitomo in 2018 for US\$260m and continues to operate the project with a number of operational improvements undertaken to date.

The latest resource statement for Pogo identifies a JORC resource of 5.95moz at 9.6g/t and a maiden JORC reserve of 1.5moz at 7.5g/t. NST production guidance from Pogo in FY20 is 200,000-240,000oz at an AISC of A\$1210-1320/oz.

Regional exploration at Pogo is a major focus for NST with several prospective targets identified. NST will spend A\$20m in FY20 on regional exploration. Drilling in the December quarter focused on the Goodpaster deposit with holes drilled into the west of the deposit. A single diamond drill hole was recently completed at West Knoll with assays still pending although it is noted several narrow structures where intersected. RML will be looking for encouraging intersections from the West Knoll and Burn prospects as this will further strengthen the view of the Goodpaster trend continuing South-West and into RML's West Pogo claim.

Figure 13: NST Regional Exploration Targets



Exploration results at Burn, Goodpaster and West Knoll will be watched with interest

Source: NST

FORT KNOX

The Fort Knox gold mine owned by Kinross Gold Corporation is located 42km North East of Fairbanks. The project has produced 8moz of gold since commercial scale production commenced in 1996 and continues to this day via an open pit mining operation supported by a CIP process plant as well as a heap leach system. 2019 production was 200koz gold equivalent. The expected life of mine is 2030.

The current Reserves are estimated at 255.8mt @0.3g/t for 2.8moz. An additional resource of 176.8mt @ 0.4g/t for 2moz has also been estimated.

EAGLE GOLD

Eagle gold (previously known as Dublin Gulch) is owned by Victoria Gold Corp and located in the Yukon Territory of Canada, close to the border with Alaska. The project has a mineral resource of 217mt @ 0.63g/t for 4.4moz of gold. Reserves are estimated to be 148mt @0.64g/t for 3moz of gold. The project will enter commercial production mid 2020 with the mine being a high tonnage open pit and heap leach operation.

LIVENGOOD GOLD PROJECT

The Livengood project owned by International Tower Hill Mines Ltd, currently has a reserve of 392mt @0.71g/t for 9moz of gold and a resource of 53m to @0.66g/t for 1.1oz of gold. The project is located 113km Northwest of Fairbanks and is currently undergoing ongoing feasibility studies with a view of development in the not too distant future.

DONLIN GOLD PROJECT

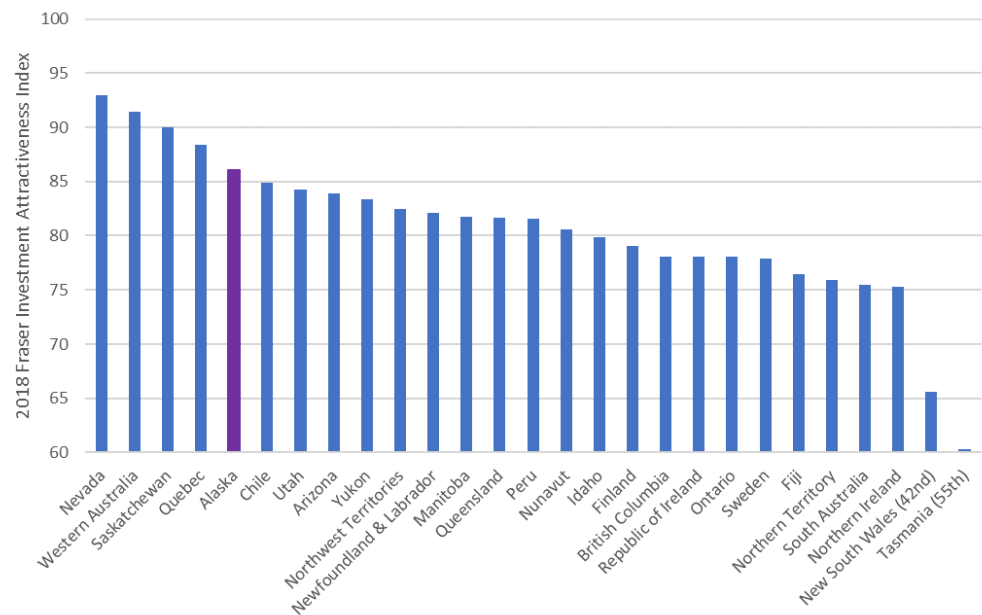
The Donlin Gold Project owned equally by Novagold and Barrick Gold Corporation lies in the central Kuskokwim basin in Southwestern Alaska. The project hosts one of the highest known open pit gold deposits with a resource of 541m tonnes at a grade of 2.2g/t containing 39m ounces of gold resources.

39 Million Ounce Gold
Resource

Alaska

Alaska is the largest state by area and 48th most populous in the United States. Alaska is a Tier 1 jurisdiction when it comes to mining investment. Alaska has consistently rated amongst the top 15 global jurisdictions according to the Fraser Institute of Investment Attractiveness. In 2018, Alaska was the 5th most attractive investment up from 10th in 2017. Alaska sits ahead of all Australian states with the exception of Western Australia. When it comes to best practices for mineral potential, which ranks jurisdiction on encouragement of exploration investment, the Fraser Institute ranks Alaska 3rd overall behind only Nevada and Western Australia.

Alaska has a long history of gold mining dating back to the early 1800's. The state is supportive of mining and has a thorough and transparent permitting system which can be time consuming with a number of federal and state agencies requiring involvement depending on the complexity of the permits applied for. A skilled and supportive workforce is widely available. Transport infrastructure is well developed, and all-weather access is commonplace.

Figure 14: Top 25 Global Jurisdictions of Resource Investment Attractiveness

Source: Fraser Institute 2018

Snettisham Project

The Snettisham project, is located in the Alaskan Juneau Province in the Southwest of the state. The project was pegged by RML in 2018 with the assistance of a third party and ultimately came at an acquisition cost of 500,000 shares with an additional payment of 1,000,000 shares pending a number of project expenditure hurdles or duration of tenure. The project is prospective for Vanadium bearing magnetite mineralisation similar to other economic deposits currently in production. The project is located on a deep-water channel with easy access to cheap energy from the nearby Snettisham Hydro-electric plant. Being in the South and on the coast, the project remains open to exploration year-round.

Limited exploration has been conducted to date. RML are currently reviewing the project for gold potential and there are three historical gold mines on the tenement. Minimal exploration work has been scheduled in 2020 with Company's focus being the 64North project.

Figure 15: Snettisham Project Location



Source: RML

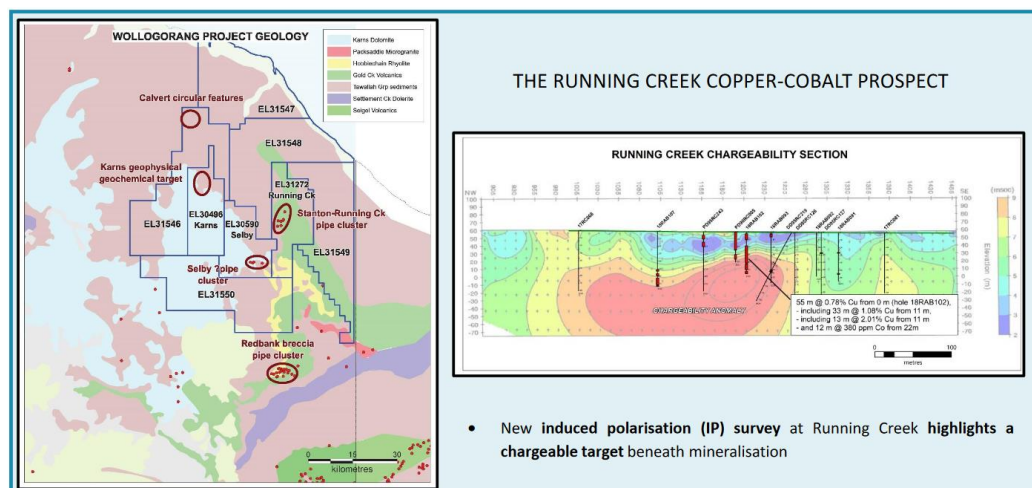
Wollogorang Project

The Wollogorang project covers 4,000 square kilometres in the Northern Territory. The project is prospective for near surface sedimentary hosted cobalt and copper resources and was the original flagship project for RML. The project holds a small indicated and inferred resource of 942,000 tonnes @ 0.13%Co, 0.06%Ni and 0.12%Cu. Recent assays include 55m @ 0.78%Cu from the surface.

Additional drilling may be conducted in this year's dry season (May to December) to test IP anomalies defined below the previously drilled shallow drill holes with a potential for further Copper, Cobalt mineralisation.

Mineralisation commences at surface

Figure 16: Wollogorang Copper Cobalt Prospect



Source: RML

Investment View, Valuation and Catalysts

INVESTMENT VIEW – SPECULATIVE BUY

We believe RML with a market cap of \$13.7m is a cheap, albeit risky investment opportunity in an extremely well-endowed gold belt which hosts a number of world class gold deposits. There is a real potential that the pogo style mineralisation extends from the Goodpaster deposit into RML tenements and we believe the soil testing and magnetic surveys have identified the Aurora and Echo targets as very promising prospects.

At this point in time, with no resource to speak of, it is very difficult if not impossible to put a valuation on RML. A selection of similar exploration companies can be seen in Figure 17 which suggests a strong chance of a share price rerating should gold mineralisation be discovered in the first phase of drilling. We remain excited about the project and believe there is a better than average chance of a gold discovery at the under explored West Pogo project encouraged by the recent Goodpaster exploration results published by NST. **For this reason, we rate RML a Speculative Buy with the potential for significant upside.**

As with all exploration stories, the potential to run big is always there pending exceptional intersections

An EV of 3x the current RML level would not be unrealistic on the back of gold mineralisation being discovered...

...as shown by ERM, GMN, NTM, PRX and SMC

PAC Partners estimates a 12 Month Price Target of 3x current price minus 30% for dilution = \$0.14/share

PEERS AND PRICE TARGET

Figure 17: Select ASX Listed Exploration Peers

Company	M'Cap \$m	Cash \$m 31/12/19	EV \$m	Project	Location	Resource	Recent Drill Result	12 Month Share Price Performance
RML	\$13.7	\$0.6	\$13.1	64North	Alaska	Nil	Nil	45.7%
ERM	\$33.1	\$1.9	\$31.2	Mauretania	NT	Nil	20m @38.5g/t	-2.5%
GMN	\$41.9	\$1.3	\$40.6	Monoyal	PNG	Nil	101m @0.14%Cu	-8.3%
NTM	\$47.2	\$4.6	\$42.6	Leonora	WA	538koz @1.3g/t	25m @5.4g/t	110.8%
PRX	\$31.4	\$12.6	\$18.8	Tanami	NT	1,010koz @ 2.0g/t	6m @0.52g/t	-15.6%
PPX	\$12.5	\$1.8	\$10.7	Alaska Range	Alaska	Nil	102m @0.22%Cu, 0.07ppm Au	-48.3%
SMC	\$39.5	\$1.0	\$38.5	Woolgar	QLD	Nil	16m @5.23g/t	28.5%

Source: Iress

FUTURE FUNDING

As with all exploration companies, RML will continue to come back to the market to fund future exploration programs. Future equity raisings will look to increase shareholder value throughout the process however, this is not guaranteed and will be dependent on the drilling results from the exploration campaigns.

DILUTION

The 64North Acquisition has a total share consideration to Millrock Resources of 38m shares by the end of 2024. This represents 18% of the currently issued shares. Further capital raisings to fund the expected \$9-10m cash burn per year will further dilute existing shareholders. Assuming all funds are raised into 2024 to meet the full expenditure at a conservative issue price of \$0.10/sh and the issue of in the money options and performance rights, we could see maximum total shares on issue in 2024 of 639m and Millrock's holding being 6%.

UPCOMING CATALYSTS

First Drilling Campaign Assay Results – Q2 2020

The first phase drilling results will be eagerly anticipated by the market which may prove the existence of pogo style mineralisation at the Aurora target. Assays results are expected to be released in Q2 2020

Ongoing Drilling and Assays Results – 2H 2020

Further drilling and assay results are expected to be announced throughout the second half of 2020 from the secondary phase drilling at Aurora and Echo targets.

EXECUTIVE TEAM

Duncan Chessell	<i>Managing Director</i>
Len Dean	<i>Chairman</i>
Andrew Shearer	<i>Non-Executive Director</i>
Dr Justin Gum	<i>Principal Geologist</i>
Christine Lawley	<i>Exploration Manager</i>
Kelvin Blundell	<i>Consulting Geophysicist</i>

BOARD

Len Dean – Non-Executive Chairman

Mr Dean is a metallurgist with over 50 years' experience across various operational, marketing and management roles in the resources industry covering a number of jurisdictions. Mr Dean has previously held senior roles with BHP Billiton as Marketing Director Iron Ore and Group General Manager Minerals Marketing. Mr Dean has held a number of board positions including Managing Director of Sesa Goa Ltd, India's largest publicly listed iron ore company and also as Non-Executive Director of WPG Resources Limited (WPG).

Mr Dean holds interest in 0.5m shares, 1.0m options and 0.5m performance rights in RML.

Duncan Chessell – Managing Director

Mr Chessell is a geologist with more than 20 years' experience in mineral exploration. Dr Chessell has held previous director positions including Managing Director of Endeavour Group from 2010 to 2016. Mr Chessell also has experience in international adventure tourism having founded tourism companies in New Zealand, Australia and Papua New Guinea.

Mr Chessell holds interest in 1.3m shares, 0.7m options and 7.0m performance rights in RML.

Andrew Shearer – Non-Executive Director

Mr Shearer is a geologist with more than 25 years' experience in the mining and finance industry. Mr Shearer's experience includes a number of exploration and development projects as well as having exposure to the global resources sector covering small to mid-cap resource stocks across a broad range of commodities during his time as a Resources Analyst. Mr Shearer is currently a Senior Analyst with PAC Partners Pty Ltd as well as a Non-Executive Director of Andromeda Metals Limited (ADN).

Mr Shearer holds interest in 0.9m shares, 0.5m options and 1.65m performance rights in RML.

Dr Justin Gum – Contract Principal Geologist

Dr Gum is the geologist credited with the discovery of the world class Callie gold deposit in the Northern Territory. Dr Gum has 30 years of experience throughout Australia in gold and base metals systems.

Christine Lawley – Exploration Manager

Ms Lawley has 15 years' experience in gold, base metals and mineral sands experience throughout Australia.

Kelvin Blundell – Consulting Geophysicist

Mt Blundell has 20 years' experience in Australia, Canada and Africa and was Sandfire's geophysicist during the DeGrussa copper discovery in Western Australia.

MILLROCK RESOURCES EXECUTIVE TEAM

Gregory Beischer – President and Chief Executive Officer

Mr Beischer is a geologist and mining engineer and well experienced in Alaskan exploration having previously had success with Inco Ltd and the Bristol Bay Native Corporation. Mr Beischer is a past President of the Alaska Miners Association and serves on the Alaskan Minerals Commission.

Philip St. George – Chief Exploration Officer

Mr St. George is a geologist with significant experience in the Alaskan gold sector having previously discovered the 50Moz Au Pebble deposit. Mr St. George was also Vice-President of Exploration for NovaGold and added 12m oz to the Donlin Creek Reserve.

Geology team are all contract basis, not full-time salary staff

Strong on ground experience in the region and deep knowledge of the Alaskan exploration sector.

MAJOR SHAREHOLDERS

Figure 18: Top Twenty Shareholders (as at 19 Feb 2020)

No substantial holders and dominated by retail investors

Rank	Name	Balance	% Held
1	JP Morgan Nominees	7,617,189	3.72
2	Merrill Lynch (Australia) Nominees	7,075,989	3.45
3	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	5,500,000	2.69
4	Millrock Resources Inc	5,000,000	2.44
5	HSBC Custody Nominees (Australia)	4,655,133	2.27
6	Mr Peter Hendry	3,752,014	1.83
7	Mr Philip John Cawood	3,400,000	1.66
8	PAC Partners Securities Pty Ltd	2,899,056	1.42
9	Alua Capital Pty Ltd	2,728,571	1.33
10	PAC Partners Pty Ltd	2,620,000	1.28
11	Acuity Capital Investment Management Pty Ltd	2,500,000	1.22
12	Australian Executer Trustees Limited	2,450,000	1.20
13	DJ Coughlan Drilling Pty Ltd	2,257,143	1.10
14	GP Securities Pty Ltd	2,085,713	1.02
15	Mr Alan Conigrave	2,000,001	0.98
16	UBS Nominees Pty Ltd	2,000,000	0.98
17	Strut Pty Ltd	1,800,000	0.88
18	HSBC Custody Nominees (Australia)	1,798,858	0.88
19	BNP Paribas Nominees Pty Ltd	1,658,043	0.81
20	Ms Chunyan Niu	1,628,571	0.80
		65,426,281	31.94

Source: ABR

RML have 42,948,225 options at varying strike prices between 0.06/sh and \$0.25/sh expiring between November 2020 and November 2022. An additional 10,575,000 performance rights have been issued to management.

Risks

Emerging companies are usually subject to normal key person and funding risks.

Exploration Risk

RML is in early stages of exploration and there is no guarantee of exploration success.

The geology team have runs on the board with some impressive discoveries to their name

Reliance on Key Personnel

The board and the geology team's ability to identify, understand and test the mineralisation of the projects will be critical to the exploration success or failure of RML.

Access to Capital

RML require ongoing capital to fund future exploration programs. With no revenue, debt will not be an option and capital will need to be raised from capital markets. Should access to capital fail to materialise, RML will be unable to continue as an explorer and ultimately will fail to extract any value in the projects held.

Gold maintains its appeal and we don't expect any significant risk to the downside in the short to medium term

Commodity pricing and demand

As with all resource projects, geopolitical risks, competitive forces and changes in commodity application with technological improvements could see demand and/or prices for RML focused commodities be reduced.

Environmental Risks

The 64North project is subjected to harsh and cold winters which may limit land access or the ability to perform on site tasks for extended periods of time in extreme weather events. Additionally, Alaska is prone to natural disasters such as earthquakes which may hinder the projects progression.

Operational Risks

Operational risk may be encountered limiting RML's ability to meet the drilling schedule causing delays and/or cost overruns. Tenement rights including native title claims will need to be maintained and managed to continue to have access to the projects.

Financial Model

Resolution Minerals Limited

RML.AX

19/02/2020

Price Information

Price (\$/Share)	\$0.07
Mkt Cap (\$m) (dil)	\$13.7
Enterprise Value (\$m)	\$9.5
Target Price (\$/Share)	N/A
Recommendation	SPECULATIVE BUY
Total Return	N/A

Share Price Performance



Year End - Jun

KEY METRICS

	FY19A	FY20F	FY21F	FY22F	FY23F
EPS Growth (%)	na	na	na	na	na
PER (x)	(5.8)	(18.1)	(29.8)	(38.3)	(47.3)
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	(5.1)	(10.6)	(19.3)	(25.8)	(32.6)
EV (\$m)	4.8	10.5	19.0	25.4	32.1
ROE (%)	(12.1)	(6.5)	(3.9)	(2.7)	(2.0)
ROA (%)	(11.6)	(6.5)	(4.0)	(2.7)	(2.1)
ROIC (%)	(13.0)	(7.6)	(4.7)	(3.5)	(2.7)

PROFIT & LOSS (\$m)

Revenue	0.0	0.0	0.0	0.0	0.0
EBITDA	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Depreciation & Amortisation	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
EBIT	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Net Interest Expense	0.0	0.0	0.0	0.0	0.0
Income Tax	0.0	0.3	0.3	0.3	0.3
NPAT Reported	(1.4)	(0.7)	(0.7)	(0.7)	(0.7)
NPAT Adjusted	(1.0)	(0.7)	(0.7)	(0.7)	(0.7)

PER SHARE DATA (cps)

Shares on Issue (m)	83.1	188.9	310.9	400.7	496.3
EPS Reported	(1.6)	(0.4)	(0.2)	(0.2)	(0.1)
EPS Adjusted	(1.2)	(0.4)	(0.2)	(0.2)	(0.1)
DPS	0.0	0.0	0.0	0.0	0.0

BALANCE SHEET (\$m)

Cash	0.7	2.2	1.8	1.5	1.1
Debtors & Inventory	0.0	0.0	0.0	0.0	0.0
PP&E	6.9	11.4	19.8	28.1	36.5
Intangibles	0.0	0.0	0.0	0.0	0.0
Total Assets	7.7	13.6	21.6	29.6	37.6
Borrowings	0.0	0.0	0.0	0.0	0.0
Creditors	0.1	0.1	0.1	0.1	0.1
Total Liabilities	0.1	0.1	0.1	0.1	0.1
Net Assets	7.6	13.5	21.5	29.5	37.5

BALANCE SHEET RATIOS

Gearing - Debt/Equity (%)	na	na	na	na	na
Interest Cover (x)	na	na	na	na	na
NTA per Share (cps)	0.1	0.1	0.1	0.1	0.1

CASH FLOW (\$m)

EBITDA	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)
Interest & Tax	0.0	0.3	0.3	0.3	0.3
Working Capital Change	0.1	0.0	0.0	0.0	0.0
Operating Cash Flow	(0.8)	(1.0)	(1.0)	(1.0)	(1.0)
Maintenance Capex	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	(0.8)	(1.0)	(1.0)	(1.0)	(1.0)
Capex	(3.0)	(4.5)	(8.4)	(8.4)	(8.4)
Equity Issues	0.5	6.9	9.0	9.0	9.0
Proceeds from Borrowings	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Net Cash Flow	(3.3)	1.5	(0.3)	(0.4)	(0.4)

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RECOMMENDATION CRITERIA

Investment View

PAC Partners Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield. A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view.

Buy	Hold	Sell
>20%	20%-5%	<5%

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PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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