

## Wilton Resources Corporation Limited

### Proceeding towards Production

Since our last snap report on Wilton Resources Corporation Limited (Wilton), the company has announced on 4 Sep 2014 updated resource estimates and the recommendations of the scoping study to explore open pit mining methods. The new reports will be followed by a detailed feasibility study to be completed by 1H 2015 for the commencement of open pit mining.

#### 31% Increase in Measured & Indicated Resources:

According to the latest resource estimate dated 30 Jun 2014, the Ciemas Gold Project contains 2,390 kg or 74,000 troy ounces (oz) (+6.5%) more gold resources than previously projected in May 2013. More importantly, measured and indicated resources grew by 6,346 kg (+31.1%) while inferred resources fell by 3,956 kg (-24.4%), suggesting higher confidence over the estimated resources following further exploration since May 2014. The estimated gold grade for measured and indicated resources also rose from 8.4 g/t to 8.8 g/t, implying higher resource quality. Resource growth was also well spread among all four key deposits, Pasir Manggu, Cikadu, Sekolah and Cibatu.

**Plans for Open Pit Mining:** Separately, the Scoping Study by a third party consultant has concluded that initial mine development should be by open cut methods, followed by underground mining of resources found below the optimal limit of open pit extraction. Accordingly, open cut mining increases gold recovery per vertical meter as no support pillars have to be built.

**Stronger Financial Projections:** We are encouraged by these reports, which are indicative of progress at the Ciemas Gold Project. In particular, the proposed mine concept is expected to yield better financial outcomes for the company. Capital expenditure is expected to decline from US\$93m to US\$86m and project cash flow is expected to increase from US\$315m to US\$488m on extended mine life of seven years.

**Our View:** The upgrade in the amount of inferred resources to measured and indicated resources is also a signal of lower project risk, which is supportive of valuation. Pending further catalysts from the company, we continue to study the company in detail, in preparation of an initiation report.

## Convincing Gem

- Potential Price S\$0.176
- Prev Close S\$0.125

#### Main Activities

Wilton Resources Corporation Limited (formerly known as Hartawan Holdings Limited) is a gold mining company. Its concessions are located in West Java, Indonesia and contain estimated total resources of 1.25m ounces (38,970kg) of gold as of Jun 2014, including proved and probable reserves of 557,300 ounces (17,333kg) of gold as of May 2013.

#### Financial Highlights

(Y/E Jun) IDR b	FY13	FY14
Revenue/G. Profit	0	0
Other & Int. Inc.	0.1	12.0
EBIT	-17.8	-784.3
PATMI	-16.95	-783.8

Source: Company

#### Key ratios (FY14)

Valuation*	US\$233m – US\$367m
M+I Resources***	860,000oz
Inf. Resources***	390,000oz
Est. Value per Oz**	US\$198 – US\$312
Cash	IDR194.8bn (US\$16.6m)
Net Op. Cash Flow	-IDR30.3bn (-US\$2.6m)
Current ratio	10.0

\*Based on independent valuation report dated May 2013 contained in the Hartawan Holdings Limited Sep 2013 Circular  
 \*\*Valuation divided by total number of ounces of resources as of May 2014. \*\*\*As of Jun 2014

Source: Company, Voyage Research

#### Indexed Price Chart

Green (FSSTI)  
 Black (Wilton)



Source: Bloomberg

52wks High-Low S\$0.220 / S\$0.093  
 Number of Shares 2,181m  
 Market Capitalization S\$272.6m

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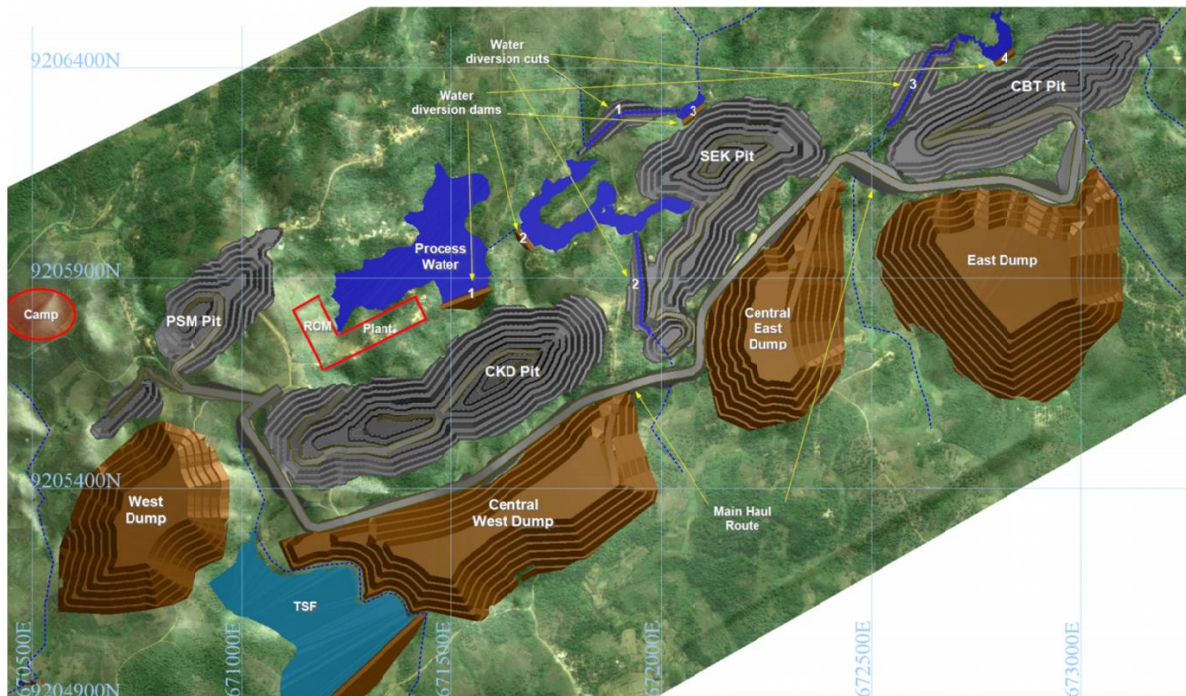
**Figure 1: Resource Estimates Comparison**

**Table 5-12: Resource Estimates Comparison – SRK, 2014 and 2013**

Property	Category	As of 30 June 2014			As of 31 May 2013		
		Resource (kt)	Au (g/t)	Au (kg)	Resource (kt)	Au (g/t)	Au (kg)
Pasir Manggu	Measured	120	7.3	870	101	7.0	705
	Indicated	450	7.5	3,390	461	7.6	3,521
	Inferred	270	3.8	1,030	157	4.0	635
Cikadu	Indicated	1,100	9.1	9,970	833	8.8	7,314
	Inferred	360	8.4	3,040	493	9.7	4,765
Sekolah	Indicated	710	9.2	6,520	428	9.4	4,045
	Inferred	300	8.6	2,580	500	9.4	4,714
Cibatu	Indicated	660	9.1	5,990	592	8.1	4,809
	Inferred	670	8.3	5,580	786	7.7	6,072
<b>Total</b>	<b>Measured</b>	<b>120</b>	<b>7.3</b>	<b>870</b>	<b>101</b>	<b>7.0</b>	<b>705</b>
	<b>Indicated</b>	<b>2,920</b>	<b>8.9</b>	<b>25,870</b>	<b>2,315</b>	<b>8.5</b>	<b>19,689</b>
	<b>Measured + Indicated</b>	<b>3,040</b>	<b>8.8</b>	<b>26,740</b>	<b>2,415</b>	<b>8.4</b>	<b>20,394</b>
	<b>Inferred</b>	<b>1,600</b>	<b>7.6</b>	<b>12,230</b>	<b>1,937</b>	<b>8.4</b>	<b>16,186</b>

Source: Company

**Figure 2: Open Cut Mine Concept**



Source: Company

**Rating Definition:**

**True Gem** – This stock is greatly underappreciated by the market, with more than 50% upside opportunity from its current share price.

**Convincing Gem** – This stock is underappreciated by the market, with more than 30% upside opportunity from its current share price.

**Potential Gem** – This stock is not fairly valued by the market, with more than 15% upside opportunity from its current share price.

**Potential Stone** – This stock is overrated by the market, with more than 1% downside risk from its current share price.

**Probable Stone** – This stock is overvalued by the market, with more than 25% downside risk from its current share price.

**Real Stone** – This stock is seriously overvalued by the market, with more than 40% downside risk from its current share price.

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