Todd River IPO

Unlocking an Exciting Base Metals Portfolio

Background and Opportunity

Sanlam Private Wealth has road-showed the Todd River Resources IPO for the last month in Australia and South East Asia. The deal has been very well received. The key points to have come out of the meetings are listed below.

The Todd River IPO offers investors a unique exposure to an advanced stage explorer developing highly valued resources in the Copper, Zinc and Lead sectors. It is an attractively priced IPO managed by highly credentialed mining and financial market participants.

Key Investment Highlights

The company is to start drilling immediately at the exciting advanced exploration asset “Mount Hardy” which is a rich historical Copper and Zinc area with one diamond and one RC drill rig.

Todd River will also immediately commence a Bankable Feasibility Study at the key Manbarrum Zinc asset which is one of Australia’s largest undeveloped Zinc assets.

A peer comparison highlights how few listed companies offer the size of resource that TNT holds. PNX is probably the closest peer in the sub-sector, it has a market cap of $17m with a much higher enterprise value and smaller portfolio of assets.

TRT holds the largest base metal exploration portfolio in the Northern Territory.

The Todd River team has intimate knowledge of the key assets in the portfolio. Technical director Paul Burton has more than 10yrs experience dealing directly with the TNT assets.

Macro-economic drivers have seen the Goldman Sachs Industrial Metals Spot Index rise 35% in less than a year, LME Zinc recently traded at decade highs, LME Copper at 2yr highs.

Summary

The Todd River (TNT) IPO is a unique opportunity to obtain an exposure leveraged to the flourishing base metal sector. Sanlam Private Wealth believes the opportunity will unfold beyond the initial planned exploration period and hence is treating this as a short and medium term investment.

Disclosure: Sanlam Private Wealth is acting as Lead Manager of this IPO and raised $5.3M for the related Company TNG Ltd in October 2014.
Advanced Stage Assets. Immediate Opportunities.

Mount Hardy

The company is to start drilling immediately at the exciting advanced exploration asset “Mount Hardy” which is a rich historical Copper and Zinc area with one diamond and one RC drill rig. TNG spent $2m at Mt Hardy and over the last 4 years with every drill hole intersecting mineralisation. The best drill intersection was up to **21m 4.3%Zn; 2%Cu; 9g/t Au**. There are 17 EM targets, 6 of which have been tested successfully, with the balance to be drilled immediately. We expect immediate ongoing exploration news flow from Mt Hardy post listing. Other planned activities by TRT at Mt Hardy include geophysics, geochemistry and a maiden JORC Resource. Key drill ready targets:

Manbarrum Zinc

Todd River will also immediately upon listing commence a Bankable Feasibility Study at the key Manbarrum Zinc asset which is one of Australia’s largest undeveloped Zinc assets. Manbarrum has had over $12m spent on the asset by TNG between 2006-2008 with over 37,000 meters of RC and diamond drilling. It is a classic Mississippi Valley style deposit with over 50km of strike. Sandy Creek has a JORC 2012 indicated and inferred resource of 22.5Mt @ 1.81% Zn, 0.44% Pb and 4.56g/t Ag. The Best drill intersection was 100m @5% Zn. There are 4 untested geophysical targets to be tested later this year, one of which is a large IP target which is twice the size of Sandy creek.

Sandy Creek scoping study work in 2007 indicated a positive NPV on 2007 assumptions. Metallurgical test work indicated high recoveries from low cost gravity separation. Environmental base line work was also carried out. Importantly Manbarrum has a mining agreement already in place with the Traditional owner. Other planned activities at Manbarrum include further geophysics and testing of the four untested targets.

**Manbarrum: Sandy Creek Mineral Resource**

- Section through the resource showing zinc (Zn%, top left), lead (Pb%, bottom left),
- Pit optimisation shell (below)
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McArthur River

TRT will also have an aggressive exploration program commencing at McArthur River Zinc, Copper and Silver project. Located within Batten Fault Zone – host to all significant resources within the McArthur Basin including the recent Teena discovery by Independence Group IGO. This project has a similar lithological package to Glencore’s world-class McArthur River Zinc Mine which is only 60km north. The TRT McArthur River asset is prospective for similar Zn-Pb-Cu-Ag deposits. A Geochemical program completed by TNG in 2015 showed Stratabound copper mineralisation delineated over a 600 x 400m area with assays up to 47.8% Copper and 25% of all rock samples exceeded 10% Copper. Drilling and geochemistry followed with scout drilling showing anomalous zinc and copper occurrences which was extremely encouraging on the first drill program. TRT will immediately commence further Geophysical surveys subject to weather, and then have a RC and Diamond rigs head to McArthur river post drilling the southern assets.
Advanced Stage Assets. Immediate Opportunities.

Walabanba

Todd River also has many green fields projects with promising exploration upside such as the Walabanba Project which includes the Anningie Tin and Tungsten Field which has had historical production and remains one of NT’s largest undeveloped Tin field. Drill-ready bulls Eye EM targets are waiting to be drilled identified from HELITEM survey, and confirmed by ground EM survey work. Drilling targets outlined and approvals in place with planned drilling in Q2 2017. Four drill ready geophysical base metal targets with Potential VMS targets.

Walabanba Project – Base Metal Targets

- Drill-ready bulls Eye EM targets
- Identified from HELITEM survey, and confirmed by ground EM survey work
- Drilling targets outlined and approvals in place
- Planned drilling in Q2 2017

Summary

Todd River will be one of the most active NT exploration companies on the ASX, providing a steady news flow for the remainder of the year. Two drill rigs are contracted full time for the remainder of 2017 with all drilling and land access approvals in place. While exploration takes place we expect updates from the Manbarrum Zinc Bankable Feasibility Study.

TRT will be actively drilling three projects: Walabanba, Mount Hardy and McArthur River throughout the remainder of 2017. Geophysical work will also be active at the same time on 6 projects: Walabanba, Mount Hardy, Tomkinson, Manbarrum, Soldiers Creek and Rover tenements.

2017 will be a busy year for TRT across a favourable commodity mix. TRT is in the very early stages of extracting and realising the value of these significant assets.

TRT holds the largest base metal exploration portfolio in the Northern Territory.

TRT’s portfolio of assets offers an attractive investment mix. They range from well advanced high quality future development assets such as Manbarrum Zinc, Maiden JORC Resource potential at Mount Hardy with defined targets and previous exploration success right through to green fields early stage exploration assets with promising exploration upside at Stokes Yard, Solders Creek and Walabanba.

We believe the macro economic environment will foster strong growth in base metal demand keeping prices buoyant.

Todd River Resources is a unique opportunity to obtain an exposure leveraged to the flourishing base metal sector. Sanlam Private Wealth believes this to be a short and medium term opportunity with many layers of development.
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