

03 October 2024

Mining Flash Note

Anglo Asian Mining*

AAZ LN

BUY
TP 308p

Gedabek is ready to restart with Demirli to upgrade growth profile

Stock Data

| | |
|-------------|--------|
| Ticker | AAZ LN |
| Share Price | 95p |
| Market Cap | £109m |

Price Chart



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Anglo Asian Mining is an AIM listed precious and base metals mining company with an established portfolio of copper/gold/silver production assets in western Azerbaijan and an exciting pipeline of organic growth development projects across its strategic +2,500sq km license area. AAZ produced 58koz AuEq in 2022 and is planning to restart one brownfield (~20ktpa Cu) and commission two greenfield copper projects (>30ktpa Cu) to transition to a >50ktpa CuEq predominantly copper producer. The Board and management hold >40% of the stock making it well aligned with other shareholders.

- We prepared updated production and earnings estimates as the team is restarting AGL/FLO circuits at the Gedabek Gold/Copper Mine, Azerbaijan.
- FY24 Group guidance is for 15.0-19.5koz GEO (FY23: 31.8koz GEO) including 14.0-16.0koz gold and 250-850t copper reflecting a temporary suspension of AGL/FLO circuits since Aug/23 amid permitting of the tailings dam wall raise.
- FY24 guidance implies 2H24 production to be 2-3x that 5.3koz GEOs reported in 1H24 with AGL now up and running while FLO is due to restart in November.
- FY25 production is estimated to reach 70koz GEO (SPAe) including 39koz gold and 7kt copper (FY24e: 15koz and 0.8kt) with Gilar (commissioning 4Q24) to be key contributor to production that year.
- Outside Gedabek, the Demirli Cu/Mo asset is set to significantly upgrade the medium term Group growth pipeline (>35ktpa CuEq target ex Demirli) as the team prioritises resumption of production at the brownfield operation, recognising highly value accretive development opportunity. Given all necessary infrastructure in place, the project features low capital cost profile with fast route to production.
- Demirli is expected to contribute ~20ktpa Cu to production vs 12kt CuEq recorded in pre-suspension FY22, contributing ~\$170m or 111p to estimated NAV and accounting for >30% of the Group's valuation, nearly on par with established Gedabek operations (~40%).
- In addition to organic growth potential, Demirli is set to help with internal FCF generation supporting funding of greenfield projects (Xarxar, Garadag) and significantly reduce risks typically associated with a single asset producer, highlighted by the temporary suspension at Gedabek.

Valuation: We update our valuation to ~\$460m or 308p, with Gedabek and Demirli accounting for most of that, and reiterate our BUY recommendation. We highlight a strong potential production growth profile and increasing share of copper in output mix (our NAV sensitivity to copper price is 6x that to gold) allowing the Company to capitalise on a limited number of copper producers in the London.

| (Dec year end) | | FY21 | FY22 | FY23 | FY24E | FY25E |
|-----------------------------|---------|-------|-------|--------|-------|--------|
| Gold price | US\$/oz | 1,799 | 1,783 | 1,951 | 2,364 | 2,450 |
| Copper price | \$/t | 9,286 | 8,822 | 8,527 | 9,319 | 10,513 |
| Gold production | koz | 48.7 | 43.1 | 21.8 | 15.1 | 38.5 |
| Copper production | kt | 2.6 | 2.5 | 2.1 | 0.8 | 7.0 |
| AuEq Production | koz | 64.6 | 57.6 | 31.9 | 18.6 | 70.4 |
| CuEq Production | kt | 12.5 | 11.6 | 7.3 | 4.7 | 16.4 |
| AISC (incl PSA, co product) | US\$/oz | 963 | 1,063 | 1,677 | 2,376 | 1,040 |
| Revenue | US\$m | 92.5 | 84.7 | 45.9 | 42.0 | 143.2 |
| EBITDA | US\$m | 29.2 | 26.4 | -0.9 | 2.8 | 75.1 |
| FCF | US\$m | 12.2 | -3.8 | -24.3 | -6.7 | 13.9 |
| EV/EBITDA | x | 6.0 | 4.2 | -147.7 | 58.3 | 2.2 |
| PER | x | 28.6 | 35.1 | - | - | 3.7 |
| DY | % | 4% | 7% | 0% | 0% | 0% |
| Net Debt | US\$m | -34.2 | -17.7 | 12.7 | 20.5 | 7.4 |

Source: SP Angel, Company

Valuation

Major revision to our valuation is primarily driven by a significant upgrade to the Demirli contribution, with management aiming to resume production at the copper molybdenum porphyry operation as early as 2026. We run a DCF8% valuation on the asset guided by management's preliminary estimates for scale, processed grades, recoveries and development capital cost, while assuming operating unit costs and applying our long term copper price assumptions. We estimate Demirli to potentially add ~20ktpa Cu in new production vs 12kt CuEq produced in FY22, full pre suspension year, contributing ~\$170m to the Group NAV after applying a 0.80x factor to account for remaining risks, a major revision to 0.25x used previously reflecting a significant shift in the development status of the asset. As such Demirli now accounts for ~30% of our Group target NAV, nearly on par with established Gedabek, operations (~40%).

Our updated valuation comes at ~\$460m or 308p with Gedabek and Demirli accounting for most of that based on our long term gold and copper price assumptions of \$2,450/oz and \$11,000/t, respectively. Current market valuation seems to completely discount attractive economic potential of near term brownfield copper tonnages from Demirli, let alone further growth catalysts represented by greenfield opportunities at Xarxar and Garadag. To reiterate, if we completely exclude any contribution from Xarxar and Garadag and set copper to current spot levels (~\$10,000/t) we arrive at ~190p target valuation purely on Gedabek and Demirli implying ~100% upside to current levels.

| Valuation | Method | NPV 100% | Interest | P/NAV | Att US\$m | GBp/shr |
|---|-----------|----------|----------|-------|------------|------------|
| Gedabek | DCF8% | 210 | 100% | 1.00 | 210 | 141 |
| Demirli | DCF8% | 207 | 100% | 0.80 | 166 | 111 |
| Xarxar | DCF8% | 68 | 100% | 0.50 | 34 | 23 |
| Garadag | DCF8% | 203 | 100% | 0.50 | 101 | 68 |
| Investments | Mkt Value | 0 | 100% | 1.00 | 0 | 0 |
| Project Value | | | | | 511 | 344 |
| Adjustments | | | | | | |
| (Net debt)/Net Cash | | | | | -17 | -12 |
| Other (Corporate Overheads 5y Discounted) | | | | | -37 | -25 |
| Company NAV | | | | | 457 | 308 |

Long term GBPUSD used 1.30
Source: SP Angel

We provide valuation sensitivities to changes in gold and copper prices at various discount rates below. Valuation is ~6x times more sensitive to changes in copper prices compared to gold, reflecting the copper production driven growth profile.

Gold Price Change / Discount Rate

| | -20% | -15% | -10% | -5% | 0% | +5% | +10% | +15% | +20% |
|-----|------|------|------|-----|-----|-----|------|------|------|
| 5% | 352 | 356 | 361 | 365 | 370 | 374 | 378 | 383 | 387 |
| 8% | 292 | 296 | 300 | 304 | 308 | 312 | 316 | 320 | 323 |
| 10% | 259 | 263 | 267 | 270 | 274 | 278 | 281 | 285 | 288 |

Copper Price Change / Discount Rate

| | -20% | -15% | -10% | -5% | 0% | +5% | +10% | +15% | +20% |
|-----|------|------|------|-----|-----|-----|------|------|------|
| 5% | 253 | 283 | 312 | 341 | 370 | 399 | 427 | 456 | 485 |
| 8% | 210 | 235 | 259 | 284 | 308 | 332 | 356 | 380 | 405 |
| 10% | 186 | 209 | 231 | 252 | 274 | 296 | 317 | 339 | 361 |

Source: SP Angel

Near term newsflow

- Gedabek FLO processing restart 4Q24
- Gilar maiden production 4Q24
- Ongoing testwork (drilling, metallurgy, engineering) at Demirli, Xarxar and Garadag

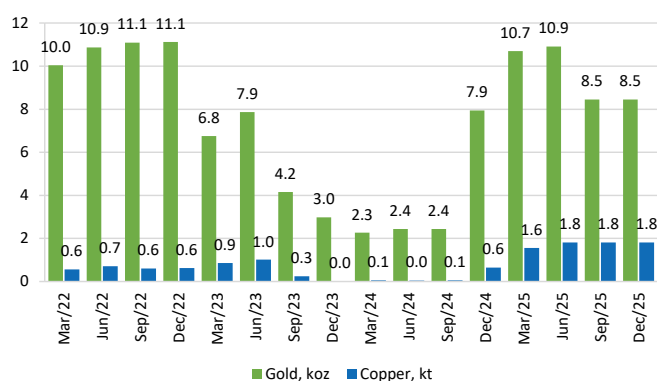
FY24 guidance for 15.0-19.5koz GEO reflects more than a year of AGL and FLO circuits on standby post suspension in August 2023

The Company released FY24 guidance for 15.0-19.5koz GEO (FY23: 31.8koz GEO) including 14.0-16.0koz gold and 250-850t copper. Both FY23 and FY24 were severely affected by a temporary suspension of agitation leaching (AGL) and flotation (FLO) facilities as the Company awaited approvals for the start of dam wall raise construction at Gedabek (more on that below). With AGL and FLO circuits in suspension from August last year, two circuits that typically account for ~70-80% of annual production, output over a 12m period between 3Q23 and 2Q24 was down >75% at 14koz GEOs. Production was driven exclusively by heap leaching (HL) and SART facilities that do not use the tailings dam.

Tailings dam wall construction commenced in August with an initial 2.5m lift expected to be completed in November. Spare capacity available in the dam allows to resume AGL and FLO before construction is completed. The final 3.5m raise is expected to be completed 2H25, providing additional capacity to accommodate an extra 2-3y of production at Gedabek.

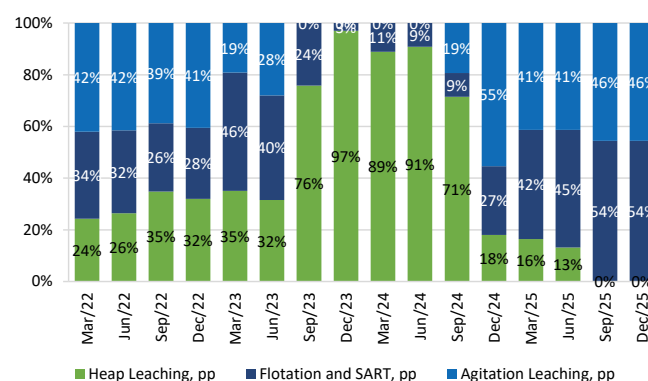
FY24 guidance implies 2H24 production to be 2-3x the 5.3koz GEOs reported in 1H24. AGL circuit is now up and running. FLO to restart in November. Average processed grades should also benefit from higher grade feed from new Gilar underground operation. Gilar is set to provide maiden 35-40kt at 1.6g/t and 2.0% in December.

Total gold and copper production QoQ (koz and kt)



Note tiny amount of copper production during AGL and FLO suspension is from SART circuit
Source: SP Angel, Company

Production breakdown by circuit (HL, AGL and FLO/SART) highlighting a fall in AGL and FLO output through 3Q23 and 3Q24



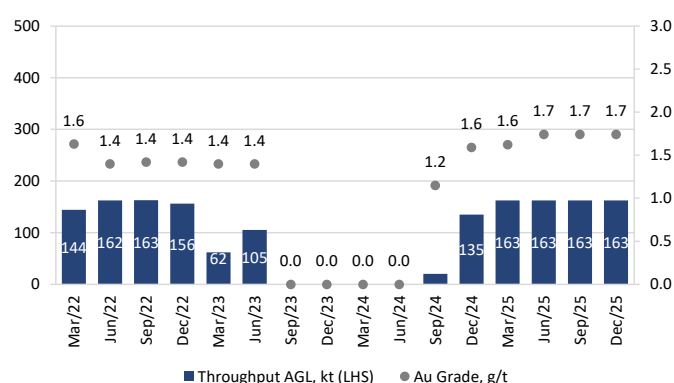
Source: SP Angel, Company

Expect strong recovery in FY25 production and earnings with Gilar ramp up in focus

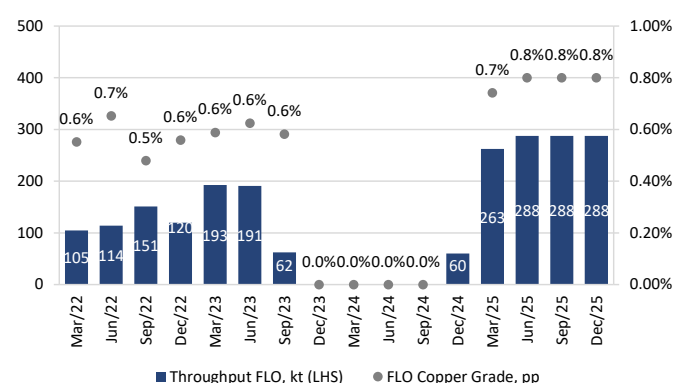
We estimate FY25 production to recover strongly with both AGL and FLO running at capacity and Gilar feeding higher grade material sourced from the Lower Zone.

FY25 production is expected to reach 70koz GEO, including 39koz gold and 7kt copper (FY24e: 15koz and 0.8kt).

Mining rates and mined grades at Gilar will be key to reaching our estimates. Gilar underground operation is expected to provide nearly ~500kt at ~1.8g/t and 1.3%, broadly in line with in house estimated higher grade resource (non JORC) at the Lower Zone of 2.1mt at 1.9g/t and 1.3%. We estimate Gilar to account for 70-80% of AGL gold dore and FLO copper production in FY25.

AGL plant throughput and grades forecast QoQ (kt and g/t)

Source: SP Angel, Company

FLO plant throughput and grades forecast QoQ (kt and pp)

Source: SP Angel, Company

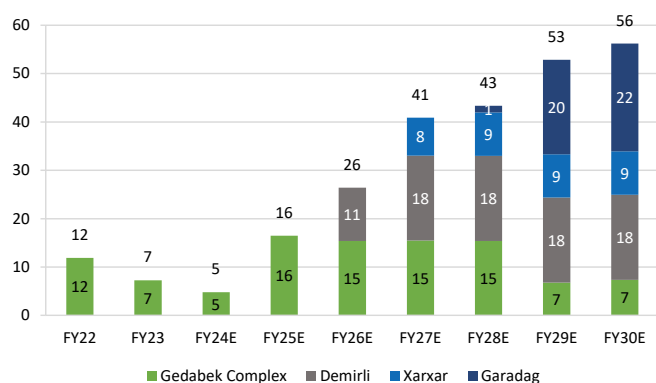
Operations are expected to return to a positive FCF generating status at Gedabek in 1H25 with AISC averaging ~\$1,100/oz on co product basis for the year, down from estimated ~\$2,400/oz in FY24 and similar to levels seen in the pre disruption year of FY22.

Copper dominant organic growth pipeline remains the focus with Demirli delivering first major step up in scale (extra ~20ktpa Cu) as early as 2026

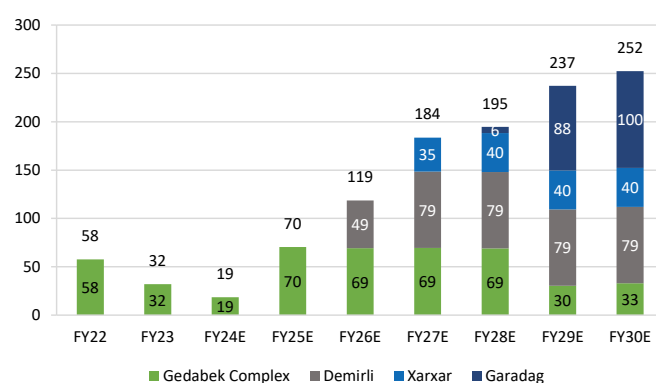
Last year, the Company released their medium term strategic growth plan to reach +35ktpa CuEq over the next five years, representing a ~3x increase on pre disruption production of 12kt CuEq recorded in FY22. The plan involved bringing into production two mining operations at Gedabek (Gilar, Zafar) and commissioning two greenfield projects (Xarxar, Garadag). Growth was predominantly led by greenfield projects with Xarxar contributing 9ktpa Cu (2027) and Garadag 22ktpa Cu (2029). Medium term projections excluded Demirli Cu/Mo Project, located in the northern part of the Karabakh economic region, given restricted access to the area following the latest conflict between the enclave and Azeri government in 2H23. Following the integration of the region, the security improved significantly with the team having been allowed to carry out a site visit and the government encouraging the Company to restart operations as soon as practically possible. Given the brownfield nature of the operation, with all essential infrastructure in place, Demirli offers best economic returns across assets in the portfolio driven by low development cost and fast route to resumed production. Demirli is now expected to become the first ex-Gedabek operation to come online, with the team guiding for first production as early as 2026 with a potential to deliver ~20ktpa Cu. Assuming Xarxar and Garadag are delivered in line with previous guidance, the Company may potentially reach >50ktpa CuEq, up from 12kt CuEq recorded in FY22.

To reiterate, we see Demirli as a low cost, fast to production and highly value accretive organic growth opportunity. Demirli FCF is expected to help the Company with development funding for Xarxar and Garadag. The project also makes the Group a multi asset producer significantly reducing risks of relying on a single operation as highlighted by the temporary suspension at Gedabek. Furthermore, Demirli led production increase should see a multiple uplift as higher growth companies typically attract premium valuation multiples.

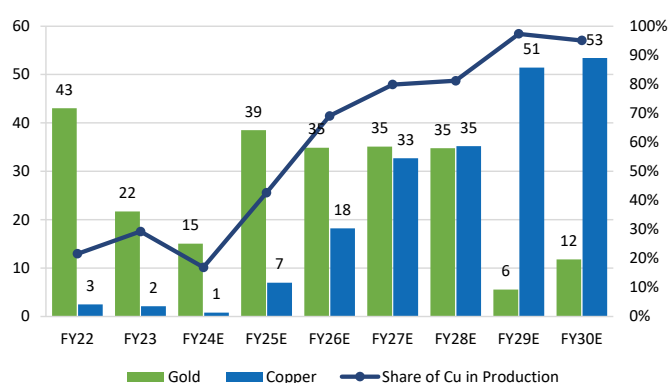
Forecast production growth profile (CuEq ktpa)



Forecast production growth profile (AuEq kozpa)

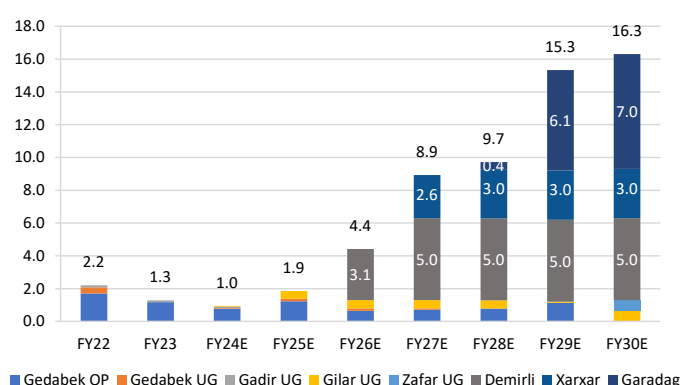


Gold and copper production with Cu share in total output



Source: SP Angel, Company

Ore sources, mtpa

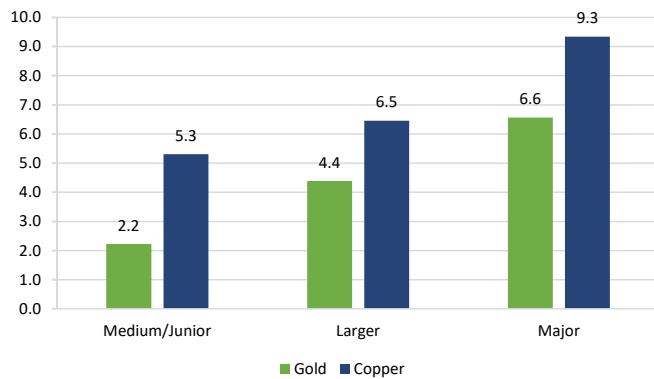


Source: SP Angel, Company

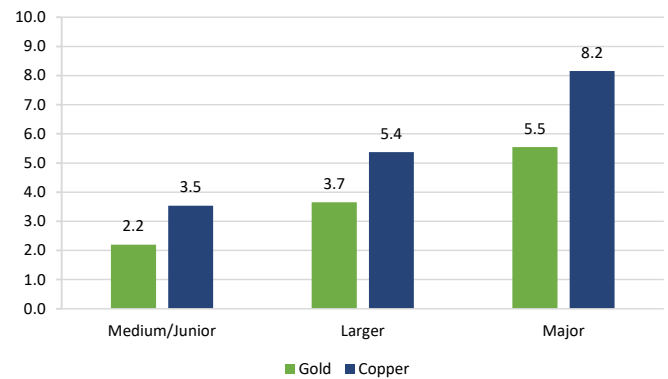
Copper producers attract premium multiples compared to gold miners

In addition to aggressive growth profile, Anglo Asian will increasingly pivot towards copper, with its share in total production expected to increase to >95% Cu by the end of the decade on commissioning Demirli, Xarxar and Garadag, compared to 22% Cu recorded in the pre suspension FY22. Copper producers attract better valuation multiples than gold miners, with EBITDA multiples typically 40% higher across different EV sizes, based on our selected sample of companies (see Appendix 2 and 3 for details).

FY24 EV/EBITDA multiples for gold and copper producers



FY25 EV/EBITDA multiples for gold and copper producers



Companies split into 3 categories based on respective Enterprise Values (TEV US\$m) with "Medium/Junior" for <\$1bn TEV, "Larger" for \$1-10bn TEV and "Major" for >\$10bn TEV
Source: SP Angel, Bloomberg

Lack of copper exposure in the London market

The number of copper producers listed in major Western markets is relatively limited, ranging between 8-10 per region. London is right in the middle of the range featuring nine names. However, nearly half of those are large, diversified miners like Anglo American, BHP, Rio and Glencore with copper accounting for 15-40% of Group wide EBITDA. When those are excluded as well as Taseko Mines that is currently not actively traded in London, there are only three names with high copper exposure left in London (excluding AAZ).

| Company | Ticker | EV US\$m | Australia | Canada | London | New York |
|---|---------|----------|-----------|-----------|----------|----------|
| BHP | BHP AU | 169,445 | + | | + | |
| Rio Tinto | RIO AU | 128,701 | + | | + | |
| Southern Copper | SCCO US | 97,709 | | | | + |
| Glencore | GLEN LN | 92,632 | | | + | |
| Freeport McMoran | FCX US | 89,562 | | | | + |
| Anglo American | AAL LN | 57,593 | | | + | |
| Teck Resources | TECK US | 35,852 | | + | | + |
| Antofagasta | ANTO LN | 31,666 | | | + | |
| Ivanhoe Mines | IVN CN | 20,291 | | + | | |
| First Quantum Minerals | FM CN | 17,572 | | + | | |
| Lundin Mining | LUN CN | 11,248 | | + | | |
| Evolution Mining | EVN AU | 7,527 | + | | | |
| Capstone Copper | CS CN | 7,463 | | + | | |
| Hudbay Minerals | HBM US | 4,474 | | + | | + |
| Sandfire Resources | SFR AU | 3,772 | + | | | |
| Ero Copper | ERO US | 2,871 | | + | | + |
| Nexa Resources | NEXA US | 2,608 | | | | + |
| Metals Acquisition | MTAL US | 1,438 | + | | | + |
| Taseko Mines | TKO CN | 1,167 | | + | + | + |
| Atalaya Mining | ATYM LN | 701 | | | + | |
| Central Asia Metals | CAML LN | 423 | | | + | |
| 29Metals | 29M AU | 352 | + | | | |
| Sierra Metals | SMT CN | 225 | | + | | |
| Amerigo Resources | ARG CN | 206 | | + | | |
| Aeris Resources | AIS AU | 188 | + | | | |
| Anglo Asian Mining | AAZ LN | 156 | | | + | |
| Aic Mines | A1M AU | 102 | + | | | |
| TOTAL | | | 8 | 10 | 9 | 8 |
| TOTAL (ex Major Diversified, adj for volume) | | | 6 | 10 | 4 | 8 |

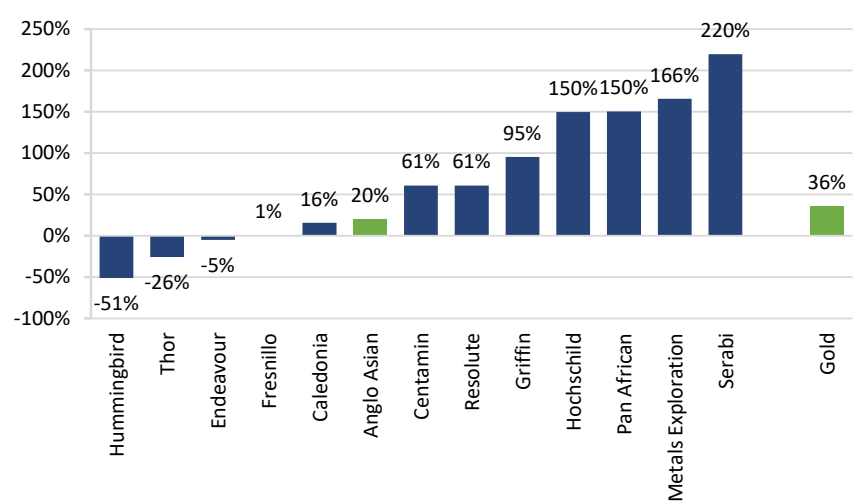
Source: SPA, Bloomberg

The stock recovered AGL/FLO suspension related losses but remains behind gold and majority of London listed precious metals producers

Anglo Asian had a bit of a run lately helped by a build up in expectations for AGL/FLO restart as well as rising gold prices. However, the stock is only up 20% since the announcement of a temporary suspension in tailings dam deposition in mid July 2023. Gold is up ~35% during the same period, while the majority of London listed precious metals producers outperformed gold with a range of 60-220%.

We would expect the gap to start closing shortly as production recovers and Gedabek starts to generate FCF from FY25.

London listed precious metals producers vs price (from 14 July 2023, when AGL/FLO suspension news was released, to date)



Source: Company

Gedabek tailings dam wall raise timeline

Independent third-party environmental audit of tailings management at Gedabek was conducted through July last year with the final report provided to the Company and government agencies in September FY23. The review was commissioned following local protests over the location of the second tailings dam next to the existing facility. Micon along with Iqlim, a local Azeri company, collected soil, surface, groundwater and air samples around the operations and existing tailings dam. The audit showed no technical issues with the existing tailings dam or proposed second facility site, showed no contamination at Gedabek. It concluded that opposition to the proposed new tailings storage facility was the result of a “lack of proactive communication between the site management team and the local community, longstanding issues regarding land allocation and mineral rights, and the failure to follow accepted international protocols for public consultation”. Micon recommended the Company to improve on its local community engagement and environmental monitoring procedures to minimise social and environmental risks in the future.

Positive audit results in September FY23 allowed the Company to resume operations without any fines or penalties, although, authorities required the Company to seek permission for any further dam wall raises (previously no such permits were required). With existing tailings dam having only three months’ worth of production capacity left at the time, the team decided to keep AGL and FLO operations on care and maintenance before permits for dam expansion are secured.

In June this year, the Company received technical confirmation and a positive environmental report from the government required for submission of all necessary documentation for approval of the dam wall raise to the State Committee on Urban Planning and Architecture of Azerbaijan and the local Gedabek authorities.

Final permits were secured in August with construction having commenced immediately.

Pre raise tailings facility had around three months of capacity left that can be used by AGL and/or FLO operations during the construction period. The wall is expected to be raised by a final 6.0m offering additional 2-3y of production. The raise will be completed in two stages of 2.5m (exp completion in November) and 3.5m (exp completion 2H25).

2-3y window will be used to establish a second tailings dam facility. We expect permitting to be less disruptive going forward as both the Company, community and authorities draw on the feedback from the latest technical and environmental audit.

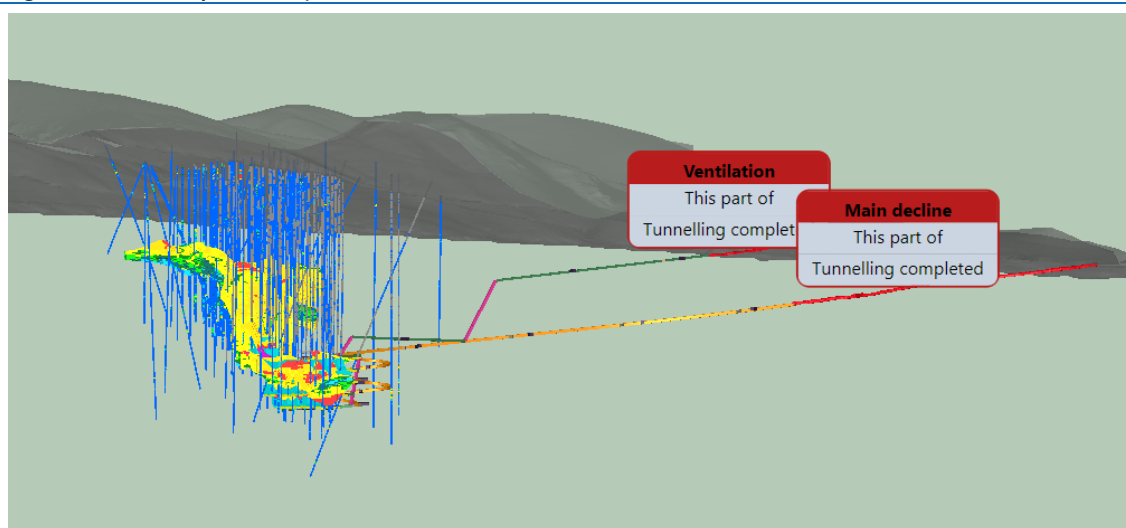
Gilar underground development ongoing for first production in 4Q24

Gilar development is ongoing with 70-80% of underground works completed as of 3Q24 as the discovery is accelerating into production on course to start feeding higher grade ore into the Gedabek mill.

First production is targeted for 4Q24. Decline is being driven towards the higher grade part of the deposit to access higher margin tonnages hosted in the Lower Zone early (2.1mt at 1.92g/t and 1.30% on inhouse estimates) helping Group production profile and cash flows.

We expect the mine to run at ~500-700ktpa with the ore trucked for treatment at the Gedabek processing facilities (~12km away). Depending on the mine rate, we estimate the mine to contribute ~25kozpa gold and 4ktpa copper from the higher grade lower zone. The Gedabek setup allows to optimise recovery of both gold and copper using onsite AGL and FLO circuits. Gold rich ores are likely to be treated with AGL with tailings reprocessed at FLO to recover residual copper, while copper-rich and low-in-gold ore is likely to go directly into FLO circuit.

Gilar underground infrastructure development and deposit schematic (note picture is from November 2023, development progressed considerably since then)



Source: Company

Gilar maiden MRE completed last November included 6.1mt at 1.30g/t gold and 0.88% copper with higher confidence Measured&Indicated category accounting for >95%, reflecting a significant amount of drilling completed (~46,000m in 145 drill holes).

| Gilar JORC MRE (2023) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt |
|-----------------------|------------|-------------|-------------|-------------|------------|-----------|-----------|
| Measured&Indicated | 5.9 | 1.32 | 0.90 | 0.77 | 251 | 53 | 45 |
| Inferred | 0.2 | 0.68 | 0.25 | 0.26 | 4 | 1 | 1 |
| Total | 6.1 | 1.30 | 0.88 | 0.75 | 255 | 54 | 46 |

Source: Company

The estimate is close to an internal estimate released earlier in March for 5.6mt at 1.37g/t and 0.82% implying good understanding of the deposit.

| Gilar In House MRE (2023) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt |
|---------------------------|------------|-------------|-------------|-------------|------------|-----------|-----------|
| Class C1+C2 | 3.9 | 1.53 | 0.93 | 0.94 | 193 | 37 | 37 |
| Class C3 | 1.7 | 1.02 | 0.57 | 0.69 | 56 | 10 | 12 |
| Total | 5.6 | 1.37 | 0.82 | 0.87 | 249 | 47 | 49 |
| incl HG zone | 2.1 | 1.92 | 1.30 | 1.23 | 129 | 27 | 26 |

Source: Company

Development wise, ~80% or ~1,200m of the access decline (~1,500m total length) and ~70% or ~500m of ventilation adit (~800m) development was completed so far. Ground conditions are reported to have been worse than anticipated requiring

shotcrete and reinforced roof supports. Water has also been encountered underground with pumps installed and now in operation. The surface infrastructure is now complete including a heavy equipment maintenance workshop. Permits for the road link between Gilar minesite and Gedabek processing plant have been applied for. Mining method selection is being finalised by Mining Plus. New underground mining equipment to support development and eventual production at Gilar is being used on site with a new fleet, including five Caterpillar loaders. A regional authorised Caterpillar dealer will be used for spares and assistance allowing for a timely maintenance. The Company refinanced \$3.7m of \$4.7m paid-for-kit using a vendor facility.

Demirli moves up the priority list, potentially adding >20ktpa Cu as early as 2026 at a minimal development capital cost

Demirli Cu/Mo porphyry project was one of the focus points at the AGM this summer following a recent site visit by the team confirming the highly value accretive nature of the brownfield operation.

Demirli open pit (to the left), tailings dam (to the right) and the processing facilities plan view



Source: Google

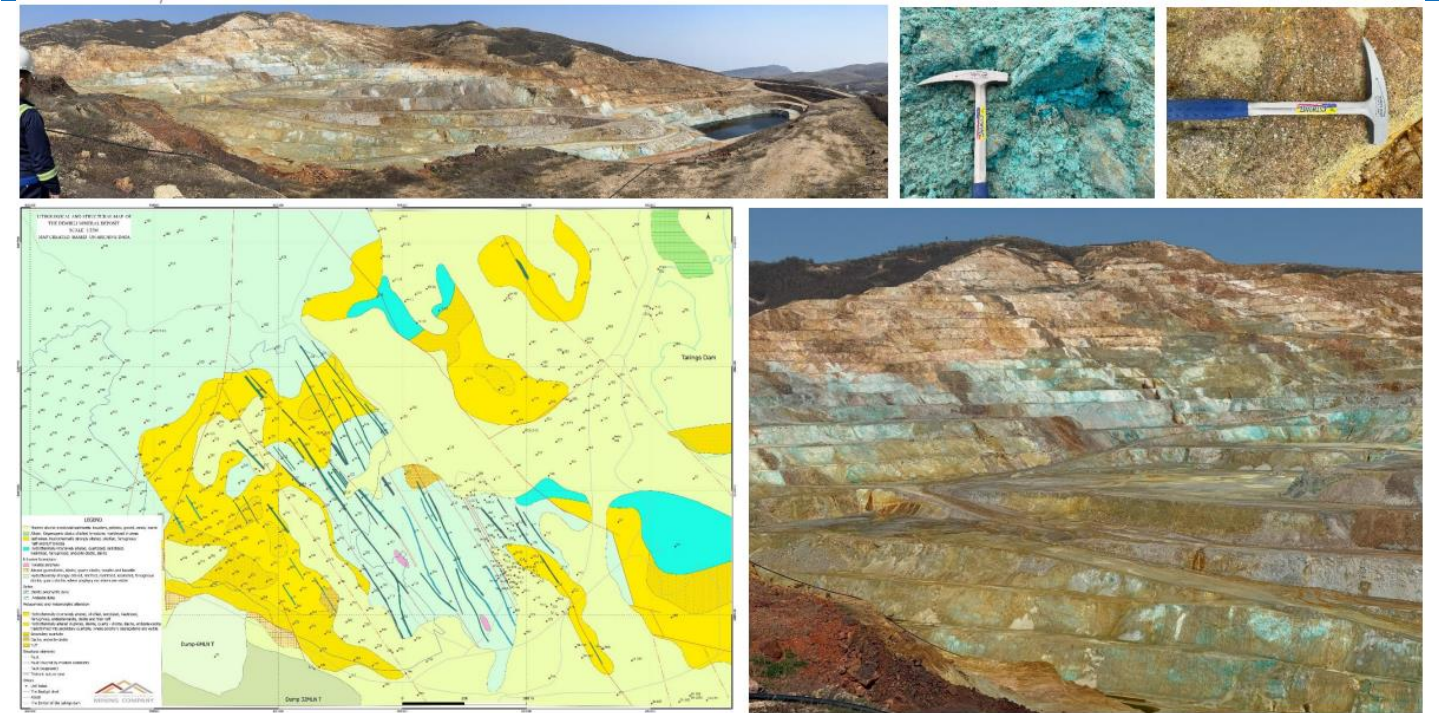
The Demirli Cu/Mo porphyry project is located ~100km away from the Gedabek operation (~220km and a nearly 4h drive given the landscape) hosting an open pit and a conventional flotation operation (commissioned by an Armenian Company “Vallex Group” c. 2016). Historical drilling core is estimated at ~85,000m in 92 holes. Preliminary mineral resource is estimated at 58mt at 0.41% Cu for ~240kt. Plant capacity is assessed at 6.5mtpa. We conservatively capped that at 5.0mtpa, awaiting further confirmation of targeted throughput rates estimating potential for ~20ktpa Cu in concentrate production (assuming 88% recoveries and 0.4% Cu processed grades).

The plan is to restart operations by YE25 or early FY26 following a short RC drill programme to identify near term mining inventory, mining of an initial three months’ worth of ore stockpile and a planned nine month long plant refurbishment period. The team will also be carrying out an environmental baseline study of the tailings dam that was built using upstream design (unlike downstream design used at Gedabek), although preliminary review showed no obvious flaws.

Good condition of available infrastructure including crushing/milling/flotation circuits in the processing plant, grid connection, water, tailings dam, road access, workshop and accommodation among other things allows for a fast-tracked and low development cost restart of operations.

Final estimates for a restart of operations will be ready on the finalisation of the audit, although, the Company is targeting <\$10m. Potential for 20ktpa costing \$10m and a resumption of production in late FY25/early FY26 explains the high priority status of the project. Similar scale greenfield copper projects typically cost at least \$200m in development capex and take >10y from discovery to first production.

Demirli open pit



Demirli processing plant (mills and Cu/Mo flotation circuits) and the power infrastructure



Tailings facility (upstream)



Source: Company

We assumed 5mtpa production capacity over a minimum 10-year life of mine delivering 18ktpa Cu, \$10m development capital cost and \$15/ore operating cost. On a project standalone basis, we estimate Demirli to potentially contribute \$210m that, adjusted for a risk factor of 0.8x accounting for potential delays, opex/capex or operating discrepancies to our estimates, yields ~US\$170m contribution or 111p.

Demirli potentially may be as valuable as existing Gedabek operations and even more so if it wasn't for a higher government share of production under the PSA given low development capital investment (27% v 12.75% currently and 20% estimated LOM average at Gedabek).

SPA Demirli Indicative Economics

| | | |
|------------------------------------|---------|-----------|
| Commodity Prices | | |
| Copper | US\$/t | 11,000 |
| Mineral Inventory | | |
| Tonnage | kt | 48,125 |
| Grade | pp | 0.40% |
| Production | | |
| Commissioning | | 2026 |
| Process | | Flotation |
| LOM | years | 10.0 |
| WO ratio | x | 2.1 |
| Throughput | kt | 5,000 |
| Grade | pp | 0.40% |
| Recoveries | pp | 88% |
| Production pa | kt Cu | 18.0 |
| Capex | | |
| Development | US\$M | 10 |
| Sustaining | US\$M | 60 |
| Opex | | |
| AISC (ex PSA & Exploration, Gross) | US\$/Cu | 4,916 |
| | US\$/lb | 2.23 |
| Financials | | |
| PSA pp over LOM | pp | 27% |
| Net Revenue pa | US\$M | 130 |
| EBITDA pa | US\$M | 58 |
| EBITDA margin (post PSA) | | 44% |
| NPV8% (post-tax) ex Other | US\$M | 209 |
| IRR (post-tax) ex Other | pp | 265% |
| SPA valuation | | |
| Final NPV8% | US\$M | 207 |
| Risk Factor | x | 0.80 |
| Riskd NPV8% | US\$M | 166 |
| NAVPS | GBp | 111 |

Other include Exploration, Studies etc

Source: SP Angel, Company

~120kt Cu at 0.48% Cu delivered in maiden Xarxar JORC MRE as the team de-risks a potential ~9ktpa project

The Company delivered Xarxar Porphyry Project maiden JORC MRE in January 2024 after having secured the project in mid-2022. The project is located 15-20km drive away from Gedabek production facilities, although, the likely development plan is for a standalone operation. The project is estimated to host ~25mt at 0.48% Cu for ~120kt copper (in-situ). ~90% of the tonnage is included in the higher confidence Indicated category reflecting a fair amount of exploration work completed on the project including ~20,000m of drilling (AAZ completed ~17,000m of drilling ~90% of which were DD holes) as well as a 470m exploration adit driven into the mineralised zone to help underground drilling and sampling.

| Xarxar JORC MRE (2024) | mt | Cu pp | Cu kt |
|------------------------|-------------|-------------|------------|
| Measured&Indicated | 22.0 | 0.48 | 106 |
| Inferred | 2.9 | 0.44 | 13 |
| Total | 24.9 | 0.48 | 119 |

Source: Company

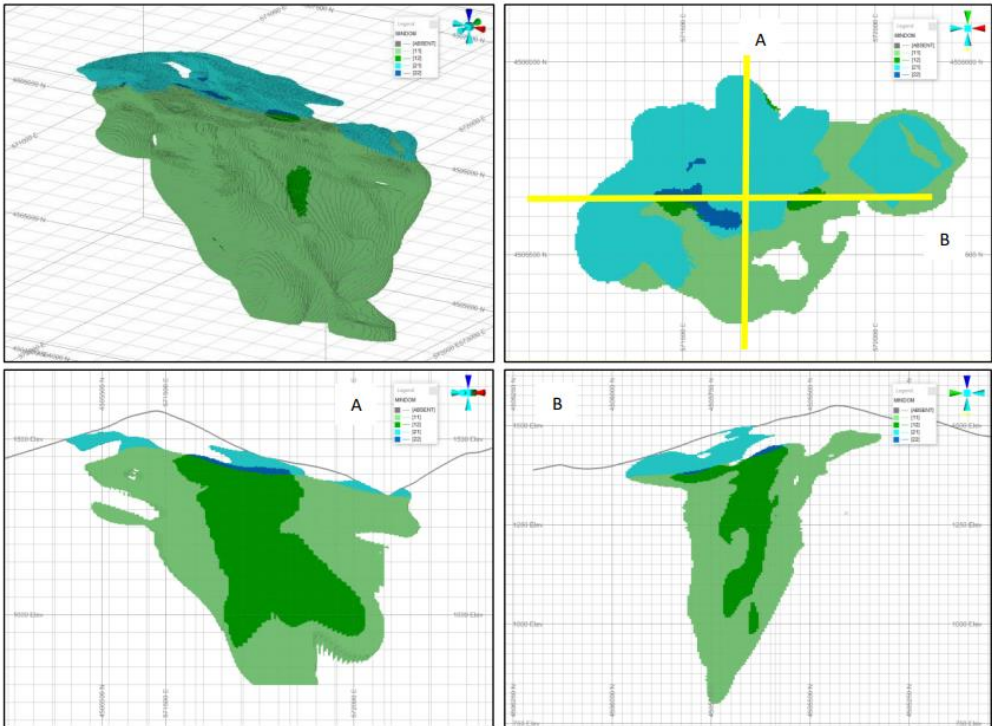
| Xarxar JORC MRE b/n | mt | Cu pp | Cu kt |
|---------------------|-------------|-------------|------------|
| Oxide | 5.9 | 0.57 | 34 |
| Sulphide | 18.9 | 0.45 | 86 |
| Total | 24.9 | 0.48 | 119 |

Source: Company

The deposit spans ~1,000m E-W and ~400m N-S with the mineralisation modelled ~600m below surface. Oxide mineralisation (malachite, azurite) accounts for ~30% of the resource in contained copper terms. Sulphide mineralisation accounts for the balance and includes both enrichment/transitional zone (chalcocite, bornite) and primary domain (chalcopyrite).

The plan is to continue infill drilling of the resource, complete geotechnical and hydrogeological studies and collect metallurgical samples to further derisk Xarxar with a view to bring the greenfield copper project into production.

Xarxar mineralisation (oblique, plan, west and north views; light and dark blue – low (0.1-0.2% Cu) and higher (>0.2%) grade oxide domain, light and dark green – low (0.1-0.2%) and higher (>0.2%) grade sulphide domain)



Source: Company

We assume the project to use open pit mining given the tonnage and grade of the resource as well as the topography. Oxide mineralisation at surface can be potentially free mined given its weathered nature and heap leached using sulphuric acid to produce copper cathodes. However, metallurgy testing will be required to understand amount of copper that is acid soluble. Sulphide mineralisation will require flotation/bacterial leaching. We assume sulphide mineralisation to be processed via bacterial heap leaching, prioritising lower opex/capex and an opportunity to avoid tailings dam construction over metallurgical recoveries. Worth mentioning, that given the sulphide mineralisation nature of Garadag deposit, commissioning of Xarxar sulphide circuit will also help de-risk technical risk for Garadag as well as offer operational synergies from shared infrastructure given close proximity of two deposits.

Project-wise we left our estimates unchanged modelling a 3mtpa operation delivering ~9ktpa Cu over 7y LOM. Commissioning moved to 2027 from 2026 reflecting Gedabek tailings wall dam raise delay. Xarxar is one the three main copper projects in the Group's portfolio, along with Demirli (~20ktpa) and Garadag (~22ktpa), and is likely to come into production post Demirli restart.

Xarxar valuation contribution remains largely unchanged from our previous estimates with mineral inventory adjusted for JORC MRE published in early 2024. Those are highly preliminary assumptions and we would expect the team to carry comprehensive mining and processing method trade off studies ahead of the final investment decision. Indicative economics are provided below.

SPA Xarxar indicative economics

| | | |
|------------------------------------|---------|--------------|
| Commodity Prices | | |
| Copper | US\$/t | 11,000 |
| Mineral Inventory | | |
| Tonnage | kt | 22,000 |
| Grade | pp | 0.46% |
| Production | | |
| Commissioning | | 2027 |
| Process | | Bacterial HL |
| LOM | years | 7.0 |
| WO ratio | x | 1.6 |
| Throughput | kt | 3,000 |
| Grade | pp | 0.46% |
| Recoveries | pp | 65% |
| Production pa | kt Cu | 9.0 |
| Capex | | |
| Development | US\$M | 40 |
| Sustaining | US\$M | 23 |
| Opex | | |
| AISC (ex PSA & Exploration, Gross) | US\$/Cu | 5,302 |
| | US\$/lb | 2.40 |
| Financials | | |
| PSA pp over LOM | pp | 22% |
| Net Revenue pa | US\$M | 80 |
| EBITDA pa | US\$M | 37 |
| EBITDA margin (post PSA) | | 46% |
| NPV8% (post-tax) ex Other | US\$M | 76 |
| IRR (post-tax) ex Other | pp | 49% |
| SPA valuation | | |
| Final NPV8% | US\$M | 68 |
| Risk Factor | x | 0.50 |
| Riskd NPV8% | US\$M | 34 |
| NAVPS | GBp | 23 |

Other include Exploration, Studies etc

Source: SP Angel, Company

Garadag maiden MRE released, met work ongoing, first production targeted for FY28

The Garadag Contract Area (344sq km) located next to Xarxar (~4km) hosts a major copper porphyry deposit hosting ~900kt in JORC compliant mineral resource that is instrumental to Group strategic plans for organic growth potentially adding >20ktpa Cu from FY28.

The team released a maiden MRE in September estimating mineral inventory at 285mt at 0.31% Cu for 897kt contained copper. 30% of the resource is in higher Measured&Indicated category with the estimate based on ~25,000m over 113 holes of diamond core drilling completed by previous operators including AIMROC (~2,000m completed in 2008-2009) and AzerGold (~23,000m 2020-2021).

Mineralisation is contained within enrichment zone (chalcocite, covellite and bornite) and primary zone (chalcopryite) with virtually no oxides included in the resource. Primary zone accounts for ~45% of contained metal. The mineralisation is 1,650m long (NE-SW) and 920m wide (NW-SE) with the block model extending to a maximum of 540m at depth. Enriched mineralisation starts at a minimal depth of 30m.

| Garadag JORC MRE (2024) | mt | Cu pp | Cu kt |
|-------------------------|--------------|-------------|------------|
| Measured&Indicated | 86.9 | 0.35 | 304 |
| Inferred | 198.0 | 0.30 | 593 |
| Total | 284.9 | 0.31 | 897 |

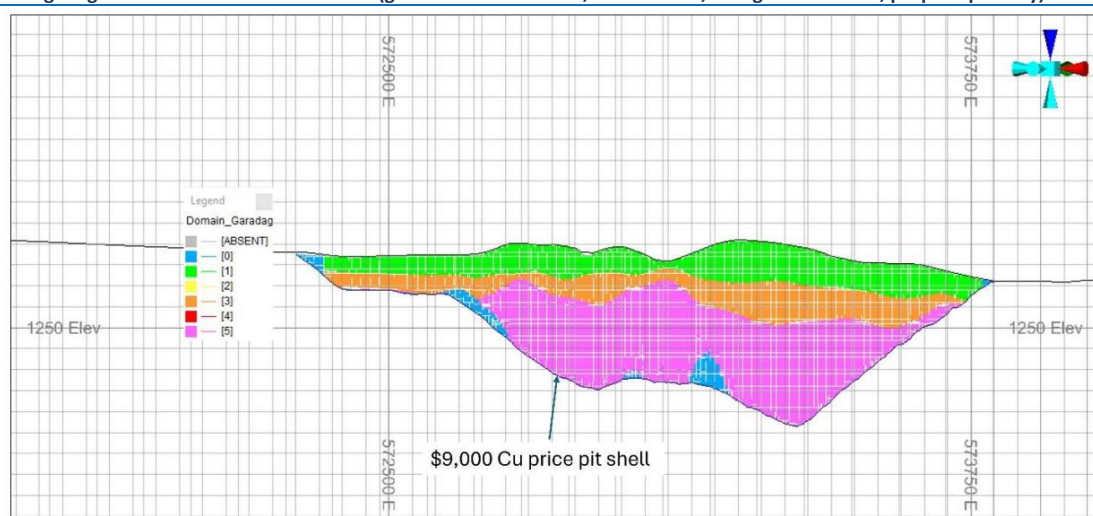
Source: Company

| Garadag JORC MRE b/n | mt | Cu pp | Cu kt |
|----------------------|--------------|-------------|------------|
| Oxide | 0.0 | 0.00 | 0 |
| Transition | 114.7 | 0.43 | 492 |
| Sulphide | 170.2 | 0.24 | 405 |
| Total | 284.9 | 0.31 | 897 |

Source: Company

The Company is studying options for an optimal processing route for Garadag sulphide mineralisation. In particular, bacterial leaching is being looked at given a number of advantages the process offers compared to conventional flotation including lower capex, no need for tailings dam and production of copper cathode as opposed to concentrate that attracts no payability discounts or deleterious elements' penalties.

Garadag long section with resource domains (green – unmineralised, blue – oxide, orange – transition, purple – primary)



Source: Company

The project is estimated to potentially contribute >20ktpa Cu, 2x target output rate at Xarxar, that together with Demirli may take Group production to >50ktpa CuEq. Latest Company guidance is for Garadag to come online in FY28 and full capacity reached in FY29, compared to FY28 previously, again due to a delay in Gedabek tailings dam expansion permitting.

Garadag valuation contribution, forecast production rates and costs parameters were largely unchanged from previous estimates with indicative project economics provided below. We used previous in house estimate for mineral inventory (~66mt at 0.49%) assuming the Company is likely to go for a lower tonnage but higher grade project. However, final reserve will be a function of many factors, including the selected processing method that we assumed to be bacterial leaching.

SPA Garadag indicative economics

| | | |
|------------------------------------|---------|--------------|
| Commodity Prices | | |
| Copper | US\$/t | 11,000 |
| Mineral Inventory | | |
| Tonnage | kt | 66,300 |
| Grade | pp | 0.49% |
| Production | | |
| Commissioning | | 2028 |
| Process | | Bacterial HL |
| LOM | years | 9.0 |
| WO ratio | x | 1.3 |
| Throughput | kt | 7,000 |
| Grade | pp | 0.49% |
| Recoveries | pp | 65% |
| Production pa | kt Cu | 22.0 |
| Capex | | |
| Development | US\$M | 121 |
| incl Pre Strip | US\$M | 91 |
| Sustaining | US\$M | 74 |
| Opex | | |
| AISC (ex PSA & Exploration, Gross) | US\$/Cu | 4,910 |
| | US\$/lb | 2.23 |
| Financials | | |
| PSA pp over LOM | pp | 25% |
| Net Revenue pa | US\$M | 193 |
| EBITDA pa | US\$M | 94 |
| EBITDA margin (post PSA) | | 49% |
| NPV8% (post-tax) ex Other | US\$M | 210 |
| IRR (post-tax) ex Other | pp | 36% |
| SPA valuation | | |
| Final NPV8% | US\$M | 203 |
| Risk Factor | x | 0.50 |
| Riskd NPV8% | US\$M | 101 |
| NAVPS | GBp | 68 |

Other include Exploration, Studies etc
Source: SP Angel, Company

Balance Sheet

The Company had to draw on bank facilities following a temporary suspension of most of its processing facilities mid-23 while development works continued at Gilar.

1H24 net debt stood at \$17.2m including \$7.9m in cash (incl restricted \$6m in restricted cash) and \$25.1m in debt (incl. \$2.2m in leases). The latter includes \$3m prepayment from Trafigura received in June 2024 with the remaining \$2m available for drawdown on a restart of flotation plant (exp. November). The Company also received \$3.7m in August under the Caterpillar Vendor Financing Facility in respect of underground fleet acquired earlier in the year.

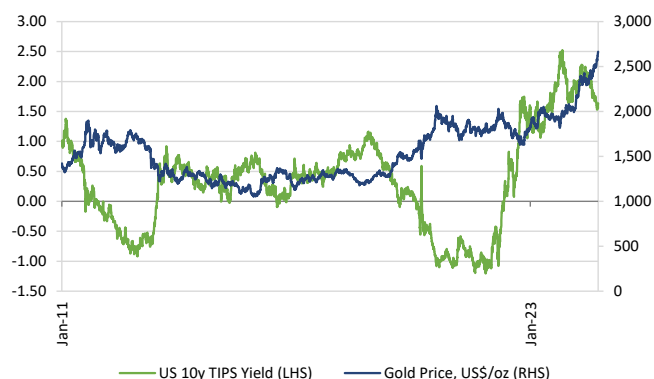
On absolute levels current leverage is by no means elevated, which is only set to improve once AGL and FLO circuits restart that helped by strong prices for key Group commodities (gold and copper) are expected to bring a recovery in earnings next year.

Strong gold prices look well supported as western central banks are launching monetary easing cycle

Gold enjoyed a strong run since hitting lows of ~\$1,600/oz in 2H22, running all the way to over \$2,600.

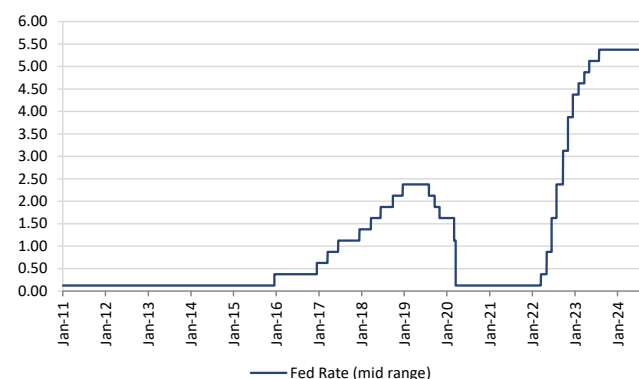
This is an impressive feat given that 10y real interest rates went from negative up to 2.5%, the highest in ~15 years, in late 2023 as the Fed embarked on an aggressive restrictive monetary policy, lifting key rates 11 times. The Fed Funds Rate has gone from 0.00-0.25% range pre March 2022 to 5.25-5.50% July 2023 marking the highest level since early 2000s.

Gold price vs US 10y real rates (represented by the yield on TIPS)



Source: SP Angel, Bloomberg

Fed rate (mid of the range)

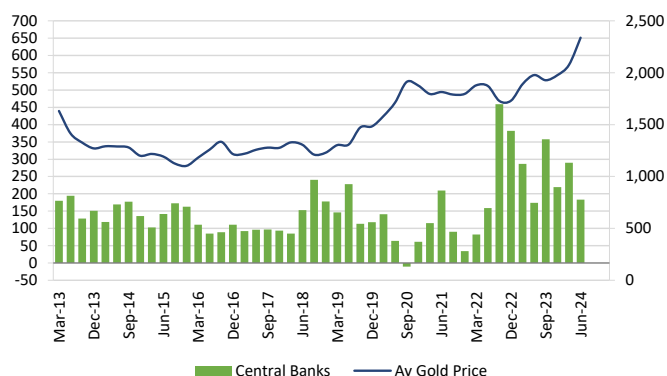


Source: SP Angel, Company

Despite a jump in real rates gold prices seem to have been supported by central bank buying through 2022-23 on geopolitical uncertainty and high inflation. Central banks bought >1,000t (>30moz) of gold in each of 2022 and 2023, the highest on record from 1950s, on World Gold Council (WGC) data. Emerging markets have been driving demand with Turkey and China being largest buyers in 2022 and 2023, respectively. Sanctions on transactions with Russian financial institutions and a freeze on Russian central bank reserves of ~\$300bn in February 2022 have likely also contributed to demand from other central banks to diversify their reserves into gold.

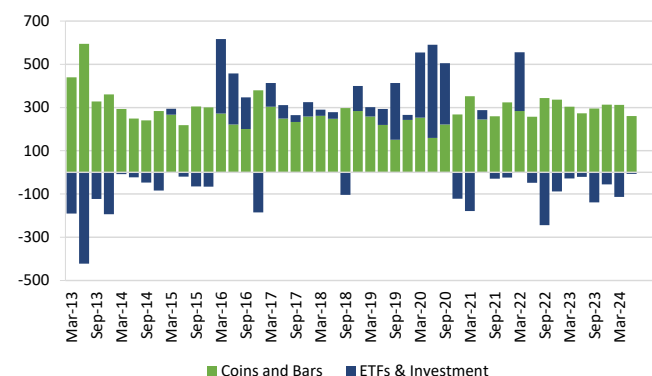
High real rates did weigh on gold ETFs demand though. Holdings went from just over 105moz in 2H22 to a little over 80moz in 1H24 with nine consecutive quarterly net outflows recorded.

Central banks have been adding to gold holdings at record pace in 2022-23



Source: World Gold Council

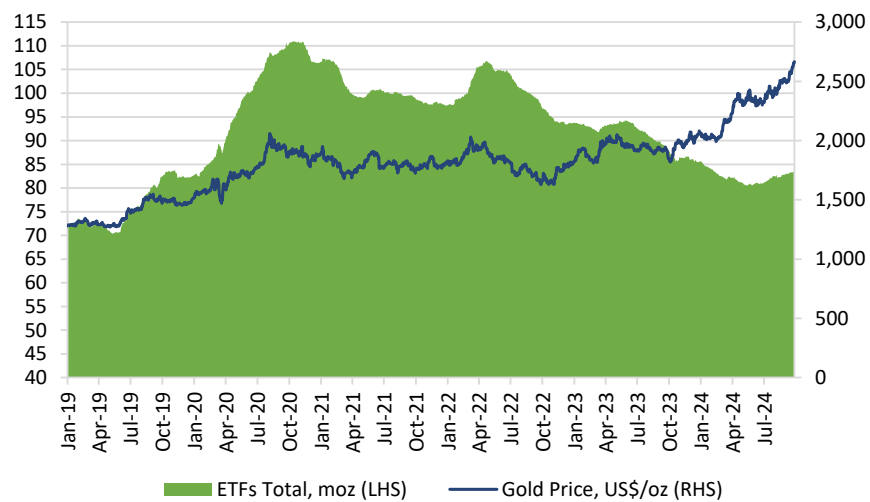
Investment gold demand with coins/bars largely little changed and net selling in ETFs over last nine quarters to 2Q24



Source: World Gold Council

On a positive note, holdings in gold ETFs started to pick up over the last couple of months ahead of the first Fed rate cut marking the start of the latest easing cycle.

Total holdings in gold ETFs are finally turning the corner as of mid-2024

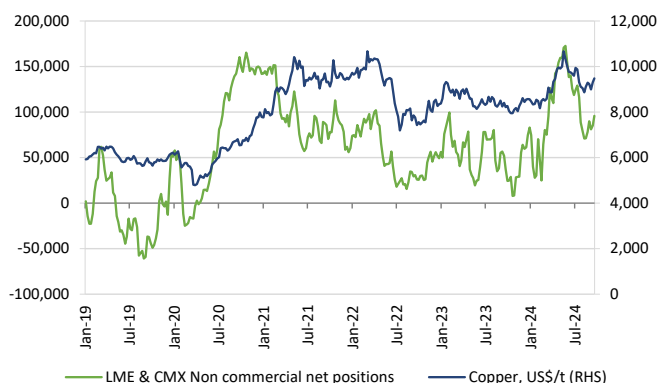


Source: SPA, Bloomberg

Copper – volatile in the short term but attractive demand drivers at play long term

Copper prices nearly hit record high of \$11,000/t in May 2024 driven by a multi year high in speculative positions as well expectations for a sizeable stimulus in China.

Record copper prices in May coincide with a high for speculative positions on major exchanges (Comex and LME, # of contracts)



Source: Bloomberg

Climbing inventories (weeks of demand) are weighing on copper prices

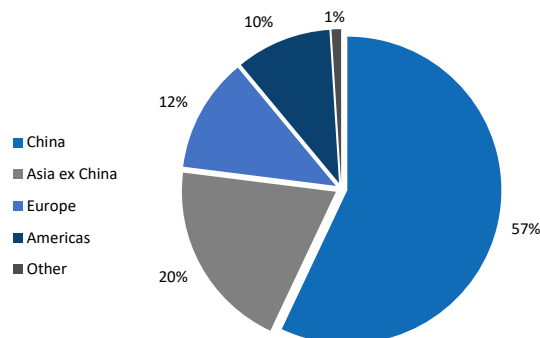


Source: SPA, ICSG, Bloomberg

Prices have pulled back since then on the back of a reduction in net long positions, rising inventories (the highest since 1H20 as of mid 2024) and underwhelming economic data released in China, the largest copper consumer (c. half of global demand). The Third Plenum failed to deliver on expectations for a broad based stimulus that along with a continuing to struggle real estate market, weak consumer sentiment and potential risks of a deflation added to copper headwinds.

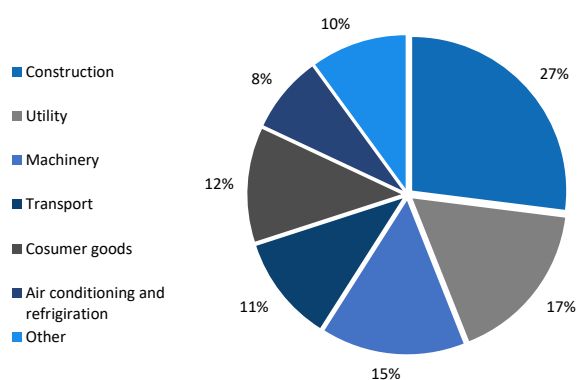
Copper started to pick up lately on the back of a larger stimulus package announced by both monetary and fiscal authorities in China. Politburo pledges to support ailing property market also helped the sentiment.

Refined copper demand breakdown between regions (2023)



Source: Nornickel AR23

Refined copper demand by sector (2023)



Source: Nornickel AR23

Longer term we are structurally bullish copper given a combination of rising demand for the energy transition, increasing global population urbanisation and rising costs of discovering and developing new mines.

See our 2Q24 note on copper for further discussion. [CLICK FOR PDF](#)

Appendix 1 – Group Reserves and Resources

| Gedabek In House MRE (2024) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt | CuEq kt |
|------------------------------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|----------------|
| OP | | | | | | | | |
| Measured&Indicated | 5.2 | 0.45 | 0.33 | 0.18 | 76.0 | 17.2 | 9.5 | 37.0 |
| Inferred | 0.2 | 0.65 | 0.21 | 0.11 | 4.0 | 0.4 | 0.2 | 1.4 |
| Total | 5.4 | 0.46 | 0.33 | 0.18 | 80.0 | 17.6 | 9.7 | 38.3 |
| UG | | | | | | | | |
| Measured&Indicated | 0.4 | 1.39 | 0.04 | 0.31 | 19.0 | 0.2 | 1.3 | 4.8 |
| Inferred | 0.0 | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 0.4 | 1.39 | 0.04 | 0.31 | 19.0 | 0.2 | 1.3 | 4.8 |
| TOTAL | | | | | | | | |
| Measured&Indicated | 5.6 | 0.52 | 0.31 | 0.19 | 95.0 | 17.4 | 10.8 | 41.8 |
| Inferred | 0.2 | 0.65 | 0.21 | 0.11 | 4.0 | 0.4 | 0.2 | 1.4 |
| Total | 5.8 | 0.53 | 0.31 | 0.19 | 99.0 | 17.8 | 11.0 | 43.1 |
| Gadir In House MRE (2024) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt | CuEq kt |
| Measured&Indicated | 0.0 | 2.38 | 0.64 | 0.52 | 1.1 | 0.1 | 0.1 | 0.4 |
| Inferred | 0.0 | 0.00 | 0.00 | 0.00 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 0.0 | 2.38 | 0.64 | 0.52 | 1.1 | 0.1 | 0.1 | 0.4 |
| Zafar JORC MRE (2021) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt | CuEq kt |
| Measured&Indicated | 5.5 | 0.36 | 0.45 | 0.58 | 64.0 | 25.0 | 32.0 | 48.9 |
| Inferred | 1.3 | 0.22 | 0.23 | 0.23 | 9.0 | 3.0 | 3.0 | 5.9 |
| Total | 6.8 | 0.33 | 0.41 | 0.51 | 73.0 | 28.0 | 35.0 | 54.8 |
| Gilar JORC MRE (2023) | mt | Au gpt | Cu pp | Zn pp | Au koz | Cu kt | Zn kt | CuEq kt |
| Measured&Indicated | 5.9 | 1.32 | 0.90 | 0.77 | 251 | 53 | 45 | 123 |
| Inferred | 0.2 | 0.68 | 0.25 | 0.26 | 4 | 1 | 1 | 2 |
| Total | 6.1 | 1.30 | 0.88 | 0.75 | 255 | 54 | 46 | 124 |
| incl HG zone (in house) | 2.1 | 1.92 | 1.30 | 1.23 | 129 | 27 | 26 | 63 |
| Xarxar JORC MRE (2024) | mt | | Cu pp | | | Cu kt | | CuEq kt |
| Measured&Indicated | 22.0 | | 0.48 | | | 106 | | 106 |
| Inferred | 2.9 | | 0.44 | | | 13 | | 13 |
| Total | 24.9 | | 0.48 | | | 119 | | 119 |
| Breakdown by mineralisation | | | | | | | | |
| Oxide | 5.9 | | 0.57 | | | 34 | | 34 |
| Sulphide | 18.9 | | 0.45 | | | 86 | | 86 |
| Garadag JORC MRE (2024) | mt | | Cu pp | | | Cu kt | | CuEq kt |
| Measured&Indicated | 86.9 | | 0.35 | | | 304 | | 304 |
| Inferred | 198.0 | | 0.30 | | | 593 | | 593 |
| Total | 284.9 | | 0.31 | | | 897 | | 897 |
| Breakdown by mineralisation | | | | | | | | |
| Oxide | 0.0 | | 0.00 | | | 0 | | 0 |
| Transition | 114.7 | | 0.43 | | | 492 | | 492 |
| Sulphide | 170.2 | | 0.24 | | | 405 | | 405 |
| Demirli In House MRE (2024) | mt | | Cu pp | | | Cu kt | | CuEq kt |
| Measured&Indicated | 15.0 | | 0.45 | | | 67 | | 67 |
| Inferred | 43.4 | | 0.40 | | | 172 | | 172 |
| Total | 58.4 | | 0.41 | | | 239 | | 239 |

Price assumptions for conversion - \$2,450/oz

Au, \$11,000/t Cu, 3,300/t Zn

Source: Company

Appendix 2 – Valuation multiples for selected copper producers

| Major Company | Ticker | YE | Crncy | Price | Mkt Cap US\$M | EV US\$M | Revenue, US\$M 25FY | EBITDA, US\$M 25FY | 24FY | EV/SALES 25FY | 24FY | EV/EBITDA 25FY |
|------------------|---------|---------|-------|-------|---------------|----------|---------------------|--------------------|-------|---------------|------|----------------|
| Southern Copper | SCCO US | 12/2023 | USD | 119 | 93,239 | 98,027 | 12,010 | 7,082 | 8.3 | 8.2 | 14.5 | 13.8 |
| Freeport-McMoran | FCX US | 12/2023 | USD | 52 | 74,436 | 89,871 | 27,503 | 12,179 | 3.5 | 3.3 | 8.5 | 7.4 |
| Zijin | 2899 HK | 12/2023 | HKD | 18 | 64,980 | 85,612 | 49,276 | 9,361 | 1.8 | 1.7 | 10.7 | 9.1 |
| Antofagasta | ANTO LN | 12/2023 | GBp | 2,034 | 26,868 | 31,594 | 8,032 | 4,553 | 4.6 | 3.9 | 8.7 | 6.9 |
| Ivanhoe | IVN CN | 12/2023 | CAD | 21 | 20,575 | 20,418 | 1,742 | 1,869 | 102.6 | 11.7 | 21.5 | 10.9 |
| Jiangxi | 358 HK | 12/2023 | HKD | 15 | 9,438 | 19,106 | 86,989 | 2,053 | 0.2 | 0.2 | 9.3 | 9.3 |
| First Quantum | FM CN | 12/2023 | CAD | 19 | 11,751 | 17,590 | 5,549 | 2,157 | 4.0 | 3.2 | 14.1 | 8.2 |
| MMG | 1208 HK | 12/2023 | HKD | 3 | 4,338 | 13,170 | 5,874 | 3,031 | 2.9 | 2.2 | 6.7 | 4.3 |
| Lundin Mining | LUN CN | 12/2023 | CAD | 14 | 8,287 | 11,208 | 4,503 | 2,009 | 2.6 | 2.5 | 5.9 | 5.6 |
| Median | | | | | | | | | 3.5 | 3.2 | 9.3 | 8.2 |

| Larger Company | Ticker | YE | Crncy | Price | Mkt Cap US\$M | EV US\$M | Revenue, US\$M 25FY | EBITDA, US\$M 25FY | 24FY | EV/SALES 25FY | 24FY | EV/EBITDA 25FY |
|--------------------|----------|---------|-------|-------|---------------|----------|---------------------|--------------------|------|---------------|------|----------------|
| KGHM Polska | KGH PW | 12/2023 | PLN | 164 | 8,550 | 9,435 | 10,113 | 2,358 | 1.0 | 0.9 | 4.5 | 4.0 |
| Capstone Copper | CSCCF US | 12/2023 | USD | 8 | 6,098 | 7,471 | 2,479 | 1,164 | 4.2 | 3.0 | 11.7 | 6.4 |
| Hudbay Minerals | HBM CN | 12/2023 | CAD | 13 | 3,645 | 4,462 | 2,228 | 1,054 | 2.2 | 2.0 | 5.1 | 4.2 |
| Sandfire Resources | SFR AU | 06/2024 | AUD | 11 | 3,379 | 3,775 | 1,303 | 666 | 3.1 | 2.9 | 6.3 | 5.7 |
| Ero Copper | ERO CN | 12/2023 | CAD | 31 | 2,368 | 2,872 | 1,040 | 654 | 4.4 | 2.8 | 8.3 | 4.4 |
| Metals Acquisition | MTAL US | 12/2023 | USD | 14 | 1,023 | 1,439 | 410 | 214 | 4.0 | 3.5 | 8.2 | 6.7 |
| Taseko Mines | TKO LN | 12/2023 | GBp | 188 | 737 | 1,143 | 535 | 213 | 2.5 | 2.1 | 6.5 | 5.4 |
| Median | | | | | | | | | 3.1 | 2.8 | 6.5 | 5.4 |

| Medium/Junior Company | Ticker | YE | Crncy | Price | Mkt Cap US\$M | EV US\$M | Revenue, US\$M 25FY | EBITDA, US\$M 25FY | 24FY | EV/SALES 25FY | 24FY | EV/EBITDA 25FY |
|-----------------------|---------|---------|-------|-------|---------------|----------|---------------------|--------------------|------|---------------|------|----------------|
| Atalaya Mining | ATYM LN | 12/2023 | GBp | 407 | 767 | 703 | 517 | 211 | 1.7 | 1.4 | 6.5 | 3.3 |
| Central Asia Metals | CAML LN | 12/2023 | GBp | 197 | 479 | 424 | 216 | 113 | 2.1 | 2.0 | 4.1 | 3.7 |
| 29 Metals | 29M AU | 12/2023 | AUD | 0.47 | 228 | 352 | 400 | 90 | 1.0 | 0.9 | 9.1 | 3.9 |
| Amerigo Resources | ARG CN | 12/2023 | CAD | 1.79 | 220 | 206 | 202 | NA | 1.1 | 1.0 | | |
| Aeris Resources | AIS AU | 06/2024 | AUD | 0.25 | 164 | 189 | 310 | 80 | 0.5 | 0.6 | 1.7 | 2.4 |
| Orion Minerals | ORN AU | 06/2024 | AUD | 0.02 | 80 | 86 | NA | NA | | | | |
| Median | | | | | | | | | 1.1 | 1.0 | 5.3 | 3.5 |

Source: Bloomberg (27/09/24)

Appendix 3 – Valuation multiples for selected gold producers

| Major | | | | | Mkt Cap | EV Revenue, US\$M | | EBITDA, US\$M | EV/SALES | | | EV/EBITDA |
|-------------------|---------|---------|-------|--------|---------|-------------------|--------|---------------|----------|------|------|-----------|
| Company | Ticker | YE | Crncy | Price | US\$M | US\$M | 25FY | 25FY | 24FY | 25FY | 24FY | 25FY |
| Newmont | NEM US | 12/2023 | USD | 54.21 | 62,476 | 69,233 | 19,408 | 9,648 | 3.9 | 3.6 | 8.4 | 7.2 |
| Barrick Gold | GOLD US | 12/2023 | USD | 20.46 | 35,861 | 45,428 | 15,463 | 8,456 | 3.4 | 2.9 | 6.9 | 5.4 |
| Agnico Eagle | AEM CN | 12/2023 | CAD | 110.68 | 41,065 | 42,130 | 8,713 | 4,769 | 5.2 | 4.8 | 9.5 | 8.8 |
| Gold Fields | GFI SJ | 12/2023 | ZAr | 27,940 | 14,641 | 15,938 | 6,313 | 3,713 | 3.2 | 2.5 | 6.3 | 4.3 |
| Kinross Gold | KGC US | 12/2023 | USD | 9.57 | 11,762 | 13,458 | 4,862 | 2,426 | 2.8 | 2.8 | 5.8 | 5.5 |
| AngloGold Ashanti | ANG SJ | 12/2023 | ZAr | 47,800 | 11,747 | 13,222 | 6,222 | 3,202 | 2.4 | 2.1 | 4.8 | 4.1 |
| Northern Star | NST AU | 06/2024 | AUD | 16.23 | 12,907 | 13,058 | 4,473 | 2,268 | 3.2 | 2.9 | 6.6 | 5.8 |
| Median | | | | | | | | | 3.2 | 2.9 | 6.6 | 5.5 |

| Larger | | | | | Mkt Cap | EV Revenue, US\$M | | EBITDA, US\$M | EV/SALES | | | EV/EBITDA |
|------------------------|--------|---------|-------|--------|---------|-------------------|-------|---------------|----------|------|------|-----------|
| Company | Ticker | YE | Crncy | Price | US\$M | US\$M | 25FY | 25FY | 24FY | 25FY | 24FY | 25FY |
| Alamos | AGI US | 12/2023 | USD | 19.98 | 8,387 | 8,010 | 1,491 | 921 | 6.1 | 5.4 | 11.1 | 8.7 |
| Evolution | EVN AU | 06/2024 | AUD | 4.69 | 6,453 | 7,532 | 2,520 | 1,171 | 2.9 | 3.0 | 6.4 | 6.4 |
| Endeavour | EDV LN | 12/2023 | GBp | 1,817 | 5,970 | 7,114 | 3,257 | 1,868 | 2.6 | 2.2 | 5.0 | 3.8 |
| Equinox Gold | EQX CN | 12/2023 | CAD | 8.33 | 2,644 | 3,947 | 2,420 | 1,080 | 2.5 | 1.6 | 5.9 | 3.7 |
| B2GOLD | BTO CN | 12/2023 | CAD | 4.36 | 4,222 | 3,884 | 2,545 | 1,389 | 2.0 | 1.5 | 4.0 | 2.8 |
| Eldorado | EGO US | 12/2023 | USD | 17.90 | 3,664 | 3,827 | 1,563 | 795 | 2.9 | 2.4 | 5.8 | 4.8 |
| IAMGOLD | IAG US | 12/2023 | USD | 5.34 | 3,043 | 3,529 | 2,291 | 1,074 | 2.2 | 1.5 | 4.9 | 3.3 |
| Perseus | PRU AU | 06/2024 | AUD | 2.67 | 2,542 | 2,319 | 923 | 457 | 2.3 | 2.5 | 4.4 | 5.1 |
| Centamin | CEY LN | 12/2023 | GBp | 153.50 | 2,388 | 2,251 | 1,221 | 735 | 2.1 | 1.8 | 3.8 | 3.1 |
| Westgold | WGX AU | 06/2024 | AUD | 2.72 | 1,774 | 1,653 | 1,211 | 549 | 1.6 | 1.4 | 3.4 | 3.0 |
| Ramelius | RMS AU | 06/2024 | AUD | 2.27 | 1,803 | 1,527 | 524 | 343 | 2.3 | 2.9 | 3.8 | 4.4 |
| West African Resources | WAF AU | 12/2023 | AUD | 1.79 | 1,405 | 1,409 | 686 | 321 | 2.9 | 2.1 | 6.3 | 4.4 |
| Dundee Precious metals | DPM CN | 12/2023 | CAD | 13.76 | 1,832 | 1,137 | 593 | 333 | 1.9 | 1.9 | 3.3 | 3.4 |
| Resolute Mining | RSG LN | 12/2023 | GBp | 39.80 | 1,135 | 1,046 | 855 | 396 | 1.3 | 1.2 | 3.2 | 2.6 |
| Centerra | CG CN | 12/2023 | CAD | 10.12 | 1,594 | 1,008 | 1,070 | 309 | 0.8 | 0.9 | 2.6 | 3.3 |
| Median | | | | | | | | | 2.3 | 1.9 | 4.4 | 3.7 |

| Medium/Junior | | | | | Mkt Cap | EV Revenue, US\$M | | EBITDA, US\$M | EV/SALES | | | EV/EBITDA |
|--------------------|--------|---------|-------|-------|---------|-------------------|------|---------------|----------|------|------|-----------|
| Company | Ticker | YE | Crncy | Price | US\$M | US\$M | 25FY | 25FY | 24FY | 25FY | 24FY | 25FY |
| Pantoro | PNR AU | 06/2024 | AUD | 0.12 | 513 | 485 | 234 | 100 | 2.2 | 2.1 | 5.4 | 4.9 |
| Hummingbird | HUM LN | 12/2023 | GBp | 6.55 | 71 | 368 | 454 | NA | 1.4 | 0.8 | | |
| Orezone Gold | ORE CN | 12/2023 | CAD | 0.78 | 268 | 367 | 279 | 127 | 1.4 | 1.3 | 2.9 | 2.9 |
| Thor Explorations | THX LN | 12/2023 | GBp | 16.75 | 147 | 165 | 170 | 132 | 1.1 | 1.0 | 1.5 | 1.3 |
| Metals Exploration | MTL LN | 12/2023 | GBp | 5.20 | 120 | 114 | 157 | 76 | 0.6 | 0.7 | 1.6 | 1.5 |
| Median | | | | | | | | | 1.4 | 1.0 | 2.2 | 2.2 |

Source: Bloomberg (27/09/24)

Earnings Summary

US\$m unless stated (YE Dec)

| Market data | | | | | Operating metrics | | FY21 | FY22 | FY23 | FY24E | FY25E |
|---------------------|------|--------|-----------------------------|----------|-------------------|--|-------|-------|-------|-------|--------|
| Ticker | | AAZ LN | USDAZN | | | | 1.70 | 1.70 | 1.70 | 1.70 | 1.70 |
| Last price | GBp | 95 | Gold price | US\$/oz | | | 1,799 | 1,783 | 1,951 | 2,364 | 2,450 |
| Target price | GBp | 308 | Copper price | US\$/t | | | 9,286 | 8,822 | 8,527 | 9,319 | 10,513 |
| Rec | | BUY | Gold production | koz | | | 48.7 | 43.1 | 21.8 | 15.1 | 38.5 |
| GBPUSD | | 1.33 | Copper production | kt | | | 2.6 | 2.5 | 2.1 | 0.8 | 7.0 |
| Mkt cap | GBPm | 108.5 | AuEq | koz | | | 64.6 | 57.6 | 31.9 | 18.6 | 70.4 |
| | USDm | 144.3 | CuEq | kt | | | 12.5 | 11.6 | 7.3 | 4.7 | 16.4 |
| EV | GBPm | 121.4 | Share of Cu in Production | pp | | | 21% | 22% | 29% | 17% | 43% |
| | USDm | 161.5 | AISC (incl PSA, co product) | US\$/koz | | | 963 | 1,063 | 1,677 | 2,376 | 1,040 |
| Av # of sh in issue | mln | 114.2 | | | | | | | | | |
| Av # traded, 100d | mln | 0.13 | | | | | | | | | |
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Source: SP Angel, Company

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