

Mining Flash Note

Anglo Asian Mining*

AAZ LN

BUY

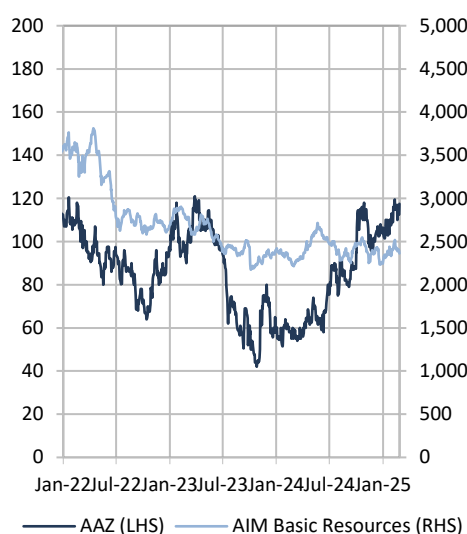
TP 296p

27 February 2025

Stock Data

Ticker	AAZ LN
Share Price:	118p
Market Cap:	£135m

Price Chart



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FY25 production/earnings guidance

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 guiding production at 28-33koz gold and 6.5-6.8kt copper in FY25. On a growth front, the team 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.

- The Company released production and earnings guidance for FY25.
- FY25 production forecast at:
 - 28.0-33.0koz gold (FY24: 15.1koz);
 - 6.5-6.8kt copper (FY24: 0.4kt).
- Revenues (net of 12.75% under PSA) forecast at \$110-125m using \$2,800/oz gold and \$9,000/t copper price assumptions.
- EBITDA forecast at \$45-55m.
- At Gilar, the team is expecting to process first ore in 1Q25 with the underground operation delivering ~400kt at 1.47g/t and 1.8% in FY25.
- Gilar ore is to be first treated at the agitation leaching plant recovering gold in dore with tailings processed in the flotation circuit to recover copper in concentrate.
- The material will be complemented by mined tonnes from Gedabek open pit and Gadir underground operations to fill in capacities.
- Heap leaching operations are expected to process 425-475kt at 0.55g/t with all material to be crushed to recover more gold taking advantage of higher gold prices.
- Demirli production is expected to be restarted before year end, although, FY25 guidance does not include any output or potential revenues from Demirli copper concentrate reflecting uncertainty on timing and volumes.

Conclusion: FY25 guidance points to a strong recovery in production post a temporary suspension in 2023/24 at both agitation leaching and flotation circuits. High processed copper grades see FY25 expected copper production climb to the highest on record with red metal expected to account for ~40% of FY25 production compared to ~20% in pre disruption FY22. FY25 output remains predominantly gold delivering 100% unhedged exposure into record spot prices. In general, strong gold and copper prices combine with robust production forecast to deliver record Group turnover in FY25.

We are encouraged to hear that first Gilar ore is expected in 1Q25 with underground operations to deliver ~400kt at 1.47g/t and 1.8% in FY25. Gilar is key to stronger production in FY25 (~60% of gold and copper production) with higher grades helping margins (for reference, AGL and FLO treated 1.46g/t and 0.6% material in FY22).

Demirli development works are ongoing with the Company expecting to resume operations before YE. We expect first production in FY26 with first full year production in FY27 at ~18kt Cu. Demirli is the next step in Group production growth plan and, in our opinion, remains overlooked by the market. Demirli accounts for \$165m (~110p) or 33% of our Group NPV estimate.

We adjusted our FY25 production for released guidance including 31koz and 6.7kt, compared to 41koz and 6.2kt estimated previously. The change is driven by the difference in Gilar processed grades and lower heap leach contribution. Including slight adjustment to operating costs we arrive at \$122m/\$55m in FY25 Revenue/EBITDA applying Company used \$2,800/\$9,000 gold/copper prices. Additionally, we revised our price assumptions to better reflect latest changes in commodity prices with gold/copper averaging 2,875/\$9,438 in FY25 (\$2,450/\$10,513) and \$2,700/\$10,625 in FY26 (\$2,450/\$11,000). On our price assumptions, the Company is estimated to generate \$60m in EBITDA in FY25 and potentially double that in FY26 as Demirli comes online. We reiterate our BUY recommendation with an updated 296p (from 308p) target price.

(Dec year end)		FY22	FY23	FY24E	FY25E	FY26E
Gold price	US\$/oz	1,783	1,951	2,396	2,875	2,700
Copper price	\$/t	8,822	8,527	9,172	9,438	10,625
Gold production	koz	43.1	21.8	15.1	31.4	39.1
Copper production	kt	2.5	2.1	0.4	6.7	17.6
AuEq Production	koz	57.6	31.9	16.8	54.2	109.9
CuEq Production	kt	11.6	7.3	4.4	16.5	27.9
AISC (incl PSA, co product)	US\$/oz	1,063	1,677	2,368	1,332	1,155
Revenue	US\$m	85	46	39	127	236
EBITDA	US\$m	26	-1	4	60	120
FCF	US\$m	-4	-24	-3	3	7
EV/EBITDA	x	4.2	-147.7	31.5	3.1	1.6
PER	x	35.1	-	-	5.5	2.5
DY	%	7%	0%	0%	0%	0%
Net Debt	US\$m	-18	13	17	16	10

AISC estimation changed from by-product to co-product for estimates and historical periods to reflect higher Cu contribution

Source: SPA, Company

Adjustments to production and commodity price provide below.

SPA estimates		FY25	FY26
Updated			
Gold Production	koz	31.4	39.1
Copper Production	kt	6.7	17.6
Gold Price	US\$/oz	2,875	2,700
Copper Price	US\$/t	9,438	10,625
Before			
Gold Production	koz	41.1	34.9
Copper Production	kt	6.2	17.8
Gold Price	US\$/oz	2,450	2,450
Copper Price	US\$/t	10,513	11,000

Source: SPA

NAVPS sensitivity to gold and copper prices.

Gold/Copper Price NAVPS sensitivity

		Spot						
		2,600	2,700	2,800	2,900	3,000	3,100	3,200
Spot	8,000	149	153	158	162	166	170	174
	8,500	177	182	186	190	194	198	202
	9,000	203	207	211	215	219	223	226
	9,500	226	230	234	238	242	245	249
	10,000	249	253	257	260	264	268	271
	10,500	272	275	279	282	286	290	293
	11,000	294	297	301	305	308	312	316

Source: SP Angel

SPA commodity price estimates.

SPA commodity price assumptions		Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
Gold	US\$/oz	2,875	2,700	2,700	2,700	2,700	2,700
Copper	US\$/t	9,438	10,625	11,000	11,000	11,000	11,000

Source: SP Angel

Earnings Summary

US\$m unless stated (YE Dec)

Market data			US\$m unless stated (FY Dec)						
			Operating metrics		FY22	FY23	FY24E	FY25E	FY26E
Ticker		AAZ LN	USDAZN		1.70	1.70	1.70	1.70	1.70
Last price	GBP	118	Gold price	US\$/oz	1,783	1,951	2,396	2,875	2,700
Target price	GBP	296	Copper price	US\$/t	8,822	8,527	9,172	9,438	10,625
Rec		BUY	Gold production	koz	43.1	21.8	15.1	31.4	39.1
GBPUSD		1.26	Copper production	kt	2.5	2.1	0.4	6.7	17.6
Mkt cap	GBPm	134.8	AuEq	koz	57.6	31.9	16.8	54.2	109.9
	USDm	169.9	CuEq	kt	11.6	7.3	4.4	16.5	27.9
EV	GBPm	148.5	Share of Cu in Production	pp	22%	29%	9%	41%	63%
	USDm	187.1	AISC (incl PSA, co product)	US\$/koz	1,063	1,677	2,368	1,332	1,155
Av # of sh in issue	mln	114.2	Income Statement (US\$m)		FY22	FY23	FY24E	FY25E	FY26E
Av # traded, 100d	mln	0.07	Revenues		85	46	39	127	236
			EBITDA		26	-1	4	60	120
			Margin		31%	-2%	11%	47%	51%
			EBIT		9	-12	-1	46	102
			Net Interest		-1	-2	-2	-1	-1
			PBT		8	-32	-2	45	101
			Tax		-4	8	0	-14	-32
			PAT		4	-24	-2	31	69
			EPS basic, cents		3	-21	-2	27	60
			EPS diluted, cents		3	-21	-2	27	60
			Cash flow (US\$m)		FY22	FY23	FY24E	FY25E	FY26E
			CFO		17	1	10	60	120
			Tax paid		-4	-0	-	-14	-34
			Net CFO		13	1	10	46	86
			Capex (incl Exploration)		-17	-25	-13	-43	-80
			CFI		-21	-26	-13	-43	-79
			Issue of shares		-0	-	-	-	-
			Dividends paid		-9	-5	-	-	-
			Borrowings net change		-0	20	-0	-6	-6
			Interest paid		-0	-1	-1	-1	-1
			CFF		-9	15	-2	-7	-7
			Net cash flow		-17	-10	-5	-5	0
			Cash cf		20	10	6	1	1
			Balance Sheet (US\$m)		FY22	FY23	FY24E	FY25E	FY26E
			Cash		20	10	6	1	1
			Receivables/prepayments		18	9	8	8	8
			Inventories		40	40	41	41	41
			Current assets		79	59	55	50	50
			Exploration & PPE		97	94	101	131	192
			Non-current assets		102	95	102	132	193
			Total assets		181	155	157	182	244
			Payables, provisions		18	9	15	15	15
			Borrowings ST (incl leases)		0	14	17	4	2
			Current liabilities		18	23	32	19	17
			Borrowings LT (incl leases)		2	9	6	13	9
			Other		47	37	37	37	36
			Non-current liabilities		49	46	43	50	45
			Total liabilities		68	70	74	68	61
			Net assets		114	85	83	113	182
			Key financial metrics		FY22	FY23	FY24E	FY25E	FY26E
			Net debt/(cash)		-18	13	17	16	10
			Av # of sh (diluted)		114	114	114	114	114
			EV/EBITDA		4.2	-147.7	31.5	3.1	1.6
			PER		35.1	-	-	5.5	2.5
			FCF (NCFO-Capex)		-4	-24	-3	3	7
			FCF yield		-	-	-	2%	4%
			DY		7.1%	0.0%	0.0%	0.0%	0.0%
			ROA		2.0%	-	-	18.1%	32.3%
			P/BV		1.1	1.4	1.4	1.5	0.9
			Interest coverage		12.7	nm	nm	44.4	93.1
			Net Debt/EBITDA		-0.7	-14.3	4.1	0.3	0.1

Source: SP Angel, Company

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