

Analyst

David Coates 612 8224 2887

Authorisation

Bradley Watson 618 9326 7672

AIC Mines Ltd (A1M)

Disciplined QLD copper growth

Recommendation
Buy (Initiation)

Price
\$0.34
Target (12 months)
\$0.60
Sector
Materials
Expected Return

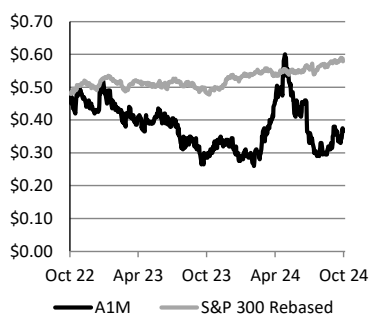
Capital growth	77%
Dividend yield	0.0%
Total expected return	77%

Company Data & Ratios

Enterprise value	\$128m
Market cap	\$196m
Issued capital	575.7m
Free float	86%
Avg. daily val. (52wk)	\$578,000
12 month price range	\$0.255-\$0.615

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.31	0.40	0.29
Absolute (%)	17.7	-8.8	25.9
Rel market (%)	16.8	-10.7	9.9

Absolute Price


SOURCE: IRESS

Foundation asset set for growth

A1M is a WA-based copper production and exploration company focused on its 100%-owned Eloise Copper Project (ECP), located ~60km SE of Cloncurry and 155km ESE of Mt Isa, in Queensland. Eloise is an established underground copper-gold mine and processing plant targeting FY25 production of 12,500t Cu + 5,000oz Au, at All-in-Sustaining-Costs (AISC) of A\$5.25/lb. Eloise is currently outperforming these metrics. A1M is concurrently implementing a disciplined growth strategy, having acquired the nearby Jericho copper deposit in January 2023 and which is now being developed. Combined with an expanded processing plant it supports a clear pathway to 20,000tpa copper production. A1M also holds a strategic tenement package covering ~2,000km² over a highly prospective region surrounding the ECP, positioning it as a strategic, foundation asset able to leverage new discoveries and third party stranded assets.

Gold-plated management

A1M's management team is led by Managing Director, Aaron Collieran and Chairman, Josef-El-Raghy. Both have a strong track record of value accretive acquisition and asset development. In our view, the team has added significant value since acquiring the ECP in a \$27m cash and scrip transaction in August 2021. Since then, A1M has increased production, extended mine life, near-doubled Ore Reserves, more than doubled Mineral Resources and acquired the adjacent Jericho deposit to add scale and growth. Disciplined evaluation of inorganic growth opportunities, prudent capital raising and strong balance sheet management are also features of A1M.

Investment thesis – Buy, Target price \$0.60/sh

A1M represents leveraged copper exposure through its Eloise Copper Project which is now advancing a clear organic growth strategy. A1M is also boosting regional exploration, with high potential for success across its large scale, strategic tenement package. The current share price, in our view, represents an excellent entry point into a well-managed, Australian based copper producer. We initiate with a Buy recommendation and NPV-based target price of \$0.60/sh.

Earnings Forecast

Year ending 30 June	2024a	2025e	2026e	2027e
Sales (A\$m)	181	174	195	312
EBITDA (A\$m)	52	45	52	124
NPAT (reported) (A\$m)	8	4	6	43
NPAT (adjusted) (A\$m)	8	4	6	43
EPS (adjusted) (cps)	1.6	0.8	1.3	8.5
EPS growth (%)	nm	-51%	58%	581%
PER (x)	20.8	42.9	27.1	4.0
FCF Yield (%)	nm	nm	nm	36%
EV/EBITDA (x)	2.5	2.9	2.5	1.0
Dividend (cps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	4%	2%	3%	17%

SOURCE: BELL POTTER SECURITIES ESTIMATES

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Investment thesis and valuation

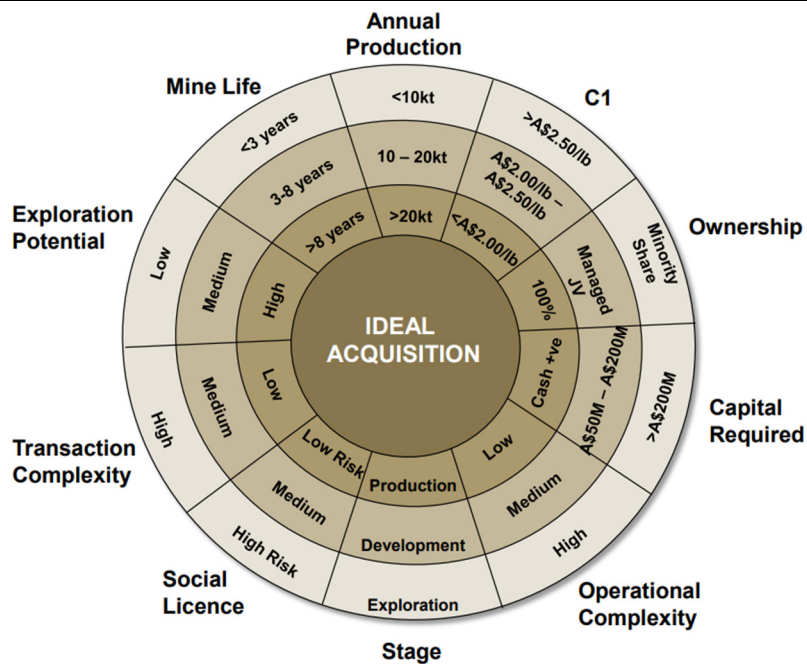
Investment thesis: Buy, Target Price \$0.60/sh

Our investment thesis in A1M is predicated on:

- A strong management team and Board:** A1M's management team and Board has a strong track record of value accretive acquisition and asset development. MD & CEO, Aaron Colleran was a founding member of the leadership team of Australian gold producer Evolution Mining Limited (EVN, not rated) and managed its business development function from inception in 2010 through to 2018. During that time EVN grew from a single asset company (with the Mt Carlton gold-silver mine) and a market capitalisation of ~\$170m, to a six-asset company (including the Ernest Henry and Cowal mines) and a market capitalisation of \$5.3 billion. A1M's Chairman, Josef El-Raghy, was previously Managing Director then Chairman of Centamin plc (CEY:LN), during which time it grew from gold explorer to +500kozpa producer as he oversaw the successful financing and development of the world-class Sukari Gold Mine in Egypt.
- Value creation and Resource growth at Eloise:** A1M acquired the Eloise copper mine for cash and scrip consideration totalling \$27m in August 2021, at which time A1M had a market capitalisation of \$16m. Following the associated \$40m equity raise and \$20m scrip issuance, A1M ended CY21 with a market capitalisation of \$160m. Since then, A1M has increased production from 11.5kt to 13.4kt in FY24, near-doubled Ore Reserves from 1.4Mt to 2.4Mt (in addition to 2.5 years of production over the comparison interval), more than doubled Mineral Resources from 2.7Mt to 6.2Mt and acquired the adjacent Jericho deposit, further increasing Reserves and Resources and adding a substantial regional exploration footprint. Combined, Eloise and Jericho Mineral Resources now total 22.9Mt grading 2.1% Cu + 0.5g/t Au for 472kt Cu and 354koz Au.
- Established copper and gold production, generating positive operating cash flow:** The Eloise Copper Project is one of few stand-alone, ASX-listed copper mining and concentrate production companies. Its assets are located in Cloncurry, Australia, an attractive mining jurisdiction hosting major copper projects and downstream processing operations (including Mt Isa Mines and the Ernest Henry copper-gold mine) rail, power and water infrastructure and access to skilled labour markets and support industries. In FY24, Eloise generated mine operating cash flow of \$73m which funded the bulk of its sustaining, growth and exploration capital requirements;
- The provision of leveraged exposure to the copper price** via copper production and mine life extension at the Eloise Copper Mine. On our current modelled operating assumptions and commodity price forecasts, A1M is 2.6x levered to its main commodity exposure, copper. For every 1% change in the copper price our valuation changes 2.6%. In our view, medium-term market dynamics are supportive of the copper price due to it being a large market in absolute tonnage terms with multiple factors driving demand growth while facing supply-side constraints.
- A clear growth pathway to 20ktpa copper production** via the development of the nearby Jericho deposit and expansion of the Eloise processing plant. A1M has commenced development to access Jericho, which has a Resource of 14.1Mt @ 2.0% Cu + 0.4g/t Au for 285kt Cu and 177koz Au contained. As an independent production source that is also shallower and cheaper to mine than Eloise, it can provide the additional ore feed for the expanded processing plant to lift from current nameplate of 725ktpa to 1.1Mtpa from FY27.

- **Exposure to exploration success** across a strategic tenement package covering ~2,000km² over a highly prospective region. A1M has numerous advanced exploration targets across multiple prospective trends prioritised within a 20km radius of the Eloise processing plant. For FY25, A1M has approved gated exploration funding of \$7m (double recent expenditure levels) for ~20,000m of drilling. Targets include the Sandy Creek Prospect, which currently comprises a Resource of 2.1Mt @ 1.1% Cu and where extension drilling has returned higher grades down plunge and along strike.

Figure 1 – A1M's framework for disciplined acquisition and growth



SOURCE: AIC MINES LTD

Valuation methodology

Our equity valuation of A1M is based primarily on the NPV of our forecast after-tax free cash flows from the Eloise Copper Project (ECP). For the purposes of our valuation we have applied operational assumptions that reflect recent production and cost performance, A1M's published FY25 guidance, comparisons with similar scale mining and processing operations in Australia and our own commodity price and foreign exchange rate forecasts. The present value of our estimate of A1M's future corporate overhead costs is netted off the equity valuation and we also incorporate A1M's last reported net cash position.

For the ECP, we apply a discount rate of 10% (nominal), consistent with rates applied to other assets under our coverage located in Australia. Operating costs and commodity prices are indexed at 2.5% pa.

Reflecting the project's production status, we do not apply a risk-adjustment discount to our NPV-based valuation of the ECP and include its full value in our sum-of-the-parts (SOTP) valuation of A1M.

We estimate a notional exploration valuation for the portion of the ECP Resource base that is not included in our modelled mine plan, plus an allowance for exploration success and the strategic value of A1M's 2,000km² tenement package surrounding the ECP, as well as the balance of A1M's exploration portfolio.

At this stage we do not make an allowance for additional equity funding. A1M completed an equity placement for \$57.2m (gross) in May 2024 to fund the development of the Jericho underground mine. We anticipate debt funding being sourced in the medium term which, combined with operating cash flow, we expect to fund the process plant expansion.

Assumed Life-Of-Mine (LOM) production and costs

Our modelled assumptions are based on A1M's FY25 production and cost guidance, management commentary on medium term expansion plans and the latest Ore Reserve and Mineral Resource statements for the Eloise and Jericho deposits.

- We model a mine life of 8 years, based on a Mining Inventory of 8.0Mt comprising the ECP's Ore Reserves of 5.6Mt and conversion of a further 2.5Mt from Mineral Resources of 20.3Mt. We assume a plant throughput rate of ~650-700ktpa in FY25 and FY26, rising to 1.1Mtpa from FY27 through to end FY32.
- Head grades of ~2% Cu and 0.3g/t Au result in production of ~13ktpa copper and 5-6kozpa gold in concentrate in FY25 and FY26, rising to ~20ktpa copper and 10kozpa gold for the balance of the LOM.
- All-In-Sustaining-Costs (AISC) are based on current underlying unit costs per tonne, A1M's latest cost guidance and our own benchmarking with comparable Australian operations. We model AISC of A\$5.00-\$5.50/lb in FY25 and FY26, dropping to A\$4.00-\$4.50/lb from FY27 as the shallower Jericho deposit and expanded process plant come on-line and result in lower, underlying, unit costs;
- We assume expansion capital of \$46m in FY25 (in-line with A1M guidance) and ~\$68m in FY26 to fund the development of the Jericho underground and the expansion of the process plant from 725ktpa nameplate capacity to 1.1Mtpa nameplate capacity, coming on-line in FY27.

Sensitivity analysis

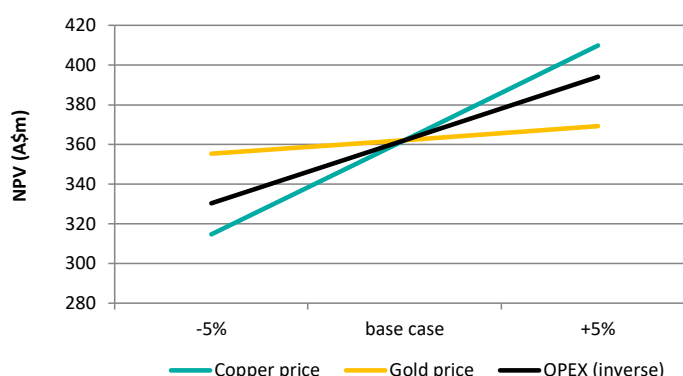
We have conducted a high-level sensitivity analysis based on our modelled assumptions as outlined above. Our findings are consistent with A1M's commodity exposures (nearly all copper), in that its valuation is most sensitive to our modelled copper price, followed by gold price and then changes in operating costs.

Figure 2 – A1M sensitivity table

	12 month fwd NPV (A\$m)		
	-5%	base case	+5%
Copper price	\$314.6	\$362.2	\$409.9
Target price	-13%	0%	13%
Gold price	\$355.3	\$362.2	\$369.2
Target price	-2%	0%	2%
OPEX (inverse)	\$330.3	\$362.2	\$394.1
Target price	-9%	0%	9%
Target price	\$0.54	\$0.60	\$0.65

SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 3 – A1M sensitivity chart

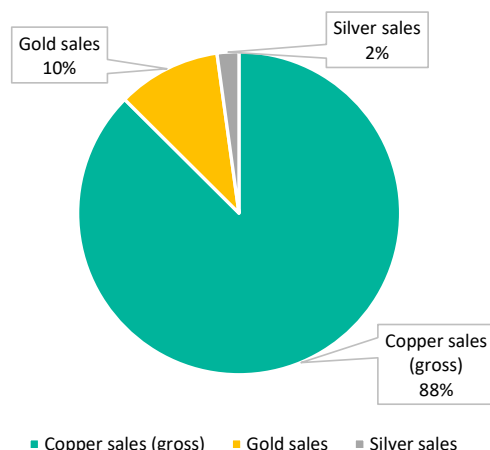


SOURCE: BELL POTTER SECURITIES ESTIMATES

Commodity exposures

A1M is effectively a pure copper producer, though it does benefit from moderate levels of gold and silver by-product credits. Under our current commodity price and exchange rate assumptions ~12% of A1M's revenues are from gold and silver by-products, mostly gold.

Figure 4 - A1M revenue - next three years



SOURCE: BELL POTTER SECURITIES ESTIMATES

Key inputs to our Base Case assumptions include:

- Copper price: A\$14,200/t (A\$6.44/lb) (avg FY25-FY27, nominal);
- Gold price: A\$3,712/oz (avg FY25-FY27, nominal);
- AISC: A\$5.17/lb (avg FY25-FY26, pre-process plant expansion); and
- Discount rate: 10% (nominal).

Valuation and Recommendation – Buy, Target Price \$0.60/sh

From our modelled assumptions we derive a post-tax, NPV-based valuation for the Eloise Copper Project of \$350m. Net of corporate costs, A1M's current net cash (debt) position and a notional exploration valuation, we calculate a sum-of-the-parts (SOTP), diluted equity valuation for A1M of \$0.60/sh.

Our SOTP valuation is summarised in the table below:

Table 1 – A1M sum-of-the-parts valuation – Bell Potter Securities

Sum-of-the-parts	A\$m	A\$/sh
Eloise (unrisked NPV ₁₀)	284.0	0.49
Other exploration	50.0	0.09
Corporate overheads	(39.3)	(0.07)
Subtotal	294.7	0.51
Net cash (debt)	67.5	0.12
Total (undiluted)	362.2	0.63
Dilutive effect of options		(0.03)
Add cash from options	-	-
Total (diluted)	362.2	0.60

SOURCE: BELL POTTER SECURITIES ESTIMATES

With upside of 64% from A1M's last closing share price to our valuation, we make a Buy recommendation in conformity with our rating structure.

Upcoming catalysts

Upcoming catalysts for A1M include:

- The December 2024 quarterly report, expected in late January 2025, which will provide production and cost update for the 1H FY25 and performance relative to guidance;
- Progress updates on the development of the Jericho link drive, which is establishing access to the Jericho deposit and an item on the critical path for production expansion at Eloise from FY27;
- Ongoing results from near-mine exploration drilling, including drill testing of recently identified Electro-Magnetic (EM) targets that indicate extensions to known lenses at Eloise. We are also looking for and further drilling results from the newly discovered Swagman shoot, located halfway between the Eloise and Jericho deposits. This has the potential to bring forward production and cashflow from the Jericho development;
- Commencement of an expanded 20,000m regional exploration drilling program to test 10 new targets in FY25 with the objective of finding larger scale (+10Mt) or higher grade (+2% Cu) deposits. This follows the consolidation of a large regional tenement package under A1M's ownership; and
- Updates on the proposed rationalisation of A1M's wider exploration portfolio, which includes projects in QLD, NSW, SA and WA;

Company background and asset summary

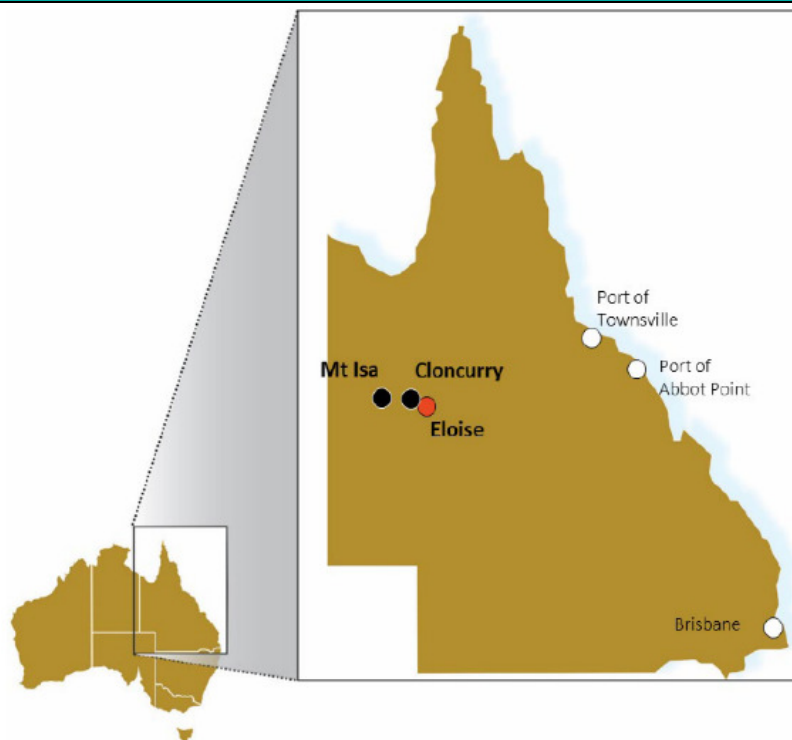
Company background and overview

A1M is a WA-based copper production and exploration company. A1M is focused on its prime asset, the 100%-owned Eloise Copper Project, located ~60km SE of Cloncurry and 155km ESE of Mt Isa, in Queensland.

The genesis of the company in its current form resulted from the all-scrip, reverse takeover of Intrepid Mines (IAU:AU) by AIC Resources (A1C:AU) in April 2019. Upon completion of the transaction A1C shareholders held ~70% of the equity of the combined entity. Aaron Colleran (who had been MD of A1C) was appointed MD of A1M and Josef El-Raghy (Chairman of A1C) was appointed Chairman of A1M.

In August 2021, A1M acquired Eloise from privately owned FMR Investments Pty Ltd for total consideration of \$27m, comprising \$5m cash, \$20m in A1M shares and \$2m contingent payment paid in May 2022.

Figure 5 – Eloise Copper Mine location



SOURCE: AIC MINES LTD

Western Australia exploration assets

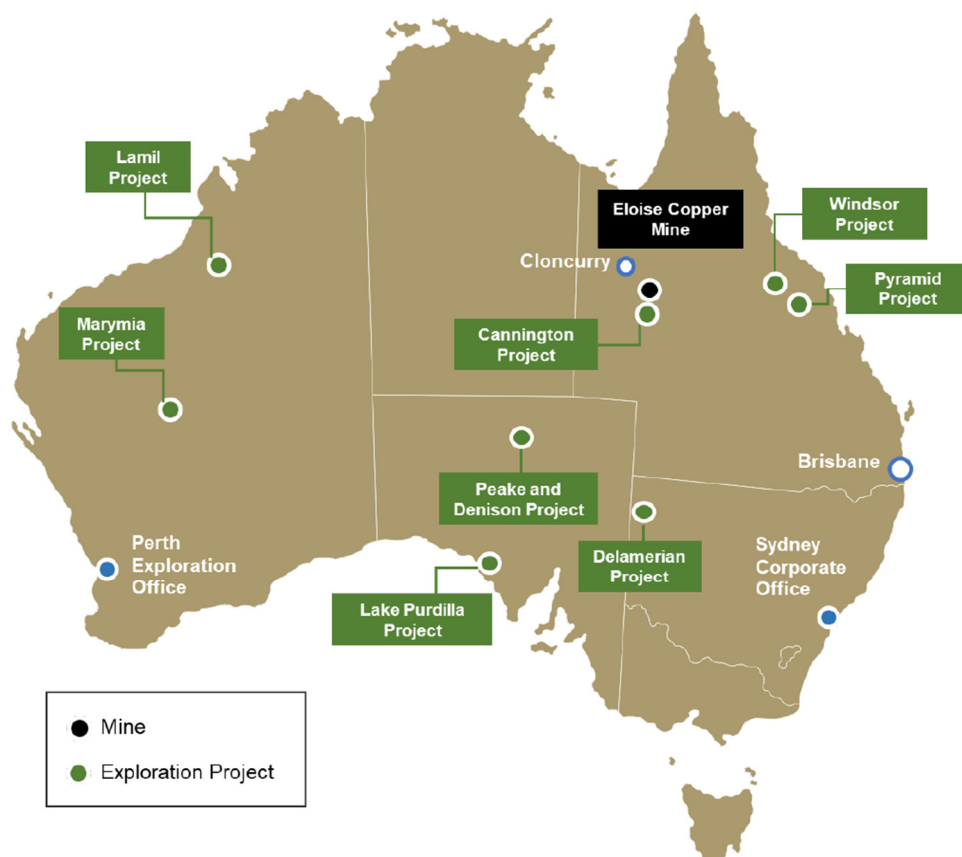
Prior to the acquisition of Eloise, A1M had been focused on the exploration and potential development of its West Australian gold and copper projects: the Marymia Project, located in the Gascoyne region within trucking distance of the Plutonic Gold Mine and DeGrussa Copper Mine; and the Lamil Gold-Copper Project, in the Paterson province and in which A1M is 50% JV partner with Rumble Resources (RTR:AU, not rated).

With the exploration success at the Eloise Mine, the acquisition of the Jericho deposit and consolidation of the ownership of surrounding Exploration Leases covering ~2,000km², A1M has de-prioritised the WA projects and no material exploration was conducted at either during FY24.

NSW exploration assets

In NSW A1M holds the Delamerian Project which is prospective for intrusive related nickel-copper deposits and volcanogenic massive sulphide copper-zinc deposits. Geophysical datasets are being compiled with the object of target generation and testing in FY25.

Figure 6 – AIC Mines project locations



SOURCE: AIC MINES LTD

However, compared with the advanced stage and strategic value of the Eloise Copper Mine, the surrounding tenements and, in our view, the consolidation opportunities available in that region, A1M's interstate exploration portfolio appears 'non-core'.

A1M has stated that it is "currently looking to rationalise the exploration portfolio through sale or joint venture".

Project summary

The Eloise Copper Mine (Eloise) is an established underground copper-gold mine located ~60km southeast of Cloncurry in Queensland, Australia. Geologically, it is situated in the Cloncurry-Selwyn zone in the Eastern Fold Belt of the Mount Isa Inlier, a well-endowed and highly prospective region for copper, gold and base metals. The region hosts numerous current and past-producing base and precious metals mines, including the Mt Isa operations (Mt Isa, Hilton and George Fisher mines), the Century zinc mine, Ernest Henry copper-gold mine, the Cannington silver-lead mine, the Dugald River zinc mine and the Osborne and Selwyn copper-gold mines, among others.

The Eloise deposit was discovered by BHP Minerals in 1988 and subsequently sold to and developed by Amalg Resources NL, commencing production in 1996. In 2004, the then privately owned underground mining contractor, Barmenco, acquired Eloise. It remained privately held within FMR Investments until its divestment to A1M in August 2021. Since commencing production, Eloise has mined 14.3Mt @ 2.7% Cu for production of ~375kt copper and ~190koz Au in concentrate.

Eloise Copper Mine: key project parameters

Location: 60km SE of Cloncurry and 155km ESE of Mt Isa in Queensland, Australia.

Operating currency: Australian dollar.

Development stage: Established underground production at Eloise. Access to the nearby Jericho deposit is currently being established via underground decline from Eloise.

Permitting: Eloise is on a granted Mining Lease (ML) and Jericho had its ML granted in May 2024, allowing commencement of associated surface works. Information for further environmental approvals is currently being compiled for submission in 2HCY24, with approval expected in early CY25. Timing of receipt of these is not expected to impact the current development schedule for Jericho. These MLs sit within a strategic, regional tenement package of Exploration Leases (ELs) covering ~2,000km².

Geology: Mineralisation at Eloise occurs as either massive sulphide (chalcopyrite) in steeply plunging lenses or stockwork veins with strike lengths of 100-200m and maximum widths of up to 25m. The main zone of mineralisation shows continuity down plunge over 2,000m and remains open at depth. Post-mineralisation faulting has significantly dislocated the orebodies, resulting in a complex arrangement of fault bounded ore blocks. The Jericho deposit is located 2km south of the Eloise underground workings and has similar geology, mineralisation and metallurgy. The Jericho deposit remains open along strike and at depth.

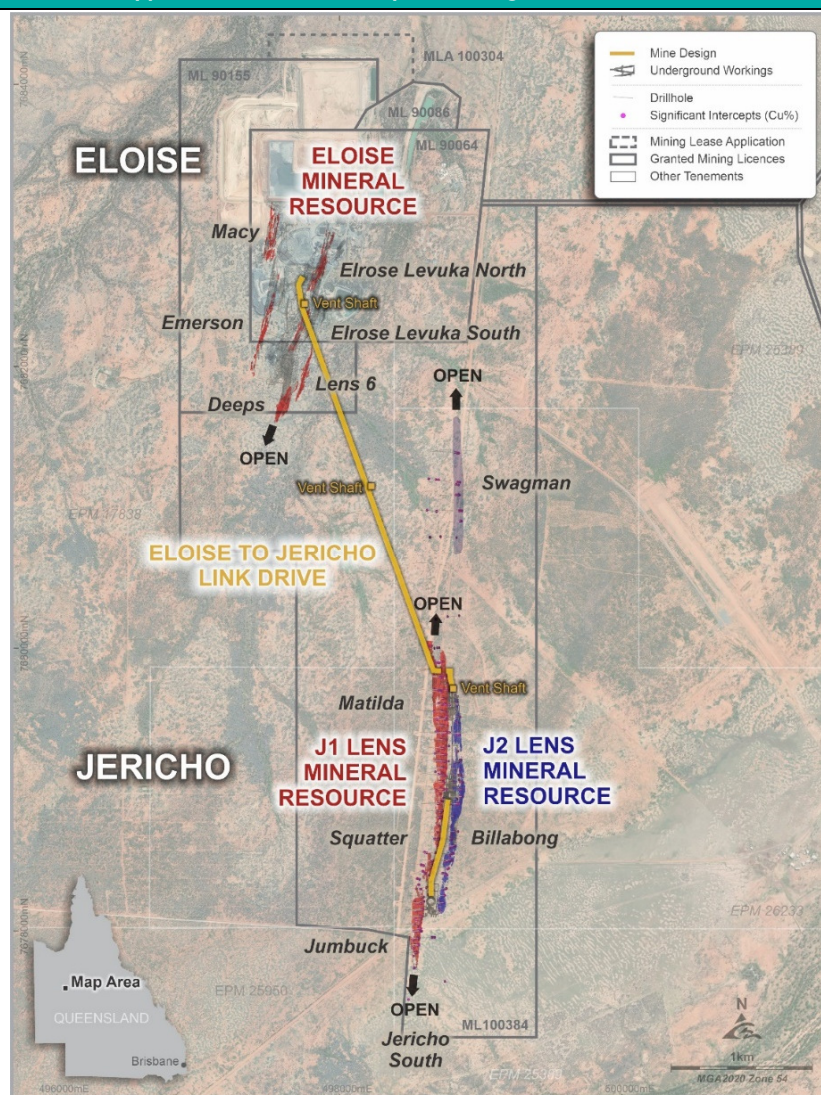
Resources - Eloise: 6.2Mt @ 2.5% Cu + 0.7g/t Au for 155kt Cu and 135koz Au contained (31 December 2023) estimated at 1.1% Cu and 1.4% Cu cut-off-grades.

Reserves - Eloise: 2.4Mt @ 2.4% Cu + 0.6g/t Au for 58.1kt Cu and 47koz Au contained (31 December 2023) estimated at 1.4% Cu and 1.6% Cu cut-off-grades.

Resources - Jericho: 14.1Mt @ 2.0% Cu + 0.4g/t Au for 285kt Cu and 177koz Au contained (31 December 2023) estimated at a 1.0% Cu cut-off-grade.

Reserves - Jericho: 3.2Mt @ 1.9% Cu + 0.4g/t Au for 61.1kt Cu and 37koz Au contained (31 December 2023) estimated at a 1.2% Cu cut-off-grade.

Figure 7 – Eloise Copper Mine and Jericho deposit setting



SOURCE: AIC MINES LTD

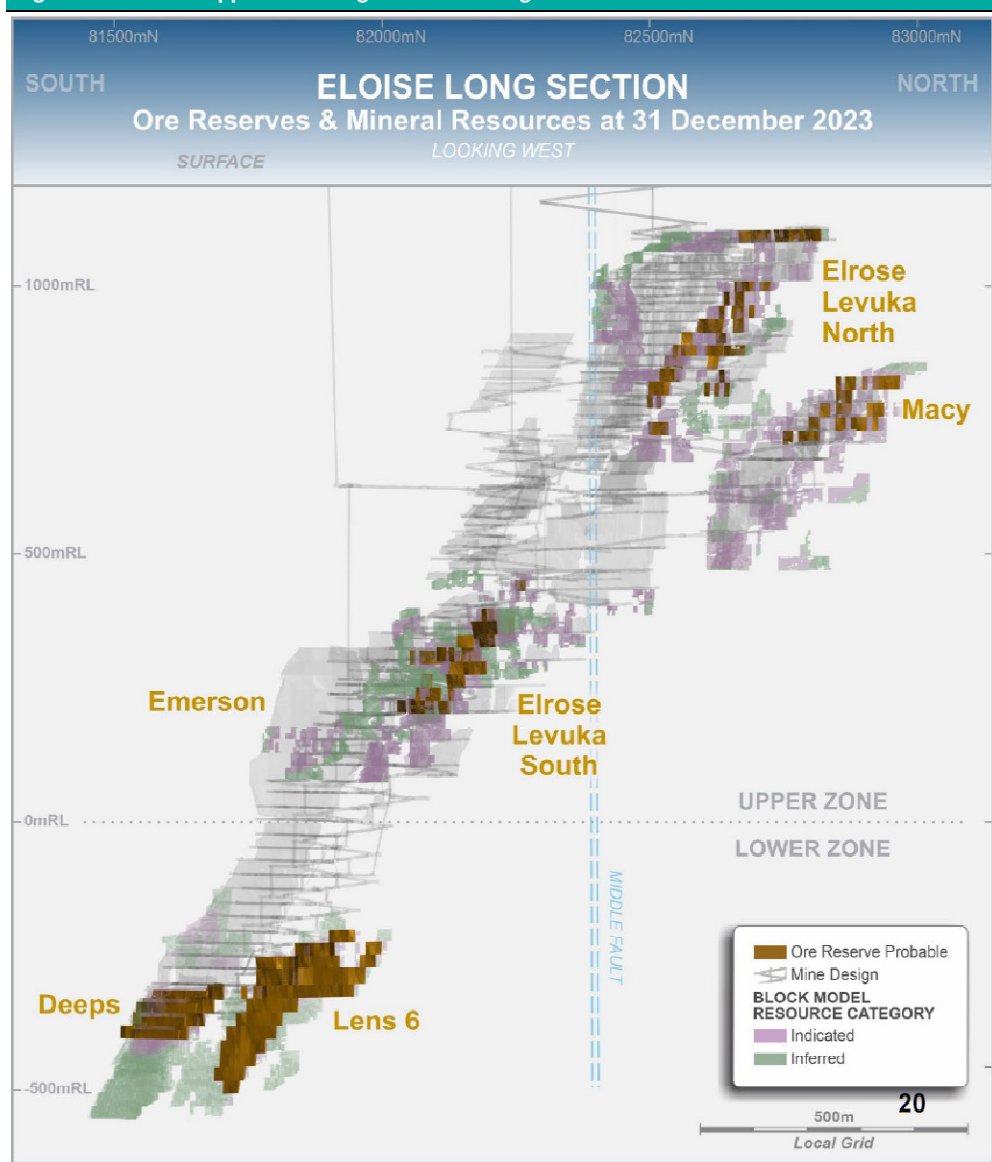
FY25 Guidance: 12,500t Cu + 5,000oz Au production at AISC A\$5.25/lb, similar to FY24 production and costs. Sustaining Capital: ~\$40m (including \$26m for mine development, \$10m plant and equipment, \$4-5m resource definition drilling). Growth capital \$8.5m, plus Jericho development and plant expansion capital of \$46m.

Life-of-Mine (LOM): 8-9 years, based on current combined Ore Reserves at Eloise and Jericho of 5.6Mt, nameplate mill capacity of 725ktpa and mine constrained production of 650ktpa. Total Eloise Project Mineral Resources of 22.9Mt @ 2.1% Cu and 0.5g/t Au for 471,950t Cu and 353,950oz Au contained could support production of 20ktpa Cu and 7.5kozpa Au for +20 years at an expanded mill throughput rate of 1.1Mtpa.

Mining: The Eloise mine is a truck-and-decline haulage underground mine accessed via a conventional surface boxcut and portal. Eloise has a planned annual ore production rate of 650ktpa with operations carried out by a combination of owner-operator and contract mining.

Mining extraction operations extend from ~100m below surface (mbs) to currently ~1,500mbs. Ore Reserves are defined to >1,700mbs. In the upper levels of Eloise (the Levuka, Macy and Elrose lodes <1,000mbs) the main mining method is longhole open stoping (LHOS). In the deeper lodes (the Deeps and recently discovered Lens 6), a combination of longitudinal sublevel caving (SLC) and longhole stoping with rock fill (LHS) is used.

Figure 8 – Eloise Copper Mine long section looking west



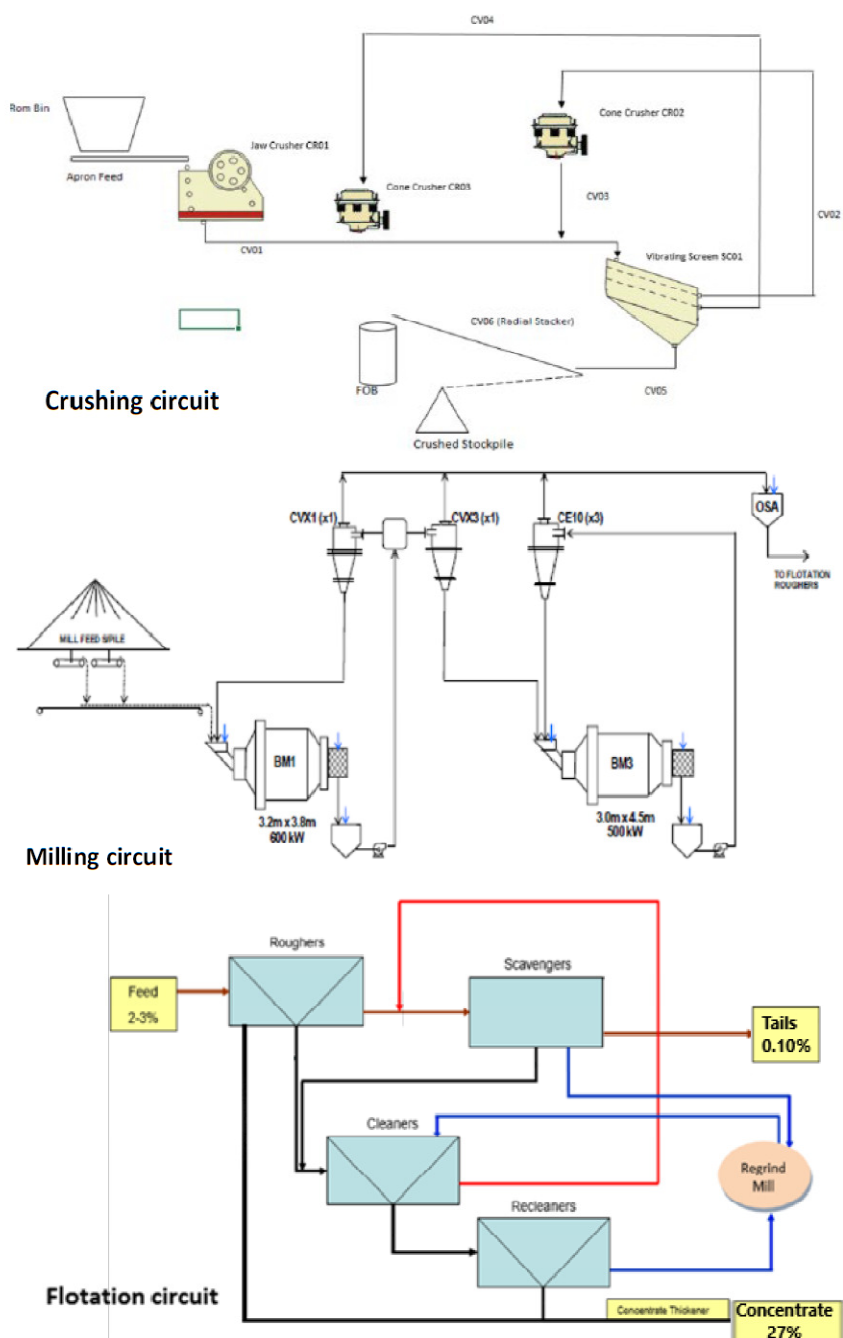
SOURCE: AIC MINES LTD

In addition to standard underground mine ventilation requirements, Eloise requires a refrigeration (or Bulk Air Cooling, BAC) system to maintain safe operating temperatures. This is due to a geothermal gradient that lifts rock temperatures to $>50^{\circ}\text{C}$ from 1,000mbs.

Ground conditions are a focus given the depths Eloise operates at. Ground conditions are good in the Upper Levels of the mine but the Deeps section is seismically active. In addition to comprehensive ground support specifications including dynamic bolts, mesh and fibrecrete, an active seismic monitoring system is installed. Vertical advance is restricted to 25m per year.

Processing: The Eloise processing plant is a conventional crush-grind-float concentrator comprising three-stage crushing, ball milling and flotation circuit. Nameplate capacity of 725ktpa is not stressed by the mine-constrained throughput and combined with consistent, chalcopryite-dominant mineralisation, a coarse grind size ($135\mu\text{m}$) and soft-moderate ore ($12\text{-}13\text{kWh/t}$) it achieves excellent copper recoveries of $+94\%$.

Figure 9 – Eloise Copper Mine - simplified concentrator process route



SOURCE: AIG MINES LTD.

The Eloise copper-gold-silver concentrate is relatively high grade averaging ~27% Cu plus 4.3g/t Au and 85g/t Ag and clean (no penalty elements) that is attractive to offtakers for downstream blending. It is currently trucked to Glencore's Mt Isa operations for smelting and refining. Previously it has been shipped offshore into the global copper concentrate market (predominantly Japan). The flagged closure of the Mt Isa Smelter is unlikely to cause significant disruption to Eloise, with concentrate easily shipped to Asia.

The Tailings Storage Facility (TSF) at Eloise was expanded with the construction and commissioning of a new cell, TD5, in May 2023, providing an initial 5 years of storage capacity, with potential to increase to 10 years with additional wall lifts at the current 725ktpa process plant throughput rate.

Metallurgical recoveries: Metallurgical recovery is a function of feed grade, and historically reports at $\geq 94\%$ Cu, 50% Au and 83.5% Ag.

Steady state production: FY24 production of 12.5kt Cu and 5.0koz Au in concentrate beat company guidance targets (actual 13.4kt Cu, 6.7koz Au and 137.7koz Ag), achieving record production from Eloise under A1M ownership. At current prices this represented a revenue split of 89% copper, 9% gold plus minor silver. We forecast similar levels of production to be maintained until production from the Jericho deposit begins to ramp up in June 2026.

CAPEX: A staged expansion of the Eloise Processing Plant from 725ktpa to 1.1Mtpa is under evaluation and development of Jericho deposit via a 3km underground link drive from Eloise has commenced. The expansion of the process plant and the development of the Jericho deposit is planned to lift production to 20ktpa Cu.

CAPEX for the Jericho link drive development is estimated at ~\$50m and expected to be completed over 24 months, for first ore in June 2026 and subsequent ramp up of ore production to 600ktpa.

CAPEX for the Eloise processing plant expansion is estimated at \$60m over 36 months. This should lift plant throughput to 1.1Mtpa to accommodate the additional production from Jericho.

Sustaining CAPEX: We calculate sustaining capital of ~\$40m on a trailing twelve month basis and assume similar rates of expenditure to be maintained over the forecast period.

OPEX: On a trailing twelve month basis, A1M has reported C1 cash costs averaging ~A\$3.30/lb Cu produced. We calculate unit C1 cash costs on this basis of ~A\$170/t milled.

Power supply: Power supply is generated on site by a total of 10 diesel-fired gensets with total generating capacity of 12MW.

Royalties: the statutory Queensland royalty of 2.5%-5.0% applies to copper and gold on a price-scale basis. A 20% reduction in royalties is allowable to A1M due to its concentrate being sold domestically in QLD. There are no third-party royalties over the project.

Hedging: Production from Eloise is currently unhedged. Hedging may be included in any debt facilities considered by A1M to fund the expansion of the process plant.

Mineral Resources and Ore Reserves

A1M's most recent Mineral Resource and Ore Reserves statements are reported as at 31 December 2023. These updates continued to demonstrate Resource and Reserve growth through exploration success at both the Eloise mine and Jericho project. The updates incorporated the discovery of the Swagman high grade shoot at Jericho (midway between it and the Eloise underground mine) and substantial extensions to Lens 6 at Eloise.

Exploration investment delivers Resource and Reserve growth

Compared with the prior Resource and Reserve statements:

- The Eloise Mineral Resource increased by 13% yoy, net of mining depletion;
- The Eloise Ore Reserve increased by 10% yoy, net of mining depletion;
- The Jericho Mineral Resource increased by 59% yoy; and
- The Jericho Ore Reserve increased by 86%, compared with the June 2023 estimate.

Eloise Copper Mine

The current Eloise Mineral Resource and Ore Reserve estimates are summarised in the tables below:

Table 2 - Eloise Copper Mine - Mineral Resources as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Measured	0.006	2.4%	0.7	9.1	0.2	0.2	1.9
Indicated	3.776	2.6%	0.7	10.0	97.1	82.8	1,215.5
Inferred	2.421	2.4%	0.7	9.7	57.5	52.3	754.3
Total	6.203	2.5%	0.7	9.9	155	135	1,972

SOURCE: AIC MINES LTD

Table 3 - Eloise Copper Mine – Ore Reserves as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Proven	0.006	2.40%	0.70	9.1	0.2	0.2	1.9
Probable	2.439	2.40%	0.60	8.8	58.0	46.9	690.7
Total	2.445	2.4%	0.6	8.8	58	47	693

SOURCE: AIC MINES LTD

Jericho Copper Project

The current Jericho Mineral Resource and Ore Reserve estimates are summarised in the tables below:

Table 4 - Jericho Copper Project - Mineral Resources as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Measured	-	-	-	-	-	-	-
Indicated	5.581	2.1%	0.4	2.2	117.3	71.8	401.4
Inferred	8.486	2.0%	0.4	2.1	168.3	105.1	579.5
Total	14.067	2.0%	0.4	2.2	286	177	981

SOURCE: AIC MINES LTD

Table 5 - Jericho Copper Project – Ore Reserves as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Proven	-	-	-	-	-	-	-
Probable	3.162	1.9%	0.4	2.1	61.1	37.0	211.8
Total	3.162	1.9%	0.4	2.1	61	37	212

SOURCE: AIC MINES LTD

Implied life of mine (lom): 8-9 years on Reserves alone

Combined Ore Reserves at Eloise and Jericho now stand at 5.6Mt @ 2.1% Cu and 0.5g/t Au, for 119.2kt Cu and 84.1koz Au contained. At current plant throughput rates of ~650ktpa, this implies a mine life of 8-9 years based upon Reserves alone.

Combined Mineral Resources at Eloise and Jericho now stand at 20.3Mt @ 2.2% Cu and 0.5g/t Au, for 440kt Cu and 312koz Au contained. At current plant throughput rates of ~650ktpa, this implies a mine life of +30 years, assuming 100% conversion from Resources to Reserves.

Modest Resource conversion supports 1.1Mtpa plant expansion and ~12 year lom

Excluding current Ore Reserves leaves a Resource base of ~14.7Mt @ 2.2% Cu and 0.5g/t Au. Assuming Resource conversion of a further 50% adds a further 7.3Mt for Reserves of ~13Mt and a 20 year lom at current plant throughput rates.

At the proposed, expanded plant throughput rate of 1.1Mtpa this would support a ~12 year lom, without further new discoveries and demonstrating the importance of Jericho as a pathway to expanding annual production at Eloise to +20ktpa copper and 10kozpa of gold in concentrate.

We view this objective as achievable given the recent new discoveries, economic grades of the unconverted Resource and A1M's capacity to lift exploration spending.

Satellite deposits – hub and spoke model

A1M has also defined two additional Resources through its regional exploration efforts across its ~2,000km² tenement package surrounding the Eloise Copper Mine. The Sandy Creek and Artemis deposits are located ~20km west of the Eloise copper mine and sit ~200m apart from each other.

Sandy Creek is the larger deposit, commences effectively from surface but is lower grade. Artemis is higher grade, but smaller and under ~100m of cover.

Table 6 – Sandy Creek Copper Project - Mineral Resources as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Inferred	2.050	1.1	0.3	4.5	23.5	20.7	298
Total	2.050	1.1	0.3	4.5	23.5	20.7	298

SOURCE: AIC MINES LTD

Table 7 – Artemis Copper Project - Mineral Resources as at 31 December 2023

	Tonnes (Mt)	Copper (% Cu)	Gold (g/t Au)	Silver (g/t Ag)	Cu contained (kt)	Au contained (koz)	Ag contained (koz)
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Inferred	0.580	1.4	1.1	45.5	8.1	21.1	849
Total	0.580	1.4	1.1	45.5	8.1	21.1	849

SOURCE: AIC MINES LTD

The combined Resource base across the Eloise Project is 22.9Mt @ 2.1% Cu and 0.5g/t Au for 472kt copper and 354koz gold contained.

Capital structure and financials

Financials

A1M is a copper production, development and exploration company. It has a single producing operation, the Eloise underground copper mine which in FY24 produced 13,412t of copper in concentrate for revenue of ~\$180m and mine operating cash flow of ~\$73m. This has funded:

- sustaining and growth capital costs at Eloise together with the commencement of capital development of the nearby Jericho copper deposit (~\$60m);
- exploration activities at Eloise and regional targets (~\$5m); and
- corporate and administration costs (~\$6m).

Overall, the investment in exploration and growth resulted in negative free cash flow for FY24 and A1M raised equity to fund its planned production expansion (see Financing Activities, below).

Balance sheet

A1M has a strong balance sheet and is sufficiently funded to meet its near-term development objectives.

A1M last reported a cash position of \$74.3m as at 30 June 2024, inclusive of \$53.6m in net proceeds from the equity raise completed during that quarter, plus ~\$2.7m of copper in concentrate and no drawn bank debt. It carries an equipment finance facility of \$6.8m. A1M has environmental performance bonds of \$21.9m, for Eloise and Jericho, provided as surety to Queensland Treasury, of which \$16.3m is guaranteed by a secured finance facility and \$5.7m is cash-backed.

Other than its mining and exploration assets (dominated by the Eloise mine and Jericho project), A1M holds recognised tax losses of \$23.0m on a tax effected basis and a deferred tax liability of \$0.4m at end FY24.

Working capital balances at end FY24 comprised trade payables of \$16.3m and receivables of \$15.3m (including \$13.3m in concentrate sales receivables, listed as financial assets). In our view, these amounts are consistent with the nature of A1M's business.

Income Statement

Following the completion of the acquisition of the Eloise Copper Mine in November 2021, A1M changed its reporting cycle from a 31 December calendar year end to a 30 June Financial Year end, effected with a 6-month reporting period to 30 June 2022.

For the six months ended 30 June 2022, A1M reported a net profit of \$21.2m followed by a net loss of \$5.8m for the twelve months to 30 June 2023. This was driven primarily by a fall in the copper price and a substantial increase in depreciation and amortisation charges in FY23, resulting from a review of the remaining life-of-mine plan for Eloise.

A1M returned to profit in FY24, reporting net profit of \$7.7m. The underlying performance and value drivers of the operations were better reflected at the EBITDA line, which we calculated to have increased from \$23m in FY23 to \$58m in FY24 on higher production, lower costs and higher copper and gold prices.

A1M has not paid or declared any dividends and we do not forecast any dividend distributions over our current forecast period to end FY27.

Financing activities

Since raising \$40m for the Acquisition of the Eloise Copper Mine and concentrator in August 2021, A1M has undertaken two further institutional equity placements, raising total gross proceeds of \$87.2m. The bulk of these proceeds have been directed towards the development and expansion of Eloise, including the acquisition and now development of the nearby Jericho copper deposit.

Table 8 – Recent equity financing activity

Date	Amount raised (A\$m)	Shares issued (m)	Issue price (A\$/sh)	Use of funds / catalyst
Aug-21	\$40.0m	160.0m	\$0.25/sh	Acquisition of Eloise copper mine
Feb-23	\$30.0m	66.7m	\$0.45/sh	Mining and expansion studies, Resource definition drilling, infrastructure upgrades
May-24	\$57.2m	110.0m	\$0.52/sh	Funding development of the Jericho Copper Mine – decline and vent rise development.

SOURCE: BELL POTTER SECURITIES

Near-term capital requirements:

At end June 2024, A1M reported its cash position to be ~\$74.3m, inclusive of \$53.6m in net proceeds from the equity raise completed during that quarter, plus ~\$2.7m of copper in concentrate.

A1M's most recent quarterly cash flow report (June 2024) indicated positive mine operating cash flow had been generated from Eloise of \$23.8m for the quarter and \$73.2m for FY24. This has funded the bulk (but not all) of its corporate, capital development and exploration costs.

The company's growth strategy is focused on increasing production from Eloise via the development of the nearby Jericho copper deposit and this comprises the vast majority of A1M's near-term capital requirements. The funding for this has been sourced from the latest capital raise, with the source and use of proceeds outlined below:

Table 9 – Recent equity financing activity

Source of funds	A\$m	Proposed use of funds	A\$m
Placement Proceeds	57.2	Jericho Link Drive Development	35.0
Cash (31 March 2024)	25.7	Link Drive Ventilation Shafts and Fans	15.0
		Working Capital and Offer Costs	32.9
Total sources	82.9	Total Uses	82.9

SOURCE: BELL POTTER SECURITIES

The second leg of A1M's production growth strategy is the expansion of the processing plant, from 725ktpa nameplate to 1.1Mtpa. We assume drawdown of \$50m debt in FY26 to fund this expansion.

Share register

A1M's largest shareholder is FMR Investments, a private investment company representing the interests of Mr Peter Bartlett (founder of mining contracting business, Barmenco) and the Estate of Mr Ron Sayers, who was the founder of drilling contractor, Ausdrill). Following the capital raising of May 2024, we estimate Directors and senior management hold ~7.5% of A1M's issued capital.

Table 10 – A1M substantial shareholders

Major shareholders	%	Shares (m)
FMR Investments	12.9%	82.6m
Directors	7.5%	47.8m

SOURCE: IRESS, COMPANY REPORTS

Equity outstanding

A1M currently has 576m fully paid ordinary shares on issue and 30.6m unlisted options and performance rights. Combined, the options and Performance Rights represent 5.3% of A1M's issued capital.

Table 11 - A1M capital structure summary

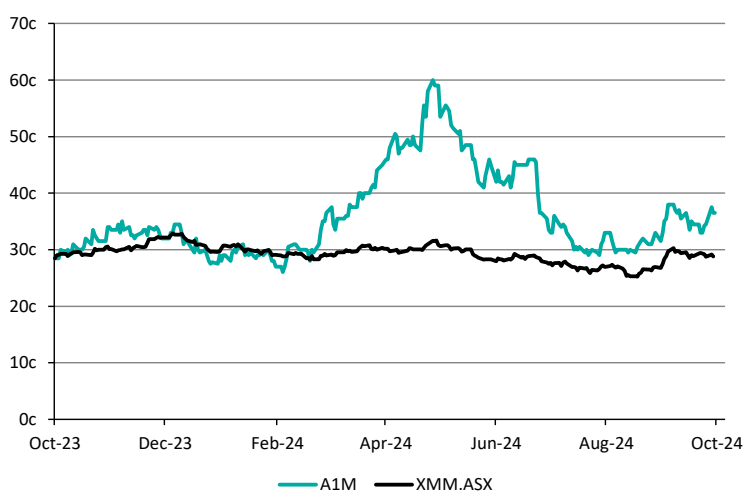
Shares on issue	m	575.7
Escrow shares / other	m	1.6
Total shares on issue	m	577.3
Share price	\$/sh	0.350
Market capitalisation	\$m	202.0
Net cash	\$m	83.0
Enterprise value (undiluted)	\$m	119.0
Options outstanding	m	30.6
Options (in the money)	m	28.5
Issued shares (diluted for options)		605.8
Market capitalisation (diluted)	\$m	212.0
Net cash + options	\$m	83.0
Enterprise value (diluted)	\$m	129.0

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Share price performance vs ASX Metals and Mining Index

Relative performance chart below:

Figure 10 – A1M relative share price performance vs XMM



SOURCE: IRESS AND BELL POTTER SECURITIES

A1M's relative performance has outperformed the ASX Metals and Mining Index (XMM) over the last 12 months, driven by strong recent operational performance, value accretive acquisition and increased investor interest in the copper sector.

Board and Management

Board of directors

Josef El-Raghy - Chairman

Mr El-Raghy has extensive experience in developing and managing gold companies. Mr El-Raghy is the Executive Chairman of Wia Gold Limited (since April 2024). He previously was Chairman of Centamin plc, a gold mining company listed on the Main Board of the London Stock Exchange and also the Toronto Stock Exchange. Mr El-Raghy joined Centamin as Managing Director in August 2002 and oversaw the company's transition from junior explorer to successful gold miner. During Mr El-Raghy's tenure the company successfully financed and developed the world-class Sukari Gold Mine, the first large scale modern gold mine in Egypt. The mine began production in 2009 and is now a successful open pit and underground operation with a production rate of approximately 500kozpa. Mr El-Raghy was appointed as Non-Executive Chairman on 18 April 2019.

Aaron Colleran - Managing Director and CEO

Mr. Colleran has extensive experience in public markets mergers and acquisitions and strategic planning. Prior to joining AIC Mines, Mr. Colleran was a founding member of the leadership team of Australian gold producer Evolution Mining Limited, having managed its business development and investor relations program from inception through to 2018. He was instrumental in the multiple merger and acquisition transactions that created Evolution Mining, now one of Australia's largest gold mining companies. Originally an exploration geologist, he worked as a mining analyst with stockbroker Eyres Reed Limited before moving into investment banking with CIBC World Markets and Standard Bank Plc. Mr Colleran was appointed as Managing Director and CEO on 18 April 2019.

Linda Hale - Non-Executive Director

Ms. Hale has over 30 years' experience in the mining, stockbroking and financial service sectors. Prior to joining the Board, Ms. Hale was Company Secretary at AIC Mines from 20 February 2020 until 31 January 2023. Previous roles have included Executive Director of Finance and Administration and Company Secretary for CIBC Eyres Reed. She has also consulted on organisational change with RBC Dexia and held project management roles with several stockbrokers. Ms. Hale holds a Bachelor of Business, is a member of CPA Australia and a graduate of the Australian Institute of Company Directors. Ms Hale was appointed as Non-Executive Director on 1 February 2023.

Brett Montgomery - Non-Executive Director

Mr. Montgomery has extensive experience in public company management in both executive and non-executive roles. He is Chair of A1M's Remuneration and Nomination Committee. Mr. Montgomery is currently a Non-Executive Director of Tanami Gold NL (since February 2013) and is Non-Executive Chairman of Golden Rim Resources Ltd (since February 2023). He was previously Managing Director of Kalimantan Gold NL and a Director of Bard 1 Life Sciences Ltd (from November 2014 to June 2019), Grants Patch Mining Ltd, EZA Corporation Ltd and Magnum Gas and Power Ltd. Mr Montgomery was appointed as Non-Executive Director on 18 April 2019.

Jon Young - Non-Executive Director

Mr Young is Chairman of FMR Investments Ltd (AIC Mines' largest shareholder) and is a Director of Wealth Management at Canaccord Genuity Financial Limited. is Chair of A1M's Risk and Sustainability Committee. Mr Young has over 30 years' experience in financial services. Mr Young holds a Bachelor of Commerce Degree from the University of Western Australia and is a member of the Chartered Accountants Australia and New Zealand. Mr

Young was previously a non-executive director of ASX-listed Greenstone Resources Limited and Breakaway Resources Limited. Mr Young was appointed as Non-Executive Director on 2 November 2021.

Management

Michael Frame - Chief Financial Officer - Appointed 1 December 2021

Mr. Frame has over 15 years' experience in commercial and financial functions with gold and copper mining companies. He has gained significant experience from site-based roles in Australia and the Asia Pacific. Before joining A1M, he was the Group Finance Manager at Evolution Mining where he oversaw the statutory accounting, management reporting, shared services, and group-wide payroll functions. Mr. Frame holds a Bachelor of Commerce, a Bachelor of Economics, and a Graduate Diploma in Materials Science. He is a member of CPA Australia and a member of the AusIMM.

Tim Benfield – Chief Operating Officer – Appointed 29 January 2024

Mr Benfield has over 30 years of experience in the mining sector and has held a range of senior roles within copper and gold mining companies. Most recently he was Chief Operating Officer with Fetch Metals, leading the development studies for the White Range Copper Project, located south of Cloncurry. Prior to this he was General Manager Project Development with Aeon Metals at the Walford Creek Copper Project, located north of Cloncurry. Tim was Chief Operating Officer with ASX-listed Kingsgate Consolidated from 2012 to 2016 where he oversaw gold mining operations in Australia and Thailand.

Mr Benfield holds a diploma in Mining Engineering from the Camborne School of Mines and an MBA from Murdoch University. He is a Fellow of the Australasian Institute of Mining and Metallurgy.

Source: Company website (<https://www.aicmines.com.au/board-of-directors/>) and FY23 Annual Report.

Resource sector risks

Risks to A1M include, but are not limited to:

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating.
- **Geopolitical risks:** Mining companies' assets are subject to geopolitical risks, arising from events in, and outside, the jurisdictions they operate in.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions.

Table 12 - Financial summary

PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending 30 June	Unit	2023a	2024a	2025e	2026e	2027e	Year ending 30 June	Unit	2023a	2024a	2025e	2026e	2027e
Revenue	\$m	125.6	180.5	174.0	194.5	311.6	VALUATION						
Expense	\$m	(102.7)	(128.7)	(129.3)	(142.7)	(187.7)	NPAT	\$m	(5.8)	7.7	4.0	6.4	43.4
EBITDA	\$m	22.9	51.8	44.7	51.8	123.9	Reported EPS	c/sh	(1.5)	1.6	0.8	1.3	8.5
Depreciation	\$m	(29.6)	(39.9)	(37.6)	(40.5)	(59.4)	Adjusted EPS	c/sh	(1.5)	1.6	0.8	1.3	8.5
EBIT	\$m	(6.6)	11.9	7.1	11.3	64.4	EPS growth	%	(1.2)	nm	-51%	58%	581%
Net finance costs	\$m	(0.5)	(0.7)	(1.4)	(2.2)	(2.5)	PER	x	nm	20.8x	42.9x	27.1x	4.0x
Unrealised gains (Impairments)	\$m	-	-	-	-	-	DPS	c/sh	-	-	-	-	-
Other	\$m	-	-	-	-	-	Franking	%	0%	0%	0%	0%	0%
PBT	\$m	(7.2)	11.2	5.8	9.1	62.0	Yield	%	0%	0%	0%	0%	0%
Tax expense (benefit)	\$m	(1.3)	3.5	1.7	2.7	18.6	FCF/share	c/sh	(7.3)	(3.1)	(11.2)	(11.3)	12.4
NPAT (reported)	\$m	(5.8)	7.7	4.0	6.4	43.4	P/FCFPS	x	nm	nm	nm	nm	2.7x
NPAT (underlying)	\$m	(5.8)	7.7	4.0	6.4	43.4	EV/EBITDA	x	5.6x	2.5x	2.9x	2.5x	1.0x
CASH FLOW							EBITDA margin	%	18%	29%	26%	27%	40%
Year ending 30 June	Unit	2023a	2024a	2025e	2026e	2027e	EBIT margin	%	nm	7%	4%	6%	21%
OPERATING CASHFLOW							Return on assets	%	nm	3%	1%	2%	12%
Receipts	\$m	135.5	174.1	168.9	193.4	307.3	Return on equity	%	nm	4%	2%	3%	17%
Payments	\$m	(111.1)	(122.0)	(122.3)	(140.1)	(180.6)	LIQUIDITY & LEVERAGE						
Tax	\$m	-	-	(0.8)	(2.0)	(11.1)	Net debt (cash)	\$m	(28.5)	(67.5)	(10.7)	46.6	(16.2)
Net interest	\$m	(0.1)	(0.1)	(1.4)	(2.2)	(2.5)	ND / E	%	-18%	-31%	-5%	20%	-6%
Other	\$m	(1.5)	-	-	-	-	ND / (ND + E)	%	-23%	-45%	-5%	17%	-6%
Operating cash flow	\$m	22.9	51.9	44.5	49.1	113.2	EBITDA / Interest	x	42.7x	70.6x	33.0x	23.4x	50.2x
INVESTING CASHFLOW							ORE RESERVES AND MINERAL RESOURCES						
Property, plant and equipment	\$m	(19.8)	(14.9)	(68.7)	(78.0)	(37.6)	Eloise Copper Mine	Mt	% Cu	kt Cu	g/t Au	koz Au	
Mine development	\$m	(38.5)	(41.4)	(26.7)	(25.2)	(9.6)	Mineral Resource	6.2	2.5%	155	0.7	135	
Exploration & evaluation	\$m	(1.3)	(9.3)	(5.9)	(3.2)	(3.2)	Ore Reserve	2.4	2.4%	58	0.6	47	
Other	\$m	8.7	(0.8)	-	-	-	Jericho Deposit	Mt	% Cu	kt Cu	g/t Au	koz Au	
Investing cash flow	\$m	(50.9)	(66.4)	(101.3)	(106.4)	(50.4)	Mineral Resource	14.1	2.0%	286	0.4	177	
Free Cash Flow	\$m	(28.1)	(14.4)	(56.8)	(57.3)	62.8	Ore Reserve	3.2	1.9%	61	0.4	37	
FINANCING CASHFLOW							ASSUMPTIONS - Prices						
Share issues/(buy-backs)	\$m	28.6	53.7	-	-	-	Year ending 30 June (avg)	Unit	2023a	2024a	2025e	2026e	2027e
Debt proceeds	\$m	-	4.4	-	50.0	-	Copper	US\$/lb	\$3.76	\$3.91	\$4.24	\$4.50	\$4.70
Debt repayments	\$m	-	-	-	-	(20.0)	Gold	US\$/oz	\$1,842	\$2,085	\$2,626	\$2,600	\$2,511
Dividends	\$m	-	-	-	-	-	Silver	US\$/oz	\$24.16	\$24.70	\$30.96	\$30.59	\$29.54
Other	\$m	2.3	(0.3)	-	-	-	Currency						
Financing cash flow	\$m	30.9	57.9	-	50.0	(20.0)	AUD:USD	A\$/US\$	0.67	0.66	0.68	0.70	0.70
Change in cash	\$m	2.8	43.5	(56.8)	(7.3)	42.8	ASSUMPTIONS - Production & costs						
BALANCE SHEET							Year ending 30 June	Unit	2023a	2024a	2025e	2026e	2027e
Year ending 30 June	Unit	2023a	2024a	2025e	2026e	2027e	Eloise						
ASSETS							Copper produced	kt	10,559	13,412	12,755	13,497	20,460
Cash & short term investments	\$m	30.9	74.3	17.5	10.2	53.1	Gold produced	koz	5,850	6,668	5,378	5,859	10,504
Accounts receivable	\$m	1.0	2.0	7.1	8.2	12.5	All-in-Sustaining-Costs	A\$/lb Cu	\$5.57	\$5.23	\$5.12	\$5.19	\$4.10
Property, plant & equipment	\$m	40.8	44.0	54.9	63.1	47.8	VALUATION						
Mine development expenditure	\$m	57.3	68.6	122.9	185.5	200.5	Ordinary shares (m)						575.7
Exploration & evaluation	\$m	40.0	49.2	47.6	42.7	34.0	Options in the money (m)						30.5
Other	\$m	24.7	28.6	28.6	28.6	28.6	Total shares diluted (m)						606.2
Total assets	\$m	194.7	266.8	278.7	338.4	376.5	Now						
LIABILITIES							\$m	\$/sh	\$m	\$/sh	\$m	\$/sh	\$m
Accounts payable	\$m	14.8	16.3	23.3	25.9	33.0	Eloise (unrisked NPV10)	213.2	0.37	283.8	0.49	360.2	0.63
Income tax payable	\$m	-	-	1.0	1.7	9.2	Other exploration	50.0	0.09	50.0	0.09	50.0	0.09
Borrowings	\$m	2.4	6.8	6.8	56.8	36.8	Corporate overheads	(47.4)	(0.08)	(39.3)	(0.07)	(29.7)	(0.05)
Lease liabilities	\$m	0.4	0.2	0.2	0.2	0.2	Subtotal	215.9	0.37	294.6	0.51	380.5	0.66
Other	\$m	23.2	24.5	24.5	24.5	24.5	Net cash (debt)	67.5	0.12	67.5	0.12	(46.6)	(0.08)
Total liabilities	\$m	40.4	47.7	55.6	108.9	103.6	Total (undiluted)	283.4	0.49	362.1	0.63	333.9	0.58
SHAREHOLDER'S EQUITY							Dilutive effect of options	-	(0.02)	-	(0.03)	-	(0.03)
Contributed equity	\$m	151.9	206.6	206.6	206.6	206.6	Add cash from options	-	-	-	-	-	-
Preference equity	\$m	2.6	5.1	5.1	5.1	5.1	Total (diluted)	283.4	0.47	362.1	0.60	333.9	0.55
Reserves	\$m	0.4	0.4	0.4	0.4	0.4	MAJOR SHAREHOLDERS						
Retained earnings	\$m	(0.7)	7.0	11.0	17.4	60.8	Shareholder						
Total equity	\$m	154.3	219.1	223.1	229.5	272.9	FMR Investments						%
Weighted average shares	m	383.6	471.6	507.9	507.9	507.9	Directors						m
CAPITAL STRUCTURE													%
Shares on issue	m					575.7							m
Escrow shares / other	m					0.0							%
Total shares on issue	m					575.7							m
Share price	\$/sh					0.340							%
Market capitalisation	\$m					195.7							m
Net cash (debt)	\$m					67.5							%
Enterprise value (undiluted)	\$m					128.2							m
Options outstanding (m)	m					32.6							%
Options (in the money)	m					30.5							m
Issued shares (diluted for options)	m					606.2							%
Market capitalisation (diluted)	\$m					206.1							m
Net cash (debt) + cash from options	\$m					67.5							%
Enterprise value (diluted)	\$m					138.6							m
SOURCE: BELL POTTER SECURITIES ESTIMATES													%

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Rob Crookston	Strategy	612 8224 2813	rcrookston
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Joseph House	Industrials	613 9325 1624	jhouse
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 9235 1757	hnicolson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
James Williamson	Resources	613 9235 1692	jwilliamson
Associates			
Leo Armati	Associate Analyst	612 8224 2846	larmati
Baxter Kirk	Associate Analyst	613 9235 1625	bkirk
Kion Sapountzis	Associate Analyst	613 9235 1824	ksapountzis
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma

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Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1601, 16/F
Prosperity Tower, 39 Queens
Road Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York
NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929