

Stock Data

Share Price:	0.86p
Market Cap:	£40.9m
Shares in issue:	4,751m*
52-week high/low:	1.30p/0.56p

**Post Admission of Consideration Shares and New Ordinary Share plus warrant exercise*

Company Profile

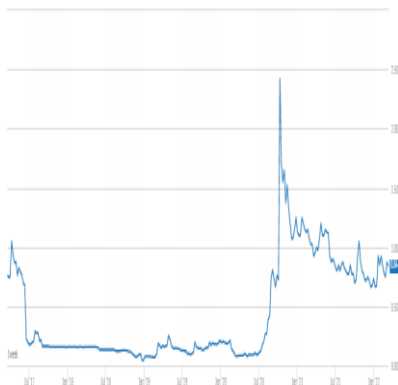
Sector:	Mining
Ticker:	UFO
Exchange:	AIM

Activities

Alien Metals ('Alien', 'UFO', 'the Group') holds a multi-commodity portfolio of mostly wholly owned mining projects in jurisdictions with established mining communities and a stable political background, where strong operational controls can be assured.

www.alienmetals.uk/

5-year share price performance



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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Alien Metals Limited

Further to its announcements of 24 November 2021 and 22 December 2021, Alien has completed the acquisition ('the Acquisition') of a 100% interest in the Munni Munni Platinum Group Metals and Gold Project in the West Pilbara, Western Australia ('Munni Munni', 'the Project'). Covering four granted Mining Leases and one Exploration Lease over a combined 75.9 km², the Project's operatorship and ownership will now pass to the Group from Artemis Resources Limited (ARV: ASX) ('ARV'). Hosting what is generally considered to be one of Australia's largest platinum group elements ('PGE') deposits, which has seen more than AUD\$20m spent on it over the past two decades, Alien's Board considers there is significant potential to rapidly update feasibility and development planning of this exciting palladium-dominant opportunity. This is particularly timely/significant given Russia's historical dominance of global supply of this critical mineral, something that has become a key consideration in western government/industry's forward planning following the recent surge in spot prices that have resulted from broad sanctions being imposed on the country.

Highlights of the Project Acquisition

- Munni Munni contains PGE elements plus significant quantities of other strategic metals including Rhodium, Nickel and Copper.
- The Project offers potential to extend the historic resource and identify new mineralised systems in both untested additional PGE bearing reefs and the larger base metal system associated with the regional geology.
- Consolidation of the highly prospective Munni Munni and Elizabeth Hill project areas for the first time in over 30 years.

Terms of the Acquisition – A cash and shares transaction

Pursuant to final agreements with Artemis Resources ('ARV') and Platina Resources ('PGM') (ASX: PGM), Alien detailed terms of the acquisition that were originally indicated in its two preceding announcements for the 100% interest through issuance and allotment as follows:

- 138,703,396 Ordinary Shares of nil par value ('Shares') to PGM at a deemed issue price 0.7935 pence per share, being equal to the volume-weighted-average price ('VWAP') of the Group's Common Shares in the 15 trading days before 23 November 2021.
- 358,617,818 Shares to ARV at a deemed price of 0.699 pence per share, being equal to the VWAP of the Group's Common Shares in the 15 trading days before 21 December 2021 ('Consideration Shares').
- Payment of a total of AUD\$500,000 to the vendors.

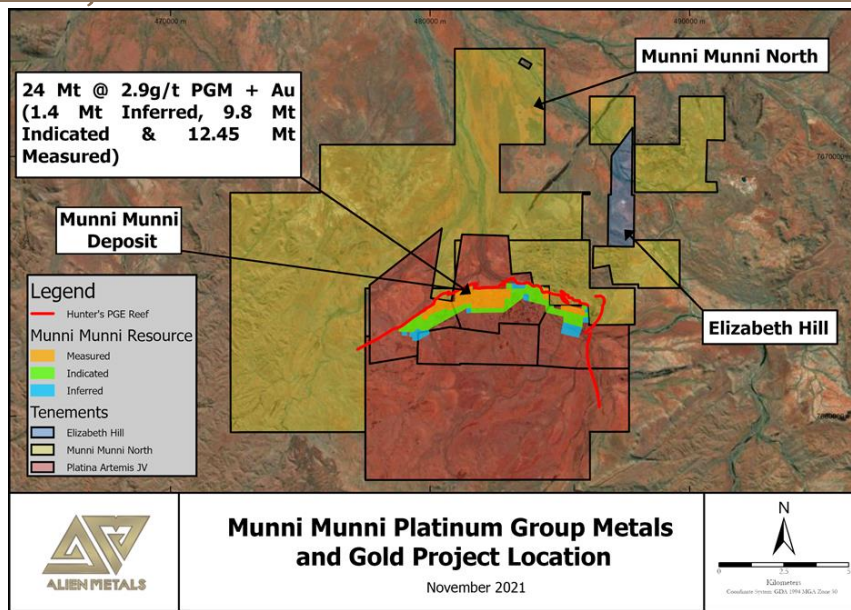
Based on the above deemed issue prices and US\$=0.76GBP=1.35AUD\$, the total transactional value of the cash and shares acquisition for a 100% interest in the Project was just under £3.99 million.

The shares will be subject to escrow over a period of between 3 to 12 months, as follows: c.25% of the Consideration Shares being subject to 3 months lock-in, 25% subject to 6 months lock-in, and the balance (c.50%) subject to 12 months lock-in. Following Admission, the Consideration Shares will represent, in aggregate, approximately 10.47% of the Group's enlarged issued share capital with Platina Resources Ltd holding 2.92% and Artemis Resources Limited 7.55% respectively of its enlarged issue share capital.

Located adjacent to Alien’s highly prospective Elizabeth Hill project

The Munni Munni Platinum Group Metals and Gold Project is located adjacent to the Group’s highly prospective Elizabeth Hill project, which already offers potential for further significant silver, copper, nickel and PGE mineralisation. The Project hosts the largest intrusion in the West Pilbara and is one of the most significant undeveloped primary PGE resources in Australia. Discovered over 25 years ago, the deposit was the subject of a non-JORC 2012 compliant resource which returned 24Mt @ 2.9g/t PGE and 2.2Moz Au (see table below), with around 95% of this resource estimate in the Measured and Indicated categories. Dominated by almost 60% palladium, the historic resource reportedly contains 1.14Moz palladium, 0.83Moz platinum, 152Koz gold and 76Koz rhodium with the potential for more along strike and at depth. Previous project joint venture partners include one of South Africa’s largest platinum palladium producers, Lonmin.

Location of the Project in relation to Alien’s Elizabeth Hill & Munni Munni North Projects



Source: Alien Metals, [RNS of 24 November 2021](#)

The Project’s potential was first recognised by renowned expert Dr. John Ferguson (the former Division Head/Acting Director at the BMR Journal of Australian Geology & Geophysics, now Geoscience Australia, and ex-Platina Non-Executive Director) in the 1980s, and accordingly, the identified mineralised horizon is referred to as the ‘Ferguson Reef’. Exploration activities since the initial discovery have defined a significant PGE and gold resource, all within the four granted mining leases and all likely extensions of the Ferguson Reef are also within the exploration tenement.

Summary of non-compliant JORC 2004 Munni Munni Resource*, **

JORC Category	Million Tonnes	Pt (g/t)	Pd (g/t)	Au (g/t)	Rh (g/t)	Cu (g/t)	Ni (%)	Pt (koz)	Pd (koz)	Au (koz)
Measured	12.4	1.1	1.4	0.2	0.1	0.09	0.07			
Indicated	9.8	1.1	1.6	0.3	0.1	0.22	0.11			
Inferred	1.4	1.1	1.6	0.3	0.1	0.15	0.09			
Total	23.6	1.1	1.5	0.2	0.1	0.15	0.09	835	1,138	152

*Munni Munni undiluted resource estimate at a cut-off grade of 1.9g/t PGM + Au, published by Artemis Resources and Platina Resources (SRK, 2002, subsequently confirmed by Snowden, 2003).

** Resource published under 2004 JORC code and accordingly is not reported under a standard recognised by AIM Rules. The historic resource figures are derived from the announcement[s] on the ASX published by Helix Resources on 3rd April 2003.
Source: Alien, [RNS of 24 November 2021](#)

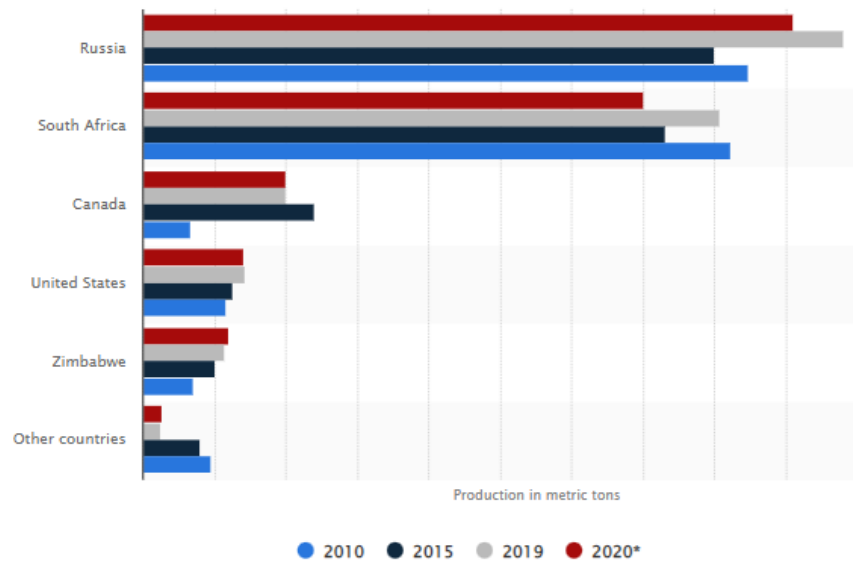
The original JV between PGM and ARV was governed by an agreement entered into by both parties in August 2015. This enabled Artemis to earn a 70% interest in the Project JV by expending AUD\$750,000 over a 3-year period. This condition was satisfied in August 2018.

Since entering into a Binding Heads of Agreement with ASX listed PGM to acquire its 30% joint venture interest, Alien has been establishing a team of experts to assist with driving the Project forward. This has included specialists in PGE geology, processing and metallurgy, product marketing and offtake and investment finance. In conjunction with a Perth-based technical consulting group, the Group plans to commence on-ground exploration at Munni Munni as soon as possible, once all appropriate permitting is in place. This work could include mapping and sampling at surface, follow-up trenching, in-fill, extension and exploration drilling on various targets both known and new, as well as looking at development options.

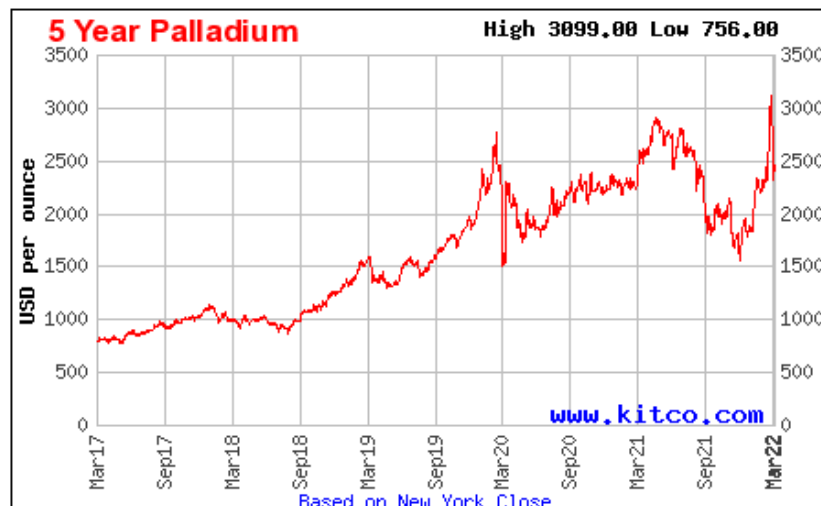
Squeeze in prospective PGE supply has resulted in a surge in spot prices

Russia is the world's top producer of Palladium and the world's second largest producer of Platinum. South Africa holds the number one producer spot for Platinum and the number two spot for Palladium. Both countries will be major beneficiaries of the current Russian aggression in Ukraine that is raising prices on the two key components of catalytic converters, jewellery along with a host of other industrial/technological products. Uncertainty surrounding these unfolding events has already significantly rallied spot prices of most of the commodities produced by Russia, even if Palladium and Platinum rarely command the headlines enjoyed by oil or natural gas, governments/industry nevertheless now urgently seek alternative longer-term sources of supply.

Global mine production of palladium from 2010 to 2020, by country



Historical Daily Palladium Price Chart



Source: [Kitco](#)

Alien remains well-resourced to ensure continued heavy news flow in coming months

Today's news builds yet further confidence into Alien's fast revolving development wheel. With the completion of a £4 million (gross) equity placing on 4 November 2021, even with the possible acceleration of works surrounding Elizabeth Hill and the cash element in today's transaction, the Group still appears to have sufficient financial resources to provide a working runway into Q3 2022. The coming months might accordingly be expected to continue to build upon the recent exceptional run of development progress reported across its portfolio of highly prospective base and precious metals exploration projects. The list includes not only continued fast-track development at the Group's Hancock Iron Ore Project while also progressing the 90% acquisition of the Hamersley Tenements, but also further key assay results from Elizabeth Hill, the commencement on-ground exploration at Munki Munki and a maiden drilling programme at its 100%-owned Los Campos and San Celso silver and Donovan 2 copper-gold projects in Mexico. Management can also be expected to continue to review other potential opportunities for acquisition that might complement the Group's existing portfolio.

In this respect, it is worth recalling that back on 25 February 2021, TPI published an updated assessment of Alien. This individually reviewed each of the Group's continuing projects, from which it derived a sum-of-parts upside valuation of £82.9 million. Hamersley dominated these, contributing some £61.2 million of the total. Subsequently, of course, Alien announced negotiations were underway in order to take its holding in the Brockman and Hancock Ranges projects from 51% to 90% through a cash and shares transaction; now being finalised, this transaction (before even considering the significant progress being made elsewhere in the portfolio), along with subsequent production of Hancock's Maiden JORC resource in September 2021 clearly presents opportunity to boost this figure beyond that indicated in the original assessment.

Since February 2021, the spot US\$ price of iron ore has been highly volatile. Initially surging quite dramatically in the face of global supply-constraints following international governments and private consortiums commissioning major, relatively near-term infrastructural projects in an effort to support economic recovery as they move into a post-Pandemic environment, 62% Fe fines imported into Northern China peaked in May 2021 at c.US\$230/tonne, an all-time high. Setting back sharply from mid-July, following the Chinese government instructing major producers in its steel provinces to limit output to 2020 volumes, while raising export tariffs on certain materials and removing rebates on cold-rolled products in an effort to curb national carbon emissions, the coincident debt crisis faced by over-extended Chinese property companies and national power shortages have resulted in it touching lows of around US\$82.5/tonne last November. Prudently, this was close to the level incorporated in the Scoping Study's DCF assessment, despite which the metal has more recently rebounded to above US\$150/tonne.

Given that China presently buys about 70% of global seaborne volumes, the price sensitivity of the past twelve months should be no great surprise. That said, global iron ore production growth is expected to average only 3.6% between 2021–2025 according to an August 2021 report by Fitch Solutions, while Pandemic-accelerated infrastructural spending (largely dominated by metal-hungry power sector spending) witnessed a 5.5% increase spread across a large number of projects in 2020 according to Refinitiv Financial Solutions, a figure that is expected to have been followed by a similar increment in 2021. With many spot base metals continuing to trade at a premium to later-dated contracts signalling tight supplies, a repeat of August 2021's sharp rebound already appears to be underway in 2022, seemingly anticipating a boost to China's real economy amid rising confidence in its strict isolation and vaccination drive. Moreover, recognising that China's steel industry aims to reach peak carbon emissions by 2025 and achieve a 30% reduction from peak by 2030, its decarbonisation push is seen providing new demand for high-grade direct feed products, possibly spiking premium ore prices around the time that scale production from Hancock gets underway.

With Hancock's operating costs of <US\$60/tonne Free-on-Board ('FOB') resulting in potential annual operating cashflow of over US\$80/tonne at current spot prices along with significant opportunity to substantially enlarge the Project's total resource, management are now focussed on accelerating development, permitting and mine design with a view to moving into production within a short timeframe. Also of significance interest for prospective production partners, is the fact that the project's total Capex has been estimated at less than US\$30m/tonne, with high grade material being found at depths as low as just 1m.

Taking this together with reduced exploration risk being suggested by Hancock's continuing run of positive drill results, the MRE and the initial Scoping Study, the relatively low cost of processing its DSO along with valuation comparison with Alien's possibly most obvious (albeit more advanced) peer, Fenix Resources Limited (ASX: FEX), which is presently valued at over AUD\$120 million (£67.6 million) based on a total of 10.5Mt @ 64.2% Fe (Indicated and Inferred) Mineral Resources, suggests quite significant

potential for an upward reassessment. Demonstrating the shareholder value Hancock has potential to generate, it is worth noting Fenix's quarterly report of 12 October 2021, which indicated a C1 FOB cash cost of AUD\$86.77 (US\$64.4, £46.9) per wet metric tonne ('wmt') resulting from production of 197,848 wmt of lump and 143,422 wmt of fines, from which it produced AUS\$25m (£13.5m) of net operating cashflow. Being surrounded by major iron-ore producing mines while also recognising Hamersley's overall confirmed exploration target of between 50 and 245Mt @ 50% to 65% Fe, TPI is now considering these factors along with scope to reduce the aggressive 80% discount presently applied to the opportunity. Similarly prudent valuations apportioned elsewhere amongst the Group's exciting, albeit earlier stage portfolio, to which applied exploration-stage discounts range from 60% to 90% (in order to account for remaining execution, financing and dilution risks), also need to be revisited. In expectation of continued heavy news flow, Alien's share price is seen anticipating potential for further high-impact releases.

(Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)

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