

Stock Data

Share Price:	0.37p
Market Cap:	£8.75m
Shares in issue:	2,365m

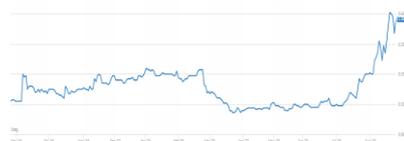
Company Profile

Sector:	Mining
Ticker:	UFO
Exchange:	AIM

Activities

Alien Metals ('Alien', 'UFO', 'the Group') holds a multi-commodity portfolio of mining projects in jurisdictions with established mining communities and stable political backgrounds, where strong operational controls can be assured. The Company is an experienced explorer, mine developer and operator. Alien's existing portfolio of exploration stage assets include volcanogenic massive sulphide (VMS) style mineralisation (copper, zinc and lead) and silver projects in Mexico. Alien is also progressing the purchase of iron ore assets in Australia.

1-year share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

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Alien Metals Limited

Alien yesterday detailed the outcome of an extensive data review of the Hamersley Iron Ore Projects, including the generation of Maiden Exploration Targets and proposed next step exploration plans. Field work undertaken last year replicated the high-grade Direct Shipping Ore ('DSO') results previously recorded at the 51%-owned [Brockman and Hancock Ranges projects](#), leaving Alien's next objectives to carry out further exploration work, including a maiden drilling programme with a view to converting the Exploration Targets into [JORC-compliant resources](#). With iron ore prices presently hitting multi-year highs as demand soars on the back of governmental stimulus and expectation of significant post-Pandemic infrastructure investment, combined with related supply concerns that continue to plague Brazil's highly productive mining regions, this work could add further value to the Group's exploration portfolio.

Brockman and Hancock Ranges high-grade iron ore projects

Now in its field exploration planning phase, Alien has an exploration target of up to 245Mt for its two highly prospective iron ore projects located in the world class Pilbara region which has sampled DSO requiring little or no processing at 60-65% Fe. Following further studies of the five identified priority prospects, next stage exploration has now been proposed for all of them. For the Brockman Project, this focuses on three targets on the historic high-grade BHP prospects (numbers 15, 19 and 20), for which the Group's planned follow-up includes detailed grid-based surface mapping and sampling to support a maiden drilling programme. The two key targets in the Hancock Ranges Project are the Sirius Extension prospect that has previously been drilled by [Volta Mining](#), and the Kalgan Prospect in the north-north west that Alien believes has excellent potential. Finalisation of the exploration programmes is now underway, with plans to get a team on site as soon as possible to commence field work itself in Q3 2020. Supported also by drilling results/data gleaned from neighbouring projects, target areas are expected to be identified, for example, in the BHP20 cross section detailed overleaf, with drilling likely to follow during the 2020/2021 financial year.

Peer valuations suggest to substantial upside potential

Subject to funding and continued easing of the Pandemic lockdown, maiden drilling could possibly get underway by mid-2021 with a view to converting the exploration targets to a JORC-compliant resource before end-2022. The high opportunity for value creation here is possibly best demonstrated by other, similar quoted high-grade projects in Western Australia. [Fenix Resources Limited \(ASX:FEX\)](#), the 100%-owner of the Iron Ridge (64.2%) deposit, for example, on [4 November 2019](#) detailed a Feasibility Study that included a maiden Ore Reserve of 7.76Mt at 63.9% Fe producing an estimated pre-tax Internal Rate of Return of 58.9%. Fenix Resources presently has an [enterprise value](#) ('EV') of A\$51.6m.

Upside potential for TPI's existing base-case valuation

TPI has yet to update its base case, risk adjusted valuation for Alien by factoring in today's news and the start of maiden drilling at Donovan 2. Its existing assessment, however, considers the Group's lack of compliant resource estimates and so employs a relative valuation approach. Non-compliant mineral resource estimates for Alien's Donovan 2 and San Celso VMS projects are based on nearest neighbours, having applied an EV/resource multiple derived from a selected peer group. Following this, a 60% risk factor is applied to account for

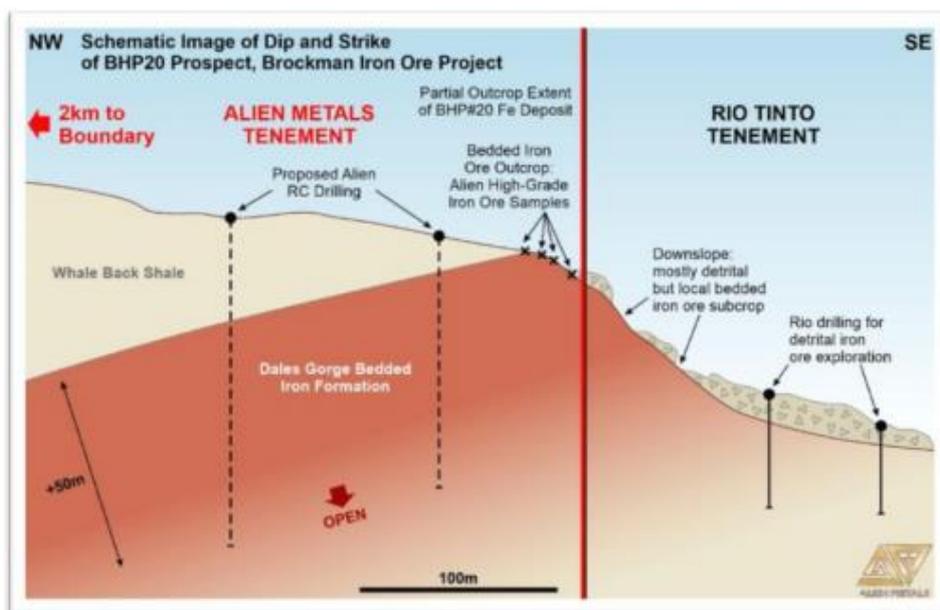
substantial remaining execution, financing and dilution risks. TPI is encouraged nevertheless by positive news across Alien's exploration portfolio, including by the latest survey results from Donovan 2 and its identification of two highly prospective drill targets while anticipating positive sample results as discussions continue with interested JV parties along with today's news covering the Hamersley Iron Ore Projects. The finalisation of the drill programmes in anticipation of both declaring compliant resources would likely result in an upgrade of TPI's current base-case risk-adjusted valuation of £10.3m.

Please note this valuation is relative and such valuation may never be realised, therefore please do not base investment decisions on this information alone.

Maiden Exploration Targets identified at Hamersley Iron Ore Projects

Alien's two projects are within the Hamersley Province of Western Australia, which is recognised as one of the premier iron ore producing regions of the world with current producers including majors such as [Rio Tinto](#), [Fortescue Metals Group](#) and the [China Metallurgical Import and Export Company](#) ('CMIEC'). The Brockman Project (E47/3953) is located in the West Hamersley Province, 100km northwest of the Rio Tinto iron ore mining town of Tom Price, and 90km west of the Tom Price to Dampier mine railway. The Hancock Ranges Project (E47/3954) is located in the East Hamersley Province, 15km north of the BHP iron ore mining town of Newman, and 20km west of the Newman to Port Hedland mine railway.

Schematic Cross section of BHP20 deposit E47/3953, KBG, Feb 2020



Source: [Alien RNS \(25.08.2020\)](#)

Following the comprehensive historical data review and incorporating the prior sampling and drilling of Volta Mining with the sampling undertaken by Alien Metals in 2019, maiden Exploration Targets have been generated for both projects.

Exploration Target estimates for the Brockman Iron and Hancock Ranges projects¹

Project	Prospect	Grade Range	Low case Tonnes (Mt)	High case Tonnes (Mt)
Brockman Iron	BHP20	50-63% Fe	7	33
Brockman Iron	BHP15	50-65% Fe	60	200
Hancock Ranges	Sirius Extension	56-63% Fe	5	15
TOTAL			74	245

Source: [Alien RNS \(25.08.2020\)](#)

¹Note: exploration data utilised in the model for the Exploration Targets included geological mapping, drill hole data, surface and rock-chip sampling, iron ore assay data from drilling and rock-chip sampling, and adjacent drilling and mapping of the mineralised iron ore formations.

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