

Stock Data

Share Price:	0.66p
Market Cap:	£17.4m
Shares in issue:	2,634m

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 a stable political background, 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 and silver 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 has announced its conditional raising of £1.25m (gross) in a Placing and Subscription ('the Placing') of c.227.3m new ordinary shares at a price ('the Placing Price') of 0.55p per share. Subject to lockdown restrictions, the proceeds will be utilised to pursue maiden drilling programmes on the Group's Mexican [San Celso and Los Campos Silver projects](#) while also fast-tracking its operations in Australia, including the [Hamersley Iron Ore projects](#) and the high-grade [Elizabeth Hill Silver Project acquisition](#) which is due to complete shortly. With prices of both metals recently hitting multi-year highs as demand soars on the back of both aggressive monetary policy and governmental stimulus boosting expectation of significant post-Pandemic infrastructure investment, Alien's share price could now also start to anticipate potential for high-impact results across the Group's exploration portfolio.

Placing Details

The Placing and Subscription, arranged by Turner Pope Investments, was undertaken with a combination of certain new and existing investors. The Placing Price represented a discount of approximately 36 per cent to the closing mid-market price of 0.86p on 3 September 2020, and a discount of approximately 1.24 per cent to the 10-day VWAP of 0.5569p up to 3 September 2020, being the latest practicable date before the Placing announcement.

Mexico: San Celso and Los Campos silver projects

Placing proceeds will be directed to maiden drill programs at both [the San Celso and Los Campos silver projects](#), with a view to compiling their initial resource data. An initial scoping study at San Celso is also expected to follow first pass drilling results, while further metallurgical testing will be undertaken in an effort to add strategic ground contiguous to the project. The [Donovan 2](#) gold and copper project meanwhile will see additional funds allocated for follow-up and infill drilling once its maiden programme has been completed. Here some additional metallurgy and geotechnical studies hold potential to further enhance the Group's understanding of the project potential.

Australia: Iron ore and silver projects

On [20 September 2019](#), Alien announced its acquisition of a 51% interest in two exploration licences prospective for Direct Shipping Ore ("DSO") iron ore in the world class Pilbara region of Western Australia. On [25 August 2020](#), the Group detailed plans to follow-up on five priority prospects identified for next stage exploration. For the [Brockman Project](#), three targets focus on the historic high-grade BHP prospects numbers 15, 19 and 20, across which detailed grid-based surface mapping and sampling is planned to support a maiden drilling programme. 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 the Company believes has excellent potential. Part of the new funding is also to be used for initial scout drilling on the highest priority targets following field mapping and sampling work.

Completion of the acquisition of the Elizabeth Hill Silver project, which is subject to the vendor's shareholder approval, is expected on 25 September 2020.

Following finalisation of the digitisation of historical data, the Placing proceeds will be used to update resource modelling and undertake a comprehensive trenching and sampling programme at the project with possibility of some initial drilling to follow.

TPI's existing base-case valuation has now been surpassed

The price target TPI set for Alien in its [Initiation Research of 6 April 2020](#) has been surpassed and so has been suspended in anticipation of completing an updated, risk adjusted assessment. Along with today's successful fund raising, which is expected to progress the Group's Mexican and Australian exploration projects, specific news that is expected to contribute toward lowering their risk profiles includes the extensive data review of Alien's Hamersley Iron Ore Projects (on which it now has an exploration target of up to 245Mt), as well as the start of maiden drilling at San Celso and Los Campos along with Donovan 2.

TPI's original assessment of Alien considered the Group's lack of compliant resource estimates and so chose to employ a relative valuation approach. Non-compliant mineral resource estimates for Alien's Donovan 2 and San Celso Volcanogenic Massive Sulphide ('VMS') projects were based on nearest neighbours, having applied an EV/resource multiple derived from a selected peer group. While applying the same methodology, TPI will now consider whether recent exploration progress also provides scope to reduce the 60% discount factor that was applied to account for remaining execution, financing and dilution risks. Going forward TPI see potential for delivery of positive sample results while discussions also continue with a range of parties regarding a potential joint venture for Donovan 2's copper-gold opportunity. Such news would provide a strong additional endorsement for the project along with the finalisation of the drill programmes that anticipate both declaring compliant resources.

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