



MORNING COMMENT

ALIEN METALS Ltd (UFO.L)*

22 Oct 2020

- **Price:** 1.78p#
- **MCp:** £56m#
- **Tk:** UFO.L
- **Sector:** Resources
- **Areas:** Mexico, Australia.
- **Recommendation:** BUY

as at 9.30am on 22 Oct 2020

Donovan 2 Earn-In Agreed

Alien Metals (UFO.L) this morning announced it had reached agreement with TSX listed Capstone Mining Corp on an earn-in agreement over the Donovan 2 copper-gold project in Mexico, which will give the Canadian listed miner the ability to earn up to an 80% interest (around US\$10m to PFS) over various staged payments and expenditure commitments.

Comment & Recommendation

It is welcome to see this agreement reach the finishing line with mid-tier Capstone (market cap C\$664m / £383m), after the market first learnt about it at the start of last month, when the exclusivity agreement was announced. This link up will help accelerate the project's exploration and development, with the objective of discovering and proving up a large economic VMS style

deposit, similar to Teck Resources' San Nicolas Project, located just 15 miles away with a resource of 108mt @ 1.16% copper, 1.6% zinc, 0.43 g/t gold and 24.5 g/t silver.

Along with maiden drilling exploration news-flow on Alien's three key Mexican projects, investors in the coming months, as outlined in the Update RNS last week (16th October) can look forward to being updated on the two newer assets at Elizabeth Hill (silver) and at Hammersley (iron-ore) in the exciting discovery rich Pilbara region of Western Australia.

Today's announcement demonstrates the management's ability on delivering by securing a JV partner. Alien has its current exploration plans funded through to 2021, with cash being added to balance sheet from warrant exercises. We are encouraged by the success many Pilbara focused explorers are having recently and resultant share price appreciation of those companies. Such examples being De Grey Mining Limited (DEG.AX), Artemis Resources Limited (ARV.AX) and Greatland Gold plc (GGP.L). With Alien Metals only at start of its exploration journey in this part of the world and seeking similar high-target discoveries, we believe much further upside remains and thus continue to rate the shares as a '**Buy**'.

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