

Stock Data

Share Price:	1.45p
Market Cap:	£49.5m*
Shares in issue:	3,416m*

*Post Completion of Placing numbers

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. The Group's management team are experienced explorers, mine developers and operators.

Alien website: <https://www.alienmetals.uk/>

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 an oversubscribed equity Placing through which it has conditionally raised £2.5m (gross) at a price of 1.1 pence per share ('the Placing'). Reflecting rising confidence following the recent run of positive development news flow, including the announcement of an earn-in agreement on its [Donovan 2 Copper-Gold project](#), encouraging soil sampling from a region surrounding its [Elizabeth Hill Silver Project](#), the awarding of a [new licence](#) adjacent to the major [Citronen Zinc-Lead mine in Greenland](#) and identification of drilling targets at the [Hamersley Iron Ore Projects](#), the Placing was completed at twice both the size and price of the Group's previous raise on [4 September 2020](#). The proposed use of the new funds plus existing resources will, upon completion, leave Alien well capitalised with over £4.4m cash available to be utilised for exploration and working capital purposes, along with opportunity to evaluate further strategic targets within its existing licences areas and/or conduct detailed reviews of potential new acquisitions. On this basis, shareholders might anticipate the pace of announcements emerging from its portfolio of potentially world-class prospects will remain high throughout 2021. Admission of the new shares is expected on or around 30 November 2020.

Existing work programs fully funded through to end-2021.

The proceeds will be used to extend and accelerate a range of exploration activities across the Group's portfolio, including expansion and fast-tracking of existing programmes. Based on current budgets and in the absence of exceptional circumstances, Alien's Board believes that proposed development and planned works across its range of early-stage base and precious metals projects are now prospectively fully funded through to the end of next year.

Specifically, it can be expected to include a push for the award of drill permits in Mexico to pursue maiden programs on both its [San Celso and Los Campos Silver Projects](#), with additional development designed to further define their prospectivity. A follow-up work program at the [Hancock and Brockman Iron Ore Projects](#) in the Pilbara region of Western Australia can now also be expected, with some maiden drilling and potentially more follow up initial resource drilling and potential to test other targets in the licence area now possible. A comprehensive sampling/trenching programme at the [Elizabeth Hill Silver Project](#) should also shortly be underway along with further exploration work on the new areas recently acquired as well.

TPI sees potential to reset its original base-case valuation

Alien is about to secure a cash runway in excess of one full year, during which to build upon the exceptional recent run of development progress reported across its portfolio of highly prospective base and precious metals exploration projects. TPI's original assessment of Alien in its [Initiation Research of 6 April 2020](#), considered potential for only two of the Group's exploration opportunities. These were its [Donovan 2](#) copper/gold [Volcanogenic Massive Sulphide](#) ('VMS') project (which recently entered an earn-in agreement with [Capstone Mining Corp.](#) and where maiden drilling is about to commence) and the San Celso & Los Campos epithermal targets, where it contemplated potential for a resource of as much as 10m oz silver. Their valuations were based on nearest neighbours, having applied an EV/resource multiple derived from a selected peer group. Reapplying the same methodology, TPI is now considering whether recent exploration progress provides scope not only to reduce the aggressive 60% discount factor that was applied to this analysis (to account for remaining execution, financing and dilution risks) in expectation of both being able to

declare compliant resources, but also to award prudent valuations elsewhere amongst the Group's exciting, albeit earlier stage, prospects. In expectation of continued heavy news flow, Alien's share price might continue to anticipate potential for further high-impact results.

Focused operational strategy

With a focus on base and precious metals exploration and development, Alien's new management team headed by CEO and technical director, Bill Brodie Good, has progressed both its inherited assets while also embarking upon an acquisition-led strategy with an ambition to build a strong, diversified portfolio of potentially world-class projects.

A strategic review of its silver and precious metals projects in Mexico saw Alien identify priority exploration targets within its 12 mining concessions, which it is now working to advance systematically. These are located in Zacatecas, Mexico's largest silver producing state, which produced over 190 million ounces of silver in 2018 alone and accounted for 45% of the total silver production in Mexico for that year. Two acquisitions, which were agreed in 2019 and completed in 2020, comprised the Brockman & Hancock Ranges high-grade Direct Shipping Ore ('DSO') iron ore projects and the Elizabeth Hill Silver Project, both of which are located in the Pilbara region, in Western Australia.

Use of proceeds – Funding 2021 exploration & development

The net proceeds secured from the Placing along with existing cash resources are expected to fund Alien's planned 2021, potentially high-impact, exploration and development activities, including the following activities:

- **Initial and in-fill drilling to define strike, potential depth and grades of known mineralised veins at the Los Campos and San Celso Silver Projects in Mexico following finalisation of drill permit applications**
- **Preliminary Scoping Study on the San Celso and Los Campos Silver Projects**
- **Development of exploration work on the Elizabeth Hill High-Grade Silver Project to include detailed geological mapping and trenching programs, initial drilling and potential re-entrance of the historic mine**
- **Initial drilling on highest priority targets of the Hamersley Iron Ore Projects**

San Celso and Los Campos Silver Projects (100%-owned) – Mexico

The San Celso property, which is presently at the resource definition stage, consists of three contiguous mining concessions located 50km southeast of Zacatecas, a regional capital. The project hosts two historic underground silver mines, the San Celso and the Las Cristinitas mines. Records refer to initial mining taking place in early colonial times on the San Celso mine itself, and that it was developed to at least 130m depth from surface on at least three levels. There are no historic production records for the mine, although it is known that exceptional high-grade ore was mined at one time.

A detailed underground mapping and sampling program was carried out in 2006 out in both mines. A total of 438 samples from the San Celso and Las Cristinitas workings and dumps were collected. Of these 265 chip-channel samples were from the Las Cristinitas workings. Assay results included a 4.65m interval at >1000 g/t Ag including an exceptional 1.05m at 2,683 g/t Ag, 78.2 oz/t Ag.

By contrast, the nearby Los Campos project hosts a series of historic underground silver mines that targeted at least 2 main high-grade epithermal silver veins. Sampling completed by Alien has confirmed yet further high-grade results of up to 547g/t (17oz/t Ag). Positioned within 3km of the nearby producing [Endeavour Silver mine](#), each of Alien's silver projects appear to offer potential to be developed into mineable resources.

The Placing proceeds will be used to fund maiden drill programs at both the San Celso and Los Campos Silver Projects. Development will start via drilling for initial resource data. Metallurgical testing will also be included as at San Celso as it continues to add strategic ground contiguous to the project to enhance its potential and overall holding, followed by an initial scoping study dependent on drill results.

Alien will also continue to review other projects that would fit with the Group's expansion strategy and experience within Mexico and its surrounding jurisdictions.

Elizabeth Hill Silver Project (100%-owned) - Australia

Elizabeth Hill is historically one of Australia's highest-grade silver mines and has produced over one million ounces at an average of 2,195 g/t Ag (70.24 Oz/t Ag) from an initial resource of just over four million ounces. The deposit was also unique for the exceptional native silver nuggets it produced, including a single 180kg nugget which is due to go on show at the Perth Mint in Perth, WA, imminently. Mining ceased in 2000 due to the then depressed silver price and an issue with the JV partners, East Coast Minerals and Legend Mining, hence the remaining considerable untapped resource.

Alien's acquisition of the Elizabeth Hill Silver Project on [25 September 2020](#) is considered particularly timely, given that silver prices have reversed their previous weakness, recently achieving multi-year highs in response to both recent aggressive monetary policy and anticipation of governmental stimulus boosting expectation of significant post-Pandemic infrastructure investment.

Following finalisation of the digitisation of historical data covering the site, Alien plans to use some of the Placing proceeds to update resource modelling and undertake a comprehensive trenching and sampling programme at the Elizabeth Hill Silver Project with target generation potentially leading to some initial drilling.

Hancock Ranges and Brockman Iron Projects (51% owned) - Australia

The Hancock Ranges Iron Ore Project (E47/3954, 'Hancock'), is within 20km of the Newman township and borders licences held by [Fortescue Metals Group](#), [Hancock Prospecting](#), [BHP Group \(Mount Whaleback\)](#), [Hope Downs](#) and [Brockman Mining](#). The Hancock Ranges tenement was previously explored by [Rio Tinto](#), [BHP Group](#), and more recently [Volta Mining Limited](#) ('Volta').

Historical work outlined two areas of high-grade iron ore mineralisation: the Sirius Extension Prospect and the Kalgan Prospect. In 2013, Volta undertook reconnaissance mapping and surface rock chip sampling and drilled four holes for a total of 475m which confirmed an economic strike extension of the Sirius Iron Ore deposit within the tenement. This strike extension is hosted in the Brockman Iron Formation with hole 14SERC004 returning 126m@ 60.28% Fe from surface, with sampling further along supporting the strike extension.

The Brockman tenement (E47/3953 'Brockman'), contains historic prospects defined by BHP and named BHP19 and BHP20 along with the northern strike extent of the BHP15 prospect as well. As part of their much larger regional programme, mining giant BHP Group, covered this tenement in the 1960's and identified three 'deposits' from a combination of mapping and surface rock chip sampling within or on the boundary of the Brockman tenement. The average iron content of four rock-chip samples from prospect BHP19 was 62.8% Fe and the average for four samples from prospect BHP20 was 62% Fe. BHP used generalised outcrop dimensions and average grade of rock-chip sampling to calculate the estimated Fe tonnage per vertical foot, returning equivalent of 300,000 tons per vertical metre over a surface area of 0.12 square kilometres on the BHP20 prospect.

Alien has postulated an initial model of the dip and strike of the BHP20 target with provisional drill hole locations to test this model. Both tenements remain underexplored yet already contain significant potential for both hosting economic high-grade iron ore deposits. Furthermore, drilling has recently been carried out by Rio Tinto immediately south of the tenement boundary on what appears to be the detrital iron ore material shed from the BHP19 and 20 targets.

As detailed by Alien on [29 October 2020](#), having reported the successful completion of detailed geological mapping and sampling programme at the Group's Hamersley Iron Ore Projects (on which it has set an exploration target of up to 245Mt), the Group now plans to follow-up on five priority prospects that were identified for next stage exploration.

For the Brockman Project, three targets focus on the historic high-grade BHP prospect numbers 15, 19 and 20, which the Group has planned to return to with 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 as was detailed on [20 September 2019](#), and the Kalgan Prospect in the north-north-west of the project, that Alien's management believe has excellent potential.

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