

Stock Data

Share Price:	1.20p
Market Cap:	£41.1m
Shares in issue:	3,425m
52-week high/low:	3.19p/0.07p

Company Profile

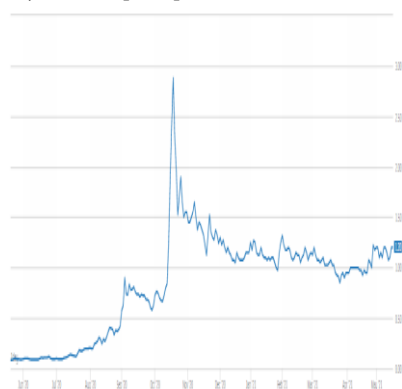
Sector:	Mining
Ticker:	UFO
Exchange:	AIM

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/

1-year share price performance



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

Past performance is not an indication of future performance.

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TPI acts as joint broker to Alien Metals Limited

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Alien Metals Limited

Alien has announced that it has entered a conditional share sale agreement ('SSA') to increase its interest in the Hamersley Iron Direct Shipping Ore ('DSO') project ('the Project') from 51% to just over 90%. Backed by recent strong results from its maiden drilling program on the Hancock Iron Ore project ('Hancock'), and with iron ore prices having recently touched record highs, tracking Chinese steel output which is now a full 16% higher than this time last year, the rationale for this move is clear. In obtaining the major controlling interest, the Board will secure much greater flexibility to both manage and monetise the Project as continuing exploration takes it further up the value curve at a time when governments worldwide are committing significant new funding to major, longer-term infrastructural projects in an effort to kick-starting their post-Pandemic economies. With the transaction being funded primarily through equity and warrants, Alien's fund raise of 23 November 2020, left it well capitalised with around £4.3m (US\$5.8m) committed for its planned 2021 program of works, some of which has already been allocated for a follow-up program on Hancock that is expected to commence shortly.

Transaction Details

The value of the total consideration (including cash and shares) is approximately £2.1m. Pursuant to the SSA, Alien will acquire an 80% interest in 49% holder Windfield Pty Limited, thereby lifting its direct and indirect holding in the Project to 90.2%. Significantly, this move will provide increased flexibility to fund the Projects via joint venture, partial sale or spin-off. The upfront consideration payable for the transaction detailed below is subject to satisfaction of the conditions precedent:

1. £60,000 cash (less any Set Off Amounts);
2. 200,000,000 UFO shares issued at a deemed price of 1.1 pence each ('Deemed Issue Price'); and
3. 50,000,000 share purchase warrants, exercisable at 1.65p to the Deemed Issue Price payable to the advisers to the transaction.

Alien will free-carry the selling shareholder, Windfield Pty Limited, until completion of a Bankable Feasibility Study ('BFS') on either or both of the Brockman or Hancock Ranges projects. Following completion, Alien will also appoint two directors to the board of Windfield and will be responsible for day-to-day management. Should, within 24 months of executing the SSA, Alien disposes of its interest in Windfield or Windfield's interest in the Project, the Group will pay the seller a performance payment in addition to the upfront consideration calculated by:

- A. In the event of a Tenement Sale: 50% of the value uplift attributable to the Projects; or
- B. In the event of an IPO/Spin-out event: 50% of the value uplift attributable to Windfield

Best initial results from the Hancock Iron Ore project to date:

The Project consists of two granted exploration licences, the Hancock and Brockman licences, covering 56.7 km² surrounded by iron ore majors including Rio Tinto (LSE:RIO), Fortescue Metals (ASX:FMG) and Hancock Prospecting.

Recent and historic drilling (first detailed in an RNS of 6 May 2021) demonstrated intersection of significant DSO iron mineralisation on the Hancock Licence as follows:

- 26m @ 54.3 % Fe from surface, including 13m @ 61.5 % Fe from 2m depth (hole AM21RC001 006)
- 18m @ 55.1% Fe from surface (hole AM21RC001 016)
- 9m @ 55.9% Fe from 3m (hole AM21RC001 012)
- 66m of Banded Iron Formation (Hole AM21RC001 027 with results pending)

Initial results are from samples taken in 17 of the early holes. To date, a maximum intersection of 1m at 65.88% Fe from hole AM21RC001 006 has been reported within a significant intersection of 26m @ 54.3 % Fe from surface, including 13m @ 61.5 % Fe from 2m depth. Other results around this hole returned lower grades which suggests it intersected two different beds, one of which is a DSO grade unit while the other bears somewhat lower-grade ore. The information gathered is expected to assist with the targeting of priority DSO-quality mineralisation.

While assay results from the remaining 36 drill holes are expected to be available later this month, results already available have identified a new iron ore zone in the permit area, while interpretation work also outlines a much larger target area for follow-up work. Noting that the majority of the 36 assays still outstanding are from holes which have had significant Banded Iron Formation ("BIF") intercepts, their results are expected to add quite considerably to the team's understanding of the tenement, with potential to add substantially to the Project's economic viability. Maiden drilling on the Brockman Licence is now in the planning stage, while follow-up drilling on the Hancock licence is also imminent. As part of the next phase of work, management is also planning for surface traverses and sampling of as yet untested parts of the tenement as well as planning a next stage drilling program in new areas where it now has greater access.

Work is also ongoing to get the necessary permits for carrying out a maiden drill program on the Brockman licence as well.

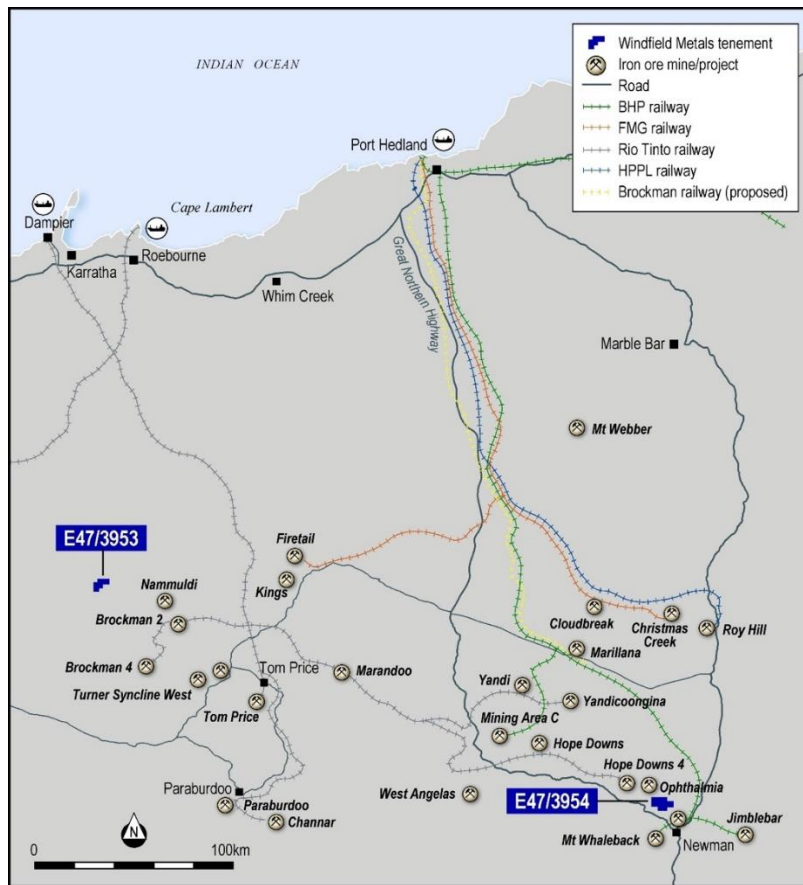
TPI sees potential for an upward reassessment of its current valuation range

Alien is now reasonably well capitalised, which should provide a working runway beyond the end of 2021. During this time, it is expected to build upon the exceptional recent run of development progress reported across its portfolio of highly prospective base and precious metals exploration projects. These include its soon to be 90% controlled high grade Hamersley Iron Ore Project and 100%-owned Elizabeth Hill Silver Project in Western Australia as well as the newly acquired surrounding Exploration Licence, Munni Munni North, while also carrying out a maiden drilling programme at its 100%-owned Los Campos and San Celso silver projects in Mexico, as management continues to review other potential projects for acquisition that might complement the Group's existing portfolio.

In this respect, it is worth recalling that TPI recently published (25 February 2021) an updated assessment of Alien. This individually assessed 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; the successful completion of today's transaction can therefore be expected to boost shareholder interests this quite significantly. Since February, of course, the US\$ price of iron ore has continued its dramatic, supply-constrained rise in expectation of the governments and private consortiums around the world commissioning major infrastructural projects in the relatively near-term in order to help global economies stage a recovery in the post-Pandemic environment. Presently it is just off its all-time high at c.US\$220/tonne, some 34% higher than the US\$164/tonne when the note was published. Taking this together with reduced exploration risk being suggested by the positive drill results/assessments detailed on 6 May 2021, the relatively low cost of processing its DSO and valuation comparison with Alien's possibly most obvious albeit somewhat more advanced peer, Fenix Resources Limited (ASX:FEX), which is presently valued at AUS\$156 million ((£85.3 million) based on a total of 10.5Mt Indicated and Inferred Mineral Resources, suggests quite significant potential for an upward reassessment. As such, TPI is now considering these factors along with scope not only to reduce the aggressive 60% discount that was applied in the original analysis (to account for remaining execution, financing and dilution risks) in expectation of being able to declare compliant resources, but also to revisit the prudent valuations apportioned elsewhere amongst the Group's exciting, albeit earlier stage, prospects. In expectation of continuing heavy news flow, Alien's share price might continue to anticipate potential for further high-impact results.

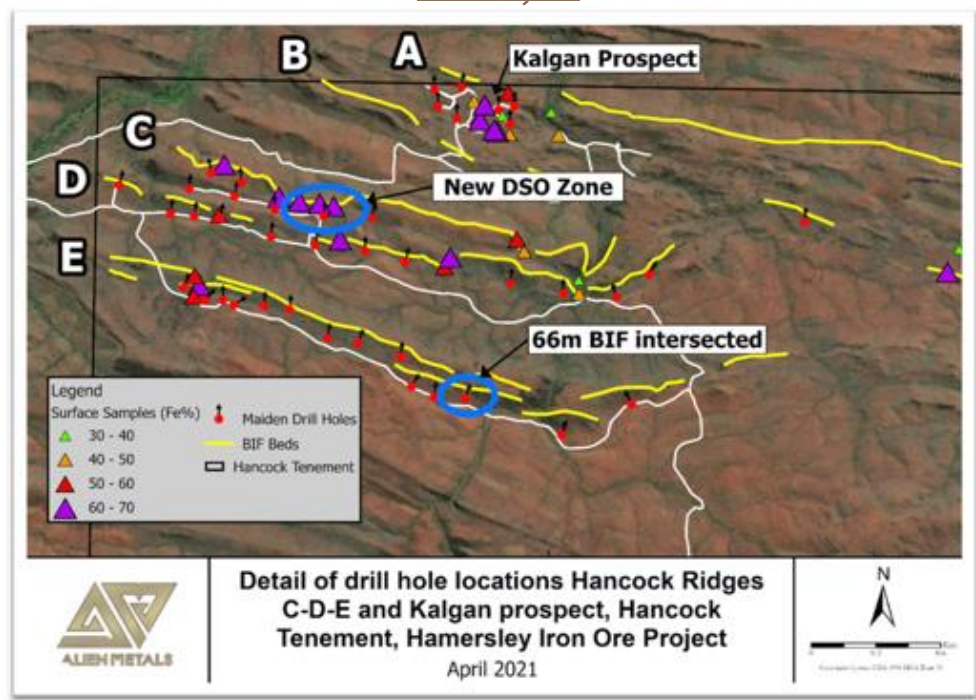
(Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)

Hamersley Iron Ore Project Licences, Western Australia, May 2021



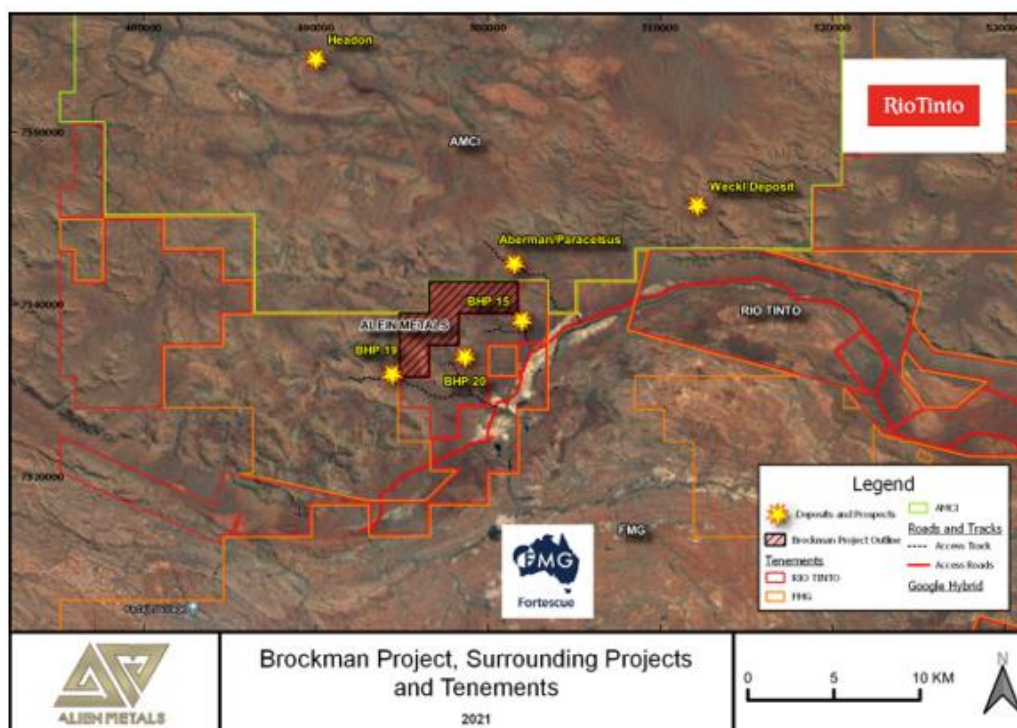
Source: Alien, [RNS of 20 May 2021](#)

Detail of drill hole locations, Hancock Ridges A-E and Kalgan Prospect, Hancock Tenement, Hamersley Iron Ore Project,



Source: Alien, [RNS of 20 May 2021](#)

Location of Brockman Project, Hamersley Iron Ore Project, April 2021



Source: Alien, [RNS of 20 May 2021](#)

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