

Stock Data

Share Price:	0.83p
Market Cap:	£28.4m
Shares in issue:	3,425m
52-week high/low:	3.19p/0.23p

Company Profile

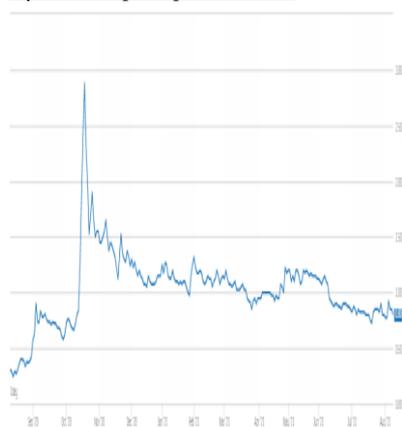
Sector:	Mining
Ticker:	UFO
Exchange:	AIM

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/](http://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 released a much-anticipated update on its Hancock Iron Ore Project ('the Project') in the Pilbara region of Western Australia. Initial assay results from the second phase of resource drilling have demonstrated significant widths of direct shipping ore ('DSO') grade intersections at the Sirius Extension from surface, all of which point to a contiguous grade deposit. With the Project potentially firming up as a standalone operation, selected results include 47m @ 61.50 % Fe from 2m from hole AM21RC002 001 and 78m @ 61.20 % Fe in hole AM21RC002 002 from 1m highlight the scale of the opportunity. Having now defined continuous DSO grade iron ore over a strike length of 350 metres at the Sirius Extension alone, once all laboratory results are available management will have sufficient data to calculate a maiden JORC resource for the prospect.

### Maiden resource estimation work has now commenced

Management is now confident that the current drill spacing is sufficient to enable the delineation of a maiden JORC resource to be calculated. Laboratory results from the second phase of in-fill drilling have further confirmed excellent potential for the Sirius Extension Project. With this in mind, maiden resource estimation work and mining studies have already commenced with initial results anticipated in the September quarter.

Further drilling at the Western Ridges Project is presently being planned as a third phase program, with expectation that this further pinpoint drilling will deliver a second, comparable sized resource. As part of this work, management is also planning for surface traverses and sampling of as yet untested parts of the tenement while also considering a further program in new areas where it now has improved access. Work is also ongoing for the necessary permits for carrying out a maiden drill program on the Brockman licence.

### Best Results from Second Phase Drill Program

• 47m @ 61.50 % Fe in hole AM21RC002 001 from 2m
• 78m @ 61.20 % Fe in hole AM21RC002 002 from 1m
• 25m @ 61.50 % Fe in hole AM21RC002 003 from surface
• 88m @ 60.60 % Fe in hole AM21RC002 004 from 1m
• 29m @ 59.60 % Fe in hole AM21RC002 005 from 12m
• 19m @ 59.30 % Fe in hole AM21RC002 006 from 15m
• 68m @ 58.50 % Fe in hole AM21RC002 007 from 11m

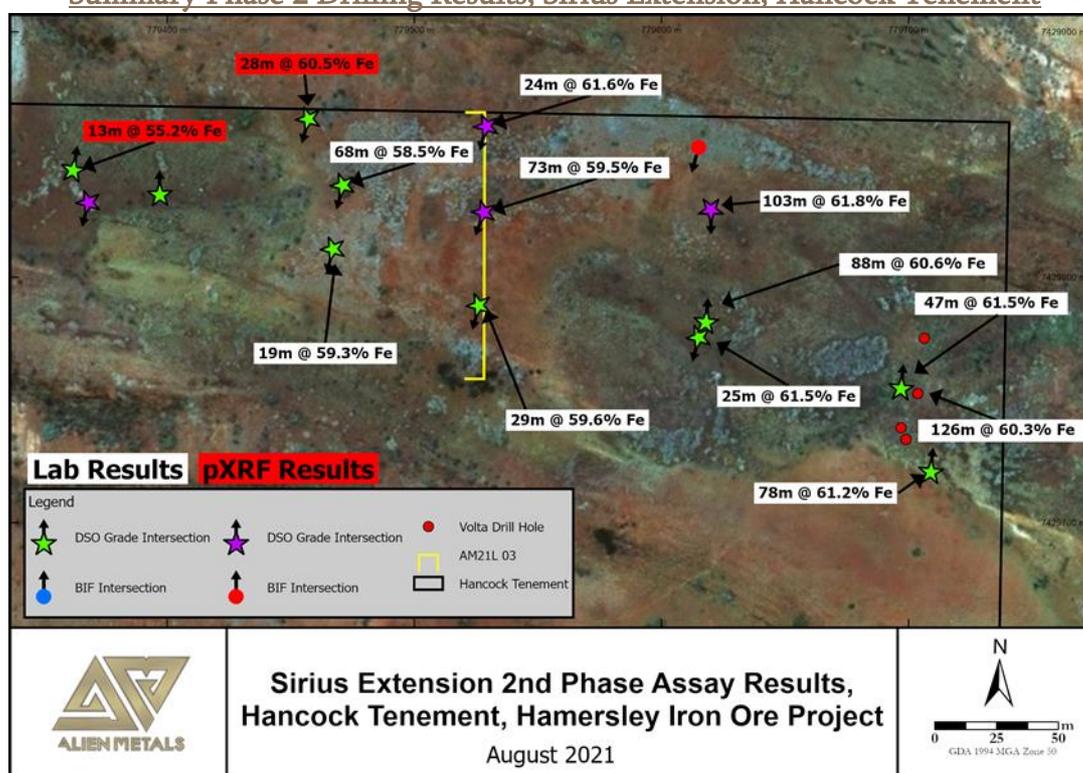
Source: Alien, [RNS of 11 August 2021](https://www.rns.com)

In parallel to this work, Alien has already engaged specialist mining consultants, Mining Plus, the global mining services provider, to deliver a high-level scoping study for the Sirius Extension prospect. Mining Plus has extensive experience with similar DSO grade projects that have recently transitioned from explorer to producer in Western Australia; this is expected to provide valuable data as a benchmark for the Group and is expected to provide robustness to the financial model even at this relatively preliminary stage. Importantly, John Battista, Mining Plus's Principal Mining Consultant, noted that "Based on our conceptual study-level work to date, the Hancock project has the potential to be developed into a niche direct-shipping iron ore producer in the heart of the world-famous Pilbara region of Western Australia."

### Three main DSO zones identified

Phase 2 drilling on the Hancock tenement was completed in June 2021, targeting three main zones identified in the maiden program that intersected high grade DSO mineralisation. Forty (40) Reverse Circulation ("RC") holes for 2,175m, provided excellent hand held portable XRF ("pXRF") results across all targets, including the Sirius Extension (which adjoins the Sirius iron ore project held by Brockman Mining (124mt @ 60.32% Fe)) and ridges C and E of the Western Ridges area, while also continuing to develop knowledge and the potential of the project as a whole. Amongst other things, the discovery of a new target at 'Krill Back' has also added to the tenements' growing list of existing opportunities at Kalgan, Western Ridges and Southern Ridges with still the majority of the tenement still remaining unexplored. All samples generated were dispatched to Intertek Genalysis at Maddington, Perth, WA, and analysed for their Standard Iron Ore Package Analysis with XRF finish, which includes elements if Fe, Al, Ca, K, Mg, Mn, Na, P, S and Si. QA/QC carried out was based on inserting on average 5% Certified Reference Material (CRM) samples and 5% duplicate samples.

### Summary Phase 2 Drilling Results, Sirius Extension, Hancock Tenement



Source: Alien, [RNS of 11 August 2021](#)

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

Alien remains reasonably well capitalised, with sufficient financial resources to provide a working runway beyond the end of 2021. Over this period, it is expected to continue to build upon the recent exceptional run of development progress reported across its portfolio of highly prospective base and precious metals exploration projects. These include its 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 carrying out a maiden drilling programme at its 100%-owned Los Campos and San Celso silver projects in Mexico. Management will also continue to review other potential projects for acquisition that might complement the Group's existing portfolio.

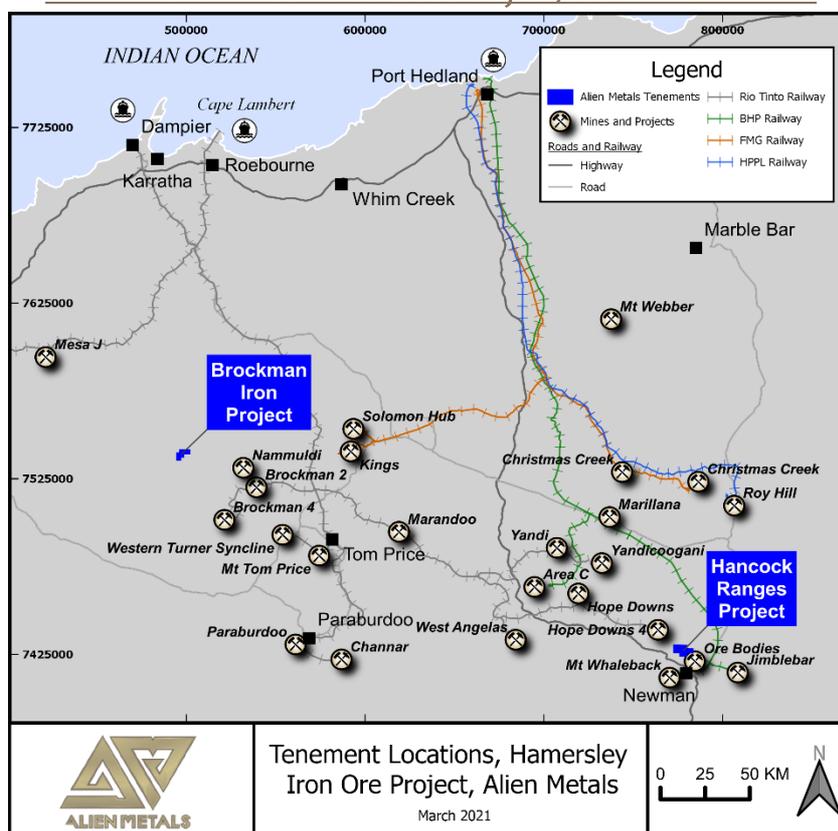
In this respect, it is worth recalling that on 25 February 2021 TPI published an updated assessment of Alien. This individually assessed each of the Group's continuing projects, from which it derived a sum-of-parts upside valuation of £82.9 million. Hamersley dominated these, contributing some £61.2 million of the total; since then, of course, Alien has successfully increased its holding in the Brockman and Hancock Ranges projects from 51% to 90% through a cash and shares transaction which holds potential to boost shareholder interests quite significantly.

Since February also, the spot US\$ price of iron ore (63.5% for Tianjin delivery) has been volatile. Initially surging quite dramatically in the face of global supply-constraints following international governments and private consortiums commissioning major, relatively near-term infrastructural projects in an effort to support economic recovery as they move into a post-Pandemic environment to peak at a US\$230 per ton all-time high, before setting back sharply in mid-July when the Chinese government instructed major producers in its steel provinces to limit production to 2020 volumes, raised export tariffs on certain materials and removed rebates on cold-rolled products, in an effort to curb carbon emissions. Given that China buys about 70% of global seaborne volumes, the price retreat of recent weeks should be no great surprise although, presently trading around US\$173.5/tonne, it still remains around 6% higher than the US\$164/tonne when TPI's updated assessment was published. Moreover, given that China's steel industry aims to reach peak carbon emissions by 2025 and achieve a 30% reduction from peak by 2030, its decarbonisation push is seen providing new demand for high-grade direct feed products, spiking premium ore prices again early in the new year.

Taking this together with reduced exploration risk being suggested by the positive drill results/assessments detailed on 6 May 2021, 7 June 2021, 21 June 2021 and today, the relatively low cost of processing its DSO and valuation comparison with Alien's possibly most obvious albeit more advanced peer, Fenix Resources Limited (ASX: FEX), which is presently valued at AUS\$161 million (£85.3 million) based on a total of 10.5Mt @ 64.2% Fe (Indicated and Inferred) Mineral Resources, suggests quite significant potential for an upward reassessment. Being surrounded by major iron-ore producing mines operated by Rio Tinto, BHP, Fortescue and Hancock Prospecting while also recognising Hamersley's overall confirmed exploration target of between 50 and 245Mt @ 50% to 65% Fe, TPI is now considering these factors along with scope to reduce the aggressive 80% discount presently applied to Hamersley ahead of it securing a maiden compliant resource. Similarly prudent valuations apportioned elsewhere amongst the Group's exciting, albeit earlier stage portfolio, to which applied exploration-stage discounts range from 60% to 90% (in order to account for remaining execution, financing and dilution risks), might also need to be revisited. In expectation of continued heavy news flow, Alien's share price is seen anticipating potential for further high-impact results.

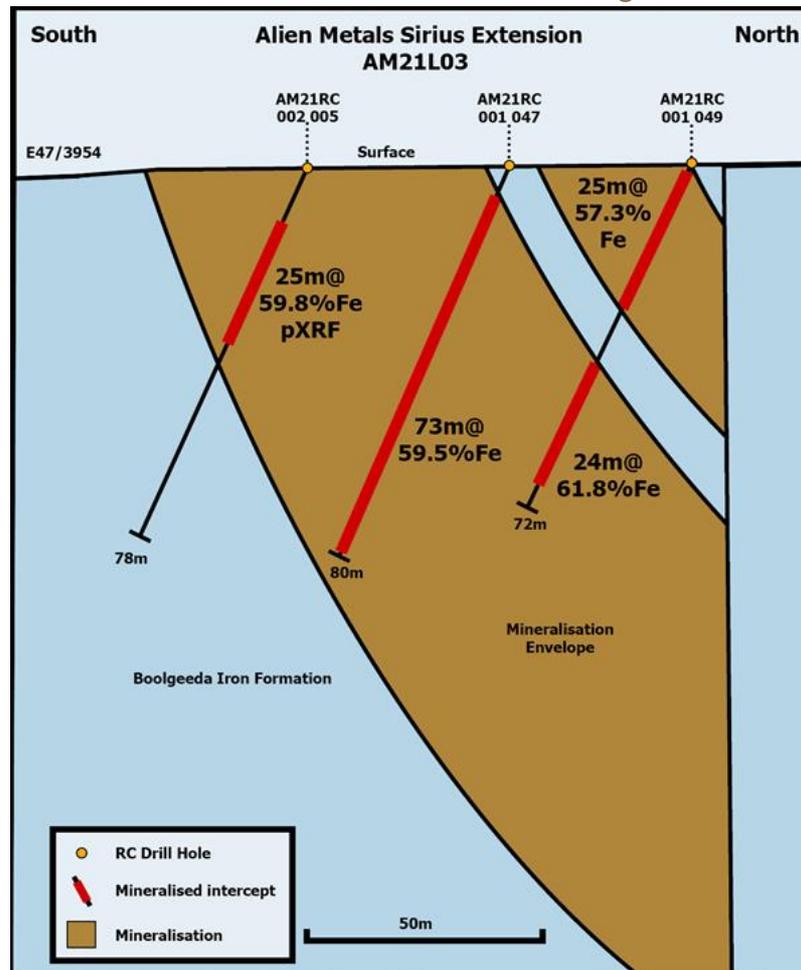
**(Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone. Also please note that past performance is not a reliable indicator of future results.)**

### Location of Hancock Iron Ore Project, Western Australia



Source: Alien, [RNS of 11 August 2021](#)

**Section AM21LO3, Sirius Extension, August 2021**



Source: Alien, [RNS of 11 August 2021](#)

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