

Stock Data

Share Price:	0.83p
Market Cap:	£39.3m
Shares in issue:	4,751m
52-week high/low:	1.30p/0.56p

Company Profile

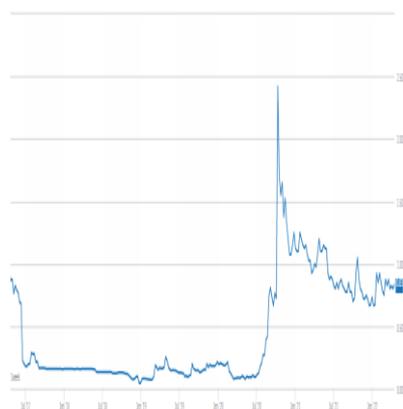
Sector:	Mining
Ticker:	UFO
Exchange:	AIM

Activities

Alien Metals Limited ('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/

5-year share price performance



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

Past performance is not an indication of future performance.

Turner Pope contact details

Tel: 0203 657 0050
Email: info@turnerpope.com
Web: www.turnerpope.com

Andrew Thacker
Corporate Broking & Sales

Barry Gibb
Research Analyst

TPI acts as joint broker to Alien Metals Limited

Attention is drawn to the disclaimers and risk warnings at the end of this document.

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Alien Metals Limited

Alien has announced the intersection of further high-grade silver and base metals mineralisation at its Elizabeth Hill Silver Project in the Pilbara Region of Western Australia. Results from the 15 Reverse Circulation ('RC') drill holes completed in the second phase of its inaugural drilling programme provide further confirmation of exceptionally high-grade silver mineralisation within the historic orebody, including a significant intersection of 8m @ 4,233 g/t Ag (149oz/t Ag) from 66m. While listing amongst the highest silver grades uncovered across Australia, the shallow southerly dipping sulphide body also contains a range of base metals including copper, nickel, cobalt, zinc and lead, which have potential to be classed as significant associated products in a production scenario. Indeed, today's final batch of assay results suggest the presence of wide intersections in the eastern mafic units running parallel to Elizabeth Hill's silver deposit with potential to present as a significant base-metal VMS style target.

Highlights of the second phase of assay results from Elizabeth Hill

Further exceptionally high silver grades have been returned from the Elizabeth Hill RC drilling program with assays including:

- 8m @ 4,233 g/t Ag (149oz/t Ag) from 66m in drillhole AMEHRC009; and,
- 2m @ 1,550 g/t Ag (55oz/t Ag) from 108m, in drillhole AMEHRC012, a potential new mineralized zone 400m south of the Elizabeth Hill mine along the Munni Munni Fault.

Initial drilling appears to demonstrate not only significant material still present in the oxide layers from surface to about 40m down, but also in this recent interception from 66m depth. The intersection within hole AMEHRC0012, which was drilled on the south of the orebody, encountered high grades at a depth in an area where Alien's management had already considered there might be a possible repetition of the Elizabeth Hill silver orebody.

Additionally, drilling produced encouraging base metals assay results:

- 24m @ 0.19% Cu, 0.17% Ni and 150 g/t Co from 78m including 10m @ 0.25% Cu, 0.26% Ni and 218 g/t Co in drillhole AMEHRC005;
- 8m @ 0.83% Pb and 0.13% Zn from 48m including 4m @ 1.35% Pb, 0.2% Zn in drillhole AMEHRC004;
- 26m @ 0.48% Pb from 8m including 6m @ 1.95% Pb in drillhole AMEHRC006.

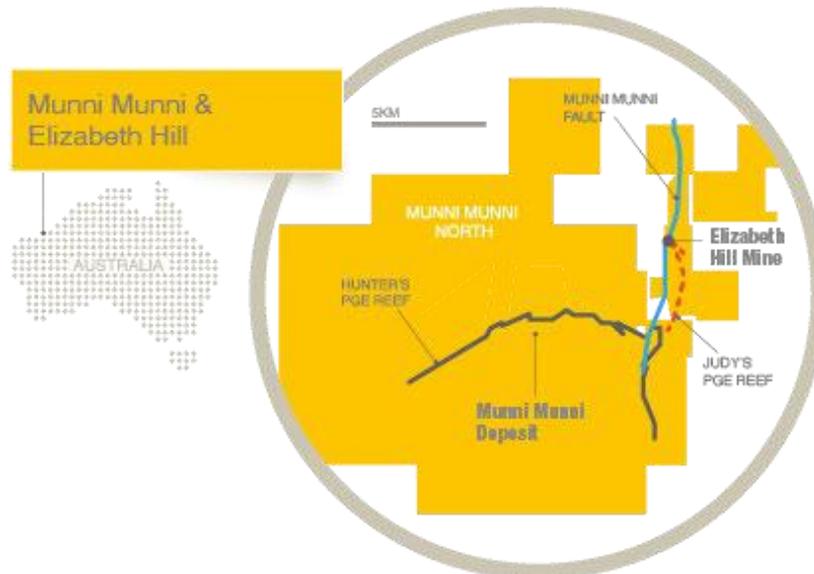
Interpretation of these RC results suggests the mineralisation at Elizabeth Hill may have a similar repeat orebody along the same geological structure that is hosted within the Munni Munni fault. Planning for follow-up drilling is now underway in order to further test the potential repeat mineralisation and the larger envelope present at Elizabeth Hill.

Management considers the combination of geological and analytical results, together with available historic data will support their understanding of the process of mineralisation, possibly assisting with identification of yet-to-be-tested, high potential areas. As part of this, management will now review all historical polymetallic assay data in order to develop possible next stage exploration on this target in its own right.

The overall drill programme at Elizabeth Hill consisted of diamond and RC drilling for a total of 1,991m in 22 holes. The first results taken from the first stage of 4 diamond drill holes completed for 211m were released on 27 February 2022 and included the following, similarly impressive highlights:

- 9.7m @ 8,326 g/t Ag (267oz/t Ag) from 15m in drillhole 21EHDD003; and,
- 24.8m @ 829 g/t Ag (27oz/t Ag) from 2m including 11.7m @ 1,735 g/t Ag (56oz/t Ag) and 1.7m @ 19,865g/t Ag (639oz/t Ag) from 23m, in drillhole 21EHDD001.

Location of Elizabeth Hill Silver Project, Western Australia



Source: Alien, [RNS of 25 April 2022](#)

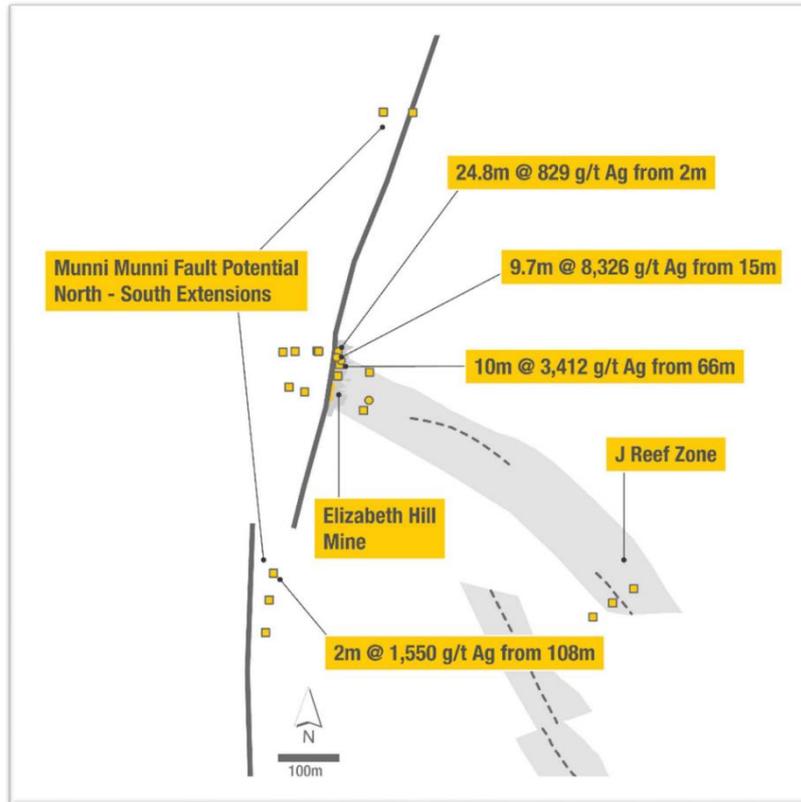
Summary Highlight Intersections from RC drilling, Elizabeth Hill March 2022

Hole Nbr	Sample No	From (m)	To (m)	Width (m)	Ag g/t	Ag (%)	Co g/t	Cu g/t	Ni g/t	Pb g/t	Pb (%)	Zn g/t
AMEHRC004	AM269515	38	40	2	30		-10	80	80	220		200
AMEHRC004	AM269516	40	42	2	40		-10	140	100	580		250
AMEHRC004	AM269521	48	50	2	30		-10	420	60	12,600	1.26	2,100
AMEHRC004	AM269522	50	52	2	30		-10	820	120	14,400	1.44	1,900
AMEHRC004	AM269523	52	54	2	25		20	290	160	2,740		500
AMEHRC004	AM269524	54	55	1	20		30	360	280	3,620		500
AMEHRC005	AM269566	78	80	2	-5		180	2,890	2,260	40		150
AMEHRC005	AM269567	80	82	2	-5		130	2,290	1,480	-20		100
AMEHRC005	AM269568	82	84	2	-5		140	3,210	1,720	-20		200
AMEHRC005	AM269573	92	94	2	-5		360	3,660	4,180	80		150
AMEHRC005	AM269574	94	96	2	-5		350	2,280	4,000	40		150
AMEHRC005	AM269575	96	98	2	5		120	2,930	1,700	-20		150
AMEHRC005	AM269576	98	100	2	15		80	860	1,140	-20		100
AMEHRC005	AM269577	100	102	2	20		180	2,710	2,160	-20		150
AMEHRC005	AM269579	104	106	2	10		90	880	1,000	-20		150
AMEHRC006	AM269599	16	18	2	-5		30	120	340	2,480		250
AMEHRC006	AM269601	18	20	2	5		40	140	420	3,660		400
AMEHRC006	AM269602	20	22	2	-5		40	180	560	1,700		700
AMEHRC006	AM269604	24	26	2	5		-10	100	80	12,800	1.28	200
AMEHRC006	AM269605	26	28	2	10		10	270	100	26,200	2.62	350
AMEHRC006	AM269606	28	30	2	5		30	770	200	6,240		500
AMEHRC006	AM269607	30	32	2	5		20	600	180	4,480		500
AMEHRC009	AM269807	66	68	2	12,100	1.2	70	500	680	140		250
AMEHRC009	AM269808	68	70	2	3,050	0.3	70	330	620	100		300
AMEHRC009	AM269810	72	74	2	1,780	0.178	60	870	680	140		300
AMEHRC012	AM270008	108	110	2	1,550	0.155	-10	20	40	40		-50

Source: Alien, [RNS of 25 April 2022](#)

The silver mineralisation associated with the historically defined orebody was both significant and extremely high-grade. The shallow southerly dip of this orebody is confirmed here and Alien now appears to have shown that there remains substantial, similar unmined ore in both the oxide layer and top of the fresher orebody to a vertical depth of at least 76m. An ongoing review of these results is now in progress in order to plan the next phase of work.

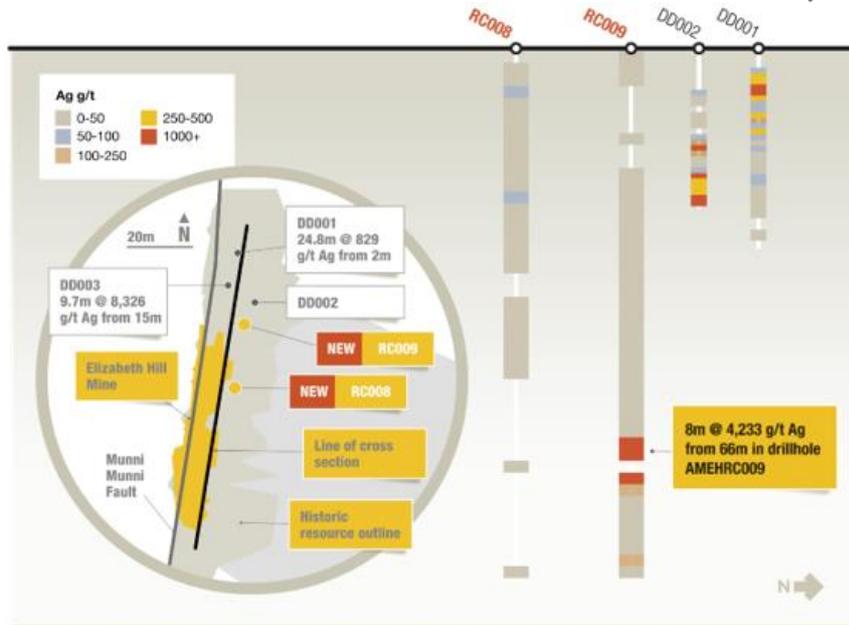
Summary Plan View of Significant Drill Intersections to Date, Elizabeth Hill, April 2022



Source: Alien, [RNS of 25 April 2022](#)

Hole AMEHRC012 was targeting a possible southern repeat silver mineralized system and, lying close to the Munni Munni fault, the location appears highly encouraging. The laboratory QA/QC results were all within acceptable levels, despite which management has requested certain samples in and around the high-grade intersection to be re-analysed in order to add extra confidence before possible follow up drilling is carried out. Assuming this supports initial findings, the ambition would then be to verify if there might be a wider intersection, or if this represents a narrow but significant off-shoot from a larger mineralised system to be targeted.

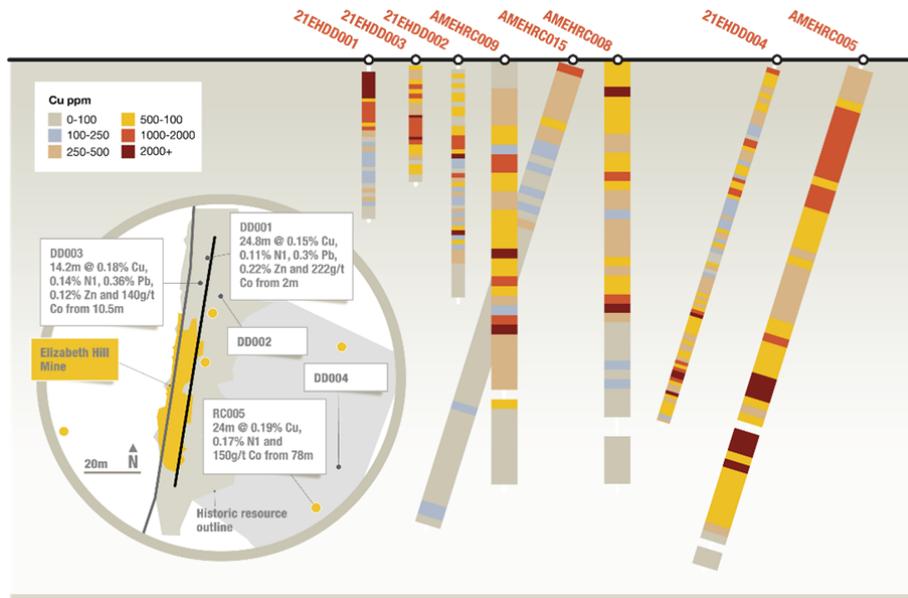
Schematic N-S Cross Section of Silver Results from Elizabeth Hill Orebody Drilling, April 2022



Source: Alien, [RNS of 25 April 2022](#)

The presence of significant copper, nickel, cobalt, zinc and lead found in the mafic units associated with the Munni Munni intrusion are also highly encouraging. Alien accordingly plans to review in more detail all historical polymetallic assays from all historic drilling across the tenement in combination with this new data to define the next stage of exploration of this target as it may represent a larger polymetallic system. The figure overleaf shows a schematic cross section of the copper grades from the drilling showing a strong anomalous trend of mineralisation associated with the mafic/ultramafic Munni Munni intrusive units.

Schematic N-S Cross Section of copper results from Elizabeth Hill orebody drilling, April 2022



Source: Alien, [RNS of 25 April 2022](#)

Alien remains well-resourced to ensure continued heavy news flow in coming months

Today’s news represents a continuation of the quite exceptional drilling that Alien has produced over the past year, building yet further confidence into its fast-revolving development wheel. The successful completion of a £4 million (gross) equity placing on 4 November 2021, even with the possible acceleration of works surrounding Elizabeth Hill and the cash element in last month’s Munni Munni Platinum Group Metals and Gold Project transaction, the Group still appears to have sufficient financial resources to provide a working runway into Q3 2022. Accordingly, the coming months might be expected to see it further build upon the progress already reported across its portfolio of highly prospective base and precious metals exploration projects. Dominating this is likely to be not only continued fast-track development at the Group’s Hancock Iron Ore Project as the 90% acquisition of the Hamersley Tenements continues to be progressed plus next stage planning for Elizabeth Hill, but also the commencement of on-ground exploration at Munni Munni and a maiden drilling programme at the Group’s 100%-owned Los Campos and San Celso silver and copper-gold Donovan 2 projects in Mexico. Management can also be expected to continue to review other potential opportunities for acquisition that might complement its existing portfolio.

In this respect, it is worth recalling that back on 25 February 2021, TPI published an updated assessment of Alien. This individually reviewed 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. Subsequently, of course, Alien announced negotiations were underway in order to take its holding in the Brockman and Hancock Ranges projects from 51% to 90% through a cash and shares transaction; now being finalised, this transaction (before even considering the significant progress being made elsewhere in the portfolio), along with subsequent production of Hancock’s Maiden JORC resource in September 2021, clearly presents opportunity to boost this figure beyond that indicated in the original assessment.

Since February 2021, the spot US\$ price of iron ore has been highly 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, 62% Fe fines imported into Northern China peaked in May 2021 at a c.US\$230/tonne, an all-time high. Setting back sharply from mid-

July, following the Chinese government instructing major producers in its steel provinces to limit output to 2020 volumes, while raising export tariffs on certain materials and removing rebates on cold-rolled products in an effort to curb national carbon emissions, the coincident debt crisis faced by over-extended Chinese property companies and national power shortages have resulted in it touching lows of around US\$82.5/tonne last November. Prudently, this was close to the level incorporated in the Scoping Study's DCF assessment, despite which the metal has more recently rebounded to above US\$160/tonne.

Given that China presently buys about 70% of global seaborne volumes, the price sensitivity of the past twelve months should be no great surprise. That said, global iron ore production growth is expected to average only 3.6% between 2021–2025 according to an August 2021 report by Fitch Solutions, while Pandemic-accelerated infrastructural spending (largely dominated by metal-hungry power sector spending) witnessed a 5.5% increase spread across a large number of projects in 2020 according to Refinitiv Financial Solutions, a figure that is expected to have been followed by a similar increment in 2021. With many spot base metals continuing to trade at a premium to later-dated contracts signalling tight supplies, a repeat of August 2021's sharp rebound is now clearly underway in 2022, seemingly anticipating a boost to China's real economy amid rising confidence in its strict isolation and vaccination drive. Moreover, recognising 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, possibly spiking premium ore prices around the time that scale production from Hancock gets underway.

With Hancock's operating costs of <US\$60/tonne Free-on-Board ('FOB') resulting in potential annual operating cashflow of over US\$90/tonne at current spot prices along with significant opportunity to substantially enlarge the Project's total resource, management are now focussed on accelerating development, permitting and mine design with a view to moving into production within a short timeframe. Also of significance to interested producers, is the fact that the project's total Capex has been estimated to be less than US\$30m with high grade material being found at depth as low as just 1m.

Taking this together with reduced exploration risk being suggested by Hancock's continuing run of positive drill results, the MRE and the initial Scoping Study, the relatively low cost of extracting DSO along with valuation comparison with Alien's possibly most obvious (albeit more advanced) peer, Fenix Resources Limited (ASX: FEX). Having risen sharply in recent weeks to now value it at over AUD\$160 million (£90.1 million) based on its total of just 10.5Mt @ 64.2% Fe (Indicated and Inferred) Mineral Resources, suggests quite significant potential for upward reassessment of Alien's iron ore assets. Demonstrating the shareholder value Hancock has potential to generate, for example, it is worth noting Fenix's quarterly report of 12 October 2021, which indicated a C1 FOB cash cost of AUD\$86.77 (US\$64.4, £46.9) per wet metric tonne ('wmt') resulting from production of 197,848 wmt of lump and 143,422 wmt of fines, from which it produced AUS\$25m (£13.5m) of net operating cashflow. Being surrounded by major iron-ore producing mines 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 originally applied to this opportunity. 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), also need to be revisited. In expectation of continued heavy news flow, Alien's share price is seen anticipating potential for further high-impact releases.

(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.)

THIS DOCUMENT IS NOT FOR PUBLICATION, DISTRIBUTION OR TRANSMISSION INTO THE UNITED STATES OF AMERICA, JAPAN, CANADA OR AUSTRALIA.

Conflicts

This is a non-independent marketing communication under the rules of the Financial Conduct Authority (“FCA”). The analyst who has prepared this report is aware that Turner Pope Investments (TPI) Limited (“TPI”) has a relationship with the company covered in this report. Accordingly, the report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing by TPI or its clients ahead of the dissemination of investment research.

TPI manages its conflicts in accordance with its conflict management policy. For example, TPI may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese wall. Accordingly, information may be available to TPI that is not reflected in this document. TPI may have acted upon or used research recommendations before they have been published.

Risk Warnings

Retail clients (as defined by the rules of the FCA) must not rely on this document.

Any opinions expressed in this document are those of TPI’s research analyst. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price.

The value of securities, particularly those of smaller companies, can fall as well as rise and may be subject to large and sudden swings. In addition, the level of marketability of smaller company securities may result in significant trading spreads and sometimes may lead to difficulties in opening and/or closing positions. Past performance is not necessarily a guide to future performance and forecasts are not a reliable indicator of future results.

AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than those of the Official List of the UK Listing Authority; consequently, AIM investments may not be suitable for some investors. Liquidity may be lower and hence some investments may be harder to realise.

Specific disclaimers

TPI acts as joint broker to Alien Metals Limited (‘Alien’) which is listed on the AIM Market of the London Stock Exchange (‘AIM’). TPI’s private and institutional clients may hold, subscribe for or buy or sell Alien’s securities.

Opinions and estimates in this document are entirely those of TPI as part of its internal research activity. TPI has no authority whatsoever to make any representation or warranty on behalf of Alien.

General disclaimers

This document, which presents the views of TPI's research analyst, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, express or implied, is given as to their accuracy or completeness. Any opinion reflects TPI's judgement at the date of publication and neither TPI nor any of its directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. Any forecast or valuation given in this document is the theoretical result of a study of a range of possible outcomes and is not a forecast of a likely outcome or share price. TPI does not undertake to provide updates to any opinions or views expressed in this document. TPI accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by applicable law).

The information in this document is published solely for information purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The material contained in the document is general information intended for recipients who understand the risks associated with equity investment in smaller companies. It does not constitute a personal recommendation as defined by the FCA or take into account the particular investment objectives, financial situation or needs of individual investors nor provide any indication as to whether an investment, a course of action or the associated risks are suitable for the recipient.

This document is approved and issued by TPI for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. This document may not be published, distributed or transmitted to persons in the United States of America, Japan, Canada or Australia. This document may not be copied or reproduced or re-distributed to any other person or organisation, in whole or in part, without TPI's prior written consent.

Copyright © 2022 Turner Pope Investments (TPI) Limited, all rights reserved.