

Stock Data

Share Price:	0.80p
Market Cap:	£33.3m
Shares in issue:	4,157m
52-week high/low:	1.30p/0.56p

Company Profile

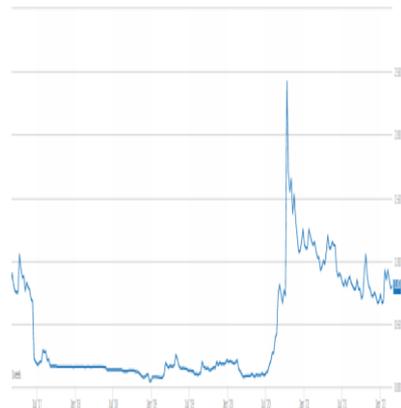
Sector:	Mining
Ticker:	UFO
Exchange:	AIM

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/

5-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 provided an update on assay results from its Phase 3 drilling programme at the Group's Hancock Iron Ore project, part of its Hamersley Iron Ore Project in Western Australia. With 17 of the 46 reverse circulation ('RC') holes returning high grade intersections that enhance last month's results from a series of bulk sample grabs which produced an average grade of 62.2% Fe along with a low level of impurities, this confirms not only the existence of significant extensions to the existing Inferred Resource but also contributes important in-fill data for the Ridge C and E resources. Alien's consulting resource geologist is now reviewing all recently produced and existing drilling data to advise on any updates to the existing resource, while management plans its next phase of drilling that is expected to commence within the next two to three months with the aim of further increasing the existing resource as well as testing new target ridges.

Continued significant high grade Iron Ore drill intercepts

Identifying multiple high-grade intersections, this third drilling programme at Hancock adds further confidence and potential to the existing resource, while also assisting in management's understanding of the spatial relationship between the high-grade units in the ridge systems. Assay highlights included:

- Extensions to the existing Inferred Resource have been identified from the phase 3 drilling programme:
 - 46 RC holes for 1,146m were drilled to target extensions to known deposits/infill drilling on the existing JORC inferred Resource of 10.4Mt @ 60.4% Fe
- 17 of the 46 RC holes returned strong high-grade intersections
- Results include 9m @ 62.2% Fe including 4m @ 64.3% Fe in hole 003_13, 8m @ 63.3% Fe in hole 003_14 and 7m @ 63.3% Fe in hole 003_18
- Excellent in-fill and extension results from Ridge C and E resources
- Consistent grades of over 60% Fe with low levels of deleterious elements

As announced on 11 November 2021 and 12 January 2022, the RC drilling that was completed at the end of 2021 comprised a total of 46 holes for 1,146m, with just over half taking place on Ridges C and E. This drilling focused on identifying extensions of the mineral resource along strike as well as increasing drilling density for future resource reclassification.

Of the 28 holes drilled on Ridge E, 18 drill holes were designed to increase the geological knowledge within the current resource as well as testing a further 650m along strike, while 4 holes were drilled to update the Ridge C resource with a couple of initial test holes extending the strike potential by a further 350m. A further 4 exploratory holes in the newly defined Ridge F and 6 in Ridge G were also drilled to complete this programme.

New intersections within the existing resource

The table overleaf summarises a number of significant high grade iron ore drillhole interceptions taken from Phase 3 RC drilling produced by Alien's 100%-owned subsidiary, the Iron Ore Company of Australia. These support the initial interpretation/resource outlines, while also increasing the robustness of the ore body modelled to date.

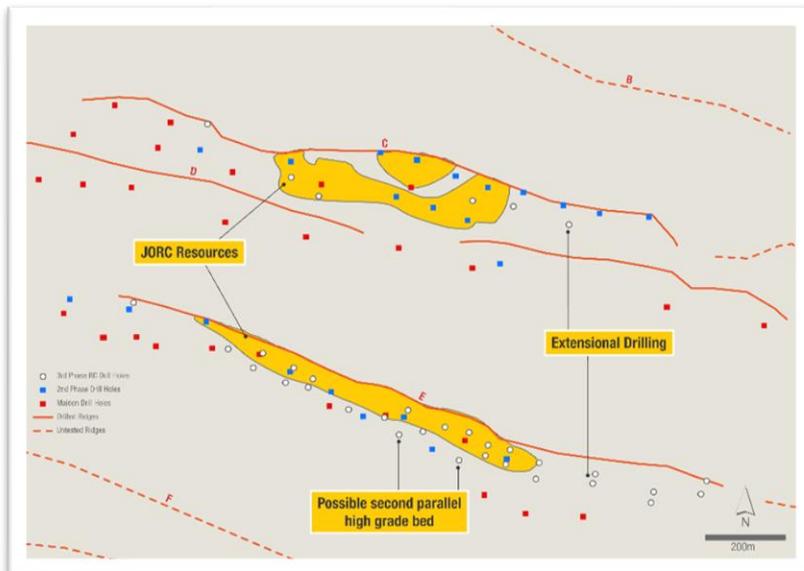
Summary of Significant High Grade Iron Ore Drillhole Interceptions
Phase 3 RC drilling, Hancock Iron Ore Project

Hole Number	Intersection (m)	Fe %	From (m)	Ridge	Inside/Outside current Resource
AM21RC003_006	3	62	6	E	Outside
AM21RC003_010	4	63.7	13	E	Inside
AM21RC003_011	4	64.3	8	E	Inside
AM21RC003_011	7	62.8	5	E	Inside
AM21RC003_013	9	62.2	4	E	Inside
AM21RC003_013	4	63.4	9	E	Inside
AM21RC003_014	8	63.3	1	E	Inside
AM21RC003_017	5	62.3	11	E	Inside
M21RC003_018	7	63.3	4	E	Outside
AM21RC003_021	5	62.6	5	E	Inside
AM21RC003_023	8	62.2	3	E	Inside
AM21RC003_025	9	62.1	4	E	Inside
AM21RC003_028	8	63	10	C	Inside
AM21RC003_029	4	62	3	C	Inside
AM21RC003_031	5	63.9	0	C	Outside
AM21RC003_033	6	63.1	8	C	Inside
AM21RC003_034	9	62.7	14	E	Inside

Source: Alien, [RNS of 2 March 2022](#)

The above results identify a number of new intersections on strike both east and west of the ridge C and E resources that offer potential to not only increase the prospect's total JORC-complaint tonnage, while also continuing to enhance its high-grade nature. This is expected to be conformed once the Group's consulting resource geologist, Howard Baker, has reviewed all new and existing data. Furthermore, additional detail taken from certain locations that follow the trend line of the high-grade sections within the larger iron ore beds, suggest a possible second parallel high-grade bed immediately south of Ridge E that originally was thought to be only contain lower grade iron ore material.

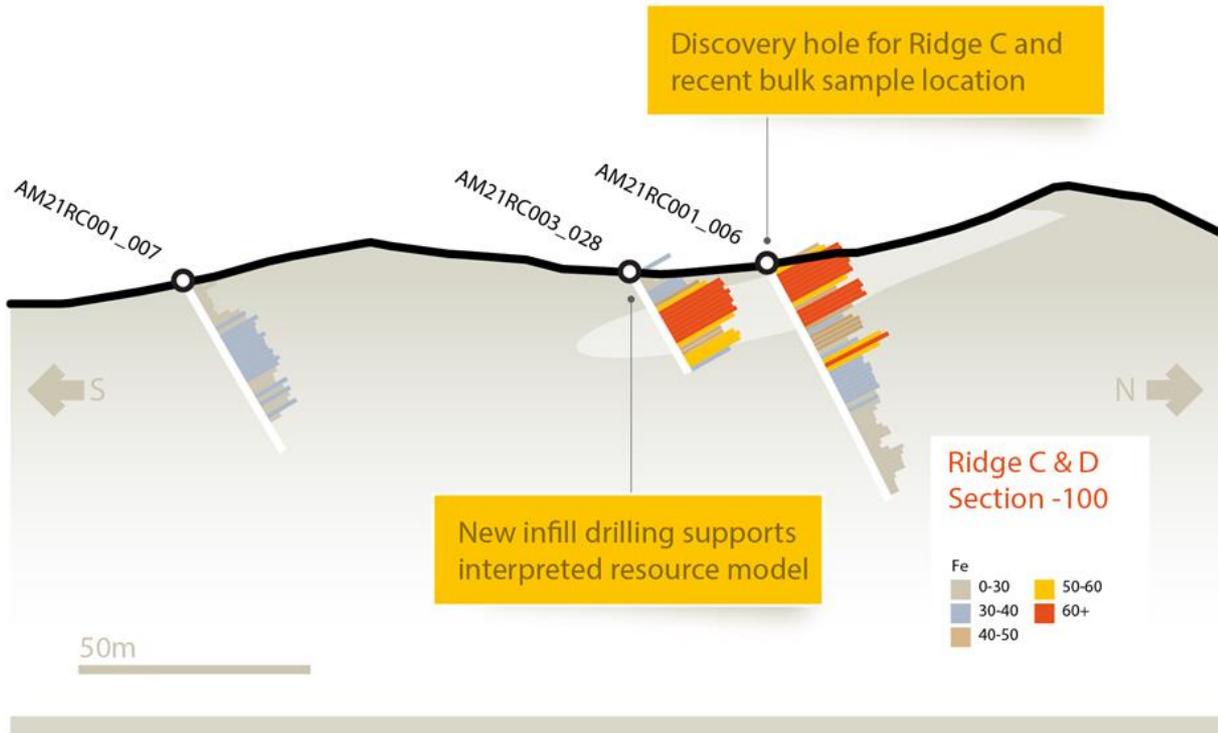
Location of completed RC drill hole locations, Phase 3 drilling ridges C and E, Hancock Iron Ore Project
Source: Alien, [RNS of 2 March 2022](#)



Source: Alien, [RNS of 2 March 2022](#)

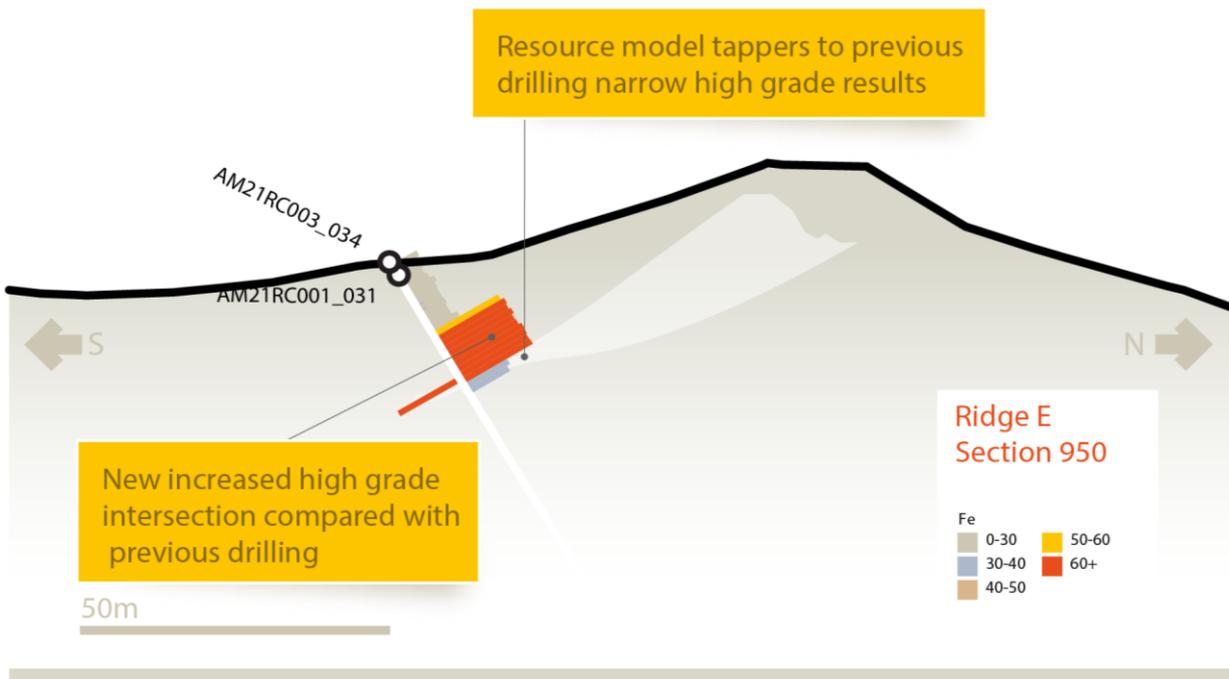
Reviewing various series of cross sections across some of the Hancock ridges, strong correlation has been identified amongst some of the significant holes from this phase of drilling, as is demonstrated in the schematics below:

Cross Section 1000m East, Ridge C, Hancock Iron Ore Project



Source: Alien, [RNS of 2 March 2022](#)

Cross Section 1000m East, Ridge E, Hancock Iron Ore Project



Source: Alien, [RNS of 2 March 2022](#)

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

Today's news adds yet further confidence to Alien's fast revolving development wheel. With the completion of a £4 million (gross) equity placing on 4 November 2021, even with the possible acceleration of works surrounding Elizabeth Hill, the Group still appears to have sufficient financial resources to provide a working runway beyond Q3 2022. The coming months might accordingly be 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. The list includes not only continued fast-track development at the Group's Hancock Iron Ore Project while also progressing the 90% acquisition of the Hamersley Tenements, but also further key assay results from Elizabeth Hill, completion of the proposed acquisition of the 2.2Moz Munni Munni Platinum Group Metals & Gold Project and a maiden drilling programme at its 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 projects for acquisition that might complement the Group's 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\$140/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 already appears to be 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\$70/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. Of significance here also to interested producers, is that the project's total Capex is 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 processing its DSO along with valuation comparison with Alien's possibly most obvious (albeit more advanced) peer, Fenix Resources Limited (ASX: FEX), which is presently valued at AUD\$113 million (£61.2 million) based on a total of 10.5Mt @ 64.2% Fe (Indicated and Inferred) Mineral Resources, suggests quite significant

potential for an upward reassessment. Demonstrating the shareholder value Hancock has potential to generate, 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 presently applied to the 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.

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