EVOLUTION CAPITAL

ASX: ANX

Anax Metals Limited

Equity Research

2nd September 2024

SPECULATIVE BUY

Share Price	$0.023
Price Target	$0.100

52-Week Range	$0.017 - $0.068
ANX Shares Outstanding	692.8m
Options (8 ¢, exp. 13 Dec 2024)	15.0m
Options (12 ¢, exp. 13 Dec 2025)	15.0m
Options (6 ¢, exp. 31 Dec 2025)	83.8m
Options (3 ¢, exp. 5 Feb 2026)	20.0m
Options (6 ¢, exp. 24 Jun 2026)	5.7m
Options (10 ¢, exp. 29 Jun 2026)	10.0m
Performance Rights	24.0m
Market Capitalisation	$15.9m
Cash (as at 30 Jun 2024)	$4.1m
Enterprise Value	$11.8m

Board & Management:

Phillip Jackson	Non-Executive Chairman
Geoff Laing	Managing Director
Peter Cordin	Non-Executive Director
Phil Warren	Non-Executive Director
Jenine Owen	Chief Financial Officer
Andrew McDonald	General Manager
Steven Wood	Company Secretary

Major Shareholders:

Jetosea Pty Ltd	19.9%
Holihox Pty Ltd	11.1%
Lowell Resources Fund	2.8%
Mr Geoffrey Laing	2.8%
QSD Pty Ltd	1.9%

Anax Metals is an ASX-listed exploration and development company. Headquartered in Perth, Western Australia, the company has three active projects within the State, including the flagship Whim Creek Copper-Zinc Project in the Pilbara. Given its existing SX-EW treatment infrastructure, Whim Creek has the potential to treat oxide and transitional base metal ores in the region, as well as fresh ore with the addition of a concentrator.

Strategically Positioned and Fully Permitted Processing Hub

Processing Hub: adding a concentrator to the existing SX-EW treatment facilities, will provide the ability to treat both primary and secondary ores delivering additional development options, economies of scale and potentially allowing the development of third-party projects in the vicinity.

Fully Permitted: All regulatory approvals that will enable the development of the Whim Creek Project have been received. Considering the current regulatory and political environment, this is highly critical and enviable.

Key Infrastructure Readily Available: given the brownfield nature of the project, significant infrastructure is readily available: SX-EW treatment plant including heap leach pads, existing support infrastructure (access roads, offices, maintenance facilities, etc) and existing power and water supply facilities requiring minimal refurbishment.

Favourable Geology: Volcanic Massive Sulphide (VMS) deposits are typically relatively small but high value deposits combining base metals (high grade copper at 1.35% Cu grade in ore reserve plus lead and zinc) with precious metals credit from gold and silver.

Exploration Potential: those VMS deposits are typically found in clusters (Mons Cupri, Whim Creek, Salt Creek, Evelyn) with the potential to find additional mineral resources in the vicinity. ANX is currently drilling to expand the Evelyn mineral resources and test targets south-west of Whim Creek.

Advanced Development Studies: the development of the primary/sulphide mineralisation is at DFS stage (April 2023, capex $71m), while the secondary mineralisation is at Scoping Study stage (Sep 2023, capex $7.3m funded by cash flows) but benefits from existing SX-EW treatment plant and heap leach pads and ponds.

Project Benchmarking: the results of our project benchmarking indicate that the Whim Creek has the best profitability ratio (NPV/capex in excess of 3x) among its peers combined with a relatively modest capex, thanks to the existing infrastructure.

News Flow: between now and March quarter 2025, the results from numerous drilling and evaluation activities should act as share price catalysts: Evelyn mineral resource extension, Whim Creek additional base metal drilling targets, Sulphur Springs scoping study in partnership with Develop Global (ASX: DVP), Whundo development studies in partnership with GreenTech Metals (ASX: GRE), project development work and project debt funding.

Whim Creek Project Financial Modelling: we have adjusted the metal price assumptions to reflect the current economic environment and forecast by reducing the base metals' prices slightly and increasing the precious metals prices significantly from the ones used in the Whim Creek April 2023 DFS.

Whim Creek (inc. Heap Leach) Project valuation: using various metal prices (see page 4 for the details of each pricing scenario):

Pricing Scenario	Pre-tax $NPV_{7\%}$	80% ANX	30% Risked NPV	IRR
1	$188m	$151m	$45m	44%
2	$288m	$230m	$69m	56%
3	$279m	$223m	$67m	56%
4	$301m	$241m	$72m	41%

ANX valuation: our sum of the parts valuation assumes a capital raising of $2.5 million (100 million shares at $0.025) sometime in FY2025 to fund further exploration/drilling programs and project evaluation. Our ANX valuation amounts to $79 million or $0.10 per share.

Anax Metals Ltd (ASX: ANX) Financial Summary
Base Case: Whim Creek Project (Concentrator + Heap Leach)

Key metrics

Market Information	Unit	Value
Number of Issued ANX Shares	million	692.8
ANXAM Options @ $0.08, expiry 13 Dec 2024	million	15.0
ANXAN Options @ $0.12, expiry 13 Dec 2025	million	15.0
ANXAQ Options @ $0.06, expiry 31 Dec 2025	million	83.8
ANXAR Options @ $0.03, expiry 5 Feb 2026	million	20.0
ANXAS Options @ $0.06, expiry 25 Jun 2026	million	5.7
ANXAO Options @ $0.10, expiry 29 Feb 2026	million	10.0
ANXAJ Performance Rights	million	24.5
Partially Diluted	million	712.8
Share Price	A$	0.023
12 month High-Low	A$	0.017-0.068
Market Capitalisation	A$m	15.9
Cash (30 Jun 2024)	A$m	4.1
Debt (30 Jun 2024)	A$m	0.0
Entreprise Value	A$m	11.8

Financing Assumptions	Unit	Value
Execise of Options	A$m	0.6
New Equity (100 million shares @ $0.025)	A$m	2.5
Number of Issued Shares Post New Equity	million	792.8
Project Development Equity (200m shares @ $0.04)	A$m	8.0
Debt Funding ($65m in FY2025, 1 year grace, 4 years maturity, repayments of $15m, $25m & $25m in FY2027, FY2028 & FY2029)		

Metal Pricing (DFS)	FY2025	FY2026	FY2027	FY2028	FY2029
Copper	$8,850	$9,100	$9,500	$9,750	$10,000
Zinc	$2,750	$2,800	$2,800	$2,800	$2,800
Lead	$2,100	$2,150	$2,150	$2,100	$2,100
Silver	$22	$22	$22	$22	$22
Gold	$1,800	$1,800	$1,800	$1,800	$1,800
Exchange Rate					
A$/US$	0.68	0.68	0.68	0.68	0.68

Prices (US$/t & US$/oz)		Copper	Zinc	Lead	Silver	Gold
1st	flat	$8,500	$2,600	$2,000	$20	$2,100
2nd	DFS	DFS	DFS	DFS	DFS	$2,200
3rd	flat	$9,500	$2,700	$2,075	$26	$2,300
4th	flat	$9,600	$2,800	$2,100	$28	$2,400

Whim Creek Project (incl. Heap Leach)		NPV pre-tax @7%	80%	Risked	IRR
1st	price scenario	$188m	$151m	$45m	44%
2nd	price scenario	$288m	$65m	$69m	56%
3rd	price scenario	$279m	$223m	$67m	56%
4th	price scenario	$301m	$241m	$72m	64%

Whim Creek Processing Hub		+ NPV pre-tax @7%	50%	Risked
1st	price scenario	$126m	$63m	$19m
2nd	price scenario	$179m	$89m	$27m
3rd	price scenario	$167m	$84m	$25m
4th	price scenario	$177m	$89m	$27m

ANX Sum of the Parts Valuation	A$m	Per Share
Whim Creek Project (30% risked NPV)	58.5	$0.074
Whim Creek Processing Hub (30% risked NPV)	23.0	$0.029
Exploration and evaluation costs	(4.0)	($0.005)
Cash	4.1	$0.005
New Equity (100m shares @ $0.025)	2.5	$0.003
Corporate Costs	(4.7)	($0.006)
Base Case Valuation	79.4	$0.100

Financial Statements — **June Financial Year End**

Profit & Loss (A$m)	FY2023A	FY2024E	FY2025F	FY2026F	FY2027F
Revenue	0.3	0.3	0.0	101.6	134.8
Operating Costs	(0.3)	(0.1)	(0.4)	(72.8)	(63.4)
Royalties	0.0	0.0	0.0	(5.2)	(6.9)
Overhead Costs	(2.8)	(2.0)	(2.0)	(2.1)	(2.1)
Other Income/Costs	0.0	0.1	0.0	0.0	0.0
EBITDA	**(2.7)**	**(1.6)**	**(2.4)**	**21.4**	**62.3**
Depreciation	(0.1)	0.0	0.0	(15.4)	(36.8)
Net Interest	0.0	0.0	(1.2)	(6.4)	(7.6)
Tax/Other	0.0	0.0	0.0	0.0	0.0
Profit	**(2.8)**	**(1.6)**	**(3.6)**	**(0.4)**	**17.9**

Cash Flow (A$m)	FY2023A	FY2024E	FY2025F	FY2026F	FY2027F
Net Profit	(2.8)	(1.6)	(3.6)	(0.4)	17.9
+/- Adjustments	0.1	0.0	1.2	21.8	44.4
+/- Working Capital	(1.2)	0.0	(0.2)	(2.4)	(3.5)
+/- Other	1.4	(1.3)	0.0	(5.1)	(1.7)
Cash Flow from Operations	**(2.5)**	**(2.9)**	**(2.6)**	**14.0**	**57.2**
Net Capital Expenditure	(5.5)	(3.2)	(71.3)	(4.8)	(13.4)
Cash Flow from Investing	**(5.5)**	**(3.2)**	**(71.3)**	**(4.8)**	**(13.4)**
Net proceeds from Debt	2.4	0.5	63.8	8.6	(12.6)
Changes in Share Capital	0.0	8.0	10.5	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Casfhlow	(0.0)	(1.3)	(0.6)	0.0	1.0
Cash Flow from Financing	**2.4**	**7.2**	**73.7**	**8.6**	**(11.6)**
Net Cash Change	**(5.6)**	**1.1**	**(0.2)**	**17.8**	**32.2**

Balance Sheet (A$m)	FY2023A	FY2024E	FY2025F	FY2026F	FY2027F
Cash	1.7	2.8	2.6	20.4	52.6
Other Current Assets	0.3	0.3	0.0	13.4	17.8
Total Current Assets	**2.0**	**3.1**	**2.6**	**33.8**	**70.4**
Property, Plant & Equipment	0.5	0.6	71.9	61.2	37.7
Exploration, Evaluation & Dev.	34.1	37.2	37.2	37.2	37.2
Non-Current Assets	0.1	0.1	0.1	0.1	0.1
Total Non-Current Assets	**34.7**	**37.8**	**109.1**	**98.5**	**75.0**
Total Assets	**36.7**	**40.9**	**111.7**	**132.3**	**145.4**
Equity	49.0	57.0	66.8	66.8	66.8
Reserves	7.5	6.6	6.6	6.6	6.6
Retained Earnings	(39.5)	(41.1)	(44.7)	(45.0)	(27.1)
Total Equity	**17.0**	**22.5**	**28.8**	**28.5**	**46.4**
Current Debt	0.0	0.0	0.0	15.0	25.0
Account Payables	0.5	0.5	0.0	6.0	5.2
Other Liabilities	4.4	3.1	3.1	3.1	4.1
Total Current Liabilities	**4.9**	**3.6**	**3.1**	**24.1**	**34.3**
Lease Liabilities	0.0	0.0	0.0	0.0	0.0
Non-current Debt	14.7	14.7	79.7	79.7	64.7
Total Non-current Liabilities	**14.8**	**14.8**	**79.8**	**79.7**	**64.7**
Total Liabilities	**19.7**	**18.4**	**82.9**	**103.8**	**99.1**
Total Equity + Liabilities	**36.7**	**40.9**	**111.7**	**132.3**	**145.4**

Profitability Indicators	FY2023A	FY2024E	FY2025F	FY2026F	FY2027F
EBITDA margin	-	-	-	21.1%	46.2%
Liquidity	**FY2023A**	**FY2024E**	**FY2025F**	**FY2026F**	**FY2027F**
Quick Ratio	0.5	0.5	0.0	0.6	0.6
Current Ratio	0.5	0.5	0.0	0.6	0.6
Capital Structure	**FY2023A**	**FY2024E**	**FY2025F**	**FY2026F**	**FY2027F**
Equity Ratio	1.3	1.4	0.6	0.5	0.5
Debt / Assets	0.4	0.4	0.7	0.7	0.6
Debt / EBITDA	-5.4	-9.1	-32.9	4.4	1.4
DSCR	n/a	n/a	0.0	1.7	1.9

Source: Evolution Capital estimates

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All currencies are in Australian dollars unless otherwise specified.

1. ANX Valuation

Whim Creek (including heap leach) Project Valuation

We have used the financial model built on the back of the April 2023 Definitive Feasibility Study and amended to include the heap leach with the following key parameters:

- Two open pit mines: Mons Cupri and Whim Creek
- Two underground mines: Evelyn and Salt Creek
- Ore reserves: 4.6 million tonnes at 1.36% Cu, 2.30% Zn and 0.68% Pb
- Mine schedule: 94.5% ore reserves and 5.5% inferred resources
- Crusher / pre-sorting throughput: 800,000 tonnes per annum
- Concentrator throughput: 400,000 tonnes per annum
- Heap leach feed: 2.2 Mt at 0.54% Cu and 0.71% Zn
- Life of mine: 8 years
- Concentrator capex: $71 million + $14 m working capital
- SX-EW plant capex: $3.9 million (self-funded)
- Zinc sulphate processing plant: $3.4 million (self-funded)
- Mining cost – OP: A$43.7/t ore – UG: 156.3/t ore
- Processing cost: 38.7/t ore
- AISC: US$2.23/lb Cu
- Royalties: various rates from 0.8% to 5.8% depending on metal & mine
- Discount rate: 7%
- Base metal prices (LOM US$/t): Cu 9,656, Zn 2,932, Pb 2,111
- Precious metal prices (LOM): Ag US$22/oz, Au US$1,800/oz

The model results in a pre-tax NPV of $270 million and IRR of 55%.

Subsequently, we have defined a number of pricing scenarios as follows:

Table 1.1 – Pricing Scenarios in US$

Metal	Pricing Scenario	2025	2026	2027	2028	2029	LOM
Copper	1	$8,500/t	$8,500/t	$8,500/t	$8,500/t	$8,500/t	$8,500/t
	2 (DFS)	$8,850/t	$9,100/t	$9,500/t	$9,750/t	$10,000/t	$9,656/t
	3	$9,500/t	$9,500/t	$9,500/t	$9,500/t	$9,500/t	$9,500/t
	4	$9,600/t	$9,600/t	$9,600/t	$9,600/t	$9,600/t	$9,600/t
Zinc	1	$2,600/t	$2,600/t	$2,600/t	$2,600/t	$2,600/t	$2,600/t
	2 (DFS)	$2,750/t	$2,800/t	$2,800/t	$2,800/t	$2,800/t	$2,932/t
	3	$2,700/t	$2,700/t	$2,700/t	$2,700/t	$2,700/t	$2,700/t
	4	$2,800/t	$2,800/t	$2,800/t	$2,800/t	$2,800/t	$2,800/t
Lead	1	$2,000/t	$2,000/t	$2,000/t	$2,000/t	$2,000/t	$2,000/t
	2 (DFS)	$2,150/t	$2,150/t	$2,100/t	$2,100/t	$2,100/t	$2,111/t
	3	$2,075/t	$2,075/t	$2,075/t	$2,075/t	$2,075/t	$2,075/t
	4	$2,100/t	$2,100/t	$2,100/t	$2,100/t	$2,100/t	$2,100/t
Silver	1	$20/oz	$20/oz	$20/oz	$20/oz	$20/oz	$20/oz
	2 (DFS)	$22/oz	$22/oz	$22/oz	$22/oz	$22/oz	$22/oz
	3	$25/oz	$25/oz	$25/oz	$25/oz	$25/oz	$25/oz
	4	$28/oz	$28/oz	$28/oz	$28/oz	$28/oz	$28/oz
Gold	1	$2,000/oz	$2,000/oz	$2,000/oz	$2,000/oz	$2,000/oz	$2,000/oz
	2	$2,100/oz	$2,100/oz	$2,100/oz	$2,100/oz	$2,100/oz	$2,100/oz
	3	$2,300/oz	$2,300/oz	$2,300/oz	$2,300/oz	$2,300/oz	$2,300/oz
	4	$2,400/oz	$2,400/oz	$2,400/oz	$2,400/oz	$2,400/oz	$2,400/oz

Source: Evolution Capital estimates

Compared to the DFS pricing assumptions, we have been conservative with regards to base metals pricing and increased the precious metals price assumptions to reflect the current environment. See section 3 for further details.

Based on those pricing scenarios, Table 1.2 summarises the valuation of the Whim Creek project (including the heap leach)

Table 1.2 – Whim Creek Project NPV Valuation

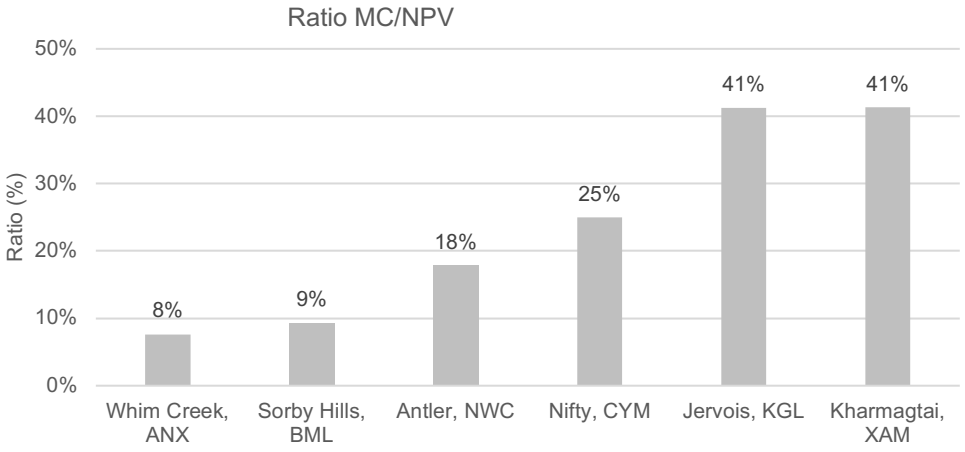
Pricing Scenario	Pre-tax $NPV_{7\%}$	80% ANX	Risked 30% x NPV	IRR
1	$188m	$151m	$45.2m	44%
2	$288m	$230m	$69.1m	56%
3	$279m	$223m	$66.9m	56%
4	$301m	$241m	$72.2m	64%

Source: Evolution Capital estimates

In all scenarios, the profitability ratio is (NPV/Capex) is superior to 2x and IRR is excellent, thanks to the combination of low capital intensity and operating costs.

The selection of a risk factor is subjective. We have selected 30% in relation to the stage of evaluation (DFS) of this brownfield project. While the significant infrastructure already in place and permits already obtained could warrant a higher risk factor, we note that peers currently trade at an average of 23% of the NPV of their flagship project.

Figure 1.1 – Ratio Market Capitalisation/NPV



Source: company announcements

Whim Creek Processing Hub Project Valuation

One of the key benefits of the Whim Creek project is to have the opportunity to leverage the existing treatment infrastructure to process ore from various deposits in its vicinity. See Section 5. Considering Whundo delivers both heap leach and sulphide mineralisation and Sulphur Springs oxide and transitional material and a simple 50/50 split of the NPV.

Table 1.3 – Whim Creek Processing Hub Add-on NPV Valuation

Pricing Scenario	Pre-tax $NPV_{7\%}$	50% ANX	Risked 30% x NPV
1	$126m	$63m	$19m
2	$179m	$89m	$27m
3	$167m	$84m	$25m
4	$177m	$88m	$27m

Source: Evolution Capital estimates

ANX Sum of the Parts Valuation

To derive our sum of the parts valuation, we have considered a total number of shares equal to 792.8 million including a future placement of 100 million shares issued in FY2025 at $0.025 for $2.5 million.

Table 1.4 summarises the sum of the parts valuation for ANX.

Table 1.4 – ANX Sum of the Parts Valuation

Asset	Value Range	Preferred	Per Share
Whim Creek Project (80% ANX interest, 30% risked-NPV)	$45m-$72m	$58.5m	$0.074
Whim Creek Processing Hub (Whundo + Sulphur Springs HL)	$19m-$27m	$23.0m	$0.029
Exploration and evaluation costs		($4.0m)	($0.005)
Cash (30 June 2024)		$4.1m	$0.005
Placement (100 million shares @ $0.025)		$2.5m	$0.006
Corporate costs		($4.7m)	($0.006)
Total		**$79.7m**	$0.100

Source: Evolution Capital estimates. HL = Heap Leach

The sum of the parts valuation uses significantly discounted Net Present Values…

Using conservative metal price assumptions, ANX appears significantly undervalued in its own right and when compared to peers.

Exploration upside can add further value.

Exploration Upside

While we have conservatively not attributed any value to the exploration upside at this time, ANX is currently drilling the Evelyn deposit and has some reported some outstanding copper grades:

Table 1.5 – Significant continuous XRF-scanning results for 24AED002A

ID	From	To	Cu %	Zn %	Pb %	S %	Ag	Au
002A	180	181	**0.54**	**3.20**	**3.32**	**6.62**	N/A	N/A
	181	182	**0.09**	**0.97**	**14.97**	**1.36**	**N/A**	**N/A**
	182	183	0.02	0.06	BDL	0.71	N/A	N/A
	183	184	0.30	0.12	BDL	5.36	N/A	N/A
	184	185	**0.33**	**0.53**	**5.85**	**9.50**	**N/A**	**N/A**
	185	186	**1.63**	**4.32**	**0.18**	**29.78**	**N/A**	**N/A**
	186	187	**7.06**	**2.88**	**BDL**	**41.41**	**N/A**	**N/A**
	187	188	**8.48**	**6.89**	**BDL**	**48.94**	**N/A**	**N/A**
	188	189	**3.99**	**1.64**	**3.77**	**40.10**	**N/A**	**N/A**
	189	190	0.66	0.94	1.13	11.45	N/A	N/A

Source: ANX ASX announcement 27 August 2024

Likely increase of the Evelyn mineral resources

Those results bode well for mineral resource upgrade down the track.

In parallel, Anax has commenced an exploration programme to systematically explore for VMS deposits in the vicinity of Evelyn and will focus on refining VTEM anomalies located under cover. These anomalies will be evaluated with auger sampling, soil sampling and FLEM prior to drill testing.

Potential discovery of another Mons Cupri

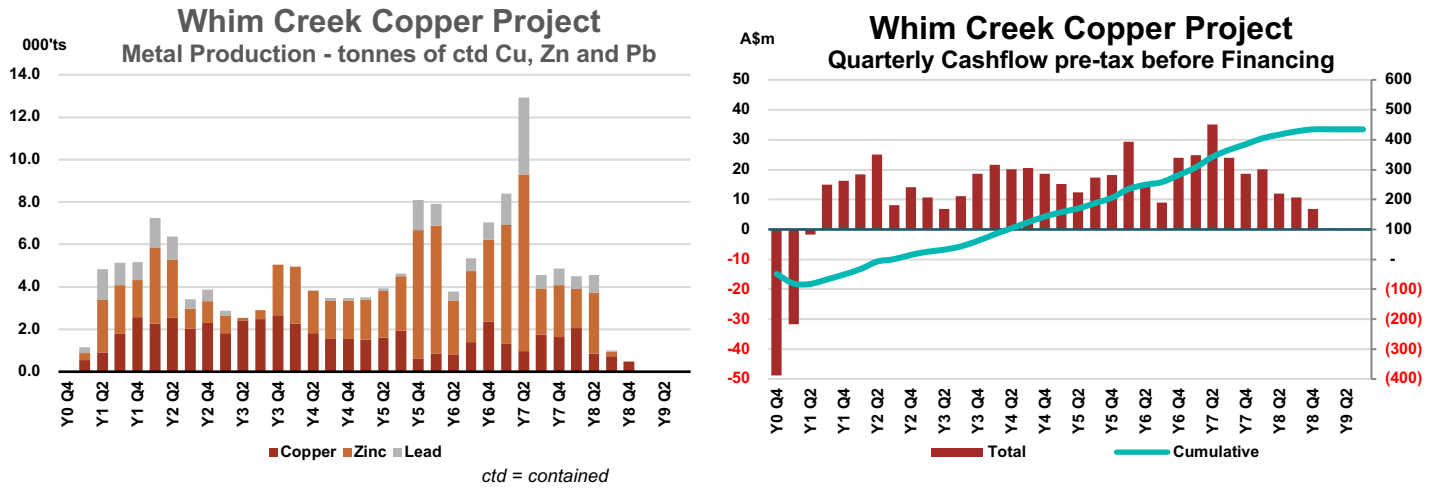
Just 1km south of the Mons Cupri deposit, ANX is compiling all historical data targeting the discovery of a new potential VMS deposit with similar dimensions to Mons Cupri

Production and Cash Generation Profile

Whim Creek (including Heap Leach)

Figure 1.1 illustrates the metal production and cash flow generation of the Whim Creek project including the heap leach.

Figure 1.1 – Whim Creek Project Metal Production and Pre-Tax Cash Flow



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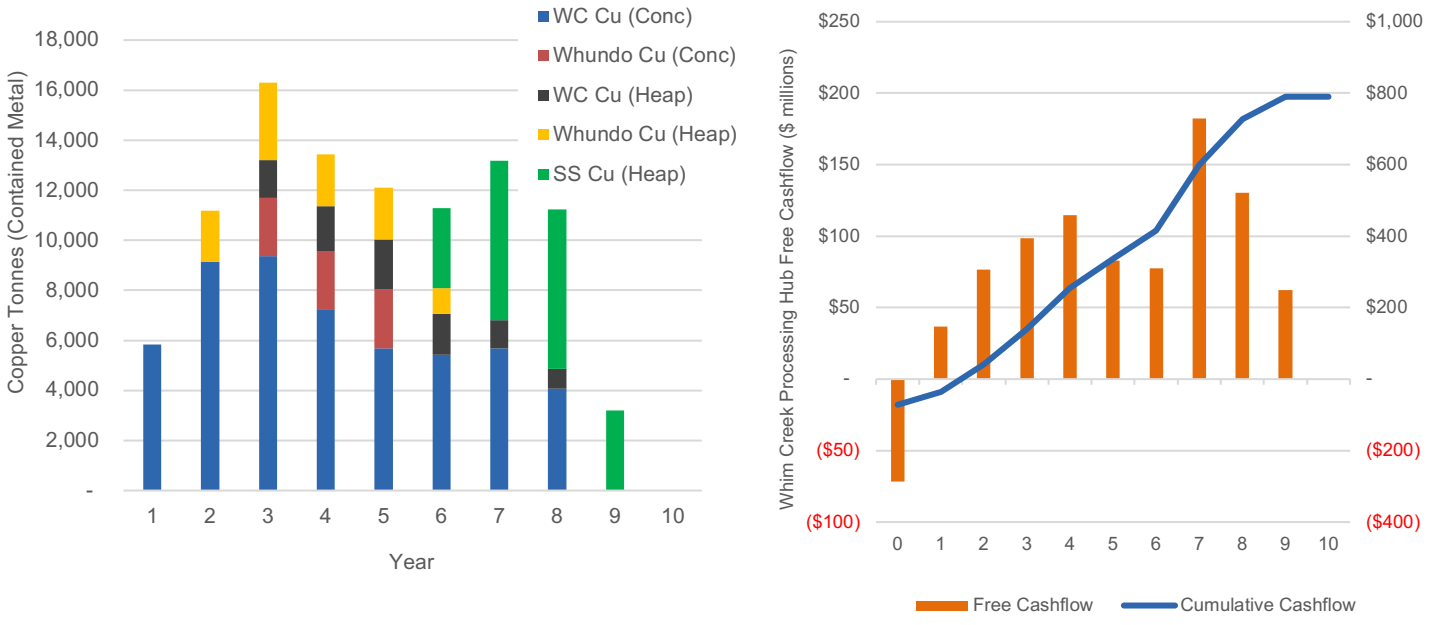
Whim Creek Processing Hub

Figure 1.2 illustrates the copper production and cash flow generation of the Whim Creek Processing Hub concept.

Figure 1.2 – Whim Creek Processing Hub Copper Production and Pre-Tax Cash Flow



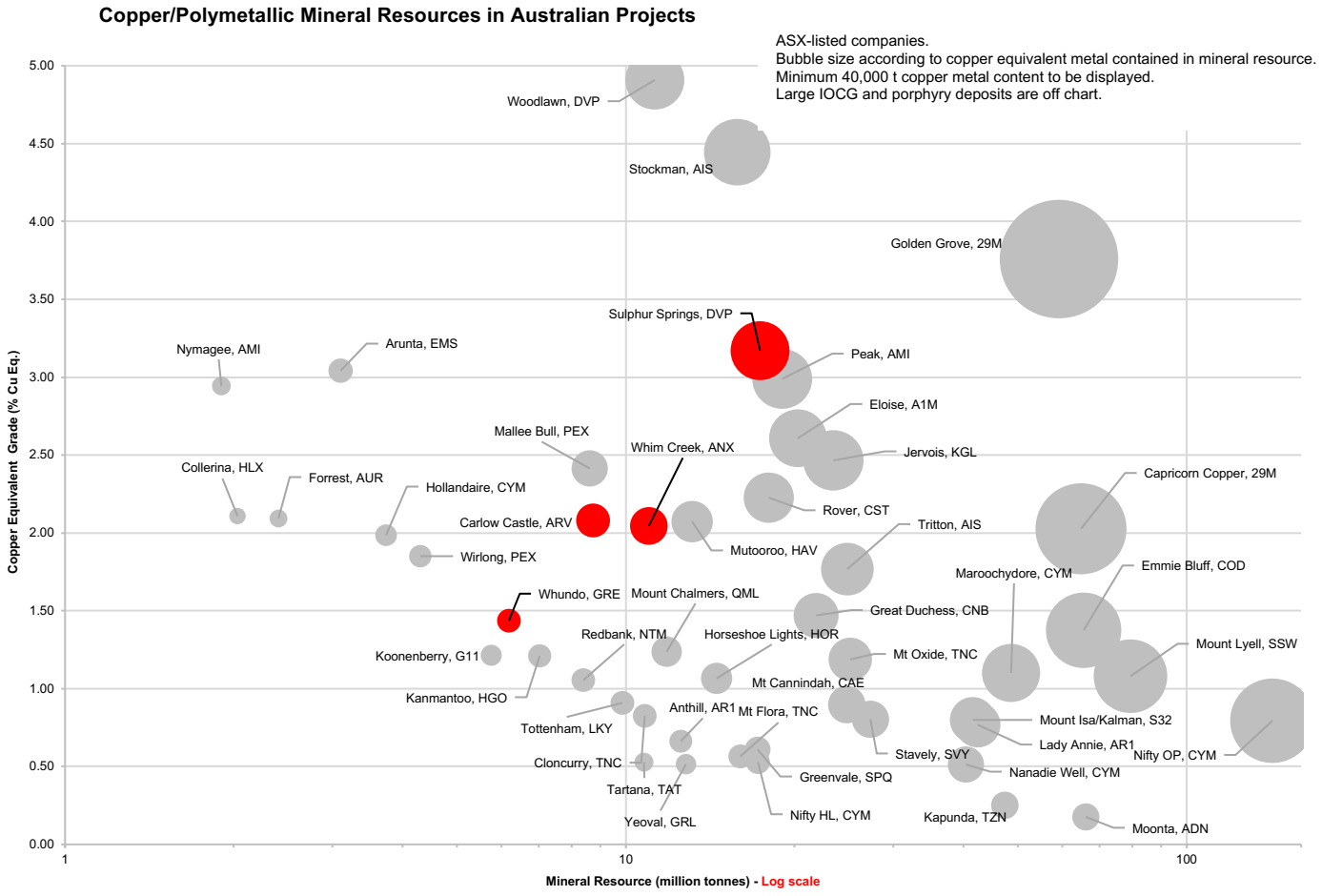
SS = Sulphur Springs, WC = Whim Creek

2. Project Benchmarking

Mineral Resources

Figure 2.1 summarises the mineral resources of copper and polymetallic projects operated by ASX-listed companies. Beyond the Whim Creek project, we have highlighted three projects: Carlow Castle, Artemis Resources ASX: ARV), Sulphur Springs, Develop Global (ASX: DVP) and Whundo, GreenTech Metals (ASX: GRE), which could provide ore feed to the Whim Creek processing hub. See section 4.

Figure 2.1 – Whim Creek Mineral Resource v Peers

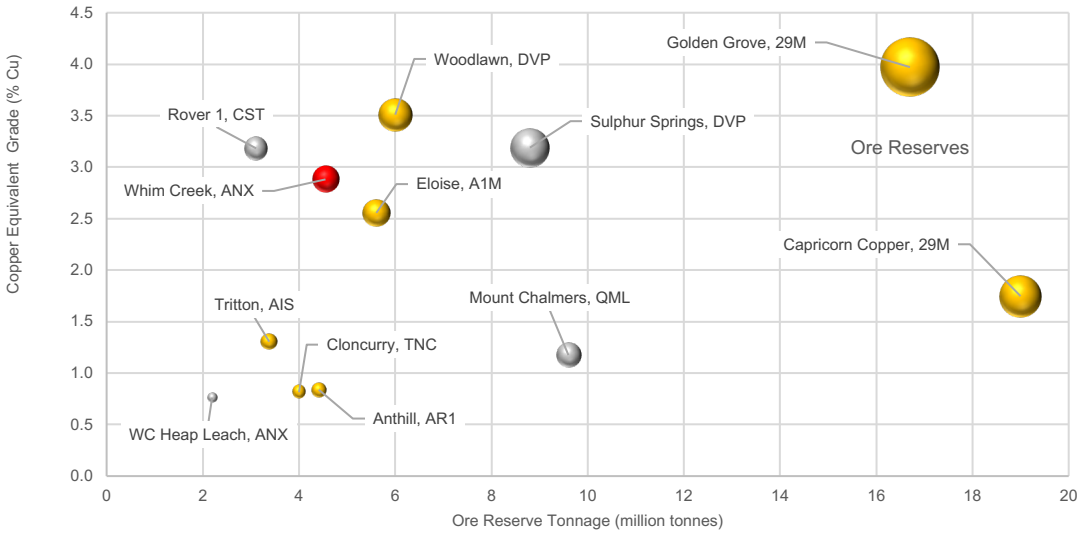


Source: S&P Capital IQ Pro. Note the copper equivalent calculation used the following metal prices: copper US$9,000/t, lead US$2,100/t, zinc US$2,800/t, cobalt US$25,000/t, gold US$2,300/oz and silver US$26/t. Metallurgical recoveries were not considered.

Ore Reserve

Figure 2.2 summarises the ore reserve or copper and polymetallic Australian projects operated by ASX-listed. Operating mines are displayed in yellow. The Whim Creek heap leach feed has been added.

Figure 2.2 – Whim Creek Ore Reserves v Peers



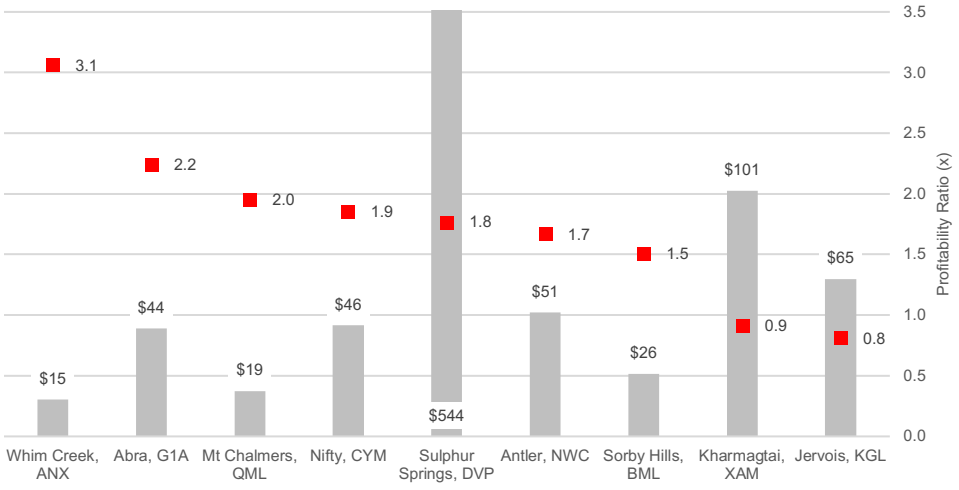
Source: S&P Capital IQ. Note a number of larger projects are off chart.

Profitability Ratio

Best profitability ratio (NPV/capex) given the infrastructure already in place… and permitted

Figure 2.3 summarises the profitability ratio (NPV/capex) for the Whim Creek project as well as some selected peers. Thanks to the brownfield nature of the project, Whim Creek the best ratio. Note the Woodlawn project being currently restarted by Develop Global (ASX: DVP) scores the ratio in excess of 15x.

Figure 2.3 – Profitability Ratio of the Whim Creek Project and Peers

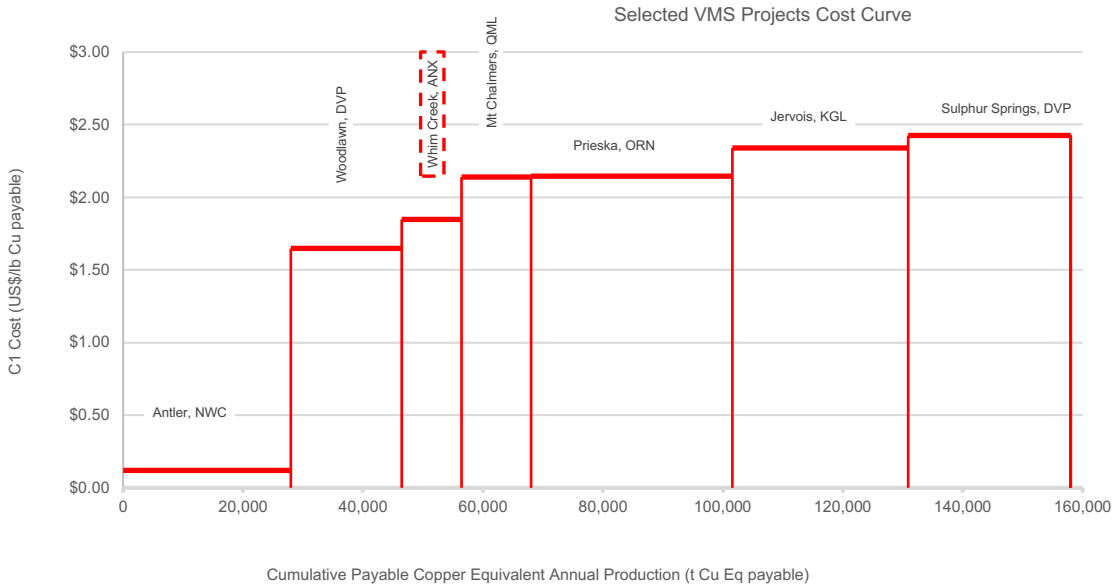


Source: company announcements, Evolution Capital

Operating Costs

Figure 2.4 summarises the C1 Costs of a few selected VMS projects. The Whim Creek cost base compares wells with its peers.

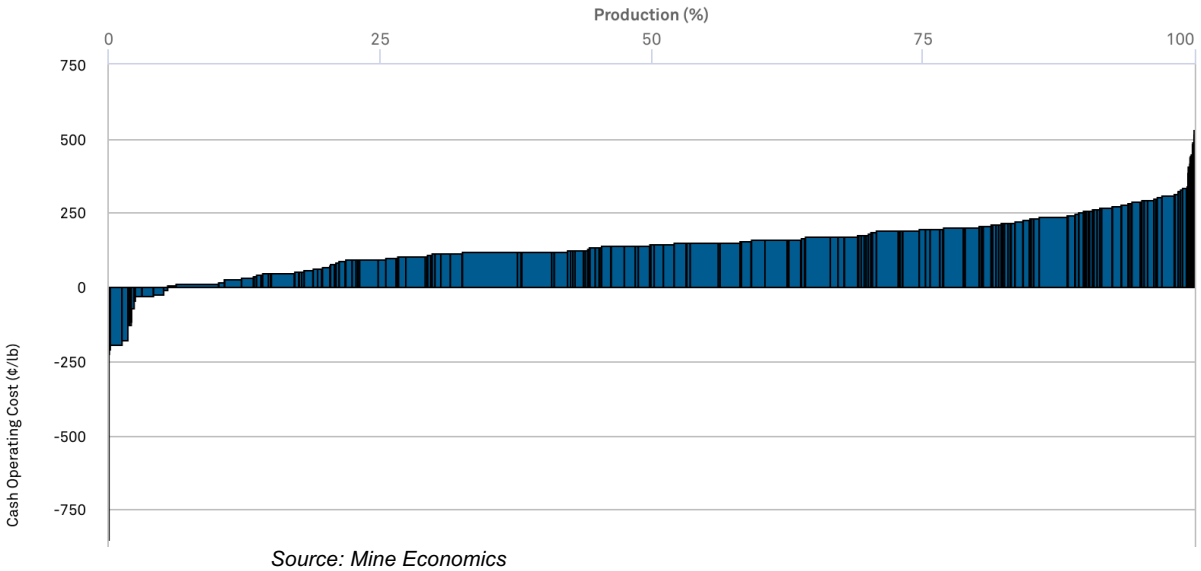
Figure 2.4 – Selected VMS Projects Cost Curve



Source: ANX

On a global basis, the Whim Creek project would sit in the third quartile based on its C1 cash cost, but still well below the current and forecasted copper prices.

Figure 2.4 – Cash Operating Cost Global Current Cost Curve



Source: Mine Economics

3. Metals Market Outlook

Copper

Supply

World refined copper production expected to increase by 2.8% in 2024 and 2.2% in 2025, according to the International Copper Study Group.

In 2024, refined copper output is expected to recover from a series of maintenance outages, accidents and operational issues that occurred in 2023 in a number of major producing countries including Chile, Japan, India, Indonesia and United States.

In 2025, although production will benefit from the continued expansion of Chinese electrolytic capacity and the ramp-up of new smelters/refineries in Indonesia and India, primary electrolytic refined production growth is expected to be limited by the constrained availability of concentrates and to increase by a modest 0.7%. However, electrowinning output is forecast to rise by 4% and secondary refined production (from scrap) by 6%, benefiting from expanded capacity.

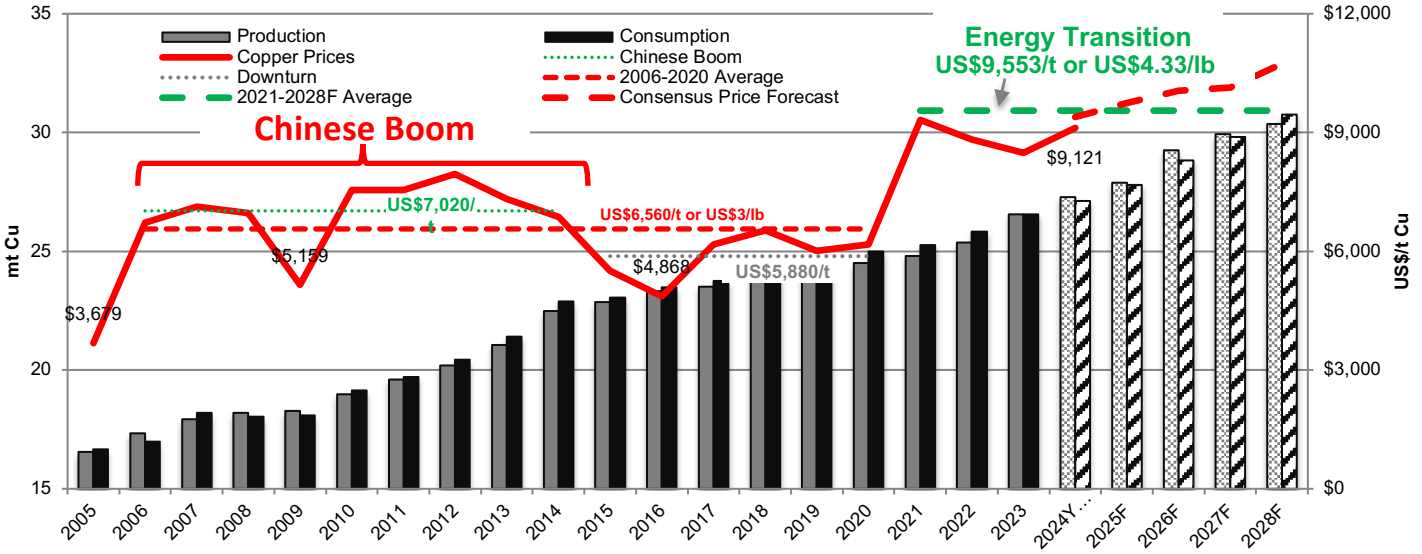
Demand

The rate of growth in world refined usage has been revised down for 2024 to 2% from the 2.7% forecast in October 2023.

Chinese usage is expected to grow by about 2% in 2024 and 1.6% in 2025. After an estimated decline of 3% in 2023, world ex-China usage in 2024 and 2025 is expected to increase by 2.4% and 3.8% respectively, mainly due to the development of new semis production capacity.

Copper is essential to economic activity and to the modern technological society. Additionally, infrastructure developments in major countries and the global trend towards cleaner energy and electric cars will continue to support copper demand in the longer term.

Figure 3.1 – Copper Supply, Demand and Prices



Source: ICSG, S&P Capital IQ, Evolution Capital

Copper's key properties of conductivity, ductility, efficiency and recyclability, make it a key commodity for the transition to clean energy. It is these properties that make copper the critical material required for wind and solar technology, energy storage, and electric vehicles, all of which will significantly increase the demand for copper. To put this into perspective:

- Solar and wind power generation uses 4 to 6 times more copper than other sources of power
- Copper wiring and cabling connects renewable power generation with energy storage, whilst the copper in transformer switches allows power to be delivered at the required voltage
- 4 to 6 times more copper is needed for electric vehicles than traditionally powered vehicles mainly due to the power motor coil and copper is also required for the recharging stations
- Healthcare industry demand is rising due to its unique anti-microbial properties where copper alloy surfaces rapidly kill many forms of potentially lethal bacteria

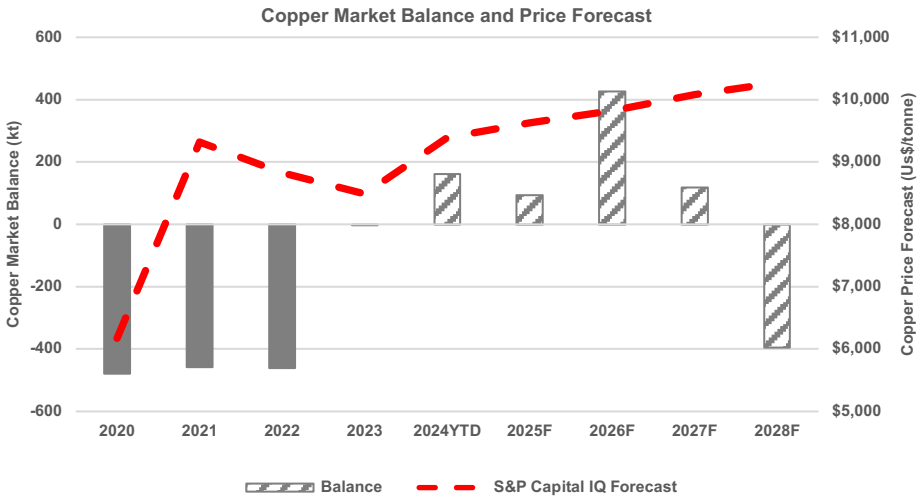
Copper projects typically have been large-scale in size however large deposits are becoming scarcer and the copper head grades of existing operations are falling. This is compounded by a lack of development of new projects that will bring forward the long-anticipated supply crunch which will drive prices higher over the foreseeable medium to long term timeframes.

From a long term perspective, we are seeing the energy transition (electric vehicles, renewable energy, energy storage systems) as one of the catalysts for a step change in copper demand and copper pricing from an average of US6,560/t or $3/lb during the Chinese Boom and the subsequent down turn to a new upcycle average of US$9,533/t or $4.33/lb forecast for the next few years.

Copper Prices

The copper market is expected to remain tight as forecast surpluses represent less than 1.5% of the mine supply. Usual disruptions such as floods or strikes (recurrent in Chile and Peru) can quickly bring the market back in deficit, causing price spikes.

Figure 3.2 – Copper Market Balance and Price Forecast



Source: ICSG, S&P Capital IQ, Evolution Capital

Zinc

Supply

According to preliminary data recently compiled by the ILZSG, the global market for refined zinc metal was in surplus by 228,000 tonnes over the first half of 2024 with total reported inventories increasing by 172,000 tonnes.

Beyond 2024, metal production is expected to grow at 2.8% per annum to 15.6 million tonnes in 2028.

Demand

Over H1 2024, increases in the usage of refined zinc metal in Brazil, China, India, the Republic of Korea, Taiwan, Thailand and Vietnam were partially offset by reductions in Europe and the United States, resulting in an overall global rise of 3.4%.

Zinc metal consumption is expected to grow at 2.9% per annum to 15.5 million tonnes in 2028.

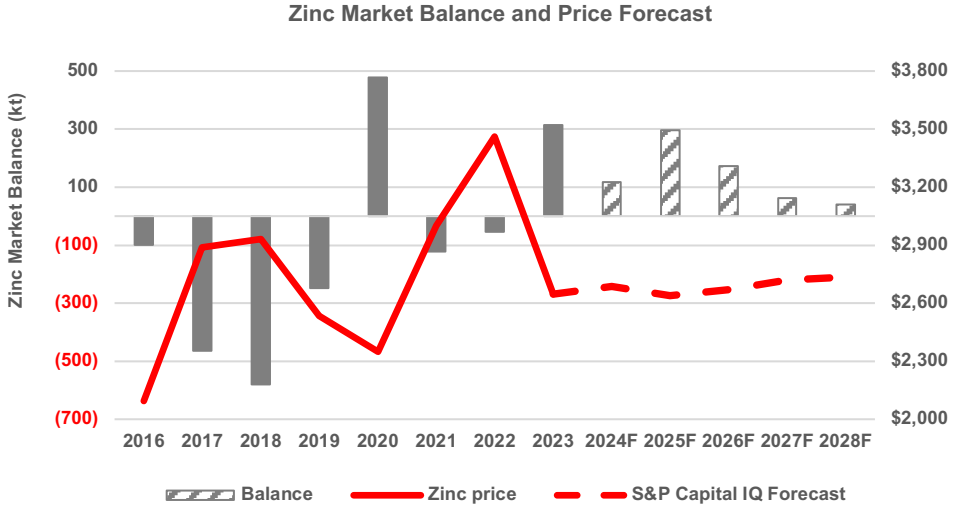
Figure 3.3 – Zinc Supply, Demand and Prices

Source: ILZSG, S&P Capital IQ, Evolution Capital

Zinc Prices

With increasing market demand expected to be met increasing metal supply generating consecutive surpluses, the zinc price is expected to average $2,700/t over the period 2024-2028.

Figure 3.4 – Zinc Market Balance and Price Forecast



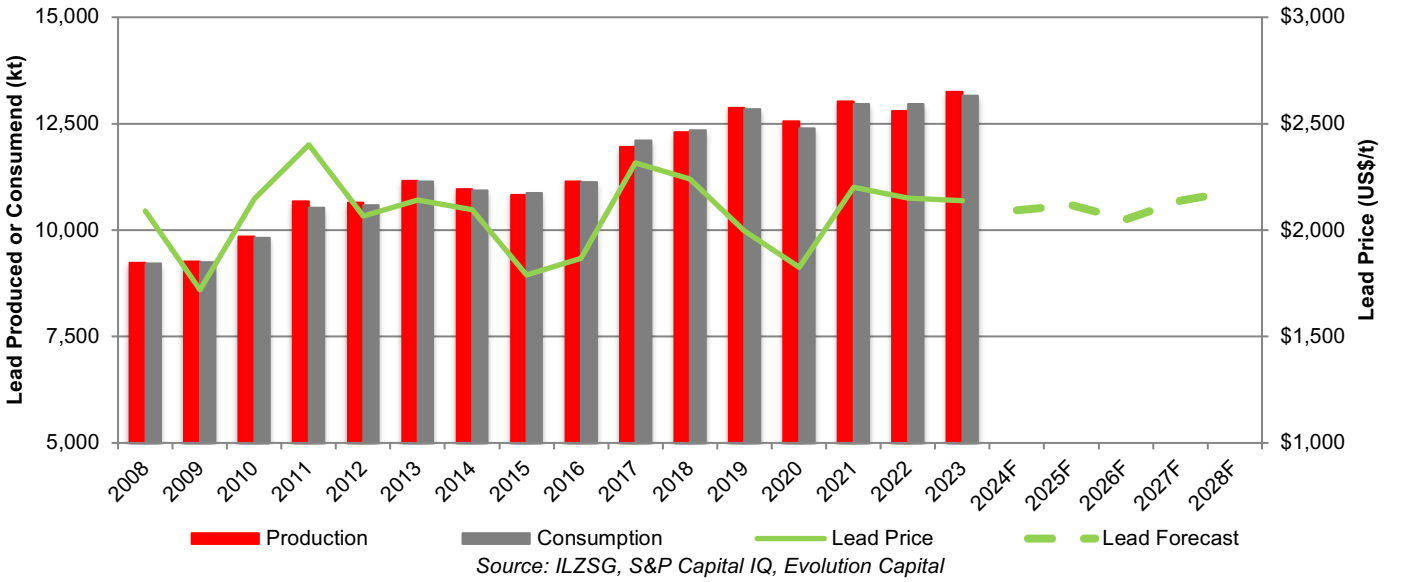
Source: ILZSG, S&P Capital IQ, Evolution Capital

Lead

Characteristics

Lead is one of the most recycled metals. Since 2018, increases in lead recycling is completing a relatively stable mine production resulting in a market with modest surpluses.

Figure 3.5 – Lead Market Balance and Price Forecast

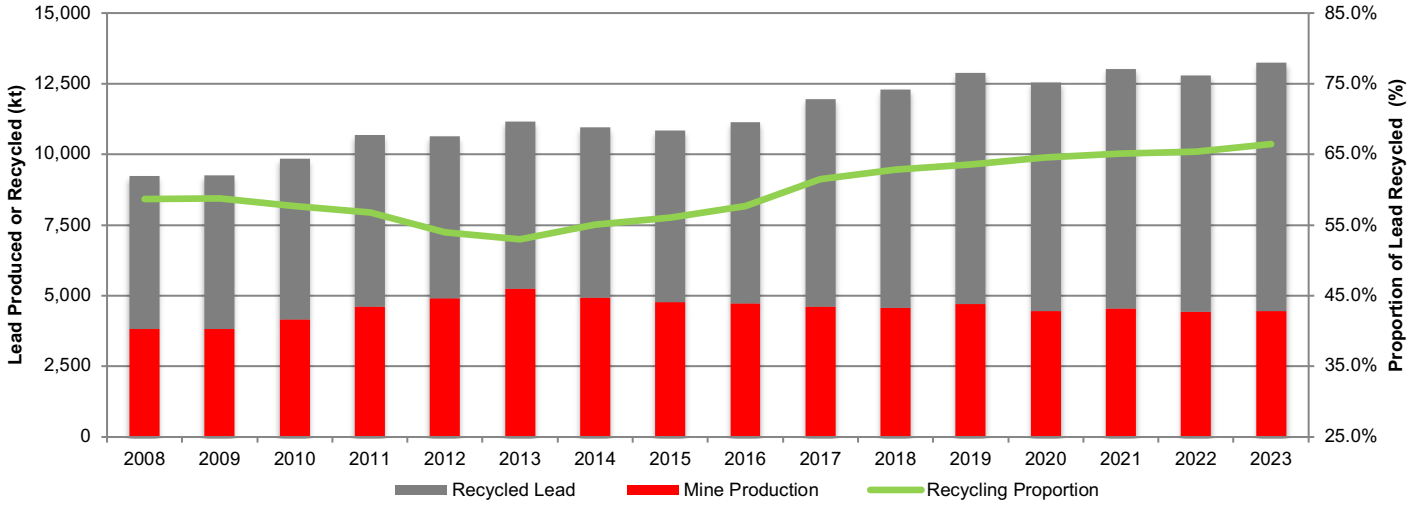


Source: ILZSG, S&P Capital IQ, Evolution Capital

According to the ILZSG, world refined lead metal supply exceeded demand by 15,000 tonnes during the first half of 2024 with total reported inventories increasing by 93,000 tonnes.

Output of refined lead metal from secondary (recycled) raw material accounted for 66.5% of global production in 2023 compared to 65.3% in 2022.

Figure 3.5 – Lead Market Balance and Price Forecast



Source: ILZSG, S&P Capital IQ, Evolution Capital

Lead Prices

Since 2008, lead prices have been oscillating within a relatively narrow range (US$1,719/t to US$2,401/t). The consensus price forecast expects price to vary modestly around an average of $2,120/t slightly above their long-term average of $2,074/t (2008-2023).

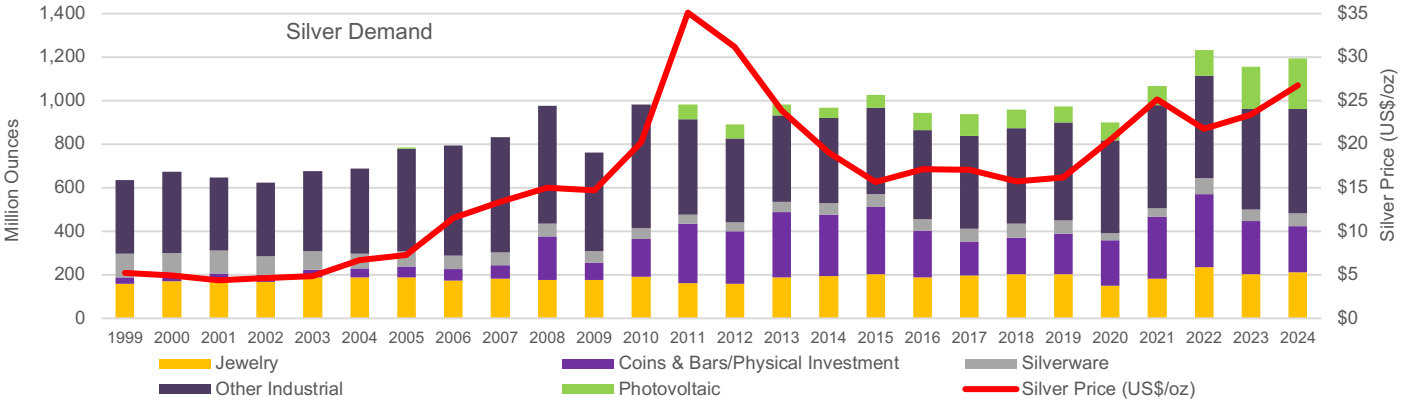
Silver

Characteristics & Demand

Silver is the best electrical conductor, therefore it is widely used across a variety of industrial applications. Among them, automotive and solar industries. Silver is an essential ingredient for solar panels and is increasingly being used in wind turbines due to its longevity and lifetime performance.

As the world is using more renewable energies, silver metal will play a critical role in this economic transformation. Silver has unique conductive and chemical properties that makes it critical for the energy transition. Silver will continue to feature heavily as we transition from non-renewable to clean energy sources.

Figure 3.6 – Silver Demand by Sector



Source: Silver Institute

Looking at Figure 3.6, after a decade 2010-2020 of stagnant silver demand, the combination of physical investment and photovoltaic are responsible for most of the increase in new consumption of the metal.

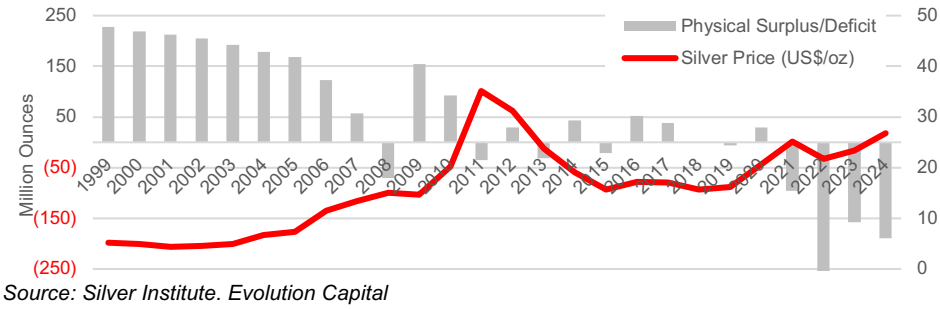
As a result, the market was in deficit in 2023 for a third year in a row and, while down 30%, it was still large at 184.3Moz.

Global mine production fell by 1% y/y to 830.5Moz in 2023. Output was significantly affected by the four-month suspension of operations at Newmont's Peñasquito in Mexico following strike action. This was compounded by a drop in production from Argentina due to the processing of lower ore grades at some mines and the closure of Pan American Silver's Manantial Espejo mine. Primary silver production slipped to 235.2Moz last year. Supply from lead/zinc and copper mines rose by 1.0% to 255.8Moz and 3.9% to 221.4Moz respectively. Output from gold mines dropped by 12.2% in 2023 to 113.8Moz following the Peñasquito suspension.

Prices

Physical deficits and continued budgets deficits and money printing from central banks/governments bodes well for sustained silver prices in the foreseeable future.

Figure 3.6 – Silver Market Balance v Price



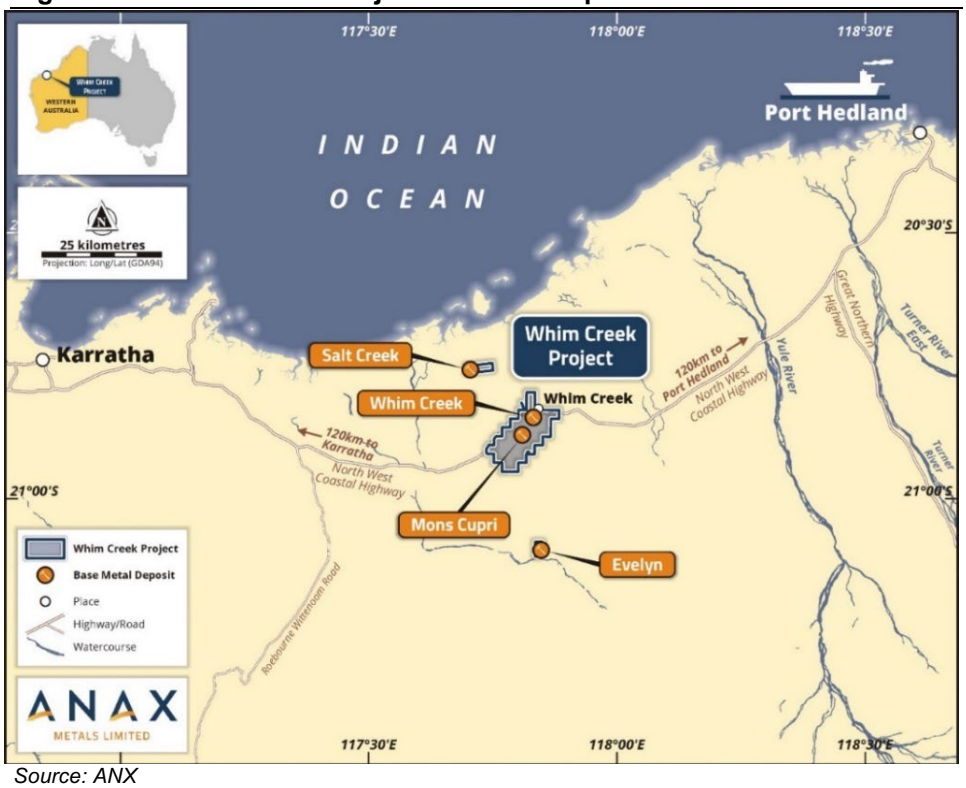
Source: Silver Institute. Evolution Capital

4. Whim Creek Project

Introduction

The Whim Creek Project comprises four deposits - Whim Creek, Mons Cupri, Salt Creek and Evelyn, all within a radius of 25 km from the existing Whim Creek processing area and all located on existing Mining Leases (Figure 4.1).

Figure 4.1 – Whim Creek Project Location Map



Source: ANX

Mons Cupri and Whim Creek are proposed to be mined using conventional open cut mining techniques, while the high-grade Evelyn and Salt Creek deposits are proposed to be mined using underground techniques.

The processing route considered for the Whim Creek DFS is the construction of a modular 400,000 tonne per annum (tpa) polymetallic concentrator that will be fed with ore pre-concentrated using a combination of ore sorters (for >8mm material) and gravity separation (for <8mm material).

Anax Metals has an 80% interest in the project and will contribute 80% of costs and receive 80% of financial outcomes.

Location

The Project is situated in the Pilbara region of Western Australia, 120 km southwest of Port Hedland and 3 km south of the historic Whim Creek Hotel. Access is via the North-West Coastal Highway that runs between Karratha and Port Hedland. Both major mining and export hubs, Karratha and Port Hedland provide access to airport, seaport and established logistical networks (Figure 4.1).

The brownfield nature of the project and the nearby infrastructure assist in reducing the capital expenditure to develop the project.

History and Infrastructure

Between 2003 and 2009, Straits Resources Limited (Straits) mined the oxide ore at Mons Cupri and Whim Creek. Ore was processed in a heap leach operation that produced ~67,000t of copper cathode through an SX-EW plant. The Dampier Gas Pipeline runs parallel to the North-West Coastal Highway and a spur pipeline was previously installed to the Whim Creek mine site, where a gas fired power station was used to generate electricity when the Project was operating.

Water supply is available through an existing bore field and numerous production bores. Other site infrastructure includes haul roads, a small camp, offices, sheds, workshops, process water ponds, stormwater ponds, a raw water dam and a bunded fuel farm.

The historically significant Whim Creek Hotel (Figure 2) is owned by the local Ngarluma people through the Ngarluma Aboriginal Incorporation RNTBC (NAC) and includes a mine camp that previously accommodated the Straits mining workforce. Neither the hotel, nor the mine camp is currently operational. Anax is currently working with NAC to refurbish the hotel and associated camp infrastructure. A Telstra tower, recently upgraded to 4G, is located at the Whim Creek Hotel.

Tenure

The Whim Creek Project is jointly held by Anax (80%) through its wholly owned subsidiary, Whim Creek Metals Pty Ltd, and Develop (20%) through wholly owned subsidiaries, Venturex Pilbara Pty Ltd and Jutt Resources Pty Ltd. Develop is free carried through to a decision to mine.

The Whim Creek Project consists of seven mining leases, one exploration licence and one miscellaneous licence encompassing an area of approximately 155 km^2.

Geology and Mineralisation

VMS deposits typically have a relatively small footprint (a few hundred meters) but presents some of the highest grades observed in base metal deposits.

They also found in clusters or echelons

The Mons Cupri, Whim Creek, Evelyn and Salt Creek deposits are interpreted to be VMS-style deposits. VMS-style deposits are classed under the general heading of “exhalative” deposits, which also include sedimentary exhalative type deposits and form at or near the seafloor through the circulation of hot, metal-rich hydrothermal fluids. These hydrothermal fluids undergo rapid cooling as they come into contact with the ocean floor, resulting in the precipitation and accumulation of metals, similar to present-day black smokers.

The base metal deposits that comprise the Project all occur within the Whim Creek Greenstone Belt, a granite-greenstone terrane that formed between 3,600 Ma and 2,800 Ma, part of the Archaean-aged Pilbara Craton.

Mineral Resources

The Mineral Resources for the Whim Creek Project that form the basis of the DFS total just under 11 million tonnes (Mt) and are shown in Table 4.1 and Table 4.2.

Table 4.1 – Whim Creek Project DFS Copper Domain Mineral Resources

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri *(Cu ≥ 0.4%)*	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	3,130	0.84	0.47	0.20	16	0.09
	Inferred	400	0.60	0.22	0.10	10	0.03
Salt Creek *(Cu ≥ 0.8% & Zn < 2.5%*	Measured	-	-	-	-	-	-
	Indicated	1,070	2.03	0.23	0.03	4	0.08
	Inferred	650	1.25	0.28	0.04	4	0.05
Whim Creek *(Cu ≥ 0.4%)*	Measured	-	-	-	-	-	-
	Indicated	1,750	1.10	0.63	0.16	6	0.04
	Inferred	660	0.56	0.17	0.08	2	0.02
Evelyn *(No Cut-off)*	Measured	-	-	-	-	-	-
	Indicated	470	2.47	3.97	0.29	42	1.00
	Inferred	120	2.84	3.62	0.20	37	0.92
Combined	Measured	990	1.62	1.42	0.61	38	0.28
	Indicated	6,420	1.23	0.73	0.17	13	0.14
	Inferred	1,830	0.96	0.44	0.08	7	0.09
Total Cu Resources		**9,240**	**1.22**	**0.75**	**0.20**	**15**	**0.15**
Contained t/Oz			*Cu t*	*Zn t*	*Pb t*	*Ag oz*	*Au oz*
			112,000	***69,000***	***18,000***	***4,330,000***	***43,700***

Source: ANX

Table 4.2 – Whim Creek Project DFS Zinc Domain Mineral Resources

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri	Measured	70	0.16	4.56	1.79	53	0.23
(Zn ≥ 2.0% &	Indicated	340	0.09	3.56	1.01	38	0.07
Cu < 0.4%)	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek	Measured	-	-	-	-	-	-
Zn ≥ 2.50%	Indicated	770	0.58	9.91	2.97	73	0.39
	Inferred	225	0.53	5.70	1.88	31	0.14
Whim Creek	Measured	-	-	-	-	-	-
(Zn ≥ 2.0% &	Indicated	120	0.12	3.22	0.44	12	0.08
Cu < 0.4%)	Inferred	45	0.13	2.46	0.40	9	0.04
Combined	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	1,230	0.40	7.55	2.20	58	0.27
	Inferred	450	0.34	5.07	1.75	27	0.10
Total Zn Resources		**1,750**	**0.37**	**6.75**	**2.05**	**50**	**0.22**
Contained t/Oz			*Cu t*	*Zn t*	*Pb t*	*Ag oz*	*Au oz*
			7,000	***118,000***	***36,000***	***2,790,000***	***12,600***

Source: ANX

Ore Reserves

The Ore Reserves identified in the April 2023 Feasibility Study are shown below.

Table 4.3 – Whim Creek Project DFS Zinc Domain Mineral Resources

Classification	Deposit	Mine Type	Ore Mt	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Proven	Mons Cupri	Open Pit	1.06	1.46	1.58	0.68	38	0.28
	Sub-total		**1.06**	**1.46**	**1.58**	**0.68**	**38**	**0.28**
Probable	Mons Cupri	Open Pit	1.49	0.83	1.08	0.47	23	0.14
	Whim Creek	Open Pit	0.72	1.54	1.14	0.15	7	0.06
	Evelyn	Underground	0.50	2.11	3.32	0.22	34	0.88
	Salt Creek	Underground	0.79	1.57	6	1.83	48	0.27
	Sub-total		**3.49**	**1.32**	**2.52**	**0.67**	**27**	**0.26**
Totals	Mons Cupri	Open Pit	2.55	1.09	1.29	0.56	29	0.20
	Whim Creek	Open Pit	0.72	1.54	1.14	0.15	7	0.06
	Evelyn	Underground	0.50	2.11	3.32	0.22	34	0.88
	Salt Creek	Underground	0.79	1.57	6.00	1.83	48	0.27
Total Proven and Probable Reserves			**4.55**	**1.36**	**2.30**	**0.68**	**29**	**0.26**

Source: ANX

Production Schedule

The 2023 April Feasibility Study identified a Life of Mine (LOM) Production Schedule that underpins an overall mine life of 8 years, which includes 7.5 years of open pit and underground mining. The DFS LOM Production Schedule is made up of Ore Reserves and Inferred Mineral Resources that were modified using the same factors as the Ore Reserve.

Table 4.4 – April 2023 DFS LOM Production Schedule

Category	Million Tonnes	Cu%	Zn%	Pb%	Ag g/t	Au g/t
Proven and Probable Reserves	4.55	1.36	2.30	0.68	29	0.26
Inferred Mineral Resources	0.27	1.25	4.77	1.25	39	0.37
LOM Production Schedule	**4.82**	**1.35**	**2.44**	**0.71**	**30**	**0.27**

Source: ANX

Heap Leach Operation

The heap leach operation is proposed to operate in parallel with the concentrator. The heap leach circuit will produce copper cathode and zinc sulphate and is anticipated to operate for a period of approximately 6 years. The heap leach feed sources are summarised in Table 4.5 and will primarily consist of:

- Ore sorter and In-line Pressure Jig (IPJ) ore.
- A sulphide ore domain with high zinc at the Whim Creek deposit that will be more profitable to process through the heap leach circuit due to the ability to recover both zinc and copper.
- Additional ore identified from new pit optimisations completed at the Mons Cupri and Whim Creek deposits.
- Transitional ore domains from the Whim Creek and Evelyn deposits excluded from the 2023 DFS.
- Tailings with high residual metal content.

Table 4.5 – Heap Leach Feed Production Target

Heap Leach Feed Type	Kt	Cu %	Zn %
Secondary Sort Rejects	788	0.34	0.15
IPJ Rejects	300	0.27	0.26
ROM Ore (transitional ore + new sulphide ore + redirected ore)	751	0.94	1.06
Tailings	354	0.35	1.60
Total Heap Leach Feed	**2,193**	**0.54**	**0.71**

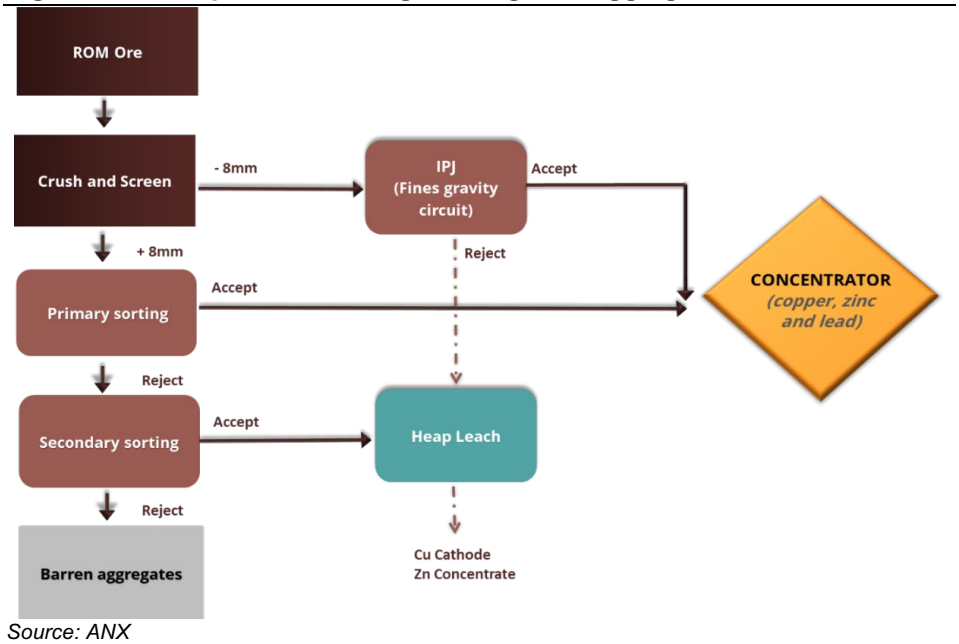
Source: ANX

Heap leach pads, ponds and the electro-winning facility are already in place.

The simplified flowsheet below indicates where the heap leach is positioned in relation to the concentrator.

The bulk of contained copper, zinc, lead and precious metals will report to the high-grade pre-concentrates generated in the first stage of ore sorting. These pre-concentrates (as well as gravity-upgraded -8mm fines) will then be treated in the concentrator to produce saleable concentrates.

Figure 4.2 – Simplified Crushing, Sorting and Jigging Flowsheet



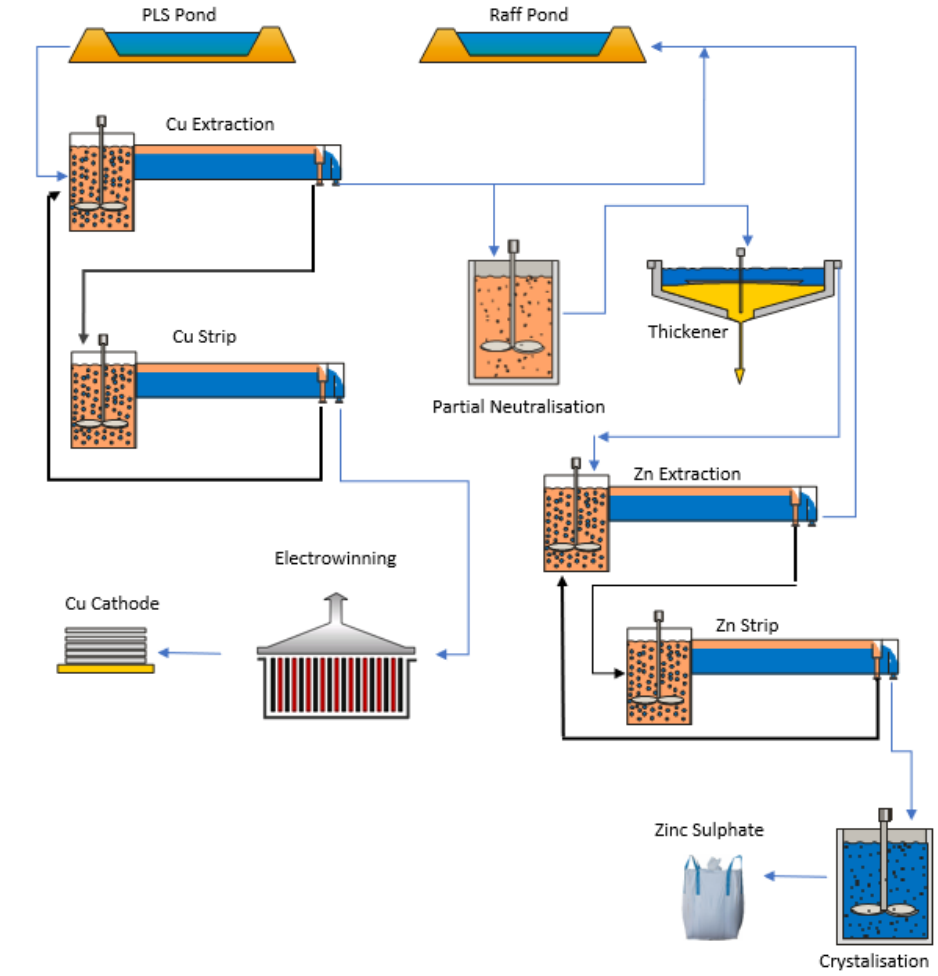
Source: ANX

Primary sort rejects will contain residual copper and zinc that will be processed through the second stage ore sorter to produce medium grade ore (middlings) that will be stockpiled for processing through either the concentrator or the heap. Secondary sort rejects may also be treated on the heap if their residual copper

and zinc content is above the marginal cut-off grade for production through the heap leach circuit.

The heap leach feed will be combined with rejected -8mm fines from the IPJ gravity circuit and processed through the heap leach.

Figure 4.3 – Heap Leach Flowsheet



Source: ANX

Heap leach pads, ponds and the electro-winning facility are already in place.

Cathode copper will be produced from the processing of leach solutions in the Solvent Extraction and Electrowinning (SX-EW) plant. Saleable zinc products will be recovered from a zinc sulphate production circuit which will be a new addition to the plant. The zinc circuit will involve neutralisation for iron removal, solvent extraction followed by precipitation of a zinc sulphate product.

The CSIRO test work confirmed that the bacterial column leach delivered around 80% copper extraction and over 90% zinc extraction from ore sorted “middlings”. Nevertheless, for the purposes of the Scoping Study and financial modelling, 75% recovery for copper and 85% recovery for zinc have been assumed.

Resulting in a very modest capex to restart the SX-EW operation and add a zinc sulphate circuit.

Payabilities of 99% have been assumed for copper cathode and 90% for zinc in zinc sulphate.

Capital Cost estimates for the SX-EW copper cathode and the zinc sulphate are $3.91 million and $3.38 million respectively

The Scoping Study has identified a heap leach Production Target of 2.19 Mt of ore at an average grade of 0.54% Cu and 0.71% Zn. The heap leach operation is anticipated to produce 8,875 tonnes of copper cathode and 13,325 tonnes of zinc as zinc sulphate.

Capital Expenditure

The total pre-production capital expenditure (Capex) required for the Whim Creek Project has been calculated at $71.3 million as detailed in Table 4.6 below.

Table 4.6 – Whim Creek Project Pre-production Capital Cost Estimate

Item	Capital Cost
Non-process infrastructure	$9.4m
Crushing, screening, sorting, jigging	$10.8m
Concentrator	$33.5m
Earthworks, civils and installation	$8.6m
Contingency (8.5%)	$5.3m
Owner's cost	$3.7m
Total Pre-Production Capital Cost	**$71.3m**

Source: ANX

Working capital has been estimated at $13.5 million resulting in a maximum cash drawdown of $84.8 million.

Operating Cost

The operating expenditure (Opex) for the Project, summarised in Table 4.7 below, has been estimated for an operating cost model that incorporates input costs from mining, processing (includes maintenance and consumables), general and administrative costs, shipping costs, selling costs and royalties.

Sustaining Capital makes provision for installation of an additional ore sorter towards the end of the first year of processing, the construction of the embankment for the second TSF cell and the development of the haul road to Evelyn.

LOM Opex, which includes all costs of mining, processing, site administration, royalties, selling and transportation costs, but excludes corporate costs of the Company are calculated at $831.2 million.

Table 4.7 – Whim Creek Project LOM Opex Breakdown

Item	LOM $M	$/t Ore
Mining - OP	**143.4**	**43.7**
Contractor mining costs	124.6	
Owner's costs	9.4	
General and admin	9.4	
Mining – UG	**241.5**	**156.3**
Contractor mining costs (Capital Development + Production)	206.0	
Owner's costs	17.6	
General and admin	11.8	
Remote ore haulage (Evelyn and Salt Creek)	6.2	
Processing	**186.9**	**38.7**
General and admin (labour, support services, etc.)	94.3	
Crushing, sorting, jigging	7.3	
Concentrating	85.3	
Sub Total (Operating costs)	**571.7**	**118.6**
Deferred Capital (excluding Mine Closure)	**10.6**	**2.2**
Selling costs	**122.6**	**25.4**
Royalties	**64.2**	**13.3**
Concentrate Shipping	**62.1**	**12.9**
LOM Total Opex	**831.2**	**172.4**

Source: ANX

Funding

The total financing requirements for the Project will be approximately A$84.8 million (excluding interest and fees payable). This funding is to cover Project construction capital, operating costs incurred during construction and commissioning and working capital requirements.

Funding is proposed via a mix of equity and debt, with discussions underway to determine the relative proportion of each.

ANX expects that Project debt will be predominantly in the form of a senior project financing facility with the potential for smaller secondary mezzanine funding for identified plant and a working capital facility.

While our valuation is set pre-financing, we have assumed a senior debt of $65 million with repayments of $15m, $25m and $25m in FY2027, FY2028 and FY2029 respectively and an equity capital raising of $8m (200 million shares at $0.04) as part of the forecast financial statements presented on page 2.

5. Whim Creek Processing Hub

Whundo Project, GreenTech Metals (ASX: GRE)

The Whundo project, 100% owned by GreenTech Metals (ASX: GRE) is a high-grade brownfield copper-zinc project. Whundo is a VMS style Resource, which is typically characterised by multiple deposits within a cluster. This is evident through the historical discovery of the Whundo, Ayshia and Yannery deposits while recent drilling and subsequent downhole EM has confirmed additional promising prospects including at Austin and Shelby.

The Whundo Project is estimated to contain a JORC 2012 Inferred and Indicated resource of 6.2Mt @ 1.12% Cu and 1.04% Zn, for a total 45,000 tonnes Cu and 39,000 tonnes Zn metal in the Indicated category and a total 24,000 tonnes Cu and 25,000 tonnes Zn in the inferred category (using a 0.2% Cu lower cut-off).

On 16th May 2024, GreenTech Metals and Anax Metals sign a Memorandum of Understanding (MoU) to assess the potential to treat Whundo base metal mineralisation (and other GRE assets) at the Whim Creek processing hub.

The fully permitted Whim Creek processing assets could provide near-term processing option for the open pittable Whundo deposit.

Whundo is within a 100km radius from Whim Creek. One could envisage a crushing and sorting circuit to increase grade and support the ore transport to the Whim Creek processing hub.

Potential benefits resulting from the amalgamated Project could include:

- Operational efficiencies resulting from single operator's mining and processing teams
- Better open pit mining contract rates due to increased mine life
- More favourable funding and offtake terms under a larger project
- Reduction in fixed costs due to economies of scale
- Reduction in environmental footprint due to utilisation of single processing facility.

Carlow Project, Artemis Resources (ASX: ARV)

The Carlow deposit, 100% owned by Artemis Resources (ASX: ARV) is on granted exploration licence E47/1797 and is only ~35km from Artemis resources 100% owned Radio Hill Processing Plant.

The Carlow deposit contains 8.74 Mt at 1.3 g/t Au, 0.73% Cu and 0.09% Co for 374,000 oz of gold, 64,000 t of copper and 8,000 t of cobalt. The inferred mineral resource is composed of oxide (1.29 Mt). transition (1.49 Mt) and fresh (5.96 Mt) mineralisation. While the fresh material could be processed at the Radio Hill

processing plant, oxide and transition material are best suited to an SX-EW treatment plan.

Sulphur Springs Project, Develop Global (ASX: DVP)

The Sulphur Springs Project, 100% owned by Develop Global (ASX: DVP) is located 144km south-east of Port Hedland in Western Australia's Pilbara region. The project's mineral resource stands at 17.4Mt at 5.8% Zn, 1.0% Cu, 0.3% Pb, 21g/t Ag and 0.2g/t Au.

In June 2023, DVP announced the results of an updated Definitive Feasibility Study (DFS) for the Sulphur Springs Project, which identified an ore reserve of 8.8 Mt @ 1.1% Cu and 5.4% Zn that will be processed through a new 1.3 Mtpa concentrator. The DFS envisages to access fresh ore from the start through a decline, by-passing the opportunity to mine oxide and transitional ores via open pit. ANX and DVP have identified high-grade oxide and transitional ore outside the mineral inventory, reported by DVP in the Sulphur Springs DFS, that may be amenable to heap leaching. ANX is investigating the feasibility of transporting oxide ores from Sulphur Springs to the fully permitted Whim Creek, where ore may be heap leached to produce saleable copper and zinc products.

From DVP's point of view, this latter type of mineralisation is best suited to a SX-EW process which would require additional capex to DVP and significant difficulties for permitting. On the other hand, mining and trucking this material to the Whim Creek plant would allow, beyond early cash flows, the resulting waste rock to be used for the tailings dam required by the concentrator and facilitating permitting along the way.

During the June 2024 quarter Joint Venture partner Anax Metals Limited (ASX: ANX announcement 30 May 2024) announced positive heap lech results from Sulphur Springs ore outside of the company's 2023 definitive feasibility study (see ANX ASX announcement 30 May 2024). High-grade transitional and oxide copper recoveries ranged between 80-95% and high-grade transitional zinc recoveries ranged between 95% and 99%.

6. Directors & Management Team

Phillip Jackson, Non-Executive Chairman

Barrister and solicitor with significant legal and international corporate experience, specialising in the areas of commercial and contract law, mining and energy law and corporate governance. He has been a Director and Chairman of a number of ASX and AIM listed minerals companies.

Geoff Laing, Managing Director

Chemical Engineer, with 30 years in mining and project development in operations design and corporate roles. He has been involved in the exploration and junior mining sector for the last fifteen years in corporate and advisory roles. A key player in the Exco Resources divestment of a substantial copper asset for $175 million to Xstrata Copper and as MD delivered the successful takeover of the company by WH Sol Pattinson.

Peter Cordin, Non-Executive Director

Civil engineer with over 45 years' global experience in mining and exploration both at operational and senior management level. He has direct experience in the construction and management of diamond and gold operations in Australia, Fenno-Scandinavia and Indonesia.

Phil Warren, Non-Executive Director

Chartered Accountant with over 25 year's experience in board governance, corporate advisory and capital raising advice. Phil has spent a number of years working overseas for major international investment banks. Phil is currently a Non-Executive Director of ASX Listed companies Family Zone Cyber Safety Limited, Narryer Metals Ltd, Killi Resource Ltd and Rent.com.au Limited and was a founding director of Cassini Resources Ltd, which was subsequently acquired by Oz Minerals.

Jenine Owen, Chief Financial Officer

Jenine joined Anax in 2020, where she is responsible for corporate risk management, financial management and financial reporting. She is a Chartered Accountant with extensive finance and commercial experience, including several CFO roles in ASX listed entities. Having started her career with Deloitte (Zimbabwe) in the External Assurance division, she moved to London in 1999 where she held various Finance and Governance roles before settling in Australia in 2008. Prior to joining Anax, Ms Owen was CFO at Predictive Discovery Limited (ASX: PDI).

Steven Wood, Company Secretary

Steven is a Principal at Automic Group, specialising in company secretarial and financial management services. Steven is a Chartered Accountant and has provided company secretarial and financial management services to both ASX and unlisted public and private companies. He has been involved in various private and seed capital raisings as well as successful ASX listings. Prior to joining Automic, Steven was a Director at Grange Consulting for 12 years.

Steven is currently Non-executive Director for Metalicity Limited (ASX: MCT) and Company Secretary for a number of ASX listed entities including Caspin Resources Limited (ASX: CPN) and Rumble Resources Limited (ASX: RTR).

7. Investment Risks

ANX is exposed to a number of risks including:

- **Geological risk**: the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues ANX will derive mainly through the sale of copper, lead and zinc concentrates (with gold and silver credit) exposing the potential income to metals price risk. The price of metals fluctuates and is affected by many factors beyond the control of ANX. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue ANX derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of metals are denominated in United States dollars, whereas the financial reporting currency of ANX is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD and the AUD as determined by international markets**.**

- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk**: an experienced and skilled management team is essential to the successful development and operation of mining projects.

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