

Anax Metals Limited (ASX:ANX)

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Recommendation

Initiating Coverage
Speculative Buy

Price Target: \$0.16 (Fully Diluted)

Company Statistics

Share Price	\$0.028
12 Month Range	\$0.026-0.076
Market Cap (undiluted)	\$20.6m
Enterprise Value	\$13.6m
Listed Shares	573.2m
Options	154.7m
Cash Balance (est.)	\$3.15m
Debt (Unsec Loan Notes)	\$2.5m

Major Shareholders

Jetosea Pty Ltd	19.9%
HSBC Custody Nominees (Australia)	7.0%
JP Morgan Nominees Australia	6.2%
Bearay Pty Ltd	5.7%

Directors & Management (*est) 12%*

Directors & Management

Mr Phillip Jackson	Non Exec Chairman
Mr Geoff Laing	Managing Director
Mr Peter Cordin	Non Exec Director
Mr Phil Warren	Non Executive Director

*Share Price Performance



Company Profile

Anax Metals Limited is a Perth headquartered ASX listed minerals company focussed on the development of the Whim Creek Copper-Zinc Project (ANX 80%, DVP 20%) and associated satellite deposits. The Project is advantageously located on the bitumised NW Coastal Highway, 120km from Port Hedland in the Pilbara region of Western Australia.

After release of a positive DFS in April 2023, Whim Creek will be developed as a 55ktpa copper lead and zinc concentrate producer, with first sales (financing permitting) slated for early 2025.

Whim Creek is a well known historical copper producing centre previously utilising heap leach SX-EW methodology on now largely mined out oxide ore. ANX employing modern ore sorting technology will, for the first time at the project, produce conventional sulphide concentrates which it proposes to sell through an agreed commercial offtake arrangement.

Next in Line Contender for the Title of 'Australia's Newest Listed Domestic Copper Producer' Whilst Additionally Evaluating the Potential of Lithium Pegmatites Along Strike From Andover

Reinstating Copper Production at the Historical Whim Creek Project For the First Time, Producing Sulphide Concentrates Utilising Modern Ore Sorting Whilst Evaluating in Parallel the Potential of the Projects Geologically Analogous Lithium Pegmatites 60km east of Azure Minerals Andover Project

Investment Overview

Anax Metals Limited (ASX:ANX) has recently received final WA government mining approvals to proceed with the development of new mining & processing operations at the Whim Creek Copper-Zinc Project (ANX 80%, Develop Global Limited (DVP) 20%), located in NW Western Australia.

With the release of solid results of the Project's Definitive Feasibility Study (DFS), we believe ANX is now firmly on the trajectory to most likely become Australia's next new domestic copper producer by the near-term development and commissioning of new operations at Whim Creek, a well known brownfields base metal (Cu,Zn,Pb) project. Whilst Whim Creek has had a long and successful history of copper production from heap leach SX-EW processing, this time, ANX using a low cost, modern proven ore sorting technological approach, will, for the first time, predominantly produce concentrate from sulphide ores with additional electrowon cathode as a proposed secondary revenue stream.

Whim Creek DFS Firmly Pointing to a Substantially Robust, Low Capex Project

We have closely followed ANX in its short time since its re-instatement on the ASX in 2020 following key management appointments, recapitalisation and the strategic acquisition of 80% of Whim Creek, a project we were already familiar with from recent successful historical production, under different ownership.

In April 2023 ANX reached, an important key milestone, being, the release of the eagerly awaited results of the Project's DFS. The results, did not disappoint, outlining only **\$85m capital requirements (\$71m capex + \$14m contingency & working capital) substantially robust project, generating free cash of \$340m over an initial mine life of 8 years, with expected payback within 21 months from the production of 55ktpa of Cu, Zn & Pb concentrates.**

Anglo American Potentially Providing Debt As a Pre-Requisite to Cu&Zn Concentrate Offtake: An Endorsement of ANX Management & Expected Quality Product

Subject to ongoing due diligence, Anglo American has agreed to provide a provisional debt financing facility of ~\$30m (USD20m) in return for securing future copper & zinc concentrate offtake. We view ANX attracting such a high quality major as an endorsement of both ANX management and expected potential of the Whim Creek Copper-Zinc Project to become a near term producer of quality concentrate with first sales anticipated early 2025 (financing and delivery of plant permitting).

Existing Brownfields Infrastructure in an Envisable Location

Whim Creek is situated 120km equidistant between Port Headland and Karratha on the sealed NW Coastal Highway in the Pilbara region of Western Australia. The Project with its long history of profitable commercial copper production up to late 2009 boasts a ray of existing infrastructure already in place including ponds, dams, haul roads, water and a dedicated gas spur line to site which ANX will take full advantage of in the establishment of new low cost operations.

High Grade Sulphide Resource Base: Exploration Upside to Increase Mine Life

ANX has significantly grown the Whim Creek and associated satellite resources substantially since 2020, allowing for initial mining reserves of 4.6Mt grading 1.36% Cu, 2.3% Zn & 0.68% Pb to be established upon which the DFS has been based. The reserves constitute just 42% of the current 11Mt global resource base, which in addition to expected further exploration success from deposit extension & near mine drilling, provide strong potential for increasing mine life well beyond 8 years

Evaluating Lithium Bearing Pegmatites in the Wake of Stellar Exploration Success at Azure Minerals' Andover Project

Whim Creek, located only 60km east of Azure Minerals Andover project hosts analogous geology to Andover. In the wake of Azure's outstanding exploration success in achieving prolific lithium intersections, ANX has been encouraged to evaluate Whim Creek's lithium potential from known Lithium pegmatite occurrences. Initial field reconnaissance has provided early encouragement with significant amounts of outcropping lithium bearing pegmatite identified disappearing under thin cover. Exploration is continuing.

Whim Creek a First Mover Advantage to Establish a Regional Central Processing Hub

Largely unrecognised by the market at this moment Whim Creek is being developed as a strategically located base metal operation that has enormous potential to serve the region in a central processing hub capacity. We observe a number of 'stranded' high grade base metal resources located within ~150km of Whim Creek which, likely fall within economic trucking distance of planned operations. We believe the development of Whim Creek as a regional central processing hub will open up enormous potential for ANX in terms of additional corporate acquisitions and toll treatment opportunities. This will likely provide many years of additional mine life beyond current potential projections. The Company is already in advanced discussions with several of these groups.

Initiating Coverage : BUY , Price Target 16cps

We have initiated coverage of ANX with a Speculative BUY recommendation and a price target of 16cps. Our target is based on our own modelling of the Whim Creek Project citing the recent results of the DFS. Noting ANX has historically consistently traded below its peers, we see considerable value at this point with several upcoming catalysts including but not limited to the securing of project financing, commencement of construction, as well as expected further exploration success (Cu, Zn & Li).

Sector: Base Metals : Copper & Zinc

Investment in shares of ANX should be considered speculative. Investors should seek appropriate advice before making a decision to invest in ANX (see Disclaimer page 14)



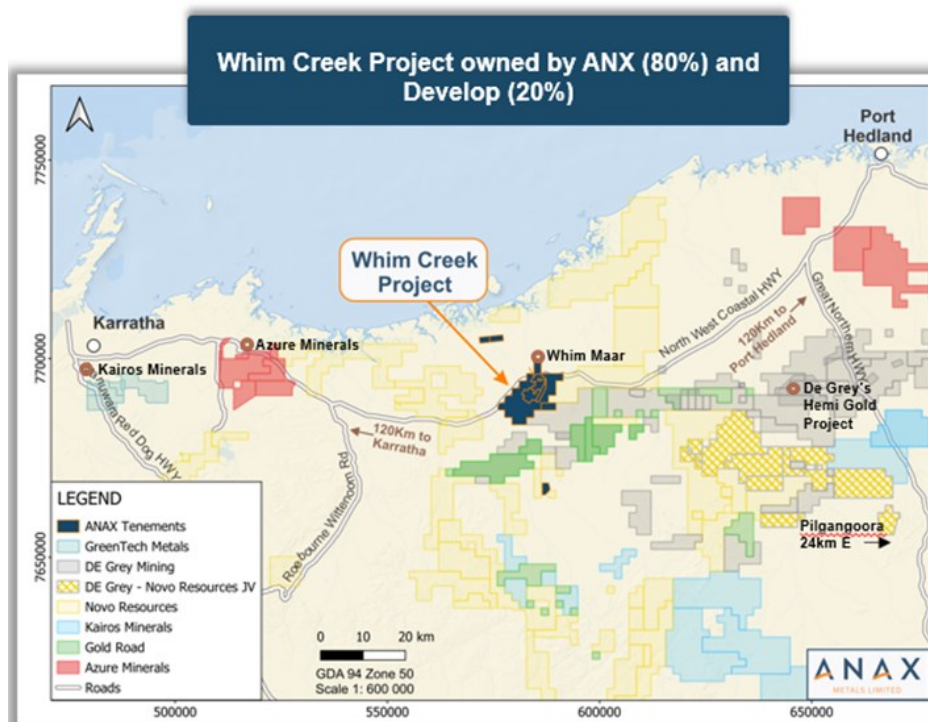
Company Summary

An established bespoke copper company with scalable near term production & exploration assets, centrally located in the mineral endowed Pilbara region of WA

Potential for a near term market re-rating as plans for production within 18 months are rolled out upon receipt of project financing

Right: Location map of the Whim Creek Copper & Zinc Project in the coastal Pilbara region of Western Australia

Anax Metals Limited ("ASX: ANX", "Anax" or "the Company") is an established domestic bespoke project developer and aspiring near term producer of copper and zinc concentrates from its flagship Whim Creek Copper-Zinc Project (ANX 80%, Develop Global Limited (DVP) 20%), located in the prolifically mineral endowed Pilbara region of Western Australia.



With a current low market capitalisation of circa \$20m and despite involvement of experienced project development management with a strong record of developing and running Australian copper mining projects, up to now ANX has largely been overlooked by the market. As such we envisage potential for a market re-rating of the Company in the near term as plans for production within 18 months are rolled out, clarity surrounding project financing is provided and news of final mining approval signoff is realised and disseminated to the market.

We have been closely following ANX since the Company was recapitalised and reinstated on the ASX in 2020 on the back of an agreement signed with Venturex Limited (now renamed Develop Global Limited (ASX DVP) (Mkt Cap \$650m) and now led by renowned mining identity Bill Beament) to acquire an 80% interest in Whim Creek & associated satellite deposits.

We view ANX to be a rare, substantially de-risked domestic opportunity to invest (at a ground floor level) in an established copper developer and near term copper producer with realistic aspirations of attaining a strong revenue stream from planned production as well as substantial leverage upside from additional near mine exploration success and district corporate activities.

We take a view that whilst there are plenty of junior copper companies currently listed on the ASX, only a tiny few are currently able to take advantage and leverage off current and near term future forecasted high copper prices by producing physical metal and/or metal sulphide concentrate in the near term and in addition have the advantageous backing of a Tier-1 offtake partner such as Anglo American.

Additionally, even less of these companies have such an advantageous geographical location as ANX (coastal Pilbara) with Whim Creek situated on and immediately proximal to substantial infrastructure capable of allowing the rapid establishment of a 'first mover' regionally significant processing hub which, when established will undoubtedly open up a plethora of additional corporate and commercial opportunities for the Company.

Whim Creek now considered a substantially de-risked domestic copper & zinc project with realistic aspirations of becoming a near term concentrate producer with potential for continued near term mine exploration success & regional corporate activities

Scalability Potential: Significantly overlooked by the market at this point is the project's potential to become a regionally significant central processing hub for several identified, currently 'stranded' high grade base & precious metal deposits within the district in addition to ANX's own significant resource base, all of which have the potential to provide additional scale & substantially contributing to increasing project life well beyond that highlighted in the current DFS



Will Bill Beament's DVP continue to hold or divest its minority 20% interest in Whim Creek? or will ANX end up in DVP's sights corporately?

Also somewhat surprisingly overlooked by the market is the involvement of ANX's Whim Creek joint venture partner DVP. With DVP holding a 20% stake in Whim Creek and having the decision to elect or not to provide its part of financing at the point of 'Decision to Mine' we find it difficult to comprehend that DVP with its sizeable market capitalisation and easier access to capital will simply continue to maintain its 20% interest. The question we have is will DVP simply divest its interest in the project (to ANX or a third party) or will ANX now that the project has become substantially further derisked be in DVP's sights corporately?

Whim Creek A Currently Misunderstood & Somewhat Overlooked Brownfields Project Still Holding Substantial Potential

A long time misunderstood copper asset with the sulphide component to its orebodies remaining unexploited

Whilst a significant amount of Australian resources investors with a few years of mining investment experience under their belts have heard of the Whim Creek Copper-Zinc project, the vast majority associate the project with past, commercially successful, production of copper cathode from the processing of oxide ore via heap leaching and Solvent Extraction-Electro Winning (SX-EW) under the then ownership and management of Straits Resources Limited (2003-2009). However surprisingly, most investors make the assumption that the historical mining areas were *mined out*. Reality could not be further from that assumption. Whilst the majority of the known oxide components to the currently known VMS ore bodies have largely been exhausted, the larger sulphide and transitional component parts remain unexploited. In fact the production of traditional copper and zinc sulphide concentrates to date has never been commercially undertaken at Whim Creek and it is this that now presents itself as a tremendous opportunity for ANX, something management recognised back in 2019.

Existing Brownfields Infrastructure in an Envable Location

Project location doesn't get much better than this for a brownfields project

Geographically, Whim Creek is desirably located 120km equidistant between Port Headland and Karratha on the sealed NW Coastal Highway in the Pilbara region of Western Australia. The Project with its long history of profitable commercial copper production up to late 2009 boasts an array of existing infrastructure already in place including ponds, dams, haul roads, water and a dedicated gas spur line to site which ANX will take full advantage of in the establishment of new low cost operations.

Right: Aerial photo of the Whim Creek Copper & Zinc Project in the coastal Pilbara region of Western Australia





DFS: Firmly Pointing to the Potential to Establish a Substantially Robust, Low Capex & Opex, Sulphide Concentrate Plant Within an 18 Month Time Frame

On 3rd April 2023 ANX released the results of the Whim Creek Project's Definitive Feasibility Study (DFS). This was the reaching of an important key milestone for the Company, the results of which did not disappoint us.

The DFS based on initially mining sulphide and transitional ores from the two existing open cuts (Mons Cupri then Whim Creek) before bringing on line two high grade underground operations at Evelyn then Salt Creek as the pits become exhausted, outlines a commercially attractive project with a low capital requirement of \$85m comprising of \$71m capex plus \$14m contingency & working capital.

The DFS highlights a substantially robust project, generating free cash of \$340m over an initial mine life of 8 years, with expected payback within 21 months from the production of 55ktpa of Cu and Zn-Pb concentrates. Highlights of the DFS are provided in the table below.

PARAMETER	UNIT	OUTCOME
Nameplate Process throughput	Tpa	400,000
Mine Life	Years	8
Ore Reserve	Mt	4.55
LOM Production Schedule (Reserves + Inferred Resources)	M	4.82
Copper Metal in Reserve / LOM Schedule	Ktpa	62 / 65
Zinc Metal in Reserve / LOM Schedule	Ktpa	105 / 118
Cost Reference Date		Q1 2023
Initial CAPEX	A\$M	71
Working Capital	A\$M	14
Peak Cash Requirement	A\$M	85
Payback	months	21
All-in Sustaining Costs	US\$/lb	2.23
Free Cashflow (before financing and tax)	A\$M	340
NPV ₇	A\$M	224
IRR	%	54

A DFS released earlier in 2023 did not disappoint demonstrating a substantially robust project with unusually low capital requirements capable of being developed within a 18 month timeframe

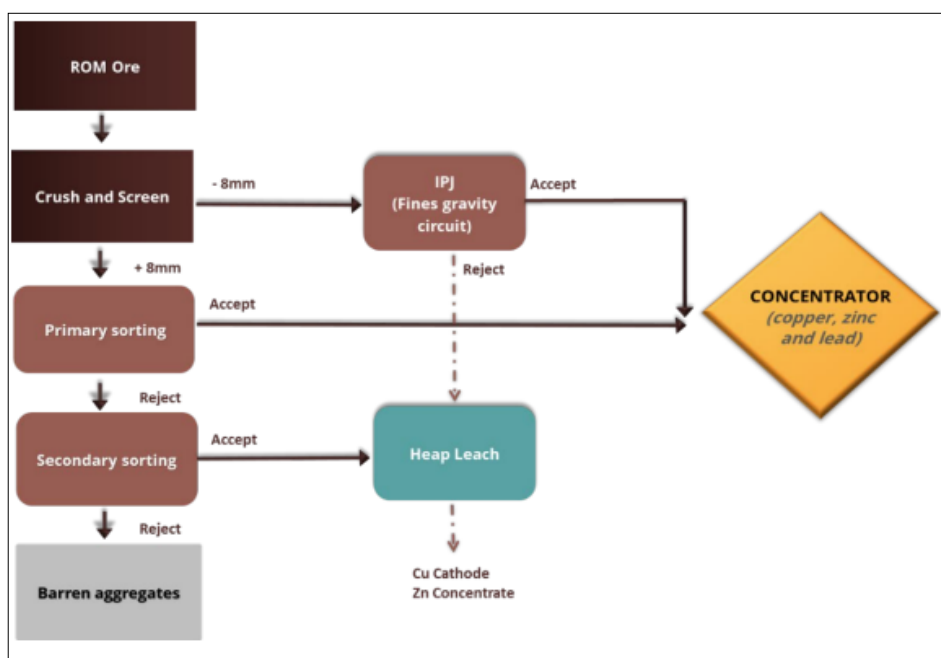
Right: Table 1 Summary project economics from the DFS for the Whim Creek Copper & Zinc Project

Source: Anax Metals Limited Announcement

The DFS was able to deliver a notably low capital requirement due to the planned use of ore sorting which effectively pre-concentrates ore thus reducing the amount of ore needed to be fed into the concentrator resulting in a reduction of concentrator size requirements and capex.

Right: Simplified process flow sheet for Whim Creek highlighting the simplicity of the processing route and the key important use of ore sorting units to reduce the amount of feed required to be fed into the concentrator. This in turn has allowed for the reduction in size of the plant and with it a substantial reduction in development capex requirements

Source: Anax Metals Limited Announcement





Whilst the DFS clearly highlighted a substantially robust project from the production of sulphide concentrate ANX management recognised a potential 'bolt on' additional process step being the establishment of a bioleach SX-EW circuit to produce copper and zinc cathode from low grade and rejects

A recently released scoping study on this additional process highlights the potential for a substantial (20%) potential increase of \$70m in project revenue

Right: Aerial photo of the Whim Creek Copper & Zinc Project highlighting existing heap leach SX-EW infrastructure

NB) Whim Creek is already fully licenced to be able to produce copper and zinc cathode from this process route

Attractively the scoping study demonstrated that the small amount of required capex (\$7m) to establish the process could be funded out of operational cash flow from the production of concentrate

Right Table 2 Summary of the Modelled Combined Sulphide Concentrate & Heap Leach SX-EW Revenue Potential for Whim Creek

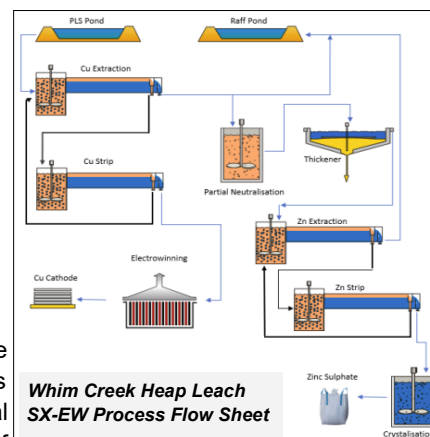
Source: Anax Metals Limited Announcement

Now that a positive DFS has been delivered, key to Whim Creeks development moving forward is Anglo now committing to its provisional 'subject to due diligence' pledge of providing a commercially attractive debt financing package. This may the market to gauge the level of debt to equity required for the final project financing

Should Anglo chose to step aside, we are confident another potential offtake party (and there are a significant number of them) will step in to take Anglo's place on similar terms

Additional "Bolt On" Revenue Earning Potential From Production of Copper Cathode and Zinc Sulphate Derived From Low Grade Ores & Rejects

On 11th September 2023 ANX released the results of a scoping study which had been aimed at investigating the potential for Whim Creek to generate additional revenue beyond the production of standard concentrate, as was the sole focus in the DFS. Focussed on looking into the additional production of copper cathode derived from bacterial heap leaching of 2.2Mt of low grade ores, rejects and tailings, the study highlighted substantial additional revenue generating potential with the Company announcing Whim Creek's potential to increase cash



flows by up to 20% to that reported in the DFS by the refurbishment of a heap leach SX-EW plant. This would have the potential to generate an additional \$70m in free cash over the currently modelled life of mine. The positive results of this study exceeded our expectation with the Company additionally flagging that what would be effectively a 'bolt on' additional circuit deriving liquor from bioleaching and electrowinning cathode could be undertaken on a very small amount of additional capital (~\$7m) which could easily be funded out of some of the proceeds of revenue generated from the production for standard concentrate, making it a highly attractive proposition. The study also reported on the potential of the project to produce a saleable zinc sulphate product and barren aggregate.

Metric	Concentrator (DFS) ¹	Heap Leach Contribution	Combined Project
Operating Costs (mining, processing, freight and admin)	\$ 628 M	\$ 46 M	\$ 674 M
Operational Cashflow	\$ 451 M	\$ 85 M	\$ 536 M
Free Cashflow (before financing and tax)	\$ 340 M	\$ 71 M	\$ 411 M
IRR	54.3%	n/a	55.3%
Payback	20 months	n/a	23 months
NPV (7%)	\$ 224 M	n/a	\$ 270 M

¹Reported on a 100% Project Basis. Anax has an 80% interest in the project and will contribute 80% of costs and receive 80% of financial outcomes.

Anglo American Provisionally Providing Debt As a Pre-Requisite to Cu & Zn Concentrate Offtake: A Strong Endorsement of ANX Management & Expected Quality Product

Royalty: On 4th June 2021 ANX announced a binding agreement with Anglo American which saw Anglo American acquire a 1% Net Smelter Return (NSR) for \$2m over ANX's 80% share of Life of Mine production from Whim Creek.

Project Funding: The agreement also provided a non binding proposed indicative term framework for a debt funding package of up to USD20m (~AUD31m) to ANX, subject to Anglo Americans satisfactory due diligence processes. The indicative terms of that agreement would see a 36month facility provided with an upfront fee of 2% of the financing amount with an interest rate of 6%.

Offtake: Under the current indicative terms Anglo American will have the right to offtake all or any of ANX's share (80%) of production from the Whim Creek project with offtake pricing to be determined and agreed upon (referencing market rates) at the time of the offtake.

Whilst both project debt financing and offtake details are still to be outlined and agreed on as Anglo American completes its due diligence before final decision making, we nevertheless view ANX attracting such a high quality major as an endorsement of both ANX management and expected potential of the Whim Creek Copper-Zinc Project to become a successful near term quality concentrate producer with first concentrate sales anticipated early 2025.



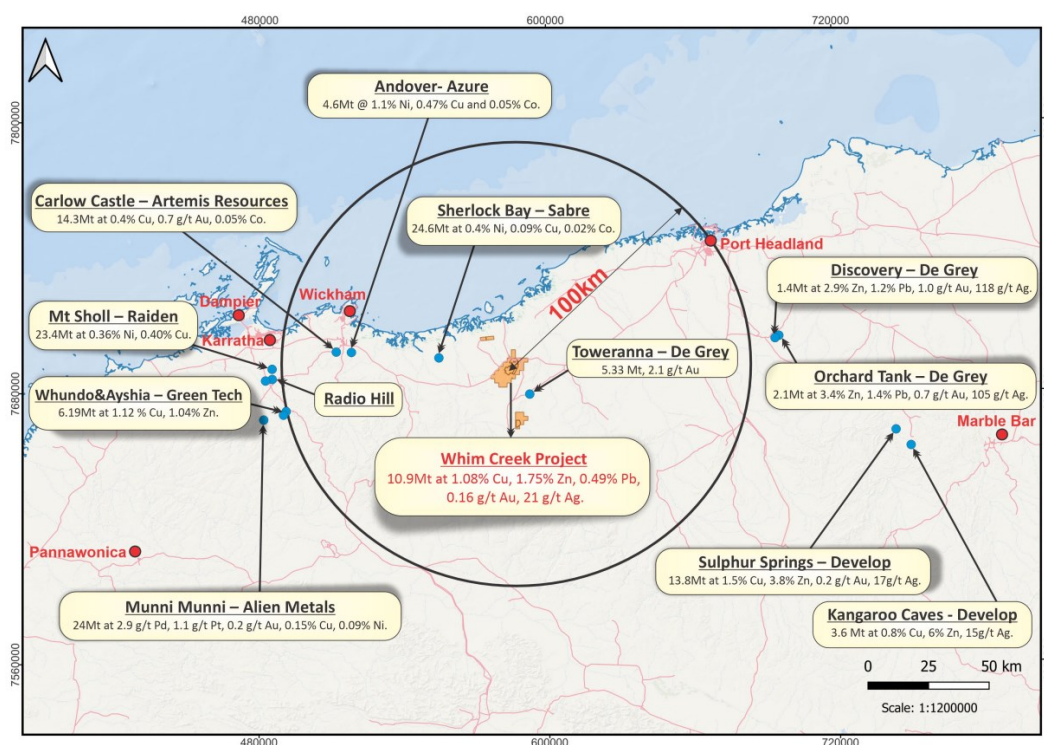
Whim Creek a First Mover Advantage to Establish a Regional Central Processing Hub

Whim Creek is not just about establishing a robust copper-zinc concentrate producing operation. Its also about additionally establishing a highly strategic central processing hub in the region with an eye on numerous stranded assets within 150km radius

Largely unrecognised by the market at this point and yet we see it as possibly something that could equal or even hold more potential than the projects immediate recognised exploration upside is Whim Creek's status as 'first mover' in developing an extremely strategically located base metal operation that has enormous potential to serve the region in a central processing hub capacity.

ANX has in its presentational material to the market highlighted several what we would consider labelling 'stranded' moderate to high grade base metal resources, all of which are located within 150km of Whim Creek. Largely because of their small size which would inhibit their development as standalone projects with dedicated processing plants, these deposits nevertheless fall within what would most likely be economic trucking distance of the proposed Whim Creek operations. We strongly believe that the development of Whim Creek as a regional central processing hub will open up enormous corporate activity potential for ANX in terms of additional corporate acquisitions, joint ventures and toll treatment opportunities all of which could provide growth opportunities whilst most likely providing many additional years of mine life and revenue beyond current potential projections on ANX's ground.

Right: Regional coastal Pilbara map with several identified unexploited third party resources located within the vicinity of the Whim Creek Project



Key Management holding Strong Mine Project Building Experience

Geoff Laing: A proven successful track record of building and operating copper mines in Australia

Largely overlooked by the market is the experience of ANX's management and its capabilities. Lead by experienced engineer Geoff Laing, Geoff in particular has an industry respected, solid history of mine project building, having substantial directly relevant previous experience in the development and operation of sizeable successful copper operations within Australia.

High Grade Sulphide Resource Base: Exploration Upside to Increase Mine Life

Reserves at this point constitute just 42% of the current 11Mt resource base

ANX has significantly grown the Whim Creek and associated satellite resources since 2020, allowing for initial mining reserves of 4.6Mt grading 1.36% Cu, 2.3% Zn & 0.68% Pb to be established upon which the DFS has been based. The reserves constitute just 42% of the current 11Mt global resource base, which in addition to expected further exploration success from down dip deposit extension & near mine drilling, provide strong potential for increasing mine life well beyond 8 years.



Reserves & Resources

Right Table 3 Current Whim Creek Reserves

Source: Anax Metals Limited Announcement

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
Total	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

Right Table 4 Current Whim Creek Resources within the Copper Domain

Source: Anax Metals Limited Announcement

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			<i>Cu t</i>	<i>Zn t</i>	<i>Pb t</i>	<i>Ag oz</i>	<i>Au oz</i>
			112,000	69,000	18,000	4,330,000	43,700

Right Table 5 Current Whim Creek Resources within the Zinc Domain

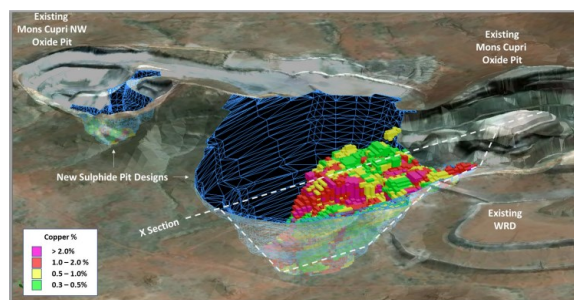
Source: Anax Metals Limited Announcement

Deposit	Classification	kTonnes	Cu %	Zn %	Pb %	Ag ppm	Au ppm
Mons Cupri (Zn ≥ 2.0% & Cu < 0.4%)	Measured	70	0.16	4.56	1.79	53	0.23
	Indicated	340	0.09	3.56	1.01	38	0.07
	Inferred	150	0.08	4.84	1.96	27	0.04
Salt Creek Zn ≥ 2.50%	Measured	-	-	-	-	-	-
	Indicated	770	0.58	9.91	2.97	73	0.39
	Inferred	225	0.53	5.70	1.88	31	0.14
Whim Creek (Zn ≥ 2.0% & Cu < 0.4%)	Measured	-	-	-	-	-	-
	Indicated	120	0.12	3.22	0.44	12	0.08
	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			<i>Cu t</i>	<i>Zn t</i>	<i>Pb t</i>	<i>Ag oz</i>	<i>Au oz</i>
			7,000	118,000	36,000	2,790,000	12,600



Mons Cupri Open Pit

First on the mining schedule is the recommencement of mining at the Mons Cupri open pit



TOTAL

2.55 Mt @ 1.09% Cu, 1.29% Zn, 0.56% Pb, 29 g/t Ag and 0.19 g/t Au

STRIP RATIO

4.6 to 1

CRUSHING AND SORTING

Filled from Month 11 (ore sorting)

CONCENTRATING

Filled in Month 5

MINE LIFE

27 months

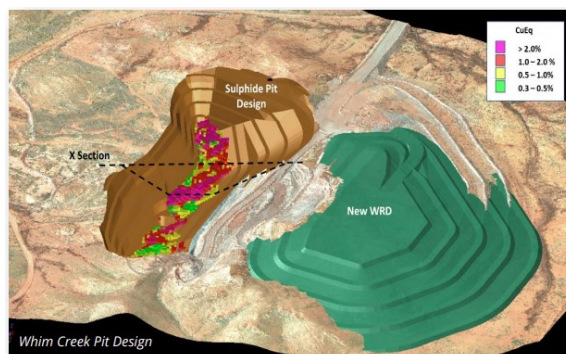
3 MINED STAGES

NW Pit, Main Pit starter, Final pit

ORE

Produced in Month 2

Whim Creek Open Pit



TOTAL

720 Kt @ 1.54% Cu (1.14% Zn)

STRIP RATIO

7.3 to 1

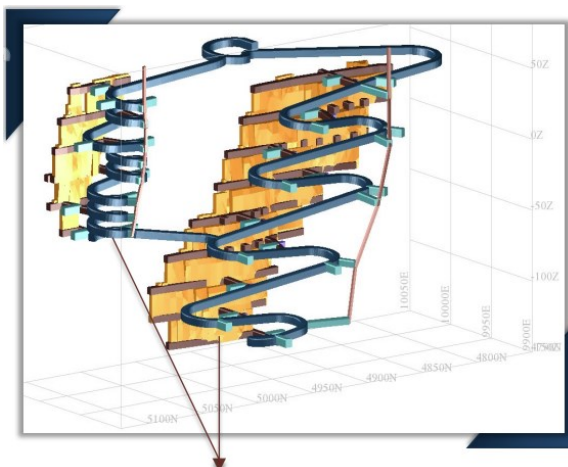
MINE LIFE

21 months (overlaps with MC at beginning and Evelyn at end)

OPEN PIT MINING

Completed after ~36 months

Evelyn Underground



Evelyn resource open below 170m (vertical)

TOTAL

583 kt

INDICATED

85%

STOPES

Some stopes to be filled with cemented aggregate

PRIMARILY UNCONSOLIDATED

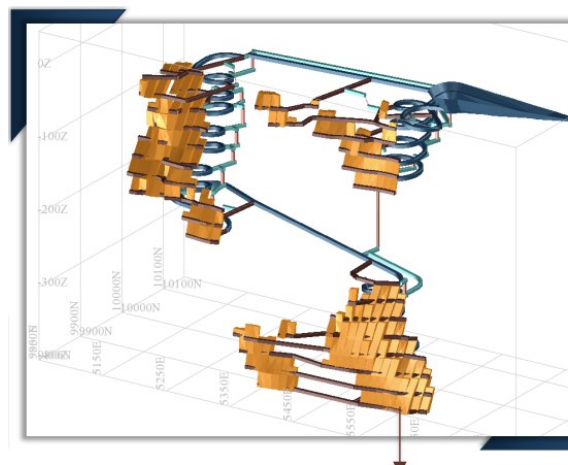
dev. waste and/or heap material

LONGHOLE OPEN STOPING

20m level spacing, retreat mining (bottom up)

We anticipate additional down dip extensional drilling will likely outline increased resources and mining reserves resulting in increased mine life at both Evelyn and Salt Creek

Salt Creek Underground



Salt Creek resource open below ~400m (vertical)

LOM ORE

973kt

INDICATED

80%

STOPES

Some stopes to be filled with cemented aggregate

MINE LIFE

3.5 years (6m overlap with Evelyn)

PRIMARILY UNCONSOLIDATED

dev. waste and/or heap material

MINE METHOD

Modified Avoca at 20m level spacing
Unconsolidated backfill



Early Investigation of Pegmatite Mineralisation at Whim Creek Defines “Cohesive Lithium Zones” From What is Notably Similar Geology To Next Door Azure Minerals Andover Project

Early rock chip sampling of outcropping spodumene bearing pegmatites disappearing under cover and additional fine soil sampling has identified “cohesive in situ lithium anomalies”.

Right: Geology map of the Pilbara coastal plain and hinterland showing the proximity of Whim Creek to Azure Minerals’ Andover Project located 60km to the west

We note that both Andover and Whim Creek share similar, same age geological features and lithological units

Right: Satellite image of the Whim Creek tenements highlighting just how unexplored the tenements are for Lithium despite known occurrences of spodumene bearing pegmatites

There exists the potential to spark a significant share price re-rating on the back of positive lithium exploration drill results

Drilling to occur immediately after heritage clearance (currently being sought)

On 18th September 2023 ANX announced that the partial results from initial rock chip and UltraFine soil sampling undertaken in conjunction with earlier mapping in August 2023 at Whim Maar and Loudens Patch prospects on the Whim Creek Project has confirmed the presence of “cohesive in situ lithium anomalies”. We cautiously interpret that statement as a generally positive first step in the right direction in the assessment of the potential of Whim Creek to host commercial quantities of Lithium.

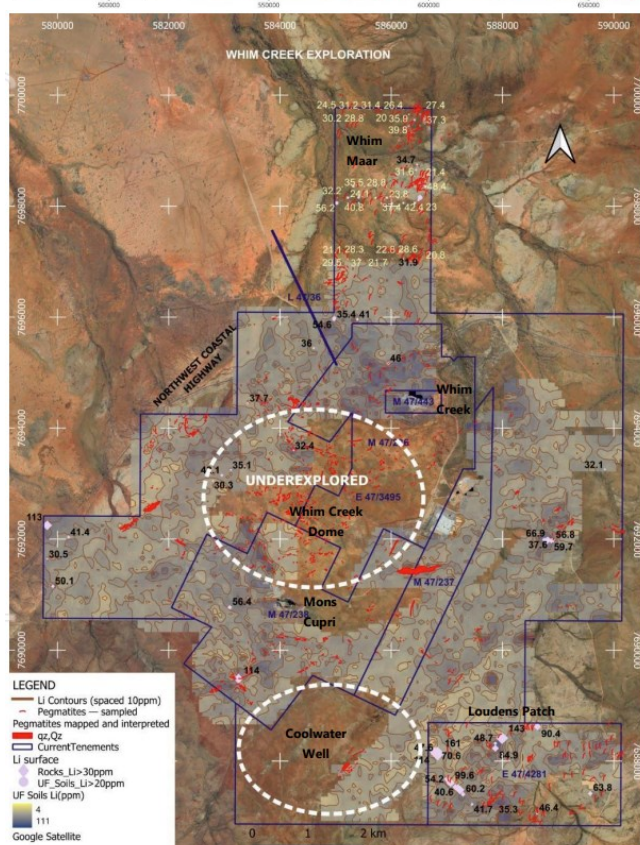
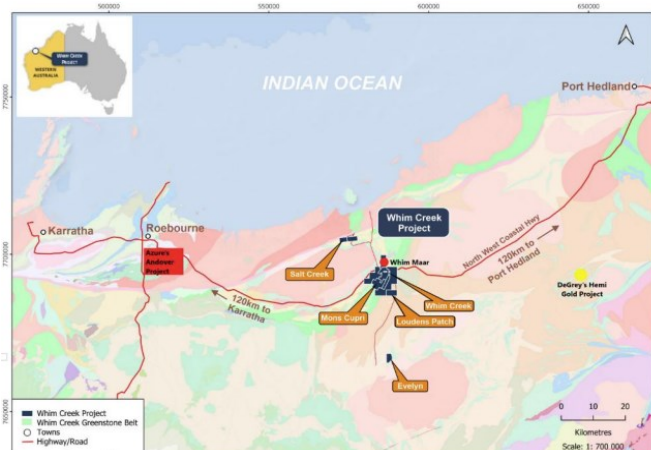
However we also point out that it is very early to apply too much weighting on these anomalous geochemical results received thus far. However, with the current markets’ insatiable appetite for lithium exploration news, particularly on prospects located near to Azure Mineral’s Andover project which is located 60km to the west of Whim Creek we have been comfortable at this point to go as far as attributing some value to our share price target even at this very early stage.

We believe however it is important to flag to investors that at this stage key focus for the Company should remain firmly on developing the Whim Creek project as a near term copper dominated base metal production hub. However that’s not to say exploration for lithium cannot be undertaken in parallel as is the case currently providing potential for positive news flow.

We note a couple of early observations. The first being that the pegmatite mineralisation at Whim Creek when compared to Andover is clearly not as readily visible at surface due to more extensive (thin) cover masking outcrop as Whim Creek’s identified prospective pegmatite areas are situated on less undulating topography. Secondly Andover’s underlying geology is very similar to Whim Creek but seems to be less complex. From discussion with ANX’s geologists we understand that whilst there appears to have only been one layered intrusive event at

Andover, there is evidence of multiple layered intrusive events at Whim Creek. Whether this bodes into increased or decreased potential for commercial deposits of Lithium at Whim Creek is uncertain at this point.

We understand the Company is now in the process of generating some preliminary drill targets which it plans to drill in the near term following heritage clearance. In these current times, with the markets insatiable appetite for lithium exploration success compounded by the success at nearby Andover we take the view that it would not necessarily take a huge lithium intercept to initiate a positive share price increase on the back of any news of exploration success.





Valuation

We have undertaken a valuation exercise on ANX. The reader should note that this has been done as much to broadly demonstrate how significantly undervalued we believe the Company's current share price is, even at this, pre-production development phase rather than attaining a very specific share price figure based on complex financial modelling.

It is important to note that our valuation and share price target is derived on a fully diluted basis to mine commissioning i.e we have built into our modelling our best estimates on what additional capital will be required and in what form to develop the project. This includes equity and as such we have conservatively estimated a figure for additional shares that will be issued based on a traditional 60:40 debt:equity basis, adjusted on the basis that ANX continues to hold 80% of the project. It is assumed that JV project holder DVP will be funding the remaining 20%.

To attain a meaningful valuation figure which we believe would be suitable to be used as a share price target guide, we have conveniently divided the exercise into four main parts, these being:

- 1) The undertaking of a discounted cashflow model for the production of copper and zinc concentrates from the Mons Cupri then Whim Creek open pits and later Evelyn then Salt Creek underground mining operations, all processed through the Whim Creek processing facilities
- 2) An assessment of the potential to further process low grade and rejects through the use of bacterial heap leaching and solvent extraction electro winning processes to produce copper cathode and zinc sulphate
- 3) A heavily discounted valuation assessment of remaining resources outside of current reserves as a potential source for additional reserves beyond the current
- 4) An assessment of the exploration potential of ANX's ground with substantial weighting on the potential for the discovery of economic occurrences of other commodities, particularly lithium, but also nickel and gold and potential for the discovery of other VMS copper lead zinc deposits

Copper Price Assumptions

At the time of the release of this paper we assessed a number of currently available copper price charts and forecasts and have concluded that despite the pullback in copper prices in the first half of 2022 which extended out to October 2022 before a modest partial recovery we observe and interpret trading to be fluctuating in a generalised 'holding pattern' which could be due to market uncertainty surrounding the question of the current economic stability of China. Despite this uncertainty we take the view that the demand for copper will remain buoyant in 2023 and steadily build out to 2027 as the world requires increased amounts of copper as it continues on its transition into renewables and electric vehicles. Based on this thinking we have decided for our modelling to use what we believe to be a conservative but fair flat figure of AUD 12,500 (USD 8,055) per tonne for LME copper. At the release of this paper the LME copper price was AUD 12,622 (USD 8,143) per tonne.

Whim Creek Operations Model Assumptions

With the need to establish parameters for modelling purposes, we have simulated all ore processed through the proposed Whim Creek processing operations which will have an initial LOM of 8 years with feed from currently defined reserves (4.55Mt grading 1.36% Cu & 2.3% Zn). Similar to that outlined in the DFS mining schedule, we have modelled ore supply for the first two and a half years derived from Mons Cupri and Whim, Creek pits respectively then following their exhaustion, supply switching to underground, firstly from Evelyn then Salt Creek mines. For simplicity we have not taken into consideration in our modelling additional production of lead, silver or gold as potential by-products.

Guided by the Company's recent scoping study we have also modelled copper and zinc cathode production from the heap leaching of low grade ore, tailings and rejects, the bulk of which will largely be generated from the open pit mining activities. We have simulated heap leaching and SX-EW commencing in year 2 at a steady heap stacking rate of 366ktpa and taking into consideration costs associated with SX-EW operations in Australia. We have chosen not to include in our model any additional potential revenue from the production of zinc sulphate or resultant barren aggregates as commercial by products.



Valuation....continued

Whilst we have a high level of confidence that the Company will extend mine life well beyond the official 8 years from a combination of expected further exploration upside success and the enormous potential for access, via acquisition, joint venture and or toll treatment of other nearby third party ores, we have chosen to refrain from building in any further upside in the model at this time until clarity is provided as to the future source of that potential production.

	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9
MINING SCHEDULE	MOBIL COPRI FY 2025	MOBIL COPRI FY 2026	MOBIL COPRI FY 2027	WHIM CREEK FY 2028	EVELYN FY 2029	EVELYN FY 2030	SALT CREEK FY 2031	SALT CREEK FY 2032	SALT CREEK FY 2033
Capex (AUD\$m)	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ore Mined (Incl. 5% Ore Loss) (Mt)	0.048	0.681	1.374	1.057	0.323	0.228	0.323	0.428	0.095
Waste (Mt)	0.713	10.081	4.121	1.903	0.200	0.000	0.100	0.214	0.000
Total Mined (Mt)	0.760	10.762	5.495	2.961	0.523	0.228	0.423	0.641	0.095
WHIM CREEK CONCENTRATOR (Incl. Ore Sorter, Float plant)									
Ore Processed (Mt)	0.048	0.681	1.374	1.057	0.323	0.228	0.323	0.428	0.095
Copper Grade %	1.09%	1.09%	1.09%	1.54%	2.11%	2.11%	1.57%	1.57%	1.57%
Contained Copper in con (Mt)	0.001	0.007	0.015	0.016	0.007	0.005	0.005	0.007	0.001
Recovery	94%	94%	94%	92%	90%	90%	90%	90%	90%
Saleable copper in con (kt)	0.487	6.979	14.075	14.981	6.134	4.330	4.564	6.041	1.342
Revenue from copper (AUD)m	\$ 6.08	\$ 87.24	\$ 175.94	\$ 187.26	\$ 76.67	\$ 54.12	\$ 57.05	\$ 75.51	\$ 16.78
Zinc Grade %	1.29%	1.29%	1.29%	1.14%	3.32%	3.32%	6.00%	6.00%	6.00%
Contained Zinc in con (Mt)	0.001	0.009	0.018	0.012	0.011	0.008	0.019	0.026	0.006
Recovery	80%	80%	80%	80%	80%	80%	80%	80%	80%
Saleable Zinc in con (kt)	0.490	7.029	14.177	9.643	8.579	6.056	15.504	20.520	4.560
Revenue from zinc (AUD)m	\$ 1.96	\$ 28.12	\$ 56.71	\$ 38.57	\$ 34.32	\$ 24.22	\$ 62.02	\$ 82.08	\$ 18.24
WHIM CREEK HEAP LEACH SX-EW									
Low Grade, Tails & Rejects Stacked (Mt)	0	0.366	0.366	0.366	0.366	0.366	0.366	0.00	0.00
Copper Grade	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0%	0%
Contained Copper (Mt)	0.00	0.002	0.002	0.002	0.002	0.002	0.002	0.000	0.000
Recovery	0.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	0%	0%
Saleable Copper Cathode (kt)	0.000	1.373	1.373	1.373	1.373	1.373	1.373	0.000	0.000
Revenue From Copper Cathode (AUD)m	\$ -	\$ 17.02	\$ 17.02	\$ 17.02	\$ 17.02	\$ 17.02	\$ 17.02	\$ -	\$ -
Zinc Grade	0.00%	0.71%	0.71%	0.71%	0.71%	0.71%	0.71%	0.00%	0.00%
Contained Zinc (Mt)	0.000	0.003	0.003	0.003	0.003	0.003	0.003	0.000	0.000
Recovery	85%	85%	85%	85%	85%	85%	85%	0%	0%
Saleable Zinc Cathode (kt)	0.000	2.209	2.209	2.209	2.209	2.209	2.209	0.000	0.000
Revenue From Zinc Cathode (AUD)m	\$ -	\$ 8.61	\$ 8.61	\$ 8.61	\$ 8.61	\$ 8.61	\$ 8.61	\$ -	\$ -
Revenue (AUD\$m)	\$ 8.04	\$ 140.99	\$ 258.28	\$ 251.46	\$ 136.62	\$ 103.98	\$ 144.70	\$ 157.59	\$ 35.02
EBITDA	\$ 1.90	\$ 44.46	\$ 120.85	\$ 149.06	\$ 109.84	\$ 74.19	\$ 107.15	\$ 116.27	\$ 27.24
NPAT	\$ -16.10	\$ 21.67	\$ 77.51	\$ 99.02	\$ 72.90	\$ 48.95	\$ 72.76	\$ 79.71	\$ 17.81

Right: Table 6 Summary of the key takeaways from our Whim Creek modelling including forecast revenue over the next 8

Resources Outside of the Current Reserve Boundaries Taken Into Consideration

As previously discussed the Whim Creek project's current reserves are based on just 42% of the projects currently defined resources. We believe that an overall valuation of the Company needs to take into consideration some monetary recognition of the in-ground resources which lie outside of current reserve boundaries as it is highly likely some of these currently defined resources will be converted into additional reserves in the future. As such we have calculated and assigned a value to them aligned with observed discounts in the market for ASX listed junior copper focussed peer resources.

We decided to calculate an in-ground value based on copper only by initially calculating a contained copper value using our discounted model copper price of AUD12,500. on our estimate of remaining resources. We then applied a 95% discount rate to this valuation figure

Right: Table 7 Our calculated in-ground value of currently resources at Whim Creek falling outside of the mining reserves boundary

Resource Type	Tonnes (M)	Grade (%)	Cu (t)	Inground Val (\$)	Discount Applied	Discounted Val (\$m)
Outside of Reserves	5.36	1.20	64,310	803,880,000	95%	40.19
ANX's 80% Share	4.29	1.20	51,480	643,350,000	95%	32.17

The table above sets out the discounted inground calculated value we have arrived at. Whilst we acknowledge this is somewhat a crude methodology of how to value inground resources, it allows us to at least arrive at a valuation that we can attain a sensible defensible price target.



Valuation... continued

Additional Resource Valuation Assumptions

For project plant construction capital (CAPEX) requirements and capital requirements to establish open pit operations, we have used a figure of \$71m spend in line with that stated by the Company's DFS. We acknowledge that whilst this capex figure is notably low it is justified as a significant amount of infrastructure is already in place and some pre-stripping has already been undertaken from previous mining activities. Furthermore some pre concentration of ore will be done via ore sorting prior to transport only a short distance to the processing plant. Under guidance from the DFS we have also accounted for \$104m of additional capital which will be funded out of operational cash for the development of both Evelyn and Salt Creek underground mining operations in addition to the establishment of the heap leach SX-EW plant

Regarding key inputs and assumptions to the model such as mining costs, transport costs expected recoveries, processing costs, royalties, depreciation, tax and copper concentrate price expectations etc., we have used figures supplied by the Company's DFS and later Heap Leach SX-EW scoping study as well as source our own figures for comparison from publicly available information and from our own recent modelling of peer copper companies in the junior sector.

Whim Creek Modelling Results

Applying a discounted NPV methodology we arrive at an NPV₁₀ on production from Whim Creek of \$260.99m with ANX's 80% share of that being \$208.79m. ANX's portion of the valuation equates to 36 cps undiluted or 16cps fully diluted.

Concluding Valuation & Recommendation

The table below summarises our significantly discounted valuation breakdown of ANX's 80% share of Whim Creek and associated assets. We believe this valuation to be conservative in nature and have provided both an undiluted and a fully diluted price target.

Right: Table 8 Summary undiluted and fully diluted valuation

Asset/Liability	Val (\$m)	Undil Per Share (\$)	Fully Dil Per Share (\$)
ANX's 80% Share of Whim Creek Project	208.79	0.36	0.16
ANX's 80% Share of Resources Outside of Reserves	32.17	0.06	0.02
ANX's 80% Share of Other Commodity Potential on Tenements	32.00	0.06	0.02
Estimated cash in bank at time of commencement of construction	16.00	0.03	0.01
Estimated debt assumed at time of commencement of construction	-43.30	-0.08	-0.03
Corporate Costs	-16.00	-0.03	-0.01
TOTAL NAV	229.66	0.40	0.18
PRICE TARGET (10% Discount)			0.16

Based on the outcome of this valuation exercise we recommend ANX as a "Speculative BUY" with a fully diluted (including taking into consideration future capital raisings) Price Target of \$0.16 per share.

ASX Listed Peer Comparisons Notably Hard to Come By

One attractive reason to consider ANX as an investment is that when one attempts to seek out a similar sized ASX peer listed company with a similar sized copper dominated base metal project to Whim Creek one immediately runs into difficulties in that there is a distinct lack of copper developer/producers in the junior space.

Whilst the ASX has some notable copper explorers, when it comes to companies that have projects that are sufficiently advanced to the point that they have realistic aspirations of being able to commercially develop or reinstate a commercial operation within an 18 month to 2 year time frame these companies are hard to come by.

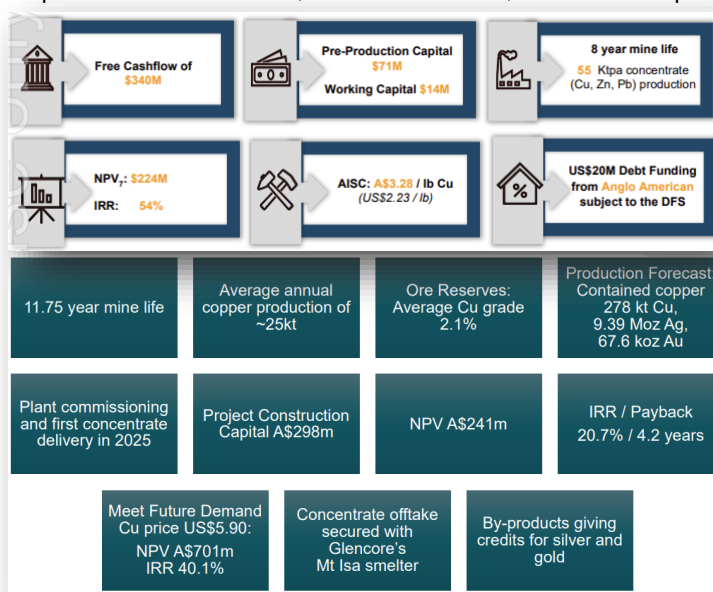
Despite this scarcity we flag KGL Resources Limited (ASX:KGL) (Mkt Cap:~\$70m v's ANX ~\$20m) as a notable peer. KGL is planning to develop its Jervois Copper Project located 350km by sealed and unsealed road from Alice Springs in the Northern Territory. Similarly to ANX, ore will be mined initially from two open pits before mining switches to multiple (4) underground operations. From what we understand because the project is not using in-pit ore sorting to pre-concentrate feed, the throughput of the processing plant has been set at 1.6mtpa (v's 400ktpa for Whim Creek) to produce a 27% copper-gold-silver concentrate that will be trucked 540km to Glencore at Mt Isa. That may result in Jervois having higher capex requirements.



Peer Comparison At a Glance: ANX's Whim Creek, (WA) v's KGL's Jervois Copper Project (NT)

Below are extracts from recent market releases from both ANX and KGL which provide key highlights for both Whim Creek and Jervois project's Feasibility Studies. The tables providing a convenient non exhaustive visual peer comparison between the two companies projects . Whilst we certainly acknowledge the qualities and commercial merits of both projects, we favour recommending an investment in ANX noting a more favourable, geographical location, much lower capital requirements and ANX's ~\$13.5m v's KGL's ~\$90m market capitalisation.

Right: Key Highlights of the ANX Whim Creek DFS



Right: Key highlights of the KGL Jervois FS

Board & Management

Phillip Jackson – Non Executive Chairman

Mr. Jackson is a 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 previously been a Director and Chairman of a number of ASX and AIM listed minerals companies.

Geoff Laing – Managing Director

Mr Laing is a Chemical Engineer, with 30 years in mining sector across a variety of commodities in Australia, Africa, Europe and South America. Geoff has substantial experience in project funding and mine development through to production. Previously as Managing Director and GM Corporate for Exco Resources, Geoff was involved in the successful development and divestment of the Cloncurry Copper Project in North Queensland and the highly successful White Dam Gold Mine in South Australia. Geoff manages a private consulting business, Nexus Bonum, and most recently managed Exterra Resources through the successful merger with Anova Metals, where he remained a director until 30 September 2019.

Peter Cordin – Non Executive Director

Mr Cordin is 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

Mr Warren is currently the Managing Director at Corporate Advisory firm, Grange Consulting Group, where he specialises in capital raisings, mergers and acquisitions and board governance. Phil is an experienced Company Director and has been involved in founding and advising on a number of successful ASX listings. Phil is a qualified Chartered Accountant and spent a number of years working overseas for major international investment banks having started his career in Perth office of Arthur Andersen in the business consulting division. Phil is currently a Non-Executive Director of Killi Resources Ltd, Narryer Metals Ltd, Family Zone Cyber Safety Limited, Ren.com.au Limited and was a founding director of Cassini Resources Ltd which was acquired by Oz Minerals Ltd in 2020.



Risks Associated with Investing in Anax Metals Limited

Potential investors need to be aware that investment in Anax Metals Limited, like all investments in junior resource companies, is of a highly speculative nature. Normal share market risk conditions apply including commodity prices, currency fluctuations, sentiment, supply and demand and general economic outlook. Normal exploration, development and production risks also apply as well as operating, environmental and native title risks.

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