

3 December 2024

# Aurum Resources Limited (AUE) BUY Share Price: A\$0.37

## Testwork confirms high gold recoveries

Target Price: A\$0.63

AUE has reported highly encouraging results from scoping study level metallurgical testwork on diamond drill core from Boundiali (BD) Targets 1 & 2. Testwork was completed on samples from oxide, transition and fresh material. High overall recoveries (gravity + leaching) of 92-99% were achieved at a relatively coarse primary grind size of 106 micron. The results support potential for a conventional free-milling gravity and CIL circuit following single stage crushing and SAG milling. Upside exists in the short term from rapid resource growth comprising a successful MKG takeover (868koz) and maiden resource at Boundiali (Côte d'Ivoire). BUY with price target of A\$0.63c/sh (unchanged).

### Testwork confirms high gold recoveries (Fig. 1)

- Excellent gold recoveries averaging 95% (Petra 94%).
- Straight forward crush and grind; ore suitable for single-stage crushing followed by SAG milling.
- Bond Ball Mill Work Index range of 14.1-18.6kWh/t showing ore is moderate to medium hardness.
- Moderate to high gravity gold ranging from 29-56%.
- Relatively fast leaching kinetics within 24 hours.
- Results support a conventional free milling gravity and CIL processing circuit.
- Further leach and gravity testwork underway.

### Next steps

- Ongoing drilling with six diamond drill rigs targeting 100,000m at Boundiali in CY25.
- Maiden Boundiali resource estimate due at month end.
- Next batch of assays due this month primarily from BD.
- Two additional drill rigs en route from China to drill at the Napie Gold Project in January 2025.

### Financial Summary

- Valuation – A\$0.63/sh (spot A\$1.56/sh), based on 11yr mine life, 107kozpa @ AISC US\$1,117/oz from FY30.
- Cash ~A\$19.0M. Nil debt.

### Key Dates Ahead

- Dec. 4<sup>th</sup> – MKG offer closes.
- Dec. Q'24 – Boundiali maiden resource estimate.
- Dec. Q'24 – BST tenement drilling approval.
- Mar. Q'25 – Boundiali scoping study & ML application.
- Jun. Q'25 – Boundiali resource update.
- Dec. Q'25 – Boundiali PFS.
- Dec. Q'25 – Boundiali and Napie resource update.

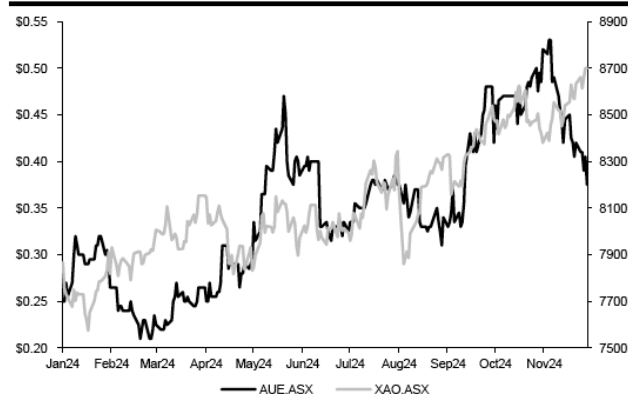
### Company Data

Shares – ordinary (M)	152.5
Listed Options AUEO ex 22.5c (M)	7.3
Options / Performance Rights (M)	71.2
Total (fully diluted) (M)	231.0
Market capitalisation (\$M)	56.4
12 month low/high (\$)	0.19/ 0.55
Average monthly turnover (\$M)	10.1
GICS Industry	Metals & Mining

### Financial Summary (fully diluted/normalised)

Year End Dec	FY28F	FY29F	FY30F	FY31F	FY32F
Revenue (\$M)	0.0	0.0	228.0	273.6	253.1
Costs (\$M)	4.0	4.0	139.5	153.7	152.4
EBITDA (\$M)	-4.0	-4.0	88.5	119.8	100.6
NPAT (A\$M)	-8.3	-15.2	46.1	71.2	60.5
EPS (cps)	-2.0	-3.6	11.0	17.0	14.5
EPS Growth (%)	42.2	83.7	>100	54.5	-15.0
PER (x)	na	na	3.4	2.2	2.6
Cashflow (A\$M)	-6.3	-13.2	77.2	99.0	76.9
CFPS (c/sh)	-1.5	-3.2	18.4	23.6	18.4
PCFPS	na	na	2.0	1.6	2.0
EV	215	332	265	175	108
EV/EBITDA	na	na	3.0	1.5	1.1
Payout ratio (%)	na	na	na	na	na
DPS	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0

### AUE – performance over one year



### Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Sole Lead Manager for this company's placement to raise \$17.0m by way of a placement at A\$0.33/sh on 11th June 2024, for which fees were received.

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## Analysis

### AURUM RESOURCES LIMITED (AUE)

2-Dec-24 Year End June						Share Price	(\$)	0.37										
A\$						Iss. Shares	(M)	152.5										
						Listed Options (AUEO)	(M)	7.3										
						Options / Perf Rights	(M)	71.2										
						Mkt Cap.	(\$M)	56.4										
						<b>RESERVES &amp; RESOURCES</b>					FY28F	FY29F	FY30F	FY31F	FY32F			
<b>PROFIT &amp; LOSS</b>						<b>Reserves</b>												
	SM					Tonnes		Mt	0.0	30.0	27.5	24.5	21.5					
Sales Revenue	SM	0.0	0.0	228.0	273.6	253.1	Grade Au	g/t	0.0	1.2	1.2	1.2	1.2	1.2				
Other Income	SM	0.0	0.0	0.0	0.0	0.0	Contained Au	Moz	0.00	1.16	1.06	0.95	0.83					
Operating Costs	SM	4.0	4.0	139.5	153.7	152.4	<b>Resources</b>											
Exploration	SM	0.0	0.0	0.0	0.0	0.0	Tonnes	Mt	30.0	30.0	27.5	24.5	21.5					
Other	SM	0.0	0.0	0.0	0.0	0.0	Grade Au	g/t	1.2	1.2	1.2	1.2	1.2					
EBITDA	SM	(4.0)	(4.0)	88.5	119.8	100.6	Contained Au	Moz	1.16	1.16	1.06	0.95	0.83					
Dep. & Amort.	SM	2.0	2.0	15.7	19.3	19.9	<b>PRODUCTION (100%)</b>											
EBIT	SM	(6.0)	(6.0)	72.8	100.5	80.8	Ore Milled	Mt	0.00	0.00	2.50	3.00	3.00					
Net Interest	SM	2.3	9.2	11.3	5.5	0.0	Au Grade	g/t	0.00	0.00	1.20	1.20	1.20					
Pre-Tax Profit	SM	(8.3)	(15.2)	61.5	95.0	80.7	Recovery	%	0.00	0.00	94.0	94.0	94.0					
Tax	SM	0.0	0.0	15.4	23.7	20.2	Au Production	Moz	0.00	0.00	90,675	108,810	108,810					
Minorities	SM	0.0	0.0	0.0	0.0	0.0	<b>REVENUE (attributable)</b>											
Net Profit	SM	(8.3)	(15.2)	46.1	71.2	60.5	Boundiali Gold	SM	0.0	0.0	228.0	273.6	253.1					
Abnormal	SM	0.0	0.0	0.0	0.0	0.0	Other	SM	0.0	0.0	0.0	0.0	0.0					
Reported Profit	SM	(8.3)	(15.2)	46.1	71.2	60.5	Total	SM	0.0	0.0	228.0	273.6	253.1					
Dividends Paid	SM	0.0	0.0	0.0	0.0	0.0	<b>COSTS</b>											
Adjustments	SM	0.0	0.0	0.0	0.0	0.0	Au AISC (prodn)	AS/oz	0.0	0.0	1,737	1596.6	1582.7					
Retained Earnings	SM	(25.5)	(40.7)	5.5	76.7	137.3	Au AISC (prodn)	US\$/oz	0.0	0.0	1,216	1117.6	1107.9					
<b>CASH FLOW</b>												Total costs	SM	0.0	0.0	134.5	148.7	147.4
Revenue	SM	0.0	0.0	228.0	273.6	253.1	Corp / Other	SM	4.0	4.0	5.0	5.0	5.0					
Costs	SM	(4.0)	(4.0)	(139.5)	(153.7)	(152.4)	Total	SM	4.0	4.0	139.5	153.7	152.4					
Net Interest	SM	(2.3)	(9.2)	(11.3)	(5.5)	(0.0)	<b>CAPEX</b>											
Tax Paid	SM	0.0	0.0	0.0	(15.4)	(23.7)	Boundiali Gold	SM	94.3	94.3	4.4	4.4	4.4					
Gross Cash Flow	SM	(6.3)	(13.2)	77.2	99.0	76.9	Other	SM	0.0	0.0	0.0	0.0	0.0					
Net Capex	SM	(94.3)	(94.3)	(4.4)	(4.4)	(4.4)	Total	SM	94.3	94.3	4.4	4.4	4.4					
Exploration	SM	(10.0)	(10.0)	(5.0)	(5.0)	(5.0)	<b>DEPRECIATION</b>											
Dividends	SM	0.0	0.0	0.0	0.0	0.0	Boundiali Gold	SM	2.0	2.0	15.7	19.3	19.9					
Other	SM	0.0	0.0	0.0	0.0	0.0	Other	SM	0.0	0.0	0.0	0.0	0.0					
Free Cashflow	SM	(110.6)	(117.5)	67.8	89.6	67.5	Total	SM	2.0	2.0	15.7	19.3	19.9					
Equity Issues	SM	47.5	0.0	0.0	0.0	0.0	<b>EBITDA</b>											
Net Borrowings	SM	65.0	125.0	(60.0)	(90.0)	(40.0)	Boundiali Gold	SM	-4.0	-4.0	88.5	119.8	100.6					
Net Investments	SM	0.0	0.0	0.0	0.0	0.0	Other (incl. w ritedow ns)	SM	0.0	0.0	0.0	0.0	0.0					
Surplus Cash Flow	SM	1.9	7.5	7.8	(0.4)	27.5	Total	SM	-4.0	-4.0	88.5	119.8	100.6					
<b>BALANCE SHEET</b>																		
Cash	SM	4.9	12.4	20.2	19.8	47.2	<b>ASSUMPTIONS</b>											
Other Current	SM	0.0	0.0	68.4	82.1	88.6	Exchange Rate	AS/US\$	0.70	0.70	0.70	0.70	0.70					
Total Current	SM	4.9	12.4	88.6	101.8	135.8	Gold Price	US\$/oz	2,250	2,075	2,000	2,000	1,850					
Fixed Assets	SM	93.0	185.2	173.9	159.0	143.5	Gold Price	AS/oz	3,214	2,964	2,857	2,857	2,643					
Expl. & Evaluation	SM	54.4	64.4	69.4	74.4	79.4	<b>VALUATION (fully diluted)</b>					ASM	A\$ps					
Intangibles	SM	0.0	0.0	0.0	0.0	0.0	Boundiali Gold Project (NPV 10+1yr)		\$ 232.8	\$ 0.56								
Other	SM	0.1	0.1	0.1	0.1	0.1	Exploration (1Moz @ \$50/oz)		\$ 50.0	\$ 0.12								
Total NC Assets	SM	147.4	249.7	243.4	233.5	223.0	Corporate / Other		\$ (34.3)	\$ (0.08)								
TOTAL ASSETS	SM	152.3	262.1	332.0	335.3	358.8	Net Cash (Debt) FY26		\$ 16.5	\$ 0.04								
Total Debt	SM	65.0	190.0	130.0	40.0	0.0	Total		\$ 265.1	\$ 0.63								
Current Liab	SM	0.9	0.9	16.2	24.6	21.0												
Non Current Liab	SM	1.8	1.8	70.2	83.9	90.4												
TOTAL LIAB	SM	67.7	192.7	216.4	148.5	111.4												
NET ASSETS	SM	84.7	69.5	115.6	186.8	247.4												
SHHLDRS FUNDS	SM	84.7	69.5	115.6	186.8	247.4												
<b>RATIO ANALYSIS</b>																		
EPS	¢	(2.0)	(3.6)	11.0	17.0	14.5	<b>FIGURE</b>											
PER	x	na	na	3.4	2.2	2.6												
EPS Growth	%	42	84	>100	54	(15)												
EBITDA per share	¢	(1.0)	(1.0)	21.1	28.6	24.0												
EBITDA Multiple	x	(38.7)	(38.7)	1.7	1.3	1.5												
EV/EBITDA	x	(53.7)	(83.1)	3.0	1.5	1.1												
CFPS	¢	(1.5)	(3.2)	18.4	23.6	18.4												
PCFR	x	na	na	2.0	1.6	2.0												
DPS	¢	0.0	0.0	0.0	0.0	0.0												
Yield	%	0.0	0.0	0.0	0.0	0.0												
Franking	%	0.0	0.0	0.0	0.0	0.0												
Payout Ratio	%	0.0	0.0	0.0	0.0	0.0												
Gearing ND/E	%	71	256	95	11	na												
Interest Cover	x	na	na	6.4	18.3	1,880.4												
EBITDA Margin	%	na	na	38.8	43.8	39.8												
EBIT Margin	%	na	na	31.9	36.7	31.9												
Return On Assets	%	(3.9)	(2.3)	21.9	30.0	22.5												
Return On Equity	%	(9.8)	(21.9)	39.9	38.1	24.5												
Eff Tax rate	%	0.0	0.0	25.0	25.0	25.0												
<b>OTHER DATA</b>																		
Share Price	\$/sh.	0.370	0.370	0.370	0.370	0.370												
Number of shares	M	418.5	418.5	418.5	418.5	418.5												
Market Capitalisation	SM	154.8	154.8	154.8	154.8	154.8												
EV	SM	215.0	332.4	264.6	175.1	107.6												

Source: Petra Capital. Assumes A\$25M equity raise FY26 via 62.5M shares at 40c/share & A\$50M equity raise FY28 via 125M shares at 40c/share.

## Metallurgical Testwork Results

AUE engaged MACA Interquip Mintrex (MIQM) to manage a scoping study metallurgical testwork program for its Boundiali Gold Project overseen by ALS in Perth, Western Australia. Samples supplied to ALS Perth were divided into seven composites (Figure 1).

The Bond Crushing Work Index (CWi) ranged between 5.12-10.5kWh/t indicating the ore is soft to medium hardness with respect to crushability of each ore type.

The Bond Abrasion Index (Ai) is a measure of the abrasiveness of the ore and used to determine the wear rates of liners and grinding media consumption. The Ai values for samples METDS001/2/4 are deemed moderately abrasive. Composites METDS006/07 are deemed to have low abrasiveness.

The Bond Ball Mill Work Index (BW<sub>i</sub>) is a measure of the resistance of the ore to grinding to a fine product size. The BW<sub>i</sub> values ranged between 14.1-18.6kWh/t indicating the ore is of moderate to medium hardness.

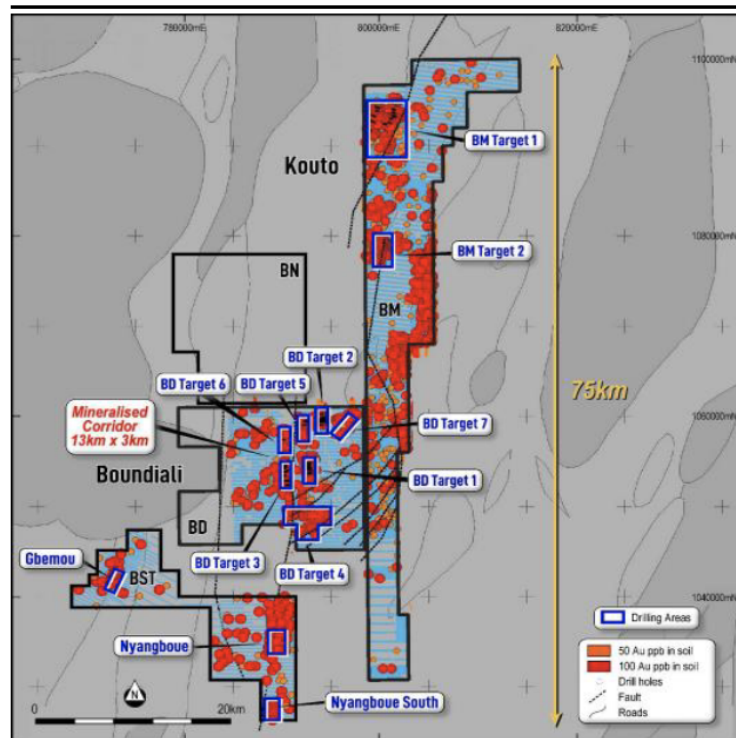
Recoveries at a grind size of 106 micron based on leaching for 24 hours range between 91.6% to 98.6% across fresh, oxide and transitional ore types.

**Figure 1: Metallurgical Testwork Results**

Sample ID	State	Holes	Location	Mass (kg)	CWi kWh/t	Ai	BWi kWh/t	Grade g/t Au	SG g/cm <sup>3</sup>	Recov. %
METDS001	Fresh	DSDD0011/12	BDT1	44.6	7.86	0.334	17.5	2.33	2.70	95.7
METDS002	Fresh	DSDD0038/50	BDT1/2	33.2	10.5	0.359	18.6	2.53	2.73	96.9
METDS003	Oxide	DSDD0004/10	BDT1	14.9	-	-	-	0.77		98.6
METDS004	Fresh	DSDD00028/51	BDT1/2	43.9	9.07	0.363	18.4	1.13	2.70	91.6
METDS005	Oxide	DSDD0029/34/38	BDT2	26.7	-	-	10.5	1.27		96.2
METDS006	Trans.	DSDD0003/74	BDT1	44.7	5.12	0.217	14.9	1.10	2.58	93.4
METDS007	Trans.	DSDD0007	BDT1	28.1	7.99	0.041	14.1	1.68	2.83	94.9

Source: AUE. CW<sub>i</sub> – Bond Crushing Work Index. A<sub>i</sub> – Bond Abrasion Index. BW<sub>i</sub> – Bond Work Index Ball Mill. SG – Specific Gravity.

**Figure 2: AUE’s Boundiali exploration tenements and drilling targets**



Source: AUE.

## Petra Capital

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