

AURIC MINING LIMITED

(ASX: AWJ)

Equity Research Report by Canary Capital

14th December 2023



Auric Mining Capital Structure

Ordinary Shares on Issue	130,859,591
Shares in Escrow	-
Total Shares	130,859,591
Current Share Price	6.7 cents
Market Capitalisation	\$8.8m
Total Options*	19,729,135
Total Shares and Options	150,588,726

*Includes 2,000,000 10c options held by Canary Capital Pty Ltd expiring 1/11/2026

Major Shareholders

Mark English	6.65%
Aaron Muller	5.70%
Steven Morris	5.45%
John Utlej	5.33%

The top 20 shareholder held 46.25% of the share in the company

Board of Directors

Mr Steven Morris – Non-Executive Chairman

Mr Mark English – Managing Director

Mr John Utlej – Technical Director

Key Achievements To Date

- Remarkably progressed from tenement acquisition to being listed on the ASX, to mining and generating cash in under 3 years
- AWJ just banked \$4.77 million in cash from stage 1 of the Jeffreys Find Gold Project where 9,741 ounces of gold were mined and sold
- Completed a scoping study that proved the strong economic viability of the Munda Gold Project and a conservative path to generating ~\$77m in cash profits

DCF Valuation of \$0.34 - 0.37 per share

(based on a gold price of \$2,600 per ounce)

Auric Mining Ltd is a Canary Capital mandated company. Canary Capital directors, associates and employees own shares and options in AWJ.

Introduction

Auric Mining Ltd (ASX: AWJ) is a gold exploration company based in Western Australia, poised for significant growth due to the significant potential in their flagship gold projects.

AWJ owns a high-quality portfolio of gold assets in the prolific Widgiemooltha-Norseman region of Western Australia. The company's flagship project is the Munda Gold Deposit, which hosts a sizeable indicated and inferred mineral resource of 198,700 ounces at 1.38g/t gold.

A scoping study announced to the market on Munda in June 2023, outlined exceptional economics with a projected positive cashflow of \$76.9m over a 13-quarter mine life based on a conservative gold price assumption of A\$2,600/ounce. The potential surplus cash flows are substantially higher at current gold prices around \$3,000/ounce.

Based on the scoping study, AWJ will commence operations at Munda with a starter pit with a mine life of 3 months and a low capital investment of \$1.3m. The starter pit will also require a working capital investment of ~\$6.0m and is expected to produce \$8.7m in surplus cash. These numbers will change based on results from the current grade control drill program.

During the past six months, the focus has been on production from Jeffreys Find Gold Mine under a joint venture with BML Ventures, an experienced mining contractor. Stage 1 at the project is now complete and 9,741 ounces were produced. AWJ has now received 3 cash surplus payments totalling \$4.8m from Jeffreys Find. This cash is expected to sufficiently fund AWJ during 2024 until Stage 2 is developed, which is expected to generate between \$3.3m and \$6.6m in cash for AWJ based upon a gold price of A\$2,600 per ounce.

Despite the significant cash flow potential of the company's projects, the current market capitalisation is just \$8.8m. We view this as presenting investors with an opportunity to invest in AWJ at a fraction of the real intrinsic value of the company.

With its projects either operational or about to come online, no debt, upcoming catalysts, and a strong management team, the company offers a compelling investment case with significant upside. AWJ is our preferred ASX listed company to participate in the current favourable macro environment for gold.

Mining and Exploration Project Overview

Auric Mining was established to explore for and develop gold and other mineral deposits in the Widgiemooltha-Norseman area, of Western Australia. Currently, Auric has three projects with tenements covering 282 km². Auric holds the rights to gold on all tenements, including those held in the name of Mt Edwards Critical Metals Pty Ltd. Further, at Munda it holds all mineral rights except nickel and lithium. For all other tenements, excluding those held in the name of Mt Edwards Critical Metals Pty Ltd, Auric holds 100% of all mineral rights. A complete map of tenements is provided on page 16 of this report.

Widgiemooltha Gold Project & Munda Gold Project

The Widgiemooltha Gold Project ("WGP") located near the town of Widgiemooltha combines 21 tenements, including 5 granted Mining Leases. All tenements are highly prospective for gold mineralisation. This includes the Munda Gold Project. The combined Inferred and Indicated Mineral Resource estimate for Munda at 0.5g/t cut-off is 4.48Mt @ 1.38g/t Au for 198,700 ounces of gold .

Jeffreys Find Project

The Jeffreys Find Project is 50km northeast of Norseman and combines 2 tenements including 1 granted Mining Lease. It holds the Jeffreys Find gold deposit with gold mineralisation extending from the surface to at least 110m in vertical depth and thickest near the surface. The deposit is currently being mined in partnership with BML Ventures Pty Ltd.

Spargoville Project

The Spargoville Project is located 30km north of Widgiemooltha and combines 8 tenements. It lies in the same stratigraphy, along strike from the Wattle Dam Gold Mine which produced 268,000 ounces of gold @ 10g/t from 2006-13; one of Australia's highest-grade mines at that time.

Jeffreys Find Project

Overview

The Jeffreys Find Gold Project comprises granted Mining Lease 63/242 and Miscellaneous Licence 63/97 which are 100% held by Auric Mining through a subsidiary, Jeffreys Find Pty Ltd. The Jeffreys Find Project is 50km northeast of Norseman in Western Australia, approximately 750km from Perth. The project includes the Neo Prospect and the Jeffreys Find gold deposit which is currently being mined in partnership with BML Ventures Pty Ltd.

Mineral Resource Estimate

In an announcement dated 2 March 2021, AWJ reported the details of the Jeffreys Find Mineral Resource estimate of 47,200 ounces at 0.5g/t cut off, provided below.

Category	Tonnes (millions)	Au (g/t)	K oz
Indicated	0.91	1.26	36.9
Inferred	0.30	1.08	10.3
Total	1.21	1.22	47.2

Metallurgical Testing

On 6 May 2022, AWJ announced the metallurgical test work results on composite samples (both fresh and oxide) from the Jeffreys Find Deposit. The test work results were impressive, with a head grade of 1.58 Au g/t and 1.45 Au g/t for oxide (transitional) ore and fresh ore, respectively. The reported gold recovery rate was 94.99% for oxide ore and 90.16% for fresh ore. Overall, no issues were found that would impede ore processing and gold extraction at Jeffreys Find. The successful test work demonstrated the deposit's potential for efficient gold recovery through conventional processing methods.

Mining Operations

Agreements

To take advantage of the opportunity at Jeffreys Find, AWJ entered into an agreement with BML Ventures on the 24th of August, 2022. BML is a privately owned company based in Kalgoorlie with a strong track record of funding, developing, and operating shallow open-pit gold mines. Under the agreement, BML is conducting open pit mining of the Jeffreys Find Deposit on behalf of AWJ. All costs associated with the mining of the gold deposit such as mining, payment of haulage, staff, equipment, and contractors, are being incurred and paid by BML. In return for taking on this risk, BML will receive all surplus cash from selling the gold produced from Jeffreys Find until costs have been fully recovered. As part of the agreement, BML also entered into a commercial arrangement with FMR Investments to handle the toll milling of ore from the Jeffreys Find gold deposit at FMR's Greenfields Mill, 3km east of Coolgardie. The toll milling cost is \$50 per tonne of ore processed.

Under the agreement with BML, mining and toll milling costs will first be paid out of gold sales revenue from Jeffreys Find. The remaining excess surplus cash will then be split 50/50 between AWJ and BML. This deal optimises the project for AWJ by avoiding the time, complexity and costs of mobilizing equipment and hiring contractors independently. It also avoids the need for AWJ to fund its proportionate share of working capital for the project. With BML handling mining operations, AWJ can realise returns from Jeffreys Find more quickly than if it was running the project alone. The deal also enables the company to focus on moving the Munda project towards production.

Stage 1 – Starter Pit

Mining at the project is being split into 2 stages, a starter pit and a final pit. On 17 May 2023, BML commenced Stage 1 of the open pit mining at Jeffreys Find. During Stage 1, which has now been completed, there were 175,865 tonnes of ore processed.

First Blasting at Jeffreys Find in May 2023



Almost 180,000 tonnes of ore were mined and processed during stage 1



On 19 July 2023, a maiden campaign of toll milling commenced with the first parcel of 36,180 dry metric tonnes from the starter pit. A total of 1,721 ounces was poured from the first parcel of ore on the 7th of August, 2023 with a reconciled head grade of 1.58g/t at a recovery of 93.04%, which was in line with earlier metallurgical testing. The gold recovered was sold at the Perth Mint on the 25th of August, 2023 for an average price of \$2,939 per ounce.



Cameron Alexander, General Manager of Commercial Development at Perth Mint, hosting AWJ Management at their refinery in Western Australia.

Following on from the first campaign, the second milling campaign commenced on 11 September 2023. During this second campaign, 139,685 tonnes of ore was mined and processed, yielding a total of 8,021 ounces of gold at a reconciled grade of 1.93 Au g/t at a recovery rate of 92.58%.

In total, the Stage 1 starter pit of the Jeffreys Find Gold Mine has produced 9,741 ounces of gold from 175,865 dry metric tonnes of ore milled at a grade of 1.86 Au g/t with an impressive gold recovery rate of 92.51%. The table below provides statistics from Jeffreys Find production at the completion of Stage 1 of mining.

	1 st Parcel (Campaign)	2 nd Parcel (Campaign)	Stage One Complete
Dry Tonnes Milled	36,180	139,685	175,865
Grade (Au g/t)	1.58	1.93	1.86
Mill Recovery	93.04	92.58	92.51
Ounces of Gold Produced	1,721	8,021	9,741
Average Sale Price per ounce	\$2,939	\$3,020	\$3,006
Gold Revenue	\$5,057,527	\$24,227,126	\$29,285,024

After deducting the Western Australia gold royalty, the net revenue stood at \$28.9m. With total cash costs encompassing mining, haulage, and milling costs totalling \$19.9 million, this left a surplus cash balance of \$9.5m, which was evenly distributed between BML and AWJ.

Summary of Final Results: Stage 1, Jeffreys Find Project

Item	Funds
Gold revenue	\$29,285,024
Other revenue	\$156,564
Total revenue	\$29,441,588
Total cash costs	\$19,909,511
Total Surplus cash	\$9,532,077
50% Surplus cash share to AWJ	\$4,766,039

AWJ received its share of the surplus cash in three separate distributions. The first payment of \$2.0m (excl GST) was distributed to AWJ on 25 October 2023, followed by a second distribution of \$1.5m (excl GST) on 14 November 2023. The final distribution of \$1.3m (excl GST) was received during December 2023. Auric Mining received ~\$4.8m from Stage 1 which surpassed the initial budgeted cash receipts of approximately \$4.0m from this stage of the project. This performance is mainly attributed to a significantly higher average gold price realised of \$3,006/ounce, compared to the budgeted price of approximately \$2,600/ounce. AWJ's prudent management of the project is evident from the successful completion of Stage One of Jeffreys Find. The fact that AWJ's management team have managed to deliver cash flow above expectations is a credit to them and their partner BML and this de-risks Stage 2 of the project.

Stage 2 – Final Pit

AWJ management expects to commence Stage 2 of mining Jeffreys Find around February, 2024. First cash flow is projected during the third quarter of 2024. The final pit is expected to generate surplus cash to Auric of between \$3.3m and \$6.6m. This means the total anticipated cash inflow to Auric Mining from the Jeffreys Find Gold Mine is expected to be between \$8.1m to \$11.4m, over the project duration of roughly 18 months. Mining operations at the final pit are slated to conclude by the close of 2024 or early 2025 at the latest.

A picture of the Jeffreys Find ore body showing gold mineralisation location evidenced by darker zones



Widgiemooltha (Munda) Gold Project

Project Overview

The Widgiemooltha Gold Project includes AWJ's flagship Munda Gold Project. The project comprises 21 tenements, including 5 granted Mining Leases. All tenements are highly prospective for gold mineralisation. The Munda Gold Project is located approximately 34 km southwest of the mining town of Kambalda and is conveniently situated 5km west of the township of Widgiemooltha.

Mineral Resource Estimate

In an announcement dated 28th of January, 2022 AWJ reported the details of the Munda Project Resources estimate which are provided below. These estimates indicate a total mineral resource estimate of 198,700 ounces (4,481,000 tonnes grading 1.39 g/t Au) at the 0.5 Au g/t cut-off point.

Resource Table for the Munda Gold Project

Au g/t	Indicated			Inferred			Total		
Cutoff	Mtonnes	Au g/t	KOz	Mtonnes	Au g/t	KOz	Mtonnes	Au g/t	Oz
0.2	8.928	0.75	215.3	2.807	0.61	54.7	11.735	0.72	270.0
0.3	6.113	0.98	193.0	1.597	0.88	45.4	7.710	0.96	238.4
0.4	4.598	1.19	176.3	1.070	1.15	39.5	5.668	1.18	215.8
0.5	3.684	1.38	163.1	0.797	1.39	35.6	4.481	1.38	198.7
0.6	3.052	1.55	152.0	0.633	1.61	32.7	3.685	1.56	184.7
0.8	2.240	1.86	133.9	0.450	1.98	28.7	2.690	1.88	162.6
1.0	1.737	2.14	119.4	0.353	2.28	25.9	2.090	2.16	145.3

Metallurgical Testing

On 11th May 2022, AWJ announced the metallurgical test work results on a fresh composite sample for a single drill hole at Munda. The testing returned a high gold recovery rate of 96.57% at a head grade of 1.78 g/t Au. The metallurgical test work results for Munda showed no red flags which will affect gold recovery rates during the milling process.

Munda Scoping Study

Study Overview

On 28th of June, 2023 AWJ announced the completion of a scoping study for open-pit mining and third-party toll treatment of the Munda gold deposit. The scoping study was aimed at examining the technical and economic feasibility of the project. These numbers will change based on results from the current grade control drilling program.

Financial Modelling

In the base case, AWJ estimates that the optimum pit shell at the Munda project contains 1,766,553 tonnes of Mineral Resource at a grade of 2.2g/t. The base case gold price was conservatively assumed to be \$2,600 per ounce, compared to the current gold price of \$3,000 as of 12th of December, 2023. The gold recovery rate was also estimated to be 95%, which compares to the metallurgical test work gold recovery of 96.57%. Based on these assumptions

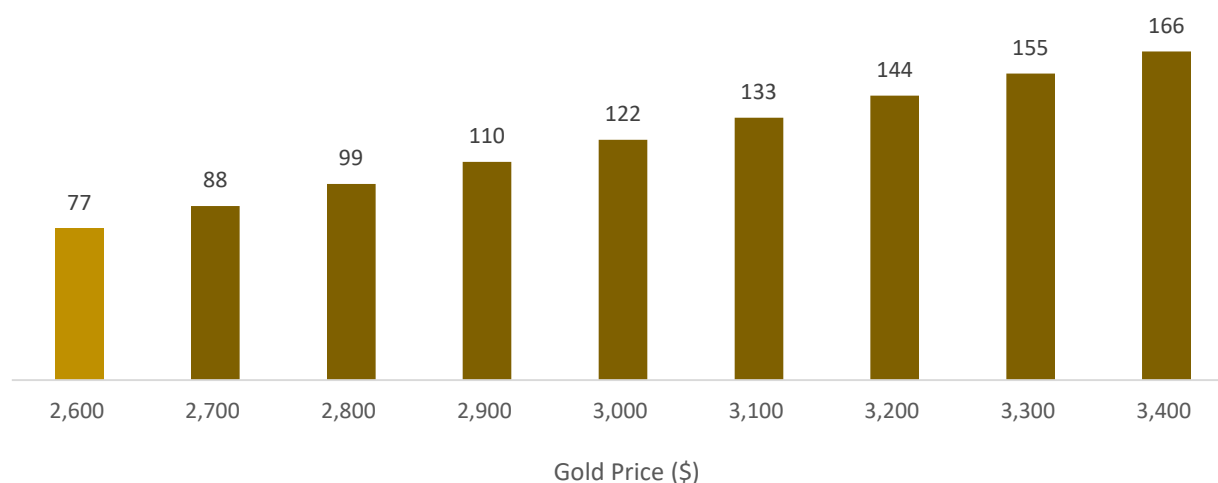
114,736 ounces would be produced at a cash cost of ~\$1,929 per ounce. Based upon these assumptions, the project is expected to generate excess surplus cash of A\$76.9m during its 13-quarter project life.

Financial Summary of the Economic Viability and Cash-Generative Potential of the Munda Project

Flitch	Milled Ore		Ounces	Revenue	State Gold	Operating	Cash Cost	Cash
	Tonnes	Grade	Produced	@ \$2,600/oz	Royalty @ 2.5%	Costs	Per Ounce	Profit
	(t)	(g/t)	(oz)	(\$)	(\$)	(\$)	(\$)	(\$)
N/S - 375	8,029	2.22	544	1,414,690	35,367	8,710,797	16,074	(7,331,474)
375 - 365	95,826	2.20	6,428	16,713,436	417,836	21,509,913	3,411	(5,214,313)
365 - 355	209,638	2.22	14,193	36,901,428	922,536	28,675,357	2,085	7,303,536
355 - 345	156,457	1.99	9,515	24,738,652	618,466	23,437,267	2,528	682,919
345 - 335	183,419	2.04	11,428	29,713,141	742,829	23,987,459	2,164	4,982,854
335 - 325	154,026	1.95	9,165	23,829,699	595,742	20,363,522	2,287	2,870,435
325 - 315	130,891	1.98	7,907	20,559,438	513,986	17,119,027	2,230	2,926,425
315 - 305	154,944	1.97	9,309	24,202,824	605,071	17,196,626	1,912	6,401,127
305 - 295	192,486	2.10	12,340	32,084,901	802,123	18,197,228	1,540	13,085,551
295 - 285	257,081	2.51	19,709	51,242,606	1,281,065	20,932,107	1,127	29,029,434
285 - 275	113,895	2.61	9,090	23,633,726	590,843	9,171,873	1,074	13,871,010
275 - 265	43,795	2.85	3,814	9,915,330	247,883	3,434,989	966	6,232,458
265 - 255	15,032	2.82	1,293	3,362,629	84,066	1,183,529	980	2,095,034
Total	1,766,553	2.19	114,736	298,312,501	7,457,813	213,919,694	1,929	76,934,995

The cash-generative potential of Munda is highly sensitive to the gold price. However, as stated earlier, the gold price assumption of \$2,600 per ounce is fairly conservative. We conducted a sensitivity analysis to show how much excess surplus cash Munda stands to generate at different gold prices. This is illustrated in the graph below which shows that Munda could generate surplus cash of approximately \$122.0m using a gold price of \$3,000 per ounce, which more accurately reflects the current gold price.

Munda Cumulative Cash Surplus (\$m) at Varying Gold Prices



Starter Pit

The development and mining at Munda is separated into 2 stages which are the starter pit and the final pit. AWJ expects to commence mining at the starter pit in late 2024. The company plans to develop the starter pit before expanding the mine to create the final pit in 2025. The starter pit is expected to generate \$8.7m in surplus cash for the company. Management plans to use the cash generated from the starter pit to finance the final pit.

Financial Summary of the Munda Starter Pit

Flitch	Milled Ore		Ounces Produced	Revenue @ \$2,600/oz	State Gold Royalty @ 2.5%	Operating Costs	Cash Cost Per Ounce	Cash Profit
	Tonnes (t)	Grade (g/t)						
N/S - 375	1,397	1.92	82	213,175	5,329	513,204	6,324	(305,358)
375 - 365	9,616	2.34	688	1,789,183	44,730	1,938,550	2,882	(194,097)
365 - 355	83,370	2.42	6,153	15,998,652	399,966	6,722,366	1,157	8,876,320
355 - 350	4,271	2.10	274	711,240	17,781	349,340	1,342	344,118
Total	98,654	2.39	7,197	18,712,250	467,806	9,523,461	1,388	8,720,983

Capital Investment (Start-up Costs)

As part of the scoping study, the capital investment required prior to the start of mining at the starter pit was estimated to be \$1.3m. The pre-mining capital and start-up costs are comprised of the costs associated with, but not limited to mobilization, site establishment, pre-mining earthworks, access and haulage road and demobilization. The working capital investment for mining operations prior to first gold production are estimated to be ~\$6.0m. The cash surplus after recouping all capital, mining, haulage and processing costs is projected to be ~\$8.7m from the starter pit.

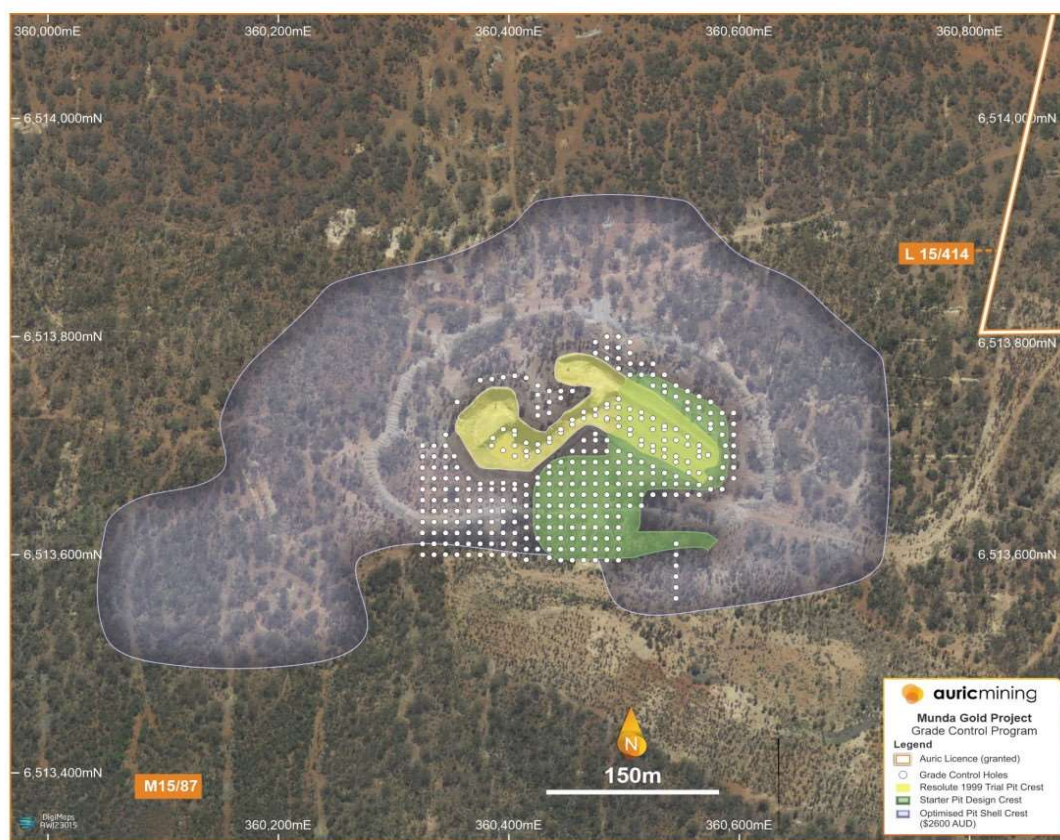
Estimated Pre-Mining Capital Costs:

Cost Area	Amount
Mobilisation	\$150,000
Site Establishment (offices, workshop, lay down area)	\$350,000
Mining Establishment (clearing, grubbing, ore pad, waste dump)	\$500,000
Ore Haulage Road	\$100,000
De-mobilisation	\$150,000
Total	\$1,250,000

Grade Control Drilling

On 1st of November, 2023, AWJ commenced a grade control drilling program at the Munda Gold project. Approximately 380 holes for 11,500 metres of Reverse Circulation (RC) drilling are being completed on a 10m x 10m grid pattern over the planned area of the starter pit. The goal of the grade control drilling program is to understand the geological elements within the deposit and the resultant gold distribution. Results from this program will increase the resource confidence level and enable the company to develop a mine plan which targets the ore containing the gold more accurately, thereby reducing the amount of waste that is sent to the mill.

The grade control drilling program at Munda further de-risks the Project and paves the way for gold production



Source: Auric Mining limited



Grade control drilling at Munda

Source: Canary Capital

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Spargoville Gold Project

Project Overview

The Spargoville Project is centred around 4km west of the Coolgardie-Esperance Highway, and 35 km southwest of Kambalda. It combines 8 tenements which are held 100% by Auric Mining via wholly owned subsidiary Spargoville Minerals Pty Ltd together with gold rights on 3 of 5 tenements held by Mt Edwards Critical Metals. The project lies in the same stratigraphy, along strike from the Wattle Dam Gold Mine which produced 268,000 ounces of gold @ 10g/t from 2006-13; one of Australia's highest-grade mines at that time. Due to its focus on the Jeffreys Find and Munda projects, AWJ has not carried out much exploration activities at the Spargoville Project in recent months. However, we believe that the company will conduct exploration of the Spargoville project in the future using cashflow generated from Munda. There is significant potential to discover further areas of gold mineralisation with the potential to delineate new resources at the project.

Lithium Potential

AWJ's Spargoville tenements are situated adjacent to those owned by Maximus Resources (ASX: MXR), where significant discoveries of lithium and nickel mineralization have been made. Notably, on the 1st of November, 2023 drilling at MXR's Lefroy Lithium Project, located within 2km of Auric's Spargoville tenements, revealed the presence of lithium-bearing pegmatites. The drill results included 6m @ 1.11% Li₂O from 90m including 3m @ 1.99% Li₂O from 90m. Additionally, on the 16th of October, 2023 the Korea Mine Rehabilitation and Mineral Resources Corporation, a Korean Government Agency, acquired a 30% interest in the Lefroy project for \$4.8 million. These recent developments not only underscore the lithium potential at Spargoville, but also highlight the substantial value of the tenements.

Financials

Financial Position

Based upon the September 2023 quarterly cash balance of \$302K and taking into account the recent receipt of \$4.8m from the Jeffreys Find Project as well as cash burn on corporate, administrative and exploration expenses, we estimate that the company's cash balance is currently around ~\$4.5m. The company does not hold any debt on its balance sheet, however, it has \$105k in office lease liabilities. Therefore, AWJ currently has an estimated positive net cash position of ~\$4.5m.

Based on the current cash balance of ~\$4.5m and the expected cash receipts from Stage 2, as well as projected expenditure, we expect the company to be self-funding from now on with no need to raise any additional capital other than development working capital for the final pit. The need to raise additional capital will depend on the availability of non-dilutive funding from other sources such as forward gold sales.

Equity Capital Structure

AWJ has ~130.9 million ordinary shares outstanding. The company also has a total of 19.7 million in listed and unlisted options outstanding. On a fully diluted basis, AWJ would have ~150.6 million shares outstanding. However, the bulk of the options are exercisable at \$0.15 and are unlikely to be exercised because they are substantially out of the money.

Auric Mining Current Capital Capital Structure

Type of Equity Interest	Number of Securities
Ordinary shares on issue	130,859,591
Listed options - Exp. 31 March 2024 @ \$0.15	16,829,135
Unlisted options – Exp. 31 March 2024 @ \$0.15	900,000
Unlisted options - Exp. 1 November 2026 @ \$0.10	2,000,000
Diluted shares outstanding	150,588,726

Discounted Cash Flow Valuation

Overview

To derive a Discounted Cash Flow (DCF) valuation for AWJ, a 21-quarter (5.25 year) financial projection model was prepared by Canary Capital. We believe that a forecast period of 21 quarters is sufficient, considering that operations at Jeffreys Find will conclude by late 2024, and mining at Munda is projected to continue for 13 quarters.

Jeffreys Find Cash Inflows and Outflows

On top of the \$4.8m received for Stage One, we expect AWJ to receive another \$4m in cash from Stage 2 mining during the second half of 2024. We do not anticipate any major cash outflows associated with Jeffreys Find, as all cash expenses are settled by BML Ventures before disbursing any funds to AWJ.

Munda Cash Inflows and Outflows

In the fourth quarter of 2023 / first quarter of 2024, we anticipate that AWJ will incur cash expenditures totalling approximately \$1.0m to \$1.4m, which are associated with a recently announced grade control drilling program and additional mine planning activities. These additional mine planning activities include updating the resource model, additional metallurgical test work, and geotechnical and hydrological studies. We anticipate that AWJ will commence the setup of mining operations at Munda during the third and fourth quarters of 2024, which are budgeted to cost \$1.3m according to the scoping study. The capital costs associated with mining the starter pit at Munda are \$6.0m. Overall, the starter pit at Munda is expected to generate positive cash flows of \$8.7m based on a gold price of \$2,600 per ounce. Following completion of the starter pit, the main pit will be developed and mined until Q4, 2028 with a further \$68.3m in cash to be generated

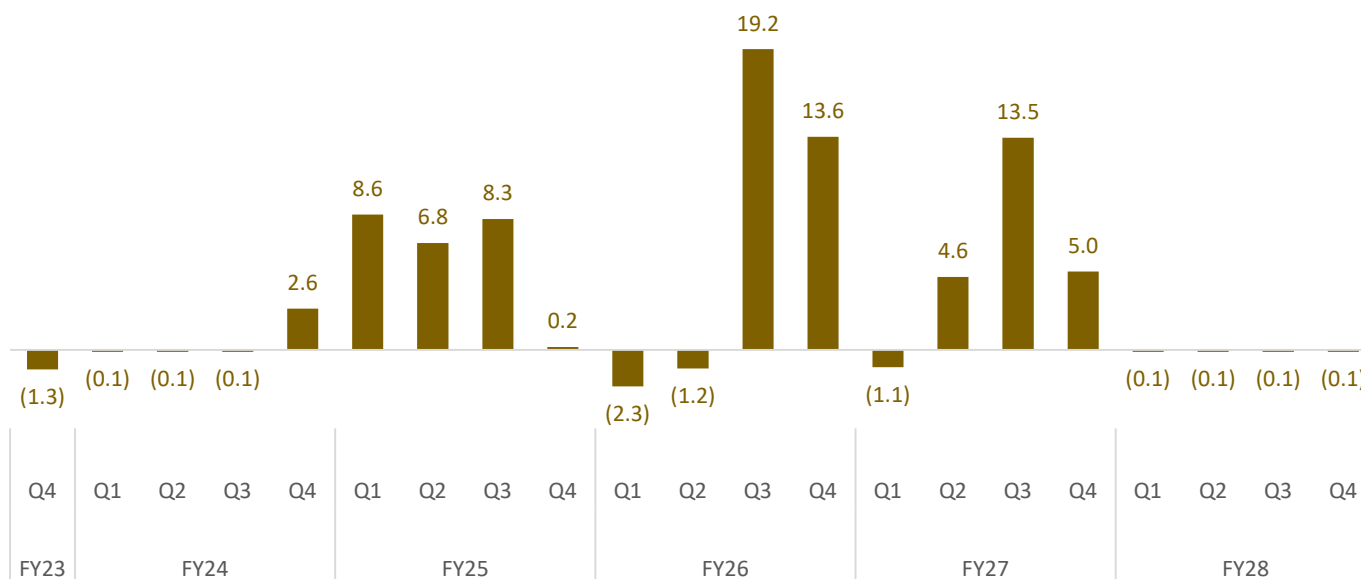
Other Cash Outflows

We expect AWJ to continue to experience moderate cash outflows related to its administration, corporate and staff expenses. Based on historical financial data, we have assumed that these expenses will remain constant at \$125k per month throughout the forecast period.

Aggregate Cash Flows

Throughout the 21-quarter forecast period, we expect AWJ to generate ~\$76.9m in undiscounted operating cash flows. The graph below illustrates the operating cash flows we expect AWJ to generate over the forecast period.

AWJ Operating Cash Flows



Free Cash Flow

It is anticipated that AWJ will be subject to a corporate tax rate of 30% on its cash profits. However, as of June 30, 2023, the company had accumulated tax losses carried forward of \$8.6m, which can be offset against future profits. Consequently, AWJ is not projected to incur any corporate tax obligations until the fourth quarter of 2026. Cash taxes paid and related tax liabilities are subtracted from the operating cash flow to calculate free cash flow.

Discounted Free Cash Flow

When discounting AWJ's free cash flow, a discount rate of 10% has been applied across the entire forecast period. Consequently, AWJ's total discounted cash flows for the forecast period amount to a total of \$43m. It is worth noting that AWJ's total discounted cash flows represent the valuation of its mining operations, also known as its enterprise value.

Equity Value and Value per Share

To obtain AWJ's equity value, the enterprise value is adjusted for cash and debt. Since AWJ has no debt on its balance sheet, its estimated cash balance of \$4.5m is added to the enterprise value to derive an equity value of \$47.8m. This equity value is then divided by the company's total shares outstanding of 130.9 million to arrive at an intrinsic value per share of \$0.37. On a diluted basis, AWJ's intrinsic value per share is \$0.34. Overall, AWJ's intrinsic value per share of between \$0.34 and \$0.37 indicates a substantial upside from the current share price of \$0.068. This valuation

does not take into account the potential for higher gold prices to be realised versus the \$2,600 per ounce in our modelling.

Key People

Steven Morris – Non-Executive Chairman

Mr. Morris is a well-known financial markets executive with more than two decades of experience at a senior level. He garnered industry respect as Head of Private Clients for Patersons Securities and has also been Managing Director of Intersuisse Ltd.

Mr. Morris has served as a senior executive of the Little Group.

From 2013 to 2019 he was Chairman of the ASX-listed Purifloh Ltd (**ASX:PO3**)

From 2014 to 2019 he was a Non-Executive Director of De Grey Mining (**ASX:DEG**), a gold miner with a \$2.1 billion market capitalisation.

Mr. Morris spent 9 years on the Board of the Melbourne Football Club, the last three years as Vice President, before retiring in September 2023.

Mark English – Managing Director

Mr. English is a Chartered Accountant with more than 40 years of experience.

Mr. English was the founding Director of Bullion Minerals Ltd, a company he managed for seven years before taking it to an IPO.

More recently he has acted as Finance Director of an unlisted mining company with substantial assets in Eastern Europe.

Mark has considerable experience with major equity and debt raisings.

He currently sits on the Board of WA-integrated agricultural company Moora Enterprises, one of the nation's largest citrus producers and processors.

John Utley – Technical Director

Mr. Utley has a 35-year career in mining and exploration with a dominant focus on gold assets. He holds a master's degree in Earth Sciences from the University of Waikato in New Zealand.

Mr. Utley has worked in Australia, South America, Papua New Guinea and most recently in Canada where he was the Chief Geologist for Atlantic Gold Corporation, a company now owned by St Barbara Ltd (**ASX:SBM**). He spearheaded exploration and development of the Touquoy Gold Mine in Nova Scotia, Canada prior to its acquisition by St Barbara.

He previously worked with Plutonic Resources Ltd (**ASX:PLU**) and was head of the exploration team at the Darlot Gold Mine during the discovery and development of the 2.3-million-ounce Centenary gold deposit.

Tamara Barr - Company Secretary

Tamara is a highly experienced ASX Company Secretary with almost two decades experience practicing as a Company Secretary and Corporate Governance Advisor across a variety of sectors and industries.

She has worked predominantly in Australia, as well as in the UK and Europe, providing Company Secretarial advice and service to ASX listed, Public and NFP companies. Tamara is Managing Director of the corporate services firm,

Clear Sky Blue, were she works closely with Boards to enhance their Corporate Governance procedures. Tamara is an Affiliated Member Company Secretary (GIA).

Key Risks

Gold Price Sensitivity

The valuation and projected cash flows for AWJ's Jeffreys Find and Munda projects are highly dependent on the gold price received from sales of bullion. The scoping study for Munda conservatively uses a base case gold price assumption of \$2,600/oz, which is approximately 15% below the current spot price. However, gold prices are inherently volatile, and there is a significant downside risk if prices drop materially below the base case. For example, an 8% decrease in the gold price to \$2,400/oz would disproportionately reduce the cash flows from the Munda project by ~30% from \$76.9m to \$55.0m, assuming all other scoping study assumptions are constant. The impact could be even more pronounced if gold prices fall further or if grades/recoveries disappoint. Given the influence of the gold price on project economics, a major downward move from the \$2,600 per ounce base case assumption would significantly affect the economics of AWJ's projects. The company could utilize a gold price hedging program to reduce the sensitivity of AWJ's valuation to changes in the gold price.

Capital Funding Risk

According to the Munda scoping study, Auric requires approximately \$1.3 million in start-up capital to fund the establishment of open-pit mining operations. In addition to this a further \$6.0m in capital will be required to commence mining operations before any cashflow is generated. If Auric is unable to raise the necessary capital on time, it could lead to major delays in the commencement of mining operations at Munda. Any setbacks with securing the required pre-production funding pose a risk for AWJ in terms of being able to capitalize on the lucrative opportunity that the project represents. However, it is worth noting that AWJ has various options it could utilize to successfully fund and commence mining at Munda. These options include pre-sale of gold, deferred payment of mining costs and debt funding.

Third-Party Operational Risks

The feasibility and economic projections for the Munda gold project are heavily dependent on AWJ's ability to secure agreements with capable third-party contractors for open-pit mining and a reliable partner for toll milling. If contractors fail to perform this at the expected level, this could lead to lower mining rates, reduced ore supply and higher unit costs. Additionally, Auric faces substantial risk if it cannot find a milling partner with adequate processing capacity, sound technical capabilities and reasonable tolling fees. A deficient tolling partner presents a major risk around achievable gold recoveries which could impact project revenue and cash profit. Therefore, securing robust third-party partners on favorable terms is crucial to mitigate downside risks for the Munda project.

Mining and Operating Execution Risks

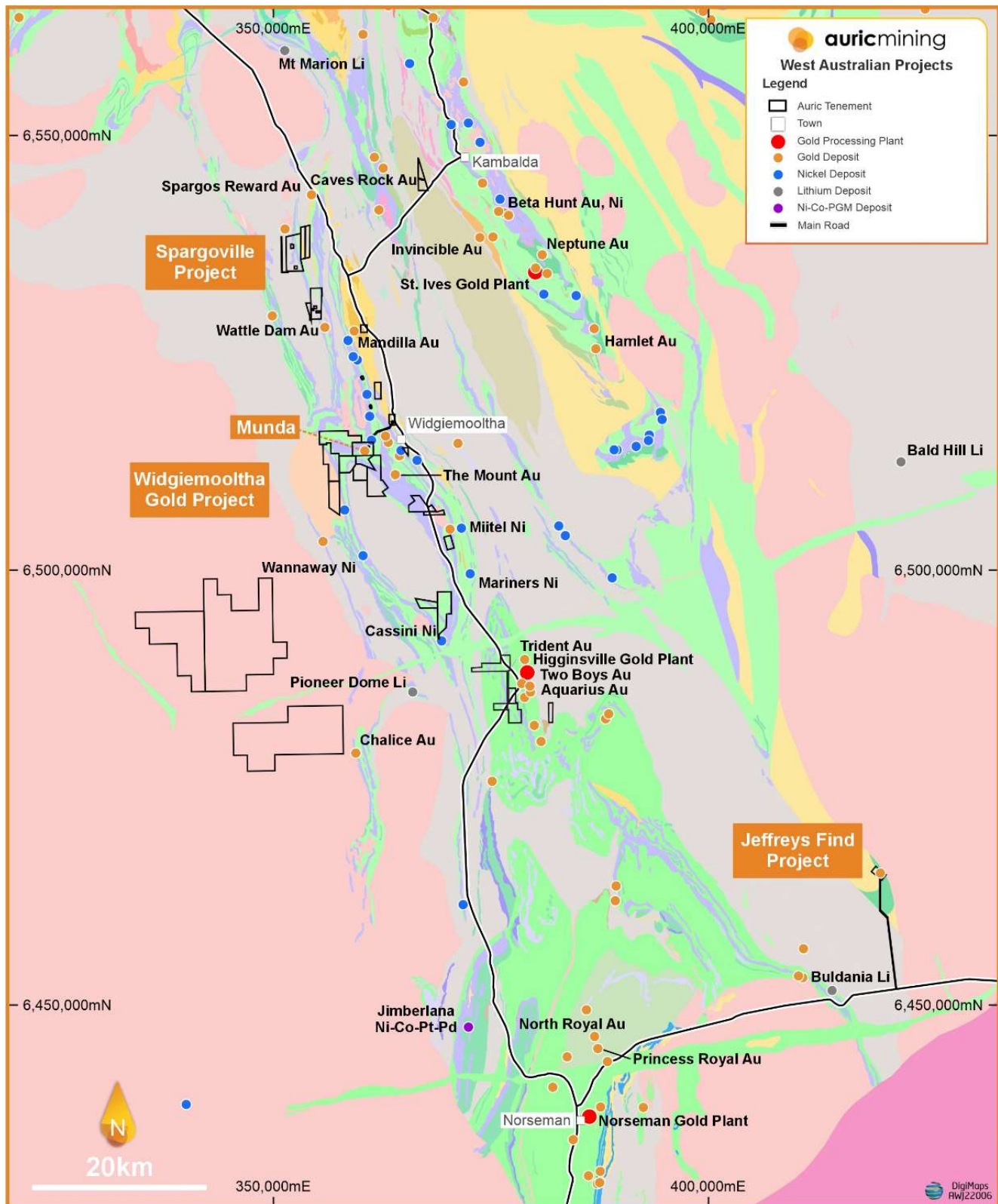
During the production phase, AWJ faces potential risks around executing mining operations efficiently at the Munda gold project. These risks include lower-than-expected ore grades, poor recoveries, and unplanned downtime due to unfavourable weather conditions. Each of these factors, either independently or in combination, could result in

Munda underperforming versus the scoping study assumptions. Substantial shortfalls in production or recoveries versus forecasts could severely impact the NPV of the project. Delivering on all key operating parameters as modelled will be essential to achieving projected returns.

Allocation of Cash Flows

AWJ faces potential risks around capital allocation once the company begins generating significant operating cash flows from the Jeffreys Find and Munda projects. Given that Jeffreys Find and Munda have limited mine lives, AWJ management may decide to acquire new projects. If these projects don't result in additional discoveries for the company, shareholder value could be destroyed. Nonetheless, AWJ management has affirmed its commitment to investing in projects that meet its specified return thresholds. In the event that such projects cannot be identified, a significant portion of the proceeds generated from Jeffreys Find and Munda could be distributed to shareholders.

Map of AWJ's Mining Tenements



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Canary Capital was not in possession of any inside information in researching and compiling this report. The report is our own work and an expressions of our opinion based on our research and discussions with the company. The company has fact checked the report.

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