

METALSTECH LIMITED (ASX:MTC)

Research Note – 21 July 2025

COMPANY OVERVIEW

MetalsTech Limited (ASX:MTC) is an Australian-based gold exploration and development company, incorporated in 2016 and listed on the ASX in February 2017. Headquartered in Subiaco, Western Australia, the company is primarily focused on the exploration and development of its flagship Sturec Gold Project in central Slovakia. The Sturec Gold Project hosts a JORC (2012) Mineral Resource Estimate of 68.35 Mt at 1.22 g/t Au and 10.11 g/t Ag, containing approximately 2.686 Moz of gold and 22.21 Moz of silver (2.868 Moz AuEq) at a 0.3 g/t Au cutoff. MTC also previously held lithium assets in Canada, which were divested.

PROJECTS

Overview

MTC's portfolio is centred on the Sturec Gold Project, a historically significant high-grade gold and silver deposit located in central Slovakia. The company previously held interests in lithium projects in Quebec, Canada (including the Cancet, Adina and Sirmac-Clapier projects, which were spun out into Winsome Resources in 2021), and the James Bay Lithium Project (acquired September 2023, agreement ended August 2024). MTC's strategic focus is now entirely on advancing the Sturec Gold Project towards development.

Sturec Gold Project

Project Overview. The Sturec Gold Project is 100% owned by MetalsTech and is located in central Slovakia, covering approximately 9.47 km². The project is situated in the Kremnica region, a historically significant gold mining area where production has exceeded 1.5 Moz of gold and 6.7 Moz of silver over hundreds of years. MetalsTech acquired the Sturec project in 2019 for a modest consideration of approximately A\$750,000 in cash. There are no royalties on the mine other than a standard 1.5% NSR attributable to the Slovakian Government. The company's development strategy centres on a low-environmental-impact underground mining operation, which addresses the concerns of the local community within the Kremnica region. The project benefits from existing underground access via the Andrej Adit, and MTC has re-started mining activities within the adit to support metallurgical test work.

JORC. On 8 May 2023, MTC announced an updated JORC (2012) Mineral Resource Estimate for Sturec of 68.35 Mt at 1.22 g/t Au and 10.11 g/t Ag (1.31 g/t AuEq), containing 2.686 Moz of gold and 22.21 Moz of silver (2.868 Moz AuEq) at a 0.3 g/t Au cutoff. This represented a significant upgrade from the previous 2020 MRE of 21.2 Mt at 1.50 g/t Au for 1.03 Moz gold. The resource comprises estimates from several prospects including Sturec main zone, Vratislav, Wolf and North Wolf. A detailed breakdown by resource category is presented below.

Cut-off Grade: 0.3 g/t	Tonnes (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Au (koz)
Inferred	24.56	1.46	11.90	1,155
Indicated	12.26	1.15	9.26	453
Measured	31.50	1.07	9.20	1,078
Total	68.35	1.22	10.11	2,686

Scoping Study. MTC’s updated Scoping Study (released December 2024) outlined robust economics for an underground mining operation at Sturec with a 2.3 Mtpa processing plant and an initial mine life of nine years. The study is based on processing 17.6 Mt of ore at an average grade of 2.0 g/t AuEq, producing approximately 1.134 Moz AuEq at an AISC of US\$1,016/oz AuEq. The study was based on conservative pricing of US\$2,500/oz gold and US\$33/oz silver. Metallurgical assumptions included gold recovery of 91%, silver recovery of 88%, gold payability of 96%, and silver payability of 90%. Key financial metrics from the Scoping Study are summarised below.

Scoping Study Parameters	Metric
Mine Life (years)	9
LOM Total Ore Processed (Mt)	17.6
Head Grade (g/t AuEq)	2.0
Gold Recovery	91%
Silver Recovery	88%
LOM Total AuEq Produced (Moz)	1.134
AISC (US\$/oz AuEq)	US\$1,016
Gold Payability	96%
Silver Payability	90%
Total Capital Investment (US\$m)	US\$95.4
Pre-Tax NPV8% (US\$m)	US\$506
Pre-Tax IRR	116%
Undiscounted Free Cash Flow (US\$m)	US\$706
Gold Price Assumption (US\$/oz)	US\$2,500
Silver Price Assumption (US\$/oz)	US\$33

Notably, approximately 78% of the production target is in the Measured and Indicated resource categories, with only 22% in the Inferred category, providing a high level of geological confidence in the mine plan. Only 40% of the current JORC resource is consumed in the production target, underscoring substantial project and economic upside.

Exploration Activities. MTC has conducted multiple phases of underground diamond drilling from within the Andrej Adit at Sturec. The most recent drilling program (Phase IV) was completed from Drill Chamber #4, located approximately 50 m south and along strike of Drill Chamber #2 and approximately 120 m along strike of the boundary of the JORC resource envelope. This drilling tested the high-grade mineralisation further along strike to the south, where mineralisation remains open both down dip and along strike. Standout intersections from MTC’s drilling campaigns include 173.2 m at 3.27 g/t Au and 18 m at 34.07 g/t Au.

Planned Exploration Activities. MTC is advancing the Sturec Gold Project towards a Pre-Feasibility Study. On 26 March 2025, MTC raised \$3.3m specifically to fund the PFS. The company has engaged Minmetals Securities Co., Ltd as a strategic advisor to assist with corporate strategy, investor relations, and potential transaction discussions regarding the Sturec asset. The PFS will investigate the potential to target a high-grade subset of the resource for a low-impact bulk underground mining operation.

FINANCIALS

Cash Position and Debt Owed

In its most recent quarterly report (Q3 FY25, ending 31 March 2025), MTC reported a cash balance of \$38,000. As at June 2024, total debt amounted to approximately \$1.3m, comprising redeemable notes at a weighted average interest rate of approximately 28%. This results in a net debt position of approximately \$1.26m. However, subsequent to the quarter end, MTC completed a \$3.3m capital placement on 26 March 2025, which has materially improved the cash position.

Cash Burn and Runway

MTC's quarterly cash burn has been volatile. In Q3 FY25, total cash used by operating and investing activities was only \$171,000, resulting in a reported 23 quarters of funding remaining. However, this figure does not reflect the true cash burn profile, as the company spent a mere \$114,000 on exploration and evaluation in the quarter. Prior quarters showed materially higher cash outflows (e.g. \$925,000 in Q2 FY25 and \$527,000 in Q1 FY25). The \$3.3m placement provides runway to advance the PFS, but additional capital will almost certainly be required to fund the project through to development.

Exploration Expenditure

MTC's exploration and evaluation expenditure has fluctuated significantly over the past five quarters, reflecting the episodic nature of its drilling campaigns and study work. The material spike in Q2 FY25 (\$640,000) coincided with underground drilling and development activities at Sturec.

In '000s of AUD	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25
Exploration and Evaluation Expenditure	159	133	165	640

Capital Structure

As at 21 July 2025, MTC had approximately 208 million shares on issue (pre the March 2025 placement of ~20 million new shares, bringing the total to approximately 228 million). The company has 3 million options outstanding at a weighted average exercise price of \$0.35. At a share price of \$0.14 and approximately 228 million shares post-placement, MTC's market capitalisation is approximately \$31.9m. The share count remains well below the 500 million threshold generally considered desirable for a micro-cap explorer. The 3 million options outstanding are deep out of the money (exercise price of \$0.35 versus current share price of \$0.14) and do not currently present a dilution risk.

Share Price	\$0.14
Ordinary Shares Outstanding	228,000,000
Market Capitalisation	\$31.92m
Debt	\$1.30m
Cash	\$3.3m
Enterprise Value	\$29.92m
Options and Performance Rights Outstanding	3,000,000
Diluted Shares Outstanding	231,000,000

Capital Raise

On 26 March 2025, MTC raised \$3.3m through a two-tranche placement, supported by two high-net-worth investors who contributed \$1.2m and \$2.0m respectively. The placement resulted in the issuance of approximately 20 million new shares. The funds were raised to strengthen working capital reserves, enhance the balance sheet, and support the advancement of the Pre-Feasibility Study at Sturec.

Debt Structure

As at June 2024, MTC had issued five redeemable notes totalling \$1.85m, of which \$550,000 had been repaid, leaving a balance of \$1.3m. The weighted average interest rate on these notes was approximately 28%, which is exceptionally high and represents a material cost of capital. Notes 2 and 3 (\$450,000 total) were fully repaid at maturity. Note 1 had \$100,000 repaid, with the remaining \$500,000 extended to October 2024. Note 4 (\$500,000) had interest paid quarterly and principal extended to December 2024. Note 5 (\$300,000) matured in December 2024 at a flat rate of 15%. The high cost of debt is a governance concern and reflects the company's limited access to institutional credit.

Shareholder Analysis

	Percentage Ownership
BNP Paribas Nominees Pty Ltd <Clearstream>	8.8%
Natres Services Pty Ltd	8.5%
Citicorp Nominees Pty Ltd	8.0%
Xiao Zong	6.0%
Mr Kenneth Joseph Hall	5.8%
Zi You	4.9%
Mrs Rachel D'Anna	3.6%
BNP Paribas Noms Pty Ltd	2.9%
Mr Gino D'Anna	2.7%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	2.5%
Total	44.9%

Insider Ownership

Insider ownership at MTC is significant, with directors and consultants collectively holding approximately 30.4% of the company. Director Gino D'Anna holds approximately 14.6% and consultant Fiona Paterson holds approximately 15.2%, representing meaningful alignment with shareholders. However, concerns around insider selling are noted separately in the Investment Risks section.

	Position Held	Percentage Ownership
Fiona Paterson	Consultant	15.2%
Gino D'Anna	Director	14.6%
Russell Moran	Consultant	0.7%
Candice Stevenson	Director	—
Paul Fromson	CFO & Company Secretary	—
Total		30.4%

Relative Valuation

Given its adjusted gold ounces of approximately 1.903 Moz and a gold price of A\$5,200/oz, we estimate that the market value of MTC's gold resources is approximately A\$9.9 billion. On an EV/Ounce basis, the market is currently valuing MTC's resources at approximately A\$16 per ounce. This EV/Ounce is significantly below the peer median of approximately A\$130/oz, highlighting substantial potential upside. However, a discount is warranted given the company's jurisdictional risk (Slovakia), high-cost debt structure, management concerns, and the early stage of the PFS.

	Metric
Adjusted Ounces	1,903,000
Adjusted Grade (g/t)	1.22
Market Value of Adjusted Ounces (at \$5,200/oz)	A\$9.9 billion
EV/Ounce (\$)	\$16
Peer Median EV/Ounce (\$)	\$130

MANAGEMENT

Management Biographies

Gino D'Anna — Director (Since 2016). Gino D'Anna is a founding Director of MetalsTech with strong capital markets experience and a background in resource exploration, public company operations, and financial management. He is also a director of Metals Australia (ASX:MLS) and Askari Metals (ASX:AS2). Gino has historically held board positions in multiple ASX-listed companies concurrently, including 3G Coal Ltd and Tennant Minerals, raising questions about the breadth of his governance commitments. Gino is the second-largest insider shareholder in MTC at approximately 14.57%. Director remuneration totalled approximately \$354,000 in the most recent year.

Candice Stevenson — Director (Since ~2022). Candice Stevenson is a finance professional with extensive experience in the mining sector and junior explorers. She formerly held senior roles at Griffin Group, Atrium Coal (ASX:ATU), K2Fly (ASX:K2F), and the ATO. She is also a director of Lithium Springs and Navier Medical. Candice does not currently hold shares in MTC.

Fiona Paterson — Consultant (N/A). Fiona Paterson is a risk engineer and corporate governance specialist with experience across the mining and health sectors. She is a former Non-Executive Director of K2Fly NL and current Director of Natres Services, Lithium Springs, and Oceanic Dental. Fiona is the largest insider holder in MTC at approximately 15.17%.

Russell Moran — Consultant (Since 2020). Russell Moran has experience in strategic business development and mineral resource advancement across the mining, energy, technology, and healthcare sectors. Russell holds a small equity position in MTC of approximately 0.68%.

Paul Fromson — CFO & Company Secretary (Since 2015). Paul Fromson is a CPA and AICD member with over 30 years' experience in ASX-listed resource companies. He has extensive expertise in corporate governance, capital markets, and project finance, including work on the Boddington and Worsley joint ventures. Paul does not currently hold shares in MTC.

Management Compensation

Management compensation at MTC is a material concern given the company's size and stage. In the most recent financial year, director remuneration totalled \$354,000 and total KMP remuneration reached \$539,000. In 2023, the company issued \$1.9m in performance rights, with the CEO alone receiving \$6.3m. These figures are difficult to justify for a microcap exploration company and may reflect weak governance controls. Employee benefits also reached \$1m, suggesting staffing costs are elevated.

Related Party Transactions

The redeemable notes (discussed in the Debt Structure section) were issued at a weighted average interest rate of approximately 28%, which is exceptionally high. While the identities of the noteholders were not fully disclosed in the available materials, the high cost of debt raises governance concerns about whether the terms were negotiated at arm's length and in the best interests of shareholders.

INVESTMENT ANALYSIS

Investment Thesis

Significant Undervaluation. MTC appears to be materially undervalued on an EV/oz basis. At approximately A\$16/oz, MTC trades at a steep discount to the peer median of approximately A\$130/oz. Even applying a conservative 15% WACC to the Scoping Study parameters, the Sturec Gold Project is valued at approximately US\$155m, representing a 5.5x potential upside from MTC's current market capitalisation.

High-Grade, Substantial Resource. Sturec hosts a JORC (2012) resource of 2.686 Moz gold (2.868 Moz AuEq), a substantial resource for a company with a market capitalisation of approximately \$32m. The resource includes a significant measured component (1.155 Moz), providing a higher level of geological confidence than many peer-stage explorers. Standout drilling intersections such as 173.2 m at 3.27 g/t Au and 18 m at 34.07 g/t Au highlight the high-grade nature of the deposit and the potential for further resource growth.

Robust Scoping Study Economics. The Scoping Study outlines strong economics including a pre-tax NPV (8%) of US\$506m, an IRR of 116%, a modest total capital investment of US\$95.4m, and an AISC of US\$1,016/oz AuEq. At a gold price materially above the US\$2,500/oz assumption used in the study, the project economics would be even more compelling. The mine plan consumes only 40% of the total JORC resource, indicating significant upside from resource expansion.

High Insider Ownership. Insiders collectively hold approximately 30.4% of the company, which is a strongly positive indicator of alignment with shareholders. Director Gino D'Anna (14.57%) and consultant Fiona Paterson (15.17%) have significant personal capital at stake.

Investment Risks

Management Compensation and Governance Concerns. MTC's management remuneration has been historically high relative to the company's size and stage. Director pay of \$354,000, total KMP remuneration of \$539,000, and \$1.9m in performance rights issued in 2023 are difficult to justify for a microcap exploration company. Employee benefits of \$1m further suggest elevated staffing costs. These figures may reflect weak governance controls and raise concerns about whether management is prioritising personal gain over shareholder interests.

Insider Selling. The CEO and a consultant sold a combined 35 million shares, representing approximately 18% of the company's issued capital, with an estimated value of \$18m. The sale triggered a sharp market reaction, with the

share price falling 58% in a single day. Although the CEO retains a meaningful stake of over 10%, this level of selling could be viewed as a signal of limited long-term conviction and undermines the otherwise positive insider ownership narrative.

Bifurcated Management Attention. The CEO currently holds the same role at another company. Director Gino D’Anna has simultaneously held board positions in multiple ASX-listed companies, including MTC, AS2, Metals Australia, 3G Coal, and Tennant Minerals. This broad spread of commitments raises questions about effective governance and whether MTC receives adequate management attention.

High-Cost Debt. MTC’s redeemable notes carry a weighted average interest rate of approximately 28%, which is exceptionally high. This cost of capital is a governance red flag and may indicate limited access to more conventional institutional credit. If the debt has not been fully repaid, it represents a significant drag on the company’s financial position.

Jurisdictional Risk. Sturec is located in Slovakia, exposing MTC to regulatory, political, and permitting risks in a European jurisdiction. While Slovakia is a member of the EU and offers a relatively stable operating environment, the local community in the Kremnica region has historically expressed concerns about the environmental impact of mining, which was a key reason MTC adopted an underground-only mining strategy.

Funding Risk and Future Dilution. Advancing Sturec through PFS, permitting, and eventual development (total capex of US\$95.4m) will require substantial additional capital far in excess of the company’s current resources. As a junior explorer without operating cash flow, MTC will almost certainly need to raise equity, resulting in ownership dilution.

INVESTMENT RECOMMENDATION

Although the Sturec Gold Project holds considerable potential, with a substantial JORC resource of 2.686 Moz gold, robust Scoping Study economics, and a compelling undervaluation on an EV/oz basis, we believe MTC’s management team presents serious concerns that weigh on the investment case. Historically high remuneration, significant insider selling, bifurcated management attention, and the high cost of debt are material governance risks that could undermine the company’s ability to generate strong shareholder returns. Accordingly, we recommend MTC as a **Watch**, pending meaningful progress on the Pre-Feasibility Study and evidence of improved management governance and alignment.

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