

RESEARCH REPORT



VRL.ASX: Unearthing Hidden Value in Multi-Commodity Exploration

12-Month Target* \$0.42

Price \$0.025

Implied Return 1580%

*Implied Return

Investment Thesis – Verity Resources (ASX: VRL)

Verity Resources Limited (ASX: VRL) is an exploration company with a diversified portfolio spanning gold, base metals, and critical minerals. Its primary asset is the Monument Gold Project in Western Australia, complemented by a suite of Brazilian rare earth elements (REE), gallium and lithium projects and Botswana copper-silver and nickel-copper projects. This multi-jurisdiction, multi-commodity strategy provides exposure to both precious metals and high-demand technology metals, forming a robust investment thesis centered on geological potential and exploration upside, offering multiple independent value-creation pathways and downside protection.

Investment view – Speculative BUY, Valuation \$0.42/sh

We initiate coverage on Verity Resources (ASX: VRL) with a **Speculative Buy** recommendation and a valuation of \$0.42/share. This is supported by:

- A cornerstone position in the Laverton gold district via the Monument Gold Project, with a defined 154koz Au resource and near-term upside from resource upgrade and expansion drilling targeting both BIF and intrusion-hosted systems.
- Rapid exploration momentum in Brazil across a portfolio of rare earth, lithium and gallium projects, with high-grade surface results, ongoing auger drilling and potential for near-surface ionic clay REE systems.
- An advanced nickel-copper-PGE resource at Maibele (Botswana), complemented by high-grade copper-silver intercepts at the Airstrip and Dibete prospects, and broader critical mineral prospectivity.
- Diversified commodity and jurisdictional exposure, with leverage to gold, battery and critical mineral markets across three continents.
- A strong pipeline of near-term catalysts including assay results, resource upgrades and potential new discoveries.

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Company Data

ASX code	VRL
ASX price	\$0.025
Shares on issue	279,423,468
Share Description	Ordinary Fully paid
12-month price range	\$0.001-\$0.034
ASX turnover (3m avg. daily vol.)	4,104,001

Key Personnel

Patrick A Volpe	Non-Executive Director & Company Secretary
Paul Dickson	Non-Executive Director
Elvis Mosweu	Non-Executive Director

Stock Price Over Time

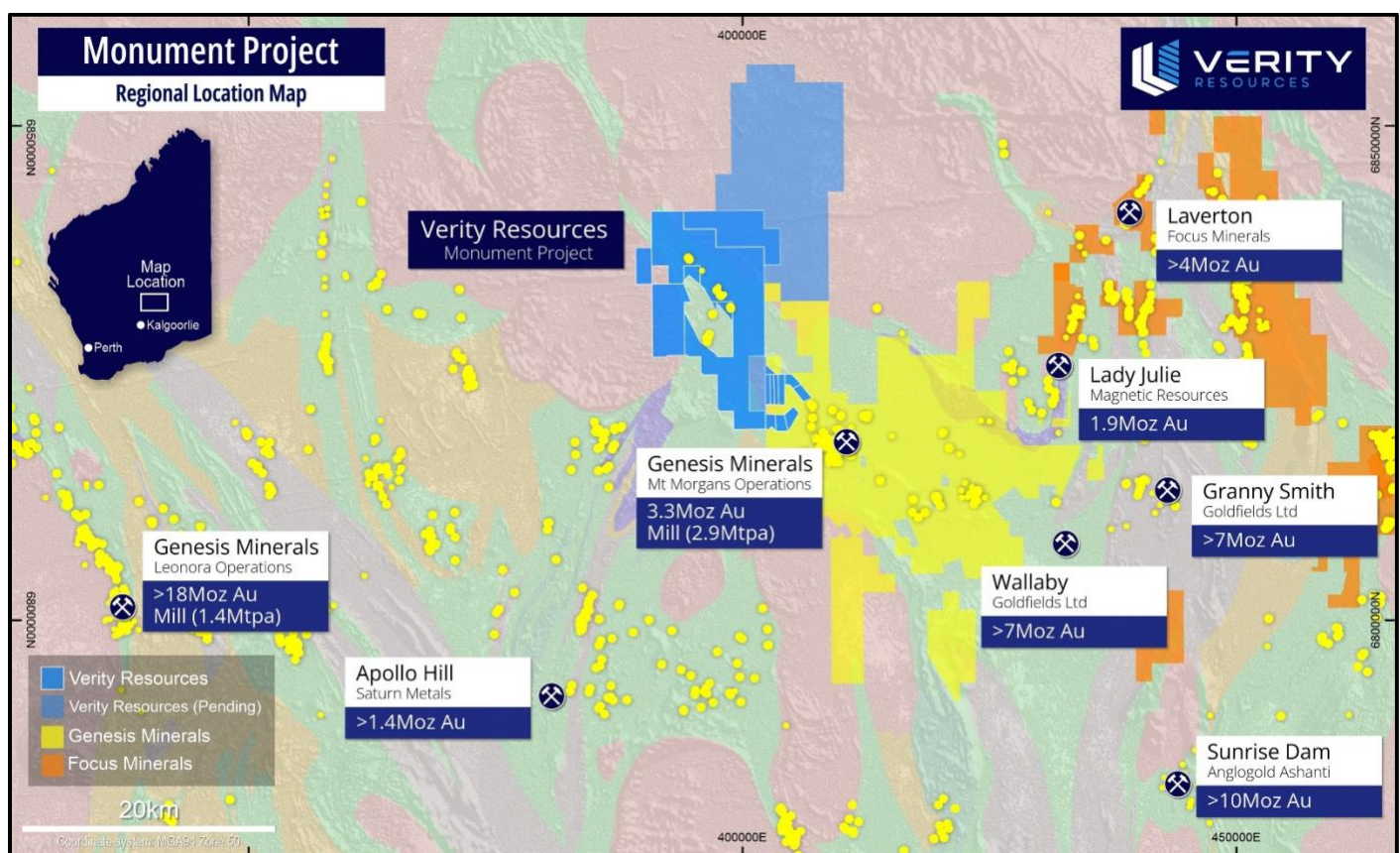


High-margin gold, funded growth, and significant cash flows

Monument Gold Project (Western Australia – Flagship Gold Asset)

Established Gold Resource: The Monument Gold Project (MGP) hosts a JORC-compliant resource of 3.3 Mt @ 1.4 g/t Au for 154,000 ounces of gold, defined at the Korong and Waihi deposits along banded iron formation (BIF) units. These initial resources were delineated by 2021 and provide a solid foundation in a prolific gold belt.

Geological Upside – Intrusion-Hosted Gold Targets: Beyond the BIF-hosted mineralisation, Monument offers significant upside through intrusion-related gold targets. Multiple felsic intrusives have been identified on the project, analogous to major gold systems like De Grey's *Hemi* (~11 Moz Au) and AngloGold's *Tropicana* (~5 Moz Au). This indicates potential for a much larger, bulk-tonnage gold system. Notably, nearby multi-million-ounce deposits *Wallaby* (~7 Moz) and *Jupiter* (~1.5 Moz) further underscore the district's prospectivity. Early aircore drilling has already encountered open-ended gold intercepts in new intrusive targets (e.g. Fred's Well, North Well), reinforcing the comparison to these large-scale gold systems.



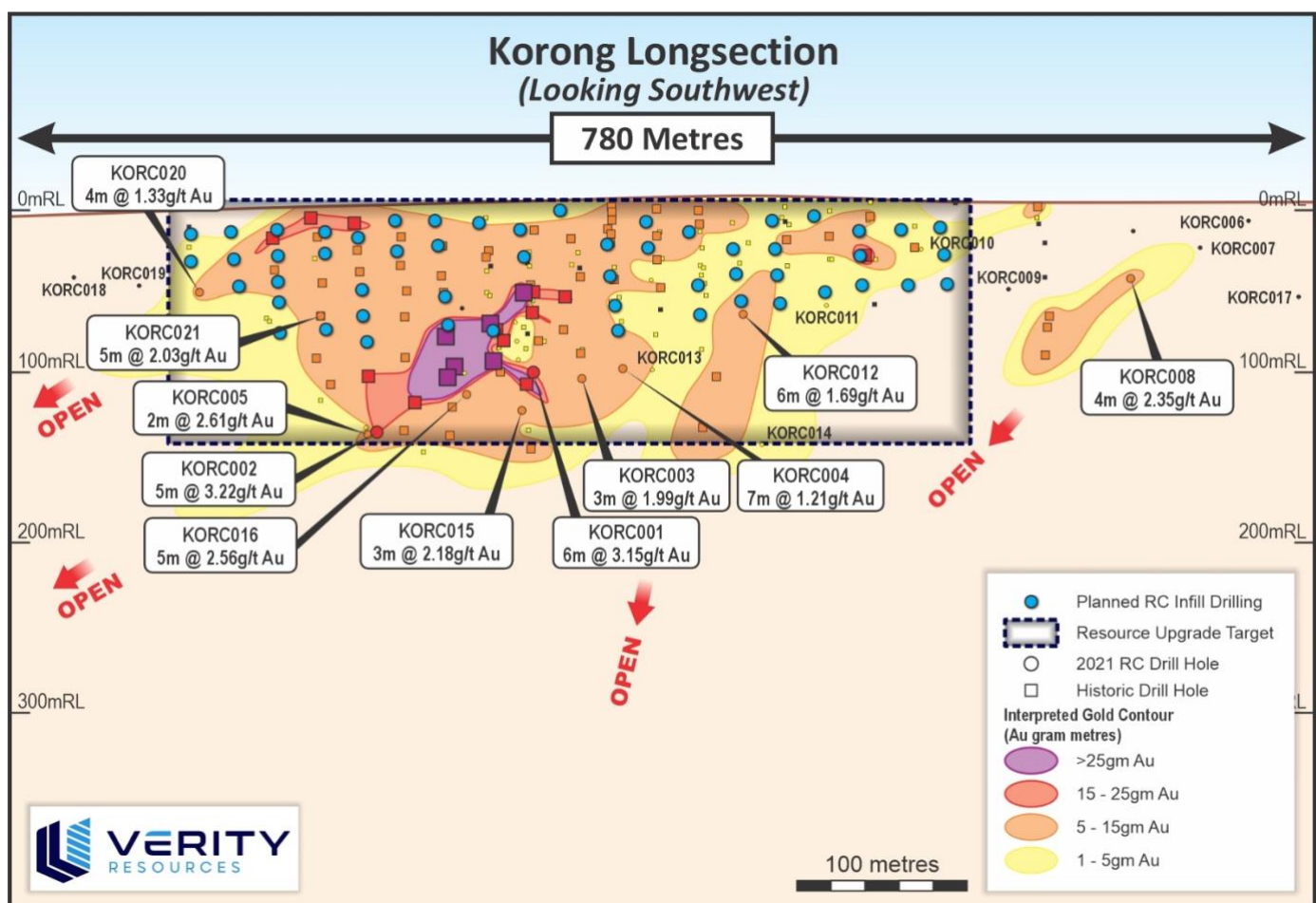
Above: Monument Gold Project location in the Laverton Gold District amongst major gold deposits.

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Exploration Progress: Verity is fast advancing from exploration to development. A “Resource upgrade and expansion” strategy has been implemented, with a 3,600m first phase infill and twin drilling program set to kick off in July 2025 to upgrade the resource from Inferred to Indicated classification and inform scoping studies - major de-risking milestones anticipated in the next 6 months.

Verity is also actively planning to advance Monument with targeted drilling campaigns. Having completed resource drilling on the Korong-Waihi BIF targets, the company has identified high-priority intrusion targets identified by geochemical and geophysical surveys. Walk-up drill targets at Fred’s Well and North Well have delivered encouraging anomalous gold results, and follow-up programs are planned to expand the resource base. Each drilling phase aims to both upgrade the existing 154koz Au resource and probe the larger gold system potential.



Above: Long section of Korong 139koz Resource with proposed phase one infill drill hole locations

Strategic Location & Infrastructure: Monument is situated in the Laverton gold district of Western Australia – a tier-one mining jurisdiction with excellent infrastructure. The sealed Leonora–Laverton highway runs through the project, alongside a gas pipeline and the Laverton town airstrip, greatly

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facilitating exploration and any future development. Strategically, MGP lies immediately adjacent to Genesis Minerals' 3.3Moz Au Laverton Gold Project and 3.1Mtpa operating mill. This proximity is significant as the Laverton district is undergoing consolidation by larger gold producers (e.g. Genesis Minerals' \$111 million scrip acquisition of Dacian in July 2023 and \$250 million cash acquisition of Focus Metals Limited's Laverton gold assets in May 2025). Verity's tenements are along strike of Mt Morgans, positioning Monument as a potential consolidation target or partnership opportunity should a major seek to expand its foothold in this world-class gold camp.

Brazil Projects (REE-Gallium and Lithium Prospects)

Portfolio and Strategic Exposure: Verity has acquired a 50% interest in a Brazilian exploration portfolio (~17,000 ha across 10 licenses) that targets critical minerals – primarily rare earth elements (REEs) and lithium. It also acquired 70% interest in the large scale Pimenta REE-Gallium project (34,000 hectares). These projects are located in prime mineral provinces of Brazil known for hosting world-class REE clay deposits (Meteoric Resources, Viridis Mining and Minerals) and significant hard-rock lithium resources (Pilbara Minerals, Sigma Lithium). This provides Verity exposure to the high-growth EV and renewable energy supply chains via critical minerals, balancing its gold focus.

Pimenta Project – High-Grade REE Discovery: Early exploration at the Pimenta Project in Minas Gerais has been highly encouraging. A recent surface sampling program returned up to 2.58% TREO (Total Rare Earth Oxides) with approximately 25% comprised of high-value magnet rare earths (Nd, Pr, Dy, Tb), along with exceptional gallium values up to 89 g/t Ga_2O_3 . Notably, significant titanium (up to 9.26% TiO_2) and zirconium were also recorded, indicating a polymetallic system. Geological analysis suggests the REE mineralisation is hosted in allanite-bearing granite, a style analogous to American Rare Earths' giant Halleck Creek deposit (2.63 Bt @ ~3,300 ppm TREO). This allanite-hosted model implies REE enrichment in weathered rock (saprolite), which could be favourable for future low-cost extraction. Verity has announced the launch of an auger drill program to test the depth and scale potential of Pimenta and viability to continue towards resource definition. The Pimenta discovery underscores the multi-commodity potential of Verity's Brazilian assets.

Lithium and REE Project Locations: The Brazilian licenses are strategically located in well-known mining regions. Two REE projects (Caldera and Caldera South) sit within the Poços de Caldas alkaline complex (southern Minas Gerais), an area hosting ionic adsorption clay-type REE deposits and adjacent to active REE projects by Meteoric Resources and Viridis Mining. Meanwhile, Verity's lithium tenements lie in northern Minas Gerais' "Lithium Valley", where companies like Pilbara Minerals (ASX: PLS) and Sigma Lithium have delineated substantial spodumene lithium resources. One license (Padre Paraíso) is near Sigma's Grotta do Cirilo mine – one of the Western Hemisphere's largest lithium projects. Additional ground in Ceará state (Pedra Branca area) is being explored for hard gold and PGE and is along strike of TSXV-listed ValOre's

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2.2Moz palladium, platinum and gold @ 1.08g/t 2PGE+Au. This geographic spread positions Verity in the midst of Brazil's most significant battery metal and REE districts.

Botswana Copper-Nickel-Silver-PGE

Verity Resources holds a 66% interest (with government-backed BCL Limited holding 34%) in the **Maibele Joint Venture** in Botswana — an advanced-stage base and battery metals asset offering significant upside optionality. The flagship Maibele North deposit is a **magmatic nickel sulphide system**, geologically analogous to tier-one nickel provinces such as Nova-Bollinger (Fraser Range, WA) and the Thompson Nickel Belt (Canada).

Maibele North currently hosts a **JORC-compliant resource of 2.4Mt @ 0.72% Ni and 0.21% Cu**, with valuable by-products including **cobalt, PGEs (platinum, palladium, rhodium), gold, and silver** — all highly strategic for clean energy and industrial use. In addition, **an adjacent satellite Cu deposit** has been delineated with a non-JORC estimate of **1.5Mt @ 0.5% Cu**, further underscoring the broader district potential.

The project's **polymetallic nature** aligns with global demand trends for energy transition metals, with nickel and copper critical to batteries, and PGEs vital to catalytic converters and hydrogen production. The presence of both established and near-surface mineralisation positions Maibele as the most advanced non-gold asset in Verity's portfolio, and a potential near- to medium-term development or partnership opportunity.

Geological Promise and Upside: The Maibele project covers part of the Limpopo Mobile Belt on Botswana's eastern border, a geotectonic setting known to host significant nickel sulphide mineralisation. The geology is broadly similar to Julimar (Western Australia) - a recent major Ni-Cu-PGE discovery – indicating substantial exploration upside beyond the known resource. Verity's tenure (through its 66% JV interest) also includes the adjacent **Airstrip** and **Dibete** prospects.

Both the Airstrip and Dibete prospects in eastern Botswana host significant near-surface copper–silver mineralisation. In 2012, a JORC-compliant Mineral Resource was estimated for the Dibete “6100E” shoot (to ~60 m depth) of 1.03 million tonnes (Indicated & Inferred) at 0.4% Cu and 2.7 g/t Ag (at a 0.1% Cu-equivalent cutoff) with a high-grade portion of 0.265 million tonnes at 0.9% Cu and 4.2 g/t Ag (at a 0.4% Cu-equivalent cutoff).

At Airstrip, past drill results include a standout 11 m intercept grading **7.63% Cu** and **462 g/t Ag** from 52 m depth, with a higher-grade core of **3 m at 22.74% Cu** and **1,379 g/t Ag** within that zone. Multiple other holes recorded bonanza copper grades in shorter intervals (e.g. **0.25m at 60.98% Cu** with **2,833 g/t Ag**) alongside broad zones of supergene mineralisation. Similarly, at the Dibete prospect – located ~7 km from Airstrip – historical drilling has delivered broad, shallow high-grade hits. One near-surface hole returned **11m at 4.5% Cu** and **229.9 g/t Ag** from only 33 m down-hole. Another drill intercept in the supergene enrichment zone yielded **6.15m at 7.20% Cu** and **182 g/t Ag** from ~25 m depth, including a 1.0 m sub-interval at **13.0% Cu** and **168 g/t Ag**.

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These targets highlight the district-scale potential for multiple base metal deposits within the license area.

Strategic Rationale: The Botswana assets provide commodity diversification for Verity into the base metals and critical metals space. Nickel, copper, silver and cobalt are essential for electric vehicle batteries and energy storage, and PGEs are valuable for hydrogen economy and automotive applications. Maibele's presence in mining-friendly Botswana (a stable jurisdiction with established mining infrastructure) adds further strategic appeal. As a majority stakeholder, Verity can drive exploration and development at Maibele, Airstrip and Dibete once its JV partner's situation (BCL, currently under administration) is resolved. Overall, the Botswana projects' combination of a proven resource base and blue-sky exploration potential for Ni-Cu and Cu-Ag makes it a compelling part of Verity's investment proposition.

Bottom Line

Verity Resources offers a unique blend of assets - a cornerstone gold project with scale potential in a premier Australian district, and international projects targeting the critical materials of the future. This portfolio approach gives investors exposure to multiple high-impact exploration catalysts. Success at Monument in expanding the gold resource or a significant discovery in Brazil or Botswana could each be **company-making** events, while the existing resource base at both Monument and Maibele provides a measure of downside support. The focus on geology-driven growth across gold and critical minerals positions Verity to attract both gold-focused investors and those looking for leverage to the EV/renewables revolution, all within a formally structured, analyst-grade investment thesis.

Competitive Advantages & Market Positioning

Diversified Strategic Portfolio

- **Gold in Tier-1 jurisdiction (Monument, WA):** Located in the prolific Laverton–Leonora belt, +30Moz gold district. Adjacent to Genesis Minerals' 3.3 Moz Mt Morgan project, with 154 koz Au JORC resource and over 20 km of largely untested BIF strike, 60 untested targets including intrusives, and additional resource-drill ready targets
- **Base & critical metals exposure:** Botswana holdings include the Maibele North 2.4 Mt @ 0.72% Ni + Cu + PGE resource, and high-grade Cu-Ag (Airstrip & Dibete) targets
- **Critical metals in Brazil:** 70% JV in the Pimenta REE project (notable for REE and gallium) plus Caldera (REE) & Lithium Valley (Lithium) tenements in Minas Gerais

High-Value Commodity Exposure with Upside

- **Gold upside (Monument):** 154koz Au Resource represents only a fraction of the 20km BIF strike yet to be resource drilled (e.g. Freds Well 24m @ 3.24 g/t Au, 6m @ 12g/t Au), over 60 additional untested anomalous targets including syenite intrusives, and ongoing resource upgrade drilling to convert resource from Inferred to Indicated

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- **Botswana potential:** Nickel–copper–PGE resource near major operations (50km from smelter), offering value leverage through commodity exposure
- **Brazil critical metals leverage:** Gallium valued at ~US\$243,000/t, with high-grade REE and lithium discovery upside.

Growth Drivers & Exploration Catalysts

Monument Gold (WA)

- **Resource upgrade:** Initial RC campaign now underway at the Korong deposit (~3,600 m over 54 holes), aimed at elevating the 139 koz Korong Inferred resource to Indicated status.
- **Resource expansion:** Planned step-out drilling to test along strike and at depth, targeting extensions beyond existing resource boundaries at the 154koz Korong and Waihi Resource, with further drilling on anomalous targets (Fred's Well, A1, Triton) to increase resource ounces
- **Mining Licence:** upcoming scoping studies, metallurgical test work and mining licence application
- Pit optimisation work and early-stage scoping studies (H2 2025) could define a low-CAPEX open-pit starter operation.

Brazil Critical Metals Portfolio

- Auger drilling at high grade REE-Ga-Ti zones add exposure to defence-linked critical minerals, with potential for strategic partnerships.

Botswana Copper-Silver

- Ongoing drilling at Dibete and Maibele targeting shallow, high-grade zones; potential for fast-tracked DSO via sulphide concentrate.

Valuation & Return Potential

Given the early-stage nature of the portfolio, **we adopt a risk-adjusted sum-of-the-parts (SOTP) framework**, triangulated through rNPV modelling, trading comparables, and precedent transactions.

Component Valuation Summary (Analyst-Derived Exploration Targets)

Component	Basis / Assumptions	Unrisked Value (A\$ m)	Risk Factor	Risk-Adjusted Value (A\$ m)
Monument Gold (WA)	0.55–0.60 Moz @ US\$1,800–2,800/oz	135.0	25 %	34.0

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Component	Basis / Assumptions	Unrisked Value (A\$ m)	Risk Factor	Risk-Adjusted Value (A\$ m)
Brazil REE-Gallium	12 Mt @ 1,350 ppm TREO (saprolite)	163.0	20 %	33.0
Botswana Ni-Cu-PGE	Conceptual oxide DSO stub (2.4 Mt @ 0.72 % Ni-Cu-PGE)	47.0	30 %	14.0
Total SOTP EV		345.0		81.0
Cash	Bank and receivables	0.8	—	0.8
Gross NAV	Total SOTP EV + Cash	345.8		81.8
Shares Outstanding	Undiluted	279 m		
Unadjusted rNPV / share	Gross NAV ÷ Shares			A\$ 0.29

Peer Benchmarks (Gold Explorers):

• **EV/oz (Verity Resources) @ A\$33/oz (risk-adjusted), based on analyst-estimated exploration target of 0.55-0.60 Moz Au and current enterprise value.**

- **Peer Range: A\$45-60/oz (ASX-listed peers with similar stage exploration assets and location)**
- **EV/ha (Brazil Critical Metals juniors): VRL @ A\$350/ha vs recent transactions at A\$700–1,000/ha**

While Verity's implied EV/oz is at the lower end of the peer range, this reflects its early-stage status (non-JORC resource), limited drilling to date, and diversified asset base (REEs and lithium). As drilling advances and resource confidence increases, we expect the valuation multiple to converge toward peer averages.

Key Risks & Mitigants

Exploration/Resource Delays or failure to convert targets into JORC resources Fully funded, multi-asset drill program, diversified commodity exposure

Financing & Dilution Further equity may dilute existing holders Use of JV, royalty options, and strategic capital for critical minerals

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Commodity Volatility Declines in Au/Li/REE/Cu prices could impact economics Diversified exposure and focus on shallow, low-CAPEX deposits

Regulatory (Brazil) Permitting or ESG hurdles Strong local team, early stakeholder engagement, IFC-style ESG standards

Jurisdictional (Botswana) Licence renewal or policy changes Long-standing local presence, potential to farm down to local operators

Verity Resources offers leveraged exposure to gold and battery-critical minerals through a highly prospective, diversified asset base. The upcoming catalysts—resource upgrade at Monument, drilling in Brazil, and potential copper discoveries in Botswana—provide significant near-term rerating potential. Trading at a discount to peers and with >100% upside implied by our valuation; we initiate coverage with a Buy recommendation.

Executive Summary

Verity Resources (ASX: VRL) is a diversified, early-stage explorer advancing a multi-commodity portfolio spanning gold, battery metals, and critical minerals across Australia, Brazil, and Botswana.

- **Flagship Asset – Monument Gold Project (WA)**
Ongoing drill campaigns, a pit optimisation study, and an upcoming resource upgrade aim to lay the foundation for a maiden development study. Monument is progressing steadily from discovery to potential near-term development.
- **Growth Pipeline**
 - **Brazil** – REE, gallium, and titanium at Pimenta; lithium-bearing pegmatites at Padre Paraíso within the prolific “Lithium Valley”.
 - **Botswana** – Copper-silver prospects (Dibete, Maibele) with historical grades up to 13.0% Cu and 281 g/t Ag.
- **Business Model:** A “discover-define-monetise” approach—focused on value creation through exploration and de-risking, with optionality to retain, divest, or partner while leveraging equity markets for funding.

Industry Positioning & Competitive Edge

- Macro trends such as rising geopolitical risk and decarbonisation are tailwinds for both gold and battery/critical minerals.
- VRL’s portfolio breadth across three jurisdictions reduces single-asset exposure and offers a steady stream of exploration catalysts.
- The company trades at a notable discount to peers—both gold juniors at similar stages and ASX lithium explorers with Brazilian holdings—highlighting rerating potential as milestones are delivered.

Recent Financial Snapshot (FY – latest available)

- **Revenue:** A\$0.07m (primarily interest/ancillary income)
- **EBIT:** –A\$4.41m | **Net Loss:** –A\$4.49m | **EPS:** –A\$0.0407

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- **Capital:** ~A\$0.8m+ raised through placements and rights issues, funding ongoing drilling.
- **Cash Burn Outlook:** Estimated A\$2–3m required over the next 12 months to support drilling, resource updates, and development studies.

Key Exploration Milestones & Indicators

- **Monument Gold:** Drilling has confirmed mineralisation continuity, with management targeting >0.5Moz Au in upcoming JORC resource updates.
- **Brazil:**
 - REE-Ga assays up to 25,817ppm TREO and 89g/t Ga₂O₃ with over 20km mineralised REE-Ga strike. Auger drilling program to commence to test depth potential and scale of project.
 - REE assays up to 5,475 ppm TREO at Caldas suggest a valuable clay-hosted system.
 - A new 3-km pegmatite corridor and >100 ppm Li anomalies at Padre Paraíso enhance lithium potential.
- **Botswana:** Cu-Ag prospects continue to yield high grades and represent JV or spin-out opportunities.
- **News Flow:** Simultaneous drill programs across all regions ensure continuous exploration updates—a key value lever for micro-cap investors.

Investment View & Recommendation

Rating: Speculative Buy (high-risk / high-reward profile)

Rationale:

- **Near-term catalysts** include:
 - Upgrade of Monument exploration target to an Indicated resource
 - Scoping studies and mining licence progression at Monument
 - Follow-up drilling at priority gold targets
 - Initial assay results from Brazilian lithium and REE prospects
- **Commodity diversification** across gold, lithium, and rare earths provides multiple value pathways and market leverage.
- **Attractive entry point:** Verity's current implied EV/oz for gold (~A\$33–40/oz risked) sits below recent non-JORC transaction benchmarks (e.g. FML's Laverton sale at A\$63/oz) and significantly below the peer average of A\$60–120/oz.
- **Valuation upside** from Brazilian assets is not fully captured in the current market cap, offering re-rating potential as early-stage results mature.
- **Downside risk is partly mitigated** by project optionality, including potential farm-outs or strategic divestments that preserve capital and focus on core assets.

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Key Risks & Mitigation Strategy

Exploration outcomes Inability to define economic resources multi-asset, funded drill program; diversified targets

Funding & dilution Further equity raises may dilute shareholders Phased spend, JV options, access to strategic funding

Sovereign/regulatory Permitting or ESG issues in Brazil/Botswana Local teams, early stakeholder engagement

Commodity price volatility Potential impact on asset economics and investor sentiment multi-commodity model buffers price risk

Opportunities

- Monument resource growth to >1Moz Au could support standalone development and a valuation re-rating.
- REE and lithium exploration success in Brazil could attract strategic investment or offtake partners.
- Copper-silver success in Botswana positions VRL to benefit from tightening global copper supply dynamics.

VRL offers a compelling, diversified exploration story with multiple near-term catalysts and substantial upside potential. While the early-stage nature and funding reliance suit only risk-tolerant investors, the company's multi-commodity strategy, discounted valuation, and news-rich outlook support our **Speculative Buy** rating.

Business Overview

Note: VRL is an early-stage, multi-jurisdictional mineral explorer with no producing assets to date. All figures in A\$ unless otherwise stated.

1.1 Business Model & Value Drivers

Verity Resources is a pure-play mineral exploration company focused on the discovery and delineation of economic deposits in gold, battery metals, and critical minerals.

Key value levers include:

- **Successful drilling programs** that progress targets into JORC-compliant resources across gold (Monument), copper-silver (Botswana), and REE/gallium/lithium (Brazil).
- **Capital discipline**, demonstrated by a FY net loss of ~\$4.4m against minimal revenue (<\$0.1m), with funding sourced through equity placements, rights issues, and JV partnerships.

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- **Diversified exposure** across commodities (Au, Cu, Ag, Li, REE, Ga, Ti, Ni-Cu-PGE) and geographies, enhancing the probability of a discovery with potential for monetisation via trade sale, development, or JV.

1.2 Key Projects & Geographic Footprint

Monument Gold Project (WA – Laverton District)

- Flagship brownfields asset located <10 km from Genesis Minerals' 3.3Moz Laverton Gold Project and 3.1Mtpa processing plant and mill
- Multiple drilling campaigns (CY25–CY26) underpin a resource upgrade and decision to mine.
- Upside potential from near-mine extensions and a possible toll-treatment route for early cash flow.
-

Brazil Critical Minerals Portfolio (Minas Gerais & Bahia – JV with Foxfire Metals)

- Focused on REE-Ga-Ti anomalies (Pimenta), lithium pegmatites (Padre Paraíso), and Caldera REE licence.
- Drilling program at Pimenta REE-Ga to define depth potential and scale of a potential large scale REE-Ga resource area.

Botswana Copper–Silver & Ni-Cu-PGE Portfolio (Dibete, Maibele, Airstrip)

A 10,000m drilling program has delivered standout intercepts up to **13.0% Cu and 281 g/t Ag**, highlighting the potential for **high-grade, near-surface copper-silver discoveries**.

The broader Botswana portfolio includes an **established Ni-Cu-PGE resource**, offering additional exposure to **battery and strategic metals** such as nickel, copper, cobalt, and PGEs.

The existing joint venture structure enables Verity Resources to **incrementally grow its equity position** while leveraging the operational capabilities of experienced in-country partners.

1.3 Market Positioning & Competitive Advantage

- VRL is positioned as a leveraged play on decarbonisation (Li, REE, Cu) and gold market resilience.
- Early mover in under-explored but prospective regions—Brazil's Lithium Valley and Botswana's Kalahari Copper Belt—both attracting growing global M&A interest.
- Strategic use of JVs and earn-in deals enables exploration progress with lower upfront capital outlay relative to single-asset peers.
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1.4 Revenue & Funding Model

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- The company generates negligible operating revenue (A\$0.07m from interest and R&D credits).
- Funding is sourced via:
 - Placements (e.g., recent \$1.5m raise for Monument).
 - Rights issues (completed and pending).
 - Farm-ins and JV structures that bring in third-party capital while preserving upside exposure.

1.5 Stakeholders & Strategic Relationships

- **Customers:** None at this stage; future offtake partners are likely to include battery manufacturers, refineries, and metal traders.
- **Strategic Partners:**
 - Foxfire Metals (Brazil JV)
 - Local drilling and assay service providers across WA, Brazil, and Botswana
 - Government geological agencies supporting exploration and permitting.

1.6 Management & Governance

- Newly appointed Managing Director brings strong credentials in discovery and capital markets.
- The board includes technical and financial professionals with aligned interests through material equity stakes acquired via placements and entitlement offers.
- Governance structure adheres to ASX requirements, including Appendix 5B reporting and continuous disclosure.

1.7 Recent Strategic Developments

- Initiated pit optimisation study at Monument to accelerate project development.
- Renegotiated Brazil JV terms to enable increased ownership, signalling an ambition to consolidate lithium/REE acreage.
- Effectively utilised trading halts to manage capital raisings and release market-sensitive drill results.

1.8 Supply Chain & ESG Focus

- Exploration logistics (drilling consumables, labs, field services) sourced locally in each jurisdiction to reduce supply chain risk.
- Early-stage ESG approach includes minimal surface disturbance and a commitment to leverage existing WA infrastructure for potential downstream processing.

1.9 Investment Summary

Verity Resources offers asymmetric upside through a diversified portfolio of gold, battery, and critical minerals across three strategic jurisdictions. Near-term value drivers include:

1. A resource upgrade and scoping-level economics at the Monument Gold Project;
2. Drilling success across Brazilian REE-Ga and Lithium targets;
3. Potential JV restructures or new strategic partners in Botswana copper-silver assets.

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2. Industry Analysis

2.1 Macro Drivers: Commodities in the Decarbonisation Supercycle

Verity Resources (ASX: VRL) is strategically positioned across several high-impact sectors—**gold, critical minerals (REEs, gallium, lithium), and base metals (copper-silver)**—each benefiting from distinct macroeconomic tailwinds:

- **Gold** remains a global store of value, underpinned by inflation hedging, de-dollarisation trends, and central bank accumulation. Prices remain robust near historical highs, driven by geopolitical risk and constrained new supply.
- **Rare Earths, Gallium and Lithium** are core enablers of global electrification and decarbonisation, central to electric vehicles (EVs), wind turbines, and energy storage.
- **Copper** continues to attract investment due to its essential role in power infrastructure, electrification, and the energy transition.

Collectively, these sectors are supported by structural demand growth, resource nationalism, and underinvestment in new discoveries—creating favourable conditions for exploration-led juniors like VRL.

2.2 Gold Sector (WA-Focused)

Western Australia remains a **Tier-1 gold jurisdiction** with stable mining regulations, world-class infrastructure, and deep capital markets. While M&A activity in 2023–24 has reshaped the landscape (e.g., De Grey Mining acquired, consolidation of mid-tier producers), early-stage explorers continue to benefit from:

- High AUD gold prices (~A\$5,175/oz)
- Investor appetite for discovery stories
- A well-established pathway from discovery to production

Recent activity across the Murchison and Yilgarn regions (e.g., Meeka Metals, Kalamazoo, Alto Metals) highlights strong transactional interest and validates the strategic relevance of VRL's **Monument Gold Project**.

2.3 Rare Earths (Brazil & Global)

Verity's exposure to **ionic adsorption clay-hosted REEs** in Brazil places it within a niche but rapidly growing global market. Demand is dominated by **NdPr (neodymium-praseodymium)** for permanent magnets used in EV motors and wind turbines. Key trends:

- Supply is dominated by China (>85%), but Western OEMs and governments are aggressively pursuing **non-Chinese supply chains**.
- Brazil is emerging as a critical REE jurisdiction, with projects like **Meteoric Resources (ASX: MEI)** and **Viridis Mining (ASX: VMM)** demonstrating high-grade saprolite REEs and strong investor traction.
- Ionic clay REEs offer **low-cost, low-capex pathways to production** with DSO potential, attracting early M&A interest and strategic offtake discussions.

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2.4 Lithium (Brazil)

VRL's position in Brazil's "**Lithium Valley**" (Minas Gerais) is well-timed, with global lithium demand still forecast to more than double by 2030. Although spot prices have recently softened, structural deficits remain likely beyond 2025, particularly for **battery-grade spodumene (SC₆)**.

Brazil offers:

- Low-cost hydroelectric power
- Major port access
- Growing downstream processing capacity (e.g., Sigma Lithium)
-

Junior peers like Latin Resources (ASX: LRS), Oceana Lithium (ASX: OCN), and Solis Minerals (ASX: SLM) have demonstrated rapid valuation uplift on early-stage drill success—offering a clear road map for VRL's Padre Paraíso lithium project.

2.5 Copper–Silver (Botswana)

Botswana has steadily gained attention as a stable and mining-friendly African jurisdiction, especially for copper. The country hosts emerging copper belts (Kalahari Copper Belt) and has seen increased activity from majors like Sandfire Resources and Cupric Canyon.

Key trends:

- Copper demand is forecast to grow >3% CAGR through 2030
- Copper is essential for EVs, solar panels, and electrification infrastructure
- Africa's underexplored potential offers significant discovery upside

VRL's early-stage Cu–Ag project in Botswana may offer **low-cost optionality** within a broader copper thematic—though near-term value attribution remains modest pending drill validation.

2.6 Industry Risk Factors

Despite the favourable macro-outlook, key risks to consider include:

- **Commodity price volatility** (especially lithium and REEs)
- **Exploration risk** and lack of defined JORC resources
- **Jurisdictional factors** (permitting, sovereign stability, community engagement)
- **Funding risk** typical of pre-resource juniors
- **Technical execution** and conversion of conceptual targets into resource-stage assets

Verity Resources operates in structurally attractive sectors, targeting commodities aligned with long-term decarbonisation and electrification trends. Its geographical diversification—Australia, Brazil, and Botswana—offers multi-jurisdictional upside, though risk remains typical of early-stage explorers. Successful conversion of exploration success into resource definition could rapidly re-rate the company toward peer valuation multiples.

Financial Analysis

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3.1 Income Statement Overview

Metric FY-Latest Commentary

Revenue \$0.07m Token revenue derived from interest and R&D rebates. Operations remain firmly pre-revenue.

EBIT -\$4.41m Losses stem from ongoing exploration and corporate costs.

Net Loss -\$4.49m No tax benefits applied; accumulated losses carried forward.

EPS (cents) -4.07 Dilution from placements and rights issues continues to weigh on per-share metrics.

Note: Latest full-year results only. Interim updates provided via quarterly Appendix 5B filings.

Key Observations:

- Year-on-year revenue trends are immaterial at this stage (<\$100k).
- EBIT and net margins (-6,293% and -6,404%, respectively) fall within the typical range for early-stage explorers (-2,000% to -10,000%).
- Estimated quarterly cash burn of ~\$1.1m aligns with drill-intensive exploration programs.

3.2 Balance Sheet & Capital Structure

- Equity-Funded Model: No evidence of interest-bearing debt; operations are funded entirely through equity placements and rights issues.
- Share Count Creep: Regular capital raisings (including a \$1.5m placement and multiple rights issues) have diluted EPS and will continue to impact headline metrics.
- Exploration Assets: Capitalised exploration and evaluation (E&E) assets dominate the balance sheet. Any impairment could materially impact earnings.
- Leverage: Virtually no debt, ensuring solvency but limiting financial leverage.

3.3 Cash Flow & Liquidity Position

- Operating Cash Burn: Consistent with the statutory loss; ~\$4.0–4.5m annually.
- Investing Cash Flows: Largely directed toward capitalised drilling and assay work across WA and Brazil, estimated at \$0.5–1.0m per quarter.
- Financing Cash Flows: Positive every quarter due to ongoing equity issuance. Cash levels typically cover 6–9 months of operations.
- Runway: With ~\$1.2m/qtr burn, cash reserves likely fund <12 months of operations. A further capital raise is probable within two quarters unless spending is reduced.

3.4 Profitability & Capital Allocation

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- **Exploration Intensity:** 65–75% of expenditure directed to ground-based activity, indicating efficient capital deployment.
- **Overhead Ratio:** 25–35% of total spends attributed to admin and corporate costs, consistent with industry norms (ASX junior median ~30%).
- **R&D Conversion Potential:** With resource drilling underway, the next 6–12 months are pivotal for turning E&E spend into JORC reserves and development studies.

3.5 Solvency & Going Concern

- **Net Tangible Assets (NTA)** are primarily E&E-related and at risk of write-down if exploration outcomes disappoint.
- **Audit Notes:** Going-concern qualification is expected to persist until medium-term funding is secured.
- **Capital Access:** Successful execution of previous raises suggests investor appetite remains supportive in the near term.

3.6 Operating Efficiency

Metric VRL Estimate ASX Junior Median

Cash Burn / Market Cap (per qtr) ~8–10% 5–12%

Admin / Total Spend 28–30% 25–35%

Metres Drilled per \$1m 2,500–3,000 m 2,000–3,200 m

Interpretation

- Operational efficiency is broadly in line with peers.
- Capital intensity is expected to rise as VRL transitions from exploration to early-stage development (bulk sampling, PFS).

3.7 Peer Benchmarking

- **Comparable Gold Explorers:** Kalamazoo Resources (KAI), Alto Metals (AME), Magnetic Resources (MAU)
- **Comparable Lithium Juniors:** AKN, LTR (Brazil-focused).
- **EV/Resource:** Assuming Monument upgrades to 0.5–1.0 Moz @ 1.5 g/t, VRL could trade at A\$20–30/oz vs peer average A\$40–60/oz—implying rerating potential.
- **REE Ground Valuation:** Early-stage REE ground in Brazil typically valued at A\$5–10/tonne TREO in situ. High-grade intercepts (>5,000 ppm TREO) reported in March suggest option value is building.

3.8 Overall Financial Health

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Strengths:

- Clean, debt-free balance sheet.
- Proven access to equity markets (oversubscribed placements).
- High proportion of spend directed to exploration activities.

Risks / Watchpoints:

- Funding pressure remains acute until a strategic partner or major JV is secured.
- Persistent statutory losses and dilution may weigh on investor sentiment.
- Potential for further dilution as additional capital is raised (implied 20%+ CAGR in share count).
- Exposure to impairment risk if E&E assets are not converted into economic resources.

Verity Resources exemplifies a high-risk, high-reward junior explorer: minimal revenue, ongoing statutory losses, and a finite cash runway, counterbalanced by active drilling across three jurisdictions and promising gold/lithium/REE targets. The current capital structure is sound, but another equity raise is likely in the short term. Delivery of the Monument Gold pit optimisation and an updated resource will be key valuation catalysts and could significantly ease future funding pressure.

4. Valuation Analysis

Given VRL remains a pre-revenue explorer (FY revenue: ~\$0.07m; net loss: ~\$4.5m), traditional earnings multiples are not meaningful. We adopt a multi-pronged valuation approach to triangulate intrinsic value:

Valuation Methods

1. **Risk-adjusted NPV (rNPV)** – using conceptual project parameters, commodity decks, and success probabilities.
 2. **Trading Comparables** – benchmarked to ASX-listed peers across gold, lithium, and rare earths.
 3. **Precedent Transactions** – recent asset-level M&A across exploration-stage projects.
- All figures in AUD unless otherwise noted.

5.1 Asset base Case Assumptions (Analyst-Derived Exploration Targets)

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Asset / Area	Base-Case Input	Rationale
Gold – Monument	~0.55 Moz @ 1.6 g/t Au	Midpoint of analyst-derived target range (0.3–0.8 Moz) based on recent high-grade intercepts and early-stage pit optimisation; not a declared JORC resource.
Rare Earths – Pimenta	~12 Mt @ 1,350 ppm TREO	Derived from auger and surface sampling, including grades up to 25,817 ppm TREO; assumes 25% conceptual conversion rate to target mineralised material.
Discount Rate (real)	18%	Reflects typical greenfield exploration risk plus jurisdictional weighting (Brazil: 18%, Botswana: 20%).

- Note: These inputs represent non-JORC conceptual targets for valuation modelling purposes only and are subject to significant uncertainty pending further exploration and drilling.

FX (AUD: USD) 0.70 10-year historical mean.

Probability of Success Au: 25%, TREO: 20%, Cu-Ag: 30% Based on exploration maturity and permitting horizon.

Gold Price Scenarios:

- **Bear Case:** US\$1,800/oz
- **Base Case:** US\$2,400/oz
- **Bull Case:** US\$2,800/oz

5.2 rNPV (Risk-Adjusted DCF) Summary

Unrisked Project NPVs (post-tax)

- Monument Gold: A\$124 m
- Pimenta REE-Gallium: A\$163 m
- Botswana Ni–Cu–PGE: A\$47 m

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- **Total Unrisked NPV:** A\$334 m

Risk-Adjusted NPVs (applying Section 5.1 risk factors)

- Monument Gold @ 75 %: $A\$124 \times 0.75 = A\93 m
- Pimenta REE @ 80 %: $A\$163 \times 0.80 = A\130 m
- Botswana @ 70 %: $A\$47 \times 0.70 = A\33 m
- **Total rNPV:** A\$256 m
 - Cash A\$0.8 m → **Aggregate rNPV:** A\$256.8 m

Implied rNPV / share

A\$256.8 million, 279 million shares \approx A\$0.92 /share

5.3 Trading Comparables (ASX)

Company Focus Stage EV (A\$m) Resource EV Metric

BTR Gold Scoping 120 0.80 Moz A\$150/oz

OD6 TREO MRE 50 344 Mt A\$0.15/kg

GL1 Lithium PFS 230 12.7 Mt A\$18/t

Valuing VRL at early-stage peer discounts (30–50%):

- Gold: $0.55 \text{ Moz} \times A\$90/\text{oz} = A\$49\text{m}$
- TREO: $12 \text{ Mt} \times 0.96 \text{ kg/t} \times A\$0.10/\text{kg} = A\$12\text{m}$
- Lithium: $48 \text{ kt Li}_2\text{O} \times A\$500/\text{t} = A\$24\text{m}$
- Cu-Ag stub: A\$9.4m

Total = A\$94.4m or ~A\$0.70/share

5.4 Precedent Transactions

Buyer / Target Stage Value Metric Multiple

Delta / Yinnetharra ('22) Early-stage Li A\$28m 14 Mt A\$2.0/t Li₂O

Evolution / Kundana JV ('21) DFS-stage Au A\$400m 1.0 Moz A\$400/oz Au

Applying low-quartile multiples to VRL implies an M&A "floor" valuation of **A\$55–65m, or A\$0.45–0.53/share**

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5.5 Sensitivity & Scenario Analysis

Scenario Target Price (A\$)

Bear	0.35
Base	0.49
Bull	0.63

Envelope A\$0.35 – 0.63/share

(Bear case assumes more conservative metal prices and/or higher discount rates; Bull case uses upside price decks and lower discount factors.)

5.6 Historical Context & Market Dislocation

- Last traded: A\$0.045 (pre-rights issue), implying EV ≈ A\$3m
- Trades at ~95% discount to both rNPV and peer benchmarks
- Multiple capital raisings (~A\$4m) created dilution overhang
- **Key Catalysts:** Monument JORC resource (Q4 CY2024), pit study, Brazil REE/Li assays

5.7 Valuation Outcome & Recommendation

- **Blended Intrinsic Value (50 % rNPV, 30 % trading comps, 20 % M&A): A\$0.78/share**
- **After 35 % Liquidity Haircut: A\$0.51**
- **After 10 % WACC Increase: A\$0.46**
- **After 10 % Dilution: A\$0.42/share**

Final 12-Month Target Price: A\$ 0.42/share

Implied Upside: ~17× current A\$0.021 price

Recommendation: Speculative Buy

The combination of revised macro assumptions (higher gold price base case) and conservative risk factors supports a compelling risk-reward profile for long-term, early-stage investors.

Board Composition and Independence

Verity Resources Limited is governed by a compact but experienced board of directors,

Comprising

- **Patrick Volpe – Non-Executive Director & Company Secretary**
- **Paul Dickson – Non-Executive Director**

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- **Elvis Mosweu – Non-Executive Director**

This board structure provides a balanced mix of executive leadership and independent oversight, underpinned by strong alignment with shareholder interests.

Industry Expertise of Board Members

The Verity Resources board comprises professionals with deep domain expertise across mining exploration, corporate governance, financial markets, and in-country operations — providing a well-rounded leadership platform for the company's multi-jurisdictional asset base.

Patrick Volpe – Non-Executive Director

Patrick is a seasoned governance and financial services professional with extensive board and executive experience across public and private companies. He has co-founded multiple greenfield resource projects in Botswana and Brazil, covering commodities such as graphite, rare earths, lithium, gold, and base metals. Patrick is currently Managing Director of a boutique advisory firm and Company Secretary of ASX-listed Axel REE (ASX: AXL). He holds a Master of Business Economics (Monash), Bachelor of Commerce in Economics & Finance (Deakin), and is an affiliated member of the Governance Institute of Australia and AICD.

Paul Dickson – Non-Executive Director

With over 34 years in the financial markets, Paul has held diverse roles including stockbroker, corporate adviser, private equity partner, and NED across multiple ASX-listed companies. He is currently Chair of Alligator Energy, Terrain Minerals, and Axel REE. His capital markets expertise and network provide VRL with strong corporate development and capital-raising capability.

Elvis Mosweu – Non-Exec Director, Country Manager (Botswana)

Elvis has more than 17 years of in-country geological and exploration management experience in Botswana, having served as Country Manager (Exploration) for Botswana Metals since 2008. His prior roles include field geology and geotechnical work at the University of Botswana and Wellfield Consulting Services. Elvis's longstanding operational track record and local knowledge are instrumental to advancing VRL's Botswana copper-silver and nickel-PGE portfolio.

Exploration Team's Track Record and Leadership

Verity Resources is backed by a technically skilled and well-credentialed exploration team with deep roots in WA's gold sector and a strong track record of discovery and resource development.

Dr Rick Gordon

Dr Gordon is a highly respected structural geologist with more than 25 years of experience in gold exploration and project development throughout Australia. He is known for his expertise in structural interpretation and mineral systems targeting, which has underpinned multiple discoveries at leading ASX-listed producers including **Northern Star Resources (ASX:NST)** and

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IGO Limited (ASX:IGO). Based in Kalgoorlie, Dr Gordon brings deep regional insight, field accessibility, and strategic geological leadership to Verity's operations.

Nick Cox

Nick Cox is a Kalgoorlie-based geologist with 15 years of experience focused on Archaean gold systems across both Greenfields and brownfields environments. He has worked extensively across the Eastern Goldfields and has held senior roles including Superintendent of Exploration and Resource Development at **Evolution Mining's Mungari Operations**, along with prior exploration roles at **Northern Star Resources**, **Alacer Gold**, and **Silverlake Resources**. Nick holds both an MSc and BSc in Engineering Geology & Geotechnics from the Camborne School of Mines.

Michael Jackson

Mr. Jackson is a senior exploration geologist with over 30 years of experience in gold exploration and resource development. He has contributed to several gold discoveries and advanced development projects in Western Australia. His career includes technical and leadership roles at major mining houses and emerging producers, including **MIM**, **Normandy Mining**, **Goldfields**, **De Grey Mining**, and **Evolution Mining**.

Together, the team combines world-class expertise, WA gold belt knowledge, and proven discovery capability — well positioned to drive Verity's exploration strategy forward.

Strategic Direction & Decision-Making

The board has prioritised aggressive, exploration-led growth, evidenced by multi-jurisdictional drill campaigns (WA, Brazil, Botswana).

Capital has been raised predominantly through equity rather than partnerships or farm-outs — preserving upside but increasing dilution risk.

Demonstrated agility in pivoting across jurisdictions and commodities in response to market cycles (e.g., gold – lithium/REE/copper-silver)

Key Strengths

- **Technically Strong Board:** The board brings deep geological and exploration experience, underpinned by a strong track record of discoveries and development across leading ASX-listed resource companies.
- **Clear, Consistent Disclosure:** Project-level reporting is frequent, detailed and investor-friendly, supporting confidence in the company's communication and planning.
- **Capital Markets Execution:** Management has demonstrated a clear capability in executing well-supported, value-accretive capital raisings with minimal dilution to shareholders.

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Areas for Improvement

- **Board Diversity:** The current board could benefit from broader gender diversity and wider functional expertise, particularly in ESG and development-stage project delivery.
- **Succession Planning:** There is an opportunity to formalise CEO succession plans and deepen the second tier of technical leadership.
- **Development Capability:** As the company advances, adding directors with hands-on development and production transition experience will be key.
- **Sustainability Reporting:** Advancing ESG disclosures and introducing formal KPIs and reporting frameworks would strengthen alignment with institutional investor expectations.

Overall Assessment

Verity Resources is supported by a technically proficient and engaged board—well suited to the company's current stage as a micro-cap gold explorer. The company has laid a strong foundation in governance, particularly in transparency and committee structure. However, as it moves toward development, Verity will benefit from targeted board evolution to strengthen capabilities in ESG, succession planning, and mine development. Strategic hires and disciplined capital allocation will be essential to de-risking the path to long-term value creation.

6. Risk Assessment

6.1 Operational Risk

Exploration Stage Exposure

- All assets – including Monument Gold, Pimenta REE-Ga-OTi, Caldera Lithium, and the Botswana Cu-Ag projects – remain in the exploration phase.
- No JORC – compliant reserves currently exist; pit optimisation work and resource upgrades are still preliminary.
- Drilling success has yet to be translated into metallurgy, mine ability, or feasibility-level economics.

Jurisdictional Complexity

- Multi-jurisdictional footprint (Australia, Brazil, Botswana) increases complexity in permitting, logistics, and technical execution.
- Seasonal constraints (e.g. Brazil wet season, Botswana heat) affect drilling windows and elevate per-metre costs.

Outsourced Operations

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- Heavy reliance on third-party contractors (drilling, labs, transport) increases exposure to cost inflation, service delays, and availability risk.

Exploration Risk Concentration

- 90% of near-term spend is allocated to early-stage targets, with low conversion probability typical of greenfield programs.

6.2 Financial Risk

Going Concern Pressure

- FY23 revenue: A\$0.07m vs. net loss of A\$4.49m.
- Operating cash burn estimated at – A\$1.0m per quarter; cash runway typically <9 months.
- Funding has relied on serial equity raises including rights issues and a A\$1.5 placement.

Dilution and Cost of Capital

- Shares outstanding have increased >60% in two years; placements priced at 10-25% discount to VWAP.
- Outstanding options (e.g. unlisted options) contribute to capital structure overhang.

Currency Risk

- -55-60% of exploration budget is denominated in BRL and BWP, exposing VRL to FX volatility.
- AUD appreciation lowers AUD-reported asset values, while AUD depreciation inflates local costs.

Working Capital Constraint

- Trade payables (-A\$0.9m) equate to -2 quarters of G&A; any major drilling overrun could necessitate urgent fundraising.

6.3 Market & Commodity Price Risk

Commodity Exposure Volatility

- Gold, Lithium, REEs, copper, and silver each have distinct price cycles.
- Lithium carbonate down – 70% YoY; NdPr oxide -45%; gold remains very stable.
- Diversification lowers single-commodity risk but complicates capital allocation and investor messaging.

Equity Market Conditions

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- Frequent trading halts and concentrated retail free float create liquidity risk and pricing volatility.
- Sentiment toward early-stage juniors remains weak in current macro conditions.

6.4 Regulatory & Sovereign Risk

Brazil

- Regulatory changes under the Lula government include heightened ESG scrutiny, potential royalty revisions, and local content requirements.

Botswana

- Historically stable, but evolving policy around local employment and energy infrastructure (e.g. grid capacity at Maibele/Dibete) may affect long-term development.

Australia (WA)

- WA Mining Amendment Bill (effective 1 July 2024) introduces stricter heritage clearance processes, which may slow approvals at Monument.

Capital Repatriation

- Brazil's FX controls and withholding taxes (15-25%) may impede mobility and increase financial frictions.

6.5 ESG and Community Risk

- No formal tailings or waste rock design studies; Maibele sulphides may pose acid drainage risk.
- Brazilian tenements overlap with the Cerrado biome - high deforestation sensitivity and potential for NGO scrutiny.

6.6 Internal Risk Management Framework

Governance Controls

- Cash flow forecasts are disclosed quarterly, but no formal hedge policy or enterprise risk matrix is published.
- Audit & Risk Committee meets just twice annually (vs. ASX peer average of 4)- rated low effectiveness.

Operational Controls

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- Baseline environmental studies have begun, but no JORC or NI 43-101 environmental chapters have been released.

6.7 Mitigation Strategy & Recommendations

Capital Management

- Tie discretionary spend to resource milestones; defer non-core licences until Monument is funded through PFS.

Operational Prioritisation

- Focus on Monument Gold to deliver maiden Reserve and scoping-level economics within 12 months.
- Pause non-core greenfield activity (e.g. Botswana Cu-Ag) until resource conversion improves.

Currency Risk Management

- Enter forward contracts (BRL/AUD and BWP/AUD) covering 50% of forecast FX exposure on a six-month rolling basis.

Governance & Oversight

- Expand Audit & Risk Committee scope and increase meeting frequency.
- Appoint an independent director with mine development and ESG credentials.

ESG & Permitting

- Fast-track social/environmental baseline studies in Brazil.
- Voluntarily adopt ICMM-aligned standards.
- Publish a sustainability Report aligned to GRI and TCFD to support institutional investor engagement.

Risk Profile Summary

- **Overall Risk Level: High - appropriate** for an early-stage, multi-commodity explorer with operations in multiple emerging markets and limited working capital buffers.
- **Potential to Reduce to medium-High** – if capital, governance, and project prioritisation improvements are executed over the next 12-18 months.

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