

New Dawn Project Acquisition Next to A\$1.0 billion Bald Hill Mine

Company Research

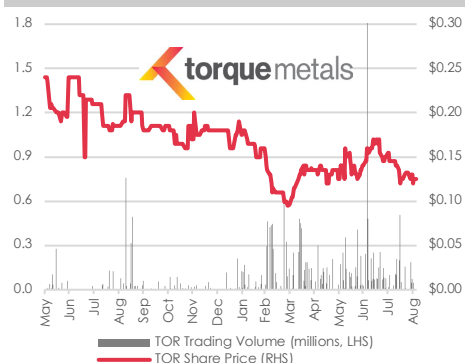
5th Sep 2023

Share Price **\$0.125**

52-Week Range	\$0.091 - \$0.225
Shares Outstanding	96.3m
Placement Shares	33.3m
Shares Outstanding post Placement	129.7m
Options (\$0.30, exp 30 th Nov 2023)	12.6m
Options (\$0.25, exp 22 nd Dec 2023)	2.25m
Options (\$0.30, exp 28 th Dec 2023)	11.3m
Options (\$0.275 & \$0.30, exp 1H 2024)	11.4m
Options (\$0.25, exp 7 th May 2026)	13.9m
Market Capitalisation	\$16.2m
Cash (30 th June 2023)	\$2.1m
Placement (5 th Sep 2023)	\$4.0m
Enterprise Value	\$10.1m

Board

Patrick Burke	Non-Executive Chairman
Cristian Moreno	Managing Director
Tony Lofthouse	Non-Executive Director
Andrew Woskett	Non-Executive Director



Torque Metals Ltd (ASX: TOR) is a minerals exploration and development company. The Penzance Project (500 km² of tenements including 12 granted pre-Native Title mining licences) is located on the Boulder-Lefroy Fault 12km along strike from the highly successful St Ives Gold Mine). In addition, the New Dawn Lithium Project is located 600m west of the Bald Hill mine.

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Setting the Prize for Torque Metals Exploration at New Dawn

Hot Lithium: the lithium sector has been heating lately in Western Australia. Firstly, after multiple increased offers (\$2.20, 2.35 and \$2.50), the Liontown Resources (ASX: LTR) is unanimously recommending the latest offer of \$3.00 cash valuing the company at \$6.6 billion (see LTR ASX announcement 4th Sep 2023 - *Revised Proposal from Albemarle*). Liontown Resources flagship asset is the Kathleen Valley project currently in construction. Then, Mineral Resources (ASX: MIN) appears to have won its \$1.0 billion bid for Alinta Resources (SGX: 40F, suspended) and its Bald Hill mine, after Australia's Foreign Investment Review Board issued a prohibition order stopping a China-linked company acquiring the remainder of the company shares (90%) it did not already own. (see the Financial Review – 4th Sep 2023 - *MinRes set to buy WA lithium mine Bald Hill*).

Kathleen Valley Lithium-Tantalum Project: The project has a current mineral resource estimate of 156 million tonnes at 1.4% Li₂O and 130ppm Ta₂O₅ (as of April 2021). Over 80 % of the mineral resource is classified as measured or indicated. The ore reserve is estimated at 68.5Mt at 1.34% Li₂O and 120ppm Ta₂O₅ (as of November 2021) supports an expected mine life of over 20 years.

Bald Hill Lithium-Tantalum Mine: the project was initially developed by Tawana Resources in joint venture with Alliance Mineral Assets before it was put on care and maintenance in Sep 2019 when lithium prices were below US\$7,000/t LCE and the creditors called the debt. As at 6 June 2018, the mineral resource reported at a 0.3% Li₂O cut-off grade was 25.5 million tonnes at 0.96% Li₂O for 255,200 tonnes of Li₂O contained and 149 ppm Ta₂O₅ for 8,600,000 pounds of Ta₂O₅. The ore reserve was estimated at 11.3 million tonnes at 1.01% Li₂O for 114,100 tonnes of Li₂O contained and 160 ppm Ta₂O₅ for 4,000,000 pounds of Ta₂O₅.

Transaction Multiple: those two transactions gives the opportunity to derive some price per Li₂O contained in mineral resource. For the sake of simplicity, the tantalum contained has been ignored. If both those transaction are completed successfully, the purchase price per lithium oxide contained in the ground will \$3,918/t and \$2,831/t respectively for Mineral Resources and Albemarle (see Table 1).

New Dawn Project Acquisition: today, Torque Metals (ASX: TOR) announced an option to acquire 100% of 'New Dawn', an unmined lithium and tantalum occurrence, 600m along strike of the established Bald Hill lithium-tantalum mine (see Figure 1 and 2). The New Dawn Lithium Project occupies two pre-Native Title, granted Mining Licences, providing ability to fast-track any potential discovery into development. Early investigations at New Dawn have identified multiple outcropping spodumene bearing pegmatites with rock samples grading up to 6% Li₂O (see Figure 1). New Dawn was explored for tantalum in 2001 by Tantalum Australia NL from which a pegmatite hosted tantalum resource of 1.04Mt at 160ppm Ta₂O₅ (non-JORC 2012) was defined yet confined to only 30m below surface. Lithium exploration was largely ignored, and, in fact, the project was practically never assayed for lithium. Nevertheless, the pegmatites bodies have been identified and modelled (see Figure 3).

Milestone Prize for Torque Metals: based on the average transaction multiple discounted by 80% and an assumed mineral resource of 20 million tonnes at 1.0% Li₂O defined in time at New Dawn, the transaction value of the asset is in the order of \$140 million.

Investment Perspective: The currently low market valuation of TOR compared to its peers in both the gold and lithium sectors offers an outstanding investment opportunity. The New Dawn project could well be a game changer and a company maker.

Table 1 – Transaction Multiples

Buyer	Code Market Cap	Project	Stage	Tonnes	Li ₂ O %	Li ₂ O t	Price	Price/Li ₂ O
Mineral Resources	ASX: MIN \$6,276m	Bald Hill	Operating/Care & Maintenance	26.5 mt	0.96%	255,200	\$1,000m	\$3,918/t
Albermarle	NYSE: ALB \$36,429m	Kathleen Valley	Construction	156.0 mt	1.40%	2,184,000	\$6,607m	\$2,831/t
		Buldania	Mineral Resource	15.0 mt	1.00%	150,000		
Option Holder		Project		Assumption				Assumption: 20% of average
Torque Metals	ASX: TOR \$16m	New Dawn	Mineral Resource	20.0 mt	1.00%	200,000	\$139m	\$694/t

Source: company announcements, market data as 4 Sep 2023, Terra Studio assumptions. All \$ dollar amounts in Australian dollars.

Figure 1 - New Dawn Lithium Project. Rock chips location map with grades above 0.5% Li₂O

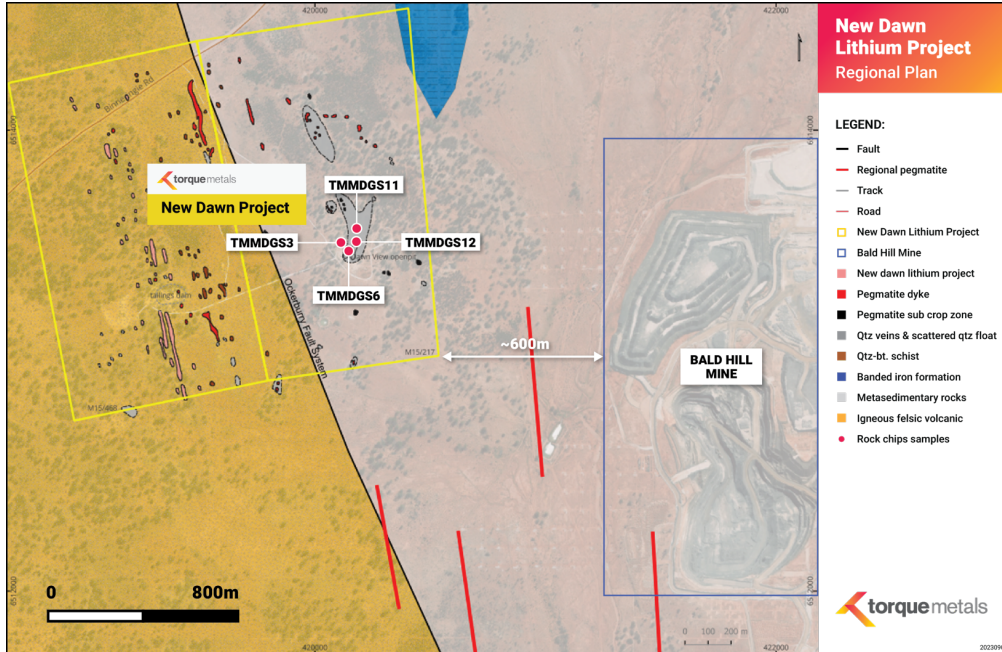
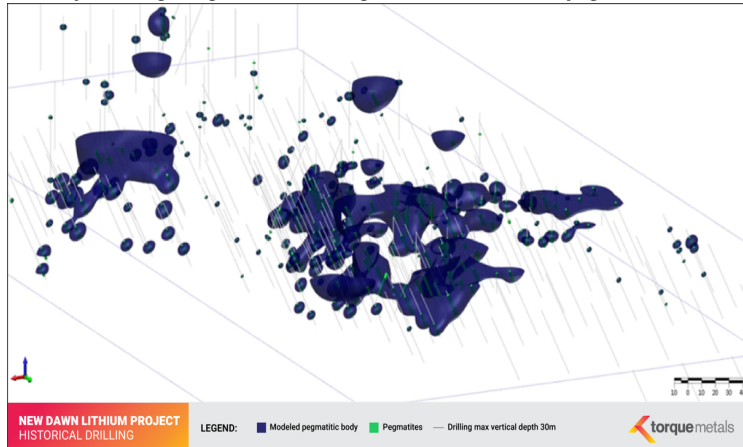


Figure 2 - photos: left: New Dawn (foreground) and Bald Hill (background) projects. Perspective view right: MD Cristian Moreno samples pegmatite outcrop at New Dawn project



Figure 3 - Torque's 3D geological model using historic drill data of pegmatitic tantalum bodies



Source: TOR company announcement 5th Sep 2023

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