

WC8: Best holes to date as M&A heats up

WC8.ASX | WILDCAT RESOURCES LIMITED | MATERIALS | LITHIUM

PRICE
A\$0.58/sh

TARGET PRICE
A\$0.96/sh
(FROM A\$0.62/sh)

RECOMMENDATION
SPECULATIVE BUY
(UNCHANGED)

ANALYST
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Event

WC8 has announced the best true width intercepts from its 100% Tabba Tabba lithium / tantalum Project, located 80km from Port Hedland by road. A total of 63 holes have been drilled at Leia (which is the main focus), with a further 36 holes that have assays pending. Recent results include:

- 85m at 1.5% Li₂O from 133m (TARC128) (est. true width)
 - Incl. 9m at 3.0% Li₂O from 136m
- 85m at 1.3% Li₂O from 167m (TARC144) (est. true width)
 - Incl. 10m @ 2.5% Li₂O from 175m

The true thickness of mineralisation in the latest intercepts show mineralisation continuing to thicken at depth and to the north (~30m near surface to +80m at depth). Drilling now shows total strike length at ~1,500m on the drilling to date and down to a depth of ~300m.

Impact

We continue to be highly encouraged by the early stage exploration success at Tabba Tabba, from the previously undrilled central area, that in our view has more than 'backfilled the valuation of WC8'. The tenement package is relatively small but we still see potential for stacked mineralised pegmatites that are yet to be fully drilled out at depth.

Initial mineralogy reports from Leia show that spodumene is the dominant lithium mineral (other minerals below detection) and is largely within coarse crystal size, which bodes well for metallurgy. Further mineralogy / metallurgy work is currently underway. To be conservative, we assume flotation is required.

Media reports of MIN showing interest in WC8 comes as no surprise to us given the significance of exploration success to date. Also with AZS going into a trading halt regarding a "... potential change of control transaction." We believe that WC8 will be the beneficiary of further investor interest.

Action

WC8 continues to tick a lot a of boxes for early stage exploration: mineable true width intercepts (+80m true width, getting better at depth) close to port (80km by road from Port Hedland) and is located on a granted mining lease.

We maintain our Speculative Buy and increase our Price Target from A\$0.62/sh to A\$0.96/sh on the back of de-risking through exploration success (fully dilutes for perf. rights, options and ongoing funding etc.). Our Price Target assumes investors will continue to speculate drilling defines an economic orebody. Key risk is ongoing exploration success.

Catalysts

- 36 holes pending (for Leia), with ongoing extensional drilling with 2 RC rigs, diamond drill rig.
- Other analysts coming late to the party and initiating coverage.
- Metallurgy early CY24.

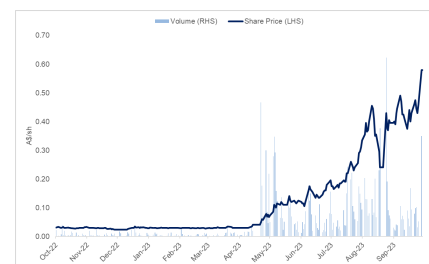
MARKET STATISTICS		
Share Price	\$0.580	A\$/sh
Price Target	0.96	A\$/sh
Valuation	0.62	A\$/sh
Share on Issue	1,059	m
Options	129	m
Perf. Rights	196	m
Total Dil.	1,384	m
Market Cap. (fully dil.)	\$803	m
Enterprise Value	\$793	m
Debt	\$0	m
Cash (post raise)	\$10	m

Directors	
Jeff Elliott	NE Ch...
Samuel Ekins	MD
Matthew Banks	E Dir
Alexander Hewlett	NE Dir
Ajanth Saverimutto	NE Dir

Major Shareholders	
GAM (fully dil.)	18.0%

Company details	
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Performance



Source: IRESS

Analysis

Rule-of-thumb for early stage lithium valuations

We recently published some rule of thumb valuations in the current market:

- Every 75mt of potential spodumene resource is ~A\$600-900m of exploration value.
- Every 75mt of resource that has a clear pathway to production increases to A\$1,150m-A\$2.3b of speculative development value.
- In production, at current prices, every 75mt mining inventory is ~A\$9b on spot prices.

Our Price Target of A\$0.96/sh (~A\$1430m) is based on them defining a resource with a clear pathway to production, which is highly speculative and risky.

Our Valuation of A\$0.62/sh (~A\$900m) is based on exploration value, which is again highly speculative and risky. (perf. rights, options and ongoing funding etc.)

It is worth noting that 134m of the 196m performance rights for in our Price Target and fully diluted market capitalisation calculation, are staged 50/50 on defining 250koz and 500koz of gold resource outside the existing resource at Hobbs Pipe. Given the Tabba Tabba project is the main focus, it is unlikely these performance rights conditions will be met. However we still dilute for them in an effort to be conservative.

Key risk is ongoing exploration success given that we assume ongoing exploration continues to expand economic mineralisation.

As a reminder WC8 has acquired 100% of Tabba Tabba project.

Figure 1: Price Target Methodology

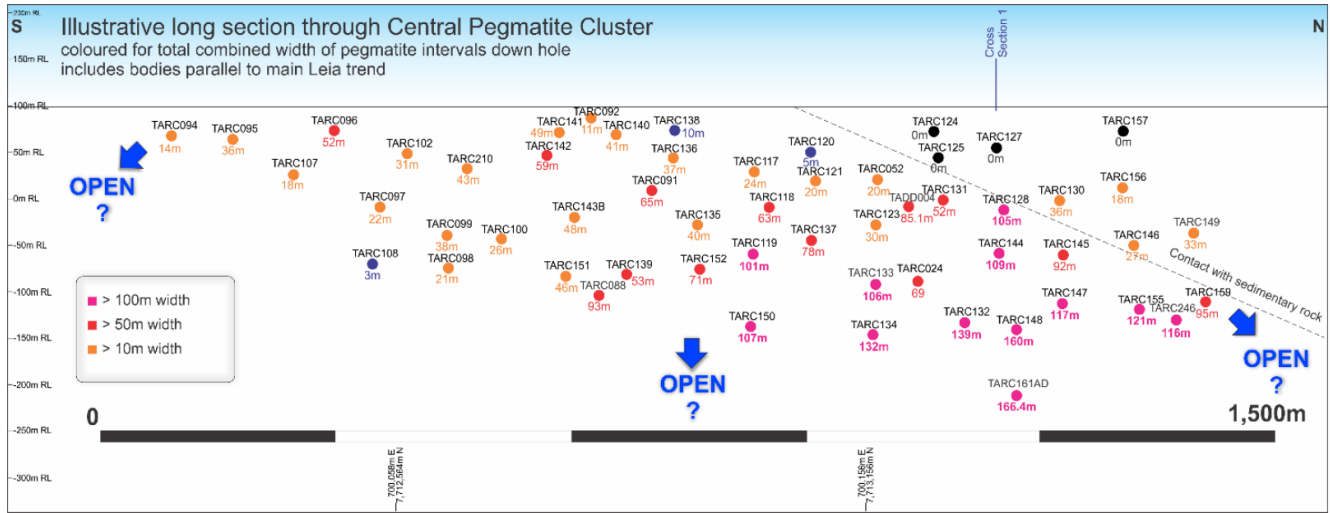
PRICE TARGET ASSET VALUATION	A\$m	A\$/sh
Tabba Tabba Lithium - Tantalum Project	1400	0.94
Other (Mt Adrah + Bolt Cutter)	20	0.01
Cash	10	0.01
Debt	-	-
Total NAV	1430	0.96

Source: Euroz Hartleys Research

Total consideration for the Tabba Tabba transaction included: 186.7m WC8 shares to GAM 62.2m performance rights to GAM Completion of Acquisition and issue of Consideration Shares, Success Fee and Introductory Fee.

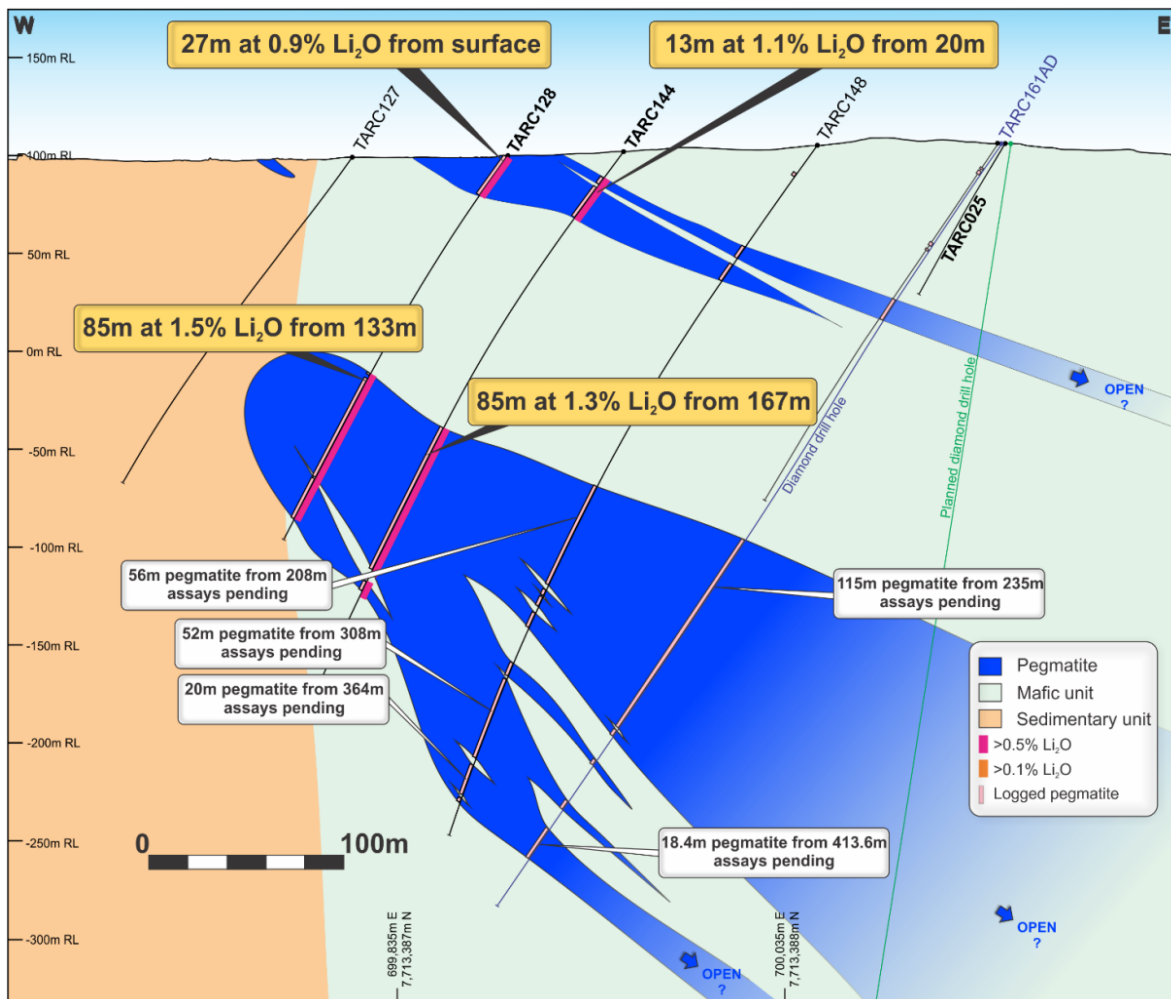
GAM also receive 0.75% royalty on all lithium products produced. GAM will receive a 1% royalty on all tantalum products extracted if WC8 sell to external party. GAM has first right of refusal on any tantalum concentrate produced.

Figure 2: Long section through Central pegmatite (includes Leia and parallel bodies)



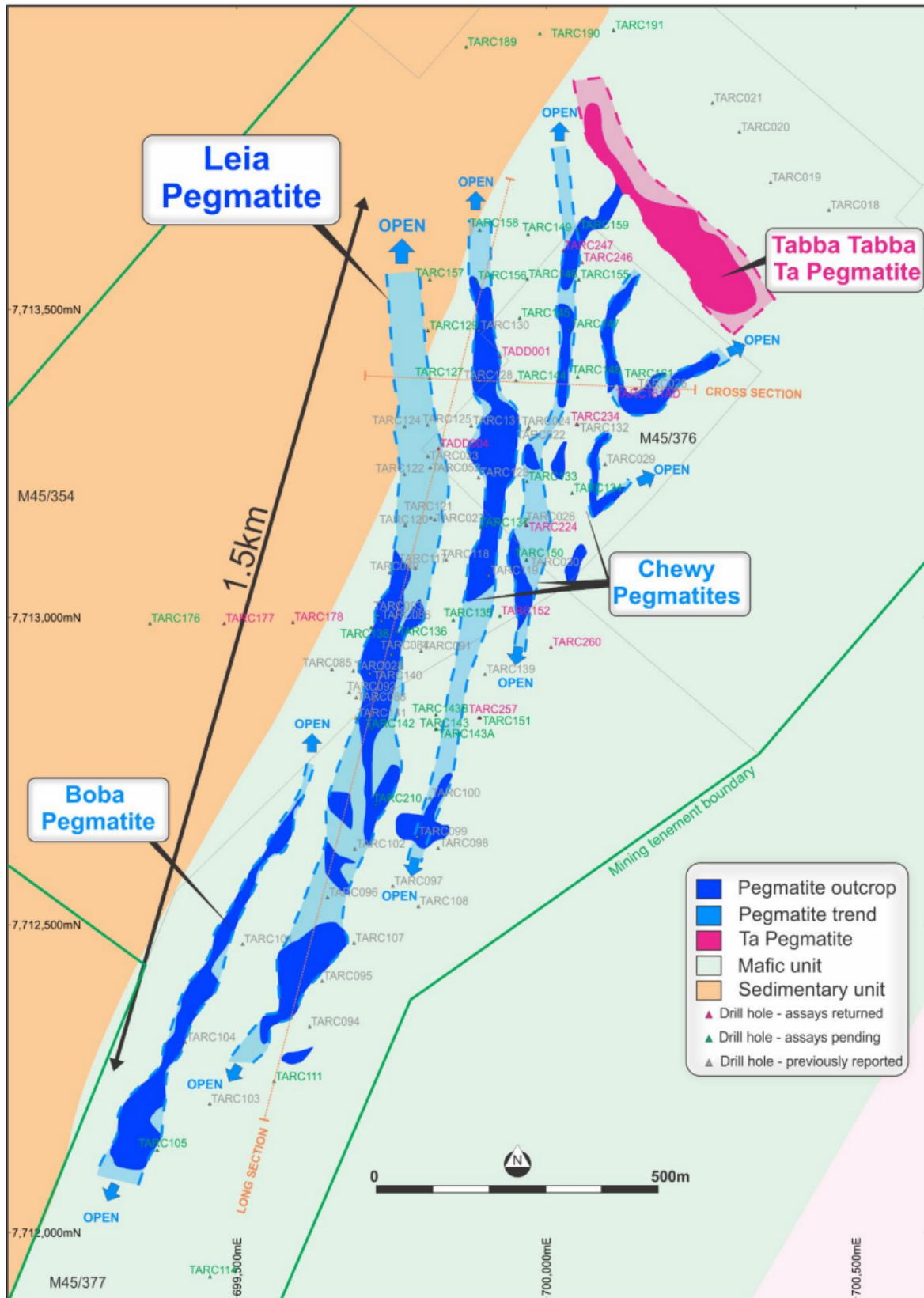
Source: WC8

Figure 3: Cross section through Leia



Source: WC8

Figure 4: Plan view at Tabba Tabba

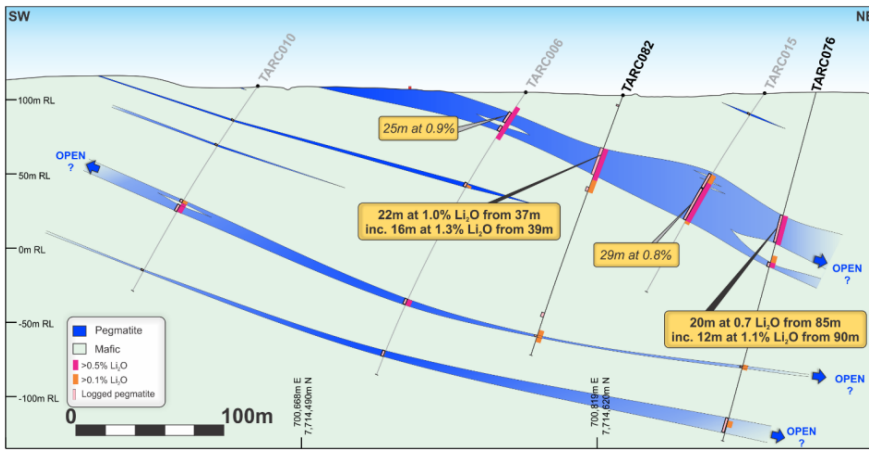


Source: WC8

Northern Area - The Hutt

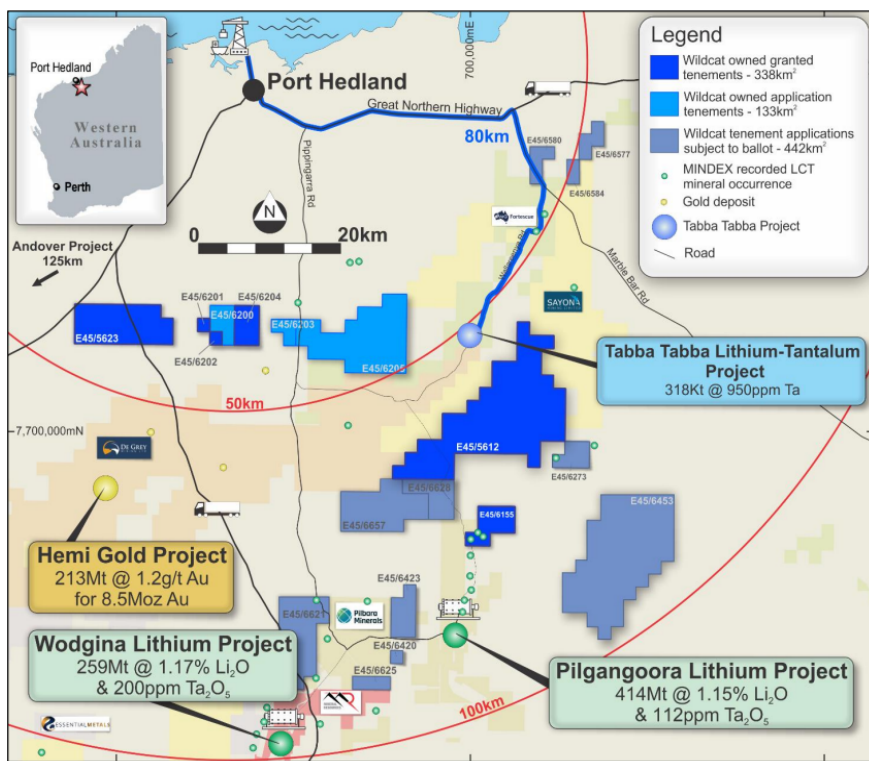
Although the focus is very much on the Central pegmatite, the Northern Area also had drill success, but not to the same extent that the Central area did. The Northern Area which has been renamed The Hutt was the focus of the initial exploration by WC8, given the historical exploration. some of the highlights included 5m at 1.4% Li₂O from 45m; 26m at 1% Li₂O from 17m.

Figure 5: The Hutt



Source: WC8

Figure 6: Location of Tabba Tabba project



Source: WC8

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Company disclosures

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Wildcat Resources Limited (WC8.ASX) | Price A\$0.58 | Target price A\$0.96 | Recommendation Speculative Buy;

Price, target price and rating as at 24 October 2023 (not covered)*

Other disclosures, disclaimers and certificates

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