

# Wildcat Resources Limited

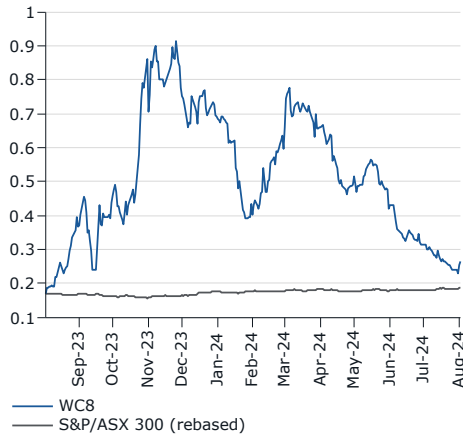
## EV Materials

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Rating <b>SPECULATIVE BUY</b> unchanged	Price Target <b>A\$0.60</b> unchanged
WC8-ASX	Price <b>A\$0.24</b>

### Market Data

52-Week Range (A\$) :	0.17 - 1.01
Avg Daily Vol (M) :	3.3
Market Cap (A\$M) :	307.7
Shares Out. (M) :	1,206.6
Enterprise Value (A\$M) :	230.5
NAV /Shr (A\$) :	0.60
P/NAV (x) (A\$) :	0.40



Source: FactSet  
Priced as of close of business 2 August 2024

Wildcat Resource is an Australian-based exploration company whose primary asset is the emerging, 100%-owned, Tabba Tabba Lithium Project, located in the Pilbara Region of Western Australia.

## Tabba Tabba Site Visit: an Olympic vault of geological treasures

**On the WA lithium podium:** Yesterday, we visited Wildcat Resource's (WC8-ASX) 100%-owned, Tabba Tabba Lithium Project, located in the Pilbara Region of Western Australia, where 20% of the world's lithium is believed to be mined. The project is very strategic, only 80km from port and sits on granted mining leases in a region that comprises two champions in PLS-ASX's Pilgangoora (47km from Tabba Tabba) and MIN-ASX/GAM's Wodgina (87km away). Following Azure Minerals' \$1.7bn takeover by SQM and Hancock last year, WC8 is left as the main flag bearer in the WA lithium explorer/developer space, occupying a gold medal position among peers, in our view.

**A sprint turning into a marathon:** WC8 was caught up in a fast start when it acquired Tabba Tabba last year. It vaulted to a market value of ~A\$1bn before lithium market pressure slowed the pace of the sector. With A\$77m in cash, WC8 has settled into a rhythm where it continues to de-risk Tabba Tabba through the drill bit and PFS-level testwork, and will be poised to rebound should the competition heat up.

**On site:** The Tabba Tabba project has expanded significantly since we visited in October 2023. Infill and extensional drilling is defining numerous stacked pegmatites over a 3km strike as WC8 takes the baton to lead the pack among the ASX lithium juniors. The camp village and facilities have been bolstered to accommodate over 60 people, with a well-equipped mess hall to ensure the company can attract staff from a tight WA labour pool. No cardboard beds here.

**Initial metallurgical testwork:** Last month, WC8 released the findings of its initial met testwork. A large 288kg sample (most peers would typically submit 2-10kg) composed from 9 holes has demonstrated through whole of ore flotation that Li<sub>2</sub>O recoveries of ~79-84% at head grades of 1.0-1.4% Li<sub>2</sub>O produce a 5.5% Li<sub>2</sub>O concentrate (SC5.5); and recoveries of ~72-84% at head grades of 1.0-1.4% Li<sub>2</sub>O produce an SC6 concentrate. Low energy usage could be expected from a future plant, in our view, given the coarse grind size of 212µm. The testwork indicates that DMS and flotation would be the preferred processing route, and we narrow our focus to the 1.0% Li<sub>2</sub>O feed that recovered 72.5% to an SC6 concentrate. For modelling purposes, we'd conservatively assume a 65% recovery to an SC5.5 conc. under these conditions.

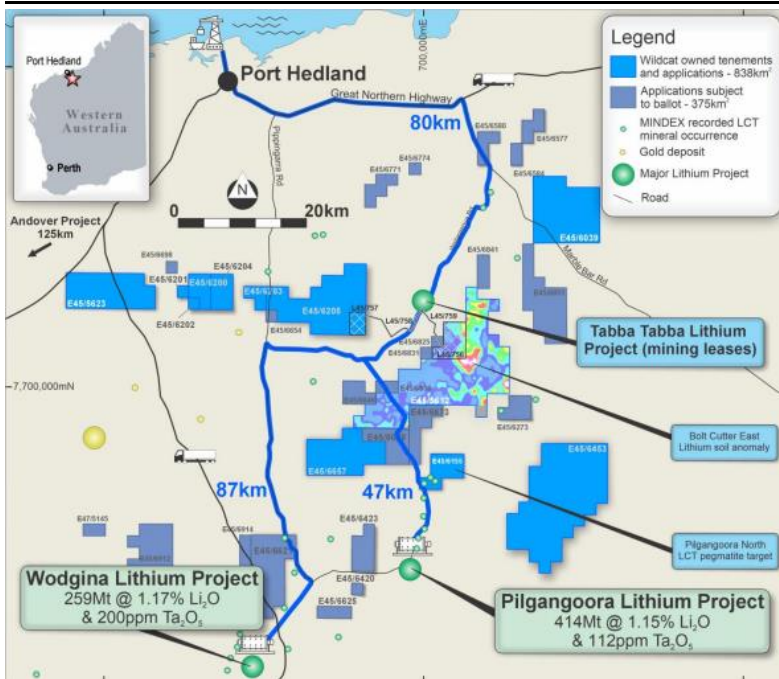
**What next for WC8:** While WC8 de-risks Tabba Tabba, one drill rig will be assigned to regional exploration efforts. The Pilgangoora North prospect, 10km from PLS, appears to have risen in WC8's target ranks. The company has mapped pegmatites across the tenure, which we interpret to be a structurally offset piece of the belt that hosts Pilgangoora proper. No drilling has been undertaken previously, and we await results from rock chip sampling.

**Upcoming news flow:** WC8 will scale back to three drill rigs to focus on resource drilling at Tabba Tabba (two rigs) and regional exploration (Pilgangoora North). We expect it to burn ~\$8m per quarter as it progresses feasibility works. WC8 expects to sprint to the finish line, releasing a maiden resource before year's end and come charging out of the blocks in 2025 to deliver a PFS early in the year. Numerous assay results are also pending.

### Valuation and recommendation:

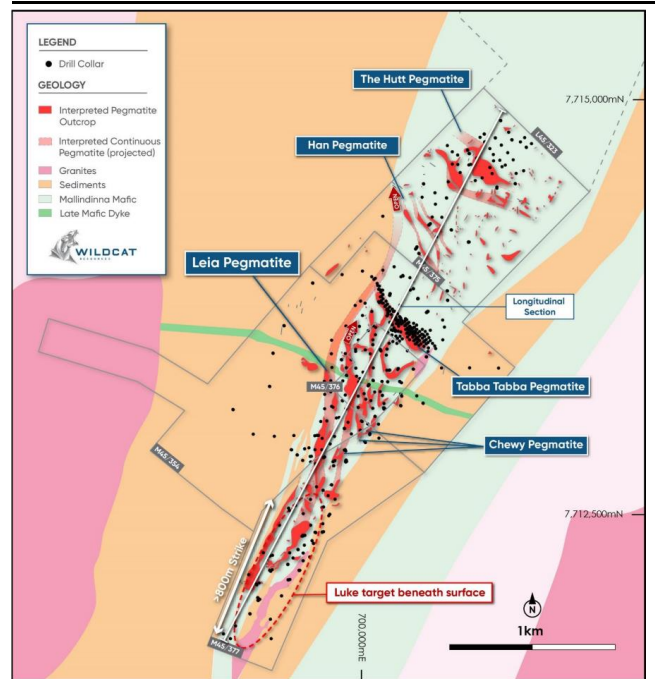
Our [current interpretation](#) for the Tabba Tabba mineralisation is ~65Mt @ 1.00% Li<sub>2</sub>O, and we see potential for this to grow to 80Mt. We therefore maintain our unconstrained resource expectation at 80Mt at a 0.5% Li<sub>2</sub>O cut-off. Our EV/Resource multiple-based PT remains A\$0.60 following a recent update in our [lithium sector update](#). We maintain our SPEC BUY recommendation on valuation grounds.

**Figure 1: Location map**



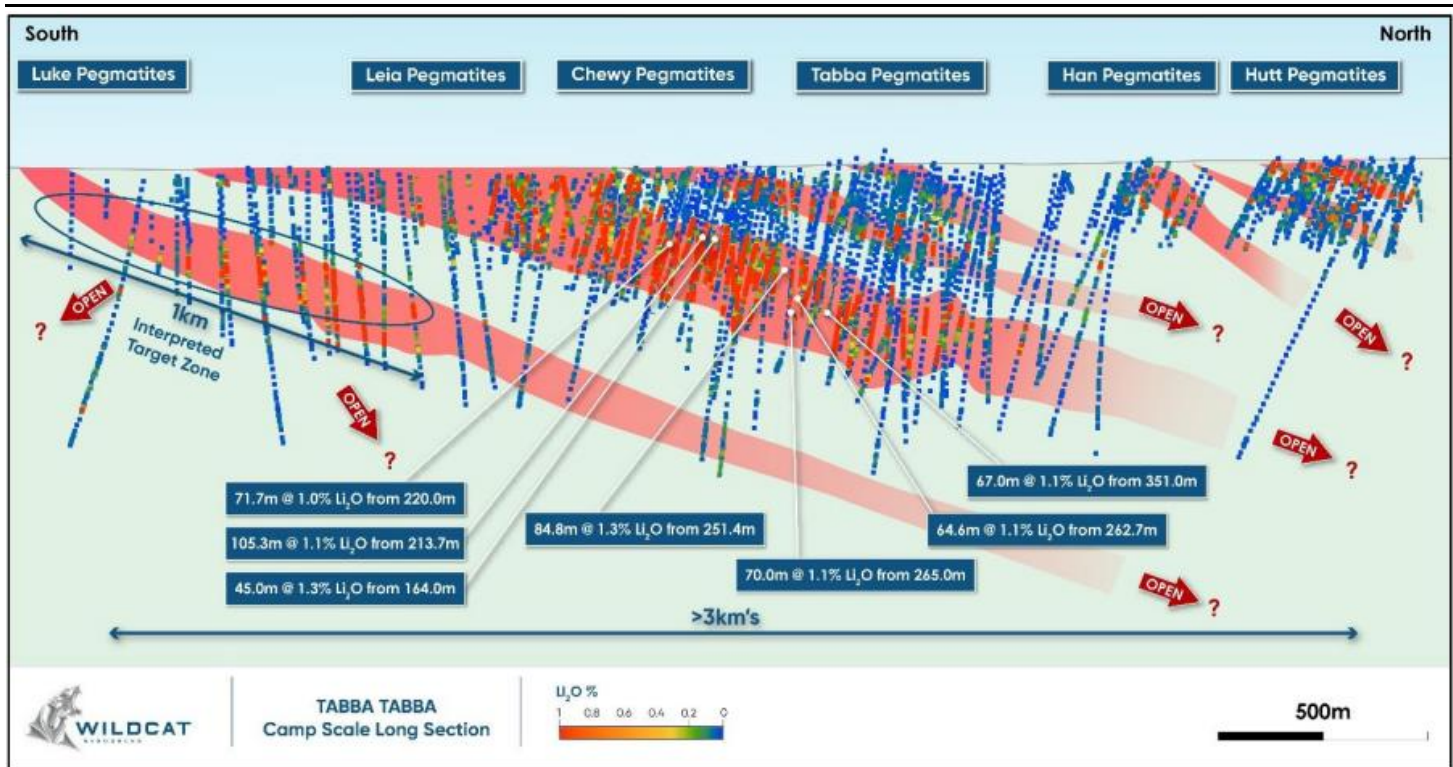
Source: Company reports

**Figure 2: Project map**



Source: Company reports

**Figure 3: Tabba Tabba long section**



Source: Company reports

**Figure 4: Broad, flat landscape**



Source: Canaccord Genuity

**Figure 5: Diamond drilling at Tabba Tabba**



Source: Canaccord Genuity

**Figure 6: Site presentation**



Source: Canaccord Genuity

**Figure 7: Well stocked mess**



Source: Canaccord Genuity

**Figure 8: Well-equipped village facilities**



Source: Canaccord Genuity

**Figure 9: Core processing yard**



Source: Canaccord Genuity

**Figure 10: Large spodumene crystals**



Source: Canaccord Genuity

**Figure 11: Large spodumene crystals (under UV light)**



Source: Canaccord Genuity

**Figure 12: The core yard**



Source: Canaccord Genuity

**Figure 13: Pegmatite outcrop at Pilgangoora North**



Source: Company reports

# Appendix: Important Disclosures

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## **Investment Recommendation**

Date and time of first dissemination: August 02, 2024, 03:02 ET

Date and time of production: August 02, 2024, 03:02 ET

## **Target Price / Valuation Methodology:**

Wildcat Resources Limited - WC8

Our valuation is preliminary in nature and should be viewed as a what-if case given the early stage at Tabba Tabba. We have opted to use a risked Resource multiple approach to derive a price target for WC8. Our net asset valuation per share is based on an unfunded scenario.

## **Risks to achieving Target Price / Valuation:**

Wildcat Resources Limited - WC8

## **Financing risks**

As a pre-production company with no material income, WC8 is reliant on equity and debt markets to fund development of its assets and progress its regional exploration pipeline. Total development and working capital requirements are subject to establishment of resources and completion of mining studies. There are no guarantees that studies will result in a positive investment decision. Further, we can make no assurances that accessing these markets will be done without further dilution to shareholders.

## **Exploration risks**

Exploration is subject to a number of risks and can require a high rate of capital expenditure. Risks can also be associated with conversion of inferred resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. No assurances can be given that exploration will delineate further mineral resources nor that the company will be able to convert the current mineral resource into minable reserves. Land access due to the potential presence of Aboriginal heritage sites is also a consideration.

## **Operating risks**

If and when in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (meeting design recoveries within a complex flowsheet), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets considerably and negatively impact valuation. Further, the actual characteristics of an ore deposit may differ significantly from initial interpretations which can also materially impact forecast production from original expectations.

## **Commodity price and currency fluctuations**

As with any mining company, WC8 is directly exposed to commodity price and currency fluctuations. Commodity price fluctuations are driven by many macroeconomic forces including inflationary pressures, interest rates and supply and demand factors. These factors could reduce the profitability, costing and prospective outlook for the business.

## **Environmental, social and governance**

Remote Australian locations often host a number of Aboriginal heritage sites. WC8 may be required to undertake the necessary surveys and obtain the requisite approvals prior to undertaking any ground disturbance.

**Distribution of Ratings:**

**Global Stock Ratings (as of 08/02/24)**

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	608	66.81%	22.86%
Hold	133	14.62%	10.53%
Sell	13	1.43%	7.69%
Speculative Buy	147	16.15%	51.70%
	910*	100.0%	

\*Total includes stocks that are Under Review

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**HOLD:** The stock is expected to generate returns from -10% to 10% during the next 12 months.

**SELL:** The stock is expected to generate returns less than -10% during the next 12 months.

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\*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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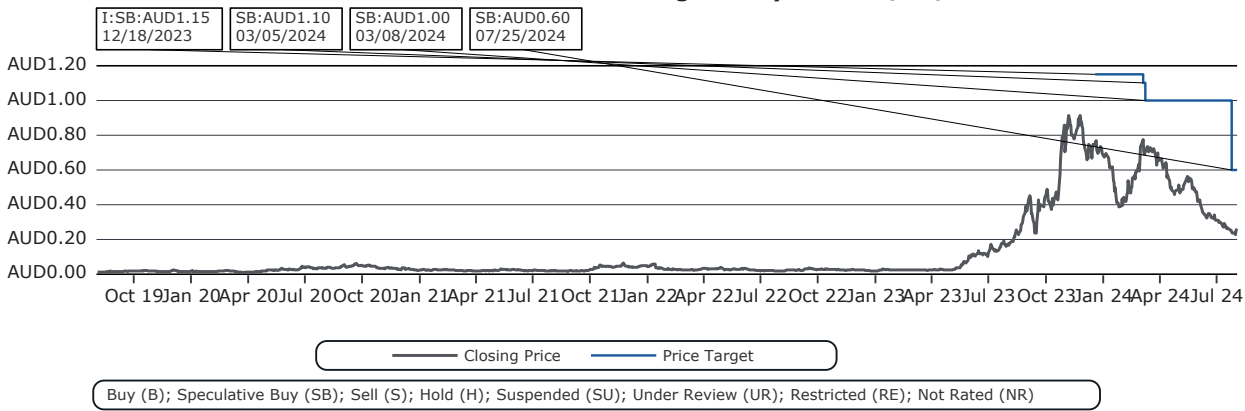
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An analyst has visited the material operations of Wildcat Resources Limited. Partial payment was received for the related travel costs.

An analyst has visited the material operations of Wildcat Resources Limited. Full payment was received for the related travel costs.

**Wildcat Resources Limited Rating History as of 08/01/2024**



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