



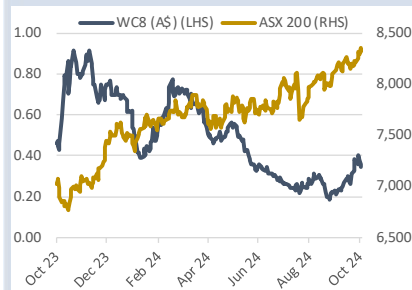
SPEC BUY

Current Price	A\$0.34
Price Target	A\$0.70
TSR	106%

Ticker	WC8 ASX		
Sector:	Metals & Mining		
Shares on issue (m)	1,229		
Market Cap (A\$m)	418		
Net cash (debt) (A\$m)	51		
Enterprise Value (A\$m)	367		
52 Week High	1.01		
52 Week Low	0.19		
ADTO (A\$m)	2.1		
Key Metrics	FY25E	FY26E	FY27E
P/E (X)	nm	nm	nm
EV/Ebit (X)	nm	nm	nm
EV/Ebitda (X)	nm	nm	nm
FCF yield (%)	(8.2%)	(10.6%)	(19.8%)
Dividend yield (%)	0.0%	0.0%	0.0%
Financial Summary	FY25E	FY26E	FY27E
Revenue (A\$m)	0	0	0
Ebitda (A\$m)	(12)	(12)	(13)
Ebit (A\$m)	(11)	(12)	(15)
Earnings (A\$m)	0	0	0
Op cash flow (A\$m)	(8)	(11)	(13)
CapeX (A\$m)	(1)	(1)	(43)
Free CF (A\$m)	(12)	(13)	(13)
Debt (cash) (A\$m)	(42)	(93)	(56)
Gearing (%)	(23%)	(43%)	(24%)

Spodumene production (kt)			
Tabba Tabba (kt)	0.0	0.0	0.0

Share price performance vs ASX 200



Source: Bloomberg, October 2024

Please refer to important disclosures from page 16

Friday, 18 October 2024

Wildcat Resources (WC8)

Pathway to 500ktpa of spodumene concentrate

Analysts | Hayden Bairstow | George Ross

Quick Read

We are initiating coverage on Wildcat Resources (WC8) with a SPEC BUY rating and a A\$0.70 price target. Since discovering the Tabba Tabba spodumene project in September 2023, WC8 has drilled over 115,000m, successfully defining several large spodumene bearing pegmatites. The release of a maiden resource later this year presents a key near-term catalyst for the stock and our Leapfrog model outlines a potential resource of 65mt @ 1.0% Li₂O. We incorporate a staged development of Tabba Tabba in our base case, which should deliver ~500ktpa of 5.5% Li₂O spodumene concentrate over time with first production commencing in FY29.

Key points

Maiden resource a key catalyst: WC8 announced the discovery of spodumene at Tabba Tabba in September 2023 with the discovery hole returning 85m @ 1.1% Li₂O (Including 59m @ 1.5% Li₂O). A major drill out of the deposit has been ongoing since the discovery was made, with over 115,000m of drilling defining six distinct spodumene bearing pegmatites. The most material of these are Leia and Luke. We have modelled up the drilling released to date in leapfrog to define an exploration target of 65mt @ 1.0% Li₂O. Our development scenario for Tabba Tabba incorporates ~90% of this estimate into a mining inventory.

Staged development to 500ktpa of spodumene: Given the large scale of the Tabba Tabba deposit, we believe WC8 will pursue a staged development approach. We incorporate a 2.0mtpa process plant for Stage 1, with pre-production capital cost of A\$400m. A Stage 2 expansion is assumed to double process plant capacity to 4.0mtpa, at a cost of A\$200m with the expansion to occur in the third year of operation. The staged expansion delivers an ultimate production rate of 500ktpa of 5.5% Li₂O grade spodumene concentrate.

Regional exploration potential not to be ignored: We believe there remains strong potential for WC8 to make additional discoveries within its +1,400km² tenement package in the Pilbara. Pilgangoora North and Bolt Cutter are two prospective regional targets that have been the focus of recent drilling programs.

Valuation & recommendation

We are initiating coverage on Wildcat Resources (WC8) with a BUY rating and set a A\$0.70 price target. Our price target is derived from a 50/50 blend of our NPV using Argonaut lithium price outlook and current spot prices. Our valuation is dominated by our development scenario for Tabba Tabba, which we assume is funded by a mix of A\$350m in debt, A\$250m in equity and existing cash reserves of A\$69m. Our funding assumptions enable WC8 to sustain a +A\$20mpa exploration spend ahead of project development. We ascribe only modest value to the regional potential of WC8's Pilbara tenement package.



Figure 1 - Earnings and valuation summary

Wildcat Resources Limited

ASX: WCB	Share price (A\$)	A\$0.34
	Market Cap (A\$m)	418
Analyst: Hayden Bairstow www.argonaut.com	Shares (m)	1,229

Key metrics	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
EPS (A¢)	(0.87)	(0.93)	(0.80)	(0.93)	(1.09)	1.38
DPS (A¢)	0.00	0.00	0.00	0.00	0.00	0.00
P/E (X)	nm	nm	nm	nm	nm	24.6
EV/Ebit (X)	nm	nm	nm	nm	nm	11.8
EV/Ebitda (X)	nm	nm	nm	nm	nm	10.4
EV/Production (X)	nm	nm	nm	nm	nm	6,955
Free cash flow yield (%)	(6.8%)	(8.2%)	(10.6%)	(19.8%)	(77.9%)	(40.1%)
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt (cash) (A\$m)	(77.2)	(42.4)	(93.1)	(56.1)	121.3	290.9
Gearing (%)	(44%)	(23%)	(43%)	(24%)	22%	39%

Profit & Loss	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Sales revenue (A\$m)	0.0	0.0	0.0	0.0	0.0	195.0
Operating costs (A\$m)	0.0	0.0	0.0	0.0	0.0	(113.4)
EXploraton eXPense (A\$m)	(0.0)	0.0	0.0	0.0	0.0	0.0
Corporate overhead (A\$m)	(11.2)	(12.0)	(12.4)	(12.8)	(13.2)	(13.6)
Ebitda (A\$m)	(11.2)	(12.0)	(12.4)	(12.8)	(13.2)	68.0
Depreciation (A\$m)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)	(8.1)
Ebit (A\$m)	(11.3)	(12.4)	(12.8)	(13.2)	(13.6)	59.9
Net interest (A\$m)	2.4	0.9	0.3	(1.3)	(7.2)	(29.0)
Pre-tax profit (A\$m)	(8.9)	(11.5)	(12.5)	(14.6)	(20.8)	30.8
Tax (A\$m)	0.0	0.0	0.0	0.0	3.8	(9.2)
Underlying earnings (A\$m)	(8.9)	(11.5)	(12.5)	(14.6)	(17.0)	21.6
EXceptional items (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A\$m)	(8.9)	(11.5)	(12.5)	(14.6)	(17.0)	21.6

Cash flow statement	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Net profit (A\$m)	(8.9)	(11.5)	(12.5)	(14.6)	(17.0)	21.6
Depreciation (A\$m)	0.1	0.4	0.4	0.4	0.4	8.1
Exploration, interest and tax (A\$m)	(0.3)	0.6	0.8	0.9	(2.9)	10.2
Working Capital (A\$m)	4.9	2.2	0.0	0.0	0.0	(47.0)
Other (A\$m)	1.6	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A\$m)	(2.7)	(8.3)	(11.3)	(13.3)	(19.4)	(7.1)
Capital expenditure (A\$m)	(1.2)	(1.1)	(0.8)	(43.4)	(286.0)	(140.6)
Exploration (A\$m)	(24.6)	(24.9)	(32.0)	(26.0)	(20.0)	(20.0)
Other (A\$m)	(0.0)	0.0	0.0	0.0	0.0	0.0
Free cash flow (A\$m)	(28.5)	(34.3)	(44.1)	(82.6)	(325.5)	(167.7)
Dividends (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Equity (A\$m)	97.4	0.0	95.0	0.0	150.0	0.0
Debt draw / (repay) (A\$m)	(0.5)	(0.5)	(0.2)	45.6	148.0	198.1
Net cash flow (A\$m)	68.4	(34.8)	50.8	(37.0)	(27.4)	30.4

Balance sheet	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Current assets						
Cash at bank (A\$m)	77.2	42.4	93.1	56.1	28.7	59.1
Receivables (A\$m)	1.7	3.0	3.0	3.0	3.0	80.0
Inventories (A\$m)	0.0	0.0	0.0	0.0	0.0	60.0
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Current assets (A\$m)	78.9	45.4	96.1	59.1	31.7	199.1
Non-Current assets						
PP& E and Development (A\$m)	5.8	6.6	7.0	49.9	335.5	468.0
Exploration & evaluation (A\$m)	178.9	203.7	235.7	261.7	281.7	301.7
Equity investments (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current assets (A\$m)	184.7	210.3	242.7	311.7	617.3	769.7
Total assets (A\$m)	263.6	255.7	338.9	370.8	649.0	968.9
Current liabilities						
Payables (A\$m)	6.5	10.0	10.0	10.0	10.0	100.0
Short-term debt (A\$m)	2.4	0.8	0.8	9.9	39.5	79.1
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities (A\$m)	8.9	10.8	10.8	19.9	49.5	179.1
Non-current liabilities						
Long-term debt (A\$m)	0.0	0.0	0.0	0.0	120.0	280.0
Lease liabilities (A\$m)	2.2	3.2	3.1	39.6	38.0	36.5
Provisions (A\$m)	0.0	16.4	17.2	18.1	19.0	20.0
Deferred tax (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current liabilities (A\$m)	2.2	19.6	20.3	57.7	177.0	336.5
Total liabilities (A\$m)	11.0	30.4	31.1	77.6	226.6	515.6
Net assets (A\$m)	252.6	225.3	307.8	293.2	422.4	453.2
Equity						
Contributed equity (A\$m)	296.0	296.0	391.0	391.0	541.0	541.0
Accumulated earnings (losses)	(43.4)	(70.7)	(83.2)	(97.7)	(118.5)	(87.7)
Total attributable equity	252.6	225.3	307.8	293.2	422.4	453.2
Minorities (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity (A\$m)	252.6	225.3	307.8	293.2	422.4	453.2

Source: WCB, Argonaut Research, October 2024

Recommendation SPEC BUY

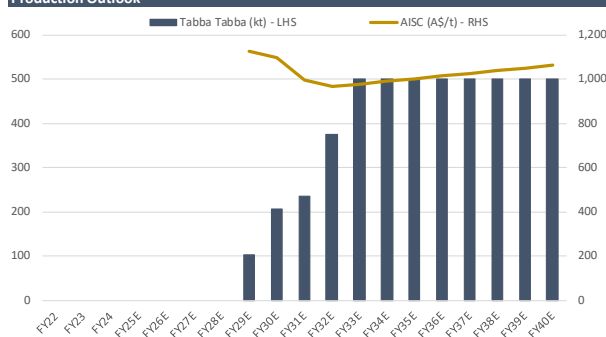
Price Target (A\$)	A\$0.70
TSR (%)	106%



Commodity price assumption:	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Asia Metal Spodumene (US\$)	1,834	1,096	2,020	2,400	2,280	2,046
A\$/US\$ exchange rate (x)	0.656	0.670	0.650	0.650	0.650	0.650
Asia Metal China LCE - 99.5%	23,685	15,086	27,775	33,000	31,350	27,815

Mine production details	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Spodumene						
Tabba Tabba (kt)	0.0	0.0	0.0	0.0	0.0	101.9
Total spodumene (kt)	0.0	0.0	0.0	0.0	0.0	101.9
AISC						
Tabba Tabba (US\$/t)	0	0	0	0	0	1,126
Group AISC (US\$/t)	0	0	0	0	0	1,126

Production Outlook



Mining Inventory

Project	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
Tabba Tabba	60	1.00%	600

Reserves and Resources

Ore reserves	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
Project			
Tabba Tabba	0.0	0.00%	0
Other	0.0	0.00%	0
Total	0.0	0.00%	0
EV/Reserve (A\$/t)			0

Mineral Resources

Project	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
Tabba Tabba	0.0	0.00%	0
Other	0.0	0.00%	0
Total	0.0	0.00%	0
EV/Resource (A\$/t)			0

Board and Management

Jeff Elliot	Non-Executive Chairman
AJ Saverimutto	Managing Director
Matt Banks	Executive Director
Sam Ekins	Technical Director
Fiona Van Maanen	Non-Executive Director
Melissa McClelland	Exploration Manager
Torri Rowe	Geology Manager
Tim Mannners	Chief Financial Officer

Substantial shareholders

	Shares (m)	Stake (%)
Mineral Resources	206.6	16.8%
Top 20	590.0	48.0%

Valuation

Asset	Spot Prices		Argonaut forecasts	
	A\$m	A\$/sh	A\$m	A\$/sh
Tabba Tabba	0.0	0.00	1,724.4	0.98
Resources	0.0	0.00	0.0	0.00
Exploration	185.8	0.11	46.2	0.03
Corporate overhead	(55.5)	(0.03)	(55.5)	(0.03)
Unpaid capital	258.3	0.15	258.3	0.15
Cash	42.4	0.02	42.4	0.02
Debt	(4.0)	(0.00)	(4.0)	(0.00)
Total	426.9	0.24	2,011.7	1.15
Price Target (NPV)				0.70



Eight key charts

Figure 2: Tabba Tabba ore mined and strip ratio

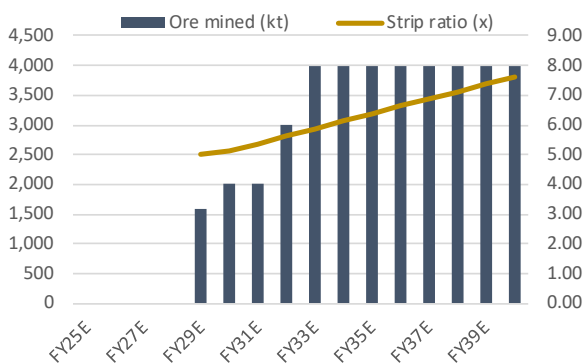


Figure 3: Tabba Tabba ore milled and grade

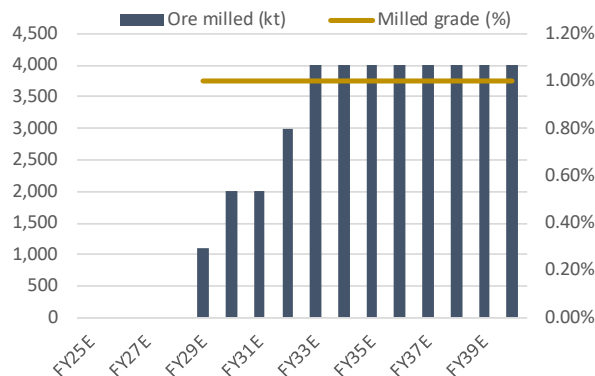


Figure 4: Tabba Tabba unit cost outlook

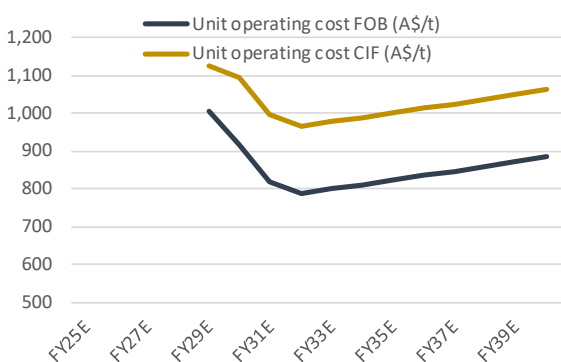


Figure 5: WC8 Exploration spend

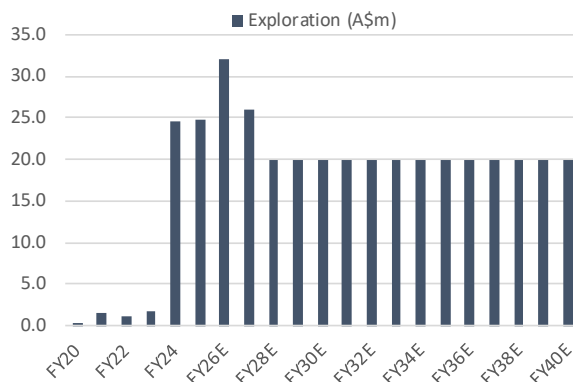


Figure 6: Tabba Tabba recovery rates

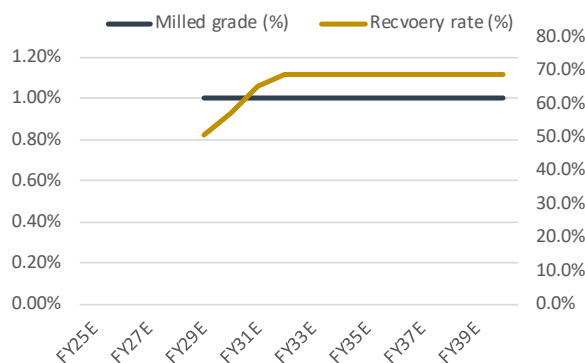


Figure 7: Capex profile

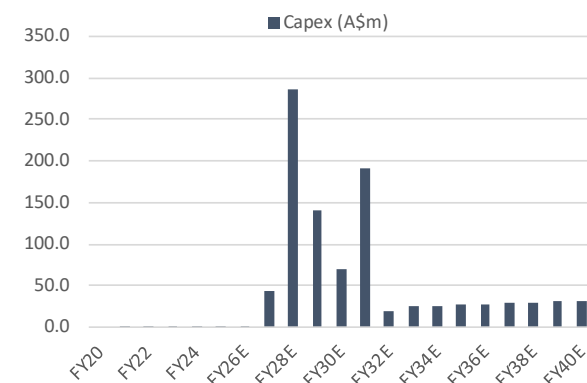


Figure 8: Net cash build vs market cap

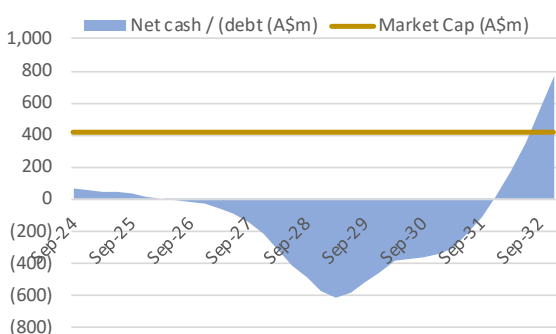
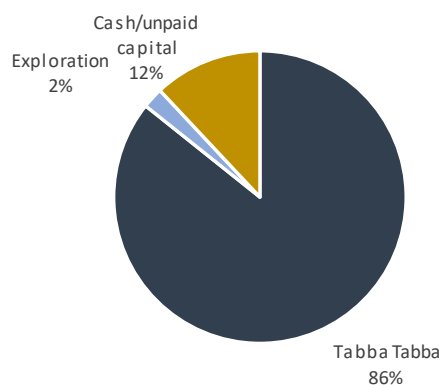


Figure 9: NPV Breakdown



Source: Figure 2-9, WC8, Argonaut Resources, October 2024

Release of maiden resource a key catalyst for WC8

Tabba Tabba was only discovered in September 2023

WC8 has completed 115km of drilling that we believe will deliver a maiden resource of ~65mt @ 1.0% Li₂O

The release of a maiden resource for Tabba Tabba presents a key near-term catalyst for WC8

We are initiating coverage with a SPEC BUY and A\$0.70 price target

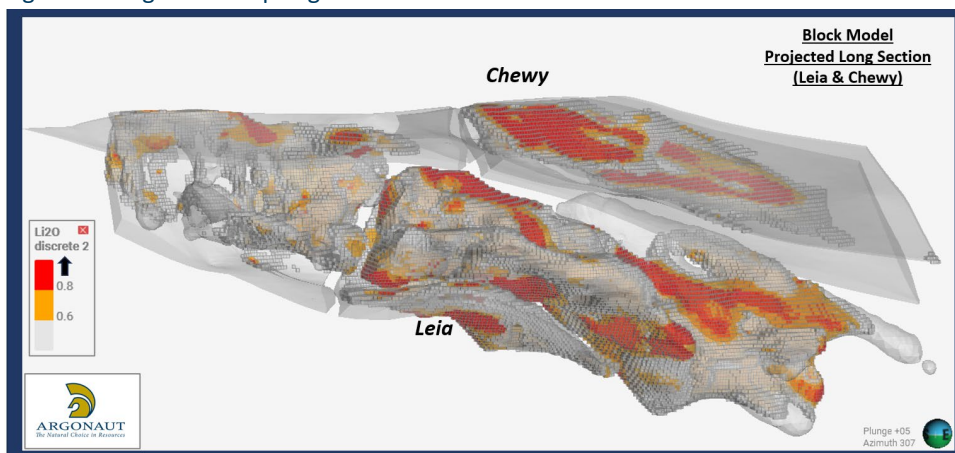
Initiating Coverage with a SPEC BUY rating and A\$0.70 price target

Wildcat Resources (WC8) owns the Tabba Tabba spodumene project in the Pilbara region in Western Australia. The project is located just 80km by road from Port Hedland. WC8 acquired Tabba Tabba earlier last year and drilled the discovery hole in September 2023, which returned an intersection of 85m @ 1.1% Li₂O (Including 59m @ 1.5% Li₂O).

Since the discovery was made, WC8 has drilled over 115,000m at Tabba Tabba, successfully defining six distinct spodumene bearing pegmatites. The most significant of these are Leia and Luke, with Chewy, Tabba Tabba, Han and Hutt the other main pegmatites that have been defined through drilling over a 3.2km strike.

Argonaut Research's resident lithium geologist, George Ross, has built a resource model for Tabba Tabba using drill intercepts released to date. Our modelling work has delineated resource estimates for the Leia, Chewy, Hutt and Luke pegmatites. Unconstrained combined mineralisation is estimated at 123mt @ 0.63% Li₂O, while applying a cut-off grade of 0.8% Li₂O derives an exploration target of 65mt @ 1.0% Li₂O

Figure 10: Argonaut Leapfrog block model for Tabba Tabba



Source: Argonaut Research, October 2024

The release of a maiden resource for Tabba Tabba is expected before the end of 2024 and presents a key near-term catalyst for WC8. We have incorporated a staged development of Tabba Tabba, which assumes a 2.0mtpa whole-of-ore flotation process plant is constructed and then expanded to 4.0mtpa over time.

The phased expansion is underpinned by the large mining inventory, which is equivalent to ~90% of our exploration target for Tabba Tabba. Our development scenario delivers an ultimate production rate of 500ktpa of spodumene concentrate over a 17-year mine life. The release of the maiden resource should set WC8 on a pathway to production and we are initiating coverage with a SPEC BUY and set a A\$0.70/share price target.

Figure 11: Mining Inventory underpins our development scenario

Project	Ore (mt)	Li ₂ O (%)	Li ₂ O (kt)
Tabba Tabba	60	1.00%	600

Source: WC8, Argonaut Research, October 2024

Our A\$0.70 price target is a 50/50 blend of spot and Argonaut lithium price valuations

Price target and valuation

We set a A\$0.70 price target for WC8. Our price target is derived from a 50/50 blend of our NPV using Argonaut lithium price outlook and current spot price. Our valuation is dominated by our development scenario for the Tabba Tabba spodumene project, which accounts for +85% of our NPV.

We also value WC8's regional exploration package at just A\$46m, which equivalent a 1% of inground value of our regional 10mt @ 1.0% Li₂O exploration target. Our sum-of-the-parts NPV also accounts for corporate overhead costs and WC8's net debt position and dilutes for A\$250m in equity raising to fund the development of Tabba Tabba.

Figure 12: Price target is a 50/50 blend of spot and Argonaut NPV

Valuation	Spot Prices		Argonaut forecasts	
	A\$m	A\$/sh	A\$m	A\$/sh
Tabba Tabba	0.0	0.00	1,724.4	0.98
Resources	0.0	0.00	0.0	0.00
Exploration	185.8	0.11	46.2	0.03
Corporate overhead	(55.5)	(0.03)	(55.5)	(0.03)
Unpaid capital	258.3	0.15	258.3	0.15
Cash	42.4	0.02	42.4	0.02
Debt	(4.0)	(0.00)	(4.0)	(0.00)
Total	426.9	0.24	2,011.7	1.15
Price Target (NPV)				0.70

Source: WC8, Argonaut Research, October 2024

Financing assumptions are a key risk to our base case

Funding assumptions key risk to our valuation

We assume a pre-production capital cost for Tabba Tabba of A\$400m, with project construction assumed to commence in late 2027. Our base case forecasts assume annual corporate overhead costs of A\$12mpa and an average exploration spend of A\$20m, which results in a total funding requirement of A\$600m over the next five years before Tabba Tabba is forecast to turn cash flow positive. We note that our funding requirement also includes A\$50m of working capital and A\$20m in debt funding and interest costs.

We assume two separate equity raisings are undertaken over the next three years and A\$350m of project finance is secured to fund the development of Tabba Tabba. We believe securing the debt finance presents the largest risk to our base case funding assumptions, with additional equity required if WC8 is unable to secure this level of debt financing.

Figure 13: Material downside risk to earnings at spot prices

Project funding assumptions	Date	Value	Price (A\$)	Shares (m)
Capital Raising 1	Nov 25	100.0	0.30	333.3
Capital Raising 2	Sep 27	150.0	0.30	500.0
Debt		350.0		

Source: WC8, Argonaut Research, October 2024

Earnings swing to a loss at current spot prices

Downside risk to earnings at spot prices

Spot lithium prices remain well below our short, medium, and long-term forecasts. As a result, there is material downside to our earnings estimates at current prices. A spot price scenario sees our earnings forecasts swing from a profit to a small loss in the first two years of production in FY29 and FY30.

Figure 14: Material downside risk to earnings at spot prices

Y/E June	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	NPV
Earnings (A\$/sh) - Spot	(0.9)	(0.8)	(0.9)	(1.1)	(2.9)	(0.6)	0.23
Earnings (A\$/sh) - Argonaut	(0.9)	(0.8)	(0.9)	(1.1)	1.4	12.9	1.15
Upside (downside) at spot	nm	nm	nm	nm	nm	nm	(80%)

Source: WC8, Argonaut Research, October 2024

WC8 offers 1.6x leverage to movements in spodumene prices

Our development scenario for WC8 assumes production commences in FY29. As a result, the impact of a 10% rise in our spodumene price forecasts into perpetuity drives 53% and 20% upgrades to our FY29 and FY30 earnings forecasts, respectively but no impact prior to first production. Our valuation rises 16% when our spodumene price forecasts are lifted 10% into perpetuity.

Figure 15: Earnings leverage to a 10% rise in spodumene prices

Y/E June	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	NPV
10% rise in spodumene price					59%	20%	16%

Source: WC8, Argonaut Research, October 2024

Our price target broadly in line with a US\$1,400/dmt spot price

We analyse our valuation for WC8 using various flat spodumene prices, escalated in line with our cost inflation assumptions. Using this analysis, we estimate WC8 is currently factoring in a spodumene price of US\$1,100/dmt, while our A\$0.70 price target is equivalent to a flat price of US\$1,400/dmt.

Figure 16: WC8 valuation at various spodumene prices

Spodumene price (US\$/t)	1,000	1,250	1,500	1,750	2,000	2,250	2,500
NPV (A\$/share)	0.25	0.51	0.77	1.03	1.29	1.55	1.81

Source: WC8, Argonaut Research, October 2024

Key risks to our base case

Variances in spodumene prices present the most material risk to our forecasts, with a 10% move in prices shifting our longer-term earnings by ~20%pa and our valuation by ~16%. We make assumptions on operating costs and production rates for Tabba Tabba, which has yet to commence production.

Variances in these costs or volumes over time present a significant risk to our earnings forecasts and valuation. The release of a pre-feasibility study is expected in 2025, which should provide some clarity on costs. Variances in our assumptions vs pre-feasibility study estimates present a key risk for WC8. WE note that our operating cost assumptions are broadly based on Pilgangoora and Wodgina.

Staged development to deliver 500ktpa of spodumene

We expect ore will be mined via a large open pit with Leia the main focus

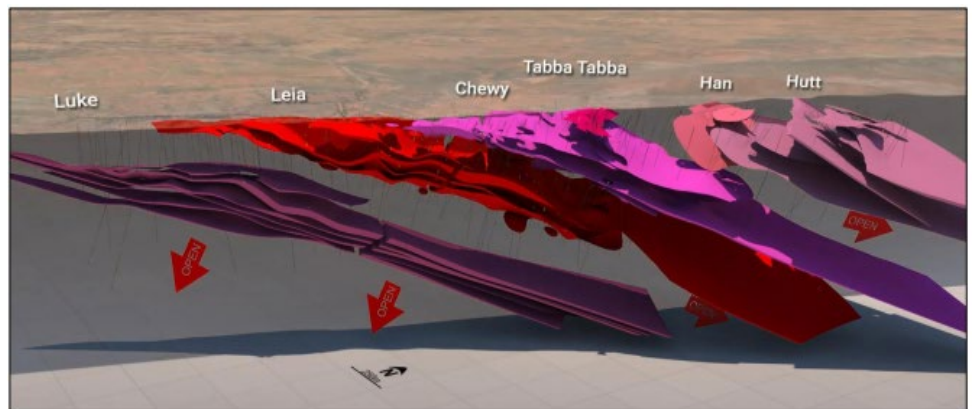
Depth extensions provide longer-term upside to our base case

Open pit mining to extract pegmatites

All of the main lithium pegmatites discovered to date effectively outcrop at surface. We expect the Pre-Feasibility Study, which should accelerate once the maiden resource has been released, will focus only on open pit mining. Based on the mineralisation drilled to date, we expect the initial pit will focus on the Leia pegmatite, with Chewy and Han/Hut likely to fall within the Leia pit shell, providing additional mineralisation.

We recognise that all of the main pegmatite deposits remain open at depth and have the potential to underpin a deepening of the open pit or an underground option in the long-term, which presents upside risk to our base case. If WC8 is able to identify additional mineralisation closer to surface at Luke, then this pegmatite could be brought into the pit shell, however, that is not currently our base case.

Figure 17: Key lithium pegmatites defined at Tabba Tabba



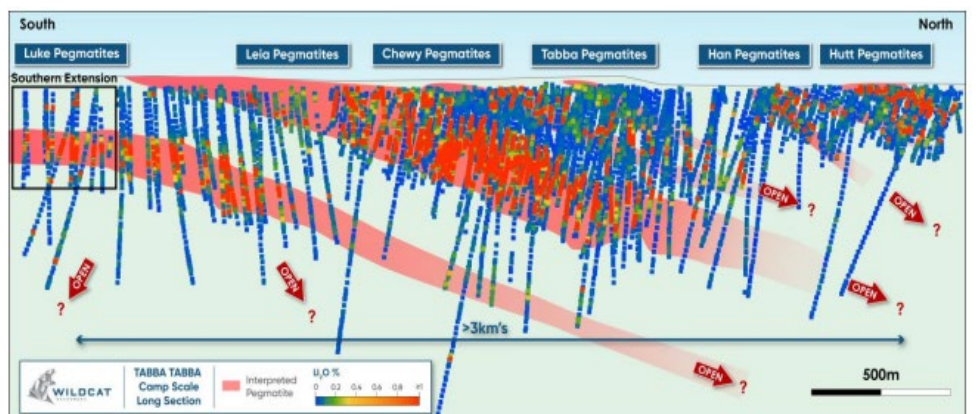
Source: WC8, October 2024

WC8 has undertaken a significant amount of drilling to define the pegmatite mineralisation

Mineralisation has been well drilled

WC8 has completed over 115,000m of drilling at Tabba Tabba, with the bulk of the metres drilled focused on the Leia, Chewy and Tabba pegmatites. More recent drilling has focused on Luke, however, this pegmatite has not yet been defined to surface, hence we do not expect Luke to be mined in the initial development stage.

Figure 18: Drill density in key areas of the planned pit is excellent



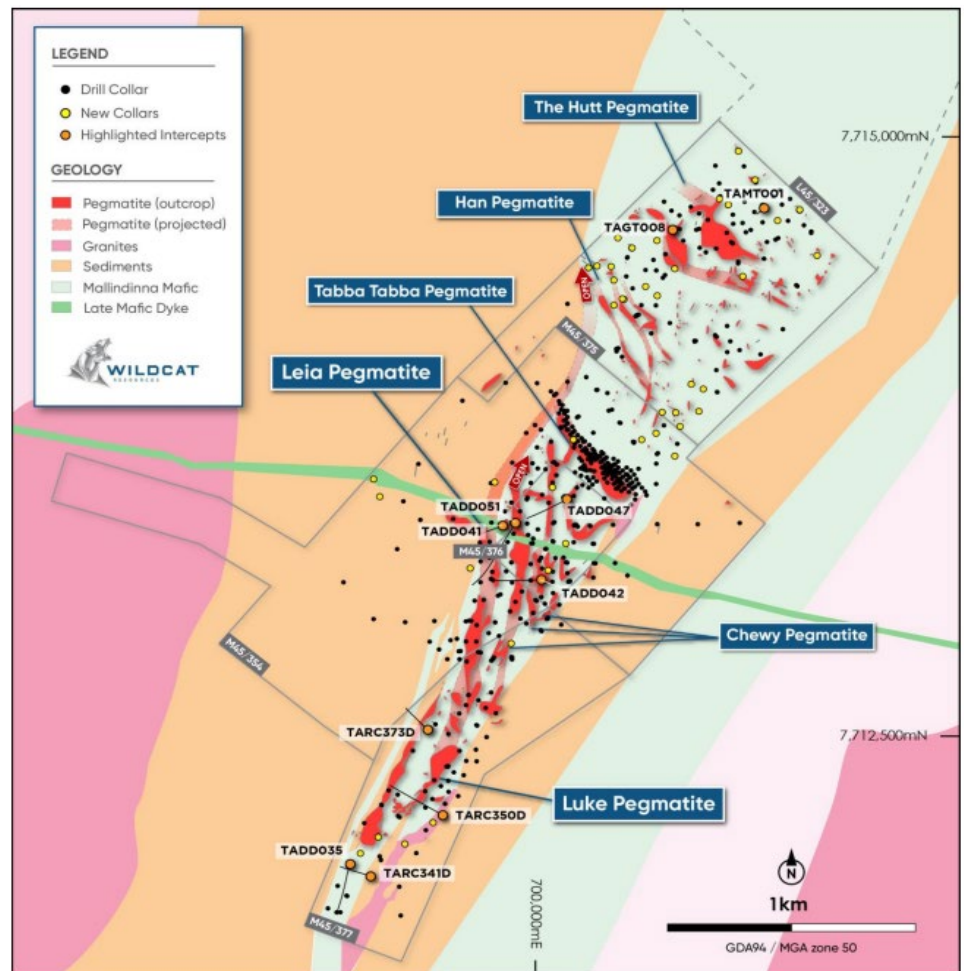
Source: WC8, October 2024

Minimising mining dilution a key risk in most spodumene projects

Managing dilution will be key

Our base case of a large open pit will enable WC8 to mine Leia, Chewy, and later Han and Hutt. The core focus is Leia, with the smaller pegmatites effectively located in the hanging wall and will reduce waste and the overall strip ratio of the open pit. Similar to other spodumene mines, managing ore dilution and delivering consistent feed to the process plant is a key risk to our development scenario.

Figure 19: Plan view of pegmatite locations



Source: WC8, October 2024

We assume first production in early FY29

Mining lease likely to accelerate development timeline

The Tabba Tabba project is based on an existing mining lease, which was established to mine tantalum in 2015. We believe this should accelerate and simplify the approvals timeline for Tabba Tabba. Our development scenario is based on the below timeline, with first production forecast for early FY29.

Figure 20: Assumed development timeline

Event	Date
Maiden Resource estimate released	Dec-24
Pre-feasibility study released	Jun-25
Definitive Feasibility Study released	Jun-26
Debt funding and FID (Final Investment Decision)	Dec-26
Spodumene production	Jul-28

Source: WC8, Argonaut Research, October 2024

Whole of ore flotation the assumed process route

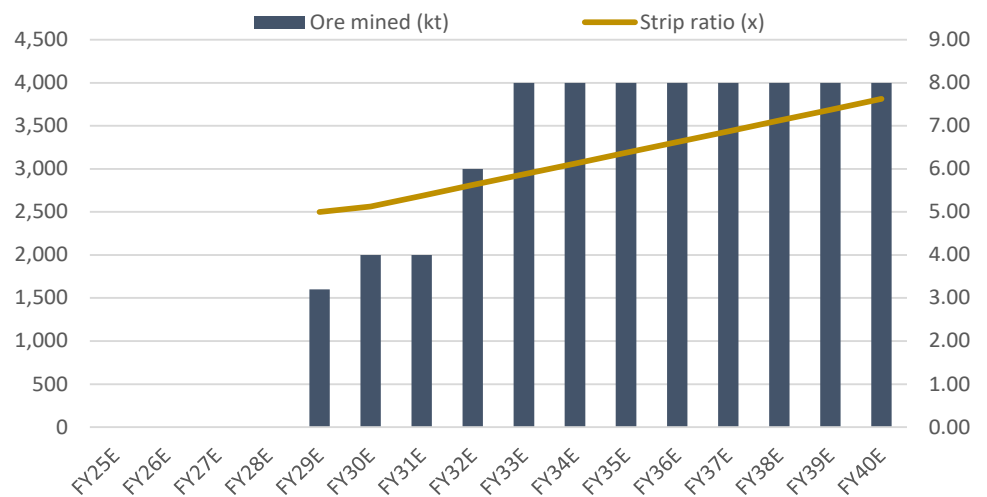
Whole of ore flotation assumed processing route

Our development scenario for Tabba Tabba assumes WC8 constructs a whole-of-ore flotation circuit to produce spodumene concentrate with a target grade of 5.5% Li₂O. WC8 has evaluated 288kg of material from twelve diamond drill holes, returning recovery rates of 79-84% Li₂O to a 5.5% Li₂O concentrate.

WC8 is now completing further metallurgical test-work with a 1,000kg sample, using the onsite bore water. We have assumed a long-term recovery rate of 68.75%, as we allow for additional recovery loss through the process in addition to the metallurgical recovery assumption.

Mining rates forecast to accelerate in line with the staged expansion of milling capacity

Figure 21: Mining rates and strip ratio

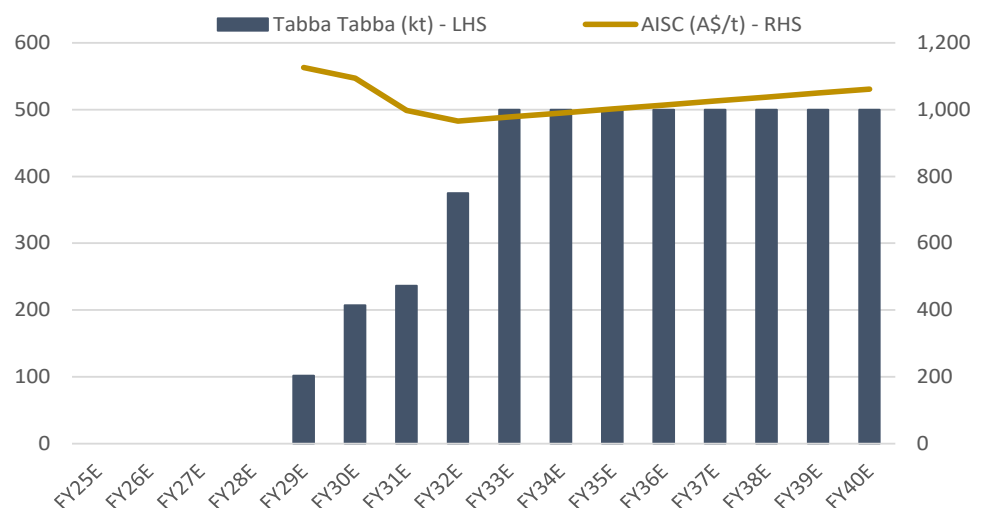


Source: WC8, Argonaut Research, October 2024

Our mining assumption is based on an average strip ratio over the life of the project of 7:1, with ore mining rates assumed to rise in line with the staged expansion of process plant capacity from 2.0mtpa to 4.0mtpa. At full production we expect Tabba Tabba to produce ~500ktpa of spodumene concentrate at an AISC ~A\$1,030/t.

We assume a long-term production rate of 500ktpa of spodumene concentrate

Figure 22: Spodumene production and AISC forecasts



Source: WC8, Argonaut Research, October 2024



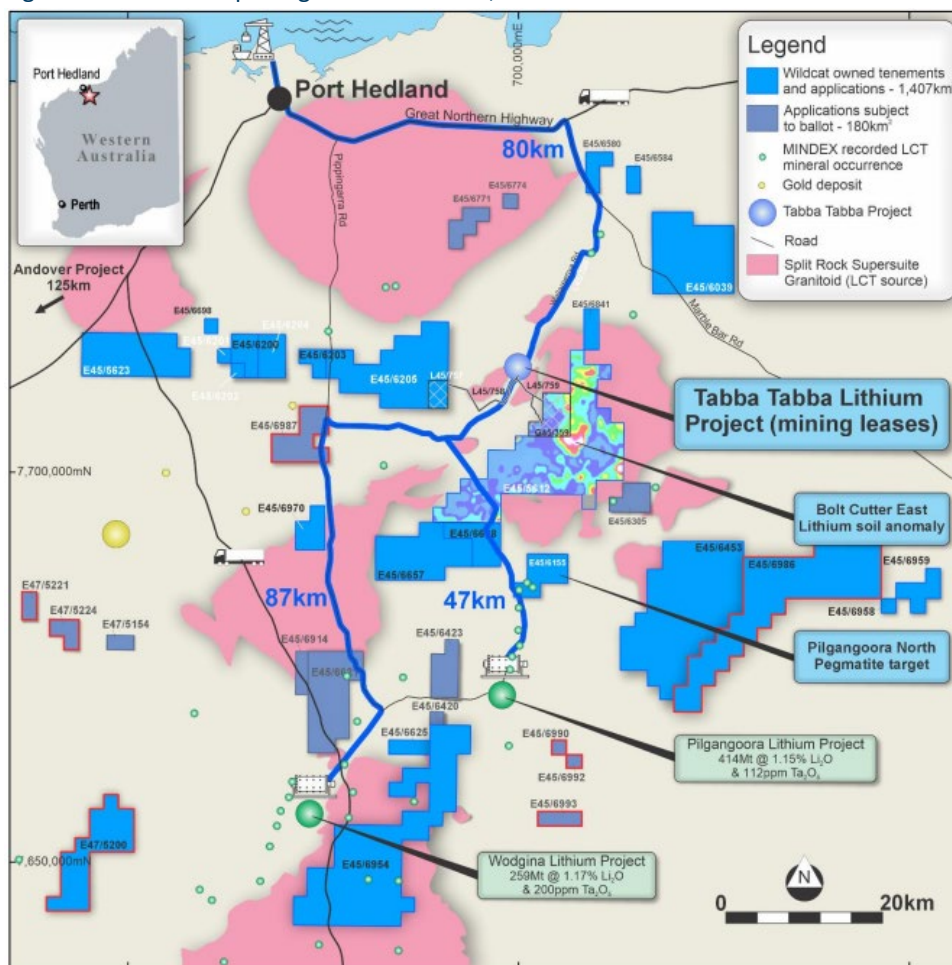
Regional exploration potential not to be ignored

Regional exploration tenements now exceed 1,400km²

Large tenement package

WC8 has continued to build its regional exploration tenement holdings since the Tappa Tappa discovery was made. Further exploration licences were secured over the past few months, with WC8 successful in some ballots. At the end of September, WC8 had built its tenement portfolio to 1,407km² with a further 180km² subject to future ballots.

Figure 23: Tenement package now exceeds 1,400km²



We see scope for further lithium discoveries

Source: WC8, Argonaut Research, October 2024

Regional drilling has commenced

Drilling has commenced at Bolt Cutter and Pilgangoora North

WC8 recently completed 3,132m of reverse circulation (RC) drilling at the Pilgangoora North prospect and 672m of RC drilling at the Bolt Cutter East prospect. Results from these drilling programs are pending. In addition, WC8 completed soil sampling on the Bolt Cutter Central prospect in the past three months.

We have ascribed a value of A\$46m to WC8's regional exploration portfolio in the Pilbara. The valuation is based on the discovery of a 10mt @ 1.0% Li₂O resource, which we value at 1.0% of in-ground contained spodumene.



Mt Adrah gold project

Mt Adrah boasts a gold resource of 763koz

Gold resource already defined

The Mt Adrah gold project is located in the Lachlan Fold Belt in NSW. WC8 owns 520km² of exploration tenements in the Lachlan Orogen region. The most prospective deposit is Hobbs Pipe, which boasts a resource of 20.5mt @ 1.1g/t containing 763koz. The resource was released by Sovereign Gold in December 2013.

Figure 24: Resource for Hobbs Pipe

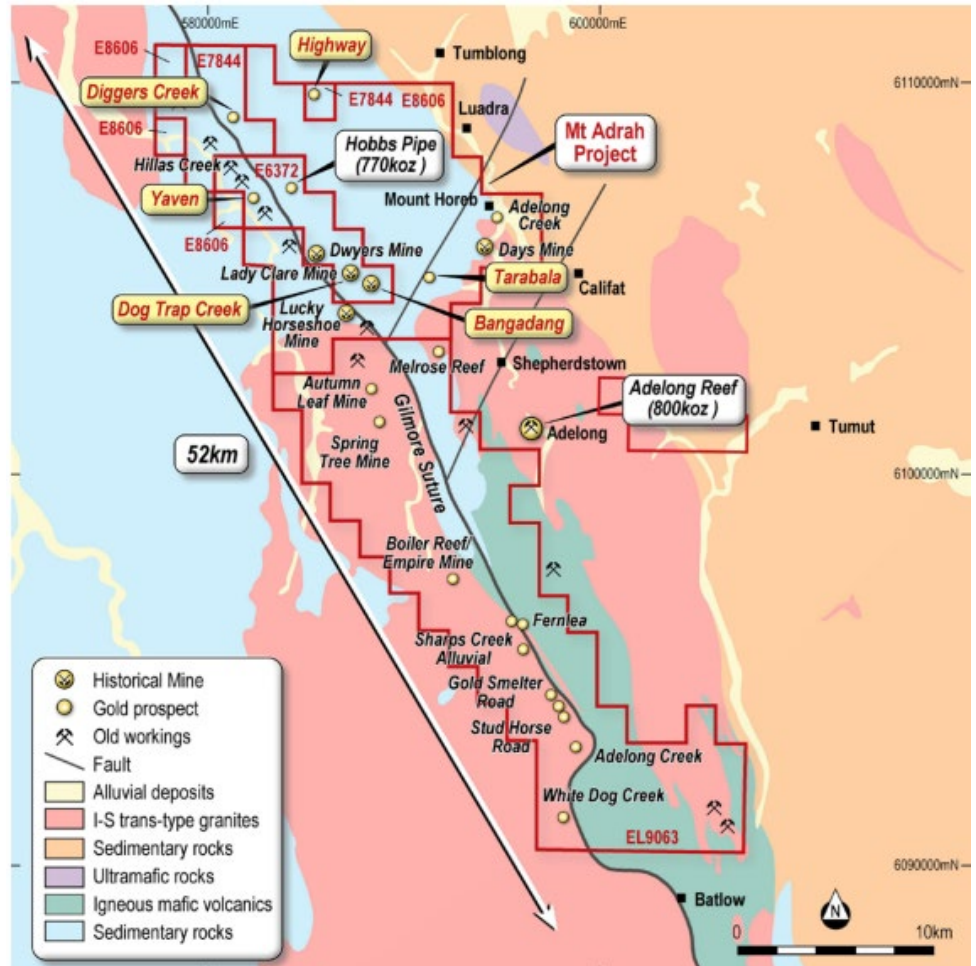
Hobbs Pipe	Ore (mt)	Grade (g/t)	Gold (koz)
Indicated	12.1	1.12	434
Inferred	8.4	1.22	329
Total	20.5	1.16	763

Source: WC8, Argonaut Research, October 2024

The resource commences at surface and extends to 800m depth and remains open. WC8 completed a drilling program in 2023 that returned intersections including 103m @ 0.4g/t from surface and 51m @ 0.34g/t from 95m depth. WC8 has shifted focus to lithium following the Tabba Tabba discovery and we expect the Mt Adrah project will be sold, likely to help reduce the funding requirements for Tabba Tabba.

We expect WC8 will look to sell the project

Figure 25: Mt Adrah tenement package



Source: WC8, October 2024

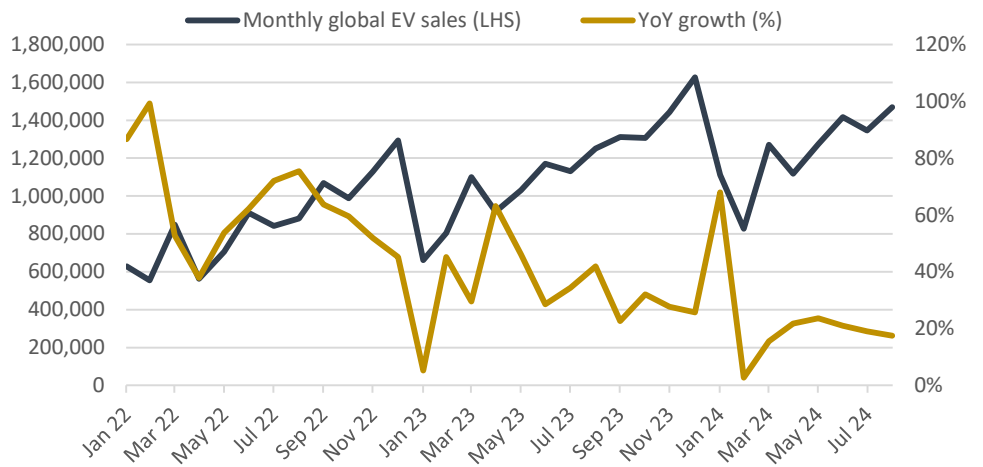
The bottom looks in for lithium

Global EV sales growth appears to have stabilised around 20%pa

EV sales have remained solid

Global EV Sales have seen a strong recovery from the seasonally weak February, which saw sales fall to ~827k vehicles. Since the seasonal low, sales have recovered to 1.4m vehicles/month. We note that the annual growth rate have stabilised around 20%pa over the past six months.

Figure 26: Global EV sales growth remains around 20%pa



Source: Bloomberg, Argonaut Research, October 2024

Spot lithium prices declined over 40% in the past five months

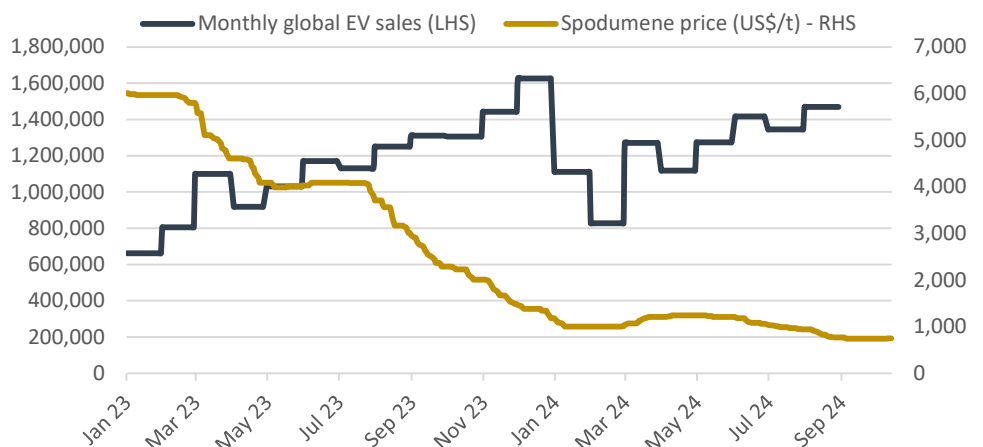
Spot prices remain depressed

Spot spodumene prices have remained depressed, continuing to decline while EV sales recovered over the past six months. We note that the spot price weakness is largely attributable to concerns over market oversupply, driven by rising production from Chinese owned mines domestically and in Africa.

Spot spodumene prices declined materially in 2023, falling from a peak of US\$6,000/t in late 2022 to a trough of US\$1,000/t in early 2024. Prices recovered in the first half of 2024 to US\$1,240/t, but have since declined to a new low of US\$740/t. Over the past week, prices have risen 1.3% or US\$10/t, the first positive price move since April 2024.

Figure 27: Lithium prices have declined despite strong EV sales

Spot spodumene prices have risen US\$10/t over the past week



Source: Bloomberg, Argonaut Research, October 2024

Recent spot sale at US\$802/t points to price recovery

Bu prices look to have bottomed

We believe the modest rise in the spot price is an early indicator that prices have bottomed. We highlight Lontown Resources' recent spot sale for a 10kt spodumene cargo at US\$802/t (SC6) for delivery in October as a key indicator of likely improving prices in the lithium market.

Despite the improved near-term pricing, we have trimmed our forecast price rise to reflect softer EV sales than we had previously anticipating and the growth in supply options, including additional capacity build in Zimbabwe, Pilbara Minerals acquisition of Latin Resources, and brownfields growth options including P2000 as likely additions to the supply curve in the medium-term.

Figure 28: Changes to our spodumene price forecasts

Y/E June	FY24A	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	Long-term
Spodumene (US\$/t) - Previous	1,834	1,200	2,180	2,740	2,440	2,133	2,114	1,800
Spodumene (US\$/t) - New	1,834	1,096	2,020	2,400	2,280	2,046	2,098	1,800
Change		(9%)	(7%)	(12%)	(7%)	(4%)	(1%)	

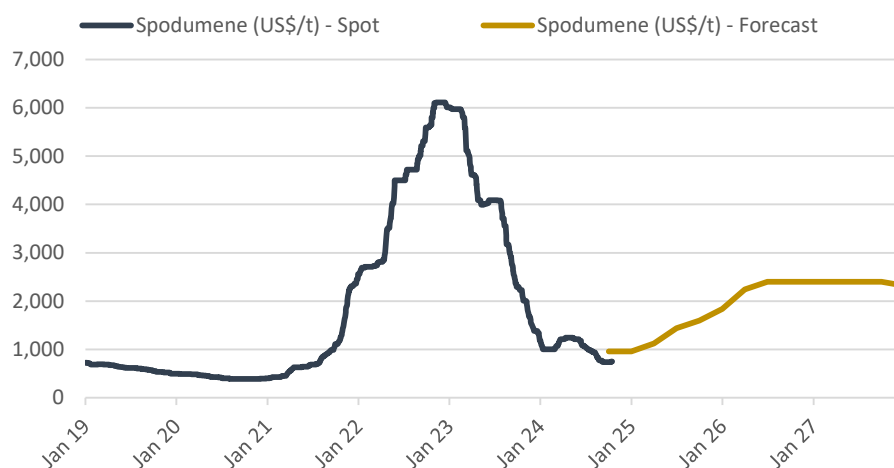
Source: Bloomberg, Argonaut Research, October 2024

We have lowered our peak price for spodumene by 14% to US\$2,800/t

To reflect the rise in expected supply, we have lowered our forecast peak in spodumene prices. We lower our FY25 forecast by 9% and FY26 by 7%, while the reduction in our peak price from US\$2,800/t to US\$2,400/t, which we expect to occur in FY27. The reduced peak price translates to a 12% cut to our FY27 forecast.

We also trim our medium-term forecasts to reflect the reduced peak prices, with our FY28 and FY29 forecasts falling 7% and 4%, respectively. Our long-term price remains unchanged at US\$1,800/t (6% Li₂O grade basis).

Figure 29: Spodumene price history and forecasts



Source: Bloomberg, Argonaut Research, October 2024

Our long-term spodumene price remains unchanged at US\$1,800/t

Board of Directors

Jeff Elliot – Non-Executive Chair

Jeff Elliott has more than 30 years' experience in the mining industry across exploration, project assessment, technical valuations, independent reporting, and corporate advice. He also has strong financial, business management, communication, and strategy development and implementation skills. Mr. Elliott is the former Managing Director of CSA Global, a position he held since 2007 and finalised in late 2020 after completing a sale of the business to leading sustainability firm ERM.

AJ Saverimutto – Managing Director

AJ Saverimutto is a mining engineer with more than 25 years' experience. He has previously held roles as Chief Executive Officer of Cherish Metals Pty Ltd, Managing Director at VentureX Resources and was a founding Managing Director of Salt Lake Mining (which became Karora Resources). AJ is also a non-executive director of Grange Resources, while his operational experience includes Mining Manager at Freeport McMoran's Grasberg Copper Gold Operations and Mining Manager at BHP's Nickel Operations.

Mathew Banks – Executive Director

Mathew. Banks has two decades experience specialising in marketing and public relations and more recently in finance. During that time, he has developed strong relationships with several leading public and private companies as well as high net worth individuals from across a number of industries. He is also a partner in an advisory firm that recapitalised Spectrum Metals. Mr. Banks is a founder and Non-Executive Director of gold and base metal explorer, Rumble Resources.

Samuel Ekins – Technical Director

Sam Ekins is a geologist with more than 15 years of experience in technical and leadership roles in greenfields and brownfields gold and base-metal exploration, as well as global upstream oil and gas consulting. His experience includes working as a Senior geologist at Gold Fields's St Ives Mine in Kambalda WA; Superintendent of Exploration and Evolution Mining Mungari Operations, Kalgoorlie WA, which included Evolutions' Leadership Gold Program; and as Exploration Manager at Prodigy Gold NL.

Fiona Van Maanen – Non-Executive Director

Fiona. Van Maanen has more than 30 years of experience in accounting, financial management, corporate governance, M&A transactions and project development in the mining and resources industry. She is the former CFO and Company Secretary of Metals X Limited and is a Non-Executive Director of both Westgold Resources Limited and Pantoro Limited. Mrs. Van Maanen is the Chair of the company's Audit and Risk Committee and Remuneration & Nomination Committee.

Senior Management

AJ Saverimutto – Managing Director and Chief Executive Officer

See previous.

Tim Manners – Chief Financial Officer

Tim Manners is a finance professional with more than 20 years' experience in accounting, corporate finance, and financial management functions in the resources industry. Mr Manners has been involved in exploration, developing, and producing companies both in Australia and overseas. He has held the senior financial position in companies within the precious, base and bulk commodities sectors, including Gold Road Resources, Phoenix Gold, Bathurst Resources, Perilya and Ramelius Resources.

Torin Rowe – Geology Manager

Torin Rowe is a geologist and has worked in both private and public sectors. He has held senior roles with Evolution Mining, including within the business development team and established and lead the exploration team for its Cue JV with Musgrave Minerals. He was recognised as achieving the best exploration gold intercept for the Australian Gold Industry in 2018 of 7m at 140 g/t Au and was awarded the IMDEX industry award for best exploration geologist of 2018. Mr Rowe has worked across multiple jurisdictions with experience setting up exploration projects in Queensland, New South Wales, and Western Australia where prospective projects were quickly advanced from Greenfields stage to resource-level assets.

Melissa McClelland – Exploration Manager

Melissa McClelland is a geologist with more than a decade of experience. She began her career with Newmont Mining Corp, before transitioning into the dynamic field of lithium exploration. Melissa joined Kidman Resources at the world-class Mt. Holland Lithium project in late 2016, shortly after the initial discovery hole. Melissa played a pivotal role in leading the exploration team and coordinating on-site operations, contributing to the growth of the discovery to 189Mt @ 1.5% Li₂O.

James Bahen – Company Secretary

James Bahen is a Corporate Advisory Executive and Chartered Secretary who commenced his career in audit and assurance with a chartered accounting firm. He is currently a Non-Executive Director and Company Secretary to a number of ASX listed companies and has a broad range of corporate governance and capital markets experience, having been involved with public company listings, M&A transactions and capital raisings for ASX-listed companies across the resource industry.

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