



ASX: ASO

Equity Research

27th March 2023

SPECULATIVE BUY

Share Price \$0.10
Price Target \$0.26

52-Week Range	\$0.064 - \$0.200
ASO Shares Outstanding	1,113.5m
Options (\$0.10, exp. 22 Dec 2023)	25.0m
Options (\$0.15, exp. 22 Dec 2023)	25.0m
Options (\$0.20, exp. 28 Mar 2025)	92.0m
Performance Rights	4.5m
Market Capitalisation	\$111.4m
Cash (31 Dec 2022)	\$5.4m
Enterprise Value	\$105.9m

Board & Management:

Tolga Kumova	Executive Chairman
Dale Ginn	Managing Director
Rob Jewson	Executive Corporate Director

Major Shareholders:

Board and Management	16%
Top 20 shareholders	50%



Aston Minerals Limited (ASX: ASO) is a nickel-cobalt and gold exploration company focused on the exploration of the Edlestone Project, Ontario, Canada. Edlestone, located between Timmins and Sudbury, is surrounded by world-class mining projects, and benefits from widely available skilled labour, specialised services, and first world infrastructure, including hydro power.

Aston Minerals Limited

A Globally Significant Mineral Resource in an Ideal Location

Massive Mineral Resource: on 21st Feb 2023, Aston Minerals Ltd released a maiden mineral resource estimate for the Boomerang deposit: 1,044 Mt at 0.27% Ni, 0.011% Co (0.30% Ni equivalent) containing 2.82 Mt of nickel and 115,000 t of cobalt.

Ideal Location: The Edlestone project (which includes the Boomerang deposit) is located 60 km by road south of Timmins, or 245 km north of Sudbury, Ontario, a region with a strong mining history (gold, nickel, zinc, lead, etc.), and a Canadian province favourable to mining with regulations that reflect that history. It is surrounded by world-class mining projects, and benefits from widely available skilled labour, engineering services and first world infrastructure, including hydro power.

Good Preliminary Metallurgy: initial metallurgical testing by XPS, a division of Glencore, has confirmed the ability to recover nickel and cobalt sulphide at a saleable product specification with 71.8% Ni recovered to rougher flotation concentrate. The testwork also indicates the production of a nickel concentrate graded 11.3% Ni and 0.37% Co.

Mineral Resource Benchmarking: our research and analysis of undeveloped nickel sulphide deposits worldwide indicates that the Boomerang already sits among the higher-grade deposits among the large low-grade deposits. Beyond the grade, we see the location (jurisdiction, infrastructure, skilled labour and competitive power cost) and the metallurgy as key determinants to progress the project towards development.

Development Studies of Peer Projects: the development studies of peer projects typically indicate large throughput, high capex (beyond US\$1 billion), long mine life 25-30 years, low profitability index (NPV/capex close to 1) and relatively low internal rate of return (IRR).

Edlestone Gold Deposits: on 21st Feb 2023, ASO announced a maiden mineral resource estimate (MRE) across Edlestone Main, Central Zone and Sirola prospects. At a 0.4 g/t Au cut-off grade, the total mineral resource amounts 48.1 Mt at 1.00 g/t Au for 1,500,100 oz Au.

Edlestone Gold Potential: the maiden mineral resource represents only 17% or 1.8 km of the strike extent of the prospective geology. Drilling is underway on 1.9 km strike to the east of the MRE. The targets are in the same lithological setting associated with IP chargeability anomalies. The increase in mineral resource is seen as a function of the amount of drilling. Within 12 to 24 months, Edlestone gold mineral resource should sit between 3 and 5 million ounces, with further options to grow. The Cadillac Larder Fault Zone hosts the Edlestone project as well as multiple significant gold deposits ranging from 3.7 Moz through to 24 Moz.

Potential Gold Development: while the priority at this time is to grow the mineral resource, it is worth noting the presence of gold operations in the vicinity of the Edlestone including some treatment plants with spare capacity.

News flow: the key catalysts in the short and medium terms are the releases of further drilling results for both Boomerang and gold deposits part of the Edlestone project as well as further metallurgical testwork results. In parallel, some corporate activity could emerge to facilitate the development of the Boomerang deposit.

ASO valuation: our sum of the parts valuation is supported by the current market valuation of large low grade nickel deposits in the same region as Boomerang and gold deposits in the range of 3 to 5 million ounces. We also assumed a capital raising of \$18 million (50 million shares at \$0.10 + 98 million flow-through shares at \$0.14) to complement the existing cash and conversion of options to fund exploration and evaluation programs. As the company increases the mineral resources of its projects and progresses them towards development studies, ASO should approach a price target of \$0.26 per share.

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All currencies are in Australian dollars unless otherwise specified.

1. ASO Valuation

Boomerang Project Peers and Valuation

From the Boomerang mineral resource benchmarking, we identified a number of project peers. Focusing on projects with large nickel resource, low grade and similar jurisdictions, some of the parameters of developments are summarised in Table 1.1.

The projects are typically characterised by large throughput, high capex, long mine life, low profitability ratio and relatively low IRR.

In general terms, NPV valuation fails to capture the strategic value of long-life projects due to the heavy discounting of the later years.

Table 1.1 – Selected Nickel Projects Development Study Results

Project	Country	Ni Grade	Ni Metal	Code	Study, Date	Throughput	Capex	LOM	Nickel Price	Discount Rate	After-tax NPV	Profitability Index	After-tax IRR
		%	Mt			Mtpa	US\$m	years	US\$/t	%	US\$m	x	%
West Musgrave	AU	0.30	1.2	OZL.ASX	DFS, Sep-22c	13.5	1,120	24	17,262	6.5	1,295	1.16	20%
Crawford	CA	0.24	5.0	CNC.TSXV	PEA, May-22	15.3	1,188	25	17,086	8	1,187	1.00	15.8%
Decar	CA	0.21	4.5	FPX.TSXV	PEA, Mar-21	43.8	1,675	35	16,743	8	1,721	1.03	18.3%
Turnagain	CA	0.21	5.7	GIGA.TSXV	PEA, Nov-20	15.3	1,381	37	16,535	8	(443)	(0.32)	4.9%
Boomerang	CA	0.26	2.8	ASO.ASX	n/a								
Dumont	CA	0.26	5.7	Private	DFS, May-19	18.9	1,018	19	17,086	8	920	0.90	15.4%
Nickel Shaw	CA	0.27	1.2	NCP.TSX	PEA, Feb-15	9.0	440	25	17,637	7.5	900	2.05	25.3%
Samapleu	CI	0.23	0.1	IE.NYSEAM	PEA, May-20	2.4	282	20		8	391	1.39	27.2%
Maturi	CL	0.18	3.8	ANTO.LSE	PFS, Oct-14	16.6	2,775	30	20,944	8	753	0.27	11.4%
Kingash	RU	0.40	2.4	Private	n/a								
Ronnbacken	SE	0.18	1.1	BLUE.NGM	PEA, Feb-22	30.0	1,396	20	22,046	8	477	0.34	13.8%
Zebediela	ZA	0.25	4.0	ZBNI.TSXV	n/a								
Platreef	ZA	0.31	2.7	IVN.TSX	FS, Mar-22	5.2	456	29	17,637	8	1,690	3.71	18.5%

Source: company announcements. Au = Australia, CA = Canada, CI = Cote d'Ivoire, CL = Chile, RU = Russia, SE = Sweden, ZA = South Africa

Among those projects, Crawford and Decar owned and operated respectively by Canada Nickel Company (CNC.TSXV, A\$220 million market cap.) and FPX Nickel Corp. (FPX.TSXV, A\$117 million market cap.) appears to be the closest peers to the Boomerang project.

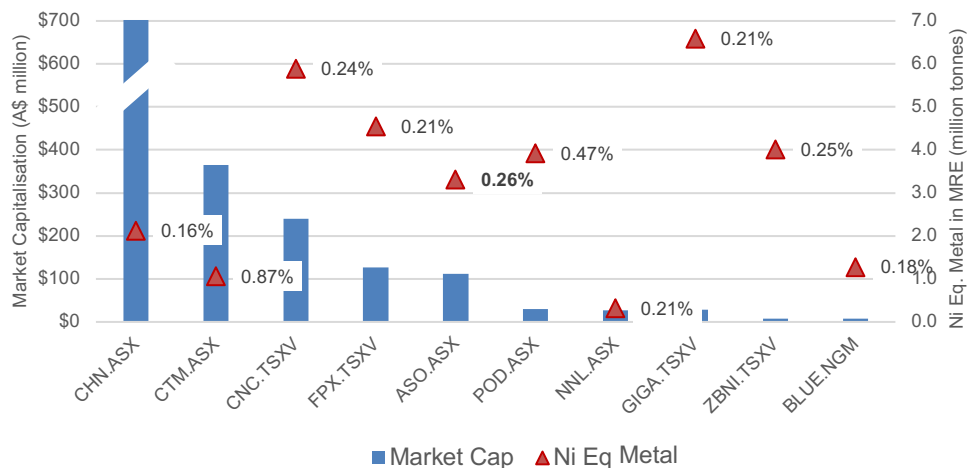
For Crawford, we note that part of the nickel is hosted in silicates making it more complex to recover than nickel solely hosted in sulphide minerals as it is the case for the Boomerang deposit. This results in a maximum overall nickel recovery of 50% at the start of the Crawford project decreasing to 44% from year 3.5 and 39% from year 8.

At Decar, the mineralisation consists of Ni-Fe alloy (awaruite) hosted in serpentinised ultramafic rocks of ophiolitic-affinity. Disseminated awaruite (Ni₂Fe to Ni₃Fe) forms an unusual nickel deposit type. Not all the contained nickel in the deposit has been converted to awaruite, and as such, some nickel is contained in the form of sulphide and silicate minerals. These phases of nickel are not recovered in processes used to recover awaruite. The overall DTR (Davis Tube Recovery) Ni recovery applied to the mined material is 84.7%. Furthermore, the saleable product is a ferronickel concentrate, agglomerated in briquette form, targeting stainless steel producers, rather than Li-ion battery manufacturers.

Subject to the publication of a positive scoping study or Preliminary Economic Assessment (PEA), the Boomerang should attract a market valuation in the range of \$120 million to \$220 million. Considering the caveats regarding Crawford and Decar, the Boomerang deposit could well attract a higher valuation as the preliminary metallurgical test work indicates excellent liberation of the sulphide minerals, where most of the nickel is contained.

We examined also the possible link between market valuation and metal content in mineral resources, as summarised in Figure 1.1. At this time, there is no correlation between market value and metal content in mineral resources.

Figure 1.1 – Market Value and Metal Content of Peers



Source: company announcements. **Labels indicate mineral resource nickel only grades.**

Edleston Gold Deposits Valuation

To value the Edleston gold deposits, we have selected a few gold companies with 3 to 5 million ounces of gold in mineral resources as displayed on Figure 1.2.

Among those, Mayfair Gold Corp (MFG.TSXV) with a market capitalisation of \$165 million is developing the Fenn-Gib deposit, on the Porcupine-Destor Fault, west of Timmins in Ontario. The project presents very similar characteristics to the Edleston gold deposits.

Subject to ASO expanding the mineral resource to 3 to 5 million ounces, the Edleston gold deposits could attract a market valuation between \$130 million and \$165 million.

Figure 1.2 – Market Value of Peers



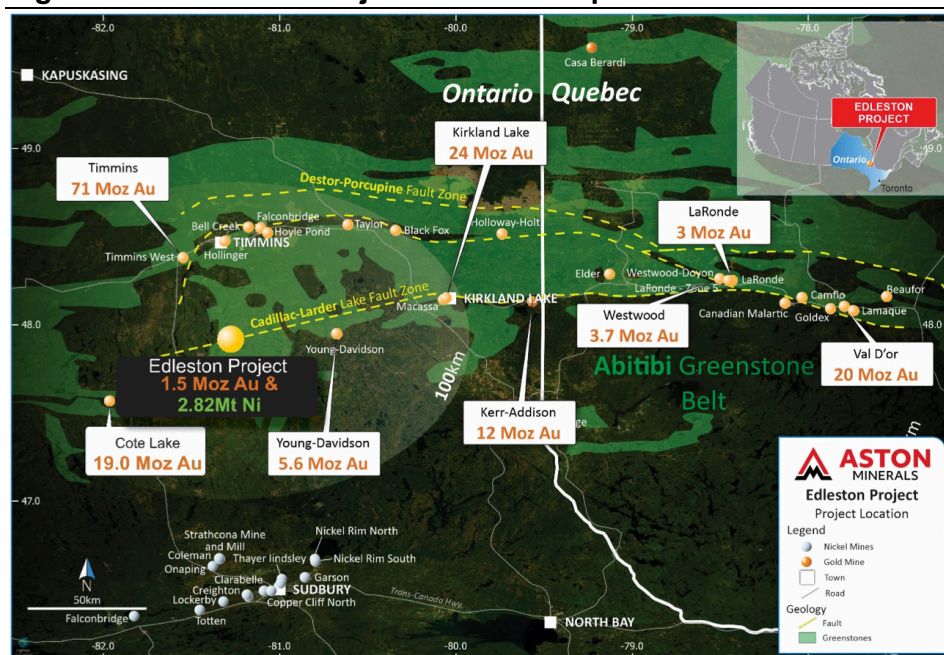
Source: Evolution Capital

3. Boomerang Nickel Deposit

Introduction

The Edlestone Project is located approximately 60 km via road to the south of Timmins, Ontario, Canada. The cities of Timmins and Kirkland Lake are located close by and host significant former and current producers, with required services and skilled labour available to support exploration and development of the Project. The region is globally recognised in terms of large-scale open pit and underground operations.

Figure 3.1 – Edlestone Project Location Map



Source: ASO

Geology and Geological Interpretation

Edlestone is located within the Abitibi Greenstone Belt of Archean metavolcanic and metasedimentary assemblages which have been steeply folded with the axes trending in a general east-west direction. These have been intruded mainly by large granitic bodies and by masses of mafic and ultramafic rocks and well as several ages of younger dolerite dykes. The Abitibi Greenstone Belt extends from north-eastern Ontario and northern Quebec for over 800 kilometres.

Regionally the Project is located within the western extension of the Cadillac-Larder Fault Zone along which a number of major gold deposits and mines are located. The occurrence of a Timiskaming conglomerate, similar to that occurring at Kirkland Lake, at several places within the eastern extent of the Project supports this view.

The Boomerang Resource is interpreted to be a dunite/peridotite unit which has undergone extensive serpentinization. This process of is responsible for the reaction of olivine to produce magnetite and brucite, resulting in a strongly reducing environment whereby nickel is released from decomposition of olivine. The nickel which has been released is typically partitioned into low sulphur nickel sulphide minerals.

Mineral Resource Estimate

The Boomerang Nickel-Cobalt Sulphide February 2023 Mineral Resource has been estimated at 1,044 million tonnes of nickel and cobalt grading 0.27% Ni and 0.011% Co at a cut-off grade of 0.265% Ni Eq. This Mineral Resource Estimate is the maiden resource for the Bardwell Prospect. The Mineral Resource has

been reported in accordance with the 2012 Edition of the JORC Code and is effective as at 14 February 2023.

Figure 3.2 – Boomerang Mineral Resource

Cut-off 0.12 Ni Eq %				
CAT	Tonnes (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	275	0.24	106	0.27
INF	1,468	0.24	107	0.26
TOTAL	1,742	0.24	107.00	0.26
Cut-off 0.265 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	155	0.28	109	0.31
INF	889	0.27	108	0.30
TOTAL	1,044	0.27	109	0.30
Cut-off 0.29 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	63	0.32	115	0.35
INF	530	0.28	110	0.31
TOTAL	594	0.28	111	0.31
Cut-off 0.295 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	50	0.34	118	0.37
INF	420	0.28	110	0.31
TOTAL	471	0.29	111	0.32
Cut-off 0.31 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	31	0.38	124	0.41
INF	128	0.30	114	0.33
TOTAL	159	0.31	116	0.34
Cut-off 0.314 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	29	0.38	125	0.41
INF	73	0.31	116	0.34
TOTAL	103	0.33	119	0.361
Cut-off 0.325 Ni Eq %				
CAT	TONNES (mt)	Ni (%)	Co (ppm)	Ni Eq(%)
IND	27	0.39	127	0.42
INF	27	0.35	126	0.38
TOTAL	54	0.37	126	0.40

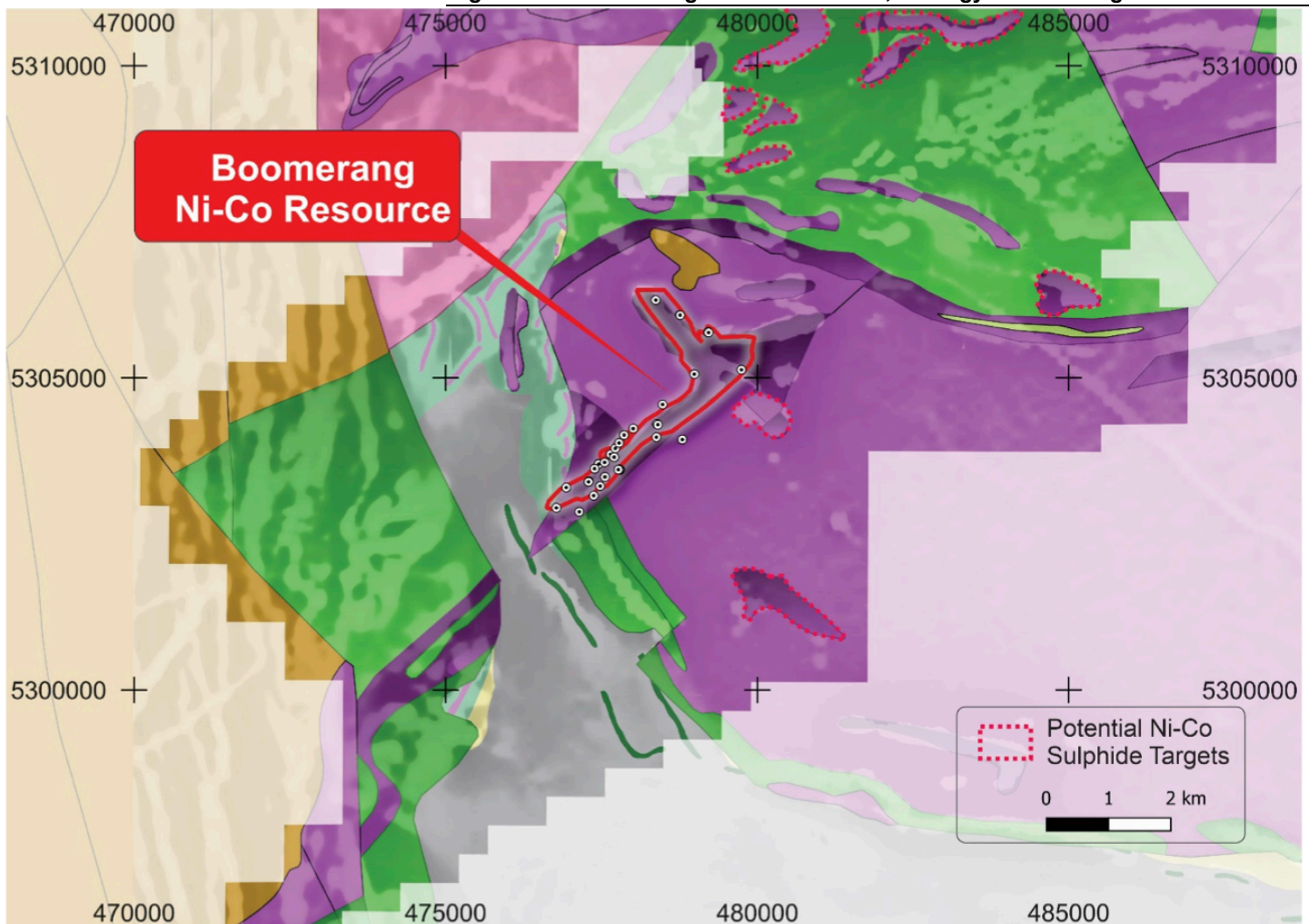
Source: ASO

Resource Expansion Potential

Due to the magnetite association with mineralisation, a 3D inversion model of magnetics has been generated to assist with targeting. This model indicates that Boomerang is a vast target, extending for a strike of ~6,500 metres, a width of 500 to >1,500 metres, and a depth of well over 500 metres.

The maiden mineral estimated is based on modelled drilling data extending Modelled to maximum depth of 847m, width ranges between 100-650m, and strike length of 4,443m. Hence, there is significant scope to extend the maiden mineral resource.

Figure 3.3 – Boomerang Mineral Resource, Geology and TMI Magnetics



Source: ASO

Exploration to date by Aston, targeting the nickel sulphide potential of the Project, has only been undertaken across the Boomerang Nickel-Sulphide System. Multiple look-alike magnetic features have been identified based on airborne magnetics and represent priority targets warranting further investigation.

Mining Scenario

Given the shallow nature of mineralisation, material could be extracted by means of open pit mining methods. Significant mineralisation has also been intersected up to 733m VD which indicates that underground mining methods need to be considered for additional mining studies.

Mineralogy and Metallurgy

For ultramafic nickel deposits, the mineralogy is a critical part of establishing the resource estimate. Nickel can exist in recoverable form as minerals such as heazlewoodite, pentlandite, awaruite and millerite, or it can be hosted within the matrix of silicate minerals. Silicate hosted nickel is not recoverable by flotation, except through gangue entrainment within the final concentrate products.

The results from the preliminary metallurgical testwork are encouraging, with nickel associated primarily with sulphide minerals (not silicates) and recoverable with a conventional crush-grind-float processing flowchart.

Results from the preliminary metallurgical testwork indicate the production of a nickel concentrate graded 11.29% Ni, 0.37% Co, 24% S, 38.2% Fe and 8.2% MgO.

4. Edleston Gold Deposits

Introduction

Edleston is also prospective for gold, and this was the original focus of exploration drilling at Edleston Main and Sirola. Prior to discovery of the Boomerang nickel prospect, ASO undertook a significant amount of work exploring the gold potential across the Edleston Project, with some notable success.

The Edleston project is located within the larger Cadillac-Larder Fault Zone (see Figure 4.1), hosts of more than 75 million ounces of historical gold production. The broader Abitibi Greenstone Belt has a total endowment in excess of 144 million ounces.

At Edleston, the gold mineralisation is typical of the Abitibi Greenstone Belt with a combination of disseminated low grade mineralisation in altered zones and high-grade gold in veins or lenses. The mineralisation starts at surface.

Figure 4.1 – Edleston Project Location Map



Source: ASO

Mineral Resource

On 19 January 2023, ASO announced a maiden mineral resource estimate across Edleston Main, Central Zone and Sirola Prospects. At a 0.4 g/t Au cut-off grade, the Indicated Mineral Resource amounts to 14.0 Mt at 0.90 g/t Au for 400,200 oz Au and the Inferred Mineral Resource amounts to 34.1 Mt at 1.00 g/t Au for 1,099,800 oz Au, for a Total Resource of 48.1 Mt at 1.00 g/t Au for 1,500,100 oz Au.

Figure 4.2 – Edleston Project Mineral Resources at 19 Jan 2023

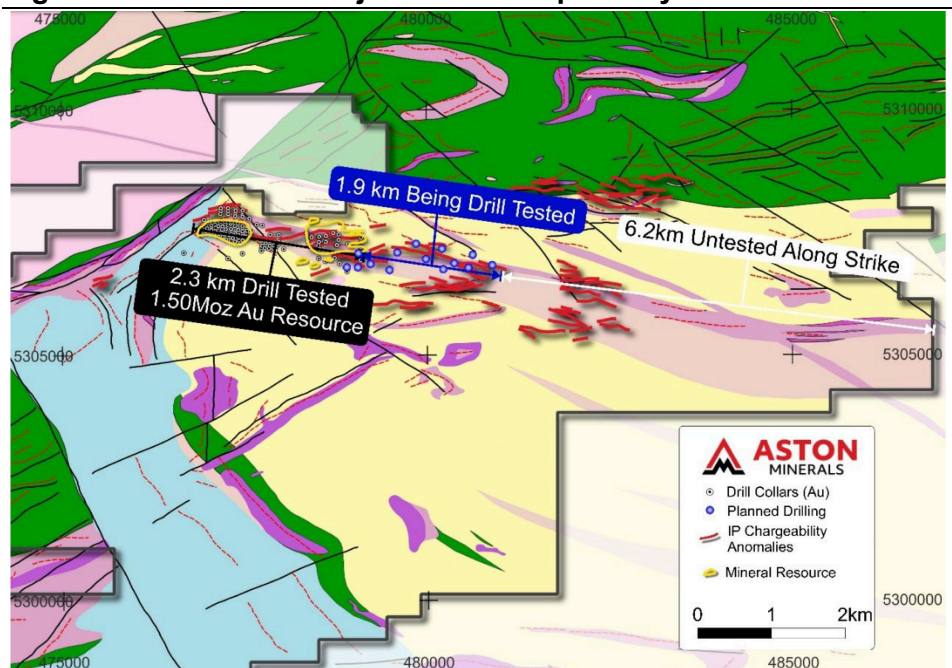
Category	COG Au g/t	Tonnes (Mt)	Au Grade (g/t)	Contained Au (koz)
Indicated	0.0	18.70	0.7	443.7
	0.3	16.50	0.8	428.0
	0.4	14.00	0.9	400.2
	0.5	11.20	1.0	360.9
	0.7	6.90	1.3	278.5
	1	3.70	1.6	193.6
Inferred	0.0	48.60	0.8	1,213.8
	0.3	39.40	0.9	1,158.5
	0.4	34.10	1.0	1,099.8
	0.5	28.10	1.1	1,013.5
	0.7	18.60	1.4	834.1
	1	12.30	1.7	669.7
Total	0.0	67.30	0.8	1,657.4
	0.3	55.90	0.9	1,586.5
	0.4	48.10	1.0	1,500.1
	0.5	39.30	1.1	1,374.4
	0.7	25.40	1.4	1,112.7
	1	16.00	1.7	863.3

Source: ASO

Exploration Potential

The Edleston Main and Sirola 1.5 Moz resource covers 1.8km of strike. The scale of gold mineralisation delineated at Edleston represents only 17% of the strike tested to date.

Figure 4.3 – Edleston Project Gold Prospectivity



Source: ASO

On 17th March 2023, ASO announced the start of a drilling program to test 1.9km of strike extent to the east of the maiden mineral resource.

The drilling program aims to target multiple paralleling IP chargeability anomalies which are under shallow transported cover.

The prospective setting extends for a further 6.2km to the east where limited IP surveys have resulted in multiple paralleling IP chargeability anomalies similar to that of Sirola.

In terms of potential and taking the example of Sirola has a strike length of 790m and hosts 906,000oz Au within the maiden Resource. This target about to be

drilled is 1.9km of what looks like the same material. This could lead to the delineation of 1 to 2 million additional gold ounces.

Beyond this drilling program, the 6.3km untested strike extends offers the opportunity to potential delineate additional multi-million ounces deposits.

Within the Cadillac Larder Fault Zone, multiple significant gold deposits ranging from 3.7 million ounces through to 24 million ounces exist within a similar setting and it appears that the gold potential of this Edleston project is limited by the drilling conducted to date.

Exploration Expenditure

In excess of C\$10M was spent on primarily geophysical and drilling activities across the Edleston Project by 55 North Mining Inc (formerly SGX Resources Inc). Predecessors completed a total of 156 diamond drill holes for more than 46,000m of drilling.

Exploration completed by Aston Resources across Edleston Main, Central Zone and Sirola consisted predominantly of drilling with 60 diamond drill holes for 28,360m completed utilised in the Resource Estimate.

5. Remaining Project Portfolio

Slovak Cobalt-Nickel-Copper Project

With the sustained subdued cobalt market and concerns regarding the safety of contractors and stakeholders, all non-essential work continues to be deferred indefinitely at the Dobsina Cobalt Project. The Company will continue to incur expenditure to ensure tenure remains in good standing for the foreseeable future. Work continues to be limited to ongoing desktop evaluation of existing geochemical and geophysical datasets.

Jouhineva Cobalt-Copper-Gold Project, Finland

A minimum expenditure drilling campaign is proposed to be undertaken as a requirement of retaining the Project. Due to the current COVID-19 pandemic, it is currently envisaged that this program will be undertaken when deemed safe to do so. Any such program will be completed under the proviso that it meets all relevant Finnish government legislation and World Health Organisation guidance. Further updates will be provided to the market around the program and its respective timing upon finalisation of the work program.

Swedish Cobalt-Copper-Nickel-Gold Project

ASO entered into an exclusive option agreement on 10 December 2019 to divest two of its Swedish licences, Ekedal and Ruda. An evaluation of the Company's remaining Swedish assets, Basinge Project, is underway to determine the merit of retaining the Project, and if so, appropriate work programs to progress the development of the Project.

6. Directors & Management Team

Tolga Kumova, Executive Chairman

Mr Kumova is a resource industry entrepreneur and corporate finance specialist with over 15 years' experience in stockbroking, IPOs and corporate restructuring. Mr Kumova has raised over A\$500 million for ASX-listed mining companies, from early-stage explorers through to companies at construction and operation-stage.

Mr Kumova was previously Managing Director and founding shareholder of Syrah Resources Limited (ASX: SYR), an ASX200 graphite producer. During his period of tenure at Syrah, he led the Company from delineation of the world-class Balama graphite deposit in Mozambique, through to offtake agreements with numerous globally recognised counterparties, and then to full funding for mine development.

The results of these activities generated significant returns for shareholders. Mr Kumova sees an opportunity to pursue a similar strategy again at Edleston, to define and develop a tier one asset that will meet some of the surging demand in the battery minerals supply chain, this time for nickel.

Dale Ginn, Managing Director

Mr Ginn is an experienced mining executive and geologist of over 30 years based in central Canada. He is the founder of numerous exploration and mining companies and has led and participated in a variety of gold and base metal discoveries, many of which have entered production.

Mr Ginn has led or was part of the discovery teams for the Gladiator, Hinge, 007, 777, Trout Lake, Photo, Edleston and Tartan Lake deposits and received the Quebec Discovery of the Year Golden Hammer award in 2018 for the Gladiator high-grade gold deposit. His contributions have led to approximately 10 million ounces in resource generation as well as over \$500 million in capital raised for exploration and development projects. His experience has included both senior and junior companies such as Goldcorp, Harmony Gold, Hudbay, Westmin, San Gold, Bonterra, Gatling Exploration and others.

While specialising in complex, structurally controlled gold deposits, he also has extensive mine-operations, development and start-up experience. In addition to operations experience, Mr. Ginn has most recently been extremely active as a partner with RSD Capital of Vancouver in founding and creating start-up exploration companies such as Pacton Gold, and successful spinoffs like Gatling Exploration. Dale is a registered professional Geologist (P.Geo.) in the provinces of Ontario and Manitoba.

Rob Jewson, Executive Corporate Director

Mr Jewson is a geologist with 14 years of experience across small and large mining and exploration companies, operating in a variety of jurisdictions, and focused on a range of commodities.

He has conducted both corporate and technical roles within the mining and exploration sectors inclusive of due diligence, business development, exploration management, acquisitions/divestment and corporate structuring. Examples of which include technical consulting and transaction structuring for Bellevue Gold acquisition, co-founder and consolidation of the Yalgoo Belt and vendor of a multitude of assets across a broad spectrum of commodities.

7. Investment Risks

ASO is exposed to a number of risks including:

- **Geological risk:** the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues ASO will derive mainly through the sale of nickel-cobalt concentrates or gold dore exposing the potential income to metal price risk. The price of nickel, cobalt and gold fluctuates and is affected by many factors beyond the control of ASO. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue ASO derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of nickel, cobalt and gold are denominated in United States dollars, whereas the financial reporting currency of ASO is the Australian dollar, exposing the company to the fluctuations and

volatility of the rate of exchange between the USD and the AUD as determined by international markets.

- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

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