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Alligator Energy Ltd (AGE)

Samphire retention lease granted

Recommendation
Buy (unchanged)
Price
\$0.036
Valuation
\$0.10 (unchanged)
Risk
Speculative

Sector
Materials

Expected Return

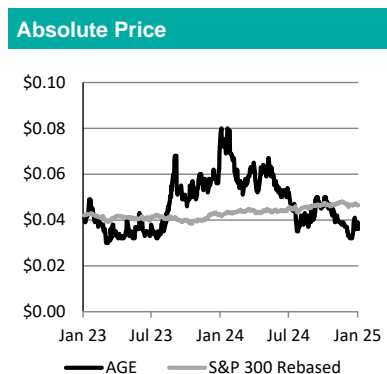
Capital growth	>100%
Dividend yield	0%
Total expected return	>100%

Company Data & Ratios

Enterprise value	\$116m
Market cap	\$139m
Issued capital	3,874m
Free float	90%
Avg. daily val. (52wk)	\$0.8m
12 month price range	\$0.029-\$0.083

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.04	0.05	0.06
Absolute (%)	-2.7	-21.7	-41.9
Rel market (%)	-1.3	-21.5	-51.3



SOURCE: IRESS

Samphire inches closer to FRT

AGE announced to the market it has received its Retention Lease (RL), a critical licence which allows, subject to granting of a PEPR (Program for Environment Protection and Rehabilitation), for the commencement of a Field Recovery Trial (FRT) at the Samphire Uranium Project. The FRT is designed to confirm operating assumptions utilised in the Scoping Study, assess leaching chemistry, hydrology, recoveries of uranium, reagent consumption and additional data which ultimately will inform the next steps for the project. The FRT is targeted for 3QCY25 and will run for approximately 2-3 months. Fabrication of the pilot plant to process the uranium was completed in July-24, with all equipment required already in Whyalla. Contracts for civil works on-site are being conducted currently. The PEPR and EPA permit, are the final regulatory approvals required, which are anticipated to be received in towards the end of 2QCY25.

On the horizon

As AGE prepares for the FRT at Samphire, in the background the team will continue to progress exploration activities across its portfolio, with drilling at Samphire targeted for March-25. We anticipate a Resource Update 1QCY25, with drilling conducted at Blackbush (within Samphire) released in Nov-24 showing grades up to 19,391ppm U₃O₈. The current MRE for Samphire is 17.5Mlbs at 640ppm U₃O₈. A material uplift in the Indicated portion of the Resource could support an extension to Mine Life or an increase in the production rate which was outlined in the Scoping study refresh.

Investment view: Speculative Buy, Valuation \$0.10/sh

We maintain our Speculative Buy recommendation and valuation of \$0.10/sh. We make no changes to our valuation in this note. Our valuation for AGE is based on a risked assessment of the Samphire uranium project and assumed values for additional exploration assets within AGE's portfolio. As AGE is yet to produce revenue and cashflow from its projects it is classified as Speculative under our ratings structure

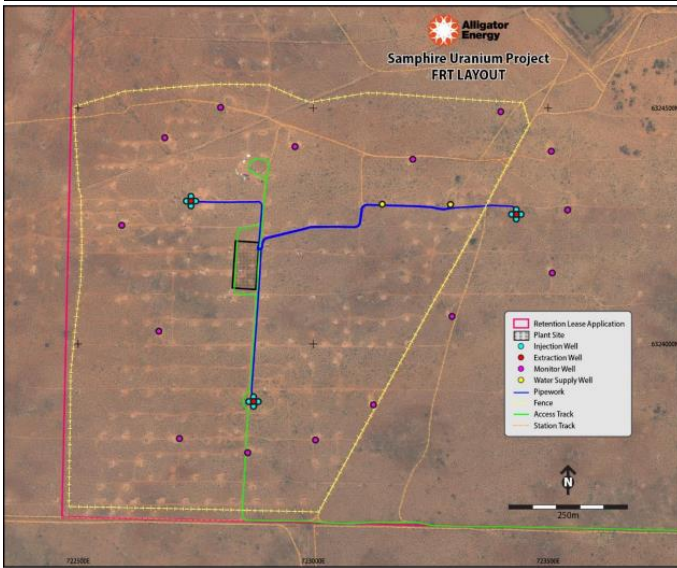
Earnings Forecast

Year end 30 June	2024a	2025e	2026e	2027e
Sales (A\$m)	-	-	-	12
EBITDA (A\$m)	(9)	(2)	(2)	8
NPAT (reported) (A\$m)	(10)	0	(0)	4
NPAT (adjusted) (A\$m)	(10)	0	(0)	4
EPS (adjusted) (eps)	(26)	1	(1)	9
EPS growth (%)	nm	nm	nm	nm
PER (x)	-14.8 x	346.7 x	-414.2 x	43.7 x
FCF Yield (%)	-16%	-1%	-8%	-64%
EV/EBITDA (x)	-12.2 x	-68.6 x	-64.7 x	27.2 x
Dividend (eps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	0%	0%	0%	0%
ROE (%)	-14%	1%	-1%	5%

SOURCE: BELL POTTER SECURITIES ESTIMATES

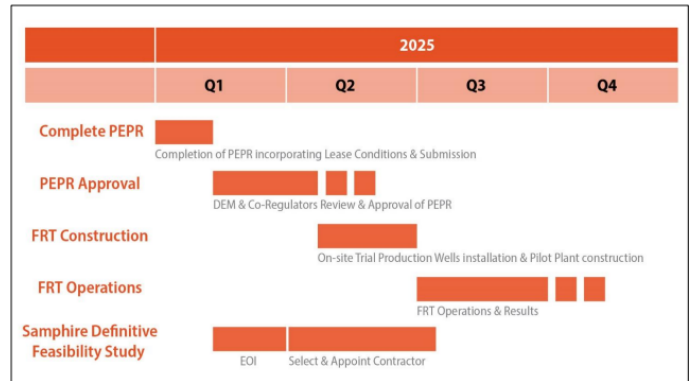
Samphire

Figure 1 - Planned wellfield layout for FRT



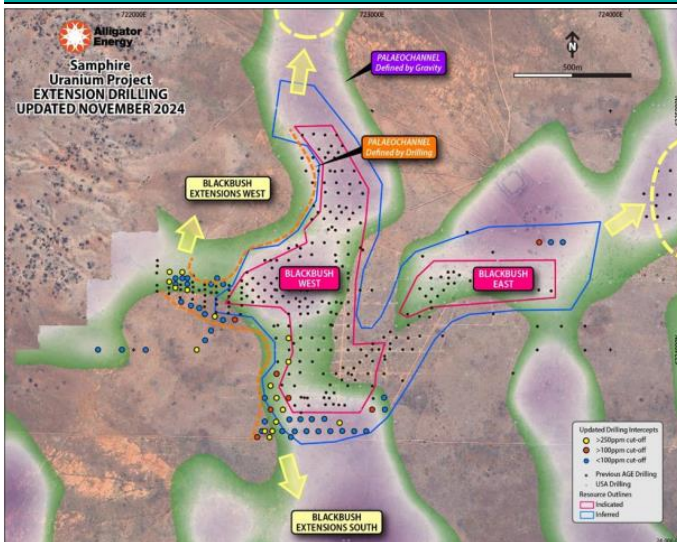
SOURCE: COMPANY DATA

Figure 2 - Timeline to development



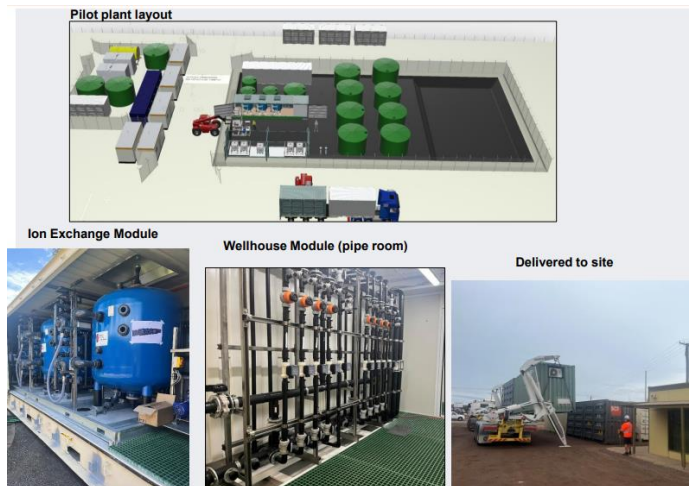
SOURCE: COMPANY DATA

Figure 3 - Blackbush drilling 2024



SOURCE: COMPANY DATA

Figure 4 - FRT plant

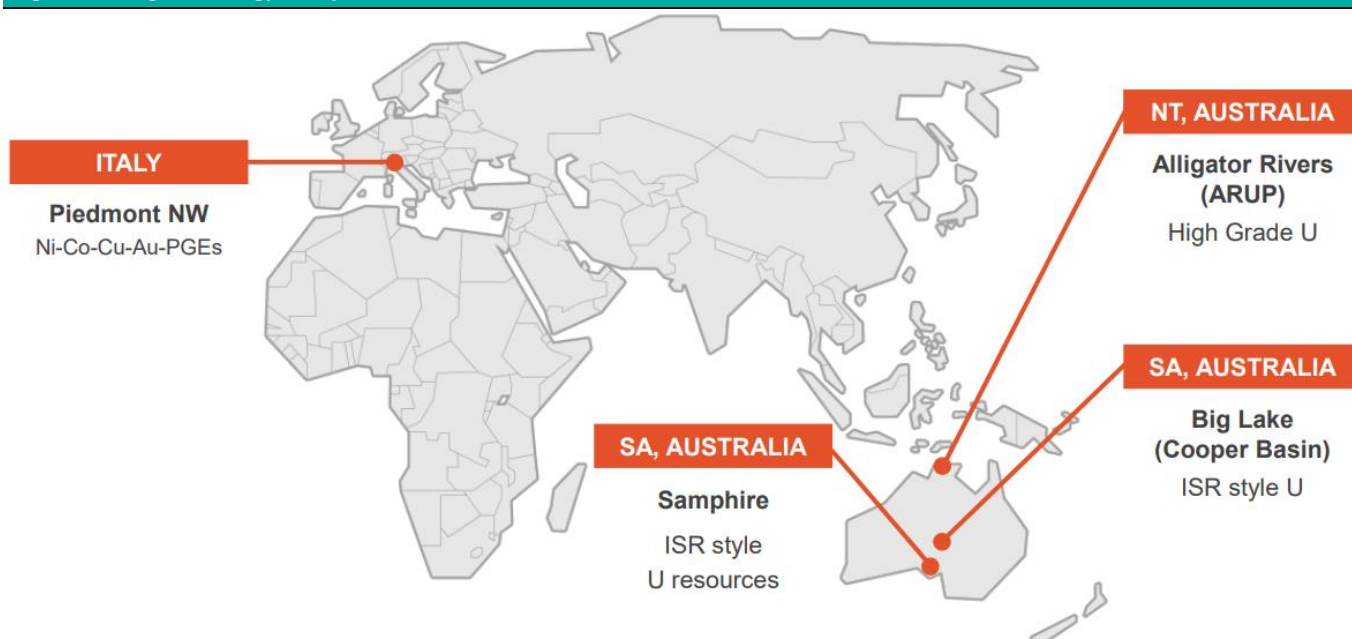


SOURCE: COMPANY DATA

Company overview

Alligator Energy Ltd (AGE) is an ASX listed exploration and development company currently advancing four projects at various stages from early exploration through to advanced exploration / early study work. The focus of the company is the advancement of its uranium assets within Australia (South Australia and Northern Territory), with a non-core base metals project in Northern Italy. AGE's most advanced project, the Samphire uranium project, recently conducted a Scoping Study confirming amenability for in-situ-recovery (ISR) mining similar to that utilised at Honeymoon (BOE), with a targeted initial project of ~1Mlbs U₃O₈ production over a 12-year mine life.

Figure 5 - Alligator Energy - Project Overview



SOURCE: COMPANY DATA

Valuation & recommendation

Recommendation

We maintain our speculative BUY rating and valuation of \$0.10/sh. Near term catalysts for AGE which we believe support our investment thesis include 1) Samphire field recovery trials (FRT) results – 1HFY26, 2) continued Blackbush Resource extension – CY25 and 3) continued drilling at Nabarlek North and Big Lake. In addition to this, we remain confident in our thesis for uranium markets.

Valuation

Our valuation for AGE is based upon the risk adjusted NPV^{10%} of our forecast free cash flow from the Samphire project and a notional estimate for resource expansion at Samphire. We have included a notional exploration value for Piedmont, ARUP river and Big Lake. We have deducted the present value of our forecast for future corporate costs.

Figure 6 – AGE Sum of the parts valuation

Ordinary Shares (basic)	m	3,874
Options in the money	m	4
Diluted	m	3,877
Sum-of-the-parts	A\$m	A\$/sh
Samphire (NPV 10%)	189	0.05
Samphire - Exploration target	86	0.02
Other exploration	100	0.03
Corporate overheads	(30)	(0.01)
Subtotal	345	0.09
Equity Investments	0	0.00
Net cash (debt)	24	0.01
Total undiluted	368	0.10
Cash from options	0	0.00
Total diluted	368	0.10

SOURCE: BELL POTTER SECURITIES ESTIMATES

Investment risks

Risks include, but are not limited to:

- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Infrastructure access.** Bulk commodity producers are particularly reliant upon access to transport infrastructure. Access to infrastructure is often subject to contractual agreements, permits, and capacity allocations. Agreements are typically long-term in nature (+10 years). Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- **Operating and capital cost fluctuations.** Markets for exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour markets.
- **Resource growth and mine life extensions.** Future earnings forecasts and valuations may rely upon resource and reserve growth to extend mine lives.
- **Sovereign risks.** Mining companies' assets can be located in countries other than Australia and are subject to the sovereign risks of that country.
- **Regulatory changes risks.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- **Environmental risks.** Resources companies are exposed to risks associated with environmental degradation as a result of their exploration and mining processes. Fossil fuel producers (coal) may be particularly exposed to the environmental risks of end markets including the electricity generation and steel production industries.
- **Operating and development risks.** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single operation company. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Occupational health and safety risks.** Mining companies are particularly exposed to OH&S risks given the physical nature and human resource intensity of operating assets.
- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments, and managing debt repayments.
- **Merger/acquisition risks.** Risks associated with value transferred during merger and acquisition activity.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.

Table 1 - Financial summary

ASSUMPTIONS								FINANCIAL RATIOS							
Year Ending June	Unit	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E	Year Ending June	Unit	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
COMMODITY PRICE								VALUATION							
Uranium Spot Price	US\$/lb	53	51	82	82	113	128	NPAT	A\$m	(2)	(1)	(10)	0	(0)	4
Uranium Term Price	US\$/lb	44	53	70	81	113	128	Reported EPS	Ac/sh	(5)	(3)	(26)	1	(1)	9
Uranium Spot Price	A\$/lb	78	72	117	117	161	182	Adjusted EPS	Ac/sh	(5)	(3)	(26)	1	(1)	9
Uranium Term Price	A\$/lb	65	75	99	116	161	182	EPS growth	%	nm	nm	nm	nm	nm	nm
AUD/USD	A\$/US\$	0.68	0.70	0.70	0.70	0.70	0.70	PER	x	n/a	n/a	n/a	n/a	n/a	n/a
PRODUCTION & COST								LIQUIDITY & LEVERAGE							
Production U3O8	Mlbs	0.0	0.0	0.0	0.0	0.0	0.1	DPS	Ac/sh	-	-	-	-	-	-
Sales U3O8	Mlbs	0.0	0.0	0.0	0.0	0.0	0.1	Franking	%	0%	0%	0%	0%	0%	0%
C1 Cash Cost	US\$/lb	0.0	0.0	0.0	0.0	0.0	25.6	Yield	%	0%	0%	0%	0%	0%	0%
PROFIT AND LOSS								ORE RESERVES AND MINERAL RESOURCES							
Revenue	A\$m	0	0	0	0	0	12	Measured					0.0	0	-
Expense	A\$m	(1)	(2)	(9)	(2)	(2)	(4)	Indicated					7.8	754	13.0
EBITDA	A\$m	(1)	(2)	(9)	(2)	(2)	8	Inferred					34.8	252	18.4
Depreciation	A\$m	(0)	(0)	(0)	0	0	(2)	Total					42.6	344	31.4
EBIT	A\$m	(2)	(2)	(9)	(2)	(2)	6	Ore Reserves							
Net interest expense	A\$m	0	0	0	0	0	0	Proven					0	0	0
Unrealised gains (Impairments)	A\$m	0	0	0	0	0	0	Probable					0	0	0
Other	A\$m	0	1	(0)	2	1	(1)	Total					-	-	-
PBT	A\$m	(2)	(1)	(10)	1	(0)	6	VALUATION							
Tax expense	A\$m	0	0	0	0	0	2	Ordinary shares (m)							3,874
NPAT (reported)	A\$m	(2)	(1)	(10)	0	(0)	4	Options in the money (m)							3,611,557
NPAT (underlying)	A\$m	(2)	(1)	(10)	0	(0)	4	Diluted m							3,877
CASH FLOW								Sum-of-the-parts valuation							
Receipts	A\$m	0	0	0	0	0	9	Current	\$m	\$/sh	\$m	\$/sh	\$m	\$/sh	
Payments	A\$m	(2)	(2)	(2)	(2)	(2)	(5)	Samphire (NPV 10%)	189	0.05	317	0.08	348	0.09	
Tax	A\$m	0	0	0	(0)	(0)	(0)	Other exploration	100	0.03	100	0.03	100	0.03	
Net interest	A\$m	0	1	1	2	2	(1)	Corporate overheads	(30)	(0)	(30)	(0)	(30)	(0)	
Other	A\$m	0	0	0	0	0	0	Subtotal	345	0.09	386	0.10	418	0.11	
Operating cash flow	A\$m	(2)	(2)	(0)	(0)	0	4	Equity Investments	-	-	-	-	-	-	
Property, plant and equipment	A\$m	(0)	(0)	(3)	0	(13)	(117)	Net cash (debt)	24	0.01	27	0.01	28	0.01	
Mine development	A\$m	0	0	0	0	0	0	Total (undiluted)	368	0.10	413	0.11	446	0.12	
Other	A\$m	(3)	(7)	(12)	0	0	0	Add SARs in the money (m)	4	-	4	-	4	-	
Investing cash flow	A\$m	(3)	(7)	(15)	0	(13)	(117)	Add cash	-	-	-	-	-	-	
Free Cash Flow	A\$m	(5)	(9)	(16)	(0)	(13)	(113)	Total (diluted)	368	0.10	413	0.11	446	0.12	
FINANCING CASHFLOW								CAPITAL STRUCTURE							
Share issues/(buy-backs)	A\$m	32	0	27	0	17	0	Shares on issue	m						3,874
Debt proceeds	A\$m	0	0	0	0	0	0	Escrow shares / other	m						-
Debt repayments	A\$m	0	0	0	0	0	0	Total shares on issue	m						3,874
Dividends	A\$m	0	0	0	0	0	0	Share price	A\$/sh						0.04
Other	A\$m	(2)	(0)	(2)	0	(1)	0	Market capitalisation	A\$m						139
Financing cash flow	A\$m	30	(0)	25	0	16	0	Net cash	A\$m						24
Change in cash	A\$m	25	(9)	10	(0)	4	(113)	Enterprise value (undiluted)	A\$m						116
BALANCE SHEET								MAJOR SHAREHOLDERS							
Cash & short term investments	A\$m	27	18	28	28	32	(81)	Shareholder	%	m					
Accounts receivable	A\$m	0	1	1	1	1	2	Sprott Asset Management LP							4%
Property, plant & equipment	A\$m	0	0	3	3	16	132	Mirae Asset Management							4%
Mine development expenditure	A\$m	0	0	0	0	0	0	Lindsay Carthew							3%
Exploration & evaluation	A\$m	17	24	34	34	34	34	Peter McIntyre							2%
Other	A\$m	0	1	2	2	2	3	Total							12%
Total assets	A\$m	45	44	68	68	85	90								463.5
LIABILITIES								SHAREHOLDER'S EQUITY							
Accounts payable	A\$m	0	2	2	1	1	0	Share capital	A\$m	72	73	100	100	117	117
Income tax payable	A\$m	0	0	0	0	0	2	Reserves	A\$m	0	0	0	0	0	0
Borrowings	A\$m	0	0	0	0	0	0	Retained earnings	A\$m	(28)	(31)	(35)	(34)	(35)	(31)
Other	A\$m	0	1	1	1	1	1	Total equity	A\$m	44	41	66	66	83	87
Total liabilities	A\$m	1	3	2	2	2	3	Weighted average shares	m	3,334	3,138	3,724	3,724	4,724	4,724
Net Assets	A\$m	44	41	66	66	83	87								

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

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