

# Aurum Resources Limited

Rapid growth to Côte d'Ivoire gold project

August 2024

**Recommendation: BUY**

- Shares up 300% in 12 months with more upside
- Management team with gold track record in Côte d'Ivoire
- Maiden resource by year end

ASX: AUE

Share Price: \$ 0.35

Target Price: \$0.59

M/Cap.: \$54.0M

Valuation: \$0.59/share

Valuation: \$247M

Shares: 154.2M

Listed Options: 7.3M

Ops/Perf. Rights: 71.2M

Monthly T/over: \$2.7M



**Andrew Richards**

+61 2 9239 9600

arichards@petracapital.com.au

**Petra Capital Pty Ltd**

## Contents

Executive Summary .....	4
Boundiali Gold Project – large discovery potential .....	4
Strong team with proven track record .....	4
Attractive jurisdiction .....	4
Geology and Exploration .....	4
BUY, Target price of \$0.59/share .....	4
Valuation and Price Target .....	5
Preliminary NPV .....	5
AUE set to follow the Tietto (TIE) pathway .....	6
Assets – Significant holding in proven region .....	7
Boundiali Gold Project .....	7
BD Gold Project (80-88%) .....	9
BST Gold Project (100%) .....	10
BM Gold Project (80-88%) .....	10
Côte d’Ivoire – Key Country Attributes .....	11
The Board & Directors’ Interests .....	11

**Figure 1: Top 20 Shareholders**

	<b>Name</b>	<b>Amount (M)</b>	<b>%</b>
1	Caigen Wang (Multiple Resources Pty Ltd)	7.3	6.3
2	Zhao Jian	6.0	5.2
3	CTC Sharing Pty Ltd	6.0	5.2
4	BNP Paribas Nominees Ltd	5.6	4.8
5	Aldoro Resources Limited	5.0	4.3
6	Citicorp Nominees Pty Ltd	4.7	4.1
7	J P Morgan Nominees Australia Pty Ltd	4.6	4.0
8	The Pioneer Development Fund (AUST) Limited	4.1	3.5
9	Mark Strizek	3.0	2.6
10	Yao N’Kanza	2.8	2.5
11	Westminex Pty Ltd	2.8	2.4
12	Mr Kee Khoo Seah	2.5	2.2
13	Precisions Opportunities Fund Ltd	2.5	2.1
14	Zhaojin Capital	2.3	2.0
15	Payzone Pty Ltd (St Barnabas Investments Super)	1.8	1.6
16	Mrs Chao Liu	1.8	1.6
17	HSBC Custody Nominee (Australia) Limited	1.8	1.5
18	Sichuan Nock Drilling Machinery Co Ltd	1.5	1.3
19	Mr Wei Tu	1.5	1.3
20	Mr Sorho Drissa	1.2	1.1
	<b>Total</b>	<b>68.8</b>	<b>59.6</b>

Source: Company.

## Aurum Resources Limited (AUE)

**BUY**

**Share Price: A\$0.35**

### Rapid growth to Côte d'Ivoire gold project

**Target Price: A\$0.59**

Aurum Resources (AUE) has acquired 1,036km<sup>2</sup> of exploration tenements in the well-known and highly prospective Birimian greenstone belt in the Côte d'Ivoire. Backed by the successful ex-Tietto (TIE) team of MD Caigen Wang and Exec. Director Mark Strizek, AUE aims to repeat the success of TIE which moved from gold explorer (\$40M) to producer (\$774M) within six years. The first step is drilling out an initial gold resource by the end of 2024 using six company-owned drill rigs working around the clock. Drilling commenced in October 2023 with several encouraging intercepts indicative of new and potentially significant gold deposits. Given management's strong track record of success in the Côte d'Ivoire, we believe the stage is set for significant value creation at AUE. We initiate with a BUY & PT of A\$0.59/share.

#### Rapid drilling with ongoing newsflow

- Over 24,000m diamond drilling since Oct 2023, another 35,000m underway at 9,000m per month.
- Full year target of 45,000m utilising six company-owned diamond drill rigs (4 rigs moving to 6 in August).
- Cost effective drilling at US\$45/metre versus contracted rates at US\$200-300/m.
- Best intercepts to date:
  - 90m @ 1.16g/t Au from 143m incl. 35m @ 1.5g/t
  - 74m @ 1.00g/t Au from 167m incl. 6m @ 3.3g/t
  - 73m @ 2.15g/t Au from 172m incl. 4m @ 18.6g/t
  - 69m @ 1.05g/t Au from 195m incl. 12m @ 2.3g/t
  - 59m @ 1.42g/t Au from 68m incl. 13m @ 3.9g/t
  - 36m @ 2.53g/t Au from 104m incl. 16m @ 5.0g/t
  - 22m @ 1.98g/t Au from 35m incl. 9m @ 2.8g/t
  - 12m @ 14.6g/t Au from 275m incl. 1m @ 163g/t

#### Côte d'Ivoire – attractive jurisdiction

- One of Africa's most developed nations.
- Strong govt support with 8 gold mines operating.
- 25% corporate tax rate, 6% government royalty.
- Highly prospective ground with large discovery potential and proximal to operating gold mines.
- Excellent infrastructure – hydro power, sealed roads, flat topography, skilled local workforce & contractors.

#### Financial Summary

- Valuation – \$0.59/share rising to \$1.21/share at spot.
- Cash – \$23M. Zero debt.

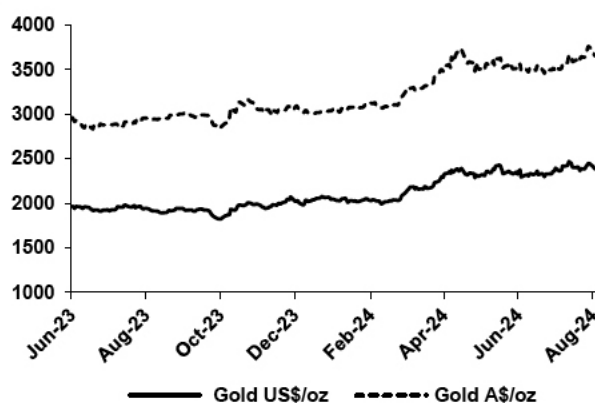
#### Key Dates Ahead

- 2H CY24 – Ongoing drilling results.
- Dec. Q'24 – Boundiali maiden resource estimate.

#### Company Data

Shares – ordinary (M)	154.2
Listed options AUEO (M)	7.3
Options / Performance Rights (M)	71.2
Total (fully diluted) (M)	232.7
Market capitalisation (\$M)	54.0
12 month low/high (\$)	0.09/ 0.47
Average monthly turnover (\$M)	2.7
GICS Industry	Metals & Mining

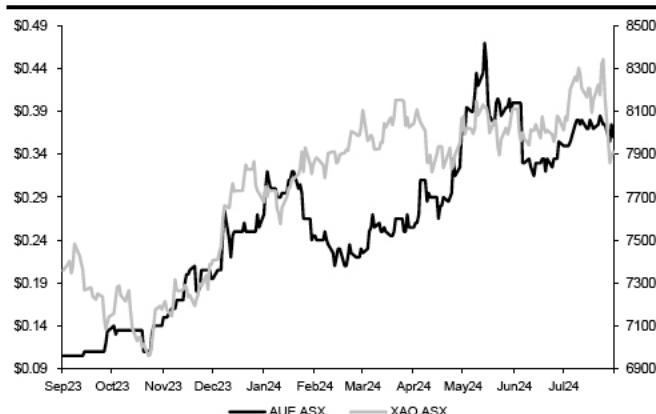
#### Gold price in USD and AUD – one year performance



#### Board

Director	Position	Executive	Independent
Caigen Wang	MD	Yes	No
Mark Strizek	Director	Yes	No
Troy Flannery	Director	No	Yes

#### AUE – performance over one year



#### Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Sole Lead Manager for this company's placement to raise \$17.0m by way of a placement at A\$0.33/sh on 11th June 2024, for which fees were received.

## Executive Summary

### Boundiali Gold Project – large discovery potential

Aurum Resources is a West African focussed gold exploration company with tenements in Côte d'Ivoire. AUE controls 1,036km<sup>2</sup> of exploration ground in the highly prospective Birimian greenstone belt which is host to several significant gold deposits including Syama (Resolute Gold - 11.5Moz), Ity (Endeavour – 5.4Moz), Tongon (Barrick - 5.0Moz), Kone (Montage Gold - 4.7Moz) and Yaoure (Perseus – 3.8Moz). Boundiali is located in an underexplored region of the Birimian greenstone belt with initial exploration and drilling results indicative of a potentially significant gold discovery.

### Strong team with proven track record

The AUE management team is well-credentialed, led by Managing Director (MD) Caigen Wang who was the founder and former MD of Tietto Minerals (TIE) and Executive Director Mark Strizek who was an executive at TIE for six years. Together they defined a 3.83Moz resource at Abujar in the Côte d'Ivoire and successfully brought the project into production within six years from discovery. TIE's Abujar project is on track for 165koz @ AISC US\$1,080/oz this year and was acquired by Zhaojin in June. The AUE team has a strong track record of value creation for shareholders taking TIE from an explorer with A\$40M market capitalisation to a producer at A\$774M. We expect AUE to benefit significantly from the team's in country experience (>10 years), strong relationships and proven track record. AUE is applying the same philosophy that succeeded at TIE with rapid resource growth delineated by aggressive drilling programs with company-owned drill rigs. AUE has six rigs operating around the clock targeting 9,000m per month with the maiden resource targeted by the end of 2024.

### Attractive jurisdiction

Côte d'Ivoire is an established and proven gold mining jurisdiction with approximately 15Moz discovered (2010-21) and annual gold production in 2024 of ~1.5Mozpa from eight operating gold mines. The country has an extensive network of sealed roads, grid power and HV transmission lines, a large skilled workforce with numerous established mining service and engineering providers. This is supported by an average gold project construction time of 1.7 years compared to Asia Pacific at 2.0 years, North America at 2.3 years and Latin America at 3.0 years (Source: AUE presentation April 2024).

An efficient permitting process exists exemplified by Tietto which applied for a gold mineral mining licence in July 2020 with the licence granted five months later in December 2020. Typically, the Côte d'Ivoire government holds a 10% interest in gold projects. The corporate tax rate is 25% with government royalties of ~6% and a 0.5% royalty to local communities. Grid power is attractive at US10-12c/kwhr due to the extensive hydropower network in the country.

### Geology and Exploration

Boundiali covers the underexplored southern extension of the Boundiali belt where a highly deformed synclinal greenstone horizon traverses finer grained basin sediments. Several significant deposits have been discovered along the belt including Syama (11.5Moz), Kone (4.7Moz) and Sissingue (1.4Moz). Mineralisation at Boundiali is primarily hosted in sandstone with free gold frequently observed in quartz vein stock-works and zones of silicification. Artisanal surface mining has previously occurred in several areas of the Project, typically to a depth of 10m to 30m. Oxide material can extend up to 70m depth potentially providing a low cost (free dig), high return project in the early years subject to further studies.

### BUY, Target price of \$0.59/share

Our price target of \$0.59/share equates to 70% upside to current shareprice. Our valuation assumes a mining inventory of 1.16Moz producing 108kozpa at AISC of US\$1,100/oz from FY30 over an 11 year mine life. We assume an additional 1Moz of resources is discovered and apply a nominal A\$50/oz.

Key risks relate to (i) geopolitical and social risks associated with operating in the Côte d'Ivoire (ii) exploration success in establishing an economic Resource at Boundiali (ii) project development path and capital requirements (iii) operating costs and production profile, (iv) commodity price & FX volatility, (v) regulatory, permitting and other approvals.

Level 17, 14 Martin Place, Sydney NSW 2000  
Office: +61 2 9239 9600

ABN 95 110 952 782  
ACN 110 952 782  
AFSL 317 944

Level 5, 1 Collins Street, Melbourne VIC 3000  
Office: +61 3 9123 3000

### Australia's exclusive partner of CGS-CIMB Securities and Global Alliance Partners

<b>Australia</b> Petra Capital Level 17, 14 Martin Place Sydney	<b>China &amp; Hong Kong</b> Tonghai Financial 29 Queen's Road Central, China Building Hong Kong	<b>Hong Kong</b> CGS-CIMB Securities 28 Floor, 111 Connaught Rd Central, Sheung Wan
<b>Japan</b> Capital Partners Securities 1 Chome-13-7 Uchikanda, Chiyoda City Tokyo	<b>Malaysia</b> CGS-CIMB Securities Level 29, Menara Bumiputra-Commerce No. 11, Jalan Raja Laut, Kuala Lumpur	<b>Philippines</b> WeCap Inc. Manila
<b>Singapore</b> CGS-CIMB Securities 10 Marina Boulevard Marina Bay Fin. Centre Tower 2 #09-01 Singapore	<b>Singapore</b> Aris PrimePartners Asset Mgmt 16 Collyer Quay Singapore	<b>Spain</b> GVC Gaesco Fortuny 17, 28010 Madrid
<b>Switzerland</b> SEAL Group Via Nassa 5, CH – 6900 Lugano	<b>Thailand</b> Country Group Securities 132 Wireless Road, Lumpini, Pathumwan Bangkok	<b>United Arab Emirates</b> Quadrillion Advisory Suite 807, 8th Floor, The Burlington Tower, Business Bay, Dubai
<b>United States</b> Auerbach Grayson 25 West 45 Street New York	<b>United States</b> TerraNova Capital Partners Suite 1402, 420 Lexington Avenue New York	

#### Disclosure

This document has been prepared in Australia by Petra Capital Pty Ltd which holds an Australian Financial Services License AFSL 317 944. Petra Capital Pty Ltd is an ASX and Chi-X Market Participant. Petra Capital Pty Ltd and its associates, officers, directors, employees and agents, from time to time, may receive brokerage, commissions, fees or other benefits or advantages, hold securities in companies researched by Petra Capital Pty Ltd and may trade in these securities either as principal or agent. This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Sole Lead Manager for this company's placement to raise \$17.0m by way of a placement at A\$0.33/sh on 11th June 2024, for which fees were received.

#### Disclaimer

The information or advice contained in this report has been obtained from sources that were accurate at the time of issue, however the information has not been independently verified and as such, Petra Capital Pty Ltd cannot warrant its accuracy or reliability. Persons relying on this information do so at their own risk. To the extent permitted by law, Petra Capital Pty Ltd disclaims all liability or responsibility for any direct or indirect loss or damage (including consequential loss or damage) caused by any error or omission within this report, or by persons relying on the contents of this report.

This report is published by Petra Capital Pty Ltd by way of general information or advice only. This report does not take into account specific investment needs or other considerations that may be pertinent to individual investors. Before making any investment decisions based on this report, parties should consider, with or without an investor adviser, whether any relevant part of this report is appropriate to their financial circumstances and investment objectives. Petra Capital Pty Ltd is a licensed institutional/wholesale stockbroking firm. The report is only intended for institutional and sophisticated clients to whom Petra Capital Pty Ltd has issued the report. Petra Capital Pty Ltd is not licensed to advise retail investors – retail investors should contact their own stockbroker or financial adviser/planner for advice.

#### Ratings

Information regarding the scope and expertise of our research services, processes for selection for coverage, and the management of conflicts of interest can be found on Petra Capital's website at <http://www.petracapital.com.au/research-disclosures>. Petra Capital uses the following ratings system and definitions: Buy - Forecast to re-rate by more than 5% in 12 months; Hold - Forecast to perform up to 5% above or below the current market price in 12 months, or alternatively, where a shareprice exceeds Petra Capital's valuation but there is a belief that business growth opportunities or commodity price moves, may result in material valuation and shareprice upside within 12 months; Sell - Forecast to underperform by more than 5% in 12 months; Speculative Buy - Speculative Investment; Take Profits - Recommend taking short term profits in a stock we remain fundamentally positive on a medium term view; Accept Offer - For a company under takeover where we see the offer as a fair price with low risk of a competing offer; No Rating - No rating at this time.

#### US Investors

This material is intended for use in the US only by major US Institutional Investors, as that term is defined by the SEC Rule 15a-6. Transactions with US Institutional Investors and major US Institutional Investors, as those terms are defined by SEC Rule 15a-6, are chaperoned by Global Alliance Securities, LLC, ("Global Alliance"), a SEC-registered broker-dealer and FINRA member (web: [www.globalalliancesecurities.com](http://www.globalalliancesecurities.com)) in accordance with the agreement between Global Alliance and Petra Capital Pty Ltd. The information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified. Therefore, its accuracy is not guaranteed. Additional and supporting information is available upon request. This is not an offer or solicitation of an offer to buy or sell any security or to make any investment. Any opinion or estimate constitutes the preparer's best judgement as of the date of preparation and is subject to change without notice. Petra Capital Pty Ltd or Global Alliance and their associates or affiliates, and their respective officers, directors and employees may buy or sell securities mentioned herein as agent or principal for their own account.

#### Canadian Investors

Petra Capital Pty Ltd is not registered as an adviser in Canada and is relying upon the international adviser exemption in British Columbia, Ontario and Quebec as permitted under National Instrument 31-103. Petra Capital is incorporated and headquartered in Australia and has an Australian Financial Services License. All its assets are situated outside Canada and, as a result, there may be difficulty enforcing any legal rights against Petra Capital. Its agents for service of process are: Lawdell Corporate Services Limited, 1600, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2; ToryCo Services c/o Torys LLP, 79 Wellington Street West, Suite 3000, Toronto, Ontario, M5K 1N2; and Torys Law Firm LLP, 1 Place Ville Marie, Suite 2880, Montréal, Québec H3B 4R4.

#### Other International

International investors are encouraged to contact their local regulatory authorities to determine whether restrictions apply in buying/selling this investment.