November 4, 2024

Medallion Metals

A Potential Podium Finisher

SPECULATIVE BUY (initiation)

Stock code:	MM8 AU
Price:	A$0.086
12-month target price:	A$0.27
Previous target price:	A$N/A
Up/downside to target price:	214.0%
Dividend yield:	0.0%
12-month TSR*:	214.0%
Market cap:	A$35m
Average daily turnover:	A$0.04m
Index inclusion:	N/A

** Total stock return – Up/downside to target price + 12-month forward dividend yield.*

Price performance

(%)	1M	3M	12M	3Y
Absolute	38.7	62.3	56.4	-
Rel ASX/S&P200	39.1	59.3	36.7	-

Source: Iress

Financial summary

	Jun-24A	Jun-25F	Jun-26F	Jun-27F
Revenue (A$m)	1.9	0.5	24.2	250.8
EBITDA Norm (A$m)	-2.8	-1.5	-3.2	120.5
NPAT (A$m)	-3.1	-1.4	-8.7	55.1
EPS Norm (A$)	-0.01	-0.00	-0.02	0.13
EPS Growth Norm (%)	NA	-63.9%	449.1%	NA
P/E Norm (x)	NA	NA	NA	0.7
DPS (A$)	0.00	0.00	0.00	0.00
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Franking (%)	NA	NA	NA	NA

Source: Company data, Morgans estimates

Related research

Sector report - 24 Sep 2024

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Analyst(s) own shares in the following stocks mentioned in this report:
– Medallion Metals

- Medallion Metals (MM8) is seeking to develop the Ravensthorpe Gold-Copper Project (RGP) in Ravensthorpe, WA.
- MM8 plan to bring **high grade gold-copper** at RGP together with existing processing infrastructure at Forrestania, creating a new regional gold processing hub.
- **Low capital start up** drives excellent earnings, average annual EBITDA A$112m and compelling free cash flow margin of +34%.
- We initiate with a 50% risk weighted **Speculative Buy rating and a A$0.27/sh** price target, we view MM8 as one of the few remaining undeveloped gold projects with **no fatal flaws.**

Ravensthorpe Gold Project

- **Background:** MM8 owns the Ravensthorpe Gold Project (RGP), located in South-East, Western Australia. Underpinned by mineral resources of 1.3moz Au @ 2.1g/t Au and a high-grade component of 770koz at 4.3g/t Au and 0.6% Cu (Sulphide scenario). MM8 has development optionality entering negotiations to acquire Forrestania Nickel Operations processing and associated infrastructure from IGO Ltd. Subsequently MM8 has a low capex, low risk pathway to a high margin operation.
- **Forrestania Deal:** MM8 entered a 9 (+3) month exclusivity agreement with IGO to negotiate a transaction which includes the sale of the 600ktpa Cosmic Boy process plant and associated infrastructure, with the right to negotiate for gold/silver mineral rights across the Forrestania package. Consideration of net ~A$15m, inclusive of the existing ~35m rehabilitation liability which is to be paid at the end of project life (total assumed consideration A$50m, scope for reduction).
- **Rationale:** Synergies; access to infrastructure, systems and people at a lower capital cost than a stand-alone operation. Strategy; establish the southernmost gold processing hub in WA potentially providing a commercial pathway for stranded assets (of which there are several).
- **Economics:** We calculate NPV of A$285m (un-risked) +100% IRR with initial capex paid off <12 months after construction complete. Indicative EBITDA of +A$145m in year 3 of production, 48% EBITDA margin and a free cash flow margin of >34% at spot prices of US$2,600/oz.

Forecast and Valuation

- Our DCF based valuation for MM8 uses a mid-point of spot and base case gold pricing, for A$0.27/sh. Valuation carries a 50% risk weight due to debt and equity finance requirements, deal, ramp up and execution risk. It is noted that valuation lifts to A$0.66/sh unrisked.

Investment View – Initiate with a Speculative Buy rating

- Development projects taking advantage of existing infrastructure are increasingly attractive as the Australian gold price enables strong cashflows. capital cost, execution risk and maximising synergies. We are attracted to MM8 due to the former as well as: 1) low capex with existing synergies; 2) high grade resource generating strong margins; 3) rapid payback; 4) handy copper credits; 5) belt scale growth potential; 6) M&A appeal.

Price catalysts

- On-going drilling (assays due November 2024 onwards).
- RGP sulphide scenario scoping (due November 2024).
- Binding infrastructure agreement & Final Investment Decision (2025).
- Mining commencing.
- Commercial production/guidance.

Risks

- Deal, permitting and ramp-up risks.
- Commodity and FX pricing.

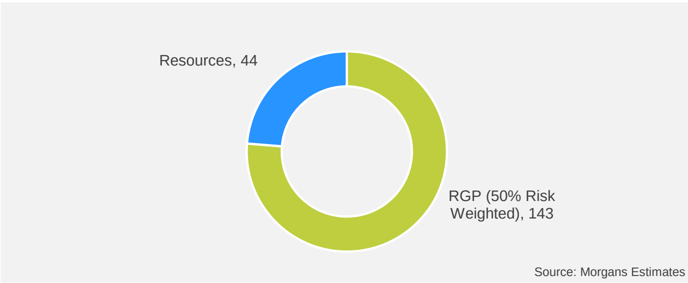
Medallion Metals

SPECULATIVE BUY — **as at November 4, 2024**

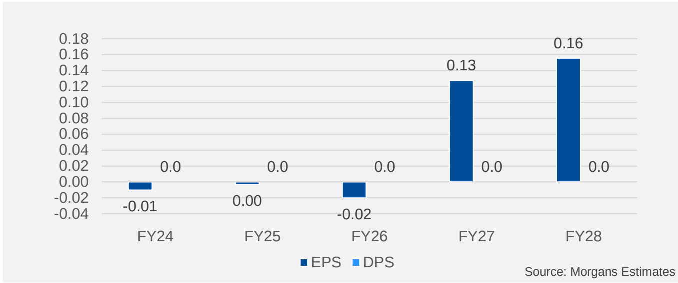
Price (A$):	0.086	12-month target price (A$):	0.27
Market cap (A$m):	35	Up/downside to target price (%):	214.0
Free float (%):	38	Dividend yield (%):	0.0
Index inclusion:	N/A	12-month TSR (%):	214.0

Medallion Metals Limited is a gold and copper focussed mining company on an exciting pathway to becoming a producer in Western Australia, one of the world's most prominent and prolific gold mining states. In August 2024, Medallion announced it had entered exclusive negotiations with IGO to acquire key assets from IGO's Forrestania Nickel Operation (FNO), including the Cosmic Boy Process Plant and related infrastructure, which would see the accelerated commencement of gold mining at RGP under a sulphide gold development scenario.

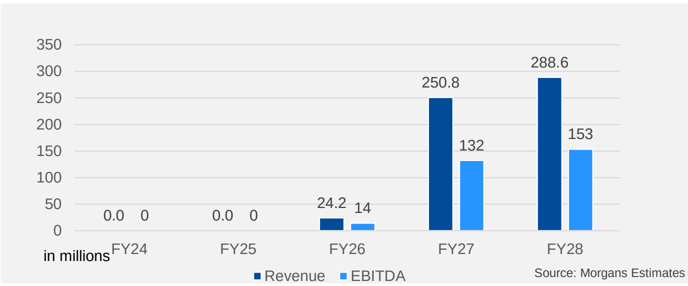
Valuation by Asset - FY25 (Spot)



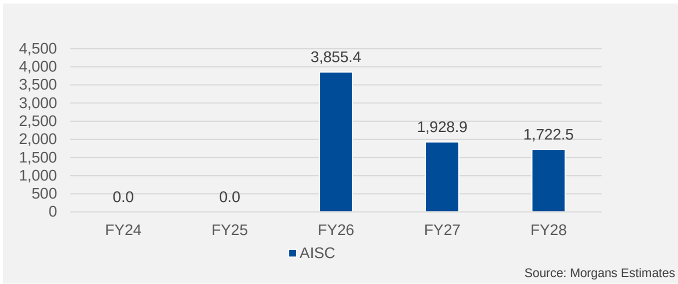
EPS and DPS (cents)



Revenues (A$m) and EBITDA (A$m)



AISC ($/oz)



Bull points

Low CAPEX Restart
MM8 reports a 19.4kt resource at the Ravensthorpe Gold Project for a combined 1.3Moz of gold, 56kt Cu and 1.5moz silver. MM8 are intending to target the high-grade component of this resource within the fresh rock, trucking the high-grade ore to forrestania floatation plant enabling a swift, lower capex path to production.

Hub and Spoke Potential
RGP exhibits substantial prospectivity for resource growth, however an additional layer of upside remains in the hub and spoke potential of the project. Once repurposed and integrated, the cosmic boy concentrator stands as the only gold processing hub within a ~125km radius, potentially providing a processing solution for a plethora of previously stranded assets.

Bear points

Processing Infrastructure Deal
MM8 are in exclusive negotiations to potentially acquire the Forrestania Nickel Operations (FNO) specifically the Cosmic Boy concentrator which can be retrofitted to process RGP gold. Current the agreement is not binding and subject to formal agreement and due dilligence between the two parties.

Development and Execution risk
MM8 need to navigate and execute on mining, processing and development risks following the acquisition from IGO ltd. Mining and mineral processing can often have teething issues during ramp up and therefore adequate planning and operational readiness is required.

Environmental, Social and Governance

ESG

Exposure

Management

OH & S at producing mines
A focus on measuring and improving occupational health and safety conditions is required for all operators. With the workforce at RGP and Cosmic boy to adhere to all regulatory framework including and not limited environmental, social and safety procedures.

ESG for mine development
With the RGP project development near the regional town of Hopetoun and Ravensthorpe, MM8 will need to meet high Environmental, Social and Governance standards to secure the relevant approvals at State and Local Government levels, and with the community. MM8 may receive strong community interest, as many local jobs would have been lost as a result of the nickel down-turn. Fortunately, social license and benchmark has been established due to the presence of previous nickel miners with the development of protocols and standards for development in this region.

Source: Morgans

Figure 1: Financial summary

Medallion Metals

Mining and Metals

Income statement (A$M)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
Sales Revenue	$2	$1	$24	$251	$289
Operating Costs	$0	$0	-$10	-$125	-$142
Other Income/Costs (Incl Aqusiiton Fees)	$0	-$2	-$17	-$6	-$6
EBITDA	**$2**	**-$2**	**-$3**	**$121**	**$140**
Depreciation & Amortisation	$0	$0	-$4	-$39	-$45
EBIT	**-$3**	**-$2**	**-$7**	**$82**	**$95**
Other Income & Expenses	$0	$0	$1	$1	$5
Profit before Income Tax	**-$3**	**-$1**	**-$6**	**$81**	**$99**
Income Tax Expense	$0	$0	-$3	-$24	-$30
Reported NPAT	**-$3**	**-$1**	**-$9**	**$57**	**$69**

Cashflow Statement (A$M)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
EBITDA	$0	$0	$14	$132	$153
Net Finance Income	$0	$0	$1	-$1	$3
Income Tax Paid	$0	$0	-$3	-$24	-$30
Other	-$2	$0	-$12	$2	$0
Net operating Cashflow	**-$2**	**$0**	**$0**	**$109**	**$127**
Capex (Development, PP&E, other)	$0	$0	-$67	-$13	-$2
Net Proceeds from Sales/Acquisitions	$0	$0	-$17	$0	$0
Payment for Exploration / Tenements	$0	-$2	-$3	-$4	-$4
Other Investing Cashflows	$0	$0	$0	$0	$0
Net Cash from Investing Activities	**$0**	**-$2**	**-$87**	**-$17**	**-$6**
Net Proceeds from Debt	$0	$0	$50	$17	$17
Dividends Paid	$0	$0	$0	$0	$0
Proceeds from Issues of Shares	$0	$5	$50	$0	$0
Other Financing Cashflows	$0	$1	$0	$0	$0
Net Cash from Financing Activities	**$3**	**$6**	**$100**	**$17**	**$17**
Net Inc/Dec in Cash and Cash Equivalents	**$1**	**$4**	**$13**	**$109**	**$138**

Balance Sheet (A$M)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
Cash & Cash Equivalents	**$2**	**$6**	**$19**	**$128**	**$266**
Other Current Assets	$0	$0	$0	$0	$0
Total Current Assets	**$2**	**$6**	**$19**	**$128**	**$266**
Development Assets	$0	$0	$60	$70	$69
Property, Plant & Equipment	$1	$1	$7	$7	$5
Exploration and Evaluation Expenditure	$13	$15	$18	$22	$26
Other Non-Current Assets	$0	$0	$0	$0	$0
Total Non-Current Assets	**$14**	**$16**	**$86**	**$99**	**$100**
Total Assets	**$16**	**$20**	**$112**	**$191**	**$281**
Trade & Other Payables	$0	$0	$0	$2	$2
Provisions & Other Current Liabilities	$0	$0	$0	$0	$0
Total Current Liabilities	**$1**	**$1**	**$1**	**$3**	**$3**
Provisions	$1	$1	$1	$1	$1
Other Non-Current Liabilities	$3	$3	$53	$70	$86
Total Non-Current Liabilities	**$4**	**$4**	**$54**	**$70**	**$87**
Total Liabilities	**$4**	**$4**	**$54**	**$73**	**$90**
Total Equity	**$12**	**$16**	**$57**	**$114**	**$183**

Gold Sold (Koz)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
RGP	0	0	6	62	72
TOTAL GOLD SOLD	**0**	**0**	**6**	**62**	**72**

AISC (A$/oz Sold)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
RGP		0	3,855	1,929	1,723
RGP incl. Copper Credit		0	3,296	1,649	1,473

Resources RGP	Kt	Koz	Au g/t	Cu Kt	Cu %
RGP	19,480	1,300	2.1	59	0.3%
Jerdacuttup	4,610	200	0.9	67	1.2%
Total	24,090	1.5	1.94	123	0.8%

Revenue (A$M)	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
Spare	$0	$0	$0	$0	$0
RGP	$0	$0	$24	$251	$289
TOTAL REVENUE	**$0**	**$0**	**$24**	**$251**	**$289**

Key Metrics	Jun-24A	Jun-25E	Jun-26E	Jun-27E	Jun-28E
Gold Price ($US/oz)		$2,600	$2,600	$2,600	$2,600
AUD:US		0.68	0.71	0.72	0.72
EPS (cps)	-0.01	0.00	-0.02	0.13	0.16
DPS (cps)	0.00	0.00	0.00	0.00	0.00
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA (A$m)	$2	-$2	-$3	$121	$140
EBITDA Margin (%)	100%	-300%	-13%	48%	49%
EV/EBITDA (x)	-8	-27	-4	1	1
EBIT (A$m)	-3	-2	-7	82	95
EBIT Margin (%)	-164%	-300%	-29%	32%	32%
P/E (x)	-8.4	-21.1	-5.7	-0.8	-1.6
Free Cashflow (A$m)	-2.8	-3.3	-92.3	80.8	108.3
Free Cashflow Margin (%)	-153%	-667%	-381%	32%	38%
EV/Free Cash Flow (x)	(8.7)	(7.4)	(0.3)	0.3	0.2
ROIC (%)	0%	-10%	-17%	97%	68%

	Spot	Spot	Base	Base
Valuation	A$M	A$/sh	A$/sh	
RGP	$285	$0.66	$183	$0.42
RGP (50% Risk Weighted)	$143	$0.33	$92	$0.21
Group Charges incl Corporate	-$53	-$0.12	-$53	-$0.12
Total Risk Weighted Current NPV (A$M)	**$90**	**$0.21**	**$39**	**$0.09**
Resources	$44	$0.10	$44	$0.10
Cash & Cash Equivalents (A$M)	$7	$0.02	$7	$0.02
Debt (A$M)	$0	$0.00	$0	$0.00
Listed Investments	$0	$0.00	$0	$0.00
Total Valuation (A$M)	**$141**	**$0.33**	**$90**	**$0.21**
Fully Diluted Shares (million)	432			
Target Price 50:50 blend (A$/Share)	**$0.27**			

Source: Morgans estimates, company data

Medallion Metals Snapshot

Further summary of how nickel infrastructure supports low CAPEX gold processing, page 6

Medallion Metals (ASX:MM8) is seeking to develop the 100% owned Ravensthorpe Gold Project (RGP), 190km east of Esperance, Western Australia. MM8 are in exclusive negotiations with IGO Ltd to secure the 600ktpa Forrestania Nickel Operations (FNO) infrastructure to support a low CAPEX, low risk and speed to market strategy at RGP and becoming a new regional processing hub for gold.

MM8 demonstrate aptitude for success growing the RGP project from exploration to pre-feasibility in only ~3 years, building a global robust mineral resource base of 19mt @ 2.1g/t Au, 0.3% Cu and 2.6g/t Ag for 1.62Moz equivalent, including a high-grade "sulphide" component at RGP of 5.6mt @ 4.3g/t Au, 0.6% Cu for 770koz, 36kt copper.

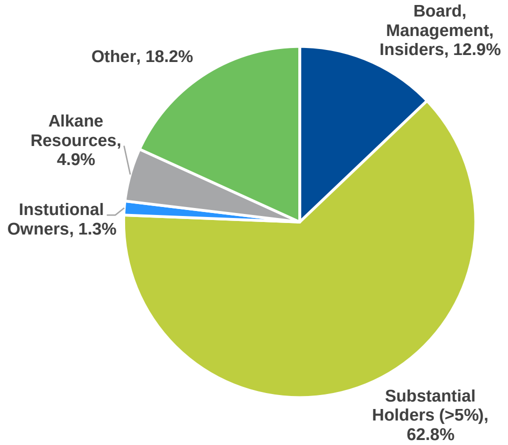
Initiating coverage with a SPECULATIVE BUY rating, A$0.27/sh price target.

Investment view: We continually see significant value in gold developers that minimise capex by leveraging existing infrastructure (ASX: SPR, MEK, OBM, CYL), MM8 is no different and enhanced by the high-grade resource base.

We are attracted to MM8 for; 1) value in growth; 2) +100% capital upside (**risked)**; 3) rapid payback period; 4) strategic processing hub; 5) attractive earnings. Deal execution with IGO remains the main catalyst. Standard mining teething issues are expected during ramp-up however structurally lower capital costs mitigate risk.

We view permitting risks to be somewhat mitigated, yet critical path as the proposed sulphide scenario does not require tailings dam, processing plant and open pit mines to be developed, reducing the implied environmental impact and disturbance footprint.

Figure 2: Share Register



Source: IRESS

Figure 3: Capital Structure

Ordinary Shares	m	408.00
Options	m	24.34
Performance Rights	m	N/A
Diluted Capital	**m**	**432.33**
Price	A$/Sh	0.10
Market Cap Undiluted	A$m	40.8
Market Cap Diluted	**A$m**	**43.2**
Cash	A$m	7.0
Enterprise Value	**A$m**	**36.2**
Morgans Valuation Unrisked	A$/Sh	0.46
Morgans Valuation Risked	**A$/Sh**	**0.25**

Source: IRESS, Morgans Estimates

Reasons to Buy

High Grade Gold, Handy Copper Credit: Existing high grade "sulphide scenario" resource of 5.6mt 770koz @ 4.3g/t Au and 0.6% Cu support the case to produce gold and copper concentrate.

Existing Infrastructure: Cosmic Boy concentrator in care and maintenance, operating as late as 2H FY24, mains power, TSF established, camp, airstrip, stores, spares, first fills, permitted to use cyanide and sealed public haul roads. Further, underground infrastructure that can be redeployed to RGP (ventilation fans, refuge chambers etc).

Low Capex: Infrastructure deal with IGO eliminates the requirement to build a stand-alone mill. Instead, repurposing the existing Cosmic Boy nickel concentrator to a flow sheet akin to Vault Minerals (ASX:VAU) deflector gold mine – utilising the existing floatation circuit; rougher, scavenger, cleaner cells. We forecast pre-production capital costs of A$80m.

Rapid Payback: Low capital cost (A$80m) enables an indicative IIR of +100%, contingent on production schedule during ramp-up.

Earnings Potential: Post ramp-up average revenue of A$240m/pa, EBITDA A$112m/pa & free cashflow of A$65m/pa at spot prices of US$2,600/oz.

Regional Hub: Repurposing of the Cosmic Boy Concentrator enables MM8 to become a regional gold processing hub in an area which lacks processing infrastructure. This may reinvigorate stranded assets and gold exploration across the highly prospective Forrestania greenstone belt which hosts the historical 1.4Moz Bounty Gold Mine. Historically explored for nickel, the belt is considered overlooked for gold, existing resources of 100-200koz exist on the IGO tenure along and regional resource of 311koz (ASX:CLZ) and numerous historical gold prospects with production potential such as blue vein.

RGP Growth: The current extents of RGP high-grade resource are unknown and remain open at depth, the "gem" lode recently extended 140m down plunge.

Corporate Appeal: A new WA gold processing hub and high-grade resource package makes MM8 a clear target for mid-cap producers looking to expand operations.

Exploration upside: The RGP land package contains several anomalies or drill results that require following up including Gift, Gift South gold prospects and Flanders Cu/Zn soil anomaly. Medallion have the right to negotiate mineral rights for Au/Ag across the entire IGO Forrestania tenement package, the 951 square kilometer concession contains a known modest gold resource and numerous intercepts requiring follow up work.

Discovery and exploration remain a significant driver of future value

Catalysts

Forrestania Infrastructure Deal: Receipt or acceptance of a binding proposal from IGO Ltd to acquire the FNO processing infrastructure is a key catalyst for MM8 enabling the processing hub strategy.

Further Technical Studies: Further studies outlining the low capex development scenario will drive the value proposition, scoping study due November 2024.

On Going Drill Results: On-going drill results will support mine plan and reserve conversion, whilst step out drilling will provide context on scale and future potential.

Final Investment Decision & Funding: Final investment decision on execution of the high-grade "sulphide scenario" mine plan.

Commercial Production: Achieving commercial production and subsequent cashflows drives ultimate value for MM8.

Commodity Prices: Gold and copper pricing to have a substantial affect on potential valuation.

Nickel Processing Plant Repurposing; How and Why

RGP is considered an analogue to Vault Minerals Deflector gold-copper mine. Knowing this, MM8 are conscious on the deflector asset history, which originally had metallurgical issues processing oxide material due to the presence of copper. This issue ultimately led to deflector remaining undeveloped for a significant period. Silverlake Resources (Vault) committed to the project, bypassing the oxide material by going straight into the fresh rock via underground mining with Deflector ultimately to becoming the flagship asset for the >A$1Bn company.

Being a Deflector analogue, MM8 is following this approach and targeting fresh rock only, which is conveniently the highest grade and most metallurgically amenable material to process.

Forrestania is the low capital key to unlocking the sulphide development strategy as many existing components of the 600ktpa plant (crusher, mill, floatation cells, thickening and reagent plant) can be used along with minor modifications replicates the Deflector flow sheet. Additionally, infrastructure such as mains power, TSF established, camp, airstrip, stores and cyanide are all permitted and ready to be used (again).

Valuation and Assumptions

Our risked DCF based valuation for MM8 is A$0.27/sh. A margin of safety has been incorporated into a valuation through conservative assumptions and risk weighting. Capital upside of +100% is compelling relative to inherent deal and execution risk.

RGP DCF uses a discount rate of 10% on future cash flows to reflect the conceptual nature of the high-grade sulphide scenario. We apply a **risk weighting of 50%** to RGP at the project level to account for project financing structure which may involve debt, equity or a combination of both. Accumulated losses of A$35m are assumed to be utilised. Resources have been valued on an EV/Resource metric A$ from similar projects.

Valuation breakdown, 50:50 blend of spot and base case

Figure 4: Valuation Breakdown

Valuation	Spot A$M	Spot A$/sh	Base A$/sh	Base
RGP	$285	$0.66	$183	$0.42
RGP (50% Risk Weighted)	$143	$0.33	$92	$0.21
Group Charges incl Corporate	-$53	-$0.12	-$53	-$0.12
Total Risk Weighted Current NPV (A$M)	**$90**	**$0.21**	**$39**	**$0.09**
Resources	$44	$0.10	$44	$0.10
Cash & Cash Equivalents (A$M)	$7	$0.02	$7	$0.02
Debt (A$M)	$0	$0.00	$0	$0.00
Listed Investments	$0	$0.00	$0	$0.00
Total Valuation (A$M)	**$141**	**$0.33**	**$90**	**$0.21**
Fully Diluted Shares (million)	432			
Target Price 50:50 blend (A$/Share)	**$0.27**			

Source: Morgans estimates

Value beyond base case: We consider our modelled RGP base case proof of concept, demonstrating the commercial nature of the RGP high-grade sulphide scenario. We view material upside beyond our unrisked target price of A$0.66/sh as MM8 expand project scale towards FID.

Conservatism in the base case: We model a lower grade mineral inventory than the stated resource as we assume a higher cutoff grade to be applied. We attribute a modest degree of exploration success resulting in a mined inventory of 306koz Au and 13kt Cu despite existing underground resources of 770koz Au & 36kt Cu. We expect mineral inventory to materially increase with further drilling. On an NPV basis, we forecast **A$1m per every additional 1koz added to mineral inventory** on an NPV/Ounce basis. We consider forecast capital costs of A$80m in pre-production capital to be conservative and expect the cost to fall as studies progress to DFS level.

Operations: Several OPEX and CAPEX figures from the 2023 PFS formed the basis of our estimate before being adjusted (higher) through factoring and benchmarking. Mining costs per tonne have been inflated by ~20% from the initial PFS to account for more development due to no open pit mining. Processing and haulage costs sourced from suitable industry actuals and inflated.

Resource & Reserve Upside: No assumed resource reserve conversion was captured in our production scenario. We assume as resource multiple of A$90/oz for the remaining ~850k non mined inventory of RGP.

Exploration: No value has been prescribed to exploration potential or success at RGP.

Although gold dominant, copper provides a handy ~9% additional revenue

We assume transaction to occur on the first day of FY26 before processing repurposing to be complete by FY27. Mining and ground works to commence in FY26 before capital spend wrapping up in FY27.

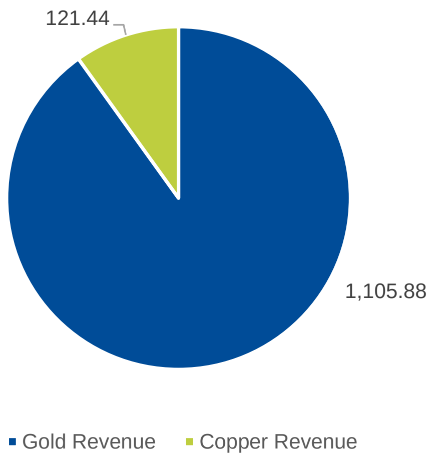
Incremental A$1.5m capex for tailings

SWOT Analysis

Strengths	Weaknesses
▪ High grade ▪ Low capex ▪ Rapid payback ▪ Copper credit ▪ Mine infrastructure	▪ Single asset risk ▪ Financing solution ▪ Rehabilitation liability
Opportunities	**Threats**
▪ Regional processing hub ▪ Additional mines ▪ Inorganic growth ▪ Resource/reserve growth	▪ Deal risk ▪ Ramp up risk ▪ Commodity price ▪ Standard underground mining risks

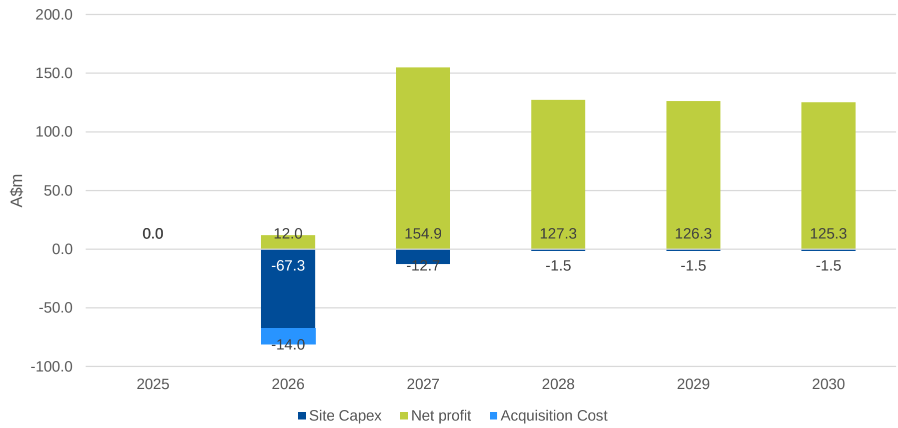
Source: Morgans

Figure 5: Life of Mine Revenue Split (Spot)



Source: Morgans estimates

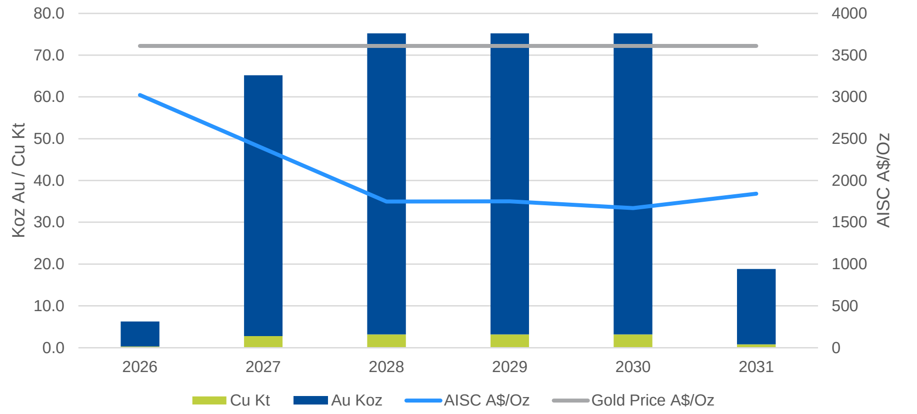
Figure 6: Forecast Capital & Acquisition Costs / Net profit (Spot)



Source: Morgans estimates

Following initial ore in late 2026 MM8 ramps up underground production in 2027 – note AISC excludes copper credits.

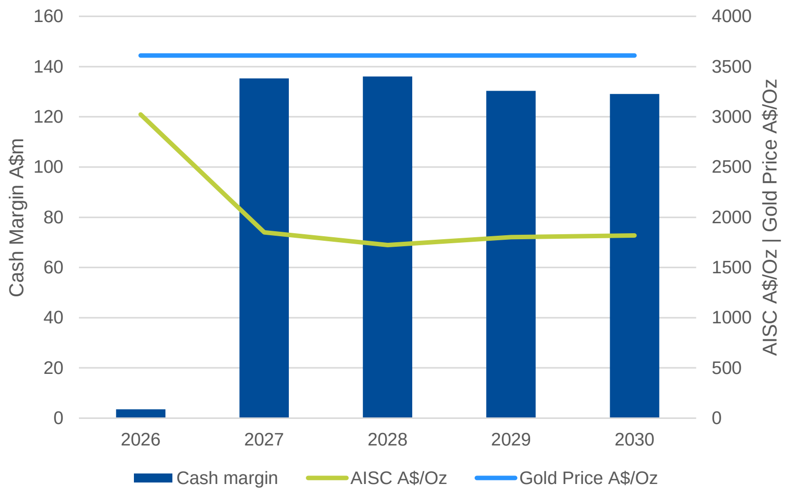
Figure 7: Production profile & AISC (Spot)



Source: Morgans estimates

We forecast average group EBITDA margins of 48% over the first three years of production

Figure 8: AISC and Margin (Spot)



Source: Morgans estimates

Sensitivity Analysis

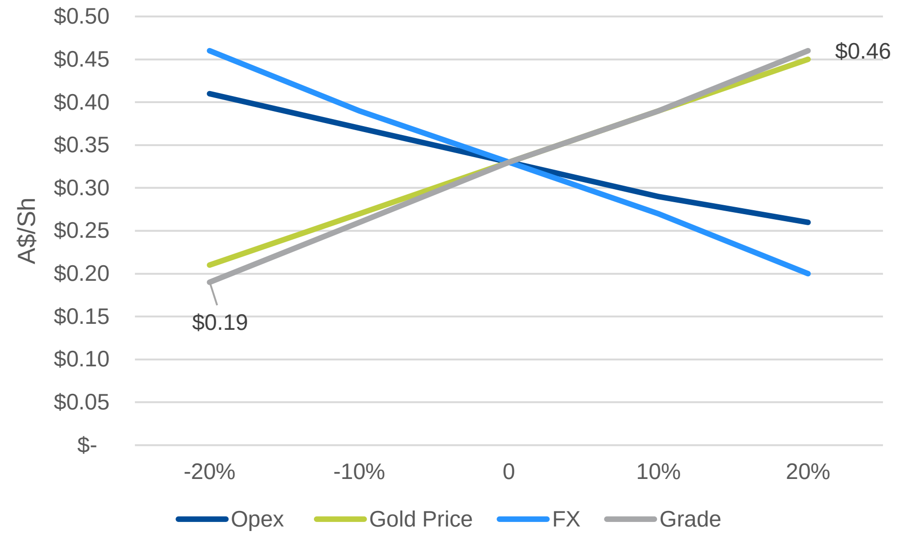
Sensitivity Analysis was undertaken to determine the sticking points of the project. Sensitivities were applied to inputs across the life of mine. Overall, the project is most sensitive to grade and least sensitive to changes in operating cost.

Ramp up: With all mining projects ramp-up is a critical time and adherence to execution is key. Fortunately, the project is (relatively) insensitive to OPEX changes and can withstand variances.

Grade: As there is a significant fixed cost component to mining, variance in grade is the most sensitive input to the project. We view the existing resource to be robust, passing our in-house contingency factor calculator, a simple analysis which compares the troubled and performing assets to MM8 (Figure 10).

Grade and commodity price remain are the two largest drivers to the projects value

Figure 9: Sensitivity Analysis (At Spot)



Source: Morgans estimates

Resource Contingency Analysis

Using an in-house proprietary resource contingency calculator, we determine the global RGP underground resource to be robust. The contingency analysis calculates and compares implied resource quality based on inputs made into the mineral resource estimate. Typically, assets which have under-performed or ended in administration measure poorly on the contingency analysis, whereas assets which have performed well measure well.

RGP sits above producing peer, Okvau (Emerald Resources) and marginally below Karlawinda (Capricorn Metals) of which are assets which operate at a good margin and generate strong revenues.

RGP Global underground MRE stands up well against peer group assets.

Figure 10: Mineral Resource Contingency Factor Calculation

Deposit	Grade	Commodity	COG	Factor	Status	Win or Lose?
Abra Oct 2023	5.0	Pb	5.0	0.00	Partially Mined	Lose
Wiluna (2008)	5.9	Gold	4.5	0.31	Partially Mined	Lose
Galena/Abra 2018	5.0	Pb	3.0	0.66	Unmined	Lose
Calidus	1.12	Gold	0.5	1.24	Partially Mined	Lose
Thunderbox	2.4	Gold	1.0	1.4	Production	Win
Superpit	2.0	Gold	0.8	1.4	Production	Win
Bellevue	9.0	Gold	3.5	1.6	Production	Win
Okvau Open Pit	1.7	Gold	0.6	1.7	Production	Win
RGP Global underground MRE	5.4	Gold	2	1.7	Production	Win
Karlawinda	1	Au	0.35	1.9	Production	Win
Tropicana Open Pit	2.07	Gold	0.7	2.0	Production	Win
Nova	2.4	Ni equiv (Ni + Cu)	0.7	2.4	Production	Win
Gruyere	1.24	Gold	0.4	2.5	Mining initiated	Win
De Grussa	4.2	Cu (gold not inc)	1	3.2	Production	Win
Hemi Open Pit (0.3)	1.29	Gold	0.3	3.30	Unmined	Win

Source: Morgans estimates

Risk Mitigation / Critical Path

Deal Risk: To mitigate potential immediate deal risk beyond execution itself, MM8 have secured exclusivity to negotiate the sale of the Forrestania assets, shielding the deal from any potential interlopers.

Permitting and ESG: MM8 are in the process of lodging a referral under the EPBC Act as of October 2024. The Minister's determination after submission will determine whether assessment is required and if so, the level of assessment. Encouragingly, MM8 have previously received conditional approval under the WA EP, the underground only scenario at Ravensthorpe with no open pits, process plant or TSF reduces disturbance footprint from 250Ha to 60Ha, streamlining the permitting process. Medallion is confident that primary approvals to commence mining at RGP should be received within 6 months of the EPBC determination, however, cannot guarantee an outcome.

Mining: We assume a higher degree of capital jumbo development than stated in the PFS due to no open pit mining and therefore model a higher unit cost. We are confident in ground support standards and geotechnical conditions and expect the "usual" degree underground rehabilitation work, accounted for in forecast costing.

Plant / Metallurgical Optimisation: The potential acquisition of FNO reduces the propensity of any major processing plant risk. Often a critical path item in mining may see time frame setbacks, the existing infrastructure was function as recent as July 2024, and since been on C&M. We assume teething issues to be materially lower risk than a new build.

Sensitivity Analysis was undertaken to determine the sticking points of the project. Sensitivities were applied to inputs across the life of mine. Overall, the project is most sensitive to grade and least sensitive to changes in operating cost.

Peer Group Comparisons

Despite a compelling resource base, Medallion Metals lags in valuation on an EV/Resource basis, despite having no fatal flaws.

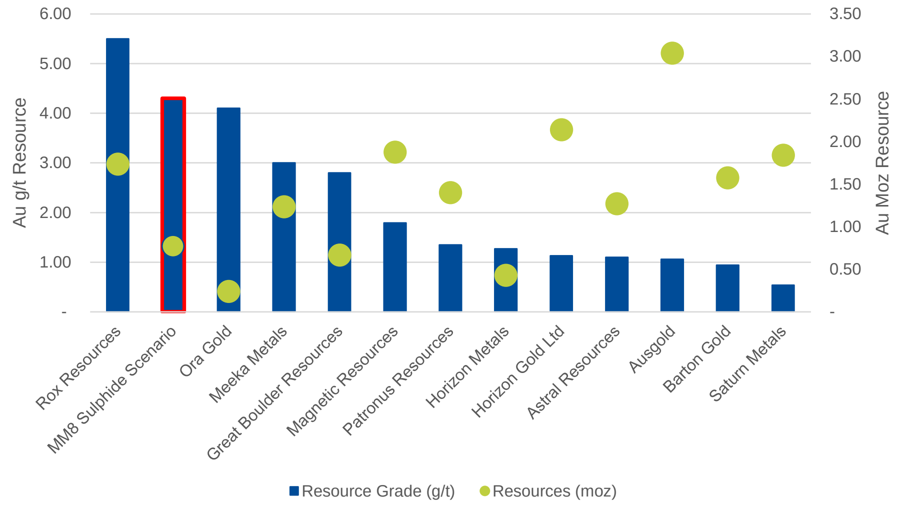
Figure 11: Medallion Metals Peer Group Comparison

Australian Peer Group | EV/Resource					
Company	**Ticker**	**EV (A$m)**	**Resources (moz)**	**Resource Grade (g/t)**	**EV/Oz**
Ora Gold	OAU	$ 75.41	0.24	4.10	314
Magnetic Resources	MAU	$ 330.93	1.88	1.79	176
Carnavale Resources	CAV	$ 13.46	0.09	5.80	158
Horizon Metals	HRZ	$ 60.02	0.43	1.27	140
Astral Resources	AAR	$ 161.18	1.27	1.10	127
Brightstar Resources	BTR	$ 142.92	1.46	1.60	98
Meeka Metals	MEK	$ 145.97	1.24	3.00	118
Black Cat	BC8	$ 197.67	2.49	2.90	79
Nexus Minerals	NXM	$ 21.31	0.30	1.70	70
Ausgold	AUC	$ 185.64	3.04	1.06	61
Great Boulder Resources	GBR	$ 26.16	0.67	2.80	39
Rox Resources	RXL	$ 76.67	1.74	5.50	44
Antipa Minerals	AZY	$ 116.28	2.90	1.90	40
Saturn Metals	STN	$ 70.94	1.84	0.54	39
Patronus Resources	PTN	$ 51.89	1.40	1.35	37
Barton Gold	BGD	$ 52.42	1.58	0.94	33
Horizon Gold Ltd	HRN	$ 56.91	2.14	1.13	27
Medallion Metals	MM8	$ 32.58	1.50	1.90	22

Source: IRESS, company data

Despite possessing some of the highest-grade resources, MM8 lags in valuation on an EV/Resource basis against pre development peers (figure 11 & 12).

Figure 12: Resource/Grade Peer Comparison



Source: Morgans estimates, company data

Appendix – Project Background

Medallion Metals Limited/ MM8 is a gold and copper focussed development company seeking to become a gold producer in Western Australia.

Situated 500km South East of Perth, MM8 owns tenure spanning for 600 square kilometres within the Southern Cross greenstone belt and the Albany Fraser orogen.

The flagship Ravensthorpe Gold Project (RGP) is the primary focus of the company planning on targeting high-grade gold-copper mineralisation and processing the ore at Forrestania's Cosmic Boy Concentrator, known as the "sulphide strategy".

In August 2024, MM8 entered exclusive negotiations with IGO to acquire key assets from IGO's Forrestania Nickel Operation (FNO), including the Cosmic Boy Process Plant and related infrastructure, which would see the accelerated commencement of gold mining at RGP under a sulphide gold development scenario. Additionally, both companies are exploring the acquisition of gold and silver rights across the broader FNO tenure on a non-exclusive basis.

This development represents a transformational opportunity for Medallion to commence gold and copper production in the near term while reducing capital expenditure, minimising operational risk, and streamlining permitting processes. It also opens the door to reinvigorated exploration efforts across the highly prospective Forrestania greenstone belt, a historically significant gold-producing region.

Executive Team

MM8 have a well-rounded executive leadership team with expertise in all aspects of mining from operating, financing and development.

Board

Paul Bennett – Managing Director Mining Engineer

25 years' experience within mining operations, development working technical roles as an engineer before transitioning into mine financing working as an investment banker with Rand Merchant Bank.

John Fitzgerald – Non-Executive Chairman Accountant

Mr Fitzgerald has over 30 years' resource financing experience and is a Non-Executive Director of Northern Star Limited and a Non-Executive Chairman of Turaco Gold Limited. Mr Fitzgerald is a Fellow of the institute of Financial Accounts (UK).

Anthony James – Non-Executive Director Mining Engineer

Mr James has over 30 years' mine operating and project development experience. He is currently the Managing Director of Galena Mining Ltd.

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Morgans Corporate Limited holds 3.5m Options in Medallion Metals Limited at an exercise price of $0.0975 expiring 8 August 2026 as a result of capital raising activities.