

A High Potential Copper and Critical Metals Play

Metals & Mining

We initiate coverage on Pivotal Metals (ASX:PVT) with a 12-month target price of A\$0.033, representing a 264% upside from the current share price of A\$0.009. PVT is a developing copper and nickel exploration company with a resource base of >200kt copper plus large byproduct components in the mature mining jurisdiction of Quebec, Canada. The company owns 100% of its assets, with the flagship being the Horden Lake project, as well as the Belleterre-Angliers Greenstone Belt (BAGB) project. The regional geological setting further enhances its attractiveness as an investment opportunity.

Horden Lake project holds immense potential

The Horden Lake project is strategically located in Tier 1 active mining and exploration jurisdiction. The project's JORC compliant resources includes a large pit constrained component, indicating significant potential for low-capex open-pit mining. The deposit is currently defined over a 2,100m strike length, and has been intersected at depths of up to 540m. The deposit is open in multiple directions with recent assay results from step-out drilling demonstrates the presence of high-grade resources both along strike and at depth. Beyond this, favourable geophysical targets indicate continuity well outside the resource area. Combined, these results support excellent potential to increase resources on the project. In addition, being well connected with a highway and ability to access low-cost hydroelectric power makes Horden Lake a valuable and attractive asset for development into a mine.

Global demand-supply gap of copper a boon for junior miners

With an aggressive transition across the globe towards digitisation and green energy sources, the global supply of copper metal (the best conductor of heat and electricity) is forecast to be unable to maintain the demand momentum. According to S&P Global, global supply will fall short of ~10 million tonnes (Mt) of copper by 2035, i.e. ~25% of the worldwide demand. To maintain their hold on the material supply, prominent players have been consolidating and aggressively buying copper projects globally. Consequently, we believe **a geologically superior mine in a Tier 1 jurisdiction makes PVT an attractive M&A target.**

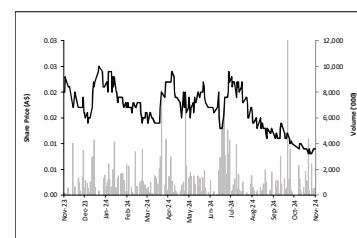
Valuation range of A\$0.031–0.035 per share implies significant upside

Using a SOTP-driven asset base comparable valuation methodology, we have valued PVT at A\$0.031 per share in a base-case scenario and A\$0.035 per share in a bull-case scenario. Our mid-point target price of A\$0.033 represents a Price/NAV of 0.28x, indicating a significant valuation upside potential to the current share price. **We anticipate PVT will undergo re-rating with the announcement of an upgraded mineral resource estimate for the Horden Lake project.** Significant value unlocking is also possible from the BAGB project. Any M&A activity by the management will be value-accretive. Key risks to our investment thesis include project execution delays, geological risks, funding risks and commodity price risks.

Pivot Metals Limited Valuation (A\$m)	Base Case	Bull Case
Horden Lake Project Value	20.70	23.76
BAGB Project Value	5.17	5.94
Net Cash and Other adjustments	3.36	3.36
Total Value	29.23	33.05
Implied Price (A\$)	0.031	0.035

Date	8 Nov 2024
Share Price (A\$)	0.009
Target Price (A\$)	0.031-0.035
Price / NAV (x)	0.28x
Market Cap (A\$m)	7.9
52-week L/H (A\$)	0.027 / 0.008
Free Float (%)	64.5%
Bloomberg	PVT AU
Reuters	PVT.AX

Price Performance (in A\$)



Business description

Pivotal Metals (ASX: PVT) is an Australia-based explorer and developer of mineral deposits. PVT's projects are in the mining-friendly jurisdiction of Quebec, Canada. The company's 100% owned flagship project, Horden Lake, has high-grade copper, nickel, palladium and gold deposits. Being present in a polymetallic and established mining jurisdiction, the Horden Lake project contains an open pit advanced JORC-compliant mineral resource base. PVT also holds a 100% stake in the highly prospective Belleterre-Angliers Greenstone Belt (BAGB). It covers 157 sq km. of consolidated landholding.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage

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Investment Rationale

PVT has built a portfolio of two 100% owned promising Cu-Ni-PGM projects in the top tier mining jurisdiction of Quebec

Pivotal Metals Ltd. (ASX: PVT) is a Australian company engaged in exploring and developing copper, nickel, and platinum group metals (PGM) deposits. PVT has built a portfolio of two 100% owned projects – Horden Lake copper(Cu)-nickel(Ni)-PGM deposit in northwest Quebec and the Belleterre-Angliers Greenstone Belt (BAGB) Ni-Cu-PGM exploration project, in southwest Quebec.

The company's strategic focus is developing its two high-potential critical metals projects in Canada. It aims to expand the resource base while mitigating risks associated with development of these assets. PVT plans to allocate capital efficiently to implement well-structured work programmes on both projects to create significant shareholder value.

Multitude of advantages add to the attractiveness of Horden Lake project

The Horden Lake project is located 140km north of Matagami in northwest Quebec. It is copper-dominant and contains a significant endowment of other battery and precious metals, including nickel, palladium, and gold. It is strategically located just 10km from the all-weather sealed James Bay Highway, which provides direct access to the La Grande Hydroelectric Dam—the world's second-largest hydroelectric complex. Horden Lake also benefits from nearby rail access to in-province smelters and export ports, providing efficient transportation options for concentrate downstream processing.

The project hosts a JORC-compliant Mineral Resource Estimate (MRE) of 27.8Mt at 1.49% Copper Equivalent (CuEq¹) for 414kt CuEq, which includes a pit-constrained portion of 17.3Mt at 1.38% CuEq. This ~62% of pit-constrained resources indicates significant potential for a low-capex open-pit mining scenario. Additionally, the large metal endowment of 414kt (CuEq) and 200kt Cu gives the project relevant scale and supports potential economic viability. The high CuEq figure suggests the presence of not just copper but also other valuable metals, such as Ni and PGMs, that contribute to the overall value of the resource.

Exceptional drilling results validate the economic potential of the project

The Horden Lake project is characterised by over 59,000m of drilling, with 52,000m being drilled by previous operators. The Horden Lake deposit (currently based on the first 52,000m drilling) extends over 2,100m along strike and has been intersected at depths of up to 540m, reaching 700m down-dip along the footwall contact zone².

In 2024, PVT completed its first exploration programme since acquiring the project, consisting of geophysical surveys and a diamond drilling campaign of 34 holes totalling 7,072m.

The assay results demonstrate the presence of high grades at shallow depths and an extension of the broad mineralised zones along the target contact zone that hosts the Horden Lake deposit, contributing to the project's expanding resource envelope. ***The successful exploration programme has extended the known mineralisation at depth and along the strike and added missing by-product assay information to the deposit area.***

BAGB - a complementary battery metals exploration portfolio project

BAGB is a large-scale exploration project encompassing an area of 157km², comprising the Midrim, Laforce, Alotta, and Lorraine Ni-Cu-PGM sulphide projects. Given its proximity to the world-famous Abitibi mining district, PVT intends to build on historical exploration work to make discoveries of scale that can be practically put into production.

Recent PVT drilling has shown multiple aspects of upside potential for the tonnage and grade of the deposit

¹ CuEq = Cu% + (Ni.% x 2.59) + (Au.g/t x 0.63) + (Pd.g/t x 0.74)

² The footwall is defined as the lower boundary of a geological deposit.

In April 2024, PVT released results of a 3D magnetotelluric survey over approximately 7.5 km², covering the Midrim and Alotta discoveries. These discoveries feature high surface and near-surface mineralisation grades and include a cluster of prioritised targets. The geophysical surveys revealed significant conductive anomalies above high-grade historical Cu-Ni-PGM discoveries, highlighting the overlooked opportunities within the broader tenements. ***PVT is preparing for its maiden drill programme at BAGB.***

Projects are strategically located in a tier-1 mining jurisdiction of Quebec

Quebec is a top global mining jurisdiction, and offers excellent incentives for mineral exploration

PVT has successfully built a portfolio of two 100% owned projects in Quebec, ranked 5th globally on the Fraser Institute's Investment Attractiveness Index, reflecting its strong appeal as a top mining destination. Quebec is an established mining jurisdiction with mines, smelters, a skilled workforce, and access to critical infrastructure necessary to develop and operate mining projects. With a power grid that is 99% hydroelectric, Quebec offers carbon-neutral power, providing some of the lowest electricity costs in the world.

Additionally, financing incentives, such as a generous "flow-through" tax scheme, enable financings at a premium, resulting in c. 2x grossing-up of cash raised, specifically for eligible exploration expenditures on critical metals projects in northern Quebec. The region has Canada's second-lowest average tax rate (at 26.5%) and a specific 'Mining Tax Act' designed to reduce taxes for mining companies. Quebec also benefits from a supportive regulatory framework and has established the "Bureau of Coordination" to streamline the approval process, helping reduce developer delays. ***The ability to utilise flow-through shares (FTS), as leveraged in the recent capital raising, lowers dilution risk for shareholders and reaffirms that Quebec is one of the top mining jurisdictions globally for exploring and developing assets.***

Copper is the new Lithium, demand-supply gap to aid junior miners

As global economies shift towards digitalisation and energy transition towards green and renewable sources, nickel and copper are critical materials with large traditional and future facing markets. Being one of the highest conductors of heat and electricity, copper is required in every layer of this journey — data centres, manufacturing of electronic circuitry, EV batteries, solar panels, transmission grid build-out, wind turbines, etc. Consequently, the rapidly growing demand (CAGR of 8.7% over 2023-30) is outpacing the global supply pipeline of this critical metal. S&P Global predicts the copper demand-supply gap will remain ~25% by 2035.

Global mined grades are in decline, and the pipeline of supply projects has suffered from delays and lack of investment over the last decade. The increasing realisation of a supply and demand imbalance is leading the major copper suppliers to pursue high-profile M&A to acquire underdeveloped mines globally. Consequently, we believe that PVT presents an attractive M&A target because of its diversified metal mix of copper and nickel and location in a top-tier global mining jurisdiction.

PVT is currently trading at a substantial discount to its intrinsic value

Any potential acquisition bid for PVT will be value-accretive for its potential investors

Given the location, quality and growth potential of the Horden Lake asset, and the fact that PVT's management is aggressively working towards advancing and de-risking this core asset, we believe that PVT should not be trading at a significant discount to its intrinsic value. Significant step-outs have demonstrated a clear upside, prompting us to factor in a 15-20% increase in the resource base from recent drilling. In addition, despite well-defined ultra-high-grade mineralisation, capital market participants appear to be ascribing no value to the BAGB project. It has the potential to offer multifold returns to PVT's investors. Our SOTP-based asset-value-driven comparable methodology results in a target price range of A\$0.031 to A\$0.035 per share.

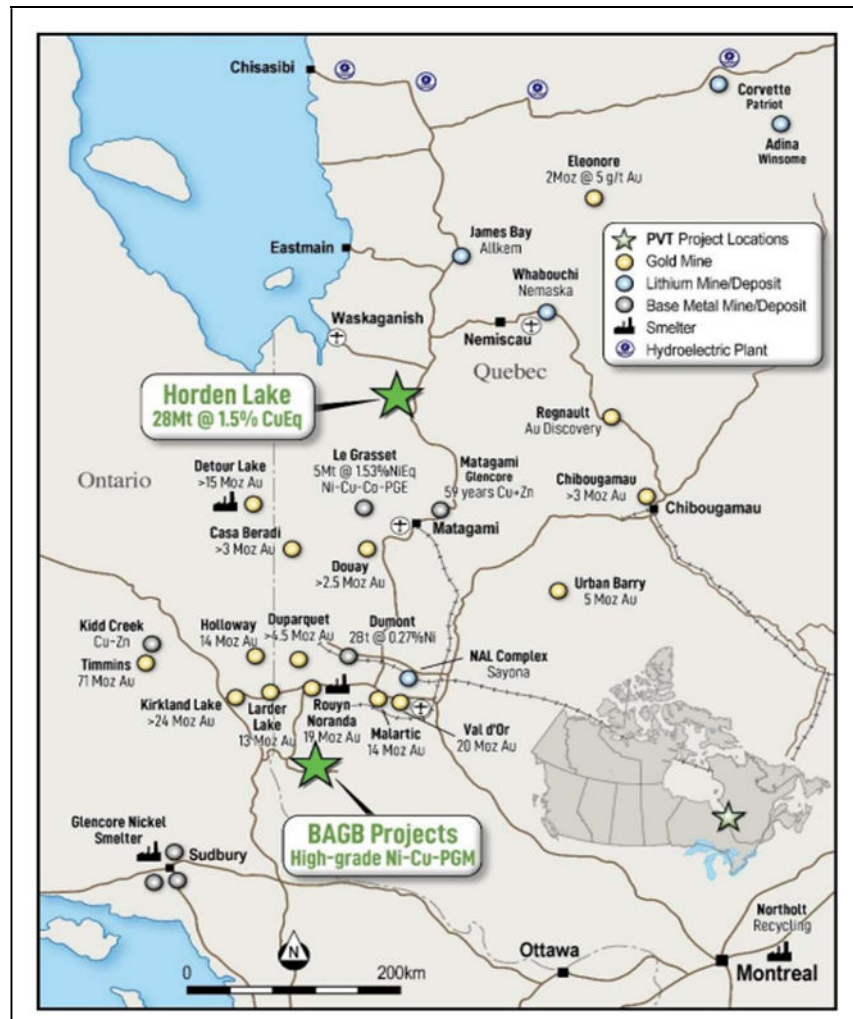
Given the demand-supply gap for copper and the interest of larger players in pursuing M&A activity, PVT represents a compelling acquisition target. Any such proposal would be value-accretive for investors. **Key risks** to our investment thesis include volatility in copper prices and elongated, depressed global economic demand.

Horden Lake – Pivotal’s flagship project

Pivotal completed the acquisition of Horden Lake on December 20, 2022. Located in the southern James Bay region of Quebec, Canada (Figure 1), the project is 10 km from the all-weather sealed James Bay Highway, which connects to the La Grande Hydroelectric Dam, the world's second-largest hydroelectric complex. The project is copper-dominant and contains significant of other high value metals such as nickel, palladium, and gold. Horden Lake consists of 18 mining claims spanning 814.81 hectares (ha).

Figure 1: Pivotal’s project portfolio

PVT aims to increase the mineral resources base at Horden Lake and reduce project risks related to engineering, environmental impact, and economic viability



Source: Company

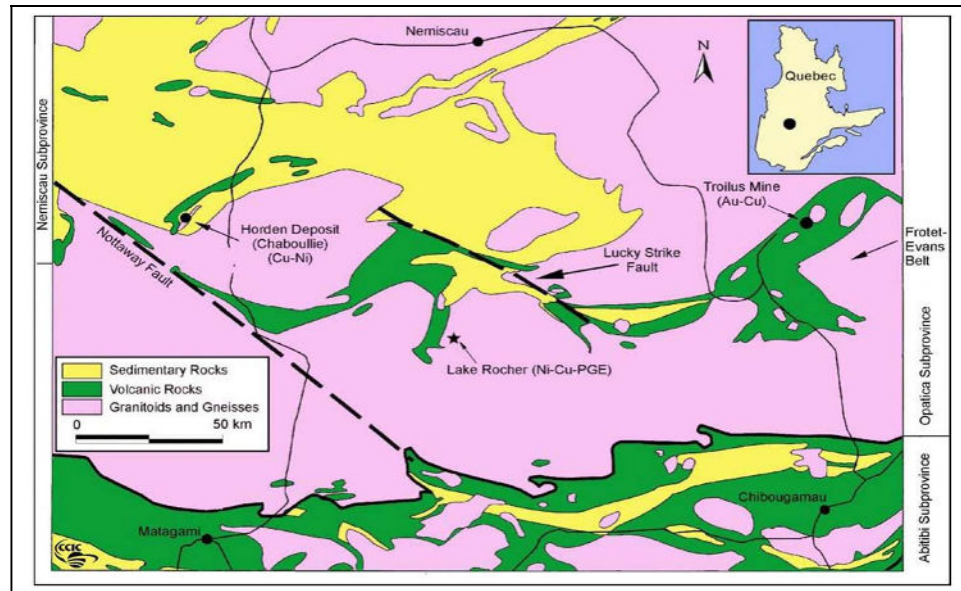
The geology of the project is attractive

The Horden Lake project is a magmatic sulphide Cu-Ni-PGM style deposit within the Frotet-Evans Greenstone Belt in the Nemiscau Subprovince, close to the border with the Opatica Subprovince of the Superior Province of the Canadian Shield (Figure 2). The three other Subprovinces in the James Bay region are the La Grande, Opinaca and Opatica.

The Quebec Government first mapped the geology of the Horden Lake area. The main types of rocks found here are metavolcanic and metasedimentary rocks. A long, narrow body of meta gabbro also includes pieces of metasedimentary rocks. Granites have intruded into both the metasedimentary and metavolcanic rocks. Additionally, the granites are intersected by granitic

dikes and pegmatites. The youngest rocks in the area are gabbro and diabase dikes. The rock structures on Horden Lake mainly run east-west, northeast, and northwest, and they slope steeply to the south.

Figure 2: Regional geology for the Frotet-Evans Greenstone Belt, Opatica Subprovince



Source: Company

Historical drilling was undertaken on the project but was fragmented

INCO discovered the Horden Lake deposit in the 1960s and underwent over 52,000m of drilling before PVT's acquisition. Between 1962 and 1969, INCO, the world's preeminent nickel mining company of the day, conducted geophysical surveys and completed 157 diamond drill (DD) holes, totalling 32,229m on the project. This was a substantial amount of work given the then remoteness of the site, which was accessible only by float plane or helicopter. INCO focused primarily on nickel and copper and did not assay for other metals.

Figure 3: Drill core from the Southampton's 2008 drilling programme



Source: Company

The project more recently enjoys excellent access with the construction of the James Bay highway. In 2008, Southampton Ventures Inc. conducted geophysics and drilling totalling 18,136m in 73 drill holes (Figure 3). All drill holes were assayed for a range of metals, and this highlighted the presence of palladium (Pd), platinum (Pt), gold (Au), silver (Ag), and cobalt (Co), in addition to copper (Cu), nickel (Ni). Subsequently, a mineral resource estimate (MRE) was prepared by Caracle Creek in April 2009, which resulted in 16.55 million tonnes (Mt) comprising 8.76Mt of Indicated @ 0.88% Cu, 0.21% Ni, and 7.79Mt of Inferred at 0.87% Cu, 0.25% Ni.

In 2012, El Condor Minerals Inc. followed up with an additional 2,037m drilling across 12 drill holes which further enhanced the information dataset.

The MRE represents a significant increase of tonnes and grade for Horden Lake

The MRE of the Horden Lake considers the elements copper, nickel, gold, and palladium

In 2022, the company completed a comprehensive evaluation of all historical data and engaged Caracle Creek Consulting to remodel the resource using the complete database and updated metal prices. This resulted in a pit-constrained JORC-compliant Mineral Resource Estimate (MRE) of 27.8Mt with an average grade of 1.49% Copper Equivalent (CuEq³). The MRE considers the portions of the resource within the optimised pit shell at a cut-off of 0.30% CuEq and the deeper portions of the mineral resources outside (below) the optimised pit shell, using an underground cut-off of 1.12% CuEq. Of the total estimate, 55% is classified as Indicated Resource and 45% as Inferred Resource (Figure 4).

Figure 4: Horden Lake Mineral Resource Estimate by resource category

Category	Tonnes	Grade					Contained Metal				
		CuEq (%)	Cu (%)	Ni (%)	Au (g/t)	Pd (g/t)	CuEq (kt)	Cu (kt)	Ni (kt)	Au (koz)	Pd (koz)
Indicated	15.2	1.50	0.77	0.20	0.13	0.19	228.6	117.6	30.5	59.4	91.3
Inferred	12.5	1.47	0.67	0.25	0.02	0.20	184.3	84.0	31.4	6.9	76.7
Total	27.8	1.49	0.74	0.22	0.08	0.19	413.9	201.6	61.9	66.2	168.0

Source: Company

This is the first MRE utilising data from all previous drilling, comprising 96 drill holes completed by INCO, 72 by Southampton, and 12 by El Condor Minerals.

The MRE has generated a 3D model of the geology, focussing on rock types and how minerals are distributed in the main sulphide area (the Cu domain). This includes a detailed analysis of the higher-grade Cu sub-domain, which is made up of semi-massive to massive sulphides found at the bottom of the deposit. As a result, there has been a notable increase in both the tonnage and average Cu grade for the Horden Lake deposit (Figure 5 and Figure 6).

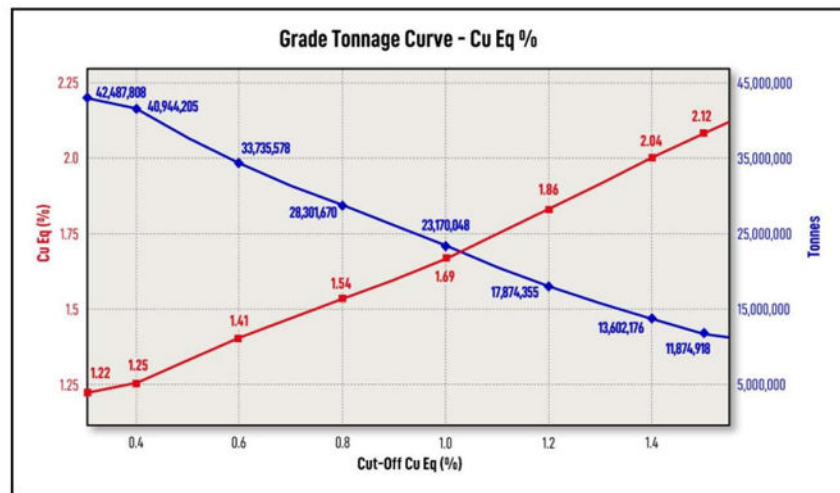
³ CuEq = Cu% + (Ni.% x 2.59) + (Au.g/t x 0.63) + (Pd.g/t x 0.74)

Figure 5: Tonnage and Cu grades

Cutoff Cu Eq (%)	Tonnage (t)	Cu Eq Average Grade (%)
0.3	42,487,808	1.22
0.4	40,944,205	1.25
0.5	37,156,506	1.33
0.6	33,735,578	1.41
0.7	30,848,845	1.48
0.8	28,301,670	1.54
0.9	25,807,846	1.61
1	23,170,048	1.69
1.1	20,365,978	1.77
1.2	17,874,355	1.86
1.3	15,654,989	1.95
1.4	13,602,176	2.04
1.5	11,874,918	2.12

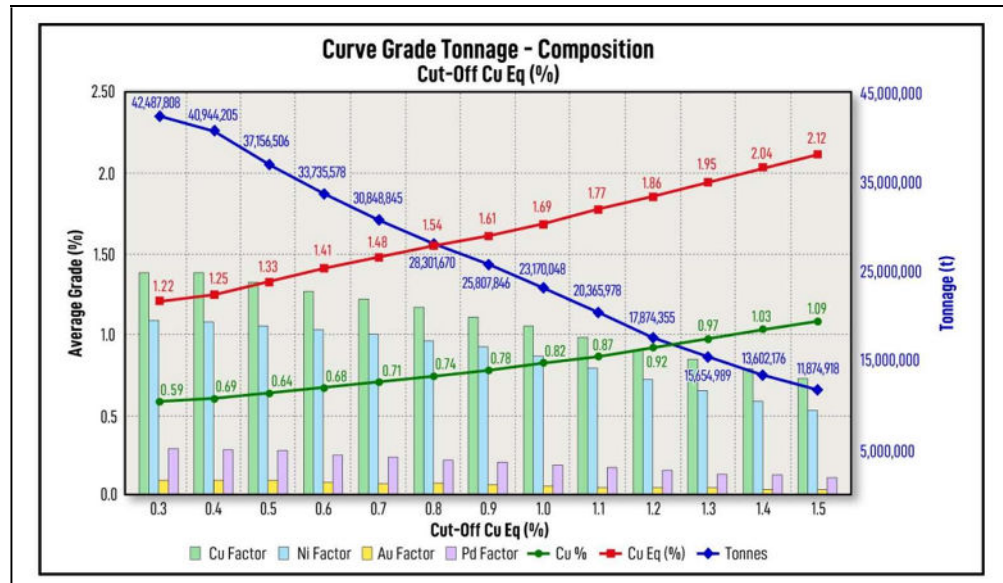
Source: Company

Figure 6: Grade-tonnage curve using % CuEq



The main component of the MRE is Cu, with substantial value added through the occurrence of nickel and, to a lesser extent, gold and palladium; for this reason, the CuEq is an effective way to evaluate the economic potential of the deposit (Figure 7).

Figure 7: Grade-tonnage curve and the relative metal contribution



Source: Company

Encouraging results from maiden exploration programme

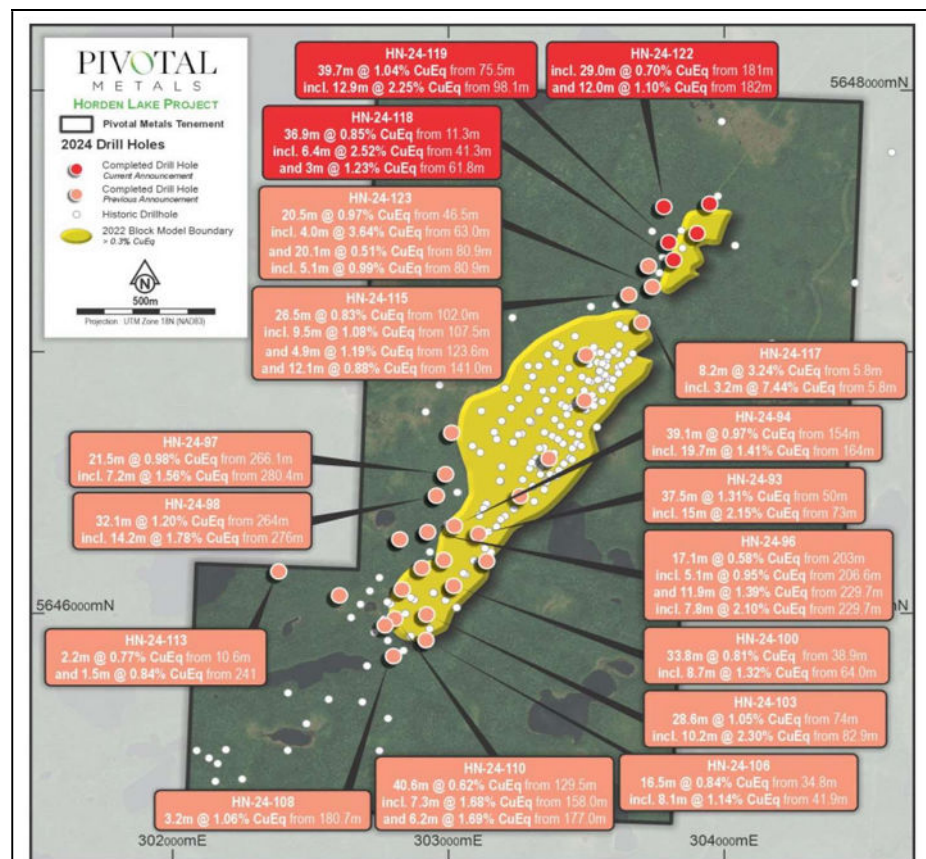
In 2024, PVT completed its first exploration programme on the project, consisting of geophysical surveys and a maiden diamond drilling campaign of 34 holes totalling 7,072m. The Horden Lake resource envelope extends over 2,100m along strike and has been intersected at depths of up to 540m, reaching 700m down-dip along the footwall contact zone. The exploration programme, which included step-out drilling, down-hole electromagnetic surveys (DHEM), and infill drilling, has showcased the asset's quality and scale potential (Figure 8)

The step-out drilling has extended the mineralisation down-plunge across the full southern strike of the deposit, as well as around the northern portion of the deposit which is to date modelled as a satellite pit given the limited drilling this area. Drilling has regularly intercepted broad zones of continuous mineralisation beyond the boundary of the MRE, demonstrating good continuity to drilling on-strike and down-dip. E.g., **Mineralisation has been extended 80m downward in drill hole HN-24-98. This hole confirms 32m with an average grade of 1.2% CuEq, which includes 14m at 1.79% CuEq starting from 275m.**

DHEM has been completed across the deposit area, and the results show multiple significant conductive anomalies⁴, or "plates" that indicate the mineralisation is continuous well below the known resource boundary (blue zones, Figure 9). Encouragingly, many plates show that their conductive centres are deeper, indicating that mineralisation may strengthen at depth in places.

Furthermore, infill drilling has also been completed to gather assay information for missing by-products (non-Cu or Ni) in areas where it was historically overlooked, and to provide a spatially representative metallurgical sample. All drilling has yielded significant assays for these minor metals and confirmed the continuity of shallow open-pit mineralisation throughout the southern and northern zones of the deposit.

Figure 8: Drill map plan with significant 2024 results at the Horden Lake project



Source: Company

PVT's maiden drilling programme in 2024 has clearly demonstrated an expanded mineralised system at the Horden Lake project

The company successfully intersected the deposit mineralised zone in every drill hole of its maiden drill programme (Figure 9). In the northern resource area, wide zones and high grades of mineralisation were intersected:

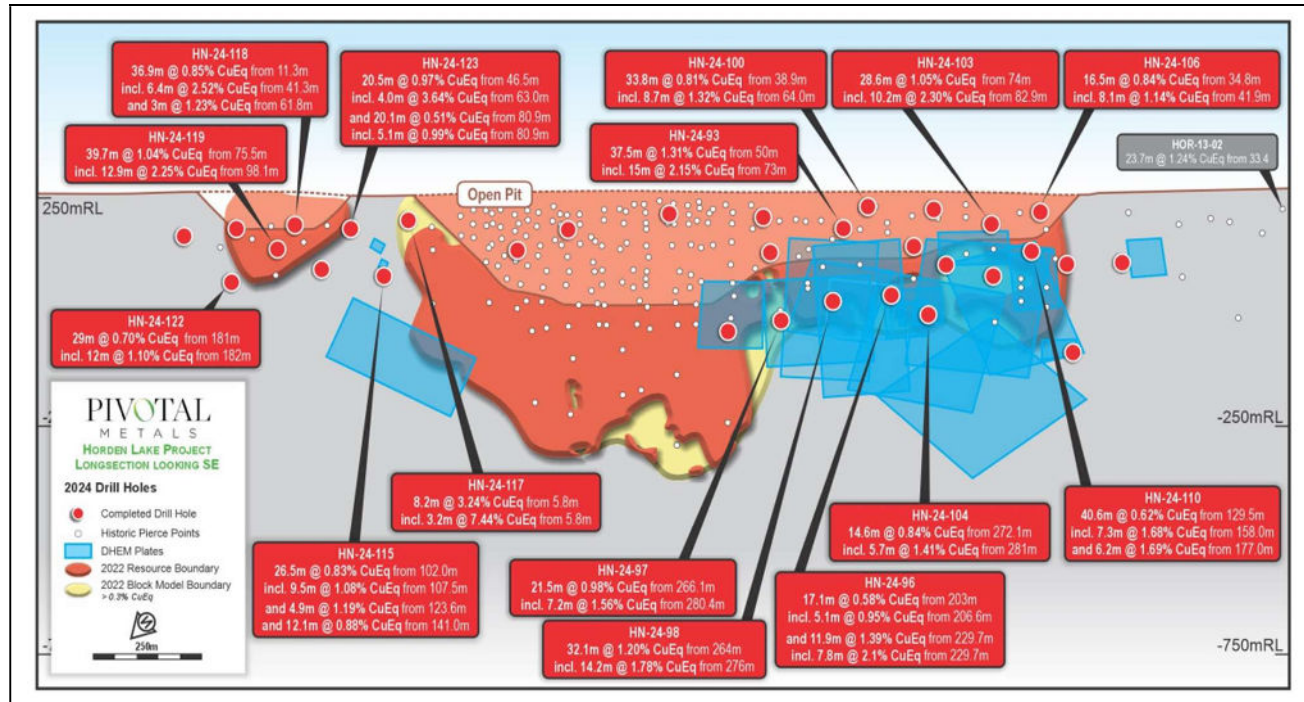
- Drill hole HN-24-119, 39.7m, averaging 1.04% CuEq, which includes 12.9m at 2.25% CuEq starting from 98.1m.

⁴ A conductive anomaly refers to an area within the Earth's subsurface that exhibits unusual electrical conductivity compared to its surrounding materials.

- Drill hole HN-24-118 shows continuity of this wide zone from the surface, with 36.9m averaging 0.85% CuEq, including 6.4m at 2.52% CuEq from 41.3m.

The assay results demonstrate the presence of high grades at shallow depths and the continuity of the broad mineralised zones along the target contact zone hosting the Horden Lake deposit. Coupled with DHEM this strongly supports an expanding resource envelope of the Horden Lake deposit.

Figure 9: Substantial exploration defined in drilling



Source: Company

The drill programme achieved its objectives of resource expansion, confirmation of significant precious metals content, and sample provision for metallurgical test work and ore characterisation studies. PVT plans to continue broadening its search area associated with the Horden Lake deposit along the 3,200m contact zone and other regional anomalies to target new areas for resource growth on the project. ***The detailed magnetic survey, new drilling, and reinterpretation of historical drilling have highlighted significant regional potential for repeat discoveries at Horden Lake.***

The Horden Lake project has numerous strategic advantages

The Horden Lake project offers many advantages, including a favourable location, excellent infrastructure, and an extensive resource base. The following factors further add to the attractiveness of the project:

I. Located in a world-class mining jurisdiction

The project is in Quebec, one of Canada's key mining provinces. It boasts established mines, smelters, and a skilled workforce. The region ranks 5th globally on the Fraser Institute's Investment Attractiveness Index, reflecting its strong appeal as a top mining destination.

- **Low-cost, carbon-neutral power** - Quebec offers low-cost, carbon-neutral power primarily sourced from renewable hydroelectric resources. With a power grid that is 99% hydroelectric, Quebec provides some of the lowest electricity costs in the world, which would support low operating costs and green credentials for a future mining operation.

Quebec's hydro-power is among the cheapest in the world. Low cost power is a significant advantage for Horden Lake.

- **Financing incentives**—A generous "flow-through shares" (FTS) tax scheme enables financing at a premium. This results in c. 2x grossing-up of cash raised, specifically for eligible exploration and development expenditures on critical metals projects in northern Quebec. Additionally, regional development organisations actively fund and coordinate investments in the Horden Lake/James Bay region.
- **Advantageous tax system** – The region boasts Canada's second-lowest average tax rate, at 26.5%. In addition, the province offers a specific "Mining Tax Act" designed to reduce taxes for mining companies. This includes targeted direct deductions, accelerated depreciation schedules, and other allowances to support the sector.
- **Supportive regulatory framework**—Quebec benefits from a solid and transparent legal framework with a proven track record of approving development projects. The province has also established the "Bureau of Coordination" to streamline the approval process, helping reduce developer delays.

Flow-Through Shares (FTS) is a unique tax incentive scheme for miners in Canada

FTS is a tax incentive scheme run by the government of Canada to aid investment in the development of the mining industry. These incentives are crafted to support miners (especially smaller ones) in funding exploration expenditures on Canadian soil. The scheme also covers other mining expenses, such as surveying (geological, geophysical, or geochemical), drilling, trenching, digging test pits, and preliminary sampling.

Under this scheme, the investors can claim a tax deduction equal to the amount invested in any new share issue by the miner. The FTS incentive allows public companies to transfer certain exploration expenditures on Canadian soil to investors.

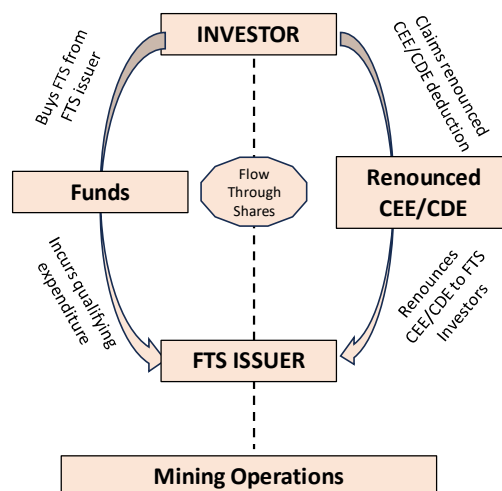
FTS financing contributes ~65% of the funds raised on Canadian stock exchanges for exploration activities across the country, supporting the industry's growth in the region and providing mining companies with an option to reduce capital funding costs.

By issuing FTSs, a company can "flow-through" certain expenses to the share purchaser. These expenses are then considered to have been incurred by the investor, not the corporation, which can reduce the investor's taxable income.

Individual investors benefit in the following ways:

- They receive a 100% tax deduction for the amount they invested in the shares, plus a 15% or 30% tax credit in the case of an eligible expense.
- They may see their investment appreciated if the exploration is successful.

FTS provides an added impetus for PVT investors, as the company can raise low-cost funds to rapidly expand exploration activities across the Horden Lake and BAGB projects.



Note: ^CEE = Canadian Exploration Expense; CDE = Canadian Development Expenses

Source: Mining Tax Canada and East Coast Research

II. Excellent infrastructure network in place

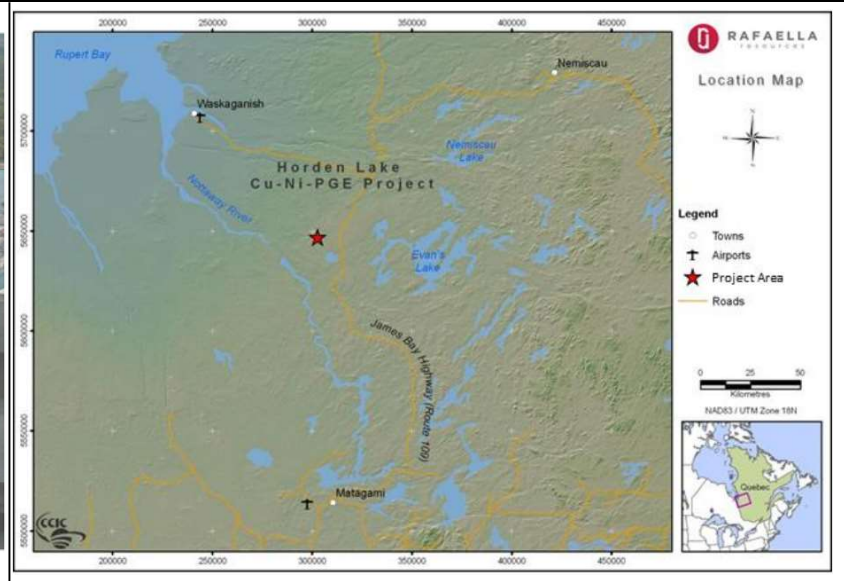
A vast infrastructure network supports the Horden Lake project, ensuring efficient access to critical resources and facilitating project development. The project is located just 10km from the all-weather sealed James Bay Highway, providing direct access to the La Grande Hydroelectric Dam — the world's second-largest hydroelectric complex (Figure 10). The project also benefits from nearby rail access to smelters and export ports, which provides efficient transportation options the concentrate products of the project.

Figure 10: Hydroelectric Complex



Source: Company

Figure 11: Horden Lake near roads and other infrastructure



III. Large defined deposit with 62% of the resource being suitable for open pit mining

The project features a robust resource of 27.8Mt at 1.49% CuEq for 414kt CuEq, including an open pit-constrained portion of 17.3Mt at 1.38% CuEq (Figure 12), with the remainder available for underground mining.

Figure 12: Horden Lake Mineral Resource Estimate by open pit/underground

Category	Tonnes	Grade					Contained Metal				
		CuEq (%)	Cu (%)	Ni (%)	Au (g/t)	Pd (g/t)	CuEq (kt)	Cu (kt)	Ni (kt)	Au (koz)	Pd (koz)
Open Pit	17.3	1.38	0.67	0.21	0.08	0.19	239.6	115.7	35.6	43.9	100.5
Underground	10.5	1.66	0.82	0.25	0.01	0.13	173.9	85.9	26.3	22.3	67.5
Total	27.8	1.49	0.74	0.22	0.08	0.19	413.9	201.6	61.9	66.2	168.0

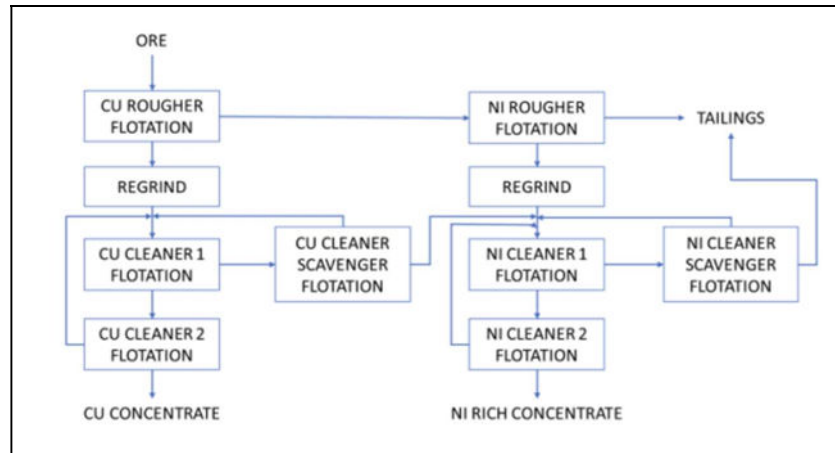
Source: Company

The open pit mining scenario involves mining the deposit from the surface (rather than underground), simplifying extraction. This feature reduces capex and lowers start-up risks, making the project more economically viable and an attractive development opportunity.

IV. Positive metallurgy supports the potential for high metal recovery

In 2024, the company commenced a metallurgical test work programme at Horden Lake. The programme aims to optimise the current flowsheet, targeting the highest net smelter return approach from contained metals. This will involve investigating a sequential Cu-Ni flowsheet to produce both high-grade copper and high-grade nickel concentrates (Figure 13).

Figure 13: Conceptual sequential flotation flowsheet



Source: Company

The metallurgical tests are currently underway, and the results will be included in an updated resource update in the next 3 months

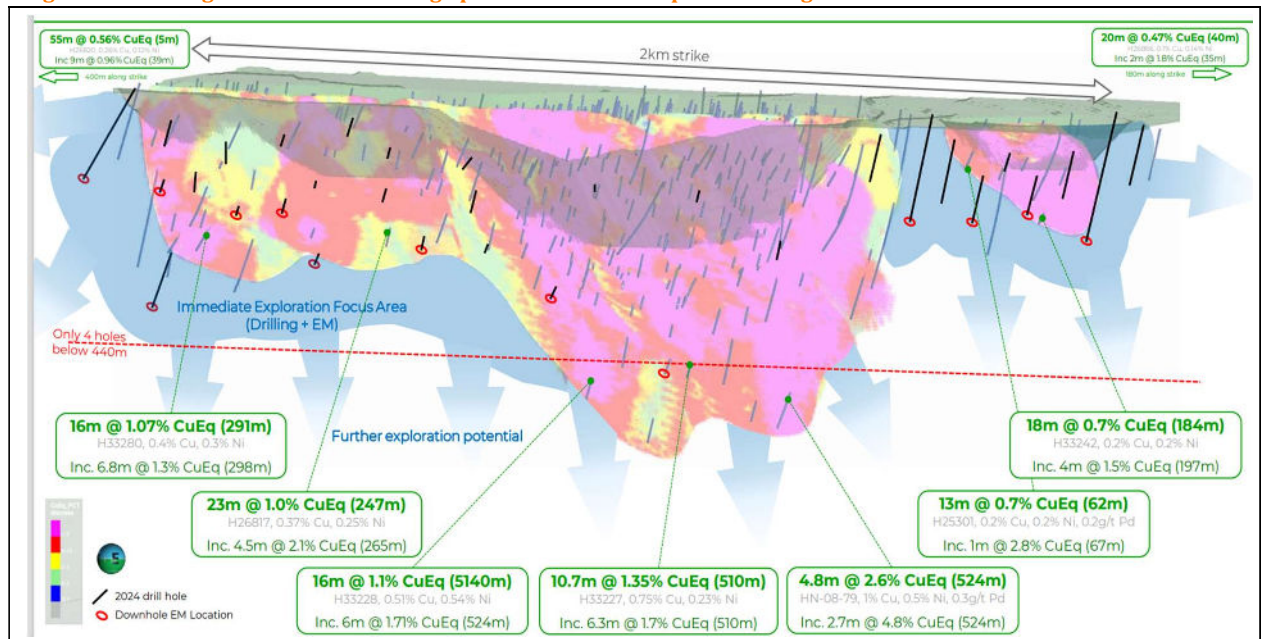
Historical metallurgical test work has already demonstrated the potential for good recoveries across the key copper and nickel metals in the Horden Lake deposit. Earlier work demonstrated 95% copper recovery to 23% concentrate in the rougher stage. Additionally, high nickel recoveries can be achieved, though the process remains un-optimised, suggesting further potential for improvement.

The metallurgical programme is progressing well, and PVT is currently optimising the flotation process. Subject to the progress of the optimisation stages, the company expects to complete this work by mid-Q1 2025. A mineral resource update will follow final test work results. With funds in place, PVT should embark on the next drilling programme soon.

V. Horden Lake is open at depth and along strike

The step-out drilling has extended the mineralisation down-plunge across the full southern strike of the deposit. Drilling has intercepted broad zones of continuous mineralisation beyond the boundary of the MRE, demonstrating good continuity to drilling on-strike and down-dip.

Figure 14: Drilling and downhole testing open extensions at depth and along strike



Source: Company

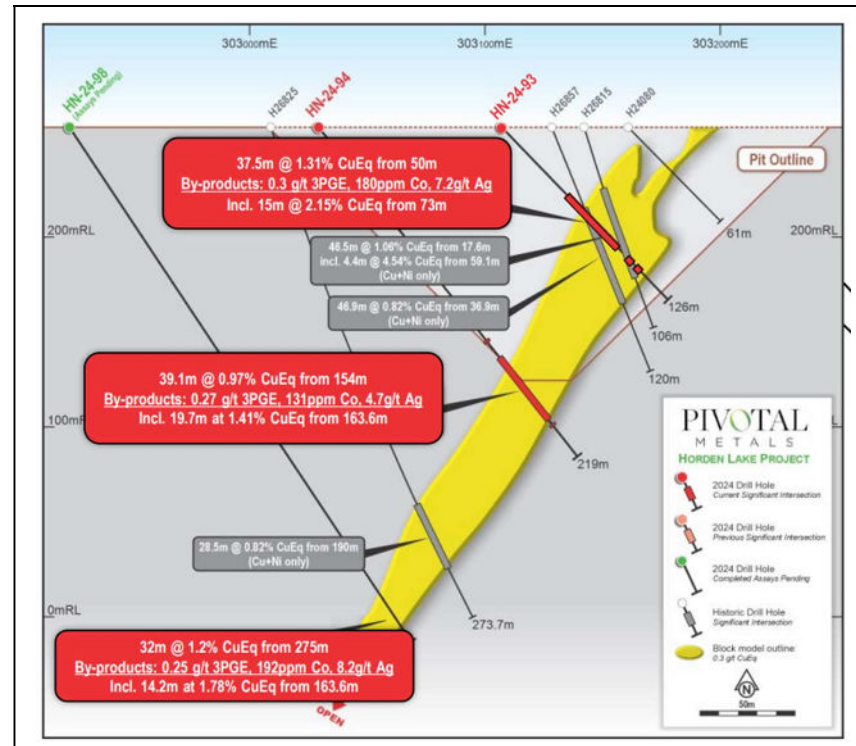
The Horden Lake deposit is open at depth and along strike, offering significant potential for further resource expansion.

Increased resources are expected when the company updates its resources shortly and multiple exploration targets for additional resources to be defined with future drill campaigns.

VI. A polymetallic opportunity

In addition to extending the mineralisation of the project, the drilling programme also added by-product assay information that was missing from some areas of the deposit. Previously, much of the deposit was assayed for Cu and Ni only, but the recent assays confirmed by-products, Au, Pt, Pd, Co and Ag, in all drilling, expanding this data to the total deposit extent (Figure 15).

Figure 15: Grade upside confirmed in holes as potential by-products



Source: Company

VII. Substantial regional potential for repeat discoveries

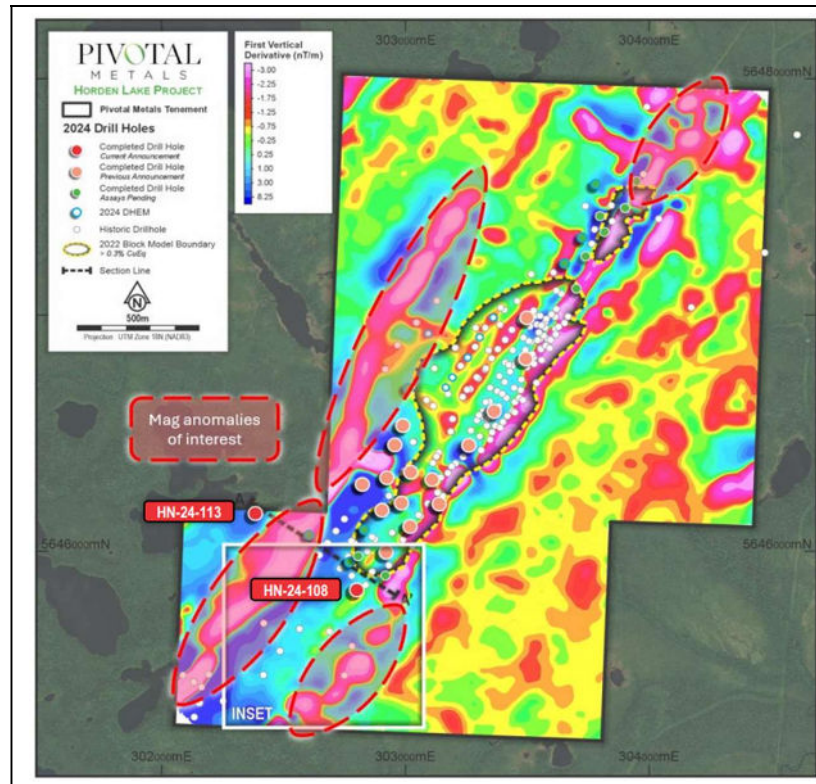
A detailed magnetic survey completed by the company in 2024 has indicated a clear continuation of the Horden Lake trend to the southwest, extending beyond the central mineralised zone and highlighting strike extension potential of up to 600m southwest and 500m northeast of the primary Horden Lake trend (Figure 16).

The magnetic survey also identified a 1.8km parallel magnetic anomaly, dubbed Horden West, located 400m west of the primary Horden Lake trend. **In 2024, PVT drilled its first-ever hole into Horden West (HN-24-113), yielding promising results that strongly support the potential of this new zone** (Figure 16). The drilling confirmed the presence of magmatic sulphide mineralisation, which importantly exhibits the same mineralisation signature as that of the central Horden Lake zone. Notable intersections included 2.2m at 0.77% CuEq from 10.6m and 1.5m at 0.84% CuEq from 241m.

A detailed geophysical survey is planned for the entire property in Q4 2024, and follow-up drilling will focus on extending the footprint of the deposit area. The pathway to scaling up the project is promising, as future drilling is expected to add more tons to the resource.

PVT's property may host new deposits. Future work will focus on these targets

Figure 16: Regional potential for additional discoveries



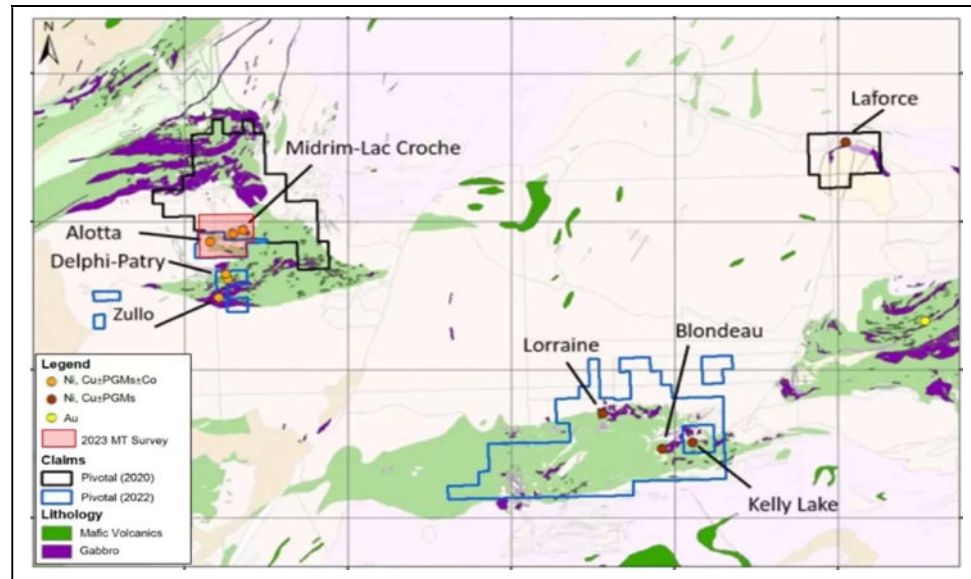
Source: Company

BAGB – A portfolio of high-grade assets

The company owns 100% of the 157 km² landholding within the Belleterre-Angliers Greenstone Belt (BAGB) in southern Quebec. The project comprises a suite of gabbroic intrusive projects, including Midrim, Laforce, Alotta, and Lorraine high-grade nickel-copper-PGM sulphide projects.

The BAGB is the youngest and southernmost greenstone belt in the Archean Superior Province of the Canadian Shield. This volcano-sedimentary belt is north of the Grenville Front and south of the Abitibi Greenstone Belt. The projects host historical resource estimates and mining areas.

Figure 17: BAGB portfolio of projects



BAGB is a large scale, high-potential project that has exceptional near surface grades of nickel, copper and PGMs

Source: Company

Historical drilling on the project highlights very high grades

The Midrim and Alotta prospects (Figure 18) represent very prospective areas for exploration discovery. Past drilling in these locations has found high levels of copper, nickel, and PGMs in multiple zones of massive to semi-massive and net-textured to disseminated sulphides at the base of a differentiated gabbro sill. These high grades are indicative of a strong mineralising system.

Figure 18: Selected intercepts for Midrim and Alotta

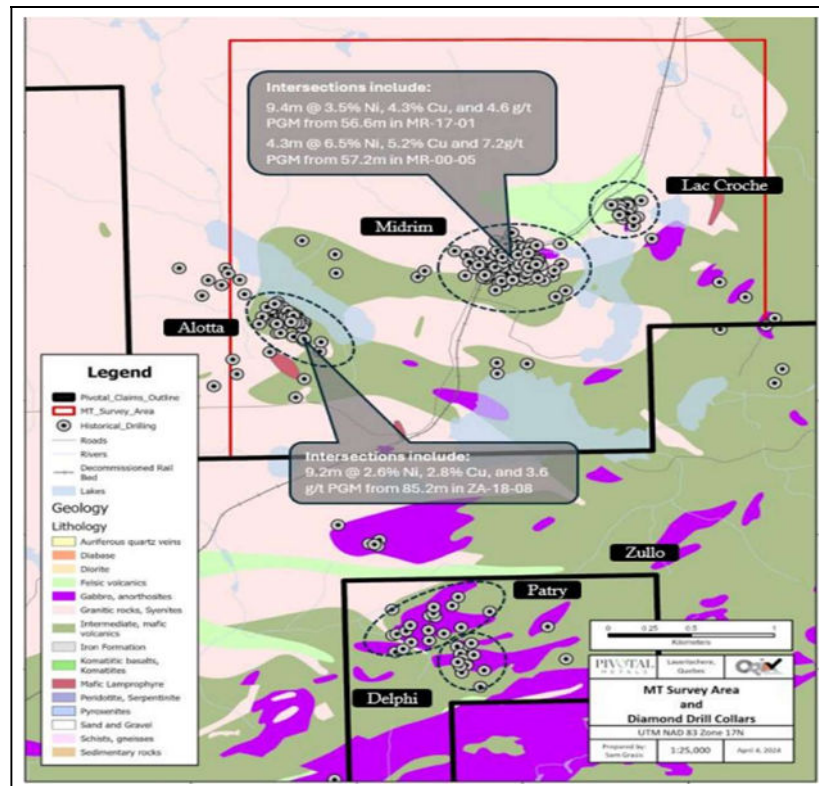
Hole	Interval	Ni (%)	Cu (%)	2PGM + Au (g/t)	From
MR 17-01	9.4m	3.5	4.3	4.6	56.6m
MR 00-05	4.3m	6.6	5.2	7.2	57.2m
MR 01-29	18.9m	1.5	2.1	2.4	17.6m
ZA 18-05	11.3m	2.2	2.2	3.1	61.2m
ZA 18-08	9.2m	2.6	2.8	3.6	85.2m
ZA 19-05	17.0m	1.5	2.9	3.3	54.0m

Source: Company

MT survey defined high-grade surface and near-surface mineralisation

In 2024, PVT released the results of a 3D magnetotelluric (MT) survey completed over a 7.5km² portion of the larger 157km² BAGB tenement package. The survey was conducted across the Alotta and Midrim areas of the project (Figure 19)

Figure 19: MT Survey limits, geology and historic drill hole collars



Source: Company

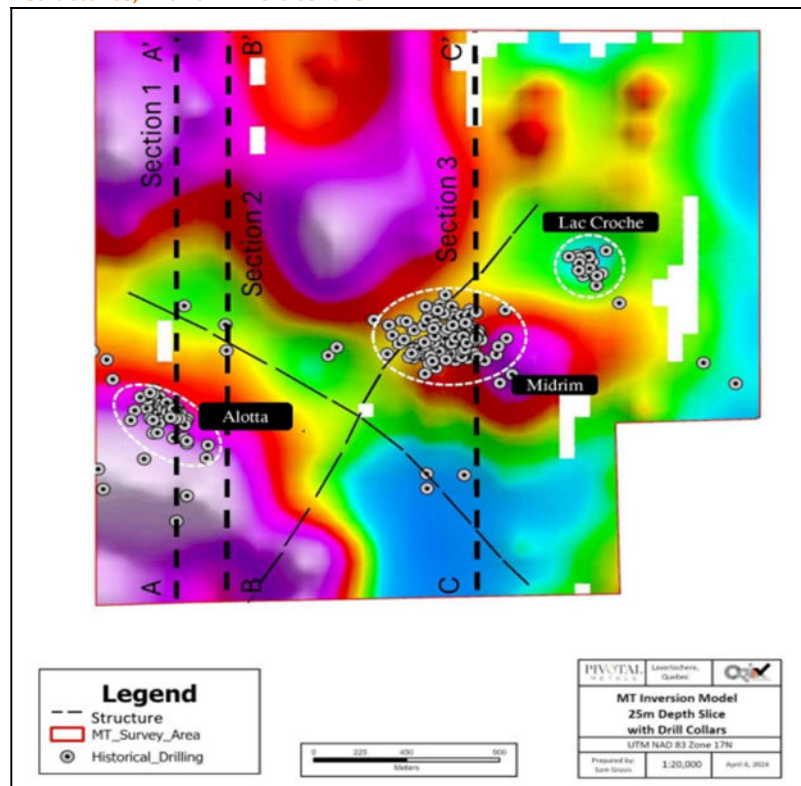
The survey results show a sizeable resistive body located beneath the known Midrim and Alotta discoveries, indicative of mafic intrusive rock. Several large low-resistivity areas could be promising targets for finding significant deposits of massive sulphides (Figure 20).

The MT survey results identified several prospective targets on gabbroic margins and contacts. These overlapping structures could improve the chances of finding sulphide minerals by creating traps or areas where the minerals can move and concentrate.

The projection of the historic drill collars shows that previous drilling has been chiefly shallow, focusing on the discoveries at Midrim, Alotta, and Lac Croche. ***Only a tiny amount of deeper drilling was done at Midrim to test the mafic intrusion. This implies the potential to explore more promising areas along the edges and the conductive zones identified as potential targets.***

Figure 20: MT inversion showing high and low resistivity contours, structures, with drill hole collars

The Midrim-Alotta discoveries are just one of the several promising exploration opportunities on BAGB. Additional work is being planned to rank and prioritise all exploration targets on the project



Source: Company

The next steps for the project

Further exploration work at the project includes:

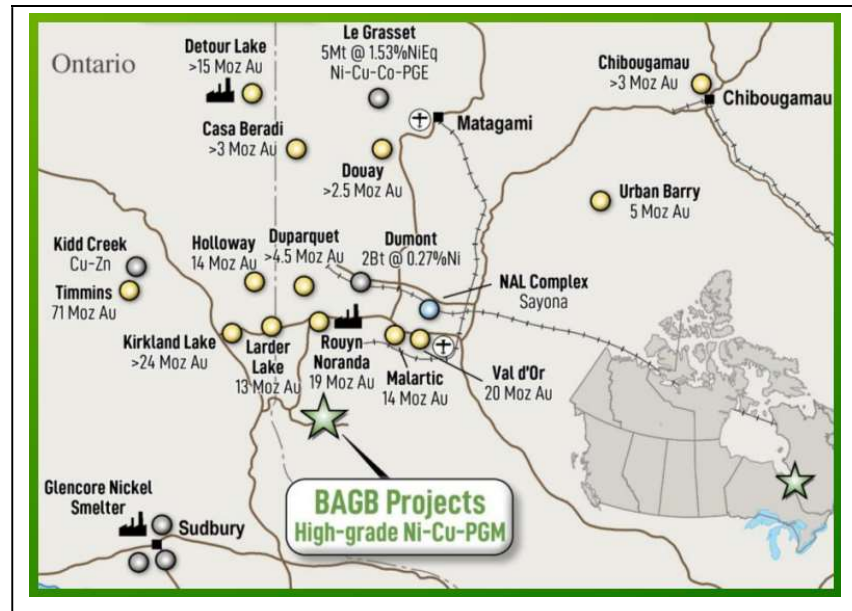
- Follow-up reinterpretation of VTEM⁵ Conductors and profiles coincident with gabbro and country rock contacts. Verification in the field and in adjacent drill holes for the presence of sulphides.
- Compiling the drill data to confirm the presence of MT resistivity lows or conductors near the gabbro margins.
- Tightening the MT grid or gravity surveys to target favourable mineralisation areas with drilling.

The Midrim-Alotta discoveries are just one of the several promising exploration opportunities within the BAGB land holding. The MT survey area is only 5% of the total BAGB project, which hosts many near-surface, high-grade intersections, showings, and geophysical anomalies that require follow-up exploration. Additional work is planned to assess and prioritise all exploration targets across the project to determine the best areas to focus on for future exploration efforts, maximising the chances of finding valuable mineral deposits.

With clearly defined ultra high-grade mineralisation and proximity to high-grade gold mines, we believe that the large tenement area of BAGB holds significant upside potential for PVT.

⁵ Versatile Time Domain Electromagnetic

Figure 21: BAGB has several high-grade Au mines in the vicinity

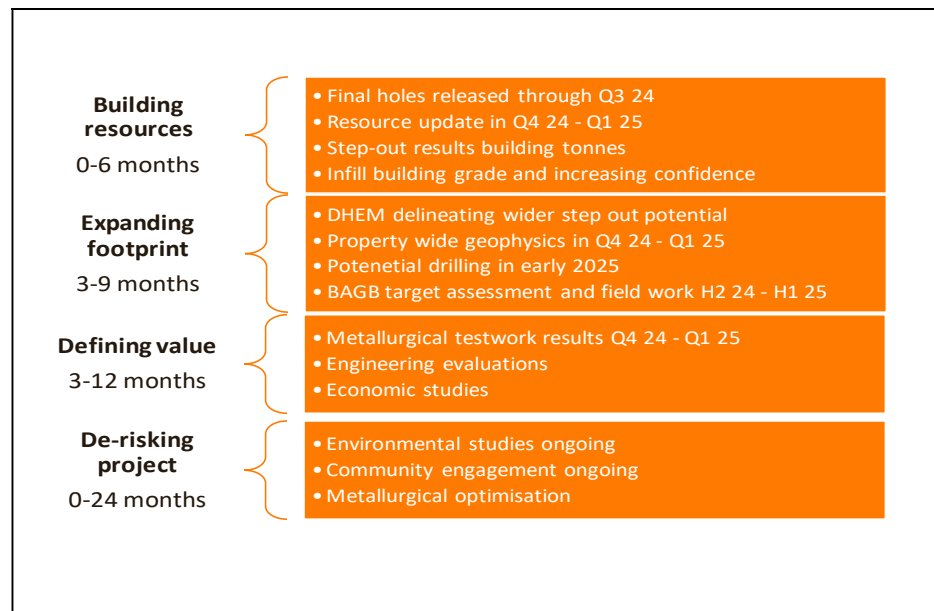


Source: Company

Pivotal has clearly defined next steps to accomplish

The company has a clearly defined work plan for both projects over the next 12-24 months. It intends to assess and prioritise all exploration targets across the projects to determine the best areas to focus on for future exploration efforts, maximising the chances of finding valuable mineral deposits (Figure 22).

Figure 22: The critical next steps for PVT



Source: Company and East Coast Research

Copper: a versatile and essential metal in modern industry

Given its essential role, copper has been classified as a critical mineral by multiple countries, including the US, China, India, and the European Union.

Copper, with its distinctive reddish-brown hue, is a highly versatile and widely utilised metal. Its malleable and ductile properties make it ideal for a range of applications. Renowned for its excellent electrical and thermal conductivity, copper is critical in electrical wiring, circuitry, and heat exchange systems. Key industries relying on copper include construction, electrical and electronic equipment, the power sector, transportation, machinery manufacturing, and consumer goods production.

Due to its extensive use across these sectors, copper is the third most used metal globally. With the increasing momentum toward decarbonisation, the demand for copper in energy transition technologies is projected to rise significantly in the coming decade. As governments and organisations prioritise sustainable development goals, copper's recyclability and energy efficiency make it attractive for achieving clean energy and efficient infrastructure objectives. These trends collectively signal a substantial increase in copper demand, highlighting its vital role in powering and connecting the world's growing economy and population.

Energy transition and digitisation are driving the copper demand

As the world transitions towards a low-carbon economy and renewable energy sources, copper is poised to play a crucial role in facilitating this shift. The rapid advancement of technologies such as electric vehicles (EVs) and smart grids is significantly boosting the demand for copper. A significant amount of copper wiring will be needed to expand the world's power grids, and hundreds of thousands of tonnes will be required to construct renewable energy facilities (wind, solar, battery storage etc). Furthermore, the digitalisation of society and the expansion of high-speed telecommunications networks will enhance copper demand for data transmission and connectivity. The large scale roll out of AI and datacentres is also expected to support demand.

All types of EVs require a substantial amount of copper, which is essential for batteries, electric motor windings and rotors, wiring, busbars, and charging infrastructure. Electric vehicles utilise more than twice the amount of copper compared to gasoline-powered cars. The demand for electric vehicles is projected to rise significantly over the next decade, fuelled by technological advancements, greater affordability, and the expansion of charging networks. This surge in EV adoption will, in turn, lead to greater demand for copper.

The transition to renewable energy sources, such as solar and wind power, will also elevate demand, as copper is crucial for conducting electricity in renewable energy systems. It is essential for generating, transmitting, and storing clean energy. It is a critical component in photovoltaic cells used in solar panels and wind turbines, thereby facilitating the conversion and storage of renewable energy. An offshore wind turbine is estimated to contain approximately 8 tonnes of copper per megawatt generation capacity—about three times as much as coal-fired generation requires per gigawatt capacity.

Figure 23: Expected demand for copper across clean energy technologies

Technology (kt)	2022	2050e
Electricity networks	4,364.0	8,862.0
Other low emissions power generation	93.7	142.2
Solar PV	756.8	1,879.8
Grid battery storage	24.6	665.2
Wind	453.5	1,303.3
Hydrogen technologies	-	0.2
Electric vehicles	370.0	3,582.9
Other uses	19,766.0	22,382.0

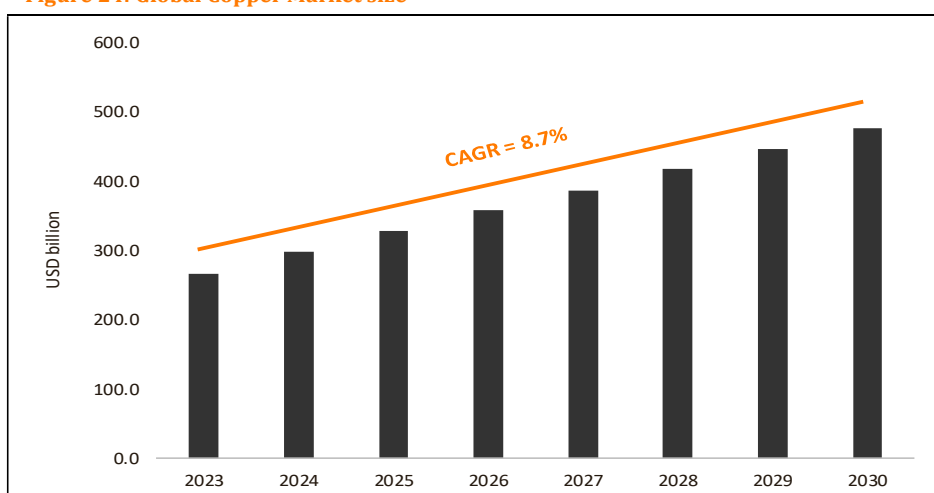
Source: iShares and East Coast Research

Copper's role in infrastructure development—particularly in intelligent buildings and urban infrastructure—is expected to expand. Copper wiring and piping systems enable the integration of smart technologies for energy management, security, and automation, enhancing the efficiency and sustainability of buildings and cities. Moreover, the average home contains over 180 kg of copper, creating an additional vital demand source as global populations and urbanisation increase.

Additionally, copper's antimicrobial properties garner attention in healthcare applications, particularly for developing antimicrobial surfaces and medical devices. With rising concerns about hospital-acquired infections and pathogen spread, copper surfaces present a promising solution for reducing microbial contamination and improving hygiene in healthcare settings.

Consequently, the global copper market is expected to grow at a CAGR of 8.7% from 2023 to 2030 and reach US\$477bn (according to SkyQuest Technology Group, a US-based market intelligence organisation).

Figure 24: Global Copper Market size



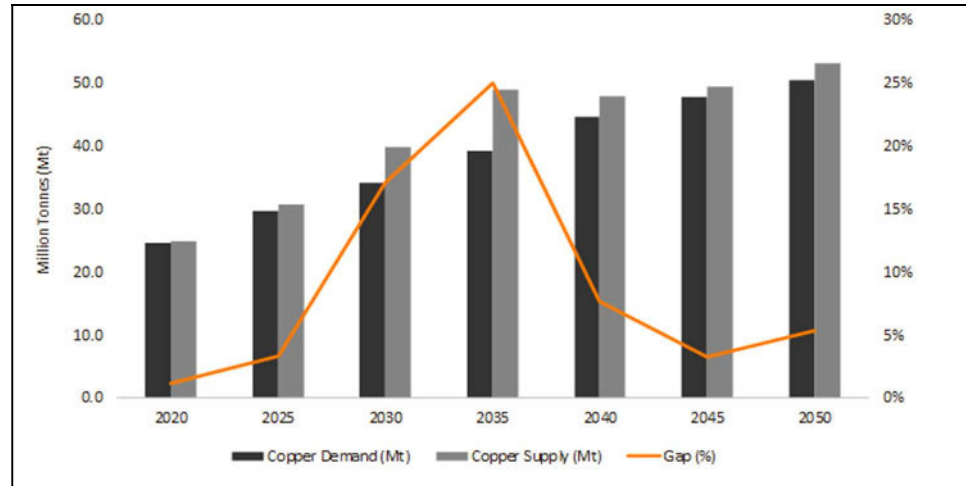
Source: SkyQuest Technology Group and East Coast Research

Copper to face a material supply gap due to limited new discoveries

Demand is expected to outpace supply as copper's applications expand in energy transition technologies. Market estimates from S&P Global predict that the demand-supply gap for copper is projected to reach approximately 10Mt within the next decade, exceeding supply by around 25% by 2035.

While copper reserves are abundant, the challenge lies in economically and efficiently producing the metal. Many South American countries are grappling with labour issues, including wage inflation, while other major producers face declining ore grades, disrupting production economics. Consequently, despite significant increases in mining budgets from major players, new discoveries remain rare and the demand-supply gap is expected to persist until 2050.

Figure 25: Global Copper Demand-Supply Gap to persist



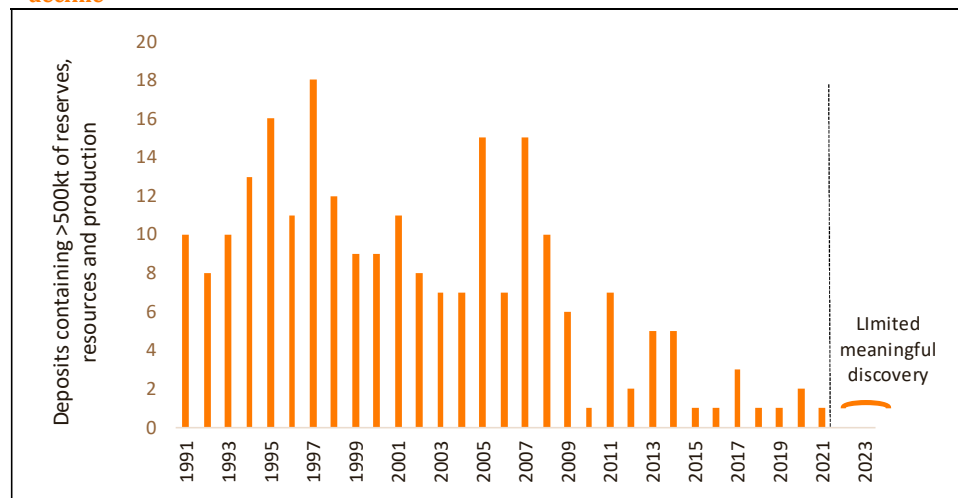
Source: SkyQuest Technology Group and East Coast Research

Widening demand-supply gap to boost M&A activity

To address the widening demand-supply gap, the copper industry must focus on enhancing existing mining operations, developing innovative extraction technologies, and increasing recycling efforts. In anticipation of this growing demand in both developed and developing economies, major players are looking to fortify their hold on the supply of this crucial metal.

Figure 26: Global Copper demand-supply gap to persist as significant discoveries decline

Given the scarcity of high-quality copper projects and the lengthy process from discovery to production, there is a pressing need for investments in extraction initiatives to support future growth



Source: SkyQuest Technology Group and East Coast Research

Copper is a capital-intensive metal that needs to be brought into production, and it is not easy for new producers to establish operations. To expand quickly, copper miners require more significant financial resources, access to managerial expertise, and more profound mining knowledge. As a result, they are collaborating, consolidating, and forming horizontal partnerships. To reduce fixed costs and exploit economies of scale, larger companies are fostering increased merger and acquisition activity within the sector. For example, BHP recently bid for UK-based rival Anglo American, together controlling ~10% of the global copper supply.

According to the S&P Global Market Intelligence report, M&A activity in the commodity sector has remained strong, with copper being a significant contributor. In 2022, the total amount paid for copper mines increased by 29% yearly, and the amount spent surged by 103% yearly.

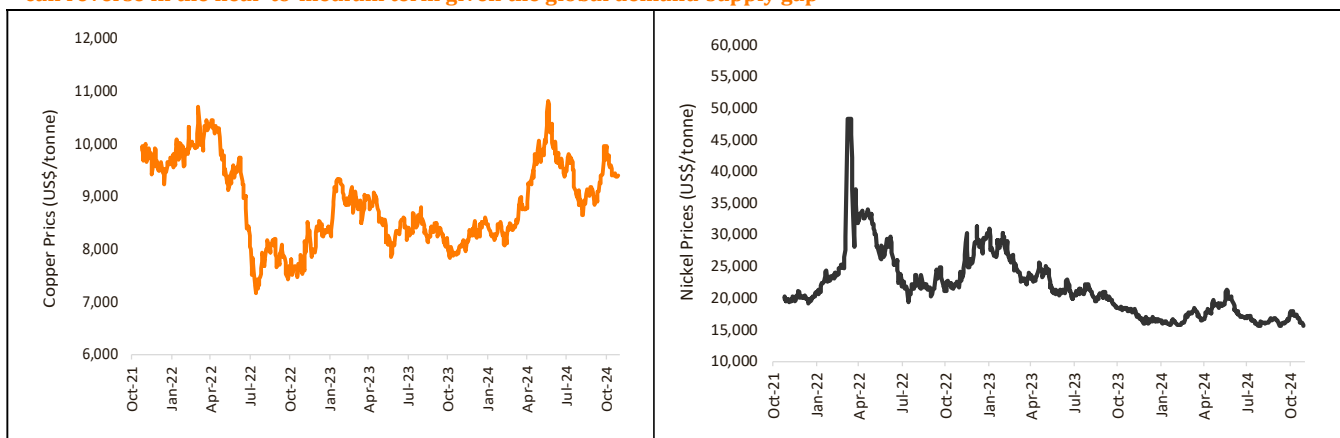
Figure 27: Momentum surrounding copper M&A activity is likely to persist

Technology (kt)	2021	2022
Number of Deals	14	18
YoY change (%)		28.6%
Total price paid (USDm)	7,014.1	14,245.3
YoY change (%)		103.1%
Acquired metal in reserve and resources (kt)	20,774	53,904
YoY change (%)		159.5%

Source: S&P Global Market Intelligence and East Coast Research

With few new copper mines coming online, ASX listed copper focused companies miners represent M&A targets. Consequently, **PVT is an excellent candidate for M&A due to its highly resourceful assets, relatively low valuation, and decent scale of operations.** Any meaningful discussions pursued by management could add significant value for PVT's existing shareholders.

Figure 28: Copper and Nickel prices (US\$/tonne) have largely remained range bound in this commodity downcycle but this trend can reverse in the near-to-medium term given the global demand-supply gap



Source: S&P Capital IQ and East Coast Research

Nickel is integral to lithium-ion batteries that energise electric vehicles, medical devices and facilitate renewable energy storage

Nickel: A crucial ally to copper in advancing the renewable energy transition

Nickel is a lustrous, silvery-white metal known for its strength and resistance to corrosion. It belongs to the transition metals group and is primarily used in alloy production, particularly in stainless steel, which combines nickel with chromium for enhanced durability. Nickel is also crucial in creating heat-resistant alloys and is used in batteries, particularly in rechargeable technologies like nickel-cadmium and nickel-metal hydride. Additionally, nickel is important in electroplating, providing a protective layer to various surfaces. Its unique properties make it indispensable in numerous industries, from automotive to aerospace and electronics.

Rising adoption of Nickel for EV batteries to drive future demand

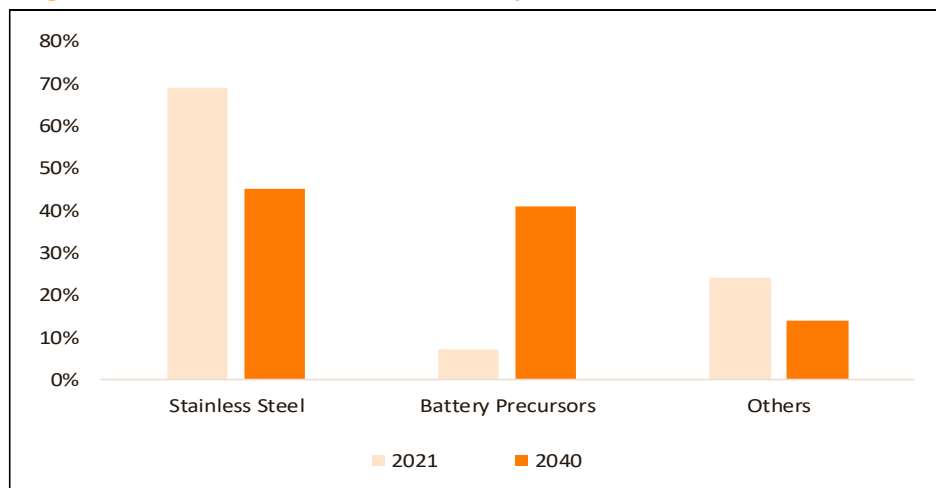
About two-thirds of nickel sold each year is used in stainless steel, but the primary driver of demand growth is expected to be EV batteries. As technology advances, nickel-containing cathodes are set to play a crucial role in the next generation of EV batteries. These cathodes enable lighter, more compact battery designs, enhancing energy density and thus optimising EV efficiency.

According to Statista, in 2021, stainless steel was the most significant global consumer of nickel, accounting for over two-thirds of worldwide demand. While stainless steel production is

projected to continue dominating nickel demand by 2040, its share is expected to decrease significantly. In contrast, batteries are anticipated to represent 41% of nickel demand by 2040, up from just 7% in 2021.

Integrating nickel in lithium-ion (Li-ion) batteries not only enhances energy storage at a lower cost but also significantly extends the driving range of electric vehicles (EVs). Li-ion batteries are created by combining lithium compounds with other materials. Two commonly used chemistries, Nickel Cobalt Aluminium (NCA) and Nickel Manganese Cobalt (NMC), contain 80% and 33% nickel, respectively, with newer formulations of NMC approaching 80% nickel. Most modern Li-ion batteries now rely on nickel.

Figure 29: Share of nickel demand worldwide by end-use



Source: Statista and East Coast Research

The EV battery industry is expected to adopt high-nickel cathodes to boost efficiency and lower costs increasingly. Nickel offers a high cell voltage and excellent electrical conductivity, facilitating greater utilisation within batteries. Anticipated shortages of other essential battery metals, such as cobalt, manganese, and phosphate, will likely drive demand for nickel further. The global market for high-nickel cathode materials is projected to exceed US\$17.4bn by 2033, growing at a CAGR of 20.2% from 2023 to 2033.

Nickel is sourced from sulphide and laterite ores, with sulphides historically dominating production

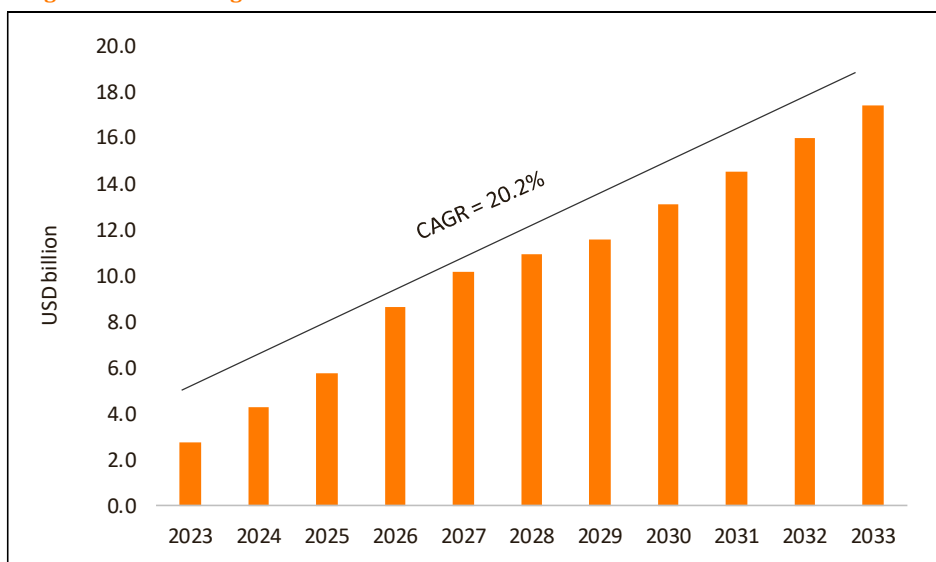
Nickel is primarily found in two principal ore types: sulphide and laterite ores. Sulphide ores typically originate from volcanic or hydrothermal processes and often contain copper and/or cobalt, along with other precious metals such as gold, platinum, and palladium—collectively known as platinum group metals (PGMs). Laterite ores form near the surface through extensive weathering. They are abundant in tropical climates near the equator and in arid regions of central Western Australia and southern Africa.

It must be noted that ~60% of known nickel resources are found in laterites, while 40% is contained in sulphides. Historically, however, most nickel production has been derived from sulphide ores. This is primarily due to the challenges of processing nickel laterites, which require extensive and complex treatment methods. Extracting nickel from laterite ores involves using large quantities of sulphuric acid at high temperatures and pressures, resulting in costly waste treatment and disposal of the chemicals involved.

Consequently, relatively few mining projects have focused on laterite extraction, many of which have faced significant technical and financial hurdles that took years to resolve satisfactorily, such as the Moa Bay project in Cuba and the Greenvale-Yabulu operation in Australia. In contrast, the

mining, processing, and smelting of sulphide ores utilise conventional pyrometallurgical technology, which is well-established and understood.

Figure 30: Global High Nickel Cathode Materials Market Size



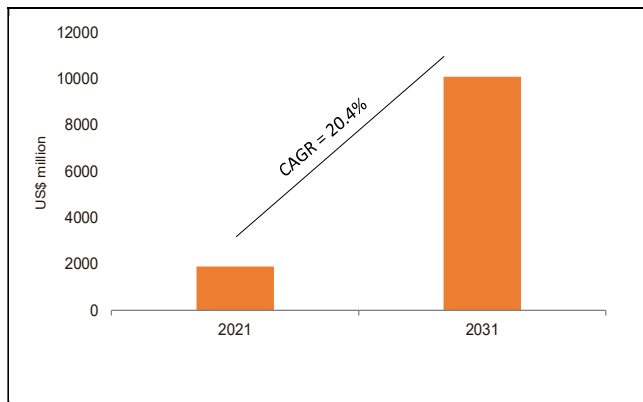
Source: Spherical Insights and East Coast Research

The supply-side dynamics undergoing a shift

According to data from the U.S. Geological Survey (USGS), nickel reserves are estimated to exceed 100Mt, with significant concentrations located in Indonesia (21%), Australia (21%), Brazil (16%), Russia (7.5%), and the Philippines (5.1%). Indonesia is the largest nickel producer and, along with the Philippines, accounted for 58.2% of global nickel output in 2022.

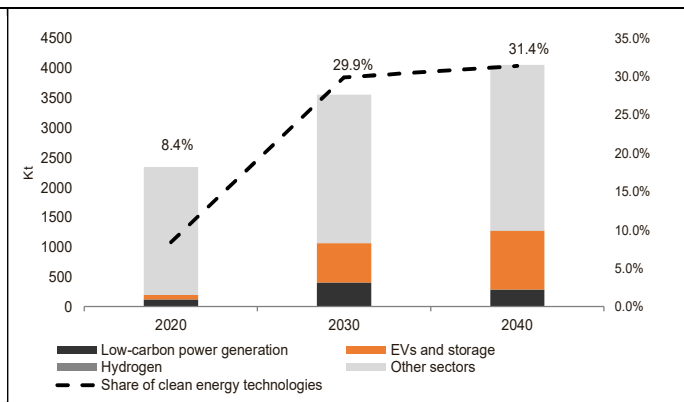
The world's total nickel mine production increased by 20% in 2022s to 3.3Mt, with almost all the increased production attributable to Indonesia. The ongoing commissioning of integrated nickel pig iron and stainless steel projects facilitated the most significant increase in share. In addition, several companies continued to develop projects to produce intermediate metal or mixed nickel-cobalt hydroxide intended to be used as feedstock to produce battery-grade nickel sulphate.

Figure 31: Growth of the global market for high-nickel cathode



Source: Transparency Market Research and East Coast Research

Figure 32: Nickel demand across sectors will change shape by the next decade*



Note: Stated Policies Scenario

Source: International Energy Agency (IEA) and East Coast Research

Valuation: Resource-based peer comparable indicates Pivotal is trading at deep-discount

PVT is trading at a fraction of peers when you consider the size of its metal endowment

Given that PVT has yet to initiate the feasibility studies, we have found it best to use a peer-multiples-driven resource-based valuation approach to determine a medium-term price target. Currently, the company does not generate free cash flows, and the project feasibility study (PFS) for its flagship project is ~12-24 months away. Therefore, a SOTP-based resource-driven valuation approach (based on peer multiples) is best suited at this stage.

To arrive at our target valuation, ***we have used a peer group EV/Average resource multiple of A\$43.48/mt of CuEq to value the Horden Lake project in the base case.*** We have assessed \$EV/t of CuEq resource multiples for ASX-listed copper miners, including Hammer Metals (ASX: HMX), Southern Hemisphere Mining (ASX: SUH), Magmatic Resources (ASX: MAG) and Alvo Minerals (ASX: ALV). All the companies are the closest peers to Pivotal Metals regarding resource estimates and early development of copper-dominant projects (Figure 33). The small number of comparable companies emphasises the scarcity of copper focused competitors for PVT on the ASX.

Figure 33: Pivotal Metals Peer Set

Company Name	Ticker	Market Cap (A\$M)	EV (A\$M)	Mineral Resource Estimate (MT)	CuEq %	EV/ Resource (A\$/mt CuEq)
Hammer Metals Limited	ASX: HMX	33.73	28.68	39.19	1.27%	57.4
Southern Hemisphere Mining Limited	ASX: SUH	25.77	21.46	169.00	0.40%	31.7
Magmatic Resources Limited	ASX: MAG	17.10	11.34	110.00	0.33%	32.0
Alvo Minerals Limited	ASX: ALV	11.48	8.11	7.60	2.00%	52.8
Median		21.43	16.40	74.60		42.41
Average		22.02	17.40	81.45		43.48
Pivotal Metals Limited	ASX: PVT	7.87	6.43	27.70	1.49%	15.5

Note: ^As of 7 November 2024

Source: S&P Capital IQ and East Coast Research

PVT trades at A\$15.5/mt CuEq, a ~64% discount to its peer average. Given that significant step-outs have demonstrated a clear upside from the recent drilling, it is surprising that market participants value PVT at such a deep discount to its peers.

Considering the high probability of an increase in the resource base following test work results due in the next few months, we have assumed a 15-20% jump in the Horden Lake project resource base across our two valuation scenarios. This assumption remains relatively conservative compared to the substantial exploration upside reported from the initial assessment of drilled holes. Furthermore, as the company is fully funded and expected to commence the next drilling programme soon, we anticipate further increases in the total resource base of the Horden Lake project, providing additional upside potential for investors. ***The management's priority is to conduct sufficient drilling and testing to establish an accurate resource estimate and clarify the project's economics, aligning with our investment rationale.***

We have also valued the BAGB project at 0.25x the Horden Lake project valuation. Located within the same polymetallic jurisdiction and being ~20x the size of Horden Lake, our valuation assumption for BAGB remains conservative. ***We believe many market participants have yet to recognise the value of the BAGB project due to a lack of available data, which has contributed to a lower current valuation for PVT.*** However, given BAGB's large tenement area with multiple brownfield prospects, excluding it from the intrinsic valuation calculation of PVT would be unjust. The ultra-high grades drilled by the previous operator and the presence of high-value gold mines nearby positions BAGB as a blue-sky opportunity for further upside. We believe ***BAGB is a highly***

BAGB holds significant upside potential to PVT's valuation. In addition, any news related to the completion of PFS study has the potential to offer multi-fold return to potential investors

prospective asset that could significantly enhance PVT's valuation and should not be overlooked. It has the potential to offer a multi-fold upside for investors.

We have not included the impact of timely completion of PFS studies in our valuation calculation; any related news over the next 12-24 months could have a multiplier effect on PVT's share price. Similarly, we have not accounted for the possibility of price increases for copper or nickel in the near-to-medium term. Given the presence of critical and high-value metals such as palladium, platinum, gold, and silver in all drilled holes in Horden Lake (apart from copper and nickel), more-than-anticipated acceleration in the prices for any of these metals should further uplift PVT's share price.

Global copper mining sector is trading at historically low multiples. We believe the entire sector has the potential to re-rate, which could have a compounding multiplier effect on PVT's share price

In our optimistic 'Bull' case scenario, we have applied a 10% premium to the peer average EV/Resource multiple, fast-forwarding the copper mine developer's valuation. We believe current valuations of A\$47.83/mt of CuEq are close to base levels (a consequence of the volatility in copper prices in the last few months due to the commodity down cycle). This is based on our assumption that copper prices should regain momentum given the continuing global demand-supply gap in the metal. We have arrived at an implied EV of A\$25.87m in the base case and A\$29.69m in the bull case scenario (Figure 34).

Our SOTP-based methodology yields a valuation range of A\$0.031 in the base case and A\$0.035 per share in the bull case scenario. **The mid-point target price of A\$0.033 represents a Price/NAV of 0.28x, indicating a substantial valuation headroom of 264% to the current share price of A\$0.009.**

Figure 34: EV/Resource-based comparable valuation calculation for Pivotal Metals

Pivotal Metals Valuation (A\$m)	Base Case	Bull Case	Remarks
Pivotal Metals Resources (mt CuEq)	0.414	0.414	15-20% jump
Incremental resource post-drill test works (mt CuEq)	0.062	0.083	
Sector Average (EV/mt CuEq)	43.48	47.83	
Horden Lake Project Value	20.70	23.76	0.25x Horden Lake
BAGB Project Value	5.17	5.94	
Implied EV	25.87	29.69	
Cash & cash equivalent^	3.36	3.36	Post dilution ^^
Provisions and Liabilities	-0.00	-0.00	
Total value	29.23	33.05	
Number of shares (m)	951.7	951.7	
Implied price (A\$)	0.031	0.035	
Current price (A\$)	0.009	0.009	
Upside (%)	241.3%	285.9%	
Mid-point Target Price (A\$)	0.033		
Price / NAV (X)	0.28x		

Note: ^as of the end of September 2024;^^ Total diluted shares include ordinary shares on issue, unquoted share options and performance shares options.

Source: East Coast Research

Additional Share Issue

It is important to note that we have assumed a higher number of shares than is currently on issue. PVT recently secured A\$3m in funding through a combination of FTS placement and ordinary shares. A total of A\$2.66m of this financing closed in September 2024. We have assumed a total number of outstanding shares currently issued at 874.5m, along with unlisted options and performance rights totalling 77.3m, which expire in 2025 or beyond. This results in 951.7m shares for our implied price calculation.

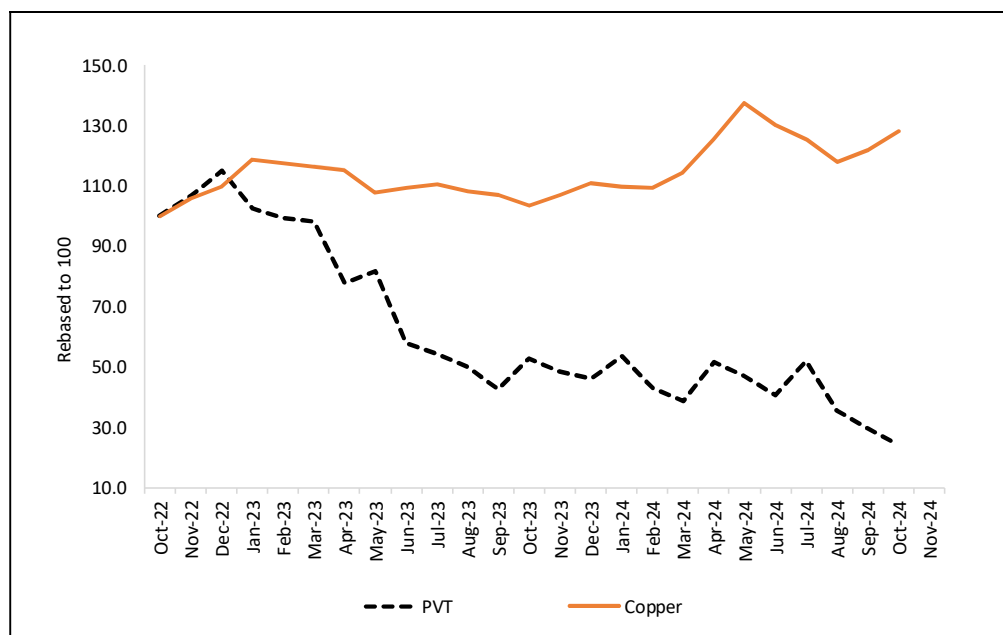
Share Price Performance

Despite PVT executing its drilling programme effectively, the stock price has lagged the underlying copper price. The cancellation of the Company's Spanish Santa Comba mining licence, and drilling

delays caused by forest fires in 2023 have contributed to investor sentiment issues, impacting share price performance.

However, despite PVT releasing essential news in recent months—the discovery of more high-grade mineralised zones at Horden Lake, capital funding for project development, and commencing a metallurgical test work programme at Horden Lake—the shares have not yet rebounded to their 52-week high of A\$0.027. This is mainly due to the current downturn in commodity markets, which reflects lower investor confidence in pre-development mining companies.

Figure 35: PVT share price has not kept pace with the copper price increase



Source: S&P Capital IQ, Argus Metals and East Coast Research

Copper prices surged in early 2024 due to supply shortages and rising demand. However, investor sentiment among junior pre-development mining explorers on the ASX has remained low, primarily due to the high interest rate environment and lack of organic cash flow.

While current conditions are challenging, a reversal of fortune may occur as management provides more detailed information about the Horden Lake and BAGB projects. Since Quebec Jurisdiction has historically reported a strong recovery rate for copper and critical metals, we remain optimistic about the Horden Lake project's commercial potential. Resource-related news flows in the coming months will indicate a potential pathway for future growth, leading to increased investor confidence and upward momentum in PVT's share price performance.

Catalysts for the re-rating of PVT

PVT is currently trading significantly below our mid-point target valuation. Meeting the following milestones can enable a re-rating on the stock, thereby increasing shareholder value:

- **Horden Lake** is an advanced exploration project. Any increase in MRE for the Horden Lake project will affect the company's valuation. The metallurgical test work programme will shortly be completed, and the company plans to provide a resource upgrade in the next 3 months.
- **The BAGB** project is at the exploration stage. Exploration success similar to historical discoveries on these projects could add significant value.
- Any further rise in copper prices will directly impact the project's expected cash flows and return profile.

- PVT's project portfolio is in Quebec, Canada. This jurisdiction supports mining and adds to the credibility of the future development of these projects.
- Any announcement on feasibility studies for the Horden Lake project could further re-rate the stock price in line with developer peers, and boost investor interest in the stock.

Key Risks

Although we think the Pivotal Metals copper mining project makes up a lucrative investment opportunity, there still exist a few critical risks to our investment thesis:

- **Commodity price risk**—PVT's valuation is highly sensitive to fluctuations in copper prices and exchange rates. These variables fluctuate due to macro factors, and any unexpected changes will impact our investment thesis.
- **Regulatory Risks**—Any changes in the Canadian government's policies or permissions to operate the mines will broadly impact the company's mining and exploration activities.
- **Execution Risks**—PVT's copper mining projects are at an exploration stage. If the drilling fails to deliver new discoveries it may impact investor sentiment.
- **Funding Risk**—The company will require further financing in the future, in addition to the funds raised currently, as the projects are still at an exploration stage. The company might face challenges in the future in raising funds on favourable terms for further exploration.
- **Geological Risk**—For an exploration-stage mining company such as PVT, there exists a potential risk of downward estimates of reserve figures. There also exists a risk of re-categorising a percentage of indicated resources to inferred resources in further studies. Any such incident will negatively impact the NAV of the projects and, therefore, PVT's valuation.

Appendix I: PVT's SWOT Analysis

Figure 36: SWOT analysis

Strengths	Weakness
(1) PVT has built a portfolio of two 100% owned promising Cu-Ni-PGM projects in the top tier of Quebec, an established mining jurisdiction with smelters, a skilled workforce and access to critical infrastructure. (2) The company's flagship project, Horden Lake, has a robust resource base of 27.8Mt at 1.49% CuEq, including a pit-constrained portion of 17.3 Mt at 1.38% CuEq. This, c.62% of the pit-constrained resources, indicates significant potential for a low-cost open-pit mining scenario. (3) The Horden Lake project has a large metal endowment of 414kt CuEq and 200kt Cu, which further substantiates the project's economic viability. (4) PVT's maiden exploration programme validates that the project offers a low-risk exploration upside, with the exploitation focusing on both the tonnage and grade of the resource. (5) PVT has a highly experienced leadership team with significant experience in the mining industry.	(1) PVT's projects are still nascent, with a lot of funding required to bring them online. Any delay in financing will impact investors' confidence.
Opportunities	Threats
(1) Besides Cu, the Horden Lake project offers a significant polymetallic opportunity with Ni and other by-products like Au, Pt, Pd, Co and Ag. (2) The BAGB project with the large tenement area of 157km² offers multiple brownfield prospects for exploration. (3) Sector wide multiples for copper explorers are at historically low levels. Renewed investor sentiment in the sector would lead to a re-rating of PVT.	(1) PVT's valuation is highly susceptible to fluctuations in the prices of copper (mainly) and Nickel, which vary based on macroeconomic factors. (2) Inflationary pressures might increase the cost of the project.

Source: East Coast Research

Appendix II: Highly experienced team in place

PVT's management team possess rich and diverse experience working across investment, wealth management, mining as well as commodity markets (Figure 37).

Figure 37: PVT's leadership team

Name and Designation	Profile
Mr. Simon Gray Non-Executive Chairman	- Mr. Gray has extensive experience working in Australia's investment and wealth management domain. - He serves as Non-Executive Director of Probiotec Ltd., Chair of ASX's Appeals Tribunal, and Chair of the Australian Securities and Investment Committee's Markets Disciplinary Panel. - He previously worked on Morgans Financial Ltd.'s boards, Shaw and Partners Ltd. He also worked as Shaw's Deputy CEO and General Counsel. - He holds a Bachelor of Law and a Master of Law in Corporate and Commercial Law and is a graduate of the Australian Institute of Company Directors.
Mr. Ivan Fairhall Managing Director	- Mr. Fairhall is a chartered engineer, finance and capital markets professional with c.20 years of experience working in the mining industry. - Most recently, he was CEO of a TSX-listed gold developer and previously a Senior Investment Manager with the UK private equity group, Greenstone Capital, where he led the sourcing, execution and management of its development stage base and precious metals investments. - He holds a Bachelor of Engineering (Hons.) and a Bachelor of Business. He is a Chartered Engineer with the Institute of Mechanical Engineers.
Mr. Daniel Rose Non-Executive Director	- Mr. Rose has over 20 years of experience working in the commodity markets in Sydney, London, Hong Kong, and Singapore. - He is the deputy CEO of MCM Partners, a Hong Kong-based asset management firm and boutique merchant bank. Before MCM Partners, he was CEO and Director of VTB Capital Hong Kong, overseeing an Investment Banking platform focused on natural resources activities. - He holds a Bachelor of Law (Honors) and Bachelor of Commerce degrees from Bond University.
Dr. Robert Wrixon Non-Executive Director	- Dr. Wrixon has over 20 years of experience in corporate strategy, commodities marketing, mining M&A and mineral exploration management. - He is currently a Director of the mining venture capital group, Starboard Global Ltd. and has previously run two listed junior resources companies in Australia. - He holds a PhD in mineral engineering from the University of California, Berkeley.

Source: East Coast Research

Appendix III: Analyst's Qualifications

Rahul Tiwari, the analyst on this report, is an equity research analyst at Shares in Value (East Coast Research).

- Rahul has a bachelor's and master's degree in Applied Finance from Macquarie University, a master's in Accounting from UNSW, and an MBA from Cornell University in the USA.
- Rahul has several years of experience across wealth management and investments, infrastructure project finance, private equity and high tech.

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