

RESOURCE UPDATE | PUBLISHED ON 02 FEBRUARY 2023

# LEG Delivers Maiden Resource for Mawson, New Target Testing Planned for CY23 Drill Season

LEG.ASX | LEGEND MINING LIMITED | MATERIALS | METALS &amp; MINING

## PRICE

A\$ 0.05 /sh

## TARGET PRICE

A\$ 0.20 /sh

(FROM A\$ 0.20 /sh)

## RECOMMENDATION

SPECULATIVE BUY

(FROM SPECULATIVE BUY)

## ANALYST

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## Event

LEG has released the maiden MRE for the Mawson Deposit (70% LEG), Rockford Project, Fraser Range, WA. Key datasets (geophysical, geochemical, structural and geological) being reprocessed to update the Mawson 3D seismic cube, and provide new targets for drill-testing in CY23. Data processing also well advanced from the Octagonal 3D seismic survey expected to generate additional priority features for high-impact drilling.

## Impact

- **Establishing an initial resource base from which to grow.** Maiden MRE for Mawson of 1.45Mt @ 1.14% Ni, 0.74% Cu and 0.07% Co (1.2% NiEq) for 16.5kt nickel, 10.6kt copper and 1.1kt cobalt. Mineralisation is near-surface, estimated within 65m to 305m depths, and remains open. Good confidence in the initial MRE with 70% Indicated.
- **Only the 3rd published nickel resource within the Fraser Range.** In the company of IGO's *Nova* (+11Mt @ 1.8% Ni, 0.7% Cu) and *Silver Knight* (+0.4Mt @ 2.8% Ni, 1.5% Cu), but importantly has very similar metallurgical properties to *Nova*, which implies the potential underground ore is amenable to conventional flotation for saleable nickel and copper concentrates. The *Nova* processing infrastructure is located ~150km away.
- **Exploration ongoing for the next discovery.** 3D seismic models being updated for both advanced prospects Mawson and Octagonal, with generated priority targets to be tested as part of the CY23 drill season. In addition, LEG has a pipeline of exploration opportunities within its vast 3,000sqkm tenure within the highly-prospective but still largely under-explored belt (Fraser Range).
- **Nickel and copper attraction.** Nickel and copper prices continue to gain momentum, which bodes well for LEG to commercialise Mawson and any future discoveries. Mawson does not currently have the critical mass for a standalone operation, it is however within trucking distance of *Nova*, and assuming no growth (which appears unlikely) it could provide feed for close to 1 year. EV/resource metric quite high when compared to peers but we would argue a premium justified by the enviable large ground position within the Fraser Range, demonstrated exploration success and discovery potential within the intrusive complexes already identified. We also note that IGO paid A\$45m for acquire *Silver Knight* plus some surrounding tenure which at the time (2021) provided a transactional value of over A\$4,000 per nickel tonne, on this basic measure Mawson's value is well over A\$70m at a minimum. We continue to see higher value, and look forward to the restart of target-testing in the coming months.

## Action

We maintain our **Speculative Buy** recommendation, with **Price Target 20cps**. Commanding ground position in the Fraser Range, evolving pipeline of quality target to test, with the technical acumen to make significant new discoveries and grow resources.

## Catalyst

- Seismic data interpretation and target generation
- Drilling and results - leading to exploration success
- Nickel, copper price and general market sentiment

Share Price	0.046	A\$/sh
Price Target	0.20	A\$/sh
Valuation	0.18	A\$/sh
Shares on issue	2755	m
Options/Rights	8	m
Market Cap	127	A\$m
Enterprise Value	114	A\$m
Debt (est)	0	A\$m
Cash (est)	13	A\$m
Largest Holder	Creasy	29.9%

Directors	
M Atkins	Chair
M Wilson	MD
O Kiddie	ED
H Macdonald	NED

Company Details	
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West Perth, WA	
Phone: +61 8 9212 0600	
www.legendmining.com.au	

Shareholders	%
Creasy	29.9%
IGO	12.9%
Wilson Group	6.3%
Bailey Group	5.6%

Resources	Mt	% Ni	Ni kt
Indicated	0.9	1.34	11.5
Inferred	0.6	0.85	5.0
<b>Total - 100%</b>	<b>1.5</b>	<b>1.14</b>	<b>16.5</b>
EV/Rsc t		NiEq	6,570

## Performance



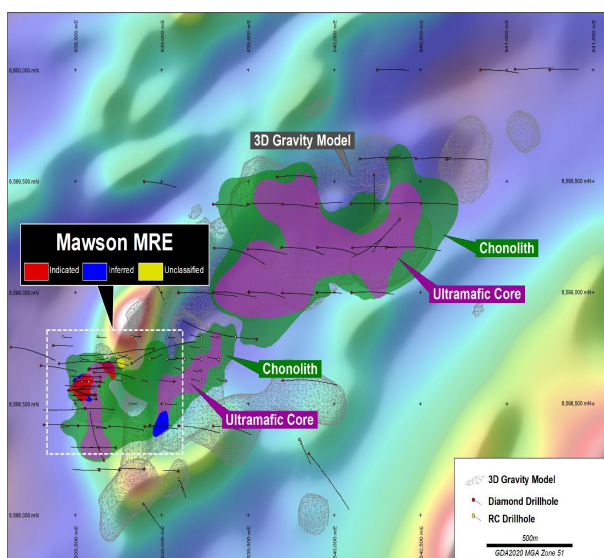
Source: IRESS, Euroz Hartleys

Figure 1: Mawson Maiden MRE - Feb'23

MAWSON MINERAL RESOURCE ESTIMATE (JORC 2012) – February 2023								
Classification	Tonnage Mt	NiEq %	Ni %	Cu %	Co %	Ni Metal t	Cu Metal t	Co Metal t
Indicated	0.86	1.41	1.34	0.88	0.08	11,500	7,600	700
Inferred	0.59	0.90	0.85	0.52	0.07	5,000	3,100	400
<b>Total</b>	<b>1.45</b>	<b>1.20</b>	<b>1.14</b>	<b>0.74</b>	<b>0.07</b>	<b>16,500</b>	<b>10,600</b>	<b>1,100</b>

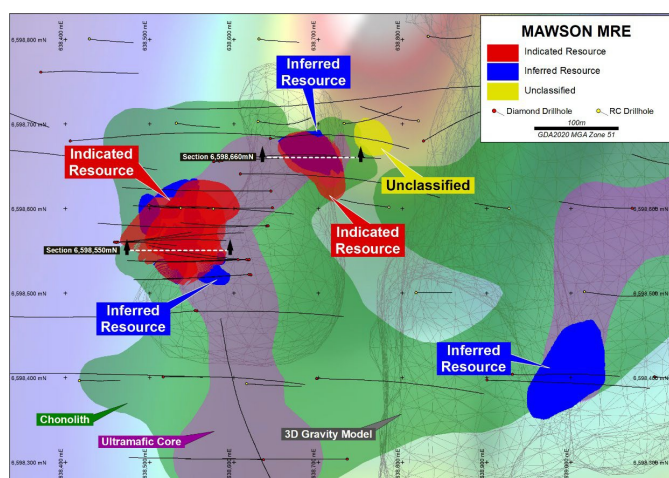
Source: Legend Mining, 0.5% NiEq cut-off

Figure 2: Mawson Intrusive Complex - MRE Location



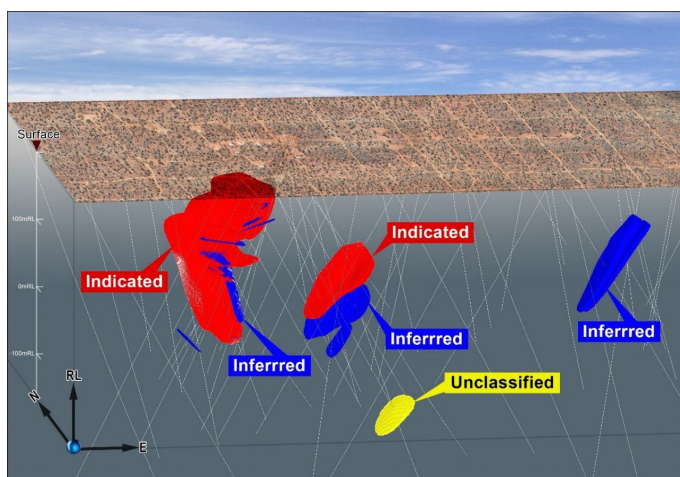
Source: Legend Mining

Figure 3: Mawson MRE



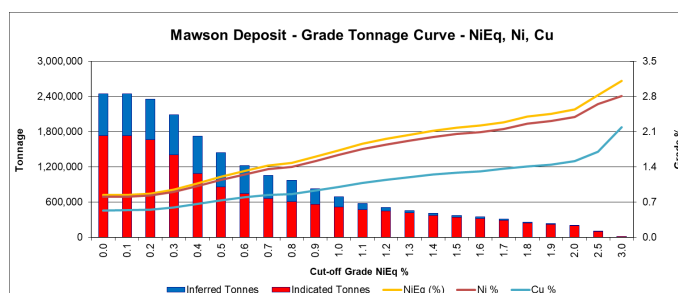
Source: Legend Mining

Figure 4: Mawson MRE - Oblique View



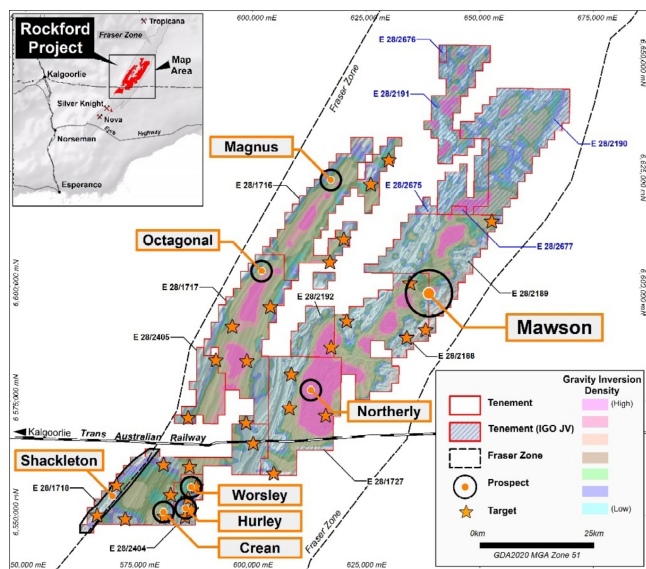
Source: Legend Mining

Figure 5: Grade Tonnage Curve



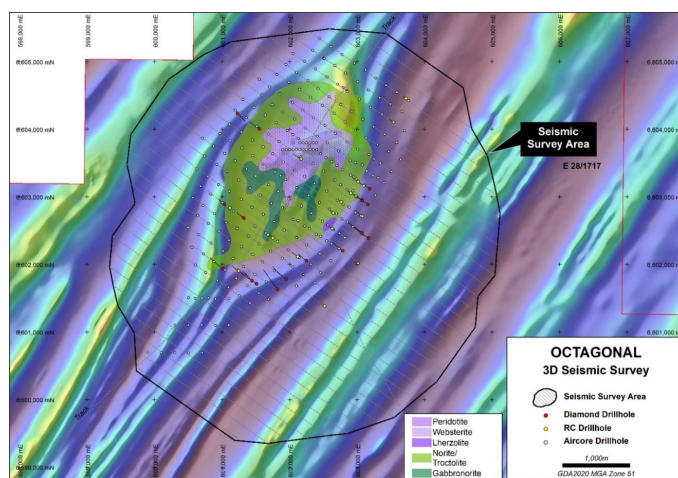
Source: Legend Mining

Figure 6: LEG Key Prospects, Fraser Range



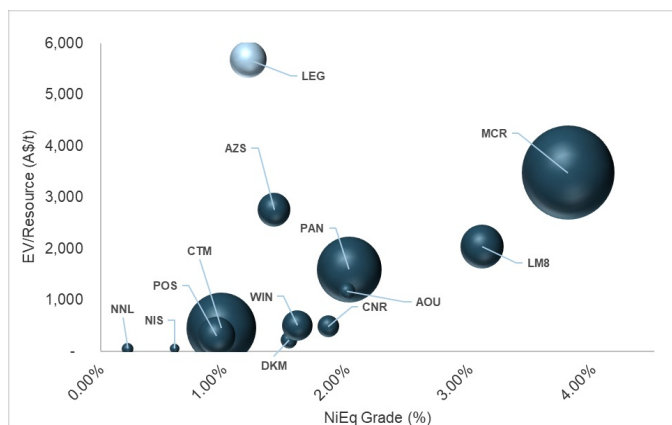
Source: Legend Mining

Figure 7: Octagonal Intrusive Complex - 3D Seismic Survey



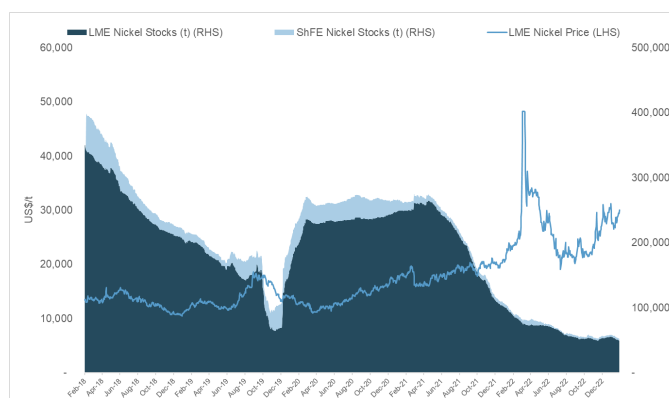
Source: Legend Mining

Figure 8: EV/Resource NiEq Peer Metrics



Source: Euroz Hartleys, Bubble size = EV

Figure 9: Nickel Inventories and Price



Source: IRESS, Bloomberg

Figure 10: Price History - Bear, Base and Bull Case



Source: Euroz Hartleys

Figure 11: Bear, Base and Bull Scenarios

**Our Market Sensitivity**

Valuation - \$0.18/sh

Price Target - \$0.20/sh

**Bull Scenario - \$0.40/sh**

Continued growth to the Mawson discovery and exploration success at Octagonal (new discovery) within LEG tenure mature towards economic scale developments.

**Base Scenario - \$0.20/sh**

Exploration activity in a favourably disposed market for exploration for base metals, attracts market interest in the lead up, during and awaiting assays. Drilling at Mawson/Octagonal continues to grow the resource potential. Zones of massive Ni-Cu sulphides have material share price impacts.

**Bear Scenario - \$0.02/sh**

Equity markets fall and or the exploration programme fails to yield a discovery of economic potential.

Source: Euroz Hartleys

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Legend Mining Limited (LEG.ASX) | Price A\$0.05 | Target price A\$0.20 | Recommendation Speculative Buy;

*Price, target price and rating as at 02 February 2023 (\* not covered)*

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